

Shelter in a Storm

In recent weeks we've had numerous conversations with customers which sooner or later touch on the subject of how our respective businesses are weathering the recession. From our vantage point, it has been reassuring to hear from many of you that you are holding up "okay" despite the challenges you are facing. Few are feeling good about business, but most everyone is confident that they will make it through this difficult period.

This "business is bad, but we'll get through this" assessment of the current situation aptly describes our outlook at Malloy. Our sales over the last few months are tracking below the same period of a year ago. While we would love for a sizeable rebound to materialize tomorrow, we do not expect to see more than sluggish growth for the next several months.

Fortunately, Malloy is healthy financially, and our business is about as strong as it could be to endure a severe economic recession. Our optimism isn't just wishful thinking, it is a reflection of our belief that the prudent financial course we've stuck to over the years will carry us through the current downturn.

Our strength comes from four things: low debt, patient owners, a lean operation, and customer focus.

For the last several years we have sought to keep our debt-to-asset ratio below ten-percent while still making sizable investments in new equipment and technology. We've been able to keep pretty close

Who We Are at Malloy

As Malloy approaches 50 years in business, we thought you would be interested to know "who" we are. The last time these statistics were gathered we discovered Malloy is made up of the following:

- We have three primary goals as a company: we want to serve publishers better than anyone else, we need to remain financially healthy, and we want to be a good place to work. As evidence of our success in being a good place to work, we can point to the fact that, once people start working at Malloy, they like to stick around.
- 287 people work at Malloy. We're a "round-the-clock" operation, with 170 people working the day shift, 64 people working the afternoon shift, and 53 people working the midnight shift.
- The person who has been here the longest is one of our New York Sales Representatives, Robert Scheible, who has been with Malloy for over 45 years.
- 50 people have worked at Malloy for over 25 years.
- 184 people have worked at Malloy for over 10 years.
- The average tenure is 15 years, 7 months.

to that goal, and our debt-to-asset ratio currently stands at just seven-percent. We have a strong balance sheet, money in the bank (A strong bank!), and excellent credit history with our suppliers.

We are a family-owned business with fam-
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Display the CoC Logo in Your Books

Just over a year ago, Malloy received dual Chain of Custody (CoC) certification with the Forest Stewardship Council (FSC) and the Sustainable Forestry Initiative (SFI). We took this step be-



cause both programs ensure that the wood used to make our paper is harvested responsibly and in a manner that protects our forests and their key resources. Today, all of our standard text paper offerings are either FSC or SFI certified.

Since we became dual CoC certified many of our customers have chosen to place the appropriate CoC logo in their books to advertise the fact that the paper in their books is derived from an environmentally responsible source. This option is open to any of our customers who use one of our standard sheets. There are a few steps that the CoC organizations require us to take when their logos are used in this way, but we are happy to manage the process for you.



In fact, we believe so strongly in the value of CoC certification, not only will we not charge you for the work that is involved we will make a financial contribution to two organizations which help promote sustainable forestry practices. For every title that you print at Malloy displaying a CoC logo for the first time, we'll split a \$10 donation between the Legacy Land Conservancy in southeast Michigan and The Nature Conservancy Plant a Billion Trees program. (For more information on this initiative and the importance of these two conservancies, please see the enclosed article titled, "Forest Stewardship is a Priority at Malloy.")

Visit our website, www.malloy.com, for more information about our program and instructions on the steps you need to take to place the CoC logo in your title. As always, your Malloy Sales or Customer Service Rep is available to help. ■

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ily members in senior management. Their focus is on the long-term health of the company, not today's stock price or next quarter's results. Making drastic moves for short-term gain may not serve us or you well in the long-run.

Hard work and sound investments in new printing technology in recent years have resulted in substantial productivity gains. Despite the trend in the industry toward shorter runs, our productivity, as measured in output per person, has increased 13% over the past three years. We've accomplished this through the use of new technology, retraining, and a dedicated workforce that is willing to "go where the work is" when capacity gets tight for brief periods. We have been able to streamline our cost structure and operate with fewer people simply by not replacing people who retire

or leave through the normal course of business.

Finally, at the risk of sounding like we're making a sales pitch, we are as focused on customer needs and market trends as ever before. Two years ago we added digital printing to our manufacturing mix to serve the growing need for micro-quantities of 25-250 copies. In the last year, we introduced myMalloy, an online suite of self-service tools to help make your job easier, and we beefed up our storage and fulfillment service to help those of you who want to take advantage of a streamlined supply chain—eliminate the "middle-man" and go directly from printer to end customer.

We suspect that many of you are wondering how your suppliers, particularly manufacturers like Malloy, are faring these days. Like the proverbial "Shelter in a Storm," we want you to know that Malloy is stable, strong, and always there to serve you. ■



Fact Sheet

Digital Short Run Printing

MALLOY OFFERS A DIGITAL SOLUTION FOR YOUR SHORT RUN NEEDS

Malloy's Digital Short Run Advantage

Whether you require 24 or 24,000 copies of a title, Malloy can deliver the quantity you need and the quality you expect. From printing advance reader copies (ARCs) to end-of-life print runs, Malloy has your demand curve covered. We can print as few as 24 copies on our Océ 6160 digital printer or switch over to one of our offset presses when more than a few hundred books are what you need. No need to reformat files to fit different printing devices, or issue new packaging and shipping requirements to different vendors, or compromise the size and quality of your books. Keep it simple, keep it at Malloy.

■ Lower Prices ■ Shorter Schedules ■ Express Service options ■ Quote and order online

Benefits

- Incremental profit
- Lower investment in inventory and improve cash flow
- Reduce waste from obsolescence
- Less risk in printing decisions
- Meet customer demand for titles that might otherwise go out of print
- One stop shop for book printing means more time to focus on publishing/selling books

Digital Short Run Advantages for You

- Multiple print options and a single fulfillment solution under one roof.
- Get your estimates and place your orders online, 24/7.
- No need to compromise on your trim size to fit the printer's equipment, we can deliver the exact size you want.
- Maintain color consistency on your covers from one job to the next. All covers, regardless of the quantity ordered, are printed on an offset press at no extra cost.
- Select from our FSC and SFI certified sheets, white or off-white, including 30% PCW options.
- *Green digital printing:* Our Océ VarioPrint 6160 digital printer's advanced environmentally friendly design is virtually ozone free, operates at a low temperature, and uses far less energy than other digital printing systems.
- For DSR jobs, go from "files at Malloy" to "books out the door" in five business days. Ask about our *Express Delivery Service* if you need your books sooner.

For more information about our capabilities, please contact your Sales Representative or Customer Service Representative today.

Malloy "Express Schedule" Success

A book from concept to market in 50 days? Unheard of, yes, but Malloy was able to play a key part in making it happen when San Francisco-based Berrett-Koehler Publishers took advantage of our new Express Service to release an important economic treatise by best-selling author David Korten. Just a few days after we started working on the book, we shipped 20,000 copies of Korten's thought provoking title, *Agenda for a New Economy: From Phantom Wealth to Real Wealth*.

In late 2008, the idea for the book was conceived by Berrett-Koehler publisher Steve Piersanti in a Contra Costa County (CA) jury duty waiting room. Anticipating several idle hours at the courthouse, Piersanti brought along some reading materials, including a recent YES! Magazine article by Korten arguing that a far-reaching redesign of our economic system was needed to replace the failed institutions of Wall Street. By the next evening Piersanti and Korten had agreed on the idea for a book, with the goal of shipping finished books in time for a major presentation that Korten would be delivering at Trinity Institute on Wall Street on January 23. "It's the right book at the right time by the right author," stated Piersanti. "This book

has the possibility of reframing our national discussion of what to do about the economic crisis."

In order to get the book from concept to finished product as quickly as possible, Piersanti knew he would need an extraordinarily fast schedule from Malloy. According to Piersanti, "knowing that Malloy could print and bind this book in less than a week enabled us to devote more time to the quality of the content."

"We understand the value to Berrett-Koehler of getting this time-sensitive book out when the new administration takes office" said Bill Upton, president of Malloy. "Publishers need to capitalize on sales opportunities that suddenly materialize due to events beyond their control. Whether our customer needs books produced overnight or by the end of the week, with Express Service, if it can be done, it will be done!" Express Service may entail some additional cost to the publisher—overtime, expediting materials, etc.—but if the publisher needs more than a few hundred books right away, they come out ahead going with offset printing at Malloy versus a digital printing solution.

Contact your Malloy CSR or Sales Rep if you have a need to experience our Express Service. ■

Malloy Quarterly Online

The current issue of the *Malloy Quarterly* is now available online. You may continue to receive a hard copy of the *Malloy Quarterly* in the mail or, you may view it on our website at your convenience. A PDF file is accessible on the Malloy website. You will need Adobe Acrobat Reader and Internet access.

To access the *Malloy Quarterly* online, go to the Malloy website, www.malloy.com and click on

Index", then "Malloy Quarterly", and then "View Current Issue".

If you would like us to email you with a link directly to the current issue on our website as each issue is made available, please email steph_barker@malloy.com or let your Sales or Customer Service Representative know that you wish to view the latest *Malloy Quarterly* online. ■

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