

# The CNEW SKEW

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## Selling Woodturnings - Part 2 A Talk with Arthur Grohe

### Special points of interest:

- Selling Woodturnings
- Contact Points for New Officers
- Reports & Coming Events
- Show & Tell Pictures by  
Emilio Iannucillo

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Last month's editorial must have struck a nerve since it generated several letters to the editor (see pages 3 and 5). In addition, it generated an interesting and informative discussion with the author of the quoted article, Arthur Grohe.

In the course of this development, I learned some useful facts that will assist in an upcoming article on pricing your work, an article I was planning to write anyway, but for which I was not yet fully prepared. Much of what Arthur brought to light will prove to be not only useful in this regard but also of serious interest to anyone who decides to pursue selling his work.

I spoke with Arthur Grohe on May 13. Most of this conversation was taped and I have saved the tape. I have not transcribed this tape and I am not quoting him verbatim but the following material is true to our conversation. The tape is available for anyone who wishes to "hear it from the horse's mouth".

Arthur and his staff run several galleries located in New England. The *Signature* and *Grohe* Galleries are upscale outlets for high quality giftware and unique artwork. About 90% of their offerings are purchased at wholesale and the remainder are consignment items. I asked Arthur

about the difference between the more usual gift shop and the gallery. As you might expect, the difference is largely in the price point of the goods but Grohe also maintains that galleries often promote the artists as well. His own galleries plan to offer some eight receptions and a number of mailings during the course of the summer which will highlight those artists/craftspeople (henceforth A/CP) represented in his shops.

I questioned Arthur as to his methods of establishing prices and therefore determining what the A/CP is paid. It turns out that in today's market it costs more to sell an item than it does to produce it and according to him, this is something that A/CP do not appreciate. He claims that keystoneing (the practice of doubling the cost of an article to set its selling price) is no longer a viable option for the retailer, especially for those who sell in such high visibility locations as Mashpee Commons, Chestnut Hill mall and Kennebunkport, for example. It probably comes as no surprise to most readers that such upscale retail outlets as The GAP, Williams-Sonoma and Filene's have margins that are enormous, reaching as high as 400-500% or more! Now the mall owners know this and so it should come as no surprise to find that

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## Club Officers and Contact Info for 2004

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Chestnut Hill Mall for example is charging \$80-100 or more PER SQUARE FOOT of floor space. In addition, every article has an associated cost for shipping and handling just to bring the article into the retail store. As an aside, I was thinking that the *S&H* in Grohe's article was the price charged to the end-user who bought the article! It never occurred to me that the retailer had to pay incoming shipping as well! (This is another issue that needs to be explored in the future editorial on selling your work.) So, incoming *S&H* runs between 6-9% currently and, as Grohe points out, this is legitimately considered a part of wholesale costs and has to be marked up as well. According to Grohe, this is something that A/CP simply do not understand.

What this means is that the A/CP typically expects that 50% is enough for the retailer when indeed, even 56-58% is not enough for the latter to be profitable. Grohe also points out, legitimately, that A/CP usually think in terms of retail, dividing this figure by two to determine from their conceived retailers cost exactly what the artist should receive for his work. Indeed, in my experience, A/CP know (or appreciate) so little about their own true costs that this is the only way that they seem able to determine what they should make on a given piece.

In Grohe's opinion, A/CP should learn to "think in Wholesale" deriving their price from the cost of materials, overhead, labor and profit, and allowing the retailer to establish his own selling price based on his knowledge of his own costs which A/CP do not know.

Grohe presents the following example for a hypothetical crafts product which has material cost of \$10, overhead of \$10 and labor of \$10. To this the A/CP has to add a profit of about \$15. If it requires *S&H* of \$5, then the price to the retailer is about \$50 and the end-user price is about \$130 plus outbound shipping & handling. For consignment items, the spread is 60-40 in favor of the retailer.

The main thrust of Grohe's article is that A/CP should not, (in fact, cannot), undercut the retailers without losing in the long run. He suggests that the A/CP should sell to the public at about the same price that the retailer does, adding the marked up cost of approximately the retailers incoming *S&H*. This has its own problems as well as its own rewards, but in Grohe's view, failure to do so will eventually cost the A/CP his retailers and all of the benefits they provide. Having eaten their seed corn, next year's harvest will be nil. Comments?

### The President's Message

The May meeting of CNEW featured a demo by Angelo Iafrate on pen-turning. It was interesting to hear how pen-turning on the lathe has evolved during the past decade. The number of available pen kits increased greatly and the types of materials used to make pens have become very diverse.

So far this year, we have had a great program of demos, and I expect that the June demo on segmented woodturning will also be very informative. A quick glance at the CNEW webpage will show you that the September through November meetings do not have programs listed yet. Perhaps the

webpage hasn't been updated that far in advance. In any case, even if we don't have any slots open for this year, I am sure that there are slots open for next year. So if you would like to volunteer to do a demo, or if you have a skill/topic that you would like to see covered in a future meeting, now is the time to contact our current internal VP with your idea. Now that spring has come to the Northeast, it is time to finish up those projects for the Chapter Collaborative. Bob would like to see most of them at the June meeting. Let the shavings fly!

*Reid Gilmore*

## Next meeting Thurs. June 3, 2004!

At our next meeting, **Will Hunt** and **Steve Resnick** will present a demonstration on segmented-turning, a popular topic judging from our past meetings. As usual, *Show & Tell* and the perennial wood swap will be featured after the business meeting. Bring your work and some wood for the club to sell.

## Letters to the Editor

### *It's a Cruel World After All*

I feel compelled to make some comments about the letter from Arthur Grohe. Many years ago I used to be in retailing and I can empathize with him. However, I was such a small pike in such a large pond that no one would ever even read my letter of complaint, if ever I chose to write one. I had to learn to swim.

Now I am a buyer, on the other side of the fence, perhaps doing what Grohe is complaining about. From my perspective, nothing much has changed. I found a way many years ago, as Grohe and others like him must find a way today.

Is it so hard to believe that it's a *dog-eat-dog* world out there and that competition is fierce and that businesses are created for only one purpose, i.e., the bottom line. Sure some business practices are not fair, and sure, some business practices may not be ethical, and yes, Grohe is correct.

But you know what? Nothing is going to change. People are not going to change. The internet is here and it is only another in a long line of opportunities open to buyers and/or sellers. I had to find a way 50 years ago and Grohe and others in similar situations have to find a way today. While I don't have any good suggestions, I sincerely believe that clever people will someday, somehow find a way to succeed.

Regards,

*Emilio Iannuccillo*

### *Like Solving World Hunger*

RE your article on retail, wholesale and etail I think it's not too far behind solving world hunger. You may do it (at) a local level but state wide, country wide or world wide...forget it. We are not evolved enough as a species. Far too many people live off the philosophy of all for me, me for all only when it's convenient and doesn't cost me anything.. Maybe in the for real *Star Trek* generation a few hundred years from now it will happen. No money, no prejudices, travel faster than the speed of light. There's one *Star Trek* episode where potential artists on one planet apprentice for 50 years before assuming the mantle of artist. Hell...not me, not today. I was a professional artist after my second piece.

I like Grohe's comment about "soul." My father was a lifetime artist and one of the things he taught me was that all art has 5 dimensions. Every work, whether or not art, has the physical dimensions of length, width and height. What elevates work to art are the extra, intangible dimensions of heart and mind. Art must stimulate both. I think my father and Grohe would have gotten along well.

My 2 cents for the day.

*Ken Lindgren*

### *Difficult Issue for Woodturners*

With this issue, you have bitten into one of the most difficult for the general run of turners. I will not be at the meeting next Thursday (commitment as a director of the Weston Arts and Crafts Association) so here are a couple of thoughts towards

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## Minutes of the May 6 Business Meeting:

The May meeting of the Central New England Woodturners was called to order by President Reid Gilmore at 6:35 PM, Thursday, May 6, 2004 with 32 members in attendance. Reid welcomed two new members to CNEW. Charlie Croteau and John McAtee, both experienced turners. We had a visitor to the meeting who hopefully has now joined our club. Vacationing Treasurer Richard DiPerna gave his report through Reid. Our \$28.00 mailing to unrenewed members resulted in 9 members renewing.

The mostly DuBay wood swap netted \$103.00 in April and \$175.00 at the May meeting. We collected \$32 in video rentals for April and those funds will be used to replace old tapes or buy new ones, maybe even CD's.

We held a discussion on the AAW symposium chapter challenge. Some members want it to be at each symposium, some at every other to get more elaborate projects. Tim Elliot suggested the AAW give the rules two years in advance and let each club decide what to do for itself. We will let members read these minutes for feedback on that issue.

Reid reported he had heard from member Aime LaFosse, who is ill and could not attend the meeting but sent us his best wishes. We hope he recovers quickly.

At *Show and Tell*, Tim Elliot showed two of his most recent signature pieces, John McAtee showed an unusual segmented box that was beautifully executed. Ken Lindgren superglued a spalted maple closed form, Reid a honey locust hollow form, and a pis-

tachio bowl (empty, just beautiful wood, no nuts), Rick Gonzales had a piece of beech from Feb. meeting, a plate, and a bookstand, Al Faul 3 different styles of segmented bowls, Art showed a box with finial, another member showed her dad's copper spun candlestick and photos of her dad's metal turning lathe, Peter Tuebel had 4 pieces of natural-edged walnut bowls illustrating how to keep sap wood clear, Graeme Young, who always has an interesting turning and story displayed a box elder hollow form and a honey locust turning that decided what it wanted to be.

Ray Ducott showed an American Flag pen made of polymer clay sanded to 12,000 grit, Ken DuBay gifted his Eucalyptus Tasmanian Australian burl bowl to Angelo in thanks for the wood Angelo gave him.

Bob Iuliano displayed what is left of an African elephant tusk that he and Charles Turnage purchased. *UPS*, that is the *United Parcel Service*, broke the tusk and will not make good on it. Bob gave a brief recitation of how *UPS* denies any liability for its negligence to Charles and Bob as they were the receivers and not the shipper (whom they would not pay either even though the item was insured). Bob advised the membership to be wary of *UPS* as they do not stand by their service like they say they do in person and in their ads.

Angelo Iafrate gave a very thorough and interesting pen turning demonstration. Angelo, an AAW Board Member, showed his extensive pen collection and knowledge. Angelo and his dad, Francesco Iafrate have been making wooden pens on the lathe for over a decade. They have used many types of wood, treated wood and ivory to make a wide variety and style of pens. You really missed out if you were not in attendance. The demonstration finale was Chris

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Ehrenfels turning a plastic composite pen. It always amazes me as to the wide variety (of) talent displayed by our membership.

Chapter challenge pieces were turned in by two members. We need more than two pieces people, please have them in by next meeting. Tim Elliot turned a tiger maple butter dish. Ray Hayden, our and probably AAW's oldest turner turned in a 12 inch Cherry salad bowl.

*Bob Iuliano*

## Letters to the Editor (Continued)

an expansion on the issues involved.

I sell my turnings wherever I can. There are not a lot of outlets in NE for turnings selling above \$200 retail.

Mr. Grohe fails to mention one critical element facing would-be crafters looking to sell through retail stores (galleries?) like his own. I know of no store in eastern Massachusetts, New Hampshire, Vermont, or Maine that is willing to "wholesale" (read *buy for resale*) turnings by local crafters. All transactions are based on consignment where the retailer has no investment in the product. This difference has many implications for the turner.

Once the retailer has his stock set up, the incentives to move the consignment item vs. those bought for resale are materially different. The need to recoup on his wholesale investment (vs. zero in consignment items), will push to favor those he has purchased. Consignment items can be given poorer placement in the store, employees can be instructed to favor the wholesale stock, etc.

Mr. Grohe notes that 4 months of the year are his make-or-break (periods). I suspect that, like most others, November and December are much more significant than the other ten. Here the above focus on moving the purchased stock can become extreme. I have actually had pieces put back into the stockroom after mid-October that were given good placement up to then -- with a blank stare on ask-

ing the reason.

Another difficulty most consignment sellers eventually face is getting paid promptly (if at all) after a piece is sold. In this situation, the retailer has received 100% of the sale price but the crafter has lost his only lever -- the sold piece. Many retailers understand the need to pay up promptly in order to maintain the relationship with the crafter. But there are those who string out the process to take maximum benefit of the extra cash position as long as possible.

Mr. Grohe raises the issue of price. He is correct to see this as an issue critical to a successful relationship. The crafter must give assurance that price protection (and area protection as well) will be maintained. But again, the dominance of the consignment arrangement clouds the situation. Most consignment selling involves a commission of 40% or 50% (keystone) to the retailer with the crafter setting the retail price. Retailer expenses (such as *S&H*) are clearly to his account -- the crafter nets the 40% or 50% after the sale without adjustments. There are a few upscale shop operators who require that they set their retail price -- presumably higher than that from the crafter. When I hit this sort of thing, I establish my "net" based on a 40% commission arrangement and warn the retailer that other shops may, as a result, undercut him. If he agrees, then any later problems are his. Never had any difficulty working this way.

I have never tried to sell on the I-net. I don't know about the "soul" thing but I see too many hazards for me to undertake this -- inventory, credit, return justification, *S&H*, etc. Plus, I am convinced that a consumer should be able to pick up a turning for examination before putting out \$200 or more.

There's lot's more to the overall selling thing. But I hope this helps with your upcoming discussion with Mr. Grohe

*Will Hunt*

*Editor's Note:* There was not enough time to invite Arthur Grohe to comment on these issues before press time. Hopefully we will hear from him before the next newsletter goes to bed.



## Looking for Articles, Book & Video Reviews, etc.

Send via mail or email (see p. 2) to the Editor.

The deadline for ALL inclusions to the monthly newsletter is the 15th of the month.

## Coming Events

### Mon., June 14 2004 Rolly Munro Demo

**Rolly Munro** will be demonstrating at the SUNY Purchase Campus. Contact the Nutmeg Woodturners League.

### Thurs., July 10, 2004 Monthly CNEW Meeting.

6:30 PM at the Worcester Center for Crafts.

## Future Demos!!

Meeting would be pretty boring without the great demonstrations we have experienced in the past. Our Internal VP, George Whippen needs some help with future club demonstrations. So far we have nothing scheduled for Sep., Oct., and Nov.! How about providing some input for George? Remember, we are the prime beneficiaries, so pass on any information or suggestions for a useful or interesting demonstration or volunteer to give a demonstration yourself!

Don't forget the pen swap in July. Also in July, along with your pen bring a safety tip or a happening. You may save someone a misfortune. Thanks from George!

## ***Best Deal We've EVER Had!!!***

*Dues have remained the same since 1988! That's right, just \$20 for the year. Probably the best \$20 you have ever spent. Guess what you'd be paying for gasoline now if it hadn't changed since then? Maybe it's time to consider putting something back into the club...see the box above for a suggestion!*

## **Next meeting Thurs. June 3, 2004!**

See page 3 for details of the meeting program.

## AAW Chapter Challenge Report

Please contact Bob Iuliano so that we do not get too much of one thing and not enough of another. Hopefully we can put together two- or four-piece place settings. This will be ca. 25-50 pieces, so it is a large endeavor since I do not think we have ever had this many participants in the chapter challenge.

We now have commitments to make; beer mug (D Drnt), sugar bowl (BI), napkin rings (CAT) and a pepper mill (GW?). We are looking for 2-4 complete place settings (i.e.. dinner plate, soup plate, salad bowl, dessert plate, coffee cup, saucer, wine goblet, water glass, napkin ring, 2 large serving dishes, 1 small serving dish, salt shaker or mill, pepper shaker or mill, sugar basin, milk pitcher, candle holder, flower vase, center piece)

*Bob Iuliano*

We are now 86 members strong, so it's something of a painful surprise to see that we can't muster enough enthusiasm among our members to get the pieces we need for the modest proposal put forth by Bob Iuliano. Perhaps a little soul-searching is in order. We are a great club, one that I have been proud to be a member of, so it's surprising to me that there is not more enthusiasm among the members for projects that define our club, and, let's be truthful, that define each of us as well. OK, 'nuff preaching. Avoid the guilt trip by stepping up to the plate!

*The Editor*



The CNEW SKEW

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*Central New England Woodturners*

*A Chapter of the American Association of Woodturners*



***We're on the Web!***  
***www.cnew.org***

Fold line

### **What Can We Learn From A Goose?**

This fall when you see geese heading back south for the winter flying along in a V-formation, you might be interested in knowing what scientists have discovered about why they fly that way. It has been learned that as each bird flaps its wings, it creates an uplift for the bird immediately following. By flying in a V-formation, the whole flock adds at least 71% greater flying range than if each bird flew on its own. **BASIC TRUTH #1: PEOPLE WHO SHARE A COMMON DIRECTION AND SENSE OF COMMUNITY CAN GET WHERE THEY ARE GOING QUICKER AND EASIER BECAUSE THEY ARE TRAVELING ON THE THRUST OF ONE ANOTHER.**

Whenever a goose falls out of formation, it suddenly feels the drag and resistance of trying to go it alone and quickly gets back into formation to take advantage of the lifting power of the bird immediately in front. **BASIC TRUTH #2: IF WE HAVE AS MUCH SENSE AS A GOOSE, WE WILL STAY IN FORMATION AND SUPPORT THOSE WHO ARE HEADED THE SAME WAY WE ARE GOING.**

When the lead goose gets tired, he rotates back in the wing and another goose flies point. **BASIC TRUTH #3: IT PAYS TO TAKE TURNS DOING HARD JOBS, WITH PEOPLE, OR WITH GEESE FLYING SOUTH.**

The geese honk from behind to encourage those up front to keep up their speed. **BASIC TRUTH #4: WE NEED TO BE CAREFUL WHAT WE SAY WHEN WE HONK FROM BEHIND.**

Finally, when a goose gets sick or is wounded by gun shot and falls out, two geese fall out of formation and follow him down to help and protect him. They -stay with him until he is either able to fly or until he is dead, and then they launch out on their own or with another formation to catch up with their group. **FINAL TRUTH: IF WE HAVE THE SENSE OF A GOOSE WE WILL STAND BY EACH OTHER, EVEN WHEN IT IS PERSONALLY INCONVENIENT AND THREATENING.**

Julie Hiramine,  
Crescenta, Canada

(Reprinted from the Dec. 1990 Newsletter, courtesy of Bill Frost)