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July

18-19: NC Trade & Industry Summer Conference Teacher Workshop. Preparing Files for Print in the Digital Workflow & Project Idea Swap

August

1-4: PICA Summer Conference. Crown Plaza, Hilton Head, SC.

22: 4th Annual Thomas W. Reese ASU/GAIT Golf Classic.

Catawba Springs Golf Club, Hickory area. Info: John Goodell, (828) 262-3123.

September

PICA Awards Call for Entries mailed.

19-20: PICA/xpedx Graphics Management Institute.

Grandover Resort, Greensboro, NC. Topic: Managing and Financing Independent Business: Practical Tools for Control, Survival and Success."

By Terrie Duncan

The past 18 months have been anything but easy for the printing industry in the Carolinas. There have been plant closings, employee downsizing, and difficulties with collections in both printing and supplier companies.

Yet, some companies have emerged in even better shape than before the recession hit, and before the economic death-spiral that occurred after the events of September 11th. What made these companies successful? Has the Carolinas printing industry learned anything after the past 18 months?

Winston Printing is a 91-year-old family-owned and operated company located in Winston-Salem, NC. When other companies were floundering, it was having an extremely good year. "Through 10 months of our fiscal year 2002, we are tracking 17% ahead of last year and our quarter ending March 31 set an all-time record for sales and pretax profit," said chairman, president, CEO James Gordon. "We

believe that this trend will continue for the balance of our fiscal year ending June 30, 2002. Based on this pace, we should finish FY-2002 with sales over \$18 million and it also equates to growth of \$10 million since 1998 or approximately 120% growth rate over four years."

What has spurred this incredible growth? A few years ago, Winston Printing made the decision to take the helm and move the company into a strategic direction. This necessitated splitting the company into two operating divisions, changing the actual focus of the company, and paying close attention to industry statistics — using them as a roadmap by which Gordon and his senior managers can steer the company where they want it to go, instead of where the fickle economic and customer winds might move it.

In July 1999 the company was split into two operating divisions. "With the split, we converted our entire facility in Winston-Salem to a packaging operation and pursued folding cartons as a main product category."

"In addition, we made a commitment to become more market-

ing oriented with a customer focus as opposed to our traditional 'production' orientation that often made it difficult to satisfy customers with unique requirements," said Gordon.



Gordon

Gordon believes that by Winston Printing taking a proactive stand long before the recession hit, when times were good, that made the firm more resistant to any fluctuations in the economy. "Certainly, there is always some degree of good luck involved in every success story, but we believe that by properly positioning the company we can greatly increase the chances of being lucky in poor economic conditions," said Gordon.

According to Dr. Ron Davis, Chief Economist with the Printing Industries of America, companies "need to always be ready for an unexpected downturn. When business is good there is

Please see **ECONOMY**/page 5

PICA announces the 2002-2003 Board of Directors

PICA is pleased to announce the Board of Directors for the 2002-2003 fiscal year, which starts July 1.

Chairman of the Board is David Pitts, president and co-owner of Classic Graphics in Charlotte, NC. Chairman-Elect is Barry Long, president of Long Printing Company in Raleigh, NC. Immediate Past Chairman is Scott Crede, minister of men's ministries of Northside Baptist Church in Columbia, SC.

Vice Chairman for N.C. is James Gordon, chairman, president, and CEO of Winston Printing Company in Winston-Salem, NC. Vice Chairman for S.C. is John de Loach, III, president of Crowson-Stone Printing Company in Columbia, SC.

Secretary-Treasurer is Paul Whitsett, president of Pictorial Edge. Assistant Secretary-Treasurer is Stuart Cojac, president of Imperial Printing, both in Charlotte, NC.

PICA Foundation Chairman is Michael Little, chairman of the board and CEO of Electric City Printing Company in Anderson, SC. PIA Director is Hall Provence III, president of Provence Printing in Greenville, SC.

Director-at-Large for N.C. is Jed Dunn, president of Coleman Resources in Greensboro, NC. Director-at-Large for S.C. is Andrew Lesnik, owner of Sheriar Press in Myrtle Beach, SC.

Doug Keen, vice president of marketing of Keen Impressions in Arden, NC is Director: Area 1 Michael Teague, vice president of W.A. Buening & Co., Inc. in Charlotte, NC is Director: Area 2. Director: Area 3 is Phillip Kelley, Sr., owner of Salem Printing Company in Winston-Salem, NC.

Ralph Moore, president of Commercial Printing Company in Raleigh, NC is Director: Area 4. Director: Area 5 is Brad Donnell, president of Linprint Company in Wilmington, NC.

Director: Area 6 is Wayne Tull, plant manager of Springs Graphic Services in Lancaster, SC. Director: Area 7 is Mel Clarke, Jr., president of Service Printing Company in Columbia, SC.

Membership Committee Chairman is Al Hutchison, Jr., president of Hutchison-Allgood Printing Company in Winston-Salem, NC. Small Printers' Committee Chairman is Jim Faulkenberry, president of Colonial Printing in Columbia, SC.

Associate Committee Chairman is Bill Prophet, branch manager of Pitman Company in Charlotte, NC. The Flexo Services Committee Chairman is Jack McEntee, vice president and general manager of CL&D Graphics in Rock Hill, SC.

PrintForce Committee Chairman is Fred Thigpen, vice president division manager of Vertis TC Advertising in Charlotte, NC. Trade Show Committee Chairman is Jess MacCallum, Vice president of operations for Professional Printers in West Columbia, SC.

September PICA/xpedx GMI to focus on financial tools for success

In today's business environment, managing and financing your company successfully is a top priority. The PICA/xpedx Graphics Management Institute will present a dynamic two-day program designed to help owners and managers improve their financial skills and take positive control of the business for the future.

"Managing and Financing Independent Business: Practical Tools for Control, Survival and Success" will be presented at the PICA/xpedx GMI on September 19-20. Attendees at the PICA Summer Conference will get a preview of the content during the three financial programs in August.

Steve Abercrombie of Business Resource Services, Inc. will discuss the financial tools necessary to evaluate the current position of a company. He will also present tools to develop operating and strategic plans.

The first day will help business owners and managers improve their financial skills — with a focus on implementing these financial tools to evaluate the current position of a company: financial statement and ratio analysis, pricing and cost controls. Abercrombie will address the impact of sound financial management and how to understand financial ratios to measure efficiency and plan for greater success.

The second day of the program focuses on implementing financial tools to develop an operating and strategic plan.

Concepts presented include cash flow versus profits comparison, growth analysis, balance sheet case studies, and dealing with financial sources. Planning for successful growth, cash forecasting as a management tool, funding seasonal and long-term growth and determining a company's financial needs will also be included in the second day.

This institute will provide you with the tools to improve cash flow, profitability and operating efficiencies for companies of all sizes.

"This seminar changed the way I run my business," said David Pitts, president and co-owner of Classic Graphics in Charlotte. "Your banker will love you for knowing this! Unlike a lot of financial information I've gotten in the past, I actually enjoyed this. The presentation was interesting and humorous at times. You'll get the skills you need to manage your business, and you won't be bored!"

The cost for this two-day program would be \$450. But thanks to the generous support of the xpedx GMI fund in the PICA Foundation, the cost is \$225 if registrants use the GMI certificate, available from xpedx representatives.

The PICA/xpedx Graphics Management Institute will be held September 19-20 at the Grandover Resort in Greensboro, NC. For more information, call PICA at (704) 357-1150. See Seminar SneakPeek on page 4 for a preview of the content.

Hot Type

Your resource for industry events

July

18-19: NC Trade & Industry Summer Conference Teacher Workshop. Preparing Files for Print in the Digital Workflow & Project Idea Swap

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October

16: FTA FIRST Road Show. The FIRST RoadShow focuses on the specifications for anilox rolls, substrates, bar codes, CieL*A*B color management, digital photography and process/line color inks. PICA headquarters, Charlotte, NC.

31: PICA Awards entries due.

November

1-3: Fall Conference. Sponsored by Small Printers' Committee. Renaissance Asheville Hotel, Asheville, NC. Programs on collections, quality management, benchmarking, employee management, overview of PIA/GATF and government affairs.

January 2003

13-17: International Printing Week.

18: 36th Annual PICA Awards Banquet. Adam's Mark Hotel, Charlotte.

February

14: Advance Registration Deadline - Graphic Arts The Charlotte Show 03

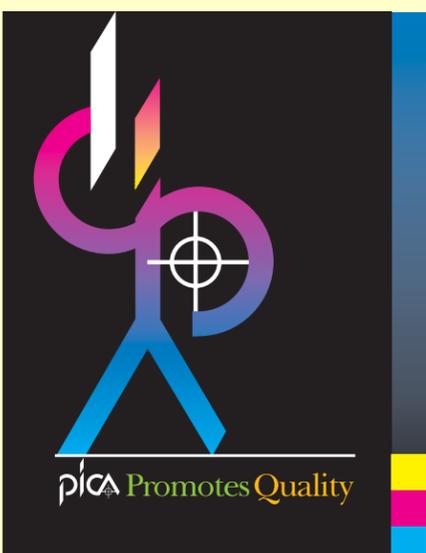
March

13-15: Graphic Arts The Charlotte Show 03. Charlotte Convention Center, Charlotte, NC.

21-22: Phoenix Challenge. The international high school flexographic skills competition. Central Piedmont Community College, Charlotte, NC.

23-25: National Environmental, Health & Safety Conference. Louisville, KY.

For an updated calendar of events, log onto www.picanet.org.



Best Workplace in America awards deadline is August 9

How can a company increase employee retention, attract more qualified candidates for open positions, and ultimately improve the bottom line? It's easy - maintain a successful workforce by providing employees a superior workplace. Master Printers of America, in partnership with Printing Industries of America, has developed a program to reward companies' exceptional human relations policies and practices - The Best Workplace in America Awards.

Slow business and a lean staff are a sign of the times. Staff reductions can wreak havoc on your employees, especially those left behind to pick up additional responsibilities. The Best Workplace in America program gives you the tool to boost employee morale and motivate your team to rise to the challenges of these tough economic times.

The Best Workplace in America program allows companies to compare their human relations programs and policies to other companies in the graphic arts industry. By filling out a simple survey, a company can see how they rank against the thousands of other printing companies across the country. This program will evaluate a company on the following criteria:

- * Work Environment and Organizational Culture
- * Training and Development Opportunities
- * Financial Security
- * Personal/Work-Life Balance
- * Recognition and Rewards
- * Health and Well-Being Programs

A team of human relations experts will assess the surveys to formulate the "Best Workplace in America" roster of companies. From those, a selection of the highest rated entries will be named "Best of the Best" companies and any entrant meeting a predetermined set of criteria will be named a "Best Workplace in America." Winners will receive a "Best Workplace in America" plaque, national recognition through the trade press and local media promotion.

In its second year, 95 companies were named a "Best Workplace in America" and of those, 32 were named "Best of the Best." In the Carolinas last year, Graphic Printing Services in Greensboro was named a "Best of the Best" company and CL&D Graphics in Rock Hill, SC was named a "Best Workplace in America."

To enter the 2002 competition, download the survey form at www.gain.net or call 800-315-9149 for entry materials. The competition is open to any graphic arts company, union-free, union or combo shop. Completed surveys must be received at Printing Industries of America no later than August 9, 2002.

PIA Provides Members New Paper Price Tracking System

PIA now offers its members a new service to track paper prices.

According to Dr. Ron Davis, PIA's Chief Economist, "after payroll costs, paper is the largest single line item in a printer's budget, typically comprising 20 to over 30 percent of printers' sales revenues depending on printing process and products. This new source will give printers' recent information on paper prices making them more informed consumers in dealing with paper companies and merchants."

The system, accessible through PIA's web portal www.gain.net (Graphic Arts Information Network) provides printers with month-to-month data on price changes for a selection of the most commonly purchased paper types. Also included in this feature is a direct interface with the Bureau of Labor Statistics (BLS) Producer Price Index (PPI).

"PIA members will have the benefit of explanation, interpretation and advice on how to use the BLS PPI data, which can be quite cumbersome. This service will translate into money saved for printers," Davis explains.

The service is in the "Business Solution" section of GAIN accessible only to PIA member companies.

GATF information moves to www.gain.net

Information on educational programs, publications, consulting, research services, quality control devices, and essentially everything offered by GATF can now be found exclusively at www.gain.net.

The transfer of all information from www.gatf.org to www.gain.net greatly enriches the site with more industry news and information, and positions GAIN as the premiere Web portal serving the graphic arts industry.

CHAIRMAN'S LETTER



David Pitts
Chairman,
PICA Board of
Directors
Classic Graphics
Charlotte, NC

Working smarter

My business is working harder today and getting paid less for it. Some days it seems like this trend will never cease. It probably won't.

I can't say that I knew it then, but in 1985 Classic Graphics was headed for financial collapse. We had just bought our first "big" press (a 25" single color Heidelberg) and we were still pricing work as if we were running a duplicator. I quickly became frustrated that we weren't making any money.

I finally bit the bullet and went to a seminar on how to accurately calculate the hourly rates that I should charge for each of the operations in our little company. I had tried to do it on my own before, but with little success. I didn't have the money to have a CPA come in and do it for me, so I went to an excellent seminar on the subject.

They were using an amazing program to do all the calculations. It was called "Lotus 123". In a matter of a few days, I had the knowledge that I needed. I came back to Charlotte, did the work, raised our prices by 20% and prepared myself for the inevitable loss of jobs and customers. It never came. Business prospered, and we actually made some money for a while.

It only lasted a bit though, before we were making more major changes, and challenging our systems and profitability. That cycle is going to continue. One of the tools that

we've armed ourselves with over the years is the PIA Ratio Studies. This did for me with my financial reports what Budget Hourly Rates did for me on the estimating side of the business. It gave me some solid numbers to compare to so we could see how we were doing, and how we could improve.

Our accountant set up our P&L and Balance Sheet like he had set up every other business he worked with, some of them were even printers. When I really started using the Ratios to benchmark against, I had to do a lot of work to do a decent comparison. Finally, at the end of one year I forced him (against his will) to change our chart of accounts to mimic that of the PIA Ratios. Now I can see how I am doing monthly, with almost no effort.

Up until recently, I almost never even looked at the Balance Sheet. I figured that if the P&L looked okay, then the Balance Sheet had to be fine. Cash flow was a concept that I understood, sort of. If we were making money, we had cash, right? I looked at cash flow in the rear-view mirror. I could always tell when it was bad, but I really didn't understand its drivers, or how to predict when it would improve.

Now I've added a new tool. I am ashamed to say it, but in the past, cash flow forecasting just seemed like too much trouble to do. While in Scottsdale, Arizona at the PIA President's Conference, I had a chance to attend the "Cash is King" seminar.

I don't want to sound negative, but I have been to lots of conferences and tons of seminars, and I am more often disappointed than not. This one was different. I could have enjoyed this program even if it weren't vital to my company. I listen to "Car Talk" on NPR even though I have no interest in car repair; this presentation was the same in a lot of ways; the information was presented

in a way that could not bore you.

Instead of a bunch of generalities about why cash flow is important, the presentation immediately began to illustrate how it impacted my business. I began to understand the drivers of cash flow, and how to predict what my cash flow would look like over the next several months. How deeply would I go into my line of credit before things turned around? I am happy to say that it works. I spend about 30 minutes a month updating it, and it is still working!

In the past, my banker had told me many times that he was a "cash flow lender." The bank did complicated analyses of our financial reports before they would lend us money. I assumed this meant that I had cash flow, because he kept lending me money. As a result of my new knowledge, the last time we had the cash flow talk; I understood what was happening better than he did.

PIA is presenting three superb financial seminars at the Summer Conference in Hilton Head this year, including "Cash is King", "Seven Steps to Fiscal Fitness", and "Valuing Your Business: What is it Really Worth?" This conference is not just an excuse to go to the beach; it can give you the tools that you need to prosper in today's ultra competitive environment.

In September, we are going to expand on these topics during the two-day PICA/xpedx GMI program. This is a must-attend program for company owners and financial managers from every size company. The cost is a fraction of what it would cost without the underwriting of xpedx and the PICA Foundation.

I would love for this to be the year that printers in the Carolinas got stronger financially. These financial seminars could literally be the difference between success and failure for some companies.

See you at Summer Conference.

If we were making money, we had cash, right?

PRESIDENT'S LETTER



Richard E. Spencer
President
PICA

More about our PICA Profit Leaders being dumb!

The President's letter last month was a facetious attempt at getting across the point of why PICA Profit Leaders are as successful as they are and why they use PICA as a major resource to make that success happen.

Obviously, I wasn't really implying that to be a smart evaluator of resources and an excellent manager by implementing these resources to their maximum is a dumb thing. I am writing more about this, not

because someone complained, they didn't, but to emphasize again how critical it is to your businesses success to learn about PICA's offerings, figure out how to use them, and then maximize their value.

If someone were to ask me, 'What is the most frustrating part of your job?', I would have to say the feeling of helplessness when I know PICA's members and prospects need what we offer and that we haven't figured out how to get the message out to them. Or if we do get the message out, the member doesn't take advantage of the offering. There is always the possibility that we are missing the mark on some of our offerings, but then I ask 'Why do the profit leaders use them so successfully?'. If you read the Chairman's letter, written by David Pitts of Classic Graphics, you see a very successful Carolina printer who learned early on the value of the information, products, and services he received through PICA and turned that into one of the fastest growing printers in the country.

Because PICA wants all of you to realize what is available and we want you to get the message, we are getting ready to begin a

series of focus groups of printers of varying sizes, different Carolina locations, and different classes of trade. Through this effort we hope to learn the answers to all our questions about what it will take for PICA to help you be successful.

But don't wait — if any of you have an opinion or an idea how we might do a better job of getting the message out to your peers, please call me at (704) 357-1150 or email me at rspencer@picanet.org. I want to hear from you.

EDITOR'S NOTE: According to Mr. Spencer, PICA President, one member called, after the above letter was written, wanting to know why the President of PICA would call his members 'dumb'. Mr. Spencer responded that in fact he was making the point that there is a 'strong' connection between the users of PICA resources and printer's business success, which is anything but dumb. He also stated, "the letter was an attempt to get the membership's attention about what the value of PICA is and, if he accomplished that, then the letter was a success."

LETTER TO THE EDITOR

PrintForce program mutually beneficial

Dear PICA,

Cryovac has enjoyed participating in the PrintForce program and considers the experience mutually beneficial. We commend you for making it a goal to make students, teachers and the community aware of careers in graphics and printing. In appreciation, we will continue supporting your

program by providing resources through tours, speaking engagements, and hands-on activities. Cryovac would also like to extend their support with a monetary contribution to the Printing Industry of the Carolinas, Inc.

Sincerely,

Roxanne H. Baker
Graphics Team Leader
Cryovac, Sealed Air Corporation
Simpsonville, SC

Letters to the Editor

Send your Letter to the Editor to The PICA Scanner, PO Box 19889, Charlotte, NC 28219, fax (704) 357-1154, or email pica@picanet.org.

We reserve the right to edit letters for brevity and clarity.

ViewPoint

Marketing thoughts from a four-year-old

By Terrie Duncan

I often have to take my four-year-old, Jacob, grocery shopping. This would not be so bad, usually, if it meant that I could actually buy the things on my shopping list.

On the last grocery shopping adventure, I found myself trying to explain high-end marketing principles to a child whose only big decision is to choose between "Buzz Blasts" and the new Kellogg's Frosted Flakes with Spiderman on the package.

"I want the yogurt with the rabbit!" said Jacob.

"You don't eat yogurt," I said.

"I'll eat the rabbit yogurt!"

I picked out my yogurt and told him we could share. "Yuck," he said. "The rabbit yogurt is better."

I said, "The people who make the yogurt want you to buy it because the rabbit is on it. Tired mommies buy the rabbit yogurt not because of how good it is, but to make their kids stop yelling."

Jacob looked at me. "I know what I like. And I like the rabbit yogurt. They wouldn't make it if I didn't like it."

Oh, to be four again. I recently sat in on a consumer products seminar — it's simply amazing what forces drive consumer spending and what influences you to buy certain things. Sure, we all have our favorites — or in Jacob's case, everything is his favorite — but what makes you buy something new? Most of the time, it's what is on the outside of a package rather than on the inside that makes you purchase a product.

My son thinks one of the new cereal boxes that features Spiderman is cool. Last night, I found myself reaching out and picking up that box. Spidey's eyes and his name were printed holographically — very cool. We don't realize it at the time — we just think we're buying cereal — but there are huge powers out there that make people buy stuff. Other than four-year-olds, that power is called printing.

Book Review

New compensation and benefits reports available now

Special Carolinas edition available exclusively through PICA

Four new compensation and benefit reports have been issued for printing companies, The Printing Industry of the Carolinas, Inc. (PICA) has announced.

Results from a recent survey of hundreds of printing firms across the U.S.

allow companies to benchmark their compensation, benefits, and human resources policies against the industry and their competition. It also allows printing companies to evaluate pay and benefit levels for new hires. It was

compiled by the Printing Industries of America (PIA), headquartered in Alexandria, VA.

The Survey of Printing Management and Administrative Compensation has handy, one-paragraph job function descriptions for the 46 positions detailed in the report. Data on company benefits, salary increases and bonuses, and general compensation issues to develop salary and benefit packages for management and administrative employees are included. The survey costs \$250 each for PICA members and \$500 for non-members.

The Survey of Printing Production and Technical Compensation features hourly wages, benefits, HR policies, and more than 200 production and technical positions. Specific breakdowns are organized by press types and sizes with data sorted

by size of firm and region of the country. The survey costs \$59 each for PICA members and \$129 for non-members.

The Survey of Sales Compensation allows companies to develop salary and benefit packages for printing industry sales representatives using this detailed report as their foundation. Salary information (based on straight salary, commissions, bonuses, and total pay) is sorted by five parameters: total respondents (national), geographic region, union status, sales volume, and primary business segments. The survey costs \$250 each for PICA members and \$500 for non-members.

The PICA Wage & Compensation Report is a compilation of all the above plus it features the information submitted from printing firms in North and South Carolina. The information gives Carolina printing companies a geographic basis for benchmarking their compensation, benefits and human resources policies. The Carolina survey costs \$125 each for PICA members. It is not available to non-members.

Companies who participated in the survey receive one free report.

To order or for more information, call PICA at (704) 357-1150.

Carolina printing companies have a geographic basis for benchmarking their compensation, benefits and human resources policies.

by size of firm and region of the country. The survey costs \$59 each for PICA members and \$129 for non-members.

The Survey of Sales Compensation allows companies to develop salary and benefit packages for printing industry sales representatives using this detailed report as their foundation. Salary information (based on straight salary, commissions, bonuses, and total pay) is sorted by five parameters: total respondents (national), geographic region, union status, sales volume, and primary business segments. The survey costs \$250 each for PICA members and \$500 for non-members.

Companies who participated in the survey receive one free report.

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Book Parade

Survey of Sales Compensation, 2001-2002 Edition

Compiled by PIA

Develop salary and benefit packages for printing industry sales representatives using this detailed report as your foundation. Salary information (based on straight salary, commissions, bonuses, and total pay) is sorted by five parameters, total respondents (national), geographic region, union status, sales volume, and primary business segment. Item#: 00BT01041
PICA Member Price: \$250.00
Non-Member Price: \$500.00

Survey of Printing Management & Administrative Compensation, 2001-2002 Edition

Compiled by PIA

Handy, one-paragraph job function descriptions are included for the forty-six positions detailed in this report. Use data on company benefits, salary increases and bonuses, and general compensation issues to develop salary and benefit packages for your management and administrative employees.

Item#: 00BT01042
PICA Member Price: \$250.00
Non-Member Price: \$500.00

Pocket Pal

Well respected as an authoritative introduction to the graphic arts, the popular Pocket Pal book offers a compact education on printing and the related processes by relaying valuable information on the history and conventional processes of the printing industry, from typography and prepress issues through the printing processes and binding and finishing, as well as a glossary of graphic arts terms.

Item#: 1914 (English)
Item#: OODC44482 (Spanish)
PICA Member Price: \$16.00
Non-Member Price: \$20.00

Understanding Digital Color, Second Edition

By Phil Green

This GATF bestseller is the standard text for digital color theory and practice in the industry, addressing key topics from creating, modifying and transporting digital color files to PostScript errors, digital proofing, and printing. Item#: 14332
PICA Member Price: \$55.00
Non-Member Price: \$75.00

Postage and handling costs are not included in the listed prices. To order, call PICA at (704) 357-1150 or (800) 849-7422 or online at www.gain.net.

There are a wide variety of titles available to borrow from the PICA Library. Items must be returned within two weeks. The Library gives members an excellent way to peruse books before purchase. Call PICA at (704) 357-1150 for more information.

Part 1 of the four-part series, "Management Guide to Strategy Development in the Printing Industry"

Define your business in a systematic way

As the printing industry matures it is becoming increasingly important for printers to systematically develop and execute a business strategy.

Part 1 of this four-part series will cover Defining Your Business.

Straightforward formula

There is a straightforward formula for defining your business:

- * Who are your customers?
- * What are their needs?
- * What products and services do you provide to meet those needs?
- * What specific value do you add?
- * What do you have to do very well to add that value?
- * How are their needs apt to change?

It is critically important that printers begin to think of themselves in terms of what they provide their customers and understand why their customers need those products or services. Customers usually do not care about printing processes. They look at printing as a product that fills a need.

When we look at today's successful printing firms - the profit and growth leaders - virtually without exception we find that they have focused on some market segment, have been driven by an in depth understanding of the customers' needs in that segment, and have created the competencies that permitted them to excel at meeting those needs.

So, the point is very straightforward. Printers need to define their businesses by the markets they serve, and the products they produce, and they need to focus their efforts to create very differentiated competitive advantages. The question: how to do this?

Begin With Who Your Core Customers Are

Core customers are defined by a combination of volume, profitability and strategic fit.

Most printers maintain records of sales by customer, so it is relatively easy to rank customers from top to bottom by sales. If you deal with lots of small customers - small businesses for instance - it might make more sense to rank them by the type of customer - their industry, or size, or some other distinguishing characteristic.

The second exercise is to rank your customers by operating profit margin as a percent of sales. Another sort is to rank the customers by dollars of profitability. This sort is really a combination of volume and margin, and gives you information about where the profit dollars are coming from. It is not unusual to have something less than 100% of your jobs contributing significantly more than 100% of your profits.

From the customer analysis perspective, there is "the soft fit." This has to do with how well the customer's buying practices and job management procedures mesh with your needs. There are some customers who are so disruptive, undependable and/or drive such a hard bargain that it is difficult to satisfy them and to make a profit.

The "hard fit" deals with how well their needs match your capabilities - generally their turnaround times, service levels and capacities. Some customers' needs make it difficult to service other customers.

Probably the best way to create this ranking is to develop a scale of 1-5. Five means an excellent fit; 4, above average; 3, average; 2 below average and 1, poor. You might collect the rankings from all the people involved in the job - salesperson, customer service person, scheduler, etc., and average their ratings. Then rank the customers from high to low.

Determine What Your Core Products And Services Are

You repeat the customer analysis exercise, only with products.

The concept of products is sometimes difficult for printers who have a job shop mentality. They often confuse products with processes. Products are simply jobs with similar specifications and service requirements.

Strategic fit again has two dimensions. The "hard fit" is how well the product specifications line up with your equipment capabilities. The most efficient printers have equipment that is designed to produce a specific product.

The "soft fit" is your "know-how" in producing the product. This includes your ability to integrate your "front-end" operations into the customers', to manage the production process unique to that product, and to handle the distribution.

Analyzing The Results Of Both Customers And Products: Looking For Patterns

The rankings have created a continuum. Your core customers and products are those that represent the largest amount of your volume and profits, and have a good strategic fit. At the other end are customers and products that are not in large volume, not profitable and have a poor strategic fit. In between, there may be large customers or products that are not very profitable; and, there may be small customers and products that are very profitable.

You now want to look at the data for two patterns. The first is how the customers and products can be grouped to define market niches. Even small businesses can be in more than one niche. Niches can be defined by groups of customers who have common needs. They can also be defined by products with common characteristics that are sold to different groups of customers. It is these niches that define your business, and identifying them is one goal of the analysis.

The other pattern you are looking for is profitability. Where are you making money and where are you losing it? This analysis should reflect the context of the firms overall profitability. If the firm is very profitable, those profits are coming from some grouping of customers and products. In this case, you want to preserve and build on the more profitable segments, and find ways to improve or prune the less profitable segments.

So, where are you at this stage of our analysis, which has been largely quantitative? You have identified the market niches you are serving, and you understand what is driving your profitability, or lack thereof. To formulate strategies to go forward, you need to look behind the numbers to learn what drives your customer's needs. Understanding customers' needs enables you to do a better job meeting these needs and anticipating how they will change.

Why Do Your Customers Do Business With You?

Your customers have chosen to do business with you rather than with your competitors. Do you know why? Equally important, why haven't some of your prospects chosen to do business with you, or why have some customers left you?

Is it price? That suggests that there may be a competitor who can meet the customers'

needs at a lower price because they have lower costs. If they don't have lower costs, over time they will tend to have to raise their prices or go out of business. However, in an owner-managed industry like printing there are many firms that will accept less than satisfactory profitability and it can take a long time for them to fail. Whatever the

Understanding customers' needs enables you to do a better job meeting these needs and anticipating how they will change.

reason, if price is the primary competitive factor, you have to learn to lower your costs to provide a competitive price at satisfactory margins. If you can't do this, you need to look for other market niches in which

you can be more competitive. You must recognize that there are commodity markets in which low cost is necessary to compete profitably. In such a market, if you don't have the lost cost, you are at a competitive disadvantage.

While price is almost always important, many customers make their decisions on a host of other factors. They are looking for vendors who differentiate themselves from their competitors by providing product features or services that add value, and for which they are willing to pay a premium.

What Added Value Do You Provide Your Customers?

What are you doing for your customers that competitors are not doing as well or at

all? How does this relate to customers' needs?

Printing should be viewed not as a single product but, rather, as part of a value chain with a number of potential products and services radiating around it. Products and services radiating from the print serve the particular needs of a specific customer. Examples include mailing and list management, fulfillment services, graphic design services, and others.

Your managers and sales people can provide some insights regarding the needs of your customers - at least from their perspective. But in the final analysis the information must come from your customers themselves. You must get out and listen to the customer. The essence of entrepreneurial genius is to recognize opportunities that others do not see and be able to create practical solutions that you then implement effectively.

How well you do this is the key to your success. This is much easier to do when you are focused on market niches, and the solutions that you create for one customer have applicability to others.

Article compiled by Dr. Ron Davis, Chief Economist for Printing Industries of America. He can be reached at (800) 742-2666 or rdavis@printing.org. Entire article originally appeared on www.gain.net, the Graphic Arts Information Network. Article reprinted with permission from PIA. For more on the Solutions OnSite program, go online at www.gain.net or call (800) 910-GATF or (800) 742-2666.

Seminar SneakPeak

Costs are controllable

By Steve Abercrombie

Financial statements are one way to understand your business - but in the financial time continuum that is your business, financial statements represent past history. You can't change what happened yesterday - you can only learn from it - but you can impact today and tomorrow. Let me explain.



Abercrombie

For example, costs are controllable today. Suppose we posed the question "your costs will go up \$1,000; what do you have to have in increased sales just to stay even?" It's a fact that far too many times the answer is \$1,000. Bad sign.

So let's talk about costs and we'll give you a tool to manage costs and a method to analyze your cost decisions. The problem is understanding how costs behave, and the tool is break-even analysis. Break-even analysis is a financial tool that illustrates the relationship between COST-VOLUME-PROFIT. By definition, break-even is the exact sales volume at which the business neither makes a profit nor incurs a loss.

To calculate break-even, we first need to define two broad classes of costs based on how they behave in the business. First, fixed costs. Within a reasonable sales range, fixed costs do not vary with sales or production volume. Examples would include administrative salaries, rent, interest, insurance, utilities and depreciation. Next, variable costs. Examples would include direct materials (i.e. cost of goods sold), commissions, and bad debt. Think of variable costs this way: sales cause vari-

able costs. If sales don't cause them, consider them fixed.

To calculate your break-even, total all your current fixed costs. Let's say that total was \$100,000. Next, calculate your total variable costs as a percentage of your total sales. Let's say your "variable cost percent" comes out at 75%.

So, for every \$1.00 of sales, 75 cents goes to variable costs. You now have 25 cents left to cover what? Yes, fixed costs. So now you have to answer the question "how many 25-cents in \$100,000 of fixed costs?" The answer is 400,000. This means that you will have to do \$400,000 to break even.

So if you discovered that your annual business costs increased by \$1,000, your sales would have to increase by \$4,000 just to break even. These are the 'creepers' you have to watch out for every day in business - because for every \$1.00 increase in fixed costs (as they 'creep' on you), you have to achieve a \$4.00 sales increase just to stay even.

Knowing your break-even point is crucial when it comes to pricing your products or services. By understanding break-even, you will have the necessary knowledge to increase or reduce your pricing while understanding the relationships between pricing, volume and profit.

Steve Abercrombie is president of Business Resource Services in Seattle, Washington. He will be speaking at the PICA Summer Conference, August 1-4, on fiscal fitness, cash flow management, and valuing your business. He will also be speaking at the PICA/xpedx Graphics Management Institute on September 19-20, at the Grandover Resort in Greensboro.

How to market your company using PICA Awards

By Terrie Duncan

In mid September, the call for entries for the 2002 PICA Awards will be mailed out. PICA members should be thinking of pieces they've printed since November 1, 2001 to enter in this year's competition, and be thinking of new ways to market their companies using the PICA Awards.

Most members who participate in the PICA Awards take great pride in hanging plaques on the wall. Beyond the walls, what are some other things members can do in utilizing the awards to promote their companies?

PICA issues news releases for each winning member firm, based on the city from which the entries originated. For example, all Asheville winning firms are sent on one news release to Asheville-area newspapers such as the Asheville Citizen-Times and the Hendersonville Times-News.

Companies are encouraged to send out later releases, after the awards banquet, promoting the awards on behalf of their customers. This builds customer loyalty and can have a positive impact on sales.

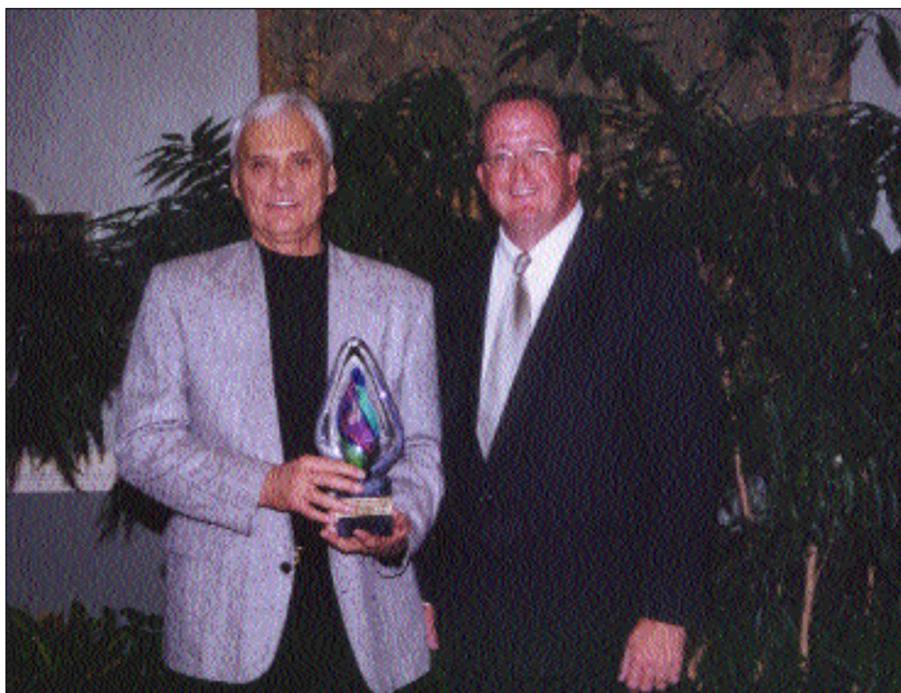
Also, creating and printing self-promotion materials, announcing the awards received, can be distributed to current and potential customers. Cliff Snider, Vice-President of Sales for Riverwood Hall in High Point, NC, said the PICA Awards "adds credibility to a company's work and sets an image of an award-winning company." He thinks it's also

important to use the PICA Awards to market your company because it means the company has been recognized by its trade association.

Steve Johnson, president of State Printing in Columbia, SC, which won the 2001 PICA Awards Best of Show, said that entering the PICA Awards helps "support PICA and the printing industry." He agrees that the awards program can help a company's marketing ability. "It demonstrates the quality of our work compared to that of our peers in the industry."

Other ways that companies can use the awards program to market their company is by putting the news, with the available PICA Award Winner logo, on the company website and through letters to current and potential customers. Snider is also planning on "advertising the awards in trade and consumer magazine," which will get the word out to specific print buyers and consumers whom your company is trying to target.

Entering the PICA Awards can be a useful employee recognition tool. Monogramming the "PICA Award Winner" logo onto employee uniforms helps bring a sense of pride to your employees. Mention which employees worked on PICA Award-winning entries in internal newsletters and publicly thank them for their quality craftsmanship. Used correctly, the PICA Awards can be as much an employee retention tool as it can be used for marketing purposes.



Steve Davis (left) of Riverwood Hall, accepted the Best Printing - 10 to 25 employees award from Patrick Cleghorn (right) of Printers' Service-PRISCO at the PICA Awards banquet held in February. Riverwood Hall plans an advertising their award-winning company in trade and consumer magazines.

Going the extra mile in recognizing employees can motivate them to perform even better for the next PICA Awards. Snider said that entering the awards program "keeps our company's standard of excellence high. It causes us to continue to strive to create superior work."

The deadline for entries is October 31 and the awards will be presented January 15, 2003 at the Adams Mark Hotel in Charlotte, NC. For a checklist on how to choose your entries for the PICA Awards, go online at www.picanet.org and click on PICA Awards on the left side.



Economy / from page 1

Getting a firm hold on accounting methods and work processes can immunize the company against economic downturns.

the expectation that it will continue and too often we let our guard down."

What can printers do to keep their guard up? Companies have learned a lot the past 18 months — and if firms apply the lessons learned, they will be able to weather a future economic storm.

Davis reiterated the Winston Printing method of having a strong strategy in place. "I think that printers need to do a 'strategy check.' PIA studies indicate that the most successful printers have a well-defined strategic plan for their business and a focus on specific markets or customer groups," Davis said. "Just about 60% of printers now specialize by either customer group (for example the hotel/resort industry or automobile industry) or by product/services (for example newspaper inserts, direct mail, catalogs). Find a niche and develop strong customer relationships that can survive business downturns."

Getting a firm hold on accounting methods and work processes can impact the bottom line, therefore immunizing the company against economic downturns. Davis suggests looking at fixed and variable costs. "Printers need to look at their fixed costs and see what they can do to turn them into variable costs. In good times too many managers make commitments that turn variable costs into fixed costs. Then when sales fall they can't reduce their costs enough."

He suggests looking at all the major line item costs and see what can be done to make them elastic with respect to sales.

"By dividing costs into fixed and variable — rather than how an accountant traditionally formats the expenses — business owners and managers can identify and manage

the impact of changes in the cost structure, pricing choices, and expansion plans," said Steve Abercrombie, president of Business Resource Services. Abercrombie will be speaking on financial controls at the PICA Summer Conference and at the PICA/xpedx Graphics Management Institute.

"Senior managers should be consistent with the times but not acting like it's 'business as usual' when cutbacks are imminent," said Gordon. "This means that discretionary spending should be cut first especially as it relates to entertaining."

"You need to focus on cash flow," said Davis. "Even when business is good, cash flow can be a problem."

Keeping a foothold on work processes also helps. "Today many printers are redesigning workflow to cut out steps that are no longer needed. With all the technology in the front end, printers need to start with a 'clean sheet of paper' and redesign their work processes to be more efficient."

For example, when Winston Printing changed the focus of their business to a packaging operation and pursued folding cartons, this change in workflow and focus necessitated disposing of all their commercial bindery equipment and adding packaging finishing equipment such as diecutters and folder/glueers.

What should printers not do in economic downturns? "Layoffs or firings should be a last resort," said Gordon. "If you say that you

value your people then you had better act like you mean it especially when times get tough."

Choose market segments that are less susceptible to the recession. "Both of our operating divisions have been evolved to have unique offerings in the marketplace and at this time both are tracking with double digit growth rates through 10 months of our fiscal year," said Gordon.

"If you say that you value your people then you had better act like you mean it especially when times get tough."

- James Gordon

Incorporating data from benchmarking studies and reports can help companies determine viable markets for the future, give indications of economic changes, and give employers a good handle concerning

competitive salaries, wages and benefits for their employees. Companies such as Winston Printing and others rely on studies from PIA and NAPL through their PICA memberships for information maps on where to steer their companies.

Like Gordon, presidents and owners must have a way of tracking, measuring, and controlling the financial health of their companies. Like a "You Are Here" marker on a map, tracking methods help managers determine just how their companies are doing. If a manager does not use tracking methods, he or she cannot readily determine if the company is growing or floundering.

Winston Printing tracks sales and value-added growth by month, quarter, and year

to date so that they can know how they are performing against a previous time period. "We also prepare a Top 20 or Top 30 Customer list each month by division to know who the largest customers are for that time period and year to date. It would be very difficult to make sound marketing decisions if you did not know this info and keep it current," said Gordon.

Companies can use their job cost systems for most of the data and then put it into spreadsheets depending on the area needing the analysis. The information can come from either the accounting area or the management information system. "Every business should operate at least one of these systems and most likely both," said Gordon.

As for benchmark surveys, Winston Printing participates in an on-going monthly survey with NAPL that asks for their sales volume for the most recent month along with several other opinion questions. NAPL uses this information to publish their industry updates.

PICA is planning to start a similar survey that will show trends in sales and employment by area, plant size and type of company, such as printer, converter, or supplier, according to PICA President Richard Spencer. The surveys will also measure the general confidence level of business and growth in the Carolinas.

The economy has hit the Carolinas' printing industry hard, but the impact of any future recessions can be minimized by having a strategic plan; measuring, tracking and controlling costs and trends; and utilizing business management tools available through regional and national trade associations such as PICA, PIA, and NAPL.

Services assist companies with employment needs

Wanted: A method to recruit new employees. Must be dependable and specialize in the printing industry (all processes). Easy to use a plus. Supportive of graphic arts education a bonus. Inquire at any printing or supplier company in North and South Carolina.

Any number of printing or supplier companies have wanted to list a classified like the one above at one time or another. It seems that if you take out a classified ad in the local newspaper, you get hundreds of applicants, but only a small handful are actually qualified for the position.

There are a number of programs affiliated with PICA that can help with members' employment needs.

Hireskills.com is an Internet-based graphic arts job board. It provides a substantially discounted rate for PICA members.

"This is exciting news for our members. HireSkills.com will provide a targeted, cost effective medium for finding skilled employees in our industry," said PICA president Richard Spencer. "It will expand the reach of companies looking for sales, CSR, pre-

press, production and bindery candidates. We see HireSkills.com as a natural fit in our commitment to provide printing association leadership and excellent value to our members."

In addition to PICA members, over six hundred graphic arts companies have already taken advantage of HireSkills.com's nationwide reach and easy to use interface for finding experienced and skilled printing, publishing and packaging employees.

HireSkills.com uniquely addresses skilled labor and technical needs in the graphic arts industry. "Our candidate database is just shy of the 20,000 mark and growing at more than a thousand professionals a month. The original business model has expanded beyond anything we ever imagined possible," said David A. Clark, President, HireSkills.com, LLC. "We now have many registrants who are in managerial and sales roles. Because they want to protect their present positions, only one in three will actually submit a public resume."

Another way PICA members can recruit new employees is through the PICA Resume Register, which is emailed and faxed out to all members on a monthly basis. Applicants send PICA their resumes, which are then summarized for the register.

Members call PICA and request the actual resumes. There is no charge for the service but it is only available to PICA members.

The Resume Register was recently updated to include a variety of different positions, including a code for supplier sales representatives and entry-level employees or recent graduates. PICA receives 10-15 resumes per month from people searching for new positions, although PICA does not accept resumes from employees currently working at member firms, unless PICA has the member firm's permission.

Another way to recruit new employees is through a recruiter. The Twin Oaks Team, Inc., specializes in finding employees at any level for printing and supplier companies, according to Twin Oaks president Stan Morse. "Our specialty is not just sales or management, or machine operators it is the fact that we have no exclusions," said Morse. They are located in Raleigh, NC and work on a national and regional basis.

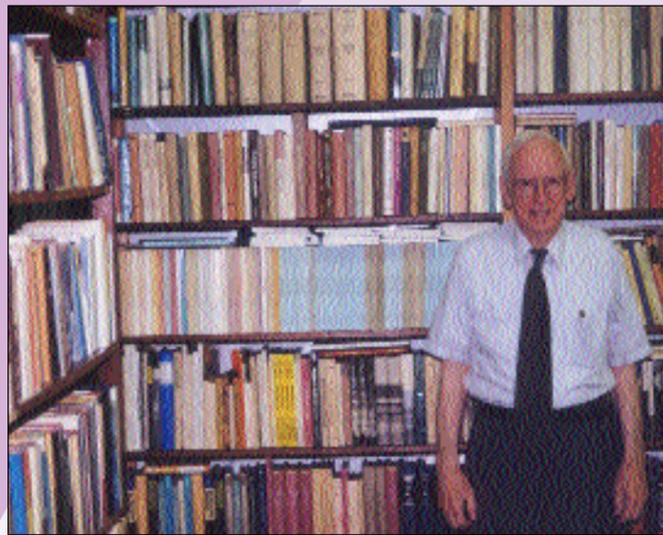
In the Carolinas, The Twin Oaks Team offers a one-year prorated money-back guarantee and a monthly installment plan. PICA members have 10% of their fee donated to the PICA Foundation in their honor to be used for educational initiatives. Additionally, said Morse, a PICA member who becomes a

new client of The Twin Oaks Team will also receive a discount on the cost of their services. "All fees are contingency fees including our specialty consulting for business crisis intervention."

The Graphic Arts Employment Service, based in Covington, KY, specializes in sales representatives, but places production, management, and customer service representatives regularly. According to president James Carlin, their strengths lie in "offset and web as our main core," but also places people in flexographic, gravure, and packaging positions.

Carlin said that since the printing industry still consists predominately of family-owned companies, it's important to build a rapport with them, and treat both candidates and companies as he'd like to be treated. "We're very much one-on-one," said Carlin. "When a candidate or company calls, they get our full attention."

For more information on Hireskills.com, including the website address for PICA member rate information, and for the PICA Resume Register, call PICA at (704) 357-1150. For The Twin Oaks Team, call (919) 870-5737. For the Graphic Arts Employment Service, call (859) 331-6567.



Bill Loftin, Sr. stands in the sample area of Heritage Printers, a letterpress company in Charlotte, NC. Several bookcases are filled with samples of their work.

Engraving, letterpress viable, high-quality processes

By Terrie Duncan

Engraving and letterpress are words not frequently spoken in the context of commercial printing. Yet, with two companies, these crafts continue on as viable, high-quality processes.

Engraving

Engraving used to be done by mechanical and hand methods. Images were literally engraved into the metal plates. Today at W.A. Buening & Company in Charlotte, engraving is done chemically. Using a common exposure unit, the image is burned into the copper or triple-metal plate and then placed in a bath of acid. The acid strips away all the non-image area and leaves the image-area etched in the metal, according to Buening vice president Michael Teague.

In the pressroom, the plate is mounted on the press. Counterboard is cut out by hand, so the plate can impress the image into the paper and therefore creating a raised image on the sheet. Ink rollers roll over the plate, saturating the thick ink into the image area. The ink on the non-image area is then wiped off. On nine of the 11 presses, the press operator hand-feeds each sheet into the press, where the image is then literally impressed into the sheet, leaving the image slightly raised.

The press operators can hand-feed about 1,150 sheets per hour. For a run over 5,000, they usually put the job on the automatic presses, which can run about 1,700 impressions an hour.

"You have to do one color at a time," said Teague. "Every engraved job has to be one pass per color."

But it's worth it. "Value is all about perception," said Teague.

Engraving allows you to get "richer, truer color with a raised image." Stationery and wedding invitations are the chief products printed at Buening, which has been in business since 1922 and has almost hundred-year old presses actively printing.

Engraving is less effected by the economy than traditional commercial printing. "The people who typically use engraving are less effected by the economy and know more about engraving." But, there's an educational curve associated with it, too. "People who don't know about engraving - that's hard. People perceive value from a quote, not a sample."

At W.A. Buening & Company, quality shows in every department. If a plate is not printing correctly, it is sent back to platemaking where Jeff Winchester, who has worked at Buening for 17 years, "riggles" the plate by hand - cutting out the image using handtools. This is remarkable, since the image is usually 12-point script type. This attention to detail is what sets engraving apart.

Letterpress

"Over 450 years ago, this is what printers had to use to set type," said Bill Loftin, Sr. at Heritage Printers in Charlotte, opening a drawer of hand-set type. "But, in 1885," he said, motioning to the three Linotypes busily being operated by two of his employees, "this technology - if you can call it technology - changed the world of printing like computers did."

Heritage Printers is one of five letterpress shops in the country "operating commercially instead of a hobby," said Loftin, smiling. "Course, we operate as a business with our fingers crossed."

Heritage Printers uses Linotypes and Monotypes to set type. Larger type, or titles, require that one of the hundreds of drawers of hand-set type must be pulled out. They use the hand-set type and a reprograph to print the member plaques given to each PICA member.

The quality associated with limited-edition books and literary journals - their main products - requires the time-intensive process that emphasizes the typographic look and feel of each letter. "You can't get this quality with desktop," said Loftin.

After the type is set, one line at a time in galleys, and then proofed by the author - "That's what takes so much time," said Loftin - the job is ready for the letterpress. Much like the engraving press, the ink rollers roll over the type, a sheet is moved by the grippers into place and then the type is impressed into the sheet. It takes so long to set up and afterwards, to clean the press, that he operates four 10-hour days in the pressroom instead of five eight-hour days. The press can print 2,400 impressions an hour.

Beside the press is an equally formidable machine. "Now this is our folder," said Loftin. "It came over on the Mayflower."

As for production time, they recently completed the largest book they ever printed, The Works of John Dryden, a 20-volume book with over 500 pages. Because of the multiple stages and the editor's proofing time, it took almost three years to produce.

"You can not exaggerate that Gutenberg's invention of movable type led to the explosion of the Renaissance and the Protestant Reformation," said Loftin. "To me, this is such a proud industry."

FocusOn:

Engraving & Letterpress

Engraving

W.A. Buening & Company
Charlotte, NC
Founded: 1922 by William A. Buening

Letterpress

Heritage Printers
Charlotte, NC
Founded: 1956 by Bill Loftin, Sr.

The Print IT series focuses on unique processes and applications within printing as a way of illustrating the wide range of opportunities within the graphic communications industry.

The following topics will be covered this year in the Print IT series.

Packaging
October - December 2002

Newspapers & Publications
January - March 2003

The Wonderful World of Printing
April - June 2003

Steps to take when layoffs are unavoidable

In a down economy, some companies must resort to downsizing their workforce. In this exclusive interview with The PICA Scanner, Jim Kyger, SPHR, the Director of Human Resources at Printing Industries of America, answers some questions regarding what printing companies must do if a layoff is unavoidable.

Should layoffs occur, what are the legal and necessary steps printing companies should take?

In deciding who should be let go, the decision making process should focus more on business structure and process. The rationale, whether overall company-wide economic or line of business, should be well documented by management. If a specific line of business is hurting more than others or is not as profitable, or forecasts show no significant increases in the short and long term, then the business rationale is easier. If overall business is affected, then the process becomes harder. Companies should set up and document a set of objective criteria for selecting those to be laid off. The best defense against a discrimination claim is an objective selection process.

In determining who is to be laid off, management should discuss the possibilities by position title, not by name. This gives a pre-text for a possible discrimination claim.

An economic goal is certainly part of the process in a lay off; however, companies should be aware that if they lay off those with higher salaries, then it is most likely that those individuals are older and age of 40 or above with protections under the federal Age Discrimination in Employment Act.

Your state may have a similar law with different age thresholds.

If any company uses performance criteria in determining who is to be laid off, then the performance should be well documented. When the affected employees are laid off they should be told that performance was a factor in the decision. Hiding the fact and stating otherwise can be costly as shown by the US Supreme Court case of Reeves v. Sanderson Plumbing.

For employees on Family and Medical Leave Act (FMLA) leave or Americans with Disabilities Act (ADA) leave, their positions are not protected from legitimate lay off decisions made by the company. However, make sure that your documentation is carefully reviewed for the process of how positions were chosen for lay off.

When your list of positions to be laid off is made, it should be reviewed in terms of affecting one or more protected employee groups, such as age, race, sex, etc. The legal term is "adverse impact." Just because one group is affected more than others does not necessarily mean that a company should adjust lay off. The advice of legal counsel should be sought to determine if your reasons for the layoff of the people affected will stand up in court.

How employers should tell employees about the downsizing?

How to tell the affected employees (as a group or individually) depends on the extent of the layoff and the company's culture. The meeting itself should be short, no longer than 15-20 minutes, and include any

severance and benefit continuation. A designated HR person should be appointed as the company's contact for the employees affected for all future questions. The approach that Arthur Andersen took recently of having employees to call in voicemail the night before the layoff should be avoided at all costs.

If severance is offered, then the company should consider whether to ask the employees to sign a waiver. A sample Age Discrimination in Employment Act (ADEA) waiver is on the PIA/GATF web site at http://www.gain.org/servlet/gateway/human_relations/adeainfo.html.

Also, the company should be aware of the EEOC's 2000 regulation on ADEA waivers (<http://www.eeoc.gov/press/12-11-00.html>) and seek the advice of experienced legal counsel before using such waivers.

What are the legal steps companies are required to do?

If the layoff is of sufficient numbers, the company will have to comply with the Worker Adjustment and Retraining Notification Act (WARN) and give 60 days written notice to employees, any applicable labor representative, the State dislocated worker unit, and to the appropriate unit of local government (often local elected officials).

In general, employers are covered by WARN if they have 100 or more employees, including temporary workers, but not counting employees who have worked less than 6 months in the last 12 months and not counting employees who work an average of less than 20 hours a week.

Notice must be specific. Notice may be given conditionally upon the occurrence or non-occurrence of an event only when the event is definite and its occurrence or nonoccurrence will result in a covered employment action less than 60 days after the event.

A WARN checklist can be found on the PIA/GATF web site at http://www.gain.org/servlet/gateway/human_relations/warn.html.

Plant Closing: A covered employer must give notice if an employment site (or one or more facilities or operating units within an employment site) will be shut down, and the shutdown will result in an employment loss for 50 or more employees during any 30-day period. This does not count employees who have worked less than 6 months in the last 12 months or employees who work an average of less than 20 hours a week for that employer. These latter groups, however, are entitled to notice.

Mass Layoff: A covered employer must give notice if there is to be a mass layoff which does not result from a plant closing, but which will result in an employment loss at the employment site during any 30-day period for 500 or more employees, or for 50-499 employees if they make up at least 33% of the employer's active workforce. Again, this does not count employees who have worked less than 6 months in the last 12 months or employees who work an average of less than 20 hours a week for that employer. These latter groups, however, are entitled to notice.

An employer also must give notice if the number of employment losses which occur during a 30-day period fails to meet the threshold requirements of a plant closing or mass layoff, but the number of employment losses for two or more groups of workers,

each of which is less than the minimum number needed to trigger notice, reaches the threshold level of either a plant closing or mass layoff during any 90-day period. Job losses within any 90-day period will count together toward WARN threshold levels, unless the employer demonstrates that the employment losses during the 90-day period are the result of separate and distinct actions and causes.

Sale of Businesses: In a situation involving the sale of part or all of a business, the following requirements apply: (1) In each situation, there is always an employer responsible for giving notice. (2) If the sale by a covered employer results in a covered plant closing or mass layoff, the required must receive at least 60 days notice. (3) The seller is responsible for providing notice of any

"The approach that Arthur Andersen took recently of having employees to call in voicemail the night before the layoff should be avoided at all costs."

covered plant closing or mass layoff which occurs up to and including the date/time of the sale. (4) The buyer is responsible for providing notice of any covered plant closing or mass layoff which occurs after the date/time of the sale. (5) No notice is required if the sale does not result in a covered plant closing or mass layoff. (6) Employees of the seller (other than employees who have worked less than 6 months in the last 12 months or employees who work an average of

less than 20 hours a week) on the date/time of the sale become, for purposes of WARN, employees of the buyer immediately following the sale. This provision preserves the notice rights of the employees of a business that has been sold.

The exceptions to 60-day notice

Faltering company. This exception, to be narrowly construed, covers situations where a company has sought new capital or business in order to stay open and where giving notice would ruin the opportunity to get the new capital or business, and applies only to plant closings;

Unforeseeable business circumstances. This exception applies to closings and layoffs that are caused by business circumstances that were not reasonably foreseeable at the time notice would otherwise have been required; and

Natural disaster. This applies where a closing or layoff is the direct result of a natural disaster, such as a flood, earthquake, drought or storm.

If an employer provides less than 60 days advance notice of a closing or layoff and relies on one of these three exceptions, the employer bears the burden of proof that the conditions for the exception have been met. The employer also must give as much notice as is practicable. When the notices are given, they must include a brief statement of the reason for reducing the notice period in addition to the items required in notices.

Contact Jim Kyger, SPHR, Director of Human Relations, PIA National, at jkyger@printing.org or at (800) 742-2666. More on layoffs can be found on the Employment Page on www.picanet.org.

Do you have an HR question?

The PICA Hotline accepts your toughest questions on human relations, technical, environmental, and flexographic issues.

Call the PICA Hotline today at (800) 849-PICA or email hotline@picanet.org.

We'll use our resources in PIA, GATF, NAPL, and FTA to answer your questions.



PrintForce

Future Printers. Printers' Future.

Industry responds during budget crunch

By Peggy Howell

Around the Carolinas, schools are feeling a budget crunch. PrintForce works to help graphic arts programs avoid the ax. In spite of lean budgets, in some areas new graphic arts programs are being created. Now is a great time to act on getting involved in your area graphic arts education program.

New programs are coming online in Charlotte-Mecklenburg, Pitt County, Wake County, Orange County, NC and Fort Mill, SC. Of these programs, Phillip O. Berry Academy of Technology in Charlotte, NC and Fort Mill High School in Fort Mill, SC will open in fall 2002. Check out these new programs and get involved early. Both companies and communities benefit greatly from interaction.

Employers receive benefits by helping to develop skill standards aligned with current industry needs. Other great benefits are that being involved with local schools improves community relations as well as increased youth employment and a better education system. Through involvement, companies can improve their competitive position in the marketplace by helping to create a more highly skilled workforce. Ultimately, better training at the high school level reduces training cost of

new hires upon graduation.

Benefits to the communities include better preparation for young people to enter their career field. Through work-based learning experiences students become aware of career choices, gain an understanding of the world of work, and develop work ethics and positive attitudes towards the workplace.

All programs both new and established benefit greatly by interaction with industry. Get involved with your local school career day event. Promoting directly to students is a great means to create a lasting impression. Education invites work-based learning experiences for students, especially eighth grade and above. Find out what you can provide through plant tours, job shadowing, internships, and apprenticeships. PIA offers a "Make Ready A New Generation" kit that provides a plan for getting involved. Make your commitment to get involved and obtain a kit at www.gain.org/servlet/gateway/employment/career_awareness.html.

PrintForce creates interests and promotes careers in printing. Communities need assistance from local companies to follow through our PrintForce efforts. For more information on new programs, call (704) 357-1150.

Exclusive Report

Ultimately, better training at the high school level reduces training cost of new hires upon graduation.



Scanner

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Our mission is to protect and promote the common interest of the printing industry; and to help our members prosper, both individually and collectively, through fellowship, education and cooperative action.



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PICA welcomes these new members:

Hewlett Packard - Indigo Division

Manufacturer of Digital Presses
www.hp.com/go/indigo
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Huntersville, NC 28075
(704) 948-4290
(704) 948-8064 Fax
Contact: Ron Brescia

325 Riverside Drive
Greenville, SC 29605
(864) 918-2466
(864) 235-5781 Fax
Contact: Randy Freeman

High Reach Learning

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36 Old Shoals Road
Arden, NC 28704
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(828) 684-1406 Fax
(800) 729-4754
Contact: Tim Roberts

The Sales Factory

Ad agency & Digital Printer
www.salesfactory.com
1301 Carolina Street
Suite 106
Greensboro, NC 27401
(336) 333-0007
(336) 333-9177 Fax
Contact: Ged King



Tips & Tricks

As a member benefit, the following tips and tricks are provided to members exclusively through The PICA Scanner.

Tip #1: Dave Watterson, GATF's art director, says that it is important to understand that all digital graphics are either vector or bitmap and knowing the difference between the two is vital for producing quality printing. A vector- or object-oriented graphic is composed of points, lines, curves, and fills. It can be enlarged or reduced without affecting the quality of the image and sent to any resolution output device to be output at the highest possible resolution. For that reason we refer to vector .eps files as resolution independent. Bitmap files, however, are resolution dependent. If a bitmap file is enlarged, a degradation of image quality is quickly obvious. These types of images are capable of representing continuous-tone images

beautifully and are capable of incredible detail. Dave suggests reading Computer Color Graphics by Harry Waldman or The GATF Guide to Desktop Publishing by Hal Hinderliter for more helpful tips.

Tip #2: Bruce Tietz, a leading GATF technical consultant, says, that ink older than one year since manufacture, most likely will not perform to specifications. He recommends dating all incoming inks and monitoring the rotation of ink on shelves. For an ink older than one year, speak with your vendor to find solutions to extend the usefulness of this ink.

Tip #3: Gary Jones, the industry's leading environmental, health, and safety specialist, recently heard of a case where two

press operators got into a fight over product quality and one of the operators was injured requiring medical treatment and time off. Gary advised that incidences as such are considered recordable under OSHA's new recordkeeping system. According to OSHA's new criteria, all incidents of workplace violence are considered recordable if the injury involves treatment beyond first aid, especially if the injury results in lost work days.

Access GATF's services through www.gain.net or call them at (800) 910-GATF. All PICA members are automatic members of GATF. All GATF consultants are available for onsite consulting services.



Ask Brad

Send your technical questions to hotline@picanet.org.

Q: A shipment of catalogs that had a UV-coated cover were damaged in transit. Now the ink appears darker wherever the catalogs were scuffed, but there is no damage to the dots. How do you explain this?

A: The scratches in the UV coating probably are causing an optical interference pattern that makes the ink appear darker. The discolored ink could also be a shadow of the scratches.

Q: How can we determine if an aqueous coating or a UV coating was applied to a print?

A: Rub the print with ammonia or methyl ethyl ketone. Ammonia will break down an aqueous coating while methyl ethyl ketone will attack a UV coating.

Q: We shipped wine bottles in boxes with corrugated separators to keep the bottles from hitting each other. However, when the bottles arrive at their destination, the labels are scuffed across the label instead of the length of the label. Why is this?

A: It has been found that a bottle will rotate in a box about 3,000 times during normal shipping. This rotation will cause scuffing across the label. Another name for

this is "rotational transit damage."

Q: Our press sheet appears lighter than the proof. How can we get the proof to match the press sheet?

A: A printer recently submitted a press sheet for a GATF Print Quality Analysis service for the same problem. GATF determined that the proof was made correctly, but the press sheet did not have enough dot gain. Therefore the press sheet appeared lighter than the proof. After measuring the plates, we advised this printer to add weight, or more dot gain, to the linear plates in order to match the proof.