

# The need to outsource - turning overhead costs on their head

By [Kerith Hulme](#)

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Despite recent downturns in the local economy, and the potential downgrade of South Africa's economic rating, internationally the special events industry shows no signs of grinding to a halt.



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Recent estimates place the annual global spend within the industry at over \$500bn, according to Dr Joe Goldenblatt – the founder of the International Special Events Society (ISES). This indicates that players who are agile and able to move within the changed climate do not need to fear recent cut budgets, cancelled indabas and increased overheads and costs of running a business.

As the market grows and small companies organically expand into larger ones, one of the greatest challenges for events agencies is the control of cash flow. The very nature of the industry is that several months of work may culminate in a single day's event, and the delicate balance between overheads and profits is a vital consideration for all companies in the field. Furthermore, payment policies of multinational clients put huge pressure on the agency to float many of the expenses involved in successfully pulling off large events.

In any company one of the highest costs is on staffing – salaries, welfare and training can contribute up to 80% of monthly spend. Within the South Africa events, meetings and incentives industry, the average company an average of only six to eight full time staff. Limited budgets govern the balance between the need for human resources and the need to carefully manage profit.

However, companies of this size regularly pitch to large corporates and win multi-million rand events, and the need for an increased pool of human resources for a short period of time is clear. The outsourcing of simple but time consuming tasks to trained forces offers a neat solution to this problem, and leaves event managers free to manage their budgets, clients,



venues, and the myriad of other variables that fall within their portfolio.

Whilst outsourcing your staffing needs is not free, it does have clear benefits over hiring an additional full time resource.

With a specialised agency, training is quick and focused only on the task at hand, as the staff are already proficient in the basic skills required within the industry. There is no need to spend days sorting through applications or interviewing candidates, and your staff and managers do not need to place their current priorities on hold while seeking a new team member. Agencies specialise in sending the correct person to each job, saving the client the time that they would spend on seeking talent for the role.

Outsourcing staffing is also ideal for clients who have flexible requirements: a full-time resource who sits idly at their desk is a high cost to company for no return. Outsourced troops are deployed only when required, and their cost is therefore balanced by the meeting of your immediate need.

Staff brought in temporarily are also more used to working on tight deadlines for defined deliverables, so they are accustomed to working odd hours, weekends and public holidays. Hunter Hoffman, head of US Communications at Hiscox Insurance, determined in his research on the topic that outsourced staff feel more pressure to perform well in order to find more work, whereas in-house employees receive their salary regardless of delivery.

Staff who work with various clients also build up a larger range of experience than employees who work with the same client and deliverables constantly.

A final benefit worth considering is that with outsourced staffing, there is no need for you to consider paid holidays, tax affairs or sick leave. These are managed by agencies or the individuals themselves. Staffing can be considered an expense to be declared before considering profits for tax, and the correct agency will favourably influence your VAT and BEE spend.

Finding the correct agency to work with and building trust within that relationship is the key to a mutually beneficial outcome. The correct staffing partner will go far beyond their defined responsibilities in order to ensure that your event is well executed.

## ABOUT THE AUTHOR

Kerith Hulme is an experienced eventing logistics professional with fifteen years' experience on a range of large-scale corporate and special events. Kerith founded [\[http://footsoldiers.co.za/ Foot Soldiers\]](http://footsoldiers.co.za/) in 2001, offering a managed team of event staff to agencies and corporates on an outsourced basis. Foot Soldiers has become an industry byword for intelligent and well-trained temporary staff, working on an average of two events per day across the country.

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