

# Perfect Original Quarterly

SPRING 1990

## The Hidden Cost Of Poor Quality

*In a column three and a half years ago, Norman Tu warned that poor quality duplication can be painfully expensive. The additional cost of recopying software can wipe out profit from affected products and result in a loss of customer confidence and, consequently, business for the software provider.*



Norman Tu, President

*If inferior quality was a big threat in 1986, when software packages were simple, it might be a potential catastrophe with today's software packages. We think it's useful to run his advice again.*

The cost of duplicating disks for a business software package is probably one of the smallest portions of the total cost of goods sold. Yet, if the diskette duplication is not done correctly, it has a major impact on the company's bottom line. Too often the decision to select a duplicator is based on price as a major criteria, with quality, service, reputation and capability as only secondary considerations.

I recall a year ago a customer went to another duplicator because of lower prices. The customer was aware that some of the quality control procedures would not be done and the media grade would be lower. Unfortunately, the product was incorrectly produced and was not caught by either the duplicator or the customer.

This resulted in a major recall from distributors, dealers and end users. The cost to the customer was well over \$40,000. In this case, trying to save a few cents per disk ended up costing over \$20 more per unit, not to mention bad public relations and customer dissatisfaction. Needless to say, the customer

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## Customer Support Group Doubled To Keep Up With Company Growth

**W**hile some companies talk a lot about customer service, DisCopyLabs delivers on it. The company has restructured its customer support department to make sure it keeps up with the demands as the business grows in size and complexity. It has doubled the size of the group, made it operationally independent of the production department and given it its own supervisor and marching orders.

Lori Grim, who was appointed Customer Support Supervisor in January when these changes occurred, joined DisCopyLabs in March, 1989, as a customer support representative. Her customer orientation experience goes back a long way.

Previously, she had been the sales service manager for a manufacturing company in Seattle for three years. She holds a degree in Business Administra-

tion from Washington State University, where she majored in marketing. So, since her college days, Lori's been aware of the art and necessity of keeping customers satisfied.

"Our team mission is simple: customer support excellence," she said. "We take the view that while we get paid by DisCopyLabs, we work for the customer. In effect, we represent the customer's best interest inside our

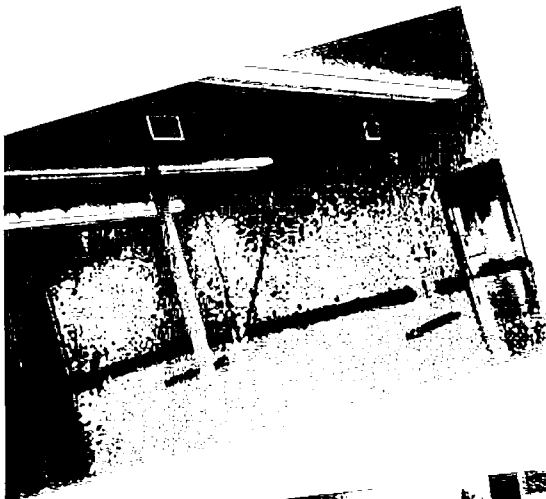
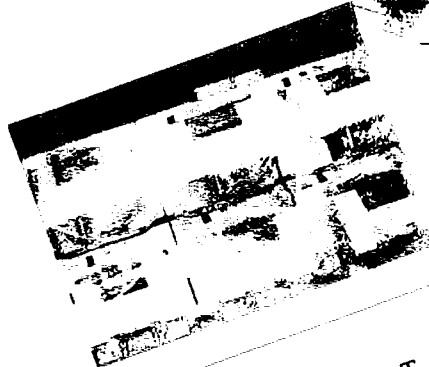
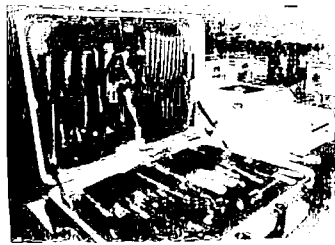
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*This letter of appreciation is long overdue. I just wanted everyone at DisCopyLabs to know what a great job they did and how much I appreciated your hard work. I have dealt with many vendors in my time, and I have to say that you are one of my best.*

Mary Ann Heinrich  
Apple Computer, Inc.

Customer Support Representatives, from left to right: Tony Trujillo, Kathy Tabke, Michele James, Tony Bandith, Carol Castillo, supervisor Lori Grim, Frank Gutierrez






# THE MOVE IN PICTURES

We have settled into our new home in Fremont and through the move have kept our first commitment to customers - no interruption of service. Our new 65,000 square foot facility will enable us to improve all our operations and, consequently, customer service.

- Our larger space allows us to optimize work flow for greatly increased production in the shortest possible time.
- More space for assembly, packaging, shipping, order processing, all functions, will result in more efficient overall production and responsive customer support.
- Automation and mechanization of manufacturing and administrative functions, such as advanced conveyor systems and computerized order processing systems, allows us to produce more work in less time, with a much higher degree of accuracy.
- Greatly expanded storage areas to inventory customer parts and finished products means that customers need not experience inventory shortages or use their facilities for storage.

 **DISCOPY ABS**  
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## Customer Support

organization - expediting, tracking, reporting - whatever it takes to get product to him exactly as he ordered."

The customer support team that Lori heads is comprised of pros with various people-relations skills, some learned at DisCopyLabs, some brought from previous employment. All members demonstrate that can-do spirit which has played a large role in the company's steady growth.

The veteran of the seven-member team is Tony Bandith, the customer support rep who specializes in data cartridges and tape, with five years service.

Kathy Tabke is the "rookie", coming to DisCopyLabs this past November, after a three-year stint managing a food service operation at Hewlett Packard.

Tony Trujillo began with the company in October, 1987, as a Fulfillment Coordinator. He later supervised the fulfillment and data entry functions before becoming a Customer Support Representative in December.

Michele James signed on with DisCopyLabs in March, 1988, as a receptionist. She transferred six months later to Production with responsibilities for invoicing and customer support. Within three months she was promoted to Customer Support Representative.

Carol Castillo started with the company as the support rep for the Packaging Coordination Department in February, 1988. She moved to the Customer Support Department 18 months later.

Frank Gutierrez joined the company as a Customer Support Representative last September. He previously worked as associate director of a software distribution and sales firm in Phoenix, and before that, had been a teacher and a planner of national conferences.

Each customer support person undergoes a training program that gives him or her hands-on knowledge of all

## Open House Caps Successful Move

**W**e were gratified to see so many of our customers, associates and friends at the Open House we held in February.

So many of our guests have been very supportive of the company over the years with their business or advice or just good wishes for our success.

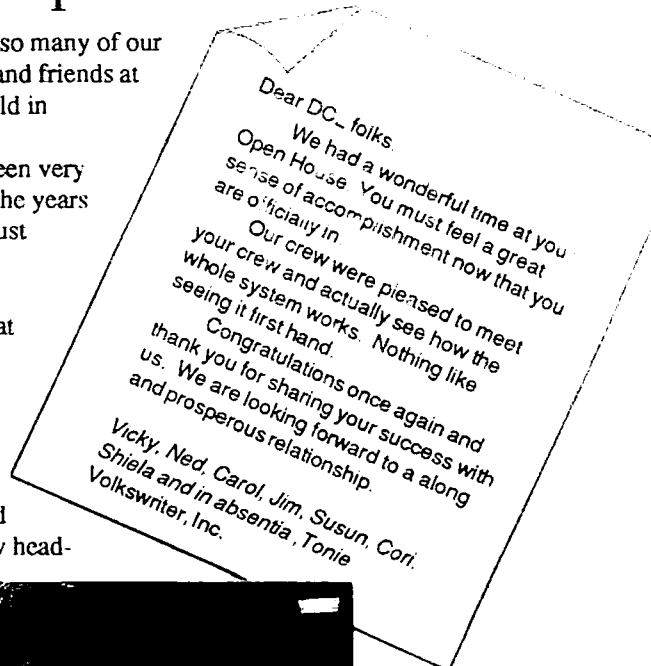
The event was a small way of showing our appreciation for what they have done for us, as well as to show off our new facility and its capabilities. And we all had a fine time doing it.

Each of our guests, in his or her own way, have contributed something that has made our new headquarters and plant possible.

We thanked them at the event and thank them again now, and hope that we can get together again before too long.



Vaughn Sucevich, Andy Van Valer, Frances Karl, Kelly Burrell, and DisCopyLabs Division Manager Mary Kung.



Dear DC... folks.  
We had a wonderful time at your Open House. You must feel a great sense of accomplishment now that you are officially in.  
Our crew were pleased to meet your crew and actually see how the whole system works. Nothing like seeing it first hand.  
Congratulations once again and thank you for sharing your success with us. We are looking forward to a long and prosperous relationship.  
Vicky, Ned, Carol, Jim, Susan, Cori, Shiela and in absentia, Tonie Volkswriter, Inc.

From left to right: DisCopyLabs Customer Support Supervisor Lori Grlm with Borland International's

production and order handling and fulfillment functions. They are assigned to actual working positions with these groups, including a week with Quality Control, so they get factory-floor experience in all aspects of processing a customer's order.

Their support functions begin when they receive a new order from sales, which they review for correctness. Then they enter the information in "SHOP", a

data base of customer activity, both historical and current. Only customer support personnel can enter data into the system which, by eliminating hand-written orders and multiple entries, keeps customer order records accurate and easy to update, despite

modifications.

Lori said the team keeps communication channels open with customers and various groups in the company handling an order. As most problems are basically misunderstandings, they can be avoided by clear and frequent communications.

"We tell the customer we are as close as his telephone or fax machine. So we are always available to answer their questions, make changes, watch over their orders, assure timely shipments, or just hand-hold," she said.

The Customer Support Department is a force for customer relations throughout DisCopyLabs. Weekly meetings are held with production and other units to review performance and explore ways to improve it. Customer feedback is relayed to the appropriate groups.

"Another of our goals is to re-enforce management's philosophy that everyone in the company is in customer service; that no matter what our job title, our primary product is customer satisfaction," she said.

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*We don't take time often enough to thank our suppliers for the excellent job they do. But we want you to know that we do appreciate your efforts, efforts which we recognize as above and beyond the call of duty even as we urge you on to greater and greater efforts.*

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Brad Asmus  
Borland

## Shortage of 5-1/4" DSDD Disks Expected As A Result of Xidex Take-over

A three to six month shortage of 5-1/4" DSDD diskettes is anticipated due to the acquisition of Xidex by Hanny.

It is estimated that 20 million disks per month have been removed from the market during the transition, causing a shortage of 5-1/4" DSDD disks. Other manufacturers such as 3M Corporation, BASF, and Verbatim are attempting to

meet increased demand. However, output currently has not met market demands.

Many large purchasers of 5-1/4" media have had difficulty getting the necessary quantities of media. As a result there appears to be an upward price adjustment for 5-1/4" DSDD media. Recently DisCopyLabs has seen a 10 to 20% increase in prices in anticipation of the shortage.

With DisCopyLabs' contractual relationship with media manufacturers, DisCopyLabs is assured of uninterrupted 5-1/4" media supplies.

## 2.88 MB-3.5" Diskette Duplication Ready In June

Beginning June 1, 1990, DisCopyLabs will offer software duplication for 2.88 MB (4 MB unformatted) 3.5" diskettes for Toshiba-standard drives.

This high capacity media provides nearly twice the memory space as the most popular 3.5" computer media. For pricing and other information, please call DisCopyLabs' Accounts Managers at (415) 651-5100

## The Hidden Cost Of Poor Quality

It is estimated that the cost of handling bad disk returns or miscollated disks from customers is anywhere from \$75 to \$200 per package, not counting customer dissatisfaction. Assuming a low end of \$75 per package, here are possible costs:

NUMBER OF DISKS DUPED	BAD DISKS	ADDITIONAL COST/DISK
1,000	0	\$75/0 = 0.000
1,000	1	\$75/1000 = 0.075
1,000	2	\$150/1000 = 0.150
1,000	3	\$225/1000 = 0.225
1,000	4	\$300/1000 = 0.300

DisCopyLab's return on bad disks are one of the lowest in the industry - close to zero defects. Compared with duplication done by other major competitors, DisCopyLabs consistently comes out on top.

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## The Cost of Poor Quality

is back doing business with DisCopyLabs.

Although this is an unusual case, it illustrates that the hidden cost of poor duplication is so high that DisCopyLabs refuses to compromise quality for price because the risk to you is immeasurable. That is why we have a quality control group and manager who reports directly to our Vice President of Operations whose charter is to make sure we produce a

zero-defect product.

In the past year we have further refined our process control based on customer input. We consistently produce near-perfect orders, thereby saving customers additional costs of returning and redoing products. The savings on returned products can be as high as 40 cents per disk.

When selecting between duplicators, I recommend giving equal weight to the following duplicator criteria: a) process control procedure, b) reputation, c) commitment to service and attention to detail, d) technical capabilities, e) capacity, f) organizational structure to support customer growth, g) pricing, h) references and customerbase, i) facilities.

## DISCOPYLABS

The Complete Software Production Company

48641 Milmont Drive  
Fremont, CA 94538-7354

### Service Directory

For information call: (415) 651-5100

FAX: (415) 651-1679 Production & Packaging  
(415) 651-1751 Shipping  
(415) 651-1806 Administration

- Quotation for services and new orders      Sandra Woodrow  
Peter Young  
Bob Benevento
- Orders - Diskettes      Lori Grim  
Carol Castillo  
Frank Gutierrez  
Michele James  
Kathy Tabke  
Tony Trujillo  
Tony Bandith
- Order placement-tape & data cartridge
- Packaging      Jeannie Chai
- specifications
- Downloading      Phillip Presentation
- Copy protection and master evaluation      Vincent Wan

## FIRST CLASS MAIL