

## The Sale Game — Win or Lose? Not busy enough? Have a sale! A big one!

By Jay Goltz

**O**ur industry must be growing up. Until recently, custom picture framers never had sales the way the rest of the retail industry has had for years. The only problem is that many of these big retailers are now going broke. Maybe having a sale isn't such a good idea.

I don't know what happens in your town, but in major metropolitan areas retail businesses have been going bankrupt on a monthly basis. I'm not talking about ma & pa stores. I'm talking about well known, well established companies that have been around for years.

While there are many reasons for this, from bad management to over expansion, many of them have the same common denominator — sales. Although it's hard to determine whether it is the symptom or the disease, I cannot think of any successful retailer who has built their business on regular, big discount sales. Marshall Fields, a legendary Chicago retailer, has recently admitted that their new strategy of having regular sales has back fired, even though that's what customers had asked for (big surprise!). Their image is no longer appealing to their customers and sales have ravaged their bottom line.

On the other hand, a couple of the most successful retailers (there aren't many of them) are Walgreens and Nordstrom. While I've seen three major drugstore chains leave Chicago, all of whom had low prices, Walgreens keeps forging ahead, opening more stores and having more profits. Nordstrom, with its full service and well stocked stores, has only two major sales per year. This is less than most

other department stores I've seen.

Neither of these companies, nor any that I can think of, have run a successful business by having sales. The reasons are simple. The volume generated by these sales does not make up for the loss of profit margin — do the math. As a result, the stores are either forced to give lousy service to keep costs down or have no profit left. In any business, bad service and no profit are the precursors to death.

These facts apply in general to all retailers. When we look at custom picture framing, there are some factors which make large sales even more self-defeating.



**1.** Picture frames don't have a season. In the retail clothing business, you have to unload the previous season or you're in big trouble. No one will buy a winter coat in the middle of summer unless it is on sale. As far as I know, there is no such thing as a "winter frame".

**2.** We actually have to manufacture something when the customer has framing done. When a typical retail store has a busier day, they just have to ring up more sales. In picture framing, we have to custom produce the merchandise. Having a major fluctuation in demand not only makes it hard to produce the framing on time, but it makes it hard to properly take care of the customer. It's hard enough taking care of a customer on a busy Saturday afternoon as it is; having twice as many customers come in to take advantage of a sale would result in some horrendous waiting times. It's not as if customers can write the order up themselves.

**3.** Most people don't need to get their picture framing done this week. As it is, most pictures lay around for months or

Sponsored by the PPFA

years before they finally get framed. I think if you condition your customers to “don’t frame it now, wait until there’s a sale”, you’re not only going to be busier than you can handle during the sale, but you’ll be slower than you can stand in between.

**4.** While in most businesses, sales are for selected merchandise, that is difficult in picture framing. As a result, you end up giving discounts to customers who are coming into your shop anyway. That’s where the real loss comes from.

**5.** Last but not least, one of the biggest problems in our industry is price integrity. Customers are frequently shocked when they find out what a custom picture frame job costs. The truth is that there are very few things that a customer has custom made. As a result, we have to take a lot of time and energy to explain the cost of labor and materials that goes into every job. What kind of message are we sending the customer when their beautiful picture that cost \$150 to frame for all the reasons we had to explain, is on sale the next week for only \$110? It doesn’t do much to support our explanation for our prices, and it certainly doesn’t make our customers, who feel “over charged”, happy.

I know that there are companies out there that run regular 40% sales (on the frame, not the components). I’m sure they pump through a lot of framing. The question is: are they really making money on the framing, and are their yearly sales going up drastically?

I don’t know. And I don’t care. I know I couldn’t do it. Even if I artificially raised my prices and had big sales all the time, I don’t think that is a way to run a business. Live by price, die by price.

All I know is this: I have built a company that does millions of dollars in retail framing without ever running an across the board sale (I do discount close-out merchandise). I built my business by charging competitive prices every day, and giving great quality and service.

The secret to business is to make money, not just to be busy. I must warn you. If you get sucked into this “everything 20, 30, 40% off” program, it’s like playing with fire. You may in fact get busy, but you might get burned when you find you did not make more money. Not a good combination.

Think before you leap. ■

---

*Jay Goltz started Artists' Frame Service in 1978 fresh out of college. Artists' Frame Service now employs 120 persons at its main location, a 35,000 square-foot showroom and production facility in Chicago. Goltz has received numerous business honors including induction into the Arthur Andersen and University of Illinois Entrepreneurship Hall of Fame (1992). He regularly speaks at business conferences on topics ranging from entrepreneurship to customer service. Goltz is best-known for his straight-talk on how to succeed in business.*