

NDP'S STEENBURGH ASKS: AS WE GROW OUR BUSINESSES, ARE WE HAVING "FUN" YET?

By Patrick Henry | August 14, 2012

NEW DIRECTION
PARTNERS

Frank Steenburgh says one thing his long experience as a business-builder has taught him is that growing revenues and profit will always be more fun and rewarding than cutting costs. Read why.

Is austerity the key to prosperity? Is it better for budgeters to cut costs first and ask questions later? That economic debate is being played out on the world stage, and it's a fundamental issue for business planning as well.

Frank Steenburgh's conclusion, after his long career as a developer of and evangelist for digital graphic production systems, is that keeping an eye on containing expenses will always have an important place in a printing company's overall business strategy. But, he says experience has also taught him that growing revenues and profit will always be more fun and rewarding than cutting costs.

Steenburgh spent more than 30 years bringing digital printing systems to market, mostly as a high-ranking executive for Xerox and with some additional time at Indigo. Today, as a partner at New Direction Partners (NDP), he's committed to showing printing companies how they can use the same marketing and business development techniques that helped him win success for iconic products like Xerox's DocuTech and iGen digital presses.

He notes that printing businesses can grow in two ways: organically, by expanding existing markets and capabilities; or by acquiring these assets through merging with or acquiring other companies. NDP, a provider of investment banking and financial advisory services to companies in the graphic communications market, recommends that every company in this space engage an expert source to perform a valuation of its business. Armed with this information, the owner then will be able to develop a proactive plan either to acquire or to be acquired as the industry continues its relentless consolidation.

PICK A DIRECTION

Steenburgh facilitates these kinds of M&A transactions for NDP, but that doesn't rule out his coaching printers about organic growth as well. Growth can be cultivated, he says, in both horizontal and vertical market applications. Horizontal markets consist of products and solutions that are used across multiple industries or consumer segments. Among the fastest-growing of these products and solutions, he says, are digitally printed books; photo products such as albums, calendars, and prints; and packaging.

Vertical markets are self-contained in specific areas such as finance and health care. At Xerox, Steenburgh frequently concentrated on building relationships and influence in vertical markets where the company wished to sell its digital production systems.

Seeing, for example, the university publishing market as a natural customer base for DocuTechs, he set up a series of university councils where academic publishers and production managers could share best practices. Steenburgh says that besides helping the participants develop business processes and solutions, the councils also aided Xerox in defining a go-to-market strategy for its products.

"If you want to own a vertical market, you own it by being strategically relevant to the head of it," says Steenburgh. This means, he explains, identifying the leaders of the segment and then working with them to make them better at what they do. For example, what's "strategically relevant" to presidents of U.S. colleges are alumni fund raising and student acquisition. Digital technology enables them to do these things much more effectively than they could before—hence the opportunity for providers of digital services.

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According to Steenburgh, many vertical-market customers have valuable content that they would like to monetize by distributing it more broadly—perhaps even on a global scale. The opportunity for printers lies in helping them to achieve the geographical expansion they are seeking.

His case study here is prInternet, a company founded by John Lacagnina. prInternet licenses its software to printers globally, creating a network of print service providers offering “warranted global delivery” of documents. Each partner in the network thus enables its customers to distribute and monetize their content globally.

A wide footprint is a must for printers who aspire to capturing vertical markets, says Steenburgh, noting the advantage that some companies in the U.S. gain by having both East Coast and West Coast production facilities. This type of growth probably is best achieved by buying, not building, a plant where the capacity needs to exist. It's the reason, he says, why printers come to NDP for help in identifying acquisition candidates in the regions and markets where they want to expand.

OPPORTUNITIES ARE WHERE YOU MAKE THEM

Steenburgh has little patience with those who hold that the graphic communications business presents no new opportunities for growth. He says that horizontal applications such as digital photo products—including calendars, yearbooks, and “memory books” that consumers assemble from personal photos and order for printing online—can be a double-digit growth business for printers who are equipped to produce them.

Printers who want to grow in any these ways must learn to spot the disruption of existing markets like publishing, photo products, and packaging and seize the opportunities that market shifts always give rise to, advises Steenburgh. It's also essential to “live with your customers” as a generator of new ideas and as a catalyst for change.

“I love building business,” says Steenburgh, who is still far from the end of his career as an expander of business horizons for providers of graphic communications services. Anyone wishing to explore the possibilities is invited to contact him by e-mail at fsteenburgh@newdirectionpartners.com.