



Whitepaper

Business Forms & Checks:

Underestimated Value, Huge Opportunities



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Introduction

The print distribution market is evolving. The role of printed business forms, checks, and other traditional products is changing. As online banking and e-commerce have grown, these products are no longer seen as essential to the operation of a business workflow. Digital alternatives have gradually taken hold, and order volumes have declined.

As print distributors re-evaluate their product mixes to remain profitable, many wonder whether they should continue selling these products. They listen to the repeated declarations by trade associations and publications that paper forms and checks are dead and that they should focus on products sold into the marketing department, including promotional items, wide-format, and commercial printing, instead.

However, in response, we can turn to the famous quote (often attributed to Mark Twain): **“The rumors of my death are greatly exaggerated.”** While distributors should diversify and reach horizontally throughout their customers’ organizations, it is important not to overcompensate. Just because traditional products are declining doesn’t mean they are disappearing altogether. These products still offer highly profitable pockets of business, and by neglecting them, distributors are missing out on high-profit opportunities and creating opportunities for their competitors.

This white paper will take a closer look at why print distributors should continue to proactively sell printed business forms and checks and highlight how they can refine their strategies to take advantage of these opportunities. We will look at what types of companies are still buying these products and who within these organizations to sell them to.



Pockets of High-Profit Business Still Exist

Even as we point out the continued value in selling business forms and checks, we acknowledge that these markets are declining. However, even declining markets can have highly profitable niches, and that is the case here. Printed business forms, checks, and other types of operational print have highly profitable niches if you know where to look.

Let's start with paper business forms. There is no question that huge volumes of paper forms have gone digital. Yet paper forms haven't gone away entirely. For many businesses, especially smaller ones, they aren't easily replaced.

Why is this?

Many companies are running legacy systems and don't have the capability of supporting a full transition to digital forms, especially if they need cross-platform support for online, offline, and mobile.

They may have multiple locations or high numbers of mobile users for whom providing access to digital forms would be cost-prohibitive (for example, providing an iPad to every mobile user).

They may have older, highly traditional sectors of their workforces (such as fuel delivery drivers) for whom paper forms are comfortable and familiar. These users may also need to provide on-site receipts immediately, and paper-based forms serve this function nicely.

There are also many vertical markets that are still committed to paper forms. A recent survey found that large market verticals such as heating and cooling, hospitals and medical offices, mechanics shops, and city inspectors' offices (among others) are all using custom carbonless forms.¹ Whether it's a hospital needing to accommodate elderly patients uncomfortable with filling out intake paperwork electronically, or an old-school mechanic needing to provide a receipt or write out an estimate with grease and oil still on his hands, sometimes paper remains the best fit.



(For details on vertical markets using carbonless forms and how to sell into them, check out this great tutorial from Next Day Paper.)

¹ <https://nextdaypaper.com/custom-carbonless-forms>

We see a similar situation when it comes to business and personal checks. While the market is shrinking, there are pockets in which paper checks remain an important part of the mix.



Between 2010–2020, the volume of business checks dropped from 7,712 million to 3,767 million, a decline of 52%.² Yet a March 2020 PYMNTS playbook found that **81% of businesses still pay other firms via paper checks**, making this the most common B2B payment method, still. In terms of total B2B payments, paper checks account for 40% of them.³

There is a similar trend on the consumer side. In a 2021 study from the Federal Reserve, 1,537 consumers were asked which payment forms they tended to

use, and—no surprise—checks were at the bottom of the list. Yet, even with consumers' preference for plastic and digital commerce, checks still account for 8.3% of all payments. Nearly two-thirds (61%) of consumers reported using a paper check at least once in the past year.⁴

In today's e-commerce world, the continued use of paper checks may seem counterintuitive, but as with paper-based forms, there are reasons for this.

On the B2B side, especially for small and mid-sized businesses, paper-based products are still important. Paper checks are familiar, they are trusted, and they are well-established in businesses' accounts receivable and accounts payable processes. Transitioning to e-checks would require a major overhaul that they are not yet prepared to make.

On the consumer side, many Americans still trust paper checks for certain applications, especially for paying bills. For others, it is the only way to make certain payments. According to Pew Research, 11% of Americans still don't have broadband internet, and among other demographics, such as older, rural, and low-income Americans, lack of broadband access is still a significant issue.⁵

This doesn't mean that paper forms and checks will remain cash cows forever. Inefficiency, errors, and costs from manual processes remain significant pain points for businesses. (PYMNTS.com has found that it can cost up to \$22 to process a single invoice, for example.⁶) Paper-based products will continue to be gradually replaced by digital alternatives, but full replacement (if it occurs) is still some time away. In the meantime, sales of traditional forms and checks remains a legitimate source of revenue.



Caption: Read more about why paper checks will remain a viable market for some time to come.

²https://www.federalreserve.gov/paymentsystems/check_commcheckcolannual.htm

³<https://www.pymnts.com/news/b2b-payments/2021/deep-dive-why-paper-checks-still-factor-into-b2b-firms-payment-optimization-plans/>

⁴<https://www.federalreserve.gov/paymentsystems/2019-December-The-Federal-Reserve-Payments-Study.htm>

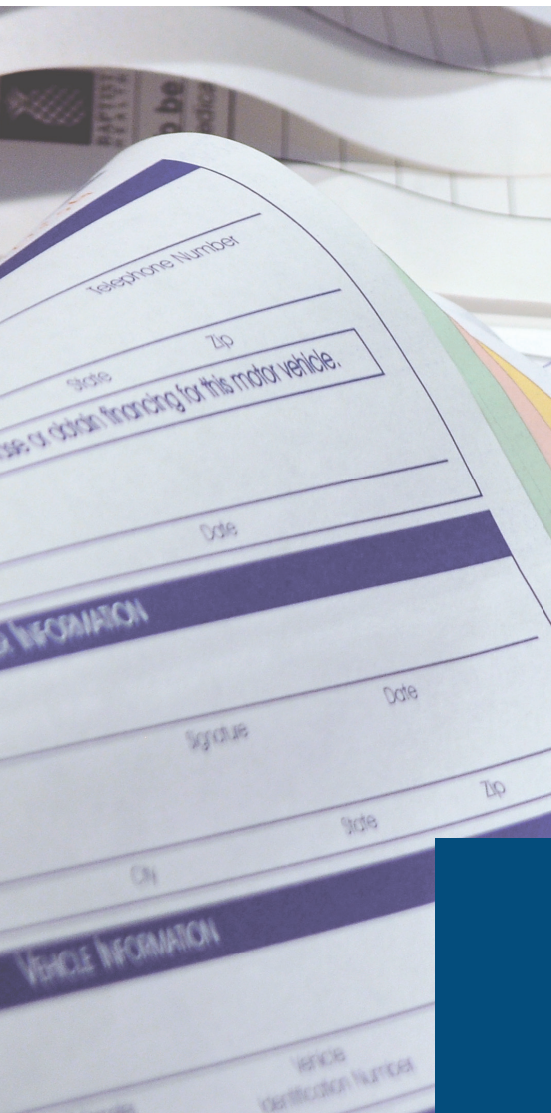
⁵<https://www.reviews.org/internet-service/how-many-us-households-are-without-internet-connection/>

⁶<https://www.pymnts.com/news/b2b-payments/2021/deep-dive-why-paper-checks-still-factor-into-b2b-firms-payment-optimization-plans/>

Why Selling Business Forms Is Key to Higher Profits

While it's true that marketing-oriented products such as wide-format, promotional items, and direct mail offer important new revenue streams for distributors, embracing these opportunities doesn't mean that you should abandon operational print to do so. Clearly, there remain significant pockets of business that still use these documents. However, this is not the only reason to invest your time selling paper business forms and checks.

Here are three other reasons distributors should consider renewing their efforts in these areas.



1. They are key to the profits of high-margin distributors.

While order volumes of traditional products are decreasing, profitability isn't. In an older but still relevant study, the PSDA Benchmark Study (2015) found that sales of forms, documents, and other forms of operational print accounted for nearly 30% of net revenue for the typical distributor. Yet among high-profit distributors (defined as companies with before-tax profits in the top quartile of all participating firms), these products account for about 40% of net revenue.⁷ Furthermore, the before-tax profit of high-profit distributors was 13.5% vs. 2.2% for the average distributor.

In other words, high-profit distributors for whom traditional products accounted for 40% of revenue were more than 6x as profitable as the average distributor for which traditional products accounted for 30% of revenue.

From these numbers, it's easy to see why selling paper forms and checks should be a priority for achieving best-in-class profits. This may not always be the case, of course, but these numbers are powerful evidence that any move away from business forms, checks, and similar products is premature.

⁷<https://wbf.com/blog/2015/09/23/the-psdas-latest-study-shows-continued-growth-in-print-distribution/>

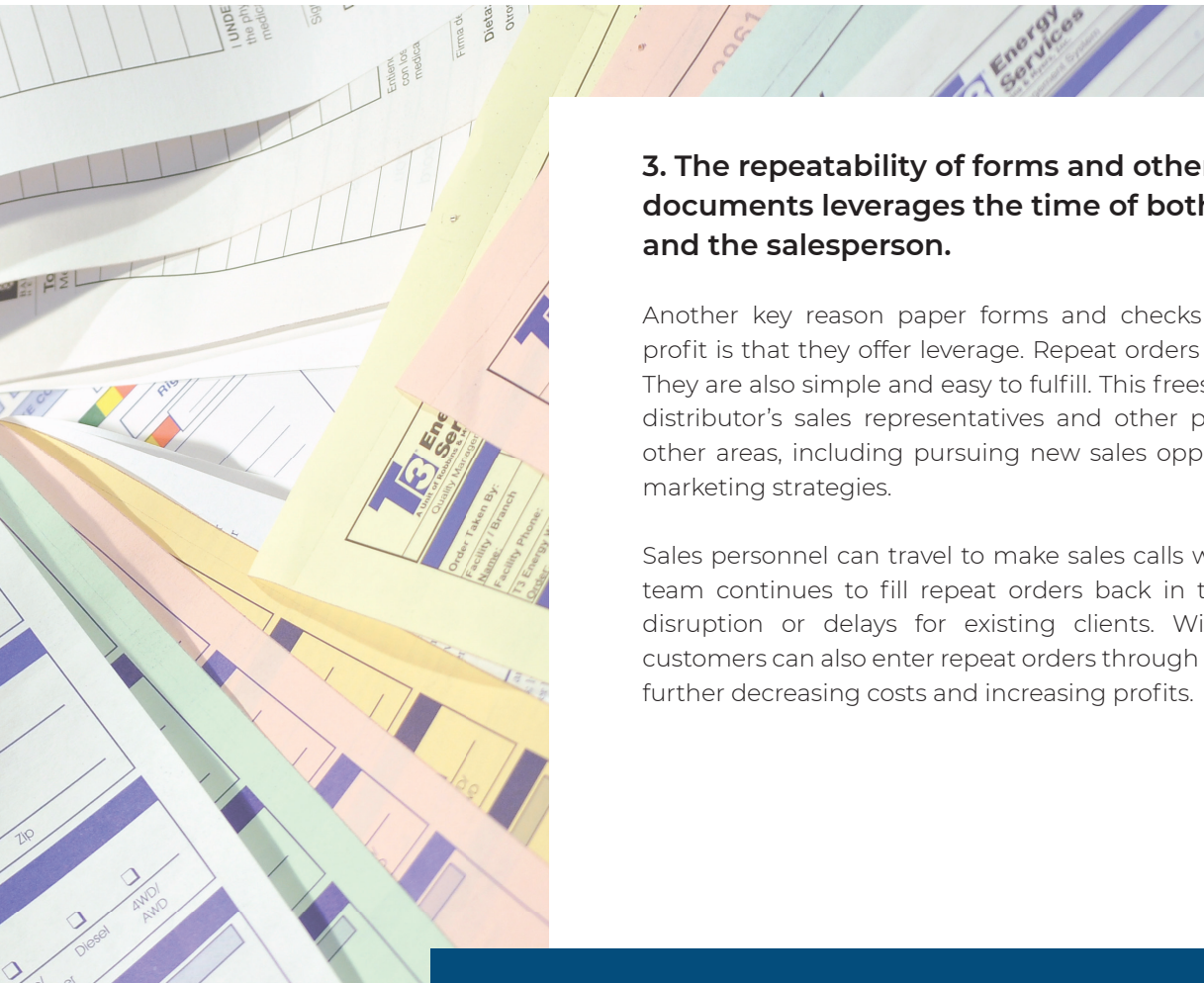
2. They are highly repeatable.

The reason high-profit distributors sell more business forms is that those products are inherently more profitable than many other segments of the print distribution industry.

Project management is the most time-consuming part of any print order. Each order must be sold, the order placed, and the project managed. Marketing projects, in particular, tend to be one-off. Sales cycles can be long, and each project requires many custom or personalized elements, including graphics, messaging, and mailing lists, that take time. Once these orders are placed, these projects require ongoing client communication and follow-up. It's easy to see why hands-on project management can erode your profits very quickly.

In contrast, repeat orders essentially run on autopilot. Distributors can fulfill these orders with less cost, and each one has a tremendous profit margin built in. The repeat order is the single most profitable element in the print service industry.

In addition to business forms, other types of operational print such as tags, shipping labels, and tickets tend to be repeat orders, as well. Like business forms and checks, they have very high profit margins and can be outsourced while maintaining a high level of profitability.



3. The repeatability of forms and other transactional documents leverages the time of both the organization and the salesperson.

Another key reason paper forms and checks can deliver so much profit is that they offer leverage. Repeat orders are not just profitable. They are also simple and easy to fulfill. This frees up the time of a print distributor's sales representatives and other personnel to devote to other areas, including pursuing new sales opportunities and internal marketing strategies.

Sales personnel can travel to make sales calls while a trusted support team continues to fill repeat orders back in the office without any disruption or delays for existing clients. With many distributors, customers can also enter repeat orders through an e-commerce portal, further decreasing costs and increasing profits.

Where to Find the Business

To enjoy the benefits around traditional forms and checks, print distributors need to understand how to thrive under this business model. There is no doubt that focusing on these products can deliver major revenue, but this is only true when a firm's sales representatives know what types of businesses to approach and who within those businesses will be their best prospects. Here are seven tips to jump-start your efforts:

1. Look for small, underserved clients.

Small, successful companies off the beaten path are often underserved and open to new partners. These businesses should have at least 20 employees and revenues between \$5 million and \$100 million. Such companies are a bit harder to find, and you may need to venture into less-than-idyllic parts of town to find them. However, once you win their business, they tend to become long-term, loyal customers.

2. Look for industries/companies that have lots of transactions and invoices.

Aim for family businesses: Family businesses tend to hang on to older technologies, including pre-printed forms and checks, longer than other types of organizations. This makes them invaluable clients for print distributors.

3. Find the right decision-maker.

Depending on the size of the company, buyers could be the office manager, accounting manager, IT manager, human resource manager, production manager, or general manager, to name a few.

4. Avoid marketers and purchasing personnel.

Both marketers and purchasers will have demands and requirements that can dilute a print distributor's focus on finding these business opportunities. By avoiding these departments, distributors will be better able to secure the profitable, repeatable orders highlighted above.

5. Focus on operations.

This not only leads to opportunities in business forms and checks but to opportunities with other forms of operational print, including labels, envelopes, tags, and utility commercial printing, that are also highly repeatable and highly profitable.

6. Find the niches.

Niche businesses are more likely to require highly repeatable products of some form or another, so these represent an important potential client base. Because of their specialized focus, these firms are likely to stick to their existing forms without upgrading or tweaking them as often.

7. Get your boots on the ground.

Sometimes the only way to find business opportunities is physically to go out and look for them. By traveling to underserved areas, searching for companies that satisfy these descriptions, and meeting with decision-makers face to face, print sales representatives will find more success than they could while relying on less personal methods.



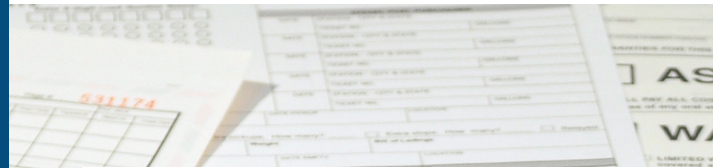
What Products and Applications to Sell

What are the best products to sell into these businesses? Any products that are, by their nature, repeatable. Here are some examples:

- Unit sets (including wraparound books)
- Sales books
- Continuous forms
- Cut-sheet forms
- Labels (industrial and prime)
- Utility commercial printing

Within these product categories, the applications are endless. From invoices and statements to checks, purchase orders, and company handbooks, opportunities reach into every market vertical for nearly limitless applications.

Leaders in print distribution should jump at any opportunity that suggests a need for repeat orders, even if it is a very small initial purchase. Fulfilling these orders can create strong client relationships, and they offer ongoing, steady profitability, even at a small scale.



10 Large Industries Using Custom Carbonless Forms

Where should you look for highly repeatable, highly profitable custom carbonless forms orders? These ten industries still offer tremendous opportunities.

1. Heating and Cooling
2. Hospitals and Medical Offices
3. Mechanics Shops
4. City Inspectors' Offices
5. Transportation and Moving
6. Retail and Restaurants
7. Schools
8. Funeral Homes
9. Agriculture
10. Police and Fire Departments

Source: NextDay Paper



Conclusion

Print associations and publications have adopted a definitive, alarmist message when it comes to focusing too heavily on operational print, including printed business forms and checks. However, the message that these products are a business for the past is premature.

As a relatively small number of print distributors continue to demonstrate, that is simply not the case. These companies thrive by focusing on highly repeatable orders of operational print that offer tremendous profit margins and require minimal time or effort to fulfill. There is plenty of room for other print distributors to follow their lead and to enjoy major success, both now and well into the future.

