

# Changing Colors

BY DARIN PAINTER and STACEY HAWKINS

**To succeed in the document management industry, some companies shed their old skin and change into new entities. FORM profiles five of those firms.**

The business world has often been compared to the jungle, a place where survival of the fittest is the law of the land. In the jungle, fitness is determined by an animal's ability to ward off disease, find food and avoid attacks.

It's a popular misconception that the jungle-dwelling chameleon survives by blending in and avoiding detection. The chameleon's color change is actually determined by environmental factors such as light and temperature.

Like chameleons, the five companies profiled in this story have responded appropriately to their changing environment. Instead of shrinking into the background and sliding by on old ideas, these firms have adapted to the changing marketplace-and they have flourished.

**Firm:** Resource Print Management Company

**Chameleon:** Glen James

**Habitat:** Fort Worth, Texas

**How We Changed Colors:** Transitioned from a printed products provider to a print management provider

In the wake of rapid technological advancements, increased customer demand and the decline of forms sales, many distributors have been forced to change the way they do business. But Glen James, co-owner of Resource Print Management, wasn't forced. He started the distributorship with a vision for its transformation already in mind. "During the first three years of our company, we aggressively entered the market looking for print jobs," James says. "What we envisioned was offering [medium and large companies] efficient ways to procure any printed item their company used."

James and his partner Frank Poeschel worked at Wallace before opening a distributorship named Business Printing in 1996. Although they knew product sales would get them only so far, they focused on those in the beginning. "It's not just the fact that we had to get business established," James says. "We [also] had to get an infrastructure established that was marketable to the customer."

To provide customers with warehouse and distribution services, online ordering and proofing, and inventory management, James spent more than a year talking to owners of large distributorships and evaluating operations software packages. Eventually, he chose TopForm® Software Inc., Norcross, Ga. "We were only going to be using 20 percent of [the software]," he says. "But we knew we would access the other 80 percent." James says one of the biggest mistakes a small company can make is buying a small company's software. "We bought software that was going to meet our needs years down the road," he says. "The last

thing I wanted to do was go to my customers and say, 'We're going to change everything because the technology we had in place isn't good enough to meet your needs.'"

James and Poeschel decided to change the company's name to Resource Print Management. When it was time to let their forms and commercial printing clients know about the distributorship's new name and expanded capabilities, they decided against mass marketing. Instead, they targeted existing, transaction-oriented accounts with multiple locations. Then they met with executives in those companies. "People wouldn't recognize our program if they read [about] it in a magazine," James says. "What does the executive usually say? 'We don't use forms. We don't use that much printing.' There are so many ways to address the reduction in their printing costs, but they don't know that."

One way is to conduct research at the user level, James says. His distributorship examines end user operations and offers free cost/benefit analyses that identify potential savings. After turning their printing over to Resource Print Management, James' clients can save money by dissolving departments or closing in-house print shops and warehouses. Some customers have saved as much as \$400,000 per year.

"Our [sales approach] is simple," James says. "[My partner] focuses on making the product better for the end user. I focus on the administrative side, making it easy for them to procure." He says this combined approach addresses a need that's unfulfilled in the marketplace. "The majors are out there with the administration and the technology," he says. "And a lot of the small [distributors] are out there making the product better. But if you're able to combine the two, which I feel we've successfully done, that's what makes [you] different."

After only four years in business, James and Poeschel have already begun to reap the benefits of their company's transformation. Sales after their first year were \$1 million. Three years later, their sales climbed to \$7 million. James says the company he and Poeschel built isn't much different from the one they envisioned. What they didn't envision was the market's high demand for their services.

### **I'd Be Up a Tree If...**

"If we hadn't transformed our company, we would be susceptible to the erosion that's occurring in the marketplace. We also would not have been able to compete with the majors in medium to larger-sized accounts."

**Glen James**

**Co-owner**

**Resource Print Management**

**Fort Worth, Texas**

Resource Print Management generated \$7 million in sales last year, a 600 percent increase compared with sales generated during its first year (1996).

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**Firm:** Matrix Imaging Solutions Inc. Company  
**Chameleon:** Alan Olivero

**Habitat:** Niagara Falls, N.Y.

**How We Changed Colors:** Focused on new technologies and products

Predators and prey exist in every industry. Twelve years ago, Alan Olivero told himself he wasn't going to be next on the food chain.

Olivero, then a 13-year employee at Moore Business Forms, noticed that laser printers were displacing multipart forms. "I wasn't old enough to retire," he says. "I knew I had a family to feed. I needed to find new ways to make a living. I thought, 'I might as well embrace technology and make it available to customers who can't or don't want to bother with it themselves.'"

To that end, Olivero launched Matrix Imaging Solutions. To prosper, he decided, the distributorship was going to continually shed its skin, concentrating on new technologies and products end users needed. "I thought variable imaging was going to have real value in the marketplace," he says. "Trouble was, I didn't have the complete expertise or knowledge to dive into it." Olivero searched for technical employees who could facilitate downloads, create databases and advise him on necessary equipment. "Those were issues out of the norm for a traditional forms salesman," he says. "It was a whole new learning process, and it was exciting. Along with my partners [Dan Hare, Richard Profeta and David Basta], I thought, 'If we're totally wrong, what's the worst thing that could happen?' We weren't sure, but there was no turning back."

Today, Matrix Imaging Solutions is deep in the black. The company began providing variable imaging with two HP desktop printers and one tabletop inserter. Today, it can print approximately 30,000 sheets per hour. It opened a sales office in Fort Worth, Texas, in 1996 and another in Holbrook, N.Y., last year. Combined sales from the locations will approach \$7 million this year, double what the firm made in 1998 and seven times what it made in 1995. Since April 1998, the distributorship has expanded its Niagara Falls operation from 7,000 square feet to 17,700 square feet and has increased staff from 14 to 40. "It's exciting to come to work every day," Olivero said. "We feel like we have the tiger by the tail."

The company's ability to tame technology has been the main reason. The lion's share of Olivero's new business derives from invoice and statement processing. Matrix Imaging Solutions processes more than 2 million pieces of mail each month, including a variety of documents for approximately 150 collection agencies. The firm takes information from customers' databases, formats the invoices and statements, adds destination bar codes to generate the lowest possible postage rates, then folds, inserts and mails the documents. Pallets of mail to be distributed locally are sent to the Buffalo, N.Y., post office; other mail skips the post office and goes directly to the airport. "We've been granted that extra level of service [by the post office]," Olivero says. "It means our mail moves faster and more conveniently for customers."

Moving fast is an accurate description for another segment of business at Matrix Imaging Solutions—labels and label systems. Speed of growth for that niche has been anything but lizard-like. Two years ago, Olivero made "a tremendous investment" in the label market, he says, including the cost of training employees to install and service labeling equipment. The distributorship has outfitted seven production facilities at an international cheese

manufacturer with labeling systems, including in-line scales, product ID bar codes, carton labels and wireless scanners that communicate with host computers to update inventory. "To thrive, you have to sell the whole package," Olivero says. "It's like selling the razor to get the razor blades."

If that sounds sharp, so will Matrix Imaging Solutions' next venture-electronic bill presentment and payment. "In order to understand the benefits of e-bills, a distributor only needs to look at his or her own business," Olivero says. After manufacturers print and ship items, most distributors wait for their vendors to send invoices before billing their own clients. E-bill payment eliminates that lag time because distributors can view invoices much more quickly via email or secure Internet portals.

"Some people discount new technology, saying it's far off," Olivero says. "I also remember 15 years ago, when people said the forms business is going to be mature, declining and technologically displaced. That [e-bill] dam has not yet broken, but we'll be there when it does."

### **I'd Be Up a Tree If..**

"If we would have stopped our diversification at any point along the way, we wouldn't be where we are today. It was critically important for us to diversify."

**Alan Olivero**

**President**

**Matrix Imaging Solutions Inc.**

**Niagara Falls, N.Y.**

For 6 years in a row Matrix Imaging Solutions' sales have increased 30 percent or more.

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**Firm:** CBF Solutions Company

**Chameleon:** Sid Browning

**Habitat:** Stockton, Calif.

**How We Changed Colors:** Developed a marketing campaign to advertise the distributorship's new name and focus

If anyone knows about adapting to change, it's Sid Browning, president of CBF Solutions (formerly Custom Business Forms). Despite a variety of challenges over the years, including an arson attack, Browning's distributorship has enjoyed steady growth. When he started the firm in 1978, Browning's main concern was generating income to support his family. Twenty-two years later, his "job" has evolved into a successful company with 10 employees.

To remain successful, Browning has consistently adapted to market conditions by focusing on his customers' needs. As the forms market declined, Browning began to explore new products and services. After talking to customers, he identified a need for distributorships that could provide a full range of business solutions. Custom Business Forms began offering statement processing, warehousing, and marketing and creative services. But Browning was frustrated when his customers didn't catch on. Although he promoted his distributorship's

new capabilities, many of his former customers continued to look elsewhere for those services.

"When I [found] out that customers were thinking of [outsourcing their statement processing] and hadn't talked to us, I asked, 'Why not?'" Browning recalls. "They said, 'We thought you just did business forms.'" That's when he decided it was time to change his distributorship's name and image. "I wanted to get a name that labeled us better," Browning says.

After two years of periodic brainstorming, Browning and his staff finally agreed on the name CBF Solutions. The initials C-B-F helped maintain a connection with the company's original name and values. The word "Solutions" helped Browning move the focus away from forms.

Browning wanted to convey the idea that his distributorship was dedicated to putting clients' needs first. "[We're] not walking in the door with fixed solutions or fixed benefits," Browning says. "[We] find out what the customers' problems are, then find the solutions. The vision is for our customers to look at CBF and say, 'When we have a problem in any printing area, let's call these guys.'"

Browning set a goal to complete the company's makeover by June, but it wasn't completed until August. Once the process began, he discovered that changing his company's image and conducting business at the same time were more challenging than he had imagined. "We worked pretty steadily, but you have to fit it in with everything else," Browning says. "It's an interesting balancing act."

In September, CBF sent press releases announcing the company's new name and focus to trade publications and local newspapers. In addition, the distributorship conducted a mass mailing that consisted of fliers featuring the company's new name and logo beside a black-and-white picture of a happy baby. The left side of the flier had a green background and read, "Custom Business Forms has a new name." The sentence under the logo and baby read, "A baby's name has meaning, and so does ours." The reverse side explained that the distributorship's new name "better reflects [its] identity" and "specifies [its] vast abilities."

A short time later, CBF sent another mailing to its customers' accounting departments. The mailing included letter openers/staple removers featuring the company's new logo. In addition, the distributorship includes envelope stuffers in every bill and invoice it sends out. "We're getting our name [out] to the people that count—the accounting departments of both our vendors and customers," Browning says. He and his staff currently distribute CBF message clips with blinking lights to remind customers that the distributorship has changed.

Browning's advice to distributors considering makeovers? "I wouldn't do it without a goal," he says. "If it's not something you feel is going to benefit you in the marketplace in a fairly large way, don't do it. On the other hand, staying with something that's going to hold you back is not a good idea [either]. I feel good about what we've done, and I feel it's going to benefit us greatly in the future. Our name is more current, more with-it-youthful. [It] revitalizes the staff as well as our customers."

### **I'd Be Up a Tree If...**

"If we didn't change our focus, I believe we would have gone the way of stock computer

forms. I don't think we would've dried up and blown away, but we would have slowly dehydrated."

**Sid Browning**  
**President**  
**CBF Solutions**  
**Stockton, Calif.**

Sid Browning plans to generate a 12 percent growth this year due to his distributorship's name change and expanded service offering.

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**Firm:** The F.P. Horak Co. Company

**Chameleon:** Tim Dust

**Habitat:** Bay City, Mich.

**How We Changed Colors:** Acquired a commercial printer and moved into digital printing

In the early 1990s, Tim Dust helped to rewrite The F.P. Horak Co.'s business plan. "We needed to adapt to the way the industry was moving," says Dust, the manufacturer's president. "Especially for manufacturers who are in traditional product lines, such as forms, the ability to adapt is absolutely critical."

Instead of printing only forms, Dust decided, the firm was going to provide a variety of print-related services. "We needed to provide more value to end users," he says, and commercial printing was at the forefront of the company's strategy. Instead of building a commercial printing division from within, F.P. Horak purchased a well-established \$2 million commercial print shop in July 1995 that was only 45 minutes away from its office in Bay City, Mich. The commercial printer, which employed 20 people, was "grounded, had a great reputation for quality and service, and was a much better option than building an [internal] department from scratch," Dust says. F.P. Horak's commercial printing business has since grown into a \$7 million per year operation.

The commercial printing acquisition was just one facet of F.P. Horak's main strategy-to help clients, especially Fortune 1,000 firms, increase efficiency by consolidating their vendor lists. "When a corporation says, 'We're working with five commercial printers, three forms suppliers, a distribution company that helps us store items and a couple quick printers for print-on-demand products,'" Dust says, "we show them how they can leverage products through one source, streamline operations and get better control over pricing."

You can't help clients streamline operations unless you can provide an array of services. Today, F.P. Horak offers five main ones: web-press printing (70 percent of which is traditional forms), sheet-fed printing for full-color products, electronic graphic services (EGS), digital print-on-demand and mailing, and warehousing and fulfillment.

Compared with last year, sales in F.P. Horak's EGS division, the manufacturer's fastest-growing branch, are expected to nearly double this year. The division, built primarily around a Xerox DocuTech(tm) system, offers print-on-demand services and variable printing. The company can customize and mail multiple versions of the same basic printed piece to clients

interested in target marketing. In 1996, soon after F.P. Horak acquired the commercial printing firm, it hired an art director from a creative agency. The manufacturer has since hired five graphic artists who can design printed materials from scratch or enhance computer files its customers develop. "We don't pretend to be a global advertising agency," Dust says, "but the graphic services division is a great fit for businesses that want professional work and a seamless process."

While the market for traditional forms has been declining for several years, F.P. Horak's color printing sales grew 25 percent in 1999. The company's overall sales have grown from \$10 million in 1991 to approximately \$23 million this year. Dust says the firm's sustained, manageable growth is due in part to the management team's emphasis on training. The company has received commission grants from the state of Michigan for employee education, contracted with consulting firms such as Dale Carnegie and launched a summer internship program for college students.

Each year, F.P. Horak's management team analyzes future growth opportunities, as well as the firm's strengths and weaknesses. "The biggest challenge for us in the next few years is clear," Dust says. "It's developing a business plan to integrate Internet technologies and business-to-business e-commerce." In October 1999, the manufacturer signed an agreement with Menlo Park, Calif., e-hub firm Collabria Inc. to improve its supply-chain processes. "We went with that system because it's printer-centric," Dust says. "We needed a solution that gave us value-added capability instead of giving a buyer a tool to go bid." Thirty clients have either implemented the e-commerce system or are in the process of doing so, including an international customer that purchases more than 2,000 items online.

### **I'd Be Up a Tree If...**

"If a client had specific needs, and we had to say, 'That's not what we do,' we would be losing business. It's critical for companies, especially manufacturers, to adapt to change. Companies that don't will not be around."

**Tim Dust**  
**President**  
**The F.P. Horak Co.**  
**Bay City, Mich.**

The F.P. Horak Co. will generate \$23 million in sales this year, compared with \$10 million in 1991.

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**Firm:** Enviropartners Inc. Company

**Chameleon:** Gerry Callahan

**Habitat:** Framingham, Mass.

**How We Changed Colors:** Launched a business dedicated to environmental responsibility

Gerry Callahan watched the news one night and saw an environmental group huddled around a gravesite, getting ready to bury an 8-cylinder engine. "I'm not a card-carrying, button-wearing type of guy," he says, "but that site shocked me. It made me realize that many

people are genuinely concerned about sustaining the environment."

By launching Enviropartners Inc., a marketing service company dedicated to environmentally sound methods and materials, Callahan is banking on that concept. Soon after joining Lincoln, R.I.-based manufacturer S&A Paramount Printing in 1993 as its distributor sales manager, he noticed "the traditional printing that had sustained [S&A] for nearly 50 years was changing, and [we] needed [our] own niche."

Since Congress passed the Clean Air Act in 1990, regulations have been passed to control practices that adversely impact the environment. Callahan realized that while many printing companies began taking greater control over how their own production methods affected the environment, companies had little control over their suppliers' methods. S&A Paramount Printing began an R&D project jointly with ink supplier SICPA Securink Corp. and the Environmental Protection Agency. "Our goal was to find a way to reduce VOCs (volatile organic compounds, which pollute the air) in the printing process for both commercial and business forms production," Callahan says.

Enviropartners was born in 1999, and Callahan is its president. The firm promotes environmentally friendly printing via this method: It licenses manufacturers to use the brand "Envirodoc" for a monthly fee. Envirodoc products are printed documents developed with SICPA's Printwise ink, a vegetable-based ink originally developed by check printer Deluxe Corp. that reduces VOC levels and can be cleaned with a water-based, zero-VOC press wash. The ink is considerably cleaner than traditional petroleum- and soy-based inks.

SICPA is one marketing partner of Enviropartners; Appleton Papers is another. Some Envirodoc products are printed on Appleton's Recover paper, a recycled carbonless paper that helps preserve forest resources, save energy and reduce stress on landfills. S&A Paramount Printing is a licensed Envirodoc manufacturer. "Partnering is a term that's been batted around for years," Callahan says, "but the arrangement among SICPA, Appleton and S&A truly is remarkable. It's a unique setup, but it's working well. It's hard to change in this industry, but the move has definitely been worthwhile."

Manufacturers interested in Enviropartners' concept can test the Printwise ink and press wash on their equipment. If they agree to license Envirodoc, Callahan helps them introduce the brand to distributors. Enviropartners sells manufacturers a set number of professionally designed presentation sales kits. Each kit opens easel-style and includes a suite of customizable brochures that distributors can use on sales calls to prospects. Each kit also includes information about Enviropartners, SICPA, Appleton and S&A Paramount Printing.

Manufacturers sell the kits to distributors for \$250 each in exchange for five \$50 rebate coupons. Distributors attach the coupons to orders, which ship in boxes printed with Envirodocs' 3-leaf logo. If the distributor sells five \$1,000 invoice orders, he'd get his \$250 back, and the licensed Envirodoc manufacturer would gain \$5,000 in business. "And everybody benefits from a socially responsible image," Callahan says.

That "green" image is important to end users in a variety of markets, Callahan says, and distributors appreciate how easy it is to use the presentation kit. Even "green" salespeople have no problem explaining the benefits of using environmentally safe printing materials, he

says. "Environmentally conscious companies are ripe for sales," Callahan says, including retail companies known for their social responsibility (such as Ben & Jerry's), financial firms that invest in environmental companies and "others that have been caught a little dirty and [want] to improve their images."

S&A Paramount Printing's business has increased "very significantly" thanks in part to an influx of forms business created by Envirodoc, Callahan says. "I saw an opportunity where I could do something good for the industry, and also something morally and ethically good," he says. "There's not a feeling like it."

### **I'd Be Up a Tree If...**

"If I didn't realize stagnant companies are going to be bought or go out of business, I'd be worse off. It's about survival. The forms industry may not be a sunset industry, but it sure isn't what it was. You have to change in order to survive."

**Gerry Callahan**  
**President**  
**Enviropartners Inc.**  
**Framingham, Mass.**

Gerry Callahan expects 20 percent growth for Enviropartners next year.

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