

Profile

PPAI MEMBERS SHARE THEIR STORIES



Jon Levine, owner of The Image Group and current leader of the PeerNet Group

Straight Talk

THE IMAGE GROUP'S JON LEVINE DISCUSSES THE INDUSTRY AND HOW HE'S INSULATING HIS COMPANY FROM THE CHANGES AHEAD.

By Tama Underwood

What's the future of the industry? It's a heady question that many ponder but few can answer.

This hasn't stopped Jon Levine from taking a serious stab at it. The owner of Holland, Ohio-based distributor The Image Group (UPIC: IMAGEGRP) dedicates a large chunk of his and his employees' time to monitoring, scrutinizing and analyzing the industry's future and their company's place in it.

Every Wednesday at 7 am, Levine and The Image Group employees who wish to do so meet to discuss innovation. It's an opt-in committee at which Levine lobbs challenges and asks for action plans to overcome them. The group is currently working on this hypothetical crisis scenario: If tomorrow it were illegal to sell to any of our

current clients, how would we cover our overhead and pay our bills?

"The question came up before the government said they don't want to spend money on promotional products anymore," Levine explains. "But the question for us came up in context of one of the nonprofit boards I sit on, which is a hospital chain. I thought it applied to us as well.

"I'd tell you if we had an answer, but we don't yet," Levine adds.

Answers or not, Levine is working hard to stay ahead of the tidal wave of change many believe is headed for the industry. This year and next, Levine is serving as leader of the PeerNet Group, a collective of 17 distributors who pool their resources to both help clients and each other. "We exist to share best practices," Levine says. "That's our primary role. We also share services."

PeerNet won a PPAI Image Award for its 142-page catalog at The PPAI Expo in January. When the week-long event was over, the group stayed on in Las Vegas for two days to identify and discuss trends and risks associated with the industry.

"We feel that our involvement with the PeerNet Group lets us have open and honest conversations with others in the industry," Levine says.

Hot topics at this year's PeerNet meeting were product safety and the way promotional products sales are shifting to the internet.

"We're confident that changes are going to continue and that, if we don't change, we could become irrelevant in the future," Levine says.

Profile

"We're trying to make decisions early rather than follow where the market is going."

The PeerNet Group has representation on the distributor advisory council for the Quality Certification Alliance (QCA) and supports accredited suppliers. Levine says his company is also looking for alternatives to its products and services.

Levine says his company has found one possible solution in dimensional mailings and marketing. "We might do a box, or series of boxes, for a client where the whole box is printed with a retail look," Levine says. "Inside is a promotional product that speaks to what they're trying to promote."

He says this approach adds marketing services to traditional product sales. "This allows us to get involved at a different level with our client and try to develop more value," Levine adds.

The Image Group opened in 1981, and Levine bought a controlling interest in The Image Group 10 years later—just one year after he joined the industry. He had previously spent 30 years working in sales management in the steel industry. An accountant by training but never in practice, Levine bought out his business partner at The Image Group eight years ago and turned the then embroidery and screen-print shop into a distributorship.

The Image Group is unique in that it blends a decorating business with a full-fledged distributorship model. And it exclusively serves internal clients—no contract work. Decorating services include 34 heads of embroidery, automated and manual screen printing, laser engraving and diamond-tip machine engraving.

"It's unusual for distributors to do this type of work in-house, but because we started in '81 doing it, we've continued it and grown it," Levine says. "It complicates the needs of our business to be able to accommodate internal production. That said, we're able to be reactive to our clients' needs because we control production in-house."

The Image Group's strategy must be working. The 30-year-old company had a banner year last year. "We had a nice year of roughly 10 percent growth last year," Levine says. "Fortunately, we remained profitable thru the whole downturn. Our sales dropped as in most of the industry, but we remained profitable."

Not only did the company grow last year, it's on track to grow and add more sales and support staff to its current total of 60 in 2012.

"We traditionally invest in all growth," Levine says. "So whatever profits we're bringing in, we're spending." 

Tama Underwood is an associate editor for PPB.

What's On Jon Levine's Bookshelf?

An avid reader, Levine provided a reading list for anyone interested in challenging the industry's status quo.

Fascinate by Sally Hogshead

Mastering the Rockefeller Habits by Verne Harnish

Different: Escaping the Competitive Herd by Youngme Moon

Creating Competitive Advantage by Jaynie L. Smith

Strategizing With Jon Levine

On The Past And Present

"My first impression [of the industry] was, 'Boy, I wish I had done this earlier. It seems to be fairly easy.' I think that's because 20 years ago there was a lack of sophistication in the industry. This has changed. Although I'm still happy and engaged in this industry, there are quite a few sophisticated operations, and it's no longer as easy."

On Buyers Today

"A lot of people who have joined the workplace in the last 10 years are comfortable online and not necessarily interested in the relationship side of the business. Those will develop later as they realize in what areas they need relationships. But a certain percentage of the business is going to continue to migrate online."

On Change

"The next several years are not the ones at risk. It's those beyond. If we don't start changing today, we'll see deterioration in our business somewhere in the medium-term. I'm not willing to wait for that."

On The Industry's Shortcomings

"Procurement people have more training than our salespeople tend to have. When it comes to negotiating, they've learned skills a lot of people in our industry haven't. More sophisticated competitors and clients mean increased risks for those who have significant infrastructures, but the rewards do not follow. We continue to be profitable ... but there's no typical inverse risk-reward ratio. Our costs are rising, and our capital needs are growing, but our returns are not getting greater."



Levine with family members (from left) son Jason, wife, Arleen, and son Stephen