

Building a Strategic Meetings Management Program



National Business Travel Association

From

Framework for Success: Strategic Meetings Management Programs

a series by the NBTA Groups & Meetings Committee

The copyright in all material provided in this paper is held by National Business Travel Association (NBTA) and the NBTA Groups & Meetings Committee. None of the material may be copied, reproduced, distributed, republished, downloaded, posted or transmitted in any form or by any means without the prior written permission of NBTA.

Introduction

The NBTA Groups & Meetings Committee has developed this white paper as an objective guideline for those travel buyers who have responsibility for the development and/or ongoing management of a Strategic Meetings Management Program within their company. This document outlines a broad spectrum of tools designed to provide the NBTA Direct Member with commonly used terminology, definitions, cost/benefit analysis tools, and best practice methodologies. The intent is to provide the reader with enough objective information to make solid business decisions concerning the development of a Strategic Meetings Management Program within their own company.

It is important to understand that within the Travel and Meetings Industry, the initiative, which this document is referring to as a Strategic Meetings Management Program (SMMP), is commonly referred to as "Meetings Consolidation." The term "Meetings Consolidation" evolved in the early 1990s to define the process of consolidating the activity of meeting/event planning into one centralized location. The early pioneers of this concept were in companies with relatively large sales forces managing multiple product lines (i.e. pharmaceutical and technology industries) that typically engaged in hundreds of product-related meetings and events each year. It was not uncommon for these types of companies to have substantial meeting planning departments managing all company-sponsored meetings and events. The prevailing theory was that through this type of approach, savings could be realized through a variety of methods, including but not limited to a reduction in the number of meetings, staff headcount, and number of suppliers. Hence, the genesis of the term "Meetings Consolidation."

As the concept of this more consolidated approach to meeting activity spread to other industries, new models for managing this initiative began to appear. A large central meetings management department no longer became the only viable option for a successful approach to strategically managing meeting and event planning. In recent years, the evolution of a plethora of technology tools for the meetings industry has opened up many new models for approaching this project that were not possible as little as five years ago.

In the 1970s and 1980s, most major corporations took the initiative to more strategically manage their individual (transient) travel activity. Subsequently, the travel industry came to recognize the value of developing a Strategic Travel Management Program and the entire Corporate Travel Management industry has evolved around this concept. In a similar fashion, corporations are recognizing that success in the transient travel arena can be duplicated in the meeting and event arena.

There is no single 'right' way to approach this initiative that will suit every company and situation. This document is structured to provide the reader with a variety of topical information to assist in the development of a customized approach to Strategic Meetings Management Program...one that is well suited for the company's strategic goals and unique culture.

Situation Analysis

The recommended process begins with **Discovery** of what is actually happening in the company with respect to the company's current spend, processes, policies and personnel involved in the planning of meetings and events. This is often referred to as the development of a baseline, due diligence, or identification of current state. This step is critical in order to avoid making recommendations and decisions based on intuition or faulty data. This includes the identification of meeting and event planners—regardless of official titles or job duties— their sponsors, or meeting owners, and the current company reporting structure. From this point, data on the numbers, types and purposes of these events should be gathered. The more detail obtained in this process, the more valuable it will be in selecting and deploying specific support strategies.

During this phase, three key activities should be started: *internal interviews*, *historical data analysis*, and *supplier research*. A series of internal interviews with traditional (known) meeting planners and sponsors will enable a baseline to be documented for “professionally” handled meetings and events. Subsequent interviews with non-traditional planners (i.e. Administrative Assistants, etc) sponsors, and department managers will benchmark the level and processes of non-traditional planning. These interviews should be productive, yielding detailed information on how, when, where, etc. the bulk of company meetings/event activity is completed. In addition, due diligence should be completed in collaboration with other internal stakeholders, such as Corporate Travel, Accounts Payable, Marketing, Finance, Internal Audit, Procurement, and any other group with detailed understanding of the budgeting processes, general ledger, and expense reporting systems. This exercise can identify planning loopholes, expenditure levels, and other metrics to use in validating and benchmarking total company-wide activity in meetings and events.

To validate the accuracy of the information and to potentially identify missing planners and/or sponsors, a careful review of historical data should occur. The review may include reporting from Accounts Payable, purchasing tools, expenditures by vendor and vendor type, and an analysis of contracts for events both past and future. During the data collection phase it will become clear that a single form of payment strategy will make ongoing data collection much more simple. This is considered a best practice and is discussed further later in this document. The data should then be synthesized into a baseline report. The company will be able to measure the gaps between the initial estimate of meeting related spend and the actual volumes.

Once the results of the historical data analysis are paired with the interview detail, external supplier research can be used to validate, supplement, and enhance the baseline. Many hotel chains and hospitality suppliers track their own business levels by company/client. Obtaining this information can again support initial findings and enhance the value of the overall baseline. The combination of these efforts will result in a sound baseline from which key support strategies will stem.

Now that a better-defined picture of actual scope of the current situation is created, the next step is to **Identify the Opportunity** that exists. The opportunity in this context can be in a single area or in multiple areas, depending on your specific company, its goals, and its culture.

The first area for potential opportunity lies in *process efficiencies*. In the Discovery phase, it is highly likely that you will be able to identify areas of overlapping activity and duplication of effort across the company. This ‘silo’ approach to meeting planning creates tremendous opportunity for implementing process efficiencies that help to take advantage of company-wide resources and tools that will streamline a meeting planner's work load and improve efficiency. In many cases, these areas for opportunity can center on the mechanics of meeting planning --- site selection services/support, logistical planning support’ on-site assistance, etc.

The site selection process can be an easily identifiable place to look for potential process efficiencies. An evaluation of some of the steps taken by both the professional meeting planner and the non-professional meeting planner will help to shed some light on similar process steps that are taken, often within a silo mentality of the singular meeting. Introducing some standard site selection processes and tools to facilitate this step of meeting planning can bring welcome efficiencies: i.e. group preferred hotel program, standard company-approved contract language, central repository of documented feedback on suppliers.

The second area for potential opportunity lies in the area of *risk management*. Throughout the Discovery phase, it is again highly likely that you will uncover a broad spectrum of contractual agreements into which the company has entered for meetings and events. In many cases, company personnel sign supplier contracts with little or no legal background. In other cases, some individual events may create the need to enter into unique supplier contracts that bring added exposure and security risk to the company. In any case, a consistent company-wide contracting process will immediately raise awareness of the level of planning activity, begin to reduce the company's risk related to meetings and events, and ensure contracts are executed by individuals with authority to legally bind the company. A company-wide contracting process could include any or all of the following:

- Centralized contract signature
- Defined level of signature authority (based on dollar value, risk, or a combination thereof)
- Standard supplier contracts/addendum documents
- Legal/audit review
- Documented retention/storage plan

The third area for potential opportunity lies in *cost savings/avoidance*. While this is often considered to be the most widely sought opportunity, it is important to understand your own company's method for recognizing cost savings vs. cost avoidance before this opportunity is quantified. There are multiple measurement methods used to measure savings including:

- Year-over-year (a hotel room cost \$100 last year and I paid \$90 this year = \$10 cost savings)
- Quoted vs. actual (If the rate quote was \$200 and I negotiated down to \$150 = \$50 cost savings)
- Budget vs. actual (If I budgeted \$100 and came it at an actual of \$90= \$10 cost savings).

Understanding cost savings/avoidance measurement within your own company structure will provide you with the formula for understanding how to estimate the opportunity for cost savings within this initiative. The places for cost savings will begin to flow from the first two opportunity points listed previously: 1) process efficiencies – using accepted time/motion studies to understand human resource cost differences in planning meetings in the existing structure vs. a more strategic structure; 2) risk management – by implementing a standard contracting process, the minimization or elimination of attrition fees*, cancellation fees, etc. can all be measured.

The third and most direct opportunity to achieve cost savings/avoidance can be driven from applying basic procurement principles to the purchase of good/services for meetings and events. By incorporating preferred supplier relationships into a leveraged method of negotiating and contracting, it is highly logical that better pricing and terms will be a direct and measurable result.

With a solid understanding of the current landscape of the meeting and event planning activity in your organization and a clear understanding of the opportunity potential that exists, work now begins on creating the framework of your own Strategic Meetings Management Project. A comprehensive document detailing the results of your research should be produced for initial review and validation by a team of cross-functional individuals at the company. This is the basis for the business case. The document will outline the current state of Meetings and Events for the organization and identify issues and concerns that need to be addressed in order to achieve the desired results. The document will also lay out the areas for opportunity and the anticipated

benefits. It is recommended that an initial timeline be included to set realistic expectations on estimated milestones. This documentation will be critical to the communication of future goals, the development of metrics to measure progress against goals and the development of strong policies and processes to achieve set goals.

Components of the comprehensive document should include:

- Validate and identify meeting volume estimates
- Identify meeting planners and meeting sponsors
- Identify meeting types and purposes
- Document current meetings and events processes
- Quantify ad-hoc meeting volume
- Identify and quantify opportunity
- Define best practice strategies that will work within the organization's culture and support the company's strategic vision
- Identify project owner**
- Identify project stakeholders
- Identify project team***
- Validate and communicate senior management support

The completion of the comprehensive document will flow into the development of a business case for the project. By understanding the current situation and identifying the opportunity, the project team will be able to create a gap analysis between current state and desired state (to capitalize on the opportunity). The gap analysis allows your organization to better understand what is required both in terms of human resources as well as financial costs to move toward the desired state. At the heart of the business case will be the difference between the costs and the quantified opportunity.

The structure of the business case should consist of four main parts:

- 1) Current Situation – inclusion of as much verifiable data as possible, highlighting root causes for any gaps in data.
- 2) Opportunity/Best Practices – be as specific and quantifiable as possible.
- 3) Gap Analysis – What is necessary to move from current state to desired state.
- 4) Best Practices Flow – action plan

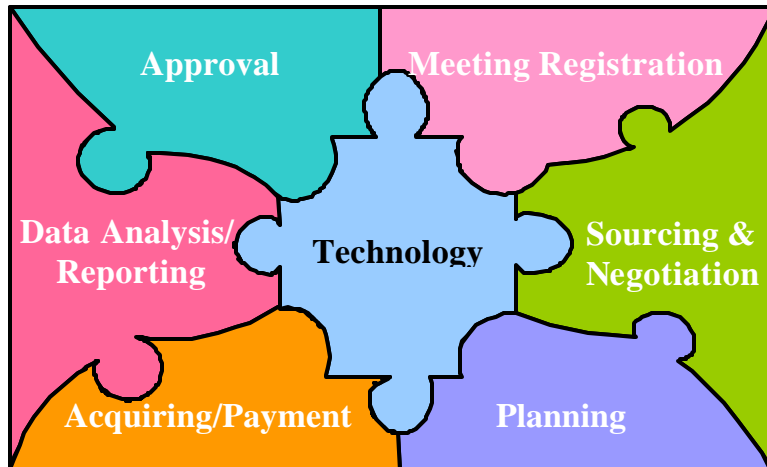
* Attrition fees are fees incurred when “the difference between the actual number of sleeping rooms picked-up (or food-and-beverage covers or revenue projections) and the number or formulas agreed to in the terms of the facility's contract. Usually there is an allowable shortfall before damages are assessed.” *Convention Industry Council glossary of terminology, www.conventionindustry.org*

** The organization must determine who will be the driving force for a successful program.

*** The Project Team can be a cross-functional team of company employees that have a stake in the project, an outsourced supplier experienced with SMMP deployment, or a combination of both. Regardless of the choice made, this team will need to provide validation, feedback, approval, and support for the recommendations through the creation of a new infrastructure for meeting and event management.

Best Practices Flow

Once the organization has a firm grasp on the current situation compared to the desired state, the phased process should be outlined to determine just how the puzzle pieces will be placed into the big picture that will equate to success. Although strategic meeting management may be a new concept or endeavor for the organization, this centralized leveraging of meeting-related spend has been put into practice by visionary companies for quite some time. While each company may have chosen a different starting point and may quantify success differently, there are underlying steps that are considered best practice in terms of process components. Many of these are touched upon earlier in this document, but our goal here is to outline a potential process flow that may be used as a basis for next steps. The high level components of the flow are outlined below:



It is critical to point out that the order of several of these steps may be altered depending upon the situational analysis and current conditions. Obviously, several steps, such as Meeting Registration and Reconciliation are most appropriately positioned near the outer ends of a sound process.

In the following section, each component of the Best Practices Flow is addressed with key tasks linked to business rationale. This is designed to assist in the customization of company specific flows that are derived from this starting point.

Approval

Implementing a comprehensive Strategic Meetings Management Program may require significant change from the current state of any given company. This includes a basic but often-overlooked approval step prior to embarking on the meeting planning process. In most companies, when a planner is asked to begin this process, two assumptions are made: 1) the business owner making the request has the authority to propel the planner to action and 2) the planner has the authority to act on the request. The best practice requires that approval to request and plan a meeting is gained at a level higher than both the business owners making the request and the planner.

While this can be accomplished in a variety of ways, we have chosen to detail two very different methods of gaining this approval. The first method entails a simple extension of the meeting registration process outlined below. Once the registration form is completed and signed by the business owner, the planner submits the document to the appropriate next level of management (i.e.: senior manager, budget manager, executive, etc) for their signature indicating approval. Only registration forms with this combination of approvals would then be processed.

The second method requires less initial review and hands on attention by the approvers. When the registration form is received, approval is assumed and the detail is added to a monthly executive summary report. This report charts key metrics across the company and clearly divides meeting activity by group, business unit, department, etc. The goal is to provide data to the executive levels in a manner that enables them to easily spot trends or spikes in potential meeting activity with enough regularity to proactively alter the plans.

In either case, approval is designed to capitalize on the opportunity that exists to step in front of the meeting planning and sourcing activity to impact the cost of meetings before commitments have been made and contracts have been signed.

Meeting Registration

The ultimate goal at the start of this process is to gain knowledge of the impending meeting or event at a point in time where decisions can be impacted in a way that supports the strategic objectives. Prior to detailing a registration process, it is imperative that a company outline what meetings are in scope for this process. In other words, for the purposes of meeting registration, what is a meeting? Because both airlines and hoteliers historically have applied discounts to “groups” of 10+ attendees, many companies begin with this measurement. An example of a meeting definition would include a combination of total attendees and the measurement that is meaningful for supplier discounts: “A meeting is a gathering of 25 or more XYZ associates where at least 10 either required an airline ticket OR required an overnight hotel stay.” Key consideration should be given to the potential volume of registrations compared with the resource availability. The trick is to choose a definition designed to provide enough data to be meaningful but not so much data that the resources available to support the process are inadequate.

Once the definition is agreed upon, the level and amount of data required to register a meeting need to be addressed. Just how much data is necessary will be dependent upon the specific goals of each company. As with many parts of this process, in order to maximize process adoption and minimize strain on the planning community, careful consideration should be given to the data required to end up with a registered meeting.

A key component of the data required in the registration process is this budgetary detail. One of the most common points of debate around meeting-related spend is exactly what goes into the total cost of a meeting. Once you determine which components will comprise the total cost of a meeting, a budget template should be built to assist the planners. Typical components include air, hotel, food & beverage, audio-visual, ground transportation, production, destination management companies, meeting management companies/consultants and other supplier expenses. The template can act as just a guideline for those planners that have fairly well established budgets or can provide a path to build a complete budget.

While the goal of meeting registration may be to gather initial data, do not underestimate the opportunity that this process provides. Perhaps certain business units require several levels of approval prior to planning a meeting. This is easily accomplished at the point of registration. This process can also assist in the identification of strategic Request for Proposals or Request for Information, the distillation of information related to approved payment vehicles/processes, etc.

The registration of a meeting will likely require a significant change in behavior for the planner. Given this fact, it is common for planners to attempt to find a path that falls outside of the standard process. The most successful SMMPs require meeting registration and approval to be secured prior to beginning the logistical planning of an event. Best practice suggests that a sequential number be assigned to each meeting that can be tracked through the entire flow, indicating to internal stakeholders and to external suppliers that the green light has been given for the next phases of the process.

Sourcing

Once the Meeting Registration process is complete, the planner moves from this approval phase to the sourcing and selection of all suppliers needed to support the delivery of the meeting. There are many models employed to complete the sourcing function. These models include, but are not limited to, a dedicated sourcing/procurement group or individual, outsourcing to a third party supplier, or leaving the sourcing in the hands of the planner. Best-in-class practices would require the sourcing work to be handled by one central group or an individual who is responsible for leveraging the corporation's meeting-related spend. This keeps the accountability for this activity separate from the operational control over the standards and processes deployed by the planners. In other words, the model allows planning professionals to plan and sourcing professionals to source. In some environments, these functions may overlap and collaboration is essential for program success.

Inherent in the quest to improve leveraging across meeting-related commodities is the need to have data that supports the overall sourcing strategy. Without adequate data on which suppliers are being used and to what extent, critical decisions may be made based on faulty or inadequate data. This supports the suggested strategy to deploy meeting registration as quickly as possible.

The sourcing work falls into 3 key areas:

- a) Supplier Identification/Selection
- b) Negotiations
- c) Contracting/Risk Management

Each of these areas is outlined below:

a) Supplier Identification/Selection

On the front end of engaging in this comprehensive Strategic Meetings Management Program, general research should be done to identify those companies currently receiving the majority of a corporation's business in each of the key commodity areas. Which airlines are used? Does one hotel chain receive the lion's share of the meeting-related volume? Is the company utilizing any outsourcing partners? Decisions should be made and documented regarding when these preferred/contracted suppliers must be used and/or when the planner can select a supplier that is new to the corporation. Due to the unique nature of corporate meeting and events, the single source strategy may require allowable exceptions. Some corporations deploy a formal process and even require business case development for planners to request the addition of key suppliers to the preferred list.

These suppliers are an ideal starting point with which a company can begin to leverage volume and negotiate improved terms/pricing. Improved terms and pricing can be accomplished by simply renegotiating contracts with existing suppliers. It could also be accomplished through a comprehensive request for proposal (RFP) process designed to reduce the overall number of suppliers and then executing centrally negotiated contracts for the entire company to use.

If a company decides to mandate bidding in any or all commodities, it is recommended that standards, processes, tools and templates be built to support this process. This is another area where the analysis of quality data is a necessity to ensure the success of a mandated process. If a company mandates a formal RFP process for every hotel selection, for example, the company should be sure they have adequate resources to manage the impending workload.

During supplier identification, the company should determine if they have any attrition or liquidation damages* that can be reused, referred to here as canceled space reuse. If so, the application of this "credit" should be given top priority. Because the credit is typically a "use it or lose it" situation, the company's focus should be on using this prior to engaging any new supplier.

These above-mentioned tasks will enable the company to begin painting the big picture of meeting-related supplier usage. From this big picture view, further savings and process improvement opportunities can be identified.

b) Negotiations

Once suppliers have been identified, the negotiation process begins. Again, the availability of resources will potentially drive where and how these negotiations occur. Some companies structure their program with a split responsibility for negotiating. For example, the planner may negotiate the business terms (meeting requirements, pricing, concessions, etc.) and the sourcing contact or legal group may finalize legal terms and conditions.

A best practice for negotiation entails simultaneously engaging more than one supplier. This allows the negotiator to ensure both suppliers are bringing their best offers (rates and concessions) and eliminates the need to start over should a negotiation with one supplier fall through. This is also a key place to begin to track identified and negotiated savings. Typically, only sourcing has been responsible for reporting these savings to the corporation. In a process that tightly manages the flow from registration to negotiation to contracting, each planner can also track the savings, or cost avoidance, and this detail can be combined with other savings sources.

**Liquidation damages* are provided as payment of a certain fixed amount in the event of a breach of contract. These provisions typically are upheld if the actual damages would have been extremely difficult to ascertain and the amount of the liquidated damages is reasonable.

c) Contracting/Risk Management

In most companies today, meeting decisions are made within each business unit, the planning process occurs, and many contracts are signed by individuals who are not truly authorized by the corporation to enter into binding agreements. This exposes the company to unnecessary risk and reduces their ability to capture meaningful data. While many procurement departments have initiated centralized contracting, most have not extended this best practice to the meeting arena. This opportunity to minimize risk and gather critical data at the time of decision should not be overlooked. If a central group is responsible for both reviewing and signing contracts, this process can also be developed to include the legal review desired by some companies. The development of pre-approved templates for contracting can minimize the need to send these documents through several internal rounds of review prior to returning to the supplier for their consideration, thereby greatly reducing the time to contract execution.

Some companies also have great success in developing and requiring their own commodity specific agreements, such as Hotel Contracts and Speaker Agreements. The use of such templates or agreements assists in standardizing contract terminology and minimizing the time to contract execution. In addition, the use of standard terms and conditions helps to minimize contractual risk to the company.

In any case, make contact with the legal department that has responsibility for the meeting management arena to ensure that any templates or standards are compliant and in line with both industry and company standard terms and conditions for legal agreements.

Planning

In theory, supplier selection and contracting are completed prior to planning. In reality, planning activity truly takes place throughout the entire process, although the majority of the work occurs at this point in the process. At this stage, the real components of the program and logistics begin to gel and the very detailed work to support the delivery of the meeting takes place. Planning may happen by internal full-time professionals, external suppliers, or by other internal associates who

may not be professional planners. During the Discovery Phase, outlined earlier in this document, a company will have determined what type of planners and how many planners exist in the corporation as well as how often programs are outsourced and to which companies.

There are several keys to success during the planning phase. SMMP leadership should ensure that any policies or procedures the planner(s) must follow are clearly documented and easy to find. In addition, it is critical to clearly define roles, responsibilities and expectations between SMMP leadership, meeting planners, and third party suppliers. Recurrent training and support for key aspects of the strategic meetings management program is suggested for any new planners, existing planners who are not aware of the process, or at phases of the program in which key updates to the guidelines and policies are made.

NOTE: This section was not written to address the operational and tactical process steps required to plan a meeting, but rather was written to convey that planning is a key step in the overall flow of a Strategic Meetings Management Program.

Acquisition/Purchasing

As early as the Sourcing phase, suppliers will need to be paid for deposits, etc. in order to retain and reserve space, entertainment, transportation, etc. Planning the strategic meetings management initiative with the knowledge that payment means and vehicles can be as important as your process and policy is critical. If a corporation can limit the methods of payment for meeting-related expenses – for example, all hotel payments must be allocated to a meeting, hotel related general ledger, or budget, code and be paid with one central form of payment (e.g.: a meeting purchasing card or purchase order) – the company's ability to scrutinize expenditures is greatly increased. If possible, it is suggested that a complete redesign of general ledger or budget codes be completed prior to launching the initiative. This entails a careful review of the current schema for allocating budgetary dollars, elimination of redundant or vague codes, and the development of a concise list of codes with descriptors that will assist planners and other associates in correctly budgeting and paying meeting-related expenses.

All the tools and processes designed to support the goals of the program should work in tandem to provide the least amount of exceptions possible. Data is critical in this endeavor and the fewer chances a planner has to get around the system, the better the data, and the more sound the processes, policies, and strategies built from the analysis of that data will be.

Data Analysis & Reporting

Once a meeting has been finalized, the search for meaningful data is not quite over. Taking the actual data from a finalized meeting and comparing this with the planned outcome can indicate areas of opportunity, highlight the value of advanced planning, and assist in developing sound budgeting tools and methods.

While measuring the return on investment for meeting-related expenditures is certainly challenging, reconciling budgets and statistical data can provide insight into the success factors for an event or point out areas that are not working well. During the reconciliation process, it is useful to apply a set of common metrics to “measure” the meeting. Examples of such metrics are cost per attendee, % of total meeting cost for key commodity areas such as lodging, food and beverage, and supplier fees & expenses. When applied over time, these metrics per meeting can also identify trends and further opportunity to drive cost savings and process improvements.

Technology: Enabler to Success

Central to the quest for continuous improvement in any Strategic Meetings Management Program are the two components running throughout the best practice model: Technology and Reporting.

Technology that supports most of the activities outlined as best in class is readily available in today's marketplace. Over the past 5 – 10 years, these technologies have matured to a place where they provide support to the best practice flow and can automate processes, eliminating paperwork and delivering efficiencies.

These technologies allow companies with a broad base of planners, even those with large geographic distribution, to join in a virtual marketplace designed to support their work while driving compliance to processes and standards for the corporation. Online meeting registration, requests for proposal, budgeting, supplier research, attendee registration, and reconciliation are just a few of the activities that technology can support to drive lower cost and increased efficiencies. Technology can also deliver standard and even customized reporting to assist in measuring the success of individual meeting and the overall SMMP.

Summary of Best Practices Flow

The steps of this best-in-class process flow as outlined above can be used as a basis to customize an approach or as a starting point to identify the gaps between current and desired states. Keep in mind that the order of these steps may be altered depending upon the outcome of the situational analysis and current conditions.

Conclusion

The NBTA Groups and Meetings Committee has endeavored to provide readers with objective information to make solid business decisions around the development of a Strategic Meetings Management Program within their own company. Through the application of an in-depth situational analysis and the adoption of the key components of the Best Practices Flow, any company can begin to take advantage of the opportunity that exists in more strategically managing their meeting activity.