



# Printing Business Invests in the Digital Future

It has been almost 35 years since James and Simon Chan launched their company, AJ Graphics Printing, investing in two small machines to service the needs of its local neighbourhood market in Vancouver.

In the early days, it was easy to keep pace with change, says James Chan. "For 10 years, there were no real upgrades because technology didn't change that much." But as more clients came on board, they needed to invest more in the business, updating systems every three to four years to deal with the company's growth.

With advent of the Internet age and the slowdown of the traditional print market, the Chans realized it was time to rethink their strategy. "Traditional printing was no longer a growing market. We realized we needed to get better at what we could offer."

To differentiate themselves in the market, they decided to invest in \$500,000 worth of Xerox digital printing equipment to stay ahead of their competitors. This early move to state-of-the-art digital technology wasn't an easy choice to make because the print industry had been particularly hard hit by the recession.

But Chan considered it the ideal time to make an investment in the future. "We once were 100% offset printing. With this equipment, we are now 95% digital. That's how much the world has changed. Now that the economy is picking up, we are poised to grow our business 30% over the next two years."

The technology gives them the ability to handle short-run print jobs at lightning fast speed, and offer same-day delivery for the majority of orders. "It's all about service and quality," Chan says.

The investment is producing results. While a number of competitors have closed, AJ Graphics continues to add customers to its roster and has been designated a leader in its field by Xerox Canada.

For many growing businesses, investing in equipment is all about timing it right, says Simon Batcup, principal with Osborne Interim Management, a Calgary-based business consultancy.

Investing during a slowdown can be a particularly effective strategy; it allows owners the time to adapt and learn, he says. "Often when things are going crazy, you take on equipment but don't get all the real benefits it has to offer. In a slower time, you can really examine what that new technology can do for you."

Whether the investment is technology, trucks or any other type of equipment, businesses should understand that when there is money available, that's the time to make the move, Batcup says. "If you have a sound business plan and see potential, it's a good opportunity to make that investment because you never know what the future circumstances might be."



James Chan, co-founder of AJ Graphics Printing, is pictured in their printing offices in Vancouver, British Columbia on May 28, 2014. (Ben Nelms / Postmedia News.)

The favourable financing terms of recent years help in making those kinds of decisions, he adds. "The rates are something that haven't been seen in 30 years, making it an ideal time to acquire equipment."

For many businesses trying to cut corners, investment in technology is one area where they should apply some smart thinking before slashing the budget, Batcup advises. "When you're competing with big players, you have to move with that to keep up with the market changes in the 21<sup>st</sup> century."

Chan has no regrets. "We were one of the first to move into digital. A lot of competitors closed because of the slowdown and aging equipment. If you don't invest, people will forget you so quickly."

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## CIBC Tips: Investing in Innovation

- 1. Recognizing the Signs** If profits and growth begin to falter, it's not always clear if the cause is specific to your company or if there are external forces at play. Get ahead of industry trends, by maintaining vigilance of the competitive landscape. Conduct online audits of the competitions' web presence, including their product and service lines, follow trade publications, and consider leveraging relationships with your suppliers and clients to gain key insights.
- 2. Leading Edge vs Bleeding Edge** Consistently being first to market with a new product, service or internal process is a great way to differentiate your business from the competition. Being ahead of the curve will give you great advantages with like-minded suppliers and customers. However, it's critical that you do the research and test it before you launch – when you choose a new technology, make sure it's the right one and it will work for your customers.
- 3. Managing Cash Flow in Growth Situations** When to invest is as important a decision, as which technology you choose to invest in. Develop a business plan for expansion, including both short and long terms goals and ensure they are measurable. Use a cash flow calculator to understand the impact your investment may have to your cash flow and work with a financial advisor to have a financial plan in place to make your investment a success.

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