

*Special to WhatTheyThink?*

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## **Total In-House Federal Agency Printing and Reproduction at least \$30 Billion, Not Just \$2.5 Billion**

by William Gindlesperger, Chairman and Chief Executive Officer, e-LYNXX Corporation

As both Public Printer Bob Tapella and I pointed out on *WhatTheyThink* this week, too many federal agencies are ignoring the Congressional mandate (Title 44 of the U. S. Code enacted by Congress in 1813) that requires federal agency printing to be channeled through the U. S. Government Printing Office (GPO). If Title 44 were enforced, the private sector would be employed to print more than \$60 billion in government work rather than the \$440 million that it currently receives through GPO. In an industry that purportedly had grown to \$150 billion in print, and is now by all counts a great deal smaller, \$60 billion or so in new private sector business is not small potatoes.

There is no reason why the private sector should not be doing this work. GPO is a model for procurement efficiency, and under Mr. Tapella's leadership its record for sound management has become stellar. When Mr. Tapella says that GPO operates "one of the government's most successful procurement programs, assuring the most cost-effective use of the taxpayers' printing dollar", he clearly understands the obvious. The fact is that the GPO operates, not one of the best, but the best small business procurement program anywhere in the government. Bar none.

While we agree on the need for clamping down on waiver violations and the fact that GPO can procure from the private sector for less than having the same work done in federal agency printing plants, we are not aligned on the numbers. It's an honest disagreement, because government accounting is very different from private sector accounting. Mr. Tapella cites an analysis that indicates printing and reproduction (object class 2400) for the federal government is estimated at \$2.524 billion for FY 2009.

However, in the private sector, businesses must account for everything, because that reflects the true cost for doing business. It all adds up - ink, paper, equipment depreciation, labor compensation and benefits, training, marketing, utilities, taxes, safety and other support expense categories. Government agencies report about one twelfth of these costs. As Mr. Tapella says, "object class analysis only reports funds associated with printing and reproduction, and not necessarily all other costs associated with operating internal printing plants, *such as personnel compensation and benefits; rents, communications and utilities; supplies and materials; depreciation on equipment, and so on.* At GPO, our revenues recover all of these costs, as with any business. In the agencies, however, *it's not clear whether the budgeted printing and reproduction costs cover all, just a part, or any of those costs.*"

That means if private sector accounting methods were applied to the analysis that Mr. Tapella cited, the \$2.524 billion would be multiplied by no less than 12 giving us \$30.288 billion. This is not a number out of the sky. Roughly speaking, in the commercial printing business, labor is a third, materials are a third, and everything else including profit is a final third of a project's cost. The only items in the \$2.524 billion government analysis are incidentals amounting to about 25% of the final one third of a project's costs. Thus, 12 is a reasonable multiplier.

The Public Printer and I are both correct. It's sort of like when I asked a friend how much his BMW cost. He said the tires cost \$1,000. He was right, but there is the rest of the car to consider. The total price might be about \$50,000. Big difference when you look at the entire car versus the price of the tires. There is also a difference when looking at the surreal accounting practices of the government versus real costs.

Therefore, the analysis covers about \$30 billion of in-house federal agency printing and reproduction.

And, there are many unauthorized in-house shops that account for even more government printing work that could and should go to the private sector. This work has NOT been considered in the government's analysis.

And, there is the whole subject of fugitive printing. That is the printing that is part of some other budget item and is not directly accounted for or reported. In most large organization (the government being the largest) fugitive printing is an enormous waste of money and maybe even the largest pool of work. Again, this work has NOT been considered in the government's analysis.

And, there are large government contracts. Let's say a fighter plane manufacturer wins a program worth billions of dollars. In that program, there is a requirement for printing. The contractor has this work done outside of federal agencies, sometimes in its own captive printing plant. Of course, this is great for everyone except the taxpayers and the printing industry, as the work is not accomplished through competitive bidding and the fighter plane manufacturer gets a nice fat mark-up on the printing on top of an already high price. How much printing is here is anyone's guess. But, one thing is for certain, this work has again NOT been considered in the government's analysis.

With all considered, another \$30 billion may be a conservative estimate. After all, in most large organizations, 3% of gross revenues is spent on printing. Let's see, the federal government's budget is \$3 trillion and change, and 3% of \$3 trillion is about \$90 billion, so....

If federal government printing were managed through GPO and submitted to private sector printers for bids, efficiencies and accountability would improve dramatically and eye-popping cost savings would be gained. It also would be a major boost to an industry that is struggling to survive and to an economy that is trying to recover from a recession.

I stand firmly behind Bob Tapella and his GPO. I call on the President to stop this hemorrhaging. Let GPO do the job it is qualified to do and which it has proven beyond any doubt that it does better than any other government agency on earth.

**About William Gindlesperger**

William Gindlesperger is a nationally recognized entrepreneur, inventor, author and consultant in print and procurement. He founded ABC Advisors and its successor, e-LYNXX Corporation, in 1975. Under Mr. Gindlesperger's leadership the firm has grown into the recognized profit enhancement leader. Print buyers and suppliers alike have benefited from his insight and innovation.

Mr. Gindlesperger has directed major in-plant studies in both the private and public sectors and he is highly regarded for his knowledge, advice and work on behalf of firms in matters pertaining to the U. S. Government Printing Office (GPO). He has testified before the U. S. Senate Committee on Rules and Administration regarding government print and procurement policy. He also has worked directly with numerous Congressional and Senatorial members and staff and has advised Congress on the development, operations and future of GPO print procurement and the federal print program in general. He was founder and the first chairman of Printing Industries of America's (PIA) PrintPAC (political action committee), and he has been recognized for his contributions to PIA and services to the print industry.

Mr. Gindlesperger invented the methodology that optimizes cost reduction in the procurement of specification-defined goods and services. He has been granted two separate business method patents by the U. S. Patent Office, first for the competitive procurement of print and then for the competitive procurement of *all* specification-defined goods and services.

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



**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

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