




The Business of In-House Design



“The aim of art is to represent not the outward appearance of things, but their inward significance.”

-Aristotle

Challenges Facing In-House Teams

Not treated
with respect

Don't get
the desired
projects

Not
recognized for
their work

Not
inspired

Not allowed
to express
creativity

Solutions:

Command Respect
Act like a business worthy of respect

\Change\

To alter; to make different; to cause to pass from one state to another; as, to change the position, character, or appearance of a thing.

To alter by substituting something else for, or by giving up for something else; as, to change the clothes; to change one's occupation; to change one's intention.



\Growth\

The process of growing; the gradual increase of an animal or a vegetable body; the development from a seed, germ, or root, to full size or maturity; increase in size, number, frequency, strength, etc.

That which has grown or is growing.



\Prof·it\

To gain advantage; to make improvement; to improve; to gain; to advance.

To be of use or advantage; to do or bring good.



Change leads to growth, growth leads to profit



Profit makes us happy

Building Blocks of a Design Department

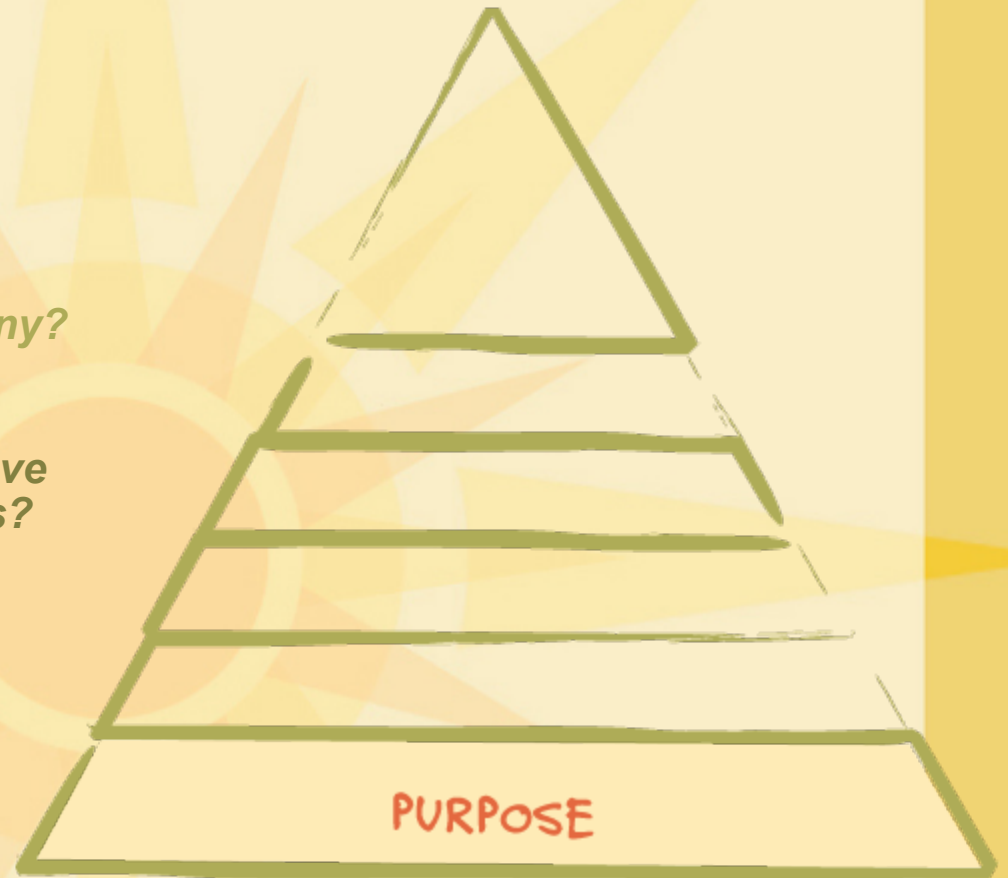
PURPOSE

Mission statement

What do you do for your company?

Strategic statement

How do you use design to achieve your company's business goals?



Building Blocks of a Design Department

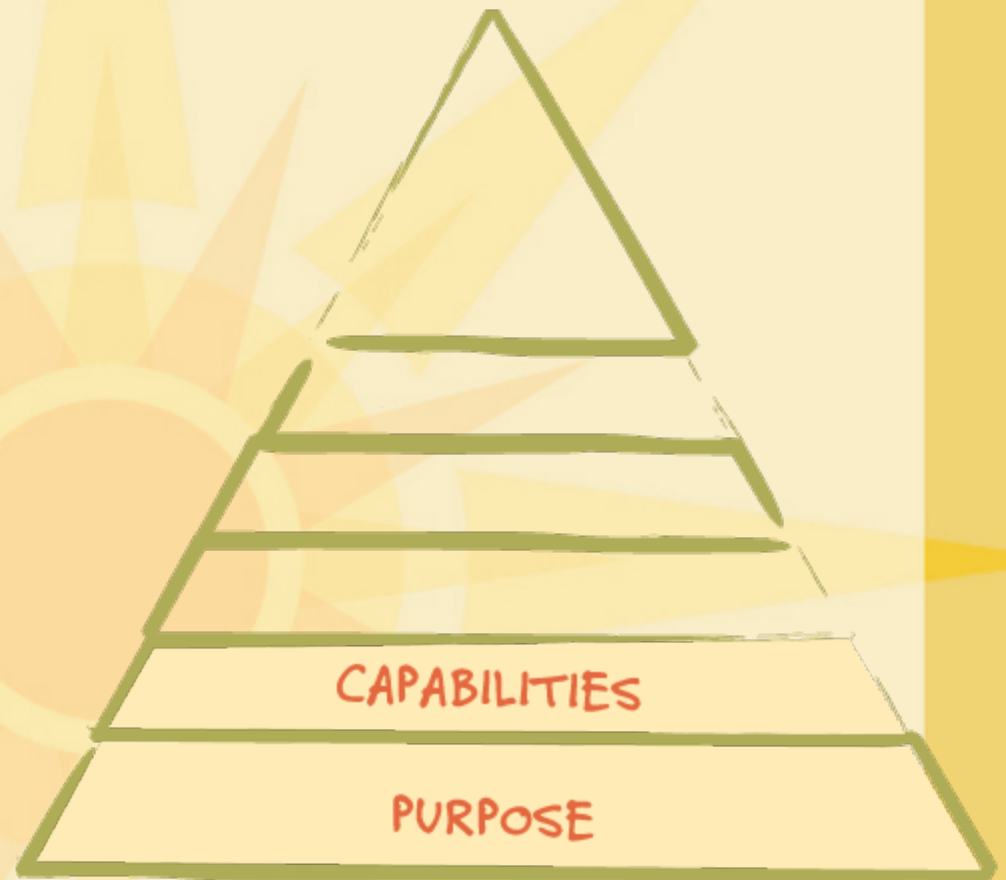
CAPABILITIES

The Brand
Constantly evolving

Collateral
*sales support, product design,
marketing materials, packaging,
corporate identity*

Corporate Web Site
Internal, external

Ask
*What do you own versus what
do you support?*



Building Blocks of a Design Department

ORGANIZATION

Creative Director
Leading, conceiving

Production Manager
*Accounting, assisting,
administrating*

Writer
Creating content

Artist
Designing, producing

Technician
producing



Building Blocks of a Design Department

PROCESS

Job requests

How do your clients request a job? Do they have central a place to go?

Service policy

Do you have an advertised method of working?

Project owners

Too many cooks spoil the broth

Work flow

Your production manager is your savior



Building Blocks of a Design Department

CLIENT LIST

Who are your primary clients?

Who are your secondary clients?

Be sure you establish new clients before starting a project.



Building Blocks of a Design Department

GROWTH

Where you want to take each of these

CHANGE

What actually needs to be altered

**NOW YOU CAN BEGIN
SETTING GOALS!!!**



Looking at Your Department

*Outline your current
organization
Determine What Growth
Means to Your
Department*

Size

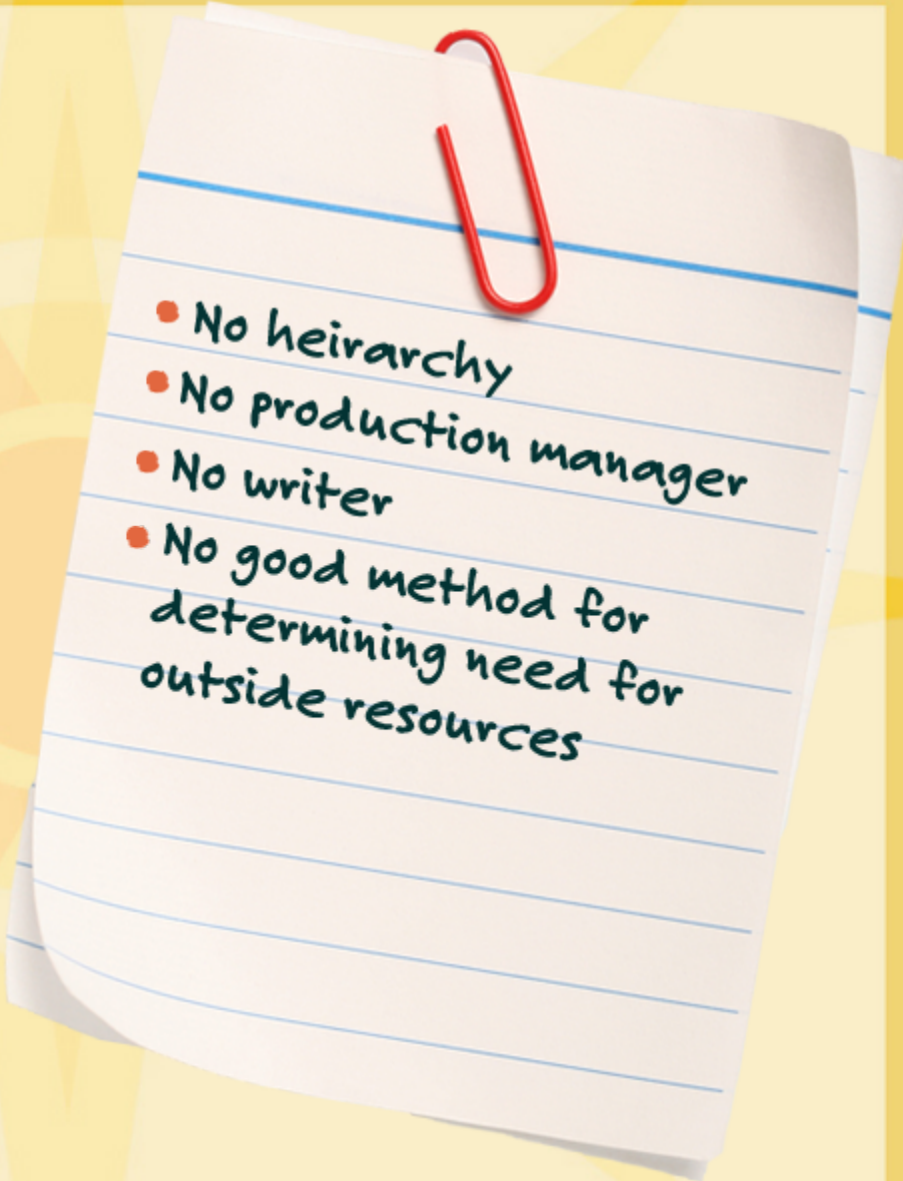
Projects

Efficiency

Expanded responsibilities

External perception

Creative environment

- 
- No hierarchy
 - No production manager
 - No writer
 - No good method for determining need for outside resources

Becoming a Profit Center

Act More Like a Business



Becoming a Profit Center

Set up a Business -- “Space”



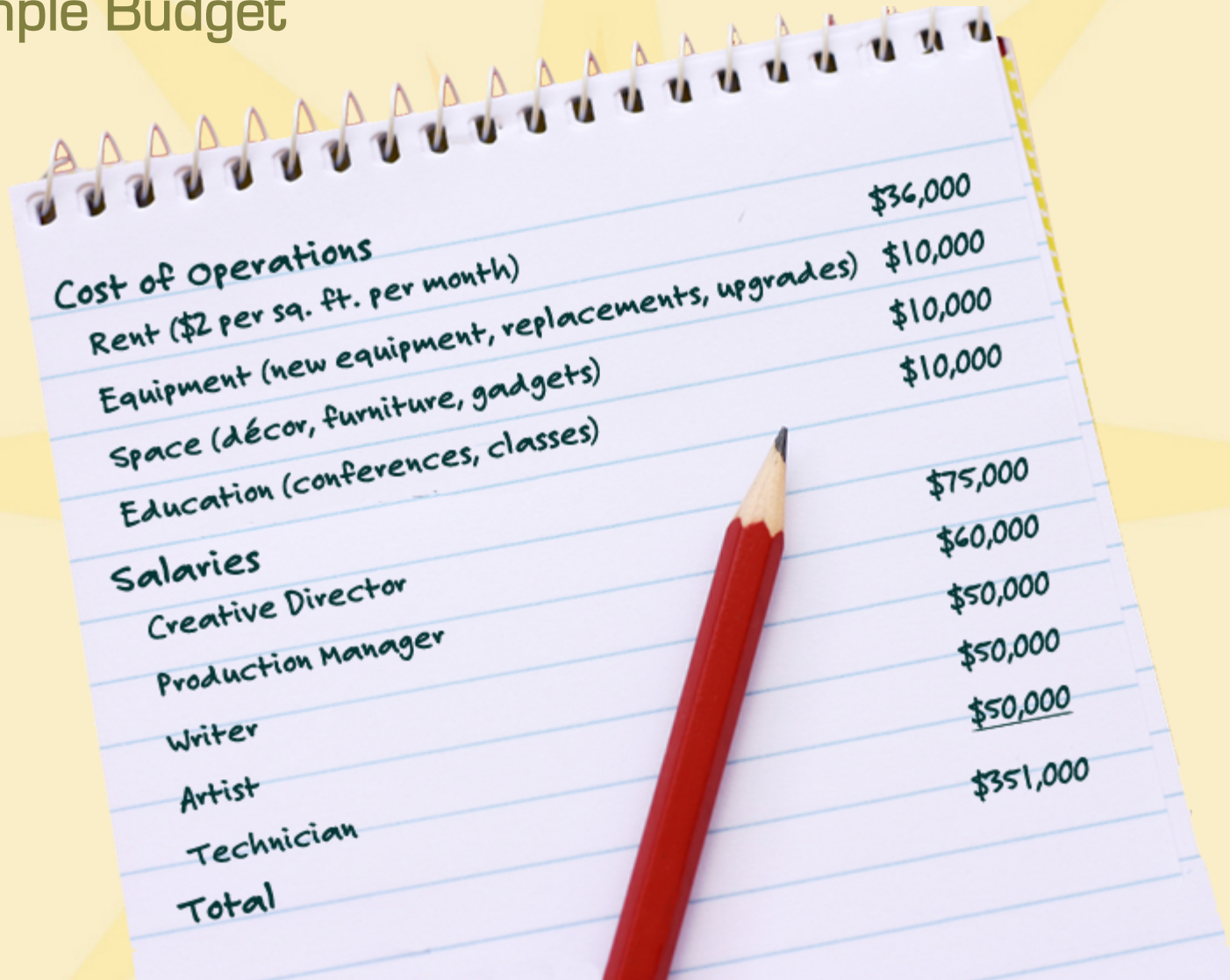
List your objectives, state a philosophy,
get everyone involved, use colors that compliment
the companies brand, have a plan.

Becoming a Profit Center

Strive for Profitability -- “Financial Plan”



Sample Budget



A spiral-bound notebook with a red pencil resting on it, displaying a handwritten sample budget. The budget is written on lined paper and includes the following items and amounts:

Cost of Operations	\$36,000
Rent (\$2 per sq. ft. per month)	\$10,000
Equipment (new equipment, replacements, upgrades)	\$10,000
Space (décor, furniture, gadgets)	\$10,000
Education (conferences, classes)	\$10,000
Salaries	
Creative Director	\$75,000
Production Manager	\$60,000
Writer	\$50,000
Artist	\$50,000
Technician	\$50,000
Total	\$351,000

Sample Profit and Loss



A spiral-bound notebook with a red pencil lying on it, showing a handwritten Profit and Loss statement. The notebook is open to a page with blue horizontal lines. The text is written in black ink. The statement is organized into sections: Income, Expenses, and Profit. The values are written in dollars and cents, with some values in parentheses indicating negative amounts. A red pencil is positioned diagonally across the lower half of the page, pointing towards the bottom right.

Income	
Income	\$374,400
In-house labor (\$60 per hour, 120 hours per week)	\$50,000
Outside resources/labor	
Cost of Goods	(\$40,000)
Outside resources/labor	\$384,400
Total Adjusted Gross Income	
Expenses	
Cost of Operations	\$66,000
Salaries	<u>\$285,000</u>
Total Expenses	\$351,000
Profit	\$23,400

Becoming a Profit Center

Strive for Profitability -- “Financial Plan”

- Full size creative team consisting of CD, PM, WR, GD, PA plus cost of ops costs \$350,000 per year.
 - *Cost of Employees = \$285,000*
 - *Cost of Operations = \$66,000*
 - *Total Expenses = \$351,000*
- At \$75 per hour, full size creative team needs to bill 4667 hours per year (90 hours per week) to pay for itself.
 - *Total Expenses = \$351,000 / hourly rate of \$75 = 4667 yearly*
 - *Weekly break even = 4667 / 52 = 90 hours per week*
- Strive for 70% efficiency, assuming PM is not billable.
 - *Billable employees = 4 x 40 hrs/wk = 160 resource hours*
 - *Hours efficiency = 160 x .70 = 112 hours per week*

Becoming a Profit Center

Manage the Business -- “Process”

Job requests – *estimates, timeline, require change orders*

Miscellaneous requests – *bill to a department, client*

Service policy - *internal document outlining policies, method of working, etc.*

Update annually via client survey

Include strategic statement (*update annually*)

Becoming a Profit Center

Manage the Business -- “Process”

Advertise your process -- *create a resource clients can go to learn about your process*

How to request a job

How we will manage your project

How we scheduling and deadlines

How we charge

How we deal with special circumstances

RESPECT

people say, “it’s about education”

I say, “it’s about expectations”

**“IT’S NOT WHAT YOU TELL THEM,
BUT WHAT YOU SHOW THEM.”**

Becoming a Profit Center

Grow the Business -- “Marketing Plan”

Market to gain control - *get the projects you want within the timeline you require*

Salesmanship – *what do you do to generate more business?*

Client relations

Client appreciation

Outfacing activities – newsletters, training days, surveys

Value add is owning the brand, knowing the brand, living the company's goals

Becoming a Profit Center

Grow the Business -- “Marketing Plan”

Create a brochure / informational piece for your clients

Mission statement

Brochure of capabilities

Introduction of your team

Ultimate goal - present your team as EXPERTS on the company, the product/services, the audience and the competitors.

The Buy In

Option 1 -- Just ask, most people are too afraid to ask!

Step #1 – Analyze your department

Step #2 – Identify the key issues

Step #3 – Categorize issues

What needs to be changed? Where can we grow?

Step #4 – Determine 3 things you want to change

Step #5 – Create a compelling argument

Step #6 – Offer a solution

Step #7 – Determine 3 things you want to grow

Step #8 – Create a plan for growth include measures and rewards

The Buy In

Option 2 -- Just DO IT! Sometimes its better to ask forgiveness than to ask for permission!

RESPECT is gained by doing not by telling!

Quit thinking they owe you work. Earn the work.

Quit thinking they know what you can do. Show them.

Quit thinking they know what you want to do. Tell them.

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