

A guide for Graphic Design students in

PROFESSIONAL PROMOTION

VALUE YOUR WORK

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Putting a value on your work.



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- ◎ The most commonly asked question by students and graduates is **‘How much should I charge?’**
- ◎ Why is knowing this important?
 - ◎ Employers want to know your value and cost to them.
 - ◎ When you want to arrange a salary or cost a job.
- ◎ You need to start thinking about this now. Ask yourself, how much is an hour of your time worth?

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Costing and Estimating – Questions to Answer

- ⦿ Packaging Project – How much time have you spent on the project so far?
- ⦿ How much would you charge for the work so far?
- ⦿ How long will it take to finish the project?
- ⦿ What will be the final cost of the project be?
- ⦿ Clients / employers will want to know the answers to these types of questions.

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Costing and Estimating – Planning ahead

- ◎ Learn from how you work, start to note down the hours that you have worked each day.
- ◎ Note how long tasks take – Roughs, ideas, developments etc.
- ◎ Set interim deadlines to see if you can meet them, only then you will be able to plan ahead.
- ◎ Be honest to yourself when recording this information.

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Costing and Estimating – What can I charge for?

- ◎ The work itself? ✓ **Yes**
- ◎ Thinking time? ✓ **Yes**
- ◎ Meetings & travelling? ✓ **Yes**
- ◎ Making changes/edits? ✓ **Yes**
- ◎ Materials & other expenses? ✓ **Yes**

But you won't necessarily itemise all of these on your invoice.

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Costing and Estimating – Valuing your time.

- © What is the current National Living Wage for workers 21 years old and over in the UK?

£12.71 per hour

Before tax

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Costing and Estimating – Valuing your time.

- ◎ 52 weeks per year.
- ◎ How many weeks holiday do you want?
(4 week holiday = 48 working weeks)
- ◎ How many hours per week? (40 hours)
- ◎ How much do you expect to earn? (£25k)
- ◎ $£25,000 \div 48 = \text{£}520.83\text{pw}$ then $\div 40 = \text{£}13.02\text{ph}$
- ◎ After Tax = $\text{£}21,520 \div 12 = \text{£}1,793$ per month approx.
- ◎ thesalarycalculator.co.uk is a handy website to use.

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Costing and Estimating – Valuing your time.

- © In reality things are far more complex than this, but it can give you a good indication as to how much something could be worth to you or an employer.
- © You can take it further by adding in overheads, traveling and materials etc.

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Costing and Estimating – Valuing your time.

- ⊙ Other things to consider in your calculations:
 - ⊙ Rent / Mortgage, Insurances.
 - ⊙ Council Tax, Water Rates.
 - ⊙ Energy Bills, Phone/Internet, TV.
 - ⊙ Personal loan repayments.
 - ⊙ Food, car, gym, etc.

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Loss leader projects.

- ◎ A loss leader is a product or service that is sold at a loss to attract more customers.
- ◎ Supermarkets do this by selling cheap everyday items to attract customers to the store where they are more likely to buy some of the more expensive products.
- ◎ Designers also do this, but you need to really think about when and when not to do it.

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Loss leader projects.

- ◎ If you do choose to do a project at a loss, make sure that you are clearly credited for the work.
- ◎ These types of projects are a personal choice and usually have a charitable edge to them.
- ◎ Make sure that you are clearly defining what you are designing and by when. Otherwise, you can be taken advantage of.
- ◎ Family and friends are prime culprits of this.

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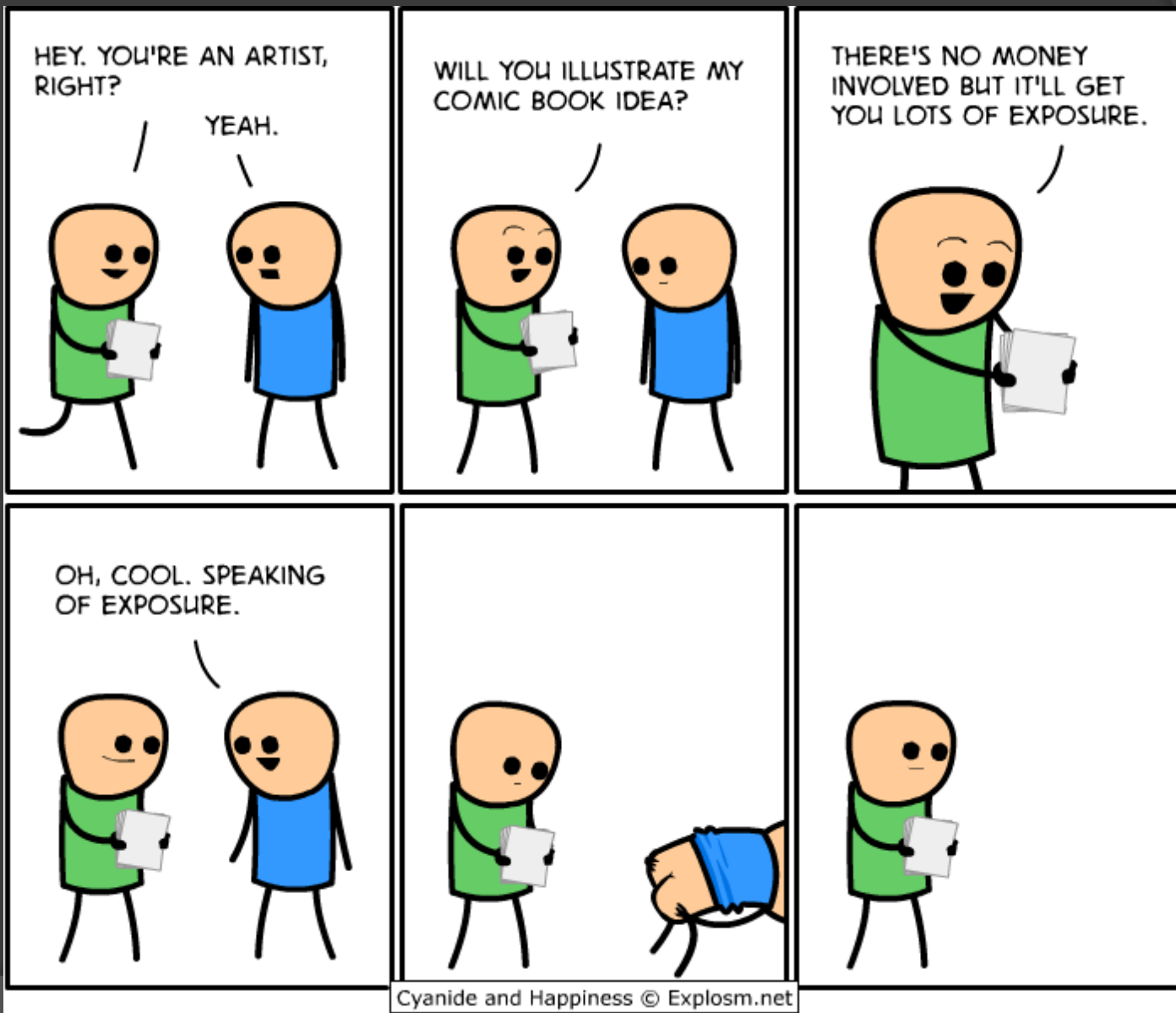
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Your value does not
decrease based on
someone's inability
to see your worth.

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Loss leader projects.

- ◎ Some projects will give you great exposure that can drum up more business for you.
- ◎ Most of them won't.
- ◎ Do your research around the project. Will the exposure be of benefit to you or will the resulting exposure not be worth the effort.

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By Tim Taylor

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Loss leader projects.

- ⦿ Until you know how you work and how long it takes you to do designs you will over burn your time.
- ⦿ This will get easier with experience.
- ⦿ So, start recording your time and make adjustments to your working practice.

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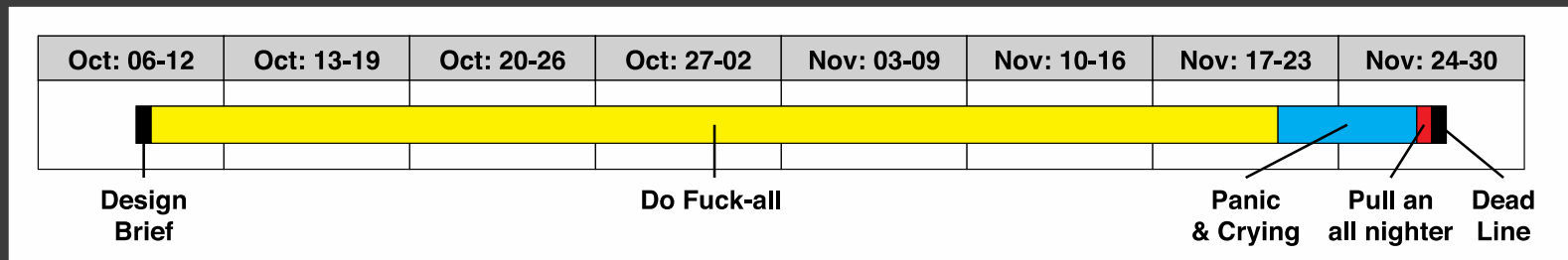
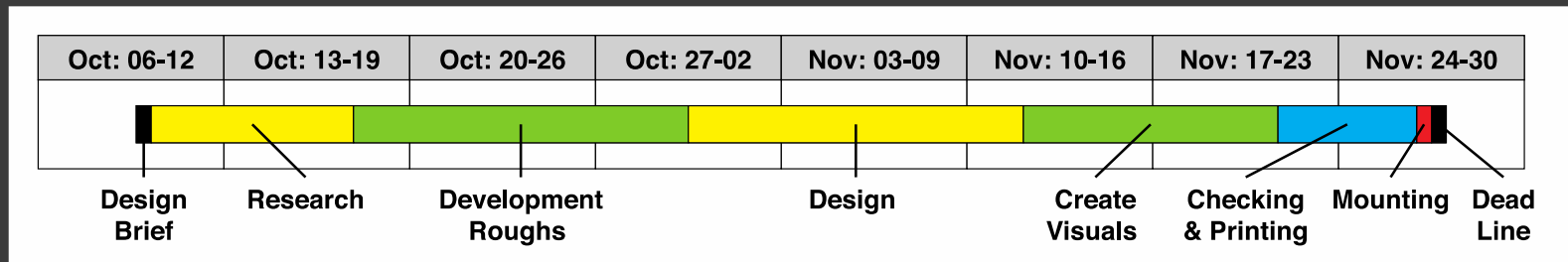
Costing and Estimating – Planning your time.

- ◎ To charge for your time you need to be able to keep track of it.
- ◎ Do you have a diary? If not **get one!!**
- ◎ Produce a Gantt chart to help plot and plan the different aspects of a project.

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Planning your time – Gantt Chart.



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Costing and Estimating – Ex student comments.

- ⊙ “I can’t stress enough... DON’T BULLSHIT!!”
(Colin Higgins)
- ⊙ “Work out an hourly rate, don’t just dream it up!”
(Martin Stopher)
- ⊙ “Make sure it’s not a stupid request.”
(Ben Hutchins)
- ⊙ “I know of at least one person who lost clients due to bad time sheets.”
(Simon James)

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Costing and Estimating – Ex student comments.

- ⦿ “Be nice to all of your clients you never know what kind of work they can bring you or doors they can open for you.”

(Joelle Evans)

- ⦿ “Don’t be bullied into lowering your expectations and de-valuing yourself. Stand your ground and try and find compromises. ALWAYS GET A CONTRACT SIGNED!”

(Rebecca Hodgson)

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Costing and Estimating – Ex student comments.

- © “Don't undervalue your time, your effort, your costs and expenses...be organised and keep a timesheet!”

(Laura Wade)

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Costing and Estimating – Get Started Now!!

- ◎ Following the guidance from this lecture develop and design your own timesheets and Gantt chart.
- ◎ Keep timesheets for all your external projects.
- ◎ Use the Gantt chart to plan your projects for the year. Set interim deadlines for the different stages of the design process.
- ◎ This will help you to understand how **you** work.

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Tax Issues

- ◎ Full-time work and full-time employment are two different things.
- ◎ As soon as you start working for yourself you must declare it to the tax man.*
- ◎ Failure to do so can result in a fine (depending on how much you are earning).
- ◎ Goods & services that you get paid for should be declared.

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Tax Issues

- ◎ If you do any paid freelance work, you will need to declare it.*
- ◎ The system is called 'Self-Assessment'.
- ◎ It relies on you keeping records of your profits, costs & “allowable” expenses.
- ◎ Are you keeping all your receipts?

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Tax Issues

- ◎ Get into the habit of keeping these records while you do your external projects this year.
- ◎ You are allowed to earn up to **£12,570** tax free per year. This is known as **Personal Allowance**.
- ◎ Earnings over the Personal Allowance and up to £50,270 have a Tax rate of 20%.
- ◎ So 20p from every £1 you earn goes to HMRC.

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Tax Issues

- © Also, your first **£1,000** of income from self-employment is your **Trading Allowance** and is not taxed.
- © You will need to pay tax on anything you earn above these amounts.
- © <https://www.litrg.org.uk/tax-guides/self-employment/what-trading-allowance>

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Tax Issues

- © Even if you are employed you may still want to do freelance work.
- © Your employer can handle your tax via **Pay As You Earn** contributions (PAYE).
- © You will still have to fill in the tax return for your extra earnings above the £1,000 trading allowance before the Tax Office deadlines.
- © **So keep those receipts handy and organised.**

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National Insurance Contributions.

- ◎ If you are self-employed, you will need to pay National Insurance Contributions.*
- ◎ HMRC will calculate your NI after you have filed your Self-Assessment tax return.
- ◎ If your profits are less than £7,105 py you can apply for an exemption, then you won't start paying until you are earning that amount.

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Tax Help!!

- © HM Revenue & Customs.
- © <https://www.gov.uk/browse/tax>
- © <https://www.gov.uk/national-insurance>

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What about VAT?

- ⊙ VAT registration is not a legal requirement until your business 'turnover' is more than **£90,000** py.
- ⊙ Turnover = All of the money coming into your business.
- ⊙ You can only charge VAT if you are registered.
- ⊙ Good record keeping becomes even more essential! Get an accountant!

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Quick Recap.

- ⦿ Develop a system to keep your records organised.
- ⦿ This is a big part of freelance work so get into the habit of doing it.
- ⦿ If you start doing well, consider employing an accountant to crunch the numbers.
- ⦿ **But remember your accountant will still need your organised records!**

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Ex Student Feedback.

- ⦿ I am out of my depth here, can I pop in and see you? You asked what was missing from that module. Bloody tax!
- ⦿ Seriously, I mean it, the moment you are out of college they get you!

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Ex Student Feedback.

- “Yeah, your info was right. It was my own fault really. The taxman has no sense of humour or faith of any kind as far as I can see. My client (friend?) just dumped me in it. I have now sold the car and should get it all paid off in a year or so...interest allowing. Nuts really isn't it?
- ...so to conclude, Mr Taxman doesn't like getting ripped off, even though I put it down to simple ignorance on my part, it is no excuse!”
(Anonymous)

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Ex Student Feedback.

- “As you get older no one really teaches you about things like tax and invoices etc, you feel much more informed and prepared after each lecture. Even a year on I still refer back to mine all the time so it’s important to keep hold of the work you do in Professional Promotion!”

(Laura Jones)

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Ex Student Feedback.

- “Without the Professional Promotion lectures I would have been pretty lost making invoices that’s for sure....I know now to use a separate bank account for all my freelance design payments so I am prepared for when the tax man comes knocking but.... the taxman still scares me.”
(Joelle Evans)

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Ex Student Feedback.

- ◎ “Remember the £1000 rule!!! This helped me when doing freelance work in the second term and paid for my holiday to Spain in august 😊.”
(Rebecca Hodgson)
- ◎ “Tax. What a scary word, but something that EVERYONE has to understand and consider because it’s part of adult life. Listen very carefully to Gav and take notes on tax. Trust me it is important!”
(Laura Wade)

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Quick Recap.

- ◎ You can start trading today if you wish.
- ◎ Choose a trading name first and get your identity sorted out.
- ◎ Open a bank account and keep it all separate from your normal account.

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Tasks.

- ◎ Put in place a system to record/organise your time (This can be digital if you like, iPhone, Mac, PC).
- ◎ Start to keep a track of your costs and receipts for your external projects.
- ◎ Design an invoice sheet that you can use.

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In this world nothing
can be said to be certain,
except death and taxes.

Benjamin Franklin

