

# MASTER WEAVER

\* Z - HANDICRAFTS \* FULFORD \* QUEBEC \* CANADA \*

July 1954

No.16

## HOW TO SELL.

A good craftsman is seldom a good businessman - these two abilities just do not go together. Still many craftsmen have to sell their wares, or at least would like to. How to do it?

First of all one has to know the value of the article for sale - not the price one could get, but the price which will cover the costs and pay for the labour at a decent rate. The following factors enter into consideration:

1. Labour. This is the highest item and we discussed already ("Skill in Handweaving", MW 12) methods which should be used to make it as small as possible. This item is again composed of several positions:

- A. Time spent on warping, weaving, finishing.
- B. Research, i.e. work on drafts, preparation of patterns, experiments with materials, even reeding books and periodicals (but not including the period of learning the trade).
- C. Correspondence and personal contact with customers.
- D. Handling supplies and finished goods, packing and shipping.

2. Supplies. Yarns for orders, samples, and experiments. In certain lines like work for interior decorators, the samples are an important item. Office supplies, writing and packing paper, stamps etc.

3. Overheads. This again is a compound item and can be divided roughly into:

A. Space, heating, and lighting of premises used for business. Even if business is transacted in one's home, a part of the general expenses connected with the house or apartment (rent, insurance, taxes, interest on capital invested, repair, heating, lighting) should be included in the costs of weaving. This part should be proportional to the area or space used for business.

B. Depreciation of the equipment. Fortunately weaving equipment lasts very long but not indefinitely.

C. Interest on capital invested in the equipment, and supplies kept in stock. This is not the same as depreciation. If we started the business with borrowed money, we would have to pay the interest, regardless of the depreciation.

D. Risk. Orders may be spoiled, refused, or not paid for.

E. Varia. Travelling expenses, book-keeping, insurance of equipment and stock. If there is no insurance then item 3.D must be increased accordingly.

F. Tax. This varies in different countries. It may reach 10%, but sometimes bona fide artisans are exempted if the turnover does not exceed a certain amount per year. It should not be confused with retail sales tax, which the weaver pays only when selling directly to the customer.

-----

Now, how to figure out all these items? We start with labour and yarn. Let's say that we know from the experience that making a certain order takes 100 hrs of actual weaving and warping, and that the yarn costs \$ 25.-. If we are satisfied with 1.50 an hours then so far we have \$ 175. To find the items 1.B, 1.C, and 1.D we should try to remember how many hours a day we spend on these items compared with hours of actual weaving. If we work 8 hrs a day and 2 hrs are used for research, correspondence, and shipping leaving 6 hrs for weaving, then we must add one third (two to six) to the labour calculated previously. If the rates for office work prevailing in your district are lower than 1.50 (and probably they are) then let's count \$ 1.00 per hour. One third of 100 hrs à 1.00 makes 33 dollars. Thus we have already \$ 208 for our order.

Comes item 2. If one tenth of the yarn is used up in experiments and samples, then we have to add \$ 2.50 (10% of 25).

Item 3. Overheads are very difficult to calculate. It is a good exercise to find them once, to establish a percentage which later will be added to all prices without analysing all items each time.

Supposing that our yearly turnover in weaving is 3000, or we think that we should make that much, we can find out in percents the overhead. For instance the upkeep of the house costs 1000 a year, and the weaving space is 25% of the whole house. Then we must get \$ 250 a year from the weaving, or about 8% must be added to every order. In our case it makes about \$ 17.

Item 3.B . If a loom can last 20 years then the depreciation is 5%. If all our equipment costs 1000, then the depreciation is 50 dollars, or roughly 1.5% (50 is 1.66% of 3000 turnover). In our case it amounts to \$ 3. Item 3.B is about the same. Another \$ 3.

Item 3.C depends very much on the weaver, his relations with the customers etc. It can be estimated only after a long experience with selling. But if 5 orders out of 100 are lost one way or another, then the risk is 5%. Another 10 dollars to be added to the price.

Item 3.E can be estimated only on a yearly basis. If we keep account of these expenses for one year, we can express them in percents of the turnover. Supposing that travel is 100, book-keeping 200, insurance 10, and other items 100, it makes 410, or about 13%. Still more to add to our price: 26 dollars.

So far we have found out that the overheads are 29% to be added to the original price. And the price of our order is now 269.50

The tax if any is the easiest to calculate because it is already expressed in percents. If it is 8% for instance then we add 21.60 to 269.50, and we have the final answer: our wholesale price is \$ 291.10.

-----

Is there an easier way of calculating the prices? Yes. Once we get through the preliminary stages of figuring out item by item, we shall get a general rule. For instance: labour 40%, supplies 25%, overheads 35%. There will be special orders when the proportion may be

different, but in average we can take the ratio 8 to 5 to 7. If for instance the labour is \$ 30, then the yarn - 50, and the overhead - 70, which gives the price: 200. The better the weaver, and the better the business is organised, the lower will be the first and the last item - it is only the cost of yarn which is beyond our control.

It is very important not to make the mistake that it is only the yarn which counts, and whatever we get extra is the net income. One might say "Well, we have the house anyhow, and I already bought the looms, and I work in the spare time, which does not count". Reasoning like this prevents the craftsman from developing the sales. Once he gets larger orders he will realise that he is not making a cent on them, and then it is too late to persuade your customer that your initial prices were nothing but an experiment. But undervaluating our work, we not only undermine our future in business, but we also spoil the market for other handweavers, who would be quite justified in considering our prices, as unfair competition.

-----

How to start selling? First of all let's not be too eager to sell at any price. Let's not forget that the people between us and the final customer are highly trained in the art of buying. We may hear stories about little demand for good handicrafts, about high costs of running a shop, and so on. Our only reasonable answer is that we have carefully priced our goods, and that they are for sale at this particular price and nothing else. If the weaving is good and the prices reasonable, we shall get orders from gift shops. Department stores are sometimes more difficult because they want large quantities of comparatively cheap good, and they add 10% or more to the wholesale price, which may result in prohibitive retail prices.

It is better not to sell on consignment. If you do, add to your prices about 50% in item 3.D, then about 5% of the interest, since such sales are seldom paid before half a year or so.

How to deal with individual customers, who buy things for gifts or for their own use? Do not make a mistake of charging them wholesale prices. As a rule they take much more of your time than the retailers, and are more exacting. And they are definitely a bigger risk. In any case add at least 25% to your wholesale prices, not only as compensation for time lost, etc, but also not to create an unfair competition to your retailer. If you like the order, i.e. if you think that you have good chance of selling it to some other customer, accept it without deposit. If not ask for 30% deposit and send it COD.

How to deal with friends? Better give them free of charge what they like, than giving them a discount. Treat them as ordinary customers - they won't mind.

If you think that your weaving is in some way unique, or at least as good as the best - then spend some money on tags attached to each article (name and address). The tags may be woven or printed. The printed ones are cheaper. You can also order a small rubber stamp, buy some silk ribbon, and do the printing yourself. Use the same kind of ink as used by laundries. Attach the tags to the woven pieces very firmly.

When taking orders from a dealer, use your own judgement. Do not take for granted that he knows best. If you are convinced by your own experience that a particular article won't sell, do not accept the order. If you do, the dealer will get stuck with your weaving, and

you will have to wait for years before you get another order. But should such a thing happen, and if you are in friendly relations with the dealer, it may be advisable to replace the unsaleable order with something else. The dealer will be delighted and he will trust you from now on. It is true that now you will be stuck with something which should never be woven, but sooner or later you will get rid of it.

Then you may have individual customers who want a big order. Let's say a whole set for a cottage. It depends on the customer, what you can do. If he is reasonable, charge him accordingly. Suggest something really good - you will get other customers through him. If he is not charge as much as you think you can get. But always refuse if the customer asks for something really atrocious. If you give in, for the sake of a few dollars, then the thing may become in itself a real blackmail, should you become famous, or even well known.

How to collect? Most customers pay without any trouble, particularly the ones you serve by COD. As far as retailers are concerned you should mark on your invoice the terms: e.g. 30 days net, then plus 5 or 10%. If the bill is not paid after 3 months you can use one of the collecting agencies (they are expensive); in a serious case - Better Business Bureau. But unless the bill runs into thousands, do not go to the court. If your customer is as unreliable as all that, then he is probably broke as well.

Unless you produce very large quantities of identical goods (but then are you a craftsman?), do not employ travelling salesmen. First of all they know next to nothing about the value of your weaving, and then their commission added to your wholesale prices makes the retail prices ridiculously high.

And most of all, do not expect that you can make a fortune on your handweaving. If you make a decent living, you are lucky.

\*\*\*\*\*

## TERMINOLOGY

### ONCE MORE ABOUT THE "HARNESS"

We do not know to whom we are indebted for a very lucky and logical compromise between the etymologically wrong but widely used "harness", and the logical but artificial "heddle-frame". This is:

h a r n e s s - f r a m e.

It is very logical because one heddle-frame is a part of a harness. It can be always shortened to a "frame". Finally it eliminates the "heddle" from the term. The objection to "heddle-frame" was that in England it means sometimes a frame on which one makes heddles.

We have noticed that the new term is already used in advertising. If it gets popular we shall speak about 4 harness-frame looms, or about a 4 frame harness, we shall thread a harness, or harness-frames.

\*\*\*\*\*