

CAKI HÅNDBOG

**A handbook for students
in the art schools**

START-UP

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CAKI Håndbog **START-UP**

Starting a business in the arts

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Take the leap!

As an artist, you are often in the position of creating your own work through your practice. You develop and run your business yourself - you are self-employed. Therefore, within the structure you set for your business, you must not only be able to perform your professional working life – you also need to establish financial stability in your life, since the personal and professional are closely tied when you are self-employed.

No matter what your motivation for establishing your working life as self-employment is, it is important to be sure of the form and content of your business. This means not just the artistic or creative content, but also the organizational structure that surrounds your business and the economy in your practice and your business as a whole.

You probably have the core of your business - your creative process and practice - under control. This handbook can help you with the organizational and financial basis for your practice and working life.

There are many ways to organize a professional business, and not all business plans and business models are alike. It depends on their purpose and who will be using them.

A business plan or business model is not static - it changes and evolves just as you do every time you have a new experience, meet new people or find new opportunities.

Even though there is no checklist or correct answer to what a good business plan should look like, there are some general questions to ask yourself, and your answers will depend on your specific professional practice. The answers can help you move toward the right plan and the model for starting your business.

This handbook covers questions and reflections concerning the start-up process. It is a guide to building the framework and economy for a business as self-employed in the arts – whether it be in film, the scenic arts, music or fine arts.

There are some key differences between establishing a professional working life as, let's say, a sculptor or actor and founding a film production company or a theatre community practice.

This book is written for the full scope of artistic fields and all types of businesses – from soloists to production companies, from one-person businesses to Ltds. It covers the questions about starting a business of any size.

Not every chapter and exercise will be relevant to everyone, but we recommend reading and considering the book in its entirety. Who knows? You may find inspiration or knowledge you never knew you needed.

If you require further reading or guidance, a list of references is provided at the end of the book.

Happy reading!

The Purpose

When establishing a business, it can be a good idea to start by reflecting on your dreams and ambitions regarding your work. These are exactly what your business should help you accomplish.

Consider your intentions - not just as an artist, but also in your working life. How would you like your working life to be? How would you like it to look in a year? How about in two or five years? Try thinking about the span of your entire career and give yourself space to think broadly.

After you have thought about your dreams and ambitions, it can be helpful to put them into words. This can make them easier to follow and realize than if they remained inside your head as abstract pictures and ideas. These are important questions – take your time to think about them.

Your business should give you the best possible structure in which to realize your ambitions. It is the base for your work and the platform for the portfolio, you are working with. As such, it is important that your purpose and your portfolio match.

In the arts, creating a sufficient income solely by creating one product or selling one service can be difficult. While it may be a long-term ambition for some, it is seldom possible to achieve from day one. This is why it is important to create a portfolio in your practice that reflects the purpose of your business while also creating an income for you.

Your portfolio contains the projects, products, works, services etc. that you produce. You create your income through your portfolio, and the portfolio must match the purpose of your business. When registering your business with the Danish Business Authority, it is important that you choose the type of business that is consistent with your portfolio and purpose.

If you are a self-employed practicing artist, a sole proprietorship is often the appropriate business type for you. If there are multiple people working together to create a non-profit art festival, for example, an association may be the appropriate structure. For a band, a partnership may be the right solution. If your business has a social goal, it may be an advantage to register the business as a socio-economic business.

In other words, the type of business you choose to work within should support the practice and purpose of the business.

In general, businesses in the arts can be divided into three different types of purposes: artistic, commercial and social.

Commercial artistic business

Businesses in the arts will typically have a goal of generating enough revenue to finance the development and realization of new ideas, initiatives and visions. Financial growth is not the goal of the business - it is rather a natural extension of artistic development. This type of business is called a commercial artistic business: artistic because the goal is artistic, and commercial because it creates revenue which can add resources to the artistic practice while maintaining the finances to pay the business owner.

Many businesses in the arts will be this type of business, realized as a micro business and run as a personally owned business.

In terms of registration, this means that the business is registered as a sole proprietorship, partnership (if there are multiple people) or as a personally owned small business (if the turnover is under 50,000 DKK annually and your artistic practice is not your primary source of income).

Non-commercial artistic business

An artistically based business can also have a non-commercial goal. This type of business will typically have either a project-based portfolio that completely or partially breaks even financially or have a social purpose or benefit for the public. Non-commercial businesses will often involve volunteers or pay low honorariums.

A project-based business means that the business activities are based on single projects, which function independently of one another, and funds are raised for each project. Examples include exhibitions, book publication or small festivals. All projects will still be based on a common goal, but the goal is not to create a profitable business through the portfolio. The economy is made up of a series of stand-alone, separate projects.

A business may be intended to benefit society or the public. In that case, the business will work with or for a specific group or cause, such as children, asylum-seekers or a group of members or stakeholders.

Businesses with a social purpose

Businesses which aim to serve the public or a general cause will often choose to organize as an association, a self-governing institution or a foundation. In these businesses, paying out of profit to the owners or founders of the business is prohibited. Instead, any profit goes to the cause.

Here, as with all businesses, the choice of business type depends on the portfolio and business purpose. An association can make sense when you wish to create an organization that is democratic (the members make the decisions) and open to all. A self-governing institution has a more complex size, but it is essentially a business with its own assets but no owners who can exert influence over the institution's activities.

A foundation has a similarly complex construction. Starting a foundation can make sense if you prefer to have decisions about finances and activities made by a board of directors rather than among members in an association. An important detail regarding foundations and assets is that starting an ordinary foundation requires a minimum of one million DKK in assets. In contrast, there is no asset requirement for starting a foundation that has been approved as a socio-economic foundation.



PART 1

BUSINESS PLAN



Business Plan

A business plan describes how you want your practice to develop within your business in order to create a lasting and financially sustainable working life.

You have already reflected on your dreams, intentions and ambitions for your business. You have clarified the goal of your practice, and you have thought about how your portfolio will be composed.

Now you need to figure out what your business needs to do for you.

Your business should have a structure that supports your intention and ambitions and helps create an economy to make your work life sustainable.

It will be helpful for you to describe your business in writing. This will make it easier to follow and realize your plans than if they remained in your head as ideas.

It will also give you a plan to hold onto when you experience adversity, which you probably will at some point - almost everyone who runs their own business and professional practice meets obstacles along the way.

Your business plan - the description of your business - does not have to be complicated or comprehensive. You simply need to answer a few basic questions and write down your answers, thereby formulating your vision and how you plan to realize it.

The hard part can be making a realizable business model - i.e. a model of how the business will stay afloat financially. If the finances are insufficient, your work life will not be sustainable, and your business plan will not be feasible.

Your business plan is not about making a million a year, being an entrepreneur and building the fastest growing business, or becoming a piece of the neoliberal puzzle. It is about taking control of how you will support yourself based on your wishes for your practice within the conditions of the society in which you live.

The business plan can help you maintain control over your work, which will benefit both your professional and private life in the long run.

In the next chapter, we will work through an outline of how to make a business plan.

The outline is as follows:

1. Background of the business plan

Who is behind the business plan?

Why is the business plan developed?

Vision

Mission

2. A professionally run business

Portfolio

Target group

Process and development

Visibility

Pricing and sales

3. Finances

Financial requirements

Business model

Risks

Budgets

4. Organization and management model

Leadership structure

Legal construction

Business type

A business plan need only be as detailed as you require. It helps you to find out whether your plan is feasible, and it clarifies the requirements for creating the best structure for your professional work.

The plan describes the business you will establish and how you will run it and develop it.

The business plan is also an important tool to help you achieve your goals and take control of your work life. It gives you an overview of the process and the kind of work-life you can expect, and it helps you understand how to develop your business and keep it running. The more issues you address in the plan, the more well-functioning and grounded in your needs and ambitions your business will be.

Creating a sustainable work-life will depend on whether you can establish a business that generates enough income for you to support yourself and maintain your practice. An important part of the business plan is the business model, which shows how the business will function financially.

The business model is also important if you need to show potential investors, banks or business partners why they should support your business.

Background of the business plan

First, briefly describe the background of the business plan. You can do this by answering the following questions.

Who is in the business?

- Name, contact information and CPR or CVR number
- Your profile: education, experience and qualifications necessary for developing your practice and running your business

Here you may choose to describe your skills and professional qualifications and list any personal attributes you believe are relevant to your work. Including a CV with your plan is recommended when recruiting investors and business partners.

The next page shows examples of how to describe your qualifications, skills and attributes and explains how the three categories differ.

Competency Wheel

The [Competency Wheel](#) exercise is found at the end of the handbook. It helps you describe your competencies and skills in a variety of work areas.

Qualifications

Qualifications refer to technical skills and trades including instruments or equipment you are trained to use or service. Qualifications are closely related to your field, but you may have supplementary qualifications. For example, you may be a trained set designer who has also learned tailoring or costume design, or you may be a cinematographer who has also worked on field studies in anthropology.

Skills

Skills (also known as competencies) are your abilities in areas where you have real experience - often using your qualifications. Skills often draw meaning from their context, such as the professional, cultural, or societal context. For example, if you are a visual artist who has taught visual art in addition to your practice, you will have gained teaching skills, perhaps specifically in the area of teaching children. If you have been responsible for the planning and coordination of a curriculum, you will also have gained project management skills or skills regarding educational development.

Attributes

Personal attributes or qualities are linked to your personality and/or physical form. You may be responsible, good at taking initiative, introverted, extroverted, energetic, calm, adventurous, thorough, confident, organized, messy, a team player, a loner, etc. Your physical form may be relevant if you will be doing work that is physically demanding, such as performing on stage several days a week or lifting or operating heavy equipment.

Why has the business plan been developed?

Here you will describe why the business plan has been developed. For example:

- To clarify how you will create a sustainable working life
- To specify the foundations of your business
- To show that the planned goals can be reached
- To show that the financial expectations are met
- To specify how the business or initiative will develop in the start-up, founding and operation phases
- To build trust with stakeholders who can contribute financially
- To display solid finances, organizational structure and management

Your business plan can be updated as often as needed as the business or project moves forward.

The business plan can also be used as a guiding tool in the founding phase and future operation.

It should also show that the business model - the model describing how you will make money - is realizable.

The business plan should illustrate that the planned goal can be reached, and that financial expectations will be met.

Overall, the business plan should create transparency and consistency between the level of ambition (the vision/mission) and the capacity to realize the plan.

Summary

Summarizing the contents of the plan can be a good idea. You can do this by creating a short list of the topics covered in the plan.

Test your idea

At the end of the handbook, you will find the exercise [Test your business idea](#). This exercise is intended to help you develop and describe your business idea or the strategic plan for your business.

Vision

The vision describes one or many overall objectives. These should be goals you are motivated to reach. Depending on what you do in your business, the vision may also be designed to motivate others around you (business partners, investors, etc.).

The vision is an integral part of the foundation of your business. The vision may or may not be quantifiable. Most importantly, it should define the direction and level of ambition of the business.

In other words, defining the vision of your business helps give direction to your professional development.

The vision describes the ideal future state of your business, the state you want to create for your business. The vision is not something you can quickly check off your to-do list. Instead, it is an overall goal for your business that can motivate you to move in a specific direction.

A vision should be short and simple. A vision that points in too many different directions makes it difficult to know which one to choose in order to move forward.

Although there is no set time frame, we recommend keeping the vision manageable by limiting it to 3-5 years.

Ask yourself

What are your artistic ambitions?

This could be performing at the Sydney Opera House, exhibiting at the Venice Biennial, designing the set for a network television series, collaborating with the Royal Ballet, signing an international record deal, winning the Cannes Young Directors Award, building a scale paper model of your childhood home or becoming Denmark's next pop star.

What are your financial ambitions?

This could be supporting yourself financially exclusively from income from your business, having enough income to work six months out of the year, or living on your inheritance and using your turnover or profit only to reinvest in your practice.

Ten years later

Describe a day in your business as you hope it will look in ten years. Where has your vision led? Describe in general terms how your business has achieved this state.

Mission

You have described the primary goal of your work and practice in your vision. Your mission will describe the specifics of how your business will work toward realizing that goal.

In the mission, you will set goals of how you will realize your vision, and you will define the tasks or activities that must take place to get there. When you describe your process or activities plan, the tasks will be the milestones of the plan.

Unlike a vision, a mission is very specific and can be realized, measured and checked off a list. Mission goals define a clear direction for your business and yield visible results.

As part of your goal-setting process, you can set up a series of success criteria for your work and your business. These are the factors that will determine whether or not you have achieved your goal.

Success criteria can help you follow up on your work and see the effects of your actions, and they can be used as a test to see if you need to change parts of your mission.

Check your goals

If you are to be able to work with your goals as part of a coherent plan for your business, there are some criteria that the individual goal should meet. For each goal, you define for your work some criteria should be met. These are:

Specific

What exactly is the goal, and with whom, where and how do you achieve it?

Measurable

Is it clear when you reach the goal - will it be measurable in your activity plan or your accounts?

Agreed

Have you agreed with yourself and any partners that the goal is both meaningful, comprehensible and manageable?

Realistic

Is it an achievable goal? And is it worth the effort concerning the overall plan?

Time

What time frame have you set for yourself to reach the goal? And how will you prioritize the goal in your daily work?

A professionally run business

Portfolio

In the business plan, the portfolio is not a representation of selected works. In the context of the business plan, your portfolio describes all the activities of your business, which is related to the business model.

In a business with an artistic or cultural purpose at the outset, the portfolio will most likely contain activities that create income as well as activities that break even or even require investment to be realized.

Your portfolio is based on your professional expertise and your interests as well as the need to create an income that can support you.

Creating a sustainable profession and business for yourself requires that your business creates enough revenue to pay your business expenses while also providing you with an income, since you must be able to afford food, rent and other basic expenses.

Not every activity will make an income for you but realizing a basic income to support yourself should be a goal of your business.

This means you should determine which parts of your portfolio are profitable.

Most people with a business in the cultural sector can have a broad and versatile portfolio - from producing original artworks and/or productions to consulting and teaching, which are some of the most common examples. The variety of tasks will depend on your specific artistic field as well as your professional profile. In the beginning, you may have to perform some tasks or say yes to jobs that are not part of your dream scenario. This is normal, since building a sustainable profession takes time.

Think about which products and services can make money in your practice and combine them into a revenue-generating portfolio. Since you may have activities in your portfolio, which do not generate a turnover and perhaps even is an expense for you, you should arrange your work, so the profitable activities pay for the non-profitable activities.

You decide how your portfolio should look. During the establishing phase of your working life as self-employed, it can be wise to focus on the activities which make money and work toward building a sustainable business around them. That way, you can stabilize your economy, which will give you freedom in the long run.

Do a thought experiment where you imagine all the possibilities of where your practice can lead. Think about all the products, projects and services you can create or provide. Be creative!

Artistic professions

Here are some examples of how different artistic professions can involve many types of work and services:

Production designer

You work freelance designing sets in the theatre. As a side job, you are a consultant for furnishing offices and retail stores.

Graphic artist

You work with multimedia and produce video works as part of your practice. On the side, you produce videos and films for others, and you teach the application of film media at schools and in municipal communication departments.

Actor

As a supplement to your work as a freelance actor, you help employees in corporations handle stress by teaching them presentation and stress management techniques.

Dancer

You produce your own projects, which you raise funds to realize. You also work freelance in the theatre and music/film industry.

Electronic musician

Your primary practice is in sound and noise music, but there is not enough work to earn a living. You also work freelance composing music for others, for example film scores and sound installations.

Visual artist

You raise funds to create your own projects, but you are also interested in social structure. In addition to your work as an artist, you are a consultant on city development and citizen involvement for municipalities and architecture firms.

Illustrator

You work freelance and specialize in illustrations for technical publications. You have a webshop on the side where customers can order illustrations of their personal photos.

Musician

You play in your own band. On the side, you work in other bands, produce music for other musicians, and teach private music lessons.

Work community

You are part of a collaborative community with shared company finances, for example a band, a dance ensemble, a group of theatre producers, illustrators or game developers. You may be a full-time member of the group, or it may be one of many activities you earn money from.

Target group

Who is your audience, and who will pay for what you are doing? It will be relevant to most artists to describe the intended consumer of the works, products or services in your portfolio, including the ones which do not contribute to the revenue in your business.

A primary target group are those whose needs are met or who benefit (aesthetically, sensuously, experientially, practically, physically or financially) from buying, using or experiencing a product or service.

A secondary target group can be people, organizations or businesses that may not directly consume your products or services but may have an interest in getting them to the primary target group. The secondary target group may include foundations, municipalities or organizations.

In some cases, it may be an advantage to create a niche with your product or service. This way, you can market to a small, precise target group and stand out from others on the market. But be careful not to think too small or limit yourself: your business should still have room to develop and expand.

Describe your recipient or customer

Who?

- Who is your work intended for?
Is it children, artists, students, the industry, the general public, subcultures, the wealthy, businesses?

Why?

- Why is what you offer of interest to the target group?
- Why should they focus on this and not something else?

What?

- What is your intention toward the target group?
- How do you want to affect your recipient - do you want to inform, entertain, transform them, or sell them something?

Where?

- Where are your recipients located?
- Are they in a specific industry or sector?
- What kind of events do they attend?
- Which blogs or media do they read/consume?
- Which websites do they visit?
- Which social media do they use?
- Which Facebook groups are they in?

Further reading

Read more about recipients and target groups in [CAKI Handbook: PR and Communication](#)

Process and development

In order to have a sustainable career and longevity in your business, you should consider the ways you can develop and expand your work and practice.

Whether you work alone, in a community of practice, a business partnership, changing project partnerships, or a combination, you want to create work that becomes firmly established and continues to expand over the years.

You have already defined your goals and ambitions and described your portfolio. Now it is time to plan how you will reach your goal. In this section, you will describe in greater detail how processes and development should unfold in your business and work life. This will enable you to plan out your activities and tasks in the form of an activity plan for your work.

Describing the desired process and development is a strategy in which you detail the goals, timeframe, organization and finances. Your sub-goals will function as the time and progress milestones to work toward in the process.

Below are some suggestions for what to describe in the process and development section.

Not all areas may be relevant to your practice since there are differences between establishing a career as a sculptor or starting a theatrical production company, for example.

Similarly, this is not a complete list of suggestions. You should fill in the details and information specific to your practice and business.

What is your plan?

- How can you create a sustainable working life from your practice?
- What makes your vision the basis for a business rather than just a good idea or a side job?
- How will you continue to develop and expand your practice?

Remember that your core product or service can be supplemented by other products or services that can create a stable income. By having multiple products or services, you avoid depending on one idea alone. However, be sure there is a link between your products and that they complement and strengthen each other. This way, your business can maintain a strong and credible identity and brand.

On the following pages are a series of suggestions for what you can describe under the section 'Process and development.' It is not certain that all the areas are relevant to the practice that you want to establish your working life around. Similarly, the proposals are not exhaustive either. You are supposed to add specific details and information relevant to your professional practice and working life.

TIP

The exercise 'Test your idea' at the end of the book can help you describe, qualify and develop your business idea.

Further reading

Read more about how to develop and qualify your idea in the [CAKI Handbook: Idea Development and Project Management](#)

Describe process and development

- **Development** – Summarize your vision, mission, and sub-goals. How will your business develop from the start-up phase into sustainable operation?
- **Activity plan** - Which activities must be performed before the business becomes a reality? How should they be performed, and who will perform them?
- What are the business areas or markets of the business or project?
- Are there any special technical or industrial issues to consider?
- How has the business model been developed and qualified? Is it based on assumptions or experience? Have you performed pilot projects, prototyping, target group research or audience tests?
- Have you tested your business and working life? Are you trying to improve an already established practice? Have you made prototypes, run a pilot project or trial delivery of your product?
- What experience do you base your work on? What research and analysis have been done?
- Have you received professional financial and legal advice?
- Have you researched your intended market including the works, products or services similar to yours?

- Strengths and weaknesses - What are the strengths and weaknesses in your business compared to similar businesses?
- Risks - What are the challenges to the business? Have you looked at your plan critically? What can go wrong? How can you avoid it going wrong? How can you improve the plan?
- Have you tested your product with potential customers or other relevant target groups? Have you presented the product to a mentor or someone qualified to give valuable feedback?
- Have you received feedback on your business plan or business model: comments, critique or encouragement from customers, experts or a mentor?
- What are the contents of your portfolio, and how are the various activities and products related? What is the core service or product? How much will it cost compared to similar works, products or services?
- Business partners: Briefly describe your partners and their roles in the business. This can include development, strategy, finance, visibility or other partnerships that are relevant to your business.
- The physical framework - What do you need? For example office space, production facilities, materials, resources, equipment or anything else relevant to your business.
- Competitors and colleagues? How is the market for works, products and services similar to the ones in your portfolio? Does your work or idea stand out? Is it innovative? Does it fill a need that is not already covered in the market? Is your idea better, less expensive, easier or healthier?

Visibility, pricing and sales

Making your product visible is closely tied to the vision and mission of your business, and, just like the other elements of building a business, it requires structured work.

Unless you work thoroughly and strategically on getting your product out there, you will likely end up wasting time and energy without reaching the desired recipient. This is not wise when you are trying to establish a financially sustainable business.

Whether the purpose of your business is artistic, social or commercial or – more likely – a combination, it must be able to survive financially: Someone must pay for your ideas, works, products or services.

You must make yourself, your work or your project visible to make it available, so the customer/client/buyer/recipient can use, try or buy what you create or produce in your practice.

In other words, you must choose a name, give your communication a consistent style and tone, and have a strategy for pricing and communicating what you offer in your business.

Choosing a name

Choosing a name is the first step in working with visibility and sales in your business. Ideally, the name should be recognizable and easy to find in the overwhelming amount of information we face every day.

Some artists choose to use their given name - this can make sense if you are a visual artist, actor or soloist, for example. You may also prefer to have an artist alias or stage name rather than your real name to create distance between your personal and professional life. Some business names contain or describe the type of business it is. You may also choose to create a catchy business name.

Your business name is not written in stone, but it is a good idea to choose a name you think will work for a long time since it can be a hassle to change it later. Always check the internet to see if the name is already taken or protected by copyright.

Beware when using your own name!

Designer Camilla Stærk used her own name as her company name. When she entered a partnership with the Danish clothing group Bestseller in 2003, they not only invested in her company but also gained ownership of 80% of the Camilla Stærk brand. Stærk ended the partnership a few years later, since she no longer approved of the direction the brand was headed in. However, Bestseller retained ownership of the name Camilla Stærk for two more years until they finally chose to discontinue the brand.

Style and tone

Style and tone are an integral part of your business, brand or profile as an artist. All of your communications should be consistent in style and tone to support a clear identity for your artistic profile or business.

In contrast to independent projects or events with limited periods of time, communication of your business continues throughout the course of your entire practice. It is reflected in the way you make your practice available and show your work, as well as on blogs, websites, social media, etc.

Depending on the type of business and portfolio, it can be a good idea to spend time examining how consumers respond to your style and tone. Test your communication on people in your network and listen to their feedback. It can also be helpful to run your ideas by potential customers.

Consider whether you will be able to maintain the style and tone you have chosen for your company, or if you are willing to pay for professional help building and maintaining your website, for example.

Ask yourself

The universe

Which words describe the kind of universe I want to create around my business? Is it humorous? Serious? Artistic? Technical? Sensual? Provocative? Understated? Playful? Naive? Frightening?

How will I express myself visually?

Through graphics? Colour? Images? Should there be pictures? Should sounds accompany the visuals?

How will I express myself verbally?

Which tone should I use? Serious, challenging, familiar?

How much should I share?

Will I withhold information to create curiosity? Do I want to share my process and the thoughts behind my project?

Which emotions do I want to arouse? Which images or expectations do I want to create in the recipient?modtageren?

Further reading

Read more about targeting your communication in [CAKI Handbook: PR and Communication](#)

Marketing

Financing, revenue and income rarely appear out of nowhere. When starting your business, you need to have a plan of how you will make your works, products or services visible to the people, organizations, foundations or businesses, who are in a position to buy what you are selling.

This is called marketing. Marketing requires thorough preparation and planning, and it is a central part of creating a stable foundation for your work.

Who do you want to see your work? A video artist needs to be visible to gallery owners, curators or private collectors. A cinematographer needs to be seen by production companies and directors. Whatever your practice may be, you must develop your visibility strategy by knowing your customers, your business partners and your market. The survival of your business depends on them.

Analysing your market can give you a better idea of who your customers are and the best possible ways to reach them.

Describe your market

Knowing your market and customers depends on your experience and your business plan. Here are some general questions to help you determine the market.

Customer

- What is your customer's age group and gender?
- Do they live in or outside the city?
- What are your customer's hobbies?
- Why would the customer buy your product, work, service or idea?
- What is your customer's income?
- How much would the customer be willing to pay for what you offer?
- What is a realistic number of customers for your portfolio?

Market

- How many competitors are on the market?
- What are their strengths and weaknesses?
- How is their product developing?
- What do their products and services cost compared to yours?
- Is the market favourable to new businesses?
- How do you expect the market to look in three years?
- Are there any particular trends in the market?

Summarize your findings about your market and customers in a short market description. Answer the questions above by explaining what kind of customer you market to, how the market is, and how your business and portfolio fit into the market.

Business-to-business

Consumers are not necessarily the only ones who can buy what you are selling. Other businesses can also buy your product, work, service and ideas to sell it to their customers.

Think along other avenues as well. You can arrange partnerships with other businesses where you refer your customers to each other, thereby expanding each other's customer base. For example, a production company might be willing to advertise your photography services on their website if you in return recommend them to your customers.

If it fits your situation, set up meetings with relevant businesses and other self-employed artists and ask if they are interested in helping promote your product or service. It is often much easier to break into a market through others who have already established distribution channels and networks.

Marketing Approaches

In the early stages of your business, marketing might feel like a luxury expense. Instead, think of marketing as an investment. You are investing in a tool, which, if used correctly, can make your work visible, and thereby create incoming revenue streams for your business.

In order for marketing to be successful, it must be consistent with your purpose: Do you want to attract customers? Are they new customers, more of the same customers, your competitors' customers or new kinds of customers? Do you want to make yourself visible to business partners?

Being clear about the purpose of your marketing will help you choose the right marketing approach. Find inspiration by looking at the marketing approaches of businesses similar to yours.

The right marketing approach often involves a combination of methods. On the following pages are a series of examples of the different methods you can use to market your business - use the ones that make sense for you.

Network

Personal recommendations of your business are very valuable. This is why it is always a good idea to engage your network around your business. Ask everyone you know to spread the word that you have started a business.

Always act professionally toward your network and avoid spamming them with unnecessary information. Make yourself accessible to others by sharing your expertise or offering help.

Online

Online visibility is an important method for building credibility with your customers. The first thing most people do when they want to learn more about an artist or business is to search the internet. You should be in control of what they find. The first results should not be outdated materials or irrelevant pictures. Purchase your domain name as soon as you have chosen a name for your business.

Whether your online marketing should include a website, blog, YouTube, Facebook, viral marketing or other methods will be depending on your service or product. Under all circumstances, it is important that people can find your contact information and the purpose of your business online.

Presentation materials

If you have developed a new product, designed a children's clothing line or made a film, people want to see how the product looks before they buy it. You must have a product description, preview or trailer. The same goes for your business.

If you are selling instruction, workshops or advice, people often need you to verbally describe what they can expect, for example the content, required time commitment and a price.

If you want to use printed marketing material, think before you print. Most materials can be sent digitally or uploaded to your website or blog at no cost.

Advertising

There are many places you can advertise, including magazines, Facebook, association journals, newspapers, radio, television or on outdoor posters or billboards. One ad in the right publication may be enough.

Advertising is often expensive. You may be better off spending some time calling around or using your network. You may also go the PR route and try to get a journalist to write about you and your business.

Always carefully consider which media will reach your target group most precisely.

Promotion

Trade fairs and events. Participating in a trade fair can be a good investment if you want to show your product. Trade fairs give you the advantage of meeting your customers in person and talking to them about the product. This allows you the opportunity to follow up by phone or email. You can also host your own events for customers where they can learn more about the product or experience or try it out.

Direct marketing

E-mail and phone: if you have both a clear idea of your target group and their contact information - for example a list of relevant businesses - you can call them and offer your product or service.

Be knowledgeable about who you are calling so you can relate your product or service to their specific needs.

A telephone call is just the first step. Follow up with a short and catchy e-mail describing your services or set up a meeting with your customer to talk about your business as it relates to their needs. You can also use old-fashioned mail, but postage is often expensive.

Your strategy for visibility

Based on the previous chapter, you can develop a visibility strategy for your practice and your business.

In it you describe:

- The style and tone of your communication
- What you want to make visible (you, your practice, your business, your services etc.)
- Who you will be visible to (future customers, potential business partners and others relevant to your practice)
- Which of their needs your business proposal will meet
- How is the competition? How does the product stand out compared to competitors?
- What is the projected market longevity for the product or services?
- How will the production or service proceed?
- Are there laws or rules which apply to your product? Do you need to gain authorization or licences?

Marketing plan

When you have determined your strategy for gaining visibility and making your product available, you can establish your marketing plan.

Your marketing plan is the activity plan for the work you will do to market your product. It gives you the overview and structure necessary to determine what needs to be done.

Once you have made the marketing plan, update and adapt it regularly, and evaluate how well the different marketing approaches are working.

You need to follow up on each activity, so try not to start too many activities at once.

The following is an example of a simple marketing plan for a business selling a computer game:

Marketing Activities	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Meeting with retailers	■											
Presentation for business partners	■											
Phone and e-mail sales	■		■		■				■			
Print presentation material		■	■									
Opening reception				■								
Launch website				■								
Newsletter				■		■			■			■
Update website with new functions										■		
Phone and e-mail follow up				■					■			
Customer interviews		■					■					
Create customer database								■				
Host promo event at Roskilde Festival and Toronto Trade Fair							■					
Photos and text for catalogue										■		
Print catalogu											■	
Distribute catalogue to retailers											■	■

Pricing and sales

Setting a fair price for your work is important for the survival of your business model and as well as for your industry as a whole, since underbidding the market will hurt you and your colleagues in the long run.

There are some key differences in how you will determine your price depending on your profession. For instance, it can vary depending on whether you work as a visual artist, freelance sound designer, or teaching school drama on an hourly basis.

Moreover, there are various price levels depending on which part of the cultural sector you work in and how often you work in the industry.

For example, when working as a film director, directing your own productions will rarely earn you more than what can be called a symbolic fee, while directing a two-minute commercial pays a much higher fee.

Hourly rates can vary greatly, depending on whether you have established a well-known practice, customers are willing to pay a higher price for, or if you are only starting out and are less established.

Another challenge is that the value of what you do cannot be measured the same way as a visit to the dentist, an hour of legal advice, or a restaurant meal.

On top of that, many who work in the cultural sector are underpaid and not protected by the same kinds of rules and laws as office workers, health care staff or school-teachers, for example. This means there is no structure in place for retirement, holiday pay or sick leave. The arts and the cultural sector truly are the Wild West compared to other industries and sectors, making pricing all the more complicated.

Those are the conditions for a career as self-employed in the arts and cultural sector, so it is essential that you ensure you are paid as fairly as possible for your work.

Many factors go into determining your price, and there are no set standards for exactly how much you should charge.

One thing is certain: You must be careful not to set your price too low compared to others offering something similar. That sends the signal that you are new on the market and do not understand how it works, and you are unsure about your product.

It can also imply that you are more interested in simply getting work than getting a fair price, and this will work against you in a negotiation.

On the other hand, do not set your price too high. An excessively high price appears foolish and sends the message that you do not understand the market, and it may scare potential customers, clients and partners away.

Some industries, for example music, theatre and visual art have tariffs and fees defined by industry unions. This does not necessarily mean these standards are always met, but it is useful for you to know about them.

You should always find out if your field has a trade union or an industry or interest organization that provides guidelines about the appropriate tariffs and fees for a given job.

Your price can also depend on supply and demand or be contingent on geography.

The Market Price

The price you charge is part of a market of products or services like yours, so always research the market prices for work similar to yours.

There are many ways to do this:

- Ask colleagues how much they charge for their work.
- Ask potential customers or business partners how much they usually pay for products or services similar to yours.
- Find out if market research exists about the area in which you are setting a price.
- Find out if your industry has professional organizations or unions which have pricing guidelines for your work.
- Go undercover as an anonymous customer to someone offering a product or service like yours.

Pricing

The price you can expect to receive for your work will be different than the number of resources (including time and material) you have put into it. Many newly established artists will invest more in a work or a project than they can expect to sell it for.

Regardless of where you are in your career, the price of a work, product or service should reflect how much the customer, collector or recipient values it. The better you know the customer, the more likely you will be to set a price that matches the value you are giving them.

There are three general forms of pricing: expense based, value-based and a combination of the two.

Keep in mind that you are selling your work, not yourself. You may have heard by now that artists often have difficulty seeing themselves as separate from their work. Remember that you are not your work, and you are not for sale.

Expense based pricing

Expense based pricing means setting a price based on the expenses you have used to create the project, product or service.

When calculating your total expenses, it is important to include indirect expenses as well as the administrative and operational costs of running your business (rent, insurance, bookkeeping, etc.) and your own honorarium including holiday pay and retirement savings.

When you have added your expenses together, add the amount of profit you wish to receive, and the total will be your price.

TIP

It can be difficult to decide how to set your own fixed hourly rate. Research how much an employee receives as an hourly wage (not including holiday and retirement pay) for work similar to yours, and use this as a foundation for calculating your hourly rate. Multiply the employee's hourly pay by 2.35. The result will be approximately what the employee receives in salary and benefits: holiday pay, retirement, maternity leave, continuing education, health insurance, sick pay, etc.

Also, keep in mind when setting your price that sickness benefits for self-employed individuals are only 2/3 of the unemployment benefit amount. You will have to contribute yourself if you wish to have the same pay level as an employee.

Value-based pricing

Value is an abstract term in the arts because the value is often intangible and therefore impossible to measure in the same way as the kilo price of goods such as gold or vegetables. It is, however, an advantage to be able to specify the value your work creates.

There is a series of questions you can ask yourself about the customer's interests and needs when estimating the value, you create.

- Are they interested in an experience that enriches their daily life or engages their emotions, such as a concert or play?
- Are they interested in learning something, such as playing an instrument, how to use creative processes in their daily work, or improving their skills in photography?
- Is the project, product or service made specifically for them – a unique experience and tailored product?
- Are you giving the customer the chance to buy or experience your product before everyone else – for example your new album, the latest film, a design collection or a sneak preview of a play or exhibition?

- Does the customer need something? A company looking to give its employees a gift or experience – or perhaps a workshop on the creative process and idea development? Someone who needs a beautiful article of clothing for a specific occasion? A restaurant that needs background sounds to enhance the guests' dining experience?
- Will they get to meet the artist/creator/producer in person? Never underestimate your own star quality!
- Does the product or service solve a specific problem for someone?
- Are they interested in investing in an object they can own and display in their own home – such as a work of art, a design object, or a vinyl record? Perhaps they want the newest thing available because they are a collector or for purely practical reasons.
- Is it convenient – for example a membership or pass granting them 24-hour access, or delivery straight to their door?
- Many customers see a work of art as something valuable and worth investing in because it is a one-of-a-kind rather than a mass-produced product.

Describe the task

If you are selling something you create upon request or commission, it is best to begin by describing the content and scope of the task before setting your price or making an offer.

This will help give you an overview of what is required to achieve the desired result. When you are aware of the resources the task requires, you have the requirements to give a sensible offer.

When you have an overview of all the phases of the task, you will also be better at explaining your price to the customer, because you can describe all the elements. This gives the customer a chance to understand exactly what they are paying for.

Being able to describe the task to the customer or business partner often helps build trust and confidence in your relationship. It may even create a bond between you, with joy or even pride in being part of a shared task.

If you manage to create a relationship like this with your customer, the price may become of secondary importance compared with the fact that they are working with someone they trust to deliver quality work.

Services of asymmetrical value

Asymmetrical value can either mean you are offering something which has a higher value for the customer than what you will have to invest in it, or that the customer offers something of greater value to you at low or no cost to them.

An example of the first type could be if a company orders a piece of work from you, and you invite the company's art club on a tour of your studio where you tell them about your work and practice. This would have great value to them and would only require a bit of your time. Another example might be teaching a course using materials you have developed and distributing these materials to your students at no extra cost. Or if you are working on a commission for a public library, and you offer to give a presentation of your work for the department of culture.

The inverse of this is when the customer offers you something extra. If you are creating a work for a library, the library might offer you free use of their facilities to conduct workshops for local children. Or perhaps your customer is a media company that can help promote your business, allowing you to save money in your marketing budget. It is almost always possible to bargain with services of asymmetrical value. Be creative!

Negotiating

It is a good idea to think about possible services of asymmetrical value before you start negotiating your price with the customer. It is also wise to work out a detailed description of the tasks ahead of the negotiation. You can always adjust it along the way.

The detailed description gives you and the customer an overview of how the price has been determined. The customer usually has a need but lacks professional insight into the service you are providing. When you describe the task, you give the customer insight. When each detail of the task is broken down into smaller elements, it allows for modifications: If the customer can see all the elements of your offer, they will be able to make cuts. Your professional judgement will determine whether or not these cuts are possible.

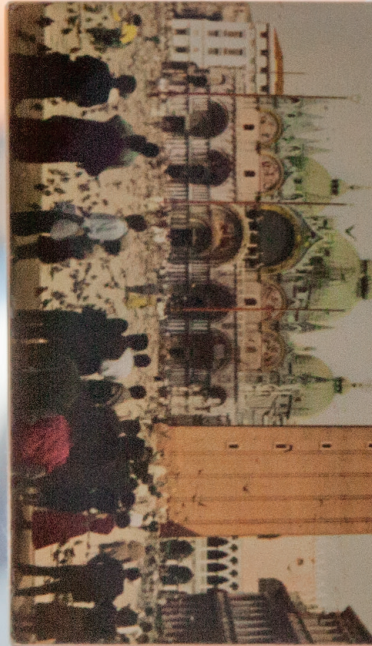
During the negotiation, don't be afraid of hearing the word „no," and don't panic if the customer expresses doubt about the task. Instead, ask why they are saying no and what they are reluctant about. Are they doubting the quality? Is the price too high? Are they uncomfortable? Asking questions gives you the opportunity to help and meet the customer where they are, and together you can sort out the way forward in the negotiation.

Margrete Bak, who has been teaching pricing and negotiation as part of CAKI's course "The Business Behind the Talent" , says one should always remember that negotiation is a creative act, and it can be a positive experience to meet someone who is capable of negotiating.

The phases of negotiation

Negotiation is made up of a series of phases. They are not necessarily in chronological order:

1. Preparation: All parties prepare and familiarize themselves as much as possible with all aspects of the subject of the upcoming negotiation.
2. Negotiation begins: Start by creating a shared picture of what you are negotiating about. What is the intention and goal of the negotiation?
3. Negotiation continues: You reach an agreement about the terms of the task including deadlines, scope, materials, price, payment terms, etc.
4. At this point, you and the customer either agree to end the negotiation, or you disagree, in which case the negotiation continues.
5. Negotiation continues, but now the focus is on how you can reach an agreement or solution that is satisfactory to all parties. Go back to the intention of the negotiation. See if some of the terms of the task can be adjusted. For example, can parts of the task be performed by others? Can you reduce expenses on materials? There are always possibilities for adjustments.



PART 2

FINANCE



Finances

Having a financially sustainable business requires that you address financing and funding. The sooner you have an overview of your finances and develop routines for your administrative work, the sooner you can get back to doing the work you are passionate about.

You must keep track of the finances of your business because this is also where you get your personal income - to pay rent, food on the table, dental bills, vacations, your private insurance and whatever else you have of expenses in your daily life.

Not having control of your finances or being unable to pay your expenses is one of the biggest obstacles to doing the work you love. When you have money problems, chances are these problems will dominate your thoughts and deplete your energy, stealing your focus from your artistic practice.

Therefore, in your business plan's finance section, you should describe your financial challenges and expectations using both words and numbers. You should also describe the administrative principles and routines you will use for bookkeeping and accounting.

Bookkeeping and accounting practices

Describe your bookkeeping and accounting practices and routines.

As self-employed, you are obligated to keep clear records of your taxable income, just as you are obligated to submit your financial records if the tax authority requests them.

Depending on the type of business, there are rules for bookkeeping and how to submit annual financial reports. If you have a personally owned business, you must comply with the applicable bookkeeping rules. They are relatively simple and require that your records are clear and comprehensible.

Comprehensible records mean that your expenses and income are clear and documented. There must be documentation to support each of the items recorded. Supporting documentation, also called a paper trail, shows who you have purchased from, who you have paid salary or honorariums to, and who you have sold to. In addition, you must keep VAT records. You do not need to submit these records to the tax authority unless they request them.

If you own a capital company, you must comply with the Companies Act and the Danish Financial Statements Act. You also need to have an accountant.

Rules for Invoices

Whenever you sell a service, a work or a product, you must give the customer an invoice and keep a copy of the invoice in your records to document your income.

By law, your invoice must include:

- A invoice number (in continuing chronological order)
- Date of invoice
- Your company name and address
- Your CVR number (or CPR if you are not registered for VAT)
- The goods/services you have sold and their quantity and price
- VAT amount
- Payment conditions (where the money should be paid)
- Payment information (how you want to be paid)
- The customer's name and address (if possible)

Routines

To help you maintain an overview and create good routines, plan out what you will do and when. If you are self-employed and responsible for your own bookkeeping, your plan might be as follows:

Weekly (for example every Friday morning)

Print invoices

Follow up on incoming payments - print reminders

Pay bills

Monthly (for example of the last Friday of every month)

Bookkeeping of revenue and expenses

Update your finance software program (if using one)

Payroll accounting (if you have employees)

Update your VAT records

Every three months

If you have just obtained your CVR number, you must report VAT every three months.

Meet the deadlines (the tax authority will send you a reminder) and remember to pay the outstanding amount.

Every six months

If your CVR number is more than two years old, you must report VAT every six months. Meet the deadlines and remember to pay the outstanding amount.

Every year

Annual records and reports

VAT and payroll tax

VAT (Value Added Tax) is a tax, businesses require from customers on behalf of the government. Businesses with an annual turnover exceeding 50,000 DKK are subject to VAT or business registration. A newly established business that is subject to VAT must report VAT to the Danish tax authority quarterly.

Sales tax: It is called sales tax when you sell something
The tax is an added 25% of the price of your product or service.

Purchase tax: It is called purchase tax when you are buying something.
Tax is 25% that the seller has added to the sales price.

The business is required to pay the difference between these two amounts to the tax authority. If the company has a negative difference - if they have bought more than they have sold - they will receive a VAT refund. If there is a positive difference, the business will pay the VAT.

Some businesses are VAT-exempt and in most cases will have to pay payroll tax instead. Payroll tax is a tax on the company's payroll expenses. In the cultural sector, this applies to cultural organizations, composers and authors, or those selling VAT-free instruction. You must register your business for payroll tax when it is clear that the base amount for calculating payroll tax exceeds 80,000 DKK for the income year. How much the company owes depends on the company's activities and organization. The Danish Customs and Tax Administration can help you calculate payroll tax.

Tax

You must pay taxes on your company's profits. For a personally owned business, taxable income is calculated by subtracting the company's deductible expenses from the company's turnover.

When you are self-employed, you are responsible for paying tax and the labour market contribution (AM-bidrag). You must pay advance tax on the income you expect to receive during the year. Be sure to change your preliminary assessment with the tax authority when starting your business. The tax authority will charge you monthly based on your expected taxable income. This means you must pay tax every month on the expected annual revenue of the business.

If you also receive income through other employment, you will be taxed on this in addition to the income from your business. You report your expected profit from your business on your preliminary assessment. You can change this assessment at any time and adjust up or down, for instance in the event of unforeseen income.

At the end of the income year, you file an extended tax return where you submit the result of your business. The tax authority usually accepts tax returns in March following the income year, and your tax is calculated around June 1st.

Financial requirements

Describe the financial requirements for the establishment, operation and development of the business. The idea is to give yourself an overview of your business.

The financial requirements give you and potential investors or banks realistic insight into how the finances in the business will look. You will support everything with budgets, which will help you evaluate whether or not your business is financially sustainable or if you need to rethink your business model.

Describe the following:

- How is the business financed (startup and establishment)?
- What is the business model (operation: the flow of money in your business - what creates your revenue, and what are your expenses)?
- Clarify and describe the above using exact numbers in the budgets
- What are the financial risks of your business?

Financing

Describe the financial requirements for establishing your business. Work out an establishment budget which shows how much money you need to start your business and where you receive financing.

Many will already have the equipment and materials needed to start production. This will appear in your establishment budget as expenses financed by the owner's contribution - unless the business already has money in the bank for equipment and materials.

Owner contributions in the form of equipment and materials will usually be part of the financing model. You may have savings that you invest in the business. You might also need to borrow money to cover the establishment costs. The bank can help you with various loans - for example establishing an overdraft, a startup loan or an establishment account.

You can also enter your business idea into competitions where the prize is financing for your business - one example is Venture Cup, which is intended for students. You can also raise funds through grant applications, sponsorships and crowdfunding.

Business model

There is no fixed definition of what a business model is or how it should look. In this context, we use the business model to describe how your business will survive financially.

There is not only one possible model for your business, just as there is not only one possible model for your practice. There are always multiple models for the same business, and you will probably have to try them out and gain experience before finding the version that works best for you. Once you find it, things may happen which cause you to change it again. Perhaps you will be signed to a record label or gallery. Or perhaps new advances in technology will make it possible for you to distribute your products and services in a new way.

In other words, the business model is dynamic. You constantly develop it as your market changes, your position in the market changes, and technology evolves.

You should still describe the model you will be using as a starting point, because it gives you a financial overview of your business and work.

Your business model

Simplicity

Start with a simple model and develop it over time as you gain more experience and new opportunities arise. Complicated business models are often difficult to administrate and hard for potential investors and customers to understand.

Realism

Be aware of the realities rather than the dreams. Be realistically critical of your business model.

Durability

Your business model must not depend on temporary trends. It should instead focus on solving certain problems that will not disappear when a tendency or fashion changes.

Describe the following in your business model:

Product and pricing

What do you make money on, and how have you fixed your price compared to the market you are selling products or services to?

Marketing

How will you reach those who will pay for what you offer?

Sales, revenue and operation

Use exact figures to show how the business will survive financially.

Budgets

The budgets represent the financial side of your plans for your business described in numbers. Therefore, you need to develop the budgets to find out, partly whether your company can earn enough money to survive, partly whether you can make a living from the business.

To be able to make realistic budgets, you need to research the demand and prevailing prices in the market. Is there money in the industry - can people pay for your product?

If you need to hire employees or freelancers, you must familiarize yourself thoroughly with what salary, fees or remuneration they are entitled to.

When you get started, it's also the budgets you keep an eye on to see if the financial preconditions you set out to begin with actually hold up.

Describe the budget structure. Preferably in text, numbers and graphics.
Remember to consider marketing expenses in your startup and operating budget.

The budget structure should reflect the operations and the individual elements of the portfolio. And remember, budgets are made up of both expenses and income.

Budgets

Your business plan should have four different budgets:

Establishment budget

The establishment budget shows how much money you need to start your business. The establishment budget also helps you see whether or not you will need to borrow money to start the business.

Operation budget

The operation budget shows the expected regular income and expenses of the business, that is sales/turnover and product consumption/variable costs.

Liquidity budget

The liquidity budget shows month by month whether you will have money to pay the expenses of your business. Liquidity is another word for the cash balance.

Personal budget

You should also make a personal budget to give you an overview of your personal income and expenses. You must be able to support yourself through your business (possibly combined with other employment). There should be enough money to pay your daily expenses and living costs.

Remember to account for VAT in your budgets.

[Get budget templates from CAKI's website](#)

Financial risks

Describe the financial risks associated with establishing and running your business as well as how you plan to address them.

There are always risks associated with a business model. Be realistic about what they are in your case, but avoid exaggerating them.

Consider for example whether there is enough money in your industry in general. Are there customers to pay for your product? Differentiate between different customer groups such as individuals, businesses or public institutions.

Consider what you will do if your current business model turns out to be non-functional. When you are self-employed, it pays to think outside the box: Your skills and training as an artist and creative offers many opportunities to expand your repertoire. Think about your portfolio for inspiration.



PART 3

ORGANIZATION AND MANAGEMENT



Organization and management model

In this section, you will describe the management and organization of your business.

The management structure and legal construction are ultimately governed by the rules of the respective business type. Most of this section is therefore determined by which business type you choose. However, there are still some areas where you will need to decide how to organize your business.

For example, if you have a sole proprietorship, you alone are liable for your business as its sole leader. Beyond that, you can decide whether you want to have an advisory board to advise you on artistic development or operating the business. Perhaps you would like personal guidance from a mentor who is already familiar with the process ahead of you. You may also decide to have a steering group or join a professional network as part of your company's development strategy.

You must also determine who will complete which tasks in the business. If multiple people operate the business, it is a good idea to have a fixed organizational structure which will help determine the distribution of work and areas of responsibility.

Management structure and legal construction

Answer the following questions to describe your organization and management model:

Leadership structure

- How is the business led, and how are decisions made?
- Are decisions made by one or multiple people?
- Is there a board of directors, a steering group or an advisory board?

Describe the operation organization: Who has the responsibility and relevant skills for which tasks - administration, project management, development, finances, marketing, etc.

Consider making an organization chart to give you an overview of how the company is organized

Legal construction

Legal construction should reflect the needs of the business model regarding

- Owner
- Management
- Liability
- Capital
- Laws and rules

Note that legal and tax requirements may vary depending on which business type you have chosen.

Business Type

When starting your own business, you need to know some basic rules regarding the legal construction and organization of the business.

Registration

It is easy to register your business. You must register your business with the Danish Business Authority, preferably at least eight days before opening. The registration form is available at www.virk.dk.

You must submit a form every time there are changes in your business such as change of address, name change, change of industry, or closing of the business.

You will receive your proof of registration from the tax authority after registering your business. The certificate will show your assigned CVR number as well as what you have registered for. You will also be informed of the contract period including when and how often to pay VAT or payroll tax.

The 8-digit CVR number will be required when contacting the tax authority and other public authorities and you must always list it on your sales invoices.

What is a CVR number?

The CVR number is the identification number of the business.

The CVR number is used whenever the business identifies itself to authorities or persons, for example on invoices and tax returns.

If the annual taxable revenue is under 50,000 DKK, registering the business is optional.

When you register a CVR number, you have to decide on the form of business as well as the appropriate industry code.

You will receive guidance about the industry code, and you must select the code that best describes your work, as this will influence which of your business expenses will be tax deductible.

To register a CVR number with the Danish Business Authority, visit www.virk.dk

When you register a CVR number, you must choose what kind of business type you wish to establish.

When deciding on the business type, it is important to have considered how your business will be organized, whether you plan to work alone or with others, how much financial risk you want to take, and how much money you are willing to invest to start operating the business.

You should also have decided whether your business will be full-time or part-time occupation.

For some, it may be a good idea to start the business and test the business model while maintaining part-time employment on the side.

If you are unemployed, you may be able to receive supplementary unemployment benefits. This would allow you to supplement your income from work and your independent business. You must meet certain conditions to qualify, so be sure to consult your unemployment organization (a-kasse) if you plan to apply.

In addition, you will need to decide:

- How the business will be managed, and who will make decisions
- Who is liable for the business
- How much capital (if any) you plan to deposit into the business
- How you want the profit from the business to be distributed and taxed

Different tax rules and registration requirements apply to the different business forms all depending on how big your income is.

In the following, we review the overall rules for the various business forms. If you are in doubt about anything, you can always contact The Tax Authority (Skat) or The Danish Business Authority.

On the following pages, you will find definitions of the different business types most relevant for you, if you are just starting up:

- Sole proprietorship (one-person business)
- Personally owned small business (PMV)
- Partnership (I/S)
- Limited liability company (ApS)
- Joint stock company (A/S)
- Self-governing institution
- Association
- Social-economic enterprise (RSV)

For a more detailed description of business type registration options, see the Danish Business Authority website:

<https://startvaekst.virk.dk/bliv-klar-til-start/vaelg-virksomhedsform>

Personally owned businesses

In personally owned businesses, the owner or owners are personally and solely responsible for the company's obligations with their personal assets.

Sole proprietorship (One-person business)

A sole proprietorship is a personally owned business with one owner. You may operate the business with assistance from another person such as your spouse, and you may have employees. The company's credit is based on the owner's credit. No deposit is required to start a sole proprietorship..

Personally owned small business (PMV)

The most significant characteristic of a PMV is that it has only one owner and a yearly taxable turnover under 50,000 DKK (thereby not subject to VAT). A PMV is not subject to payroll tax, does not have employees, and does not import or export outside the EU. A personally owned small business must renew its registration every three years.

Partnership (I/S)

A partnership is a personally owned business with at least two owners, called stakeholders. A partnership is a solution if two or more people wish to establish a business together. A partnership's credit is based on the individual stakeholders' credit. No deposit is required to start a partnership. The owners are liable to each other. Be sure to have a partnership contract.

Capital companies

A capital company is a business that constitutes an independent legal entity, which means the shareholders are not personally liable for the company's debt. If you have a share capital company, you must comply with the Companies Act and the Annual Accounts Act.

Private Limited Company (ApS)

A limited liability company can be owned by one or more people or companies. Your ownership interest depends on how much share capital you own. For example, if you own 60,000 DKK out of 100,000 in company capital, you own 60% of the business.

To start a limited liability company, a minimum deposit of 50,000 DKK in company capital is required in the form of cash or other assets.

The owners of a limited liability company have limited liability concerning the share capital they have deposited. However, in practice, banks may require the owners to guarantee that they will pay back any loans granted to the business.

The owners make business decisions at board meetings, generally by simple majority (more than half of the votes) or two thirds majority. An ApS must have one manager (director) who can be supplemented by a member of the board or supervisory committee.

Public Limited Company (A/S)

A joint stock company can be owned by one or more people or companies. Your ownership interest depends on how much share capital you own. For example, if you own 100,000 DKK out of 500,000 in company capital, you own 20% of the business.

To start a joint stock company, a minimum deposit of 500,000 DKK in company capital is required in the form of cash or other assets.

Owners of a joint stock company have limited liability concerning the capital they have deposited. However, in practice, banks may require the owners to guarantee that they will pay back any loans granted to the business.

The owners make business decisions at board meetings, generally by simple majority (more than half of the votes) or two thirds majority. An A/S must have one manager (director) and a board or a supervisory committee and a manager.

Self-governing institution

A self-governing institution can be a way of organizing if you want to run a joint venture but are not interested in having a membership association or do not need to be able to draw any profit out of the company.

A private self-governing institution owns itself (unlike public self-governing institutions).

A self-governing institution is a company or association that has its own assets but no circle of owners that can influence the institution's activities. The supreme authority is one of the institution's own bodies, often the board, which according to the institution's articles of association is often self-supplementing.

The self-governing institution is an independent legal entity. There is no fee for registering a self-governing institution. Be aware that if the self-governing institution is a fund (or grand or scholarship), then special rules apply for foundation and operation, just as there is a requirement for start-up capital.

Association

An association is a purpose- and member-based organization with a flat and democratic structure. This format requires that you are a group of people with one common purpose.

The advantages of organizing as an association include the strengthening of a shared goal by creating a formal structure around it.

There are many types of associations, and none of them require start capital, nor are the members personally liable unless otherwise specified in the articles of the association.

An association functions as a legal entity in the same way as an individual person. This means that it is the association that buys, sells and employs.

If you plan to have your association operate a business that creates a profit, carefully consider the composition and how the power of decision-making is distributed between the general assembly, members and leadership.

Profits will not be taxed if the association gives the profits to a cause which benefits society.

There is a series of legal rules pertaining to starting and operating associations, just as there are several types of associations.

For example, the association must be built upon a set of articles that describe the association's purpose and activities.

At the opening general assembly, the association's members must designate a board of directors consisting of a chairman, a vice chairman and a cashier.

The association can also choose to designate persons in charge of tasks such as PR, artistic direction and production, or other relevant activities.

Just as with business types, it is important to be familiar with the rules and regulations pertaining to associations. Both the Danish Tax Authority and the Danish Business Authority have information about associations, just as many banks and municipalities have association handbooks available on their websites.

A Google search for "association handbook" can be a good place to start.

Social economic enterprise (RSV)

All business types and foundations except of sole proprietorships can be registered as social economic enterprises.

A social-economic enterprise (RSV) is a business which operates and earns money at normal market conditions, and that uses profits to solve societal challenges or address societal – including cultural – needs.

If your business works to promote art and culture, and you do not need to keep the profits, you have the option of registering your business as a social economic enterprise.

"Social-economic" is not the official title. When registering a business as social economic with the Danish Business Authority, the official title is Registered Social Economic Enterprise (RSV).

An RSV is controlled by the Danish Business Authority, which requires the enterprise to submit a class B statement and an annual report. This must account for wage payment, profits and contracts with related parties. It must also show how the business fulfills the requirement of benefitting society through involvement, responsible leadership and without relying on public funding.

For more information about social-economic enterprises, see [The Law of registered social economic enterprises](#)

The five criteria for registering as a social economic enterprise (RSV)

1. **Societal purpose**

The primary purpose of the enterprise must be of a character which benefits society with the aim of improving areas such as the community, unemployment, health, the environment or culture.

2. **Significant operation**

The enterprise must have a significant element of operation through the sale of services or products which constitute a significant revenue.

3. **Does not rely on public funding**

The enterprise functions without significant public influence on the management and operation of the business.

4. **Involvement and responsible leadership**

The enterprise involves employees, customers, partners and stakeholders, and the leadership is ethically responsible.

5. **Profits benefit society**

The enterprise uses its profits mainly to benefit societal purposes or reinvests the profits in itself or other social economic enterprises. A limited portion of the profits can be paid as dividends to investors. The combined annual disbursement must correspond to the originally invested capital plus reasonable annual returns, and it may not exceed 35% of the company's result after tax.

Make the leap!

You have learned about the concepts, issues and questions to consider when making the leap toward establishing a professional business. This is just a collection of advice, and it is up to you to apply it to realize the business of your practice.

This is mostly a rough guide since you are the only one who can decide how you want your business to look in the end. There are so many different factors that can play into a single business.

You may discover that some of the elements of your business plan require further reflection or clarification. This is why we have included a series of exercises and references for you to consider on the following pages.

And finally, the most important piece of advice:
Don't forget to ask for help when you need it.

Establishing your own business will sometimes require stepping into unfamiliar territory, and you will most likely need help, advice, constructive criticism and feedback along the way.

Don't fly solo

Your network is full of potential sparring partners, colleagues, helpers and customers. You just need to allow them to help you.

Be open to inspiration, perspective and ideas from others. Expand your professional network!

Meet new people with an open and welcoming attitude. When someone talks to you, be a good listener and offer your help, just as you hope they might help you. You can help each other by sharing contacts or offering feedback.

Use your network wisely. Consider how many people you ask for help and advice. If your selection of people is too large or too random, you may receive confusing or conflicting advice, making it harder to make decisions. Find people you respect both personally and professionally who are willing to listen to you.

Best of luck with your start-up!



PART 4

EXERCISES



Exercise: Competencies Wheel

Skills

When establishing a professional working life, you can expect to be doing many different types of tasks in your business.

No one expects you to be experienced in all areas. Consider the skills you have and recognize there will be some tasks where you will need help and guidance. These may be in the areas of contracts and agreements, marketing, or bookkeeping and accounting.

The exercise on the next page can help you determine your skills and discover which of your skills need improvement or help.

When completing the exercise, it is important to answer the questions from the perspective of creating a sustainable work-life and a professional, consistent structure, not just in your artistic practice.

The exercise helps you evaluate your abilities within a series of work areas. It can help you determine which skills you need to acquire and which ones you may need to invest in improving.

Complete the skill wheel based on your evaluation of your own skills in the following areas:

- Personal leadership
- Business development
- Planning and project management
- Customers and market
- Profiling and industry
- Team and network
- Concept and product
- Organization
- Sales and marketing
- Finances

Get the [Competency Wheel template](#) from the ENTREWIKI on CAKI's website

Exercise: Planning

Many people are unaware of the amount of time required to establish and maintain a business around a creative practice.

Here are some things to keep in mind regarding time and planning:

Time is an important factor for your business. You must consider how much time you will be able to invest into your artistic practice and in the development and operation of your business.

Spending all your time on creative work while ignoring development and operation is a recipe for failure. You will not have a business, and you will destroy your chances of being able to support yourself through your practice.

Your artistic ambitions and goals motivate you and need room to develop, but you also need to be able to pay your bills and living expenses. Unless you address these basic needs, it will be impossible for you to stay focused on what is important – your practice – because your financial worries will get in the way.

You must also look at your activities throughout the year and make sure they create a sufficient annual income.

There will likely be periods where your work does not generate an income, for example when you are composing music for an album or producing works for an exhibition. The money will not arrive until the album is finished or the work is ready to be seen or sold (if you have done your sales work thoroughly).

When developing, creating or producing, you must have long periods available in your calendar. You also need to have money in your account to pay your expenses during the times when you are not generating income.

Therefore, you must chart your work life as far into the future as possible. Forward planning will show you when you can expect to start receiving an income for your work as well as when you can plan „free periods“ in your business. You may need these periods if you are in the middle of an intense development or production project and do not otherwise have time to answer e-mails, write press releases or maintain your bookkeeping.

Beyond your professional work, consider the other areas of your life which require your time and attention, such as taking care of your family, finishing your education, or doing other jobs to put food on the table. A sustainable work-life also means that your work should create time and finances for your personal life.

In the startup phase, staying focused on your ambitions and the practicalities without letting either take over can be a balancing act. One way to be sure your time is evenly distributed between the artistic practice and administration is to create a breakdown of the hours you spend on both per week.

It is important to be realistic about time because you must prioritize the development and operation of your business while still maintaining your creative practice. You must make sure you have time to monitor your finances, visibility, communication, partners and all the other practical aspects of your business in order to have a sustainable work life.

Be realistic about how many hours you will be able to invest in your business per week. Figure out what works best for you by trying out different schedules. The next page shows an example of how you might structure your week if you work between the hours of 9:00 and 16:00.

	Monday	Tuesday	Wednesday	Thursday	Friday
09.00 – 10.00	Prepare the week Update calendar: Meetings, production.	Answer e-mails	Research Artistic work	Production Artistic work	Answer e-mails
10.00 – 11.00	Answer e-mails	Exercise	Research Artistic work	Production Artistic work	Exercise
11.00 – 12.00	Bookkeeping	Lunch	Research Artistic work	Production Artistic work	Lunch
12.00 – 13.00	Lunch	Production Artistic work	Frokost	Lunch	Meetings
13.00 – 14.00	Communication Look at other artists' work on social media; check industry magazines, media etc. Update your profile if you have new material to share.	Production Artistic work	Answer e-mails	Production Artistic work	Communication Look at other artists' work on social media; check industry magazines, media etc. Update your social media
14.00 – 15.00	Research Artistic work	Production Artistic work	Formidling Update Facebook, write press releases, update press list, read other artists' press releases	Production Artistic work	Networking Contact potential business partners, arrange meetings
15.00 – 16.00	Research Artistic work	Production Artistic work	Formidling Continued...	Production Artistic work	

Once you have a detailed weekly plan, look at the longer timeline. Use the same planning exercise to create a schedule detailing the months of the year.

Creating a structured overview of your time enables you to monitor your progress and get a sense of your future finances based on your activities.

Activity plan

Write your activities on the following chart, marking your subgoals as milestones.

Here the milestones are marked in yellow:

Development and startup	Jan	Feb	Mar	Apr	May	Jun	Jul	Au	Sep	Oct	Nov	Dec
Idea development	█	█										
Research	█	█										
Collaboration agreements			█	█								
Presentation				15/4								
Feedback from network					█							
Fully developed product						1.6						
Collaboration agreements							█	█				
Find retailers									█			
Produktion									█	18/10		
Kundekontakt											█	█

[Download templates from CAKI's website](#)

Exercise: Test your business idea

Many tools can help you turn your project into a business.

Testing your idea yourself or with others is one of the best ways to determine whether or not the idea for the project is viable. It is a way to gain experience with the idea early in the process, hopefully creating small wins that will motivate you, your partners and potential investors to continue working with the idea.

It is up to you to choose who will help you test your idea, such as people in your network, potential customers, business partners or advisors.

Follow this 7-step plan of action to test, develop and concretize your business idea.

1. **Idea development**

Free brainstorm! Find inspiration and role models, talk to your network and gather their opinions about your idea. To get started, try some of the exercises in:

[CAKI Handbook - Project Management and Idea Development.](#)

2. **Research**

Look online and familiarize yourself with products and services like yours. Consider which techniques and methods to use to approach the work. Speak with potential customers about their needs as they relate to your idea.

3. **Presentation**

What should your business be called? How should it look? Select visual materials. Do you need a logo? A slogan? What does the graphic identity look like? Assigning words and pictures early in the process helps you concretize your idea and make it understandable to others.

4. **Analysis**

Ask critical questions and address the details. What can go wrong with your idea, and how can it be avoided? How can your idea be improved? What exactly should your product or service include -- how many products should there be? How do they fit together? What is the core service or product? How much will it cost?

5. **Documentation**

Formulate and illustrate your products or services. Draw them, describe them, provide data and facts.

6. **Testing**

Make a prototype, run a pilot project or trial shipment of your product. Test it with potential customers or another relevant target group, or present it to a sparring partner or advisor.

7. **Feedback**

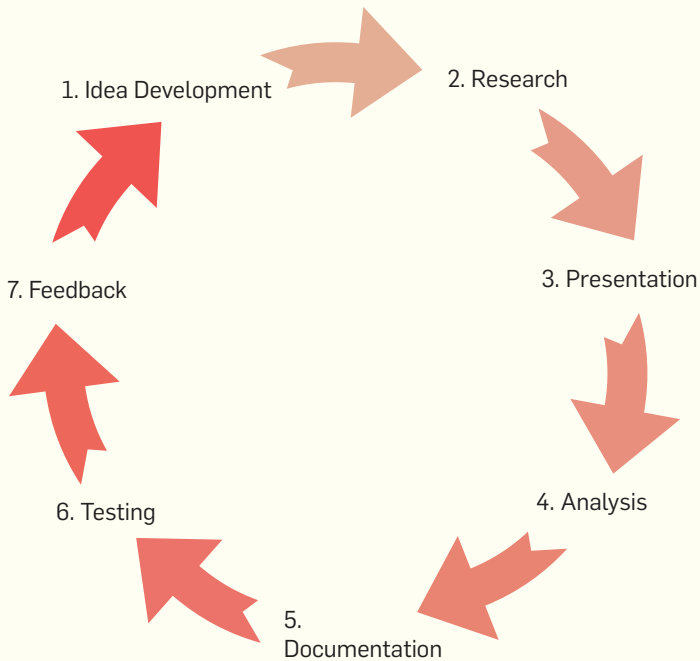
Get feedback, comments, constructive criticism or encouragement from customers, experts or a mentor.

Keep going!

Run the 7-step model again if necessary. Adapt your idea according to your recent experience.

Business development does not stop once the business is up and running. The process is circular and can be repeated many times, allowing you to constantly improve and develop your product or service while running your business.

The 7-Step Model



Useful links

Startvækst

The Danish Business Authority site Startvækst contains most if not all of the facts you need to know when starting or running your business.

<https://startvaekst.virk.dk/>

Danish Business Authority

You can also go straight to virk.dk, which is the Danish Business Authority's website and comprehensive digital resource for businesses.

Copenhagen Municipality

Copenhagen Municipality also has a guide to starting a business. You can also find information about current course offerings, book a meeting with an entrepreneurial adviser at the Copenhagen Business House.

<https://www.kk.dk/opstart>

Aarhus Municipality

If you are located in Aarhus, you can find business advice and information at Growth Start Aarhus.

<https://www.startaarhus.dk/>

SKAT (Danish Tax Authority)

The Danish Tax Authority website Skat.dk can answer many of your questions. Use the search function to find information on a specific topic.

Miscellaneous

More information about associations, volunteering and social economic businesses can be found at the following links:

<https://www.borger.dk/kultur-og-fritid/Foreninger>

<https://erhvervsstyrelsen.dk/foreninger>

<https://frivillighed.dk/>

If you would like to read more about starting a business and getting your professional work organized and up and running so you can create a stable foundation for your practice, below are some suggestions for further reading.

At CAKI, we have published a series of handbooks that are available for free on our website. See more at caki.dk

Maiken Ingvordsen, a graduate of the Royal Rhythmic Music Conservatory, has established a professional practice not just as a musician but also as an entrepreneur. She has written a series of books to help you establish and develop your business:

[Think Big](#)

[Original](#)

[Music Cookbook](#)

[Fundraising for Creative Projects](#)

The book Business Model Generation maps out the path to a value-creating business model as a series of phases. Read a free excerpt at

<https://www.strategyzer.com/books/business-model-generation>