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SERVING SECONDARY MARKETS CAN BE LUCRATIVE CHANGE IN STRATEGY
U. S. Government Printing Office (GPO) awards more than \$400 million in contracts each year

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

One of the toughest challenges confronting any business is accepting change, and then implementing it. We all get set in our ways and feel that if it isn't broken, don't fix it. The problem with that false sense of security is while it may not appear to be broken, the foundation may be decaying while what is on the surface appears to be okay.

Many are finding cracks in their business foundations during this recession. Once solid print suppliers are scrambling to find work. Scrambling alone, however, won't produce profitable results. Scrambling to find work in traditional markets is often wasted energy because the work just isn't there. Once dependable clients and promising prospects are cutting back on their print needs.

Enlightened printers are assessing how they do business and with whom. They are looking at markets that supplement the commercial work that they have traditionally depended on for steady income. These new markets are markets where they can fill gaps in print production schedules without interrupting workflow for major commercial clients. One such secondary market is the government sector, and within that sector is the U. S. Government Printing Office (GPO).

The GPO is huge, awarding more than \$400 million in large contracts and small jobs each year to printers nationwide of all sizes and capabilities. It is a wide-open opportunity and found income if you understand the GPO system and know how to price bids to win.

Because more times than not the GPO takes the lowest bid on a project, printers have to know how to develop a winning strategy that allows them to bid low, win GPO work and make a profit. You have to look at GPO work as an added value rather than your primary revenue stream. It is like your primary commercial accounts are the basic sustenance that keeps you going and GPO work is the multi-vitamin that makes you healthier and stronger.

To develop a winning strategy, the printer competing for GPO work must understand when and how to compete. A key concept that must be applied is contribution pricing. That is when the printer bids low to win work that will be completed during what would otherwise be downtime -- those schedule gaps when there is no work, no income and idle time for equipment and the staff. Filling these gaps, even with low priced work, generates income to cover such overhead costs as salaries, utilities, maintenance and out-of-pocket expenses. That income contributes 100% to the bottom line, hence the name contribution pricing.

Determining what the low, winning bid to the GPO should be, complying with government regulations and overcoming red tape require experience, patience and persistence. The most active and successful GPO print suppliers partner with a government print management firm to receive all available GPO and other government solicitations, interpret job specifications, prepare proposals, manage the bidding process, negotiate change orders and provide assistance through production, delivery and invoicing. The government print management firm should have a robust database of historical data on past government jobs and a team of specialists who know how to work with the GPO and how to provide guidance for you to win GPO bids.

Changing your strategy or business model to serve secondary markets is an opportunity to be seized. Filling downtime maximizes production utilization, increasing it from a print industry average of 70% to full utilization of 90% to 95%.

While I have stressed low pricing to win GPO work, many GPO job opportunities – when managed by the print management firm in partnership with the supplier -- command higher than commercial prices because of the job's uniqueness, quick timing requirements or limited availability.

With a steady flow of government work, suppliers improve profits. Before GPO work, a print supplier can average 2.5% profitability on 70% production utilization. Add GPO work through services of an expert government print management firm to manage the relationship and the bottom line grows to about 14%. Not serving secondary markets is riskier than staying the course and searching for work that isn't there in your primary commercial markets.

About Deborah Snider

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). She can be reached at 888-876-5432, through the web site at www.GovernmentPrintManagement.com or at Deborah.Snider@GovernmentPrintManagement.com.



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 – 888-876-5432

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