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Reed Business Information

CONVERTING

PRINTING, PACKAGING, LABEL SOLUTIONS

INSIDE:
Experienced label maker integrates automated equipment into the process to improve capabilities and clean up the work environment.

EQUIPMENT REVIEW 2006

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Room to grow

New color presses, larger plant help Diversified Labeling prove that it's much more than just "blank labels"

A lot of converters would love to have the problems Diversified Labeling Solutions (DLS) needs to deal with. Headquartered in Itasca, IL, DLS has grown significantly since its inception in 1985. In the last 20 years, the company has diversified its product portfolio from providing just printed tape to the packaging industry to specializing in the pressure-sensitive market. DLS now offers everything from barcode labels to custom—printed labels used for point-of-purchase displays.

In 2004, sales increased by 14.5 percent and in the last six years, DLS has doubled in size. DLS also opened up two more production facilities, a plant in Carson City, NM and one in Norcross, GA, and a ware-house in Dallas. And just last year, due to its aggressive growth rate, DLS moved out of its 45,000— and 12,000-sq-ft facilities in Buffalo Grove, IL, and into a consolidated 142,000-sq-ft plant in Itasca.

"It's a lot of overhead to swallow but we're much more efficient from a labor standpoint and from a throughput standpoint," says Bob Hakman, DLS owner and president. "I look at it like this is our tough year because we're going through a large cost and capital expenditures expansion stage, but as we add sales, our costs improve and we become a stronger competitor in the market."

After the move, there were noticeable improvements in press efficiencies and the handling of raw materials and finished goods. Employees were no longer tripping over each other, and the new plant's layout gave the company a smoother workflow "I think before (the move), people looked at our facility and said, 'Well it's nice but it's crowded,'" Hakman said. "People that see a nice, clean and organized facility, people's perspective of your business will be completely different. People (that see the new facility) will have confidence that we'll have the ability to take care of their larger pieces of business."

Recognizing the value of production floor space, PAC designs feature overhead installation of components and ductwork for a seamless integration into any facility.

The layout of Diversified Labeling Solutions' new 142,000-sq-ft facility gives employees room to move and work efficiently. Plus, there's still plenty of space for future growth.



And now that there's room, Hakman added three new presses—a 4- and a 6-color, 10-in. Nilpeter (www.nilpeter.com); and an 18-in., 4-color PCMC Webtron (www.pcmc.com). The plant now has a total of 13 presses, six diecutters and 10 slitters. Hakman expects to acquire even more new equipment early this year.

“We have a lot of capabilities here,” he said. “We’re doing a lot of process work, and we do a number of shelf-talkers now.”

Much more than blanks

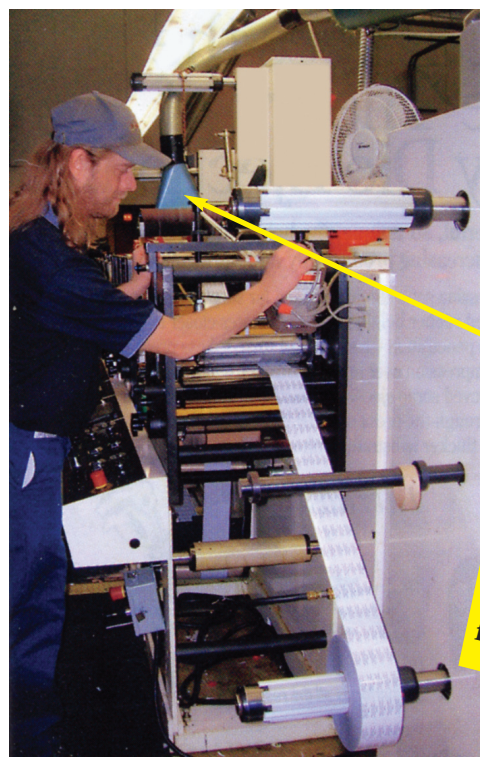
Process-printing work accounts for about one-third of DLS's business; the rest is in variable-imaging products. “We were somewhat lucky in that fact that I really got interested in barcode technology early on,” Hakman recalls.

Although DLS has been very successful in the barcode industry, Hakman hopes to show customers that the company is capable of doing more. In September 2005, DLS launched its Website, which details the multiple services the company offers. “A lot of the time, people had us pigeon-holed as being able to do only

blank labels,” he said. “We want to say (with our new Website), ‘Look at all the presses we have.’ That’s important for us as a company to make a statement that we do a lot more than just blank labels. The Website really helps to push the capabilities that we now have.”

Along with lists of products and services, the Website provides a brief company history and features a video that talks about the company's philosophies and processes, such as selling only through distributors, which Hakman credits as a reason for DLS' success. “We stand behind our products and we're true to our business model. Combine that with our dedicated group of employees who truly care about the company and our customers. It all blends to make us a solid company and a lot of distributors out there buy into the fact that we're a good solid supplier for them,” he said.

Custom infeeds automatically capture matrix waste from the press and quietly carry it to a receptacle at the back of the building for easy disposal.



Press operator Mick Slavik works on a 1-color job with lamination on the converter's new 4-color Nilpeter press.

SPECIFICS:

DIVERSIFIED LABELING SOLUTIONS: Itasca, IL
OPERATIONS: Pressure-sensitive labels, barcodes, tags, and process-printing work
PLANT SIZE: 142,000 sq ft
EMPLOYEES: 100 at Itasca facility, 140 company-wide
MAJOR EQUIPMENT: 13 presses, including two new 10-in. Nilpeters—a 4- and 6-color, and a new 18-in., 4-color Webtron; six diecutters (among them a Mark Andy, Nilpeter, Webtron, an Aquaflex and Allied Packaging Systems & Supplies) with a maximum width of 18 in.; and 10 slitters with a maximum width of 20 in.



“We’re interested in manufacturing and supporting our distributors’ work,” adds Josh Reider, DLS general manager, in the video. “We understand they’re better at selling, and we understand our area of expertise is in supporting that sales process through technical support, recommendations, through a solid quality control and service process.”

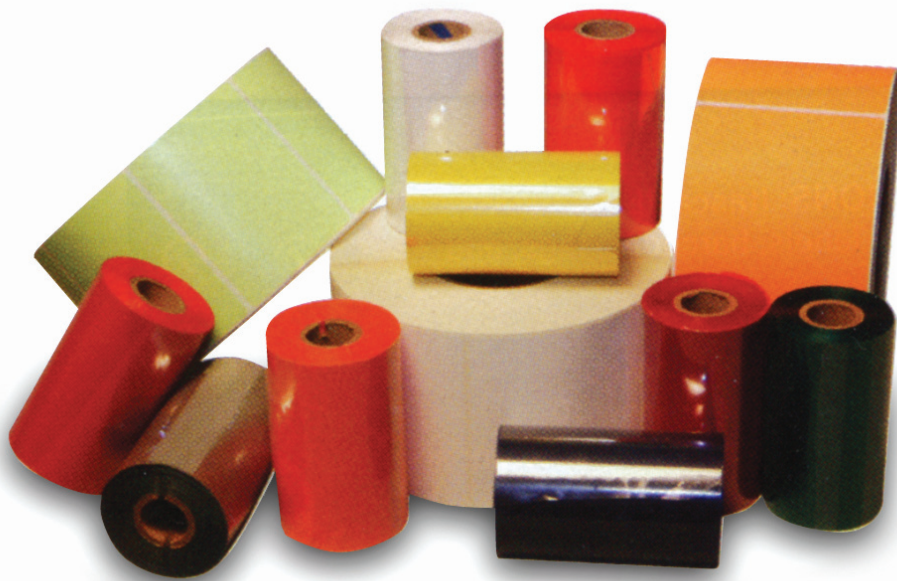
Removing roadblocks

With outside communication in place, DLS is also turning its attention to improving business from the inside as part of a long-term growth strategy. Since moving to the Itasca plant, Hakman has upgraded the computer system to offer customers more options, such as order placement and tracking online via the Internet. He hopes to have this feature available later this year.

A sampling of DLS' custom-printed, p-s prime labels.



DLS' thermal-transfer ribbons and labels.



"We're trying to be one step ahead," Hakman said. "I know there are some competitors we're playing 'technology catch-up' with and some guys that we're ahead of, but we're trying to be as technologically advanced as possible."

Hakman's growth plan includes implementing an automation program. Turrets and splicers will soon be added to machines to boost efficiencies, promote line uptime and reduce labor costs. "You

have to try to make yourself the most competitive player in the marketplace," he said. Integrating automated equipment into the process immediately eliminates a number of mundane tasks that can get in the way of productivity"

While trying to make the most out of his automation program, Hakman is also aware that implementing it will take time and money. It all depends on the product mix and what you're running, he says. "A

lot of those things take time to set-up so short-run jobs are not a good fit. We'll automate, but only to a certain degree."

Hands free

Alongside turrets and splicers, Hakman also invested in an automated matrix waste removal system from Precision AirConvey Corp. (PAC) (www.precision-airconvey.com). The system captures the sticky p-s matrix waste at the press, cuts it into pieces and pneumatically evacuates it through a network of overhead ductwork right into a compactor with virtually no human involvement.

The PAC system has made a substantial contribution to keeping the work environment clean and uncluttered," Hakman said. It also cuts thousands of dollars from raw-material costs per day "The savings in raw material alone paid for the entire system in just over a year," he adds.

The new facility not only gave DLS employees room to move freely, it's also opening opportunities for improvement and growth. According to Hakman, the combination of multiple plants, a national presence and the new headquarters should win DLS a number of large pieces of business within the next several months.

MORE INFO:

CONVERTER:

DIVERSIFIED LABELING SOLUTIONS

630/625-1225, fax: 630/773-9585,

www.teamdlsolutions.com

SUPPLIERS:

PRECISION AIR CONVEY

302/999-8000, fax: 302/999-8510,

www.precisionairconvey.com

NILPETER

800/835-1576, fax: 513/489-4450, www.nilpeter.com

PAPER CONVERTING MACHINECO.

920/494-5601, fax: 920/494-8865,

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