

Survey shows skills shortages

By Alex Grant

More than half of all printing companies are experiencing serious staff shortages, Lloyds TSB's Business in Britain survey has shown. The bank's research found that 53% of "business and other services" firms, which includes printers, were suffering.

Skills shortages were particularly bad in London and the Thames Valley. "The yawning skills gap is turning into a hazardous abyss across all sectors," says Michael Riding, managing director of Lloyds TSB Commercial. "Local labour supply just cannot

match demand."

For manufacturers, the problem is made worse by low margins and tough competition, which mean that few companies can afford to offer higher wages to attract staff.

Although no detailed figures for printing are available, the results are borne out by anecdotal evidence. Nicky Ashford of print employment agency Dagmar Tara says: "There certainly is a shortage, which we put mainly down to a lack of apprenticeships."

"It's equally bad across print and dtp and prepress, where technology is chang-

ing so quickly that the skills you needed a year ago are not what you need today." Even Indigo operators, who get high pay after only a small amount of training, are in short supply, she adds.

However, despite the skills shortages it seems as if the long-running decline in unemployment may be bottoming out. Office of National Statistics figures show that the number of people in work fell by 25,000 in the three months to autumn last year, and the number of people classified as jobless rose by 10,000.

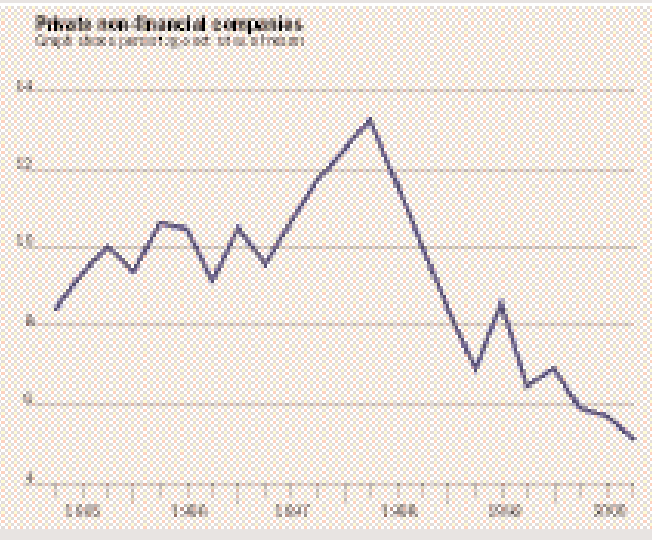
Paper prices put the pinch on printers' profitability

While paper prices rose on average by 24.7% in 2000, the prices paid by print buyers rose by just 1.9%, according to input and output figures from the Office for National Statistics.

Overall, manufacturer's profit margins have fallen from 5.9% to 5.3% in 2000 and still seem to be falling. With paper prices rising faster than prices of other commodities, printers' margins are almost certainly being squeezed even more tightly, borne out by the BPIF's latest Directions survey which reported rising paper prices and print prices down by 10%-15%.

But while paper prices are rising, overall raw material costs for manufacturers are actually falling at their fastest rate since the 1980s, according to the ONS. Input prices fell by 3.5% in December 2000, the largest drop since Janu-

Profitability of UK companies



Manufacturing companies saw a drop in net rates of return in 2000

ary 1986. This was mainly due to an 18.2% fall in crude oil prices. The sudden decline in costs at the end of last year has brought the annual change in input prices

to +5.4%, as money costs had risen steeply in the early part of 2000.

However, the reduced costs may have to be passed on in full to consumers to

Menzies to take off

John Menzies, the newspaper and magazine distributor, has made a pretax loss of £8.2m in the six months to November 4, thanks to the one-off costs of disposing of video and music wholesaler THE. Menzies is now looking for more acquisitions in aviation services, which it wants to account for 50% of turnover by 2006.

Reflec buys in US

Reflec, the British manufacturer of special reflective inks, is buying one of its competitors, Reflective Technologies Incorporated of Bedford, Massachusetts.

Lower expectation

Consolidated Graphics, the US print group, has warned of lower than expected profits of between 40c and 42c per share, not 62c-64c as previously hoped. Shares have fallen from over \$16 to \$13 as a result. Consolidated has named Wayne Rose as its new chief financial officer, replacing Chris Colville who quit last September.

Novar says no

Novar shareholders have opted not to sell off the group's American cheque-printing arm at an egm forced by UK Active Value Fund, a minority shareholder. Eighty-six percent of shareholders rejected UKAVF's disposal proposals.

Laser printer sales slump

Desktop printer sales may have peaked as machines last longer than they used to and corporations cut back on IT spending, in the US at



Desktop printer sales may have peaked least.

With Hewlett Packard and Lexmark both posting depressed profits in recent months, and Microsoft warning of slower sales this year, laser printer sales in 2000 were less than in 1999, the first time ever that sales have fallen year-on-year.

Some observers say that laser printer sales are in permanent decline and will be followed by printers for the corporate market, as Bluetooth and other technologies allow printers to receive jobs remotely, meaning less need for local printers.

IBM results defy analysts

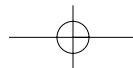
Amid the worries about an economic slowdown in the US, some companies in the graphics arts sector are still enjoying the good times.

IBM, for example, has just reported a 28% increase in fourth-quarter profits on the back a 6% increase in sales – far better than analysts were predicting. Shares rose 12% as a result.

And Avery Dennison, the US labels group, has announced record results, with fourth-quarter sales holding steady at \$67.5m but earnings rising 10% to \$283.5m.

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In brief



Sappi rises

By Alex Grant

Sappi is enjoying a 4.4% rise in first quarter pretax profits despite a slight fall in sales. In the third best quarter in Sappi's history, profit margins were up from 11% to 13%.

But profits in North America were "very weak" at just \$18m, and there was a sharp decline in orders in November and December last year, lending credence to worries about a US economic slowdown.

Sappi was also hit by \$93m in capital expenditure, much of it to comply with new environmental rules in the US.

In Europe, Sappi's inventory was cut back, meaning a cut in sales volume, but cost control still meant a slight rise in profits.

While there is downward pressure on prices in North

America, prices in Europe are "firm".

"Europe performed well in the circumstances," Sappi's executive chairman Eugene Van As told an analysts meeting last Wednesday.

"We're very pleased with the results, seeing as this is normally a quiet time of the year for us," says Mr Van As.

But the outlook for 2001 is "uncertain," he admits. "The start of 2001 seems slow. There is no reason for panic, but I cannot predict what will happen to pulp prices this year." And the growth in fine paper consumption is bound to slow, Mr Van As adds.

Meanwhile, International Paper has announced annual sales of \$7.2bn (up from \$6.3bn last year) and profits of \$969m, up from

Tangible beats Web

Only 10% of magazine publishers expect the Internet to lead to a long-term decline in print runs, a survey by Century Web Offset in Cornwall has found. Around 15% actually expect the Internet to mean increased print runs in the next two years, while 55% expect no change at all, the survey of 200 publishers revealed.

Surprisingly, half of all publishers are still using "tangible media" like Zip disc or CD-Rom to transfer data digitally to their printer. Many complain that digital transfer systems like Vio and Wam!Net take too long to transfer data in time for tight deadlines.

The digital revolution also seems slow in other areas. Hardly any publishers expect magazines to be personalised soon, and just

Legal notices

Appointment of liquidators

● **Portman Press Ltd Printer.**

Liquidators: DJ Dawson, BDO Stoy Hayward, 12 Lower Brook Street, Ipswich, Suffolk IP4 1AT and N Millar, 7 The Close, Norwich NR1 4DP

● **Brampton Print & Design Ltd Printer.** Liquidators: A Cooper and DL Woolley, Poppleton & Appleby, 93 Queen Street, Sheffield S1 1WF

● **Ultima Publishing Ltd Publishing.** Liquidators: PS Dunn and SR Thomas, Sherlock House, 7 Kenrick Place, London W1H 3FF

● **RDL Printing Ltd Printer.**

Liquidator: DJ Exell, Bishop Fleming, 19 Portland Square, Bristol BS2 8SJ

● **Business Expo Exhibitions Ltd Publisher.** Liquidator: PG Byrne, Byrne Associates, St Kilian House, 38 Whiteladies Road, Clifton, Bristol BS8 2LG

● **BMS Direct Ltd Direct mailing and print finisher.**

Liquidator: S Hull, Geoffrey Martin & Co, St James's House, 28 Park Place, Leeds LS1 2SP

Meetings of creditors

● **Centaur Grant Publishing Ltd** at The Blue Room, Virgin 1st Class Passenger Lounge, Euston Station, London on January 23

● **Buckley-Bennion (Publishing) Ltd** at A Segal & Co, Albert Chambers, 221-223 Chingford Mount Road, London E4 8LP on February 26 at 3.30pm

Notices to creditors

● **Spearpress Ltd** Creditors to send claims to HT Phillips, Phillips & Co, 21-23 Station Road, Gerrards Cross, Buckinghamshire SL9 8ES by March 13

● **Lancaster Publishing Ltd** Creditors to send claims to JM Munn, FA Simms & Partners plc, Insol House,

39 Station Road, Lutterworth, Leicestershire LE17 4AP by February 23

● **World Business Publications Ltd** Creditors to send claims to A Martin-Sklan, Martin-Sklan & Co, 133 Golders Green Road, London NW11 8HJ by February 15

Final meetings

● **Printlink Press Ltd** at 1 St Swithin Street, Worcester WR1 2PY on February 16 at 10.30am

● **Cambridge Paper Co Ltd** at 12 Signet Court, Swanns Road, Cambridge CB5 8LA on February 19 at 10.15am for members and at 10.30am for creditors

● **Reserve Photo Litho Ltd** at Heathcote House, 136 Hagley Road, Edgbaston, Birmingham B16 9PN on February 26 at 2pm for members and at 2.15pm for creditors

● **Meridian Imaging Supplies Ltd** at 3-5 Rickmansworth Road, Watford,

Business GROW-HOW



From Paul Holohan & the team at Richmond Capital Partners Limited

DOING YOUR OWN THING

Since returning to work after the New Year, as an MD but non-shareholder, I have become increasingly unsettled. I realise just how much wealth I have created for my colleagues but now wish to do it for myself. I have a few ideas. What thoughts and advice would you give me?

As the nation returned to work after the New Year, many people were dreaming of becoming their own bosses. You know there is much more to this than coming up with an idea, opening the business and waiting for the money to roll in. Here are a few tips for would-be entrepreneurs who want to strike out on their own.

- Consider joining a Management Buy In (MBI) programme and become part of an MBI team. An MBI is an excellent way of creating wealth for yourself, the team and institutional investors, but do seek advice.
- Be realistic. It is rare for income generated in the first two years to be enough to live on. You may have to use savings or reduce your outgoings. Family or partners will need to be supportive.
- Meticulous planning is essential. A sound Business Plan developed with professional advice is vital. The Business Plan is the foundation - it helps to crystallise the idea. You must have a clear vision of what you are going to achieve.

- Market research is essential to establish whether there is a demand for your idea. Do not rely on family and friends to give an unbiased opinion. You must test your ideas more widely and before you commit your life savings.
- Raising finance is an issue where professional advice is a must. The Business Plan will highlight the funding needed and there are several options open to you. Bear in mind that investors will need to believe in you and your strategies.
- Choose your bankers carefully - and read the small print!
- When finding premises have a good look around for best value and beware of over lengthy leases.
- Remember it always takes longer than you think for the business to take off and you will have setbacks along the way. Be prepared.

As one Client, who recently set up in business after several years employed in a senior management capacity, said to me recently "it doesn't feel like work - it is what I enjoy and is not a daily grind. Somehow I don't feel as tired even though I am working really hard."

I commend your entrepreneurial spirit - 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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