

Magazine Rates		Transitional Rate						
Magazine use information			inserts		# mags	multiple use		
circulation			one time	cost	# years	cost	one time	
circulation	<input type="text" value="500,000"/>	1/4	\$699		1	1		\$791
ad rate	<input type="text" value="\$30,000.00"/>	1/2	932			1		1007
modifier	<input type="text" value="1"/>	3/4	1165			1		1295
		full	1631			1		1798
		double	2096			1		2374
		inside	2446			1		2770
		back	3145			1		3561
		gatefold	2446			1		2770
				subtotal:		<input type="text"/>		
Magazine cost information:			% of ad rate	pennies/magazine copy				% of ad rate
info can be used to estimate with a client. If you spend two million dollars on a ad campaign, you are paying 0.5 to 1% of the total ad buy should be no big deal.		1/4		.140	<p>These calculations do not take into account the number of magazines or years. They only take into account the number of pages per magazine.</p>			
		1/2		.186				
		3/4		.233				
		full		.326				
		double		.419				
		inside		.489				
		back		.629				
		gatefold		.489				
Ad Use Only Single <input type="text" value="2.15"/> Standard Single <input type="text" value="3"/> Ad Use Only Multiple <input type="text" value="2.15"/> Standard Multiple <input type="text" value="3"/> Time <input type="text" value="3"/> Standard Time <input type="text" value="4"/>				estimated media buy:				estimate
				estimated percent of media buy:		?		estimate
Banner Ads		Transitional Rate						
Banner information			one time	# sites	cost		one time	
number of license	<input type="text" value="0"/>	Standard (minor)	<input type="text"/>	<input type="text"/>	<input type="text"/>	?	<input type="text"/>	
modifier	<input type="text" value="1"/>	Standard (major)	<input type="text"/>	<input type="text"/>	<input type="text"/>	?	<input type="text"/>	
		Home Page (minor)	<input type="text"/>	<input type="text"/>	<input type="text"/>	?	<input type="text"/>	
		Home Page (major)	<input type="text"/>	<input type="text"/>	<input type="text"/>	?	<input type="text"/>	
		Search Engine (minor)	<input type="text"/>	<input type="text"/>	<input type="text"/>	?	<input type="text"/>	
		Search Engine (major)	<input type="text"/>	<input type="text"/>	<input type="text"/>	?	<input type="text"/>	
				subtotal:		<input type="text"/>		
Figure Rates		Transitional Rate						
Figure information			one time	# users	cost	time	one time	

# The Photography Estimator v1.50

Special Thanks to:

Joe Andris  
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Rick Rickman

*The power lies within each individual to make a difference.*

## Introduction

Licensing images has become a difficult objective. I hope that with this new tool, photographers can learn to negotiate with clients to secure long term relationships that will allow both the photographer and client to prosper.

The Estimator is not a quick fix to the complex problem of pricing and negotiation; instead, it provides the means to justify the principle of usage and image value to potential clients. The Estimator is not a pricing guide. It represents a model of valuing images according to the value provided to the client. The model of pricing by usage is not new, and in fact has been around for years. With this in mind, one should only purchase this product if you believe in the usage model of representing the value of photography.

What most of the marketplace has failed to realize and what photographers must convince art buyers, is that certain levels of compensation are required to maintain the quality standards expected in the marketplace. Over the last two decades, the majority of photo buyers have been driven to assign work based solely on price without consideration to the quality that will be available in the future (photo buyer in this case refers to anyone who licenses images). Photographers are currently trying to arrest the downward spiral in quality, but without agreement from clients on this principle, quality novel photography will become rare.

Using the Estimator successfully demands that the photographer is able to sell the potential client on the importance of image value and image quality. Quality is important as it provides the value needed by a client to address a given market. Unfortunately, photo buyers have generally separated these two factors to drive down prices, yet they are directly related. Photographers must establish image value not as the time required to create an image, but as the return to the client by using the image. Until clients accept this principle, photography prices will remain depressed. To turn the situation around, the Estimator provides a means to justify the licensing costs of images relative to the expenditures and revenue of a client. Consider a company willing to spend one, two, or ten million dollars using an image in advertising. How much is that image worth to the advertiser?

Beyond convincing potential clients the value of photographic images, using the software is going to require some additional effort. While the software tries to provide an appropriate price point for any given photographer, only the individual photographer understands the individual market in which one works. Different regions of the country have different costs of living and this alone can influence the value of any product including photography. Rural areas will likely have different pricing than urban ones. The Estimator is geared toward national clients, but can be used for local clients if one understands the fundamental differences between the local, regional, and national markets. Thus, the Estimator does not simply provide a price. The Estimator provides a means of demonstrating value to meet the needs of your business and the business of your clients.

## Program Help

For those individuals that dislike directions there is help available within the program itself. Many of the labels in the program are click-able with a definition to help one understand the program. There is also a question mark in the upper right hand corner for more general help regarding the software. While I understand the need to not read instructions, these directions are short and to the point, so please take a few minutes time to read them.

## Software Overview

The Estimator is broken up into two main parts, the editorial and the advertising components. Upon starting the software, after a brief title screen, the software displays the main selection page. One can return to the selection page from any screen by clicking the 'Select' button in the upper right portion of the screen. From the selection page one can choose to enter either the advertising or editorial component as directed by the red arrows labeled "start here".

## Editorial

The editorial component of the software works by adding up all the uses desired by a publication to determine the usage component of an assignment. The Estimator does not include reprints in the total usage calculation because providing reprints rights to the publication in reality is providing reprint resale rights to the publication (usually for an unlimited duration).

There are three primary pages that one will use to price editorial assignments in the software, the magazine list, the comprehensive or editorial rates page, and the usage page. On the magazine list, one can pick a magazine from the list by clicking on its name and the comprehensive page will come up automatically with that specific magazine's information. If the circulation or ad rate of the magazine has changed, it can be changed on the comprehensive page. One can also enter use information for web usage and reprints on the comprehensive page.

The primary purpose of this page is to show you the relative costs of your work to the editorial client's revenue. If you are paid \$871.00 to shoot for a magazine with a \$30,000 full page ad rate, the Estimator shows you that you are being paid 2.9% of the ad revenue for the ad that might accompany your picture (assuming the total space rates are lower than the assignment rate). It also shows you how many pennies it costs per physical copy of the magazine to pay you to shoot the assignment. The "pennies per copy" is a powerful method of demonstrating how reasonable the photographer's fees are relative to magazine revenue. In all but the smallest of magazines, the photographer's assignment is less than one penny per magazine copy. For a magazine like Time, the photographer's assignment costs the magazine less than 4/100ths of a cent per copy. Basically, 25 photographer assignments would cost Time Inc. one cent per magazine copy if photographers were being paid \$1200 per assignment. The comprehensive page is designed to put your financial compensation from the magazine in perspective relative to the value provided by the photographer and the profit made by the magazine. It was obvious very quickly after creating this software, that photographers are insanely underpaid.

The third major page in the editorial section is the usage page. This page is used to total your final compensation once you learn what usage is/was required by the publisher. The Estimator does not grant any discounts for multiple image use. While some publishers might try to get such a discount, such a system is not appropriate for editorial work nor has it been traditional to give discounts for multiple images. To use the usage page, enter the number of images used at a given size. If one had five 1/4 page images used in an article, then one should place a 5 in the # of uses column next to 1/4 page. Any combination of uses will be totaled and shown at the top of the page. Also note that the Estimator treats web use as additional space rates to be paid alongside any print use. The Estimator also assumes that 12 months is the standard length of time required by a publisher for web use. Some magazines will request that web use be the same duration as the print cycle of the magazine. I have chosen 12 months as the standard as I felt the duration of 12 months was reasonable in terms of the public good. Of course, providing for the public good will cost the publication accordingly.

The web and reprints pages are present for those individuals with smaller screens who can not view the comprehensive page on a single screen.

On all but the magazine list page, there are three columns of information: transitional, target, and foreign. The transitional column displays rates relatively inexperienced negotiators will attain when dealing with clients that negotiate in good faith. The target column displays rates that experienced negotiators can attain. Indeed, many will achieve even higher rates and some magazines do not care to negotiate at all. The foreign column is for determining rates for foreign editions of a given magazine. The usage rates in the foreign editions can be added to the total. For the Estimator to provide a number in the foreign rate column, one must place a number in the foreign rate modifier box. One (1) means you wish to charge the same or the foreign edition as the domestic edition. To charge 75% as the domestic version, one would type a 0.75 in the foreign rate modifier box. The foreign rates can also be used to account for higher valued images. Simply because the software says a number is for one thing does not mean it can not be used for other purposes. Be flexible.

### Advertising

The advertising component of the software works by adding up all the uses desired by a client to determine the usage component of an assignment. The advertising component works differently from the editorial component primarily by discounting multiple uses by the client. There is also no column for foreign rates. A rate modifier is provided to customize the prices according to added value of specific images. The comprehensive advertising page is also set up in such a way, that one need not use any of the other advertising pages (except perhaps the magazine list) once one becomes familiar with the software. The advertising section also differs from the editorial section in that the use information is kept the same regardless of which magazine you choose. Thus one can pick different magazines while trying to fine tune an estimate and not need to re-enter usage information. In the editorial version, the usage information is saved separately for each magazine. In the future, a method to save any estimate will be created to make this process the same across both sections.

For novice users there is a button to walk through each type of usage involved. The walk-through can be accessed by clicking the 'step by step pricing questions' button. There is a question for most of the options available in the software. As each question is answered the value is updated in the price tables. Note: there is also additional in depth info regarding each type of use at the bottom of these pages.

The magazine advertising section is designed to price a single image used in one magazine, multiple magazines, and magazines over time. If the client is advertising in magazines using five different images, you are going to have to use your own creativity to determine a price. You can price each one individually and get some kind of average. You can pick the middle or most representative magazine and price five magazines of that caliber.

The brochure and catalog sections are designed for pricing many images used at one time. The Estimator will discount the multiple uses across size and placement boundaries. This means that if a 1/4 page brochure image licensed by itself might cost \$300 and if the client licenses a half page as well as the quarter page, the half page cost might be \$450 and the smaller quarter page image would be licensed at a discount, perhaps as \$275. The Estimator charges for the larger sizes first discounting the smaller sizes the most. This is similar to "buy one get one free" as long as the second is cheaper than the first.

Billboards, transit ads, and web banners are also discounted with multiple uses but not across size and placement boundaries. Thus, one will get a discount for 10 billboards using the same placement, but 5 major uses will not effect the discount of 5 billboards using minor uses.

All of the uses from the various categories are totaled. One also has the option to enter an additional amount of usage in the 'other' category. If one was to use FotoQuote or another pricing program to determine usage not addressed by the Estimator directly, that value can be placed here.

## Negotiating by Agreed Principle

If two people agree upon the principle in which a decision is made, it is likely that they will arrive at the same conclusions. The goal of the photographer is to convince the potential buyer the validity of the principles behind the Estimator. The reason why publishers and other clients do not believe that they need to pay based upon value of the images is because most photographers do not demonstrate that value in a systematic way. This is the purpose of the Estimator. It provides a relationship between cost and value that potential buyers can not dispute when properly justified by the photographer.

The biggest question when using the Estimator is “Why are the numbers valid?” The photographer must be prepared with several answers to this question and related questions. The Estimator is designed to help you with justifying the value shown with specific numbers, but the photographer must be prepared to explain and teach the underlying principles.

Why are the numbers valid?

### Principle Justification One – Minimum Cost of Quality

Let's first consider the editorial market. The Estimator is designed to provide a level of compensation necessary to maintain a minimum level of quality standards. The low end compensation for a photographer is approximately \$500 for an assignment. Considering that the average accomplished editorial photographer will complete approximately 125 assignments per year. Let's do the math.  $125 \times \$500 = \$62500$ . Sounds like a good level of income until one considers the overhead in a photography business. The minimum overhead for a photography business in the editorial market is approximately \$150 per day based upon 250 shooting days per year. Since the actual number of shooting days is half that, the actual overhead per shooting day is \$300. This corresponds to an income level of \$25,000 annually without benefits. Benefits in a salary job often correspond to \$10,000 annually; thus, the income the photographer is living on is essentially \$15,000 annually. This is essentially poverty level. It is obvious why many people consider \$700 a minimum for shooting an editorial assignment as this would translate to \$40,000 annually which gives one a chance of leading an average lifestyle.

The above paragraph dealt with the low end, out of school, just starting photographer. Now let's consider the requirements of a photographer servicing those clients that require must larger resources dedicated to the task of creating images for print. Typically, the overhead involved in higher end work will require \$450 per day based upon a 250 working day year. As we already know, only about half of those days are actually shooting days (billable hours), thus the real overhead per shooting day is \$900. For this photographer to earn \$40,000 per year after paying for one's own benefits, the photographer would need to charge \$1300 per shooting day. As these photographers are taking a greater financial risk than those with lower overheads, they need to charge even more to offset that risk to survive through economic slowdowns.

Now let's compare these calculations to the range of assignment pricing proposed by the Estimator. The Estimator's range of pricing is from about \$500 to \$1400 for shooting editorial assignments. This is no coincidence. This is not arbitrary. The Estimator demonstrates the reality of a given photographer's financial situation. When one considers the calculations above, one might even conclude that the Estimator does not go far enough. However, it is also assumed that one will also achieve a few stock sales and additional space rates, maybe an additional 10-20% revenue, to shore up one's income to the necessary levels to maintain one's business.

The same arguments also apply to the advertising market. The main difference is that the resources required to perform advertising work are even more elaborate; therefore, advertising photography costs are even more to produce and license.

### Justification Two - Historical Levels of Income.

Generally, compensation in the editorial market has remained stagnant for twenty years. At the same time, magazines

have also decreased the number of pictures used from a given assignment. As a result, the total compensation from doing photography work has increased only slightly since the 1950's. As an example, a photographer doing an assignment for Life magazine in the 1950's might have an assignment fee of \$100. At the same time, the article would commonly use four images at a space rate of \$100 each, thus the photographer would receive \$400 total compensation. Today, Time magazine today pays \$400 for the base assignment and rarely publishes more than two images with space rates of \$175. Thus, it can be argued that total compensation for photographers in the editorial field is unchanged for almost 40 years. There are exceptions to the rule, but publications are steadily working toward this goal.

When looking at the Estimator, the lower end price can be construed as being the minimum price for editorial work adjusted for inflation from 20 years ago. The higher end price factors in the space rates that are no longer provided as compensation toward photographers. The higher end price is essentially the photographer's quality factor above the minimum also justified by the resources put toward photography according to one's overhead as mentioned in the previous section.

### The Rebuttal

The client will have a good response to try to negate these arguments. The most obvious is, "If the compensation is so poor, why and how have photographers managed to continue working for the so-called poor levels of compensation?" The answer is simple. Photographers have used stock licensing and more recently royalty-free income to offset the short-term revenue losses of lesser paying assignments. This process is almost near completion and at that point, photographers will have exhausted their means of augmenting current income. Once this occurs, the number of photographers in the field will diminish impacting the ability of publishers to retain the quantity let alone quality of imagery they need. Publishers are treating photographers like an inexhaustible resource, but like everything else that people have taken for granted, that resource will become scarce. Those publishers that recognize this threat to their long-term viability will make certain they provide the financial compensation needed to keep needed content available to their publication.

Again, the potential client might choose to not address the interests and financial needs of the photographer. These publications are placing themselves at risk for the long term. If the other party remains unconvinced of the need for greater compensation, they must still be unconvinced of the underlying principles required in providing for the services they require of you. If the other side refuses to recognize this fact, it is time to move on to another client.

## Exercise One

### Items to Justify the Principles

To negotiate as effectively as possible, one should know how each of the items below are related to the value of one's work or how the number demonstrates that value.

### Glossary of Terms:

# mags: Number of magazine in which advertisements will appear

# sites: Number of web sites that the banner ad is to appear

# uses: Number of uses of a given size image within a brochure or catalog. The Estimator discounts multiple uses based upon the total number of images licensed in the brochure or catalog.

# years: Number of years in which advertisements will appear. This is the duration of the license.

estimated media buy: the total cost of magazine advertising anticipated based upon the usage requested by the licensee

estimated percent of media buy: the percent of the photography usage fee relative to the media buy

% of ad: Percent of the ad rate of your fee.

ad rate: Full page four color advertising rate of a magazine.

Assignment Fee: The minimum amount of money to do a given job be it in studio or on location.

circulation: Subscribers plus retail sales of a magazine.

inserts or insertions: The number of times an image is placed in the same publication.

one time: One Time Use of image only.

pennies/mag: Pennies per copy of the magazine for your usage fee; very often less than one cent.

placements: Number of locations that a billboard or transit poster are displayed.

Rate Modifier: One can adjust values in the Estimator for specific markets. For example, using 1.1 will increase prices by 10%.

Transitional Rate: The rate that a novice negotiator might be able to achieve when dealing with a client negotiating in good faith.

As mentioned above, this corresponds to what the minimum compensation might be if one simply adjusts the base assignment rate for inflation from 20 years ago.

Target Rate: An ideal rate one can strive for and surpass as one's negotiating experience grows. This value represents adjusting the assignment rate for inflation from 20 years ago plus the loss of space rate fees due to less usage in the average assignment. Sometimes the transitional and target rates are almost the same and it is possible to miss both targets in a negotiation.

One should look at each item and try to determine how each one could be used to demonstrate the value of your images in the negotiation process. When would it be helpful to mention the price of one time use versus multiple uses to demonstrate value? How would the relative prices demonstrate that you are offering a good deal? What retort might the art buyer use against your argument? How can you circumvent that argument based upon principle? Try to argue against your ideas from their point of view and come up with ways to remove the validity of that point of view.

## Exercise Two

Once you have completed the first exercise, examine several of your past jobs and see how they fit into the scheme of the Estimator. How might you have used the Estimator to negotiate a higher fee? Might have you used the Estimator to prepare a more competitive estimate or a more comparative estimate? Write all you ideas down in a safe place. After a months time, look back at the jobs you reviewed and look again at the possible ways of improving the outcome. Then compare this month's ideas to last month's ideas.

Reflection of previous outcomes is a basic means of improving outcomes in the future. Negotiation is a difficult process filled with anxiety for many people. One's skills will improve over time especially upon reviewing previous attempts.



## Additional Reading

These few pages only scratch the surface of what one should know. An absolute must read is the following book:

Getting to Yes: Negotiating Agreement Without Giving In. Roger Fisher William Ury, and Bruce Patton.

There are a few other books that are available that follow this one which I have not yet read:

Getting Together: Building Relationships as We Negotiate. Roger Fisher and Scott Brown.

Getting Ready to Negotiate: The Getting to Yes Workbook. Roger Fisher and Danny Ertel.

Beyond Machiavelli: Tools for Coping with Conflict. Roger Fisher, Elizabeth Kopelman, and Andrea Kupfer Schneider





