

Case Study



Business Development Services     

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McBattas Packaging and Printing: A Short-Run Packaging Specialist

Thick Stock Capability on the Xerox® iGen® Creates a Packaging Niche

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Introduction

Staying in business for over 100 years requires perseverance, dedication, and most of all flexibility. McBattas Packaging and Printing has reinvented itself several times, most recently by propelling the business forward with its printing and packaging expertise. The firm is also differentiating itself by accommodating clients' special requests and remaining open to change throughout the process. Through word-of-mouth from satisfied customers, McBattas has made a name for itself as a short-run packaging specialist, and digital printing technology is driving the company forward into its second century.

Background

Founded over 100 years ago in the small town of Fairbury, NE, McBattas Packaging started out as a newspaper company with a print and office supply store across the street. Although the company's newspaper business is still alive and well today, its packaging and printing business is the part that is really thriving. McBattas is quickly becoming a leader in the short-run digital packaging market space.

Figure 1: McBattas Packaging and Printing's Executive Team¹



¹ Left to right: Fred Arnold (Owner), Freddie Arnold (Director of Marketing, Communications, and Public Relations), Kathy Lange (Production Manager), Denise Andersen (Packaging and Product Manager), Carole Sprunk (Business Development Manager)

Through word-of-mouth, McBattas has become a go-to supplier of specialty packaging for several auto companies.

Becoming a Packaging Manufacturer

When Owner Fred Arnold purchased the company in 1990, the 1,000-square-foot printing facility produced letterhead, business cards, and forms for local businesses. Arnold quickly recognized that additional sales would be required to keep the company afloat.

One day, Arnold met with the Purchasing Manager of a large tire manufacturer with every intention of selling his traditional print capabilities. He quickly discovered, however, that the Purchasing Manager wasn't interested in letterhead or business forms—he needed a barcode printed on cardboard sleeves that held fan belts. Arnold recalls, “I gathered up the sleeves and told the man we could do it, even though we didn't have the right equipment at the time.” McBattas ultimately retrofitted and redesigned its presses so it could do what was needed for the job, and this began the company's foray into the packaging business. Arnold continues, “When we won the contract, we went from two machines, to four, to six, then eight. We bought a 30,000-square-foot building and ran two shifts, and we were soon printing over 26 million pieces a year supplying fan belt packaging to the client's locations in the United States, Canada, Mexico, and Venezuela.” Through word-of-mouth, McBattas became a go-to supplier of specialty packaging for many other multi-national automotive companies.

Figure 2: Fan Belt Sleeves and Packages from McBattas



“Traditional forms work and printing were down with no signs of return. Packaging was the only area where we saw any growth opportunity.”

The Economic Downturn

When the automotive business slowed down in 2008, McBattas had to re-invent itself again. The company’s major anchor account lost 60% of its business, and this ultimately meant less work for McBattas. The company’s 30,000-square-foot building went from a fast-paced, busy environment to one where a handful of people could manage all production. Arnold explains, “The reality was that traditional forms work and printing were really down too with no signs of return. Packaging was the only area where I saw any kind of a growth opportunity, so I decided to make a move.”

Arnold realized that his company’s offset production couldn’t compete with the large packaging manufacturers, so McBattas switched its focus to the short-run packaging market and researched digital printing. Arnold quickly recognized that his customers didn’t want warehouse inventory, particularly given the trying economic situation. In fact, they were willing to pay slightly more for shorter runs and just-in-time packaging because it didn’t require storage and eliminated outdated and obsolete inventory. In 2011, McBattas Packaging and Printing acquired its first Xerox iGen4 Press with the 26” kit and Matte Dry Ink. In its old production environment, the company’s customers would print 250,000 to 500,000 pieces per run. Today, McBattas’ runs are typically between 1,500 and 5,000 pieces.

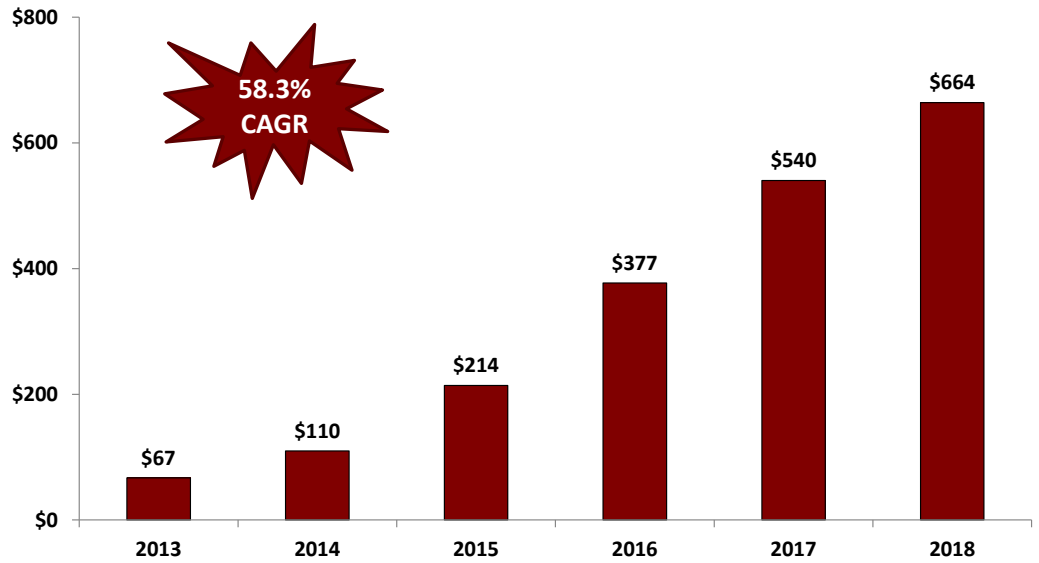
The Value of Digital Printing in Packaging

Digital packaging opens up new opportunities for service providers of all sizes with value propositions that resonate with end customers. McBattas customers have:

- The ability to reduce costs related to warehousing, storage, and disposal of obsolete cartons, allowing brand owners to apply their marketing dollars to more valuable activities.
- The opportunity to produce an entire print campaign for applications like point-of-sale signage, from creating the package to producing marketing collateral.
- The ability to support seasonally-focused marketing campaigns and respond more rapidly in competitive markets.
- The ability to use variable data content such as personalization or versioning for localization (e.g. region/country or language) on the printing package.

Short-run digital packaging is a key area of opportunity for service providers like McBattas Packaging and Printing. Although digital printing for packaging was primarily focused on labels in the past, the Xerox iGen4 Press with Thick Stock capability (up to 24 point and 530 gsm) makes it possible to accommodate new and fast-growing opportunities in folding carton packaging with its acceptance of popular heavy stocks/paperboard and a larger sheet size. Market research firm InfoTrends expects digital printing of folding cartons to increase at a compound annual growth rate (CAGR) of 58% between 2013 and 2018, reaching a print value of about \$664 million by 2018.

Figure 3: Consumer Digital Label & Packaging Press Value of Print by Application (\$Millions) – Folding Cartons



Source: Global Forecast for Color Digital Label & Packaging Presses, InfoTrends 2014

“We’re dealing with a lot of specialized applications that require us to push the limits of our production. We’re constantly investing to accommodate our customers’ needs.”

Short-Run Packaging Using the iGen4’s Thick Stock Capability

As its packaging business expanded, McBattas uncovered a need for thicker stocks with additional strength and stiffness for applications like folding cartons, hang tags, and food and beverage packaging. Arnold elaborates, “Because our customers call on us for unique jobs, we’re dealing with a lot of specialization. These applications require us to push the limits of our production capabilities, so we’re constantly investing in technology to accommodate our customers’ changing demands and needs.”

In 2014, McBattas added another iGen to its fleet—a Xerox iGen4 Press Diamond Edition with Thick Stock capability. This device enables the company to print on selected stocks up to 24 point and 530 gsm. Cartons can be versioned or personalized for high-value goods in markets such as cosmetics, medical, confections, fragrances, and luxury packaging. Today, McBattas uses this iGen4 to print everything from customized auto parts packaging (including store-level personalization and variable SKUs) to promotional and proof-of-concept packaging for the food/beverage industry to boxes for the medical industry (e.g., knee and ankle braces). The company can offer private-label packaging as well as cartons with images and language that are personalized for a specific geography.

Figure 4: Sample Products from McBattas



With full-service operations including creative and finishing for converting and fulfillment, McBattas provides same-day turnaround times. Using two iGen4 Presses and a Xerox 770, the company is capable of printing much more than short run packaging, including magazines, posters, promotional items, and direct mail. Arnold notes, “We’re a 95% digital print shop today. We’re the guys who give you short-run digital solutions while also pushing our converting and fulfillment services.”

Since investing in digital printing, McBattas' customer base has increased by several hundred percent.

Preparing for Future Growth: Building a Marketing Action Plan

Arnold was committed to putting some of his best people together to focus on a business plan for growth. The result was a marketing plan with actions to quickly build the McBattas business. By using Xerox Profit Accelerator® resources and support tools as well as joining the Xerox Premier Partners Global Network, the team was able to leverage Xerox's value-added support and quickly create a plan for growth. McBattas Packaging and Printing also engaged Karen Kimerer, Xerox's Business Development Consultant, and was connected with Joe Rickard of Intellective Solutions, a member of Xerox's network of industry consultants. Rickard's plan for growth consists of several milestones and actions, including measurable and manageable goals and objectives. The Xerox Business Development team has assisted McBattas with creating effective procedures and processes to grow revenue, and the parties meet regularly to ensure that the ideas are being executed as planned.

McBattas Packaging and Printing expects to achieve 20% growth in revenues between 2014 and 2015. Since investing in digital print technology, the company's customer base has increased by several hundred percent. Additionally, its headcount has increased from just four employees during the economic downsize to a healthy 25 and counting. Arnold states, "We're marketing ourselves as short-run digital packaging specialists. We've discovered that there are a lot of digital printers, converters, and fulfillment providers in the market, but there are very few providers that handle all three. This is our niche, and digital printing helps make it all happen."

The Bottom Line

Accommodating clients' special requests, recognizing when changes need to be made, and then following through has created a recipe for success that has kept McBattas Packaging and Printing in business for over a century. While remaining connected to its traditional printing roots, the company is moving forward by continually innovating and re-inventing itself as clients' needs dictate. The economic downturn of 2008 hit many of its clients very hard, but McBattas helped its customers remain profitable by offering new services that spoke to industry changes. By remaining flexible and forward-thinking, McBattas has been able to plan for success by recognizing and responding to industry changes. The company is now poised to succeed during its second century in business, and digital technologies are helping to lead the charge.

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Featured Xerox Business Development Consultants

**Karen Kimerer**

Business Development Consultant, Xerox Corporation

206 241 1258

Karen.Kimerer@Xerox.com

Karen Kimerer is a business development consultant at Xerox Corporation. She is a 17 year Xerox veteran and former iGen sales representative. Today, Karen is part of a national program that assists Xerox clients with growing their businesses by leveraging the opportunities in digital print communication including 1:1 marketing, web-to-print, direct mail, book publishing, supply chain management, data segmentation, channel integration and photo products. She is passionate about these applications and the technologies underlying their success.

Karen currently sits on the regional Board of Directors for PIA and is trained in several sales disciplines; S.P.I.N., Sandler, IBM Marketing and Selling to Key Accounts, and most recently: Challenger Sales. She's accredited with the American Management Association and trained in Lean Six Sigma.

**Joe Rickard**

Lead Consultant, Intellective Solutions

845-753-6156

jrickard@intellectives.com

Joe Rickard is the founder and President of [Intellective Solutions, LLC](#). He has worked with over 100 regional and national print providers, helping them to improve financial and operational performance.

Prior to forming Intellective Solutions, Joe managed significant business and marketing organizations as a senior executive at Xerox and Sharp Electronics. During his 21 years at Xerox, Joe managed large marketing organizations focused on corporate and enterprise accounts. He was credited with launching significant sales and marketing initiatives that generated in substantial revenue and profit growth.

Joe is the author of Value-Based Pricing and Sales Management for Digital Printers. Both of these Profit Accelerator resources are exclusively available to Xerox customers.

About the Author



Nichole Jones

Consultant

nichole_jones@infotrends.com

+1 781-616-2191

Nichole Jones is a Consultant for InfoTrends' Business Development Strategies Production Printing and Packaging Consulting Services. Ms. Jones' responsibilities include managing the promotion and distribution of InfoTrends' content and assisting clients and channels in building business development programs. She is also responsible for developing curriculum and content for InfoTrends' training services.

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