

## **RUPERT MIDDLETON'S AGM SPEECH – 6 JULY 2010**

The issue of ensuring the financial stability of the BPIF has understandably dominated our agendas. Few of us anticipated just how severe the business climate would be. As I said in the 2009/10 Annual Review – copies of which have been tabled today - 2009 was a year of exceptional challenge for member companies, as the deepest and longest recession since the Second World War took its toll. The UK economy shrank by more than 6% during the recession, and is some 10% smaller than it would have been had growth continued on its previous trend.

Consolidation and rationalisation in our industry, not exactly a new trend in our industry, accelerated sharply during the recession. The impact on the BPIF has been severe. Although continued losses resulting from mergers and closures were partly offset through recruitment of new members, we saw significant reductions in both our membership and commercial income as a consequence of some member companies going out of business and others cutting back on the purchase of commercial services. Total income in 2009/10 fell from £7.7 million to £6 million - a 23% reduction – with Membership, Commercial and Training income all down year on year, as discretionary spend and the recession impacted on BPIF finances. It's all the more commendable then that, despite this, we managed to produce an operating profit of £44k before final salary pension costs and exceptional costs.

I don't want to put a gloss on things however. The fact is that like so many of our members, we declared a net loss (after exceptional and final salary pension costs) of £309k, which was disappointing after we managed to get back into the black last year with a net profit of £19k. And as a consequence we have had to make some tough decisions, with a further 20% headcount reduction made during the past year in response to income reduction.

Despite the cutbacks of the past year, the BPIF continues to maintain the successful "Front Line First" strategic plan, with members telling us that the top quality and timely support they receive from BPIF staff remains undiminished. Vital advisory services, such as HR and Health, Safety and Environmental management, continue to be highly valued and much used by

our members, especially during these turbulent times. And the harsh trading conditions we have faced in the past year didn't prevent us from developing new services either. We invested in new business opportunities during the year such as dotgain.org and EcoPrint London, which will help to generate new income this year and provide important benefits to companies that take up these services.

Good financial management last year brought other benefits too. I'm delighted to tell you that our Pension Protection Fund Levy for 2010/11 has been reduced in light of our improved DUNS credit rating to 100 (the maximum possible). And our lower cost base strengthened our financial position going forward, enabling subscriptions to be frozen for a second year.

All in all Michael and his squad have responded to the challenges thrown up by the recession.

Last year I emphasized the importance of working in partnership with others in areas where we can forge a common purpose that helps us all. In putting this forward as a key priority for my Presidency, I stressed the value that the BPIF can offer here in creating partnerships and leading alliances that deliver real value to our members and our customers. So I want to take a minute to look at what we have achieved in this past year.

Firstly, we have continued to work with publishers, paper merchants and others in support of the Two Sides campaign to promote the sustainability of print. Michael Johnson chairs the important Sustainability Group that brings together companies from all parts of the print and paper supply chain in support of this vital initiative. Those of you who are coming to the Commons later will hear more about this from Martyn Eustace, who so ably leads Two Sides.

Secondly, we are working with our members and our members' customers to promote the 'power of print', in other words its effectiveness as a modern communications medium. It features strongly in *Priorities for Print*, the

lobbying brief we published last month, and is the theme for the All Party Parliamentary Print Group Reception this afternoon. I am delighted that Martyn Eustace also now has a second role as UK Country Manager for PrintPower, as this new international initiative is rolled out across Europe this year.

Thirdly, we continue to work in partnership with Unite on a range of issues, but particularly in engaging with parliamentarians, where we have a big joint task in engaging with a new Government and with over 230 newly minted MPs. Here our partnership with industry sector skills council proskills also comes into play, with a joint effort by BPIF, proskills and Unite on tackling skills issues resulting in a major conference being hosted by the Department for Business, Innovation and Skills in March this year and addressed by the then Skills Minister.

Fourth, our work with our commercial partners continues to add value to members' businesses, with members benefiting from the purchasing opportunities and business support they offer. During the year our insurance partners RK Harrison worked hard to ensure that the best possible cover and competitive pricing structure was available to members in some of the most challenging times they and we have ever had to face. We also worked with Begbies Traynor to redevelop Red Flag Alert into a powerful credit information database covering over 6 million U.K. businesses.

There are many other examples of how the BPIF has delivered value through partnership during the past year. For example:

- BPIF Training and Mercury Search and Selection launched a new online service to inform employers and employees of the careers and apprenticeships available in print and to enable companies to advertise apprentice vacancies for free.
- Through the partnership agreed with PODi in the US, dotgain.org now offers access to PODi's case study database, listing in the global online directory used by marketers to identify service providers, access to

monthly webinars on the latest ideas and best practices, downloadable reports from a searchable online knowledge base, and discounts for attending the annual PODi UK application forum.

- Our partnership with Haymarket has led to solid coverage of BPIF activities throughout the year, with a regular BPIF-ViP double-page spread now appearing in PrintWeek each month featuring BPIF members as case studies of best practice.
- PrintYorkshire, the partnership between the BPIF and Yorkshire Forward, achieved funding for a further two years to support the printing industry in the region, while the London Development Agency provided funding for EcoPrint London, a new scheme to help smaller London printers gain access to credible green credentials.

Finally, we have sustained our efforts to build strategic partnerships with other trade associations. With continuing contraction in numbers of companies and employees in our industry anticipated in the coming years, we need to think more widely about sustaining our business in the longer term. In adapting to adverse trading conditions and structural changes affecting their industries, trade associations need to work more closely with one another. This enables them to share resources, gain economies of scale, increase product range and value, and achieve greater impact with target audiences. Our partnership with the BOSS Federation, which we manage under an associate management contract, has proved extremely beneficial to BPIF and BOSS alike in sharing the costs of uniting common interests and improving the growth potential and trading environments of both organisations' memberships. BOSS now makes a significant positive financial contribution to the BPIF's finances, while at the same time BOSS members have suffered no loss of identity for their association and are well pleased with the services they receive from BPIF.

There is more scope for strategic partnerships of this kind to secure economies of scale, harness best practice between organisations, reduce costs, and deliver improved services through synergies in products and services. We are currently talking to a number of other trade bodies about

working together for the mutual member benefit, and we have just agreed to set up a small working group with the Engineering Employers Federation (EEF) to examine the scope for forming a strategic partnership in a number of areas where we have services in common. We believe that there are good opportunities for collaboration between BPIF and EEF and the Board and Council has given Michael Johnson and his team the green light to explore these, albeit without commitment at this stage and subject to reporting back to the Board and Council in the Autumn on any options identified.

What of next year. Well one of the main tasks will be to find a worthy successor to Michael Johnson when he steps down this time next year after ten years as our Chief Executive and I will be forming a small steering group of member representatives to work with me on this in the coming months. Our priority will be to secure a strong leader, with an open style. We want someone who is able to get results through people.

The need to find a new leader is just one part of what will be a big year for the future of BPIF.

Looking for a leader will focus us on what kind of federation we want going forward. And that is not the only incentive to thinking about the future of our federation. The continued challenges of the economy. The accelerating structural changes in our industry. The opportunities and risks of partnership and consolidation. These 4 elements will define the future of the BPIF and they are coming to a head in the coming year.

So what are we going to do in 2011

We are going to run the federation better than it has ever been run before, providing value for money for current members and attracting new members. The better we do at this the more options we will have for our future.

We are also going to look at what sort of federation we want going forward, what services should it provide, how can we focus it more on what members

want, who we should work with, how closely should we work with them and who should lead us.

It is a big year, and I am delighted that Michael will be leading us through it.

The best man I ever worked for, also ex Navy, once told me that as you approached retirement you had to decide whether to slow down to prepare yourself for the garden or the yacht or would you run the last lap fastest of all. I have no doubt that Michael is planning a prolonged sprint.

Finally I am grateful to all our members for their support during the year and their contribution to our work, but special thanks are due to those who have served on our Council, Boards and Committees for the time and energy they have continued to give to our Federation in spite of the pressures they have faced within their own businesses during this difficult period.

Of course, we aren't complacent about the future and there is still a great deal of uncertainty in the marketplace. But the actions we have taken to reduce the BPIF's cost base and create a leaner, fitter operation have helped us fare better than most trade associations. The BPIF is well placed to meet the challenges of the year ahead and to help members take full advantage of the opportunities that the recovery will present.