

## INTERVIEW with Argent Tape & Label

Argent Tape & Label, founded in 1995 in Plymouth, MI, is a label printer converter serving the automotive, medical, food & beverage, and industrial markets. With the need to have 'zero-defect' labels and the desire to grow the business into new markets, this Michigan converter decided to add digital to their flexo-based operation. We visited with Argent Tape & Label to discuss their business and why they chose Domino and the N610i digital UV inkjet label press as their very first production digital label press.

### Interviewed:

**Lynn Perenic, President & CEO**

**Paul Weinrauch, Manufacturing Process Manager**

**Libby Raggett, Marketing Manager**

*"I wanted the best. I wanted something that wasn't going to change overnight. I wanted a company that was going to support us, and if you read what the economists say, now is the time to position your company for growth. I see that with Domino. I see Domino as wanting to be a partner."*

*- Lynn Perenic, President & CEO*



## Tell me about Argent Tape & Label

**Lynn:** Argent Tape & Label was purchased by my husband Fred Perenic in 1995. It was primarily pharmaceutical with its primary customer being Upjohn. That's when things started to go wrong. Upjohn was acquired by Pharmacia, which was bought by Merck, which was bought by Pfizer and so the business that they had, which was a \$6 million business, started floundering. They didn't have a business plan. The business plan they had was RFID labels which never really did take off. By 2007 things were looking pretty bleak. I entered the picture in 2009 / 2010 and Fred was going to close the business. It was down to one working press and three employees, and I decided that I could save the business. I'm stupid and arrogant. And so without all of the facts I dove in head first to save this company. I adopted Open Book Management and I did everything I could...I took classes at the University level. I took classes at the local level. I read about 30 business books. I went to seminars. And I had meetings. I got to know exactly how the business ran and what I needed to do to make it work, because I was not going to embarrass myself and fail. So that's where we started.



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From Open Book Management, I can't begin to tell you how it changed the thinking of the employees. They started buying in, they had 'ownership-type thinking', and they each had business cards. We had pressman that went out to sell. Anywhere we could find. We were selling everywhere. And we slowly became profitable. And then came their first Gain Share check, in which I keep 76% in the business and 24% is equally distributed amongst the employees. The first Gain Share check was \$15. One of my pressman gave it back to me and told me that the company needed it more than he did. So it really started building a culture of ownership and a culture of sharing and it turned a corner.

The Open Book Management teaches financial literacy to your employees so that they understand the business, they know where the money is coming from, they understand a P&L, and they understand an income statement. And those are things that we teach on a quarterly basis and are reinforced once a week in our weekly huddle. Each of our employees owns a line on the income statement and reports on that line.

## So from one press and three employees to what is the current state today?

**Lynn:** Today we have nine presses and 16 employees. We have eight flexo presses, plus now the new Domino N610i digital press, so quite a difference from where we once were. Of the 16 employees, four of them are pressmen. Our pressmen, who work by the hour, are typically not interested in how fast they work however when you teach them about efficiencies and profitability, you will be surprised how quickly they can get a job out.

When I took over, Sales were \$790,000 and a lot of that came from the sale of equipment. We closed out 2015 at \$4.7M, so we really have been growing.

## Is the Domino N610i your first digital press?

**Lynn:** I had bought a small desktop digital printer...that was a bad purchase. We've all made them, we have to admit it. And there I was buying this bad digital desktop printer. It was cheap. It was a mistake. So yes, the Domino is our first digital "production" press and it has a Delta ModTech finishing system running in-line...40 fabulous feet!

**Paul:** The Domino and Delta ModTech can run together or they can run separate. We have a semi-rotary station. We can do some overlams, we can do some priming of the materials if needed, and we also have a laser system available offline as well.



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## Tell me about the types of labels that Argent Tape & Labels produces.

**Lynn:** We produce 45 million labels per year. About 75% of our business is for the automotive industry. We also serve the Food & Beverage industry, Medical labels for hospitals, and Industrial.

## Tell me about the requirements and demands from your customers.

**Lynn:** It was the first thing that drew me to the Domino. More and more, the automotive industry is moving toward a “zero-defect” standard. They want you to give them labels and materials defect-free. It’s easy to think “if you get a bad label, just throw it away” but that’s not the way it works. For our company, it can be very expensive if we provide defective labels to our customers. They want you to do 200% inspection, so do the hourly on what that is going to cost. Then you get a third-party inspector to inspect the labels, and they will have you on that containment for 6 months, even if you have seven bad labels out of a million.

## It sounds like these are mission critical applications that you are producing labels for.

**Lynn:** Well, they are warning labels, but because their standards are so stringent, it can be something such as a smeared color...even if you can read the label, if the color is smeared it is still considered a defect. They want proof-perfect labels on their product every time.

I sat in our weekly huddle today, and one of our rewind personnel told me that she did the math regarding a Denso automotive label that we printed flexo. It had a defect and it cost us \$288 just in material. We lost \$288 on that job. So until we get back in their good graces, we have to do this 200% inspection. That right there was a driver for us going to the digital label press with Domino.

## Why did that point you in the direction of going digital and specifically with Domino?

**Lynn:** I’ve been keeping my eye on Domino for quite some time. I’ve been watching all of them. Epson, HP, Jetrion, etc. I’ve gone to the trade shows, I’ve read the articles in the journals, and I like what Domino has to say. Domino says what they do, and they do what they say. A lot of their salespeople come from the flexo world, so they are knowledgeable about what I’m experiencing.



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So why Domino? I like the quality. I like the service they offer. I like that it's not a pay-per-click. I like all of that. And I like they can integrate with Delta ModTech for our finishing. We have several Delta machines in our facility, we are very familiar and comfortable with Delta and we like that Domino has a good partnership with Delta.

With flexo, there can be a lot of scrap. We talked today about some of the scrap that we have had. On a particular project there was \$3,500 in scrapped material (not including labor). When we visited Domino in Gurnee, IL we brought this job and material with us. It is 3M™ material, and it ran beautifully.

### Where there any other trends or drivers that had you thinking of going digital?

**Lynn:** Shorter runs were also a consideration because if you were around in 2008 & 2009 and you were in automotive, you were jumping off buildings because things were bad. And so I never wanted to have Argent Tape & Label's eggs all in one basket, meaning that we had to diversify. And if you are going to diversify, you have to look toward the markets. Food & beverage was one of the areas we chose to dive into, but they are short runs with many SKUs. Many times, they may be entrepreneurs bringing a new product to market, and they are creative, so they may have a six color process label that is really fabulous, but they don't realize that they are going to have to pay for a number of plates, the ink, the dye, etc. and by the time you work up a quote for them, they see all of the charges and they freak out. And they might only need 1,000 labels. So we really wanted to acquire equipment that could address that situation, while still getting us into the food & beverage market, so digital was the way to go.

### When was it from a timeline standpoint that you started thinking about digital and started vetting digital presses?

**Lynn:** I started looking about four years ago and I started looking at the Jetrion. I would see our competitors that had a Jetrion or an HP, so I started doing the research. In my findings, Domino is head and shoulders above all of the other digital press manufacturers.

### Tell me about your visit to Domino in Gurnee, IL

**Lynn:** Everyone could not have been nicer and forthcoming with information....willing to show us all aspects of the press. I was very impressed with the entire team. And one of our salespeople also went to Domino as well so that she could see the Domino N610i for herself. She is breaking into the food & beverage market and she wanted to be able to go back to her customers and tell them about the Domino. The team at Domino was very welcoming.



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## Do you anticipate any changes in the types of label jobs that your sales team goes after?

**Lynn:** The Domino is a game-changer for us. As one of my salespeople said, we can now go after label jobs that we could never go after before. It opens new markets for us. I see my sales team as being energized and excited, and focused on all of the things we can do...all of the possibilities that the Domino opens up for us.

## Are there certain jobs you have in mind that you will migrate to the Domino?

**Lynn:** We do. We have been costing jobs, comparing digital vs. flexo. We have also been teaming with 3M. We are a 3M Platinum Preferred converter, we buy about \$4M/year in material from 3M, and their people are excited to come up and see the Domino press and brainstorm with us on markets that we can enter together. They are a very strategic partner of ours.

## What have you found comparing costs to run jobs on the Domino vs. flexo?

**Lynn:** We just had the Domino representative work with us on the costing model. We could see exactly where the crossover points are on Domino digital vs. flexo, the margins, etc. And the margins on digital are fantastic when you have the right mix...the number of SKUs, the length of the job run, etc. And being able to run 13" material vs. 6" material...it makes us more profitable.

Some of our flexo presses are only 6" wide, so we can run more labels across with the Domino. We costed it out. As an example, a vodka label. 13"...to run five labels...five different versions... 1,000 of each label it took only four minutes. Ten minutes of set-up time, four minutes of run time on the Domino. That's huge! Flexo would have been hours. Then there would have been clean-up. So we are talking minutes with the Domino vs. hours on the flexo.

**Paul:** From a costing standpoint, when we run a quote for a customer, as long as we have the file we can rip it through and it goes through the ink calculations, then it goes right to our estimating group so we know exactly where we are and there are no surprises downstream. Whereas with flexo, it has always been difficult to estimate cost because of the material waste...100 feet, 200 feet of material. We ask ourselves how much are we going to scrap every time we set up on flexo? With the Domino we know exactly where we are.

## Tell me about the cost justification process when deciding to purchase the Domino.

**Lynn:** I wanted the best. I wanted something that wasn't going to change overnight. I wanted a company that was going to support us, and if you read what the economists say, now is the time to position your company for growth. I see that with Domino. I see Domino as wanting to be a partner. The British gentleman, David Ellen, told me that this is the beginning of a relationship. We didn't feel like we were going to buy this press, and Domino would just disappear. We felt like Domino would be our partner.

## It sounds like there is a lot of excitement with the new Domino press.

**Lynn:** We built a separate room, put up new walls, new ventilation, redid the floors. We are very excited by the Domino. Kudos to the Domino team. Not only do they have fantastic equipment, but they have forged partners with some pretty impressive companies such as Delta ModTech. I am thrilled with Domino and everything they have to offer.

## Have you noticed a change in the type of label jobs that you run due to the capabilities of the Domino N610i?

**Lynn:** Absolutely. We've had an increase in short-run food & beverage as we are trying to increase our footprint in that industry. The other benefit and change is that the Domino is very different than flexo. There are certain materials in the automotive industry, that we would normally run flexo that were not meant for flexo. One of them is the 3M 7871 and 3M Honeycomb. Those are perfect label materials for under the hood of a vehicle, but not perfect for running on flexo because of 'adhesive ooze'. So there was a scrap factor. With the Domino, it prints on that material beautifully. We will have that at our Open House, we will be debuting that.

Our ability to produce a 'zero-defect' label, which is huge in automotive, is now possible with the Domino. It is not there with flexo. Flexo is an imperfect process. With the Domino, we have less scrap and waste which allows us to be more profitable.

## Please tell me more about that... print quality, scrap and waste on the flexo vs. the Domino.

**Paul:** On the Domino, once we profile the material and get it all dialed in, it's almost like a turnkey type process. We have a spun bound polypropylene material that when we printed it flexo we would have to double bump it to get the type of density that we need, but with the Domino we can use a single pass in-line with our die-cutting finishing operation without having to register two plates for a double-bump and then registering some sort of text along with that. So we were running three print stations on the flexo, whereas now with the Domino it just runs digitally and we're getting a better quality product with just the turn of a switch.

**Lynn:** And when you run it flexo, there is still a high fallout in scrap.

**Paul:** Yes, and trying to register those three plates together and on the type of surface we were printing on, it did not lend itself well to the size of the text and the flexographic printing process, so we had probably 5% to 10% scrap on that product just for legibility issues.

## How does that compare from a print quality standpoint to the Domino?

**Paul:** The print quality on the Domino is superior and it is easy to adjust. If I have to change any type of density on the fly, it is simply a couple clicks of the mouse. And permission from our digital front end people.

## What are some of the benefits you're realizing with the Domino from a production standpoint?

**Lynn:** Clearly there is greater throughput with the Domino. When you're setting up on flexo, it is 100 feet of material per color and it could take four or five hours to set up a job that you're going to run for only 15 minutes.

**Paul:** And with flexo, you have the maintenance of your anilox rolls, maintenance of your plates, the print cylinders...there is just so much that goes into it to get a job ready to run, and then there's the cleaning process... cleaning the trays, the anilox rolls, the plates, etc. It is entirely a different world altogether. Whereas with the Domino, it is as simple as uploading a file, putting the right material on, and just hitting 'go'.

**Lynn:** Here's another example... 76% of our business is in automotive and clearly we would like to play in other playgrounds...but, with the 3M Honeycomb material, we could not get the quality and the speed on flexo. It took a



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week to get 150,000 labels produced of a particular job. But now with the Domino, we can produce that same job in one hour.

## What does that do for your capacity?

**Lynn:** It makes us limitless in many instances.

## How has the Domino been received by your employees?

**Lynn:** We had some employees that were a little nervous that the Domino might take their job. The gentleman from Repacorp really helped to dispel that but saying that there will always be some jobs for flexo. So you are clearly not going to move everything over to the Domino, but it certainly opens up our capacity. If somebody needs a job run in a heartbeat, we can now get it to them.

## It sounds like you are able to turn jobs around a lot quicker?

**Lynn:** Absolutely. We are much more nimble...fleet-of-foot now that we have the Domino, than we were with just having flexo. Here's an example. Let's say we have a customer come in who wants us to produce a four-color label. We do not produce our own plates, so we have to ask for a quote from the plate maker, and then we would have to wait a week for that. Then we would have to get a quote for a die and wait for that. It's all about time and money.

We have a Delta ModTech finishing system in-line with the Domino. The Delta has a mag die station and that's also way less expensive. So being more flexible, zero-defect, huge cost savings. There are a great number of benefits of having the Domino. In label printing, the margins on label jobs can be pretty skinny, so having the Domino allows us to be more profitable, which makes for a more sustainable business.

**Paul:** Even upfront in the design phase, when the customer may not know exactly what they want, we have Libby at the front end that can do the artwork. When the customer looks at it and says, "Yes that looks good" we can send that job to the Domino and the customer can have something to look at immediately. And if they like it, great, then we proceed. But if they decide they want a change made to the artwork, we have the flexibility to instantly make changes, send them to the Domino, hit go and now the customer has their revised proof immediately. That type of flexibility is a real big advantage. From a flexo standpoint, if we had to order plates, which is a nightmare to go through that process, then we have to re-order new plates due to the artwork changes. Who pays for the plates? Is it customer samples? So there are cost benefits to having digital.



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**Lynn:** Plus, we've had instances where a customer approves the plates, but then you get them and there is a misspelled word, or they have 'milligrams' instead of 'grams'. So now you have to wait again and reorder new plates and, like Paul said, who pays for those?

**Libby:** I do graphic design work, so if our customers need assistance with any of their label designs, I am able to help. I like interacting with the customers, learning their stories. We show them that we care. I just completed designing 50 different labels for a local candle company.

**Paul:** It's really a value-add that Libby provides to our customers. She's technical, but she also has the creative side, so it's a great combination. She works with the customer during the proofing stage to help them achieve what they really want.

## You and your customers are experiencing many advantages with digital printing.

**Lynn:** Offering digital allows new prospects to come to us more easily, because if they have already invested in plates with their current label provider, they are not as likely to leave them because they would have to purchase plates all over again. But by us offering digitally printed labels, we are more likely to gain new business because our prospects do not have that expense of new plates since we're producing the job digitally.

**Paul:** With the Domino and the X-Rite system, we can do perfect color matching for automotive suppliers and branding, as well for the non-automotive customers. When we profile material, we do color matching and then we run the samples and do the comparisons. Colors with the Domino are spot on.

**Lynn:** Yes, we have perfect color match.

## What about from a Sales standpoint with the Domino printed labels?

**Lynn:** It has been fantastic because salespeople like commissions. In the food & beverage segment, the Domino printed label really sells itself. We have connected with a co-packing plant and they see the Domino labels, there are always customers in there, and they say, "Oh, you produce this label?" We have gotten one customer after another, and because we can help with design capabilities some of these new food & beverage companies are very excited.

## Have you already seen an increase in sales revenue by using the Domino?

**Lynn:** Yes, we certainly have.



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## Tell me about your level of satisfaction with having the Domino?

**Lynn:** It has been great, but there is something that we haven't mentioned yet that is very important...the level of support that we have received from Domino.

**Paul:** The level of service that Domino provides is just a phone call away. I can call one of three or four people and get excellent service, whether it is technical or mechanical, the Domino service has been phenomenal.

**Lynn:** I have been very impressed. I have to say that in the beginning I was a little nervous. In the old days, the Encyclopedia salesmen would come to the door, get the sale, and you would never see them again. Domino is the antithesis, or exact opposite, of that. Domino is always visible and provides excellent service after the sale.

## What do you foresee moving forward in terms of how Domino digital printing plays a key role in your label printing operation?

**Lynn:** The Domino digital press is transforming our business. We have hired a new salesperson for the East coast to focus on the health & beauty market. We would not have done that without having the Domino. So we are really looking at the Domino in helping to grow our business.

**Paul:** We have interest from some of our major automotive customers...senior buyers and buyer managers, who are coming in here to see what we have to offer them, so it makes us more competitive. Having the Domino digital got them here, and it's giving us more opportunities to quote on new business.



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