



NEWSLETTER

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February 2006

Message from the President

By Steve Olesin

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Take full advantage of your membership and come to meetings, ask questions, offer your knowledge, make friends and munch on some of those awesome donuts.

Guild Members -

Our woodworking year is half over and it is time for the Board of Directors to start thinking about next year. Please consider holding a meeting in your shop in the coming year. That is the only way we can continue to be a successful group - each of us pitching in a little so that all of us will receive a lot.

The tendency is to think that our shop is too small or messy. None of those reasons are insurmountable. Make a meeting a great excuse to clean the shop up. If it is a big job to clean it up, we will give you lots of lead-time. Having a place to meet is one of the real challenges for our style of guild meetings. Hosting a meeting doesn't mean you have to do it all either - We can help out by having another member do the presentation or we can do a show and tell meeting. If it is too cold in the winter, we will schedule it for a warmer month. If it is too small, we will stand closer together and use your workbench for coffee and donuts. Help us out when you get a call from the meeting planners. Or better yet, write me at steve@creatiere.com and offer to host a meeting in 2006 -07.

Pete Wilcox hosted our January sharpening clinic. We had four different sharpening stations where each member could get hands on experience sharpening using a variety of materials and methods. I heard several members marveling at the different ways to get to the same point (or should I say edge). If you missed the meeting, let me tell you Peter's shop is a showcase workspace.

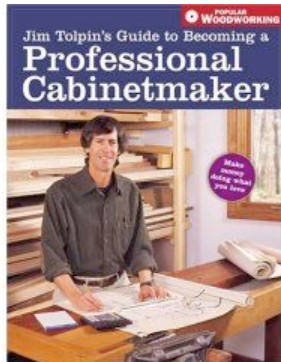
Our February meeting will be in a long established shared shop known as the Powderhouse Woodworkers. Our hosts Herb Ziegler and Craig Edwards will show us around the shop and talk about what it is like working in a shared shop. We will also be introduced to some industrial class equipment that comes as part of the shop membership. If we have time after the tour and machine discussions, we will learn about the fundamentals of furniture design.

Take full advantage of your membership and come to meetings, ask questions, offer your knowledge, make friends and munch on some of those awesome donuts.

Steve

So...you want to go Pro

By Chris Kovacs



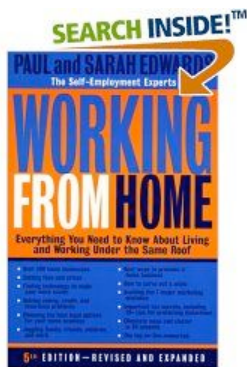
Jim Tolpin's Guide to Becoming a Professional Cabinetmaker by Jim Tolpin

So you woke up on January first and decided to put your New Year's resolution into action: you are going to become a professional woodworker. Before you quit your day job that has vacation time, health benefits, overtime pay and a 401K plan, I thought I would share with you some of my experiences as a professional woodworker. This essay is in no way intended to frighten or dissuade those who are interested in the woodworking profession, but is merely to let you know about some of the ups and downs of being a professional woodworker.

First, how do you become a professional woodworker? It's actually quite simple. The first thing you need is a business name that will be registered with your town. Then you should get a bank account separate from your personal account and start printing business cards to hand out to everyone you meet. As soon as you charge money for that first customer, you are a professional woodworker. You have now added a slew of forms to your IRS filings, become a serious liability to your assets, owe sales tax to the Commonwealth and are hopefully feeling proud of yourself for making that first sale.

When I first went pro, I found the two books at the left to be very helpful for many reasons. Tolpin's book was good for learning about the business of woodworking, tricks of the trade, pricing strategies and shop set up. However, actual woodworking is a small part of being a woodworker. You are also the President, CEO, CFO, COO, head of marketing, sales, quality assurance and purchasing, designer and delivery guy. Oh, did I forget, you are also the one who takes out the trash, sweeps the floor and unloads the lumber deliveries. With all these hats to wear, it is hard to find time to actually build anything. Thus, being organized and learning to be a businessperson is crucial to success. Read a number of books on small businesses and using your home as a business. You will find this research well worth the time. The Small Business Association also has numerous resources online for assisting small businesses.

You might be asking yourself why would anyone want to be a professional woodworker. Well, here are some of the pros and cons.



Working From Home by Paul Edwards

Pros	Cons
You are your own boss	The buck stops with you
You can set your own schedule	Your working day is 24/7/365
You can design and build what you want	There's that saying "the customer is always right...."
Your work will be cherished by others in their home	Your work could injure a customer and you could be liable
You get to woodwork all the time	Even woodworking becomes a drag after a 12 hour day in the shop
You get to write off new tools as a business expense	Uncle Sam is watching and your chance of being audited skyrockets as soon as you become a home based business
You get paid to work wood	The sales clerks at the local grocery make more than you will
You can pour your heart and soul into many pieces each year	Your clients may never notice many of your fine details and painstaking efforts. Be sure to point them out.

Actual woodworking is a small part of being a woodworker. You are also the President, CEO, CFO, COO, head of marketing, sales, quality assurance and purchasing, designer and delivery guy.

I could go on, but the cons section was quickly out-pacing the pros section, and I was getting a little depressed. The list above may have been a bit tongue-in-cheek, but honest in every way. Being a woodworker is a very difficult way to make a living. Most woodworkers I know do not support their families, but rather

need to be supported by a very kind and generous partner. The sad reality is that a really good studio furniture maker can expect to sell about \$30- to \$40,000 worth of work each year. A cabinetmaker building custom built-ins and kitchens can gross between \$100 and \$125,000. After deducting all of the expenses, the typical one-man woodworking shop brings home in the neighborhood of \$20,000 a year. There are no benefits and no paid vacation or sick days. If you are not working, you are not making any money.

Still want to go pro? Well, here are a few of the nuts and bolts of being your own boss:

Marketing: You can only sell work if there are buyers. Marketing your work is time-consuming and often frustrating. Most experts say you should be spending about 20% of your time marketing. That's one full day each week. Get your work into shows, fairs, local papers, charity events and start making a name for yourself. Word of mouth is going to be your best form of free advertising. This means you have to make sure every client is completely satisfied. As a really small business, you cannot afford to have disgruntled customers.

Money: Once you are a small business, you will be required to file a schedule C with your personal tax return assuming you have chosen the Sole Proprietor type of business. Incorporating brings along another set of tax issues and more expenses but does somewhat separate your personal assets from the business. As a sole proprietor, you are personally responsible for the financial well being of your business. Any business debt is in fact your own personal debt. Keeping track of all of your income and expenses becomes very important. I use QuickBooks for my accounting and have customized it for my needs. If your shop is in your house or on your property, you are eligible for the Home Office deduction which allows you to deduct portions of your property tax, mortgage, utilities and other expenses related to the maintenance and operation of your home business. As an example, my home office is 16% of the total square footage of the house. Therefore, I can deduct 16% of my oil and electrical bills as business expenses. If you use QuickBooks and have consulted with a good accountant, you should be able to take full advantage of the laws that support small businesses.

More on money: Sam Maloof once said he never borrowed any money to grow his business. That may have worked for him and it might for you, but borrowing money may be a necessary way for you to grow a successful business. Establishing credit for your business is more about having good personal credit to begin with. When you apply for credit with vendors, they are most likely going to have you sign that you will personally pay all debts even if the business goes under. Having lines of credit with different vendors is very helpful. Most vendors will give you thirty days to pay, which means you can use the material now, and pay for it later when your client has paid you. A line of credit from your bank can also be useful. Cash flow is problematic for small businesses as it is either feast or famine for much of the time. During those famine periods, bills still need to be paid and a line of credit from your bank can help by making sure your vendors are paid on time, as are your monthly overhead bills.

Money one last time: At the beginning of this essay, I described the many hats a professional woodworker wears. Of those hats, the woodworking hat is the only one that is actually making money. All of the others are non-revenue generating expenses. All of those other jobs fall under the giant heading of overhead expenses. These are a huge part of a business, especially in a small one-person shop. This means the woodworker has to earn enough money to pay for the bookkeeper, floor sweeper etc... When you are pricing your work, it is very important to determine your overhead expenses and figure them into your cost. Pricing your work is a very difficult part of being a professional woodworker and has been the cause of many failed businesses. There are numerous resources out there on pricing work and gleaned bits and pieces from each will serve you well. I have been in business since 1998 and only in the last year or two have I felt comfortable with the way I price work. The most important lesson for me was not taking the price of my work personally. As soon as it becomes personal and not business, you are doing charity work. Holding your head high and being proud of your work and its value is a very tough thing to do. **Do not give your work away.** Here is an example: a recent client of mine agreed to \$13,000 for various cabinets. After the job was signed off and underway, the client asked me to include two small shelves; simple plywood on metal brackets. No big deal. I could have just said to the client I will take care of it and not bothered charging them. Instead, I wrote a Change Order and had them sign and agree to pay an additional \$100 for those shelves. On a \$13,000 job, what's another \$100? Well, when was the last time a stranger came up to you on the street and handed you a crisp \$100 bill? It's never happened to me. If I hadn't charged for those shelves, it would have been a \$100 gift to the client and in my eyes, \$100 taken from my kids and family.

With all of this in mind, there are no fast and true rules about pricing your work. When building built-in cabinets, I often start with a simple cost per linear foot method. For high end work, say cherry cabinets with stain and top coat, I might estimate as much as \$600 to \$700 a linear foot. Paint grade work would be about half of that. This gets you started but there are still many other factors to consider; hardware, difficulty to installation, parking, existing conditions of the room, moldings etc...

For stand alone custom furniture determining a price is much more difficult and the factors involved are a bit more subjective. If you are doing a small production run of something simple (pens, cutting boards, other knick knack type items) then price is pretty much a reflection of your time, materials and mark-up for profit. If you have been commissioned to build an heirloom piece, then the price is really based upon what the customer is willing to pay. And what the customer is willing to pay depends on how they perceive you the maker and your reputation. Therefore, it is important to establish a reputation for excellent quality and great customer service. In my years as a professional woodworker, I have never had a client walk away because of price. I have also never lowered my price to compete with another bid. They only ones who balk at my prices have been the 'tire-kickers' who really aren't that serious about custom work. As a one-person operation, woodworkers cannot afford to deal with 'tire kickers' and usually identify them quickly as their first questions concern cost. For a serious client buying built-in cabinets or stand-alone commissioned furniture, cost is not their top priority. If someone for whom price is the number one priority approaches you, quickly send them on to a retailer and save yourself the time and energy of producing drawings and estimates.

Insurance: Most woodworkers I know do not carry any type of insurance for their business. This is a mistake, in my opinion. As soon as you are using your tools for business, they are no longer covered by a homeowner's policy. If you are working in someone's home delivering or installing a piece, you should have insurance in case something goes wrong. If you plan to sell your work to commercial clients, you will definitely need liability insurance in order to get through the door. I carry a general liability policy for my business that covers me where my homeowner's policy stops. My shop and all the tools are covered, I am protected during delivery and installation of my work and it also protects me if someone is injured by my work. A typical general liability policy will cost about \$800 to \$1,500 per year. Worker's Compensation insurance is also a good idea and a requirement if you ever hire employees. Let's not forget some form of disability insurance and life insurance if a family is depending on you for their financial security.

Equipping your shop: Once you have gone pro. Being efficient in you work becomes paramount. You need to be able to accomplish tasks quicker and more efficiently than when you were woodworking was a hobby. For many tasks, this means buying new and bigger equipment. My approach to equipping my shop is to always identify the slowest, most inefficient part of my routine and address that area and then start looking for the next one. For a long time sanding was my slow, money losing step. After carefully working the numbers (both time and money), I determined that a wide belt sander was the way to go and I have not thought twice about that decision since then. Another way to increase your production is to own multiple tools; routers with dedicated bits, sanders, drills even table saws if that is required. I have also found that having tools handy at the different machines helps. This has meant buying extra wrenches, screwdrivers and the like. Being efficient in your movements and workflow is also important. You will be hard pressed to find a book about being a professional woodworker that doesn't have a chapter devoted to shop layout and work flow. By being ever vigilant in the process of woodworking, I have slowly transformed my shop into a pretty efficient cabinet-making machine. I am still picking away at the slow parts of my operation, but have also started realized that I am pushing the limits of what a one-person shop can produce.

Employees: Once you have reached the limit of what a one-person operation can produce, it is time to start thinking about hiring help. This is a huge step that I have not broached. I bring in occasional help to get me through big jobs, but have not considered a full time employee. From talking with other shops, hiring employees is a very difficult part of running a business. Your time in the shop will go down and your administrative duties will rise. You will have to shift more of your focus toward marketing and sales because an employee needs to get paid every week regardless if you get paid or not and the added insurance, tax and other costs will require a greater production of work. Most shops find that hiring employees actually results in a decrease in production and revenue during their training period. This can be a serious financial burden on a small business and may take as long as a year before an employee is actually generating a profit for the shop owner.

Now that you have an idea of what it is like running a woodworking business, you may ask if I am happy with my choice? You better believe it. I get quite a thrill out of building new pieces and there is definitely a point of pride in knowing that someone is willing to pay me for my work. It is a lot of work and I enjoy both the woodworking and the business side of being a professional. Would I like to get paid more for what I do, yes, but that will probably not happen until I start hiring employees and I will likely not do that until I have out grown my present location (beside my house) and am required to move into a much larger space.

In a future newsletter I will cover some more topics pertaining to professional woodworkers that did not get covered here, such as maintaining a customer base, subcontracting work, dealing with vendors and suppliers, tool selection, consigning work, furniture shows and a few other topics.

Membership



If you would like further information about the Eastern Massachusetts Guild of Woodworkers, please email Steve Olesin at steve@creatiere.com or call (978) 635-9570.

The Next Meeting

Directions to Powderhouse:

From Rt. 2 - Take Rt. 2 until you get the intersection at the end of the multi-lane highway. Bear LEFT onto Rt. 16 - Alewife Parkway heading north. Go about 3/4 mile and turn RIGHT onto Broadway. Continue until you arrive at a traffic rotary. Go a little over halfway around the rotary and exit on Warner Street. Continue on Warner several blocks to Boston Avenue. Turn LEFT onto Boston Avenue. Powderhouse is on the right - Large mill type building.

From Rt. 93 Exit Rt. 93 at Harvard Street exit. Head WEST on Harvard Street around a mile to the intersection of Boston Avenue. Turn RIGHT onto Boston Avenue. Powderhouse is on the right - Large mill type building.

Parking is on Boston Avenue or in the big parking lot (at the near end of the building near the intersection of Harvard Street). Enter at the door off the little parking lot (at the other end of the building) and go to the third floor--sign says "Powderhouse Woodworkers." Proceed to second door on the left (Herb's shop).

Other events:

Professional Furniture Finishing Techniques Workshop

March 11 & 12 2006 Two day class fee - \$195

Lexington Arts and Crafts Society invites you to join us for this unique 2 day weekend hands on workshop that will move your finishing skills and understanding to a higher level.

Deadline for registration, with fee paid, is February 15.

Contact: Jules Siegel 781-862-3519 j.siegel@rcn.com

or Ken Luker 781-639-5423 luker32227@yahoo.com



Officers and Board Members

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Newsletter editor	Chris Kovacs	cdkovacs@charter.net

Schedule

What:

Japanese tools with Harrelson Stanley
 Tool Making - Making a marking knife.
 Host-Steve Olesin
 Jim Renning's slide presentation from a visit with Sam Maloof
 Deep Relief Carving with Matthew Dworman and Clive Hamilton
 Wooden boats with Dick Condon
 Sharpening clinic: Flat edge tools with Peter Wilcox
 Powderhouse Shop visit hosted by Herb Ziegler and Craig Edwards
 Sprayed and Polished Piano Finish with Pat Everett
Tentative-Buying hardwood lumber
 Photographing Woodworking Projects with Paul Ruggerio and Bill Karp
 Annual meeting and BBQ at Phyllis Jaffee's house

Where:

51 Shattuck Street, Pepperell, MA
 11 Wingate Lane, Acton, MA
 Astro Arts
 100 Tainter Street, Worcester, MA
 74 Apple Tree, Fitchburg, MA
 11 Baypath Drive, Boylston, MA
 Powderhouse Shop
 574 Boston Ave Medford, MA
 69 Norman St Everett
 Downes and Reader, Stoughton, MA
 46 Brookview Rd Boxford, MA
 4 Deerslayer Lane Westborough, MA

When:

Sept. 10
 October 8
 November 12
 December 10
 January 14
 February 11
 March 11
 April 8
 May 13
 June 10

DECEMBER 2005

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For sale

I would like to use this section for Guild members to advertise woodworking related items they have for sale. Listing will only be posted for one newsletter. With the printing of the next newsletter only new listings will be posted