National Printing Research Council

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NPRC Mini-Survey Explores Typesetting Charges and Key Industry Productivity

By John Stewart, Executive Director, NPRC

Once again, we would sincerely like to thank the owners of 123 printing firms who took the time to complete our most recent survey. Without their support and prompt participation, detailed surveys such as this would simply not be possible. Thank you very much.

NPRC is proud to present the results of its latest mini-survey. The survey was launched on Friday, Dec. 10th and Closed end of the day on Dec. 14th. While the survey data presented below is based upon 123 firms, additional responses continued to come in after the formal deadlines. This survey covered pricing practices for basic graphic and design services in the printing industry. Below are the questions and the corresponding answers based upon our data.

#1 - Do Most Firms Impose a Minimum Typesetting Charge? Approximately 75% of our survey respondents indicated their firm "strictly" imposes or enforces a minimum typesetting charge, regardless of how small the task might be, while another 15% said they did not.
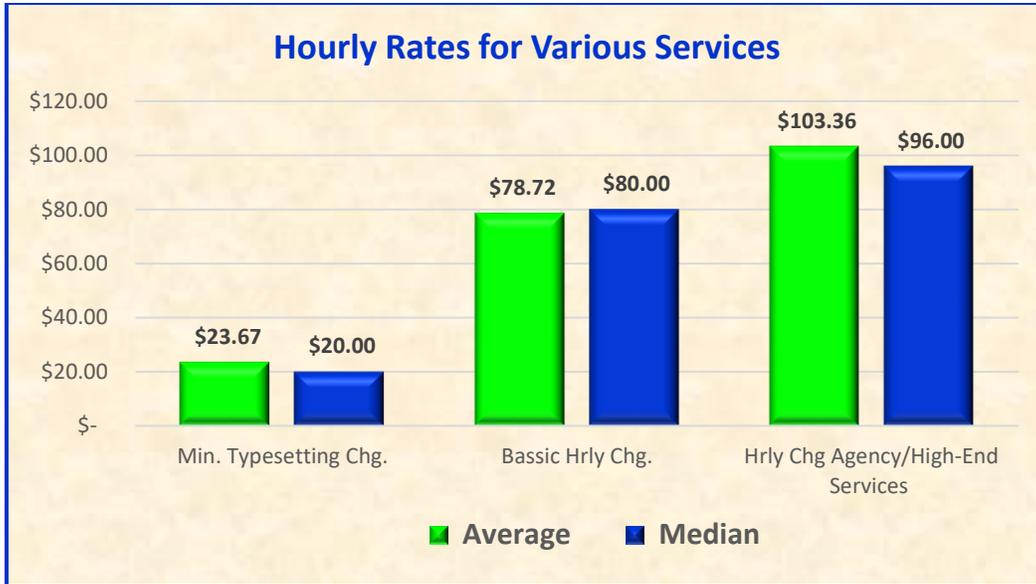
> *"Minimum Typesetting charge? We say we do… but often not enforced."*

An additional 10% checked "Other" and we think their answers, although representing only 10% of those surveyed, was closer to the truth than many participants would acknowledge. Some of the comments we received included:
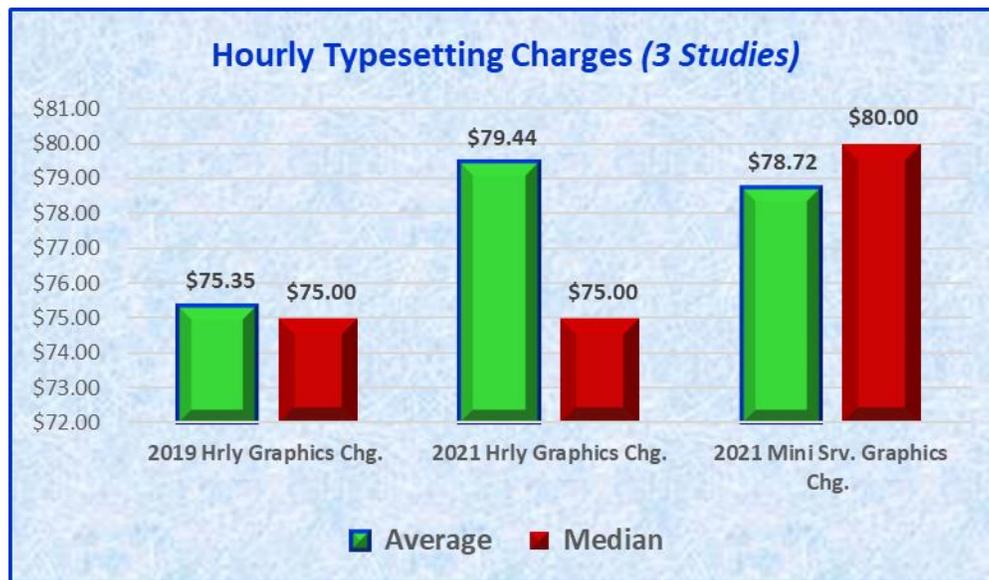
- *"$15 min. charge, usually waived for regular or non-abusive customers, applied to those who are abusive…"*
- *"Yes, with a handful of exceptions."*
- *"We are supposed to, but many times do not."*
- *"If it takes less than about 5 minutes then no we don't charge, say a name change on a business card."*
- *"We do about 90% of the time"*
- *"Depends on the client …"*
- *"We say we do… but often not enforced."*

Based upon our experiences over the years in tracking general productivity in this department, we suspect there are many owners who upon more serious reflection, would agree with one or more of the sentiments expressed above. The bottom line is we are failing miserably in tracking productivity.
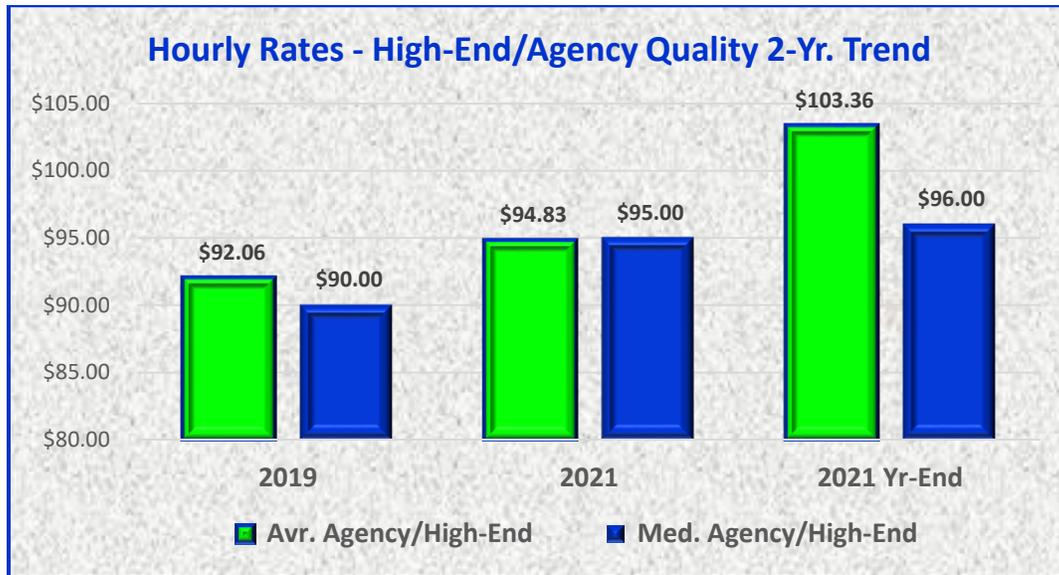
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#2 – What is the Average/Median Minimum Typesetting Charge? A straight-forward question with the answers below.

Hourly Rates for Various Services

	Average	Median
Min. Typesetting Chg.	$23.67	$20.00
Bassic Hrly Chg.	$78.72	$80.00
Hrly Chg Agency/High-End Services	$103.36	$96.00

Note, for comparative purposes, we prepared a second graph and added two comparative markers from two previous surveys. We can't help but observe that the *"average"* and *"median"* rates have changed little during the past three years. As we note later in this report, our data tends to indicate that most firms in our industry are probably working at productivity levels of 40% or lower, at least in the graphics department. That means that instead of selling 30-35 hours of graphic sales each week, the average firm is most likely selling 15-16 hours of graphic sales each week.

Hourly Typesetting Charges *(3 Studies)*

	Average	Median
2019 Hrly Graphics Chg.	$75.35	$75.00
2021 Hrly Graphics Chg.	$79.44	$75.00
2021 Mini Srv. Graphics Chg.	$78.72	$80.00

#4 – Agency or High-end Design Charges? Question #4 tackled a similar task but concerned itself specifically with pricing "High-End" design projects. The following page includes a graph depicting a three-year trend for pricing this type of work.

Hourly Rates - High-End/Agency Quality 2-Yr. Trend

	2019	2021	2021 Yr-End
Avr. Agency/High-End	$92.06	$94.83	$103.36
Med. Agency/High-End	$90.00	$95.00	$96.00

#5 – Average Number of Graphic Employees? We asked this question so that we could later calculate and comment on specific ratios related to sales per employee in the graphics department. These are the answers we received:

- *Average # of Graphic Designers or Typesetters… 1.6 Employees*
- *Median # of Graphic Designers or Typesetters… 1.0 Employees*

#6 & #7 – Estimated Weekly & Annual Typesetting/Design Sales?

Unfortunately (or fortunately as the case may be) we ended up basically asking the same question twice. We were trying to establish an approximate figure for total annual graphic art sales, ultimately planning to calculate the "sales per employee" for graphic designers.

Unfortunately, we mistakenly asked for both weekly sales as well as annual sales and that's where the problem started. When we annualized the average weekly graphic sales and compared that to the reported annua sales there was quite a difference - **$52,469 vs. $57,837.** The disparity in terms of median totals was even greater - **$39,520 vs. $48,267**.

We can blame much of the problem on the inability of owners to accurately track "real-world" graphic sales data. It was clear to us when looking at the data provided by owners that many were simply guessing at numbers. This is not a new problem and has in fact been a challenge facing the industry for 30+ years.

Our preliminary conclusion, subject to revision if and when we conduct a future survey, is that a significant portion of our industry appears to be selling graphic services at a loss. We analyzed the data numerous times and it appears that in many cases, owners are paying their graphics employees more than those employees are generating in sales.

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One explanation is that many graphic employees are also charged with running digital presses and yet are not being credited with those sales. Granted, that could prove to be more difficult than it is worth, especially if the overall profits of the company are healthy.

On the other hand, if the company is having difficulties in achieving reasonable profits (especially in the Covid era), then the graphics department and its occasional inability to pay for itself deserves a closer examination.

#8 – Total Projected 2021 Annual Sales? Total projected sales for 2021 was a much easier question for participants to answer.

- *Average Projected 2021 Sales (All firms)… $1,673,747*
- *Median Projected 2021 Sales (All firms)… $768,000*

#9 - Total Number of Employees & Resulting SPE?

- **Average # of Employees… 10.6**
- **Median # of Employees… 6.0**

SPE Comparison - 2017-2021
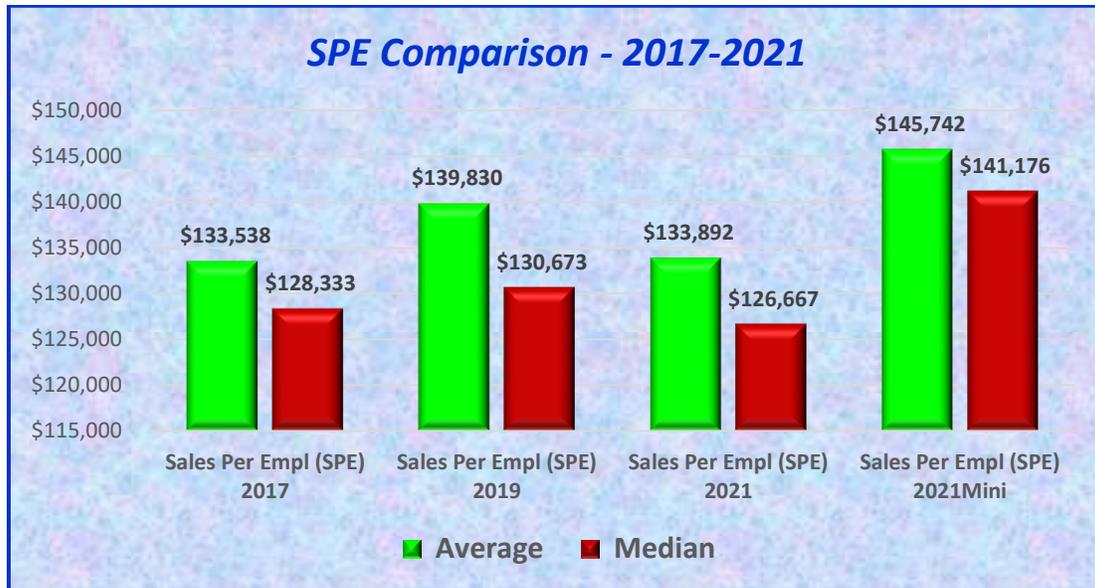
IMPORTANT NOTE: The SPE numbers appearing in the graph above are the result of averaging approximately 100 individual entries provided by participants. Dividing one column average (annual sales) by the average of another column (average employees) will not yield the same answer.

We continue to believe that sales per employee (SPE) is by far the most accurate and fastest method for calculating a firm's "true" productivity. Some owners attempt to rationalize why their SPE's do not reflect their productivity but in almost every case when the numbers and ratios are carefully analyzed the truth wins out.

SPE is normally expressed on an annual basis. It is simply calculated by dividing annual sales (actual or projected) by the total number of employees (including all working owners and partners) used or required to produce those sales.

A SPECIAL ANALYSIS & GRAPHIC DEPARTMENT PRODUCTIVITY

Driven to further explore the wild and sometimes incongruous data regarding total graphic sales, we analyzed the data further to see if we could extract some more accurate data that would better explain what we have often called the "Black Hole" of our industry.

First, we carefully examined two columns in our Excel Spreadsheet (*Total # of Designers* and *Total Graphic's Department Sales 2021*) and deleted almost 40% of the individual entries either because they were exceptionally low and would thus cast doubt on all subsequent data, and/or they simply made little sense.

We ended up with approximately 77 firms with 2021 average annual typesetting sales of $100,786 produced by an average of 1.6 employees. The median sales number was $60,000 produced by 1

employee. The next thing we did was examine each individual entry for annual department sales and apply the following formula to determine how productive these departments actually are.

**PERCENTAGE LEVEL OF PRODUCTIVITY BASED UPON
TOTAL SALES AND HRLY GRAPHIC CHARGES**

((Total Sales/# Graphic Employees)/Hrly. Graphics Chg.))/2040 = Est'd Level Productivity*

* Productivity expressed as a percent of a 40-hr. week

This formula basically calculates the estimated graphic sales per employee, divides that by the firm's hourly graphics rate (producing total hours billed), and then divides that by 2040 maximum annual production hours (52 weeks X 40 hrs. per week). The resulting number indicated the percent of billable hours based upon a 40-hour week.

Yes, we know that you can't sell 100% of the theoretical hours available, but we also know, provided the proper data, that you should be able to sell 10, 15 or even 20 hours per week for an employee who is paid for 40 hours per week.

The facts are that after we applied our formula duplicated it company by company, we were surprised but not shocked at what we found. The average level of productivity (hours actually sold based upon a 40-hr. week) was 38%. The median was slightly less at 35.9%.

Average Calculated Productivity… 38%

**Median Calculated Productivity… 35.9%**

That means that the average company, after accounting for and eliminating dozens of outlier and questionable entries, appeared to indicate in our survey they are actually invoicing/selling approximately 14-16 hours per 40-hour week. Believe it or not, this is very consistent with our findings from past surveys.

Remember, the above data is derived from data that has been thorough scrubbed and cleaned with outliers removed. Suffice it to say that tracking billable hours in the graphics department is one of the greatest challenges in our industry.

While it is unrealistic to expect an art department to invoice or bill 40 hours per week, we think it is perfectly reasonable and achievable to reach the 50-60% productivity level, and yet most departments DO NOT, at least according to the data we have collected.

We looked at 60 printing firms and calculated the percent of hours they invoiced or produced on a weekly basis. Even if you once again eliminate what some would still define as "outliers," you are left with some shocking data… 32% of firms unable to account for billing more than eight hours of typesetting and design services per week. An additional 15% of firms being able to invoice/produce between 12-14 hours per week!

See the chart on the next page for details.

Levels of "Billing" Productivity Achieved by Participants
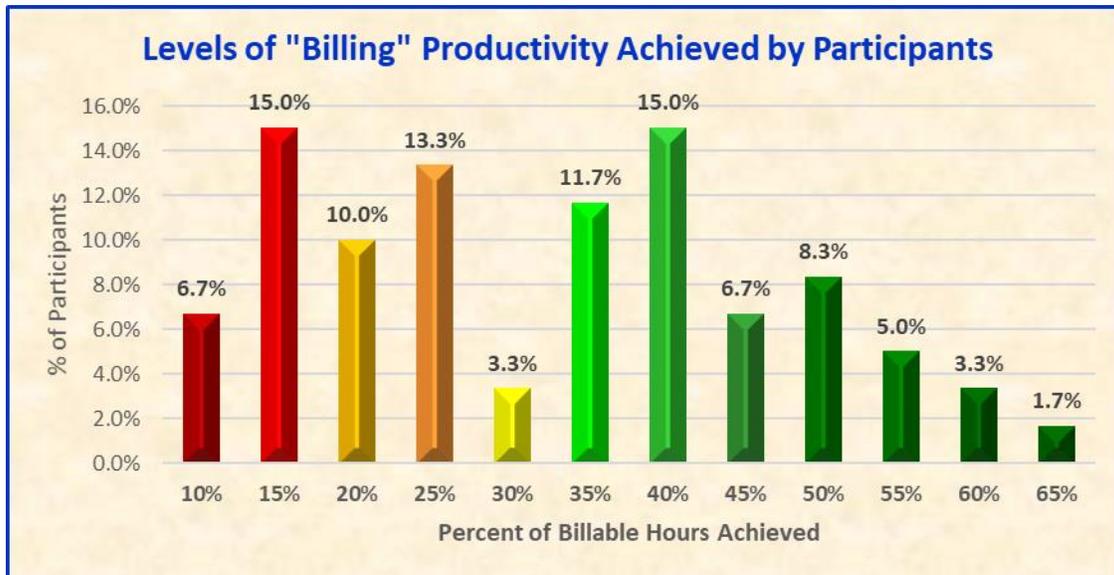
BILLABLE HOURS – This chart illustrates the percentage of participating firms able to report invoicing a specific percentage of billable hours per week. As an example, the green bar labeled 15.0% at the top indicates that 15% of our firms were only able to invoice 40% (16 hours) of the available hours each week. Note that the three bars to the left indicate that almost 32% of our participating firms indicated they were only able to invoice/bill for 20% or fewer hours out of a 40-hour week.

Food for thought? If nothing else, we hope the above comments might stir some readers to at least question the efficiency and productivity of their own typesetting and design departments. Even a modest goal of capturing and invoicing an additional eight (8) hours per week at an average of $80 per hour could generate $33,000 more in annual income. Thanks for listening.

Conclusion – If you participated in this survey we want to express our appreciation. If you did not, we would like to encourage you (especially if you are a member of the NPRC Listserv) to participate in our next mini-survey. We try not to overburden you with surveys, and our goal is to keep these surveys to no more than 5-6 questions on a very specific subject, whether it be pricing or more general in nature.

If you have any suggestions for a future mini-survey, please sent us an email at: membership@printingresearch.org.

Sincerely,
John Stewart, Executive Director, NPRC
Melbourne, FL 32904