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How the Government Printing Office (GPO) Can Increase Printer Profitability by 10% or More

by Deborah Snider, Senior Vice President, e-LYNXX Corporation

In an economy that squeezes every aspect of a printer's business with higher costs and fewer opportunities, how does a printer catch a break? One avenue that should not go overlooked is working with the U. S. Government Printing Office (GPO).

Founded in 1813, the U.S. Government Printing Office's core mission is *Keeping America Informed* as it supports the work of the executive, legislative and judicial branches of the federal government. The GPO is the federal government's primary centralized resource for gathering, cataloging, producing, providing, authenticating and preserving published information. That's just about everything printed for the federal government. Further, as required by Title 44 of the U.S. Code, all federal agencies are required to use GPO to procure their printing.

Unlike most federal agencies, GPO operates much like a business, as it is not only reimbursed by its federal agency customers for the cost of work performed, but the GPO also receives from its federal agency customers a service fee which is based on a percentage of the work procured. Additionally, the GPO sells printing to its customers and this is done at the huge GPO printing facility in Washington for work that is not outsourced to the private sector, such as the Congressional Record, Federal Register, and U.S. passports.

For all outsourced work, the GPO awards its procured contracts through a bidding process. With more than 10,000 printers registered to bid on GPO work, it would seem that competition is fierce for the more than \$400 million in jobs the GPO awards each year. The good news is only about 400 or so printers are active bidders, allowing room for additional competition.

This is especially true for printers who want to maximize capacity on their own printing equipment. Printing for the government can fill an important gap for a printer and can generate income that otherwise would not be there. It is a win-win for the GPO and the printer.

But first, a printer must become a "qualified" GPO vendor in order to be awarded work. A printer must properly register with GPO, provide equipment lists and other detailed information, and submit stellar samples that can pass the muster of a rigorous GPO quality review. All of this is not easy and entails the assistance of a professional that knows the GPO business inside and out.

Once approved the printer still needs to grapple with the rules, regulations, paperwork, and red tape. Dealing with the Federal Government and its GPO is not easy for a novice want-to-be GPO printer. A printer must be able to read and understand the subtleties of the solicitation, specifications, contract terms, quality assurance guidelines, paper specifications, terms and conditions, and other requirements. This is no small undertaking.

Doing work with the GPO is much different than working with corporate accounts. When a mistake is made, the printer cannot take the GPO to lunch and sweet talk its way out of the problem. The printer must know the rules and follow them exactly.

Often printers will say that GPO work is so competitive that the jobs go for paper cost or below. Obviously, this is a nice excuse to explain why some printers are not competitive while others win huge amounts of work. The truth, of course, is that jobs do not sell at paper cost or below. Printers in the know are in general the profit leaders in the industry. National profit leaders rely on the GPO for a portion of revenues, and none do work at paper cost or below.

What do these profitable printers have in common when it comes to GPO success? Here are the three most important things that they know:

- Open capacity is a unique opportunity to build profitability. Once a printer is at breakeven, every value added dollar brought in thereafter goes directly to the bottom line. (Value added is defined as all of the dollars left after a printer pays for out of pocket costs for paper, ink, plates and outsourced services.) For example, if a printer is charging \$120 per hour for a Digital Press that runs 70 percent of the time, and the printer is at breakeven, then 100 percent of all value added dollars brought in during the 30 percent open capacity will yield profit... even if the same Digital Press is sold for \$50 per hour instead of the normal \$160 per hour. The alternative is to bring in no revenue and consequently no profit by allowing the 30 percent downtime and the equipment and operators to sit idle.
- Knowing the customer is as important in successfully accomplishing GPO work as it is in accomplishing work for any major commercial customer. Each has its own method of operation, rules and regulations, idiosyncrasies, even labeling and packaging requirements. In the case of GPO these requirements fill volumes. Therefore, successful printers understand the importance of working with a GPO expert in order to maximize profitability.
- Obtaining GPO bid opportunities that are highly competitive is relatively easy. These are readily available for a fee from a "GPO bid service" or for free directly from GPO on its Web site. Having those more profitable GPO bid opportunities available with sufficient time to bid is a different matter. Just like in the commercial marketplace, GPO bid opportunities are more profitable when fewer potential bidders see them; these opportunities offer fast turn-around in the bid process, the manufacturing process, or both. Also, there are the matters of amendments to which a response must be made before bid opening, how to assure 21-day pay so a printer does not have to wait for extended periods of time on its money, having access to past histories of prior jobs, reports on competition, and promptly obtaining accurate results of bids. Only an expert in GPO can fill these voids.

Having current information on GPO, building a precise GPO sales plan, and knowing and following the rules are all critical components to success and profitability. Being on the short end of the GPO stick is not pleasant and can be quite expensive.

The majority of the 400 active GPO vendors use a government print management firm that provides full representational services, accurate information, market intelligence, past price histories, and access to all available GPO solicitations. With a government print management firm at your side, you receive assistance with paper work handling, specification interpretation, proposal preparation, bidding process management, assistance through the production process, change order negotiation, invoice preparation and collection, and cutting through the government red tape.

The bottom line is this. If a profitable printer averages 4 percent profitability before GPO, partners with a professional government print management firm to avoid the long and expensive curve of learning to do work with GPO, and then adds the appropriate work, that printer can increase its profitability by 10 percent or more by utilizing what would otherwise remain idle downtime.

About the Author

Deborah Snider is senior vice president of Government Print Management, a division of e-LYNXX Corporation - the leading print management firm in North America. Mrs. Snider is a graduate of Central Penn Business College and has headed Government Print Management and its predecessor since 1984.

Government Print Management represents the majority of successful printers that work with GPO. The firm is commission based and specializes in helping printers to smooth their way to GPO related profitability. Government Print Management is exclusively endorsed by Printing Industries of America (PIA).

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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 – 888-876-5432