Basic “Split Point” Terminology

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**Gross Potential or Gross Revenues:** The total amount of money that can be generated if all tickets are sold.

**Net Potential or Net Revenues:** The total amount of money generated by ticket sales, less taxes, restoration fees or discount programs applied to the face value of the ticket price.

**Expenses:** The total expenses attributed to the specific performance, can include rent, advertising, stage hands, tickets, catering, ushers, box office, insurance, ticket commissions, production (sound and lights), ASCAP/BMI, etc. Figure expenses first, then add in the artist fee for total expenses. Taxes and restoration fees are not an expense. Some presenters amortize advertising for a season of events and allocate a set amount per performance.

**Break Point:** (Breakeven point) The total expenses plus artist fee. Divide this amount by the average ticket price to determine the number of tickets that need to be sold to break even.

**Promoter Profit or Promoter Fee:** A percentage of the expenses which is paid to the presenter/sponsor/promoter as a return on his investment. Industry standard is 15% of expenses, but can be any amount agreed to by both parties. Multiply your total expenses (including artist fee) times the promoter profit margin (ie: 15%), then add that amount to the expenses to derive the split point.

**Split Point:** The total expenses plus artist fee, plus presenter/promoter profit margin. The split point will vary with actual expenses at time of settlement. Divide this amount by the average ticket price to determine the number of tickets that need to be sold to break even and generate your required profit margin.

**Hard Split Point:** This is a fixed expense amount agreed to by both parties, which does not take into account any changes, up or down, in the presenter expenses. This is used when it is impossible to or undesirable to calculate the expenses of one event, (because it is part of a series of events or other related circumstances.)

**Overage:** The amount of money or profit, left after you subtract the split point amount from the net potential. (At settlement, this will be net revenues less actual expenses plus presenter/promoter profit).

**Percentage Amount:** The ratio that you are willing to split the overage, with the Artist portion first. ie:70-30 over split point would be 70% of the overage to the Artist, and 30% of the overage to the Presenter.