

The contractual strategy of performance managers to avoid losses of a cancelled concert and perpetrate the event^{1, 2}

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ABSTRACT

This paper was written as part of **The International Project contract** class conducted by Dr Paul Giammalvo within the **Msc Project and Program management and business development in SKEMA Business school**.

This paper will enable performance managers to manage successfully a project and more precisely a concert. Since the sequence and multitude of international concerts called “Tour”, these are sources of income but can also cause huge losses in the event of cancellation by an artist for various reasons.

Therefore, this paper will highlight the feasible alternatives that can be used to enable performance managers to avoid cancellation and manage it properly.

Thanks to a deep study using non-compensatory and multi-attribute decision-making models and the additive weighting technique we will be able to choose the best option to avoid cost and time-consuming losses. Among those feasible alternatives, we have: Setting a plan B (keeping initial artist or replacing it), Insurance bond (postponing cost or cancelling compensation), total compensation clause and artist specific contract.

This paper recommends the performance managers to use total compensation clause because it discourages artists ‘wrongdoings and prevent from any losses. If possible this article advises performance managers to complete the contract with a plan B clause and an artist-specific contract.

Keywords: concert artist contract; legislation and regulation of the performing arts; concert cancellation; postponed concert; claim for compensation

¹ Editor’s note: Student papers are authored by graduate or undergraduate students based on coursework at accredited universities or training programs. This paper was prepared for the course “International Contract Management” facilitated by Dr Paul D. Giammalvo of PT Mitratata Citragraha, Jakarta, Indonesia as an Adjunct Professor under contract to SKEMA Business School for the program Master of Science in Project and Programme Management and Business Development. <http://www.skema.edu/programmes/masters-of-science>. For more information on this global program (Lille and Paris in France; Belo Horizonte in Brazil), contact Dr Paul Gardiner, Global Programme Director, at paul.gardiner@skema.edu.

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INTRODUCTION

To participate in a concert, “you must pay in average 84,63 Us dollars to hear an artist”³. But sometimes, the artist does not show up, which causes irritation and frustration from the public. Overall, “concert organization is a big commitment in time and resources”⁴. Indeed, making live artistic performance contracts is complicated; to draw up and negotiate requires a lot of time and tremendous costs for the concert manager.

		GUILD DEFINITION ⁵	PERFORMING ARTIST EXAMPLES
Project		Special environment created in order to deliver one or several business outcomes, in a frame of a specified resources.	Creation of a concert or festival where an artist of a certain reputation is hired for an artistic performance. A song as a project composed by a single performer or a band conducted in a frame of certain time and assets and played in live performance aims to communicate a message and cause emotions
Program	Strategic Program	Set of related projects, combined with the purpose to attain the sponsor's future state. This program is linked to a specific strategic goal and its early results influence the further decision-making process	Concerning the business strategic goal, the live performance project managers sign a contract with a well-known artist for an international tour. The artist on the one hand takes advantage of a tour to improve his reputation and on the other hand, the project managers of a concert take advantage of the artist to increase their turnover.
	Operational Program	Interdependent constituent projects, aiming to affect sponsor's day-to-day operations	Operational program for performing artist is set of profitable activities, such as advertisement campaigns. The products derived from the concert (Live CD, goodies etc....), The technology used, the show scenario... These are all operations that operate to optimize an artist's concert: repair, maintenance and improvement of equipment, updating of computers and software coordinating the concert.
	Multi-Project Program	Created interdependence of constituent project in order to receive benefits from the synergy	Featuring performance. An artist invites a guest for commercial, strategic purposes. Such Synergies of assets brought profits for all participating parties. As a song is a project, an album: the creation and gathering of several

³ Global average music tour ticket price 2017 | Statistic. (n.d.). Retrieved from <https://www.statista.com/statistics/380106/global-average-music-tour-ticket-price/>

⁴ The Purdue University, The Purdue concert guide (23,july,2015)- <https://www.purdue.edu/sao/documents/purdue-concert-guide.pdf>

⁵ Planning planet (2015, November 2). GUILD OF PROJECT CONTROLS COMPENDIUM and REFERENCE (CaR).

			songs would be a Multi-project Program such as a concert where an artist play several of his compositions in live.
	Mega-Project	Project with significantly larger scale than the typical sponsor's projects have.	<p>Concert of an extraordinary scale such as the super bowl final halftime concert. These are concerts of a complexity in their own right, which show a brilliant organization and require the invitation of very famous artists such as Justin Timberlake for the 2018 final. It's a unique opportunity for an artist</p> <p>As project is a song, a mega project in this sense would be a song composed by different artists of a certain reputation for a specific project. For example, "Les enfoirés" who gather a dozen artists to make a song and live performance all together to earn money and help the homeless associations.</p>
Portfolio	Portfolio of Projects	Is investment portfolio, where the main aim is to minimize risks and maximize returns.	It is the set of concerts performed and planned for an artist and the set of concerts organized and to be organized for live performance project managers
	Portfolio of Assets	Owner or Contractor has a portfolio of assets, that mean set of resources, which are dedicated to the projects, with the aim to generate those resources into the most desirable return.	For project managers, this will correspond to their dates of concert organization, if it is during a period conducive to good results (holidays, Christmas, etc...), their location (easy access), the decor... For artists this will correspond to their creativity, their voice, their ability to perform a show, animate the crowd... It is the combination of all the human, physical, financial, intellectual and intangible assets to support each project such as in this case: songs.

Table by author

Talking about the music assets more precisely, they also can be divided into five following types:

Information Assets	Samples, lyrics
Human Assets	Sound engineer, Audio editor, Composer etc
Physical Assets	Sound recording studio equipment
Financial Assets	Invested budget
Intangible Assets	Patents, copyrights, everything that is granted legal protections

Table 2: Assets of the song (By author)

When the terms of this contract are not respected, conflicts happen between the different parties involved. The cancellation by artists is uncommon but It generally causes non-compliance with

the terms of the contract and the management of these cancellations is very difficult and a real problem that organizers must face.

However, the cancellation of the show may depend on several reasons and not all of them have the same consequences regarding the terms of the contract. It means that project's fulfillment can be managed and achieved with negotiation or changes. "Contracts in the live events industry allow for changes to the terms under certain circumstances"⁶. For instance, for most cancelled concerts, "95% are postponed"⁷. In another hand, world tours by great artists "is where the real money is made"⁵ but are often more likely to be cancelled because of personal reasons, diseases or they tire artists out in the long term. "Selena Gomez canceled 13 shows in 2013 because of familial reasons"⁸.

Therefore, more and more artists' managers are using cancellation insurance to avoid compensations. Organizations must therefore deal with these different cases of cancellations and refer to the contract to know how to react according to the specificity of the cancellation. This research therefore tries to understand, through articles recounting past experiences and studies, the reasons of cancellation which prevent the successfully completion of the concert, which is the main project and how project managers deal with these cancellations by referring to the contract.

I tried to understand:

- (i) Under what circumstances does the cancellation of a concert by an artist not meet the terms of the contract, and more importantly,
- (ii) how organization's project managers might react depending on the reason for their cancellation and the terms of the contract.
- (iii) What are the cases of cancellations that allow the concert to be postponed
- (iv) Finally, in which case the organism will claim benefits

A FMEA has been made to understand better the failures regarding the contract between the artist and the show's organization, and the actions which are implemented by project managers to manage or prevent cancelation from the artists.

⁶ Redirect Notice. (n.d.). Retrieved from

<https://www.google.fr/url?sa=t&rct=j&q=&esrc=s&source=web&cd=3&ved>

⁷ Jahr, E. (2014, April 24). What happens when a major concert gets canceled at the last minute? Retrieved from

https://www.washingtonpost.com/news/arts-and-entertainment/wp/2014/04/28/what-happens-when-a-major-concert-gets-canceled-at-the-last-minute/?noredirect=on&utm_term=.3ac2340edbb7

⁸ Crisp, G. (2017, July 28). Music Artists That Have Cancelled Shows on Tour. Retrieved from

<https://etcanada.com/photos/244222/music-artists-that-have-cancelled-shows-on-tour/#image-243960>

STEP1: Failure mode which has been determined	STEP 2: How many times does a cause of failure occur?	STEP 3: What are the organizations setting up to deal with these cancellations?	STEP4: Are the actions effective and efficient?
<p>Two scenarios:</p> <ol style="list-style-type: none"> 1. "case of cancellation of major force"⁹ (strikes, environmental problem...) 2. artists do not respect the contract by cancelling the concert in advance ("generally 1-2 weeks"¹⁰) or during the performance because of: <ul style="list-style-type: none"> - tiredness - personal problem - mental breakdown - drugs, alcohol 	<p>compared to the number of concerts played per year, the frequency of cancellation remains low. Therefore, the frequency of artist which unrespect the contract is low.</p>	<p>Depending either the contract terms has been respected or not:</p> <ol style="list-style-type: none"> 1. <u>Not respected</u>: "they are seeking compensation (with money or rescheduling)"¹¹ and try to answer customers' requirement (refund) 2. <u>Respected (Major Force)</u> they are looking to find the best possible alternative date and "respective obligations will be excused fully"¹² 	<p>"When a concert is postponed, fans who want a refund are supposed to be able to get their money back within 48 hours of the postponement. But that isn't always the case."¹³ Postponing a concert can reduce the attendance and therefore the turnover Asking for money compensation doesn't fulfill the initial budgetary expectations</p>

Thesis Objective Statement

Contracts between world-renowned organizations and artists represent a huge amount of money. However, some artists are known for their mood swings and last-minute cancellations, causing conflicts between the two parties. Project, concert managers need to take this in consideration while contracting with artist managers because these reasons for cancellations often do not respect the terms of the contract, as they try to recover compensation, it often does not match the expenses initially expected, creating losses. The other problem is that managing claims requires a brand-new organization and can be very costly.

⁹ Music Performance & Entertainment Contract - Agreement Template | Rocket Lawyer. (n.d.). Retrieved from <https://www.rocketlawyer.com/document/musical-performance-contract.rl#/>

¹⁰ Live Performance Contracts: What to Include & When to Use. (n.d.). Retrieved from <https://daveruch.com/advice/live-performance-contracts/>

¹¹ McDonald, H. (2010, June 9). Here's What You Need to Do If Your Band Has to Cancel a Gig. Retrieved from <https://www.thebalancecareers.com/how-to-cancel-your-show-or-concert-2460674>

¹² "live performance agreement 3"

¹³ The concert was postponed, so can you get a refund? It depends. (2018, March 8). Retrieved from <https://www.kansascity.com/entertainment/ent-columns-blogs/back-to-rockville/article202352494.html>

It is therefore necessary for project managers to find a new way to claim compensation and find an alternative so as not to cancel the concert itself.

- Should project managers change the contracts and punish artists more severely for reasons of cancellation except in cases of force majeure?
- Should we introduce a bonus penalty system for artists who regularly cancel?
- Should they introduce alternative artists or meanings in the event that the artists do not show up as an insurance?

How Do We Set UP Our Analysis? (For our Paper and Comparison Projects)

TABLE 1-1 The General Relationship between the Engineering Economic Analysis Procedure and the Engineering Design Process

Engineering Economic Analysis Procedure

Step

1. Problem recognition, definition, and evaluation. **METHODOLOGY**
2. Development of the feasible alternatives.
3. Development of the outcomes and cash flows for each alternative.
4. Selection of a criterion (or criteria).
5. Analysis and comparison of the alternatives. **FINDINGS**
6. Selection of the preferred alternative.
7. Performance monitoring and post-evaluation of results.

by Experiment-Resources.com

Some REAL EXAMPLES

<http://emeraldace2017.com/2017/09/01/w5-abm-assessment-of-productivity-and-learning-curve-for-trestle-barrier-wall-construction-at-spi-12b/> AND/OR https://js-pag-cert-2017.com/w14_sjp_forecasts-part-6/

METHODOLOGY

STEP 1: Problem recognition, definition and evaluation

- I. As introduced, the main purpose of this draft is to understand:
 - how performing arts organization's project managers must react to the cancellation of an artist referring to the initial contract.
 - Project managers' reaction will not be similar depending on the case of cancellation:
 -
 - 1. The artist's cancellation strongly **does not respect the terms of the contract** (*wrongdoings*)
 - 2. The artist's cancellation is justified and protected by **assurances**
 - 3. The artist's cancellation is due to a **major force**
 - In each case, performing arts organization's project managers claim compensations or rescheduling
 - However, compensations and rescheduling do not meet initial results and can create losses:
 -
 - 1. Require a brand-new organization to manage claim or postponing and is very costly
 - 2. the initial results are not compensated by the compensations and losses are created
- II. To answer those problems, we need to find the best methods to:
 - Avoid a cancellation concert
 - In case of cancellation, avoid or protect from deficit

Those are all the points we will focus on and manage to find alternative solutions

STEP 2: Development of the feasible Alternative Solutions

First, let's situate the different possible backgrounds to be more precise about our research on alternative solutions.

Once the contractor has cancelled "it is essential to evaluate why exactly it was canceled"¹⁴
This will allow the project manager to target the necessary information on the contract and move towards an appropriate solution.

Of course, all the reasons for cancellations do not have the same context or the same consequences on the contract, "it's always best to consider each situation on a case-by-case basis"¹² before submitting solutions.

¹⁴ What to Do When You're Forced to Cancel an Event. (2018, January 3). Retrieved from <https://www.socialtables.com/blog/event-marketing/cancel-event-plan/>

CONTEXT	CONSEQUENCES
Wrongdoing (mood change, drugs, alcohol...)	Total breach of contract and claim for “total” compensations
Justified reasons (disease, family or transport issue...)	Claim for compensation (amount depending on the cancellation date) and/or postponement of the event
Major Force (weather, war, strikes...)	“Neither the Authority nor the Operator shall be considered in breach of this Contract to the extent that performance of their respective obligations (excluding payment obligations) is prevented by an Event of Force Majeure that arises after the Effective Date.” ¹⁵

By author

However, in each case, when a scheduled artist fails to appear “event organizers’ project managers can suffer significant losses, forfeiting income from tickets, concessions and parking fees... It is likely they have difficulty fulfilling already contracted expenses”¹⁶

Finally, to compensate these losses, project managers may request compensation.

However, in the case of a justified cancellation, compensation will depend on the cancellation time before the performance. It is generally likely that they are not equal to the amount lost.

Now that we have set the context, let's move on to solutions.

Alternative solutions

As we need to find different solutions related to different possible context, let's first reason globally before being precise.

We need to find solutions about:

- How to avoid concert cancellation or to deal with postponement
 1. Include in the contract the possibility of a **plan B**
 2. Mention in the contract a postponement whose costs are fully covered by the person who cancels //Purchase of cancellation bond or cancellation insurance to avoid postponing costs
- In case of cancellation, how to manage a contract in order to avoid losses
 1. Introduce a **total compensation clause** for losses
 2. Establish a level of risk based on the artist or type of concert before contracting.

¹⁵ Sample Force Majeure Clauses | Public private partnership. (n.d.). Retrieved from <https://ppp.worldbank.org/public-private-partnership/ppp-overview/practical-tools/checklists-and-risk-matrices/force-majeure-checklist/sample-clauses>

¹⁶ When the show doesn't go on: Keeping cancellation costs in check. (2017, May 17). Retrieved from <https://www.specialevents.com/blog/when-show-doesnt-go-keeping-cancellation-costs-check>

Solution 1: Establishing a backup plan in the contract

“Always have backup plans and prepare for the worst. While it may not be as good as your original plan, it’s better than canceling your event”¹⁷

It must be stipulated in the contract that in the event of cancellation, the project manager is entitled to draw up a contingency plan.

In our subject, it would then be **an artist who replaces the original artist where the contract would specify that they fully correspond to each other**. It has already been done, for instance “the Mormont tabernacle choir called Alex Boyé to Replace Christopher Jackson as Guest Artist for Pioneer Day Concert”¹⁸

But in a contract “all parties agree”¹⁹

- **In case they can’t perform, what would be the conditions for an artist to agree to be replaced by another artist?**

Indeed, this clause must be accepted by the artist, because in case of absence the artist who will replace him will have an indirect effect on the image of the original artist.

Therefore, the artist can accept this counterpart:

- if the artist who replaces him is an artist of the same genre with whom they share certain interests,
- it can be an advertising strategy
- Planning the establishment of a future collaboration.

- **However, what about audience who paid for initial artist’s performance?**

« *Audiences play a key part in driving forward bold programming*²⁰ and can be disappointed in case of changing.

- Indeed, the interest of the contract is to protect both parties during the show, however, the audience being the key to the success of the project, it is important to satisfy it. Again, it all depends on the context, whether people go to see a specific artist or a type of music. In

¹⁷ MeetingPlay. (n.d.). MeetingPlay. Retrieved from <https://www.meetingplay.com/blog/contracts-for-event-planners>

¹⁸ Alex Boyé to Replace Christopher Jackson as Guest Artist for Pioneer Day Concert. (n.d.). Retrieved from <https://www.thetabernaclechoir.org/articles/alex-boye-pioneer-day-2017.html>

¹⁹ Nolo. (2013, June 19). What Makes A Contract Valid? Retrieved from https://www.forbes.com/2006/11/20/smallbusiness-statelaw-gifts-ent-law-cx_nl_1120contracts.html#34a8cba36aff

²⁰ Concert programming is an art in itself. (2017, February 14). Retrieved from <https://www.theguardian.com/culture-professionals-network/culture-professionals-blog/2013/oct/09/classical-concert-programming-britten-sinfonia>

a festival with a multitude of artists, the audience's reaction will be less serious than a private concert with a single artist in programming.

- Finally, it depends on the time between the artist's cancellation and the concert date. The shorter it is, the more likely the public is to be negatively receptive to the news. "Patrons at Chicago's Bottom Lounge got violent when it became clear the *Death Grips* wouldn't be performing at the official Lollapalooza after-show party for which they had been booked... attendees were presented with nothing more than some pre-recorder music"²¹

We understand here that this solution would not work in some cases and would therefore not respect the initial contract and expectations.

In conclusion, this solution would make it possible to keep the initial date of the concert and therefore to respect the terms of the contract but could **involve other negative points and would finally cause losses**. It is essential therefore to compare both scenarios.

Maybe "*having a backup plan undermines your likelihood of success.*"²²

Solution 2: charge the costs of postponing the event

If the concert cannot be maintained on the initial day, it may be postponed.

- However, **the clause "The performance will consist of one show on the date and between the time indicated..."²³ won't be respected.**
 - Live performance's project managers will suffer from losses because "when a concert is postponed, fans who want a refund are supposed to be able to get their money back within 48 hours of the postponement."²⁴
 - The initial concert room could no longer be available on the desired postponement date, or at the initial price.
 - "They could have difficulty fulfilling already contracted expenses, for instance money laid out to reserve a facility or to hire security and concessionaires."

²¹ Deconstructing: Death Grips' No-Show Live Show And What We Expect From Concerts. (2013, August 7). Retrieved from <https://www.stereogum.com/1428802/deconstructing-death-grips-no-show-live-show-and-what-we-expect-from-concerts/franchises/deconstructing/>

²² Dickinson, A. (2016, October 24). Don't Make A Backup Plan: Why You'll Be More Successful Without It. Retrieved from <https://www.forbes.com/sites/alexandraddickinson/2016/10/24/dont-make-a-backup-plan-why-youll-be-more-successful-without-it/#20f55bc4623d>

²³ Performance Contract Template (US) | LawDepot. (n.d.). Retrieved from <https://www.lawdepot.com/contracts/performance-contract/?loc=US#.W-7gR2Z7T-Y>

²⁴ The concert was postponed, so can you get a refund? It depends. (2018, March 8). Retrieved from <https://www.kansascity.com/entertainment/ent-columns-blogs/back-to-rockville/article202352494.html#storylink=cpy>

Therefore, many reasons due to postponement can cause losses to project managers. That's why a clause could be instituted that would simply stipulates:

the artist, his insurance or any agent related to the artist considers only the costs incurred by the postponement of the contract because “you must consider what your business is actually losing as a result. It must not be excessive”²⁵ to respect the contractor (in a case where cancellation is justified).

What would be the advantages?

- A “respect” to some extent of the contract (simply postponed)
- Any costs for the Live performance's project managers.
- Artist's insurance would deal with this case (respect artists justified absence)

This solution to preserve the contract already seems more likely, even if the date is postponed. However, there are some negative aspects that make us doubt its effectiveness.

This raises the question of cancelling the contract and using full indemnities...

Solution 3&4: Establish a contract that best avoids losses

- **Introduce a total compensation clause for losses**

“If I was an artist, I'd carry cancellation/nonappearance insurance because I'd want to protect my income... noting the maximum an artist can insure is 100 percent of their guarantee, the minimum fee a promoter will pay for a show or series-of-shows-basis.”²⁶

If an artist can insure himself 100%, a project manager can therefore stipulate in a contract that whatever the reasons for cancellations (except in cases of force majeure), the losses incurred by the cancellation of an artist must be refunded 100%.

However, we now know that most compensations do not compensate for the loss. Because **depending on the time between the cancellation and the concert the rate will be different.**

Rates are adjusted according to the period during which the artist cancels, the later the artist cancels the less heavy the compensation will be.

However, project managers may have started their work and then suffer an immediate loss

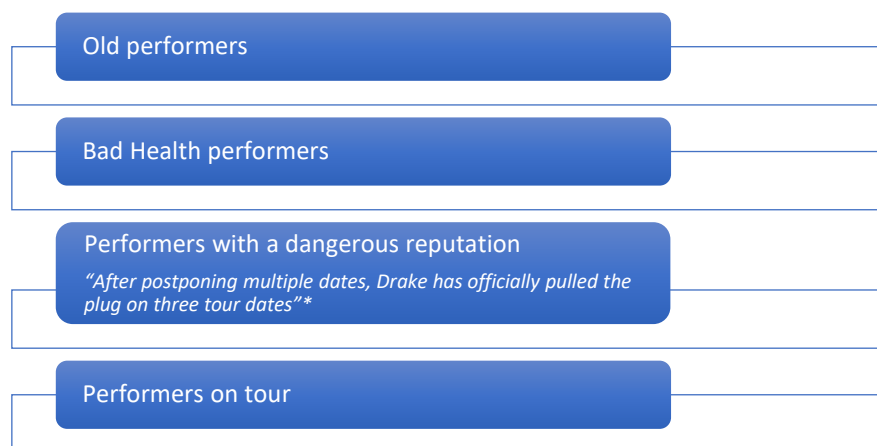
²⁵ Unfair terms explained for businesses: full guide. (2016, March 18). Retrieved from <https://www.gov.uk/guidance/unfair-terms-explained-for-businesses-full-guide>

²⁶ Krewen, N. (2017, November 14). The Business of Concert Cancellations. Retrieved from <https://www.grammy.com/grammys/news/business-concert-cancellations>

But “Some contracts have, as common clauses, “cancellation rights” that allow the contractor to be paid a sum if the agreement is cancelled at short notice by the client before it starts (but these must be agreed between both parties to the contract).”²⁷

- This means project managers may introduce a clause stipulating that the artist must be liable for losses incurred in the event of cancellation.
- **Based the contract on a level of risk assessed according to the artist and the concert type**
 - **About the live performers**

We know that in all cases artists and producers must insure themselves in order to avoid paying full price. However, some artists will be more likely to cancel:



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Sometimes insurances don’t even want to insure old artists or the cost is too expensive and unfortunately, aging sometimes can be accompanied by more fragile health, for example “Willie Nelson (85 years old) has postponed, cancelled, or been unable to take the stage on numerous occasions over the past few years due to illness.”²⁹

- **Type of concert**

Concerts that include world tours should be much more covered by the contract, as they are much more likely to be cancelled because artists get tired, miss their home...

²⁷ What Are Your Rights If a Client Cancels a Contract? | Crunch. (n.d.). Retrieved from <https://www.crunch.co.uk/knowledge/contracts/contractor-client-cancels-contract-your-rights/>

²⁸ Drake Just Cancelled 3 More Concert Dates and His Canadian Fans Are Furious. (2018, October 8). Retrieved from <https://www.narcity.com/gossip/drake-just-cancelled-3-more-concert-dates-and-his-canadian-fans-are-furious>

²⁹ Trigger. (2018, May 29). Willie Nelson Walks Off Stage at Charlotte’s Outlaw Music Fest... Retrieved from <https://www.savingcountrymusic.com/willie-nelson-walks-off-stage-at-charlottes-outlaw-music-fest-show-canceled/>

The main purpose of this solution is that **it is important to create strict clauses according to the age, health, reputation of the artist, the context of the concert and especially his insurance.**

- ❖ From this analysis, we can now deduce the attributes to measure, assess or evaluate this solution:
 - **Compensation guarantee: a total compensation clause cancel risk of losses, the event is better insured because** in a normal contract “Financially, the reverberations can be significant... If a show is scrapped a couple days in advance, the promoter will still have to pay for the venue”³⁰
 - **Cost:** costs depending on the reaction to a cancellation case (postponement or cancellation) and the clauses applied or not applied. “the costs are built into make-up play,”²⁸
 - **Management complexity: does the new management effort required for a postponement worth the compensation?** “canceling or postponing a concert is, unsurprisingly, quite complicated.”²⁸
 - **Reliable: does this clause allow the event to remain reliable?** the reliability of an event being the “feedback that you can get from the people attending your event.”³¹
 - **Relationship sustainability: does those clauses make the contract fair?** “fairness play a vital role in contract law and is a very controversial subject.”³²
 - **Discourage wrongdoings:** artists are then not encouraged to cancel as they see fit because they are likely sometimes to “just let you down at last minute”³³
 - **Timing: the cancellation time before the event will have an impact on the organization.** “insert a clause in the contract stating you need to be notified at least 24-hours in advance if the participant has any doubt that they might not be able to attend”³¹

³⁰ Jahr, E. (2014, April 24). What happens when a major concert gets canceled at the last minute? Retrieved from https://www.washingtonpost.com/news/arts-and-entertainment/wp/2014/04/28/what-happens-when-a-major-concert-gets-canceled-at-the-last-minute/?noredirect=on&utm_term=.3ac2340edbb7

³¹ How to evaluate an event. (2018, 13). Retrieved from <https://www.gevme.com/blog/how-to-evaluate-an-event/>

³² Role in contract law of fairness. (n.d.). Retrieved from <https://www.lawteacher.net/free-law-essays/contract-law/role-in-contract-law-of-fairness-contract-law-essay.php>

³³ 5 Things That Frequently Go Wrong at Events (and How to Stop them) - Eventbrite Ireland Blog. (2018, October 19). Retrieved from <https://www.eventbrite.ie/blog/5-things-that-frequently-go-wrong-at-events-and-how-to-stop-them-ds00/>

STEP 3: Development of the outcome and cash flows for each alternatives

To perform this analyze, we are going to use the multi-attributes decision making to rank each attribute of our alternatives solutions from best to worst.

We will give a score of 1 to the best options and 0 for the worst ones.³⁴

We will use a simple comparison method to rank these criteria from 1 to 7.

ATTRIBUTES	Compensation guarantee	Cost	Management complexity	Reliable	sustainability	Discourage wrongdoings	Timing
Compensation guarantee		0	0	0	0	0	0
Cost	1		0	0	0	0	0
Management complexity	1	1		1	1	0	1
Reliable	1	1	0		0	0	1
sustainability	1	1	0	1		0	1
Discourage wrongdoings	1	1	1	1	1		1
Timing	1	1	0	0	0	0	
Total score	6	5	1	3	2	0	4
RANK	1	2	6	4	5	7	3

Table 2: Non-compensatory Model using Disjunctive (by author)

As consequence, the most important criteria are the compensation guarantee cost and timing, which proves that obtaining exact compensation for the cost and cancellation time is important for our problem. On the contrary, discourage wrongdoings and management complexity appear not to be priorities, not to say they are not irrelevant though.

STEP 4: Selection of a criteria

The final step should be to select the top alternatives that will appear on the following chart. We will use a compensatory model, using a non-dimensional scaling technique. Each alternative solution will be evaluated from “excellent” to “worse”.

Let’s now assume this:

GOOD	NEUTRAL	NEGATIVE
1	0,5	0

³⁴ Planning Planet (Nov-2015) – Guild of Project Controls Compendium and Reference (CaR) – 10.3.3.7 Multi-Attribute Decision Making. Retrieved from: <http://www.planningplanet.com/guild/gpccar/managing-change-the-owners-perspective>

Attributes	Alternative 1 Setting a plan B		Alternative 2 Insurance Bond (artist cover postponement costs)		Alternative 3 Total compensation clause	Alternative 4 Artist-specific contract
	Replacing artist	Keeping initial artist	Postponing Cost	Cancelling compensation		
Compensation guarantee (7)	MEDIUM	MEDIUM	NOT OPTIMUM	INSUFFICIENT	BETTER	GOOD
Cost (6)	BETTER	WORST	GOOD	WORST	BEST	GOOD
Management complexity (2)	BETTER	WORST	MEDIUM	BETTER	NEUTRAL	NEUTRAL
Reliable (4)	MEDIUM	GOOD	GOOD	MEDIUM	BETTER	GOOD
Sustainability(5)	MEDIUM	MEDIUM	MEDIUM	LOW	MEDIUM	LOW
Discourage wrongdoings(1)	WORST	NEUTRAL	LOW	HIGH	BEST	PREVENTATIVE
Timing(3)	GOOD	WORST	NEUTRAL	LOW	HIGH	PREVENTATIVE
TOTAL SCORE	19	10,5	18,5	5	24,5	22

SCORE EXPLANATION

Alternative 1:

It appears that replacing the artist seems to be more strategic

- *Sustainability: terms of contract such as (time, date) are respected*
- *Cost: replacing the artist will prevent project managers to avoid losses such however, for the artist’s managers, replacing their artist may affect the image the reputation of the artist*
- *reliable: the image that an artist will give to his audience if he does not present himself*

This solution seems to be delusional because on the one hand the project managers of the show organism seem to want to exchange the artist for economic and organizational reasons, while for reasons of reputation, credibility and money, the agents themselves seem to want to postpone the show.

⇒ **This solution is favorable for project managers to protect their projects but the signing of the contract should be complicated**

Alternative 2:

it seems that benefiting from the postponement costs is more profitable because the organizers do not pay the postponement (or part of it) and benefit in addition from the concert revenue. **It is**

preferable to benefit from a clause that allows project managers not to incur any loss on the postponement of a concert.

However, the only negative side is managing the concert report is much more complicated than cancelling it. In this case projects managers wouldn't suffer from "money losses" but "time losses", risks...

Everything then depends on the difference in cost between cancellation and postponement.

Alternative 3:

- It seems that applying a clause including full compensation is the most beneficial for project managers because it would discourage artists to cancel and avoid losses. We need to remind that penalty clause must be use efficiently to protect the relationship.
- Moreover, making the contract according to the artist and the context of the concert further protects the project.

This solution therefore allows you to have confidence and carry out the project without losses or cancellations.

The positive effect being that it does not disturb the artist from the moment he does not cancel the concert, knowing that in case of justified cancellation, the insurance protects the artist.

Therefore, this solution is beneficial to all signatories

Thanks to the MADM, we could see previously the appropriate solutions to our problems and those that are not.

We have found out that stipulating strict contract clauses in this uncertain environment, with huge sums of money at stake, can only be beneficial to protect the project.

In order to answer our problems, the important attributes are those that ensure us either:

- *Avoid cancelling the concert or*
- *Avoid monetary losses.*

We can therefore eliminate the first solution because it avoids cancelling the concert but in any case, it suffers a loss of money.

Moreover, the second solution is more appropriate but would cost project managers time and even money in the event of a final cancellation.

Is it really in the interest of the project managers to postpone it?

Therefore, after analyzing feasible alternatives, **here are the main attributes:**

- **Compensation guarantee:** Do we have a guarantee in case of cancellation?

- **Cost:** is the cost fully compensated? Do we have the expected results initially?
- **Reliable:** Does applying these clauses increase the reliability of the contract?
- **Sustainable:** Do those clauses permit:
 - To maintain compliance with the terms of live performance contract?
 - A mutual respect between the signatories?

CONCLUSION

Thanks to the development of our study and the MADM we could narrow down the attributes found as we went along, to conclude on the most relevant ones.

We are talking here about an optimal solution and not a perfect one.

As the live performance environment is complicated, the contract must stipulate certain strict clauses as Full penalty clause to ensure the smooth running of the project by discouraging cancellation and avoiding monetary losses.

There are many cancellation scenarios, whether they are due to a mood swing, a failed flight... the contract must allow project managers to avoid any loss and trust their project.

PS: Obviously, our study focused on the case where the artist cancels the contract, in the case where the artist is faced with a cancellation by the project managers, it would be different

FINDINGS

Step 5: Analysis and comparison of the alternatives

We are now going to summarize the decision-making process of the study we led in step three and four by using an **additive weighting technique**³⁵ allowing us to rank the alternatives by comparing the weight of the attributes with the weight of the alternative. Since we decided to eliminate in the alternative 1 and 2 respectively: “keeping initial artist” and “cancelling compensation”. We are now focusing on the 4 alternatives in a more precise way.

³⁵ Sullivan, Wickes & Kroelling (2014) [Engineering Economics](http://www.planningplanet.com/guild/gpccar/managing-change-the-owners-perspective) 15th. Adaptation from planning planet. Retrieved from: <http://www.planningplanet.com/guild/gpccar/managing-change-the-owners-perspective>

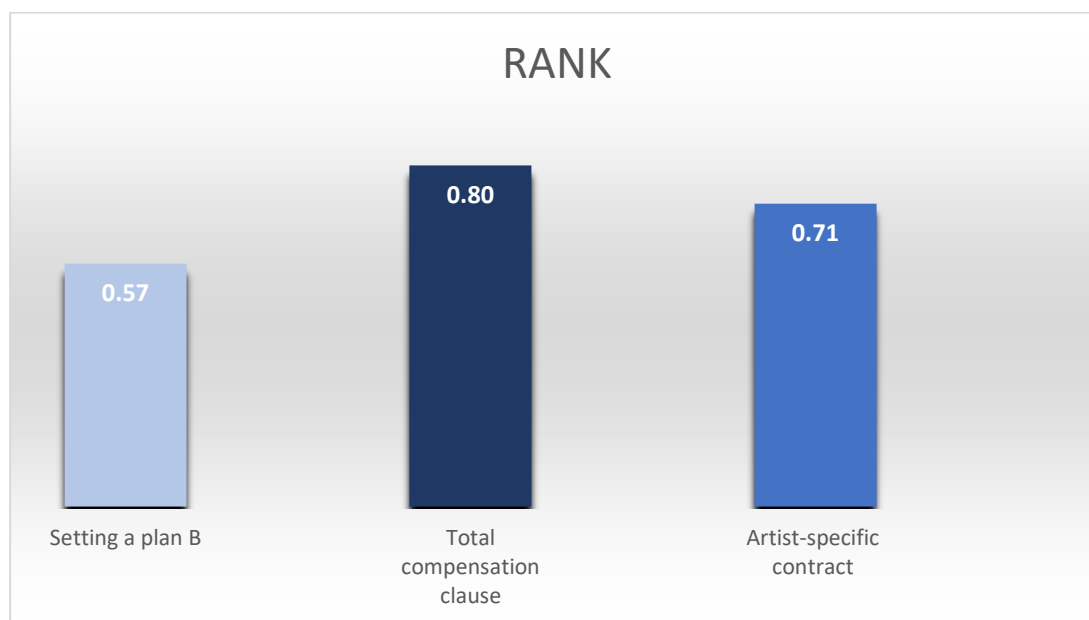
	Step 1	Step 2	Setting a plan B		Insurance bond		Total compensation clause		Artist-specific contract	
	Relative ranking	Normalized Weight (A)	(B)	(A)*(B)	(C)	(A)*(C)	(D)	(A)*(D)	(E)	(A)*(E)
Compensation guarantee	1	0,04	0,5	0,02	0,5	0,02	1	0,04	1	0,04
Cost	2	0,07	1	0,07	1	0,07	1	0,07	1	0,07
Management complexity	6	0,21	1	0,21	0,5	0,11	0,5	0,11	0,5	0,11
Reliable	4	0,14	0,5	0,07	1	0,14	1	0,14	1	0,14
Sustainability	5	0,18	0,5	0,09	0,5	0,09	0,5	0,09	0	0,00
Discourage wrongdoings	7	0,25	0	0,00	0	0,00	1	0,25	1	0,25
Timing	3	0,11	1	0,11	1	0,11	1	0,11	1	0,11
TOTAL	28	1	0,57		0,54		0,80		0,71	

Thereby, this method confirmed what we were supposing in step 4 about how to rank the different alternatives. Total compensation clause remains the best alternative to avoid concert cancellation followed by Artist specific contract and Setting a plan B.

However, insurance bond scores quite low on this study compared to the other alternatives.

Step 6: Selection of the preferred alternative

We can now rank our alternatives from best to worst:



With this ranking method and thanks to the study made in step 5 we decided not to keep the insurance bond alternative even if this allows the manager to compensate his losses in case of cancellation, we know that the insurance does not fully compensate for the losses and does not discourage artists to cancel.

While a total compensation clause fully insures losses and discourage artists to easily cancel. Thus, **the best alternative option is Total compensation clause, followed by artist specific contract and setting a plan B.**

Those 3 alternatives are cost and time saving for the live performance's project managers.

The total compensation clause is a better choice by 490% ($24,5/5 * 100$) compared to insurance bond "cancellation compensation" which is our worst alternative and 132% ($24,5/18,5 * 100$) for insurance bond "postponing cost"

Total compensation clause is the best possible alternative because it completely covers losses in the event of cancellation by an artist and therefore discourage them to cancel easily.

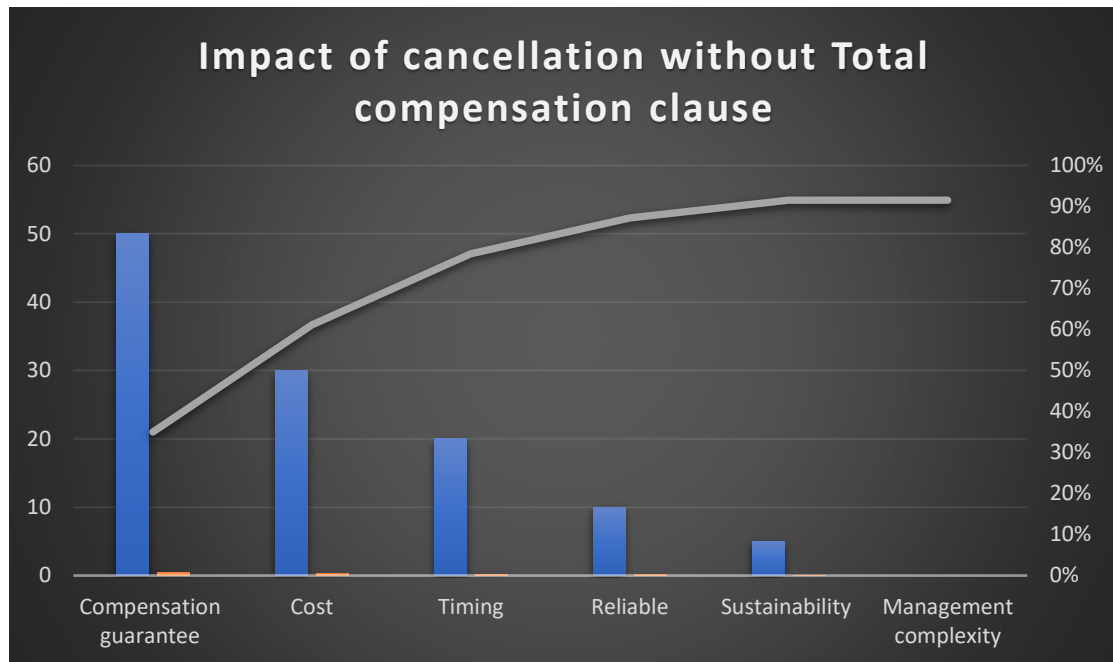
The other alternatives are also very effective but will be more complementary because, for example, a contract specific to the artist will reinforce the contract and give the project manager more confidence during the signing of the contract. Finally, setting up a plan B can be beneficial for both parties and reduce the cost of compensation.

Step7: Performance monitoring and post evaluations of results

Now that we have chosen the best alternative to prevent from concert cancellation, we can conduct a Pareto analysis to justify the effect of a total compensation clause on the impacts resulting from a concert cancellation.

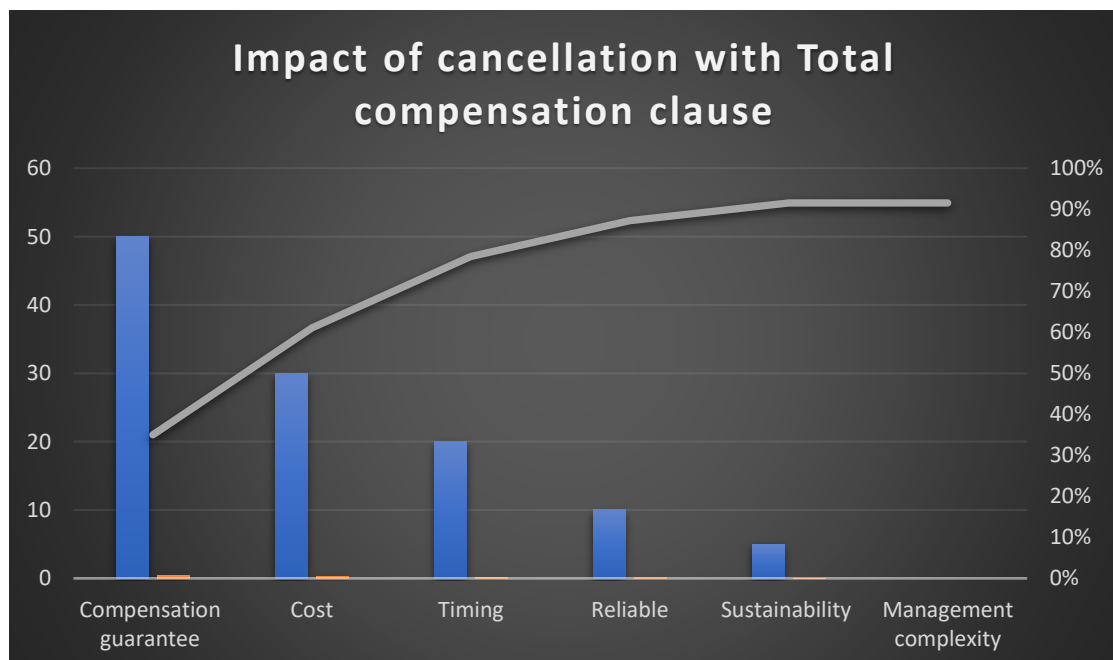
"A Pareto Analysis enables the project control practitioner to identify the "significant few" from the "insignificant many" and use that information to prioritize which problems should be addressed".³⁶.

³⁶ DoE [Cost Estimating Guidelines](#) – Adaptation from Planning Planet (2015 – November) – Risk opportunity monitoring and control. Retrieved from: <http://www.planningplanet.com/guild/gpccar/risk-opportunity-monitoring-and-control>



In this first analysis, we can see that without total compensation clause, it is going to highly impact the cost of the project, the timing but also the reliability of the project.

Let's see now the impact of disputes with the use of prevention.



Thus, it can be seen that when parties resort to total compensation clause, the impact of cancellation about compensation guarantee cost, timing and project reliability is less significant.

Total compensation clause will also reduce risks of cancellation.

CONCLUSION

The goal of this paper was to answer the following questionS:

- What are the mains ways to avoid cancellation?
- in case of cancellation, what is the best way to protect from losses?
-

Through this paper, we have highlighted the different alternatives to avoid and manage cancellation as being: Setting a plan B (keeping initial artist or replacing it), insurance bond (postponing cost or cancellation compensation), total compensation clause and artist specific contract. We have explained each alternative and assessed the impact of each regarding our specific topic. Through the studies led we have eliminated two options: setting a plan B, keeping initial artist and insurance bond as being the less fit choices. Obviously depending of the context of cancellation, major-force or wrongdoings, the choices we make could adapt themselves but in most cases the best alternatives are: Total compensation clause, Artist specific contract and finally setting a plan B where the artist is replaced. As explained in the paper total compensation is a global alternative which permit the project manager to have confidence and avoid losses, on another side, it permits to discourage artists from wrongdoings which is frequent.

Other alternatives are more complementary where on one side:

- we can adapt better the contract to the artist specificity
- we can set a plan B in order to reduce losses which is an advantage for both parties.

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Tom Perrigaud is a PGE master 2 student in skema Business school currently in Msc Project and Program Management and Business Development in Lille France. Born in France, he has a strong international background spending the rest of his high school education in Germany where his parents live and made his preparatory class during 2 years in Vienna in Austria where he developed a real taste for languages and international cultures.

In 2016 he entered in Skema Business school where he did a License in Management. He spent his master 1 in United States where he developed his skills in negotiation, strategy and innovation. He will be starting an internship in January 2019 in AFD TECH as a business developer. He has experienced in event planning and business development while he was president and vice-president of two cultural and musicals associations during in Skema Business School. He is certified Prince2 and AgilePM recently.

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