

This section from the book, '14 Ways to Squeeze a Print Budget' contains descriptions of specific strategies that have helped some companies get the most out of their print budgets. These ideas are examples and do not attempt to cover the full range of possibilities that may be available for your company.

If you would like to investigate a new approach for your work, contact us for a free, no pressure consultation.

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9. Why overspend on anything? Ideal plant and process for EVERY job in a budget

Widen the Range and Lower Your Costs

The average local printer has a multi-million dollar investment in 3 or 4 primary presses, smaller equipment to better service their larger customers, sends out about 20% to 40% of their sales to other printers, binders and mailers, and has some binding equipment in house. Most outsourcing they do is based on longstanding relationships, and is not always competitively priced. Reasonably, they are 'duty bound' to create billable hours for their company's equipment as first priority.

There are also specialized plants that focus on one kind of particular kind of work, like trade binders, envelope printers, and web/rollfed printers. They sometimes have their own direct customers, but often the majority of their sales come from other printers who outsource work that has to be run on their specialized equipment. Sometimes a large company with administrative time and training will break up a job into its components and outsource to them as well.

Today, with communications and technologies, such as routine transmission of art files with proofs arriving overnight, being able to find carriers with the fastest and lowest cost routes, most print budgets can be substantially reduced by widening the range of printing processes.

Three Basic Fundamentals to Lowering Costs

- Printing outside the NYC metropolitan area to where fundamental costs are lower - primarily taxes and utilities - in places like the mid west USA, Ontario, and even as close as Pennsylvania.
- Using the correct method of printing - digital, sheetfed, perfecting sheetfed, heatset and non heatset web
- Using plants that have specialized equipment - jet mailing inline on a saddle binder, 4-high non heatset webs for quality full color on uncoated stock, oversized sheetfed presses for high end case bound books, web printing with inline pasting, trimming or direct mail applications.

Three Examples Totaling \$1,455,000 in Yearly Savings

Here are 3 examples with 2 companies where costs were lowered by 40% by just changing a few methods. This work started off in other printing companies certainly because the service and quality were excellent, but those companies and their representatives were limited by their in-house equipment:

\$75,000 saved annually on pocket folders & inserts

Philip Morris printed monthly information that went to retailers costing more than \$7,000 for pocket folders, and \$6,000 for several pages of inserts - all run sheetfed each month.

By preprinting a year's requirement of pocket folders in the 9 match colors (Philip Morris blue, Marlboro red, etc), 2/color imprinting and finishing these monthly, the pocket folders went from \$84,000 to \$35,000. By printing 3 color insert sheets on a half web, costs went from \$72,000 to \$45,600.

Costs were lowered by more than \$75,000, 48%, bringing it to \$80,600 from \$156,000 per year (48%):

	<i>Before</i>		<i>New Method</i>		<i>Savings – 48%</i>	
	Monthly	Annually	Monthly	Annually	Monthly	Annually
Pocket Folders	\$ 7,000	\$ 84,000	\$ 2,900	\$35,000	\$ 4,100	\$49,000
Inserts	<u>\$ 6,000</u>	<u>\$ 72,000</u>	<u>\$ 3,800</u>	<u>\$45,600</u>	<u>\$ 2,200</u>	<u>\$26,400</u>
Total	\$13,000	\$156,000	\$ 6,700	\$80,600	\$ 6,300	\$75,400

Dun & Bradstreet printed workbooks for seminars run around the country as well as 4 page and 8 page advertising brochures for these.

\$180,000 saved annually on seminar workbooks

There were about 100 active workbook titles and 40% of these reprinted without changes on average every 1-1/2 months. Doubling the reorder size would significantly reduce costs since start up costs were a major factor and at higher quantities it was less expensive to run the text on 1/c web presses.

There were 4 people making decisions in this ‘matrix management’ system and they needed precise and timely information to change buying habits for lower costs and still meet service goals. A significant portion of the managers’ bonuses were based on this performance.

By first reporting monthly possible savings that could have been realized - ‘had you ordered February and March in one combined order in February’- they could see what the savings could have been, and this was also measured against what the net cost would be if copy was changed requiring the non-updated inventory portion to be discarded. Eventually we began a column that racked up ‘Savings Year to Date - Improved Buying Pattern.’

By the 2nd year, the average cost per workbook, including all related storage and distribution costs, went from over \$5.20 per workbook to under \$3.40 – an annual savings of \$180,000 (35%).

\$1,200,000 saved annually on direct mail brochures

There were just as many 4 and 8 page brochure titles for this work. They began being run on 70# coated and the annual costs were over \$3,000,000. They tested several mailings with 60# vellum offset and found their response rate was unchanged as was the case with running full color on coated stock.

By changing over to non heatset half webs, and by folding the 8 page brochures with inline spine pasting instead of saddle binding, and they netted a savings of more than \$1,200,000 (40%).

Total amounts returned to print budgets

	Before	After	Savings	
Philip Morris	\$ 156,000	\$ 80,600	\$ 75,400	48%
Dun & Bradstreet Workbooks	\$ 520,000	\$ 340,000	\$ 180,000	35%
Dun & Bradstreet Brochures	\$3,000,000	\$1,800,000	\$1,200,000	40%
	\$3,676,000	\$2,220,600	\$1,455,400	40%