

Let\$ Make Money

A MARKETING, FINANCIAL & BUSINESS PRACTICES GUIDE FOR FPP MEMBERS – Issue # 42, 2007

Success Built to Last

Success is an elusive prize. Interviews of over 200 people, most over 40 years old, resulted in the book: Success Built to Last: Creating a Life That Matters.

The bottom-line conclusion about how successful people operate: “Their passions create meaning in their lives that is nothing short of a lifelong obsession from which they seek no escape.”

And there you have it. There is, in the end, no trumping true dedication and passion.

“Success in the long run has less to do with finding the best idea, organizational structure, or business model for an enterprise, than with discovering what matters to us as individuals.”

All of the people interviewed have three essential traits in common. They are:

- Meaning – What you do must matter deeply to you, so much so you lose all track of time. It’s a “flow experience.”
- ThoughtStyle – You have a highly developed sense of accountability, audacity, passion and optimism.
- ActionStyle – You find effective ways to take action. “Your time is limited, so you don’t waste it living someone else’s life.”

You can have more than one passion. In fact, you should. That’s what makes a balanced life.

Source: *Excerpt From Article by Kerry Hannon; USA Today; Sept. 18, 2006*

“The only place that success comes before work is in the dictionary.”
Tom Brady, QB, 2006

NEED NEW EDITOR – You?

This issue concludes my three years as Editor of Let\$ Make Money. **A new Editor is needed starting with the April 15, 2007 issue.** Pls. contact Alan.Dust@yahoo.com (Dir. of Communications) if you are interested. You will receive one merit per issue edited.

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Profit Center – Make More \$

PPA's recent Studio Financial Benchmarking Survey Analysis shows studios across the board are not netting as much money as they could be.

The study's overall findings include:

- Retail-location studios have the highest gross sales – \$239K vs. \$129K for home-based studios
- However, home studio owners keep a higher percentage of gross sales – 25% vs. 19% for retail
- Best performing studios in both categories spent much less on the general expenses of employees, administrative services, sales and production than their avg. counterparts
- Studios that used film exclusively had a higher cost of sales than digital-only and digital / film studios
- Studios using projection were almost twice as profitable as the studios that used paper proofs
- Weddings-only studios registered a much higher cost of sales
- Studios run by individuals lag far behind studios run by dual owners

Success Formula PPA's Benchmarks

Home-Based Studios

• Sales -----	\$150,000
• Cost of Sales -----	35%
• General Expenses	
o Employees ----	4% - 5%
o Building -----	3% - 5%
o Marketing -----	4% - 7%
o Admin. -----	12% - 13%
o Depreciation --	7% - 9%
• Total General Expenses (w/out owner's comp.) -----	30%
• Owner's Comp. -----	35%
+ Net Profit	\$52,500

Retail-Location Studios

• Sales -----	\$250,000
• Cost of Sales -----	25%
• General Expenses	
o Employees ----	7% - 10%
o Building -----	8% - 11%
o Marketing -----	5% - 8%
o Admin. -----	12% - 13%
o Depreciation --	4% - 6%
• Total General Expenses (w/out owner's comp.) -----	40%
• Owner's Comp. -----	35%
+ Net Profit	\$87,500

Some recommendations for a more profitable studio include: budget your capital investments carefully, don't hire employees until your business can afford them, guard your cash, understand how to price

for profits, master effective sales techniques, and expand your business education.

Source: Excerpt From Article by Leslie Hunt; Professional Photographer; Nov. 2006

Studio Photographs in the Digital Age

You just wrapped up Dec., as families crowded in to make personalized gifts for the holidays. You probably faced stiff competition, and it is going to be even stiffer.

Most photographers have invested in digital, but still have to sell themselves to over-confident amateurs, who think they can handle basic portraits with their own point-and-shoot and a home computer. And, there are always the big portrait-studio chains to consider, including Sears, Picture People and Kiddie Kandidis.

The Cranky Consumer did a test with a baby girl during the 2006 season. The three chains and two professionals were visited, for five sittings.

Picture People was deemed the best of the chains, but "winning" was the professional that charged a flat \$400 and turned over all the prints for printing at will.

Source: Excerpt From Article by Ron Liebert; The Wall Street Journal; Nov. 30, 2006

BUSINESS BAG

Sole Proprietors' Top Challenges

What is your primary challenge in running a small business by yourself?

- 35% - Inability to focus on generating new business
- 27% - Spreading time across multiple projects / roles
- 23% - Limited resources
- 23% - Running business more efficiently
- 23% - Not having enough time to focus on own passions

Source: Visa/SCORE Sole Proprietor Survey, 2006

What Employees Want

What aspect is important when your employer communications w/ you?

- 52% - Giving insights on how to be more effective
- 47% - Showing how to fit into the co.'s vision
- 45% - Explaining the company's vision
- 41% - Engaging on a personal level

Source: Sponsorship Research International, 2006

*"A vision without a task is but a dream, a task without a vision is drudgery, a vision and a task is the hope of the world."
From a Church in Sussex, England, ca. 1730*

Brides-To-Be Get New Magazine

A handful of magazines are trying to take the stress out of wedding planning.

The latest, Brides Florida, was released by Conde Nast Publications (Vogue, Vanity Fair). "With beaches, sunsets and resorts, there was no question Florida would be among the highlighted regions."

"The goal of Brides Florida is to fill the mag. with achievable, down-to-earth suggestions & tips." The first semi-annual issue of Brides Florida was released in late-August 2006.

Readership profile:

- Avg. age – 26.7
- Avg. income – \$65K
- Employed – 79%
- Budget - \$16K
- # Guests – 143

Source: www.brides.com/local/florida

BUSINESS BAG (continued)

9 Problems to Head Off by Planning Ahead

No one likes to think about what can go wrong, but every biz is vulnerable. Planning is the best prevention:

1. Cash Flow – Develop a projection and build up a reserve. Send out invoices on time.
2. Partner Break-ups – Draw up an agreement, including buy / sell provisions.
3. Natural Disasters – Develop an emergency preparedness plan.
4. Lose Major Customer – Develop a biz plan to diversify client base.
5. New Competition – Keep your eye on what is happening. Don't compete on price alone.
6. Industry Change – Develop an annual biz plan. Stay abreast with your industry. Be flexible.
7. Loss Key Personnel – Develop back-up and succession plans for all key personnel.
8. Theft / Embezzling – Hire well, treat your employees fairly, and run an honest biz.

*"A good photograph communicates. It sends a message. It will speak not only to (the photographer) emotionally, but to other people, too."
Tipper Gore, Oct. 2006*

9. Family Problems – Time off. Emotional support. Structure. Employees remain loyal to those that are loyal to them.

Source: Excerpt From Article by Rhonda Abrams; USA Today; Nov. 20, 2006

More Adults Avoiding Marriage

Married couples are now a minority according to recent census figures – 49.7% of the nation's 111MM households.

A growing number of adults are staying single longer or living unmarried with partners. The potential social and economic implications of that trend are significant.

Since 2000, unmarried opposite-sex couples rose by ~ 14%, male couples by 24%, and female couples by 12%. And, the South had some of the highest numbers of unmarriages.

Source: Nation/World; Tampa Tribune; Oct. 15, 2006

HR Challenges

Top human resource challenges that are having the most impact on organizations today:

- 64% - Recruiting
- 57% - Post-hiring training
- 43% - Keeping mid-career workers engaged
- 37% - Employees voluntarily leaving
- 22% - Expected baby boomer retirements

Source: USA Today; 2006

*"Not failure, but low aim, is crime."
James Russell Lowell*

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