

HIGHLIGHT



The House Magazine of
R. T. TANNER & CO. LTD.

WHEATSHEAF WORKS,
CRAYFORD, DARTFORD, Crayford (CY) 26255
DA1 4BQ

Telex: TANNER CRAYFORD 896048

Leeds Office and Warehouse
CORNER HOUSE,
WHITEHALL ROAD, (0532) 30805
LEEDS LS12 1AQ

Telex: TANNER LEEDS 557201

NEW SERIES NO. 87

OCTOBER 1973

The text of this Journal is printed on NIMROD ART
100 gm² and the cover on PEERLESS CAST COATED
board 290 gm²

Tanner's Quarterly Trade Journal

This Autumn issue of our journal has perforce to be written largely when we are on holiday. Lying on a beach in blazing sunshine, far removed from the business scene, is not conducive to writing sense and certainly we must refrain from putting pen to paper on subjects on which we are unable to obtain actual detail.

Therefore we must confine ourselves to generalise and as we relax consider the immediate future. For the remainder of the year our main problems would seem to be shortage of materials and of skilled labour. There should not be an overall shortage, but rather that of delivery of material at the right time. With an intricate programme for which paper has to be ordered several months ahead, delivery on time is essential, yet some Mills are now running many weeks or even months behind schedule, having overbooked themselves. This means frequent changes of programmes, size changes on machines and short runs, all of which result in lower output at a time when we require maximum production.

It is also frustrating to all: the representative who books the order; the programmer who fixes the run; the machine adjustor who is forced to spend several hours altering the machine for a size change, because the material has not arrived, only perhaps to have to alter it back again a few days later when the delivery finally arrives, then to find that the machine operator is now due for a holiday.

However, these problems should largely be behind us now, and that the worst is over. Our raw material warehouse is now bulging, so with one or two exceptions we should be pushing up our production very sharply. As with branded papers it has become necessary to change grades frequently in order to obtain a quick delivery, the same may be necessary for envelopes and

page one

pockets. However, with our extensive range of qualities and size we should be able to meet your needs in nearly every case. How far can one look ahead? Not with much certainty beyond the year end. Anything beyond this is inspired guesswork, and never has it been so necessary to be inspired.

Is the boom to continue? Is America due for a recession? Is the extraordinary demand for raw material commodities about to diminish with the subsequent collapse of the unprecedented prices spiral? True that all commodity prices are tending to flatten out and may over the next year fall somewhat from the all time high which most have reached. Will it affect wood pulp prices similarly? If we could answer these questions, we would undoubtedly be in great demand as a fortune teller. Instead we would hazard a few guesses at what we think may happen at any rate in this country.

We cannot see any likely signs of a recession certainly until 1975. The Government is determined on continuing its policy of 5 per cent. growth, come what may, and provided it keeps its nerve, which it shows no sign of losing, and continues to float the currency, there is no reason to think that this country will not work itself out of trouble. Exports are growing fast, and with the pound devalued as it is now our prices are most attractive to the world. Our main problem has been the enormous rise in the prices of raw materials, but as most countries have replenished their stocks, demand is likely to tail off somewhat, particularly from the biggest buyers such as Japan. This price increase is of course accentuated with the devaluation of the pound, and this will without doubt remain with us certainly into 1975.

Meanwhile the developing countries from whom the basic commodities largely come have been enjoying unprecedented incomes, and these will be spent on plant investment and manufactured good. This then is the opportunity facing the Country, and we should see a considerable change in the monthly balance of payments by the early part of 1974.

There are of course many ifs and buts about all this, and the biggest is whether phase III can be adequately worked out in the next month. Provided it can, then we are set on a period of huge industrial expansion.

What will the paper industry face? There is unlikely to be much relaxation in the prices of pulp, because although these have been increased sharply, they are nowhere within shooting distance

(continued on page four)

page two

CROXLEY TRANSCRIPT

Following upon public demand we are changing our stocks of RA2 to SRA2.

For a period we shall be holding both sizes, but when the RA2 is cleared we shall only hold SRA2.

RA2 will only be available ex mill.

Tanners for Transcript

of the increase in most basic commodities. Prices of paper are therefore likely to continue to harden upwards but slow down in 1974. One problem facing the mills in their arguments with the Department of Trade and Industry is the excellent results now coming forward from their balance sheets. However, these are always in arrears and these results are no doubt due to maximum production at the end of 1972 and early 1973, before pulp prices started to rocket. There may however be some clamping down on further increases by the D.T.I. in future.

Time will tell whether we are right or wrong.

Wake up Paper Mills

July, August and September are traditionally the quiet period of the year, yet this year nothing could have been further from the truth. In this period all has been confusion, and no one can say it has been quiet. Demand which in the first quarter of the year galloped up 12 per cent. on the 1972 equivalent period, dropped slightly in the second quarter, but only a little, and has continued at a high level ever since.

Paper mills, who have over the past years welcomed this annual holiday shut down in July or August in order to replenish their order book, have this year not exactly enjoyed the occasion. More frequently than not they have closed down with a load of promised deliveries unexecuted and to experience a torrent of tirades on the telephone as a result. With the mill shut there is of course little they can do, but so much could have been done beforehand. A short 'phone call or letter a week or two in advance of the shut down to say that they were unable to make or despatch before the break as promised, and a definite new delivery date given, would work wonders. Customers are on the whole reasonable, but most work to a strict programme, which frequently can be altered provided that the information on supplies is notified in advance. Again there are many jobs, publications or dated material with programmes which are inviolable. If the regretful news were imparted early enough, it would give the customer warning and in turn the mills could be informed of the essential need for the supplies and possibly allow them to try and do something in the intervening 10/14 days before they close.

We can only presume that the mills have got out of practice over the last few years, and as such are not keeping in necessary touch with their markets.

We feel that the mills will counter by stating that they have not sufficient staff or time in which to give this information. All we would add to this is "find the staff and the time," otherwise do not come back to the customer, after the bubble has burst as eventually it must, asking for orders. If the foreign mills can take the trouble to keep one informed, even in the event of missing one boat for the next, there is no excuse for the British mills not doing likewise.

Come on British mills, realise that even in a seller's market there is a customer who matters, and in the future you may still want him as a customer.

Collie

Early in September a party was held in our factory to say farewell to our women's supervisor, Mrs. Collis, or Collie as she was known to everyone.

Collie came to us soon after our move to Crayford from London. One of a large family, born and bred in Bermondsey, her stories of her youth never ceased to interest us oldies, who knew the conditions then ruling, but amazed the younger generations, who could not understand how a large family was brought up on a wage of £1 or possibly £2 per week with frequent periods of unemployment, no Social Security and only the dole of a few bob a week to fall back upon. She spent her whole life in the printing and paper industry.

Collie undertook the training of all our young women from the time they first arrived with us, and she always went out of her way to look after their whole welfare.

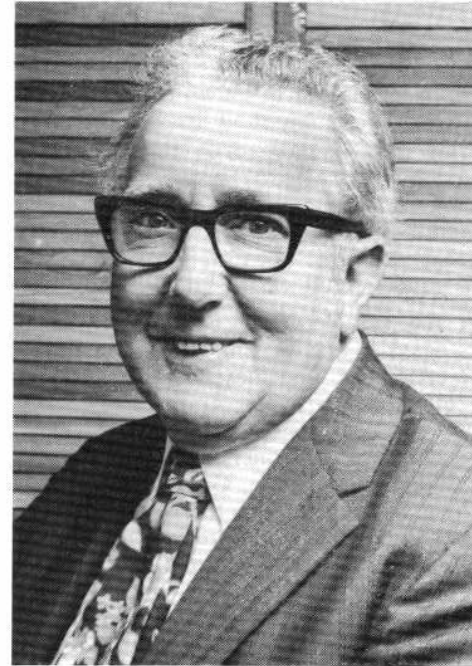
She has had to retire prematurely as her husband suffered from heart trouble and is no longer able to work. They have gone to live in Nuneaton near her son, who is a qualified solicitor.

The works and factory presented her with a "Teas-Maid" and the Directors gave her a cheque. We wish them both a long and happy retirement, and Collie, we will miss you.

Farewell
Collie



1
}

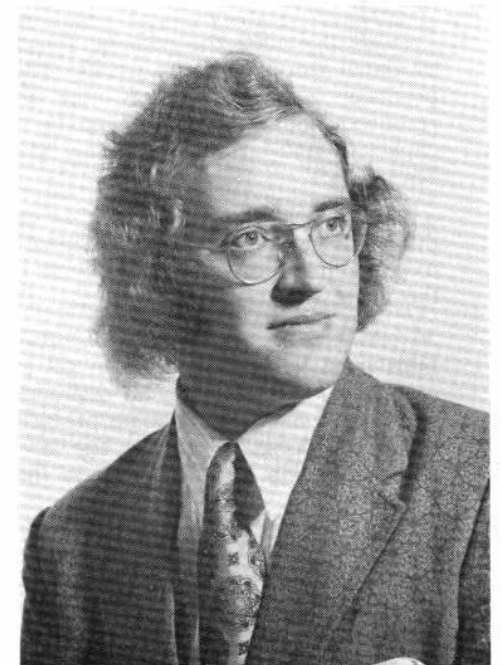


Arthur Harrison
Manager of our
Leeds Branch



1
}

Mike Booth
In charge of our
Leeds Branch office



Prices

Up again go prices. Following the stiff increase in June and July, prices are generally up overall in August/September by between £6.00 and £8.00 per tonne. People are really wondering what is happening and what about all these price freezes and phase 1, 2 and 3, etc. We feel that we, while not exactly experts in this matter, had better have a good look at what is happening.

Pulp is at the root of all the trouble. The pulp market throughout the world has always acted as a close knit community particularly so far as prices were concerned, and these were based on the dollar. No sooner had the dollar dropped dramatically, which of course would have been of considerable advantage to this country, than the producers changed to kroners, escudos or any other hard currency which suited them most. Great Britain was therefore on a hiding to nothing, and all the time the £ sterling was slipping on the world's market. Pulp was therefore becoming dearer to purchase every week. Some mills started to purchase two/three months ahead the foreign currency necessary, but this could only be short term and was of course costing the mills a lot of money at present day borrowing rates.

So long as the £ continues to depreciate against the hard currency in which pulp is being marketed, so will the prices increase, and the cost of the mills' products have to be increased to keep pace.

All this time the demand for paper and therefore pulp has escalated throughout the world. The United States as the major producer in the world has now insufficient pulp from its own resources and those of Canada to keep its mills working at full capacity, and is even buying certain grades of pulp from Scandinavia.

With price restraint ruling in the United Kingdom the Scandinavians have found more lucrative markets in Europe, so to add to the difficulties engendered with the devaluation of sterling, is the acute shortage of pulp.

All this adds up to the classical sellers' market. The British mills must take what they can get at the highest price the sellers can exact, and then pay in depreciated currency. At present we can see no end to this acute problem, and it is likely to get progressively worse. Of course the laws of supply and demand will eventually help to sort it out, in that the demand for paper will

decrease owing to its high cost, and further sources of the supply of pulp will be found and exploited, though this takes several years and many millions of pounds. Meanwhile we have a remedy in our midst to alleviate at least some of the problems, and that is the collection of waste paper. During the last war and in the years immediately following, waste paper recovery was organised in a great number of areas, but as soon as pulp became plentiful it was no longer a remunerative operation to collect waste paper and it largely went into disuse. Now prices are against becoming attractive and every mill is requiring supplies to help them eke out their pulp, so every local authority should once again take steps to collect and store it. Recycling of waste is important to the production of paper and board, and as a nation we should mount a massive campaign to salvage every scrap of paper, and by being less wasteful save the nation of great deal of foreign currency and help to keep our mills running to capacity.

Postal Charges

Once again the postal charges are raised which would normally reduce postal traffic by at least 5 per cent., at a time when it had barely recovered from the last increase in tariff. This time the reduction may not be so pronounced, as the business traffic is so busy, and telephone and telex charges are being increased at roughly the same time.

Even these increases are not likely to meet the shortfall in the Post Office services, and no doubt within twelve months they will be coming forward with further increases. We must be rapidly approaching the point of diminishing returns and certainly the domestic and greeting card trades are being cut back.

It would not be so bad if the first class rate was raised substantially with a guarantee that for normal distances delivery would be the following day. We have all heard of the Post Office statements that 95 per cent. of first class mail is delivered the next day, but in everyone's experience this is eyewash. Only last month two letters posted first class on a Monday from one village to another not more than four miles apart were delivered on the Wednesday

and Thursday respectively. The excuse of the Head Post Office was that they could not do any better as they had a lot of postmen on holiday.

The Post Office should concentrate on a really top class quick mail and charge accordingly, and keep the cost down on second class mail which is largely business letters, invoices, statements, etc., when speed is not essential. Further economies should also be investigated, such as less rural collections and possibly even single deliveries, and deliveries to blocks of flats to post boxes at the entrance. We feel that the public would put up with a little more inconvenience rather than yet further increased costs.

Credit

For many years the paper and print trades have allowed many months' credit to their customers, in fact far more than practically any other trade. How often have we heard the printer say that he is waiting for a large cheque from his best customer, frequently he may add a household name, and that he cannot press for payment or he will lose the account. This is of course pure nonsense.

Borrowing money at 13 or 14 per cent. is not exactly a remunerative exercise, and the printer would be better off without this long-winded customer unless his margin of profit takes this fully into account.

At last the paper trade has seen the red light and now that the mills have to pay V.A.T. on their raw material purchases they have tightened up on credit, and merchants have to pay up smartly or they get no supplies. Therefore, we ourselves together with our competitors are having to reduce the length of credit we have previously granted. We must warn you that we will be much stricter on overdue accounts and those which do not reciprocate to our letters will not get supplies.

Countries abroad consider us quite mad, and trading there is generally on 30 days maximum. We doubt if we will reach this position but there is no doubt we will have to endeavour to attain this, so long as money is so dear and supplies of pulp so short.

Envelopes & Pockets

Paper & Boards

Consequent upon the fluid situation in raw material prices, it has not been possible to reprint price lists.

The prices ruling at present can always be obtained from our representatives or sales staff.

As soon as the situation clarifies, we will reprint and issue price lists.

Breakage

There has recently been a certain amount of criticism raised by the B.F.M.P. regarding breakage. This Company was one of the first if not the first to stop breaking reams or mill bundles for the following reasons:—

1. Cost.
2. Labour.
3. Wastage.

Now virtually every merchant has followed suit, and printers are complaining that they cannot get odd amounts. We know of one large merchant with one warehouseman on each of his five floors, whose sole job was to count out and re-wrap oddments, ordered by customers. At a wage cost of some £8,000 per annum, non-productive labour—if you could get the labour, and a sum vastly in excess of this for the remnants which were never cleared; it is not surprising that he was only too grateful to give up breaking. No one ever seemed to order the exact quires which were carefully re-wrapped, and with the tempo at which branded papers have changed in latter years both in composition, colour, etc., it was always safer to chuck away the remnant.

Surely it is of small matter to the customer whether he gets 12,000 of an item when he orders 10,000, or even gets 9,500 if he is told this at the outset. For the very small order, the printer should tell his customer that it would have to be on something that he has in stock. You don't go to the baker's and order half a loaf and at the other extreme order from your garage half a car. If you order wood from a timber yard you take the nearest footage they have in stock and if you require it cut, you pay for the original total length plus a cutting charge.

Why should the paper trade be different? By taking the paper in mill packs, the condition of the paper is very much better than if it had to be broken open, counted out and re-wrapped, surely the most compelling reason of all.

TIME IS MONEY

USE OUR TELEX

TANNER CRAYFORD 896048

TANNER LEEDS 557201

It is cheaper and quicker

Tanners keep up with the times