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d/b/a

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Boutique

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We all need to pay fair and sustainable prices for the goods & services we want.

One of the fundamental problems we have in Vermont and nationally is the consumer mentality of paying the absolute lowest price possible for any product or service. This way of thinking directly opposes the reality of businesses being able to remain open, to making improvements to their businesses and most importantly, providing better pay and benefits to their employees.

In my small retail business, Stowe Mercantile, the pressure to lower prices on our goods is tremendous. As each year goes by, more customers come through with smart phones, comparing prices and availability of our products with other stores and with on-line businesses. The problem is that another business down the street or on-line doesn't have the same overhead costs such as rent, utilities, debt load and payroll that my business does. My prices are established based on all the individual costs I have. Payroll and all the associated taxes are the single largest group of expense and therefore it is always under pressure to not increase faster than the growth of sales.

And because every business has different overhead costs, I cannot speak for how much revenue any other business can allocate for each individual expense. What is acceptable for one business may be extremely unreasonable to another.

I take pride in providing as strong a pay and benefits package as I possibly can to my staff. I've outlined these in prior commentaries. But the amount of revenue that can be designated for this expense is a fixed percentage of sales. If I allow this percentage to exceed my budget, then my business begins to fail.

Many years ago, in response to growing pressure on pricing in my store, I posted a statement as to how we choose products to sell and the criteria we use to establish our pricing. I have yet to receive any negative comments on these. Once our customers realize the considerations we use, that our prices reflect our commitment to profitability, staff and community, they understand and feel good about patronizing my business.

When sales have been particularly bad, I have forgone my compensation, sometimes for months, so that my staff continues to receive their paychecks every week. This adds a layer

of stress to my life and to my company that very few people know about. But as the owner, this is what I need to do to take care of my staff and to keep my business going. I also know this is a common practice for many small business owners.

Price pressure comes in so many ways to small retailers. A colleague of mine with a store in the northern part of the state told me he recently tried to raise the price of a cup of coffee by ten cents. When he did this, his coffee sales and customer count dropped immediately and customers he knew by name, who had been long time customers, started getting their coffee across the road at another store.

As a society, we can't have it both ways. We can't have constant price discounts while expecting retailers to increase wages and benefits continuously. I encourage you to take a minute and talk to the owner of a local store. Ask them how they are impacted by escalating costs and the consumer mentality of only paying the absolute lowest price for all goods and services regardless of all other considerations.

I believe if everyone had a better understanding of the fundamentals of operating a small business, there would be much less rhetoric about what small Vermont businesses can and cannot do. And with that information, all parties should be able to come together and work towards creative solutions for wage and benefit issues that meet both employer and employee needs.