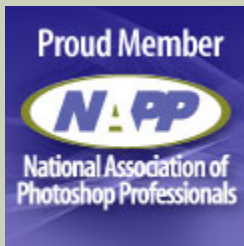


# CREATING A HOME STUDIO

MATTHEW DAVIES

Ft. Collins  
Digital  
Camera Club

Davies  
Creative  
Photography  
Workshops



- I've been taking photographs since I was 13
- Owner of Davies Creative Photography
- 20+ year veteran of the graphic arts industry.
- I've been an instructor all my life – hobbies as well as for work.

ABOUT ME

# DAVIES CREATIVE WORKSHOPS

- **Lectures - All teaching with no hands-on work**
- **Beginner - Education and hands on training. Little shooting.**
- **Intermediate - Combination of education and portfolio quality shooting. Often will involve models.**
- **Advanced - High level of educational content. Requires strong mastery of skills. Involves portfolio quality shots.**
- **Shootouts - No formal instruction. Models and lighting provided. Guidance and suggestions provided.**

# AGENDA

**Pros and  
Cons**

**Home  
Business**

**Elements of  
a Studio**

**Creating a  
Home Studio**

**Shooting in a  
Home Studio**

# PROS AND CONS

Pros and  
Cons

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# PROS OF A HOME STUDIO

- Expenses are reduced greatly.
- The best commute you can ever have.
- You can display your artwork in a real home setting.
- Complete control over your environment.
- Tax Benefits – Any area of the home dedicated 100% to the business can save you money.
- You can edit photos in your PJs.

# CONS OF A HOME STUDIO

- You have to dedicate or share some of your personal space with your business.
- You have to work even harder to keep everything a customer might see spotless (sorry for those with kids and husbands!).
- When your conducting business in your home, even though it's your home, it has to be professional.
- Family have to go into hiding when clients come over.

# CONS OF A HOME STUDIO

- You give up the benefit of being in a retail location that can draw walk-in business from foot traffic.
- Pets can become a real problem.
- Some people will succumb to the distractions of being home.
- Some people need the structure of going to work and coming home.
- Some people need the separation time in their relationships.
- Professional isolation.



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# CAN I RUN A HOME BUSINESS?

- Do you have a Home Owners Association?
- Does your city have any regulations against running a business from your home?

# HOME STUDIO AND BRANDING

- Everything about your business is a part of your branding.
- A home studio doesn't have to be unprofessional.
- Option 1 – Mold your studio after your brand.
- Option 2 – Mold your brand around your studio.

# BRANDING CHANGES ARE HARD

- If you already have a brand, branding changes take time, effort and money.
- If you outgrow your home studio and your branding is intrinsic to the home atmosphere, you will have challenges in moving.

# A HOME BUSINESS IS A REAL BUSINESS

- Make sure you assemble your business team.
  - Accountant
  - Lawyer
  - Banker
- An accountant will be critical in helping you maximize the tax advantages of a home business and avoiding audits.
- Make sure you make all required filings with the city, county and state.
  - Sales tax license
  - State registration
  - City license?

# PROTECT YOURSELF - INSURANCE

- Don't rely on your homeowners insurance.
- Make sure you have business insurance with plenty of liability and medical coverage.
- Equipment insurance – covering your business assets.
- Work with your agent to draft the best plan.

# BUSINESS PLANNING

- Have a plan – your business plan.
- Have another plan – your marketing plan.
- “Plan the work and then work the plan” – Tim Walden.

# BE SMART

- Debt is hard to overcome – control spending.
- Rent until you need to buy.
- Buy Used
- Upgrade for business reasons only.
- Often training (business and photographic) is a better use of money than additional equipment and software.



# PPA BENCHMARK SURVEYS

Real  
Answers  
From PPA

# WHAT ARE THE BENCHMARK SURVEYS?

- Gives recommended financial guidelines (benchmarks) based on data compiled from hundreds of photography studios.
- The findings of this industry-wide survey will help you understand why some studios are so successful, why others fall short on profitability, and what pitfalls to avoid.
- It gives an analysis of all the studios participating, as well as the best-performing studios.
- Studies were conducted in 2005, 2008 and 2011.

# PPA 2011 BENCHMARK SURVEY

- All home studios hit their best owner's compensation + net profit mark ever, 42.3%.
- The best-performing home studios in the survey beat all expense benchmarks and achieved a remarkable 50.1% owner's compensation + net profit. That means they kept 50 cents of every dollar they earned in sales.
- For the third straight Benchmark Survey, retail studios lagged behind home studios in overall performance

# 2012 BENCHMARK RECOMMENDATIONS

## Sales Volume Benchmarks

- Most home studios require a sales volume of approximately \$100,000 - \$150,000 to achieve a satisfactory profit level.

## Cost of Sales Benchmarks

- Spend no more than 25% of your total sales on your combined production costs. (Use a mark-up factor of 4 when pricing.)

## General Expenses Benchmarks

- It costs less to operate a home studio, so general expenses should not exceed 30% of total sales.

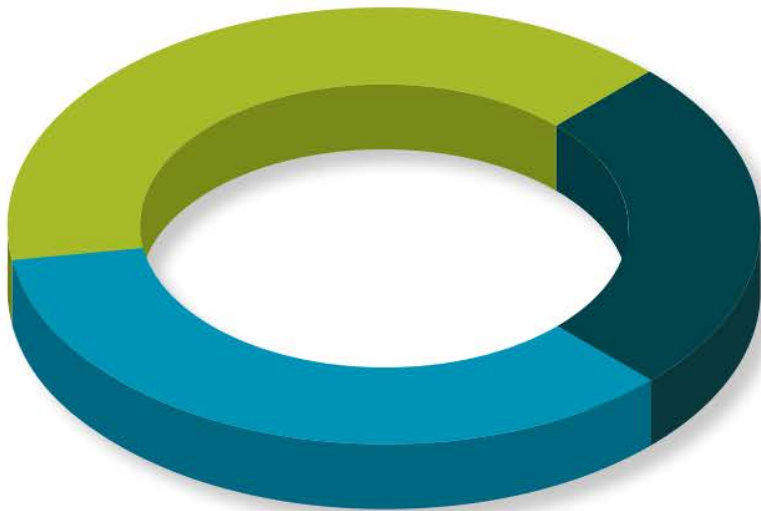
## Owner's Compensation + Net Profit Benchmarks

- Owner's compensation + net profit target is 45% of total sales.

# NEW 2012 HOME STUDIO BENCHMARK

## Home Studio

Sales Volume Target = \$125,000



**25%**  
Cost of Sales

**30%**  
Total General Expenses

Administration Expense .....12% - 13%

Employees (Sales/Administration) .....2% - 4%

Marketing Expense .....4% - 6%

Depreciation Expense .....3% - 5%

Building Expense .....3% - 5%

**45%**  
Owner's Compensation + Net Profit

# WHY USE BENCHMARKS?

- They provide a proven roadmap for studios to follow for financial success.
- They help you create your business goals.
- They give you a target to aim for (and exceed!).
- They help you get through the rough times.

## Owner's Compensation + Net Profit (in dollars)

Home Studios	Repeat Home Studios	All Home Studios
2011	\$ 57,974	\$42,070
2008	\$ 57,616	\$48,237

 **0.62%**

 **-12.7%**

# EXCEEDING BENCHMARK TARGETS

- The best-performing home studios outsold the rest of the participating home studios by \$90,535, bringing in \$190,103 in total sales compared to \$99,568.
- Best-performing home studios beat the rest of the home studios' bottom-line profit by nearly 8%.
- Better total sales and a higher owner's compensation + net profit percentage helped the best-performing home studios keep \$53,169 more in bottom-line profit: \$95,239 compared to \$42,070 for all home studios.

# ADDITIONAL PPA BENCHMARK TOOLS

- **Studio Self-Evaluation Tools**
  - How Does Your Studio's Cost of Sales Compare to the Benchmark?
  - How Does Your Studio's Overhead Compare to the Benchmark?
  - How Does Your Studio's Marketing Compare to the Benchmark?
- **Webinars**
  - *How to Measure Success: Key Findings from the New PPA Benchmark Survey*
  - *What Can the Benchmark Tell You About Your Business?*
  - *Meeting the Benchmark: Top-performing Home-based Studios Tell Us How They Did It*
- **PPA Business Handbook**
- ***Ideas to Help Your Business Grow* info sheet.**



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# PORTRAIT PHOTOGRAPHY WORKFLOW



# BUSINESS MANAGEMENT & MARKETING

- Space to plan and execute your business.
- Storage of marketing materials.
- A quiet place to make and receive calls.
- Tracking system for business operations and marketing plan.

# CONSULTATIONS

- Space to meet with customers.
- Display of products (selling starts before shooting).
- Technology for showing slideshows of work.

# SHOOTING

- Space to set-up backgrounds, lighting equipment and props.
- Storage for equipment and props.
- Changing area for clothing changes.

# EDITING

- Editing workstation, ideally with control over ambient light.
- Really good sound system.

# SELLING

- A way to display customer images.
- Samples of products you want to sell.
- Refreshments.

# FULFILLMENT

- Job tracking – job bag system.
- If you print your own products – a printing system.
- Finishing of products – framing, wrapping, bagging.
- Staging of finished product ready for customer pick-up.



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# ELEMENTS OF THE IDEAL HOME STUDIO

- Separation of studio space from personal space.
- Separate client entrance direct to studio space.
- Dedicated bathroom for the studio.
- Significant storage space.
- Significant shooting space with high ceilings.

# OPTIONS FOR CREATING A STUDIO

FROM MOST TO LEAST EXPENSIVE

- Build a new home.
- Buy a new home.
- Add an addition to your home.
- Add external buildings to your property.
- Convert existing space.
- Share existing space.

# MAKING SPACE - GARAGE

- Easy to make into a finished space.
- Usually provides one of the largest open floor spaces.
- Often gives you higher ceiling space.
- Provides an easy separate entrance option if one doesn't already exist.
- Provides access to a large volume of natural light.
- Can even extend shooting space.

# MAKING SPACE - BASEMENTS

- Often already a finished space.
- Easy to make into a finished space.
- Possible to add a bathroom for clients.
- Usually provides one of the largest open floor spaces.
- Easier to separate from the rest of the living space.
- Might have to fight someone for their man-cave.

# MAKING SPACE – LIVING ROOM

- A living room / family room is usually already designed as a comfortable seating area for consultations & sales sessions.
- Provide a good room for displaying wall portraits in context while acting as the sales room.
- Gives one an excuse to get a much larger TV.
- It's often near the front door providing a short trip through living spaces for clients.

# MAKING SPACE – HOME OFFICE

- If you already have a room dedicated to a home office, you're in good shape for covering many of the workflow options.
- Business activities, editing and storage can all be conducted efficiently here.
- It's usually already wired with extra outlets, phone jacks and networking connections.

# MAKING SPACE – GETTING CREATIVE

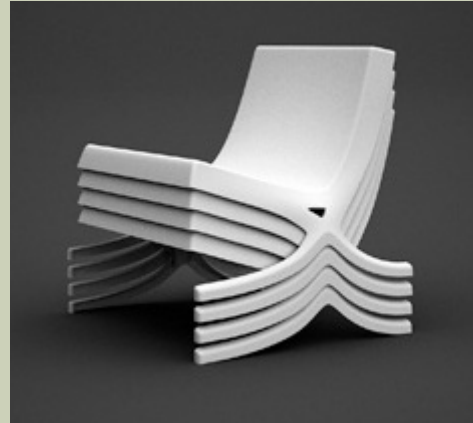
- Fold-up and hidden storage options allow even more use of a single space.
- Computer workstation armoires can hide your business and editing computer stations.
- Fold-down tables can provide a meeting table or office desk and then be folded away.





# MAKING SPACE – GETTING CREATIVE

- Use stacking furniture to allow you to clear a space easily when needed.



- Fold-up furniture is another way to clear a space.



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**FINAL  
QUESTIONS?**

# THANK YOU VERY MUCH!

**Matthew Davies**

*Davies Creative Photography*

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720-443-4007

**Workshops Websites:**

<http://www.meetup.com/daviescreativeworkshops>

<http://workshops.daviescreative.com>

**Photography Website:**

<http://www.daviescreative.com>

The logo for Davies Creative Photography Workshops is displayed on a black rectangular background. The word "Davies" is in a light blue, sans-serif font. Below it, "Creative" is in a larger, white, sans-serif font. Underneath that, "Photography" and "Workshops" are stacked in a smaller, white, sans-serif font.

Davies  
Creative  
Photography  
Workshops

**THANK YOU  
VERY MUCH!!!**