

# Labels & Labeling

The wider world of narrow web

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Lightning Labels  
reprint

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*Custom Product Labels & Stickers  
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# Lightning fast labels

How does a label converting company with no external sales force, run by a management team with no printing experience, achieve annual sales of \$2 million within four years? **Katy Wight** reports

**L**ightning Labels of Denver, Colorado, is not a conventional label converting company. A purely-digital operation, it has not only harnessed the very latest in label printing technology, but it is also promoting its business primarily over the internet. Run an internet search for labels in the US, and Lightning Labels is likely to appear as one of your options. The company has successfully captured a slice of the short-run market since it was founded in 2002 and is on target to achieve over \$2 million in sales in 2006 – not a bad feat considering its founder and the company president had no experience of label printing before they began their endeavor. The nature of digital print technology – its consistency and repeatability – has paved the way for a new brand of label converting entrepreneurs who have little need for knowledge of conventional print techniques.

Lightning Labels founder and director of business development Peter Renton grew up in Sydney, Australia, where his father owned and ran a label catalog business. The catalog contained a wide range of generic labels for businesses bearing slogans such as ‘past due accounts’ or ‘thanks for your business’, that he would sell and outsource to various label printers. Despite studying computer science at university, Peter joined the family business after graduation

the Indigo Omnius press at Print ‘01 in Chicago and I immediately thought that it would be a great opportunity for us, so I decided to start a new company. Eventually I sold the label catalog business to focus fulltime on Lightning Labels, because it had grown to double the size of the original company.’

Peter had only had to manage four employees at the label catalog company, so he started to look for someone to grow the business.

In 2004, he approached Lightning Labels’ current president Steve Smith to join him in partnership and lead the growth. Smith is a fellow Australian who spent 30 years of his career in the IT industry, specializing predominantly in ‘search’ – experience that Lightning Labels has really been able to take advantage of for their internet marketing. Both Smith and Renton admit they have a different approach than most label converters, but they are able to use this to their advantage.

‘I think that our backgrounds in IT have really helped,’ says Renton. ‘Rather than being scared by technology developments, we embrace them. I think that it also helps from a business management perspective.’

Following the initial investment of an Indigo Omnius, they bought their second press – an HP Indigo ws2000 – in October of last year and have teamed the presses with an offline

**“The company is on target to achieve over \$2 million in sales in 2006 – not bad considering its founder and the company president had no experience of label printing”**

and eventually bought it from his father. In 1991 he decided to take the business model to the US, and his brother took over the Australian branch.

‘We used to outsource all of our label catalog work to flexo,’ explains Renton, ‘but in 2001, our major converter supplier, who printed 150 varieties for us, went bankrupt. I had just seen

Vericut finishing system by Rotoflex. The company has grown fast and currently has fifteen employees servicing a niche customer base focused on quality short runs.

‘The vast majority of our customers are small businesses that are trying to get into their respective markets, but can’t justify the cost of a long run. We work for the real mom and pop



*The HP Indigo ws 2000 press*

“We keep all of our pricing online and transparent, but the instant quote is such a powerful tool for our customers. We think it probably saves us about three employees”

shops. We do work with a small number of brokers, but most of the labels that we print go direct to customers,’ says Peter. The bulk of the orders that the company receives are multi-version. Certain industries, such as nutraceuticals, where labels are constantly being updated and changed due to different regulations, are Lightning Labels’ ideal target market, but the company also services some larger clients who appreciate the quality and the fast turnaround. Sales are predominantly within North America, but the company has shipped all over the world and is currently working on a project with an end user in Norway.

Lightning is beginning to build up a large customer base of repeat business, but a staggering 90 per cent of new business is generated by the company’s website and presence on the internet.

‘Steve has fifteen years of experience with search engines so we focus on them and I think that it gives us a competitive advantage,’ says Renton. ‘We have leveraged our IT backgrounds for several years now.’

‘It’s no secret that the internet can be a powerful tool in marketing, but the challenge lies in how you harness that,’ adds Smith. ‘We are successfully doing it, but I am not about to tell you how! You have got to invest in all of the approaches and processes that are going to work for you. We don’t have a sales force to compensate, so we plough all of that cash into internet marketing.’

Despite having no external sales force, the company has grown 50 per cent year-on-year for the last three years and is set to achieve the same increment in 2006. In fact, Smith explains that one of the biggest challenges that Lightning Labels faces, is managing growth. At present, the production department handles over 20 jobs per day – although a single job could obviously have many different label design variations. The team at Lightning has worked hard to try and

keep down the administrative costs and processing time to a minimum for short runs.

‘We have done a lot of research in management software and looked for a package dedicated to digital label printers, but it just doesn’t exist. There are lots of print shop tools that are perfect for the web-fed offset and flexo markets, but nothing for digital -so we wrote our own. Without it, I think we’d be dead! The software takes a large chunk of the processing and automates it.’

Part of this software includes an online estimating tool, which enables customers to get a quote in seconds. ‘We keep all of our pricing online and transparent,’ explains Smith, ‘but the instant quote is such a powerful tool for our customers. No one that we know has got anything close to this and we think it probably saves us about three employees because we get literally hundreds of different quote requests everyday.

‘We’re not scared that our competitors can see our pricing. We are just trying to make the customer experience as easy as possible. There are other companies trying to do the same thing, but it is not just about hiring a programmer, it’s having an entire business plan based around this technology.’

Renton and Smith admit that they might not be the cheapest option, but enabling end users to order smaller quantities can be attractive, as it allows the customer to manage his cashflow better. Observers of the digital market will have noticed the enormous price variations between companies – many of whom have little idea of how to charge for their services – but Lightning Labels is committed to remaining competitive and recently moved to the HP Indigo ‘click charge’ pricing model, which Smith says, ‘is more consistent with our costs’.

After investing in the first Indigo press, Lightning Label decided



Lightning Labels' president Steve Smith (left) and founder Peter Renton (right)

to stick with the same platform and technology by buying an HP Indigo ws2000. The press is to a large extent the updated Omnium model renamed after HP acquired Indigo. This enabled them to share spare parts and also minimize operator training. They decided not to

opt for the high-end ws4050 model – and not only because of its cost.

'You may be doubling your speed with the ws4050, but you still have the same prepress and set-up for each job and our print runs are so small that you're not even going to save that much time. Our average run is only 150 feet of material, so you're only going to save yourself a couple of minutes. We might think about the ws4050 if it were half the price though!'

Another driving factor behind the second acquisition was having a back-up press when scheduled and unscheduled maintenance cropped up. Lightning Labels works a single shift, so with both presses it has plenty more capacity if its growth rate continues. However, they are always on the lookout for new technology that will address challenges that they face now.

'We haven't yet worked out how to cater to the people that want 50 labels,' explains Renton. 'The ws2000 is an expensive piece of equipment and people can get disappointed by the cost of the very short runs. You still have prepress, so a lot of effort goes into a 50 label run. We are definitely watching the developments in that part of the market though.'

Lightning Labels by nature is always on the look out for technology advancements: 'We try and keep one step ahead,' says Smith. 'The internet changes so fast and there are always new opportunities out there. We are focused on leveraging new opportunities within that model. We're not afraid of technology or change.' ■

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*Lightning Fast*

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