

Starting up an Interior Design Business

Unit 18

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Learning Outcomes:

On successful completion of this Module the candidate will be able to explore:

- ✓ describe advantages and disadvantages of starting up interior design business
- ✓ describe how to develop a professional and competitive portfolio.

Starting any business can never be an easy task, but it does not have to be as complicated as many people think. With interior design, it is difficult to offer design services without knowing how to offer those services. If a designer has already worked for someone else, either in a design firm or in some type of business situation, it will be of great help for understanding the nature of the business and of how these services are offered, because working in a design firm provides an opportunity to experience and perhaps help manage a business. Professional interior designers are highly self-motivated.

Being boss is fun. It is also risky and a lot of hard work. Owning a business is actually taking on a lot of responsibility. It has its advantages and disadvantages which must be considered before stepping into it.

Advantages of Owning a Design Business

- Do not have to report to a boss.
- Making a potentially higher income.
- Potential long term job security.
- The chance to develop a creative style, which is not possible when working for others.
- Potential satisfaction in achieving success.
- Increased contacts with clients, suppliers, and other industry members, by dealing directly with clients and suppliers.
- Making your own decisions.

Disadvantages of Owning a Design Business

- Greater legal responsibility. Owners are not only responsible for their own acts but also for their employees.
- Great financial risk. It involves the risk of losing personal assets, also.
- Long hours. Owners have to give more time to their business than anyone else in the business setting.
- Greater stress. The owner is responsible for paying all the bills, salaries, preventing any kind of bad publicity or poor customer service. He or she has to see that all the employees are doing their jobs properly and legally.

- Minimum income in the starting years.
- Though the business owner is the boss, he is controlled by the wishes of the clients. He has to satisfy his clients.
- A great deal of management responsibility.
- Once a business has been started it is difficult to quit it. A financial loss can result from closing down.

Self Analysis

The great charm in becoming the boss is that you can do things in your own way. You make the decisions by yourself. Your name is on the letter head and your signature is on the contracts. But being the boss is also an awesome responsibility. If you have employees, you have even more responsibility to meet payrolls and to make them productive. If someone, in connection to your firm does anything wrong, your name is the first one on the lawsuit. If you are thinking about starting your own business, it is a good idea to examine your goals and attitudes about business ownership. Ask yourself the following questions to get to know whether you are the right person to run a business in your present situation.

- Why do you want your own business?
- Do you have enough finances available?
- Is your credit good enough to obtain small business bank loans and establish credit with the suppliers?
- If you are married, are your spouse and children prepared for the sacrifices of your time, energy and income?
- How much do you know about general business practices?
- What is the scope for clients in your area?
- Are you able to bring any of your existing clients with you?
- Are you happy in your present working conditions?
- Do you get frustrated while dealing with problems?
- Do you enjoy drafting more than making presentations to your client?
- Are you self-motivated?
- Are you well organised?
- Are you creative?
- Are you an introvert who has a terrible time meeting people?
- Are you committed to owning your own business and ready to make any sacrifices it will require?

Starting a New Design Practice

The decision for starting up a new design practice must involve careful evaluation of personal motivation, consideration of the financial, psychological and legal risks and a commitment to doing research and to making the various decisions that will be required. Becoming a professional interior designer requires an attitude of dedicated commitment to the work one does and to the advancement of the profession. A business owner should possess the following qualities:

You need to be Motivated

But first thing before starting a design practice is, as a designer and a business owner, you should look at your motivation. Maybe your motivation comes from a desire to work only with clients who really want to buy your creative ideas, rather than the need to meet the demands of an employer. You may be motivated by the idea of making more money or working for yourself rather than for others. Whatever your motivations are, at the back of your decision for starting up your own practice, the important point is to know and consider what they are. Although the motivations mentioned above seem positive they may turn up in negative issues. For example, working from home does save commuting time but it also requires a good deal of discipline.

You Need to be Well Organised

Along with motivation and a positive attitude, a designer needs to be well organised to handle all of the little details that go into doing a good job. You have to keep track of your entire inventory. At the same time you will have to manage your employees, track orders, select materials, and above all you will have to make sure that you stay on, or below, the budget that your client has set for you.

At the same time you should appear calm because your clients will, in all likelihood, be asking you a great deal of questions. If you are disorganised and panicky it will be hard to answer their questions while trying to stay cool and calm. You should be organised enough to know where everything is and how every person is working.

You Need to be Problem Solving

It is a requirement for an interior designer to be good at solving problems. An organised work place will help you to have an organised mind. If it takes you too long to come up with a solution, problems can get complicated.

You Need to be able to Multi-Task

Most jobs require a good ability to multi-task. No other job requires this, as much as an interior design does. The reason for this is because interior designers are always having to do more than one task at a time. A designer might be giving instructions to his contractors, working with his assistant on the fabrics while at the same time working on choosing the lighting scheme.

You need to be Social

If you intend to start a design practice of your own, you need to be a very social person. A designer has to spend most of his time in meeting people, and in convincing them that he is the best person to design their space. A friendly, outgoing and professional attitude is the easiest way to accomplish this.

You need to be Versatile

An interior designer has to be versatile and be able to change with the times. With new trends you will have to change your current way of thinking. This is crucial for a success in this field because most people hire interior designers so that they can keep up with current trends and stay abreast of fashion. If the designer keeps sticking to the basics and originals, he cannot be a success in this business.

A Good Business Sense

As the head of a business you will be required to deal in bidding and pricing. You must be able to estimate correctly in putting a value to your work. To do this correctly, you will have to calculate the cost of the material, labour and furniture costs, etc. As a good businessman you will be required to possess the ability to negotiate, which is of great importance.

Negotiation

Negotiation is the basic skill that an interior designer must be good at. As an interior designer you will be negotiating with your clients, either to acquire them, or on budget requirements. You will be negotiating with the contractors, furniture dealers, plumbers, electricians and everyone else who is involved in the project undertaken. Of course, your main concern is to complete your project to the client's satisfaction.

Marketing

Marketing is another important aspect for a business. An owner of a design practice should be familiar with the effectiveness of this tool. Interior designers spend a great deal of their time in marketing their services. Everyone providing interior design services must believe that "the demand will always be there". Buildings, shops, homes etc, will always be in the world as well as the need to design the interiors for them.

Marketing is a very special tool to bring life into any business, especially in the interior design business.

Advertising

Another business essential for design practice is advertising. Without the effective use of this tool, it will be difficult for the public to know that you are there. If your budget is small, there are many things that you can do for a cheap price or even for free. For example, you can pass out flyers and business cards.

Bookkeeping

Bookkeeping is vital for the self employed. When in business, you should know how to manage your business and financial statements. Also you will have to handle pay roll, accounts payable and accounts receivable.

Choosing a Speciality

Choosing a speciality is sometimes very rewarding. It does not matter which area you choose, because all have their own rewards and difficulties. The most advantageous reason is obviously to set yourself up in the field. If you are more inclined towards the creative aspect of interior design, you can enjoy having more freedom in doing domestic projects. If you are hoping to use your creativity to possibly put you into a better tax bracket, you may prefer to do commercial work.

Registering the Business - Start Up

You must get a business number and you registration first. You can check government listings for the correct number. Also check with a local accountant to see what needs to be done about taxes, etc.

There are three basic forms in which a designer can do business. If you are an individual you can operate as a sole proprietorship or a corporation. If two or more people want to be in business together, they can form either a partnership or a corporation.

Building up a client base is not very easy in the early days of starting your business. You will have to go out and meet people all the time. You will be in competition with many others and you may have to lower your estimates at the start, to get work so that you can build up your reputation. For the actual start up you will need the following materials:

- Fabric samples. (You can get them for free from your local furniture shop)
- Colour swatches for paints and fabrics (you can get them from the paint store for free)
- Interior design magazines for client perusal.
- Furniture catalogues (from furniture retailers)
- Fine arts catalogue (from art galleries)
- Kitchen and bathroom catalogues
- Photos of your work and signed letters of recommendations
- Your portfolio

Making a Portfolio

A portfolio is just like a scrapbook. It has all the listings and photographs of your work to date. Your portfolio will help your future clients see what work you have done and what you are capable of doing for them. A portfolio is the best marketing tool for any designer. It should look as professional as possible. You can also request letters of recommendations from your clients and list them on your portfolio as satisfied customers.

Ask friends or family to let you design a room in their house and then take a picture of your work for the portfolio. Ask friends and family to write letters of recommendations for you or you can list them as references in your portfolio. Place copies of your credentials at the front of your portfolio. Next to these put the pictures of your best work.

Building up a Client Base

What is of crucial importance for you is to build up a client base.

Promotions

In order to sell your services, you will need to attract people first. Do as much as promotional work as you can. Go everywhere that you can think of that hosts design events.

Be Social

Try to meet as many different types of people as possible. Leave your business cards with them. Keep your portfolio with you always. Go to all the popular events in your area and start talking to people.

Build your Client Base

Approach home owners and business men with your ideas for refurbishing their spaces.

Pricing your Service

Accurate estimates are very important for a designer. If you are unable to estimate correctly, you cannot give the right price for your work. Many people find it a very difficult process because they don't want to over charge their clients, nor do they want to lose money on the deal. This process can be frustrating and stressful but if you know how to break down the costs, it gets a lot easier. Since every job is different, there will be separate invoices as well. The client will also be comfortable in this way.

Costs and Labour

This invoice is for those designers who hire outside contractors to help with their work.

Costs

This type of invoice is for the costs of extra furniture and accessories or lighting and fixtures that are needed.

General

This invoice covers the designer's fee. It deals with the work that the designer has done. This invoice is always included with one of the other. For a designer, there are two ways that he can charge the client:

Hourly

This method is best for small projects because they are more difficult to price on than the per project basis.

Per Project

This is used for larger projects.

Regardless of which fee method the designer uses, the key to profitability in providing a design service is properly estimating the design fees. The key to effectively estimating the design fees are:

- understanding the scope of services to be provided, and
- carefully calculating costs to ensure that the fee method satisfactorily covers costs and provides a profit margin.

Design projects can be complex and can involve several people over many months, or they can involve one designer for only a few days. The first step towards estimating would be a detailed analysis of what is to be done, how much time each design activity will take and how much time the entire project will take. Once the designer gets all the details about the costs, he can apply one or more fee methods to the project to determine which provides the greatest profit in the particular project. The projects that require a lot of meetings, drafting and specification writing are best charged at an hourly fee. The projects which contain a lot of similar design decisions (multiple spaces like hotels or hospitals) might work out better if the designer uses a fixed fee.

Careers in Interior Design

Not every interior designer wants to run his own business. Some would prefer to express their creativity while working for others. There are many places where a designer can find jobs and will still be an interior designer.

Architectural Firm

In this job a designer can read and create blue prints, draw up sample pieces and create model.

Design Centre Show Room

In this job a designer can get to design and arrange items on the showroom floor. This is often in furniture stores, department stores, department store windows, etc.

Retail Furniture Store

In this capacity the designer would be required to set up the floor area, mark up the material and learn the basics of mix and match furniture.

Suggested Further Reading:

- ✓ *How to Start a Home-Based Interior Design Business, (2003), By Nita Phillips*
- ✓ *How to Start Your Own Interior Design Business, (2011), By Henry Tuckerman*