

Show Me The Money

Transparency and value are the keys to long-term success

“Are you marking up any of these vendors? Are you getting a commission from the venue?” These zingers from your client come when you least expect it.

If either of those questions sends a chill down your spine, it's time to wake up and smell the lost business, because it's not a matter of *if* a major client will ask them, but *when*.

At my seminar at the Event Solutions Conference & Tradeshow last month in Las Vegas (“How, and How Much, to Charge”), I said that although there is no right pricing model, yours must satisfy three criteria:

1. It must be profitable for you.
2. It must be affordable to your client.
3. It must be in line with your competitors.

If any of those aren't satisfied, pretty soon you're out of business. That's basic economics.

I like to add my own rules No. 4 and No. 5: Be transparent and demonstrate value. Call these Givner's Rules for Long Term Success, because while you can get by in the short term without them, in the long run, smart competitors will eat your lunch.

These two rules go in tandem, because if you're hiding how you make part or all of your money, chances are you're afraid you simply can't justify it. Putting ethics aside, hiding your revenue model is simply bad business. If a client finds out, there's a decent chance you'll lose their business. When I ran Paint The Town Red, we took a huge annual contract away from a competitor who was fired for this exact reason.

Understand, I'm not saying you can't mark things up or take commissions. I'm just saying you should disclose it. If you charge a flat fee and also receive commissions, for example, those commissions may very well be an integral part of your pricing strategy. If so, tell that to your client.

More easily said than done, I know. I conducted a survey of more than 100 independent planners nationwide and found that of those who take commissions, 51.5 percent said they do not disclose this to their clients. As my eighth-grade English teacher said, “Stupidity in numbers is still stupidity.” (And you thought I wasn't paying attention in class, Mrs. Petersen.) That 51.5 percent is living on borrowed time.

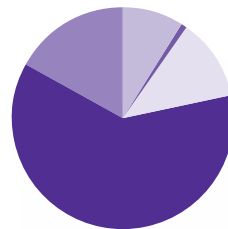
If being transparent scares you, start by focusing on demonstrating value. Once you can do that, you'll feel confident saying to your client, “I need to make a certain amount of money to produce this event. I've found that taking commissions from vendors helps me keep the client portion of my fee lower, but if you're uncomfortable with it, I'll refuse the commissions and adjust my fee to you.”

You want the discussion to be about what your services are worth. Once you and the client agree on that, the pricing model becomes a technicality, like asking if they want to pay by check or credit card.

For homework, take a hard look at what you really do for your clients. I'm willing to bet you're shortchanging yourself in how you explain it. For example, if you do site selection, you may only be presenting your client with the handful of venues that fit their criteria. If so, they don't see all the venues you've called that were already booked (or too small, too expensive, etc.). Showing your client a grid listing all venues researched goes a long way toward demonstrating more value for this single task.

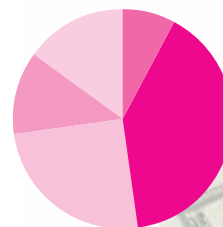
Pretty soon you'll get to a point where, even if you answer the opening questions of this column with the word “yes,” you'll be able to add, “...and I'm worth every penny.” [ES](#)

WHICH OF THE FOLLOWING IS YOUR PRIMARY PRICING MODEL?

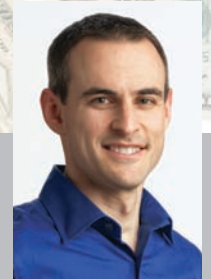


- Marking up vendors 8.9%
- Commissions 1.0%
- Fee as a % of Budget 11.9%
- Flat/Project Fee 61.4%
- Hourly or Daily Fee 16.8%

WHAT IS YOUR HOURLY RATE? IF YOU DO NOT CHARGE THIS WAY, WHAT WOULD YOU CHARGE PER HOUR IF YOU ABSOLUTELY HAD TO?



- \$49 or less per hour 8%
- \$50-99 per hour 40%
- \$100-149 per hour 25%
- \$150-199 per hour 12%
- \$200+ per hour 15%



Howard Givner is an event industry strategist and business growth consultant. He is the founder of Paint The Town Red.

He can be reached at HowardGivner@gmail.com. For a copy of the white paper on planner pricing, go to www.HowardGivner.com.