

Let\$ Make Money

A MARKETING, FINANCIAL & BUSINESS PRACTICES GUIDE FOR FPP MEMBERS – Issue # 34, 2005

Cash Is King

The statistics on small business failure are alarming. According to Michael Gerber, among business startups, 40% fail in the first year, and 80% fail within the first 5 years.

Why? Chiefly because they ran out of cash. Don't let this happen to you. Here are 10 rules to help you take control of your cash flow so you can create the business you have always dreamed of.

1. Never run out of cash. Running out of cash is the definition of failure in business.
2. Cash is king. It's important to recognize that cash is what keeps your business alive. Manage it with the care and attention it deserves.
3. Know your cash balance right now.

Even the most intelligent and experienced person will fail if s/he is making business decisions based on inaccurate or incomplete cash balances.

4. Do today's work today. Do the accounting chores when you need to do them and you will have the numbers you need, when needed.
5. Either you do the work or have someone else do it.
6. Don't manage from the bank balance. The bank balance and the cash balance are two different animals.
7. Know what the cash balance should be six months from now.
8. Cash flow problems don't just happen.

Businesses fail because the owner did not see a problem in time.

9. You must have cash flow projections.
10. Eliminate your cash flow worries so you are free to do what you do best.

Source: Excerpt From "Cash Is King," by Philip Campbell, Nov. 2004, *Professional Photographer*

FEATURES

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Lead With Your Best (And Double Your Sales Average)

According to Charles J. Lewis, the really big money in portrait photography is made through the sale of wall portraits for home décor.

A wall portrait is the single way your clients will get the most enjoyment and benefit from your photography. The only time your client will get close enough to enjoy an 8 x 10 is when s/he is dusting it! These seven selling points have made Charles' studio an "enormous amount of money."

1. Sell Down. It's much more effective to start with your highest priced, finest products and services. Then if you must, slowly, very slowly, move down the list.
2. Soak-In. Allow enough time for the client to get used to the price when you display that large wall portrait. Let the image of how great it looks soak in.
3. Volunteer the price before being asked,

and do so in a carefully formulated, confident manner.

This says two things: (a) that you know you are worth what you charge, and (b) you are proud of your work.

4. Big Decision. Carefully craft your sales presentations so the client is making small, easy decisions, one at a time, until the sum of those decisions leads her/him into deciding the best.
5. Stay Focused. If you want to sell more wall portraits, and earn more \$, stay focused on that before moving on to other items.
6. Guarantee. Get the decision today, and collect the \$. Best way to do this is remove any risk. Offer a guarantee.
7. Whopper. Offer an item so big and so expensive that practically no one could afford it. Show this up front so it makes everything else look reasonable.

Source: Excerpt From "Lead With Your Best," by Charles J. Lewis, Nov. 2004, Professional Photographer

Travel Safety

First came 9/11, then two foreign wars, the SARS epidemic and murders of Westerners abroad by terrorists. "It's a different world we live in," says Carol Devine, CEO of the National Business Travel Association. "Security information is in more demand today than ever before."

Before you leave the country, check out risks and information from:

U.S. State Department
www.travel.state.gov

Centers for Disease Control & Prevention
www.cdc.gov/travel

World Health Org.
www.who.org

Air Security International
www.airsecurity.com

Control Risks Group
www.crg.com

iJet Travel Risk Mgmt.
www.ijet.com

International SOS
www.internationalsos.com

Source: Excerpt From "Travelers Buy Peace of Mind," by Gary Stoller, USA Today, August 10, 2004

Field Perspective

High School Seniors

On Sept. 14, 2004 Bruce Wilson, Jr. presented to TAPPA (Tampa Area Professional Photographers Assoc.) on High School Seniors.

Some key takeaways from this presentation include:

- “If it’s to be it’s up to me!”
- Direct mail is most effective; get names:
 - Volunteer for Career Day
 - Bid on dances & sports jobs
 - Cover fundraisers
 - Get to know front office staff
 - Offer to teach a class for yearbook staff
 - Present at a Junior Class meeting
- Give Seniors business cards they can pass out to friends as referrals and “earn” free 8 x 10 or wallets
- Join Senior Photographers International (SPI)

- Get in on graduation announcements
- Have a “Senior Wall” with a variety of products; if don’t show will not sell
- Include a fan on them image
- Bigger the projection the better you will do
- Eyes are the **soul** ... don’t always want a great big smile – makes the eyes appear smaller

Digital Workflow

On Oct. 12, 2004 Tom Munoz presented to TAPPA on Digital Workflow.

Some key steps:

- Download images to laptop at the event
- Afterwards, backup to another computer and/or external hard drive
- Edit and put images in story order
- After edit first image using Macbeth color chart and correct exposure so whites are not above 245, apply same to all images
- Rename images w/ their file # as a suffix
- Send to process
- Archive unedited & edited

Note: This is the Editor’s perspective on takeaways. The individuals / studios profiled did not contribute or review articles.

BUSINESS BAG

CEO Skills

What is the most important skill a chief executive should possess? “Integrity. Long term, integrity wins. Do what you say when you say you’ll do it. Second, passion for mission – a total focus on getting the job done.”

– Source: *Chip Webster, President/COO, TEC FL, TopRank Florida 2005*

Self-Dealing

You should be careful about running personal expenses through your company. Don’t try to disguise personal expenses as business expenses. It’s called self-dealing – it can really get you in trouble.

If it gets really egregious, the IRS may assert a fraud penalty that is 75% of the taxes owed.

– Source: “*What the IRS is Looking For*,” Alison S. Wellner, *INC. Magazine*, Nov. 2004

“We need wilderness whether or not we ever set foot in it. We need a refuge even though we may never need to go there ... We need the possibility of escape as surely as we need hope.” – Edward Abbey, *Desert Solitaire*, 1968

BUSINESS BAG (continued)

Pay Per Click

A San Francisco co. called Ingenio has developed a Web advertising system that helps smaller businesses make better use of powerful tools like Google's new local search service and Yahoo's online yellow pages. By attaching a unique phone # to each ad, Ingenio is able to charge advertisers only when their ad results in a phone call from a prospect (vs. a click).
– Source: INC. Magazine, Jan. 2005

Retirement Savings

Per the Employee Benefit Research Institute, only 29% of employees in small businesses participate in retirement plans compared with 58% for midsize and large cos.
Don't assume the equity in your business is a virtual pension plan. It may have little or no value when you retire, get sick, or die.
– Source: INC. Magazine, Jan. 2005

Spending on Weddings

2001 – \$46B
2002 – \$44B
2003 – \$57B
– Source: Bridal Guide InfoSource, USA Today, 2004

FL Production

A 2002 study found that 52% of FL film, TV and video production, and commercial print photography took place in southeast FL, with the bulk of it in Miami Beach and other Miami-Dade locations. Orlando and Tampa jointly held about 35% of the industry in 2002, with the rest scattered across Florida.
– Source: Florida Trend, 2004

Survival

Per D&B, businesses with fewer than 20 employees only have a 37% chance of surviving 4 years.
– Source: Tampa Tribune, 2004

Newspapers

Newspapers are read by 8 out of 10 adults in the Top 50 U.S. markets – 53% read every weekday and 62% read every Sunday. FL is Top 10.
– Source: Spring 2004 Competitive Media Index

Healthcare Costs

While healthcare costs continue to rise for FL businesses, the rate of increase has slowed. Average increase for co. costs in 2004 was 13%.
– Source: Florida CEO Trends Survey 2002, 2003, 2004

Business Listing

www.floridadirectory.biz
This is a free listing to all Florida business owners. Businesses are categorized by profession then by city.
– Source: Tampa Tribune, 2004

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