

# quoins2pixels

An exclusive publication for members

by Bob Lindgren & Joe Polanco

## Growing Contribution Dollars

Once you realize that contribution dollars are the key to profits, your obvious goal is to get more. The path is getting more jobs through your plant. The good news is that they are right under your nose—they're the jobs you quoted but didn't get.

Obviously, you already know about these potential customers because you talked with them and quoted them but got nothing. However, what if your quote had been 5% or even 10% lower? Is it possible that these might have turned into orders? However, you didn't quote lower because you need to cover your costs.


The reality is that the usual overhead contribution is around 40% of the typical quote. Thus, if the quote had been 10% lower, the contribution would have been 30%--a much better result than the zero contribution that comes from not getting the order!

## Do You Really Want Those Orders?

Given the above-mentioned strategy, many astute managers are concerned that reducing prices can put us on the highway to bankruptcy. That would be valid assumption if we just indiscriminately started reducing pricing on our work without knowing our client, the type of work they purchased, our existing capacity, and their ability to meet obligations (pay us!).

If we have a solid accounting and estimating system which helps us track contribution as well as production reporting which allows us to track capacity and overtime, and we analyze the customers' potential, adding the work at "reduced" prices can be highly rewarding, but it takes a structured approach. Pricing must be a management decision which includes input from sales, production, and customer service.

## Take Action -- PM

Preventive Maintenance is a crucial part of any manufacturing/production-oriented business. Sadly, it's one function which is frequently overlooked in our industry due to the constant changing schedules to meet customer deadlines and requirements. Yet, the cost of not creating rigid procedures to ensure proper maintenance (including software updates) can cost us in unplanned delays . . . which in turn create more deadline issues as well as spoilage \$\$. 

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**GRAPHIC  
MEDIA ALLIANCE**

If you don't have standardized procedures in place . . . with clearly blocked off times, e.g., start of shift; Monday mornings; every 2nd day of the month, etc., consider beginning the process. If you have a process, is it being followed? Remember, preventive maintenance is much more than just making sure machinery is oiled and computers have updated software. It should include items such as scheduled press roller maintenance and replacement on offset equipment; review of security protocols and software for our digital interface; monitoring color management protocols and ensure they are being followed; and pressroom chemistry monitoring procedures just to mention a few areas.

## Read The Contract

You're buying a piece of equipment or leasing a property. The seller or lessor gives you several pages of text along with their proposal.

You can be sure that these pages of mouse type were drafted by their attorneys with a view to leaving you in the dust if there's a problem.

Take the time to read the whole text, ask questions (but remember that their answers don't count unless they're supported by the text), review it with your attorney and really understand it before you sign it. The sales rep may say that it's "just a formality," but it won't be "just a formality" if you have an issue later.

## Summertime

It's that time of the year when "the living is easy" to paraphrase George Gershwin. It's also the time for the industry's dreaded summer slow-down. While it can be a good time to become aggressive with pricing, it can also be an excellent time to review processes; conduct plant cleaning and organization; review employee performance; analyze accounts and conduct account reviews; and focus on training and cross-training.

## Did You Know?

Although many of us in the industry know that Benjamin Franklin was a printer and publisher, most individuals in the industry don't know who was the first printer in the United States. That honor goes to Stephen Daye who was considered by multiple sources to be the first printer in colonial America. Daye immigrated to the Colonies in 1639 and setup his press at Harvard College in Cambridge. He was a locksmith by trade but was contracted to setup the colony's first printing press. Supposedly the first job produced was "The Freeman's Oath," a pledge taken by every man of the age of 20 who owned a house and wished to be a citizen of the Massachusetts Bay Colony. He printed the "Bay Psalm Book", and Daye went on to print catechisms, schoolbooks, legal documents, sermon, and almanacs. Of an interesting note, he was subsequently replaced by Samuel Green who continued in that role for forty years. Why did Green replace Daye? Supposedly for Mr. Daye's lack of quality control. Poor printing and typos were his downfall. The more things change, the more they remain the same

*quoin2pixels* is written by Bob Lindgren and Joe Polanco. Bob and Joe have spent decades in the printing industry, and throughout their careers, they have counseled hundreds of company owners on a variety of management topics. As a value-added service of [Graphic Media Alliance](#), they are available to expand on these articles, or aid with projects. Bob can be reached at (818) 219-3855 and Joe at [jspolanco49@gmail.com](mailto:jspolanco49@gmail.com).