

The Issue of Cancellation Clauses in the Event Sector^{1, 2}

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ABSTRACT

Cancellation clauses defines the “stipulation in an agreement that grants (to one or both parties) the right to terminate it before its expiration, under specified terms and conditions”³. Thanks to this clause the work that have been done before is protected. By giving this definition it appears like an evidence to have this clause in a contract and even more in the Event industry as it’s an uncertain sector. However, thanks to the MADAM matric used to compare differences in each different contract we can observe that lot of contracts don’t protect very well both parties in case of termination. The event planner has to really take care about the use of contract’s termination clause.

Keywords: Cancellation clause, Event, Music industry, Hospitality industry, Contract cancellation issue, Event planner, Performance contract.

INTRODUCTION

Event industry is composed of meetings, conferences, weddings, festival, charity and seminars. The event sector is one of the biggest that growing very fast and just second to construction. As reported by Statista, “Business-to-business (B2B) events industry revenue worldwide amounted to 30.3 billion U.S dollars in 2016, up from 29.3 billion a year earlier.”⁴ According to Marketing Charts “in 2015, trade show and conferences are one of the top-3 sources byers turn to when researching a vendor’s products and services. Moreover, in the USA, between 2016-2026 meeting, convention and event planner are projected to raise faster than average as it will increase by 11%”⁵.

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³ What is cancellation clause? definition and meaning. (n.d.). Retrieved from <http://www.businessdictionary.com/definition/cancellation-clause.html>

⁴ 100 event statistics (2018 edition). (2018, November 8). Retrieved from <https://www.eventmanagerblog.com/event-statistics#eventindustrystatistics>

⁵ 100 event statistics (2018 edition). (2018, November 8). Retrieved from <https://www.eventmanagerblog.com/event-statistics#eventindustrystatistics>

Even if this is an attractive, growing and famous sector this industry is known to be an uncertain sector with something that always goes wrong. “The event sector involves also a lot money and time. In fact, budgets are one of the biggest challenges currently for event planners, followed by finding sponsors and attendee numbers.”⁶. Moreover, the high competition, huge risk, lot of partnership (venue, sponsorship, media, security, food and beverage) various clauses as bad weather or flight delays and transportation problem, clauses omits, non-payment, last minute change are few problems that usually happen when an event is organized and that involve to cancel it. Good examples happen in 2009 and 2010, when the event sector had to face to an economy crisis that caused a lot of cancellation of meeting and events, involving significant financial losses. Unfortunately, some event planners were surprised by the extent of their liability probably because they were not well informed or simply complacent about cancellation terms in their contracts. Neither part of the contract wants to have a cancellation that’s why it’s important to take time to determine clearly clauses that are understood and accepted by both parties. To face the cancellation problem, the contract has to be beneficial to both parties.

Managing well the cancelation clause is related to the way to manage a project. Understanding that it’s essential to have clauses that protect both parties if there is a cancelation event is essential. In fact, the owner and the contractor have to keep in mind that the contract has the simple goal to protect them from any possible cancelation and so they have to build a good relationship to implement cancelation clause. Having a contract with cancelation clause, will help the team organisation to create a sustainable project management process as they will be less stressful about « if something goes wrong ». In fact, as it’s an uncertain sector, the cancellation of an event can cause some delays, overruns, costs problem and then deteriorate the relation between contractor and owner. That’s why it’s important to understand how to manage cancellation in the event sector.

	DEFINITION	EXAMPLE (in Event Industry)
Project	An investment that requires a set of logically linked and coordinated activities performed over a finite period of time in order to accomplish a unique result in support of a desired outcome ⁷	Engagement for a client
Program	Strategic program: deliver assets and benefits that are directly linked to attaining the sponsoring organization’s future state ⁸	The establishment of event company worldwide to diversify the customers and the area of expertise in order to gain in reputation and renown and therefore rise the profits and benefits

⁶ 100 event statistics (2018 edition). (2018, November 8). Retrieved from <https://www.eventmanagerblog.com/event-statistics#eventindustrystatistics>

⁷ Guild of project controls compendium and reference (car). (2015, November 2). Retrieved November 16, 2018, from <http://www.planningplanet.com/guild/gpccar/introduction-to-managing-project-controls>

⁸ Guild of project controls compendium and reference (car). (2015, November 2). Retrieved November 16, 2018, from <http://www.planningplanet.com/guild/gpccar/introduction-to-managing-project-controls>

	Operational program: deliver assets and benefits that are critical to the sponsoring organization’s day to day operations	Update of the computers and software or the office and maintenance
	Multi-Project Program: achieve synergies from projects with common traits such as shared resources, similar clients or product technology. ⁹	Multiple engagements for the same client
	Mega-Project: deliver a specific asset to the sponsoring organization. ¹⁰	Organising the G20 summit or a Royal wedding.
Portfolio of assets	Information Assets: controlled by functional groups like IT, engineering. ¹¹	Business plans, Illustrator, Internal IT system
	Human assets: controlled by HR ¹²	Event organiser, Project team, personnel assistants, managers, partners
	Physical Assets: controlled by either operations (“plant manager”) or other functional entities such as “heavy equipment shop” ¹³	As Event organiser mostly work at the clients', it would mainly be all the IT equipment (computer), the venue the company books, the head-quarter of the company.
	Financial Assets: controlled by accounting or finance ¹⁴	Funding of the pay, travel, accommodation, meal voucher, and other expenses waiting to receive the client’s payment
	Intangible assets: Difference between a company’s book value and market capitalization value. ¹⁵	Human capital, competencies, contract, brand image, reputation of the company
Portfolio of projects	Fact of minimizing of the risk and maximizing the return. Any organization, be it owner or contractor has a portfolio of assets available to dedicate to projects, with the objective being to develop the best	While the request of proposals, in order to minimize the risks, it is better to have a mix of clients from different sectors, and from different size companies

⁹ Guild of project controls compendium and reference (car). (2015, November 2). Retrieved November 16, 2018, from <http://www.planningplanet.com/guild/gpccar/introduction-to-managing-project-controls>

¹⁰ Guild of project controls compendium and reference (car). (2015, November 2). Retrieved November 16, 2018, from <http://www.planningplanet.com/guild/gpccar/introduction-to-managing-project-controls>

¹¹ Guild of project controls compendium and reference (car). (2015, November 2). Retrieved November 16, 2018, from <http://www.planningplanet.com/guild/gpccar/introduction-to-managing-project-controls>

¹² Guild of project controls compendium and reference (car). (2015, November 2). Retrieved November 16, 2018, from <http://www.planningplanet.com/guild/gpccar/introduction-to-managing-project-controls>

¹³ Guild of project controls compendium and reference (car). (2015, November 2). Retrieved November 16, 2018, from <http://www.planningplanet.com/guild/gpccar/introduction-to-managing-project-controls>

¹⁴ Guild of project controls compendium and reference (car). (2015, November 2). Retrieved November 16, 2018, from <http://www.planningplanet.com/guild/gpccar/introduction-to-managing-project-controls>

¹⁵ Guild of project controls compendium and reference (car). (2015, November 2). Retrieved November 16, 2018, from <http://www.planningplanet.com/guild/gpccar/introduction-to-managing-project-controls>

	<p>“mix” of projects which will generate the most favorable return on those “assets”.¹⁶</p>	
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TABLE 1: Definition and example of key words¹⁷

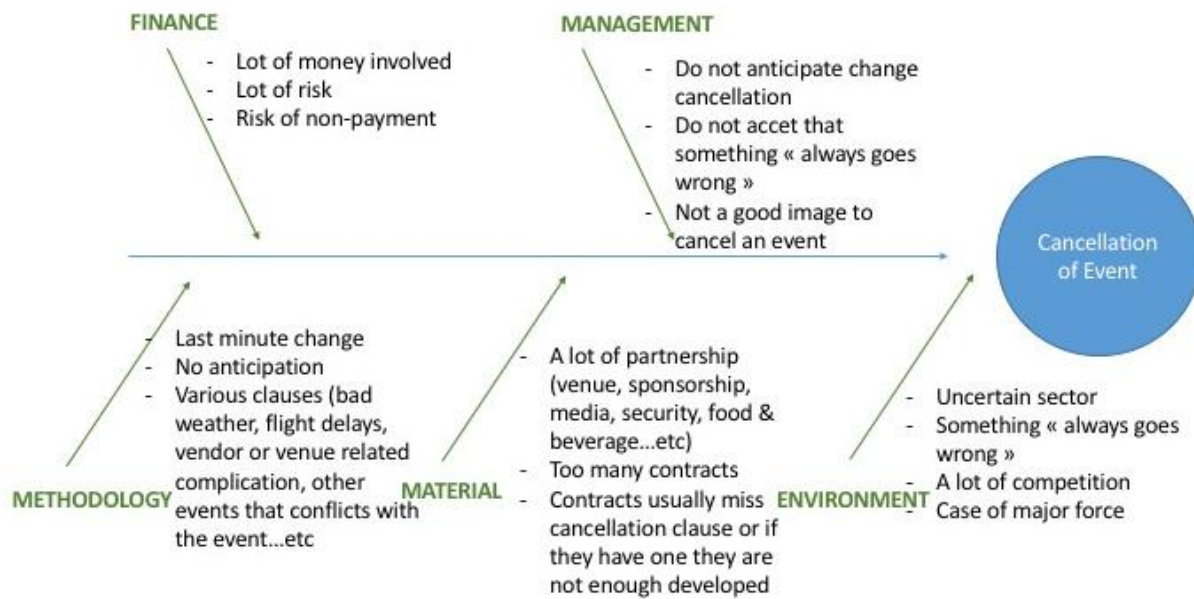


Figure 5's – Root Cause Analysis Using Fishbone Diagram¹⁸

Thanks to this root cause analysis we can understand the context of the organisation’s event between 2 parts. We can see that this sector is really risky and uncertain where something “always goes wrong” and last minute changes always happens. In fact, when someone decide to create an event he will have to deal with a lot of different contractors with various different clauses, different partnership what will raise the risk of having a problem. The event sector is also risky as it’s involved a lot of money. This root cause analysis helps us to understand that the Event Sector is face to a **major problem: the cancellation of event.**

The aim of this article is to explore cancellation clause in an Event Contract and compare it to these references: AIA, EJCDC, FIDIC and Consens Doc. This paper will be focus on making some analysis and comparisons about cancellation event in Event sector, analysing the biggest issues and finding some way to improve.

¹⁶ Guild of project controls compendium and reference (car). (2015, November 2). Retrieved November 16, 2018, from <http://www.planningplanet.com/guild/gpccar/introduction-to-managing-project-controls>

¹⁷ By Author

¹⁸ By Author

The purpose of this paper is to analyse and answer the following questions:

- Why cancellation clauses are not present in all contracts?
- **What is a good cancellation clause?**
- Why cancellation clauses are essential in a contract?
- Why Event sector needs a cancellation clause more than other industry?
- What type of contract to use?

These questions will bring me to answer at these two main questions:

- **What can be implemented to have contract that protect both of parties face to the cancellation?**
- **What is the impact of contract without cancellation clause?**

Step 1 – Problem recognition

According to the Guild of Project controls compendium and reference a “Contract is an agreement between two or more competent parties in which an offer is made and accepted, and each party benefits. The agreement can be formal, informal, written, oral or just plain understood (By the actions of the parties)”¹⁹. If we take the example of a company “X” who wants to organise the 20th anniversary of the company in Hotel “Y”, the Company and the hotel will sign a contract, it must be a formal written contract. However, if someone orders a glass of wine at a bar, we can say that there is an informal contract between the waiter and the customer.

We saw in the introduction how it’s important to have cancellation clause in an Event contract. In fact, this sector is one of the most uncertain and risky sectors where something “always goes wrong”. As the time and money involved and the competition are really high, cancelling an event will not give a good image to the company. In a recent Meetings.Net webinar, attorney, speaker, and College of Coastal Georgia professor Tyra Hilliard, Esq., PhD, CMP says “If I had a quarter for every time a planner has told me, ‘Oh, we would never cancel a meeting—we don’t need a cancellation clause, and then had a cancellation, I’d be rich.”²⁰

Events don’t always go as planned and sometimes the event has to be cancelled; it can happen to everyone even to big organization. It was the case for example of the Boca Raton Resort and Club that decided to cancel a meeting by Osram Sylvania Inc. because they wanted to take a larger group even if the company had already held 17 meetings at this resort over the previous 20 years. That’s why having a cancellation clause in a contract is essential. The purpose of this paper is to help companies to deal with the cancellation’s problems and help them to do a contract that will protect both parties.

¹⁹ guild of project controls compendium and reference (car) project controls - planning, scheduling, cost management and forensic analysis (planning planet). (n.d.). Retrieved from <http://www.planningplanet.com/guild/gpccar/managing-contracts-managing-the-contract>

²⁰ yes, you do need a cancellation clause. (2017, May 15). Retrieved from <https://www.meetingsnet.com/negotiating-contracts/yes-you-do-need-cancellation-clause>

Step 2 – Feasibility alternatives

The cancellation clauses will ensure that your company gets paid for the work you've already done, no matter what happens. These cancellation clauses have two goals. The first one is that any deposits or fees that will be paid up until the point of cancellation are non-refundable. The second goal is to create a valid cancellation of the event indicating the reason why (lack of funding, potential low attendance, damaged venue, medical reasons) combined with the time in order to know what amount the organisation will be charged. Cancellation clauses can be really different; some people will choose to have Liquidated damages versus Actual damages. Liquidated damages are an estimation both parties agree are reasonable at the time of contracting. Liquidated damages are decided when the contract is sign. The organisation will know what cost they will be charge if the event is cancel, but on another hand the other part doesn't have any obligation to mitigate. Whereas actual damages what it would take to make the other party whole after a breach of contract or exercise of a cancellation clause. One good point is that it's possible to mitigate on the actual damages, but you may pay at the end more than what was planned. These clauses can be really different, more or less specific, and people have to know how they can have a good cancellation clause.

To face the problem 4 alternatives can be undertaken: FIDIC, AIA, CONSENSUSDOC, EJCDC and CSI. They all have different ways to deal with contract and we will see what the best practice is.

FIDIC

FIDIC is the International Federation of Consulting Engineers which is well known for the publication of international standard forms of contract. FIDIC is focus on providing standard form Conditions of Contract for the worldwide construction industry but I think it could be interesting to see if it could be useful for the Event Industry. The contract structure is usually the same and two of the clauses included are "Risk and Responsibility" and "Termination". It would be interesting to compare FIDIC with the other organisation to know if there is a way to deal with cancellation clause as good or not.

AIA (American Institute of Architects)

AIA is one of the most professional organization for architect in the world that provides standard forms of agreements between owner and architects. Among clauses, AIA describes how the Owner have to compensate the architects, explains who is in charge of the cost and in which case the project can be stopped.

ConsensusDOCS

ConsensusDOCS is the product of leading construction associations, dedicated to identifying and utilizing best practices in the construction industry for standard construction contracts. The 20 participating associations represent Designers, Owners, Contractors, Subcontractors, and Sureties that literally spell the DOCS in ConsensusDOCS. One of the main subjects is risk. ConsensusDOCS

try to reach fair contract by allocating the risk to the Party in the position to manage and control the risk.

EJDC (Engineers' Joint Contract Document Committee)

EJDC is an organisation from US composed of stakeholder that are in charge of developing construction contracts.

CSI (Construction Specifications Institute)

CSI is an organisation of 8,000 construction industry experts in building construction. The goal of this association is to improve the communication of construction information.

Step 3 – Development of the outcome

It's important to remember that we can only cancel an event in exceptional circumstances. « Most contracts for the sale of goods and services contain cancellation clauses which specify the terms and conditions under which one or both parties may cancel an order or terminate a contract before its expiration.»²¹ First of all, before to sign a contract, both of parties have to agree about having a cancellation or not. In case of cancellation, this is the first thing that both of parties will want to know. To assess these 4 alternatives and to accept or reject them, the Root Cause analysis helped me to identify 4 relevant attributes.

Risk

As mentioned in the Planning Planet Guild “Contracting is a risky business with small profit margins often being the norm »²². Moreover, we already explain that the Event Industry is an uncertain sector where something “always goes wrong”, the contract need to protect both parties of an eventual problem. In this context, assess the 4 alternatives by using the risk's attributes seems to be relevant as the contract don't have to be risky for the contractor and the owner. By using this attribute, we are expecting to know what kind of contract are risky or not in order to know which one is the most suitable in the case of Event Cancellation Clause.

Timeliness

We saw how it's important to well manage time and deadline. In fact, a non respect of deadlines can be a cause of an event cancellation. The goal of cancellation clause is to know what the time limit is to cancel a contract. If a part has to cancel an event it's important to don't delay it. « By delaying you may be held to have affirmed the contract by conduct thereby waiving your right to

²¹ Business in practice. (n.d.). Retrieved from https://www.elionline.com/res/ftpe/eli/resources/bestcommercialpractice/int/M5_W3_int.pdf

²² guild of project controls compendium and reference. (n.d.). Retrieved from <http://www.planningplanet.com/guild/gpccar/managing-contracts-tendering-and-bidding-the-project>

terminate”²³. In this case, the contract will continue and parties may find themselves in breach of contract if they don't stop performing their obligations. In each contract is important to indicate the allowing time to cancel an event. That's why this attribute is helpful to know how many time the parties have to cancel the event.

Penalties/Compensation

When an event is cancelled, contractors and owners often lose money. In the Event Industry, companies that organise an event are not aware of the cancellation's risk. As they often think that it will not happen and that penalties are not enforceable in a contract, parties don't take time to define what could be the penalties or compensation if an event is cancelled. Having penalty clause in a contract is important as it's a way to protect both parties in case of termination. « A penalty clause is a contractual provision which levies an excessive monetary sum unrelated to the actual harm against a defaulting party. Penalty clauses are generally unenforceable under English law.»²⁴ The aim of this attribute is to measure how the alternatives deals with this problem.

Termination

« The **Termination** clause details the circumstances under which the parties may end their legal relationship and discontinue their obligations under the agreement. Under common law, the parties may terminate the agreement for material or fundamental breach of the agreement. »²⁵ It exists a lot of different causes of the termination of a contract. Cancelling a sales contract for goods before the dispatch or production is an example of one party who wants to terminate the contract. In some countries, the law implements some terms of cancellation “A common regulation is a cooling off period which gives consumers the possibility to cancel an order and return goods without any penalty. Contracts may also be terminated due to a breach of contract and, depending on the severity of breach of contract, the damaged party can take legal action against the other one, suing for damages.”²⁶ There are 2 different options to cancel and both can be cancel by the owner or contractor.

Termination for cause: The first one is the termination for cause that takes place when one party cannot completely fulfil their contractual duties. We can take the example of a contractor who is terminating his contract because the owner didn't pay him in the time determined in the contract. In this case the contractor will terminating his contract for cause. However, if the contractor cannot perform the work on time the owner could be able to terminate the contract.

²³ Checklist for terminating a construction contract. (2018, November 7). Retrieved from <https://www.out-law.com/topics/construction-advisory--disputes/construction-disputes/checklist-for-terminating-a-construction-contract/>

²⁴ Practical implications of penalty clauses in English law. (2018, November 7). Retrieved from <https://www.out-law.com/en/topics/construction-advisory--disputes/construction-disputes/practical-implications-penalty-clauses-english-law/>

²⁵ Termination. (n.d.). Retrieved from <https://www.contractstandards.com/public/clauses/termination>

²⁶ Business in practice. (n.d.). Retrieved from https://www.elionline.com/res/ftpe/eli/resources/bestcommercialpractice/int/M5_W3_int.pdf

Termination for Convenience: The second one is the termination for convenience that can happen when there is no contract breach made by another party. This termination will be considering as legal only if it's expressly written in the contract. We usually add in a contract a termination for convenience clause in order to allow parties to end their responsibilities in a way that does not lead to litigation or harm of either party. The contractor will be able to collect any payments for job done and the owner will not have to pay damages for terminating the project.

Each contract is different and the termination will depend on the clause. With this attribute we will see how parties are protected face to this possibility to terminate a contract. Some clause will authorize both of parties to terminate the contract whereas other will authorize only the owner or the contractor. It's important to have both protected that's why we will assess if it's the case in the different contract alternatives.

Replacement/Substitute

As we are in the training/consulting business, we also have clauses where we can provide an alternative or substitute trainer/consultant. In fact, if we take the example of a speaker not being able to attend the event because of any unexpected circumstances (breach the agreement, falls ill, cancelled flight) then the speaker has to be able to offer an alternative speaker of equal qualifications and reputation.

Cancellation Insurance/Bond

According to Allstate « Special event cancellation insurance may help cover expenses if your special occasion — such as a wedding, bar mitzvah or anniversary party — unexpectedly needs to be cancelled or postponed due to certain circumstances beyond your control, such as severe weather or death ». Cancellation Insurance outlines the minimum time required for giving notice of cancellation.

Force Majeure

Force Majeure means “superior force”. According to Rocket Lawyer “This section outlines rules about what things could happen that would release both parties from the agreement without consequences.”²⁷ Weather or death are force major case. In this case, both parties are exempted from fulfilling their contractual obligations as they weren't able to anticipate the problem. This causes are usually including act of God, Act of Man, act of congress.

²⁷ Music Performance & Entertainment Contract - Agreement Template | Rocket Lawyer. (n.d.). Retrieved from <https://www.rocketlawyer.com/document/musical-performance-contract.rl#/>

Payment Schedule

This section is important to set up all the payment details of your event in the contract. Even if you are running a charity event it can be useful. The payment detail can be an estimates budget to provide a rough idea of what is expected and to facilitate the event. It's important for a firm to have an estimating cost of what the event will cost for a firm in order to avoid conflict with the client. The payment detail also includes payment schedule which includes: deposits, fees for client and the total amount due.

Scope of services

Scope of services means set up clear expectation of what those services are. If those services are not specifically defining this can lead to lawsuits over unexpected expectation. In this section it's important to list these services such as: provide the venue, the catering, run all event marketing, provide visual equipment and all audio, provide the on-site event staff,

Performance of services

This section provides details for the set up and sound check times. It can also include information such as how long the band will play per set, music type, variety of music. In some contract, the expertise the band that is expected to bring and sound equipment are also included.

Step 4 – Selection of the criteria

The Multi Attribute Decision Making Models (MADM) will be use in order to compare the different alternatives which are FIDIC, AIA, CONSENSUS, EJCDC and CSI according to the following attributes: risk, timeliness, penalties/compensation and termination for both parties. This model will be helpful to rank the different alternatives from best to worst.

	FIDIC	AIA	CONSENSUS DOC	EJDC	CSI
Risk	equal	worse	better	better	worse
Timeliness	equal	equal	equal	better	worse
Penalties	equal	equal	better	equal	equal
Termination	better	better	better	worse	equal
Replacement	worse	better	better	equal	worse
Cancellation insurance	better	equal	equal	worse	worse
Force Majeur	equal	Worse	better	equal	worse
Payment Schedule	worse	better	better	worse	better
Scope of services	equal	equal	better	better	worse
Performance of services	equal	better	equal	worse	equal
Dominance?	equal	equal	better	Worse	worse

Table 2: Multiple Attribute Decision Making tool²⁸

I will use this following scale in order to rank alternatives:

BETTER	EQUAL	WORSE

Thanks to the MADM Method we can see that we do not have one contract without risk. This Table is useful to accept or reject the alternative and to emphasise the major relevant information.

This method leads us to choose and analyze which approach contains the best attributes. According to these comparisons, we can conclude that ConsensusDoc contains the most of "best" criteria compared to our baseline document. AIA has an orange final score but seems to be a good alternative as there are 5 green but there are still 4 orange and 2 red. FIDIC is really mitigated. EJDC and CSI are almost the same so we are going to eliminate both of them as they present almost the same comparison to narrow down our choice.

This tab help me to understand how the Event sector needs cancellation clause more than everyone else. To find the best alternative we need to rate the criteria at the next step.

²⁸ By author

Thanks to the MADM Method we can see that we do not have one contract without risk. This Table is useful to accept or reject the alternative and to emphasise the major relevant information such as:

FINDINGS

STEP 5: Analysis and comparison of the alternatives

According to the MADM, we have for feasible solutions to improve our initial contract. In fact, the feasible solutions are FIDIC, AIA, EJDC and CONSENSUS DOC. We already eliminate one solution and now we need to narrow down our choice by eliminating one solution in order to find the best solution.

To do so, we will use the Consensatory Model Technique 2: Additive Weighting Technique. Regarding this technique, we are going to compare the four feasible solutions cited above. The additive weighting technique will allow us to complete the next table. The three different statements used In the Multi Attribute Decision Making “Better, Equal, and worse “will be changed into numbers in the following table.

Attributes/ comparison	FIDIC	AIA	CONSENSUS DOC
Risk	0,67	0,33	1
Timeliness	0,67	1	0,67
Penalties	0,67	0,67	1
Termination	1	1	1
Replacement	0,33	1	1
Cancellation insurance	1	0,67	0,67
Force Majeur	0,67	0,33	1
Payment Schedule	0,33	1	1
Scope of services	0,67	0,67	1
Performance of services	0,67	1	0,67
TOTAL	6,68	7,67	9,01

Table 3: Additive relative technique²⁹

Better = 1 Equal =0,67 Worse=0,33

²⁹ By author

Now that we have the table of the additive relative technique, we have to know the ordinal ranking by comparing the attributes to form a basic design decision, using the Non Compensatory Model technique 3: Pair wise Analysis. It is a comparison that will guide us to decide which attributes are the most relevant.

	Risk	Timeliness	Penalties	Termination	Replacement	Cancellation	Force Majeur	Payment Schedule	Scope of services	Performance of services	TOTAL	Ordinal rank
Risk		1	1	0	1	1	1	1	1	1	8	2nd
Timeliness	0		0	0	0	0	0	0	0	0	0	10th
Penalties	0	1		0	1	0	0	1	1	1	5	5th
Termination	1	1	1		1	1	1	1	1	1	9	1st
Replacement	0	1	0	0		0	0	1	1	1	4	6th
Cancellation	0	1	1	0	1		1	1	1	1	7	3rd
Force majeure	0	1	1	0	1	0		1	1	1	6	4th
Payment schedule	0	1	0	0	0	0	0		0	0	1	8th
Scope of services	0	1	0	0	0	0	0	1		1	3	7th
Performance of services	0	1	0	0	0	0	0	0	1		2	9th

TABLE 4: Compensatory Model Technique 3 : Pair wise analysis³⁰

1: Row of the more important objective
 0: Row of the less important objective

Thanks to this analysis, we are able to rank the different criteria in the following order:

1. Termination
2. Risk
3. Cancellation insurance
4. Force majeure
5. Penalties
6. Replacement
7. Scope of services
8. Payment schedule
9. Performance of services
10. Timeliness

³⁰ By author

Attributes	Ordinal Ranking	Normalized weight (A)	FIDIC		AIA		CONSENSUS DOC	
			(B)	(A) x (B)	(C)	(A) x (C)	(D)	(A) x (D)
Termination	1	0,018	0,67	0,012	0,33	0,006	1	0,018
Risk	2	0,036	0,67	0,024	1	0,036	0,67	0,024
Cancellation insurance	3	0,055	0,67	0,037	0,67	0,037	1	0,055
Force majeure	4	0,073	1	0,073	1	0,073	1	0,073
Penalties	5	0,091	0,33	0,030	1	0,091	1	0,091
Replacement	6	0,109	1	0,109	0,67	0,073	0,67	0,073
Scope of services	7	0,127	0,67	0,085	0,33	0,042	1	0,127
Payment schedule	8	0,145	0,33	0,048	1	0,145	1	0,145
Performance of service	9	0,164	0,67	0,110	0,67	0,110	1	0,164
Timeliness	10	0,182	0,67	0,122	1	0,182	0,67	0,122
Sum	55	1,000	6,68	0,650	7,67	0,795	9,01	0,892

TABLE 5: Compensatory Model technique 2: Additive Weighting Technique³¹

STEP 6: Selection of an alternative:

Thanks to these tabs, the additive technique and the pair wise analysis, we can know what it is the best alternative and decide what is a much better options compared to the others. In the additive relative technique in Table 3 we can see that Consensus DOC is $9,01/6,68 = 1,34 \times 100 = 134,88\%$ better than FIDIC and $9,01/7,67 = 1,1747 \times 100 = 117,45\%$ better than AIA. This result means that CSI is the best recommendation in order to improve our baseline document.

Also, we can see in the Table 5, using the additive weighting technique that ConsensusDoc is $0,892/0,659=1,3535 \times 100 = 135,36\%$ better than FIDIC and $0,892/0,795 = 1,122 \times 100 = 112,2\%$ better than AIA. This technique enables me to conclude that ConsensusDoc is the best solution to enhance our baseline document and now we can rank the 5 different options in the following order:

- 1st: The Consensus Docs
- 2nd: The American Institute of Architects (AIA) document
- 3rd: The International Federation of Consulting Engineers (FIDIC) document
- 4th: The Engineers’ Joint Contract Document Committee (EJCDC) document
- 5th: The CSI documents

However, the best option would be to combine clauses from the different contracts as a result the final contract would be the perfect one.

³¹ By author

STEP 7: Performance monitoring and post evaluation of results

The goal of this paper is to answer to the following question: “what are the main of cancellation clauses in the Event sector? First of all, this analysis helps me to realize how this sector is risky and how it needs cancellation clauses more than other sectors. Thanks to this paper, we learnt that there are some key clauses that Event contract should have in order to be protected. Knowing this, FIDIC, EJCDC, ConsensusDoc, AIA and CSI are useful to find the most relevant clauses. However, to make sure to write a perfect contract regarding the issue of the cancellation clauses in the event sector, it is better to mix those five contracts and only take the best clauses in each of them. Thanks to this, both of parties will have a perfectly secured contract, that would ensure companies to be protected if an event is cancel.

CONCLUSION

The aim of this paper was to understand the complexity of cancellation clauses in an Event Contract and to understand why this sector needs cancellation clauses more than other sectors. To fulfill the aim of this research, the following research questions were answered.

- ✓ **What can be implemented to have a contract that protects both parties that face cancelation?**

This paper helps us to understand the key clauses that we must have in a contract if an event has to be cancelled. These clauses are the following ones: the termination to define what are the condition to terminate a contract, the risk in order to try to anticipate it, the cancellation insurance to help parties to be cover in case of cancellation, the force majeure in order to protect both of parties in case of force majeure and do not suffer the consequences, penalties to protect the party who undergo the cancellation, the replacement that will allow the replacement of a speaker in case of cancellation, the scope of services to clearly set-up services provide. These are the 7 major important clauses necessary to include in a contract. Moreover, 3 other clauses are more than recommended “payment schedule” to have an idea of what the event will cost, the performance of services to provides details for the set up and sound check times and timeliness to well manage deadline and time.

- ✓ **What is the impact of a contract without a cancellation clause?**

One of the most important things that this paper shows us is that Event sector is one of the riskiest sectors. Due to this risk the Event industry needs to be protected more than other sectors. Cancellation clauses are not use in all contract as the risk taken is low whereas in the Event sector the risk taken is often high. An event gathers a lot of different contracts (food and beverage, music, venue, security). If one contract cancels, the whole project could be cancelled as well. The parties who don't care about the cancellation clause are not aware of the risk and that could lead to a cancellation of the event.

FOLLOW ON RESEARCH

The aim of this research was to talk about the main issue of cancellation clauses in Event contract in order to understand why this sector needs cancellation clauses more than other contracts but also to know what the best clauses and contracts to use are. Assess if it is possible to write a perfectly protective non-disclosure agreement to make sure there is no leak possible. It is indeed possible to write this kind of agreement; however it is impossible to avoid the leak. However, to reinforce your contract, you can add a non-concurrency clause to reduce even more the probability of a breach. Event contracts contain two clauses that other contracts don't have: an exclusivity clause and a rider (specific needs for the talent).

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About the Author



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Léa Chenu is a graduate student in the Project and Program Management and Business Development program at Skema Business School in France.

She has always been a strong entrepreneur with a strong desire to work worldwide. The creation of a junior association “i-Majine” when she was 14th years old showed her desire to undertake projects from A to Z.

Her numerous international experiences (gap years in Australia, Canada’ university...etc) gave her the opportunity to be more open-minded, to understand cultures’ differences, to solve problems easier and to become more innovative. Highly interested in project management and its main upcoming challenges, she is getting certified by PRINCE2 and AgilePM.

Léa is not only defined by professional experiences. She has also one principal passion: the Musical. She is passionate about dancing, singing and doing drama, and she has played in several shows. She also really loves artistic roller skating; she won the French team champion title in 2011.

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