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Moving Out of PRINT

As the printing industry changes, Polestar Group has invested in new technologies, diversified, and gained market share while many of its competitors perish.

Images by Ben Lister

As Europe's largest independent print company, Polestar Group knows the printing business. Founded in 1998, and based in London, the company prints everything from magazines to brochures, including big names like *Cosmopolitan*, *Company*, *Stylist*, *Lonely Planet Traveller*, *Top Gear*, and *Good Food*. Barry Hibbert has been CEO since 2001, and has overseen industry change, the expansion of Polestar's offerings and its gain in market share.

Barry originally studied engineering and worked in electronics production before moving into executive roles. He was a director for Europe at Harman International, a consumer electronics company, before moving into the printing industry in 1993. He then worked as group managing director at British Printing Company and was

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European CEO at Httprint Europe before taking on the chief executive role at Polestar.

Barry says that his past experience has helped him significantly in his current role. "I've gone from an engineering background and manufacturing into general management," Barry says. "In my role at Polestar I have to have an understanding of the business on an operating level, so having an engineering background in my CEO role is an important skill set to have. Most of the dynamics that we operate have an engineering bias towards us anyway because we're basically a manufacturing business."

In Barry's time heading Polestar, the industry has changed dramatically. The popularity of the internet and other digital mediums has meant a decline in magazines, one of Polestar's main focuses. Although this is bad for

the industry, Barry says it has proven successful for Polestar. "The industry itself is declining, so the printing industry as we know it is declining but we've actually gained market share during this period. Our growth has come unfortunately at the expense of competitors, but also from natural attrition in a declining marketplace. So we're seeing significant consolidation. I think in my 13 years as CEO I've seen eight of my 10 major competitors go into administration or consolidated, and this worldwide change is continuing."

One of the changes Barry has made that has allowed Polestar to stay so strong is cutting costs in the factories without the quality of work decreasing. "We've driven unit costs down," Barry explains. "We've gone from 28 sites when I became CEO down to eight sites today with the similar output that we had, more or less. Obviously, all >



that infrastructure cost has disappeared for the closed sites and we've put the capital investment into high output."

Polestar's output is extremely high. The company is printing 24 hours a day, seven days a week. The presses effectively never stop (apart from maintenance), constantly printing the weekly and monthly magazines consumed across the United Kingdom. "We're very similar to a newspaper business. We run to deadlines every five minutes of every day, seven days a week, 24 hours a day. Customer on-time delivery is an absolutely critical parameter for us as a business, and of course quality is paramount. We're producing around 50 million magazines a week, all of which have got strict deadlines to meet in a seven-day, 24-hour period.

"What has allowed Polestar to be so successful where other businesses have failed is investment: capital investment in infrastructure; and investment in good staff, combined with giving our employees the autonomy to make decisions when required. There's no micromanaging because there simply isn't time," Barry says. "Each employee and their opinion is valued, regardless of position, and managers are free to run their areas without the executive team becoming overly involved in the day to day.

"Capital investments and great people make us different. I would put great people first before capital investment, but the two go hand in hand. In our industry, you can't just have great capital equipment. We spend a lot of time on training and development. We don't lose many staff voluntarily, which is critical. To get the best out of that capital investment in the business we need excellence in teamwork and people skills.

"That's our competitive edge: the way we manage our output with our people is critical, and the way that we devolve responsibility down to the lowest common denominator in terms of where the action is. We're a very fast



turnaround business; we don't have time to manage downwards, to get decisions or to take action. So you have to take that right to where you're producing in the first place. We rely on our people basically to manage and have responsibility for their own areas. For example, a lot of our customers have access to our plants and work with the crews on the printing presses. They know them by first name; they have banter with them. Our customers are integral to how we operate, and that relationship is right down to when we're packing pallets and shipping. Our customers know our people very well."

The focus on the staff at Polestar is also shown in their commitment to training and development. They want all their staff to be continually developing their skills, whether those skills are directly related to their current position or not. Barry believes that training staff will always have a positive effect on the business,



and allows employees to be more engaged with their job. Training programs have won awards, something that the company is very proud of. "Basically, what we have is a centralised overview of training people," Barry explains. "What we try to do is make sure that no matter what role you have in the organisation, you have the ability to advance, whether that be directly related to your job or just personally. We do access grants; we have training options in various printing plants to be able to allow people time to train. So NVQs [National Vocational Qualifications], apprenticeships, and just personal development are encouraged.

"We've won awards for our apprenticeships scheme and our training, and that's an area we want to continue. It's always an area that is encouraged to cut when things are tough, but we've seen the benefits. When people develop themselves there's a knock-on effect of performance in the business. Training is a critical part of our business going forward and always has been. Especially when we're dealing with technology change, you have

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to adapt. It's surprising sometimes when I think about that old saying 'you can't teach old dogs new tricks'—we don't believe that for a second. You just have to put time into training, and no matter what age you are you can adapt, and we've seen that time and time again. We've seen guys with a spanner in their hand and a grease gun being able to cope with a high-tech environment quite comfortably as long as the training quality is there."

This training has, as Barry says, become more and more important as the industry changes and becomes more high tech. There can be a misconception of printing, with people imagining typesetting by hand—techniques that are barely used today. Automation is increasing, allowing for more cost cutting and a faster output, but complete automation of printing is still some years off according to Barry. "We're actually quite a high-tech business. I know people will assume that printing is old fashioned, but it's very high tech. There aren't many people involved in the process. The data that we print now doesn't have any human intervention from the publisher; it

goes straight into a digital process and it's printed.

"About 15 years ago, we had many typesetters that meticulously produced printing plates. All that is now automated. It is very much a digital process: the tracking of the work, the automation of the presses. It's become a very digital high-tech environment to work in, and this is speeding up. There is a concept that we'll have a 'lights out' operation in a number of years' time. We're a long way from that, and what I mean by lights out is there are no people around. I don't think we're anywhere near this yet but we're certainly heading in that direction, with the same outfit but less and less people."

Another misconception about the industry that is frustrating for Barry is the perception that printing is bad for the environment. Polestar works closely with environmental organisations to ensure its processes are not damaging to the environment and its supplies are sourced ethically. "We actually work with the World Wildlife Fund and we trace and track all our paper sources," Barry explains. "We >



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work with our paper suppliers on a program to plant at least three trees for each one taken.

“We only use fast-growing wood, and what we’re finding is the paper industry is planting far more acreage than they’re taking and we do everything we can to encourage that. There’s a misconception that printing is damaging to the environment, but it’s actually one of the greenest mediums there is because we are as an industry regenerating more than we take, and even what we take is only fast-growing materials. We don’t use hardwood; we don’t use rainforest woods; we use properly planted and organised forestry. That’s something we work on very closely with our customers.

“As an industry, we are starting to push back a little bit more on misconceptions of what printing actually is, because there is still the perception that printing is not a green medium. Actually, it’s the greenest medium around for



delivering and consuming media. We’re pushing the industry together to try to educate consumers that printing is the best environmentally friendly way of consuming.”

This is also a focus of the European Rotogravure Association (ERA), of which Barry is a director. The association looks at ways to reduce the environmental footprint in the industry. “As a pan-European industry, we work with the EU on environmental matters. We support and help the EU to understand the type of materials that we use in the industry. We’re

constantly looking at ways of tightening the parameters on anything in the environment that might cause harm to either eliminate it altogether, or significantly reduce it. Part of my role in the ERA is to help the wider industry, not just as an individual UK company.

“We have technicians that work with the industry, across all sectors, and we work with our competitors around Europe to look at things like traceability of paper and transportation reductions. We’re constantly upgrading our transport policy. We’ve been able to reduce every year the number of trucks we use on the road for distribution through cooperation. It’s not unusual for a paper truck to come in full of paper and then leave with printed products. We’re constantly looking at ways of reducing our green miles as well as the materials we use in the industry. That is driven by our customers and consumers.”



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The ERA and Polestar work closely with suppliers to ensure this. Polestar, Barry says, has reduced the number of suppliers, which helps it ensure good relationships and ethical sourcing. “Partnership is an overused term, but in our case it is absolutely critical. Because the raw materials we use, and the parameters we need in terms of classification are so critical, we need to have a sole supplier in a number of cases. There is a very close technical relationship between our technicians and material manufacturers because we’re constantly pushing the boundaries. We have paper running through printing machines at 30 miles an hour and it needs to dry instantly, and, of course, that requires chemistry that is leading edge. For that reason we have to be dedicated to our relationship with our suppliers and to encourage them to constantly push the boundaries by giving them volume and revenues and certainly a strong sales forecast. This encourages them to continue to invest in R&D. For that reason,

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we’re not able to spread too much of our purchasing revenues. We have to partner and be very selective about who we work with.”

For the future, Barry envisions the printing industry continuing to change, and that companies will have to adapt or perish. Polestar has diversified its offerings, moving into digital channels, and if others don’t follow they won’t remain sustainable. “We will have a more diverse offering, so at the moment, this is split into various divisions,” Barry says. “We have companies providing the online versions, the mobile versions, and the rest. The printed medium is all from the same data source, but being delivered in different ways. What we are starting to see going forward is that printing companies will become far more diverse with multichannel workflows.

“The industry has certainly not finished consolidating. We will continue to offer what we consider to be best unit costs, best platform,

and best schedules to our customers, and we will grow through further consolidation of the market and further market share gains. It won’t be through organic growth, because generally across most of our portfolio there’s a natural consumer decline. And that’s going to continue so we have to adjust our capacity and our manufacturing capabilities to cope with the fact that organically most of our industry is declining from a consumer perspective, which means fewer copies, less volume. But also diversification and acquisitions. We will move more into content management and digital content delivery, so as our thinking moves to online and other digital platforms, we are acquiring the capabilities to be able to follow this trend. We recently bought River Group, which is a pure content agency, and we will make more acquisitions in this area, which basically follows the transfer of revenue from traditional print to digital media.”