

Event Portfolio Management Instructor's Manual

6: Portfolio Evaluation and Impact Assessment

This is the instructor's manual produced to accompany the book *Event Portfolio Management: Theory and Methods for Events and Tourism*, by Vladimir Antchak, Vassilios, Ziakas and Donald Getz, 2019, published by Goodfellow Publishers Ltd.

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Lecture 12

Users are advised to read the companion books *Event Evaluation* and *Event Impact Assessment* for substantial treatment of theory, methods and event applications. In this section we focus on what material the instructor should have when considering event portfolios.

A complex challenge

Reproduced below is the complexity model from *Event Evaluation* (Getz, 2018). The most difficult challenges - theoretically and politically and technically - are with long-term impacts of multiple events, especially when adopting the sustainability paradigm. Within impact assessment (IA) theory there is the basis for examining and evaluating cumulative impacts, related to the various interactions events can have.

Portfolios seek to maximise positive synergies through leveraging and legacies. Within that complex challenge there are other difficult questions such as “what is the worth” of an event, especially when events are considered to be “assets” within managed portfolios. Related issues: the need for logic and theory of change models to guide the process and establish IA and evaluation criteria, and the nature of acceptable evidence - all of which require collaborations.

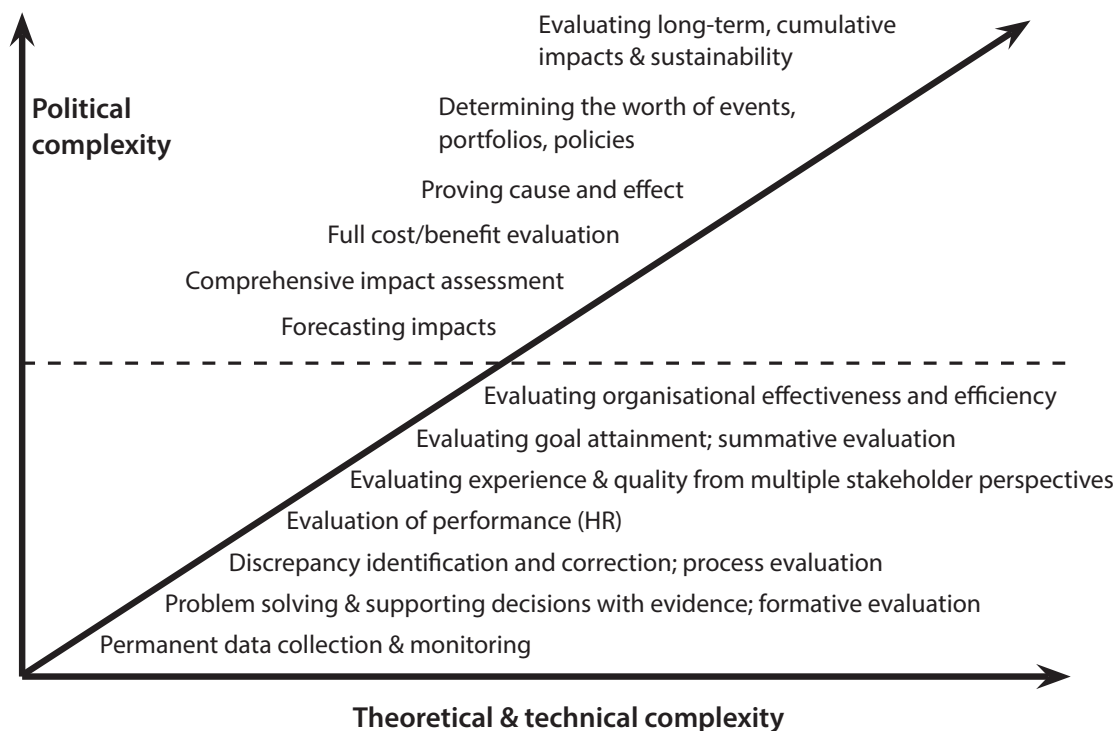


Figure 16: Evaluation complexity model. Source: Getz (2018) *Event Evaluation*.

Key terms

Students and practitioner need common terminology, and so it is important to define the following terms from various places in this chapter:

- ◆ **Evaluation** as (a) a technical process (also called programme evaluation) with its emphasis on aiding decision-making and solving problems, and (b) the determination of something's value or worth (which is the original meaning of the term);

note that in the complexity diagram the most typical evaluation tasks are below the dotted line.

- ◆ **Outputs and outcomes:** outputs are expected or usual results achieved by some process, such as an event, and generally reflect goals - they are the typical object of goal-oriented evaluation (i.e., measuring effectiveness); outcomes or impacts are terms reserved for long-term, systemic changes.
- ◆ **Value or worth:** as in, what is the value or worth (related to ROI) of events as assets and to the value or worth of managed portfolios; do not confuse “the value of something” with the “values” that stakeholders bring to the table when discussing events, portfolios and impacts (these are “value perspectives” and a full discussion lies in the book *The Value of Events*, edited by E. Lundberg et al. and published by Routledge, 2017).
- ◆ **Intrinsic and extrinsic:** quite different approaches to valuing events, using either quantitative measures of extrinsic worth, such as economic impacts, or based on the intrinsic value of events in social or cultural terms; always consider what these differences mean for evaluation methods and measures
- ◆ **Formative, process and summative evaluation:** three stages or types of evaluation; note that measuring impacts is not the same as evaluation, but is often an input; also consider the four types of IA below:
- ◆ **Impact assessment:** standard definitions stress the forecasting of impacts, or the changes that occur because of actions taken; IA has to consider the need for mitigation (and compensation); in addition to forecasting we also need post-event IA (unfortunately the literature and praxis is dominated by narrow economic impact studies that ignore many issues like equity), strategic IA (when policies and strategies are to be compared in advance), and retrospective IA (where we look at how a portfolio of events, for example, has changed the economy, society or environment in an area).
- ◆ **Indicators:** evaluation needs key performance indicators, and IA needs key impact indicators, otherwise we do not know what we are trying to measure or what methods to use to collect and analyse data; link these to evidence.
- ◆ **Evidence:** because proving cause and effect is so difficult, and in many circumstances impossible, stakeholders have to agree on what will constitute acceptable evidence, and translate that into indicators; the “voices” of stakeholders and those impacted are often the most important source of evidence; when evidence is agreed upon it becomes a social contract among the stakeholders.
- ◆ **Cumulative impact assessment:** the possible interactions among stressors (e.g., events, venues, tourism, construction) that lead to possible cumulative impacts include additive, interactive and synergistic; we cannot possibly forecast all of these in advance, not even in the short term, so portfolio management by definition entails uncertainty and risk.
- ◆ **Uncertainty and risk:** in risk management all possible outcomes of events are to be forecast, assessed as to their probability of occurring and potential severity, and appropriate strategies implemented to prevent or minimise damage, mitigate the negative consequence and insure against losses; unfortunately uncertainty will

always remain, and in event portfolios there is potential for a lot of ensuing risk (which we can call losses, disbenefits, negative impacts, or inequity); in logic and theory of change models these have to be taken into account and deviations from goals or indicators have to be closely monitored.

Financial portfolio theory

Some of the relevant portfolio theory comes from financial analysis, but it is not always appropriate - especially when intrinsic value is placed on events (as is the case with cultural, social or health goals). As well, multiple goals and values will apply to many events, and especially when overlapping event portfolios are present.

The most profound issue to consider is that of risk versus reward. Financial portfolios seek to minimise risk and maximise rewards, leading to various forms of analysis, and generally to compromises in the selection of investments. Novice investors typically are advised to invest in safe or "blue chip" assets, while the more experienced (with money to spare!) can make potentially high-return investments accompanied by higher risks.

Exercise:

Invite a finance professor or financial advisor to class to lecture on investments, portfolio formation, risk taking, and analytical tools they use; discuss potential applications to events and event portfolios. Consider how balancing and diversifying portfolios might be applied to events and other forms of risk reduction. This leads to the pyramid and matrix models.

The Markowitz Method

Useful reading

Andersson, T., Getz, D., Gration, D. & Raciti, M. (2017). Event portfolios: Asset value, risk and returns. *International Journal of Festival and Event Management*, 8 (3), 226-243.

For those interested, see the above article for discussion of the Markowitz "efficient frontier" in portfolio analysis. A better approach for event studies, as introduced in this chapter regarding an experiment in Gothenburg, Sweden, is the analysis of how managers or decision makers determine value versus costs and risks. Monitoring and performance standards are essential when taking a long-term perspective.

Organisational ecology

Consider each of the propositions on a "healthy event population" and how these can be applied to the planning and evaluation of portfolios. Perhaps the most important theoretical point to stress is that populations will always be dynamic, and individual births and deaths of events will seldom be a major factor. An exception could be in a very small or very specialised portfolio - which violates the principle of diversification.

In the figures below (Figures 17 and 18) are three "fragments" of organisational ecology theory, and the second slide illustrates density dependence. See the suggested readings for details.

1. Age and Density Dependence

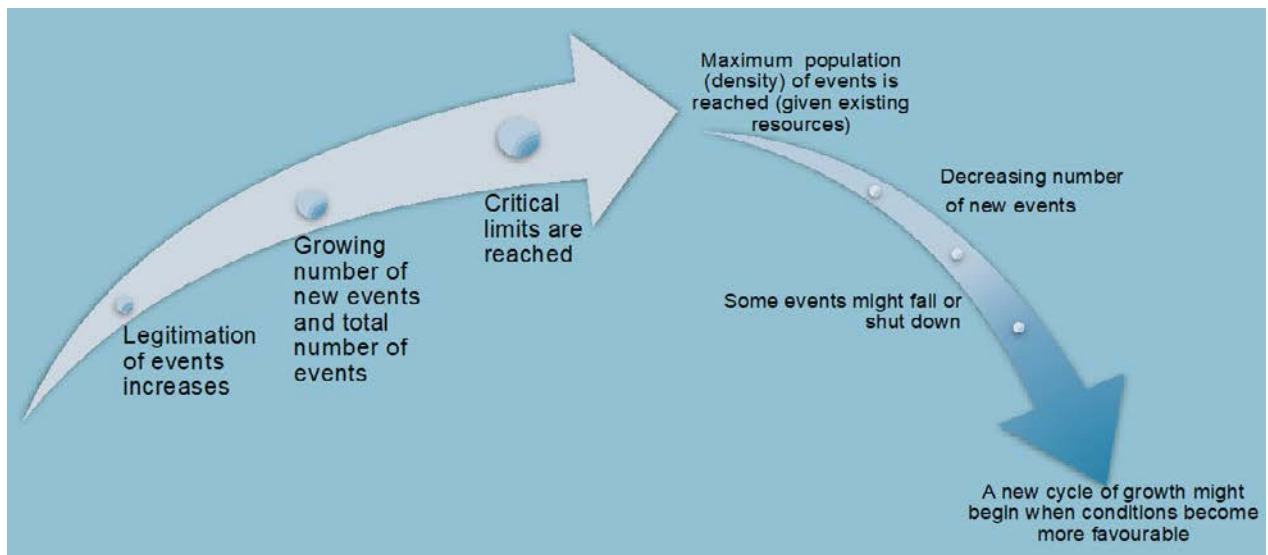
- do new events fail more easily?
- will growth rates decline and populations achieve homeostasis?

2. Niche Theory

- Is it better to be a specialist or generalist?
- Hallmark events as institutions occupy a desired niche

3. Competition versus Collaboration

- collaboration is a key element in portfolio management
- not-for-profits can be more successful when they collaborate



Figures 17 and 18: Key aspects of Organizational Ecology Theory

Useful Readings:

Andersson, T., Getz, D. & Mykletun, R. (2013). Sustainable Festival Populations: An Application of Organizational Ecology. *Tourism Analysis*, 18 (6), 621-634.

Getz, D. & Andersson, T. (2016). Analyzing whole populations of festivals and events: An application of organizational ecology. *Journal of Policy Research in Tourism, Leisure and Events*, 8 (3), 249-273.

Logic and theory of change models

The development and application of these models is thoroughly discussed in the two companion books on evaluation and impact assessment. Figure 19, below, shows how logic models are more suited for short-term output evaluation while TOC models are suited for longer-term impact assessment and evaluation, such as when events and portfolios are conceived and managed as agents of systemic change. Figure 20 is an example

of TOC, starting with statements of desired/expected outcomes, then proceeding to map out the theory and logic of how to get there. Never forget external environmental factors. Remember the necessity for key performance and key impact indicators.

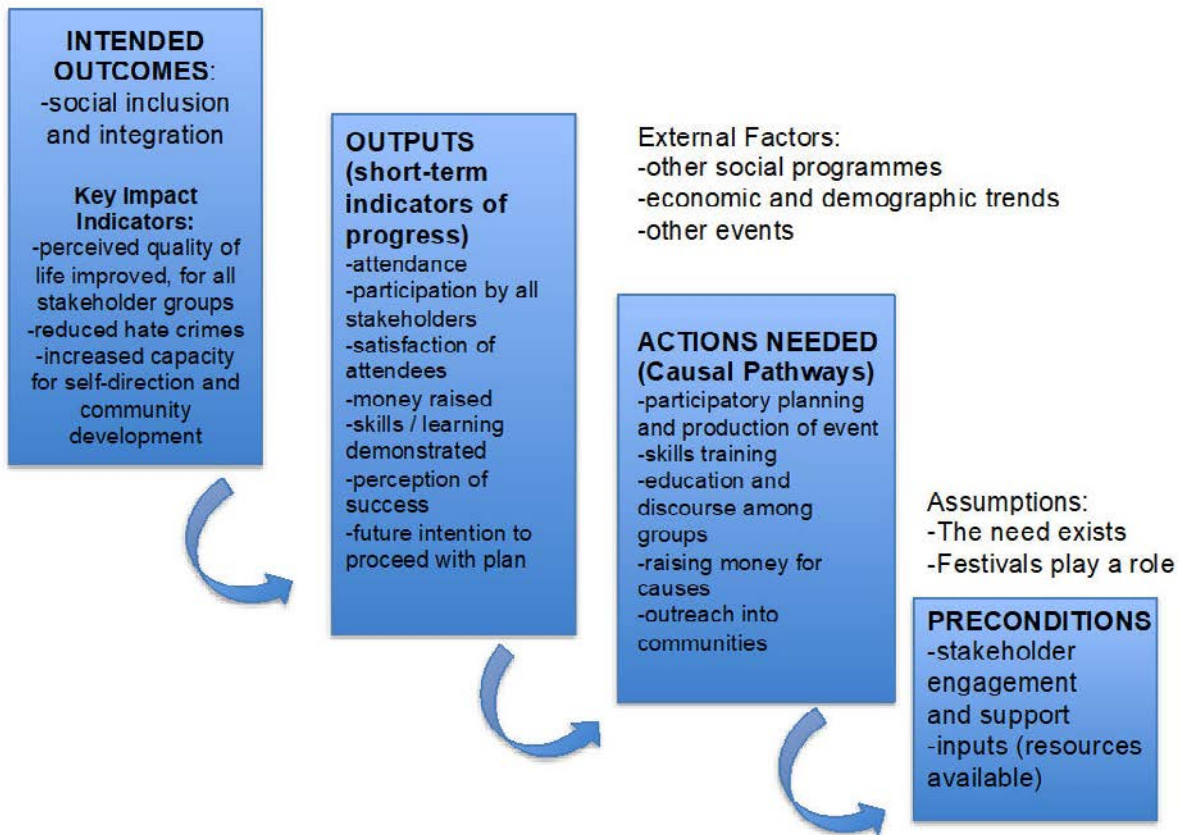


Figure 19: Theory of change model

Logic model for goal-attainment evaluation:
Single event & event portfolios

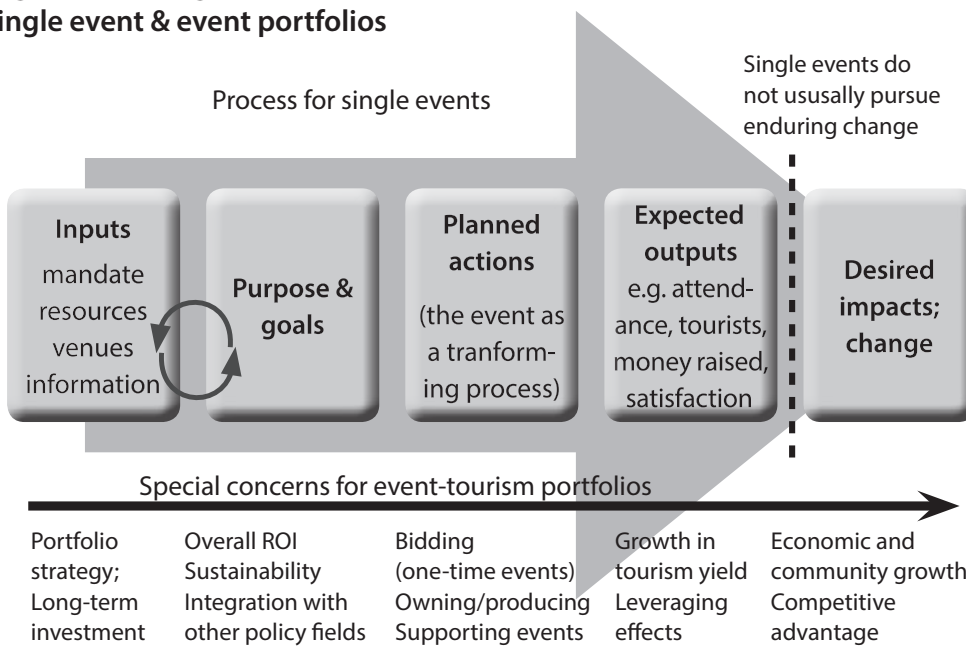


Figure 20: A logic model for event evaluation and impact assessment. Source: Getz (2018)

Balanced scorecards for portfolio evaluation

The model (Figure 21) is an adaptation, emphasising triple-bottom-line thinking and the particular considerations involved when adapting this to event portfolios. It simply conceptualises many of the other points stressed in this chapter and the book overall.

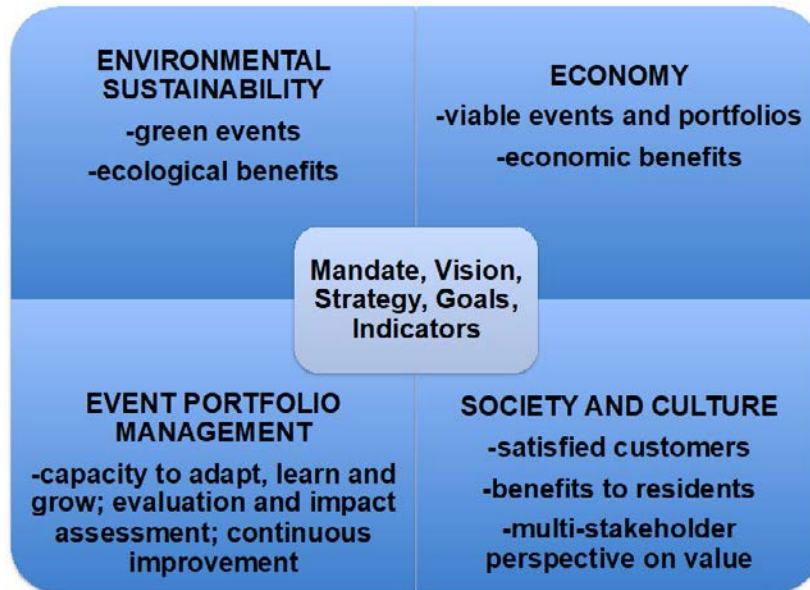


Figure 21: The Balanced Scorecard evaluation system

Matrix models

The ensuing model (Figure 22), adapted from the Boston Consulting Group's famous product portfolio matrix model, is a tool for evaluation, specifically to ask decision makers and portfolio managers to make explicit their values, goals, assumptions and priorities when comparing asset value and overall portfolio values with costs and risks. There can be little doubt that bidding on events is expensive and risky, while permanent events "owned" by the city/destination minimise costs and risks (over the long term) while maximising a range of potential values. One can ask: how will a mega-event add permanent value?

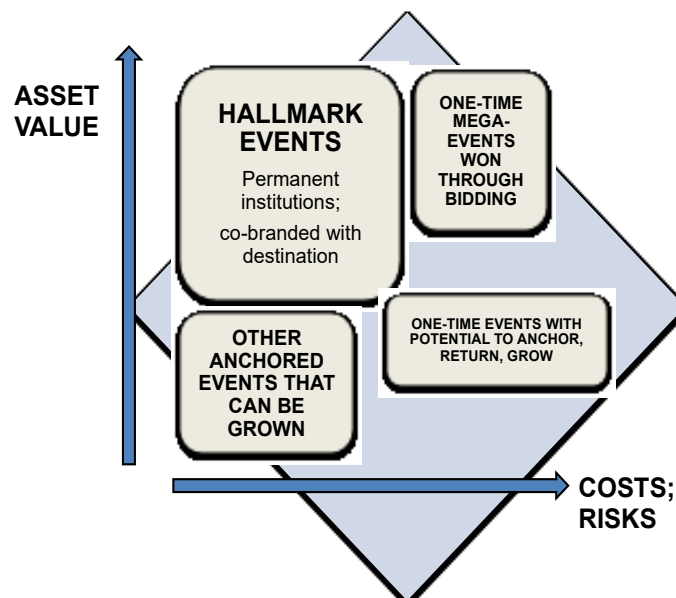


Figure 22: Matrix model

Ossian's Matrix, illustrated below (Figure 23), is taken from the ideas (unpublished) of Ossian Stiernstrand at Goteborg and Company, Sweden. It is included in the book *Event Tourism* (Getz, 2013).

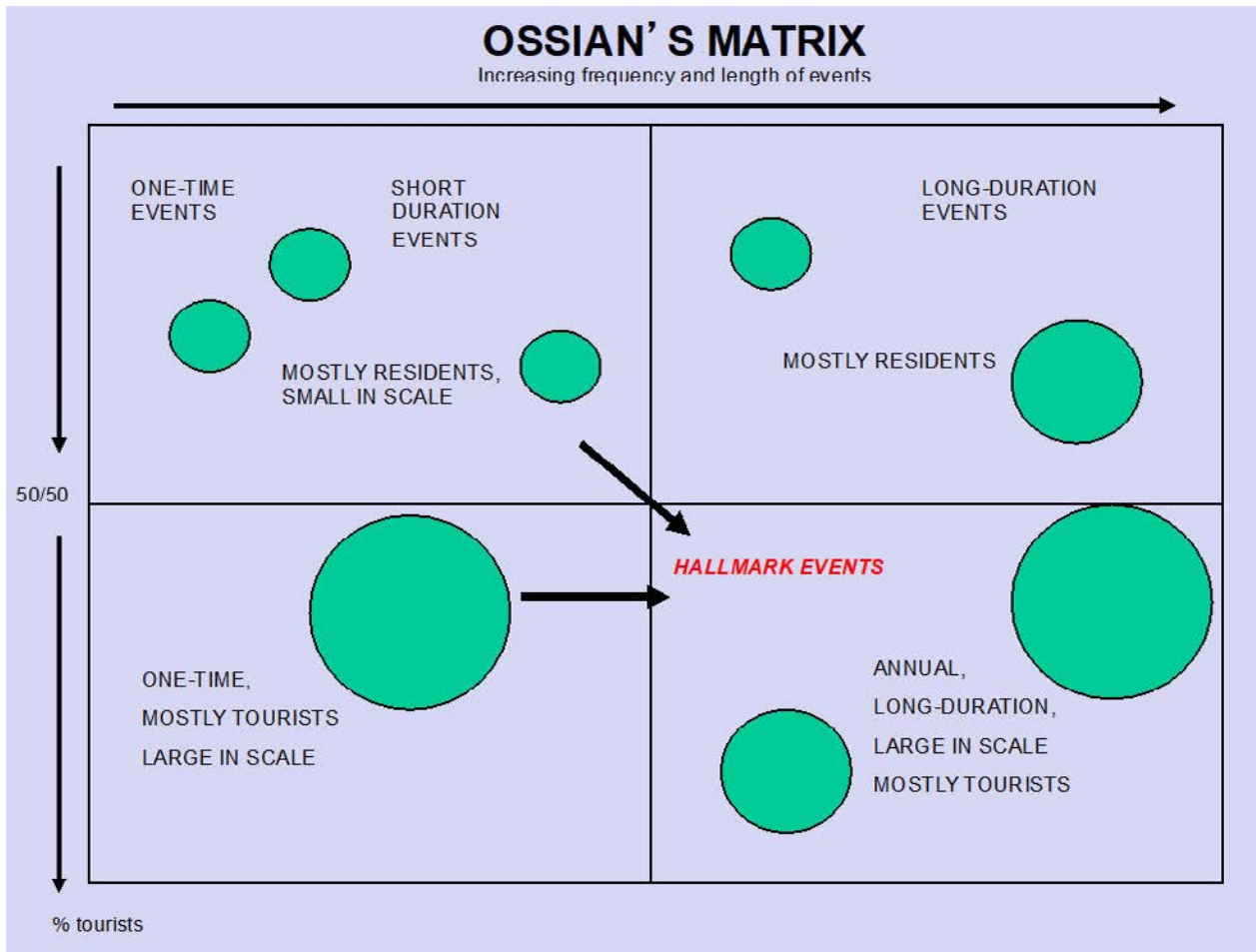


Figure 23: Ossian's matrix

His dynamic model suggests that events can be shifted in frequency and drawing power (combining scale, length of the event and increased tourist numbers). Getz added the notion of creating permanent *hallmark events*, but this is pertinent only to a tourism perspective. In this view, a balanced portfolio might consist of half local events and half tourist-oriented events, with a mix of permanent and one-time events. Management of the portfolio has to be based on longer-term goals. 'Growth' in this model is multi-dimensional and applies both to individual events and the portfolio's overall value to the city. As an evaluation tool, try to place event 'assets' into the quadrants based on analysis, then consider future change possibilities.

Process model

This model (Figure 24) shows how the whole process of planning and evaluation can flow. There is no end point with populations of events, and presumably with most managed portfolios, although it is possible to imagine a specific-purpose portfolio planned with an end date. Continuous improvement should be a goal, but it is less obvious that event portfolios could or should continue to grow or become self-sufficient. Antecedents are critical - the process cannot succeed without collaboration.

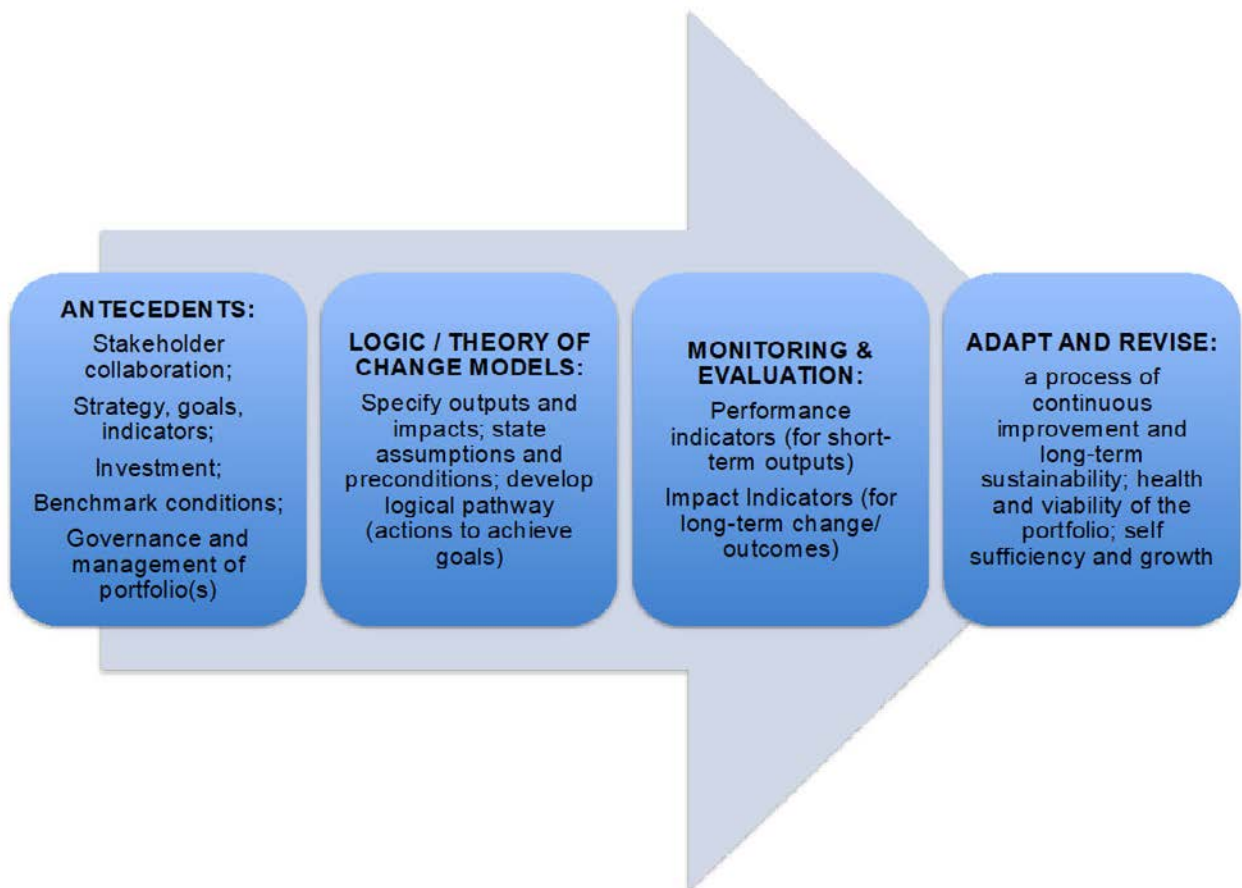


Figure 24: Process model

Short answer questions

Q: Define these terms: evaluation; impact assessment; intrinsic and extrinsic; worth; indicators

A: The definitions are provided at the beginning of the chapter.

For **evaluation** differentiate between routine or technical or programme evaluation and the determination of value or worth; note that value and worth are being used synonymously in this book. A more elaborate answer could explain three forms of evaluation (formative, process, summative).

For **impact assessment**, four types of IA should be mentioned (forecasting, post-event, strategic and retrospective); *mitigation* might be included.

Cumulative IA could be in a separate question: note the types of interactions that apply to portfolios over a long time period, emphasizing the value of synergies.

A full understanding of **intrinsic** and **extrinsic** approaches to evaluating events should give examples of how different stakeholders hold 'value perspectives' that require quantitative measures or accept that events do not need to be justified by reference to extrinsic measures such as economic impacts.

Key performance and key impact **indicators** are both important in planning for outputs/outcomes and in measuring them.

Long answer questions

Q: Differentiate between outputs and outcomes by referring to a systems model.

A: The answer requires both definitions and an explanation of how the systems model shows how inputs become outputs through transforming processes. A diagram could be included, showing internal and external evaluation.

Q: What are some of the major uncertainties associated with event portfolio planning and evaluation, and what are the consequent risks?

A: There are always uncertainties when making plans and forecasts (e.g., weather, terrorism, economic conditions, competition) with resulting risks such as financial loss, injury, damage to reputation. Portfolios compound uncertainties, with the added risk that all events in the portfolio suffer in the same way.

Q: Why is 'evidence' of outputs and outcomes/impacts a point of discussion for stakeholders? What kinds of evidence are appropriate when evaluating event portfolios?

A: Explain that evidence of efficiency, goal attainment or outcomes/impacts should be agreed upon in advance, otherwise the intrinsic/extrinsic dichotomy will result in potential disagreements among stakeholders. The 'voices' of those impacted, or with a stake in the portfolio's success, can be as important as quantitative measures such as economic impact.

Q: In what ways is the evaluation of an event portfolio different from, and more complex than evaluation of single events?

A: Answers should refer to the complexity model, although it is too detailed to ask for its replication. Evaluation of a technical nature, or programme evaluation (i.e., to solve problems and support decisions, or demonstrate goal attainment) is often internalized and not subject to a lot of external scrutiny, whereas in portfolios there will be potentially many stakeholders to consider - this is the political element in complexity. We lack theory when considering long-term, cumulative impacts so that is the theoretical complexity. Technical complexity is maximised when many interacting events are to be evaluated, or assessed as to their impacts, as this requires considerable effort and resources, direct stakeholder input, and consultations.

Q: Explain what is meant by "developing a social contract" for determining the value or worth of an event or event portfolio. Link your answer to the "theory of change".

A: The idea of a social contract also applies to agreeing upon evidence. Since portfolio worth or value is subject to many value perspectives, it can only be agreed upon through collaboration. This collaboration is a foundation of portfolio planning and evaluation, preferably through the development of a theory of change model that shows the logical pathways to achieving desired outcomes, along with making assumptions clear and consideration of external influences.

Q: Explain how logic models and theory of change models contribute to event portfolio evaluation and impact assessment.

A: The question could ask for one or more diagrams. Answers should explain the 'logic' in logic and theory of change models, and differentiate between logic models for less complex planning and evaluation, such as simple goal attainment, and TOC models when events and portfolios are planned as agents of change.

Q: In no more than two paragraphs, explain to a politician the meaning of “a healthy event population” and its significance for the city.

A: The challenge is in keeping the answer short! A healthy population of events requires conscious effort on the part of the city, and this is the basis of ‘eventful cities’ wherein event portfolios meet multiple objectives. Organisational ecology comes into the answer, at least with a reference to how populations are dynamic and the births and deaths of individual events do not necessarily signify an unhealthy population. Management of portfolios has to deal with sub-sets of the event population, and there can be overlapping portfolios managed for different purposes - these have to be coordinated.

Q: Do you agree with the proposition that ‘owning’ permanent events provides a city or destination with the best long-term value related to costs and risks? Explain.

A: This Q refers to the matrix model in which ‘hallmark’ events are purported to offer the best long-term value for minimal costs and risks. ‘Owning’ can mean direct legal ownership and production, or a sense of community ownership attached to permanent events - especially those considered to be institutions that fulfil important goals and are viewed as traditions. A detailed answer could refer to the original product portfolio model, to life-cycle models, and to how one-time events have to be evaluated in the context of their contribution to the portfolio.

Q: What do the terms ‘balanced’ and ‘diversified’ mean in the context of an event portfolio. How would you measure them?

A: A good answer will reflect on financial portfolios and the relationship between reward and risk/cost. *Diversification* is the basic principle of a portfolio of financial assets, but in fact event portfolios can be very specialised. *Balance* is a trickier concept, but could be achieved through inclusion of different types of events targeted at important market segments, throughout the year, and in different locations/venues.