

How \$3,700,000 in annual costs were reduced by \$1,455,000 (40%)

Philip Morris printed monthly information that went to retailers. It was costing \$13,000/month in total - \$7,000 for pocket folders and \$6,000 for several pages of inserts.

OLD METHOD:

Two-color information changed each month on the pocket folders while 9 match colors (Philip Morris blue, Marlboro red, etc) were the same every month. Each month they were run from scratch on a 40" 6-color sheetfed press in two passes, then die cut and glued to become 9 x 12 with 2-4" inside pockets.

The insert sheets were running black and 2-PMS colors on the front and black and 1-PMS on the back (3/2) on an offset stock and were also running sheetfed, then trimmed and collated and hand inserted into the pocket folders.

NEW METHOD:

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.

The die cutting and gluing of the pocket folders, trimming and machine collating of the insert sheets and the hand insertion into the pocket folders processes remained the same.

	<i>Old Method</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

Costs were lowered by more than \$75,000 - to \$80,600 per year from \$156,000

Dun & Bradstreet printed workbooks that were used in seminars they ran across the country. They advertised for these seminars with 4 page direct mail brochures.

WORKBOOKS OLD METHOD:

There were about 100 active workbook titles and 40% of these reprinted without changes on average every 1-1/2 months. Ordering was based on reacting to weekly inventory reports provided by us that showed 'Physical Count,' 'On Order,' 'Committed,' and 'Net Available Inventory' columns.

They could lower costs if they printed less frequently with larger quantities. However, since sometimes they knew there was to be a copy change, or if they weren't so certain that there would be seminars planned going forward for that title, they would then order small amounts to keep up with the next few seminars until they got the changed copy. Many times because of delays in getting that copy change information, books would be reprinted frequently at higher costs than if the quantities were increased.

Finding the economic reorder quantity was complicated since obsolete books added to their cost. There were 4 people making decisions in this 'matrix management' system and they needed precise and timely information to change buying habits and meet service goals. A significant portion of the managers' bonuses were based on this performance. Doubling the reorder size would significantly reduce costs since start up costs were a major factor and the work could be run on 1/c web presses.

WORKBOOKS NEW METHOD:

By 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.' After a while we were able to determine that the cost to discard obsolete books ran at higher quantities about 1/3 the cost of reprinting lower quantities more frequently. The good judgment seemed to be, 'The less you bet, the more you lose when you win.'

Annual savings was \$180,000; average cost went from \$5.20 to \$1.80 per workbook

BROCHURES OLD METHOD

They began being run as 4-page brochures printing 2/colors on 70# coated. The most cost-effective way to run this work was on 2/color sheetfed presses and then offline folding, and it was running at about \$3,000,000 per year.

BROCHURES NEW METHOD

Several split market tests were done with 4/colors on 70# coated, 2/colors on 60# vellum offset, and the response rates were found to be the same. Apparently the leading headlines, seminar titles and benefit listings were the main factors. We were then free to change over to printing less expensively on non heatset half webs. We also added 8-page self mailers into the mix and set up buckle folders to paste the spine and rotary trim all in line.

ANNUAL COSTS WERE LOWERED BY \$1,200,000 (40%).

Amounts returned to print budgets:

	Old Methods	New Methods	Savings-40%	
Philip Morris	\$ 156,000	\$ 80,600	\$ 75,400	48%
Dun & Bradstreet Workbooks	\$ 520,000	\$ 340,000	\$ 180,000	35%
Dun & Bradstreet Brochures	<u>\$3,000,000</u>	<u>\$1,800,000</u>	<u>\$1,200,000</u>	<u>40%</u>
	\$3,676,000	\$2,220,600	\$1,455,400	40%

More examples of service and budget improvements

Marine Ingredients presently focuses on Omega-3 fatty acids derived from fish oils, and manufactures finished bottled flavored Omega-3 liquid, finished bulk encapsulated products and are packaged in final retail form (under customer's label). They also provide GMP approved packaging and production for finished products. **We've cut many of their printed box costs in half** by using lower cost and specialized facilities.

Large Directory Publisher was looking for a back up source for their growing volume of work. Within 30 days **we set up one group of facilities that can handle the larger page size books, with up to more than 2,000 pages and runs of more than 1,000,000 books.** We lined up 8 other large plants in the USA and Canada for 5,000,000 impressions per month, and one low cost overseas option.

They had one of their books used in a movie. We had 3 days to convert 10 books that were going to be used in various scenes with '555-1234' numbers. We had to print a web folded signature, surgically remove pages and covers, and find an after-process glue to put them all back together. The book had to be flawless and look like the real thing being in several close ups. **A set up and short run on a full web press, experimental and tedious handwork for removal and replacement of text and cover, all in 3 days, and overnight shipping - \$1,200!...** (seeing your handmade props in a movie theater, priceless).

Print Broker in NYC provides many services like writing, editing and mailing for an insurance company. They outsource to us the printing of directories and other perfect & saddle bound booklets for lower costs, supervision of work on premises, and distribution arrangements. From the president:

"Your years of press knowledge help you understand the "ins & outs" of what it takes to get a job printed correctly, especially publication web work..."

From those years, you are a careful, thoughtful person who knows how to protect your clients from blunders & bad jobs happening by small simple mistakes being avoided (too little lockup, wrong placement of headers, etc.), that will only appear WRONG in the final printing.

You've "sweated the details" many, many times before so your eyes are watching for these problems, to fix them, without the client pointing it out to you."

Dreyfus was printing quarterly prospectuses with average runs of 25,000 and 32 pages, and at BEST the schedule allowed 3 days, but most jobs had to be delivered in 24- 48 hours from receipt of artwork. We printed an average of 15 prospectuses per week.

I was bragging once to the buyer how **we got out 18 prospectuses in two days earlier that week, all in less than 24 hours.** He asked me if my bills were paid on time, I said, 'yes and thank you very much for that,' and then he asked me how my kids were – my bragging was silenced! They expect their jobs to be done on time, or earlier if needed.

Molina Publishing in California wanted an informational book for their retail nutraceutical product clients. They started with a word document that needed editing and design. **We designed and reformatted with 6 edits, and the total cost per page was still under \$20!** We then printed and soft cover bound in Wisconsin and delivered to California in less than 2 weeks after the final edit.

Powers Solutions owned the rights to the books, 'Top 100 Public Courses' and 'Top 100 Courses' listing the top golf courses in the country. For personalized premiums to their customers, we preprinted 10,000 double parallel web printed texts and foil stamped covers for each of the two books. We'd receive information for a single leaf title page often with their customer's logo, and type for another cover foil stamping. We'd then create artwork, make proofs, digitally print the title page, make dies, foil stamp covers again, and short run perfect bind with the preprinted texts for runs averaging in the hundreds. **From the time the last copy information was received until the time it was shipped was often 3 workdays.**