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**Have a Front Door-Back Door Strategy: Look Beyond Sales to Generate Profits**  
*by Buster Weinzierl, Business Development Director, e-LYNXX Corporation*

Building a business is never easy. It takes quality products and services, time, commitment, resources, and luck such as being in the right place at the right time. It's an endless list. Making and keeping a business profitable is even more daunting.

What executives seem to consider most often when thinking about sustaining a successful business is how to increase sales. That's money through the front door. Of course, steady sales are essential, but sales by themselves will not make a company profitable.

For example, during an economic slump, prices charged may drop, causing revenues to drop, causing profitability to evaporate. Increasing sales could help, but doing so in an economic slump is about as likely as increasing prices. So, the question is how can profitability be maintained, when increasing sales and margins cannot be the solution. The answer is that a back door strategy for a business must be as strong as a front door strategy -- the front door being increasing sales and the back door being reducing costs.

Surprisingly, that back door is often not monitored as closely as it should be. Materials and services needed to run the business are bought and paid for with much less thought than how to identify new customers, market and sell to them. Equally important is understanding how the procurement process can be changed to reduce costs (without jeopardizing quality) while maximizing efficiencies, transparency, risk management and quality controls. This requires top management attention to changes in the method by which goods and services are bought. Sometimes this means a total paradigm shift must occur.

Of the seven reasons given by the Small Business Administration for business failures, three pertain to procurement flaws including poor management, insufficient capital and lack of planning. Like cash flow analysis, expense forecasting and realistic budgeting, procurement needs to be discussed and understood in the C-suite. The CEO, CFO and COO need to understand that expenses can be significantly impacted by *how* goods and services are purchased. They need to think strategically about procurement. They need to think about cost reductions in terms different from job cuts, fewer services, lowered quality or limiting the scope of the business. The latest in procurement methods can actually help prevent such unpleasantness.

C-suite occupants need to know that traditional, negotiated, fee-based procurement methods are costing them at least 25% more than they have to spend. Look at customized goods and services as a category alone. They account for 6% to 30% of a typical organization's operating budget. Looking deeper into just this category, 3% to 5% of an organization's gross revenues are spent on print -- direct mail, marketing materials, commercial print, labels and product packaging. Some spend 10% or more of their gross revenues. Credit card operations, insurance companies, pharmaceuticals, automotive, food processors, publishers, healthcare and service providers, educational institutions, franchise operations, large associations, casinos and gaming operations depend on huge quantities of direct mail, print marketing and customized packaging. For example, a well-known, multi-billion dollar, international candy company spends 18% of its gross revenues on print. Convert at least 25% of that spend to savings, and we are talking millions of dollars from print savings alone moving to the bottom line.

The key point to understand about new procurement methodology is it puts the buyer in control. Traditional methods rely on a limited number of suppliers who set fees based on what they think the buyer is willing to pay. With new procurement methodology, the buyer's network of suppliers is expanded with all selected by the buyer to ensure quality, service and on-time delivery. Extensive background on each of the buyer's hand-picked suppliers is entered into a database that is used whenever the buyer

puts a project out for bid. Detailed specifications for each project are entered into the same computer system that then matches the job to only those suppliers capable of doing the work. Suppliers know that all in the system are going to submit bids based on open production capacity or downtime that has to be filled. Usually, that is about 30% for a typical printer on any given day. Prices are dropped to fill downtime because that beats not having any work at all. That is how at least 25% in print cost reductions for the buyer are derived. The buyer controls the process, because suppliers charge to fill downtime rather than charge what they think the buyer is willing to pay regardless of production needs.

The new method also provides step-by-step accountability for every aspect of a job -- from inception to changes to production to delivery and invoicing. This provides 100% transparency, improved quality control, greater efficiencies and strengthened risk management. New procurement methodology appeals to strategic thinkers and tacticians alike.

The path to greater profitability requires viewing procurement as a means of contributing substantially to the bottom line rather than as a back office function that simply orders goods and services so finance can pay the bills later. It is all intertwined and needs to be looked at strategically with top down involvement. Otherwise, business will continue as usual with less attention paid to the back door than the front.

### **About Buster Weinzierl**

As business development director for e-LYNXX Corporation, Mr. Weinzierl is responsible for matching clients with the services of American Print Management -- the e-LYNXX division that specializes in print-spend cost-reduction services. He also identifies organizations to work with Patented Procurement Method -- the e-LYNXX division that licenses the company's latest patent for the procurement of specification-defined goods and services.

Before joining e-LYNXX, Mr. Weinzierl was CFO of R&D Coatings in McKees Rocks, Pennsylvania. He is highly regarded as a profitability improvement expert, and for 27 years he was president of Belknap Business Forms in Mayville, New York.



Mr. Weinzierl graduated from the University of Pittsburgh with a Bachelor of Science degree in industrial engineering, and has performed graduate work in financial management at George Washington University. He also is a Certified Forms Consultant (CFC) and a Certified Document Consultant (CDC). He serves on the alumni advisory committee for the industrial engineering department at the University of Pittsburgh. His professional affiliations include the Print Services Distribution Association (PSDA) where he has served as manufacturing vice president and International Business Forms Industries where he has been North American Chairman. PSDA has inducted Mr. Weinzierl into its honorary Black Leaf Society. In the community, he is past president of the Mayville Rotary Club and past board president of the Westfield Memorial Hospital.

### **About e-LYNXX Corporation**

e-LYNXX Corporation, the North American procurement authority, is exclusively endorsed by *Printing Industries of America (PIA)* and *Educational and Institutional Cooperative Purchasing (E&I)* and recognized as a top 100 procurement firm by *Supply & Demand Chain Executive*. Founded in 1975, e-LYNXX has three divisions. ● American Print Management provides enterprise print procurement solutions and patented competitive methods to reduce costs for direct mail, marketing materials, packaging and other procured print. Results include enhanced quality and service levels, efficiencies, process control, transparency and procured print cost reduction of 25% to 50%. ● Patented Procurement Method grants patent licenses for supply chain optimization. Results include substantial reduction in existing costs of competitively procured goods and services. ● Government Print Management offers U.S. GPO bid services, access and assistance. Results include filled downtime, operational stability, improved cash flows and increased profitability. [www.e-LYNXX.com](http://www.e-LYNXX.com) – 888-876-5432