

National consolidator Mail-Well tries to make it in old New York

By Jeanette Clinkunbroomer

The printing industry has seen the rise of several major, nationwide consolidators over the last five years, but so far, most of these firms have served the metropolitan New York area only from sites outside the city. The exceptions are Cunningham Graphics International, Jersey City, N.J., with its recent purchase of Manhattan's Bengal Graphics, and Integrated Graphics Inc., New York, which has assembled a conglomerate of firms located mainly in Manhattan and Long Island, with additional operations near Phoenix, Ariz.

Now, however, with Colorado-based Mail-Well Inc.'s agreement to acquire Enterprise Press, the Big Apple, too, becomes part of the consolidator's big network.

'Strategic acquisition'

"Enterprise is an important strategic acquisition for Mail-Well, as it gives us a strong presence in one of the largest commercial printing markets in the United States," said Gerald F. Mahoney, Mail-Well's chairman and CEO, in a written statement. "The Hort family, who will continue to run the company, has built a well-deserved reputation for quality products and outstanding customer service. We intend to capitalize on this reputation and their convenient Manhattan location to help accelerate the implementation of our cross-selling and national accounts programs in the New York market."

In addition, V. Bruce Thompson, Mail-Well's senior vice president of corporate development, pointed out, "They are also in control of the real estate, which is important in Manhattan."

Family-owned since 1915, Enterprise Press offers highly diversified printing services primarily to a city-based clientele that includes ad agencies, political organizations and national corporations headquartered here.

The company owns its building and, though it will continue to work out of that location, the site was not part of the acquisition.

"There should be no changes in operations, and we're surely not moving," said Robert Hort, chairman of Enterprise.

Other terms of the deal were not disclosed.

For Mail-Well, the deal was hard to pass up.

"We feel that this was a good opportunity for us," Thompson said. "When you can combine a well-run operation with a solid product and equipment base, and you can work out a transaction that's good for everybody, you just need to do it."

Mail-Well may be a newcomer to New York City, but it is one of the best established, most successful consolidators in the printing and graphic arts industry. The firm was created in 1994 through a merger between GP Envelope, then a division of Georgia-Pacific, and Pavey Envelope & Tag Corp. This initial transaction launched the development of a chain of envelope manufacturing businesses and included a commercial printing division, Graphic Arts Center of San Francisco. In 1996, Mail-Well began acquiring capacity across the country to produce what it calls "high-impact" printing: i.e., full-color, high-quality work.

Following the deal with Enterprise Press, which was expected to close in August, Mail-Well will own about 35 shops coast-to-coast. However, until the purchase of Enterprise, Mail-Well's activities in the U.S. Northeast were limited to ownership of a cluster of printing firms serving the Baltimore-Washington, D.C., market, NK Graphics of Keene, N.H., and United Lithograph of Boston.

"We have two market focuses," said Paul V. Reilly, president and COO of Mail-Well. "One is the major geographic print markets, and there are about 50 in North America. Then we might have several operations in the area that would coordinate their market-

ing and production activities, resulting in our customers' having a full product offering.

"An example would be St. Louis," he says, "where today we have about \$100 million in sales. When our salespeople in St. Louis call upon a customer there, they can offer them anything from six-color high-end printing all the way to Docutech printing, for the full gamut of printing services."

Enterprise Press represents exactly the kind of company that Mail-Well seeks for acquisition. With sales of about \$23 million last year, Enterprise thrives on providing almost any kind of printing a customer requires. The firm offers design as well as extensive prepress and proofing services, printing from one- and two-color small-format work to high-volume jobs on its six-color 28"x40" Harris M-110 heatset web press, complete with pattern perfiing and remoistenable gluing. In the intermediate range, Enterprise has 28"x40" and 26"x40" sheetfed presses with in-line aqueous coating. The company also provides a variety of postpress services, including folding, die-cutting, foil-stamping, embossing and saddle-stitching. Enterprise also can laser-print customized messages and offers mailing services, such as database management.

Judging by its past performance, Mail-Well likely will not tamper with Enterprise's success.

"Printing is a local business," Reilly observes. "We want to keep that local management because they have customers who are important to them. By keeping the local management and not making a lot of changes, the customers will come to understand that the new company will be just as good as the old one."

The big picture

Commercial printing is but one of four major divisions of Mail-Well, which had total annual revenues of \$1.5 billion last year. Although the corporation as a whole is head-

quartered in Englewood, Colo., in a realignment last year, Gary Lorenz, president of Mail-Well's Color-Art Inc. of St. Louis, was named president of the commercial printing division. St. Louis now serves as the division's administrative center.

While Mail-Well has been acquiring printing companies, its envelope business has been retained and expanded — the company expanded that operation. The fourth division is Mail-Well Label, which makes a range of label products for the food and beverage industry. The division recently added Porter Chadburn, formerly based in the U.K. and a major supplier of label products to customers in North America.

Mail-Well Inc. went public in September 1995 and is currently traded on the New York Stock Exchange. The company's considerable financial resources are cited as a key reason that independent firms elect to join Mail-Well.

"If you take companies of comparable size within the printing industry and compare one that is consolidated with one that is not," Reilly said, "the consolidated one is getting more capital. It's looked upon more favorably by Wall Street. It's looked upon as a growth company."

"The larger companies have more capital, and we're actually looking for places to put capital," he added.

Will Mail-Well put any more capital in New York? While acknowledging that it is relatively expensive to do business in the city, Thompson did not rule out future growth.

"We're always interested in expanding. It just depends on the product, price — the normal range of variables in any transaction." P&G

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