



Graphic Arts

Digital Tie Binds Customers to Merrick Printing

The tie that best binds customers to a printing/communications company is digital, says David Merrick, President of The Merrick Printing Company, Inc., a 35-year-old commercial printer in Louisville, Kentucky. "Once we develop electronic ties with customers, our relationships become much stronger," says Merrick. "That digital bond lets us service all their printing needs, large and small. It also helps us lower our customers' costs, eliminate their administrative

headaches and cut their inventory expenses to a minimum."

Cummins Engine Company, headquartered in Columbus, Indiana, is a case in point. Once this international engine manufacturer approves a proof of a product manual and estimates the number of copies it needs to satisfy immediate demand, it can essentially hand off the publication to Merrick.

A fulfillment house — Gannett Direct Marketing

Services — tracks how many manuals are actually used and adjusts order volumes accordingly. When inventories drop to a four-week level, Gannett issues a purchase order for an eight-week supply from Merrick Printing Company.

• *Print-on-Demand Saves Significantly, Allows Color*

Cummins estimates that its just-in-time printing procedures have cut the firm's annual publications print and inventory costs by over 10 percent. "Our digital capabilities make it feasible for Cummins to use a just-in-time fulfillment approach even for manuals that feature color covers and illustrations," says Merrick. "Most Cummins Engine manuals boast color covers and about one-third incorporate color pages."

Merrick handles this short-run color work on one of two Xerox DocuColor 40 Digital Color Production Systems, which print up to 40 full-color pages per minute. Black-and-white portions of the manuals are then run on one of Merrick's six Xerox DocuTech 135 Publishers, 135-page-per-minute digital publishing systems. To produce collated document sets, the preprinted DocuColor pages are loaded into one or more of the DocuTech's paper trays. The DocuTech then automatically extracts the pages or covers to insert them in sequential order.

"With the combination of our DocuColor 40s and DocuTechs, we can produce, say, 20 copies of a Chinese- or Korean-language manual very economically, and Cummins Engine doesn't have to sacrifice color covers or diagrams or compromise its domestic publication standards," says Merrick. "Our digital, on-demand color capability has been a major hit internationally."

"Often, a printer's ability to handle small color jobs like this is as important to the overall relationship as its ability to run high-volume work on six-color, 40-inch presses," the president adds.

At any time, up to 600 Cummins Engine publication titles may be part of this automated print-on-demand system. Manual size ranges from 100 to 1,000 pages. If order quantities for any manual reach an annual 1,200-per-year threshold, Merrick kicks out an exception report to alert Cummins that a traditional print run might save money.



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— David Merrick

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However, in most cases, digital printing is the most economical publication route.

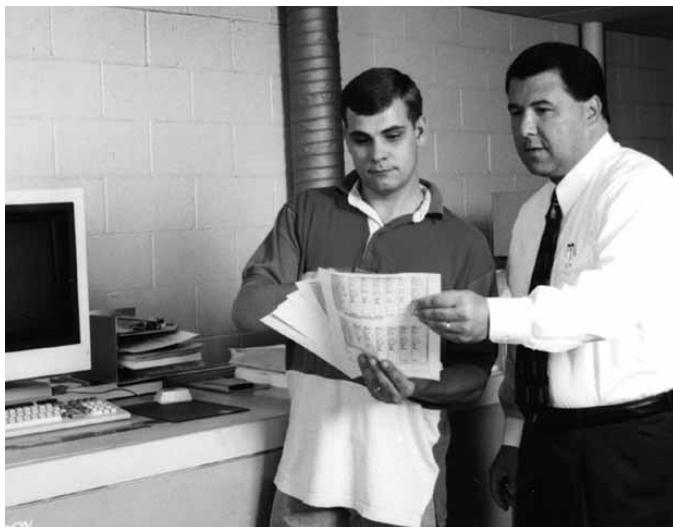
● *Outsourcing Publication Management*

“With this new technology, we are handling more work and producing a variety of new publications even though we’ve cut the dollars our company has tied up in inventory,” says Alan Moss, Publications Support Manager, Cummins Engine Company. “The key is printing only what we need for low-volume publications. This allows us to pass the savings on to our customers.

“The management aspect is equally important,” he continues. “In essence, we’re letting our suppliers work together to manage the process. We only intervene if something comes off track or there’s a problem. As a result, we’ve been able to reduce staff and concentrate on producing needed publications.”

Merrick Printing, a family-run business, was launched by Fred Merrick Sr. in 1964. The commercial printer employs 150 people and offers a full complement of offset and web presses as well as prepress and bindery operations. It added its first DocuTech system in October 1994, to satisfy Cummins’ request for print-on-demand assistance. Merrick added a second DocuTech just three months later and now has six units in production.

“The DocuTech is a great machine that offers the quality that we insist on,” says Merrick. “We immediately built on this technology base by adding administrative and database



Dale Fleming, On-Demand Production Manager, (at left) reviews pages printed on Xerox DocuTech 135 with Merrick Printing Company President David Merrick.

capabilities that allow us to track production and generate management and status reports for customers.

“For example, the information we prepare for Cummins shows the cost of printing an annual supply of each manual, using conventional and digital printing methods. This enables Cummins to calculate just-in-time savings on the short-run jobs,” he adds.

The creation of administrative programs is just one of many contributions Matt Merrick, Vice President of Information and Technology, has made as the printer has embraced electronic technology in every aspect of its business. Between PC, Macintosh and Sun-based systems, Merrick Printing has deployed more than 110 computer systems in its showplace facility.

“My brother, Matt, was one of the first seven system engineers certified by Microsoft,” says the president. “He has led Merrick Printing for about eight years in our electronic development efforts. Most printers are not blessed with this kind of in-house talent.”

● *New Processes for Digital Printing, Color*

However, achieving a comfortable coexistence for offset and digital print technologies has not been

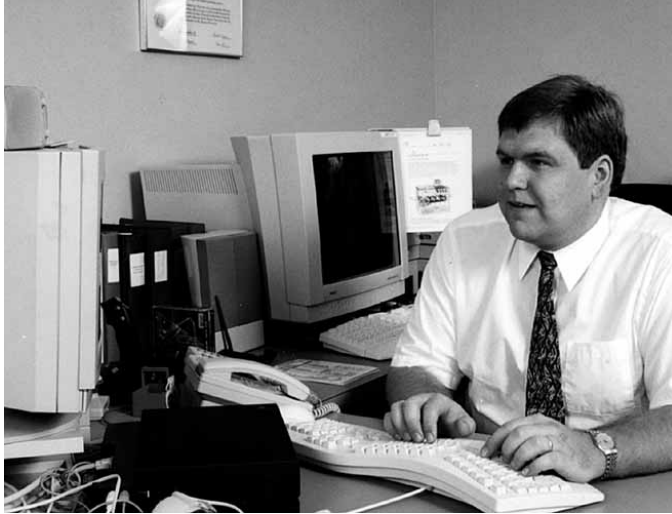
totally painless. Merrick points out that traditional print operations are geared to one- to two-week turnarounds, not print-on-demand requests. Differences in customer expectations required Merrick to devise a variety of new internal processes.

Color printing was one nagging problem. Initially, Merrick Printing tried to stockpile a year’s supply of color preprints for insertion in print-on-demand manuals. However, projections of quantity requirements for new publications often were inaccurate. Managing an inventory of preprinted stock for hundreds of different publications was unwieldy, too.

“Adding the Xerox DocuColor 40 proved to be a tremendous asset to our digital program,” says Merrick. “It allowed us to produce our color covers and inserts on-demand at the same time as our black-and-white work.” Merrick has since added a second DocuColor 40. The two 400 dpi color units are used as miniature presses for short-run color jobs and as a proofing medium for concept-stage color layouts and proposals, as well as to fulfill print-on-demand requirements.

For short-run color work, the company often produces one complimentary demonstration copy on the DocuColor 40 printer;

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Matt Merrick, Vice President of Information and Technology, works on program development for job status tracking and reporting.

then the client can look at quality and cost and decide if the DocuColor offers a good value. In most instances, Merrick says, the customer's answer is an enthusiastic "yes."

David Merrick believes the company's software department is an important asset. Staff members are well-versed in all popular illustration and page layout programs for PC and Apple Macintosh computers. The department also is the custodian of an internal 85-gigabyte file server that provides easy access to digital print masters for order fulfillment. These masters also can be used to burn CDs. The staff also can translate printed pieces into documents ready to place on the Internet.

"Our concept is to become a full-service digital print/communications company," says Merrick.

● *Merrick Launches Digital-Only Division*

Apparently, it is a concept that Merrick's customers endorse. Shortly after Merrick added its first Xerox DocuTech and DocuColor 40 units, the average number of jobs handled by the company soared from 400 to between 700 and 800 per month.

"As the volume exploded, we were finding it more and more difficult to manage the large number of print-on-demand jobs in the same system with our commercial printing," says Merrick. "So, in October 1996, we created a new division, Digital Print Impressions (DPI). It's now a three-shift operation with 20 employees and its own sales force. Sales already have reached \$100,000 a month and show no sign of slowing."

Merrick explains that DPI, located just three miles from the main Merrick plant, is all electronic and has no film, camera, plate or stripping operations. Currently, the equipment includes three DocuTechs and a DocuColor 40 as well as a small-format bindery.

The facility excels in managing print-on-demand applications for corporate customers. For example, one manufacturer with a diversified product line uses DPI to create instruction kits for each of its products as they are sold. The kits are designed with many common elements or pages. On a monthly basis, DPI receives orders involving over 100 pieces of literature that assemble into more than 60 kits. DPI may receive orders for 20 kits for one product, 100 kits for a second product, and 50 kits for a third product. A DPI computer program then calculates how many copies of each form, including items like color covers, must be printed to assemble the kits.

"We're not pursuing small, walk-in jobs," says Merrick. "Repetitive short-run digital work is where we can add real value to our customers' publication programs."

While the creation of DPI is a major step for Merrick, it has not led to a total separation between digital and traditional print technologies at its main plant.

"We elected to keep a DocuColor 40 and three DocuTechs at our main plant to handle digital work that requires commercial printing or more sophisticated bindery support," explains Merrick. "Having Xerox units in both locations gives us a lot of flexibility as well as back-up and load-leveling capabilities. The equipment is all tied into one common network and jobs can be accessed from either facility in seconds over our high-speed dedicated T-1 line."

● *Digital Growing 10 Times Faster Than Commercial Print*

Merrick indicates that the DocuTech monthly volume has reached more than 8 million impressions, while color work stands at about 83,000 impressions. "We expect color to grow quickly," Merrick adds. "We have a number of clients who are using up inventories of preprinted color inserts and will switch to on-demand color shortly."

Work handled by the Xerox printers now contributes more than \$250,000 per month to DPI/Merrick sales, and Merrick believes the current 20 to 30 percent growth rate for on-demand printing will continue.

“We’re confident this full-service approach will continue to fuel our growth.”



Typical booklets produced by Merrick Printing Company using Xerox DocuColor 40. This digital print-on-demand system prints up to 40 full-color pages per minute.

“Commercial printing is our core business, but it is only growing at about three percent per year,” says Merrick. “The key is to maintain a full range of capabilities. During the past decade, there has been a pronounced trend toward vendor consolidation. Large corporations want to deal with a smaller number of primary printers who can be full-service partners. That has been and continues to be our number one goal. We’re confident this full-service approach will continue to fuel our growth.”

For more information about the solutions discussed in this document, please contact your local Xerox representative.

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