

# Building Your Business Without a Capital Equipment Purchase

While new investments are often a necessity, growing a business can sometimes be a matter of reevaluating operations and optimizing resources.

There are any number of reasons why commercial print businesses may be in the market for a new piece of digital equipment. Simply walk the halls of a trade show (or explore the virtual offerings until everyone can walk those halls again) to see hundreds, if not thousands, of printers kicking the tires of the latest and greatest printing equipment. Maybe their business has enjoyed considerable success and they need to meet growing demand. Perhaps they feel their business can expand into an adjacent market and needs a new machine and new solutions to be a viable contender. It could be that their current setup has simply come to the end of its life.

However, a capital equipment purchase is not necessarily a prerequisite for business expansion, and with the continuing troubling effects of a pandemic, many commercial printers may be thinking twice about a new investment in the current climate. Thankfully, there are a number of ways to go about optimizing a print shop and exploring new revenue streams that don't involve the purchase of a new press.

## Proactive vs. Reactive

In fact, there are some opportunities that involve no expenditure at all. Mike Philie, industry consultant at The Philie Group, notes that a proactive — as opposed to reactive — mindset is key to business development, and argues that if businesses are waiting for slow periods to call potential new customers, it's already too late. "The goal is to not have slow periods," Philie says. "Business development needs to be proactive, and carried out in a manner that's scalable, repeatable, and works for you and your business. Our industry is often plagued with focusing on business development only when we're slow."

Philie advises that this proactive approach to business development is more important than ever in the face of COVID-19, as well as changing trends. "We may need to unlearn what has worked in the past, because let's face it, in the past 10 to 15 years our existing customers have been growing rapidly and we had all the growth we needed with the relationships that we already had, or that we earned through referrals, for example. We didn't need to do a lot of the business development that we need to do ▶



**By Karis Copp,**  
Industry Author

# FEATURE

**When thriving commercial printing company Tepel Brothers Printing was acquired by The Vomela Companies, it was clear that its legacy systems were not adequate for supporting continued growth.**

Courtesy of Tepel Brothers Printing.

today,” he continues. “To the companies that are growing with existing customers, or have all the referrals they need, congratulations, great job! But, those that don’t, ask yourself, what are you going to do now?”

Steve Anzalone, president, Anzalone Advisors LLC, echoes the belief that a change of mindset or a fresh approach to leadership can make a significant difference to a commercial printer’s bottom line. Anzalone explains that often when clients reach out for his help with an operational challenge, he finds that challenge to actually be a symptom of a human issue.

Anzalone explains, “Even if somebody hires me and says, ‘I have a workflow problem,’ the first day all I do is interview the key stakeholders in the business, such as the owners and the leadership team, in order to



establish what the culture is, what the engagement is, and how they perceive this supposed problem I’ve been hired to help them fix.

“I’ll find that I’ve been hired because there’s a spoilage problem for example, but the real problem is hiring, onboarding, lack of training, lack of standard operating procedures, and those are the reasons that they’re

having spoilage problems. Companies often have all the tools they need to operate more efficiently; they just haven’t utilized them to their fullest.”

Addressing the issue of underutilized equipment and under-optimized workflow is one of the leading opportunities to enhance performance and build a business without making a significant equipment investment, ▶

**The EFI Midmarket Print Suite provides Elk Grove Graphics with the efficiencies and productivity needed in a full range of functions, including estimating, scheduling, and shop-floor data collection.**

Courtesy of Elk Grove Graphics.



## Addressing the issue of underutilized equipment and under-optimized workflow is one of the leading opportunities

to enhance performance and build a business without making a significant equipment investment.

and it's a fairly common weakness in commercial printing businesses. "I see very frequently a lack of full utilization of MIS or ERP systems," Anzalone says. "They already own it, but they haven't fully implemented it."

"I see this a lot with automation — businesses own an MIS or automation tools and they just haven't put them all together. Quite frankly, they could get over the finish line with minimal investment, maybe with a programmer or an outside consultant to help them finish it, or maybe they just have to commit the internal resources and carve out time — they just need to get it done."

Smart print shops have used COVID-related downtime to review optimization, automation, and integration within their businesses. In analysis of the COVID-19 Print Business Indicators Research survey<sup>1</sup> from NAPCO Research and PRINTING United Alliance, Andy Paparozzi, Chief Economist, PRINTING United Alliance, states, "Print providers that take action to automate workflow, reduce bottlenecks, minimize steps and touches, eliminate processes that no longer add value, and better manage inventory management will be in the best position to weather turbulent business conditions that lie ahead." Research from global management consulting firm McKinsey<sup>2</sup> suggests that businesses that move quickly during times of crisis can maintain a lead over competitors that can last years. If there were ever a perfect time to review and optimize performance, it is certainly right now.

**Tepel Brothers Printing and Elk Grove Graphics are both now reporting many operational benefits and greater financial health.**

Courtesy of Tepel Brothers Printing.

### Maximizing Resources

The productivity boost that the right software solution, properly implemented and utilized, provides to a commercial printing shop cannot be understated. When key performance indicators (KPIs) are overseen correctly, performance data is properly tracked, print workflows are integrated and optimized from end-to-end, and manual touchpoints are reduced, increased operational efficiency won't be far behind. Commercial printing group The Vomela Companies have enjoyed growth in revenue thanks to the installation of the EFI Midmarket Print Suite, with the EFI Pace MIS/ERP software at its core, complemented by Process Shipper, Pace Connect, the Pace API Toolkit and a Universal Importer utility. (See the full case

study on the next page.) Following two recent business acquisitions, Vomela was in need of an overarching solution that complemented its evolving requirements.

Dennis Alexander, VP of The Vomela Companies, says, "Both companies operated with legacy systems that couldn't keep up with our growth. The businesses had become more diverse. We needed to do more fulfillment, and as we grew our revenues in the automotive, financial markets, and educational sectors, our managers and our clients both needed more from our systems. The Suite is great for all segments of our business; I have two facilities that focus on direct mail, UV capabilities, and light packaging, and the system is flexible enough to handle it all." ▶



## CASE STUDY

## The Vomela Companies Grow Revenues with EFI Midmarket Print Suite

Asset acquisition is an established and proven strategy for expanding market share or venturing into new segments. The Vomela Companies comprise a dozen independently branded companies. The company has raised that strategy to a new level of success over the last two decades, having acquired nearly 20 operations. “We are in constant acquisition mode,” says Dennis Alexander, VP of The Vomela Companies.

A go-to-market strategy based on multiple brands may foster a sense of continuity and familiarity among customers, but even the most complementary brands need to function in an integrated manner if they are to realize the necessary efficiencies and productivity required for financial success.

It is a situation Vomela understands well. Two recent acquisitions, Elk Grove Graphics in Illinois and Tepel Brothers Printing in Michigan — a pair of thriving commercial printing businesses that also offer variable-data digital printing, light packaging, direct mail, and UV printing — were operating with legacy systems that no longer supported the evolving and growing businesses.

“Both companies operated with legacy systems that couldn’t keep up with our growth,” Alexander says. “The businesses had become more diverse. We needed to do more fulfillment, and as we grew our revenues in the automotive, financial markets, and educational sectors, our managers and our clients both needed more from our systems.”

Internally, managers were missing key performance indicator (KPI) information and performance tracking data; clients wanted more access to data as well. “They wanted to see visual of products, receive inventory reports, get faster information, and electronically transmit orders and invoices,” Alexander says.

### Keeping up with Growth and Generating the Right Data

Vomela found the answer in the EFI Midmarket Print Suite with the EFI Pace MIS/ERP software at its core, complemented by Process Shipper, Pace Connect, the Pace API Toolkit, and a Universal Importer utility.

Installed almost concurrently at the two locations in mid-2019, the Suite is designed to deliver scalable, integrated end-to-end print workflows that optimize resources, eliminate manual touchpoints, reduce waste, and grow the bottom line. Vomela’s Suite includes a full range of functions, including estimating, scheduling, job costing, shop floor data collection, customer relationship management, and business reporting.

“What I like about the Suite is that it’s great for all the segments of our business. The system is flexible enough to handle it all,” Alexander explains.

In fact, the company’s Pace-based workflow is about to handle other applications at the company. Based on results from the first two installations, Vomela will soon be adding the Suite to seven other locations in Minnesota, Michigan, California, North Carolina, and Washington, D.C., over the next two years.

“We’re bringing Pace to other Vomela companies, and we’re bringing it into wide-format applications. The system has

the diversity to handle the wide variety of print and signage graphics that we provide,” Alexander says.

### Growing Revenue and Production Without Adding Staff

Almost a year after installations were completed, Vomela execs not only have the KPIs they were looking for, but the two locations report many other operational benefits and, more importantly, greater financial health, as the business has grown 7-8% operating with the same number of staff.

“We’ve done 20% more estimates with the same staff. We process orders more quickly. Pace has a robust sales and manufacturing module, and the browser-based functionality allows the staff to access the system and to work remotely,” Alexander says.

Operational efficiencies came from the Suite’s open architecture system, which ensures that from the front to the back of the shops, everyone has access to the system and is on the same page. According to Alexander, all relevant information and specs travel with the job so staff do not have to go back and fill in details that may have been missing from previous steps.

“We also saw some wonderful economies of scale with Process Shipper,” he also points out. “We’re able to ship thousands of orders much more efficiently because of the system and its ability to upload distribution lists, process them, and generate tracking information that we can send to our clients. That’s a big win for us.”

On the client side, Alexander reported that Vomela now has the access and transparency company executives had been asking for. They can see visuals of print jobs, receive inventory reports, and electronically track orders and invoices. Pace makes it easier to manage customer relationships and enables more connections with them.

Alexander and Vomela have a strong, long-term relationship, and several Vomela plants have operated legacy EFI ERP systems. The company has also installed multiple EFI VUTEk large-format printers over the past 15 years, and Vomela relies on the printers — and the EFI Fiery digital front ends (DFEs) that drive them — to deliver high-impact display graphics on a wide range of media. As the company expands its Midmarket Suite to additional locations over the next two years, the relationship will certainly continue. And, the company will have even greater opportunities for streamlined automation with the seamless integration between the Fiery DFEs and the Midmarket Print Suite.

The strength of the relationship between Vomela and EFI is reflected in what Vomela has been able to achieve in greater efficiency, better data management as a platform for overall improved performance fitting for Vomela’s world-class, diverse print offering.

“We have been able to achieve the benefits of Pace that EFI promised,” Alexander says. “We met our expectations. The best word I can use to describe EFI is that they have been a great partner not only during good times, but also during tough times when we had problems to solve.”

He continues, “We grew the business 7-8%, mostly from running a more efficient operation. We’re doing more with the same number of people, and as the system made us more efficient, we didn’t have to reduce our head count but grew the business without having to add more people. We are able to estimate faster; we’ve done 20% more estimates with the same staff. We process orders more quickly. Pace has a robust sales and manufacturing module, and the browser-based functionality allows the staff to access the system and to work remotely.”

## New and Existing Customer Outreach

When business is optimized and in tip-top shape, commercial printers may look to new pastures in order to add to their customer base. Before the pandemic, a diverse offering was an

important element of a robust business, but now, in the COVID-19 era, it’s all but essential. Some verticals have seen significantly more devastation, and serving a broad range of markets can provide a bulwark against orders drying up. So how does a commercial print shop get started with exploring new markets? According to Philie, step one would be to do their research and ask themselves the important questions.

“First answer the question, how does this market use print to drive their business? What’s the mechanism?” he says. “Say it’s a trade association, depending upon your capabilities, you need to determine if you should go after the ones that have membership levels of five to 10,000 people, or 500,000 to a million people, because there’s a big difference in the kind of print that they’re going to use, as well as the volumes, and how

competitive you’ll be.”

Philie also points out that just because it’s an unfamiliar area, there is no reason why commercial printers can’t draw on previous experience to demonstrate their capabilities, adding, “If it’s a new vertical, how can they leverage some of what they do with their existing customers? There needs to be some kind of connection there, because that’s how they will have case studies to share, they will have stories to tell about how they solve problems that are similar to ones businesses in this new vertical may be experiencing.”

Anzalone encourages commercial printers to ensure they have exhausted all opportunities close to home, noting that often, existing clients don’t know what their printers offer. “One of the things that we all kind of know is that the best source of new business is from our existing customers,” he says. “Start by asking your customers, ‘What services do we not provide that will help you meet your business goals?’ One of them is going to say, ‘It would be great if you did wide-format,’ and you will say, ‘I’ve been doing wide-format for five years — we’ve sent you many promotional pieces about it!’ Your clients sometimes don’t know what you do.

“Additionally, if you’re not doing something and you have 20 or 30 clients telling you, ‘I really wish you did XYZ, because I’m sending it to another printer and they just don’t do as good of a job as you do,’ then you can start to really quantify what that means, how much business that is, what the commitment is, and look at whether it’s time to get into that area.”

The importance of outreach to an existing customer base is reiterated by Philie, who advises commercial printers to ask, “Where are the gaps? What are we selling Customer A, and what percentage of their business do we think we have within offset print, digital print, fulfillment, mailing or portals, [or] apparel? Where there are gaps, those are opportunities to go back to your existing customers and say, ‘We seem to do a lot of your offset and digital work, but I see that we don’t do any fulfillment, and I know you do fulfillment to share with your customers and your sales

**The Vomela Companies now have access and transparency into Elk Grove Graphics’ operations, including visuals of print jobs.**

Courtesy of Elk Grove Graphics.



organizations. Were you aware that we had those capabilities?”

Despite this exploration of ways to grow commercial print business without a capital equipment investment, the trade shows teeming with printers looking for their next press aren't going anywhere (current pandemic circumstances notwithstanding). There are occasions, following a rigorous assessment of processes and operational capabilities, when the best course of action may be to make that purchase. Anzalone surmises, “Sometimes businesses are just out of capacity; if you're growing, you're running almost around the clock, and you're turning away business or you're failing to meet customer expectations or requirements, then I think you have to examine what the next step is sometimes.

“Say you were running two or three 25-year-old presses and you're not running in a highly automated, high-speed way because you've got old, non-automated equipment, then

maybe it does make sense to make that investment. There are times when equipment is just at the end of its life. A press is a big investment, so that's where you get into the math of, can you justify the business case of replacing that piece of equipment. In some cases, you can and in some cases you can't.”

Increased efficiency has the same effect on the bottom line as revenue growth, but the advantage is that when coupled with revenue growth, this compounds profits. It's a much more potent formula than simply selling more products. Whichever new path to profits commercial printers choose to take, the first step remains the same: a thorough assessment of the numbers and a rigorous evaluation of operations, equipment, and workflow.

“It's not going to be the same prescription for all companies, everybody's different,” Philie concludes. “I'm extremely encouraged by the people that I speak to — they realize

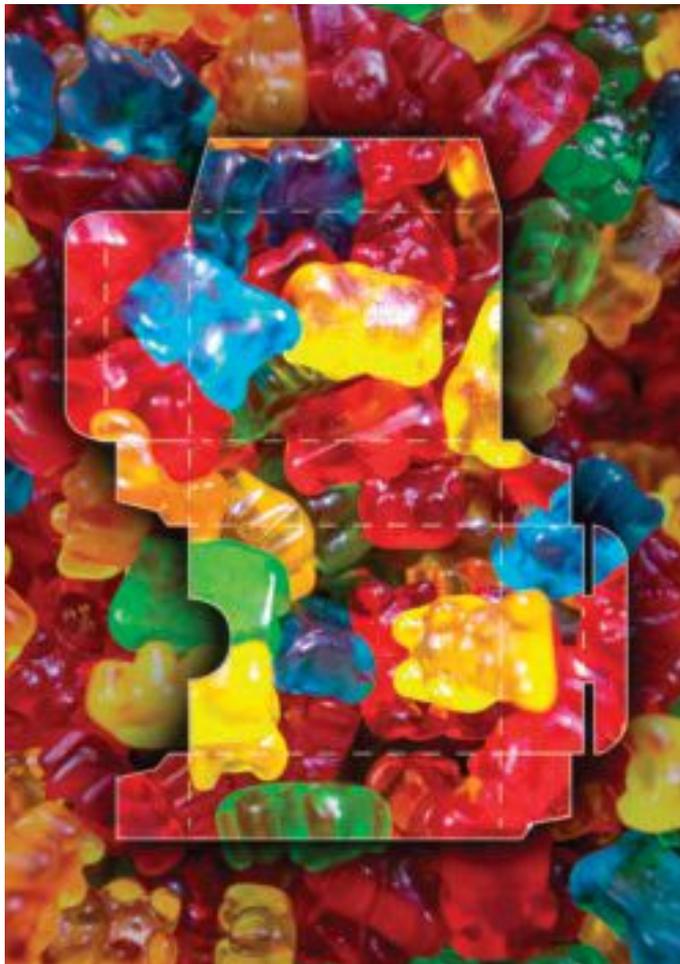
they just need to do things differently. The obstacle sometimes is in our heads. If we get out of our own way and let ourselves do it, then I think we can. The starting point is just deciding that you want to change.” ■

#### References

<sup>1</sup> piworld.com/post/a-first-step-toward-recovery/; sgia.org/resources/research

<sup>2</sup> mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/bubbles-pop-downturns-stop

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