



Professionalism is not negotiable

by Amanda Rogaly*

Some business people believe everything's negotiable. In the event industry one thing isn't – or shouldn't be – and that's professionalism.

The price of professionalism is called a management fee. This fee represents peace of mind. It is an assurance of fair-dealing and expertise.

In crude terms, two remuneration models apply in service industries as the better capitalised and led businesses develop into professional practices.

A fair management fee can be charged (when clients can be confident all arrangements are above board) or a ludicrously low fee or no fee can be levied (when clients may feel dubious deals inflate the invoice).

The first scenario characterises mature industries where professional standards are upheld. The second is more typical of immature or 'cottage industries' where double-invoicing, undisclosed rebates and disguised referral fees apply.

It is in the interest of reputable firms that they charge fair and reasonable management fees. (It's also in the client's best interest.) Do less and we implicitly acknowledge that professional standards are still far from the norm in our business.

A management fee of 20-25% of total cost is the industry standard locally. Regrettably, some clients have been known to use negotiating power to cut this in half.

At that rate, a company working out of anything other than a spare bedroom would have trouble staying in business.

Price negotiations are a fact of life, but you can't negotiate away a professional reward.

Negotiation should focus instead on areas where economies are possible without compromising quality, perhaps items relating to scale, menu, décor, staging and entertainment.

That management fee covers your experience, time, expertise and ability to add value through creativity, industry contacts and organisational skill. By defending your fee, you defend the quality of the event.

The Gucci motto states: Quality is remembered long after price is forgotten. I would never contravene the Gucci copyright, but making that thought our own might do our industry a lot of good.

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