



## Recommended Resources from Critical Trends Report: Commercial Printing

Throughout the year, SGIA publishes research reports focused on getting to the heart of what's driving the printing industry, segment by segment. In the coming year, those reports will feature "Best in Business Intelligence," guidance from the most accomplished, respected sources on how to turn what's happening and what's ahead in printing into an opportunity for success. Consider these next few resources, published in "Critical Trends Report: Commercial Printing," recommended reading.

### **"Creating Competitive Advantage,"** by Jaynie L. Smith

*Published by Crown Business*

Creating a competitive advantage is key to sustained profitability, because while there's plenty of opportunity in our industry, low barriers to entry ensure competition will be intense. That's why no one grows for long solely because of the hot new technology or market: If it really is

hot, competitors will soon pour over those low barriers.

So, when it comes to your competitive advantage, the question isn't, "Should we have one?" — any company would benefit from an advantage that keeps clients in and the competition out — but "How do we identify and develop it?"

Bestselling author and international consultant Jaynie Smith argues that features such as speed, quality, reliability, solutions and service are "so overused that they have become meaningless." Sure, they're important. But if everyone claims to offer them, how can they be a competitive advantage?

Instead, get specific. "Dazzle with details," Smith says. Show clients exactly how they benefit from partnering with your company. How much money have you saved them? How much time? How much have you increased their website traffic? The more precisely you answer, the better. Never assume clients already know.

*Enduringly successful companies see transformational change as an opportunity to regularly increase their relevance to clients and prospects.*



By Andrew D. Pappozzi, Chief Economist, SGIA

## Be specific when talking about your competitive advantage.

Instead of saying	Say this
"We're reliable."	"We have a 98% on-time delivery rate!"
"We provide excellent customer service."	"80% of our clients would recommend us to a colleague, and 40% of our business comes from customer referrals."
"We solve problems."	"Last year, we saved one client over \$25,000 and increased the return on another client's direct mail campaign by 15%"

Identify shadow effects — i.e., what's most important to clients. For an airline, the shadow effect would be on-time arrival. Figure out what your client's shadow effect is and make it priority number one, because if you don't achieve it, you'll lose customers. And once you've found it, give voice to how you achieve it.

Clients may not care how you print something, but they will care that it's done right and looks good. So, says Smith, "They will care if you run each job through a 10-point checklist to ensure quality."

Once you've developed statements about your competitive advantage, be relentless in communicating them to all staff, because every employee sells your business in some way, every day.

Be relentless, too, in communicating competitive advantage to clients and prospects. Incorporate it in all promotional material, including the company website. Lead with competitive advantage and shadow effects — tell them "why us" instead of "who we are."

Smith emphasizes that building competitive advantage is ever-changing — clients change, the competition catches up. We never have it nailed down. Consequently, we should regularly ask:

- What is our competitive advantage?
- How do we know? On what are we basing our answer?
- When did we last revise our competitive advantage to reflect changes in clients, prospects and the competition?
- What will be our next competitive advantage?

Smith's advice: Answer that last question while things are still going well.

### "Leading Change," by John Kotter Published by Harvard Business Review

Another critical effort is getting make-or-break change right. Printing companies are going in new directions. That means big changes in how we do things and big

resistance from employees who prefer the old ways. How do we make change happen?

In "Leading Change," John Kotter presents an eight-step process for getting from where we are to where we need to go.

#### **Create urgency/minimize complacency.**

Lay out the opportunities the new direction presents and explain why business as usual won't capture those opportunities. Assure employees that you'll do your best to minimize the discomfort of the transition, but discomfort will not stop you from moving ahead.

**Create a guiding coalition.** This is a group of personnel who are committed to and prepared to advocate for the transformation. In addition to senior leaders, the coalition should include staff from across the company whom peers trust, respect and believe can affect change.

**Create a vision.** State clearly where the transition will take the company, why it's necessary, the sacrifices that will be required and the return expected for making those sacrifices. Keep it realistic, challenging and brief — no more than 100 words and five minutes to explain. The payoff to creating an effective vision will come in execution, when instead of "a zillion detailed directives or endless meetings," employees figure out what to do by asking, "Is this in line with the vision?"

**Communicate the vision.** Kotter writes, "People will not make sacrifices, even if they are unhappy with the status quo, unless they think the potential benefits of change are attractive and unless they really believe that a transformation is possible. Without credible communications, and a lot of it, employees' hearts and minds are never captured." Be prepared to answer these questions:

- Why now?
- What alternatives were considered? Why was this option selected?
- What does it mean to me, my department and the company?
- What sacrifices will I have to make?
- What's the potential return to those sacrifices?

- Is the vision realistic? Can we pull it off?
- How will progress be measured?

#### **Empower employees to execute the vision.**

Obstacles include silos, regulations and practices that "are the product of history instead of the current reality," and systems incompatible with the vision — e.g., an information management system that doesn't capture the data necessary to measure the initiative's progress. They also include command-and-control supervisors who do not encourage (or actively discourage) employee initiative and "blockers" at all levels who resist any change. Speak candidly to such personnel about the industry, the company, the vision, what you need from them and the time frame in which you need it. Conclude by asking, "What can we do to help you help us?" If they still don't respond, they have to go.

**Generate short-term wins.** "Real transformation takes time," Kotter notes. "Complex efforts to change strategies or restructure businesses risk losing momentum if there are no short-term [six- to 18-month] goals to meet and celebrate." Short-term wins are most effective when visible to all staff and clearly related to the transformation. They are so important that you should build them into your transformation plan.

#### **Don't declare victory too early.**

Maintain the urgency. Short-term wins must be recognized as steps toward the final victory of realizing the vision, not final victory itself. Misreading them as final victory invites complacency.

#### **Embed change in corporate culture.**

The vision is now part of your culture. It's what you do and who you are. The transformation is complete.

Kotter warns that ignoring corporate culture comes at your own peril. "If shared values are the product of many years of experience in a firm, years of a different kind of experience are often needed to create cultural change. And that is why

cultural change comes at the end of a transformation, not the beginning.”

Two critical distinctions overlay Kotter’s program. First, while we can manage routine, incremental change, we must lead transformational change: “Management is not leadership,” he says. “Management makes systems work. It helps you do what you know how to do. Leadership builds systems or transforms old ones. It takes you into territory that is new and less well-known, or even completely unknown, to you. This point has huge implications in an ever-faster-moving world.”

Second, most companies consider transformational change only when things aren’t working. Enduringly successful companies, however, see it as an opportunity to regularly increase their relevance to clients and prospects. Like finding that next competitive advantage, it’s part of a continuous improvement process, not a turnaround process.

### “The Big Lie of Strategic Planning,” by Roger L. Martin

Published by Harvard Business  
Review ([hbr.org](http://hbr.org))

In the Harvard Business Review article “The Big Lie of Strategic Planning,” author Roger L. Martin offers these compelling insights:

**The big lie is that strategy begins with department-by-department revenue projections, cost projections and resource requirements.** They support strategy but are not strategy. Rather, strategy begins with an organization-wide focus on the customer and, specifically, on answering two questions: “Which customers and markets are we targeting?” (i.e., “Where do we want to play?”) and “How are we going to win?” (i.e., “How will we deliver consistently superior value to our targets?”)

**Strategy should be top-down, not bottom-up.** Rather than aggregate the plans of individual departments, which are usually projections of what they’ve been doing all along, require departments to develop plans and budgets based on where the company wants to play and how we’re going to win.

**Customers control revenue.** Martin emphasizes that in planning we often act as if we have as much control over revenue as we do over costs: “Companies may fool themselves into thinking that revenue is under their control, but ... it is neither knowable nor controllable.”

**Core competencies support strategy, but are not strategy.** Martin is blunt: “Capabilities themselves don’t compel a

customer to buy.” The build-it-and-they-will-come approach is rarely successful.

**Don’t use uncertainty as an excuse to minimize the value of strategic planning.** Sure, there are a lot of unknowns. And it’s much easier to follow the choices that appear to be succeeding for others. The problem is, following competitors’ choices will never produce a sustainable competitive advantage.

In “Critical Trends Report: Commercial Printing,” you’ll find more on these and equally important topics, including building employee engagement, measuring client satisfaction and creating a superior customer experience. Pick one and get started! The report is available on [SGIA.org](http://SGIA.org).

*Andrew D. Pappozzi joined SGIA as Chief Economist in 2018. He analyzes and reports on economic, technological, social and demographic trends that will define the printing industry’s future. His most important responsibility, however, is being an observer of the industry by listening to the issues and concerns of company owners, executives and managers. Previously, he worked 31 years at the National Association for Printing Leadership. He has also taught mathematics, statistics and economics at various colleges. Andrew holds a Bachelor’s degree in economics from Boston College and a Master’s degree in economics — with concentrations in econometrics and public finance — from Columbia University.*

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