



news

THE ASSOCIATION FOR SUPPLIERS OF PRINTING, PUBLISHING AND CONVERTING TECHNOLOGIES

Economic Stimulus Package Provides Huge Investment Incentives

EARLY ACTION CRITICAL TO PRINTERS AND SUPPLIERS

The economic stimulus package passed by Congress and signed into law by President Bush in February provides huge investment incentives for printing, publishing and converting equipment sold and installed before 2009. But, as NPES President Ralph J. Nappi advises, “early action will be critical to take advantage of the tax savings on the sales of large systems that require engineering lead time and installation.”

Enhanced IRC Section 179 expensing and 50 percent bonus depreciation on capital investments are the business

provisions of the economic stimulus package, **H.R. 5140, Economic Stimulus Act of 2008**. They give companies 50 percent bonus depreciation on investment in new equipment purchased after December 31, 2007 and installed before January 1, 2009. In addition, they also nearly double the limit on capital investment in 2008 that can be expensed, raising it to \$250,000 from \$128,000 for companies that purchase less than \$800,000 of capital assets in the year. Some smaller businesses may be able to use both provisions to their advantage.

Earlier in the decade similar incentives proved very effective for stimulating capital investment, and are measures that are strongly supported by NPES, not only as a short term economic stimulus, but also as permanent tax policy that recognizes the true cost of capital. According to **Ulrik Nygaard**, President and CEO, Baumfolder Corporation and Chairman of the NPES Government Affairs Committee, “bonus depreciation and the increase of the expensing



Economic stimulus package investment incentives offer a powerful sales tool for NPES members to present to their potential customers, and a huge tax savings for printers who invest this year.

allowance for investment in capital goods have been a key stimulus for equipment sales for our company and many other Association members.”

The “placed-in-service” date for qualifying equipment purchases is critical to the effectiveness of these tax incentives. Large capital equipment systems typically require more lead time for engineering and installation

than is necessary for smaller acquisitions. Therefore, it is very important to note that the enhanced expensing and bonus depreciation in the legislation will only be available for equipment purchased and placed-in-service in calendar year 2008. Even with the relatively short placed-in-service window, these investment incentives still offer

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chairman's perspective

Hank A. Brandtjen, III

NPES Chairman

President, Brandtjen & Kluge, Inc.

Proactive Inclusion: The Cure for "Spin"

Have you been paying attention to the election primary process? It's hard *not* to! What amazes me is the 'spin



doctoring' applied to every sentence uttered. I know I'm getting older (which definitely beats the alternative, but that's a separate subject), but the use of the word 'doctor' in the context of politics is *truly* an oxymoron.

A doctor is supposed to examine you, tell you what's wrong and then take steps to heal (*i.e.*, mend, make well, restore to health, cure) you. Conversely, a spin doctor takes whatever is said or done and flips it 180 degrees the other way, as if nothing was wrong in the first place! Without going off on another tangent, this subject got me thinking about the state of our industry today, and where we go from here.

My company, which has been in business since 1919, was struggling in 1933; the depression was hurting everyone. While those in our industry knew that action was needed, determining exactly *what* to do was unclear. That year my great grandfather met with industry representatives from 25 other companies and the upshot was the formation of the NPEA (National Printing Equipment Association) — a trade association — a forum for people to convene and discuss the problems of the day that offered solutions.

In 2008, the value and strength of this association, now known as NPES (the acronym doesn't exactly match the current name of our association, but that's a separate subject), endures and is proudly celebrating its 75th Anniversary. Today, our association is over 400 members strong and my company is *still* involved.

While the economy today is certainly not comparable to 1933, I *do* believe there are economic pressures at play for us all that are, or will impact our companies' performance. In short, I am not too proud to admit it — I need help to separate the 'spin' from the facts! Fortunately, just like my great grandfather back in 1933, I've got a forum for exchanging information, insights and guidance — NPES!

NPES Leadership Forums

NPES Leadership Forums, our association's newest member resource, are comprised of eight to 10 top-level executives from NPES member companies. Each Forum group meets three times a year, serving as a 'surrogate board of directors' for its participants. Guided by a facilitator, participants delve into each member's specific situations and/or challenges. Then together, Forum members formulate positive, action oriented 'take-home' solutions. The bond between Forum members is strong because each member's connection to the group is based upon a foundation of candor, confidentiality, commitment and a willingness to share their expertise.

NPES 2008 INDUSTRY SUMMIT

If you attend only one industry update event this year — this should be it — the NPES 2008 Industry Summit, March 31-April 3 in New York. (Visit www.npes.org for complete program and registration information.) This three and a half-day event brings together PRINT OUTLOOK 08 with three other key sessions: the PRIMIR Spring Meeting, NPES Market Data Committee Meeting and the NPES Board of Directors Meeting. The co-location of these events provides an unsurpassed venue in which to enhance your industry knowledge and maximize your networking opportunities while minimizing your time away from the office.

NPES Annual Conference

It's *not* too soon to mark your calendar for the NPES Annual Conference, November 15-17 at the Don CeSar Beach Resort in St. Pete Beach, Florida.

Suppliers on the leading edge know the future of print is changing. Industry consolidation, surging international markets, converging cross-media technologies, and many other forces are paving a road for change at the speed of thought. How will these changes impact your bottom line? Here, you will participate in the strategic conversation with industry leaders and peers who are driving a new path toward the new model of print. With provocative tutorials from industry leaders and world-class level networking, you'll return home with new insights and tactics — and better poised to move your business forward.

The Doctor is In

NPES has all the 'diagnostic tools' we need to boost the 'health' of our companies so that they continue to be nimble, resilient and successful. As for me, I'm looking forward to my regular company 'check-up' as I lean on my peers for their expertise and guidance in my Leadership Forum group. No, wait... I just heard the economy is doing really well! *Proactive Inclusion...* the cure for 'spin.' ●

STIMULUS continued from page 1

a powerful sales incentive for NPES members to present to their potential customers, and a huge tax savings for printers who invest this year.

Here are several examples of how the new investment incentives work for suppliers and their customers:

“ Bonus depreciation and the increase of the expensing allowance for investment in capital goods have been a key stimulus for equipment sales for our company and many other Association members.”

— Ulrik Nygaard, President and CEO, Baumfolder Corporation; Chairman, NPES Government Affairs Committee

EXAMPLE #1 – Computer to Plate System

(Total equipment purchases in 2008 do not exceed \$800,000)

► Example Price –

Without Tax Cut: \$200,000
New Small Business
Expensing Provision =
\$250,000/year (up to
\$800,000 of investment)
Total First-Year
Depreciation = \$200,000
(100% of new asset)
Tax Savings = \$80,000
(assuming 40% effective
tax rate)

► New Effective Price –

With Tax Cut = \$120,000 –
a 40% Savings!

continued on page 3

EXAMPLE #2 – Laser Digital Converting System (die-cutter)

(Total equipment purchases in 2008 do not exceed \$800,000)

- ▶ **Example Price** - Without Tax
Cut: \$400,000
New Small Business Expensing Provision = \$250,000/year (up to \$800,000 of investment)
Plus New 50% Bonus First-year Depreciation = \$75,000
Plus Regular Depreciation = \$10,500
Total First-Year Depreciation = \$335,500 (84% of new asset)
Tax Savings = \$135,000 (assuming 40% effective tax rate)
- ▶ **New Effective Price** –
With Tax Cut = \$265,000 –
a 66 % Savings!

EXAMPLE #3 – Six-color, 56-Inch Wide Sheetfed Press with Coater

- ▶ **Example Price** – Without Tax
Cut: \$4.0 Million
New 50% Bonus First-year Depreciation = \$2 Million
Plus Regular Depreciation = \$285,000
Total First-Year Depreciation = \$2.285 Million (57% of new asset)
Tax Savings = \$914,000 (assuming 40% effective tax rate)
- ▶ **New Effective Price** –
With Tax Cut = \$3.1 Million –
a 23% Savings!

These examples illustrate the powerful affect of the new investment incentives. Prices used fall into a typical range for the types of machines used in these examples, but could vary depending upon factors of the sale, such as features of the machine and terms and conditions of the contract; seek counsel from your tax advisor regarding specific circumstances and transactions. For more information contact NPES Government Affairs Director Mark J. Nuzzaco at 703-264-7235, or e-mail: mnuzzaco@npes.org ●

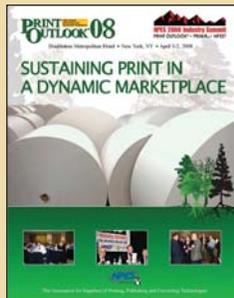


NPES 2008 Industry Summit

PRINT OUTLOOK® • PRIMIRSM • NPES®

MARCH 31-APRIL 3, 2008 • NEW YORK

Looking for answers about today's economy and current marketplace trends? Don't miss the popular **NPES 2008 INDUSTRY SUMMIT**, a three and a half-day mega-event that brings together **PRINT OUTLOOK 08** with three other key sessions – the **PRIMIR Spring Meeting**, **NPES Market Data Committee Meeting** and **NPES Board of Directors**



Meeting. The co-location of these events at a single venue enables members to enhance their industry knowledge and maximize their networking opportunities while minimizing their time away from the office.

PRINT OUTLOOK 08, slated for **April 1-2**, is the ideal educational and networking experience for industry executives and managers with a stake in marketing, sales finance, research, manufacturing and operation. Here, attendees will get answers they need about the state of the economy, pivotal trends in the marketplace and information on business prospects for the future.

Previewing the powerhouse of confirmed speakers are:

- **Barbara Pellow**, Infotrends on "The Role of Marketing in the Future of Print";
- **Andrew Pappozzi**, NAPL Chief Economist on "The Outlook for Commercial Printing";
- **Ronnie Davis**, PIA/GATF Chief Economist on "The Outlook for Ancillary Non-Print Revenues";
- **Bruce Biegel**, The Winterberry Group on "The Role of Direct Mail in Direct Marketing";
- **Roman Hohol**, Director of Marketing, AMEC on "The Outlook for Newspapers and Magazines";
- **Suzanne Morgan**, President, Print Buyers On-Line, will host a Print Buyer Panel to explore "Print's Role in the Modern Media Mix" with:
 - **Brenda Barozzi**, Vice President, Director of Print Production, DRAFT FCB
 - **Ed Burgoyne**, Director Print Production, TAXI INC
 - **Pam McGuire**, Print Production Manager, Mohawk Fine Papers
 - **Vivian Mojica**, VP, Print Program Manager, Global Procurement, Bear Stearns
- **Gary Jones**, Director, Environmental, Health & Safety Affairs for PIA/GATF, with a special presentation and workshop on "Sustaining Print in a Dynamic Marketplace"
- **Dr. Sung Won Sohn**, President and Chief Executive Officer of Hanmi Financial Corporation, on "The Outlook for the US Economy Pre & Post Election"



Suzanne Morgan

Members can further hone their competitive edge by participating in the **PRIMIR Spring Meeting, April 2-3**, immediately following PRINT OUTLOOK. Each year, PRIMIR conducts several of the industry's most comprehensive research studies on topics of critical strategy concern to manufacturers, suppliers and printers. Be there at the Spring Meeting for an insider's view of the newest PRIMIR studies:

- **Trends and Future for Financial and Transactional Printing**
- **Mega Printers' Impact on the North American Print Market**

GET PROGRAM DETAILS AND REGISTER NOW
VISIT: WWW.NPES.ORG/CONFERENCES/INDEX.HTML

Michael Aumann is President and CEO of Buhrs Americas, Inc. Over the last 20 years he has held various positions in sales, marketing and senior management with leading companies in the printing, mailing and packaging industries, utilizing his expertise in mailing, fulfillment and post-press finishing equipment.

In addition to NPES, Mr. Aumann has been actively involved with several industry trade associations and has also served on the Executive Committee for PRIMIR (the Print Industries Market Information and Research organization). He has been a frequent speaker at association and industry events on various subjects related to post-press technology.

Q. This year, as Buhrs celebrates its 100th anniversary of manufacturing, it's a natural time to reflect upon how our industry has, and will continue to change and evolve. For instance, how has or will today's migration from analog to digital impact your company's mix of products?



Aumann: Buhrs having had to address this change has, in fact, made some significant progress in response to the analog-to-digital transition. One example would be the integration of servo technology into all of our systems, which has enabled our customers to begin implementing our intelligent collation technology in the publications, direct mail and transpromotional mail sectors. And, looking ahead the ongoing migration from analog to digital technologies means that to effectively compete with other media, publishers and mailers must move toward one-to-one and personalized communications. Buhrs has great interest in providing solutions to address the continuing changes and is committed to developing intelligent solutions that will help our customers take maximum advantage of postal discounts. As digital printing has created some challenges in post press workflow, some of which Buhrs has already resolved, our organization will continue to be tasked to proactively assess and address new challenges as new printing technologies are integrated in the marketplace.

Q. Relative to your involvement with PRIMIR (the Print Industries Market Information and Research organization), how effective has it been in serving as an 'early warning signal' about trends that will ultimately influence your customers' businesses?

Aumann: PRIMIR has provided valuable perspective which has definitely influenced Buhrs strategy development. In just the last year, studies such as "Magazine Printing and Publishing in the U.S. 2006-2011" and "The Effect of Postal Reform on the Demand for Print 2007-2010" have been particularly important to our business. And, the relationships I have personally developed as a PRIMIR member in the past continue to serve me well and

help me to understand how the issues faced by other suppliers influence how Buhrs must respond in the marketplace.

Q. Economists predict that the print industry will grow between 1.5% and 2.5% in 2008, with slightly greater growth in 2009. Based on today's economy, the trends you are currently seeing, and the feedback you are receiving from your customers, how do these predictions relate to your company's projections?

Aumann: Like all companies in our industry, we look forward to overall industry growth. That said, at Buhrs we are most concerned about growth in the segments of the printing market we serve. Our strengths in direct mail and personalization are two areas in which we expect to see double digit growth in the near future. We also expect to see continued growth in co-mailing of catalogues and publications.

Q. Beyond current general U.S. economic issues, more directly from your company's perspective, what's the biggest challenge facing your organization today?

Aumann: As an importer of equipment manufactured in Europe, on a daily basis Buhrs must deal with the impact of the interplay between the U.S. dollar and the Euro. To date we've had success, but our ongoing challenge will be to demonstrate to customers that our equipment provides sufficient productivity and reliability to justify the currency premium. The other key issue for our organization (as likely for much of our industry) is the uncertainty surrounding postal reform and future postal rate increases, which will continue to create challenges in the years ahead. ●

One
on
One

Michael Aumann

Benchmark Your Market Share

Have you ever wondered where the concentration of book printers is in North America? What about how large the market is for blankets in the Northeast? How about how much ink is consumed by the newspaper printer? These and numerous other queries are answered in the

The major output from this study is a complex user-modifiable model developed in Microsoft Access where an NPES or PRIMIR member can personalize and update the model for their own purposes and keep it fresh as time moves on to reflect changes in the marketplace.

number of sites.

This report provides estimates of 38 consumables categories for 19 market segments in the 57,000 sites in the U.S. and Canada. It also provides an estimate of the total number of sites in the market segments covered, the number of sites with equipment in one of the six categories of equipment covered by this study, and cites how many of each of these presses or printers are installed.

The **Benchmarking 2006 North American Printers & Consumables** study is a statistical model, not a one-to-one representation of specific company locations. Users will need to apply their own insider knowledge to make it more precise. For example, if you know you sell more of a particular consumable than is represented in a particular 3-digit zip, increase the amount shown. State Street Consultants worked with a knowledgeable team of PRIMIR members to apply a sanity check to gross consumption totals prior to finalizing the report and model.

Members can also use mapping software to depict concentration of a particular market segment or to view consumption concentration as shown in the example below for book printers.

An Executive Synopsis detailing the key findings of this study has been distributed to all NPES members. If you wish to receive

Sampling of Estimates Developed by 3-Digit Zip, MSA, State and Province

Total sites in the state-province-MSA or market segment	Percent of the market segment in the state, province, MSA
Tons of sheetfed offset press and duplicator UCFS paper	Pounds of sheetfed offset press and duplicator ink
Square feet of sheetfed offset press and duplicator coating blankets	Pounds of heatset web ink
Number of coldset web presses	Tons of coldset web newsprint paper
Number of sites with wide format inkjet printer 36 plus inch	Tons of heatset web SC paper
Milliliters of wide format inkjet printer 36 plus inch ink	Square feet of wide format inkjet printer 36 plus inch glossy paper
Pounds of color production digital press 50 plus ppm toner	Number of sites with BW production digital press 90 plus ppm
Number BW production digital presses 90 plus ppm	Pounds of BW production digital press 90 plus ppm toner
Tons of BW production digital press 90 plus ppm uncoated paper	Square feet of heatset web blankets

newest PRIMIR study. Completed by State Street Consultants for PRIMIR, the newly released **Benchmarking 2006 North American Printers & Consumables** study provides volumes of statistics about all size printers in a variety of markets and geographic regions.

Principally, the study benchmarked the 2006 consumption of paper, ink, blankets, toner and plates for the U.S. and Canada by geographic region (country, state/province, U.S. Metropolitan Statistical Area [MSA], and U.S. 3-digit zip) and by market segment. Sites using printing presses, digital production presses, and/or wide format printers were evaluated and grouped into various market segments, including commercial printers, in-plant printers, newspaper printers, catalog printers, book printers, directory printers and digital imaging services.

If you are involved in strategic planning, new market development, sales and marketing management, or territory, financial or resource planning, these statistics will be of immense value for all sorts of cross analysis.

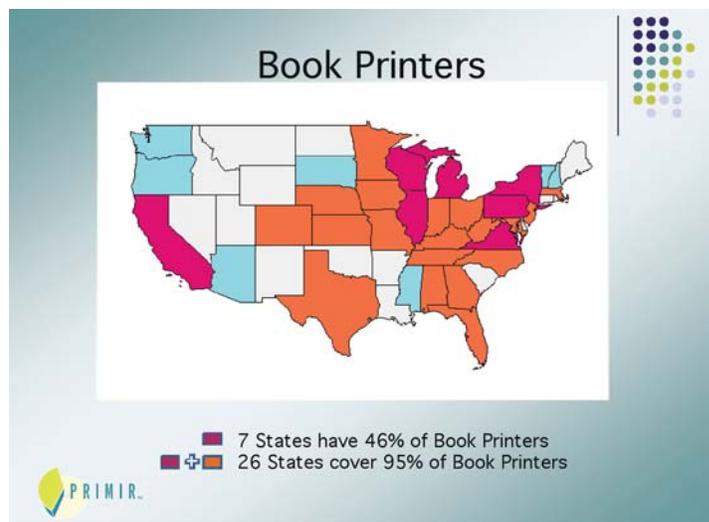
decrease the number of sites;

- change the penetration of an equipment category;
- change the average number of units/total units;
- change the consumption per site amounts;
- run ad hoc queries to export data to Excel for custom analysis; and,
- group U.S. 3-digit zip, U.S. MSA, state or province, into larger groups to estimate potential.

There were approximately 57,000 sites in the U.S. and Canada in the market segments covered by this study at the end of 2006. Commercial printers with fewer than 20 employees and in-plant printers/CDRs (central reproduction departments) are the segments with the largest

The model contains a wealth of information on the number of sites, presses/printers, and the consumables they use by market segment for a variety of geographic breakdowns. This data can be used to support multiple requirements – planning, staffing, resource allocation, sales territory development and more. A user with Microsoft Access skills will be able to:

- increase or



a copy of the complete report along with the CD that contains the spreadsheets and Access model, contact Rekha Ratnam at NPES at phone: 703-264-7200 or e-mail: rratnam@npes.org ●

Business Opportunity in China for Representation or Local Manufacturing

Economic growth and the rapid rate of China's modernization have not only changed the country but reshaped the landscape of the entire world economy. In fact, China has accounted for one-third of the world's economic growth. Stocks have made investors MEGA rich, for example: China Mobile (CHL) from \$8 to \$101, China Unicom (CHU) from \$5 to \$22, and China Netcom (CN) from \$24 to \$61. And, because China still has room to grow, this continued growth means increased business potential and opportunity for NPES members.

Today's demand potential for print media in China is high as evidenced by the per capita annual consumer spending on print products: \$10 per capita in China, and \$400 per capita in Western Europe. From 2002 to 2010, Chinese middle class households are projected to grow from 50 million to 100 million, and annual income to increase from \$9,068 to \$18,137. Assets will nearly double from \$37,485 to \$74,969.

According to Chinese printing industry statistics, there are 97,391 printing service establishments, 182,717 copy and prepress services, 9,500 magazines published, 2,500 foreign enterprises, and 2,600,000 websites with the "cn" domain name. China's printing market in 2006 had a total output of \$55.34 billion: \$50.67 billion of printed matter, \$2 billion of equipment manufacture and \$2.67 billion of supplies production.

Chinese printing industry manufacturers, both potential competitors and partners for NPES member companies, number 650

2008 Import Tariff Rate Adjustments for Digital Printing Equipment

According to Ministry of Information Industry of the People's Republic of China on January 9, 2008, China further reduced the most-favored-nation rate of duty on 45 items of goods. After the adjustment, the overall tariff level of China is 9.8% with the average tariff rate for agriculture being 15.2% and 8.9% for industrial products. Among the products affected are CTP and digital printers.

Interim Tariff Rate Table for the Raw Materials Special for Some Electronic Products

Serial Number	ex	Tariff Number	Goods Name	2008 Most-Favored-Nation Duty Rate (%)	2008 Interim Duty Rate (%)
1		84423021	CTP	9	0
2	ex	84424000	Components for CTP	7	0
3		84433110	Electrostatic photosensitive-multifunction machines	10	3
4	ex	84433221	Width> 60 cm inkjet printing equipment, which can be connected to network or automatic data-processing equipment	8	3
5	ex	84433222	Width> 60 cm electrostatic printing equipment (laser printer), which can be connected to network or automatic data-processing equipment	8	3
6	ex	84439920	Contact Image Sensor (scan)	6	0
7	ex	84439920	Thermal Print Head	6	0

companies in the following sectors:

Prepress

- 6 companies of CTP Computer-To -Paper, Computer-To-Plate, Computer-To-Press

Pressroom

- 23 manufacturers of color sheetfed presses
- 9 of offset web presses (newspaper, commercial, publications)
- 70 of gravure web and sheetfed (paper and plastic packaging) presses, flexo presses (satellite, tower and units) and letter press

Post press

- More than 400 manufacturers of perfect book binding lines, saddle-stitchers, collators, glue-binding, slicers, paper

cutters, folder/glue, automatic sawing machines, commercial folders, auto die-cutters and foil stampers, adhesive labeling machines, etc.

From 2001 to 2006 the annual output of the Chinese printing industry grew from \$24 to \$55 billion, at an annual average growth rate of 15.5% per year. In 2006, Chinese imports of printing industry equipment and supplies were at \$2 billion, with \$1.5 billion of 45,375 equipment units, \$400 million of supplies, \$7 million of PS plates, \$25 million of CTP plates, and \$66 million of film.

As for Chinese import tariffs, they were eliminated for several types of printing equipment in 2007, and on selected digital printing equipment in 2008 as detailed herein. The lower import tariffs and growing Chinese market create new opportunities for NPES member companies to establish representation in China. In addition, the growing number and capability of Chinese manufacturers offer the chance for interested members to pursue partnerships in China to manufacture and sell locally.

With its considerable business and marketing resources in China, NPES strives to assist its member companies achieve their business objectives in the market, whether representation or local manufacture. For complete information on how NPES members can obtain personalized business development services in China, contact Mike Hurley at phone: 703-264-7212 or e-mail: mhurley@npes.org ●

New Import Duty Rules Starting March 2007

The Ministry of Finance (MOF) of China released its 2007 import printing equipment, non-duty free list for domestic printing enterprises.

Tariff Code	Equipment	Technical Specs
84391000	Packaging machinery	
84392000/3000	Corrugate production equip.	Equal or less than 140m/min, less than 7 plies, equal or less than 2.2 meter wide
84418090	Die cutting machine	Cylinder-platen, production speed less than 6000 sheets/hour. Platen, production speed less than 4500 sheet/per hour
84431200	Sheet-fed offset printing press	Half size multi color
84431310	Half size color perfecter offset	Equal or less than 16,000 sheet/hour Paper size less than 720x1020mm
	Full size color (4 color or less)	Equal or less than 13,000 sheet/hour, offset paper less than 1,000x1400mm
84431100	Web offset presses	
	Commercial web offset	Half size single web unit equal or less than 45,000 sheet/hour, less than 880mm
84431100	Newspaper web offset	Half size single web unit equal or less than 65,000 sheet/hour, double width equal or less than 140,000 sheet/hour, paper width less than 787 mm
84431100	Book web offset	All sizes and speeds
	Offset web business form	All sizes and speeds
84431400/1500	Letter press	All sizes and speeds
84431700	Gravure press	All sizes and speeds

2008 Planning: Thoughts, Guidelines, Questions



D. Bruce Merrifield, Jr.

D. Bruce Merrifield, Jr. is an industry supply chain specialist who began his practice in 1980, after eight years working for a growth-by-acquisition chain of distribution companies with 300 employees. There, he rose through the ranks, quarterbacking turnarounds for four acquisitions; during his last two years with the company he served as chief operating officer. In 1983, Merrifield bought Clark Security Products, a San Diego distributor with \$7M in sales, which he turned around by creating a high-performance culture. Today, Clark has 350 employees and over \$150M in sales.

No book can give us a recipe for the best strategic path forward for our particular business within its own unique and shifting context. Unlike sports — where the rules, tools and boundaries don't change — good businesses are always innovating to change the rules to win. In the longer view, products require different categories of innovation as they move through their respective life cycles. And, eventually, even the processes and technologies that underlie industries also change (i.e., horse to car), which wipes out most traditional competitors. In every firm's competitive context there is a cumulative amount of innovation that is always going on which must not only be reacted to, but proactively seized to continuously create unique, rewarding value. As environmental change rates increase, the average winning streaks for "great firms" continue to shorten.

Businesses Are Like Sports: Teamwork Counts

Sports teams are a lot like service businesses in the sense that the collective performance of the people is the business; there usually aren't huge, capital-asset or patented-technology barriers to entry. Getting a team of people to consistently work together at an outstanding level without getting arrogant and starting to slack off is difficult. If our firm has made great money for the past few years, because of the effects of the global credit bubble, how do we turnaround corporate hubris? I saw an estimate that Wall Street bonuses will total about \$34B for 2007 while the shareholders have seen a loss of \$75B and climbing for the year. The forward-looking stock market obviously doesn't think that the next six months will be as good as backward-looking incentive payouts may be leading employees to think.

Service firm managers must continuously work on trying to get reinforcing success (virtuous) cycles going while nipping losing (vicious) cycles before they really become visible. There are no status quo, steady-as-she-goes personnel performance graphs; human systems are always in a dynamic flux of proactively improving and innovating or relaxing and falling behind, especially when industry conditions have been floating all players to several years of record profits, until the tide turns.

Tigers: Your MVPs (Most Valuable Players)

In many firms, only about 10% of the employees are the real game changers for today and tomorrow. Top management should have individual cultivation programs going on for these key employees to: 1) keep them; 2) keep them motivated; and 3) remove any hurdles on their respective performance/growth paths. One client estimates that they get a 20-to-1 annual ROI on the out-of-pocket expenditures for their "tiger plans". At the other extreme, token Christmas-party gifts for all may feel good, but will not affect 2008 results. What are your "tiger plans" for 2008? Ask the tigers what they need and want; write it down; review, revise and revive it monthly in about 30 minutes per tiger.

Past Achievements Don't Count

If a planning team gets quickly supportive of an idea for 2008 implementation, it will yield insignificant results. If everyone already has the words and categorical concepts in their heads for understanding a "new" idea — then likely it's the same old industry/groupthink stuff, perhaps in a new dress. Trying harder at the past is nice, but it won't deliver compelling new value to best target customers in the right, best niche for a particular profit center. How do we get more of those kinds of ideas? How should we live with a lot of better ideas for a while to let them become more understood, refined and winnowed until we have one or two great ideas that could deliver valuable, innovative results for a company's unique, present reality and immediate future?

For a proactive initiative to have a chance of making a significant impact, it has to be initially confusing to the team and then scary to implement; otherwise, the team is not understanding and learning enough new stuff with which to pursue new paths with real potential. There are no roadmaps for creating important, new value propositions. If a plan feels comfortable and doable to all, then the company is on its way to maintaining its spot in the middle of the industry herd that will all do only what industry conditions will provide.

D. Bruce Merrifield, Jr. has given countless presentations to well over 100 trade associations, written over 100 articles and is a board member or advisor to numerous firms, providing specific strategic advice. Contact him phone: 919-933-7474, e-mail: bruce@merrifield.com or visit: www.merrifield.com.

NPES 75 Years Later

CORE PROGRAMS STAND THE TEST OF TIME

This year, NPES The Association for Suppliers of Printing, Publishing and Converting Technologies celebrates 75 years of service to member

manufacturers, importers and distributors who provide the equipment, supplies,

systems and software used in every printing, publishing and converting process from design to distribution. Throughout 2008, in every issue of NPES News look for some of the featured highlights from our association's distinguished 75-year history.

Back in 1933 and during 1934, the leaders of NPEA (as NPES was known then) worked to create a tangible organization with benefits for the entire industry. Dues were established based on a company's number of employees and member recruitment began, and by 1935 the organization's membership had increased to 110.

That same year, on June 19, 1935, at the association's General Meeting, members turned their attention to selecting several key initiatives for the organization to pursue, which continue to be enduring objectives for NPES today:

- education in the graphic arts, to ensure a steady stream of well-trained personnel for the future;
- promotion of print as a medium and expansion of markets for members' products; and,
- collection, evaluation and dissemination of information bearing on the industry, including statistics.

Later that same year, in October 1935 at NPEA's second Annual Meeting, plans emerged for a "three-year program" to embrace education, promotion and other activities. The idea of a national printing show was also considered. The last event of this type had been held in 1927 and, although plans called for a show every five years, none had been held since because of the Depression.

In 1936, NPEA's membership agreed to hold a major national show in New York in 1939 in conjunction with the World's Fair scheduled for that year. Preparation for that show, together with vigorous pursuit of print promotion, education and statistical programs, occupied NPEA's attention for the rest of the decade.

Today, with NPES fully engaged in implementing its 2006-2011 Long Range Plan, it's interesting to note that no formal long range planning meetings were held until NPEA's Long Range Plans Committee met for the very first time in May 1975 at the Sheraton Hopkins Motel in Cleveland. From that session (in addition to the ongoing management of the international PRINT show), these initiatives emerged:

- an expanded program of compiling and developing information for dissemination to members;
- an aggressive educational or publication program to promote the equipment industry; and,
- a newly established standards program to provide coordination between member companies, and to establish leadership with other industry associations.

During the next five years special priority was placed on expanding membership to include the following supplier segments: in-plant equipment and supplies; commercial graphic arts equipment and supplies; and, the newspaper industry — all vital market segments represented within today's NPES membership. ●



news and notes

NPES CALENDAR

March 2008

TC130 Working Group 5
March 3-7 • Phoenix, Arizona

**Joint CGATS SC3, CGATS SC4,
USTAG TC 130 WG3/WF4**
March 26-28 • Mesa, Arizona

NPES Industry Summit
March 31-April 3 • New York, New York

**NPES Industry Summit
Market Data Meeting**
March 31 • New York, New York

April 2008

**NPES Industry Summit
PRINT OUTLOOK 08**
April 1-2 • New York, New York

**NPES Industry Summit
PRIMIR Spring Meeting**
April 2-3 • New York, New York

ISO TC 130 Working Groups 1-4
April 14-19 • Paris, France

June 2008

ICC Meetings
June 24-27 • Tokyo, Japan

July 2008

**Joint CGATS SC3, CGATS SC4,
USTAG TC 130 WG3/WF4**
July 14-16 • Minneapolis, Minnesota

September 2008

TC130 Working Groups and Plenary
September 22-27 • The Netherlands

October 2008

GRAPH EXPO®
October 26-29 • Chicago, Illinois

November 2008

ICC Meetings
November 6-8 • Portland, Oregon

ICC DevCon '08
November 10 • Portland, Oregon

NPES Annual Conference
November 15-17
Don CeSar Beach Resort
St. Pete Beach, Florida

May 2009

TC130 Working Groups 1-4
May 18-23 • Dallas/Ft. Worth, Texas

September 2009

PRINT®
September 11-16 • Chicago, Illinois

HURLEY'S TRADEWISE DO TELL INTEL Shift in Global Economic Power— Foreign Direct Investment Increasingly Targets Developing Nations

Despite credit market turmoil, corporate foreign direct investment plans stay constant. China and India remain the top FDI destinations as emerging markets take half of the top 10 spots in an A.T. Kearney Study. The study confirms the shift in global economic power as corporate investment increasingly targets developing nations.

Troubles in the credit markets are not dampening corporate plans for new foreign direct investments.

The assessment of senior executive sentiment at the world's largest companies found corporate investors optimistic about the prospects for developing nations, increasingly targeting them for more corporate investment in the years ahead.

China and India remain the top two countries in the 2007 Index—China number one for the fifth consecutive year. Both developed and developing country investors cite China as their most preferred destination. India retains second place in the Index, a position it has held since displacing the United States in 2005. India continues to attract investors in the high value-added services industries, particularly financial services and information technology.

While China and India remain the top destinations for first-time investments overall, **developing country investors are more bullish about new markets such as Vietnam, Brazil and South Africa.** Fifteen of the most attractive 25 FDI destinations are developing markets. Brazil, the United Arab Emirates and Russia all rank among the top 10, while Vietnam, Malaysia and Indonesia are returning to the Index's top 25 most attractive destinations. Emerging markets also have registered the strongest investor optimism,

with India, China, Brazil, the UAE and Vietnam experiencing the most positive change in investment outlook during the last year.

Among developed countries, the U.S. again placed third overall in the 2007 Index. The world's economic center of power continues its perceptible shift from developed to developing markets. Developed countries are competing with developing countries for investment capital, and developing countries are increasingly winning out.

Corporate investors across all regions are concerned about the sustainability of the global economic order. Sixty-six percent of executives cite global competition for scarce energy resources as the largest challenge to global sustainability over the next 20 years. Climate change follows closely behind, cited by 55 percent of respondents. Other top concerns include global competition for non-energy natural resources (47 percent), increasing pollution from developing countries (44 percent), and wealth and income asymmetries between the developed and developing worlds (38 percent). ●

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