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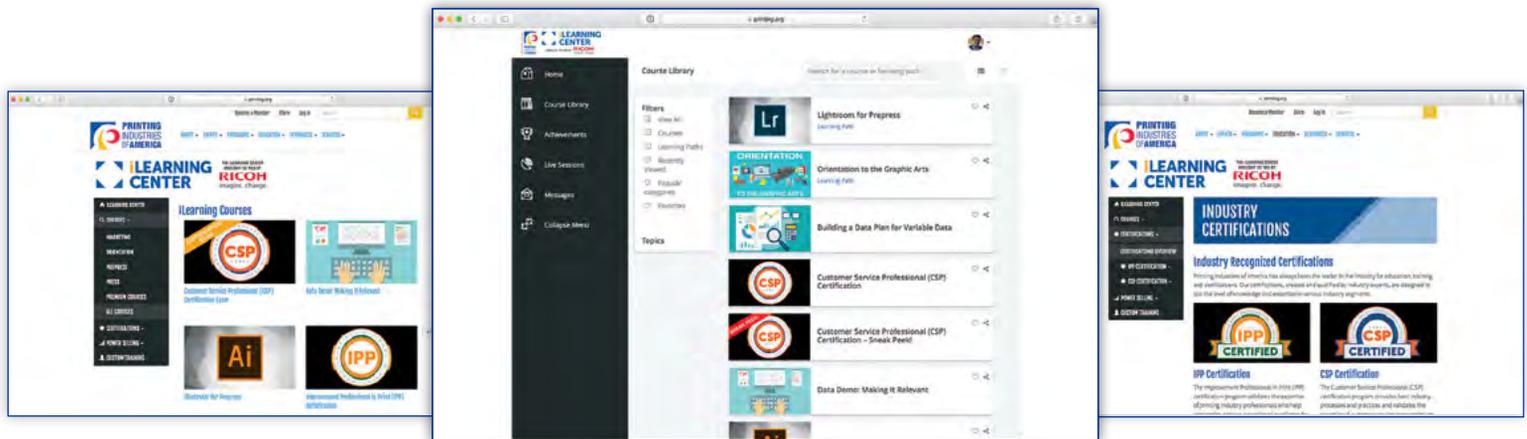
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Publisher's **Message**

Jenn Strang
Director of Marketing

Publisher,
Printing Industries of America:
The Magazine

Happy New Year!

It's hard to believe that it's Forecast time again already. With 2017 having had such a huge impact on the print industry, we tried to focus our first issue of the year on topics that are affecting your businesses now.

Our own Dr. Ronnie Davis starts things off with a look at what to expect in the economy in the year ahead. Gary Jone and his EHS team talk sustainability, and Gerry Michael and Bob Lindgren highlight what to expect from sales compensation in today's marketplace. We also cover HR solutions with the benefits of contextualized eLearning, how to avoid common hiring mistakes, and instituting a harassment training program in the workplace. Dr. Mark Bohan takes an in-depth look at the Smart Print Shop, and Jack Noonan covers adding enhancement value to printer client relationships.

Adriane Harrison also gives a sneak peek at what to expect at the upcoming President's Conference, March 4-6 in San Antonio. This month's Member Profile talks with Gal Shweiki of Shweiki Media, a speaker and host of this year's President's Conference plant tour.

There are many exciting things to come from *The Magazine* in 2018. We look forward to keeping you in the know about the important issues facing the printing industry today.

Wishing you a safe, happy, and prosperous New Year!

Jenn Strang

Jenn Strang

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What's Ahead for the Economy and Print

Ronnie H. Davis, Ph.D., Senior Vice President and Chief Economist,
Center for Print Economics and Management, Printing Industries of America

What will 2018 bring for the economy and print? At press time, the fate of tax reform was still being debated, but the view the next year or so is becoming clearer in terms of overall macroeconomic and business environment, the trend for aggregate 2018 print sales, fundamental micro-market developments in print, and a checklist for competitive advantage in 2018. A detailed 2018 outlook will be provided in a *Flash* report once the final version of tax reform is established.

The 2018 Overall Macroeconomic and Business Environment

Our current view is that the expected corporate tax reform will add significant bounce to an already accelerating economy as a result of deregulation and the added strength of the global economy.

The triple forces of tax reform, deregulation, and global tailwinds should keep the American economy robust over the next 12 months. We expect real or inflation-adjusted growth to equal or exceed 3 percent for each quarter. To grow at such a sustained pace, the economy needs additional labor and capital. The capital injection will come from a lower corporate tax rate plus a territorial tax basis, allowing transfer of foreign earnings patriated back to the United States. The increase in labor supply should come from an elastic response to more job openings and higher wages.

The Trend for Aggregate 2018 Print Sales

For 2018, print sales should increase at a relatively robust pace, but slightly below the overall rate of economic growth or in the range of 1.5 to 2.5 percent. This velocity would align with print's tendency to perform best in a mature recovery phase of the business cycle.

Fundamental Micro-Market Trends

Within this overall sales pattern there will be some key micro-trends. These include:

Print can be very profitable—Although the economy and overall print trends are important, historically some printers always outperform others. PIA's *Dynamic Ratios* program indicates that the 25 percent of printers that achieve profit-leading rankings do so consistently. Achieving high profits is not a random occurrence but is achieved from strategic and operational excellence.

Print can be a fast growth industry—Although print is generally a mature, stable industry there are sectors that are fast growing. In terms of print processes, there are three fast-growth opportunities:

- Inkjet, both wide format and production
- Wide-format digital and inkjet
- Digital toner based

These print market segments will likely grow at relatively higher rates than other sectors:

- Packaging and specialty packaging
- Labels and wrappers

- Signage
- Direct mail
- Point of purchase

Other print processes and print market segments may provide opportunities for high sales growth or profits, but firms will need to outperform their peers in these areas.

2018 Checklist for Competitive Advantage

Whatever the economic and print market environment, every printer's success depends on planning and execution:

➔ **Think!** Make sure you consciously understand your business model in terms of:

- Key products and service offerings
- Key customer groups in terms of vertical markets
- Key ancillary services and value-added sources
- The customers you can charge more
- The customers that provide high profits
- The customers you are losing money on

➔ **Understand pricing's three Cs**—cost, customer, and completion. All pricing should be customized and based on these three Cs simultaneously. Profit leaders have higher profits for two reasons—lower costs or higher prices. Develop a more nuanced and complete view of the relationship between costs, price, and utilization rates. The fact that a typical printing job is 40 percent fixed costs and 60 percent variable costs allows for pricing discretion.

➔ **Educate, train, and coach your workforce.** Profit-leading printers have a strong focus on HR management. Execute a high-performance work system:

- Be all-inclusive in benefits, awards, profit sharing, and bonuses. Employees should perceive equity in sharing gains in good years and pains in bad years.
- Be transparent in sharing information on financial status, business plans, strategies, etc.
- Invest in education and training for employees.

Economic Outlook 2018

	2017/1	2017/2	2017/3	2017/4	2018/1	2018/2	2018/3	2018/4
% Change	1.2	3.1	3.3	3	3.1	3.2	3.3	3.3

- Link performance and reward. Reward employees based on individual performance, their team's performance, and the firm's performance.

➔ **Substitute capital for labor.** Profit leaders are able to use less labor per sales dollar because they abide by the classic dictum of substituting capital for labor. Profit-leading printers employ an average of more than $15,000 in net assets per factory worker employed compared to average printers and employ fewer workers per million in sales.

➔ **Be proactive in tight labor markets.** Our forecast points to significantly tighter labor markets and higher wages, more turnover, and more difficult recruiting. Surveys show that employees highly value non-money issues such as flex-time, recognition, training opportunities, social events, and other options. Also, reduced headcounts will allow you to raise compensation for necessary employees.

➔ **Follow up on any tax law changes.** Watch any changes to personal and corporate tax laws and evaluate your business practices accordingly. Be ready to take advantage of changes in investment and depreciation rules, pass-through options, and others. Don't wait until the end of the year to examine the impact on your business.

There should be plenty of opportunities to achieve a prosperous 2018 even though there will be substantial risks and challenges. As a member of PIA, you have the benefit of a team of experts that provide a significant competitive advantage over non-members so make sure you benefit from these services in 2018.

LEARN MORE
Visit **printing.org/topics/center-for-print-economics-and-management** for more resources for a successful 2018.

The Third Wave

Changes the relationship of printers to the marketplace

Dr. Joseph Webb, President, Strategies for Management, Inc. and Director, WhatTheyThink's Economics and Research Center; and Richard Romano, Managing Editor, WhatTheyThink.com

As we have become more digital and electronic, time has accelerated. That is, no one is willing to wait for things anymore. Time was, if you wanted, say, product information, you mailed in a reader service card and, a month later, literature would arrive in the mail. Today, we want that information immediately.

Many people today never had to wait. Since Google, we have instant access to any information we want—and it's only speeding up. Just typing a search term is now too time-consuming; with new personal voice assistants like Siri or Alexa, we just shout out a question and a voice from the ether answers us instantaneously.

As a printer, you have probably noticed that job turnaround times have shortened dramatically. Some report that customers want jobs done the same day or, per the old joke, "yesterday." That may happen!

Time Isn't Money—It's Currency

What we're talking about are the buzzwords "faster time to market." The reason you have to turn jobs around faster—to accelerate the time to market of what you're producing—is that your customers have to accelerate their time to market.

Photo courtesy of TaxCredits.net

Look at retail. Once upon a time, there were distinct seasons, like Christmas or Back-to-School, around which marketing efforts were scheduled. Retail has now become less dependent on seasonality. A marketing campaign may revolve around a sudden event, like something a competitor did on social media, for example.

At the same time, brand owners are launching new product lines faster than ever, and marketing materials, signage, and related materials are needed more quickly. Time is accelerating for retailers, so their entire communications chain of suppliers needs to respond in a faster way.

Facilitating this accelerated time to market is the most important service printers can provide, and adopting digital technologies, data management, and marketing automation can be a real asset. Printers should be there to help customers get stuff done.

As for what that "stuff" comprises, clients have many needs beyond print. The role of today's printer is to find out what those needs are and where they can help. For printers that serve retailers—be they major national brands or small local retailers—customers are looking not for simple output providers but overall "brand managers" who can handle a wide variety of print and non-print applications that require a consistent look and feel.

The Modern Tower of Babel

The relationship that printers have with the marketplace has changed, so what printers offer to the marketplace has to change. Printing is about making products, but so is just about everything. Advertising is also about making products—namely ads—but an ad is the end result of a larger process that involves understanding what the customer is trying to accomplish.

Customers are looking for overall "brand managers" who can handle a wide variety of applications.

Few people walk into an ad agency and say "I want a 4x6-inch ad, four-color, by Thursday. How much would that cost?" Advertisers and their agencies have an intimate relationship that is about understanding the agency's customer's objectives and developing the right products—the right ads that use the right media—to meet those objectives.

In contrast, the average print business has grown used to customers who walk in and say "I want a 6x9-inch postcard, 4/1, 10,000 copies, by Thursday, here's my file. How much would that cost?" This is the way the printing industry's brain has been wired since Gutenberg. The questions printers ask customers are "What quantity?" "Four-color or black-and-white?" and "What kind of paper?"

Today's marketing executives don't use these kinds of terms and they don't ask those kinds of questions. They ask, "How can I increase customer engagement?" and "What is the best lead- or prospect-nurturing process?" But printers don't naturally think this way. Sure, print salespeople nurture leads but they don't think about their role in the full context of their customers' businesses.

So when printer and potential customer get together, it's a kind of Tower of Babel, where no one is speaking the same language. The lingual disparity has gotten wider with the diversity of digital media and strategies.

Printers should not try to sell a product. Rather, they should help the customer meet their objectives. To do that, it's important to understand what the customer's objectives actually are. That requires a much deeper, more intimate relationship than taking orders. In other words, print businesses need to be more like agencies.

Death of a Salesman

The traditional print salesperson is becoming a thing of the past. E-commerce is partially responsible, but traditional print sales are being superseded by "business development." Teams, whose members are inside and outside the business, are responsible for various parts of the business development process and collaborate to understand client objectives from different perspectives. A designer may chime in to offer ways of handling a project from a creative point of view, for example.

How do the logistics of this work? Project management applications like Basecamp and Slack, or customer relations management (CRM) programs like Salesforce, provide a central forum where all the participants in a particular project, or for a particular client, get together. It's where background information is presented, client touch points identified, responsibilities assigned, deadlines and milestones set, and so on. This is how you get to speak the language of the client, by bringing together the people who can translate.

It's not Babel if you immerse yourself in the language and the new tools of the marketplace.

LEARN MORE...

Join us for the President's Conference, March 4-6

Adriane Harrison, Director, Human Relations, Printing Industries of America

The 2018 President's Conference, which focuses on Innovations in Leadership, begins Sunday, March 4 and runs through Tuesday, March 6 in San Antonio, Texas, at the Hyatt Regency Riverwalk.

The conference kicks off with several fun activities and inspiring programs.

Golf will be at a fantastic course called The Quarry that features a front nine styled like Scottish and Irish golf courses with rolling hills, expansive bunkers, and sloping greens. The back nine was created from a former limestone quarry, with limestone embankments and beautiful scenery. Westcreek Trail Rides are on the schedule for Sunday too with guided horseback rides for riders of all levels who want to have a genuine Texas experience.

A free networking and panel event for women in the printing industry will be held on Sunday afternoon.

On Monday, a plant tour of Shweiki Media, a general commercial and magazine printer in San Antonio, is available to the first 40 people who register. The tour is free and transportation between the hotel and the facility will be provided. Sunday culminates in the Welcome Reception and PrintPAC Fundraiser.

Monday and Tuesday will feature the main programming. Exciting keynote speakers will share vision and knowledge about our industry.

Ken Rutkowski: Ken is an internationally known futurist who works with CEOs and business leaders in many industries. He will be speaking about what the future of the printing industry will look like and how to get ahead of the trends. Ken will be launching a new nationally syndicated business radio show in 2018. In the meantime, he is on the board of directors of the Hyperloop, the Elon Musk transportation project, and TEDx. Ken is a connector of people and is widely known throughout the entertainment and tech industries.

Dave Fenske & Dave Hoffer: "Dave & Dave" are experts in design thinking, a process to solve problems and rapidly implement solutions while reducing risk. Hoffer is a consultant with McKinsey New Ventures, and Fenske is a printing owner in South Dakota who used these principles to transform his company from a regional commercial printer into a full-service media company with national reach.

Pete Hayes: Pete is a principal with the marketing company Chief Outsiders, which consults with companies on how to grow with a market-focused perspective and offers the steps to implement it. He is the co-author of *The Growth Gears*, an Amazon bestselling book about his theories. He is a featured speaker for CEO and CMO peer groups about how to grow their businesses.

The breakout sessions are fantastic. **Phil Kelley, Jr. from Salem One** will give an inspiring presentation about transforming a commercial printing business into a growing media company. **Todd Butler from**

Tenor Capital Partners and **PIA Chairman of the Board Bryan Hall of Graphic Visual Solutions** are speaking about employee stock ownership plans (ESOPs) and how to implement them. **Nate Oland from Federated Insurance** will discuss how much and what type of insurance printing companies need and the factors that determine those premiums. **David Nelsen from Dialog Consulting** will show you how to market a company on social media. The dynamic **Peter Muir from Bizucate** will give you great sales insights. **PIA's Gary Jones and SGIA's Marci Kinter** help you prepare for an OSHA inspection. San Antonio's **Gal Shweiki** will talk about financial transparency and how that will help engage your employees. **PIA's Lisbeth Lyons** will teach you how to be impactful industry advocates.

The buzz about President's Conference is well-earned with top-level programming and great activities in beautiful San Antonio. You won't want to miss it.

KEYNOTE SPEAKERS AND REGISTRATION

The President's Conference keynote speakers include (pictured from left) Ken Rutkowski, Dave Hoffer, Dave Fenske and Pete Hayes.

Explore more about the **2018 President's Conference** and register at **presidentsconference.com.**

Sales Compensation for Today's Marketplace

Gerry Michael, Graphic Arts Principal, Falco Sult; and Bob Lindgren, Management and Business Advisor and President/CEO Emeritus, Printing Industries Association of Southern California

Few questions are more important for printers to address than the question of how best to grow their companies.

Ultimately, every company seeks new sales, whether to simply maintain the current sales level as normal customer attrition takes its toll on the current customer list or to achieve higher, and hopefully more profitable, sales levels. The question that faces every firm is this: How do I increase the number of customers I serve and the sales my company achieves? Ultimately the answer comes down to recruiting, developing, and retaining good sales reps. The biggest single issue here that needs to be addressed is the appropriate sales compensation system to best answer these questions.

The unique characteristic of most printers is that they are custom manufacturers. They do not produce automobiles or loaves of bread that are sold to customers, but rather solve customer problems by producing a product (printing) that is designed to meet the buyer's specific objectives. This reality defines the way that printers market what they do. They don't advertise on television or other mass media to reach a broad consumer audience. They employ skilled sales reps whose mission is to search out prospective commercial buyers of print; learn about the marketing, packaging, and information needs of those buyers; and show them how print can help them achieve their objectives with specific and detailed examples employing the visual impact of print together with its appropriate distribution. This means that sales reps must have great listening skills, a strong sense of curiosity, technical knowledge about printing, and be skilled salespeople.

The successful print sales rep has to be highly self-motivated as the universe of possible print users is very broad and the likelihood of initial rejection is great. When compared with other occupations, it's apparent that the role of a print sales rep is very

Table 1 - SALES COMPENSATION IN ALTERNATIVE SITUATIONS - (Amounts in $000's)

	Illustrative pricing/production situations					
	In House produced jobs			Brokered jobs		
	Normal Price	20% Price Discount	20% Price Markup	Normal Price	20% Price Discount	20% Price Markup
Sales	$1,000	$800	$1,200	$1,000	$800	$1,200
Materials & Buyouts	$400	$400	$400	$700	$700	$700
"Value Added"	$600	$400	$800	$300	$100	$500
Factory Wages	$200	$200	$200	$0	$0	$0
"Contribution" to Overhead	$400	$200	$600	$300	$100	$500
Allocated Overhead	$300	$300	$300	$300	$300	$300
Job "Profit" per Cost Sheet	$100	-$100	$300	$0	-$200	$200

	Rate	Alternative commission plans					
8% of Gross	8.0%	$80	$64	$96	$80	$64	$96
Net Contribution to Overhead		*$320*	*$136*	*$504*	*$220*	*$36*	*$404*
8% of Gross, 0% if negative	8.0%	$80	$0	$96	$80	$0	$96
Net Contribution to Overhead		*$320*	*$200*	*$504*	*$220*	*$100*	*$404*
13.4% of Value Added	13.4%	$80	$54	$107	$40	$13	$67
Net Contribution to Overhead		*$320*	*$146*	*$493*	*$260*	*$87*	*$433*
20% of Contribution	20.0%	$80	$40	$120	$60	$20	$100
Net Contribution to Overhead		*$320*	*$160*	*$480*	*$240*	*$80*	*$400*

This table begins with a typical job produced in-house at normal cost sheet margins. It then illustrates alternative scenarios, including jobs with lower and higher than normal margins, and brokered jobs.

The second part of the table looks at commissions on these alternative situations, using different commission plans. Finally, the table shows the net contribution to overhead in each scenario/commission plan combination.

The reader may observe the significant variation in contribution to overhead between scenarios and the reality that a commission plan on value added or overhead is superior to traditional structures.

difficult to define, much more than the job of the press operator or the accountant. The skill set needed to succeed is both technical and highly personal.

The result of this is twofold. First, the failure rate of trainee sales reps is very high as it is difficult for either the management or the trainee to accurately identify the personal characteristics that will lead to success or failure. This makes hiring sales staff extremely problematic, leading to the second issue: the compensation of sales reps is generally performance-based. As a result, sales people who do not do well are quickly identified and to some extent "self-select" their departure. For the successful ones, compensation can be high, which may create problems in their relationships with other employees or with management or ownership.

While we acknowledge that ultimately all employees, salespeople included, have to feel they are being treated fairly if they are to continue to work for any firm, we are also certain that performance-based compensation should logically be centered on the objectives of the sales rep's employer. That means the first step must be defining what those objectives are. Presumably, maximizing sales is central, but since not all sales are equal, maximizing profit from sales is a better starting point. Tempting though this is, defining profit on any particular sale is far more problematic than defining profit for the firm as a whole. Therefore, a reasonable proxy might be used including contribution to overhead or value added.

We discussed this issue in an article in the December issue of *The Magazine*, "Becoming a High-Profit

Printer," in which we highlighted the importance of focusing on contribution or value-added effects of new sales. This approach is critical to making the best decisions in any printing company and is of particular importance when designing any sales compensation plan.

Of course, the first step is hiring the sales rep. In most instances, these will be promising trainees who must be paid enough during their learning process to get them to accept the position, but not enough for them to be comfortable with it as they (and their firm) need to move to performance-based compensation as soon as possible.

However, for many firms, seeking out experienced professionals with a presumed "book of business" or following is the chosen strategy. This is a very dangerous strategy and simply does not work. There are two main reasons, the first of which is relevant for all new applicants. Why is the applicant either currently unemployed or seeking a new employer? Unless the reasons for this are well understood, and to some extent confirmed prior to making an offer, decisions to hire based solely on the representations of the candidate frequently turn out badly. Secondly, in today's markets, customers generally stay with a printer because of the quality, service, and pricing

that they are receiving. Changing print suppliers simply because the sales rep has changed is unlikely to happen, unless the customer is given an incentive to do so.

Performance-Based Options
Option 1: Draw against commission on gross sales

Sales reps in the industry have been historically compensated on a "draw against commission" system. Generally, the basis of the commissions earned is a percentage of sales. The draw, which is utilized to provide some balance in month-to-month cash flows for both employer and employee, is then set at a level lower than the expected annual earnings of the sales rep. The difference between what has been earned in commissions and what has been paid through the draw is settled periodically. Though fairly simple and easily understood, this approach has some problems. First, though the employer feels that the draw is a form of employee advance against future income to be earned, when there is an "over advance," the ability to adjust the draw amount usually ends up with the loss of the sales people. In their minds, the draw is thought of too often as a guaranteed level of income. Very few states allow an employer to seek repayment of over-advanced commissions from a

Table 2 - IMPACT ON SALES FORCE OF CHANGE IN COMMISSION METHOD

Commission Alternatives and Effects	Rate	In House produced jobs			Brokered jobs		
		Normal Price	20% Price Discount	20% Price Markup	Normal Price	20% Price Discount	20% Price Markup
8% of gross sales at target price	8.0%	$80	$64	$96	$80	$64	$96
Change from 8% of Gross Sales			-20%	20%	0%	-20%	20%
8% of gross, 0% if job "profit" <$0	8.0%	80	$0	$96	$80	$0	$96
Change from 8% of Gross Sales			-100%	20%	0%	-100%	20%
13.4% of Value Added	13.4%	$80	$54	$107	$40	$13	$67
Change from 8% of Gross Sales			-33%	33%	-50%	-83%	-17%
20% of Contribution	20.0%	$80	$40	$120	$60	$20	$100
Change from 8% of Gross Sales			-50%	50%	-25%	-75%	25%

This table shows the change in sales compensation in each of the scenario/commission plan combinations, then presents the variations for each as compared to a simple commission plan based on 8% of sales.

Compensation in the first column is constant, while that in other columns reflects the profitability to the company of the alternative situations.

Note that compensation improves overhead contribution scenarios in the value added and contribution approaches.

Table 3 - IMPACT ON COMPANY ON CHANGE IN COMMISSION METHOD

	Rate	In House produced jobs			Brokered jobs		
		Normal Price	20% Price Discount	20% Price Markup	Normal Price	20% Price Discount	20% Price Markup
8% of Gross	8.0%	$80	$64	$96	$80	$64	$96
Net Contribution to Overhead		$320	$136	$504	$220	$36	$404
*Commission Efficiency**		4.0	2.1	5.3	2.8	0.6	4.2
8% of gross, 0% if negative	8.0%	$80	$0	$96	$80	$0	$96
Net Contribution to Overhead		$320	$0	$504	$220	$0	$404
*Commission Efficiency**		4.0	0.0	5.3	2.8	0.0	4.2
13.4% of Value Added	13.4%	$80	$54	$107	$40	$13	$67
Net Contribution to Overhead		$320	$146	$493	$260	$87	$433
*Commission Efficiency**		4.0	2.7	4.6	6.5	6.5	6.5
20% of Contribution	20.0%	$80	$40	$120	$60	$20	$100
Net Contribution to Overhead		$320	$160	$480	$240	$80	$400
*Commission Efficiency**		4.0	4.0	4.0	4.0	4.0	4.0

This table focuses on net contributions to overhead (contribution to overhead minus commission) as that is the central value for the company on a contribution-based plan but tilted more positively in a value added one and negatively in a percentage of gross solution.

former employee, with the result being that it is in effect more like a base salary. In addition, a problem can arise when firms award commissions on a sliding scale, generally based on the job's estimated margin (sales less fully allocated costs per the cost estimate sheet) on the job. This approach awards the sales person with a specific target percentage commission if a job is sold at target price, but reduces this margin if the price is discounted and increases the commission if the target price is exceeded. The goal is to encourage salespeople to consistently sell at or above the target price that the firm has set, based solely on its current cost structure and with no regard for market prices that exist for any job at any point. What really ends up happening is the focus of selling efforts becomes cost recovery pricing, when the real objective of any sales policy should be to maximize the printer's efficient utilization of its production capacity, meaning that systems that are keyed to cost-sheet margin inevitably lead to behavior that is contrary to the interest of the firm. The sales reps avoid low- or negative-margin opportunities even though they would bring needed contribution to overhead. Similarly, systems that provide a substantial bonus to high-margin jobs

(profit splits, etc.) mean sales reps push for quotes that produce low hit ratios leading to large lost sales opportunities. It is key to remember that producer costs do not set prices in a competitive environment; the market sets prices.

Option 2: Salary plus bonus

There is increasing interest in a salaried or a salary-plus-bonus approach to sales compensation that implies the company is setting specific goals that must be achieved to maintain or exceed the compensation level. These goals should be based on desired activities performed, such as new customers added, sales calls made, or estimates generated, as well as results achieved in actual sales dollars. The argument in favor of this approach is that longer sales cycles and system selling make commission-based systems impractical. However, the challenge is that the firm must be able to define in some detail what the sales rep is to accomplish and when it is to be done to qualify for an increase in salary or a bonus. It also must have an effective and efficient means of measuring these results and to some extent verifying them. The obvious difficulty with this approach is that it isn't self-defining like commission-based systems.

However, there are advantages too, such as reducing the pressure on sales people to focus on short-term outcomes rather than long-term relationship building and allowing the company to develop and implement effective marketing or selling strategies on a firm-wide basis, rather than having to constantly deal with the "me versus the company" attitude that often results from purely commission-based systems. These systems require much more management.

Option 3: Draw against percentage of contribution or value added

We believe that the object of any sales compensation system should be to align the sales rep's objectives and efforts with those of the firm. Clearly, the most obvious way to achieve this is to build the commission compensation plan around a percentage of contribution to overhead, as that is what the firm should be trying to maximize. Substantially the same effect can also be obtained by using a commission based on a percentage of value added (VA). The advantage of using a VA approach is that it is much easier to calculate and less subject to questions about how it is determined than is contribution, which involves less precise accounting definitions. VA is simply sales, less materials and outside purchases, and should therefore be easily determined from the estimate.

Naturally, the percentages used should reflect the basis of the calculation used, with the ultimate goal of managing the overall cost of sales commissions at the company level. By way of example, assume that the company currently has an eight-percent commission on gross sales and wishes to move to one of these methods. Let's also assume that average VA is 60 percent of sales and average contribution is 40 percent. In this case, either a VA-based commission of 13.4 percent or a contribution-based commission of 20 percent will produce results identical to a commission based on eight percent of total sales. There is a major difference in the incentives that are now available to the sales force, which will increase their compensation whenever they sell jobs that are higher profit and reduce compensation when less profitable sales are made.

If implemented consistently, this approach should reduce the need to alter the commission on jobs with either discounts or price increases, since both the company and the employee will share proportionally in the results of such pricing policies. A further advantage is that the VA approach accommodates the increase in buy-outs as the firm works to meet the total needs of its customers.

Of course, if a salary-plus-bonus approach is to be used, then it needs to be structured in a similar way but also requires a set of specific targets that must be achieved to retain or increase the rep's salary and to earn a bonus.

What About Implementation?

If the firm has decided to change from a traditional percentage of gross to a contribution or VA approach, the reality must be faced that any change in the sales compensation system will be greeted with fear and loathing by the sales staff even if it will ultimately give them greater opportunities. A useful way to introduce change is to offer to calculate sales compensation using both the old and new ways, paying the higher of the two for a transition period. If the new approach is properly designed, most sales reps will find that the desired behavior changes produce more income for them—if they don't change, they'll leave.

❚ ABOUT THE AUTHORS

Gerry Michael
is a CPA/consultant who has focused his practice on the printing industry for nearly 35 years, first as the founder of GA Michael & Company and later as graphic arts lead partner at Carlson Advisors. Currently, he is the graphic arts principal at Falco Sult, a West Coast CPA and consulting firm, working with printers across the country on management and strategic planning issues. He is a frequent speaker at industry meetings and contributes to various industry publications.

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What About CSRs?

Consideration should also be given to incentive compensation for CSRs, because their actions and continuing interface with clients is key to maintaining and growing these relationships. It may be useful to distinguish between new accounts and continuing ones. This might enable an approach that would incentivize sales reps to concentrate on the development of new accounts by increasing their compensation on new accounts, while shifting some compensation on existing accounts to CSRs and away from sales reps. Special attention should be given to customer alts. Many print projects are examples of "building the airplane while flying it" so the final result can look quite different than the original concept. CSRs are not only key to managing this stream of changes but in getting the firm paid for them (clearly a significant issue as alts are not subject to competitive pressure). Providing incentive compensation for CSRs also demonstrates to the employee, and the entire firm, the real importance of effective customer service. Note that the Fair Labor Standards Act and the U.S. Department of Labor have detailed provisions covering bonuses paid to non-exempt (hourly) employees that must be followed. In most states, CSRs are not properly classified as exempt personnel.

Tell Them the Rules

Whatever compensation system is used, recent changes in both federal and state employment laws have opened up many companies to potential problems due to claims for overtime from people previously thought of as salaried and minimum-wage compliance issues. Also, a recent federal case in this area, Pierce et al v. Wyndham Vacation Resorts, seems to expand to some extent the requirements to avoid problems with the federal wage-hour compliance rules and is worth keeping in mind when crafting policies regarding salesperson compensation. Whatever policy you develop, before you finally adopt it be sure that there are no potential pitfalls in your locale. Based on the rules where you operate, there should be an explicit set of clear expectations, policies, and rules concerning your compensation arrangements with both salespeople and CSRs that are communicated in writing to the affected persons. Check with legal counsel to be sure you don't inadvertently violate the relevant rules on this matter.

Member Spotlight: Shweiki Media

Sarah Sudar, Copywriter, Printing Industries of America

Gal Shweiki, president of Shweiki Media, bleeds printing. He's found a niche printing for small and medium local and regional publishers, mostly located in Texas, but also with clients in California, New York, and in between.

His passion for printing started in college at the University of Texas at Austin. With the lack of information available to students, he decided to publish a guidebook on the best places to dine, drink, and hang out, called *The Student Guide to Austin*. He first published it as an annual book, hoping students would purchase it. Students loved it but didn't want to spend the money on a book so after advice from friends, he sought out advertising and handed the book out for free. When he graduated college in 1988, he revamped the model of the guidebook into a monthly magazine, called *Study Breaks,* focusing on entertainment, concerts, and things for students to do each day of the week. The concept took off, expanding to six college campuses around Texas.

"My print bill was getting expensive and I told myself, 'As soon as I can afford to print my own magazines, I will,'" said Shweiki.

And he did. In 1999, 10 years out of college, he purchased a web press and building in San Antonio, keeping *Study Breaks* headquartered in Austin, driving back and forth when needed. He soon realized that wasn't going to work and moved Shweiki Media to San Antonio. Since there was nothing like this type of printing at the time in central Texas, he reached out to other publishers to print jobs for them during the downtime when *Study Breaks* wasn't being printed.

In 2008, he made the big decision, after outgrowing the building and presses, of moving into an 84,000-square-foot building with a Mitsubishi web press and all the technological bells and whistles. He says he knew that if Shweiki Media was going to be competitive, he was going to need to get a new press with new technology.

"This was an interesting time, since the world changed with the financial crisis," continued Shweiki. "The bank that gave us the loan for the press went out of business and headlines were saying print is dead."

Despite the economic climate, Shweiki Media survived, and he's beyond proud of that. When printers elsewhere were struggling, he says that printing remained stable and the company was doing well since there was always a need for these types of publications.

"We live in the local and regional publication world and from my perspective, we are seeing some really creative people putting out very high-quality and relevant content," said Shweiki.

The focus at Shweiki Media has always been print publications, specializing in magazines, newsletters, and catalogs, but the company has the capability to print anything from paper invitations and business cards to flyers, postcards, and brochures. In-house design, web development, and anything a customer would need from idea to print, Shweiki can handle.

The future direction of the company will continue to focus on small and medium local and regional publishers but will also add a user-friendly online component. The company is building an online storefront that will offer all of the tools a customer would need to design and order printed publications. Customers will log onto Shweiki Media's website and be directed to the free graphic design website, Canva, where they can design their publications and then submit directly to Shweiki for printing, whether it be 25 or 100 copies.

"We want to be the most competitive and we offer the best prices you can find online," said Shweiki.

Shweiki Media also strives to offer products that make print more dynamic and interactive, including free digital flip magazines for clients. They dove into augmented reality, creating the Shweiki MediAR app that enables clients to use augmented reality functions. Though a few clients tried it, MediaR really didn't take off.

Gal Shweiki, founder and president of Texas-based Shweiki Media

"There's a way to make print more valuable, but I don't think that was it," says Shweiki. "We gave it a really good chance to make it work, but it just didn't for our market."

The guidebook Shweiki started in college celebrated its 30th birthday in January. The magazine is still going strong and has further expanded to more than 20 college campuses. It now has an online component and a rotating staff of college students from across the country that writes both print and online content, with topics ranging from college life to pop culture. Though a Texas-based magazine, it focuses on a national student audience.

The Future of Sustainability in Print

Gary Jones, Assistant Vice President, EHS Affairs; Kaitlin Rundle, EHS Associate; and Matthew Crownover, EHS Associate, Printing Industries of America

The concept of sustainability burst on the scene in the late 1990s with questions like "What is green printing?" or "Who is a green printer?" Since then, it has grown into an entire field that has generated sophisticated requests from companies involved in the supply chain of goods and services.

While many thought that sustainability would simply be the next flavor of the month, companies are now challenged to redefine their operations and take action to reduce their environmental footprint. Since the beginning, sustainability has been embraced by many businesses, both small and large, and for many, it has become a standard operating procedure.

The printing industry is not outside the sustainability movement. Printing operations need to understand how they fit into the sustainable business model and, most importantly, how to communicate their program successes to an ever more demanding customer base.

Sustainability Drivers

There are several motivating forces that are pushing sustainability into the mainstream. The biggest drivers continue to include print customer requirements, employees, general public interest, and government regulation.

Of the three, print customers, including many large retail establishments, provide the primary pressure driving printing operations to formally join the sustainability movement. One such example is Walmart, which launched its Sustainable Packaging Scorecard in 2006. This program was only the beginning as Walmart is now focusing on reducing the carbon footprint of its entire operation, chemicals used in its products, and the conditions for workers who make their products. Walmart's initial program was quickly followed by others including Unilever, Proctor and Gamble, Hershey, General Motors, and other brands, large and small.

Consumers have become increasingly concerned about the chemicals they are exposed to on a daily basis from a variety of sources. In response to these concerns, states are passing legislation designed to educate and protect consumers. In 2017, at least 51 bills to regulate chemicals were introduced across the country's state legislatures, with several of those bills passing. California is building upon the base law, Proposition 65, also known as the Safe Drinking Water and Toxic Enforcement Act of 1986, by passing into law the Cleaning Product Right to Know Act of 2017.

The new California law requires manufacturers of cleaning products to disclose certain chemical ingredients on the product label and on the manufacturer's website. The New York State Department of Environmental Conservation (NYSDEC) is expected to release regulations in the near future that will require

manufacturers of household cleaning products sold in New York to disclose the chemical ingredients on their websites. California has begun implementation of its Green Chemistry Initiative, also known as the Safer Consumer Products (SCP) Program, to regulate and encourage replacement of toxic chemicals in consumer products. Washington State and Vermont are leading the charge with chemical disclosure requirements for children's products.

Future of Sustainability

Sustainability continues to progress and transform into a more holistic approach. The leading driver is the movement toward a circular economy. As the name implies, a circular economy is one that moves away from the take-make-dispose system and incorporates the manufacturing of products with recycled materials. A circular economy is one that is restorative and regenerative by design.

The other major movement in sustainability is zero waste, which is an integral part of the circular economy. It is an approach that seeks to minimize the amount of waste generated and maximize the recovery of discarded resources. Under a zero-waste system, discarded materials are responsibly managed by reusing, recycling, or composting.

Sustainability Strategy

The major argument against adopting this new model continues to be one of cost. There will be costs to implement this new model; however, they can be offset by the savings incurred. Those that have moved down this pathway indicate that the first year's cost savings in terms of energy reductions and waste reductions begin to offset any associated costs.

A sustainable business model forces the justification of any initiative from a strategic, financial, operational, marketing, and/or employee recruitment/retention perspective. If it cannot be justified, do not pursue it. It is recognized that balance sheets may not communicate the full value of a company, and financial indicators must be augmented by a variety of non-financial indicators.

Whenever discussions regarding sustainability take place, one must use extreme caution so as not to be accused of "greenwashing." This term not only applies to products, but also to companies that make claims regarding their business practices. In order to combat unsubstantiated claims, the Federal Trade Commission (FTC) issued "Green Guides" in 2012 that address environmental marketing claims. The FTC has also undertaken several actions to enforce them.

Printing companies seeking the highest level of transparency should find certification under programs that are independent and provide third-party audits. The program for the printing industry is the Sustainable Green Printing Partnership (spgpartnership.org), which identifies a company as one invested in the sustainability movement. It provides discussion points and a mechanism to respond to detailed requests for proposals from customers where sustainability ranks high within their organization.

Protecting your corporate reputation now requires you to go beyond simple environmental compliance to one of responding to expectations of socially acceptable business practices. Sustainability is an investment, not only in the manufacturing capabilities of your organization, but also in areas relating to societal impact moving toward that triple bottom line of people, profit, and planet.

Operational Assessments

Why one should be in your future.

Jim Workman, Vice President, Center for Technology and Research;
and Steve Anzalone, Consultant, Printing Industries of America

In today's challenging environment in the printing industry—overcapacity, erosion of demand, and pricing pressure, to name a few—top performers will be separated from the pack by their ability to control operational costs while differentiating themselves from the competition with unique capabilities and superior service. While there may be few opportunities to raise prices or even to charge a premium for those unique capabilities, a focus on operational excellence needs to be part of any company's strategy for creating a profitable future. Accomplishing this requires a relentless and never-ending mindset of assessing the opportunities for improvement in your operation.

Over the last decade, PIA's research shows that the average printer's before-tax income as a percentage of sales has been around 3 percent. What that statistic obscures is that the top 25 percent of companies by profit margin achieved about 10 percent, and the rest, on average, basically broke even. The research reveals that printers that achieve profit-leading rankings do so consistently by virtue of strategic and operational excellence. Similarly, printers in the profit-challenger category (bottom 75 percent of companies) typically remain in that category.

Operational excellence means that throughput speed, inventory levels, day-to-day operating costs, and customer satisfaction are all superior and improving. Jobs are delivered on time and done right. Resources are efficiently used. The culture breeds engaged employees and innovation.

Getting there requires assessing the operation—evaluating processes, systems, and workflows that touch all areas of the business, from front to back. This includes the areas of human resources, accounting and administration, sales and client services, and, of course, the print manufacturing operation. In our experience, an assessment based on a known problem will almost always reveal a root cause seemingly unrelated to the issue at hand. For example, a deep dive into assessing a spoilage and rework crisis will probably uncover shortcomings in hiring, onboarding, and training. An on-time delivery issue may reveal an unacceptably long front-end order entry and job planning workflow. Thus, it is important to take a holistic approach to evaluating the entire business operation.

This holistic assessment approach can be broken in to several broad categories: people, human resources,

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and culture; systems and equipment; operations and workflow; and finance and measurement. Let's take a closer look at a few aspects of these areas.

People, Human Resources, and Culture

As we all know, in any company people are our greatest asset. But surprisingly, and in companies of all sizes, we routinely see gaps in human resources practices that contribute to a lack of engagement and the inability of employees to fully attain their potential effectiveness. An assessment should examine the hiring process, job descriptions, employee handbooks,

onboarding, training, performance evaluation, and compensation. And most importantly, an assessment should examine how we communicate with employees, such as newsletters, department meetings, staff meetings, and the like.

Systems and Equipment

Printing and graphic arts companies are traditionally defined by their equipment configurations, but oftentimes these configurations can become out of date or suffer from incomplete implementations or lack of utilization. The heart of the assessment usually centers on the MIS/ERP system and the level to which it is fully implemented and used, as well as its integration (or lack thereof) with secondary

systems such as accounting, prepress RIPs, web-to-print, fulfillment, and shipping. These frequently unconnected "silos" are prime opportunities to enhance automation and improve efficiencies.

Operation and Workflow

Hand in hand with the aforementioned systems and equipment assessment is the evaluation of the workflow design and operational systems. The focus here is on the organizational structure and job responsibilities of employees, especially with respect to sales, client services, job planning, scheduling,

prepress, and how work flows through the front end of the business. It is not uncommon for companies to be obsessed with manufacturing efficiency and throughput in the press and bindery (which is critically important, of course), while taking more than half of the allotted turn time in the front of the house. Assessment of this workflow, along with how the MIS and secondary business systems are being utilized, frequently yields significant opportunities for improvement.

Finance and Measurement

And finally, an assessment should always examine the financials and key performance indicators (KPIs), what's being measured, and how and to whom it's

being reported. Once again, we see in companies of all sizes a lack of well thought out and intentional measurement and reporting. Using the old axiom "you can only improve what you measure," it's important to design a streamlined set of KPIs and the systems to compile, distribute, analyze, and take action as a result of them.

Quality System and
Continuous Improvement

What we haven't talked about yet is an overarching quality management system. Since our industry is mostly made up of very small companies, and despite the perception that Lean manufacturing and continuous improvement programs are widespread, most small (and many large) printing companies do not possess these systems. In fact, most companies do not even have basic written standard operating procedures and simply operate from tribal knowledge. A full operational assessment can provide the opportunity to detect the gaps in the four areas mentioned above and overlay simple continuous improvement techniques and systems that can help to generate improved operational effectiveness and margins.

The Ability to See Waste and Inefficiency

Companies can change their ways—improve themselves strategically and operationally—and become profit leaders, but only if they're willing to take a frank and unflinching look at their operation. It is possible to create an assessment checklist and take stock of your operation using your own internal staff; the challenge for executives is to see inefficiency in a system in which they live every day. Human nature may cause errors and waste to be ignored or spun in such a way that it reinforces and perpetuates the way it's always been done. If that tendency can be overcome, there is then the need to do something about the improvement opportunities uncovered.

Getting a perspective from an experienced and unbiased third party can be immensely helpful: not only to be able to see things that executives may not,

but also to craft an improvement action plan. Either way, whether companies try to accurately assess their strengths and weaknesses or bring in an outside expert, being committed to operational excellence is a key to a sustainable and financially rewarding future.

10 QUESTIONS THAT NEED TO BE ASKED DURING AN ASSESSMENT

#1
What are the operational strengths and weaknesses of the operation?

#2
What information and capabilities are needed from the MIS software that are not being provided?

#3
To what extent can the workflows (starting with job submission) be more automated with fewer manual touches?

#4
What is preventing the operation from being more efficient and productive (i.e., producing faster with fewer costs)?

#5
What key performance metrics should be tracked and reported beyond those already tracked?

#6
How engaged are the employees in the success of the company, such as improving processes and reducing waste?

#7
Are there sufficient standard operating procedures and do they need to be updated and improved?

#8
Are rework, customer complaints, and on-time delivery being measured and the results acted on?

#9
Are there tools and approaches to support continuous improvement?

#10
Are front-office processes helping or hurting the goal of reducing lead time?

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10 Most Common Hiring Mistakes

Agota Alvarez, Content Marketing Manager, Caliper

Hiring is not easy—as a matter of fact, it's quite difficult. A bad hire can cost you, on average, $20,000 per employee. And that number doesn't reflect the potential damage to your company's reputation and employee morale.

To help you avoid a significant loss of time, money, and resources, Caliper has compiled a list of the 10 most common hiring mistakes that companies tend to make. By avoiding these common hiring errors and putting the right people into the right roles, you can generate meaningful results for your business.

#1: Thinking Experience Always Counts

When it comes to hiring, companies often place too much emphasis on the past. Experience is commonly sought in job candidates and is often viewed as the ultimate tiebreaker when making a final decision.

The price tag for taking this road can be high. How often is 12 years of experience just one year of bad experience warmed over a dozen times? In the end, effective hiring has less to do with experience than with potential.

Regardless of the experience a resume indicates, chances are more likely you will hire someone who is not ideally and inherently suited for the job you want to fill. Surveys of employee satisfaction reveal the grim statistics: most people are not impassioned about what they are doing on the job. In other words, they don't love what they do, which essentially means they are not motivated. Why? Because the role they are in doesn't allow them to play to their strengths.

#2: Overemphasizing the Interview

How often, after hiring someone who does not work out, have you thought to yourself, "But they looked so good in the interview?"

In many cases, "interview stars" often make a very favorable first impression, but their performance fizzles after the interview. While interviews can provide valuable input during the hiring process, when all is said and done, you can often be left with more questions than answers.

For an interview to be effective, you need a very clear sense of the key qualities and competencies you are seeking in the ideal candidate. Only then will you be ready to develop a list of probing questions that help determine the extent to which each applicant possesses these qualities. For instance, if you are trying to determine whether candidates are confident and assertive, ask them to tell you about someone who influences them. Ask them to describe a time when they had to go against the rules. Ask them about the best suggestion they ever made. Then listen. As their stories unfold, you will learn much more about them this way than if you simply used their resumes to serve as road maps for the interview process.

Depending upon the particular job, you will want to ask similar questions to help assess a candidate's level of independence, initiative, empathy, persuasive

ability, caution, energy, leadership potential, problem-solving skills, capacity to follow directions, and service orientation.

These questions can serve as windows into someone's true personality. Coupled with the findings from a valid personality assessment, they can provide an accurate read on whether the candidate's motivations are aligned with the needs of a specific job and the organization before you bring them on board.

#3: Hiring in Your Own Image

It is only natural to want to work with people you like. Human nature being what it is, we tend to like people who are most like ourselves. This sets up a reflex action to hire people who remind us of ourselves or with whom we have a lot in common. After all, who wants to surround themselves with people who get on their nerves?

If you hire an entire staff like yourself, though, you are bound to create an imbalanced organization. A staff with a preponderance of your strengths and virtues will also share your limitations. It would be like a football team made up of 11 quarterbacks with nobody to block or catch a pass.

To avoid hiring in your own image, first outline very clearly the tasks you need the individual to accomplish as well as the competencies and personality qualities that would enable an ideal candidate to get the job done. You will then be in a position to assess your most promising applicants against this ideal profile. This is the surest way to avoid hiring someone simply because you like them and then wondering a few months later why they did not succeed.

#4: Being Overly Impressed by Education

While education is clearly important and worth pursuing, having a degree does not necessarily tell you whether an applicant is bright, empathic, or flexible enough to learn and grow with your company.

The ability to learn and grow requires considerably more than a keen intellect. We have assessed many people who demonstrated above-average intelligence but lacked the capacity to grow because they used their intelligence to rigidly defend their preconceived notions rather than to genuinely seek out new solutions or approaches.

On the other hand, many individuals with an average level of intelligence have the potential for growth because their openness, flexibility, and empathy enable them to make full use of their capabilities.

The bottom line is not necessarily how someone does in a classroom. It has more to do with whether an individual is open and flexible, can shift gears under differing conditions and demands, can read between the lines and adjust accordingly, and is motivated to learn and grow.

#5: Depending Upon Training to Fill in the Missing Pieces

One of the major problems with training (as most trainers will readily agree) is that it is generally assumed that everyone possesses the potential and talent to take advantage of what is being offered. Appropriate training can certainly increase the productivity of someone who has inherent potential. However, an individual who does not possess potential for a particular position rarely improves with training, no matter how thorough the instruction is.

For training to be profitable, individuals first need to be selected according to their innate potential and abilities. This takes an understanding and appreciation of what can be taught and what has to be brought to the job. For instance, listening skills can be improved, but you cannot help someone enjoy persuading others. Likewise, you can show someone how to manage their time more efficiently, but you cannot teach them to enjoy accommodating people. Certain skills can be taught, but you cannot provide someone with motivation or potential.

We have found that the only way an individual will take full advantage of a training opportunity is if it appeals to their inner abilities. Effective training begins with a thorough understanding of each individual's strengths, limitations, and potential.

#6: Pirating from Your Competitors

The notion persists in many industries that pirating an employee from a competitor provides an enormous head start. The reasoning is that a pirated individual will be able to hit the ground running because training can be skipped. An added benefit may even be that new clients will come along with this pirated individual. But ask yourself: Why would a successful person be willing to give up seniority and other benefits to come to me? Is your opportunity really that much better than your competitor's? If the answer is not a ringing "yes," then seriously question the wisdom of pirating an employee.

All too often, the result of pirating from a competitor is nothing more than the recirculation of mediocrity. We have found that it is much easier to teach an inexperienced individual (who has real ability) how to do the job than to try and cash in on second-rate experience by retreading someone else's employees. Though exceptions exist, in most cases, the only time you should hire from a competitor is when you want to do them an enormous favor.

#7: Overlooking Cultural Fit

When a candidate looks perfect on paper, it can feel like you've struck gold. While education and experience are important qualifications to consider when making a hiring decision, there are other critical non-verbal factors at play, including how that person might fit into your organization's culture.

While an applicant's resume might make him or her seem like an ideal candidate, it's critical to ask yourself whether that individual's personality and behavior patterns are both suited for the job and for your company's culture. How will that person interact with colleagues, clients, and customers? Will he or she be too casual or too formal? Will that individual be able to work at an appropriate pace?

It's not enough to simply focus on the qualifications of the candidate. Companies are more likely to let an employee go as a result of a culture clash than because of inexperience or mismatched skill sets.

#8: Talking Instead of Listening

Time is money, and it can be tempting to rush through interviews in order to make quick decisions and fill your open roles. However, when an employer opens the interview with an in-depth discussion of the job and company, it's easier for a candidate to script what they think would be desired responses.

By asking targeted questions and letting candidates do more of the talking, you can get a better sense of their personality and gain insights into their behaviors, attitude, and potential for success in your organization.

Likewise, it will be easier to determine if—and why—they aren't right for the job. It's crucial to take the time to delve into a candidate's experience and potential.

#9: Not Having a Structured Hiring Process

Filling open positions can be a daunting and time-consuming task, so it's important to have a structured and standardized hiring process in place. It's critical to set a hiring time-line and implement a uniform process for pulling and interviewing candidates.

By creating and establishing a structured hiring process, you can ensure that each individual is completing the same steps and providing the same information. This will provide clarity to your decision-making process and ensure that all candidates will be considered on fair grounds.

A bad hire wastes time and resources, so it's important to make certain that your company hires right the first time. Having a structured hiring process in place will ensure that you hire the right people for the right job the first time around.

#10: Lacking a Solid Onboarding Program

While we stated above that training alone is not sufficient to ensure a candidate's success, having a clearly defined onboarding program is crucial.

Hiring managers may sometimes feel that their job is complete once a new employee is hired and starts his or her new job. However, it is important to provide new hires with an orientation and training program to help them settle into their new positions within your company.

Giving new hires a head start can have a direct, positive impact on employee satisfaction—and your bottom line. When employees feel engaged, they are more likely to be productive and successful in their roles. Moreover, employees who are coached at the beginning stages of a new role will contribute more to the team and reach their peak potential sooner.

Developing a solid onboarding process will help new employees get up to speed faster, understand their strengths and limitations, and learn how to adapt their work styles to fit in with new team members and managers.

Making the right hiring decisions always begins by having a well-developed process that provides deep insights into potential candidates and a clear understanding of competencies required in the position. By avoiding the key hiring mistakes we've outlined above, you can better inform your hiring decisions and hire right the first time. Companies that find the right candidates see the specific behaviors and contributions necessary to deliver results. Improve your hiring practice today and build an effective team for your organization.

17 Tips for Harassment Training

Jonathan Segal, Partner, Duane Morris

This article originally appeared in HRMagazine *and is reprinted with permission of the Society for Human Resource Management.*

The 2016 Equal Employment Opportunity Commission (EEOC) report on sexual harassment contains the seeds for great ideas to fight harassment of all stripes, including that based on race, gender, national origin, and religion.

That year was the 30th anniversary of the Supreme Court's recognition that sexual harassment is a form of sex discrimination. One key aspect of the study is the importance of training supervisors and management. The following 17 tips for upgrading your training are based not only on specific recommendations from EEOC commissioners but also on my own advice *Note: While I served on the task force, I speak for neither the EEOC nor the task force.*

1. Ensure that the training is interactive and facilitated by a qualified trainer. If your employees are passive participants, the training will not achieve its full potential. Ideally, the training should be live. If that is not feasible for cost reasons or because employees are geographically dispersed, you can consider an online alternative, but it should have an interactive component.

2. Confirm that support comes from the highest levels. Without the endorsement of senior leaders, the training likely will be seen as a "check-the-box" exercise. Executives should attend and ideally provide opening or closing comments. Leaders must make it clear that everyone will be held accountable for complying with requirements covered in the training.

3. Clarify that the training should be taken seriously. The purpose of this exercise is not simply to sensitize supervisors; it is to help them keep their jobs. Make it clear that the employer, like the courts, holds supervisors to a higher standard than other employees.

4. Emphasize the business risks of engaging in or tolerating harassing behaviors. Such risks include lost productivity, lower employee retention, and the employer's tarnished reputation. Simply put, harassment is bad for business.

5. Provide specific examples of unacceptable behaviors as opposed to making general statements. Examples must be customized so that they resonate in your workplace. Canned training is a waste of everyone's time.

6. Focus on risk factors that increase the likelihood that harassment will occur. These include a homogeneous workforce and workers who are dependent on customers' tips and may be afraid to speak up. Supervisor training must focus on how these risk factors may increase the potential for harassment so that managers can address problems before they occur.

7. Emphasize what is unacceptable vs. what is illegal. Employers don't want to suggest that behavior is

unlawful when it might not be. For example, in most cases, one comment is not actionable. You also don't want to imply that unacceptable behavior is OK simply because it is not severe or pervasive enough to violate the law.

8. Describe both severe and subtle examples of harassment. If employers don't include the less obvious examples, supervisors may define harassing behavior too narrowly. If blatant behaviors are excluded, managers may fail to address what they cannot imagine anyone doing even when it does indeed take place.

9. Address unlawful harassment in all its forms. Harassment can be based on a person's race, ethnicity, or religion. And don't forget that gender-based harassment, even if it is not sexual in nature, is also against the law.

10. Provide supervisors with guidance on how to respond in the moment. If supervisors aren't taught what to say from the very moment an employee reports harassment to them, they may say something unwise such as, "That doesn't sound like Mark." Make it simple: Supervisors should say, "Thank you for bringing your concerns to my attention. We take them very seriously."

11. Emphasize that supervisors cannot promise absolute confidentiality. Managers should report all complaints to HR as a matter of course. If a manager promises absolute confidentiality and then discloses—as he or she must—there is, at a minimum, a loss of trust.

12. Train supervisors to respond pro actively to unacceptable conduct. Managers who see, hear, or otherwise become aware of harassing behavior should follow up, even in the absence of a complaint. To be silent is to condone. This is why the EEOC recommends that so-called bystander training be incorporated into supervisory education efforts. This type of training is based on the premise that witnesses or others who become aware of harassing behavior (bystanders) play a key role in stamping out harassment.

13. Emphasize non-retaliation. Fear of retaliation is the primary reason employees do not raise concerns when they should. Employers must define retaliation as broadly as the law in terms of who is protected (not just complainants) and what is prohibited (not just discipline and discharge). Examples of other prohibited retaliatory actions include changing the amount of work given to employees, shifting the nature of assigned tasks, and excluding workers from key meetings.

Emphasize that retaliation of any kind against a person who reports or witnesses harassment will be met with immediate and proportionate corrective action.

14. Provide civility training. Even though rude or uncivil behavior is not unlawful unless it relates to a protected group, incivility is the gateway to harassing behavior. Therefore, the EEOC recommends that employers conduct civility training. Due to changes in National Labor Relations Board (NLRB) case law since this article was initially published, the risk of training all employees on civility and respect is much less.

15. Use humor carefully. Appropriate humor can sometimes ease tension so that participants are more open to the training, but it is very important not to minimize the seriousness of the issue. In my experience, humor is best used to poke fun at those who defend inappropriate behavior: "He really thought that if he called her at home off the clock to share his lustful feelings for her, it was not harassment. Perhaps he should be fired for both harassment and stupidity."

16. Evaluate and re-evaluate. Elicit specific feedback about what resonated with employees and what they want to know more about. Discuss which behaviors do not qualify as harassment, such as a nondiscriminatory but tough management style.

17. Convey that the solution is not to avoid those who are different from us. Trying to avoid harassment claims by avoiding certain groups of employees altogether may constitute unlawful discrimination. Provide specific examples on how supervisors can engage in mentoring and promote social inclusion within a diverse workforce.

LEARN MORE

Jonathan A. Segal is a partner at Duane Morris in Philadelphia and New York City. Duane Morris LLP, a law firm with more than 750 attorneys in offices across the United States and internationally, is asked by a broad array of clients to provide innovative solutions to today's legal and business challenges.
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eLearning

eLearning as BIG Business

By 2020, the global eLearning market is projected to reach **$37.8 billion.**

1 note = $1 billion

2000   **2018**

Corporate eLearning has grown **900%** since 2000.

By 2019, **half of all college students** will be enrolled in online courses.

TRENDS in eLearning Tech

Cloud-based Learning Management Systems
Organizations are increasingly purchasing Cloud-based services to reduce the costs of delivering education and certification programs.

Responsive Mobile Design
On-demand, responsive access to learning is becoming necessary to ensure education programs stay relevant to a younger audience of professional learners.

Application Programming Interfaces (APIs) APIs allow learning management systems to communicate with all the applications used by associates.

ENGAGEMENT
Through eLearning

Personalized Learning

Harnesses big data to understand a student's progression in learning and make suggestions off of those trends.

In the next 5 to 7 years, professional training systems will be able to analyze student progress and adapt themselves to it.

Micro-Learning

The delivery of concise learning content, like a short video or quiz, that can be consumed quickly and incorporated easily into busy schedules.

According to research from Deloitte, an average employee can only devote about 24 minutes a week or 4.8 minutes a day to professional development.

Social Learning

The inclusion of social learning tools in learning management systems encourages communication and collaboration between learners.

Social learning approaches have a 75:1 ROI ratio over web-based training.

Gamification

Encourages and motivates participation using rewards and by incorporating elements of fun.

The market for game-based learning is anticipated to be worth $7.3 billion by 2021.

Software vendors like Articulate, Adobe, and Trivantis are enhancing the game-based learning capabilities of their products to meet growing demand.

Resources

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Doing eLearning the Right Way

Joseph Marin, Vice President, Education and Training, Printing Industries of America

eLearning has become a large part of our daily lives, so much so that we're sometimes unaware of it. When was the last time you searched for a how-to home improvement video or checked Wikipedia to find a resource, fact, or figure? While eLearning can be broadly defined as any kind of online learning, the examples above could be further classified as informal eLearning because the content is not really structured or formalized but simply a result of an Internet search. Nevertheless, these are forms of eLearning because you are gaining deeper knowledge on a particular topic.
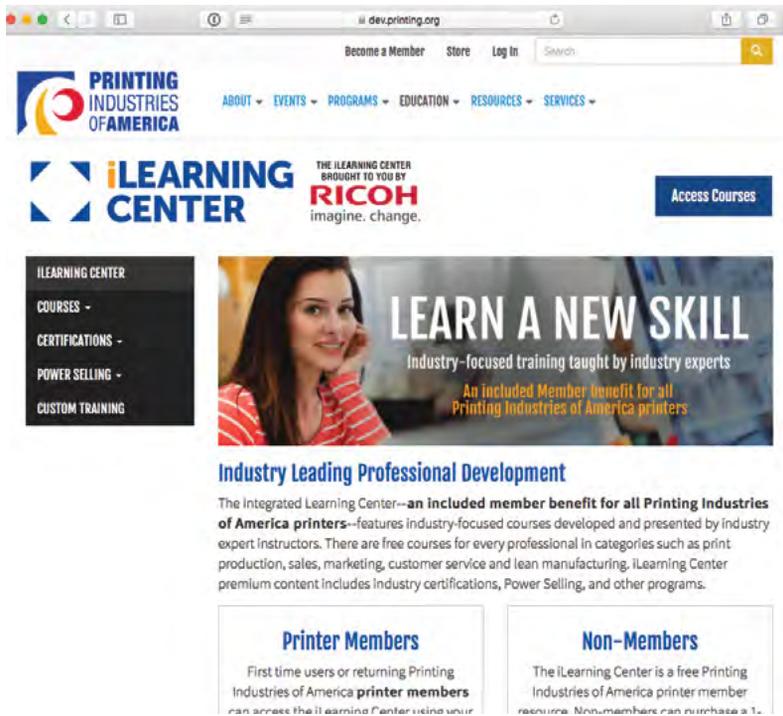
Formalized eLearning, however, provides more structured learning content and delivery and is usually part of a learning management system (LMS). An LMS is a platform, usually hosted in the Cloud, used to administer, track, and report the delivery of educational and training resources. An example that might come to mind when we think of an LMS is Lynda.com—a platform that provides structured content tracking and delivery of educational courses and lessons. You can probably think of other resources (some even specific to our industry) that provide eLearning topics that allow you to gain knowledge and even certifications in specific areas of expertise.

Contextualized Learning

There's a lot of content out there, and it's easy to generate content and find it. Look no further than YouTube, which has become the second most popular search engine in the world (Google is number one) where more than 5 billion videos are viewed every day. Lynda.com also has a lot of great content, with hundreds of different courses on a variety of topics. However, when it comes to truly relevant eLearning, one key critical component missing from these examples is content that is presented in context to the learner.

Industry Leading Professional Development

The Integrated Learning Center--an included member benefit for all Printing Industries of America printers--features industry-focused courses developed and presented by industry expert instructors. There are free courses for every professional in categories such as print production, sales, marketing, customer service and lean manufacturing. iLearning Center premium content includes industry certifications, Power Selling, and other programs.

Printer Members

First time users or returning Printing Industries of America **printer members** can access the iLearning Center using your

Non-Members

The iLearning Center is a free Printing Industries of America printer member resource. Non-members can purchase a 1-

Content is general information and often is not presented in a way that is relevant to the learner. Contextualized learning, on the other hand, takes the subject matter and connects it to applicable, relevant situations. By contextualizing what is presented in eLearning courses, the learner gains a deeper understanding of how to apply the concepts in real-world, industry-specific scenarios. Let's compare content versus context, using our Lynda.com example.

Content versus Context

You can find various courses on Lynda.com centered on Adobe InDesign—a fairly ubiquitous application used in our industry. The courses offered include InDesign CC 2018 Essential Training, InDesign CC 2018 New Features, InDesign: Advanced Styles, and so on. If you've never used InDesign before or would like to see what's new in the software, these courses are perfect. But for the printing industry, these courses are not presented with any sort of context.

In comparison, Printing Industries of America's eLearning platform, called the iLearning Center, contains courses that tie directly into our industry and are presented with context. For example, the iLearning Center has a course titled InDesign for Prepress. In

this course, we're not going to teach you how to use InDesign, but you'll learn how to use InDesign's tools and built-in forensic features to uncover and repair digital prepress problems before they become a disaster on press. Now that's contextualized learning!

The iLearning Center contains many other courses, and most are free to Printing Industries of America Printer Member companies. There are also important industry certifications including the Improvement Professional in Print Certification that validates the expertise of printing industry professionals who help companies achieve operational excellence by using the concepts of Lean manufacturing. Another is the Customer Service Professional Certification, a program that provides best industry processes and practices for CSRs in a production print environment. These certification courses are presented with context, go deep into a particular subject or topic, and include exams to assess the learner's knowledge.

Investment and Reward

Implementing an eLearning strategy in your organization benefits everyone. An employee who feels growth in their career is more loyal to an organization, and eLearning is a tool that provides development opportunities. A company that encourages eLearning as part of an employee's regular job function sees revenue generated per employee that is 26% higher as compared to those that do not. Establishing a culture of learning within your organization is key, and Printing Industries of America's iLearning Center can be the catalyst and ongoing resource for your company's eLearning needs.

▌ LEARN MORE

For more information on Printing Industries of America's iLearning Center, visit **printing.org/iLearning.**

Adding Enhancement Value & Profit to Print Buyer Relationships

Jack Noonan, Marketing Coordinator, MGI USA

A key emerging trend in the print, publishing, and packaging industries is the growing success of service providers utilizing digital enhancement technology to embellish and decorate color ink output and, by doing so, strengthening both their bottom-line revenues and their customer relationships.

The last 20 years have marked the steady adoption of digital design, workflow, and press equipment in the marketplace (with both toner and inkjet-based systems). The next phase of this evolutionary process will be to extend the flexible benefits of digital technology to the last frontier of job completion: the realm of postpress finishing. Examples of digital enhancement include 2D spot varnish coats, 3D raised dimensional textures, and embossed variable-data foiling (VDF).

A beneficial result of these new developments will be a growing market awareness about new types of sensory-based print applications designed to create a memorable impact in a world of omni-channel communications. The tactile and optical special effects represent a powerful new way to use print as an information medium.

This market trend translates into a very significant opportunity for printers to increase work volumes, new client acquisition strategies, and profitability ratios. The advantages of digital print enhancement—such as lower cost production with no plates, screens, or dies; short run job customization; variable-data personalization; and minimal setup, makeready, and waste—can also contribute to achieving new business development goals from a marketing and sales perspective.

Therefore, digital print enhancement can be a key driver for future growth and a method of competitive differentiation for all print service providers (PSPs). However, in order to reap the benefits of innovation, printers should explore new methods of promoting their capabilities.

Create a Sample Library

In the print industry, samples are sales tools, and the best types generate new application interest by demonstrating design and production possibilities that make print buyers rethink jobs to expand the scope of future work. Since many print buyers are not yet aware of the possibilities for digital enhancement,

it is highly recommended that PSPs spend time to create a standard portfolio of branded, enhanced print samples for distribution to customers and prospects.

A library of application diversity that illustrates the range of projects that can be enhanced can become a key communication toolset for generating new business. The time and effort that is invested in producing this material should yield dividends by helping to establish a new market presence of referral and reference opportunities. The PSP corporate identity in the marketplace can benefit from being associated with these types of advanced, creative resource capabilities (and, consequently, client relationships can be reinforced for long-term gain).

Outsourcing Options

For those printers who are evaluating growth opportunities, but who have not yet acquired digital enhancement equipment themselves, it is suggested that an outsourcing relationship be established with regional industry peers who already have the capacity in place. Since the outsourcing service provider will benefit from the increased workload, they will likely be very glad to provide samples to the printer who wishes to introduce the technology and test the waters while evaluating a purchase for themselves.

Samples that Sell

One simple and efficient method of generating additional revenue from introducing digital embellishments to existing print buyer relationships is to adopt an "A/B" presentation approach. In practical terms, this means introducing profitable new ideas and options to current jobs (A) with the creation of added-value special effects via samples based on the original artwork (B). The before and after comparison that this technique provides can be extremely valuable in giving print buyers a reason to expand the scope of work, with proof in their hands that illustrates how to give new life to their designs and brand images.

So, a standard best practice to building a new digital enhancement business is to leverage the critical PSP asset of a customer base to organically add revenue by adding value to existing work.

New Applications Revenue

Another important and compelling point to consider as a business growth strategy is the wide range of applications that can produced with digital enhancement technology. For example, some traditional commercial printers have used digital decoration to enter new markets (such as small folding carton box, label, and retail point-of-purchase (POP) display segments) that were not accessible to them before.

Cost Reduction

Finally, another key operational area for PSPs to analyze in terms of enhancement technology is increased profitability from lower postpress production costs. Many commercial printers have a model of simply outsourcing enhancement processes to professional trade finishers. These expenses can be eliminated—and project profitability increased—by implementing a new digital postpress infrastructure. Other printers who have done the work in-house with traditional analog methods (screen printing, foil die stamping, etc.) should find that a digital solution can greatly reduce material and labor costs while also greatly reducing production times. This should greatly improve short run job flexibility in service of overall increased business productivity.

In sum, the rising trend of digital print enhancement offers printers everywhere an exciting new opportunity to add value—and increase profitability—to operations and print buyer client relationships.

The Smart Print Shop

Dr. Mark Bohan, Director, Prinect and CtP, Heidelberg USA

We continue to see the trend of shorter run lengths and faster turnaround times for printed material. While all of this is occurring, it is expected that market pricing will be maintained while consumables and paper prices increase. This all leads to pressure on the profitability of companies, which averages 2 to 3 percent according to the latest Printing Industries of America studies. How can companies pull themselves out of what looks like a continual downward spiral? The only answer is to look at the manufacturing processes and invest in technologies that drive automation and efficiency. It's been shown that industry leaders in terms of profit will be investing twice as much in technology as those with profit potential (Figure 1). The impact for a $10-million company would be, on average, 17 fewer people in production.

Figure 1: Investment per employee

Today, we have optimized many individual systems within our manufacturing processes. While efficiencies can be gained in each of these processes, it is only through a cohesive approach—one that utilizes system integration, the Internet of Things (IoT), analytics, and data—that the entire value chain can be configured for optimal performance for the Smart Print Shop.

In the Smart Print Shop we can leverage these processes in six key areas that will drive both efficiency and profitability:

- Customer Interaction
- Reducing Touchpoints
- Driving Productivity and Uptime
- Reducing Waste and Inventory
- Optimizing Consistency and Repeatability
- Business Intelligence

Optimized **customer interaction** facilitates ease of working and connectivity between the printer and their customers, driving customer loyalty while making it difficult for them to move to other print providers. This connectivity includes the use of portals to provide 24/7 access to request jobs, submit artwork, and track progress. The customer interaction needs to encompass the whole of the production and business activities; too many times it is limited to one or the other. This initial customer contact can immediately and automatically trigger production and business activities to start a process.

There are countless instances throughout the production process where you can **reduce touchpoints**. Many of these occur in pre-production, and by making changes here you can unlock your potential throughout the whole print shop. Estimating is more than setting a price; it is defining the production workflow and can dramatically reduce touchpoints. Mess up the production steps in your estimating process and gone is your profitability and ability to fully utilize your assets. Complementing estimating is scheduling, an area often overlooked in reducing touchpoints. Effective scheduling will minimize the impact of job transition on the production and finishing equipment; you will then realize additional capacity to drive profitability. The approach to minimize touchpoints can be applied all the way through to delivery and invoicing, and the whole production process can be reduced to just four major touchpoints!

Companies will often have processes in place **driving productivity and uptime**. This needs to take into consideration the whole manufacturing process. In many cases it is possible to double the effectiveness of presses by procedures, scheduling, and business strategies. An offset press is not a data terminal and should not be used as one. It is there to produce sellable sheets and that should be its only focus. The transition between jobs needs to be minimized; the push-to-stop approach has redefined this process with full automation and operator intervention only when there is an issue. The consumables and substrates used will dramatically impact the performance of equipment, where "buying cheap" actually drives up the cost per 1,000 sheets and negatively impacts productivity and profitability.

By **reducing waste and inventory** you will have a major impact on your productivity, cost structure, and profitability. This can be done in many ways, such as your purchasing arrangements, quality considerations, and scheduling. Purchasing can impact how you pay for the products (cash flow!), delivery, handling, and—crucially—how they perform during production. The quality of these materials as well as your internal quality process will mean that you are able to get the right product out with minimal waste in the most cost-effective manner. Finally, we include scheduling again, a cornerstone of the process. Scheduling an offset press needs focus to ensure the transition time between jobs is minimized. A typical hierarchy would be, in order: sheet size, paper weight, ink coverage, folding scheme, and—as the least important—delivery date.

In all facets it is critical to **optimize consistency and repeatability**, from the pre-production steps through to production and invoicing. The same process needs to be applied using the same tools and metrics to make sure that we hit the target right the first time, every time. We often think of how we apply this to color management, but it is pervasive across the whole business. We don't have every estimator using different layouts or operators doing changeovers in their own way or accounting invoicing customers differently! Without the process consistency, it is impossible to optimize and repeatedly drive improvements.

To gain a fresh and relevant perspective on your business, the use of a **business intelligence** system that combines both production and business data is now an **essential management** tool. This allows you to understand process, see correlations and relationships that are affecting your profitability, and drill down to identify the root cause. Business Intelligence allows for fact-based decisions to be made in a timely manner—too often these are made too late and the decision can be flawed as it does not have the most relevant data.

The Smart Print Shop is here today, leveraging the connectivity and automation to drive efficiency and reduce manufacturing costs while increasing profitability. The paradigm shift is here with push-to-stop and letting jobs run through the whole production, from initial customer interaction through to delivery and invoicing and only stopping the processes for business reasons, rather than starting each new step of the process with a manual interaction. Companies that embrace the Smart Print Shop will see a significant competitive advantage in the marketplace today and in the coming years.

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