

# PAPERMAN: unlocking the

**Publishers can gain significant cost benefits and efficiency savings from taking control of paper purchasing and management through a system such as Paperman.**

**P**APER CAN ACCOUNT FOR 50 TO 60% OF THE TOTAL cost of producing a magazine or catalogue, and yet most publishers relinquish control of the purchasing and supply of their paper, leaving it instead to their printer or print management supplier.

“When you consider how exciting a brand new catalogue or magazine is in terms of its content, probably the most important and certainly the most expensive item contained in the magazine is the paper it was printed on,” says John Stevens of Paperman, an electronic paper management system that is growing in popularity with UK publishers such as Emap and Haymarket.

“My concern is, do publishers realise this, since so many publishers don’t become involved in the printing and distribution of their catalogues. With outsourcing to print management companies and print companies, the publisher’s only involvement is often producing the copy and paying the printer invoice.”

However, Stevens contends that in doing this, the publisher is leaving the control of that cost to a partner who has a potential conflict of interest. If the printer is selling the paper to the publisher, then the more paper used represents more profit for the printer.

Therefore, Stevens believes it makes sense for any publisher

who is spending a significant amount on producing catalogues and magazines to become involved in the supply and management of the paper so that control can be placed on at least 50% of the cost.

Such a move requires a publisher to employ or train someone in the art of buying and managing the paper usage. Alternatively, says Stevens, a publisher could employ the services of a paper management consultant who at reasonable rates can prove cost feasible.

What’s also required though is a good computerized paper management system that assists in configuring magazines, planning print runs, managing stock replenishment and of course supplies the accounts department with the figures it needs. Such a system, Stevens points out, is Paperman.

There is a downside to grabbing hold of control of paper purchasing. In terms of paper consumption, a publisher has to accept that with the printer they only pay for what is used, whereas if they buy their own paper there should always be a surplus of paper over and above of what is used in that print run. A good paper management system should keep this surplus stock to a minimum, and of course that paper will be used either in the next print run or on another magazine.

So in buying paper either directly from a mill or via a merchant, the publisher will be expected to pay for the paper when it is delivered to the printer – although many merchants are now offering “invoice on usage” which correlates to the printers’ charging method. Stevens points out that an offset comes with better prices if buying the paper directly, especially if the publisher



*John Stevens of  
Paperman*

# potential of paper management

can enjoy good settlement discount terms.

It would appear then that the publisher might be paying for more paper than it is using, while potentially benefiting from better prices. There are numerous upsides to this arrangement though.

Firstly, the publisher can choose the paper it prefers, and it can also purchase it in the most efficient reel widths. Publishers might agree a waste formula with a printer – for example a two thousand copies start up, and a 5% running waste. This is a generic way of agreeing all the various areas where paper is wasted e.g. slabbing, bindery waste etc.

There is a hidden waste that comes about, however, by using the wrong width of paper, which is referred to as paper utilization. If a printer buys standard reel widths e.g. 870s, and runs them on a 630mm cutoff press, then that will be quite efficient for, say, an A4 magazine where there will be a paper utilization of 91% - i.e. 9% is wasted.

However if the publisher prints a smaller magazine, say 285mm by 195mm, on that same reel width then utilization goes down to 81%, with a 19% waste rate before printing even starts. Once the make ready and running waste is added, the overall rate of wastage is in the order of 30%, as opposed to 20% with A4. Use a reel width of 800mm and reduce the cutoff to 625 and the utilization increases to 89%, says Stevens. These can be complicated equations though, and it would be useful to have a tool to make such calculations a simple process – and this is what Paperman can do.

Another issue where publishers use printers to supply the paper is the cost of over-usage. If a publisher does calculate the amount of paper that should be used and compares that with the amount of paper the printer actually used, then a refund can be claimed against that over-usage. If a publisher does not make that calculation however, such over-usage might not be identified.

Buying its own paper and properly managing that paper will automatically involve the calculation by the publisher of theoretical usage, thereby making the identification of over-usage an automatic process, and the resultant possibility of a further saving.

Many publishers are also in the process of switching publications across to more environmentally friendly papers, such as recycled and FSC or PEFC certified stocks. The Paperman system is able to assist publishers going through the administrative burden of proving the percentages of certified paper used through a complete FSC and PEFC audit of paper.

Haymarket is one such company currently using Paperman through this process, and Elaine Bevan of the publisher is inputting chain of custody data on the certified stocks that Haymarket uses. The benefits of this are in the future for Haymarket while it gets this information into the system in the first place.

“It will be a brilliant system when it can show us how many times a paper has been used and how much tonnage is certified. More and more printers are linking into it as well to record delivery, so the information is becoming more and more immediate,” says Bevan.

## Case study – Titan Publishing Group

Titan Publishing Group Limited, the publisher that produces high quality magazines and graphical novels such as *Lost* and *Wallace and Gromit*, has discovered that by buying and managing its own paper it can save significant amounts of money. Titan can also now choose its preferred paper for all its magazines and books, rather than having to use generic papers supplied by its printers.

This change has come about since Titan appointed a new print and paper buyer in Kevin Wooff, who on discovering that Titan allowed its printer to supply all the paper, immediately investigated the costs and work involved in managing that paper himself.

Titan purchases something in the order of five thousand tonnes of paper per year, which at an average price of £500 per tonne represents £2,500,000 a year. A 10% saving, therefore is going to represent as much as £250,000.

Before taking the plunge, Wooff was able to use a trial version of Paperman for a couple of months to test out the possible advantages and pitfalls of buying and managing his own paper. He also used the advice of an experienced paper management consultant from Huie Associates to point him in the right direction.

In using Paperman, Wooff realised that considerably more paper was being used than was necessary and that alternative papers could be used on certain magazines. He was also impressed at how little effort was needed to buy and manage his own paper.

The paper mills were called in to tender for the supply of paper needed both in the UK and the US, where Titan publishes many of its titles, and the publisher went live with Paperman in the spring of 2007. Titan is now implementing electronic ordering and invoicing thus reducing the amount of effort needed to record data, and has linked Paperman directly to its publishing scheduling system, making it responsive to schedule changes.

“The biggest thing is that there are no conflicts between paper suppliers with Paperman,” says Wooff. “We can let them use the system without seeing prices, and printers can look on there for print run forecasts. If they overuse paper we charge them for it and if they under-use paper we can share the dividends, which everyone seems quite happy with.

“I’ve been at Titan for eight months and paper was part of the agenda the company wanted me to look at, but it had no idea of the benefits paper management could bring, and those are pretty substantial if you’re buying direct.”

