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Conference Centre

Event Budgeting Workshop

Bryn Parry

Southampton Solent University Conference Centre Open Event
7 November 2006

Aims For The Workshop

To:

- * explore budgeting for events
- * have a bit of fun
- * network & learn from fellow delegates
- * highlight issues for discussion in the one-to-one consultation sessions with the *SSU Conference Centre* team

Events As Projects

Projects Need to be Managed Every Minute of Every Day

Peter Morris (1994: viii) records that **only 12** [of 1,449] projects investigated **did not** exceed their budgeted cost.

PROJECTS - Definition

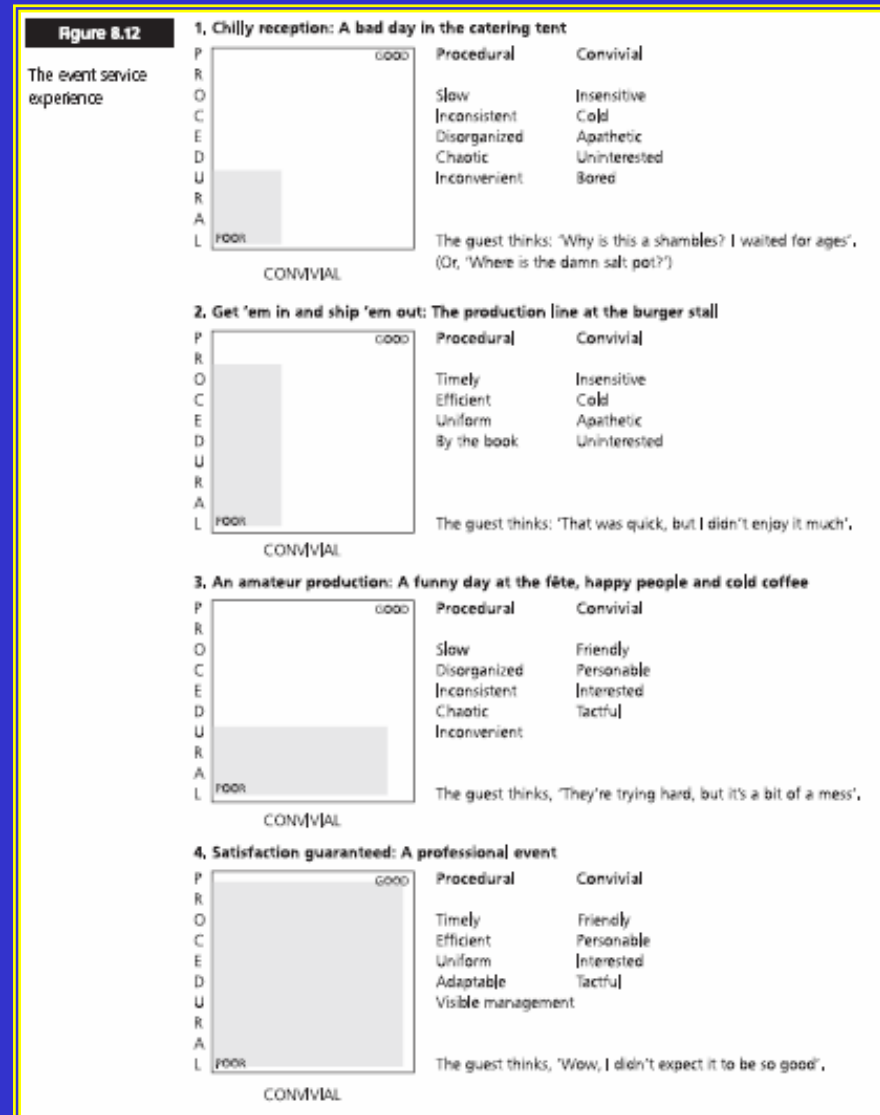
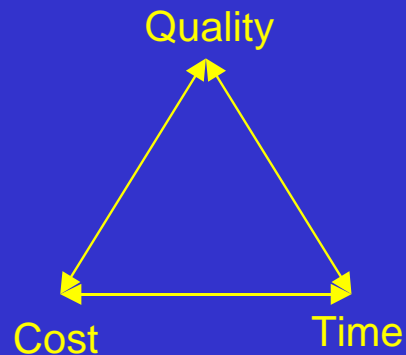
Projects are distinguished from *normal* operations, because they:

- * have a defined time-period
- * have a named project leader
- * have a discrete budget
- * have a defined, non-routine, objective

Events as Projects – measuring success

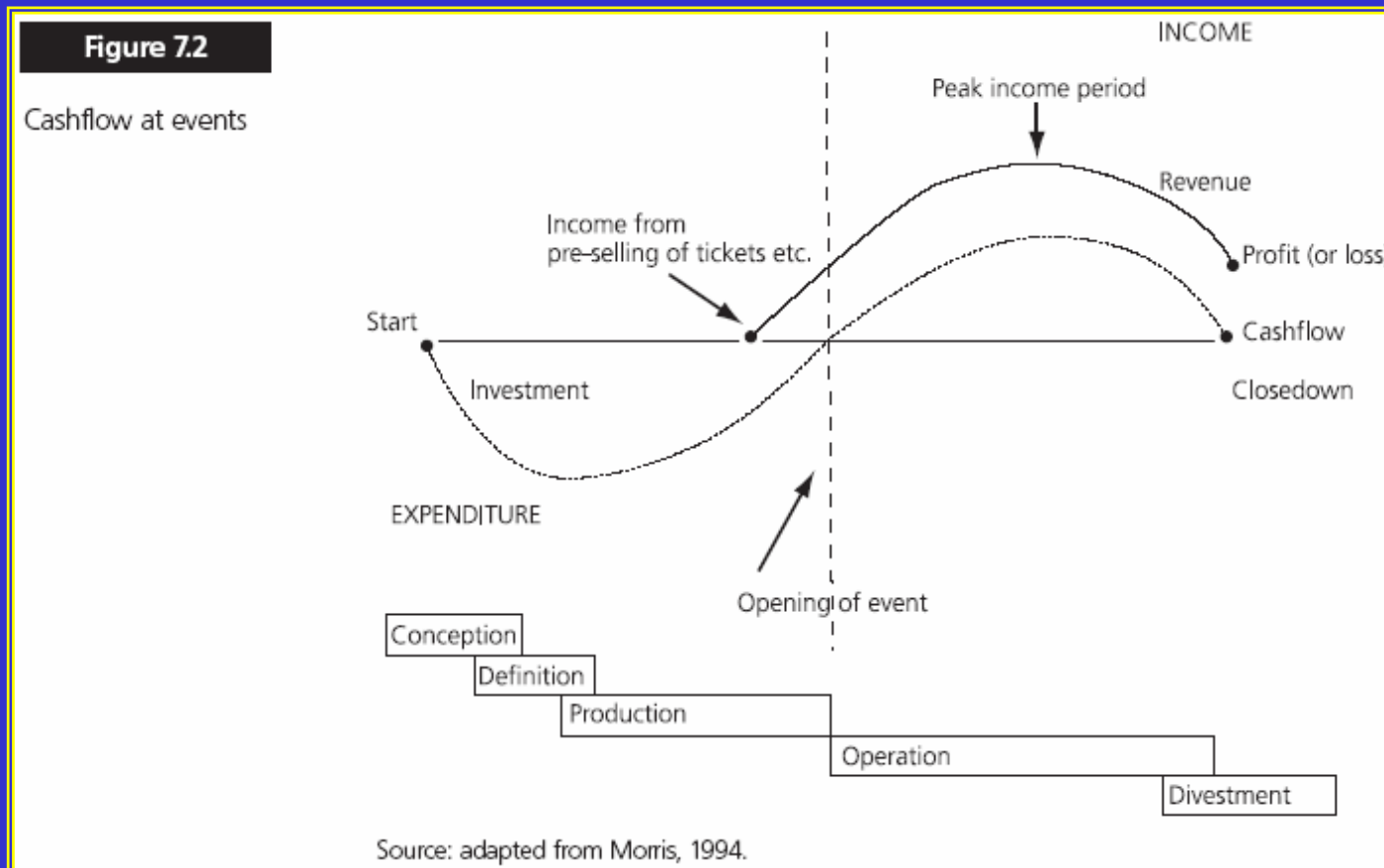
PROJECT OBJECTIVES TRIANGLE

- adapted from Slack et al (1998: 599) -



Shone & Parry (2004)

Key Stages Of An Event



Shone & Parry (2004)

Forecasting for Events

http://www-marketing.wharton.upenn.edu/forecast/paperpdf/selection_tree.pdf

BBC News [11/01/06]: http://news.bbc.co.uk/sport1/hi/other_sports/winter_sports/4602544.stm

“*Winter Olympics* organisers are being hampered by a host of logistical problems with less than a month to go before the start of the *Turin Games*. Sluggish ticket sales, budget deficits, strikes and potential transport chaos are all threatening to put a dampener on the spectacle. Security issues, political protests and unfinished building work are also looming over the event.

TOROC, the local organising committee, has seen its budget shrink following lower-than-expected sponsorship revenues and a recent cut in government funding. This has reduced the cash available for advertising and marketing and as a result only 585,000 tickets have so far been sold out of about one million.

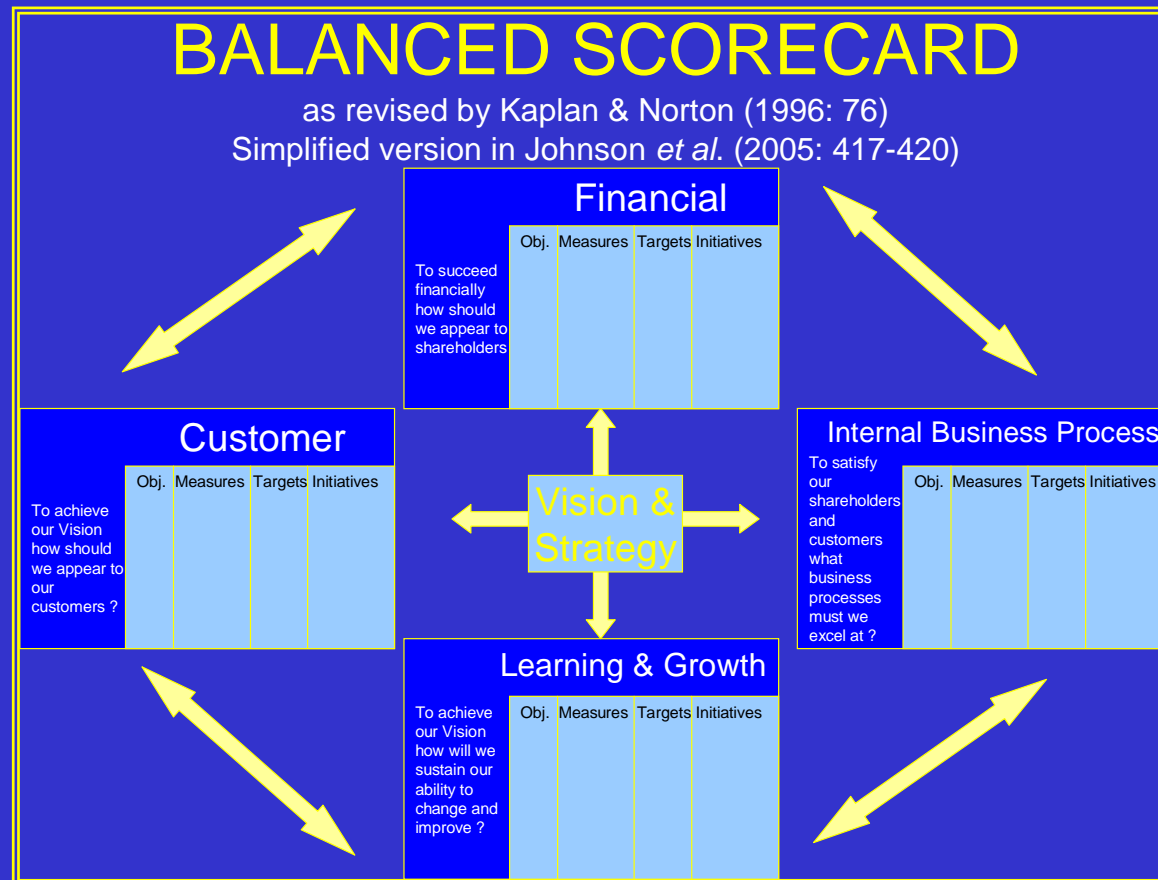
TOROC's initial target was to sell about 850,000 tickets and organisers had expected sales to shoot up after the *Olympic* torch began a two-month tour of Italy in early December.

But there has not been a dramatic change from the 540,000 tickets sold by late November, and only about 200,000 have been sold in Italy.”

- 10% of tickets remained, with days to go, and schoolchildren were bussed into unpopular events

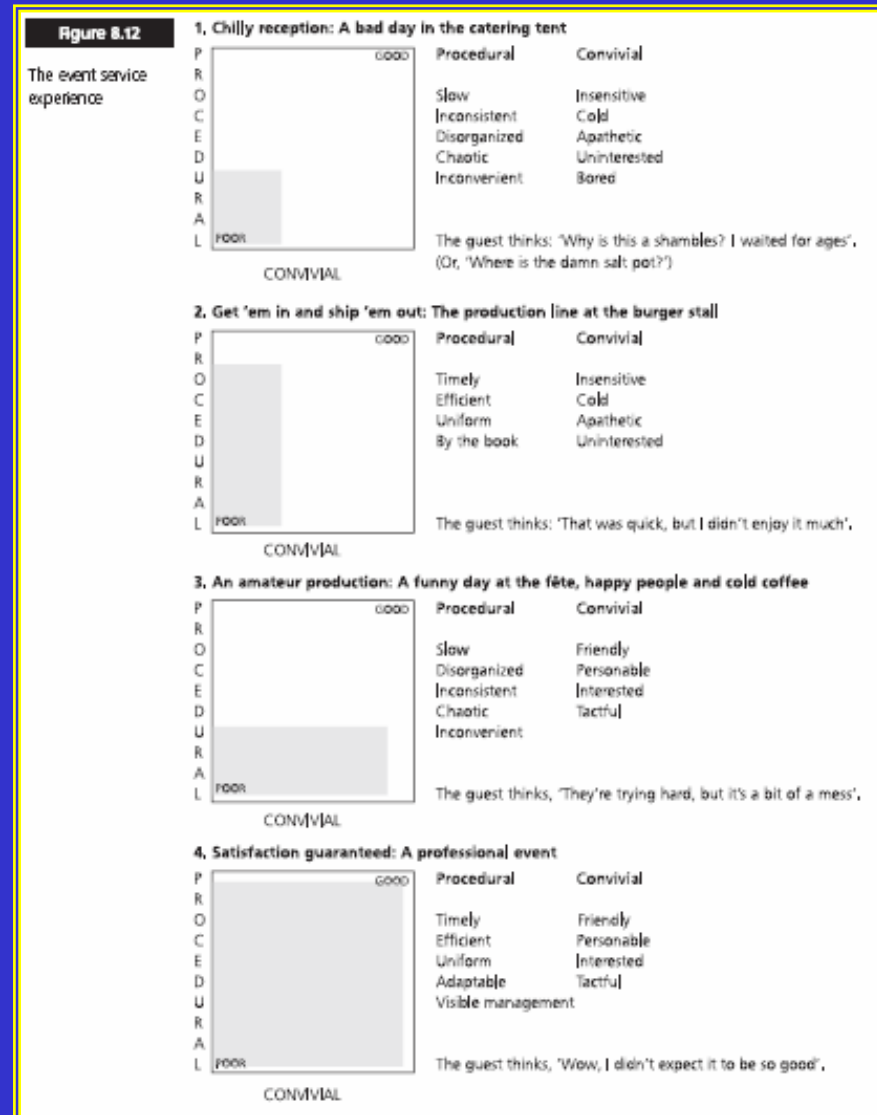
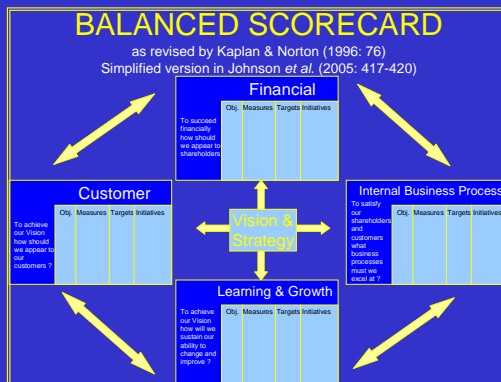
Dictionary of forecasting terms [use this with terms in the *Selection Tree* diagram]

Turning To The Realities Of Implementation



Budgeting for Success

Turning To The Realities Of Implementation

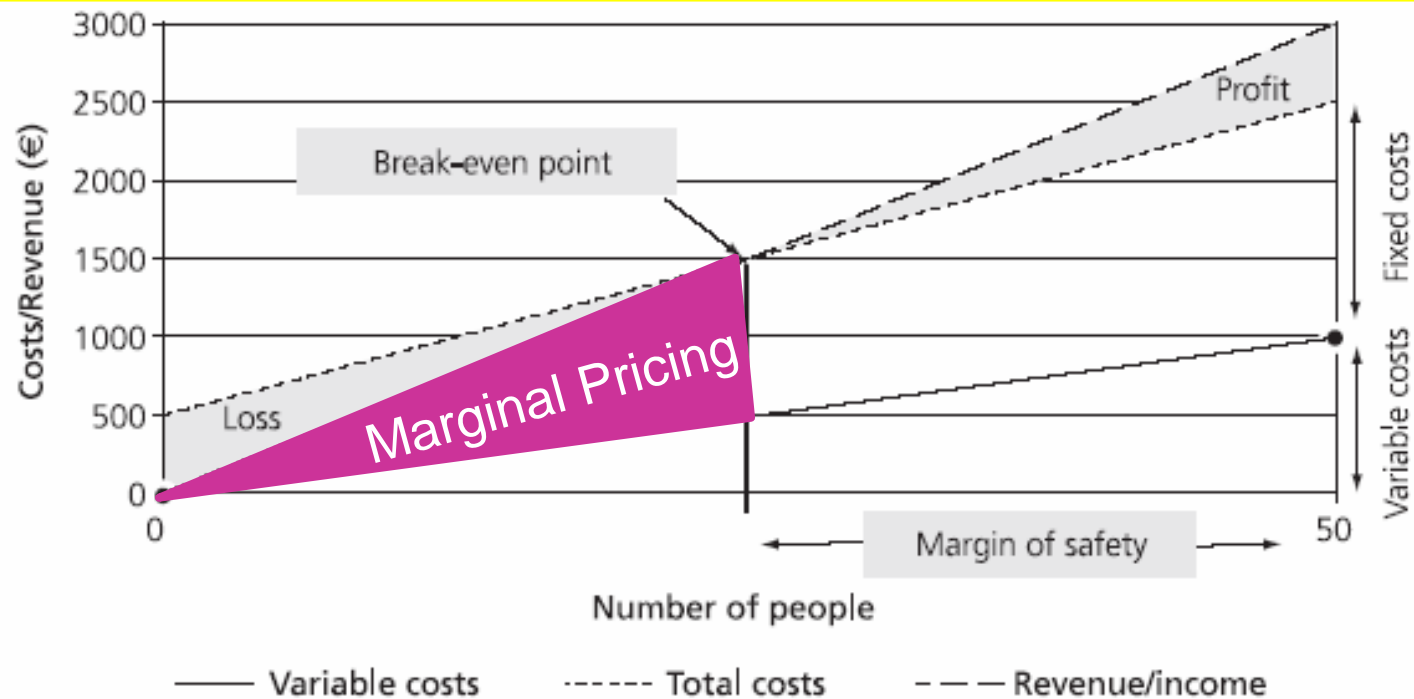


Shone & Parry (2004)

Creative Budgeting

Figure 7.6

Break-even chart



Note that the total costs in this diagram include the fixed costs

Creative Budgeting

Figure 7.4

Outline budget form for quotations

PRELIMINARY BUDGET FORM

Proposed event: Date today:

Date of event: Days to go:

Forecast number of people expected: (paying guests/payng visitors)

Capacity of venue:

List of costs

Venue hire: total amount: €

Deposit amount: € Deposit due by:

Staff/labour: number of volunteers needed: Number of paid staff needed:

Total staffing cost inc. staff feeding: €

Example Overheads	Total amount €	Best price quotation given by:
Advertising
Printing/posters/flyers
Signs/place cards/menus/programmes
Custom T-shirt/uniform/badges
Equipment hire
Food
Drink
Entertainment
Music
Decorations
Linen/linen hire
Prizes/complimentary items
Hair/stylists
Security/door control/guides/info point
Insurance
Refuse removal/cleaning
Power/heating/air conditioning
Ticket distribution/stationery/postage
Licence/licence application
Audio-visual/sounds
Phones/mobiles/media links
Photographer/video company/press kit
Other items
Total costs, including venue and staff

Total costs divided by number of paying guests (including venue hire, staffing and any other items not listed here but known, expected or planned): € (Costs per person)

Profit/Surplus required? € (Profit per person)

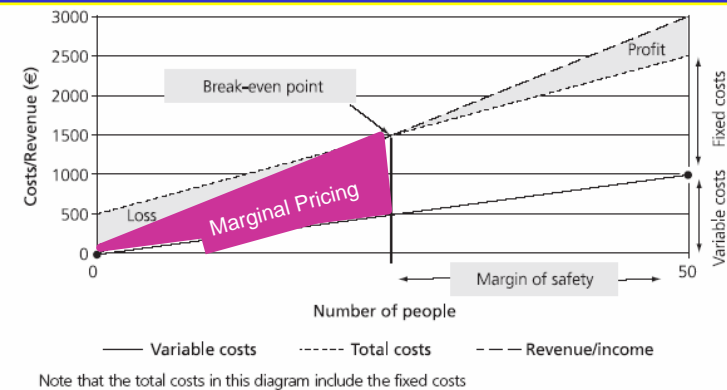
List any additional deposits or prepayments required:

.....

Does your list include VAT? (sales tax)

Figure 7.6

Break-even chart



Shone & Parry (2004)

The Politics of Budgeting

Woodhead (2000) subdivides the various decision makers into:

- decision approvers
- decision takers
- decision shapers
- decision influencers.

He notes that, if the end project is seen as 'capital expenditure', the emphasis will be on cost reduction. If the project is viewed as 'capital investment', the emphasis will be on optimising returns. We have already noted how this affects the divestment phase, but we must also recognise its effect on any feedback on the facility as being 'successful' or not.

A common scenario, to be guarded against, is where 'the main goal of the shapers during the pre-project stage is to win budgetary sanctioning from the decision approvers' (Woodhead 2000). Facilities planned under these conditions are constrained by unnecessary burdens. The remedy lies not in your planning skills but in influencing the perceptions of the decision makers; or trying to raise a more appropriate set of standards up the corporate agenda.

References

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- Kaplan, R.S., & Norton, D.P., 1996 “Using the Balanced Scorecard as a Strategic Management System”, Harvard Business Review, Jan-Feb, pp.75-86;
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