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**Get More Bang for Your Marketing Buck. Use New Procurement Method.**

*American Print Management provides proven methodology for reducing print spend.*

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

Printed materials cost American companies about \$150 billion each year. This does not include packaging which can double this number.

Of the \$150 billion, 80% or more can be attributed to what is spent on marketing materials that include direct mail pieces, brochures, catalogues, advertising circulars, point-of-purchase displays, labels, and other marketing materials. The percentage of each organization's revenue that is print marketing materials depends on the type of business.

Print usage varies widely from organization to organization. Doctors, lawyers and other licensed professionals normally spend less than 1% of their operating revenues on print. Others like those who depend on direct mail to support marketing and sales efforts, or those in the food processing and packaging area, may spend between 5% and 20% of their operating revenues on print. On average most organizations spend 3% or so of their operating revenues on print.

Unfortunately, print is normally decentralized, not well controlled, not identified on the profit and loss statement, and often hidden under a higher level item or otherwise characterized as something other than print. Print can be characterized on a profit and loss statement as marketing, advertising, special projects, communication, office, raw materials, shipping, and even travel expense.

In today's belt-tightening environment, savvy c-level executives are taking this bull by the horns and asking the obvious, "How can I reduce the cost of what I am spending on print in my organization?" This is shocking. After all, print is the stuff on which c-level careers are not built. Yet, when print is just 3% of operating revenues, and 40% can be shaved from this amount without disrupting the supply chain and without risk of quality and service infractions, then the resulting 1.2% of gross operating revenues looks darn good when added to the bottom line. Shareholders take notice.

For better or for worse, it is true that in many organizations procurement people, marketing executives, and others involved with print buying are not charged with direct responsibility for bottom line improvement. They exercise line responsibilities. Thus, the impetus for direct cost reduction remains in the executive suite.

So what is a c-level executive to do to add significantly to the bottom line? The best place to start is with how you buy print -- the procurement process. If the organization is not applying the latest in procurement processes, then money is being poured down the drain and action needs to be taken to change the process.

Traditionally, there are three methodologies that have been used to solicit print pricing. These include costly relationship dependence, assorted negotiated methods and an array of competitive techniques. Each is different and each yields a different financial result. *Feel free to add as many zeros as you wish to the examples offered.*

- Relationship Dependent – Here the buyer consistently awards work to the same set of trusted suppliers through open-ended specifications. Though buyers often achieve a high level of comfort and confidence in the quality and service realized through this arrangement, the cost-effectiveness is poor with a 5 X estimating factor typically being applied (resulting in end price comprised of 20% materials, 80% value add). Here the pricing obtained is about \$5,000 when paper and materials cost the printer about \$1,000. This is the most expensive way to buy print.

- Negotiated Methods or Rate Carding – Procurement organizations often seek, and gain, more cost-effective prices with suppliers by consolidating their supplier base, aggregating their demand and leveraging volume commitments in exchange for reduced price through a pre-determined “rate card” arrangement. These methods typically carry a 4 X estimating factor (resulting in end price comprised of 25% materials, 75% value add). Here the pricing obtained is about \$4,000 when paper and materials cost the printer about \$1,000. This amounts to a 20% savings below relationship dependent buying.
- Competitive Techniques – The proliferation of e-procurement has presented improved competitive procurement techniques in recent years that have resulted in attractive pricing. Methods such as spot bidding and reverse auctions typically result in suppliers pricing work at the equivalent of a 3 X estimating factor (resulting in end price comprised of 33% materials, 67% value add). Here the pricing obtained is \$3,000 when paper and materials cost the printer about \$1,000. This amounts to a 25% savings below negotiated techniques or rate carding.

However, just because print procurement in an organization has graduated to using competitive techniques over the more expensive aggregation and rate carding does not mean that all cost reductions have been wrung out of print. Au contraire, there is still another 40% and more excess fat in the print pricing!

If you want to save \$250 to \$600 or more for every thousand dollars that you spend on direct mail pieces, brochures, catalogues, advertising circulars, point-of-purchase displays, labels, and other marketing materials, you need to gain the advantage of using new procurement techniques and methodologies.

What you need to be truly cost-effective is the advantage of the most powerful competitive procurement methodology (U. S. Patent No. 6,397,197 and U. S. Patent No. 7,451,106) developed by e-LYNXX Corporation. With this new approach, organizations benefit from previously unachievable pricing in the range of a 1.7 X estimating factor (resulting in unprecedented end price comprised of 59% materials, 41% value add). This yields exceptional value, the lowest price possible and the most savings... a full 66% or more below relationship dependent buying, 57% below negotiated methods or rate carding and 43% below an array of competitive techniques. That \$3,000 job listed above is not \$1,700. This means that a hundred million print marketing spend can be reduced by forty million or more.

The beauty of this new way of doing things is that it reduces procurement costs by 30% to 60% compared to traditional methods. Administrative and operational efficiencies also are improved, and 100% transparency is achieved.

With the Gindlesperger Method, as the new e-LYNXX patented methodology is known, no longer are you pressured by old school sales tactics. No longer do you have to limit who you do business with in an attempt to get preferential treatment while you are held hostage to higher pricing. No longer are you paying what suppliers think you are willing to pay.

You gain control of your procurement, hence marketing, dollars because with The Gindlesperger Method your project specifications are automatically matched with just those suppliers in your supplier network that are capable of doing the work. Cost reductions occur because the new paradigm encourages qualified suppliers to bid low on projects as they seek to fill production time that would otherwise be idle. The low bids result in buyer savings without compromising quality or on-time delivery. This approach puts the buyer organization more in control of pricing because the supplier is offering a price that it wants so it can fill a gap in its production schedule rather than bidding a price based on what it thinks the buyer is willing to pay. Since each project with the new methodology is seen as a new opportunity and the same low bidders are not expected with each call for bids, the buyer will find that suppliers embrace this approach as they look for more business.

You now have a way to really reduce your print spend if you are willing to accept change. If you do, you can apply those savings to your bottom line or you can get more bang for your marketing buck.

### About the Author

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 printing 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.

The Chambersburg Chamber of Commerce has honored him with its Innovator of the Year Award for inventing his patented methodology and with its Volunteer of the Year Award for his efforts in saving 3000 jobs at the Letterkenny Army Depot

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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