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STRATEGIES

Lightning Labels steals thunder via digital path

BY BRIAN GIULIERI
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A few years ago, all-natural products manufacturer Raining Rose Inc. of Cedar Rapids, Iowa, needed 64 types of labels for a new line of shampoos, conditioners and lip balms.

A flexographic printing company that used big, mechanical presses with pre-mixed inks, screens and plates to print labels charged CEO Chuck Hammond \$15,000 — just for machine setup.

Halfway through the project, a consultant told Hammond the ingredient list had to be changed — thus requiring new inks, screens and plates that would cost another \$15,000.

“We kind of learned the hard way that flexo printing is a terrible way to start a project,” Hammond said.

He went ahead with the project, but that nightmare prompted Hammond to research digital printing. He connected with Denver-based Lightning Labels, a digital label printing company that’s increased its revenue by 500 percent in the past four years.

Peter Renton founded Lightning Labels in 2002, designing it to make small quantities of custom labels for small-to-mid-sized businesses cheaper, faster and better than traditional flexographic label printing.

Digital printing presses don’t use plates, which Renton said saves time and money. The artwork is printed directly on the press, allowing Lightning Labels to print several small jobs in the same amount of time it takes to set up a flexographic printer.

Printing labels on flexographic printing presses requires separate plates for each color used, and those presses can print only one image at a time, Renton said, adding they cost at least \$200 for a standard four-color process job, plus another



Kathleen Lavine / Business Journal

Peter Renton (left), director of business development, and Steve Smith, president of Lightning Labels, get wrapped up in their work.

\$150 to set up and run the machine.

That makes using digital printing presses ideal for label orders of less than 10,000.

Regarding flexographic printing, Renton said, “Before you’ve printed one label, you’ve had \$350 of costs incurred.... The reason why digital is so good for short runs is we can have the job printed and out the door before they’ve even set up on their press.”

Renton said the company has invested \$1.4 million in equipment since 2002, and

this year acquired the first two HP-Indigo WS4500 digital presses in North America. He said the presses offer enhanced quality and increased printing capacity.

“What sets us apart is that we’ve built this company from the ground up with one target in mind — the small quantities of labels,” Renton said. “We have the highest-quality equipment you can buy. That combination, we’d like to think, is unbeatable in the industry.”

Before Renton got into the digital printing business, he ran the U.S. division of Renton’s Inc., a label catalog company his father founded in Australia in the 1960s.

And when the company that printed Renton’s labels went bankrupt, that created a problem and an opportunity.

Inspired by digital printing technology he learned of at a trade show in 2001,

AT A GLANCE

Lightning Labels

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President: Steve Smith

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Web site: www.lightninglabels.com

Employees: 19

Renton said he took a chance and founded Lightning Labels in 2002 to serve as the catalog company's print vendor.

"I had to do something fairly fast," he said. "So that's when I thought, 'You know, I'm going to start my own company.'"

Renton sold Renton's Inc. in 2005. He said Lightning Labels became a success by positioning itself as a digital-only printing company, enabling it to master the technology.

"We have roughly 100 direct competitors," he said. "But what's different to us is that we have very few competitors who are digital-only. We have built this business from the ground up to be digital, a whole work flow."

By focusing on small-quantity custom-

run labels, Lightning Labels President Steve Smith said, the company serves a clientele that previously had to justify the cost associated with flexographic printing by purchasing large quantities of labels.

"Essentially it created a market of its own accord because people are becoming wise to the fact that doing short runs, multiple versions can be a great cash savings for them," he said.

Finding this clientele proved challenging. Renton said traditional advertising and marketing techniques provided little help; the company sustained initial losses of \$20,000 per month.

Switching to an all-search engine marketing campaign instituted by Smith — a 30-year IT veteran — in 2003 turned the tide.

"Suddenly the phones started ringing, it was amazing," Renton said. "Our sales quadrupled within one month, from a pretty low base. Then we just kept going on like that."

Lightning Labels revenue nearly tripled from \$380,000 in 2003 to \$960,000 in 2004, and reached \$2.3 million in 2006. Renton expects it will top \$3.8 million in 2007. The company has 19 employees, more than 3,000 customers nationwide and adds 150-200 more each month, he said.

"Most of the traditional label printers have a different model," Renton said. "They have sales reps, they don't know the Internet very well, don't know search engines very well. We've got a huge advantage there."

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