

THE definition, "that the Average Cost rate should be the experience of a normal period," introduces a profound question and that is, "what is a normal period?" Is it six months, a year, two years, seven years, or periods that span economic upheavals?

Whatever the normal period is, there is one danger sufficiently imminent that wants to be pointed out. That is, that we forever hold before ourselves an unwarranted 99% productivity when experience for one, two, and even three years, clearly indicates that some major change has taken place in industry and that a lower basis must be used as a normal one.

As a general statement, the Costing or Set-up Rate should be based on the best average available, the criterion of its accuracy being that, over a given period, usually a year, your actual costs will be recovered on the finished orders for the period.

ALONG the line of changing conditions: I wonder how many association members are face to face with

REAL COST OF ADVERTISING SPACE

THE Canadian Weekly Newspapers Association at its recent annual issued the results obtained by Hugh Savage, proprietor of the Duncan (B. C.) Leader, and a director of the association. The Leader was put through as a job by the United Typothetae Cost System for 12 months, with the following results:

Average number of papers printed, 1,614.

Average number of pages, 12.

Average cost per issue, \$238.92.

Average cost per page, \$19.53.

Average cost of producing one inch (reading matter or advertising) 16.73 cents (i. e. total cost of papers divided by total number of inches in them).

Percentage of advertising to total, 57.

Percentage of reading matter to total, 43.

Total cost of 52 issues, \$12,424.22.

Total advertising, 42,550 in.
29.2 cents COST per inch.
(Inches divided into Cost.)

Deduct subscription revenue from cost before dividing by advertising inches, cost per inch 22.76 cents.

The hour costs on which these figures are based are: Hand Composition, \$2.60; Machine Composition \$2.80; Cylinder Press, \$2.90; Cutter, \$2; Bindery, \$1.10.

These figures are COST, with nothing added for profit.

that pernicious and ever-increasing menace, *Estimates?* I have heard many a business man say that times are so different than they used to be. Formerly it was maintained, a man had a field of customers which he cultivated and upon whom he depended. There was no question as to price, quality was satisfactory, and service above criticism. What is the real condition today?

I am *not* willing to admit that service does not count, and that quality is overlooked, and that everything goes "on price"; for, that is a sure sign of approaching old age.

But, granted that there is a change in the trend of business, that between competitors there is less difference in quality and less difference in service and that business is placed "on price", then if these are the facts, there is all the more reason for the development of accurate costs, so that great differences in quotations are impossible. We all know that a man usually gets what he pays for. And that if the actual cost of *identical* service or commodity is compared, it is almost uncanny how surprisingly close these costs will be.

Suffice it to say that a complete Cost history of every job, and a comparison of that cost with the Estimate will and must eventually lead to two things: (1) more correct estimates, and, (2) better performance on the individual jobs; *these cannot help but reflect a marked improvement in the competitive situation.*

MANY plants have Time Systems, though their financial records and books of account, may be seriously inadequate. But very few plants have attempted to get on the basis of a Cost System but what have been compelled to put their financial recording on an improved basis.

The complete justification for uniform Cost Work and Uniform Accounting Work is that it not only gives the individual plant the best in systems and methods that can be devised for the industry, *but also gives the individual plant the opportunity to make intelligent comparisons with the results of other plants.*

That which then benefits the individual will also benefit the industry.

PERMIT me, therefore, to offer to those who direct the activities of associations the following propositions:

- (1) Direct the energies of your organization to educational Cost Work.
- (2) Eliminate from your industry the competitive **abuse** and substitute therefore the actual **use** of the potential means at your command.
- (3) **Succeed** in your problem by recognizing that above all, **you yourself** are the Key Man and that every Key Man must be the **first to act.**

IF you want to travel on the Road to Profit, you must do so by the proper vehicle and be properly equipped. We are all familiar with the apt expression "standard equipment." If so, "*how about your headlights?*"



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THE author of these "beacon lights" for the Industry of Printing and Publishing is a member of the International Association of Cost Accountants, and a director of the Milwaukee (Wis.) Chapter. The article is composed of a few excerpts from his address recently to the Fifth Annual Conference of the Third District, International Trade Composition Association, in his capacity as Director of Accounting, Milwaukee (Wis.) Typothetae, Inc.

WHERE DO WE GO FROM HERE?

A SURVEY by a New York Advertising Agency revealed that only 27% of the printers examined produced "Advertising Printing"; 73% were "Commercial Printers."

Of the 27% Advertising Printers, the ideas for the advertising were furnished by the printer on only 2% of the work, by an advertising agent on 10% of the work, and on the remaining 88% the advertiser himself, who bought the printing, suggested the plan.

This agency further discovered that there are only 800 printers in the United States who maintain service departments.

There are 5,049 designers of printing, advertising, and layout; 2,623 advertising agencies, 53,000 large consumers, and 1,221,000 small consumers of advertising.