

## Introducing New Directions Partners, The Latest Addition to the PIASC Partner List

Two years ago a mid-size printer sat down with New Directions Partners, a mergers and acquisitions (M&A) firm that works exclusively in the printing and packaging market, to talk strategy. The company's owners wanted to sell, and they were looking for input regarding pricing and approach. As part of this discussion New Directions Partners provided a broad-based valuation and let the owners know that because of the company's history and older equipment, a sale would likely involve some cash up front plus an earn-out over three to four years.

The company then went to their CPA, who stated that the business should be valued significantly more—at a multiple higher than New Direction Partner's estimate—and could sell for an all-cash deal. Unfortunately, they chose to listen to their CPA, who had no on-the-ground knowledge of what was actually going on in the marketplace. The company still has not sold.

### **M&A for the Printing Industry**

As mergers and acquisitions specialists, New Directions Partners works exclusively in the printing and packaging market. Each member of their nine-person team has over 25 years of industry experience, and the team has literally closed hundreds of deals.

Services offered include business sales, business purchases, valuations, strategic planning and capital formation/financing. For acquisitions and sales New Directions Partners manages the entire process, handling all of the details from start to finish so that the client can focus on running their business. While the level of service provided is exceptional, what truly sets New Directions Partners apart is their industry focus.

### **Expertise matters**

If you're looking to buy or sell a printing or packaging business, being represented by a firm with New Directions Partners' level of industry expertise makes a significant difference. Here's why:

- **Industry knowledge is vital** – New Direction Partners exclusively focuses on the printing and packaging industry. Not only do they have their fingers on the pulse of the marketplace, they also have an insider's knowledge of the industry. Half of the firm's members have been operational managers of printing companies during their careers. One—our local Southern California rep, Joe Polanco—even ran PIA's Mid-America affiliate, where he provided management support to the organization's printing industry members.

All of this industry knowledge translates into well-structured deals, accurate valuations and reality-based expectations.

“When building valuations,” Joe Polanco shares, “we don't just look at the multiples. Because we understand the business, the equipment and the technology, we look at a multitude of other factors, too. We know, for example, that if your production floor is filled with nothing but legacy technology, finding the right buyer can be challenging. But if your firm incorporates digital equipment that's heavy on wide format, you'll likely sell at a premium.”

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- **It's a national market** – If you're selling a printing business with \$5 million or more in annual sales, many of your best suitors will be companies from outside the area that are looking at a strategic acquisition. And if your annual sales are over \$10 million, there are private equity firms interested in making acquisitions for roll-ups or strategic buys.

New Directions Partners gives you access to this national market. With firm members on the ground across the country, they cast a wide net. New Directions Partners has the connections and data to know who's out there looking for businesses, whether it's one of the dozens of private equity buyers they work with or the industry's leading acquisition firms. While you know who your competitors are and can identify a potential buyer from this small pool, they know the entire market, and will position your business accordingly.

"What I've seen," Joe states, "is that the more you know about the industry and market, the more successful the deal can be for everyone involved."

- **You need good advice** – Good advice comes from people who know the business, market and industry. Brokers who sell everything from restaurants to nail salons to e-commerce companies are not going to have a deep understanding of the printing and packaging industry. The folks at New Directions Partners do, and they're happy to share their expertise with you.

## We Lose an Industry Friend

It is with great sadness that PIASC shares the recent passing of Charles (Chuck) F. Stay, a long-time active member of our organization, one month after his diagnosis with Aplastic Anemia. Chuck passed at the end of August surrounded in love by his family.

Chuck graduated from what was then the Claremont Men's College (now Claremont McKenna College) with a degree in accounting, and went to work for a public accounting firm where he became a C.P.A. In 1969 he joined Bert-Co Graphics, a client, as its financial controller. In 1983 he assumed sales and marketing responsibilities and redefined the company's market. By 1996 he became the company's owner, President and CEO. In 2006 he also acquired Penn Industries, Inc., and for a few years ran both companies simultaneously. Penn Digital Services was one of the first printers in the country to convert conventional prepress operations to digital. Chuck retired from his 47-year printing industry career in 2016.

Everyone who knew Chuck understood that he had a very strong commitment to the graphic arts industry. For example, over the years he served on virtually every PIASC committee and held every officer position possible. He was on the PIASC Board of Directors for 25 years, from 1992 to 2017, and served as PIBT Chair from 2013 to 2017. Chuck also represented our industry at the national level, as a member of PIA's Executive Committee and Board of Directors. In 2002 PIASC recognized Chuck's many contributions to the graphic arts industry by naming him the Ben Franklin Executive of the Year; in 2003 he was inducted into the Ben Franklin Honor Society. Chuck was very thankful for PIASC, and how much the organization and the industry had done for him.

Chuck will be remembered for his infectious laugh and love of fun. Just a few months ago he traveled through France with his family, where he especially enjoyed taking bike tours through the towns they visited.



## Indexed Life Insurance: An Often-Overlooked Savings Vehicle

When consumers are looking for safe savings vehicles, they often turn to Certificates of Deposit (CDs). Because bank CDs are FDIC-insured up to the maximum amount allowed by law, they are extremely safe. Unfortunately, that safety comes at the price of low returns—sometimes just a fraction of a percent each year.

Another savings option is to invest in broadly diversified mutual funds. These offer the possibility of much higher returns, but with the potential for enormous loss, such as what was seen during the Great Recession.

For those who are not satisfied with either of these options, indexed life insurance and annuity products are safe savings vehicles that offer the best of both worlds: The potential growth of stock market gains, with no risk of loss.

### How do these savings vehicles work?

Indexed universal life insurance policies and indexed annuities each invest in either a single stock market index, such as the S&P 500, or a mix of indices.

Thanks to the unique way that they are structured, the benefits include:

- **Potential gain but no possible loss** – If the underlying index goes up, the investor participates in the gain, typically receiving 60 to 70% of the growth. But if the market drops and the underlying index decreases, 100% of the investor's principle plus all of the prior years' gains (less some minor administrative expenses) are protected from loss.
- **Favorable tax treatment** – When the stock market is rising, the money grows tax-free, as no taxes are due until the funds are withdrawn. Products can also be designed so that money can be withdrawn with no tax consequences.
- **Flexibility** – Indexed products can be used as vehicles within tax-qualified plans, such as IRAs, or individually. You can also convert an existing term insurance policy into an indexed life insurance policy.
- **No daily fluctuations** – Most companies that provide these indexed products only calculate values once a year, thus eliminating worries about day-to-day fluctuations.

Want to learn more about indexed life insurance and annuities? For a no-obligation consultation regarding how to put these savings vehicles to work for you, contact Irv Selman at 323-728-9500 ext. 249 or [Irv@PIASC.org](mailto:Irv@PIASC.org).

## The Printing Education Dilemma

Educating young people about the career opportunities available in the printing and graphics industry requires a partnership between educators and industry representatives. Recently, PIASC President/CEO Lou Caron visited different educational institutions throughout the country to explore education options. One thing that stood out to him was the geographic area from which the students were gleaned. Very few institutions have to contend with an area as large as Southern California.

Southern California offers both advantages and disadvantages when it comes to education, job training, and employment. One major advantage is the sheer number of young people who live in the area. There are over 14 million people living in Los Angeles, Orange, Riverside, and San Bernardino counties. Many of those are young people who would benefit from a career in our industry. A major disadvantage of the SoCal area is the size of those four counties.

It's possible for a young person who lives in the Inland Empire to attend Riverside City College and receive a quality printing education. But it's logistically impossible for a student who lives in Los Angeles to receive training at the same school.

In the past, printing classes were offered all over Southern California. From Santa Monica to Downtown Los Angeles to Pasadena, there were schools that offered degrees and transfer opportunities in the industry. Today, there are still schools that offer printing, graphic design and prepress classes. Many of these programs have extended their educational courses, much like some PIASC member companies have extended their product and services offerings. Some programs focus on digital and online design. Others include offset and digital press training.

### **Southern California Colleges & Universities with Printing or Industry Related Degree Programs**

Cal Poly San Luis Obispo  
Cal Poly Pomona  
Fullerton College  
Riverside City College  
Pasadena City College  
LA Trade Tech

While some of these programs are thriving, others have no students. Some of the above listed classes exist only on paper. The educational institutions would offer the classes if there were students interested in the program. As the printing industry becomes more digital, what if all of the above-mentioned programs can, with the help of the industry, once again help students see that printing is a viable employment opportunity.

### **Employment Needs of the Printing Industry**

The truth is, the industry is not just looking for prepress technicians or press operators. We're looking for employees to run the industry of the future. Think of the technological advances that will occur in the printing industry during the lifetime of a current college student. For example, the idea of a "printing press" has changed over the years. A few years ago it was common to have 3-5 press operators running one press. Today Heidelberg is talking about an "autonomous press room," a pressroom without a press operator. Xerox, Ricoh, and other digital "press" manufacturers have equipment that begins to print, without an operator, the minute an order comes in from a web-to-print solution.

As our industry changes, we'll still need CSRs, estimators, sales reps, and more to run the printing company of the future. In order to attract young people to our industry, we need to change our image and create awareness in the consumer market of the value of print and the careers that are available.

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## **First Steps in Our Mission Promote the Industry to Young People**

In the last few weeks, PIASC has participated in a couple of brainstorming meetings at Fullerton College. The goal was to develop a “roadmap” of the relationship between students, parents, educators and the industry then merge these groups in a way that will benefit everyone. The roadmap also identifies areas in which educators, industry and the association can act and have an impact. We have to find ways to influence all stakeholders if we are going to find ways to funnel people into the industry.

To reach these goals, take a look at what other educational institutions have done. Take a look at the Instagram campaigns from the Department of Graphic Communications at Clemson University (<https://www.instagram.com/clemsongc>) and CalPoly SLO (<https://www.instagram.com/calpolygrc>). The student spotlight videos from CalPoly SLO on Youtube are also very impressive (<https://www.youtube.com/user/calpolygrc>).

Educating young people, their families, and the community at large about the employment opportunities in the printing industry will be a challenge. We have the educational institutions and we have the students. What we need now is a group of educators and industry leaders to step up and make this a reality because the consequences of doing nothing are not acceptable.

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## Banning Mobile Devices on the Production Floor

Even in today's "always connected" age, you do not have to allow employees access to their personal mobile devices on the production floor. In addition to issues related to lost productivity, mobile devices and heavy equipment just don't mix well from the safety perspective. For example, an employee who looks down at his device while operating a forklift can crash, and a press operator who is distracted by a text while running a printing press can get severely injured.

In fact, given the safety hazards that personal electronic devices pose, banning them on the production floor may be the best option. If you would like to take this route, PIA has drafted the following sample policy for members' use:

### **Cell Phones and Personal Electronic Devices (iPods, iPads, tablets, etc.):**

For your safety and the safety of everyone at the Company, the production floor must remain free from distractions. Neither cell phones nor personal electronic devices are allowed on the production floor. These devices may never be used while operating a motorized vehicle such as a lift truck, pallet jack or delivery vehicle. Employees may keep their devices in a locker, car or other secure location at your own risk. Employees may use their devices off of the production floor during breaks. Management and supervisory personnel are permitted to use cell phones only for professional reasons on the production floor.