Twelve years ago Tom Carns knew nothing about the quick-printing business, yet today his PDQ Printing boasts sales and margins that dwarf industry averages. How did he do it? He listened. He learned. And he leveraged his most valuable asset: an outsider’s perspective.

**Quick Study**

**Twelve Years Ago Tom Carns was a Furniture retailer in Lynnwood, Wash., about 15 miles north of Seattle, and the recession of the early 1980s was taking its toll on his business and his life. Though just in his early forties, he decided to liquidate what was left and look around for a change of scene.**

His wife, Carolyn, a native of San Diego, suggested someplace where the sun might on occasion show for more than one day at a time. Carns ventured to Hawaii, where he found the recently arrived residents less than receptive to outsiders. He considered California, but that seemed too crowded. His wife then blurted out that she really wanted to move to Las Vegas. Carns replied, “Nobody lives in Las Vegas.” They moved on April Fools’ Day, 1980.

The move didn’t exactly solve Carns’s problem of what to do with the rest of his life. After taking a couple of months off, he enrolled in card-dealing school and completed the six-week course that would enable him to facilitate the separation of gamblers from their money. But then it dawned on him that inhaling other people’s cigarette smoke and ven-

**BY EDWARD O. WELLES**

omous airs as their money ebbed in the direction of the casino’s coffers wasn’t exactly his idea of fun. On the day he was to report for his first shift of duty at a local casino, Carns simply didn’t show up.

By then his mind was turning over another possibility. He knew a few people who ran quick-printing shops, those ubiquitous hole-in-the-wall places where photocopying equipment hums day and night, and the pungent smell of ink hangs in the air. The work was unexciting but steady. Carns, a man with a placid facade that conceals a churning interior, had developed high blood pressure up in Washington, and his doctor had warned him that if he wanted to keep on living, it might be a good idea to slow down. Carns thought that maybe starting a quick-printing business would be a good way to ease into the slow lane.

In June 1981, with $25,000 in working capital, he opened PDQ Printing in a 1,100-square-foot space off a busy Las Vegas boulevard. After netting $82.56 that first month, he worried that maybe he should have taken a nearby 900-square-foot space instead. After all, he wasn’t reinventing the wheel.

There are some 40,000 quick-printing shops in the...
Carns, looking to put the me-too kind of business he knew nothing about and build it into a smooth-running $5-million operation that now clears a cool $1 million a year?

IDENTIFYING THE MARKET

A NEED FOR CUSTOM MANUFACTURING, NOT COMMODITIES

Tom Carns owes part of his success to luck. He arrived in Las Vegas when it was just another mildly booming Sunbelt town. Today, a decade later, Las Vegas has 800,000 people, making it the fastest-growing American city of the 1980s. Beyond good fortune converging with better demographics, PDQ owes its rise to the fact that Carns was an outsider who came to his new calling with a fresh perspective. He was a savvy businessman, walking into an industry dominated by craftsmen. That offered him insights many of his established competitors never had. "I did not come up in the printing business," says Carns. "My paradigms are not the same as those that are consistent in this industry."

But fresh insight wouldn't be worth much without some attendant energy, which Carns indubitably has. At 54, he is a thoughtful, persistent, and quiet driven man. "Tom's a very dynamic, aggressive marketer. He watches trends and he tries new things," says Buzz Warren, owner of Buzz Print, in Overland Park, Kans.

"Tom has this energy level that always keeps him going forward. He knows how to get to the people who will help him get things done," adds Patric Leamy, a friend of Carns's who heads EconoPrint, in Madison, Wis. More to the point, Carns is thorough. He leaves no stone unturned. When he set about getting into the quick-printing business he immediately immersed himself in the industry to learn its nuances. To become a successful quick printer, Carns knew he had to be a quick study. Before he got into the trade, Carns went out and "shopped" every quick printing shop in Las Vegas—all 70 of them. He walked into each, looked around, and made copious mental notes. "I watched how they treated their customers, what the business looked like, and how good the quality was," Carns recalls. And he liked what he saw. "Most shops were dirty and disorganized. The people were sloppy dressers. They played loud rock music in the back of the shop. They were definitely lacking in customer service and commitment."

Carns happily concluded that the field was crowded with people in inksmudged smocks who cared to do little more than apply ink to paper. "This industry is dominated by craftsmen who are not business oriented," says Carns, adding, "there's one thing I know how to do, and that's read a financial statement. There was definitely a place for a sharp, aggressive businessperson." Carns reasoned that the upper end of the market, where professionalism and customer service were important, was wide open.

He then zeroed in on the professional-services market: medical offices, accounting firms, brokers, and the like. His thinking went as follows: Just because there are 40,000 quick-printing shops in the country, it doesn't necessarily mean this is a commodity business. In fact, that is a misapprehension. Carns believed would work in his favor. He argues that his business is, in fact, "a custom-manufacturing business." Customers' needs vary widely. Many customers, seeing printing as a small part of their operations—yet reliant on good printing to keep things running—put great stock in a printer's...
sales are to medical practitioners. Carns estimates PDQ has as much as 50% of the Las Vegas medical market.

GATHERING GRASS-ROOTS INTELLIGENCE

WHO ARE THE DECISION MAKERS AND WHAT DO THEY WANT?

More recently, PDQ has also made serious inroads into the legal market by filling a simple and very specific need—the timely photocopying of documents for litigation work. And like PDQ's entry into the medical market, that was the product of grass-roots research.

One day Carns spotted an empty 825-square-foot space in which appeared to be a strategic location—the ground floor of a prestigious building in downtown Las Vegas. Maybe PDQ could open shop there! From talking with the legal firms in the city. Carns knew PDQ could fill a need. Litigation required a great deal of copying work to be done on short notice, and to precise standards, or else the case wouldn't allow it to be filed. Quality, timeliness, and confidentiality were paramount. Price was not.

Now Carns, who had been looking for an opening in the legal market, decided to proceed. Having discovered the flow of copy in the offices. The answer, he discovered, was PDQ's paralegals. He also discovered that PDQ's salesmen could not afford such a specialist and thus would be reliant on the printer. Moreover, in white-collar service companies, printing, done right and on time, is more critical to the overall health of the organization than it is in other types of businesses.

Today white-collar professional operations such as doctors' and CPAs' offices, real estate and stock brokerages, and law offices constitute the core of PDQ's customer base. They account for about 75% of annual revenue, with the typical account doing about $4,000 worth of business per month.

The legal market is a prime example of Carns's strategy to provide a custom-manufactured product rather than a commodity has paid off. Health-care providers routinely drown in paperwork, which they must complete expeditiously to stay in business and survive. As Carns studied that market, he noticed something interesting. Vendors sold complete "packages" to medical practitioners. Those included not only printed matter but software and related services to keep an office running. But then the vendors would disappear, and soon after, the printed forms would run out. Carns realized that certain oft-used forms relating to billing and insurance were critical. PDQ came in and offered to print specialized replacement forms on a timely basis. That filled a pressing need and gave PDQ an immediate toehold in the market. It also provided PDQ with a window on the medical market, so the printer could then appraise what other needs it could fill. Moreover, since workers in the health-care field tend to stay within the industry when they change jobs, PDQ started getting a lot of referral business. Today 20% of PDQ's
EMPLOYEE TRAINING KEEPS PDQ'S TURNOVER BELOW INDUSTRY AVERAGES.

the redesigned newsletter and the PDQ brochure, reinforced with the offerings of a local baker Carns had lined up. Every day for four weeks, boxes of doughnuts—compliments of PDQ—were delivered to the city's largest litigation firms, which Carns had dubbed PDQ's "10 most wanted." (Those firms account for about 50% of the litigation work done in Las Vegas.) By month's end PDQ had landed all 10 accounts.

In its first full month of operation, February 1991, PDQ's legal-services "division," operating three photocopying machines out of an 825-square-foot space, grossed more than $64,000. For all of 1991, it generated $600,000 in revenues, or more than twice the volume of the average quick-printing business in the United States.

GETTING THE MESSAGE OUT

BUCKING INDUSTRY NORMS WITH ADVERTISING AND SALES EFFORTS

Back in the 1960s, after graduating from college, Rick Carns got a job selling advertising for the Las Vegas Times. That experience convinced him of the value of advertising and, even more importantly, the worth of advertising consistently.

Within a month of PDQ's inception, Carns was advertising in local media—something he has done with undying regularity to this day. He employs a broad media mix, using local broadcast and print as well as a healthy dose of direct mail. PDQ's ads stress image, not price. Last year PDQ's ad budget was 4.5% of sales.

Advertising consistently and aggressively, Carns believes, tells the world you exist—a critical element in the crowded quick-printing business, where customers are accustomed to searching out copy shops as the need arises, and customer loyalty is far from a given. Carns knew PDQ couldn't just open its doors and expect people to show up—which is precisely the premise that most quick-copy shops operate on. Those shops do little advertising—and they certainly have no outside sales force.

Having an outside sales force in the quick-printing business is almost unheard of, PDQ, however, has had one since its first month of operations, and today it numbers seven people. Carns recently hired his brother, Rick, who used to own a copy shop, to be PDQ's sales manager. Unlike most sales managers, Rick Carns spends little of his time behind his desk. Most of the time he's in the field with PDQ's sales force, calling on customers.

"Most quick printers are not successful at outside sales because they do not understand what sales takes," Carns claims. "Even if they get around to calling outside salespeople, they usually don't tell them much more than, 'Come out and sell some printing.'"

Carns argues that successfully selling something as basic as printing requires much product knowledge, initiative, and persistence as selling supercomputers. On his desk he has a small sign that reads, "Nothing happens until after the eighth call." Carns explains that bit of wisdom this way: Most salespeople stop calling after three calls. Most buyers won't buy until the sixth call. If you make at least eight calls, then you have outperformed the competition, and it's likely you've softened up the most reluctant prospects. But equally important—at least understood—notes Carns, is to "If you make eight calls on a prospect then it will take someone else at least three calls to get that prospect away from you." One of PDQ's major clients required 24 sales calls before signing up with the printer, but Carns knew the account was worth the effort. Today that client does $70,000 worth of business each year with PDQ.

The doggedness of the sales force PDQ mirrors Carns's methodical persistence. When making a cold call (always in person), a PDQ salesperson simply introduces himself or herself to the receptionist (the gatekeeper) and asks for the name of the person in the company who buys printing (the prospect). Upon returning to PDQ at that afternoon, if the sales rep leaves the names off in the printer shop. The next morning at 6 o'clock PDQ's pressmen arrive for work: print up sheets bearing the gatekeeper's name and the prospect's name, along with PDQ's logo. The bindery workers arrive by 8, when they glue the sheets into notepads and shrink-wrap two sets of three, along with the salesperson's card. The salesperson arrives at work by 9 o'clock, picks up the personalized notepads, and drops them off at the prospective client's company that morning.

The salesperson then follows up with a phone call two or three days later to ask if the prospect received (Continued)
the notepads. Then the rep asks if he or she can come in and talk. Some days, hence, not to sell anything but to determine the prospect's needs. A few days later the salesperson returns with a written proposal detailing how PDQ might be able to help. If the prospect demurs, then the PDQ salesperson simply asks, "May I be backup printer on your next job?" Notes Carns, "No one has ever said no to that."

By now PDQ has developed a mailing list of 10,000 names, including virtually every business in the city, to which it tries to send PDQ's bimonthly internal newsletter. In October PDQ had a monthlong 24-per-photocopy sale for volume users. That was a means to identify large copy users and then follow up with sales calls. As a result of the sales, notes Rick Carns, "we picked up 12 sizable accounts and 6 more we are likely to get."

Every PDQ employee who does not come into daily contact with customers must go out with a salesperson one day per quarter, while once a year each salesperson visits half a dozen competitors' operations to discern what they might be up to. Each week salespeople write thank-you notes to customers who have recently placed large orders. Carns himself used to do that, until the business grew too big.

**NETWORKING**

**GAINING INSTANT COMPETITIVE ADVANTAGES**

Two months after starting his company, Tom Carns went to his first industry trade show. The National Association of Quick Printers (NAQP) has two meetings a year. One is its annual convention and trade show. The other is a midwinter series of seminars. Carns hasn't missed any of those semiannual meetings since he started his company.

Carns, a past president of the NAQP, finds such sessions ripe for intelligence gathering because they're intensive and filled with people from noncompeting markets. "You talk with people at breakfast or the cocktail hour. It's a great way to learn a lot. On top of that, for obvious competitive reasons, if you talk to printers from Cincinnati, they're going to tell you a lot more about their business than printers from Las Vegas would."

At the 1982 convention Carns saw a manufacturer's thermographic printing press that produced raised letters on the printed page. He was pretty sure no one else in Las Vegas had such a press. He bought one. "We automatically did every letterhead and business card that way at no additional charge," says Carns. "That was the first thing that really differentiated us from the local competition." In 1983 PDQ's sales rose by 73%, largely because of the acquisition of that one piece of technology.

Over the years at industry conventions, Carns has gotten to know a handful of like-minded, fast-track quick printers. Two years ago Carns and seven other large, successful quick printers formed the TIP (Top Instant Printers) group, which convenes quarterly at different members' businesses to exchange ideas. Last year the group began conducting intensive top-to-bottom audits of each member's company on a rotating basis, to gauge how well the individual business was being run. Carns says the TIP group has been a great boon to his business, for obvious reasons. "Say we hired a Big Six accounting firm to look at our company, but it doesn't really know the industry. The help and knowledge I'd get from seven of my peers really can't be matched by someone coming in from outside the industry."

After the first audit, of Patrick Leamy's quick-printing business in Madison, Wis., Carns realized that finding and keeping good people was a concern in an industry with historically high turnover (45% to 50% is not uncommon), and it was an issue he hadn't really addressed. He hired a full-time director of training with a degree in human resources and beefed up PDQ's training program so it lasted a month and included a number of quizzes. "It really hit me own the head back in Wisconsin that no one's goal in life is to enter the quick-printing business, and there are fewer fewer quality people to select from. So if we spend the money up front to hire the right people and train them well, then maybe we'd end up cutting turnover." It seems to have worked. Carns estimates that PDQ's annual turnover is only 10% or so.

Meanwhile, Leamy was petrified by the prospect of his peer picking his business apart that he started looking at his operation two months before his fellow TIP members arrived for the audit. "I was able to cut $90,000 of our yearly overtime bill," he says.

**CUSTOMER SERVICE**

**THE OBVIOUS BUT MISSING INGREDIENT**

Sitting in his office one day, Tom Carns leans forward on the couch, and with disbelief rising in his voice, says: "Sixty percent of all the printing that is done in America is either screwed up or late. What an indictment of an industry. There's a printer in Las Vegas with a sign..."
that says. "This is not Burger King. Here you get it my way, or you don't get it at all.' Can you imagine?"

PDQ does what it can to see that customers get it their way. In a room at PDQ, a row of loose-leaf binders sits atop a set of filing cabinets. Those binders contain a copy of every form PDQ has printed for every one of its commercial accounts. Each form is numbered and indexed on a master list. The customer gets an identical book and a master list, so when running low on a certain form, he or she can simply call up PDQ and ask for a refill by job number. Conversely, PDQ keeps track of the quantities ordered and the dates they're requested: that way, if there is an abnormal interval between orders, PDQ can call customers and ask if they're perhaps running low on a certain form.

PDQ also assumes responsibility for proofreading customers' jobs before they go to press—virtually unheard of in the industry. "Other quick printers make customers come back and proof jobs," says Carns. "Look, you don't go to a restaurant and have the waiter come out and say, 'The chef is ready to put your steak on. Do you want to come into the kitchen and see if it's been done right?'" Besides, he adds, "customers are terrible proofreading to begin with."

Carns says that PDQ has always striven to "operate on the same level with our customers. That means not having them step down to deal with us." Assuming responsibility for such key tasks as proofreading, typesetting, and design affirms that sense of equality. Running a business where employees dress neatly and no radios blare from the back of the shop reinforces it.

PDQ is nothing if not solicitous of its customers. With every job, it sends the customer a survey dubbed "Two Sides to Every Story." "In it," says Carns, "we tell our customers that we try to do things right and on time. The form has a blank side, with prepaid postage on it. We ask customers to give us their side of the story. 'What are your needs?'"

Every December PDQ also does its "defense defense" sales calls. "We go out in person to our 150 largest customers, thank them for their business, and ask how we can improve things," says Carns. "We ask them one other key question: 'What kind of printing are you buying elsewhere that you're not getting from us?'" A few years ago Carns four that "continuous forms" was cropping up frequently as the answer to that question. "So we bought a short-run continuous-form press in December 1989. Today PDQ sells continuous forms 60% of its commercial accounts.

A NEW PARADIGM

PROFESSIONALISM AND TECHNOLOGY

Tom Carns knows he couldn't have picked a better time and place to start quick-printing business. Yet what truly odd is that he seems to have spawned so few imitators. A year ago the commercial quick-printing industry had its trade show in Las Vegas. How many of the other 150 local quick printers besides Carns attended? None.

Carns believes not only that he caught local competitors flat-footed but that the quick-printing industry remains ripe for professionalization. "I think in the year ahead you'll see more people wit M.B.A.'s getting into this industry because the level of competition is so low," says Carns. "It remains an industry c mom-and-pop outfits, yet with the elec trons and computers now available, it potentially very dynamic."

As evidence, he points to the 12 quick printers with whom he has formally consulted—many of them highly successful. How many of those had even written a business plan? One. Writing a business plan was one of the first thing Carns did before starting PDQ.

Tom Carns could probably take PDQ on the road and set up shops in other cities. But he has no plans to expand beyond three locations and beyond the Las Vegas city limits, to be sure. He would rather strengthen positions simply by running the business better.

He'd also like to see it grow a viable arm based on his accumulated knowledge of the industry. This year Carn plans to kick himself out of his office and step up his consulting and seminars work. "I'd like to help other people get into this business," That will keep the business vital and help him stay in touch with others in the industry. It will also be a way for Tom Carns to avoid getting stale as he did a decade-and-a-life ago in the Northwest, when he had no idea that a midcareer crisis could turn out quite like this. 

Research assistance for this article was provided by Martha E. Mangelsdorf.
Professional Office Survey

Company Name_________________________ Type: Acc. Attny. Doc. Other

1. Do you purchase letterheads, envelopes, and business cards locally? Yes  No

2. Do you order thermography when ordering these products? Yes  No

   If no, why not?________________________________________

3. How much is spent on these items in a year?____________________

4. If there was a printer that would pick up your order at your office and guarantee a next day delivery, would you use this printer? Yes  No
Professional Office Survey Compiled

In this phone survey, 18 doctors, 10 attorneys, and 5 accountants were questioned. These 33 offices represent 23% of the professional office market. The results of this survey are as follows:

- 69.7% of professional offices purchase letterheads, envelopes, and business cards locally
- 42.4% use thermography
- 61.5% would use a printer that would guarantee pick up and next day delivery
- Average annual printing total for letterheads, envelopes, and business cards is $680.77
Printing Buyers Survey

The purpose of this survey is to develop a market niche for a printing business in Bedford, Indiana. The information gathered is to be used in a Ball State University business plan development class. Your time is appreciated.

Please return no later than Friday, February 28, 1992

1. Rank in order of importance what you consider to be a printer's strengths.
   (1=most important / 10=least important)
   _ Meets deadlines consistently
   _ Consistently lower prices
   _ High quality
   _ Courteous staff
   _ Fast turn-around
   _ Neatness and organization
   _ Job delivery
   _ Variety of services (Laminating, foil stamping, self-service copiers, color copies, book binding, etc.)
   _ Knowledgeable staff
   _ Location within 5 minutes of your business

2. What types of printing do you purchase in a year and in what percentage?
   %
   _ A. Full color printing
   _ B. 8 1/2 x 11 (One-color)
   _ C. 8 1/2 x 11 (Two color)
   _ D. Letterheads, envelopes
   _ E. Business cards
   _ F. High speed copies
   _ G. Booklets
   _ H. Brochures
   _ I. Newsletters
   _ J. Business forms
   _ K. other, explain_______________________
   _ L. other, explain_______________________

3. Estimate the $ amount of your printing purchased in a year.
   A. $25-$100   C. $250-$500   E. $1000-$2000
   B. $100-$250   D. $500-$1000   F. $2000 and up

5. Estimate the percentage of time that your printing is late.
   _____ 0-5%     _____ 10-20%     _____ 40-50%
   _____ 5-10%    _____ 20-40%    _____ 50-100%
6. Please indicate the way you prefer to order your printing.

A. I prefer to go to the printer  
B. I prefer to call the printer for pickup when needed  
C. I like the printer to telephone me regularly  
D. I prefer a salesperson to call on me regularly

7. When selecting a printer, how important are the following services?

<table>
<thead>
<tr>
<th>Service</th>
<th>Not Important</th>
<th>Moderately Important</th>
<th>Very Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>laminating</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>self service copies</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>high speed copies</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>book copying</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>color copies</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>book binding</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>rubber stamps</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>pick-up and delivery</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>computer forms</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>printing on coated stock</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>FAX service</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>4-color process printing (full color)</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>large posters (11x17 and larger)</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>mailing services</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

8. What could a printer do to make your printing encounter more positive?

This section optional-
Company Name ________________________________________________________________

Your Name ________________________________________________________________

Address ____________________________ Phone _______________________________

City ____________________________ Phone _______________________________

Again, thank you for your time
Compiled Results of Printing Buyers Survey

1. Participants were asked to rank in order of importance what was considered to be a printer's strengths. (1=most important / 10=least important)

<table>
<thead>
<tr>
<th>Strength</th>
<th>Mean</th>
<th>Median</th>
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<tbody>
<tr>
<td>Meets deadlines consistently</td>
<td>2.97</td>
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<tr>
<td>Consistently lower prices</td>
<td>3.94</td>
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<tr>
<td>High quality</td>
<td>2.65</td>
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<tr>
<td>Courteous staff</td>
<td>4.59</td>
<td>4</td>
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<tr>
<td>Fast turn-around</td>
<td>4.42</td>
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<td>Neatness and organization</td>
<td>5.47</td>
<td>6</td>
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<tr>
<td>Job delivery</td>
<td>7.85</td>
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<tr>
<td>Variety of services</td>
<td>6.32</td>
<td>7</td>
</tr>
<tr>
<td>Knowledgeable staff</td>
<td>4.91</td>
<td>5</td>
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<tr>
<td>Location within 5 minutes of your bus</td>
<td>7.88</td>
<td>10</td>
</tr>
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2. Participants were asked to give the percentage of each type of printing bought and a total dollar figure

<table>
<thead>
<tr>
<th>Total $ Amt.</th>
<th>A. Full color printing</th>
<th>B. 8 1/2 x 11 (One-color)</th>
<th>C. 8 1/2 x 11 (Two color)</th>
<th>D. Letterheads, envelopes</th>
<th>E. Business cards</th>
<th>F. High speed copies</th>
<th>G. Booklets</th>
<th>H. Brochures</th>
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<th>J. Business forms</th>
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<tr>
<td>2,426.25</td>
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<tr>
<td>1,136.25</td>
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<tr>
<td>5,362.75</td>
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<tr>
<td>$270,558.38</td>
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</tbody>
</table>

3. The average percentage of late printing was 8%.

4. When asked in which way printing ordering was preferred

- 54.1% of respondents preferred to go to the printer
- 43.2% preferred to call the printer for pickup when needed
- 0% preferred the printer to telephone them regularly
- 2.7% preferred a salesperson to call on them regularly
7. The following services were ranked from 1 (not important) to 3 (very important)

<table>
<thead>
<tr>
<th>Service</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>laminating</td>
<td>1.31</td>
</tr>
<tr>
<td>self service copies</td>
<td>1.65</td>
</tr>
<tr>
<td>high speed copies</td>
<td>1.71</td>
</tr>
<tr>
<td>book copying</td>
<td>1.10</td>
</tr>
<tr>
<td>color copies</td>
<td>1.83</td>
</tr>
<tr>
<td>book binding</td>
<td>1.59</td>
</tr>
<tr>
<td>rubber stamps</td>
<td>2.07</td>
</tr>
<tr>
<td>pick-up and delivery</td>
<td>2.17</td>
</tr>
<tr>
<td>computer forms</td>
<td>1.75</td>
</tr>
<tr>
<td>printing on coated stock</td>
<td>1.90</td>
</tr>
<tr>
<td>FAX service</td>
<td>1.93</td>
</tr>
<tr>
<td>4-color process printing (full color)</td>
<td>1.67</td>
</tr>
<tr>
<td>large posters (11x17 and larger)</td>
<td>1.47</td>
</tr>
<tr>
<td>mailing services</td>
<td>1.64</td>
</tr>
</tbody>
</table>
Why not broker it all?

Beware the pitfalls of brokering, or you might end up broke

Cautions—Brokering can be dangerous to your financial health is a warning message that ought to be stamped on the inside of every catalog offering discounted services and products. Better yet, it should be tattooed on the forehead of the next quick printer who brags about how much money he or she is making by brokering work. It just ain't so.

Don't misunderstand this statement. You can make a lot of money brokering various printing products and services, but not as a typical quick printer. You can be a profitable printing broker, or a profitable quick printer, but it is extremely difficult to do both! If you are currently brokering more than 10% of your total sales, or the cost of these sales is running at more than 10%, you could be headed for serious trouble.

While you rush off to grab your current financial statements to see where you stand, I will tell you that this caution and story were prompted by two recent consulting trips.

SOLD OUT. One visit was to Northern California and the other to the Midwest. Despite my best efforts, the California company was eventually forced to sell out to a competitor. Why? The primary reason was that the company had brokered too much of its work, for too long, without paying enough attention to its own financial statements and what these statements were telling the owners. This small company lost $75,000 in less than 12 months!

The company in the Midwest had grown quite a bit in the past two years but so had the amount of its brokered services and products. They had all the same expenses and ratios of the standard quick printing firm, except for two—they brokered about twice as much as the typical quick printer and their costs of brokered services was about twice as high.

CLIENT RESPONSE. I've heard the following statement made at least a hundred times: “It was a $2,400 printing job that we couldn’t handle. It cost us $2,000 to have printed and we tacked on 20% or $400 to the job. We didn’t have to do anything other than write up the job, deliver it when it was done, and then invoice the client. I wish all my jobs were that simple.”

Even analyzed simply from the standpoint of gross profitability that statement is most likely untrue. Compare the gross profits of a typical job produced internally against one that is brokered and you will see what I mean.

Believe me, 1992 is not the year to be brokering outside services and products to any large extent, un-

---

**CHART #1**

Comparison of Profitability vs. Brokering Percent

<table>
<thead>
<tr>
<th></th>
<th><strong>VALLEY QUICK PRINT</strong></th>
<th><strong>SNAPPY QUICK PRINT</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SALES</strong></td>
<td>$500,000 100%</td>
<td>$500,000 100%</td>
</tr>
<tr>
<td>Printing</td>
<td>$340,000 68%</td>
<td>$300,000 60%</td>
</tr>
<tr>
<td>Copying</td>
<td>$75,000 15%</td>
<td>$60,000 12%</td>
</tr>
<tr>
<td>Color Copying</td>
<td>$5,000 1%</td>
<td>$5,000 1%</td>
</tr>
<tr>
<td>Typesetting</td>
<td>$30,000 6%</td>
<td>$25,000 5%</td>
</tr>
<tr>
<td>Brokered</td>
<td>$40,000 8%</td>
<td>$100,000 20%</td>
</tr>
<tr>
<td>Other</td>
<td>$10,000 2%</td>
<td>$10,000 2%</td>
</tr>
<tr>
<td><strong>Total Sales</strong></td>
<td>$500,000 100%</td>
<td>$500,000 100%</td>
</tr>
<tr>
<td><strong>Cost of Sales</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paper</td>
<td>$90,000 18%</td>
<td>$90,000 18%</td>
</tr>
<tr>
<td>Other Mat.</td>
<td>$20,000 4%</td>
<td>$20,000 4%</td>
</tr>
<tr>
<td>Outside Svcs/Prod.</td>
<td>$25,000 5%</td>
<td>$75,000 15%</td>
</tr>
<tr>
<td><strong>Total Cost of Sales</strong></td>
<td>$135,000 27%</td>
<td>$185,000 37%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>$365,000 73%</td>
<td>$315,000 63%</td>
</tr>
<tr>
<td>Payroll (excl owners)</td>
<td>$125,000 25%</td>
<td>$125,000 25%</td>
</tr>
<tr>
<td>G &amp; A EXPENSES</td>
<td>$150,000 30%</td>
<td>$150,000 30%</td>
</tr>
<tr>
<td><strong>TOTAL COSTS</strong></td>
<td>$410,000 82%</td>
<td>$460,000 92%</td>
</tr>
<tr>
<td><strong>NET PROFIT/LOSS</strong></td>
<td>$90,000 18%</td>
<td>$40,000 8%</td>
</tr>
</tbody>
</table>
less you know exactly what you are doing and why you are doing it.

Before I start receiving "mail bombs" from suppliers of brokered services, let me once again emphasize for everyone exactly what I'm saying. Broker as much work as you want, but don't fool yourself that brokering helps to pay the bills more so than does work produced internally! It just isn't so.

If quick printers used nothing less than mark-ups of 75% to 100% (or gross profits of 42% to 50% respectively) it wouldn't be so bad, but many end up using mark-ups as low as 15% to 20% on many of the larger jobs—that's a gross profit of only 13%! Compare that to the overall 73% gross profit produced by our industry's profit leaders!

The only alternative to using extremely high mark-up ratios to produce higher gross profits (but probably losing you the job) is to intentionally lower costs in other expense categories as described below.

**CRITICAL RATIOS.** There are two sets of numbers or percentages in regards to brokered services and products that you need to monitor carefully each month on your financial statements. First, examine what brokered sales represent as a percent of total sales. If its 5% to 8%, you're probably safe. If it's 15% to 20% or even higher, you could be headed for trouble unless other expense items have been reduced below industry norms. Second, examine the percent attributed to "Outside Services and Products" under your cost of sales. If this number is in the 5% to 8% range, you're probably okay! If, on the other hand, it's in the 15% to 20% range, you could be in serious danger.

The only way some of the higher numbers cited above could be considered safe and practical would be if other percentages on your profit and loss statement were reduced accordingly. This, unfortunately, rarely happens.

Specifically, you need to reduce expenditures in one or more of the following major P&L categories:

1. Cost of Goods
2. Payroll (excluding owners)

As quick printers, we broker a wide variety of products and services. Many of these services and products are brokered out of necessity even in the largest of firms. At other times, however, services and products are brokered-out in the mistaken belief that it is simpler and more profitable to simply write up the order and let others do the work, rather than to attempt to do the work "in-house" with your own people and your own equipment.

**EXAMINING RATIOS.** Chart #1 depicts two typical quick printing firms, identified as "Valley Quick Print" and "Snappy Quick Print." Both of these firms achieved $500,000 in total sales in 1991. Valley Quick Print's ratios (percentages) are slightly above average for our industry, as is the 18% taken out in owner's compensation.

Note that if sales and the cost of those sales were allocated precisely (something that rarely happens), it appears that the average mark-up of outside costs to brokered sales at Valley Q.P is approximately 60%. Outside services and products that cost $25,000 appear to have been marked-up and sold for about $40,000—for a mark-up of 60%, or a gross profit of 37% on this single product line.

The breakdown of sales, as well as the breakdown of expenses, has been extracted from the 1989 Operating Ratio Study produced jointly by NAQP and Quick Printing Magazine.

Valley is doing a good job in many areas, including holding paper costs to about 18%, materials to 4%, and payroll to 25%. Please note that the payroll percent cited does not include the owner's salary or draw. General and administrative expenses (rent, depreciation, advertising, insurance, etc.) have been held to around 30%.

**HIGH IMPACT.** Snappy Quick Print's ratios demonstrate what can happen as the amount of brokered sales begins to increase. Note that when brokered sales increased from $40,000 to $100,000, with no decrease in other fixed or variable costs, both gross profit and net profit declined substantially. If Snappy Quick brokered out $60,000 more in services and products than Valley, why didn't other expenses like

---

**CHART #2**

<table>
<thead>
<tr>
<th></th>
<th>VALLEY QUICK PRINT</th>
<th>SNAPPY QUICK PRINT</th>
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</thead>
<tbody>
<tr>
<td><strong>SALES</strong></td>
<td>$500,000 100%</td>
<td>$500,000 100%</td>
</tr>
<tr>
<td><strong>Printing</strong></td>
<td>$340,000 68%</td>
<td>$300,000 60%</td>
</tr>
<tr>
<td><strong>Copying</strong></td>
<td>$75,000 15%</td>
<td>$60,000 12%</td>
</tr>
<tr>
<td><strong>Color Copying</strong></td>
<td>$5,000 1%</td>
<td>$5,000 1%</td>
</tr>
<tr>
<td><strong>Typesetting</strong></td>
<td>$30,000 6%</td>
<td>$25,000 5%</td>
</tr>
<tr>
<td><strong>Brokered</strong></td>
<td>$40,000 8%</td>
<td>$100,000 20%</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>$10,000 2%</td>
<td>$10,000 2%</td>
</tr>
<tr>
<td><strong>TOTAL SALES</strong></td>
<td>$500,000 100%</td>
<td>$500,000 100%</td>
</tr>
<tr>
<td><strong>COST OF SALES</strong></td>
<td>$385,000 77%</td>
<td>$355,000 71%</td>
</tr>
<tr>
<td><strong>Paper</strong></td>
<td>$90,000 18%</td>
<td>$90,000 18%</td>
</tr>
<tr>
<td><strong>Other Mat.</strong></td>
<td>$20,000 4%</td>
<td>$20,000 4%</td>
</tr>
<tr>
<td><strong>Outside Svcs/Prod.</strong></td>
<td>$25,000 5%</td>
<td>$75,000 15%</td>
</tr>
<tr>
<td><strong>TOTAL COST OF SALES</strong></td>
<td>$425,000 85%</td>
<td>$425,000 85%</td>
</tr>
<tr>
<td><strong>GROSS PROFIT</strong></td>
<td>$75,000 15%</td>
<td>$75,000 15%</td>
</tr>
<tr>
<td><strong>PAYROLL</strong></td>
<td>$125,000 25%</td>
<td>$140,000 28%</td>
</tr>
<tr>
<td><strong>(excl owners)</strong></td>
<td></td>
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</tr>
<tr>
<td><strong>G &amp; A EXPENSES</strong></td>
<td>$150,000 30%</td>
<td>$160,000 32%</td>
</tr>
<tr>
<td><strong>TOTAL COSTS</strong></td>
<td>$410,000 82%</td>
<td>$485,000 97%</td>
</tr>
<tr>
<td><strong>NET PROF/Loss</strong></td>
<td>$90,000 18%</td>
<td>$15,000 3%</td>
</tr>
</tbody>
</table>

**CONTINUED**
paper, other materials, or labor decrease as a percent of sales? If brokered jobs are so easy to write up, produce, and sell, then ultimately you should see a savings in other expense categories—material, labor, or G & A expenses. However, this rarely happens.

These ratios above are quite typical and are drawn both from financial statements of actual quick printers from around the country, as well as from the Operating Ratio Study mentioned previously. In fact, the above scenario parallels in many respects the company that I visited in the Midwest.

For the owner who insists on telling me how profitable brokered work can be, I would simply ask where else in his operation has he trimmed expenses? In theory, as in actual practice, it is quite possible and profitable to broker 100% of what you produce. In such a situation, however, you wouldn't need to rent a large retail facility, have customer service reps on your payroll, pay press operators, maintain an inventory, or purchase any equipment. You would have no staff, and no equipment other than a desk and a phone.

However, so long as you do maintain a quick printing facility with all of its related expenses (most of which are fixed) you need to contribute something from each sale to offset these expenses. The bottom line is that the typical brokered sale contributes significantly less in gross profits than do services and products produced internally.

It is interesting to note in the Snappy Quick Print ratios (as well as in the NAQP Ratio Study) that as the percent of brokered sales increases, the costs related to these sales often increase at an even faster pace. This is quite simple to explain. The ability to use sizable mark-up percentages (100% to 200% or more) declines significantly with larger jobs. You can double the price (100% mark-up, or 50% gross profit) on a small business card or rubber stamp order, but can you do that with a brokered job involving 20,000 four-color flyers costing $6,000? It's doubtful. The mark-up on such a job would be typically 20% to 30%, rarely more! As you can imagine, if we handled enough of these types of jobs, our sales would begin to skyrocket, but so would the costs of these sales, especially in comparison with work processed internally. Consequently, we would have less and less left over in the form of "gross profit" to contribute towards payroll and G&A expenses.

The shop I consulted with in Northern California ultimately closed up under a scenario similar to the above. The work they sold was beautiful. Unfortunately, very little of it was produced internally. The company kept brokering out more and more products and services. Many times the owner would rationalize that, while he could do the work inside, it was easier to simply send it out. Yes, in fact, it was easier, and even more efficient. It became so easy, so efficient, and so hassle-free to send work out that the people who worked for him had less and less to do. He still had two front counter people, two typesetters, a press operator, and a part-time bindery person. It had gotten quite easy at this company. Every time there was a difficult job or something that could be run more efficiently elsewhere, the decision was made to "broker it."

After months of agonizing over his dilemma, the owner, who enjoyed selling and brokering high quality work, decided that he didn't need his staff, his location, or even his equipment to make a good living. He decided to sell out to a local printer instead, and go into brokering full time! I applauded his decision, if not his timing. In 1991, he lost more than $75,000 while brokering almost 25% of the company's sales!

**Ironic Comparisons.** As mentioned previously, Chart #1 is quite representative and accurate of two $500,000 quick printing firms. Chart #2 is also quite common (based upon typical ratio studies), despite some ironic dissimilarities.

Note that total sales and the percent of brokered sales is the same as in Chart #1. The cost of these...
efforts as rubber stamps. Signs, etc. your gross profit. To make it worth your efforts and not detract from the

Take a look at what you are brokering out and carefully examine the pros and cons of either not doing the work at all or purchasing equipment and bringing this work inside.

Most important of all, be sure that you are getting accurate and timely financial statements. Often, one month may not tell you a lot, but after three months you should see some trends developing, including the profitability of your firm as it relates to brokered work.

Senior contributing editor John Stewart is past president of the National Association of Quick Printers, owns Paragon Printers (West Melbourne, FL), and is president of QP Consulting. Write him at Quick Printing magazine, or call 407/727-2442.

CONCLUSION. Accept the fact that if the percent of either brokered sales or the costs of these sales begins to rise significantly in your company, something else has to give. You can’t have it both ways.

Start increasing substantially the mark-up percentages that you use, especially on sizable jobs of $500 or more! Mark-ups of at least 75% to 100% minimum on these size jobs are required, unless you are prepared to cut expenses in other areas. At least that will improve your gross profit. On small items such as rubber stamps, signs, etc. your mark-ups probably need to be closer to 200% to make it worth your efforts and not detract from the

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GROWTH ANALYSIS
SINGLE SHOPS

While there is no magic formula for forecasting sales increases from year to year, there are some guidelines that can give a good indication of the anticipated growth.

For any given shop, the percentage of sales growth normally will be less each year as the shop matures even though the actual sales dollars of increase may be the same or more than the previous year.

Example: SINGLE SHOP FIRMS FROM THIS STUDY WHO WERE STARTED IN 1981 (27 FIRMS)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>$ Increase</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>$120,858</td>
<td>+50,379</td>
<td>+41.7</td>
</tr>
<tr>
<td>1983</td>
<td>$171,237</td>
<td>+56,980</td>
<td>+33.3</td>
</tr>
<tr>
<td>1984</td>
<td>$228,217</td>
<td>+40,296</td>
<td>+17.7</td>
</tr>
<tr>
<td>1985</td>
<td>$268,513</td>
<td>+74,305</td>
<td>+27.7</td>
</tr>
<tr>
<td>1986</td>
<td>$342,818</td>
<td>+62,512</td>
<td>+18.2</td>
</tr>
<tr>
<td>1987</td>
<td>$405,330</td>
<td>+55,535</td>
<td>+13.7</td>
</tr>
<tr>
<td>1988</td>
<td>$460,865</td>
<td>+49,735</td>
<td>+10.8</td>
</tr>
</tbody>
</table>

As can be seen, even though dollar increases from year to year have been fairly consistent, the percentage of increase has been declining from 41.7% to 10.8%.

A look at what causes increases and decreases in sales will make this easier to understand.

Sales increases are caused by:
A. New accounts
B. More business from old accounts
C. Price increases

Sales decreases are caused by:
A. Lost accounts
B. Less business from old accounts
C. Deeper discounts

When a company first opens, the only source of sales is new accounts. Everyone needing printing is a potential customer. Growth can be rapid if the market has a true need for the services offered. As the company matures, the growth rate will be smaller from year to year.

The reasons for the slower growth rate are: A) there are fewer potential new customers as some are already existing customers and B) now that a customer base has been established, there is the chance of losing some of these customers through poor service or new competition.

Based on the results of this study and similar studies in 1983, 1985 and 1987, the following might be a typical pattern for a new shop.

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual Sales</th>
<th>Typical Growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Full Year</td>
<td>$180,000</td>
<td></td>
</tr>
<tr>
<td>Second Full Year</td>
<td>$252,000</td>
<td>+40%</td>
</tr>
<tr>
<td>Third Full Year</td>
<td>$328,000</td>
<td>+30%</td>
</tr>
<tr>
<td>Fourth Full Year</td>
<td>$393,000</td>
<td>+20%</td>
</tr>
<tr>
<td>Fifth Full Year</td>
<td>$452,000</td>
<td>+15%</td>
</tr>
</tbody>
</table>

Using this pattern, sales in the third full year should be approximately 80% higher than the first full year and sales in the fifth full year should be about 2.5 times higher than the first year.
Direct mail success

by Ron Kerr

In my last article, I hinted that any direct sales effort should not rely strictly on personal contact and that mailings could play a significant part in the success of your sales staff. I used the intimidating title of "on-going, multi-phased, roll-over direct mail campaign." I did this partially to sound very smart (did I fool anyone?) and more importantly, to distinguish this concept from the shotgun-type mass mailings familiar to all quick printers and used by most. I say shotgun because it is a quick, easy way to put your name and at least one product in front of what you hope are potential customers.

There are many different types of these shotgun mailing campaigns, so let me cover just a few variations here.

First is Target Marketing. This represents a mailing sent to those potential customers that you consider might have a special or identifiable printing need, and your mailing material reflects a promotion of your ability to satisfy that need. An example of this would be a mailing to all the doctors, dentists, lawyers and CPAs in your area promoting your newsletter capability to them and discussing their need to keep in positive contact with their clients.

A more common method is Subject Marketing. Simply, that is picking a topic, such as envelopes, color ink charges, typesetting or whatever, and designing a piece to promote these products or services, usually through offering discounts. A variation of that theme is the institutional advertising format that picks one of your capabilities or organizational goals and promotes it and doesn't offer specific discounts. An example of this is promotion of your dependability or tradition of customer service.

Last but not least is the very common, "Scratch Your Head" marketing technique. That is where you read in a trade magazine that mailings are important and you copy or make up a piece to mail to whatever mailing list you can scratch together. This list is used more often than we will admit and with more success than we deserve.

I don't want to get into this area too deeply now, but suffice it to say that mass mailings work, and what I am suggesting is an adjunct to your existing mailings — not a substitute.

My proposed program can only be successful if you can organize your efforts in a very focused manner. It doesn't depend on the brute force of hundreds or thousands of mail pieces, but a few specifically designed pieces sent in a methodical manner according to a thought-out plan that depends on persistence and continuity.

Now I know I have used words like methodical, organized and plan. These concepts, although not foreign to us quick printers, are certainly less finely honed skills than, for instance, crisis management and controlled panic. Nevertheless, let's give it a try.

First, let's dissect the grand title of my creature. On-going is specific in that this is a low volume mailing program. It does not depend on big numbers to bear results, but it also doesn't require major effort in one mailing a month, but less effort in weekly, even daily mailings. Not to say you will be mailing to the same firm daily, but if you decide that you wish to impact 50 or 100 choice prospects, then it may be less burdensome to mail 10 or 20 a day instead of all at once. It's really a matter of personal choice and time availability. But whether you mail once a week or every day, once you've set up your system, it should become a repetitive task, like ordering supplies, that can be handled by your lowest level clerical person (that's still me at my shop).

The term Multi-phased is the real meat of this program. Multi-phased relates to the exact sequence of contacts you have designed to acquire that potential client. These contacts can be strictly mail contacts or you may decide to use a combination of visits and mail. Often the mail pieces have a central theme to them, such as your capabilities as a printer or your services. Sometimes the subjects can differ widely but are tied together with a strong graphic similarity.

You can see why weekly or bi-weekly contacts are desirable since a potential client's memory of your previous mailing may dim in a month, and in a worse case situation, he may only be struck by the graphic theme and mistakenly believe it's the same mailing. After a few weeks of weekly mailings, he will be expecting your call, and in many cases, has questions for you about specific jobs or even ask for you to quote on an upcoming job.

The choice of how you craft your particular program is very dependent on your resources and your opportunities. I would suggest you first choose the number of contacts you think is optimal, and then choose the duration of your campaign. Don't be misled. Duration of campaign relates only to the length of time any particular potential client remains on the list without activity. This entire program is open-ended and should be evaluated yearly. By the way, the rotation of a potential client off the list is where the "roll over" comes in. If you haven't had activity after a specified period of time, rotate them out of your active mailing program and start a new prospect from the beginning. This is where coordination comes in since you can have prospects at all different stages of your mailing sequence. If a potential client becomes an active client, then they leave the list and you should start a new one.

How to set it up

Succinctly, the whole program begins with crafting a series of mailing pieces different from those you have used for previous mailings (try to add in that "personal touch"). Next, send them out to a few select prospects at specifically chosen intervals, and hope a high percentage of them give you an opportunity to print for them.

For best results, you can use a mail-merged personal letter in which you enclose a stuffer dealing with your chosen topic. By using a prospect's name (if available) and
arriving in an envelope, the piece has a correspondingly better chance of ending up on the right desk. Almost all word processing programs will allow you to easily output the letters. You must decide how many contacts will be programmed into your computer. I suggest a minimum of four and a maximum of 12, at least in the first phase. Also, you must determine the time element involved. I personally like once a week, but every two weeks is an option. If you really want to get fancy, you can start after every two weeks and accelerate to once or twice a week at the end and build to that last visit or phone call. I strongly recommend a personal phone call or visit at the end of the mailing campaign in order to “close the sale.”

The toughest part of this program is your ability to consistently make these mailings, even when things get hectic at the shop. In order to be consistent, it is helpful to have a diary system that will allow you to set up, in advance, the mailing dates and specific pieces for each prospect added to the list. It can be as simple as a desk calendar with names of those to be mailed pieces that day, to making up the number you decide, in advance, and putting them in a file with a specific date to be mailed.

Some hints

Don’t mail on Fridays. Executives get too much mail on Mondays and have less time to read it. Try Mondays or Tuesdays; it may have a better chance to get read. Also, don’t be overly-ambitious to start. Pick 25 to 30 prospects to start, and see how practical it is to raise or lower that number.

Choose your mailing list from anywhere, such as referrals, logs of previous sales calls, former customers, previously identified “hot” prospects, etc. It’s important to identify a specific person to mail to (and please get the name and title right!). Often a polite phone call will generate that information. However, be suspicious if they say the individual is “L.E. Fant” and give you a different phone number to call!

This is a quick treatment of a complex topic. If you have any further questions, write me at Good Impressions Printing, 170 Hawthorne St., Zionsville, IN 46077 or call me at 317-575-6809.

This ‘n that

Did you go to Print ’91? An impressive number of exhibits offered something for everyone and then some. I particularly enjoyed being able to pick the brains of those who staffed the booths, especially those with hands-on experience with quick printers. The A.B. Dick and also the Ryobi efforts come to mind, but I’m sure most others were the same. I do admit to flirting with the idea of kidnapping a pressman. Those folks were good! How did they stay so clean? I feel I should hose mine down every day after work. All those booths made for a long day, but in five hours, with one 10-minute break, I managed to walk the whole exhibit. I’m pretty sure I caught a glimpse of Jimmy Hoffa wandering aimlessly between the North and East exhibit halls!

“Gray market” T-heads? Gray market relates to the legal purchase of equipment from other-than-authorized dealers. This term has been with us for a long time and is similar to purchasing a Mercedes in Europe rather than from a U.S. dealer. In this instance, some companies purchase T-heads from authorized dealers, without the knowledge of the manufacturer, and remove the serial numbers (to prevent it being tracked back to the authorized dealer), and sell it to you with their own warranty. The interesting thing is that my authorized dealer learned that I was considering purchasing a gray market T-head and took it seriously enough to cut his price 17 percent. Isn’t the free market system great?

Get rid of those typewriters! Don’t you just hate to spend a fortune on a computer and then have your staff type up labels for mail because it is too much trouble to change the printer paper to labels? Well, Seiko has the perfect answer with the Smart Label Printer. For under $200 it hooks a very small printer to the serial port of your computer (either IBM-compatible or Apple), and the easily installed software that comes with it allows you to print labels right from the screen of your computer, virtually automatically. It’s great and I have found it very cost-effective. On my IBM-compatible, it is a TSR, which means it will pop up over virtually any program (except Windows, 3.0 based programming although it does well in a DOS-Window with a little fine-tuning) including your word processing, spreadsheets or invoicing system (or just type it onto your blank screen).

Group Purchasing Update

NAQP offers many valuable programs and services, but perhaps none is more near and dear to members than the Group Purchasing Program. NAQP has developed strong working relationships with key industry suppliers and has worked to provide members with unsurpassed buying power. Members can save hundreds and even thousands of dollars a month on equipment, service and supply purchases from NAQP’s group purchasing vendors.

The Group Purchasing Program has few restrictions — it is open to all regular NAQP members within the contiguous United States, and there is no fee for using the program. However, the program is designed solely for NAQP members’ use as a membership benefit, not for resale.

Recently, NAQP has been informed by some of our suppliers that they are concerned that this regulation is being violated and that some NAQP members may be reselling merchandise that they buy through the Group Purchasing Program.

The guidelines for the Group Purchasing Program clearly state that reselling this merchandise is grounds for the loss of discount purchasing privileges, and NAQP vendors are taking steps to remove proven offenders from their lists of qualified group purchasers. The abuse of the Group Purchasing Program affects all NAQP members, by adversely influencing suppliers as they consider what kind of discounts to offer through NAQP. In order for NAQP to continue offering the deepest discounts possible through our group purchasing suppliers, it is important that all members honor the spirit of the contract and purchase equipment and supplies for their own use only.
Getting a reader's attention is the first step in any direct-mail campaign

Two months ago, I noted some of the ways to pump up your mailing list so that your direct-mail campaign would be a winner. But, of course, having a great list won't help much if you don't send out some quality mailing pieces to those people and businesses. And putting together a quality mailing piece can be tough. But it's not impossible.

I may be prejudiced, since I used to make a living as an editor, but I'm of the opinion that, as long as a piece is well-written, it doesn't have to look as slick and sophisticated as a car advertisement. (Sure, it would help, but...) The words are more important, I'm convinced.

Which isn't a great comfort to a lot of you. I know. After all, putting together a good letter or selling piece isn't that easy. However, there are a few simple rules to keep in mind that can make it easier. Let's start with a dusty, old story:

A yuppie decided to quit the rat race, pocket his profits, and buy a farm. After he did, he visited a local farmer to ask for some advice, and saw that the farmer had a mule for sale. The yuppie was interested in buying the mule, but he was a bit leery of the breed's legendary stubbornness. The farmer assured him that Betsy was as
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Fax 214-247-4077

Circle 46 on Reader Service Card

Circle 47 on Reader Service Card

Circle 48 on Reader Service Card
MARKETING IMPRESSIONS

...glanced around, picked up a piece of two-by-four, and whacked Betsy upside the head. Then he leaned close to her ear, and said, "Git, Betsy." Betsy took off.

The farmer turned to the yuppie and said: "She does whatever you want. the first time you ask. but, first. you've got to get her attention."

Attention getters

Now, besides being a funny story, there is a point to be made here. Whether you're trying to coax a mule or persuade a potential customer (any parallels you want to draw are up to you), you won't get very far until you have their attention. Each one of us faces constant demands for our attention—from people around us, the radio, the television, newspapers, magazines, ad flyers, and any of a dozen other distractions and attractions. Your direct mailing piece has to compete in that environment, and, if it's going to be effective, it has to win some of those struggles for a reader's attention. If you're trying to make your direct mail piece truly effective, make sure it grabs the reader's attention, immediately.

In his book How To Sell More Quick Printing, Bruce Kinsey says his all-time champion attention-getting opener is: "Let's talk seriously a moment about your career." Would that line get your attention?

Solid information

We've all been attracted by a great headline, only to lose interest in an ad or story that doesn't live up to our expectations. Solid information that holds a reader's attention is the second ingredient in a well-written piece. Often, in this step, you remind the reader of a problem he or she may be having, and the difficulties that will arise from that problem unless a successful solution is found.

The key is to focus on the reader, not on your staff or a new piece of equipment.

The question you want to keep constantly in mind at this point is—"So what?" You have to give your reader enough solid information that he doesn't simply put down your piece without giving it a fair amount of consideration. You have to answer the question that will inevitably come to his mind: "How does this apply to me?"—or simply "So what?" The key is to focus on the reader, not on your staff or a new piece of equipment.

That comes in the third part—the solution. You've caught the reader's attention first. Then you've shared solid information that details what may be a problem—or at least has the potential to become one. (Overly long lead times, too much or too little inventory of printed materials, print quality that reflects poorly on their company, etc.) Now it's time to tell the reader that you have the solution.

No doubt, there are several solutions...
to the problem you’ve described in the previous step. (Another printshop, the office copier, their son’s laser printer, etc.) If you want your reader to choose your solution, you’ll have to point out to him the advantages and disadvantages of the other solutions available—and compare them to yours. (If the comparisons are unfavorable for you, re-think your business strategy!)

Spell out for a reader exactly what you want him or her to do.

Don’t forget, the focus on this third step is still on the reader. Your descriptions of the advantages of your solution must point out to the reader how he will benefit from choosing it. For instance, a reader doesn’t really care if you’ve got a great new press. However, he does care if it means he can get his job back a day earlier—that’s a benefit to him, and may be just the solution he’s looking for.

Finally, we’ve dragged the reader all the way to the last step—a call for action. It doesn’t do a whole lot of good to battle for the reader’s attention all the way through your piece, only to lose it at the end. When you’ve brought them all the way to this point, you need to conclude your piece by getting them into your shop with their originals in hand. After all, the whole idea was to build more business, right?

There are two things to keep in mind for this step. First, spell out for a reader exactly what it is you want him or her to do. Isn’t it frustrating when you hear half of an advertisement on radio, or TV and it catches your attention, but you missed out on exactly how to get in on this great deal? You need the phone number to call, or the time and place to go see this great concert, or the proper mailing address. If you want your customer to call—tell him to call. If you want him to come in, tell him to come on in.

But what if he doesn’t know where you are? That brings us to the second thing—make it easy for him. Print the phone number in large type—and make sure it’s right. (One time the local pizzeria put our phone number on their take-out menus!) Put in a map that shows where you are, and includes a nice diagram of your free parking area. Give the correct store hours, phone number, and address. Remember, focus on the reader. Don’t make it hard for him to take the action you want him to take.

(There is a variation on this last point that quick printers such as Copytech of Canton, MA, use effectively. They send out a direct mail package with memo pads, a brochure, and a letter to “cold” prospects. The letter follows the first three steps, but the call to action is replaced by a promise to call to set up an appointment to discuss printing needs. Copytech claims a 60% success rate in getting in-person appointments.)

In any case, those are the simple steps for you to take in putting together your next direct-mail piece. First, get the reader’s attention. Second, give him or her solid information. Third, provide a solution. Finally, call for action. If all this sounds familiar to you, some of it should. These are the basic steps in a persuasive argument Continued

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Circle 50 on Reader Service Card

QUICK PRINTING: JANUARY 1990 65
MARKETING

that you may have learned in a speech or debate class. And they work.

One final reminder: remember the silly story about Betsy the mule. Get your reader’s attention, and keep it. Or something else will come along and take it from you. And the worst possible thing will happen: you’ll never hear from him again.

Do you have a great marketing idea? Send your best (and worst) marketing efforts to: Marketing Impressions, c/o Quick Printing, 1680 SW Bayshore Blvd., Port St. Lucie, FL 34984. Don’t forget to include a cover letter, with the following information: 1) how you used the piece, 2) production notes, and 3) what results it had. Sorry, we can’t acknowledge every letter, nor can we be responsible for returning any materials.

Doug Roorbach has a Master’s degree in Publications Design from the University of Baltimore. He has been Director of Development for a private high school and has edited both Quick Printing and Print & Graphics. He is now manager of Copy General in Richmond.

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Develop your advertising budget

One of the most mysterious decisions made in a print shop is the establishment of the advertising budget. Expenditures in advertising are recognized as desirable and needed for growth, but are usually left to that strange world of decisions made by default.

Advertising is the first expense that we drop if we need cash to buy paper or pay for a vacation. Or if we have a few good months, we may lavish big money on the yellow pages salesperson if he fortuitously wanders by our door and asks for the order. Most advertising budgets in the quick printing industry exhibit one or more of these characteristics:

• We spend too little — inhibiting growth;
• We spend too much — hurting profitability or draining scarce financial resources;
• We spend in spurts — we lose the value of a consistent long-term advertising program;

• We spend on the wrong things — we never evaluated all the alternative uses of our funds in the purchase of the best advertising media.

Advertising is an investment in the future of your company

Advertising is an investment in your business and you should spend the same careful time planning this investment as you do the purchase of a new press or a new copier. How do you determine the amount to spend? Below is an outline of some of the methods that big firms use with some comments on the strengths and weaknesses of each. These methods include matching the competition/matching the industry average; percent of sales; task method; task method blended with percent of forecasted sales.

Matching the competition

If you want to keep up with your competition and guard against losing business, the theory says that you must match your rival's ad expenditures. In some industries one can readily ascertain what your competitor is spending. One evaluates print and maybe television media buys, and compares it to his own. Beyond the good old Yellow Pages, it is tough to know how many direct mail pieces per month your competitor is mailing out.

A variation on this is to follow the industry averages. Both of these methods imply that no internal marketing and sales tasks have been assigned to the advertising dollars. Expenditures are being based on external factors, many of which may be irrelevant to you or your marketplace.

Percent of sales

The most common budget-setting method is based on the percent of sales. Typical numbers range from 2 percent to 5 percent and may be based on past sales, forecasted sales, or some average of the two. The percentage selected also may be based on industry average statistics.

The biggest advantage that this method has is its simplicity. The advertising dollars are figured in as part of the overhead, and the cost is built right into the product. The dollars can be carefully spent and budgeted month by month to assure an ongoing, well planned advertising campaign. The biggest disadvantage that this method has is that the dollar amount is set without regard to the sales or marketing task at hand.

Task method

Evaluate the company, the firm's marketing and sales objectives, and make appropriations based on the means to be used to reach these objectives. The steps in use with the task method include:

• Statement of business objective or goals. What do you want your advertising to do?
• For each goal list and evaluate alternative advertising tasks.
• Put a cost against each of the alternatives.
• Decide which advertising alternative you want to follow.

Task/percent of sales blend

Usually, there are not enough dollars to execute all of the advertising tasks that you may have selected above. Hence a balance must be struck between what you can afford and the dollars needed for the task.

Usually, management will set or approve dollars to accomplish certain goals, and to complete the budgeting process, will allocate funds based on a percentage of forecasted sales. The introduction of a new service or the opening of a new location would dictate that the task method should predominate. If profit margins are tight, and you are not looking to grow your business, then the percent of sales method would predominate.

Set a budget and track it

Tracking an advertising budget in a print shop can be tricky. Should you only track out-of-pocket costs, or charge yourself full retail printing prices? While either method can work if you follow it consistently over time, we have found some advantage to treating ourselves as our own customer. This allows us to compare and contrast our actual dollars and percentages against other businesses and other industries.

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We're So Much More Than Quick!™

NAQP's advertising program offers advice, assistance and complete broadcast and camera-ready campaign materials. For complete details, see the inserts in this print pack or call NAQP headquarters.
**Listing #:** CI015  
**Address:** 1621, 1623, & 1627 "L" Street  
**City:** Bedford, Indiana 47421  
**Legal description:** ORIG PT Lot 225 *  
**Lot size:** 180' X 93' *  
**Property type:** Commercial B-2 *  
**Approximate square feet:** 7,985  
**Approximate year built:** 1900  
**Construction:** frame/brick/block  
**Rooms:** DUPLEX ONLY (each unit)  
**Bedroom:** 3  
**Bath:** 1  
**Living Room:** X  
**Dining Room:** X  
**Kitchen:** X  
**Family Room:** no  
**Utility Room:** no  
**Other:** X  
**Options:**  
**Basement:** full  
**Garage:** no  
**Storage Shed:** no  
**TV Tower:** C  
**Satellite Dish:** no  
**Fireplace:** no  
**Woodburning Stove:** no  
**Central Air Conditioner:** no  
**Window AC Unit(s):** no  
**Range:** X  
**Refrigerator:** X  
**Built-in Dishwasher:** no  
**Garbage Disposal:** no  
**Microwave:** no  
**Water Softener:** no  
**Central Vacuum:** no  
**Central Intercom:** no  
**Flooring:** Carpet X Vinyl X  
**Hardwood:** ???  
**Window Treatments:** no  
**Other:** none  
**Type of Heat:** GFA (gravity flow)  
**Store #2**  
**Type of Heat:** Gas/electric  
**Water heater:** gas/electric  
**Gallon capacity:** ????  
**Approximate Year Built:** 1900  

**PROPERTY TAXES:** $2,442.42 (1990, payable 1991)  
**DUPLEX generates $325.00 monthly per unit (2)...2,960 sq. ft.**  
**Store #1** is presently Bedford Electric Motor Shop, generates $300.00 monthly, 2,622 sq. ft. concrete block structure.  
**Store #2** is presently vacant, 2,403 sq. ft. frame structure with triple phase electric heat...could easily be offices, apartments!  

**IMPORTANT NOTE:** Tenants pay own utilities  
**Property Taxes:** $2,442.42  
**DUPLEX generates $325.00 monthly per unit (2)...2,960 sq. ft.**  
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**IMPORTANT NOTE:** Tenants pay own utilities  

**INFORMATION CONTAINED HERIN IS BELIEVED ACCURATE, BUT IS NOT WARRANTED IN ANY MANNER!****

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**Leases are month to month**
Equipment

Pre-press

Macintosh IIci $4,375
Laserwriter NTX 3,750
Macintosh 12” Monochrome Display 209
Macintosh Classic 850
Printer’s Plan 3000
Quark X-Press 595
NuArc Light Table 575

Pre-press total $13,354

Darkroom

Agfa 310 Repromaster Camera $4500
NuArc Film Sink 895
NuArc Plate Frame 1498

Darkroom total $6893

Pressroom

Virkotype C-15 $18,900
Multigraphics 1650 14,000

Pressroom total $32,900

Post-press

Ibico Kombo Binder $540
MBM 21” Cutter 5035
Challenge SRA-3 Folder 5295

Post-press total $10,870

Miscellaneous

Fax Machine $739
Copiers (3) 10,000

Miscellaneous total $10,739

Total $74,756
The Most Inexpensive Exposure Systems For The Graphic Arts And Screen Printing Industries

Features include 120 volt display-integrated with switch-activated controls, a photo-detector, Silless vacuum system. Model 40-1K includes floor stand and counterbalanced glass frame. With two gas springs. Deep-veil blanket for screen printing industry available. Optional floor stand and heavy-duty vacuum pump for 26-1K available.

MODEL 40-1K

MODEL 26-1K

NEW MODEL NO. FLOOR TILT-TOP

Perfect for screen printers. Handles all the popular frame sizes (12 x 18). Optional floor stand available.

<table>
<thead>
<tr>
<th>Model</th>
<th>Size inside blanket board</th>
<th>Voltage input to amps</th>
<th>Amp draw from line</th>
<th>Line volts</th>
<th>Overall size (D x W)</th>
<th>Shipping weight lbs.</th>
<th>Price</th>
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<td>20 x 20</td>
<td>20</td>
<td>120</td>
<td>20</td>
<td>30 x 30</td>
<td>150</td>
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<td>39 x 40</td>
<td>250</td>
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<td>120</td>
<td>20</td>
<td>40 x 46</td>
<td>300</td>
<td>2,298.</td>
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<tr>
<td>40-1KSP*</td>
<td>20 x 20</td>
<td>20</td>
<td>120</td>
<td>20</td>
<td>40 x 46</td>
<td>300</td>
<td>2,598.</td>
</tr>
</tbody>
</table>

DELUXE FILM DEVELOPING SINKS

Maintenance-free ABS top has all the convenience features molded right in, including: ribbed bottom for complete water circulation around a flat tray; full length dump trough; overflow. Steel base and storage shelf... leg levelling screws.

<table>
<thead>
<tr>
<th>Model</th>
<th>Tray size (Trays Not Included)</th>
<th>Floor space (D x W)</th>
<th>Shipping weight lbs.</th>
<th>Price</th>
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<tr>
<td>FDS18</td>
<td>Three 14x18&quot; trays</td>
<td>35½x61½&quot;</td>
<td>225</td>
<td>$ 895.</td>
</tr>
<tr>
<td>FDS24</td>
<td>Three 20x24&quot; trays</td>
<td>40x80&quot;</td>
<td>330</td>
<td>1,095.</td>
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<td>FDS24X*</td>
<td>Three 20x24&quot; trays</td>
<td>40x80&quot;</td>
<td>440</td>
<td>1,295.</td>
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FILM DEVELOPING SINKS WITH TEMPERATURE CONTROL UNIT

<table>
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<tr>
<th>Model</th>
<th>Tray size (Trays Not Included)</th>
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<td>FDS24TCX*</td>
<td>Three 20x24&quot; trays</td>
<td>40x80&quot;</td>
<td>510</td>
<td>3,190.</td>
</tr>
</tbody>
</table>

*Has knock-down base for easy access through doorways and economical shipment. Base looks like those on VIS sinks shown above.
# Plastic Binding Machines...

**For Office and Desk Top Finishing**

<table>
<thead>
<tr>
<th>Model</th>
<th>Description</th>
<th>UPC Stock No.</th>
<th>Retail</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IBIMATIC™</strong></td>
<td>For books up to 11&quot; long and 2&quot; thick. This easy to operate deluxe machine is preset to turn out professional documents in seconds. Large waste drawer. Extra rugged metal construction for years of trouble free service. Production rate: Punches 5,000 sheets per hour or 20 sheets per punch. Binds 250 books per hour. Carton W-D-H: 17½ x 11 x 13¼&quot; Shipping weight: 21.2 lbs</td>
<td>27110</td>
<td>$425.00</td>
</tr>
<tr>
<td><strong>KOMBO™</strong></td>
<td>For any material up to 12&quot; long and 2&quot; thick. Special application binding machine. Ideal for odd size jobs as well as letter size presentations, computer print-outs and catalogs. Clearly marked alignment guide, 21 engageable dies, 4 position punching depth selector and adjustable binding mechanism. Extra large waste drawer. All metal construction for years of trouble free service. Production rate same as IBIMATIC™. Carton W-D-H: 17½ x 11 x 13¾&quot; Shipping weight: 24.8 lbs</td>
<td>27140</td>
<td>$540.00</td>
</tr>
<tr>
<td><strong>EPK21</strong></td>
<td>For high production using minimal space. Electric punching, manual binding operation in one machine. For books up to 12&quot; in length and 2&quot; thick. Punches up to 15,000 sheets per hour or 25 sheets per punch. Binds up to 250 books per hour. U/L approved. Carton W-D-H: 19¾ x 15¼ x 16¼&quot; Shipping Weight: 59.5 lbs.</td>
<td>27170</td>
<td>$1659.00</td>
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</tbody>
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**UPC Stoa No.**

| 27110 | 27140 | 27170 |

**Retail**

| $425.00 | $540.00 | $1659.00 |
Technical Specifications

REPROMASTER 310 Camera

Maximum Size
Of the original 16½ x 23½
Of the backlight 11 x 14
Of the negative 14 x 20

Maximum Image Size 1:1 12 x 18

Net Weight 291 lbs.

Power Supply 110 V, 60 Hz

Working Ranges of the Lenses
185 mm 45 – 220%
135 mm 25 – 45%
220 – 400%

Light sources:
Reflex 4 x 550 watt
tungsten halogen lamps
Backlight 2 x 15 watt
fluorescent tubes

Dimensions:
Working Height 41½”
Floor Space 30” x 48”

COPYPROOF CP380 Processor

Maximum materials width 14”
Minimum material length 10”
Power Supply 110 V, 60 Hz
Dimensions 9½” D x 24” W x 5¼” H

COPYPROOF IMAGEPak Dispenser

Minimum material length 2”
Maximum material length 18”
Material sizes available 11” x 100’
12” x 100’

Power Supply 110 V, 60 Hz
Dimensions 7” D x 21” W x 10½” H

(Note: Height is with material cassette in position.)
Note: IMAGEPak materials are provided in disposable cassettes.

AGFA-GEVAERT
The Original Graphic Systems Company

AGFA-GEVAERT and AGFA-Rhombus are trade marks of Agfa-Gevaert AG, Leverkusen, Germany.
COPYPROOF and REPROMASTER are trade marks of Agfa-Gevaert N.V., Mortsel, Belgium.

Specifications subject to change without notice.

Printed in Belgium. Published by Agfa-Gevaert N.V., B-2510 Mortsel, Belgium.
21.74561488V0
Keyed To Dependable Service
Virkotype equipment is built to stand up to the same demanding service that printers expect of their best presses. Sturdy, welded, heavy gauge framing, precision machined castings, double sprocket drives and sealed bearings stand behind Virkotype’s 75 year reputation for machines that do the best job year in and year out.

Keyed To The Printer’s Art
Virkotype methods and machines are designed to serve the printer’s art. The right controls are in the right places. The output of first class raised printing is assured because Virkotype equipment is keyed to respond to printer’s needs.

### SPECIFICATIONS

<table>
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<tr>
<th>DIMENSIONS</th>
<th>SPECIFICATIONS</th>
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<tbody>
<tr>
<td>Width</td>
<td>15' 2&quot; x 11' 11&quot;</td>
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<tr>
<td>Length</td>
<td>10' 6&quot; x 3' 6&quot;</td>
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<tr>
<td>Depth</td>
<td>1' 0&quot; x 1' 0&quot;</td>
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<tr>
<td>Weight</td>
<td>370 Kg</td>
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</table>

Electrical Requirements: 380 Volt, 50 Cycle, 3 Phase, 45 Amps (Electric Oven), Single Phase Available on Request — 15 Amps (Gas Oven).

Product: • 8,500 Iph

### COMPARTMENTS

1. **Compound Recovery And Recycling**
   - Tank uses centrifugal action to remove lint and paper dust from the compound. Compound is separated and recycled to the powder pan. Dust and lint are drawn down and collected in the bag below the pan into the shop.

2. **Control Panel**
   - Eye lever control close to the press offers convenient operation from either side. Heat intensity, cooling system, conveyor speed and the compound recycling section are controlled here. Electromagnetic clutch gives smooth stop-start control over the front conveyor and the compound distribution system.

3. **Versatile 15° Belt And Adjustable Conveyor**
   - Handles up to 15' sheet width for efficient gang printing of cards, labels, stationery as well as brochures and posters. The optional 2 section adjustable conveyor for chain of the delivery is shown. The standard single section knuckle joint conveyor is recommended only for fast delivery.

4. **Exhaust Bag**
   - Vacuum exhaust bag retains dust and lint. Helps keep a clean professional shop with sharp trouble free printing.

### VACUUM PUMP

Multistage vacuum pump has the required power to deliver to recirculate every kind of compound. Note that materials and special compounds require a more powerful vacuum than many compounds.
Triumph Electrics 14”, 18” and 21” Semi Automatics. Cuts a full ream in seconds . . . more than any other paper cutter of its size.*

Triumph 14” electric = 3610 table top model (stand optional)
Compact power operated paper cutter with 14” cutting length and 1 1/2” cutting height. This model brings safe cutting to every office, internal printing department or photocopier room. Fitted with a patented fast flick action clamping system, backlash with fine adjustment, side guide with measuring scale, external blade adjustment. All-metal construction, complete with stand.
The numerous safety devices include: Triumph safety drive, two hand operation, 24 volts control, control light, automatic blade return, and key ignition lock.

Technical details:
Cutting length: 14”
Cutting height: 1 1/2”
Narrow cut: 9/16”
Table depth: 13 3/4”

Motor performance: 0.35 kW
Motor protection switch: standard

Power connection: 115 Volt A.C. or other voltages, single phase

Dimensions: Height 38 1/4”
Width 21 1/4”
Depth 28”

Weight: approx. 134 lbs.
Color: pearl grey

*14” cuts ream in two cuts.

Triumph 18” electric = 4810
High performance and favorable price make this machine one of the best selling units in the Triumph range of paper cutters. With 18 3/4” cutting length and 3 3/4” cutting height, about 1000 sheets can be cut at a time efficiently and precisely.
The spindle clamping system is controlled from both ends, thus applying a firm pressure along the whole cutting length. The high-quality blade can be changed easily and quickly for resharpening. Sturdy all-metal construction with solid steel blade carrier and guide plates assures years of high work output with minimum maintenance. All moving parts are fully protected.
The Triumph safety package, back-gauge with fine adjustment, side guide, measuring tape on front table, external blade adjustment, all help to make this machine safe, reliable and easy to operate. The machine is designed in two parts for transportation through narrow doors. Complete with stand and paper tray for additional storage space.

Technical details:
Cutting length: 18 3/4”
Cutting height: 3 3/4”
Narrow cut: 1 1/4”
Table depth: 18 1/8”

Motor performance: 0.9 kW
Motor protection switch: standard
Power connection: 115 Volt A.C. or other voltages, single phase

Dimensions: Height 49 1/4”
Width 30 1/4”
Depth 38 1/4”

Weight: approx. 375 lbs.
Color: pearl grey

Triumph 21” electric = 5210
Same features as Triumph 18” Fully, but with 20 1/2” cutting length.

Technical details:
Cutting length: 20 1/2”
Cutting height: 3 3/4”
Narrow cut: 1 3/4”
Table depth: 20 1/4”

Motor performance: 0.9 kW
Motor protection switch: standard
Power connection: 115 Volt A.C. or other voltages, single phase

Dimensions: Height 49 1/4”
Width 34 1/4”
Depth 43 1/4”

Weight: approx. 452 lbs.
Color: pearl grey

Your Dealer:

HPS PRINTING PRODUCTS
8020 ZIONSVILLE ROAD
P.C. BOX 85928
INDIANAPOLIS, IN 46268-0536

Michael Business Machines
Premier Center – 3290 Ashley Phosphate Road
North Charleston, South Carolina 29418
Phone: 803-552-2700, Fax: 803-552-2974
<table>
<thead>
<tr>
<th>Feature</th>
<th>Apple Macintosh Classic</th>
<th>Apple Macintosh SE/SC</th>
<th>Apple Macintosh 10</th>
<th>Apple Macintosh II</th>
<th>Apple Macintosh IIci</th>
<th>Apple Macintosh IIe</th>
<th>Apple Macintosh IIx</th>
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<tbody>
<tr>
<td><strong>Microprocessors</strong></td>
<td>8 MHz 68000</td>
<td>16 MHz 68030/68822</td>
<td>16 MHz 68000</td>
<td>16 MHz 68020</td>
<td>20 MHz 68030/68822</td>
<td>25 MHz 68030/68822</td>
<td>40 MHz 68030/68822</td>
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<td><strong>System Software (included)</strong></td>
<td>Macintosh Finder</td>
<td>Macintosh Finder</td>
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<td>HyperCard</td>
<td>HyperCard</td>
<td>System Software 7.6</td>
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<td><strong>Operating Systems (optional)</strong></td>
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<td>AUX</td>
<td>MS DOS</td>
<td>MS-DOS</td>
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<td>PRODOS</td>
<td>MS-DOS</td>
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<td>1 megabyte, expandable</td>
<td>1 megabyte, expandable</td>
<td>2 megabytes, expandable</td>
<td>2 megabytes, expandable</td>
<td>4 megabytes, expandable</td>
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<td><strong>Interfaces</strong></td>
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<td></td>
<td>External disk drive port</td>
<td>Two serial ports</td>
<td>Two ADB ports</td>
<td>Two serial ports</td>
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<td>One Apple Desktop Bus</td>
<td>One ADB port</td>
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<td>Automatic Disk Backup 40SC</td>
<td>Stereo sound output port</td>
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<td><strong>Media Compatibility</strong></td>
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<td>All Macintosh models include the Apple SuperDrive, a 3.5 inch floppy disk drive that allows convenient transfer of data files between Macintosh, OS/2, MS-DOS, and Apple II systems. The SuperDrive can read and write disks in these formats: Macintosh 400K, 800K, 1.44MB, and MS-DOS 720K, 1.44MB, Apple II ProDOS 800K.</td>
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<td><strong>Internal Hard Disk Options</strong></td>
<td>40 megabytes</td>
<td>40 or 80 megabytes</td>
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<td>40 or 80 megabytes</td>
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<td>80 or 160 megabytes</td>
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<td>Apple CD SC</td>
<td>Apple Tape Backup 40SC</td>
<td>Apple Tape Backup 40SC</td>
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<td>Apple Tape Backup 40SC</td>
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<td><strong>Built-in Monitor</strong></td>
<td>9-inch monochrome</td>
<td>9-inch monochrome</td>
<td>Active Matrix LCD</td>
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<td><strong>On-board Video Display Support</strong></td>
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<td>Macintosh 12-inch RGB</td>
<td>Macintosh 12-inch RGB</td>
<td>AppleColor High</td>
<td>AppleColor High</td>
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<td>Macintosh 12-inch Monochrome</td>
<td>Macintosh 12-inch Monochrome</td>
<td>Resolution RGB</td>
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<td>Apple Two-Page Monochrome</td>
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<td><strong>Optional Video Display Support</strong></td>
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<td>(via NuBus expansion slot)</td>
<td>Optional third-party</td>
<td>030 Direct Slot expansion</td>
<td>030 Direct Slot expansion</td>
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<td>cards available</td>
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<tr>
<td><strong>Input Devices</strong></td>
<td>ADB Mouse (included)</td>
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<td>Apple Extended Keyboard</td>
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<td>Apple Scanner</td>
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<td><strong>Disability Access</strong></td>
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<td>All Macintosh models are specifically designed and manufactured with attention to the access requirements of disabled users.</td>
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<td><strong>Printers</strong></td>
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<td>ImageWriter II (built in)</td>
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<td>Personal LaserWriter SC</td>
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<td>Personal LaserWriter NF</td>
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<td>LaserWriter Ink</td>
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<td>DE/ENet X 25</td>
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<td>SNASH/APPCC 3270 X 25</td>
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<td><strong>Communications</strong></td>
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<td>LocalTalk Cable/Chat</td>
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Note: Some features may not be available on all models.
Big Machine Features in a Table Model Format

High Quality

- Roller calipers
- Rugged 3/8" aluminum side frames
- Heavy duty 7/8" slitter shafts
- Long life bearings

Moll rollers with patented ribbed design control slick paper.

Helical steel fold roller gears are quiet and rugged.

The SRA3 shown here with optional stand.

The Challenge SRA3 feeder is a high capacity level design using a fully adjustable metal sheet separator. Combined with a quiet, powerful compressor, it is a real performer.
We think our new 1650 Series small offset is in a class by itself...a quality duplicator that's built on more than 50 years of proven Multigraphics technology.

The new 1650 duplicator was developed specifically as a premium class offset, incorporating a rugged construction and outstanding performance features in a small offset duplicator...a true Multi® with stamina.

The 1650's durable, solid construction assures reliable operation and maximizes productivity. In addition, such enhancements as DC drive, inching, and selective jogging accelerate operator proficiency while maintaining quality and consistent results.

A perfect example of an outstanding performance feature, the 1650's DC drive system allows infinitely variable speed, smooth start-up and controlled acceleration. The dynamics of this system reduces stress and extends the life of mechanical and electrical components. Because the 1650 can run at speeds as slow as 1000 IPH, the operator can set up the job correctly before reaching production speed, virtually eliminating paper waste.

Look to the Multi 1650...a new class of duplicator with the traditional performance and rugged dependability you expect from Multigraphics.

**FEATURES FOCUSED ON PERFORMANCE**

FORWARD/REVERSE INCHING

Independently controlled continuous inching of the feed system provides for smooth operator control. The forward/reverse control lever, located on the operator panel, conveniently controls the speed and direction of the sheet feeding mechanism.

SELECTIVE REGISTER JOGGING WITH SKEW ADJUSTMENT

The 1650 Register System has been designed for maximum speed efficiency and make-ready speed with a compromise to register accuracy. Right and Left register guides provide skew adjustment for unequal shinking and permit selective right or left jog for maintaining a constant register on both sides. Interchangeable guides and guides provide the utmost versatility in a wide range of systems and handles a full range of jobs.

OPTICAL DOUBLES DETECTOR WITH ELIMINATOR

Eliminates blank sheets, improving output and increasing productivity. The doubles detector lets you automatically eliminate preprinted sheets with additional convenience.

**MULTI® 1650 BASIC MODEL:**

- Basic offset with 12 roller inkning system including two ink form rollers
- Conventional (separate) four roll dampening system with micro-metering control
- Stainless-steel suction and form roller dampening cover system
Does radio advertising work for quick printers?

Be prepared to wait for results if you plan to spend money on radio advertising for quick printers and small commercial printers is probably the fastest way to waste your hard-earned dollars—unless you know what you're doing and unless you plan your radio advertising program with a great deal of thought and study.

Buying radio air time always sounds attractive. I've had many radio salespeople arrive at my front counter wearing big smiles, oozing confidence, and looking like someone from the cover of Gentlemen's Quarterly or Cosmopolitan magazine.

THE PITCH. If you've never experienced one of their sales pitches, here's what you can expect: They always introduce themselves as the "account executive" for a local Top-40 station. Then they say they can help you improve sales because none of the other printers in your area are advertising on radio. You'll be astounded as you hear the stories of local businesses that have experienced gigantic growth as a result of radio advertising. You'll be amazed as you hear the salesperson start to speak a whole new version of the English language. You'll hear terms like market penetration, cost-per-impression, media reporting services, drive time, Arbitron ratings, Tapscan, and listener demographics.

Cow manure.

THE BUSINESS. The truth of the matter is simple. Radio is a business, and as a business it has to do what all businesses do: sell a product! Quick printers sell a product: ink on paper. Our product has substance; it's something that you can feel, touch, hold, and take home with you. Radio salespeople also sell a product, but they aren't as lucky as quick printers, because their product is invisible—it's air time.

With high hopes, you buy some radio spots—some air time. You'd love to be successful (and certainly more profitable), so you negotiate a long-term contract for ten 30-second spots per week. You even get a special low price because you let the radio station decide which times to air your commercials.

Here's what will likely happen next: First, the amount of time you purchased isn't significant enough for the radio station to justify an expensive, elaborate production of your commercial. So the salesperson will probably provide you with a clip-art radio commercial. Radio stations, you see, buy hundreds of pre-printed commercials for businesses, just as printers buy books of clip art for their customers.

When your salesperson arrives at your printshop with a tape player to let you listen to the great commercial that the station has just cut for you, the old shivers and goose bumps will begin when you hear your company's name ring out from the tape player. What you probably won't hear, however, is that your commercial could probably fit any
THE RESULTS. Then what happens? Usually little or nothing. And if you think I'm kidding, try offering a really fabulous, gigantic discount on some item, like 1,000 business cards for $3.99 to the first ten people who come in. Then wait for the results. And wait for the results ... and wait.

The fact is, radio advertising, unlike direct mail or newspaper advertising, has very low initial retention.

Recognizing this fact is very important. Getting an immediate response from radio is very rare. People don't buy printing unless they need it. Nothing you sell or make has sufficient impact to cause people to buy it just because it's on sale or because it's a bargain. You must depend on retention to sell your product. To be successful, you need to plant your name in people’s minds and then keep reinforcing it until they need your services. When that time comes, people will connect your name with their need for printing. A couple of nerves fire an impulse to the brain, which reminds someone of your services.

THE FACTS. Now here's the kicker. Radio does, in fact, work. But it works in a rather slow and mysterious way. The results are not sudden, nor are they sale sensitive. Radio works over the long haul for the very reason it does not work in the short run, and that reason, once again, is retention. Short-term radio retention is low, but as you reinforce your ads with more of the same day after day, week after week, month after month, and year after year, your ads will sink in and become part of your listeners' subconscious.

So then, the key to radio advertising is longevity. It's a long-term, very expensive way to advertise your printshop. However, if properly used, radio can be an effective tool for increasing your sales and profits. But be careful. The idea behind any advertising should be to increase your company's sales, not to give yourself goose bumps and shivers.

Many radio stations are eager to enter into barter arrangements which allow printers to trade printing for air time. They work well if both parties can come to terms agreeable to each. Trust me when I tell you that trying a few radio spots on a one-time basis is the same as flushing your money right down the bathroom commode. A spot or two a day, five days a week for six months or a year will eventually work.

Use radio stations that have a broad range of listeners. The safest ones are easy listening, very light rock, and contemporary country music. Don't choose a radio station because it's your favorite. Choose it because its format appeals to your customers.

Write contributing editor Mike Stevens at Service Printers Express Press, 520 1st Avenue, Fargo, ND 58102.
## AD-VENTURE MEDIA INC.

**WQBK-FM**  
**WBIW-AM**

### WBIW-AM/WQBK-FM

Net Advertising Rates  
(Effective September 5, 1991)

<table>
<thead>
<tr>
<th>Grid</th>
<th>Total Audience</th>
<th>Grid 1</th>
<th>Grid 2</th>
<th>Grid 3</th>
<th>Grid 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan (24 hour rotation)*</td>
<td></td>
<td>17.00</td>
<td>15.00</td>
<td>13.00</td>
<td>11.00</td>
</tr>
<tr>
<td>60 SECONDS</td>
<td></td>
<td>14.00</td>
<td>12.00</td>
<td>10.00</td>
<td>8.00</td>
</tr>
<tr>
<td>30 SECONDS</td>
<td>PRIME TIME ROTATION (6am-7pm)**</td>
<td>21.00</td>
<td>19.00</td>
<td>17.00</td>
<td>15.00</td>
</tr>
<tr>
<td>60 SECONDS</td>
<td></td>
<td>18.00</td>
<td>16.00</td>
<td>14.00</td>
<td>12.00</td>
</tr>
<tr>
<td>30 SECONDS</td>
<td>SPECIFIC DAYPART ***</td>
<td>22.00</td>
<td>20.00</td>
<td>18.00</td>
<td>16.00</td>
</tr>
<tr>
<td>60 SECONDS</td>
<td></td>
<td>19.00</td>
<td>17.00</td>
<td>15.00</td>
<td>13.00</td>
</tr>
<tr>
<td>30 SECONDS</td>
<td><strong>24 HOUR ROTATION:</strong> 20% 12am-6am, 20% 6am-10am, 20% 10am-3pm, 20% 3pm-7pm, 20% 7pm-midnight.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>PRIME TIME ROTATION:</strong> 33% 6am-10am, 33% 10am-3pm, 33% 3pm-7pm.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>SPECIFIC DAYPART:</strong> Select scheduling in any of the five dayparts.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
DISPLAY ADVERTISING RATES

<table>
<thead>
<tr>
<th>Daily</th>
<th>Sunday</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPEN RATE, per column inch</td>
<td>$8.61</td>
</tr>
<tr>
<td>BASE RATE, per column inch</td>
<td>$7.95</td>
</tr>
</tbody>
</table>

MONTHLY EARNED RATES
(No Contract Necessary)

These reduced rates may be earned by base-rate advertisers each calendar month if their full-rate equivalent space meets these minimums:

<table>
<thead>
<tr>
<th>Daily</th>
<th>Sunday</th>
</tr>
</thead>
<tbody>
<tr>
<td>16 to 30 column inches</td>
<td>$7.52</td>
</tr>
<tr>
<td>31 to 63 column inches</td>
<td>7.44</td>
</tr>
<tr>
<td>64 to 125 column inches</td>
<td>7.39</td>
</tr>
<tr>
<td>126 to 251 column inches</td>
<td>7.33</td>
</tr>
<tr>
<td>252 to 503 column inches</td>
<td>7.28</td>
</tr>
<tr>
<td>504 to 1007 column inches</td>
<td>7.22</td>
</tr>
<tr>
<td>1008 to 1511 column inches</td>
<td>7.11</td>
</tr>
<tr>
<td>1512 to 2519 column inches</td>
<td>7.04</td>
</tr>
<tr>
<td>2520 column inches or over</td>
<td>6.98</td>
</tr>
</tbody>
</table>

COMBINATION and SPECIAL RATES

A. Any weekday ad in repeat combination Monday through Saturday (same week) all repeats at 1/3 discount.

B. Any weekday ad repeated prox Sunday.

C. Any Saturday ad repeated following Monday.

D. Churches, non-profit organizations.

E. Business Builder Plan I

Two column inch minimum, eight column inch maximum. Copy changes only with each new 30-day scheduling. These ads must run one weekday every week for a period of 13, 26 or 52 weeks (excludes Sunday).

F. Business Builder Plan II

Applies to ads nine column inches to sixteen column inches. These ads must run one weekday every week for a period of 13, 26 or 52 weeks (excludes Sunday. Copy may be changed each week.

ADVERTISING COPY DEADLINES

(Complete copy for display advertising must be in newspaper advertising department on or before the following deadlines.)

Ads to Run

<table>
<thead>
<tr>
<th>Daily</th>
<th>Sunday</th>
</tr>
</thead>
<tbody>
<tr>
<td>MONDAY</td>
<td>2 p.m. THURS.</td>
</tr>
<tr>
<td>TUESDAY</td>
<td>4 p.m. THURS.</td>
</tr>
<tr>
<td>WEDNESDAY</td>
<td>11 a.m. MON.</td>
</tr>
<tr>
<td>THURSDAY</td>
<td>11 a.m. TUES.</td>
</tr>
<tr>
<td>FRIDAY</td>
<td>11 a.m. WED.</td>
</tr>
<tr>
<td>FRIDAY TV WEEK</td>
<td>11 a.m. WED.</td>
</tr>
<tr>
<td>SATURDAY</td>
<td>2 p.m. WED.</td>
</tr>
<tr>
<td>SUNDAY</td>
<td>11 a.m. WED.</td>
</tr>
</tbody>
</table>

(When a general holiday falls between normal deadline and day ad is to run, deadline is advanced 24 hours.)

The Mitchell/Orleans Neighbors offers advertisers blanket coverage of the Mitchell/Orleans area. It is a free circulation mid-week tabloid publication distributed to 100% of the trade area by carrier to all subscribers (in this area). All other households receive it by mail. Guaranteed circulation is 6,900.

MONTHLY EARNED RATES (no contract necessary)

1 to 29 column inches per month | $3.38 per inch |
30 to 57 column inches per month | $3.29 per inch |
58 to 87 column inches per month | $3.22 per inch |
88 to 175 column inches per month | $3.15 per inch |
176 or more column inches per month | $3.06 per inch |

Color Charges: additional $44.00 per color
Preprint Rates: same CPM rate as outlined on paged 4

PRIME ADVANTAGE

This special monthly supplement for seniors targets your advertising message to this segment of the market. It is distributed in The Times-Mail the last Thursday of the month and features health, insurance, financial and lifestyle articles of interest to retirees and individuals approaching or planning for their retirement.

SPECIAL CHARGES

Reverses: 15¢ per sq. inch-$4.50 minimum
Screens: 15¢ per sq. inch-$4.50 minimum

HI-FI PREPRINTED PAGES

Accepted Daily
Black-and-white rates apply. Mechanical specifications available on request.

MECHANICAL INFORMATION AND REQUIREMENTS

Photo composition conversion (Offset). Width of columns 2 1/16 inch (12.05 pts), additional columns add 1/8 inch (9 points). Depth of columns, 21 inches. Glossy repro. Velox or Scotch-print required for artwork. 85-line screen preferred with minimum 2-mil dot diameter. Six columns per page: 126 column inches per page. Double trucks are set and charged at 12.75 columns.
### FARMERS INSURANCE GROUP OF COMPANIES

#### SPECIAL SENTINEL POLICY
**SUPER POLICY (All Risk)**

- **Rates Effective:** 0/00/00
- **Quote Date:** 4/13/92
- **By:** HAROLD QUINN
  - 1302 - 6 TH STREET
  - BEDFORD, IN. 47421
  - 812-275-6338

---

#### FARMERS INSURANCE GROUP OF COMPANIES

**INDIANA**

**FARMERS SPECIAL SENTINEL - QUOTE**

- **CM79200 - 12/5**
- **State:** IN
- **Territory:** 07
- **Policy Type:** SP
- **Business Type:** M - Owner Occ. Y - Construction
- **Rate Number:** 10
- **Rate Group:** 01
- **Deductible:** 250
- **Number of Units:**

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Coverage</td>
<td>80,000</td>
</tr>
<tr>
<td>Contents Coverage</td>
<td>140,000</td>
</tr>
<tr>
<td>Swimming Pools, Enclosures and Walkways</td>
<td>N/A</td>
</tr>
<tr>
<td>Outdoor Sign</td>
<td>1,000</td>
</tr>
<tr>
<td>Valuable Papers</td>
<td>N/A</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>N/A</td>
</tr>
<tr>
<td>Time Coverage</td>
<td>Y</td>
</tr>
</tbody>
</table>

- **Glass Buy Back:** Y INCL
- **Liability:** 500,000 INCL
- **Prof Liability:** N/A
- **Swimming Pools Liability:** N/A
- **Additional Insured:** N/A
- **Real Estate Office:** N/A
- **Loss of Merchandise:** N/A
- **Fire Legal Liability:** 75,000 INCL
- **Membership Fee:** Y 10

**TOTAL ANNUAL PREMIUM:** 1,539

Cmd3/F3 = Go Back  
Cmd5/F5 = Review  
Cmd7/F7 = End
SPECIAL SENTINEL POLICY
SUPER POLICY (All Risk)

Wates Effective: 12/01/91
Quote Date: 4/15/92
For: TROY FRANKLIN
1623 'L' STREET
BEDFORD, IN
47421

By: HAVOLD GOODMAN
1302 - 6 TH STREET
BEDFORD, IN. 47421
812-275-6338

<table>
<thead>
<tr>
<th>PROPERTY</th>
<th>DEDUCTIBLES</th>
<th>LIMITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building</td>
<td>$250</td>
<td>$80,000</td>
</tr>
<tr>
<td>Business Personal Property</td>
<td>$250</td>
<td>$140,000</td>
</tr>
<tr>
<td>Loss of income (not exceeding 12 months)</td>
<td>---</td>
<td>Actual</td>
</tr>
<tr>
<td>Building Glass (Blanket)</td>
<td>$100</td>
<td>Replacement Cost</td>
</tr>
<tr>
<td>Outdoor Signs</td>
<td>$250</td>
<td>$1,000</td>
</tr>
<tr>
<td>Valuable Papers</td>
<td>$250</td>
<td>$1,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITY</th>
<th>DEDUCTIBLES</th>
<th>LIMITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bodily Injury and Property Damage (Annual Aggregate)</td>
<td>$500,000</td>
<td>included</td>
</tr>
<tr>
<td>Products and Completed Operations</td>
<td></td>
<td>included</td>
</tr>
<tr>
<td>Employer's Non-Ownership Auto</td>
<td></td>
<td>included</td>
</tr>
<tr>
<td>Host Liquor Liability</td>
<td></td>
<td>included</td>
</tr>
<tr>
<td>Broad Form Property Damage</td>
<td></td>
<td>included</td>
</tr>
<tr>
<td>Personal Injury</td>
<td></td>
<td>included</td>
</tr>
<tr>
<td>Non-Owned Watercraft</td>
<td></td>
<td>included</td>
</tr>
<tr>
<td>Blanket Contractual</td>
<td></td>
<td>included</td>
</tr>
<tr>
<td>Fire Legal Liability (Each Occurrence)</td>
<td>$75,000</td>
<td></td>
</tr>
<tr>
<td>Medical Payments to Others ($5,000/Person)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CRIME</th>
<th>DEDUCTIBLES</th>
<th>LIMITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Dishonesty</td>
<td>---</td>
<td>$5,000</td>
</tr>
<tr>
<td>Broad Form Money and Securities - inside</td>
<td>$250</td>
<td>$1,000</td>
</tr>
<tr>
<td>Broad Form Money and Securities - Outside</td>
<td>$250</td>
<td>$1,000</td>
</tr>
<tr>
<td>Medical Payments</td>
<td>---</td>
<td>$500</td>
</tr>
<tr>
<td>Forgery or Alterations</td>
<td>---</td>
<td>$2,500</td>
</tr>
</tbody>
</table>

TOTAL ANNUAL PREMIUM $1,595
Membership Fee (One time only) $10
TOTAL FIRST YEAR PREMIUM $1,605

*This is merely a proposal and is not a Policy of Insurance or offer to insure.
Rates quoted reflect the rates in effect as of the date of this proposal and are subject to revision.
The Company reserves the right to accept, reject, or modify this proposal after investigation,
review of the application, and review of all other underwriting information.
PROFIT LEADER ANALYSIS

While we know the average Net Owners' Compensation is 14.1 percent, most shops are really either above or below that figure. Why are some shops more profitable than others? To help answer this question we have separated the financial data of the responding shops into profitability quartiles. First, we calculated the percent of Net Owners' Compensation for every shop. We placed the least profitable one-quarter of all shops into the 0-25th percentile or low profit category, the next one-quarter in the 26-50th percentile category, and so on. The most profitable shops, according to percent of Net Owners' Compensation ended up in the 75-100th profitability quartile.

Next, we ran the Profit and Loss Statements for each of the four groups in order to quantify the differences between profit leaders and profit laggards, as well show how the middle groups are performing. Based on all companies, below is a graphic presentation of the general differences of shops across the four equal-sized profitability groups.

Note the large differences in the low profit versus high profit companies, especially in the areas of payroll and overhead.

Specific profit and loss detail for profit leaders versus laggards, broken out by size and type of shop appears on pages 27 - 32.
## IMPORTANT RATIOS

Single Shops $200,000 - $500,000

<table>
<thead>
<tr>
<th></th>
<th>Average</th>
<th>Median</th>
<th>25th</th>
<th>75th</th>
<th>Percentile</th>
<th>Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Sales Per Employee</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(\frac{\text{Total Gross Sales}}{\text{# of Full Time Equivalent Employees}}) =</td>
<td>$57,830</td>
<td>$57,762</td>
<td>$51,034</td>
<td>$66,278</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2. Sales Per Square Foot</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(\frac{\text{Total Gross Sales}}{\text{Total Square Footage}}) =</td>
<td>$160</td>
<td>$179</td>
<td>$132</td>
<td>$230</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>3. Profit Per Employee</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(\frac{\text{Net Profit}^*}{\text{# Full Time Equivalent Employees}}) =</td>
<td>$4,053</td>
<td>$4,147</td>
<td>$2,003</td>
<td>$6,115</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>4. Days Sales Outstanding</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(\frac{\text{Average Monthly A/R Balance}}{\text{Daily Credit Sales}}) =</td>
<td>42 Days</td>
<td>39 Days</td>
<td>33 Days</td>
<td>47 Days</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>5. Inventory Turnover</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(\frac{\text{Annual Cost of Materials}}{\text{Average Monthly inventory Balance}}) =</td>
<td>8.5 Times</td>
<td>10.5 Times</td>
<td>7.1 Times</td>
<td>19.1 Times</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>6. Current Ratio</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(\frac{\text{Current Assets}}{\text{Current Liabilities}}) =</td>
<td>2.1 to 1</td>
<td>2.0 to 1</td>
<td>1.1 to 1</td>
<td>3.8 to 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>7. Debt to Total Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(\frac{\text{Total Liabilities}}{\text{Total Assets}}) =</td>
<td>68.2%</td>
<td>68.1%</td>
<td>41.3%</td>
<td>92.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>8. Return on Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(\frac{\text{Net Profit}^*}{\text{Total Assets}}) =</td>
<td>20.7%</td>
<td>20.1%</td>
<td>9.2%</td>
<td>35.2%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Net Profit is defined as Net Owners' Compensation minus a fair salary paid to owner. For this analysis, the Fair Owner Salary was calculated as $12,000 plus 4% of Total Gross Sales. This Fair Owner Salary was subtracted from Net Owners' Compensation to determine Net Profit. Example: A shop with Total Gross Sales of $350,000 and Net Owners' Compensation of $50,000 would have a Net Profit of $24,000 which is $50,000 Net Owners' Compensation minus $26,000 estimated Owners' Salary or ($12,000 + 4% of $350,000).