



2022 Interior Designers Survey on
Fees, Salaries, and Competing for Talent

FINDINGS & INSIGHTS

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Introduction

You might say the past two years have been the best of times and the worst of time for interior design businesses.

Much has happened in the industry since March 2020 when the COVID-19 pandemic was declared and all our lives were turned upside down. For a short time, practically the entire industry came to a standstill. And then, contrary to what most of us were expecting, demand for interior design services began to rebound, then boom. Many firms, although not all, found themselves busier than they had been in the year prior to the pandemic.

Even before the pandemic, many firms were hiring as business trended upward in 2018 and 2019. At the beginning of 2020, it was becoming more difficult to attract, hire and retain talented and experienced designers. Once business began to rebound in the third quarter of 2020, competition for desirable candidates began to be even more heated. The result has been increased demand for higher salaries and more benefits by both candidates and current employees.

Adding to these challenges were the issues with supply chains and natural disasters that led to difficulties with product availability, shipping delays and order backlogs. Those resulted in higher prices, project schedule delays and unhappy clients.

We wanted to find out what the impact of all these changes and challenges has been on interior design businesses. We surveyed interior design business owners and asked them how their businesses were faring, what challenges they were facing, what they were doing to address those challenges, whether they had recently hired or planned to hire new staff, and what challenges they were encountering with the hiring process. Because salaries and benefits have been at the forefront of human resource issues in many firms, we asked owners what they were currently paying for essential positions in their firms and what types of additional benefits their employees were asking for.



Our purpose in gathering all this information was to better inform you, the interior design business owner, on the current state of interior design firms; to ascertain some benchmarks for sales, operations, staffing and hiring relative to your type of firm; and to offer some actionable insights that will help drive your business decisions in the months to come.

The following pages present the findings from our survey. To make them easier for busy owners to review and digest we have organized them into major topics and at three levels: key findings, general findings and a “deeper dive,” which examines notable findings about particular subsets of respondents, such as firm size, levels of sales, number of employees, and residential or commercial.

In the final section, we offer our observations and insights into how the findings can be applied to your business planning and decision-making. A brief note on how we conducted the survey concludes the report.

Knowledge is power. We hope the information contained in this report will increase your knowledge not only of the industry but of how your own business practices are shaping your business success. While it’s true that each interior design business is unique, there is much that can be learned from understanding the trends and forces impacting firms and becoming aware of the options that can help you grow your business.

We want to thank each and every owner who took the time to complete our survey.

Thank you as well for your contribution to the design community at large. We hope when you have reviewed the findings you will feel that it was worth your while.



Key Findings

- Most interior design firms have rebounded since the start of the pandemic.
- More than half of firm owners expect business conditions for 2022 will be better than in 2021.
- Business conditions, operations, size of firm, and sales are roughly the same for firms that do all or mostly residential projects and those that do all or mostly commercial projects.
- More than half of firms reported 2021 gross sales of \$500,000 or less. The majority of firms with no employees and those that have been in business five years or less had gross sales of less than \$250,000.
- About 80 percent of all firms charge fees either hourly or hourly plus mark-up, with nearly 6 in 10 charging hourly plus mark-up. About 40 percent used fixed fee solely or in addition.
- Nearly two-thirds of all firms charge \$200 or less, with most of those charging \$150 or less.
- Firms with no employees and those that have been in business five years or less were more likely to charge less than \$150.
- Nearly two-thirds of all firms that charge a mark-up charge 35 percent or less. Around half of firms with no employees and those that have been business five years or less charge 25 percent or less.
- Landing new ideal projects of the desired size, attracting more ideal clients, project schedule and product delays, product availability, rising costs, and settings fees and/or earning more revenue from projects were owners' top current business challenges.
- Maintaining contact with current and former clients; increasing networking with local building and real estate professionals, contractors and service providers; increasing social media presence; and raising fees or changing billing practices were owners' top strategies to address current business challenges.



Key Findings

- Firms with one to two employees and those with no employees make up the majority of firms that responded. Fewer had three to five employees, and very few have more than five.
- About a third of firms increased their staff size within the past year, and slightly more plan to increase staff size this year.
- About six in 10 firms have contractors in the firm. Of those that do, many use just one or two.
- Half of all firms hired or attempted to hire staff during the past year, and three-quarters of those hired or attempted to hire one or two staff.
- Design assistants and interior designers were the positions most firms that added staff hired for.
- Most hires took two months or less.
- A lack of available candidates, applicants not being qualified for the position, applicant not being a good fit for the firm, and applicants seeking a higher level of compensation than that being offered for the position were owners' top hiring challenges.
- Remote work, flexible schedule, two or more weeks vacation / paid leave, bonuses, annual raises, and compensation for work-required travel and expenses were employees' top requests for additional benefits.
- Regardless of the type, size or location of practice, many firms pay similar salary ranges for the same positions.



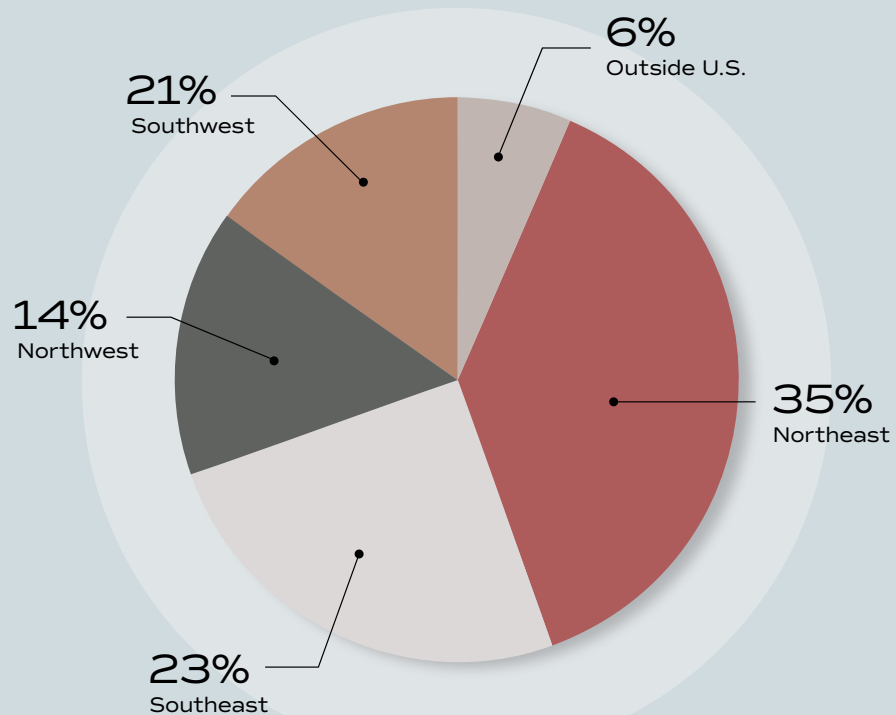
WHO WE HEARD FROM

More than 900 interior design business owners responded to our survey, from all over the country and representing the entire spectrum of the practice.

FIRM LOCATION

More than a third of owners have businesses located in the northeast regions of the country. Greater than 40% (or two-fifths) are in either the Southeast or the Southwest.

A handful of firms responding to our survey have offices in more than one region and/or outside the United States.



LOCATION OF FIRM

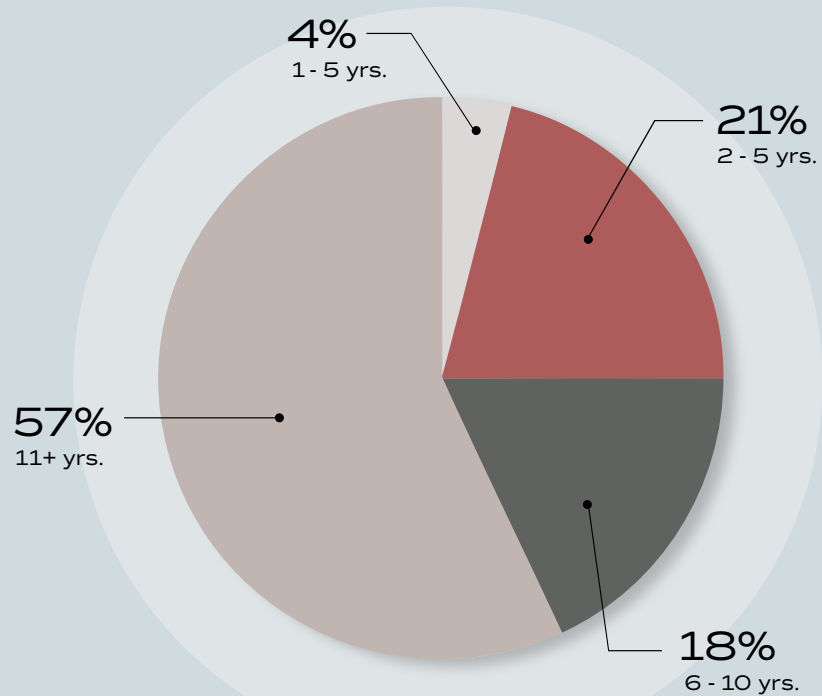
DEEPER DIVE

The Southeast region had the highest proportion of firms that have been operating for one year or less. The Southwest region had the lowest proportion of firms that have been operating for 11 years or more.



YEARS IN BUSINESS

Some owners only recently opened their businesses. Most have operated their firms for more than a decade.



YEARS IN BUSINESS

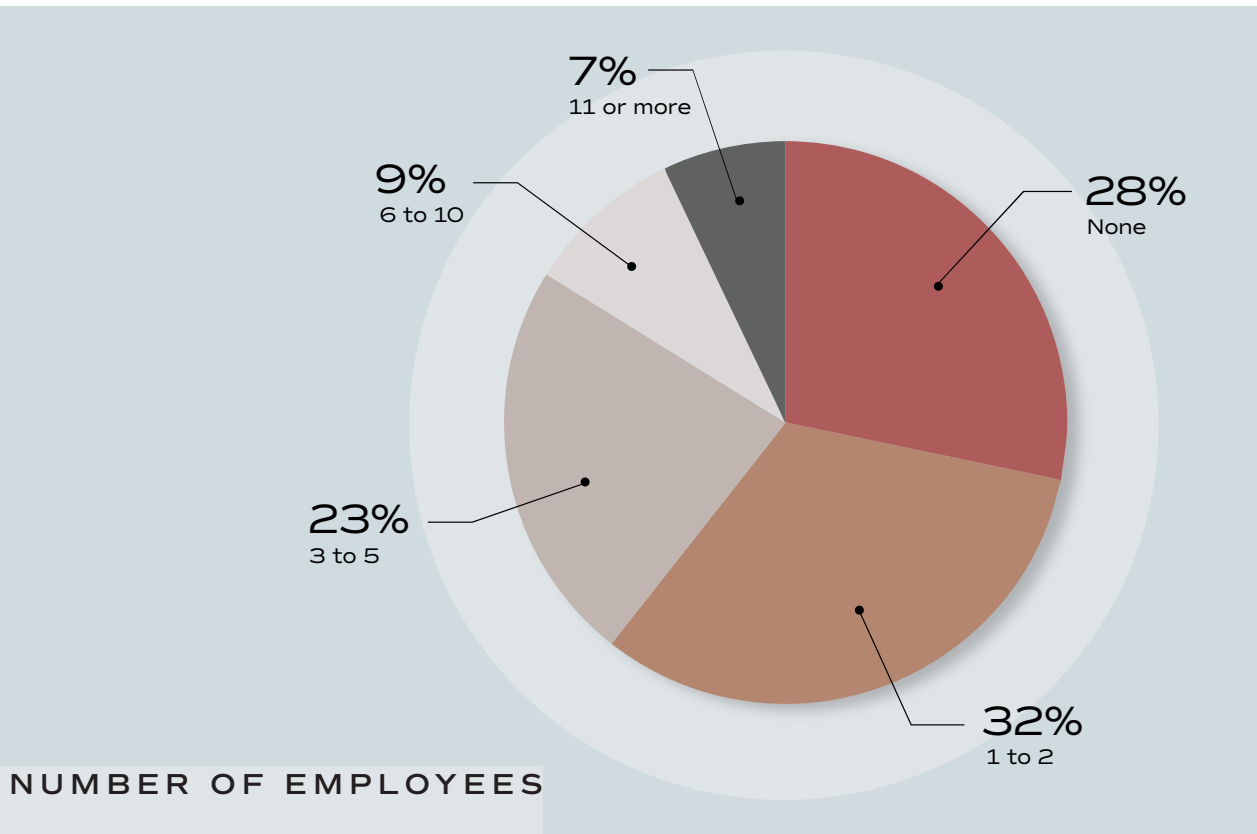
DEEPER DIVE

Although a number of new firms emerged during the pandemic, most of the newer firms responding to our survey have been in business two to five years. Only about an eighth have been operating for a year or less.



FIRM SIZE

The majority of firms are small, having either no employees or only 1 or 2 employees.



DEEPER DIVE

Overall, firms that do only or mostly commercial projects had more employees than did those that do only or mostly residential projects. Residential designers were somewhat more likely to have no employees than were commercial designers.

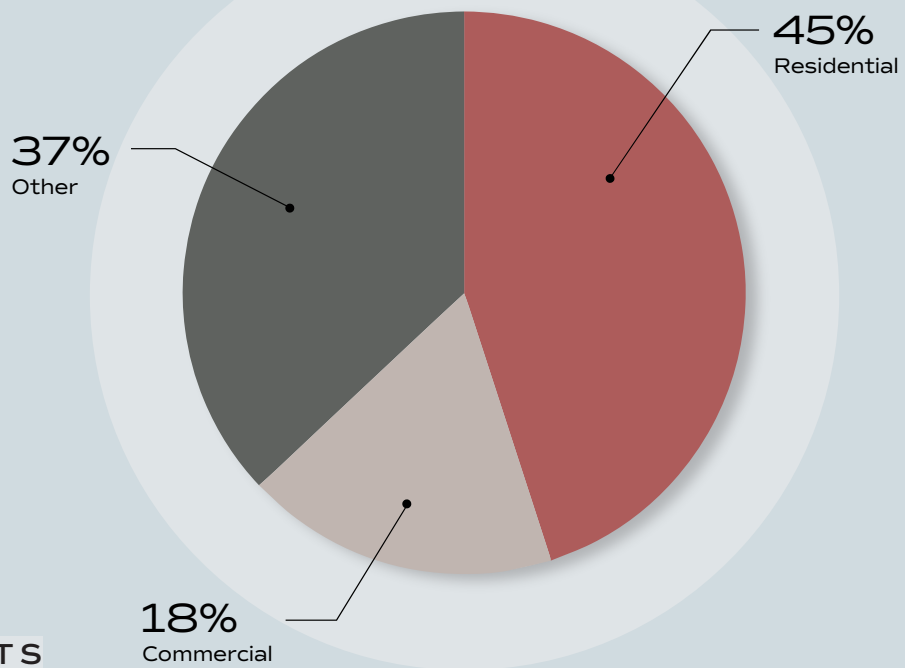
As might be expected, firms that have been in business five years or less were more likely to have no or only 1 or 2 employees than were firms that have been in business more than five years. However, firms that have been in business 6 to 10 years and those that have been in business more than 10 years had roughly the same proportions in numbers of employees.



DESIGN SPECIALTIES

Residential designers made up the lion's share of respondents, but we also received a sizable sample from those practicing commercial design (either exclusively or in addition to residential projects), as well as from some who do other types of projects and some who, in addition, have a retail business.

TYPES OF PROJECTS



DEEPER DIVE

One third of firms doing residential projects also do commercial projects.

One fourth also practice design build. About 12 percent each do multifamily projects and/or lighting design.

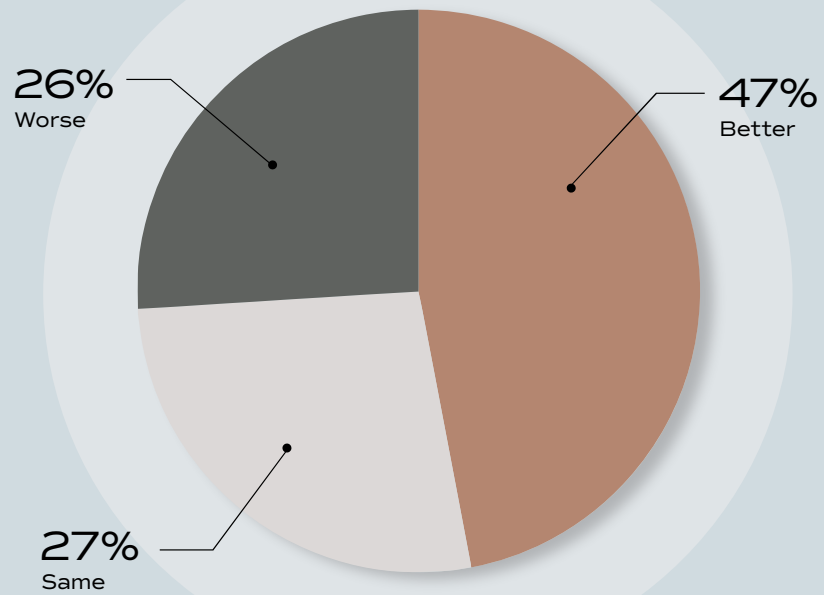
More than 8 in 10 firms doing commercial projects also do residential projects.

About one fifth also do multifamily projects and more than one fourth practice design build. Slightly more than one eighth practice lighting design.



CURRENT BUSINESS CONDITIONS

COMPARED TO BEFORE THE PANDEMIC – For most firms, business has rebounded in the past year or so.



CURRENT VS. BEFORE PANDEMIC

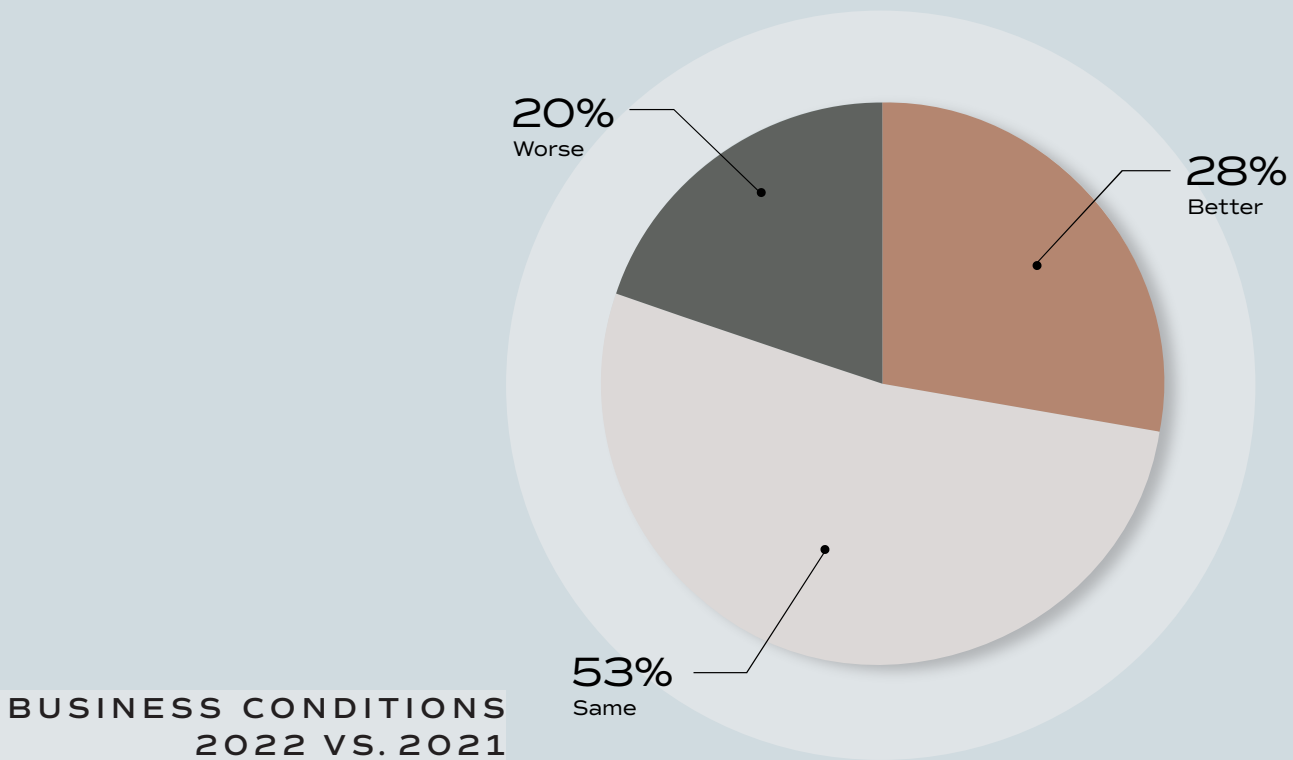
DEEPER DIVE

Demand for residential design services has soared since the end of the second quarter of 2020. Nonetheless, there was no significant difference in the proportion of residential and commercial designers who said conditions are worse than before the pandemic. Length of time in business also was not a factor. Regionally, firms in the Northeast were somewhat more likely to say conditions were worse than before the pandemic.



COMPARED TO 2021

More than half of respondents expect business conditions for all of 2022 will be about the same as for 2021.



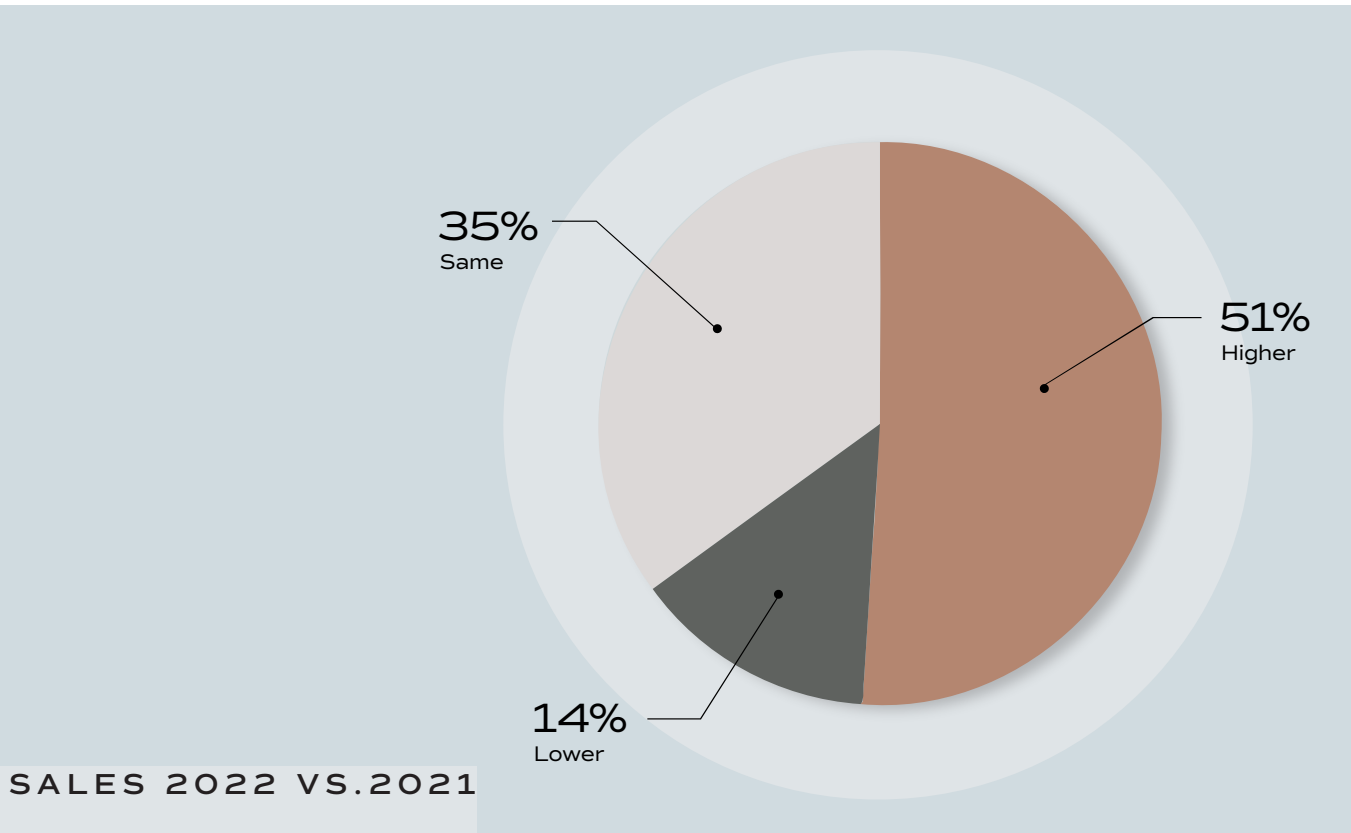
DEEPER DIVE

Sales in 2021 were about the same for firms that say they expected business conditions in 2022 to be better than in 2021 as for firms that expected conditions to be worse.



COMPARED TO 2021 – Although the majority of respondents expect business conditions in 2022 to be about the same as in 2021, more than half expect their gross sales for 2022 will be higher than in 2021.

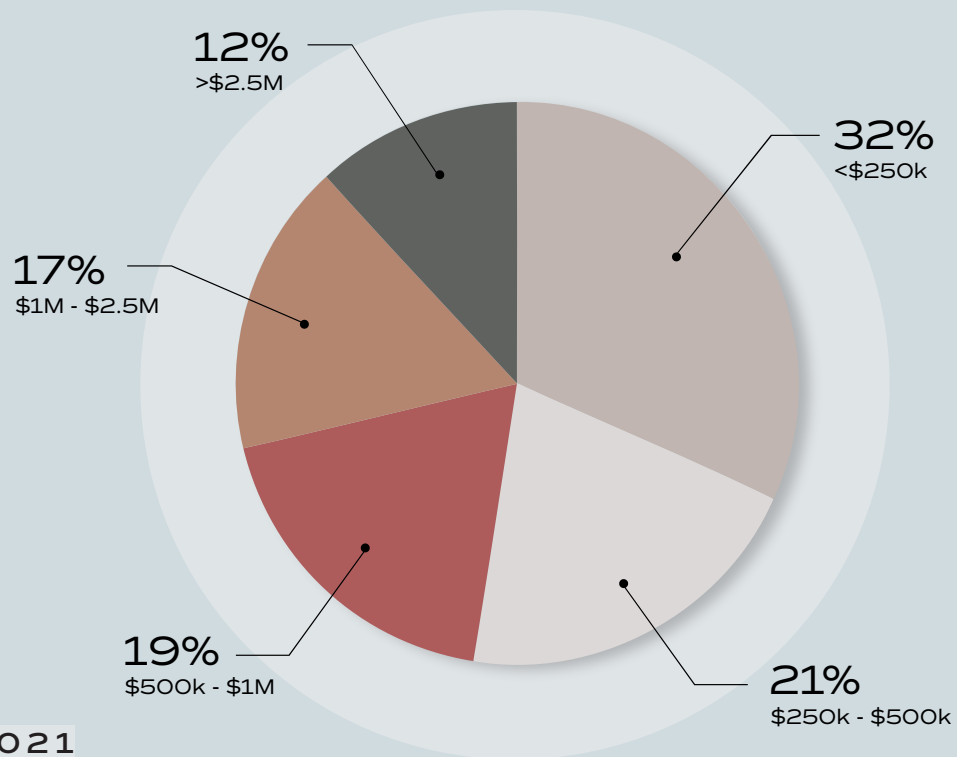
Rising product costs and plans to increase fees may partially account for why some firms expect business conditions to remain the same but annual revenues to be higher in 2022 vs. 2021.



GROSS SALES IN 2021

Even though nearly three-fourths of respondents say business conditions are the same or better than before the start of the pandemic, sales have been fairly modest for many.

More than half of respondents reported gross annual sales in 2021 of \$500,000 or less. Nearly one third reported gross sales of \$250,000 or less.



GROSS SALES 2021

DEEPER DIVE

About half of firms that have been in business for five years or less and close to two-thirds of firms that have no employees reported gross sales of \$250,000 or less.

By the same token, firms with three or more employees and those that have been in business more than 10 years were more likely to report gross sales of \$1 million or more.

Firms that are primarily residential reported similar levels of gross sales as firms that are primarily commercial.

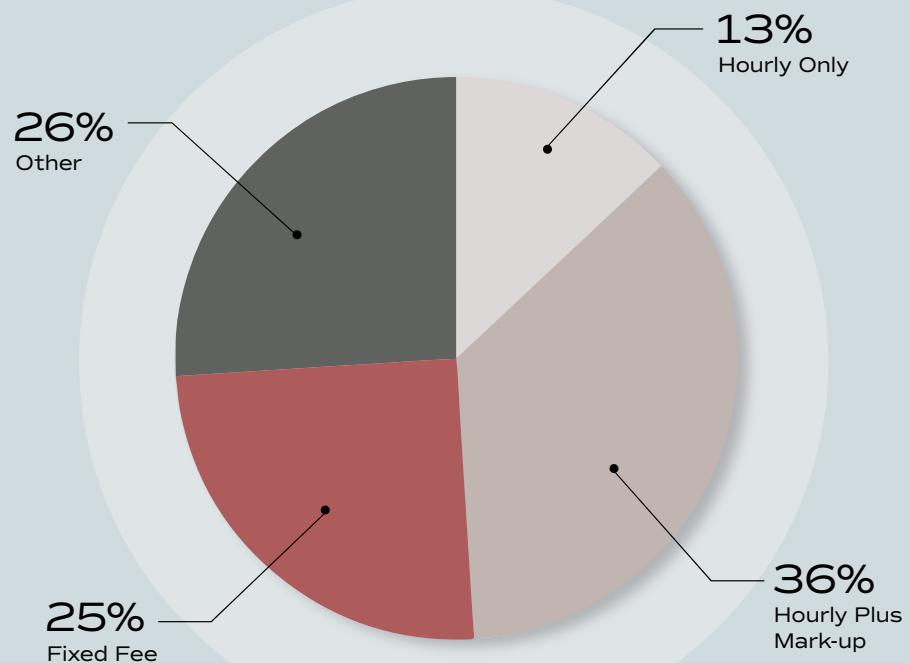
Overall, firms that reported the highest levels of gross sales for 2021 and that expected conditions to be better in 2022 were those with the highest number of employees.



FEES & MARK-UP

FEE STRUCTURE - The most common ways respondents charge for their services are hourly plus mark-up and fixed fee.

Of those who charge an hourly fee, nearly two-thirds charge \$200 per hour or less. More than one third, the greatest portion, charge between \$150 - \$200 per hour, followed by about one fourth who charge \$100 - \$150 per hour. Very few charge less than \$100 per hour.



HOW FIRMS CHARGE FOR SERVICES

DEEPER DIVE

Firms with no employees were more likely to charge \$150 per hour or less. Firms with one to two employees were more likely to charge \$200 - \$250 per hour, while those with six or more employees were more than twice as likely to charge \$250 or more per hour.

Firms that were in business for five years or less were more likely to charge \$150 per hour or less, whereas firms that have been in business more than 10 years were more likely to charge \$250 or more per hour.

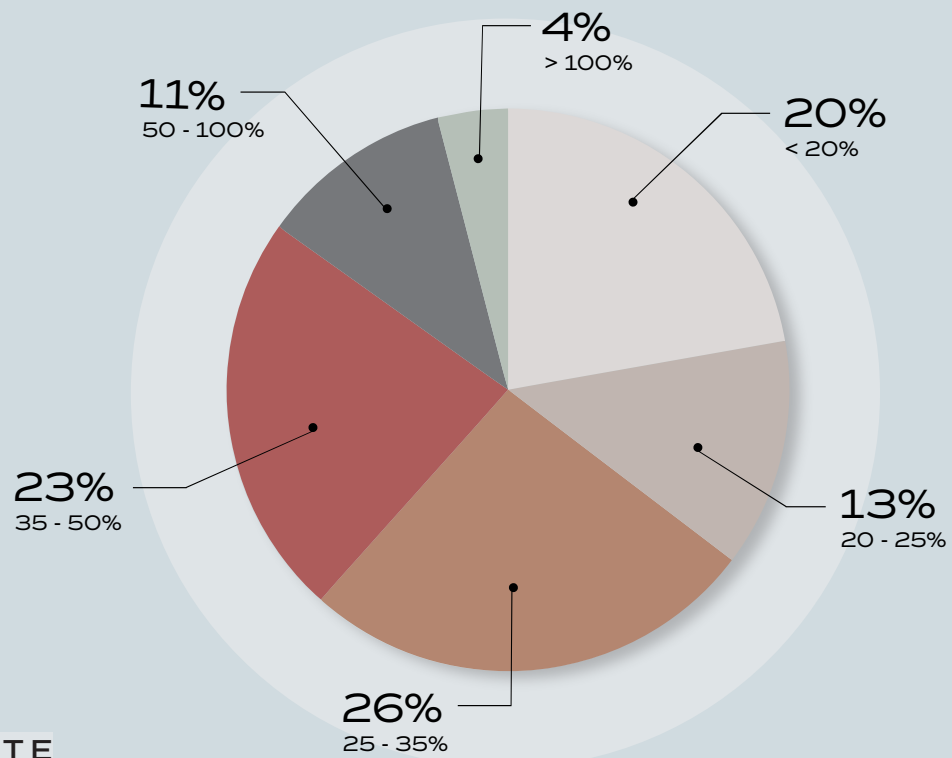
More than half of firms with sales of \$500,000 or less charge \$150 per hour or less, and one third charge \$150 - \$200 per hour. More than a third of firms with sales of \$500,000 to \$1 million charge \$200 or more, and more than half of those with sales over \$1 million do so.

Residential and commercial firms charge roughly equivalent rates, all other factors being the same.



MARK-UP RATES

Close to two-thirds of firms that charge a mark-up charge 35 percent or less.



MARK-UP RATE

DEEPER DIVE

Firms with no employees were more likely to charge 25 percent or less. Firms with six or more employees were slightly more likely to charge 50 percent or more.

Half of firms that have been in business for five years or less charge 25 percent or less, as do about four in 10 firms that have been in business six to 10 years.

Nearly half of firms with gross sales of \$250,000 or less charge 25 percent or less, whereas firms with sales of \$2.5 million or more were more likely to charge more than 50 percent.

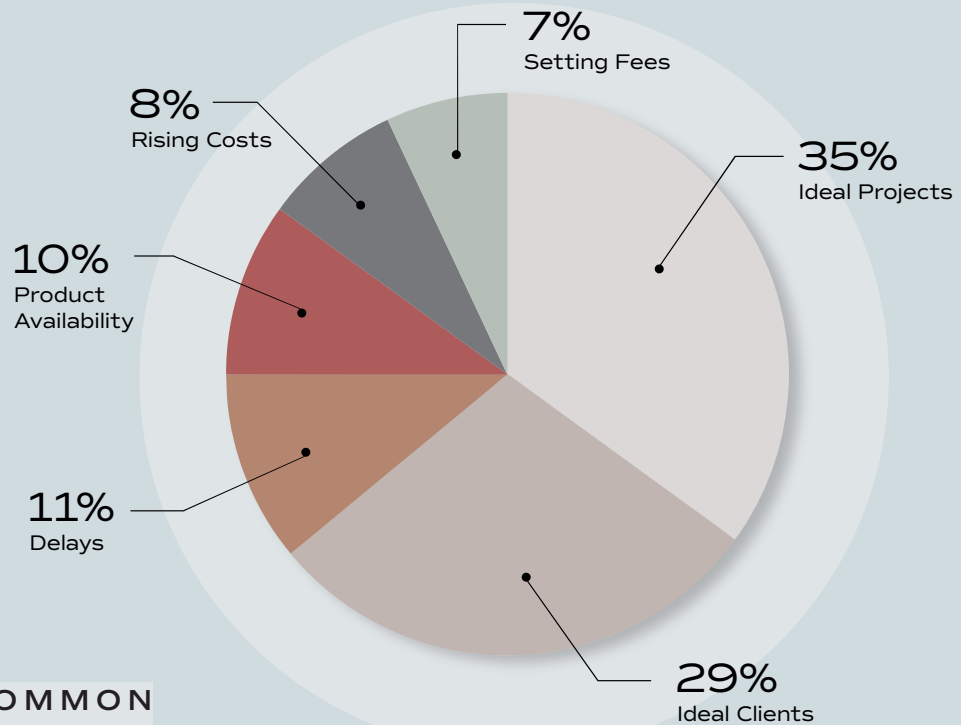
Residential and commercial firms charge roughly the equivalent mark-up rates, all other factors being equal.



CURRENT BUSINESS CHALLENGES

TOPMOST BUSINESS CHALLENGES - We asked design business owners to tell us about the biggest challenges they are facing in their businesses today. The responses were fairly consistent across all types of firms.

Overall, the number one challenge cited by the greatest proportion of respondents was landing new ideal projects of the desired size, followed by attracting enough ideal clients. Issues related to completing projects also ranked high, such as product delivery or scheduling delays, product availability, and rising costs of products. Many owners also struggle with how best to set their fees.



**TOPMOST COMMON
BUSINESS CHALLENGES**



DEEPER DIVE

Not surprising, perhaps, firms that have been in business five years or less were more likely to say they need help attracting ideal clients, attracting more ideal projects, setting fees, and with how to grow their business.

Firms that have been in business more than five years were more likely to select challenges related to project delays as top choices, as were larger firms and those with sales of \$1 million or more.

Firms with no employees were far more likely to say they had difficulty attracting ideal clients, as were firms with sales of \$250,000 or less.

Interestingly, firms with sales of \$1 million to \$2.5 million were most likely to cite attracting ideal clients as their top business challenge.

Residential and commercial firms were roughly equivalent in the distribution of challenges.

Respondents who expected conditions to be worse in 2022 than in 2021 had higher percentages of each of the top challenges and were more likely to cite project delays and rising costs as top challenges.

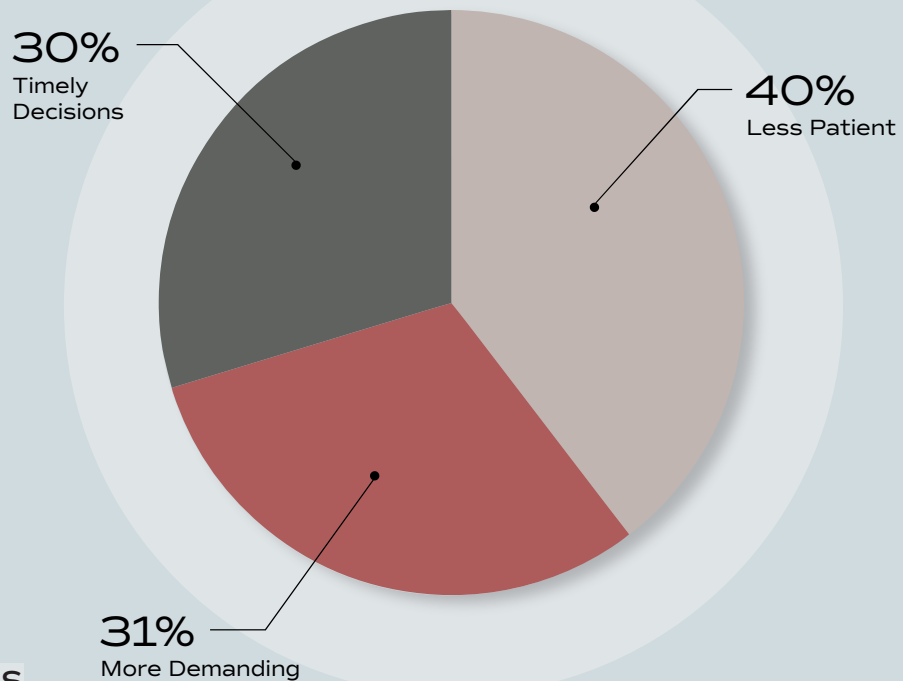
Of those respondents who listed all the most common challenges as top selections, attracting ideal clients and landing ideal clients were their top pick.



TOPMOST CLIENT ISSUES – The pandemic has made working conditions more challenging for firms and for clients. We wanted to know whether owners and/or their team members had noticed any significant changes in their interaction with clients during the previous twelve months.

Overall, nearly a third of respondents said interactions with clients were about the same as they were before the pandemic.

The number one issue for those respondents who had experienced a change in client interactions was that clients were becoming less patient and understanding about project delays and price increases. Many also said clients had become more demanding and, in some cases, were having difficulty making timely decisions.



TOP CLIENT ISSUES

DEEPER DIVE

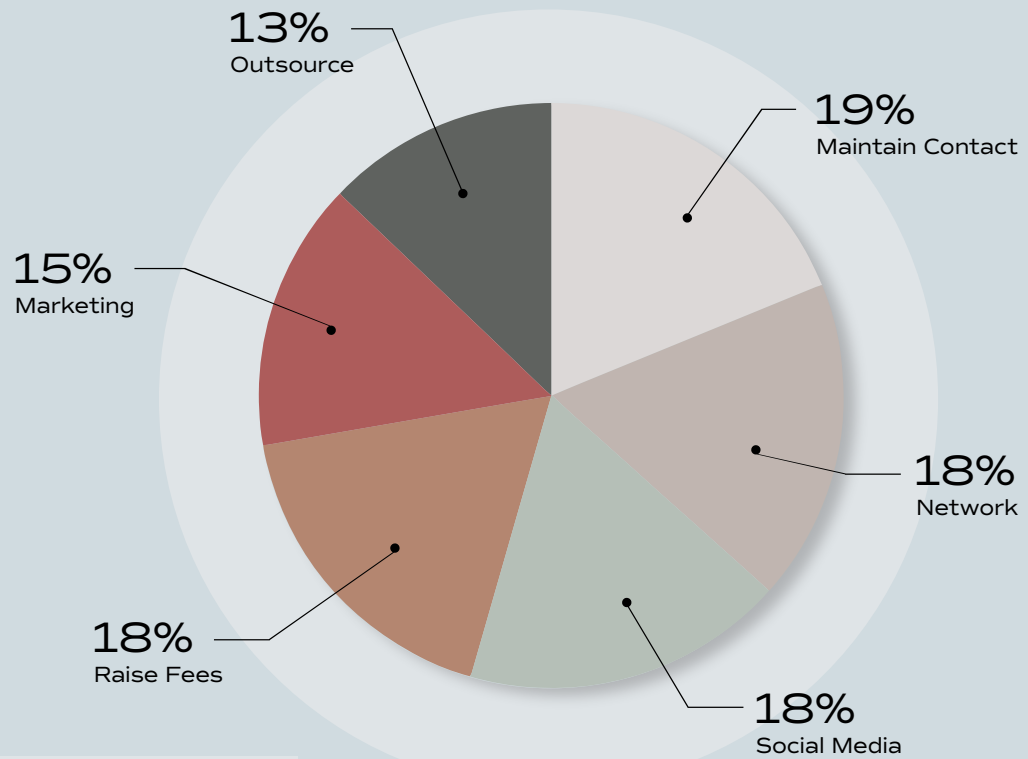
These were the most frequently selected client issues regardless of location, firm size, firm type or gross sales.

Respondents who expected business conditions to be worse in 2022 compared with 2021 were much more likely to indicate worsening client interactions than those who expected conditions to be better. The latter were most likely to say interactions with clients were about the same as before the pandemic.



TOPMOST BUSINESS STRATEGIES – To get a sense of how firms are managing the challenges they are facing, we asked owners what plans and/or strategies they were considering to improve their business in the coming year.

Overall, around 4 in 10 respondents selected maintaining contact with current and former clients, networking with other professionals, increasing social media, and raising fees as their top strategies for dealing with current business challenges. These made up the greatest concentration of responses for any one strategy. Around one third selected increasing marketing efforts and/or using more outsourced services. However, there were some notable differences among subgroups of respondents.



TOP BUSINESS STRATEGIES



DEEPER DIVE

Firms that have been in business 11 years or more were more likely to favor maintaining contact with current and former clients as their number one strategy, while increasing networking with local building and real estate professionals, contractors and service providers was the top choice for firms that have been in business for five years or less. Raising fees was by far the top choice among those firms that have been in business six to 10 years.

Firms that have been in business five years or less were most likely to consider offering online design services. Firms with no employees and those with one to two employees, who also in general use fewer contractors, were more likely to consider outsourcing some tasks.

Firms of three to five employees were more inclined to increase marketing efforts than to raise fees.

Half of firms with sales of \$250,000 or less and those with sales of \$500,000 to \$1 million indicated maintaining contact with current and former clients as their top strategy.

Mid-sized and larger firms were more inclined to expand their team than were small firms, as were firms with sales of \$1 million or more.

Distribution of strategies was roughly the same for residential and commercial firms, although residential firms were slightly more inclined to outsource some tasks.

Respondents who expected business conditions to be worse in 2022 than in 2021 indicated raising fees as their top strategy, while those who expected conditions to be better leaned toward maintaining contact with current and former clients. Those who expected better conditions were more than twice as likely to expand their team and outsource tasks than those who expected worse.

Among those firms who chose all the most common business challenges, maintaining contact with current and former clients, increasing social media and networking were their top three strategies.

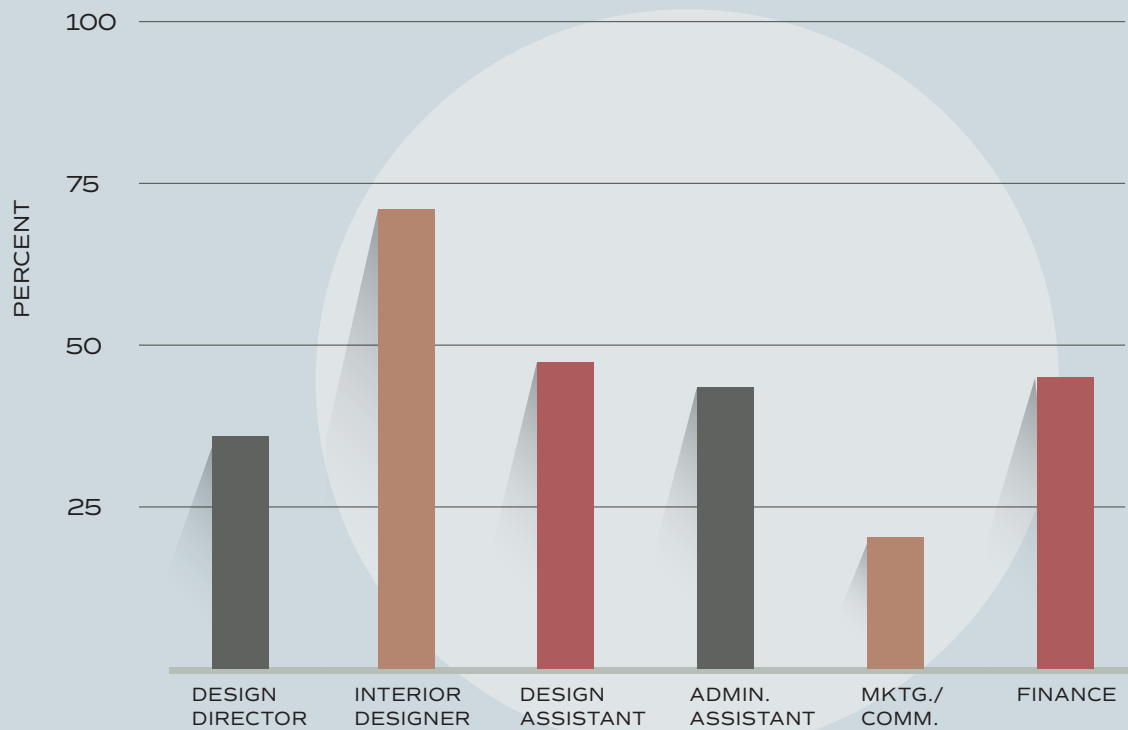
TOP BUSINESS STRATEGIES



CURRENT STAFF POSITIONS

Especially among smaller firms, the staff mix can vary. Some owners choose to hire more help with design. Others want assistance with administrative tasks. To get a clearer picture of the make-up of today's firms, we asked owners which of the most common positions they had on staff.

In addition to the owner, more than two-thirds of firms have at least one interior designer on staff. Nearly half have a design assistant. The next most frequent positions were some type of finance assistant and administrative assistant.



CURRENT STAFF POSITIONS



DEEPER DIVE

Aside from an interior designer, smaller firms were more likely to have a design assistant and/or finance assistant of some type on staff. Mid-sized and larger firms were more likely to have a design director and/or a marketing or communications manager.

Firms that had 2021 gross sales of \$1 million or less were less likely to have a design director and/or a marketing or communications manager on staff.

Firms with sales of more than \$1 million were very likely to have at least one of each position on staff, although those with sales of between \$1 million and \$2.5 million were less likely to have a marketing or communications manager on staff.

Employee tenure varied as firms have been in business for different lengths of time. About a fourth of firms have employees that have been employed for more than 10 years, and a fifth had employees that have been with the firm three to five years or five to 10 years.

Overall, staffing appears to be fairly stable. For example, among firms that have been in business for more than 10 years, about two-thirds of staff have been employed five years or longer, of which 4 in 10 have been employed for more than 10 years.

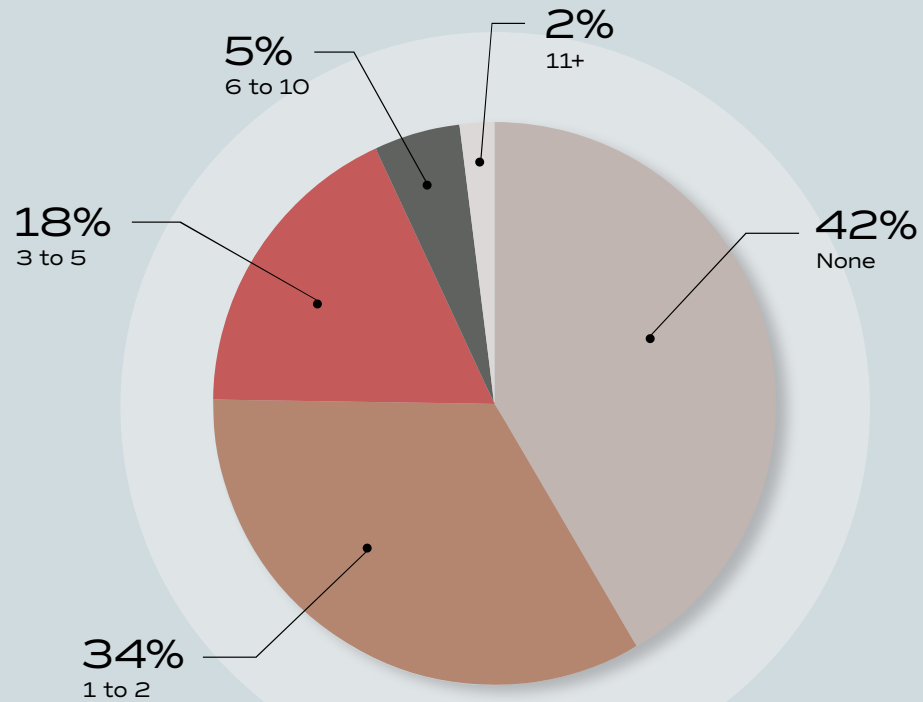
In regard to position, overall, interior designers tend to have the longest tenure. Following a distant second are design directors.

Around one fifth of firms with three to five employees had an administrative assistant that had been employed the longest, while in firms with one to two employees about a fifth had a design assistant who had been employed the longest.



CONTRACTORS & OUTSOURCING

CONTRACTORS IN THE FIRM - More than half of firms have contractors in their firm in lieu of or to supplement their regular staff. Of those who do, most have just one or two.



HAVE CONTRACTORS IN FIRM

DEEPER DIVE

Firms that have been in business six to 10 years were slightly more likely to have contractors in the firm or to have more contractors.

More than half of firms with no employees have no contractors.

Among firms with 2021 gross sales of less than \$500,000, 60 percent use no contractors. Otherwise, the proportion of contractors within firms was more or less the same across those with gross sales of more than \$500,000.

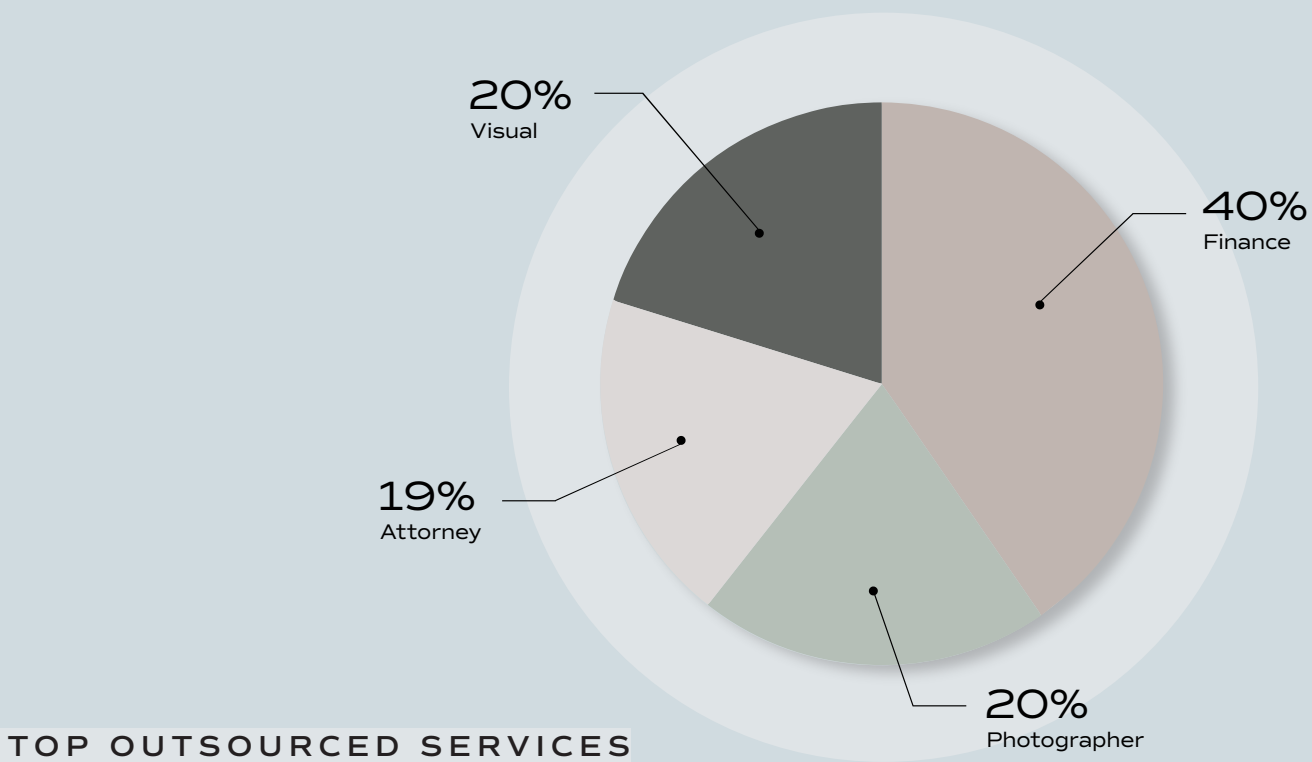
Use of contractors was roughly the same among residential and commercial firms as well as for those who say business conditions will be better in 2022 and those who say they will be worse.

Respondents who selected all the most common top business challenges use either no contractors or just one or two.



OUTSOURCED SERVICES – Among those firms that normally use outsourced services or professionals, virtual assistants and/or freelancers, by far the most frequently used are some type of financial assistant, such as a bookkeeper, accountant or finance manager, as well as photographers. About a third of firms regularly use some type of visualization specialist (such as for CAD, Revit, 3D renderings, or augmented or virtual reality) and/or an attorney.

A second tier of outsourced services, used by about a fifth of firms, involve some type of specialized or technical knowledge or aptitude, such as technology assistance, social media assistance, public relations or communications assistance, marketing assistance, and graphic design services.



TOP OUTSOURCED SERVICES

DEEPER DIVE

Firms with three or more employees were more likely to regularly employ the services of an attorney. They also were less likely to outsource services such as visualization specialists, administrative assistants, and finance assistants, suggesting that they have employees who perform those functions.



TEAM INTERACTION

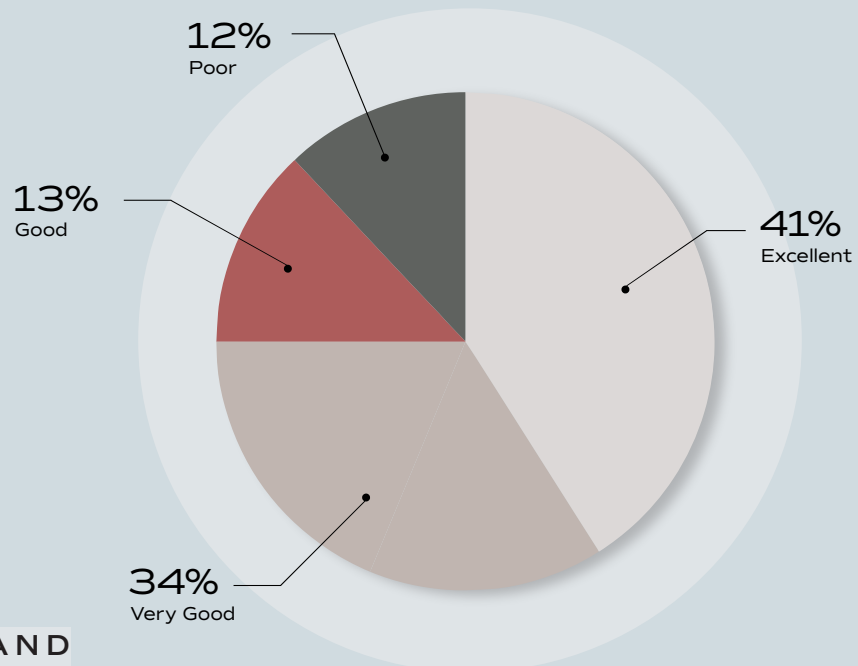
A well-functioning team drives business success. On the other hand, when members of a team don't get along or work together well the result can be poor employee morale, disengagement and a loss of productivity. With many teams switching to remote work, full- or part-time, during the pandemic, we wanted to know if that had affected team interaction and cooperation.

QUALITY OF TEAM INTERACTION - In firms that have a team, about 4 in 10 owners rated team interaction in their firm as excellent, which was defined as having a tight-knit team in which everyone supports everyone else and all the members of the team are working toward the same goals.

Around a third of owners rated team interaction as very good, which was defined as amicable, with all the team members getting along well, having good communication and helping each other out when needed.

Good team interaction was defined as good camaraderie but somewhat fragmented, with most staff working on their own tasks most of the time but helping out if needed, and without a lot of cross-communication among team members.

Poor team interaction was defined as having little contact, cooperation or communication among team members, with possibly tension among some team members.



TEAM INTERACTION AND COOPERATION

DEEPER DIVE

Firms that expected business conditions in 2022 to be better than in 2021 were more likely to say that team interaction was “Excellent” or “Very Good” as compared to those who expected business conditions in 2022 to be worse.

Firms that had 2021 gross sales of \$500,000 or less were considerably more likely to rate team interaction as “Very Good” or “Good.” Firms with gross sales above \$500,000 more often rated team interaction as “Excellent.”

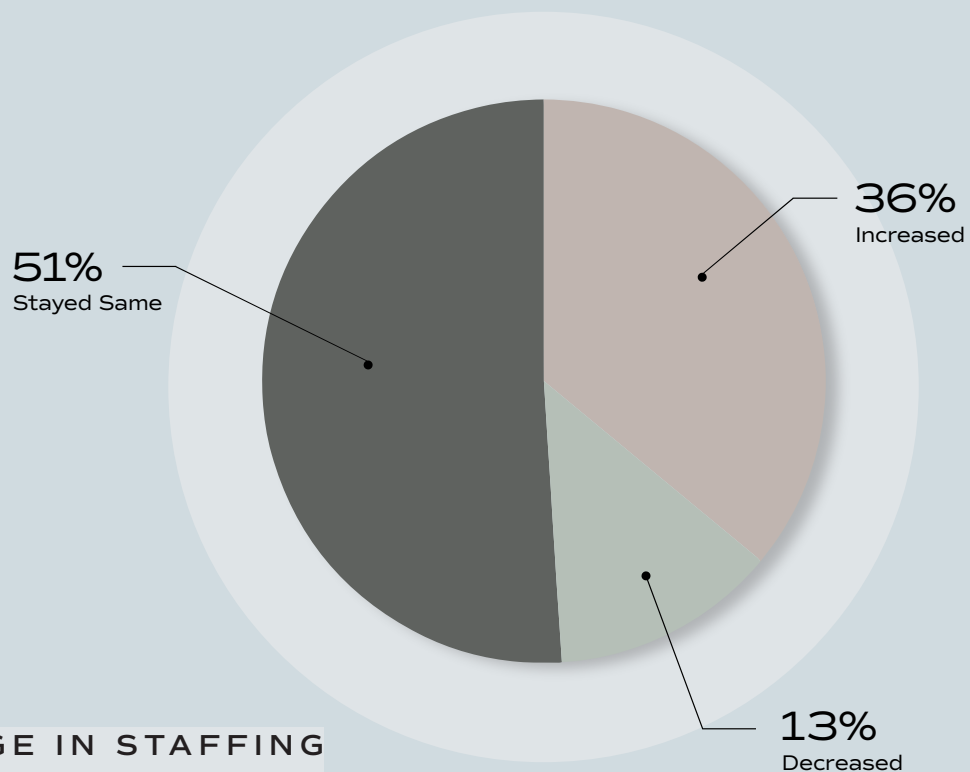


HIRING TRENDS

Due to the rebound in business once stay-at-home requirements began to ease up in the latter part of the second quarter of 2020, many firms added staff in order to meet increasing demand. However, at the same time, many employees were considering changing employers in hopes of getting a better or better-paying position. We were interested in finding out how many firms recently added new staff, what positions they hired for, and what challenges they faced competing for experienced talent in a tight job market.

RECENT CHANGE IN STAFFING - Roughly a third of firms' most recent hiree had worked in the firm less than three months, and another third's most recent hiree had worked in the firm for more than one year.

Within the previous twelve months, slightly more than a third of firms increased the number of employees. Half neither increased nor decreased the number of employees.

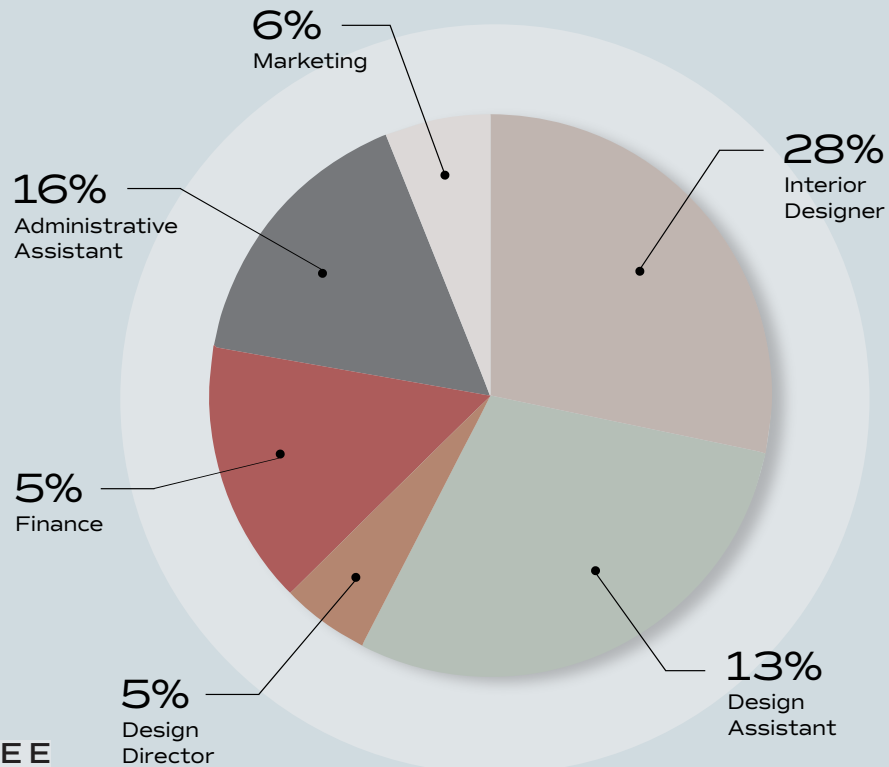


RECENT CHANGE IN STAFFING



MOST RECENT HIREE - More than half of all firms either hired or attempted to hire at least one new staff person in the previous twelve months. Of those, three-fourths sought to hire one or two new staff.

Of those who sought to hire one or more new employees, most wanted to add an interior designer or design assistant.



MOST RECENT HIREE

DEEPER DIVE

Firms that have been in business six to 10 years were more likely to have hired staff.

Firms with three or more employees were more likely to have hired staff than those with two or fewer employees. Those with three to five employees most often hired one or two new staff. Those with six or more employees most often hired three or more staff.

Firms with sales of \$250,000 or below were least likely to have hired new staff, and when they did they hired just one or two.

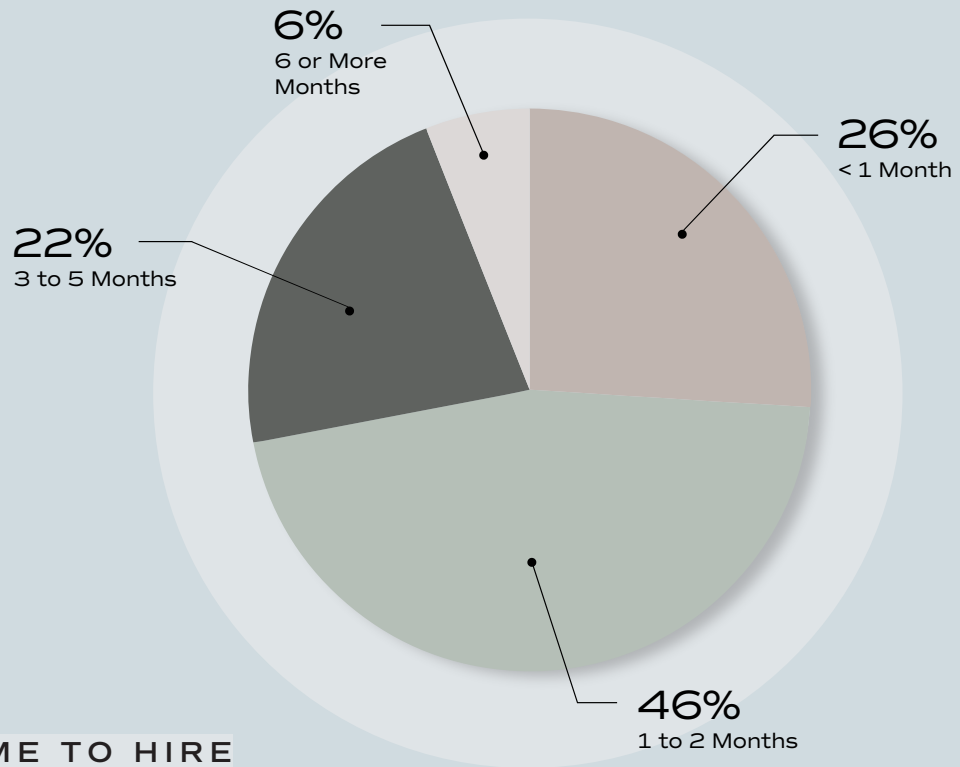
Firms with 2021 gross sales of \$1 million or more were much more likely to have hired new staff and to have hired more new staff positions than those with sales of less than \$1 million.

Residential and commercial firms roughly had the same proportion of new hires, with larger commercial firms slightly more likely to have hired five or more staff.

Respondents who expected business conditions in 2022 to be worse were less likely to have hired new staff than those who expected them to be better.



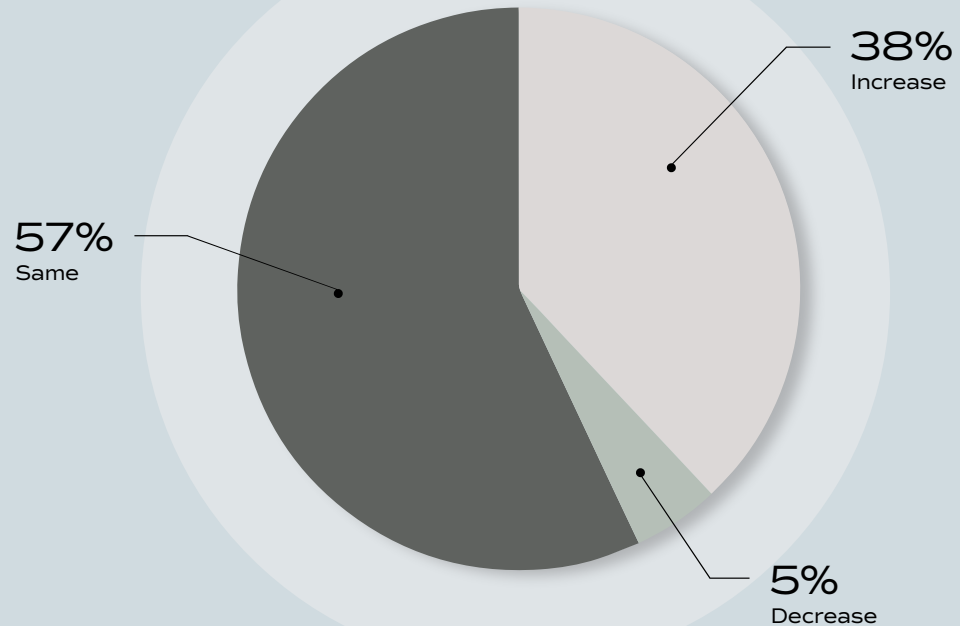
LENGTH OF TIME TO HIRE. Nearly half of respondents whose firms had hired at least one employee in the previous twelve months told us the hiring process took between one to two months.



LENGTH OF TIME TO HIRE



STAFF CHANGES FOR 2022 – Slightly more respondents than those who hired within the previous twelve months said they plan to increase their staff this year, and slightly more said they planned to maintain the same number of staff as last year.



CHANGES IN STAFF IN 2022

DEEPER DIVE

Firms that have been in business six to 10 years were more likely to say they plan to increase staff this year.

Firms with three or more employees and those with 2021 sales of \$1 million or more were substantially more likely to increase staff this year.

The proportion of firms intending to increase staff was about the same for residential as for commercial firms, roughly 4 in 10.

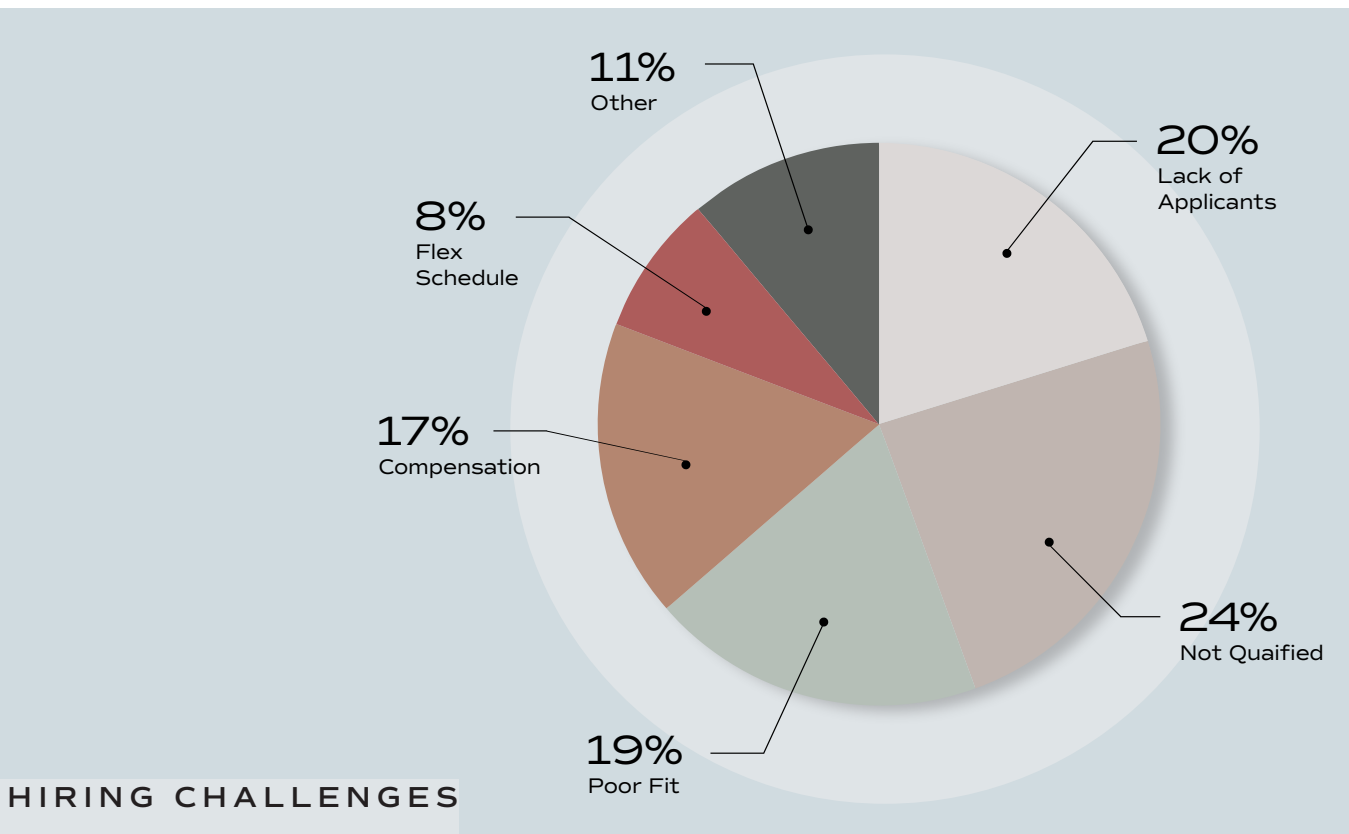
Respondents who expected business conditions in 2022 to be better than in 2021 were twice as likely to increase staff this year as compared with those who expected conditions to be worse.



TOP HIRING CHALLENGES - Among those firms that had hired at least one new employee in the previous twelve months, the number one hiring challenge, cited by two-thirds of respondents, was that a likely candidate began working for another firm.

Other common challenges were a lack of available applicants, candidate was not a good fit for the firm's culture and/or clients, candidate wanting higher level of compensation than that being offered, and candidate wanting a flexible work schedule and/or working conditions.

In addition, around one fifth of those who hired or attempted to hire said the new hiree left shortly after accepting the position and beginning work with the firm.



DEEPER DIVE

Larger firms and those with highest revenues had more challenges with availability of candidates and candidates not being qualified.

Residential and commercial firms experienced more or less the same challenges to the same degree.

Respondents who expected business conditions to be better in 2022 than in 2021 had more difficulty hiring than did those who expected them to be worse.



Salaries & Benefits

With many firms having hired and/or looking to hire, competition for the best talent has heated up. As a result, candidates are taking advantage of the tight market to ask for higher salaries. That has meant current employees expect salary adjustments as well, or they could start shopping for a new position. In addition, both candidates and employees are wanting more benefits as part of their compensation package.

According to the U.S. Bureau of Labor Statistics, the annual mean wage for all employed interior designers in 2021 was \$62,570, an increase of nearly two percent from 2020. The annual mean salary for an interior designer employed in an interior design firm was \$62,350, an increase of four percent from 2020.

SALARIES

We wanted to find out what firms today are paying their most essential employees. Recognizing that, in general, firms in larger metro areas and larger firms tend to pay higher salaries, we were looking to see what the most common pay ranges were for each position.

OWNER OR PRINCIPAL. Somewhat more than a third pay a salary of between \$50,000 to \$100,000. Slightly less than a third pay between \$100,000 to \$200,000. Very few firms pay under \$50,000 or above \$200,000.

DESIGN DIRECTOR. Among those firms that have a design or creative director on staff, nearly two-thirds pay between \$50,000 and \$100,000 and a fifth pay \$100,000 to \$200,000. When we broke these ranges down further, we found that in the \$50,000 to \$100,000 range, most firms tend to pay toward the high end, between \$80,000 and \$100,000. In the \$100,000 to \$200,000 range, most pay \$140,000 or more.

SENIOR DESIGNER. Among firms that have a senior designer on staff, the majority pay between \$50,000 and \$100,000. Less than a fifth pay between \$100,000 and \$200,000. When we broke these ranges down further, we found that in the \$50,000 to \$100,000 range, most paid toward the high end, between \$80,000 to \$100,000.



Salaries & Benefits

INTERIOR DESIGNER. Among firms that employ an interior designer besides the owner, more than half pay between \$50,000 and \$100,000. About a third pay \$50,000 or less. When we broke these ranges down further, we found that the majority paid in the \$60,000 to \$75,000 range, which is in line with the BLS national data.

INTERIOR DESIGN ASSISTANT. Among firms that employ an interior design assistant, nearly three-fourths pay below \$50,000. About a fourth pay between \$50,000 and \$100,000. When we broke these ranges down further, we found that the most common range is between \$40,000 and \$50,000. About 1 in 10 firms pay \$30,000 - \$35,000.

CAD SPECIALIST. Nearly two-thirds of firms pay a CAD specialist under \$50,000. Slightly more than a fourth pay between \$50,000 and \$100,000. When we broke these ranges down even further, we found that most pay between \$40,000 and \$50,000. About 1 in 10 firms pay \$30,000 to \$35,000. A handful of firms pay between \$60,000 and \$70,000 or above.

DEEPER DIVE

Overall, salaries tend to be somewhat higher in the Northeast and Southeast than in the Northwest and Southwest. Within regions, salaries vary by state and metro area.

As might be expected, firms with six or more employees tend to pay higher salaries, especially for more senior positions, although firms with between three and five employees were more likely to pay some positions at the higher ranges. Firms with one or two employees on the whole pay average salaries.

Again, as might be expected, firms that had gross sales of \$500,000 or less in 2021 tend to pay lower wages. Firms that had gross salaries of \$1 million or more tend to pay higher salaries but only a few pay substantially above the upper average limit.

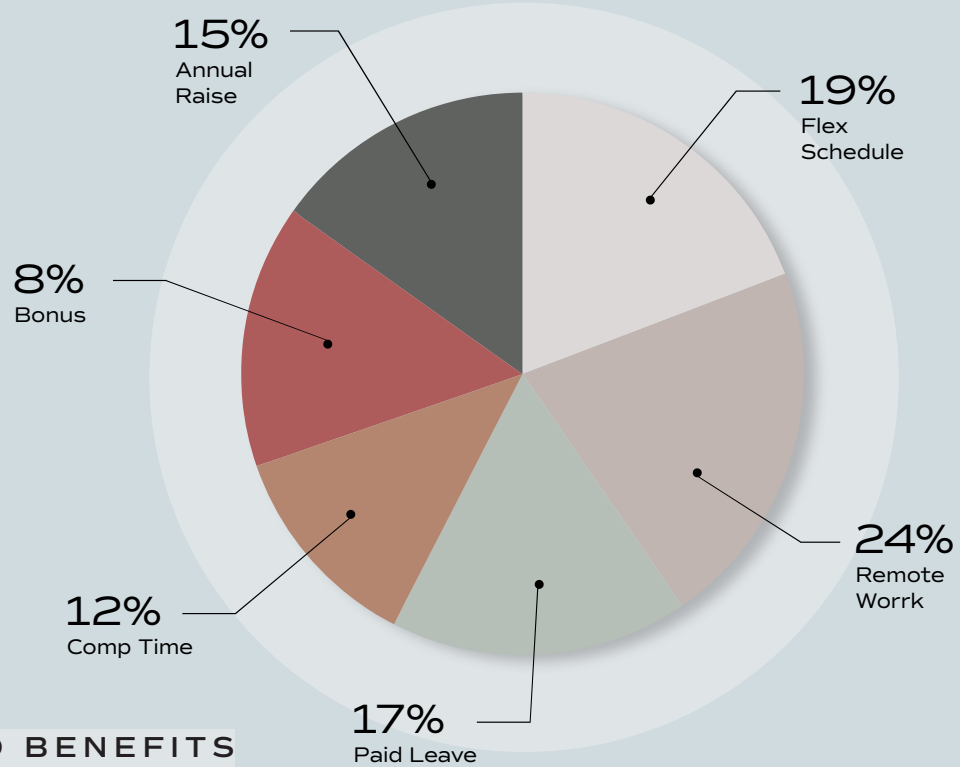
In general, similar proportions of residential and commercial firms pay relatively the same salaries. For an interior designer, for example, about a third of each pays under \$50,000 and around half pay between \$50,000 and \$100,000. Only a small fraction pay over \$100,000.



MOST REQUESTED BENEFITS - Because of the tight job market and the difficulty firms have been having with hiring new staff, both candidates and current employees have been asking for additional benefits as well as salary increases.

Overall, respondents told us the most requested benefits were a flexible work schedule, ability to work remotely, minimum of two-weeks vacation or equivalent annual paid leave, compensation for time spent traveling as required by the firm and/or mileage reimbursement, bonuses, and annual raises.

Roughly a quarter of owners also listed requests for full or partial health benefits paid for the employee, retirement planning, and having time off between Christmas and New Year's Day.



MOST REQUESTED BENEFITS



DEEPER DIVE

Employees in firms that have been in business more than 10 years were least likely to seek bonuses.

Most requested benefit of firms with no employees and those with sales of \$250,000 or less was remote work.

Employees in firms with six or more employees were most likely to ask for two or more weeks of vacation or paid leave, bonuses and annual raises.

Employees in firms with sales of \$1 million or less were most likely to request flex scheduling and remote work, while those with sales of \$1 million or more were more likely to ask for two or more weeks vacation or paid leave, bonuses and annual raises.

Employees in residential and commercial firms requested more or less the same types of benefits, with employees in commercial firms somewhat more likely to request annual raises.

Respondents who expected business conditions in 2022 to be better than in 2021 were less likely to have employees requesting flex scheduling and remote work, but more who want two or more weeks vacation or paid leave.

More than half of respondents who selected all the most common top challenges as their top picks have employees whose top request is for remote work, but were least likely to ask for bonuses.



Observations and Insights

Many of the findings confirmed what we had inferred from working with our clients and talking with other designers during the past two years. Perhaps you recognize certain trends or similarities in the findings that ring true for your firm and/or for those of your colleagues and associates. Perhaps, like us, you had a few “aha” moments as well. In any case, let’s talk about how you can use these findings to help improve and grow your business.

When we stepped back and took a look at the big picture, we noticed some patterns that stood out for us. They suggest some underlying principles that differentiate high-performing firms from others.

SIZE DOES MATTER

According to data compiled by the American Association of Interior Designers, there are approximately 15,000 interior design businesses in the U.S. Of those, around 8 in 10 have zero to four employees. They account for about a third of all practicing interior designers. Sole practitioners make up about 20 percent of those businesses. In our survey, 28 percent of respondents had no employees, 32 percent had one to two, and 23 percent had between three and five—for a total of 83 percent, more or less in line with the industry percentages.

Why does this matter? **The strongest correlation in our survey was between firm size and overall business performance.** For example, 6 in 10 firms with no employees had gross sales in 2021 of \$250,000 or less, compared to only 1 in 3 firms with one to two employees and almost none of firms with four employees or more. This may seem like a chicken or egg observation. It stands to reason that firms with more employees would generate more sales. But the difference doesn’t stop there. We also found:

- Larger firms were more likely to add additional staff, indicating they are attracting more clients and projects.
- Larger firms cited top business challenges related to project schedule and product delays, whereas smaller firms mentioned difficulties with attracting ideal clients and projects.
- Larger firms tend to charge higher fees and higher mark-ups.
- Larger firms are more likely to delegate non-design work to contractors or outsourced services.



Observations and Insights

There are many reasons why there are so many small interior design firms. Some are small by choice, some by necessity. Our experience working with clients, however, is that more small firms could be doing more business and earning more revenue by **developing business plans** to grow their staff and/or using other personnel support.

Yet, less than a fourth of respondents listed as a top business strategy to expand their team, and a few more were considering increasing the use of outsourced services. It may seem counterintuitive to be thinking of adding more staff when you are trying to attract more business or increase your revenue, but if done properly it can be the boost you need.

Yes, there are some high-end firms with small staffs that bring in more than a \$1 million in revenue annually. But they are few and far between. Whether it's hiring more staff, using more contractors or outsourcing more, **think people power.**

BIGGER NETS CATCH MORE FISH

Despite the fact that a third or more of respondents indicated that **attracting enough ideal clients and/or ideal projects** were among their top business challenges, nearly half continue to rely largely on referrals and repeat business for new projects. Only about a third of respondents had plans to increase their marketing efforts. About 4 in 10 plan to increase their social media presence, but that is a passive form of marketing that may increase your exposure but not necessarily attract more potential clients.

Here again the findings are revealing. Firms with 2021 gross sales of less than \$500,000 were less likely to list increased marketing as a top business strategy than those with sales above \$500,000. Similarly, larger firms were more likely to list **increasing marketing** than were smaller firms, as were firms that expected business conditions to be better in 2022 than in 2021. **Successful marketing breeds success.** Referrals have long been the number one source of business for many design firms. If you're trying to grow your business, and especially if you're trying to attract a different type of client, though, then you need to **engage in a wider and more proactive outreach effort.** Develop a marketing plan that builds on dedicating a certain amount of time and resources to marketing each week. Determine how you can best expand your potential pool of ideal clients by connecting with them through the channels they most often use. If you don't know how to do that, there are experts who can help.



YOU GET WHAT YOU ASK FOR

One of the biggest challenges for many design owners is knowing how to set fees.

About one-fourth of the respondents indicated setting fees and/or generating more revenue from projects as a top business challenge. More revealing, perhaps, is that across the board for all the various subgroups we examined roughly 4 in 10 owners said they planned to raise fees in the near future.

Not surprising, fee and mark-up rates correlate strongly with earnings. Firms with no employees were most likely to charge \$150 or less and also to have 2021 gross sales of \$250,000 or less. Similarly, more than half of firms that charge \$150 or less had gross sales of \$250,000 or less. The same with mark-ups. Firms with no employees were most likely to charge 25% or less, and nearly half of firms that had gross sales of \$250,000 or less charge 25% or less.

Older firms, larger firms and firms with gross sales of \$1 million or more were more likely to charge higher fees and higher mark-ups. Newer firms were more likely to charge lower fees and mark-ups, but also were more likely to say they needed help with setting fees.

The bottom line on setting fees is you have to **demonstrate value and only work with clients who appreciate the value you bring**. Then you can charge what you're worth. If you are selling your services as a commodity, you will always be letting the client decide what they will pay.

KEEP YOUR OPTIONS OPEN

With so many firms having hired in the past several years, the pool of eligible candidates is likely to remain small for some time. That means many of the hiring challenges acknowledged by respondents will continue to make the hiring process bumpy as well.

Using contractors and outsourced services are at least temporary alternatives until you can find the right person. Especially if you need additional help in a hurry, you may want to hold off on committing to a full-time employee.

Also think about why you are hiring. Often a sudden surge in business or the loss of an employee will trigger a decision to hire. In those instances the hiring process may focus heavily on filling a need, matching prospective candidates against a mental list of duties and tasks to be performed. Consider as well what the potential candidate can add to your firm, what experience and/or competencies they may have that your current staff do not. What type of employee might they be capable of growing into in the future.

You are not just filling a slot, you are growing and shaping a team.

Likewise when it comes to benefits. It's obvious not only from our survey but from stories in the business news that today's employees are seeking more work/life balance, flexibility and freedom to set their own work schedules. And they are willing to change employers to obtain those. Be willing to explore options, but also be open and forthright about what is needed for the firm to operate effectively and efficiently and to meet its goals. Employees want to feel valued and appreciated. Let them know why their contribution is important to the firm, and most will be willing to make concessions that are reasonable.



A NOTE ABOUT METHODOLOGY

The 2022 Interior Designers Survey on Fees, Salaries and Competing for Talent was fielded between March 2022 and August 2022.

Invitation to participate was widely distributed to the interior design community. The email contained a link to the survey questionnaire posted online on Survey Monkey. A total of 1,114 responses were received, of which 905 respondents were deemed valid interior design business owners.



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The 2022 Interior Designers Survey on Fees, Salaries and Competing for Talent and subsequent reports are a joint venture of Pearl Collective and Interior Talent.



At Pearl Collective, formerly known as Gail Doby Coaching and Consulting, we think that creative entrepreneurs ought to be able to run a successful design business. Nobody should have to experience the heartache and sleepless nights that go hand in hand with making mistakes and having to figure it out on their own.

We empower creative entrepreneurs to thrive, enabling them to earn more, worry less and enjoy better relationships with their clients and teams.

Our programs are for rising design firms who want to effectively manage their business in alignment with their personal goals and values. It's a place for you to obtain business clarity, confidence, prosperity, fulfillment and to be a part of a tribe of like-minded professionals who have your back and challenge you to be better. thepearlcollective.com



At Interior Talent, we understand the ever changing needs of the modern employment industry. We bring a depth of industry expertise and relationships that have been earned over our 20 years of service to the Architecture and Design industries. Our goal is to help our clients hire and retain the right people while ensuring they develop key retention techniques for their entire team.

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