MPI

Measuring ROI and ROO in Your Meeting Space

Dr. Eliza Hixson,

International Centre for Research in Events, Tourism and Hospitality at Leeds Metropolitan University

MPI FOUNDATION
TOMORROW STARTS HERE™

Lanyon

GAYLORD HOTELS®
A Gaylord Entertainment Company

AT&T PARK
SAN FRANCISCO

AVT
EVENT TECHNOLOGIES
A Freeman Company

mci

Meeting management programs aim to reduce cost, mitigate risk and increase value. But how do you know that your strategic meetings management program (SMMP) achieves its aims? MPI's survey of more than 1,300 meeting professionals indicates that while measurement is critical to any SMMP, it's often overlooked or underplayed.

According to the results, 42 percent of meeting businesses implement SMMPs to demonstrate ROI for meetings spend. These organizations begin their SMMPs with the intent of measurement. But, only 27 percent report return on investment (ROI) and return on objectives (ROO) frequently, 28 percent report often and 22 percent rarely report at all. This variance reflects different stages of SMMP maturity.

This white paper explains why it's important to measure ROI and ROO and provides advice on how you can collect data to provide a business case to support both your SMMP and your meetings. You will be able to provide information on how your meetings contribute to the strategic goals of your organization, engage delegates and demonstrate value for money.

METHODOLOGY

Researchers performed a thorough literature review of industry publications and academic papers in order to gauge the key themes and issues regarding the implementation, design, best practice and operations relating to SMMPs. Simultaneously, they held focus groups at major industry events including MPI's World Education Congress (WEC) 2012, IMEX-America 2012, EIBTM 2012 and EMEC 2013.

The team then combined information from the literature review and focus groups to produce interview questions aimed at gaining an understanding of the strategies and best practices from business and SMM leaders and practitioners. Interviews uncovered a range of perspectives and practices from various roles, including buyers, suppliers, third-party contractors and agencies. To investigate this further, researchers distributed a survey and collected 1,302 responses from professionals in various roles and sectors within the meeting industry.

WHY MEASURE?

First, it's necessary to understand you need to measure ROI and ROO and what can be gained from the process. Considerable time can be spent collecting and analyzing meeting data; therefore, the outcomes need to be rationalized, so that the investment can be justified.

ROI measurement provides evidence for organizations implementing SMMPs, enabling them to evaluate whether they are implemented effectively.[1] Measuring ROI helps validate the implementation of an SMMP and suggests areas in which the programs can be improved. For example, analysis of meeting data may reveal that the cost savings of your SMMP is less than expected; therefore, contracts and preferred suppliers may need to be renegotiated in order to achieve a greater return from the program. Analyzing ROI provides that strategic information.

Analyzing ROI can indicate the level of maturity of your SMMP, according to Kevin Iwamoto[2] of ACTIVE Network. Mature programs will result in greater cost-savings and better ROI. For example, an SMMP begins as a new practice within an organization; it's not established, and the program is in a discovery phase. However, as the implementation of SMM practices increase and there is greater knowledge of SMMP outcomes, then the program begins to mature and provide even greater ROI.

For example, a Fortune 500 pharmaceutical company began tracking annual savings metrics as part of its ROI analysis. During the first two years of the SMMP, savings averaged 16 to 18 percent, but as the program matured, savings increased to 22 to 25 percent. The savings and ROI increased because there was more powerful data with which to drive negotiations, coupled with the fact that the staff became more proficient in conducting negotiations with the hotels.

It's essential for mature SMMPs to measure "emotional ROI" as well, says Christopher Dwyer of Ardent Partners,[3] who coined the term to refer to delegate/attendee reaction. It acknowledges the shift from a concentration on meeting management to one of engagement management. Emotional ROI, which is connected to a meeting's ROO, creates a better understanding of the delegate profile. Although it can be difficult to quantify, designing metrics to measure this can provide insight and indicators of meeting quality. For example, you can measure happiness or commitment to your organization to measure job satisfaction.

HOW TO MEASURE

Measuring ROI and ROO requires attention not only to tracking cost-savings, but also overall value. ROI can be described as a form of financial cost/ benefit analysis. For the purpose of this paper, this cost/benefit analysis is applied to investing in an SMMP.

ROI is typically measured as follows.[4]

$$ROI = \frac{(\text{Net benefits - Total cost})}{\text{Total cost}}$$

However, data collection can be complex, and methods and metrics can differ from one organization to the next. There are three ways that an organization can measure its ROI.
- Strategic meetings management ROI
- Meeting/event ROI without content evaluation
- Meeting/event ROI with content evaluation[5]

Using the latter, you measure whether your meetings meet their objectives, which relates to ROO. Similar to ROI, ROO focuses on objectives rather than financial return. ROO focuses more on the value aspect of an SMMP. It helps determine how the objectives of the organization are met through meetings.

Says Jill Reyes of Maxvantage Meetings: "We really want to ensure that we have clarity around the business objectives, from the outset, so that we can ensure that return on objective. You've got ROI at a program level and ROO at a program level, but you also have the overarching, overall SMMP ROI or ROO. In either case, it's important that you have clarity at the beginning, so that you know what you're working toward."

> ### Best Practices Tips
> - Be aware of your organization's objectives, and understand what information you need to collect.
> - Understand what type of ROI you are trying to measure: SMMP, meetings without content or meetings with content.

COLLECTING DATA

There are a number of ways to collect data to measure your ROI. A shared server with suppliers and other partners can assist information sharing.[6] In most cases, there are numerous suppliers (hotels, audiovisual companies, conference centers) that are part of your SMMP who can provide valuable information to support your ROI metrics.[7] They can offer information on cost savings you achieved through leveraging on-going business into contractual agreements. A best practice from many Fortune 500 organizations is the development of a three-pronged savings reports for each and every meeting.

1. Savings **during the negation process** (rate reductions in sleeping and meeting rooms, the value of all concessions such as upgrades and free Internet access)
2. Savings achieved **during the meeting** (food and beverage guarantees and audiovisual costs)
3. Savings **after the meeting** (reduced attrition fees)

These savings may seem small on a meeting-by-meeting basis, but when organizations aggregate over multiple meetings on an annual basis, the savings add up to hundreds of thousands to millions of dollars/euros annually.

Consider the method of data collection as well. It can impact the information that you will be able to access. For instance, if you want to find out about sales generated as a result of the meeting, then a survey would not be the best way to get that information. Instead, look at sales reports. Data within your organization are useful sources of information.

Craig Ardis of Univera Inc. says his company calculates savings from the RFP. "If your room rate came at $150 and you negotiated down to $120, there's a $30 per room, per night ROI. And that's the cost avoidance. If I negotiate anything, I identify it. Doesn't matter what it is, I identify it, because that brings the value of the planner recognition. That's the skill set that they bring to the table."

The ROI Methodology developed by Jack Phillips indicates five levels for determining ROI.[8]

The first level is satisfaction; usually measured via post-meeting survey to gauge satisfaction. This can produce information on whether your participants found the meeting useful and what they think can improve.

The second level evaluates learning. A learning check ensures that attendees absorbed materials or messages and know how to use or apply them properly. At this level, you also determine the quantity and quality of new professional contacts acquired and whether existing professional contacts grew.

The third level considers the actual application of learning from the meeting to the delegate's job. Level 4 examines how this then translates into business results. Typical Level 4 measures include output, sales, quality, costs, time spent/saved and customer satisfaction. Level 5 compares the monetary benefits of the meeting with the fully loaded meeting costs as expressed in the ROI formula.

All levels of evaluation must be conducted to determine the ROI of a meeting or event. The data should show a chain of impact through the levels as participants apply the skills and knowledge learned (Level 2) to the job (Level 3) to produce business results (Level 4).

Of course, measuring the ROI for a whole SMMP is more complex. Set up a centralized system to facilitate data collection from all meetings to capture all the information required, and make sure that all employees receive training on the system and comply with the process.

ROO measurement requires you to quantify intangible impacts. If the objectives of the meeting, for example, are to educate and motivate staff, you need to develop measurement scales for the delegates to complete to indicate these two objectives. A survey or test can indicate how knowledge has developed as a result of meeting attendance. However, motivation is more complex, and although it can be assessed via survey, you can gain more valid responses by observing behavioral changes. Changes may only be seen over time and, therefore, need to be monitored over a longer period than ROI.

> **Best Practices Tips**
> - Use technology to encourage information sharing with your stakeholders.
> - Gather data using a method that best suits the information you want to gain.
> - Evaluate all levels of the ROI Methodology.

METRICS

In MPI's survey, 22 percent of respondents use established metrics for measuring cost savings. This number is low; further analysis shows that larger organization are more likely to use metrics—50 percent of organizations of more than 25,000 employees use meetings metrics. These organizations have more mature SMMPs and, therefore, collect more data over time, which enables them to measure and evaluate with metrics. These results suggest that a high number of organizations could be using metrics to gain more data.

For data to be meaningful, you need to have a clear idea of the information you want to gather. In this respect, generating data metrics that specify the areas that you want to focus on is an important step. Organizations differ in terms of the information they want to gain, as objectives and meeting purpose differ, too.

Think about what factors are important. A best-case example of developing strong ROI metrics on a meeting-by-meeting basis is to have consistent categories of questions that can be adapted based on the specific objectives of the meetings. This consistency helps you the compare metrics year-over-year and meeting-over-meeting, in order to identify trends and anomalies.

Kristen Dierickx, CMP, of BDC Meetings and Incentives says the company looks at a variety of different matrices from client survey scores to cost savings to operating costs to risk avoidance.

Though Dwyer[9] suggests a number of strategies for supporting emotional ROI and developing "engagement management," he does not offer metrics to measure impact. GBTA has developed a robust metric for establishing the impact of an SMMP.[10] The tool combines values for the significance of tangible and intangible ROI with a raw score indicating the part an SMMP played in delivering that outcome. The metric can be used to indicate the cash saving and value-added impact that an SMMP can make to organizational goals and objectives.

Best Practices Tips
- Use specific measures to produce accurate findings.
- Evaluate existing resources for measuring ROI and test which are best for you.

DATA ANALYSIS

Data management, particularly in regards to ROI and ROO, is an important SMMP element. Industry experts and practitioners say that technology is a necessary tool for collecting and interpreting data. In fact, 50 percent of MPI members with SMMPs use technology to support their programs—33.7 percent use technologies to capture data, 28.7 percent use it to interpret that data and 34.1 percent use it to report out.

Technology captures meaningful information on ROI and offers a centralized data collection point, making it easier to access and interpret data. Cvent is the most frequently used software programs (20 percent), followed by StarCite (8.7 percent) and SignUp4 (4.7 percent). However, a large number of organizations (12.4 percent) use proprietary systems.

Best Practices Tip
- Don't expect your technology to do everything; data interpretation and integrity is a key skill for the data analyst.

REPORTING

Regular reporting assists visibility and transparency of costs and benefits. Many interviewees suggest quarterly reports as a common way of maintaining control and visibility of ROI and ROO. Within partnerships it is necessary to share information.[11]

Data transparency ensures that clients see the value of their meetings and their meeting partners, says Says Angie Duncan of BCD M&I. "If we are not bringing that value, then there is no point having an SMMP or having a third party implement this kind of program."

Reporting ROI and ROO data supports the business case for your SMMP. If managers can clearly see the benefit of implementation, then they will be more likely to support development. A case study from a Fortune 100 technology corporation demonstrated that business unit (BU) owners not only read monthly "dashboard" reporting, but they began a competition to have the best metrics and fewest exceptions. This unintended consequence helped drive compliance and adoption.

As stated in a previous study by the MPI Foundation,[12] ROI can be costly to assess and difficult to accurately estimate. However, you can justify the money and time spent on analyzing ROI and ROO by presenting reports that demonstrate the collection of relevant data that matches the objectives of your organization. You also need to tailor reports to your intended audience. Avoid information overload by thinking about what your audience wants rather than including all the data available. Present clear, succinct reports that highlight the savings and value added by your SMMP and managers will be more willing to support the purchase of software programs or other investments that assist you to mature your SMMP.

Best Practices Tips
- Tailor your reports to your audience.
- Report quarterly helps to maintain control and visibility.

BALANCING ROI AND ROO

How do you balance ROI and ROO? It's necessary to consider the purpose of the meetings and the objectives of you organization—and decide which is more important. ROO is harder to measure, but it can provide valuable information. Cost effectiveness is a high priority, but so is making sure you accomplish the objectives of your meetings, says Deborah Pressley, formerly of American Cancer Society. Look beyond the tangible factors to understand the real value of business meetings.

Best Practices Tip
- Understand you meeting's priorities; then choose an evaluation method to measure ROI and ROO.

CONCLUSION

This paper outlines ways you can measure your meetings' ROI and ROO. This is an integral part of any SMMP; it allows you to evaluate your meetings and the success of your program. To do this:
1. Know what information you want to collect, which can be difficult in the case of ROO, so devise a method for collection.
2. Gather information before, during and after your meetings.
3. Use SMMP software to store and access information readily.
4. Analyze and report by interpreting your meetings' data and delivering it to senior management.

(1) Phillips (2008); Degnan et al (2010); GBTA (2011)
(2) Iwamoto (2011)
(3) Dwyer (2012)
(4) Phillips (2008)
(5) Scholar 2012
(6) Soonhong, Kim and Chen (2011)

(7) Scholar 2012
(8) Phillips 2008
(9) Dwyer (2011); Dwyer (2012)
(10) NBTA (2007)
(11) Soonhong, Kim & Chen (2011); Swaminathan, Smith & Sadeh (2007)
(12) MPI Foundation (2011a)

REFERENCES

Ball, C. (2009) Strategic Meetings Management Program (SMMP) Implementation and Ideas Guide. Commission from Signup4, Atlanta

Degnan, Manning, C. D. and Savelli, C. (2010) Strategic Meetings Management: The next cost savings opportunity. Maxvantage

Dwyer, C.J. (2012) Strategic Meetings Management: A handbook of emerging strategies for the next generation of meetings and events management. Aberdeen Group

Dwyer, C.J. (2011) Strategic Meetings Management: A view into the Best-in-Class strategic meetings management Program, Aberdeen Group

Iwamoto, K. (2011) Strategic Meetings Management Handbook: From theory to practice. Easton Studio Press

Malinchok, M. (n.d.)b Strategic Meetings Management (SMM): The four key value drivers. S2K Performance Coaching

MPI Foundation (2011a) Business Values of Meetings: Perception vs. Reality. MPI Foundation, Dallas

NBTA (2007) Management Strategies: Evaluating strategic meetings management programs, National Business Travel Association

Phillips, J. (2008) Return on investment in meetings and events.

Phillips, P. P. (2002). Understanding the Basics of Return on Investment in Training. London: Kogan Page Ltd.

Scholar, D (2012) Demystifying ROI: Report the Value of your Meetings, Events and SMMP.

Soonhong, M.S.; Kim, S.K.; Chen, H., (2011) Developing social identity and social capital for supply chain management. Journal of Business logistics. 29 (1), p283-304

Swaminathan, J.M.; Smith, S.F.; Sadeh, N.M. (2007) Modelling supply chain dynamics: A multiagent approach. Decision Sciences 29 (3), p607-632

Meeting Professionals International (MPI) Foundation is passionately committed to bringing vision and prosperity to the meeting and event community worldwide by investing in results-oriented initiatives and programs that shape the future and bring success to the industry. MPI is the largest and most vibrant global meeting and event industry association, comprised of approximately 20,000 members belonging to 71 chapters and clubs worldwide. For more information, visit **www.mpifoundation.org.**

Lanyon is the leading provider of cloud-based software for the Meetings and Events industry and Transient Hotel Programs. Leveraging more than 40 years of industry experience, the Company enables thousands of associations, Small to Mid-sized Businesses and enterprise organizations around the world to drive efficiency, engagement and growth from their meetings, events and travel investments. Clients include 70% of the Fortune 500, 80% of the Business Travel News Corporate Travel 100, and more than 100,000 hospitality suppliers. For more information, visit **www.lanyon.com.**

Gaylord Hotels, a world-renowned leader in resort experiences, has recently joined the Marriott portfolio of brands to offer guests breathtaking vacation and convention options. From the scenic banks of the Potomac in Washington, D.C. to the lively heart of Music City in Nashville, Gaylord Hotels celebrate the heritage of their destinations. Fueled by the brand's hallmark "Everything in one place" concept, each Gaylord Hotels resort blends magnificent settings, luxurious rooms and world-class entertainment to delight every guest with a truly enchanting getaway. Visit **www.marriott. com/gaylord-hotels/travel.mi.**

Called "baseball's perfect address," AT&T Park offers sweeping views of the city and bay, modern amentities, a top-rated event management team and a virtually unlimited array of creative options. It's your perfect address for a unique and successful event, no matter what your objectives. Visit **giants.mlb.com/sf/ballpark.**

AVT Event Technologies Inc. is one of the leading technology providers of innovative in-house audio-visual, staging, and production services at hotels and resorts nationwide. With on-site expertise in next generation technologies ranging from Internet provisioning to full event production, AVT Event Technologies represents a higher standard in "one-stop shopping" for event and technology needs in a hospitality environment. Based in Arlington Heights, Ill., AVT Event Technologies has offices in 47 cities across the US and is a division of Freeman, a premier provider of integrated experiential marketing solutions. For more information, **visit www.avt.com**.

MCI is a globally integrated association-, communication- and event management company. Our combined expertise enables us to offer strategy, creativity and execution in the fields of association management, performance improvement, professional congress organization (PCO) and meetings and events. Visit **www.mci-group.com.**

About MPI

Meeting Professionals International (MPI) is the largest and most vibrant global meeting and event industry association. The organization helps its members thrive by building human connections through knowledge and ideas, relationships, and marketplaces. MPI membership is comprised of approximately 20,000 members belonging to 71 chapters and clubs worldwide.

For additional information or to join, visit www.mpiweb.org.

Meeting Professionals International Headquarters
3030 LBJ Freeway, Suite 1700
Dallas, TX 75234-2759
tel +1-972-702-3000
fax +1-972-702-3089

Canada
6519-B Mississauga Road
Mississauga, Ontario
L5N 1A6
Canada
tel +905-286-4807
fax +905-567-7191

MPI Staff
Marj Atkinson, Research Manager
Javier Adame, Graphic Designer
Jessie States, Editor

MEETING PROFESSIONALS INTERNATIONAL