



MEETING -- 2ND WEDNESDAY OF EACH MONTH
STAUFFER MANSION -- 7:30 P.M.
1241 Lititz Pike, Lancaster, PA 17601
NEXT MEETING -- Wed. May 12, 1993

FOR INFORMATION ABOUT OUR ORGANIZATION
CALL MARILYN SHIRLEY (717)872-2479 OR
MIKE SHIRLEY(717)394-0186

VOL. 4, NO. 5, NEWSLETTER FOUNDED SEPTEMBER 1990 MAY 1993

REFLECTIONS ON LANCOPEX '93

LANCOPEX '93, the eighth annual Stamp Show and Exhibition was held on April 24-25, 1993 at Park City Center, Lancaster, PA

The show was very well attended, due in part to the cloudy, unsettled weather which induced many more shoppers to come to the Mall. This year, help was abundant and the tables and frames were set up and dismantled smoothly. Fifteen professional dealers as well as a Post Office Station which serviced show covers and sold stamps currently in inventory were in attendance. The Youth Table was a huge success with many quality U.S. and foreign stamps made available to young people at no cost. A special commendation should be made to Truylde Greiner who managed the table and did such an outstanding job in the process. The dealers were extremely pleased with the turnout and sales, which bodes well for future shows.

(continued on next page)



May Host

THE HOST FOR MAY WILL BE DAVE STRAYER.

MAY PROGRAM

CLUB AUCTION

Plenty of time remains to root amongst those glassine envelopes, old album pages, etc. to find something to put in the club auction. Don't forget to look over your excess supplies - others may find use for your unneeded stock sheets, watermark detector fluid, trays, etc. The money you earn can be put back into stamps that are currently of interest to you.

-- LANCOPEX '93 - continued --

The 48-frame exhibit featured 20 exhibits, including 6 junior exhibits. Awards were earned by the following exhibitors:

GRAND AWARD, LCPS AWARD, APS AWARD, KEYSTONE FEDERATION AWARD and a gold medal to James G. Boyles - "Postmarks of Lancaster, PA 1800-1928"

RESERVE GRAND AWARD and a gold medal to Robert B. Jenson for "Early Hungry Postal Cards".

BIA AWARD and a silver medal went to John Hufnagel for his exhibit "U.S. Stamps and Plate Numbers"

THE PENNSYLVANIA POSTAL HISTORY SOCIETY AWARD and a silver medal was given to Glenn L. Blouch for the exhibit "Past-Present Postmasters of Lebanon."

THE TOPICAL AWARD and a gold medal went to Charles Kluks for his exhibit "Alice in Blunderland".

THE NOVICE AWARD and a bronze medal was awarded to William Greiner for the exhibit "Exporta - Stamps of Mexico".

Additional Gold Medal Winners were:

Rod McGlothlin - "U.S. Cancellations and Postal Markings."

Gordan Miller - "Azores"

Additional Silver Medal winners:

Richard Colberg - "Great Britain-The 4-Pence Surface Printed Issue"

Richard L. Tobias - "Yangtze Patrol - Gunboat Diplomacy"

Bronze Medals were also given to:

Jerry Laconis - "Schuylkill County Postmarks"

Certificates issued to:

Paul Willcox - "Up, Up and Away"

Dave Strayer - "Transportation"

Jackie Anspach - "Animals on Stamps"

THE JUNIOR DIVISION

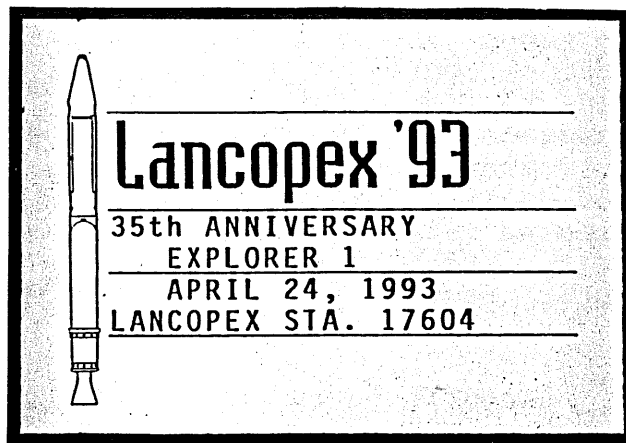
Amy Harer, GOLD MEDAL AND BEST JUNIOR AWARD -- "Wild Animals" Based on the new wild animal stamps recently released.

Tess Miller, SILVER MEDAL -- "Fly Away" Birds and butterflies of the world.

Kelly Walker, BRONZE MEDAL -- "Stamps and Covers Honoring Historic Events"

Jason Secrest, BRONZE MEDAL "American Revolution"

Jessica Miller, CERTIFICATE, "World of Disney".



In the September '92 newsletter we printed an article on how to buy a stamp collection. Herewith follows a companion article that appeared in the AMERICAN PHILATELIST on the mechanics of buying and selling stamps from the perspectives of the dealer, the collector and the investor.

THE ECONOMICS OF BUYING AND SELLING

STAMPS -- PART I
by Donald A. J. Byrum

THE DEALER

There is a strange idea abroad in the land that stamp dealers, unlike any other businessmen who should know better, continually refer to the difference between dealer buying and selling price as profit. Nothing could be further from the truth.

Consider two types of stamp dealers -- those who operate a retail stamp store and those who deal through the mail -- whose operating margins can be fairly approximated with a high degree of accuracy.

Table 1 presents a financial view of the operations of a typical retail stamp store in a metropolitan area with a population between 50,000 and 500,000 but not in the main downtown area. Nearly seventy-five percent of all retail stamp stores will fall into this category. Within this group, ninety-five percent will have annual sales of less than \$200,000 and will fall into columns one, two, or three.

Average sales price will be around eighty percent of catalogue value. This may seem low; but you must consider that, because of the high inventory involved, an item may be priced, placed in a sales book, and then sit there for ten years before it is sold. The retailer also must be competitive with mail-order advertisers and auction realizations that can be as low as

Table 1. Retail Stamp Dealer

Inventory Stamps at Catalogue Value		\$845,000	\$890,000	\$980,000	\$1,160,000
Assets					
Inventory					
Stamps	10%	84,500	89,000	98,000	116,000
Accessories		17,640	23,520	47,040	94,080
Total		\$102,140	\$112,520	\$145,040	\$210,080
Capital Equipment		10,000	12,000	16,000	24,000
Total		\$112,140	\$124,520	\$161,040	\$234,080
Sales					
Stamps at CV	80%	36,000	72,000	144,000	288,000
Accessories		18,000	24,000	48,000	96,000
Total		\$54,000	\$96,000	\$192,000	\$384,000
Cost of Sales					
Stamps		4,500	9,000	18,000	36,000
Accessories	70%	12,600	16,800	33,600	67,200
Total		\$17,100	\$25,800	\$51,600	\$103,200
Gross Margin on Sales	68%	\$36,900	\$70,200	\$140,400	\$280,800
Number of Staff					
		0	1	3	7
Operating Expenses					
Salaries		0	15,000	45,000	105,000
Employee Benefits	25%	0	3,750	11,250	26,250
Rent		12,000	12,000	18,000	36,000
Insurance		1,621	1,945	2,710	4,241
Utilities		3,000	3,000	4,500	9,000
Advertising		1,200	1,200	1,800	2,400
Supplies		2,400	3,600	6,000	10,800
Shipping & Transport		1,800	2,100	2,700	3,900
Other		600	1,200	2,400	4,800
Total		\$22,621	\$43,795	\$94,360	\$202,391
Income from Operations		\$14,279	\$26,405	\$46,040	\$78,409
Financial Expenses					
Interest on Inventory	12%	12,257	13,502	17,405	25,210
Depreciation	20%	2,000	2,400	3,200	4,800
Total		\$14,257	\$15,902	\$20,605	\$30,010
Net Income Before Tax		\$22	\$10,502	\$25,435	\$48,400

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thirty percent of catalogue value. The "range" of prices may run from a low of thirty-five percent of catalogue value to a high of one hundred fifty percent of catalogue value (mint, never-hinged, recent issues) resulting in the average indicated.

The retailer must have sufficient gross margin to cover his operation expenses. The amounts shown are for a typical store. In a larger metropolitan area or in a downtown location, items such as rent and salaries could be several times the amount shown. Even in this "suburban" scenario operating expenses are nearly fifty percent of sales. To leave any "income from operations," the cost of sales must be low. Thus the ten percent buying price. Anything higher and the business will simply fold.

Full-time mail-order dealers fall into three categories -- those selling from published lists, those handling want lists and those aimed primarily at the juvenile market. Table 2 presents a financial look at those selling from published lists.

Table 2. Mail-Order Stamp Dealer

Inventory Stamps at Catalogue Value		\$255,538	\$261,077	\$272,154	\$294,308
Assets					
Inventory					
Stamps	10%	25,554	26,108	27,215	29,431
Accessories		0	0	0	0
Total		\$25,554	\$26,108	\$27,215	\$29,431
Capital Equipment		6,000	6,000	6,000	8,000
Total		\$31,554	\$32,108	\$33,215	\$37,431
Sales					
Stamps at CV	65%	36,000	72,000	144,000	288,000
Accessories		0	0	0	0
Total		\$36,000	\$72,000	\$144,000	\$288,000
Cost of Sales					
Stamps		5,538	11,077	22,154	44,308
Accessories	70%	0	0	0	0
Total		\$5,538	\$11,077	\$22,154	\$44,308
Gross Margin on Sales	85%	\$30,462	\$60,923	\$121,846	\$243,692
Number of Staff		0	0	1	3
Operating Expenses					
Salaries		0	0	15,000	45,000
Employee Benefits	25%	0	0	3,750	11,250
Rent		0	0	6,000	12,000
Insurance		316	321	532	974
Utilities		600	600	1,500	3,000
Advertising		3,600	7,200	14,400	28,800
Supplies		3,600	7,200	14,400	28,800
Shipping & Transport		3,600	7,200	14,400	28,800
Other		600	600	1,200	2,400
Total		\$12,316	\$23,121	\$71,182	\$161,024
Income from Operations		\$18,146	\$37,802	\$50,664	\$82,668
Financial Expenses					
Interest on Inventory	12%	3,066	3,133	3,266	3,532
Depreciation	20%	1,200	1,200	1,200	1,600
Total		\$4,266	\$4,333	\$4,466	\$5,132
Net Income Before Tax		\$13,880	\$33,469	\$46,198	\$77,536

Here the average selling price is lower; however, the operating expenses are also much lower, assuming the dealer in columns one and two is operating out of his home and in columns three and four he merely needs an out-of-the-way office and stockroom. Even so, expenses still exceed thirty-five percent of sales, and cost of sales therefore must be minimized. Once again, the ten percent buying price.

Ninety percent of the full-time stamp dealers in the country have an income less than \$40,000. To get this the owner also must be the accountant, stockkeeper, sales clerk, secretary, and janitor. He will probably work a sixty to eighty-hour week. He will have twenty-plus years of experience as a collector and/or dealer. For a retail store operation, he must be willing to invest a substantial amount of his own capital in a business with a fifty percent chance of failure within two years. If he's really successful, he will make a good income but certainly not get rich.

(To Be Continued in July Issue)

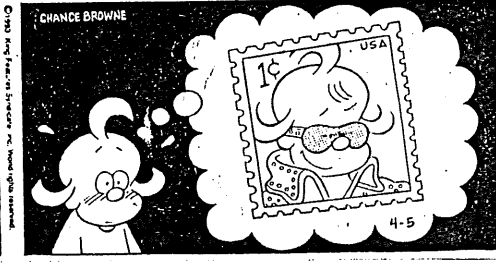
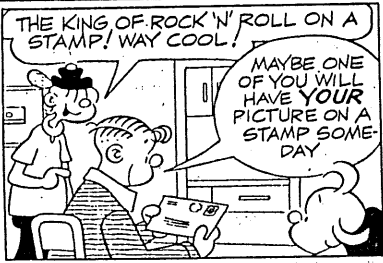


J U N E M E E T I N G

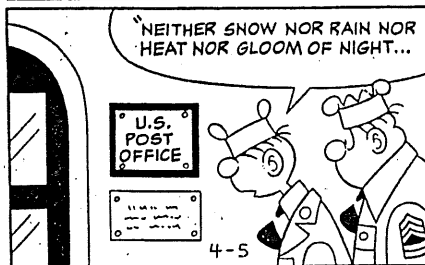
Let's have a large turn-out at our June meeting to hear our distinguished guest, Dr. Beatrice Killough, Professor at Millersville University. Post cards will be mailed out prior to the meeting as a reminder.

Co-Hosts for June will be the Greiners, Truyde and Bill.

HI AND LOIS



BEETLE BAILEY



FAMILY CIRCUS

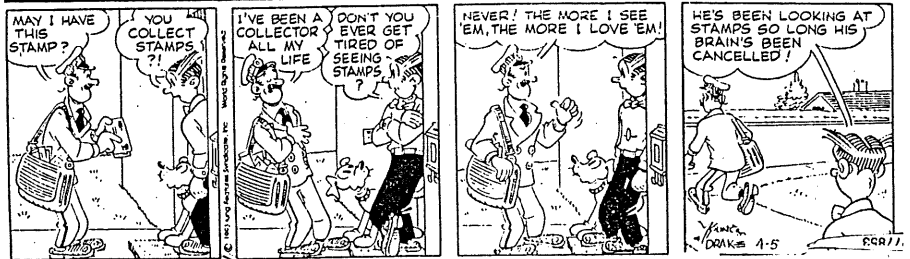


Maybe Monday, April 5, is "National Postage Stamp Day". If so, I've been unaware of it, bearing out my wife's contention that I'm unaware of most things going on around me. If it isn't NPSD, what are the chances that five comic strips in one paper on the same day would have as their themes, postage stamps and the collecting of same?

No matter, we in stampdom should be grateful for the free publicity our hobby has garnered, especially with the million or more pre-teens who read the comics daily. -- Jim Lyman

POSTSCRIPT: The mystery was solved a week later when a small article appeared in the paper to the effect that the cartoonists banded together to have stamps as their theme in order to influence the U.S. Postal Department to issue a stamp honoring cartoonists.

BLONDIE



PEANUTS



UPCOMING STAMP SHOWS

Reading 1st. Sunday Stamp Show
Holiday Inn
2545 N. 5th St. Reading, PA
10 AM to 4 PM -- August 1

The Chesco 3rd Sunday Stamp Show
Holiday Inn
Route 100 (1 mile S of Tnpk Exit
23)
Lionville, PA
10 AM to 4PM -- May 16

Spring-Ford Stamp Show
Ridge Fire Co. Pavillion
Rt. 23, Spring City, PA
10 AM to 6 PM Sat
10AM to 4PM Sun. Sept. 11-12.

Keystone Federation Stamp
Exhibition
Horticulture Hall
York Fairgrounds
334 Carlisle Ave., York, PA
11 AM to 7 PM Friday
10 AM to 5 PM Saturday
September 24-25

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Special Notice

In accordance with the Newsletter policy of printing ten issues per year, there will be no Newsletter in June. (Marilyn Shirley will be visiting her daughter in California for a month.)

