

Fulmar reports 'tough' first half

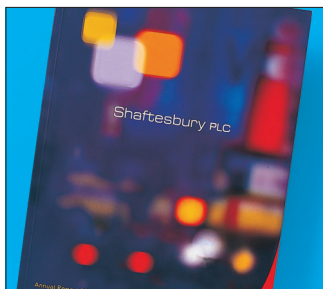
By Gareth Ward

Fulmar's performance in the first half year is as well as could be expected given the tough economic conditions.

Chief executive Mike Taylor says: "Life's tough and is likely to remain so for the foreseeable future."

Turnover for the first half increased 4.3% to £21m (£20.1m) while pretax profits slipped slightly to £1.85m (£2.27m). With the writing off of goodwill associated with its packaging prepress business, the group recorded a retained loss of £1.9m (£1.2m profit). The share price has slipped to around 50p.

While packaging disappointed for the third year in succession, commercial printing improved through better use of assets, principally the addition of a night shift, while book jacket printing



Shaftesbury plc report scooped Fulmar a *Printing World* award

was up 30% on last year. Bookmarque, the paperback book printing operation, now little more than a year old, was also busy, recording its busiest ever month in August, after the period end, according to Mr Taylor.

Financial printing, under Royle Financial Print, however was down significantly. Corporate and r&a business at Royle Corporate Print was healthy, capped by win-

ning the Report and Accounts section in this year's *Printing World* Awards.

Generally, the two half years for Fulmar are in balance. Book printing is buoyant, both for Bookmarque and White Quill Press, which says Mr Taylor is "buried" with work.

Last week, Mr Taylor was in Germany looking at how marking problems have been overcome on Heidelberg's 12-colour perfectors and also at a new version of the Speedmaster 74 with aqueous coater then dryer followed by inline uv varnish and dryer.

Such a press would allow the turnaround of bookjackets in two days, matching its Timson press.

In brief

- Fulmar profits slip slightly
- Bookmarque the bright spot
- Mike Taylor looks to the future

Help is at hand

Companies that would normally go bust could be given a second chance, if a new pilot scheme proves successful.

The Government's Small Business Service, part of the DTI, is sending "company doctors" into small firms with financial difficulties to see if they can be saved, by helping to put together a rescue package.

The trial will last for up to a year and will cover Manchester, Newcastle, North Yorkshire, the Midlands, East Anglia, Hampshire and Dorset.

"I want to change the way the business community behaves towards small firms that experience a cashflow crisis," says the SBS's head David Irwin. "Too often, the liquidators are called in to viable firms due to short-term problems that can be solved."

The project is news to the BPIF, although the federation says it will find out more about how useful it could be to printers.

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Johnston rebuffed

Johnston Press has been blocked from acquiring eight free weekly newspapers in the East Midlands from Trinity Mirror. Competition minister Melanie Johnson has ruled that by acquiring the papers, including the *Derby Trader* and *Herald & Post* titles in and around Northamptonshire, Johnston would gain market share of 96% in some areas and might raise advertising rates.

US buy in Norway

Telenor, the main telecoms operator in Norway, has sold its "non-core" phone directories and Internet portals arm Telenor Media to an American private equity group, Texas Pacific Group.

T&F sees boost

Taylor & Francis, the academic publisher, has increased its first half profits from £3.6m to £4m since a wave of acquisitions and e-book investment.

Gannett worries

Gannett, the US's largest newspaper publisher, has warned that its third quarter profits could be 15% or 20% below last year, despite extra newspaper sales in the wake of the US terror attacks. This has been outweighed by the impact on revenues caused by most display advertising being pulled by clients and publishers alike.

Adobe's brave face

Adobe is putting a brave face on Q3 figures which show more than 10% fall in revenues from the equivalent quarter last year.

President and chief executive Bruce Chizen says that the plus points include greater control over expenses and growth in revenues from Acrobat. Pretax profits were almost halved to \$40.3m (\$78.3m) on sales of \$292.1m (\$328.9m).

The company points to poor sales in Japan as the main reason for the sales slippage and says that it is too soon to note any impact from the terrorist activity in New York and Washington.

As a result the company has told analysts to expect Q4 figures to be worse than expected, an admission that pushed share prices 13% lower when trading in New York began last week.

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In brief

- Adobe sees 10% fall in revenues
- Japan blamed for weak sales
- Q4 will be worse than expected

Shares fall in economic turmoil

By Alex Grant

The US terror attacks and the ensuing economic turmoil has had a sustained effect on printing stocks, whose prices have slumped by up to 20%.

Communis's share price was down from 157p on September 11 to 125p last week, while St Ives has fallen from more than 420p to just 373p. Wyndeham Press Group has declined from about 105p to 87.5p now, only just over half its July value of 160p.

While there has been an immediate effect on many direct mail and City printers, the longer-term effects on the printing industry will be more difficult to judge.

The declines in share prices are seen as a general economic barometer rather than a sign that printing will be more badly hit than any other industry.

"The industry always feels an

adverse economic climate first," says the BPIF's Mike Hopkins. "This had started in the US before September 11 and it is now a question of how soon the downturn will arrive here, despite cuts in interest rates."

In fact, the decline in printing stocks is not nearly as steep as it has been for airlines. A week after the attacks took place, Lufthansa was the mostly highly valued European airline at \$3.7bn – worth slightly less than Heidelberg.

And one indirect beneficiary from the economic gloom could be Hewlett Packard, whose takeover of Compaq may now be more likely to win regulatory approval.

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In brief

- Print shares slump 20%
- Long term effects hard to forecast
- Downturn 'just a question of time'

Heidelberg profits warning

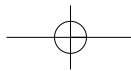
Heidelberg chairman Bernhard Schreier has warned that the US terror attacks will lead to a fall in orders this winter, and could mean that profits will decline below last year's record levels.

Heidelberg profits in the year to March 31 rose from €251m to €283m. Mr Schreier now says that he "cannot exclude the possibility" that 2001-02 profits could fall below this. Overseas press orders are also expected to drop markedly in the next few months, partly due to the events of September 11.

Already, first quarter figures have shown that orders received fell from €1.8bn to €1.3bn and the web division made a loss.

However, although the Print 01 exhibition in Chicago was curtailed by the attacks, Heidelberg achieved orders of \$345m, selling more than 70 presses.

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Business GROW-HOW



From Paul Holohan & the team at
Richmond Capital Partners Limited

Pensions deadline nears

By Alex Grant

Printers could face fines of up to £50,000 apiece if they fail to set up a stakeholder pension for their employees in the next fortnight, the BPIF is warning.

A new law requires all companies with five or more staff to offer pension schemes to staff if

they do not do so already. The deadline is October 8, after which the Occupational Pension Regulatory Authority will be checking to see that companies have complied.

The BPIF's Printing Industry Pension Scheme, which has GPMU backing, is being hailed as

a success, attracting 500 companies including Polestar to sign up.

But many thousands of printers may not have followed suit yet, and there are fears that many small companies could be in for a nasty shock if they do not act soon.

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Legal notices

Compulsory winding up

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

● **Parkstone Press Ltd** 1 Higher Golla, Penhallow, Truro TR4 9LZ on October 3 at 10.30am. Petition by Craft Print International Ltd

Appointment of liquidators

● **Vision Imaging Ltd** Graphic designer. Liquidators: DL Cockshott and RH Barker, Baker Tilly, Carlton House, Grammar School Street, Bradford BD1 4NS

● **BBL Distribution Services Ltd** Previous company name:

● **Bhaktivedanta Books Ltd** Paper, printing and publishing. Liquidator: NA Bennett, Leonard Curtis, 1 Great Cumberland Place, London W1H 7LW

● **The Printworld Design Group Ltd**

Previous company name: **Printworld Design Group Ltd** Marketing and design media.

Liquidator: P Jones, HLB Kidsons, Devonshire House 36 George Street, Manchester M1 4HA

● **George Stanley (Paper) Ltd** Paper exporter. Liquidators: NJ Hamilton-Smith, Morton Thornton & Co, Torrington House, 47 Holywell Hill, St Albans, Hertfordshire AL1 1HD and DJ Waterhouse, PricewaterhouseCoopers, Plumtree Court, London EC4A 4HT

● **Automated Mailing Equipment Ltd** Providers of mailing equipment. Liquidator: RI Williamson, Campbell Crossley & Davis, 348 Lytham Road, Blackpool FY4 1DW

● **Imagik Ltd** ID card printing machine. Liquidator:

F Khalastchi, Harris Lipman, 2 Mountview Court, 310 Friern Barnet Lane, Whetstone, London N20 0YZ

● **Fastpoint Ltd** Printer. Liquidators: KA Stevens, Wilkins Kennedy, BRB House, 180 High Street, Egham, Surrey TW20 9DN and ME Cork, Moore Stephens, 1 Snow Hill, London EC1A 2EN

● **Deadline Printing Ltd** General printer. Liquidator: C Prescott, Moore Stephens Corporate Recovery, 1-2 Little King Street, Bristol BS1 4HW

● **City Print (Manchester) Ltd** Printer. Liquidator: GAM Simmonds, Crown House, 217 Higher Hillgate, Stockport, Cheshire SK1 3RB

● **APM Solutions (UK) Ltd** Print management, design and advertising. Liquidators: CC Garwood and FP Devine, Carrick Read Insolvency, Norwich House, Savile Street, Hull HU1 3ES

Appointment of receivers

● **Kent Paper Co Ltd** Printing and paper supplies. Receivers: A Tate and B Mackay, Baker Tilly, Lancaster House, 7 Elmfield Road, Bromley, Kent BR1 1LT

Meetings of creditors

● **The Print Connection Ltd** at Brindley Twist Tafft & James, Lowick Gate, Siskin Drive, Coventry CV3 4FJ on September 24 at 2.30pm

● **Greenups Packaging Ltd** at Sheffield United Conference & Banqueting, Bramall Lane, Sheffield, South Yorkshire S2 4SU on September 26

● **Original Print Solutions Ltd** at Parade House, 135 The Parade,

Watford WD1 1NS on September 27

● **Paintbox Publishing Ltd** at Hurst Morrison Thomson, 5 Fairmile, Henley on Thames, Oxfordshire RG9 2JR on October 1 at 2.30pm

● **Dayprint Humberside Ltd** at The Quality Hotel Royal, 170 Ferensway, Hull HU1 3UF on October 5 at 10.30am

● **User Friendly Repro Ltd** at DTE House, Hollins Mount, Greater Manchester BL9 8AT on October 3 at 10.15am

● **Bizzy Print 2000 Ltd** at Parkin S Booth & Co, 2 City Road, Chester CH1 3AE on October 2 at 11.30am

● **Falcon Graphic Art Ltd** at Allen House, 1 Westmead Road, Sutton, Surrey SM1 4LA on October 26 at 10.15am

Final meetings

● **International Printing Machines Ltd** at HKM Harlow Khandhia Mistry, The Old Mill, 9 Soar Lane, Leicester LE3 5DE on October 30 at 10am for members and at 10.30am for creditors

● **WH Shaw (Printers) Ltd** at The Red Lion Hotel, Todwick, Sheffield on October 16 at 1pm for members and at 1.15pm for creditors

● **Trident Print & Design plc** at Moriston House, 75 Springfield Road, Chelmsford, Essex CM2 6JB on October 29 at 10.45am for members and at 11am for creditors

● **Quadrant Press Ltd** at HKM Harlow Khandhia Mistry, the Old Mill, 9 Soar Lane, Leicester LE3 5DE on November 6 at 10am for members and at 10.30am for creditors

● **Colortech Printers Ltd** at Elwell Watchorn & Saxton, 109 Swan Street, Sileby, Leicestershire LE12 7NN on October 19 at 10am for members and at 10.30am for creditors

CUSTOMER SERVICE

My printing business has not been growing over the last 3 years. Looking at our client list it is clear that we have 'lost' some clients – though we have won quite a lot too. How can I keep clients – are we doing something wrong?

In the long run a business stands or falls on the relationship it develops with its customers. Your existing customers should always be your most accessible market – don't waste that valuable resource. It's much less costly to hold on to customers than to keep having to find new ones. Undoubtedly customer retention is more critical than customer attraction, though growing businesses will be good at both – the ultimate goal.

Here are 10 tips:-

1. Understand why your customers buy from you. What is it about your product/service that makes them choose you over alternatives?

2. Always look after your bread and butter customers – don't be distracted by internal focus or the hunt for that elusive new big order. Remember that others will be wooing 'your' customers too.

3. If sales decline from a customer establish why. Actions such as increasing marketing spend, additional sales people or cutting prices should only be considered when you have established the causes of the defection.

4. Some companies think that they are getting a measure of customer satisfaction by keeping a tally of the number and type of customer complaints. But remember 95% of dissatisfied customers do not complain – they just buy elsewhere next time. We need to make it easy for customers to complain so we can address and correct the problem.

5. Respond constructively to complaints. Between 54% and 70% will do business with you again if the complaint is resolved. This figure goes up to a staggering 95% if the customer feels that the complaint was resolved quickly and sensitively. These people will each tell an average 5 people about the treatment they received. However, poor treatment leads them to tell 9 people!

6. Your best customers are your most profitable ones. Make sure that you know who they are. They may not be your largest volume customers – often these are the most demanding ones.

7. Always listen to your customers. It sounds obvious but it is rarely practised enough.

8. Establish a personal relationship with more than one person in your customer's organisation. Then if there is a change of personnel there is less risk of losing business as a result.

9. Track and measure customer satisfaction levels. It is easy to do and invariably leads to unforeseen opportunities for new business. Remember, if you can't measure it you can't manage it!

10. Ensure that your staff have a thorough knowledge of the company's products and services. But teach them to ask questions, not to talk 'at' customers and offer inappropriate advice because they have not understood the problem.

My experience leads me to believe that, even in these difficult market conditions, it is possible to grow sales by at least 10% per annum if you are doing the right things.

Firms growing at 10% per annum will be twice as big in 7 years time!

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.

BUSINESSADVICE

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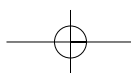
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