SPECIALIST printing worldwide

COST VERSUS PRICE VERSUS VALUE

An evaluation of why these three elements can cause friction in today's screen-printing environments

Since most readers of this article have grown up fully immersed in our (relatively) free-market economic model, there is a natural tendency to take for granted the particular elements of the formula that coalesce to make sense of what we consider valuable – that consideration being the very root of what drives much of the western world's particular brand of free enterprise. That "the consumer determines value" – and not the producers of goods as in competing economic models, is the touch-stone that binds us. Those commercial enterprises which are intentional about respecting that fact, and behaving accordingly, are at a distinct competitive advantage compared to those that are not.

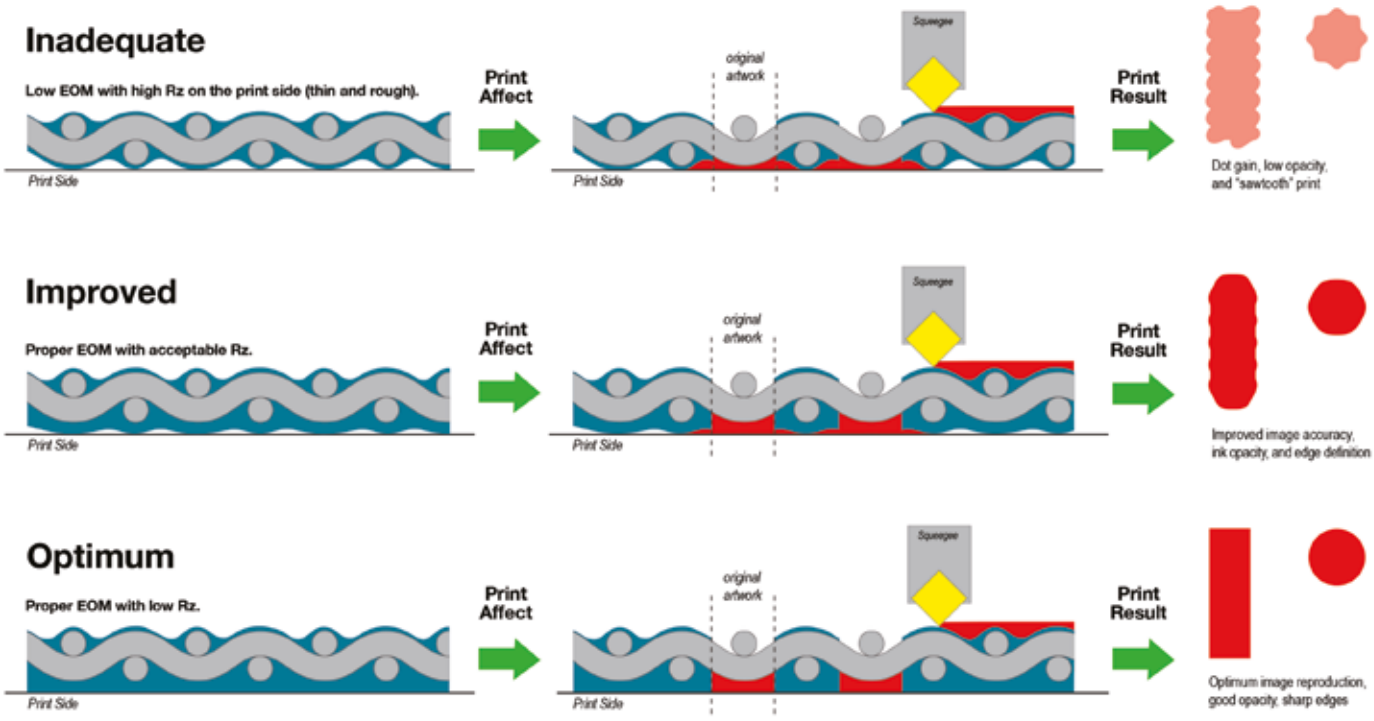
Of course, as in all things commercial, things are easier said than done. And a library full of text books and a world-wide-web of content on the matter is of little comfort when facing the ravages of the real world, day-to-day, competitive imperatives that challenge businesses, not only in the various printing industries, but every business, large and small, that collectively form our macro economy.

Still, it surprises that in many otherwise very sophisticated commercial organisations, there remains a persistent and disruptive comprehension of the distinctions between cost, price and value. Of course, the cost of a given product or service is well understood to refer to the various costs associated with producing/providing a given offering. Similarly, we readily recognise that price refers to the dollar-and-cents, numerical position applied to a given offering to be paid by either the consumer, in a retail setting, or a wholesaler, in a distribution context. Value, however, while closely related to both cost and price, is an animal all its own, infused with a combination of subjectivity, symbolism, hard-and-fast numbers, and even emotion.

THE INTERSECTION OF TECHNOLOGY

Back on planet Earth, in screen-printing operations everywhere, this friction between cost, price and value plays out in ways as mundane as they are insidious. This often manifests itself at the intersection of technology – or lack thereof – and custom, tradition, organisational culture or operational ritual, ie: "We've always done it this way."

Marty Medvetz, 16-year screen-printing veteran, both in R&D and sales, at Chromaline Screen Print Products since 2007, is painfully familiar with this sort of friction. "When I'm meeting with customers or prospects, my first goal is to understand their production flow



Emulsion Over Mesh (EOM) – demonstrating stencil profile versus print quality

and what they're trying to accomplish in terms of work efficiency – which is code for they want to cut production costs. This is totally understandable of course but, unfortunately, lots of people on the supply side of our industry have basically trained screen-printers to cut costs by whittling down the cost of materials, namely the photo emulsion used to make the screens."

While Medvetz fully appreciates the idea that cutting costs all along the production line is an attractive idea on the face of it, he challenges production managers and business owners to take a more nuanced approach, based on the overall cost of production. That is, some cost-cuts can result in an overall compromise in productivity, profitability, not to mention the quality of the end product.

A BROKEN LOGIC COMPONENT

Medvetz continues: "There's a broken component in the logic that treats every element of a complex, multi-faceted operation the same, in terms of cost-cutting. In many production settings, the first thing people ask is: 'How much does your emulsion cost?' Instead, the more critical question is: 'What's the total cost of the screen?', or even: 'What's the total cost of the job?'."

One common practice that illuminates this point is the error in associating cheaper emulsion with cheaper production costs. While this error is multi-faceted, perhaps the most distinct element has to do with achieving appropriate EOM (Emulsion Over Mesh) and the relationship between such achievement and the solids' percentage in a given emulsion. Interestingly, there are no industry standards that regulate or verify percent solids in screen-printing emulsions. Thus, advertisers can essentially say whatever they want with no fear of repercussion. An emulsion with a comparatively low percentage of solids can claim otherwise. This, of course, advantages those making the misleading claim of 'high solids' without reference to any supportive, analytical data. Since percentage of solids is a substantial contributor to the cost of producing an emulsion, manufacturers are keenly incentivised to keep solids low and promotionally claim otherwise.

As a practical matter, using a cheaper emulsion – an emulsion with lower solids percentage – results in having to either coat the screen numerous times, or settle for a lower EOM, resulting in an inferior stencil. Thinner, less expensive emulsions can also lead to pinholes and mid-run stencil breakdowns. Obviously, stoppages in production are profit killers. In this scenario, that 'cheap' emulsion results in down-time, screen re-makes and press re-registration, ramping up labour costs, making the money saved on the 'cheaper' product seem silly, at best.

ESTABLISHING PROPER EOM

From another perspective, using 30% more emulsion volume (more coatings) to establish proper EOM, with a product that is, say, 20% less per gallon in price, results in an increase in per screen cost. According to Medvetz, there's a relatively easy way to distinguish between a cheap emulsion and less expensive production cost.

"The simplest way to understand it is to simply measure the EOM with a micrometre." Medvetz concludes. "For example, if you're using plastisol ink, the EOM should measure between about 15 to 25%. If you don't have that and need to coat again, or decide to go ahead with the run anyway, you've got the wrong product, no matter how little you paid for it." ■

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