
Your Bottom Line

By Dr. Henry J. Oles, Cr.Photog.

High-tech studios aren't for everyone

I frequently extoll the virtues of high-volume, quick-turnaround studio operations—as opposed to slower paced, more traditional portrait studios. However, what I call “the studios of the 21st Century” may not necessarily be the way to go for all photographers.

Operating a high-volume, high-tech studio is an excellent option for photographers who are determined to succeed in an aggressive business venture. But for others, the fast track can be a ticket to disillusionment and business failure.

Although smaller, independent studios using time-proven business methods will be under a threat in the future from technologically advanced operations, photographers should carefully study their strengths and interests before opting for a fast-lane operation. A wise businessman not only realizes his limitations, but also works within his level of expertise. This reduces anxiety and results in increased job satisfaction and a greater likelihood of business success.

The mass marketing of photography may be distasteful to some image-makers who are more interested in artistic craftsmanship than totally profit-oriented business management. In fact, high-volume studios often are better run by individuals whose main skill is business management, rather than creative photography.

In addition, traditional business techniques have some advantages that also must be weighed and placed in proper perspective *before* one decides to manage a larger operation. Quick-turnaround, volume portrait studios not only operate at a faster pace, but their wheels must be kept in more delicate balance. Changing to the fast lane is not a simple transition. High-volume studios can be expensive and difficult to organize, operate, and manage.

- Rent can run between \$2,000 and \$4,000 each month.
- The advertising budget can range from \$1,000 to \$3,000 monthly.
- You may employ six to 10 workers.
- If you utilize an in-house lab, some

employees must be trained in processing techniques and equipment maintenance.

- Total investment in capital equipment can easily exceed \$100,000.

All this means high-tech studio photographers must take in \$300,000 to \$500,000 in yearly gross sales—roughly between \$1,000 and \$2,000 a day, every day. Because most expenses remain fairly fixed, a long-term drop in gross sales can be catastrophic.

On the other hand, this type of business can be situated in multiple locations and can generate millions of dollars in gross sales and very attractive profits. In this case, the owner becomes primarily a manager rather than a photographer. If properly operated, the company would be more salable than a traditionally-run studio, and could function without the owner for limited time periods.

However, not every person can make a high-volume operation prosper. Success as an independent photographer doesn't ensure good fortune in the fast lane. In fact, I know several small studio owners whose talents weren't suited for larger, quick-service operations.

While few members of the photography industry can argue legitimately against technically-advanced studios, doing business in a more customary way has advantages not available to a mass market photography business.

For example, the cost of running a small studio, as opposed to a larger operation, is dramatically reduced, while profit can remain quite high—a \$100,000 yearly gross can mean an attractive \$30,000 net income. Independent studio photographers might be able to work less and earn more; although many small independents regularly report 80-hour work weeks. Also, the small studio owner with one or two employees has fewer worries about W-2 forms; unemployment tax; workers compensation; hiring and firing; employee theft; unions; vacations; meeting payroll, and employee lawsuits—problems that come hand in hand with owning a high-volume operation.

In addition, owners of a traditionally-run business have the freedom to do pretty much what they want, when they want. The proprietors may choose convenient working hours, send film to a pro lab for relatively carefree processing, or experiment with innovative marketing or photography techniques. These are reasons studios utilizing traditional business techniques have long been the pillar of the industry.

However, the pace of all business is altering today—certainly this is true in photography. It's far more difficult to gain an edge on the competition compared to only a few years ago. As many studio owners have grimly realized, if up-to-date, aggressive business methods are not employed, revenue decreases threaten their operation's existence.

What does all this mean to me, you may wonder? Essentially, you have more choices and opportunities to enrich your bottom line than ever before. The traditionally-operated studio is still a viable business and will be for some years to come, especially in suburbia and away from high-density metropolitan areas. For enterprising, business-oriented individuals, the fast lane is now being paved. However, more than two choices exist. It's possible to operate a hybrid studio that combines both traditional and high-tech, high-volume business methods.

Before choosing your method of operation, review your skills and interests and choose the type of business most compatible with your talents and energy level.

Operating a business is much like going fishing. You can search for fish in a big ship with a large crew, or a small boat and one or two fishermen. As a small operator, more than likely, you'll find a “hole” the big guys overlooked and can still catch your fill. In either case, the common ingredient to raise your bottom line is work. ■