
UNIT 11 MANAGING AN EVENT MANAGEMENT COMPANY

Structure

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11.0 OBJECTIVES

The business owner is the ‘secret’ to the success of any new business. Armed with drive, determination, and a positive mind-set, many business owners view any setback as only an opportunity to learn and grow. Most self-made millionaires possess average intelligence, and what sets them apart is their openness to new knowledge and their willingness to learn and determination to succeed.

In the previous Units we learnt about the opportunity assessment process and development of a business plan. This Unit will provide you an insight into the management of an event organisation. After reading this Unit, you will be able to:

- Outline and discuss the organizational life cycle of an event management company;
- Understand the functions involved in managing a company – Production, Marketing and Human Resource Management (HRM);
- Learn the importance and guidelines for achieving Total Quality Management (TQM); and
- Comprehend the need and importance of business ethics.

11.1 INTRODUCTION

Running an established Event Management Company (EMC) for managing events, activations or intellectual properties, is a fulfilling job in terms of both appreciation and profits. Some EMC owners assume that not much management is required in a small business company. But contrary to the common belief, event companies must be organized and systemized to ensure efficient and profitable operations. The entrepreneur also needs to be a quick thinker in case of unforeseen emergencies such as fire fighting, crowd control and so on.

Various departments in the organisations, if organized properly, ensure smooth operations without much micro management. Challenges faced by these departments are often associated with the stage of the organisation’s life cycle. This Unit will cover the life cycle of an organization. It will also cover various aspects of management, including, Production and Operations Management, Marketing Management, Human Resource Management, Total Quality Management and Business Ethics.

11.2 LIFE CYCLE OF AN ORGANISATION

Any organization, including an event company, undergoes changes in its conceptual and structural dimensions over a period of time which presents challenges to the entrepreneur. An entrepreneur will be able to better understand these changes if s/he has the knowledge of the five stages of the Organization’s Life Cycle. Each stage has its own conceptual variations and they result in observable change in the structure and vision of the company. For better understanding, the stages of organizational life cycle have been explained in Fig 11.1 below:

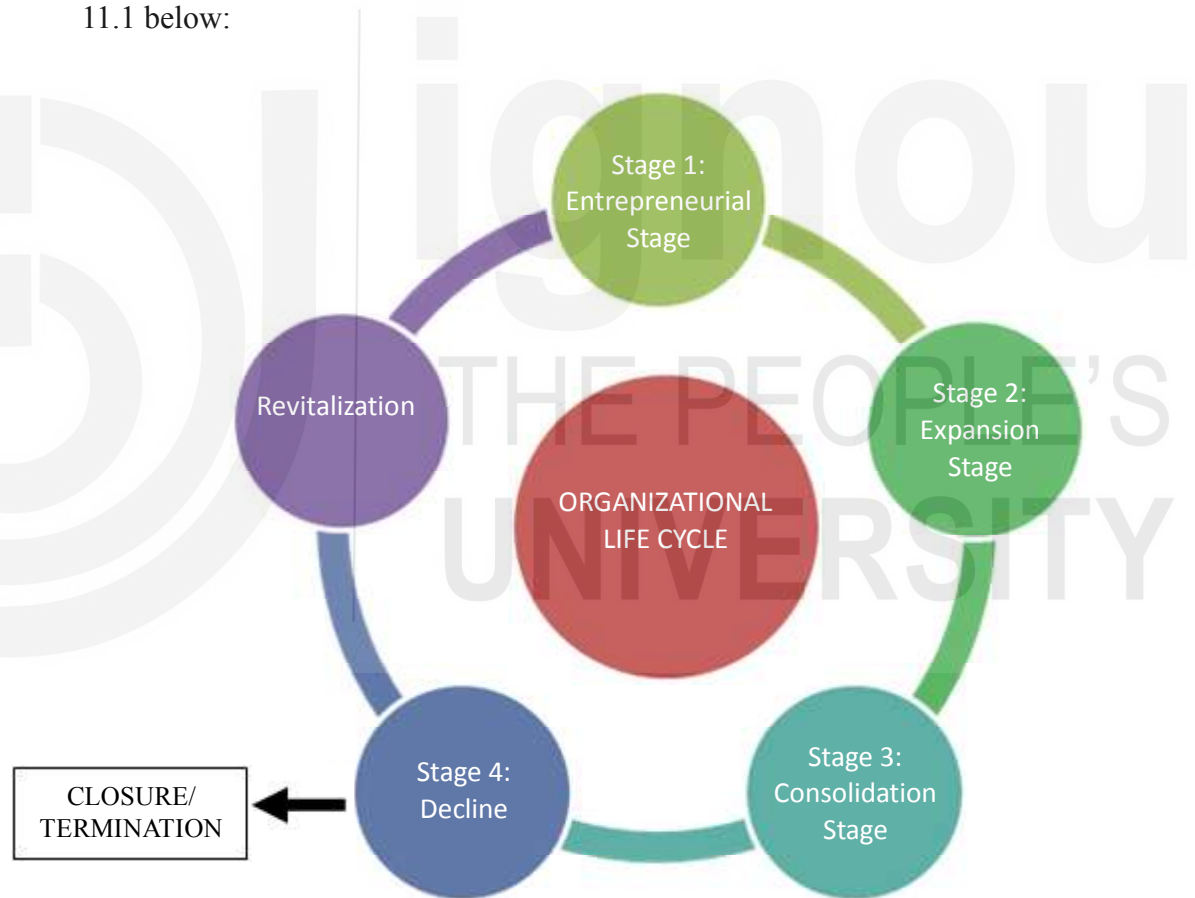


Fig. 11.1: Life Cycle of an Organisation

STAGE 1: Entrepreneurial Stage

This is the conceptual stage, where the entrepreneur finalizes her / his business idea, designs the business plan, raises capitals and starts her / his business. Success at this stage depends on the ability of the entrepreneur to identify the right business opportunity, followed by accuracy of the market research, uniqueness of the idea, explicitly identified services, properly estimated budget and financial projections. The entrepreneur must attempt to create a niche market for her / his EMC.

STAGE 2: Expansion / Growth Phase

As the business expands, the EMC generates more revenue, services are developed, workforce is hired and so on. More business opportunities are capitalized at this stage, often resulting in radical increase in personnel strength and resources. At this stage, an organization is geared towards maximizing its services and sales capacity.

STAGE 3: Consolidation

During the consolidation stage, the event company establishes its market presence and the focus shifts to cost control, productivity and profit. Often in spite of sizable market share and a strong financial base organisations experience stagnation. This stage is marked by stability, and by a slight slowdown. To avoid the decline of the organization at this stage, various actions are undertaken to renew its growth, including introduction of new services. This stage is also referred as the Diversification Stage.

STAGE 4: Decline

An organization enters the decline phase when it experiences continuous reduction in resources and revenue over a long period of time. This decline can occur after any growth stage, not necessarily after consolidation stage. But it is often too late to recover from it as early signs are often mistaken to be 'temporary.' In this stage, its not just sales and profits that drop, but company hiring drops too. Furthermore, demand for company's products or services decreases. However, there could be times when the decline is temporary, and the consolidation / cutback measures to realign and revitalize the organization may revive the organisation's growth. Hence, this could be a temporary decline period, followed by another phase of growth.

Successful ventures do not experience the Decline stage in their organisation's life cycle. In other words, a successful EMC will consolidate, and then continue to grow in terms of sales and profits.

The four stages of the organizational life cycle have been discussed in Table 1.

Table 1: Four Stages of Organisational Life Cycle

		CHANGE		
Category	Entrepreneurial Stage	Expansion Stage	Consolidation Stage	Decline
Size	Size of the company is small	The size of the company expands significantly.	Organization size is almost stable	Size of the organization starts declining. Workforce is reduced.
Structure	It has a horizontal structure with few or no levels of intervening management between the staff and the owner.	There is an initial shift towards being a more hierarchical structure. Management hierarchies are added as it becomes difficult for an entrepreneur to manage increasing functions.	Organizational structure becomes divisional with more departments because of diversification in number of services	Structure becomes horizontal as manpower is reduced
Manpower	Staff is usually highly skilled with relevant experience in the core functions and the supporting staff is minimal.	Organizational growth results in increased hiring of specialists and subordinates.	It involves both downsizing and hiring. It might include additional manpower in supporting functions.	Downsizing of employees is observed at this stage.
Culture	Culture is informal, promotes innovation and risk-taking. Decision making is centralized and power lies with the entrepreneur.	As the external environment is stable, organisation's culture is more inclined towards market culture.	The organization's culture becomes bureaucratic due to high degree of formalization and processes considered necessary for better control of services.	Organisation's culture becomes focused on cost cutting and reduction, hence could become autocratic
Financial	Finance available is less at this stage. Financial institutions are approached at this stage.	Improvement in financial situation because of growth in revenues and strong customer base. Despite expansion, new opportunities require additional funds.	Financial situation is steady	Sales and profits decline, and may become negative.
Leadership	The entrepreneur is the sole leader of the organisation and is responsible for managing all aspects of the organization.	There is leadership crisis at the top level as the changed organization demands delegation of responsibility. Middle management evolves and is responsible for operations while the top management focuses on business strategies.	Key leaders emerge for various functions, and provide stability in this stage. To reach this stage, some amount of rationalization may also happen in leadership.	The owner/entrepreneur, along with key aides ensures that non critical leaders and managers are downsized.
Focus Areas & Challenges	Focus is on successful development of prototype or marketable service, while able to manage necessary finance. Specialization and growth are limited to R&D or service.	Focus is on making service work well and to increase the sales and revenue. Challenge is to constantly scan the external environment for competition while it is so much focused on growth.	Focus is on achieving organizational effectiveness. Challenge is to establish seamless and efficient communication between various departments, being cautious of external environmental changes and making necessary corrective actions.	A cutback in size of an organization reflects a reduced market share and reduced profits, reduced need of products; lack of capability to deliver services.

Check Your Progress I

Note: Use the space provided below to write the answer.

1) Define and explain the size, structure, manpower, culture, financial and leadership areas, as well as the focus areas and challenges in the following stages of organizational life cycle.

- a) Entrepreneurial Stage
- b) Consolidation Stage

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11.3 PRODUCTION AND OPERATIONS MANAGEMENT

An EMC caters to the needs of the customer by providing services and in the process creates value for customers by organising successful events (Fig 11.2).

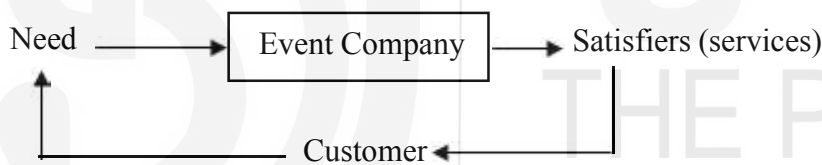


Fig. 11.2: Event Company fulfils Consumer's Needs

Production and Operations Management are the actual micro components of day to day operations of an event company.

Production

Production is a process of transforming raw materials (input) into the desired service (output) by adding economic value. It requires effective planning and controlling of all parameters of production to achieve the desired results, thereby, creating value for the customers. The steps involved in the production technique in the event industry are shown in Fig 11.3:

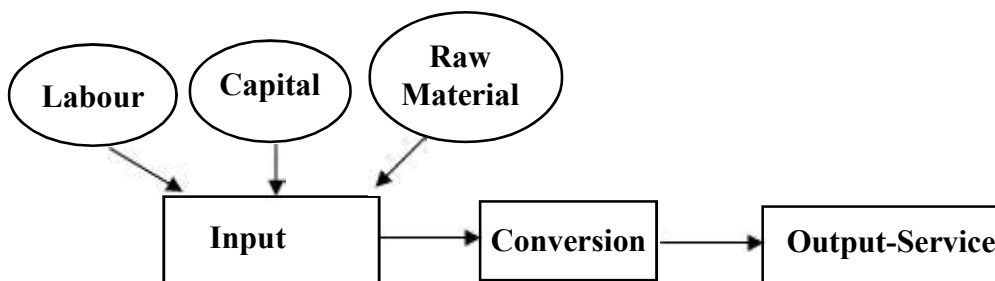


Fig. 11.3: Production Technique Steps

Given in Table 2 are some examples to understand the above concept of Fig 11.3.

Table 2: Examples of Production Technique

System	Input	Conversion	Output (desired)
Community festivals	Décor, Food, cultural event, other arrangement	Cultural events and festival celebration	Satisfied customers
Conference / Workshop / Seminar	Students, Speakers, Technical arrangements	Knowledge and skill transfer	Informed students

Operations Management

To organise satisfactory events for customers, it is essential for an event company to do the following:

- Identify customer needs to provide desired services.
- Prepare the list of required raw materials after customers’ need assessment
- Engage internal and external vendors to a create supply chain for raw material and finished goods between vendor, production facility, and customers.

For example, if the State Government gives your event company a contract to organize National Games in the state, you must first understand the details of the event including type of games or events, services required during the events, essential sports equipment, etc. This would help you ascertain the raw material requirement and identify relevant vendors to supply raw material and for project implementation.

Check Your Progress II

Note: Use the space provided for your answer.

1) Define productions and operations management.

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11.4 MARKETING MANAGEMENT

A person who sells goods and services in lieu of payment is known as a **Seller**, and a person who purchases these goods or services is a **Buyer**. A set up in which two or more parties are involved in the process of buying and selling is called a

Market

According to Kotler marketing is “satisfying the needs and wants through an exchange process.” It is very important to have a competitive market system with multiple buyers and sellers to enable better and advanced quality of the various event services.

It is the duty of a seller (service provider) to give complete and correct information to the consumers about their services. To ensure high sales it is important to clearly communicate USPs (Unique Selling Propositions) of the brand. These are the unique features of the brand or service that fulfill the needs of the buyer. Having multiple buyers means different preferences and requirements. To deal with this, the concept of STP was developed:

S- Segmentation

T- Targeting

P- Positioning

Marketing segmentation refers to grouping (into segments) of customers having similar demands and preferences. For example males and females have different requirements and are hence divided into different segments. Some customers may be segregated into segments on the basis of their economic status, or social and cultural factors.

After market segmentation, the event manager selects one or more of these segments based on attractiveness of the segment and other considerations. Developing marketing strategies and promotional plans in accordance with identified market segments and services offered by the company is termed as targeting. For example, the Trade Fair fulfils the needs and expectations of all the segments, whether individuals, or business houses.

Once the event manager completes the process of targeting, the process of positioning starts. Positioning is the process of establishing and communicating the key benefits of the event to the market. You need to check if the choice of the event was appropriate and whether it was positioned correctly with respect to the service offered by the competitors. Positioning of the event creates a perception of fulfilling a particular need of the target segment.

Marketing Mix

Marketing Mix is the combination of several concepts and ideas to formulate final strategies helpful in making a brand or service popular or promote it amongst the masses. To understand basic marketing mix, generally the following four Ps are used (also see Fig 11.4):

Product / Services: Goods or services produced by organisations and thereafter used by the customers are referred to as products / services. It is sold by the seller to the buyer in return for money. There are two types of products: Tangible and Intangible. An event company is an example of intangible service as no physical product is exchanged, but service (i.e. event experience) is sold. These services may include entertainment, interactions, catering services and the ‘brand image’ of the event in the target market.

Price: Money paid by a buyer to purchase a service is the Price of that service. When there is greater availability of a service / product in a market, its price falls and visa-versa. Pricing also depends upon the number of people attending the

event and the selected venue. Pricing may also depend on the type of customer (e.g. senior citizen) and the time of the event (e.g. discounted price in festival season). Critical factors associated with pricing are:

- Determination of market share planned to be captured
- Formulation of pricing strategy
- Estimation of existing potential demand
- Evaluation of likely response of the competitors

Place: The site where products / services are sold is known as place. Products / services are sold both physically in markets and online. A mix of both is convenient for the buyers and likely to increase the sale. The factors to be considered while selecting a suitable location for a business are:

- a) Located to serve the customer (demographic trends)
- b) Cost of the location (rent or purchase price)
- c) Quantity and quality of labour supply
- d) Zoning restrictions
- e) General business climate
- f) Transportation - For customers (highways, public transportation etc) and raw materials (rail, air etc.)
- g) Proximity to raw material
- h) Quality of public services
- i) Taxes (if owning)
- j) Adequacy of future expansion
- k) Value of site in future
- l) Labour cost and anticipated productivity.

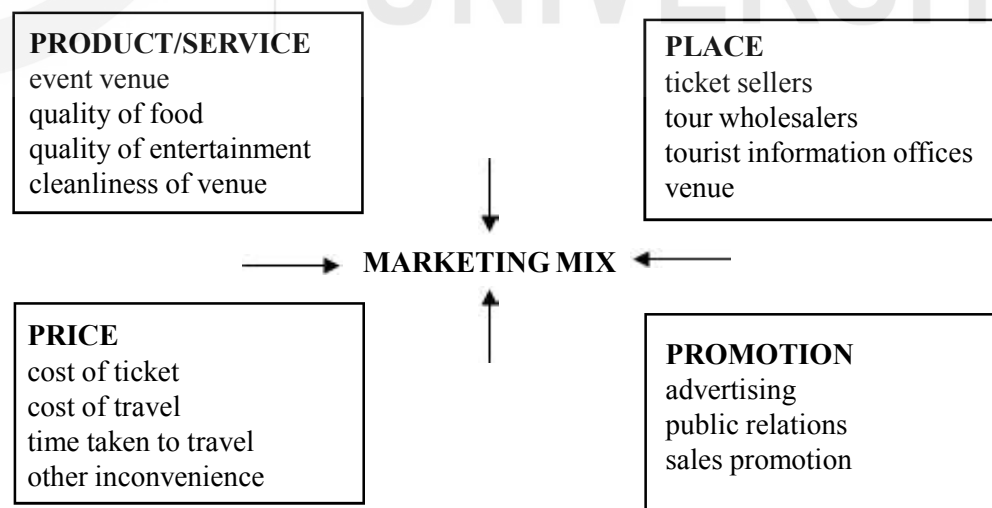


Fig. 11.4: The Marketing Mix – 4Ps

Source: Wagen and Carlos (2009)

Promotion: According to Middleton, promotion is the most visible of the four Ps of the marketing mix. Popularizing a service through advertisements in TV, papers, radio, word-of-mouth, sales promotion, merchandising, publicity and public relations, direct mail, internet usage, etc. is called promotion. These promotion strategies attract customers to use the services being offered by the company. The steps involved in promoting a product / service are given in Fig 11.5.



Fig. 11.5 : Steps in Promoting a Product / Service

The promotion strategy should be designed to attract the attention of potential customers so that they are motivated to pay for the experience.

Every event company should try to create a combination of all the 4Ps in a way that it results in highest level of satisfaction for the consumer and simultaneously achieve organisation's objectives. The mix of 4Ps is assembled according to the requirements of the target market and availability of organisation's resources and market objectives.

The fifth P, that has gained and still gaining popularity as a concept, is 'Pace'. This signifies the speed and efficiency at which the product or service is delivered to the customer. Variations on the original 4Ps has been given by Getz who suggested an eight-P mix of the following that supplements the 4Ps for event management:

- Product (the service offered)
- Place (the location)
- Programming (elements and quality of style)
- People (cast, audience, hosts and guests)
- Partnerships (stakeholders in producing the event)
- Promotion (marketing communications)

- Packaging and distribution of tickets
- Price

Further variations in Ps have been given by researchers and experts in event management. These have been discussed in detail in Block 1 titled 'Marketing Concepts' of Course 4.

The Five Cs of Events

According to Gaur and Saggere, marketing and managing of events involve the use of the following five Cs:

- **Conceptualisation** - of the creative ideas to create the desired ambience
- **Costing** - involves calculation of production cost and safety margins
- **Canvassing** - for clients / sponsors, target audience/ customers, followed by networking
- **Customisation of the event concept** - the concept is customized based on customers' needs, marketing objectives, according to brand personality, budgets etc
- **Carrying-out** - is the execution of the event according to the final concept

The five Cs described above, though linked to each other, may not follow the above sequence. This is due to a complex interaction between the five Cs before the carry out stage. During the conceptualization phase, the initial concept (including costing, canvassing, and customization) undergoes several modifications before finalizing the concept. This process is called *Event Designing*.

Marketing a Service-based Company - Key Success Factors

Clearly articulated Positioning Strategy: After finalizing the positioning strategy it is necessary to convey the same to the employees and customers.

Emphasis on Quality: To develop to the needs and specification of users and ensuring its best quality, both at the time of making as well as execution.

Customer Retention: It is always beneficial for the events business to retain existing customers along with making new ones.

Collecting and using Customer Data: Most service firms collect necessary customer data / information for operations and accounting. For example, EMCs collect information about the audience via purchased tickets and registration forms. EMCs can also buy data from agencies which have customer data base, such as telecom companies and other service providers. This data can range from demographics, to income groups and cultural affiliations. These data bases are potential marketing gold mines.

Close relations between Marketing, Operations and Human Resources: Proper integration and coordination between these functions is the key to success.

Soliciting feedback from Customers and Employees: Feedback from customers helps evaluate the event including its positives and areas that require improvement.

Top Management Commitment: Top management is the main decision making body in any company and affects all the employees from senior level to entry level. Management ensures that the operations of the organization are in line with its vision. They also have a direct influence on the culture and success of the organization.

Marketing and Promotion has been discussed exclusively in Course 4.

Check Your Progress III

Note: Use the space provided for your answer.

- 1) List down the 4Ps of Marketing Mix. Briefly describe any one of them. What are the 8Ps suggested by Getz?

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- 2) State the key factors you should keep in mind, while marketing your event company.

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- 3) Name the 5Cs of events.

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Intext Activity 1

Design a promotional strategy for your business plan (prepared in Unit 2).

The promotional strategy should cover:

- Goals for the promotional campaign
- Combination of promotional tools that you will use and why you plan to use them.

11.5 HUMAN RESOURCE MANAGEMENT

According to Dessler, *Human Resource Management (HRM)* is the process of acquiring, training, appraising, and compensating employees, and of attending to their labour relations, health and safety, and fairness concerns. Human Resource Development or HRD is a sub-field under HRM. Human Resource Development is the process of enabling and empowering human resources in an organization. Following components are covered under HRD:

Manpower Planning: In small scale sector, manpower planning is usually a one-man show or a group decision for allocation of responsibilities to the personnel. Usually, EMCs determine the manpower requirement for specific positions and assign roles to each employee after careful analysis of their policies and goals. Often EMCs hire HRM consultants to ensure right manpower planning for the organisation.

Recruitment, Selection and Placement: Recruitment is the process of searching for adequate number of applicants for the job. The process of recruitment must begin with a clear specification or understanding of manpower needs. Applicants could be identified through public or private employment exchanges, training institutes or polytechnic colleges, newspaper advertisements, trade union and trade or professional associations. During the recruitment process, the HR manager prepares the job description and job specification for the vacant post. *Job description* is the formal description of employees' responsibilities, while, *job specification* lists the education, training, experience and other skill sets required by the incumbent to perform the job successfully.

Selection is a process of gathering information for the purpose of evaluating and finalizing the candidate for short and long-term appointment as desired by the candidate and the organization. Selection techniques include - assessing the past behavior to predict future behavior; identifying of critical job requirements; using effective interviewing techniques; and supplementing interview information. For example, the performance of a candidate for the post of sponsorship manager can be assessed by asking him to present a sponsorship proposal. Organisations also use previous employers as referees to verify the candidate's credibility and performance.

Placement refers to assigning rank and responsibility to the selected candidate. Event managers may also hire volunteers or contract staff for events. For this, they should identify the range of jobs and tasks required for an event and mobilise volunteers from universities and colleges that offer courses on event management or related programmes, charitable organizations, interested voluntary bodies, alumini groups, professional organizations etc. It is generally assumed that

volunteers are individuals, but for large scale events, voluntary bodies willing to participate could be identified. There are no unique set rules for recruitment, selection and placement of employees. However, it is recommended that the following steps be followed (Fig 11.6):

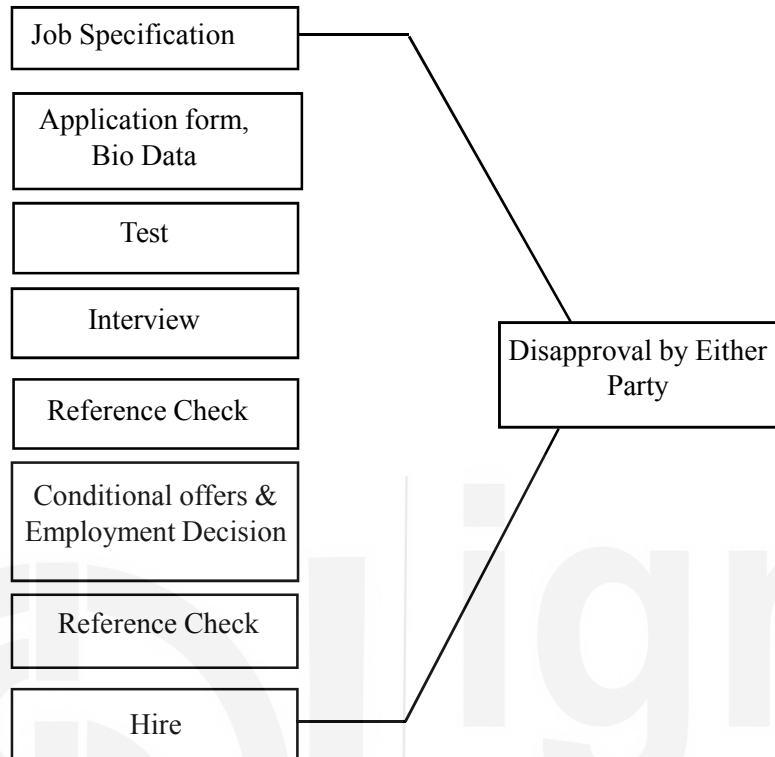


Fig. 11.6 Recruitment and Selection Process

Even though every event is different and individual events are short lived, every event company requires permanent staff for managing the organisation. Some examples of permanent staff requirement in specialized areas are venue manager, operations and logistic manager, light and sound engineer, catering manager, technology support officer, sponsorship manager, risk manager, event designer, and tourism event coordinator.

Checking the candidate's suitability for the position is primarily done by two methods:

- Employing a person with basic education, who can be trained on the job to perform the role s/he is hired for. This method is mostly used to employ operational staff.
- Employing a person with relevant professional and educational background in event management or related field.

Performance Appraisal and Development: Output of an employee in a business is of paramount importance and is linked to the employee's performance. Performance Appraisal is systematic evaluation of the performance of employees and to assess their potential for further growth and development. The advantages of conducting performance appraisal are given below:

- Based on the performance appraisal, the employer determines which employees are to be promoted, demoted or fired.

- The supervisors are able to frame training policies and programs.
- It helps to analyze strengths and weaknesses of employees to design new assignments for efficient employees.
- Ascertain the future development programs for the employees.
- Determine the compensation to be given to an employee.
- Better communication and greater motivation among employees.

Employee Compensation: Employee compensation is the payment made to workers in exchange for their labour. It is closely associated with employee satisfaction as well. This payment is often in cash, and at times may also be combined with various non-monetary benefits, such as health insurance / child care, certain amount of paid vacation time each year. Many businesses and organizations structure their employee compensation policies to attract, retain, and motivate their employees.

A small enterprise unit should evolve a satisfactory employee compensation system by: (a) grading jobs; (b) formulating wage scales for each employee specification; (c) proposing effective means of encouraging and rewarding employees; and (d) providing for employment stability. Employee should be rewarded on merit for his work and loyalty.

Motivation: Motivation is derived from the word ‘motive’ which means need, desire, want or drive of an individual. Motivation stimulates, energises and enables people to achieve goals, be it individual goals or organizational goals. Various factors that simulate people’s behaviour at work can be desire for money, success, recognition, job-satisfaction, team work, etc. A fundamental component of the event manager’s skills is the ability to motivate her / his staff. Given below are the advantages of motivating employees at workplace.

- Employees work for the growth of the organisation
- Improves level of efficiency of employees
- Leads to achievement of organizational goals
- Leads to stability of work force
- The more motivated the employees are, the more empowered the team is and more profitable and successful is the business.
- Motivation will lead to an optimistic and challenging attitude at work place.

To motivate the employees, individual and team goals should be carefully linked to the performance. This can be achieved by recognising good performance through verbal acknowledgement, monetary benefits, training and skill development, job enrichment, job rotation, media recognition, merchandise, tickets, post-event parties, recognition certificates, badges, memorabilia, etc.

Communication: It is well understood that the process of passing any information from one person to another with the aid of a medium is called communication. The process of communication involves the sender who sends information to the receiver who responds accordingly.

Sender ----- Receiver

Information

Here is an example. You (sender) might have an incomparable novel concept/idea for organising a world class concert. This idea (information) is passed on to fellow workers (receiver). 'Effective' communication is one of the basic requirements to run the event and also develop a positive attitude among employees. You may recall that in Unit 7 on Communication Skills and Methods of Block 2, we had discussed about communication skills of an event manager and communication requirements during events that employ different methods. Communication is essential for effective supervision, effective staffing, coordination and control as well as for industrial harmony and peace.

The lines of communication down the hierarchy and from side to side is necessary to ensure that information gets passed around the organisation quickly and not restrict itself to hierarchical communication. For example, if there is a change in the dance programme, the Entertainment Officer needs to first tell the Visitor Services Officer, and should then be able to speak directly to the information and ticket office without waiting for other managers and officers / staff to turn up. Forms of communications - oral or written - should be specified with adequate clarity, flexibility and maximum participation at each level in order to enhance efficiency and productivity in the organisation. These could employ the use of appropriate technology.

Besides effective communication within the organisation, effective communication with external stakeholders is important. Also, the messages used to promote an event have a significant impact. This is because there is usually less scope for advertising by small EMCs to convince all market segments to attend. Hence, a combination of text and images require a lot of creative effort. For promotion brochures, posters, banners, radio / television advertising, and local BTL (below the line) activities can be used. Eye catching promotional strategies like usage of kiosks, banners and T-shirts can be used.

Check Your Progress IV

Note: Use the space provided for your answer.

1) What are recruitment and selection? Briefly describe the methods used for recruitment and selection in event companies.

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2) What is Performance Appraisal?

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3) What is the importance of motivation in HRM?

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11.6 TOTAL QUALITY MANAGEMENT (TQM)

Total Quality Management (TQM) is a management approach to long-term success through customer satisfaction. TQM can be summarized as a management system for a customer-focused organization that involves all employees towards continual improvement. There is no single path to achieve total quality within an organization because all organizations have their own culture, people, and technologies. What may work well for one company will not necessarily work for another. The guidelines given below can be customised according to the organisation’s requirement.

Customer-focused: ‘Customer is God’ is the thumb rule to be followed. A customer ultimately determines the level of quality. What must also be understood is that the external customers are served by the internal customers (employees). Therefore, there is a need to focus on requirements and expectations of both internal and external customers.

Total Employee Involvement: All employees work towards common goals. Total employee commitment can be achieved if the management is able to provide an enabling work environment to its employees.

Process-centered: A process is a series of steps where inputs from suppliers (internal or external) are transformed into outputs that are delivered to customers (again, either internal or external). Steps necessary to carry out the process are defined, and performance measures are continuously monitored in order to detect unexpected variation.

Leadership Commitment: Leadership of an organization must be committed to continuous improvement. This commitment must be visible throughout all layers of management. If the management is committed to provide right tools and systems, employees are likely to excel at what they do.

Integrated System: TQM focuses on the interconnectivity between various departments. An integrated system ensures that all departments understand the vision, mission, and guiding principles as well as the quality policies, objectives, and critical processes of an organization. They work in coordination with each other to achieve business success.

Strategic and Systematic Approach: Strategic planning or strategic management includes formulation of the strategic plan integrating quality as a core component.

Continual Improvement: TQM is a continuous process of improvement. Continual improvement drives an organization to be both analytical and creative. This enables the organization to become more competitive and effective at meeting clients' expectations.

Communications: During stages of organizational change, as well as part of day-to-day operation, effective communication plays an important role in maintaining morale and motivating employees at all levels. Communications involve strategies, methods and timeliness.

Training and Development: Through training, management assures that employees have necessary skills and technical knowledge to perform their jobs effectively. Many organisations have a definite staff development policy, progression routes and comprehensive staff training programmes such as 'Investors in People' that target at enhancing quality of human resources for well-trained, well-motivated and well-managed staff. This also leads to public recognition of the enterprise or company.

Recognition and Awards: After achieving a goal or successfully completing a difficult or important task, giving recognition encourages further participation by an employee and motivates others to perform. Refer the previous section on motivation.

11.7 BUSINESS ETHICS

Values and ethics in simple words mean principle or code of conduct that governs transactions; in this case business transactions. Ethics try to create a sense of right and wrong in organizations and often when the law fails, it is the ethics that may stop organizations from harming the society or environment. Of course all of us want businesses to be fair, clean and beneficial to the society. For that to happen, organizations need to abide by ethics or rule of law, engage themselves in fair practices and competition; all of which will benefit the consumer, the society and the organization.

Business ethics are important because of the following reasons:

Satisfying Basic Human Needs: Being fair, honest and ethical is one of the basic human needs.

Creating Credibility: An organization that is believed to be driven by moral values is respected in society. This perception is held far and wide even by those who are not involved with the organization.

Uniting People and Leadership: Uniting workers within an organization goes a long way towards achievement of one common goal or mission.

Improve Decision Making: All decisions are driven by values. For example, an organization that does not value its employees will not cater to the needs of its employees resulting in dissatisfaction.

Long Term Gains: Organizations guided by ethics and values are profitable in the long run, though in the short run they may seem to lose money.

Securing the Society: Often ethics succeed law in safeguarding the society. The law machinery is often found acting as a mute spectator in its endeavour to save the society and the environment.

Check Your Progress V

Note: Use the space provided for your answer.

1) Define TQM.

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2) What are business ethics and why are they essential?

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11.8 LET US SUM UP

The purpose of this Unit was to orient the learner towards managing an EMC through an understanding of the organisational life cycle, production and operations management, marketing management, HRM, TQM and business ethics. Every organisation’s life cycle consists of five stages namely entrepreneurial stage, expansion, consolidation, decline and revitalisation. Business organisation and management concepts are applied to the business, in order to create services. This process is known as production and operations management, and is essential for organising successful events to the satisfaction and value of customers. The concept of STP (Segmenting, Targeting and Positioning) is central to marketing management. The 4Ps of marketing mix are product, place, price and promotion, to which has been added a fifth P, pace. These Ps should be combined in such a way as to achieve the highest level of

customer satisfaction and organisation's objective. To strengthen the marketing mix, Getz has recommended 8Ps for event management. However through the years a combination of more Ps have emerged for an understanding of the event management field.

The 5Cs for marketing and managing events are conceptualisation, costing, canvassing, customisation and carrying-out. For marketing a service-based company, there are several key factors such as a clearly articulated positioning strategy, emphasis on quality and customer retention to name a few. Important HRD components should include manpower planning, recruitment selection and placement, performance appraisal and development, employee compensation, motivation and communication. To attain TQM, an organisation has to be customer focussed, involve employees, be process centered, be committed to leadership, have an integrated system, adopt strategic and systematic approach, focus on training and development, and give recognitions. All organisations need to abide by business ethics to follow a code of conduct that governs business transactions.

11.9 KEYWORDS

- Job specification** : It is the list of employee characteristics (knowledge, skill, education, experience, abilities etc.) which are considered essential for satisfactory performance in a particular job.
- Reference checks** : It is verification of factual information of the candidate by her / his previous employer(s). It includes dates, places, previous salaries, etc.
- Conditional offers** : It means the employment contract signed between the employee and employer. In this contract the employer states terms and conditions, which may vary from organization to organization.
- USP (Unique Selling Proposition)** : This term was initially proposed as a marketing concept and is used widely today in other fields. It is used to refer to any aspect of an object that differentiates it from similar objects. The proposition must highlight the uniqueness / specific benefit about the product, and must be strong enough to attract new customers as well as potential customers. 'Positioning' is an alternate term that is used for USP.

11.10 REFERENCES AND SUGGESTED READINGS

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11.11 CHECK YOUR PROGRESS- POSSIBLE ANSWERS

Check Your Progress I

- 1) **Entrepreneurial Stage** - This is the conceptual stage, where the entrepreneur finalizes her / his business idea, designs the business plan, raises capitals and starts the business. Success at this stage depends on the ability of the entrepreneur to identify the right business opportunity and, thereafter, accuracy of the market research, uniqueness of the idea, explicitly identified services, properly estimated budget and financial projections. The entrepreneur must attempt to create a niche market for her / his event company.

Size: Size of the company is small

Structure: It has a horizontal structure with few or no levels of intervening management between the staff and the owner.

Manpower: The staff is usually highly skilled with relevant experience in the core functions and the supporting staff is minimal.

Culture: The culture is informal, promotes innovation and risk-taking, the decision making is centralized and mostly lies with the entrepreneur.

Financial: Finance available is less at this stage. Financial institutions are approached at this stage for finance.

Leadership: The entrepreneur is the sole leader of the organisation. He is responsible for managing all aspects of the organization.

Focus Areas and Challenges: Focus is on successful development of prototype or marketable service, while being able to manage the necessary finance. The specialization and growth are limited to R&D or service.

Consolidation Stage – During the consolidation stage, the EMC has established its market presence and focus shifts to cost control, productivity and profit. Often, in spite of a sizable market share and a strong financial base, organisations experience stagnation. To avoid slowdown and decline of the organization at this stage, various actions are undertaken to renew its growth, including introduction of new services.

Size: The organization size is almost stable.

Structure: Organizational structure becomes divisional with more departments because of the diversification in number of services.

Manpower: It involves both downsizing and hiring. It might include additional manpower in supporting functions.

Culture: It involves both downsizing and hiring. It might include additional manpower in supporting functions.

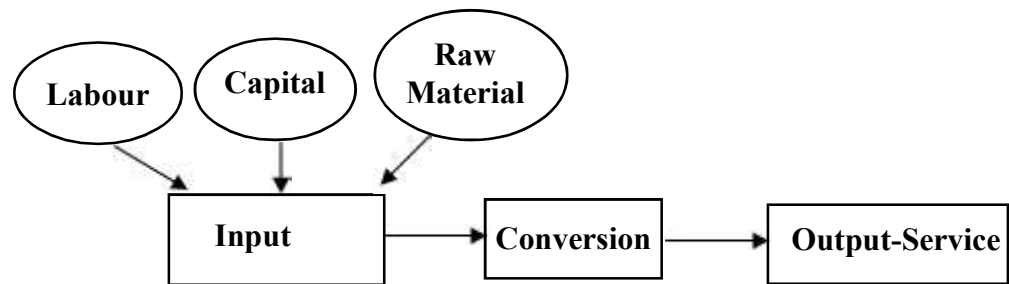
Financial: The financial situation is steady.

Focus Areas and Challenges: Focus is on achieving the organizational effectiveness.

The challenge is to establish seamless communication protocol between various departments, being cautious of external environmental changes and making necessary corrective actions.

Check Your Progress II

- 1) Production is a scientific process which involves transformation of raw material (input) into desired product or service (output) by adding economic value. There has to be effective planning and control on production parameters to achieve or create value for the customers. Production technique for event industry will follow the following steps:



Operations management is required to deliver value for customers in products and services. For this the company has to: Identify the customer needs and convert that into a specific product or service; Do backward working to identify raw material requirements based on product requirement; and Engage internal and external vendors to create supply chain for raw material and finished goods between vendor, production facility, and customers.

Check Your Progress III

- 1) Marketing mix refers to the collection of innovations and ideas to develop the final plans for the promotion of the brand in order to make it a market success. Several concepts and ideas combined together to formulate final strategies helpful in making a brand popular or promote it amongst the masses form marketing mix. The 4Ps of the Marketing Mix are product / services, price, place and promotion.

Product / Services: Goods or services produced by organisations and thereafter used by the customers are referred to as products / services. It is sold by the seller to the buyer in return for money. There are two types of products: Tangible and Intangible. An event company is an example of intangible service as no physical product is exchanged, but service (i.e. event experience) is sold. These services may include entertainment, interactions, catering services and the 'brand image' of the event in the target market. (You may describe any other of the 4Ps if not the above, in your answer).

Getz suggested an eight-P mix for event management, that supplements the traditional 4Ps. These are as follows:

- Product (the service offered)
- Place (the location)
- Programming (elements and quality of style)
- People (cast, audience, hosts and guests)
- Partnerships (stakeholders in producing the event)
- Promotion (marketing communications)
- Packaging and distribution of tickets
- Price

An optimum mix of the above 8Ps are essential for the successful business of an EMC.

- 2) An event management firm is a service based company. There are various key factors that lead to a successful business, these are follows:

Clearly articulated positioning strategy: After finalizing a positioning strategy it is necessary to convey it to its employees and customers.

Emphasis on quality: To develop to the needs and specifications of users and to ensure its best quality both at the time of making as well as execution.

Customer Retention: It is always beneficial for the business to retain existing customers than making new ones.

Collecting and using customer data: Most service firms collect extensive data on their customers for operations and accounting purposes. For example EMCs collect information about the audience through tickets purchased and filling up of registration forms. EMCs can also buy data from agencies that have customer data base, such as telecom companies and other service providers.

Close relations between marketing, operations and human resources: Proper integration and coordination between these functions is the key to success.

Soliciting feedback from customers and employees: Feedback from customers helps in event evaluation. Feedback helps in determining whether or not it is doing a good job but also areas which require improvement.

Top management commitment: Without the support of top management it is almost impossible for a service organization to achieve and maintain a strong marketing organization.

- 3) The 5Cs of Events are Conceptualisation, Costing, Canvassing, Customisation of the event concept, and Carrying-out the event.

Check Your Progress IV

- 1) **Recruitment** is the process of searching for adequate number of applicants for the job. The process of recruitment must begin with a clear specification or understanding of manpower needs. Applicants could be identified through public or private employment exchanges, training institutes or polytechnic colleges, newspaper advertisements, trade union and trade or professional associations. During the recruitment process, the HR manager prepares the job description and job specification for the vacant post. *Job description* is the formal description of employees' responsibilities, while *job specification* lists the education, training, experience and other skill sets required by the incumbent to perform the job successfully.

Selection is a process of gathering information for the purpose of evaluating and finalizing the candidate for short and long-term appointment as desired by the candidate and the organization. Selection techniques include: assessing the past behavior to predict future behavior; identifying of critical job requirements; using effective interviewing techniques; and supplementing interview information. For example, the performance of a candidate for the post of sponsorship manager can be assessed by asking him to present a sponsorship proposal. Organisations also use previous employers as referees to verify the candidate's credibility and performance.

- 2) Performance Appraisal is a systematic evaluation of the performance of employees and to assess their potential for further growth and development. The advantages of conducting performance appraisal are given below:
- Based on the performance appraisal, the employer determines which employees are to be promoted, demoted or fired.
 - The supervisors are able to frame training policies and programs.
 - It helps to analyze strengths and weaknesses of employees to design new assignments for efficient employees.
 - Ascertain the future development programs for the employees.
 - Determine the compensation to be given to an employee.
 - Better communication and greater motivation among employees.
- 3) Motivation is derived from the word ‘motive’ which means need, desire, want or drive of an individual. Motivation stimulates, energises and enables people to achieve goals, be it individual goals or organizational goals. Various factors that simulate people’s behaviour at work can be desire for money, success, recognition, job-satisfaction, team work, etc. A fundamental component of the event manager’s skills is the ability to motivate her / his staff. Given below are the advantages of motivating employees at workplace.
- Employees work for the growth of the organisation
 - Improves level of efficiency of employees
 - Leads to achievement of organizational goals
 - Leads to stability of work force
 - The more motivated the employees are, the more empowered the team is and more profitable and successful is the business
 - Motivation will lead to an optimistic and challenging attitude at work place

Motivation provides the following benefits: puts human resources into action; improves employee efficiency; leads to achievement of organizational goals and stability of work force; leads to team empowerment; creates successful and profitable business; and leads to an optimistic and challenging attitude at work place. Linking performance to individual or team goals is a great motivational factor. This can be done by giving them recognition such as praise and verbal recognition, training and skill development, job enrichment, job rotation, media recognition, merchandise, tickets, post-event parties, recognition certificates, badges, memorabilia and so on.

Check Your Progress V

- 1) TQM or Total Quality Management is a management approach to long-term success through customer satisfaction. Total quality management can be summarized as a management system for a customer-focused organization that involves all employees in continual improvement. There is no single path to achieve total quality within an organization because all organizations have their own cultures, people, and technologies. What may work well for one company will not necessarily work for another.

- 2) All organizations need to abide by ethics or rule of law, engage themselves in fair practices and competition; all of which will benefit the consumer, the society and organization. These rules are referred as Business Ethics. Primarily it is the individual, the consumer, and the employee who benefits from ethics. In addition, ethics are important because of the following reasons: satisfying basic human needs, creating credibility, uniting people and leadership; improving decision making, long term gains, and securing the society.

