

Meetings and Events: Higher Impact, Lower Costs

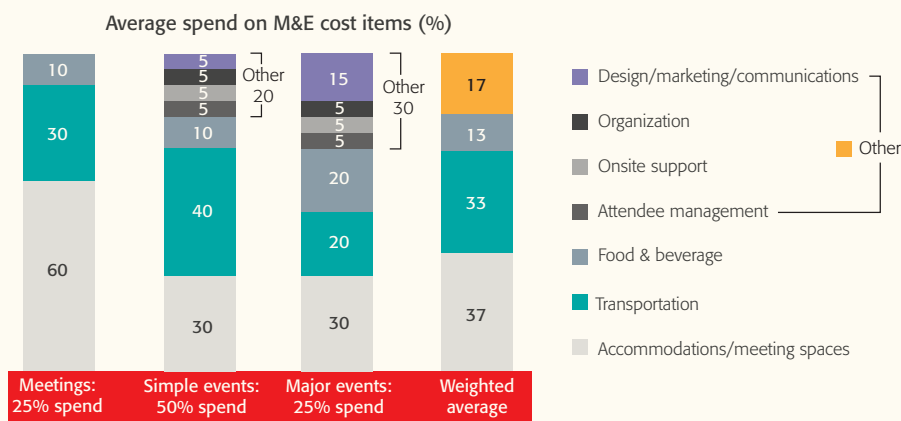
The latest in-depth research by the CWT Travel Management Institute shows how companies can increase the impact of meetings and events and save 10-25 percent on costs. Too good to be true? Not with the right approach. *Meetings and Events: Where Savings Meet Success* lays out the challenges and describes eight key steps managers can take to maximize return on investment in M&E.

New research by the CWT Travel Management Institute identifies eight key steps for optimizing corporate meetings and events expenditure.

1. Analyze spend and set up the right M&E organization

The first challenge involved in overhauling M&E management is working out the stakes involved: just how much is being spent on meetings and events? This is no easy task if M&E budgets are spread across organizations without central coordination or data tracking, which is typically the case. But even a rough estimate can serve to build a business case, given the significant amounts involved. CWT research indicates that M&E spend represents 0.5-1.5 percent of organizations' revenues on average, reaching up to 4 percent in the pharmaceutical, IT, banking/finance, and consulting industries companies, and dropping to under 0.5 percent in very high-revenue firms. Companies can use these figures for a back-of-the-envelope calculation or estimate total M&E spend based on their events budgets, which often require approval from senior executives and are therefore tracked. "Simple" and "major" events account for approximately 75 percent of all M&E spend.

Estimated average spend by M&E category and cost item



- Meetings: gatherings of 10-50 people arranged regularly or ad hoc
- Simple events: face-to-face engagements for 50-250 people to communicated specific business messages (e.g., team building, hospitality events and trade exhibitions)
- Major (special or large) events: more complex, customized events generally involving more than 250 people (e.g., congresses, symposiums and large incentive events)

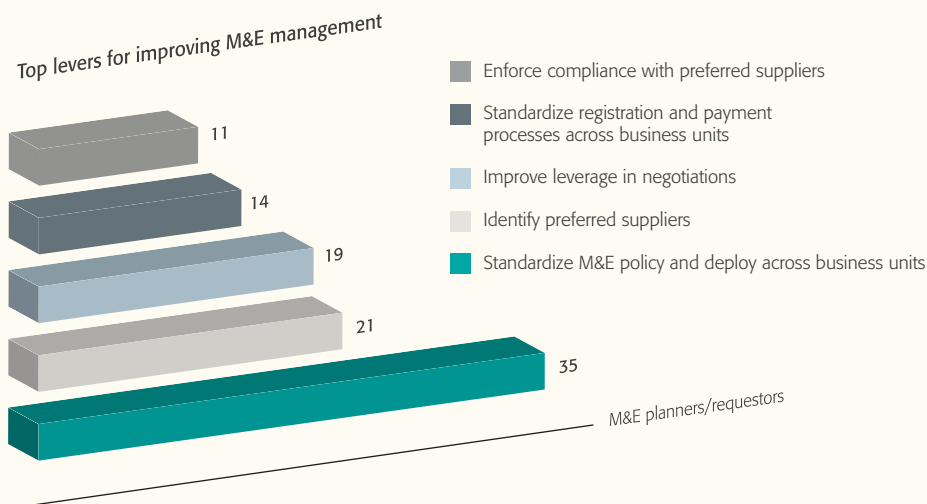
In the longer term, it is important to capture and analyze comprehensive data. This can be facilitated by centralizing M&E management, outsourcing M&E activities and involving procurement experts.

2. Design an M&E strategy and policy

Surveyed M&E planners and requestors consider strategy/policy more important for improving M&E management than other levers such as identifying preferred suppliers or improving leverage in negotiations. For best results, CWT recommends approaching M&E as three main categories—meetings, simple events and major events—and defining strategic objectives for each, with milestones for consolidation, processes and supplier management. If possible, the most important events should be tackled first.

As with transient business travel, a clear policy can make or break strategy. It should contain clear, concise guidelines—or preferably rules—for organizers of meetings and events, covering a wide range of issues, such as which preferred suppliers to use or how far in advance M&E should be planned. When designing strategy and policy, a large cross-section of stakeholders should be consulted to balance different needs and obtain buy-in, especially as M&E organizers can be reluctant to relinquish control over their events.

M&E strategy/policy ranks first among the levers for improving M&E management



Source: CWT Travel Management Institute
Based on a survey of M&E planners and requestors (169 respondents)

3. Create an annual M&E budget and events calendar

Ideally, organizations budget and plan meetings and events annually to make the best use of their resources. Central planning can improve visibility of M&E and help manage peaks in activity, including seasonal variations. (Spend data shows that M&E activity, like transient business travel, peaks in September after a sharp drop in July and August.) Tracking events in a centralized calendar can also bring benefits such as automatically alerting organizers to the availability of cancelled meeting space that could be reused. This is important, considering the high cost of cancellations. Forty percent of surveyed planners and requestors have incurred penalties over the last 12 months, averaging 20 percent of their M&E spend.

4. Select and negotiate with suppliers

Strategic sourcing is a major lever for improving M&E management, as acknowledged by survey respondents. Yet most M&E spend still involves spot buying rather than pre-negotiated rates with preferred suppliers. This is partly because many events are non-recurring and require a tailored approach but also because M&E management tends to be less advanced than business travel management.

Companies with the most mature M&E programs build long-term relationships with a small number of M&E agencies (to coordinate events) and logistics providers (for meetings). They also identify preferred end suppliers (e.g., hotels and airlines), where possible exploiting synergies with the business travel program for better rates and conditions. When selecting suppliers, especially M&E agencies, it is important to consider a wide range of criteria in this field where creativity and people skills are key. Different stakeholders should therefore be involved in the decision-making process to ensure decisions are not price led.

Among the best practices for negotiating, the CWT research notes: delegating end-supplier negotiations to M&E agencies when appropriate, negotiating group airfares for parties of 10 or more people and including complimentary services and/or waived cancellation penalties when negotiating with hotels. Companies can also develop standard contract terms and conditions to promote consistent quality, and leverage M&E technology to manage requests for proposals more effectively.

5. Establish a formal planning process

According to the CWT survey, only 29 percent of companies have a mandatory approval process for meetings and events. This is likely to change, however. The economic crisis has forced many organizations to reduce spend on M&E or cut them out altogether, and controls have been tightened in regulated sectors. As the economy recovers, companies will increasingly question whether M&E are necessary before authorizing them, to ensure they serve clearly defined objectives. This will apply not only to major events but all kinds of meetings.

CWT recommends identifying a range of objectives that can be met by different types of M&E and working them into a policy and formal approval process. In addition, planners should respect minimum lead times for each meeting or event to optimize quality and costs (e.g., through early-bird registration rates, advance-booked airfares and hotel room blocks).

6. Implement efficient attendee registration

Attendee registration can be complicated, time-consuming and resource-intensive when manual processes are involved. Fortunately, dedicated online registration tools are available to streamline processes for both M&E planners and attendees. Survey data shows that such tools are welcomed by attendees, who give high satisfaction scores to all the features they find important (above all, convenience and speed). Companies can also implement strategic meetings management tools for a more complete solution supporting M&E processes, sourcing and spend management. According to CWT estimates, attendee management software creates efficiencies that generate savings of US\$85-100 per registration.

7. Handle payment and reimbursement

Payment and reconciliation processes are key to effectively manage data and maximizing compliance with the M&E program. As procurement experts become increasingly involved in M&E, more companies worldwide will adopt the relevant best practices. These include paying as many supplier costs as possible using a single mode of payment—preferably a corporate meeting card—and asking attendees to use their corporate credit cards for reimbursable expenses. Companies can also improve processes by using an automated expense management tool and deploying solutions provided by meetings technology providers to integrate payment card and reconciliation features. Furthermore, CWT advises companies to work with specialist suppliers to reclaim VAT.

8. Evaluate M&E performance and policy compliance

Organizations need to consistently follow up on meetings and events to check they meet objectives and make ongoing improvements. Event planners commonly administer questionnaires to gather feedback from attendees but ideally companies track the satisfaction of all kinds of stakeholders and formally gauge supplier performance. The most mature M&E programs also attempt to measure the tangible and intangible benefits brought by a meeting or event. Although this is not an exact science, there are ways to calculate return on investment and return on objectives, such as estimating the contribution of new techniques learned in training on subsequent sales.

Finally, it is important to track compliance with M&E policy and the preferred supplier program on a regular basis. Although surveyed planners and requestors acknowledged this, more than a third are unable to estimate compliance in their organizations (34 percent for policy and 47 percent for the preferred supplier program).

Tackling the challenges

One overriding conclusion of the CWT research is how much scope there is for organizations to improve their M&E management. Although an optimal M&E program can take years to design and implement, the benefits make the process worthwhile. ■

How mature is your M&E program?

The less mature a company is in terms of implementing M&E best practices, the greater the savings opportunities. CWT has defined seven key indicators to define whether M&E programs are "emerging" or "mature," as shown below.

Typically companies have scope to save 10-25 percent of their M&E spend, according to the latest CWT research, *Meetings and Events, Where Savings Meet Success*.

Seven indicators for assessing M&E program maturity

	Early maturity	Advanced maturity
Strategy and approach	<ul style="list-style-type: none"> ▣ Spread across departments/business units or loosely supervised by travel managers 	<ul style="list-style-type: none"> ▣ Regional/global approach ▣ Endorsed by top management as a top priority ▣ M&E owners identified
Policy and compliance	<ul style="list-style-type: none"> ▣ No policy or several non-aligned policies ▣ No measure of compliance with M&E policy or use of suppliers 	<ul style="list-style-type: none"> ▣ Regional/global policy enforced across business units ▣ Widely communicated policy ▣ Regular monitoring with follow-up actions in event of non compliance
Sourcing	<ul style="list-style-type: none"> ▣ No preferred suppliers (e.g., M&E agencies, logistics providers and hotels/venues) ▣ Spot buying only (e.g., no negotiated group air fares) 	<ul style="list-style-type: none"> ▣ A few regional M&E agencies organize M&E and handle sub-suppliers, leveraging concentrated volumes and preferred hotels/venues for recurring events
Data management	<ul style="list-style-type: none"> ▣ Irregular or in-existent reporting ▣ Satisfaction measured inconsistently or not at all 	<ul style="list-style-type: none"> ▣ Permanent, standardized reporting system ▣ Data used for corrective actions (concerning strategy, suppliers, etc.)
Performance measurement	<ul style="list-style-type: none"> ▣ Data captured inconsistently or not at all 	<ul style="list-style-type: none"> ▣ Data consolidated and analyzed consistently
Processes and technology	<ul style="list-style-type: none"> ▣ In-existent or under-developed processes for approval, sourcing or data management ▣ Little or no use of online registration or strategic meetings management tools 	<ul style="list-style-type: none"> ▣ Streamlined processes ▣ Strong use of technology (proprietary or owned by preferred supplier)

Meetings and Events: Where Savings Meet Success is based on in-depth research carried out between September 2009 and March 2010. Surveys, interviews and data analyses were carried out involving 222 M&E buyers/planners and 2,360 attendees worldwide.

Visit www.carlsonwagonlit.com to download the full report and other research by the CWT Travel Management Institute into the eight key levers of effective travel management.