

Setting up in Business

"I'm an artist, I don't need to know all this stuff about business and the law!"

Oh yes you do! If you intend to earn money by what you design or make then the government has an interest in you. HM Revenue & Customs need to be informed for tax and National Insurance purposes within 3 months of starting to trade.

The law requires that you keep clear records of all business related income and expenditure to ensure you make an accurate tax return (for which self assessment you are responsible). You are required to keep these figures for the past 7 years.

Class 2 NI is a flat rate payment of £2.30 per week paid by all self-employed people. If you earn less than £4,825 you may have an exemption but this may eventually affect any later entitlement.

Class 4 NI is payable on profits over £5,435 at 8%.

VAT is not something you are likely to need to worry about in the early years, but currently you have to register if your turnover exceeds £67,000.

You don't need to register your business name unless you set up a formal private limited company.

Health & Safety issues need to be considered carefully if you are working with dangerous chemicals, or heavy machinery, or where there may be a fire risk. So artist blacksmiths, ceramicists and etchers take note.

Local Authorities have some control over your business too. If you use a building or part of a building for business you may have to pay business rates and be subject to aspects of planning permission. Alterations, extensions, workshops in the garden may all need official permission and the payment of a planning fee. Whether you are a fine artist, graphic designer, jewellery maker or embroiderer you are likely to be classified as light industry. Check out www.direct.gov for the address of your local authority.

Insurance

It makes sense to insure your workshop/studio equipment against damage, theft and injury. If you are a practical craftsperson it is wise to have permanent health insurance which will cover you for accidental loss of fingers, limbs and eyes to ensure you continue to have some income if incapacitated by work injury for any length of time.

So what's the big Idea?

If you set up as self-employed you need a sound business idea to base it on. So what does that mean? Without it you don't really have a business. It is no good saying I'm going to be a photographer and leaving it at that. What kind of photographer and in what specialist area? What do you have to offer that is original? What differentiates you from your competitors?

Ask yourself why should anyone buy or commission from you? Is it based on unique creative ideas? Competitive pricing? Friendly and quick service? Or a combination of a lot of these sorts of things?

The Business Idea

Spend a lot of time on this. If you want to be an independent illustrator what will be your particular market and how will you get noticed by those who count in that industry? Editorial illustration? – what is your USP (Unique Selling Point)? And this applies to every creative market, where individuality is a premium asset.

Aims and Objectives

So what do you want to achieve with this great business idea? Earn a living? Change the world? Have a major exhibition in London in 3 years time? Be recognized as the best in your field once established?

Without goals, what will drive you forward? Are these goals realistic and achievable? Come on be realistic, are they? Do you have the talent, skills and motivation needed to succeed?

What is the Market for your work?

Is there anyone out there who wants what you produce? How do you know? How do you find out? Who are your closest competitors? Where are they? What do they make and how much do they charge? If you can't answer these basic questions you don't know your market yet.

You may be so original that there isn't yet a market for you...in which case you have to create one. But the chances are you haven't looked hard enough.

Markets are made up of collections of individuals with like-minded needs. If you can establish what those particular needs are then you can more easily identify your specialist market. If you produce exclusive hand-made jewellery for men where would they most likely go to buy it? If you design greetings cards for the visually educated 20-something, which company would be interested in your designs?

Self-publicity marketing kit

There's a mistaken belief that if you design something wonderful buyers will flock to your door – they won't! You need to go out and tell the world you exist and publicise yourself appropriately.

Your self promotion kit will probably include business cards, postcards, digital portfolio, website, portfolio examples, photographs*, videos, CV, Artist's statement and price list. You'll need to build up a client and mailing list, and understand the power of networking – getting to know who it is useful to know; meeting them and talking to them.

Publicity could include self-mounted exhibitions, group exhibitions, entering competitions, doing press releases for papers and magazines, giving interviews on the local radio. Finding unusual commissions and telling everyone about them. It might include posters, invites, flyers, signwriting on your van and even T-shirts!

*Understand that different papers and magazines have different demands when it comes to photographs. Your local paper will love a smiling face shot while holding a piece of your work, whereas the lifestyle magazine wants images of the work in the home setting; the specialist creative magazine will go for the perfectly lit shot of just the work against a plain background. Have all three types to hand.