

New Jersey Blacksmiths Newsletter

Running A Small Business

By Harold Hilborn

I have been a small business owner for 1 1/2 years now and work by myself most of the time. I have had the most difficulties trying to price my work. Am I charging too much or not enough? When you're done with the quote you look at it and say, that's too much they will never pay that because I would not. So you lower your price get the job, complete it. Then look back at it and feel you left some money on the table. Figuring the costs of a job has always been easy as far as materials and time goes but when it comes on how much to charge per hour is a different matter.

Looking on the internet I found this article which seems to work well for me. Just plug in your own numbers and maybe it will help some of you also.

Business of Blacksmithing

How to Price and Charge for Your Work. by David Robertson

DavidRobertson@artistblacksmith.com

Blacksmithing like any craft takes a lot of thought when you price your work. We all struggle with what we think should be a fair price. Often we enjoy the work so much it seems hard to price the work at what it should be priced to make a proper living.

Let's look at the reality of pricing your work when you work in a specialized, labor intensive craft. The numbers I will use may be a bit different for your country or location, but I am sure you will be able to adjust the numbers to your situation. In my area minimum wage is about \$8.00 an hour. This gives a bare subsistence in quality of living. So what is a reasonable wage for the type of work we do?

Let's look at the nature of our business first. We use specialized equipment to create precision pieces of metal work. We assemble our creations into complex shapes and functional items.

There is a high degree of skill, and planning involved in many of our projects. We also have to deal with customers and suppliers on a daily basis, solve problems and quote projects as well as do our own accounting and bookkeeping. There are many hats that we have to wear as one person business operators.

The manual skills required in the blacksmithing business as well as the technical knowledge are closely related to the skills of a welder, or auto mechanic, or a machinist. There are some differences in each of these trades but the skill level is about the same. In my area auto shops and machine shops charge \$75.00 to \$100.00 an hour. Individual mechanics and welders get paid \$25.00 to \$35.00 an hour.

So let's take an average of \$30.00 an hour over a 40 hour week. That gives \$1200.00 a week times 50 weeks (remember that you should be able to take a two week holiday and this is paid). So 50 weeks gives a total income of \$60,000.00. This is considered a good solid income in my country.

You only get paid for the work you sell. The time you spend consulting with your clients you are not paid for. The time spent designing the gate or grill is not paid time. The time spent getting materials and supplies you are not paid for. You are not paid to do your own bookkeeping. If someone else takes care of your bookkeeping then you have to pay them. There are many areas that you have to spend time on that you do not get directly paid for. Everything is paid for by what you sell so you have to take into account all the time spent other than smithing.

To calculate what your time is worth when you are working on actual blacksmithing you will need to at first keep strict records of how long it takes you to make your items. You must include the time to paint and finish your work. If you ship to your customers you need to include the time it takes to package it up.

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You also need to keep a log of all the time spent that is work related but you can't charge for. You will need to keep your log-book very detailed so you can isolate what proportion of time actually brings income in, and what proportion supports your income but that you don't get paid for.

You also need to calculate all your consumable costs, electricity, rent, business insurance, vehicle costs, etc and add to your wage costs. This will give you the total that you need to bring in a year.

The next step is to calculate the number of hours used on non paying work. This includes the running around and consultations, or the sitting at the craft show selling your products. This should be part of your log book as well! If you keep track of all the time spent on your business, and the time of actual making of the products you will probably find a 60 / 40 ratio. That is 40% of your time is actually working on salable products. 60% of the time is spent on related but unpaid work. You will have to determine this ratio from your own log book. Lets take a look at some sample numbers in the equation. These are rough yearly totals.

Wage \$60,000

Shop Electricity \$1200

Shop Rent \$3600

Business Insurance \$ 1200

Vehicle Costs \$6000

Show Fees \$2000

Advertising \$2000

Equipment Repairs \$1000

Total \$77,000

You may have other expenses that you only incur since you are in business. These will need to be added to this list. Everyone is a bit different, and check with your accountant. Our actual equation looks like this:

Hourly Shop Rate = (target yearly wage + business expenses)

(ratio of paid hours per week x 40 hours a week x 50 weeks in a year)

Now lets plug into our time ratio.

$0.40 \times$ our a available paid hours (40 hours a week x 50 weeks in a year)

$0.40 \times 2000 = 800$ smithing hours in a year So $\$77000 / 800 = \96.25 per hour plus your material costs. This should be your shop rate. As you can see your actual wage is much less than what you have to charge.

Going back to the beginning of this article you can see why my local auto mechanic and machine shop is charging \$75 to \$100 an hour.

Your blacksmith work is the same value!

Lets add another twist to this scenario.

Suppose you hire an employee. Obvious expense is wages and deductions. When I was hiring employees it would take a month before they had been trained well enough that they were making me significant money. It took a week before they would break even and I could use the components they were making. If you pay \$10.00 per hour, the first week they may just break even. The second week they may get up to \$20 per hour in production for you.

After a month I found that they could bring in about \$40.00 hour if I kept them busy. If you have the work rolling in this is when you start to make money. Remember you are still paying them \$10.00 an hour. If your work dries up, paying employees is a fast way of going broke.

In short you need to start keeping a log book of how much time you spend on each facet of your business. Time for everything. Then break it into time spent directly making your products and time spent on non-billable supporting hours. Do the simple calculations to find what you should be charging in your circumstances. It will probably be more than you guess.

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From The Anvil's Horn

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Blacksmithing

Workshops and Classes:

Peters Valley Craft Education Center
19 Kuhn Rd., Layton, NJ 07851 (973)948-5200
pv@warwick.net www.pvcrafts.org

**Academy of Traditional Arts
Carrol County Farm Museum**
500 South Center St. Westminster, MD 21157
(410)848-7775 (410)876-2667

Touchstone Center for Crafts
R.D.#1, Box 60, Farmington, PA 15437
(724)329-1370 Fax: (724)329-1371

John C Campbell Folk School
One Folk School Rd.
Brasstown, NC 28902
1-800-365-5724 www.folkschool.com

Brookfield Craft Center
286 Whisconier Road
P. O. Box 122
Brookfield, CT 06804-0122
203.775.4526

Open Forges

If any members have a forge at home and work in the evenings or weekends and want to open it up to help a few local guys, let me know, Larry Brown, editor, as we get requests from members who have a hard time traveling to some of the open forge locations.

Please contact, Larry Brown, Editor.
We want to encourage all to join us at:

Monday Night Open Forge in N.J.

Marshall Bienstock is hosting an open forge in his shop at 7 pm almost every Monday night (Please call ahead on holidays to make sure , (732)780-0871)

Open Forge in Long Island

Sunday from 10:00 am to 6pm.
Starting the 1st Sunday in November until the end of April. Please call ahead to confirm and get directions. Ron Grabowski, 110 Burlington Blvd. Smithtown, NY (631) 265-1564
Ronsforge@aol.com

Business Members

We would like to thank those who joined with our new Business Membership category .

Business dues are \$40

Please show them our support

Marshall Bienstock, Marshall's Farms
663 Casino Dr., Howell, NJ 07731
732-938-6577, 732-780-0871
jlfmib@optonline.net

John Chobrda, Dragon Run Forge
P.O. Box 315 Delaware City, DE, 19706
302-838-1960 jchob@verizon.net

Eric Cuper Artist Blacksmith
109 Lehman Lane, Neshanic Station, NJ 08853
908 642-6420 ericuper@msn.com

Bruce Hay, Jr.
50 Pine St., Lincroft, NJ 07738

Jayesh Shah, Architectural Iron Design
950 S. 2nd St., Plainfield, NJ 07063
jay@archirondesign.com

BLACKSMITH TOOLS FOR SALE!

John Chobrda

Has a large selection of tools for sale.
Anvils – Forges - Leg Vices—Blowers
Tongs – Hammers
and/or resurfaced Anvils

Call John for prices and availability
(302) 838-1960 cell (609) 610-3501

In Southern NJ contact

Joshua Kuehne, 543 Amos Ave.
Vineland, NJ 08360
(856) 503-5297 iforgeiron88@yahoo.com

**In Northern Delaware and Southern NJ,
contact Kerry Rhoades or John Chobrda**
Kerry (302) 832-1631 John (302) 838-1960
(609) 610-3501 (cell)

NAME _____
 ADDRESS _____
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703-680-1632 USA
703-680-6222 VOICE Website; WWW.ABANA.ORG Email; ABANA@ABANA.ORG

_____-_____-_____
 EXPIRATION DATE _____

Join ABANA or Check out other area chapters!

Northeast Blacksmiths Association

Northeast Blacksmiths holds its meets twice a year at the Ashokan Field Campus in New York State.

The Ashokan campus is located in Olivebridge, N.Y., several miles west of Kingston, N.Y. The meets are held the first weekend in May and in the first weekend in October every year. The main demonstration is in the blacksmith shop and there is a "Hands On" workshop for beginners. A main demonstrator is brought in for each meet, food and bunk-house style lodging are provided as part of the cost of the weekend long meet.

Contact : Tim Neu
 to register for hammer-ins
 or subscribe to the newsletter;
Tim Neu, The Ashokan Center,
447 Beaverkill Rd.
Olivebridge, N.Y. 12461 [914]657-8333
 For more info check out the web site;
<http://www.northeastblacksmiths.org/>

Join The Pennsylvania Blacksmiths Association!

Name _____

Address _____

City, State, Zip code _____

Home / work Phone # _____ E-mail (optional) _____

New Member ___ Renewal ___

Do you have any particular skills (welder, accountant, carpenter, doctor) that may be helpful to the group or membership?

Suggestions for PABA demonstrations

What is your skill level?
 Beginner Intermediate Advanced Professional

Membership paid by ___ Cash ___ Check # _____

Send your completed application with \$ 20 (one year dues) to;
 PABA Treasurer, Buzz Glahn
 1667 Wyomissing Rd.
 Mohnton, PA 19540
 (make Checks payable to PABA)

PABA Membership Application
 Membership is from Jan. 1 — Dec. 31

**New Jersey Blacksmiths Association
Attn: Larry Brown, Editor
90 William Avenue
Staten Island, New York 10308**



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How to Join or Renew your Membership in NJBA:

NJBA Dues are \$20 per year.

NJBA Business Dues are \$40 per year

Please make your check out to: “NJBA”

Please mail checks to:

NJBA, P.O. Box 224, Farmingdale, NJ 07727-9998

Please include payment with the information listed below. You will receive a postcard confirmation of your membership, and will receive a newsletter within a month.

NJBA's "year" runs from June to June. If you join mid-year, the postcard will offer a prorated dues option which will then allow you to extend your membership till the following June. The following information will be listed in a roster available to other members.

Name _____ Home Phone _____
Address _____ Day Phone _____
City _____
State _____ Zip _____
E-Mail _____ Skill Level (optional) _____
Comments _____