

Module 10

Budgeting

This module will cover:

- how to budget for a campaign
- in-house budgeting
- consultancy budgeting
- contingencies

An initial budget is required to estimate whether the plan is in the right ballpark. A detailed budget is required as the programme develops.

In-house Public Relations Department

These need to look at outside expenses as well as internal costs such as wages and overheads. The tricky area in budgeting is contingencies. No matter how well you define your objectives, isolate your target audiences and select your media, things can change. A plan is a statement of what is intended. A reasonable contingency budget for a PR budget is 15 - 40 per cent.

A plan is contingent on certain reactions, eg, you advise a particular public of action your company plans to take. There are three responses the public can make:

- accept what you have said and do nothing;
- seek more information;
- set in train a violent public reaction to what you are planning which will require additional reaction from your company – contingency budget.

Public Relations Consultancy

A consultancy does not spend money on promotional or communications material except by agreement with the client. Labour is the biggest single factor in a consultancy budget. The rule of thumb is a consultancy needs to charge 2.5 – 3 times the salary of each consultant in order to make a reasonable profit.

Commissions are the only source of revenue a PR consultancy has. This is always contentious and secret commissions are forbidden by the PRIA Code of Ethics. It must never be done without the prior consent of the client.

There are many cost considerations in planning a PR campaign. A very simplified outline is featured below.

For production items such as Annual Reports, Direct Mail, Education Material, Newsletters, consider:

- How many items need to be printed or produced?
- How will it reach the audience - post, email, courier?
- Is a database required?

- What quality of paper is required?
- How many pages?
- What size?
- Full colour or black & white?
- Will a response mechanism be required?

For events such as Conferences, Events, Exhibitions, Media Conferences, Stunts, Seminars, Road shows consider:

- Where this to be held is and what will the venue cost?
- Will invitations be required and will you need resources to follow up RSVPs?
- Is a database required?
- How many people will be attending?
- What type of catering is required -food and beverage per head requirements?
- Is AV equipment required and does this need to be hired?
- Do you need to hire a technician to operate the equipment?
- What special presentations need to be produced?
- What signage would be required to be produced?
- Will you need to pay guest speakers?

EXERCISE TEN: SETTING A BUDGET

Now go back to the different tools you chose as part of your overall strategy. What will each cost?

- You have devised a terrific strategy but is it realistic in budgetary terms?
- Think about cost vs benefit. Think about fixed vs variable costs
- Do you have contingencies?
- If your strategy is not realistic, start again...how can you reduce costs and still achieve objectives? List the major contingencies your budget will need to account for.

