

Authors Alterations: Recovering Your Costs

by Kelly Blakley and Dr. Jerry Waite

Author's alterations, also referred to as change orders, are adjustments made by the customer after the copy and artwork have been received by the printer. Alterations may occur at any stage of the printing process. Examples of author's alterations include, but are not limited to, copy changes, specification changes, unplanned color corrections, and changes to page count, paper choice, ink color, halftones, separations, and quantity ordered. Alterations mean extra time spent and/or extra materials used on the job. For example, a change in the quantity ordered may affect as much as 50 percent of the entire job quote. Someone must pay for the costs associated with changes: either the customer is going to pay, or you are!

The cost of a change is significantly affected by the timing of the request. If a change is made before any materials are used, the change may cost little or nothing. For example, a small type change or a change in ink color may incur no additional charges if the changes are requested early in the production process. Changes are more costly if they are requested after the proofing stage of the job. Mark Beach, author of *Getting It Printed*, suggests a rule-of-thumb for how timing affects the cost of a change: a change that costs \$5.00 in an electronic file would cost \$50 at the film stage and \$500 at the press stage (Beach, 1993).

Author's Alterations Cost Printers Money

To prevent the printer from bearing the burden of alterations, the cost of additional staff time and the cost of film, plates, paper, and other materials must be added into the quoted price of changed jobs. Few people would disagree with this statement. However, many printers do not do a good job of tracking and billing the costs of alterations. Instead, they literally leave thousands of dollars lying on the table. Tom Boynton, of Advanced Computer Systems, claims that unbilled author's alterations can be as high as 14% of a printer's total sales (T. Boynton, personal

communication, October 10, 1997). By way of illustration, one company, directed by consultant Don Goldman, tracked its author's alterations for one year and estimated a total of \$500,000 went unbilled (Goldman, 1997). According to both Boynton and Goldman, the problem is simple: invoices for changed jobs must reflect the original quote plus the additional cost of author's alterations.

Beach (1993) claims that requests for author's alterations are not always handled in an efficient way. A customer service representative or a sales representative may use a Post-It note or a small scrap of paper to request a change. This note may ensure that the change gets made, but the change may not be recorded on the job ticket or entered into the estimating system.

Author's alterations are an important issue for printers. If many jobs require alterations, and those alterations are not properly billed, imagine how much time and money will be lost. *Each and every change should be documented* in some legitimate fashion. Fortunately, many off-the-shelf printing estimating programs can help printers document change orders.

Using Estimating Software to Track Author's Alterations

At the 1997 PIA-Texas Annual Conference in Austin, software vendors from around the country demonstrated their estimating packages. Estimating programs are generally used to keep track of job orders and costs associated with those jobs. Some software packages are modular, which means that the printing company can purchase specific software modules depending on its needs. More functions can be purchased as printers grow or reorganize. Many of these packages include modules to track author's alterations. The next few paragraphs will highlight some of the estimating programs that can help printers track change orders.

Micro Ink Systems' software, demonstrated by Mark Andersen, has a change order module (M. Anderson, personal communication, October 10, 1997). The specific cost of a change order can be typed-in directly or can be based on specific standards for the particular company. Change orders show up in red on the job ticket and are automatically posted to the invoice.

Hagen's system, OA (Open Architecture), was demonstrated by Gerald Walsh (G. Walsh, personal communication, October 10, 1997). Instead of recording change orders on Post-It notes, author's alterations are entered into the system. The system then automatically faxes a confirmation notice to the customer. The system is integrated, so when someone enters the job number on the shop floor, a flag comes up that alerts the worker to the change. Changes are automatically posted to the invoice so the customer will be billed for the extra time or materials. Mr. Walsh also noted that for major alterations—like changing from 16 to 32 pages—a sub-job is generated and billed.

LithoTraxx, by Tailored Solutions, was demonstrated by Pam and Ken Meinhardt (P. Meinhardt, and K. Meinhardt, personal communication, October 10, 1997). This software is for use with Macintosh computers, while the others mentioned previously are PC-based. LithoTraxx has many pop-up windows, and it is modular so features can be added on an as-needed basis. Module One contains a function that allows users to adjust costs as needed.

Some Advice From the Experts

Dr. Richard K. Wallin, with Avanti Computer Systems, warned that some programs might not automatically calculate the proper amount to charge for change orders. Some companies charge up to three times more for change orders than what they would charge for similar processes included in an original estimate. If the software returns the same charge for a given process no matter if it is included in the original estimate or as part of a change order, only a fraction of the firm's customary change order rate will be billed. Therefore, change order charges listed on invoices should be carefully reviewed.

Patrick White (1997) emphasized that, whatever you choose, be sure the software fits *your* needs. The point of any estimating program is to get paid for *all* the work you do in your shop. Find a system that fits your needs and your budget. However, be sure the system helps you avoid unbilled changes.

Conclusion

Author's alterations are a fact of life in printing companies. So long as clients request changes after a job has been estimated, you will be faced with change orders. The question is, will you pay for those changes or will the customer? If you answered "the customer," then you need to accurately track and bill alterations. There are several printing estimating programs on the market that can help you. Find one and use it. Do not leave 14% of your total sales on the table!

Bibliography

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About the Authors

Kelly Blakley graduated in December 1997 from the University of Houston's College of Technology with a graphic communications technology specialization. She accepted a position with Emmott-Walker Printing, Inc. Dr. Jerry Waite is an assistant professor of Industrial Technology in the University of Houston's College of Technology.

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