

News Release

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Rising labor costs seen as “green button” technology driver

Accelerating cost of labor in U.S. printing shops triggers a run on automated post print equipment

Speaking at the BindRite 2014 annual meeting, National Print Owners Association (NPOA) president John Stewart made a compelling case for more automation in post print processes such as binding, lamination and paper handling, as well as expanded services such as wide format graphics and mailing services. In a tour de force of quick printing industry financial trends, Stewart presented statistics derived from NPOA's just released 2014-2015 Financial Benchmarking Study. The study includes such fundamentals as annual sales, cost of goods and payroll.

Notable among the trends was Stewart's conclusion that labor costs are rising significantly faster than other shop expenditures. A key chart showed labor expenditures as a percentage of all costs climbing from 24.3% in 1983 to 32.5% in 2011.

Rising Labor Costs

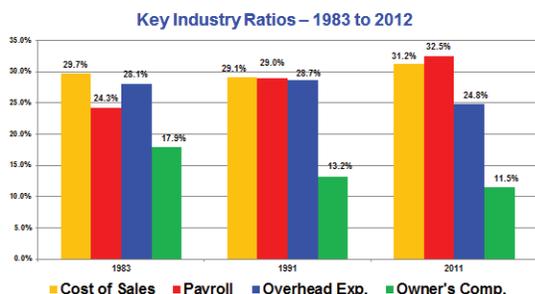


Image courtesy of John Stewart,
President, NPOA



That leap establishes labor costs as the single greatest category of business expense, overtaking overhead as the greatest drag on profits. In fact, with overhead and cost of sales remaining relatively stable over the 30 year period, the uptick in labor costs comes almost directly out of owner's compensation. According to Stewart, this data holds true across all regions of the country, and does not vary significantly from franchise to non-franchise operations.

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Labor Costs Driving Post Print Automation (continued)

These findings are consistent with the recent experience within the BindRite member community and accounts to no small degree for a surge in sales of automated finishing equipment. Beginning with such innovations as the Powis Model 15 and the ALM 3220 "Green Button" laminator and manifested most recently by Formax's new Digital Label Printer, both independent printers and in-house operations have increased investments in "green button" equipment – slick technology that requires very little operator intervention. As specialists in all aspects of post printing operations, BindRite dealers have taken the lead in developing these resources.

While there has never been such a thing as a "no brainer" in the constantly changing printing business, smart money has been incorporating a wide range of other paper handling technology for the past decade or so. Adoption of affordable desktop models – particularly creasers, scorers and folders – has been proven as a way to increase productivity while keeping labor costs under control. If one projects the charts, the difference ends up in the owner's pocket.

Digital Printing and Diversity of Services Driving More Profitable Printing Businesses

Although Stewart's research shows the overall market for printing shrinking – and we would be surprised if it didn't – it also confirms that printers who have weathered the changes are stronger and more profitable. Printers in the NPOA group expect growth of 4.5% in 2014 – 2015!

There are several causes for this trend, including the aggressive incorporation of digital printers and high speed inkjets into conventional printing companies. Although offset printing should continue to provide a major source of income for the next five years, the quality and speed of digital printing will only improve. The link from digital printers to the adoption of professional quality, low cost desktop binding systems, laminators and paper handling resources is obvious.

Finally, a surge in supplemental services is expected to bolster the bottom line over the remainder of the decade. Access to wide-format inkjet technology has added a wide range of new revenue opportunities, including posters, signs and POP production. Many vendors in this space have focused on turnkey solutions compatible with the resources of printers, such as D&K's excellent new "sign shop in a box" system for pouch laminators.

Printers are also expanding such services as variable data, mailing services and graphic design. These revenue sources are easily integrated into existing businesses and represent obvious cross-selling and add-on opportunities.

About NPOA

NPOA is a trade association founded and operated "by printers for printers." It is the fastest growing association in the printing industry, with over 370 members nationwide.

About BindRite

Authorized BindRite Dealers are members of a North America-wide network group of independent companies, dedicated to selling and servicing document binding, finishing and specialty presentation products. BindRite network members are required by contract to maintain the highest standards of product selection, customer service and technical support.

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