

## Mark Your Calendars!

March 2, 2001  
Spring Golf  
Tournament (River-  
walk Golf Club)  
& General  
Membership Meeting  
Holiday Inn Hotel &  
Suites Old Town  
2435 Jefferson Street  
San Diego, California  
Room Rates: \$109.00  
single/double occ.  
(619) 260-8500

June 22, 2001  
"Summer Golf Tour-  
namment" (Pine Creek  
Golf Club)  
& General  
Membership Meeting  
Embassy Suites Hotel  
7290 Commerce Ctr  
Dr  
Colorado Springs,  
CO  
Room Rates: \$119  
single/double oc-  
cupancy  
(719) 599-9100

October 11-14, 2001  
"52<sup>nd</sup> Annual Conven-  
tion"  
DoubleTree Hotel  
Sonoma County  
One Doubletree Dr  
Rohnert Park, CA  
Room Rates: \$139.00  
single/double oc-  
cupancy  
(707) 584-5466

### President's Message

I hope this holiday season finds all of you in good health. Just when you thought that keeping track of merging reprographers and manufacturers was unbelievable we then decide to turn it up a notch and try to elect a president. I don't know what to think of all this! Next time, I'm going to write in Dave Blaylock for president. He'll appoint the Red Leader to take charge and that will be that!! As far as these chads go, I think that The Great Carnack should appear and tell us who the voter intended to vote for. Like the rest of you, I too will be glad when it's over and we can get on with business. Speaking of business, the board of directors gathered on a conference call last month and got some good ideas together for our future meetings. Oh Dave, we missed you! I know this time zone thing gets all confusing. Please put these dates in your planner right now. March 1-3, 2001 San Diego. May 2-5, 2001 IRGA Minneapolis. I just have this bad feeling it's going to be cold!! June 21-23, 2001 Colorado Springs. Ruby, bring lot's of golf balls! October 11-13, 2001 Rohnert Park, Sonoma County, CA. The wine country will be just fine this time of year. My email is paulm@scottblue.com. If you've got a concern about our association or an idea of some topic that you just can't keep inside anymore, let me know. Our first meeting in March will be about Outsiders Looking In. We will be having a very open and I hope lively discussion about this subject. Wishing you all a very merry holiday season and looking forward to seeing you in San Diego.

Paul McKee  
WRA President

### Staff Perspective

2000 has come and gone and much like 1999 in which Y2K was a perceived issue, dot.com's, the "Darth Vader" issue of 2000 has come and gone without having any significant impact on our businesses other than to create some very interesting and heated conversations at industry meetings. I should point out to those who read my perspective last year, that if you still have left over kerosene or gasoline from the 1999 Y2K crisis, hold onto it, based on current prices, both of them have outperformed the stock market for the year 2000. (P.S. I still have mine loaded on my boat ready to go!)

So what does 2001 have in store for us? Issues such as consolidations and merg-

ers, the revolutionary pace of technology, the potential impact of e-Commerce or dot.com's, the rise in the minimum wage effective January 1<sup>st</sup> and the ever present threat of new and more restrictive environmental legislation or regulation all looms for the year 2001. So are these new and different issues that we must face? To tell you the truth...No! Issues impacting our industry today aren't much different from those issues affecting us in either 1999 or 2000.

Consolidations and mergers maybe "slowing" down, but they are here to stay. Significant growth for a firm is only going to come via a consolidation or a merger. The market place for reprographic services is currently growing at a pace which somewhat mirrors the gross domestic product (GDP) growth

# WRA update

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rate, i.e., 4-6% depending on the market you serve and whom you are listening to. The problem is that the growth in equipment purchases is growing at a faster rate, creating excess capacity, stimulating creative pricing strategies and making profits more a function of production efficiency rather than value added services. The former can only impact the marketplace for a relatively short period of time, i.e., until the competition gets one, versus value added services which have a longer shelf life in the eyes of the customer. So where does this leave us in the reprographic industry? Candidly our choices are narrowed down to three options... (1) grow via consolidations or mergers, (2) become part of a consolidation, or (3) concentrate your efforts on becoming more profitable first and worrying about growth later. The question becomes which would you rather be... big or profitable? Understand that in our industry there is no correlation between the size of a business and its profitability. Ask the question, which would you rather do... \$10 million in sales making 1% in profits or doing \$1 million in sales making 10% in profits?

Technology... the pace of change is only going to get faster and more complicated. The decision making process involved in deciding which technology you get will and should be driven by your customer. Does the technology provide "value added service" and is it cost effective and affordable to your customer? If the answer is yes, then the decision making process becomes easier, and the only major consideration left is its impact on the financial health of your firm.

In watching this process over the past twenty years as an unbiased third party, the more successful firms have taken the decision making process of upgrading equipment, expansion, or getting into new technologies, and have created a checklist of key issues that must be reviewed. Issues such as:

- Impact on current cash flow?
- Do I have enough working capital to support existing sales and new expenditures?
- Are there any cost efficiencies that can be really measured?
- Impact on existing customers... do they become more profitable or can I generate more sales from them?
- Does this purchase add more capacity to my plant?
- If so, where are these additional sales coming from?
- How does this decision affect my relationship with my customer?
- How does this decision impact our competitiveness in the marketplace?

Notice that these issues focus on the current financial stability of

the firm and its relationship with its existing customers. Buying something on a "gut" feeling or because the competition has it, or I "think" that it will open new markets to me, is less relevant today than it was twenty years ago.

And a final comment on the impact of dot.com's on our industry. Based on what has happened over the past two years, the most significant impact that I see is that they have opened our eyes to the potential of the Internet. To be candid, most of the dot.com's today are more concerned with survival, i.e., securing the next round of financing, and are spending more time adjusting their business models to accomplish this objective than they are impacting the way we are or will be doing business. Expressed concerns such as the impact on our relationship with our customers, the control of customer supplied materials and even the issue of controlling pricing and non-issues today. Could they be in the future? Absolutely, especially if we don't recognize or ignore the potential of the new technology called the Internet. There is no legitimate reason why we can't provide the same services to our customer over the Internet via our own web page.

## WRA1999 – 2000 Board Members

Spring 2000

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