

Bertelsmann refocuses back to its print roots

By Alex Grant

The departure of Bertelsmann's chief executive Thomas Middelhoff, who wanted to move to float the German media group faster than his board liked, could lead to the sell-off of television and multimedia assets as the company moves closer to its roots in European publishing and printing.

Bertelsmann was founded in 1835 as a Bible printer in Gütersloh, where the company is located to this day.

Mr Middelhoff seems to have upset the company's innate conservatism with his brash style, as well as making the cardinal error of missing profit targets, particularly in its television and online

businesses. Now he is gone, Bertelsmann's stake in Channel 5 might be sold, as could other overseas operations such as publishers Random House and Gruner & Jahr's US titles.

This will allow Bertelsmann to concentrate on its core Gruner & Jahr publishing arm and Arvato, its €3bn-turnover printing division, which seem to be ruled off any disposal list and have been promised more autonomy. "Arvato was always described as a core asset by Thomas Middelhoff and will remain so," says a spokesman.

Significantly, his successor as chief executive is Gunter Thiesen, formerly chairman of

Arvato. Although the Arvato name is little-known, it includes Mohn Druck in Gütersloh, and has book printing factories in Berlin and Thüringen and a works in Russia.

Other Arvato-owned printers include Eurogravure in Italy, Printer Portuguesa in Portugal, Printers Indústria Grafica in Spain, and Berryville Graphics and Offset Paperback Manufacturers in the US, but no printworks in the UK as yet.

Mohn Media received a second new 64pp MAN press just a month ago, part of a €75m five-year investment. On top of several senior managers, Mohn Media's chief executive Edwin

Eichler is also leaving to join Thyssen Krupp, although sources say their departure is not in any way linked to that of Mr Middelhoff.

In an unrelated move, Bertelsmann had already indicated it could put its academic publishing arm Bertelsmann Springer up for sale, as the company decides to concentrate on consumer media.

Taylor & Francis, Reed Elsevier and Thomson are all spoken of as possible bidders.

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In brief

- Discontent at Bertelsmann
- Chief executive leaves firm
- 'Returning to publishing roots'

Pearson posts losses

As expected, Pearson has made first-half losses of £188m because of the haemorrhage of advertisers from its *Financial Times* flagship.

Leaving aside one-off costs, operating profits actually rose from £60m to £76m. But there is no disguising the impact that the *Financial Times*' advertising downturn has had on Pearson, whose full-year profits are expected to be 10-15% down as a result. The *FT* has already scrapped *The Business*, an A4 supplement which came with the Saturday edition of the *FT*, to cut costs, although it has decided against selling off its separate *FT Business* range of magazines.

Pearson Education has seen profits fall from £38m to £22m, while the *FT* Group's profits are down from £50m to £38m. But Penguin's profits were up slightly at £38m, 3% higher than last time.

Pearson chief executive Marjorie Scardino has missed her five-year-old prediction that the shareprice would reach £13 by mid-2002.

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In brief

- *FT* ads fall hits Pearson
- First half losses of £188m
- Penguin offers some hope

Tribunals relegated in Government review

The Government has announced plans to cut back on the numbers of employment tribunals, which stop short of the idea of upfront fee or "tribunal tax" of £100, which caused fury among the unions when first mooted.

Instead, the DTI report on tribunals proposes to make tribunals more of a last resort to only be used when conciliation has failed. Applicants will be more clearly warned if their tribunal cases have little chance of success and encouraged to settle out of court.

As well as TUC and ACAS representatives, one of the private-sector members of the panel looking at the future of tribunals was Alan Jones, chief executive of TNT, which 15 years ago helped News International to get its newspapers delivered without the use of unionised staff.

The GPMU was still studying the report last week and was giving it only a guarded welcome. "People don't just wake up in the morning and decide to take cases

to a tribunal," says deputy general secretary Tony Burke.

"Nine times out of ten in the tribunals we handle, it's because employers haven't followed proper procedures and have ignored the advice given by us and even the BPIF."

But Mr Burke welcomed efforts

to streamline the process, as applicants often have to wait six to eight months for a hearing date.

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In brief

- Tribunals shake-up mooted
- Conciliation first idea
- Streamlining welcomed

More rights provisions

The GPMU is at the forefront in lobbying the Government to extend the provisions of the Employment Relations Act to workplaces with fewer than 20 staff, and give workers more rights from day one in their jobs.

The DTI's review of the ERA will conclude this autumn, and with the recent leftward shift in trade unions, and the Labour Party's shortage of funds, some say the Government may be becoming more willing to concede ground.

"We're of the view that the threshold of 21 workers is untenable and needs to be lowered as it discriminates against 5 million workers in the UK," says Mr Burke.

The GPMU has tabled two motions for the TUC Congress in September, one setting out its demands for changes to the Employment Relations Act and asking for the European Information & Consultation directive, to be incorporated into British law. The other will call for compulsory training levies.

MAN Roland downbeat

MAN Roland's performance in 2002 will be 'much worse than last year', MAN's chief financial officer has admitted in an interview with a German newspaper. However, total MAN AG profits this year are expected to be higher than the €213m it made in 2001.

PMP to sell UK arm

The Australian publisher PMP is getting ready to sell off Attic Futura, the UK magazine publisher, with Hachette Filipacchi negotiating to buy. Attic Futura's titles, which include *Sugar*, *B* and *TV Hits*, are printed at Cooper Clegg near Worcester. PMP announced in June that it would exit magazine publishing to concentrate on printing instead. Because of Hachette Filipacchi's planned takeover of Attic Futura, its ten-year deal to co-publish *Elle* with Emap is to be ditched.

Akzo's Q2 sales fall

Akzo Nobel has seen second-quarter sales fall by 2%, although coatings enjoyed a 15% rise in sales because of lower raw material prices and the effects of restructuring. However, sales of pulp and paper chemicals, such as uv varnishes, have been hit by tough market conditions. Total profits in 2002 are now expected to be below 2001 levels.

Growth area targeted at Fentons
Page 14



Signs of recovery hopeful at Oakhill

Oakhill, the Irish print group that owns Hythe Offset in Colchester and book printer Bell & Bain, says that it may be seeing signs of recovery. After allowing for the effects of disposals and the closure of one of its UK printers, Speedprint in Leeds, Oakhill's sales are up 1% so far in 2002 compared to 2001, managing director Alan Jordan told the company's annual meeting.

Operating profit, leaving out exceptional costs, is up 10%.

There has been particular

progress in the managed services division, which includes print management as well as Hythe Offset and the Plastic Card Company. There, sales are up 16% and profits up 64%.

However, the speciality print division, which includes Bell & Bain and Meridian Printing in the US, has seen sales fall by 6% and a 43% drop in profit because of "severely depressed market conditions".

Some improvement is expected later this year but mar-

ket conditions will remain very difficult, Mr Jordan predicted.

An Oakhill spokesman says that no further restructuring is planned. "We are waiting to see if the earlier changes have worked first," he says. The company, which is floated on the stock exchange in both London and Dublin, made losses of €13.8m in 2001.

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In brief

- Oakhill hopeful of recovery
- Some firms seeing better days
- Plastic Card Co profits up 64%

Security about turn at Novar

Security printing is now considered "an excellent business with the potential to grow and strong cash generation," says Novar, which until July 8 had been trying to sell off its graphics arts businesses.

Novar, which mainly makes

aluminium extrusions, changed its mind about selling off its US cheque printing operations because the offers it had received did not reflect their true value.

Although cheque printing is a mature market and trading has been tough, both sales and profits

increased by 1% in the first half of 2002, to £191.4m and £41.9m respectively.

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In brief

- Novar likes security printing
- Potential for growth seen
- Sales and profits edge up

Legal notices

Compulsory winding up

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

● **Blake Contract Publishing Ltd** Sorskys, Gable House, 239 Regents Park Road, Finchley, London N3 3LF on August 14 at 10.30am. Petition by Customs & Excise

Appointment of liquidators

● **Gowers Elmes Publishing Ltd** Publishing. Liquidator: DP Hudson, Begbies Traynor, The Old Exchange, 234 Southchurch Road, Southend on Sea, Essex SS1 2EG

● **Clear Color Ltd** Reprographic and printing services. Liquidator: L Bednash, Pearl Assurance House, 319 Ballards Lane, London N12 8LY

● **Coronado Ltd** (t/a Prism Quality Printing) Printing. Liquidators: JP Oddie and GM Weisgard, Mitchell Charlesworth, Brazennose House West, Brazennose Street, Manchester M2 5FE

● **Origin Repro Services Ltd** Printing company. Liquidators: DL Cockshott and RH Barker, Baker Tilly, Carlton House, Grammer School Street, Bradford BD1 4NS

Meetings of creditors

● **The Printing Company Group Ltd** at Posthouse Epping, High Road, Bell Common, Epping, Essex CM16 4DG on August 1

● **Aspire Print & Repro Ltd** at Posthouse Epping, High Road, Bell Common, Epping, Essex CM16 4DG on August 1

● **Larkfield Colour Group Ltd** at Park House, Park Square West, Leeds LS1 2PS on July 30.

● **Stewartprint Ltd** at the Till Morris Partnership, 32 Brook Street, Warwick CV34 4BL on August 15 at 3.30pm.

Final meetings

● **Rayner Printing Plates Ltd** at Stephen Conn & Co, 17 St Ann's Square, Manchester M2 7PW on September 3 at 11am for members and at 11.15am for creditors

● **Alfa Publications Ltd** at Wallwork & Company, 14-16 St Thomas's Road, Chorley, Lancashire PR7 1HR on August 20 at 1.45pm for members and at 2pm for creditors

● **Personnel Publishing Ltd** at Lynstan House, 64A Bolton Street, Brixham, Devon TQ5 9DH on August 20 at 10.30am for members and creditors

● **City Print Buying Ltd** at David Rubin & Partners, Pearl Assurance House, 319 Ballards Lane, London N12 8LY on August 29 at 10am for members and 10.15 respectively

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Business GROW-HOW



From Paul Holohan & the team at Richmond Capital Partners Limited

WHY CHANGE FAILS

I am the Managing Director of a medium size B1 sheetfed printing company. If we are to survive, grow and prosper we need to change – and to take our people with us. We are committed to a change programme but I have heard that many fail. Why?

For organisations which manage change skilfully, it can become the driving force that perpetuates success and growth, with every change presenting a new opportunity to increase efficiency or to build the business. But all too often, change doesn't succeed, as companies fail to rise to the challenges.

Initiatives for change over the past decade have appeared under many banners including:-

- Total Quality Management (TQM)
- Business Process Re-engineering
- Right Sizing

The main drivers of change are:-

- Emerging technologies, substitute products
- Swings in the economic cycle
- Globalisation of markets
- Competitor rivalry
- Buyer power
- Mergers and acquisitions activity

The traditional approach to introduce change has been:-

- Senior management announces a new programme/initiative
- Company-wide workshops are arranged
- Cross functional teams are set up
- Resources are allocated

....but somewhere along the way the original reasons and focus for change have a tendency to get lost.

The main reasons for failure are:-

- Misunderstanding of what 'change' means. Change is a journey without a destination. Where change is viewed as an event it will be just that.
- Lack of planning and preparation
- No clear vision
- Goals are set but too far into the future
- A 'quick fix' approach
- Fear of failure
- Incorrect reward systems
- Employee resistance
- Poor communication

Clearly there are many hurdles to overcome but remember "The only thing certain about the future is that it will be different!" Handled well change can transform your business.

Next week we can see how to overcome the problem.

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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