

# Analysis



Production Printing & Media



September 2014

## Excelling at Customer Service Starts with Strategy and Planning

### Service Areas

On Demand Printing & Publishing

Production Workflow & Customized  
Communication Solutions

Document Outsourcing

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## Introduction

Just about everyone has heard that "the best defense is a good offense." Applying this adage to in-plant operations, all great offenses are the result of strategy and planning. This applies no matter how an in-plant operation is funded. Whether they are profit centers, cost recovery operations, or fully funded, all in-plants must cost-effectively deliver the products and services that customers demand. Ongoing strategic management planning activities help ensure that in-plants have accurate operational insight so they can make the right investment decisions, offer the right products, provide stellar customer service, and establish competitive pricing.

## Key Findings

- Strategic planning is a disciplined effort to guide fundamental decisions and actions that shape what an organization is, what it does, why it does it, and what its focus is for the future.
- Clearly defining an in-plant operation's purpose and establishing realistic goals and objectives can ensure that resources are focused on the right priorities to deliver results.
- Planning results in better use of resources, alignment of staff in working toward the same goals, enhanced customer service, and the ability to quickly respond to change.
- Benchmarking is essential for quantifying an in-house print department's value to the organization and determining external competition.

## Recommendations

- In-plant operations should measure and track their financial and operational performance to demonstrate value and ensure that they remain competitive with outside providers.
- Understanding parent organization's strategies and goals makes it easier to identify the products and services that will meet those needs.
- Fundamental decisions and actions must be based on operational reality.
- Monitor operational performance metrics and trend lines around the development of specific products. Collecting and analyzing this information better positions in-plants to make sound investment decisions.
- In-plants need to measure their contribution to the organization and share those findings with top-level decision-makers.
- Parent organizations are continually approached by outsourcing providers who promote their prices and services as superior. In-plants must be ready to prove this wrong.

## **What is Strategic Planning?**

The purpose of strategic planning is to help any organization focus resources, ensure that members of the organization are working toward the same goals, serve customers, and assess and adjust an organization's direction in response to a changing environment. In short, strategic planning is a disciplined effort to guide fundamental decisions and actions that shape what an organization is, what it does, why it does it, and how it focuses on the future.

### **Fundamental Characteristics of Strategic Planning**

#### ***Focused on Strategy***

The process is strategic because it involves preparing the best ways to respond to the circumstances of the organization's environment, regardless of whether these circumstances are known in advance. Being strategic means being clear about the organization's objectives, being aware of resources, and being consciously responsive to a continually changing environment and shifting customer demands.

#### ***An Established Plan***

The process includes planning because it involves intentionally setting goals and developing an approach for achieving those goals. The plan also provides perspective on what's working and what isn't. Planning horizons can vary across organizations, but maintaining a 1-2 year business plan is a general best practice because it focuses on the longer term and recognizes the pace of industry change. At the same time, the plan needs to be flexible and responsive to shifts in customer demands and market conditions; it needs to be continually monitored and modified.

Plans should also be put in writing. Putting the plan on paper solidifies a commitment to its execution and communicates the course of action across an entire organization. The act of writing forces structure, analysis, and coherency. The written plan should include a clear set of quantifiable objectives, as well as the strategies, tactics, and milestones that support those objectives.

#### ***Taking Action Based on Insight***

The goal of the planning process is to make the best decisions on what to do, why to do it, and how to do it. Because it's impossible to do everything that needs to be done, strategic planning helps prioritize decisions so that right course of action is established.

Fundamental decisions and actions to be taken must be based on operational reality. It is important for in-plant operations to monitor operational performance metrics and trend lines around specific products. Collecting and analyzing this type of information better positions in-plants to make sound investment decisions.

### ***Founded on Measurement***

The planning process identifies key questions that need to be answered to help decision-makers gather and incorporate information about the present, identify strengths and weaknesses, and determine a course of action based on reality. Key measurement questions for in-plant organizations include:

- What percentage of print jobs are delivered on time?
- What percentage of print jobs are delivered on budget?
- Are prices competitive with external pricing?
- What percentage of jobs are re-run due to quality issues?
- Why do customers use your services in the first place?

Measurement is important, but it's equally important not to get lost in the details of collecting figures. Focus instead on the vital few accessible, meaningful metrics that measure whether your company is creating customer value and operating efficiently. Having better information may not produce better results, but it will make it easier to quickly identify where to take action.

### ***Aligned to Parent Organization's Strategy***

In-plant operations' goals and objectives should be aligned to the overall organization's short-term objectives and long-term strategies. By understanding the parent organization's strategies and goals, you can better identify the products and services that will meet those needs.

### **The Benefits of Strategic Management Planning**

Strategic planning can have an immediate influence on an in-plant organization. Clearly defining the purpose of the in-plant and establishing realistic goals and objectives, in a defined timeframe, ensures that resources are focused on the priorities that actually deliver results. Successful in-plant operations thrive in large part because they have been innovative, adaptable, and central to the ongoing mission of the institution in which they operate. Planning provides a roadmap for determining the best course of action.

### **Excelling at Customer Service Requires a Plan**

In-plant operations are faced with defending against the threat of outsourcing, responding to increasingly sophisticated client needs, and a host of other challenges. Excelling at customer service is a solid tactic for differentiating from external competition and forming partnerships with customers that result in better service. Stellar customer service doesn't happen by accident—it is engineered and founded on strategy and planning.

Client demands for faster turnaround, shorter quantities, and competitive pricing are daily constants. In-plant managers must gain a solid grasp of what's happening inside their operations, and the need for this level of understanding has never been greater. In a fast-moving competitive environment, operations can't afford for operating results to be a surprise. This is where the measuring aspect of planning comes in. In-plants face constant pressure to improve the efficiency of their operations and demonstrate their value to parent organizations. Successful organizations measure business performance, regularly share and discuss these findings with employees, and act on the information. Each operational area of an in-plant should have a fine-tuned set of metrics that is focused on specific goals.

In-plant managers need to determine the appropriate measures that, if achieved, will advance an organization's strategic objectives. Key operational metrics should be dictated by an in-plant operation's strategy. In other words, a good performance management plan will measure performance characteristics so managers can understand whether or not their strategies are working.

An effective management system measures performance in three key ways:

- The financial perspective measures return on investment and economic value-add.
- The customer perspective measures satisfaction, retention, market share, and account share.
- The internal process perspective measures quality, response time, cost, and new product introductions.

### **Demonstrating Value to Parent Organizations**

Too often, senior management undervalues what printing in-house can bring to an organization. Parent organizations are continually approached by outsourcing providers who tell them that printing is not their "core competency" and that the in-plant's prices are not competitive. In-plants must be ready to prove this wrong. At a time when every non-core function is subject to harsh scrutiny, in-plants must measure their contribution to the organization and present findings to top-level decision-makers. It's important for in-plants to demonstrate value, and this starts with having a clear picture of an operation's strengths and weaknesses.

Operational metrics are the foundation for an accurate assessment of an in-plant's strengths and weaknesses. A lack of operational data limits an in-plant's visibility on performance and the ability to meet customer service standards. Key metrics can cross many disciplines, from operations to business management. Having a clear picture of the current state of an in-plant operation is essential for guiding planning efforts, demonstrating value, and better serving customers.

On the greater organizational side, tracking and measuring costs and improving worker productivity supports better control of the company's overall business processes. Comprehensive print management solutions can assist parent organizations in minimizing waste, controlling costs, and supplying fact-based data on device utilization and user/departmental print behavior. In-plant managers who are tasked with managing the company's multifunctional printer fleet would be wise to implement such a solution in their quest to demonstrate added value to the greater organization. These systems support customer service and provide documented metrics that can be used in demonstrating that the in-plant can indeed have a significant impact on the company's bottom line. Studies show that organizations who implement such a system can save up to 30% of the company's annual print spend<sup>1</sup>.

Capturing the right measures can be a cumbersome task for many in-plant operations. A number of tools are surfacing to assist in-plants in assessing operations and formulating strategies. For example, Canon Solutions America developed the In-Plant Business Tools Program (iBT) to support in-plant customers in assessing operations, planning for business growth, and documenting the value provided to parent organization. iBT is a centralized Web portal the features tools for assessing operations, justifying investments, building business and marketing plans, supporting marketing efforts, developing requests for proposals (RFPs), supporting staff training, and driving sales. The program was specifically designed to provide a suite of management tools to assist in-plants in measuring and optimizing daily business tasks and addressing key challenges. iBT includes plug-and-play templates to assist with a number of tedious management tasks.

### **Benchmarking Against the Competition**

It is also important for in-plants to benchmark against peers and commercial competitors. Making benchmarking a habit is essential for quantifying an in-house print department's value to the organization and determining external competition. Possible metrics that in-plants can benchmark include sales growth, sales per employee, on-time delivery, competitive pricing, and equipment utilization rates.

Comparing in-house costs to external production costs is an important benchmarking analysis. When conducting this type of analysis, in-plants must tally up the costs of all work produced over the course of a year and compare it to the cost of buying that work outside.

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<sup>1</sup> *U.S. & European Managed Print Services Study*, InfoTrends 2012.

## Next Steps

- Determine the present state of your operation. Many managers see their operation how they WANT to see it rather than how it actually is. For an accurate picture of your operations, measure and evaluate operational and customer satisfaction metrics.
- Identify what's important by evaluating metrics *and* talking to staff and customers. Ask key staff members and customers about their pain points and get an idea of the solutions that they would like to see implemented.
- Focus on where you want to take your operation over time. This sets the direction over the long term and clearly defines the mission (products, services, customers, investments, etc.) and vision (conceptualization of what your operation's and parent organization's future should or could be).
- Define what must be achieved. Define the expected objectives that clearly state what your operation must achieve to address the priority issues.
- Determine metrics, timelines, and responsibilities. This is how you're going to get where you want to go.
- Review, review, review! Planning is ongoing, and it's never over. To ensure the success of planning efforts, hold regularly scheduled formal reviews of the process and refine as necessary.

## InfoTrends' Opinion

Successful in-house printing operations are getting into the game by providing the best services to their internal and external customers, and doing so efficiently. While defense is reactive, offense is proactive. Taking proactive measures can ensure that an in-plant operation is positioned to better serve customers, demonstrate value to its parent organization, and beat external competition. Balancing efficient operations with serving ever-changing customer needs demands strategy, planning, operational insight, and vision. It's time for in-plant operations to play offense!

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## About InfoTrends

InfoTrends is the leading worldwide market research and strategic consulting firm for the digital imaging and document solutions industries. We provide research, analysis, forecasts, and advice to help clients understand market trends, identify opportunities, and develop strategies to grow their businesses.

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[Comments or Questions?](#)

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*This analysis was commissioned by Canon Solutions America to help in-plant managers and their parent organizations better understand how today's technologies can optimize their business communications and how they can benefit by adopting these proven best practices.*

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