

PUBLISHERS'

NEWSLETTER

Spring 2024



**I LOVE TO READ MONTH
RECOGNIZED FOR EXCELLENCE
LET'S KEEP MOVING!**

INTRODUCTION

Doug Symington, General Sales Manager

I write this while waiting to return from the 2024 London Bookfair. For those of us who have been in this industry in one way or another, we sometimes forget both how large the industry is, and how stable it is. Most importantly, how dynamic and adaptable it is to change. London this year reinforced all that.

The Book Fair was moved from April to March to make it the first big fair of the year so it could make a statement and set the trend. It did both—attendance was up.

Upon arrival, the queues to get in were noticeably larger than in many years, not just post-Covid, but many years! The noise level in the Olympia was loud, and the hallways between stands were crowded with people. Many meetings that would have taken place at a table and chairs were taken standing up in any space you could find.

The number of American publishers was up significantly, including both the CEOs of Penguin Random House and Simon & Schuster just wandering the floor. Many production people we ran into were there for the first time. As you stay longer in the industry, it is always good to run into someone who has never attended an event like this before. One senior production manager attending for the first time said to me, “Wow, this is an incredible experience! It reaffirms my career choices.”

Canada as usual had a strong presence, and the booth was busy.

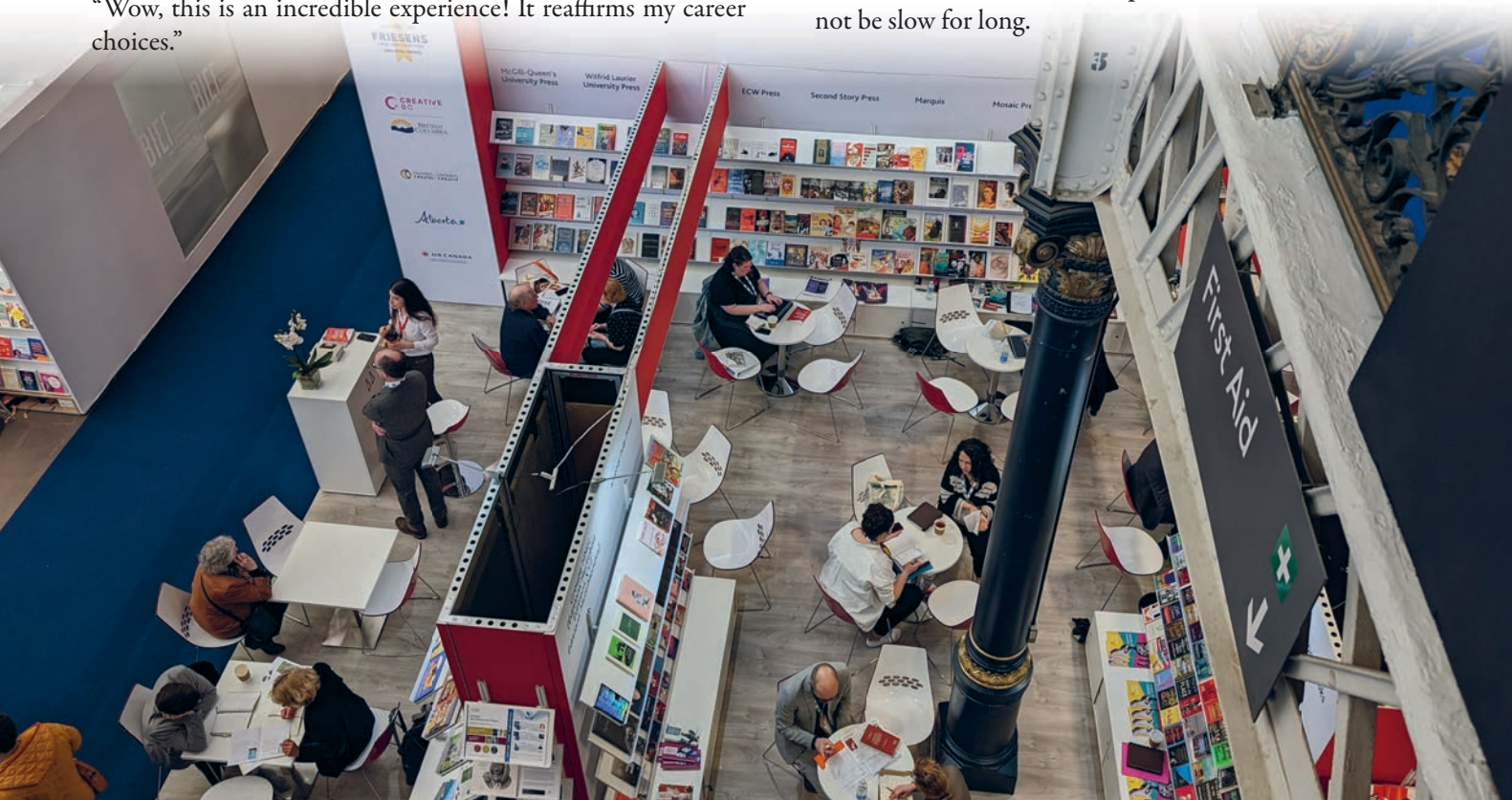
For Friesens, it gives us more outlook into overall industry trends and confirms or questions what we are planning for. Questions about sustainability, AI, and social diversity were all on the stage and in the booths. These are issues we continue to work on and look to incorporate into our planning and workflow.

The fact that Simon & Schuster now have an employee-ownership component under their new owners was near and dear to our heart.

In terms of printing, you can now see that many printers, especially from India and China, now feature prominently the audits they have passed. Recycled paper seems to be attracting interest in Europe now. Shorter time to market continues to be a push. There is less information about digital printing, likely because it has become more mainstream.

I had to wonder if Frankfurt would also benefit from this feeling, and attendance there is already expected to be up about 12 percent.

While last year was slower for us after the record years during Covid, London left me with optimism and a belief that we will not be slow for long.



TURNING THE PAGE

THE STATE OF BOOK MANUFACTURING IN 2024

Andrew Fennell, Friesens VP of Finance & Byron Loeppky, Senior VP of Books

What follows is a conversation with Andrew Fennell, Friesens VP of Finance, and Senior VP of Books Byron Loeppky as it pertains to our industry and to Friesens in particular.

It was late 2021 and “supply chain issues” were a topic of concern. For many industries (the book business included), the COVID years of 2020–2022 felt like a logistical ball of wires that was impossible to untangle. From paper shortages to delayed delivery times, there were many forces working against printers and publishers hoping to get their books into readers’ hands. Andrew accurately anticipated the outlook for 2022 by saying, “On the supply side, we don’t expect it to let up.”

But time heals all wounds—including balls of tangled wires. What was once a gloomy outlook fraught with challenges has given way to clear skies and smooth sailing for publishers with books to be printed.

There is some positive momentum being felt in the printing business, and what might it mean for publishers in 2024? Let’s find out.

In 2021 and 2022, supply chain issues like paper shortages and transportation delays challenged the printing industry. Where do things stand today, three years later?

It’s much improved—that’s across almost every industry, and certainly for the paper industry and the book industry itself. There’s no question that supply chain issues are a rare conversation with our suppliers now.

With regard to paper, it’s night and day. In 2022, we were having difficulty getting paper from the mills. Today you can get what you want essentially when you want it. The lead times are back to normal, or, in some cases, they’re better than historical normals. The only caveat to that is that some mills reduced the scope of their product line, as in they simply dropped some paper types or specialty papers. The range of options is slightly less than it used to be, but we can certainly get our house papers, those that we consistently use on a regular basis, without any concern. So, that’s a big improvement. The paper mills are not currently busy, and they’re able to meet demand fairly easily. That’s very different than it was a year or eighteen months ago.

Transportation challenges have also significantly lessened. We don’t do a lot [of buying] from overseas, but when we do have shipments coming in, containers have not been a problem (especially from Europe). Getting shipments was a nightmare eighteen months ago, so that’s improved significantly. Truck availability is much improved as well. The cost of freight has actually declined compared to a year ago.

Generally speaking, supply chain challenges for Friesens started to dissipate in the spring of 2023. The mills no longer talked about being on allocation, so lead times started to normalize. We also experienced fewer freight issues.

We’re at 95 percent of where we were pre-Covid and from our point of view we would call it a full recovery on the supply side.

A full recovery sounds like great news—is it really all sunshine and roses?

The supply side is stable, but the exception—and this is not unique to our industry—is that even though it’s stabilized and supplies have recovered, costs have not come down. They’re sticky. We thought paper prices would drop, but they haven’t; we’ve had little bits and pieces here and there see slight declines, but not nearly what we thought we would see.

We just went through an RFQ (request for quote) process [with our paper vendors], which makes everything transparent for us. We saw very, very little movement from virtually any of the mills. That’s the oddity in this—we’ve regained stability and seen a return to normalcy, but costs have not come down.

How has Friesens fared in 2023?

We need to give some context to 2023 because 2022 was a blockbuster year as far as demand for product and utilization of



capacity—we were inundated with orders. From our point of view, 2022 was both a fabulous year and a huge anomaly. 2023 has looked like a down year in comparison, but historically, 2023 would have been considered a good year. We're starting to compare much of this to 2019, which is pre-pandemic. It sounds odd, but it is the most relevant baseline for us. To better understand where we are at, we are focused on the trend line from 2019, 2020, and then 2023.

Q4 of 2023 was slower than expected, as we had expected to see some rebound during the traditional busy time of the publishing cycle. The major reason for that is because the demand for colour books is down in North America, and that affects not only Friesens, but all book manufacturers.

We're still happy with the volume of books we did in total for 2023—which ended up being 20 million copies. The upside of being slower is that our turnaround times are better for books, and our on-time delivery is very good. We were able to give our staff some much-needed extra time off and our machine maintenance program had an opportunity to catch up.

Despite a slower 2023, we're somewhat unique in that we didn't really stop investing. We've still got new equipment coming in. We had a couple of new press installations in 2023. One is a new sheeted press, another one is a new digital press (or inkjet press), and we also installed some new equipment in our bindery. We tend to have a long-term view; although 2023 was down compared to 2022, it was a good year and we're still investing heavily in the book business because we believe in it.



In addition, we have one and maybe two more presses scheduled to arrive in 2024 that you've been reading about in previous Publishers' Newsletters. The Timson web press is scheduled to arrive in summer of 2024, and expects to be in full production for the fourth quarter. A second sheetfed press is a possibility for 2024.

Looking back, can you sum up what happened in the industry that made 2020–2022 such an anomaly?

Starting in late 2020 and continuing on into 2021 and 2022, the largest North American publishers reacted to significant delays and significant cost increases associated with bringing in books printed in Asia. Container costs spiked dramatically, and there were very challenging backlogs for incoming containers—especially those arriving on the west coast. This triggered a fairly pronounced shift to domestic production, meaning publishers sent many (and large) orders to North American book manufacturers instead.

In addition, during Covid restrictions, public demand for printed books increased, creating a double whammy. More overseas work was being brought back to North America and there was a greater demand for the printed book from the reading public.

This was great for North American book manufacturers, but quickly overwhelmed the domestic capacity. Our 2022 was effectively sold out before the year even started! Both 2021 and 2022 were abnormal and anomalous from a demand point of view, and this forced us to manage our business in a different way.

As such, 2019 (or simply, pre-Covid) is a better comparison for North American book manufacturers. Demand returned to “normal” by mid-2023, and we expect that will continue in 2024.

What does the future of printing look like from your vantage point at Friesens? Are there any trends or innovations that are shaping the industry?

Throughout the manufacturing sector, there's a lot of conversation about automation by using cobots and robots—not just book manufacturers, but throughout the entire industry. It's not new information, but the printing industry is not on the leading edge when it comes to automation. That's kind of top of mind for a lot of book manufacturers now: what can we do, and what's possible—specifically in the bindery?

Another emerging technology is inkjet printing—which is certainly not new to the world, nor is it new to the printing industry. However, we've always dragged our feet on it because we didn't believe in the quality of inkjet printing for books [until recently]. And so, some of our competitors got into it earlier than we did. We've taken our time, and it's because we wanted higher quality inkjet printing for the type of books and quality we want to produce.

We just got an inkjet press operational in the last month or two and are working out the kinks, but are very happy with it. It's delivering the level of quality that we believe it needs for the kind of customers we serve. That's going to be eased in for us over the next few months. It won't be a mainstream printing

path for many of our books, but for a segment of books it's a great fit and it's a new technology for us that will be part of our future. We're really quite pleased with the quality, especially the colour.

Lastly, we recognized the need to update our ERP (Enterprise Resource Planning) system to allow for greater efficiency through the front end of our system right through to production. The transitions have begun, and will continue through 2024 and beyond.

What do publishers need to know about navigating the printing industry and bookselling landscape in the short to medium term?

One thing to be aware of is there's still stickiness around pricing. The cost of raw materials is not going down; there was a ramp-up in cost, and we don't think it's going to ramp down by any significant amount in the short term. That's relevant to anyone involved in buying print.

As far as the bookselling industry goes, we certainly monitor it. We've had inconsistent reports, but it seems that the industry has settled on a decline of approximately 3 percent for printed books in the first half of 2023. A 3 percent decline is not inconsequential, but it wasn't 5 and it wasn't 10. Still, early signs for Q3 are very good, and independent booksellers have reported great sales for the 2023 holiday season, so that's encouraging.

We certainly believe the demand for printed books is still very high. We've all heard about [audiobooks](#) and eBooks, but those formats still account for a very small part of the market, and our largest publishers are going great guns on print books. There's no hesitation from their point of view that booksellers are doing well. In fact, we have seen that at times competing formats can help the sale of a book in another format.

As things stand today, what does 2024 look like for Friesens?

Let's refer back to our baseline, which is 2019. Historically, Q1 has always been kind of soft, and it will be for 2024. Again, that's good from the point of view of the publisher, simply because it's not a problem to get a book printed—there are shorter lead times and you can get your books when you need them (and on time!). Deliveries are all good too. If you're considering placing a bulk order, now is the best time to do so. While Q1 will be a little bit slower, we expect the back half of the year will be pretty strong for us. The task is certainly with our sales team now. The focus has definitely shifted from production in 2021 and 2022 to sales in 2023 and 2024. But we're optimistic, no question, 2024 will be a good year for us again.

Now that the dust has somewhat settled and we've seen a 95 percent return to normalcy, have you and Friesens learned any lessons from the highs and lows of the pandemic era that you'll apply to business going forward?

There were several lessons learned (or confirmed) during the pandemic era.

One was to maintain healthy relationships with suppliers: keep your commitments, conduct business honourably, and pay your bills. All those practices work to our advantage in times of supply chain turmoil.

Second, communicate effectively with long-time customers and forewarn them of challenges ahead. We made a significant effort to advise our customers of capacity issues and worked with them to find solutions for important orders (reprints, time-sensitive publication dates, and the like).

Third, we had to reinvent how we managed schedules. Our existing systems were not set up to handle loading for twelve to eighteen months out while predicting accurate delivery times.

Fourth, we need to keep our staff safe. This has many aspects to it, but without our staff, we can't serve our customers.

Fifth, never stop investing in the business. The speed at which you invest might vary, but the pandemic validated for us that constant reinvestment will hold the company in good stead over the long haul.

And lastly, keep your ears open and think long term. We listened, sought advice, and understood that there were significant market and industry shifts taking place, but also realized that this was not normal and demand would eventually normalize. We knew that we needed to serve and support our customers through challenging times, but also had to maintain a strategy for the long-term well-being of our customers and our company.



CELEBRATING LITERACY

I LOVE TO READ MONTH 2024

February is I Love to Read Month, an annual celebration of literacy in Manitoba. At Friesens, we believe it's important to foster a love of reading in children, especially these days when digital and social media monopolize the majority of their free time. As we are both Altona's largest employer and in the business of making books, it's our responsibility and honour to be part of this campaign every year.

Once again, Friesens employee-owners are teaming up with our friends at Golden West (a community-driven media company also based in Altona, with offices across the Canadian Prairies) to read to hundreds of Grade 2 students in fifteen schools across six school divisions throughout Southern Manitoba. It is a partnership we have had for several years that has brought a lot of fun and joy to the Friesens volunteers and the kids in the schools.

Not only that, but all Grade 2 students will receive a copy of this year's book *Fishing with Grandma* by Susan Avingaq and Maren Vsetula and illustrated by Charlene Chua (published by Inhabit Media, an Inuit-owned publishing company that aims



Friesens employee-owner Carol Hildebrand reading to the students at Gretna Elementary School. (photo courtesy of Golden West/PembinaValley Online)

to promote and preserve the stories, knowledge, and talent of northern Canada).

It was exciting to get into the classrooms throughout the month of February and bring such a unique book to the students!



Friesens employee-owner Amanda Schwartz along with teachers and students celebrating I Love to Read at Ecole Elmwood School in Altona. (photo courtesy of Golden West/PembinaValley Online)

LET'S KEEP MOVING!

The Friesens Theme for 2024

Chad Friesen, Chief Executive Officer

We believe that to be a great company, we should make a positive impression in the lives of our customers, our employee-owners, and the community. While it is essential for a business to achieve financial outcomes, the most important outcome for our business is that we help our stakeholders improve their lives along the way.

To this end, every year we introduce a corporate theme that focuses on a social aspect of our lives. Past themes have included mental wellness, diversity and inclusion, the essence of an owner, and community engagement. Focusing on these themes helps improve our culture, our understanding, and our relationships with each other.

The corporate theme for 2024 is “Let’s Keep Moving!” This theme emphasizes the importance of physical fitness for the well-being and productivity of our employee-owners. Staying active can have many benefits, such as reducing stress, improving mental health, and increased energy levels. It also helps prevent or manage chronic diseases, such as diabetes, heart disease, and obesity. These benefits can translate into better work outcomes, such as higher attention to detail, lower absenteeism, and greater customer satisfaction.

Our company is constantly on the move. We’re continually introducing new technology, processes, products, and initiatives. For us as employee-owners to keep moving the company forward, we need to be at our best physically, mentally, and emotionally. Change happens quickly, and we intend to keep up with it—and better yet, lead the way!

To help us “keep moving,” we are launching various initiatives throughout the year to encourage and enable employee-owners to move and have fun. Some of these initiatives are:

- establish a team of “Keep Moving” champions to advance the theme
- increase awareness about the benefits of physical wellness
- offer fitness subsidies to reduce financial barriers to physical activity and coaching
- host group fitness challenges to build support and encouragement for each other

We hope that these initiatives will inspire our employee-owners to “keep moving” and achieve their fitness goals while also having fun and connecting with their colleagues. This will create a positive impact on their health, happiness, and performance, as well as on our customers’ satisfaction. We look forward to seeing the results of this theme in 2024 and beyond!





BACK TO BASICS

Friesens 2024 Sales Meeting Highlights

Ryan Hildebrand, Canadian Sales Manager

Our Book Division sales teams gathered in Dallas, Texas, from January 15 to 18 to celebrate this past year. More importantly, our time was mostly spent sharing ideas, planning, and preparing for the year ahead. Our theme for the meeting was “Back to Basics.”

At Friesens we have always believed in the importance of having representatives in the regions where we do business. These are knowledgeable, driven, customer-focused individuals who care about their customers, their books, and being a part of the Friesens team. Our sales representatives are the face of Friesens to our customers. They lead the way for us as we continue to manufacture thousands of book titles each year. While our session topics change every year, there are three key pillars on which we build our meeting time:

1. Educate—we provide educational sessions that will help each sales rep grow and improve in the coming year.

“Our sales representatives are the face of Friesens to our customers.”

2. Inform—we update sales reps on changes within our industry, company, and the plans we have for the coming year(s).
3. Inspire—we instill confidence in our sales reps that our corporate plans are solid, and we motivate them to achieve the targets and goals we have set.

During the meetings, we shared ideas on how to fill our expanded capacity with the addition of inkjet and web presses. We discussed the marketplace, paper trends, improving customer experience, and how we are working to improve our quality and processes. Progression is key in meeting the changing demands of today’s print world. We had sessions led by sales reps, plant managers, sales managers, our Book Division general manager Byron Loeppky, and a guest speaker, Dr. Peter Jensen.

Some of the highlights were:

- Guest speaker Will Evans from Deep Vellum Publishing and Bookstore. A passionate speaker, he is deeply involved in the Texas publishing community

RECOGNIZED FOR EXCELLENCE

Gold Prize Award at Southeastern Museum Conference

Brandie Herrell, Southeastern US Account Manager

Friesens has long been a strong partner of the museum industry across North America. We are uniquely poised to offer museums the level of quality they deserve for the books they publish. Friesens believes in the art of the book, and values the craftsmanship it takes to accurately print and bind a beautiful title. Often the books we make for museums cause us to reach deepest into our wealth of knowledge in colour-critical printing and high-end finishing effects. We embrace and welcome the challenges of reproducing the gorgeous art and history of museums in volumes of what we consider our own works of art. Last fall, Friesens was recognized, once again, by the Southeastern Museum Conference (SEMC) for one of these illustrious collaborations. As we hold our work with museum books in such high esteem, this victory is even more edifying for our dedicated, employee-owner staff.

“Friesens has been a proud member and supporter of the SEMC for several years “

Friesens has been a proud member and supporter of the SEMC for several years. This organization represents a collective of hundreds of art and history museums, galleries, and historic sites across the southeast United States. The South boasts a vibrant and robust arts community, and we are honoured to be the preferred publication printer of many SEMC museums.

In November of 2023, SEMC hosted their annual conference at the Galt House in Louisville, KY. Each year, the publication contest is a highlight of the event. The categories span from books to magazines to brochures. In 2022, the Georgia Museum of Art and Friesens took home the first place gold prize in the competitive book category for a gorgeous, three-piece-case art book titled Emma Amos: Color Odyssey. That was a proud moment. Nothing could have prepared us to repeat that honour two years in a row, though. At the 2023

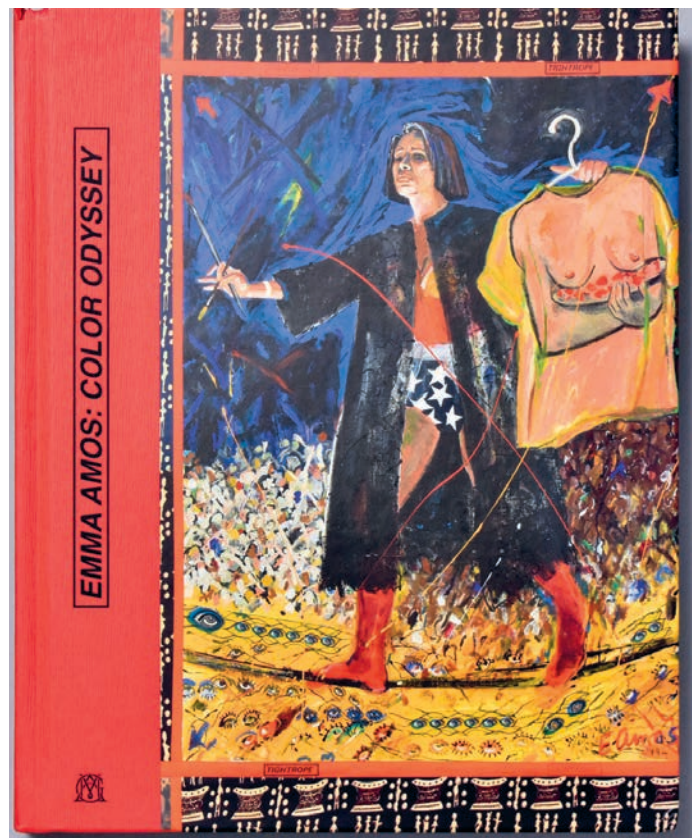
conference, the Florida Museum of Natural History and Friesens collected the first place gold prize. It was an even prouder moment! The winning piece is titled All Things Beautiful, and the name certainly suits the project. This large, jacketed volume is filled with stunning nature photography and the colour quality is impeccable. You need look no further than the vibrant dust jacket being hugged by teal, spot-UV tentacles to know this book deserved this award bestowed by the SEMC. These wins are a testament to the hard work, dedication, and collaboration between these phenomenal museum teams and our talented book printing team.

Communities of artisans, craftspeople, and those who find enjoyment in art and literature must always band together to uplift one another. Art is nothing if not celebrated. We enjoy our affiliations within the museum



Friesens Sales Representatives John Richardson and Brandie Herrell pictured at our booth at the SEMC event

community, and want to always be present and ready to offer our services where high-quality books are desired and appreciated. We are honoured to have our work acknowledged by such a group of esteemed professionals. We celebrate alongside our valued museum partners. Friesens stands as a beacon proclaiming that high-quality art books can be created to the pinnacle of perfection right here in North America.



BOOKMARK THIS DAY – APRIL 27!

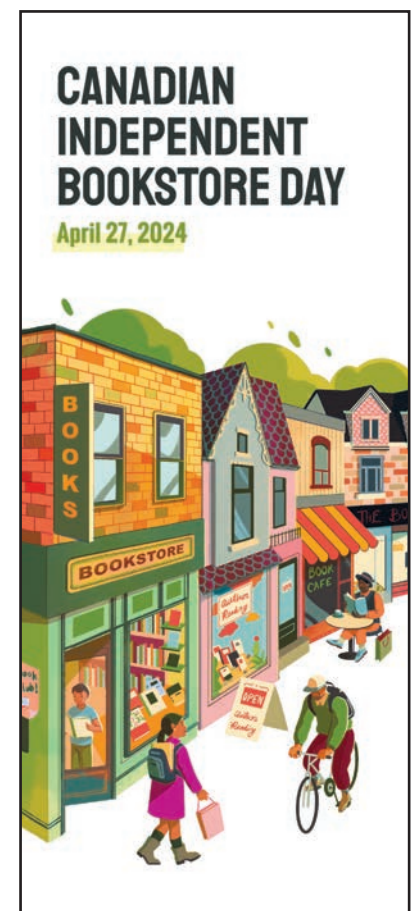
Canadian Independent Book Store Day

Canadian Independent Bookstore Day is just around the corner! On Saturday, April 27, 2024, book lovers across the country will celebrate Indie bookstores and the vital role they play. This year's campaign builds upon the success of 2023 emphasizing the many contributions of Indie bookshops,

What can you expect?

- **Book Lovers Contest:** Five lucky winners will receive generous gift cards to their favourite independent bookstore, with the grand prize valued at \$1,000! Any book purchased from a Canadian indie bookstore on April 27 qualifies for entry, and books by Canadian writers and illustrators earn double entries.
- **Giveaways & Exclusives:** Expect exciting initiatives, including poetry notebooks, tea blends, door hangers, stickers, pins, and so much more!

We've left the best for last! Once again Friesens is providing their sponsorship by printing and supplying the bookmarks for this campaign. And here's an interesting fact: many of the books you'll find on the shelves during Canadian Independent Bookstore Day are produced by Friesens. So "bookmark" your calendars and visit your local indie bookstore on April 27, 2024!



CONTACT US

MyBooks

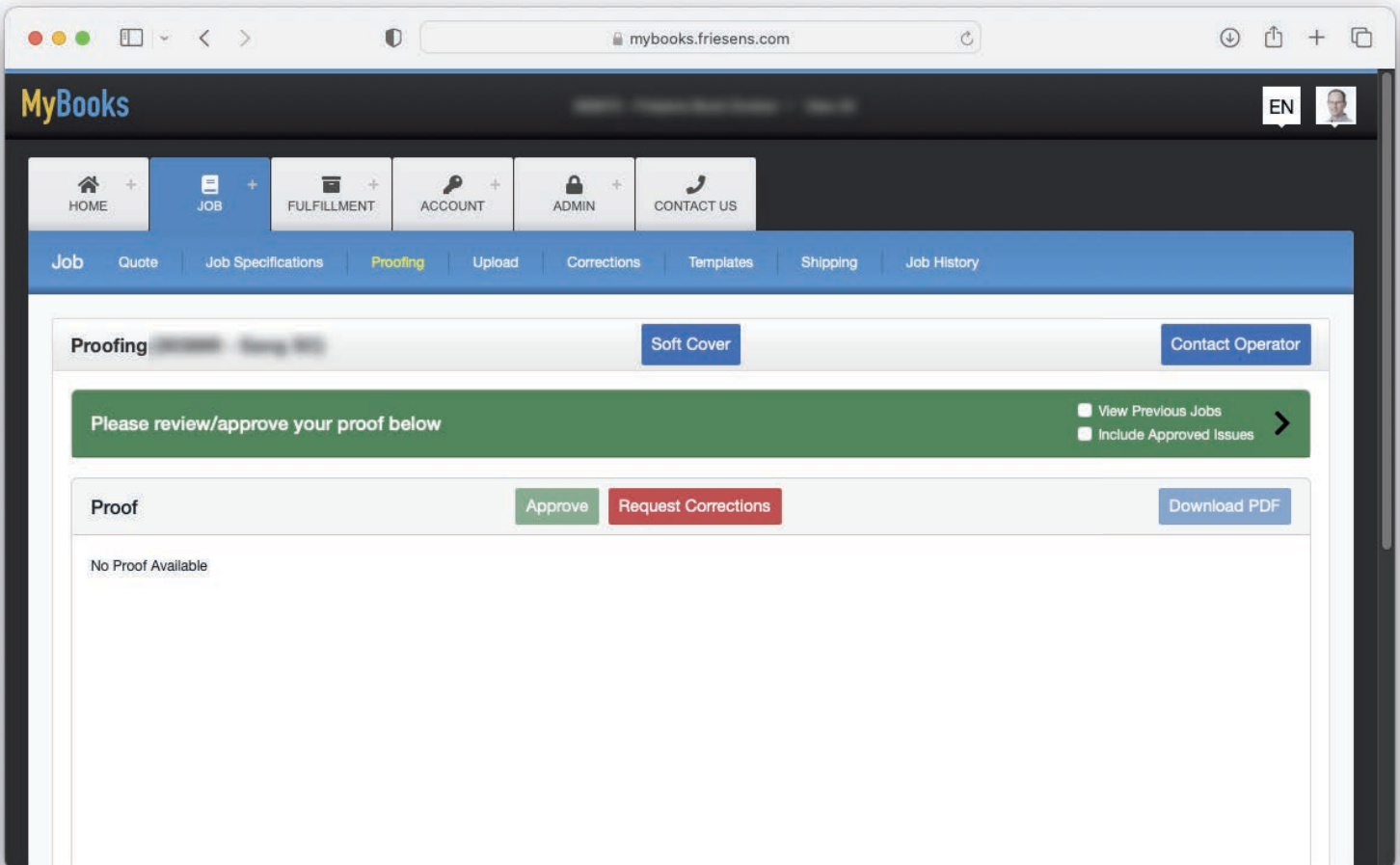
Brad Schmidt, Tech Support Specialist

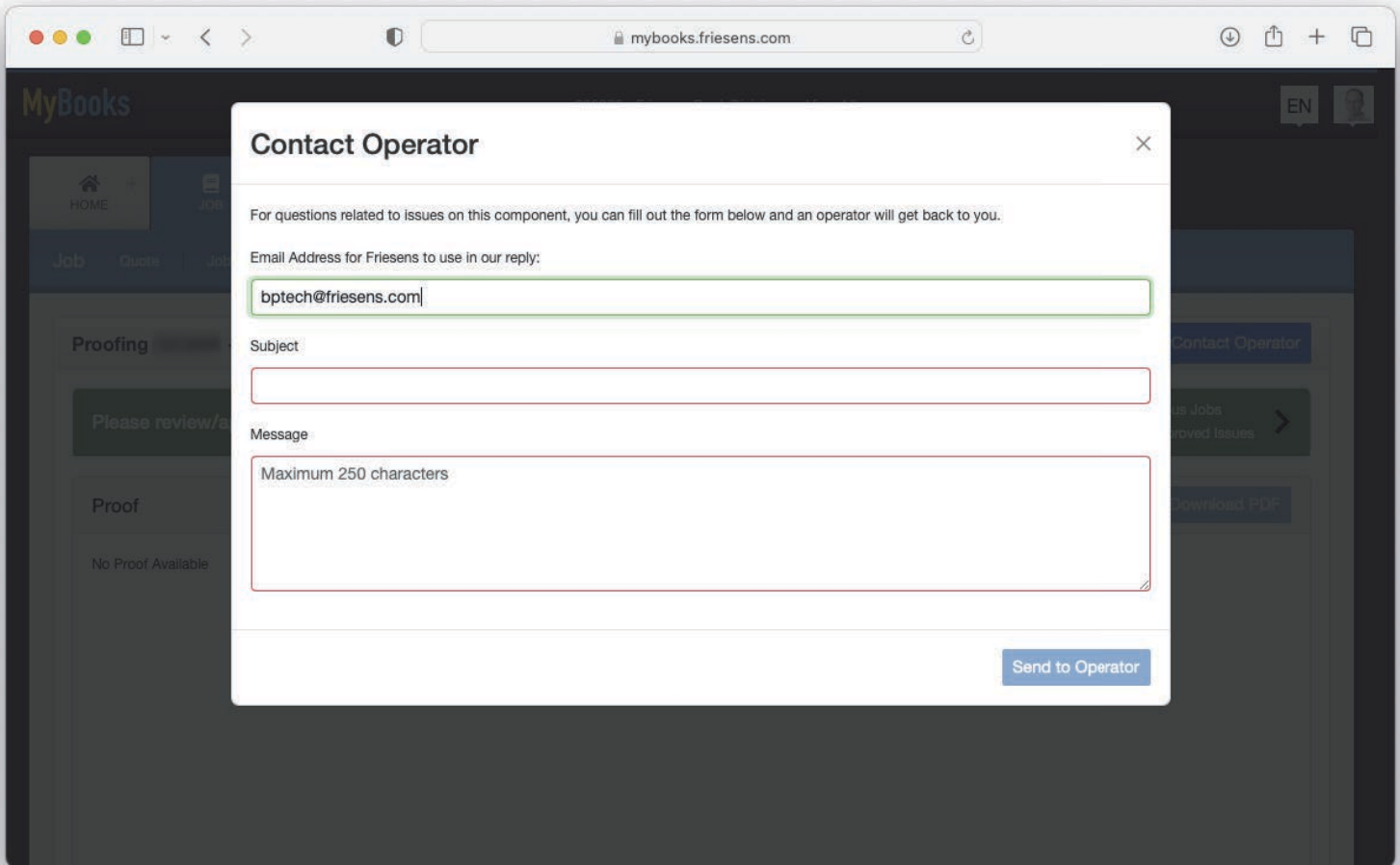
If you have worked with Friesens for many years or joined us to print your first book, you will likely be familiar or will quickly become familiar with our MyBooks customer portal. The MyBooks website is a great way to keep track of your projects and access the various tools that assist in the steps required to produce a book project. The main MyBooks website home page provides a list of active projects along with various tools. At the beginning of the project you may be reviewing quotes and downloading templates. Once the project is ready to submit to Friesens, the upload tools provide a simple way to send files and designate them for a specific project. Once the project is in production, there will be opportunity to review proofs and make corrections. Even with all the information that is available within the site there are times when clarification may be required or you want to discuss options for a book with a specialist at Friesens.

Within the MyBooks website, there has always been a Contact Us section where you can find out the contact information for the frontline contacts at Friesens. This area includes the

contact information for your Sales Representative. The Sales Representative is your initial contact when considering having a project printed at Friesens. They will be able to assist you with selecting materials and discussing the various options that go into producing your book. The contact information for your Customer Service Representative is also found here. Your CSR is a great resource to contact when your project is already at the plant and you want to check on the schedule, make changes, or have any other production-related questions. There is also information to contact Tech Support. Tech Support can assist you when you have more specific questions on file preparation or when you want clarification on something that you are seeing in the files and want to determine if this is due to something in the design. This area provides the basic phone and email contacts.

We have been working on providing more ways to contact Friesens staff within the MyBooks site to address specific questions and routing those questions to the most qualified person to respond. Within the MyBooks website, there is a





Request Support button at the bottom right of the MyBooks website. This button provides a method to contact either a Customer Service Representative or Tech Support. This button activates a form where the Support Type is selected as File Question or Job Question. Job Questions are addressed by your Customer Service Representative, and File Questions are answered by Tech Support. You can also specify if you would prefer to be contacted by email or phone. When using this form to detail your request, your Customer Service Representative or Tech Support will follow up with a response to your inquiry.

These options are all nice to have, but there are times when it would be really great to actually speak with the person that entered the preflight issue and who worked directly with your files. Sure, Tech Support can probably figure out how to address your question, but there is nothing like being able to go directly to the source to get an answer. The most beneficial time to connect directly with prepress is during the proofing process. This is most likely the time when you will want to connect with the person who worked directly on your book files. In light of this, we have added a new option in the proofing section of the MyBooks website. Right in the proofing page there is a new button labeled Contact Operator. As one might suspect, this will direct your question to the specific prepress staff who worked on your book files. Keep in mind that if you are viewing the Text proof when using the Contact Operator button, your message will be delivered to the operator who worked on the interior of your book. If the cover proof is being viewed when

the Contact Operator button is selected, your message will be directed to the prepress staff who worked on the cover. This form should be used to ask questions about the Preflight Issue or for clarification regarding what is displayed in the proof.

If there are questions regarding the schedule for when the books will be delivered or cost of certain options, these will not be addressed by the prepress operator. They will email their response to the email address that was specified when the Contact Operator form was filled out. These would be better to address with your Customer Service Representative as they will be better equipped to address these questions. If the question presented to the prepress operator is outside their field of expertise, they will include the Customer Service Representative in the conversation so we can provide a response.

There may be times when the operator who worked on your book is off shift or on vacation. In the event that this occurs, one of our other qualified operators will review and respond to your question. The Customer Service Representative or Tech Support may be involved as needed.

We anticipate that this new direct operator contact will provide a more informed response. You will now be able to contact the person who is most familiar with how your files were created and most likely the time recorded in preflight.

YOUR ULTIMATE PRINT GUIDE

Introducing the 2024 Spec Check Book

At Friesens, we believe that every book is a unique journey. That's why we are excited to present the 2024 Spec Check Book, your comprehensive resource to help create your finest book project. Whether you're a designer, production manager, or publisher, this guide equips you with the knowledge and tools necessary to create lasting, high-quality books.

Here is a sneak peek:

1. **Price Guideline:** Plan your next project more economically by using the handy scanning and proofing chart.
2. **Printing/Binding Signature Configuration Information:** For additional support, refer to our conversion chart and web press configuration page.
3. **Friesens Paper Stock:** Explore a wide range of coated and uncoated paper options along with a comparative pricing guide.
4. **Best Practices:** To ensure that your project surpasses your expectations and adheres to the highest standards, we've outlined best practices in this book.
5. **Digital Access:** Beyond the printed version, explore the digital edition on MyBooks for added convenience.

Contact your representative today for your personal printed copy of the 2024 Spec Check Book. Let's start a journey toward exceptional storytelling together!



PAPER NEWS

Rebranding of Rolland Paper to Sustana

Many of you are familiar with the name Rolland Paper. They are one of our key suppliers of uncoated paper and a popular paper used by many others. Rolland Enviro, Rolland Opaque, and Rolland Enviro Satin are all papers you have probably seen on our quotes, samples, marketing material, or referenced in other correspondence.

As such, we want you to know that you will see a change in samples and correspondence from Rolland to Sustana as their rebranding begins in the coming months. They expect it may take until later in 2024 to be fully complete.

Below is a statement from Sustana:

We proudly announced a strategic move to streamline our operations and enhance our commitment to sustainability with the rebranding of Rolland and our other subsidiaries under the Sustana umbrella. By bringing together our business units under the Sustana brand, we are creating



a stronger, more united company around our shared purpose—making sustainability an ingredient in everyday products.

Sustana is dedicated to finding new ways of putting clean materials within more everyday paper products—sustainably, responsibly, and meaningfully. We are an industry-leading producer of quality fiber-based products and services built on a solid commitment to sustainability and continuous improvement. From recovery to fiber to paper production, Sustana produces the clean materials used in coffee cups, food packaging, your favorite book, and so much more. At Sustana, creating real change starts from within.

Learn more about how our products and manufacturing practices support the circular economy at www.sustanasolutions.com



2024

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SPEC CHECK

CUSTOMER

EST.  1907
FRIESENS
IDEAS CRAFTED IN PRINT
— EMPLOYEE-OWNED —

A UNIQUE BUSINESS MODEL

Employee Ownership at Friesens

Some of you may not be familiar with the unique ownership model of Friesens and the unique journey we have as a business. It is a model that has helped form who we are today and impacts our values, goals, and customer-focused attitude.

Below is an article written in the online publication Future of Good that featured Friesens and explained about some of what we are doing to help other businesses share in this unique business model.

New bill on employee ownership trusts welcomed by Canadian businesses

*By Tony Zerucha - Future of Good
Jan 29, 2024*

The model is a tool in succession planning as Boomers find their children may not want the family business.

Why It Matters

The changing Canadian business climate can arguably be felt most in its small communities, where the fate of a few key employers can determine the health of an entire region. Some businesses are looking at employee ownership trusts if there are no local buyers.

The Canadian government has introduced a way to make it easier to turn the family-run business into an employee-run business – and it's a welcome change, say advocates.

“It's a different wealth-building model, but it lifts everybody and creates good economic opportunities,” said Arnold Strub, executive director of Employee Ownership Canada, which advocates and educates private businesses on employee ownership.

“When employees have skin in the game and an ownership mindset, good things start to happen.”

The Government of Canada first read Bill C-59 in the House of Commons, including proposals on Employee Ownership Trusts (EOT), on Nov. 30.

Highlights include extending the capital gains reserve from five to 10 years, a \$10 million capital gains exemption, and the ability to use the loan as a tax deduction, all designed to make turning a business into an EOT easier, said Strub.

The proposed legislation is similar to measures enacted in the United States and the United Kingdom long ago, he added.

Chad Friesen, right, of Friesens Corporation, serves up a Thanksgiving lunch during the company's Employee Owner Days in October of 2023.



Broadly, employee ownership meets two crucial goals, said Strub. First, it's a democratic way for working-class Canadians to acquire wealth.

Such models are also a retention tool, as employees generally have better compensation and develop an ownership mindset.

"There's a lot of research from the UK and the U.S. that shows that private companies with some type of employee ownership plan do better," said Strub.

"They're more productive and profitable, especially in economic downturns, they do better, and there's fewer insolvencies."

Many business owners struggle with succession planning, and Baby Boomers are retiring and want to sell, said Strub.

Before employee ownership models, if there was no "next generation," outside interests could buy the company. From his home in southern Ontario, Strub saw many examples where jobs were lost.

"You lose," Strub said. "The economy of the community goes down. Employee ownership helps build local economies. It keeps companies local. It attracts people, and it builds up local economies. It's a great way of doing that."

How it works

The logistics are relatively simple: the company is sold to a trust, so employees do not pay out-of-pocket. The loan is then paid off from company profits, and employees begin to receive dividends.

Employee Ownership Canada connects companies interested in employee ownership with service providers who review the details, from various structures to tax advantages. In preparation for employee ownership, they explain what the business is worth and how they arrived at that valuation.

"You're increasing their financial knowledge across the board," Strub said. "Understanding how what they do daily either increases or decreases the company's value. That's why communication is a big part of building a good employee ownership plan."

"Part of that communication is understanding where value comes from. That's where good business valuers come in."

One employee ownership success story can be found in the Canadian prairie town of Altona, Man. where Friesens Corporation has 600 employee-owners in a town of 4,300 people. Established in 1907, the company evolved into four divisions offering trade books, academic annuals, packaging, and self-publishing assistance.

In the 1950s, the owners began investigating new ownership models once they knew no next generation would take over.

Influenced by the co-operative movement, they started gifting shares to employees who, for a time, could exchange them for a private market. About 30 per cent of the staff owned all of the shares.

That worked until the early aughts when Friesens created an EOT since more people were retiring than purchasing shares.

Then came the late-2000s economic downturn, the Kindle's debut and increased Asian competition. Friesens lent money to the trust to buy back shares and preserve value for the employees.

Now, every employee is an owner, and every employee is a beneficiary.

"Over the last 12 months, we've distributed in the neighbourhood of \$5.5 million in proceeds to our employee-owners," CEO Chad Friesen said. "On average, our employee-owners received over \$10,000 of what we would call an EOT distribution."

"We feel that our model is the great equalizer in business. It doesn't matter whether you've come from an affluent family down the road or you're a newcomer who's arrived here from the Philippines. You both have an equal opportunity within this company to take advantage of ownership benefits."

The company is keenly aware of its essential role in the region's economic health, said Friesen, adding their employee-owners generate wealth quicker than they could elsewhere. While creating jobs is vital, delivering well-paying ones has more significant residual effects throughout the area.

When outside interests take over, Friesen said, the first jobs cut are often management-level, removing several large salaries from the community.

With an EOT model, employee-owners directly influence company operations and their role in the community. All are invited to the annual general meeting; one board position is reserved for non-management personnel.

Friesen also meets with an employee-owner council several times per year.

"It's a two-way discussion," he said.

"I bring to them strategy, choices or challenges the company faces. Part of that is to gain their feedback, but it's also to build more awareness on the shop floor."

Friesens operates an employee-directed giving plan where employee-owners determine a portion of corporate donations. An advisory council creates a list of causes, and employees vote for them.

The benefits to Altona and the surrounding region have been immense over the two decades since Friesens adopted its current employee ownership model.

“Friesens doesn’t exist in Altona today if it wasn’t for employee ownership. Period. Full stop,” Friesen said. “This company has been a massive contributor to the region’s economic engine for decades.”

Laurent Tetrault knows how crucial local ownership is to small communities. A successful entrepreneur, Tetrault is a former CAO of several municipalities. Now a councillor for the Rural Municipality of La Broquerie in Manitoba, Tetrault is also a Federation of Canadian Municipalities board member.

Tetrault said good things happen when community leaders are involved in business and businesses are involved in the community. Three decades ago, the La Broquerie Hotel was bought by outside interests, so five community members banded together and repurchased it. They quadrupled the beverage room capacity and made other enhancements.

Today, the hotel is a community hub, said Tetrault.

“As a community, we must continue improving what we have or else the municipality never improves,” Tetrault said. “The community leaders must get involved so the community can survive.”

“The hotel touches most people in the community now. Everybody’s more interested in coming to the bar and restaurant to encourage someone from the community.”

That local involvement was recently vital to reviving the local golf course. As former CAO of the RM of La Broquerie, he encouraged the council to buy the land. Tetrault spoke with a local businessman who formed a partnership, building 250 units of 55-plus housing overlooking the course.

“He can’t keep up,” Tetrault beamed. “As soon as he finished them, they were full.”

In contrast, pork producer HyLife was founded in La Broquerie in 1993, growing to a global company employing 3,500 people. In 2012, half the company was sold to Japanese interests. Seven years later, the remainder was sold to a Thai corporation. While HyLife maintains a significant presence across Manitoba and employs many people around LaBroquerie, the company moved its head office to another community.

The communities where HyLife has invested have grown instead of LaBroquerie.

“It was local people owning a local business, a huge business,” Tetrault said. “They hired their friends and family. LaBroquerie started to grow because of the employment.”

Tetrault said local leadership’s involvement has been crucial to LaBroquerie’s growth.

“We have a success story in La Broquerie,” Tetrault said. “In 1975, we had 900 people. In 2023, we have 8,000.”

Control by external interests will be bad news for communities: Friesen

Friesen believes if more isn’t done to preserve locally owned businesses over the next decade, Canada will see more companies being controlled by external interests.

To help stop that, Friesen joined the steering committee for the Canadian Employee Ownership Coalition, a non-partisan network committed to unlocking the potential of employee ownership for the benefit of Canada’s economy and workers.

“I bring to them strategy, choices or challenges the company faces. Part of that is to gain their feedback, but it’s also to build more awareness on the shop floor.”

“If I’m a business owner, and I don’t have a generation of people coming up to take over, what are my options, especially for larger companies?” Friesen asked. “In small communities, there are just not many people off the street who will come in and slap down millions of dollars to buy a large company and keep it operating in these communities.”

“We believe that employee ownership represents a viable third option that does multiple things. It preserves the business’s legacy in the community it exists in, which is also very important to sellers. It keeps high-paying jobs and decision-making within those communities. We must have a bit of a protectionist viewpoint from a Canadian perspective to say what happens when major employers are bought by external entities and, 10 years from now, and we don’t have as much control as we once had in our business community?”

Friesen isn’t stopping there. Friesens Corp. is further investing in employee ownership through the Tall Grass Employee Owner Equity Fund, which has a social rather than a financial objective.

The goal is to export the Friesens ownership model by buying stable, long-term businesses and turning them into employee-owned entities.

“We’re trying to help propel employee ownership in other small communities,” Friesen said. “We believe that together with the legislation... and with some dollars and know-how from Friesens, we can help other companies make that transition.”

FEATURE BOOKS



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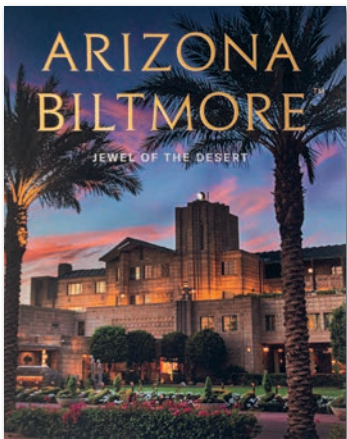
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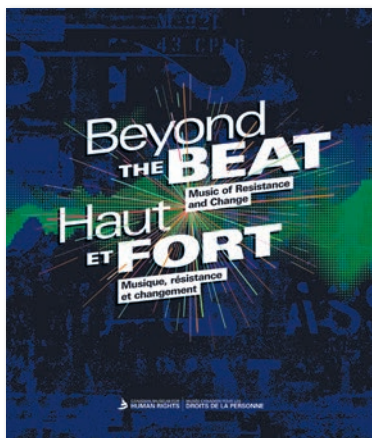
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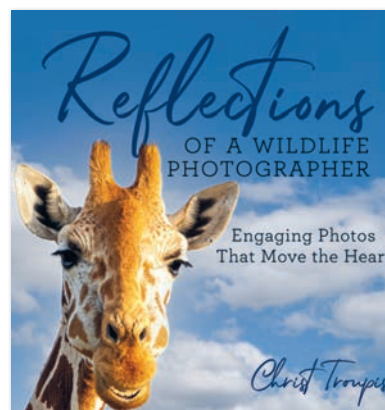
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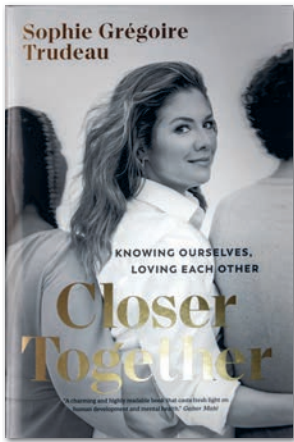
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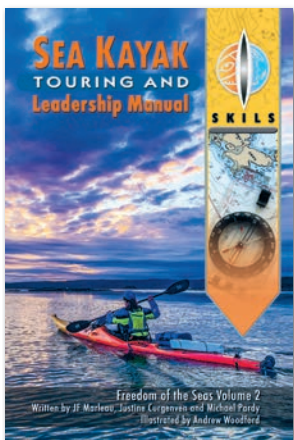
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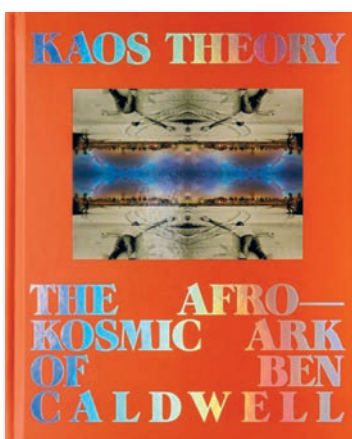
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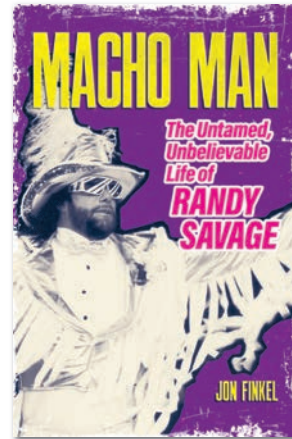
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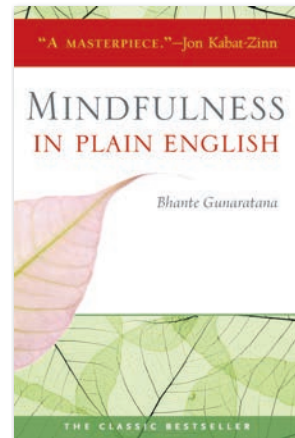
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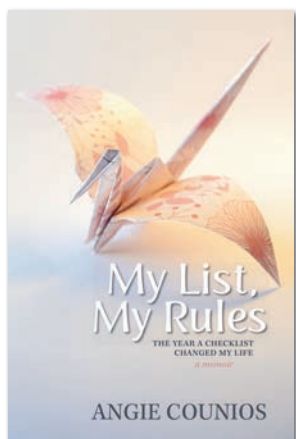
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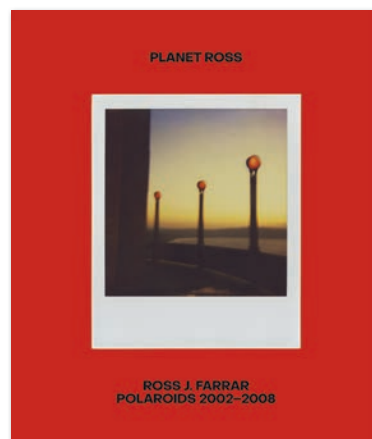
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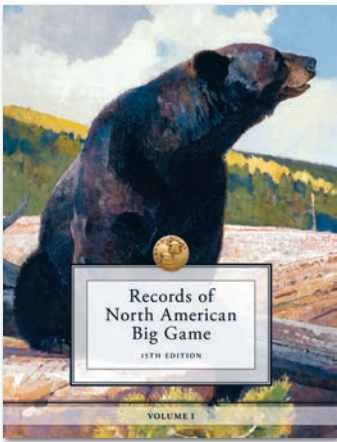
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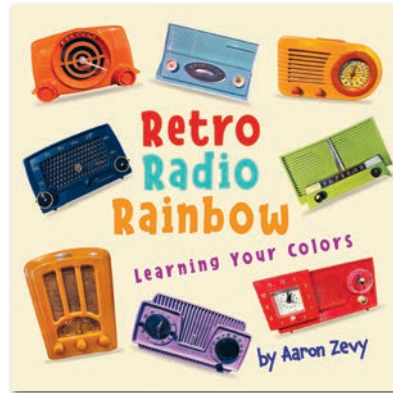
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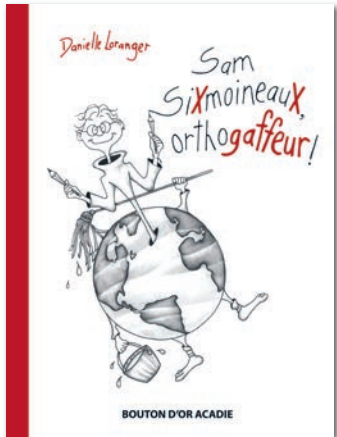
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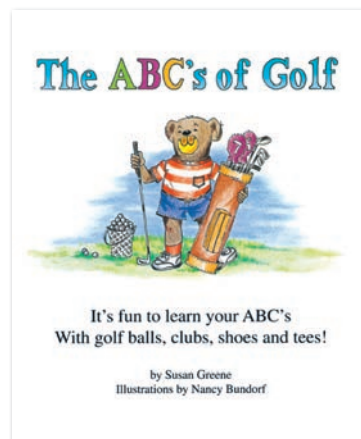
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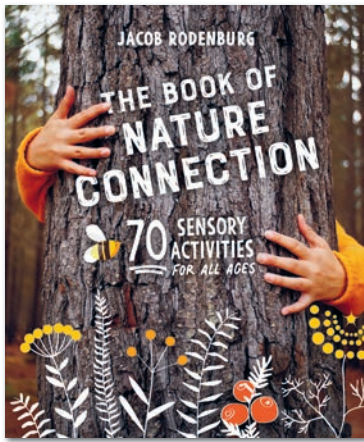
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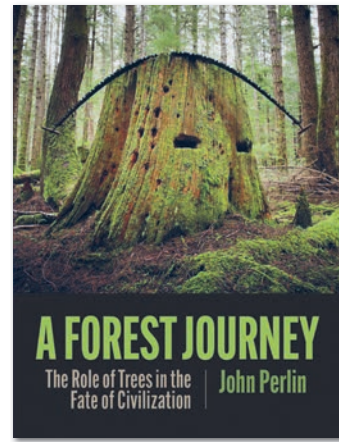
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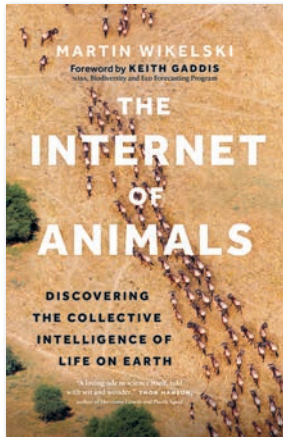
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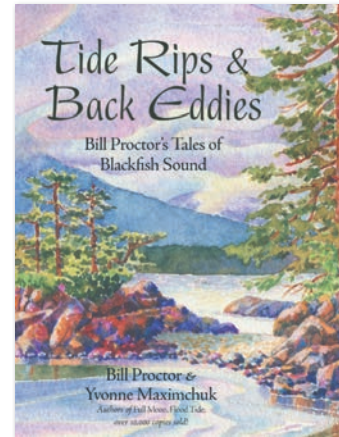
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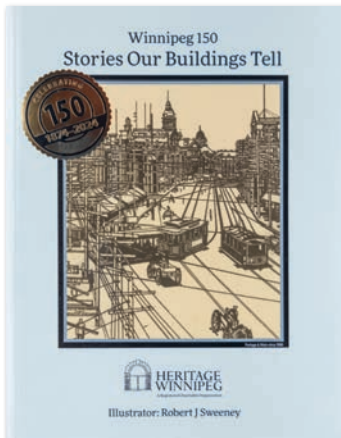
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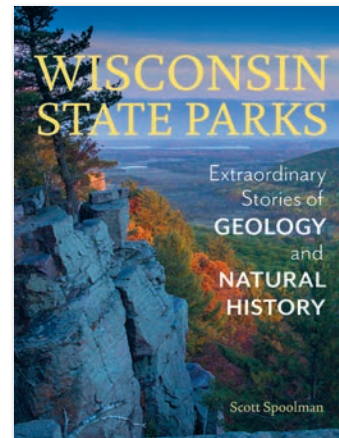
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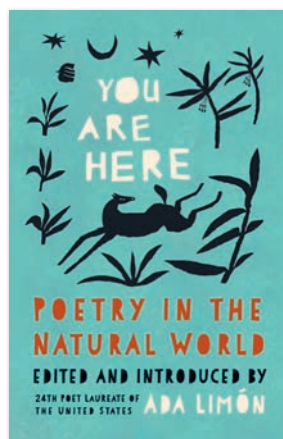
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