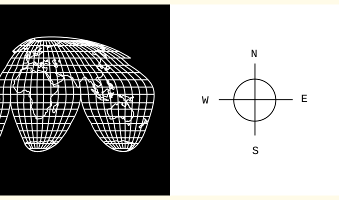
PRINTING INDUSTRIES ACTION AGENDA

Background Paper 2

Analysis of Strengths Weaknesses Opportunities and Threats



INDUSTRY SCIENCE RESOURCES

COMPETITIVE AUSTRALIA

PRINT21

Contents

1 Introduction

This paper is the second in a series of three papers which underpin the development of the Printing Industries Action Agenda. The papers reflect the work of three Working Groups.

Background Paper 1 profiles the industry. It describes what is done now and how well it is done, and examines the directional trends which appear to characterise the industry. It examines and raises issues regarding the implications for the industry of continuing along certain paths. Background Paper 1 illustrates the strengths and weaknesses of the industry at the broad industry structure level, and presents directional findings on key factors such as industry profitability, contribution to the economy, demand for services, productivity etc.

Background Paper 2 presents a strategic analysis of the industry. It builds on Background Paper 1 to provide a further depth of understanding of the industries' market and internal workings. It identifies where the opportunities for future growth are currently perceived to be and areas where contingency plans need to be developed to guard against weaknesses and threats.

Background Paper 3 builds on the work of the other two papers to consider growth pathways for the industry. It develops scenarios for the future, and defines and signposts alternative pathways to growth in the world settings which may face the industry in the future.

Background Papers 1 and 2 provide the major inputs to the development of scenarios in Background Paper 3.

1.1 Purpose of Paper

The purpose of Background Paper 2 is to undertake a strategic analysis of the industry and report on:

- Major strengths and weaknesses in the printing industries;
- Opportunities and threats to higher productivity and growth; and
- Distinctive competencies, gap analysis and strategic opportunities for building competencies.

1.2 Development of Action Plans

As a result of the analysis undertaken five high priority Action Plans have been developed for the industry. The objectives of these Plans is to achieve a competitive advantage for Australian printing firms by encouraging a sustained culture change for the industry.

The three firm-based Action Plans outlined in this paper will help firms to:

1. sell total business solutions to their customers;
2. invest in and develop their people; and
3. manage and use their technology appropriately.

Two of the Action Plans are industry based and are designed to:

4. identify and promote the capabilities of the industry; and
5. support and facilitate the firm-based Action Plans.

The Action Plans were developed by identifying the industry's strengths, weaknesses, opportunities and threats (a SWOT analysis). The SWOT analysis was based on a customer survey undertaken in late 1999 by one of the working groups developing the Action Agenda and a previous SWOT undertaken by those representatives of the printing industries that attended the Action 2000 Workshop in March 1999.

The results of the SWOT were further analysed, by matching strengths + opportunities and weaknesses + threats, to develop high potential strategies and high priority contingency plans to form the Action Plans. The details of each Action Plan were developed by considering the current situation, mission of the Action Plan, how it can be assessed, resources available to implement it and its timing - known as the "SMART" process.

The overall process followed (and it is a process that individual firms may wish to undertake themselves) is outlined in Box 1 and described in detail in Appendix 1.

Firm-based Action Plans

The most important input used to develop these Action Plans was listening to customers. Twenty-six customers of the printing industries were interviewed and the results provide a 'wide-angle lens' snapshot of the printing industries customer needs and perceptions.

The most important input was listening to our customers.

The number one customer need is for printers to provide more comprehensive 'business solutions', using integrated relationships and well-developed communication systems to identify, and respond to, customers' specific needs.

The number one customer need is for more comprehensive 'business solutions'.

To support this high potential, value-adding opportunity, two contingency plans have been developed to overcome threats to the industry's competitiveness. The two major threats are the:

- failure to capitalise on the skills of its people to improve the industry's performance; and
- inappropriate investment in technology leading to the under-utilisation of capacity and sliding profitability.

Capitalising on opportunities and overcoming threats to doing business will see an improvement in the industry's overall competitiveness. It is up to individual firms to identify and analyse their own opportunities and threats, and hence develop their own specific business strategies. This paper provides a process and plans to help.

Industry-wide Action Plans

Throughout the customer survey and SWOT analysis it was evident that Australian printers were failing to realise business opportunities due to the perception of printers by their potential customers.

Customers saw printers as only providing ink-on-paper products. To overcome this perception problem, the industry-wide Action Plans will promote the industry and identify and promote the specific capabilities of the industry. For example, promoting that high quality, multi-colour printing is available in Australia and, perhaps, provide a listing of the firms that can supply it.

Customers saw printers as only providing ink-on-paper products.

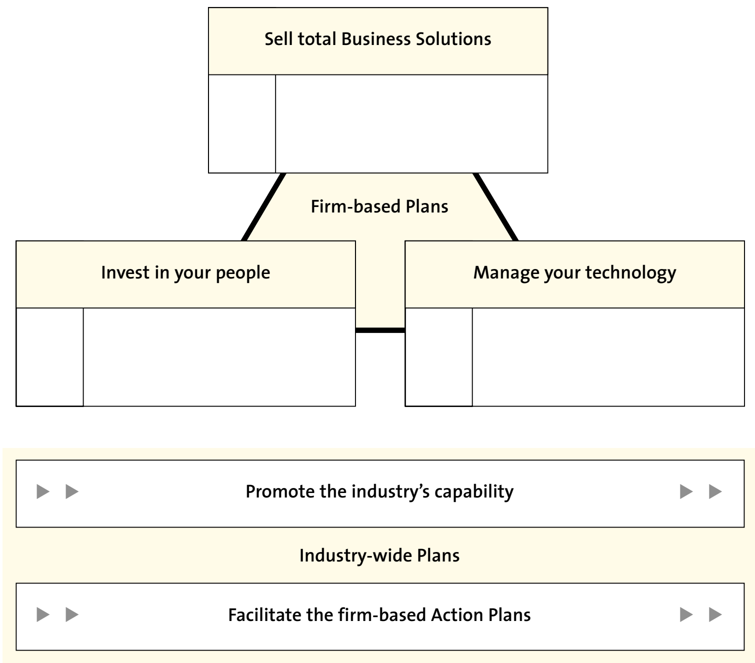
There is also a perception problem within the industry itself. "Quote and hope" drives a large proportion of the industry, and together with the focus on purchasing the latest technology is leading to sliding profits and over capacity. A change of culture is needed within the industry. Increasing awareness of these issues and implementing the actions and recommendations from this paper will go a long way towards achieving the needed culture change.

"Quote and hope" drives a large proportion of the industry.

Industry and government initiatives will support and facilitate the firm-based Action Plans to focus firms on improving their competitiveness. This will be achieved by promoting the messages of the Action Plans and helping firms to develop their business strategies, people skills and appropriate investments in technology.

The success of these five Action Plans will assist participating Australian printing firms achieve a strong competitive advantage. We will know that these firms have achieved a competitive advantage when their products are not easily be copied; their customers want to remain with them for the long-term; and they become cost efficient in their operations.

ACTION PLANS



2 Firm-Based Action Plans

2.1 Sell total business solutions

Customers want total business solutions from Australian printers. They want printers to meet all their printed matter needs, but also, and some of your customer's may not know this yet, their total image management and communication needs. This is where you can provide them with a 'total' business solution.

There are four main types of solutions that they want, according to the customer survey undertaken in late 1999, and in combination they can provide that total business solution:

1. Print +
2. Integrated print
3. Facilities and data management
4. Image communication

These solutions and services reflect those identified in international surveys of printers and their customers (GATF Technology Forecast, 1999 and British Printing Industries Federation (BPIF) report, 1997). In fact, the customer needs identified here mirror closely those of the BPIF report Managing Technology - Strategies for Profitable Growth.

Some printers may not want to offer total business solutions - instead, they may prefer to specialise on one part of the total business solution and partner with others who can complete the offer.

2.1.1 Print +

This customer solution is focused on printers continuing to create printed substrates. But it is a cutthroat area. Acceptable margins are only likely to be achieved by highly efficient production processes or by providing additional services.

Customers want - at a minimum - low price, high quality and a quick response to their printing needs. In addition, they want more short-runs, more colour, consistency and flexibility - these are considered to be minimum requirements by some customers.

Customers want - at a minimum - low price, high quality and quick response.

If a printer cannot address these basic needs, they should exit this market segment. Alternatively, if a printer believes that they can compete on this basis, then they need to shape their business for continuous improvement and change. They must continually improve workflows, the cost of inputs, sales and distribution, staff productivity, communication systems, update of equipment. They are doing this while profit margins may continue to decline before they improve again.

Printers who wish to compete in this area need to add value through additional services that are focused on offering better products and better customer service. These could include:

- direct mail,
- customised printing,
- electronic ordering,
- compatibility with their customers' systems,
- convenient quick-printing,
- printing using specialised substrates, and
- the services outlined below.

Success in this area requires the ability to run a highly efficient and effective printing factory.

2.1.2 Integrated print

Customers want a closer relationship with their suppliers. Integrating your relationship with your customers' is the first step in providing total business solutions for them.

The need for an integrated relationship reflects the increasing sophistication of customers' own business environments, and is reinforced by a widespread desire for partnerships between suppliers and customers, with suppliers taking a more professional and proactive role. It's all about making life easier for the customer.

From the survey, customers most appreciate the fostering of relationships, individualised service and coordination of related services. This means moving beyond the activities of an external supplier to provide services that include:

- taking on a customers' in-house printing activities,
- stockholding and warehousing their printed matter,
- becoming a 'one stop shop' for all their printing needs,
- providing options on other services, and
- offering printing solutions on a project-by-project basis.

Customers are also advocating a greater use of the electronic marketspace by their suppliers,. including B2B, B2C and C2C.

To provide integrated print solutions, printers need to develop integrated relationships, networks and communication systems to identify, and respond to, customers' specific needs (both articulated and unarticulated). This can be assisted by understanding and developing value chain and supply chain links. Industry and government programs and consultancy services can be used to help develop these improved business processes.

Integrated print services provide a good basis for delivering total business solutions, but they depend on understanding and recognising your customer's needs, and addressing them in partnership.

2.1.3 Facilities and data management

Managing a customer's facilities or data is really a part of developing integrated print relationships, with many customers expressing a specific need for these types of business solutions. From the SWOT analysis, facilities and data management was identified as a proficiency of printers in general. Where it is one of its strengths, facilities and data management should be developed as a part of a firm's business strategy.- It might also be possible to build this as a strength or to acquire through mergers and acquisitions or recruiting expertise.

Customers want printers to manage activities surrounding the printing process, as well as additional activities where printers are proficient, including:

- controlling and managing their supplies, eg, paper purchasing,
- controlling and managing their stock,
- managing their image and information databases,
- warehousing their stock, supplies and data, and
- operating their accounting facilities.

To manage facilities and data for your customers, printers need to develop a sound understanding of the customer's business. The key to this business solution is develop strong relationships with customers based on providing unique products and services that meet and exceed expectations.

2.1.4 Image communication

Printers have expertise in communicating images. Customers have a need to project a consistent, captivating and clear image of themselves to their own customers. This is where printers can profit - by delivering the total image communication needs of their customers.

Printers can deliver the total image communication needs of their customers.

Delivering customers' image communication needs is based on having in-depth knowledge of their marketing and strategic plans, as well as their business environment. Printers can build on this knowledge and sell services to customers that include:

- managing their text and graphics outputs in a variety of formats,
- providing and manipulating content, including electronically,
- integrating their marketing to provide a consistent message, and
- delivering their message through the full range of multimedia.

It is clear that awareness of Australian printing industries capabilities in this area needs to be improved. Action Plan 4 has the objective to promote the industries capabilities in this area.

Firm-based Action Plan #1

Sell total business solutions

SITUATION

Many firms within the industries compete on price/volume and are driven by "quote and hope", rather than, say, focusing on delivering differentiated products and services in response to their customer's needs.

Only a small number of printers have strong value-adding relationships with their customers. More printers need to understand their customers' needs. There is little current recognition of how networks, support programs and supply and value chain processes can help.

MISSION

To help printing firms deliver 'total business solutions' and develop strong relationships with their customers, to improve the profit-base and long-term competitiveness of the industry.

ACTIONS

Provide Business Diagnostic tools and initiatives to help firms implement business strategies and plans, focused on customers' needs, through available industry and government support programs.

Provide training and education initiatives as outlined in Action Plan #2 to complement the enterprise development strategies

Find and/or develop successful demonstrations of value chain/supply chain management practices, as well as networks and other linkages, within the industry. Promote these demonstrations throughout the industry.

Survey customers' needs and disseminate findings to firms within the industry.
PIAA to draft an Action Plan, based on the PRINT21 strategic framework and Business Diagnostic tools, for providing enhanced service and facilities to continue and sustain industry culture change.

ASSESSMENT

Half-yearly survey of customers' needs to identify value gaps and emerging opportunities for the industry. Also, through the survey, establish a measure of customer satisfaction with the printing industry.

The uptake of available industry and government support programs, changes in business practices of participants and the results of program evaluations.

Annual survey of printers' awareness of available programs and understanding of networks and value chain/supply chain management practices.

RESOURCES

A combination of the Action Agenda Funding Partners (PIAA, GAMMA, NPC, AP and ISR), TAFE, other tertiary organisations and enterprise development agencies and independent consultants.

The Funding Partners will undertake the surveys, led by the PIAA. Available programs will be promoted by the Funding Partners.

TIME

Commence surveys and promotion of programs during the first stage of the Action Agenda Implementation program.

2.2 Invest in your people

Customers want printers who can address their needs. To achieve this, printers must have people who can develop and maintain relationships with their customers and market their firm's capabilities.

The survey and SWOT analysis also identified that printers need people skilled in IT. Printers also need people skilled in business management who can manage business processes and to bring business strategies to fruition.

Obviously, there is a continued need for people with technical printing skills in the industry. The British Printers Industry Federation report has called them the "modern craftsperson" - combining traditional print skills with knowledge of digital processes. Increasing digitalisation in the printing process may mean fewer technical skills are needed - but the specialists who are employed must be nurtured and encouraged to remain with your firm.

There is a continued need for technical printing skills in the industry.

In summary, printers need to invest in a variety of people to support them in selling solutions to customers (and some of them may be the same person):

1. Customer-focussed people
2. Knowledge and information people
3. Business people
4. Modern craftspeople

2.2.1 Customer-focussed people

In the digital age, every employee is a potential point of contact with customers. So all your staff need to be aware of your firm's capabilities. They will all need to be able to promote and market your firm to achieve higher sales. In order to succeed the printer needs to understand the customer's business better that the customer does.

In the digital age, every employee is a potential point of contact with customers.

The customer survey and SWOT analysis found that printers need to develop competencies in managing relationships with customers and suppliers. To do this, the people that printers should recruit and retain need:

- understanding of printing technologies and processes, not necessarily as practitioners;
- training in sales and marketing;
- team-work and project management skills;
- to be innovative and flexible; and
- up-to-date knowledge about your customers.

To recruit and retain people with these skills and attributes, printers need to invest in their continual learning..

The ongoing development of people with these competencies is essential for your firm to establish its distinctive competences that will be the basis of your firm's sustained growth.

2.2.2 Knowledge and Information People

In the knowledge economy, knowledge and information has economic value. Increasingly print firms will need to consciously manage the knowledge and information that resides in their people.

Most of your customers are IT literate and the customer survey indicates that they expect you to be savvy with current electronic communication technology. But you will also need to know how to operate in the new business environment where commercial opportunities are directly based on the production, distribution and use of knowledge and information.

You will need people skilled in IT to help you manage your firm in the 21st century. These people will help you:

- run and maintain your IT systems, databases and e-commerce web sites, and
- transfer data and achieve compatibility between your system and your customer's.

You will need people trained and skilled with knowledge management skills to:

- assist with and lead innovation, R&D and organisational change,
- capture your workplace processes and information flows, even while your staff may be undergoing changes, and
- manage your intellectual property, patents, trademarks and provide your legal advice.

Print firms will also need to develop and manage intellectual capital in an explicit way. The firm's personnel who have expertise in sales, marketing or technical people will have a store of knowledge which will be to the print firm's future success. The challenge for printers is to manage their intellectual capital in effective ways.

2.2.3 Business people

Printers need people who can implement their business processes and realise their business strategies.

You will need people who can develop business opportunities based on a sound understanding and commitment to the firm's vision. You need people who can develop strong relationships throughout your firm and who can work as a part of a committed team.

But you will need more than this. You will need proactive and innovative leadership that can guide your firm's business strategies and goals.

You will need proactive and innovative leadership to guide your business.

The SWOT analysis has identified that there are printers with a technical background who have moved into management positions without any formal training in management. There are also managers who have moved into the industry from the outside without an understanding of the technical printing process. There is a need for courses, information sessions and on-the-job training to help printers and managers understand and operate in both roles.

Investing in your people is not just about providing education and training - it's also about fostering an environment of continuous learning and improvement within your firm.

2.2.4 Modern craftspeople

Current perspective

As the fourth largest manufacturing employer in Australia, the printing industries have a considerable interest in maintaining effective training and development systems. Typically this has been through the utilisation of apprenticeships/traineeships and other forms of vocational type training, linked with informal on-the-job training.

Apprenticeships offered have traditionally focussed on the mechanics of printing, operating print machinery, ink applications etc. This is borne out by a representative listing of some of the apprenticeships available:

- Printing Machinist
- Binder and Finisher
- Printers Assistant
- Graphic Pre-Press
- Screen Printer
- Small Offset Printer

Specific tertiary or 'degree' level qualifications for the printing industry have not been developed.

As could be expected, there is a direct correlation between the size of a printing firm and the level of investment in employee training and development. A survey conducted by the PIAA of 69 printers, shows that basic skilled employees from small firms (less than 10) receive on average less than 2 days of training a year. Larger print firms (greater than 100) provide basic skilled employees with around 10 days of training a year.

Larger firms are tending to increase their expenditure on training and development and recognise the importance this has, while smaller firms tend to report that expenditure on training and development won't be increased.

Changing structure and training needs of the operational workforce

It is well recognised that the industry will face continuing pressure from the integration of technology and the merging of various forms of IT and telecommunications methods. Indications are that there will be an increased demand for most employees to have skills within a computer-based working environment. This is increasingly being focussed towards a service, that is a customer-based method rather than a production operation.

Print technology itself is undergoing rapid advances, photochemical processes are being superseded by digital reproduction and Computer to Plate (CTP) methods, although predominantly used in the short run/low quality applications, is likely to expand into high volume/quality printing in the future. This has profound affects on the requirements for training and development as employees will have to be re-skilled in new production methods.

Indications are that skills will be required in the following areas:

1 Pre-press, the client interface, which includes creative and pre-press activities

2 Press, the physical reproduction carried out by a printer

3 Post-press finishing of the printed work

1. Pre-press

Pre-press activities are increasingly the domain of the graphic artist, as they become familiar with industry-compatible computer software for the preparation of electronic files for printed work. As this software goes through various generations, the user friendliness increases substantially. The reliance on a certified pre-press operator is becoming less important, as a suitably trained graphic-designer can perform these functions with the right software.

2. Press

Press operators in the future (and arguably now) will be faced with increasingly complex equipment. This implementation of computer controlled equipment will move the competencies of the printer from a craft-based focus to one of understanding the technology and 'instrument reading' rather than reliance upon acquired skills based on qualitative observation. This will require an operator with a high level of abstract conceptualisation abilities to be able to monitor the various electronic displays. This is in contrast to the 'machine minding' or concrete experience that dominates the existing work force.

3. Post-press

Post press operations are primarily process functions with limited requirements for computer based technology. There is no longer emphasis on the mainstream skilled craft of manual finishing operations (although still evident in book restoration and case binding for libraries).

A survey into training and development needs undertaken in early 2000 by the PIAA has found that managers and owners of both large and small printers perceive the greatest needs for training not only in the area of technology and new production methods but also in the area of multi-media technology, customer relations, sales and other IT applications. Print operators of the future will need to be fluent in the latest IT trends and the various mechanisms for transferring jobs electronically to the print press. Traditional skills of ink-water balance of lithographic offset printing will become less important.

The 'new' approach

It is time for a tertiary level degree to enter the industry.

In an environment of increasing competition for the same customers from seemingly unrelated industries (IT and multi-media), different skill sets are being required by printers. Management is playing an important role, as printers juggle the needs of the customer and the ability of the hardware to provide that need.

The concept of a 'Print Manager' is being explored, and a new approach to training is being developed. There will be a tertiary level qualification that merges a generic 'core' set of management skills with the more technical aspects that relate to the whole communications industry (IT skills, graphic design etc).

Apprenticeships are still vital but there is a need for additional approaches to training to be developed. For example, a tertiary level degree that merges a generic core set of management skills with the more technical aspects of the whole communications industry (IT, Graphic Design).

Firm-based Action Plan #2

Invest in your people

SITUATION

Printers need to better capitalise on the skills of their people to improve the industry's performance.

Not enough printers have strong value-adding relationships with customers, and printers are generally poor promoters of their services, with a focus on the "gear we've got".

MISSION

To help printing firms invest in their people through total solution-oriented sales and marketing functions and improved business management practices.

ACTIONS

Review and develop training and education initiatives, in conjunction with training providers, to provide the skills and training needed by printing firms in the future. This may include training in managing customer relationships, business management, IT and marketing, based on customers' needs.

Present this review and possible new initiatives to the National Printing Industry Training Council (NPITC) and other training providers for feedback and discussion.

Provide training and education initiatives, in response to the review and feedback, through the appropriate training bodies and through available industry and government support programs.

Establish an annual awards program for customer service and satisfaction, judged by non-industry professionals.

ASSESSMENT

Survey the skills and training provision and needs of the industry now and every 6 months.

Use the survey vehicles incorporated in the other Action Plans to identify changing customer needs and provide training initiatives in response.

RESOURCES

A combination of the resources of the major industry associations, TAFE and other training bodies, as well as industry and government support programs.

One of the industry associations may wish to consider sponsoring the annual awards program.

TIME

Announce the new training initiatives and awards program at Action Agenda launch. Awards program to be fully operational for the first awards during 2001.

2.3 Manage your technology

If you are relying on technology alone to grow your business – think again. All the evidence points to the paramount importance of sound business strategy before anything else. This business strategy must be well articulated understanding of your customer needs and how you can meet them.

Customers want their needs met - they don't care how it is done. This is the single most important message that comes to your industry from your Action Agenda.

Use appropriate strategies to manage and acquire your print technology.

As long as you have an overreaching business strategy to guide you opportunities were identified for some firms to provide more colour printing, more web printing, higher quality, shorter runs and quicker responses - but these are all subject to specific customer requirements.

2.3.1 Leveraging IT

Customers are seeking IT competence to assist them in managing growth in this area, particularly with increased digitalisation. IT Competence and capability in handling documents, images and data in electronic form, is seen by many customers as one of the strengths of the industry.

Customers are seeking IT competence to assist them in managing growth in this area.

The potential for new business in the industry lies in articulating and further developing business strengths and capabilities in:

- providing simple and generic software systems between designers, printers and users,
- customising information systems for the customers of clients,
- providing electronic ordering for stock cost, availability and delivery,
- developing customer's internet and web images and presence,
- providing electronic infrastructure to support a more strategic marketing focus, and
- assisting customers make more effective use of communication networks and bandwidth to support more efficient data transmission and storage.

2.3.2 Innovation

In the coming decade the Australian Printing Industries must embrace advanced science and engineering.

In the coming decade the industries must support at all levels a collective effort to establish and utilise centres of excellence, cooperative research centres, training centres and management schools - where resources can be pooled and leveraged for firms to achieve an advantage. The knowledge gathered from these efforts must be disseminated to every shopfront.

You will need to address your customers' current needs - but you must be ready to innovate and change as your customers change their needs.

Innovation is about listening to your customers and your team. It does not have to be complex or costly. For example, adapting technology to better suit your requirements.

Firm-based Action Plan #3

Manage your technology

SITUATION	Printers are traditionally strong adopters of new technological innovations, but this may be contributing to an over-investment in equipment and a decline in the Return on Assets ratio for the industries. The industry has IT competence and capabilities in handling of documents, images and data. The market is seeking this competence to assist them in managing the growth in this area, particularly with increased digitalisation.
MISSION	To help printing firms manage their technology for a competitive advantage and leverage their IT competence to meet the electronic communication technology requirements of the market.
ACTIONS	Promote the need for appropriate technology management within the industry through the Action Agenda communications strategy, ongoing surveys, regular reports and seminars. Provide enterprise development and training and education initiatives as outlined in Action Plans #1 and #2 to complement the technology strategies. Investigate ways for the printing industry to make more effective use of communication networks and bandwidth to support more efficient data transmission and storage. Liase with the appropriate government agencies (e.g. DCITA) and telecommunication companies to develop these needs. Assist firms to increase their R&D and innovation and encourage the development of new technologies and business management processes. Undertake a study of the R&D and innovation issues for the industry, including approaches to encourage firms to increase their innovative activities through networking, cooperative research centres, centres of excellence, training centres and business management schools.
ASSESSMENT	Use the survey vehicles incorporated in the other Action Plans, particularly the half-yearly customer survey to identify their electronic communication needs.
RESOURCES	A combination of the resources of the major industry associations and industry and government support programs.
TIME	Promote the technology strategies at the Action Agenda launch and incorporate them into the enterprise development and training and education initiatives according to their timelines.

3. Industry-Wide Action Plans

3.1 Promote the industry's capability

Australian printers can deliver products and services equal to or better than their international counterparts. However, the perception exists that Australian printers do not have the capability to produce quality publications to an international standard.

To help overcome this problem, the Australian printing industry needs to increase awareness among customers and potential customers that Australia has these capabilities and build credibility by promoting successful people and firms from within the industry.

The first step is to identify the capabilities of printers in Australia.

The first step is to actually identify the capabilities of printers in Australia through a capability or technology audit. As no Capability Directory currently exists for the industry, the audit will capture this information, for use in such a directory, on the types of products and services offered by individual printers. This will also allow summaries of the industry's overall capability for use in a broader communication strategy, eg, 15 printers in Australia offer high quality, 4-colour printing for books and magazines.

The Capability Directory could be available in print, CD-ROM and on-line. It could even be incorporated into a print "churning" process - where customers can find out who can deliver the products and services they require, fill in an e-form on their needs and listed printers can then respond with their quotes, even automatically.

But the first step is to identify these capabilities.

Industry-wide Action Plan #4

Promote the industry's capability

SITUATION	There is a lack of understanding of the industry's capability by potential customers and, more broadly, the Australian community. There is no capability directory for the industry and industry organisations have not previously focused on promoting the industry.
MISSION	To assess and promote the industry's capability and promote these to potential customers and, more broadly, to the Australian community.
ACTIONS	Undertake a capability audit of the industry, including a technology audit, to identify the products, services and expertise available in Australia. Develop and implement a communications plan to promote the capabilities and role of printers to customers and the broader community.
ASSESSMENT	Monthly survey of access and use of the capability directory, or uptake of CD-ROM. Monitor the relevance of the capability directory every year through random checks, and update as required. Survey the target audiences now, 2 years after implementation of the communications plan and every 2 years thereafter.
RESOURCES	Funds will be sought for the capability directory through the appropriate government programs and industry contributions. For both the capability directory and communications plan consideration should be given to "in kind" industry sponsorship, ie, paper, press time, electronic media suppliers and consumables, etc.
TIME	The capability directory will be developed in the early stages of the Action Agenda implementation. The communications plan will be a part of the Action Agenda communications strategy and be developed in conjunction with it. The capability directory and communications plan will be announced at the launch of the Action Agenda.

3.2 Facilitate the firm-based Action Plans

The objective of this Action Plan is to raise awareness, link the industries with other Government programs and ensure that the three firm based Action Plans are developed concurrently by firms within the industry.

In light of this, the Action Agenda Steering Committee has developed a branding for the Action Agenda process and other industry and government initiatives -

PRINT21 - Australian Printing Navigating the 21st Century

Industry-wide Action Plan #5

Facilitate the firm-based Action Plans

SITUATION	Three firm-based Action Plans have been developed to help printing firms achieve a competitive advantage. A number of initiatives currently exist that may benefit firms, but there is a lack of awareness and coherence of them within the industry.
MISSION	To help printing firms achieve a competitive advantage through selling solutions to their customers, investing in their people and managing their technology.
ACTIONS	Produce a package of promotional material, named "**PRINT21** - Australian Printing Navigating the 21st Century", that incorporates the Action Agenda initiatives and communications plan, as well as other appropriate industry and government programs. Establish an implementation group, beyond the Action Agenda process, to implement the current recommendations of the Action Agenda and to articulate and implement the subsequent phases. The implementation group will provide a coordinated approach to the firm-based and industry-wide activities. The implementation group will identify projects and activities that may be eligible for funding under the Government's Book Production EPICS Grants scheme and other Government programs.
ASSESSMENT	Use and coordinate the survey vehicles incorporated in the other Action Plans, including surveying awareness of the "**PRINT21**" package.
RESOURCES	A coordinated combination of the resources of the major industry associations and industry and government support programs.
TIME	Announce the "**PRINT21**" package at the Action Agenda launch.

A number of government programs are available to assist in the implementation of these Action Plans. The Book Production - Enhanced Printing Industry Competitiveness Scheme (EPICS) Grants will provide a range of measures designed to assist the book production industry to best exploit opportunities and hedge against threats. Other government programs, including R&D Start and the Technology Diffusion Program are available to help firms increase their research activity and capacity for innovation.

4. Actions and Recommendations

1. Provide Business Diagnostic tools and initiatives to help firms implement business strategies and plans, focused on customers' needs, through available industry and government support programs.
2. Provide training and education initiatives as outlined in Action Plan #2 to complement the enterprise development strategies
3. Find and/or develop successful demonstrations of value chain/supply chain management practices, as well as networks and other linkages, within the industry. Promote these demonstrations throughout the industry.
4. Survey Customers' needs and disseminate findings to firms within the industry.
5. PIAA to draft an Action Plan, based on the PRINT21 strategic framework and diagnostic tools, for providing enhanced service and facilities to continue and sustain industry culture change.
6. Review and develop training and education initiatives, in conjunction with training providers, to provide the skills and training needed by printing firms in the future. This may include training in managing customer relationships, business management, IT and marketing, based on customers' needs.
7. Present this review and possible new initiatives to the National Printing Industry Training Council (NPITC) and other training providers for feedback and discussion.
8. Provide training and education initiatives, in response to the review and feedback, through the appropriate training bodies and through available industry and government support programs.
9. Establish an annual awards program for customer service and satisfaction, judged by non-industry professionals.
10. Promote the need for appropriate technology management within the industry through the Action Agenda communications strategy, ongoing surveys, regular reports and seminars.
11. Provide enterprise development and training and education initiatives as outlined in Action Plans #1 and #2 to complement the technology strategies.
12. Investigate ways for the printing industry to make more effective use of communication networks and bandwidth to support more efficient data transmission and storage. Liase with the appropriate government agencies (e.g. DCITA) and telecommunication companies to develop these needs.

13. Assist firms to increase their R&D and innovation and encourage the development of new technologies and business management. Undertake a study of R&D and innovation issues for the industry, including approaches to encourage firms to increase their innovative activities through networking, cooperative research centres, centres of excellence, training centres and business management schools.

14. Undertake a capability audit of the industry, including a technology audit, to identify the products, services and expertise available in Australia.

15. Develop and implement a communications plan to promote the capabilities and role of printers to customers and the broader community.

16. Produce a package of promotional material, named "PRINT21 - Australian Print - Navigating the 21st Century", that incorporates the Action Agenda initiatives and communications plan, as well as other appropriate industry and government programs.

17. Establish a coordination group, beyond the Action Agenda process, to implement the current recommendations of the Action Agenda and to articulate and implement the subsequent phases. The implementation group will provide a coordinated approach to both firm-based and industry-wide activities.

18. The implementation group will identify projects and activities that may be eligible for funding under the Government's Book Production EPICS Grants scheme and other Government programs.

5. References

Graphic Arts Technical Foundation, USA (1999) GATF Technology Forecast

British Printing Industries Federation (1997) Managing Technology - Strategies for Profitable Growth

6. Appendix

The Analytical Framework

This work is based on information emanating from the industry workshop, Action 2000, held in March 1999, and a customer survey conducted by Working Group 2. Conceptual frameworks and checklists were synthesised to assist in the analysis of the information gathered on the industry's strengths, weaknesses, opportunities and threats.

This appendix outlines a process for identifying and assessing opportunities and threats to determine which should be pursued or need to be overcome, respectively. The process identified strategic windows and contingency plans at both the level of firms and for the whole of the industry ultimately resulting in the firm-based and industry-wide Action Plans. This appendix presents both sets of Plans that are aimed at improving the industry's overall competitiveness. Firms should seek their own unique opportunities and threats and undertake a similar process to identify, assess and pursue or overcome them.

The overall framework for analysing the industry's opportunities is represented diagrammatically in Box 1 and described in detail here. The outcomes of applying the process to each opportunity and threat are at Attachment 14, and the overall findings are summarised in the Action Plans presented in the body of this paper.

It should be noted that the analysis undertaken by Working Group 2 was an iterative rather than a linear process.

1 Action 2000 SWOT - What issues are of concern to the industry?

The industry held a workshop, Action 2000, on 23 March 1999, which identified a number of issues of concern and interest to the industry. The issues covered areas such as industry growth and scope for expansion, technology, capital expenditure, taxation reform, industry culture, education and training, environmental matters, supply related issues, employee relations and government support.

From the issues identified at Action 2000, industry members developed a list of strengths, weaknesses, opportunities and threats.

The SWOT list from Action 2000 is at Attachment 1.

2 Customer Survey - What did we learn?

Working Group 2 members conducted interviews with valued customers of a sample of printers of various sizes. The interviews sought information on customers' perception of:

- what they need to be successful in the 21st century,
- what they currently get from suppliers, and
- the value gaps between the two.

Twenty-six customers were interviewed, representing a range of customer characteristics in terms of the size and nature of the customer's business, as well as that of the relevant printing-related business. This sample aimed to provide a 'wide-angle lens' snapshot of the printing industry's customer needs and perceptions.

Those interviewed included public sector departments, banks, accountancy firms, legal firms, retail chains, publishing houses, professional organisations, IT companies and a number of major printing companies. Four examples are provided at Attachment 2 - small-to-medium printer (Attachment 2a), major printer/publisher (Attachment 2b), major retail chain with their own in-house printers (Attachment 2c) and public sector department (Attachment 2d).

The results of these interviews were then analysed to identify the major strengths, weaknesses, opportunities and threats from the "customer" perspective (Attachment 3). To a large extent, customers' comments highlighted strengths, weaknesses, opportunities and threats from an external perspective, providing a counterpoint to the Action 2000 SWOT.

3 Opportunities / Threats - How did we identify them?

An opportunity can be described as attractive, durable and timely - initially, for the Customer Survey, an opportunity was considered to be anchored in a product or service that creates or adds value for its buyer or end user. The results of the Customer Survey indicate that an opportunity should be anchored in a customer need and that the industry is in transition from a product-based to a customer needs-based industry.

This means the 'window of opportunity' must be opening (not closing); market entry must be feasible; the venture must have a competitive advantage; and there must be significant profit and growth potential. It is important to realise that players outside the traditional printing industry might grasp the same opportunities.

Opportunities arise when there are changing circumstances, chaos, confusion and a range of other gaps in an industry or market. This means that the rapid change currently being experienced by the printing industry is likely to generate many new opportunities.

Depending on the situation, an opportunity might be unique, or it might be possible to learn from other industries, products or services.

Threats are the same, but in an opposite sense - they, too, should be anchored in a customer need, but they may result from a closing of options; restrictions on market entry; and reduction in profit or growth potential. Threats apply to both current markets as well as future potential markets.

It is important to distinguish between competitive threats and other external threats. Threats relate to individual firms as well as on an aggregated level to the industry.

The findings of the Action 2000 SWOT and the Customer Survey provide the initial base of information for the analysis of opportunities and threats for the industry. This information and analysis was viewed as a first iteration in the process of undertaking an analysis of the industry. Inevitably, there was a need to revisit, rethink and refine the outcomes of the initial examination. Both SWOT analyses were compared for common issues and subsequently refined (first and second columns of Attachment 4).

4 Opportunities with promise / Threats to overcome - How did we assess them?

It is important to screen opportunities to identify those that may be worth pursuing. This involves applying filters to the opportunities, to test them against criteria for success.

A similar process can be undertaken for identifying threats that may become significant to the future of a company or the industry.

Generic criteria are detailed in the Opportunity Profile Checklist, and focus on market, economic, competitive advantage, management and risk issues. The checklist provides a way to assess the potential of each opportunity, based on its fundamental characteristics. The Opportunity Profile Checklist is at Attachment 5.

5 Opportunities supported by strengths / Threats undermined by weaknesses

After deciding which opportunities have the most promise, Working Group 2 assessed whether the industry has the capabilities to exploit the opportunity, as well as which threats must be overcome.

Note that not having a strength at the present time should not necessarily lead to a closing of the strategic window of opportunity.

Working Group 2 tested whether the industry has strengths that match those needed to exploit the promising (high potential) opportunities. This involved identifying the strengths needed to make the most of each opportunity, and then looking for matching strengths - and gaps - in the industry's capabilities. A template that can be used in this process is shown as Box 2.

Box 2: Matching opportunities with strengths to identify synergies and gaps

Opportunity	Strengths needed ▶ ▶	Synergies and Gaps	◀ ◀ Current Industry Strengths

6 Strategic windows / Contingency plans

Working Group 2 compared and matched the opportunities and strengths identified in Attachment 4 and from this determined the strategic windows, as shown in Box 3. The results are presented in the third column of Attachment 4.

A similar process was followed for the threats in relation to the weaknesses to identify contingency plans, as shown in Box 3. The results are also presented in the third column of Attachment 4.

Box 3: Matching opportunities + strengths and threats + weaknesses

Opportunity		**Strengths**
	STRATEGIC WINDOWS	
Threats		**Weaknesses**
	CONTIGENCY PLANS	

The process of identifying opportunities ensures that there is a good fit between the situation and the capabilities of the industry and for firms within the industry. What is needed then, is to make appropriate business strategy choices to best exploit the opportunities.

On the other hand, the identification and assessment of threats against the weaknesses of the industry provides a focus for developing contingency plans. The main prospect for hedging against the external situation and eliminating possible threats from within the industry lies in developing appropriate distinctive competencies. These are particular combinations of competencies that are unique to the industry, that create particular value for the customer, and that are difficult for competitors to emulate.

If the opportunity cost is relatively low, developing distinctive competencies may provide a means of transforming the industry's weaknesses into new strengths, thereby neutralising threats and opening up new opportunities.

7 Impact and action timeframe assessment - How did we prioritise?

Once the potential windows of opportunity and contingency plans were identified, Working Group 2 focused on those that will have the greatest impact in the short term, while developing those that will have a significant impact in the medium and longer terms.

Attachment 7 provides the framework used for assessing the impact on each opportunity and the realistic timeframe for acting on each opportunity, as well as the threats.

It was recognised that some of the strategic windows and contingency plans complemented one another and could be considered a window of opportunity for the industry - both to overcome a threat and capitalise on an opportunity at the same time. Grouping them on the prioritisation matrix of Attachment 7 led to four windows of opportunity being identified with a high impact and a short timeframe. These are the four actions for the industry:

- Sell total business solutions
- Invest in training and development
- Manage print and IT technology, and
- Promote the industry's capability.

8 Action Plans - How did we develop actions and strategies for the priority actions?

Once the potential windows of opportunity were prioritised, Working Group 2 developed appropriate responses to them using the SMART process - current situation, mission, assessment mechanisms, available resources and timing ("SMART").

Having identified and prioritised actions, the industry needs to develop appropriate responses.

For each of the priority actions, Working Group 2 outlined the current situation, mission, assessment mechanisms, available resources and timing ("SMART") in order to develop and implement them (shown in the Action Plans in the body of this paper).

There were also a number of lower priority actions identified, including:

- Develop a strong industry profile and relationship with government for recognition and consultation in policy setting
- Need to get on the bandwagon, proactive repositioning of the industry
- Establish an ongoing wider industry group to continue marketing "the industry"
- Establish and communicate a clear industry position to be driven by broad industry interests
- Work with Austrade and export oriented organisations to identify export opportunities

Note that the first four of these actions have been mostly included in the four priority actions, or have a low priority. The need for an export focus, the fifth action above, has been further developed by Working Group 1.

This process resulted in a number of potential actions or opportunities being set aside, where they do not currently meet the assessment requirements - for example, where the industry does not have a strength needed to exploit an opportunity.

However these potential opportunities should not be discarded. Rather, they should be viewed as potential 'uncut diamonds', which may prove to be the opportunities of the future. Changing world circumstances, or the development of new industry competencies, may enable the exploitation of previously unfeasible options.

The process of identifying threats is similarly important in terms of developing contingency plans to meet the challenges, such as through developing the industry's competencies. However, like the 'apparently unfeasible opportunities' above, changing circumstances may require a rethinking of how threats are viewed. For example, the impact of the contingency plan may be to transform industry weaknesses into strengths, thereby opening up new opportunities.

The fit between possible business choices, distinctive competencies and future directions in the market was explored by Working Group 3, through the development of 'Growth Pathways'.

Box 1: The process used to develop the Action Plans

DEVELOPING THE ACTION PLANS

1 Action 2000 SWOT

2 Customer Survey

Analysis of Issues

3 Opportunities and Threats

Values assessment

Screen using filters and Checklists

4 Opportunities with Promise/ Threats to overcome

Others

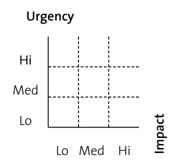
Opportunities		Strengths
Threats		Weaknesses

5 Opportunities Supported with strengths/ Threats undermined by Weaknesses

Further analysis

6 Strategic Windows for opportunities/Contigency plans for threats

7 Impact and action timeframe assessment



ACTION PLANS

- Situation
- Mission
- Assessment
- Resources
- Timing

Attachment 1

SWOT of Action 2000 Workshop, March 1999

Strengths

Imaging capabilities
Uptake of new technologies by traditional printers
Expertise in the application of technology
Uptake of new technologies in a more developed form
Value of knowledge and expertise in documents, imaging
Technology convergence
Market size can facilitate closer relationship between customer and supplier
Breadth, spread and proliferation - in every electorate
Efficiency of small companies
Flexibility of a large number of companies
Ability to source new opportunities by younger players
"Groovy" image in design and desktop
Ability to handle "content"
Ability to facilitate entire production process - asset & facilities management

Opportunities

Imaging
GST benefits for comm. Printing
General reduction in tariffs (cheaper raw materials)
Domestic regulations if protects local products
Opportunities for import replacement (books, packaging)
Government purchasing policies - developing the industry
Intellectual property - closer links to customer, content creators
GST - potential benefits from taxation reviews
Venture capital if taxation system changes
Potential opportunities with R & D incentive schemes
Technology now at the disposal of non-traditional printers
Customer education
New opportunities for business growth - market space, customisation
Technology convergence
Copyright - document management, records, knowledge
Recycling - if cost of technology makes it competitive
Waste disposal - new markets with disposal technologies
Environmental regulations if can be exploited to advantage
Market size can facilitate closer relationship between customer and supplier
Quality of the product that can be produced in Australia
Commitment by industry regarding training
Intellectual Asset management - ie, records, documents

Weaknesses

Trade based image of industry
Uptake of new technologies leading to over-investment in "heavy metal"
Potential insolvency of companies who over-invest
Cost of new technologies
Inability to maximise R & D opportunities
Training structure inability to keep up with new technologies
Lack of trained workforce and trainees
Inability to capitalise on value of knowledge and expertise
People displacement - inability to capitalise on people who them move on
Recycling - expense of technology, lack of markets due to cost
Waste disposal - byproduct of the technology
Management skills - lack of formal trained personnel
Quality issues at times
Labour market reform still required
Career paths and industry recognition
Commitment by industry regarding training
Dominance of industry by small players (employee numbers, size of companies)
Antagonism to new technology by older players
Inability to think "long term"
Lack of business planning and vision in areas of competitiveness
Don't market ourselves as total process producers

Threats

Perception of being trade based
GST costs for books, mags, newspapers
Tariff costs for some areas of industry
Local offshores of multinationals who must comply with company policy
Aggressive offshore competition wanting to export into Australia
Potential loss of 30 day rule for parallel importing
Current system - depreciation, capital gains tax
Cost of new technologies
Need for rapidly developing training structures
Technology now at the disposal of non-traditional printers
Customer expectations and rapid turnover
Technology convergence - "IT" as a major threat
Waste disposal - public image, regulations, competitiveness
IT as a threat to the NPITC and training agenda
Career paths and industry recognition
Encouragement of other industries to take on opportunities because of lack of vision

Attachment 2a

Examples from the Customer Survey

Customer: Small-to-medium sized printer

What do you need to be successful in your business in the 21st Century?

- Currently offering mailing house, "pick & pack" operation, instant copy centre
- Strategic fit between business, diverse range of products - "the complete printing service"
- Value adding along the value chain
- Customer loyalty depends on this strategic partnership
- Service an important factor with customers
- Key suppliers - paper from main sources, key presses from main suppliers
- Looking at suppliers in terms of market segments and a broad range of activities
- Materials currently delivered by disc
- Direct link to major customer
- Mostly B&W, some 2 colour
- Replaced equipment - some depreciation issues but would still buy the same equipment
- Facilities management costs customers, but offer this for them around Australia - management of stores
- Wanting high speed printers and be able to download and print on site
- Supplier relationships (ie, printing and IT supply firms)

Value Gaps - Opportunities to develop

- Information is moving on-line leading to multiple copies because they are repeatedly printed
- Don't realise the cost of the toner is more expensive than printing the document in the first place
- Customers are putting information on-line as a "convenience" and "accessibility" factor, but is more expensive for the consumer
- Demand for colour increasing
- Technical support from suppliers not good enough
- Marketing / sales people can't work the machines
- Pre-press - on-line support works, but not for technical - opportunities to expand on-line diagnostics and fixes for software problems
- Bandwidth issues re dial-up connections with customers limits file sizes for download
- Education needed for how to inter-relate on-line, ie, compression technologies
- Compatibility issues between systems
- Get all graphic designers to do some of their training on the print floor and on presses so that they understand the processes involved
- Greater exchange of information between different segments of the industry
- No packaging printing available locally
- Time constraints, down time for presses

What are you currently getting from your suppliers?

- Currently deal with major paper and machinery suppliers
- Shifting loyalties in all of these relationships
- Good delivery of stock - "just in time"
- Good invoicing - need to make it work from both sides viewpoint
- Some cases of faulty components, but good service
- Currently send out proofs which cause timing delays and problems
- Digital proofing systems coming on-line
- Proofing problems with CTP

Other Comments

- Website which currently sells clothing aligned with warehouse and distribution
- Customers to put a "shopping trolley" on their site and this company would like to take over the management of this
- Approved suppliers for franchise firms - intranet situation working with franchise operators
- Due to the fact that anyone can now do desktop publishing there are increasing problems where someone has created their own files and wants them printed with major lack of understanding between the creative and production sides of the industry
- Proofing - not much PDF as yet but beginning to increase
- Lots of government departments using MS Word
- Customer expectations that printers will make up the time - last minute changes by the customers
- Large costs of consumables particularly proofing

Attachment 2b

Customer: Major printer/publisher

What do you need to be successful in your business in the 21st Century?

- Changing paradigms for newspapers, particularly with advertising (classifieds) revenue which will go "on-line"
- Moving to different sources of revenue - diversification of the business model into other areas
- Smaller newspapers, printed on better stock with better finishing and more colour
- A "daily" with news, and other "special features" more tailored news delivery
- "Download" and print for products with a short "shelf life" (parallel between fruit and newspapers!) - magazine style would give longer shelf life to advertising
- Shorter deadlines
- Some "in-house" printing now being outsourced - in an ideal world would outsource most of the printing as current situation ties up too much capital

Value Gaps - Opportunities to develop

- Issues with spare parts - okay for this company as is jointly owned, but potential opportunities for smaller printers
- Sectionalised newspapers as in the US
- Opportunities to collect data on customers through advertising and direct mail
- We cannot get enough paper - use all that they can get and import when there is no other choice
- Personality problems have prevented more co-operation between content providers themselves
- Contract printing (overseas this happens with basic newspapers)
- Opportunities for printers to take on partnerships with major content producers (ie, news companies)
- Industry very good at sharing information (as are farmers) and we have a close fraternity within the industry
- Our remoteness has meant that we are good at keeping up with technology and being resourceful with it
- Strong support of industry organisations
- We need to support local industry (paper, ink)

What are you currently getting from your suppliers?

- Bandwidth is fine
- Cannot justify CTP because of systems already in place which will be replaced by something beyond CTP
- Multiple press printing concurrently
- Magazines outsourcing
- Provide in-house training and technical apprenticeships - Conversion to colour printing set up own school
- Smooth transition from letterpress to offset

Other Comments

- Accelerated depreciation is for tax minimisation rather than to buy new equipment
- Making the most of investment allowances brought in 10 years ago
- Oversupply of industry by suppliers pushing products

Attachment 2c

Customer: Major retail chain, with its own print facility on premises

What do you need to be successful in your business in the 21st Century?

- Focus on absolute quality, reliability and customer loyalty
- Suppliers who are globally competitive, reliable and at or near world's best practice
- Screen to screen interface. Target for on time delivery 98%
- Successfully integrate e-commerce into store operations*
- Be competitive vis a vis the internet through value adding processes
- Aggressively defend and enhance the value of the brand
- *ecommerce will not replace stores but will impact what is done in the store

For the printer on the premises:

- Deeper understanding of customer needs
- Flexible infrastructure (strong and robust) to support those needs
- Exploit over the longer term big niche opportunities
- Choosing the best suppliers with whom to partner
- Developing a strong partnership through the supply chain will be important
- Harness the talents of each of the supply partners to create excellent execution
- Demand a 100% plus performance

Value Gaps - Opportunities to develop

- Complete total IT upgrade
- Expand and fully utilise customer data base
- Lack of supplier reliability. Some suppliers have 40% on time delivery performance
- Focus on success factors previously listed
- Restore shareholder value and return. Regain confidence of financial markets

For the printer on the premises:

- In open tender, the level of professionalism of the submission presentation varies considerably - best presentation was also best value.
- Generally (there are some exceptions) at the level down from the major groups, management expertise and professionalism diminishes. Worst in this regard is the screen printing sector
- In some sectors the component suppliers (creative, pre-press, print, finishing and distribution) seem to be working against each other.

Value Delivered - Opportunities taken

- Previous owners "milked" business as cash cow, now investment in management, infrastructure and store refurbishment beginning to deliver value
- Improved IT facilities
- Increasing level of staff morale, resulting in improved customer service
- Re-established value of niche markets and how to communicate effectively

For the printer on the premises:

- The four major publication groups demonstrate a high level of overall competency, with two outstanding
- Strong partnership developed with prime supplier. Regular meetings with all parties in the supply chain identify issues and correct problems ahead of time
- Environment created is as though prime suppliers are in the next office .

What is needed from suppliers in the 21st Century?

- Choose suppliers who can demonstrate a commitment to professional management and are investing in technology and people
- Develop strong relationships throughout the organisation, from the CEO to the operational level
- Work with suppliers as part of a committed team
- Manage the interlocking suppliers eg. creative, print and distribution to provide the desired results of, on time, quality product delivery

For the printer on the premises:

- Re established value of niche markets and how to communicate effectively

Attachment 2d

Customer: Public sector department

What do you need to be successful in your business in the 21st Century?

- No in-house printing - got rid of it all 15 years ago
- Major focus on "marketing" and image
- Need for high quality work
- Content creation "in-house" with own desktop operators; some components of projects outsourced but most "in-house"
- Need for strategic partnerships with printers - print and distribute
- Putting together panel contracts for 7 major product categories which will have 3/4 suppliers together with another agency - reviewed in 2 years
- Consolidation of all publishing to "e-Publishing" unit - media, PR, website, intranet, printing (forms) - next 6 months. Technology is now replacing people - 10 years ago had 27, now 9 do more work of higher quality
- Internal communications mainly on-line but paper still as a back-up
- Electronic storage of records due to 7 year rule
- Digital submission of forms very low
- Pushing on-line but moving slowly
- There are still paper copies for customer records
- Leading in forms and digital publishing and other government agencies follow

Value Gaps - Opportunities to develop

- Paper issues?
- More sensitivity to customer needs in terms of time, cost, quality
- Potential to compete with overseas production?
- Improve technical interface between systems and software incompatibilities
- Customer leading the printer - need the printers to lead the customers - proactive printers
- Mainly opportunities in pre-press
- Opportunities to work with the emerging technologies to manage customer needs and expectations
- "Campaigns" are mainly paper based - the "push" is best via paper accompanied by "on-line" where people want to get information themselves. 80% paper, 20% digital. Products available in both formats and driven by market needs
- Technological opportunities - ie, CD-Rom "business card"
- 99% of IT outsourced - opportunities to manage the content?
- Warehousing and distribution should be maximised
- More long term thinking with a customer focus
- Quicker response times to issues when they arise

What are you currently getting from your suppliers?

- Not enough paper in the country for printing at present, particularly for the major projects
- Time lines a problem
- Potential to print overseas - Malaysia is price competitive
- Problems with incompatibility with systems (ie, PCs to Macs) particularly in translating proofs and PDFs
- Major publishing companies undertake some work (booklets, magazines and long run)
- Information still sent out on discs not on-line
- Quality issues - over-runs, under-runs. Disguising defective products - quality assurance on the floor. Short term thinking.
- Training is fine - mainly desktop
- Printers the second largest employee group in Canberra after public servants
- No one competes with local printers on price, and interstate companies putting reps in Canberra
- Virtually all printing in colour, except for Annual Reports
- Innovative when required, but perhaps could be more proactive. Service good

Other Comments

Attachment 3

SWOT derived from the Customer Survey

STRENGTHS

- Book printing can be done locally
- Other services - ie binding, etc
- Distribution channels
- Major publication groups demonstrate a high level of overall competency
- Strong partnership developed with prime supplier. Regular meetings with all parties in the supply chain identify issues and correct problems ahead of time.
- Environment created is as though prime suppliers are in the next office
- Data management & manipulation to provide personalised printing - niche markets
- Have electronic ordering for stock cost and availability
- Electronic database for cost and stock delivery
- Embracing future technologies quickly
- Consistent format of printed matter
- Quick response
- Cost effective offerings – driven by intense competition
- Good delivery of stock - "just in time"
- Group of printers currently working together to provide a "one-stop shop"

OPPORTUNITIES

- Quality short-run, quick response, more colour
- Offer "business solutions" where appropriate (more sophisticated clients)
- Integrated relationships with suppliers in the supply and value chains
- Ability to quantify customers' benefits
- Communications networks and infrastructure, particularly bandwidth infrastructure
- Infrastructure to support a more strategic marketing focus (ie, more than offering a product)
- Understanding industry specific customer needs
- Understanding and marketing customer needs and those of the market
- Providing total service
- Exhibiting professionalism throughout organisations, including management and marketing professionalism
- Direct mail
- Take in-house printing from content providers - outsourcing opportunities to liberate customers' internal resources
- Content provision and manipulation, especially electronically
- Delivering to remote customer bases (ie, regional opportunities)
- Marketing printers as graphic communicators
- 'One-stop-shop' - integrating all aspects of printing from a customers point of view
- E-commerce, extending to the electronic marketspace
- Training requirements and knowledge management

WEAKNESSES

- Using traditional marketing mechanisms
- Being just a quote giver
- Need for more web printers - currently lack of capacity July-Nov
- Reluctance of suppliers to put data on Internet
- Time delays in responding to critical needs
- Un-innovative format of printed matter
- Simplistic product and service offerings
- Simplistic and generic software systems
- Few suppliers have up-to-date knowledge about the customer
- Customers being provided with rudimentary and out-of-date information; as well as hard copy inputs / hard copy outputs
- No value adding
- Lack of IT literacy
- Traditional and fixed thinking
- Delivering only to specified needs
- Quotation based activity
- Providing only basic services – discrete products, services and prices
- Inflexible – unable to manage variability and cope with changing needs
- Not creative about problem solving
- All suppliers need to lift their game on supply chain issues - there appears to be some lack of investment in this area.
- Time constraints, down time for presses
- Marketing / sales people can't work the machines
- Technical support from suppliers not good enough
- Communications industries terrible at communicating
- Some quality issues
- Major problems with customer service, particularly with time requirements
- Major problems with software compatibility
- Time, cost, quality issues - too much variability from external printers
- Problems between designers and printers - different systems and software

THREATS

- Reduction of paper based office systems to digital
- Need to be globally competitive
- Disseminating information electronically - internally and to clients
- Publishing information electronically
- Products shipped and labelling / packaging at the destination rather than at the source
- Customers often believe the IT solution comes first rather than seeing things as "communications" issues with IT part of that
- Tax leading in forms and digital publishing and other government departments following
- Potential to print overseas - Malaysia is price competitive

Attachment 4
Identification of Strategic Windows and Contingency Plans

	STRENGTHS		
	ACTION 2000 SWOT	CUSTOMER SWOT	
A	Knowledge and expertise in the handling of images and documents	High level of overall competency of major companies	
B	Ability to take-up new technologies	Significant IT literacy	
C	Breadth, spread and proliferation in every electorate	Interface with every business	
D	Design and pre-press seen as groovy and attracts younger people		
E	Designers have the ability to handle and manage content		
F	Facilities management and fulfilment capability growth of facilities management	Development of business relationship with customers –	
G		World class printing capability in Australia	
H		Quick response	

	OPPORTUNITIES		
	ACTION 2000 SWOT	CUSTOMER SWOT	STRATEGIC WINDOW
1	Convergence of technologies	Data management and manipulation management and IT solutions	1 + B = Leverage IT literacy to provide customers with data
2	Customers looking for closer relationships	Facilities management (warehousing, direct mail), business solutions	2 + F = Identify and develop the industry's capability to recognise and service fulfilment / facilities management needs / markets
3	Political leverage – regional aspects	Present ourselves as a "front-end" solution provider	3 + C = Develop a strong industry profile and relationship with government for recognition and consultation in policy setting
4	Business – distribution benefits through closeness of printers to customers	Remote / regional customer bases	4 + C = Exploit proximity to customers with additional services (relationship building, acting as agents for IT, fulfilment)
5		E-commerce (EDI) – electronic ordering – value chain management	5 + E, F = Increase industry agility with value chain management principles
6		Growth in digital formats – alteration in "end-user" markets (from print & distribute to distribute & print, one to one marketing)	6 + A, E = Develop industry competencies in direct marketing
7		Increased communication (impact on internet-based printing, packaging)	7 + A, E = Change industry paradigms and business environments
8	Internet and database management	Customisation (one to one marketing, direct mail)	8 + A, E = Need to get on the bandwagon, proactive repositioning of the industry

WEAKNESSES			
	ACTION 2000 SWOT	CUSTOMER SWOT	
a	Lack of flexibility	Lack of articulated vision	
b	Trade base of industry and traditional thinking		
c	Over capacity and under-utilisation of print equipment		
d	Dominance of industry by small players		
e	Lack of IT literacy	Incompatibility of software systems	
f	Training - inability to keep up with new technologies; deskilling in the industry (turnkey equipment); lack of trained workforce & trainees; lack of training in management skills		
g	Intellectual capital issues (as per other industries)		
h	Only a small number of printers are entrepreneurial in focus	Lack of understanding about customers' needs (value adding)	
j	Environmental compliance costs (vs overseas)		
k	Rigid work practices (employer, employee)		
m		Seasonality of business for large jobs	
p		Printers at the end of the workflow process	
q		Competing against cheap imported goods	

THREATS			
	ACTION 2000 SWOT	CUSTOMER SWOT	CONTIGENCY PLANS
i	Flexibility of competing industries – IT		I + a.b.e.k,f = Educate the industry to pursue a market approach rather than a production approach
ii	Trade based image of the industry		ii + a.b.f,k.h,p = Establish an on-going wider industry group to continue marketing of "the industry"
iii	Kyoto Agreement – environmental policies of local, state and federal governments		iii + j = Establish and communicate a clear industry position to be driven by broad industry interests
iv		Perception of variability of quality	iv + f.h = Develop an industry promotion to target the focus of industry capabilities
v		Size and nature of traditional printing is under threat by digital and other technologies	Establish training and development needs of the industry, related to customer needs
vi		Development of screen based technologies	see i.
vii		Globalisation - overseas competition (global purchasing, product replacement in packaging)	vii + g,h,j.k.p = "Industry Group" to incorporate and market strategic selling training as part of its activities
viii		Trade barriers to export	viii + a.b.h = Work with Austrade and export oriented organisations to identify opportunities which may be available

Attachment 5
Opportunity Profile Checklist

Opportunity Profile

	HIGHER POTENTIAL [STRENGTH]	LOWER POTENTIAL [WEAKNESS]
THE MARKET		
Need	Identified	Unfocused
Customers	Reachable, receptive	Unreachable, loyal to others
Payback to user	Less than 1 year	3 years or more
Value added or created	High	Low
Product / service life	Durable, short time to recover investment plus profit	Perishable, long time to recover investment
Market structure	Imperfect competition or emerging industry	Perfect competition or highly concentrated or mature / declining industry
Market size	Very large	Very small
Market growth rate	30-50% +	Contracting, 10% or less
Gross margins (selling price less direct variable costs)	40-50% or more, durable	20% or less, fragile
Market share attainable (fifth year)	20% or more (leader)	5% or less
Cost structure	Low-cost provider	Declining cost
ECONOMIC & HARVEST ISSUES		
Profits after tax	10-15% or more, durable	5% or less, fragile
Time to break even	Under 2 years	More than 2 years
Positive cash flow	Under 2 years	More than 2 years
Return on Investment (ROI)	25% or more/ year, high value	15% to 20% or less/ year, low value
Capital requirements	Low	Very high
Exist mechanism	Present or envisioned harvest options	Undefined, liquid investment
Value	High strategic value	Low strategic value

	HIGHER POTENTIAL [STRENGTH]	LOWER POTENTIAL [WEAKNESS]
COMPETITIVE ADVANTAGE ISSUES		
Fixed & variable costs		
- Production	Lowest	Highest
- Marketing	Lowest	Highest
- Distribution	Lowest	Highest
Degree of control		
- Prices	Moderate to strong	Weak
- Costs	Moderate to strong	Weak
- Distribution Channels	Moderate to strong	Weak
Barriers to entry		
- Response/ lead time advantages - technology, production, market innovation, people, location or capacity	Have or can gain edge	None
- Legal, contractual advantage - intellectual property	Proprietary or exclusive	None
- Contracts and networks	Well-developed, high quality, and accessible	Weak
- Essential resources	Adequate	Weak / inadequate
MANAGEMENT TEAM ISSUES		
Entrepreneurial team	Existing, strong, proven performance	Weak
Competitor mind set & strategies	Competitive, focussed strategies not self destructive	Poor, self destructive
FATAL FLAW / RISK ISSUES		
Existence of fatal flaws	None	Many
Risk	Low	High

Attachment 6

Strategic Windows and Contingency Plans

STRATEGIC WINDOWS	
1	Leverage IT literacy to provide customers with data management and IT solutions
2	Identify and develop the industry's capability to recognise and service fulfilment / facilities management needs / markets
3	Develop a strong industry profile and relationship with government for recognition and consultation in policy setting
4	Exploit proximity to customers with additional services (relationship building, acting as agents for IT, fulfilment)
5	Increase industry agility with value chain management principles
6	Develop industry competencies in direct marketing
7	Change industry paradigms and business environments
8	Need to get on the bandwagon, proactive repositioning of the industry
CONTIGENCY PLANS	
i	Educate the industry to pursue a market approach rather than a production approach
ii	Establish an on-going wider industry group to continue marketing of "the industry"
iii	Establish and communicate a clear industry position to be driven by broad industry interests
iv	Develop an industry promotion to target the focus of industry capabilities
v	Establish training and development needs of the industry, related to customer needs
vii	"Industry Group" to incorporate and market strategic selling training as part of its activities
viii	Work with Austrade and export oriented organisations to identify opportunities which may be available

Attachment 7

Impact and Action timeframe assessment