

Not Your *Everyday* Carton Plant

A close-up look at **Color Spectrum Network** reveals a company that doubles sales every year serving customers that won't tolerate imperfect packaging.



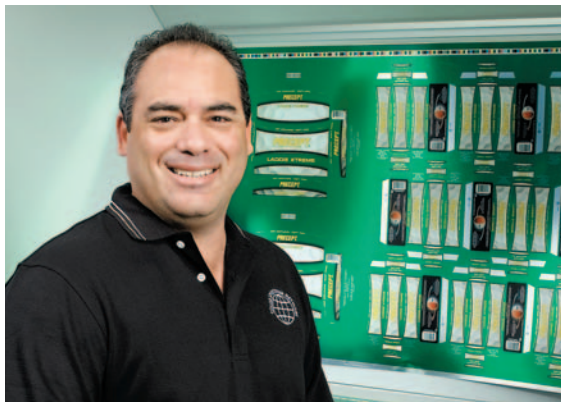
Not Your Everyday Carton Plant

By Nick Griffin

The first indication that Color Spectrum Network (CSN) isn't your everyday carton plant comes at its front door. Visitors to this Atlanta-based company are greeted and the host escorting them unlocks the plant door by placing his thumb on a biometric scanner pad.

"Security," he says. "The packaging we create here is extremely valuable to our customers and we go to great lengths to protect it."

Company CEO and President Gil Bonilla later explains, "A very high percentage of our work is for software companies — industry giants including Microsoft and Hewlett-Packard. Microsoft believes they lose billions of dollars a year alone through counterfeit products. Of course, the carton is the key component telling people that what's inside is the genuine article. Finished boxes walking out our doors could mean lost business for our customer. Even a handful of cartons could end on the street as thousands of dollars of counterfeit goods."



"It's a well established fact that better cartons convey the perception that they contain a better product and also translate into more visibility on the shelf."

G. Bonilla, president and ceo

In addition to biometric scans, CSN uses video monitoring and other stringent security measures. For example, 100 percent of scrap and setup sheets are shredded to ensure nothing leaves the CSN plant unless it's designated for a customer.

Creating Packaging that Sells

So just how special are the cartons CSN produces? An everyday job at CSN can easily involve seven-color printing, one or more UV coatings applied either inline or offline, one or two passes through an embosser-foiler, a pass through a flatbed diecutter and a windowing machine — all before being folded and glued into the final carton. Many pieces even feature a multi-page, P-O-P sales booklet integrated into the cover, like the packages CSN created for Intuit's Quicken and QuickBooks.

Customers understand that superior packaging makes economic sense whether you're talking about products that have a pretty high retail dollar value or something as simple as golf balls.

"For high ticket items, with high product differentiation, the carton is typically the least expensive component so our customers don't mind spending a few extra pennies for a graphically superior carton," Bonilla says.

The CSN Strategy — Leading with Technology

CSN's strategy is to stay ahead of the market by investing in new technologies and equipment that allow them to do "amazing things," Bonilla says.

"We're at our most competitive when the job is complex," Bonilla says with a chuckle. "Very few companies are invested in equipment and capabilities to the extent we are. Quality is and always will be our No. 1 competitive advantage."

Delivering the Goods — in Seven Days or Less

So after quality, what's No. 2? Mind-boggling speed. "Our ideal customer is one who values quick turn-around time," General Manager Roger Heil says. "Like us, they place a great value in not tying up money in inventory and work in process."

CSN delivers the job to the customer's dock within seven days — calendar days, not business days — from

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the time the purchase order is placed.

The CSN promise of seven-day turnaround is what drives the company's approach to investing in machinery. According to Heil, no other plant can match CSN's performance.

In addition, to continue to satisfy all its customers, the company has always believed in adding capacity prior to adding new customers.

Enabling Success

"Having equipment that can support our business model is critical," Operations Manager Daryl Millsap says. "When you are delivering the way we are, you don't have time for a machine to be down. Missing one day means the difference between delivering on time and being late. We rely heavily on the quality of the equipment and the manufacturers' excellent service. We need the best equipment the industry has to offer in order to do what we do."

CSN relies on a pair of six-color conventional and a seven-color, UV inline, 40-in. Heidelberg CD102 Speedmaster presses; two Sakurai offline, UV screen coater-curing system presses; and three Bobst flatbed diecutters ranging from a SP Evoline 102-E to a SP 104-ER, to its latest addition, the new SPanthera 106-LER. Other equipment includes a Bobst 102-BMA Foilmaster, a Heiber + Schroder windowing machine, a Bobst Media 100-II A-2 folder-gluer and the Bobst Alpina 110 A-3 folder-gluer with a Handy-pack-II box packing machine, and its newest folder gluer, the Bobst Mistral 110 A-2 CS, equipped with the latest source tagging and CD insertion devices.

Adding security tags is fairly routine for CSN.

"Many of our more expensive retail products have either the generic 'Checkpoint' or the more specific 'Sensormatic'

CSN's Atlanta location is critical to helping its distribution operations follow through on the company's seven-day delivery promise. CSN selected it on the belief that nearly 80 percent of the U.S. Gross National Product is generated within 1,000 miles of the city.

tags added," Bonilla explains. "This is done inline on the folder-gluer so it's just one more small step in a complex process. Customer requests have also moved us into fulfillment for some of our cosmetics and home products companies. In the software area we've always been working in a fulfillment capacity with the ability to insert CDs and DVDs on all of our folder-gluer."

Quality and Service Over Nickels and Dimes

Another different approach is the prepress department at CSN — it is not considered a profit center for the company. Instead CSN views prepress as a support center for the rest of the business and one more way to build relationships with customers.

"We don't nickel and dime customers over corrections or fixes to their files. Prepress' job is to assure quality and help keep things moving," Bonilla says.

CSN customers notice its efforts to up quality.

"While some customers insist on coming for a press check on their initial job with us, it's unusual if they feel the need to be here for subsequent jobs. Once they see what we're doing, and how, they're happy," Heil says. "In fact, Microsoft, with all the complexity and variety they've

"Even the guys who are doing quality work can't do what we do in terms of delivering to the customer. Their focus on large volume jobs simply ties up their equipment too long"

R. Heil, general manager



put through our plant, has never felt the need to witness a press run.”

A Well-Defined Niche

CSN has the built-in flexibility to service a wide gamut of customers, from industry giants like Coca-Cola to small software companies that may order fewer than two thousand units. The operation can turn on a dime so the “ideal” press run is anywhere from 5,000 to half a million pieces.

“We guard our capacity against jobs that are too big to preserve our unique business model of seven-day turnaround times,” Bonilla says. “We’ve had some buyers look at us with crossed eyes when we have said ‘no’ to large volume opportunities. I like to think customers and prospects feel refreshed when they see that their partners are companies that know their niche and stay within the framework of their business model.”



Folding and gluing are accomplished by Bobst Media 100-II A-2, a Bobst Mistral 110 A-2 CS and a Bobst Alpina 110 A-3 folder gluer. All are equipped with CD insertion and source tagging devices.



The diecutting area of Color Spectrum Network’s plant utilizes three Bobst flatbed diecutters and a Bobst 102-BMA Foilmaster hot foil stamper.



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D. Millsap, operations manager

CSN’s strategy of quality with seven-day delivery has been so successful that new customers are now approaching the company on their own. CSN expects that one such customer, who initially sought them out, will probably add approximately several million dollars’ worth of business a year.

Follow the Money

As president and ceo, Gil Bonilla’s background is as different from the norm as most of the other aspects of Color Spectrum Network’s business. Beginning his career in banking, he rose to vice president of corporate finance for Bank of America and later at First Business Bank. With this strong business background and an entrepreneurial spirit he founded a California print brokerage in the early 1990s.

Three years ago, Bonilla broke away from his California roots to open what is now Color Spectrum Network.

Bonilla moved and established this new company as a result of Microsoft’s decision to shift its distribution operations to the East and to be closer to the large replication houses, which serve most of the firms in the U.S. software industry. Bonilla considers the Atlanta location to be critical to CSN’s seven-day delivery promise.

The central location also provides protection from foreign suppliers.

“We do not consider China to be a competitor for the kind of business we do because they can’t produce product competitively and have it in the United States within seven calendar days,” he says.

The rest, as they say, is history.

“We doubled sales the first year. The second year we doubled again. We’re going into our third year now and we are probably going to double again,” Bonilla says with a smile.

Not your everyday carton plant, indeed. 