



Lynn Perenic, president and CEO of Argent Tape & Label, leads the weekly Huddle, in which the entire staff reviews its finances.

By Cory Francer

Back from the Brink

Seven years ago, a retired teacher took over a label printing business in decline. Through a transparent management approach and an investment in digital technology, Argent Tape & Label is poised for a successful future.

In 2009, Lynn Perenic was a retired teacher and Argent Tape & Label was the failing label printing division of Argent International, a diecutting and adhesive solution provider.

The companies, which were owned by Lynn Perenic's husband Fred Perenic, had endured years of mismanagement by personnel Fred Perenic had hired. When he made the decision to return to managing the business, he realized that Argent International was salvageable, but the Tape & Label division was in rough shape and should be closed down.

This is when Lynn stepped in to object.

"I said to him, 'I think I can do this. I can run this label company.' He was not real high on the idea of having me run this company because, 'What would a teacher know, you don't have enough time left in your life to learn everything you need to know to run a label company,'" she recalls him joking.

It took a bit more persistence and a promise that if she were unsuccessful, she would close the business. Eventually however, Fred Perenic signed Argent Tape & Label over to Lynn. She had minimal knowledge of the label and packaging world, but started her new position with a strong determination, drive and vision to reverse the company's fortunes.

Implementing Open Book

When Perenic first took over the Plymouth, Mich.-based business, she recalls that her first trip to the pressroom put the company's problems in perspective.

There were four presses on the floor, which Perenic says was encouraging, until she found out only one of them worked. To go along with the one press, the company had just one press operator among its three total employees, a stark reduction from the 25 employees it once had. Later that week, she met with the accounting department and the news there wasn't much better — the company had been saddled with a huge amount of debt.

Turning around this business would have been a daunting task for even the most experienced business executive.

"I didn't have a line of credit or a bank that would loan me any money," Lynn Perenic says. "I had \$16,000 in cash and I was living on receivables. There was no bank willing to lend me money. In fact, Argent International was specifically instructed to not lend Tape & Label any money by their own bank."

The retired teacher certainly had her work cut out for her.

Over the course of her first year in charge, Perenic estimates that she read at least 30 books on business and management. She attended 3M's Converter College Program as well as several business classes offered by Walsh College and Michigan State University. She absorbed all that she could through a training program offered by FlexCon and made the most of her newly acquired membership in the Tag and Label Manufacturers Institute.

But the most important move Perenic made when she took over Argent Tape & Label was implementing Open



Left: “Phatz Domino,” the new Domino N610i inkjet press at Argent Tape & Label.

Right: Ramiro Mendoza operates the 13” Delta ModTech finishing system in-line with the Domino inkjet press.

Book Management, a revolutionary management system pioneered by entrepreneur Jack Stack in *The Great Game of Business*, one of Perenic’s favorite management books.

The concept behind open book management is complete transparency of management decisions and company finances. Every employee, regardless of his or her job title, salary or seniority, has full access to the books and is responsible for their own financial stake in the business.

Immediately, Perenic says this unorthodox approach had a visible impact. She explains that once the books were open, she printed business cards for every employee and challenged them to get out in the community and be salesmen — even the pressmen. By implementing a quarterly gain share initiative, Perenic says that employees began to realize that by taking an active role in returning Argent Tape & Label to profitability, they would reap the benefits as well.

“We had weekly meetings where I taught how to read an income statement and balance sheet,” Perenic says. “I still hold financial literacy training sessions once a quarter. It’s made a difference in people’s lives, which goes back to teaching.”

These weekly “huddles” have developed into an essential element of the business. Perenic explains that the huddles have helped keep all of the employees sharp and on their toes, as the entire staff meets in an open environment to report their numbers.

The Turnaround

Despite the positive changes Perenic instilled, a negative company culture still had to be overcome. For example, one of the first glaring examples of how bad things were, came when Perenic learned one of her employees had been punching into work an hour early and punching out an hour late.

But, she says through open book management and illustrating how this type of behavior didn’t just rob the company of money, but hurt the other employees as well, this worker quickly bought into the idea that if he wanted to make more money, it would be far more beneficial to take it upon himself to find ways to increase revenue.

It was this same employee who less than a year later did something that proved to Perenic that her

management style was making a difference. It was the first time that the company reached a level of profitability to where the employees could receive a gain share check. It wasn’t much — just \$15 — but this employee returned the check to Perenic stating he thought the company needed the money more than he did.

“I would say that was a real moment where they all saw they could make a difference,” she says. “Normally, you have pressmen standing at their press, saying, ‘I get paid by the hour. I don’t care how long [a job] takes.’ They were now finding ways to be more efficient and turn a profit, all without sacrificing quality. They all started coming up with great ideas.”

For example, Perenic says employees started pitching ideas to run a job two-up versus one-up. They were making an effort to sell the business in the local community, leaving behind business cards at any local business they thought could use labels.

With business on the upswing, Perenic says that around 2011, the company began to explore some new markets. Initially, Argent Tape & Label had largely served the pharmaceutical industry, but had lost much of that business prior to her takeover. Being based near Detroit, she explains it was a natural fit for Argent to enter the automotive labeling industry.

This is where she got creative in leveraging Argent International, which is located right next door. Since Argent International is so heavily entrenched in the automotive industry, Perenic says she was able to bring her husband’s employees on board as “dual citizens.” She didn’t pay their salary, she explains, but made them commission-based manufacturer’s representatives for Tape & Label, providing the company with a low-cost entry into the competitive automotive market.

‘Phatz Domino’ Comes Aboard

While the employees were becoming more invested in the business and sales were growing, there was only so much that could be done with a fleet of four flexo presses dating back to the 1980s — especially when only one of them was fully functional.

It took some time, but eventually the presses were all brought back up to full functionality and the company added a few more, bringing the total up to six flexo

presses. The company now runs three Webtron 650s, ranging from four to six colors, an eight-color Webtron 750, a six-color, 18" Propheteer flexo press and a two-color Siat.

The company has also since grown its employee base from three to 18.

Though Perenic is new to the label printing industry, she says she could tell early on that digital printing was poised to make a major impact. She says she was able to learn about the technology by attending events such as Labelexpo and TLMI's meetings and conferences. There were a couple of digital presses that impressed her at first, but ultimately she decided to hold off on making a purchase until she felt the technology was ready.

"In my opinion [digital] was a like a great big Saint Bernard," she says. "It was slow and lumbering, and it didn't really lend itself to manufacturing. It just wasn't there."

Eventually however, Perenic discovered the Domino N610i, which she says was the first digital press that could meet the speed demands Argent needed. Despite Argent's strength in the automotive industry, the company had put together a business plan detailing new markets it wanted to go after, which included both food and beverage, and health and beauty. With the way those markets are trending toward shorter run lengths, Perenic explained that adding digital was instrumental in gaining the new business.

The internal challenge was going to be getting the company's employees on board with digital. With everyone able to access the company financials, it was likely going to be difficult to justify the substantial capital expenditure, which included the new press, a 13" in-line Delta ModTech finishing system, new staff members dedicated to digital production and the construction of a separate room to house the equipment.

Instead of resisting the substantial cost of this new acquisition, the employees demonstrated their eagerness to help keep the digital press packed with production. With the whole company on board, the press was installed on June 6, 2016.

During the company's weekly "huddles," in which the entire staff reviews its numbers from the previous week, the employees all made a commitment to do everything in their power to drum up business for the new "big mouth to feed." The company even added a new measurable line on the board specifically dedicated to sales generated on the new Domino N610i.

The plan of attack included venturing out

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Mike Brownrigg runs a job on one of Argent Tape & Label's six flexographic presses.

into the community to attend events like the Buy Michigan Now festival to attract local businesses that would be in need of short-run labels. It also included opening Argent's doors to the community with an open house to officially unveil the Domino press, which Perenic dubbed "Phatz Domino."

On Nov. 4, 2016, 65 visitors packed Argent Tape & Label to see Phatz in action. Complete with drinks, dinner and a soundtrack of Fats Domino tunes, Perenic says this event served as a crowning achievement for the once struggling company that had come so far to turn its fortunes around.

"I thought it was an important thing to do for the employees to let them know we had made this expenditure and that it was a big deal," Perenic says. "Six years ago, we didn't know if we were going to make payroll. The credit goes to open book management and the dedicated work of all of our employees. Argent Tape & Label continues to be able to invest back into the business and to give their customers the best in cutting edge label printing technology."

A Home for Two Technologies

While "Phatz Domino" provides exciting new opportunities for Argent Tape & Label, Perenic explains that there are still plenty of jobs to be printed on the flexo presses. Primarily because of Argent's strength in the automotive industry, Perenic says the company's flexographic output is poised to remain a cornerstone of the business.

Due to industry regulations, Perenic explains that switching an automotive label from flexographic to digital printing is very challenging, with many layers of approvals that need to be met. There have even been some instances in which Argent has been able to demonstrate that switching from flexo to digital could provide cost savings to an automotive customer, but that customer still requests to keep their labels on a flexo press.

Additionally, Perenic says that the company has put together a spreadsheet that allows the team and its customers to judge whether flexographic or digital production makes the most sense for a specific job. Depending on the work, there is a crossover point at which one technology is more cost-effective than the other, and this spreadsheet provides an easy way to decide which technology should be used to print a job.

But, like every other aspect of Argent Tape & Label, the key to maintaining the two technologies is transparency,

and Perenic explains that she has made a point to ensure her staff that flexo still has a place at Argent.

"The guy running the flexo press, if you're not communicating with him, he's standing by his press worrying," Perenic says. "I try to alleviate as much worrying as possible."

In addition to ensuring that flexographic printing would still have a home at Argent Tape & Label, Perenic also made sure to be very clear that adding digital printing would require all employees to chip in to keep the press busy. Using TLMI's forecasting reports as a reference tool, she presented the benchmarks the company needed to hit the break-even point on the acquisition. She also cross-trained her employees on the digital press so they all could play an essential role in keeping it running.

"Let's just assume an alien came down and abducted the guy running the Domino," Perenic recalls as the hypothetical situation she jokingly presented to the staff. "What are we going to do? Are we just going to say, 'Oh gee – we don't have a pressman?' No – all of you guys need to know how to do this."

Aiming High

As Perenic explains, she is persistent, never backs down from a challenge and is not intimidated by setting high goals. Just because she helped turn what was once a "money-sucking vortex" into a company projected to hit \$6.2 million in 2017, doesn't mean it's time to take her foot off of the gas pedal.

Each year, the company comes together to create a set of business objectives. The goals may appear lofty, but Perenic explains that each department has to sign off on their respective objectives, indicating their confidence in making these goals a reality.

At the end of 2016, Argent Tape & Label raised the proverbial bar higher than ever. As a symbol of the company's new initiative, Perenic says each employee received a T-shirt with an image of a World War II fighter plane carrying a banner that reads "10 by 20 – Aim High." The phrase, Perenic says, is a challenge to the company to do everything in its power to reach the \$10 million mark by 2020.

Perenic explains that having employees contribute to the business plan every year increases the sense of ownership they have in the company's future.

"Opening the books and involving the entire team in all phases of the business hasn't just made Argent Tape & Label a successful venture from a financial standpoint, but it has become a place where employees look forward to a new day at work," she says. "Morale was so low and now, two years in a row, we've been one of Crain's Cool Places to Work. The employees are happy and happy employees are productive employees." **pP**