

# What to watch out for

## Weigh Up Your Options Carefully!

You need to be really careful when hunting around for a formal "Package". Not everything really is as it might seem. There are some seriously dodgy operators out there and unless you know what to look for, it's hard to see the differences at first glance.

The following is really valuable advice on who and what to watch out for, and how to protect yourself.

### Visit their office:

Any truly reputable company will have a central office to operate from, and entertain clients. In that office, they're supposed to display their certificates of business and company registration, and it's a great place to see whether they're truly in the business of conducting formals, or if formals are just one of many things they do.

If they really have a corporate office, they'll have that office as their registered address for mail and all official business. If they have a post office box instead of an office address, that's a little suspicious.

Some reputable businesses do operate from people's homes, and there's nothing wrong with that. If a business is operating without proper offices, that may be OK but it's best to be even more diligent in checking their corporate credentials just in case.

### How to check the credentials of businesses:

Before people can do business on this scale, they need to be registered with the appropriate government authorities. These authorities monitor who does what and how people conduct themselves, and sometimes, when required, they can step in and de-register a business to prevent them from trading. Once a business has been deregistered, that doesn't mean they won't still try to do business illegally and that's when innocent consumers can get trapped.

Thankfully, most of these things are pretty easy to check. ASIC (Australian Securities & Investments Commission) is the federal government authority overseeing corporate activities in Australia. In order to be viewed as OK to trade, an organisation should have the following things, all visible through the **ASIC** web site...

- If they're operating under a business name, that name should be registered in the state of their address and valid, and they should state on web sites and all paperwork their ABN (Australian Business Number). (see [www.asic.gov.au](http://www.asic.gov.au) to check a name and / or ABN)
- If they're operating under a "company" name (such as if they have "PTY LTD" after the name), then they must be registered (Nationally) and have an ACN (Australian Company Number) and an ABN. (see [www.asic.gov.au](http://www.asic.gov.au) to check a name and / or ACN & ABN)

If using the ASIC web site to check a company out, which is always a great place to start, you should be especially aware of the following items that may be listed in the search results...

- Under "**Status**" – if the company is "**Deregistered**" then that means they no longer exist officially and the government has ceased their trading privileges. There will usually be a date of deregistration so you can see how long they've been out of business.
- Under "**Former Names**" you'll be able to see all the other names that they might have traded under previously so there's no mistake about who the organisation really is.
- Underneath that, there might be a list of dates and reports. This is normal for every company to display. You might see things like, change of address, change of directors, change of name or lodgement of reports & records. That's all routine stuff. When you should worry is when you see the following codes and listings...
- **578** - Means Liquidator appointed and that liquidator suggests to the court that the company should cease trading immediately.
- **505R** - Means notification of resignation or removal of liquidator after the assessment is complete.
- **524F** - Means presentation of accounts to the court and the company shut down.

If you see any of those kinds of entries, or a deregistered company, be aware that you're dealing with a potentially illegal operation and there will be no measure of protection when things go wrong.

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If the organisation you're dealing with won't give you their corporate numbers for checking, you may wonder what they have to hide.

If the organisation, and even an individual or "Sole Trader" doesn't have an ABN, then that means they aren't registered for GST, and if they're doing business at this level without paying GST, again that should sound alarm bells that something's wrong. The average formal turns over about half of the annual amount of money that the federal government requires GST to be paid on so any company that runs 2 or more formals per year should be registered for GST and if not, something's wrong.

### **What business are they really in?**

Because the High School Formal market is a relatively newly discovered market, and fairly lucrative, there are all sorts of people doing business in other "kind of" related industries that think they should take a stab at running formals.

Sometimes they can be event managers in areas like Corporate Events, Weddings and After Parties. They can sometimes be talent agents for entertainers or even booking agents for nightclubs. The thing to remember is that absolutely NONE of these types of events is even vaguely similar to a properly run school formal, NONE of these types of businesses have any direct knowledge of what's required and the qualifications, licences, permits and expertise necessary for running a formal are not needed in any of these other areas.

Some of the most dangerous people out there offering to run formals are the ones that think "Hey, it's not what we usually do but how hard can it be? I reckon we can do that!" You don't want to bet your only chance on someone like that.

### **Fraudsters using venue names without authorisation:**

Venues, and sometimes rogue booking agents "claiming" to represent them, often have their own packages, and they're all trying to compete with each other so they tend to advertise the same sorts of features. They often also advertise the same kind of prices. At first glance, it all seems to look pretty well the same but here's where we'll give you the tips to see what you're really getting and what you're really paying for.

The first and most important thing is to be careful of people who say they represent 5-Star venues when they really don't. Prom Night Events represents around 50 of Sydney's most desired prestige venues and is actually the ONLY formal company legally authorised by those venues to represent them in the formals market.

When you look at our web site and marketing materials and see the names, trademarks and pictures of major international brands, like Sofitel, Shangri-La, Hilton and Sheraton, you can be assured that we're the only company currently authorised to use those images and names to sell formals.

If you encounter someone claiming to represent a branded venue, it's always best to call that venue (functions and events department) directly to ask them for verification of that.

### **Negative Marketers:**

If you're running a business and selling a product you need to compete on the quality of your own product and telling people about the benefits. That's honest marketing.

Some people think that the only way to make their own product look good is to "diss" their competitors and talk trash about people's colour, age, race or even religion.

Anyone who likes to single out their individual competitors, name and "trash-talk" them is obviously trying to hide something about themselves.

### **Get everything in writing!**

Some people trying to sell a formal package will say anything to get your business. They'll promise free things or guarantee this will happen or that won't happen and so on.

No matter what anyone says, it's not real and it's not true until you have it in writing. If anyone is truly genuine about what they're offering, what's included, what's promised and what it costs, they'll give it to you on official documents, bearing the company name, logo or trademark, a registered ABN or ACN and everything stated in clear English. It should be signed by the person named, with their official title in that company.

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## **Make sure they're Certified and Qualified!**

People will say they represent this venue or are agents for that entertainer. They may tell you that they specialise in conducting formals or make any number of other claims to win your confidence.

Here's a list of what to ask for to make sure you're dealing with qualified people...

- Ask the names of at least 20 schools that they've conducted successful formals for in the past year.
- Ask for copies of at least 20 written testimonials or references from satisfied customers.
- Ask for written proof that the venue they say they represent actually authorises them to represent them.
- Ask for copies of all the necessary government licenses, clearances, permits and authorisations for the company and the venue being discussed.
- Ask for certificates of currency of all insurances.

If whomever you're dealing with can't (or won't) provide all of these things, or worse, they don't know what these things are, you'd better keep well away from them for your own good.

## **Watch out for the "hidden" costs!**

The package may mention things that cost more than the advertised price. For instance, you might see a package that costs \$85 per guest and the venue will be happy to provide a photographer, a DJ and security guards. What they don't tell you is that the photos cost \$15 each, the DJ costs \$500 and security guards are \$50 each per hour. Before you know it, that \$85 becomes \$105. Then add GST and you have \$115. Then you may want some decorations, and some invitations, and a projection screen, and once you add all of those things into the mix, your "Real" price per guest winds up being \$135 and you're doing all the running around yourself.

Make sure you're getting an "All-Inclusive" package with everything you want built in for the one price per guest – guaranteed!

## **Don't be fooled by the stuff that's free!**

People will try to impress you with lists of features that make their package sound big and exciting. They use things like "Dance Floor", "Mood Lighting", "Bread rolls", "Dedicated Function Teams", "Printed Menus", "Table Linen" and "Stage Areas".

What they don't tell you is that these things are not only part of every package out there, but they're free anyway. They're not any kind of special extras. You should eliminate these things from your list when comparing packages.

If people are offering enticements such as free extra entertainment, celebrity guest appearances or intangible things like that, be very wary that they may be trying to take your focus off the fact that something's missing somewhere else in either their package, their qualifications, their authorisation or their experience.

## **Compare "Like" with "Like"!**

Basically, this means, research the venue as much as the package. You may have 2 different venues offering basically the same package for the same price but one might be a 5-Star Major International Hotel and the other one a 2-Star seedy nightclub being offered as "5-Star". That means that although the packages sound the same, there will be vast differences in the comfort of the venue, quality of the service and the standards of the catering.

Of course if the venues being offered are the same venues, check which company is actually authorised to represent that venue, chances are only one will be. Make sure that you compare things fairly and with good research.

## **Don't buy only based on price!**

This is your formal! You don't get a second chance to get this right. Let's say your formal is costing \$200 per ticket. Outrageous? Maybe! Now consider that many people will pay 3 times that much for the half-hour limo ride to get there. Still outrageous? Maybe not so much!

There's an old saying... "Would you prefer the meal you'd rather pay for, or the meal you'd rather eat?"

At the end of the day it's not about "Price", it's about "Value". Forget how much you're paying and start to think about whether what you're getting is worth that price to you.

If your only motivation is the lowest cost, you will always get the lowest product.

Check the web site at [prom.com.au](http://prom.com.au) for other downloadable resources.

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