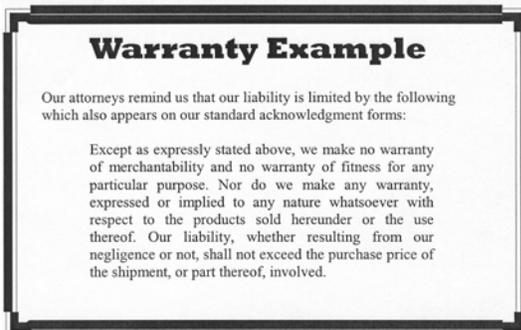


Handling Quality Problems

Mill Policies and Customs

Paper manufacturers only guarantee their product against defects of quality and workmanship and limit any claim to the value of the product involved. Although warranty limitations are expressed for legal reasons, almost all mills will honor any reasonable, documented claim. Regardless of the wording in the warranty, there is an implied fitness of purpose. If one buys printing paper, one has the right to expect it to be printable



under normal conditions.

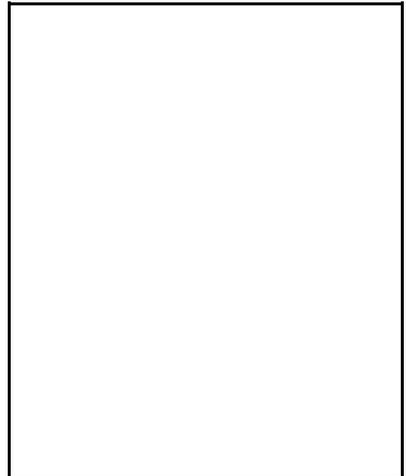
Although the warranty may state that the mill's liability is limited to the value of the product sold. Mills routinely pay charges in addition to the value of the paper involved for press time, blankets, etc. These charges are referred to as value-added charges. The general rule for honoring value-added charges is simple. At the point in time that the printer suspects that a problem exists, or should have realized that a problem exists, the mill's liability stops. The printer should never fight paper through the press anticipating the mill to pay additional charges. If the

printer elects to continue to run defective paper, unless the mill has participated in the decision to continue running the defective product, the printer will be responsible for any additional cost incurred and the mill will probably not honor the charges. If time is an important factor and there isn't time to replace the defective paper, call the technical representative at the mill that manufactured the product (or have your merchant representative do it.) Often they will have a suggestion that will help solve the problem. The mill may instruct you to try to run the product. At

that point, they have made or shared in the decision to run the paper. If their solution did not work or adds excessive press time to the job, discuss with them the possibility of the mill sharing in the cost added it the job as a result of trying not to reject the paper. If the charges are not excessive, the mill may find it cheaper and more efficient to pay the additional press charges than to inconvenience the printer and to scrap the defective material. The bottom line is that if the mill shares in the decision to run, the mill shares in the responsibility for press charges. Make sure that you document the date, time and to whom you discussed the problem in the event there is a problem later.

Mills seldom will pay claims based on the printers selling price, but usually will reimburse the printer for actual costs for press time, bindery time, wash-ups, etc. if documented properly. A reference cost guideline is used to deter-

mine costs based on the average hourly costs for the specific equipment and region. An example of such a publication is the Blue Book of Production Standards and Costs published by the Printing Industries Association.



Blue Book of Production Costs

All paper, regardless of mill, is manufactured within a tolerance range. This means that in any given production run, some of the paper will be above the standard and some below standard. Therefore, quality as referred to by the warranty is acceptable if the paper tests within these guidelines. If you have a particular printing job that requires very tight tolerances, it would probably be beneficial to discuss it with your paper supplier. They would be able to find the mill standards for the characteristic(s) you require.

Fitness for End Use

Paper is never guaranteed for its end use relative to grade. Grade

selection is the responsibility of the printer and/or designer. Mills will not be responsible for problems that arise when the actual end use of the paper exceeds the design capabilities of the grade selected. The trend in the last few years is to use more and more solids, complicated colors, and graphics. It is no longer uncommon for a designer to design a project on a high quality dull-coated sheet, and then switch to a matte sheet at the end of the project for cost considerations. If there are halftones or screens on the job, the dot fidelity and color saturation will be inferior to the dull-coated sheet and the customer might reject the job. 50# offset is quite often substituted for 20# bond; however, it is not sized for pen and ink and will not give equal results when writing on it with some writing instruments.

Notification

It is the responsibility of the printer to notify the paper mill or the paper merchant when paper is suspected as being defective is encountered. If a paper merchant is involved, the printer must notify the merchant and they must notify the mill that a problem exists.

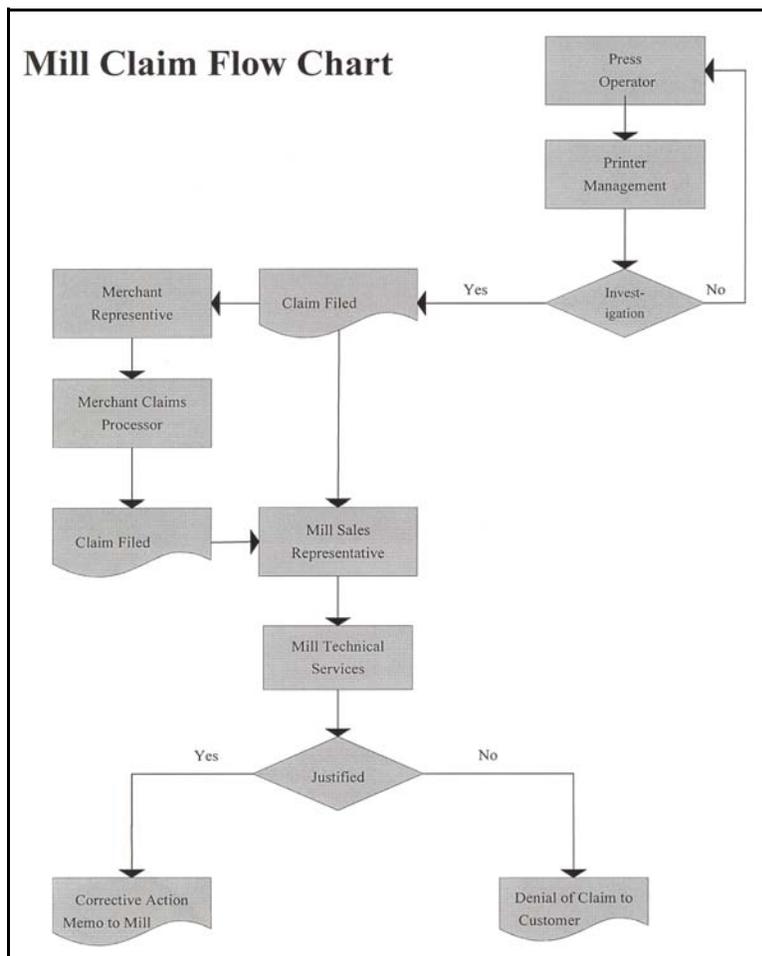
Disposal of Defective Paper

Defective paper should not be disposed of until final disposition of the claim has been satisfactorily achieved. The printer should store printed and unprinted defective material until they actually receive a credit memo from the mill and/or merchant indicating that the claim has been settled. Even then, it would be wise to return all of the defective paper to the mill or ask for written disposition giving permission to discard all the material. It is not uncommon for

the unprinted paper to be sold to a "seconds house", or the printed portion may have to be re-examined. The complaint process could conceivably stretch over a period of time. If, at the end of the process, the paper is not available the entire claim or a portion of it will usually be denied even though previously justified.

urers take pride in their products and will pay any reasonable, justified claim. Many of the complaints that are denied are a result of insufficient information and/or poor documentation.

The complaint handling process, although it appears simple, is a complex process that requires interpretation at several levels by individuals who, in most cases, must rely on information contained



Mill Complaints

In the filing of mill complaints it is extremely important to document and evidence the complaint properly. If done properly, the correct processing and documentation of mill claims can save time, frustration, and money. Paper manufac-

on the complaint form and the evidence submitted. Let's follow a complaint through its normal process. The pressman has a problem that he/she determines to be defective paper. He/she brings the problem to management. Management investigates the problem and calls the paper supplier. The paper sup-

plier, many times a distributor for a paper mill, completes a complaint form and gathers the necessary evidence to support the claim. This information along with samples is then sent to the mill representative of the paper manufacturer, who, in turn, forwards it to the customer service department at the mill. There is a game in which everyone gets in a circle. Then one person whispers a story into the ear of the person next to them. Then that person whispers their version into the person's ear next to them. This process is repeated until everyone has relayed his or her version of the story. The last person repeats the story out loud. Anyone who has played this game knows that after going through several people the ending facts seldom bear any resemblance to the original story. The same thing happens to information pertaining to mill complaints.

Thus, it is easy to understand the need for clear, concise information. When this information is on the complaint report and supported by the evidence submitted, the system works. If the information on the form is insufficient, the system is apt to break down because it requires interpretation of information that is four or five generations old. When this occurs; more often than not, the mill technician will deny the claim. Then it will be an uphill battle to have them reconsider the complaint.

There are two major categories into which complaints can be divided--transportation and quality. The way that a complaint is documented and the way the evidence is submitted should be tailored to the type of complaint that one is reporting.

Transportation Claims

When dealing with transportation complaints it is important

to know the freight terms as it's these terms which determine who



is responsible for filing the claim. Freight terms are listed on the Bill of Lading. Most mills ship product using "F.O.B., Mill" terms. If product is shipped "F.O.B., Mill", title passes to the consignee as soon as the truck leaves the mill's dock. As a result, the person who should file a complaint, if there is damage occurring in the transportation of goods, is the one receiving the goods. The reason for putting the responsibility with the receiver of goods is logical. Any problem is placed in the hands of the person

who is in best position to document and note any problem on the shipping documents and to handle the problem. Placing the burden on the consignee eliminates the "it's your problem" syndrome. If there are difficulties in dealing with the shipping company, The mill will usually join in the battle on behalf of the printer. By virtue of the large number of tons shipped, paper manufacturers have considerable clout with most trucking companies, railroads, and intermodal firms.

Each shipment should be thoroughly inspected upon arrival and any damages noted directly on the Bill of Lading or receiving document(s) in the presence of the driver. It is a good idea to have the driver initial or sign any notations indicating damage. Particular attention should be paid to inspecting for stained or discolored mill wrapping which could indicate water damage. If any of the moisture barrier wrap is discolored, torn, or damaged in any way, even though no damage may be apparent, it should be noted on the shipping documents. This one procedure could save considerable grief later when submitting and trying to collect on freight claims.

The adage, "a picture is worth a thousand words" is particularly true in complaint handling.

The effects of selling terms on claim transactions

Terms of Sale:	Goods in transit Owned by:	Freight charges paid by:	Freight claims filed by:
F.O.B. origin, freight collect	Buyer	Buyer	Buyer
F.O.B. origin, freight prepaid	Buyer	Seller	Buyer
F.O.B. origin, freight prepaid and charged back	Buyer	Paid by seller, but collected from buyer	Buyer
F.O.B. destination, freight collect	Seller	Buyer	Seller
F.O.B. destination, Freight prepaid	Seller	Seller	Seller
F.O.B. destination, freight collect and allowed	Seller	Paid by buyer, but charged to seller by deducting from invoice	Seller

An investment in a Polaroid camera will be repaid many-fold by justifying one claim. When taking complaint photographs, always make at least two sets—one set for your records and one set sent with the claim. If damage is detected when the doors of the truck, container, or rail car are opened, take a photograph before the truck is unloaded. Specifically try to include blocking and bracing, or lack thereof, in addition to the actual damage. Then take photos of specific damage, as the truck is unloaded. Make notations on the receiving documents giving as much detail as possible—such as the skid or roll number, weight, etc. Make a diagram as to where in the container, trailer, or railcar the damage occurred. This will help to determine the cause and, hopefully, should stop the same problem from happening in future.

Occasionally damage occurs that is hidden. As soon as damage is discovered, it should be reported and documented the same as any other claim.

Dealing with the railroads is usually somewhat different than dealing with trucking companies. If damage is incurred in a rail shipment, the consignee should contact the railroad and have an inspector come out to provide an inspection report. After receiving this document a claim should be filed with the railroad. One should not assume the inspector is filing the claim on your behalf. These are two separate steps. Railroads are notorious for being difficult to deal with. Damaged material should not be unloaded until the railroad inspects the damage or waives the right to the inspection.

Intermodal is a form of shipping that combines the best of rail with truck by utilizing a container that is loaded, blocked and braced by the paper mill. The container is placed on a chassis and

delivered to the shipper by a local drayage firm for loading. The consignor loads it and then places a numbered, security seal on it. A drayman transports the container to the rail yard where it is transloaded onto a special railcar. The container is transported by rail to the closest intermodal rail center. It is unloaded onto a chassis by the railroad, then delivered to the consignee by a local drayage firm. Combining the efficiencies of rail and truck makes handling transportation claims more complicated. Most intermodal companies are equipped to assist in filing damage claims. If the seal on the container has been broken or tampered with, immediately call the consignor and, most definitely, make a notation on the shipping documents that the seal did not arrive intact. If there is observable damage, follow normal documenting procedures for shipping claims, however, a call to the intermodal company to report the damage would be prudent. Operations at the intermodal company will usually immediately assign a claim number. They may ask you to get an inspection report from the railroad and to file a claim with the railroad. Problems caused by the drayage firm are usually the responsibility of the intermodal company.

To file a transportation claim you need an inspection report outlining the damage/loss, an invoice to prove cost, a delivery receipt and Bill of Lading with damage noted thereon, and photographs of the damage. Be sure to make notes and keep copies of all documentation and photographs for your records.

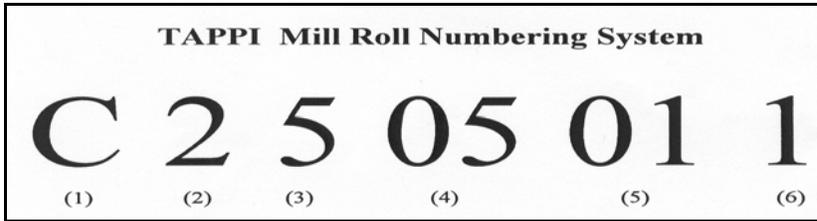
The disposition of damaged goods is an important concern. The claim is not closed until the freight carrier or railroad gives final disposition of the complaint material. Store the paper until authorization is given as to where or

how to dispose of it. Try to get the disposition in writing or, at the very least, write the name and date of the person who authorizes disposal of the stock on your copy of the claim. If the defective paper is not available to scrap, the claim could be denied.

Quality Related Claims

When dealing with quality complaints it is essential that the claim is documented correctly. Many legitimate claims are denied as a result of insufficient or incorrect information. The absolute first step in documenting a claim is to find the production control number stamped on the roll, carton, or skid. Each mill may use their unique own marking system. Whether they use the TAPPI system or their own, this number enables the mill to go back and determine the "who, what, when, and how" of a particular paper production run. This number is usually stamped near the core on rolls, on the load tag/label on skids, or on the outside of the carton on cartons.

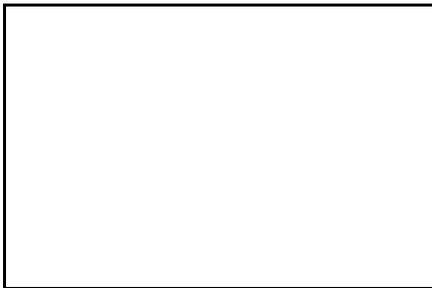
	Odd Years	Even Years
January	A	N
February	B	P
March	C	Q
April	D	R
May	E	S
June	F	T
July	G	U
August	H	V
September	J	W
October	K	X
November	L	Y
December	M	Z



While the production control number stamped near the core on rolls may appear to be just so much gibberish, roll numbers may contain a wealth of information. The Technical Association of the Pulp and Paper Industry (TAPPI) has tried to establish a uniform system for roll numbering. While not totally successful in gaining universal acceptance, many mills use a derivative of this system. An example is shown below:

1. Month manufactured. The first letter indicates the month in which the paper was made. In this system, the letters "I" and "O" are not used because they are easily confused with numbers. since there are 24 letters available to use, the sequence repeats every two years. The letters A through M, excluding I, are used for odd numbered years, while the letters N through Z, excluding O, are used for even numbered years. Thus, March, 1991 would be represented by "C" and March, 1992 would use a "Q".

2. Mill number within company. Many paper companies today own more than one mill site.



This number identifies the mill within the company.

3. Machine number. A mill site may have more than one paper machine. This position in the production control number represents the machine number.

4. Day of month. This two-digit number represents the day of the month the paper was made.

5. Log sequence number. This number begins anew each period and represents the sequential master roll of paper produced. The TAPPI standard period is daily but some mills utilize 3 or 4 digits and run sequentially through the month.

6. Position on reel. Beginning at the front of the machine, this number indicates the position of the roll within the master log.

The roll production control number may be stamped on skid labels or carton of sheeted paper, however, most mills use a separate numbering system or a mill order number which will identify the sheeter, the date sheeted, the shift or crew, etc.

[Photo of QC number stamp]

Care should be taken not to use the wrong roll, carton, or skid number on complaints. In fact, no number is preferable to a wrong one. Mills, justifiably, hold the crews making the paper responsible for its quality and "charge back" claims to the individual crews.

Another reason to use care in recording the correct number is that, in most cases, the claimant's paper is only a small portion of the total run of paper. When there is a paper problem the chances are that

it will usually affect more than one order within the run. If the claimants one ton order is part of a much larger 100 ton run, the mill will normally check outturn samples of the actual production run to which the number refers, then check to see if any other similar complaints have been lodged. If the mill finds that 99 tons have been processed and none exhibited the defect listed in the claim, in all probability, it will be denied.

One practice that has proved to be very wise for several printers and that will help in the documentation of mill complaints is to save the cartons, cut the label and production control numbers from cartons, or retain the skid labels until the job is completed. An alternative would be to write the run numbers on the printer's job ticket.

The production number or mill run number is probably the most important number on the complaint form. Mills keep records that relate directly to the mill run number and if problems with that particular run of paper develops and is justified, a notation is made so that if the same problem is reported on another complaint, it is routinely justified. Moreover, the costs related to the complaint are charged against this number. On a small complaint, the mill might overlook a missing mill run number; however, on a larger complaint, without the number, a complaint may not be justified.

[NAPL Complaint form]

Keep in mind that the person who evaluates the claim at the mill has only the samples and the complaint form on which to make a decision to justify or deny the claim. The more information supplied to insure that the printer's side of the story is presented the better. Along with the complaint form,

always submit ample samples,
printed and unprinted, and the la-
bels from cartons and skids, if
available.







