

# STRATEGIC PLANNING

## PARTNERS

### REAL COST BUDGETING: AN OUTLINE BY ANDREW SIMONET AND AARON LANDSMAN

Here are some myths many artists believe about money, and a few thoughts about them:

#### **1) ARTISTS ARE BAD WITH MONEY.**

Artists are brilliant with money; they usually don't have enough. Artists often execute projects with as much as 50% or less of the necessary funding in place. If you have sustained work as an artist until now, you are resourceful, which is one of the first things one has to be to be good with money.

#### **2) I AM LUCKY TO BE AN ARTIST. BECAUSE OF THAT I DON'T DESERVE TO BE PAID WELL.**

A passion for what you do should not preclude being paid. People in all kinds of professions – from lawyers to doctors to teachers – feel just as fortunate as you do to work at something they love. Artists are great managers, excelling at executive level tasks in the cultural world. Artists are amazingly skilled at envisioning, planning, implementing and delivering projects on time. In the for-profit sector, that is executive level work and few people have the skills to do it.

#### **3) ONE DAY I WILL “MAKE IT” AND THEN I WON'T HAVE TO WORRY ABOUT MONEY ANYMORE.**

We have a saying in Creative Capital: No one is coming; you are enough. There is no one who is going to knock on your door and turn you from the artist you are now into an artist who has “made it.” In addition, as your work gains success and support, consistent attention to finances becomes more crucial. If you start using good budgeting and planning practices now, you'll be able to earn what you need no matter what stage of your career you are in.

#### **4) IF I KEEP MY FINANCIAL LIFE HIDDEN AND VAGUE, IT WILL WORK OUT BETTER.**

You have made work until now against great financial odds, no matter how you have financed your career. But trust us: the more you know, the more resources you can bring to the work.

A small amount of regular attention and information will transform your financial life. **The goal is not to put money in the center of our lives, but rather to remove it from the center and to stop it from being a constant source of dread and panic.**

Clearing away those outside voices and getting to real numbers that make sense to you, will make negotiating easier, will help ensure you can practice your art for as long as you want to. Most importantly, it will help you bring as much support to the work as it demands. If you “invisibilize” part of the cost of your work, it will never be covered.

This also helps the field as a whole. The more of us who know - and can explain - what our work is worth, the more chance all of us have of being paid equitably.

On the next page is an outline for how to start.

## REAL COST BUDGETING

A great place to begin making real, honest budgets is to know what your work costs you to make. From there you can decide what to ask for in a more informed way, as well as indentifying which opportunities will serve you now and in the future.

**1.** Determine the cost of your life for a year. To know what your work costs, you need to know what your life costs. So step one is figuring out: what do you need to earn in a year to live without financial panic?

- a) Go to your last year's taxes, and look at your "gross" earnings - what you made before taxes.
- b) Add in any income you earned that was not reported on your taxes.
- c) If you don't currently have them, add money for: health insurance, paying down debt, putting money into savings and taking time off.
- d) Think about that last year. Were you worried about money? Did you run out or have to scramble to pay bills? If so, add an amount of money that you think would alleviate this.
- e) Write down the number on a piece of paper. Even if you throw out the paper and do nothing else about it, it will change the way you hear information and make decisions.  
MY LIFE COSTS \$\_\_\_\_\_ per year

**2.** Use that number to calculate week, day and hourly rates. 2. Find your hour, day, and week rates. Divide your annual number by 1500\*: this is your hourly rate. Multiply that hourly by 8 to get your day rate. Multiply that day rate by five to get your week rate.

MY WEEKLY RATE IS \$\_\_\_\_\_ per week.

MY DAILY RATE IS \$\_\_\_\_\_ per day.

MY HOURLY RATE IS \$ \_\_\_\_\_ per hour.

These are your internal numbers. In practice, you can always ask for more, and you can work for less. Artists often demand more money for certain kinds of work to help balance work that pays less but is closer to their mission.

*\*Why 1500 paid hours in a year? Working full time for 50 weeks is 2,000 hours. But most artists don't earn money like that. We have multiple money-earning jobs that are piecemeal: a few hours or days of each, with transition, travel, and prep time eating up a lot of the week. That's why we say most artists need to earn their living in 1500 hours of paid work. Figuring it this way can provide a cushion, that little bit extra that helps us balance our complex lives.*

**3.** When you budget a project, use these numbers to make the real-cost budget. Do some time-tracking to determine roughly how long you spend on every aspect of your work: this should include everything from research, development, production, administration and distribution to dreamtime, midnight brainstorming and misfires. Trust that your best guess will serve you.

Make sure you track other hard costs as well. Other costs that artists often “invisibilize” include: collaborators’ time, space rental (artistic and administrative), insurance, documentation, production or installation/shipping (visual) and promotion. Now, add those costs to your time.

This is what your work costs you to make.

You may not be able to get all of this time paid for right away or every time and it’s totally fine to subsidize your work however you need to. But, if you know the real cost, you will have insight into proposing projects, finding additional markets for your work and negotiating better fees for yourself.

*Note: For visual artists, this is not a way to determine price; price is tied to a market. This budget is tied to your life goals and a number of other factors.*