

Overs / Unders Policy



This is one of the most (if not most) misunderstood policies in the label industry. It is often thought of as a trick to charge customers for more labels than they ordered but in reality it is quite the opposite.

Here's a description of the policy and why it often works in your benefit. First of all, here's how the policy works:

- ➔ Due to the nature of printing and finishing equipment it is very difficult to predict the exact finished quantity when estimating. Although we do our best to predict, circumstances that are often out of our control can cause small shortages.
- ➔ Since shortages are usually the least acceptable outcome by most customers, we run extra labels (up to 10% extra) to account for unanticipated issues.
- ➔ If we still end up with shortages that are within the standard policy (+-10%) we consider the order closed and we only invoice for the exact quantity produced.
- ➔ If we end up with extras, we will ship & invoice the full quantity.

Now this may appear unfair, however it actually results in the best pricing option for the customer. Let me explain...

- ➔ If someone will only accept exact quantities to avoid receiving and paying for overs, label printers will automatically build in the full 10% (or more) into your prices up front to protect them from having to return to press to run a very small make up quantity.
- ➔ Also, since the customer will only take exact quantities, any extra labels will be discarded even though their cost was already built in. This ends up yielding higher price per label since you are paying at least 10% more but only receiving the exact quantity.

There's one other extremely important reason to accept more labels than you have products to label:

- ! Application waste! Whether you are applying you labels by hand or high speed machinery, there is almost always set-up and application waste which is also not easy to predict. If you only were willing to accept the exact amount of labels then this waste would result in left over units without labels. Since I'm guessing your label cost is substantially lower than the cost of your actual product this would be a much worse scenario than the cost of the extra labels.

Thank You!