The MONEY PLAN

EASY NOTES FOR THE 3 PREP VIDEOS

Video #1: Diversifying Your Art Income Sources

Selling original works of art seems to be the most appealing way for artists to make money from their art. You get to make what you want, when you want it, and then work to get it in front of the right audience.

So selling *only* original works of art is like a dream for most artists I work with. But there are at least 5 reasons to diversify your sources of income.

1.

Maybe relying on sales of original works of art **isn't paying the bills**. Before you do anything else, I suggest looking at your pricing. Are you not profitable because you're undercharging and undervaluing your art? (Be sure you download my How to Price Your Art report with this workshop.)

Maybe it's not pricing that's the problem. Maybe you can't pay the bills with sales of original work because … oh … Sales can be seasonal, galleries can shut their doors, or the economy might tank.

You must look out for yourself, which includes attending to your financial well-being. Having a stream of income besides original work might be the way to go.

2.

You might also diversify your sources of income because you **enjoy creating products** or, as some of my clients say, …

3.

You want to have a **line that is more affordable** to attract new people.

4.

Or you diversify because you **love teaching**. You know your stuff and people look up to you.

5.

Or you are up for a **new challenge**.

I get all of these reasons for you to have multiple sources of income from your art. But you need to crunch some numbers and be realistic about your available time and energy.

The number crunching begins with …

Video #2: Categorizing Your Art Income

In the big picture, you might have a source of income from employment outside of your art business. That's great! This will ease some of the pressure to make money from your art.

There is nothing wrong with having a day job.

But, again, for the sake of this discussion, I want to focus on diversifying the many ways you might make money from your art.

Potential sources of art income might include, but certainly aren't limited to what I'm calling **TYPES of income sources**:

- Original works of art
- Commissions, illustrations
- Teaching, mentoring, coaching
- Products: giclees, cards, books, anything with your art printed on them
- Licensing your images
- Writing, curating

I call them types because they're pretty broad categories.

When you are trying to figure out where the money has been coming from—and perhaps where it could come from in the future—you need to, for the sake of your sanity, think of income sources in terms of categories.

This helps you wade through the details and find the story of what is making you money and what could make money for you in the future.

If you have a wide variety of income sources, your categories might be similar to those TYPES I just mentioned.

But, as I said, when you are trying to increase your income, we're looking for details. You want to go more in depth—if not for every income source you have, at least for some. Here's what I mean by that.

Let's start with the possibility that **you sell only originals**. Because you might be saying … I don't need categories. This doesn't apply to me because I only sell originals. Not true!

Even if all of your art income comes from selling originals, you still have multiple sources. Or you should have multiple sources because you want to know which originals are selling and how.

So you break down your income sources into venues. Perhaps: Instagram, Festivals, Commissions, and Galleries. But even those might be broad categories for you, so you slice them further.

For festivals, and I'll use Colorado examples, you break it down to Cherry Creek, Breckenridge, and Golden. For galleries, Gallery 1, Gallery 2, and Gallery 3.

See how this works?

BUT, I hear you saying, I only sell art myself. **You don't have multiple venues**.

Maybe you are one of the many artists these days who are doing collection drops, and you do them 3 times per year. You'd examine those sales by collections. For example, "April, August, December."

If you have a lot of variety in each collection, divide it further. Perhaps by size.

Another example … **If teaching is one of your incomes streams**, you might separate those numbers into income from in-person teaching and income from online classes.

But those, again, are broad categories. Most artists who teach have more than a single in-person or online class. If you have multiple teaching offers, you need to break down these categories further.

In-person teaching might include small classes you give in your studio, workshops you're hired to lead by someone else, or retreats that you organize.

Online teaching might be 2 or 3 courses and a critique group or mastermind.

Any plan for increasing your art income begins with identifying revenue categories in a way that makes the most sense for you, the work you do, and the way you want your life to be.

Take a little time to think about what your categories are.

Does it make sense for you to break them down by type, such as teaching, originals, and commissions? Or by venue? Or a combination?

Add them to the corresponding worksheet on page one. Now here's what you're going to do with those categories.

Video #3: Analyzing Your Income Numbers

When you plan to make more money, your goals must be grounded in reality. As a business owner, you need to know that your goals aren't just grabbed out of the clear blue. They are based on evidence, and one year of income numbers isn't sufficient data for reliable evidence.

You also know that, as an artist and entrepreneur, your income fluctuates from year to year. You want to account for both On and Off years.

To analyze your numbers, you will (1) document your total art-related gross income for the past 3-5 years and (2) break down that total into sources of income from your various categories. We're sticking with GROSS INCOME for this process.

You're going to start with the simple table on page 2 of the worksheet. The categories of income sources you decided on will be listed down each row in the left column and the years listed at the top of each subsequent columns, with totals across the bottom. It's okay if your income sources vary from year to year. Just make sure that you have them all covered in the process.

For the tops of your columns, **use the number of years that make sense to you.** The years during the pandemic might be an anomaly in your business. They might also be a new normal. You need to decide how many years to include, and you can always go back and add more or leave some out.

Now that you have the rows and columns in your table, **you can start filling it in with your gross income for each category.**

Then, you want to know the percentages, which I think are easier to make sense of than the larger numbers with a $ sign attached to them. But you must start with the currency amount before being able to add the percentages beside each number.

To get your percentage in each category, divide the sales for that income source by the total sales in that category.

Now that you have the numbers, you can begin to make sense of them.

Spend time looking at the numbers on the worksheet. You are looking for trends and opportunities for growth.

The numbers will, I promise, tell a story. It might not be one that you want to hear, but it's one that you need to hear so that you can do something about it.

When I first did this I noticed that the sales of my book decreased each year following a new edition. This might seem obvious, but it could just as easily have done the reverse and gained momentum with each year.

If one of your galleries picks up steam in Year 3 and commissions go down, What's the story? There's certainly a reason for this, so what is it?

Did the gallery get a new salesperson? Did they change their strategy? Or is it the result of more consistent marketing of your art—by you or the gallery? Did your commissions go down because you decided to put more effort into gallery sales than commissions?

Add your insights to the bottom of page 2 of the worksheet.

Understanding these answers will help you project future income and decide where to spend your precious energy and resources.

You will use this information to complete your personalized money plan for the future.