Planning and Implementing a Mega Event

Paul W. Creighton
PLANNING AND IMPLEMENTING A MEGA EVENT

BY

PAUL W. CREIGHTON, PRESIDENT

CREIGHTON MANAGEMENT, INC.
1153 SUDDEN VALLEY
BELLENGHAM, WASHINGTON 98226

ABSTRACT

Mega event planning is complex. It is much different because of the scope of a project and its temporal nature. This article reviews some of the important issues and types of information needed in the development of a mega event.

DEFINITION

Defining a mega event is a bit like asking the blind man to define an elephant. He can be fairly accurate on his definition of the pieces, but a total failure on defining the whole. My personal view would include several factors which make up a mega event and it would encompass world's fairs, large state fairs, music and other festivals that last 3 days or more with an attendance of 50,000 plus. Also included would be events which last 60 days or more with an average daily attendance of 5,000. Also, my definition would have to include delivering a quality product, acceptable by the marketplace, and at a price that the market can afford and be comfortable with the value exchange. I like to use the analogy that the mega event is sold on a 17" screen and delivered on a 23" colored screen. The most important qualification is an event that "delivers more than expected". This makes the price right.

MASTERPLAN DEVELOPMENT

A complete masterplan is essential to the success of any event. It must be flexible enough to change as the need arises and sturdy enough to withstand time and maintain the original concept. Masterplanning is not easy and it would be my recommendation that expert advice is needed, particularly in the early stages of development. A main track for the event is essential and a couple of skilled engineers, with previous
experience can reduce the risk and keep the event from derailing; particularly in the early stages.

Most people think of a masterplan as a site plan . . . not true. A qualified masterplan must treat all of the event's elements which include, in their order of preference, the following: departments and personnel requirements, projected financial figures, site development, marketing, legal, operations, etc. Masterplanning can be defined as creating a mythical event, from start to finish, in as much detail as possible.

All parts of the masterplan have a dovetail affect and the emphasis will change as time marches toward opening day. The first consideration should be financial. Questions have to be answered early on as to what financial resources are available in terms of up-front money needs. What are the sources of up front money? What are the anticipated revenues to cover capital costs and operating costs? How much site and improvements can the financial plan accommodate? There are a host of considerations that must be handled in the early stages of masterplanning.

My experience in the senior management of 5 world's fairs indicate that one of the major reasons for the success or failure of a mega event can be traced to the following question and, of course, the reasonable answer.

Most event failures, in financial terms, occur when the capital costs are out of proportion to the expected revenues and operating costs. The most important question, which leads to success or failure, is: Can our revenue from the event reasonably cover both capital costs and operating costs? Let us give you an example of a success and a failure. The World's Fair in Vancouver, B.C. in 1986 was a success. At the very beginning of the masterplanning process, it was recognized that the fair generated revenues would not cover all of the capital costs and operating expenses. In other words, the fair could not pay for the total project and deliver a fair that would be a success in terms of content and attendance. The early masterplan indicated a 350 million dollar deficit which the government of British Columbia covered with revenues from the Provincial lottery. You could not reasonably expect people to pay a gate admission and countries and concessionaires to pay fees that would cover total costs to produce a first class mega event with a life of 165 days. Therefore, there had to be an outside subsidy by a government or governmental agency. The final result was that the ending deficit was 291 million. A good politician will tell you that the fair made a 59 million dollar profit. I might add that a sponsorship program, not in the original masterplan, was implemented and secured 162 million in sponsor cash and services. Because of his careful analysis and implementation of the proper financial philosophy, no major budget cuts were made as the fair marched toward completion. That is not to say that excellent financial stewardship was not maintained. It was.

New Orleans in 1984 was the opposite case. In its early and very fragmented planning, fair revenues were expected to cover all capital and operating costs. Subsidies, which later occurred and were not in the masterplan, did not cover the deficit. The loss and resulting bankruptcy of 140 million dollars was within 2 or 3 million of the capital costs.
All of the above points out that an operating profit is generally attainable, but it is the capital costs that get you. Therefore, my strongest recommendation when planning any type of mega event, would be to utilize an existing plant. Otherwise, you need a second party that will make the capital investment for a long range project and simply lease the physical plant to you for short term usage.

Your financial philosophy and its relationship to capital costs and operating costs is the most important key in your masterplan. If it is not a responsible decision, your event increases its risk, suffers budget cuts, creates bad publicity and will result in financial failure. No one masterplan is a failure from the standpoint of intent. Many masterplans fail from the standpoint of reality.

ORGANIZATION

Most planners of mega events over organize at the beginning and are under organized when the event begins. Organizing an event is like building a house. You don't have people putting sheet rock before the roof is on. The organization builds step by step, according to the masterplan, as the process moves forward. It is much better, and far less costly, to have a directed few marching forward on a target than a large number of undirected souls scrambling. The organization should build according to the masterplan. Departments should come on stream when they are needed and can perform a useful and timely function. Function and timing should control numbers, not the other way around, as it is in most cases. After establishing the top administrative level, the event should proceed with the financial, legal, site design and development, marketing and operating departments in that order. In the early stages, a department head and a good secretary can make a lot of progress and keep costs minimal and on target. Most of the events in which I have participated have a habit of hiring people and then finding something for them to do. Instead follow the rule that when something has to happen, hire someone to do it. This little rule can save millions in a big operation. Timing and numbers are the key. In event planning, more people doing less is not the way to financial success.

The organization should grow in complete harmony and concert with the masterplan. The organization should be driven by the masterplan and not the other way around. This is a very important key and senior management must recognize it.

There will be time slippage against the masterplan; this must constantly be monitored and adjustments made to the plan without losing too much time in relation to the opening of the event. This is where the organization has to be adjusted and balanced against the masterplan. I have seen many organizations totally out of balance with the plan resulting in inefficiency and escalating costs. Therefore, the key is constant balance.
A theme is essential to a mega event for a variety of reasons. It must be popular with the potential attendee and create the central track on which the marketing program can run. It must not be controversial. Let me give you some examples of successful themes and some that were not too popular relative to world's fairs. In Seattle during 1962, "Man in Space" was the theme. It was very popular. John Kennedy was President and in early 1962, John Glenn circled the earth in the spaceship "Friendship Seven". This theme had everything going for it. National attention was focused on space by the U.S. Government which certainly helped the marketing program. It was popular and easy for countries and domestic exhibitors to program exhibits. Everyone wanted on the bandwagon and the fair was very successful. As a matter of fact, the largest attendance day was Labor Day in 1962 when John Glenn and the capsule appeared at the fair.

In 1974, Spokane had a problem. The theme was "Man and His Environment". The problem was a theme that was controversial, as there were sides being chosen over the environment and what should be done about the consequences of pollution, etc. Foreign countries were lukewarm as to how they should exhibit. Corporate America was advised by their public relation departments not to get involved. It was difficult for the designers to spell out the theme in their graphic presentations, etc. It was a theme that called for being on one side or the other and was a problem for the fair. The theme kept popping up in most of our major decisions and whatever was done to make gains had a corresponding loss side. Perhaps, now in 1988, such a theme would not present problems because awareness levels have risen and the public generally appreciates efforts to deal with environmental problems.

Timing is essential and Knoxville missed it with the theme "Energy Turns the World". World fairs are planned years in advance of their happening. Energy was a hot topic in the late seventies and by 1982 things had slowed down. No more gas lines at the pumps. The public was indifferent and apathetic. On the plus side, most countries and corporate exhibitors identified with the theme in terms of their presentations. However, we got hurt at the box office.

New Orleans, with "Great Rivers of the World", could have developed the theme to their advantage. However, the many problems in all areas precluded the presence of a major theme emphasis. It was difficult, if not impossible, for the public to even recognize the theme and the fair took on a "Mardi Gras" atmosphere which obliterated theme development by the fair and exhibitors.

On the other hand, Vancouver in 1986, with the theme of "Transportation and Communication" did an excellent job of identifying and promoting the theme. It was by far the best overall theme presentation since Seattle in 1962. They did an excellent job of blending the theme into the design and the transportation plazas were a visual delight as well as an educational experience.
The above examples illustrate the necessity of proper timing, a non-controversial theme, one that is popular with the public and one that is adaptable to design. These are the key elements in a theme presentation. It adds a lot to a major event and certainly gives marketing proper image capabilities.

SITE LIMITATIONS

All sites have some sort of limitations relative to staging mega events. Geographically speaking, the ideal site would be square with a perimeter access road around it, plenty of adjacent parking area, next to a very large population center with easy traffic flows by both automobile and public transportation. Most large events, such as world's fairs, become part of an urban renewal process and, therefore, do not have ideal sites. They have to be very creative in adapting to the site at hand and deal with railroads running thru the site. This was the case in Knoxville and New Orleans. Vancouver, B.C. probably had the best site of any of the recent fairs in North America and made good use of being located on a waterfront.

Site limitations have to be carefully measured in relation to the event you desire to produce. Special consideration has to be given to the following priorities starting with:

1. site location
2. size of site needed
3. relationship to hospitals and motels
4. relationship to a large potential market
5. relationship to parking and traffic flow
6. meeting environmental conditions
7. identification and working relationship with property owners and adjacent property owners.

These areas and answers should be dealt with early in the masterplanning process. The perfect site will probably not be available but you have to start with a site criteria and then deal with the limitations relative to the needs of your event.

FINANCIAL ASPECTS

The most important area of any mega event is what is called the financial aspect. Where does one begin? You and your Board of Directors have to create a mythical event which is nothing more than a mental picture of your event as complete as possible. This event has to be placed on paper and dollar costs and dollar revenues applied to each
segment. This is an area where professional help is essential. Most failures can be attributed to lack of proper financial forecasting for a mega event. There is no substitute for experience in this important area. Your risk can be greatly reduced if time and attention are given to the area of proper financial planning.

Many financial forecasts have a tendency to understate costs and overstate revenues. Plans that I have seen, which have been successfully realized, generally put a 20% contingency on capital costs and a 10% contingency on operating costs. Revenues should be calculated and a 20 to 30% reduction built in as a contingency. I might add that most plans do not dedicate enough funds to marketing and proper public relations. Another common error is to have an overrun in capital costs and move marketing funds over to cover. Therefore, you have an event opening without proper marketing. No matter how good an event is, it will be a failure without proper funding for a marketing example. The only time you can get away with poor marketing is if your event is excellent and runs long enough, generally over 90 days, so that positive word of mouth has a chance to operate and bail you out. However, that is a risk you should not take.

In summary, make your numbers real. Hedge your bet. Get professional guidance. Fund your marketing program and do not dilute it by covering capital costs. Watch capital costs. They are generally what sinks the ship. Most events generate an operating profit but have problems covering large capital costs. Other sources of revenue should be looked at in helping support capital costs such as sponsorships, government and private grants, use of existing facilities, etc. The Los Angeles 1984 Olympics were a financial success because capital costs were held to a very low ratio of total revenue. These capital costs were primarily for remodeling, and new stadiums, etc. were not built. In the future, financial aspects of mega events have to include utilization of existing facilities.

LEGAL ASPECTS

Get your attorney on board early. With so many large events having happened in the last 2 decades, it should be relatively easy to find good legal advice with experience in mega events. This is essential as there is a "body of law" built up that has dealt with major legal problems arising out of staging large public gatherings.

Copyrights and trademarks are legal aspects that have to be dealt with early in the planning as well as corporate filings, articles of incorporation, etc. If you are non-profit, Federal 501 (c) (3) forms have to be filed. A major legal involvement in your public liability, product, and building insurance is essential. You must have your attorneys set up a method for policing your copyright and trademarks. This is particularly true when you are engaged in working with concessionaires on novelties and souvenirs.

The keys are getting your attorney established early in the plan, keep him fully informed, depend on him for all contractual matters which
involve any aspect of the events. Be sure and centralize all legal matters with one firm, or group of attorneys, as fragmentation in this area can cause confusion, lack of consistency and legally involve you in poor management practices.

SUPPORT SERVICES

Support services are the services that you provide the public attendees as well as exhibitors, show aspects, restaurants, etc. This is an extremely important area and can be the difference between success and failure as far as the attending public is concerned. This area will have the largest number of employees and the largest number of functions. It includes:

1. ticketing, sales and receipts
2. warehousing and site distribution
3. emergency services - fire and medical
4. security
5. physical plant and grounds enhancement
6. traffic and parking
7. support for shows and events
8. employee training
9. waste management

Here again, professional experience can save you a great deal of money and increase efficiency in providing all necessary services.

The goal of support services has to center on service to the customer on an enthusiastic and courteous basis. This is absolutely essential. Customer services are the number one reason for good word of mouth about the event.

In terms of a short mega event, with a duration of a week or less, you should consider contracting for labor and personnel rather than creating an employee relationship. Also, you should certainly look at leasing equipment rather than owning it. These types of decisions can be very cost effective if utilized under the right conditions. Find people who have had experience in this area and utilize their expertise.

Organizing support services is absolutely a "chain of command" method. Ideally, you would have a Vice President of Operations with a director of each of the categories mentioned earlier. Directors report directly to the Vice President. Under the directors are your superintendents, foremen, shifts, etc.
Flexibility in this area is absolutely necessary. If you are producing a first time event, which has no prior history, the ability to change and match services to current conditions is essential. There are 2 kinds of situations. One situation is what I call constant. This is what you have to have in terms of people and services to open the gates. The other situation is flexible and should be adjusted according to attendance. You can not afford to have too many people serving a few. Neither can you afford to have too few a number trying to serve too many. It must be constantly balanced to insure efficiency and cost control.

Again, support services are an essential key to the success of any event. They must be properly organized, well trained, properly equipped, with the right goals to be accomplished.

CUSTOMER CONVENIENCES

It is the little things that count. Such amenities as cash machine access, diaper changing stations, rest areas, etc. will add to customer satisfaction. Information booths with well informed, courteous and helpful attendants, are absolutely indispensable for any mega event. There is a definite trend in North America to return to high levels of customer service. The result will be that customers will demand services and be very unhappy if they are denied. The World's Fair in Vancouver, B.C. is the best example of providing amenities for the attending public.

Customer conveniences are excellent areas for sponsorship opportunities and a very successful program can be built on this premise. It is an area that has a high degree of recognition for the sponsor and certainly is of benefit to the customer. Include customer conveniences in your early planning stages.

ATMOSPHERE, ATTITUDE AND AMBIANCE

The triple A's of any successful mega event have the above as the cornerstone of success. Top notch exhibitry, shows and grounds married to outstanding customer service create the triple A's. Creativity in design of exhibits and graphics as well as landscaping, add to the combination. A mega event must have enough glitter to make it a fun experience and enough glue to tie it all together without creating a confused and disoriented visitor. The experience of the attendee must be well balanced and varied.

Each area that has been mentioned in this report is extremely important. I have barely touched on the subjects and their detail. It has been my intent to highlight some of the factors and encourage the reader to pursue his development of knowledge and experience. Successful events are fun.
COMMENTS

BY

PAUL W. CREIGHTON, PRESIDENT
CREIGHTON MANAGEMENT, INC.
1153 SUDDEN VALLEY
BELLINGHAM, WASHINGTON 98226

ABSTRACT

The following are excerpts from the writing of Paul W. Creighton, especially from his newsletter, "People Gathering". These are not complete statements, only highlights to emphasize some of the more important information needs of a manager of a special event.

DEVELOPMENT

FEASIBILITY STUDIES
"RIGHT ON" OR "WRITE OFF"

Over the last thirty years this author has had the opportunity to review literally dozens of feasibility studies. The range of studies has covered everything from trade shows, recreational facilities, shopping centers, convention centers, and agricultural fairs.

The goal of a feasibility study is to answer very important questions. Is the project feasible? Is it reasonable? What are the risks in doing the project? The success of most studies I have reviewed really hedges on these answers. This is understandable in that the producer of the study cannot afford to be very wrong. Therefore, he doesn't try to be very right. The consequences of being wrong will haunt the producer down the road and place his credibility on the line. He reduces his risk and increases yours. A recent example of an error in producing the proper background for some statistical information caused a major loss in credibility for one major research firm in the U.S. Lawsuits and the resulting publicity can be the unfortunate result.

Some carefully thought out guidelines are necessary when negotiating for a feasibility study. If it is a committee task to obtain the necessary study on a project, the group must appoint one person to work closely with the research firm. There must be mutual understanding of what the project is and it must be clearly defined in writing exactly what the scope of work will be and what answers are wanted. These answers are the key to clarification and will serve as the track on which
Most research firms don't create new information to a great extent. They do some basic research via phone and mail which can be considered new. However, the bulk of the information is already available and the research firm merely locates it and incorporates it into the study.
COMPONENTS

THE THREE-LEGGED STOOL...THE SUCCESSFUL EVENT TOOL

We can compare the basic production of a people gathering event with the three-legged stool. The three legs represent the three fundamental factors that have to be present to produce a successful event. The three keys are: 1) adequate financing, 2) good participation, and 3) knowledgeable management.

Adequate financing is such an important key to the success of the project. The time spent on proper budgeting, both revenue and expense, will be the most valuable time invested in the project. Seek out people who have had a similar experience and consider their input carefully. Believe it or not, some of your best advice can come from someone who has had an event failure. The hard part is getting advice from a failure. No one wants to confess to failure.

Budget by segments in time frames. That is, breakdown the project into zones. You have a pre-event zone which includes organization, budgeting, management, promotion, etc.

The event zone is the time that the event is in progress. This zone includes all the cost factors such as meeting room costs, meals, hotel rooms, entertainment, seminars, workshops, etc.

Zone three involves the costs of winding down and closing out. Revenue production spreads across all three zones and the timing of receipt and amounts should be allocated to each zone.

A common trap is to add up all the costs and then project revenue to cover costs and leave a profit. Reduce risk by assessing revenue possibilities first and then fitting cost accordingly. There will be a lot of cutting and fitting but it will certainly be worth it in the long run.

Good participation is essential. Participation has two elements. Those who are participating in the event and those who are attending. Each is equally important. Participants are the "show", attendees are the reason.

Participation, regardless of what it is, has to be of the highest quality. There has to be an "aura of excellence" whether the participant is a foreign pavilion at a world's fair or a seminar speaker at a regional meeting. Quality with the proper amount of quantity sells. Cost cutting in this area is very expensive in the long run. Don't short your event in this area. Remember your attendees are "buying" what you are selling. Put together a good show which will be of the greatest
interest and reward to your other participants; the attendees.

Of course, the attendees should be the primary reason for the event. If you think of your plan in this manner, it is easier to do all the things necessary to insure their acceptance. Remember, before you can have attendance, you need to have acceptance. Find out the needs of your attendees and fill them. The results will be excellent and enthusiastic participation by the players and the spectators.

Knowledgeable management is the third leg and the most important element in reducing the risk of failure. There is no substitute for experience. Put together a management group or advisory group that has the best interests of the event in mind.

Careful, well thought out strategies should be the goal of management. Efficient cost controls married to realistic and obtainable revenue figures will insure the success of the undertaking.
SITE DESIGN

ROAMIN' ON FOOT LIKE THE ROMANS

We still have a great giant leap forward to make in terms of how we handle people and move them around.

Until now, all the planning has gone into the content of the pavilions and the environment that surrounds them: "what you want people to see, hear and touch."

We've seen giant advances in the Imax film technique, it's absolutely mind-boggling to see it now after it was introduced 12 years ago.

Now it's time to work on getting people from one theatre to the next.

Most world's fairs merely had a lot of pavilions scattered around like boxes with nothing in between. People lined up outside the pavilions, moving from one box to the next.

The ideal shape for a world's fair-site is actually a square.

But world's fairs generally don't get to pick their site. "It's picked for reasons of urban renewal and you match what you want to do with what you've got."

But world's fairs in the future will have to take a page from the Disneyland book with rides to take people through the attractions.

France took a step in that direction with its "soule" people-mover that allows visitors to ride up to the pavilion.

Can you imagine how great it would be if you could keep on going in a labrynth right through the pavilions?
SUCCESSFUL MARKETING IS KEY TO WINNING EVENT

There are the three A's of people gathering: ambiance, attitude and atmosphere. They're as important in the middle of a midway as they are in the middle of a pavilion. And carnivals and fair managers have to work closer together. There's too much of a tendency to market fairs as segments of things.

Successful marketing is the key to a successful event. I break marketing into two markets--the beer and scotch markets. You, the carnival owners, are basically a scotch market. The people who work for you are the beer market.

We spent $80 million marketing the Vancouver World's Fair to both markets. We had 54 nations there, including China and Cuba. We marketed that ambiance, history and tradition to the scotch market. But we also ran ads advertising the Scream Machine and Space Ship in the National Enquirer and other magazines for the beer market.

The Vancouver fair succeeded where the 1984 New Orleans event didn't, in striking a balance between a theme park philosophy and pavilion exhibition events. The theme park philosophy is what happens outside of the buildings but still within the gates. This includes themed plazas and landscaping. We spent $3 million on a concrete highway with old junk cars. People loved it.

Lining up what was to appear inside the buildings was tougher than working on the theme park atmosphere. It's not easy to get countries to come to a World's Fair. It's like saying, 'We'd like you to come spend $5 million at a party we're throwing.'

Even though the first question people asked was 'where's Canada?', it was far easier to attract exhibiting countries to Canada than the U.S. They don't have as many enemies. Indeed, 54 countries exhibited in Vancouver, compared to 18 in Knoxville and 11 in New Orleans.

Fairs have the advantage over World's Fairs in that they already have a valuable tradition and the people in the community want them. The only problem with history and repetition is that you utilize it to keep from changing anything.

Marketing is much more than how many Pepsi Days or bicycle give-aways a fair can drum up. Marketing includes increasing a fair's "face count."
SUMMARY

EXPO 86

What do I see as the most significant contribution that this exposition is making to the 'people-gathering' industry, and what will its historic contribution be to World's Fairs in relation to the important contributions of other world-class expositions?

The most significant and lasting contribution is the balanced marriage of theme park philosophy and world-class pavilion exhibitry. My 15-year-old daughter, Lisa Ann, summed it best when she said, "Dad, you can have such a good time at the fair without going in the buildings."

The four previous fairs that I have been associated with directed their concentrated efforts on the pavilion aspects of the fair. The focus was on marketing the covered space, enhancing and encouraging the participant to utilize the space in an accepted and exciting manner and, most important, collecting the rent.

Limited attention and lack of creativity governed what happened around buildings and between pavilions. The visitor experience was comprised of going from building to building, and his goal became getting to the various pavilions. Occasionally, his way was blocked by a food concession or a souvenir outlet. Little attention was paid to creating an overall visitor-oriented atmosphere and illustrating the theme on a site-wide basis.

Not true at Vancouver. The visitor experience is well balanced between pavilions and site enhancement. Adequate funds have been invested in the areas of theme plazas, street entertainment, flowers and trees, sculpture, outdoor theaters, international plaza areas, etc. A rewarding visitor experience has been created throughout the site as well as in the pavilions.

Three significant factors serve as the basis for the site enhancement. The first is area color coding; the site was geographically color coded into six areas. Flowers, benches, waste containers, store fronts and monorail columns carry the area color as well as signage, etc. This gives the visitor a method of organizing the visit to the exposition as the color-coded areas are the key ingredient in maps and guidebooks. It ties the site together in a pleasant visual manner and gives the customer a feeling of confidence that needs are being taken care of in an organized manner. The visitor is more relaxed, happy and enjoys the experience.

Service area location is the second factor. All service area operations are conducted away from the public areas of the site. A service road runs the entire two mile length of the site and vehicular traffic is confined to this road when the public is on the grounds. Security, employee break areas, entertainment staging, waste management,
emergency services, limited warehousing, vehicle parking are stretched out along the road. The visitor does not have access to these areas nor are they visible to him. In summary, the significant factor is that we have not made the operation of this fair a site-wide exhibit during operating hours. How we conduct the operation of the fair does not distract the visitor and limit his enjoyment and experience. He did not pay a gate admission to find out how we run the place!

Theme enhancement is the third factor. A lot of what I call "glue and glitter" has been tastefully designed and placed to remind visitors of the theme of this exposition, which is transportation and communication. Large murals, overhead banner frames, as well as the theme plazas of land, air and marine transportation and excellent lighting make major contributions. It would be hard to find a previous exposition that has visually enhanced the theme to the extent that Vancouver has in its theme application. There is enough "glitter" to make it a fun experience and enough "glue" to tie it all together without creating a confused and disoriented visitor.