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Manufacturing's glimmer of hope

By Alex Grant

Manufacturing orders are up for the first time in a year, according to the latest figures. But the BPIF says any improvement has yet to filter through to print.

Although prices are down, what may be called the purchasing manager's index from the Chartered Institute of Purchase & Supply, and widely regarded as a barometer for manufacturing industry, now stands at 50.1, up from 46.5 last month.

Anything above 50 shows that manufacturing is growing. The figures show that consumer goods, many of them made out of ink on paper, are leading the way with their output index up from 52.4 to 53.5 between January and February.

"Although 50.1 is positive, it is a relatively small improvement and very recent," says the BPIF's head of external affairs Cicely Brown. "Printing is still waiting for a spark to set it alight."



Cicely Brown: 'Small improvement'

The federation is currently preparing the latest issue of its *Directions* survey, due out at the end of March, and few printers are reporting increased sales.

The last survey, issued in January, showed that pessimists outnumbered optimists by a margin of 42%. With interest rates already low and consumer spending high, that spark could be restocking, says Ms Brown.

Having overestimated sales last year and built up huge inventory levels, manufacturers of IT and telecoms goods in particular stopped production almost entirely and are only now resuming.

The equivalent index in the US, prepared by the Institute of Supply Management, has gone up from 49.9 in January to 54.7 in February, showing that the US seems to be recovering further and faster than Europe for the moment at least.

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In brief

- Manufacturing orders up
- Print still awaiting revival
- *Directions* survey coming soon

News Corp's heavy weather

Newspapers and magazine advertising could be seeing the beginnings of a recovery, at least in the US.

News Corporation president Peter Chemin last week predicted that ad revenues should be up by between 3-4% in the first quarter of 2002, albeit from a low base some 10% below the norm.

But he admitted that there was little sign of recovery in News Corp publications in Europe such as *The Sun*, *The Times* or *Sunday Times*.

And talk of economic recovery in 2002 has not convinced the European Rotogravure Association, which has warned that continued overcapacity and low advertising levels in magazines mean that 2002 should be a slower year than 2001, despite lower paper prices.

Although more magazines going to smaller print runs and offset production, gravure printers are "investing in modern presses with wide web widths and high printing speeds" to compete, says ERA secretary general James Siever.

"But the optimism in the US is only a prediction. As far as we see it, there is no recovery in Europe yet."

Paper company Holmen, meanwhile, reports that deliveries of coated magazine paper in Western Europe fell by more than 6% in 2001.

Standard newsprint deliveries were down by 3%.

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In brief

- US recovery talked up
- News Corp UK pessimism
- ERA warns of overcapacity

BPI claims restructuring is paying off

British Polythene Industries says restructuring has paid off, with pretax profits up 24% to £16.2m, despite sales having fallen from £377m to £360m. BPI has also been helped by the drop in raw material prices.

BPI has closed two factories, shed staff and sold its retail plastic bag business to Bunzl in recent months. Further rationalisation is being mooted for 2002.

Investigations by the European Commission into alleged price fixing are "still at a very early stage" and likely to take up to six years, the company says.

In the meantime, lawyers have been drafted in to ensure that processes comply with competition law and that the charges are not repeated.

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In brief

- BPI profits up, but sales down
- Sells factories and sheds staff
- Long term price fixing case

UBM loses £568m

United Business Media, owner of *Printing World* publisher CMP Information, is not expecting any recovery in high-tech advertising in the US in 2002. Preliminary results for 2001 show a loss of £568m because of the costs of 1,400 job cuts, and operating profit before exceptionals of £81m, down from £161m in 2000. Profits from CMP Media, UBM's high-tech publisher in the US, were 90% down in 2001. However, now that costs have been cut by £110m, UBM says that it is well-placed to benefit from any upturn.

Ups and down

Regional newspaper sales are still dropping – by 3.9% for dailies and 4.9% for Sundays in the last six months of 2001, although some newspapers are doing much better than others. The Newspaper Society says that 48% of all titles (and 55% of weeklies) saw circulation rise in the last six months of 2001, despite the cut in bulk sales by most publishers. Some 98% of newspapers now sold are actively purchased, and 96% are sold at full price.

US deal sealed

Crown Cork & Seal, Philadelphia, is to sell its pharmaceutical packaging business to Risdon Pharma, a printer and manufacturer of plastic pharmaceutical components. Risdon has manufacturing facilities in France and Germany and is backed in the deal by HSBC Private Equity. The transaction is subject to consultation with workers' representatives, as well as regulatory approval.

Pearson battles on

Pearson, owner of the *Financial Times* and Penguin Books, has suffered a 12% fall in pretax profits in 2001 after five years of consistent double digit profits growth. However, the results were not as bad as feared and a "significant recovery" is forecast in 2002. Pearson shares rose 10% to 843p as a result.

Although Penguin's books saw sales growth of 3% and a 6% rise in profits, the FT Group suffered a 7% fall in profits because the 30% drop in ad bookings outstripped a small rise in sales.

Although the advertising outlook "remains uncertain", overheads for the *Financial Times* have been reduced. The newspaper's UK edition switched a chunk of its run from West Ferry to Newsfax last year.

The overall fall in profits was also partly due to Pearson writing off the value of its FT Knowledge business, whose offices at the World Trade Centre were destroyed on September 11.

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In brief

- Pearson sees profits fall
- *FT* and Penguin suffer
- Ads outlook is uncertain

Chinese like Linx inkjets

Linx Printing Technologies, the maker of inkjet systems for packaging and batch coding, saw demand in the US and Europe fall by between 3% and 5% last year but benefited from a 30% rise in China and Hong Kong.

Sales were up 1% to £24.2m in the last six months of 2001, although profits fell 11% to £2.3m.

Linx, which took over Xymark, a laser manufacturer in 2000, has recently launched two new products, the Linx 6800 inkjet and the Xymark VectorWriter.

Following poor Xymark sales in the US last year, separate teams for sales and distribution of inkjet and laser products have been created.

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In brief

- China gives Linx a big boost
- US and Europe fall back
- Rejigs sales operation

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Access down 4%

By Alex Grant

Access Plus, the print management group that floated on the Alternative Investment Market in 1996, suffered a 4% fall in profits in 2001, partly because of a 27% drop in direct mail contracts. In contrast, general print management revenue rose by 27% last year.

After years of breakneck, double-digit growth, UK direct mail volumes grew by only 6% last year. Media, financial and retail direct mail saw a "sharp decline", although insurance mailings rose by 13.6%. The cut in marketing budgets was not due to September 11, says Access Plus finance director Peter Houston. "The worst decline in direct mail spend was in the second quarter of 2001, not the third," says Mr Houston. "September 11 is being used as an excuse by many people."

However, customers are also spending less on their mailings than before, with a 14% fall in unit production costs in the second quarter of 2001.

As a result, Access Plus has diversified more into print management, which now accounts for 62% of all volumes. "Direct mail volume may still be there, but not the growth we had been used to," says Mr Houston.

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In brief

- Access Plus on a seesaw
- Does not blame September 11
- Diversification into management

Tough for CCL in 2001

CCL Industries, the new owner of four former Jarvis Porter factories, had a tough 2001 but says that all but one of its labels sites are now profitable, in sharp contrast to Jarvis Porter's performance over the past few years.

CCL saw pretax profits fall from $38.4m to $36.3m in the fourth quarter of 2001, partly because of "disruption to order patterns and logistics" caused by September 11.

It bought Jarvis Porter's remaining businesses – its healthcare label businesses in Lewes, headquarters in Leeds and works in Holland and France – for £7m on February 1. These had sales of £23.3m in 2000-1 but made a loss of £2.9m.

legal notices

Compulsory winding up

The following case is due to be heard at the Royal Courts of Justice, Strand, London WC2A 2LL

- **Waterlock Press Ltd** 6 Albermarle Street, London W1X on March 13 at 10.30am. Petition by Ice Paper

Appointment of liquidators

- **Graf X Ltd** Graphic designer. Liquidator: RG Butcher, Moore Stephens Booth White, Beaufort House, 94-96 Newhall Street, Birmingham B3 1PB
- **Sea Horse Press Ltd** Printer. Liquidator: J Kelmanson, The Kelmanson Partnership, Avco House, 6 Albert Road, Barnet, Hertfordshire EN4 9SH
- **Graphic Partners (Manchester) Ltd** Graphic designer. Liquidators: N Henry and M Simister, Lines Henry, 27 The Downs, Altrincham, Cheshire WA14 2QD
- **Uniskill Ltd** Printer/reprographics. Liquidators: R Keyes and F Wessely, Chantrey Vellacott, 81 Station Road, Marlow, Buckinghamshire SL7 1SX
- **Swan Innovations Ltd** Previous company name: **Swan Packaging Ltd** Manufacturer of printed cartons and wallets. Liquidators: NR Hood and RH Toone, Begbies Traynor, 1 & 2 Raymond Buildings, Gray's Inn, London WC1R 5NR
- **Management Graphics Ltd** Printer. Liquidators: R Keyes and F Wessely, Chantrey Vellacott, 81 Station Road, Marlow, Buckinghamshire SL7 1SX
- **Global Power Press Ltd** Previous company name: **Global Industrial Services & Supplies** Power press service and repairers. Liquidator: AG Haden, Haden Insolvency, Haden House, 485 Birmingham Road, Bromsgrove, Worcestershire

Appointment of receivers

- **Colourflow Ltd** Photographic developing and printing. Receivers: S Allport and DK Duggins, Andersen, PO Box 55, 180 Strand, London WC2R 2NT
- **MI Print Ltd** Photographic developing and printing. Receivers: S Allport and DK Duggins, Andersen, PO Box 55, 180 Strand, London WC2R 2NT

Meetings of creditors

- **The Hallamshire Press Ltd** at 93 Queen Street, Sheffield S1 1WF on March 13 at 11am
- **EJW Colour Print Ltd** at 42 George Street, Reading RG1 7NT on March 14 at 10.30am
- **Express Publications (North East) Ltd** at 8 High Street, Yarm, Stockton on Tees on March 7
- **Grgprint.com**, **Grgprint.com llp** at Park House, Park Square West, Leeds LS1 2PS on March 8
- **Five Star Stationers & Printers Ltd** at 35 Ballards Lane, London N3 1XW on March 14 at noon
- **Dorincourt Lion Litho Ltd** at The George Hotel, High Street, Crawley, West Sussex on March 13 at 11.30am

Notices to creditors

- **Maltsprint Ltd** Creditors to send claims to SG Paterson, Moore Stephens, Corporate Recovery, Victory House, Admiralty Place, Chatham Maritime, Kent ME4 4QU by April 30
- **Red Winklepicker Press Ltd** Creditors to send claims to SM Draine, 3-5 Rickmansworth Road, Watford, Hertfordshire WD18 0GX by April 3
- **Partners Press Ltd** Creditors to send claims to JNR Pitts of Wilson Pitts, Devonshire House, 38 York Place, Leeds LS1 2ED by March 28

Final meetings

- **Kells Print Ltd** at Salisbury House, Station Road, Cambridge CB1 2LA on March 25 at 10am for members and at 10.15am for creditors

Business GROW-HOW



From Paul Holohan & the team at Richmond Capital Partners Limited

BUSINESS ADVICE

LIVING UP TO EXPECTATIONS

I believe that one way of surviving (and hopefully prospering) in the printing industry is to offer exceptional customer service. And I mean a REAL difference to our rivals. Why is it proving so difficult to do?

Ultimately great customer service is like beauty; it is in the eye of the beholder. Customers place a value on us and our 'brand'; that is as much a part of expectation as the service they actually receive. But reality needs to be like perception.

Recently we saw that Arriva trains were asked to withdraw their promotional activity which promised top quality service because they were not delivering it! The company claimed that it was "aspirational"!

These days we are more likely to be compared with a bank, travel agent or high street shop - or a packet of cereal. Recent research shows that the Kelloggs brand has more consumer trust than even the church!

Start with these questions:-
How do we add value to our customers?
Why do they buy from us?
What do they value about us?

If your people do not 'align' or value the same things as your customers then there is mis-match problem. Your people need to understand your customers better and this starts with asking them! This can be undertaken in several ways and you will be amazed by the feedback.

At Richmond we have carried out this type of analysis for several clients with great results - even though listening to criticism can be quite painful!

The first contact made by your client, and all the contacts thereafter, need to reflect the values sought by your clients. You will need to coach your people and develop a 'similarity of spirit' both within the firm and between your staff and customers. If your staff and customers were in a pub talking to each other you would want them to describe your organisation in similar terms. Do you think that they would?

Only then can you really start creating a service which is hard to copy; one that customers feel they own as much as the staff do.

I have learnt through bitter experience that "no hands is better than **any** hands" and to stick to your guns and hire people with the right outlook on delivering service excellence. Whilst some can be trained, some will not 'come along'.

Start with recruitment, induction, training, internal communication and building real relationships with your clients at ALL levels. Meeting face to face is still the best way to achieve this.

You are right to see this as an opportunity to differentiate yourself. Your people may well think that the only reason that your clients use you is price. In reality, this is extremely rare.

Good luck!

The author accepts no legal responsibility for the advice given. Comments and advice given in this column do not necessarily represent the views of Printing World.

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