

# Case Study: National Charity

## Summary

This organisation is a well known national charity, with a number of retail outlets around the country. This organisation has recently merged with another charity to form the current organisation. Their total print expenditure is in the region of £2m. Since the re-structure of the print rooms, it is estimated that approximately 12.5% of the work (by value) is retained by the new digital print facility.

The balance of work is outsourced to a panel of eight printers, with whom the charity has a three year Print Contract in place, following a tender process. The Charity makes an estimated saving in excess of 20% per annum by managing the print buying through the contract over the previous spending levels that were identified in the devolved budget and decentralised procurement days.

## The Current Service

The role of print in the organisation is split into two clearly defined areas, namely onsite and offsite. The onsite unit employs three members of staff. The previous combined number had nine members of staff.

The Charity has an in-house digital print service. The print service undertakes a clearly defined set of services which include:

- A 'shop front'/'over the counter' service, incorporating digital printing, copying, and binding.
- Ricoh equipment for both monochrome and colour work up to SRA3. Some inline finishing options are incorporated into the machines.
- Documents which use variable data.

The Charity outsources litho printing which is produced offsite via the Print Contract, and managed via Marketing Services. A print procurement/management tool is in place to manage the process, which is browser based to allow multi-site clients, managers and suppliers to interact on one system. This system was purchased from an external supplier.

The service is available to the entire organisation, including regional offices, (but not retail sites) as their work is filtered through the regional offices. The focus

is on fast-turnaround, short run work. The use of variable data to personalise output is also used by some customers.

The service has to recover costs, although there are no overhead charges applied by the charity. This in-house service is complemented by managed print buying.

Although the service had never been benchmarked before, the bulk of the work has been outsourced in a formal capacity. The service has been tendered to a group of pre-selected printers to meet its print requirement.


This was undertaken between Marketing Services and the Procurement Department, supported and managed by independent print consultants. The range of requirements was specified and comprehensive job profiles / specifications were issued in order that suppliers could respond with a price matrix. The specifications were sent to all of the suppliers on the roster at the time of the tendering along with a further group of expert printers identified by the consultants as benchmark or leading edge.

Suppliers were also invited to provide detailed information on their companies financial, HR, Health and Safety and other key information relating to the company. Companies could indicate their interest in undertaking some areas of work but not others, as it is clear that all printers cannot do every form of printing. Once a shortlist was established, there were visits to printers who were new to the roster and meetings with all potential suppliers.

Marketing Services is the ordering point for all print requests and manages the Print Contract. If a job is to be designed and printed it comes into Marketing Services (where the design studio is based), and they process the job accordingly.

All suppliers on the Print Contract have provided their key costs which reside on the procurement system and automatically quote each job instantly. All information is confidential and cannot be access by competing suppliers.

Job specifications are sent to the system to quote, and each supplier's quote will be shown to the customer. Although Marketing Services recommend the lowest



price, the customer has the final choice. There is often a significant difference between the prices, reflecting whether the printer wants the work and how efficiently they can undertake it.

This process has eliminated “leakage” of print work, as work cannot be presented to printers who are not recognised as suppliers to the contract. Even when design is outsourced, the work will come back into Marketing Services to be processed through the e-procurement system.

## The Journey to the Current Service

The journey to managed print buying and reduced onsite printing started with the merger of the charity with a similar organisation. This drove a need to re-brand – to create a new corporate identity. There was a recognition that the new organisation had to leverage its purchasing practices in order to deliver savings. Print was seen as one such area, where some quick gains could be made. A lot of equipment was duplicated on both sites.

Pre-merger, the charity had two of everything, including print rooms and print buyers. Independent consultants were engaged to advise on the integration, and to implement a plan that consolidated the entire document management and production process. As the integration process gained momentum, it was decided that a clear strategy should be developed for the management and production of print, across the combined organisations rather than the two separate functions.

The old print units had a combination of litho and digital presses, with associated binding equipment. These were integrated into one unit, and downsized to accommodate digital print only. Litho was completely outsourced, and managed through a print contract.

In terms of producing work internally, both in-house print services would tender for jobs if they wished alongside the external printers, and they would also take work which was directly requested.

This situation was in place for three years with both

print units pitching for work. The larger of the two print rooms had a B3 4 colour printing capability, and won a lot of work because its cost base was significantly lower i.e. it didn't fully recover its costs. However, it was clear that the in-house print unit was a significant overhead. This was confirmed in the consultants' report. Utilisation was also very low, so the print was being unrealistically subsidised.

The consultants benchmarked prices and services, and found that the areas where the in-house print services were competitive were design and digital print and copying. It was obvious that the service had to be restructured in order to meet the requirements of the new organisation. These were integrated into one unit, and downsized to accommodate digital print only. Litho print was completely outsourced, and managed through a print contract.

It was also recognised that a regular benchmarking review of the services was needed in order to ensure best value was provided. The split between in-house and outsourced work had to be reported on a regular and consistent basis, in order to ensure the objectives of the outsourcing were achieved. Benchmarking also had to be applied to all of the suppliers on the Print Contract list.

A benchmarking exercise is now undertaken on an annual basis by the consultants to ensure that the desired outcomes of the initial review are delivered, as well as identifying issues and further savings opportunities.

## Positive Messages from this Case Study

The merging of the two charity's print services into one has delivered greater savings than expected. A clearly mandated print policy which is enforced through the use of technology has controlled cost and delivered service benefits.

The integration of the two organisations' print management service was made much more effective through the initial development of a strategic plan and utilising print management technology.

The savings have been made via the print buying

process, properly tendered frameworks and well administered, centrally managed contracts rather than devolved expertise and budgets.

## Some Issues

The introduction of the e-procurement software was initially perceived to be expensive, but this initial cost has been offset by rebates from suppliers and has reduced administrative costs. Suppliers were initially resistant to the idea of any kind of rebate. However, once the supplier was made aware of the positive advantages of not having to quote every job through to the client, the rebate was quickly agreed as a small percentage of successful work only, rather than as a percentage of all work tendered for. This is viewed as a very fair system by the suppliers.

As with all change, there was an initial reluctance to move to the new solution, which was implemented at the same time as the downsizing of the staff. Redundancy and re-deployment took twice as long as expected or was required.

## Acknowledgement

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