

Photo Business Basics

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Chapter II: Pricing

I Value

The concept of value is something that isn't solely limited to money. Value is whatever you can provide to someone that they place an importance or usefulness and vice versa. This means that value is extremely relative in our world, which can work in your favor. One of the most common misconceptions about pricing is that that artist should charge based on their own perception of the value of what they provide to a client. While this may be true in the sense that the creator has a better sense of the work, time, and resources that go into a proper production, their better understanding and experience lead them to devalue their work to a degree. We live in a world of media mass-production which means that photographers, videographers, and other creatives are very used to constantly generating content for both clients and themselves. While 15 photos or a 30-second long video may seem trivial to a creator it could potentially be a very valuable project for a non-creative client.

The reason that you are being hired to do work for your clients is because of your experience and knowledge in your field. It is advised that you definitely use your knowledge to cover your costs and understand what you deserve to be paid for your work but you should also take into consideration the client's value of the project, especially when they value your work even more than you do. However, this does not mean every single person you work with will understand the true value of what you do but that's ok, it's your job to help them understand the costs that you invest into your work to help provide them with a valuable service. Creating a price point for your client based on their perceived value of the service is not as simple as asking them what they want to pay you. You can actually measure their true value of the photo by outlining their intended usage of the photo which we will get more into later in this section.

II Covering Expenses

Your first move when deciding to begin charging clients for what you do is to calculate your cost of doing business. You need to consider every single cost that you pay for when doing anything related to your photography business for an entire year starting with the biggest items like rent and cameras all the way down to the smallest detail like tape and coffee.

[The NPAA Business Calculator](#) is a great tool to help you get a pretty close understanding of what you will be spending in a given year for your business along with helping you calculate how much you need to be charging per job to reach your desired salary. The equation to figure out exactly how much you should be charging per job is as follows:

$$\text{Price Per Shoot} = \frac{(\text{Desired Yearly Profit} + \text{Yearly Cost of Doing Business})}{\text{Billable Days (Shoots Per Year)}}$$

To put this into perspective I calculated an example based on the average costs of a photographer living in Chicago that owns their own equipment that lives in a single-studio apartment.

Expenses

Office and/or Studio <input type="text" value="\$15048.00"/>	Office Supplies and Furniture <input type="text" value="\$150.00"/>	Office Assistance (Payroll, Answering Service, Intern, etc.) <input type="text" value="\$0.00"/>
Phone (cell and/or landline) <input type="text" value="\$1200.00"/>	Postage and Shipping <input type="text" value="\$0.00"/>	Utilities <input type="text" value="\$250.00"/>
Photo/Video/Audio Equipment and Accessories <input type="text" value="\$4758.00"/>	Professional Development <input type="text" value="\$0.00"/>	Travel and Entertainment <input type="text" value="\$2000.00"/>
Equipment Service and Repairs <input type="text" value="\$500.00"/>	Advertising and Promotion <input type="text" value="\$0.00"/>	Income Factors
Computer(s) (hardware and software) <input type="text" value="\$433.00"/>	Subscriptions and Dues <input type="text" value="\$271.37"/>	Desired Annual Salary <input type="text" value="\$10000.00"/>
Broadband Internet <input type="text" value="\$720.00"/>	Equipment and Business Insurance <input type="text" value="\$500.00"/>	Non-assignment Income <input type="text" value="\$0.00"/>
Web Hosting / Portal Service <input type="text" value="\$180.00"/>	Health Insurance / Deductibles / Copays <input type="text" value="\$0.00"/>	Number of Days You Can Bill Per Year <input type="text" value="120"/>
Vehicle Expenses (Lease, Insurance, Maintenance) <input type="text" value="\$0.00"/>	Legal and Accounting Services <input type="text" value="\$0.00"/>	
	Taxes and Licenses (Business and Self-Employment) <input type="text" value="\$0.00"/>	

This is simply an estimation based on statistical average costs in the U.S., Chicago, and from retailer websites and is in no way a reflection of the numbers you will be using when calculating for yourself. My calculations are broken down as follows:

Office & Studio: Chicago's average monthly rent for a studio apartment

Photo/Video/Audio Equipment: One (1) Full Frame DSLR, Two (2) Professional level Lenses, One (1) 50mm F1.8, Four (4) 64GB SD Memory Cards, One (1) Tripod, One (1) Photography Backpack

Computer Hardware & Software: One (1) 2017 MacBook Pro with a 3 year lifetime

Office Supplies & Furniture: One (1) IKEA Office Desk, One (1) IKEA Office Chair

Subscriptions & Dues: One (1) Yearly Adobe Photographer Package Subscription, One (1) Yearly Squarespace Website Subscription

Travel & Entertainment: 12 (Twelve) Monthly CTA Transit Passes, \$740 additional budget for ridesharing apps, dining out, & activities outside of work.

All of the expenses added up total to about \$26,010.37. A fair goal for your first year in a new business is a \$10,000 profit, which I marked in my desired annual salary. In the **Number of Days You Can Bill Per Year** section, I listed 120 days with the intention of being able to work 3 times a week, 40 weeks out of the year. This number is up to you and your expectation of work for the year but keep in mind less billable days in a year means a higher price per shoot to cover your costs. When we plug this information into our equation, our price per shoot comes out to:

$$\frac{(\$10,000.00 + \$26,010.37)}{120} = \$300.00 \text{ per shoot}$$

This is the *minimum* value that this specific working and living situation needs to charge on every job they do to cover their yearly expenses and reach their desired profit goal. Other factors like the type of gear you own, how often you rent equipment, owning a car, having roommates, working in an office, billable days, and so on will all majorly impact these numbers for your own calculation so be sure to be as specific as possible when figuring out these numbers. Since this example situation is very simple, these numbers are actually somewhat low and your own personal calculation will most likely be much more than \$300.00 per shoot but a lot of this comes down to balancing costs and how many assignments you're willing to take on as a professional.

When it comes to separating income and expenses there are many commonalities between photographers. These are things that are either expected or unavoidable.

Income: Photo Fees, Editing Fees, Markups, & Sales Tax

Expenses: Accounting Fees, Advertising, Assistants, Auto/Car/Transit, Banking Charges, Commissions, Graphic Design, Depreciation, Gear, Rental Fees, Legal Fees, Business Fees, 401K Retirement, Gifts, Hair & Makeup Artists, Insurance

It is also important to keep track of every single purchase your business makes for tax write-off purposes. Here is a short list of items that are eligible for photographers to write off for their businesses:

Equipment & Gear – These may also be subject to depreciation deductions

Education – Workshops and classes that are directly related to the skills necessary to running your business are deductible

Auto & Mileage Expenses – Tolls, parking costs, and miles traveled to and from jobs can also be written off but must be tracked thoroughly

Software – Personal financial tools like Quicken and programs for workflow like Adobe software are deductible

Marketing Expenses – This includes business cards, magazine advertisements, and digital marketing tools

Legal Fees & Association Dues

Office Supplies

Business Fees – This includes ATM fees, credit card fees, and bank account charges

The key to working with tax write-offs is to never make a purchase solely for the write-off value. When making a justification for a business expenditure, tax write off value should not be a part of the decision. This only serves as a means to promote business growth and alleviates the financial stress on things that are *essential* to your business.

We previously discussed the possibility of relocation based on the interests of your business. This is important because every city has its own micro-market for different genres of professional photography. It is important to understand the market for what you do in your region as best as possible along with its industry standards. This requires very specific research, for example, wedding photographers can check out websites like www.costofwedding.com or www.weddingwire.com to see average wedding photography rates by city and pricing in that range to preserve market value. For markets outside of wedding photography it is always a

good move to reach out to other, established photographers and ask about their rates. It may even suit you to schedule a short meeting to discuss potential assisting work for them and general business plans if you're new and want to learn directly from a working professional.

III Usage

The most common question that comes up with the prospect of work is, "How much do you charge for a shoot?" This question also typically comes without any information as to what kind of work the potential client is asking out of you. Being the talented professional that you are, you can confidently take on whatever kind of shoot they might need from you and it is more often than not the kind of work your portfolio reflects. However, before you respond with an estimation or ballpark number, always ask for their intended usage.

Usage is the most important factor when it comes to pricing a project for a client right after your price per project calculation. The PPC calculation serves to show you your absolute minimum for a shoot, but not every project you do is going to be on the low-end. By determining the client's intended usage of the end product, you can directly measure the value they are receiving from your work and can bring your price point up from your minimum rate. When determining usage, you need to find out where the work is going, in what format, how many final images the client is expecting, and how long the client would like to be able to publish the images. When a client needs more usage out of a job it means that they value the final product more, which in turn means that you can justify charging them more for that project. An important thing to note here is that time is a factor in usage and it's the driving force behind guaranteeing you returning work. This means that depending on the type of work you do, not every client is going to get indefinite use of your photos.

Different usage terms don't necessarily translate to exact dollar amounts so it is up to you to gauge how much more usage affects the price of your service and be sure to keep the client's working budget in mind as well. To make this discrepancy clearer, you can easily justify adding a \$500 usage fee to a local business if they want to publish your work in an advertisement campaign or print your images on a highway billboard for a year. A term of usage can always be amended into a contract or adjusted to the client's needs if they request them. Just be sure to charge them appropriately and do the necessary paperwork to have your agreement in writing at all times.

A great tool to help you understand and outline usage terms is [The PLUS License Generator](#). This website allows you to thoroughly go through every possible term of usage to accurately describe how your clients can use your images before the shoot takes place. Another benefit to using this website is its ability to generate an .XMP profile that you can download and embed into your images from the job that tag your usage terms into the metadata of every image for added security.

If your business model works based on packages you can incorporate usage terms into those packages as well to keep up your business model. A very simple usage agreement to start out with for no cost would include use on one single, predetermined website and the "big 3 social media networks: Facebook, Twitter, and Instagram for a 2 year span. Most usages outside of this agreement tend to cost more which fall under a "Usage Fee" in your estimate and contract.

IV Business Model

Since there are so many different types of photography businesses in the world there also comes a very wide range of expectations with each form. A wedding photographer will do less jobs for more money to make the same amount as a corporate headshot photographer to both make the relatively same amount in a year. This is because the industry standard business model for these two groups are so different. Part of picking a genre of photography to work in comes down to what you enjoy working with and what business model you work best with.

An important decision to make early on in the development of your business is the business model and how you are going to go about pricing your work. Some photographers prefer to have packages at set rates that includes a specific set of terms and content. While this may be more appropriate for corporate headshot photographers and family portrait photographers, it doesn't work out very well for commercial product photographers and high fashion photographers. A lot of this comes down to ever-changing budgets and the landscape of the clientele. For businesses doing commercial jobs, every client is going to have very different needs from one another and very different costs to achieve their goals which you have to cover in your estimation for a job. This also goes by the same token when it comes to usage. A photographer that shoots a family to make an album or an event for the purpose of keepsake should obviously include a lifetime usage since the client's usage is internal. Meanwhile, a wedding photographer would include a lifetime usage on their shoots unless the client wanted to publish the photos in a bridal magazine in which case a limited usage timeframe would need to be discussed. It's very common for a headshot photographer to give their clients a 2 year usage on their professional photos because proper headshots are something that need to be updated fairly frequently anyway.

In nearly all cases, it is advised that you do not publicly advertise your rates if you are working outside of the package model because oftentimes no two shoots come at the same cost to you. Your rate will always change based on the client, their needs, and their budget, which is why it is up to you to do the necessary research and pull together a comprehensive quote for every, single prospective client. Instead, simply add a line on your website or social media profile telling visitors to contact you directly when inquiring about rates and pricing information.