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## **The Hidden Cost in Plain Sight -- Printing**

*by William Gindlesperger, Chief Executive Officer, e-LYNXX Corporation*

Few CEOs worry about the cost of printing marketing brochures. Likewise, few worry about the cost of printing packaging, labels, direct mail pieces or any number of other separate print categories. Some may worry about the cost of printing the annual report because that often is a question asked by a stockholder who is concerned about the company's bottom line.

What that stockholder should be asking is how much does the company spend overall for print – everything from advertising flyers to CD-ROMs to proxy statements to vehicle wraps. It all adds up, but few companies identify printing as a corporate expense. Printing typically is an expense that is buried in a host of departmental budgets so it never appears in aggregate as a bottom line item. If it did, shareholders and maybe many CEOs would be surprised to learn that the company may be spending as much as 20% of its operating revenues on print if the company is a heavy marketer and consumer-driven business. On average, most organizations spend about 3% of operating revenues on printing.

In today's belt-tightening environment, savvy executives are examining "hidden" printing costs. They are learning that 25% to 50% can be shaved from their corporate print spend without disrupting the supply chain and without risk of quality and service infractions. When this is done, *three-quarters of one point to one and a half points* of gross operating revenues will be added to the bottom line. This will impress stockholders.

But how is the 25% to 50% in print savings realized? That comes first by getting those in the C-suites engaged and educated about how printing is bought, whether handled by a procurement office, the marketing department, the supply chain or all of the above. Print buying is traditionally the single most out-of-control major buying activity and expenditure of any organization.

Being decentralized, printing is too often -- and unfortunately -- not considered strategic by C-suite occupants. In those type organizations, few at the top seem to be concerned about overall printing costs as long as departmental printing is within budget. Consequently in those type organizations, every department has its own preferred way of buying print – including putting in place huge contracts that only a few vendors can handle, negotiation, designing projects so competition is limited, bidding and then subjectively choosing the best value (not the lowest responsible bid), and allowing everyone except procurement professionals to manage print buying.

Now, however, new technology and procurement practices developed and tested over the past dozen years are giving executives a better and welcomed option. No longer are prices driven by negotiations with a few favored printers who set pricing on their terms. New automated vendor selection (AVS) technology, technical services and a web-based communications and workflow system make it possible to automate, streamline the print buying process, expand the vendor base and lower costs without comprising quality or on-time delivery.

With an AVS Technology™ license, organizations are benefitting from patented competitive procurement methods, best practices, a secure communications and workflow system and the guidance of print experts. This eliminates the haphazardness of traditional print procurement methods by creating a competitive bidding environment. Here is how: Preferred print suppliers -- all chosen by the buyer – are entered into the AVS computer database. (It is imperative for each printer to meet quality, timeliness and other specifications to remain in good standing with the buyer.) Once the buyer has entered job specifications in the AVS system, the computer matches the job with only those printers capable of doing the work and only they are invited to bid. Typically, returned bids offer deep discounts because those bidders realize that bidders are lowering their prices by 25% to 50% to fill otherwise non-productive, non-revenue producing scheduling gaps.

Rather than days or weeks of meeting face-to-face with printers, this 21st Century approach returns results in a matter of minutes. The buyer feels comfortable with any of the competing printers, because each has been pre-qualified by rigorous vetting. A low bid is not a concern, because all know that the winning printer is filling downtime, not cutting corners or skimping on quality.

Adding to the attractiveness of this new way of buying print is the detail with which the buyer can control the entire process, from start to finish. The robust communications and workflow system begins working from the time the first printer is entered into the buyer's supplier database, and the first job specifications are written, to when changes are made, and reports are provided showing the exact amount of savings.

Who makes changes, who reviews and who approves are all determined by the buyer. The buyer also decides who can see what and when. To all with access, everything is transparent and easy to understand. This continues through production to packaging, delivery and billing. An indelible and auditable task-by-task record of each project also is established for future reference.

Organizations in the United States and Canada are realizing an average 42% cost savings on procured print comparing the historical cost of projects prior to the usage of AVS Technology™ with the pricing obtained thereafter.

When all the print bills are tallied at the end of the fiscal year, everyone wants to be on board when credit is handed out for saving the organization 42% on printing and adding 1.2% of gross operating revenues to the bottom line. Leaders in the parcel delivery, electric utility, hospital, construction materials, heavy equipment manufacturing, grocery, financial, higher education and association sectors are now reaping these rewards by embracing change and licensing AVS Technology™.

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

e-LYNXX Corporation patented the technology integral to e-commerce. Endorsed by Educational & Institutional Cooperative Purchasing (E&I) and Printing Industries of America (PIA), e-LYNXX drives results through its three divisions. • AVS Technology™ licenses the patented\* automated vendor selection procedure used in e-commerce and procurement systems. • American Print Management provides web-based system, services and patented AVS Technology™ to reduce substantially the procured costs of direct mail, marketing, publications, packaging, labels and other procured print. • Government Print Management offers effective U.S. GPO bid services and strategies. [www.e-LYNXX.com](http://www.e-LYNXX.com) – 888-876-5432

\*U. S. Patent No. 6,397,197, Patent No. 7,451,106, post-Bilski Patent No. 7,788,143, and Continuing Application 12/855,423 (collectively, the AVS Technology™) – This thicket of patents covers all custom goods and services, not just print. To inquire about licensing, contact Anthony Hawks at 888-876-5432 or Michael Cannata at 905-773-2207.

### **About the Author**



William Gindlesperger is a nationally recognized entrepreneur, inventor, author and consultant. He founded ABC Advisors and its successor, e-LYNXX Corporation, in 1975. Profit, non-profit and government organizations alike have benefited from his strategic insight and innovation that result in measured and substantial cost reduction.

Mr. Gindlesperger's sound advice and counsel have yielded results for those with fiduciary responsibility and the authority to take action to reduce costs. He has directed major initiatives in both the private and public sectors. He has testified before the U. S. Senate Committee on Rules and Administration regarding government print and procurement policy. He has worked directly with numerous Congressional and Senatorial members and staff and has advised Congress on the development, operations and future of government procurement.

He has been a lead fund raiser for senatorial, congressional and gubernatorial elected officials. He was a founder and chairman of Printing Industries of America's (PIA) PrintPAC (political action committee) and has been recognized for his contributions to PIA and services to the printing industry. He was inducted into PIA's Ben Franklin Honor Society of print industry leaders in 2009 for his lifetime contributions to the print industry. *Supply & Demand Chain Executive* honored Mr. Gindlesperger by including him in its 2010 listing of the most influential leaders in the supply and procurement profession in North America.

Mr. Gindlesperger invented the Automated Vendor Selection Technology™ -- the technology that is integral to e-commerce and optimizes cost reduction in the procurement of *all* customized and specification-defined goods and services. He has been granted a series of Automated Vendor Selection patents, including Patent No. 6,397,197, Patent No. 7,451,106, and post-Bilski Patent No. 7,788,143 (collectively, the "AVS Technology™").

Under Mr. Gindlesperger's leadership, e-LYNXX has grown into the leading print management and procurement licensing firm in North America. e-LYNXX has been exclusively endorsed by Printing Industries of America (PIA) and has been named one of the top 100 procurement firms in North America by *Supply & Demand Chain Executive* magazine.

His firm handles more than 200 on-going consulting assignments at any given time. Among its contracts is one with Educational & Institutional Cooperative Purchasing to assist colleges, universities and other institutions nationwide with procurement and spend management.

A native of Chambersburg, Pa., Mr. Gindlesperger is a graduate of Dickinson College in Carlisle, Pennsylvania.