

Case Study: Airline Company

Summary

Company X specialises in the provision of a diverse range of consumer and airport management services to the airline sector. They are based in London (Heathrow) and have regional offices/facilities across other airports in the UK. The print budget is circa £2.5m and growing. It is managed by an on-site print management company, Access Plus (AP). All work is produced off site, and supported by a sophisticated software solution known as Collaborative Workflow System (CWS), which has been developed exclusively by the print management company on a JDF cbXML platform. The print management solution has generated savings in excess of 18%. The submission process is known as Specify – Bid – Buy.

The Current Service

The company produces an extensive range of printed material, and includes items such as Point of Sale and marketing communications print for both internal and external use.

Understanding the culture of this company was key to winning the contract for the print manager. AP was awarded the contract because they got the balance right between the experience, the technology and the ability to interact with the company on a human scale.

Company X have never had any form of production on site, including digital/reprographics capabilities.

In simple terms, Company X was looking for savings of 15% (net of AP costs); against an annual spend of £2.5m, which is substantial. They were also looking for improved product quality and customer service.

On appointment, AP recruited a dedicated Account Manager, in conjunction with Company X, who would work well with the company's staff, and agencies, and fit in with the corporate culture. He is based on site at Heathrow, and travels between there and other sites as required. Additional AP staff (four) support this function from London and Scottish offices.

AP works collaboratively with other Company X suppliers, such as their design and marketing agencies, and their appointed distribution and logistic

providers. The supplier base is tightly controlled through a vendor management team, in order to ensure that service, quality and pricing standards are maintained to the highest level.

The price given to the customer includes AP's management fee, which has been formally agreed in the Print Contract. This covers the cost of the account manager on site, other support staff and administration functions, as well as a profit margin for the print management company.

The print management company is the key focal point for all print requests and manages its entire supplier base. There are a number of key supplier categories on the data base, such as digital, web, poster and forms, of which there are up to eight suppliers. This ensures that competition is always prevalent, and the keenest prices are driven by spare capacity within the supplier base. It also provides disaster recovery for a contingency plan in the event of any unforeseen circumstances i.e. in the case of a key supplier failure.

If a job is to be designed and printed it comes into the Account Manager, who will work in a consultative capacity with the client to expedite the job. Once the work is suitably specified, the appropriate suppliers are profiled. All printers in the appropriate category receive the specification by electronically, known as a Request for Quote submission. They are required to submit prices against that specification.

Once the orders have been collated, an order is raised, which generates a job bag and the job becomes live. Work in progress reports are available and the system allows amendments to be made and tracked as the job progresses through the production process.

There is limited "leakage" with other printers gaining work due to a mandated print policy being in place. Even when design is outsourced, design agencies are actively encouraged to work through the Account Manager to get print prices. The print management company have progressively improved the procedures, to such an extent that the initial overhead for administering work has been reduced from four hours to less than one hour.

Company X produces several hundred jobs each month, and as a result, the average price of small jobs is £50.

AP handles a wide range of order volumes from 30 to 100+ per calendar month. The majority of orders are low value items ranging from £75 to £2,500. 5 – 10 orders will exceed the £15,000 value.

AP's service depends upon the quality of its suppliers. All the suppliers undergo a rigorous audit to achieve supplier roster status. These audits touch on all operational and financial aspects, including financial stability, equipment profile, personnel and corporate responsibility. Furthermore, the suppliers are subject to stringent service level agreements and strict confidentiality agreements. Quote feedback, identifying where a supplier's quotes are positioned in relation to its peers are some of the value added benefits of being part of the AP roster.

Company X and AP meet monthly to review contract performance against pre-agreed Key Performance Indicators and additional indices to ensure that continual savings and efficiencies are maximised.

The Journey to the Current Service

The journey to the print management solution began long before AP was engaged as print management service providers. Prior to the service being benchmarked, staff had a 'carte blanche' approach to print management. There were no specific controls in place, and up to 250 stakeholders (staff) used a diverse range of printers that numbered over 60.

This approach clearly led to issues related to quality, over pricing, service levels and delivery. There were no specific procurement procedures in place to measure key performance indicators and price levels.

This situation was untenable and expensive, and it was decided internally to try and manage the print budget more effectively. The company implemented an approved short list of 12 suppliers, plus additional design agencies. One year later, a supply chain consultancy company benchmarked the price benefits, and identified that savings of 20% had been achieved.

At this stage it was proposed that further savings could be achieved through implementing a more rigorous approach to managing print. The supply chain consultants investigated a number of options and concluded that the size of the budget and the complexity of the work would best be suited to a Print Management Company.

A tendering process was entered into and subsequently won by AP.

Positive Messages from this Case Study

AP participated in a lengthy tender process involving a large number of suppliers for a five year Print Management Contract.

There were a total of 11 headings which candidates had to address:

- Price.
- Lead times and reliability.
- Quality.
- Technology innovations (production, presses, proofing, turnaround and materials).
- Environmental criteria.
- Supporting the growth and development of the core business.
- Demonstrating support in the local communities (i.e. within 20 miles of a the company's facilities).
- Ensuring best prices.
- Timely delivery on all aspects of the service.
- High levels of customer service through a dedicated account team and on-site Manager.
- Establishing an asset management system for standard items, using Company X's corporate colours and brand guidelines.

AP has now exceeded the cost savings with a range of other cost reduction programmes. AP also offer vouchers to users if greater volumes of work are generated.

The key benefits of using a print management company have been to allow Company X to focus on its core business. It has eliminated the need to introduce a print buying team, or train operational staff on the finer points of print and design.

Some Issues

Due the nature of the company's business being in the airline sector, security is paramount. The sheer expanse of each airport requires specific security clearance in any given area, as print is generated from across every department in every terminal. A culture of trust had to be established very quickly in order to overcome the security issues, and the initial delays that followed.

Initial resistance to a print management company solution came from the largest buyers of print within the company. They felt that they were already print buying experts and were disbelieving that anyone else, let alone a print management company could buy cheaper and retain the quality and turnaround. Most of these primary print buyers have now seen the light and embrace the added expertise. Those that cherished their liaison with their favourite printer have largely left to pursue other careers.

Acknowledgement

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