Visitors to AdColor—a print services supplier based in Winston-Salem, North Carolina—immediately notice a montage of South Park-like characters on the reception area wall. The characters are in fact caricatures of the 28 AdColor employees—and over each employee’s workstation is a larger-than-life depiction of the same character. South Park irreverence is not part of the business however, because AdColor is a prepress business that has not only survived, but thrived. How the company became what it is today is a classic example of how prepress companies must evolve to survive in a rapidly changing printing industry.

The AdColor success story began in 1996, when Patrick Nugent found himself on the street after his company, which had been acquired by a major corporation, made a predictable series of organizational changes. Determined to stay in the Piedmont Triad, Nugent looked for a business to buy. An experienced marketer, he settled on AdType, a prepress business that had been founded as a type house in 1982. By the time Nugent took over, the AdColor business primarily involved supplying film to local printers.
The cost discipline eventually compensate enable us to focus on margins rather than sales. This is often the case when a business changes hands. Nugent found that the picture at AdColor was not as rosy as it seemed before the sale. The company relied on traditional advertising agencies for as much as 80 percent of its business, but agencies were beginning to lose their clout with corporate clients. Film constituted the vast majority of business, but the dramatic decline of film was already looming on the horizon. Nugent recognized that the business he had purchased was not the business he needed to run, and thus began what has been a series of continuous changes that have morphed AdType into AdColor—something quite different. And in the process, grew the business from $1.5 million in 1996 to $4 million in 2008.

Nugent characterizes his business today as six different businesses under one roof, focused on the following areas: prepress, data asset management, web-to-print, posters and banners, short-run digital printing, and traditional offset printing. Nugent pairs his four sales people with four customer service representatives who sell across the full spectrum of AdColor services. And he points with pride to the fact that some sales people from the days of type have successfully moved into selling today’s digital products.

The customer base served by AdColor sales personnel has dramatically changed through the years. Advertising agencies have shrunk from 80 percent of his market when Nugent acquired the business to less than half today, with corporate buyers now constituting the majority. “Still,” says Nugent, “we do not want to compete with ad agencies. But the shift away from agency business toward corporations has necessitated our providing more turnkey services. Our corporate customers want us to do more, within their budgets, and within their deadlines.

“...But through all this, we have kept our fingers in the prepress pie. We have corporate customers who rely on AdColor to prepare files to be printed on web presses by Quad/Graphics and PBM. We think our prepress business is enhanced by the fact that we do not consider ourselves solely to be printers. For us, printing complements the other services we offer clients.”

According to Nugent, today AdColor is on the brink of another significant business shift—to becoming an Internet-based service company, doing prepress work not only for print, but for Email marketing, websites, and mobile devices as well. To prepare for that transition, in early 2008 AdColor began implementing the ePace print business management system offered by Pace Systems Group, now part of EFI and named EFI Pace.

For the first time, we were forced to do zero-based costing, and we now have a much better appreciation of what makes money and what does not. The biggest eye opener proved to be our bindery, which we previously were inclined to treat as a necessary but undefined service necessary to bring in printing business. The cost discipline imposed on us by the EFI Pace system will enable us to focus on our real margins and eventually compensate our sales personnel on margins rather than sales.”

Talking about the difficulty of implementing a rigorous cost system like EFI Pace, Nugent said: “Our biggest mistake was not moving quickly and decisively to install a true production system six years ago. We had settled on an accounting-based system which was not designed to support our move into print.”

Commenting on his workforce and how they are adapting to the new data system, Nugent says: “Every employee is cross-trained to do at least two different jobs. Our system of four staggered ten-hour days for the print group and cross-training throughout the company enables us to keep everything running even when the primary operator is out. And the simplicity of the EFI Pace system, coupled with the fact that everyone uses the same database, should make cross-training even easier.”

Will AdColor look different in the future? You can bet some serious money on it. Says Nugent: “The days of prepress margins are long gone! To maintain a viable business, we need to evolve as the industry and our customers evolve.”

—Patrick Nugent
Print to Win

EFI (www.efi.com) is the world leader in color digital print servers, superwide format printers and inks, industrial inkjet printing systems and print management, Web-to-print and proofing solutions. EFI is dedicated to giving customers a competitive edge with award-winning, scalable solutions from creation to print that maximize productivity and increase profits. EFI maintains 23 offices worldwide.