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Just two years after their business posted a 12-month loss, Jamie and Todd Reichman were able to pay salaries to themselves and their one employee, and finance a \$33,000 studio renovation solely with their 2008 net profits.

How we did it

Jamie and Todd Reichman set out to photograph weddings, not children's portraits. But 2006, their first full year in business, found them filling their schedule with portrait sessions while their wedding dreams melted away.

"I wanted to quit portraits, but how could we justify that when we were spending all our time on them?" says Todd. "We simply assumed portraits were bringing in the majority of our income."

"We were operating out of fear," Jamie admits. "We were scared to make changes because we were afraid of losing business."

The Reichmans were flying blind. They had no clear business plan or financial goals, and no way to evaluate the studio's financial health. They'd started their photography business in 2005, operating out of their home in Dunlap, Ill., both of them holding down full-time jobs for the first few months.

In August 2006, they leapt into the venture full time, and spent \$98,000 on a retail space that had formerly housed the town's post office. They took any business that came through the door. "Our only plan was to keep shooting," says Todd. In retrospect, says Jamie, "The biggest mistake we made was not tracking our numbers properly, not establishing goals for ourselves."

The Reichmans owned Successware studio management software, but felt they couldn't take the time away from shooting to enter the required financial data. "We kept track on an elaborate Excel spreadsheet and filed our expense receipts in a shoebox," says Todd. They were painfully aware that it wasn't working.

Todd thought back to a seminar on managerial accounting he'd attended, one

given by Scott Kurkian, PPA chief financial officer and founder of PPA's Studio Management Services (SMS). "I remember thinking, 'I really don't want to learn this stuff, but I understand how vital it is.'"

The couple signed on with SMS in late 2006. "We viewed managerial accounting as something we *had* to do," says Todd. Then came the light bulb moment. "SMS showed us that if we tracked our numbers better, we could use that information to build our business on what we wanted to do," he adds.

To get up to speed, the Reichmans had to hire someone to enter the initial data into Successware. They agree it was money well spent.

"What I love about SMS is how they helped us structure our business, set goals, and make them happen. We realized shooting portraits took 80 percent of our time, but brought in only 10 percent of our revenue," Todd continues. "That analysis showed us it was foolish to keep doing portraits. The process we went through helped us focus on the work we wanted to do, the work that fit into our brand."

That first year in business, Reichman Photography booked maybe 10 weddings and almost 100 portrait sessions. The score these days, weddings: 25 to 30 a year, portraits: zip. By the first quarter of 2008, the Reichmans could afford a loan-free, full-scale renovation of the 1,200-square-foot studio they'd set up for portraits, to create a dynamic meeting and sales area for wedding clients.

They overhauled their branding and marketing as well. "We were getting a number of e-mail inquiries about wedding photography

"Once you know your numbers, it becomes infinitely more possible to achieve your goals."

—TODD REICHMAN

[via our website], but very few bookings. We started to panic," says Todd.

Should they sink more cash into Web advertising and search engine optimization? By now they could track sales data from previous bookings. "We found that the vast majority of our best clients came from client and vendor referrals. Almost no bookings came from those Internet ads," he says. Eye opening.

Slashing the Internet advertising budget, they focused their marketing efforts on relationship building. It improved their booking percentage overall.

"Everything is clearer now. It was a difficult, scary change to make, but having the numbers in place took away the guesswork," says Jamie. "SMS has done a great job of pushing us to the next level."

"The evidence shows that typically studios make the most amount of money in the least amount of time by shooting portraits," says Todd. "But we didn't want to do portraits. We always loved to do wedding photography, and to do it really well." ■

Go to ppa.com or e-mail sms@ppa.com to learn more about SMS consultations, webinars and workshops. Visit Jamie and Todd Reichman online at www.reichmanphoto.com.

KNOW THY NUMBERS: TODD'S SMS CHECKLIST

1. Get your financial information entered into a trackable studio management software system.
2. Analyze how you currently match up to PPA's SMS Benchmark survey—where are you overspending or under-earning? (To learn about the SMS Benchmark Survey, go to ppa.com.)
3. Set goals on where you want to be for the coming year.
4. Regularly track and analyze your actual data against your goals and adjust when necessary.