Peter Eastway's Photo Business Handbook

Business Planned: What A Plan Might Look Like!

PHOTO BUSINESS

BOOK 6

How To Use This Publication

This publication may give you an idea of what a business plan looks like.

The figures and ideas are ficticious - but hopefully somewhat sensible to give you an idea of what you could be producing.

This business plan only looks at the numbers in a superficial way. There is no budget or cashflow statement - these can be produced by your accountant or bookkeeper and are recommended. However, even if you don't create a budget or a cashflow, this business plan will have you heading in the right direction.

So, enjoy my sense of humour and optimism when warranted.

Peter Eastway

01 | Dream A Little ...

Time to dream a little! Don't hold back - push yourself further than you think you should!

If you are young, do this worksheet for 20 years in the future. If you are older, do it for your retirement.

How old will you be?	Age:	50
How many working years do you have until then?	Years:	25
Will you own your own house?	Yes/No:	Yes

Describe your home and its location:

My house will be in sight of the beach so I can sit up in bed and see if the surf is any good, or if I should sleep in. It won't be right on the beach because it is too noisy in summer. It will be two storeys with the bedrooms upstairs, the living areas downstairs and a garage underneath for my flying saucer. It will have a sandstone base and a tin roof because I like hearing the rain.

How will you spend your time in the future?

I will spend half the year travelling, skiing the few remaining pockets of snow and photographing the few remaining landscapes. The other half will be spent at home, editing and exhibiting my photography. I'll also do some pro-bono work for charities and attend the national photography conventions where I will tell all the young people how good photography was in the days of film.

What annual income will you need to live on?	$	100000
(Complete the calculation column opposite to find your annual living expenses).		
Funds invested needed to support this income:	$	1000000
(Multiply your annual Living Expenses by 10. This is an absolute minimum.)		
Divide this figure by the number of working years you have.	$	40,000
(This gives you some idea of the savings program you need to reach your goals.)		

Future Living Expenses

Weekly Expenses	**$**
Food	200
Alcohol	100
Personal Needs	100
Entertainment	100
Child care	
Education	
Hobbies	100
Other	100
Total Expenses Weekly	700
x 52 for annual total	36400
Monthly Expenses	
Rent/Mortgage	
Clothing	250
Electricity/phone	400
School Fees	
Non-business car	400
Medical	300
Other	350
Total Monthly	1700
x 12 for annual total	20400
Annual Expenses	
Council/Water Rates	2,000
Home Maintenance	3,200
Insurances	2,000
Holidays	25,000
Home Furnishings	2,000
Presents/Gifts	5,000
Health Insurance	4,000
Income Tax	
Other	
Total Annual	43200
Grand Total $	100000

02 | Life Outside Work

In this column describe your Lifestyle today:

Family Life

I am holding down two jobs and trying to do photography as well. I don't see the family nearly enough.

Health & Fitness

I am pretty fit, but putting on a few kilograms because I don't do enough exercise.

Recreation

I go skiing a couple of times a year, but I really just sit at my computer and work, either on the website or using Photoshop. I am a boring photographer with no social life.

Financial Security

I can't give up my day job as a plastic surgeon because photography income is so erratic, who knows where the next job will come from.

Ethics

I always worry about how much I am charging for the photos I take. I mean, I'd be happy to do them for free, but I know that this is no way to run a business.

Use this column to describe your Ideal Lifestyle:

Family Life

I'd like to work a maximum of four days a week. This would give me three days to spend at home, either with the family or fixing up things around the house.

Health & Fitness

I need to go to the gym at least three times a week, plus make time for a surf at least twice a week. If I have three days a week off, this should be possible.

Recreation

I would like to have two international ski trips each year, one surf trip with some old mates, and time to shut the studio if the surf is good - so that might mean hiring staff to look after the business.

Financial Security

I need to build up the business and put away $20,000 in a bank account. Having this money there will be a great safety net, so if the photography business goes quiet for a few weeks or months, I can weather it out. I also need to be putting away money for superannuation. I need to ensure my business earns enough to let me do this.

Ethics

I need to charge a fair fee for my photography, but I don't want to rip people off or use pressure sales techniques. I figure by offering a money-back guarantee, I can ask for a higher price and if people don't like it, they don't need to hire me. If someone has a complaint, I won't take it personally, but I will always ensure the customer is right! My reputation is very important to me.

03 | Business Today

Describe your business (what type of photography, what part of the market, what style, what pricing, etc. - a general overview):

I am a portrait and wedding photographer. I am only charging $1000 for a wedding, so I am aimed at the bottom of the market.

What are your best business skills (Are you good at photography, bookwork, invoicing, marketing, negotiating, selling, etc.)?

I believe I'm really good at photography, although I can always learn more. Marketing and accounting I have no idea about, and I'm not very good at negotiating or selling either!

What types of photography do you sell (corporate, weddings, etc., but be more specific - photojournalistic weddings, or website corporate, etc.)?

I sell photo-journalistic weddings on a USB drive. I take as many photos as I can and run them through Lightroom with an automatic preset. I think there are other options out there and I could definitely expand my services.

What facilities do you offer? (Do you have a studio, all your own lighting equipment, an assistant, external services such as web design, etc.)

At present, I work from home, so all I provide is my camera and lens, a flash and my computer loaded with Lightroom.

Who are your best customers? (If you don't have any, leave this blank, otherwise describe the people who spend the most with you.)

My only customers are friends and friends of friends. However, they are generally people who don't value photography that much.

What are your best photography skills (Are you good at dealing with people and portraiture, are you better on site with engineers and architects)?

Once I'm at the wedding, I think I'm pretty good with people. I seem to have the mothers in the palm of my hand because I'm so good looking, and this helps keep the wedding on track.

How good are you at marketing your business? (Be honest - you may need help!)

Hopeless! That's why I'm doing this plan.

How do your customers perceive you in the market? (Are you cheap, good, expensive?)

I am perceived as being cheap.

Are you generally happy with your business?	Yes / No	No
Is your business growing?	Yes / No	Yes

(Complete the Profit & Loss Summary opposite – refer to your tax return or accountant's figures.)

Do you want to build and improve your business?	Yes / No	Yes

Profit & Loss Summary

From Tax Returns		Last Year	2 Years Ago
Gross Income	$	100,000	85,000
Less Direct Expenses	$	15,000	22,000
= Gross Profit	$	85000	63000
Less Overheads	$	25,000	25,000
(Excluding Family Salary)			
= Net Profit & Salary	$	60000	38000
Gross Profit		85 %	74 %
Net Profit		60 %	45 %

04 | Family Finances In 5 Years Time

FAMILY INCOME		**STEP ONE – CURRENT**			**STEP TWO – FUTURE**		
Business Net Profit (from last tax return - see Worksheet 03)		$ 60,000			$ 255,000		
Spouse's Other Income		$ 25,000			$ 0		
Investment Income		$ 0			$ 5,000		
less Income Tax (enter as negative number)		-$ 20,000			-$ 60,000		
TOTAL FAMILY INCOME				$ 65,000			$ 200,000
less FAMILY EXPENSES							
WEEKLY	Food	$ 200			$ 400		
	Alcohol	$ 50			$ 100		
	Personal needs	$ 50			$ 100		
	Entertainment	$ 50			$ 100		
	Child Care / Education				$ 100		
	Hobbies	$ 50			$ 60		
	Other	$ 80			$ 100		
TOTAL WEEKLY EXPENSES (multiply by 52 to get annual total)		$ 480	x52	$ 24,960	$ 960	x52	$ 49,920
MONTHLY	Rent/Mortgage	$ 1,500			$ 3,000		
	Clothing	$ 200			$ 400		
	Electricity/Phone	$ 400			$ 800		
	School Fees						
	Non-business car						
	Medical	$ 300			$ 600		
	Other	$ 100			$ 200		
TOTAL MONTHLY EXPENSES (multiply by 12 to get annual total)		$ 2,500	x12	$ 30,000	$ 5,000	x12	$ 60,000
ANNUAL	Council/Water Rates	$ 2,000			$ 2,000		
	Home Maintenance	$ 1,000			$ 2,000		
	Insurances	$ 2,000			$ 3,000		
	Holidays	$ 2,000			$ 40,000		
	Presents/Gifts						
	Health Insurance	$ 3,000			$ 3,000		
	General Savings				$ 30,000		
	Retirement Savings				$ 10,000		
	Other						
TOTAL ANNUAL EXPENSES				$ 10,000			$ 90,000
TOTAL EXPENSES (Add weekly, monthly and annual together)				$ 64,960			$ 199,920

TOTAL EXPENSES should approximately equal FAMILY INCOME. If not, rework your figures until they do!

05 | Five Year Personal Plan

FINANCIAL STEPPING STONES

This comes from Worksheet 4, Business Net Profit, Current

This comes from Worksheet 4, Business Net Profit, Future

INCOME	NOW	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Business Wages & Net Profit:	$ 60,000	$ 80,000	$ 110,000	$ 150,000	$ 200,000	$ 255,000
Spouse Income:	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 10,000	
Investments:			$ 1,000	$ 2,000	$ 3,000	$ 5,000
TOTAL INCOME:	$ 85,000	$ 105,000	$ 136,000	$ 177,000	$ 213,000	$ 260,000
Planned Annual Increase In Business Income:		$ 20,000	$ 30,000	$ 40,000	$ 50,000	$ 55,000

These are the increases in your business income and do not take into account your spouse's or investment income. We want to calculate how much extra your business needs to earn for you.

PERSONAL GOALS

FAMILY LIFE:

To spend more time with the family during the week, just hanging around.

HEALTH & FITNESS:

To get to the gym three times a week and to have at least two surfs.

RECREATION:

To spend one day a week just hanging around with the family, perhaps go fishing or take the kids to the beach after school.

ETHICS:

As the business grows, I want the business to retain a personal approach so that clients always feel at home. And the way I sell my work is because clients want to buy, not because I am pushy.

OTHER:

DATE TO REVIEW THIS PLAN: 30/12/2015

06 | Mission Statement

To provide the highest quality, creative imagery with quick turnaround times and super friendly service.

USP

I offer a distinctive and creative style of photography which is suitable for both families and executive portraiture. I can shoot on location or in the studio and have the experience to handle any job. I also have special people handling skills that help me deal with everyone from the MD to the cleaner, from dad to the kids, and if you're not completely happy with the work I've provided, you needn't pay the bill!

07 | Year 1 Financial Goal

What Gross Sales Do You Need?

Get Last Year's figures from the 03|Business Today Worksheet for the left column. You really only need the Net Profit Percentage.

Next, to calculate Projected Gross Income for this year, grab the Business Wages & Net Profit figure from Year 1 on your 05|5 Year Personal Plan worksheet and divide by the Net Profit Percentage.

	Last Year $	Projected $
Gross Income	100000	133,333
Direct Expenses	15000	
Gross Profit	85000	
Overheads	25000	
(Excluding Family Salary)		
Business Net Profit	60000	80000

Divide Business Net Profit by Gross Income to get Net Profit %

Net Profit Percentage 60 %

This figure is the gross income or sales your business needs to earn in Year 1 of your business plan. This is your first goal.

Divide Business Net Profit by Net Profit Percentage

From Worksheet 5, Year 1, Business Wages & Net Profit

If you haven't been in business before and you don't have a net profit percentage, then use 40% as a starting point.

How Much And How Many?

Your goal is to increase your income, but how? Will you increase how much you charge, or how many jobs you do, or a bit of both?

Gross Income Last Year [A]	$	100,000
Required Gross Income This Year [B]	$	133,333
Increase in Gross Income [B] - [A]	$	33,333
Total number of jobs you did last year [C]		125
Average invoice value required for plan[B]÷[C]	$	1,067
Average $ value of invoices last year [A]÷[C]=[D]		800
No. of jobs required for business plan[B]÷[D]		167
No. of jobs required each week for business plan		3

Where Can You Reduce Your Business Costs?

There's no point spending more than you have to. What areas of expenditure can be reviewed or trimmed?

Studio & Equipment Hire?

As I am working from home, there's not much I can do about studio and office costs. I need to hire a studio from time to time, as well as equipment I can't afford to buy. In the long term, buying the equipment will save money.

Printing, albums, photo books?

As I want to aim for the top of the market, the quality of physical products is very important. I don't want to use second tier suppliers, but perhaps I can talk to my current suppliers and see if they can offer me a better price. I'll aim for a 5% discount.

Utilities - electricity, telephone, internet, rent?

Time to review my telephone plans and see if there are better packages available.

Assistants, staff?

Rather than hiring a person to help with the new aspects of the business, I'll streamline the processes I do so I can do most things myself.

Other?

08 | Market Analysis

Describe the type of business I want to own (ignoring what my clients want):

I want to have a high end wedding photography business, shooting just 20 weddings a year, but charging a lot for them. I also want to shoot portraits for these clients as they have families, again at the high end, so I am working just 4 days a week.

Who are the customers for this type of business?

It's hard to pick the type of customer. I often think of wealthy professionals, but often blue-collar workers will spend just as much on photography. I guess I need clients who value photography.

Do these customers want what I want to give them at the price I want to sell it? If the answer isn't yes, changes need to be made.

I hope so!

What sort of service and back-up is important to them?

If I'm charging a high price, I need to give them a great product. Think of Tiffany's. High quality products with great packaging. I need to re-invent myself to achieve this.

What type of business is currently servicing these buyers? What do they do particularly well, if anything?

There are not many photographers in this market because it is such a small market. However, they have smart looking premises, great looking websites and their photography really is very good. I will need to lift my game to compete with them.

How can I provide a better service? How will I do this?

I can provide a better service at both weddings and portrait sittings by creating more of a sense of theatre and entertainment. I'll use more artificial lighting (studio flash), engage a photography assistant, and have refreshments on set.

Is there a market niche I can fill that is not being serviced?

I will explore the idea of black and white portraits, family heirlooms that clients can have produced after a wedding or a family portrait sitting.

Is my existing customer base happy with my service? What do they like the most?

I think my existing clients like my personality and my reasonable prices. It may be a challenge to find clients who are prepared to pay more. I guess I need to show them more value in what I do and what I provide.

Are there other services I could offer them? What would these services be? Why would they be attractive to these clients?

With weddings, I can employ a second shooter to give a broader coverage. I can look at adding in extra products such as a smart phone audio visual presentation, and creating large prints from the wedding, but as landscapes like Marcus Bell.

For portraiture, I am thinking in terms of a series of shoots during a year that can culminate in a family album or photo book that represents a year in their life. This would need to be a premium service.

Can I follow up old clients to see if they have any new needs?

My past wedding clients are ideal suspects for my new portrait photography business.

09 | The Business Plan

This will possibly be the hardest part of the business planning process - what are you actually going to do as a professional photographer?

I live in a reasonably affluent area with lots of young families and I enjoy portraiture.

I am going to offer a family portraiture service, using prime lenses with apertures of f1.2 or f1.4 so I can produce distinctive individual portraits of children, with their eyes sharply focused and the background thrown into a romantic blur. I will shoot by available light or using the modelling lamp from my studio flash, and give clients the choice of being photographed in the studio, at their home or a location that means something to them.

All images will be captured digitally as JPEGs and raw files, and transmitted directly from the camera to my laptop. At the end of the shoot, I will give the family refreshments while I quickly load the photos into ProSelect software so the family can view and select their images immediately.

This should enhance the portraiture experience, seeing the images immediately, but knowing that the ‘fine art’ portraits will take longer to produce, print and frame.

After the shoot, the selected images will be finessed in Photoshop and then output to either a high gloss Fujiflex finish (using traditional photographic processing with The Edge Photo Imaging in Melbourne), or printed onto Canson BFK Rives matte paper using an Epson 9900 and archival materials.

This is the outline of the plan - the big picture. After the planning process, then I need to sit down and work out all the fine details to make this plan work - the skills, the marketing, the pricing etc.

10 | Marketing Approach

Current Customers

Strategy 1:

Wedding Photography Clients
Create a series of different photography packages, including high priced options, and present them on my website. As I already have a lot of people visiting the website, I need to offer them a broader range of services, rather than the cheap packages I do now.

Resources:

Create sample albums and portfolios, new price list, website, social media promotional plans

Budget $: 1,000

New Customers

Strategy 2:

High End Portraiture
Offer a year in the life of a family service, photographed over a number of days, with the end result being an heirloom photo book, with multiple copies so each child receives one as well.

Resources:

Create sample photo books, do a couple of example shoots with old clients at no charge, new website pages, price list, packaging development.

Budget $: 1,000

Strategy 3:

Sell my landscape prints.
I have a lot of existing clients who like photography, so why not produce a range of arty landscape photos they can buy as gifts or home decor?

Resources:

Create a portfolio of landscape images, produce prints and portfolio book, website pages, price list and packaging.

Budget $: 1,000

11 | Resources

			Lump Sum Cost		Monthly Payments
Equipment	Wide aperture lenses for portraiture	$	$ 5,000		
	ProSelect	$	$ 750		
		$			
		$			
		$			
Image/Marketing		$			
Shop/studio maintenance		$			
Shop/studio decor		$			
Stationery design		$			
Website design	New pages for portrait and landscape	$	$ 2,000		
New portfolio	Portrait and landscape	$	$ 500		
Printing - stationery		$			
Printing - display prints		$	$ 500		
Display albums/photo books		$	$ 500		
Seminars & courses	Up skill for portraiture	$	$ 2,000		
Advertising/promotion	Social media blasts	$	$ 1,000		
Staff/Labour				$	
Assistants / Sales Staff	Part time sales help			$	$ 2,000
Marketing (rep)				$	
Administration				$	
Other				$	

Calculate the amount to be paid as a lump sum:	$	$ 12,250		
How much of this do you need to borrow or finance?	$	$ 12,000		
Estimated monthly repayment of these borrowings (divide by 12):			$	$ 1,000
Total Monthly Increase in Overheads (add In staff labour etc)			$	$ 3,000

Your Year 1 Financial Goal may need to be adjusted to reflect these resource costs

12 | Timetable

	Time Needed	Deadline Date	Completed
Planning	2 days	31 March	
Preparation	2 weeks	30 April	
Arranging Finance	half a day	15 April	
Portrait shoots with example families	2 days	20 April	
Prepare sample landscape photos	2 days	30 April	
Material to website designer		1 May	
Website testing	1 day	15 May	
Website live, first social media campaign		31 May	
Review	half a day	30 September	