

METHOD OF EVALUATING AND DIAGNOSING COSTS FOR EVENT MANAGEMENT

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The article develops a method of evaluating and diagnosing costs for event management in the form of a matrix that takes into account the directions of managing event processes of business entities (strategic management of event processes; event management of integration, transformation, and change; management of team building processes; management of business activities) taking into account the phases of its formation and development (emergence phase, growth phase or “accelerated growth”, stabilization and maturity phase, activity reduction phase or “restructuring”) and provides for economists and analysts the possibility of identifying the key places of occurrence of these costs in the management system. The complex of these indicators refers to the following types of expenses: costs for researching the event services market and searching for information about event service providers, costs for data analysis, providing information support for event processes and creating a strategic plan, costs for progressive event software and technical support for strategic management event processes, costs for wages of employees involved in the strategic management of event processes, costs for conducting an advertising campaign in the foreign market, costs for a comprehensive study of the requirements of the internal and external environment regarding integration, transformation and changes, costs for changing the organizational structure of enterprise management , costs for wages of employees involved in the event management of integration, transformation and changes, costs for the progressive event, software and technical support for the event management of integration, transformation and changes, costs for the preparation, design and implementation of the integration operational and transformational processes for the purpose of optimization, costs for researching the requirements of the internal and external environment for team-building processes, costs for personnel involved in team-building organizational processes, costs for catering, costs for the entertainment part of team-building, transport and travel costs for team-building, costs for rent of premises and sites for team building, costs for design, design and decoration of premises, costs for renting inventory and equipment, audiovisual support, clerical support, reporting, costs for a motivational component, insurance costs, costs for researching the requirements of the internal and external environment for business communications, agency costs for searching and establishing contacts, costs for personnel involved in the planning and organization of business events, transport and travel costs for the purposes of business events, insurance costs, visa support, other related travel documents and, food costs during the trip, communication and information support costs, marketing costs, exhibition costs and presentation costs.

Key words: event management; event; management; event planning; business tourism; costs; team building; corporate events

Formulation of the problem

Improving the processes of formation and development of event management is inevitably connected with the economic justification of the relevant decisions. Initiatives in the field of management of business

and team-building events in the activities of business entities should be not only fast, targeted, and appropriate but also cost-effective. The problem is complicated because most event management products are characterized by uniqueness and therefore are not similar. This should be considered when planning and estimating costs in this area. Considering the above, in addition to the fundamental aspects of the construction and development of event management related to its goals, benefits from initiatives, risks, etc., it is appropriate to pay attention to the economic parameters of decisions within its limits, particularly to costs.

Relevance of research

The problem of economic substantiation of decisions in event management is becoming more acute every year for any business. The growing number of events in the world and their significance for business, culture, politics, and other spheres of life creates a huge demand for qualified specialists in the field of event management who can justify their decisions holistically and in detail based on economic indicators. The study of the problem of economic justification of event management allows us to consider effective methods and tools for planning, organizing, and conducting events from the point of view of economic feasibility and profitability. In addition, such research can help reduce the risks of financial losses associated with running events. To optimize the process of planning and organization of events, the study of the problems of economic justification is critically essential for achieving success in the field of event management. Improving the efficiency of work in this area can lead to an increase in the profitability of events, a reduction in financial risks, and an increase in the competitiveness of enterprises.

Formulation of the purpose and objectives of the article

The purpose of the research is to develop a method of evaluating and diagnosing costs for event management and forming a matrix of the occurrence of costs for event management depending on the direction of management of event processes, taking into account the phases of its formation and development. To achieve the goal, the following scientific tasks were formulated: to identify the phases of the formation and development of event management, to distinguish the directions of managing event processes, to determine the composition of costs for event management, and to reveal their essence and features. The methods of grouping, analysis, comparison, synthesis, generalization, and analogy were used to solve the tasks.

Analysis of recent research and publications

The study of event management and its costs was carried out by a significant number of scientists worldwide. The most famous works among researchers belong to D. Getz [5, 6] and R. Hard [7], who focused on strategic planning costs for business events, particularly business meetings, fairs, and industrial exhibitions. The authors claim that when strategically planning expenses for business events, it is necessary to consider various factors, such as the scale and nature of the event, target audience, venue, competition, etc. This allows you to reduce risks and minimize costs, which positively affects the event's efficiency and effectiveness [5–7]. In addition, the study of event management costs was also carried out by international economic platforms such as Eventmobi [1], Socialtables [2], Loveabout [3], and Sweap.io [4]. In particular, Eventmobi offers four basic budget layouts for holding corporate events [1]. Socialtables considered the features of managing hidden costs for event management and emphasized the importance of constant control over such costs [2]. Loveabout and Sweap.io suggest paying attention to event marketing costs, which have their specifics, different from the usual costs of traditional marketing [3, 4].

Despite all of the above, today, there is no established general matrix of costs for event management, which would allow careful consideration of the process of cost generation depending on the direction of event process management, taking into account the phases of its formation and development.

Presentation of the main research material

An essential aspect of economic planning and evaluation of costs for event management is their carefully formed typology [9, 10]. As a result of the analysis of information on the possible expenses of

managing event processes, its systematization, and its own research, it is proposed to use the original matrix of costs for event management. At the same time, the classification of costs is based on two critical typological features:

- 1) costs depending on the direction of event process management;
- 2) expenses taking into account the phases of formation and development of event management.

Based on the life cycle theory, the phases of the formation and development of event management at the enterprise can be divided into four classic periods: birth, growth or “accelerated growth”, stabilization and maturity, reduction of activity or restructuring (Fig. 1) [8].

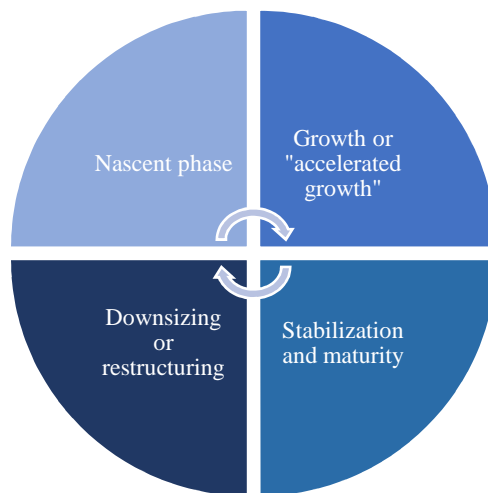


Fig. 1. Phases of the life cycle of the formation and development of event management at the enterprise Note: given by the author based on [8]

The nascent phase characterizes the period of event management implementation at the enterprise. The first steps are being taken in managing team-building processes and business activities, considering the most common and well-known initiatives in the market in this area. The company does not yet have its own comprehensive event management toolkit and does not know all the intricacies of event management; it mainly uses only well-known and easy-to-understand programs and techniques in its activities.

In the growth or “accelerated growth” phase, the enterprise, having gained first-rate experience, begins to study the market carefully, implement new technologies to optimize event processes, form its information base regarding event service providers and event management features, and develop an event strategy. Also, at this stage, integration and transformation processes take place, the budget for event management increases, and more employees are involved in event processes. As a result, positive changes from the implementation of event management are noticeable in terms of motivation and economic terms. The company is looking for new opportunities for event management of business events; the focus is on event management to increase recognition in the market and popularize the brand.

During the phase of stabilization and maturity, the company has already formed its toolkit of event management, a robust information base consolidated and confirmed by its own experience; the processes of integration and transformation are deepening, most processes are automated and optimized, and the budget for event management is stabilized.

During the activity reduction or restructuring phase, the company reduces costs for event management, optimizes departments and groups that deal with it, reduces the share of the budget, plans transformational and integration processes, pays attention to analyzing the market and trends, and prepares for global changes. With positive change trends, the company undergoes restructuring, under which event management continues to function but undergoes many changes. In the case of negative trends, the possibility of stopping the functioning of event management or significantly reducing its parameters is considered.

Thus, taking into account the specified phases of the formation and development of event management at the enterprise, the costs of managing team-building and business events will also differ (Table 1).

Table 1

The matrix of event management costs depending on the direction of event process management, considering the phases of its formation and development

Directions of event process management	Composition of costs for event management	Identifier	Phases of formation and development of event management			
			Nascent phase	Growth or "accelerated growth"	Stabilization and maturity	Downsizing or restructuring
1	2	3	4	5	6	7
Strategic management of event processes	Costs for researching the event industry market and finding information about event service providers	Em_1C_1		X		X
	Costs for data analysis, provision of information support for event processes and creation of a strategic plan	Em_1C_2		X		X
	Costs for progressive event software and technical support for strategic management of event processes	Em_1C_3		X		
	Labor costs of employees involved in the strategic management of event processes	Em_1C_4		X	X	X
	Costs of conducting an advertising campaign on the foreign market	Em_1C_5		X	X	
Event management of integration, transformation and change	Costs for a comprehensive study of the requirements of the internal and external environment regarding integration, transformation, and changes	Em_2C_1		X	X	
	Costs for changing the organizational structure of enterprise management	Em_2C_2		X		X
	Labor costs for employees involved in the event management of integration, transformation, and change	Em_2C_3		X	X	X
	Costs for a progressive event, software and technical support for event management of integration, transformation, and changes	Em_2C_4		X		X
	Costs for the preparation, registration, and implementation of integration-transformation processes for optimization	Em_2C_5		X		X
Management of team building processes	Costs for researching the requirements of the internal and external environment regarding team building processes	Em_3C_1	X	X	X	X
	Labor costs for personnel involved in team-building organizational processes	Em_3C_2	X	X	X	X
	Costs for catering and meals	Em_3C_3	X	X	X	X
	Costs for the entertainment part of team building (speakers, attractions, show program, etc.)	Em_3C_4	X	X	X	X
	Transport and travel costs of team building (including, if necessary, accommodation of staff during the event in a remote location)	Em_3C_5		X	X	
	Costs for renting premises and sites for team building;	Em_3C_6		X	X	
	Costs for design and decoration of premises	Em_3C_7		X	X	

1	2	3	4	5	6	7
	Costs for renting inventory and equipment, audio-visual support, and clerical support	Em_3C_8	X	X	X	
	Reporting costs (photographer, videographer, copywriter, journalist, etc.)	Em_3C_9		X	X	
	Costs for the motivational component (awards, prizes, gifts, etc.)	Em_3C_{10}	X	X	X	X
	Insurance costs	Em_3C_{11}		X	X	
Management of business events	Costs for researching the requirements of the internal and external environment for business communications	Em_4C_1		X	X	X
	Agency costs for searching and establishing contacts and joining unions, societies, and associations	Em_4C_2		X	X	X
	Costs for personnel involved in the planning and organization of business events	Em_4C_3	X	X	X	X
	Transport and travel costs for business activities (including accommodation)	Em_4C_4	X	X	X	X
	Costs for insurance, visa support, and other accompanying travel documents	Em_4C_5		X	X	
	Food expenses during the trip	Em_4C_6		X	X	
	Costs for communication and information provision	Em_4C_7		X	X	
	Marketing costs	Em_4C_8		X	X	
	Exhibition costs and presentation costs (rental of exhibition space, inventory, cost of entrance tickets, product transportation, product insurance, related exhibition costs)	Em_4C_9		X	X	

Conventional designations: "X" – expenses for event management according to a particular direction of managing event processes within the corresponding phase of the formation and development of event management

Note: selected by the author

Let's take a closer look at each of the types of costs in the areas of event process management.

Strategic management of event processes entails such costs as:

1) costs for researching the event industry market and searching for information about event service providers – this mostly happens during the growth phase; the company is increasingly interested in event industry market trends, researches event service providers and new products, and establishes contacts; in addition, there is a constant collection and creation of its information base on the provision of event management and its further development;

2) costs of data analysis, provision of information support for event processes, and creation of a strategic plan – already having its information base, which is constantly replenished with new subjects and services of the event industry market, the company can analyze data to make the most optimal decisions regarding the creation of strategies of the enterprise in the part of event management;

3) costs for progressive event software and technical support for strategic management of event processes – there is a need to optimize event processes, and for this, the most effective means are the latest inventions on the market of intelligent equipment and software, which will help save time and money for the implementation of the majority processes, as well as to automate them as much as possible;

4) labor costs of employees involved in the strategic management of event processes – a group of experts in strategic management of event processes appear, which are not directly involved in organizing events, but in strategic management and development of event management;

5) costs of conducting an advertising campaign on the foreign market – event management is one of the most effective methods of external and internal advertising, influencing the company's market awareness,

etc., and therefore, it is in the strategic perspective that the maximum effect for the company is achieved through conducting a high-quality advertising campaign on tools foreign market.

During the event management of integration, transformation and change, a number of expenses appear, such as:

1) costs for a comprehensive study of the requirements of the internal and external environment regarding integration, transformation, and changes – the company studies market trends and the experience of other companies in the industry regarding integration and transformation processes to optimize its activities regarding the organizational structure, the powers of employees, the number of employees required to carry out a specific task regarding event management, integration of specific functions and transformation of divisions to ensure their maximum efficiency and targeting;

2) costs for changing the organizational structure of enterprise management – in the research process, information is obtained about possible ways to optimize the organizational structure – so that the process goes as smoothly and quickly as possible, certain structural elements disappear, others appear, etc.;

3) labor costs for employees involved in the event management of integration, transformation, and change – event transformation and event integration experts appear who manage the specified processes;

4) costs for a progressive event, software and technical support for event management of integration, transformation, and changes – to carry out integration and transformation, special software is needed, which can automate the process and predict the future effect of the changes made, identify alternatives for making the optimal management decision regarding events - transformations and event integration;

5) costs for the preparation, registration, and implementation of integration-transformation processes for optimization – arise in the process of the implementation of integration-transformation activities related to all changes that occur within the enterprise in the process, with its structure, employees, powers, etc.

Management of team building processes requires such general costs for constant monitoring of team building opportunities and expenses directly related to the organization of a specific event. The first category includes:

– costs for researching the requirements of the internal and external environment regarding team building processes, where event managers get information, which activities are currently prevalent in the market, which actions will bring maximum benefit to the company and its employees, which will best motivate employees and promote their development in within the company;

– labor costs for personnel involved in team-building organizational processes, which, as evidenced by the study of theory and practice, consisting of a fixed rate and a bonus part depending on their activity in a specific month.

The second type of team building expenses includes expenses that depend on the type of organized event, its scale, venue, number of participants, entertainment and educational program, the goal set (staff training, team building of specific units, general motivational events for the entire enterprise, bonus events for the best employees, etc.). This may include such costs as:

– costs for catering and meals;

– costs for the entertainment part of team building (speakers, attractions, show program, etc.);

– transport and travel costs of team building (including, if necessary, accommodation of staff during the event in a remote location);

– costs for renting premises and sites for team building;

– costs for design and decoration of premises;

– costs for renting inventory and equipment, audio-visual support, and clerical support;

– reporting costs (photographer, videographer, copywriter, journalist, etc.);

– costs for the motivational component (awards, prizes, gifts, etc.);

– insurance costs.

Management of business activities usually refers to the establishment of external contacts of the enterprise, cooperation, search for partners, customers, technological innovations on the market, etc. When it is implemented, first of all, costs arise for researching the requirements of the internal and external

environment regarding business communications – what events are currently taking place in a specific industry, exhibitions, conferences, what is now at the top on the market and who will be an ideal potential partner or client. Agency costs for searching and establishing contacts and joining unions, societies, and associations also often appear. They arise already in the period of growth because, in the beginning, the company does not yet have sufficient experience with market participants and trends, and the need to attract external help in the nascent phase is not yet considered a priority. There are direct labor costs for personnel involved in planning and organizing business events, who manage the entire process, including part of its documentary support.

Another type of expense in the management of business events is the expenses specifically for organizing business trips of personnel depending on the specific goals and budget of the event. This usually includes costs such as:

- transport and travel expenses for business activities (including accommodation) – if it is a trip for several days, this includes costs for renting housing or booking a hotel room; if the trip is far, then we are talking about costs for air tickets or tickets for railway transport, buses, etc.;
- costs for insurance, visa support, and other accompanying travel documents depending on where exactly the employee is going and what are the rules of stay in the specified territory;
- food expenses during the trip – from coffee breaks and business lunches to full meals, especially if the trip lasts more than one day;
- expenses for communication and information provision – telephone conversations, Internet services, international SIM cards and tariffs for them, programs for video conferences and chats, constant support of communication with project coordinators, training, etc.;
- exhibition costs and presentation costs (rental of exhibition space, inventory, cost of entrance tickets, product transportation, product insurance, related exhibition costs);
- marketing costs – arise when exhibiting certain products or services, forming an image in the eyes of partners and customers, advertising one's capabilities and exclusivity of services, etc.

Conclusions and prospects for further research

Thus, the proposed matrix is the basis of a developed method of evaluating and diagnosing costs for event management, which takes into account the directions of managing event processes of business entities, taking into accounts the phases of its formation and development, and provides for the identification of essential places of occurrence of these costs in the management system. This provides economists and analysts the possibility of prompt and concrete identification of the key places of occurrence of these costs in the management system. Of course, during the research, it is necessary to make maximum efforts to minimize the subjective factor of evaluation because often different interested parties can have their vision and attitude to each aspect of the process, which is the perspective of further research.

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МЕТОД ОЦІНЮВАННЯ ТА ДІАГНОСТУВАННЯ ВИТРАТ НА ІВЕНТ-МЕНЕДЖМЕНТ

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У статті розвинено метод оцінювання і діагностування витрат на івент-менеджмент у вигляді матриці, яка враховує напрями управління івент-процесами суб’єктів господарювання (стратегічне управління івент-процесами; івент-менеджмент інтеграції, трансформації та змін; управління тимблдинговими процесами; управління діловими заходами) з урахуванням фаз його формування та розвитку і передбачає для економістів та аналітиків можливість ідентифікувати ключові місця виникнення цих витрат у системі управління.

Ключові слова: івент-менеджмент; івент; менеджмент; івент-планування; діловий туризм; витрати; тимблдинг; корпоративні заходи.