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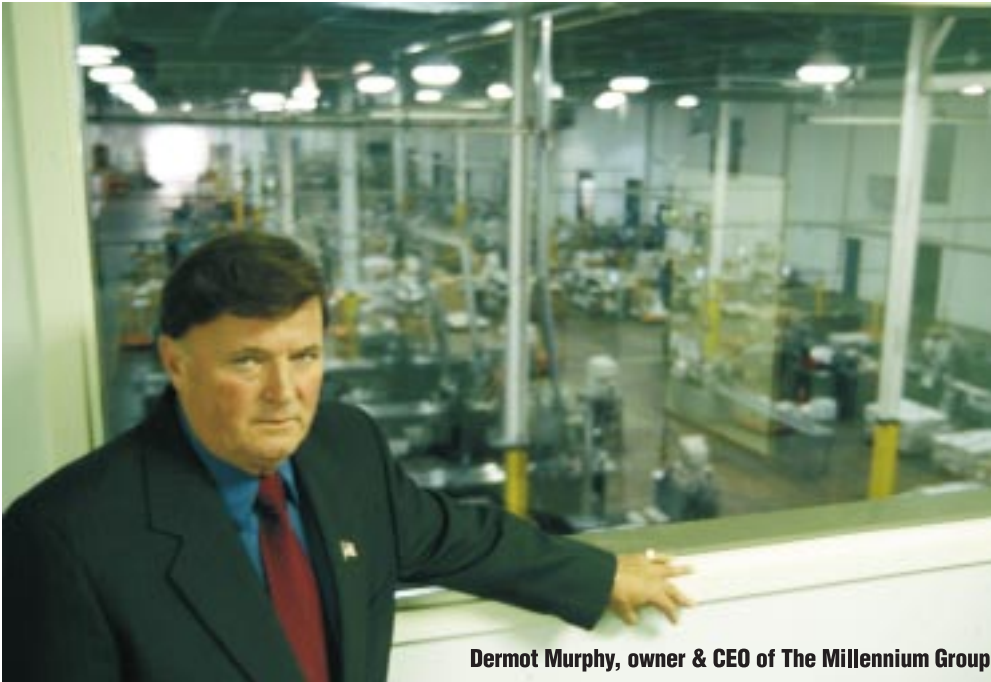
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Cover Story: Dermot Murphy's secret to success is this: be all things to all customers, even if it means growing your product offerings. In the past eight years The Millennium Group, of which he is Chief Executive, has grown substantially to become a key provider of data processing, high-speed laser printing, addressing, order processing, fulfillment and lettershop services. At the heart of Mr. Murphy's industry philosophy is the "single-source facility" concept. (Page 25)

COVER STORY



Dermot Murphy, owner & CEO of The Millennium Group

Vertical Growth Is The Goal For Millennium: Fill Unique Needs Of Customers

PISCATAWAY, NJ -- The Millennium Group, a full-service facilities management firm in Piscataway, New Jersey has a simple plan for success: If a customer has a need, they find a solution.

Case in point: A New York City accounting firm in the midst of a major renovation project had no viable option for storing telecommunications and computer equipment other than to pay the exuberant warehousing fees charged in New York City. In stepped The Millennium Group, which dedicated a secure and climate-controlled storage bay in their warehouse to this client.

Now when the accounting firm needs a piece of equipment all it takes is a phone call and the items are delivered either the same day or the next morning. The setup is seamless. The client saves money, The Millennium Group profits, and more importantly for Millennium, they build a stronger relationship with an existing customer.

"We are looking for vertical growth opportunities with all of our customers and this requires being flexible and looking to diversify

by offering a full spectrum of mail-related services," said Tim Kerner, CMDSM, Vice President of The Millennium Group. "The goal is vertical growth. We want to tie in with a customer and go as far as we can with them. In order to achieve that we need to offer outsourcing, consulting, direct mail, fulfillment, direct marketing, laser printing, and whatever other services they require."

The Millennium Group and Mr. Kerner have come a long way since first profiled in *MAIL Magazine's* April 1993 issue. At that time The Millennium Group was called Tri-State Management Services and they were making news for being one of the first companies to offer both on-site facilities management and off-site mailing services.

"We wanted to offer clients the increased comfort level of having their entire mail operation outsourced under one umbrella," said Mr. Kerner during that 1993 interview.

In the past eight years that umbrella has gotten much larger. Today, the company offers data processing, high-speed laser printing, addressing, order processing, fulfillment and

▼ The Envelope Manufacturers Association recently released its 2002 Outlook for Envelopes. Over the next six months, the EMA predicts that recycling material prices will stabilize after dropping to a two-year low of under \$200 per ton; conservative buying will hold White Wove Paper Inventory to moderate levels; envelope shipments will remain sluggish; with sluggish envelope shipments, total envelope billings will decline slightly; the value per thousand envelopes will finish the year around \$16.96. To receive the report, call 703-739-2200.

▼ Pitney Bowes' new security web site is packed with information: www.security.pb.com.

▼ MAILCOM 2002 Annual Global Convention will be held May 19-22 at the Atlantic City Convention Center. Over 8,000 managers and 200+ vendors are expected at the annual "Big Show," the largest trade event in the industry. For a conference catalog call 1-607-746-7600 or visit www.mailcom.org.

▼ The UPS strike in the summer of 1997 may bring some lingering financial fallout to its primary competitor, FedEx, as a lawsuit alleging that FedEx breached its money-back guarantee contract continues to make its way through the California court system. The case, "On the House Syndication, Inc. v. Federal Express Corporation," alleges that FedEx failed to honor its Conditional Money-Back Guarantee for late deliveries during the period from July 31, 1997 through August 7, 1999.



"Despite projections that mail is going to go away, we see mail increasing. We also see more sophistication in corporate America's mail operations. There is not a simple mailroom left out there in America. Everything is high-end and it requires high-end maintenance when it comes to maintaining databases, employee relocations, virtual offices, global distribution, and production."

-Tim Kerner, Vice President of The Millennium Group

complete lettershop services through its independent subsidiary the Direct Mail Depot Inc., and a second facility, DTS Direct Mail & Fulfillment located in Miami, Florida.

In addition to these mail and fulfillment services The Millennium Group offers complete facilities management for all areas of support services, from staffing and warehousing to providing offsite mail and copy center operations. And most recently, the company has established a consulting firm called iSolutions Inc. to answer an entirely different set of client needs.

"The difference between outsourcing (facilities management) and consulting is that most people that hire you for consulting want you to bring outsourcing-like solutions without the burden of employee separation," explained Mr. Kerner. "This is good for a union setting or a culture where outsourcing is not a good fit."

Murphy's Dream

The dream of growing a company by adding services to existing customers belongs to Dermot Murphy, owner & CEO of The Millennium Group. Mr. Murphy started the business in 1984 with one simple vision, "create a great service environment, develop long standing relationships and invest in employees."

He began in the financial district of Manhattan supporting the manual-processing environment by placing trained mail crews throughout the city. His eagerness has always been to continue being creative with service offerings and maintain quality in everything the company does. "There truly is no other firm like ours in the industry," Mr. Murphy said. "Our vision of reinvesting in ourselves with creative solutions has made the difference in our success."

Accomplishing this goal of being all things to all customers required a facility that could meet these varying demands, so in January of 2000, The Millennium Group and the Direct Mail Depot moved into a state-of-the-art 110,000 square foot facility that is located one hour from New York City and less than two hours from Philadelphia.

When operating at full capacity the facility can generate over 2 million pieces of mail a day. The open-air warehousing set-up allows them the flexibility to handle special projects and offer unique services. For example, a recent proxy mailing required the company to rent an additional five Bell & Howell Mastermailers. Because of the extra space they were able to hook these up to their five existing Mastermailers and get the job out the door well before the deadline.

"We developed a five-year plan when we moved into this building, and while it may look full, we are still growing the business. As such, we have subleased space to some of our clients and offered secure warehousing services for others. Our facility has also been a pilot for many firms developing a strategic disaster recovery program," said Mr. Carmen Ocello, Chief Operating Officer of Direct Mail Depot.

Mr. Ocello's 35-years of mail industry experience have brought big dividends to a firm trying to prepare for any customer request. "We have no control over what work comes in, so you need versatile equipment in place, from addressing units to inserting systems," he said.

Ink-jet printing technology is one of these areas requiring versatility, and to make his point Mr. Ocello cited three different jobs handled by the same piece of equipment - The Marconi (Videojet) Printpro Digital Imaging System.

One client needed Direct Mail Depot to print the address and sales text on the outer envelope — a rush job accomplished by adding another two-inch print head to the unit for printing sales copy at the same speed

Dermot Murphy On The Future Of Mail Communications Services: "Single Source" Is The Key

MAIL: *Looking towards the future of mail communications; why is it important for organizations to merge print and mail together under one roof?*

MURPHY: Single-source solutions are paramount to the success of direct mail/marketing. Not only do you accomplish the "one stop shopping concept," but single source solutions bring synergy's to both the marketing plan of direct mail and to actually meeting the parameters of both print and mail. In addition, as the economy continues to draw down, firms will be challenged to increase internal productivity while labor reductions continue. By merging print and mail services, the additional burden of multi-task managing is eliminated by vendor consolidation. Finally, by controlling the conceptual marketing process through mail application, companies will realize greater savings through prudent marketing approaches which compliment mailing guidelines. This will be realized by customers through postage savings. We phrase it "Postal Smart Marketing Strategies" (PSMS).

MAIL: *What customer demands are driving your company to bring print and mail together as a single offering?*

MURPHY: Most of our customer demands have come from our ability to preprint marketing material and offer continuous storage for our clients. Also, we have helped our customers reduce excessive staging and storage fees by printing in our facility in "real time" according to production schedules. This also eliminates excessive courier charges our clients would realize between material movement from print to mail facilities. These types of demand are what drove us to establish our "single source" facility. The other driver for us was to control the data input for our clients. By maintaining the Data Processing, customers are removed from extensive continuous merge/purge responsibilities and can focus on design and scheduling. To be able to offer that service has been a key driver of our success.

as if just one print head was used for addressing.

Another company needed Plastic ID cards printed and tipped onto a laser printed letter. A third customer brought in a three million piece glossy stock mailing that Mr. Ocello said could not be addressed by any other piece of equipment with the quality demanded by the client.

"If you want to add a service offering than it must be based on the best-in-class formula. For example, a lettershop cannot get into statement printing without offering the customer a full-array of real-time tracking capabilities," he said.

Interesting Happenings

Besides cutting-edge technology that ranges from duplex-ready OCE 466 Page Stream Units to high-speed BOWE Mergers, the size of the facility and the management directive of handling any customer need makes for some interesting happenings inside the walls of The Millennium Group.

In one instance a luxury car maker

contracted with the company to prepare a special direct mail piece that required a seven-piece match into a kit for their dealerships and sales reps. This hand-fulfillment job required a seven-item match of things like gold rings and plaques. This batch, match, pick, place, and ship hand-fulfillment job was made even more difficult by the fact that one dealer may get 10 different kits while another dealer may get two identical kits.

"This was the type of job that requires a lot of room and a lot of temporary staffing. We got it done, and now we hope it will lead to even more work in the future," said Mr. Kerner.

In another corner of the facility is a set of U-shaped hand-sorting stations that were put up almost overnight when a customer closed down its mid-west facility responsible for handling all global mail distribution. Without the ability to migrate this work into other internal operations they turned to The Millennium Group. Today all interoffice mail destined for overseas locations and domes-

tic sales reps are delivered to The Millennium Group where it is sorted and mailed as a bulk package twice a week.

The best example of how The Millennium Group is focusing on vertical growth comes in looking at their relationship with one of their outsourcing clients.

The Millennium Group-Marsh & McLennan Companies Inc. relationships started as a long-standing consulting assignment that led to co-sourced staff in mail services.

From here, the relationship grew to add warehousing when space constraints left Marsh & McLennan no room for storage of certain equipment, mailing campaigns, and product storage.

The two parties maintained the same process, while a dedicated customer service contact handled the mailing and warehousing needs. All distribution guidelines and delivery schedules were kept intact to make the off-site solution seamless to the client. The only change in the entire system was the location of the materials. This on-site/off-site relationship allowed Marsh flexibility with their shipping time-lines, storage of goods and processing demands.

"The beauty of this arrangement is that our Regional Management servicing the on-site solution will now act as a liaison for our clients mailing needs. Our Regional Managers facilitate whatever is needed along with the customer service rep in our operation, and it is all seamless to the customer," said Mr. Kerner. "As for the customer's management team, they not only receive comprehensive monthly management reports, but will soon have access to web-based tools for tracking production and inventory in real time."

All of these service offerings, from using high-end technology to offering the most basic of manual mail production have The Millennium Group positioned to offer more.

"We see outstanding growth opportunities in this industry and that is why we have focused on vertical growth," said Mr. Kerner. "Our goal is to establish a national mail conglomerate that provides full-service solutions throughout the United States."

-- BY ALLEN CURTISS, JR.