

Costing & Pricing Your Work

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INTRODUCTION

Costing and Pricing are two separate but inter-related processes. Many artists focus on finding the right "price" for their work but this can't be done in the absence of knowing how much it costs to make. This paper is intended to help you establish how much it costs you to make your work (the science bit) with a view to assisting you price it (the art bit). Realistic costing will help you find the right market and more importantly help you work out whether you can make a living as an artist.

COSTING

Costing is not complicated – yet many artists when asked can't say for sure how much they spend on making their work. Why does it appear so complicated? The answer to that lies in the fact that there are three separate costing processes that need to be undertaken.

Costing your practice
Costing your time
Costing your project

1 *Costing your practice*

For the purposes of this paper I am assuming that you are a self employed practitioner with overheads, a place to work and expenses that need to be paid regardless of whether you make a piece or not. For many artists these expenses will include: rent (or mortgage), heating, lighting, broadband access, insurance etc. These expenses are your overheads and are general to the business of being an artist and will also be somewhat specific to the type of practice you run. The first stage in costing your practice is to quantify as accurately as possible how much you are spending on maintaining a practice as an artist.

For example—do you know how much you spent on electricity last year?

You must then add to your overheads the amount of money you spend on personal expenses e.g. salary, holidays, your personal rent or mortgage (or the portion of it that applies to your personal time as distinct from your work time), your social life etc.

Once you have undertaken this exercise you have a clear idea of how much you spend on your practice as an artist in advance of making your work – you have costed your practice. These two exercises also give you essential information to establish the second exercise – costing your time.

2 *Costing your time*

There are no fixed rates for working as an artist. Some artists benchmark their working time against teaching rates of pay. Others establish a random figure in relation to the duration of the piece of work or the price they think they can charge for a finished piece. Neither of these ways is useful unless it relates to the actual expense of your time. E.g. if I am a digital artist whose overheads are a laptop, broadband connection and electricity my expenses will be considerably less than those of an artist who needs a large workshop space in which to make three dimensional work. Costing your time must have a relationship with the overheads required to make the work

The way to cost your time is as follows

Itemise the annual overheads of your practice
Itemise your personal expenses
Itemise the number of *actual* days you are available to work.

Example

My annual expenses are €20,000
 My personal expenses are €10,000

Total expenses €30,000

I have 200 working days a year: €30,000
 divided by 200 = €150

€150 per working day is the minimum fee I must earn in order to break even. Remember: This **break even figure** of €150 per day is the minimum I must earn in order to maintain my practice and lifestyle. Once I start making work (i.e. incurring expenditure) my expenses will increase and my income must also increase.

Use the spreadsheet on page 5 as a guide to assist you in quantifying your professional and personal expenditure and establishing your own break even figure.

Each individual project you undertake should be budgeted separately.

3 Costing your project

So far we have calculated the cost of your practice which will be incurred before and as well as any expenses involved in taking on a particular project. The third costing exercise is related to the specific project(s) you undertake on an annual basis i.e. costing your project. Each individual project you undertake should be budgeted separately. This gives you accurate information on the exact expense of individual types of work and will give you a financial description of the project. You will have to undertake a budgeting exercise for most commissioning processes and it is an important way of not getting unwelcome surprises mid way through a project.

A basic budget for a project should include the following items (this is a generic list and should be modified to suit the individual circumstances of every artist).

Expenses	Income
Professional fees	Projected income
Other artists' fees	Secured income
Equipment rental specific to this project	Box office revenue
Equipment purchase specific to this project	CD, book, catalogue sales
Transport specific to this project	Grants
Display/exhibition costs	Awards
Photography, documentation, reports specific to this project	
In kind support	In kind support
Contingency	Sale of works
Your Fee	
Total	Total

It is essential to budget in every single element of making a piece. If for example you have access to materials in kind then you should put this in as an expense and as an income figure. The rule of thumb is that any and every expense associated with the project should be represented in your budget.

Unfortunately there really is no formula for working out how to price your work—that's why it's more of an art than a science.

Your fee can be based on a range of circumstances.

For example, if you know that it will take you 25 days to complete a project and you have established that your daily break even figure is €150 then your fee could be €3750.

If you know that you will have covered your break even figure for the year from other work then you have the flexibility to charge a lower or higher fee.

If you know what the budget for the project is you can adjust your budgeting to ensure that you are paid the amount you need to break even while also paying for your expenses..

If you have established that you are operating at a loss then you have to consider a number of questions including:

Do I increase the number of days I am available to work?

Do I reduce my overheads?

Do I take on revenue generating work in addition to the days I work at my practice in order to increase income?

Can I afford to practice as an artist?

It's essential to know how much it costs you to practice as an artist, operating in the dark is not an option.

PRICING YOUR WORK

A basic cost based approach to pricing is one way to go.

You have established your practice costs
You have established your break even point
You have established your project costs

Why not add them all together, add a contingency figure of 10%, a profit margin of another 10%, add 100% for commission to a gallery or agent and voila! There's your price. However useful that formula is for making widgets, it doesn't take into account the very issues that make art unique and special. How do you measure quality? How do you measure value? How do you know what people will pay to collect your work? This is where the tricky issue of pricing really comes into play.

Unfortunately there really is no formula for working out how to price your work – that's why it's more of an art than a science. There are factors that you need to take into consideration though (apart from your break even figure) and they include:

- Originality
- Quality
- Uniqueness
- Costs incurred
- Your break even point
- Your reputation
- Your objective in making the work
- Whether you work in one offs or multiples

You also need to research your market and this will depend very much on your area of practice. It is important to maintain price integrity – i.e. a buyer should not purchase a piece and find out a month later that your prices have gone down or, they could have bought your work elsewhere at a cheaper price. Obviously your reputation as an artist is going to be a key factor in how much you can charge for your work. The gap between your break even figure and the price of your work depends on all of the factors outlined above and can only be tried and tested based on market factors.

COSTING & PRICING OTHER ACTIVITIES

You may also have a number of different areas of work e.g. teaching, running workshops, creating work in your studio for sale, working to commission etc...each of these activities may incur differing expense and may attract different prices.

Once again, there is no standard rate of pay for any of the additional activities you may undertake. An (albeit unscientific) piece of research for this paper yielded the following scales currently in use by a range of organisations in Ireland:

- Artist sitting on a selection panel
€200 - €400 per day
- Artist sitting on an interview panel for a job
€150 - €300 per day
- Artist running a workshop
€150 - €400 per day
- Artist teaching a one off class
€50 – €100 per hour (preparation Time not paid for)

Relating each activity to the "market" in which you are operating is an important factor to bear in mind. If 10% of your available working time (e.g. 20 days on the basis of our previous exercise) is teaching which attracts a fixed rate of less than €150 per day then the remaining 180 days may need to attract a higher figure which will be reflected in the pricing of your work. Another way of viewing this is – Can I afford to take on additional activities that offer a set rate below what I know I need to earn? Or must my additional work be paid at a higher rate than my daily break even figure? The fact that standard rates do not apply means that as an artist, you must be appraised of the costs of running your practice in order to make informed choices about the mix of paid work you undertake. Unfortunately there's no simple formula for this but once you get started doing an exercise like the above it does become easier.

CONCLUSION

You cannot price in the absence of knowing how much it costs to be in practice and make your work. The costing piece is relatively easy and can be practiced over time. The pricing piece is more difficult and can only be learned through trial and error aligned with a good degree of networking and market research. The major mistakes many artists make is under-pricing their time and work and this is generally related to not having undertaken a costing exercise. A costing exercise is as important for an artist who wants to sell commercially as it is for an artist whose work is not commercial. Each is part of a "market" and each has a break even figure which must be met if the bills are to be paid. The costing exercise gives you the bottom line from which to work upwards. The price of your work may bear no relationship to how much it costs to make but it should never cost you money to make your work.

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AUTHOR

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COSTING YOUR TIME

Annual Overheads	€	Personal Costs	€
Workspace rent, rates, insurance		Rent, Mortgage, Insurance	
Bills - gas, electricity, phone		Bills - gas, electricity, phone, Refuse collection	
Refuse collection		Credit Card	
		Bank Charges	
Telephone/Internet		Food, clothing, personal allowance	
Stationery		Social life	
Postage		Birthdays	
Computer expenses		Holidays	
Marketing & Publicity		Tax & Insurance	
Print		Health Insurance	
Photography		Travel e.g. car loan	
Advertising			
Photocopying			
Transportation			
Professional Memberships			
Professional Subscriptions			
Travel Costs			
Car loan			
Stock			
Equipment			
Bank Charges			
Book keeping/accountancy			
Other			
Sub Total		Sub Total	
Overheads + Personal Costs	€		
Divided by number of available work days			
= your minimum daily rate & Break Even Point			

Use this spreadsheet as a guide to assist you in quantifying your professional and personal expenditure and establishing your own break even figure.