

STEP BACK FROM

LEDGE(R)!

By Elaine O'Connor



As event professionals, there are points throughout your career where you are faced with a variety of challenges, but none can be quite so detrimental as an insufficient budget. Seemingly insurmountable budget deficits can undermine the credibility of the event, the promoter and brands associated with it and can even have a negative impact on your perceived role within the event, through no fault of your own. As a result, chief amongst your planning processes must be an awareness of the status of the budget (or your specific section of it) on an ongoing basis. Throughout the course of this article, I will present instances and examples in which good budgetary planning can make or break an event and how to professionally and diplomatically choose the best course of action for you and your client when budget deficits cannot be rectified.

Why Is It An Issue?

The budget for an event is arguably the most important element of the planning process. If there is an insufficient budget it can affect all aspects of the event and the planning process. Subsequently, predicting the financial outcome of an event can be the most critical aspect of event planning, albeit not the most invigorating or fun element of the process. Time and time again, event budgets are initially drafted by a promoter / committee who have little or no experience in the development of event budgets, leaving glaring omissions or insufficiencies in the budget preparation. While promoters and organisers typically have the best interests of the event at heart, during the early planning stages it is almost impossible to truly scope the full extent of the event requirements which can add further complications to budget development. This is particularly relevant for one off spectacles and large-scale outdoor events when the stakes (and budgets) are much higher and organisers do not have the luxury of past (similar) event budgets to compare against. The development of an accurate and all-encompassing budget can require weeks of work and analysis by a range of industry professionals with expertise across multiple departments. Regardless of your personnel experience level, I would always recommend contracting experienced professionals to, at least, review your budget figures.

Often as professionals, we will come across events where the planning is driven by extremely tight margins. The tighter the budget and the more budget driven decisions are made, the less focus is placed on key event elements such as the customer experience, overall look and feel

of the event and, in some drastic cases, the safety and welfare of event attendees. As you can imagine, or may have experienced, a tight budget drafted by an inexperienced team can overlook crucial details which can in worst case scenarios lead to law suits, loss of contracts and professional damage to the reputation of the business.

Frequently, one of the major issues with high profile festivals and large-scale events is that organisers haven't allocated enough budget for contingency or underestimate the costs associated with requirements for:

- General Security and Crowd Control
- Bad weather contingency plans and equipment; ground protection etc.
- Installation and removal of infrastructure such as staging, temporary structures, and perimeter barriers.
- Compliance with local authority and statutory agency requirements.

Regrettably there have been countless cases where budget deficits have proved deleterious to the public's perception of an event. Historically speaking, one such high profile case, the 1976 Summer Olympics in Montreal, left the city with a debt of \$1.6 billion. An economic disaster beset with bureaucratic complications, the final bill for the event came in at 13 times the original estimate. The 1970 estimate was that the Games would cost circa \$120m in total, with \$71m budgeted for the Olympic Stadium itself. By 1976 it was evident, however, that the budget had gotten out of control, promoting a series of investigations and tribunals into what had happened. More recently in the news was Fyre Festival, a self-styled luxury music festival scheduled to take place on the Bahamian island of Great Exuma over two weekends

in April and May 2017. A PR disaster for its organisers, they are now being sued for \$3.5 million by their ticketing vendor, Tablelist, for refunds which they had to pay out to patrons. While the issues surrounding both were arguably larger than budget mismanagement, it is evident that if there had of been meaningful establishment of budget monitoring in the lead up to the event, organisers may have been able to rectify various concerns, or perhaps, in the case of Fyre Festival, even postpone the event for the greater good of the promoters' reputations and the reputations of all those involved.

As the two above examples prove, developing a budget for a large-scale event is not for the faint hearted with millions or even billions (in the case of the 1976 Olympics) on the line. As a direct consequence of budget mismanagement, any errors can become quite catastrophic, resulting in loss of jobs, liquidation of suppliers and professional, brand and reputational damage for all involved. In certain cases, the personal toll can be detrimental with event organisers losing their homes, businesses and life savings. As a result, it is my professional opinion that good budgetary planning and communication from the initial stages between all stakeholders is imperative. Accordingly, I now turn to the manner in which such budgetary concerns can be overcome in the early planning stages of an event leading to client transparency for the duration of the planning process and the successful execution of the event.

How to Approach a Client When You Suspect There Are Issues

Depending on your role within the event, it may not always be evident that there are budgetary issues, therefore I would recommend building in safeguards which protect both your professional reputation and, where possible, the integrity of the event itself. In term of these safe guards, I would endorse the following courses of action:

- Building in a sufficient contingency, personally I begin with a 15% contingency reducing down to 5% at the most,
- Regular budget updates from all departments, striving for transparency where possible,
- Identification of critical equipment and resources,
- Assessment and mitigation of potential budgetary risks by creating a budget orientated risk register.

Once you (as an event professional) are happy that these, and other safe guards, are in place you may now begin to move forward into the planning stages of the event itself.

Moving Forward

Throughout my experience in the event industry, I have come to recognise a number of key elements that are essential to the planning process. While your role in the event will dictate the level of involvement you have with the overall budget, there are a number of specific areas that can be addressed across all departments to protect against budgetary issues. These include the following:

- Breaking the budget down and including as much detail as possible
- Conducting an event feasibility study at the earliest possible opportunity
- Seeking advice from industry professionals with specific experience for each section
- Establishing methods for documenting costs that are concurrent across all departments
- Identifying the roles that heads of departments have with regard to budget management and cost control
- Establishing cost change control measures across all departments
- Establishing your variable costs, (e.g. on-site facilities such as toilets that can vary according to the anticipated number of attendees – this is particularly relevant for ticketed events as these are items that can be reduced in quantity should ticket sales be low).

Ideally, you want to be in a position whereby you are able to make crucial cuts, should the need arise, with the knowledge that you are not jeopardising the event as a whole. But, it's not enough to just try to protect yourself against these potential issues, the budget needs ongoing focus and attention throughout the process. The budget document, in itself, will become more useful as the planning continues as the detail from it can form a basis for other documents such as equipment lists, production schedules, etc. When obtaining quotations, building in deposits or instalments, date payment deadlines can also form an early warning system whereby red flags are easily identifiable. For example, if your client is experiencing issues making deposit payments or constantly being chased by suppliers for payments there is due cause for concern. Now is the time to trust your instincts. If you believe something may be wrong, you should address it as soon as possible with the client. Things only tend to get worse when an event budget isn't working out and the larger the event the more severe the consequences.

Approaching the Client

Personally, I endeavour to make every decision with the "best interests" of the event in mind, in some cases that has led

to awkward conversations with clients regarding their event's financial exposure and requests for access to all event related financial information in the hope that a solution can be found. Some clients regard their event budgets as containing quite personal and confidential information. As a contractor, even broaching the subject can be perceived as very intrusive however, I believe that all event professionals have a duty of care to both their client and the event attendees to ensure that the event will be of adequate standard. Unfortunately, sometimes things may have already gone too far, regardless of safe-guards and systems that have been put in place. Occasionally, you may be drafted in at a later stage in the planning of an event to specially rectify or at least alleviate a failing budget. Having identified that there are serious budgetary issues there are a number of steps that can be taken to ameliorate and alleviate the most pressing concerns as it becomes almost an issue of crisis management.

Budgetary Crisis Management

Having established that there is an issue with the budget, it is now time to isolate various aspects of the event that will have to be cut / reduced in order to make up the deficit. Now is the time to step back from the ledger or in other words, reassess your situation. The event itself may have to fundamentally change to accommodate the budget deficit. This can be achieved in a number of ways:

- Renegotiating with suppliers and contractors (you can always promise future contracts).
- Utilisation of interns and volunteers in roles that were originally to be filled with paid personnel. (Be sure to first check if that is a legal option in your country.)
- Reducing attendee requirements such as general on-site facilities, e.g. toilets and tiered seating (when possible).
- Reducing the size of temporary venues (marquees, etc.).
- Re-evaluating sponsorship and stakeholder agreements.
- Removing non-imperative (but nice to have) items such as; site dressing, hospitality and event branding.

Such actions will hopefully decrease the budgetary deficit leading to the successful delivery of the event. Unfortunately, there may be cases where every avenue has been exhausted and you reach the conclusion that moving forward may be detrimental to you as a professional, the integrity of the client's business and the event itself. In such circumstances, the only route is event cancellation. This may not be the easiest of tasks but, as an event professional it is in your interest to protect your reputation

in the competitive world of event management. No one wants to be the next Billy McFarland or Ja Rule. Though a painful process for all involved, this may be the only rational course of action. Cancelling an event may actually be advantageous as it opens up the possibility to reassess, re-evaluate and move forward with future events as opposed to delivering an event that is below par and leaves all stakeholders dissatisfied.

In conclusion, throughout the course of this article, I have endeavoured to highlight the importance of good budgetary planning and management, the importance of good communication with all stakeholders, and the identification of various strategies for the implementation of a successful budget. As discussed, we all are aware that sometimes things do go wrong and, often these are out of our control for various reasons. In such cases, it is imperative that swift action is taken as soon as concerns are raised and that the client is approached in a diplomatic and respectful manner. Regardless of the potential outcome, it is important to remain calm throughout, communicate with all parties, work through the problems and take a step back from the ledger.

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Over the course of her career, to date, Elaine has produced some of Ireland's most lauded large scale public events and spectacles, the highlights of which include RTÉ Reflecting the Rising 2016, Tall Ships 2012 Dublin, Bavaria City Racing and the Battle of Clontarf. In addition, she has held key roles on events such as St. Patrick's Festival and the Festival of World Cultures. Always striving to further her own education Elaine maintains an active role in the Events Industry in Ireland, lecturing, taking an active role in Industry associations and seeking professional accreditation such as the IFEA's C.F.E.E. After graduating from Leeds Beckett University with a Master of Science in Event Management in 2013, Elaine progressed on to Dublin Institute of Technology where she is currently pursuing a Ph.D. in Event Management. Elaine can be contacted at elaineoconnor@magnumevents.eu and more information about Magnum Events can be found at www.magnumevents.eu.