

Introduction

Focus on Profit: The Business of Photography

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Photography is a popular avocation. Thousands of people pick up cameras each year and join the throng. But their ambition, first and foremost, is to support their art, not to run a business.

When artists struggle with the unanticipated reality of becoming entrepreneurs, they don't (or can't) always act like responsible business owners. Because of that, they have trouble being taken seriously. Yet, they become indignant when they feel threatened economically—which they undoubtedly will—as they complain about the leverage of a corporate economy unfairly poised against them. They wring their hands wondering why they have a meager or—worse—a negative cash flow, yet they are typically three days into their current photo assignments and six weeks behind on paperwork. That conundrum in particular has a disproportionate and adverse impact on the entire community of commercial photographers. One of its insidious consequences is a high rate of attrition, as many of them fail financially. Another is a steady decline in licensing fees and profitability for those who manage to cling to their careers.

For every beginner who goes out of business, a more established colleague is likely to bite the dust right alongside because his pricing and trade practices were undermined by inexperience and recklessness. In that way, novices can do a tremendous amount of damage to established professionals before they learn how to price themselves fairly and competitively in the marketplace. Therefore, the concern is not for those photographers who already know how to run a profitable business, but for those who do not yet have the capacity to do so.

The Old Formula

Conventional wisdom has always defined a simple formula for financial success in photography, as well as any other small business:

$$\text{Income} - \text{Cost} = \text{Profit}.$$

That means, if you take the total of what you earn and subtract what you spend, what is left over—assuming you’ve billed enough—is profit, the fruit of your labor. But that formula implies that profit is what a photographer takes out of his business to live on, that it’s the same as a salary. At least that’s what photographers have taken it for granted to mean. Unfortunately, it is a mistaken idea. Salary does not equate with profit; it is a cost.

Whatever conditions that might have existed in the past, allowing photographers to escape the consequences of a haphazard accounting for profitability, no longer apply because the nature of the photo business has changed too much. For one thing, it has become more competitive; and that is reason enough for all photographers to reexamine how they work. With that in mind, one thing will never change, the criterion all the world uses to measure the success of any business: profit.¹ Therefore, it is imperative to thoroughly understand the nature of profit, how it is accumulated, and how it can be used as a tool to enhance your success.

The most fundamental precept of this book is that you cannot run a business for long without earning a profit. Photography is no exception. After all, once you’ve become addicted to using cameras and film, it is the business side of the equation that makes it possible to support your habit financially. Only by participating in commercial transactions can you earn enough money to pay for the production costs of creating new and better photographs while earning a living at the same time, unless you are independently wealthy. Unless your business is profitable (profitable enough to pay for its own overhead costs plus a personal salary for you) it is difficult just to *be* a professional photographer.

A New Formula for Success

It used to be hard for students of photography and working pros alike to acquire the particular kind of knowledge that helps make a business profitable. Consequently, with little understanding about where profit comes from and how it can be used as a tool to help grow a business, many photographers who might have thought they were earning a profit just because they could usually find some money in their checking accounts were actually just “getting by” instead. They were working hard and surviving but not necessarily thriving. Therefore, photographers must be determined to define a new formula for success, one that includes a realistic definition for profitability that is simple to understand and practical enough to yield positive results, a sort of General Theory of Profitability.

¹ A Wall Street phenomenon like Amazon.com, which has earned its astronomical market value without ever having turned a dime of profit, can be considered an exception, albeit one that is alien to the context of a photo business.

This isn't rocket science; it's just a different way to present information about running a business by providing photo students and professionals alike with a technological innovation that makes it practical to use the information in this text. Albert Einstein spent the latter years of his life searching for a Unified Theory pertaining to physics, trying to tie all of the seemingly disparate laws of the universe, including his General Theory of Relativity, into one cohesive explanation. His successors are still working on that puzzle. While the comparison is whimsical, that sort of goal is achievable within the tiny universe of photography, to create a workable context for such ideas as the relationship of a "day-rate" to the concepts of copyright protection, profitability, and the growth of a small business—if not the expansion of the universe!

By the way, none of this is meant to imply that the definition of profit is different for photographers than for people in other professions. It just means that misconceptions have prevailed for so long within the culture of photography that they have led to an apparent decline in earnings throughout. It has become progressively harder to earn a living shooting pictures.² But that problem is a legacy of the past. Its manifestation was a lackadaisical attitude about business that has led to those insidious consequences of lower prices and, ultimately, failed attempts to make a living in a cherished profession. That kind of legacy need not prevail into the future because, happily, the interrelated causes of this problem have been identified. Now they can be addressed. You can personally affect this kind of positive change yourself by acknowledging the three causes of the problem:

- 1) There once was a belief within the academic community that commercial success had a corrupting influence on photography, that photography was only about art, and that making money had to take a back seat if a photographer's work was to be considered respectable. No one really believes that anymore. No one can afford to, literally. But there used to be a stigma attached to the idea of striving too hard to be profitable. It was unspoken, of course. But neither did anyone in academia speak out for a curriculum that included teaching how to run a money-making business.
- 2) No one, neither the leadership of professional trade associations, educators, working pros, nor clients had until recently recognized and tried to institutionalize the administrative differences between the business of photography and other kinds of small businesses populated by freelancers. We now recognize that the business of

² As an example, refer to "Editorial Day Rates" on page 8 of the ASMP *Bulletin*, June 1999. <http://asmp.org>

photography has its own idiosyncratic administrative rules. These are called *best practices*.³

- 3) The technology did not previously exist to help administratively-overburdened, freelance photographers put their knowledge, whether it was learned in school or on the job, to practical use. Since the cost of computers has continued to decrease dramatically, all freelancers now have sophisticated business-automation options available to them. The examples in this book will make use of software called PhotoByte®.⁴

Fixing the First Problem: Art vs. Commerce

Educators and commercial photographers have discovered that they have more in common than they had previously thought. First of all, they now realize why that old canard about “the nobility of starving artists” is a lame duck.

It used to be that only a few commercially successful photographers received the embrace of academia and, then, only because they happened to make art *in addition* to their commercial work. It seemed that their essential commercialism—their accomplishments in business, their knowledge about it, and the money they made—was hardly considered relevant if not downright tainted. A belief prevailed that art and commerce were innately incompatible, that only a very few exceptional photographers might transcend “crass commercialism” and, then, only if they could achieve a parallel breakthrough in their reputations as artists. Such a “breakthrough” would require either an exhibition, the publication of a book, or a photo-essay in, say, *LIFE* magazine. In that context becoming successful in business was merely considered incidental to achieving recognition, first and foremost, as an artist. By itself success in business didn’t count for very much, certainly not for garnering the esteem of your peers. Consequently, because of this condescending attitude towards commercial success, there wasn’t much of a dialog between those who practiced

³ It is probably irrelevant who invented the term, even though it is used commonly throughout the business world, but *best practices* has been institutionalized by the consulting firm of Arthur Andersen. Companies that utilize best practices focus on their customers, create growth, reduce cost, and increase profits. Freelancers can do that too. Whereas Andersen refers to best practices primarily in the context of marketing and customer service within large organizations, we also use the term to apply to processes of business administration within the photo industry that facilitate a productive relationship between photographers and their clients. <http://www.arthurandersen.com/bpbook/aboutbp.asp>

⁴ See *What Is PhotoByte?*

commercial photography and those who taught others how to do it. But that has already changed.

Since the early 1970's when photography-degree programs first began to proliferate in higher education and as many young photographers entered the marketplace, learning business by the seat of one's pants had been the norm. But with such a sudden influx of new photographers came increased competition. With the lack of an established business model to follow, there also came confusion, frustration, and very often failure in spite of their education and talent. Some of those photographers who survived, the tyros of the 60's and 70's, have become or are now becoming instructors themselves. Among them are not just commercial shooters but also artists and photojournalists who found themselves exposed to peer competition for grants, commissions, exhibitions, print sales, and other publishing opportunities. All of them were just as concerned back then about earning a living as they were about getting published. But their relatively more recent competitive experiences triggered an evolution in thinking that is manifest today. It opened their minds to a larger economic issue, one that their ostensibly more "mercenary" colleagues had recognized all along: the market for art is no less commercial than the markets for editorial, corporate, and advertising photo assignments.

Now there is less aversion to teaching business courses right alongside courses devoted both to art and the technical side of photography. Nevertheless, many photo instructors, while fluent in the language of light and the techniques of expressing ideas visually, have had no formal training in business administration or economics. The responsibility for teaching business was often foisted upon them anyway because there was no one else available to do it. When they sought help from their business-instructor colleagues, they found that the practice of small business in general, let alone the practices of freelance photographers in particular, were not included in any curriculum. So it was rare that a business professor was ever assigned to teach photo students about the commercial aspects of any particular avocation. And whenever the topic of business did find its way into the curriculum, its instruction had little relevance to photography, dealing only with the bookkeeping and legal practices that are common to any small business. No emphasis was placed upon the overwhelming importance of wrapping a course specifically around the way photographers work in real life.

Until recently there had been scant recognition that the business side of photography had developed its own idiosyncratic, administrative work flow, its own methodology for earning and collecting revenue. The upshot is that it was no more effective to let a photographer teach students about business than it was to ask Bill Gates to teach a course in strobe-lighting at a community college. The photo instructor was always placed in an

awkward position, having to teach subject matter beyond his core competency and, well, who knows what kind of photographer Bill is?

Furthermore, the role of many liberal arts colleges and universities had traditionally been to train young minds for the pursuit of intellectual fulfillment, not necessarily to prepare them for commercial success. That role has evolved too. Increasingly, students and parents alike expect schools to provide a more substantial and practical preparation for career advancement. Schools now recognize that they must prepare students to become entrepreneurs! The importance of that fact is underscored by how relatively few photo students look for jobs in the corporate community after they graduate. For the most part they start their own businesses after a brief stint, perhaps, assisting other established shooters.

Assisting is a lot like graduate-school for photographers anyway, a form of apprenticeship. It's not usually a career choice. So to help meet this new demand, educators are keen to establish partnerships with experienced and commercially successful entrepreneurs, to open doors and to foster relationships with mentors in the world of commercial photography, the business of photography.

Fixing the Second Problem Through Leadership and Using Best Practices

There are many different kinds of professions, and there is surely no difficulty in telling one apart from another. It's obvious, for instance, that plumbers and insurance brokers represent different flavors of business than photography. But in addition to the clear distinctions that set one profession's products and services apart from those of any other with which it might be compared, it can be defined by the way it collects revenue. That kind of distinction is, perhaps, not so obvious, but it is the most important one from an administrative point of view.

To flesh out that idea, each profession has its own way of doing things, its own set of idiosyncratic procedures that has evolved over time. A great part of that involves collecting revenue, or getting paid. Each profession has its own rules or methodologies, its own documents and forms, trade practices, government regulations, and its own jargon; in short, everything that makes a business "look good on paper." Although these procedures vary widely from one profession to another, they are exactly the same for each individual *within* one given profession. All media photographers use the same business model, for example.

While there is no difference in the way photographers pay their bills and taxes as opposed to, say, dentists, carpenters, piano teachers, or attorneys, there are huge differences in the way they do their billing and track their workflow. A plumber doesn't need to track the whereabouts of film submissions and create copyright licenses for publishers. A photographer doesn't bill for pipes and spigots and hourly labor. A media photographer doesn't accept

credit cards, because he doesn't operate a retail, consumer business. It is a business-to-business enterprise.

Certainly, all small businesses have some fundamental aspects in common. But most of those things have to do with starting up, hanging out a shingle so to speak. After a while these are no longer everyday concerns. But, once you start competing in the marketplace to earn a living, there are certain administrative tasks that must be fulfilled day in and day out. That kind of responsibility requires one to follow some rules, no matter how much photographers like to do things their own way.

The leadership of the photographic community, which includes both commercial photographers and educators alike, including those who serve on the boards of professional trade associations, has finally begun to recognize the differences between administrative trade practices that support photography and those that support other professions. The business model that supports photography is unique. It has become clear that a collaboration is necessary between educators and working photographers to help codify and institutionalize these differences. To seed the industry with competent practitioners it is insufficient to teach generic business practices. What must be taught are practices both crucial and singular to commercial media photography.

In that light it's easy to see how the procedures used by one group of professionals won't work for any other one. A photo studio is not run like an architectural firm. A graphic designer's estimate is not likely to resemble the bid for an advertising photo assignment. But regardless of the methods specific to any one industry, officekeeping chores used to be performed haphazardly in the past, even manually. Insofar as photographers are concerned, they were forced to divide their time between being creative and being their own secretaries.

For freelance photographers who do not usually have a staff of administrative employees to help them, the flexibility to shift back and forth from creative imagemaker to business manager simply does not exist in a practical sense. But they keep on trying, like a dog trying to bite a basketball. While it's virtually impossible for a typically shorthanded freelancer to acquire the discipline and the time necessary to follow best practices, there is a next-best thing. It is a technological solution that automates the "administrivia" of running a business, one that puts officekeeping chores out of the way without sweeping them under a rug. The trick is to make it as effortless as possible to manage a business, to follow best practices without letting them get in the way of creativity. That's why exercises using software play an important role in this book.

It used to be that students of photography had no opportunity to learn about best practices until they became working pros. They would eventually join a trade association and become exposed, for the first time, to new ideas about ethics, competitiveness, profitability,

copyright law, and administrative responsibility. But, by then, they would have already made a number of costly mistakes. While many photographers have certainly survived such mistakes, they were still haunted by each new generation that was doomed to repeat them. Now, thankfully, business practices are being taught in school, so students can not only bring that kind of knowledge with them into the workplace, they can actually use it to sidestep the perils of reinventing the wheel. They can help sustain a better business climate for themselves and their already established colleagues.

Fixing the Third Problem with Technology

Including computer software as an integral part of this instruction provides readers with not only the *what-to-do* part of running a profitable business but, also, the *how-to-do-it* part. By integrating exercises based upon the use of dedicated computer software, it becomes possible to learn in a rich and contextual environment that will systematically help photographers achieve their goals.

For example, a “how-to” book on taking pictures naturally requires the use of a camera. What will prove invaluable while reading *Focus on Profit* is the inclusion of software that interactively immerses you in the techniques of business administration while they are being learned. By receiving PhotoByte you are receiving a “camera.”

PhotoByte, the software included with this book, is a *business automation solution*. It is a synthesis of all the knowledge about administrative office procedures and skills that any photographer ever needs to know. It will keep you from becoming overwhelmed by officework. In fact, the software itself “knows” how to manage a photo business and it guides you step by step. At the same time, however, it is flexible enough to allow you to develop your own style of working, to let you determine the level of detail that is appropriate for the kinds of assignments you will be shooting. This combination of text and software are meant to prepare you to enter the world of commerce, where you must compete every day for the privilege of making photographs for a living.

Certainly, you have a right to follow your dreams and to fulfill your talent, but you must earn your status in the professional world with each and every assignment you shoot. The only other “rights” you have apply to your guarantees of protection under the law, insofar as commercial interactions with buyers are concerned. But your competitors enjoy those same rights too. So, the operative word is *earn*. You have to earn enough money to stay in the game. Just as diligently as you will practice the art and craft of photography, you must also focus on earning a profit!

By combining conventional course material with the introduction of a computer software business solution, we can now address the issue of preparing you for the rigors and

realities of earning a living. By automating your business—the administrative part, of course, not the shooting part—you will decrease the amount of time you spend behind a desk and increase your opportunities for success behind a camera. Ironically, however—and happily too—you will discover that you are creating *more* estimates, *more* delivery memos, and *more* financial reports than ever before, in spite of the fact that you are spending *less* time with a computer.

In technological jargon, there used to be a lack of *bandwidth* amongst photographers. Even those who were concerned about doing business the savvy way had no choice but to ignore the best practices advocated by their own professional trade associations, because they had no capacity to address the perplexities of business administration while trying to shoot pictures at the same time. But once you automate your business, that paradox no longer stands in the way of making a decent living and earning a profit. In fact, the problem simply disappears. As more and more photographers who possess not only a sound business education but the means to *use* it have entered the professional marketplace, a new set of *de facto* standards will emerge. They will raise the bar another notch for the entire industry of photography.