The printing industry continues to shrink due to digital alternatives, the economy, and shorter run length. As a result, numerous printers have been forced to merge or cease operations. It is no surprise to NPES members that at the end of 2010, State Street Consultants reported in the newest PRIMIR study, “Printing Industry Consumables Usage & Trends,” there were merely 36,000 sites in the U.S. (excluding sites primarily printing offset and flexo labels.)  In a prior study published in 2007, there were reportedly more than 48,000 printers in the U.S.  The purpose of this new study was to evaluate the corresponding overall consumption and trends as a result of the decline in printing.

The 2011 PRIMIR study refreshes data published in the 2007 PRIMIR report (for print firms and their use of ink, plates, blankets and toner) and examines current and future trends in print processes, applications and segments and their impact on consumables demand.  Additionally, the 2011 report also benchmarks coatings and press chemistries and provides forecasts for each consumable through 2015.  The report includes a user-modifiable model to perform ‘what if’ analysis.  (NPES members will receive an Executive Synopsis of this study this month and may at any time request a copy of the full report and model.)

Significant changes are occurring in the graphic communications industry unrelated to the recent economic turmoil.  The industry is experiencing shifts from print to digital media, the transition from analog to digital plates, continuing run length declines and, as demonstrated in Exhibit 1, (page 8) increasing color production digital press penetration.  Along with the economy, all of these play a role in the declining number of print firms.

Suppliers to the printing industry should monitor these changes in firms and consumption statistics to adjust their planning, territory and resource allocation, and product mix accordingly.

Printers can utilize the information to gauge their consumption of various products compared to other print firms in their same size or market segment.

While print volume will decline by 1% to 2% per year from 2010 to 2015, the electronic displacement of print will continue and accelerate in newspapers, books and magazines.  This will result in further consolidation in almost all segments of the industry.  One major exception is flexible packaging, which will enjoy continued growth.

As the number of sites with offset equipment declines, so too does volume of consumables.  Two exceptions through 2015 are sheetfed offset UV inks (expected to grow 4%) and heatset web offset press UV coatings (up 8%).

Flexo consumables will see ups and downs.  Solvent-based inks are expected to increase 29% by 2015.  On the other hand, water-
Did You Know?

• Direct mail advertising provides a 7 to 1 return on investment?
• 33% of paper comes from wood chips and sawmill scraps and another 33% from recycled paper?
• 78% of the money donated to non-profit organizations comes from direct mail?

Ralph Nappi
NPES President

Did you know that...

• 80% of households either read or scan advertising mail sent to their household?
• 12 million more acres of forest exist in the U.S. today than 20 years ago?
• 76% of Internet users have been directly influenced to purchase an item because of direct mail?

OK I’ll stop, but the list of print’s effectiveness and sustainability can go on for pages. What is even more impressive than the numbers and data is that finally our industry has been stepping up to promote and defend print’s image.

...just 11% of the world’s forests are used for paper.

When I joined NPES six years ago many industry leaders shared their concern about the huge void that existed in stepping up to the task, NPES included. And with the exception of a very few committed industry corporations (mostly paper related and some equipment companies) and The Print Council, the void has existed for many years… until very recently. Now it is very encouraging to see small organizations joining with the larger companies in stepping up to the task. Organizations like the Printing Industries Association, Inc. of Southern California that developed an impressive campaign titled “Choose Print” (www.ChoosePrint.org). This small regional printing association decided that taking action was better than talking and has been blanketing print buyers and the general public with facts like those you see herein through an aggressive direct mail campaign, web site, advertising, and truck wraps among other efforts.

Similarly, The Printing and Graphics Association of the MidAtlantic has also developed a campaign, “Print Grows Trees” (www.Print-Grows-Trees.org), that strikes head-on at the myth ‘printing is bad for the environment’ with many astounding facts about the sustainability of print. And, as they develop their campaign, they are reaching out to younger constituents as well—as they become buyers and decision makers on print—to address the issue head-on.

Both these organizations have been recognized by GASC’s Positively Print Awards (www.positivelyprint.org) which, in its second year, acknowledges organizations that promote print.

They, along with The Print Council, (www.printcouncil.org) and other private and public companies have increased their efforts to get the word out about how very effective print is and to dispel the myths of our poor environmental stewardship.

There is much to be impressed with in the last couple of years because organizations are taking an active and aggressive role to promote our industry and print. And they do so, not waiting for THE ‘master plan’ or an intensive coordinated effort by industry, but because time is of the essence and doing something is better than waiting for the perfect plan. Kudos to these organizations! NPES is proud to promote and support them and will continue to do so and encourages you do so as well. Your support can be as simple as linking their web sites to yours and taking a little time each week to share a single fact that sheds the correct light on our effectiveness and commitment to the environment.

63% of consumers bought something they saw in a publication.

• 1.7 million trees are planted each day by the U.S. paper and forest products industry?
• 63% of consumers bought something they saw in a publication?
• Just 11% of the world’s forests are used for paper?

80% of households either read or scan advertising mail sent to their household.
November 22, 2011

The President
The White House
Washington, D.C.

Dear Mr. President:

I write on behalf of the over 500 member companies of NPES The Association for Suppliers of Printing, Publishing and Converting Technologies because of what we see as a disproportionately large number of SAVE Award (Securing Americans Value and Efficiency) finalists that propose reductions in print in favor of electronic online communication as a means of reducing “wasteful” government spending, specifically, three out of four — seventy-five percent — in 2010, and fifty percent — two out of four — in 2011. These strikingly high percentages, now two years running, caused us to write to you.

The White House web site states that you launched the SAVE Award “to make government more effective and efficient, and to ensure tax-payer dollars are spent wisely” — nothing to quarrel with here — and that over the past two years federal employees have submitted more than 56,000 cost-cutting ideas, with dozens of the most promising included in the Termination, Reductions, and Savings volume of your Budget (TR&S). It also states that each year the Office of Management and Budget (OMB) narrows the best ideas down to a “final four,” to present to the American people for their online vote to choose the winner, the American Idol of cost-cutting so to speak.

The SAVE Award’s assessment criteria, presumably used by OMB, state that the goal is to produce ideas that will “yield savings . . . [and] reduce costs in a way that is concrete and quantifiable,” so these should be major factors in evaluating and selecting SAVE Award finalists, or so we thought until we did a little more reading in the FY2012 TR&S. The information we found was surprising. Of the nineteen 2010 SAVE Award suggestions included, the 2010 winner — ending the printing and mailing of the Federal Register to Federal employees — only ranked ninth, with a savings of $16 million over the period 2011-15. In fact, all three of the print-related 2010 SAVE finalists’ savings only totaled a little over $21 million from 2011-15. In contrast, there were six non-print related SAVE proposals that were each more than $23 million in savings over the same period, and totaled $295 million — fourteen times as much as the print-related proposals — but none of them were selected as SAVE finalists and so were never even put before the American people for a vote. It’s hard for us to understand how or why this happened.

While we totally understand the paradigm shift from print to electronic communication in many facets of our economy and society, we are nevertheless dismayed by and must object to repeated and disproportionate instances of print being unduly held up as wasteful, rather than acknowledged as a reliable means of communication that is still highly effective. We think this unwarranted bias damages the image, utility and value of print even as other avenues of cost-cutting savings go unmentioned before the American people without their digging through dense government budget documents. Of additional concern is SAVE Award proposals’ rhetoric that often characterizes reducing print as environmentally desirable, the assumption being that print is inherently damaging to the environment. This popular misconception is incorrect and there is much data to support print as environmentally sustainable even as it remains in many instances the most effective communication media. Equally invalid is the supposition that electronic communication is without its own environmental impact.

Mr. President, in sharing these thoughts with you we think that we are overdue in seeking a dialogue with your administration on these issues that are so vital to over one million workers in the graphic communications industry and another half million government employees whose livelihoods depend on print. With these 1.5 million jobs at stake, we request the opportunity to meet with the appropriate White House staff to further discuss these matters.

Thank you for considering our request.

Respectfully,

Ralph J. Nanni
President
A Profitable Plan: Developing Your Future Workforce

Given the dramatic changes within the printing industry, what critical talent issues are facing leaders who must diversify their business with more value-added products, while running operations more efficiently than ever? That’s the question I addressed during my presentation, “Confronting the Threats and Opportunities of an Aging Workforce,” at the recent NPES 2011 Annual Conference in Palm Beach, Florida. In preparation for that session, I interviewed eight graphic communications industry executives who identified the talent issues they said currently pose the greatest threat to business performance. Here is what I learned.

Move Sales from Old to New School

Printers today need to be both more efficient and more innovative because of consolidation and competition. Many are on the way to becoming full service marketing or communications providers, but they need your help. Vince Lapinski, CEO of manroland, Inc., said, “One customer told me, ‘Your people who come in here had better be ‘new school.’ Educate me. Don’t sell me.’”

‘Old school’ salespeople were content building relationships with customers and learning just enough about the printer’s business to explain how their equipment made sense.

A ‘new school’ consultative salesperson must bring much more to the table. They’ve got to be able to analyze the customer’s business plan and bring new ideas for how their equipment or products can deliver solutions to differentiate the customer in the marketplace. However, this process can be easier said than done. “Transitioning our salespeople from old to new school is one of our biggest challenges,” said Lapinski.

Look for Risk Takers

Every executive makes mistakes in hiring and developing critical talent. One CEO of a printing automation company recalled bringing in more sophisticated engineering talent to help take the business to the next level. “These were talented people who came from larger companies,” he recalled. “But they were too rigid and couldn’t think outside the box.” These experienced engineers didn’t fit with the firm’s team and so the CEO had to let them go.

“The printing industry has got to reinvent itself. And to do that we need team players who are willing to take risks. The biggest failures in this environment are the missed opportunities by those who can’t take risks,” said the CEO.

Where Has All The Talent Gone?

The most common challenge echoed by industry executives during our discussions was the need to attract top new talent to the business. “It’s not a sexy industry, so the technology doesn’t attract the same level of talent it used to,” said Steven Remy, president of Standard Finishing Systems. “That [finding a way to convey a more current image of our industry] should be on our radar screen more than it is.”

When it comes to attracting skilled talent, printing is not the only sector that’s struggling with an image problem. Oil companies, tool & die makers and aircraft maintenance are just some of the traditional industries whose leaders feel at a disadvantage when competing for today’s technical talent. Things won’t get any easier in this area, so companies must get more proactive—and creative—in order to attract and retain skilled employees.

The Paradox of Lean Staffing

While executives are worried about the lack of top talent, they’ve also become more gun-shy about making hiring mistakes. “How do you bring on really talented people without disrupting your team?” asked another. This concern was raised by several executives who know they need to hire, but are loathe to disrupt their veteran high performing team by bringing in the wrong person.

One tool worth investigating is the Role Based Assessment from The Gabriel Institute (TheGabrielInstitute.com), an online instrument that can assess the likelihood that a job candidate will be a good fit for your existing team.

Motivating the Multigenerational Workforce

This is code for “How do we keep the young kids happy and productive?” Mark Kannenberg, president of RBP Chemical Technology shared this oft-stated comment, “Our young people are truly different. They’re well educated, and they expect to be heard. They’re not hung up on titles, and they want to work on their own terms. We’ve got departments who prefer to come in at 6:00 am so they can leave by 2:00 pm.”

One tactic I see my best clients using is looking for success stories where employees of different generations are collaborating effectively. For example, one leader pointed to a new hire in the production area whose attention to detail wasn’t up to quality standards. Older co-workers took him aside and showed how he was bringing the department’s averages down and what he had to do differently.

This intervention and explanation had a more favorable impact than if it were delivered by management. And, it demonstrated the value of engaging veteran workers with the responsibility for the success of new hires. Can you find examples in your company where different generations are collaborating effectively? What lesson learned and conclusions have you drawn from this story? They will be the keys to both your competitiveness in today’s multigenerational marketplace and your company’s future success.
The chart compiled from UCC data provided herein by Equipment Data Associates (EDA), shows up-to-date UCC (see definition below chart) activity for all printing equipment. Although UCC filings are a combination of new equipment sales, used equipment sales and re-financings of existing placements, they are still a strong indicator of market activity. September UCC filings for new equipment continued August’s trend rising to 471 units or a 14.5% increase. October dipped slightly to 381 units but is still up over 2010 levels by 14%. All in all, a much stronger performance than 2010.

Used equipment filings are trending down compared to 2010 levels by over 35%. This information is extracted directly from EDA’s comprehensive database of nearly 30,000 records for purchasers of printing equipment.

For each of the data points in the table, subscribers to EDA’s market intelligence services can see exactly who purchased the piece of equipment—and the manufacturer and model. NPES member companies that participate in the free NPES Market Data program are eligible for significant discounts on EDA’s services. By combining the critical purchaser information from EDA with the comprehensive market statistics, analysis, and forecasts provided by NPES’ free Market Data program, participating NPES member companies can get a complete picture of the current and anticipated future activity in the marketplace.

For more information, or to join the free NPES Market Data program, contact NPES Assistant Director for Market Data, Rekha Ratnam at phone: 703/264-7232 or e-mail rratnam@npes.org. For specific information about the market intelligence services offered by EDA, contact Mauricio Jurin at phone: 704/845-1099 or e-mail: mjurin@edadata.com.
NPES Annual Conference Wrap

ATTENDEES DARE TO “RETHINK PRINT”

NPES members in attendance at the NPES 2011 Annual Conference, October 17-19 in Palm Beach, Florida were treated to a compelling, high octane business agenda. Topics ranging from leadership strategies for breakout success, to confronting the threats and opportunities of a changing workforce, to the evolving North American print market, and pioneering new partnerships, reconfirmed for participants that education was the primary draw for attending the conference.

Guided by the Association’s Programs and Meetings Committee the program was designed to engage members in spirited dialogue with an array of top business and industry leaders who were specifically selected to help attendees position themselves for success based on the changing model of today’s print industry.

Kicking off the proceedings on Tuesday morning was keynote Rob Stevenson, author of the bestselling book, “52 Essential Habits for Success,” with his unique perspective on how skillful leaders confront the most crucial business issues—and why they win. His eye-opening presentation revealed exactly what it takes to succeed in today’s super-competitive marketplace.

Next up with his timely presentation on why today’s leaders can no longer be complacent about recruiting, developing and retaining high potential employees was Dr. David DeLong, President, David DeLong and Associates. Co-author of the new book, “The Executive Guide to High-Impact Talent Management,” and author of “Lost Knowledge: Confronting the Threat of an Aging Workforce,” Dr. DeLong delivered a ‘wake-up call’ to attendees about ways to overcome the seven talent problems that kill profits, and provided real-life examples of how to accelerate the knowledge transfer in a multigenerational workplace.

Dr. David DeLong delivered a ‘wake-up call’ to attendees on how to overcome profit-killing talent problems, and ways to accelerate the knowledge transfer in a multigenerational workplace.

Tom Saggiamo, President and CEO of the DG3 Group, and past Board Chairman of NPES, shared with attendees his unique ‘both sides of the fence’ perspective on what lies ahead for our industry in the North American print market.

Next, attendees welcomed back highly-respected leader, friend to the graphic communications industry and past Board Chairman of NPES, Tom Saggiamo, President and CEO of the DG3 Group, who shared his unique ‘both sides of the fence’ perspective on what lies ahead for our industry in the North American print market.

Concluding the day’s robust education program, Dr. DeLong returned for an afternoon workshop that delved deeper into strategies for success in developing a multigenerational workforce.

As the busy day of education and business networking drew to a close, attendees and guests enjoyed some free time before the Reception and Awards Dinner, an elegant evening featuring the presentation of the Harold W. Gegenheimer Awards, a time-honored tradition at NPES Annual Conferences. During the reception that preceded the formal dinner program, attendees took full advantage of yet another networking opportunity to meet and greet old friends and new, to exchange perspectives on the day’s education program, and to discuss their organization’s plans for the coming year.

The evening officially began as Chairman Burgess welcomed and recognized the evening’s primary draw for attending the conference. Gegenheimer Awards, a time-honored tradition at NPES Annual Conferences. During the reception that preceded the formal dinner program, attendees took full advantage of yet another networking opportunity to meet and greet old friends and new, to exchange perspectives on the day’s education program, and to discuss their organization’s plans for the coming year.

The evening officially began as Chairman Burgess welcomed and recognized the evening’s primary draw for attending the conference. Burgess arrived to recognize the 2011 Harold W. Gegenheimer Awards, the evening’s program included special recognition for the dedicated involvement of outgoing NPES Board members: Gary Dolgins, Kosh Miyao, and Hank Brandtjen.

At the conclusion of the evening program, the time had arrived to recognize the 2011 Harold W. Gegenheimer Awards.
Jochen Meissner, Chief Executive Officer, Goss International Corporation, hailed for his active support and many contributions to the industry and NPES.

Following the festive and enjoyable evening, bright and early on Wednesday morning, it was down to business as the NPES Annual Meeting convened to receive the Treasurer’s and Nominating Committee reports, and to elect the association’s leadership for the coming year. But first, D.J. Burgess delivered his Chairman’s Address with an inspiring vision of how positive action can overcome adversity and ultimately reveal the new opportunities that lie ahead for our industry. He compared the past couple of years in our industry to a time of struggle that, at times, appeared insurmountable. But from past downturns to upswings and back, he adeptly illustrated just how far our industry and NPES members have come, and will continue to move forward, armed with a results-oriented tenacity and a positive outlook on the future.

Before opening the jam-packed morning of education, the Nominating Committee report recommended Chris Payne, Director, Graphic Communication Group Strategy & Marketing and Vice President, Chief Marketing Office, Eastman Kodak Company as NPES Chairman, and the re-election to the Board of D.J. Burgess, President of Burgess Industries, Inc. along with five new directors: William “Buzz” Apostol, Vice President Sales-Americas, X-rite/Pantone, Inc.; Nick Bruno, Owner & President, Harris & Bruno International; Mark Hischar, President & CEO, KBA-North America; Carl Joachim, Vice President, Ricoh Americas Corporation; and, David J. Murphy, Director of Marketing Graphic Solution Business Imaging & Printing Group Americas, Hewlett Packard Company.

With the association business completed, the day’s education program began in earnest as attendees welcomed the up-to-the-moment economic outlook and analysis from Alan Beaulieu, President of the Institute for Trends Research (ITR). Interestingly, ITR is the oldest continuously operating economic research firm in the United States with a remarkable 96% accuracy rate and 61 years of correct calls. In fact, Alan was invited back to present at this year’s meeting based on the overwhelming member response received after his amazingly accurate forecasts provided first at our Annual Conference in 2007, and then the NPES Industry Summits in both 2009 and 2010, and earlier this year at the Vision 3 Summit.

Turning our attention from economics to visionary ways to win in today’s print industry ‘revolution,’ was the “Member Panel: Pioneering New Partnerships,” moderated by NPES President Ralph Nappi. Here panelists Mal Baboyian, President, Production Systems, Océ North America and Mark Hischar, President & CEO, KBA North America, shared why and how the partnership was created, what it provides for the customer, plus the benefits to their company and the industry.

Following another one of the timely networking breaks interspersed throughout the program, attendees reconvened for the much-anticipated and final presentation of the day with featured presenter Steve Ford, actor and son of President Gerald and Mrs. Betty Ford. His entertaining (non-political) presentation, interspersed with family anecdotes, aptly illustrated the tools of his success: a strong family unit, living with values and character, setting and juggling priorities and making the right choices in life.

Mal Baboyian, President, Production Systems, Océ North America, shared during the Member Panel, “Pioneering New Partnerships,” a glimpse inside the Océ/KBA partnership, and benefits to both the company and the industry. Awardees. This year’s Harold W. Gegenheimer Corporate Award for Industry Service was presented to manroland in recognition of the many contributions the company and its leaders have made to our Association and to the industry. Accepting the award on behalf of the company was manroland President Vince Lapinski. Honored with the Harold W. Gegenheimer Award for Individual Service was Jochen Meissner, Chief Executive Officer, Goss International Corporation, hailed for his active support and many contributions to the industry and NPES.

As the NPES 2011 Annual Conference drew to a close, attendees reconvened one final time for the evening’s networking reception before departing for dinner.

Since the conference concluded, attendees offered thoughtful and enthusiastic feedback via their program evaluations and e-mails, which bodes well for our industry’s upcoming ‘mega’ event, the Vision 3 Summit, coming February 19-22, 2012 to the Marco Island Marriott in Marco Island, Florida. For complete program information and to register, visit: www.vision3summit.org.
based inks will be down 5%, driven by corrugated declines. As the use of digital plates increases (up 26%), the use of analog plates will, correspondingly, be down 16%.

Color digital printing is the single area in which continuous growth is projected. Both color production digital press (50+ ppm) and wide-format inkjet printer consumables will experience growth in the 30+% range.

The 2011 study expanded to include data for fountain solutions and washes. More than 6.6 million gallons of fountain solution were consumed on offset presses in 2010. Half of that consumption was on heatset web offset presses; sheetfed offset presses represent more than one-third of the total.

Sheetfed offset presses and heatset web offset presses accounted for nearly 90% of the 11.5 million gallons of washes used in 2010. Commercial printers represent nearly 80% of the offset wash consumption, followed by publication printers with 13%. More than 2.3 million gallons of washes were consumed on flexo presses in 2010, dominated by corrugated printers and flexible packaging operations.

About This Study
This study revisits a 2007 PRIMIR study that established benchmark numbers for print consumables by market segment. The 2011 study updates the prior work in the areas of inks, plates, blankets and toners. New benchmarks have been established for coatings and press chemistries (fountain solutions, washes and silicone solutions). This 2011 study includes tables of 37 consumable categories for 18 market segments in the U.S. (Canada was not included in this study). It also provides an estimate of the number of sites, sites with seven relevant categories of equipment and how many of each of these presses or printers are installed. These estimates are for the benchmark year 2010.

To establish market estimates to predict consumables usage, 613 surveys were completed in the various market segments. Researchers started with a sample pool of 3,300 and made almost 11,000 phone calls from February to June 2011.