Secret study labels print a 'small sector'

By Alex Grant

The Department for Education and Skills is being asked to disown research it commissioned which has underestimated the size of the British printing industry by almost 50%.

Until last month, all available research had agreed that British printing had 180,000-200,000 employees or more. However, a secret study by a London research firm Business Strategies describes print as a "small sector" with fewer than 122,000 employees.

The research, which is supposed to help the DfES decide whether print should get its own Sector Skills Council to replace the current National Training Organisation, only counted people who work directly in production and not those who work in sales, administration or even management.

As a result it exaggerated the number of men in the industry (put at 75%) and concluded that print has a "relatively young workforce," contradicting reliable figures showing the industry has an average age of 48. There are also concerns that the report presented 2000 figures as 2001 ones.

With printing yet to find out if it is considered large enough an industry to merit a Sector Skills Council of its own, the print NTO is clearly irritated by the mistakes and is asking the DfES to ignore the figure of 122,000. "The DfES figures ignore the many other skilled people in all commercial and public operations," complains Richard Beamish, NTO chief executive. "And yet SSCs will be required to cover all skills in a sector."

But the DfES could yet ignore the report. "We understand there are difficulties about this figure as they have only counted people who are actual printers," Judith Roe, a special adviser at the DfES, told *Printing World*.

Printing is already in talks with the Photo Imaging industry about a joint SSC. The Print NTO has been encouraged to broaden its board members and improve its coverage in Scotland. But above all, the NTO is being asked to join forces with other sectors as the Business Strategies report put the total size of the two industries at under 150,000 employees – figures which the NTOs see as flawed. While print was always unlikely to have an SSC of its own, if accepted the 122,000 figure makes this even less likely.

The Business Strategies report is not intended to be made public and is officially classified. Business Strategies' director Paul de Cintra initially denied that any research had been conducted and said: "No report we may have done for the DfES is in the public domain. If we started releasing all the reports we have done we would probably lose all our clients overnight."

agrant@cmpinformation.com

In brief
- Business Strategies findings
- Figures contradict previous research
- DfES may ignore report

Bong's rise and fall

Bong Ljungdahl, the European envelope group, has seen first quarter profits fall from SKr32m to SKr23m, but says that sales and market share have risen in the UK market despite strong competition.

Bong took over Wolf-Bauwens in March 2000 and Rexam Envelopes in September of that year to become the UK's biggest envelope producer.

While total European envelope volumes have fallen 5-10% in the last year, in the UK market share has risen slightly and there has been a "relatively healthy growth in volume" with several big new contracts signed with British print buyers. The UK accounts for 23% of Bong's total sales, compared to 19% for Germany and 41% in Scandinavia.

"Prices are holding up, despite a relatively competitive market," says Bong's UK managing director Sue Hale.

In brief
- Q1 profits fall for Bong
- UK market share rises
- Several new British buyers' contracts

News Corp's record losses

News Corporation has made record losses of about $4bn in the first three months of 2002, but says that printed media is leading the group out of the advertising recession.

News Corp reports "renewed strength" in the magazines and inserts segment, and continued growth in profits from book publishing, which were a positive sign amid heavy write-downs in its television businesses. Magazines and inserts profits are up from $67m to $72m and books from $12m to $22m.

But worldwide newspaper profits have fallen from $134m to $126m despite cost cuts. They only just held steady in the UK, where big savings in newsprint costs are offset by a 16% year-on-year fall in advertising income.

agrant@cmpinformation.com

Nampak buys Malbak

Malbak, the parent company of carton printer MY Holdings, is being taken over for R1.9bn (£120m) by Nampak, another South African company, which is promising continued expansion in the European market and more cost reductions.

Nampak so far only owns one rigid plastics company in the UK. Its acquisition of Malbak will "significantly enhance its European platform" as it seeks to become less dependent on the South African market, where the economy is still troubled and where there is "limited growth potential".

Nampak was particularly attracted by Malbak's strong position in a number of "attractive niche areas", such as cartons.

MY Holdings' chief executive John Monks says that current trading in the UK is "quite strong", as will be shown in results due out on June 6. "Nampak's takeover would have no effect in an operational sense, but would give us bigger access to capital," says Mr Monks. "We are still suffering from a bit of indigestion after our takeover of Imca from Low & Bonar 18 months ago, and have seen some opportunities since then we have had to pass by."

Agreement on the takeover was first reached in December 2001, but all conditions were not met until last week.

Nampak is paying R60 for every 100 Malbak shares, a premium of 26%. However, it still has to be formally agreed by the South African Competition Tribunal, banking authorities and the courts, due in the next few weeks.

agrant@cmpinformation.com

In brief
- Malbak taken over by Nampak
- 'Limited growth potential' in South Africa
- Current UK trading 'quite strong'

Xerox cash injection

Xerox has received a further $496m from GE Capital, the latest tranche of finance it has received. The money will be secured by lease receivables in the US, and follows a similar $800m deal with GE covering the UK and Canada, signed last November.

Stationery Office sells

The Stationery Office has sold *Whitaker's Almanack* to A&C Black, part of Bloomsbury Publishing, for £750,000 just five years after buying the rights to the book from the Whitaker family. TSO, which has just unveiled a new logo, says the sale is part of a move towards providing 'information management services' such as Government reports, rather than developing its own trade publications.

Yell reports growth

Yell, the publisher of *Yellow Pages*, has seen turnover from printed phone directories in the UK rise 4.4% in the year to March 31 and says that its plans to float on the stock exchange later this year are still on course, despite other UK companies' decision not to float in 2002. Yell's sales growth accelerated after the introduction of full colour directories printed at RR Donnelley's new Flaxby Moor plant, the company says, with growth of 7% in the first quarter of 2002. Despite a cap on advertising rates imposed by regulators, revenue per advertiser was almost identical to 2000-2001 levels.

GPMU deficit as membership falls

The GPMU recorded a deficit of nearly £2m last year because of a continued fall in membership, the union's annual accounts show.

In the year to 30 September 2001 the union had total income of £23.8m, but expenditure of nearly £25.8m resulted in a shortfall of £1,989,950.

The union is required under law to deposit information on its finances, known as the AR21 statement, and the pay of its general president Ray Williams and general secretary Tony Dubbins, who earned £70,000 and £81,000 respectively last year.

Janice Glynn, head of accounts at the union, says that the £2m shortfall is mainly due to continued decline in membership caused by retirements and redundancies across the industry, which have outstripped the efforts of the union's 20 organisers to recruit more members. Membership now stands at only about 100,000 working members and about 80,000 retired members.

"We have been cutting costs over the last six months, mainly through better housekeeping," says Ms Glynn. "As we have a substantial asset base and no loans, we are better off than some other unions."

agrant@cmpinformation.com

In brief

- GPMU makes £2m loss
- Continued fall in membership
- Cutting costs through housekeeping

Warning from Litho Supplies

Litho Supplies, whose Belgian subsidiary AM Graphidec went into creditor protection earlier this year, is warning that market conditions have not improved so far in 2002.

Despite "grounds for confidence" because of a busy Ipex in April, the first three months of 2002 were much like the last six months of 2001, the company said.

Acquisitions and organic growth are still on the cards however, chairman Bernard Clark told the company's annual meeting on May 9.

agrant@cmpinformation.com

In brief

- Market conditions not improved
- Litho Supplies agm report
- Chairman still hopeful

legal notices

Appointment of liquidators

- **Central Direct Mailing Ltd** Mailing House. Liquidator: A Simon, Langley & Partners, Langley House, Park Road, East Finchley, London N2 8EX
- **Ryeprint Ltd** General printers. Liquidator: R Valentine, Valentine & Co, 4 Duncastle Court, 14 Arcadia Avenue, London N3 2HS
- **Preston Print Finishers Ltd** Previous company name: **Dalecrack Ltd** Printing. Liquidator: G Craig, Begbies Traynor, 1 Winckley Court, Chapel Street, Preston, Lancashire PR1 8BU

Appointment of receivers

- **Media Print Services (UK) Ltd** Receiver: SG Taylor, Poppleton & Appleby, 4 Charterhouse Square, London EC1M 6EN

Meetings of creditors

- **Romney Packaging Ltd** at Kroll Buchler Phillips Ltd, 84 Grosvenor Street, London W1K 3LN on May 27 at 2.30pm
- **Anthony Grant Litho Ltd** at 4 St Giles Court, Southampton Street, Reading RG1 2QL on May 31 at 11am
- **Aero-Print Ltd** at the Holiday Inn, Aston Clinton Road, Aylesbury, Buckinghamshire HP22 5AA on May 22
- **Temsvale Printing Works Ltd** at Marks Bloom, 60-62 Old London Road, Kingston upon Thames, Surrey KT2 6QZ on May 20
- **Paperite Stationery Ltd** at Barringtons (Newcastle) Ltd, Richmond House, 570-572 Etruria Road, Basford, Newcastle, Staffordshire ST5 0SU on May 24
- **The Printing Press UK Ltd** at Holiday Inn Sutton, Gibson Road, Sutton, Surrey SM1 2RF on May 20
- **Fusion Magazine Company Ltd** at Wilson Pitts, Devonshire House, 38 York Place, Leeds LS1 2ED on May 27
- **PMC Printers (London) Ltd** at Fergusson House, 124-128 City Road, London EC1V 2NJ on June 6 at 2.30pm
- **Protech Print Management Ltd** at 11 Lime Hill Road, Tunbridge Wells, Kent TN1 1LJ on June 5 at 11.15am

Notices to creditors

- **Pinpoint Publishers Ltd** Creditors to send claims to RJ Rones, ThorntonRones, 418-420 Cranbrook Road, Gants Hill, Ilford IG2 6HW by July 31

Final meetings

- **Supreme Packaging Wolverhampton Ltd** at 3rd Floor, Regent House, Bath Avenue, Wolverhampton WV1 4EG on July 5 at 10.30am for members and at 10.45am for creditors
- **Lynx Packaging Ltd** at Langley House, Park Road, East Finchley, London N2 8EX on June 11 at 11.30am for members and at 11.45am for creditors
- **Greenstay Packaging Ltd** at Wesley House, Huddersfield Road, Birstall, Batley, West Yorkshire WF17 9EJ on June 14 at 11am
- **Kent ColourTech Ltd** at Holbrook Court, Cumberland Business Centre, Northumberland Road, Portsmouth, Hampshire PO5 1DS on June 17 at 12 noon for members and at 12.30pm for creditors
- **Export Packaging Services Ltd** at Silver Altman Ltd, 8 Baltic Street East, London EC1Y 0UP on June 19 at 10am for members and at 10.15am for creditors

Business GROW-HOW

From Paul Holohan & the team at Richmond Capital Partners Limited

Business ADVICE

EMPLOYEES AS STAKEHOLDERS

Historically in the UK employees have been a long way down the chain when major commercial decisions are taken.

This contrasts with the European approach where, in general, companies have traditionally adopted a more communicative style towards their employees.

Interestingly current EU legislation encourages this approach and further directives are planned in the form of the new draft Information and Consultation Directive ratified in February 2002.

The new directive places heavier responsibility on employers to share information and establish a dialogue with employees in relation to a wide range of issues.

The new obligations can be summarised as follows:-

- Employers will be required to ensure that employees are informed of the development of its activities and its economic and financial situation.
- Employers will be required to inform and consult on probable employment developments and significant changes in work organisation or contractual relations.
- Information and consultation will have to take place at an appropriate time and at the relevant level of management, and information must be provided to employee representatives in a form that allows for 'adequate' consideration.
- Employee representatives must be permitted to respond to proposals with sufficient time to allow for dialogue in relation to the proposals.
- Employers may withhold information, disclosure of which would seriously harm the company or be prejudicial to it (e.g. where the information may be price sensitive).

EU member states are required to introduce penalties for infringement. This new Information and Consultation Directive will lead to legislation and will oblige firms to consult.

Accordingly, employers would be well advised to review their current consultation procedures and to implement new ones which suit them before legislation is passed.

In my opinion good communication with your workforce really does pay dividends and creates a 'togetherness' badly needed in our competitive environment.

Watch this space for further news!

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.