

PIASC WEEKLY UPDATE

Printing Industries Association, Inc. of *Southern California*

January 29, 2007

The Power Of Price

PIA/GATF's new publication "2007 Keys to Profitability" shows the impact of three different strategies for increased profit based on the Ratio Studies. If you assume a 1% reduction in cost, a 1% increase in sales or a 1% increase in prices—what's the profit effect?

<i>Make this change:</i>	<i>Profit Increase</i>
-1% Materials Cost	12.8%
-1% Factory Payroll	9.4%
-1% Administrative Cost	3.5%
-1% Selling Cost	3.3%
+1% Sales Volume	14.6%
+1% Prices	36.4%

Think about it. How hard would it be to get another \$10 on a \$1,000 job? If you did it, what would your bottom line look like? Would you like to try for \$20?

Printing M&A

While several big deals have been in the news recently, Donnelly buys Banta, Cenveo buys Cadmus, etc., ours has always been an industry of small firms and will probably remain so. Without getting a lot of attention, the process of a myriad of smaller deals, smaller plants closing and new ones opening has been going on throughout our history. There has never been a GM or Toyota equivalent in the printing industry. Even Donnelly, Quebecor, and Cenveo have never approached the level of market dominance of big auto or big steel. In the last few years, the number of print firms has been shrinking but this is the fruit of, say, 3,000 firms closing or selling out per year, and only 2,000 entering the business. In wondering where the industry is going, you should also remember that in all of these deals there is a large disruption factor—clients are uncertain how their needs will be met and become more interested in alternative sources, employees who don't know when the pink slip is coming or what their role is to be are shopping for new gigs with the result that once established businesses are up for grabs. It usually takes a lot of effort, time and money just to restabilize and to begin to achieve the gains that were glibly talked about when the deal was made.

The Membership Survey

We wish to thank the hundreds of PIASC members who took the time to respond to the PIASC Membership Survey that was conducted by the consulting firm of Gorelick and Associates. If you would like a copy of the Sur-



Debbie Ream, Business Manager, Public Affairs, of the Los Angeles Times—this year's host of the 19th Annual Surplus Drive—welcomes graphic arts teachers to the Los Angeles Times and invites them to tour their plant while the presses are running! Over 90 teachers and students participated this year in what they refer to as "their blood line" since many of these programs depend on this annual drive to supplement their very limited budgets. Thank you, Los Angeles Times, volunteers and PIASC members for your continued generosity and support!

vey results, just contact Socorro Garcia at Ext. 229 (Email: socorro@piasc.org). While the overall results were very favorable, there were some specific comments that expressed concerns that we would like to address. However, because the survey forms were anonymous, we have no way of talking with those members to get their insights in detail. If you are less than satisfied with our service or programs, please help us to be the best that we can be, by sharing your thoughts with Bob Lindgren, PIASC President, at Ext. 214 (email: bob@piasc.org).

Thanks, Kramer Ink!

As you know, we are in the middle of a scientifically based process to determine whether there is an available press solvent that will meet the SCAQMD's targets without damaging the press, its ability to print, or the health of the employees. A key part of this process is preliminary laboratory testing which weeds out those compounds which are hopelessly unsuitable before they are tried in press tests, thus avoiding unnecessary damage and down-time. Kramer Ink Company, a 63 year old independent ink maker, has stepped up to the plate on this issue by acquiring the necessary equipment and making available its technicians for the testing of blanket and roller washes. Their industry-spirited generosity has made a big difference in our ability to achieve a practical and reasonable reduction in VOCs while retaining our ability to operate in the L.A. basin.

Thought for the Week

The best way out is always through...
Robert Frost

Dear Brad...

What makes paper opaque? Brad Evans of the PIA/GATF Technical Hotline (412) 259-1784 said: Paper consists of fibers with air spaces between; when light passes through paper it hits the fibers, which scatters the light by changing the light's direction. The more the light is scattered, the more opaque the paper. This light scattering is referred to as internal reflection. Filler also increases the opacity of paper.

That's Untapped!

The major ad agency, JWT with its partner Altai Communications of Kabul, is promoting Afghanistan as a "largely untapped territory." If you are contemplating going global, you could easily be the first U.S. printer with a sales office in Kabul, as we would guess that both the Taliban and the Warlords need printing, too.

The Fly Speck Artist

There is a certain class of client who has a well-developed talent for finding a fly speck on a project, refusing to pay for it for reasons of bad quality but still using it. After an inordinate struggle, they are prepared to pay for a fraction of the original invoice as full settlement. When you get a new client with whom you have no experience check out our Slow Pay Service on our website www.piasc.org looking for comments like "disputed." Also, give our Collection Service a call (Dolphe Marcus at Ext. 261 or David Ladensack at Ext. 262) as, chances are, we have met the bad apple before.

The May Postal Increase

The Postal Service published the details of its proposed changes in rates and classifications in the Federal Register on September 27th. Not surprisingly, it has received a large number of comments since then, leading the USPS VP of Pricing and Classification to say that the original proposal "needs perfecting." A revised proposal is due in February which would then have to go to the Postal Rate Commission for final approval. The result of all this is that there will be an increase but no one can say exactly how it will work.

No Sales Support

The Graphic Arts Sales Foundation conducted a national survey of print sales reps and found a universal complaint of lack of support—not from the CSRs and the estimators, but from the management. These reps felt that it was hard to get management to meet with clients and hard to get it to focus on client needs rather than running the plant.

For Sale

Mannesman Tally MT691, line impact, dot matrix printer, excellent condition, up to 240x240 dpi, 144"/minute (max), 100"/minute (60x72), draft data processing, Gothic, Courier, OCR-A**, OCR-B**, \$700 as is, includes manuals and cables. Call Hugo at (310) 390-3506.

For Rent

Extra office space in South Bay for broker (rent negotiable), phone lines, DSL lines available. Call Alan at (323) 309-6558.

Wanted

Commercial shop with 6/c or 7/c 40" sheetfed press. Prefer CTP in preprocess. Digital B&W or Color a plus. Profitability is not an issue. Call Tom at (323) 728-9500, Ext. 221 or email tom@piasc.org.

PIASC's Pick of the Week



Keys to Profitability (PDF Version)

by Ronnie H. Davis, Ph.D., Ed Gleeson

In using the PIA/GATF Ratios to benchmark a company's performance, Ratios users are able to compare their company against those firms classified as profit leaders, survey participants in the top 25% of profitability. This report goes beyond the numbers reported in the Ratios and focuses instead on the strategic and operating characteristics of profit-leading printers to help you better understand the strategies and practices that distinguish high performers from the rest of the pack.

PIASC Members \$75.00 ea*.
Non-Members \$150.00 ea*.

*Prices do not include tax and shipping.

To purchase your copy, visit www.gain.net/store.



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