

the MARKET STALLHOLDERS REGISTER



HOME STALLHOLDERS JOIN NOW INSURANCE SUPPORT CONTACT

LYNROSE HANDMADE SOAPS

3 Elements

The 3 basic elements of any market or event are the Stallholders, the Markets and the Shoppers.

For a successful day all 3 have to be there as two out of three just doesn't work.



MARKET GUIDE



MARKET SHOPPER



ADVERTISE WITH US

I just thought I'd write you a letter on why handmade soap is so expensive to buy, and some of the problems we had when starting up our business.

When Marilyn first started making soap, at least 6 years ago, it was only for family and friends. We didn't have to worry about anything. Everyone knew how she made it and what was in it and didn't mind being a guinea pig.

Now it's different! People still want to know all the ins and outs, the difference is, if they decide they don't like it or, perhaps it changed how their skin looks, they could sue.

I did an NEIS course, (New Enterprise Incentive Scheme) which means I learned all about the book keeping side of things, how many different government departments there were, how each one could affect our new business and quite a few other things which were all eye openers.

Did you know that soap is classified as a cosmetic product?

Well, it is, along with anything that is "intended for placement in contact with any external part of the human body including:

- altering the odours of the body; or
- changing its appearance; or
- cleansing it; or
- maintaining it in good condition; or
- perfuming it; or
- protecting it

Did you know that soap is a salt?

Well, this one makes sense to me as it is made using Sodium Hydroxide which is electrolysed salt water.

One of the government departments we had to contact was the Department of Fair Trading.

1. To register the business.
2. To find out if we needed a licence to make soap.

No, you do not need a licence to make soap.

The ACCC was another department we contacted - this time to find out about labelling and Product Liability Legislations. Because I was in the NEIS programme, we also had to apply for an ABN and be registered for taxation purposes.

Did you know "that any ingredient, regardless of concentration, that has a technical or functional effect in the cosmetic, must be listed as an ingredient"?

This means that any ingredient, whether it is colour, fragrance or flavour, must be listed as an ingredient. Therefore if you buy Goat Milk soap and it smells of Gardenias and, the fragrance is not listed, the manufacturer is in breach of the ACCC's rules.

WorkCover New South Wales, for the health and safety of ourselves and our staff (if in the future we have any) is another department we contacted. They also cover storage of ingredients used and waste disposal.

We are subject to the rules and regulations of Campbelltown City Council, as we live in St. Andrews, and the insurance company, which covers our home as we manufacture our soap there.

Some of the concerns are :

- how much soap is made per day
- the volume of the ingredients we have on the premises
- the smells that could be produced in the process
- the noise that is made
- the traffic and parking problems in our cul-de-sac (the reason we do not sell from home)



These rules also affect how we purchase our ingredients.

Insurance

The next step was to find Business Insurance because, unless you are giving your products away, you can be sued. This comes under Part VA of the Trade Practices Act, Product Liability. I contacted so many insurance companies only to get the same answer - **No!** They do not

insure soap manufacturers.

So, taking some advice from the people conducting the NEIS course, I contacted a broker in Campbelltown. He found one company who would insure us but the catch is that we must have \$10 million Public and Product Insurance. It didn't matter whether we thought we would sell a lot or a little, whether we sold from home, shop front or market, whether we manufactured our soap in a warehouse or our home. The cost : \$2,970. Boy did that put a dent in our budget!

From October 2002 to February 2003 we attended our local markets. Then we started attending "pure craft" markets. That made a difference in sales. Up until the end of June, we had made enough to pay for the insurance and some of the ingredients that we use. Unfortunately it was not enough so we made a loss. No big deal - most new businesses make a loss for the first year or two.

October came around again and, time to renew our insurance. This time, armed with information from other stallholders, I contacted some of the market insurers. No luck again. If we sold someone else's soaps, we'd be okay, but not as manufacturers.

Back to the broker and this time it was \$3,388. Ah well, looks like another loss this year.

We've had to make some big decisions since October. One of which is whether to keep going if the insurance has another rise this year. Another is pricing. Most of our ingredients have increased in price so, do we increase our prices or wear the added costs ourselves?

Soap manufacturing, especially on a small scale, can be dangerous ...

We mix everything by hand, using a bowl and a rubber or plastic spatula. It is also a craft, although there are some people who do not think so. To those people I say "try making it yourself like we do, from scratch, not from a "melt and pour" base.

You have to know when to mix all of the ingredients together otherwise, you could end up with an eruption like a volcano or, it starts to set as you begin to pour. Either way you could end up with an un-sellable mess.

In our case, we do research on the essential oils, fruits etc., that we use in our soaps. Most of them are made to help a specific problem skin, not just to smell or look good.

Both of us must know what is in each soap mix - that means every ingredient, not just the main ones.

We ask customers if they have any allergies so that we don't sell them a product they may have a reaction to and hopefully, stave off an insurance claim.

I think that if you consider all of the information that I have listed here and perhaps more that I haven't mentioned, you will agree that soap making is an expensive and dangerous business to be in and that the price is justified.

Our soaps are making a difference to our customer's lives, especially their skin and hair, and that, in the long run, is what it is all about.

So, we hope that this year will bring us more repeat customers and - come October we won't have to decide whether or not to keep trading.

Hope to see you soon at the markets.
Rosemary

We would like to thank Rosemary for taking the time to write this very informative article.

FOOTNOTE.

Unfortunately, Rosemary & Merilyn found that the insurance premiums were far too expensive to warrant continuing Lynrose Handmade Soaps as a going concern. However, their products are still available to old friends and new. Lynrose Soaps may be contacted on (02) 9603 9030

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