Competitive Advantage

Through Customer Service Excellence

In Depth Reasearch Report and Case Studies

PrintYorkshire
FOR BUYERS AND SELLERS OF PRINT

YORKSHIRE FORWARD

Yorkshire
Alive with Opportunity!

VISION IN PRINT

Contents

Introduction and Objectives

In 2000, a DTI backed Competitiveness Study for the UK Printing Industry was published. Amongst its recommendations was the need to improve customer service standards and focus on added value services to reduce competitive dependence on print as a commodity product.

Both PrintYorkshire and Vision in Print wish to encourage customer service best practice to be adopted more widely in the UK printing industry in general and amongst Yorkshire and Humberside Printers in particular.

Accordingly the two organisations have collaborated to conduct a survey to assess current customer service practice amongst printers in Yorkshire and Humberside and to identify best practice to promote.

As a by-product of collecting data from a variety of printing organisations the study has been able to benchmark participating companies. The study has also been able to identify different printing sectors and compare them.

Key Findings

1. The study identified seven distinct print sectors to compare, and each has its own Customer Service Excellence Profile
2. There is evidence of a relationship between company size and profitability
3. There is a direct correlation between Customer Service scores and Profitability in every print sector
4. There is strong evidence to show that higher scores in Understanding Client Requirements in all its guises lead to better utilisation and thereby profitability
5. Understanding Client Requirements, Building Relationships and Client Transaction Technology Infrastructure are the three key Customer Services attributes used by the industry to win market share and achieve a better level of profitability
6. Companies with demanding clients have better Customer Service scores

Summary of Findings

1. The study identified seven distinct print sectors to compare and each has its own Customer Service Excellence Profile.

For each identified print sector the study gives the sample size, the geographical sales coverage, the turnover range, the average sector Customer Service score (average sector score out of 410, see appendix P.79 for list of Customer Service Attributes measured and why) and a profile of the sector.

The graph below (Figure 1) compares the average print sector scores for each Customer Service Excellence characteristic. What the report details is the different priorities and levels of intensity each sector gives to each Customer Service attribute. In the Print Sector Profiles section there is detailed explanation of what each sector concentrates on and what the successful players do to distinguish themselves.

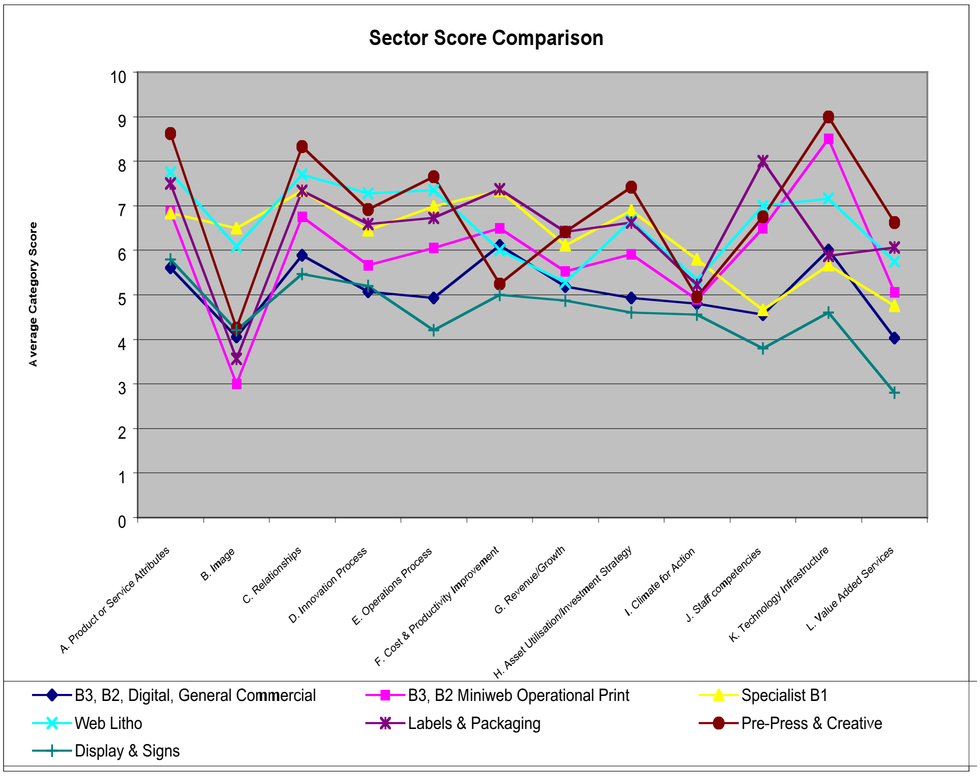

Figure 1

Figure 1 shows that each sector has a similar pattern of activity focus but that the intensity and extent of attention to each Customer Service attribute can have wide variations.

2. There is evidence of a relationship between company size and profitability

The Graph below (Figure 2) compares size and profitability. There are clusters both in terms of size and in terms of profitability. The first is in the small companies ranging from a turnover of £250K to £1m where the 66% have PBT (Profit Before Tax) between 5% and 10%. The second significant cluster is the group with a turnover of approximately £3m to approximately £10m where 83% have PBT over 7.5% and 60% greater than PBT 12%.

Interestingly the sample shows only two companies with a turnover between £10m and £30m and there is a significant drop off in profitability. The sample size in this sector is small but seems to support anecdotal evidence that transitioning from small/medium company to large is difficult to do. For those that do manage to increase in size, to the £30m mark, the profitability is above average. The research will show the larger companies are highly concentrated into specialist markets, the poorer performers in the large company cluster only specialising over recent years or very recently.

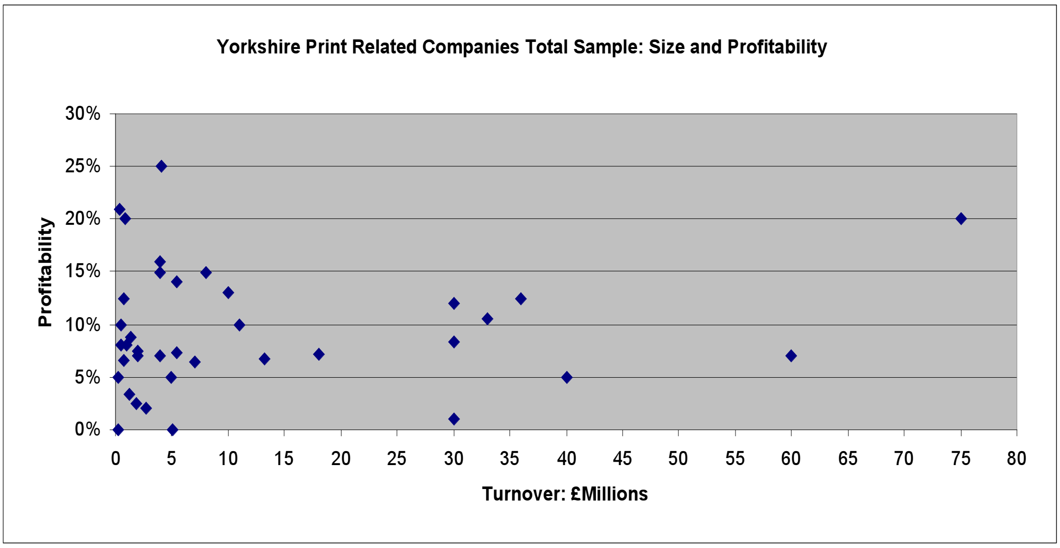

Figure: 2

3. There is a direct correlation between Customer Service Scores and Profitability in every print sector

The results of the survey gave the opportunity to see if there was a strong relationship between levels of customer service and profitability. The scatter plot graph below (Figure 3) charts the total sample.

In Figure 3 there is a general trend upward as Customer Service Performance increases, but not a decisive enough pattern to be confident that Customer Service actually delivers profitability. With 15 companies with scores of profitability between 5% and 10% and those same companies with Customer Service Scores ranging from 133 to 340 another way of looking at the data is required to understand what is going on.

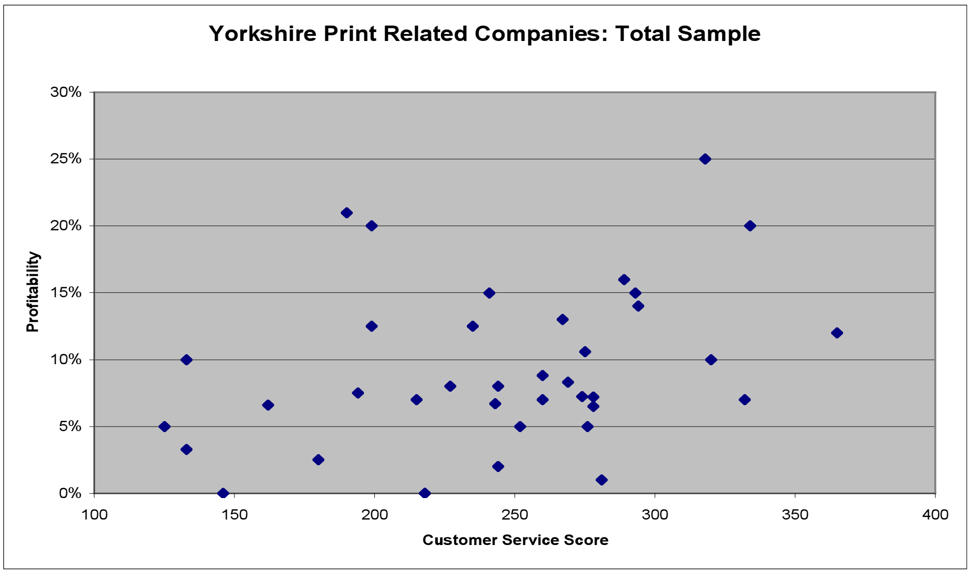

Figure 3

Once the sample is broken into Print Sectors the relationship between profitability customer service scores becomes more clearly marked. Each Print Sector Profile in the report has its own graph on Scores and Profitability and there you can see, sector by sector, clearly pronounced correlations between the two.

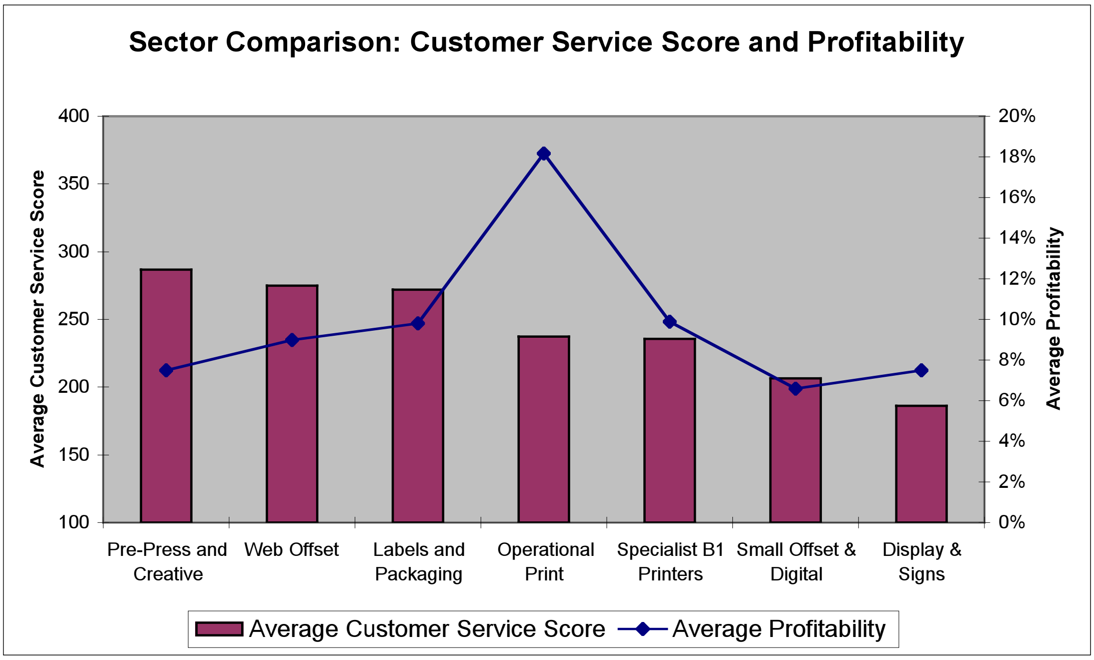

Figure 4

The Block Graph above (Figure 4) shows the average sector scores and the line shows the average sector profitability. You would think, looking at this graph, that, with two exceptions, the more you pay attention to Customer Service Excellence the less money you make!! Think again. This graph starts to illustrate the different competitive dynamics of each market sector. The scores shown are the required levels of customer service to achieve the profit scores. In other words the Pre-Press market players have to work that much harder at customer services, for less return than, say, Operational Print. The section profiling each of the sectors goes into more detail in this regard.

4. There is strong evidence to show that higher scores in Understanding Client Requirements in all its guises lead to better utilisation and thereby profitability

The three top performing sectors in Customer Services: Pre Press, Web and Labels/Packaging sectors also have the best equipment utilisation figures (see Best Practice section H). The study asked contributors to say how they chose new equipment and how they made decisions about re investment. The top performers consistently talk of close relations with the customers and the customers' markets and solid questioning on likely take up of new capacity, new products or services before making an investment. The Best Practice sections on Understanding Client Requirements, Investment Planning, Asset Utilisation and Value Added Services detail how the best performers do this.

5. Understanding Client Requirements, Building Relationships and Client Transaction Technology Infrastructure are the three key Customer Services attributes used by the industry to win market share and achieve a better level of profitability

These three Customer Service attributes are the most used tools to try and achieve either better growth or improved profitability or both. The interesting thing is that the level of intensity of activity in each print sector varies a good deal. Some sectors need to concentrate on some Customer Service skills more than others in order to succeed and the report details how these characteristics vary for each Print Sector. The Print Sector Profiles also identify what the best-in-class company is doing in particular to get to the top in terms of Customer Service and so profitability and growth. The introduction to the Best Practice section on page 25 (Figures 19, 20 and 21) also illustrates how different blends of Customer Service excellence enable companies to outperform their peers.

6. Companies with demanding clients have better Customer Service scores

In both the Print Sector Profile and Best Practice sections the results are littered with examples of companies responding, often reactively, to client demands in order to keep hold of market share. Those that excel are the ones that recognise the need to respond well to requests from the client on any particular matter, but also go further and add to the requests by "Adding Value" in some other way. The Sector Profiles illustrate the sectors with the most demanding clients and discuss the depth and intimacy of relationships and how this intimacy drives excellence, added value, growth and profitability. The best practice section picks up the greater detail of how each sector goes about satisfying these demanding clients and maintaining strong growing and profitable relationships.

How to Use this Report

1. **Size and Profitability**: In order to compare yourself to the whole sample, take your turnover and profitability (Profit Before Tax) and plot your position on Figure 2. Are you above or below normal profitability for your size?

2. **Print Sector Profiles**: Use this section to identify which sector you fit into. It may be that you think you fit more than one sector. If that is the case compare the findings from each and see what the differences are.

3. **Identifying Customer Service attributes that drive success in your sector**: Read carefully the Print Sector Profile you have identified as being closest to your own company profile and note the top three Average Customer Service Scores (all individual attribute average scores are out of a total of 10), e.g. B1 Specialist (page 14 and 15) itemise the top three customer service scores for the group as:

1.	Cost and Productivity Improvement	7.3
2.	Building Relationships,	6.0
3.	Operational Process Control and Asset Utilisation	6.08

   Then for each one go to the relevant section in Best Practice to see what this entails. For Cost and Productivity Improvement Best practice look at the index and go to Best Practice Section - Page 51 Section F. This will give you some idea of what others in your sector are actually doing to succeed.

4. **Compare yourself with the best in your sector:** Each Print Sector also has a list of three of the other Customer Service attributes the highest scoring and most profitable companies are doing to differentiate themselves from the competition, make themselves indispensable to their customers and improve their profitability. Identify this list and read carefully the sections in Best Practice.

5. **Learning from other sectors**: Different sectors of the industry concentrate their efforts in different ways. By looking at what other do it may trigger some ideas as to how you can benefit from taking a leaf out of someone else's book!

Remember that there are no irrelevant customer service attributes dealt with in this report. All the Customer Service attributes are used by some, if not all, to excel in one way or another in their chosen sectors.

Print Sector Profiles

Profiles of the Printing Sectors

There were seven separate printing sectors that emerged from the study and the details of these sectors are outlined below and some explanation as to why they were grouped in this way.

1. Small Format B3, B2, Digital, Commercial and General Print

Geographic Coverage
These players were all serving local markets in the main. The average percentage of local customers for the group was 75% (typically within a 20 mile radius). Some had regional/national customers and only one had more than 50% of their business outside the local area.

Sample size: 9

Turnover Range: £200K to £7m

Average Sector Score: 206/410

Profile
The make up of these printers typically included a range of supporting ancillary equipment i.e. stitching, folding, guillotining etc

From the interviews it is clear that the majority of non-design agency clients, or direct clients, were relatively unsophisticated buyers and relied heavily on the printers to guide them to the right print solution. The balance of the clients were often Design Agencies and the level of involvement the printer had in choosing the right end-client solutions was often very much diminished in these circumstances. This can be disabling and put a barrier to finding out exactly what the end-client wants. Many respondents in this group reported that they had little involvement with the client and just received a file from the agency.

The fact that the companies in this sector found almost all their clients locally was evidence that, for the client, convenience was probably the biggest choice-driver.

The graph below (Figure 5) demonstrates a clear improvement in profitability as the service levels rise. A score of 150 will typically give a company 5% return on sales. Another 100 points on the scale appears to deliver approximately 9% return.

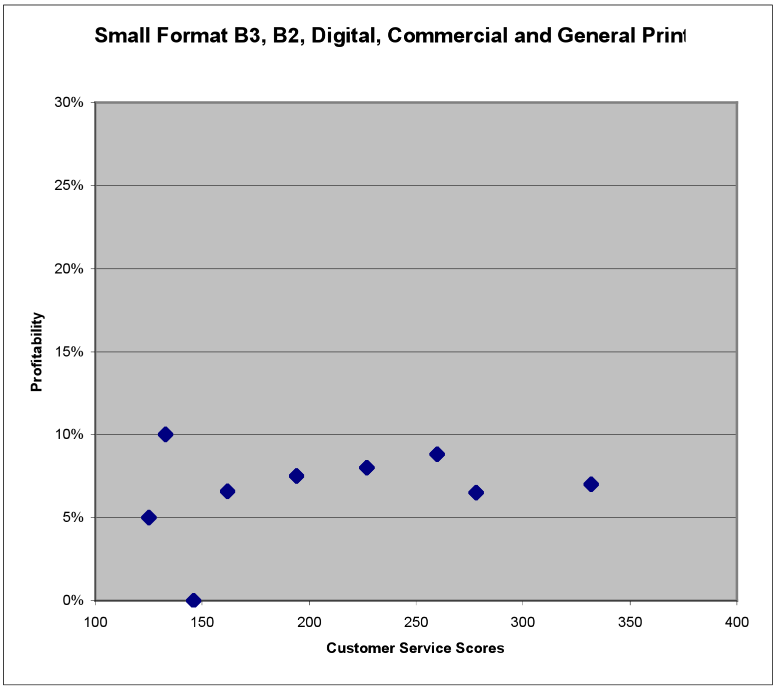

Figure 5

The Graph below (Figure 6) shows average scores by companies in this sector. Relationships, Cost/Productivity Improvement and Technology Infrastructure score the highest but none of the scores are over 6. The highest scoring and most profitable companies in this grouping have high scores in Understanding Client Requirements, the balance perform poorly and this is an area that is so important to other top scoring sectors. This sector as a whole has the lowest score of the whole sample. The overall lower scores than other sectors is because there is very little qualitative or quantitative measurement of the effect of actions, and learning is, therefore, limited or anecdotal and not backed up by data.

The top three scoring areas are:

1. Cost and Productivity Improvement 6.1
2. Transaction Technology Infrastructure 6.0
3. Building Relationships 5.9

The company with the highest blended Customer Service score and profitability score was distinguished by outperforming their peers in the following areas:

1. Understanding Client Requirements
2. Asset Utilisation and Investment Strategy
3. Operational Process Control

The combination of the above three attributes is a powerful competitive tool. Two of these, Understanding Client Requirements and Operational Process Control, build trust and reliance and the third, Asset Utilisation and Investment Strategy, enables cost efficiency.

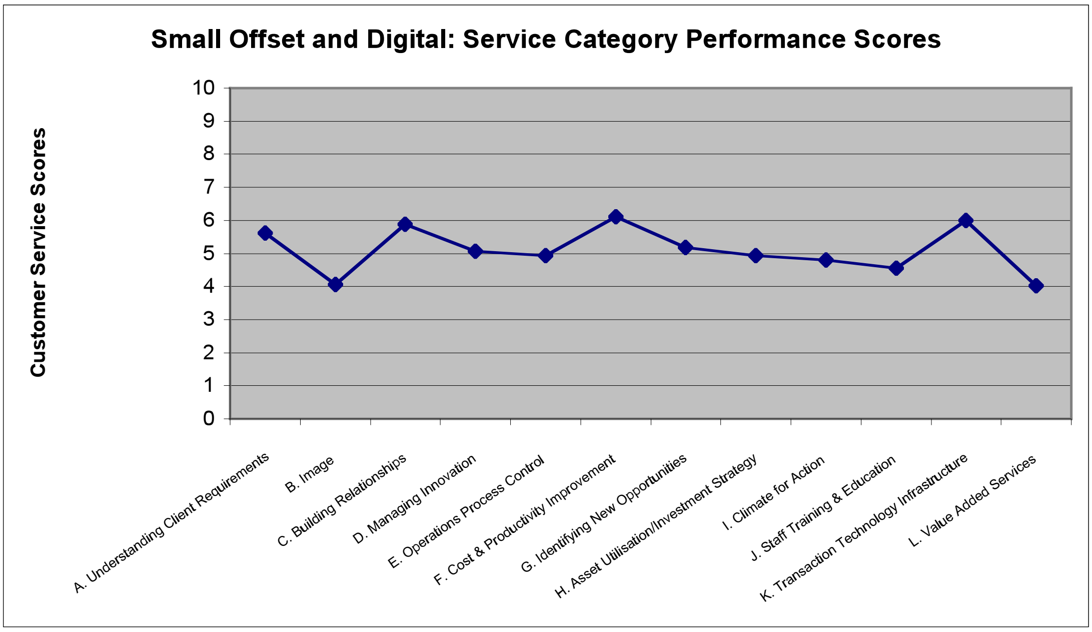

Figure 6

2. Sheetfed Litho and Miniweb: Operational Print

Geographic Coverage
There were many more national clients in this grouping - the split typically 95% national, 5% local.

Sample Size: 4

Turnover Range: £350K to £13.2m

Average Sector Score: 237/410

Profile
Operational print very specifically deals with all printed matter relating to the operational running of a business as opposed to sales and marketing material. This included some mini web capability and a heavy concentration of activity in the supporting of on-line/edi ordering, fulfilment and distribution of materials for clients. This group serves a much more sophisticated client group or a client group where operational print is a key function in the running of their businesses and its streamlined and efficient organisation is of strategic importance. The printing of the products, whilst important, is in some cases secondary to the infrastructure created to manage the ordering, storage and distribution of the products. Whilst this is a small sample, the graph below (Figure 7) shows very high levels of profitability for relatively moderate Customer Service scores. Having said that, one of the top performers, in

terms of Customer Service score, occurs in this grouping. As a sector, they also have the highest profitability.

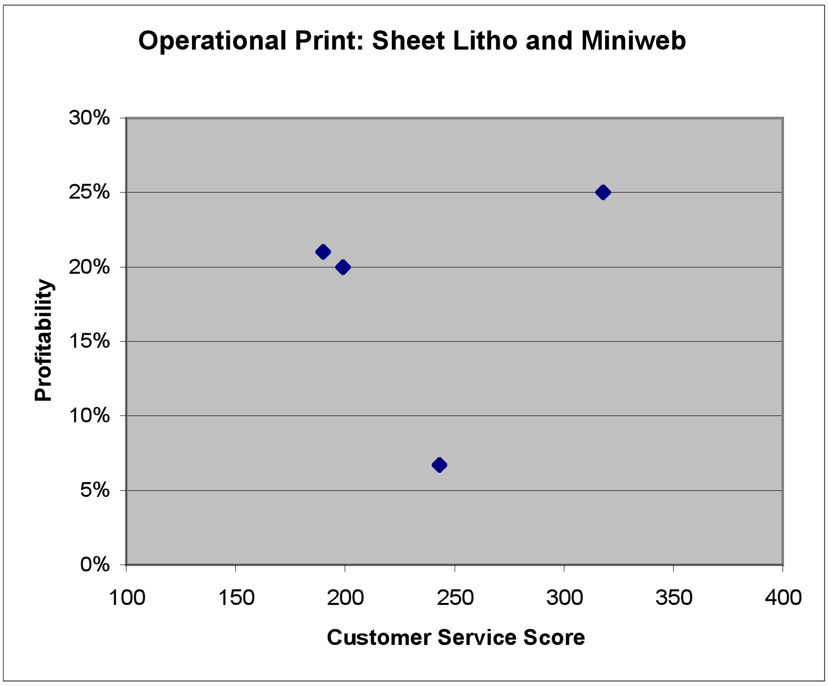

Figure 7

The graph below (Figure 8) shows how the Technology Infrastructure score peaks above all the others with a score of 8.5. This is 25% better than Small Offset, who also score relatively highly, but in the sector the convenience of smooth and untroubled electronic interaction for ordering and replenishment of regularly used printed products comes into its own. This is not marketing material, and for many companies the removal of a tedious series of routines are made much more simple by the automation of routine transactions that these companies have introduced. There are others that could learn from this automated infrastructure, but it would be remiss to think that this is all that you need.

The other important scores for this grouping are: Understanding Customer Requirements – 6.9, where scores are almost 15% better than the Small Offset group. This group of companies work much harder at examining exact client requirements and tailoring solutions to fit a need. Because these companies are dealing with the larger national companies, small changes to specification can improve cost and efficiency dramatically. Relationships – 6.75, 10% above the Small Offset group, and is all about building strength in depth and this group has a broader spread of people from their company interacting with the client.

Top Three Customer Service Scores:

1. Transaction Technology Infrastructure 8.5
2. Understanding Client Requirements 6.9
3. Building Relationships 6.75

The company with the highest blended Customer Service score and profitability score was distinguished by outperforming their peers in the following areas:

1. Operational Process Control
2. Climate for Change
3. Staff Training and Education

The above builds trust with the client and makes sure that the whole company is engaged in the customer service process, creating a belief in the clients' minds that there is strength in depth. The importance of multi level relationships is explored in Best Practice Section C.

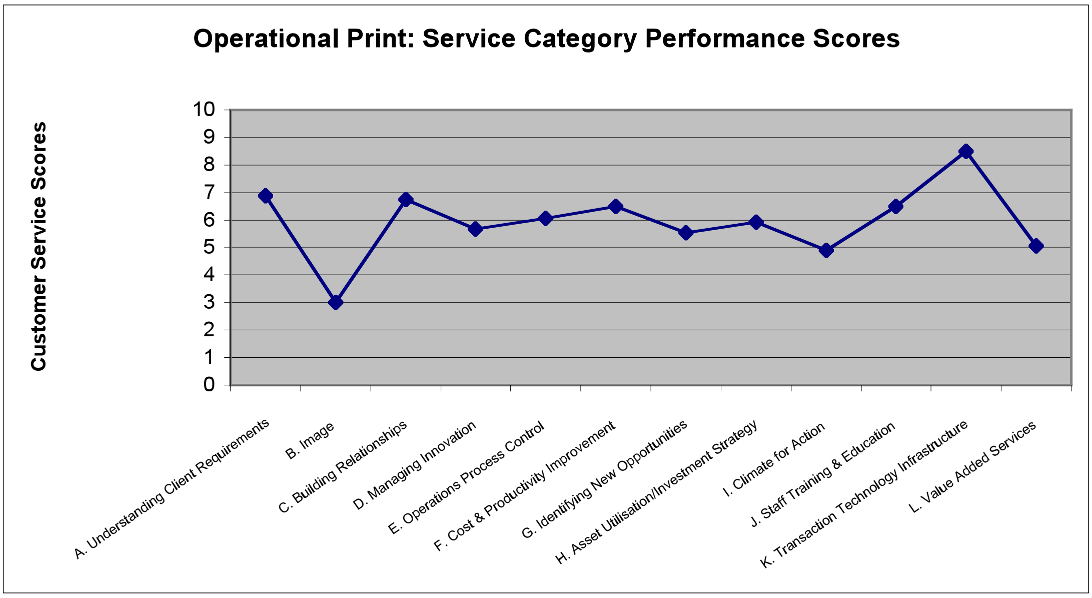

Figure 8

3. B1 Specialists

Geographic Coverage
90% National 10% Local

Sample Size: 4

Turnover Range: £1.2m to £5.5m

Average Sector Score: 235/410

Profile

This group are all producing quite different products using B1 Litho equipment. Each company concentrate almost exclusively on a very specific product, or has a specific skill set, which enables it to distinguish itself from the general competition. Each company requires very specific supporting activities directly related to the product they are producing and consequently each has a very focussed approach. This group are, therefore, all specialist players. One solely for highly technical, special finishes, extremely high quality colour and finishing requirements, where other printers are amongst their national customer base because of their reputation for taking on the "impossible" in terms of technical difficulty with materials, inks and finishes. The others are producing a specific product with the process, one largely printing on plastics another working as a specialist in Greetings Cards, the other Wet Glue Labels.

This profile does mean that process control is extremely important to them all and perfecting the total workflow is a key priority. Unnecessary and under-utilised equipment is kept to a minimum and investment is thought through extremely carefully. The players in this group tended to face demanding customers who look for quality and consistency.

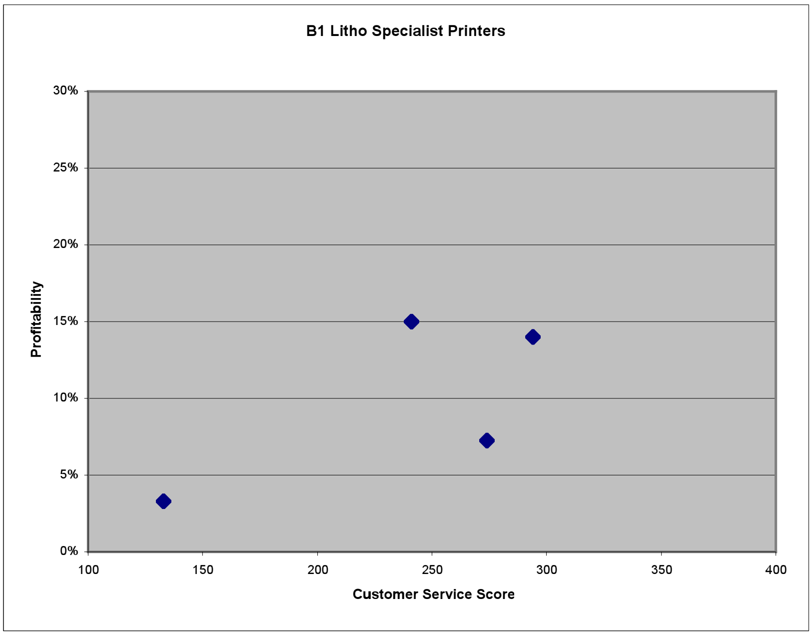

Figure 9

Top Three Customer Service Scores for this group are:

1. Cost and Productivity Improvement 7.3
2. Building Relationships, 6.0
3. Operational Process Control and Asset Utilisation 6.08

The company with the highest blended Customer Service score and profitability score was distinguished by outperforming their peers in the following areas:

1. Image
2. Managing Innovation and Developing New Opportunities
3. Value Added Services

This group needs to create a clear message about what they do and reinforce that to their customer base continuously. Making a distinction between the generalist and the specialist is as much about creating an aura of speciality as it is of process differences.

We find, therefore, that this group has much more knowledge about the product and its capabilities than the customer and they tend to drive innovation and change in order to create a differentiation strategy that, in turn, helps them pull away from the competition.

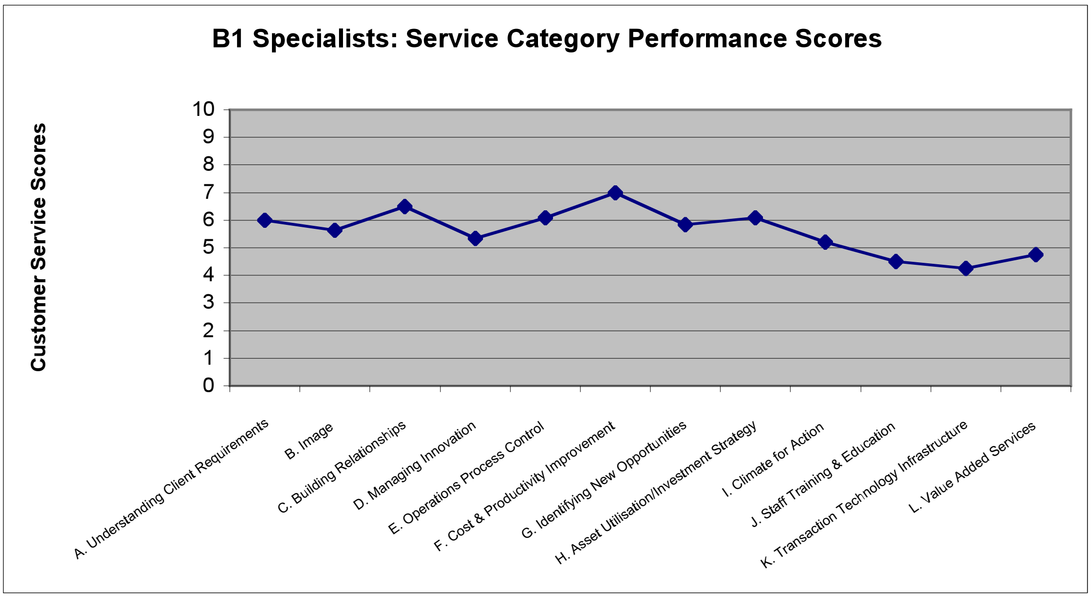

Figure 10

4. Web Offset

Geographic Coverage
This group has an International/National customer profile. The split is 78% National and 22% International.

Sample Size: 6

Turnover Range: £18m to £75m

Average Sector Score: 275/410

Profile
All these companies were serving slightly different markets by product: Magazines, Catalogues, Directories, Direct Mail, Commercial, and have been put together for aggregation purposes. Nevertheless, the data supports the decision to group these players together.

Figure 11 shows a shift right in the average Customer Service score. With an average sector score of 275 points out of 410, and the whole sample average being 238, this is clearly a more demanding environment.

The printed product is business critical for customers in this sector in a way that Small Offset commercial print and in some cases the Operational Print might not be. In most cases the client's business rests upon the printed item and its strategic importance is therefore much heightened. It is also the fact that the customers in this section are often competing with their products in very competitive environments and the financial and market performance pressure is pushed down directly onto the supplier.

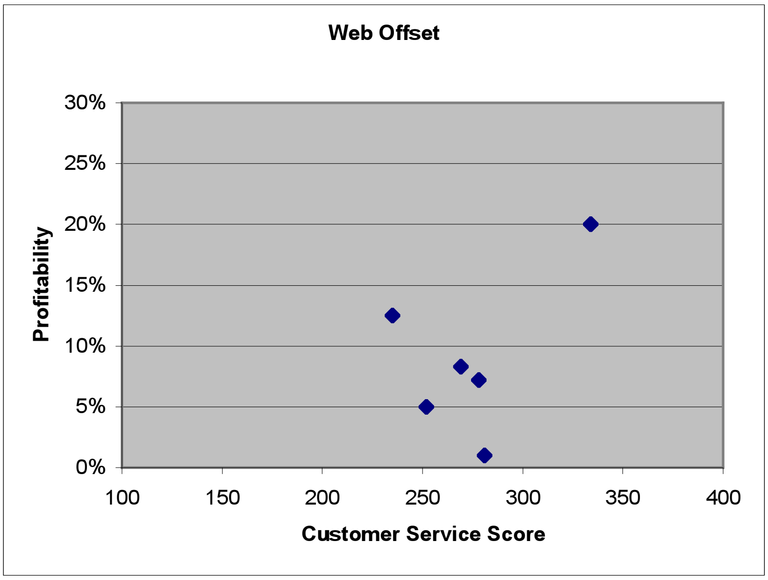

Figure 11

We may conclude that because scores are 36 points higher (+15%) than the average sector scores that the Web Offset grouping faces a more demanding clientele.

The Top Three Customer Service Scores are:

1. Understanding Client Requirements 7.75
2. Building Relationships 7.7
3. Operational Process Control 7.3

The Understanding Client Requirements score is 12% above the average and this is significant. Leading on from this naturally, and in fourth place, is Operational Innovation, and is 21% above average. The need for the client to innovate to differentiate and so stay ahead is obviously important and this whole grouping clearly responds to that.

The company with the highest blended Customer Service score and profitability score was distinguished by outperforming their peers in the following areas:

1. Image
2. Asset Utilisation and Investment Strategy
3. Value Added Services

Image appears much higher in the top performing companies. The Asset and Value Added strength reflects the need to concentrate vertically on a particular market, concentrating the asset spend and going deeper with fewer chosen market segments than spreading yourself too thinly. This also helps the Corporate Message and the Image you wish to create.

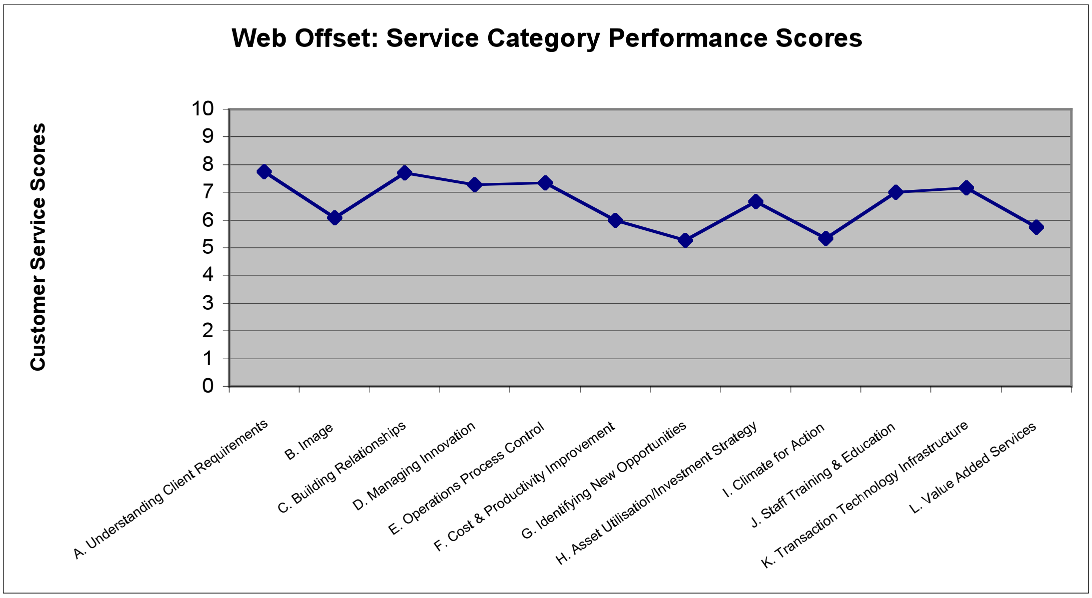

Figure 12

5. Labels and Packaging

Geographical Coverage
This sector has the largest International customer base and the split is: National 70%, International 30%.

Sample Size: 9

Turnover Range: £2.75m to £60m

Average Sector Score: 262/410

Profile
The common denominator here is largely the client type followed by the product use. The majority are serving FMCG markets and the printed product serves a practical and a promotional purpose. In the main the sector requires continuous reel-to-reel production and even when that is not the case is used on relatively sophisticated application machinery where application performance is a key requirement.

The graph below (figure 13) is one of the most powerful stories we have in this study. There is a clear correlation between Customer Service Score and Profitability, and the range of scores is from 200 to 300. The combination of decorative/information carrying ability of the product and performance on automated packing lines is a combination of skill-sets of crucial importance to the client. Clearly for those prepared to go that extra mile the rewards start to pile up quickly as we see in Figure 13. So, for every 7.5 points on the customer service score it would appear to return another 1% profit.

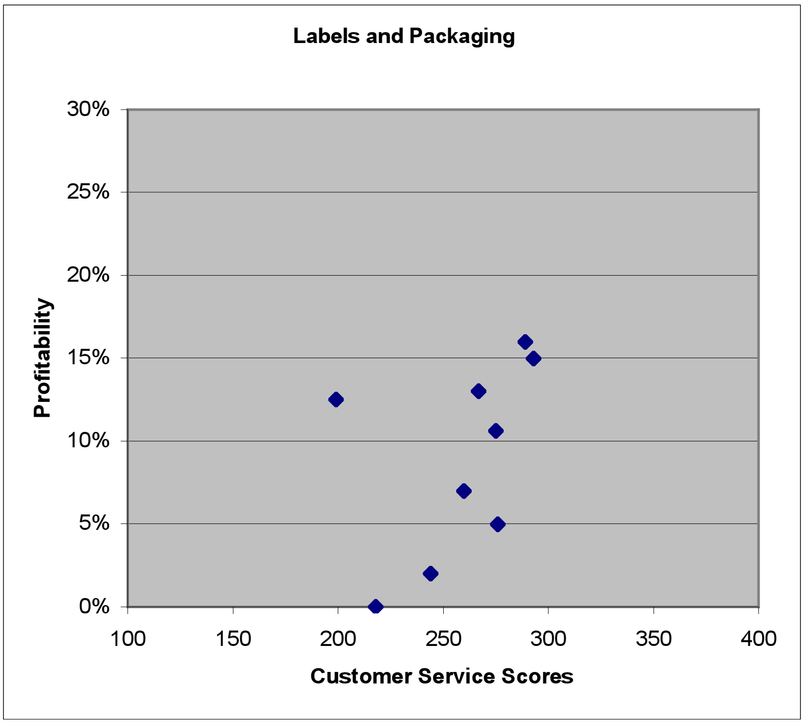

Figure13

Figure 14 shows, for the first time, Staff Training and Education out on top with a score of 8. This is a staggering 36% ahead of the average score in this customer services attribute.

Top Three Customer Service Scores:

1. Staff Training and Education 8
2. Understanding Client Requirements 7.5

3. Cost and Productivity Improvement 7.4

The issues here are clear when you talk to the companies involved. The technical requirements above purely putting ink on paper, plastic or metal are such that it takes a sizable team of people with specific expertise in order to warrant that you have the capability to deal with the clients' total requirements. The level of skills is therefore critical and it takes a long time to acquire. The investment is therefore considerable, not least because holding on to a good person is important and finding more and training them when growth occurs is very difficult.

The company with the highest blended Customer Service score and profitability score was distinguished by outperforming their peers in the following areas:

1. Image
2. Managing Innovation
3. Asset Utilisation and Investment Strategy

Cost reduction and differentiation are by-words in the FMCG market. The drive for Faster, Better, Cheaper is combating closely with New, Differentiating and Eye-catching. Understanding and interpreting this is a key quality, but more - there is a reflection here that creating a name and so building an Image for technical excellence and innovation is becoming as important as the capability.

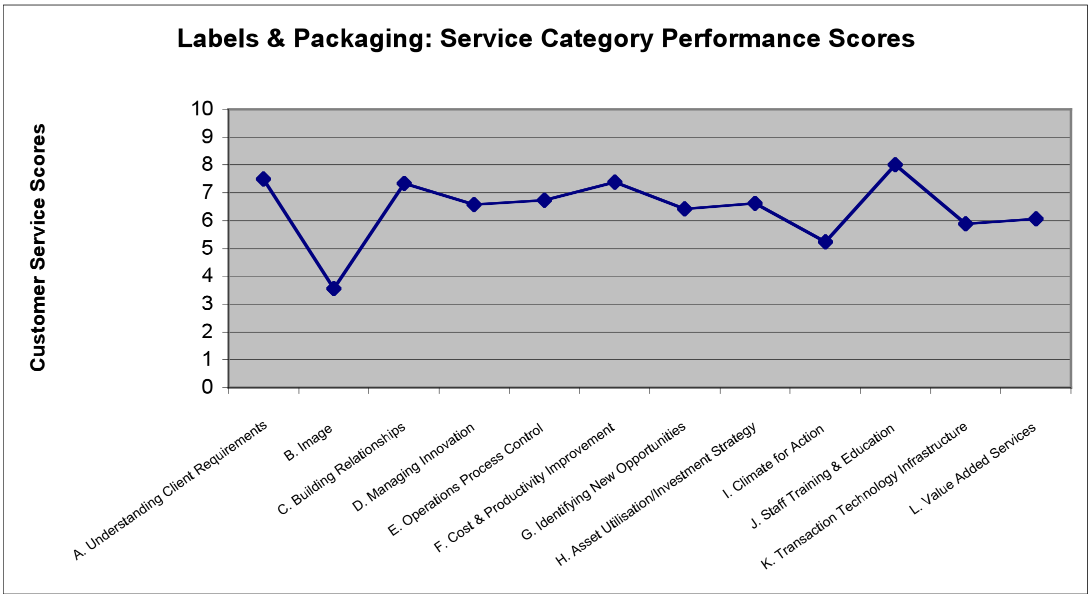

Figure 14

6. Pre-Press and Creative

Geographical Coverage
100% National

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Sample Size: 4

Turnover Range: £550K to £30m

Average Sector Score: 287/410

Profile
This group covers reprographics, digital asset management, design production and creative and design services as well as special ancillary services associated with the specific client type each serves.

Whilst this is a small group it has some very strong characteristics that seem to distinguish it from the rest of the sectors. The first, most prominent characteristic, and one that seems to determine the Customer Service Score more than anything else, is the fact that these four companies each service very few customers. In one case it is one client. These clients, for the most part, see the relationship as hugely strategically important and invest large amounts of their own time and effort into making sure it works well and on many levels. You will see, as a result (Figure 15), that the scores have shifted to the right again, the two companies scoring above 300/410 have the fewest clients and the most demanding relationships.

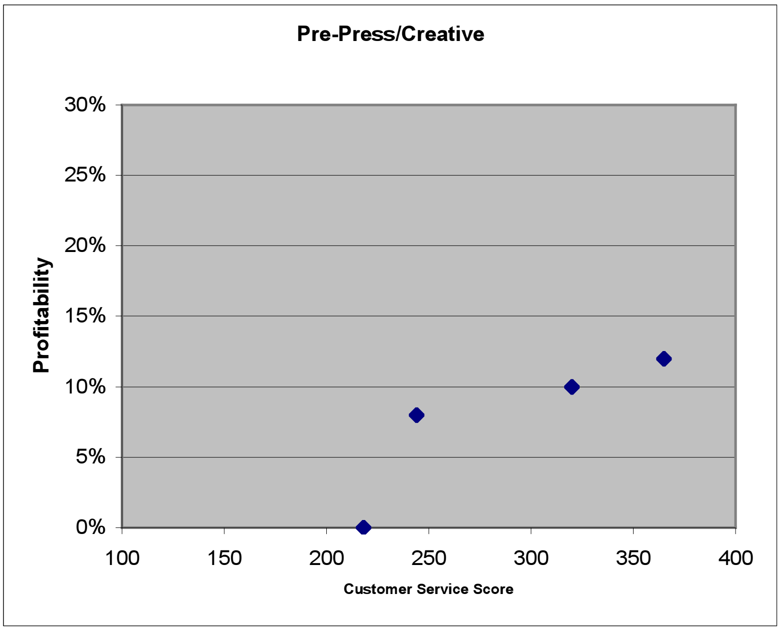


Figure 15

Figure 16 shows that the top three requirements are: Technology Infrastructure to support client transactions and the highest score for this requirement beating Operational Print by 8% but an amazing 38% better than the average score for all sectors; Understanding Client Requirements and finally, Relationships. In all three of these categories the Pre-Press and Creative sector comes top.

Top Three Customer Service Scores

1. Transaction Technology Infrastructure 9
2. Understanding Client Requirements 8.6
3. Building Relationships 8.3

The company with the highest blended Customer Service score and profitability score was distinguished by outperforming their peers in the following areas:

1. Operational Innovation and New Opportunities
2. Operational Process Control
3. Value Added Services

The fact that these top performing companies have few clients creates the opportunity to look at new ways to build on the relationship of complete trust. This usually extends to a deeper vertical integration into the client company and is a relationship typified by the fact that where employees from both client and customer are involved in projects, it is not obvious who is the client and who is the service provider, they are just one team. The Value Added Services have been built over many years and based on a mutual trust and understanding. Cost management is paramount and very closely controlled but at the same time you see the sharing of knowledge and information - KPIs between the parties abound and are often jointly owned.

This is, therefore, a very demanding environment and one that requires total commitment and intimate working knowledge of each other’s business. It is a model that some would find very difficult to adjust to.

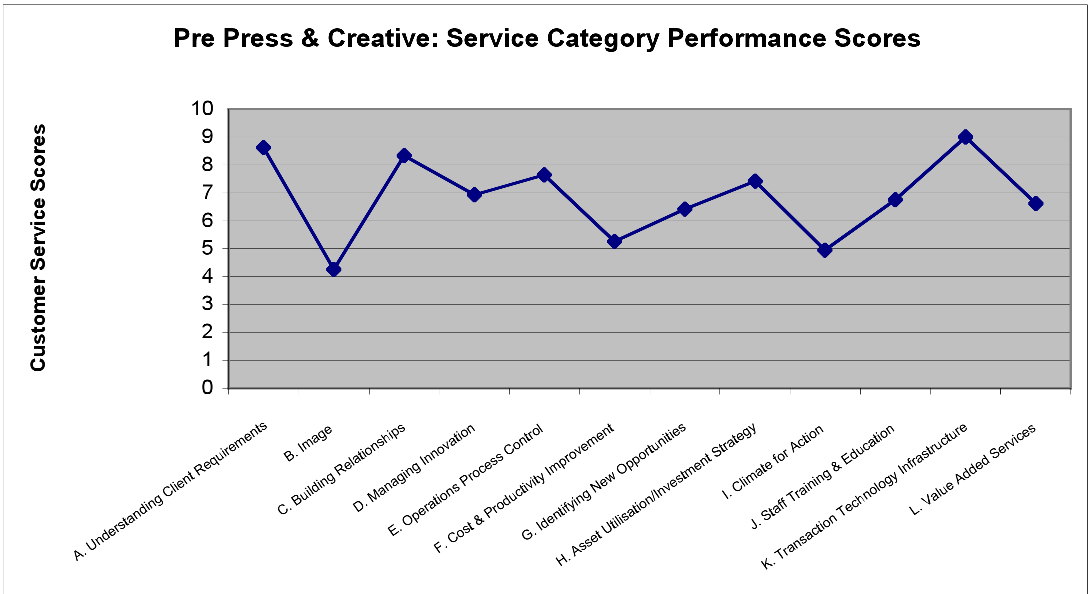


Figure 16

7. Display, Signs and Other Special Processes

Geographical Coverage
100% National

Sample Size: 5

Turnover Range: £650K to £8m

Average Sector Score: 186/410

Profile
The group use a variety of processes and offer a wide variety of services. The nature of the businesses is quite varied and the results from this group are probably the least meaningful in terms of aggregation, but there was enough synergy in both process and customer type to bundle them together for the purposes of this survey. There are a relatively high proportion of large format printers in this grouping.

There is a correlation with the group of four to the right in Figure 17, between Customer Service Scores and Profitability. The requirement falls in the range between 175 and 225 and consequently is the lowest scoring group in the sample. The company out on the left of the graph is so specialised, being one of very few others providing the same service in the whole country, that it is hard not to believe that a push to higher levels of Customer Service would enable an even higher profitability.

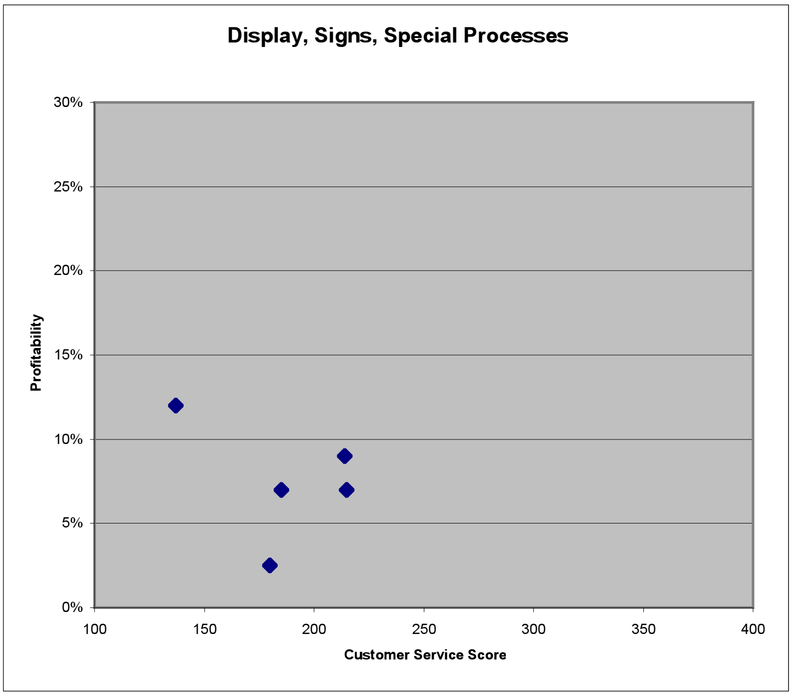


Figure 17

Figure 18 shows that the three top requirements in this group are: Understanding Client Requirements; Relationships - the lowest score in the whole sample for this category; Innovation Process - again equalling the lowest score in the category.

Top Three Customer Service Scores

1.	Understanding Client Requirements	5.8
2.	Building Relationships	5.5
3.	Managing Innovation	5.2

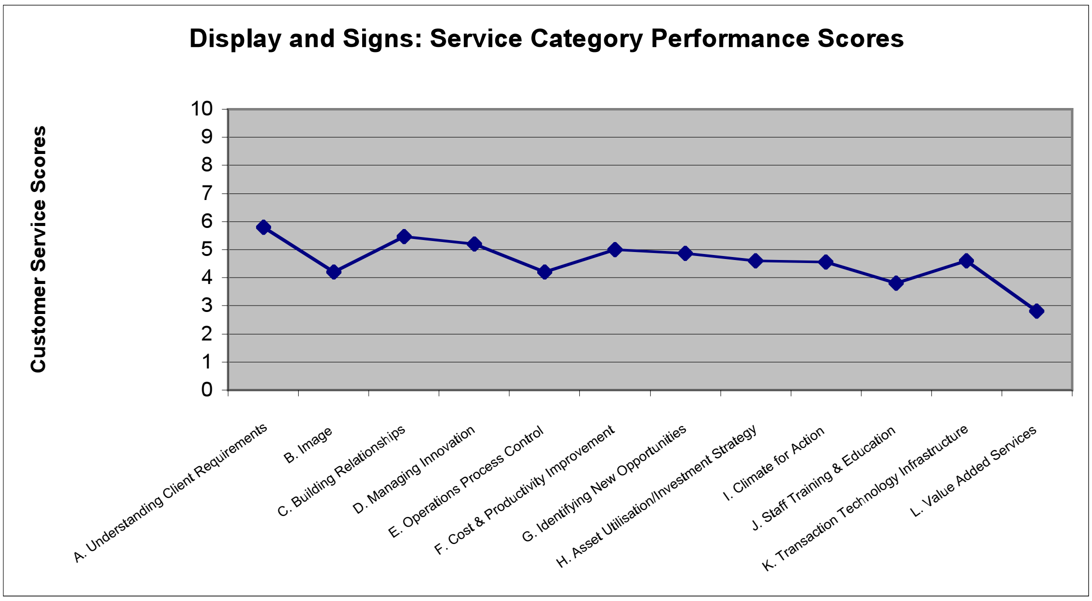
The company with the highest blended Customer Service score and profitability score was distinguished by outperforming their peers in the following areas:

1. Climate for Action
2. Asset Utilisation and Investment Strategy
3. Value Added Services

This group has a significant number of large format and exhibition support companies. This does mean a slightly higher than average creative and innovative input and finding unique and different ways of doing things, to a degree. Many of the projects were one-offs and so process control was somewhat lacking and so they compensated in this regard by having a committed and craftsmen-like approach to quality – often in the eye of the experience beholder rather than in a repeatable quality control process. This meant that the whole grouping fell short when it came to measurement of any kind.

It is significant that the best performers in both scores and profits had also taken a very careful approach to Asset and Value Added Service introduction, making sure that there was going to be a high level of utilisation before investment took place.

The last significant fact is that this grouping, like the Small Offset and Digital group, is often once removed from the end client. Design Agencies are often the intermediaries and this has some impact on the companies' abilities, and perhaps desire, to forge deep and strong relationships.


Display and Signs: Service Category Performance Scores
Customer Service Scores
10
9
8
7
6
5
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0
A. Understanding Client Requirements
B. Image
C. Building Relationships
D. Managing Innovation
E. Operations Process Control
F. Cost & Productivity Improvement
G. Identifying New Opportunities
H. Asset Utilisation/Investment Strategy
I. Climate for Action
J. Staff Training & Education
K. Transaction Technology Infrastructure
L. Value Added Services

Figure 18

Best Practice

Overview of the Best Practice

The following section highlights, category by category, the Best Practice shown by all printing sectors. Some practices may not be wholly transferable from one sector to the next, but there is enough evidence in the previous section to show that whatever sector you are in there is tangible benefit to improving at least some if not all Customer Service practices.

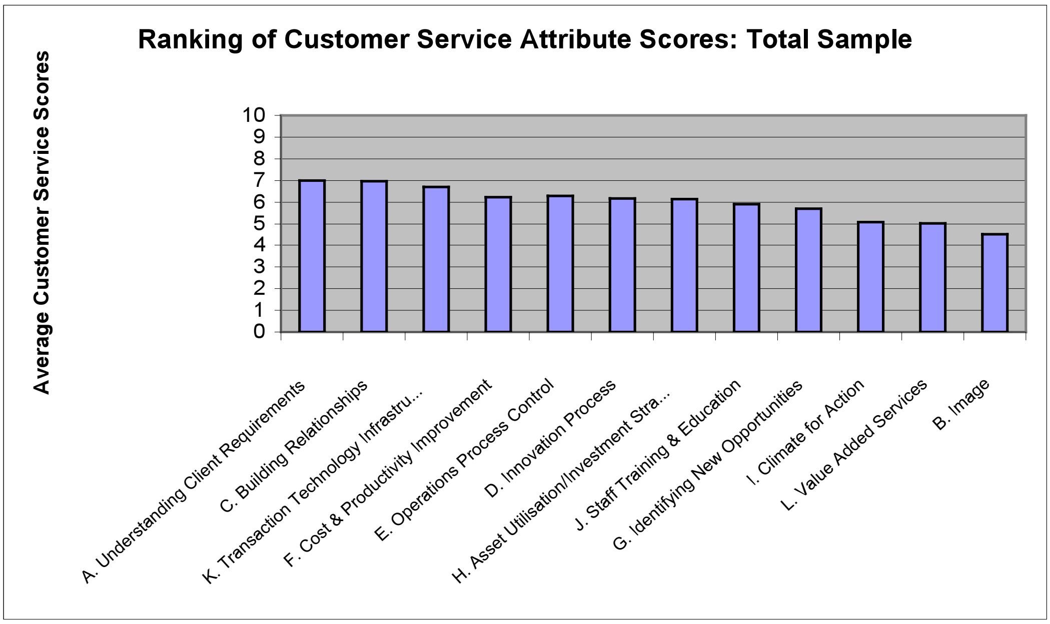

Figure19

The table below (Figure 19) shows the accumulated average scores for all seven print sectors identified from this study. This shows where industry spends most time and effort. It is not to say that other areas further down the table are not important, but that the companies believe these attributes to be important and spend their time in this way.

Look at the next two tables (Figure 20 and 21). Figure 20 shows the scores of a top performing company in its sector in both Customer Service Scores and Profitability. You see a different set of priorities and scores to the average chart in Figure 19! There may be different set of priorities for each sector, so make sure you go back and check the sector requirement and not only look at what the top three average scores were in the sector, but look carefully at what the best company in the sector is also doing to enhance their market position and profitability.

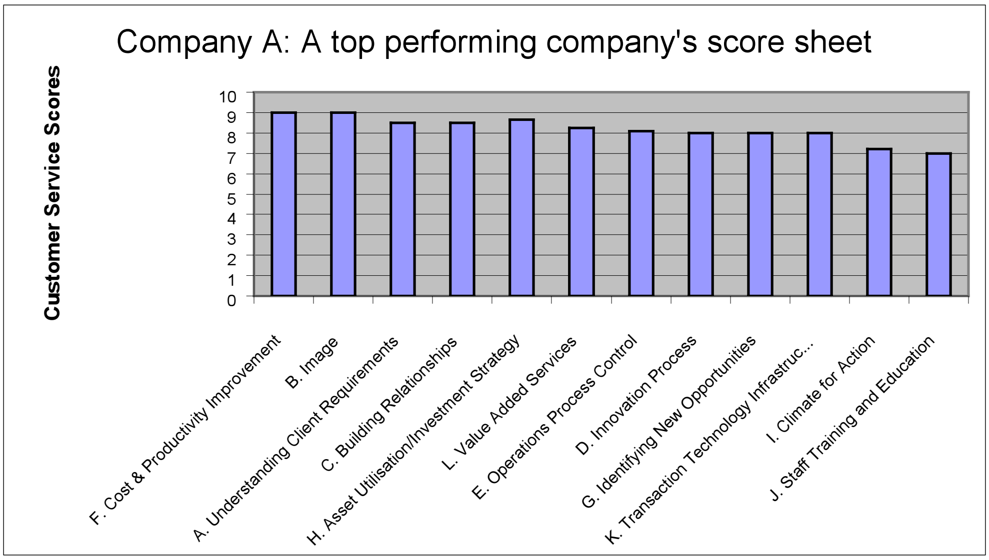

Figure 20

And again look below at Figure 21, the profile of scores for a different but equally successful company and see how the blend of their scores changes. This is partly to do with the sector client requirements and partly to do with how they have chosen to distinguish themselves from their peers.

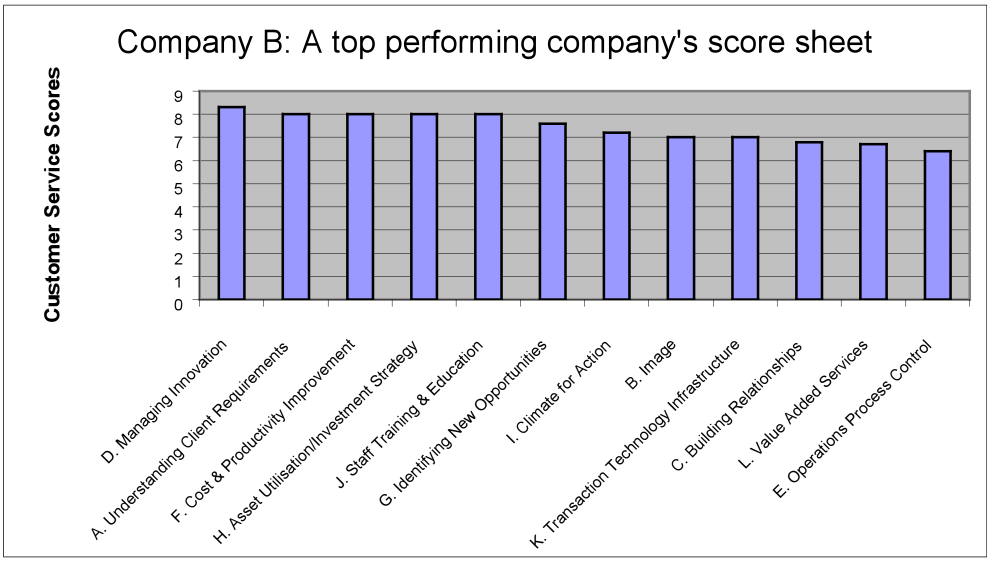

Figure 21

A. Understanding Customer Requirements

The graph below (Figure 22) shows the average scores for the sectors. The poorest response to this question was typically – "The client tells us what they want", "We are reactive – we will do anything", "That's the salesman's job". The successful companies looked at the world from the client perspective first and one of the first questions they asked themselves is, "How can we make ourselves indispensable?"

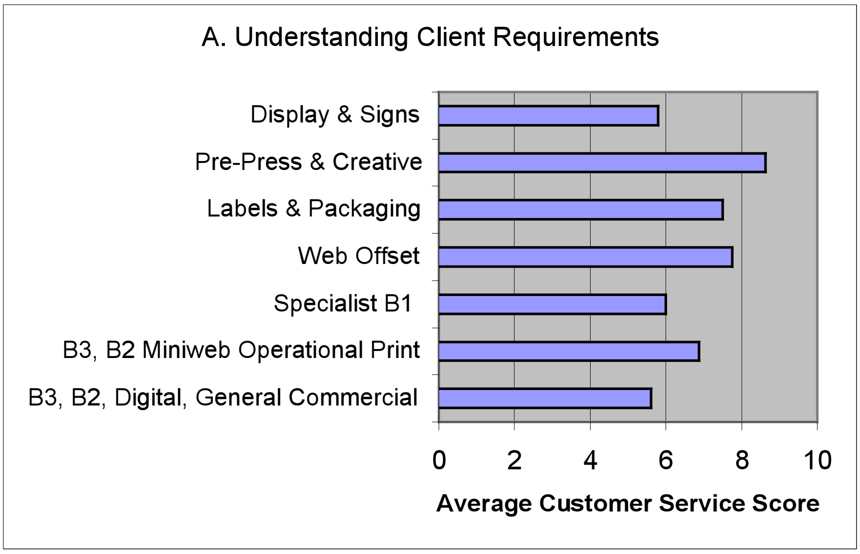

Figure 22

1. ***How do you get to know, or understand, client requirements?***

Good Practice
Understanding your clients' requirements is the first step to achieving total satisfaction and repeat business. So said many of the top performing companies in this study. Listening carefully and interpreting intelligently what the clients are saying is seen as critical to gaining respect. But this was not all. Pro-activity is also a key requirement.

In studies looking at client experiences of printers there is often criticism that a client specifies a particular item, trying to be as clear as possible about what it is they want to achieve, but that the response is often a complete blank. The printer says nothing, makes no comment, does not go away and think about how the specification could be improved, does not point out the draw backs of the suggested specification or mention that the material specified is unsuitable or does not know in what conditions the item will be used. And when the customer complains that the item has not performed, gets the response – it's what you asked for!

Clients want the printers to use their expertise to bring to the table those things that they cannot. Of course this must be done sensitively and at times with great care and patience but it must be done if you wish to build credibility and trust.

The best advise that you visit the client and see the product in action, ask what the objectives of the piece are, then go away and see if there are ways of improving performance, adding value, cutting cost, rationalising runs by gang printing, changing sizes for better impact or material weights for better postage costs – the list is endless, the circumstances and opportunities boundless.

Companies doing well structure meetings with clients to discuss client strategy, plan joint Key Performance Indicators and undertake market research into their clients' markets to see what is up and coming, so that they can interpret that need from the print perspective and contribute to how the *client* makes more money. Then they hold seminars to discuss the opportunities, planting new ideas like seeds in the clients' brains.

Then good companies survey their customers on a regular basis to find out if they are performing well, they meet to discuss the clients KPI's and see what else they can do to help. This approach enables them to create a real partnership of effort where the price becomes secondary – not unimportant – but secondary, because you are adding value.

Do visit premises and understand product use

Do hold structured meetings, reviews, tactical and strategic discussions

Do set KPI's, hold planning sessions for new work and review completed jobs

Do Market Research and attend exhibitions and seminars

Do listen and look actively for opportunities to add value

Do explore vertical integration and true partnership opportunities

2. ***Do you help clients choose the right print solution (samples, trials, tests and technical help, Value Added Service options etc)?***

Good Practice
Linked strongly, of course, to the first question, this question is about exactly what the best printers do to help the client choose the right print solution.

There are few printed products that are not subject to a technical evaluation to some degree, even if it is a matter of how easy it is to put inside an envelope or turn a page or read the text. So Technical Support is a key function at the stage of the transaction. Many of the best routinely provide material samples, offer trials and provide examples of jobs previously undertaken. Leaving nothing to chance and ensuring satisfaction can be laborious and time consuming, but more often than not, when it matters, there is time to get it right and the effort is appreciated.

In more technically demanding environments of product labelling and packaging the printed product is subject to a series of stringent tests for usability and run-ability and excellence at being proactive in improving performance or taking “total cost” out is a mark of the best in this field.

The relationship some companies have with their clients’ borders on consultancy, where specification and performance are determined by the supplier and purely adopted by the client. Very much a part of the Reprographic and Creative Agency role, where some, like Watt Gilchrist, will examine the financial impact of changing a design and the impact it will have on shelf space for ASDA. It is also found in Operational Print (workflow analysis), Labels and Packaging and in other specialist fields.

Continuous improvement programmes have been established by the best with staff trained to listen! They proactively build new solutions and present them to the client, before they ask for them. This commitment to better, faster, cheaper or improved fitness for purpose is more often than not rewarded by better profitability.

Do offer technical support

Do provide samples and examples

Do test and examine thoroughly

Do be proactive and forward thinking

Do listen carefully and train all customer facing staff to do the same

B. Image

The graph below (Figure 23) shows the average scores for the sectors. This is the poorest scoring area for many companies. The top two are Web Litho and B1 specialists. Examples of good practice are quite limited. The question on Customer Loyalty programmes is seeking to establish whether companies are not only getting the message out as to who they served best and why, but how they reinforced this and encourage the clients to spend more as a result i.e. send out a positive clear message and find ways of rewarding loyalty!

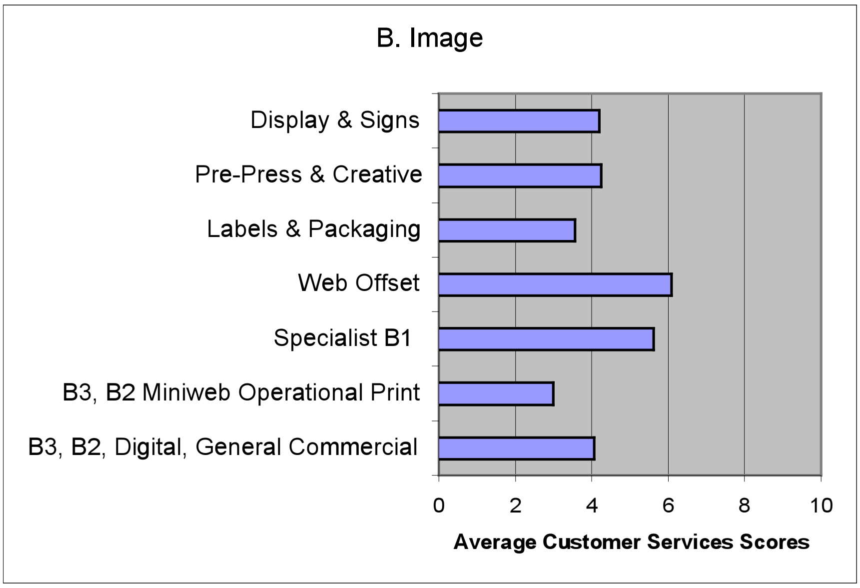

Figure 23

1. ***Do you have an established image, or service charter you give clients?***

Good Practice
In almost every print sector the average Image score was the lowest. Interestingly the top performing companies in many of the sectors had much higher than average scores (see Figure 20). The Web Printers and the B1 specialists performed, as groups, far better then the rest, making sure that there name is promoted and the message about who they are, what they do and how they contribute to their clients' success is as widely publicised as possible. They do not miss an opportunity to create case studies, report their activities in literature that their clients and potential clients may read – not just the trade press! Many reinforce their standing by entering and winning awards covering Technical Excellence, Customer Service, Training and Education and Health and Safety. They want to send a message externally and internally that they were proud of what they did and used awards to demonstrate who they were to a broader audience and let them know the values they held dear.

But most did not and missed the opportunity to use a very powerful tool – that of third party endorsement, to bring themselves to the more prominent attention of existing and potential clients.

Do use PR to establish a clear brand identity

Do use third party endorsement opportunities (Awards and Case Studies) to reinforce your brand

Do make sure that what you say externally is believed by the staff

Do develop simple strap lines that will get to the point without ambiguity

Do make sure that all communication pieces, email, literature, mission statements, and training reinforces the same simple message over and over again

2. ***Do you have a Customer Loyalty Programme? Do you reward repeat business in any way?***

Good Practice

An area where most were dragged kicking and screaming to pay rebates on volume. It mostly occurs with the big national players and involved the Web Printers, Labels and Packaging and the Operational printers more than the rest. One printer was reported to say that he expected his customers to be loyal and got upset when they went elsewhere and told them so! He did not, however, give a very long list of the things he was doing to encourage loyalty!

The best have targets to reach that are agreed jointly with their customers. Some have very clear KPI's on performance and rebates are offered on efficiency and process streamlining. One large company offered a rebate after taking out a thousand hours per annum of unnecessary communication between the parties by better information workflow and agreed to share the cost benefit and dropped the price as a result.

Being creative in the way you do business, one printer commented, meant looking at every aspect of the relationship and seeing how you could enhance the experience and reward loyalty, from hospitality to free provision of little extra services that cost little and repaid a lot.

Do structure loyalty and volume schemes

Do examine opportunities for sensible hospitality

Do encourage long term contracts

Do feedback if a project or contract is going well and give something back for more volume

Do be creative in how you do business

Do set targets for continuous improvement

C. Building Relationships

The graph below (Figure 24) shows the average scores for the sectors. This question was linked closely with Understanding Client Requirements, but this section specifically deals with how the company makes provision to strengthen the relationship over time. Companies are not judged on the one off event of discussing new work but how issues of trust and reliability are managed over time.

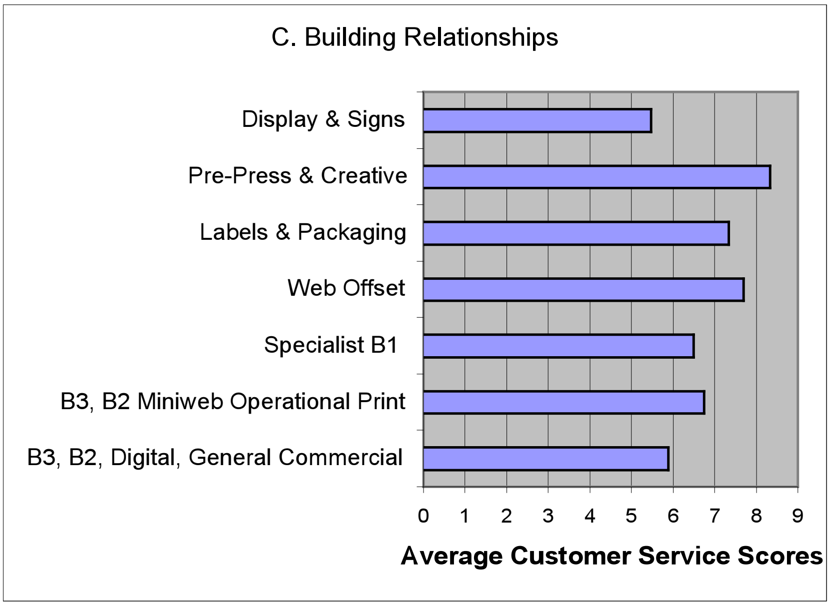

Figure 24

1. *How do you develop relationships?*

Good Practice
The worst thing you can do is nothing. Finding some way and some reason to keep in contact with your client is paramount. This is where the proactivity of looking for new opportunities and presenting and sharing new ideas comes to the fore. It is also important that there is more than one person interacting with clients. Many companies rely totally on the sales force to create and develop relationships and this is seen by the best companies to be a very high-risk strategy and an unreliable means of interpreting client requirements. Selling techniques vary widely but the good technical salesperson that listens rather than talks, initiates rather than reacts, is a rare beast! One company described the relationships they try to develop as Velcro relationships, like the little hooks you find on Velcro, but the point being that

there are lots of them. This is interpreted as a number of people interacting with different people in the client's business for different reasons. It develops a sense in the client's mind that there is strength in depth and it also counteracts the risk of a personality clash between two people causing the relationship to fail.

And there is also a need to involve as many people in the organisation as possible in customer service related activities. Building from the ground up – is a phrase heard by the successful, where visits by clients to the facility and introduced to staff not generally engaged in customer facing activity creates a sense of ownership of the supplier-customer relationship and engenders a sense in staff that they have a part to play in building and strengthening the bond.

All crafts have a tendency to keep secrets to themselves and printers are no different, relying on a certain amount of black art to hoodwink or mystify the client. Openness and sharing, however, is the characteristic of the successful companies. They share information freely by holding meetings and seminars, training client staff in a range of matters from materials, inks, finishing techniques, applications, workflow, file management and much more. This activity is specifically undertaken to add value to the clients' businesses, and through this the clients understand that the supplier cares and it is this that builds the strong relationships.

Finally in order to monitor the progress of the relationship Surveys are undertaken. Sometimes these are routinely with the same clients but often they are random. The frequency and nature of the survey takes different forms but the objectives are the same – to take the temperature of the relationship and find out what warms it up and what cools it down and to do something about it.

Do build Multi-Level Relationships

Do share freely what you know

Do involve everyone in customer relationships

Do encourage visits to the supplier facility and the client premises by different people

Do take actions that add value to clients - demonstrating clearly that you care

Do undertake Surveys

Do offer training to clients and teach them about what you do

2. ***Do you maintain regular contact with customers?***

Good Practice
Calling to ask if there is anything that needs to be done of whether there is anything that can be quoted on probably the commonest type of contact made with clients it is OK as it goes and some will tell you that if you stop the work dries up. So outbound

contact using all the communication and marketing tools in your armoury are necessary to maintain a steady stream of enquiries. Does this build relationships? Sometimes, but on the whole it can be a pain for the customer who receives endless calls from a variety of sources.

All companies need an amount of canvassing and cold calling but this section is about building relationships. The Web, Labels and Packaging, Pre Press & Creative and Operational Print companies tend to have fewer deeper relationships and therefore the nature of the contact is different to the jobbing and commercial companies. It tends to be more frequent and functional. The more jobbing the company the more distant the relationships seem to be.

Keeping a track of the contact frequency is important to some of the strongly performing companies. Capturing activity and feedback is vital to keep all the parties in the company informed about the progress of an account. Some have begun to invest in contact management packages to help this process.

> Do keep in touch with customers – it is better to have good positive reasons to contact the client
>
> Do conduct regular reviews, produce reports and create good reasons for discussion
>
> Do create reports on key client and monitor how things are progressing each month against the individual company plan.
>
> Do make sure that contact is frequent, meaningful and multilevel

3. *How do you deliver "plus one"' service or "go the extra mile"?*

Good Practice
Going the extra mile for some was about doing what they had promised to do in the first place. Some called it delivering the promise. Is this going the extra mile? Or is it that because a company delivers the promise it seems like they going the extra mile? And this is because the competition doesn't deliver the promise? There are those that firmly believe this to be the case.

Most responses were about a commitment to Extra Time. Doing whatever it took in over time working to meet deadlines that the customer needed or had been promised.

For clients going the extra mile means attending to the detail that you didn't think mattered, but does.

Good companies assumed that delivery on time was a given and certainly there were companies who would have no business at all if they missed deadlines (see Measuring on time deliveries below)

Successful companies read into this question that it was a matter of going beyond the promise – delivering added value and attention to detail that delighted the customer, not just satisfied them. This meant creativity, anticipation, proactivity – a constant awareness that there might be just one more thing that you can do.

In some industries this culture of proactivity was reinforced by the availability of subject matter experts who were made available to the clients for seemingly no extra charge. This added constantly to the clients' experiences, creating a feeling in the clients of supplier indispensability.

Do put in the hours

Do add to the experience

Do be innovative and anticipate needs

4. ***Do you make sure or find out whether the customer is satisfied with product or service or delivery times?***

Good Practice
For most a delivery of a product is not followed up. The premise seems to be no news is good news! Exactly at a time when the best opportunity for capturing feedback and learning about what else you can do to enhance the customer experience, immediately manage any issues, capture compliments to feed back to the rest of the staff and even ask for a referral, most companies stay silent.

Following up is routine for the best. They leave nothing to chance and have confidence in their product and service. Routine surveys and in some cases job by job post production report forms are completed. In the simplest case just a phone call to say did it get there, are you happy and is there anything we need to do.

Those with the best returns set Key Performance Indicators and draw up Service Level Agreements in terms of quality, delivery and job management and keep the score, client by client.

Do get routine feedback and conduct surveys

Do set KPIs and SLAs and keep the score

Do use the information to feedback to management and staff

5. ***Do you capture compliments and thanks and share the information with staff?***

Good Practice
The work force likes to know what the customers think. So, not getting the information is the first mistake, not sharing it – good or bad, is the second. Most

companies did share information some of the time, but it is not routine, and is usually prompted by an exceptional letter or email that comes out of the blue.

Good practice is linked to the previous question - first you ask for a response and when you have one you publish to the rest of the staff. The best medium for feedback seems to be routine meetings where teams are updated about a company's performance. Others rely heavily on notice boards, but this seems to be a more passive approach.

A top performing company reported that it believed that people work harder for companies who demonstrate that they like what you do.

> Do have notice boards and post complimentary letters and emails
>
> Do gather all comments and feed back to all the people at specially held, regular meetings
>
> Do ask for responses and ask clients for a letter or an email to emphasis that it matters to the staff

6. ***Have you built long-term relationships? How did you do that? Do you assess the lifetime value of the customer?***

Good Practice
Building long-term relationships appeared to be a cornerstone of most successful companies. The poor performers suffered from high levels of churn and spend more time replacing business lost than anything else. They are characterised by being unhelpful, failing to deliver to an expected quality, or failing to deliver within an agreed time scale, or finding the bill littered with extras and added cost the client had not been made aware of. The route cause of high churn is usually found in a lack of client confidence. Trust is a huge issue and many printers fail to grasp that if you don't tell the truth you get found out and if you try to be too clever or unhelpful you get rejected.

Few really understood or measured the long-term value of customer loyalty and long-term relationships. Some knew that the cost of acquiring new customers was a multiple higher than keeping hold of an existing one, but this was anecdotal not a data-point. There is, therefore, a concentration on trying to get more work from existing clients to reduce the amount of sales effort, rather than an effort into truly understanding what you must do to keep existing customers. There was almost an assumption that because they are existing clients they would stay and give you more! One did admit that when you get a client and you have had them for a while the whole company begins to take them for granted. It was like a marriage, they said, the passion wears off after a while!

Well, the top performers don't take their customers for granted they continuously help with solutions and decision-making, assisting with expertise and sharing freely what they know. They move heaven and earth to constantly make the customers feel important. They always deliver on their promises and put measures in place to prove it. They manage expectations and don't get caught out telling lies, because they don't tell them in the first place.

Good companies also choose their target customers well. They make sure that their equipment, services and values match the client requirements, and constantly re appraise what they need to do to make sure they continue to fit.

Then, when it comes to billing, they have no hidden extras and they charge a fair price.

Do proactively help with decision-making

Do make clients feel important – move heaven and earth

Do share freely your experience and expertise

Do tell the truth - and always deliver the promise

Do target the right customers – look for a best fit – in order to reduce the churn

Do maintain the right equipment and infrastructure to suit changing needs of your core clients

Do supply a reliable product at reasonable prices with no hidden extras

D. Managing Innovation

The graph below (Figure 25) shows the average scores for the sectors. This sector is closely linked to the Asset Utilisation and Investment Strategy sections and also the Value Added Services Section.

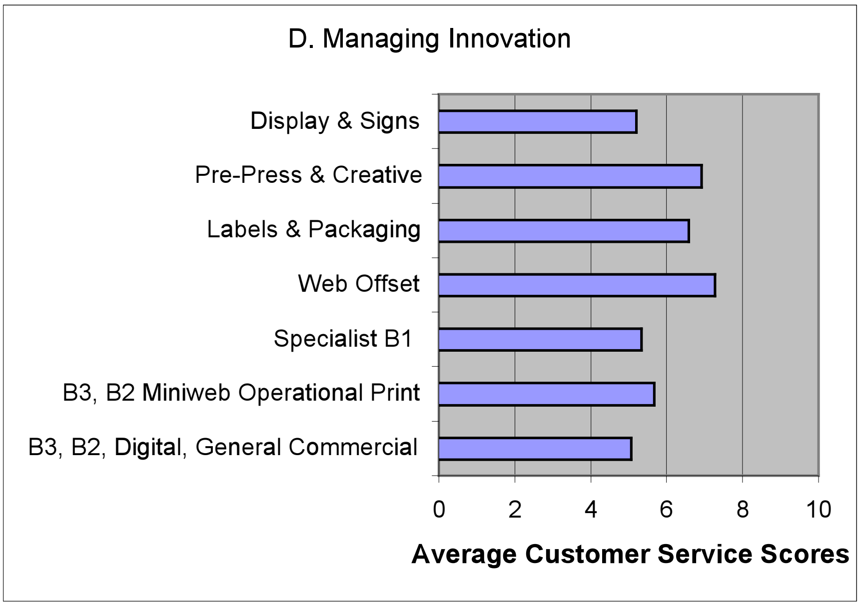

Figure 25

1. ***How do you identify the market you serve and what its needs are?***

Good Practice
Each print sector has its own challenges when it comes to identifying the markets to serve. It would appear that the higher the levels of specialisation the better the returns and there are those who have gone in pursuit of these improved returns by going beyond a first cut specialisation and are beginning to segment again what would appear to be an already segmented market. And specialisation does not necessarily mean a smaller business. It can mean a very much larger business, as companies like RR Donnelley have found. By only concentrating on Directories they have built a much larger than average business and compete globally rather than domestically.

Everyone in the company has a part to play in understanding markets and market requirements but the Board of the company plays the major role in setting direction. Good practice examples consistently have Board members challenged with feeding back market movement, new ideas and customer requirements.

The best teams seek answers from market research, suppliers, seminars and exhibitions. No stone remains unturned in seeking out the next idea. Regular appraisal of what is growing and what is shrinking take place.

Staying close to customers is however paramount – understanding their plans for coming years, examining their thinking as to how they want to achieve their goals and looking at ways to contribute.

There are opportunities to look at trends out side print to see what may occur. Those who saw the movement to outsourcing non-core activities and built organisations to deal with print management and distribution contracts are a classic example and it is not surprising that this sector is currently the most profitable. It will probably peak at some stage and start to fall, but the early movers certainly have built substantial businesses on the back of an outsourcing trend that has been growing for over 10 years.

In order to establish real need and probability of take up of new products and services, good practice suggests that scenario testing with clients is a useful way of getting an early indication as to whether a new idea, product or service will fly. Many companies make decisions about the markets they serve and the offering they plan to deliver in isolation, not sharing their thinking until the money is spent and then wondering why the take up is disappointing.

Do engage the board and staff in appraising the markets

Do look at what is an appropriate level of specialisation and its meaning to the customers

Do use as many external resources to contribute to your thinking – research, exhibitions and suppliers

Do talk to your customers and share your ideas – double check that your thinking is correct

Do look for patterns and trends in other business arenas to help guide your thinking

Do test and trial before you commit to action

2. ***Do you consciously create the service offering to meet those needs, for both existing and future customers?***

Good Practice
Sometimes the difference between failure and success is very small. As a result an action can be seen as entrepreneurial or impulsive and reckless and will be dependent on the outcome. We applaud the success for good and canny judgement and the failure as arrogance and a failure to listen to the needs of the market properly.

Judging what to introduce and when or what to invest in is not always black and white, as some of the successful companies will tell you. It is certainly true that the best look for more than one positive indicator before they will make an investment and that they will look for a balance between being reactive to client demand and proactively introducing ideas that the customer has not thought of. Key is to look at your skills in delivering what is needed – can you actually deliver? One organisation interviewed said that there were two things they had to ask, first, of ourselves, could we do this and what investment in people did we need to get the credibility to demonstrate that we were serious, and secondly, we had to ask the customers directly would they buy from us if we introduced the service.

It is certainly true that sometimes there is a demand but that only certain companies or certain types of companies are seen as suitable to deliver the service and consequently there are those that will recognise a demand or a gap in the market but not realise that they are not the ones trusted to deliver it. The Managing Director of a label company said “We deliberately created a service and offering to very specific industry sectors that required high technical application, specification and innovation. We knew we could deliver that and the market recognised us for those skills”. So, be prepared to invest, but don’t bite off more than you can chew. Pick those things that are likely to succeed and this means doing the research and mostly getting an honest answer from your clients whether you would be the one trusted to deliver the service.

Timing is very important: Head of Client Services for a Pre Press company said, “Very careful timing is needed on introduction of new services and assets to make sure they will be utilised to the full”. The company have successfully developed a raft of services but over an extended period of 15 to 20 years and often to the same group of clients.

Be prepared for trail and error: A specialist security printers said “It is a voyage of discovery, learning and building, and trial and error. Some things we get right, but some are horrendously wrong; sometimes you have to take that risk”.

Finally products and services are rarely right first out of the gate so be prepared for adaptation and tweaking as a means to perfect the introduction of something new.

Do carefully evaluate your fitness to serve a particular market

Do be prepared to make the necessary investment

Do look carefully at the timing of the introduction of products and services

3. ***Do members of staff contribute ideas to improve the product, or service offering, to the customer?***

Good Practice

The customer feedback is littered with examples of companies who fail to grasp the opportunity of helping clients solve print related problems by sharing openly and with enthusiasm and with a positive attitude their knowledge of what can be done.

There is one thing for sure and that is that the successful companies do not lack enthusiasm for the task. The culture of the organisation is one of total engagement and commitment to positively react to problems and see them as exciting new opportunities to delight the customer in the future.

Working parties and specially formed teams are a routine part of companies doing well and seeking out the next best thing to do. And the interesting thing is that many mentioned that the physical layout of staff is critical and so create open plan areas where all disciplines work in close proximity and share ideas freely and spontaneously.

Do reward and encourage positive contributions

Do create the right physical environment

Do educate, inform and involve people in decision-making

Do look positively at mistakes

Do structure development and organise formal teams

Do use mixed disciplines in the same team to work through development issues

E. Operational Process Control

The graph below (Figure 26) shows the average scores for the sectors. The foundation stone in this section is the level of trust a client has in the processes a supplier has to ensure that a product or service will be delivered on time and to the standard expected.

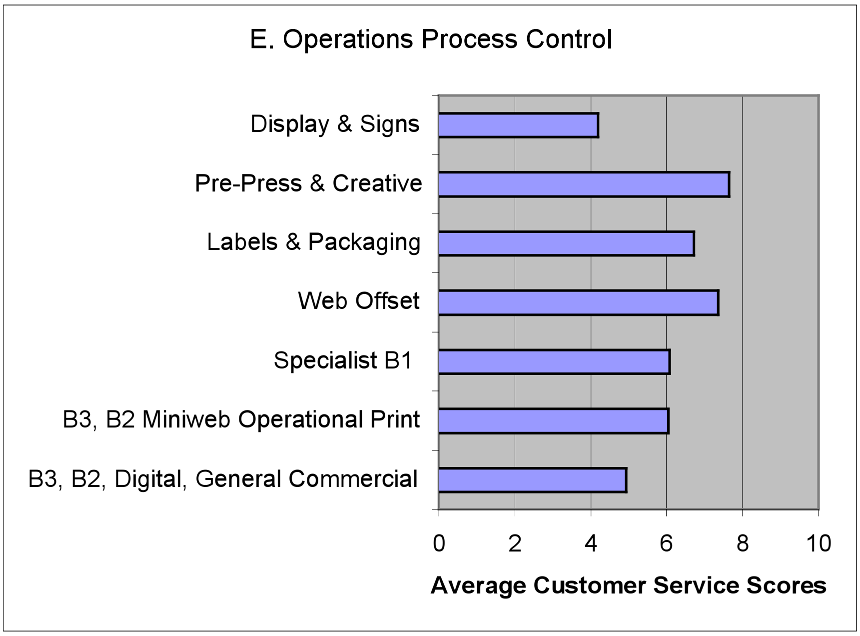

Figure 26

1. ***How do you ensure that you meet customer specifications? Do you have a process to guarantee product quality, and consistency of delivery?***

Good Practice
This section is at the foundation stone of the trust you build with the client. More often than not it will operational/communication failure that will let someone down and will be reason why an account will be lost. Companies who are unable to deliver the promise and communicate effectively to manage expectations are always going to suffer with low margins and high levels of churn.

Getting the specification right from the beginning is very important and goes back to the first question in this study – how do you get to understand client requirements – clarifying instructions and feasibility checks are standard operating procedures with the better organisations. In fact creating Standard Operating Procedures are reasons why companies choose to adopt the ISO 9002 standard. They also see it as a dynamic tool not a constraint. The process helps to guarantee repeatability and is clearly most useful where the same products are ordered time and again. But this is to diminish the value of the standard. The ISO standard clearly gives a strong framework and instils a culture of quality into the company, and to enrich this culture of quality there are examples of companies creating quality champions for each stage in the process.

Demanding clients will often set the pace and insist on setting up Service Level Agreements (SLAs) with penalties for failure to comply. Successful companies respond positively to this environment and target to exceed expectation.

But the devil is in the detail and it is what lets most companies down. They fail to see that a specification is not only about what colours to match to it is about making sure that a timed delivery slot is held to and that a pallet is not delivered to a tower block with no forklift!!

Do establish SOPs

Do get the specification right from the beginning – clarifying *all* instructions and undertake feasibility checks on every stage of the operation

Create a quality culture – look into having quality champions

Do set up SLAs, with penalties for your non compliance, for strategically important clients

2. ***Do you measure Quotation Turnaround times?***

Good Practice
Whilst many say they turn all quotes around quickly very few measure the turnaround time. There is evidence through customer feedback that a failure to get the quotation out on time and display the right attitude and response at this particular time is critical in whether a printer gets a job or not. It is a first indication of whether a company will be attentive prompt and accurate in their dealings with you.

Do tell the customer when the quote will be ready if you have not already agreed to a time

Do follow everything up to establish customer satisfaction early

Do include turnaround and conversion of quotations in monthly reports to the board or management team

Do make this area a key performance measure

3. ***What File Management or Troubleshooting checks do you have? Do you work to a specific turnaround time for these checks?***

Good Practice
Corrupt files! This is one bad thing, but when a printer sits on them and doesn't check them until they need to go to print, it's a disaster. The sample in this study mostly

said that this was a thing of the past. Not as far as clients are concerned! There have to be doubts about whether this problem is a thing of the past, because very few of the sample actually collected data on turnaround times for these files.

For some in security printing and variable data and also those who are heavily involved in creating the files in the first place this is a business critical activity and they can probably be excluded from criticism in the main. To some, therefore, this is a strictly controlled science and there are extreme examples where the whole process is so critical that there is no human intervention. These companies generally establish the file checking and management routines in the SLA.

For the rest, where clients or their agents are supplying files this remains a troubled area. The good companies proactively help with files, making sure they support companies to establish the right format for presentation, offering training and guidance along the way.

Certainly in digital printing of any kind there can be problems. One company said that they used to be continuously caught out, leaving files to the last minute because there is no intermediate origination step in digital and suffering lost time and disappointed clients.

Do set up an early checking routine and capture the incidence of failure

Do offer training and help to clients and their agents in need of guidance

Do automate the procedure as far as possible

Do establish a service level agreement where it is a business critical activity

4. ***How do you maintain, and communicate, information about the progress of the customers' orders? i.e. updating methodology and skills, managing expectations etc***

Good Practice
"Customer Services should be spending time planning and preparing new work not talking to customers about problems, failure and re-negotiating delivery times".

Unfortunately because companies either do not routinely set delivery times or stick to agreed dates, communication requirements increase. This is routinely a frustration on both sides. One of the first rules the better companies have is to manage expectations well, and this principally involves an agreed standard in quality and a fixed delivery or availability schedule that does not move. These two things together, routinely maintained, build trust and confidence.

Practical steps to obtain the best communication seem to revolve again around the physical location of all technical, production and customer service personnel into the same area. The level of communication increases and assists in early warning of issues and resolving of conflicts.

Do look at providing on-line management information

Do stick to agreed dates

Do, routinely, let all relevant staff and clients that want routine updates know how jobs are progressing

Do think about banning the term ASAP

Do look at locating Customer Services and Production into the same area

5. ***Do you measure On-Time-Deliveries?***

Good Practice
The acid test: "Its OK if we re-negotiate the delivery time with the client and they are happy with that, that's on time delivery". Is it? Is it OK?

Whether you think this is acceptable or not, whether, as a customer on the receiving end of this behaviour, you think that this is reasonable from time to time doesn't matter. The fact is that the most successful and the best don't take this as success; they count it as a miss, a failure to deliver the promise. On time, in full, on the date first agreed and where it is supposed to be is the only measure that counts. After this you can then capture the failure and analyse whether it is you or the client causing most of the problems, and put plans in place either internally, or help the client externally manage the workflow better, if this is the issue. But to count a re-negotiated delivery date, or dropped on time in the wrong place as success, fails to grasp the point that an expectation is not being met and you need to understand why and what impact it is having on the clients business and your business.

There are some businesses that have to deliver on time: Magazines have a publishing date, exhibitions open at a certain time, direct mail can be booked with the post office, inserts are booked with magazine distributors, catalogues can coincide with planned mailings or advertising. Late, in these circumstances, can be a disaster. There are other items that seem less critical, but it is always best to err on the side of caution and assume nothing. Confidence and trust will grow as a result.

Do measure on time in full on date first agreed – regardless of who caused the delay

Do analyse the causes of failure

Do put steps in place to reduce the incidence of failure

6. ***How do you assess how best to communicate with each client: What tools to use, options you have, what is most convenient, or customer***

preferred method, and what communication training do you give/receive?

Good Practice
Some of the biggest client frustrations are with new technology. Voice mail, phone systems and email are some of the biggest culprits of poor or frustrating communication. Some understand this after having surveyed their customers and found out that all was not well. A voice mail and email can seem to disappear into the technological ether.

It is important to ask each and every client how he or she wants to be communicated with and which method is best. It will vary depending on the issues that need communicating, but make sure you have given the options and that everybody in the organisation understands the issues for each client. Problems often arise when the usual contact is not available and someone else needs to step into the communication role. One client complained about an email containing urgent information, not picked up until the following day, when a phone call was really what was required.

Good practice revolved around leaving nothing to chance and asking specifically what communication is required under what circumstances and this information being available in a client contact folder so others can get easy access.

Do ask about communication requirement in different circumstances

Do capture requirements formally

Do list the options

Do survey clients on communication effectiveness

Do spend time at clients understanding requirements

Do train staff on best communication methods in different circumstances

Do create SLAs and formal communication routines with key clients

7. ***How do you manage complaints and compensate for dissatisfaction? Do you let clients know, up front, what to do if they are not satisfied?***

Good Practice
The biggest issue in this section is not the investigation it is the feedback that clients get as to what is going to be done about the problems that have arisen. Much client feedback is that the complaint is made and then nothing moves forward, there is complete silence. There seem to be many cases of the internal procedures taking over but very few instances of rapid resolution. The impression is that, in most cases, problems or complaints just drag on and resolution seems to get forgotten.

We need cover off one contentious issue before dealing with the best practice. There are clients who unfortunately regard complaining as a way of life. Agencies, in particular, have gained a rather unfortunate reputation, as a sector, for routinely complaining and obtaining discounts. This has caused many to appraise their stance on complaints and take a much firmer line on quality and delivery issues and the required compensation levels. Some companies say they will take back the product and reprint rather than allow a product to be discounted – it seems to work for some and stop the routine behaviour of complaining to just get the price down. There are all too many incidents of agencies being "found out" and end customers being completely unaware that there is a "complaint" issue outstanding.

All dissatisfaction needs to be dealt with swiftly. Good practice says act quickly, communicate thoroughly with all parties, resolve as soon as possible and formally respond as to the actions that will be taken in the future to avoid a repeat incidence.

Do make sure that your policy for dissatisfaction is clearly understood in order to manage expectations to the maximum

Do investigate within 24 hours and give initial feedback on what the issues were

Do train people to deal with difficult situations promptly

Do have a formal complaint procedure – a documented and reviewed rectification process that is signed off within strict time frame

Do share information with the customer and audit performance

Do use pre determined methods with each account and where necessary have procedures written in to agreements

Do consider ISO standard and build in a customer service element that requires a "get back to clients and resolve" time log

8. Do you know how many complaints you get in a year and how much failure is costing you?

Good Practice
The amount failure costs usually amounts to a significant whole number multiple of the companies annual profit. It is therefore important to capture this as an indicator of levels of client satisfaction. Quality is one of the major reasons that companies lose work and the incidence of failure will have a direct correlation to customer churn. Anyone who believes otherwise is hoodwinking himself or herself.

The fact that you concentrate on capturing failure reassures customers that you are doing everything you can to eliminate it. For certain print sectors like web, packaging and operational print these quality numbers are crucially important and are built into agreements and joint Key Performance Indicators that are reviewed at regular performance meetings.

Do captured failure and analyse quality cost monthly

Do record all complaints and full costs attributed to each complaint

Do hold regular quality meetings and actively take steps to improve quality with pre and post production meetings

9. Do you have Complaint and Conflict Management training?

Good Practice
Very few specifically train in this area. It is usually a component of another training module involving client communication skills if it done at all.

There is a real issue of ownership of the problems associated with complaints and a tendency by customer services people to blame others in the organisation rather than accept that as the person on the receiving end you represent the company and therefore take some responsibility. We will cover this issue in more detail in the people section (See section I. Climate for Action) later in the report.

There were a number who mentioned that they recruited those people they thought would be good at handling customers but there was little post recruitment training at all.

Do look at conflict training to help manage confidence and trust in the organisation

Do make good customer handling skills a requirement for anyone working in the company

Do help staff learn how to turn failure into an opportunity

10. Is there a procedure in place to follow up after a client has complained, to understand whether the issue has been dealt with satisfactorily and has not reoccurred?

Good Practice
Follow up is the single biggest complaint when clients have had quality issues. They often have the complaint acknowledged and can also sometimes get a rebate or discount on faulty goods, but this misses the point for the most part. Clients actually don't usually want money back (not unless the client is systematically using the process to get money back), they want good quality product to the specification they agreed and what they really want is to know what the company will do to stop the problem in the future.

This is then about restoring trust. The good companies have a simple audited process and a time stamped response with actions required to avoid or catch the problem in the future.

To respond that these things happen from time to time is not enough when it is quality problems are happening frequently. There are some serious issues in the care that is being taken throughout the operational process. So lack of reassurance and repeated problems will turn customers away very quickly.

Do thorough investigate and rigorously report back to the client

Do make sure everyone in the company is aware of the impact of poor quality on supplier confidence levels and the part everyone plays in the process

Do take steps to put in place corrective actions

F. Cost Reduction and Productivity Improvement

The graph below (Figure 27) shows the average scores for the sectors.

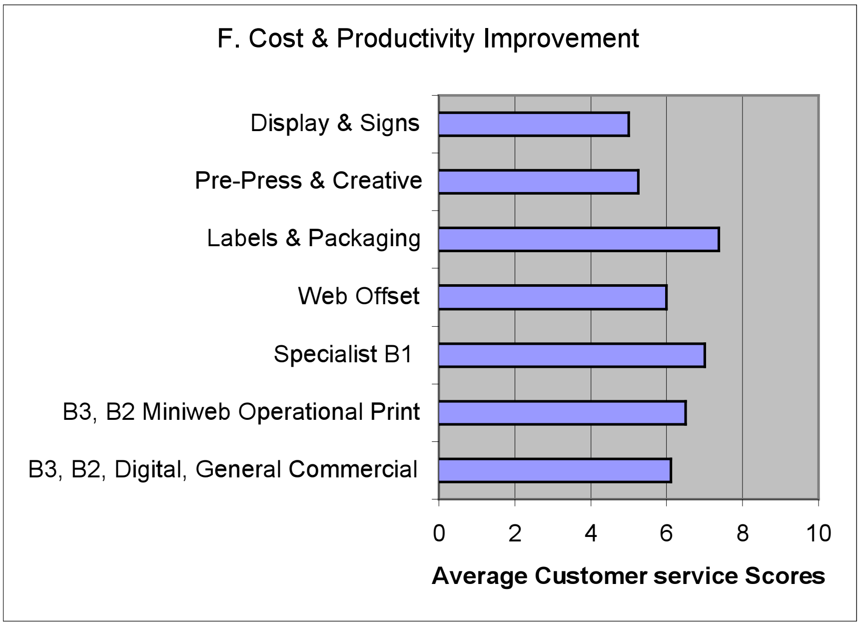

Figure 27

1. ***Is customer service assisting in increasing operating efficiency, reducing costs or improving the service/product/sales mix? Is this an ongoing process to ensure improvements are implemented?***

Good Practice
The customer services team, and indeed all those in contact with the client, have a duty of care to perform if they want to be trusted and relied on by the client and build business. Most clients want them to impart their expertise to help them do the best they can with the budget available. This question is closely linked with the very first question in the study on identifying customer requirements, but deals specifically with saving the client and also the company time and materials.

Good practice examples told of combining runs, making savings for the customer and time for the printer; studying Economic Order Levels and engaging in Value Engineering Workshops with the client - working closely and intensely with a few chosen companies at a time to improve total value.

Helping forecasting usage and running programmes to identify trends to avoid overstocking and obsolescence is another key area developed by some key companies to really get tied in to a strong relationship. (See Section K. Transaction Technology Infrastructure).

File structure and supply is a key area of opportunity for cost and time saving, front-end smoothness being the overall objective, a good programme - taking days and sometimes weeks out of a launch programme, because the files are correctly formatted and no rework is required.

This whole area was seen by some as a key area to save both parties cost but also a great opportunity to add value. The intimacy of the discussion about options and possibilities often opens doors to value added services and product enhancements - this is true value engineering for both parties!

Finally the process is measured. KPI's on cost and efficiency are agreed and set and monitored on a frequent basis at strategy and operational review meetings and results published in client feedback reports.

Do engage all departments or customer facing personnel in operational efficiency initiatives for the client

Do examine all parts of the process – a cradle to grave approach – in value engineering analysis

Do involve the customer in setting savings targets and share the results regularly

Do look for opportunities to enhance the client relationship by sharing your knowledge and experience

G. Identifying New Opportunities

The graph below (Figure 28) shows the average scores for the sectors.

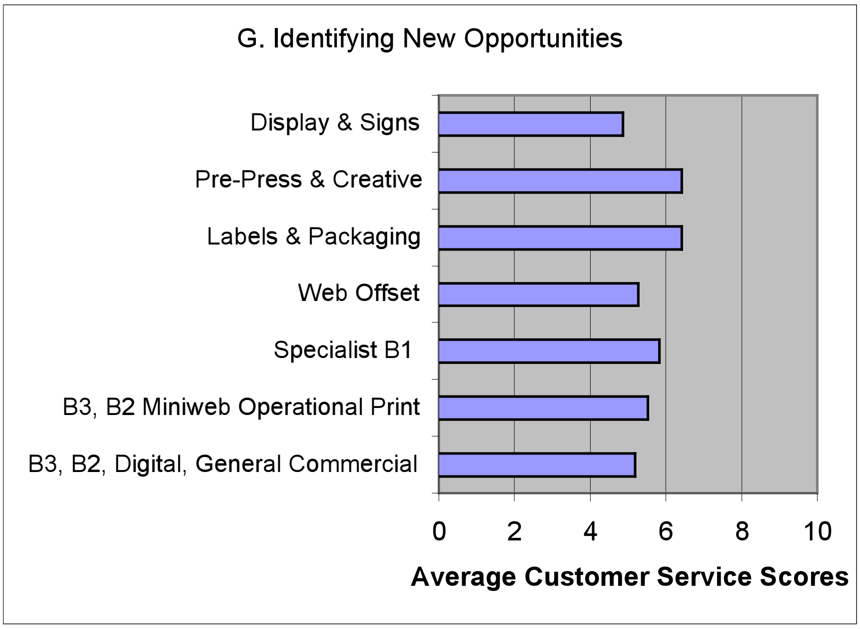

Figure 28

Are you able to identified how the customer service is creating growth opportunities through:

1. ***Increasing sales with existing clients***

Good Practice
The opportunities in this area are generally covered in Section A. Understanding Client Requirements and Section F. Cost and Productivity Improvement.

Additional good practice involved incentives for teams to actively look at creating new opportunities and question clients on new projects.

Some companies monitored the sales performance of all key customers examining sales trends and flagging key times when project launches are due.

Customer Service Staff are also trained to look for opportunities and listen carefully for any snippet that gives the company the opportunity to contribute to a client programme. They are also encouraged to invite clients to visit the factory. In many cases building a strong and trusting relationship with the internal contact and being able to show off a well-run facility helped companies grow accounts enormously.

Do monitor spend by client. Make this is a key target area for Customer Services teams

Do invite clients to see you. The factory can be the best advert

Do consider having a sales or mini business plan for each major client

Do capture what everybody has brought in each year. Work closely with the sales team to determine the impact

2. ***Developing new clients or opening new market segments***

Good Practice
Planning and preparation is the general advice here, but this is not an easy area for many. Good companies ask for referrals on a systematic basis and this helps them grow their base effectively and without having to contact large numbers of people on a superficial basis.

It is also important to find out as much about a company you intend to approach as possible so that you have a strong idea where you can make a solid and plausible contribution before you talk to them – do your homework and research the market and the prospects carefully using a pre-qualifying process to identify strong targets. Well-trained and enthusiastic and keen members of the customer services teams are sometimes made responsible for looking into this area. It is not something to force upon the unwilling, but some are eager and able and find it a stimulating change from the routine.

Do a lot of groundwork before approaching a potential new client and before a sales person makes contact

Do find out what they do and what can be could offered to make a difference – think benefits

Do ask for references and referrals from existing clients

3. ***Product and service development***

Good Practice
This section is also covered by Section A. Understanding Customer Requirements and Section F. Cost Reduction and Productivity Improvement.

Additional good practice involves taking a market segment or a specific client and studying carefully whether there is a significant opportunity to develop something new on the back of a change in circumstances. Rarely, however, is this process a quick one. Timing and careful consideration is the order of the day.

Customer Services plays a part in this process but the whole company are engaged when this is a significant change or something requiring the commitment of significant resources. New ideas are seen as "seed-planting" opportunities and timing of new ideas is important.

With multilevel supplier/customer ties the customer services department played an important role in socialising these new ideas and getting important feedback. The good practice companies recognised that value added services are continuously introduced through strong client contacts at every level.

There are those who, once recognising the need for something new in the market or for a client, will progress the idea – developing the technical base, putting people in place specifically to concentrate on the identified areas. The commitment by these companies is demonstrated by their willingness to invest in the right people first, in order to be able to sustain the introduction of new products and services. This is seen as very important.

The best acknowledged that some ideas come to nothing, but that is part of the trial and error process of innovation. They get work because they put the effort in and their customers pay more for their regular orders because they know that they develop new ideas, and they want to enjoy this opportunity. One client in a very competitive market is reported to pay 12.5% more than market price because of the supplying company's approach to product development.

Do be prepared to think beyond the routine and the normal

Do not take on new projects without the right resources in time, expertise and money – in other words don't bite off more than you can chew

Do be prepared to constantly develop product ranges

Do time introductions of new products and services carefully and be sure of the demand and take up before a full launch by undertaking the appropriate research

H. Asset Utilisation and Investment Strategy

The graph below (Figure 29) shows the average scores for the sectors.

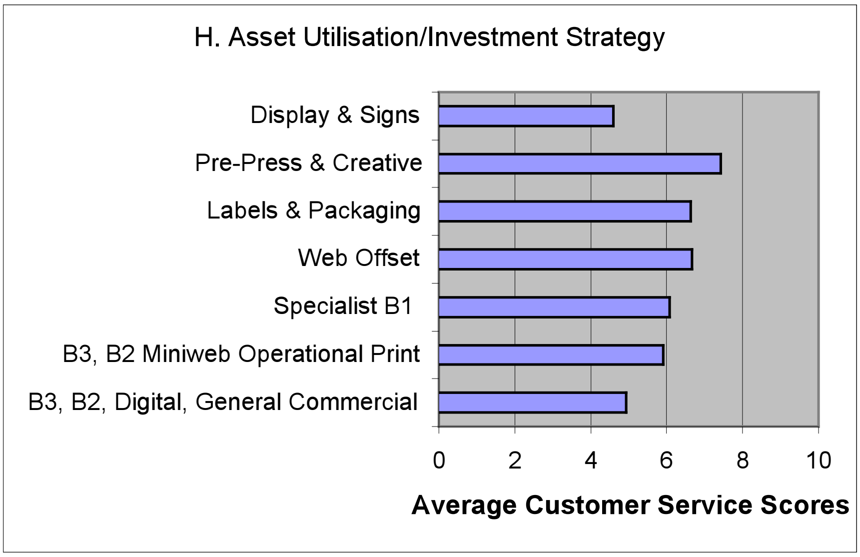

Figure 29

1. ***Are you able to identify how customer service is assisting decisions regarding what equipment to purchase?***

Good Practice
In every sector the ability to choose the right platform of equipment to suit the client base has a strong bearing on profitability. Investment and reinvestment therefore is a crucial major event that has to be undertaken with great care.

The number of responses which suggested the decision making process is conducted in splendid isolation by senior directors of the company without referral to the client base did give some cause for concern. The response by some is that the clients wouldn't understand one end of a piece of machinery to another, so why consult them. It is not the clients' job to get it right, it's the directors'. And this is true, but what does need to happen is that the implications and benefits of certain purchases can be talked about and explained with clients.

There is an example of a printer buying a digital print machine – "all singing - all dancing" - and two years on it is barely doing £60k on a total turnover of £2.5m. He immediately acknowledged that few of the existing clients would use it, he bought it because he thought it would open doors to new clients. The MD didn't ask anybody else's opinion, just the MD and the machine salesman made the decision. It now weighs like an albatross round his neck. The salesmen are not interested and remain unconvinced. Did he ask the customers? Answer, no.

The Customer Service Team plays a strong part in the good-practice and above average companies. They educate and inform both clients and staff, sharing the decision dynamics and getting the feedback. They “socialise” ideas for longer than average periods, and collect the feedback systematically. These companies routinely capture market size and anticipated market share and the proposed investment’s ability to win work from existing clients or perform better on existing clients’ work, before making a decision.

Good examples show Customer Services feeding back on bottlenecks, client irritations and frustrations. They track customer responses and collect sound-bites from key people on the client side.

Finally the outstanding performers will set up multi-disciplined teams to analyse the information and present findings to the directors. The directors then do their own homework before making the final decision. They verify facts and test hypothesis and study levels of likely utilisation, speed increases, reduction in time and wastage. Then they invest in equipment that gives maximum flexibility for the specific market segment requirements in which they operate.

Do hold seminars for all staff and clients – Education

Do understand clearly volume requirements and forecasts – Analysis

Do identifying bottlenecks and sources of irritation and frustration – Analysis

Do track service levels though surveys and repetitive feedback from CS

Do gather sound bites from customers

Do set up teams in which CS plays a part when looking at new investment – decision making

2. Do you fully utilise all your equipment, all of the time?

The graph below (Figure 30) shows the average percentage utilisation by Print Sector. This is not a scientifically calculated percentage but an average of the best guess by each company.

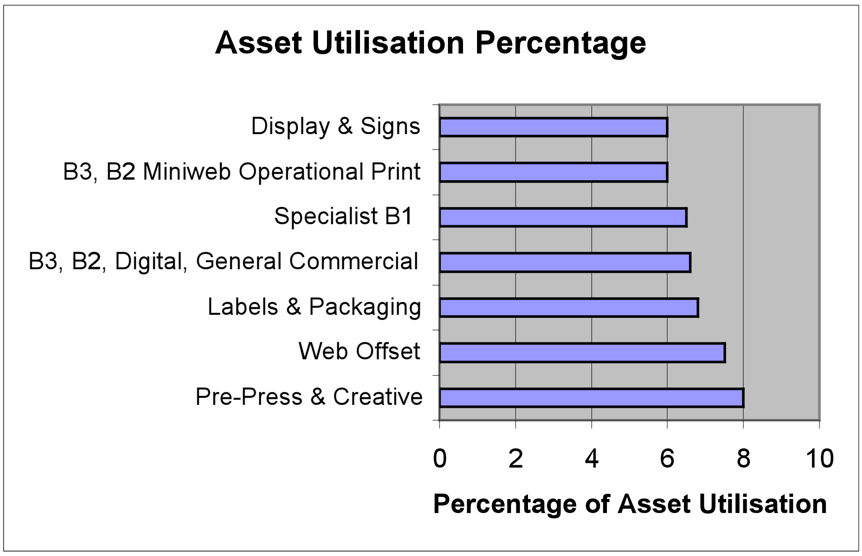

Figure 30

Good practice in this section is difficult to aggregate. In each print sector levels of utilisation vary according to the importance of the key assets in relation to the total product and service offering.

It is nevertheless interesting to see that the top three performers in Customer Services overall are also the top three in asset utilisation. It is worth spending some time thinking about why this should be. Perhaps: cost recovery and therefore competitiveness, customers see a facility totally devoted to their needs, people are busier and therefore more motivated. None of these factors can be excluded.

3. Does the company consider the impact on customers in risk management assessments?

Good Practice
Put yourself in your customers' shoes. The hassle of finding that all artwork files, plates, data, stock has just gone up in smoke or is under six feet of water is, for some, a situation not to be contemplated. It is reasonable, therefore, that steps are taken to protect the customers' trust in you by making appropriate contingency plans in case anything should go wrong. The likelihood of things happening is probably low, but as far as demonstrating your un-diluted commitment to the clients' welfare and sending a positive message about how much you care about their business continuity, a small amount of specific effort can go a long way.

The larger players with large and important contracts have to manage this issue as a requirement of being a supplier. But for small players just letting your client know that you back up files off site - just in case - might be enough to show them that it matters to you what happens.

One player has his plan audited by Deloitte Touche to warrant that they can cope in a crisis – its what the client wanted and it is important to comply, some printed items are truly business critical. It would be advisable to ask how important back-up plans are to your clients.

Do have back up plans in place.

Do make contact with people who can do your work if need be and worked out what capacity is required

Do, for larger contracts, undertake risk assessments and move stock to other sites. Have arrangements with others for storage if you need to

Do have secure offsite file backup for all company and client data

I. Climate for Action

The graph below (Figure 31) shows the average scores for the sectors. Interestingly there is a relatively low score across the board in this section. The questions do ask whether there are formal or measurable structures in place and many could not provide measurable evidence that they did what they said.

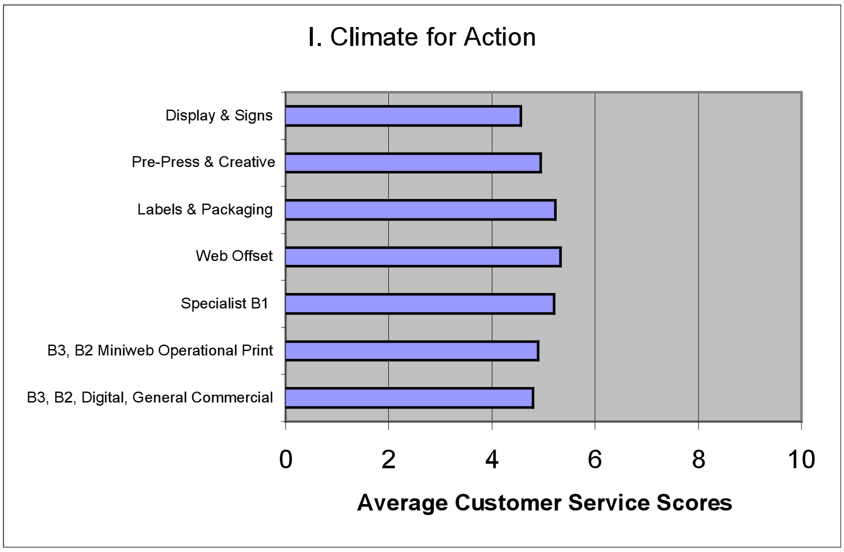

Figure 31

1. ***Is there a good climate for change implementation, if needed?***

Good Practice
This section is about a company's ability to engage their people in wanting to create an excellent experience for the customer, from administration to delivery. It is the people in the company, at all levels, that carry the message to the clients in what they do and what they say. It is their attitude that tells clients who you, as a company, really are. Their approach, their demeanour is often learnt behaviour from the managers in the organisation. Senior managers send an invisible message through their actions and words, which says "this is how we behave here" and it is a strong individual who, against all the odds, manages to counteract the effect. So you see the influence of bad managers in all their staff - it can permeate the whole department.

And across the board this was not a good score - the results were poor - universally poor. Of course there were exceptions, but it was not sector specific.

The best practice examples were, therefore, taken from a select few companies.

Investors in People (IIP) featured reasonably strongly, but it was only seen by the best as a foundation stone. It is assumed by some to be enough. But the passion is often missing, and it has for some, become a bureaucratic process rather than an enabling tool to truly engage the people positively in the life of the business. This meant that some had taken the best of IIP, abandoned the standard, and moved on with their own version. One quoted that IIP had helped embed the culture of change into the organisation and the need to continually learn and educate staff and clients.

It takes the senior team to be unanimously and absolutely engaged in people development. This, as one MD said, was difficult to do and as a result there are pockets of disappointment where employees experience exclusion and consequently a lack of commitment to the "customer delight" opportunity. Middle manager blockers were one source of concern!

Do look at Investors in People as a foundation stone for improvement

Do adopt a demeanour of change being the only constant.

Do a lot of talking - and then do a lot of doing – actions speak louder than words

Do create a learning organisation, with a predisposition to take decisions

2. ***Do people feel able to resolve customer problems and complaints by themselves?***

Good Practice
Acid test? Yes, this is an acid test. Not only are they empowered - do they care? Many bosses and managers spoken to in the study said that there seemed to be reluctance for people to take responsibility for the situations they faced every day. Problem ownership, therefore, caused problems. There is evidence from customer research of the huge frustration caused through people not getting back with answers to queries and issues and often customers having to leave messages through some message system or email, which does not get a response. The attention to detail here is critical.

There seem to be some tactics that good companies adopt to help with the process. They work in teams rather than individually so that more than one person knows of the clients' work. The use of this "Swat Team" means that everyone feels able to contribute to a solution rather than shouldering the whole thing. The physical location of estimating, customer services, planning and production offices are together in open plan areas where information can be seen and information shared more freely.

Clients have reported that a Salesman can win an account but it can often be a Customer Services person that loses it. If the client is in a constant state of anxiety and cannot relax because they are not getting answers to questions, or there are long delays in responding, they will go somewhere else where they feel more secure.

The remote nature of the customer services relationship means that erring on the side of over communication is a good thing and why customer services people need to get out and meet their clients, or invite them in to see them to make sure that the communication flow is smooth and one of complete understanding.

The culture of the company is very important. If the workday is littered with blame and fault it can close down effective communication. Educating staff on how to positively solve problems rather than getting into a slanging match is the best way forward. This tension is picked up by the client and will make them very nervous. The better companies have programmes to educate all staff on the importance of customer services.

Do err on the side of over communication

Do consider "swat" teams for bigger problems

Do consider the physical location of your internal customer support staff

Do look at inclusive programmes educating people from shop floor up on the importance to clients of all staff accepting responsibility and accountability for those things that impact on the customer

3. *Are people rewarded and recognised for good customer service skills?*

Good Practice
This question received some very poor scores. The positive reinforcement of good behaviour is missing in most cases.

Some said that members of staff get paid to do a job and that should be enough, but others who are more successful have quite comprehensive programmes of rewarding good skills.

One company has a scheme where all members of staff have appraisals in terms of 1. Customer relationship skills - ability in dealing with clients or responding when clients around 2. Dealing with other work colleagues 3. Doing their job, and their benefits enhanced accordingly. Others have similar schemes but team leaders are encouraged to recognise and reward directly extra special service. Another had a GEM awards scheme in place. This is an award for someone who has gone the extra mile. They put a Sterling value on the effort and tokens are issued. This is company wide.

Good practice is about setting standards for internal and external staff. Then finding alternative ways to pay out against achieving these targets.

Do look at special schemes – they don't have to be bonus related

Do be interesting and innovative

Do make sure everyone has the opportunity to show what he or she can do

4. ***Do you have a people charter, and is it respected?***

Good Practice
Not many are comfortable dealing with softer issues. But for those who do the rewards are tremendous.

At the very heart of the company is an ethic, good or bad, and from this ethic stems a particular behaviour. Good practice holds some very solid principles of client and interpersonal respect dear at all times. Often it is not written but it is better if you do. It highlights hypocrisy.

We have grown as a nation bent on our individual rights and having our personal requirements fulfilled. Re learning what it means to serve others is an important thing to do. It is one of the foundation stones of every principle belief system in the world and should not be taken lightly. It underpins well functioning social groups and whole societies. Most people spend the majority of their time at work and this is where companies' social responsibility starts.

The IIP standard stands at the forefront for some, because it helps codify and demonstrate the importance of people in the organisation.

Do treat clients and staff with respect; and work hard on the culture

Do make sure that activity is leadership led, codified and embedded in the culture

Do make sure that if the value system code is broken it is a serious issue

Do consider the IIP standard

5. ***What is the total percentage of bonus paid to staff for customer service related issues?***

Good Practice
There were extremely few cases of schemes specifically paying cash bonuses. Many are uncomfortable with this method of reward. Most preferred other methods as stated above, like social events or gift vouchers for exceptional work.

Do look at linking rewards to appraisals – e.g. 20% of profits allocated to bonuses based on the scoring 1. Customer relationship skills - all staff, ability in dealing with clients or responding when clients around 2. Dealing with other work colleagues 3. Doing their job

J. Staff Training and Education

The graph below (Figure 32) shows the average scores for the sectors.

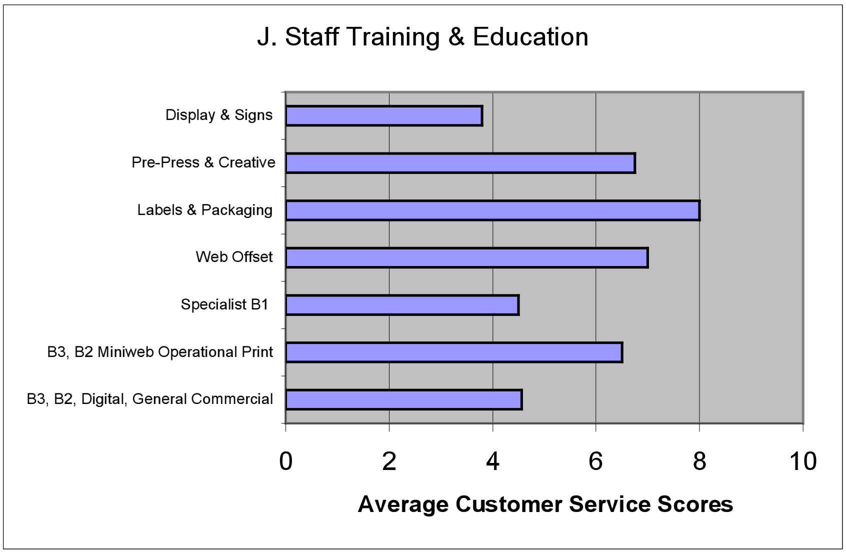

Figure 32

1. ***Is all customer-facing staff receiving product training and training to deal with customers?***

Good Practice
Technical and product training is more prevalent than customer services training. The common complaints of poor communication problems could be addressed with some more time spent in this area.

Labels and Packaging sector seem to spend most time and money in this area. The products are generally more complicated and the need for client guidance seems to be more obvious.
The best companies see on going training in much the same way the professions see Continuing Professional Development.

There is criticism from clients that help is not often forthcoming because the customer facing members of staff don't understand the requirements, and are not confident about what to suggest as alternatives. Companies seem to be missing out on opportunities as a result of this.

Do hold in house education sessions on what clients regard as good service

Do make sure that all customer facing staff understand the products and services the company offers

K. Transaction Technology Infrastructure

The graph below (Figure 33) shows the average scores for the sectors. This section covers a number of individual technologies but the scoring is based on what the customer saw, directly in technology terms. Many quoted the introduction of MIS that helped internal staff do their jobs better and so indirectly the client. This is more than likely true, but the strong correlation in terms of success is about those who had technology infrastructures that smoothed the direct client transaction, be it files, proofing, orders, stock, queries or delivery.

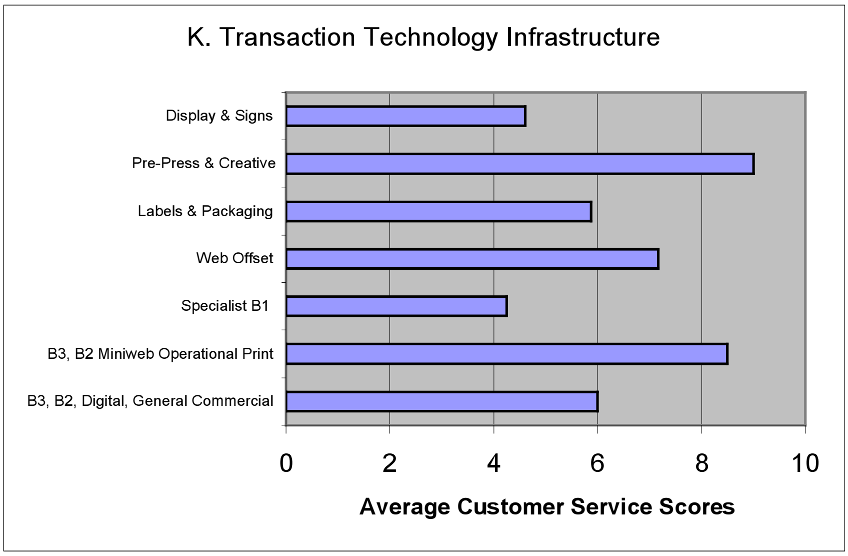

Figure 33

1. ***What technology is in place to enhance customer transactions?***

Good Practice
There are those people that want to use the phone as little as possible. They just want the facts and they only need to speak to somebody when it matters. Routine activity should be easy and trouble free. With most buyers having access to the internet or at least an intranet those organisations who have spent the time and effort creating an electronic link (EDI) or web link for the transfer, viewing and storage of important information have made a significant difference to peoples lives. There are certain things that are so much simpler if they can all be done from one terminal with the elimination of the potential vagaries of either email or telephone removed and the cumbersome nature of fax eliminated.

The Operational Print and Pre Press sectors were clearly the best in the area of developing simple on line systems for communication, viewing data on specifications, storage and progress, re-ordering, requesting prices, confirming orders, receiving invoices and making payments. One company said that if you are not good at this you are missing out on a key client benefit - it is becoming vital to tie people in and give them the required levels of service. Some had the whole infrastructure - every process stage - available on-line. It was a cradle to grave observable system with a simple and very useful reports function so that clients could track and measure activity.

Some who didn't have this functionality commented that this took away the personal touch. The users disagree. It is technology that enhances the relationship; it strengthens ties and does not just turn it into a purely transactional one with no human contact. A company was quoted as saying that the systems had an interesting psychological benefit for client retention. It created a link and an ease of interaction and at the same time a dependency that clients were reluctant to give up – it was like an umbilical cord.

Criticism from clients includes the sometimes Dickensian routines that clients have to go through to in order to place work with a supplier. One buyer complained of one company's insistence on confirming quotes in writing rather than electronically – she didn't have a filing cabinet anymore! Tell them to send me emails, she raged!

Many of these systems were pass-worded and had privileged access routines to give required levels of security.

A list of functions on line included:

MIS (some on-line to client) job tracking
On-line quotation requests forms linked to client catalogue of printed items and specs
Software in order to accept all file types
On-line proofing
Stock management and inventory levels edi/on-line
On-line and EDI invoicing and self billing
Client/supplier – project communication tracking and workflow management
Communication and feedback tools
On line catalogue with thumbnails of all printed items
Product picking lists
Customer access to item specifications
On-line item creation and drawing tools

L. Value Added Services

The graph below (Figure 34) shows the average scores for the sectors. There is not the opportunity to list all value added services individuals or print sectors offer in this report. Suffice to say that this section covers how important value added services are and how concentrated the offerings are into core client segments i.e. how many clients actually use all of the services offered.

The most successful companies think carefully about whom they serve and target clients well. They are usually not generalists and do not take work from anyone who will give them an order. They have a rigorous method of determining a good and sustainable client relationship. They research well, and do their homework when it comes to Added Value Services to support their client base. The most successful companies had specialised within a specialist area! In other words have taken the skills, knowledge and added value of the company to another level. This did not necessarily mean creating a smaller company. On the contrary, two of the highest performing companies are highly specialised, have some of the largest turnovers and have, as a result, international reputations.

A value added service is deemed to be a tangible add-on to the core product and in theory could be added to an invoice as a tangible extra that the client is receiving. Many commented that these extras could not be listed on the invoice and charged out, but that without them they would not be in business. The skill of the business rested in their ability to offer these services and convince the customer to pay a premium for the core product or service because of all the extra benefits the value added services delivered.

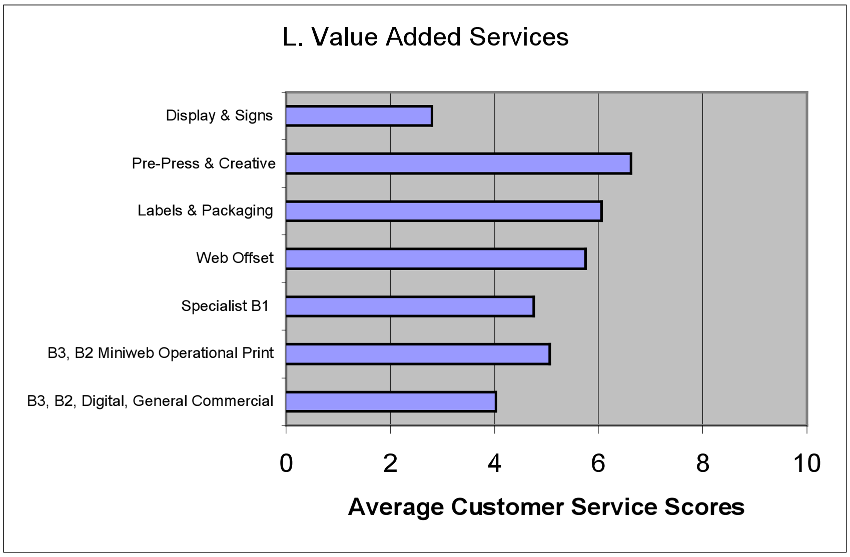

Figure 34

1. ***How do you judge what value added services (VAS) to introduce?***

Good Practice
Value Added Services certainly seems to apply to some print sectors rather than others. The prominent users are in the Web, Operational and Pre-Press fields. It does depend on the customers' requirements and how much activities associated with the core product supplied are seen as core to the purchasing organisation or an outsourcing opportunity. If the print, or core product, is only part of a chain of activity then the customer may buy additional interlocking vertically integrated activities. Whether the print supplier is seen as the ideal candidate to deliver those services depends primarily on economics and whether the skills required exist to deliver a good service. Trust to deliver the extras or Added Value Products and Services derives from trust in delivering the core product.

In Labels and Packaging there appear to be opportunities in areas of application and servicing packaging lines, but this gets into an engineering and equipment field and many of the people engaged in this have been doing this for some considerable time.

The newest development of vertically integrated services does revolve around the enabling capabilities presented via EDI, data interchange and the Internet, especially in Operational and Pre-Press sectors. There must be opportunities for other sector to take advantage of technology in this way to enhance the customer experience and add to the bottom line.

Do the Market Research – what growing - what's falling

Do conduct surveys to get direct feedback

Do detailed analysis of utilisation and client take up to ensure good capital returns

Do look at end users business not your own

Do seek out vertical opportunities in client value chain

Do hold seminars and discussions to test reaction and feasibility

2. ***Do you regularly communicate the benefits of your existing value added services?***

Good Practice
Negotiation is a key attribute of a successful company. What gives confidence during negotiation is to understand how much the client values the products and services the company has to offer. There are many examples of companies developing products and services and not asking the customer what they think or whether they will buy before they introduce them.

A number of companies made it very clear that they got better returns because they were confident that what they did was better than the competition and were not prepared to sell themselves short.

Do reinforce the benefits of the combined services you offer at client review meetings

Do hold seminars and teach-ins for all clients - on Value Added Services

Do learn how to be good at shouting about all that you provide

Do have constant communication on the issues so that clients do not take the services for granted. Work especially hard with new employees at the client so and they know that they are getting value added products and services

Do vary how the message is put across – sometimes a more subtle and intimate negotiation of the possibilities with clients works better

3. ***Do you know what impact VAS has had on top and bottom line?***

Good Practice
Very few, in fact only two, companies out of the 41 interviewed had any idea of the impact of value added services on their top or bottom line. Even some of the most sophisticated companies found the benefit difficult to split out. The one unanimous response from those companies that had a reasonably sized VAS portfolio, and who were also well above average in profitability in their sectors said, that without the extra services they would not have a business.

Those that succeeded in measuring tended to have segmented their business and examined the profitability by those segments rather than by individual customer. This enabled them to take out individual customer "noise" and look at a more meaningful set of figures from which they could extrapolate key information. One company, who cannot be named, said that they had only recently finished an exercise in client segmentation and looked at the profitability of those that took two or more extra services from them to find that, without question, these companies, as a segment, were more profitable to the company than the ones that took none or only one of the extra services. They could not explain adequately why this was the case, it just was. As a result they are exploring with greater urgency more specialisation and segmented service offerings and vertical integration opportunities.

Do look at segmenting your client base

Do consider analysing segment profitability

4. What level of concentration of VAS is there into core client segments?

The chart below (Figure 35) illustrates the sectors most successful at applying the Value Added Services they have to their client base. This key utilisation graph perhaps illustrates the sectors that are the most able to identify vertical integration opportunities or are very selective in not introducing Value Added Service activities where the take-up would be low.

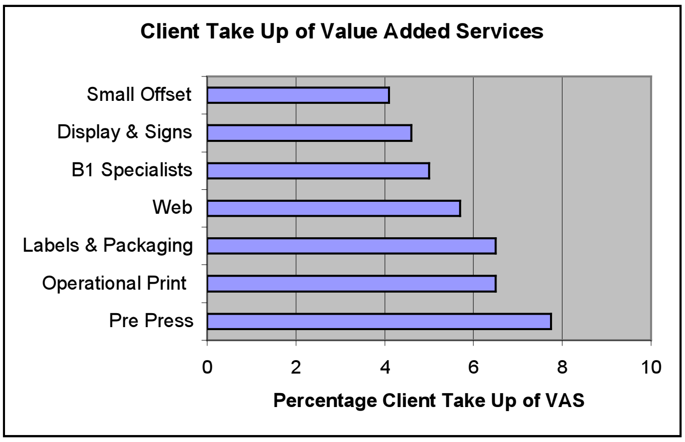

Figure 35

Concentration of VAS take-up in Pre press is very high. The pattern for this industry has evolved over many years and the limited number of clients also helps the concentration. For those with large numbers of clients the situation becomes much more problematic. Operational Print Sector also has larger than average clients and fewer of them. The Labels and Packaging sector has fewer opportunities on the whole to incorporate VAS, but where they did there is a higher than average take up. The weakest sector is the Small Offset sector, where measurement and careful analysis of how to develop the business is lacking. It is not surprising that it is also the poorest in terms of profitability. The Web sector, as the innovation scores showed, were very active in searching out new things to offer the customer, but it looks like over load. Utilisation or concentration is not as strong as the desire to innovate and perhaps this is about the sector's ability to clearly segment markets and focus accordingly.

Case Studies

Print Yorkshire
FOR BUYERS AND SELLERS OF PRINT

VISION IN PRINT

Watt Gilchrist

Gilchrist produces high quality graphics for the retail/fmcg packaging and publishing markets. They have the internal expertise to control the whole graphics process from concept to shelf, incorporating brand guidelines, creative design, artwork, reprographics, creative retouching, colour management, packaging technology, mock-ups, pack copy, workflow management, print procurement and commercial services. Not a bad list!

The enabling technology is the interesting bit. They call it Odin and it links the whole process together, it is a communication and reporting tool and it controls the workflow and the approval and project process via the web. This beast of a system links all the players from the retailer, the artist, the copywriter, the technologist, the marketer, the lawyer and the printer together. It is transparent and manages clients' brands in such a comprehensive way that Gilchrist recognise that without it they would not have a business.

Although Gilchrist doesn't have a high volume of customers, the ones they do have are integrated with in a way that the majority of the industry would find hard to adjust to. However, 2005 has seen many new clients arrive wanting the full complement of services.

When you pass through their in-plant offices (on client sites) you see people working side by side in an open space that encourages interaction, but what you cannot tell is whom they work for. There are customers and staff mixed in together as one team, sharing information and knowledge, making decisions, solving problems and together creating next month's must have item.

Back in 2003, Gilchrist commissioned an industry review to look at its competitive position, and what came from that review was a clear message: 1. Customer Service will increasingly become a differentiator. 2. In the future suppliers will need to provide faster more flexible services. 3. What clients really want is good advice on print and packaging, not just graphics

Clearly the market was facing huge changes and Gilchrist aspired to be at the forefront. It realised the importance of its people and that it needed its experts to be the future revenue generators. The desire to increase the multi-skilling culture they wished to create led them to break down the departmental structure and create a more integrated service team approach. This meant working in multi disciplined teams in an open plan area where they sit and work together sharing between them what they know.

The service teams are encouraged to constantly explore changes that will deliver a better product and service to their clients.

Odin supports this process and helps deliver the aspiration. It enables the partners within the chain (customers and suppliers) to get a clearer understanding of the entire process. It is designed to monitor critical paths and offer an un-precedented level of transparency and real time information.

Odin is a great story in itself but the other story here is the added value list they started with. This has been driven by the close examination of client need and the timely introduction of key services that enhanced the customer experience. Linking layer upon layer of trust from one product and service to the next Gilchrist now sit, literally, at the centre of a web of activity that adds value all round. It's so critical now that without these vertically integrated services Gilchrist don't believe they would have a business – "its hard to say what is Core and what is Added Value now" says their Finance Director.

Capturing the value is also very important to Gilchrist. They don't let any one of their customers' employees take the services and integrated offering for granted. They find ways to reinforce the value. It would be all too easy for new starters to assume that this level of service was the norm. They go out of their way to educate and share information and take every opportunity to reinforce the value of the extras they are delivering.

The combination of the technology and the value added services is alluring, the way they have combined people expertise and a system to link the disciplines is together is like watching a magic act.

Ryedale Printing

Ryedale Printing is in the B1 specialist sector for the purposes of the Print Yorkshire Customer Services Best Practice Survey. They turnover approximately £5 million and want to keep growing, but realise that growth cannot come solely from domestic sales, therefore an increased international presence is required.

There certainly not very much about Ryedale that can be described as normal, they have developed a unique approach to both strategic development and customer service. John Buffoni, Ryedale's inspirational leader, mentor, engine and lifetime learning enthusiast is prepared to think and act outside the frame in order to add value to customer relationships. His motto is "think the unthinkable – then do it". This thought process is clearly evident when you step inside their operational areas.

John's team manufacturers hundreds of millions of plastic cards every year, addressing most card sectors. Investment in new technology has set new benchmarks for the speed of production of cards. Low cost surface mount magnetic strips and innovative card profiles are two of the many areas the company offers significant added value.
The horticultural sector has grown rapidly in recent years. Ryedale have sought out innovative and exciting technological solutions, utilizing robotics to manage the card and tag finishing processes in order to meet customer requirements for quicker cycle times.

As Ryedale compete in a global market the challenge to stay out in front, both technologically and inspirationally, are a driving force throughout the organisation.
A programme of cost reduction is vital for continual competitive advantage in a worldwide market. Faster, better and cheaper is the mantra at Ryedale. Thinking outside the frame to come up with answers for process improvements has lead to some very innovative and exciting technological solutions.

A clearly defined strategic plan has been developed to deliver a continual competitive advantage. This "Success Planning" process centres upon a robust stakeholder strategy with a focus on "value add" and customer service.

Innovative thinking stalks the plant at Ryedale like a beast that cannot be satisfied. Ryedale have recognised that in order to successfully compete in a worldwide market they have to be the best at what they do – and then get better. This has lead to the introduction of clever camera based technology that is used to monitor the quality of the images on their plastic sheets at a speed that defies imagination.

Ryedale have developed a process which enables them to think the impossible, then work together as a team to make it happen. This innovative thinking includes the development of "relationships for creative success" in all aspects of the process.

Consistent and honest evaluation is the key to success at Ryedale, along with a constant desire for continuous improvement, John says "we do a lot of talking here, but we also take a lot of actions, both are necessary for success but in the end, in our world, it's action that counts, and that action must be planned and accountable in order to achieve the required outcome".

Understanding human behaviour is one of John Buffoni's passions. "If you can understand what make people tick it is easier to get the best out of them. As everyone is different it is quite difficult, in a team environment, to create a relationship where the outcome of the team far exceeds expectation of the individual. When this does happen it is extremely satisfying for everyone concerned, in fact the right outcome can be life changing".

Trust is a by-word at Ryedale. At first some customers were sceptical about entering into John's "trust based" relationships but as time went by they began to realise that "trust" really could add value for their businesses.

In the PrintYorkshire Survey, Ryedale Printing scored highly across the board, but particularly well in Managing Innovation, Operational Process Controls and Identifying New Opportunities. It is this combination that distinguishes them from their competitors and is giving them the growth they seek.

RR Donnelley

The RR Donnelley Directories plant based in Flaxby North Yorkshire is part of the biggest printing corporation in the world. RR Donnelley (RRD) is also the biggest directories printer in the world and the Flaxby plant combined with a directories capability based at its Web plant based in Poland is the biggest directories printer in Europe. You have to do something right to get into this position!

Eighty percent of RR Donnelley's customers are ex civil servants or government run institutions. There is a conservatism about the way directories have been run as projects and RR Donnelley have always had to meet exacting specifications from their clients. Customers are very disciplined and RRD know their market very well and know what their clients require. The relationship is the key.

When a client comes to RRD they have very high expectations already and they are not usually disappointed. The first contacts are usually numerous meetings and discussions with a series of subject matter experts (SMEs): customer services contact, distribution, advertising production, finance, paper supply, production and continuous improvement. A complete package covering all issues is hammered out and written in to a comprehensive and exacting contract document.

"We set and manage expectations very well – we have to," says Rob Walters, European Head of Customer Services. Different clients will focus on different things, for some it will be the cover, others the classified section or the screen ruling for the display advertising.

It is paramount that they have the capability to report on performance: running speeds, paper wastage etc. RRD need to understand what drives the customer and what his concerns are so they can get it right. They will send someone from the customer service team for up to six months to work with a client on their premises before they even start a contract so that they miss nothing in terms of what is required and how it is communicated.

On the relationship side 10 to 20 years is typical for most clients. "Building good relationships are important to us and partnership sounds like a cliché but its what it is," Rob Walters says, "Our customers truly believe we have their best interests at heart."

They have six monthly strategy planning meetings with all clients where they discuss the clients' objectives. RRD then go away and work out how they can help deliver the clients' goals.

A client can visit the plant and when introduced to any member of staff on one of the regular client visits they will hear from them what they are doing to help the client make his book better. Everyone knows what must be done and everyone has targets. Rob tells me they sometimes will be taking a client round and they will just stand back and let the people in the factory tell the customers about their own product. "Usually the client is overwhelmed at how engaged everyone is". It builds trust in the whole organisation – "it's a great atmosphere to work in," Rob tells me.

RR Donnelley Directories admit they were not always the best at innovation and new ideas. They had to learn from their sister companies in the more commercial world to see what could be done when the clients came to them with problems of growing competition and how to generate revenue. RRD Directories relied on shared knowledge from other markets and other RRD plants to feed back ideas to clients. Now they have a raft of highly utilised Value Added Services like inserts and the clients are even happier.

But it rests on the strength of the relationship and the foundation for that is trust and the foundation for that is really getting to know what the client wants and helping them get it.

Harlands Labels

Yorkshire Post 13 June 2005:

"Harlands Labels has been acquired by the Clondalkin Group, an international printing and packaging group.

The sale represents a healthy return on its investment for Yorkshire-based venture capital firm YFM Group, which backed a management buyout (MBO) of the business just 20 months ago."

Harlands produces specialised labels for manufacturers in the toiletries, personal care and cosmetics, beverages and pharmaceuticals markets. Ian Wright the Managing Director who led Harlands into the MBO less than two years ago had very clear vision about how to go about transforming this fallen star of the industry back to its former glory.

The Harlands' brand still carries a lot of weight and there are still a good number of buyers in the packaging market that remember the name and reputation for quality and excellence they built over the decades. So when the company fell on hard times it was first the strategy that had to be addressed.

Ian Wright: *"We looked at the plant and people and identified as a team what we were good at then looked carefully at the markets to see where we could add value. We focussed our approached and stuck to it without compromise."* And it's paid off!

Understanding client requirements was one question addressed in the survey, and Harlands go the extra mile here. They understand the difficult market conditions for retailers and accept that they have a place in helping them achieve the cost reductions they are pressured to make to stay competitive. Harlands' technical experts assess every part of the clients' application process examining materials, inks and machinery to thoroughly understand the conditions. They discuss the required application speeds and the failure rates, targeting them for improvement. After the data gathering process they conduct a "re-engineering" process. The times that the customer dictates the label specification are diminishing. In many cases Harlands take control of this aspect and are prepared to guarantee performance - as long as they can have a relatively free reign to make changes as required. "Its all about Total Applied Costs, not just the price of the label", Ian tells me.

Guaranteed low rejection rate and application rates are written into client agreements and extensive testing takes place to ensure that consistency can be achieved. Material specifications, inks, press units used are all part of the warranty process. As a result Harlands get requests to produce labels for some of the most demanding applications for the sectors they serve.

So what's the secret? People skills are paramount to Harlands and Ian Wright worries that the demand to train up new experts in the field is getting more and more difficult. "We have some very good people", Ian says, "but I sometimes wonder where the next generation will come from if companies don't attend to the need to constantly educate and train".

Red Box teams are another prominent feature of the company. Named after the red box that used to be placed in the centre of the meeting table for everyone to place their ideas after the meeting. They are set up to solve problems and challenges that arise for customers. Multi disciplined teams get together whenever required and work systematically through a problem. It ensures that they see the problem from all sides and leave no stone unturned.

Harlands is committed to client education. The company hold seminars and training sessions for their clients, helping them to understand the intricacies of producing labels that look good, do their job, and stick, at speed, to a product moving through a highly automated production line.

It's not surprising someone snapped up this gem!

Appendix

Methodology

Participants were invited to take part and all volunteered to give up time to help with the survey. Out of a total of forty-one participants, three completed the questionnaire remotely with initial guidance from the interviewer and posted the completed form, twenty were interviewed on the telephone, and eighteen were interviewed face to face.

Questionnaire

The questionnaire captured:

1. Company Name and Contact
2. Turnover
3. Percentage Profitability (Profit before Tax)
4. Main Print Industry Sector, sub sector and specialist capabilities
5. Local/National/International client base (with percentage split)

The questionnaire contained 12 sections, 41 questions, each worth a total of 10 points covering the following topics:

A. Understanding Client Requirements – examined the ability to clearly determine the client needs and support the decision making process

B. Image – looked at Brand strength, consistency of message and how the company encouraged loyalty

C. Developing Relationships – noted how companies built trust

D. Managing Innovation – looked at the companies' ability in developing new products and services

E. Operations Process Control – questioned quality control and delivery performance

F. Cost Reduction and Productivity Improvement – examined how customer services assisted in helping managing cost for both the customer and supplier

G. Identifying New Opportunities – looked at how Customer Services assisted in building new revenue opportunities with existing and new clients

H. Asset Utilisation and Investment Strategy and Protection – captured practices in the asset utilisation and new-asset-spend decision making

I. Climate for Action – studied the employees readiness to tackle change and innovation

J. Staff Training and Education – understood how much importance was placed on customer service and product training and education

K. Transaction Technology Infrastructure – looked at the enabling technology infrastructures that improved the customer-supplier transactions process

L. Value Added Services – sought to understand the importance, level and market segment focus there was in value added services offerings

The questionnaire is based on questionnaires used widely to determine Customer Service Excellence and to judge national and international competitions and appropriately adapted for the print Industry.

Scoring

Participants, together with the interviewer, discussed the meaning of the questions and the scoring table below and together agreed on the individual scores. The maximum achievable was 410.

Each question was scored as follows:

0	Doing nothing
1-2	Thinking about doing something soon
3-5	Doing something but *not* measuring impact
6-7	Doing something and measuring* the impact
8-9	Doing something, measuring and learning from the results
10	Above plus benchmarking with external organisations

*Measurement could be qualitative or quantitative.

Choice of Company to Survey

Target companies were chosen from a list of 75 BPIF member companies and 75 non-member companies, all of who reside in Yorkshire and Humberside. The lists were ranked by size and the consequent participant sample represented a broadly typical cross section of companies both in type and size.

Companies were not pre-selected by type and the groupings found in the report have been made post interview completion in order to make better sense of the data

collected. Groupings were a best fit for the purposes of aggregating the scores.

PrintYorkshire

FOR BUYERS AND SELLERS OF PRINT

PrintYorkshire, a partnership between Yorkshire Forward and the British Printing Industries Federation (BPIF), was inaugurated in October 2004 to tackle key issues faced by the industry and create new business opportunities for the sector.

Part-funded by the European Regional Development Fund, the partnership aims to ensure that the print and printed packaging sector in Yorkshire and the Humber maintains its position as a major national player, builds upon its successes and excels as a key business cluster in the region, by sharing best practice, encouraging training and development, seeking out funding and enhancing networking opportunities.

PrintYorkshire's event of the year, Showcase 2005, was the culmination of a packed year of achievement for the partnership. The event hosted an array of international speakers, exhibitors and delegates and was the first of what will become an annual event.

As part of its remit, the partnership also hosts a series of networking events throughout the year, across Yorkshire and the Humber, to bring buyers and sellers of print together and discuss best practice in the industry. It also holds a variety of seminars across the region on important topics that will increase profitability, encourage environmental management best practice and promote the essential requirement of training and development.

More information about PrintYorkshire will be found on the website
www.printyorkshire.com

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PrintYorkshire FOR BUYERS AND SELLERS OF PRINT

Yorkshire

VISION IN PRINT

Vision in Print - The Print Industry Forum

ViP was established in April 2003 and is still part-funded by the DTI as a part of the Government's manufacturing strategy. The Board is made up entirely of executives from companies in all sectors of the UK printing industry, large and small, Amicus GPMS. The mission is to implement a programme of practical activities to benchmark and improve competitiveness of individual companies and over time raise the performance of the whole industry. There are nearly 20,000 print companies in the UK, across sectors as diverse as newspapers to food packaging.

Vision in Print makes no sectoral distinctions and introduces companies to lean manufacturing techniques by applying the Industry Forum 'hands-on' approach. The in-company performance improvement programmes are delivered by ViP's highly skilled engineers. These activities usually focus on manufacturing, however customer service, customer added value services, business processes and creating the right team and continuous improvement cultures are all areas tackled with clients.

Vision in Print is also conducting a series of Best Practice studies of which this is one, using experience from both Print and other industries. It publishes reports on key topics, the aim being to raise productivity and highlight key issues for the whole industry.

More information about ViP can be found on our website **www.visioninprint.co.uk**

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DijiPrint Limited - Fresh Print Solutions!

DijiPrint is now in its fifth year of trading and with it brings the experience of a team of dedicated people who constantly strive to push and expand the company into new areas, offering customers the best in digital print... first!

Boasting two Xerox 6060 DocuColor digital presses and one 2060, we are able to turn jobs around in a guaranteed 48 hours, but most of the time production is just 24 hours with a special same day service, for those who like to leave it until the last minute.

Backing the three digital presses, is our in-house finishing department. From guillotining to collation, booklet-making to wiro binding, laminating to perforation, creasing to stab-stitching, folding and round cornering.

Our large format print department, as well as offering print, also offers two distinct ranges of displays. From the Swedish designed Maxibit pop-up systems to the British made S-X display stands, we're sure we have exactly what you need in displays, and they're different!

The backbone behind all this is a creative design studio that thrives on coming up with new ideas, driven by what can be produced on the digital presses including variable data print, personalised packaging and targeted direct mail.

More information about DijiPrint can be found on our website **www.diji.co.uk**

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