

# National Printing Research Council

## 2019 GOALS FOR INDUSTRY PROFIT LEADERS

**This 2019 Financial Model & Goals Sheet** is a one-page summary for owners who aspire to achieve or maintain "Profit Leader" status in the printing industry. The data is based upon the findings of various statistical studies published by NPRC during the past 18 months. We encourage you to print-out this goal sheet and post it conspicuously in your office where you can monitor it throughout the year.

### Top Quartile\* Cost of Sales

AVERAGE\*

26.6%

**You should strive to keep** your total Cost of Goods (COG) at 30% or below, keeping special attention to paper costs, since this single item represents the largest of all COG expenses in most printing operations. Paper costs should rarely exceed 10-12% of sales, regardless of whether you are primarily offset or digital.

### Top Quartile Payroll Expenses

AVERAGE\*

28.0%

**In order to achieve or maintain "profit leader" status** in this category, you should strive to maintain total payroll expenses (excluding those paid on behalf of a single working owner) between 28-30%. Ideally, every profit and loss statement should have a separate expense category labeled "Payroll" under which all payroll and payroll related expenses should be listed. This would include all wages, salaries, commissions, payroll taxes, employer FICA, Medicare, SUTA, unemployment taxes, health insurance, etc.

### Top Quartile Operating Expenses

AVERAGE\*

20.4%

**In order to achieve or maintain "profit leader" status** in the printing industry, you should try to maintain your operating expenses in the 20-22% range. Although typically considered as a fixed expense, don't make the mistake in assuming that these expenses cannot be reduced or eliminated. Examine every overhead expense and ask yourself if it is really needed. Remember, in tough times everything is negotiable.

### Top Quartile Owner's Compensation

AVERAGE\*

25.0%

**In order to be considered a "profit leader" in the printing industry** your owner's compensation should be in the 24-26% range. Owner's compensation is defined as "all the money that is left over in the business after covering all expenses, but before paying the owner a salary or providing him/her with any fringe benefits. Do not include salaries or payments paid to spouses or other working partners in your calculations. Note that the 25% figure represents the average of the top quartile, not necessarily the highest achievable number.

### Top Quartile Sales Per Employee (SPE)

AVERAGE\*

\$184,000

**In order to be considered a "profit leader" in the printing industry** your sales per employee (SPE) should fall within the \$160,000 - \$200,000 range. SPE is a highly accurate and reliable indicator of productivity in our industry. To calculate SPE, simply divide total annual gross sales by the total number of equivalent full-time employees, including all working owners and spouses required to produce those sales.

\* Indicates Average Achieved/Reported for companies falling in the 76-100% percentile.