



IN THIS ISSUE

- Lease Negotiation 1
- Information Network 2
- Mitch Evans 4
- Mike Casey. 5
- Mike Phille 6
- PrintImage Excellence Awards . . . 7
- Debra Thompson 8
- Steve Mills 9
- Supplier Spotlight 11
- Letter from Our President 12

Spotlight



NAQP LIVE!

Listen! Can you hear it? That's the music of the band tuning up and getting ready for that final sound check before taking the stage in Austin, TX.

You've just gotta be there when NAQP LIVE! kicks out the jams in Austin this October 29-31 at the Hyatt Regency Downtown. Our headliners are Bob Prosen, Steve LeFever, Andy Paparozzi, and Bryan Dodge. See the brochure enclosed with this issue of *NAQP Network* for details on some of the hottest acts around. After NAQP LIVE! comes to town, Austin will never be the same...and neither will your business!

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Keep the Presses Running: Seven Tips to Growth and Prosperity

by Mary A. Redmond

When the economy is strong and growing, most business owners concentrate their attention on increasing revenue. Many printers feel more comfortable talking sales because many entered the graphic arts industry through the sales department.

A recent conversation with Tim Boucher, President of B-Squared Design and Printing in New York City, ended when he headed off to coach his sales team. Boucher, a former print salesman, now a six-year veteran business owner, was prepared to role play with each sales rep on their 30-second elevator sales pitch. Boucher knows how to sell printing. He is no stranger to that turf.

Boucher and I had been discussing tactics to reduce spending and restructure equipment leases and approaches to increase cash flow and profits. Like many business owners today, Boucher must focus more time on operations, processes, and profitability.

Inevitably, when the economy slows and times get tough, business executives shift inward to review their operations. They look for ways to survive and thrive. Unfortunately, the graphic arts industry health reports are not good. Industry experts report that most printers, large and small, depend too frequently on debt to finance growth.

WHAT THEY SAY

A study released in June 2009 by Sageworks, a company that develops analysis tools and provides private company financial information, reports that printing companies held tenth place on the list of industries most likely to file for bankruptcy within the next few months.

One of our industry's gurus, Dr. Joe Webb, wrote in his "What They Think" column on June 29, 2009, "I've gotten a rise out of audiences when I say that when business is good, everyone thinks they're a genius. But when business is bad, you really do have to be one. We are in the kind of times that require genius."

Really...only a genius can survive this mess? I know a lot of printers, and I do not categorize most in the genius quadrant for IQ testing.

Words that describe many printers are gutsy, brave, innovative, gamblers, customer-focused, creative, driven, slightly crazy (maybe it's from too many hours sniffing those ink fumes), and sorcerers who deliver magic as they meet delivery deadlines on a daily basis. Most possess the patience of Mother Teresa as they deal with 22-year-old *prima donna* designers, demanding coverage ratios that will break their client's bank account.

Here are seven cost trimming tips to implement as you lead your company through economic challenges.

Tip #1 Establish and Monitor New Budget Initiatives

- a. The Environment: NAPL's White Paper released June 1, 2009 titled *Environmental Sustainability: Structural Change or Just a Fad*, surveys the level of commitment printers of all sizes will make to create a greener work product and environment.
 - 1. Less than one-third of all printers surveyed with revenue between \$3 million and \$10 million were committed to sustainability initiative implementation.

Continued on page 10

Keep the Presses Running

Continued from page 1

2. One benefit of company sustainability programs is a feeling that changes will eventually pay off.
 3. Conserving and recycling are good for employee morale.
 4. Sale of waste generates added revenue.
- b. Determine how important green issues are to your customers.
- c. If your customers say they are into “green” and yet still go for the lowest price, this may not be the time to invest in new green initiatives.

Tip #2 Curb Spending: Stick with the Essentials

Watch out for employees who try to pressure you to invest in this season’s latest, fastest Whiz-Bang Digital Deluxe-SuperMax Press. The president of a \$10 million dollar printing company headquartered on the East Coast shared that that he would never again allow his employees to push him into a new equipment lease when the existing digital press was performing adequately. Even though the owner’s gut told him the investment was not right for his company at that time, he acquiesced. He was sorry later.

Tip #3 Renegotiate Supplier Contracts or Locate New Suppliers

Examine your list of suppliers. If you have not evaluated contractor agreements in the past two years, pull out the contracts and renegotiate. You are in the driver’s seat. Now is the time to assess supplier relationships and evaluate them for competitive pricing levels, delivery satisfaction, trade terms, service responsiveness, and flexibility.

Smart suppliers want your company to survive. They should value loyal customers and be willing to take steps to ensure your longevity. They want your company counted in their flock of happy, devoted customers.

Making concessions now is probably a lot less expensive than replacing you with a new customer. Every new account carries a high price to locate, attract, and close a sale that turns a prospect into a customer.

Tip #4 Protect Your Turf

Customer allegiance goes both ways. What are you doing to maintain your loyal customers?

Nancy DeDiemar, President of Printing Resources of Southern California, also a former NAQP Chairman and Printer of the Year, values her current customers and keeps in touch with the top 100. Currently, she is direct mailing a weekly postcard to the top 100 plus 300-400 prospects.

Of her customers, DeDiemar says, “We have to hold our top customers close in case our competitors are aggressively marketing. We have to be very visible in our marketplace to locate prospects whose printers have gone out of business or are having performance issues.”

Tip #5 Renegotiate Equipment Leases

If past business decisions are choking your cash flow, consider calling your leasing company.

Leases can be negotiated at three times:

- a. Before you originally sign
- b. During the life of the lease
- c. At the end of the lease

The biggest reason leasing companies don’t change contract terms is that no one asks them to make modifications. If you don’t ask, you don’t get.

Before You Sign on the Dotted Line

There are three negotiations necessary for new equipment. Too often printers focus on the monthly lease payment with visions of tidy profits per click. Unfortunately, surprises

begin almost immediately. Added costs for maintenance, insurance, lease fees, and penalties pop up.

1. Equipment purchase price: Negotiate the cash purchase price first, even though you are going to lease.
2. Lease: When negotiating the lease, do not focus on the monthly payment. The entire contract needs to be examined and negotiated. Always ask for three lease purchase options: fair market value purchase option, \$1.00 purchase option, and a fixed price purchase option.
3. Maintenance agreement: Negotiate the maintenance agreement after discussing your usage plans with your lead equipment operator and plant manager.

During the Life of the Lease

1. Late fees: Don’t get in the habit of paying late. Some late payments are negotiable. Just ask.
2. Restructure payments: Although leasing companies say they do not like to refinance, it is possible. You will have to find the right person with authority to manage the process. Be prepared to escalate your request.
3. Payment increases: Monitor lease invoices for payment changes. Make written requests for payment change explanations. Compare the changes with lease contract terms.
4. Property taxes: Know whether you are filing property taxes or if the leasing company is responsible. Verify accuracy of the charges.
5. Usage billing: Compare click rates with meters on copiers for accuracy.

End of Lease

1. Notification: Familiarize yourself with end of lease notification requirements. Send all notices via certified mail. Missed notices result in extra payments as automatic renewals.
2. Purchase prices are always negotiable. Do your homework and be prepared for the used equipment values.
3. Negotiate return conditions regarding shipping costs and destination.

Tip #6 Use Tight Cash Flow Management

- a. "Pay slowly, collect promptly" is an old motto. Maybe now is the time to use it.
- b. Don't sit on invoices. Mail them within two days of shipment or delivery.
- c. If customers accept email invoices, use them. You eliminate processing time as well as postage and mail delivery delays.
- d. Collection calls are best when invoices are barely 30 days old. This is no time for sending late notices. Stay on top of receivables.

Tip #7 Keep Lenders in the Know and on Your Team

- a. Communicate frequently with your banker. Instead of using the drive-thru deposit lane, walk into the bank. Stop to see your bank officer. Keep them in the know about your business and

- industry. Don't be a stranger who calls only when a loan is needed.
- b. Invite your banker to come for a walk-through of your facility. If your banker is a young "pup," educate him about the printing industry and what happens under your roof. He will become your ally and thank you for the education.
- c. Review your credit line agreements with your banker before renewal time. If you are unclear about the line terms and conditions, ask the banker to explain each requirement. Last minute surprises can shut your doors.

Stay the course. Better times will come. Value your people and thank them. Reward them whenever you can. Until then, keep the faith. Print is not dead. It's full of opportunity to do business a new way. Adapt to that change or shut the doors. Stay flexible.



ABOUT THE AUTHOR

Mary A. Redmond is President of Independent Lease Review, Inc. She is the author and creator of "The LeaseSpeak System: Your Guide to Saving Money on Leases." Join her for "How to Renegotiate Your Lease in a Changing Economy" at Print 09. Contact her at 913.441.4108 or mary@reviewyourlease.com. Visit her website at www.LeaseSpeak.com.

Supplier Spotlight

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(See article on page 7.)

