

NEWS RELEASE

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Making Money While Charging Less: What's the Secret?

A common cry in the print industry is "Why am I *not* making money when I am charging top dollar for the work that I am doing?" It would seem that a steady flow of high-priced jobs would result in a positive bottom line. Yet, Deborah Snider, senior vice president of Government Print Management, a division of e-LYNXX Corporation, said that is only true when high-priced jobs keep staff and equipment busy a sufficient amount of time to cover overhead and expenses. When they do not, companies can experience losses.

She gives this somewhat exaggerated example to make her point: A printer prints 500 simple business cards for \$100,000. This obviously is a profitable job. While impressive, this job alone will not cover the printer's overhead of more than \$1 million, and the printer would lose money by doing just this job. If the printer took on a sufficient number of other business card orders for \$100 each to offset downtime and to absorb the expenses and total plant overhead, the \$100,000 order would be nearly pure profit.

This illustrates the power of effectively eliminating downtime and becoming profitable by taking on jobs at various levels of pricing such that the total amount of revenue is greater than the overhead and costs. Unfortunately, the average printer has 30 percent downtime. These gaps in production result from over capacity due to insufficient business, a downturn in business or the maintaining of sufficient capacity to serve the immediate and erratic needs of prime customers.

Snider emphasized that it makes good business sense to do work for a lower fee than to do no work at all. No work equals no income. That is the secret behind the success of printers that can serve the immediate needs of their customers while filling their downtime. These printers locate a secondary market that they can turn-on and turn-off to accommodate their immediate production needs, fill otherwise unused production capacity and contribute to their revenues. One such secondary market is the U.S. Government Printing Office (GPO). Snider has been working with print suppliers since the 1980's to get them GPO work.

While GPO can be a steady source of work available to fit otherwise unscheduled downtime, the problem comes in navigating governmental waters. GPO, like all government, is complex, is wrought with red tape and jargon, and is often hard to fathom. To be successful, Snider said a printer needs to know what the government really wants, how the government expects to get it and when the government is willing to take it.

GPO was founded in 1813 to support the print needs of all three branches - executive, legislative and judicial - of the federal government. GPO is required by Title 44 of the U.S. Code to be the 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, all federal agencies are required to use GPO to procure their print.

More than \$400 million worth of work flows through GPO each year. However, the majority of its jobs go to a relatively small group of printers -- about 300 out of more than 10,000 eligible to bid on GPO jobs. Snider said the most active of those 300 printers work with a print management firm to supplement their commercial customer base with GPO work. They can charge less for GPO jobs because they do GPO work during downtimes. This approach provides income for those periods when business otherwise would not be booked. That is not to say that some jobs are not awarded by GPO for amounts that exceed high-priced commercial jobs. The trick to optimizing profit from GPO work is to know when to bid high, when to bid low, and when not to waste time bidding at all. However, by filling downtime, printers that consistently win GPO jobs improve their annual income from about 3% to 14% and sometimes more.

Winning GPO jobs requires expert assistance, regardless of the time that a printer has spent within government markets. This is where the print management firm comes into the picture and becomes an invaluable partner. Snider said the print management firm:

- Helps get the printer quality level rated by the GPO. 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 who knows the GPO business inside and out.
- Analyzes single job and long-term program specifications. A GPO printer must be able to read and understand the subtleties of the GPO solicitation, specifications, contract terms, quality assurance guidelines, terms and conditions, and other requirements. This is no small undertaking.
- Determines in-depth pricing. A GPO printer must be aware of the competition so its bids are structured to win the job, meaning that the bid must be the low *responsive and responsible* bid submitted. Government Print Management has a huge database from which it can extract information about past GPO jobs and this historical data is critical when pricing a bid.
- Cuts through governmental red tape Every GPO printer must grapple with the rules, regulations, paperwork, and red tape.
- Assists with preparing submission packages. Doing work with 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 when submitting bids and amending bids when change instructions are issued by the GPO.
- Supports invoicing and prompt collections assistance. GPO produces 21-day pay on most occasions - but occasionally this slips to 30 days. When this happens, printers can be paid an additional 5% bonus for having to wait the additional nine days. Print management firms know how to get this accomplished.
- Provides negotiation and legal consultation services. Should there be a dispute, the print management firm has the ability to act with the printer or print supplier to resolve the problem.
- Offers direct representation to government entities. The print management firm has the GPO contacts to make recommendations and seek GPO advice.

These services, when coupled with GPO experienced professionals and a robust database of invaluable information (regarding past GPO projects, competitor activity, and historical bid results that can be used to build winning pricing without leaving money on the table), make the print management firm an invaluable partner for the printer whose goal is to increase revenues, optimize profitability and not have to ask why it is not making money, Snider concluded.

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