Some Helpful Tips

1. Price on Bottom
2. Stroll stopper
3. Don't Forget the Guys
4. Provide Shipping
5. Price Perfect
6. What to Make
7. Perceived Value
8. Selling Wholesale
9. Consignment to Wholesale
10. Price Universality
11. Wholesale Qualification
12. Open Return Option
13. Grant Exclusivity
14. Wholesale Shows
15. Choose Your Wholesale Partners
16. Sales Agents
17. Finders Fee
18. Juried Markets
19. Select Your Market
20. Use Retail Markets for Wholesale
21. Demos and Videos
22. One of a Kind
23. Too Many Choices
24. Professional Display
25. Hobby Business Hazard
26. Big Customer Risk
27. Discount Dilemma
28. Sunk Costs
29. 80-20 Rule
30. Play Fair

Some Helpful Tips

31. Good Agreements
32. Decision Paralysis
33. Seat Swap
34. Artistic Isn’t Enough
35. Product-Price-Place
36. Piggyback Pricing
37. Drop Shipping
38. Selling Jewelry
39. Go For Gold
40. Must Art Be Useful?
41. Amusing Sells
42. Art Critique
43. Getting Started Selling
44. Inventory Advantage
45. Prospecting
46. Consignment Selling
47. Shelf Rental
48. Co-operatives & Guilds
49. Art Galleries
50. Artist’s Porfolio

51. Personal Sales Calls
52. Practice Selling
53. Professional Appearance
54. Customer Connection
55. Make Your Booth Accessible
56. Make Your Exhibit Special
57. No small Customers
58. Internet Selling
59. Website Wheel Hub
60. Website Convenience

Some Helpful Tips

61. Not for Profit Organizations
62. Arts Grants
63. Costing Science – Pricing is Art
64. Determining Cost
65. Costing Formulas
66. Four Factor
67. Visualize Costing
68. Organization Cuts Costs
69. Set & Segments
70. SWAG
71. Determining Price
72. Perceived Value
73. Increasing Perceived Value
74. Price = Value Delusion
75. Pricing Formulas
76. Wholesale Discount
77. Price Equalization
78. Proof of Price
79. S.T.E.M.
80. Price to Prevent Copying
81. Special Order Pricing
82. Camouflaging Price Increases
83. Price Psychology – Bill Denomination
84. Tier Pricing
85. Pricing Illusion
86. Pivot Price
87. Best Advice
88. Art as a Business
89. Business Plan
90. Business Strategy Misconceptions
91. Market Share

Some Helpful Tips

92. Create Momentum
93. Materials vs Labour Contest
94. Keep Records
95. Assume Nothing
96. One of a Kind Deal Killer
97. Cut Costs or Increase Sales
98. Copyright Issues
99. Integrity Matters
100. Ask For Help

Some Helpful Tips

Marketing – creating sales

1. Price on bottom
A tip for selling at retail markets. When selling your work at retail markets you should put prices on the bottom. Most artisans place prices on top or somewhere easy to see. Sophisticated sellers place them on the bottom for a VERY specific reason. It provides extremely valuable information. We humans are a tactile species. If we like something we touch it. If a prospective buyer sees something they like they touch it so if they like the look of one of your offerings they pick it up to check the price. If they like it they pick it up. If they don't like it they don't touch it. This is where it's important. If something doesn't get picked up you know it's not liked. Stop making it. If they pick it up and don't buy it they just told you they like it but reject the price. Either look to adjust the price or stop making it and focus on what does sell.

2. Take a Stroll Stopper
A common mistake artisans make at markets is not taking big expensive piece because they assume they are too expensive for that venue. For every show, regardless of how big or how small, you should have at least one star piece to show off what you're capable of. I call them "stroll stoppers" because I noticed when visitors were strolling through the show and spotted that star piece it stopped their stroll and diverted them over to look at it. It was pretty common for someone to admire a big expensive piece, comment how much they liked it and lament being unable to afford it – but a fair few bought a less expensive piece before returning to their stroll. Stroll stoppers increase sales. The more people that stop to look at your display the more people will buy something. Everything you do to draw people over increases your sales. Display your best work.

3. Don't Forget the Guys
Art shows attract more women but men buy more impulsively. That isn't sexist. It's a generalization, and like all generalizations there are exceptions, but a generalization that is statistically valid. Women are more likely to pause to justify a purchase while for most men the only justification is they like it. Most women like to shop. They enjoy the experience. Again, a generalization but statistically valid. Most men hate to shop – they consider it a chore to be deal with as expediently as possible. Tools and sports stuff are usual exceptions. When a women sees something she likes, she is more likely to take time to think about and justify the purchase. If a man sees something he likes he's more likely to just buy it. When a possible buyer pauses to "think about it" it's rare for them to come back. Many artisans mistakenly focus on making what women like because they are the majority of their customers - but forgetting that men are also possible customers and are often the ones buying more expensive pieces. When I started offering male oriented items at retail shows I immediately learned men make less purchases but more often bought more expensive pieces. Also, many women commented how great it was they found something appropriate as a gift for a guy. Just because most of your customers are women don't be a fool and forget the guys.

Some Helpful Tips

4. Provide Shipping

We have all lost sales to tourists or visitors because the prospective buyer is concerned about getting it safely home. Instead of losing those sales you can learn how to pack and ship for them as a service. When you hear someone voice concern about getting it home you can ensure the sale (sales pros call it closing) by offering to ship it for them. They've just told you they like it. Now is the time to step in, remind them they have good taste and offer to help them own it. Learn how to pack and how to quote shipping costs. I figured out the total cost for packing and shipping to anywhere in Canada or the USA could be covered by 20% to 25% of the retail price. To quote for anywhere else I'd just make my best SWAG (Scientific Wild Assed Guess). I closed a lot of high ticket sales I know I would not have happened without that shipping offer. I even expanded that offer to provide drop shipping for shops I sold wholesale to. They made the sale and had me made one and ship it to their customer. When their customer voiced concern about getting it home the shop could step in and offer to do it for them. Many of them have told me that offer closed a lot of sales for them. If offering to ship it for an extra 20% didn't close the sale they would sometimes step in and graciously provide shipping free. Remember, the shop is reselling it for 2 times the wholesale price so is still making 30% on the sale and doing nothing more than telling me what and where to ship – and not parting with the piece they had on display

5. Price Perfect

Costing is Science – Pricing is Art.
Costing is simple math. Material + Labour + Overhead = Cost
Cost + Profit = Price.

It's relatively easy to determine your cost but NOT so easy to decide on a price. How much can you sell it for? How high can you set the price before the price is so high nobody buys? How low can you set the price before it's so low you're either working cheap or even free? How do you choose the right price? Some suggestions:

- Ignore what anyone else sell for. Your work should be uniquely yours so your prices should be uniquely yours. Base your prices on your costs plus what you want for your time. What it costs someone else or what someone else wants for their time is irrelevant. You calculate what your costs are and you decide what your time is worth.
- Start low. Start at the lowest price you can tolerate. If something sells, make more and raise the price. Repeat the process. If you start with a high price you don't know if something isn't selling because people don't like it or because they think the price is too high. Start low. Nobody ever started a business with high prices with the idea they could reduce them if stuff didn't sell.
- If you're a beginner and just starting to experiment with selling your work there's no reason to not sell at prices that just cover materials cost. You might be working free but you are also getting your education subsidized. Some countries pay you to go to school. This isn't one of them.

6. What to Make?

If you want people to buy your work you must provide a reason to buy from you instead of from someone else. What makes your work special? Don't try to compete on price or on quality. You can never match the prices for imports or those from hobbyists willing to sell for just their material cost – nor can you compete on workmanship quality against hobbyists willing to expand many hours of time just for the fun of making it. If you want a competitive advantage, be original. Make something others don't make. Especially avoid the common mistake of assuming if there is a large market for something you should make it. When there is a large market for something there is almost always a large supply. Jewelry is the best example of that. There is always an excess supply of jewelry. An equally common mistake is making things that are easiest to make. The more difficult something is to make the less supply there is of it. The most effective way to compete is by making something different – something other sellers don't offer. Be unique. Be original.

7. Perceived value
There is no real value. There is only perceived value – what someone thinks it's worth. A prospective buyer doesn't care how long it took you to make something, doesn't care how much the materials cost you and doesn't care how much experience was needed to learn how to make it. They don't care if you're a hobbyist or a professional artist. They care ONLY about what they think it's worth. If you want someone to buy your work you must convince them it is worth your asking price. Why should they buy from you and not from someone else? What is special about yours?

8. Selling Wholesale*.*
Selling wholesale is when you sell for a set price to a shop or gallery who will resell it at a higher profit. The most significant advantage is it's a firm sale. You aren't taking your work to a market or putting it on consignment hoping it will sell.The usual wholesale discount is 50% off retail. It's widely referred to as the "keystone" price. Many artisans complain they think it's unfair the shop gets half the selling price while you did all the work and pay for all the materials but that complaint ignores the contribution the wholesale buyers makes in providing the venue, displaying and selling your work and freeing you to focus on what you do best – make stuff. Selling at markets or online where you get the full retail price or selling on consignment for a commission less than 50% can be seductive but it has been my consistent experience selling wholesale is so very much more efficient it produces a significantly higher net income than selling retail or on consignment

9. Converting Consignment to Wholesale
A definite wholesale sale is always better for you than a potential consignment sale but shop owners prefer consignment because it removes the risk of buying something that doesn't sell – especially if they have never sold your work before. An effective way to remove that fear is for you to offer the first order "on trial". Offer to put together a mix of your work on a 30 day trial. At the end of 30 days they either pay for the entire order and continue into the future as a wholesale customer or they pay for what they sold and return the rest.

10. Price Universality
If you sell your work wholesale to shops or galleries and also sell it retail it's important both you and your wholesale customers have the same retail price. Your wholesale customer expects to sell at twice the price they paid you. When you sell retail you should sell at that price. You might be tempted to sell at a little lower price but if you do that you provide unfair (and unreasonable) competition to your wholesale customer. .Setting prices can be complicated. A simple formula that has worked well for me for many years is to carefully calculate cost (labour + materials +

overhead) and multiple it times 3 to establish the retail price – then offer 50% off for wholesale purchase.

11. Wholesale Price Qualification.
The original idea of a wholesale price was a lower price for buying the whole case or the whole roll. Over the years that changed with suppliers offering discounts for "qualified" buyers – for example if bought to be resold. Everyone wants to buy at lower wholesale prices so determining who legitimately "qualifies" has become extraordinarily complicated for the seller. Many suppliers are now returning to the original practice of basing prices on quantity. One price for 1, a discount for 10 and a bigger discount for 50. If you sell wholesale it's reasonable to require a minimum first purchase. One of my businesses makes tools for glass art and pottery. Our minimum first order is $1,000 for wholesale price. That's relatively low. One of the companies I buy pottery clay from for resale has a minimum first purchase of $15,000. We also refuse to sell wholesale to anyone that doesn't have a physical shop and is not just an online seller. If you plan to sell wholesale you SHOULD set, and strictly enforce, a minimum first order size to qualify.

12. Offer Return Option
Every gift shop and gallery owner fears buying something that won't sell and is usually the main reason they prefer consignment. It's a legitimate fear but it's a fear you can remove by offering them an open credit return option on anything at any time. If they think something they bought from you won't sell in their shop let them return if for a credit to buy something else. When I started doing that it encouraged many of my wholesale customers to experiment with some more expensive items. We were both happy to see those more expensive items sell for them. I've had shops that were at first hesitant to buy things over $100 evolve to selling $1000 pieces.

13. Grant Exclusivity
It's tempting to sell to anyone willing to buy but placing your work in too many outlets can be harmful to your business. When you decide what to make you must ask, "Why would they buy my work and not someone elses?" Shop owners will ask, "Why would I carry work that is readily available in many other places?". You want your work to be distinctive. They want what they offer for sale to be distinctive and will often ask for exclusive rights to what you make. Give it to them. Give each of your wholesale customers territorial exclusivity. Sell to one outlet, and ONLY one outlet in each community. If you sell at retail markets, advertise what shops carry your work. If you have a website, list the retail outlets that sell your work. Always remember….this is a partnership. You make stuff and they sell if for you. If many other places sell your work the shop owner will treat your work as just another product offered for sale. If they have territorial exclusivity they will put extra effort into how they display and promote your work. It's a big world. No reason to concentrate sales in a small area.

14. Wholesale Shows
If you want to expand wholesale sales you might consider exhibiting at a wholesale show. These are not to be confused with retail markets where you sell your work. At a wholesale show you take display samples of everything you offer and take orders for later delivery. Wholesale shows are closed to the public. To be admitted a prospective buyer must apply and confirm they quality as a wholesale buyer – usually by providing a business licence. If you would like to visit a

wholesale show but don't qualify as a wholesale buyer, you can contact the show management and tell them you are an artisan considering exhibiting. Most will give you a "visitor" pass that allows you see the show and talk the vendors but you wear a badge that tells the vendors they are prohibited from selling anything to you. For artisans concerned that wholesale price is almost always 50% of retail, they will be horrified to see wholesale prices on jewelry are often 25% of retail. YES – jewelry sells retail for 4 times wholesale price.

15. Choose Your Wholesale Partners

Selling your work at a retail market is a good way to make contacts for wholesale sales and exhibiting at wholesale shows is equally good but the VERY BEST way to connect with a quality wholesale account is to personally select them with a direct sales call. Don't make the mistake of contacting a shop or gallery that already has work similar to yours and don't make the mistake of choosing one only because it's a high class venue. Choose one you honesty believe your work would be a good fit in to add to what is being offered. Pick an outlet you think would benefit by having your work added to what is already there. If you make the choice it's a lot more likely you can build a long term partnership with mutual benefit. To sell my work one of the smartest things I ever did was my son and I taking a road trip from Canada to Mexico. Went from BC down the Washington, Oregon and California coast to San Diego. In every coast town we'd do a quick drive through and select a prospect. I'd walk in with a box of samples and price list, put a few samples on the counter and deliver my pitch. *"If you can spare 2 minutes I have a product line I think would make a great addition to what you're already offering for sale".* I had a few, "We're already fully stocked", "Our manager isn't here" and "We only buy at the wholesale gift shows" but I was always treated with respect and often thanked for coming in. In more than a dozen shops I got an order on the spot and a dozen more contacted me later. What I got most was expressed surprise to be called on by the real artisan instead of a sales agent. Go visit some prospective buyers. You might not be willing to do a 1400 mile road trip like I did but I'm sure if you make the effort to visit some shops near you it will be worth your while. Why not make it a vacation? Remember those 4 wonderful words. Tax Deductible Business Trip.

16. Sales Agents

A sales agent is someone that acts as your representative to sell your product for a commission to wholesale buyers. The usual commission is 10% but some ask as much as 20%. This is much like a gallery taking a sales commission on goods you placed with them on consignment. They not only get the commission on the first order they sell to that account but get it on every order that customer places with you in the future. They open the account but don't necessary service it. Too often sales agents pay little attention to how your product fits in a retail outlet but care only about making a quick commission sale. They also often do little to actively promote your product but just add it to the variety they already offer. A sales representative working on commission can do a lot to boost sales for you but you should be VERY careful who you choose work with and be EXTRA careful what promises and commitments you make to them. A good agent can make your business bloom but a poor one can destroy it. An example of where an agent can be harmful to your business is where they take a big order from a retailer that uses it as a discount promotion. The shop looks like a hero with a big discount sale but all your other wholesale accounts will stop buying from you. Be careful. There are sharks in the water.

Some Helpful Tips

17. Finders Fee

It's common in business to pay a commission or finders fee for providing a contact or reference that turns into a sale. If one of your wholesale customers sends a commission customer to you it's reasonable, and sometime contractually agreed, to pay them a commission. It can be whatever you agreed on or what you think appropriate - but 10% is relatively standard and is often part of a consignment/agent agreement with galleries. Even if you hadn't agreed to a finders fee it's a good practice, both personal and professional, to do something concrete to show thanks. A small thank you gift is always appropriate and makes a significant contribution to building strong alliances. You're supposed to be creative. Be creative in how you say thanks.

18. Juried Markets

Not all retail markets are the same. In an Open market anyone that pays the booth rent gets in. In a Juried market prospective sellers submit either photos or samples of their work to be judged whether or not they can participate. Each jury system is a little different. With some it's whatever the market management personally approves. Some have relatively loose requirement while others are strict. The good ones judge carefully and professionally using a scoring system similar to diving or figure skating giving points for creativity, originally, workmanship, etc. The best are those using a "blind" jury where the jurists are shown examples of the work without anything identifying the maker. This ensures it is the work being judged and not the maker's name and reputation. When you're selecting where to rent space to sell your work you can assume the markets hardest to get in will attract the highest quality customers.

19. Select Your Market

Whether you're selling at a retail market or selling wholesale to a shop or gallery it's always best to take some time to select who you sell to and where you sell. When selling wholesale choose outlets that you think are most likely to have customers that will buy your work. The same with choosing a retail market to sell at. One of the most common mistakes artisans make is favouring low rent markets. Whether you rent space in a craft market or a retail outlet shop, when the rent is low it's almost always because sales are low. Higher rent locations are more likely to generate higher volume sales. It doesn't take any more of your time to set up and sell in a high rent market than a low rent one. Don't reject a prospective market because the rent is high and don't select one because the rent is low. You get what you pay for. When I was doing markets as a craft fairy gypsy I learned to favour the ones with the highest rent.

20. Use Retail Markets to Find Wholesale Customers

Displaying and selling your work at a retail market can be an excellent way to connect with prospective wholesale buyers. But….be careful….too often it's asking you to give them work on consignment. At juried shows it's more likely to come from buyers willing to make a direct purchase. Wholesale buyers know that juried shows are more likely to display quality work and more likely to have artisans ready to sell wholesale. Gift shop and gallery owners are always looking for fresh talent and make a point of visiting retail markets to look for new sources. That applies especially in market locations likely to attract buyers motivated in part by the prospect of a "Tax Deductible Business Trip".

Some Helpful Tips

21. Demos and Videos

When you exhibit work for sale at a show the more people that stop to visit your display the more people will buy something so anything that encourages more visitors encourages more sales. Doing a live demo or running a video is a terrific way to attract prospective buyers. Live demos are usually only practical if you have someone helping you but you can put out a TV monitor or laptop running videos to attract attention. When I tried running videos demonstrating how the work is done they worked as well as a "show stopper" to draw people to my display.

22. One of a kind

Making only one of a kind items is great if you sell into high end galleries where they want something that is never repeated or copied but it's a deal breaker if you sell into gift shops. They want to know if they take a risk and buy your work to see if it sells, they will be able to get more of what sold. They know it sells so they want more. If everything you make is "one of a kind", every purchase they make from you is a fresh risk. Imagine a glass artist or potter wanting to reorder some glass or glaze and being told they couldn't get any more of that colour because all the glass and glazes are "one of a kind" and not repeated. What businesses most want is reliability, dependability and repeatability. What they want least is risk.

23. Too Many Choices

Too much variety can be more harmful than helpful and can be worse than too little. Offering too many choices in too many colours and too many sizes can create "decision paralysis" where the buyer has so many choices they can't decide so choose none. Keep the variety reasonable and manageable The most popular and most effective quantity is three. Three different colours in three different sizes. Not only will controlling the variety offered help encourage buyers to make a choice it also helps reduce your cost to make what you sell. If you want to offer more variety it's better to make some completely different designs – each in three different colours and three different sizes.

24. Professional Display

There are two distinctively different ways to display work. There is the "Thrift Shop" display where everything is scattered about intermixed the way we might decorate our living room. Candles mixed with pottery mixed with glass mixed with leatherwork mixed with jewelry. For a business that is the mark of an amateur. Alternatively, there is the "Drug Store" display where everything is categorized in groups. All the candles in one group, all the pottery in another group and all the glass in yet another group. This is how professionals display work. When you put together your display at a retail market you will sell more if you have an organized display sorted by style or category. Apply the same preference for professionalism when selecting a shop to sell wholesale to. You will sell a lot more it they apply a neatly organized display like in a drug store and not everything just scattered about like a thrift shop.

25. Hobby Business Hazard

When you sell to a shop or gallery the objective is to create a partnership/alliance where you each share the same objective – to sell what you make. You make it and they sell it. A working partnership. That only works if you share that objective. Many gift shops and galleries are more of a hobby business being run for fun rather than as an income creating enterprise. That ESPECIALLY applies with gallery and gift shop owners unwilling to buy outright but only accepting work on consignment. Unless you are just making stuff as a hobby and don't care if it doesn't sell you would be smart to avoid dealing with hobby businesses and choose instead those that rely on selling the work on display to survive.

26. Big Customer Risk

A lot of small customers is better than a few big ones. Having just a few large customers can be easier to manage but that ease comes with a risk. What happens if you lose one of those big customers? How harmful would that be? How easily could you recover? Smart business owners prefer to minimize risk. It's foolish to be so reliant on any customer that losing their business would seriously harm you. Also, having more small customers provides a steady income dribble with a little money coming in ever few days rather than waiting for infrequent large payments. Each of us can decide what percentage we're comfortable with and how much risk we're willing to take. Many years ago I learned to do my best to NEVER have any one customer providing more than 25% of my revenue.

27. Discount Dilemma

Agreeing to discount your selling price to make a sale can be more harmful than helpful. You might be tempted to accept a lower offer but doing that is as likely to make the buyer unsatisfied as pleased they got a discount. Too often instead of being thrilled they got a price cut they think if you were willing to trim the price a little bit, if they have pushed harder you might have trimmed it even more. You established willingness to cut your prices If they become a return customer they will expect to never pay your original price – and will tell their friends you are willing to cut your prices.. Everyone wants to think they got the best possible price. If you respond to a discount request by telling them*, "I didn't just guess at a price but took some time to calculate the best and lowest price possible. That's the price I'm offering it for".* If you were willing to bend a little it's reasonable to assume you will bend a lot. Discounting is a slippery slope you should never step onto. Hold firm on your prices. A better way to encourage a sale is to offer something extra as a gift.

28. Sunk Costs

"Sunk cost" is a term economists use to refer to a cost that has already been incurred. Once you have spent the time and materials to make something the costs to make it are sunk. Gone. Spent. The only way to recover ANY of those costs is to sell it - so anything it sells for is a profit. Once the costs are sunk if you sell it for only $1 you make a $1 profit. Large retailers fully understand the importance of sunk costs. If they have bought something and it still hasn't sold after 90 days it is treated as a tenant not paying rent. It is to be evicted. Put it on sale, donate it or trash it – but remove it to make space for something more likely to sell. If you have made something on speculation of sale it is foolish to hold onto it with the assumption you have to get your money back. What you do have to do is get rid of it. The cost is sunk. Move on. Sell it for anything you can get, donate it or dispose of it and make something else. Each of us decides how long to wait before disposing of a sunk cost item but however long you are willing to wait you must accept the reality of sunk costs. Holding onto something hoping it will sell is like saving something "just in case" you might someday need it. The smart decision is to routinely purge to clear space.

Some Helpful Tips

29. 80-20 Rule

The customer is NOT always right. Sometimes the customer is unreasonable and sometimes the customer is a lying thief trying to rip you off. Start by giving everyone the doubt. Treat everyone fair but expect them to do the same to you. Most of your customers are great – but not all. It varies with everyone but the 80/20 rule is a reliable generalization for all businesses. 20% of your customers will provide 80% of your problems. A different 20% will provide 80% of your income. Only fools allow themselves to be taken advantage of. Pay attention to which 20% are causing you problems. Either stop dealing with them or rigidly police their behaviour. Set firm rules and enforce them. Focus on the 20% that are not causing problems and making a steady contribution to your business. They are special. Treat them special. They are the ones to build a long term relationship with.I lost it when we moved into a new shop but for years I had a sign on the wall that said,

"Prices Subject to Change According to Customer's Attitude". It wasn't entirely a joke.

30. Play Fair - *my favourite 4 letter word.*

Be fair but be firm. Be fair to your customers and also demand your customers be fair to you. Do business by the "Golden Rule". Treat your customers the way you expect to be treated as a customer. Do the same with your suppliers. Treat them the same way you want your customers to treat you. Be fair, but be firm. Don't do business with customers or suppliers that you feel are not playing fair. If you play fair you will build solid long term alliances with your customers and your suppliers. If you allow customers or suppliers to take advantage you encourage them to continue and equally encourage others to copy. Be fair but be firm. Make fair rules and firmly enforce them.

31. Good agreements make good friends

It's too easy for a business relationship (or even a friendship) to be ruined by a simple misunderstanding or misconception. The best possible protection is a clearly worded agreement that assures any assumptions or presumptions are understood. The best relationships are those where every participant clearly understands what is expected and what is denied. Draft an agreement and enforce it. It doesn't have to be a formalized contract involving teams of lawyers but SHOULD be something in writing in plain language that details what is agreed to. That ESPECIALLY applies to the Terms & Conditions of Sales and to any Partnership or Consignment Sales Agreement. Do not rely on verbal agreements. Avoid misunderstandings. Put it in writing.

32. Decision Paralysis

It's often hard to make a decision. Whether it's a client that can't decide what colour they want or you trying to decide what to make or what price to set. Sometimes it's so hard it creates decision paralysis where no decision gets made. A technique that can help is to instead of making a positive choice, make a negative choice. Instead of asking "What is most preferred?" ask "What is least preferred?" I've often had difficulty with a client unable to decide what design they liked best when asked, "Which do you like least?" had an instant answer. By going through the options and one at a time removing the least liked could easily settle on a preference. Do the same with yourself. Make a list of all the options – then one at a time delete the least liked.

Some Helpful Tips

33. Seat Swap Decision Making
An effective way to make effective decisions is to swap seats. If you're wondering what to make or what price to set or how to word an agreement, reverse the positions. Put yourself in your customers seat and ask what would you like if you were the customer. What price would be fair? What conditions would be reasonable? Do the same with your suppliers. If you have employees, do the same with them. Treat them the way you would like to be treated as an employee. I have always treated employees like family and both customers and suppliers as partners in a shared enterprise.

34. Artistic Isn't Enough
It must be balanced with engineering and economics. You can make something that is beautiful but without adequate engineering it might collapse and no matter how lovely it is if it's too expensive to make nobody will buy it. Your marketing strategy should be to create a balance of artistic, engineering and economics working together with each making an equal contribution.

35. Product – Price – Place
You might have a great product but you're offering it for sale at the wrong price or selling it in the wrong place. You shouldn't expect gallery calibre sculptures to sell at a flea market nor expect fridge magnets to sell at a prestigious gallery. I've seen examples of an item not selling for $50 at a street market but easily selling for $200 at a gallery or gift shop. Cowboy theme designs are less likely to sell at an ocean resort than marine and maritime designs and seascapes or sailboats won't be popular at a venue attached to a rodeo or farm fair. It isn't enough to produce a great product. An important part of your marketing strategy is to offer it for sale at an appropriate price and displayed in an appropriate place. If you want your work to sell, make product, price and place a team working together and not individually.

36. Piggyback Ordering
If you want your supplier to give you better prices it's usual to just ask them for a discount. A better way is to work with them to help reduce their costs so they can pass the savings along to you as a better price. Maintaining inventory is a big expense. Instead of buying from their current inventory, help them bypass their inventory costs entirely by "piggyback ordering". Give them your order to add to (piggyback on) their order to their supplier. I do this routinely both with both my suppliers and my customers.

37. Drop Shipping
Drop shipping is when you ship on behalf of your customer. They sell the item then have you ship it on their behalf to whoever they sold it to. This allows your customer to sell something they didn't have to handle and didn't have to process as inventory. I routinely drop ship both for things I sell to wholesale customers and for stuff I buy from suppliers Drop shipping is a team effort where you both work together for mutual benefit. It works well but can be, and often is, abused by sellers that have no physical shop but just a website. Take care who you agree to drop ship for. Internet sellers are notorious for abusing drop shipping and can harm your business more than help it. It's a partnership. Choose your partners carefully.

Some Helpful Tips

38. Selling Jewelry – Plus & Minus

On the PLUS side, there is a steady market for jewelry. It's easy to transport and consumes only small amounts of materials to make. On the MINUS side there is always an oversupply – usually a lot more supply than demand. There are too many artisans making jewelry for the number of customers buying it. Unless you make something especially unique or have engineered a way to make it at extremely competitive prices it is rarely profitable. Some artisans make only jewelry but many artisans like to make jewelry as an extra addition to their other offerings. Because of this competition most juried shows, and pretty much all wholesale shows, specifically prohibit such mixing. They insist if you make things other than jewelry you may NOT sell jewelry and if you want to sell jewelry you may not sell anything else. In classes I'm often asked, "What should I make? What sells?" My favourite answer to that is, "Not jewelry".

39. Go for Gold

Most artisans that make jewelry for sale choose to use silver findings instead of gold – usually because silver is cheaper and has more potential customers. That is often a mistake. The market for silver is much larger than for gold but there is lots of silver jewelry offered for sale. The supply more than meets the demand. The market for gold is smaller but often the demand for it exceeds supply. Customers that prefer gold will rarely accept silver and are accustomed to seeing lots of silver offered for sale but much less gold – so when they see jewelry with gold findings they are more ready to make a quick decision to buy. It is ALWAYS a smart marketing strategy to avoid a market that is oversupplied and instead go into a market with more demand than supply.

40. Must Art be Useful?

When you make something for sale you might often ask if it has a function other than to be admired? Does the buyer need it to be useful to justify buying it? Should you make mugs and bowls and plates and things that are useful or should you make things that have no use other than being pleasing to look at? Yes, there are many customers that do need to justify a purchase because it is useful, but there are many more that if they want something useful like a mug or bowl are more likely to visit Walmart or a Dollar Store. A while back I did a demo/talk for a group of gallery owners on glass workmanship. After the demo I thought it would be interesting to ask gallery owners their views on "When does craft become art?" They all agreed the more useful something is the less likely it is to be perceived as art. One of the gallery owners make a comment that I took to heart and passed on to other artisans. "I don't think people buy art to use as a fruit bowl". This comes back to market demand. The market is saturated with artisans making useful things like mugs and bowls and plates but not so filled with offerings of work that have no function other than decorative. When craft elevates to become art might be difficult to define but I've seen many examples of art turned into craft because the maker thought it needed to be "useful".

41. Amusing Sells

In my many years of doing retail shows I learned to identify two things that clearly signalled a willingness to buy. If someone smiles when they look at a piece or if they say, "Isn't that cute" they are sending a clear signal they like it. When someone says, "Isn't that cute" you need only to step up and suggest they have excellent taste and should own it. People WILL buy things that amuse them and especially will buy things as gifts if they think it will amuse the recipient.

Some Helpful Tips

42. Art Critique

You WILL be criticized. Some will be good and some will be bad. Some complimentary and some insulting. Ignore all of it. If you're trying to sell your work the ONLY criticism that has ANY relevance is that coming from someone willing to buy it. What anybody else thinks or says should be ignored. Let the marketplace decide if its good or bad. That also applies to price. Whether someone else thinks your price is too high or too low is irrelevant. You decide what it should be and let the market decide if it agrees. ESPECIALLY ignore criticism from self-designated experts. *"A critic is someone that owns a road map but doesn't know how to drive the car".*

43. Getting Started Selling

I'm often asked, "When is my work good enough to sell? Simple answer. When someone is willing to buy it. Don't be afraid to offer it for sale. You're likely to find you like doing it. It can be difficult to get started so most artisans start small and work up incrementally.

- Personal – sell to friends and famil
- Flea Markets – they're low rent so low risk but get only low prices.
- Craft Shows – a little higher rent but much higher sales volume.
- Internet Sales – either your own website or something like Etsy.
- Sales Agents – will take care of all your sales for a percentage commission.
- Art Galleries – you give them your work to sell for a percentage of the selling price.
- Wholesale - a shop or gallery buys from you and resells at a higher price.

Where you choose to position yourself is entirely personal. If you want to keep all the selling price to yourself retail shows or internet selling might be your best choice. If you want to sell high price items art galleries might be a better option. If you don't want to be involved in the sales you might hire a sales agent to do it for you. If you want to generate a reliable steady income selling wholesale is usually the best.

44. Inventory Advantage

Artisans that prefer to sell retail and not wholesale because they get a higher price usually fail to consider the inventory cost saving advantage to selling wholesale. When you sell at a retail market you want to maximize your sales but can't predict what will sell so you make lots of stuff to take – always much more than you really expect to sell. You are packing around a lot of inventory with the risk some of it might not sell. You have the expense of handling all that inventory plus the risk of much of it becoming a "sunk cost" with goods that don't sell. When you sell wholesale you make only what has been ordered for purchase. The only inventory is work being made to fill orders.

45. Prospecting

Never underestimate the importance of prospecting. Whether you're prospecting for gold or prospecting for customers the objective is to find something valuable. If you want to sell your work new customers are extremely valuable. I have no idea how to prospect for gold but can suggest some ways to prospect for customers

- .Retail markets – be sure to have business cards with your website address
- Products cards attached to all your work.
- Bio handouts wherever you display your work for sale.
- Wholesale markets – exceptional to connect to wholesale buyers.

- Personal sales call. Often underestimated but always worthwhile.
- Directed mail. Mail directed to specific prospects.
- Community Bulletin Boards – especially valuable if you teach.
- Press releases – a nicely packaged press release can create great free advertising.

46. Consignment Sales

Consignment sale is when you give your work to a shop or gallery to display and sell for you. They take a percentage of the selling price as a commission and pay you after the work has sold. Most common commission is 30 to 40% but it could be less or more depending on what the seller demands. As with most things, there are advantages and disadvantages to consigning your work. For artisans that want to expand their market, or don't want to do retail shows, this can be a good option.   However, when the shop owner doesn't have to pay for your work they have much less incentive to sell it and often just wanting to fill space. Too many consignment shops are poorly managed and too often just a hobby business. Also, they are notorious for going out of business leaving suppliers unpaid for work that sold and decline responsibility for anything damaged or stolen while in their possession. If you do decide to place your work on consignment be CERTAIN to have a signed contract clearly outlining responsibilities.

47. Shelf Rental

Appearing everywhere are places that offer to rent small display space for artisans.   The usual arrangement is the artisan pays a fixed rent for display space and the venue takes a small percentage for handling any sales. It is a way to sell your work but almost always these venues are concerned only with renting space, indifferent to the mix of what is offered for sale and put little effort, if any, into connecting with customers.   You might have your work on display alongside some complete crap. Also, like consignment sales, venues often refuse responsibility for anything damaged or stolen while in their possession.

48. Co-operatives & Guilds

When properly managed co-operatives and guilds work exceptionally well to help members improve and market their work - but ONLY if they are properly managed. Too often too many members participate only for what they can get from the group with little effort to contribute to help others. Often the primary focus of a group is to get some form of grant for financial support.   This "what's in it for me?" attitude discourages many of those with the most to offer from joining the group. Be careful who you decide to share with.

49. Art Galleries

A good gallery will put serious effort into representing you to prospective buyers and will be a working partner in marketing your work. It will almost introduce your work to customers willing to pay higher prices than at gift shops or public markets.   However, just like consignment shops, many private art galleries are too often run as a hobby business or a side to other enterprises and not particularly concerned about making a profit.   Just as a good gallery will put serious effort into which artists they choose to work with, you should put serious effort into choosing which gallery to partner with.

Some Helpful Tips

50. Artist's Porfolio
If you want a gallery to represent or you apply for a grant of some kind you are expected to provide an Artist's Porfolio that should include the following:

- List of accomplishments – awards, exhibitions, degrees, etc
- Examples of your best work
- Resume – history of your experience
- Artist's Statement – what motivates you.

It should be organized, carefully categorized and look as professional as you can make it. This is your introduction to a prospective lifetime partner. Put some effort into making a good first impression. Even if you aren't looking for gallery representation or applying for a grant, this is something you should have on your website.

51. Personal Sales Calls
One of the least used by artisans but often the most effective way to connect with a new account is a "cold call". Just walk in and introduce yourself. Instead of waiting for a prospective buyer to approach you, take the time to select a venue you think would be a good fit to develop a working partnership to sell your work. Don't choose one that would stroke your ego to be exhibited in and don't choose one that already has work similar to yours. Select one that you honestly believe would benefit by adding what you offer to what they already sell. Don't ask them to buy your work. Ask them to partner with you.

52. Practicing Selling
Some artisans love dealing with people and are great at it while others are terrible at it and try hard to avoid it. They hesitate doing retail shows and refuse to do sales calls. Maybe instead of rejecting it they should treat it as a skill that, like all skills, can be acquired with practice? A technique that works well for all skill acquisition is practice. Practice roll playing like an actor playing a part. Get some friends or family to help you out. Have them play the part of a gift shop or gallery owner you're trying to convince to carry your work and they voice all their objections and reasons to reject. Then, switch and have them play the artisan while you play the hesitant shop owner so you better understand the view from the other side. Keep in mind it isn't just artisans like you looking for shop owners. Those shop owners (at least the smart ones) are also looking for new artisans. That's why they travel to visit retail and wholesale shows. They want to meet you as much as you want to meet them.

53. Professional Appearance
When you visit a prospective buyer put extra effort into looking professional. It might not be fair or reasonable but the harsh reality is artisans have a reputation for being unreliable and flakey. The more effort you put into looking professional the more you do to remove the presumption of unreliability. You don't have to wear a suit and tie but leave the sweats, shorts and sandals at home. One of my favourite quotes from a shop owner about dealing with artists is, *"If they promise to deliver it on Monday, be sure you agree which month".* Another favourite, *"I love selling handmade work, but gawd I hate dealing with the people that make it".* If you want buyers to take you seriously, put serious effort into your appearance, It DOES matter.

Some Helpful Tips

54. Customer Connection

If you're exhibiting at a retail show and make an effort to connect and chat with people you will sell a LOT more than if you just sit waiting for them to ask to buy. Initiate contact. Start a conversation. It could be as simple as, *"Hi, are you enjoying the show?"* If they show interest in something, reinforce their choice with something like, *"That's one of my favourite pieces" or Those are fun to make".* What you say isn't important as long as you do something to connect and not just sit silently detached. BUT… and this is important. Do NOT pounce on them like the ravenous vulture commission sales folk you see selling clothing and cars. Be delicate. Make the contact - then leave it to them to respond.

55. Make Your Booth Accessible

A mistake many artisans make when setting up their display at markets is creating a wall of tables where customers stand on one side with them on the other side. For some shows with limited space there is no alternative but, if it is at all possible, it's a LOT better to configure your display with some kind of open entryway encouraging customers to walk into the display area and not stand outside looking in. It makes your booth seem like a little shop or gallery and more welcoming to their visit. Proving an opening is like sending out an invitation to visit.

56. Make Your Exhibit Special

What you make should be unique to you. So should how you display it for sale. Don't copy what others make and don't copy how others display it. Make your display interesting. Add spot lights to accent feature items. Set up a laptop or TV monitor running videos of how it was made. If possible, be working doing live demos. Hang posters and signs. Make your display a full sensory experience. If you want people to think what you sell is special make your display special. Dare to be different.

57. No Small Customers

There are lots of small orders but there are no small customers. Every customer deserves respect and consideration regardless of how much they spend. It's not just good humanity it's good business. Sometimes a small buyer brings in a big buyer. Many years ago I set up a retail plant shop for my wife. One of the regular customers was an elderly couple that came in to buy a small house plant as a gift. They said they preferred to gift a live plant instead of cut flowers. I made a point of explaining how to care for whatever little plant they bought. Many times my wife commented on me spending so much time with a customer that only spend a few dollars. One day that elderly couple came in with a guy they introduced as their neighbour that had just built a solarium onto his house and wanted some tropical plants for it. He spent a few thousand dollars. Just a few months back I had been helping a young woman and her 8 year old daughter get started doing pottery and trying to do it on a very limited budget. She introduced me to her father who bought a $40,000 commercial kiln for his business annealing metal. I've had many similar experiences in business. All customers deserve to be treated as special. It's the right thing to do – and sometimes a little minnow brings you a whale.

58. Internet Selling – Pros & Cons

Internet sales have significantly replaced sales in physical shops but have not, and are unlikely to, completely replace them. Selling online has both advantages and disadvantages and should NOT be assumed to be an easy solution to increasing sales. Before deciding whether to market online or offline you would be wise to experiment with both before deciding which works best for you. You might even decide both work equally well. The key consideration should be how important is it for the buyer to see the work personally to be willing to buy. If someone has seen samples of your work on display they are more likely to be willing to order online but if they don't know you or your work they will be hesitant. That's why displaying at retail shows is a great way to encourage website orders. Just putting up a website expecting customer to rush to buy is a waste of time and money. If you want people to order from your website you must do something to get them to visit your website. Displaying your work in a retail market is an effective way to encourage a visit.

59. Website Wheel Hub

Your website should be the center of your business. It will be most effective if your marketing efforts are designed to have your website work as the hub of a wheel. All your advertising and sales promotion activities run along the rim of the wheel being fed along the wheel spokes to the hub. The wheel hub drives the shaft that feeds revenue to your business. Any advertising you do is a spoke. Exhibiting at a retail show is a spoke. Handing our business card is a spoke. The more spokes you install the faster your wheel spins.

60. Website Convenience

Make your website user friendly. Make it easy to navigate and easy to complete a purchase. Too many websites focus most on making it easy for the seller. They should instead be trying to make it easy for the buyer. I remember in the early days of website shopping carts reading an article that suggested 25% of purchases were abandoned because completing the transaction was too complicated. That's like having a store with check-out so inconvenient customers with a cart full of purchases get fed up waiting for you to take their money and walk away leaving the cart abandoned. A concern many online shoppers voice is difficulty finding things. When you set up a display to sell your work in a market you should have it neatly organized. That ESPECIALLY applies for your website. Make it easy for buyers to find what they want and make it easy for them to pay for they choose to buy. If your website has a search function don't just pick just one category to list something under. Take some time to think of all the categories where a customer might look for it and list it under all of them. Remember, it's supposed to be easy for the customer. The easier it is the more they will buy.

61. Not-for-Profit Organizations

Working with "not-for-profit" organization can be an effective way to promote and sell your work but, just like dealing with sales agents, you should be careful which ones you choose to work with. Many collectives register as a "not-for-profit" for tax purposes and to help qualify for public funding and work hard to help member artisans but there are individuals and groups of individuals that do this only to create jobs for themselves. Any income the organization might generate is used up as payroll for those running the organization. Such groups have limited incentive to actually sell the work of member artisans but are most often focused on how to qualify for a grant to fund their payroll. If you choose to work with a "not-for-profit" you should take some time to research why it's a "not-for-profit" and what it is actually doing for it's members. Be suspicious.

62. Arts Grants

Public funded Arts Grants are intended to produce public art or to encourage artistic innovation but far too often getting grant funding is the primary motivation for individual artisans and arts groups. Who bother putting any effort into selling you work when you can get the government to fund it? Grants can be great when used to benefit the public but they are often far more harmful than helpful. They are a form of protectionism (like tariffs) that work mostly to support individuals or groups incapable of competing in the marketplace. For most arts organizations the most important members are those most skilled at applying for grants. When deciding whether or not to join any arts group you should consider carefully whether the group is designed to be an intersupportive cooperative or just a vehicle to tap into funding. Choose carefully.

Costing & Pricing – science & art

63. Costing is Science – Pricing is Art

Cost should not be confused with price. Cost is what you pay to make something. Price is what you get paid for making it. To determine costs you do the math. Materials + Labour + Overhead = COST. Simple math. Pricing is not so simple. Cost + Markup = PRICE. It can be more guesswork and more psychology than science. How much markup can you apply? What other suppliers must you compete with? How much demand is there for your product? Are you marketing it in the right way and in the right place? How much profit markup do you need or expect? Should you try to make a quick big profit or work with a small profit to build a steady market for your work? You must be creative in setting the right price. Too high a price will provide a higher profit but might reduce sales. A lower price will reduce profits but might increase sales. Where is the balance that benefits you most? Often it takes longer to learn how to price your work than it does to learn how to make it.

64. Determining Cost

If you want to sell your work you should act like a professional. Professionals doesn't guess at costs. They calculate them. Be professional. Know your costs. Keep careful records of both materials cost and work time. You should know the cost for each item you make. You should know how much the materials cost and know how long did it takes to make it. Leave the guesswork for amateurs. If you can learn how to make something you can learn how much it cost to make.

65. Costing Formulas

Costing formulas that provide accurate measure are as mythical as leprechauns and unicorns. There are "guidelines" that can provide approximations but if you want accurate costing the ONLY system that works is the tried and true Materials + Labour + Overhead. Keep records and do the math. A costing guideline can help you make a best good guess and put you in the right ballpark but will NOT be acceptably accurate if accuracy matters. Everyone works differently. A system that works for someone else won't necessarily work for you. The ONLY system that will work for you is the one you develop specifically for yourself. How you cost your work should be as unique to you as how you do your work.

Some Helpful Tips

66. Four Factor

The time it takes to make one is a lot more than it will be when you develop work efficiencies to make multiples. A guideline you can rely on to estimate labour cost reduction from work efficiency is the Four Factor. However long it takes you to make one piece you can rely on dividing that time by 4. Work efficiency isn't so much about working faster it is working more efficiently. For years in several different businesses I have relied on this to estimate production costs. I make one and carefully record the time then divide that time by 4 to guess how long it will take me to make in groups. If it took me 1 hour to make one I do my selling price projection based on an assumption labour will be 15 minutes each. It doesn't have to be hundreds. Often just making 10 or 12 at a time can make that much difference.

67. Visualization Costing

The best way to calculate how long it takes to make something is to record the actual time spent doing it - but sometimes that isn't possible for something you haven't yet done. A technique that works well to estimate time required is to mentally visualize doing it. Record the time you start. Mentally go through the process. It helps to accurately estimate time if you move your hands to go through the motion of doing it. It helps even more if you narrate what you're doing as if providing a voice over for a video. Visually completing the project then record the time you finished. Add a little extra time to allow for the expectation the real time may be a little more than the visualized time. It's not as accurate as recording actually doing it but it will give you a pretty good guess.

68. Organization Cuts Costs

I'm sure you've heard the slogan "Work smarter not harder". The key factor in working smarter is preparation and organization. Have everything prepared before you start with all the tools you will need and all the materials to be used. Have a plan ready in advance for how the work is to be done. What is the most efficient order? Should you do one item at a time to completion or divide the work into segments and sets? Compare it to cooking stir fry. Before you start to heat up the cooking pan you select what components you plan to use and cut everything into the appropriate size for cooking. You plan what order different components should be added to be sure everything is completed at the same time. That same need for planning and organization applies to making something you expect to sell. The more time you spend on preparation the less time you need spend on production. It's a smart investment.

69. Sets & Segments

Working in sets to minimize non-productive time is a very effective way to reduce labour costs. How much of your time is spent pausing after finishing one step then pausing getting ready to start the next step.? Are you moving smoothly without interruptions from one step to the next? Compare it to typing. The secret to typing faster isn't to move your fingers faster but to reduce the pauses between finger movements so there is a smooth uninterrupted flow of movements. Planning the order work is to be done will improve your work efficiency but the most effective way to reduce time is to work in sets. Instead of making one item at a time from start to finish, work in sets. It could be small sets of just a few or large production runs. Divide the project into segments. Do the 1st segment for all the items – then the 2nd segment – then the 3rd etc. until all items are completely together.

Some Helpful Tips

70. SWAG
Scientific Wild Assed Guess. There will be times you need to set a price for something that doesn't fit your usual costing or pricing methods so your only option is to make your best good guess. You SWAG it. With practice you can become pretty good at SWAG and you should take some time to develop some good guess guidelines. I've learned this is especially valuable for quote requests on something you haven't worked out firm prices. You can spend a lot of time working up an accurate price quote then learn the price is a world away from what was expected. A good SWAG for a quick quote will help eliminate wasting time with a client with an unrealistic expectation of what price to expect. A little time spent learning how to SWAG is a great investment.

71. Determining Price
Deciding what prices to set to sell your work requires finding the best balance between your cost with what buyers will pay. Start with your cost. If you don't know your cost you're just guessing and gambling hoping to sell at a profit. How much profit do you need? How much do you want? How much is realistic? Is your work unique or original enough to justify a high price? Are your skills and work efficiencies good enough to justify a big markup over cost? What other artisans self for is a guideline but only amateurs rely on copying what others charge. Be professional. Know your costs and strategize your prices to reflect your costs and your needs.

72. Perceived Value
Your cost is the most important factor in determining a selling price but that must be balanced with what a prospective buyer might be willing to pay. That is determined by "perceived value". What do buyers think it's worth? They don't care how much the materials cost and don't care how long it took you to make it. They only care whether or not they think it's worth the price you're asking. To justify a high price you must create a perceived high value. Diamonds were never rare but diamond sellers convinced people they were valuable by restricting supply. Artists did the same with limited edition prints. Technology has made that no longer realistic for both diamonds and prints. If limiting availability won't convince buyers to pay a high price you must find some other way to justify higher prices by increasing the perceived value of what you sell.

73. Increasing Perceived Value
There are many factors that affect perceived value.

- Restricted supply. Basic economics. Limiting supply increases prices.
- Popularity. The more popular it is the more it is in demand.
- Location. How likely is it to be popular where offered for sale
- Venue. Low rent venues justify only low prices.
- Reputation. Are you an established artisan or relatively unknown?
- Originality. How unique is your work? Unique implies scarcity.
- Size. Larger is usually assumed to be more valuable.
- Complexity. Highly detailed items are assumed to be more valuable than simple.
- Workmanship. Is it exceptional or average?
- Decorative instead of utilitarian. Decorative usually commands higher prices.
- Marketing. How much effort do you into promoting sales?

Some Helpful Tips

74. Price = Value Delusion

Many artisans claim by increasing a price you create the perception of higher value. That sometimes works, but only with fools too foolish to realize it's a deception. Informed buyers know the difference between low quality and high quality and also know how often sellers play the high price = high value game to justify higher prices. It might work in the short term to generate a few better profits but in the long term it's more likely to harm your business by creating distrust. You have to decide whether you want to make a quick profit on a few sales or build a business relationship with repeat customers. Be honest about what is a fair and reasonable price and don't try to deceive your customers. Do buyers think higher price means higher value or do they think it means overcharging? Do they think lower price means lower value or do they think it means production efficiency?

75. Pricing Formulas

Just as there are no reliably accurate costing formulas there are also no reliably accurate pricing formulas. Retailers usually apply a fixed percentage markup to sell at double their purchase price – mostly because they either don't know how to relate their costs to their selling price or are unwilling to put in the effort to learn how to accurately calculate them. You should forget about finding some easy to use reasonably accurate formula to price your work. You learned how to make what you sell. You should also learn how to cost and to price what you sell. As much as possible your prices should be as unique to you as your work.

76. Wholesale Discount

For many years the standard wholesale price discount was 40% off retail but most retailers now have adopted what is referred to as "keystone" pricing expecting a 50"% discount for them to sell retail at twice their purchase price. Some retailers, like jewelry stores, set retail price at 3 or 4 times their purchase cost. Wholesale pricing is now most often a fixed discount from retail price but in the past wholesale meant a different price for buying the "whole" item. For example, one price for material by the lineal foot and a different price for the whole roll or one price for a single jar of a product and another price for a whole caseload of jars. A steadily increasing number of businesses are returning to pricing that way instead of offering a percentage discount. If you sell wholesale you might consider adopting a variation of pricing by quantity instead of a percentage discount from retail.

77. Price Equalization

Your wholesale buyer expects to sell for twice what they pay you. If you also sell retail you should sell at the same retail price they do. Because the wholesale price is half of the retail you might be tempted to sell privately or at markets for a little less than your wholesale customer's retail price thinking you're still getting a higher price than your wholesale price. RESIST THAT URGE. Do NOT do it. Not at all and not ever. When you do that you are unfairly putting yourself in competition with your wholesale customer. If they ever learn you did that they will almost certainly stop dealing with you. If others learn, or even suspect, you do it all the goodwill and trust it took years to build will be lost. JUST DON'T DO IT.

79. S.T.E.M

SPACE. TIME. EFFORT. MONEY. This is a more sophisticated approach to pricing and often used by most big retailers like Costco and Walmart. Many artisans and resellers rely on a supersimple method of determining what to charge by just adding a fixed fee or percentage onto their costs. This is easy but it fails to allow for cost variables. The S.T.E.M. method considers the four factors that determine actual costs to more accurately calculate the true cost of business.

- SPACE The amount of space required either to produce the item or to store and display it for sale. A small item uses less space than a large one, so costs less for the space it uses.
- TIME Some things take little time to make or to sell, while others take longer. Something that sells quickly costs less to handle then something that takes longer.
- EFFORT Some things require more work to make or to sell. The more work that's required, the more it costs.
- MONEY This is the financial cost of providing the capital to make or to sell the product. Essentially, it's nothing more than the interest on borrowed money.

If you learn to use STEM pricing you have a more accurate understanding of your real costs. That understanding gives you a serious advantage over your competitors that rely more on a good guess or fixed percentage. Drop shipping is a perfect example of where STEM costing allows for significantly lower prices. There is zero SPACE cost, very little TIME and EFFORT expense and usually little or no MONEY required.

80. Price to Prevent Copying

Techniques and tools that reduce your costs or designs that make your work unique will give you a competitive advantage that can both increase sales and expand profit margins. You should be rewarded for your skill and innovation but take care to not let greed replace need. Your prices should be based on what you need and what you believe is fair and not the most you think you can squeeze out of your customers. If you set your prices too high you leave opportunity for competitors to step in and copy your work.. Instead of setting the highest price you think you can get, set them high enough to make a good profit but still low enough to obstruct competition. When my company started making a variety of tools for sale under our Master Artisan label we had many products nobody else offered. Because they were unique we could have set prices with a very high profit margin but decided instead to set them high enough to make a nice profit but still low enough to discourage competitors from copying. That tactic worked so well we still don’t have any significant competition after almost 20 years selling those tools and have maintained customers at retail, wholesale and distributor level.

81. Special Order Pricing

When quoting a price for a special order of a large quantity be careful. It’s not uncommon for a customer to ask for a price quote on a large quantity then later expect to order a smaller quantity at the price you quoted for the initial large lot. For example, they might ask for a price quote for 100 items than expect to order just 50 at that price. It’s a ploy often used to cut the price. You quoted a unit price for a larger quantity that wouldn’t apply for a smaller lot. Don’t get played. When asked for volume prices it’s a good practice to provide prices for different quantities. If asked for a price for 100 you should also quote prices for 10 and for 50. For quotes that require custom design and prep work I use a “1 plus” pricing. Quote a fixed “prototype” price for doing the first piece then a per piece for each piece after. A while back I was asked to quote on sandblasting 1200 beer mugs for a brewery doing a corporate promotion. I quoted $100 for the first one to do the design artwork with $8 for every one after. They agreed. I did the prototype and sent it to them. They confirmed the order for 1200 and a few months later ordered another 600. BUT… 90% of the time when I do a “1 plus quote” negotiations end and I avoided wasting time needlessly.

82. Camouflaging Price Increases
We’ve all become used to constant price increases but nobody likes them. Your customers hate seeing prices rising but you often have no choice. Your costs go up so you either increase your prices or accept a reduced income. It helps if you camouflage a price increase by redesigning the product and replacing it with an improved or enhanced version at a new enhanced improved price. In all the years I sold finished pottery and glass art I never had a price increase but routinely redesigned for constant improvement. My customers didn’t comment about me increasing prices but instead voiced pleasure at how there was always something new being offered. I turned a negative into a positive.

83. Price Psychology – Bill Denomination
The higher the price the greater the resistance to buying but there is also a psychological response to price points that relate to bill denomination. Each bill denomination is a price point that creates a resistance barrier. The denomination will vary between different individuals but a price point resistance applies almost universally.

- $5 is insignificant. No reason to hesitate.
- $10 isn’t important. You pay that for a cup of coffee.
- $20 is not a significant expense but enough to pause a moment and question the purchase.
- $50 calls for reconsideration and question if it’s worth it and really wanted.
- $100 is time for a serious second thought before buying.

This price psychology is important because buyers mentally round up and not down. A $15 item isn’t a little more than $10, it’s $20 with some change. In most instances if a customer will pay $15 they would as easily pay $20 and will mentally wonder if it’s worth $20. When you set prices for your work you should target those price points as psychological boundaries and avoid pricing between them or just above one of those points.

84. Tier Pricing
Manufacturer – Distributor – Wholesale – Retail
There is no fixed rule for setting a price discount at each tier but the most common practice is to set the wholesale price to retailers at 50% discount from suggested retail and distributor price to wholesalers another 33% off wholesale. Thus, a $300 retail item would be $150 wholesale and $100 distributor. The manufacturer sells to the wholesaler for $100 who sells it to the retailer for $150 who sells it retail for $300. One of the most effective ways to reduce your prices is to reduce your costs by finding a way to qualify to buy at a different tier. If you can’t justify buying in the quantities required to buy at that level you might try creating a buyer’s cooperative with other artisans and do a group buy. Another way is to become a reseller. I initially became a retailer of glass art and pottery supplies to buy at different tier to reduce costs for my own use.

85. Pricing Illusion
The objective is to generate a profit from your work but sell it for more than it cost to make. You can apply a fixed percentage markup from cost or you can be flexible with that percentage using

a different percentage markup for different items. A “pricing illusion” many big retailers use to create the impression all their prices are terrific compared to competitors is to intentionally apply a very low percentage markup on things that are easy to compare prices against other sellers but take a higher percentage markup on products not so easy to compare prices. If you can accurately calculate your costs you can do this for both retail and wholesale pricing.

86. Pivot Price
There are many more considerations going into setting a selling price than just your cost and market demand. Sometimes there is your personal attachment to something you made. If you have an item you’re especially pleased with you might choose to display it and mark “Not for Sale” - or you could adopt a “pivot” price. Set a price above which you prefer to part with it and have the money but below which you’d prefer to keep it. I’ve done that and had a few instances where I had a piece on display at a show with a "pivot" price set so high I was confident nobody would pay and it was one of the first things that sold.

Management – doing it right

87. Best Advice
There are many things I think would be good advice for someone wanting to sell their work and I’m not sure what would be the one single best advice but I do believe the single worst advise anyone can offer you is “Don’t sell cheap”. Selling cheap is how you start. It’s how you launch a business. Unless your goal is to build a personal collection of your own work you start by selling cheap. Start at the lowest price you can tolerate without feeling sick about it. Sell it. Have someone else own it. Make more stuff and sell more stuff – THEN gently increase your prices. Nobody ever started a business with high prices expecting to later reduce prices to encourage sales. When you start you’re learning. When you go to school you don’t get paid. Start your business the same way. If all you get back is the cost of your materials you are getting a free education. That ESPECIALLY applies if you have made stuff on speculation of sale. It is worth NOTHING until it sells. Economists use the term “sunk costs” to refer to a cost that has already been spent. Like a sunk ship, it’s gone. If you have already invested the time and money to make something your costs are sunk and are now irrelevant. They’re gone. If you then sell if for $1 you make a $1 profit. Big retailers like department stores usually have a 90 day sales deadline. If something hasn’t sold within 90 days it is then considered a non-rent paying tenant taking up valuable space. It is now worthless. Either sell it cheap to recover something or give it away to make space for something else. You should do the same for your work. Don’t own it. Sell it. If necessary, sell it cheap.

88. Art as a Business
Everything sold is either a product or a service. Art is not a third option. It’s not special. The same economic principles that apply to selling a product or a service apply exactly the same to selling art. Too much supply pushes down prices and too high prices push down demand. If you offer a product or service that is similar to that offered by other suppliers and want people to buy it you must supply a reason to buy from you. There are three ways to do that:

- Offer something others don’t have.
- Produce a better product or service.
- Provide a similar product at a lower price.

89. Business Plan

Many people will tell you to create a Business Plan before you start a new enterprise. That sounds like a fine idea but it works only in theory. In practice, you don’t have nearly enough information to create any kind of a plan that is anything more then a good guess. You have to start off your new business by experimenting. Try everything you can think of to find out what works. Starting a new business is about invention and exploration. Suggesting you should start with a business plan is like asking an explorer to find a new path through the mountains but expect them to draw a map before they go. That’s nonsense. You draw the map after the exploration and draw the business plan after the experiments. Later, after you’ve tried many different things and collected lots of information about what does and what doesn’t work, you can create a Business Plan. Here is what I suggest is a plan that works as “The Entrepreneur’s Business Plan” for creating a new business:

• Travel light. Take only essentials - that includes space, equipment, and inventory.
• Feed wherever possible. Use every income opportunity.
• Hunt constantly. Promote, promote, promote. Always be selling.

90. Business Strategy Misconceptions

Many aspiring entrepreneurs fail to understand how supply and demand affects price.

- Increasing supply will decrease prices. Because there is a large market for something does not mean there is a need for more supply. If the demand is now being met adding to the supply will encourage reduced prices.
- Restricting supply can increase prices but can as easily encourage users to switch to alternatives and thus reduce demand.
- Increasing prices will decrease demand by encouraging users to switch to alternatives.
- Reducing prices will increase demand by encouraging buyers to switch to the lower priced product.

91. Market Share

There are two radically different theories on market sharing. The PIE THEORY is the belief the market is a fixed sized pie and everybody in that market gets a piece of that pie. If someone new comes into the market, they take some of that pie making your share smaller. The "pie theory" creates a fear that every new business coming into the market will reduce your share of the market and generates protectionism. The DAM THEORY believes the market is like boats floating in a lake created by a dam. New market participants help raise the dam level so the lake holds more water and floats more boats. This comes from believing bringing more participants into the market expands the entire market, making it larger and more profitable for everyone in it. JFK described it well when he said, “A rising tide floats all boats”. Supporters of the PIE THEORY fear competition and support protectionism. Supporters of the DAM theory support expanding the market to create a bigger share for everyone and support cooperation and collaboration. They believe having more participants expands the market while simultaneously creating the competitive pressures that create innovation and improvement.

Some Helpful Tips

92. Create Momentum

The hardest part of business isn't as much running a business as it is getting one started. A common mistake artisans make is being so concerned about the direction they want to go they fail to launch their business. Compare it to pushing a car. The hard part is to create momentum and get it to start rolling. Once it starts rolling it's easy to keep it rolling and even accelerate. If the wheels are pointed steer straight forward it's a LOT easier to get moving than if the wheels are turned. When you start a new business start with the wheels pointed straight ahead and get it moving forward. Worry about steering it later. First just get it moving. Generate revenue. Where it comes from is irrelevant. All revenue is good revenue. Just make stuff and sell it. Sell it cheap if you have to. You can get selective about what you make later when you have created enough momentum to keep your business rolling.

93. Materials vs Labour Contest

When you first start something as a hobby, you're not concerned about how long it takes to make something but instead focused on how much all the tools and materials cost. The longer you enjoyed your hobby, the more this becomes a habit. If you later decide to try selling your work, you have trouble breaking this habit but you MUST break it. You expect to be compensated for all the materials you bought, but you also want to be paid for your time. The value of your time is always greater than the cost of the materials and better tools can reduce time. You have to switch. It is now a lot more important how long it takes to make, than how much all the materials cost. You will most often make the most money for your efforts, if you spend more on materials to reduce time spent.

94. Keep Records

If you sell your work you have to keep sales and expense records for tax purposes but it's even more important to keep careful records of both materials cost and production times for your own costing. You need to know (NOT GUESS) how much you spent on materials and how long it took to make something. Learn how to calculate the time and materials cost for each thing you make. If you don't know how to do cost calculations you should learn how. You spent time learning how to make the things you want to sell. You should spend time learning what they cost to make. That applies equally to what sells. Is there a pattern to what sells best? What items sell best? Is if different in different markets? Are sales seasonal? If you keep careful records you know your costs and know what sells. That knowledge allows you to make the best use of your time making the things that generate the most profit.

95. Assume Nothing

Just because some "expert" tells you something won't work, don't assume they're right until you try it yourself. It could be, and often is, that expert just never tried it. Also don't assume the way you were first taught, is the "best" way until you have tried other ways. There are no "best" ways – just personal preferences. How can you decide which way you prefer and feel most comfortable with until you have tried them all? That applies as much in how you sell your work as in how you make it. I've experimented with a lot of unconventional ideas – and even some thoroughly weird ones. Many unexpected things not only worked but worked extremely well. Even the experiments that failed, taught me something - if only a good reason to not do it again.

Some Helpful Tips

96. One of Kind Deal Killer
If you sell retail direct or consignment through a gallery or shop your customers love to hear what they bought is "one of kind" and never duplicated but if you sell wholesale non-duplication is a deal killer. If a shop is willing to take a risk and buy your work for resale they want to know if it sells they can get more just like it. If every item is "one of kind" unique, every item is another fresh risk. Businesses don't like risks. They like reliability, dependability and predictability. Imagine an artist buying a colour of paint to try and when wanting to buy more being told what they bought was "one of a kind" and not repeated. Making "one of a kind" is great if you sell retail but NOT if you sell wholesale.

97. Cut Costs or Increase Sales
Cost cutting has steadily diminishing returns. The more you cut your costs the harder it is to find more ways to cut costs. That isn't necessarily true with working to increase sales. It's often the opposite. The more you increase sales the easier it gets to achieve more increases. Spending time to increase your sales is a much better time investment than working to cut your costs. You should try to do both but don't assume cutting costs is the best solution to improving profits.

98. Copyright Issues
When you make things for sale it's important that you understand the applications and limitations of copyright issues – especially because there is a lot of misinformation and misunderstanding about copyright. Some factors you need to know:

- **Copyright is automatic.** It takes effect at first creation. Registering a copyright will make it easier to enforce it but isn't legally required.
- **Fair use.** The Copyright Act authorizes you to copy work for critique, discussion and teaching – but NOT for sale.
- **Originality.** To be protected by copyright the work must be original and not a variation of some other work. Just because you create something doesn't mean it's sufficiently original to be protected by copyright.
- **Derivative Copy.** A derivative copy is a design derived from a copyrighted work. Some individuals argue if you change it a percentage (pick a number) it is no longer copyright protected. Not true. If even as little as 1% is a copy it is copyright infringement.
- **Exemptions.** The Copyright Act specifically exempts ideas and techniques from copyright protection. They are open source and free for all to use however they please. Many artisans insist that either isn't true or shouldn't be true arguing it is immoral to copy someone else's techniques or ideas. You can decide for yourself if it is moral or not but the Copyright Act makes a point of specifically stating ideas and techniques are NOT protected.

99. Integrity Matters

- **Be Honest.** Tell the truth – even if it hurts. If someone asks you to do something and you're not sure you have the ability or the time, tell the truth. If you're willing to try, tell them you're not sure you can do it but are willing to try. If you made a mistake, admit it. If you can't meet the requested time, tell the truth and admit it. If if's something you just don't want to do, tell the truth and admit it.

Some Helpful Tips

- **Accept Responsibility.** The first rule in professional crisis management is ACCEPT RESPONSIBIITY. Even if it's not your fault, accept responsibility. Take the hit. Never try to deflect blame to someone else. Everyone makes mistakes. The quality of your service won't be measured as much by whether or not you ever make mistakes but by what you do when you make them.
- **Keep Promises.** Avoid making any promises you suspect you can't keep but when you do make a promise do everything possible to keep it.
- **Play Fair.** There are small orders but there are no small customers. The same with suppliers. Be fair to all. Treat them the way you wish to be treated. There are good customers and good suppliers and bad customers and bad suppliers. If you have some bad suppliers or bad customers don't treat them differently - stop dealing with them.

100. Ask for Help

Don't be afraid to ask for help. Each of us at some time has needed help. Not everyone is willing to help you but many that have received help in the past are fully willing to pass it along and help you. Just ask. Reach out. Being a go it alone lone wolf individualist refusing to ask for help doesn't make you strong. It makes you stupid. Also, when you see a way to reach out to help others, do it. Don't think of your business as a solo event but instead as a team effort with everyone all working together cooperatively. ***"When we all share we all gain".***

Hazard Warnings – inevitable issues

…..coming soon

Advertising – introducing yourself

…..coming soon

Teaching – sharing your knowledge

…..coming soon

Attitude – the key to everything

…..coming soon