

# AIR SHOW FUNDAMENTALS:

BUDGETING

101

BY: COLLIN CALLAHAN





A budget provides the blueprint for an air show; it's a foundational document on which everything at an air show is based. "It serves as the framework for what we want to do," said Mike McCabe, president of AirSupport LLC. "What do you want it to be? How long do you want the show to be? And how do we frame that within the constraints of the available resources?"

Budgets include everything from expenses for performer fees, fuel, tent rentals, catering, and insurance to revenue from ticket sales, sponsorships, and concessions sales. The air show's goals should be reflected in the budget. Some air shows may seek to cover costs, deliver a high-quality entertainment event, and put a small amount of money away for the next year's show. Others may seek to maximize surplus funds so that they can make donations to local charities. These shows would have different budgets with different funding priorities.

For the majority of air shows, the most recent year's budget provides a good starting point. Organizers can assess how that budget matched up with reality and whether there are any areas that should change. Certain

areas of the budget could see large changes year over year, and those should be accounted for. For example, having a military jet team tends to increase not just attendance and ticket revenue, but expenses, as well. Hosting more performers than previous years may increase the amount of budget going toward performer fees and hotel accommodations.

First-time air show organizers can look to similar shows to determine a good starting point for their budgets. "I think it would be key to partner up with another show that's similar in size to see," said Angela Terry, director of operations for the California Capital Airshow in Sacramento, California. "That way, you can see what all those expense line items are going to be and what revenue is potentially going to look like."

Creating an event venue on an airport ramp isn't easy, and it's far from free. Bringing all of the pieces together takes careful planning and, yes, money. Planning for, and keeping track of, expenses is essential for the success of an air show. Having those costs outlined in the budget makes it easier to carefully manage cashflows.

"I always caution people, especially those that are new to the business, that sometimes we get carried away with the excitement and the thrill and the whole concept of an air show, but it is a business and you've gotta think business," said Bobbi Thompson, an air show organizer and consultant.

Common expenses for air shows include hotels and lodging for out-of-town performers and vendors, rental cars, fuel, security, public safety, and rentals for tents, tables, chairs, and fencing. Tack on permitting costs with local authorities, insurance, and other administrative costs, and things add up quickly. Some costs, like hotels and vehicle rentals, can be brought down through negotiations and bulk purchasing. Other costs — like performer fees — are more or less fixed.

That said, however, current inflation has increased the price of almost everything needed to put on an air show. Labor is more expensive, and supply chain disruptions have caused demand to outpace supply for many items. Every air show will have to review costs to ensure expenses are in line with expectations.





It's also important for air shows to budget for less-obvious costs. Volunteers, for example, may not be charging for their labor, but – nonetheless -- air shows will incur costs related to them. Volunteers are essential to the success of an air show, and it's important that the budget accounts for them to be cared for.

“Volunteers aren't really free, for a variety of reasons,” said Terry. “We put a shirt on their back. We give them water all day. We give them lunch here at this show. So, we add it to the catering budget.”



Air shows also need to plan for the unforeseen...lost revenue from a day of bad weather, a performer pulling out of the show, or increased requirements for public safety.



“No one likes to think about what happens if the wheels come off the wagon, but -- in one way or another -- they may. And you need to be prepared to deal with that,” McCabe said. “If you are taking the long-term view and you want to build into a long-term event that's an asset to the community and to the region, one of the key things is planning for contingencies.”



Air shows have multiple revenue streams to consider when creating a budget. In many cases, the largest revenue source will be ticket sales. As air shows look to increase revenue to cover higher expenses, ticket prices can be a simple place to start.

“I have always thought that air shows were the best deal in town by orders of magnitude when you compare it to almost anything else,” said McCabe. “It's crazy the value we deliver versus the price. And I think that's starting to be recognized, and you're starting to see people inch up prices. In the last year or two, the public's been more receptive to that.”



In addition to general admission tickets, air shows can generate revenue from upgraded ticket options, like box seats, grandstands, and chalets.

**“Here in Sacramento, we have multiple upgraded seating options, as well as general admission,” said Terry. The California Capital Airshow offers grandstand seating and three levels of chalet tickets. “What we’ve learned is that people want the upgraded option. A majority of our ticket sales and our revenue come from those upgraded ticket options.”**

- Angela Terry,  
Director of operations for the California  
Capital Airshow in Sacramento, CA

(See related story on page 51.)





Finally, tickets can generate additional income for an air show through dynamic pricing. As the date of the air show approaches, pre-sale tickets become more expensive. “And a lot of people wait until days or hours before the show to buy their tickets,” said Thompson. “And those are the most expensive ones.”

Ticket pre-sales allow organizers to better plan for their show and the crowds that will attend, and selling tickets in advance puts money in the bank before the show day.

Sponsorships are another key area of revenue for air shows, but they aren’t 100 percent profit. There are costs associated with the sponsorship.

“We’re sending out thousands of dollars in tickets,” said Terry. “We put all of our spon-

sors on our welcome banners, which are at the entrance gate and throughout the event, and those only can be used once. On top of that, some of our sponsors have a booth space on the ramp, so that’s paying for their tent, their tables, and their chairs, as well as credentials to get people in to work that booth. And then, furthermore, if they need electricity or if they need something special for that booth, that’s a cost.”

Sponsors are often hosted at chalets on the flightline, which also will incur a cost.




“We have the VIP tents so [sponsors] can have a private place for their customers or their employees or guests,” said Thompson. “You have to figure out the price of the tents, the price of the chairs, the price of any decorations that are required, the cost of







© markeloper aviation photography • www.markeloper.com/aviation • California Capital Airshow


setting it up, and then figure out and make sure you're still making money based on the level of sponsorship. You don't want to give away the farm." 

Air shows can also generate revenue from food concessions, merchandise sales, and other creative ticketing options, such as photo tours. McCabe suggested that air show organizers look to other air shows and similar, festival-style events for creative solutions to generating revenue.

"In one way or another, the most common question I get is 'How can I get more money somewhere?' Everyone is always looking to develop new sources of revenue, or new means by which we can deliver a value that generates a matching revenue stream," said McCabe. "We have our eyes open all the time, looking around the industry — not only in the air show industry, but in other industries — for ideas that work."

While a good budget is essential for the success of an air show, planners cannot be inflexible with it. It's a guiding document, but prices and circumstances change throughout the air show planning cycle. It's important for organizers to allow some flexibility to their budgets.

"It's two sides to that coin," said McCabe. "It's important to stick to the budget and that drive cost control wherever reasonably possible, but you can't be so rigid as to put yourself out of business."

"The plan is always going to change," said Terry. "So be flexible and be nimble and look for opportunities to offset the change. Every change isn't bad, right? Every change isn't more money; sometimes change costs less money." 

As organizers get closer to their show day, they should check in on the budget to see

if there are any areas where costs and revenue are different than projected. Terry recommended checking in at least quarterly, then monthly as the show approaches, and even more regularly in the last 30 days.

Finally, organizers should debrief their budget 60 days after the event. If there are lessons to be learned and applied to the next year's budget, they should be noted so that future shows can benefit from important budgetary lessons learned at the just-completed show. 