



Building Connections

Vermont WoodNet is a coalition of woodworkers and wood product businesses whose primary mission is to strengthen business opportunities for small-scale Vermont wood product businesses that produce "Vermont Made" products and to foster a commitment to the sustainability of the forest resources.

November 2005

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Mark your calendars

Dec 1 Quarterly Meeting, 7 PM to 9 PM at the Gallery (directions on pg 4).
Topic: Vermont MapleWood Gallery.
Guest Speaker: Bob Gasperetti

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Urgent Request to All WoodNet Members

We Need HELP!

We need members to be at the Gallery to **do demonstrations, act as guides, or just be available to talk to visitors** during the weekends in December.

We need you for a few hours or for an entire day or for as much time as you can give. Visitors will love you! We need to publish the schedule of Artisans and demonstrators by Thanksgiving. PLEASE, give the Gallery a few hours of your time. It will help the Gallery survive. Call Judy and volunteer! 802-253-8211 (Gallery) or 802-695-2542.

Pricing Your Work for the Gallery

The Vermont MapleWood Gallery is run primarily for the benefit of WoodNet's members. While it's designed to encourage sustainable forestry and to a limited degree support the organization itself, if members aren't profitably selling their work, the gallery will fail.

Pricing your work for sale in any gallery (at least those that aren't run for commercial profit) requires thought, consideration, and research. The idea that you simply mark-up an item to cover the gallery's commission can result in overpricing an item and therefore keep it from selling. Under pricing can result in a flood of sales without real profits that will leave you with a money losing hobby. Underpriced items can lack a perceived value in buyers eyes, also reducing sales.

Common Methods for Pricing There are two basic methods for pricing things in any marketplace. "Cost plus" is a pricing method often used in contracts and the pricing of commodity items. In this instance, you take all the costs associated in producing an item and add a reasonable profit to determine the sales price. This works well for pencils, especially if you can reduce the cost of production and undersell your competition. Sales will soar!

Market pricing is the second method of determining a sales price. It's not just a matter of determining the price that the market will bear, but also staying within the range of prices for which similar items are selling. Pricing for the gallery should be market pricing, but with a knowledge of your cost of production.

The sale of an item in the gallery is an agreement between a buyer and a seller (without any negotiation). If a buyer wants a piece and the price is agreeable, a sale can be made.

Wholesale Pricing If you have a successful wholesale business, marking your wholesale price up by 66.66% (multiply by 1.6666) would give you your wholesale price back from the gallery after the sale (a \$100 wholesale item is sold for \$166.66 and after the 40% commission to the gallery, you're left with \$100). Retailers normally "keystone" which means they double the wholesale price to get the retail price (that's multiplying by 2.0 or a 100% mark-up), so even doubling your wholesale pricing isn't unreasonable.

If you have a successful wholesale pricing system, you've already figured things out. The correct market pricing is demonstrated by the sales of your products by a retailer.

Many WoodNet members haven't developed wholesale pricing and simply rely on "what I need to get for" an item or what I think I can get for it. Ultimately the market always determines what you'll "get" for the item; regardless of your feelings or needs.

Why Should the Gallery Get 40%? Some folks think that 40% is a big chunk of change. It certainly can be! But remember that retailers normally get a larger percentage of the sale price (as do many galleries).

With The Vermont MapleWood Gallery you need to make no investment in a sale since it's done on consignment. The Gallery introduces you and your work to some of the highest profile buyers in this part of the world. This is an opportunity to show your work in a venue that is populated with qualified buyers. This is Stowe!

The gallery is responsible for all the normal costs of sales. It pays rent, heat, electricity, phone, and staff salaries. The gallery covers credit card merchant fees, sales taxes, and

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advertising expenses. The gallery inventories your work, often times accessorizes it's display and actively sells to customers. If you're selling on your own you need to realize that you're paying all these costs, and your "showroom" probably doesn't generate the volume and quality of buyers that are found in Stowe.

When you place work in the gallery you'll have more time to produce more work. You don't have to clean-up the shop (or showroom, if you have one) for an occasional visitor. You don't have to negotiate and spend time on the phone. You don't have to arrange for delivery, you don't have to spend your weekends at craft shows and pay for gas and travel expenses. If you don't feel that 40% is a reasonable amount to attribute to the cost of a sale; you're probably failing to consider all the expenses and effort that you actually make to complete a sale. Remember the normal retail mark-up exists for a reason...to keep a retailer in business, which keeps it's suppliers in business!

The gallery also happily and generously makes referrals. Any number of projects have come to WoodNet members via this route. For each referral that turns into an order for a member the Gallery gets a 12% commission up to a maximum commission of \$500.

Determining the Selling Price Research is necessary. You really need to have some idea of the price that similar items are selling for. Check other galleries, look on the web, ask our gallery staff for feedback. There will always be a normal market range. Some factors that set the price within the range are quality, reputation of the artist, and location of the gallery. A table made by a nationally known craftsman (seen on the Today Show last week) and for sale in a New York Gallery will bring more than one made by me, shown in my shop.

Try to determine (honestly) where your work fits within the market range of retail prices. The Gallery will promote your work and sell your skills to a upscale group of people. If you feel that you must get a higher than market price, you may consider ways of reducing either cost of materials or labor to bring your prices into the market range. Would it make sense to have someone else do the basic mill work or perhaps use automated equipment to rough a chair seat, thereby reducing your expensive labor costs?

My Work's not Selling Since a sale is contingent on a buyer wanting a piece and the price being acceptable, let's consider the desire factor first. Our Gallery is in the right place for upscale buyers. If your work's in the gallery, a jury has determined that it's is appropriate and meets quality standards. As a craftsperson, it's helpful to know what's selling. If you love to make mahogany chairs, but the trend is for oak, perhaps you should try oak. You need to be sensitive to what's selling. Ask others, check in with the gallery, see what people are buying and adapt your work..

Promotion is also critical in making a sale. "Made in Vermont" is a powerful sales point, but of course, all of our gallery items are made in Vermont. Is it all hand made, or made with traditional tools? Is the wood FSC certified, harvested from your land, or recycled wood from a well known structure? Was it made by a naked monk, in a cave, by candlelight? The story always helps to sell, particularly with upscale products. But it's necessary to

communicate the story to the customer. Some info can be presented on the gallery's price card, but you should consider including your own story, presented in a professional manner.

Gallery sales aren't instant. Since we're not selling a commodity, we need to bring the right buyer and seller together. Unfortunately this may take some time and perhaps the right customer has not yet seen your work.

Price is the other big factor. Too low a price and you're hurt by not maximizing profits. Too high a price and you're hurt by a lack of sales and the gallery will be mortally wounded, changing from being a retail establishment to functioning as a museum. The gallery doesn't charge admission like a museum and will soon be forced out of business. Make your pricing reasonable and within the market range. The object of all of this is to actually sell your work.

The Gallery as Your Showroom Having your work presented by the Vermont MapleWood Gallery can only enlarge your customer base. Not every gallery customer can be *your* customer, but at least the right folks will see your work, which will increase your opportunities for sales. Offering a variety of your work in different price ranges will allow you to sell to a larger group of customers.

While it's possible to use the gallery as your showroom and sell privately at a reduced price, this at best, can be considered dishonest. The gallery rules require that the same or similar work be sold for a retail price not lower than the gallery's price. To do so unfairly undermines the work and expense of gallery, which is borne by all participants. Uneven pricing can also lead to unpleasant bidding wars and a reduction in everyone's profits.

Not many of us have the opportunity to show our work in such a prestigious locale. We're coming into the best retail season of the year and everyone is hoping to see sales soar. If you'd like to adjust prices, now is the time. The reason for after holiday sales is clear out merchandise (sometimes at a loss) to make way for profitable merchandise. It's not a method for finding the market price of an item. Although they'll be plenty of well-heeled skiers and tourists in Stowe after the holidays, the best opportunity for sales will be through the end of the year. Make the most of it!

Vermont WoodNet Wins Grant for Gallery

Thanks to the tireless efforts of Vermont WoodNet Coordinator Judy Balch, we have received a major grant award from the Northern Forest Partnership 2005 Small-Grants Program. The \$20,000 grant is intended to help maintain and improve the operation of WoodNet's MapleWood Gallery in Stowe. This will allow us to better market and showcase our members' fine work, with the hope of improving economic opportunities especially for rural woodworkers and small businesses. This grant program is run jointly by the North East State Foresters Association and the Northern Forest Center, with funding from the USDA Forest Service Economic Action Program. Besides grants, the Gallery needs to keep growing sales, so with the holidays approaching ask your friends and neighbors to visit the store or website for beautiful and creative Vermont-made gifts from your fellow WoodNet members!

Certification News

Vermont WoodNet continues to offer economical Forest Stewardship Council (FSC) certification to our members for 2006. We administer an FSC group "chain-of-custody" certificate on behalf of over 2 dozen WoodNet members, with support from the National Wildlife Federation. There are now over 570 FSC-certified forest products businesses in the US., with WoodNet holding one of only a couple of certificates shared by a number of producers. Due to its pioneering status, our group certificate was recently audited by the combined forces of SmartWood (our certifier) and the FSC. We await the results, however this was a timely reminder that tracking purchases of certified wood and sales of certified wood products are requirements for certified members. Also, the auditors tried to explain new FSC "percentage-based claims" procedures under which a wood product made from a mix of certified and non-certified wood could carry a "percentage-based" label similar to recycled content labeling. Contact Judy Balch for further certification information. To learn more about FSC percentage-based labeling, check out the FSC US website: <http://www.fscus.org/>

Wood Products Showcase Review

On September 24th and 25th, 2005, the Vermont Wood Products Marketing Council held the second annual wood products showcase at the Union Arena in Woodstock, VT. This was held in conjunction with an event at the Marsh Billings Rockefeller National Historic Park where visitors could hike trails with expert ecologists and look behind the scenes at the sustainable management of Mt Tom. Visitors to Marsh Billings and the Vermont Wood Products Showcase could see first hand wood working demonstrations and also participate in children's activities. Jim Cunningham and Ted Fink were popular demonstrators for the two days.

There were over 30 Vermont woodworking businesses represented and WoodNet was one of them. We had a 15' x 20' booth and had representative work from over 30 WoodNet members.

While attendance was low, those in attendance seemed genuinely interested and hopefully many business contacts have/will occur. There were also several new members signed up with WoodNet at the event.

Along with the Wood Products Showcase were the announcements of the winners of the wood products design competition. Go to www.vermontwood.org/documents/winnerstable.pdf to see winners.

In conjunction with the regular wood products design competition, a \$500 cash prize was offered by the National Wildlife Federation to be shared by winners who used certified wood. The winning pieces were: Vermont Box Collection by Bob Gasperetti, Ruffle Floor Lamp by Charles Shackleton, Candle Sconce by Charles Shackleton, Fireplace Bellows by Charles Shackleton, and Library Chair by Bruce Beeken and Jeff Parsons.

WoodNet Annual Meeting

On Friday September 16, 2005, Vermont WoodNet held its annual meeting at Shelburne Farms in conjunction with the Shelburne Farms Harvest Festival held on Saturday the 17th.

In spite of the rain, over 30 attended the 6:30 pm event. Many of the attendees were WoodNet members who had set up their booth in the WoodNet tent for the Saturday harvest festival.

The agenda for the meeting covered WoodNet business since last years annual meeting. Membership has grown to over 120, up from about 100 last year. Those making use of WoodNet's group certificate for FSC certified wood has almost doubled since last year to 28.

The most significant event for WoodNet this past year has been the opening of a WoodNet owned gallery for it's members in Stowe, Vermont. To date over 60 members have been juried and have items for sale in the gallery. Every month since opening on Memorial Day weekend, sales have increased. We need to sell \$7500/month to break even. We plan to stay open through the holidays and then reassess the financial viability of the endeavor.

To help this marketing venture, National Wildlife arranged for \$9000 in grant funding to allow us to open the gallery. In addition to that Judy Balch, our administrator has secured a \$20,000 grant to help us run and maintain the gallery until we reach the break even point of operations.

The last item covered at the annual meeting was the election of the board of directors. They are: Sue McLam, secretary, Barry Genzlinger, vice chair, Don Mason, Dale Bergdahl, Bill Baynham, Mark Lorenzo, Pat Babcock, treasurer, Randy Ouellette, Wayne Fawbush, and Bob Bouvier, chair.

We want to congratulate them and thank them for volunteering to serve Vermont WoodNet for the upcoming year.

Our challenges for the upcoming year are to maintain the gallery and make it successful, continue to grow membership in all parts of the state, reach the 30 level of certified members, and establish quarterly meetings in parts of the state other than the Chittenden County area.

WoodNet Board of Directors

Bob Bouvier, Chair, 863-5644, wdubelieve@aol.com

Pat Babcock, Treasurer, 879-3778, patbabcock1103@excite.com

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The Gallery Needs More Products

We are in *desperate* need of
MORE PRODUCTS
for the Gallery **before** Thanksgiving!

The weeks between Thanksgiving and Christmas are a huge retail sales time. If the Gallery is to survive we need at least 100 more products priced below \$200 in the store by Thanksgiving. How can **you** help?

You can visit the Gallery OnLine at www.VermontMapleWoodGallery.com or in person at 32 Park Street in Stowe.



Quarterly meeting Dec 1, 2005, 7 PM to 9 PM at the Gallery

Directions to the *Vermont MapleWood Gallery*

Take Route 100 into Stowe. If you are coming from the south, at the 3-way stop go straight. Park Street is the second street on the right. If you are coming from the north, Park Street is on the left.

Turn onto Park Street. The Gallery is on the right. There is parking in the Gallery lot and in the larger parking lot directly across the street from the Gallery.

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