finance

Exhibitions boost

The Institute of Packaging has won money from the DTI to help packaging and printing companies to exhibit at foreign trade shows. Up to 60% of exhibition costs can be met, as long as products displayed are of British manufacture. For more information contact Pam Creed at the IoP on 01664 500055.

Postal costs rise

Postal costs are expected to rise by 1p this week to 28p for a first class letter and 20p for a second class letter. But the rise is expected to be followed by a three-year price freeze to encourage the Royal Mail to get extra revenue from efficiency savings rather than further price rises. The Royal Mail has also delayed any decision on format pricing, which would spell much higher postal costs for larger magazines, following pressure from the Periodical Publishers' Association. It will not be considered until the year-end and could not now be introduced before January 2004 at the earliest.

Reference check

Bloomsbury Publishing is buying Peter Collin Publishing, whose reference books will join *Whitaker's Almanac* and *Who's Who* in the Bloomsbury stable, for £860,000. Peter Collin's books are mainly printed abroad at WS Bookwell in Finland and Legoprint in Italy, with only catalogues and some workbooks printed by Nuffield Press in the UK. Bloomsbury is now reviewing production arrangements.

OFT fines Aberdeen Journals £1.3m

By Alex Grant

Aberdeen Journals, part of the Daily Mail & General Trust's regional paper arm Northcliffe Newspapers, has been fined £1.3m by the Office of Fair Trading for selling classified advertising space too cheaply in an attempt to destabilise the rival *Aberdeen & District Independent*, a free weekly, and elbow it out of the market.

Daily Mail & General Trust, which contested the earlier fine and has always denied any wrongdoing, says it may also contest the latest ruling but is still talking to legal advisers. In the meantime, the same managers are in place at Aberdeen Journals as were at the time the pricing policy was put in place.

The OFT in effect has overturned a ruling last March by the Competition Commission which had granted Northcliffe an appeal against a fine first imposed by the OFT in July 2001.

"Aberdeen Journals deliberately incurred losses in a persistent campaign to remove its only direct rival from the market," says the OFT director general. "This was a serious infringement of the law and the penalty should act as a deterrent to others."

In an unrelated announcement last week, the OFT says it would not launch a general investigation into the local newspaper market. Competition minister Melanie Johnson had suggested such a probe after she blocked the takeover of eight Trinity Mirror titles by Johnston Press, which would have given Johnston market share of more than 90% in Northamptonshire.

The OFT has decided that "now is not the time" for a full inquiry, saying it will look at takeovers and alleged anti-competitive practice case by case, as it has done in Aberdeen.

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In brief

- Heavy fine for Aberdeen Journals
- £1.3m OFT penalty
- City's circulation war

Herald chances hindered?

By Alex Grant

The Aberdeen case could damage Northcliffe's chances of taking over *The Herald*, Glasgow, which has been put up for sale by Scottish Media Group.

Under the Communications Bill, there will be no formal limits on market share for newspaper publishers and no official bar on cross-media ownership.

However, ministers will still have the power to refer takeovers to the Competition Commission or the OFT when there is "exceptional public interest" in a particular deal, such as the recent takeover of Regional Independent Media, which publishes the *Yorkshire Post*, by the Johnston Press.

Although publishers have welcomed the relaxation of the rules, they are worried that in practice even the smallest transfer, say of just one weekly title from one publisher to another, could still be subject to a long inquiry.

"The acquisition of a single weekly local newspaper, paid-for or free, could lead to the complicated interaction, inquiries and powers of the OFT, Competition Commission, DTI and Ofcom before the final decision by the secretary of state," the Newspaper Society said in its submission to the draft bill last month.

"The Government must recognise the reality of the fiercely competitive editorial and commercial market in which regional and local newspaper companies operate."

European Colour to focus on pigments and ink market

By Alex Grant

European Colour, the ink pigment maker, has sold its Tor Coatings subsidiary for £13.5m to Deancove, a new company founded by Tor's management.

The sale will reduce European Colour's bank borrowings and help it focus on pigments and inks. Tor makes coatings for the buildings and decorations market and is unrelated to the graphic arts.

European Colour will also close down its head office in Trafford, Manchester, and move in with the pigments division in Stockport, although only five or fewer jobs are in jeopardy.

European Colour admits that because of heavy debts since 1996 it has been unable to "invest for growth" and has had "an acquisition strategy that is no longer viable". Sales fell from £42.7m to £41.3m last year and pretax profits plummeted from £4.1m to £1.4m.

Instead of expanding, European Colour now only wants to concentrate on pigments and inks.

The board is also being reshuffled, with Nick Hawkins stepping up from chief executive to deputy chairman and pigments sales and marketing director George Hughes being promoted to managing director. Paul Deakin is staying on as chairman but is going non-executive.

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In brief

- Changes at European Colour
- Sells subsidiary to management
- Hawkins to deputy chairman

Interim ups and downs for Access Plus

Print broker Access Plus has seen interim profits fall 3%, mainly because of a 5% fall in direct mail volumes that is particularly steep in the finance, insurance and retail sectors. Special and security printing sales are down 10%.

However, general print management sales are up 3% to £9.8m, and chairman and chief executive Tim Bretell says that monthly profit is now 3% up on a year ago.

Overall, sales in the six months to June 30 are down from £14.8m to £14.6m and pretax profit is down from £2.03m to £1.97m.

Mr Bretell says that he welcomes the mergers of Communisis with Centurion Press and Williams Lea with Alistair McIntosh as it shows that print management is a growth area where companies benefit from greater purchasing power.

As Access Plus targets print buyers who may not have used a print farmer before, Mr Bretell says he is unconcerned by the fact that his competitors are getting larger, as Access Plus still has higher profit margins.

"Print management companies have only tapped about 10-15% of the total market out there, so there is still a lot of scope for growth," Mr Bretell says. "We like to do our hunting in virgin territory." Five new customers signed recently will bring in an anticipated £1m of extra profits in the next year, and over £10m of extra sales.

Heidelberg lowers sights

Heidelberg has lowered its sales forecast for 2002-2003 and now expects a 10% fall in sales, rather than a 10% rise.

The sudden change of heart comes just a month after chief executive Bernhard Schreier said that the fall in sales appeared to be "past the bottom".

Speaking at Heidelberg's annual meeting on September 11, Mr Schreier said that last year's results could be summarised as "excellent results despite difficult economic climate."

Order levels in the year to March 31 were 18% down year-on-year but Heidelberg still made €5bn in sales, 5% below the year before but still the second highest sales in its history. However, Heidelberg now expects sales to only reach about €4.5bn this year, given that the "anticipated upswing in the economy will be delayed even further". Already, the firm has only achieved sales of €930m in the first quarter of 2002-2003, during which the momentum of Ipex sales was not maintained.

The company is not making any firmer predictions about this year since a "renewed downswing" emerged in August. "I don't want to talk about the prospects for the future just yet," says Mr Schreier.

The only certainty is that cash-flow will improve thanks to a further €200m in cost cuts. Shareholders have also passed a motion that will allow management to repurchase up to 10% of Heidelberg's shares and possibly use this for acquistions.

Heidelberg's long-term aim of becoming a €7bn company by 2007 now only looks possible if it takes over another graphic arts supplier. Unusually, Mr Schreier's speech on September 11 put as much emphasis on finishing as it did on digital sales.

Following a 15% fall in digital press sales last year, Heidelberg has converted the Kiel factory from scanners back to high-end filmsetter manufacturing. Given the slow growth in digital printing, the plate imaging sector has been transferred from the digital division to the sheetfed offset one.

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legal notices

Compulsory winding up

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

● **The Hughenden Printing Company Ltd** c/o FP (Management) Ltd, Denmark House, 143 High Street, Chalfont St Peter, Buckinghamshire SL9 9QL on September 25 at 10.30am. Petition by Inland Revenue

● **Chord Print Ltd** Unit B6, Phoenix Industrial Estate, Rosslyn Crescent, Harrow, Middlesex HA1 2SP on September 25 at 10.30am. Petition by Qoin Ltd

Appointment of liquidators

● **Redcove Ltd** Printing broker. Liquidator: DR Acland, Begbies Traynor, 1 Winckley Court, Chapel Street, Preston, Lancashire PR1 8BU

● **Brimsden Colour & Commercial Printers Ltd** Printer. Liquidator: P Beck, 41 Kingston Street, Cambridge CB1 2NU

● **Delco Creative Services Ltd** Previous company name: **Delco Creative Print Ltd** Other service activities. Liquidators: NR Hood and RH Tone, Begbies Traynor, 1&2 Raymond Buildings, Gray's Inn, London WC1R 5NR

● **PCE Media Ltd** Publishing journals and periodicals. Liquidator: MT Coyne, Poppleton & Appleby, 141 Great Charles Street, Birmingham B3 3LG

● **DN Print Ltd** (t/a **Matrix**) Printers. Liquidator: W Paxton, Robson Laidler, 6 Market Street, Newcastle upon Tyne NE1 6JF

● **Maxihawk Ltd** (t/a **Intermedia**) Publishing (journals/wallplaners). Liquidator: AH Tomlinson, Tomlinsons, St John's Court, 72 Gartside Street, Manchester M3 3EL

● **Instrukt Ltd** Commercial stationer. Liquidators: G Bell and RW Traynor, Begbies Traynor, Elliot House, 151 Deansgate, Manchester M3 3BP

● **F Hawthorne (Coventry) Ltd** Printing/graphics. Liquidator: GD Sharma, HKM Harlow Khandhia Mistry, The Old Mill, 9 Soar Lane, Leicester LE3 3DE and K Mistry, HKM Harlow Khandhia Mistry, Aspect Court, 4 Temple Row, Birmingham B2 5HG

Appointment of receivers

● **LHM Print Ltd** Envelope Solutions and printer. Receivers: SN Adams, Cooper Parry LLP, 102 Friar Gate, Derby DE1 1FH and TS Courtman, Cooper Parry LLP, 14 Park Row, Nottingham NG1 6GR

Meetings of creditors

● **Holmfield Print Ltd** at CBA, 39 Castle Street, Leicester LE1 5WN on September 27 at 11am

● **Digital House WI Ltd** (formerly **XYZ Group Ltd**) at Salisbury House, 31 Finsbury Circus, London EC2M 5SQ on September 19 at 10.30am

● **Graphix International Ltd** at Exchange House, 494 Midsummer Boulevard, Central Milton Keynes, MK9 2EA on September 23 at 11am

● **Well Hall Press Ltd** at SF Plant & Co, Lutomer House, 100 Prestons Road, London E14 9SB on September 20 at 10.30am

● **Pacedouble Ltd** (t/a **Copyprint**) at 63 Walter Road, Swansea SA1 4PT on September 16

● **DGW Print Services Ltd** at Gable House, 239 Regents Park Road, Finchley, London N3 3LF on September 27 at 10.30am

Notices to creditors

● **Reflexion Digital Ltd** (formerly t/a **Whitebridge Press Ltd**) Creditors to send claims to FA Simms, FA Simms & Partners plc, Insol House, 39 Station Road, Lutterworth, Leicestershire LE17 4AP by October 18

Business GROW-HOW

From Paul Holohan & the team at Richmond Capital Partners Limited

Business ADVICE

SUCCESSION PLANNING

Retirement beckons but I would like to think that my printing firm will continue into the future. Whilst I would like to retain ownership, I wonder how I should plan for succession. What are the issues?

Succession planning should be an integral part of business planning and strategy. Many firms however seem reluctant to address this issue even though failure to do so can lead to significant risk.

Here are a few tips:-

- Identify your own feelings and consider whether you would be able to change your role. Relinquishing position is never as easy as it sounds. Discuss it with someone outside your organisation in a discreet way.
- Consider all the options open to you. Only then can you be sure you are making the right choices. Remember there is an associated risk with any option - including "doing nothing." Getting professional advice is an important step.
- If you decide on succession planning, make sure you judge family on equal terms to outsiders because you want the best person for the job. Sometimes promoting a family member can even harm your position if other ambitious staff are less than happy with the move.
- Review skills and age profiles of your existing team and consider grooming one, or more, for the future. This should be a development programme carried out, say over 2 years, and remember to put cover in place or you will have difficulties in implementation.
- If you do decide to look outside, and bear in mind this can be risky, make sure that you take impartial and professional advice on recruitment. This is a must for objectivity and impartiality to select the best candidate. Ensure that all candidates, both internal and external, have the required skills for the job.

Some other points worth remembering are:-

- Less than 50% of firms have made any provision for the departure of the leader. You should be congratulated as you are on the way to implementing a succession planning policy.
- If you decide to sell your business, potential acquisitors will look at the second tier of management and they do like to see plans for the future in place.
- Long-term nurturing is preferable to a knee-jerk reaction to resignations or retirements. Training and development are vital components of this nurturing.
- Innovative methods of retaining and rewarding key staff should dovetail with succession planning.
- Research shows that around two thirds of outsider candidates fail within 18 months so it is generally better to promote from within. However it does show just how important recruitment is in planning for the future and developing the necessary skills.

Good luck!