

Staff shed at Nowdocs

Nowdocs.com, the US printing dotcom which has a strategic alliance with ImageX.com, has laid off half its 150 staff to 'bring us maximum efficiency while at the same time preserving cash,' according to a memo to staff. Staffing levels were meant for a company with sales of only \$12.5m in 2001-2002 is more likely, the firm admits.

Outdoor outlook

The outdoor poster market is still down but may be bottoming out, the Outdoor Advertising Association reports. Revenues in the second quarter were 1.9% down at £173.6m, compared to a 10.9% drop in the first quarter.

US publisher for sale

Vivendi Universal's new president Jean-Rene Fortou has put US publisher Houghton Mifflin up for sale, as part of a €10bn bid to cut costs. Mr Fortou has replaced Jean-Marie Messier, who was ousted last month, and is rumoured to want to put all of Vivendi's publishing interests on the market.

Novar under pressure

Novar, the building materials groups that also owns a cheque printing arm in the US, is under increasing pressure to float off the division, which is valued at around £500m. Novar cancelled plans to sell off its Clarke Check printing interests in July, but is coming under renewed pressure from the UK Active Value Fund, which is a major shareholder in Novar, to sell it off or attempt a partial flotation.

MPs' Register shows interests in print

By Alex Grant

A *Printing World* trawl through the latest Register of Members' Interests shows a surprisingly large number of MPs holding directorships in the graphic arts, ranging from defunct digital start-ups to multinationals.

Arguably the inkiest parliamentary fingers are those of Lindsay Hoyle, founder and director of a screenprinter, Screen Arts in Chorley, which first elected him as a Labour MP in 1997.

Archie Norman, the ex-Asda boss who has been Conservative MP for Tunbridge Wells since 1997, is a non-executive director of ControlP, the print dotcom that has latterly become a print services company with the takeover of DocuMedia.

Jacqui Lait, Tory MP for Beckenham, is a director, again

unpaid, of Prime Digital, a dormant digital printing company in Aylesbury, while Virginia Bottomley, a Tory former health secretary, is on the supervisory board of inkmaker Akzo Nobel.

Peter Mandelson is on the international advisory board of Independent News and Media, publisher of the Independent titles in the UK, Australia and Ireland, as is former Conservative chancellor Kenneth Clarke. Mr Mandelson was also guest speaker at the National Newspaper Awards in Johannesburg, sponsored by the paper supplier Mondri, last March.

Other MPs with links to the graphic arts are Tory leadership challenger Michael Portillo who was hired as a guest speaker for a Jefferson Smurfit dinner in Dublin last February, and former environment secretary John

Gummer who is chairman of Valpak, a packaging waste recycling organisation.

The register's requirements have recently been made tougher, and MPs must now name those who sponsor the printing of leaflets or annual reports. Unsurprisingly, several Labour MPs have printing costs paid for by the GPMU. Mark Oaten, Liberal Democrat MP for Winchester, has his annual report sponsored by the dental insurers Denplan. Mark Lazarowicz, Labour MP for Edinburgh North and Leith, had his 2001 Christmas cards paid for by a local printer, Mackenzie and Storrie. Another Labour MP, Annabelle Ewing, received £120 for Christmas cards from the Kall Kwik franchise in her Perth constituency.

In Northern Ireland, where the press is largely divided along sectarian lines, many politicians

have a stake in the papers that put their side's point of view. Peter Robinson, Democratic Unionist MP for Belfast East, is a director of two publishers: Voice Newspapers and Crown Publications.

Even the graphic arts public relations world has a representative in Westminster. Ian Taylor, Conservative MP for Esher and Walton, is chairman of Text 100, a public relations agency with Xerox, IBM and Epson amongst its customers.

Intriguingly, Liberal Democrat leader Charles Kennedy has declared that his office gets £2,000 a month from Dominion Press in Harrow – but the company turns out to be a property developer, not a printer.

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In brief

- MPs admit their print links
- Register of Members' interests
- Rules get tougher

Certification scheme for bank giro credits

Bank giro credits, the payment slips that appear on utility bills and an increasing number of letterheads, will be subject to a new tougher certification scheme from January 2003.

The crackdown is aimed at speeding up the transfer of funds between banks, but could lead to more work for security printers. Ironically, just as cheque volumes continue to fall, bank giro credits continue to grow in popularity.

From Christmas APACS, the banks' clearing service, is asking that all bank giro credit (BGC) slips comply with strict quality standards.

For example, APACS prefers that BGCs are printed on 90gsm paper, not the 80gsm paper that is very common on letterheads, but which can crease too easily.

They also need to be a particular width and height to avoid jamming in clearing machines, which, as with cheques, "read" the account number and sort code to ensure money is paid into the correct account.

APACS advises against using photocopiers and desktop printers for BGCs as they use inks that are too magnetic, another common cause for delay in clearing.

Although the Bank Giro Credit Scheme (BGCS) is entirely voluntary, it could well lead to more BGCs being printed by security printers rather than printed in-house by inplants or desktop machines.

APACS prefers BGCs to be printed by security printers, who can tailor-make BGCs to be legible by OCR (optical character recognition) machines.

Cheque printers are already regulated by the CPAS (cheque printer accreditation scheme) rules, which have been in force since 1995 to reduce fraud and delays in clearing. "About 50-60% of all BGCs are printed by CPAS-certified printers," says Helen Arthur, technical advisor to APACS. "It's the other 40% we are worried about. A lot of printers are hearing from customers who have tried to print their own credit slips and come unstuck. We have been asked to look into this for some time."

● For more information, call Fiona Gledhill at APACS on 020 7711 6375.

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In brief

- New rules for BGCs
- Strict quality standards
- Good news for security printers

QG wins In Style deal

Quad Graphics, the US printing group recovering from the sudden death of its founder Harry Quadracci last month, has won the contract to print the US magazine *In Style*, one of America's top style and showbiz titles.

Published by Time Inc (and by subsidiary IPC Media in the UK), *In Style* is currently printed at Perry Judd in Baraboo, Wisconsin. The magazine has a run of 2.4 million copies a month and also produces five special editions a year. Contracts to print *Time*, *Sports Illustrated*, *People* and *Entertainment Weekly* have also been renewed in a deal worth \$300m for Quad Graphics. *In Style* will now be printed at the Lomira facility, which was badly damaged by fire earlier this summer.

The UK edition of *In Style* is being switched from ET Heron to St Ives Caerphilly from this December, in a three-year deal running until August 2005.

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Writedowns hit News Corporation results

News Corporation, the publisher of the *Sun* and the *Times*, has reported a net loss of \$6.3bn this year mostly because of writedowns of the value of its Gemstar and Kirch Media businesses.

Its UK newspapers, published by News International, benefited from a cut in production staff last year and a fall in newsprint prices, but neither was enough to counter the impact of price cuts at the *Sun* in its circulation war with the *Mirror*, and a 12% fall in advertising revenue. Profits are down 9% year-on-year.

News International is still studying whether to quit its Wapping print site and move production to a

new complex on cheaper land outside central London. Press manufacturers had been promised a decision by NI last Christmas, and it appears that problems at NewsCorp's broadcast interests may have discouraged chairman Rupert Murdoch from taking any rash decisions on the printside.

NewsCorp's poor results are echoed by WPP, the giant advertising group, which has warned that advertising revenues may not show a determined recovery until 2004, not late in 2002 or next year as previously thought. WPP's first half profits are down 17% and chief executive Martin Sorrell is fearful of a "double dip"

recession, which may only be over for good by the time of the Athens Olympics and the US Presidential elections the year after next.

Here in the UK, local newspaper publisher Archant (previously called Eastern Counties Newspaper Group) seems to be defying the trend. Although sales in the six months to June 15 are down 1%, profits are 5% up thanks to tighter cost controls. Archant has 2,500 staff and publishes four daily papers and 58 weekly titles.

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In brief

- News Corporation hit by writedowns
- Net loss of \$6bn
- Ad revenue down 12%

Legal notices

Appointment of liquidators

● Spellbound Technology Ltd

Suppliers of graphics arts equipment. Liquidator: RAJ Hooper, Haslers, Johnston House, Johnston Road, Woodford Green, Essex IG8 0XA

● Kimoto UK Ltd

Supplier of graphic art material and equipment. Liquidator: GCD Harrison, Sussex House, 8-10 Homesdale Road, Bromley, Kent BR2 9LZ

● Larkfield Colour Group Ltd

Printers. Liquidators: ME Fergusson, BKR Haines Watts, First Floor, Park House, Park Square West, Leeds LS1 2PS and JR Whale, KPMG, 1 The Embankment, Neville Street, Leeds LS1 4DW

● Helliar & Sons Ltd

General printers. Liquidator: D Wald, 18 Sapcote Trading Centre, Dudden Hill Lane, London NW10 2DH

● Samuel Shutes Ltd

Printers. Liquidator: DEM Mond, Hodgsons, George House, 48 George Street, Manchester M1 4HF

● Record Printers Ltd

Printers. Liquidator: A Appleyard, BKR Haines Watts, Canterbury House, 85 Newhall Street, Birmingham B3 1LH

Meetings of creditors

- Rose Digi Graphics Ltd at

1 & 2 Raymond Buildings, Grays Inn, London WC1R 5NR on August 29 at 3pm

● The Specializer Stationery Company Ltd

at Prospect House, Footscray High Street, Sidcup, Kent on September 3 at 11.30am

● Storm Publishing Ltd

at The National Hockey Stadium, Silbury Boulevard, Central Milton Keynes, MK9 1HA on August 20

● Competitive Graphics Ltd

at David Horner & Company, 2A Pioneer Business Park, Clifton Moor, York YO30 4TN on August 27 at 11.30am

● CDW (Graphic Design) Ltd

at Kroll Buchler Phillips, 5th Floor, Airedale House, 77 Albion Street, Leeds LS1 5AP on August 23

● RS Digital Media Ltd

at Valentine & Co, 4 Duncastle Court, 14 Arcadia Avenue, London N3 2HS on August 29 at 10am

● Omega Publishing & Marketing Ltd

at North Wing, Warlies Park House, Horseshoe Hill, Upshire, Essex EN9 3SL on August 27 at 11am

● Colour Central Print Ltd

at Baker Tilly, Carlton House, Grammar School Street, Bradford BD1 4NS on September 2 at 11.30am

● Kent Litho Ltd (t/a The KL Group)

at 25 Harley Street, London W1G 9BR on August 28 at 10am

Notices to creditors

- CW Printing Ltd (t/a The Positive

Print Group) Creditors to send claims to SG Paterson, Moore Stephens Corporate Recovery, Victory House, Admiralty Place, Chatham Maritime, Kent ME4 4QU by September 25

● ABS Print Services Ltd

Creditors to send claims to S Lettice of Peters Elworthy & Moore, Salisbury House, Station Road, Cambridge CB1 2LA by September 13

● Dudley Office Supplies Ltd

Creditors to send claims to LA Manning, Kroll Buchler Phillips, 84 Grosvenor Street, London W1K 3LN by October 7

● Barclays Print Services Ltd

Creditors to send claims to RYV Setchim, PricewaterhouseCoopers, Plumtree Court, London EC4A 4HT by September 24

Final meetings

● The Pyramid Printing Company Ltd

at Sorskys, Gable House, 239 Regents Park Road, London N3 3LF on September 5 at noon for members and at 12.30pm for creditors

● KDO Label Printing Machines Ltd

at Marshall Peters, 7-8 Chapel Street, Preston PR1 8AN on September 3 at 2.15pm for members and at 2.30pm for creditors

● Phoenix Digital Solutions Ltd

at Poppleton & Appleby, 32 High Street, Manchester M4 1QD on September 24 at 10am for members and at 10.30am for creditors

Business GROW-HOW



From Paul Holohan & the team at Richmond Capital Partners Limited

A MANAGEMENT BUY-IN

As Managing Director of a successful print business, I have recently approached the company owners - a publicly quoted plc - with a view to a buy-out. However they are not interested and I am now having to give serious thought to my future and considering a Management Buy-in. What do you advise?

Over recent years talented Directors and Managers have recognised the important role MBI's have played in the creation of an enterprise culture in the UK.

Careful planning, commitment, hard work and entrepreneurial flair are key factors in a successful MBI. But sound advice is also VITAL to minimise what can be a risk and is likely to involve a considerable amount of personal capital - both financial and emotional capital.

Consider these points:-

- Most MBI candidates are high achievers with a track record of profitable growth. They are experienced Managing Directors, like you, with a good track record and CV. They have usually created wealth for others.
- You should have resources to sustain you and your family during the MBI period. You will also need separate funds for investment - typically about a year's salary.
- You will need support at home. MBI's are stressful and you don't need added stress at home.
- You will need relevant sector knowledge and the ability to grow profitably in difficult circumstances.
- You are likely to be aged less than 55 but over 40.
- You will be commercially astute with good negotiating skills.

If you fit the bill and like the sound of taking on an MBI, the first important step is to appoint an advisor with MBO/MBI experience in the sector. Do not be tempted to 'go it alone!'

The following steps are recommended:-

- Be clear on your strategy and vision.
- Define your ideal target acquisition.
- Identify suitable targets with the help of your advisor.
- Get your advisor to introduce you to financial institutions. To be taken seriously the candidate must present the venture capitalists/bankers with an opportunity, not wait for something to happen first.
- Do your homework on the targets. Be precise and do not blitz the market. Use your advisor to make approaches, initially, on your behalf to retain confidentiality.

Also remember the following points:-

- Buy-ins that require cost cutting measures are less attractive. History shows that cost reduction strategies alone are the least successful MBI's.
- Turnarounds can be a good base provided that there are key reasons e.g. strong core business being dragged down by another non-core activity.
- Never see yourself as merely a replacement for the current owners who are selling the business. This is a total turn-off to investors. You should rely upon your clear future strategy for the business.
- Remember to build empathy with the owner. This is an emotional issue for vendors and you should represent "a better future" for the firm. You can beat trade buyers on non-price issues in this way.

An MBI could well be the key to your future.

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

