

SIGNATURE

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PIA, GAA HOST ONE-DAY LEARNING OPPORTUNITY FOR PRINT BUSINESS LEADERS

By Patrick Henry, Liberty or Death Communications

On April 21, Printing Industries Alliance and the Graphic Arts Association hosted a one-day management conference for owners, CEOs, and senior managers of printing businesses – the kind of event that is only now starting to return to the industry’s meeting calendar after many long months of COVID-enforced social distancing.

Between them, Printing Industries Alliance and the Graphic Arts Association represent about 600 print-related businesses in New York, New Jersey, Connecticut, Pennsylvania, and Delaware. The program, one of a number of activities in which the two trade groups are cooperating, drew about 40 attendees to a venue in Princeton, N.J.

Its open-ended title, “What a Senior Leader Needs to Know About...?” was apt, because the successful management of a printing company is a ceaseless learning curve. But, as a practical matter, the agenda zeroed in on a series of topics of special importance to leaders facing the new realities of a business climate that is far from being what it used to be. Throughout the day, lively commentary from the audience added as much value and insight to the proceedings as the expert presentations by the speakers.

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The COVID-19 recession was unlike previous recessions in that it didn’t result in a permanent reduction in print sales volume after it was over.

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M&A Market Percolates

Leading off, Paul Reilly (New Direction Partners) set the tone with a broad review of print market conditions and the opportunities they create for mergers and acquisitions within the industry. Reilly oversaw scores of major M&A transactions in his former roles as CEO of Mail-Well and Cenveo. Today he directs an investment banking firm that structures deals for buyers and sellers of privately-owned print and packaging companies.

Reilly said that in general, print market trends continue to be very favorable in 2022 after exceptionally strong growth in 2021. He noted that the COVID-19 recession, a sharp but very brief economic contraction in 2020, was unlike previous recessions in that it didn't result in a permanent reduction in print sales volume after it was over.

Packaging and label producers, according to Reilly, "did not even have a blip in their sales" throughout the pandemic. Commercial shops were harder hit, but their sales are recovering now that events and other activities that generate revenue for printers are happening again.

Reilly also asserted that media buyers are showing renewed appreciation for print as a part of the mix of channels they purchase. He saw more good news in the fact that "we may be at the bottom of the conversion of print media to others," a positive development he urged printers to spread the word about.



Members of the audience countered with stories of their struggles with cost inflation, particularly the high prices and limited availability of paper. One owner said that although her customers have grown used to price increases and a smaller selection of stocks to choose from, things have reached a point where paper is either impossible to get or priced unreasonably when it can be obtained.

Reilly agreed that there is "something not right" about a situation that lets large printers order all the paper they want while smaller shops have to live with allocation plans that restrict the amounts of paper they can buy. He predicted that over time, some manufacturing capacity for printing papers will return. But in the meantime, he advised, "you've got to fight, fight, fight

for that tonnage. How is it not going to shrink the market if we can't get paper?"

"Like the 90s" for Some, but Not Others

Reilly said that a company wishing to succeed in the market today must resolve to be a "have" rather than a "have not." A "have" is specialized, technologically advanced, and focused on growth. A "have not" is a commodity producer trying to hold on to status quo. For the "haves," according to Reilly, "it's like the 90s" right now in terms of the fast pace of business they're enjoying. "Have nots," on the other hand, are continuing to fall behind.

Reilly stressed that being a "have" has nothing to do with company size. "There is no correlation in our industry between size and profit margin," he said. Neither does "have" status come strictly from the type of production equipment a shop operates. When everyone buys technology from sources that sell the same technology to everyone else, "we can't differentiate as a manufacturing platform," Reilly observed.

What commercial printers can do to become "have" providers is to put either a product focus or a customer focus at the core of their business strategy. Product-focused businesses, Reilly explained, aim at making and delivering a specific product or service better than any of their competitors, typically for a broad customer base. A customer focus addresses a narrower audience but offers everything the members of that audience want.

Under either model, said Reilly, a printing company should be a solution provider that makes it difficult for customers to take their business elsewhere. Many commercial printers have failed because they didn't decide which of the two strategies to pursue, he added.

The types of technology that "haves" invest in, according to Reilly, include online storefronts, digital and inkjet printing systems, creative tools, and data analytics. He recommended adopting "Web-to-print on steroids" for e-commerce transactions that generate data on which future sales can be built.

On the other hand, offset lithography is in Reilly's opinion "a 50-year blip in the continuum of printing technology" that will be supplanted by other processes, especially inkjet. Buyers can't tell the difference between a print from an offset press and one from an inkjet device, he contended.

Be Their "Internal Print Buyer"

Reilly admitted that as a CEO, he sometimes struggled with the challenges of differentiating his companies from the competition. One way to do it these days, he suggested, is to become "the internal print buyer" for customers that have downsized their media-buying staffs. Consultative, solutions-oriented selling will encourage these customers to "let you be their purchasing department," entrusted with responsibility by them and expected to make good print-buying decisions for them. Turning to strategies

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COVER CONTINUED

for M&As, Reilly emphasized that now is a highly favorable time to be either a buyer or a seller of a print or a packaging business, especially the latter. Interest rates for investment capital remain relatively low, buyers are enthusiastic, and many opportunities exist to create value both for customers and for shareholders. The current strength of the M&A market, he indicated, is seen in the fact that 2021 was New Direction Partners' best year in terms of number of deals closed since its founding in 2009.

Reilly covered business valuation, the role of private equity investment, and the pros and cons of various types of selling approaches for owners. He pointed out that a company's annual rate of growth is the key determinant of its multiple of EBITDA (earnings before interest, taxes, depreciation, and amortization), a calculation used to establish price in value-based M&A transactions. The greater the growth rate, the higher the EBITDA multiple, and the stronger the appeal of the seller's business to a buyer.

"It's all about growth," Reilly said. "Life is too short to be in markets that are not growing." But, he also noted that qualitative factors enter into the perception of business value: for example, a capable and stable management team; good company culture; and a record of investment in up-to-date technologies.

Owners of companies that Reilly dubbed "laggards" – those with EBITDA of 5% or less – may have to sell based on the value of their assets instead of the value of their earnings. A tuck-in or a cashless merger along these lines, he reminded sellers, "is always better than closing your doors."

'Everything Is Personal'

The "Great Resignation" during COVID-19 is something that employers have partly brought upon themselves by not being more open and honest about pay, schedule flexibility, and other aspects of working for them.

The management emphasis shifted from finance to human resources in a presentation by attorney Nicholas J. Fiorenza (Ferrara Fiorenza PC), whose firm counsels the associations and their members on compliance with employment law. His general advice to employers was to remember that when it comes to managing people, "everything is personal." This means not catering to "narrow slices of interest" when setting workplace rules that people will be expected to follow.

Fiorenza observed that the so-called "Great Resignation" of workers during the COVID-19 pandemic is something that employers have partly brought upon themselves by not being more open and honest about pay, schedule flexibility, and other aspects of working for them. He said employees, especially younger ones, now also expect things like training and career development, family-friendly policies, and community involvement to be part of the relationship.

Noting the complex regulatory environment that employers currently find themselves in, Fiorenza acknowledged that it can be hard to stay within the "yellow lines" of laws aimed at protecting the interests of employees. These include, for example, salary transparency laws that oblige employers to make full disclosure of pay rates to job applicants.



People know intuitively what is and isn't fair, and when they perceive that they aren't being treated equitably by their employers, they push back.

But, Fiorenza also counseled employers to avoid letting worries about compliance with these laws turn into an exercise of “managing problems.” It’s better to focus on finding out what will work best for everyone concerned as a strategy for staying within the lines.



He urged employers not to forget that laws governing their behavior at work require them to relate to employees differently than they would in other settings. The law also recognizes that “people are not at work of their total free will” and may be vulnerable to discrimination when they fear that calling it out might cause them to lose their jobs.

Managing the Managers

Fiorenza also stressed the crucial role that supervisors and managers play in keeping the workplace compliant and its culture positive. He added, though, that “we hardly ever give them any training in that regard.” Managers, in his view, “should spend more time rewarding people than writing them up.” Their proper task should be to inspire people to make a voluntary commitment to meeting and exceeding the company’s goals.

When hiring and evaluating, Fiorenza advised, “beware of forms, checklists, and templates” that can get in the way of good decisions about managing human resources. Succeeding at HR management requires being comfortable with the “ambiguity” that comes with the challenges of dealing with people in an organization. He also asked employers to remember that the “chemistry” they want in employees should not be identical with “sameness,” a trait he called “boring.”

Complying with employment law should be based on accepting the fact that “fairness is in the center of everything we do,” according to Fiorenza. People know intuitively what is and isn’t fair, and when they perceive that they aren’t being treated equitably by their employers, they push back. Employment law today, Fiorenza pointed out, offers them “many fill-in-the-gaps reasons” to substantiate their claims of mistreatment.

He repeated the urgency of proper training in compliance for supervisors and managers. Under the principle of strict liability, a company can be held legally responsible for discriminatory actions by its management personnel. Since the 1960s, Fiorenza noted, a growing list of social value judgments has expanded the definition of what can be considered discriminatory in the workplace.

‘It’s What You Can Prove’

This means that employers must always be prepared to articulate legitimate business reasons for their decisions about hiring and firing. Supervisors and managers must be trained to know the difference between inappropriately harassing people and counseling them constructively about the performance of their jobs. When it comes to demonstrating legal fairness, Fiorenza said, “it’s not what you did. It’s what you can prove.”

Employment law further requires that the first layer of enforcement must come from the employer. Fiorenza explained that this obliges employers to affirmatively recognize their duty to uphold the law in safe and non-hostile working environments, which is precisely what their employees want them to do. “People are hungry for the leadership style that gives them that safe space,” he said.



Labor Law is Changing

Fiorenza then addressed a recent surge in labor union activity highlighted by efforts to form bargaining units at Amazon, Starbucks, and Apple.

Staying union-free, according to Fiorenza, starts with throwing away the traditional reactive “playbook” of promoting the company, talking about what unions can and cannot do, and warning of the problems they create. Unions are best kept at bay in open and honest working environments where trust and transparency govern the relationship between management and employees.

The key to creating such an environment, Fiorenza said, lies in assuring “fairness in the tangible and the intangible,” with the former representing things like pay and benefits and the latter standing for the recognition, sense of purpose, and feeling of community that all employees hope for.

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COVER CONTINUED

Epiphany of an Alpha CEO

The next speaker offered a case study in how to accomplish this in even the most difficult circumstances. In 2015, Mohammad F. Anwar had an epiphany: he was a heartless boss, and his heartlessness was hastening the downfall of Softway, the IT services company he'd started 12 years before. It all culminated on the "darkest day" in Softway's history when, close to bankruptcy, he unceremoniously laid off 100 employees – nearly one-third of his staff.



It was then that Anwar realized his relentlessly top-down, insensitive management style wasn't working. He resolved to replace it with the approach he sets forth as "reliable leadership" in his book, *Love as a Business Strategy: Resilience, Belonging & Success*. Anwar shared its principles with the conferees, reminding them that "power does not equate to leadership" in any organization where respect for others isn't the first and foremost rule.

Reliable leaders, according to Anwar, put others' needs first and never ask their employees to do anything they wouldn't be willing to do themselves. They always assume good intent on the part of employees and focus on the things they accomplish, not the mistakes they make. Reliable leadership also requires admitting one's own weaknesses, seeking forgiveness, and practicing humility and gratitude.

Winning Back Their Trust

Anwar said he learned to act on these virtues by making gestures his staff would recognize as authentic: getting out of the front office, writing notes of apology and thanks, bestowing rewards, sharing meals, and flying in the rear cabin with the rest of the team on company trips.

Over time, his transformation and that of the company began to pay off. Revenue and profitability returned. Client retention increased. Perhaps most significantly, Softway was again being seen as a good place to work by current and prospective employees alike.



He stressed that building a culture of love around the best practices of reliable leadership means putting people at the center of every business decision. The goal is to "bring back humanity to the workplace," and the effort shouldn't be made only by those in the C-suites. People at all levels of the hierarchy can help to build an environment where love is the guiding principle, Anwar said.

Reward, Recruit, Retain



The essence of a company's brand – the emotional connection of trust it inspires in customers – should also keynote every stage of the employee life cycle.

His story made a natural segue into remarks by workplace insurance and benefits specialist Larry Gilroy (Gilroy Kernan & Gilroy Inc.) about rewarding, recruiting, and retaining top talent in the "new normal" of a profoundly changed post-COVID employment landscape. Like Anwar, Gilroy advocated putting humanistic values first throughout the life cycle of the employer-employee relationship.

The pandemic, according to Gilroy, has accelerated every trend leading to the war for talent that employers now find themselves fighting. The smart ones, he contended, realize that the pendulum of advantage has swung in talent's direction and are retooling their recruiting strategies accordingly.

He explained that this includes understanding, for example, that "employee benefits" must be things that employees value, as provided by the employer. It means recognizing the desire of younger workers for "clean," easy-to-use technology; a work-life

Life Cycle Checklist: 1 Chance to make a 1st impression (more?)

Before:

- Are you getting referrals from existing & former employees, clients, other?
- Does your website and social media speak to the audience?
- What about other websites & social media (Glassdoor, google, Indeed...)?

Hiring:

- What message are you trying to deliver & who knows what/how to deliver it?
- What message are you delivering--how do you know?
- Have you adapted to virtual/hybrid—is it working?

Onboarding:

- Buyer's remorse—buyers are most vulnerable after saying yes (most likely disappointed before but crossing their fingers)
- Where do you fall on the experience spectrum: necessary evil v. exceeding expectations?

balance; a sense of higher purpose; and working environments in which they won't be demeaned with labels.

'Brand' the HR, Too

Gilroy urged employers to remember that the essence of a company's brand – the emotional connection of trust it inspires in customers – should also keynote every stage of the employee life cycle from scouting and hiring to "great exits" at the endpoints of careers. He recommended measuring this progress with a life cycle checklist that counts mental health, DEI (diversity, equity, and inclusion), and "fun" among its benchmarks for a "sticky" team experience.

"Good compensation and benefits just gets you to neutral" in building strong and loyal teams, Gilroy advised, adding that employers can and should invite employees to help them identify the kinds of nontraditional benefits that will take the relationship to the next level. He said employers also would be wise to use an "aikido approach" to the new normal of recruitment and retention: as in the martial art, confronting it, engaging with it, and turning its momentum to the employer's advantage.

Where Did All the Paper Go?

Printers are grappling with nothing more existentially urgent than the difficulty of obtaining enough of their primary raw material: paper. John Cumming, executive director of sales for Case Paper Co., highlighted just how tight the market has become when he revealed that Case is down to about one-third of the inventory of papers it usually carries for its customers. "We're waiting for it to be made, just as everybody else does," he said.

Cumming reviewed the causes:

- ◆ Less domestic paper production and more reliance on foreign mills
- ◆ Conversion of existing papermaking machines to packaging grades
- ◆ Declining demand for CFS (coated free sheet) papers
- ◆ Reducing the mills' incentive to manufacture more of it
- ◆ The soaring costs of freight and containerized shipping



Conversions of papermaking machines to packaging grades will leave just four free sheet mills in North America with a combined annual capacity of less than one million tons.

"We don't see any relief in sight" from these pressures, admitted Cumming, noting that printers are using up available paper so fast that every sheet goes straight to press almost as soon as it comes in.

Demand for CFS has rebounded somewhat, but not enough to convince mills that have shut down their free sheet papermaking machines to bring them back on line. With the rise of CFS prices already outstripping the rate of inflation, Cumming said, ongoing conversions of other machines to packaging grades will leave just

Continued on page 8



four free sheet mills in North America with a combined annual capacity of less than one million tons. That number of mills could be cut in half by future planned conversions of machines from printing paper to packaging paperboard.

Some Mills Are 'Sold Out'

Cumming said that the squeeze on supply obliges merchants like Case to do the best they can for their customers with the inventories they have. At Case, this has meant stepping back from taking on new accounts and refraining from pre-selling paper in order to avoid exhausting what it has on hand. According to Cumming, some of the mills Case sources from are sold out until 2023.

He said that although the market for packaging stocks is in better shape, it is hard to be positive about the outlook for paper in general. He advised printers to forget about just-in-time inventorying for the time being and to start stockpiling paper as far in advance of anticipated production as they can.

'If It's Online, It's Vulnerable'

As if worrying about paper supply wasn't enough of a guarantee for sleepless nights, printers also risk insomnia from pondering their exposure to cyber crime – a form of wrongdoing that strikes U.S. businesses once every 39 seconds.

"There's really nothing that's completely safe these days," stated Peter Blau, (ITDATA), a data management and IT services consultant. "If it's online, it's vulnerable." He noted that better than half of all cyber attacks are mounted against businesses employing 100 or fewer people – companies that typically don't have in-house security resources to protect them.

Blau said that all businesses with sensitive data to safeguard should get the help they need to find out where their vulnerabilities lie.

"If we did a risk assessment of everyone here now," he told the audience, "everyone would have gaps."

The most serious gap, according to Blau, is "your people": employees who aren't adequately trained to recognize the many forms that cyber crime can take. These include malware; ransomware; bots; phishing; swatting; physical intrusion into data systems; and social engineering threats based on eavesdropping into social media channels and location services.

Stopping Cyber Piracy

"Batten down your hardware" to prevent unauthorized access to it, Blau urged. He also recommended doing regular data backups; using multi-factor authentication and complex passwords; and performing network scans to expose lurking threats.

Admittedly, said Blau, "it's all a pain in the butt," but also absolutely essential for companies that want to keep their data intact and their operations uninterrupted.

Gilroy, whose agency provides risk assessment services for cyber security, seconded Blau's advice and reminded the group of how costly cyber crime can be for businesses that don't take the right precautions. He said that although insurance against it is now available, the coverage is expensive and can be subject to premium increases of 10% to 100% annually.

Gilroy noted that printers are especially vulnerable to cyber attacks because the longer they are shut down by hacks, the likelier it is that their time-sensitive business will go elsewhere. In a "hard market" for insurance against such disruptions, "prevention is the best piece of this," he concluded.

About the Author

Patrick Henry, the director of Liberty or Death Communications, has covered the printing and graphic arts industry as a journalist for nearly 40 years. He holds numerous awards for his industry service and support of professional education. Contact him at pathenry@libordeath.com.

PROS AND CONS OF BHRs

THE ENEMY – BHRs

By Bob Lindgren and Joe Polanco

Just after the turn of the century (1900), Printer's Cost Conferences spread across the country selling the idea that printers shouldn't sell below cost and that cost was defined by Budget Hour Rates (BHRs) that assigned a portion of all the costs of running a business to individual hours of a machine or hand operation through a necessarily arbitrary process of allocation and unitization (division by the number of expected hours to be sold).

More than a hundred years later, BHRs are still ingrained in our industry's thinking. Their presence blinds management to the reality that the "cost" to produce a job is just the amount actually spent to do it (materials, production wages, commission). If we do another job, the overhead (rent, equipment depreciation or rental, front office) doesn't increase.

As a result, management fails to see the power of full utilization of their plant — the powerful impact of running at least two full shifts with significant overtime to accommodate with variation in demand. Achieving this goal, requires the refocusing of the pricing process on the customer relationship and away from the "cost" defined by BHRs.

“
IF WE THINK
THEY REPRESENT
ACTUAL COSTS,
THEREIN LIES
OUR DOOM.”

WHY SHOULD I USE BHRs?

As readers have probably inferred, the authors are not proponents of Budgeted Hourly Rates (BHRs). Yet, it's not that BHRs don't have value. They are an effective cost accounting tool when used in a traditional manufacturing environment (think building autos; refrigerators, widgets, etc.). They can also provide differential value to our operation — hand bindery should not bill out at the same rate of our multi-million dollar printing press. The challenge of management in our industry is to understand what BHRs are — and what they are not.

They are necessary to drive our MIS/Estimating systems. Each cost center, through some process, has been assigned a value (BHR). That value is then used along with estimating standards (how long a process will take to accomplish) to provide a value which represents costs. Thus, using BHRs are necessary for our estimating system to function. Yet, ask any printer when was the last time they reviewed their BHRs and standards AND updated both to what their accountant said they should be, and more than likely the answer will be "Are you crazy, I can't use those numbers. I'd never sell anything." Therein lies the base fallacy of using BHRs. If we understand they are a tool to help us derive a value which is a starting point of our discussion of value with the customer, they're a good tool. If we think they represent actual costs, therein lies our doom.



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NORTH AMERICAN BOOK REVIVAL

REVIVAL OF THE NORTH AMERICAN BOOK MARKET

By Andy Fetherman, Muller Martini North America

The North American book market currently is experiencing an actual revival. Despite (or because of) the COVID-19 pandemic, 8.2% more printed books were sold in 2020 compared to 2019.

Without exaggerating, the current positive trend can be described as a revival of the North American book market — and not only in softcover but also in hardcover. So, as a participant at the virtual spring conference of the Book Manufacturers Institute (BMI), which describes itself as the only graphic arts industry association in the US focused on the book manufacturing market, I saw some interesting statistics to support this trend.

23% more books in the first quarter of 2021

A chart entitled “US unit sales of printed books” from NPD BookScan¹, which covers 85% of book sales in the US, showed that the number of printed books sold in the US increased from about 694 million in 2019 to about 750 million in 2020. This represents a growth rate of 8.2% — and this was through the pandemic!

The World Economic Forum² noted that, “readers in the US bought 821 million books last year, putting it at 67 million more than in 2020.” It continued to speak towards the impact of social media and how it was a large factor in this growth. “This is especially true about TikTok, through a phenomenon known as ‘BookTok’ where posts featuring its hashtag have received almost 40 billion views.”

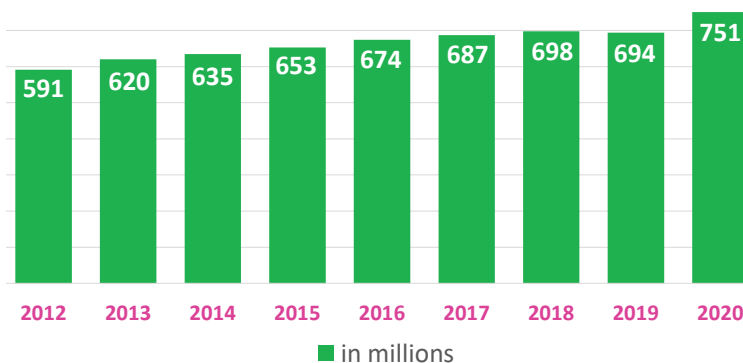
While I have yet to see new sales figures regarding the volume of books produced in the current year, I learned from a book manufacturer that he produced 23% more books in the first quarter of 2021 as compared to the previous year. Another book manufacturer instructed its plants to do its maintenance work now to prepare for future volume demands. These are undoubtedly signs of strength for the North American book market.

E-books stagnate

The fact that during the COVID-19 pandemic many North American book printers experienced, and are still experiencing, striking growth in the production of books is primarily attributed to three specific reasons. First, we are seeing a general flight back to reading printed books (see sidebar on reading print material from Two Sides North America). Secondly, the younger generation is reading more again, which had led to an upswing in books for young people and bodes well for the book market in the long term. Thirdly, volumes in the book-on-demand segment in particular also have strongly increased.

The fact that more North Americans are buying printed books again also has to do with the fact that they are not being displaced by e-books. A recent report by NPD BookScan¹, for example, states that the share of e-books in total book publications has levelled off at 20% and has not recently increased. This is another reason

Sales of Printed Books in the USA



why publishers are expecting more printed books in the months ahead and are asking book manufacturers for higher production capacities.

Both offset and digital printing capacities in demand

The largest growth sectors for softcover production are in black-and-white trade books and digital book production. As a result, many manufacturers are looking for ways to modify their equipment to bring the production of digitally printed books up to date. As digital production becomes increasingly important, many publishers are insisting that its print partners have both offset and digital printing capabilities so that they can meet production needs from a single source. That is why digital-only printers are now pursuing offset printing capabilities — either through acquisition or by investing in new equipment. And vice versa, offset printers are expanding their digital capabilities.

Part of the increased volume also is a result of book production moving back to North America and there are several financial and political reasons for this. For example, some religious publishers now prefer production in the home market again. Four-color hardcover books (cookbooks, for example) also are moving back to North America.

Although there still can be costs savings in offshore book production, publishers are determining that it is more productive to pay a little more and have books manufactured here in North America versus fighting the shipping delays and difficulties of working with vendors abroad. The increases in shipping of containers from China in recent months has escalated to over 500% more than what it was just one year ago. This alone has helped bring the costs of book production here in North America much closer in overall prices compared to overseas.

Impact on finishing/bindery equipment

This positive development also has a pleasing impact on the number of newly installed perfect binders and other binding equipment in North America. There has been a steady growth of new equipment sales in this area over both 2020 and 2021, even with the concern of the pandemic. Suppliers are seeing orders of new equipment from customers who have not purchased new finishing/bindery equipment for over 20 years.



This increased interest in buying new equipment with the latest technology, and therefore with a higher level of investment, shows printers' and publishers' confidence in the strength of the North American book market.

Most of these recent orders have been either to replace older, obsolete machines or to purchase a machine to increase capacity due to growing book production demands. A percentage of the new equipment is from either an offset printer adding digital print and binding capabilities or a digital printer adding offset printing and bindery capabilities.

From secondhand to new equipment

Another trend is that book producers are realizing that investing in new binding equipment, especially for handling shorter run books and other work, is well worth the investment. New technologies that decrease set-up and makeready time are dramatic in newer equipment these days. Set-ups for a perfect binding job may take four or five hours on older equipment where more state-of-the-art perfect binders can cut set-up times to less than one hour. With shorter runs and more digitally printed books, having quick change-over from one job to the next is essential.

New equipment also comes with the support of the manufacturer that can be important from the installation to proper training. Customers buying new perfect binding and other binding equipment is the best way forward for them to create stability and security for their book manufacturing growth initiatives.

About the Author: Andy Fetherman is the President of Muller Martini North America. Muller Martini is a worldwide organization that manufactures, markets and services a full range of postpress finishing equipment for commercial printers, binderies, digital book manufacturers and newspaper plants, as well as web offset presses. For more information, visit www.mullermartini.com.

Sources

- ¹ The NPD Group. NPD BookScan, <https://www.npd.com/wps/portal/npd/us/industry-expertise/books/>
- ² World Economic Forum, How BookTok Has Boosted Book Sales to Record Levels, 2022, <https://www.weforum.org/videos/how-booktok-has-boosted-book-sales-to-record-levels>

FACTS ABOUT READING IN PRINT VS. DIGITAL

The following information and sources were compiled by Two Sides North America. For the complete article and further information on the facts about sustainability as it relates to print, paper and paperboard packaging, visit www.twosidesna.com.

- ⇒ Three studies that compared print and digital comprehension among college students reading newspaper articles and fiction excerpts found that students read digital formats faster – at a cost. Students gleaned the main idea from digital texts as well as they did from print. But they absorbed fewer details, which suggests students are much better off reading print for in-depth, university-level study.
- ⇒ Despite immense technological advances, learners still prefer studying text from printed hard-copy rather than from computer screens. Quantitative findings from a study of university students in the US, Japan, Germany, Slovakia and India revealed high levels of affirmation about advantages of reading in print. Nearly 92% said they concentrated best when reading in print, and more than 80% reported that if cost were the same, they would prefer print for both school work and pleasure reading. Students reported they were more likely to re-read printed materials than digitally.
- ⇒ A large international survey with more than 10,000 participants found that, for academic reading, a broad majority reported a preference for print, especially when reading longer texts. Interestingly, participants reported that they felt they remembered the material better and were better able to focus when reading in print, compared to when reading digitally.
- ⇒ The tangibility of traditional print also provides a stronger emotional impact, allowing readers to interpret and internalize text through their own experiences and beliefs.
- ⇒ A 2012 survey by the Pew Research Center's Internet & American Life Project of 2,252 people ages 16 and older found that 81% of parents believe it is "very important" that their child read print books, citing the importance of prints' unique sensory and tactile experience.
- ⇒ When it comes to reading books, magazines and newspapers, print is preferred over digital. 68% of Americans and Canadians believe print is the most enjoyable way to read books, 65% of Americans and 59% of Canadians prefer to read magazines in print, and 53% of Americans and 49% of Canadians prefer to read newspapers in print.

MARK YOUR CALENDAR!

We look forward to seeing PIA members at these events.

→ **Raymond A. Bubar Golf Classic**

July 29, 2022
Terry Hills Golf Course
Batavia, NY

→ **Neographics 2022 Print Contest**

Entry deadline: July 29, 2022
PIA members receive one free entry!

→ **Americas Print Show**

August 17-19, 2022
Greater Columbus Convention Center,
Columbus, OH
www.americasprintshow22.com

→ **Neographics Exhibition and Awards Ceremony**

October 6, 2022
Cescaphe Ballroom
Philadelphia, PA

**WEBINARS**→ **Short Attention Span Webinars**
Watch recordings of past SASW at pialliance.org/pia-4-u**Summer Sales Reads**

June 9, 2022 | 11:30 am

→ **Mailers Hub Webinars****Transportation Woes**

June 21, 2022 | 1:00 pm

U.S. Economy: Strongman or Weakling?

July 12, 2022 | 1:00 pm

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Visit PIAlliance.org/events/

THE RETURN OF PRINTED CATALOGS**REACHING CONSUMERS IN AN ENVIRONMENTALLY RESPONSIBLE WAY: THE RETURN OF PRINTED CATALOGS**

By Kathi Rowzie, President, Two Sides North America

After a sharp decline in 2020, printed catalogs are coming back in a big way. Market research firm Keypoint Intelligence reports that digital print volumes – the production method for most smaller-run catalogs – has rebounded close to its pre-pandemic level, and demand is expected to soar past pre-pandemic production next year and continue rising at a compound annual rate of 8% through 2025.

Why? As the rising cost of digital advertising increases the cost of acquiring and keeping customers, brands are looking for omnichannel strategies that enhance customer experiences, build loyalty and increase sales. Printed catalogs allow brands to connect with consumers in ways that digital platforms cannot.

The touch, feel and even the smell of catalogs provides a more intimate shopping encounter, and that interaction can be highly personalized thanks to today's digital printing technology. Catalogs have staying power far beyond a quick scan on a handheld device. And their enticing visual appeal offers a shopping-as-entertainment experience that drives consumers online to learn more, seek additional products and make both online and in-store purchases. At the same time, the ability to target digital advertising has become less precise with the advent of new online privacy policies that allow consumers to opt out of being tracked.

The catalog comeback can also be attributed to brands' efforts to tap into growing consumer awareness of sustainability and the desire to create a more environmentally friendly, circular economy. These savvy brands are looking beyond simplistic environmental paper calculators and pop culture myths about the environmental sustainability of paper — that it causes deforestation, is a major contributor to climate change, consumes huge amounts of water and generates excessive waste – and instead, are depending on hard, science-based facts to drive their marketing decisions.



For example, the UN Food and Agriculture Organization (FAO) defines deforestation as the permanent loss of forestland. In the United States, trees to make paper are grown, harvested and regrown using sustainable forest management practices that perpetuate infinitely renewable forestlands. In fact, in its recent Global Forest Resources Assessment, the UN FAO reported that net forestland area in the United States actually increased 18 million acres between 1990 and 2020. That's an area equivalent to 1,200 NFL football fields every day.

Continuing demand for sustainably sourced paper encourages landowners to keep their land forested and manage it responsibly rather than selling it for development, the leading cause of deforestation in the United States. The U.S. Forest Service reports that less than 2% of U.S. forestland is harvested each year, compared with 3% that is disturbed annually by natural causes like fire, insects and disease, and most of this 2% of harvested wood is used for non-paper purposes.

According to the U.S. Environmental Protection Agency (EPA), the paper industry contributes only 0.5% of the nation's total greenhouse gas emissions. These very

low emissions are due to decades of energy efficiency and process improvements at U.S. paper mills, and to the fact that the U.S. paper industry generates two-thirds of the energy to manufacture its products using renewable, carbon-neutral fuels, primarily biomass.

While the paper industry uses large amounts of water to produce catalog papers, most of that water is not consumed in the manufacturing process, this according to the National Council for Air and Stream Improvement (NCASI). NCASI reports that water used in the papermaking process is recycled up to 10 times in a typical paper mill, and then nearly 90% of that water is cleaned to meet federal and state clean water standards before it is returned to its source. The remaining water is retained in the manufactured paper or evaporates back into the environment.

And when it comes to circularity, paper has all other materials beat hands down. According to the U.S. EPA, around two-thirds of all paper products are recycled, more than any other material.

In today's highly competitive marketplace where environmental responsibility is a necessary part of any marketing strategy, brands that choose printed paper catalogs to effectively reach their customers can be confident that they are making a sound environmental choice.

For more information on Two Sides and how to join, visit www.twosidesna.org or email us at info@twosidesna.org.

Join us on Friday, July 29th
for PIA's 5th Annual
Raymond A. Bubar Classic
Golf Outing



Terry Hills Golf Course
Batavia, NY

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HOW ITU ABSORBTECH CAN HELP

THE PAYBACK IN CHOOSING A SUSTAINABLE PARTNER TO PROCESS YOUR TOWELS

Recent years have seen increases in potential fines related to Clean Air, Clean Water, RCRA, and all EPA program violations, including non-compliance with the EPA Wipes Rule. And because the burden of compliance often falls on the shoulders of the printer, not the supplier, it is essential now more than ever to choose partners invested in environmental stewardship and compliance.

What to Ask Your Towel Supplier

PIA members should ask their towel provider for all documentation of their environmental compliance efforts, as mishandling of solvent-bearing towels can be a serious and costly problem. Ask for Clean Water Act permits, ISO registration, and DOT transportation processes; know exactly where the towels are processed (could be a third-party laundry); and ask about sustainability accomplishments.

The good news is that ITU AbsorbTech, PIA's preferred towel provider, processes all towels in-house at their ISO 14001:2015 registered facilities and meets EPA Wiper Rule compliance requirements. Their environmental management system minimizes potential liabilities and helps ensure a cleaner, more absorbent printer towel for graphics customers.

Why Solvent Recovery Technology Matters

ITU AbsorbTech uses advanced solvent technology to track the quantity of solvent recovered from Ultra™ Printer Towels for each customer. The solvent recovery achieves three important objectives:

- ✓ Recovers solvents for reuse rather than released into the air, water, or waste
- ✓ Reduces facilities' air emissions significantly
- ✓ Reduces liability through the elimination of solvent-bearing waste

The recovered solvents are recycled for beneficial reuse, and recovered solvent quantities are reported to customers to help meet regulatory reporting requirements, monitor solvent usage, and publish in annual reports. Utilizing solvent recovery data from towels offers better process control and can help uncover cost reduction opportunities.

PIA Member Sustainability Achievements

In total, PIA members eliminated 173,297 lbs. of towel waste and recovered 13,403 gallons of solvent using ITU AbsorbTech's Ultra™ Print Towel program last year.

A Partner Invested in Environmental Stewardship

As a two-time winner of the Business Friend of the Environment award, ITU AbsorbTech continually invests in environmental management systems and technology to support environmental responsibility. This past year, they upgraded their solvent recovery software and added more analytical capability. The company also installed a new DAF last September, which is a water treatment technology that uses air to remove contaminants from water. Their full time Environmental Engineer of ITU AbsorbTech, Jodi Drew, is available to help customers with compliance support for their towel programs.



"In choosing a company for us to partner with, it was critically important to locate a towel provider who could ensure that our members' materials were being processed in an environmentally compliant way," says Tim Freeman, president of Printing Industries Alliance.

"It is for that reason we were eager to partner with ITU AbsorbTech, who has shown the ability to reduce costs, increase quality and service, and fulfill all of the necessary environmental requirements demanded of our membership."

PIA members are eligible for up to a 3 percent annual rebate and free week of service with ITU AbsorbTech's rental service programs for printer towels and Sorbits® reusable absorbents. Program benefits include StraightUp™ billing program, quarterly reviews, and inventory managements. For more information, visit ITUAbsorbTech.com/PIA.

REMINDER: Electronic Monitoring Law in Effect

This is a reminder to all private sector employers in New York State that as of May 7, 2022, you must provide written notice to your employees of your organization's intent to monitor employee telephone, email, and Internet communications, or of any ongoing practice of monitoring those communications. In addition, you must give prior written notice to all employees who are subject to such lawful monitoring at the time they are hired.

Please note that the law requires that employers post a notice of the new law in a "conspicuous place" where it can be viewed by all employees. The posting must specifically advise employees that all telephone communications, electronic mail or other internet usage may be subject to monitoring at any time and by any lawful means.

The penalties for violating this law are \$500 for the first offense, \$1000 for a second offense, and \$3000 for a third or any subsequent offense.

Contact Mike Dodd at Ferrara Fiorenza PC at mldodd@ferrarafirm.com for assistance with reviewing your organization's current electronic monitoring policy, drafting a new policy, or crafting the notice and posting required by this change in the law. For more information on this topic, go to pialliance.org/blog.

If you are interested in exploring merger and acquisition opportunities in the New England and Western New York areas, contact New Direction Partners, M&A specialists in print, packaging and display graphics.

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WOMEN IN PRINT FUNDRAISER - A HUGE SUCCESS!

WOMEN IN PRINT ROCK!

Our March *Signature* featured an interview with six outstanding female leaders in the printing industry; Kathie Hartmans, PIA Chair, Quality Bindery Services, PIA Board members Hallie Satz, HighRoad Press, Denise Padula, Alchar Printing and Diane Wasieczko, Compu-Mail, LLC, along with Becky Almeter, Hodgins Engraving and Tracy Lach, Twenty-First Century Press. (Read the issue at <https://pialliance.org/management-tools/>)

Following the interview, Kathie Hartmans reached out to the group to ask for their financial support for Western New York Book Arts, a nonprofit organization and working museum, which celebrates the rich heritage of Buffalo's printing industry.

Thanks to the donations received from the Women in Print leaders, Book Arts was able to reach their fundraising goal for matching funds and raised \$11,248.90. Book Arts' Instagram post (below) says it all.



Support Book Arts Spring Membership Drive! Consider joining the growing community of artists, makers and all types of creatively curious folks.

Book Arts members enjoy discounts on classes, events, online and in-store gift shop purchases and have the chance to showcase their artwork in the Members' Show - now accepting submissions! Members also have open studio access to use antique equipment and facilities.

Support of Book Arts is support of our shared love for print! Memberships are crucial to the growth of book arts in our community, and support our arts education outreach and artist opportunities. Book Arts staff is excited to welcome you into the fold!

To donate, visit <http://wnybookarts.org/membership/>