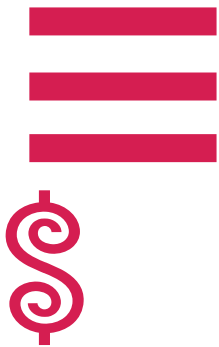


An Event Planners Guide to:

CHARGING FOR YOUR \$SERVICES\$



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About the Author



Some people are born to follow a specific career path, and some people are born to forge their own path. Those people are called entrepreneurs. Tracy Fuller became an entrepreneur 27 years ago when she started her first company, Happy Occasions, in response to a personal tragedy. Nearly three decades later, she leads the team at InnovativEvents, providing event decor, backstage management, and overall coordination and management of all production aspects. She has produced dozens of corporate events – sometimes for an intimate group of corporate board members, other times for crowds as large as 3,000. There are definitely some nice benefits; she has worked with Elton John, Bon Jovi, and Keith Urban and companies like Google, Oracle and Allstate Insurance.



Charging for Your Services

Probably the toughest decision you have to make as an Event Hero is HOW and WHAT to charge for your services. There are so many variables to consider and so many different ways to charge it will make your head spin!



So hang on to that golden lasso as we plunder through the different WAYS to charge, discuss HOW to charge, things you should be aware of and how to talk to your client about fees for your services.

Here we go!

Following are 5 basic ways to charge for your event super powers so that you will be armed with ideas on how to best manage your pricing.



IN THIS GUIDE:

-  Flat Project Fees
-  Percentage Fees
-  Hourly Rate
-  Expenses + Hourly Rate
-  Commission



Flat Project Fee

A **flat fee** price is used in packaged event services. For example, for this sort of fee structure you will be responsible for taking all of the vendor services, catering, transportation, linens and décor, adding them together and then adding your estimated time in there to come up with a flat fee for that event.

This sort of pricing is best used on packaged events and events where you have some control over the pricing. If the pricing might change, or the client may change their mind, consider one of the other pricing options.

You will be fully responsible for bringing the event in on or under budget. You will need to pay all of your vendors, sign contracts, negotiate with the vendors and make sure you have accounted for all variables before giving your client a cost. If you go over budget, it will come out of your profits or out of your pocket; so make sure you have every element needed for the event. For this pricing practice, consider adding in a contingency fee of up to 10% to cover any undiscovered or last minute fees.

Above all, make sure you add in your fees to manage the event. You should have a breakdown of each service and your cost vs. your charge to the client in some sort of pricing software (Excel) to make sure you have every item accounted for. This will also help when discussing with your client if you are asked for a budget breakdown.

Benefits of Charging a Flat Fee:

- You know what you have to work with reliable income
- You're responsible for budgeting
- If you negotiate well or find ways of savings, you keep more in your pocket
- No surprises for the client

Downfalls of Charging a Flat Fee:

- Your client might ask you to provide more services after the contract is signed
- You may spend more time than you expected and there isn't a way to be reimbursed
- You might forget something on the estimate/contract and have to absorb the extra expenses



Percentage of Expense

On average, most event planners with some experience can **charge a percentage of 15-30%** of overall cost of the event. This can end up being enough to cover all of your planning time, vendor negotiations and profit.

If you are running a large program and handling all of the details of catering, transportation, entertainment, décor, trade show, registration, etc. the fees of the percentage will begin to add up and can cover your time and profit nicely. However, if the event services you have been asked to handle are fairly small, say transportation and entertainment, this might not be the best deal for your pocket book.

Imagine if you are asked to handle a company picnic for 100 people, the event itself with catering transportation, entertainment, tents, tables, chairs, security etc. adds up to about \$10,000. If you were to charge 25% of that, your net profit would be \$2500.00 and your client would be billed \$12,500. You have to determine if this is enough of a profit to cover your time and effort for the event.

Benefits of Percentage of Expenses Pricing:

- It guarantees that you make money on each service offered
- Large programs and events yield large profits vs. hourly rates
- Having control of the entire event is the goal and most rewarding

Downfalls of Percentage of Expenses Pricing:

- Event isn't large enough to cover your hourly rate
- Better negotiating = less money in your pocket
- You're responsible for signing all the contracts



Hourly Rate Pricing

This is a practice that you might employ with a company that wants to control expenses. It will require good and accurate time and expense tracking sheets.

Your client will probably look for you to deliver an hourly projection for the amount of time you estimate you will spend per month or on the project and expect you to come fairly close to an accurate amount. This will allow both you and the client a bit of flexibility within a long range project to make adjustments to the time spent.

In this model, always make sure to communicate clearly and carefully with well-defined parameters around expectations so both parties have a clear understanding of services provided.

When you are negotiating an hourly rate, you need to determine IF you will be marking up your expenses, (i.e. hotel rooms, car rentals, etc.) or if these expenses will be passed through expenses. If you are marking them up, communicate clearly with your client as to the percentage for the markup. In this day of corporate transparency, you will need to be clear when writing the agreement as to how this will be handled.

Billing for long range projects will require an agreement on when and how you will be billing for your time. This can be done in a project management type of form and a detailed statement of work agreement. Be clear when including the mark ups for expenses and if there is a different hourly rate for on-site services or over time. Getting all the details laid out in the beginning will save time and trouble in the end.

Benefits of Hourly Rate Pricing:

- Control over the number of hours you spend on the event
- Guaranteed payment for time put in
- Well laid out expectations
- Client has a good understanding of the amount they are spending

Downfalls of Hourly Rate Pricing:

- No opportunity for overage (in your pocket)
- Tracking is a must; making sure you show the value for the time
- Client can limit time and still expect an event to happen



Percentage of Expenses + Hourly Rate

This is my favorite way to charge for my services. I actually have a management fee and then charge a percentage on services I manage/ provide. This guarantees that I get paid something for the hours I put in managing an event and that I am making money for the connections I have built over the years.

My management fee might be much more than what I would charge for an hourly rate, especially on repeat events that I've managed over the years; or much less if it is a new event and I run across unexpected snags that require more time. Either way, this allows me to understand what I am getting paid for the event right up front. I might waive this fee if the percentage is well above what my hourly intake would be, but that is my choice and I determine this on my client's needs and what is best for all parties involved.

This combination works great especially for smaller events where you're only managing one or two vendors or services. This covers your value as a trusted source, creative source, and for the connections you have worked hard to build to bring a better value to your client.

Benefits of Percentage & Hourly Pricing:

- You get paid for the percentage and the time you spend above the percentage for smaller events
- Protects you against clients wanting you to handle really small events with no compensation
- Sets your value as a trusted event hero

Downfalls of Percentage & Hourly Pricing:

- You might have to explain your management fees
- Clients might look for someone that works on another one of the formats



Commissionable Rates

Commissionable rates means collecting a fee from the venue, a vendor, or hotel for booking a group into their space. The commissions are usually paid by the vendor, hotel or venue to the planner. Most DMCs (destination management companies) build relationships with venues, restaurants, hotels, etc. knowing that the vendor will pay them to bring in groups. They are acting as a sort of sales arm for these vendors.

For your client, this can work well and appear that you are not charging them for your services. However, you will want to make sure you have an agreement in place that will cover you. For example, the hotel may not pay the agreed upon commission if your client didn't use the expected number of rooms or F & B minimums. You will want to make sure there is a clause in your contract that the client will pay you a management fee if they do not meet the requirements from the hotel as outlined in the hotel contract to ensure you receive payment for your time and effort.

If you decide to work on commission, it is typically frowned upon to also bill your client for those services. This is known as double dipping and can cause a lack of trust on your clients' part towards you. Again, being as transparent about how you will bill and from where your fees will come will help you build client loyalty and you will have clients for life. Some planners will negotiate a non-commissionable pricing for their clients. This way the client knows you are not double dipping.

Benefits of Commission Pricing:

- Vendors, venues and hotels pay you a commission. Your fees to clients are free.
- You can better control your income; you will have a good idea of what you receive for each event brought in.
- Some vendors, venues and hotels have loyalty rewards and clubs. If you use one chain enough this will allow you to benefit and you might want to pass benefits on to your clients.

Downfalls of Commission Pricing:

- Some clients are uncomfortable with this arrangement
- You want to make sure you aren't double dipping
- Might appear you are more loyal to one venue, vendor or hotel over client's needs



Final Note

Finally, the pricing you set will depend on varying elements such as location, what you are offering the client, how seasoned you are as a planner and what the market will bear. For these reasons no one can offer you a set price or percentage that you should offer your clients. You will probably find yourself using all of these pricing methods to please all of your different client groups, personalities, and company policies. You might check with your attorney if you have questions; some of your clients will have a particular method that they will request you work within. Pricing methods are something you want to make sure you have figured out before you start your relationship moving toward the event.

My method tends to lean toward a combination of management fees and percentage of services. All of my clients are aware of my methods. I use a pretty extensive contract that lays out how I will be paid, what dates I need to have checks in my hand and what the exit strategy is, which is all signed and dated before we begin working together. This takes place shortly after the initial meeting and I will stress **all event bills are paid BEFORE the event**. Of course there have been times I have let that slide, but mostly only with clients that I have been handling for 15+ years.



*FOR MORE INFORMATION OR TO
PLAN YOUR NEXT EVENT CONTACT:*



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