

INTERVIEW

For those of you who do not already know him, I would like to introduce you to Chuck Gremillion, who, during his career in the reprographics business, operated in the Houston, TX market area. The name of his company was, or still is, "A&E – The Graphics Complex".

From Joel to Chuck, I very much appreciate your decision to participate in our "Masters of the Reprographics Business" interviews. Without further adieu, let's get on with our questions and your responses:

1. When did you first get involved in the reprographics business, and what was the first position you held? **My dad, Charley Gremillion, founded A&E in 1964 just before I turned 10 years old. As a kid, I used to help out in the shop removing tracings from the tray of a diazo machine as an assistant to the diazo machine operator, or by stacking prints behind the machine. By the time I got to college, I became a driver and even dispatched for a while.**
2. How many different reprographics firms did you work for during your career in the reprographics industry? **I worked for two reprographics companies in my career, A&E – The Graphics Complex and Thomas Reprographics.**
3. For how many years were you in the reprographics business? **Close to 40 years – almost 35 years as a fulltime employee and five years in high school and college.**
4. Did you start a reprographics company from scratch, and, if so, how did you capitalize the company and how much capital did the company start out with? Also, did you start that company with partners, or, if you did not, did you add partners later on? I did not. **My dad founded A&E in 1964 with \$2,200 in capital.**
5. If you did not start a reprographics company from scratch and joined an already existing business, how did you end up being the owner (or *one of the* owners, if there were other owners)? (Did you "acquire" a company? Did you move into an ownership position in a family-held company?) **A&E was truly a family-owned business. It was founded by my Dad and co-owned with my Mom. At one point my uncle (my mother's brother) was a partner in the business, but my parents bought his ownership in 1975. At that point in time, my parents began gifting stock to their eight children and continued doing so until all of their stock had been passed to my seven siblings and me, approximately 30 years later. I owned a 1/8 share of A&E, as did each of my seven siblings.**
6. If you had "partner owners", how did that work for you? What are the good points have having partner/owners and, if there are any, the bad parts? **My**

partner/owners were my seven siblings, and we all worked in the business at one time or another. In the end, my three sisters all became stay-at-home moms and the five brothers operated the company. We also had a brother-in-law who worked with us for more than 30 years. The good points of having “partner-owners” are that they are my brothers and sisters and we trusted one another, in addition to greatly enjoying each other’s company. Because we grew up together, and there was only a nine-year differential from me (the oldest) to my youngest brother Pat, working together as a team was not difficult. We learned to share and be unselfish at home, which is obviously critical to success in any relationship especially one with eight partners. We also made major decisions by consensus. I can honestly say that there were no bad parts. The part that I miss most about being retired from the reprographics business is not seeing and working with my brothers on a daily basis.

7. When you retired from the business, did you retire from the company without selling it, and, if so, did you continue on as an “absentee” owner? Any thoughts you’d care to share with us about being a retired “absentee” owner? **We sold A&E to Thomas Reprographics in January 2007. I worked for Thomas until September 1, 2011.**
8. If you sold your company (or more than one), when did you sell your company, and why did you sell your company when you did? Do you regret selling your company when you did? **We sold A&E to Thomas Reprographics on January 3, 2007, and we sold for a number of reasons. First, because A&E was owned by eight brothers and sisters, we knew that it would not be realistic to pass ownership to the next generation. There were too many grandchildren (29), and the potential for hard feelings was too great. Secondly, my brothers and I recognized the shift in technology in the AEC industry which was coming that we believed would greatly affect the most profitable portion of our business, large format black and white printing. Thirdly, tax rates were low and we feared that they could be raised once George W. Bush’s second term as President of the United States concluded. Finally, the U.S. economy was on a roll and we believed that timing to sell A&E, and maximize our return, was optimal. In hindsight, based upon the criteria listed above, we made the correct decision for our family. While I truly miss the people in the reprographics industry, and those that I worked with at A&E (and later Thomas Reprographics), I have no regrets.**
9. At the time you sold your company, how many locations was your company operating? (not including “FM”-sites locations) **We had four, one superstore and three small stores.**

10. At the time you sold your company, how many people were on your company's team? **Approximately 250-260.**
11. When you sold your company, did you agree to stay on with the company for a period of time after the sale? And, if you did stay on for a period of time after the sale, how was it different for you, if it was different? **As mentioned earlier, we sold A&E to Thomas Reprographics. I did not have an employment contract. I was a member of the TR executive team, first as a regional president and later as COO, and worked for TR for over four and a half years. I believe that anytime one owns a successful company, and then sells it to another successful company, it is "different". The biggest adjustment relates to differing philosophies and values.**
12. Would you briefly share with us your frame of mind during the first year or so after you *retired*? Was it a difficult transition? Did you go through, or not go through, *withdrawal*? **There was almost a sense of relief. I had worked for 34 years and 8 months (full-time), and the longest period of time that I had ever taken off was two weeks. After retirement, it took several weeks to de-program my mind. On the first few Sunday evenings after retiring, I would get a sense of increasing anxiety until I realized that I didn't have to go to work the next day, which was a very cool feeling. During my time off, I have had a chance to read several great books and become much more physically fit. I now run at least three times a week anywhere from 4-6 miles at a time. I am now off of blood pressure medication as well. However, I do miss the competition as well as interacting with and leading a team of people to pursue a vision and execute a plan to achieve it. If the right opportunity came along to lead another company, I would consider it.**
13. Did your company ever "merge" with another company, and, if your company did, did the merger benefit your company, and, if it did, how so? **No, we did not. We were purchased by Thomas Reprographics. One of the advantages was that the TR purchasing power enabled us to reduce our equipment and raw materials costs.**
14. Different from a "merger", did your company ever "acquire" another company, and, if you did, did the acquisition benefit your company, and, if it did, how so? **We never acquired a company.**
15. Regarding any acquisitions or mergers you completed during your time in business, did they accomplish what you expected they would accomplish? With the benefit of 20/20 hindsight, what are the key issues to be aware of to ensure success with an acquisition or merger? **To me, there is no such thing as a merger. One's company is either the acquirer or the acquired. The simplest advice that I would give is to understand the goals and values of the acquiring**

party if your company is the one being purchased, especially if you expect to remain with the acquiring company for an indefinite period of time.

16. What's your definition of "success"? **To me success is working with a team to establish a grand and clear vision of success for one's organization, establishing a culture that makes that success possible, developing and executing a plan that achieves that grand vision while (this is critically important) celebrating the team's achievements along the way. For me, outside of raising children, there aren't many greater thrills in life.**
17. Given your long experience in business, how did you, back when you were still in business, rank the importance of these issues, from the eyes of customers you did business with?
- Price
 - Service
 - Quality

In our organization, Service was followed very closely by Quality because that is what creates the value in the customer's eyes that justifies Price.

18. In your opinion, do customers rank those issues differently today, and, if so, how do they rank these same issues, nowadays? **I believe that price becomes increasingly important to the customer in difficult economic times because, just as we witnessed during our most recent economic recession, all firms begin looking for ways to reduce cost. However, I also believe that if the customer views one's services as a commodity, the more important price becomes. The battle that I believe that most reprographers are fighting today is to not be perceived as a commodity. I believe that the changes in technology, which we have witnessed, have made it easier for customers to commoditize the services provided by reprographers. The obvious takeaway is to always work to create and establish value in the customer's eyes in order to gain mindshare. This is achieved through innovation, difference-making service and outstanding quality. Apple is an outstanding example of a company that has been successful in doing this in a field with many competitors who provide commoditized products. If one is successful in creating value to the customer this will translate to higher margins, greater market share and growing profit.**
19. What's your philosophy regarding "team building"? **I am a passionate believer that if an organization is to be successful, it must do it as a team. In order to push a team to achieve a grand goal, the CEO and executive team must work to create a robust organizational culture:**
- that values selflessness and minimizes/eliminates organizational politics**
 - where the CEO and other executives are perceived as servant leaders who are genuine, visible, and easily accessible**

- where accountability is an expectation
- that recognizes outstanding individual and team performance
- that celebrates success

20. What was your approach to communicating with team members and encouraging/motivating team members to really get engaged? **In addition to following the philosophy described in my answer to question #19 above, we were an open-book company. We shared our goals with the entire organization and our progress towards achieving those goals. We did this through quarterly meetings with all employees called State of A&E Meetings. In these meetings, we shared our income statement from the most recently concluded quarter and the last 12 months. I would also compare our results to the previous year. I would explain the meaning of each line item and how our actions would affect each respective line item both on the revenue side and expense side. Also, once a year in one of these meetings, I would explain the meaning of our corporate vision and each of our core values. I found that these meetings were a tremendous communication vehicle, which created trust and alignment in our company while playing a huge role in our success.**
21. How did you retain key team members? **By following the practices described above, we were able to develop a strong brand that enabled A&E to become “an employer of choice”. In addition, we created phantom stock for managers, which paid them in the event of the sale of A&E to a third party. This obviously occurred in January 2007. The purpose of the phantom stock was three fold. First, given that A&E was a family-owned business, we want to provide our key employees with a sense of ownership (skin in the game), even though they weren’t owners, as well as motivation to help us achieve our organizational goals. Second, we wanted to provide them a reason to remain a part of our company. Third, we wanted them to celebrate with us if and when we did sell the company.**
22. What was your basic business philosophy? **Establish a grand vision of success as well as core values to guide performance and behavior, and bring them to life. Create and execute a strategic plan to achieve the goals that fulfill the vision. Communicate all of these to every member of the team emphasizing his or her role and importance. Measure performance. Communicate to the entire team the results of the organization’s performance, and privately to each individual the evaluation of his or her performance. Recognize and reward outstanding performance (publicly if possible) while holding those accountable who do not perform. Celebrate success!**
23. What are your thoughts on; Collections, savings, borrowing, growth, owners role in business, delegation, profit? **Someone was must “own” (have primary responsibility for) collections and they must follow a prescribed policy.**

However, there also must be some gray area in that policy that provides them autonomy. Our feeling was if a customer was communicating with us, and trying to pay us, we wanted to work with them. The person in charge of our collections, in many cases, was able to develop a trusting relationship with our clients because she was never threatening and always understanding. Our Days Sales Outstanding was almost always a healthy number as a result. One final note about collections, nothing is better for collections than a great relationship with a customer, which emphasizes the importance of immersing oneself in their organizations and community.

With regard to savings and borrowing, we had, and believed in, maintaining a healthy cash reserve that we added to monthly if possible. We also rarely borrowed. We almost always purchased our equipment and paid cash for it. Unless there is a strategic reason to borrow money, I am not a fan of incurring debt.

All of our growth was organic in nature. We never purchased another company. Personally, I believe that organic sales growth is the healthiest, and most challenging, way to grow. It is also the most risk averse method of growth. We also believed that organic growth was something that we could more easily manage. Organic growth worked best for our company because it matched our goals, but if we had owned ARC we probably would have had a different viewpoint and our goals would have been different.

I believe that a company cannot live and grow to its potential unless the owner and management team learn to delegate. One of the reasons that we were attracted to the principles of Total Quality Management is because it taught us to define the goal for our employees, teach/train them how to be successful in their work, provide them the resources necessary to succeed, put them in control of the process, measure performance, expect accountability, provide recognition of outstanding performance and celebrate success. People want autonomy. No one wants to be micro managed, and shouldn't be unless they are new or underperforming. This all translates to an organization where delegation is required in order to succeed. Show me a company that does not delegate, and I will show you a company that is no where near capable of reaching its potential.

Like everyone else, profit is what this game of business is all about. It is our own private scoreboard. I love the sports analogy with business. If one builds a healthy organization with strong leadership and a healthy culture, everyone on the team knows what the goal is and their role in helping the team achieve the goal, the right people are recruited, developed, and valued, resources required to succeed are provided, accountability is expected, performance is measured and outstanding performance is recognized, then the winning results

show up on the bottom line (the scoreboard). With good profit comes more opportunity as long as it isn't taken out of the business in an unhealthy fashion.

- 24. Kindly estimate the percentage of your sales that came from customers involved in the A/E/C Industry. When we sold A&E to Thomas Reprographics, I believe that 55% of our sales were to the AEC market.**
- 25. How did you communicate with customers? Newsletters, seminars and other marketing activities that placed an emphasis on event sponsorship and community involvement. It was also our goal to immerse ourselves in our customers' organizations and activities. We networked with them continuously.**
- 26. How did you get feedback from customers? We conducted an "Annual Customer-Satisfaction Survey" where we compared the current year's results to previous years' results. We began this survey in 1994 and continued conducting it until I departed. The feedback and results were incredibly valuable. In addition to providing a measuring stick of how we were doing, it gave any disgruntled customers an opportunity to vent (and a chance for us to correct a problem). Also, it provided customers an opportunity to compliment our team. We found that this not only reinforced and strengthened our brand, but also provided feedback to our team members, much like receiving a report card in school. In addition to providing a measurement of our performance, it also gave our customers an opportunity to suggest how we could enhance and improve our service. Many of the enhancements, additions and changes to our service offerings through the years were made as a result of the feedback from this annual survey. One final observation about the effect of these surveys, many times customers would rave about their customer-service experience and we found that by providing them the vehicle to do so only deepened their roots with A&E, which made them a more loyal customer.**
- 27. What factors led to your company's success in its geographic market area? See all of the above!**
- 28. If you did attempt to do so, how did you differentiate your business from your competitors? The simple answer is "see all of the above" again. However, we felt that if we could create a very strong brand that we would be able to attract the best and brightest employees, grow market share and create a company with high-organizational self-esteem. We also felt that this strategy was synergistic.**
- 29. Were you able to expand into new services / business segments? And, if so, what services / segments did you add during your career and were your expansion efforts successful? If not, why not? In the late nineties, we**

- recognized that our business was far too AEC centric. In addition to having all of our eggs in one basket, so to speak, we realized that we could grow more quickly while creating some revenue diversity if we were to expand our service offerings. We focused and invested heavily in the grand-format color market as well as the narrow-format black & white and color markets with success. At one point we were also in the computer networking business but exited it after approximately three years. The person who spun it off from A&E was quite successful though.
30. Did you expand your company's reach geographically, and, if so, were your geographic expansion efforts successful? If not, why not? **We focused on the Houston market only.**
31. What were your best sales techniques/tools? **Some of our greatest success with our sales organization occurred when we focused our sales team on specific vertical markets as opposed to having a team of generalists. This was also supported by different marketing activities such as what was described above. In addition, we had a detailed sales plan and set sales goals for each of our salespeople.**
32. Did your company offer "Facilities Management" (FM) services? Staffed? Unstaffed? And, if your company was in the FM business, how did being in that business help - or, to the opposite extent, hurt - your overall business? **Yes, we provided both manned and unmanned FMs. As I feel certain that others will corroborate, an FM of any sort deepened our roots in an account.**
33. What business books, if any, would you recommend reprographers read? **My favorites are *Built to Last* by Jim Collins and Jerry Porras, *Good to Great* by Jim Collins, *Switch* by Chip and Dan Heath, *Outliers* by Malcolm Gladwell and *Seven Habits of Highly-Effective People* by Stephen Covey.**
34. Did you have a mentor (or more than one) when you started in business or later on, and how did having a mentor (or mentors) help you? **My mentor was Herb Liberman, formerly of BPS in San Francisco. In addition to being a terrific role model, Herb taught me to trust my intuition among many other things. Herb had, and still has, a wonderful way with people. I still keep up with Herb, who now lives in Healdsburg, CA.**
35. Would you share with us two or three of the most significant "good decisions" you made during your career? **These are in chronological order. First, immersing our company in the principles of Total Quality Management. Second, promoting my brother Pat to be in charge of sales and marketing. Third, (this was a consensus family decision) the decision to sell A&E when we did.**

- 36.** Would you also share with us two or three of the most significant “bad decisions” you made during your career? **First, keeping a sales manager far too long because he was perceived to be brilliant. Our sales team literally cheered when we terminated him. Second, giving each of our employees a box of grapefruit as a Christmas bonus one year. What a morale killer that was. LOL!**
- 37.** If you could go back in time and start (or acquire) your business again - with the same tools available then but knowing what you know now - what would you do differently? **I wouldn't do much differently because I am a strong believer in the business philosophy described in this document, which has evolved and incrementally improved over time. In other words, I have learned what works and what doesn't and put it into practice. (That doesn't mean that I am not still learning though!) One thing that I believe I would do quicker is to replace those who aren't performing. I found that when we were slow to make a change it not only lowered our performance as a company, but it also lowered morale because upper management was perceived as tolerating poor to mediocre performance.**
- 38.** What's your view of the importance of networking with other reprographers (competitors *and* non-competitors)? **It is critically important to success. Not only can one learn from one's peers, but also when one has a good relationship with his or her competitors, competition tends not to be as savage resulting in higher prices in the market and, hence, higher margins. I cannot count all of the good things and great ideas from which we benefitted because we got to know our peers and competitors who then shared with us. Some of my best friends in the world are people that I met at reprographics' industry events.**
- 39.** Is “branding” important, and, if you think it is, how so? **Having a strong brand is critical to attracting customers and employees, in addition to creating greater value in one's company. When one has a strong brand, everything becomes easier. My philosophies regarding and related to branding are included in many of my responses above.**
- 40.** Which reprographics industry associations, organizations and/or affinity groups did you or your company participate in? Did your involvement with these associations or groups help your company's success, and, if so, how so? **We were active members of IRgA, ReproMAX and Firepower. My involvement and the involvement of others at A&E had a huge influence on A&E's success. It is where we met people who shared ideas with us that made us better, and we did the same. I strongly believe that our participation in these groups elevated the awareness and perception of our company. To steal from the old MasterCard television commercial, the benefits that we garnered from our involvement in these groups were “priceless”.**

41. What common thread do the following businesses/industries hold in common: newspaper industry, map and atlas industry, magazine industry, publishing industry, phone book industry, reprographic industry? And, can we learn something through that common thread; can our industry apply the 'lesson of the common thread' to our current circumstances? **The common denominator to all of these industries is that the information that each provides, when printed, is out of date almost before it reaches the consumer. The lesson learned is that the reprographics industry must find innovative ways/methods to leverage technology to create value for its customers.**
42. How do you view the future of the reprographics business and industry, five years from now, ten years from now? **I am probably not a good person to answer this question because I always counted on others in our company to look into the future for me. That being said, I believe that those who will succeed will find ways to create value for their customers by providing them timely information and solutions specific to their evolving technological needs. More specifically, I believe the solutions of the future will be closely tied to software applications and storage solutions that reside in the cloud. I believe that the days of all companies owning and maintaining a room(s) full of servers will go away and be replaced by service providers with a solution that removes the pain associated with owning servers that run one internal network.**
43. In your opinion, what are the key issues that reprographers should be concerned with, now and as time marches on? **It is critical that reprographers find ways to provide value in this digital world, much as we did when print was king. Reprographers must be innovative and get out of their comfort zone. In my opinion, the successful reprographer of tomorrow will probably look very different than the successful reprographer of today. I also believe that diversification of service offerings is very important.**

Interviewer's comment:

Chuck Gremillion is in the management consulting business.

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