



WASHINGTON STATE DEPARTMENT OF PRINTING



STRATEGIC PLAN

2007-2009

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Values

Common Values

To earn the respect and trust of our customers, we adhere to the following values:

- Honesty and Integrity
- Dignity and Respect
- Excellence and Quality
- Collaboration and Partnership

Quality Values

Excellence is our standard. To achieve excellence we:

- Exceed our customers' expectations.
- Analyze and improve processes through quality teams.
- Identify our customers' needs and determine if we are meeting those needs through the use of customer surveys, feedback, and focus groups.
- Maximize the use of technology to support internal and external quality service.
- Ensure that each employee partners in the production concept of every job being "right and on time."

Client Service Values

We are here to serve our customers. Our customers are state agencies, political subdivisions, fellow employees, and vendors. To efficiently serve our customers we:

- Strategically align ourselves with the other central service agencies: Department of Information Services, Department of Personnel, Office of Financial Management, and General Administration.
- Listen with concern to understand and be responsive.
- Treat our customers with courtesy, dignity, and respect.
- Provide quality printing that continually exceeds our customers' expectations.
- Partner with agencies and vendors to provide additional or enhanced services.
- Make ourselves and our services as accessible as possible.
- Provide printing at the lowest possible cost.

Employee Values

Our employees are our most valuable resource. To demonstrate our respect, we:

- Foster a climate where we support team efforts, focus on quality process improvements, and assume responsibility for team results.
- Empower, support, and provide our employees opportunities to develop their skills.
- Support and encourage continuous personal and professional growth.
- Recognize accomplishments and ongoing achievements of individuals and teams.
- Contribute to one another's success by offering training, guidance, support, and opportunities for advancement.
- Treat each other with courtesy, dignity, and respect.

Mission

The Department of Printing will exceed customer expectations.

Vision

To become the printer and employer of choice.

Background

History

The law establishing the office of the Public Printer was approved by the first session of the Washington Territorial Legislature in 1854. During this time, the State Printer was a private printer selected by the Governor and commissioned to do all the printing and binding for the state and its various departments. The Governor approved every printing requisition to control expenditures and maintain a consistent character in state documents.

Then in 1933, a law was enacted that created the Department of Printing as a state agency. The law provided for the appointment of a Public Printer by the Governor and the establishment of a printing plant that would operate from a revolving fund.

For many years, the Department of Printing was located on the ground floor of the General Administration Building on the capitol campus. At that time, the plant consisted mainly of offset presses and bindery equipment.

As technology changed, the agency began using photocopiers as well as traditional presses. In 1966, the agency opened its first satellite copy center to provide fast, convenient service for small quantity orders.

The Department of Printing continued to change to provide the best possible service to state agencies. In 1983, the agency moved its main production facility to the current location in the New Market Industrial Campus in Tumwater.

The 1990s ushered in a period of unprecedented change for the printing industry, and the Department of Printing was no exception. The copy centers upgraded outdated analog photocopiers to digital print equipment. Imagesetting equipment capable of outputting customer computer files directly to film negatives was added to the prepress department.

In 1993, the agency partnered with the Washington State School for the Blind to provide the only state-operated Braille Access Center in the United States. Since its creation, the center has produced millions of pages of Braille text for the sight-impaired citizens of Washington State.

Today, the Department of Printing operates several copy centers in Thurston County, and oversees contracts with private firms to provide low-cost copy services across the state. The agency now produces a majority of its printing plates directly from computer files with a Computer-to-Plate (CtP) system that eliminates the need for film negatives. This provides customers with higher quality and faster turnaround times while helping the environment. Plus, the agency created and maintains Internet applications to provide customers with convenient, around-the-clock access to printing services.

The Department of Printing continually strives to provide innovative solutions to the printing and document distribution challenges its customers face. The agency is dedicated to reducing costs, increasing quality, and improving service as it serves the citizens of Washington State today and in the future.

Statutory Authority

The legislation establishing the Department of Printing as the provider of printing and related services for Washington State agencies is contained in the Revised Code of Washington, Chapter 43.78.

In addition, Chapter 39.34 of the Revised Code of Washington authorizes the Department of Printing to enter into interlocal agreements to perform these printing and related services on behalf of political subdivisions such as cities, counties and school districts.

Appraisal of External Environment

It has been predicted that the use of the Internet will all but eliminate printed material. However, while there has been a decline in printed materials over the past five years, printed materials continue to be in high demand.

While the Internet is considered a threat to the printing industry, it is one that can be mitigated by adapting services to meet changing customer needs. While we at the Department of Printing anticipate a drop in the demand for some printed materials, we see growth in related areas. These areas of growth are:

- Variable print: Printing each copy with information specific to one individual.
- Fulfillment: One-stop printing, storing and mailing of printed items.
- Envelopes.
- On-demand, or Just-in-Time, printing.
- Digital print.

We see the current economic environment as the most prevalent issue facing the agency. Our customers' budgets are being reduced, and one of the first items to be curtailed is printing. On the other hand, we see this economic downturn as an opportunity to show current and potential customers how much we can help them save taxpayer dollars.

To combat the drop in traditional printing orders resulting from decreased customer budgets, the department is actively seeking the aforementioned new services and expanding our existing customer base to include school districts, cities and counties, the federal government, and educational service districts.

The Department of Printing will be saving taxpayer dollars by providing printing at a lower cost for entities that are government funded. It should also be noted that even if the Department of Printing expands its customer base, the agency's revenue from printing would still be less than one percent of the total revenue for printing produced in Washington State. The department only serves public sector customers while most other printing is produced in the private sector.

Paper and paper pulp is quickly becoming a concern for the printing industry and therefore a concern for the Department of Printing. Many US pulp and paper mills are closing which is causing those paper mills still running to pick up the paper orders no longer filled by the closed mills. The remaining operational paper mills are having difficulty meeting the

needs of the demand for paper and as a result have begun to allocate paper to their customers. The affect of the allocation process is two-fold, cost and availability. The allocation process will drive the price of paper up and the paper will take longer to obtain. This means the price of printing a document will increase and planning for the printed item will need to be done with more lead time.

Recycled paper will also become an issue. The cost of mills to produce recycled paper is more than they are willing to incur. Pulp for recycle is another issue in the market place. More and more pulp producers are also closing their doors. The cost for producing pulp has caused the paper mills to rethink the concept of recycled paper. The cost of purchasing the pulp then processing it to paper cuts the profit margin for the mills while the demand for paper is at its highest in several years.

Trends in Customer Characteristics

Through ongoing communication with its customers, the Department of Printing has identified several opportunities to meet the growing document needs of public agencies. Department of Printing customers increasingly expect the following products and services:

- Online ordering via the Internet.
- High-quality, cost-effective printing.
- Fast turnarounds and delivery times.
- One-stop service at a single location, including design, printing, binding, storage, shipping, and inventory.
- Highly customized Variable Print options

As budgets are reduced, customers are shutting down internal print and design shops to re-deploy their FTEs to the core functions of the business. These customers then look to a printer to provide one-stop shopping and produce a cost-effective, quality product in a timely manner.

Another cost-reduction strategy being employed by agencies is looking at their printing needs in totality, which, in addition to their production printing, includes factoring in the cost of their convenience printing.

Industry trends

The following are other major trends in the printing market that will continue to affect the Department of Printing:

- The move to variable-data printing, which produces items specific to an individual such as property tax statements and retirement account information.
- Fulfillment, which provides one-stop printing, binding, storage, inventory, order processing, and shipping services to allow customers to distribute materials to the public without using their own employees or warehouse space.

- Continued high demand for envelopes and letterhead.
- Online ordering through the Internet.

Because the Department of Printing has listened and moved quickly to satisfy new customer requirements, the client population for the Department of Printing is growing. Not only are state agencies utilizing the services of the Department of Printing, but a growing number of schools, cities, counties, and other political subdivisions are taking advantage of our one-stop service.

Success stories

The Department of Printing continues to identify ways to provide services that exceed customer expectations. The following are examples of new services that have succeeded in exceeding customer expectations:

- The Department of Printing's Internet ordering system, PRTonline, is growing and maturing. The system allows customers to enter and edit data, view and approve proofs, and order business cards, letterhead, envelopes, and a wide variety of other documents through the Internet. As a result of efficient online ordering processes and the ability to produce envelopes at the PRT main plant, envelopes ordered through PRTonline now cost approximately 20 percent less and are delivered an average of three days faster than traditional orders placed with a paper requisition form. So far, as of April 2006, there has been an overall envelope savings to the state of \$185,000.

PRTonline has proven to reduce costs to customers and taxpayers by streamlining both the ordering and production processes. It was recognized as one of the leading digital printing tools in the country with the Best Practices Award from PODi, the Digital Printing Initiative. The award honors innovative applications that demonstrate the business potential of digital printing, and is given to only two recipients in North America each year, one of which went to the Department of Printing.

- The North Thurston School District uses the Department of Printing Fulfillment program to print, store, and distribute classroom materials to all its elementary schools. When budget cuts caused North Thurston to close its print shop, the school district came to the Department of Printing for assistance with printing and distributing handouts used in elementary-school classrooms. As a result, the Department of Printing now prints the class handouts, stores them in our warehouse, and provides an Internet storefront, the General Store, so teachers can order the handouts at their convenience. The Department of Printing Fulfillment program allows teachers to order only the number of handouts needed, which eliminates the

waste of unused materials. The system also provides detailed reports that allow the school district to plan for future needs.

- The Department of Ecology has fully implemented a Managed Print Program to ensure the most cost-effective means for producing all types of print--from the standard office convenience copy to the more complex production printed products. They are currently saving thousands of dollars each month while simultaneously receiving a higher level of service and support for all their agency's printing services. The Department of Printing is anticipating widespread adoption of Managed Print by government organizations just as many private corporations are also taking advantage of this cost cutting approach.

Financial Health

The financial health of the Department of Printing has greatly improved over the last biennium. The agency has moved to a near positive position through a combination of technology changes, re-negotiation of contracts, and price adjustments.

In past years, the agency's revenue sources were adversely affected by state agency budget cuts, which required customers to trim costs and be more efficient. Many agencies responded by reducing the amount of printing done by their organization. In response, PRT began to expand its services and develop new revenue sources.

So far in Fiscal Year 2006, while revenue has not substantially increased, the overall financial health of the agency is getting better. With the expansion of services such as variable print, online ordering, envelope production, and design services, PRT has enhanced its financial sustainability without having to significantly raise prices. The agency projects a very positive financial position next biennium and, with the approval of our venture into envelope production, estimates a good future.

Risks and Obstacles

The availability of paper over the next couple of years will be a concern. Although we at the Department of Printing expect no problems except time it will take us to receive our paper orders. Several US paper mills are closing down, causing the remaining paper mills to allocate paper to its customers to meet the needs. The Department of Printing is working closely with the paper mills to ensure that our paper needs are met.

Meeting recycled paper content requirements will become an issue because of the availability of pulp for recycled paper. There is more paper to produce by less mills and it is more cost effective for the mill to produce virgin paper than recycled. Pulp for the recycled paper is also becoming an issue. Pulp mills are closing and pulp for the recycled paper is becoming scarce. This puts meeting sustainability goals at risk.

Equipment and technology

As the Department of Printing continues to move forward as an agency that employs cutting-edge technology while providing the very best in quality, the agency faces several risks. These risks include:

- Keeping pace with current technology.
- Updating aging printing equipment.
- Unforeseen issues with the implementation of the Human Resources Management System.
- SmartBuy savings commitments.
- New projects and new ways of doing business.

The two biggest issues facing the agency deal with technology and aging machinery, and center around funding. The Department of Printing is not an appropriated agency, and must create enough funds through production to pay for operations and save for equipment purchases.

In most companies this is not as large a problem as it is with the Department of Printing. Most private vendors mark up their materials and labor, sometimes as high as 35 percent, to create a nice profit enabling them to set aside funds for equipment. The Department of Printing, on the other hand, is prohibited by statute from exceeding 5 percent markup on materials and is not allowed to mark up labor costs beyond actual costs. In fact, the Department of Printing was not established to make a profit.

As a result, we anticipate funding for equipment to be difficult and we must be creative in acquiring funding. The result of not staying current with technology and replacing aging equipment would be the inability of the Department of Printing to perform the functions the agency was created for in RCW 43.78, namely providing printing for the state of Washington. If the Department of Printing did not provide printing services for the state, it is anticipated that the state of Washington would pay in excess of 20 million dollars per biennium in increased printing costs.

Civil service reform

The Department of Printing does not foresee any issues with civil service reform and contracting out our operations. As a result, we see no real problems as the state moves to the new HRMS system. Since its inception, the Department of Printing has contracted out jobs to private vendors in all areas of its operation. Currently the agency completes cost estimates for jobs and bids against outside vendors. As a result, we see no real change under the new civil service outsourcing rules.

Opportunities

The most significant new opportunities for the Department of Printing are a result of advances in technology. Advances

in the hardware and software for producing variable print and processing the source-data have created expanded opportunities and possibilities for producing printed products that were at one time not technologically possible. We are piloting such products currently to help direct our next press equipment purchases.

Another opportunity has been created by advances in digital printing devices. The increases in functionality of office printing devices and the standardization of the technologies are enabling a seamless printing environment in the office which in many cases includes submission to a production-class printing device in an on-site or local copy center. Managed Print Services provide the mechanisms and incentives for both the staff and the Vendor to minimize the number of devices and print in the most cost-effective manner.

Strategy and Capacity Assessment

Information technology and production equipment

The Department of Printing has identified its probable equipment needs through the year 2008. The Department has implemented a three-year refreshment cycle for all computer workstations and replaces one third of its computer technology each year. Software and upgrades to current systems are done as needed. Information Technology expenses average approximately \$150,000 annually.

It is anticipated that the cost of replacing production equipment through 2008 will be \$2,000,000. This expense would include funds to replace aging presses, bindery, mailing, and pre-press equipment, and purchase additional envelopes presses. This equipment will allow the Department of Printing to acquire the most current technology, which will enable the agency to print more efficiently and meet the ever-changing needs of our customers as cost-effectively as possible.

Human Resources

Union contracts are in place for the next two years, and the Department contracts out approximately half of its total revenue in printing. Currently, the staffing level at the Department of Printing is holding at 137 FTEs. The agency is exempt from civil service personnel rules. With the addition of producing envelopes in house and expending our online ordering system to include brochures, letterhead, business cards, fulfillment, and variable-data print, we expect to increase the employee count to between 140 and 145 in the next few years. Fulfillment, which has shipped over 42 million items in just over five years, has moved to a warehouse off site to accommodate the increase in order volume and expand their storage capacity.

Goals, Objectives and Strategies

Goal: Increase customer service, satisfaction and efficiency of Copy Centers.

Objective 1: Evaluate customer needs and provide solutions

Strategies:

- Identify underlying business needs of current and potential customers.
- Provide services identified by customers themselves.

Objective 2: Strategically locate services

Strategies:

- Identify business center location opportunities.
- Utilize print input system.

Objective 3: Analyze copy centers and benchmark against other private companies.

Strategies:

- Conduct market survey locally and nationally.
- Restructure training and job expectations for new services.

Goals, Objectives and Strategies

Goal: Create an awareness of the state printer to local, regional and national customers.

Objective 1: Develop an effective marketing program that supports the core competencies of Department of Printing customers.

Strategies:

- Identify PRT current customers and assess their needs.
- Identify potential customers and assess their needs.
- Reevaluate the customer service program.

Objective 2: Enable customers to save taxpayer dollars by providing economical products and services that meet their business needs (i.e., value added).

Strategies:

- Promote PRT available services.
- Demonstrate smart buy savings to customers.
- Evaluate new business opportunities.

Goals, Objectives and Strategies

Goal: Increase the customization and personalization of printed government documents and information based on unique customers needs.

Objective 1: Grow and improve our variable print processes to better meet our customers' changing needs and take advantage of current and emerging technologies.

Strategies:

- Support Priorities of Government (POG) by reducing duplication of efforts.
- Identify and define potential opportunities.
- Design agency processes and systems that streamline variable printing.
- Use existing infrastructure investments wherever feasible.
- Identify where we are and what we have now (status), and what our customers really need and want.
- Develop partnerships that take advantage of our customers' resources and will be mutually beneficial.

Objective 2: Increase effectiveness of our existing PRT on-line services.

Strategies:

- Support POGs by reducing duplication of efforts.
- Identify and define potential opportunities.
- Design agency processes and systems that streamline variable printing.
- Use existing infrastructure investments wherever feasible.
- Identify where we are and what we have now (status) and what our customers really need and want.
- Develop partnerships that take advantage of our customers' resources and will be mutually beneficial.

Goals, Objectives and Strategies

Goal: Provide superior storage and distribution management.

Objective 1: Help our customers to become cost effective and efficient.

Strategies:

- Produce a portal to make visible all publications.
- Emphasize just-in-time printing at the facility/distribution center.
- Produce appropriate inventory reports for customers (customize).

Objective 2: Set up a notification process regarding document management strategies.

Strategies:

- Set thresholds for shelf life.
- Set thresholds for diminishing returns.
- Create storage criteria.

Objective 3: Utilizing Priorities of Government (POG), eliminate duplication of effort between agencies.

Strategies:

- Meet with agencies to analyze their need for services.
- Make suggestions to POG leadership.
- Document potential savings regarding duplication of services.

Performance Assessment

National recognition

In February 2005, the Department of Printing received the Best Practices Award from PODi, the Digital Printing Initiative, for the online ordering system PRToonline. PRToonline is a Web-based application which was designed by the department to enable state agencies and political subdivisions such as cities, counties, and school districts to order a wide variety of printed items online. Business cards, letterhead, envelopes, newsletters, brochures, and ad specialty items are ordered more quickly and cost-effectively through PRToonline.

In addition, *In-Plant Graphics*, the leading national magazine for the in-plant printing industry has written three feature articles regarding the management and printing structure at the Department of Printing, including a cover story in September 2004.

Government Management, Accountability, and Performance (GMAP)

The Department of Printing implemented a structured approach to the Governor's new performance management program, identified as PRT Stat. The agency has developed and implemented agency-wide monthly reporting sessions in which programs present GMAP measures within their areas to their program managers. Each department reports to the Executive Team on a quarterly basis. As financial, production, and performance data is gathered, it is analyzed for coordination opportunities within the agency to ensure a sound, efficient business operation that contributes to the priorities of government.

Strategic planning

The Manager of each program area will be responsible for identifying the specific actions and responsibilities of their program area in the support and implementation of the goals and objectives defined in this Strategic Plan and the support of the agency's mission and values.

The Department of Printing has implemented a combined use Strategic and Business Plan format. This will unite two processes into one and provide a clearer pathway for employees and others in their analysis of where the Department of Printing is headed and how it intends to get there.

Cost Reduction Strategies

The Department of Printing is constantly seeking to reduce costs, not only within the department but also for customers doing business with us. Over the past biennium and moving into the 2007-2009 biennium, we have and will continue to implement the cost saving strategies listed below.

- Restructure of contracts to obtain better pricing.
- Elimination of non-profitable business entities.
- Reduction in middle- and upper-management staff.
- Quality measures to prevent excess spoilage.
- New postal software to reduce postage costs to customers.
- New machine technology to reduce production costs.
- Envelope equipment to save General Fund dollars.
- Implementation of master contracts for assessments of agency printing environments to identify cost saving strategies.
- Statewide copying contracts with private vendors to provide cost savings to customers located outside of Thurston County.
- Executive management review of cost reductions monthly.
- Produce business forms in-house to save tax dollars and increase service to customers.
- Comprehensive Management Plan.
- Elimination of unnecessary equipment.



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