



- Website;
- Exhibitions;
- Customer care;
- Direct mail;
- Advertising.

The marketing plan is now under way and needs to be finalised by adding:

- Programme formulation for activities;
- Implementation;
- Monitoring and control;
- Contingency planning;
- Financial projections for up to three years.

Successful firms focused on organic growth invariably follow these relatively simple guidelines. Though not common in the printing and related industries there are some very successful examples who make excellent profits and grow profitably year on year even in tough conditions by adopting these concepts.

## 2. Merger

A merger can be an ‘offensive’ merger (two or more firms getting together via equity sharing) to attack rivals and gain market share. Mergers can also be ‘defensive’ – to prolong the life of the respective organisations for example, or to procure time to develop new strategies. A merger is usually conducted where neither side can afford to buy the other outright.

There have been a number of mergers in the printing industry in recent years usually driven by:

- Age;
- Lack of succession;
- Consolidation;
- Rationalisation of costs;
- The cost of investment in the next wave of technology.

## 3. Acquisition

An acquisition can provide rapid growth way beyond the scope of organic growth. However risks can be high.

The following are the key stages in planning a purchase:

- Establish how much funding you can raise/afford.
- Formulate an acquisition strategy – a vital component – preferably with professional advice.
- Identify key targets and have them properly researched.
- Make contact and arrange visits.
- Determine owners’ aspirations.
- Demonstrate to the owner why you would be a good buyer – determine how you will add value.
- Establish strengths (or otherwise) of second tier management.
- Agree deal in principle, obtain exclusivity for a given period.

- Verify vendors claims and conduct due diligence.
- Develop a post-acquisition strategy.

Above all be absolutely clear what you hope to get out of it before you buy and what you are going to do post-acquisition. Failure to identify these targets is the most common mistake made. Sometimes you put so much into the acquisition it is hard to plan what you are going to do after completion.

After considering all these key issues there are other ancillary areas to consider, such as:

- Why am I doing it?
- What are my other options?
- Am I on a personal ‘fix’?

Such questions challenge whether your move is in the best interests of the business. Any acquisition should be part of a planned strategy and fit well within it.

- What am I buying?
- Are you sure that you really understand what the acquisition target does?

Be clear on the key issues, for example: customers, relationships, people. If the cultures of the two businesses are not compatible they will struggle to integrate.

Do you have the time and resource to do the job properly? If you don’t, be prepared to have problems. Due diligence for example is a key area often mistakenly seen as just a ‘box ticking’ exercise. But it is your last opportunity to be confident that the deal will work.

Get good advice early on. Consider all options. Target a number of suitable businesses, never just one which appears from nowhere! Get support for the acquisition process, including due diligence, culture check etc., and ensure that you are clear on post-acquisition actions, which should be clearly defined and timetabled.

**“Good decision-making is the key to successful growth. The market is tough and finding the right road is a challenge”**



Figure. 5

## 4. Joint venture or strategic alliance

A joint venture (where equity is shared) or strategic alliance (collaborative agreement) can be a lower risk method of growing the business. Indeed many alliances and joint ventures lead to merger or acquisition at a later stage.

Here two or more, partners agree to share something (resources, knowledge, skills, capacity, etc.) that will provide a synergy (2+2=5).

When developed from a sound strategic position these can be a most effective way of:

- Learning about new markets;
- Developing core competencies;
- Gaining access to markets;
- Using source research in the most effective way.

## Conclusions

No business can stand still. Growth is desirable, and probably essential, for survival. We have looked at the four principle options of organic growth, mergers, acquisitions, joint ventures/ strategic alliances. Which one, or combination, is best for you will depend on the individual circumstances.

There is one overriding factor. Always take professional advice from those with a history in the print industry and therefore those with in-depth knowledge and professional ethics of discretion, confidentiality and efficiency.

They will help guide you through the labyrinth and help you to avoid the pitfalls which are so easy to fall into because few owners are fully conversant with the processes involved. It is vital to have a clear strategy and to plan within this framework. Any deviation is liable to increase risk unless reviewed as a specific refinement of the strategic plan and incorporated into it in a planned and realistic way.

Good decision-making is the key to successful growth. The market is tough as we all know and finding the right road is a considerable challenge and best undertaken with good sound advice from those both inside and outside the company whom you know you can rely on. ■