

# 6 Portfolio Evaluation and Impact Assessment

## Chapter outline

- The evaluation of event portfolios is complex, requiring new theories, methods and measures;
- A multi-stakeholder approach to valuing event portfolios, considering both intrinsic values and extrinsic measures of worth;
- Four types of impact assessment and their application to portfolio evaluation;
- Key terms and concepts: value or worth; evaluation; impact assessment; asset; outputs; outcomes;
- The nature and use of logic and theory of change models;
- The relevance of organisational ecology theory;
- How financial portfolios evaluation informs event portfolio evaluation;
- Portfolio strategy models and their relevance to evaluation;
- How to assess values against costs and risks within portfolios.

The purpose of this chapter is to introduce and explore the main event portfolio evaluation and impact assessment methods. The principles of financial portfolio management are discussed, considering their applicability to event portfolio evaluation, which should be done with caution, as events are not merely financial assets. The chapter highlights that the evaluation of event portfolios is complex, requiring new theories, methods and measures. To develop a comprehensive evaluation system, it is emphasised that there is a need for a multi-stakeholder approach to valuing event portfolios, considering both intrinsic values and extrinsic measures of worth. The chapter discusses four types of impact assessment and their application to portfolio evaluation. Key terms and concepts are explained, including value, evaluation, impact assessment, asset, outputs, and outcomes. The relevance of organisational ecology theory to portfolio evaluation is stressed. The nature and use of logic and theory of change models are examined followed by a discussion of portfolio strategy models and

their relevance to evaluation. Finally, it is illustrated how to assess values against costs and risks within portfolios.

## Portfolio evaluation complexities

The challenges associated with event impact assessment (IA) and evaluation are magnified greatly when the scope expands from single events to portfolios. Complexity increases in terms of politics, theory and methods, while uncertainty and risk increase when long-term sustainability and the cumulative impacts of multiple events are considered.

Political complexity reflects the many and diverse stakeholders, the need to reconcile multiple and sometimes divergent goals, and issues surrounding the conduct of evaluation, the validity of impacts, and the use of conclusions. If a portfolio is managed in isolation by one agency, such as tourism or economic development, it possibly can escape some of the complications imposed by many competing voices, but in a city or destination with overlapping portfolios there must be a process established to achieve collaboration.

Theoretical complexity is acute, as we do not have theories to explain, let alone predict, how the interactions and synergies among numerous events and their environment will generate desired or unanticipated outcomes over a long period of time. Uncertainty and risks abound, and the establishment of a sustainable system, reflecting triple-bottom-line (TBL) goals, will be extremely challenging. We do not know how impacts will accumulate, so there is a need for more attention to theories of change, both to guide strategy and, through evaluation, contribute to the building of relevant theory. A great deal of uncertainty will generally apply regarding the resilience of events within the portfolio, and the portfolio itself, while its sustainability, in a TBL sense, cannot be managed with certainty.

Third, we do not have all the methods and measures at hand for undertaking impact assessment and evaluation of portfolios. This is a new field of inquiry and praxis, and a lot of trial and error might be needed before we can forecast impacts, measure progress, or determine the worth of event portfolios.

## Evaluation and assessment terminology

The term *evaluation* has two connotations that are important. The first is to establish the merit or worth of an event or portfolio, with merit referring to whether or not goals have been attained, and worth (or value) meaning a determination (usually requiring multi-stakeholder input) of the desirability or legitimacy of the event or portfolio.

*Worth* is such a loaded term that it cannot usually be discussed without acknowledging the *intrinsic – extrinsic* dichotomy and underlying ideology or

value perspectives. Many people assign intrinsic worth to events of certain types, meaning they do not feel the need to quantify costs, benefits, or return on investment because the events are inherently good within the context of culture, lifestyle or health. Others use events as instruments of public policy and corporate strategy, and they require quantification of return on investment – from tourist bed-nights generated by event tourism to brand recognition and sales generated by experiential marketing. Judgement, therefore, is a key to this form of evaluation, and the nature of available evidence is critical. Furthermore, there is no inherent reason for believing that any managed event portfolio holds intrinsic value – its collective worth has to be established through evaluation.

The second way we use the term evaluation refers to the applied research needed to detect and solve problems and otherwise to inform decision making. This is often called *programme evaluation*, and it includes determination of goal attainment. In this context it is more common to evaluate merit (did we achieve our goals?) than to place a value on an event. Most producers and supporters of events naturally believe their efforts are worthwhile, even though other stakeholders might not.

Programme or technical evaluation is often categorised as *formative*, *process* and *summative*.

- ◆ Needs assessments, stakeholder consultations, feasibility studies, impact assessments and evaluation of experiences all help shape the future and are therefore *formative* in nature.
- ◆ *Process* evaluation occurs during the course of an event with the intention of identifying and solving problems. In the context of a long-lasting programme or portfolio this form of evaluation includes monitoring (data collection plus identification of divergence from standards or specifications) and corrective measures such as fine-tuning of implementation. In cases of severe problems the whole strategy might have to be revisited.
- ◆ *Summative* evaluation includes both impact assessment and evaluation of merit and worth, and this information helps shapes the future. There is little value in doing an IA if it does not inform evaluation and strategic planning.

An *asset* is something owned (or controlled or invested in) that has value. It can be tangible, as in a venue owned by a city, or intangible, as in the potential value of event portfolios. InvestorWords.com describes *assets* in the context of an *investment portfolio*, pointing out the inherent dependence upon goals and the various parameters influencing investment decisions:

*A compilation of assets working in concert designed to achieve a specific investment objective based on parameters such as risk tolerance, time horizon, asset preference, and liquidity needs. Portfolios are usually constructed with a mix of assets that have the potential to achieve the desired returns, while minimising risk and volatility through proper diversification and balance.*