

Big Blue still buoyant despite losses of \$58m

By Jim Larkin

Digital printing has taken another financial battering with the news that IBM's printing division lost \$58m in the first quarter of 2001 alone.

However, as with the recent Xerox losses, this does not necessarily mean IBM has been performing poorly in sales of its products to the graphic arts market.

Rather, the \$58m loss has been attributed to a reorganisation within IBM whereby its Printing Systems results are grouped with those of its PC divi-

sion, and it is the PC results that have dragged earnings down.

"The desktop segment is hurting – and it is not just a cyclical issue," says Louis Gerstner, IBM chairman and chief executive officer.

"This is a mature business and it no longer drives the needs of the IT industry. Related to this, our hard disk drive and display businesses, which sell to the PC segment, were also weak."

IBM says data displaying the performance of its printing division separated from that of the PC business is not available.

But despite a poor performance in this sector, Big Blue bucked the trend in technology stocks by announcing overall financial results which exceeded expectations.

It made a profit for the first quarter of the year of \$1.75bn which was an improvement of 15% on last year's first quarter. Similarly, turnover was up 14% at \$21bn.

"While many of our competitors who followed the dotcom mania are now trying to reinvent their strategies and are struggling with earnings

shortfalls, IBM has emerged from the past two years stronger than ever," says chief financial officer John Joyce.

The giant multi-national company is optimistic despite the uncertain economic outlook in the US. "Times like these play to our strengths as a diversified, services-led company," says Mr Gerstner.

"Moreover, many in our industry have gotten a bit carried away over the last few years by the exaggerated expectations for the Internet world.

Rexam's US sale

Rexam's Decorative Specialities International subsidiary in Massachusetts, which makes cloth, leather and latex substrates for printing, has been sold to Fibermark for \$140m in cash.

Aluminium outlook

Alcan, the aluminium and packaging group that took over Algroup last year, has forecast a 0.7% fall in aluminium demand this year which could lead to lower prices for plates. Aluminium production has also been cut, falling by 25% in the US over the last year.

Archer waits

James Archer, son of Jeffery Archer, may never be able to work as City trader again following alleged insider dealing in StoraEnso shares in 1999. Mr Archer and two other Credit Suisse First Boston traders known as the "Flaming Ferraris" are awaiting the outcome of the Financial Services Authority investigation into the affair, which is expected to expel them from the FSA trader register.

American bias

Sappi is now more than 60% owned by foreign investors after heavy dealing in its shares in recent weeks. Although still based in South Africa, the paper company is now 37% owned by American shareholders and 23% owned by European investors and others.

F&M disease fightback

By Alastair Sutcliffe

Despite the continuing increase in the number of Foot and Mouth disease outbreaks across Britain and the consequent havoc caused to the tourist trade, tourist authorities are beginning to put plans in place to counter the horror stories and encourage visitors to return.

The Scottish Executive has allocated a £13.5m relief package for tourism, including £5m for information and marketing to which the Scottish Tourist Board has added a further £1.2m from existing budgets.

Some £1.4m of these funds will go to area tourist boards (ATBs) to stimulate additional marketing initiatives on top of the £2.3m to be spent by the national board.

In Dumfries & Galloway, the Scottish region hardest hit by the disease, the area tourist board was in discussions last week on planning for the future.

An ATB spokeswoman says: "The priority at present is to deal with the disease and its effect on our farming community. But we are already considering the actions we will need to take to revive the tourist industry after foot and mouth is eradicated. Certainly that will involve a direct mail campaign, though as yet we have not decided on the size of the print run which will

be required."

Next door, in the Scottish Borders region stretching from Gretna to Berwick, the ATB has already begun its campaign. At the Melrose Sevens rugby tournament, the normal distribution of promotional leaflets and other printed material was increased, and replacement print will be required.

Some 100,000 brochures

will be printed and mailed out to potential and existing customers, and the ATB is putting in hand the production of an A4 62pp booklet and an A5 60pp insert to encourage holiday makers to visit and stay in the Borders.

Further south in Cumbria, just as seriously hit as Dumfries & Galloway, the tourist board is distributing 250,000 copies of its

Crisis closes print inplant

By Alex Grant

UA Group, the Scottish livestock auction company, has closed its print inplant in the wake of the Foot and Mouth crisis which has called a complete halt to auctions and the brochures needed to publicise them.

Although UA says the decision to shut its inplant in Perth was taken in January before the foot and mouth

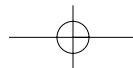
crisis struck, in hindsight it seems very prudent. UA has since warned of poor results. Three staff were employed at the inplant, which did work for external customers as well as producing sales brochures for UA's own auctions.

Finance director Suzanne Grahame says that the inplant had received little investment in the past 20

years and would have cost too much to re-equip.

The inplant and Scotsire, another UA subsidiary that has been closed down, made total losses of £400,000 last year.

Another livestock brochure printer, DG Format in Dumfries, has reported that sales have fallen 20% since Foot and Mouth disease struck



Business GROW-HOW



From Paul Holohan & the team at
Richmond Capital Partners Limited

CULTURE CHANGE

I recently met a successful managing director of a company located near me but not involved in printing. He was totally committed to 'culture change' and claimed it was the turning point of his success. What is it and how can I benefit from it?

There is no definition of company 'culture' which is universally accepted. However, I like the simplicity of this one best:-
"The way we do things around here"

Some of the negative culture issues to consider could include for example:-

- Autocratic management with a 'telling' style
- High staff turnover
- Poor internal communications
- Unresponsive to workers needs
- Multi – skilling and training not encouraged
- Health and Safety not very important
- When something goes wrong we look for someone to blame
- When customers complain we try to convince them that they are wrong
- We don't bother with induction for new staff

Clearly a change in culture would mean addressing some, or all, of the above issues and changing "the way we do things around here". A culture change can deliver many benefits but it must achieve the support of the company as a whole.

You do not state the specific issues that became the turning point for your contact but here are a few benefits which should be derived from a culture change:-

- Increased customer retention / repeat business
- Better quality of product / less spoilage
- Higher productivity
- Less chance of litigation from disgruntled employees
- Less staff turnover, higher morale and motivation
- People more receptive to change
- Better profits
- Increased sustainability, less 'pull' by management
- Better working atmosphere and less stress

Clearly there are significant benefits to be gained by a culture change which can be 'bottom line' improvements and a 'win/win' for every employee and shareholder.

Implementing a culture change needs top level support and commitment – and indeed from employees at all levels.

Are you committed?

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.

Tel: 0207 636 5491

Facsimile: 0207 436 8954

Email: info@richmondcapitalpartners.com

Web: www.richmondcapitalpartners.com

Business Advice

Desktop comes out on top

By Alex Grant

In spite of the woes facing high-end digital equipment manufacturers like Hewlett Packard and Xerox, desktop printer manufacturers seem to be enjoying a softer economic landing.

US company Lexmark, for example, has increased its sales by 12% in the first quarter and suffered only a very slight fall in profit,

from \$80.2m to \$79.7m.

Lexmark says it is "cautious about US consumer demand and corporate IT spending" but is still expecting profits growth of between 15% and 20% for 2000 as a whole.

Minolta and Fujitsu, meanwhile, have decided to set up a joint venture called F&M Imaging Technology, from May 16. F&M will

develop and manufacture colour laser printers, launching its first products in the spring of 2002.

Currently, Fujitsu does not make its own colour printers and Minolta has a market share of only 10% in the US and 15% in Europe.

The two parties are hoping for a big increase in this share, and sales of ¥40bn a year by 2005.

legal notices

Compulsory winding up

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

● **Screen Printing Ltd** Essex House, 141 Kings Road, Brentwood, Essex CM14 4EG on May 9 at 10.30am. Petition by Customs & Excise

Appointment of liquidators

● **Light & Coley Ltd** Graphic design consultancy. Liquidators: JR Tickell and DJ Waterhouse, PricewaterhouseCoopers, Savannah House, 3 Ocean Village, Southampton SO14 3TJ

● **Impress Printing Services Ltd** Printer. Liquidator: W Paxton, 42-44 Mosley Street, Newcastle upon Tyne, NE1 1DF

● **Al-Haq Printers Ltd** Printer. Liquidator: SD Watson, WM Insolvency, 190 Soho Hill, Hansworth, Birmingham B19 1AG

● **MaxxAerosonic Ltd** Printer. Liquidator: P Appleton, Pearl Assurance House, 319 Ballards Lane, London N12 8LY

● **KWA Graphics & Design Ltd** Reprographics. Liquidators: DP Hudson, The Old Exchange, 234 Southchurch Road, Southend-on-Sea, Essex SS1 2EG and NP Aiyen, Tudor Cottages, Footscray High Street,

Footscray, Sidcup DA14 5HN

● **PJ Print Ltd** Printer. Liquidator: JM Titley, Downham Train Epstein, 24 Wellington Street, St Johns, Blackburn BB1 8AF

● **Capital Type & Graphics Ltd** Previous company name: **Origination Only Ltd** Publishing. Liquidator: MR Fry, Begbies Traynor, The Old Exchange,

234 Southchurch Road, Southend-on-Sea, Essex

● **C1-One Proactive Promotions Ltd** Sports consultancy and publishing. Liquidators: RAB Saville, Savilles, 1 North Road, The Park, Nottingham NG7 1AG and A Pillmoor, Wilberforce Court, Alfred Gelder Street, Hull

● **AND Data Solutions Ltd** Previous company names: **AND Publishers Ltd** and **AND Electronic Publishing Ltd** Publishing and data provision. Liquidator: C Everitt, Shaw & Company, 195 Banbury Road, Oxford OX2 7AR

Appointment of receivers

● **Graphics Euro Ltd** Former company name: **Graphicbrooke Ltd** Trading name: **HT Graphics** and **HTG Graphics**

Reprographics. Joint receivers: F Wessely and R Keyes, 81 Station Road, Marlow, Buckinghamshire SL7 1SX

● **Morrison's Corrugated Products Ltd** Manufacturer of

corrugated paper and containers. Joint receivers: PA Whitwam and MR Ellingworth, Begbies Traynor, 30 Park Cross Street, Leeds LS1 2QH

● **Fourcolor Print Ltd** Commercial Printer. Joint receivers: PA Whitwam and MR Ellingworth, Begbies Traynor, 30 Park Cross Street, Leeds LS1 2QH

● **CPC Reprographics Ltd** Printer. Joint receivers: A Andronikou and L Hornan, Hacker Young and Partners, St Alphege House, 2 Fore Street, London EC2Y 5DH

Meetings of creditors

● **Major Print & Design Ltd** at 52 Mount Pleasant, Liverpool L3 5UN on May 8 at 11am

● **Instant Image Group Ltd** at The Ship Thistle Hotel, Monument Green, Weybridge, Surrey KT13 8BQ on April 25 at 10.30am

● **Vision Multimedia & Print Ltd** at Albert Chambers, 221-223 Chingford Mount Road, London E4 8LP on April 30 at 11am

● **Triangle Publishing Services Ltd** at The Abbey Business Centre, Wellington Way, Weybridge, Surrey on April 25

● **Hot Press International Ltd** at Cambridge Garden House, Mill Lane, Cambridge CB2 1RT on April 27

● **Equestrian Publishing Ltd** at

