



# GOLTZ ON BUSINESS

by Jay Goltz

## Less Is More

**L**ike it or not, underneath every successful framer (that includes making money) is somewhat of an accountant. When you get done with all of the beautiful framing, the customer service and the great looking stores, you have to make sure there's a profit left. Since this topic could take up hundreds of pages and most people won't read it anyway, I'm going to focus on the biggest expense a frame shop has: *purchases*.

While we are in a very labor intensive business, material costs are probably the greatest portion of a frame shop's expenses. Depending on whether or not you buy all chop, some chop, length, or volume, your cost of materials probably runs between 24 to 40 percent. This number is also affected by the type of framing you specialize in (i.e. high-end framing or poster framing).

The biggest problem, unless you belong to a franchise that has some guidelines as to where you should be, is most of the industry is in the dark as to what this number should be. If you want to make more money, and your cost of materials is in fact your biggest expense, it's worth some time to try to reduce that number. I'm going to cover some basic strategies in how to do that.

The first one is the question of, "Should I buy chop or length?" This is a complicated question that depends on many variables, such as space, volume and the amount of capital you have. In some cases, buying chop is the only option. But in many cases, some combination of chop and length is appropriate. What you need to do is look at your purchases from the previous year to see if it's practical to stock particular mouldings for better margins.

Since this is very dependent on your particular situation, I'm going to focus on the second way to reduce your cost of

materials that is more universal: Less is more.

Less suppliers that is. It's basic capitalism; buy as low as you can. The question is, how do you do that? My answer is by giving your suppliers some reason to give you a better price. When you buy frames from twenty different suppliers, you are not very important to any one of them. As a result, you probably aren't getting the best price you can from any one of them. There is certainly a need, if you want to provide a good selection, to buy from more than one or two suppliers. However, is it in your best interests to buy from every supplier that shows up on your doorstep?

A good chop supplier already has put together a collection of mouldings from numerous vendors. If you're buying length, it might require more effort on your part to come up with a mix of suppliers to give you a well-rounded look.

I think you will find that if you sit down with your favorite suppliers and offer them a commitment to buy more and show more of their product, they will give you an incentive to do so. If they don't, you should make it clear that you gave them the opportunity first, but if they "can't" do anything for you, you will be forced to move on to other suppliers who are more willing to participate in your growth. They do the same thing to their suppliers, and some of your customers do the same thing to you. It's called good business. If you successfully reduce your number of suppliers, you will not only benefit by pricing, but cost savings in shipping, ordering time, and accounting.

Less work, more money. Get tough!

If you're getting into this making money thing through better purchasing, and would like to receive more information on better buying, drop me a note: 1915 N. Clybourn Ave., Chicago, IL 60614. ■