

8 UNEXPECTED PRINT MANAGEMENT COSTS THAT RETAILERS CAN AVOID

Print management providers are not created equal.

Great print management provides solutions without surprises, delays or hidden costs. For retailers reevaluating their print management needs, it's critical to know that many too-good-to-be-true sales pitches hide costs. Miller Zell wants retailers to be aware of these potential expenses when choosing a provider.

PRINT MANAGEMENT IS A CRITICAL PATH FOR RETAILERS

Print management is an essential program for retailers, a fundamental part of brand strategy.

Miller Zell is a fully integrated retail experience company with over 50 years in the business. We know print management and how it is evolving. We know it enables both retailers and CPGs to increase revenue and operational efficiency in a rapidly changing marketplace.

We root our relationships with clients in honesty and transparency and believe that the more retailers know about print management, the more likely they are to partner with us. Our best sales pitch is information and our track record.

This white paper identifies eight important areas where unexpected costs can surprise retailers. It also shows how to anticipate and avoid those surprises.

The first four emerge from the guaranteed savings model used by many print providers.* The guaranteed savings, or “gain share,” approach typically touts a no-risk, no-obligation proposition. This model, however, is full of potential pitfalls.

The second four focus on key points retailers should understand before embarking on any print management partnership.

1:4

HIDDEN COSTS WITH THE GUARANTEED SAVINGS MODEL

01

OUT-OF-SCOPE WORK

02


EXIT & LOW-VOLUME PENALTIES

03

RUSH-JOB CHARGES

04


BULK MATERIAL BUYS



**There's little
to no cost
reduction on
these jobs**

1. OUT-OF-SCOPE WORK

Out-of-scope work is usually priced based on limited run capacity and quoted against like material from a previous job. Most often this work does not fall within the provider's price savings agreements, especially if the service level agreements (SLAs) are constructed where the expectations on both sides regard volume, throughput, and other factors.



**Some situations
may lead to
clients paying
retribution**

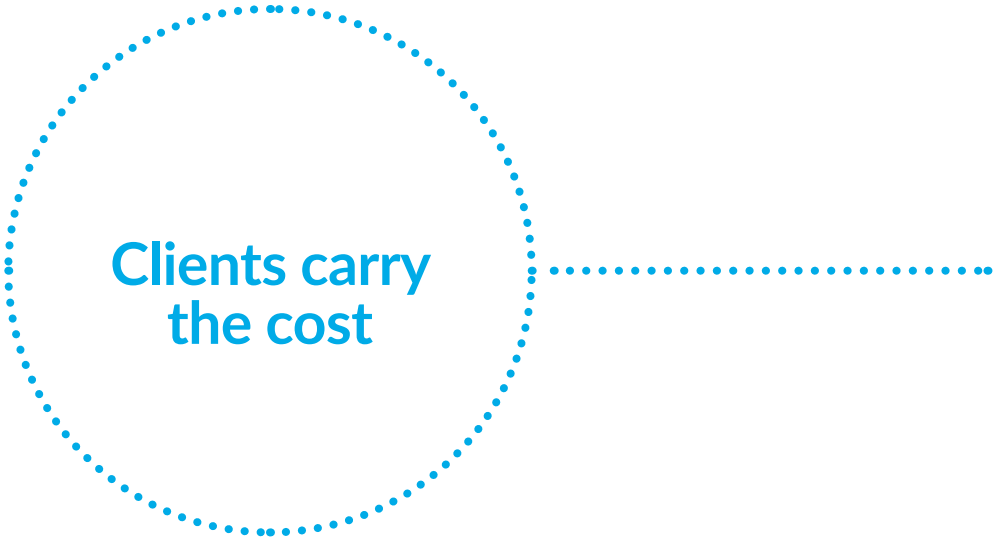
2. EXIT & LOW-VOLUME PENALTIES

Typical contractual commitments are based either on time or volume. For example, consider a multi-year contract with an anticipated annual volume of \$20MM. If the volume or dollar amount misses the plan expectations, "true-up" clauses can be activated, where the client on an annual basis is required to offset the volume in payments to the print management provider. Similarly, if the client chooses to end the relationship early, there is typically a future year reimbursement penalty evoked.



3. RUSH CHARGE JOBS

Our experience shows that a large percentage (if not a majority) of jobs fall under the rush category. Print management providers using a guaranteed savings model will apply rate card costs for this work, since it is not part of agreed volume or savings calculations. Also, the typical distribution-based model may result in increased costs if store direct is required for shipping. Depending on the lead time and rush requirement, up-charges (“rate card plus”) may be applied.



4. BULK MATERIAL BUYS

Often the client will be required to purchase, or guarantee use of, bulk substrates so that the print management provider and their print partners are not carrying the cost of bulk materials. With this approach, the client in effect owns the inventory and may be left holding unused materials or boxed into using a material no longer desirable.

5:8 POTENTIAL SURPRISE COSTS WITH ALL MODELS

05 LOSS OF TRIBAL KNOWLEDGE

06 INTERNAL SYSTEMS
INTEGRATION SETBACKS

07 SLA AMBIGUITY

08 OPERATIONAL INEFFICIENCY



Never underestimate its value to drive a seamless integration

5. LOSS OF TRIBAL KNOWLEDGE

Onboarding is always a consideration, with visible costs baked into transfer of roles and responsibilities from internal FTEs to the print management provider. Still, retailers should never underestimate the value that tribal knowledge (e.g. blueprint takeoffs and internal system navigation) brings to drive a seamless integration. Without it, time, money and project accuracy will be lost.



An integration roadmap with full discovery is crucial to avoid internal costs

6. INTERNAL SYSTEMS INTEGRATION SETBACKS

This is a top area where savings are diminished due to higher than anticipated internal costs, but it can be avoided with planning – the full burden of internal integration protocols, data security disciplines and the cost of the integration should be fully understood and scoped by the client. Print management providers will commit to adapt systems to work seamlessly within a client's internal systems.

However, risks abound without an integration roadmap with full discovery of: data share for seamless handoffs of specifications, quotes, item number recognition, inventory management, timelines, supply chain connectivity, measures of success, and the print management provider's accountability to SLAs. Gaps will delay service levels, miss promotional dates, and result in less than expected customer impression.

Companies should contemplate the system integration and be diligent up front since the burden of cost will typically be internal. This is a critical component, as clean and accurate internal data will drive production decisions. If you get this right it will deliver project execution efficiencies at the store level.



**Mutual clarity
is key to
cost savings
and healthy
partnerships**



**Hard & soft
costs are risked
without fine-
tuned systems**

7. SLA AMBIGUITY

The devil is in the details, and clarity around SLAs is another top area where expected savings can be lost. It is critical that there is clear understanding by both parties around roles and responsibilities so success can be achieved. Especially in guaranteed saving models, clients should confirm that agreed-upon SLAs are measurable and can be independently verified through an internal audit process since performance-based financial savings are anchored in the SLA.

8. OPERATIONAL INEFFICIENCY

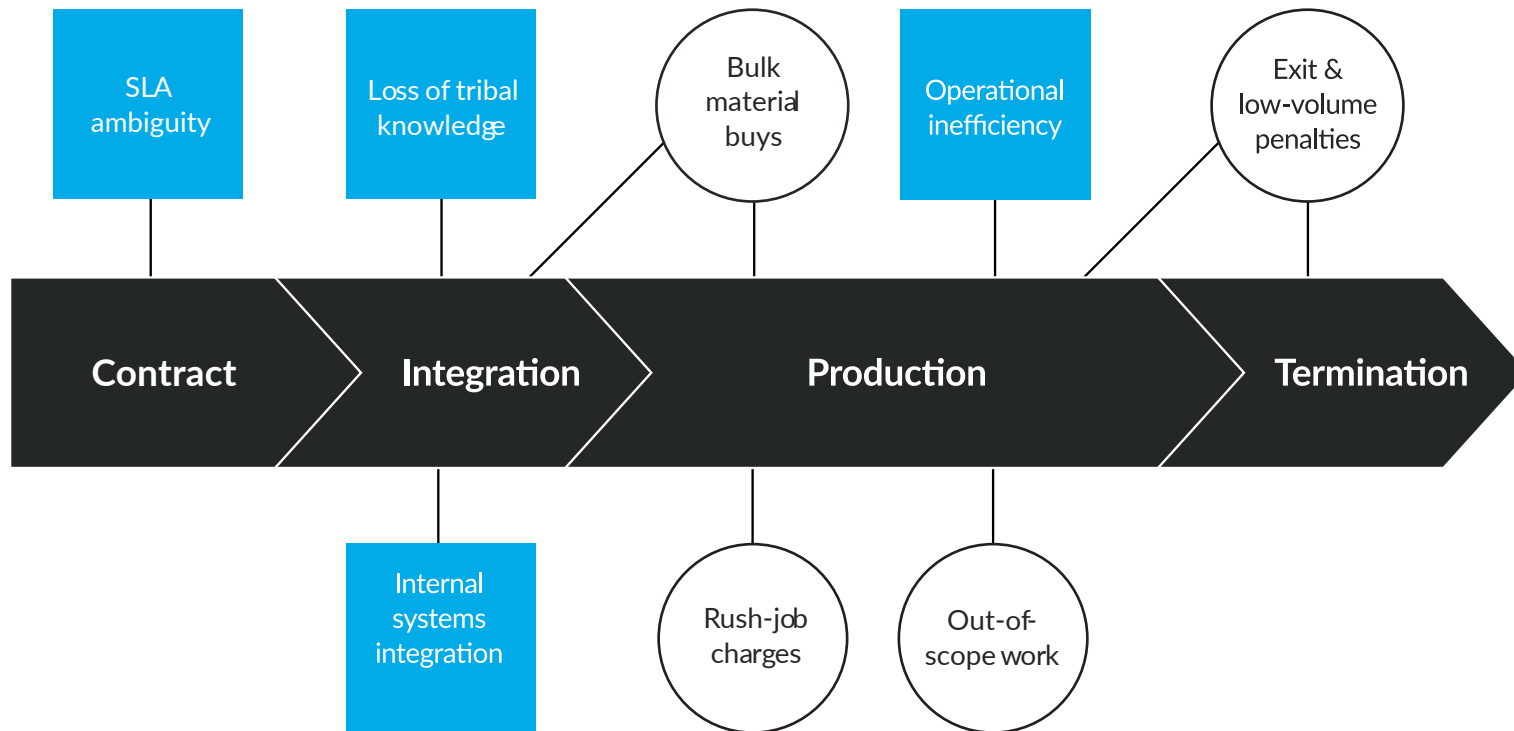
Nonconformity to SLA specifications can drive increased costs to execute at the store level, so quality control and benchmarking processes are fundamental if shipments are store-direct or third party consolidation services are used.

For example, put away, pick, pack and ship efficiencies are compromised with third-party logistics providers if inbound shipments are not compliant to the defined guidelines. This could result in delayed shipments to the store, resulting in penalties and larger soft costs at the store level if return trips are required due to missed ship dates.

Most if not all potential print savings can be lost if execution or installation efficiencies are not realized due to inaccurate material shipments. And since this is the consumer-facing step, loss of brand affinity or diminished confidence in the brand can take place.

UNEXPECTED COSTS MAPPED TO THE PROVIDER RELATIONSHIP

Watch for potential unforeseen costs at these stages of the partnership. Retailers can avoid these pitfalls with awareness, planning and involvement, and by choosing a partner that practices fundamental transparency with a holistic approach to cost savings.



**PRINT MANAGEMENT
WITH A SUITABLE,
EXPERIENCED PARTNER
VASTLY IMPROVES THE
OPPORTUNITY TO LEAD
WITHIN A DYNAMICALLY
CHANGING CONSUMER
ENVIRONMENT.**

In today's ever-changing landscape of consumer expectations, the impact of reaching your customer with the right message is subject to the quality, accuracy, and timeliness of the communication. Having the right print management partner can help you create that impact and gain financial savings with improved speed to market, tighter quality control and operational efficiencies

Understanding the landscape in its entirety helps you start strong out of the gate. At Miller Zell, our goal is to make the complicated world of print management simple and to help our clients manage through the complexities. We take a holistic approach, bringing significant savings by overseeing all print, engineering, consolidation, and logistics, then expanding into financials and planning. Our integrated support services elevate quality, anticipate problems, and identify opportunities to accelerate your business and save you money.

To request a no-commitment consultation, ask a question,
or learn more about print management, please visit us at
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