

New England Printer & PublisherSeptember 2004

Arthur Blank & Co., Inc.

Arthur Blank & Co., Inc.: One of the country's largest plastic printers

Open up your wallet and chances are good you have a card in it — probably several cards — printed by Arthur Blank & Co., Inc.

Over the past decade, as many family-owned printing companies felt pressure to sell out to larger competitors or struggled to remain profitable in a changing industry, Arthur Blank & Co., a Boston-based plastic card printer, has soared, more than tripling its sales since 1995 and remaining in the hands of the founding family.

Arthur Blank & Co. is riding a wave of smart decisions and innovation, which make it a leader in the booming printed plastic card industry. The company manufactures nearly 700 million printed plastic cards annually including gift cards, loyalty cards, security key card blanks, health care cards, ATM cards and ID badges, from its 90,000-square-foot facility near Route 1 at the southwestern end of Boston in West Roxbury.

Can you print on it?

The company was founded in 1934 by Arthur Blank, who was joined shortly thereafter by his brothers Bernard ("Ben") and Harry. It started as a reclamation business, said Bernard's son Eric Blank, the company's executive vice president. The company bought used X-ray film from hospitals and washed it in a caustic soda solution. The result was clear plastic, which was bent, folded and stitched to make wallet inserts, menu covers and the like. The residue solution was then sold for its silver nitrate content.

"Somewhere in the mid-1950s, someone walked in and asked, 'Can you print on it?'" Blank said. "Being the entrepreneurs that they were, the brothers said, 'Yes,' and then figured out how to do it. They didn't even own a printing press at the time."

That part of the business took off, Blank said,

and the brothers made point-of-purchase displays and all sorts of novelties such as pin-wheels, name badges, rulers and lots of calendars.

Then, in the early to mid-1960s, the plastic credit card revolution started. Arthur Blank & Co. started to print plastic credit and identification cards, and "that was the true precursor to what the company is today," Blank said.

As the company grew, the founders' sons joined the business. In addition to Eric, Arthur's sons Stuart, chief executive officer and president, and Michael, senior vice president, and Harry's son, Stephen, vice president, are now the company's owners. There is a third generation of the family, but none of them has yet to enter the family business.

New equipment and key managers

Two significant decisions were made in 1998 in what turned out to be a pivotal year for Arthur Blank & Co. The first, largely spurred by decisions about equipment investment, was to give up the printed novelties and become a specialty plastic card printer. The second was to bring in six key managers with expertise in this area to run the day-to-day operations.

They included a new senior vice president of sales, a senior vice president of operations, a chief financial officer, a vice president of information technology, a director of card manufacturing and a director of card finishing and personalization.

"We felt we could get to the first \$10 million [in sales], that was easy," Blank said. "The next \$10 million was more difficult, but getting to \$30 million or \$40 million wasn't easy. We needed to bring in quality, professional managers who brought in talent from the outside world.

"It's a good, cohesive unit that works well together," said Blank. The addition of several managers allowed the company's owners to work on visioning and strategic opportunities.

"The company continually had nice growth, about 5 percent to 10 percent a year, pretty much consistently throughout the 1980s and

early 1990s," Blank said. In the late 1990s and first part of this century, however, the company has consistently posted double-digit sales increases every year. Projected sales for 2004 are \$40 million, which is up from \$35 million in 2003. The company has always been profitable, Blank said, even with an increase in employees up from 140 in 1995 to 210 this year and continuous investment in new equipment.

Passing on VISA and MasterCard

Arthur Blank & Co.'s building, with a scenic view of the Charles River across its parking lot, is a secure facility. No one gets in without producing a license and having a picture taken for a temporary ID badge; and doors don't open if the badge is not properly coded for access. A record of all comings and goings, and by whom, is kept. By choice, however, Blank & Co., chose not to become a Visa or MasterCard printer.

The audit trail required in a Visa or MasterCard facility cannot be turned on and off on a daily basis, Blank said, so competing for other business is next to impossible. There are nine Visa and MasterCard printers in the country, Blank said, which, together, print about 900 million cards a year.

"We've been sitting up here in Massachusetts manufacturing nearly 700 million cards a year by ourselves," he said. Arthur Blank & Co. currently produces approximately 12 percent of North America's private label cards, Blank said, adding that customer loyalty cards are a big part of that business. American Airlines was the first frequency and loyalty card program introduced in 1985, Blank said. "They were the first, and we made their cards."

Company secures patents

While it might have seemed Blank & Co. was limiting itself by focusing almost solely on plastic cards, the decision conversely led to expansion through a quest for ever-improving performance and aggressive innovation. Arthur Blank & Co. holds the patents (which it also leases to its competitors) on "RAC cards," "Hanging Gift Card," "Active Label" and "Loyalty Card and Key Tag Sets." It also has a patent pending on "Specialty Shape" cards and "A ScanGuard"

system.

The RAC cards are a one-piece point-of-purchase hanging tag. The top piece with a hole punched out, easily detaches from the actual phone or gift card and eliminates the need for additional packaging. They come with a magnetic strip for activation and a scratch-off label covering a PIN for security. The Active Label cards come preprinted with a bar code and sticker bearing the identical number. The sticker is then put on customers' card applications for simpler record keeping. The plastic card with additional key tags is most common among retailers. It includes a wallet-sized main customer loyalty card and one or two key chain tags.

The ScanGuard system uses software to verify card serial numbers, lot sequencing, dollar value, and corresponding barcode and magnetic strip matching. The card numbers are matched to a master database, which ensures each card number is accurate and unique. Arthur Blank & Co. maintains the database for the customer to avoid duplicate orders or unauthorized activation of cards.

The ScanGuard system, which also documents on what machine the cards were made, when it was made, and which employee was on the line at the time, is part of a larger philosophy of audit control at Arthur Blank.

The company's investment in extremely sophisticated automated credit card manufacturing equipment in 1998, forced it to give up the "printed widgets" the company previously made by hand in any size and shape, to focus on its newly-crafted core mission.

Arthur Blank & Co. has invested more than \$17 million in new capital equipment since 1998, Blank said, "creating what we think is probably the most efficient, high-speed private label credit card manufacturer in the world."

In 1998, the company had nine one and two-color printing presses. By 2002, all nine presses were gone and were replaced by one new six-color and one new four-color Komori, which could handle the entire workload.

In addition to the two automated Komoris, which

provide Ultra Violet- cured offset printing capability up to 24 by 40-inches on PVC core substrates of .007-inch to .027-inch thicknesses, the company has two 28 by 40-inch sheet fed Sakurai silkscreen presses which can handle specialty metallic, fluorescent, day-glo and UV inks. The company also installed a new Hewlett-Packard Indigo digital color press for 1,000 to 10,000-piece jobs in March.

Client orders are more complex

Blank noted that years ago the jobs used to be mostly one and two-color "vanilla ice cream" jobs, but as the customers' clients work harder to stand out, the orders now are often five, six, and seven-color jobs with vibrant colors and accurate detail. Arthur Blank & Co. can mix offset with silkscreen colors, or hot stamp colors, and "it's not unusual to mix all three mediums in one job," Blank said.

The presses are joined by three Burkle high-speed laminating machines. Blank said each is capable of handling approximately 350 million cards a year, with a fourth due this month. Other prepress equipment includes a Creo Scitex Brisque 4 RIP, a Creo Scitex Lotem 800V digital plate setter, Macintosh workstations, and HP 4550 color laser printers.

Other equipment on the horseshoe-shaped production floor includes Louda high-speed collating machines, Louda and Spartanic high-speed punch presses and Atlantic Zeiser high-speed video jets for individual card personalization.

Card features the company provides include magnetic stripe encoding, thermal barcoding, high-resolution inkjet imaging, card personalization, hologram application, and more. It also provides delivery options to the customer of bulk shipment or individual drop shipments to each retail store.

The company does not deal directly with individual customers, but rather through dealers, printers, systems integrators and advertising agencies. Blank noted the company has several strategic relationships, including with hardware door lock manufacturing companies such as those that install and maintain plastic hotel key

card systems, for instance.

If a hotel needs new key blanks and calls Arthur Blank & Co., the company will ask who makes the hotel's system and refers the hotel to that company, which in turn sends the business back to Blank. Eric Blank said the company doesn't have the organization in place to deal with 10,000 hotels. Instead, the lock manufacturers feel comfortable in their relationship with Blank; the hotels get what they need and Blank manufactures, in high-volume, hotel key tags for the lock manufacturers who then distribute them to each individual hotel in small quantities.

Cards with security enhancements

With all it has accomplished in the last 10 years, Arthur Blank & Co. is not resting on its laurels. It is looking ahead to the future, which Eric Blank believes in the post-9/11 world will largely involve "smart" cards which contain a chip that can encode financial or personal information, and RFID (Radio Frequency Identification) technology, such as that used in Arthur Blank & Co.'s own facility. RFID technology includes a tiny antenna buried within a card that responds as individually programmed.

The company also now manufactures drivers' licenses for 25 states because it can provide all the required security features states are seeking.

The company runs 24 hours a day, Monday through Friday, for the first five months of the year; then switches to three shifts of around-the-clock production, seven days a week for the remainder of the year.

While the company has weathered the recent bumpy times well, "we've been forced to be resilient," Blank said, looking for new channels of distribution, new technology products, and looking ahead to what the next key market will be.

Blank noted the company is something of a "bellweather for the economy." "What's going on with us is usually six months to a year ahead of the economy," he said. Right now the company is extremely busy signaling a major upswing in the economy.