

What Makes Special Events Winners or Losers?

Excerpted from
Department of Canadian Heritage
“**Guide to Special Events Fundraising**”

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There are thousands of different ideas, but they all boil down to “give donors something for their money.”

What's the biggest advantage? People nervous about asking for money find it easier to make a request. As well, events can help a group educate people, gain publicity and find new friends.

What are the problems?

Running an event is really very similar to starting a business. Many non-profits don't like to think of themselves as having anything in common with the business world. Yet the similarities are striking.

Have a dinner and you're opening a restaurant for one night. Put on a concert and you're in show biz! Design and sell your own Christmas cards and you're into manufacturing and retailing.

Profits can be slim in any of these businesses, even when professionals run them year round. Restaurant corporations go bankrupt every year. Musicians' poverty is legendary, except for a handful of stars. Greeting card companies report declining sales as postal rates soar. Most small businesses expect a 3- to 5-year struggle before they are profitable.

How much more difficult is it for amateurs to do well? Who else would expect to open a business, operate it for a single night, and immediately generate substantial surplus income? Yet it can be done!

The profits may come from surprising places, however. In the cinema, for example, the sales of popcorn and refreshments can be more rewarding than admission charges.

Major recording artists often don't break even on tours. Large audiences paying top dollars for tickets and buying expensive souvenirs may not produce enough revenue. Tours frequently must be subsidized by government arts grants. Even the biggest stars have concerts co-sponsored by soft drink companies, brewers or car makers. Ultimately, the value of a tour is usually measured in promotional publicity that increases record sales in stores.

It is no surprise that non-profit groups sometimes lose money on events despite countless hours of hard work by many volunteers. The surprise is how often they succeed.

Why do special events fail?

- Costs are too high.
- Prices are too low.
- Not enough tickets are sold.
- Expectations are unrealistic.

Here are some of the most overlooked problems:

1. Front money is needed to pay bills before revenue comes in. Many groups do not have a source of capital to bankroll the investment phase. If they use operating funds, a loss - or even a delay in payments - can interfere with programs. Some board members will advance personal funds, or co-sign a loan. Although this can be risky, it is often the only solution.
2. Underbidding cuts income by setting prices below what a donor might give. Frequently, organizations decide the price by the lowest common denominator. The non-profit doesn't want to exclude any supporters who can't afford high prices. As a result, a fundraising event turns into a community party that just breaks even - or worse, loses money.

Even when prices are higher, there are always some people who would give you as much or more as a pure donation, if you asked properly. Whether you offer a ticket for \$15 or for \$150, few people will offer to give more than the ticket price. Yet some of them can afford \$25, or \$250. They might give that much, if you asked. It's often your organizational goals they care about, not the event itself.

They might even be happier to give you money if they don't have to attend the event! Yet you incur expenses, and get less than they'd like to give.

3. A 'careful consumer' attitude makes donors reluctant to pay for tickets. Sell \$15 tickets for a dinner worth \$10, and they question the value. They may forget that you are not putting on the event to offer them a bargain, but to raise money. In addition, they believe they gave your organization a \$15 gift, not \$5, since that is their out-of-pocket cost. The expenses are not apparent to the donors.

This problem becomes most acute when selling products. A souvenir sweat shirt may cost your organization \$10 to produce. You may sell it for \$15. The donors may compare it to one at a discount store for \$5.

4. Disaster planning is overlooked too often. Murphy's Law applies to fundraising events. It remains true that if things can go wrong, they will.

One group researched the entire meteorological history of their community. They wanted to determine the one day statistically least likely to rain, for an outdoor event. It rained, of course.

Rental of a tent, or alternate scheduling are essential for outdoor activities.

In the same way, contingency plans should be made in case of every emergency. Ask yourself every possible "What If" question. Figure out the answers in advance.

What if not enough tickets are sold? What if the main speaker or entertainment cancels at the last minute? What if a tight breaks Out? What if someone gets drunk and wants to drive home? What if...