

The Price is Right

What is the most common business mistake for craftspeople?

What is the one issue that continues to evade even highly tenured artists? You guessed it—pricing!

Take a deep breath while we explore the matter on simple terms...

Before you look at your labor and overhead, be realistic. If you expect to be a **real business**, you need to think at the business (not the hobbieist) level.

What does this mean?

- **Buy your supplies at wholesale.** Don't EVER buy materials at retail cost.
- **Always buy in bulk.** Be wise about not over extending, but cut your trips to office supply, art supply and hardware stores down to a minimum.
- **Ship only once a month.** Have FedEx pick up from your home or studio. Time on the road to ship work is time not spent making or selling items. YOUR time is too valuable.
- **Pay yourself a realistic wage.** You aren't going into business by yourself to become rich overnight. "Working weekends" come with the territory of owning your business. Don't expect to get paid for every moment when your mind is 'on the job'.

The Keystone

'Keystone' is a term used to refer to an item priced for retail at double the wholesale price.

But, why is the keystone not always an accurate meter?

Most retailers simply can't just double the price. Store overhead, advertising, and staffing demand that they calculate retail mark-ups at 2.3-2.5. Some top retailers in highly trafficked areas even triple the price! If working with retailers is *your ultimate goal*, keep their customer needs in mind. Never undercut them when you sell at retail shows. For this reason, **always mark above the keystone.**

2 Formulas for Success

Materials

+ Labor

+ Overhead

+ Sales Expense

+ Profit

= Wholesale Price

Wholesale Price

x 2.3 to 2.5

= Retail Price

➔ Learn More

Learn more detailed pricing formulas by picking up:

Crafting as a Business by Wendy Rosen. The Rosen Group, 1998, \$24.95.

The Crafter's Guide to Pricing Your Work by Dan Ramsey. Betterway Books, 1997, \$16.99.

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