



SITE SOLUTIONS WORLDWIDE

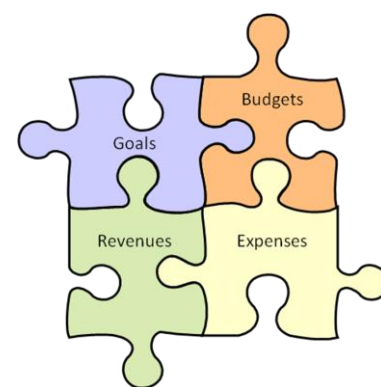
Professional Meeting Planning Services

www.sitesolutionsworldwide.com ❖ 518.399.7181

So You've Been Asked to Develop an Event Budget Proposal

How Do You Put all the Pieces Together?

At some point in time your manager or supervisor is going to come to you and say, “the conference planning committee is meeting next week and we need a budget proposal for the annual meeting”. If you have never put a budget together, this can seem like a daunting task. However, a main point to consider is that your event budget proposal is typically a “working document” which means that you are being asked to provide reasonable and achievable financial goals for the upcoming event.



In determining goals there are some basic things to consider:

- What's the organization's overall financial goal for this event?
- Is it an annual fundraiser or is it strictly focused on education and training and therefore it's a “break-even” event?
- If you need to make money on this event, you need to determine what the total profit needs to be – is it \$10,000 or \$100,000?
- Can the event be budgeted with a projected loss – if so, how much is acceptable?

Once you know these basic numbers you can begin to calculate how much total revenue you will need to achieve, against the total cost for producing this event.

There are also a number of different models for budgeting. A few examples of the models include:

- **Incremental Budget** – for this model the prior year will serve as the base for the next year with an incremental increase for inflation;
- **Zero Based Budget** – all items in the budget must be justified (typically used for a new event or if you have no past history for an event);
- **Redistribution Model**– which allows for a general increase in operational costs but allows administrators to move money between all line items;
- or,
- **Cost or Responsibility Centered Management** – each department is responsible to generate revenue to cover expenses.



Depending on how your organization is managed, your budget will need to be designed to fit the preferred model.

Let's Set the Stage

For the purposes of this paper and both of the event budget examples (1 & 2 at the end of the paper) the event for our sample organization will be an annual conference planned for 250 attendees and 30 exhibit booths. The total profit needs to meet or exceed \$30,000. The total revenue budgeted is \$102,000 and total expenses budgeted are \$71,650 therefore the organization is anticipating a profit of \$30,350 for this annual event.

What are your budget categories?

Revenues *(All money and sources of funding coming in):*

- 1. Registrations
- 2. Sponsorships
- 3. Exhibit Booths

Expenses *(All money going out):*

- | | | |
|-----------------------|-----------------------|-------------------------|
| 1. Conference Planner | 7. Audio Visual | 12. Miscellaneous |
| 2. Program speakers | 8. Travel | 13. Returned Check Fees |
| 3. Exhibits | 9. Planning Committee | 14. Database/Web |
| 4. Meals | Expenses | Management Fee |
| 5. Printing | 10. Promotional Items | |
| 6. Postage | 11. Meeting Rooms | |

You may also find it helpful to organize your expenses into categories based on the type of expense.

For example:

- **Fixed Costs** – these are expenses that not directly related to the number of attendees – i.e. audiovisual costs, speaker fees, contractual obligations
- **Variable Costs** – these are items that will vary based on the total number of attendees – i.e. meals, promotional items, etc.

How do you Project the Numbers?

REVENUE		
Account	Description	Budgeted Amount
1-1000	Annual Meeting Income	
1-1010	Registrations (250ppl x \$240 avg. reg. fee)	\$ 60,000.00
1-1020	Sponsorship	\$ 15,000.00
1-1030	Exhibits (30 booths x\$900)	\$ 27,000.00
Total 1-1000 - Annual Conference Income		\$ 102,000.00
EXPENSES		
Account	Description	Budgeted Amount
2-2000	Annual Meeting	
2-2010	Conference Planner	\$ 15,000.00
2-2020	Program speakers	\$ 8,000.00
2-2030	Exhibits	\$ 3,000.00
2-2040	Meals	\$ 25,000.00
2-2050	Printing	\$ 3,000.00
2-2060	Postage	\$ 2,000.00
2-2070	Audio Visual	\$ 8,000.00
2-2080	Travel	\$ 3,000.00
2-2090	Planning Committee Expenses	\$ 300.00
2-2100	Promotional Items	\$ 2,000.00
2-2110	Meeting Rooms	\$ 1,000.00
2-2120	Miscellaneous	\$ 200.00
2-2130	Returned Check Fees	\$ 150.00
2-2140	Database/Web Management Fee	\$ 1,000.00
Total 2-2000 Annual Conference Expenses		\$ 71,650.00
PROJECTED TOTALS		\$ 30,350.00

Each of these categories will become a line item on your budget. Revenues and expenses should be grouped together in a way that makes sense for your specific event and that shows ALL potential revenues and expenses. Try to avoid “miscellaneous” as a category (or keep it to a small amount) often times this category becomes a catch all line and will most likely require additional back up detail to justify the expenses. Each event item should be

given a specific title or category to make tracking and reporting simpler. Typically these line items are also assigned a number that will correspond to your larger organizational budget’s accounting lines.

The most effective way to project your numbers is to look at the numbers from previous years. This could be as simple as taking last year’s revenues and expenses and project them forward to the current year – with allowances for inflation. If the last year was an atypical year, you may need to go back more than one year to identify the revenue and expense trends for your event. If you go back to past years you will want to look at the actual numbers (not what your projections were) to help identify any abnormal highs or lows. You don’t want to project revenues, or attendance levels, based on the highest year, nor do you want to project expenses for the lowest year. You also want to identify any factors that contributed to those highs (*i.e. meeting location, expanded registration with another organization, anniversary year, additional special event, or particular draw for the type of programming*) or lows (*weather event, location, attrition charges for not meeting your numbers, travel*

budget cuts, etc.) to see if what caused those abnormalities. These numbers will become your projected budgeted amounts for each line. In some cases, if you are also comparing against the previous year, you may want to add a column (or columns) before your “Budgeted Amount” to show the actual expenses in each line from the previous year(s).

Keeping Your Budget on Track

Once your budget numbers are approved the process doesn’t end. This budget is your working document to track your figures on. You may need to add a spreadsheet for each line item to track the individual amounts in each line or whatever other procedural steps your finance department or accountant(s) require. Budgets will require regular review and tracking of information to identify progress against your schedule:

- Are you on track – in what areas?
- Are you behind - in what areas?
- Are you ahead in what areas?
- Were there any unexpected delays or issues in an area – how will they impact your budget



You need to understand the numbers in the budget and be able to explain where the numbers came from (you should have back up for every item – i.e. contracts, copies of receipts, etc.). Additionally, you need to be able to further explain why a number is on track, behind or ahead. If you are ahead great! But if you are behind, you need to have contingency plans to address unforeseen issues.

Let’s take a look at the examples on the next page:

Example 1 – Event Budget ON Track

REVENUE			
Account	Description	Budgeted Amount	Amount (YTD)
1-1000	Annual Meeting Income		
1-1010	Registrations (250ppl x \$240 avg. reg. fee)	\$ 60,000.00	\$ 54,000.00
1-1020	Sponsorship	\$ 15,000.00	\$ 20,000.00
1-1030	Exhibits (30 booths x \$900)	\$ 27,000.00	\$ 25,200.00
Total 1-1000 - Annual Conference Income		\$ 102,000.00	\$ 99,200.00
EXPENSES			
Account	Description	Budgeted Amount	Amount (YTD)
2-2000	Annual Meeting		
2-2010	Conference Planner	\$ 15,000.00	\$ 15,000.00
2-2020	Program speakers	\$ 8,000.00	\$ 4,000.00
2-2030	Exhibits	\$ 3,000.00	\$ 3,210.00
2-2040	Meals	\$ 25,000.00	\$ 24,000.00
2-2050	Printing	\$ 3,000.00	\$ 2,950.00
2-2060	Postage	\$ 2,000.00	\$ 2,000.00
2-2070	Audio Visual	\$ 8,000.00	\$ 7,500.00
2-2080	Travel	\$ 3,000.00	\$ 2,250.00
2-2090	Planning Committee Expenses	\$ 300.00	\$ 250.00
2-2100	Promotional Items	\$ 2,000.00	\$ 2,000.00
2-2110	Meeting Rooms	\$ 1,000.00	\$ -
2-2120	Miscellaneous	\$ 200.00	\$ 50.00
2-2130	Returned Check Fees	\$ 150.00	\$ 20.00
2-2140	Database/Web Management Fee	\$ 1,000.00	\$ 1,000.00
Total 2-2000 Annual Conference Expenses		\$ 71,650.00	\$ 64,230.00
PROJECTED TOTALS		\$ 30,350.00	\$ 34,970.00

Example 1 – Quick Review and items to note:

Revenue

- Registrations are behind the projection – WHY?
- Sponsorship is ahead of the projection
- Exhibits are behind the projection – WHY?
- Totals are behind the projections – WHY? – Is there still time to do something about it – make some calls to prospects, etc?

Expenses

- Meeting planner – on track
- Program speakers – ahead
- Exhibits – over – WHY?
- Meals – on track (under)
- Printing – on track
- Postage – on track
- AV – on track (under)
- Travel – on track (under)
- Planning Committee – on track (under)
- Promotional Items – on track
- Meeting rooms – on track (under)
- Miscellaneous – on track (under)
- Returned check fee – on track (under)
- Database/Web Management fee – on track

Totals

- On track to projected revenue of \$30,000 +; follow up on revenue – take actions to meet rev. goals

Example 2 – Event Budget OFF Track

REVENUE			
Account	Description	Budgeted Amount	Amount (YTD)
1-1000	Annual Meeting Income		
1-1010	Registrations (250ppl x \$240 avg. reg. fee)	\$ 60,000.00	\$ 48,000.00
1-1020	Sponsorship	\$ 15,000.00	\$ 10,000.00
1-1030	Exhibits (30 booths x \$900)	\$ 27,000.00	\$ 18,000.00
Total 1-1000 - Annual Conference Income		\$ 102,000.00	\$ 76,000.00
EXPENSES			
Account	Description	Budgeted Amount	Amount (YTD)
2-2000	Annual Meeting		
2-2010	Conference Planner	\$ 15,000.00	\$ 15,000.00
2-2020	Program speakers	\$ 8,000.00	\$ 12,000.00
2-2030	Exhibits	\$ 3,000.00	\$ 5,000.00
2-2040	Meals	\$ 25,000.00	\$ 35,000.00
2-2050	Printing	\$ 3,000.00	\$ 5,000.00
2-2060	Postage	\$ 2,000.00	\$ 3,000.00
2-2070	Audio Visual	\$ 8,000.00	\$ 7,500.00
2-2080	Travel	\$ 3,000.00	\$ 2,000.00
2-2090	Planning Committee Expenses	\$ 300.00	\$ 250.00
2-2100	Promotional Items	\$ 2,000.00	\$ 2,000.00
2-2110	Meeting Rooms	\$ 1,000.00	\$ 1,000.00
2-2120	Miscellaneous	\$ 200.00	\$ 850.00
2-2130	Returned Check Fees	\$ 150.00	\$ 20.00
2-2140	Database/Web Management Fee	\$ 1,000.00	\$ 1,500.00
Total 2-2000 Annual Conference Expenses		\$ 71,650.00	\$ 90,120.00
PROJECTED TOTALS		\$ 30,350.00	\$ (14,120.00)

Example 2 – Quick Review and items to note:

Revenue

- Registrations are behind the projection – WHY?
- Sponsorships are behind the projection – WHY?
- Exhibits are behind the projection – WHY?
- Totals are behind the projections – WHY? – Is there still time to do something about it – make some calls to prospects, etc?

Expenses

- Meeting planner – on track
- Program speakers – over budget – WHY?
- Exhibits – over – WHY?
- Meals – over budget – WHY?
- Printing – over budget – WHY?
- Postage – over budget – WHY?
- AV – on track (under)
- Travel – on track (under)
- Planning Committee – on track (under)
- Promotional Items – on track
- Meeting rooms – on track (under)
- Miscellaneous – over budget – WHY? – What are the expenses for?
- Returned check fee – on track (under)
- Database/Web Management fee – over – WHY?

Totals

- Program is way over budget and revenues are far below the projections – take **immediate** actions to raise revenues to meet or exceed goals in order to meet profit margin.

Contingency Planning

In the planning process you need to identify any possible events or issues that could impact your bottom line and your project. You also need to identify what triggers a part of your contingency plan. Someone should be monitoring your budget and, if any of the triggers are hit, implementing the contingency measures to address the issues. A point person should be identified – this is the person who is responsible to take action and know what action should be taken. Responses should be developed (ahead of time) for these events. In developing your response you want to assume that the event will happen and you need to map out how you will address the situation(s) to take advantage of any opportunities and minimize your liabilities.

For example, if you look at Example #2 the budget that is OFF Track. In your contingency planning you will have mapped out steps to address shortfalls in revenues - registrations, sponsorship and exhibitors. These may include:

- Email regular updates to prospects; redouble marketing efforts
- Follow up phone calls to ALL prospects
- Outreach to additional contacts if your prospects aren't registering – secure mailing lists from other organizations and cross-promote your event

You will also have identified when these steps are triggered. For example – if you are 1 month from your registration deadlines and you are only at, or below, 50% of your goal this triggers the actions above. It is important to set timetables to a contingency plan to allow enough time to address an issue. For example if your trigger date is the same date as your registration deadline you may not have enough time to address your shortfalls before the event.