

Decision to invest in equipment pays off

■ Printing company has nearly doubled sales since putting focus of business on growth.

By ERIC POPE
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TROY — Two years ago Jim and Harriet Tepel of Tepel Brothers Printing Co. decided they couldn't continue to rack up impressive sales gains in Michigan's struggling printing industry without taking their business to the next level.

"We had been growing pretty steadily, but we were hitting a wall at around \$10 million" in annual sales, President Jim Tepel said. "Once you stop growing, you are really regressing."

In 2005, Tepel Brothers invested \$5 million in new equipment and a 17,000-square-foot addition to their production plant on John R in Troy. The centerpiece was a \$2.2 million six-color Heidelberg press that almost doubled the printer's maximum sheet size to 40 inches by 28 inches.

The staff almost doubled as well to 85 full-time and 15 part-time workers.

The big investment paid off when sales increased from \$10 million in 2004 to \$17.5 million in 2005. This year's revenues are projected to reach \$20 million.

"It was a tough decision because most of the 40-inch printers were struggling," Harriet Tepel

said. "We kept hearing you should stay where you are making money, but now it seems obvious that we had to do it."

The decision to go to the next level enabled Tepel Brothers to respond to the opportunity created when Graphic Enterprises of Madison Heights went out of business. The Tepels picked up six salespeople who had experience selling printing that required the larger 40-inch sheet size.

In recent years, several other Michigan printers have gone out of business and there has been consolidation in the industry, but the downturn didn't affect Tepel Brothers as much as most other printers, according to Nick Wagner, president of the Printing Industries of Michigan.

Wagner said that previous success enabled Tepel Brothers to expand into a new segment of the printing market. "It's a huge investment," he said. "They wouldn't have been able to do it if they hadn't already been doing well with their current client base."

According to Chris Stamper, the print production manager at the marketing firm Brogan & Partners in Birmingham, the key to Tepel Brothers' success is constant reinvestment in equipment, unlike many printers who only update equipment when they have to or when business is good.

Stamper said that getting a press up and running took half an hour five years ago, but Tepel

Brothers has utilized new technology to reduce that unproductive time period to five minutes, which also cuts down on wasted paper. "That makes you very competitive with the printers who haven't invested in technology," he said.

He sees the same investment in employees at Tepel Brothers. "The people I started working with 12 years ago are still there. That's almost unheard of in this business," he said.

The Tepels have already spent \$350,000 on new equipment this year, and they plan to buy a second 40-inch Heidelberg press.

A new salesman convinced them to invest in another new technology, digital printing, that eliminates several steps from the traditional offset printing process and provides the flexibility of changing information from piece to piece. Digital printing accounted for 12 percent of sales in the first year and is on pace for a 25 percent sales gain this year.

Jim Tepel said that adding new equipment and increasing the sales volume from \$4 million several years ago to \$20 million this year has forced his company to constantly analyze and rewrite its production processes.

"What are we going to do better today than we did yesterday? I wake up with that thought every single day," he said.

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Jim and Harriet Tepel are the owners of Tepel Brothers Printing Co. in Troy. They started the company in 1989, with Jim's brother, Steve. The business has grown every year since then.