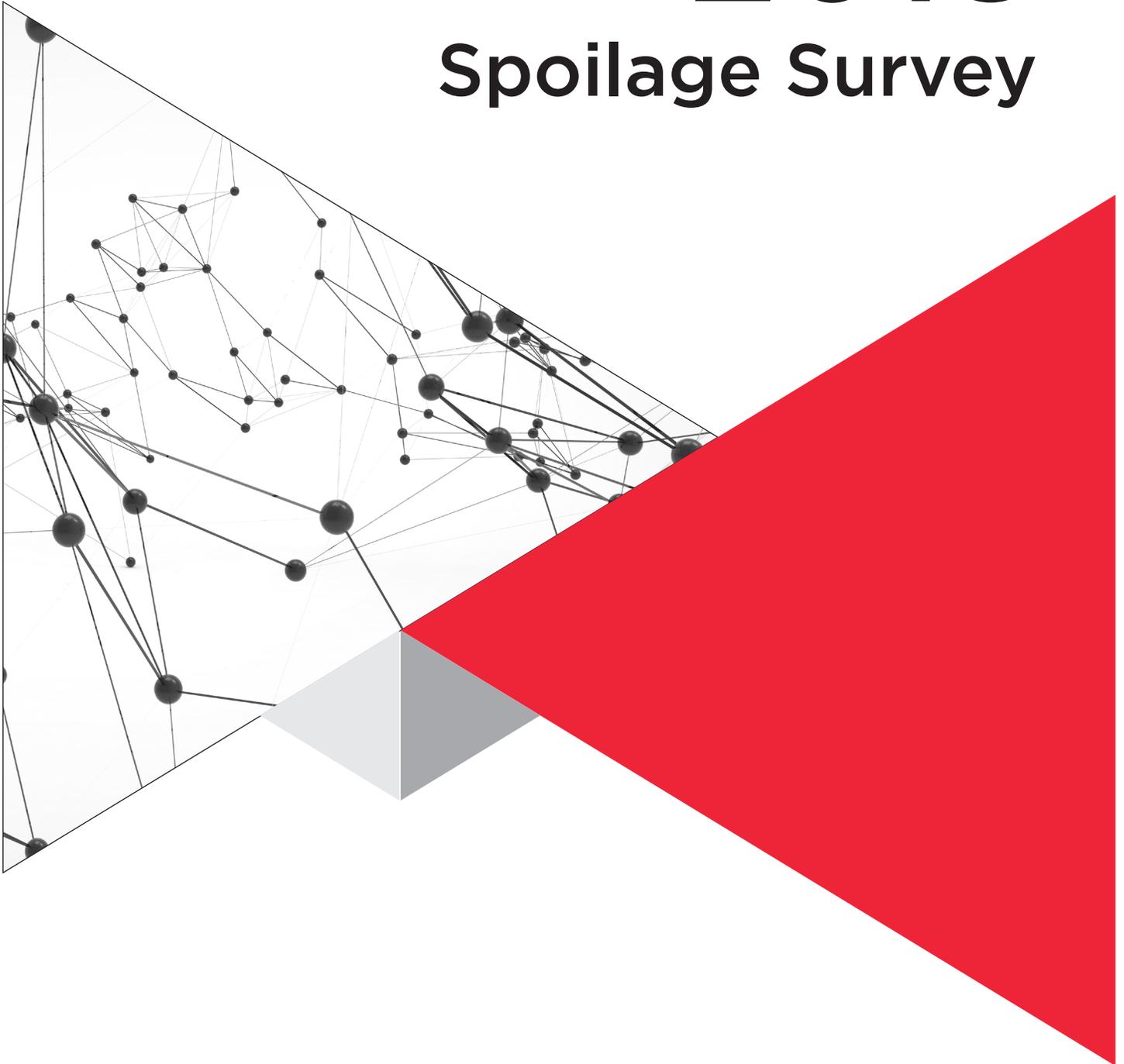


# 2018 Spoilage Survey



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*The Foil & Specialty Effects Association periodically conducts surveys to gather information for its members on relevant business topics, including wage comparisons, market conditions and economic updates.*

In March 2018, the FSEA asked its members to answer a series of 12 questions designed to investigate a major cost center for trade finishing companies and binderies — **spoilage**. Questions in this survey were designed to help the association provide benchmarks to its members on the percentage of spoilage incurred and the actions finishers/binders have taken to help decrease spoilage rates.

When calculating spoilage for this survey, members were asked to provide information based on a per sheet basis, based on the number of sheets that are unusable because of mistakes, jams, registration problems, stops and starts on a machine, etc. It did include what is calculated for makeready and set-up of the machine.

The survey addressed issues such as **average material spoilage rate** per job, whether or not a **tracking system** exists for spoilage in the respondents' facilities and what programs had been effective in **reducing spoilage rates**. Key findings indicate 1) an increase in spoilage due to digital printing and/or shorter run lengths and 2) the importance of employee training on proper equipment usage as a tactic for reducing spoilage rates.

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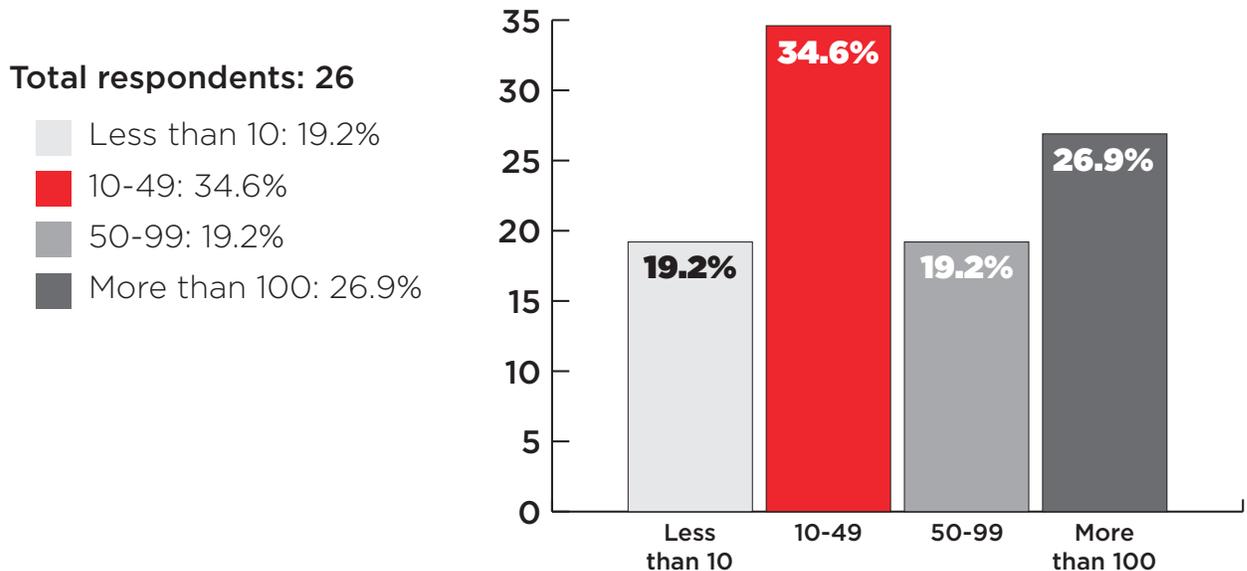
*Key findings indicate an increase in spoilage due to digital printing and/or shorter run lengths.*

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# FSEA Spoilage Survey

Participation in the 2018 Spoilage Survey was nearly evenly distributed among companies in the various employee counts categories, with slightly higher participation among companies with 10 to 49 employees.

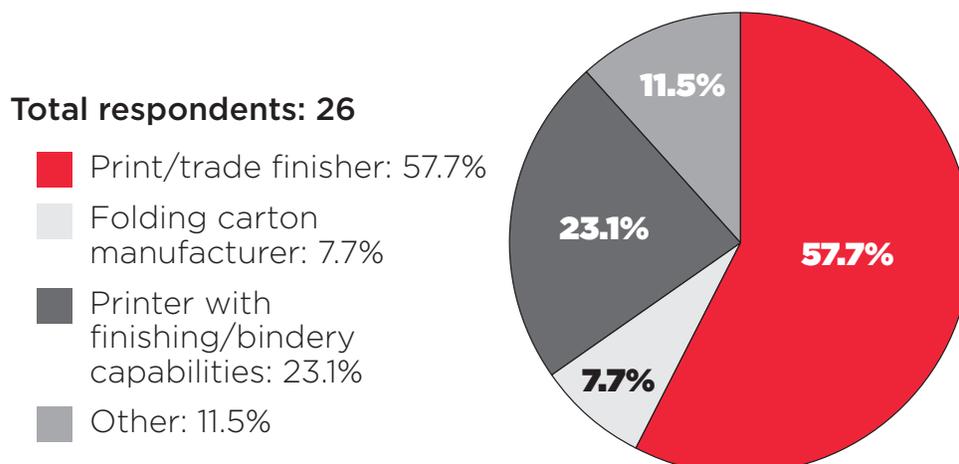
## How many employees do you have at your location?



*Participation in the 2018 Spoilage Survey was nearly evenly distributed among companies in the various employee counts categories, with slightly higher participation among companies with 10 to 49 employees.*

The majority of respondents (58 percent) identified their companies as print/trade finishers, although 23 percent identified as a printer with finishing/binding capabilities, reflecting industry consolidation and the trend for print industry businesses to expand services to meet customer demand.

## What best describes your business?



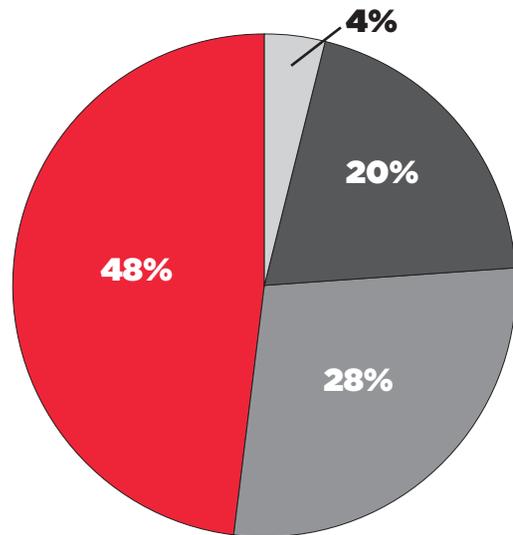
# FSEA Spoilage Survey

Nearly 48 percent of respondents described average run length for jobs in their facilities as more than 5,000 pieces per job.

## What is the average run length for jobs in your facility?

**Total respondents: 25**  
(Skipped this question: 1)

- 100 to 500 pieces per job: 4%
- 500 to 2,000 pieces per job: 20%
- 2,000 to 5,000 pieces per job: 28%
- More than 5,000 pieces per job: 48%



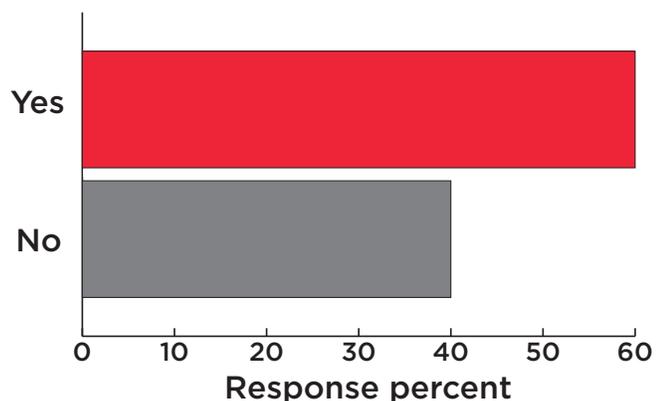
*Those companies not tracking spoilage may have been less likely to participate in the survey.*

Survey respondents were asked if they have a system in place to track spoilage percentages. Although 60 percent of companies indicated the presence of a tracking system, the response percentages for this question may be misleading - those companies not tracking spoilage may have been less likely to participate in the survey.

## Do you have a system in place to track spoilage percentages in your facility?

**Total respondents: 25**  
(Skipped this question: 1)

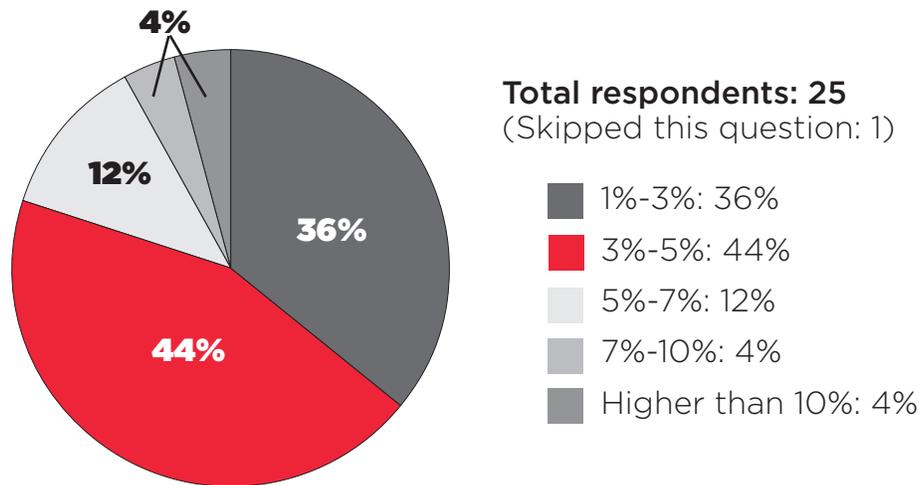
- Yes: 60%
- No: 40%



# FSEA Spoilage Survey

Participants were asked to estimate average material spoilage rates in 2017, and 64 percent of respondents indicated rates higher than three percent per job. Printing Industries of America (PIA) conducted a survey among its members in late 2017 that provided an industry spoilage rate average of 2.3 percent. If the FSEA's print finishing members utilized 2.3 percent as a baseline, a substantial opportunity for improvement exists for a significant portion of the association's member companies.

## In 2017, what would you estimate as your average material spoilage per job (all job types together?)



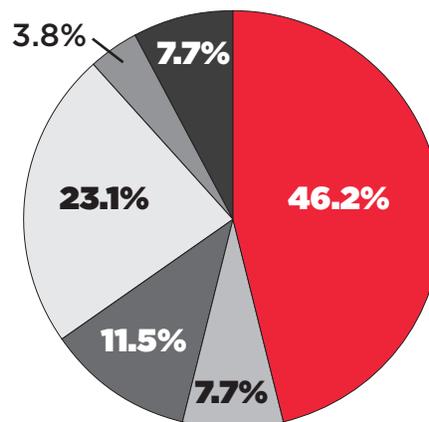
*If the FSEA's print finishing members utilized 2.3 percent as a baseline, a substantial opportunity for improvement exists for a significant portion of the association's member companies.*

Survey respondents were asked which job type creates the most spoilage in their shops, and more than 46 percent indicated foil stamping and embossing jobs that require registration to print were the cause of the majority of spoilage issues. Folding/gluing also had a higher rate of spoilage for 23 percent of the surveyed companies.

## What type of job creates the most spoilage in your shop?

**Total respondents: 26**  
(Skipped this question: 0)

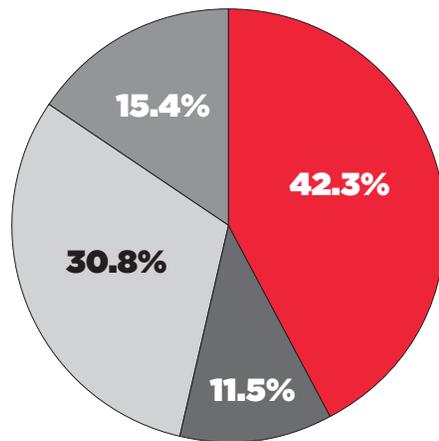
- Foil stamping/embossing (registration to print): 46.2%
- "Foil First" (foil stamping prior to overprinting): 7.7%
- Diecutting: 11.5%
- Folding/gluing: 23.1%
- Film lamination: 3.8%
- Other (please specify): 7.7%



# FSEA Spoilage Survey

Given the increase in digital print runs, survey respondents were asked if digital printing — and the shorter runs that can be associated with digital printing — affected spoilage rates. More than 42 percent of respondents indicated spoilage rates had increased due to digital printing/shorter runs. Thirty percent indicated no change had been seen in spoilage rates, and fewer than 12 percent saw a decrease in spoilage rates.

## Have digital print jobs or shorter runs had an effect on spoilage?



**Total respondents: 26**  
(Skipped this question: 0)

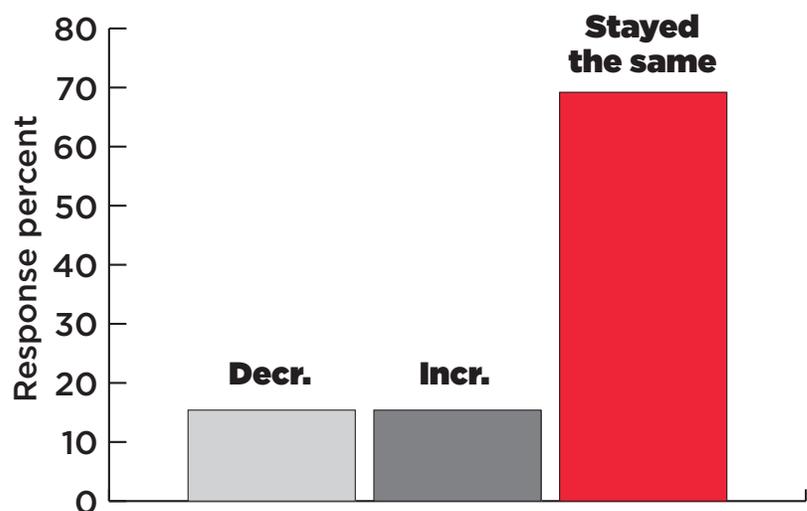
- Yes, we have had an increase in spoilage due to digital printing/shorter runs: 42.3%
- No, we have had a decrease in spoilage due to digital printing/shorter runs: 11.5%
- No change: 30.8%
- Not applicable for our business: 15.4%

Significant variances in the spoilage rates did not occur over the last 12 to 18 months for most reporting facilities (69 percent).

## Have you seen your spoilage increase or decrease over the last 12 to 18 months?

**Total respondents: 26**  
(Skipped this question: 0)

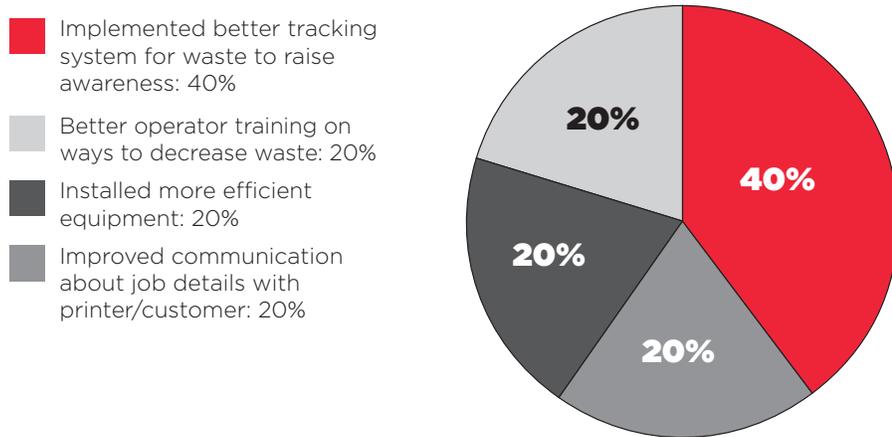
- Stayed the same: 69.2%
- Decrease: 15.4%
- Increase: 15.4%



# FSEA Spoilage Survey

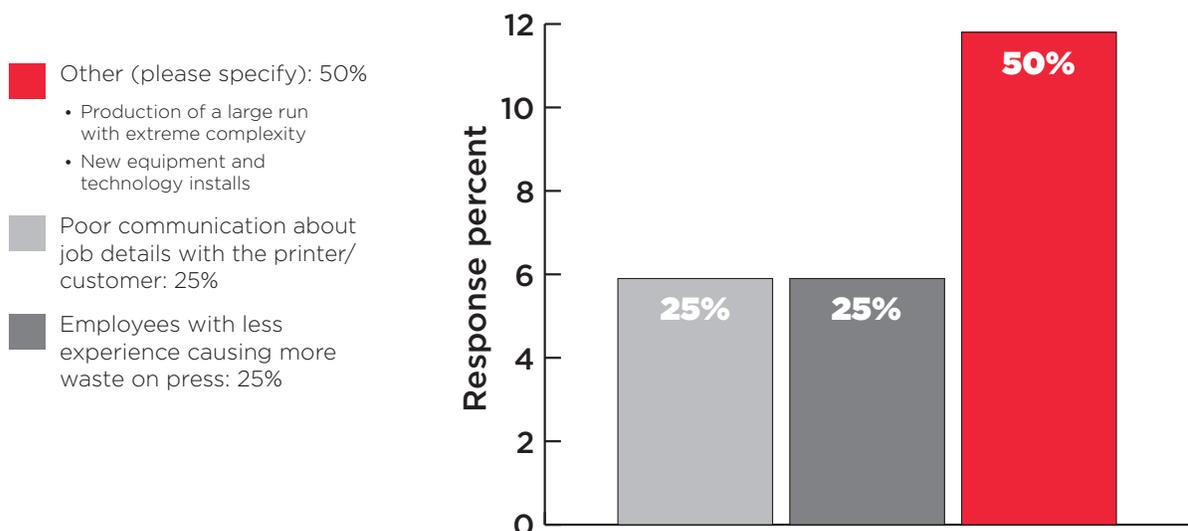
Of the responding companies that decreased the facility's spoilage rate over the last 12 to 18 months, two (11 percent) had implemented an improved tracking system to increase employee focus on waste reduction.

## If you answered that you have decreased your spoilage in the last 12 to 18 months, what have you put in place to accomplish this?



Of the responding companies that seen an increase in the facility's spoilage rate over the last 12 to 18 months, poor communication with the customer and inexperienced employees were identified as the cause.

## If you answered that you have increased your spoilage/waste in the last 12 to 18 months, what do you believe has caused this increase?



# FSEA Spoilage Survey

Training and tracking appear to be the keys to decreasing spoilage, as reported by the survey participants. Reporting companies indicated success through better training of employees on machines (41 percent) and better communication with printers and customers (23 percent) as the number one factors affecting spoilage rates. Nearly 43 percent indicated the implementation of a better tracking system for spoilage with each job was the second most important factor in their efforts to decrease spoilage.

## If you have implemented programs/procedures to decrease spoilage, what has worked best for your business? (Ranked in order of importance.)

**Total respondents: 18**  
(Skipped this question: 8)

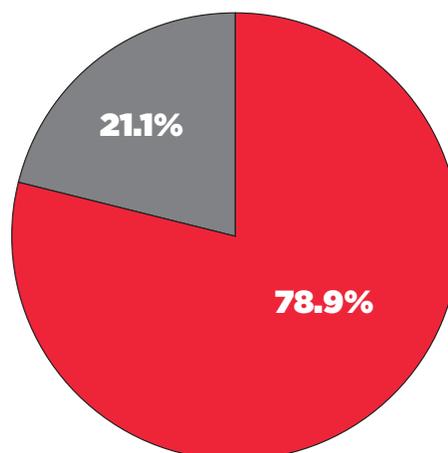
	1	2	5	Avg. rank
Better tracking system of spoilage for each job	14.3% (2)	42.9% (6)	7.1% (1)	2.5
Better training of employees on machines	41.2% (7)	23.5% (4)	11.8% (2)	2.176
Implementation of awards or bonus programs for employees who decrease spoilage	21.4% (3)	—	42.9% (6)	3.714
New equipment that helps decrease spoilage	5.9% (1)	17.6% (3)	17.6% (3)	3.294
Better communication with printer/customer	23.5% (4)	11.8% (2)	23.5% (4)	3.176

Despite the variance in the “suggested target spoilage rate” in the PIA survey (2.3 percent) and the spoilage rates reported by survey respondents (64 percent indicated a spoilage rate higher than three percent), implementation of programs to decrease spoilage are not a priority for those companies that do not already have a program in place.

## If you do not have a current program in place to help decrease spoilage, is this something you plan to put in place in 2018?

**Total respondents: 19**  
(Skipped this question: 7)

- Yes: 21.1%
- No: 78.9%



# ■ FSEA Spoilage Survey

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## Summary

FSEA's first spoilage survey provided an important baseline as the association expands its data collection in this area. Despite a limited number of respondents, the survey encompassed a range of companies involved in the print finishing industry.

Key findings of the FSEA Spoilage Survey indicate

1. an increase in spoilage due to digital printing and/or shorter run lengths and
2. the importance of employee training on proper equipment usage as a tactic for reducing spoilage rates

In addition, despite the cost savings associated with reduced spoilage rates, 40 percent of survey respondents do not have a system in place to track spoilage - and it's likely the number of FSEA members without a tracking system is actually much higher, since those without tracking programs would be less likely to fill out the survey.

As a final point of interest, spoilage rates have stayed the same over the last 12 to 18 months for 69 percent of survey respondents. That seems to indicate a lack of organizational focus on the reduction of spoilage, driving down profits and reducing production efficiency.

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*Forty percent of survey respondents do not have a system in place to track spoilage.*

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