

2

Business development in events

Learning objectives

On completion of this chapter, you will be able to:

- Recognise the challenges associated with sustainable business development in the events industry
- Explain the nature of entrepreneurship in the events industry, as well as the associated skills, particularly in terms of creativity and innovation
- Develop an events industry business model and recognise the difference between business models and business plans
- Differentiate between event feasibility and business viability
- Recognise the strategic impact of planned events
- Describe the bidding process, as well as the associated problems
- Recognise the need for business development to be environmentally, socially, and economically sustainable

The challenges associated with establishing an events enterprise, or growing and sustaining an existing enterprise, share several of the features that characterise business development more generally. As with other industries, the development of a realistic and understandable business model is crucial when setting up event businesses. At the same time, most successful organisations in the events industry owe their initial existence, as well as their ongoing survival and growth, to the efforts, expertise, and tenacity of entrepreneurs.

Entrepreneurship in the events industry

The common stereotype of an entrepreneur is a fairly negative one and, in fact, there are many common misconceptions about what entrepreneurship is really all about. One common stereotype of entrepreneurs is that they are money hungry, risk takers that exploit opportunities (and other people) for personal gain. The reality, however, is that the key factors that generally drive and motivate entrepreneurs go much further than simply making money.

In fact, out of a huge array of entrepreneurial motivators, one of the most essential is curiosity or knowledge seeking. In general, entrepreneurs are intellectually curious. They love to learn and are constantly on the lookout for new insights, new perspectives, better way of doing things, and unique ways of finding 'an edge'. In this regard, curiosity may be regarded as entrepreneurial alertness, or the ability to notice opportunities that have previously been overlooked. That propensity to formulate an image of the future may be the essential trait that characterises entrepreneurial behaviour.

There are a huge number of definitions of entrepreneurship. Most of these definitions emphasise the following:

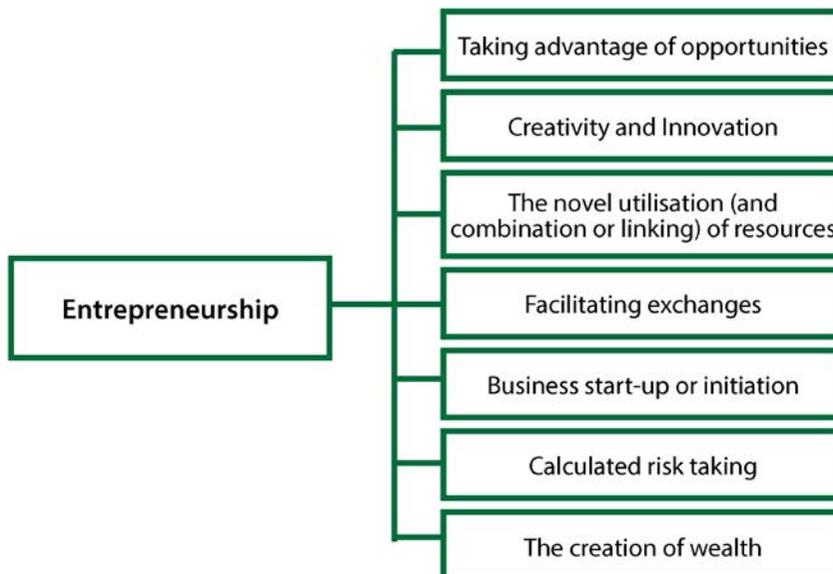


Figure 2.1: Various definitions of entrepreneurship

Consider this: Entrepreneurs are often distinguished by their creativity. So, what is creativity? Creativity can be defined by the ability to come up with new ideas, and identify new ways of thinking, in order to deal with a problem or an opportunity. Ideas may be exchanged among team members; they carry significant value and influence businesses positively.

Essential to most definitions of entrepreneurship and most descriptions of entrepreneurs is the concept of creativity, or the use of imagination and the generation of original ideas, generally involving divergent thinking. On the other hand, innovation is the application of creative ideas to something of value, and generally involves convergent thinking. These two concepts, creativity and innovation are at the core of entrepreneurship. Together they require the capacity to embrace both divergent and convergent thinking, a unique and illusive quality that often seems to distinguish entrepreneurs from non-entrepreneurs. As indicated earlier, a prerequisite to creativity and innovation is curiosity and a propensity to sense an opportunity where others just see chaos, contradiction, and confusion.



How would you distinguish entrepreneurial skills from management skills?

Another key characteristic of successful entrepreneurs is their capacity to network effectively and develop *social capital*. The notion of social capital is central to an understanding of the real value of networks and has been defined as “*the resources available in and through personal and business networks*”. Hence, social capital may be regarded as:

- First, the collective value of all personal and business networks, that is, the people we know
- Second, the reciprocity that arises from these networks, that is, the things we do for each other, and
- Third, the business knowledge that is gained through these networks.



What are some of the approaches that an entrepreneur in the events industry could utilise to develop and maintain social capital?

The entrepreneurial process

The entrepreneurial process can be viewed in several ways and has been described in different ways by several different theorists. However, regardless of the approach taken, an essential element of the entrepreneurial process in any industry is the development of a sound business model to

describe a business idea. In the events industry however, the development of an event concept generally precedes development of a business model. The event concept brings together the creative spark that inspires the event prior to the more practical considerations considered as part of the business model. It needs to be both inspirational and realistic with a view towards shaping expectations. Positive expectations can have a significant impact in terms of shaping event outcomes and influencing event success.



Figure 2.2: Process of entrepreneurship

Developing an events business model

The business model is a concept developed primarily by practitioners rather than theorists. Business models can be applied to virtually any industry, including the events industry, with a focus on the way in which value is created and hence, on the means and methods that the enterprise employs to earn revenue, survive and grow. Key aims of a business model are to provide an understanding of:

- The kind of value that can be created for customers with a certain project
- How that value can be captured
- What the corresponding value architecture or business design looks like.

The composition and nature of business models vary depending on the type of industry and whether in fact, we are dealing with a tangible product or a service. Events are services or more precisely, service experiences and hence, business models in the events industry are quite different from those that focus on a tangible product.