

Budget Phobia? Try These Simple Tips

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Learning Objectives

- Work with your budgets to make sound recommendations regarding spending.
- Straight forward budget management techniques.
- Enhance negotiation skill by understanding managing your budget.



What's first - define

Three simple questions:

- Who – is the audience?
- Why – are you meeting?
- How – should this meeting look?

It is crucial to set your objectives!

Objectives?

- ❑ Helps you develop the program:
 - The time to identify essential vs non-essential expenses.
- ❑ Develops the road map
- ❑ Provides a reference point throughout the process
- ❑ Provides you with the stated goal/objective that you need

Establish the Line Items

- Speakers
- Meeting management
- Registration
- Recreation
- Spousal activity
- Evening events
- Entertainment
- Print material/marketing
- Give away items
- Hotel
 - Guest rooms (including comp's)
 - Meeting room rental
 - F&B estimate
 - Staff expenses
- AV/Production
 - Misc equipment
 - Electrical
- Travel

Understanding the Basics

Direct and Indirect costs ARE always there.

Fixed Expenses are NOT dependant upon counts/attendance

Variable Expenses ARE impacted by number of attendees

Fixed vs Variable Expenses

Fixed:

- Supplies
- Speakers
- Entertainment
- Staff time
- A/V

Variable:

- Brochures
- Guest rooms
- Food & Beverage
- Print materials
- Transportation
- Recreational events
- Overnight rooms
- Flower arrangements

You must estimate costs!

- Refer to history/documents from past
- List all line items
- Extend out all line items
- Allow a cushion
- Separate/analyze major line item decisions

Hotel Fees

Guest room rates:

- Base rate - \$199
- Resort fee - \$15
- State tax – 6.25%
- City taxes – 6%
- Room tax – 2%
- Meal tax - 7%
- Final room rate is \$244.50

Food & Beverage

Load your cost

- What is the gratuity – 12%
- Service charge – 7%
- Sales tax – 7%

A bottle of water becomes **\$5.77** each!

- \$4.50 – posted cost
- \$0.54 – gratuity
- \$0.35 – taxable service charge
- \$0.38 – sales tax

What Does a Budget Look Like?

	Notes/Comments	Number	Rate		Actual	Variance
Hotel:						
Guest Rooms	\$215 + 13% tax	94	242.95	\$22,837.30		
	Comp guest rooms 1/40	14	242.95	-\$3,401.30		
Meeting Room Rental	comp per contract			\$0.00		
Staff Travel	Need input from Client					
Food & Beverage	estimates based on F&B tab			\$121,483.40		
Electrical	estimate needed in general session			\$3,000.00		
AV				\$31,355.00		
Misc equipment	Printers, T-one, equipment rentals			\$5,000.00		
Keynote speaker	contract includes travel expenses, will add roughly \$500			\$10,500.00		
Meeting management				\$31,600.00		
Registration				\$2,950.00		
Spousal Activities	Estimate based on 2007			\$3,200.00		
Recreation				\$10,000.00		
Evening events - Monday	see Off Site tab			\$49,485.00		
Evening events - Wednesday	see Off Site tab			\$29,882.50		
Entertainment	Sunday/Tuesday evenings			\$3,000.00		
Give Aways/Gifts	Estimate \$50 pp			\$8,750.00		
Print Material/Creative	Estimate based on 2007			\$10,000.00		
Provisional	Unexpected expenses			\$5,000.00		
Total Estimated Expense				\$344,641.90		

Loading F&B

Date & Time	Function	Food & Beverage	Listed Price	Price is by the:	# units / people	Subtotal	Service Charge 21%	8.% Sales Tax	Total
Sunday, June 7, 2009									
	Crew Meals		\$ 30.00	person	10	\$ 300.00	\$ 63.00	\$ 29.04	\$ 392.04
	Opening Reception	Food	\$ 75.00	person	200	\$ 15,000.00	\$ 3,150.00	\$ 1,452.00	\$ 19,602.00
		Bar	\$ 7.00	drink	400	\$ 2,800.00	\$ 588.00	\$ 271.04	\$ 3,659.04
		Wine	\$ 32.00	bottle	100	\$ 3,200.00	\$ 672.00	\$ 309.76	\$ 4,181.76
Monday, June 8									
	Breakfast		\$ 27.50	person	175	\$ 4,812.50	\$ 1,010.63	\$ 465.85	\$ 6,288.98
	Mid-morning break		\$ 15.00	person	175	\$ 2,625.00	\$ 551.25	\$ 254.10	\$ 3,430.35
	Lunch		\$ 38.50	person	175	\$ 6,737.50	\$ 1,414.88	\$ 652.19	\$ 8,804.57
	Afternoon break		\$ 20.00	person	175	\$ 3,500.00	\$ 735.00	\$ 338.80	\$ 4,573.80
	Evening - off-site			person	200	\$ -	\$ -	\$ -	\$ -
Tuesday, June 9									
	Breakfast		\$ 27.50	person	175	\$ 4,812.50	\$ 1,010.63	\$ 465.85	\$ 6,288.98
	Mid-morning break		\$ 15.00	person	175	\$ 2,625.00	\$ 551.25	\$ 254.10	\$ 3,430.35
	Lunch		\$ 38.50	person	175	\$ 6,737.50	\$ 1,414.88	\$ 652.19	\$ 8,804.57
	Afternoon break		\$ 20.00	person	175	\$ 3,500.00	\$ 735.00	\$ 338.80	\$ 4,573.80
	Clam Bake	The Goat Island Clambake	\$ 85.00	person	200	\$ 17,000.00	\$ 3,570.00	\$ 1,645.60	\$ 22,215.60
		Bar	\$ 7.00	drink	400	\$ 2,800.00	\$ 588.00	\$ 271.04	\$ 3,659.04
		Wine	\$ 32.00	bottle	100	\$ 3,200.00	\$ 672.00	\$ 309.76	\$ 4,181.76
Wednesday, June 10									
	Breakfast		\$ 27.50	person	150	\$ 4,125.00	\$ 866.25	\$ 399.30	\$ 5,390.55
	Mid-morning break		\$ 15.00	person	125	\$ 1,875.00	\$ 393.75	\$ 181.50	\$ 2,450.25
	Lunch		\$ 38.50	person	125	\$ 4,812.50	\$ 1,010.63	\$ 465.85	\$ 6,288.98
	Afternoon break		\$ 20.00	person	125	\$ 2,500.00	\$ 525.00	\$ 242.00	\$ 3,267.00
	Evening - off-site			person	130	\$ -	\$ -	\$ -	\$ -

Working With the Numbers

- ❑ Identify essential vs non-essential spending
- ❑ Identify areas for cost containment
- ❑ Know the terms of your contracts
 - Attrition
 - F&B minimums
 - Meeting room rental
- ❑ Minimize **RISK**

Budget Management Techniques:

- ❑ Re-evaluate the meeting to the established objectives
 - Eliminate the fluff
- ❑ Scrupulous attention to cost
 - Question the spend
- ❑ Evaluate attendance guidelines (corporate)

Break Event Analysis

If you are planning meeting with the objective of generating revenue utilize this formula:

$$\text{Registration fee} = \frac{\text{Fixed} + \text{Variable expenses}}{\text{\# of attendees}}$$

$$X = \frac{\text{Fixed} + \text{Variable expenses}}{\text{\# of attendees}}$$

Break Even Analysis

$$\text{Break Even Units} = \frac{\text{Total Fixed Costs}}{\text{Contribution Margin}}$$

(# of attendees)

Today's Challenges:

- Understand the objective
- Think outside of the box
- Share information
- Offer solutions
- Minimize **RISK**
- Become a strategic partner

What is Budget Based Negotiations?

- Know what your piece of business is worth
- What does your client need?
- Make smart decisions/recommendations
- Partnership

Billing Strategies:

- ❑ Know the contractual requirements
 - Deposit schedules
 - Payment schedules
 - Reduction schedules

- ❑ Provide the facility with your accounting requirements
 - Clearly identify authorized signers!
 - Identify sub-master accounts

Sub-master Accounts?

- ❑ Allow you to break up your charges into appropriate categories or buckets:
 - Communicate the billing break down required clearly and concisely.
 - Smoother reconciliation for you!

Reconciliation:

- Review the invoices
 - On-site review charges daily
 - Review the master account before you leave
 - Errors occur
 - Were instructions followed?
- Reconcile to the budget
 - History!
 - Identify cost savings
 - Identify overspending



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