

Introduction

This course will introduce students to the Fiscal/Production side of the Graphic Design industry. Students will encounter the different types of graphic/design organizations and discover how they bill and use current industry production standards.

Time, Money & Materials

What are we going to think about?

Designing with a conscience = Profit

Creative process = happy client = happy employer



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Course Topics

Industry structures

Time, dollars and suppliers

Negotiating; freelance and suppliers

Working within budgets; Savings: making the difference

Things that cost \$

Costing - projects

Copyright and royalties

Fitting into a budget & recognizing problems - project

Freelancing

Time, Money & Materials

Teaching/Learning Methodology

Lectures and discussions

Practical assignments/Quizzes/On-going assessment and instruction

There is no required text for this class.

Students will be required to attend two field trips

One in-class presentation from a resource

Evaluation

Quizzes - 66% (throughout semester)

Projects/Assignments - 34% (late semester)



Time, Money & Materials



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Industry Structures

Graphic Shops/Digital print shops

Ad Agency

Marketing/Advertising Agency

Specialty Agency

Corporations e.g. 3M/Great West/London Life



Graphic shops/Digital print shops

Clients:

Local

Project driven

Customers know what they want

1 to 2 times usage

Low budgets

Single level clients

Graphic treatments



Graphic shops/Digital print shops

Work:

Brochures

Logos/stationery packages

Flyers

Sell sheets

Ads

Graphic shops/digital print shops

Volume:

Sporadic business

Jobs = low hours, low \$

Use freelancers



Time, Money & Materials

Graphic Shops/Digital Print Shops

Billing:

Jobs are quoted and billed accordingly

Ad Agency (small)

Clients:

Local

Project driven

More sophisticated

Not AOR but may be main source

Low budgets

Usually single level clients

Ad Agency (small)

Work:

Logos - corporate identity

Brochures

Sell sheets

Flyers

Instruction sheets

Menus

Print ads

Radio, TV, Video

Web design

Ad Agency (small)

Volume:

Sporadic

Some relationships - known work

Staffed for valleys

Freelance in peaks



Ad Agency (small)

Billing:

Design

Studio/production

Miscellaneous

Outside costs

Ad Agency (small)

Boutiques - sometimes can piggy-back with Marketing/Advertising Agency who may need support in their peak times.

Time, Money & Materials

Marketing/Advertising Agency

Clients:

AOR

Local/national/international

Budgets known

Relationship driven

Mid to high budgets

Test concepts/research/focus group testing

slide continued/...

Time, Money & Materials

Marketing/Advertising Agency

Work:

Full service

Traditional and new media

Campaigns

Promotions

Multi level capabilities

Time, Money & Materials

Marketing/Advertising Agency

Volume

Budgets 60% to 70% known

Staffed mid-valley

No business development stress (?)

Multiple versions



Marketing/Advertising Agency

Billing:

Many different ways:

- Creative
- Studio
- Production
- Outside costs with mark-up
- Miscellaneous

Specialty

Clients

Local, national, international

Sophisticated

Marketing driven

Project, contract or AOR

Mid to high budgets

Expertise their selling point



Time, Money & Materials

Specialty

Work

Specific



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Specialty

Volume:

40% to 50% known

Staffed low to mid levels

Good freelance base



Time, Money & Materials

Specialty

Billing:

All time covered

Many variations



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Corporations

Clients:

Head office driven

Budgets are known

Test concepts

Marketing driven

Projects/product launches/campaigns



Corporations

Volume:

Known/unless budget cuts depending on performance of company

Staffed mid level

Good freelance base



Corporations

Billing:

All time covered/cost centres

Many different ways



Revenue Formula

Memorize this table:

$$\begin{array}{r} \text{Internal Costs (\$)} \\ + \text{External Costs (\$)} \\ + \underline{15\% \text{ mark-up of external costs}} \\ \text{Subtotal} \\ - \underline{\text{External (without the 15\% mark up)}} \\ = \text{Gross Revenue} \end{array}$$

Examples of in-house costs

- Client briefing
- Research and conceptual development
- Design/mock up
- Illustration
- Charts/Diagrams/Tables
- Copywriting
- Translation
- Editing
- Proofreading

Examples of in-house costs

- Layout - revisions (1, 2,)
- Typesetting - revisions (1,2,3)
- Art direction
- Electronic assembly
- File preparation
- Account service
- Project management/production co-ordination
- Administrative

Examples of outside costs

- Photography
- Illustration
- Talent (for photo shoots/radio/TV/video/campaigns)
- Film/TV/Video
- Voiceover/radio, video, TV
- Service bureau/Pre-Press
- Colour Output (in-house and outside)
- Special Supplies
- Film/proofs

Examples of outside costs

- Printing/production
- Other/displays/banners

- Miscellaneous Costs (external and internal)
- Deliveries/couriers
- Travel
- Telephone
- Copies
- Dubs/CD's/pdf's

Definitions

Accounting

Recording, and analyzing financial data.

Account Executive

Primary contact between the client and agency (suit) and the agency i.e. owner, creative director, art director and other creatives.

Accounts Payable

Money owed by a business to suppliers for goods and services provided.

Accounts Receivable

Money owed to a business by clients for goods and services provided.

Advertising

The action of calling something to the attention of the public in the way of a paid advertisement e.g. newspaper.

Definitions

Agency

An establishment engaged in doing business for another.

Assets

Anything a company owns which can be expressed in monetary terms.

Assets can be owned, bought or sold.

Billing Rate

The amount charged to a client for services.

Breakeven Analysis

Analysis required for a project to make zero profit, to determine the breakeven point of a project and to be able to adjust billing structures accordingly.

Budget

An estimate of costs for a project.

Definitions

Marketing:

The act or process of selling or purchasing in a market.

Vehicle or Tactic:

Medium chosen to transport your message e.g. brochure, radio ad, direct mail piece.

Widget:

An unnamed article considered for purposes of hypothetical example

AOR:

agency of record - Advertising agency that coordinates the purchase of media time and space for a large corporation that is likely to have a number of different agencies handling the various divisions and products.

Next week

What is pre-press?

Why relationships with suppliers help.

The thought process behind costing a project.

