

Let\$ Make Money

A MARKETING, FINANCIAL & BUSINESS PRACTICES GUIDE FOR FPP MEMBERS – Issue # 31, 2004

How strong are your suppliers?

On April 8, Eastman Kodak was dropped from the Dow Jones industrial average – a position it had held since 1930. While still part of the Standard & Poor's 500 (S&P 500), being dropped from the Dow is an indication of Kodak's multi-year decline.

Other indicators are Kodak's plans to stop selling re-loadable film cameras at the end of 2004 in favor of digital, selling its remote-sensing-systems unit to ITT Industries, layoffs by the thousands, and suing Sony over patents.

Kodak's film cash cow is in significant decline – from 948 to a projected 767 million rolls from 2000 to 2004, respectively, according to Photo Marketing Association International (PMAI).

This triggers the

question: "How strong are your suppliers?" As a wholesaler or retailer, you are just one part of a supply chain that is critical to your business' success.

Since most small businesses do not have a professional Buyer, it is important to know there are a lot of factors to consider when selecting suppliers.

If you engage in tactical sourcing, net delivered pricing and delivery time are the primary selection factors. With this type of sourcing, you are approaching supplier selection one transaction at a time.

On the other hand, if you engage in strategic sourcing, you go beyond the tactical factors and also consider quality, the Total Cost of Ownership (TCO), technical support

and long-term supplier relationships.

Quality is usually a balance between the minimum you need to get the job done and the most you can afford.

TCO goes beyond net delivered price ("first price") and takes lifetime cost into consideration. For consumables like office supplies, this is no big deal. For camera /

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computer equipment, TCO includes how much maintenance it requires.

Technical support considerations include how much support is available “free,” when it is available (e.g., 24/7), whether it is local or not, if a toll-free number is available for non-local support, Internet-based support, and down-loadable upgrades.

Long-term supplier relationships are developed by identifying a limited number of suppliers that most align with your business’ strategy and goals, and concentrating your purchases with them.

This usually requires strategic vs. tactical sourcing, and placing a higher emphasis on non-price factors. There is a lot to consider. For example, there may be a local supplier that supports your photo association meetings, answers your walk-in questions, etc. vs. an Internet-based supplier with a large selection and good availability.

Sources: Include USA Today, The Tampa Tribune, Supplier Selection, and Supplier Partnerships.

Field Perspective

On Feb. 10, Nocera Photographic presented to TAPPA (Tampa Area Professional Photographers Assoc.) on how they market and get clients to come back.

A number of topics were covered, including customer service, terminology, in-studio treatment / techniques, and external marketing.

Customer service starts as soon as the phone rings. The goal is to make the person feel special throughout the photography experience. Ask questions to find out what they are about, and find ways to connect with them. Invite them to your studio, and if they balk get information and send a brochure. Do not quote prices over the phone!

Along those same lines, avoid “commodity” type terminology. For example, it isn’t a “picture” it is a photo, image, art, etc. instead. And, it isn’t a “price list” it is a menu of options.

In-studio treatment needs to be VIP regardless of who it is and what they plan to spend. Instead of a

transaction mentality, think about making a customer for life. Talk about what they envision ... something they want you to create for them. At this studio they provide drinks, snacks, and watch children. And, they have found candles with strawberry and vanilla scents work best for women and men, respectively.

Book a “premium showing” date / time before they leave the studio. The premium showing should show all acceptable, retouched photos and be set to music. Larger photos should be offered as part of a “gallery series.”

External marketing includes establishing a similar look and feel for your photos and framing, and approaching hospitals, SPAs, doctors / dentists, insurance companies, and country clubs to show your portfolio. When you photograph people ask what they do for a living ... this leads to display sites (may offer in trade). Rotate displays often.

Note: This is the Editor’s perspective on takeaways. The studio profiled did not contribute or review article.

Aiming to Please

Hands-on management, no-excuses thinking, leading by example – (gives you) a grip on good customer service, says George Colombo, a Winter Springs consultant and author of the 2003 book Killer Customer Care. Customer service is especially important for businesses operating on tight margins. Satisfied customers tell their friends – resulting in increased business at little to no added cost.

Lousy customer care, on the other hand, shows that management hasn't recognized how its future depends on its (clients') satisfaction. The worst example: When an employee asks if everything was OK, the customer says, "no," and the employee doesn't ask what went wrong or call a manager over to ask.

"You really can't communicate any more clearly that you're not interested in what they have to say," he says. "The ultimate truth about customer care is it's fundamental to the business and free for the

doing. It's just about having the commitment over a long period of time to do it a different way."

"Today is not my focus," he says. "My focus is five years down the line. My job is to get people back in. In this business, without satisfied customers, you've got nothing."

Source: Excerpt from article by Jeffery D. Zbar in March 2004 issue of Florida Trend.

8 Secrets for Pricing & Merchandising

Pricing for profits is one of the areas that really drives us photographers nuts, right? Are we charging too little or too much? Do we set our prices just a little lower than our competitors to get more business?

It's a fact: You honestly provide good products and services, and it's perfectly honorable to earn a substantial profit from it. You deserve it. Don't be afraid to earn a great living with your photography!

One of the bad words

(is) "price." So, as in all our discussions with our clients (use) investment. We've used "price" in this article ... for clarity.

Secret 1: The client's investment determines everything. If you charge a low amount for your work, your client will not respect you.

Secret 2: The more you charge the better you are perceived to be.

Secret 3: It's not the amount of the investment, it's how you present it. If you can look them in the eye, with confidence and enthusiasm, they will know you are worth what you charge.

Secret 4: Some people are going to complain about your prices, no matter what you charge. You can't work with everyone.

Secret 5: Don't hand out printed price lists or post prices on your Web site.

Secret 6: Always have a "Whopper." Something that is so big, so expensive, so outrageous, that no one in his right mind would ever invest in it. After the whopper, everything else sounds perfectly reasonable.

Secret 7: Always present your highest end products first and work your way down slowly.

Secret 8: Have one or more product line or level of service. For portraiture, you want to offer at least two or three product lines. The same goes for your weddings. Highly recommend you have packages or “collections” for the prospect to choose from. Recommend about five of them, including your Whopper. Any more than that will confuse your prospects, and a confused mind cannot make a decision.

Source: Excerpt from article by Charles J. Lewis in April 2004 issue of Professional Photographer.

BUSINESS BAG

Take credit cards?

Your rates may be as high as 5%.

As a PPA member, you are eligible to receive a 1.63% rate on MasterCard and Visa transactions. Contact Concord @ 1-800-235-1794 ext. 15806. Join: <http://www.ppa.com>

Photographers Adhere to Ethics Policies

The speed and abilities of today’s computers have made photo editing much more sophisticated than in the past. The traditional darkroom that coined the terms “dodging” and “burning” have been replaced with more technically savvy terms such as “manipulation” and “enhancement.”

A number of incidents have called into question the ethics ... around the globe.

“Photographs should remain truthful in spirit, manipulated only through quality enhancements such as burning, dodging, contrast control, color balancing, spotting and cropping. Don’t stage, re-enact or re-create ... events for photos.”

“Photo illustrations, computer enhancements and colorized and composite photographs should be labeled as such.”

Source: Excerpt from Citizens’ Voice column by Todd L. Chappel in March 27 issue of The Tampa Tribune.

Why People Buy Products ... References Rule!

55%	Recommendation of family or friend
53%	TV commercial
48%	Display
46%	Free sample in the mail
45%	Fliers; newspaper coupons

Source: InsightExpress survey conducted in January 2004; N=1,001 respondents.

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