

# TOTAL COST OF OWNERSHIP (TCO) PRINTING GUIDE

How to leverage your printer's expertise to your advantage and reduce your TCO



Compliments of CCS Printing

**TOTAL COST OF  
OWNERSHIP (TCO)  
PRINTING GUIDE**



# TABLE OF CONTENTS

What Is TCO All About?	2
How Do I Lower My TCO	2
Concept	4
Design/Creation	6
Production Engineering	8
Submission to Printer	14
Pricing/Quoting	16
Selecting Printer	18
Managing Workflow	22
Long/Short Term Storage	24
Managing Inventory (Reprints/Revisions)	26
Fulfillment	28
Distribution	30
Obsolescence	32
Summary	34
TCO Checklist	35

## **WHAT IS TOTAL COST OF OWNERSHIP ALL ABOUT?**

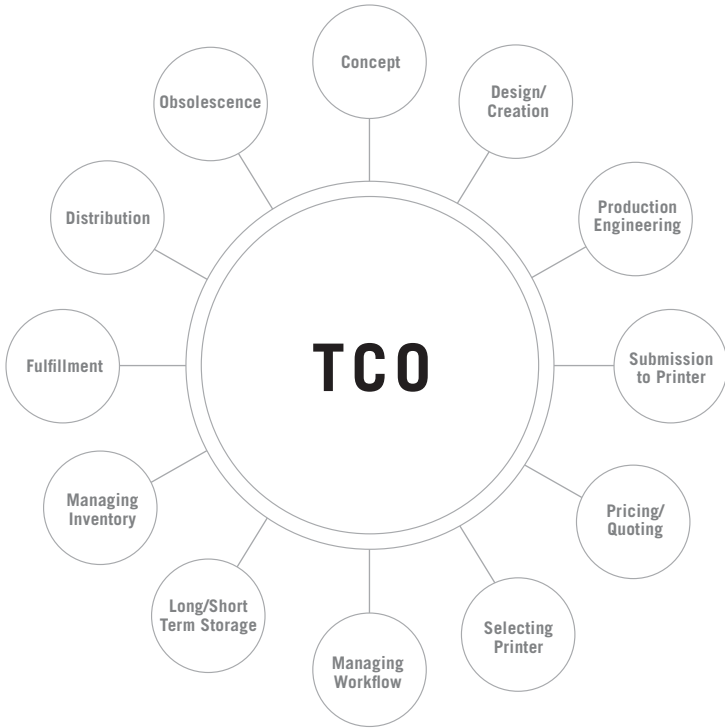
TCO printing is a valuation method for printing in which the actual cost of an individual piece or a group of pieces includes not only the cost of print production, but also the associated life cycle costs of the piece(s) from concept and development through obsolescence.

Lower TCO printing is an approach to printing that takes advantage of your printer's considerable knowledge to help you lower total costs, get better value, and assure good quality in the materials and services that you buy.

## **HOW DO I LOWER MY TCO?**

Often, recorded print costs represent merely the cost of print production; few buyers calculate the cost of the entire project from start to finish. However, to maximize the cost-effectiveness of any print program, you should take a careful look at other contributing aspects of your TCO so that you can make better decisions, reduce costs, and improve efficiency and quality.

By analyzing the possible stages of your print project and assigning a fair cost for the time and materials involved, you will be able to better understand your TCO and find creative ways to lower it. A particular project may go through some or all of the following stages:





## Concept

### **CONCEPT:**

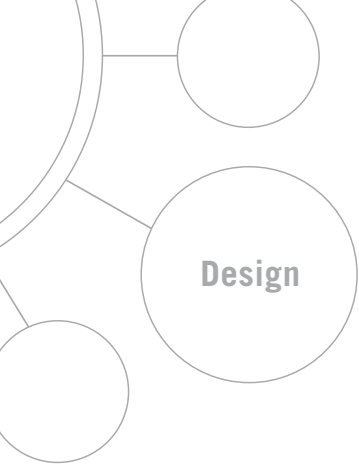
During the concept phase, carefully defining your target audience helps guide your message and its presentation. It is worth it to know who you are trying to reach and what will gain their attention. Remember the old direct mail adage: “Junk mail is direct mail sent to the wrong audience.”

There are certainly times when a complex or artistic approach will deliver your message most effectively, but there are other times when a simpler approach will work just as well – and it costs less. Complexity drives cost up: complex folding, die cutting, special ink colors and other creative treatments all serve to increase the time and materials needed to produce work.

Speaking of costs, it is important to establish your actual printing budget during this phase. You will likely be working with a designer, either in-house or contracted, and knowing the budget will help your designer create a concept that can be realized within your budget.

**BOTTOM-LINE:**

**By not paying for time spent creating concepts that are off-target or cost-prohibitive to produce, you will reduce your TCO.**



## **DESIGN:**

The creative process often treats concepting, design and print engineering as activities independent of each other. A more integrated method, however, is preferable. Sometimes, subtle changes in approach, particularly in engineering, can reduce production costs substantially. It is a good idea to consider meeting with your printer early on, and many designers and buyers do, because engineering expertise, new technologies for print production and finishing, and even advances in papers and inks can present alternatives which will reduce costs not only in production, but sometimes even in design.

These days, many people create their own files on their desktops, particularly informational files with lots of text and not many graphics. In this case, the printer's prepress department can help with advice on how to properly prepare a file for print production, or can even take your file and prepare it for you.

**BOTTOM-LINE:**

**Be sure to take  
advantage of the  
printer's engineering  
and prepress  
capabilities to get  
the best result in the  
most efficient way.**



## Production Engineering

# PRODUCTION ENGINEERING:

Printers typically become involved at the production engineering stage, where they take your specifications and plan how to print them; and, many printing companies are sophisticated in their ability to recognize advantageous options. However, while most printers expertly take specifications from you, they might be reluctant to suggest alternatives for fear of upsetting you and/or the designer. Absent discussion, production adheres to original specifications and opportunity is lost. Be sure to seek a relationship with your printer that allows for open communication. Ask for advice on a “good fit” (an old industry term that means efficient use of press and paper). The printer’s suggestions may help reduce cost, improve effectiveness, expand efficiency and/or increase quality.

Here are some engineering elements to consider with regard to TCO.

## PAPERS

The choice of paper stocks is vast, and printers, like designers, have their favorites. Printers like sheets that perform well in their presses and consistently achieve the look their customers want. Designers often use sheets that they have experience with or, in some cases, sheets that are themselves artistic elements. Papers continue to evolve, and most paper companies invest in educating their front-line buyers, the printers. Your printer is a knowledgeable resource on papers, for both you and your designer. When you do specify your paper, be sure to ask for advice on comparable stocks and house stocks. Printers often get very good pricing on their house stocks (those that they use regularly and inventory on their floor), and it may be appropriate for you to participate in these savings.

## **FINISHED SIZE**

Subtle reductions in the finished size of a piece can also create dramatic savings. Presses come in many sizes, and the most efficient printing matches the quantity desired and piece size to a complementary press and press sheet size. Of course, there are technical considerations based on the graphics of your piece as well, but a good printer recognizes these requirements and plans for them. Working with your printer to maximize the number of pieces, or images, that will fit on each sheet can make a huge difference in reducing total paper usage and total run time. Small changes can make a big difference, especially on longer run jobs. Anything that can be done to reduce time or usage of materials will provide a return in reduced TCO.

## **PRESS CAPABILITIES & TRADE SHOPS**

Seeking simplicity in set up and economy in paper, early manufacturers designed printing presses around the most common sizes of the goods they were to produce. As there is an array of finished product, there is an array of press sizes. Your printer may not have the exact press that fits your project. However, good printers have relationships and expertise in the local and even regional printing marketplace. They can outsource the job to the appropriate trade shop printer, thus saving you the time and money of struggling to place the job yourself. A good fit on press is normally reflected in a good value in price for printing, and your printer should be able to get this for you.

Trade shops generally serve other printers exclusively, at a lower cost and higher level of craftsmanship than that of many of the large 'commercial' printers who claim to have everything under one roof. Leveraging your printer's relationships with trade shop printers to your advantage is another way to reduce your TCO.

## BINDING & FINISHING

The binding and finishing stage presents another opportunity to improve your project and reduce your TCO. Your printer should be aware of different binding and finishing options and help you select the most effective solution for your intended audience. Most designers are very good at conceptualizing and designing both simple and complicated finished pieces. Include your printer early on, though, to ensure that the designer's idea can be done on time and at an effective cost.

Each binding style has pluses and minuses, which often depend on the thickness of the finished piece and its intended use. For instance, saddle-stitch binding may work perfectly for an 8 page brochure but is more challenging for a 20 page booklet. Perfect binding (like a paperback book) is a great solution for books that need to ship long distances or sit on a shelf between other books. It is not such a good choice, however, if the book is a training manual: it does not lie open easily on a desk. These are just a few of the many binding styles, and care should be taken with form and function when choosing the appropriate style.

Finishing opens the door to a vast array of different cutting and folding options.

Printers transform flat sheets of printed paper into folded brochures, booklets, folders, boxes, envelopes - and the list goes on. They trim, score, perforate and die cut paper into unusual shapes. Pieces can be glued, tabbed, collated, boxed or sewn in a huge variety of ways. Your printer should be familiar with all of these options. Only levels of creativity or budget constraints limit the possibilities.

As with trade shop printers, your printer should have contacts with trade shop binding and finishing houses. It is cost-prohibitive for any printer to equip their facility to produce every type of finishing style, but if your team has experience with similar projects, they will know where to go for expert help in making the piece really shine at the end.

**BOTTOM-LINE:**

**The best printers  
can accommodate  
even the most difficult  
request if given time and  
a clear understanding  
of your goals.**



## Submission To Printer

# SUBMISSION TO PRINTER:

The printing industry still relies heavily on pick-up and delivery of specifications, disks, or CDs and samples for a project, but the Internet now provides a number of online solutions for print job submission.

### **Web Site Submission**

Most printers have a Web site, but the more progressive printing organizations also have extended Web services, including electronic job specification and file submission, quote requests, and job numbering for easy recall and online tracking. These tools are typically easy to use: interfacing with them is simply a matter of choosing the options you want for your project and adding any necessary comments to get it started on the right foot.

These systems are great for clients, but even more important for printers who often manage workflow on a first-in, first-out basis. Submitting your work online allows the printer to manage your work in an orderly and timely fashion. Many systems time-stamp a job as it is submitted, giving both the client and the printer a documented timeline to delivery date.

**BOTTOM-LINE:**

**Take the time to compare document Web submission to leaving voice mails, attaching sticky notes or even sending text e-mails and you can easily see the advantages of submitting jobs online.**



## Pricing/ Quoting

### **PRICING/QUOTING:**

The printing industry has seen a major shift away from long lead times to just-in-time ordering and production. At one time, printers were segmented as commercial printers and quick printers, but more and more this line is being blurred because clients are unwilling to wait two or more weeks for production of a project. With advanced solutions such as online submission of requests for quote, the more progressive printer should be able to return quotes to you generally within 24 hours of submission. This allows you to obtain quotes from several printers without jeopardizing valuable project time. Remember that the quote for actual print production is only a small part of the total TCO over the life cycle of the project or printed piece.

**BOTTOM-LINE:**

**Work with a printer  
that can meet your  
needs for fair pricing  
and timeliness.**



## Selecting Printer

### **SELECTING A PRINTER:**

Choosing the right printer for the job is a key factor in the success of your project. In some instances, price may be the sole driving force in your decision. In others, different factors, such as print quality, available press time or ability to manage an entire program may be in play. If you designed and engineered your project with the help and advice of your printer, the decision could be an easy one, especially if your printer has suggested alternative ways for you to save costs.

If you have not developed a printing partnership to reduce TCO, you may spend a lot of time requesting and evaluating competitive quotes from several printers and then still end up spending too much money because of missed opportunities for increased value for dollars spent.

Here are a few of the differentiators you may want to consider when evaluating a prospective print provider.

## **QUALITY**

The most essential element in deciding on a printer is the level of quality produced. Price must come second to quality because a poorly made printed piece often becomes recycled waste or leaves the wrong impression with the target audience. When discussing your project, ask to see samples of similar projects. Quiz the printer on how they handled that project and if it was a success during production. What went right? What, if anything, went wrong and how would they have done it differently?



## Selecting Printer

### **TURN TIMES**

Because of the aforementioned changes in the print industry, job submission, including quoting, engineering and awarding of work, often takes place in a limited time frame. The most forward-thinking printing organizations have built their culture around responsiveness and good execution. Your printer should be able to provide both good quality and speed by taking advantage of advanced scheduling and organizational applications and faster prepress and press technologies.

The amount of time a printer has to produce the job will necessarily revolve around your due date. Many times the ability to produce the job within the time-frame is more of a driving force than cost. For highly time-sensitive projects, it can be more beneficial to meet your due date and avoid hard and soft costs associated with extended deadlines rather than worry about reducing print production cost.

**BOTTOM-LINE:**

**Time has its own value  
and needs to be added  
into your TCO evaluation  
as well.**



## Managing Workflow

# MANAGING WORKFLOW / PROJECT MANAGEMENT:

The printing workflow is the most complex part of an entire project and usually occurs behind the scenes and out-of-sight of the customer. Your printer's customer service team will manage the workflow for you: schedule proofs, press time and press checks; assure samples, proper delivery and/or distribution; and oversee warehousing, packing and shipping. This is a core competency of any good printing company's customer service team, and they should provide a personal level of service and communication that lets you know that your project is in good hands.

**BOTTOM-LINE:**

**The printing organization must look at every project with a critical eye to ensure that they offer you alternatives which could benefit you and lower your TCO.**



Storage

## **LONG/SHORT TERM STORAGE:**

In the past, print buyers often measured the cost of printing on a per printed piece basis, and a good way to reduce the cost per piece was to print a longer run. This can still be a valid approach in some cases, but it can also lead to wasting money based on usage speculation. Printing product for future use necessarily requires storage, and often the customer is responsible for finding storage space, managing the inventory and ensuring that the printed piece is still current. In addition, cash flow is tied up in these static materials. In many companies, storerooms are filled with huge stacks of boxes of both current and obsolete printed material. Some companies even require off-site storage, and a newer industry has sprung up to deal with what is called “document management.”

Storage of documents requires a careful balancing act because space and these services cost, and too often obsolete materials are allowed to sit incurring fees for storage. Today’s progressive printing organizations help manage sensible storage in several ways. First, current technologies have reduced the prepress and set up costs of many presses, thereby mitigating the costs of reprinting as opposed to printing large quantities at once. Second, many printers have sophisticated systems in place to track usage, inventory levels, designated expiration dates (if applicable) and reprint requirement levels. By using the power of this data, clients can more tightly match production needs and gain maximum flexibility for making revisions without throwing away considerable existing inventory.

**BOTTOM-LINE:**

**If you do store inventory, let your printer's intimate knowledge of your product and its usage help you make storage decisions that reduce your TCO.**



**Managing  
Inventory**

## **MANAGING INVENTORY (REPRINTS / REVISIONS):**

There are many automated programs that track inventory for you: you no longer have to worry about updating spreadsheets or doing frequent physical counts. These programs generate automatic notifications on specified criteria, which might include minimum inventory levels, end of life designations and usage reports.

**BOTTOM-LINE:**

**Taking advantage of an inventory program is of great benefit: reclaim the time spent counting and documenting inventory for a more strategic endeavor that moves your company forward.**

## FULFILLMENT:

Fulfillment is an industry term that refers to the handling and distribution of finished goods, often in response to unique orders. Some printers offer fulfillment services, as do many stand-alone fulfillment companies. By taking advantage of their services, you can lower your requirement for on-site space for this function and for additional staff, thus saving money.

For larger programs or projects, the ability of your printer to offer an online catalog of your materials is a convenient way for you to manage your needs or serve your customers, internal or external. This Web-based tool offers easy ordering of items and enables you to administer the site remotely. You can monitor usage and inventories, add and delete items, control pricing and user groups and perform other functions, all from your desktop.

Importantly, online ordering allows for greater accountability within an organization because users create an instant record, and in some cases even buy the material themselves or charge it to their corporate cost center. Corporations can allocate the costs, if desired, to the budget of the consumer of the document. In the past, one department, usually procurement or marketing, had to bear all the costs for print production even though a large number of unrelated departments used the materials.

Some printing organizations are willing to print and store materials, make them available online, then recover costs as product is ordered and paid for through the Web tool. In this way, clients have immediate product availability, but pay only for what they use, when they use it. The more progressive printers are offering this service as a benefit to their clients and to their own production planning. In this case, printer and client must develop a strong partnership to ensure that both sides are successful in a pay-as-you-go program. Service like this through stand-alone fulfillment companies is less common because, usually, once materials leave the care of your printer they must be paid for in full.

**BOTTOM-LINE:**

**Taking time to clearly define your fulfillment needs and identify your provider is worth the effort. There is a very large TCO saving potential in making the right decision on your fulfillment provider.**



## **DISTRIBUTION:**

Today's corporations are leaner than ever. Shipping, distribution and mailing services have in many instances become more challenging because many companies have reduced their staff in these departments or have outsourced these services entirely. Managing distribution lists, coordinating large and small shipments, mailing individualized projects with variable data printing and providing status reports and online tracking are some of the services printers are offering to better serve their clients as partners in the success of any project.

**BOTTOM-LINE:**

**As print jobs are consumed in a wide variety of ways, the progressive printer will offer many services to accommodate the different types of distribution needed.**



## **OBSOLESCENCE:**

Managing long-term storage of materials includes the need to make decisions on recycling obsolete titles once they have fallen out of use. Your fulfillment provider should be able to help make you aware of documents whose use has apparently ended, and of your options for taking delivery, recycling or destroying these materials. Sensitive documents can be shredded or even burned.

## **BOTTOM-LINE:**

**In the end, you want a partner who is attentive to your materials: a key component of lower TCO for document fulfillment solutions is not paying to store materials which should have been destroyed long ago.**

## **SUMMARY:**

Calculating your Total Cost of Ownership for any program or project can be challenging. However, in today's cost-conscious market, it is imperative that you carefully define and analyze all of the aspects of your printing needs. By asking your print partner to explain how they intend to help you manage a lower TCO, you will be better able to make the right decision on which partner to use and when. And, by recognizing how to lower your TCO, you will have the ability to leverage your budget and time more efficiently and keep your company's bottom-line in the black.

# TCO PRINTING GUIDE CHECKLIST

- Define your target audience.
- Establish a printing budget.
- Quiz prospective printers (recommend 2-3) about projects similar to yours.
- Choose a printer that will provide you with the quality you expect in the time frame you need, while managing your project efficiently.
- Ask your printer if they can generate a quote promptly to maintain schedule.
- Consult with printer during design/creation phase.
- Compare document Web submission vs. traditional project submission tools to ensure the highest level of accountability and timeliness.
- Ask your printer if there are better cost reducing options available when choosing paper, press, finished size, binding options, etc.
- Ask your printer about storage services and costs.
- Discuss inventory management with your printer.
- Clearly discuss your fulfillment needs with your printer, and ask them to help identify the right fulfillment provider.
- Take advantage of the distribution services that your printer offers and allow them to manage the distribution for you.
- Ask your printer or fulfillment provider to manage the life cycle of your documents so you are not paying for obsolescence.

# NOTES

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