

Canon

CANON SOLUTIONS AMERICA

 CANON SEE IMPOSSIBLE



HOW LEADING IN-PLANTS PREPARE A BATTLE PLAN

By **Howie Fenton**



CREATING A BATTLE BOOK

The first time we heard the term “battle book” was in an IPMA panel discussion by Catherine Ciardi, the director of Document Services for Excellus BlueCross BlueShield. Ciardi held up her battle book and described it as a tool to help her in-plant battle the threats made by outsourcers and facilities management (FM) firms claiming to provide less expensive prices and better service. She explained that she used to only update it when needed, but updating it was a huge chore and now she simply keeps it up to date at all times. Unfortunately, no one we interviewed had a battle book. However, many managers have the strategies, measurements, reports, and processes required to build a battle book, which is the focus of this article.

For Al Goranson, the Imaging Services manager at the University of Colorado at Boulder, the first step in creating a defense strategy is being prepared, which was fortunate considering he would soon have to defend his in-plant. We spoke to Goranson after he learned of this from his supervisor. “Ricoh and Xerox are both giving a proposal for what their version of our shop would look like. That came from upstream. They [management] basically said that they see how we are valuable and they see how we make money, but maybe there is somebody else out there who would buy [the in-plant]. It didn’t take long before proposals arrived outlining the closing of the in-plant and a transition to an outside print vendor,” said Goranson.

Fortunately, Goranson had been proactive when he started with the University and was prepared with data. “The first

thing I did when I arrived here was gather information,” said Goranson. “That was the first problem I had to solve when I took over, because they didn’t have great data. You have to be able to collect the data you need every month, such as how many jobs, how much is it worth, how much downtime there is. You have to have a Print MIS system tracking the data you need, because you have to have good data. You don’t need to report all the data, but you have to know it.”

Goranson told us that the data he collects every month and reports includes over-the-counter copy work, stationery jobs, and press jobs that require a workflow. He also identifies the top ten customers and how much each spent that month. Lastly he identifies the largest job for that month and then benchmarks the cost of goods, labor, and profitability of that job.



GOOD AND ACTIONABLE DATA

Every in-plant has different data they track and use. Usually it focuses on operational concerns such as volumes and schedules. Often the data collected and reported is not actionable data. For example, page count is one of the most frequent measurements reported to administration. While an indication of how busy you are, page counts are not actionable. One way to determine if data is actionable is to ask, "What could I change if this data (page counts) increased or decreased?" By definition, actionable data means you make a change and determine if that change helped or hurt production.

A school district in California has begun using turnaround time as the actionable data that they report. When I first consulted with them a few years ago, their turnaround time was six weeks, which was considered too long. After they followed recommendations about staffing and adding a web-to-print solution, their turnaround times shrank to four weeks. Over the next two years as demand increased, their turnaround times grew to six weeks again, and they knew that action was required.

The point is not the specific recommendations, but the actionable data measurement. In this situation, turnaround times or SLAs (service level agreements) were the perfect actionable data because it tied directly to customer satisfaction. Interviews with customers helped us understand that a six week SLA was unacceptable, four weeks was acceptable, and three weeks was the ultimate goal. Once they reduced SLAs from six weeks to four weeks,

they continued to monitor SLAs. When it returned to six weeks again, they knew it was time to take action.

NO BATTLE BOOK FOR US

Brian Patterson is the Graphic Services Manager at Briggs and Stratton. With over 25 staff, Briggs and Stratton was 49th in IPG's list of largest in-plants, making them one of the medium to larger sized in-plants. When asked if he had a battle book, Brian responded, "We don't have a battle book per se, but we work to keep our metrics up to date and constantly monitor outside pricing. We learned long ago that it was important to constantly monitor our costs, work to remain cost competitive, and be prepared at all times," said Patterson.

When Patterson was asked when was the last time he needed to defend the in-plant, he mentioned he was going through an evaluation. "The scrutiny can come from internal or external sources. There is always someone on the outside who is knocking on the door of some VP who is promising they can save them millions of dollars. Also, internal people may look at the work and claim they can buy it cheaper. The combination can motivate management to request a study, and because they are not experts in the printing industry, they don't understand what to measure and it can be overwhelming to try to explain everything," said Patterson. "Our goal is to make sure our shop is mean and lean, before we are told of an evaluation. For us an evaluation looks at the last fiscal year. Looking backwards you can't make any changes that will change your performance."



Patterson said, "It's the preparation and ongoing work that is most time consuming. Once we have the preparation and ongoing work it is easy to print out reports from our Print MIS system, which is ready to go at all times, that can prove our productivity."

John Sarantakos is the Director of Printing, Mail and Document Services at the University of Oklahoma (UO). According to In-Plant Graphics Magazine 2015 List of Largest University In-plants, the University of Oklahoma was ranked number one based on the highest sales at \$16.5M. When I spoke to Sarantakos, he not only talked about gathering data but also made the point to consider your audience when determining how much to report.

"There are basically two philosophical approaches; we can be high profile or low profile," said Sarantakos. "The high-profile manager creates elaborate reports about every activity. The low-profile manager tries to fly under the radar, hoping no one will notice. The key is to know and understand your audience."



USER FRIENDLY REPORTS

For Goranson, it's not just reports but user friendly, infographic type reports. Goranson told us, "Once we identified the data we wanted to report, we created a process we could use to analyze the data every month. It's important when you start to identify the data that you not only make it easy to read, like an infographic, but also automate the process. For us that meant working with our vendor, in this case EFI, and working through as much as they could do. For anything they could not automate, I created a template in Excel to create the graphics. The reports are very user friendly. They are all charts and graphs. It's all on one sheet and laid out so that it is easy to understand, much like an infographic," said Goranson.

Goranson admits it took a long time to discover what the right information was, how to automate the gathering of the data, and how to streamline the creation of the report. However, once it's done, reports are quick and painless to create. "It took months to get it just right, but not because of the Print MIS system or the Excel template. It was more going back and forth with my boss to figure out exactly what he wanted," described Goranson. "It probably only took eight hours of work once we figured out what my boss wanted. Something that made it easier to build was a layout that another division was using which I could adopt. The Aerospace group made this template that was fairly generic, which helped guide me. Now that it's all automated, it does not take me more than a couple of hours every month to gather the data and create the report."



Goranson believes that making the information graphical and easy to understand is critical because it is not just for his boss, but it is used by his boss to report to his boss. Goranson explained, "This report is more of an overview because my boss gets all the in-depth granular data. This report is used by my boss to report to his boss. I always want to make sure that my boss knows exactly where we are. It doesn't matter if the report is good, bad, or ugly, he has to understand and be able to communicate to his boss. Honesty and ease is everything, because I don't talk to his boss. He takes this report and uses it to report to his supervisor."

COMPETITIVE PRICING

Critical to Patterson's reports is up-to-date information because it focuses on competitive costs, which change both externally and internally. Changes in staff, equipment, and consumable costs can change price per product a few cents and convert a competitive product to an uncompetitive product. "A critical part of this preparation is remaining up to date with the budgeted hourly rates and time standards," explained Patterson. "Anytime we get a new piece of equipment, we update our standards. In addition, every year we update our standards. It does not take that long if you know what you're doing. For us, we focus on updating standards and preparing year-end financials during our slow time of the year, which is in the summer. Doing both the standards and financials at one time not only makes it easier, but also ensures consistency. It takes a week to update."

For Patterson, comparing pricing is critical although he admits there are some things he would like to do better. "Like other companies, we send work out and always monitor the bids. Also, if we get an unusual job we will bid out work to determine if we are the lowest cost bidder." The opportunity for improvement is recording the quotes. Like many other in-plants, quotes are compared but not recorded as proof of competitiveness and stored. Patterson said, "The one opportunity for improvement for us is we could do a better job documenting those quotes. We often don't record that information unless it is a formal review, which we do quarterly. But more important is that we take action if we find we are not the lowest cost provider for a product we produce on an on-going basis."





BENCHMARKING

Often overlooked as a good source of information are customer surveys. This became clear to John Barron, the former Director, Printing and Mailing Services at University of St. Thomas. "Arguably, the worst problem to have is customer complaints that you are not aware of. That is what happened to us," reported Barron.

"The administration was getting complaints and requested an evaluation by a consultant. Fortunately, we hired an objective consultant who did not have an agenda," continued Barron.

"In addition to a cost comparison, the consultant surveyed our customers. At first blush, it appeared we scored well because when asked, 'How likely are you to recommend our services?' we combined the 'very likely' and 'likely' and achieved 85%. But that is not how the NPI (Net Promotor Index) works. In NPI scores we were actually poor. But the survey identified the root cause which was the online ordering system, not our prices, service, or turnaround times. Fixing the online system kept us alive."

Goranson wanted to benchmark performance too and was pleasantly surprised at the impact. Goranson said, "The next thing you have to do is find peer organizations that are similar to you but are bigger. This allowed me to demonstrate a vision of what we could become. This proved to be more important than I ever realized. I made a site visit every year and spent time watching and learning. Identifying a similar organization is important which is why I visited Pac-12 schools

[an athletic conference] and AAU [Association of American Universities] schools. Simply by spending time observing, I discovered other ways and better ways to do things"

LAST BUT NOT LEAST

Choosing the data that administration accepts as reliable is very important. For the administration at the University of Colorado at Boulder, it was data from reputable sources. "The only benchmark that I could report that was considered relevant was from IPMA and In-Plant Graphics," reported Goranson. "So, I take that data and I put it in a bar chart within that data. We compare well in terms of SPE, cost of goods, and expenses. It also showed where we fit in the top 100 in-plants."

In addition, when using data for reporting and decision making, there are times you may need to take a calculated risk. Sarantakos said, "Sometimes, you have to be creative and think out of the box. You must not be afraid to take chances. You can't bury your head in the sand. Sometimes you have to take a shot. Last year we bought a direct garment printer. I tried to make the business case for it, but the business case did not look as good on paper as it did in my head. But I could see the growth potential because we were buying that service out of house. There was a lot of demand for less than 100 prints on garments. We saw it as a new revenue stream and way to save money. You have got to be ready to take chances. Sometimes you will win and more importantly you must be prepared to fail"



Creating a battle book or having the data ready at a moment's notice is very important, but what is even more important is taking action to make changes to remain competitive. At Briggs and Stratton, the action is to review both the estimating process and the production process. "Every year we do a formal comparison of pricing which motivates us to look for ways to change time standards or modify the way we do estimates," said Patterson. "We will sit down with our operators and estimators and try to figure out what we can do to bring down the costs. We start by going over the estimate and listing all the times we estimate for each task. Then the operators look at the specific job and look for ways to cut down time."

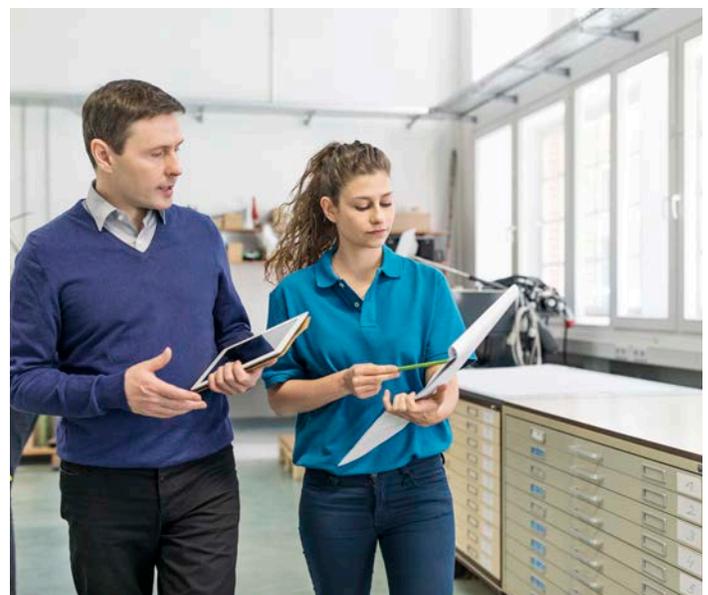
SUMMARY

It doesn't matter if you are a new or a seasoned manager, anyone who learns that the parent company has been approached and is considering outsourcing, is in a precarious situation. Besides the obvious threat, all too often by the time you learn about it, it's already too late to start gathering and reporting measurements. You need to have this information available before you need it. Most often the threats focus on cost, best practices, or turnaround time. In other words in their sales pitch they claim, "your prices are too high, this is not your core competency, and we can do this faster".

One of the best ways to defend the in-plant from threats is to have measurements and benchmarks that prove your prices are competitive, your productivity is "as good as, if

not better" than most companies, and your customers are thrilled with your service. The measurements should be actionable and comparable to benchmark against similar organizations. Once you find measurements that are meaningful and comparable, the information should be kept up-to-date, gathered automatically and reported in a fashion that is easy to understand.

Maintaining a battle book of information or processes to generate that data helps you avoid precarious threats, because nothing is more powerful than numbers that show how you compare and how you are continuously improving.



ABOUT THE AUTHOR



Howie Fenton

For nearly three decades Howie Fenton has been a consultant and trusted advisor to commercial and in-plant printers. He analyses and identifies opportunities for improvement and recommends equipment, best practices, and workflow automation tools to streamline operations. To learn more about measuring performance, benchmarking, and increasing value, email: howie@howiefentonconsulting.com.

This analysis was commissioned by Canon Solutions America and NAPCO Media to help printers better understand how today's technology can optimize their production and how they can benefit by adopting these solutions.

Canon Solutions America, Inc., a Canon U.S.A. Company, provides enterprise, production print and large format solutions, supported by exceptional professional service offerings. www.csa.canon.com.

Canon

CANON SOLUTIONS AMERICA

For more information, call or visit
1-800-815-4000 CSA.CANON.COM