



PIASC WEEKLY UPDATE

Printing Industries Association, Inc. of *Southern California*

July 11, 2016

The Price Cutting Trap

We were reading an article by a sales consultant advising his readers to stay away from the “price cutting trap.” His argument was that once you cut the price you were stuck with it forever. This sensible sounding observation comes from a world of prices that are set by estimating systems that are divorced from anything other than the mechanical specs of the projects. Given that perspective, price cutting may be bad. It surely is bad if the client would pay more if we could demonstrate the value of the project to them. On the other hand, if the price cutting opened a new market with significant volume, it could be very good. The reality is that price comes from the market and not from the estimating software. It needs to focus on getting higher prices when they are there to get but also to focus on driving volume to pay for the overhead. More than one firm got top dollar for every job they sold, but they couldn’t sell enough to pay for the overhead.

What's The Overhead?

The previous *Update* article said “...but they couldn’t sell enough to pay for the overhead.” So, what’s the overhead? This is a really key number and it’s not that hard to nail it. Just add up all of the dollars that the firm is committed to spend each month whether it’s busy or slow. That includes the rent, the payments on the equipment, the cost of the property insurance, the cost of the front office, etc. That number is the dollars that you have to generate to get to profit. Now, where do those dollars come from? From sales, of course, but after paying for paper, buyouts, factory wages and commissions. What’s left is contribution to overhead. The typical \$1,000 job might include \$200 for paper, \$50 for buyouts, \$250 for factory wages and \$100 for commission. That would leave \$400 to pay for the overhead. If the overhead was \$5,000 per month the firm would now be \$400 closer to profit for the month. Note that the estimating system tries to spread overhead back to individual jobs so it might show a cost of \$950 and a margin of \$50. The reality is that selling this job was worth \$400 not just \$50. Another important reality is that if it had sold for \$900, the estimating system would say that the firm lost \$50 when, in fact, it was \$300 better off.

Local Minimum Wages

The federal minimum wage has not been raised since 2009 and still stands at \$7.25 per hour. Consequently, many states have taken action and raised their minimum

ESSENTIALS TO SUCCESS
ONE-DAY CONFERENCE
Saturday, July 23rd
Gaining More Business From Your Current Print Customers

Plan to attend PIASC’s Essentials to Success—a one-day conference that will give you the tools you need to not only retain your current customers but also nurture and help them grow with you. See page 2 for details!

wage above the federal level. Currently 29 states, including California (\$10 per hour), have minimum wages above the federal level—and most of these states are targeting \$15.00 per hour or higher by 2020. Before 2012, only five localities had minimum wage laws. Today 34 counties and cities do, half of which are in California, a number which we expect to grow over the next year. To help keep members informed, PIASC is maintaining an up-to-date inventory of these ordinances, with scheduled increases—and local paid sick leave policies which exceed the state rate—with links to required notices and postings. We have included a copy of the initial table with this week’s *Update* for your convenience.

Are Your Wages Competitive?

You need the best people if you’re going to grow your firm. To get and keep them, your wages and benefits need to be competitive with others in our industry. The best resource to get the facts about the market is the *PIASC Wage and Benefit Survey*. To get a free copy of the 2016 survey, you must send your own information. To do so, download the survey form at <http://bit.ly/2016WBSurvey>. Job descriptions used in the survey are at <http://bit.ly/WBJobDescriptions>. Need help? Call Cheryl Chong at Ext. 218 (email: cheryl@piasc.org). Of course, you can just buy a copy of the survey when it’s finished, but it will cost you \$250.

Thought for the Week

It is easier to stay out than to get out
...Mark Twain

Upcoming National Events Calendar 2016-17

9/25-9/28	Graph Expo 16/Premier Print Awards	Orlando's Orange County Convention Center	Mike Packard	412-259-1704	cprice@printing.org
10/19	Franklin Luminaiere Awards	Chelsea Piers, New York, NY	Kim Tuzzo	716-691-3211	ktuzzo@pialliance.org
12/3-12/6	Color Conference	The Point Hilton Sqaw Peak Resort, Phoenix, AZ	Julie Shaffer	412-259-1730	jshaffer@printing.org
2017					
4/23-4/26	Continuous Improvement Conference	Pittsburgh, PA	Jim Workman	412-2591782	jworkman@printing.org
9/10-9/14	Print 17	McCormick Place, Chicago, IL	Chris Price	703-264-7200	cprice@printing.org

For more information on any of the following events, go to www.piasc.org.

PIASC July-August Activities

July
19

Register at right

Event Number-
BWB

7:30 a.m.

Cost: \$5

Location:
see locations at right

BREAKFAST WITH BOB

Contact: **Emily Holguin, Ext. 262, emily@piasc.org**

OK, WE SELL PRINTING, BUT THEN...

We're all about ink on paper—that's our thing and we're really good at it. Actually, we're a lot better than we used to be and we're getting better and faster (and cheaper) all of the time. But what about all of the other possible business communications needs of our clients—

- How about print that we don't produce but they need?
- How about mailing?
- How about data manipulation for personalization?
- How about distribution of the client's products?
- How about a store front for easy ordering?
- How about web site development and hosting?

Many growing firms are doing these things now and discovering that they build sales and, better still, client loyalty. Join us at these breakfasts to learn how you can move forward.

Check the box(es) below to register for any of these additional upcoming Breakfast Meetings:

- July 19th** – Mimi's Cafe • 17231 E. 17th St. • Tustin 92780
- July 20th** – Norm's • 11001 West Pico Boulevard • Los Angeles 90064
- July 21st** – West Bistro (Formerly Breakfast Club of LB) • 3900 Atlantic Ave. • Long Beach 90807



NEW DATE!
July
23

Check here to REGISTER

Event Number
E2SC

8am-2:30p.m.

Cost:
\$90/member,
\$40 add'l same co.
\$140/non-member
\$125/ add'l same co.

Location:
Fullerton College
Printing Department
Building 900
321 E Chapman Ave.
Fullerton, CA 92832

ESSENTIALS TO SUCCESS CONFERENCE

Gaining More Business From Your Current Print Customers

Contact: **Emily Holguin, Ext. 262, emily@piasc.org**

Plan to attend PIASC's Essentials to Success—a one-day conference that will give you the tools you need to not only retain your current customers but also nurture and help them grow with you.

Who Should Attend: Print communications business owners and managers with 25 or less employees. Topics covered will include the following:

- Find out where we are as an industry in California
- Gain tools to engage with your customers regularly
- Get your current customers to buy more print
- Learn organizing tools from a fellow printer!
- And much more.

Quick Registration

- Mark your choices from listings above
- Fill out the form at the right
- FAX page(s) to (323) 724-2327

Company _____ Phone (_____) _____

Attendees: _____

Bill Company Credit Card # _____

All No Shows and Cancellations Less Than 48 Hours Prior to Meeting Will Be Billed.

Other Industry events	8/13	Boy Scouts Merit Badge Day	International Printing Museum, Torrance	Mark Barbour	www.printmuseum.org
	8/25	AIGA-OC August Field Tril	Blizzard Entertainment, Irvine		www.orangecounty.aiga.org/events
	9/13 – 9/15	LabelExpo Americas 2016	Rosemont, Illinois		www.labelexpo-americas.com
	10/1	L.A. Printers Fair	International Printing Museum, Torrance	Mark Barbour	www.printmuseum.org
	11/5	Book Arts Patch Day for Girls	International Printing Museum, Torrance	Mark Barbour	www.printmuseum.org
	11/19	Boy Scouts Merit Badge Day	International Printing Museum, Torrance	Mark Barbour	www.printmuseum.org

<p>Aug. 4</p> <p><small>Register at right</small></p>	<p><small>Event Number</small> CAC13</p> <hr/> <p>5:30 p.m.</p> <p><small>Cost: \$25 non-members: \$40</small></p> <hr/> <p>Location: <small>See locations at right</small></p>	<p>COCKTAILS AND CONVERSATIONS Contact: Emily Holguin, Ext. 262, emily@piasc.org</p> <p>Connect with other local colleagues, meet some new friends and network, network, network.</p> <p><i>Check the box(es) below to register for these events:</i></p> <p><input type="checkbox"/> Aug. 4th – <i>Bodega Wine Bar, 260 E. Colorado Blvd. #208, Pasadena, CA 91101</i></p> <p><input type="checkbox"/> Aug. 11th – <i>JT Schmid's Restaurant & Brewery, 2610 E. Katella Ave., Anaheim, CA 92806</i></p>
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<p>Aug. 16</p> <p><input type="checkbox"/> <small>Check here to REGISTER</small></p>	<p><small>Event Number</small> P101</p> <hr/> <p>8am - 3:30pm</p> <p><small>Cost: \$75/member, \$100/non-member</small></p> <hr/> <p>Location: <small>Fullerton College Printing Department 321 E Chapman Ave. Fullerton, CA 92832</small></p>	<p>PRINT 101: AN INTRODUCTION TO GRAPHIC COMMUNICATIONS <i>Presenter: Glenn Huerth, Professor, Fullerton College</i> Contact: Emily Holguin, Ext. 262, emily@piasc.org</p> <p>If you are new to the field of graphic communications whether it be creatives, sales, administration, customer service or production, need a refresher course or want to make sure you are not missing anything, then this program is for you! This class, full of factual information, will take participants through the basics of printing.</p> <p>What you will learn:</p> <ul style="list-style-type: none"> • History of the industry and its impact on society • Terminology • Color Theory • Common machinery used in print production • Basic processes • Post-press finishing operations • Production flow of a job from order entry to delivery • And more!
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<p>Sept. 25 thru 28</p> <p><input type="checkbox"/> <small>Check here to REGISTER for this event</small></p>	<p><small>Event Number</small> GE2016</p> <hr/> <p><small>Cost: FREE</small></p> <hr/> <p>Location: <small>Orange County Convention Center—North Hall Orlando, FL</small></p>	<p>GRAPH EXPO 2016 <i>Free Exhibit Floor Pass (Members Only)!</i> Contact: Kristy Villanueva, Ext. 215, kristy@piasc.org</p> <p>The most innovative and exciting exhibition of Digital, Inkjet, Offset, Flexo, Gravure and Hybrid technologies, products and services for the Commercial, Transactional, Converting and Package Printing, Publishing, Mailing, In-Plant, Digital Imaging, Marketing and Industrial Printing industries of the year! Visit piasc.org/GraphExpo for your free show pass!</p>
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Get Good Input from Your People

Smart managers listen carefully to employees' ideas and encourage their input into decisions. How do you know you're succeeding in getting the most from them? Take a look at who influences your thinking and decisions. The answers to these questions will help you make more of their contributions and identify who needs more encouragement to speak up:

- **Who has the facts?** Look at employees who keep discussions on solid ground and supply the basic materials for decisions. They may grow impatient with long discussions of concepts and nuances, so keep them involved by asking them to verify the facts that come up.
- **Who sees the big picture?** In contrast, other employees may be more concerned about the flow of the discussion than about the exact points that are made. They're happy offering different ways to think about ideas and different options for implementing them.
- **Who asks the tough questions?** These employees break into the discussion so that key points aren't missed and vague ideas don't slip through. Encourage their contributions by regularly asking, "What are we missing?" or "What strikes your attention?"
- **Who helps others contribute?** Some employees listen carefully to what everyone says and draws them out. Ask these folks for a summary of what's been said

so far, or to identify participants who could add more to the discussion.

- **Who do you turn to—or turn away from?** For one reason or another, you may listen to some people and not to others. Know your preferences, and make sure they don't lead you to either favoritism or ostracism.

Dynamic Ratios

For almost a century, PIA has produced its Ratio Study, a comparative of participating firm's financials. This year, it is completely changed and vastly improved with features making participation easier and giving participants a chance to do "what if" comparatives with the data. As always, participation is free to members and firms who participate get free access to the final info. The deadline is July 31st so go to www.printing.org/ratios and get started. For help, call Bob Lindgren at Ext. 214 (email: bob@piasc.org).

For Sale

Seal Model 410 hot/cold laminator. 43" x lnt condition. Perfect match for 44" ink jet printers. Also, Seal 72" upright foam core trimmer. Over \$1000 in board, film & mounting supplies included. Everything needed to start mounting prints from your ink jet. \$2850 OBO. Also, Heidelberg Windmill 10 x 15 with side draw foil unit \$2600, die cut and foil only (no ink). Lawson 3 hole drill \$400. Older Acme saddle stitcher, flat & saddle stitching \$200. Call Eugene at (714) 848-2254. Established commercial printing business with \$500K in sales. Call Bob Lindgren at (323) 728-9500, Ext. 214.

See our e-Classifieds section on the web at www.piasc.org.



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of the Month

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Printing Industries Association of Southern California

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or 808.9990 for area codes: 213, 310, 619, 714, 818, & 951

Web Site: <http://www.piasc.org>

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