

## Introduction

This handbook is for people who are serious about making a living selling things they make. Woodworkers, potters, lamp-makers, weavers, painters, sculptors, jewelers...etc\*.

Making a living means paying the bills, supporting yourself, your kids, your pets or a bad Franklin Mint habit. Making a living means making a profit so that you can build your business, buy a car, and save for retirement in the old artisan's home.

“The Selling what You Make Handbook” is a companion piece for the video of the same name. This pair is designed to do help you do three things:

- 1) form a support group to help plan your marketing,
- 2) write a simple marketing plan for your business,
- 3) design and produce one actual piece of marketing that will aid your business in the real world.

This is a practical book.

People trying to earn a living as artisans don't have much time to study marketing, write business plans or do pricing analysis. Unfortunately these are the very skills that will make your business succeed.

In 1996, the professional woodworkers of Humboldt County, California needed a way to improve how they promoted their fine furniture. Going to lectures or classes seemed like a waste of time to people who worked very long hours in their shops. Often the people hired as expert marketing consultants did not necessarily understand the world of high-end woodworking as well as the people already working in that field. The Peer Consultancy format was developed by furnituremaker JoAnn Schuch so that woodworkers could efficiently share their knowledge with each other and produce a usable marketing piece to support their own businesses.

The Peer Consultancy sessions are a practical way  
to allow each person to talk about their own business, get immediate feedback from their peers, and design a marketing  
piece that will directly help their businesses.

If you are supporting what you love, it can support you.

To be profitable every artisan needs to convince a widening circle of people to buy what they make. Whether it is handcrafted jewelry or a remarkable Pacific Maple china hutch, the customer needs to understand the value of the piece and want to own it. The customer also needs to know such mundane things as how much it costs, where to buy it and how to reach you. Everything that is outreach to clients, from how you answer the telephone to the four-color catalog you might someday print, is marketing.

You **MUST** market your work well to sell enough pieces profitably to support yourself. The “profitable” is crucial. You could sell 100 cherry tables a year if you sold them for \$100, but you would go broke. You are marketing to reach the clients who are willing to pay the real cost of what you make. And love doing it!

Improve your marketing by yourself or with a group.

I encourage you to find a few other artisans who want to improve their marketing and form your own Peer Consultancy group. If you do not have artisans close at hand find at least one other interested person who will meet with you and give you feedback on the steps set out in this book. Having the support of people to develop your marketing will help you in three ways.

1. The act of scheduling a meeting and having to show other people your homework is a great motivator. This is just human nature, don't fight it, respect it and work with it.
2. The people you are meeting with have a variety of resources and life experiences to share with you. They might know the name of a good local photographer, or they might have worked in some field that would be of help to you. And if they don't know...they might know someone who does. Use the power of networking to give yourself the strength of many.

3. The Peer group is your personal test market. These people will be the first to hear your biography and tell you what is the most appealing thing about your story. They will be the ones to tell you that your advertising is too crowded with information or that you forgot to put your phone number on your business card. In the groups you will also talk about the other people and learn from the feedback each person gets. Your attention and interest in your peers businesses is how you pay for their attention and interest in your business. Peer Consultancy groups are based on mutual self-interest.

But why would I want to help my competitors?

If you make handcrafted work it is a deeply personal reflection of yourself. Nobody does it quite like you. There are all kinds of customers around and they will be attracted to all kinds of different artisans and products. They will also be attracted to friendly people in a supportive community of artisans that help each other. Be generous with your support of the artisans in your group. Clients will be drawn to the positive energy.

Also a cluster of artisans creates much more interest than a single artisan working alone. In Humboldt County California we have many fine woodworkers. By advertising together we have created an awareness of this northern California County as a center for fine furniture. People who want to buy fine furniture come here.

Marketing is a tool.

Think of marketing as being like a hammer. When used properly it can drive a nail into a board with a minimum of stokes. It works well when it is focused, directed energy. Unfocused, undirected hammer energy can put a lot of dents in a board and injure your arm. The Peer Consultancy sessions should help you design your own focused marketing plan and make at least one physical piece of marketing that fits in that plan.

Marketing is an ongoing process.

You want a focused marketing plan because it will be part of your business from now on. It is not a one shot deal. Your plan should reflect your business and be easy enough and cheap enough for you to maintain. Taking a little time now to plan will help all your marketing decisions in the future.

Peer Consultancy groups are based on these principles:

- 1) The groups are for professional artisans, pricing their work at professional levels
- 2) They should be done efficiently and not waste anyone's time
- 3) You, as an artisan MUST market your work to be successful
- 4) A support group will help you progress further and faster
- 5) Share your knowledge generously with your peers
- 6) Marketing is a tool, it works best when used with direction and skill
- 7) Marketing is continual and cumulative, don't give up after one ad.

Sometimes woodworkers have said that they are too busy to do marketing. These people are occupied trying to make ends meet by completing work for existing clients. But rarely are these same artisans charging enough for the work they do. If they had three times as many people wanting to buy their work they could charge more. This is the law of supply and demand.

Marketing helps you reach a larger pool of people to sell your work more profitably.

So, read the book, start your group, create your marketing piece and get back to work.

\*A note for one-of-a-kind artists, don't be turned off if this book talks about "products" and business. Whether you work in wood, metal glass or paint, artists need marketing as much as other businesses do, maybe more. Anything that affects how the public perceives you and your work is marketing. What galleries you choose to approach and how you approach them are also aspects of marketing. Creating a public awareness and desire for your work is your goal because those sales will allow you to continue to do your art.

## **Session One: Introduction to Peer Consultancy**

So you've gathered your support group around you, set a meeting date and are holding your first meeting. Participants should bring examples (or photographs) of their work. Everyone will show these examples and talk about their business at the first Peer Consultancy session.

The Peer Consultancy groups have been successfully held with as few as two people and as many as 15. The average time for a group meeting is two hours.

If you are meeting with a helpful friend or mentor give yourself enough time to talk and keep the meeting focused. Also, your friend is giving you the great gift of listening to you talk about yourself and your business. Thank them nicely.

In your first meeting you will want to:

- 1) Introduce the concept of the Peer Consultancy meetings. Go over the guidelines for running the group. There is a very helpful half-hour video available (see Resources) that follows a group of artisans through the sessions to the successful completion of their marketing projects.
- 2) Pick a facilitator if you don't have one already.
- 3) Meet the other artisans and give them five to ten minutes to talk about their businesses.
- 4) Next ask the group to think about what they would like their business to be like five years from now. This is the "Five Year Fantasy". Have everyone talk about what that fantasy would be.
- 5) Set the dates for the next meetings if you haven't done so already.
- 6) Collect any money from the group. Basic costs for a photographer and 500 postcards would be about \$175 per person, more if the group hires a wordsmith, graphic designer and a facilitator.

In detail, here are the steps for Session One.

### **1) INTRODUCING PEER CONSULTANCY**

The guidelines for the sessions are: (this is printed out as a handout in the "Resources" section of the handbook.)

- a. Everybody in the group can and should give feedback. The experiences and perceptions of your support group mirror the responses of the public to your product.
- b. The facilitator can be the "traffic cop" and move the discussion around so that the time is well spent. No one person should dominate the discussion either talking about his or her own business or in giving feedback. The facilitator is not a teacher! Each person in the group is a teacher!
- c. Participants should have notebooks to take notes and gather information. Developing a marketing program requires real thought and action. Using a notebook to record your goals and time lines will make your plan a reality. Use your notebook to save examples of marketing and stories of successful business role models, quotes on printings costs, ad rates...etc. Also write notes about your peer's businesses and bring them information. Keep the book after the Peer Consultancy sessions are over as a resource and to save examples of your own marketing.
- d. There is a little homework to do for this group. Just a little, most work will be done during the two-hour sessions.
- e. Have FUN with the group. Laugh, joke, and bring good food to eat. Everybody who works with their hands is tired after a long day in the shop. Having fun will bring you energy.

Everyone should agree to the "traffic cop" role of the facilitator. Make sure that everyone understands this role and gives their permission for the facilitator to gently move the discussion around between the participants.

Some of the techniques for goal setting and achieving results were taken from the book "Wishcraft - How to Get What You Really Want", by Barbara Sher.

Two great chapters are "Barnraising" and "Brainstorming".

This book helps you discover your true goals in business and in life and then gives you the tools to attain those goals.

### **2) PICK A FACILITATOR**

This can be the person who organized the group, or you can trade off each week or give the position to the "alpha-artisan".

When this group has been offered by an agency they have supplied the facilitator. The facilitator's job is to offer subjects for discussion encourage the speaker to answer all the questions about a topic and politely limit the time used by any one member. There are handouts in the back of the handbook that can be reprinted and distributed by the facilitator.

### 3) MEET THE OTHER ARTISANS

Go around the group and have people show their work and tell the history of their business. Each person should talk about what they build, how they make it, and where they sell it. Everyone has a history of how they got involved in the form they work in, and that story can be the basis for their marketing.

Example: One furnituremaker I know said he learned to love tools and working with wood after being taught skills by his neighbor, an older man called Mr. Noble. The gentleman helped the woodworker and his brothers build a tree house, complete with electricity, from discarded materials. Currently that woodworker builds all his furniture using reclaimed woods. This is a great tale. It tells the story of the craftsman and his work. Plus the neighbors name was Mr. Noble, wow.....JS

Pay attention to what people are saying and ask them questions. How far from their home do they sell their work? Are their customers still friends and family, or complete strangers? Are they sending at local stores? Do they go to trade shows or craft shows? Do they sell within the state, the USA or is their product shipped around the world. Here are some ways people can sell products:

- \*Personal contacts (friends and family)
- \*Regional stores and galleries
- \*Mail order catalogs
- \* Online Sales
- \*Sales to interior designers
- \*Architects
- \*Local stores and galleries
- \*National stores and galleries
- \*Craft shows
- \* Direct sales to custom clients
- \*Direct sales of production work
- \*Trade showrooms

Try to jot down notes about your peers as they talk. It will help you to get to know them. As you are researching your business you will run across marketing ideas for the people in your group. Bring those ideas back to the group!

### 4) THE FIVE YEAR FANTASY

Next, the facilitator should ask the members of the group to think about what their business would be like in five years. The group can close their eyes and take a few minutes to work out a detailed fantasy.

You can let this fantasy roam from waking up in the morning to ending the day. This should be the version of your life that would give you the most personal satisfaction. The content of your fantasy will tell you a lot about what you are really looking for from your life as an artisan.

For example, a lampmaker could have any of these three fantasies...

1. I'm sitting in the office of my company. In the workroom below many people are making Arts and Crafts style lamps. My company sells lighting all over the world from stores and showrooms. They are fairly simple to make and are medium-high priced, but accessibly priced for most middle to upper income people.
2. I'm talking to interior designers who work for Donald Trump. They've asked my small company to design special wall sconces for the next "Trump Tower". I love designing this special high-end lighting because it gives me a chance to be creative and use the best materials. I work with four or five highly skilled people. Most of my work is ordered through interior designers and architects. The lamps can cost \$3,000 and up.
3. My wife and I are living on the Oregon coast. We make slumped glass lampshades with swirls of color in them. The shades are sold on mass produced metal bases that look pretty good. We've got a little store. Our customers are mostly tourists and we sell enough to make ends meet. Plus the lamps are small enough to ship so we can sell more that way. We both love blowing glass and running the store is a nice way to balance out the time we spend working alone.

These are made-up fantasies for actual businesses.

The first fantasy business is Arroyo Craftsmen. They started making one of a kind Arts and Crafts style lamps about 15 years ago for homeowners in Pasadena, California. Today they are a large business with advertising in Metropolitan Home and Fine Homebuilding, and are represented by trade showrooms nationally. The hallmarks of this fantasy are that the artisan sees himself as a manager of a company, no longer a hands-on lampmaker. In this individual's pleasant fantasy, he gets to use his skills as an organizer and businessperson to make a large, successful company. That person's fantasy might be someone else's nightmare.

Imaginary fantasy number two is based on Hilliard Lamps, a company in Arcata California that casts incredible metal and beaded glass lamps. These lamps are as gorgeous as anything Tiffany ever made and are sold to a similar clientele. There is ALWAYS a market for the best. This fantasy has the aspect of someone working with design and great materials. The owners of the company work with other artisans and traditional sculptor's materials. They have the satisfaction of producing unique pieces of enduring beauty.

Fantasy three is also a real business, Alder House, in Lincoln City, Oregon, and a great one for the people running it. They've been successfully selling their lamps for years and don't have to worry about meeting a payroll. They live in a beautiful place and work together. Again, this might be one person's idea of a great lifestyle and not another's.

Each of these businesses will require a different approach to marketing. Each business is reaching different kinds of customers in different situations.

Your personal fantasy will help you identify your goals. Once you've established a direction you can set your strategy. As you work and your experience grows you can change your goals to fit what you know about your business. But do set up some goals and timelines for your business. If you aim at nothing you'll hit it every time.

#### **5) SET THE NEXT MEETING DATES**

Make sure everyone knows the schedule (find Schedule handout in the "Resources" chapter) and meeting location. Assign one person the task of finding three professional photographers to choose from for the group photo shoot. Bring samples of their work and a quote for one hour of photography to the group next week. (There is more information about working with photographers on Page 26). Good work!

6) Collect any money for the sessions if you have not done so already.

**HOMEWORK FOR SESSION TWO:** The homework for the second session is to find examples of people who have succeeded in making a living selling handmade work. Look for successful businesses, stories about artisans and examples of marketing that you like. If you've gathered examples of other artist's marketing (such as hanging tags, brochures, and postcards) bring those pieces in to show the group.

## **Session Two: How Other People Sell What They Make**

For thousands of years, artisans have made things for people to use and appreciate. Traditionally, an apprentice was trained in a craft and its business by working for many years with a master.

In modern times we don't have that system. Many artisans teach themselves the techniques of their craft while they stumble along trying to learn the business of being an artisan almost as an afterthought. Even schools that teach the techniques and skills of a craft, ignore teaching the basics of running a business. Selling handmade work is not easy. By looking at examples of successful businesses the modern artisan can find guidance for selling handmade work.

In Session Two the group should:

- .. discuss a successful craft business
- .. review the marketing materials brought in by the group
- .. discuss the marketing project that the Peer Consultancy group will create

.. review the portfolio's of three professional photographers and select one for the group photo shoot.

## FIND A SUCCESSFUL ARTISAN

Examples of successful businesses can be found in craft and design magazines such as "The Crafts Report", "Fine Woodworking", and "Woodshop News". (These magazines are listed in Resources.) Also watch for craft products in stores and galleries that succeed in selling at your quality level. Sometimes a local business or artisan can be good role model.

Things to consider while talking about these businesses are:

How many people work in the business?

What is the price range of their product?

How do they sell their work? (Stores, art fairs, etc)

Who are they directing their marketing towards?

One other note to consider is that you can't believe everything you read. Some of the articles printed about businesses are hype. Separate the hype from your analysis of the business to find the things that will help you. It is good to look for businesses that have been around for several years and are proven successes.

In the video, the woodworking group used a 1986 article from "Fine Woodworking" magazine that profiled Thomas Moser, a furniture maker in Maine. He is a nationally known artisan who owns a successful company that employs many people. It is worthwhile to look at successful Moser's marketing as an example for any craft business.

## THE THOMAS MOSER ARTICLE

An artisan who produces furniture on a large scale is Thomas Moser. Moser went from being a college professor to working on antiques and building one-of-a-kind furniture. He designed furniture based on the classic Shaker style. As he built high quality pieces and tried to sell them, Moser encountered the problems of one-of-a-kind consignment selling. Direct sales to stores was also difficult because when stores buy furniture outright they mark it up anywhere from 100 to 200 percent. With Moser making handmade work from premium materials the price of the furniture soon became difficult to attain at the average store.

Most stores depend on "passive" sales. The customer comes in, likes the furniture displayed on the floor, approves of the price range and buys the piece. High-end furniture (and any other handmade or high-end product) requires "active" selling. The sales people must understand the benefits of the product and explain them to the customers. Benefits mean things like quality, fine design, special woods, or a hand carved rocker. These are the things that set a handmade piece apart from other furniture.

Moser realized that no store would be able to actively sell his furniture as well as he could.

Moser's creative solution to the sales quandary was to advertise and sell directly to the client. He has consistently run ads in the "New Yorker" magazine featuring his trademarked "Bow-backed Windsor Chair". Early on he produced a modest black and white catalog of his work that could be ordered from the ad at the cost of a few dollars. In the catalog was the "story" of Moser's work. It told of how the furniture was made, the care and the craft that went into every piece, and pictures of the workers that made to furniture. Moser also highlighted the small town in Maine where the furniture is made. Pictures of an idyllic small town deep in the woods reinforced the impression of old values, care and craft.

Half of the content of Moser's early catalogs was text. The story of the work was as important as the pictures of the work. All the furniture was clearly named, the dimensions listed and price lists were included in each catalog. The "Ordering" section was easy to understand and answered questions about the delivery and care of furniture. Moser provided a guarantee to refund or replace the furniture within 30 days of purchase if the client was not satisfied. Many had questioned whether the public would buy furniture based only on a catalog picture. Based on the great marketing in the catalog and a growing reputation for a dependable product, the catalog worked. Moser successfully sold furniture.

In 1986 Moser had 35 employees and grossed 1.6 million annually, ("Fine Woodworking" June 1986). Thirteen years later, in a February 1998 article, "Fine Woodworking" revisited Moser. He now has a 65,000 square foot shop, 110 employees and more than 8 million in sales.

Half of Moser's work is now sold to the contract trade, designing and building furniture for architects and large special projects. Moser dedicates 10 percent of his company's gross to marketing.

You should devote 5 to 10 percent  
of your annual gross  
to marketing!

This is excellent growth from a business that started out with 3 employees in 1972. While much of the work is still done by hand, computerized routers now cut the scoop seats of the bow-backed chair more efficiently than chain saws once did. The company has opened three showrooms in addition to depending on catalog sales. The staff in these stores is extremely knowledgeable, definitely an "active" selling force. Even with all these changes and the large size of the company, Moser still designs and products high quality, handmade furniture at a high-end price range.

Thom. Moser- Cabinetmakers has 110 employees and sells high-end furniture through direct catalog sales to the client and work contracted by architects. Moser still designs the furniture, but does not actively build it. Moser's ads in magazines such as the "New Yorker" target an affluent, well-educated audience.

This is only one story of a successful craft business. Other examples might feature people who focus on selling at craft shows, or artisans that sell their work directly to stores. Identify the key elements to each business's success during the peer groups discussion.

#### EXAMPLES OF MARKETING

The group should bring in any examples of advertising, brochures, hanging tags or catalogs that demonstrate good craft marketing.

Some aspects that are common in many successful craft businesses are:

- .. The marketing conveys the "story" of the artisan.
- .. The marketing explains any techniques unique to your work.
- .. The marketing explains the benefits of the work to the client.
- .. The marketing is in some ways selling a lifestyle.
- .. The artisan offers dependable production. (Even if there is a ten-month wait, its done on time or you call the client to explain the delay).
- .. The artisan is making a quality product. (Everyone else in the world can make it cheaper, you've got to make it better).
- .. The artisan has an identifiable style.
- .. The artisan can't do all this alone. (Design, build, market, sell, ship, do your bookkeeping, and sweep the shop. Get help. Either hire people to help in your shop or hire people to do support work like bookkeeping).

These concepts can be subtly conveyed in the marketing with graphics, font type and layout, and the photographs of the work. The name of the business reflects the marketing image you want to communicate to the client.

Look at the Thomas Moser name. He calls his company, "Thos. Moser -Cabinetmakers". The company name uses the old American way of writing Thomas. It brings to mind early American craftsmanship, dependability and tradition. He uses the word "cabinetmaker" for the same reason.

Think how differently a person would perceive Moser's business if it were called Thomas Moser Studios or Tom Moser Incorporated or Tommy Moser Unlimited.

Review the examples of marketing brought in by the group and talk about how some of the techniques discussed can be used by the artisans to produce their own marketing materials.

A great book to help understanding low-cost marketing for small businesses is Jay Levinson's classic "Guerilla Marketing". It is filled with wonderful practical ideas to help promote small businesses.

### CHOOSING THE GROUP'S MARKETING PROJECT

After discussing the examples of marketing, the group should discuss what marketing project they would like to create for their own businesses. The project might be an ad in a local paper, a postcard featuring the artists work, a mini brochure, hanging tags that help sell the artists work, a web page...whatever. All of these pieces will incorporate a photograph, and information about the business and the artisan. The content of the marketing pieces will be guided by the "Seven Sentence Marketing Plan" which will be part of the work done in Session Four.

Members of the group should research marketing projects over the next few weeks. Find out who to contact to get a piece produced, how much it costs, and what materials will be needed to make the piece. Bring that information back to the group to include in their decision.

It is by far easier to do one type of marketing project for the whole group. Postcards have been a favorite project because they are low cost (printed postcard cost around around \$125 for 500 cards) they can be used as mailings, handouts, included in press packs, or folded to make a hanging tag.

### PICK A PHOTOGRAPHER

Take a few minutes to select a photographer. In Session One a group member was assigned the task of interviewing three professional photographers. That member should have examples of the photographer's work and prices to show to the group. Review the information and choose a photographer for the group photo shoot. Schedule the photo shoot to be held after Session Three. See the section on Page 26 "Working with Photographers" for more information about this part of the project.

If the group wants to use any other professionals, chose one group member to find those people and hire them to work with the artisans. The graphic artist and wordsmith should be paid to come to Session Five so that they can meet the artisans and hear about the products. If the group is short on money, please note that some of the companies printing your marketing pieces will include graphic services as part of the cost of production. For example, Modern Postcard will do basic layout. To correct the copy on the marketing pieces, the group can always find some literate friend that will check for errors in spelling and grammar. But remember it is frequently worth paying for good professional assistance.

### HOMEWORK FOR SESSION THREE

- 1) Use a calculator and your checkbook to fill in the Personal Expense Sheet (See Resources for printouts).
- 2) Use the Business Expense Worksheet to estimate the costs of running your business. **BRING A CALCULATOR TO THE NEXT SESSION!**
- 3) Pick an "average" product that you make and fill in the Cost of an Average Piece section on the Pricing Worksheet.

## **Session Three: Reality Check**

This session is dedicated to money.

The first part of the evening will focus on the economics of a craft business. The second part will examine the costs (and other facets) of working with a professional photographer.

### GET A BUSINESS CHECKING ACCOUNT!

A key to understanding the economics of your craft is to know how much you are spending to run your business. If you don't have one already, get a business checking account. Do it NOW. Use the checkbook to pay for everything for your business: materials, rent on your shop, subscriptions to craft magazines, sub-contractors who might work for you, anything. Use this checkbook to monitor your "draws", these are checks you write to pay yourself. Carefully write down deposits to your business, such as checks from clients, noting the client's name, the check number and project. A tax accountant can tell you what expenses are deductible. At the end of a year it will be easy to see where your money has come from, and where it went.

## THE ART OF PRICING

Pricing manufactured products is not a science. While you can probably figure out some aspects of pricing such as your rent and the cost of materials, there are other factors that are harder to estimate. Everyone deals with the non-producing aspects of business. Phone calls to clients, trips to the hardware store, or experimenting with a new design are a few of the necessary parts of your business that are hard to measure.

It is good to become efficient at these “extra” parts of your business.

There are many fine books dedicated to time management.

They are worthwhile reading for any artisan.

## THREE APPROACHES

There are also different ways to estimate your prices based on your particular business. Here are three strategies that might apply to your situation.

- 1) An artisan can meticulously record all time and materials that go into the making of a particular product. This approach works best for people making the same products over and over.
- 2) Custom and one-of-a-kind artists have a more unpredictable situation. These artisans might be better served by figuring out a gross rate of production. For example, an artist might create about three paintings in a month, or a woodworker could average two pieces a month. Knowing the personal and business expenses necessary to survive monthly help people in this situation estimate pricing for complicated one-of-a-kind projects.
- 3) Another approach is to charge the maximum that the market will bear. Once an artisan understands the base prices for what is sold, it is certainly acceptable to raise prices to the level of the public’s perceived value. An example of this was a jeweler selling custom wedding rings. She priced the work not based on the amount of gold in the ring or the labor involved but the willingness for people to pay a lot for a piece that has significant personal value.

An artisan creates more demand for their work with better marketing.

That artist can charge more.

You can raise your prices if there are 2000 people who want your work rather than 20 people.

## YOUR PRICING AFFECTS YOUR MARKETING

It is also important to understand pricing in relationship to marketing. Figuring out your costs will help you focus on who to sell your work to and how to sell your work. Most beginning artisans start selling to friends and family at a price that includes time and materials. Let us say the artisan would charge \$600 for a table. Then they take that piece to a shop or gallery that wants to buy the piece for \$300., half the amount you are selling it for.

The store is accustomed to making a hundred percent mark-up. They could conceivably buy your piece for \$600 and mark it up to \$1200. Please note that the store would not want you to still sell that table to friends and relatives for \$600.

Another option is that the store might offer to take the table on consignment. That means they pay you nothing until the piece sells. When it does sell they want 40% or 60% of the sales price. Now the artist is really confused. There are several ways to sell handmade work. Each has its own pricing structure and marketing approach.

## SOME WAYS TO SELL HANDMADE WORK

	<u>Method of Sales</u>	<u>Minimum Cost of Sales</u>	<u>Base Price \$600 table</u>	<u>Marketing directed towards</u>	<u>Notes</u>
1	Direct to client	10% of annual gross for marketing	\$660	The end user	Thom. Moser is an example of direct sales
2	Stores	50% of sales price	\$1200	The store and the end user	Stores need your marketing to help sell
3	Consignment	40 or 60% of sales price	\$1000 or \$1500	Gallery and end user	Gallery's also need your marketing to help sell

As the product moves farther away from selling directly to the client the price of the piece goes up to pay the cost of sales.

### MARKETING HELPS THE STORE SELL

Stores and galleries need to earn the mark-up from your work to pay their business expenses. They have rent, payroll, electricity, advertising and more to pay every month. As retailers, storeowners need to make a certain amount of money per square foot from the sales of the products they represent. From their point of view, it is easier to sell a \$600 table than a \$1500 table.

This makes many stores reluctant to carry high-end products. The problem is that most stores have no idea how to sell a \$1500 table. If you can give a store good marketing materials it will help them sell your work. Your marketing materials should include information about what makes your product special and something about your passion for the work. Good marketing will motivate the store's salespeople to talk positively about your product. This "active" selling encourages people to buy more. Using stores and galleries gives you a chance to show your furniture to many more people. Good stores and galleries earn the mark-up and are worth working with.

### THE COST OF DIRECT SELLING

It is a little misleading to say you can sell your table to clients for \$660. While this includes the base price of the table plus ten percent for marketing expenses, the real cost of selling directly to clients is higher.

The chart "SOME WAYS TO SELL HANDMADE WORK" illustrates how the average craftworker starts to sell their products. You make something great. You sell it for enough money to cover making it. Before you know it you are in business.

But if you sell directly to the client, you become the store. Keep in mind that part of your time and money will be required to sell to each and every client. Once you've sold your work to all your friends and relatives you will have to find new customers. You will have expenses for things like advertising, craft shows and direct mail catalogs. Thomas Moser says that part of his success is thinking of each part of his business as a separate business that has to support itself and make a profit. The actual cost of selling directly to a client will increase the cost of your product almost to the price level of a store.

### WORKSHEETS

First use the included worksheets to make a rough estimate of your living expenses and income. The three worksheets can be copied from the Resources section of this handbook. They will help illustrate how many pieces you must sell and at what price to support yourself.

#### 1 - YOUR PERSONAL EXPENSES

Use the first worksheet to review what are your personal expenses. Add in any expenses that might not be listed. Don't worry about the numbers being perfect. As you continue in business the numbers will become clearer to you. Add up all the columns until you have estimated your personal annual expenses. Divide that number by 2000 hours. This will give you the hourly rate you need to make to pay your personal expenses. A 40-hour workweek times 52 weeks equals 2080.

Using the number 2000 gives you ten days for vacation off or the occasional sick day.

## 2 - YOUR BUSINESS EXPENSES-OVERHEAD

This is the cost of running your business. This includes your shop rent, electricity, supplies such as sandpaper or paper-clips, subcontractors such as a bookkeeper, business insurance and advertising. All this and more are considered overhead. This does NOT include the materials for making an actual product. For some people it is hard to separate business costs from personal costs. What if your workspace is the kitchen table? Estimate your shop costs as a fraction of the rent or mortgage. Subtract that expense from your personal expense work sheet. When in doubt, just take a guess and move on. When you come up with an annual number divide it by 2000.

This will give you an hourly rate that will support your business expenses.

Your personal hourly rate  
plus  
your business expense hourly rate  
will give you the minimum amount you need to charge hourly for fabrication.

## 3 - THE PRICING WORKSHEET

The third work sheet asks you to select an average product that you make. Estimate the hours and the cost of materials needed to make that piece. Multiply your labor rate (the labor rate is your personal and business hourly rates added together) times the number of hours the piece takes to make. Add to that number the costs of materials. Add at least ten percent for profit. Now you have a base rate for that piece.

(FABRICATION TIME X HOURLY RATE) + MATERIALS + 10 percent  
= THE BASE PRICE

Example:

18 hours fabrication time multiplied by \$25 per hour equals \$450  
add \$100 material costs equals \$550  
Add 10 percent for profit  
\$600 roughly equals the base price of the table.  
 $(18 \times 25) + 100 (.10) = 605$

## THE CONCEPT OF PROFIT

Add ten percent to fabrication time and materials? You bet. This is your profit. Profit helps you grow your business, plan for retirement, and protect you from any mistakes and more. You have to make a profit above and beyond all the costs listed above to stay in business. Some people have a higher profit margin than others. Start with ten percent and work your way up. As long as you are too busy to make all the things that people want to buy from you there is still room to raise your price.

If you are not selling enough to make a living,  
Try to improve your marketing or change your product to appeal to more people.  
Ask people why they don't buy it.  
Choose to raise your quality rather than lower it. Remember that people in many  
other countries in the world can make it cheaper. You've got to make it better.

## HOW MANY PIECES MUST YOU SELL A YEAR

Once you have figured out all these numbers you can test whether you can produce enough to pay your annual wage and the costs of your business.

Take our table example:  
Annual business expense plus annual personal expense equals total annual income.  
 $\$20,000 + \$30,000 = \$50,000$

Divide \$50,000 by the base price for a table minus the cost of materials and profit.

$\$50,000 \text{ divided by } \$450 = 111 \text{ tables per year}$

That means you would have to produce 9 to 10 tables a month.

It also means you would have to sell 111 tables a year.

Can you make that many tables? Can you sell that many tables by yourself and how can you afford the time to sell? Would it be better to sell from a store or sell directly?

Use these numbers to help structure your business for success.

## WORKING WITH PROFESSIONAL PHOTOGRAPHERS

Photographers are independent contractors. They set their own prices and make their own rules. Some maintain large studios. Some do not. Hourly fees range from \$25 to \$150 or more. They also charge for film and developing.

Some photographers use “large format” transparencies. This is an expensive process to develop and a costly process to make prints. All photographers will work with 35mm-print and slide film. The 35mm format is recommended for the group photo shoot. **The photographer must agree that the artisans would “own” any pictures taken.** You do not want to have to pay each time you use the picture.

It is very important to define your photographic needs and communicate them clearly to the photographer. Before working with a photographer the group should write a description of what they want done. In turn the photographer should give the group a written estimate of the costs involved.

There are two kinds of photographs used in marketing handmade work.

- 1) The product photo - This is a clear and descriptive photo of your work. Nothing fancy, but the focus is clear, the colors are true and any potential buyer can see what you are trying to sell.
- 2) The “artsy” photo - Commercial ad photographers can work wonders with lighting, background and lab work to make a product appealing to the customer. This takes a great deal of time and is expensive.

For the purposes of the Peer Consultancy group photo shoot, the product photo is the most appropriate choice.

During the group photo shoot the photographer sets up lighting and a backdrop for pieces of similar size. This is the most time consuming part of the shoot. After the set-up is completed new pieces can be move in, photographed, and moved out fairly easily. This is why it is cheaper to shoot pieces as group rather than during individual appointments.

Please note that this efficiency works only when the pieces are of similar size. For example, the lighting and backdrop to shoot furniture is different from the set-up to shoot jewelry. For an efficient use of the time it is important to group pieces by size. Depending on the work to be photographed in your group, it might be a good idea to schedule two photo shoots.

## HELPFUL INFORMATION FOR THE PHOTOGRAPHER’S BIDS

- .. Give a list of the pieces to be photographed and approximate size.
- .. The photographer must agree that the artisans will own the negatives.
- .. Request that the work be shot on a no-seam, neutral backdrop (some furniture pieces are very large and require a studio with high ceilings and an extra wide backdrop).
- .. Ask the photographer how long they think it would take them to shoot the pieces. and if they need two separate times scheduled.
- .. Specify color 35mm film (both print and slides).
- .. Ask that the bid be for a full sized shot of each piece and one detail close-up
- .. Ask for a written estimate including hourly fees, cost of film and developing, and any other costs.

The photographer has a right to work without being interrupted too much. Photography requires a great deal of concentration. Schedule a one-hour drop off time for the artisans before the shoot and a one-hour pick-up time. There will always be someone in a group who has special needs, but encourage people to be on time. It also helps if someone stays with the photographer during the photo shoot. That person can help move pieces to be photographed and keep track of what has been shot. Often artisans like to be present when their work is photographed. Make sure it is all right with the photographer to have people quietly drop in around the time their piece will be shot.

**HOMEWORK FOR SESSION FOUR:** Set up and complete the photo shoot. Schedule the next session for when the photographs will be available.

## **Session Four: The Seven-Sentence Marketing Plan**

In Session Four the class will review the photographs from the group photo shoot and fill out their The Seven-Sentence Marketing Plans.

Take time at the beginning of the meeting to review the photographs of your work. It is useful to see how other people's work was shot. Absolutely 100 percent perfect photos are hard to come by, as long as the photograph is clear and portrays the work well consider that you have an acceptable result. If a photo does not meet those criteria it is within your rights to ask for a re-shoot. Most photographers will oblige.

The group leader should keep the negatives, prints and slides for the next step in making the marketing piece.

### **SEVEN-SENTENCE MARKETING PLAN**

After reviewing the photographs hand out copies of Jay Levinson's simple Seven-Sentence Marketing Plan (See Resources). This format has been used to write marketing plans for every size company, from giant corporations to one-person businesses.

As the creator of the Marlboro Man advertising campaign,  
Jay Levinson is a legend in the advertising business.

He left Madison Avenue after a successful career to help small businesses with marketing. His book, "Guerilla Marketing" is written for small businesses and emphasizes low-cost and no-cost marketing ideas.

The book is really, really worth reading.

Group members will answer the questions in class. Here are the seven questions and a short explanation of what they mean:

1) What is the purpose of your marketing?

*Do you want people to call you directly or buy your work at a store? What is the response you would like your viewers to have to your marketing?*

2) What is the benefit of what you are offering to the client?

*Does your work offer better design and materials? Is it a unique product? Do you build custom work exactly to the client's wishes? Is it a piece of overwhelming beauty?*

3) What is your target audience?

*Try to have a mental picture of the people who buy your product. How old are they, what is their gender, are they urban, suburban or rural. Are they people who are on vacation or people building a house.*

4) What are your marketing vehicles?

*List all the ways you tell people about your business. Business cards, Rotary meetings, web sites, local or national advertising, craft shows, your phone manner...everything.*

5) What is your niche in the market?

*In the world of making tables, my niche is custom woodworker.*

6) What is your identity to the client?

*Think of what the identity of ice cream makers Ben and Jerry is to their customers. Think of the identity of Nike Shoe Company. Your identity is your story and your personality.*

7) What is your marketing budget as a percent of gross sales?

*This one is easy. How much do you spend in time and money on marketing. You should spend between 2 and 10% of your gross income.*

Go through and answer each question based on what each artisan is doing currently for their marketing. Each artisan will have different answers.

After going through all the answers members of the group might see room for improvement and use another sheet to write a better marketing plan. This would be the model they follow in the future. It really helps craft businesses to have a focused sales and marketing plan. Once you understand your niche in the market and your target audience you can reach actual buyers with less effort.

**HOMEWORK FOR SESSION FIVE:** Group members will write short biographies and describe what is special about their work. Members can also do the rough draft of the layout and copy for their marketing pieces on the Session Five handout.

## **Session Five: Rough Design of Marketing Piece**

In this session the group will discuss and give feedback on the artisan's short biographies and the three selling points. If the group is using a graphic artist and wordsmith it is useful for those people to attend this meeting. The group facilitator should bring the photographs to this meeting for the group to refer to.

### **THE ARTIST'S STATEMENT**

It is very helpful for an artisan to have a short biography or an artist's statement on hand. It can be used in your portfolio or brochure. It can be posted in your booth at a craft show or art opening. When the biography is used as part of a press pack with photographs it can be sent to newspapers and magazines. Sometimes the publication will just rewrite your statement and print it as an article. This free advertising is tremendous.

Here are some ideas to help you write your biography/artists statement. If writing is hard for you ask a friend to interview you with these questions and tape-record your answers. Try to pick the most interesting bits and write only about ten sentences.

- .. When did you first start working in your craft?
- .. Why do you love what you do?
- .. What other life experiences outside of art have great affected your life and relate to your work?
- .. How do you technically produce your work?
- .. What have other people said to you about your work?
- .. What is unique about what you do?

Blend the ten sentences into a coherent paragraph.

### **THREE SELLING POINTS FOR YOUR MARKETING PIECE**

You might make the finest table in the world but if people don't stop and look it they are not going to buy it. A selling point is something that causes the potential buyer to take action. To stop, look, and buy. Whether you realize it or not you have been actively selling your work from the beginning. Think of how you talk to friends and relatives about what is cool and exciting about your work. You might say, "Look how I sanded that grain" or "I made every link in that bracelet by hand". These are selling points that intrigue a client and make them consider your work more carefully.

Here are a few more active selling points:

- .. All the wood in this piece is from one tree that blew over in a big storm.
- .. These are hand-cut dovetails.

- .. The wool in all my sweaters comes from sheep my family raises.
- .. I was taught to do this technique when I lived in New Guinea.

Think of three selling points for your work. The group can give excellent feedback on what they consider interesting about you and your work.

### ROUGH LAYOUT

Use a sheet of paper that is the same size as your marketing piece to sketch a rough layout. Include all the words you will be using and indicate where the photograph will be located. Print out your copy as accurately as you can, showing where there are capital letters and lower case. Also indicate whether the copy is centered, justified or flush left or right.

Write down the factual information about your business such as name, phone, fax, address and web site. You can direct the viewer to “call direct for more information” or “see my work at Gallery M”.

If you are using this marketing piece in a store or gallery,  
it might be preferable to list only your name and town.

The gallery does not want its clients to buy from you directly.

Convey the three selling points in your marketing piece. You don't have to just list them. You can communicate the points to the viewer with the photograph of your piece, the font you choose for your copy, and in other subtle ways.

If your selling points are that you make quality furniture with classic design this works better:

**JOANN SCHUCH WOODWORKING**  
Fine Furniture and Cabinetry  
Furnishings featuring traditional joinery, designed to be art that is a part of life.

Than this:

**Jojo's Woodworking**  
**Wooden furniture and other things**  
Fun 'n' funky!

The two different phrases and fonts convey very different meanings about what is being sold.

Take the time to make a couple of sketches of your marketing piece and use the feedback from the group to make changes.

### SEND IT TO THE PRINTER!

After corrections and any help from the graphic designer and copywriter, send the final draft to be printed. Include the negative, print or slide as requested by the printer.

**HOMEWORK FOR SESSION SIX:** Wait patiently, plan the party.

## Session Six: The Final Product

Congratulations! You have completed a marketing piece. Hopefully you have learned something about your business, written a marketing plan and learned the skills to make more marketing pieces.

Your Peer Consultancy Group will be a resource for you in the future, you can share information, go to craft and trade shows together, and buy advertising as a group.

Marketing is an ongoing process. Continue to tell people about your business and reach an ever-widening circle of buyers. That is what marketing is all about.

My hopes for you are joy in your work and profitability in your bottom line.