

**Module Title: MICE**

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**Other duties:**

- ✓ **Researcher in Hospitality and Tourism (three publication for now)**
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**Lecture 4: Oversee preparation and Financing Event Budgeting**

# 8. Budget and Finance Committee

- Determine the amount of budget required
- Undertake financial management like:
  - Record revenues
  - Record expenses
  - Perform income statement

- Perform the balance of payment
- Sorted out or liquidate the income and expense
- Develop financial and budget report, etc

# 9. Sponsorship and Fund Rising Committee

➤ Prepare a sponsorship and exhibition prospectus

(Catalog or booklet)

➤ Identify and recruit potential sponsors and exhibitors

➤ Monitor all terms and conditions stated in the sponsorship contract

# Site Selection

- Selecting a site is the most important step in planning a MICE event.
- This process usually takes place several years prior to the event because it plays a deciding factor in whether the MICE event is successful.

- The process also takes a few months or even up to a year because it involves travelling to the candidate cities, sites, venues and hotels before a final choice is made.
- Before selecting the site, the planner needs to understand the target market.

- Let's take a look at the three major markets:

| <b>Association</b>             | <b>Corporate</b>                 | <b>Government</b>                          |
|--------------------------------|----------------------------------|--|
| <b>Flexible site selection</b> | <b>Restricted site selection</b> | <b>Sites with high-security priorities</b> |
| <b>Committee decision</b>      | <b>Individual decision</b>       | <b>Tendering process</b>                   |
| <b>Participants pay</b>        | <b>Employers pay</b>             | <b>Costs shared between departments</b>    |
| <b>Voluntary attendance</b>    | <b>Compulsory attendance</b>     | <b>Attendance depends on need</b>          |

# The Site Selection Process

1. Identify objectives
2. Gather historical data
3. Determine the physical requirements for the meeting
4. Consider attendee interests and expectations

- Select a destination and type of facility
- Prepare meeting specifications and a request for proposal (RFP)
- Review and evaluate sites
- Select the site

# 1. Identify Objectives

- The purpose or expected outcome of the meeting must be clearly understood before the RFP is prepared
- A few events, however, serve a single purpose:
  - to educate
  - to discuss business

- to attend a trade show
  - to provide a social setting for personal relaxation or professional growth
- The needs assessment or organization's culture may determine:
- What is to be accomplished as a result of this meeting
  - The meeting objectives, which will indicate the appropriate setting

## 2. Gather Historical Data

- Hotels and facilities typically require three years of history (documented within the RFP)
- When preparing an RFP, provide as much historical background as possible
- For a first-time event, gather historical data from previous similar events conducted by the group.

- The current demographics can provide a profile of the potential audience, including:
  - **the location of most of the attendees,**
  - **their purchasing habits**
  - **an educational needs assessment and related remarks**

# 3. Determine Physical Requirements

- Preferred Dates
- Attendance
- Sleeping Rooms
- Meeting Space
- Food and Beverage Events
- Exhibits

- Registration
- Ancillary Space Needs
- Other Logistical Considerations
- Site Inspection Requirements
- External Factors

## 4. Consideration of Attendee Interests and Expectations

Usually the following questions will be considered at this stage:

- What is the average age of the meeting participants and how do their ages affect on-site expectations?
- What is the male/female ratio of the participants?
- Would attendees be bringing family members?
- Are program for spouses, guests or children needed?

- How relevant are local attractions and cultural events to the attendees?
- Are recreational activities such as golf, tennis or skiing important?
- Should a golf tournament be included as part of the conference?
- Are spa services and fitness facilities expected?
- Should the site have easy access to shopping and dining options?
- Do the international attendees have special needs?

# 5. Select Destination and Facility Types

- Metropolitan Area
- Suburban Area
- Airport Area
- Resorts
- Conference Centers
- Convention Centers

## 6. Prepare Specifications and RFP

- the event specifications document prepared for facilities assists them in evaluating their suitability for the potential client
- Presents:
  - the event objectives,
  - historical data,
  - physical requirements,
  - attendee interests and expectations, and
  - identifies the general area and type of facility needed

- preparing the RFP requires careful deliberation and communication of the group's needs
- professionally prepared documents facilitate consistent communication with suppliers

# 7. Review and Evaluate Sites

- Local CVB/DMO assist in obtaining information
- Initial contact with the facility representative
- Assess adequacy of space
- Site inspection
- Site inspection checklist

# Site Selection Criteria

- Upon understanding the process for selecting a site, the site suitability for the MICE event may be measured using certain criteria.
- Usually, criteria from the following eight categories are considered:

| Category      | Dimensions            |   |
|---------------|-----------------------|---|
| Accessibility | Cost                  | What is the transportation cost?  |
|               | Time                  | How long is the travel time to this city?   |
|               | Frequency             | How many flights a day are there to this city?  |
|               | Convenience           | How convenient is scheduling for the different connecting flights and other transportation? |
|               | Barriers              | Do travelers need a visa to travel to this city?  |
| Local support | Local chapter         | Does the association have a local chapter to offer support and resources?                   |
|               | CVB/convention centre | Will the tourism board or the convention centre offer help?                                 |
|               | Subsidies             | Is there any funding from the local government for this type of activity?                   |

| <b>Extra-conference opportunities</b> | <b>Entertainment</b>              | Are there a lot of restaurants, bars, theatres and night clubs in the city?                                       |
|---------------------------------------|-----------------------------------|---|
|                                       | <b>Shopping</b>                   | Are there a lot of malls, department stores and markets to shop at?   |
|                                       | <b>Sightseeing</b>                | Are there many architectural landmarks, museums, monuments, attractions, parks, historical sites and local tours? |
|                                       | <b>Recreation</b>                 | Are there sports competitions, games and activities   |
|                                       | <b>Professional opportunities</b> | Are there opportunities to get in touch with clients or local agents for talks, visits and business transactions? |

**Accommodation facilities****Capacity**

**How many rooms are there in a single hotel? Are more than one hotel needed to accommodate all the guests?**

**Cost**

**What is the rate per room?**

**Services**

**What is the standard of service?**

**Security**

**Can the hotel provide a safe environment?**

**Availability**

**Will the hotel be available at the time of the event?**

| <b>Meeting and exhibition facilities</b> | <b>Capacity</b>     | Does the convention and exhibition centre have enough space for this event?                          |
|--|---------------------|--|
|  | <b>Layout</b>       | Is the floor plan flexible and suitable for the event?   |
|  | <b>Cost</b>         | How much is rent?  |
|  | <b>Ambiance</b>     | Is the lighting suitable for this event?   |
|  | <b>Service</b>      | What is the standard of the service?   |
|  | <b>Security</b>     | Will the convention and exhibition centre provide a safe environment?                                |
|  | <b>Availability</b> | Will the convention and exhibition centre be available?  |
|  | <b>Experience</b>   | Has the convention and exhibition centre held a similar event before? Did they perform satisfactory? |

| <b>Information</b>      | <b>Reputation</b>            | What do other event planners think about the city?  |
|-------------------------|------------------------------|---|
|                         | <b>Marketing</b>             | Is the promotion activity by the tourism board effective?   |
| <b>Site environment</b> | <b>Climate</b>               | Is the climate of the city severe?  |
|                         | <b>Setting</b>               | Is the surrounding environment attractive?  |
|                         | <b>Infrastructure</b>        | Does the city have enough infrastructures to support the event?   |
|                         | <b>Hospitality</b>           | Does the local community welcome tourists and/or this event?  |
| <b>Other criteria</b>   | <b>Risks</b>                 | What is the possibility of the city being affected by labor strikes, natural disasters, boycotts or terrorist attacks etc.? |
|                         | <b>Profitability</b>         | Will the city help the event make money?  |
|                         | <b>Association promotion</b> | Will the city add status to the association or organization?  |
|                         | <b>Novelty</b>               | Is the city unique?   |

# Budgeting for MICE Event: WHAT IS A BUDGET?

- A quantified statement of plan
- Allocation of financial resources
- The plan is expressed in numerical terms
- To be used to compare costs and revenues with projected costs and revenues
- The process includes
  - Costing
  - Estimating income
- Maximum possible expenditure for each area of the event is estimated
- Can take many forms

# Constructing the Budget: budgeting Process

1

- Establish what is the economic environment

2

- Establish budget guidelines to fit the objectives, including sub-budgets

3

- Identify and estimate cost areas and revenue

4

- Prepare a draft budget for committee and approval

5

- Evaluate draft budget and prepare final budgets and control ratios

- Basically, budgeting process should encompass:
- **Instructive phase:** committee will instruct the event planner on the content of the budget.
- **Consultative phase:** event planner would ask the advice of other event specialist and the subcontractors.

# Reasons for Budgeting

- To monitor the financial situation as it relates to the goals and objectives of the meeting
- To understand where the income is coming from and where it is going
- To identify the percentage of income and expenses from individual areas

- To analyze and control expenditures
- To determine areas that allow for an increase (↑) in revenues and a decrease (↓) in expenses to avoid losses and determine program options

# Budgetary Goals

- There are three types of goals when setting a budget:
- To **break even: when income = expense**
- To generate **profit: when income > expense**
- To minimize **loss and subsidize if necessary: when income < expense** EX: When gvt receives international event

# Budgeting at a Loss

- While it may sound strange, many meetings are budgeted, technically, to lose money.
- This loss may be the result of meetings that have no income (registration fees, exhibitors, sponsorship) to cover expenses.

□ Typical meetings that are budgeted at a loss include:

- board meetings
- committee meetings
- training meetings
- product launches
- Typically, these situations are viewed as investments and subsidizing the event is acceptable because of its benefit to attendees.

# Use of Information for Budgeting

- When setting the budget, the first questions involve how much is to be spent.
- The planner often examines the **history of previous event budgets**.
- Prices may increase because of the **date and location of the event**.
- **Differences in programming, attendance and other aspects of the event** will also dictate an increase or decrease in income and expenses.

- **Demographics** of the participants will also impact on budgeting as the financial status of the attendees may affect the amount they are willing to pay for registration.
- For first-time events, usually zero-based budgeting will be used.
- Planners can also **research other MICE events of similar size and scope and identify all possible expenses to determine a realistic budget.**

# Expense

- Expenses are moneys that need to be spent in order to hold the MICE event.
- Typical expenses originate from **fixed, variable and indirect costs**.

## Fixed Costs

- ***Costs that have to be met.***
- ***These expenses remain the same*** regardless of the number of delegates.

- For example:-
- Venue/room rent
- Speakers
- Marketing
- Office supplies and expenses
- Multimedia

## □ Variable Costs

- **Costs that vary with the number of delegates.**
- **These expenses** are based on a **per-person basis**.
- For example:-
  - Food and beverage (F&B)
  - On-site materials
  - Ground transportation
  - Entertainment

## ❑ Indirect Costs

- Costs listed as overhead or administrative items on a program budget and are organizational expenses not directly related to the event.
- Staff salaries
- Overhead (operating)
- Equipment repair

# Budget Viewpoint

- Different organizations will have different views on whether or not their MICE events should make money.
- There are two ways to achieve their budgetary goals:
  - increase income or
  - cut costs.

# Sponsorship & Financial Analysis

- One of the common ways to increase income is to **seek sponsorship**.
- Sponsorship can be **in-cash or in-kind (goods or services donated)**.
- **The sponsor, a company who would offer cash or in-kind fees at an event, will gain in return commercial potential by associating with the event.**
- Most of the time, such “affiliation” or “association” between the event and company are mutually beneficial.

- For a convention to be a financial success, it is critical to secure adequate sponsorship.
- The key is to provide sponsorship packages that detail the required contribution and list the benefits to the sponsor.
- Organizers must also fulfill all the sponsor benefits as set out in the package in order to attract repeat sponsorship.

# Sponsorship Framework

**Hierarchical approach** — based on a differentiation of fees and benefits.

For example:

## 1. Title sponsor (one only)

- A *title sponsor* refers to a sponsor who can name the event.
- They:
  - receive free tickets
  - receive prominent signage at all venues
  - are allowed a hospitality tent;
  - cost as per the organizer decision
- There may not be a **title sponsor** for some conventions, due to the topic and nature of the event.

## 2. Gold sponsor (no limit on numbers).

- Receives fewer benefits than the title sponsor
- Cost to be determined by the organizer

## 3. Silver (no limit on numbers).

- Receives fewer benefits than the gold sponsor
- Cost to be determined by the organizer

## 4. Bronze (no limit on numbers).

- Receives fewer benefits than the silver sponsor
- Cost to be determined by the organizer



# VISIT RWANDA



19 - 26 feb. 2023

19 - 26 feb. 2023



## GOLD SPONSORS



## SILVER SPONSOR



## BRONZE SPONSORS



## OFFICIAL SUPPLIERS



## OFFICIAL SUPPORTERS



Tour du Rwanda (2022), THE 15th TOUR OF RWANDA ROUTES AND TEAMS UNVEILED,  
<http://www.tourdurwanda.rw/IMG/png/3.png>

# References

[1] Ms Chloe Lau (2021), Meetings, Incentives, Conventions and Exhibitions (MICE), p62-76

[https://www.edb.gov.hk/attachment/en/curriculum-development/kla/pshe/references-and-resources/tourism/MICE\\_English\\_2016.pdf](https://www.edb.gov.hk/attachment/en/curriculum-development/kla/pshe/references-and-resources/tourism/MICE_English_2016.pdf)

[2] Ms Chloe Lau (2009) Manual on Elective I – Meetings, Incentives, Conventions and Exhibitions (MICE),

<https://www.coursehero.com/file/86801355/Manual-on-Elective-I-Meetings-Incentivespdf/>

End of Lecture 4

Thank you for Following the course!

Next lecture: Oversee the Execution of MICE Event

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