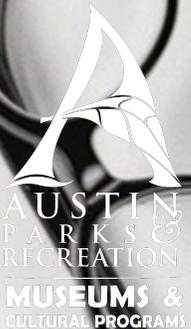


DOUGHERTY ARTSCENTER ARTIST RESOURCE CENTER

Professional Development Workshops

Creating an Artist Business Plan

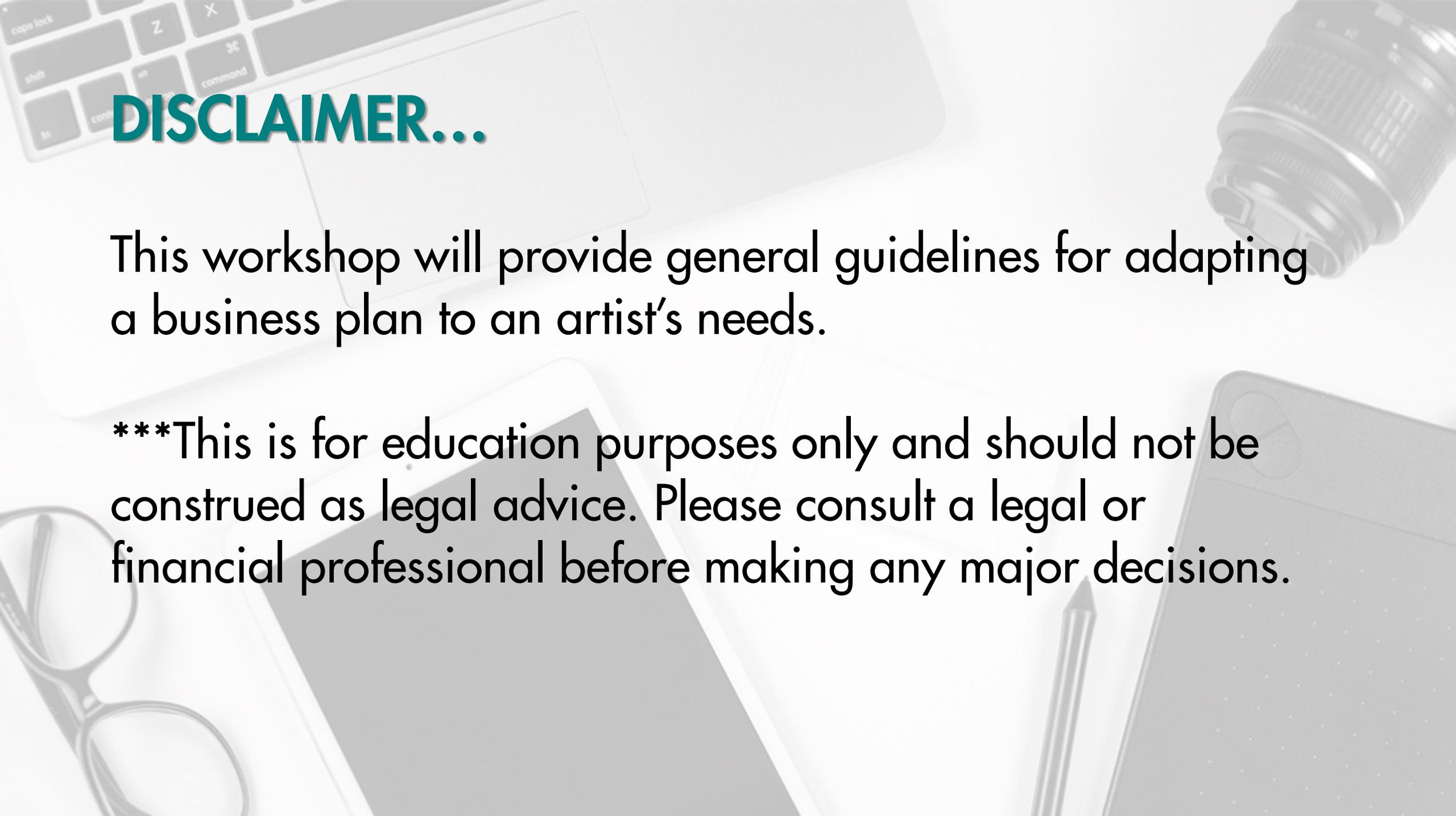
May 4, 2021 6:30-8pm



WHY DO I NEED A BUSINESS PLAN...

I'M AN ARTIST?

- Until it's written down, it's just a dream
- Give yourself direction with a plan and goals
- Find out realistically how much money you need to make and how you will make it
- Determine your audience and how to market to them
- Use it to apply to grants, loans, etc.



DISCLAIMER...

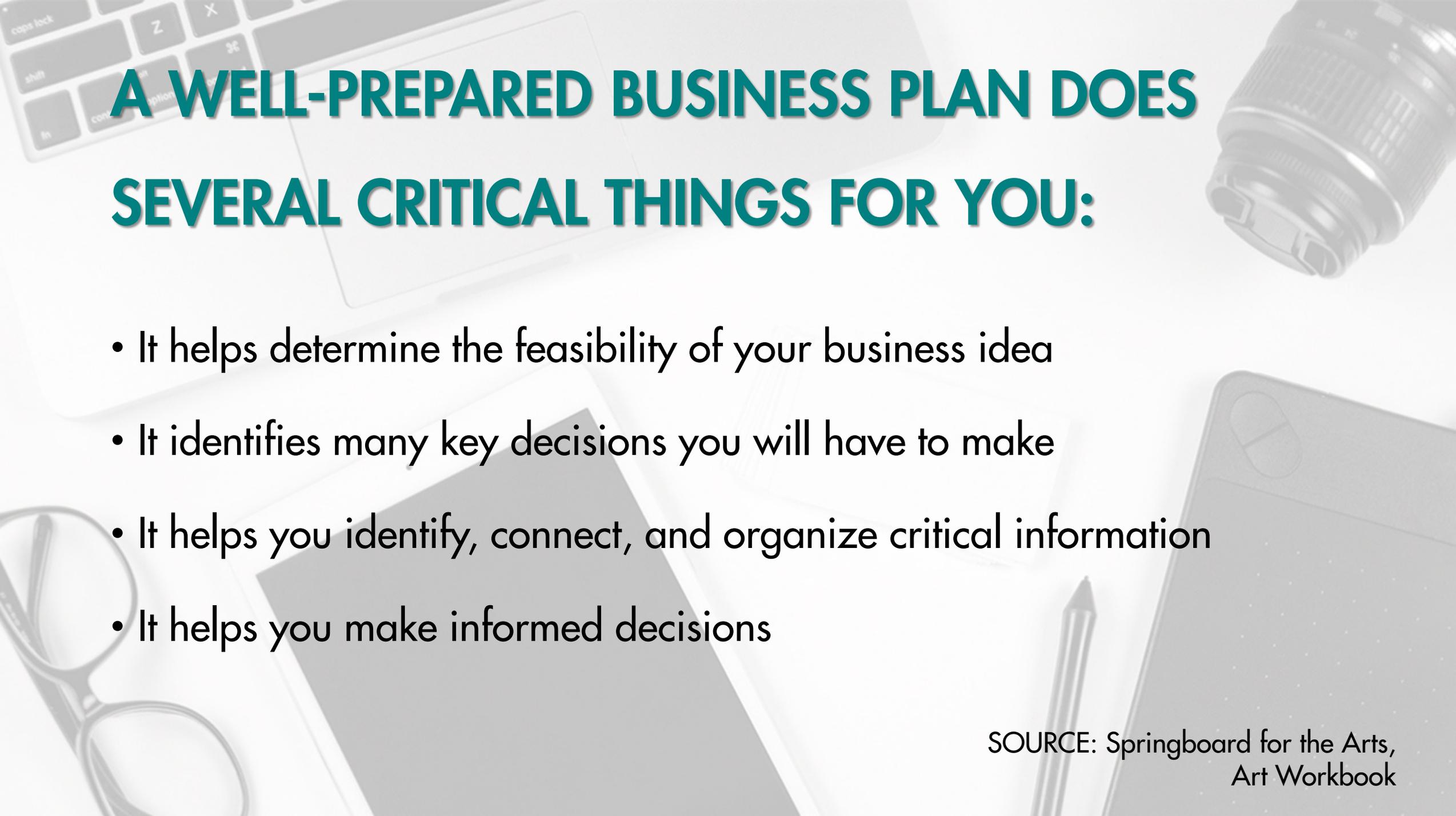
This workshop will provide general guidelines for adapting a business plan to an artist's needs.

***This is for education purposes only and should not be construed as legal advice. Please consult a legal or financial professional before making any major decisions.



WHY DO ARTISTS NEED A BUSINESS PLAN?

- If you are trying to make money by selling your work, you are a business.
- To be a successful business, you need to make a plan that will take your ideas and turn them into profitable actions.
- The plan can be used to give you personal insight and direction, or it could be used to help you gain financing (loans from banks, grants, investors) and/or stakeholders (galleries, publishers, agents through representation, and even family and friends through support).



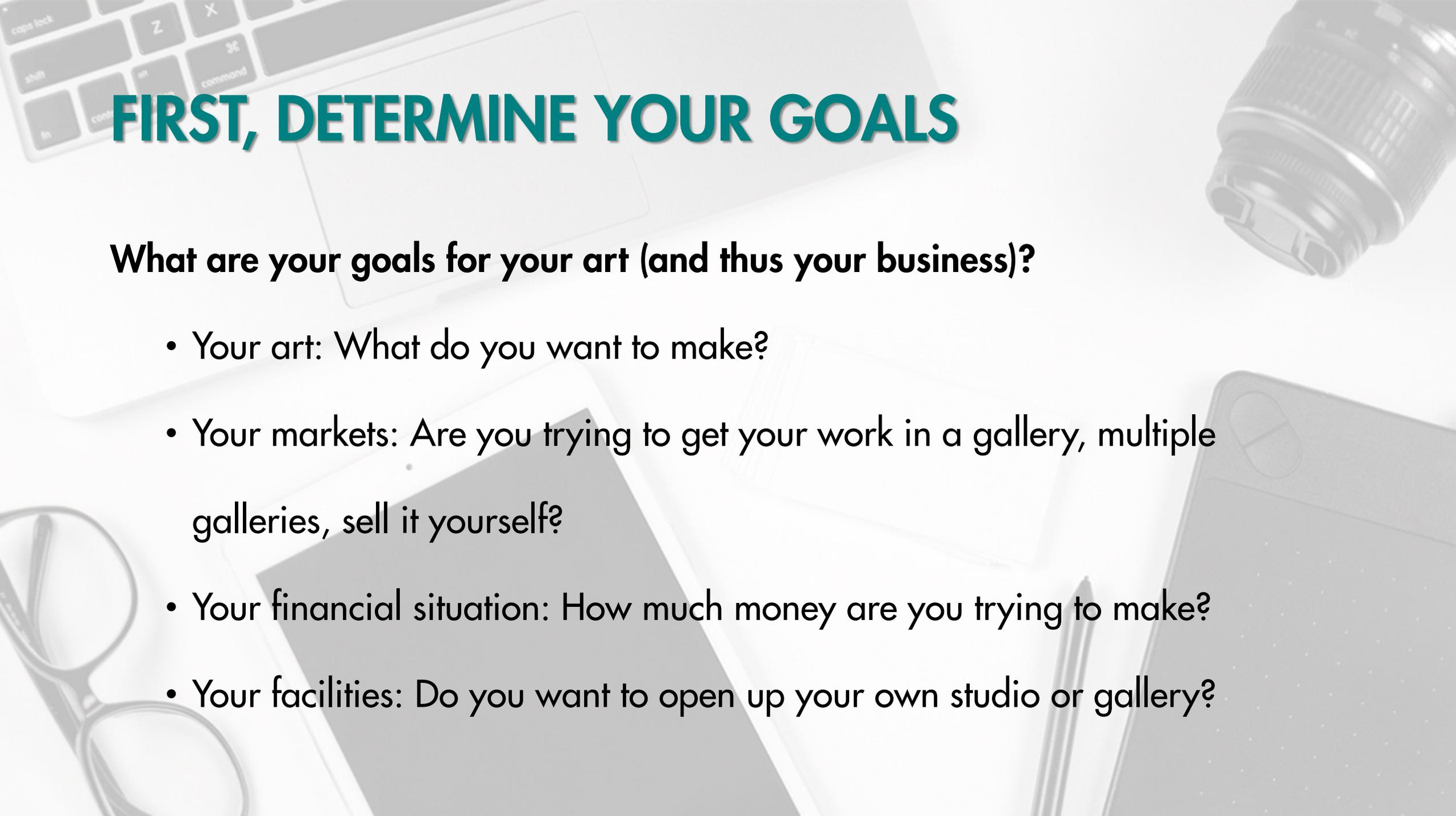
A WELL-PREPARED BUSINESS PLAN DOES SEVERAL CRITICAL THINGS FOR YOU:

- It helps determine the feasibility of your business idea
- It identifies many key decisions you will have to make
- It helps you identify, connect, and organize critical information
- It helps you make informed decisions

SOURCE: Springboard for the Arts,
Art Workbook

A top-down view of a workspace with various items: a laptop keyboard and trackpad in the top left, a camera lens in the top right, a pair of glasses in the bottom left, a pen in the bottom right, and a tablet or notebook in the center. The background is a light, neutral color.

BUSINESS GOALS & OBJECTIVES



FIRST, DETERMINE YOUR GOALS

What are your goals for your art (and thus your business)?

- Your art: What do you want to make?
- Your markets: Are you trying to get your work in a gallery, multiple galleries, sell it yourself?
- Your financial situation: How much money are you trying to make?
- Your facilities: Do you want to open up your own studio or gallery?

NEXT, CREATE BUSINESS OBJECTIVES

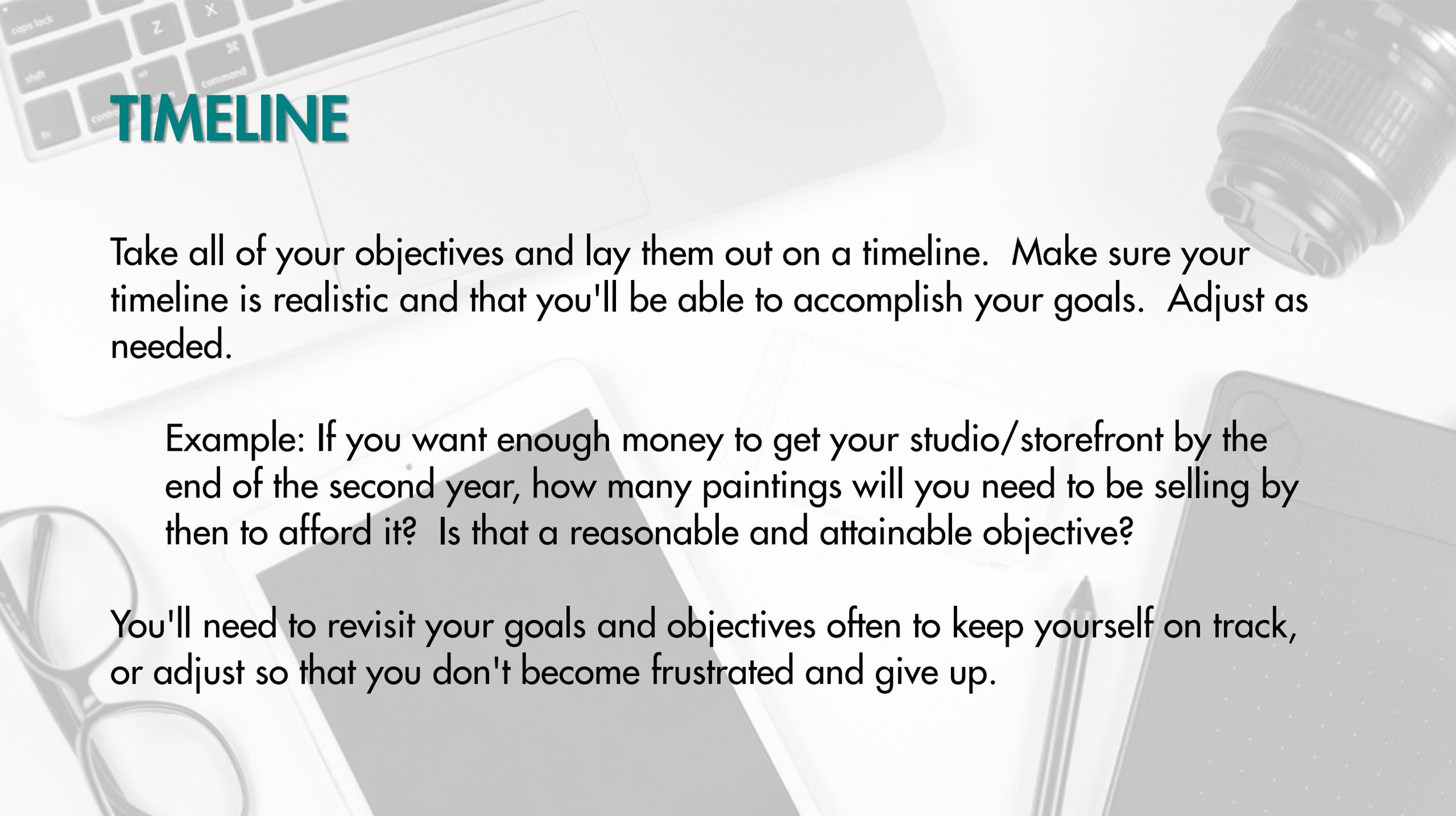
Business Objectives take your goals and give them quantified or measurable actions.

Make sure the objectives are S.M.A.R.T.

- Specific
- Measurable
- Attainable
- Relevant/Realistic
- Time-Based

EXAMPLE BUSINESS OBJECTIVES

- I will be able to create and sell 3 paintings a month at \$500 each to cover my overhead costs by the end of my first year.
- I will be represented by one local gallery by the end of this year, by two more galleries in the state by the end of next year, and two national galleries by the end of my third year.
- I will find a studio/storefront space by the end of my second year that is within my budget.



TIMELINE

Take all of your objectives and lay them out on a timeline. Make sure your timeline is realistic and that you'll be able to accomplish your goals. Adjust as needed.

Example: If you want enough money to get your studio/storefront by the end of the second year, how many paintings will you need to be selling by then to afford it? Is that a reasonable and attainable objective?

You'll need to revisit your goals and objectives often to keep yourself on track, or adjust so that you don't become frustrated and give up.

A top-down view of a desk with various items: a laptop keyboard, a camera lens, a tablet, a notebook, a pen, and glasses. The word "BUDGETING" is centered in the middle of the image in a bold, teal font.

BUDGETING

FIRST, FIGURE OUT YOUR EXPENSES

What are your monthly expenses? Are you trying to cover both your business and personal expenses from your art?

Personal Expenses

Business Expenses

- Materials
- Marketing
- Fees (listing, processing, application, booth, gallery)
- Rent?
- Employees?
- Insurance?

DON'T FORGET TAXES

When you work for a business as an employee, that business takes taxes out of your paycheck and pays them for you. As an artist and business owner you will need to pay your own taxes.

You will need to set aside 20-35% of your income for taxes (income tax and self employment tax)

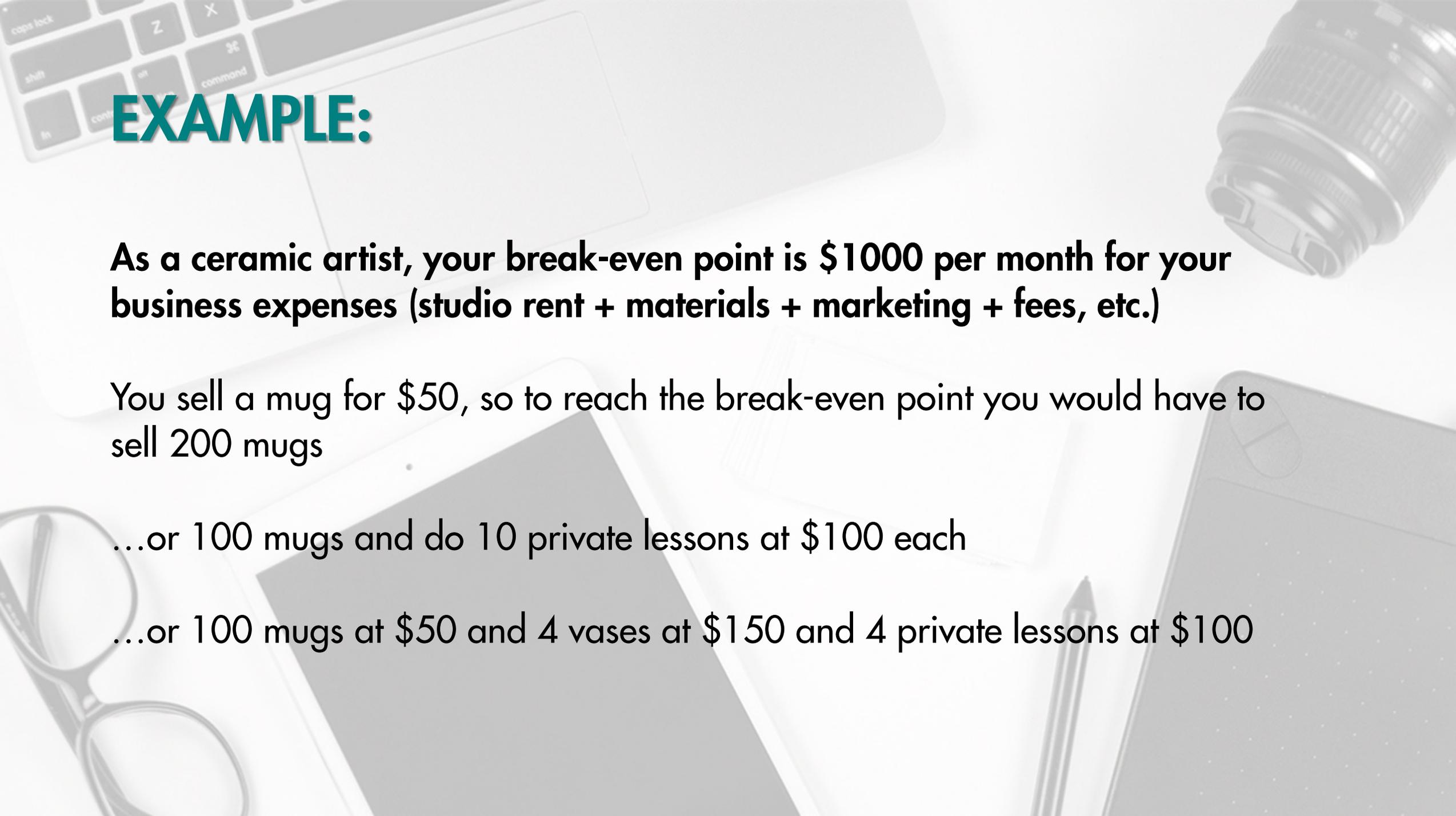
You can hire an accountant or reference the IRS website to help you determine how much you should set aside and how to file your taxes.

HOW MUCH MONEY DO YOU NEED TO MAKE?

Break-Even Point: the point at which your sales equal your expenses

How many **units** do you need to sell to break even?

What makes up a unit? (a painting, a piece of pottery or jewelry, a private lesson, licensing a song, etc.)



EXAMPLE:

As a ceramic artist, your break-even point is \$1000 per month for your business expenses (studio rent + materials + marketing + fees, etc.)

You sell a mug for \$50, so to reach the break-even point you would have to sell 200 mugs

...or 100 mugs and do 10 private lessons at \$100 each

...or 100 mugs at \$50 and 4 vases at \$150 and 4 private lessons at \$100

WHAT ABOUT YOUR PERSONAL EXPENSES?

How much more do you need to pay yourself each month to cover your personal expenses?

Add that to your break-even point and figure out how many more units you need to sell.

Did you include adding to your savings or a retirement plan in that?

HOW MUCH DO I NEED TO MAKE FOR TAXES?

Know what you need for your Net Yearly Income (NYI)

This is what you need to pay your expenses after paying taxes.

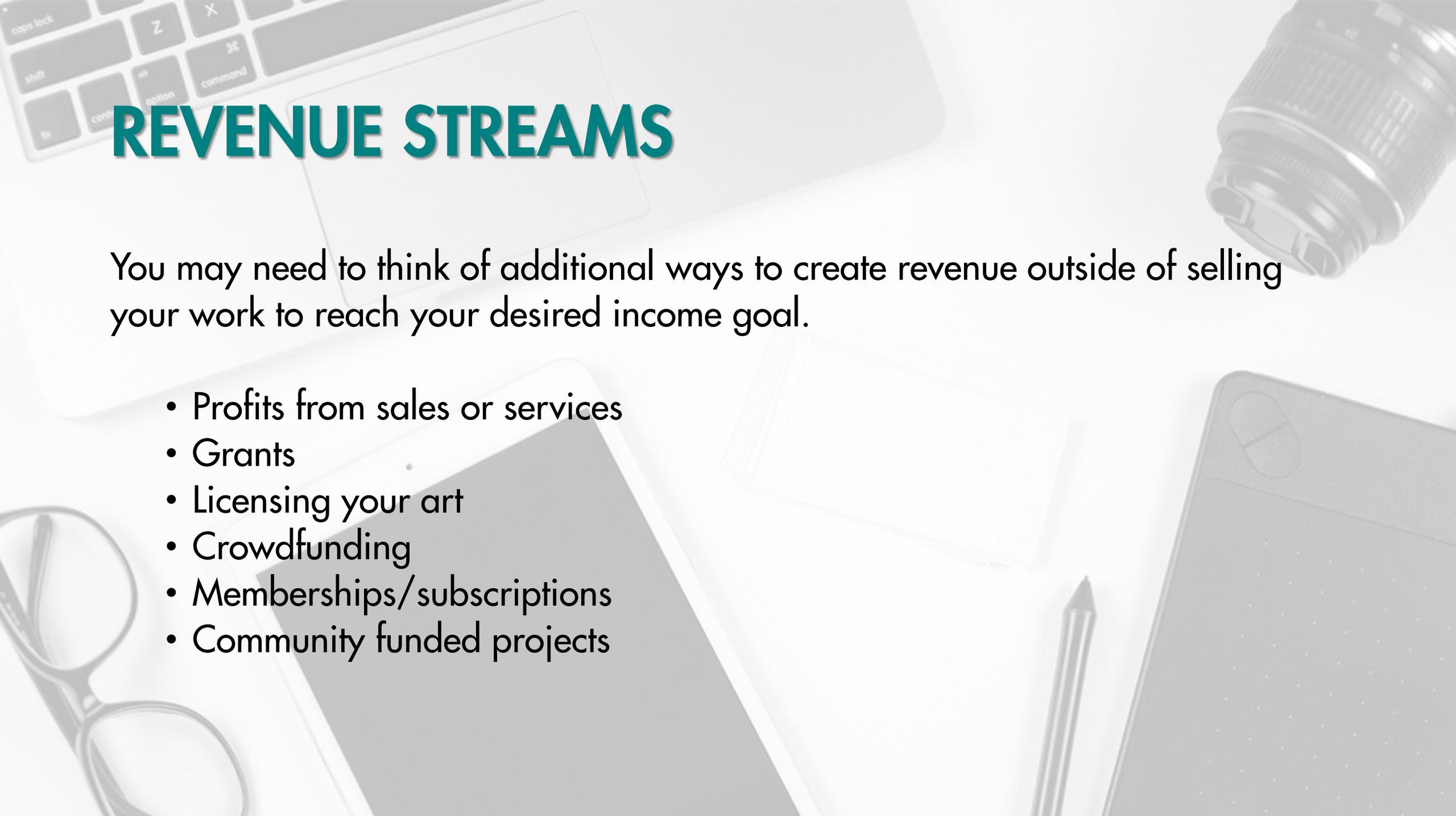
Find your Gross Yearly Income (GYI)

This is what you'll need to bring in before paying taxes in order to have enough net yearly income.

Example: Let's say you know you have to pay 30% of your income to taxes. You'll multiply what you need (NYI) by 1.3, and you'll get your gross yearly income (GYI). So if you need to make \$50,000 to cover your personal and business expenses, you'll need to bring in \$65,000 through sales/services to cover everything. ($\$50,000 \times 1.3 = \$65,000$)

A top-down view of a desk with various items: a laptop keyboard and trackpad in the top left, a camera lens in the top right, a pair of glasses in the bottom left, a pen in the bottom right, and a tablet and notebook in the center. The background is a light, neutral color.

DIVERSIFYING YOUR REVENUE



REVENUE STREAMS

You may need to think of additional ways to create revenue outside of selling your work to reach your desired income goal.

- Profits from sales or services
- Grants
- Licensing your art
- Crowdfunding
- Memberships/subscriptions
- Community funded projects

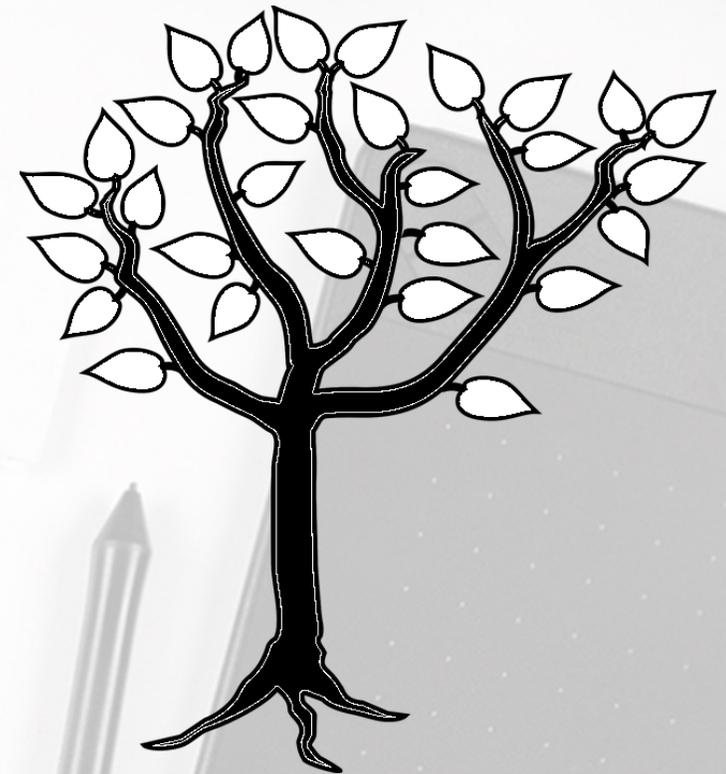
THE PRODUCT/SERVICE TREE

A tool for working through how your creative output might generate income and who will consume it.

Trunk = your art in a broad sense (ex. - pottery)

Branches = income ideas (ex. - galleries, markets, classes/lessons, etc.)

Leaves = who will be your clients/consumers?



A collage of office and creative tools including a laptop, camera lens, tablet, glasses, and pen. The background is a light gray, semi-transparent overlay of these items. The text is centered and reads:

DETERMINING & EXPANDING YOUR AUDIENCE



FIRST, DEFINE YOUR PRODUCT

Is it a good (painting, jewelry, performance, clothing, etc.)?

Or, is it a service (workshop, class, lesson, fabrication, etc.)?

Are you selling a solution or an experience?

WHO IS GOING TO BUY YOUR PRODUCT?

Who is already buying your products?

Pay attention at in-person sales and to analytics of your social media and online sales.

What are their demographics (age, gender, income level, etc.)?

Who else do you think would be interested and want to buy your work? **This is your target market.**

HOW CAN YOU REACH AND EXPAND TO YOUR TARGET MARKET?

- Find online communities with related interests to your products (Facebook Groups, follow hashtags, forums, online publications, etc.) Submit content to those communities. This doesn't necessarily need to be direct product advertisement, but just engagement within the community through comments, tutorials, etc.
- Submit work to calls for entry. This could be a themed gallery exhibition, a public art call, a call for written publications, a venue calling for musicians for an event, etc.
- Any way to show your work and gain followers who have not had exposure to your work before, but you know might be interested.

ON THE TOPIC OF "EXPOSURE"...

"Exposure" can be a tough topic, as it's up to you how much you want to put into it for what you get out.

- company using your art or asking you to perform for free
- paying for an online advertisement or boost
- a gallery taking a percentage of your sales
- Etc.

You have to determine what your effort is worth in exchange for the "exposure".



RETAINING YOUR CUSTOMERS

Keep track of your customers and keep them informed.

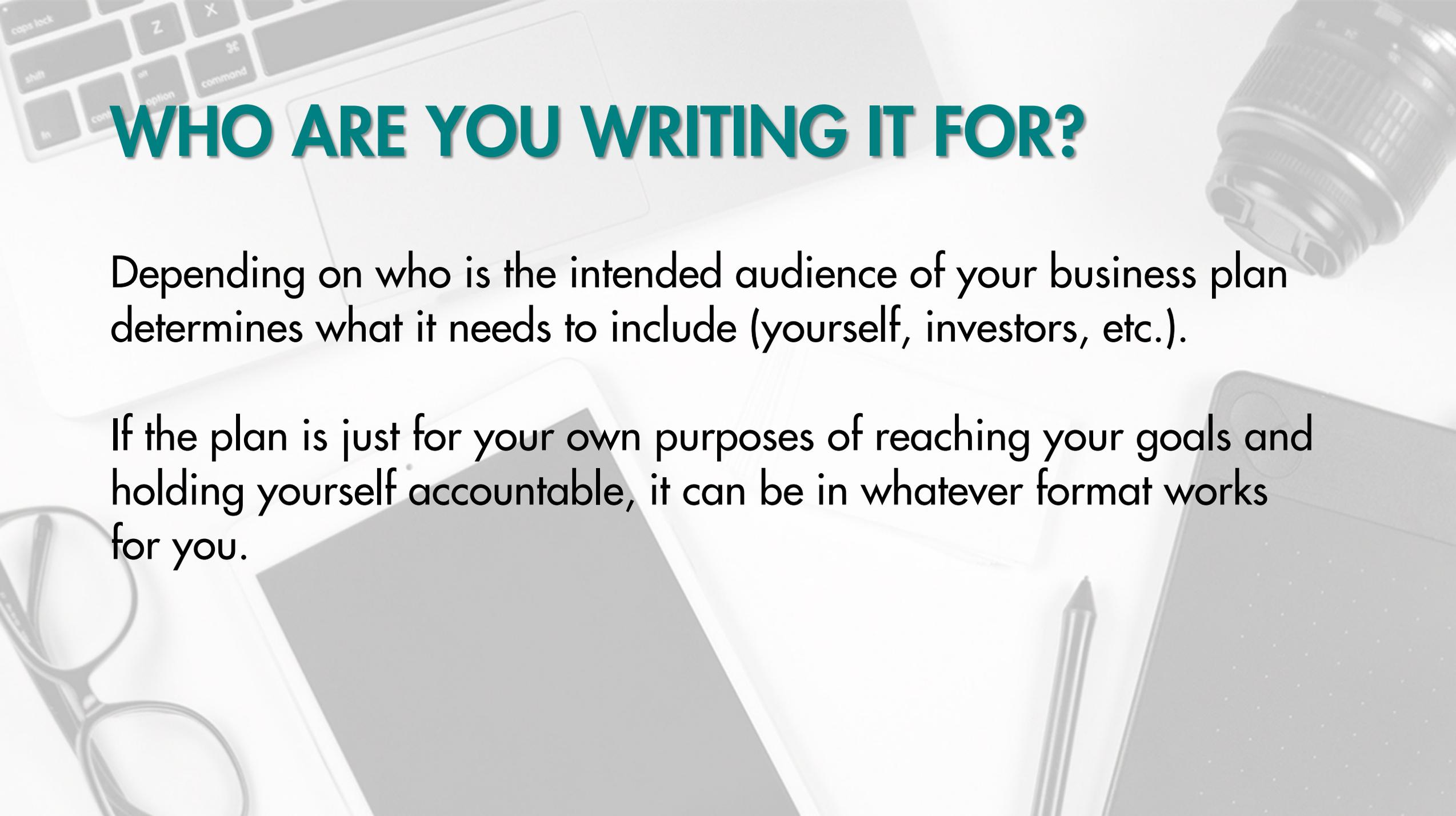
Is it easy for them to find you and purchase your work?

Create a plan for staying in touch with established customers.

- Post regularly on social media.
- Build a mailing list and send updates on offerings, events, and sales (don't spam).



WRITING & USING YOUR BUSINESS PLAN

The background of the slide is a light gray, semi-transparent image of a desk. In the top left, a portion of a laptop keyboard is visible, showing keys like 'caps lock', 'Z', 'X', 'shift', 'command', and 'option'. In the top right, there is a camera lens. In the bottom left, a pair of glasses is visible. In the bottom right, a pen is lying on a piece of paper. The overall aesthetic is clean and professional.

WHO ARE YOU WRITING IT FOR?

Depending on who is the intended audience of your business plan determines what it needs to include (yourself, investors, etc.).

If the plan is just for your own purposes of reaching your goals and holding yourself accountable, it can be in whatever format works for you.



WRITING FOR INVESTORS

Writing an official business plan for obtaining investors, loans, and/or grants will be more detailed.

The plan needs to tell the entire story of your business to potential investors without additional verbal explanation.

There are many examples and outlines for creating a business plan that can be found online and adjusted to work for an artist's needs, and **COULD** include...



BUSINESS PLAN CONTENTS:

- **Cover Page** with your business name and contact information
- **Table of Contents** for quick reference to topics in your plan
- **Executive Summary** with a quick summary of your plan including goals, objectives, and monetary amount if applying for a loan or grant
- **Company Description** with a brief history and future plans and goals

BUSINESS PLAN CONTENTS:

- **Industry Analysis:** is it growing/changing, size of market
- **Products & Services:** your products and their prices and your distribution channels
- **Market Analysis:** who are your customers and why would they buy your product, how are you going to reach them, who is your competition and why will your customers come to you?
- **Management & Organization:** who is managing the business and what experience do they have? Also list any important advisors (lawyer, accountant, insurance agent, etc.)

BUSINESS PLAN CONTENTS:

- **Operational Plan:** how will you produce and deliver your products or services, how will you sell it, will you have employees, equipment and suppliers, and an exit strategy for if the business doesn't succeed.
- **Financial Plan & Projections:** numbers that correspond to the plan including start-up expenses, financial history (if existing), profit and loss projection, and projected balance sheet.
- **Financing Proposal:** How do you plan to obtain the amount required for your plan (loan, existing funds, collateral, owner contribution)?
- **Supporting Documents:** owner/management résumés, letters of reference, leases, permits, licenses, other legal documents

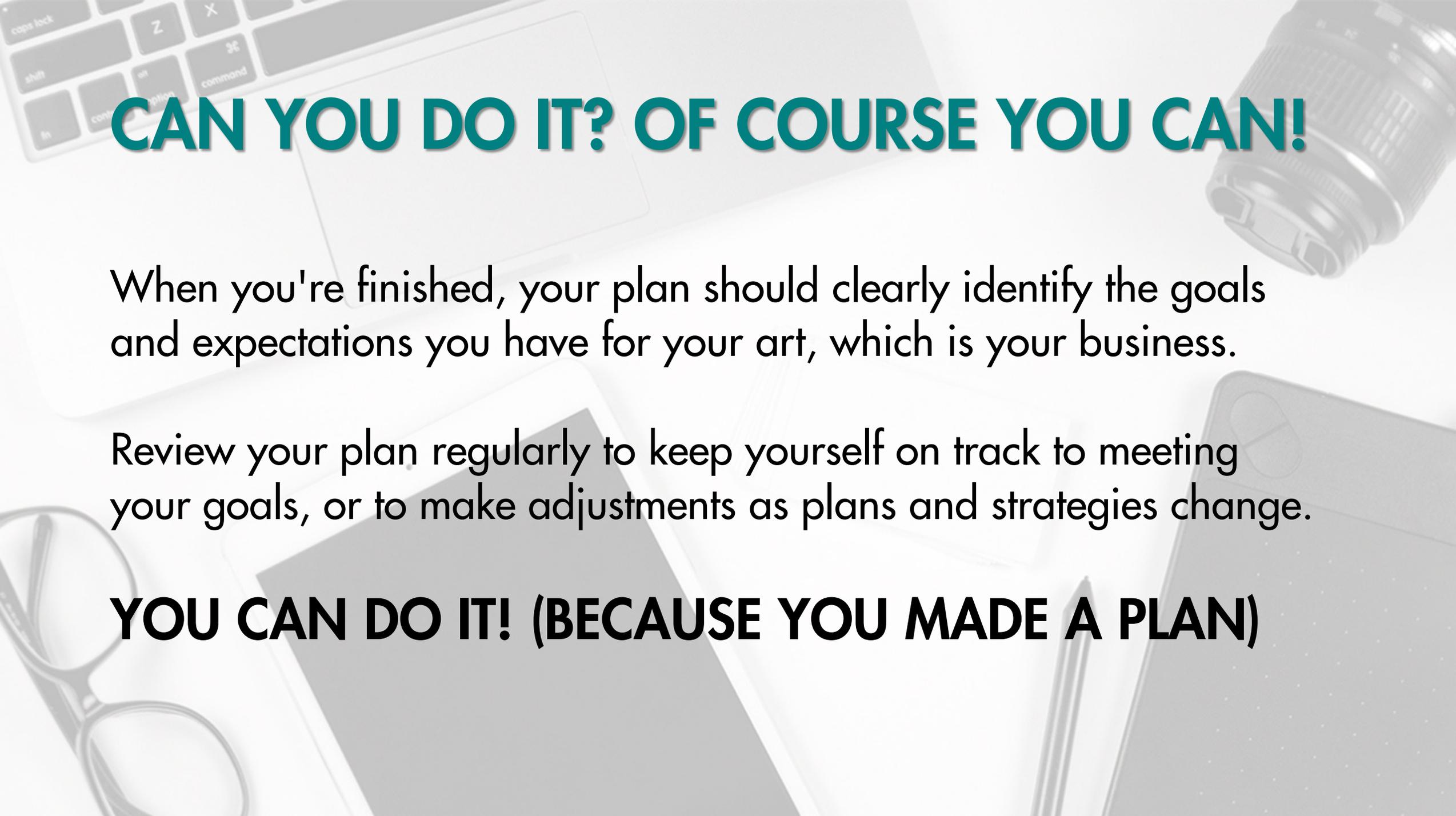
A top-down view of a desk with various items: a laptop keyboard and trackpad in the top left, a camera lens in the top right, a tablet in the bottom left, a pair of glasses in the bottom left, a pen in the bottom right, and a notebook in the center. The text "YOU CAN DO IT!" is centered in the middle of the image.

YOU CAN DO IT!

CAN YOU DO IT? OF COURSE YOU CAN!

Writing a business plan might seem daunting, but you don't have to do it alone. If you feel overwhelmed, consider hiring a professional to help you.

- Artist coach
- Financial planner
- Business planner
- Online classes and examples



CAN YOU DO IT? OF COURSE YOU CAN!

When you're finished, your plan should clearly identify the goals and expectations you have for your art, which is your business.

Review your plan regularly to keep yourself on track to meeting your goals, or to make adjustments as plans and strategies change.

YOU CAN DO IT! (BECAUSE YOU MADE A PLAN)

DOUGHERTY ARTSCENTER **ARTIST RESOURCE CENTER** **Professional Development Workshops**

Check out other Artist Professional Development workshop topics on the Artist Resource Center webpage.

WWW.AUSTINTEXAS.GOV/ARTISTRESOURCECENTER

THANK YOU!

