

CAN I GET IT WHOLESAL?

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Buying wholesale may be simply a matter of volume buying. However, to gain access to certain shows and suppliers, you have to be able to prove you are more than a hobby business. Some states, too, require licenses and tax certificates when you start selling.

by

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The word wholesale conjures up images of buying things on the cheap. Deep discounts. Bargain basement prices. Have you salivated at the thought of getting into the "wholesale only" section of gem, bead and jewelry shows wondering what delectable goodies were going on the block that you didn't know about? Who are the special buyers entering those restricted regions? Could you become one of them?

The buyers going into wholesale-only sections at shows, or to wholesale-only shows may be small store owners, bead stringers, independent jewelry makers, cutters. The reason they get into those sections and shows is because they are re-selling what they buy to someone else, such as a hobbyist or jewelry consumer.

You, too, may be selling your work, but on a very small scale--to family, friends, neighbors. However, if you're beginning to sell to craft stores, bead shops, and at fairs, you may be beyond the hobby stage. You might begin to think of yourself as a retailer, and think about buying your supplies wholesale.

Wholesale buying has more to do with volume than anything else, and as a result, you may already be buying wholesale. If you buy supplies from Rio Grande, Crystalite, Fire Mountain Gem, Hoover & Strong, Bulls-eye Glass, you know that, often, the greater

the number of the pieces you buy--whether it's saw blades, glass canes, cabs, or heads--the lower the per unit cost.

In fact, at many shows, how much you buy is the criteria that determines whether or not you're a wholesale buyer. The vendor room at the conference of the Society of North American Goldsmiths (SNAG), for example, is like that, as are the Bead Renaissance shows, Embellishment, and most booths at the Tucson show. At those venues, even large manufacturers pay a premium when only buying one bead, one strand, one stone, one setting. This means wholesale level buying is open to you already at a great many shows.

However, there are some shows, such as the Buyers Market of American Craft and JCK's Las Vegas Show, as well as two annual shows sponsored by the American Craft Council that are wholesale only. And they demand more proof that you are running a business than just volume.

For example, to register at the Buyers Market of American Craft or the ACC wholesale-only shows (two annually, the others are open to the retail buying public), you have to show two forms of business identification that demonstrate you are truly buying craft art for resale. Acceptable forms of business ID may include a brochure, printout of your website, published advertisements, Yellow Page listings, a business check in the gallery or store name, pictures of the exterior and/or interior of your store (showing the store name), inventory from artists or suppliers showing that you have purchased inventory in quantities from them, invoices from customers showing they have purchased crafts from you, a copy of your resale tax certificate, and/or a copy of your business license. In addition, you may have to show identification for any employee buyers you take to the show, such as personalized imprinted business cards, a copy of a cancelled payroll check, copy of a company credit card in the employee's name, a copy of a W2 form, an

invoice or purchase order, or a resale tax certificate with the employee's name on it, or a business check signed by the employee. This means you cannot give buyer tags to friends or family members who want to get a good deal on gifts or a craft piece for the living room.

Jewelry shows, such as the JCK Las Vegas Show, may be even tougher. You must be listed by the Jewelers Board of Trade (JBT) as a retail jeweler or wholesale buyer of finished jewelry, or a retail member of American Gem Society (AGS), Diamond Council of America (DCA), International Society of Appraisers (ISA), or American Society of Appraisers (ASA). Retailers who are not members of these organizations must provide a copy of their store lease, or a photo taken inside and outside of the store, a copy of their sales tax certificate, and copies of invoices from three different suppliers of finished jewelry purchased within the past year, each invoice showing multiple purchases with a minimum combined total of \$5000. If you plan to wholesale to others, you must supply copies of invoices from five different suppliers of finished jewelry purchased within the past year, each invoice showing multiple purchases with a minimum combined total of \$50,000, and a copy of your business license. You must register in advance, as well. No guests are allowed, and no one operating from home is qualified.

Needless to say, you should check with each organization to see exactly what is required before you plan to attend and buy.

Now about those licenses and certificates....

BUSINESS LICENSES

A business license may or may not be required in your city. Fees for business licenses, and the way those fees are determined, vary from city to city. In Portland Oregon, businesses making \$25,000 a year or more are subject to an annual net income fee of 2.2 percent, with a minimum fee of \$100. New York City also requires a business

license for businesses grossing more than \$25,000. The fee is 4 percent of the taxable income annually. Pasadena extracts an extra fee depending on the number of employees you have. Check with your local city government to get the specifics for your area. You can start by searching on line, which is where the above information comes from. Many cities have publications on line as well as application forms and useful phone numbers. You'll probably have to wade through several web pages to find what you're looking for, but you can do much of the preliminary work during the hours that the business offices of most cities are not open--and you won't have to listen to canned music.

Business licenses are revenue generating methods only, as the application for Portland, Oregon, helpfully explains. They do not include permits. So if you decide to do volume casting in your backyard, you'll have to get the appropriate permits from the appropriate licensing office in addition to your business license. Much of this information is also available online.

SALES TAX CERTIFICATE

If your state has a sales tax, you'll also be responsible for collecting that tax and passing it on to the appropriate state department. To do this, you have to be registered with the state and be issued a sales tax certificate. There is usually no charge for this, but it may be illegal for you to engage in business without one, as it is in the state of New York. If you go ahead and start your business anyway, New York will fine you \$500 for the first day you operate without the certificate, and \$200 per day for each day after that. In other words, it's worth the hassle to get the certificate and file the tax forms. Sales taxes must be paid quarterly in some states and the penalties for not filing can be high. So be prepared for some careful bookkeeping. Your state government may have forms and publications that will help you with your recordkeeping.

The cost of a business license and the trouble to procure a sales tax certificate may pale in comparison to those other items required for entry into wholesale-only shows, namely store fronts, advertising, letterhead and business cards, websites.

The cost of advertising varies wildly depending on where you place your ads. Are they going into the local shopper's newsletter? The Yellow Pages? Your newspaper? A craft or jewelry magazine? Local radio or television? All the above? And of course, the cost in each place depends on the size or length of your ad, how long or often it runs, and whether the advertising area is rural or metropolitan.

The cost of a website depends on who designs and builds it (you, a family member or an outside consultant), how often it has to be maintained and updated, and your server's regulations. The cost and concerns of renting a storefront are far beyond the scope of this article.

The cost and convenience of creating business stationery--letterhead, brochure, cards, envelopes--also varies depending on whether you design the piece yourself and print it out from your computer in black and white using inexpensive paper-warehouse stock, or whether you have a graphic designer create an image for you, and print the pieces in four-color on high-quality stock.

With the quality of printers and computers and programs, you can, with some time and thought, create your own stationery and print it on an as-needed basis. But that can be inconvenient if you are printing your cards the night before you're to leave for a show and you run out of either stock or ink. If you're doing a quantity of cards or color brochures, the cost of ink cartridges can become painfully high. And if your printer collapses during the process, well, let's not go there. If you're doing cards and stationery in bulk, you're probably still better off getting a price at a local copy shop and letting them worry about the ink and the printer.

So if you're trying to get something "cheap" but you're only buying one or two stones or mountings, the credentials necessary to get into a wholesale section are probably not worth trying to get. If you're working from a home studio, and building a business, you're already buying in bulk and getting, at many shows, the same discount other qualified buyers are getting. If you already have a store front, you probably have what you need to get into a wholesale-only section or wholesale-only show.

Even if there is no wholesale section at a show, and you only want one or a two of an item, if you buy from the same vendors consistently and have already proven your identity with your business checks, business cards, and resale certificate, there is a good chance the dealer will give you 10 to 20 percent off on your purchases. So what do you know? You *can* get it wholesale.