



## CEO Corner International GAIN Studies for PIFSA members.



One of the benefits available to PIFSA members is free access to all the resources of Printing Industries of America's GAIN (Graphic Arts Information Network) website. It is a service that many members find useful – especially when researching trends in the most advanced market economy in the world.

While there is much that is specific to the United States market, there is also much that can be useful to us in this market – especially because the US is slightly ahead of us in certain respects such as internet accessibility.

In a forecast entitled *Over the Horizon 2005 – 2007* by Ron Davis and Ed Gleeson, major trends, threats and opportunities in the American market are examined, and despite the distinct differences between this country and the US there seem to be some very clear similarities.

PIA sees four major threats in the next two years. The first is the threat of continued oil price escalation. The most likely cause of the next recession, when it comes, is an external shock such as oil price hikes which have caused a majority of the past few recessions. If a recession occurs over the next couple of years, print markets will be more seriously impacted in a negative direction than the economy as a whole.

South Africa, like the rest of the world, could be driven into high inflation and even recession if oil prices rise to the \$100 a barrel level.

The second issue Davis and Gleeson highlight is rising costs in four areas: wages, medical aid costs, paper prices, and energy costs.

The expected economic and print market growth over the next couple of years will put increasing pressure on printers' costs. In particular, four cost items will be under pressure:

- Wages and salaries as labour markets tighten
- Paper prices as paper markets tighten
- Health benefits with the cost escalation in health care cost
- Rising energy prices which will push up printer's cost for utilities and transportation.

All together these items take up about two thirds of a typical printers' sales dollar so there will be tremendous pressure on the bottom-lines of most printers. This is true even if top-line sales are growing.

In our industry all of these cost pressures exist and certain companies are even in the process of renegotiating wages and conditions of employment in an effort to reduce operating costs. The move towards a "cost to company" remuneration package has however assisted in slowing the escalation of labour costs.

Global competition is seen as both a threat and an opportunity in the USA. There are opportunities to export north to Canada and south to Mexico and South America but China is seen as a major threat.

... in the context of threats here are the printed product categories that have shown significant increases in foreign production over the last few years:

- Books are by far the most import-threatened product category with \$1.44 billion in total book imports in 2003, an increase of almost 30% over 1998. The largest sales categories are in children's picture/coloring books, technical and scientific books, and textbooks.
- The second most threatened print category is miscellaneous printed materials such as basically general commercial printed materials such as advertising, posters, calendars, etc. This category amounted to over \$723 million in 2003.
- Labels are the third largest category of printed imports amounting to almost \$250 million in 2003.

The final threat is that of continued and intense price competition between too many businesses chasing a finite amount of work. This is the consequence of many printed products having become simply a commodity.

In the USA the number of printing plants is decreasing by approximately 2% per annum each year as are the number of industry employees.

There are currently approximately 41400 printing companies and just over 1 million employees in the US industry. In contrast, China has approximately 93 000 printing companies and over 3 million employees!



As with the rest of the developed printing world, the structure of the industry in the US is changing:

As the number of smaller printing plants decline, the pool of smaller firms growing into medium and larger firms is reduced, reversing the trend of growth in medium-sized and larger plants.

The number of plants with 10–19 employees began to decline in 1998, 20–49 employees in 1999, and 50–99 in 2001. As this competitive environment evolves, printers and industry suppliers will see many changes. There will still continue to be thousands of smaller and medium-sized printing plants, but they will comprise a shrinking share of plants and industry sales.

Generally, those printers that survive will typically face fewer but larger competitors. In order to remain competitive, they must focus on their areas of strength and perfect their niche. Industry suppliers will have a significantly smaller customer base (in terms of number of plants) but, on average, much larger customers. Do these plant closings impact overall industry capacity? It appears the answer is not much, if at all.

The number of presses (and more significantly their productivity) not plants control capacity, and the number of sheetfed and web presses are not declining like printing plants. Add to this the thousands of

letterpresses, flexographic presses, gravure presses, and digital printing devices. Then factor in the increased productivity of newer presses, and it is apparent that the decline in the number of printing plants is not reducing overall industry capacity. As the above information indicates, the structural landscape of printing plants has undergone a dramatic transformation over the past decade.

A similar structural change can be seen in this country. Our capacity hasn't decreased, but the number of printing companies and industry employees has halved since 1993.

I encourage you to read the full report on the GAIN website ([www.gain.net](http://www.gain.net)) which can be accessed directly or via a link from our PIFSA website.

PIFSA members will need to register if you have not done so previously. For assistance in this regard, please contact Louise Moralee at 011 6993000 or by email ([louise@pifsa.org](mailto:louise@pifsa.org)).

*Chris Sykes*  
Chief Executive Officer of PIFSA

## Power of PRINT Seeing the Light

Do you have the wonderful experience of your own children and or grandchildren? I was watching our youngest grandchild learning to read the other day. I recall our older 2 doing it and what a revelation to each of them as they went about this important and vital aspect of life.

Recalling the older two, when the reading light came on, I could not help but see the bright eyes and the huge smile when they got the first few words out. Yes, all those letters of the alphabet had come at last to begin to mean something meaningful. Words first. Sentences were next. Then stories. And after that came writing their own words in their own stories.

WOW. Remember it?

Well, if you think about it, it is just one of the everyday miracles we just accept. Reading is a lifetime skill. How we use such a skill is up to each of us as we choose in the final analysis. We can use it or abuse it like any other skill we learn over the years.

Surely then it is up to us as print advocates to be the advocates of the art of reading by encouraging all those around us to develop that skill and to nurture it as we grow from the excitement of the original discovery to the excitement of the unbounded vastness of the riches of the written word.

It is truly amazing to think of what a skill is born into one at such a young and formative age. And to see them grow with print at the centre of their lives. I don't think we ever stop to consider what it would be were we not living in a world where print is in evidence every step of our daily lives.

Just think of the frustration and the eagerness of those little ones I have talked about. It could have been yours too had someone not taken the time and trouble to teach you the art of reading. The Power to Print is indeed in our own hands. Use it or abuse it. Either way you will be an example to an uncountable number of others!

## News: Central Chamber

The Central Chamber Young Management Printers staged their extremely successful third "Durban July" Race Day on Saturday 1st July, at the Turffontein Race Course in Johannesburg. The theme was "40s, 50s and 60s fashion – in Black & White. In 2005, the Y M P had a target of 20 tables, with 10 guests at each table but managed to sell 22 tables. This was after the 2004 Race Day when a larger room had to be booked, as people were turned away on that occasion.

This year, the Executive Committee of the Y M P raised their sights by almost 50 per cent and gave themselves a target of 30 tables. They once again surpassed their own expectations and sold a total of 38 tables, with a total of 377 guests. Most tables were booked by member companies of the Central Chamber (both ordinary and Associate members) who used the opportunity to bring clients to the event. The event opened from 11:00 for keen punters, with a superb hot and cold buffet table lunch, including desserts, cheeses and coffee being available from 13:30. The admission fee also included a limited amount of free wine per table and a full cash bar, at "Club" prices was also available. It is hoped that this will become an annual event on the industry's calendar, just as the Chamber AGM and Annual Dinner has become.

The Turffontein management arranged for several electronic Tote machines to be installed in the banqueting room, which also had access to its own private balcony and several television monitors dotted around the room. To ensure that most interests were catered for, some of the television monitors we tuned into the World Cup fixtures being played at the same time. Mel Miller agreed to act as comedian for the day, at no cost to the YMP as all the profits for the day, as yet unknown, will be donated to the Charity Organisation JAFTA (Johannesburg Association For The Aged).

Not only did the punters and their guests have the opportunity to bet on the horses, but a raffle was arranged with bottles of superb quality, finest Cape wines being raffled as well as a midweek break at a luxurious holiday resort. To round off the entertainment, music and a dance floor was provided for those who wished to stay in the warm and hospitable environment, long after night had fallen and most of the horses had finished running (except for the odd donkey!).

The Executive Committee of the YMP are to be congratulated, not only on their hard work and the huge success of the event, but also for their generosity in donating all of the proceeds of that hard work and success to a deserving charity.

Employers are encouraged by the Chamber Executive Committee to persuade their lower and middle level staff to become members of this organisation and to benefit from their holistic attitude to community service, while at the same time learning the benefits of co-ordinated efforts and team-building, as well as learning more about the technology and companies involved in the broader printing, newspaper and packaging industry in South Africa.

## Industry Focus Prime Litho

PRINTalk has started to interview industry members on their experiences with PIFSA. Recently we were at Prime Litho and we were told that in 1995 it was Colin Finck, President of PIFSA Central Chamber at the time, who visited the company and guided us. "And he insisted (as only Colin can) we become members. That was a decision that certainly, as time went on, proved to be a good one. We have over the years come to believe it is very important to be affiliated to an Association that has its industry and members at heart."

When asked in what areas they have received assistance from PIFSA, PRINTalk was told that this embodied Labour matters, staff placement and training. "It would be very costly for a company our size (26 employees) to have an HR Manager on site or to seek the services of an outside labour consultant. To have the expertise and guidance of Patrick, Colin and all staff at PIFSA at our disposal is a huge advantage, in fact I have no need to join another organization as PIFSA offer us all that we need."

### Q. How do you feel towards your fellow members who serve on the Executive Committee of the Central Chamber?

I have little or no contact with the executive in general, but I do feel that they are doing everything possible to assist the members in all quarters and I am delighted that so many of my colleagues, who hold important positions in their companies, are still willing to contribute their precious time to the organisation.



## News: KZN Chamber SA Institute of Printing KZN Chapter - Ipex 2006 – Feedback Session

The South African Institute of Printing invited KZN Printers to an Ipex 2006 feedback presentation which was held at the Point Yacht Club on 22 June 2006. There was a good turnout with over 50 printers attending this popular event.

### Developments in Processless Plates

Grant Blewett – Antalis's National Sales Manager Electronics, gave an overview of the size of the exhibition which attracted over 82 000 people over the 8 days. In addition to the visitors, there were 18 234 exhibitor personnel attending every day.

Grant spoke of the advances made by various suppliers on Processless Plates. His presentation explored the comparison between both thermal and violet plates. Thermal Direct Processless Plates were being used to run the IPEX SHOW DAILY newspaper. It was reported that these plates were capable of running over 100 000 copies.

Thermal Plates utilize Laser energy to write the image on to the ultra thin coating. The coating in the image area becomes non-soluble in the fountain solution, whilst the non-image areas are then dissolved. This reduces the need for a Plate processor and chemicals. Currently processless technology is Thermal based. Technically, it is possible to use Violet light systems, however using today's violet laser technology it would take many hours to image a plate.

He detailed important areas for consideration by prospective end users – particularly with regard run length, environment matters and of course, the ever important point - the speed at which these plates are processed and can be placed on the press. Plate washing, and gumming was also referred to, as was whether the printer would be able to place plates directly onto the press or as to whether they would have to go through the washing process first.

Clearly, this is a field where development will continue, and cost savings are at almost every turn.

### Heidelberg Anicolor

Michael Fallenbacher – Heidelberg Germany (EMEA) presented the new inking unit concept - ANICOLOR for the Heidelberg SM 52. This is a revolutionary, keyless, inking concept from Heidelberg that uses an Anilox screen roller to supply an even film of ink across the width of the press. This will offer very fast colour settings as well as consistent inking. The system uses standard inks and plates, hence there is no additional material costs. Anicolor will be available on the SM 52 as of the beginning of 2007.

### De-mystifying JDF

Johnny Singh – Intrepid Printers' Works Manager, spoke about "De-mystifying JDF" (Job Definition Format.) Johnny started by informing us about all the perceptions that JDF is NOT. For example, it is not an electronic device, nor a MIS system, nor a network protocol, and

not a CIP3 format, like PPF (print production format). Johnny explained that the organisation that manages the JDF specifications is known as the CIP4 committee, and consists of over 100 leading pre-press, printing, finishing, MIS and e-commerce companies. The primary goal is to have one system that has the ability to carry a print job from conception through to completion. This includes a detailed description of the creative, pre-press, press, post-press and delivery processes.

The benefits will be to:

- Reduce human error in data entry
- Streamline information flow throughout the factory
- Reduce labour
- Reduce waste
- Ability to link customers with the production process
- Ability to link suppliers into your business

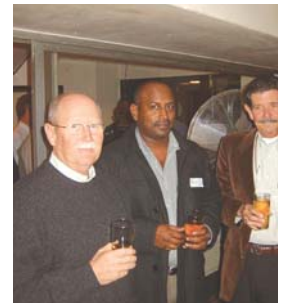
This presentation was of great help in understanding the concept of JDF.

### The Future of Digital Solutions

Xerox Document Network – Grant Martin – Sales Specialist for iGEN3 and Graphic Arts, persuaded Steve Shore, Business & Marketing Manager based in Dubai, to join him with their presentation on the "Future of Digital Solutions". This was an opportunity for the traditional lithographic printers to understand how the digital print market can compliment their existing business. They showed the opportunities of short to medium runs, using variable data, produced in four colours, front and back, and then collated, ready for binding. This presentation is likely to have given many new ideas as to how this system will hold the key to satisfying customers, just as the 1 hour photo shops revolutionized changes to the processing of film and the time taken to produce photographic prints to the customer.

All of the topics were of great interest and the SAIP would like to thank all involved for making this event the success it was. Special thanks to the organizers, KZN Institute members – Chief organizer Graham Spence who was assisted by Andrea Penetti and Geoff Warren.

*Some of the delegates who attended the The South African Institute of Printing invited KZN Printers to an Ipex 2006 feedback presentation.*



# Techno Chat

## Statistical Support

is requested in collecting data, the returns are too meagre to make meaningful conclusions. A 5-10% return of questionnaires is "normal", but this is totally inadequate to reflect the industry. Even though total and complete confidentiality is assured, members are afraid that what they consider to be company "intelligence" will reach their competitors. When PIFSA conducts surveys, only collective information is made available to ensure that individual members cannot be identified.

Because many of our members are reluctant to provide information, PIFSA is not even able to estimate the size or turnover of our industry, let alone sectoral or product information. Members seldom advise us when they install new equipment – this information, together with mergers and take-overs usually has to be gleaned from the trade press. Did you know that the combined Paper, Publishing, Printing and Packaging sector is the third largest economic sector in South Africa? In order to demonstrate the importance of our industry to government in relation to the total domestic economy, these statistics are vital. Our ongoing representations are meaningless without being backed up by concrete and reliable information. Without statistical information we will not be taken seriously.

Over the years we have made numerous requests to Stats SA to refine the information gathered by them in order to assist us and, for a short while it looked promising, but the information provided by them has reverted back to unusable overlapping data. Stats SA is now in the process of upgrading and revising their data collection and have started taking us seriously and consulting with us on our requirements, which is promising.

The alternative is data collection by market research agencies, which costs a fortune and which also relies on the participation of our members. Often their sampling quota is too small to be representative, and they make calculated assumptions and uninformed thumb-sucks, thereby providing unreliable conclusions. Companies can seldom afford to commission such research on their own because of the prohibitive costs. This is why PIFSA attempts to gather information for the benefit of it's members at a drastically reduced cost.

The next time PIFSA sends you a questionnaire, or approaches you by e-mail, phone or in person, to gather information, please remember that this is being done for the benefit of our members and our industry in general so please cooperate with us by providing reliable information. Sooner or later YOU will need it.

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# Legal Matters

## Pensions increase by two percent

29 June 2006

Labour Minister Membathisi Mdladlana has raised the pensions payable to injured employees or dependants of fatally injured employees by two percent.

The two percent increase is in respect of accidents which occurred as well as occupational diseases diagnosed before 1 April 2005 with effect from 1 April 2006.

A pension is a monthly grant paid to employees who have disabilities of more than 31 percent. The disability has to have been a result of an accident or injury on duty.

If an employee gets fatally wounded, his dependants receive monthly pensions for a life time.

In fatality cases, the widow/widower is entitled to the payment of a lump sum to the equivalent of twice the monthly pension to which the employee would have been entitled to if he/she were 100 percent disabled as well as a pension equivalent to 40 percent of the pension to which the employee would have been entitled if he/she were 100 percent disabled.

As at the end of June 2006 the Compensation Fund paid out almost R32 million of pensions money to 22 731 individuals on its pensions payroll. More than R30 million of these were electronic transfer payments as the Fund is moving away

from cheque payment in an attempt to combat the high rate of stolen cheques.

The current minimum earnings on which Permanent Disablement (PD) is based is R1,632 per month and the maximum is R8,360 per month. Compensation for PD where the degree of disablement is 30 percent or less takes the form of a lump sum, based on 15 times the employee's monthly earnings up to a maximum determined annually. Where disablement is less than 30 percent the lump sum is calculated proportionally. The act also provides for a minimum amount for compensation if the income of the employee is below a certain limit which is increased annually.

**Factinations Brain Teaser**  
**The solution from the July edition of Printalk is NOTHING!**

**NOTHING has 7 letters**  
**NOTHING preceded God**  
**NOTHING is greater than God**  
**NOTHING is more Evil than the devil**  
**All poor people have NOTHING**  
**Wealthy people need NOTHING**  
**If you eat NOTHING, you will die**

## Profile

# Josephine Moeti



When I was growing up my ambition was to become a social worker after completing my Grade 12 (Matric), I saw how people were suffering and I wanted to help them, I especially wanted to help kids.

Unfortunately my plans did not go the way I wanted, due to lack of finances and the 1976 uprising. I had only one parent, that was my mother and she was not earning a lot. She had six girls to look after, me being the youngest. You can imagine how difficult it was. In 1981 I did a sales course but couldn't get a job in that field. In 1988 I joined the Printing Industries Federation of South Africa, (PIFSA) as a tea-lady. I was working half-day and not earning enough, in order for me to further my studies, but I did not loose hope, and I worked hard.

In 1994 I got a promotion to receptionist, thanks to the C.E.O (Chris Sykes) who had the confidence in me, and for giving me that chance to prove myself. He gave me

all the necessary advice that I may have needed for this position, which I have used throughout the years. I attended a course with Kelly Girl and I also did a receptionist course through Cross Media Training Centre / Central Chamber (PIFSA).

I think my initial career ambitions have followed me because where I am now, working in the reception of Cross Media Training Centre (Southern African Printing College) I get to work with the students, helping them and giving them advice when I can. I love my job and the duties I have to perform, especially dealing with people, both on the telephone and in person. A special memory I have is that in 1997 there was a student who wanted to leave the College because he did not have enough food during his studies, I talked to him and fortunately he listened and today he is working at SA Bank Note Co and he is currently studying progressive management with the Business School at CMTC. Having had some influence on someone's life brings my original ambition a little closer. Word of advice to the youth is "perseverance is the key to a good life".



## Cross Media Training Centre Progressive Sales Programme

In the Printing Industry, good sales executives are very scarce. They require a good sound understanding of all the processes concerned with print in addition to the hard-core sales techniques. Sales executives are also the ambassadors of your company or organisation and must represent the vision, mission and values by which you do business. This is not only achieved by the product they sell but by how they articulate the business deal. Their manners, dress and presentation are part of a service that delivers the complete satisfaction to your client.

### **Service is not just getting the jobs delivered on time.**

Cross Media Business School recognizes the changing and growing expectations of customers. The increased demands of service levels have lead to the development of a complete programme to keep your sales staff in the lead of the service race. Short interventions are not enough. Our one-year programme course aims to deliver a complete solution to all areas of your sales staff training by providing for various aspects of this vital area of your company training needs.

Training will take place on Fridays and Saturdays depending on the duration of the component. This will minimize the impact on service of staff to your clients. Candidates will be required to submit projects to demonstrate competence and implementation throughout the programme.

Aspects covered by the Progressive Sales Programme will be: Sales – the technical components – including cold calling, setting up appointments and closing the deal.

The psychology of selling focuses on the core aspects of the personality of the customer. This builds up to interpersonal relationship, building and managing the relationship with the customer. Each candidate will be asked to bring 2 internal sales staff members to gain an understanding of the value of service. Presentation skills, Microsoft Excel or PowerPoint, Team Building for Managers. Course electives will be Introduction to Printing, Costing and Estimating or Finance for non-financial people will form the balance of the programme. The Cross Media Business School is committed to bringing training solutions to you for your unique business requirements. For further information and a complete course outline please contact Catherine or Helga at 011 699 3000.

