



UNIT-9

Starting and Running the Event Management Business

Learning Outcomes

By the end of this unit, the learner will be able to:

- ✓ Understand the need for a good business plan for a business.
- ✓ Understand the activities involved in running an event management business successfully.

Unit 9

Starting and Running the Business

Event management can be a lucrative business provided you go about it in the right way. So, how can you make your dream become a reality? Well, research is the key to the smooth start that you desire. You will need to research important aspects of running an Event Management business (i.e., researching taxation, rules and regulations, funding, advertising, day-to-day running of the business, etc.) to stand a chance of seizing the opportunities available in a niche market and to become successful.

However, if you are new to this business, it is advisable to start your career with an entry-level role in a reputable Event Management firm and learn the fundamentals of the trade from more experienced colleagues. The other advantage of such a move into an entry-level job is that you will be able to gather useful contacts and build networks to put you in a good position before starting your own business. Excellent organisation is required to ensure your start-up does not become shaky to the extent that your business faces the risk of failure. If you approach it in the right way, you may end up with a healthy profit as Event Management does not require substantial start-up capital.

Starting a Small Business

As already mentioned above, one of the wonderful things about Event Management is the fact that you do not need a huge amount of capital to begin. This is because the client and other supporting stakeholders will bear the cost of planning events, leaving you to inject only a relatively small amount of capital from your own resources. Moreover, you will receive assistance from other supporting businesses taking part in event activities; they will use their own resources/equipment, freeing you of the burden and cost involved in having to buy and store your own personal equipment. This means that you will be required to travel from one supporting business to the next, usually off-site, for regular discussions about what is expected of them.

Supporting businesses may include catering services, sound system providers, security services, and ticketing agencies, etc. Given that you will need only a limited amount of space to run your Event Management business, you may find it economical to start off from home and save on rent money. It is also often the case that your initial earnings will not be very steady and sufficient; therefore, running your business from home could save you some cash to invest in advertising to promote your company's image and reputation, rather than using the money to rent office space at an exorbitant price.

Ask your Landlord

If you do not have a large enough room at home to accommodate all of your office items, you might look further afield and ask your vendors, landlord or friends and family to assist you. As long as your business does not conflict with the vendor's business, they would be happy to accommodate you. You might ask caterers and florists etc. to show you their facilities. Landlords with extra space available may be happy to help you rent this space. You might also consider contacting family and friends who run their own businesses with a view to sharing their space and rent with them to reduce their rental expenses.

Starting a Large-scale Event Planning Business

This option exists for those who want to buy their own equipment and other resources instead of renting them. Large-scale Event Management often requires partnering with one or more investors. It also requires a business plan to be developed to guide the management process. During the development of your Event Management plan, you may have to establish how many events you will need to stage every month or every year to earn a decent profit for your efforts.

Both small- and large-scale Event Management businesses require a good business plan for success.

Writing a Business Plan

The main reasons for having a business plan include using it to secure capital investment, for evaluating progress, for monitoring expenses, and for creating strategies.

Steps Required for Creating a Business Plan

Step 1

You will need to create a cover page showing the name of the business, the address of the business premises, the telephone number, email address, and website address, etc.

Step 2

The next step is to provide a brief description of your business in, at most, 30 words. You should also include the company's mission statement, the objectives and goals, a short description of what the Event Management industry is all about, and something about the trends for previous years and the forecast for the future.

Step 3

State the type of business you will be running. Provide the legal business description for the type of business you will be running, be it sole proprietorship, partnership or corporation.

Step 4

What products and services would your business provide? Give brief descriptions of these.

Step 5

Here, you will need to do some research and analyses of the Event Management business and everything about the target market, the demand, competitors, etc.

Step 6

Create a marketing plan by providing in-depth information on the demographics of your target market and supporting your research findings with statistics and sources. You should also back up your strategies with evidence from publications. Go further and elaborate on the characteristics and benefits of your products to your market.

Step 7

Perform a SWOT analysis to determine the soundness of your business proposition. You will need to find out about your competitors and the type of products and services they offer. You should also provide evidence to show 'why' and 'how' the features and benefits of your business will be patronised.

Step 8

Advertisements are important for capturing your target market, retaining customers and acquiring new ones. State the type(s) of adverts you intend to use and the strategies you will adopt to retain customers, and provide estimates for the costs of advertisements and other promotional strategies.

Step 9

You will need to describe the operations you will be carrying out and the equipment you will be using. Also list the cost of each operation in relation to utility payments, lease payments, mortgage payments, rental payments, etc. Give a brief description of the location of the business and provide details of legal requirements such as permits, authorisations, environmental regulations, etc.

Step 10

Step 10 requires the creation of a list of all departments, the number of personnel and the roles and responsibilities of top management staff. Here, it is good practice to draw up a chart showing the personnel organisational structure for easy reference. The wages and benefit of each employee should be clearly stated, as well as any training requirements. Along with this information, add details about all vacancies and the salaries they command.

Step 11

The next set of information to include in the business plan is your business finance accounting details. Identify the accounting method to be used, be it cash or accrual, and provide information on credit terms, fees and payment methods (if using accrual).

Step 12

Provide financial statements for your business including balance sheet, income statement and cash flow statements. Also provide analyses of profit and loss and a 12-month forecast for profit and loss. You might also provide a long-term forecast if you think it is important.

Step 13

Finally, you will need to produce a table of contents and an appendix; the contents should accurately reflect the page numbering of each of the sections outlined above.

Partnering Up

When it is time to choose a business partner, a move which is highly recommended, the first step is to assess your capabilities in order to determine which areas are lacking. If you have the capital and some experience of Event Planning, you may choose a partner with links to lots of business contacts. However, if you have only the requisite Event Planning skills and insufficient capital, you should consider looking for a suitable partner with the capital to get the business underway.

It is important to choose the right person to work with. Think about people who share your passion or someone you have worked with in the past or someone with extensive experience in the Event Management business. You might also look forward to securing the services of people you trust and whom you know to have what it takes to succeed.

The Niche Market

You might start looking for your niche market immediately after finding an office space and registering your firm. For social events, you might consider looking for clients in your city or surrounding areas. For large corporate events, you would have to consider the nationwide market place.

The Portfolio

A portfolio is a snapshot of previous events you have planned and executed and a demonstration of your organisational ability to perform in your specialised fields to prospective clients. It comes in binder form and contains such information as:

- Pictures from previous events
- Positive letters of reference from previous clients
- Biography
- Thank-you notes or letters from clients, colleagues and vendors
- A list of recommended vendors and their collateral items

Website

Your website should contain most of the information presented in the portfolio and your contact details on which you can be reached to discuss further details such as fees, etc. Do not put information about fees on your website! The website might also double as a platform for advertising your services.

Importance of Networking for an Event Planner

What is Networking?

It involves establishing a diverse range of contacts with people such as caterers, decorators, clients, and all other personnel who are involved in different aspects of organising events, running them and clearing up afterwards. The more contacts you have, the higher your chances of winning more business because of your enlarged referral base. And the more popular your business is with your contacts, the higher your revenue potential. Having a large contact base for business opportunities gives you several options and wins you more business.

If you wish to pursue the corporate market niche, you might create more contacts by attending industry and chamber of commerce meetings whenever the opportunity presents itself. Also make time to attend community events in order to make new contacts who may need your services to manage events for them. You will need to work on building your reputation in your niche market because it is of the utmost importance, as clients will be more inclined to work with a reputable firm known for its high standards, integrity and trustworthiness.

Some Great Ways of Networking

Joining Local Business Associations

The main purpose of attending these networking meetings as an event planner is to win new clients, find new employees, connect with vendors and advertise your business in order to expand. To succeed, you will have to make a follow-up call after the first contact has been made.

Volunteering your Time for Fundraisers

Make your presence felt at charitable events by volunteering your services and take the opportunity to hone your networking skills. At this stage, you might also announce your business presence by passing your business card to participants at the events, but only if they request it. It is advisable to work in areas of the venue where you are likely to meet a lot of people. Working at the registration table is a good place to begin. To gain an opportunity to promote your business, you might also pass cocktails around while you introduce yourself to other guests, or distribute hors d'oeuvres, which will entail more conversations with the guests. You may decide to have a chat with guests close to the end of the event, asking them what they thought of the event and taking the opportunity to exchange pleasantries such as saying 'goodnight' to them as they leave. This will leave a lasting good impression.

Meeting with other Event Planners

You might also arrange to meet with other planners to network with them at an opportune time when they are not too busy, perhaps meeting to have lunch together. When meeting your fellow planners privately, you will need to reassure them of your intention merely to network and share resources with them to put them at ease. You might ask the following questions during meetings with other event planners:

- How long they have been in business
- The kind of people they network with
- How they go about organising their venues
- Their suggestions for the best resources for an event-planning career

The meeting should end on a good note and you should offer to direct any overflow business to them if they are interested.

Meeting with the Client

Consider re-establishing links with former clients and offer them promotional packages such as:

- Special offers of discounts for referring a friend to you
- Promotional offers of discounts on different aspects of the event, e.g. a reduction in the cost of decorations, etc.

Staying in Touch

Include all new contacts on your company's mailing list in order to send them information about events and promotions. The holiday period is an ideal time to send greeting cards and promotional offers. You may even attend the same event together with your contacts.

Trade Shows

Trade shows are events at which products and services are on display. They offer unique opportunities to meet Event Planners and vendors to share their expertise and ideas. Here is a chance to announce your business to the community and to become a familiar member of the Event Management community through interactions with vendors and planners. At these events you will have an opportunity to meet clients who may offer you a job or refer businesses to you, as well as introduce you to other vendors whose services you may want to patronise.

Finding Work Outside of Your Business

Some event planners, such as wedding planners and restaurant service planners etc., may have larger workloads during the holiday season and, hence, may require some assistance. This is a unique chance to offer your services and gain more experience. You will also make some extra cash and will be able to discreetly offer your services when it is appropriate to do so. You may want to introduce your own business to potential clients while assisting planners at other events.

Marketing

Marketing involves telling people about your services and persuading them to purchase what you have to offer. It involves securing new business and maintaining existing clients. Event planners require little knowledge of marketing but they need to be creative and innovative in their approach to getting noticed by the markets. Corporate event management planners may not require marketing skills as they are able to employ specialised marketing experts, but other event management companies may require event planners with marketing skills.

Letters of Reference

Letters of reference serve as evidence of your reputation as a quality event planner and highlight your previous positive experiences from the perspective of your clients. You may ask previous employers to include all the positive attributes and skills you exhibited while working on an event planning project. Alternatively, if your name was specifically mentioned in a 'thank you' letter when you worked as part of a team, you may present this to a potential client as a referral letter. Another option will be to ask previous clients to write a referral letter for you.

You might refer to the availability of your letters of commendation in brochures and on your website, or you could simply have one framed and displayed in your office.

Business Card and Collateral Materials

These include pamphlets, brochures and business cards, and they are offered free of charge to all customers. Other items such as pens, notebooks and calendars, etc., may also be given out freely as collateral materials. These items usually display the company's logo, the website address and the telephone number. The packaging design for your collateral items should look attractive for onward distribution to the markets.

One effective way of marketing your company is to arrange with your network vendors to distribute the collateral items on your behalf with the assurance that you will return the favour. They may need to keep your materials on hand to take advantage of any opportunity to distribute them. Potential networks include the following:

- Vendors and labour agencies
- Restaurants
- Hotels
- Other event planners

Wherever you go, make it your goal to talk about your business and have your card with you to offer a prospective client.

Advertising

If you are new to the event management business, your advertising budget may be limited, as some types of advertising can be very expensive. You will need to decide how much of your available finance can be allocated to advertising. Research the price structure for different advertising options and devise an effective advertising strategy to match your choice of media.

Radio

Consult with the radio sales representative to choose the ideal time to air your advert, depending on which market you wish to target. Ensure you obtain value for money with your chosen slot.

Magazines

Depending on the type of planning you undertake, it will be more appropriate to advertise in the kind of magazine specifically designed for your particular business niche. Hence, you should advertise in wedding, health, trade show or bridal magazines if you are a wedding planner, a health event planner or a bridal show planner respectively. With this approach, you will target a very specific readership for maximum exposure and impact.

Free Advertising Options

Receiving an award in recognition of an achievement may present a unique opportunity to advertise freely on media platforms such as TV, radio, magazines or newspapers. Some media companies may even dedicate a whole webpage to the winner. Such exposure and reporting on you winning the award can be a source of marketing drive to use as collateral material or to feature on your webpage.

Hosting an Event for Event Planners

This involves inviting planners to your office to socialise with them, to give them a tour of your facility and to share your services with them.

Collaborate with Vendors

Your best vendors might also be invited to socialise at an event that you have organised. This might also include your favourite team of workers, ranging from the florist to the photographer, etc.

Setting a Price Structure for Your Services

Several factors such as market segment, qualification, demand, exposure and your experience determine the fees you are most likely to charge your client. Places where demand for your services is exceptionally high may require higher fees. The more experience you accumulate in the business, the higher your price becomes.

i. Pricing by Hour

A client may agree to pay hourly regardless of the type of service you offer. The price range is usually £25 - £125 per hour.

ii. Pricing by Percentage

Negotiations are made to determine what percentage of the total budget will be paid to you as the charge for your services. The going rate falls between 20 and 30% of the budget as fees but may differ from client to client.

iii. Pricing by Fee or Services

This involves charging a combination of fixed fees for substantial work and hourly fees for other activities depending on the nature of the activity. This arrangement is common for large projects involving lots of activities.

iv. Pricing by Commissionable Rates of 'Add-Ons'

This involves receiving compensation for all services rendered by negotiating discounts with service providers.

How to Get Organised

Organising your workload is important to keep track of all activities happening in the course of the event's execution. Good planners tend to be well organised. When organising your business, you will need the following:

i. Filing Systems

You will need to decide on a method of organising your work based on your personal experience or by adopting and adapting ideas from other event planners. The method you choose will set the stage for your event management career.

ii. File Cabinet

This is required for storing folders of all paperwork. The folders must contain a name and a date for each event.

iii. Shadow Boxes or Cubicles

These are suitable for tracking all activities in progress. Activities occurring on a particular day could be placed in that day's cubicle. Hence, activities to undertake on Monday should be placed inside the Monday box, and so on. This can be done on a monthly basis for large offices, whereby activities that are due to occur are classified and placed in cubicles labelled with the name of the month. Folders for each cubicle may be labelled with the client's last name.

iv. Notes

You must take notes of important information during planning meetings or during phone conversations with clients. Details such as date, time, budget, expenditure, etc. must be written down for later reference. After the meeting or phone conversation, you should type or rewrite that notes clearly and fill in the gaps with any missing information.

v. Calendars

You should have at least two calendars which must be updated weekly. One should be kept in the office and the other taken with you wherever you go.

vi. Multiple Calendars

The use of an office calendar is critical for all organisations. It contains details of clients' appointments, event schedules, site visits, etc. Using a colour code for differentiating an event, appointment and vendor visits will make it easy to retrieve these details.

vii. Confirming dates with clients

Client appointment dates can be reconfirmed with the help of a calendar. You can ask the client about the day of the appointment and the actual date to confirm the information you have on your calendar.

Double-Checking Invoices

You will be responsible for ensuring that all paperwork relating to expenditure, i.e. invoices, original quotes and actual total cost, is accurate. Any mistakes should be referred to the vendors for prompt correction. Such mistakes are usually due to miscalculations or oversights. It is important to remember that you are the intermediary between clients and vendors. Ensure that vendors perform according to expectations and that clients pay them on time when the work specifications have been complied with. The client and his guests must also respect the vendors.

Dealing with the Client

Gaining Your Client's Trust

The client places enormous responsibility on whomever he chooses to plan his event. He expects the planner to be up to the task of organising and executing the event according to the terms and conditions and within budget; therefore, he needs certain assurances of your ability to deliver. To win the client's trust, you may need to take certain steps during the planning of the event. These steps are briefly described below:

i. Sign a Contract

When you sign a contract with a client, you are in effect telling him of your commitment to accomplish the work according to the terms and conditions stated in the contract. The contract becomes a legal document showing the services to be rendered and the fees to be paid for said services; it also serves as a guarantee that you will be paid. Usually, a percentage of the total fee will be paid to you in advance.

ii. Refer to Past Experience

Evidence of your ability to organise similar events may reassure your client that you are able to provide what he needs. You might highlight your past experience to win the client's confidence.

iii. Use Positive Language

Make every effort to use positive words to create a positive impression and show that you can do the job to a high standard. Key words to use include the following:

- “Certainly”
- “Of course”
- “On the same line of thinking”
- “I'd be happy to”
- “My pleasure”

iv. The Client Relationship

The client's personality will determine how you develop the right relationship with him. Some clients may require you to present yourself in formal attire while others find casual dress acceptable. How you relate to the client in terms of communication, attitude, telephone etiquette, etc., will go a long way to determining how your relationship will flourish. Some of these skills take time to develop but you must make the effort to adapt and improve on them.

v. Professionalism

It is important for event planners to demonstrate a professional attitude throughout their engagement with their clients. Here are some tips that could enhance your professional approach to doing business:

- Welcome your clients and ask them whether they would like some refreshments
- Limit personal conversation
- Make good eye contact with your clients
- Be eager to receive your clients
- Be calm during stressful situations
- Give your clients the best treatment that will really impress them

vi. Phone etiquette

Maintaining good phone etiquette is essential to enhancing good communication with your client. You may use any of the following phone etiquette as you work with your clients:

- Smile while you answer and always maintain a cheerful voice.
- Do not leave the phone to ring more than two times.
- You should only hold a second caller on the line for 30 seconds; otherwise, arrange to call them back or ask their permission before putting them on hold.

- All voice mail messages should be returned promptly. Send automated outgoing messages if you are going to be unavailable for a long period.
- It is recommended that you use the office phone rather than a mobile to make calls. Do not receive calls while driving: you will not be able to take important notes; besides, it is illegal!

vii. Manners

Your manners can have an immense influence on your relationship with the clients as you interact with them. You might use the following rules to enhance your manners:

- Use 'please' or 'thank you' when speaking to your clients.
- Only contact your clients between 9 am and 5 pm unless they direct you to do otherwise.
- Always maintain punctuality when you need to meet your clients

viii. Dealing with Difficult Clients

Dealing with difficult clients can put you under a lot of stress. Here is some advice on how to cope when dealing with difficult clients:

- Pay attention to what the clients have to say concerning any particular issues.
- Sympathise with the clients and initiate actions to resolve the issues and inform them of your intentions.
- Discuss with the clients their views on potential solutions to the problems. Taking this course of action will improve a strained relationship between you the clients.
- Using creative problem-solving skills to win over a difficult client can endear you to him/her and help develop a long-lasting relationship between you the client.
- Aim to go beyond the client's expectations.
- Use negative feedback given by the client about a past event to find ways of improving on your services during future events to avoid such negative experiences.

ix. Staying in Contact with Clients

Use newsletters or emails to keep your former clients informed about the latest information on forthcoming events. Newsletters sent in advance may double as a marketing tool.

x. Initial Meeting with Client and Proposal

Your initial meeting with a client will be your best opportunity to discuss the various aspects of the event he wants to organise.

xi. Preparation

Preparation is the key to making a good first impression during your first meeting with your client. You should have a good insight into your client's needs. Go into the meeting with a professional appearance: sharp-looking, well dressed and highly organised. This gives the client confidence that you can be trusted with the responsibility of organising the event. If your home office looks highly professional, use it as the venue for your first meeting. Otherwise, you might arrange to hold the meeting at the client's home, which should provide a more relaxed atmosphere for the client. The purpose of this meeting will be to discuss further details of the event with the client to gain a full understanding of his needs. You will also need to take with you items such as a pen, notepad, work portfolio, leaflets and brochures from potential suppliers, calculator, list of likely locations and venues, and any other relevant item that may be useful to you. Remember to switch off your mobile phone to avoid any interruptions before beginning your meeting.

xii. Meeting with the Client

Prior to meeting your client for the first time, ensure that you prepare all the questions to which you need answers. You will need sufficient and relevant details to help you plan the event. You may ask the client why he wishes to host the event, who will attend, the ideal date for the event, the location for the event and how he/she would like the event to proceed. There are 5 'W' questions to which you will need answers:

- Why?
- Who?
- When?
- Where?
- What?

Your expertise will be required to help the client prepare a budget for the event. You may take a draft of a contract and the event sheet proposal to this meeting.

xiii. The Proposal

The proposal lists the cost of each activity associated with the event. It includes the cost of services and products that will have to be purchased before the event proceeds. In other words, it is the estimate invoice for the event. This invoice is prepared by contacting vendors to request quotes and prices for specific items and by adding the cost of the services of some key personnel to the list. The file containing the pricelist has to be updated regularly to reflect all changes. Apart from price quotations, the proposal should provide details on the venue, the type of entertainment, the speakers to invite, catering and the theme for the event. Do not divulge a large proportion of your planning ideas until after you have signed a contract with the client; otherwise, your ideas may find their way to your rivals.

xiv. Dealing with Vendors

When dealing with vendors, you must make the effort to develop sound relationships with them. This might be achieved by showing appreciation to them for services rendered. The choice of a particular vendor should be dependent on receipt of a full report on the company to determine how reputable they are. Vendors you may need when you embark on a career in Event Management include:

- Florists
- Caterers
- Pastry experts
- Purveyors
- Labour agencies dealing with contractors, carpenters and painters, etc.
- Photographers
- Stage designers
- Graphic designers
- Printing establishments

Showing appreciation will go a long way to building strong relationships with vendors. Other ways to create goodwill between you and the vendors include:

- Offering refreshment to delivery drivers when they come to deliver packages
- Inviting vendors to undertake voluntary activities with your staff
- Enjoying meals together and socialising
- Inviting vendors to your company's parties

Dealing with Staff

Having a dedicated group of professionals as your staff is a good asset for achieving success in your field of endeavour. You will need to nurture your staff by providing them with the right working atmosphere and a good salary to motivate them. However, if your reputation is that of an excellent employer, you may be able to attract good staff on relatively low salaries. Some tips to help you create a dedicated staff include:

- Avoiding negative speech about other stakeholders
- Providing adequate remuneration
- Providing staff meals
- Organising events to celebrate birthdays and other important milestones
- Organising staff trips to interesting places
- Organising charity events where your staff can volunteer their services and build relationships
- Organising conferences

Ethics

Certain rules guide the behaviour of people in society or an organisation. You should be prepared to deal with issues that test your ethics as you perform your role as an event planner. You must also know what to do when confronted with the following issues:

i. **Accepting Gifts**

Sources of gifts include clients, your employer, and other event planners

ii. **When is Appropriate**

A client saying 'thank you,' an employee giving you a birthday gift, and being treated to dinner by another event planner are all acceptable gifts. Receiving a favour bag at the end of an event is also acceptable.

iii. **When to Forgo Gifts**

All gifts that breach contract agreements and erode a company's integrity or those that are given to invite a return of favour by providing the giver with more business opportunities should be considered unethical or unacceptable.

Conflict Resolution

It will be in your interest to develop conflict resolution skills to resolve arguments. Keeping calm under pressure and during extreme provocation and dealing with issues in a mature and fair manner will endear you to the dissatisfied person.

Conflict with Clients

Be ready to solve all issues with your client quickly to allow your good relationship to continue to flourish. Pay attention and listen to your client's complaints and do not hesitate to send a gift card to apologise for any misunderstanding and asking him/her to kindly accept your apology.

Conflicts between Clients and Vendors

Complaints from clients about vendors should be managed professionally and diligently and a solution found immediately, before commencing the event, provided time is available to resolve the problem. However, if the issue is a major one requiring substantial time and resources, such as when the client's property is damaged, you may negotiate with the client to wait until after the event to find a solution. Even though you expect the vendor to be insured to cover the damages, you should sympathise with the client all the same and encourage the vendor to send a note apologising for the mishap.

Conflict between Staff Members

When dealing with conflicts involving staff, try to remain neutral and quickly find a lasting solution to the problem. Bad language or violence from the staff should result in termination of employment. Serious cases must involve the intervention of the police.

Legal Matters

Understanding of legal matters will be required to deal with contracts and permits issues. This will also prepare you well in advance to deal with serious issues when the need arises.

Permits

Many events require applications for permits from authorised organisations such as Local Councils for a nominal fee.

Types of Permits

The types of permits you may be required to secure for an event include the following:

- A parking permit
- A permit for outdoor spaces
- A sound permit

- A permit for security
- A permit to hang a banner
- A sanitation permit (for portable restrooms)

Contracts

A contract is a signed agreement between two parties for a service to be provided for a fee. It is legally binding and specifies all the terms and conditions applicable to the persons who signed the agreement. Planners who have just started their own company may find useful information on the Internet on how to create a contract. You may also find some standard contract templates freely available on the Internet. All contracts, whichever form they may take, should carry some basic information.

Basic Contract Language

Basic information relating to the event must be provided in the contract. This includes:

- Event date
- Time of event
- Location of event
- The cost of services including room charges
- The cancellation policies
- Charges surrounding a cancellation or a no-show
- Guest count and final count due date
- Billing information
- Server charges, whether by the hour or in gratuities
- Valet arrangements
- Weather cancellations and acts of nature
- Other important details

Cancellations

Create terms and penalties for cancellations. These should include conditions and their accompanying penalties. Early cancellation (a week or two) after signing the contract may not warrant any penalty. Generally, cancelling one month before the event may attract a penalty of forfeiting all the deposit, while cancellation a week before the event may require the loss of the entire deposit and a payment of a certain percentage (about 25%) of the total cost of the event. Clients who have been planning an event for a year or more may incur more stringent and higher cancellation penalties.

Breaking a Contract

You or the client may face certain circumstances that cause you to break the contract. In the case of the client, this may be due to loss of income, relocation of business or non-payment of deposit. The event planner, on the other hand, may end up breaking the contract if he/she takes excess bookings or is faced with an energy problem. The best solution is to arrange for another planner to take on the event on your behalf and thrash out the financial arrangements with them at a later date. If you are unable to honour your contract due to unforeseen circumstances, you may return the deposit and refer the client to an equally capable firm to help him out.

Insurance

Insurance should usually be taken as protection cover in the event of an accident. It should cover life and property.

Special Event Liability Insurance

Commercial licence plates are suitable for planners who intend to work in city centres, to enable them to park in specially designated areas. In addition, commercial insurance will cover a wider range of liabilities including events. Clients should be advised by planners to obtain event insurance to cover all eventualities.

Client Event Insurance

Client event insurance is relatively cheap but offers cover for a wide range of liabilities including cover for clients' deposits with vendors. Costs of cancellation or postponement are also covered in addition to damages to property.

Certificate of Insurance

This document shows the insurance coverage. Although venues have their own insurance cover, they may require clients to purchase supplementary coverage against injuries.

Proof of Liability

Clients are required by venue management to present proof of liability insurance for large events.

Getting Paid

Sometimes, retrieving fees to which you are legally entitled from the client can be a challenge. In such cases you will need to take the following steps to recover your money:

i. **Enforcing a Contract**

The process for retrieving unpaid fees may start with you sending the client an invoice. If you receive no response after a week, you may contact him by phone and then by email if you do not hear anything from him. The content of this email should include information on previous attempts to contact the client and the dates. If you still don't receive a reply, send a second invoice and a letter identifying your concern and make sure the letter is sent by recorded delivery. If you do not receive any response after this action, consider taking legal action against the client. You may file a joint legal action if neither you nor your vendors have been paid.

ii. **Credit Card Deposits**

The client may sometimes be required to sign an authorisation form which is linked to a cancellation policy for the cancellation fee to be charged to his credit card; the credit card number is provided by the client. A back-and-forth battle ensues whereby the client may request a refund of the charge while the bank investigates. The bank may contact you for more details during the investigation. At this stage, you will need to send the bank a copy of the contract and the authorisation form for the charges to be repaid to you.

iii. **Returned Cheques**

A client may have insufficient funds in his account and still proceed to issue you with a cheque. In this case, the cheque will be returned to you. If this is due to an error, a call to your client should resolve the issue and the cheque will be accepted for processing. However, if your client is unable to respond to the issues of the cheque, you should follow the procedure outlined previously in getting your client to pay your invoice where you enforced a contract. You might contact the client's bank manager with a copy of the contract and the returned cheque. The same procedure for enforcing a contract may be used if the client stops payment on your cheque but, again, try contacting the client's bank manager before proceeding with legal action. Contacting the bank manager sometimes yields positive results.

Further Reading:

- ✓ *Start-up: A Practical Guide to Starting and Running a New Business*
by Tom Harris 2006
- ✓ *Starting and Running a Business All-in-One for Dummies*
edited by Colin Barrow 2011