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LIFECYCLE MANAGEMENT: A NEW PROFIT CENTER FOR PRESSROOMS

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First in a series from the manroland, Inc.
Print Technology Center

Printers everywhere are being squeezed by the economy in general, by intensified competition (often for fewer jobs) and related issues. One way that a number of them cut costs — while also adding to growth and profits — is by partnering with their vendor for press lifecycle services. New data confirms that an interactive relationship of this type pays significant dividends, not merely in reduced maintenance costs and press downtime savings, but as an income-producing, money-making tool.

Real-world, real-time pressroom details and hard numbers including production increases upwards of 17%, document Service ROI in this White Paper. Here you will also find actionable steps that can make it work in any shop, starting now.

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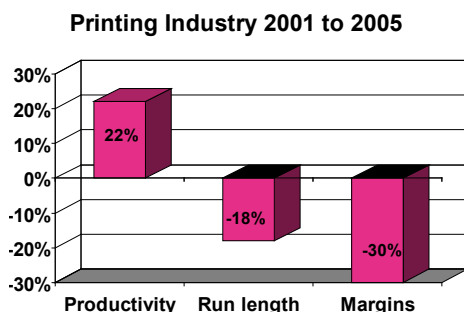
It's the largest single investment in your shop,

... the printing press that you rely on for your daily bread.

Yet, ongoing preventive-maintenance service contracts that businesses routinely seek for office copiers and which are commonplace with prepress equipment, are routinely shunned by many print operations when it comes to their presses.

Meanwhile, across the industry, demands for more productivity from presses coupled with shorter press runs continually increase the intensity of day-in, day-out (*see chart below*) pressroom activity in most shops and, consequently, also increase the likelihood of "unexpected" downtime.

Printing Industry Trends*



Printers today demand (and get) more productivity from presses, even as run lengths grow shorter (requiring more-frequent wash-ups, plate changes, stock replacement ...) and profit margins shrink, significantly. All of which calls for more "Service ROI."

* Figures from, 2001 to 2005

The Crisis Scenario: Friday afternoon, 4:10 p.m.

Maybe you have a new customer's job on-press, or a must-make deadline looming. Whatever the job, whatever the hour, whatever the day, it always happens at the worst possible time. And the subsequent phone conversation goes something like this:

"Help — my equipment is down and we have a big job on press."

"No problem; we'll have someone there Monday."

"Big problem: that's not soon enough. This is urgent ..."

"Hmmm ... can get someone there tonight, or Saturday."

Before this plays out, parts and service, logistics — all will be needed. Probably overtime will be paid. The situation could easily be aggravated by weather delays, the non-immediate availability of a replacement part, or other items.

Thanks to multiple efforts, the repair is made. Crisis over. Life goes on. But how much did it cost, really? Not just parts and repair service; but in output lost and money not made as a result? Not to mention strained customer relationships.

To top it off, in an actual case like this, a vendor technician at the printer's facility for another reason three months earlier, had noticed something worn, loose or otherwise suspect and brought it to their attention. His service suggestion reached a production manager, but then was lost in the distractions of daily business.

Fact is, the Friday Crisis could have been averted entirely, had this required maintenance been completed on a scheduled event.

Breaking the costly 'break-fix' habit.

While breakdowns seem to happen at the worst possible time, right now is the best possible time to find a better way to work — to make the most of what you already have. After all, that press is the heart of your business; when it suffers "a heart attack," all other parts of your operation suffer, too.

Start with a check-up: It costs nothing to check your records, to put a few numbers on paper and answer three questions regarding "unexpected" breakdowns:

- How often?
- How severe?
- How long?

It's a simple first step that also gives you a benchmark against which to measure future progress. Chances are, you'll be amazed — even dismayed — at what you see.

Next, the obvious question: What can you do differently that will pay you back far more than you may shell out in the process?

Forward-thinking printers are taking a broader as well as more in-depth look at "service." And when that look leads to vendor partnering, payback can come quickly, consistently and in substantial amounts.

Spend less — make more: there's never been a better time for Service ROI.

Simply stated, Service ROI results from a proactive rather than a reactive approach to service and, more than that, relevant real-world collaboration with your press vendor.

Even your own comprehensive service programs and skilled, experienced pressroom personnel can benefit from added perspective and capabilities that partnering with your manufacturer brings into your shop. How much will you benefit? That's where measurable Service ROI comes in.

Of course, every print operation, every press, every job is unique. *All things are relative*, however; so we have used percentages to illustrate various levels and changes that result from Reactive vs. Proactive vendor-partnered services.

So whatever your own specific numbers are, at whatever level you may be, all that really matters is the difference vendor service partnering can make in your shop. (see "Reactive Service Costs vs. Proactive Partnering" graph below)

'Service' defined: Press, People, Process.

Today's sophisticated presses do a lot more for you, often creating the illusion that they can "take care of themselves." On the contrary, this expands the need for more broadly based print services, as well as the depth and extent of services provided.

Consequently, "service" has evolved into The New Technology in our industry, covering a broad spectrum of items and issues. The elaborate mechanics and

computer-driven systems of the press itself, press-specific operator know-how and the job-to-job print process all interrelate and impact output volume, quality and waste — not to mention machine up-time (or the lack thereof).

The best vendor service programs are themselves "engineered" and customized for each operation's unique needs, typically covering the following areas on a continuing basis.

- Productivity: optimizing press performance
- Training: on-site or at vendor site
- Machine maintenance: planned, preventive

Advanced, remote service is a crucial support component from any manufacturer; this level of service today is paramount, and often overlooked in the initial equipment purchase.

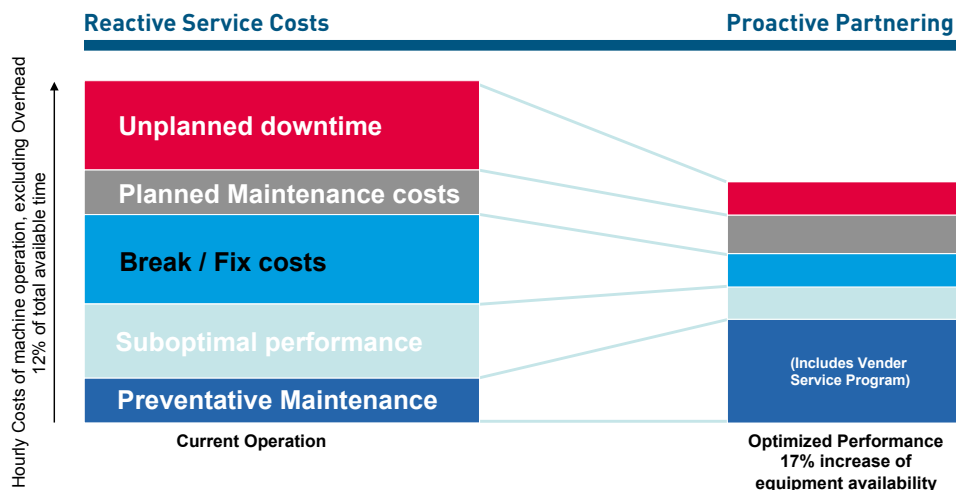
System upgrades: a critical service component.

System upgrades with retrofit options are also a valuable part of the best vendor service partnerships. Upgrades not only can revitalize and turbo-charge a machine's productivity, but also could open the door to new market segments for your business.

No printer today can afford to bypass new opportunities in an evolving marketplace because a "stale machine" is unable to evolve with them. To remain competitive, a services program that includes such upgrades needs to be a key consideration in the initial purchase process.

A prerequisite for this, of course, is to partner with a world class press

Reactive Service Costs vs. Proactive Partnering



Costs per hour come from several unique and varied print operations. Relative Reactive-to-Proactive percentage results, however, are quite consistent.

Service ROI adds up fast, as proactive, predictive, preventive maintenance results in lower costs and/or higher output in every other area — far beyond actual outlay for Partner services.

provider whose equipment can readily accommodate marketplace door-opening upgrades, having this capability designed-in from the start.

The Technology of Maintenance.

When someone says “service,” this is typically first commoditized as “everyone provides service.” In today’s environment your service provider must be able to map out a machine-specific maintenance program involving regular inspections, planned service events and an actual performance plan targeted at improving all aspects of performance – people, press, and process.

This provides checkpoints and benchmarks for both partners, to help keep everything on-track and to ensure a high degree of availability throughout the machine’s life cycle. And when really unforeseen issues do arise, they can be accurately assessed, addressed and resolved more quickly, effectively and efficiently – and also with a lot less stress, as both partners have full visibility into the equipment history and performance.

The ultimate result of having this plan in place, from a “press perspective,” is

increased productivity. For your overall print operation, however, it provides something of even greater value:

It frees up time and energy to focus on overall business growth, product reviews, new market segments and related opportunities — opportunities that, especially in today’s economy, you can’t afford to lose.

Too much service? Too little? A happy medium.

(see “Press Life Cycle” graph below, for example) Although it’s best to “err on the high side,” there is such a thing as over-servicing. When and how you reach that point will vary for each machine in any operation.

That’s the idea of “Demand-oriented Maintenance” — the way we lay out for customers the relative costs and impact of too little and too much, along with a Service-Partner planned program. We can develop specific figures for each scenario, and the differences are predictable:

- On one hand, minimal proactive maintenance costs little, short-term. But you’re at maximum risk for costly crises, with high repair expense and high costs, overall.

- Over-servicing your machine likewise can occur when no real-time maintenance program is in-place. It’s simply inefficient. While the resulting repair costs may be minimal, your maintenance costs, per se, and overall costs will be higher than they need to be.

Not surprisingly, regular, planned maintenance balanced with production demands delivers the lowest operating cost with highest operating efficiency. And the relative under-over-balanced plan differences can be significant.

The Technology of Training: more than just a “new guy” thing.

As advanced as many of today’s presses may be with automated systems, we do remain the Graphic “Arts” industry, not the Graphic “Sciences.” But all too often, training is considered to be for “the new guy, for a couple of days,” or — even worse — new operators are expected to learn by osmosis: absorbing machine information, and habits (good or bad) on the job.

While on-the-job (OTJ) training may seem to be saving money, potential for machine damage ranges from 10 to 15 times greater than if management invests in structured and disciplined, manufacturer-supplied programs from the equipment vendor. A good service provider can set up a cost-effective, multifaceted training program that will pay its way in less than a month.

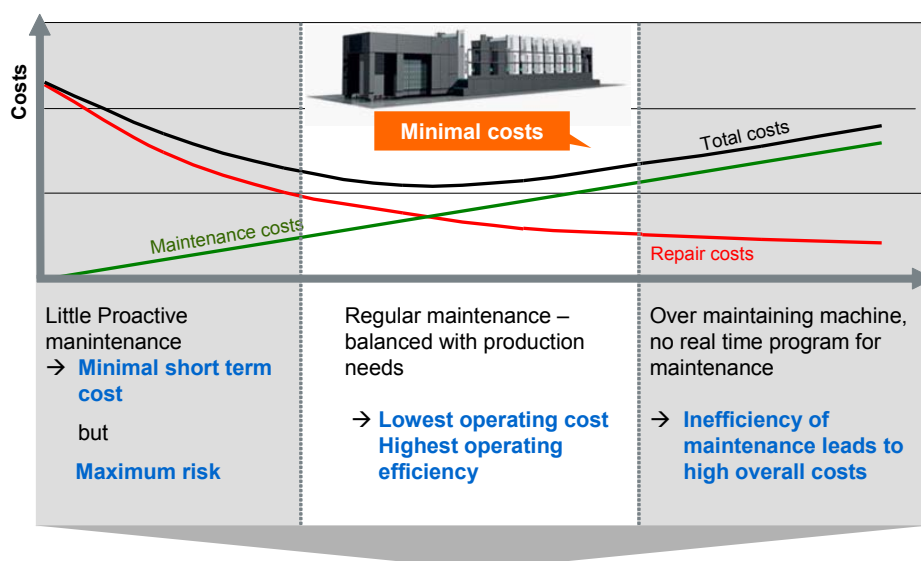
Note “multifaceted”: A proper program should include:

- New operator training
- Production performance
- Maintenance

Learning not only what the latest features are, but when and how to use them most effectively, boosts output without jeopardizing reliability. And maintenance insights ultimately ensure higher productive levels, daily.

It’s also a simple truth that each of us retains only a portion of what we hear, see or are “taught” at any given time.

Press Life Cycle:



Demand-oriented maintenance tailored to customer needs minimizes costs.

Several people in the same press training class will actually absorb, say, 80% - 75% - 65% and 60%, respectively.

It's also no secret that over several years' time, operator turnover takes its toll. In the example above, maybe the top two operators are no longer around. Which means that those who learned the least during that initial training, are now the best you have.

Furthermore, if you're practicing OTJ training, the next "new guys" may be learning and retaining only 60% of 60% — a mere 36% of the actual know-how that could be imparted by real press vendor specialists!

Boosting production by 17%.

Still another fact of pressroom life is that any operator can get in a rut — maybe running at half-throttle, so to speak, because that's the usual speed, it prints well enough, jobs get out with only nominal overtime and "if it ain't broke, don't fix it."

That's why planned follow-up training, usually on-site or on-line, can (a) improve the "retention percentages" of all operators, (b) add to and upgrade know-how & techniques that boost operational efficiencies and (c) alert all parties to critical maintenance issues that may be glossed over in the job-to-job press of business.

As noted earlier, a multifaceted program such as this can pay its way in a matter of weeks.

Recently, for example, we implemented a month-long effort for a sizeable packaging operation. By the time we had finished our training programs, which also incorporated a bit of performance optimizing on the machine, production was up by 17%.

Fact is, your smart, skilled people will always learn more: specific things to check, potential problem-signs to look for, ways to tweak performance. It's kind of like a good jockey knowing his horse — when to keep a tight rein, and when to

give that thoroughbred his head.

Vendor advantage: 'Outside eyes' can see what 'inside eyes' can't.

Many of our customers can attest to the validity of the above statement. Even in ongoing service partnerships, where we're intimately acquainted with a customer's operation, our not being there day-in and day-out enables us to instantly spot things that are virtually invisible to on-site personnel.

Sometimes just sitting on a skid of paper, watching and taking notes as people work can reveal, for example, how much time is lost waiting for stock, or plates, or materials. (Often this is "buried" in overall makeready, and goes unnoticed.)

All of this ultimately protects your press investment and, more than that, helps you squeeze more out of it — more productive time, more jobs, more income & profits.

Optimizing productivity.

(see "Increased Press Utilization" graph below left) In one shop recently, we were quickly able to help cut their waste by 50%, a huge savings. But in many cases, it's a little something here and a little something there that add up to surprising amounts in relatively little time. Consider, for example:

- 50 more wasted sheets per startup
- 500 fewer impressions per hour
- 10 – 15 extra minutes per makeready

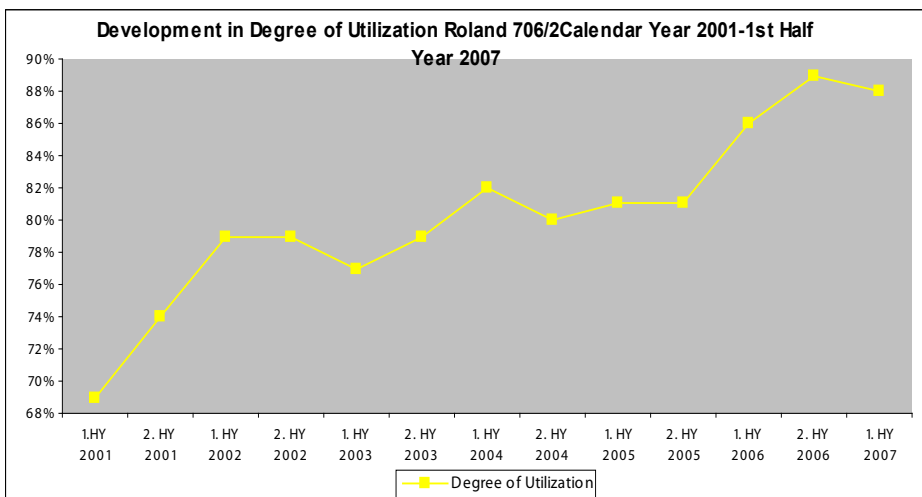
Count the startups, count the hours, count the makereadies. Do the math.

What about your run speeds? If you typically run 10,000 sheets per hour, chances are, service partnering could soon move you up to 12,000. Or 15,000.

That's a lot more sheets on the floor at the end of the day. What would it mean to your operation at the end of the month? At the end of a year?

In short, you will find that well done vendor service partnering generates predictable outcomes and sustained

Increased Press Utilization*



Simple math: After languishing for years at about 80% or as low as the upper 60s, this printer began vendor service partnering in 2006, and the degree of press utilization quickly jumped to 86% and higher. More jobs run, more jobs done. More sheets on the floor, day after day.

What's your current percentage? Whether it's 65% on critical color jobs or 88% on standardized repeat work, chances are vendor service partnering can improve it. And 5% more press-output time (or 7% or 8%) could keep you from having to turn away work.

* Figures from a ROLAND 706 press.

performance — and real-world, bottom-line numbers that speak loud and clear.

Invest \$20,000, get back \$70,000.

For instance, after analyzing the needs of one shop recently, our multifaceted performance program added up to an initial \$20,000 investment to cover all aspects of the production stream.

At first viewing, the push-back was the investment cost. But then, when compared to the probable payback — \$70,000 (or more) by the end of the year, a Service ROI of 350% — who could or would turn away from such an opportunity to improve?

The Best of the Best keep the bottom line strong.

In most shops, like the case just cited, Vendor Service Partnering likely leads to rapid, significant improvement from where they are today.

For those who invest in such a program from Day One, however, payback comes from operating at the highest possible level throughout the lifecycle of their press.

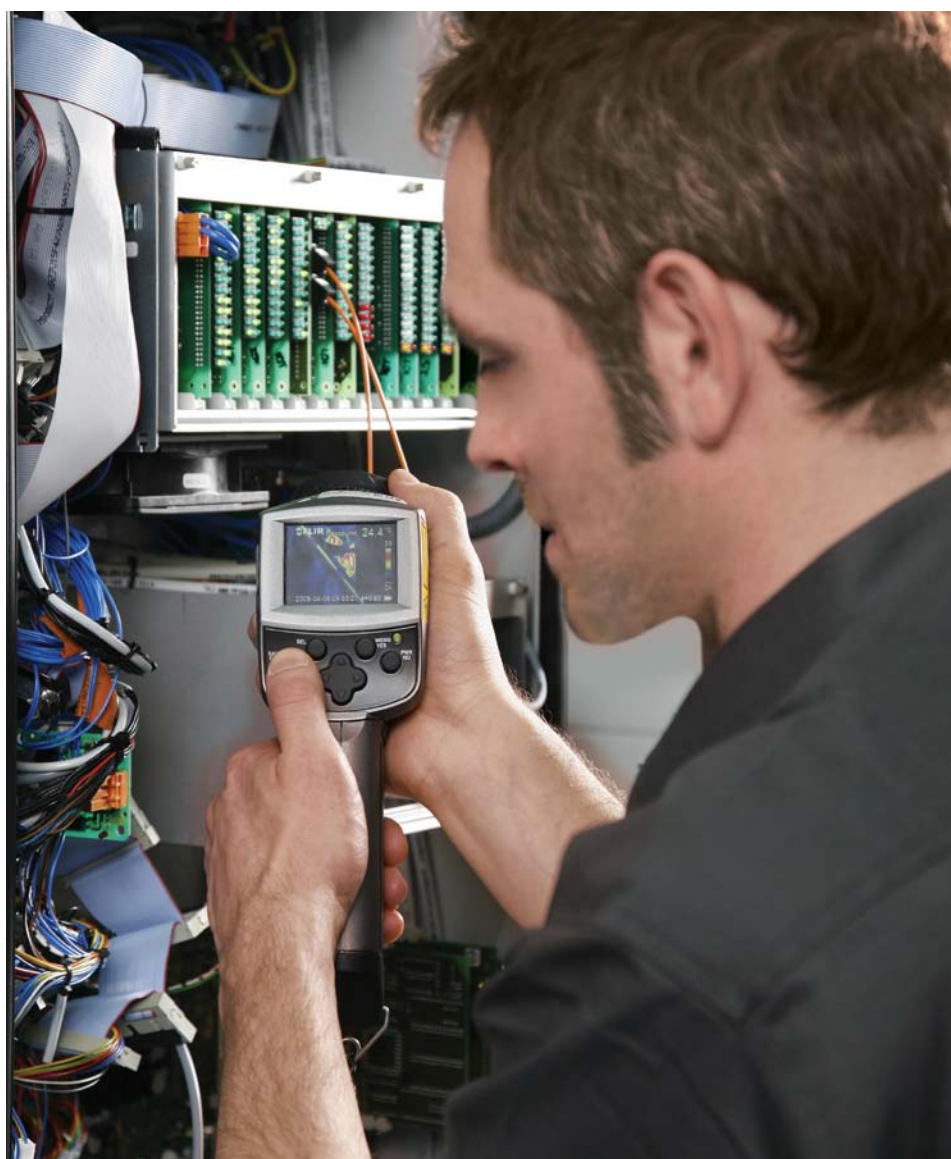
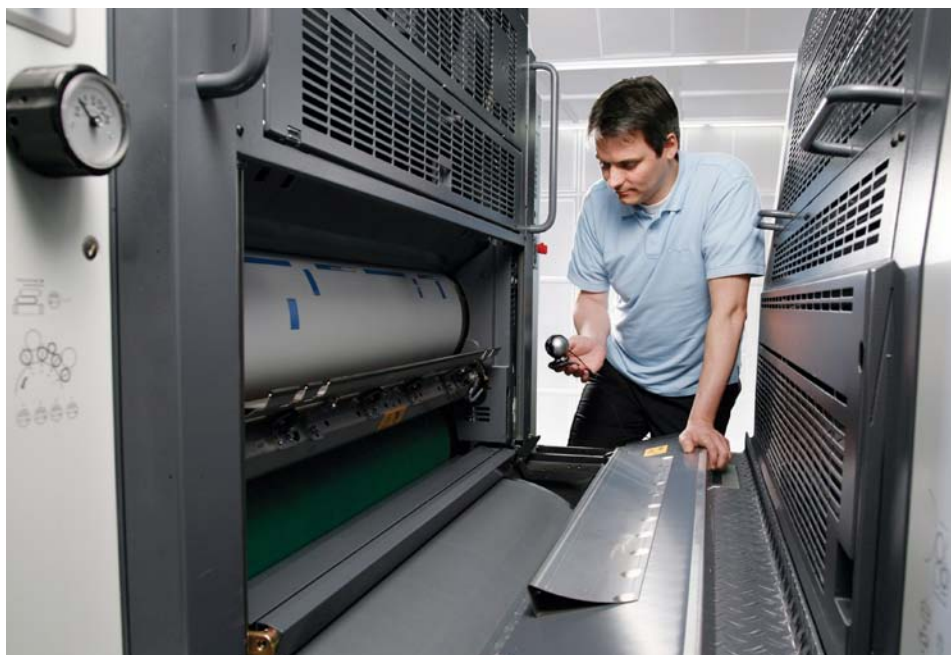
Take the case of a customer who started service-partnering with us about five years ago. We're interacting, sharing information; updating, upgrading; tweaking performance. They run 200 sheet lengths and they're making money and people wonder why.

Simply put: They operate at a very high level of efficiency, and our approach to Service Technology helps keep them there.

What are you waiting for?

Regardless of the level at which you feel you're operating now, it costs nothing to take a close look at partnering with your vendor for ongoing service to determine specific payback potential and to move toward Service ROI for your shop.

And there's never been a better time to do it.



The Print Technology Center



Located at manroland U.S. headquarters in Westmont, Illinois, the Print Technology Center serves as a focal point for addressing customer-specific as well as printing industry issues.

At any given time, a combination of press owners and operators, industry experts, manroland engineers, field sales and technical specialists may be exchanging viewpoints along with data and information, while advancing new ideas and practical recommendations for meeting both current and perceived future challenges.

On-site manroland presses may be used to test and/or verify concepts and suggestions. The Center also functions as a demo site, frequented by prospective and current manroland customers.

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