

## CIRCUIT BOARDS AND MY FILMWORK PRICING AND TURNAROUND

I received a couple phone calls yesterday that are the reason that this letter is being written.

Background and qualification, I have been involved in the design and layout, and fabrication of printed circuit boards going on 24 years. Along the way I have owned or been co owner/partner with ten companies. These ten companies were photographic reproduction services, typesetting, printed circuit board both assembly as well as manufacturing, as well as two types of construction companies, and my always ongoing industrial film tooling business. All said and done I have been self-employed for close to 30 years. Of the ten 8 are still alive and evolving.

So what is this all about? Well, it is about your business. Times are hard, industry is changing, and our profits are down.

These same words have been spoken by Ben Franklin, Thomas Edison, FD Roosevelt, John Kennedy, Nixon and Jimmy Carter. In my memory Clinton has been the only one to say it doesn't get better than this. Oh, that was just before the Monica thing. Uhm, Maybe that is what he was talking about?

So what is new? The new is YOU and this condition. Adapt or die, or re-invent your self, your company, your employees. Learn! YOU must learn something new, learn it better, and invest in your intelligence.

Then Invest in your self, your business, and your future.

Nearly all the former truths have become myths. There is no security in Corporate America. Not everything is for life, but if comfort, security and stability are all that you seek then go to work for our nation's biggest business GOVERNMENT. Take with it the political in play and boredom. Also accept the fact that you will have to do anything to anybody to secure your cost plus future.

For those that make the choice to stay in the Game, should you know the new realities? This industrial revolution downside is just part of a cycle. During this cycle we are not so concerned with any long-term goals but Instant gratification. I did it and I want it NOW! I want to see it, I want to use it, I want to sell it, all NOW!

Second is Pricing, you know the rule, I want it cheap! I want it fast! I want it perfect! Pick any two. No longer! It's a buyers market! They want it all. If you can't deliver then there ARE others willing to do just that. If you must cut your OWN throat to do it - SO WHAT, the customers out there DO NOT mind watching you bleed to death, as long as they get what they DEMAND.

So where do you cut corners?

Think about it, Longevity of product is no longer the goal. People are willing to take less. But it must look good. For example, twenty five years ago would you Buy,

A television that would last only three years?

A car whose useful maintenance free life was less than 5 years?

Would you have been willing to finance a home for thirty years when the so called wood exterior (paper) peels off in less than 10 years, The foundation and bricks crack within two years, and the builders grade carpet is only good for 1 year of wear?

Well, were doing just that, and we DO know it, and accept it!

Nearly all of us in business have been told all our lives that quality is Number one. Build the best and they will come and be loyal.

No longer, every day you read newspapers filled with type O's and inaccuracies. I saw the end of real typography. We are all part of this problem. You go to Wal-Mart for the cheep deals. You buy the one-year Chinese garden hose for 6 dollars over the ten year 18 dollar one. I know because I was there for something cheap too.

My choice, I think, I will build the best for those who will pay for it, and the rest I'll go fishing. If you cannot do this then build it cheap.

Out of the cheapest crap you can find but "make it look good." Who cares that in two years it falls apart. I find it so APPARENT that most do not know the difference between quality and crap. They have accepted "good looking" crap in their world, and that's all they know.

It is now just a game of the survival of the fittest. I get great joy in knowing that this time too will pass and those that had no loyalty and were all to willing to sacrifice you to the "god of cheap" will eventually get theirs back. Rather than reinvent themselves during these slim times they took the easy road of cutting their vendors throats. The smart vendors won't likely forget this.

Things that should be remembered! The big 100 year business cycle, there are also 30, 15 and the 7.5 year business cycles. We are at the bottom of the last 7.5 year cycle. These Times will get better.

Take a lesson from my Oil Field buddies and their saying,  
"Oh Lord, please let there be another Oil boom, We promise not to piss it "all" away this time!"

The second on survival,  
About the two old boys being chased by the Bear. Where one is sitting down taking off his shoes, telling the other that his only worry was needing to be able to out run HIM and not the bear.

Now how do I really feel?

I am at work between 80 and 100 hours a week! I am ass and elbows 60 + of these. I have put into my business out of savings close to 100,000 in the last three years.

Most of my labor is for free, you know all the cam work I do to make your jobs ready for a problem free build. You know all the tooling, fixing the data, trimming the shear lines, making the drill and route programs. So what is the big deal! Well, your not paying a cam operator 35,000 a year to sit and do it. Your not making the payments on a 100,000 sub-standard photo plotter. Your not maintaining a Film processor. Your not paying 2500 a service call on that plotter either. Oh and a BIG DEAL your not having to eat the cam operators mistakes. Not just in wasted film, and time, but bad boards.

If I was still making the \$4411.00/mo payments on my \$180,000 photo plotter, I couldn't afford to give you the freebee's you currently enjoy. (And yes the photo plotter I currently have, the one that will do the quality you expect still costs \$180,000 in today's market.)

Now, what have has all this cost you? Ok! You are no longer piecing together red film, your registration is better, your yields are up, and your setup and labor costs per panel is less than it would have been without my intervention. Basically, I am just asking you to buy film. My product cost is 25+%. Yes, a box of 50 large Or 100 small sheets of film costs almost 600.00.

**Garrett Film Services Corporation**

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Oh, No extra charge for saving you the red film cost. No extra charge to teach you how to do it faster, better, or cheaper. Oh, that film punching you like so well, well that's a \$15,000 dollar machine. It takes 45 seconds a hole to punch and if I mess up I get to make a new film for FREE. All these NEW savings your just passing on to your customers just to get or keep their business. I already know that.

I could just as easily charge you for cost on the film at about two dollars per square foot and charge you \$15 an hour for labor and I can promise you that you would be paying more than you currently are.

Can I, or will I do your work cheaper? NO! I am already just at break even or below, just waiting out this down turn, just like you.

You depend on me to do the best, be the best, so much so 9 times out of 10 you expect me to tell you what the job looks like and how I am going to do it. Like "Magic" it gets done in hours and not days. You to also know how many mistakes I make and but you may not always know how many I have saved you and your customers from. You depend on me to learn more, know more, see more, understand and remember and tell you more about our industry. There too is value in this.

I will continue to do my best, But please don't nickel and dime me.  
You're getting the best deal I can afford to give you.

Best regards,

Pat Garrett