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Folding carton industry: switch to a new system – ordering and delivery of sheets starting in 2014

“Since the beginning of 2014, counted sheets have been the standard unit in business transactions between the folding carton industry and the board industry”. This is how Hans-Christian Bestehorn, member of the FFI executive committee and managing director of rlc packaging group, summarised the switch to a new system at the FFI annual press conference in Frankfurt on 17. July 2014. The principle of ordering nominal amounts of board and invoicing the actual weight of board delivered that dominated the industry for decades is now being replaced by the ordering, delivery and also – to all intents and purposes – invoicing of a specific number of folding carton board sheets. In making this change, the folding carton manufacturers and their suppliers, the board manufacturers, are responding to a market need: it is the customers of the folding carton industry who have been requesting the delivery of a precise number of folding cartons to an increasing extent when underdelivery tolerances have been exceeded. In the new “FFI/VMK technical guidelines / quality characteristics for folding carton board” that they have liaised to issue, the two associations that represent the folding carton manufacturers (FFI) and the board manufacturers (VMK Vereinigung Maschinenkarton im Verband Deutscher



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Papierfabriken e.V.) therefore recommend that the members of their associations switch to the ordering and delivery of sheets.

The publication of these guidelines on 30. January 2014 was preceded by about one-and-a-half years of intensive but constructive discussion of the new version, which is replacing the existing one that was last issued in 1998.

HALF THE DELIVERY VOLUME TOLERANCE

Both FFI and VMK have always focussed on supply chain optimisation and the reduction of waste and complaints. A decision was therefore taken not only to switch to a system of sheet counting but also to make a substantial reduction in delivery volume tolerances (by half on average). In the smallest order category up to 1 tonne, overdelivery of 20% was allowed in the past. Following the revision of the quality characteristics, the maximum overdelivery in the case of such small amounts is now 10% (with 1 – 5 tonnes: 6%; with more than 5 tonnes; 2.5%; the calculation of approved under- and overdelivery tolerances continues to be based on weight). "The reduction in delivery volume tolerances is a valuable contribution to the improvement of our working capital, because the amounts of unprocessed board that are left over are decreasing substantially as a result", as Bestehorn points out.



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NEW: SHEET NUMBER TOLERANCE

The board and folding carton industry now has to tackle a challenge, however. Whereas it used to be the case that the amount actually delivered could be determined exactly by weighing the board, it now has to be checked under the new system whether the number of sheets on the pallet corresponds to the pallet label and/or delivery note. This means that both of the industries involved in the partnership are entering virgin territory, which explains why agreement was reached to make the first half of 2014 an initial trial phase for checking the deviation permitted between the number of sheets delivered and the information provided on the delivery papers. For orders of ≤ 3 tonnes, a new sheet number tolerance of $\pm 1\%$ per package was, for example, agreed for the number of sheets actually delivered. When orders of more than 3 tonnes are placed, $\pm 1\%$ per pallet and $\pm 0.2\%$ of the total number of sheets delivered are permitted as the sheet number tolerance. Although the trial phase has not been completed yet, the interim results already show that the tolerance levels chosen are demanding, but are being reached in general by some suppliers.

TECHNICAL TOLERANCE LEVELS UPDATED TOO

The FFI/VMK quality characteristics for folding carton board have been revised where more than just the parameters for supply chain optimisation are concerned, however. The technical tolerances for board raw material have also



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been updated to take account of the state of the art and the quality of the equipment that the board manufacturers have in operation. It has, for example, been possible to reduce the existing tolerances for thickness, cutting and angular deviation, while the application area for thickness and bending stiffness has been increased to cover 100% (previously: 95%) of the random samples taken to check the technical parameters. "Where these two parameters are concerned, on which the machinability of the folding cartons on our customers' packaging lines depends to a particularly large extent, outliers are not therefore allowed any more", Bestehorn emphasises.

OUTLOOK: IMPLEMENTATION AND NEW PROJECTS

A large number of folding carton manufacturers and board manufacturers who are members of the FFI and VMK are currently switching to the sheet-based system, including integration in the existing EDP systems. Since the "FFI/VMK technical guidelines / quality characteristics for folding carton board" are in addition a non-binding agreement between two associations that represent a recommendation issued to their own members, the guidelines and the parameters they contain need to be turned into binding commitments between the business partners involved, either on a general basis or in every individual purchasing contract. The feedback received at the various FFI events in the recent past has confirmed that this process is currently taking place.



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The discussions held between the FFI and VMK have not been concluded yet as a result, however. The technical committees of the two associations have already made a start on two new projects. The standard for description of the water absorption capacity of folding carton board (COBB level) is, on the one hand, to be optimised. While, on the other hand, a project group is concentrating on the “good creasability” of folding carton board, which has only been described in qualitative terms up to now but could not be checked using quantitative parameters or a defined method.

ABOUT FACHVERBAND FALTSCHACHTEL-INDUSTRIE E.V. (FFI)

Since 1948, FFI – Fachverband Faltschachtelindustrie e.V. – has been representing the interests of almost 90 companies that manufacture about 900,000 tonnes of folding cartons per year, amounting in 2012 to a production value of about EUR 1.9 billion. The members of the FFI account for roughly 78% of the industry’s sales. The folding carton industry has about 9,500 employees from many different professions, including such industry-specific ones as packaging engineers, printers, packaging technicians, packaging developers or media designers as well as commercial, technical and logistic professions. The industry is currently training about 700 apprentices and has made it a tradition to be both a future-oriented and responsible employer.



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