

Meetings and Events: Where Savings Meet Success

A CWT White Paper

Enhanced performance *and* savings

CWT research shows that organizations implementing best practices can increase the impact of meetings and events while saving 10-25 percent over three years on average. The report highlights three key findings, including a step-by-step approach companies can take to maximize return on investment in M&E.

Unique, in-depth research by the CWT Travel Management Institute

CWT combined several research techniques:

- **Surveys** of 222 M&E planners and requestors and 2,360 attendees in more than 15 countries and attendees in more than six countries worldwide
- **Interviews** with 40 experts from M&E agencies and end suppliers worldwide
- **Analyses** of CWT clients' M&E spend and potential savings using a CWT model and StarCite's proprietary *Strategic Value Analysis* model

This study was carried out from September 2009 to March 2010 and involved a diverse sample in terms of sector, company size, M&E planners' scope of responsibility and the attendees' home region. It is the latest report in a series on the eight key levers to effective travel management identified by CWT.¹

Key finding #1: Hard-to-track spend represents an estimated 0.5-1.5 percent of company revenues on average.

Meetings and events spend can be hard to track without consolidated reporting, which is typically a challenge when M&E management is decentralized. Only half of the surveyed planners and requestors are able to estimate their M&E spend, arriving at 2.3 percent of revenues on

average or 35-60 percent of the amount spent separately on transient business travel. Based on market and survey data, CWT estimates that M&E spend represents 0.5-1.5 percent of an organization's revenues on average, varying between industries. Companies in the pharmaceutical, IT, banking/finance and consulting industries may dedicate as much as 4 percent of their revenues to M&E, while very high-revenue firms may spend less than 0.5 percent. In the future, a more accurate view of spend should be available as procurement experts become more involved in M&E and companies continue to consolidate their M&E management.

Three main M&E categories

CWT advises companies to approach meetings and events as three categories:

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

Two other categories are organized mainly by the non-corporate sector: congresses and conferences; and exhibitions, trade shows and sports events.

The global M&E market at a glance

- **US\$650 billion** spend worldwide
- **Six main growth drivers:** economic context, evolution of marketing mix, industry context, technological developments, sustainable development and government investment
- **Three main outsourcing models:** fully internal management, fully outsourced management and mixed management
- **Four main categories of M&E service provider:** full-service M&E agencies (e.g. travel management companies and communications agencies), specialist agencies (e.g., venue finders), technology providers and end suppliers (e.g. hotels, conference centers and airlines)

Key finding #2: Best practices can bring 10-25 percent savings on M&E spend while increasing return on investment.

Based on a CWT model, companies can save 10-25 percent on average when they adopt best practices in three main areas—sourcing, processes, and policy and compliance—with full support from top executives. In addition to savings, improved M&E management helps

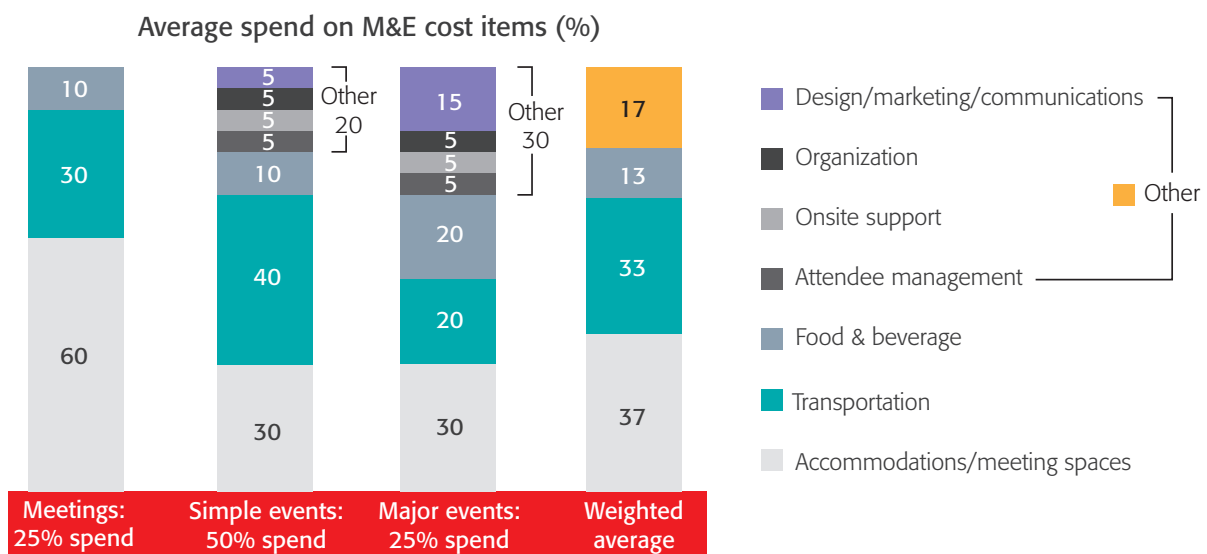
increase return on investment, ensuring that M&E serve business objectives.

“Decision makers are more and more aware that events are a cheap and efficient way to communicate with businesses and consumers.”—Director, global communications agency

Key finding #3: Eight steps can be taken to optimize meetings and events management.

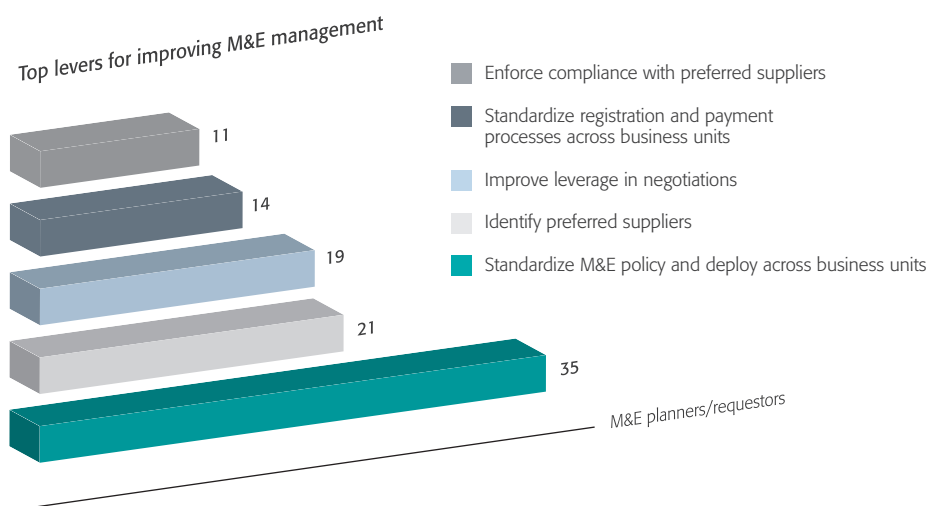
- **Analyze spend and set up the right M&E organization.** Even a rough estimate of global M&E spend can convince top executives to explore opportunities for increased return on investment. To lay the foundations for effective M&E management, CWT recommends first estimating annual M&E spend and implementing processes to capture and track data. If comprehensive data is unavailable, companies can consider spend as a percentage of revenues, depending on their industry, or extrapolate total M&E spend from their budgets for events. (CWT estimates that events account for approximately 75 percent of a company’s total M&E spend, as shown in Figure 1.) Companies should also centralize M&E management, outsource M&E activities and involve procurement experts in the decision-making process.

Figure 1: Average spend on M&E by category and main cost item



Source: CWT Travel Management Institute

Figure 2: 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)

- **Design an M&E strategy and policy.** Companies should draw up a strategy based on the different categories of meetings and events, defining strategic objectives, supplier management, processes and policy. Their M&E policy should set precise rules for organizers of meetings and events. Although all the relevant stakeholders across an organization should be consulted to obtain input and buy-in, it is important to designate ownership of the policy to facilitate day-to-day management and promote compliance. M&E planners and requestors rank policy/strategy first among the levers for improving M&E management, as shown in Figure 2.
- **Create an annual M&E budget and events calendar.** Organizations should budget and plan M&E annually to make the best use of their resources. If comprehensive data is lacking, companies can estimate their global M&E budget based on their largest events, which represent the bulk of spend. Tracking these events in a centralized calendar can improve managers' visibility of M&E activity, as well as provide benefits such as alerting organizers to the availability of cancelled meeting space that could be reused.
- **Select and negotiate with suppliers.** Working effectively with the right suppliers enables companies to leverage outside expertise while reducing costs. Many organizers work with preferred M&E agencies for large events, while the most mature also outsource the coordination of small meetings to logistics partners.

In addition, 69 percent of companies have identified preferred hotels and many use preferred airlines from their transient travel program.

Best practices for working with preferred suppliers include: building long-term partnerships with a limited number of M&E agencies and logistics providers; organizing requests for proposals for major events to ensure providers are competitive; and balancing costs with other criteria when selecting M&E agencies and venues.

"The first role of an event organizer is to understand the client's needs. This is what really brings value. It's not always easy to grasp."—Coordinator, association of M&E agencies

CWT advises obtaining top management endorsement for the preferred supplier program, as well as support from M&E program owners and procurement experts.

Other best practices include: negotiating group airfares for groups of 10 or more people, considering complimentary services or waived cancellation/attrition penalties when negotiating with hotels, and delegating negotiations with end suppliers to M&E agencies when appropriate. 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.

Leveraging synergies between M&E and transient business travel management

Synergies in M&E and transient travel management bring benefits in terms of hard-dollar savings and improved processes.

- **Savings.** Companies can use preferred suppliers from the business travel program, particularly hotels and airlines. This can increase the volumes presented in rate negotiations and produce significant savings.
- **Improved processes.** M&E managers can benefit from best practices implemented by business travel professionals (e.g., for tracking and consolidating spend data, selecting and negotiating with preferred suppliers, and developing and enforcing policy). Organizations that work with M&E specialists at their travel management company can also leverage shared processes, while benefiting from the specific expertise required for successful meetings and events.
- **Establish a formal planning process.** A formal planning process is key to building a consistent meetings and events program, maximizing compliance and ensuring M&E meet business objectives as well as satisfy attendees. CWT recommends five key steps: define objectives, establish a formal approval process, plan sufficiently in advance, choose a convenient destination and outsource coordination where necessary to leverage skills.
- **Implement efficient attendee registration.** Attendee management can be more efficient and convenient when manual processes are replaced by technology. Many companies use online registration tools that streamline processes for both M&E planners and attendees. In addition, organizations are increasingly using strategic meetings management tools that provide a more complete solution, supporting M&E processes, sourcing and spend management.

- **Handle payment and reimbursement.** An optimized payment and reconciliation process enables organizations to effectively manage data and maximize 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. Finally, CWT advises companies to work with specialist suppliers to reclaim VAT.
- **Evaluate M&E performance and policy compliance.** Organizations need to consistently follow up on meetings and events to check they meet objectives and ensure ongoing improvements. In addition to monitoring attendee satisfaction, companies should track the satisfaction of other stakeholders, supplier performance and the value brought by M&E in terms of tangible and intangible benefits. Aggregate reporting and analysis of spend data across an entire organization provides benchmarking information that helps identify new savings opportunities and process improvements. It is important also to track compliance with M&E policy and the preferred supplier program on a regular basis.

Conclusion

Organizations recovering from the economic crisis will have more freedom to invest resources in meetings and events but they will also pay closer attention to return on investment. Increasingly M&E will be authorized only if they address clear business objectives and companies will track performance using a variety of key indicators—not just cost savings and attendee satisfaction.

For more information about how CWT Meetings & Events can help your company optimize meetings and events spend, please contact your CWT sales or program manager or email us at tmi@carlsonwagonlit.fr

The full report *Meetings and Events: Where Savings Meet Success* is available at www.carlsonwagonlit.com.

