

Chapter 3

Pricing and Estimating

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Professional photographers are business people, or at least they should be in order for this to be a career and not just a job. It is the “photography business” and if both words are not equally important, then it’s just an avocation. Paying your bills, putting food on the table, growing your business, and prospering all make it necessary for this to become a vocation. And, as business people, photographers have to know how to price their work using common sense and logic to make prosperity a reality.

Reality number one: There must be a more concrete reason for the prices you charge than, “John charges \$X. I’m as competent a photographer as John so therefore I will charge as much as John does.” This is one of the traps that many beginning photographers fall into and the only way it can work is if John needs to make more money each year than you do. If you charge what John charges and you have a 5,000-square-foot studio with a substantial overhead to meet when John is doing small location jobs while working from the trunk of an old car—it’s only a matter of time before your business will be forced to close.

Therefore, you must apply simple economics, some basic math, and a lot of common sense to calculating your fees. It isn’t difficult and you can “price with purpose.”

Reality number two: You have to be completely aware of what you are selling and be capable of communicating that to your clients and your potential clients. What do you sell? First and foremost you have to realize that you probably never (or very rarely) sell pictures. In reality, you license the right(s) for the images you create to be reproduced if you are a “publication” (more commonly called commercial) photographer. On the other hand, if you are a retail photographer (weddings, portraits, events), you probably do sell pictures: 5” x 7”s, 8” x 10”s, 20” x 24”s, which your clients own and can look at whenever they please or allow others to look at as they sit, framed on the piano, in an album, or hanging on the wall. But as a retail photographer you may only occa-

sionally sell the right to reproduce the images in advertisements or on Web pages. This is a distinction that both you and your clients need to understand.

As a businessperson, your job is to sell whatever rights your clients need or want and is usually dependent on either their willingness or ability to pay your price (and your price will be fair based on a number of factors that we'll also cover later in this chapter.)

Reality number three: Photographers spend too much energy thinking about what a photograph is worth to them and not enough time evaluating how much the photograph will be worth to the people who want to actually reproduce it. And this is one of the main reasons that photographers shortchange themselves when they sit down to calculate a price.

Consider the following scenario: One afternoon the telephone rings and it's the marketing VP for a small manufacturing company. He tells you he needs a "very basic black-and-white product photograph of one of the company's latest inventions (a small industrial part) so that 10,000 catalog sheets can be printed for this new product." He trusts your judgment to pick an appropriate background once you see the product and to light it in such a way that the viewer will understand the basic shape and size. You have done this kind of assignment many times and, although you won't admit it to the VP, you can probably produce the image in less than a half an hour—start to finish. You rattle off a price of \$525, including an 8" x 10" print or disk, and consider that as almost pure profit. The company accepts your price, the assignment goes without a hitch, and you get paid when you deliver the image. Your image turns out to be the most important element on the catalog sheet.

The company takes the image, prints the catalog sheets, and distributes them to everyone the marketing executives can think of who might have a need for this new widget. This catalog sheet is the only marketing tool they have for this new product and in the following eight months they sell tens of thousands of them—generating a profit of over \$2 million after covering production and distribution costs, including your fee. Do you still feel that the use they made of that image is worth just \$525?

Often, being able to estimate how much profit your images will generate for your clients is tantamount to gazing into a crystal ball. But every time you begin to price an assignment, the value to the client should be floating around in the back of your mind.

Reality number four: Something is worth only what someone is willing to pay for it. And one of the most difficult aspects of pricing your work as a photographer is not figuring out how much you need to make, or evaluating whether or not that is a "fair" price. The most difficult aspect of pricing is convincing the client to actually pay you what you're asking. Quite simply, it is salesmanship.

In this chapter we're going to cover the nuts and bolts of calculating a fair price, realizing what "fair" means both to you and your client. Sales, which is often referred to as truly the oldest profession, is something you have to do to be successful. If a client only has \$XX to spend and you're asking \$XX, your job now becomes one of convincing the client that there is a compelling reason for him or her to pay you what you are asking. What are the reasons for the client to pay your price: Your experience? Your facilities? Your proximity to their location? And you become a sales person as soon as your quote is higher than their budget.

While ASMP is very good at many things, we are not going to try to teach sales—at least not in this chapter—because there are almost as many good sales courses offered in this country as there are people who should take them. On the other hand, if the idea of being a salesperson makes your blood run cold—begin looking for someone who likes doing it, is good at it, and is willing to work on commission.

Reality number five: Something very strange has happened to the photography business in the past ten or twenty years: It has become, in all probability, the only business on earth where the buyer has so much influence on determining the seller's price. Buyers have learned that they can make an offer and the seller will usually accept it. And the leverage they use is the eight other photographers who are standing behind you ready to step around you to get to your clients. If this were the case in the automobile industry, we all would have been driving luxury sports cars years ago, regardless of the asking price. We would be able to walk into the dealership, offer them \$35,000 for the \$75,000 turbo convertible and they would be obligated to sell it to us.

This happens because photographers let it happen. It happens because too many photographers do not understand the value of the work they produce to the people who need to use it. We can't fault the buyers—they are doing exactly what you and I do when we go to the car dealership to buy a new car. They are simply trying to get the bigger tires and CD player for free. The salesman convinces us that the CD player is worth the extra money and eventually we pay for it.

One of the most famous photographers of the twentieth (and now the twenty-first) century, when asked, "How do you command such great fees?" replied, "I ask for them." Armed with the right information and the knowledge of how to use that information, you can do the same and earn a decent living, make your business grow, and help to further the profession by pricing with purpose.

Dealing with Reality Number One

In the introduction we talked about charging what your competition is charging. "Charging what Jack charges" will make you successful only if your lifestyle, business overhead, and cost of living is less than that of the person who is, in reality, determining your fees. If your overhead, expenses, and lifestyle are more extravagant than the competitor whose pricing you mirror, your business is going to be in trouble. Logically, if you need \$3,500 a month to keep a roof over your head and food on the table and your business overhead is an additional \$5,000 for a total of \$8,500, there is no way you can survive at that level on \$6,500 for long.

It should be obvious that you need to know certain things about both your business and your personal life in order to begin pricing with purpose. The cost of anything to the end-user has always been affected by the cost of producing that product or service. So, you need to know what your business overhead is for starters. What does it cost you to open your business every day? What does it cost to have an active telephone, fax, and modem line; to have furniture, camera equipment, lighting equipment, computer equipment; to be insured; to have running water, electricity, and so forth. You need to begin a list of all business expenses in order to know your overhead.

The following spreadsheet illustrates a very efficient way to calculate what we're going to call your "target fee" or "creative fee" for each assignment. In this example the boxes (cells) that are shaded are waiting for you to plug in numbers. The remaining cells contain formulas that actually do the calculations. (A separate sheet showing the actual formulas follows. It is our hope that you will take this spreadsheet, adapt it to your particular situation, and use it to calculate your own creative fee. It is very important that the spreadsheet be adapted to your business to create an accurate calculation.)

This spreadsheet requires very detailed and accurate information to be of any value. It is not the kind of project to be taken lightly and is certainly not something that can be completed in an evening or over a rainy weekend. This spreadsheet should be erected using detailed information collected over months (if not years). You are at an advantage if you have been in business for a while and have been using your computer to track expenses and pay your bills. Your computer already contains very detailed information on your business that can be plugged into the calculator, producing very accurate information. We can't stress enough how important accuracy is to this process, so take your time, include everything and be certain of the results.

The next thing you need to realize is that this spreadsheet has two very obvious "holes" in it. The first is the big cell labeled "Personal—from personal spreadsheet." You see this is just your business overhead; you have to create another spreadsheet for your living expenses and plug that number into this sheet to create an accurate picture of your financial requirements. One of the "assumptions" we are relying on is that this sheet, when completed accurately, calculates a total of all the money you need to maintain your business (at a certain level) and your lifestyle (also, at a certain level.) The second is a calculation (a guess really) of how many assignments you can do in a given period of time—probably the biggest unknown in the whole exercise (especially for those who are just starting). So let's discuss it some:

How much shooting can you do? At one ASMP seminar, a photographer was insistent (and equally serious) that there were seven days in a week and that was how much shooting he could rely on. This kind of thinking is not realistic, to say the least. Think in terms of how much time goes into producing the average assignment. You have to take into account the work that goes on before and after the few hours you actually are exposing film. There are estimates to prepare, locations to scout, talent to book, props to acquire, film to test, assistants to schedule. On complicated shoots, this preproduction time can account for many hours, if not days. Yes, it is normal for photographers to charge a fee for preproduction work on complicated assignments, but not all assignments justify such charges. Those assignments that are the rule rather than the exception rarely justify charging a preproduction fee. Your overhead doesn't stop if you are doing what I'll call an "average" assignment—one where you can't charge a preproduction fee—and the money to cover your expenses has to come from somewhere.

In the spreadsheet below, we have plugged in 2.5 days per week as a reasonable expectation. This comes to 10 days a month or 125 days a year—based on a fifty-week year. You are entitled to plan on a two-week vacation every year and you're only hurt-

ing yourself if you don't take one. So you have to give serious thought to how much shooting you can do and be realistic in that estimation. Otherwise, you're wasting time filling out this spreadsheet.

Another consideration is the assumption that your photography business is your only source of income. Those of you who have spouses who work and produce income (or

	A	B	C	D
1	BASE FEE CALCULATOR			
2				
3	Business Expenses:	Weekly	Monthly	Annual
4	Salaries:			
5	Bookkeeper		=B5*4	=C5*12
6	Assistant		=B6*4	=C6*12
7	Total Salaries:	=SUM(B5,B6)	=B7*4	=C7*12
8	Payroll Taxes	=B7*0.1	=C7*0.1	=D7*0.1
9	Employee Benefits	=B7*0.18	=B9*4	=C9*12
10	Total Salaries, Taxes & Benefits	=SUM(B7:B9)	=SUM(C7:C9)	=SUM(D7:D9)
11	Professional Services:			
12	Legal	=D12/52	=D12/12	
13	Accounting	=D13/52	=D13/12	
14	Photographic (not billable)	=C14/4		=C14*12
15	Facilities Expenses:			
16	Rent	=C16/4		=C16*12
17	Electric	=C17/4		=C17*12
18	Telephone	=C18/4		=C18*12
19	Heat	=C19/4		=C19*12
20	Maintenance	=C20/4		=C20*12
21	other	=C21/4		=C21*12
22	other	=C22/4		=C22*12
23	Office Equipment	=D23/52	=D23/12	
24	Furniture	=D24/52	=D24/12	
25	Office supplies	=C25/4		=C25*12
26	Printing and stationary	=D26/52	=D26/12	
27	Postage / Courier		=B27*4	=C27*12
28	Advertising and promotion	=C28/4	750	=C28*12
29	Insurance	=D29/52	=D29/12	
30	Interest	=C30/4		=C30*12
31	Photography Equipment (new)	=D31/52	=D31/12	
32	Taxes (business/property)	=D32/52	=D32/12	
33	Travel (un-reimbursed)	=C33/4		=C33*12
34	Equipment maintenance	=C34/4		=C34*12
35	Business Entertainment		=B35*4	=C35*12
36	Loans and notes payable	=C36/4		=B36*12
37	Savings / contingency		=B37*4	=C37*12
38	OTHER		=B38*4	=C38*12
39	OTHER	=C39/4		=C39*12
40	OTHER	=D40/52	=D40/12	
41				
42	TOTALS (BUSINESS):	=SUM(B10:B40)	=SUM(C10:C40)	=SUM(D10:D40)
43				
44	PERSONAL- from personal spreadsheet:	=C44/4		=C44*12
45	GRAND TOTAL:	=B42+B44	=C42+C44	=D42+D44
46				
47	SHOOTING DAYS		=B47*4	=B47*50
48				
49	BASE FEE (Creative / Production)		=D45/D47	

a trust fund left by a forward-thinking relative) can use that income to offset some of the “personal” funds required to maintain your lifestyle.

The real beauty of a spreadsheet is its ability to allow you to play the “what if” game. Let’s use this flexibility to do some real financial planning. Suppose you would like to upgrade your computer system, or purchase a new medium-format or 4” x 5” camera system, or invest in digital imaging. By plugging these kinds of financial requirements into the spreadsheet, you can actually make these expansions possible. This is a much better way to grow your business (or purchase the new house, car, or put money away for college tuition) than relying on “something being left over at the end of the

	A	B	C	D
1	BASE FEE CALCULATOR			
2				
3	Business Expenses:	Weekly	Monthly	Annual
4	Salaries:			
5	Bookkeeper	\$140.00	\$560.00	\$6,720.00
6	Assistant	\$320.00	\$1,280.00	\$15,360.00
7	Total Salaries:	\$460.00	\$1,840.00	\$22,080.00
8	Payroll Taxes	\$46.00	\$184.00	\$2,208.00
9	Employee Benefits	\$82.80	\$331.20	\$3,974.40
10	Total Salaries, Taxes & Benefits	\$588.80	\$2,355.20	\$28,262.40
11	Professional Services:			
12	Legal	\$43.27	\$187.50	\$2,250.00
13	Accounting	\$16.35	\$70.83	\$850.00
14	Photographic (not billable)	\$37.50	\$150.00	\$1,800.00
15	Facilities Expenses:			
16	Rent	\$312.50	\$1,250.00	\$15,000.00
17	Electric	\$56.25	\$225.00	\$2,700.00
18	Telephone	\$45.00	\$180.00	\$2,160.00
19	Heat	\$30.00	\$120.00	\$1,440.00
20	Maintenance	\$25.00	\$100.00	\$1,200.00
21	other	\$0.00		\$0.00
22	other	\$0.00		\$0.00
23	Office Equipment	\$34.62	\$150.00	\$1,800.00
24	Furniture	\$10.58	\$45.83	\$550.00
25	Office supplies	\$30.00	\$120.00	\$1,440.00
26	Printing and stationary	\$5.77	\$25.00	\$300.00
27	Postage / Courier	\$60.00	\$240.00	\$2,880.00
28	Advertising and promotion	\$187.50	\$750.00	\$9,000.00
29	Insurance	\$28.85	\$125.00	\$1,500.00
30	Interest	\$0.00		\$0.00
31	Photography Equipment (new)	\$67.31	\$291.67	\$3,500.00
32	Taxes (business/property)	\$38.46	\$166.67	\$2,000.00
33	Travel (un-reimbursed)	\$37.50	\$150.00	\$1,800.00
34	Equipment maintenance	\$25.00	\$100.00	\$1,200.00
35	Business Entertainment	\$55.00	\$220.00	\$2,640.00
36	Loans and notes payable	\$0.00		\$0.00
37	Savings / contingency	\$100.00	\$400.00	\$4,800.00
38	OTHER		\$0.00	\$0.00
39	OTHER		\$0.00	\$0.00
40	OTHER	\$0.00		\$0.00
41				
42	TOTALS (BUSINESS):	\$1,835.24	\$7,422.70	\$89,072.40
43				
44	PERSONAL- from personal spreadsheet:	\$750.00	\$3,000.00	\$36,000.00
45	GRAND TOTAL:	\$2,585.24	\$10,422.70	\$125,072.40
46				
47	SHOOTING DAYS	2.5	10	125
48				
49	BASE FEE (Creative / Producion)		\$1,000.58	

week/month or year.” The person who said, “Failing to plan is planning to fail” was right. Knowing how much money you need to maintain your business, grow your business, and live the lifestyle you desire is the first (maybe the only) way to price with purpose.

Once all the numbers are in place, the math is relatively simple: Your business overhead (\$85,654) plus your personal overhead (\$42,000) equals \$127,654 (theoretically, all the money you need to maintain your business and lifestyle). If all that money has to come from shooting (in this example, 125 days in a year) simple division tells us you need to make at least \$1,021.23 for each of those 125 days to be where you’d like to be, fiscally speaking. The “other ” items in the sheet are for you to add your own items.

In the preceding spreadsheet, the calculations produced a “Target” (or creative) fee of \$1,021.23. This is not your day rate or creative fee. It is purely statistical information you will use to begin running a successful business. It represents the “How low can I go?” number. If your business needs \$85,654 to keep its head above water for a year and you can live the way you’d like to live on \$42,000 a year, and if you can count on doing at least 125 assignments (or the equivalent in half days, editorial day rates, stock sales, etc.), you have to make at least \$1,021.23 per day for 125 days in a year to make the money you need.

Note: I’m not going to get into the ramifications of taxes and their effect on all of this—but, as you’ll soon see, we’re going to actually be making more than we have to, if you follow the plan being outlined here. You will have enough to cover taxes and you have already added something to your personal spreadsheet for retirement.

This “creative fee” (or production charge, or base fee) has to be compared to what your competition is charging. If this fee is lower than what every other photographer with whom you compete is charging, good for you. Good, because we’re now going to start “Charging what Jack charges” and be both competitive and profitable. If, on the other hand, most of your competition is charging less than the target fee you just calculated, then you have to think about one of two options. Either become a great salesperson and be able to convince clients that you are really worth what you need to charge them to maintain your overhead and lifestyle or you’re going to have to “lower your expectations” (overhead or lifestyle) to a more realistic level. There are no other options. Personally, I’d opt for learning how to sell your abilities (or finding someone who can sell for you).

Finally, you have to realize what has to happen if, as you get into this “fiscal year,” things change (and they can and do change regularly). The key word becomes flexibility. If you are not able to bring in 2.5 assignments a week (on average) or the creative fee you’ve calculated is met with considerable resistance, you have to be prepared to adjust. If meeting your assignment goal is proving tough, you have to spend more time selling (or getting better at selling); if your fees prove to be too high for your region (assuming the sales push isn’t working), you have to rework the figures to become more realistic.

The spread sheet will help you be flexible, also help you monitor your progress; consider it a road map. You don’t hop in the car and start driving without a destination in mind; there is no reason to run your business like that either. Price with purpose and

have a destination in mind.

As mentioned previously, calculating your creative fee is only part of the whole equation. I also mentioned that there would be income from other sources. But a certain amount of understanding has to be applied before the cake is iced. This creative fee (or whatever you choose to call it) should be viewed as a fee you will charge for creating custom images for your clients—a usage fee may also be applicable since clients will probably want to actually use the image after you create it for them. After all, when you complete an assignment, you are creating images that meet the specifications supplied by your client. This is custom photography. On the other hand, if you were to license an image that already exists in your file, you would not be creating a custom image, you'd be licensing usage. To put that in more common language, you'd be making a "stock sale" and stock sales are just usage; rarely do they include a "creation" fee.

Assignment = Custom photography created to client specifications (you sell creation and usage)

Stock = Pure usage (you're only selling usage)

An appropriate analogy would be computer software: You can have a programmer write an accounting package for you. It will be expensive, it will take time, but it will be written in such a way that it will allow you to run your business the way you've always run your business. If, on the other hand, you don't have the time or, probably more important, the money to have a custom accounting package written for you, you can simply go to the computer store and buy one of the already available systems off the shelf. Buying off-the-shelf software is really buying the right to use the software (normally in some limited way: on one computer or network, by one person or many, etc.). Considering the fact that computer software is also "intellectual property" and subject to the same copyright laws as photography, this is a valid analogy to illustrate my point. You don't sell pictures, you license the right for them to be reproduced.

You're going to get paid for creating completely custom images that exactly match your client's specifications and, since the client will want to actually use the images, there will be a usage fee either added to your creative fee or charged as a separate line item on your invoice. If you calculated your creative fee properly, it should represent all the money you need to continue your business, grow as you have projected, and also maintain the lifestyle you have factored into the equation. Using this pricing model you can actually make more money than you really need.

The next question you are about to ask is, "How much is usage worth?" Anything is worth only what someone is willing to pay. To some degree, this is also true in the photography business, but there are tools available to photographers that can make this easier than reaching up into thin air, grabbing a figure, and throwing it on an estimate sheet. There have been surveys done of typical prices for usage (or "stock" photography), or you can ask a few fellow photographers what they would charge. (*Note:* You have to be careful not to break the law. You are violating certain federal laws if, as a group, photographers all agree to charge \$XXX for YYY. This is called price fixing and by law is not allowed. You can share information such as "I charge \$XXX for advertising brochures and \$YYY for billboards." Then the photographer asking the question

can determine his or her own price for that usage, armed with information.) There are books that have been published with fair usage prices, and there are computer programs. (Note: “fotoQuote,” a pricing software program written by the Cradoc Corporation, is popular.) Many years ago, ASMP did surveys of its members’ prices and published the results. Unfortunately, too many people began referring to these surveys as “ASMP prices” and we had to stop, for fear of violating antitrust laws. There are no such things as “ASMP rates.”

It is in every photographer’s best interest to share this sort of information—especially with younger, aspiring photographers who do not have the experience of seasoned professionals who have “been there and done that.” Without the benefit of usage pricing information, inexperienced photographers will charge either what they think is a fair price or be more willing to accept whatever the client is offering. Communication between photographers is probably one of the best forms of business education available and should be better utilized. This is one vital benefit of ASMP membership: the network that exists among its members in forty chapters nationwide to share business and technical information.

Another aspect of doing business under a model such as this is that it affords you considerable negotiating power when dealing with clients. In this example, our model photographer needs to bring in \$1,021.23 each day for 125 days a year to continue his existence. Assuming that usage should be an additional item on a photographer’s invoice, he has the opportunity to begin negotiating a price that represents more than he needs to stay in a profitable business.

For example:

Calculated creative fee	\$1,021.23
Average creative fee for your area	\$1,250.00 (an instant “profit” of \$228.77)
Usage	\$ 750.00
Total quoted price	\$2,000.00 ((\$1,250.00 + 750.00))

This example creates an instant negotiating factor of \$978.77—the difference between \$1,021.23 and \$2,000. This is a powerful tool, especially when coupled with any mark-up you are going to add to the billable expenses such as film, Polaroids, scans, prints, models, assistants. This gives our photographer room to negotiate. He or she needs only to make \$1,021.23, and a fair price for the assignment is \$2,000—anything in between could be considered acceptable. A more profitable picture might be painted if the photographer is an excellent salesperson and is able to convince the client that having him or her do the job is really worth \$3,000.

By now you have probably figured out where money for taxes, vacations, new homes, and cars comes from. And, doing business this way is considerably better than living on whatever funds are left over at the end of every month.

I would advise that you vary only your creative fees when negotiating price: Keep your usage fees consistent. The reason for this is that usage can be purchased repeatedly by the same client. It’s important that you incorporate consistency in the way you

price your work. If the clients paid \$300 for brochure usage this year, it makes sense that two years from now they are either charged another \$300 for another brochure or slightly higher due to inflation (or slightly less for being a good client, paying their bills on time, and treating you with the respect you deserve as a professional). A system like this allows for creativity and flexibility.

Bids, Quotes, and Estimates

The most important aspect of preparing either a bid, a quote, or an estimate is gathering as much information as you can to avoid losing money on a job, or getting into a legal hassle.

Imagine that you're in the real estate business and someone asks a very simple question, "How much is a house?" When you think about the context and the question, you'll realize just how impossible it would be to answer that question. How many bedrooms do you require? What section of town would you like to call home? Would you like to have and maintain a swimming pool? Finished basement? One-, two-, or four-car garage? Half-an-acre or an acre-and-a-half? Before you, as a realtor, could even imagine answering the "How much" question, you would need considerably more information.

As a professional photographer, your need for information is no less important. You could never quote a price without a huge number of details. The only source for this information is the person who just asked "How much?" and it's your responsibility to get the information you need in order to prepare an accurate estimate that will make the job profitable for you.

"What's your day rate?" This is a seemingly innocent question that has passed buyers' lips for decades and has been the downfall of many a photography neophyte. This is like asking the cost of a "house" and just as impossible to answer. It's problematic because so many photographers have tried. The only possible answer is to say, "Between \$XX and \$XX, depending on what you're interested in buying." And realize that in reality your job as a professional photographer/businessperson is to sell them whatever they are asking for—based on their willingness or ability to pay. If they only want a little (as in a simple product shoot and usage on 5,000 brochures), the price might be quite low. If they want to buy a lot (as in a very complicated, multiday advertising illustration that is going to be run in seventeen major consumer magazines over the next two years), the price you'll calculate will be fair, but probably in the five-to-six-figure range.

Remember this: Your photographs will, in all likelihood, be the largest, the most colorful, the most important element in whatever the final product is. As such, it is probably worth almost as much as the printing costs to produce the brochure or certainly more than a fraction of a percentage of the media buy (the amount of money the end-user is spending for the advertising space in the magazines and newspapers). You, the photographer, do "powerful stuff."

So when faced with the "What's your day rate?" question, the only possible answer can be either a range from hundreds to tens of thousands of dollars. Or it can be the

simple statement that “I can’t tell you ‘how much’ until you tell me what you want to buy. Once I know what I’m selling, I’ll be more than happy to prepare a price for your project.” And keep in mind that, along with film, processing, location scouts, and assistants, they will want to actually use the image(s) you produce and you need to know how much usage they want before a total price can be calculated.

The other big problem with “day rate” is the fact that it is perceived as being somehow associated with time, and over the past decade or so photographers have enjoyed being paid for their abilities, not how long it takes them to record a usable image on film. From a negotiating perspective, you are much better off charging a “creative fee” or “production fee” instead a fee for time. This has something to do with who you are dealing with. To most of your clients a “day” is eight hours (with time off for lunch and a coffee break), so they mentally equate your day rate to the same eight-hour period of time. What happens if you have quoted a “day” rate and happen to have a particularly great day and produce ten hours’ work in five hours? I’ll tell you what might happen: Your client might request a discount because you didn’t work the full day.

A photographer I know says, “I don’t have a day rate because if I did I would have to charge you as if the day you wanted were my last day on earth (in light of the fact that I have no clue which day will be my last) and don’t think anyone can afford my last day.”

Quote creative or production fees and keep in mind that you are selling your ability, your creativity, and your expertise—not your time.

We have to know what makes an estimate, a bid, and a quote different. And, probably more important, you and your client have to agree on what makes a bid different from an estimate, which is something other than a quote.

An estimate is a professional, educated, and calculated guess. Every estimate is simply an educated “guess” as to what the project, the production, and the reproduction rights requested might cost your client. You calculate that the assignment “will probably” cost \$XX based on the information you have been given. Estimates might include a “trade variance,” which means that the actual price can be either higher or lower than the quoted price, within a certain percentage. Ten percent is a nice, round number—which means the final price of a \$1,000 job with a trade variance of 10 percent will be somewhere between \$900 and \$1,100.

A quote is something that is exact. When you prepare a quote, you must be absolutely certain you haven’t forgotten or overlooked charging for anything because you’re going to be held to the price quoted. If you forget anything, the costs come out of your profit. However, there is also some power in giving a quote—while you can’t change the price, the client can’t change the assignment, or anything directly related to it, such as the number of shots or the usage rights being purchased. If clients want extra shots or additional usage, you have to remind them that your quote was for specific photographs and usage, but that you’ll be happy to amend the quote to reflect what they are now asking for (as long as someone with the proper authority can approve the revised quote). When you prepare a quote, do so carefully and accurately because you’ll have to stand behind it.

On the other hand, a bid is almost exactly like a quote except that a bid is competitive. Just like an auction, you are bidding against other photographers who want to

compete for the same assignment. The most important aspect of a bidding situation is to be certain that the buyer is comparing “apples to apples.” Make certain that each photographer who is preparing a bid has been given the same assignment specifications: number of shots, locations, film format, styling needs, usage license(s), and the like. It is a good idea to request that the request for a bid be in writing and make certain that everyone bidding has been given the same sheet of paper. Each photographer must base his or her bid on the same details—otherwise the person with the “short list” (and consequently the lowest bid) will always get the assignment. And when this happens, the photographer getting the assignment probably will have a misunderstanding with the client.

Also, when asked to bid, don’t be afraid to ask a few additional questions, such as “Who am I bidding against?” No one knows your competition better than you and why waste time preparing a bid when you know you don’t stand a chance of being awarded the assignment because you are bidding against someone who hasn’t read what you’re reading right now. Another good question is this: “Will this assignment be awarded to the lowest bid or will the photographer best suited to produce the assignment be given the assignment?” This is important because I doubt that you want to be awarded an assignment just because you are the cheapest photographer preparing a bid.

One thing that will help to “level the playing field” is a simple tool that accompanies almost every assignment—the layout. When asked to prepare an estimate on an advertising assignment, one of the first things you should request is a copy of the layout. Spend time discussing this with the art director, photo editor, or whomever approached you for the job. One important aspect of receiving a copy of the layout, especially in a bidding situation, is making certain that every photographer who is also bidding receives a copy of the same layout you do. That way each photographer is preparing a price on exactly the same photo or photos.

Armed with a copy of the layout, you can look for aspects of the assignment that might not be obvious when simply discussing the job over the telephone. Specifics about propping, casting, and location will be right before your eyes and these very important aspects of the assignment can be discussed with the commissioning party, who will be responsible for what can be worked out. Details about the location can be finalized. Viewing a tight layout and discussing it with your client will help to eliminate “assumptions” by either party—and possibly save you from making mistakes that might cost you thousands of dollars.

Your job, when reviewing any layout is to literally pick it to pieces and be prepared for anything that might go wrong. Ask questions when you are not absolutely certain about any aspect of the job. Don’t assume anything. “Better safe than sorry” is good advice. Details are the key to preparing an estimate every time you are called upon to do so.

Details, Details

What goes into an estimate, quote, or bid? The simple answer is everything. In order to prepare an accurate price for any project you need details, details, details.

- What are you going to be shooting?
- How many shots are required?
- Where will you be shooting?
- Is there going to be any billable “prep” or “preproduction” time?
- What about travel expenses (hotels, airfare[s], location fees, meals, transportation—the list can get very long)?
- Are you going to require any additional insurance coverage?
- What about assistants, stylists, or location scouts?
- Are there models? Professional or amateur?
- Who books the models or chooses the people in the photographs?
- Who is responsible for paying the models?
- Who is responsible for negotiating usage with the models?
- Who get releases signed? And who receives usage rights on the releases (photographer and client)?
- Does the client understand the ramifications of using amateur models, which could lead to extra shooting time and, possibly, questionable results?
- What format will you be shooting? Film? Processing?
- Push/pull or expedited service?
- Polaroid tests?
- Backgrounds?
- Props?
- Wardrobe?

You, as the photographer, should determine how long it will take to produce the image(s) your client is looking for. While your clients might only want to pay for one “day” (after all, they are allowed to come to the table with a budget), your responsibility is to tell them the consequences of their budgetary restraints. A set of images that may not live up to their expectations and your being blamed could be a bad situation. They may have a budget, but you are the best person to determine if what they want is possible based on what they want to spend. Why should you risk producing a bad job because they don’t want to pay for a great one?

Many photographers find it helpful to have a form—printed or on computer—that they can readily access as soon as the telephone rings. This serves a multitude of purposes—the biggest is having a list of questions in front of you that lessens the chance that you’ll forget to ask a very important question.

Using ASMP forms as a guideline, develop a form that you are comfortable with and make certain that it contains terms and conditions that protect your interests. A contract that leaves something out might be worse than none at all.

Here are some of the questions you should ask, but keep in mind that this list will be too long for some assignments and too short for others. Use your own judgment and gather as much information as you can.

Logistical and Creative Considerations

Is there an underlying “concept” the client is trying to illustrate? What copy will accompany the photo?

- What are the important aspects of the product you’re going to illustrate?
- Dig for adjectives like: “Quality, strength, durability, craftsmanship, convenience, etc.”
- What is the target audience? Consumers, corporate, industrial, service . . .
- How is lighting going to affect the end product? Time of day? Color? Direction? Style (directional vs. soft), etc.?
- How will type be applied to the final ad, brochure, or billboard?
- Is the copy available now or will it be written after the illustration is produced?
- Where will the image(s) be created (studio, park, beach, factory, etc.)?
- If the location is not your studio, travel expenses will be involved—even if it is only mileage. Where is the shooting site?
- How “tight” is the layout? Is there room for your interpretation of the assignment?
- Will someone who has the proper “authority” be at the shoot to make decisions and approve tests?
- How large will the reproduction be and is film format a concern?
- If there are people in the shot(s), who are they? Who chooses these people?
- If your client chooses the models, you can’t be blamed for making the wrong choice. If you pick the talent, make certain someone “signs off” on your choices and be sure they have the authority to do so.
- Who will pay the models, sign the vouchers and deal with the agency?
- Models are also “licensing usage”—your client needs to understand that and
- Who will be responsible for getting signatures on the releases—model and property?
- How old are the models? Male or female? Ethnicity? Height? Weight? Hair color?
- What are the people in the shots wearing? Who decides and who arranges for the wardrobe? Check with the models for size.

Looking at your copy of the layout will probably generate other questions more specific to the assignment at hand. Think—ask—confirm. Then price.

Usage: How does the client want to use the image(s)?

This is really your clients’ call. Your job is to sell them what they want to buy, but you can’t sell them anything until you know what it is that they want buy. Remember: You don’t sell photographs, you license the right for your clients to reproduce them.

Advertising

- Print? Web? Packaging? Brochure? Catalog? Where will the image(s) appear?
- Consumer or trade? Local or international?
- How long does the client want to use the image(s)?

- What size will the image(s) be reproduced?
- What will the placement be (full page or less—cover—inside)?
- How many times will the image be reproduced? Circulation of the publications the images will appear in is very important, as is the traffic through a Web site. The circulation of *People* magazine is in the millions; *Widget Weekly* goes to only 15,000 people.

Other advertising uses of photographs include: posters, point-of-purchase, billboards, telephone directories, direct mail. The list is vast (*fotoQuote* contains hundreds of potential uses for photographs and is an excellent starting point).

Editorial

- Placement is important—A cover is more valuable than any inside usage.
- Size—How large will the image be reproduced (the larger the image appears, the higher the price the image commands)?
- Circulation—How many people will see the image?

What about expenses? Many editorial clients do not allow photographers to mark up expenses and request copies of receipts. This is a longstanding practice and can be a hardship on the photographer, especially if the invoice isn't paid until the work is published—six months to a year after the shoot. In the meantime, your credit card company is adding 8–18 percent to your statement. It is a good idea to demand that expenses, if not paid in advance, are paid on acceptance of the images. Waiting until publication can be very costly. One way around this practice of not allowing a mark-up on expenses is to quote specifics in your estimate: \$XX per roll of 35mm E-6, \$XX per Polaroid, \$XX in hotel, airfare, meals, and rental car expenses. And, once the estimate is accepted (in writing), make certain that your invoice does not vary so much as a penny from the quoted charges for expenses (overestimating and billing less than quoted is even better). Then, if asked for receipts for film, processing, and cab fares, you can simply say, "I do not furnish receipts. I quoted my fees for expenses in my estimate, which was approved by Ms. Jones, and my invoice reflects those quoted prices exactly." Assuming you quoted price and quantity, what you pay for film or processing isn't really any of their business. Imagine their reaction to subscribers asking what paper and ink costs the magazine.

Traditionally, usage fees have always been based on three basic aspects of how the image will be used: time, size, and circulation.

These particular words might not be used—for example on the Web, "circulation" equates to "hits"—but if you keep these three words in mind, you will be able to generate more specific questions.

Corporate

- Is the project an annual report, facilities brochure, recruitment brochure, capabilities brochure, public relations piece, company newsletter, corporate magazine—

for employees or the general public?

- How many pieces are being printed and are they black and white or full color?
- How are they being distributed and to whom?
- How many photographs will be used in the project? (How many are you producing?)
- Will the client help with logistics or are you going to be given a shot list, a few phone numbers, and be on your own?
- Will you be working with an in-house design/marketing department or with a freelance designer?
- Who has the authority to approve the images?
- Will an authorized representative be at the shoot and does she have complete approval authority? Many photographers have been put in difficult situations because unauthorized personnel approved the images as they were being produced, only to find later that their superior didn't like the work. Make certain the person approving the Polaroids has the authority to do so. And, get her signature on the back of the test shots.
- What about expenses for this representative (meals, airfare, hotel)?
- Is the purchase order coming from the client or the design firm?
- Who is responsible for paying your invoice and when will that happen?
- What is the whole "timeline" for the project?
- How "flexible" is this timeline or is it "carved in stone"?

Many questions go into preparing a quote, a bid, or an estimate and you should think along those lines with every job. No two advertising, editorial, or corporate assignments are the same. Many have similar attributes, but each and every assignment is a little different and they must be handled as completely unique entities. There are similarities but even when there are, usage varies, placement varies, size of reproduction varies, circulation varies, and, therefore, all assignments vary.

Expenses and Billable Expenses

Calculating expenses is considerably easier than calculating your creative fee. Once you know everything there is to know about the assignment, you will know in your mind what the basic expenses will entail. Doing a fashion shoot of three outfits will require XX rolls of film and processing; XX sheets of Polaroid for tests, a fashion stylist, a make-up artist, transportation to the location (unless it's a studio job), preproduction for casting and location scouting, refreshments, assistant(s), and other facets.

As mentioned previously, many photographers find it advantageous to have a form handy that contains a list of possible expense items to keep them from forgetting something important. You should design your own "form" but here is a list of some of the expenses that are typical in the business.

This list is fairly comprehensive, but you should design your estimating worksheet in such a way that there is plenty of room for notes, sketches, and calculations. Once you have collected the information and crunched the numbers, it will be easy to put the

Production Report

Photography:	_____	_____	
	_____	_____	
	_____	_____	\$ _____
Preproduction:	_____	_____	
	_____	_____	
	_____	_____	\$ _____
Travel:	_____	_____	
	_____	_____	
	_____	_____	\$ _____
Weather delays:	_____	_____	
	_____	_____	
	_____	_____	\$ _____
Other:	_____	_____	
	_____	_____	
	_____	_____	\$ _____
Casting:	Fee	_____	
	Film	_____	
	Casting from files	_____	
	_____	_____	\$ _____
Crew:	Assistants	_____	
	Home economist	_____	
	Prod. coordinator	_____	
	Stylists: hair	_____	
	props	_____	
	wardrobe	_____	
	Trainer/animals	_____	
	Welfare/teacher	_____	
	_____	_____	\$ _____
Film	Editing	_____	
Lab charges:	Polaroid	_____	
	Prints	_____	
	Roll film	_____	
	Sheet film	_____	
	_____	_____	\$ _____

Page one of three

Production Report

Insurance:	Liability	_____	
	Photo pac	_____	
	Riders/binders	_____	
	_____	_____	\$ _____
Location:	Scout	_____	
	Film	_____	
	Research	_____	
	Location fee	_____	
	Permits	_____	
	Travel	_____	
	_____	_____	\$ _____
Messenger/Shipping:	Messenger	_____	
	Out-of-town	_____	
	Trucking	_____	
_____	_____	\$ _____	
Props:	Purchase	_____	
	Rental	_____	
	Food	_____	
_____	_____	\$ _____	
Rental:	Camera	_____	
	Grip truck	_____	
	Lenses	_____	
	Lighting	_____	
	Special effects	_____	
	Special equipment	_____	
	_____	_____	\$ _____
Sets:	Carpenter/painter	_____	
	Hardware/lumber	_____	
	Paint/wallpaper	_____	
	Set design/research	_____	
	Backgrounds/backdrops	_____	
	Studio materials	_____	
	Surfaces	_____	
	_____	_____	\$ _____

Page two of three

Production Report

Studio:	Build days	_____	
	Shoot days	_____	
	Overtime	_____	
	Strike	_____	
	_____	_____	\$ _____
Travel:	Air fares	_____	
	Excess baggage	_____	
	Cabs	_____	
	Car rental/mileage	_____	
	Truck/car rental	_____	
	Motor home/dressing room	_____	
	Parking tolls/gas	_____	
	_____	_____	
	Lodging, per diems (est)	_____	
	Hotel	_____	
	Meals	_____	
	_____	_____	\$ _____
Wardrobe:	Costume design	_____	
	Seamstress	_____	
	Purchase	_____	
	Rental	_____	
	Special make-up/wigs	_____	
	_____	_____	\$ _____
Misc:	Gratuities	_____	
	Long distance phone	_____	
	Nonprofessional talent	_____	
	Working meals	_____	
	_____	_____	
	_____	_____	\$ _____
Model details:	Number	Hours	Total time
	Adults _____	_____	_____
	Children _____	_____	_____
	Extras _____	_____	_____

information into a more formal format. From your standpoint, right now the information is considerably more important than the format it takes. Remember: Mistakes may be costly.

How much you charge for these expenses probably should be based on several factors:

- How much is your competition charging for the same items?
- How much are you going to “mark up” the expense items?
- How much is your client willing to pay?
- How much does your competition charge? This is one major aspect of being in business. If you owned a gas station, all you’d have to do is look at the sign across the street to find out what your competition was charging for gasoline. A photography studio is not a gas station, so communication with your peers becomes important.

Mark-Up

At the beginning of this chapter, we talked about certain realities. Here’s another: No one will remain in business long if he sells something for what he paid for it or less. Every business that has “profit” as an important part of its financial picture “marks up” expenses (i.e., charges their customers more than was paid for materials). Your clients, especially advertising agencies and design firms, mark up your invoices. What is their justification? They took the time to choose you as the photographer, they oversaw the production of the photographs, they have the expertise to work with the images that their client may not have, and they are in business to make a profit. So are you.

When you stock film, you are providing a service for your clients. When you test an emulsion, you are performing a “quality control” function (assuring that a blue dress actually looks blue on the chromes). If you write a check to the assistant and the make-up artist (assuming the client will eventually pay for their services when they pay your invoice) and your client will reimburse you sometime in the future when they pay your bill, you are giving them a loan. Banks charge interest every time you borrow money. All these functions—the convenience of having a refrigerator full of film, testing emulsions to ensure quality, and lending money—warrant additional profit in your pocket.

And, let’s not forget the amount of time it takes to do a film inventory, call your supplier, and drive over to pick up the boxes of materials. Your time is valuable.

Occasionally, a client might question your charges for expenses. “I can buy a roll of film at K-Mart for \$4 and have it processed for \$10—why should I pay you \$42.50?” I developed a brief form I could pull out to deal with this objection. I’d tell my clients that they could buy the film (I tell them exactly what I needed and where to get it) and they could take it to the lab of their choice to be processed. But they would have to sign this form absolving me of any responsibility for: “final color rendition, exposure variances, or any other technical aspect of the photographic process that might render the final images unusable.” I’d explain that I tested the film, have been dealing with my lab for years, and only if I were allowed to maintain control, could I guarantee the final result. “But, if you want to save a few bucks . . . ” In almost twenty years, only one

person signed the form and supplied the film and had it processed; everyone else paid my mark-up.

The only way business people can “charge” less for the things they must buy is to make plenty of additional money elsewhere in the deal.

You have to keep in mind the fact that every assignment must meet certain minimum financial requirements:

- Usage. How the client will use the work is probably the most important aspect of pricing an assignment (and probably the only aspect of a stock sale).
- Creative or production fees. These pay your overhead and allow you to maintain your business and continue to put food on the table.
- Expenses. Someone has to pay for everything that goes into actually producing the work: film and processing, models, Polaroids, travel expenses, and the like.

So the formula is this simple: Creative Fee + Usage + Expense charges (including mark-up) = Selling Price.

Pricing your work any other way is not pricing with purpose, and you are taking the chance that you’ll be able to survive on what’s left over at the end of every month—assuming there is anything left over, after you pay the bills. Be smart and plan.

