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Lessons from the train wreck – James Cryer on the GEON collapse

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By Print21

James Cryer of JDA Print Recruitment – and local print industry gadfly – analyses the GEON Group's fall from grace of the PE brigade in his usual (un)-subtle manner.

GEON finally succeeded – during its death throws – to achieve what many of us had always wanted to do but failed: to put print on the front page of the mainstream media.

But it was for all the wrong reasons, as the GEON debacle was broadcast to the world at large last Friday, on ABC's primetime six o'clock news. In it (and we can only hope young kiddies were having their bath) we were told how "more than 650 workers now expect to be retrenched" and that Workplace Minister, Bill Shorten was prompted "to intervene to guarantee GEON staff early access to their entitlements."

So here we have hundreds of printing employees thrown out of a job and doubt is cast over the payment of the former employees' entitlements. Not a good look for any young person contemplating a career in print!

This is a far cry from the clarion call, which announced – with great fanfare – the arrival of the private-equity posse over the horizon, back in 2007.

GEON – according to its own self-promotional brochure, which I have in my possession, was touted as 'bringing vision to life' – and 'maximising potential and ensuring excellence in everything we do, through print and communication solutions'.

Noble sentiments.

Further perusal of its brochure is instructive as it proclaims that 'GEON will deliver to our customers' (sic) holistic and innovative print and communications solutions by adopting leading edge technologies, applying lean operations and engaging the best people.'

That may have been GEON's first mistake, hiring someone to write such drivel – and second, it's a reminder that words can be cheap.

If I may be permitted to make some observations – lessons perhaps in how NOT to run a printing company:

First, on the matter of 'engaging the best people' – I'm not sure about the best, but they certainly employed a lot! Of managers, that is. Every month one would read of some manager or other (often with a fancy title like 'Northern Region Strategic & Operational Process Improvement Manager') either coming or going, to the point where I used to wonder if the big tin shed actually contained any workers or was simply a grazing paddock for managers who would simply munch on the grass before being put out to pasture elsewhere.

Second: workflow. As Frank Romano once famously said 'Workflow is everything'. Geon fell into the trap of quoting much of its work as part of its 'contract pricing' i.e., the client agrees to give them this amount of print for that unit price. But clients rarely keep their side of the bargain – the quantity may fall shy, or the number of changes is more than what was bargained for – or the allowance for disruptive emergency jobs is underestimated – or all of the above.

There was a constant stream of anecdotal evidence that GEON had not 'mastered' its workflow (not helped by its grappling with different software systems). But the truth is: ours is a messy business. It's full of

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disruptive events because it's a highly intensive 'batch-processing' manufacturing model which requires a high level of customised attention for each job, and a generous amount of 'excess capacity' built into the system to act as a buffer.

GEON could have either offered skinny margins and manage a seamless workflow – or raise the price and accept that there is no such thing!

Third, on this point of managing workflow: I'm convinced (although I can't prove it!) that there's an optimal size for a printing company. My guess is between 50 and 150 people – anything larger invites a dysfunctional relationship between sub-groups and creates unwieldy management of information. In a high-pressure, bespoke print operation, people need face-to-face connectivity to iron out the bugs before they arise. One got the impression that GEON was too large to permit these tight-knit interactions.

The fact that these groups were drawn from previously competing 'tribes' with different dynamics and cultures did not help!

Fourth: they were always on the nose as 'outsiders' who showed no long-term commitment to the industry. Apart from persisting with unsustainable pricing the backroom boys never bought another printing company, even though prices had plummeted since their original ill-timed foray.

Fifth: Geon was perceived, rightly or wrongly, as the class bully who had a rich uncle. It could throw its weight around – i.e., quote at unsustainable levels, not because it enjoyed a lower cost-base – but because the 'unseen hand' of the PE monster was embarking on a 'market-share-at-any-cost' strategy.

And finally, the take-home lesson for us all is that, for any commercial enterprise to succeed, its owners must have 'skin in the game' – and not be absentee landlords. Those original owners (who sold their businesses) were old-fashioned, unsophisticated and probably didn't have a string of business degrees after their name. But they knew the names of all their employees and their kids – and probably what their kids had for breakfast.

Over a century ago in 1893, an Australian, William Lane, took 238 people (a similar number to the staff at Banksmeadow) to the wilds of the Paraguayan jungles to start a bold new society based on noble sentiments but flawed assumptions. If only the PE gnomes would have read about William Lane and his short-lived "utopia" they could have avoided this bloodbath.

The message from the train-wreck is: lean and mean beats big and fat.

My thoughts go out to those expendable collateral – those workers who poured so much of their own blood, sweat and tears into the 'experiment that failed'. The great injustice is that the perpetrators – will probably just lick their wounds and try again.

To read Cryer's modern GEON-inspired lyrical take on the classic poem 'The Spider and the Fly', [click here](#).

The industry can't afford to lose talent such as Joan Grace
[.http://ft.co/DuGDpXtwbC](http://ft.co/DuGDpXtwbC)

Colin Longbottom heads towards the exit Good man Colin, hope your saddlebags are well loaded for the sunset ride.<http://ft.co/d5oamorf2X>

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2 Responses to “Lessons from the train wreck – James Cryer on the GEON collapse”

1. March 20, 2013 at 10:37 am, [Stephen Blue](#) said:

Nicely said James.

I remember when we were given the same sort of inspirational speech by Bluestar management when they acquired McMillan Printing. Wonderful future, enormous buying power, reduced costs, lean team etc. Just a load of twaddle really.

2 points are especially relevant: firstly, printing must be a hands-on business for everyone concerned (especially management) and secondly, if you are too big, you lose the communication lines between people and departments, opening up for errors and costly disasters.

When every job in the factory is unique and must be custom made from start to finish, there is no other answer.

2. March 22, 2013 at 10:56 pm, [Worried](#) said:

So that means the end is nigh for Blue Star?

Very pleased by that.

Support your local printer/finisher and remember, keep under a 150 staff and don't try to be a one stop shop.

It leads to a road of ruin.....

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