



CUT COSTS

BY HENRY RUDDLE

Yet Still Be Fabulous

When the budgets get tough, the tough get to cutting. Most managers decide that it's time to focus on Return On Investment (ROI), and anything that doesn't have a significant ROI (or can't prove it's ROI—a common problem with marketing and PR projects) gets the chop. Of course, ROI should have been the top priority all along, and tracking methods to prove each initiative's

ROI should have been

built in from the start, but that's another story.

This story is about saving cold hard cash on the biggest marketing expense categories—printing, mailing and creative services—to help organizations avoid brute force chop chop chop operations like the one described above. The story begins this way: choices you make as a customer can have a huge impact on the bottom line.

Be a Good Customer

Frankly, a lot of arts organizations are a pain in the neck for their vendors. Decision by committee, fussiness, last second changes, unnecessary demands and disrespect are common problems. The services you consume are not commodities. There is a lot of flexibility in the pricing, and it will flex in your favor if your vendors feel you deserve it. Here's how you do it:

- 1. Develop a relationship with the shop owner or general manager,** even if you work with a salesperson or customer service rep. If he or she has an affinity for the arts, work it. Discuss your mission, network, offer a few comp tickets. At the very least, be known and be friendly. When the inevitable "Do we charge them for ___?" and "Whose job should we put first?" questions come up, you want the decision maker to have a personal connection to the answer.
- 2. Treat your vendor like a partner, not an order taker.** Respect your vendors' expertise. You don't have to follow their advice, but you should solicit it and listen to it. You will definitely learn a lot and save a lot. Partners look out for each other. If your vendor sees ways you can save money or time, you will know about it, even if it hurts your partner's short-term interest. For example, a partner printer will let you know when jobs can be gang printed or when a small change in paper specification will save on materials cost.
- 3. Make requests, not demands, and be flexible.** When it matters, if you can wait an extra day, or deliver your input a different way, or skip a step, the production team will return the favor. Prices and production schedules are estimated based on a typical customer. Demanding customers are difficult to work with, and so their price and time estimates are inflated to compensate.
- 4. Be decisive, and provide good input.** Printing, mailing and creative projects are a bit like jigsaw puzzles—all of the pieces have to fit together, and you don't get very far without a complete picture to go by. Complete notes and good files will make your jobs easier to process, helping your jobs get scheduled sooner and—important for pricing—finished more quickly.
- 5. Meet deadlines.** If you tell your vendor you will send your input or your changes or your check or whatever on Tuesday afternoon, your vendor will (unless you have a bad reputation) plan for it. Resources will be allocated, and schedules set. It is especially important to arrive on time for press checks. In that case, an expensive piece of equipment and one or more expensive workers are kept idle, costing the print shop owner big time when you don't show up on time.
- 6. Pay on time, and show your appreciation.** Very likely, if you routinely pay your bills late, everyone in the shop will know it. The only way to keep your projects from suffering is with some TLC for the staff. Send over a complimentary e-mail or letter, preferably accompanied by cookies, chocolate or beer. Otherwise, you might as well find a different vendor because you will



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never catch a break. (Not a real one, anyway. Your vendor might pretend to help you out in the hopes of changing your behavior, but the good stuff will be kept out of your reach.)

Be a Savvy Customer

There are money-saving opportunities at every step, and the savvy customer will do two things to find them:

1. Learn how the process works.
2. Match projects to vendors.

On large printing projects (over \$10,000), scrupulous print brokers often provide a better product faster and cheaper than you can find on your own, and make a healthy profit to boot. How? They do it by cutting out unnecessary steps, eliminating markups and commissions (paid to others), and by following the good customer tips outlined above.

For example, the printing price you are quoted consists of six things:

1. An overhead allowance for booking and billing, as well as profit
2. Prepress time and materials (unless billed separately)
3. Direct materials costs (paper, ink, etc.)
4. Hourly cost of press time multiplied by estimated run time (most shops include prorated capital and maintenance costs, direct labor, and direct overhead such as electricity in the press hourly rate)
5. Bindery time and materials (or cost plus markup if subcontracted)
6. Sales commission and a prorated portion of selling expenses

You can reduce your price at each step.

1. The paperwork for a good customer takes less time and effort. It's easy for shop owners to accept a cut in profit for a good

customer that is also a worthy cause, or potential source of prestige. Give in-kind donation credit for every discount you receive.

2. Artwork files that run correctly save a lot of prepress time.
3. Paper costs are very soft if you can be flexible. There are many brands that look and feel identical, and often one is on sale or—even better—closeout with the paper distributor. Open an account with the major paper distributors in your area so that you hear about sales, and can consider buying your own paper. In tough economic times, many distributors will give you volume discounts even if you don't qualify.
4. A print shop's mix of equipment and personnel makes a huge difference in both the press hourly rate and the run time, and hence

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the price. Get the shop's list of printing and bindery equipment (called the "line card"), and ask about the age of equipment if not the actual details about hourly rates (print brokers often buy press time rather than an end product to save big money). Sometimes the best shop for your project will be one with large, older printing presses that are fully paid off. Sometimes you will be better off with a shop using brand new, high-tech presses. Sometimes it's the rinky dink two-color press that's best.

5. Complex bindery (that is, anything beyond cutting and folding) often makes a big difference. Many shops outsource bindery to subcontractors, and then markup their cost by 50-100%. That's not necessary bad. For example, if the print shop has old equipment that requires a lot of labor, or its staff doesn't have much experience with what you need, it will charge a lot more per hour and take a lot more hours than a specialist

bindery shop. Sometimes it's worth using a shop with slower presses, but a top notch bindery department.

6. Naturally, the more you know about the printing process, the less likely you are to need the service and hand holding of a good print salesperson. If you can work directly with the owner or a manager, ask for a discount. Sales commissions run in the 10-20% range, so giving you a 10% discount on a job that would have cost the shop a 15% commission is a no brainer.

Most major metropolitan areas have associations of print buyers that offer resources and classes that can save you much much more than the cost of membership. A national group exists as well, Print Communications Professionals International (www.pcp.org), which is a good alternative to a local group.

Savvy purchasing of marketing services such as printing can easily save 20%, and as much as 50-60% in some cases. For example, I had one customer who was paying \$9,000/



month for a print job I could buy for \$3,000. Even with my generous markup, we were both extremely happy when he gave us the business instead.

Be a Focused Customer

As Tessio tells Tom Hagen in *The Godfather*, "Tell Mike it was only business." Your vendors understand and appreciate your need to achieve your goals. So, although it's important to be a good customer and form strong relationships with your vendors, it's foolish to put their interests ahead of your own. I've met many arts marketers who tell me they feel obligated to give every project to the same vendor because of a long-standing or perhaps even Board-level relationship. Sometimes "the community" is invoked with reverence. Tell me, does it really help the community if you pay Joe Boardmember's shop \$20,000 for a print job you could get for \$10,000 somewhere else?

When purchasing marketing services, your focus must be on what's best for your organization, and that often requires setting priorities. You can't have equally excellent prices, turnaround, and quality (and if you think you are getting that now, please shop your projects around because it's most likely not true). Considering how much control you can exert over price, turnaround and quality, it is just not acceptable to tell yourself "We've always done it that way" or "He supports the community" or "I don't understand printing" or "My sales rep or my designer will look out for my best interests."

So, the story ends the way it began. Make good choices as a customer, and you will win. ■

Since founding Ruddle Creative Inc. in 1988, Henry Ruddle has made frugal excellence a priority, finding or inventing new ways of saving money while still producing high quality publications, marketing communications and websites. arts.ruddle.com

The Bounteous Internet

In addition to Print Communications Professionals International (www.pcp.org), the Internet offers an easy way to find large shops located in printing havens such as Georgia, Kentucky and Los Angeles, as well as print brokers such as iprint.com. For advice and ways to save on mailing, the website of the Mailing and Fulfillment Service Association (mfsanet.org) is hard to beat.

Some of the most amazing savings are available with writing and design services. Freelance marketplaces such as e-lance.com, guru.com and mondayworks.com will give you access to incredible talent for rock bottom prices. You probably won't ever meet your designer face to face because he's some guy in Podunk working out of his bedroom, or a person rich in talent living in a country that's poor on compensation such as India or Romania, but in the Internet age none of that really matters. ■