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Telegraaf Media Group takes additional cost-cutting measures

Structural changes have been underway in the media market for some time now, affecting how much time consumers spend on media, and causing changes in the money flow surrounding certain types of media.

Additionally, since 2000, the Dutch economy has been anything but healthy. Due to these structural and cyclical developments, the Telegraaf Media Group N.V. (TMG) feels taking further cost-cutting measures is a necessity.

Since 2000, 'optimization' has been one of the starting points for the strategies chosen by TMG. In the past few years, this has lead (among other things) to changes to business processes, removal from the market of less successful products, renegotiated acquisition contracts, a reduction in the number of business locations, and reorganizations. As a result of these measures, the workforce, expressed as full-time employees (FTEs), has been reduced from about 4,950 FTEs in late 2000 to 4,360 FTEs by mid 2005 (this figure includes over 100 FTEs created for new activities in 2004/2005). In short, the optimization process has led to more efficient business operations. Part of the savings was and still is reinvested in other, often digital, activities which directly and positively influence the position of various company sections.

In light of the abovementioned structural developments, and in the absence of any signs of a real and noticeable (economic) upturn, TMG will be taking further cost-cutting measures. By implementing a detailed efficiency increasing plan in various business sections, the workforce will further be reduced by over 200 FTEs. Forced firing is not out of the question; the Social Plans in place will apply in those cases. The business sections in question will file an advice request with their Works Councils and inform their employees and the trade unions involved as quickly as possibly. The annual accounts for 2006 as well as for 2005 will have to include provisions for this workforce reduction.

A.J. Swartjes, Chairman of the TMG board of directors, in reaction to the news: "The unavoidability of further costs

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reductions if turnover figures didn't improve had already been announced. While trust in printed media remains high, the fact is that the realization costs of the products must be lowered. The workforce reduction announced is a difficult but necessary measure. We are also working towards better insight into the tariffs of internal ICT, production and distribution suppliers. This insight is essential, allowing publishers to make the right decisions and fulfil the desires and demands of today's readers and advertisers. This process may also have consequences for the distribution of manpower and means."

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