



**INTERNATIONAL
ASSOCIATION OF
VENUE MANAGERS**



Arenas Performance Reporting Framework:

An IAVM Handbook for Arenas

Arenas Performance Reporting Framework

An IAVM Handbook for Arenas Professionals

International Association of Venue Managers

Introduction

Dear Industry Colleagues:

We are pleased to provide you with this workbook regarding *Arenas Performance Reporting Framework: An IAVM Handbook for Arenas Professionals*.

Performance reporting is crucial to communicating the role and relevancy of the arena to its stakeholders. Effective and standardized reporting delivers not only an opportunity to reveal and educate but is also a key resource guiding operational and reporting excellence for your venue and the community it serves.

This workbook, produced and overseen by Keen Independent Research LLC, IAVM's Research Committee and its Arenas Performance Reporting Task Force, incorporates reporting standards which should be an integral part of an arena's sales and promotion efforts.

The overarching purpose of this handbook is to standardize definitions and metrics to allow for side-by-side reporting and comparison among other venues in the industry. This handbook can also be a teaching tool that highlights frequently used industry terms and language, which can then be shared amongst the venue management community as well as with stakeholder groups who are interested in learning more about the operation of sport and entertainment arena facilities.

Developed with a wide range of readers in mind, and not wanting to duplicate existing IAVM resources like the Venue Management School's glossary of terms (used by VMS and Certification Board), this handbook focuses on concepts that address commonly used key performance indicators (KPIs). Understanding how these KPIs are measured and evaluated will allow venue management professionals and invested stakeholders to connect the vernacular of arenas with their most important operational outputs.

Each arena serves a unique community with a variety of unique circumstances and conditions. Performance measures are meant to guide and may not be applicable to every venue and its community. An arena's mission, vision, ownership, governance, and purpose dictate which measures are most useful. It is important that each venue reporting measurement be mutually agreed on by key stakeholders and is consistent with the values of the community it serves.

Venue operations and sales efforts frequently require the venue executives to act as a steward of public funds and require fiduciary responsibility including consistent and transparent performance reporting. With the adoption of industry standards, venues have recognized benchmarks for assessing internal performance and identifying opportunities for success and meeting/exceeding industry standards. Venue executives need to be prepared to take performance reporting to the next level. Following and engaging in these standard reporting metrics are encouraged. Doing so will strengthen the relevance and integrity of your reporting structure.

Sincerely,



Brad Mayne, CVE
President & CEO
International Association of Venue Managers

Acknowledgements



Arenas Performance Reporting Framework: An IAVM Handbook for Arenas Professionals is published by the International Association of Venue Managers (IAVM) in conjunction with Keen Independent Research LLC. The work contained in this Handbook would not have been possible without the contributions, leadership, and work of the following individuals:

Keen Independent Research LLC

Alex Keen, Associate Principal
Jennifer Tuchband, General Manager and Senior Consultant
Jeremy Dueck, Consultant

2022 – 2023 IAVM Research Committee

E. Phil Ashurst, Chair
Jennifer Tuchband, Vice Chair

IAVM Arenas Performance Reporting Team

Ashley Keen	Larry Henley
Barry Strafacci	Mark Emch
Brett Mitchell	Mark Haley
E. Phil Ashurst	Matthew Nelson
Jennifer Tuchband	Sam Dores
Jordan Douglas	Tyson Gingery
Kevin Murphy	

The IAVM Research Committee would also like to thank the 2022-2023 IAVM Arena Sector Committee, the IAVM Board of Directors, and IAVM staff for their support and contributions to this work.

Special thanks to all industry professionals from around the world that were consulted and provided feedback to the authors and contributors during this project. Your time and feedback are greatly appreciated.

HOW TO USE THIS HANDBOOK

This handbook was developed with the goal of allowing venue management professionals and invested stakeholders to connect the vernacular of arenas with their most important operational outputs. It is not, nor should it ever be considered, an all-encompassing handbook. Instead, the Research Committee expects this handbook to become a living documentation of best practices and standards in the industry that will continue to grow over time.

DEFINITIONS

The definitions in this handbook are representative of current practices in a wide array of arenas worldwide. They were developed to provide a vocabulary that is consistent across the IAVM *Glossary of Terms* and industry reports and surveys produced by IAVM and other entities. The Performance Reporting Team recommends arenas professionals adopt these definitions as a best practice to provide consistency within the industry.

- **Event**
An organized occasion such as a concert, game, trade show, etc. An Event is often composed of several different yet related Functions.
- **Function**
Any individual organized activity that is a component of an Event.
- **Event Day**
Event days are a primary KPI of utilization in an arena and consider partial or complete venue usage by an Event organizer. Event days include load-in and load-out days and capture utilization whenever revenue is being generated by the venue.

Community rentals and non-ticketed events are also counted as event days for a venue, however non-revenue activities will be excluded. For example, at a university arena, team practices will not count as an event day.

Event days are sometimes communicated as a total number of performances or total shows in a year. When using the total number of performances or shows as the measurement, the number of event days can be greater than 365.

For consistency across arenas, and to account for variances in Event size and multiple Events on one day, this Handbook recommends using a percentage out of 365 days as the measure of Event Days.

- **Non-Event Day**

Non-event days include maintenance days, internal meeting days, training days, etc. General characteristics of non-event days are when there are not external guests in the building and/or no revenue generation is occurring. Non-Event Days are still considered as usage days, but no revenue is being generated. Another way for venue managers to delineate between an event day and a non-event day is to consider whether public-facing staff (e.g., Ushers) are required in the building to support scheduled activities. If public-facing staff are required, then it is likely an event day.

Example:

November 4	November 5	November 6	November 7
Concert Load-in	Concert	Concert Load-out	Team practice
<i>Event Day</i>	<i>Event Day</i>	<i>Event Day</i>	<i>Non-Event Day</i>

- **Dark Day**

A day in which there are no functions in the venue. A dark day may be included within the overall dates of an event (for example, a holiday with no scheduled event functions), and should be considered an event day if contracted to the event and the space cannot be rented to another client per the terms of an active contract.

Example:

A holiday with no scheduled Event Functions is a dark day.

- **Rental Event**

A rental represents lower risk to the venue as the third-party promoter is assuming the majority of the risk (e.g., purchasing talent, renting the venue, marketing the event, etc.). Arenas will often charge the promoter a flat rental rate along with a one-time “house nut” fee which covers the associated expenses directly related to facilitating a specific event (e.g., labor, equipment rentals, etc.). Sometimes, the house nut fee will cover both the rental rate as well as the associated expenses amount. Rebates from the venue based on the “drop count” (i.e., number of attendees) are becoming more common when a major promoter is renting.

- **Co-Promoted Event**

A co-promoted event, or co-pro, can represent a variety of deal structures, where each deal carries its own inherent level of risk. There are co-pro deal structures where the risk is shared equally between the two parties, and deal structures where one party carries more risk than the other. Perhaps the most important aspect of a co-pro is to document expectations and all deal points. Due to the flexibility of co-pros, deal expectations that are not documented can create unclear boundaries and difficulties at event settlement.

- **In-house Event**

An in-house event, sometimes referred to as a “self-promote” or “direct offer,” describes an event relationship where the venue acts as the promoter of a show. The venue carries the majority of the risk and relies on ticket revenue as well as ancillary revenues to cover the cost of the talent and the associated costs of hosting a self-promoted event. A secondary risk of an in-house event is that the venue is competing against other promoters, which sometimes can put the venue in a unique position where it is competing against its own clients.

The thread that connects the naming conventions between rental, co-pro and in-house events is the level of risk and reward associated with each deal type.

Deal Structure	Pros	Cons
Rental	Lower risk The promoter pays venue a rental amount and covers most/all event costs	Promoters often look to the venue for rebates based on a per cap (i.e., Turnstile)
Co-Pro	Shared risk with promoter Opportunity to increase programming and content Endless deal possibilities	Shared business decisions can create conflict Undocumented deal points can add difficulty to settlement
In-House	Greater revenue generation opportunities Control over planning process (the venue is the promoter)	Higher risk (low sales, negative PR, etc.) Sometimes competes with promoters Venue cannot amortize the expense of a bad show

- **Promoter/Client**

“Promoter” and “client” are frequently used naming conventions for an individual, group, or organization that uses a venue to host an event. Event organizers and event planners are considered promoters and clients.

In legalese, a promoter or client may be referred to as a “lessee” or “licensee,” but promoter and client are the vernacular in arenas.

- **Tenant**

Sports teams are considered the “tenants” that occupy an arena facility. And depending on the booking prioritization of the tenant’s event dates and the amount of space they occupy in a venue, a sport team might be referred to as a primary or secondary tenant.

- **Utilization**

A space is considered utilized when it is unavailable to rent or sell, whether that be due to maintenance, practice days or events. Utilization can be in reference to an entire day or to the number of hours that have been programmed. For example, “Community ice rentals have generated x number of hours of utilization.”

- **Operating Revenue**

Operating revenue is all revenue that is captured in a venue's profit and loss statement, generated directly from utilization. Operating revenue includes tickets, rentals, merchandise, parking, broadcast, co-pro event profit, sponsorship, food and beverage, facility fees, ticketing fees, premium spaces (off-manifest areas), and any reimbursed labor. Arenas should be tracking both net and gross revenues to ensure the accuracy of understanding of the financials, but should always utilize the net revenues when developing metrics.

- **Operating Expenses**

Operating expenses are generally divided into 2 categories: a) Expenses that are related to running the venue (overhead expenses), and b) Expenses that are required to facilitate an event (event expense).

To run the venue daily, expenses such as salaries, utilities, travel, management fees, insurance, and other overhead expenses are captured as necessary operating expenses. Specific expenses such as equipment rentals, part-time staffing, security, etc. will be operating expenses that can be directly associated with an event.

- **Capital Expenses**

Across all venue types, capital expenses are those financial activities that are directly related to the acquisition or maintenance of fixed assets, such as equipment, buildings, land, vehicles, paving, etc.

What is classified as a "capital expense" will typically be determined by the venue's governance structure and is regularly dictated by an asset's value and useful life. For example, some venues will classify expenses that are greater than \$10,000 and amortized over 3+ years as a capital expense.

Example Operating Revenues and Expenses

Net Operating Revenue (Earned)

Sponsorships	-
Merch	-
Advertising	-
Venue Rentals	-
Parking	-
Suite Rentals	-
Suite Leases	-
Off-manifest tickets	-
Broadcast	-
Food & Beverage	-
Ticket Admissions	-
VIP Sales	-
Facility Fees	-
Special Event Settlement Revenue (Net)	-
Recreational Floor Rentals	-
Recreational Ice Rentals	-
Community Room Rentals	-
Total Earned Income	-

Net Other Revenue

Grants	-
Subsidies	-
Hotel Tax	-
Total Other Income	-

Operating Expenses

Salaries Full-time	-
Wages Full-time & Part-time	-
Fringe Benefits	-
Wages Overtime	-
Utilities	-
Operating Supplies	-
Travel	-
Management Fees	-
Ticket Costs	-
Tax Remittance	-
Contracted Services (e.g., Snow removal)	-
Insurance	-
Total Operating Costs	-

Total Net Profit (Loss)

METRICS

This list is not exhaustive, but rather is a list of metrics that are currently in use by numerous arenas worldwide. The Research Committee recommends using consistent metrics over time to ensure the greatest value to the venue operator when analyzing and making strategic business decisions. The definitions outlined in this handbook are consistent with best practices and industry standards compiled from leading arena operators worldwide.

Per Cap

In an arena, the “per cap,” or revenue generated per patron, is the most common and important metric used by venue managers. The number of patrons in attendance is typically established by the “drop count” or turnstile count. Several ancillary revenues are measured on a per cap basis, including merchandise (merch), food & beverage, and parking. Service fees and facility fees can also be measured on a per cap basis. Below are examples of per cap calculations. It is important to differentiate gross/net revenues. Per caps consistently are expressed using net figures.

$$\begin{array}{l} \text{Food and beverage per cap} = \frac{\text{Net F\&B revenue (less tax)*}}{\text{Turnstile count}} \\ \text{Merch per cap} = \frac{\text{Net merch commission (less tax and royalties)}}{\text{Turnstile count}} \\ \text{Parking per cap} = \frac{\text{Net parking revenue (less taxes and fees)}}{\text{Turnstile count}} \\ \text{Gross per cap} = \frac{\text{Sum of all per caps (F\&B, merch, parking, etc.)}}{\text{Turnstile count}} \end{array}$$

**Note that for suites, arenas often consider suite gross receipts separate from F&B per cap.*

Some arenas will create a gross ancillary per cap value which can then be compared across a variety of event types. For example, sporting events may have different per caps than family shows.

Individual per caps can also be compared against similar event types to indicate whether there are trends or anomalies. For example, is the food & beverage per cap of an afternoon hockey game higher or lower than an evening hockey game? Weekday versus weekend per caps – how do they compare?

Net Event Income

The net event income calculation is generated by an event’s P&L statement. This includes gross revenue of the event less all applicable expenses directly related to the event.

$$\text{Net event income} = (\text{Net event revenue}) - (\text{Event expenses})$$

Event Return on Investment (ROI)

Regardless of the deal structure, arena managers want to understand what the ROI is for every event. Understanding the ROI from each event will allow the arena manager to analyze and benchmark the various inputs that drive each event activity and determine whether the event was worthwhile. The cost of the investment may be summarized by the event's operating expenses or the event's operating expenses and other expenses that can be associated with recruiting the event (e.g., Finder's fee).

$$\text{Event ROI} = \frac{\text{Net event income}}{\text{Cost of investment}} \times 100$$

Event Yield

The Event Yield formula is helpful for an arena manager because it captures the overall financial trend of events in a venue. Understanding that not all events will be equally successful or unsuccessful, the Event Yield formula uses the total number of events to determine the average net profit (loss) for the season.

$$\text{Event Yield} = \frac{\text{Sum Net Profit (Loss) from entire season}}{\text{Total events}}$$

Event Yield per Event Type

Narrowing down the Event Yield to a specific event type will allow venue managers to benchmark their venue against venues that offer the same programming. For example, an arena that hosts National Hockey League (NHL) games can compare financials with its counterparts. If there is a significant difference between Event Yield figures for NHL games, then the arena manager can further analyze the components that drive the numerator of the formula. For example, does building capacity play a role? How do ancillary revenues like food and beverage or parking compare? The Event Yield per Event Type metric is a practical tool that can help arena managers identify similarities and differences.

$$\text{Average net revenue per event type} = \frac{\text{Sum Net Profit (Loss) from an event type over an entire season (e.g., Hockey)}}{\text{\# of events of this type (e.g., \# of hockey games)}}$$

Cost per Dark Day

Cost per dark day is the standard overhead of whatever happens on a daily basis. Standard overhead may include full time salaries/staffing, standard daily cleaning staffing, security staffing, supplies and utilities.

Sometimes, dark days will be proactively inserted into the arena calendar to provide operations with an opportunity to conduct required maintenance (e.g., ice maintenance). There is also a perceived qualitative cost per dark day. During a busy event season, replacing a dark day with an event day might be fiscally responsible, but there is a qualitative cost – the additional pressure and stress on the operations team.

Capacity

When evaluating capacity levels for a concert with General Admission (GA standing) or a tradeshow, arenas will review the total square footage of the floor space and the number of exits. The total capacity number must be approved by the local Fire Department, which considers the number of square feet required per person as well as nearby egress points. The Fire Department's capacity formula will vary by jurisdiction.

For special events that have reserved seating, venues will have CAD files of seating charts which will determine the maximum capacity of fixed seats and non-fixed seats, depending on how the house is scaled to accommodate production equipment and stage location.

Attendance

Most arena venues will measure attendance based on tickets sold, the turnstile/drop count/scanned count, or a magnetometer (mags) count for general admission events. Attendance for non-ticketed events will typically be kept track in the booking system or summarized by an event manager based on a click count or headcount.

As such, "total attendance" is a valuable metric for arenas because it demonstrates overall arena usage. Total attendance is the sum of all ticketed and non-ticketed events during an arena's fiscal year (e.g., Jan – Dec) or during an event season (Sept to Aug). The total attendance figure is used by internal and external stakeholders to determine arena utilization, the community benefit of an arena, and can also be used as a valuation tool for sponsorships (e.g., Calculating the naming rights value of an arena).

Ticket sales

Arena managers will track several ticket sales statistics to gain a better understanding of the buying habits of the patron. Box office versus online sales, mobile versus desktop computer purchases, day-of versus advanced ticket sales, and zip code tracking are all key pieces of ticket sales information used by a venue.

PRO FORMA

A Pro Forma spreadsheet (also referred to as an “Offer Sheet”) can be used by a venue to determine whether a ticketed special event might be profitable. If the arena manager decides to make a formal offer to an artist’s agent (i.e., In-house event) or work with a promoter on a co-pro deal, the pro forma is a valuable tool.

Most pro forma worksheets will include macros or formulas to help an arena manager determine breakeven calculations as well as the earning potential for an event. These formulas are built using the following information:

- Show date
- Artist
- Support
- Artist guarantee
- Deal type (versus, flat guarantee, etc.)
- Merch deal
- Ticketing information (price levels, capacity for each, price, gross, etc.)
- Expenses (rent, house nut, credit card fees, tariffs, insurance, etc.)
- Gross receipts potential
- Net receipts (gross receipts less facility fees, taxes, etc.)

The following page provides example pro formas.

IAVM Arenas Handbook - Simple Pro Forma for Events Template

EVENT DETAILS

Venue:
 Venue Manager:
 Artist:
 Support:
 Date (Mutually Agreed):
 Promoter/Agent:

DEAL POINTS

Deal Type (Guarantee, versus, etc.)
 Artist Guarantee:
 Currency:
 Tax Rate (%):
 Venue's Facility Fee (On top of ticket price, included in ticket price):
 Merch Split (% to Artist / % to Venue):
 Premium Split (% to Artist / % to Venue):
 F&B Split (% to Artist / % to Venue):
 Parking Split (% to Artist / % to Venue):

BOX OFFICE INFORMATION (EVENT REVENUE)

Price Levels (PL):	PL Capacity:	LESS: Comps	Available PL Capacity	Ticket Price	Gross Potential	
PL1 (GA Floor)			#	\$	# x \$	
PL2 (Reserved Floor)			#	\$	# x \$	
PL3			#	\$	# x \$	
PL4			#	\$	# x \$	
PL5			#	\$	# x \$	
			Total Avail PL Capacity		Total =	GROSS RECEIPTS

EVENT EXPENSES

Rent Expense (Load-in, Rehearsal, Event Day, Load-out, etc.): \$

House Nut (Might include expenses from list below): \$

Additional Expenses:

Building conversion	\$	Insurance	\$
Stage, thrust	\$	Production labor	\$
Post-Event clean-up	\$	Event-related equipment & materials	\$
Forklift & Operator	\$	Production & broadcast equipment	\$
Videoboard	\$	Pipe & drape	\$
Internet for Back of House	\$	Equipment rentals (tables & chairs)	\$
Electrical drops	\$	Barricades & fencing	\$
Bike rack	\$	Decor & furniture	\$
Operations Staff	\$	Stage curtain & backdrop	\$
Electrician	\$	Credit card fees	\$
Security	\$	Transportation & accommodations	\$
Police	\$	Towels & laundry	\$
Front of House Staff	\$	Event Staff (Anthem, DJ, PA, Director)	\$
Box Office Staff	\$	Medical (EMS, Doctor)	\$
First Aid	\$	Catering & Hospitality	\$
Parking Staff	\$	Spotlights	\$

Total = TOTAL EXPENSES

PROJECTED EVENT PROFIT (LOSS)

Gross Receipts:	\$	
LESS: Tax % on Gross:	\$	
	\$	NET GROSS RECEIPTS
LESS: Total Expenses:	\$	
	\$	NET EVENT RECEIPTS

DEAL TYPE CONSIDERATION

Net Event Receipts

LESS: Deal Type (E.g., Guarantee, versus, etc.)

Total = EVENT PROFIT (LOSS)

BREAKEVEN ANALYSIS

Determine the Average Ticket Price (Net Gross Receipts / Total Avail PL Capacity)

Total Expenses / Average Ticket Price: (Number of tickets required to Breakeven)

Example pro forma for sports teams template

PER EVENT P&L	PROJECTIONS		
	Best Case	Worst Case	Realistic
Net Revenues			
Rent			
F&B Commission			
Merch Comm			
Facility Fee			
Box Office Fee			
Premium tickets			
Sponsorship Comm			
Total Net Revenue			
Expenses			
Box Office Staff			
Production Labor			
Engineering			
Operations Staff			
Post-Event Clean-up			
Utilities			
Security			
Fire/EMS			
Total Expenses			
Net Profit/Loss per Event			
Net Profit/Loss per SEASON (x nEvents)			
LESS: Seasonal Expenses			
Set-up/tear-down			
Conversion			
Non-Event utilities			
Repairs			
Supplies			
Event-related equipment			
Full-time salaries			
LESS: Capital Expenses			
Net Profit/Loss per SEASON			