

Hope for the Best, Plan for the Worst

Well, here we go again. On July 13, 2020, California Governor Gavin Newsom ordered a reversal of the reopening of individual businesses and activities. While printers are considered essential, and thus not subject to closure, many of our clients are not. And, if our clients aren't working, printers will soon feel the impact.

The truth is, no one knows where this pandemic is headed. In my last blog, I discussed the entrepreneurial spirit and the financial opportunities that emerged during the Great Depression and Great Recession. This time we'll look to history, once again, to find clues that may help us find a path through this pandemic.

Pandemics of the Past 100 Years

Of all the pandemics encountered by the world's population during the past 100 years, none has come close to the loss of human life experienced during the Spanish Flu. From 1918 to 1920, an estimated 20 to 50 million people died. It ranks higher than the Hong Kong Flu of 1968-1969, the Asian Flu of 1956-



1958, and the sixth cholera pandemic of 1910-1911.

As a numbers guy, the first thing that jumps out at me is the length of each of these events. Each pandemic lasted from two to three years. In fact, the Spanish Flu came in three different waves. The first was in the spring of 1918. A second wave hit in the fall of 1918. A third wave started in the winter of 1918 and ran through the spring of 1919. In many countries, this pandemic continued to the end of 1920.

Based on these numbers, we need

to adjust how we're looking at the length of this current pandemic. We're upset because COVID-19 showed up in January, and it's not gone by July.

If we have another two to three years of this current pandemic, while we can hope for the best, we need to plan for the worst. What will your company look like in two or three years?

The Economic Impact of the 1918 Pandemic

According to Efraim Benmelech and Carola Frydman, Professors of Finance

By Lou Caron

at the Kellogg School of Management, the 1918 influenza did not kill the US economy. Benmelech and Frydman say, "The Spanish flu left almost no discernible mark on the aggregate US economy." This may sound surprising, especially because many governments implemented restrictions on public gatherings and the like during the 1918 pandemic.

Newspapers across the country reported on restrictions from local governments. A page one article in the October 5, 1918, issue of the Seattle Star read in part, "All churches, schools, theatres, and places of assemblage were ordered closed by proclamation of Mayor Hanson at noon Saturday, to check the spread of the Spanish influenza."

While restrictions were in place during the 1918 pandemic, several employment sectors remained open. According to Benmelech and Frydman, "the never-ending demand for coal, steel, machinery, textiles, and other products needed for the war effort largely offset the effects of such a severe pan-

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BUSINESS MANAGEMENT

How Interchange Optimization Ties Into Level 2 and 3 Processing

Interchange Optimization can Save you Money

Interchange optimization is a system that can benefit a diverse mix of businesses, but many merchants still aren't aware of what it is and how it ties into Level 2 and Level 3 credit card processing. Here's all you need to know about interchange optimization.

What Is Interchange Optimization?

In simple terms, this is a system based on industry-specific requirements that allow for a reduction in qualifying interchange rates. The card brands (Visa, MasterCard, AMEX and Discover) agree to offer a percentage discount on their qualifying interchange rates in exchange for particular additional information from each credit card sale.

Qualifying for Interchange Optimization

Interchange optimization is important for many types of businesses, including retail merchants, eCommerce merchants, B2B merchants and more. Depending on how many of your customers use a business card, corporate card or commercial purchase card to make a payment, you may be able to

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A Message from PIASC President/CEO

PIASC Remains Independent and Self-Sufficient

PIASC is the largest local trade association in the United States serving the graphic communication industry. Due to its size and the unique complexities of doing business in California, including dealing with the strictest environmental, safety and employment laws and regulations in the nation, PIASC has grown into a very self-sufficient operation. The Association, through a combination of in-house experts and a team of outside consultants, responds to an array of member needs. This includes the following and more:

- OSHA and Cal/OSHA compliance assistance
- Environmental and safety consulting
- Sales tax assistance
- Financial and management consulting
- Human resources consulting from a team of five human resources experts
- State advocacy through a lobbyist in Sacramento
- Industry-specific employment services from a local team
- Group medical insurance through our Employee Benefits team
- Commercial insurance through our insurance agency
- Other member services:
 - o Multiple local discount pro-

grams, including UPS, Experian and Prudential shop towels, just to name a few

- o "For Owners Only" email blasts, keeping owners informed about topics that are "for your eyes only"

Our internal and external team have been specifically organized to respond to your needs on a timely basis. As a result of this local strength, we do not rely on the services of other organizations.

PIASC Supports the Vision of PRINTING United Alliance

On May 1, 2020 the Specialty Graphic Imaging Association (SGIA) and Printing Industries of America (PIA) merged to form a new national organization, PRINTING United Alliance, with a focus of serving the interests of the greater graphic communication industry.

PIASC was invited to affiliate with PRINTING United. After much consideration the PIASC Board determined that because of our organization's self-sufficiency we could better use the dues PIASC would pay to PRINTING United to further support our membership.

We support the PRINTING United Alliance's overall vision and we will continue to promote their events that



are beneficial to our members. For instance, we will continue to support and promote federal advocacy of our industry through such vehicles as Print Powers America. However, we feel that PIASC can have a bigger impact on its members by focusing our resources and funds locally.

During these troubled and chaotic times, we invite you to let us know how PIASC can be of more support. Our mission is to serve the interests of our members as they work to succeed. We visualize this mission as the local "resource library" of all things printing. We are always stocking shelves and looking for our patrons to help us stay current and relevant.

As always, if you have any questions or concerns, please do not hesitate to contact us, Lou Caron (lou@piasc.org or Ext. 274) or Kristy Villanueva (kristy@piasc.org or Ext. 215).

NATIONAL NEWS

PRINTING United Alliance Presents the Color Ready! Virtual Conference

Registration is now open for the color-dedicated conference series on September 21-25, 2020

PRINTING United Alliance has announced that registration is open for the next installment of the Color Ready! Virtual Conference series. The interactive conference will be held each day the week of September 21-25, 2020, from 11:00 am to noon Pacific Time. Those interested in participating may register online at <http://bit.ly/register-colorready>.

"Color is a hot topic. In an ideal world, printed color would appear exactly as customers envision regardless of the process, though anyone who works frequently with color knows that is not always the case," says Joe Marin, Senior Vice President, Education and Training, PRINTING United Alliance. "The presenters for this virtual series were hand-selected to best equip attendees with the latest tools and techniques to produce the intended color. The live, interactive conference format allows attendees to ask the necessary questions to implement specific processes into their own unique operation."

Color Ready! Virtual Conference Schedule

The weeklong lineup of color-focused sessions are presented by the foremost names in the space and is geared toward anyone involved in color throughout the lifecycle of a printed job, including designers, prepress professionals, salespeople and customer service. The Color Ready! session schedule is as follows:

Monday, September 21, 11:00 am PT

"Color Foundations," presented by Don Hutcheson, President, HutchColor, LLC

What you'll learn:

- The theory and psychology of color
- Color spaces and gamut considerations
- Color deficiency and viewing
- Color reproduction — what's possible and what's not

Tuesday, September 22, 11:00 am PT

"Assessing and Communicating Color," presented by Joe Marin, Senior Vice President, Education and Training; and Ray Weiss, Director of Digital Print Programs, PRINTING United Alliance

What you'll learn:



- The three ways color goes wrong and how to identify them
- Proper terminology and how to communicate color effectively
- How to evaluate color visually through examples
- How to evaluate color scientifically with measurement devices

Wednesday, September 23, 11:00 am PT

"Color Correction Made Easy," presented by Ben Starr, Color Technology and Workflow Expert, colormanagement.com

What you'll learn:

- Tips and tools to get the best images in Photoshop
- Why and how to color correct in the RGB color space
- How to get the very best, most natural-looking flesh tones

Thursday, September 24, 11:00 am PT

"Getting the Right Color in PDFs," presented by Birgit Plautz, Manager of Technical Services, GMG Americas

What you'll learn:

- Why outstanding color begins with native files
- Adobe CC "canned" PDF presets and how they impact color
- PDF standards, color settings, what each setting is, and what it does
- Solid starting points for PDF settings for digital and offset printing

Friday, September 25, 11:00 am PT

"Managing Spot Colors in a Digital World," presented by Dan Gillespie, Director of Technical Services, Alder Color Solutions

What you'll learn:

- Understanding Pantone spot colors and limitations with digital printing
- Defining spot colors to match your design files with your RIP
- Getting the best match using your printer's full gamut
- How to match custom colors using spot colors

FEATURE ARTICLE

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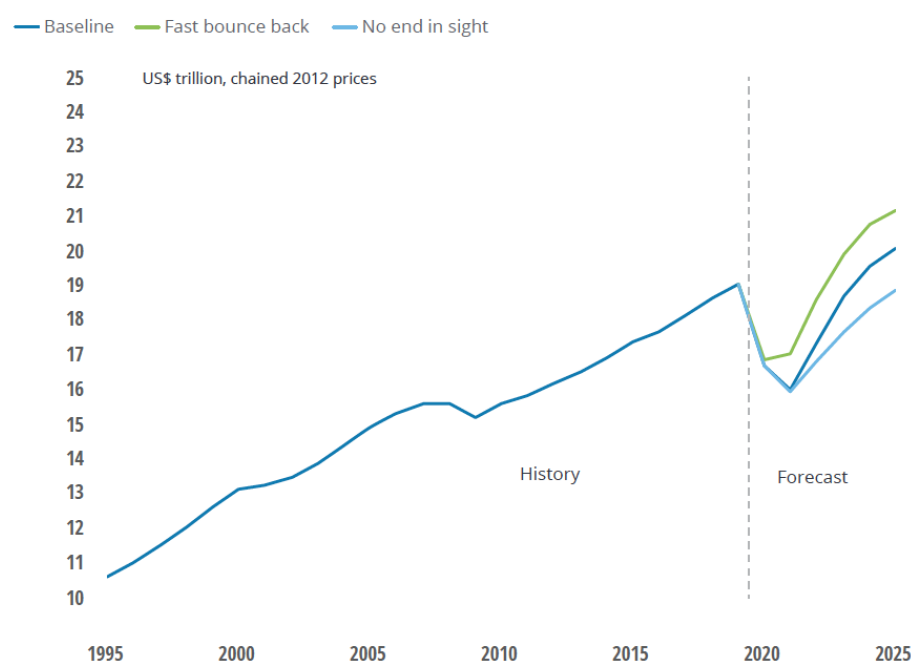
demically on aggregate economic activity.”
According to this research, it seems that government spending on World War I may have kept the US economy, overall, alive during the pandemic of 1918. This may be why President Trump is currently pushing for a major infrastructure bill. He’s hoping that government spending can boost the economy during this current pandemic.

While the US economy may not have suffered during the 1918 pandemic overall, other research shows that, depending on which part of the country you lived, the pandemic reduced manufacturing output by as much as 18%.

Researchers Sergio Correia of the Federal Reserve Board, Stephan Luck of the Federal Reserve Bank of New York and Emil Verner of the MIT Sloan School of Management took a deep dive into geographic variation in mortality rates. Their research showed that areas of the country with higher mortality rates experienced a sharp and persistent economic activity decline. Mortality rates translated into less need for products and services, a classic case of supply and demand.

In addition to geographic variation in mortality rates, Correia, Luck, and Verner looked into non-pharmaceutical health interventions (NPIs) such as social distancing. They found evidence that “the economy performed better in areas with more aggressive NPIs after the pandemic.” The research showed that while a pandemic will inevitably lead to an interruption of economic ac-

Real GDP, US\$ trillion



Source: Deloitte analysis.

tivity, with the implementation of NPIs, “this interruption can be shorter-lived and less extensive.” Thus the use of NPIs reduces mortality rates and reduces the length of the pandemic.

The Current Economic Impact of the 2020 Pandemic

Government spending may help us through the pandemic, but it will add to our country’s mounting debt. Non-pharmaceutical health interventions like social distancing may help slow the mortality rate, but how many businesses will survive the pandemic to see a better economy?

In June, the Deloitte Global Economist Network forecast for U.S. gross domestic product (GDP) envisioned a decline of over 17 percent in the first two quarters of 2020. By the end of July, we saw the actual numbers. Real GDP decreased at an annual rate of 32.9 percent in the second quarter of 2020, according to the “advance” estimate released by the Bureau of Economic Analysis. This was the most significant single-quarter decline in GDP since 1947 when the government began tracking the figure using modern methods. What does this mean for your company, your employees, your family?

What will Cause the Economy to Rebound?

As long as the disease remains a significant issue, unemployment will continue, and consumer spending will continue to lag. Thus you can expect the overall economic recovery to be relatively slow. But what if the disease became a less significant issue?

According to BBC News, governments worldwide have pledged billions of dollars for a COVID-19 vaccine and treatment options. They hope that a vaccine could help nations get back to “normal.” Drug companies like AstraZeneca say they will be able to produce two billion doses of a vaccine. On that news, the company’s share price hit record highs.

Let’s say that today, magically, there was a vaccine and treatment options discovered. Even if drug companies could produce the medication, how quickly could it be delivered to doctors and pharmacies? How many people would refuse to take the vaccine? Would consumers immediately return to their previous activities? Will movie theaters be full on Saturday night? Will ballparks be full of sports fans? Will restaurant patronage return to pre-COVID levels? I believe that the distribution of the vaccine will take a while. And it will take even longer for the population as a whole to feel comfortable to return to “normal” activities.

Continue reading at <http://bit.ly/hopeforthebest>.

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BUSINESS MANAGEMENT

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qualify for interchange optimization.

Identifying the Level of Interchange Optimization

For most business owners, examining statements to identify the card types that qualify for interchange optimization is a serious challenge. That’s why many hire professionals to conduct this review for them. The main goal of this analysis is to assess the percentage of credit card payments that can qualify for interchange optimization.

Types of Interchange Optimization Levels

There are two levels of interchange optimization: level 2 and level 3. Level 3 allows for the biggest reduction in interchange rates for the merchant. Here

are the specific requirements for both level 2 and level 3:

- The accepted cards must be corporate cards, business cards or commercial purchasing cards.
- You must use a third-party gateway that supports level 2 and level 3 processing to process any card transactions.
- Each transaction must include the line-item detail per the card brands’ specifications.

For best results, you should opt for payment systems that support interchange optimization for eCommerce, retail and mobile payments. With a good payment system, the only thing you need to do is to swipe, dip or enter the customer’s credit card

number.

The Difference Between Pricing Models

One final thing to note: The only way to profit from interchange optimization is to use a pricing model called interchange-plus. If you’re using the flat rate or tiered priced model made popular by PayPal, Stripe and Square, you’re missing out on the ability to enjoy lower interchange costs. This may lower your overall effective rate as well.

If you would like a professional to review your merchant processing and see if you can save with interchange optimization, contact PIASC partner MONA Solutions at 805-418-7595.

Source: MONA Solutions, www.monasolutions.com

Upcoming Events

WEBINAR: Get Informed on Informed Delivery – provided by PIM

September 16, 2020
9:30 am - 10:30 am PT

The U.S. Postal Service® is enhancing the mail experience nationwide with the Informed Delivery feature that provides eligible residential consumers with a digital preview of their household’s mail.

Informed Delivery bridges the gap between the physical and digital worlds to create an innovative experience for consumers. Informed Delivery offers business mailers the opportunity to engage users through an integrated

mail and digital marketing campaign that generates additional consumer impressions, interactions and insights.

This webinar will detail how Informed Delivery benefits consumers and mailers...

- Offers a high email open rate – more than twice the industry average
- Generates multiple impressions from a single mail piece (digital + physical)
- Drives consumer response with

interactive content related to the mail piece

- Reaches consumers digitally by merely knowing their physical address
- Potentially increases ROI on direct mail spend
- Provides additional data insights to optimize marketing spend

Members: FREE
Non-Members: \$45

For more information, visit <http://bit.ly/informed-delivery>

PIASC Events Calendar

SEPT
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WEBINAR: Get Informed on Informed Delivery – provided by PIM
9:30 am - 10:30 am
piasc.org/events

NOV
14-15

Los Angeles Printers Fair
The International Printing Museum
Carson, CA
<https://www.printmuseum.org>

SEPT
21-25

PRINTING United Alliance Color Ready! (Online)
Virtual Conference Week
September 21-25, 2020
<https://bit.ly/colorready2020>

For full list of workshops and virtual classes, please visit www.piasc.org/events