



From left to right: Julia Woods, M.Photog.Cr.; Bridget Jackson, manager of PPA Studio Management Services (SMS); Scott Kurkian, PPA chief financial officer and founder of SMS; Ann K. Monteith, M.Photog.Cr.Hon.M.Photog., CPP, ABI; Carol Andrews, M.Photog.Cr., ABI.

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Ask the experts

Pricing, debt control and what to expect from your CPA

Q: "What are your prices?" That's all I hear these days. What I used to say isn't working anymore. Customers go away and never come back, when I used to be able to book them. Help!

A: I hear the panic in your words and I wish I had a quick answer that would make everything better. There are several things to consider in deciding what to charge to avoid losing your current client base.

First, are you charging the right price? In an economic crisis it's a temptation to drop your prices, but if you look to some experienced and successful photographers, who've lived through faltering economies and even desperate times, they'll all tell you price cutting is the worst thing to do. Base what you charge on the cost of what it takes to produce it. The quickest way to fail in your business is to let your cost of sales get to an unprofitable percentage of your gross sales.

Second, is your current client base the right fit for you? Believe it or not, there are photographers actually losing weddings because they're too cheap! Not all consumers use the same criteria in their buying decisions.

Analyze the product lines you want to offer and surmise which class of consumers will be the most interested in those products. Then figure out where those consumers are and how to attract them.

—Julia Woods (portraitlife.com)

Q: Do you have any good ideas for helping me clear my debt? I hope I'm not the only one who jumped the gun when starting my business and is learning the hard way about business finances.

A: Early on in my business, I got in over my

head with debt because of a variable interest rate that rose to 23 percent! Had my husband and I not attacked that debt with a vengeance, we would have lost our home and our business.

The first thing we did was to sell personal possessions for cash to knock down some of the debt. Next, we let an employee go. That was hard, and it meant we had to work more hours, but we used his salary to pay down the debt. Also important, we took very little money out of the business. We did it by cutting out all non-essential personal spending. Finally, we marketed like crazy and worked very long hours—much more than was healthy, but we didn't have many choices. Ultimately, we learned some important lessons from the school of hard knocks: We now avoid all but essential debt, and we run our business by the numbers, always knowing the impact of our financial choices, and economic trends.

For anyone struggling with debt, I recommend taking a strong dose of Dave Ramsey's financial acumen (www.daveramsey.com and your local library). He'll tell you to cut up all but one of your credit cards and put your buying on a cash-only basis, which will automatically tighten your spending. Also, create a family budget and a business budget, and learn how helpful financial forecasts can be in keeping your business on track.

—Ann K. Monteith (annmonteith.com)

Q: All my accountant gives me is tax preparation and the kind of bookkeeping that gives her the figures she needs to

figure out my various taxes. Should I be asking my CPA to help me make a business plan for the future?

A: Most CPAs work with all kinds of businesses. They're generally concerned with computing state and federal income taxes, sales tax, payroll taxes, and tax-based financial statements. They help companies legally comply with the various tax codes, and that's certainly a huge service. But from the CPA's point of view, the size of the company and the amount of its sales revenue is almost beside the point.

What you're looking for is a system called managerial accounting, which shows you the exact state of your finances at any time.

You need a financial template formulated for the business of photography, and a small business specialist to help you get it up and running.

PPA undertook the job of formally gathering and analyzing financial data from home-based and retail-based photography businesses across the country, and the PPA Studio Benchmark Survey, the only "template" of its kind, is an invaluable tool for implementing managerial accounting. It shows you what financial data to record, how those figures should relate to one another, and how to use those figures in your pricing, planning and sales projections. E-mail sms@ppa.com to learn about consultations, workshops and webinars. ■

—Bridget Jackson

Got a business, sales or marketing concern? There are no stupid questions. The SMS team wants to hear from you. E-mail our panel of experts via PP editor Cameron Bishopp at cbishopp@ppa.com and include "experts" in the subject line.

