

Fairer fees for event management services

Francis Child



What must you consider when assessing the fees charged by potential event managers? Francis Child offers some tips to ensure that your organisation is paying a fair and transparent fee for the work done.

Event management companies - also called Professional Conference Organisers - provide a vital outsourced service to associations and charities. Their expertise allows not-for-profit organisations to delegate the operational success of their events to relevant professionals. However, there are factors in the bidding and quoting process that must be considered.

Avoid hidden Commissions

Some event managers have been compelled to find alternative income streams from their client activities as a result of reduced profit margins. When interviewing a prospective event manager, make sure they identify – and confirm in writing – all of the income streams they will earn as a result of doing business on your behalf. This could include commissions, rebates and mark-ups earned as a result of contracting third party suppliers.

If that company is a member of Meetings and Events Australia (MEA) they will have agreed to “declare any commissions, remuneration or additional benefit received from a third party that directly arises out of work performed for the client” under the Code of Ethics. This is happening in parts of the event management industry, and it costs you - the client – money.

See the contract in advance

Make sure you see a copy of the organiser’s draft contract based upon your event and tender requirements at the selection stage. Contract terms may not have been fully disclosed in tender proposals.

By verbally selecting the organiser before seeing a contract, you are tied to them and your negotiation powers are severely weakened.

Be realistic when comparing rates

While there are no clear guidelines as to what constitutes a ‘fair fee’ as all events differ in structure and requirements, try to estimate what a fair fee with a fair profit margin should be. By asking the potential event manager to estimate how much time they will spend on the event, you can assess what a fair market price should be. Any significant quote below this estimate should encourage closer scrutiny and caution.

Be aware of inflation from ‘fair market value’

Some event organisers will ask you to sign off on a budget- based contract at the commencement of the event. Once this is done, the organiser is then given the right to control expenses within this budget. If the expenses have been inflated from “fair market value” within this budget. you will be paying. If you do not know what fair market values are, you are opening yourself to paying inflated costs for third party services.

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Get all supporting invoice documentation

Clients may find that organisers invoice all event expenses (including third party supplier costs) to the client on one invoice without supporting documentation. You should request an invoice from the supplier to support all expenses. In that way you will be able to clearly identify any mark-ups.

Beware 'other costs'

Some event managers may try to recover lost income through 'other costs' such as:

- > a five percent processing fee for the credit card transactions – the typical charge is in the region of one per cent;
- > lodging the quarterly Business Activity Statement (BAS) return;
- > an inflated monthly email charge or rate for bulk emails.

Potential clients of event management companies need to ensure they take the time to understand the true cost of service and are prepared to pay accordingly. Clients should not become fixated on the quoted up-front fee proposed by event managers, rather than focusing on the quality of the offering and the transparent cost of the service.

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