

Meeting Value, Metrics and ROI Made Simple

BABTA

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Meeting Sites Resource



Goals For Today

- Understand Industry issues and trends that impact ROI and meeting value
- Review meeting value and ROI measurement components and metrics to define, measure and report success
- Learn methods to communicate real meeting value to senior management and stakeholders
- Examine how tracking meeting activity and spend data enhances negotiations (and drives strategic decisions)
- Know how technology drives Strategic Meetings Management and value reporting
- Discuss hotelier / buyer dynamics & the art of the deal

1991

ROI Introduced To Meeting
Industry

Return On Investment (ROI)

*“Total meeting benefits minus total costs
to get a net benefit, divided by cost of the meeting,
multiply this number by 100 to
obtain a percentage value.”*

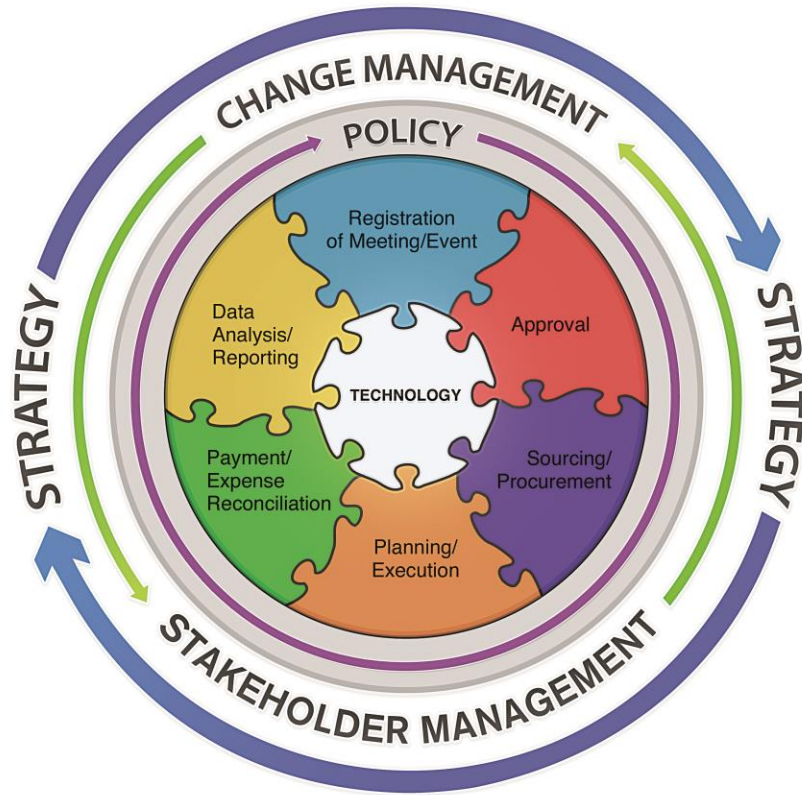


The Big Shift In Validating Meeting Value & ROI...

Strategic Meetings Management Program (SMMP)

GBTA's SMMP Definition:

“Strategic Meetings Management Program (SMMP) is a **disciplined** approach to managing **enterprise-wide** meeting & event activities, **processes, suppliers & strategic goals / vision**, & delivers value in the form of **quantitative savings, risk mitigation & service quality.**”



Strategic Meetings Management (SMM)

A customized process to integrate key SMM components in phases and expanding capabilities based on your changing and evolving needs



**A carefully planned and managed SMM Program
can save an organization 12% to 20% annually**



ROI Trends That Reshape Our Thinking

Recent Surveys

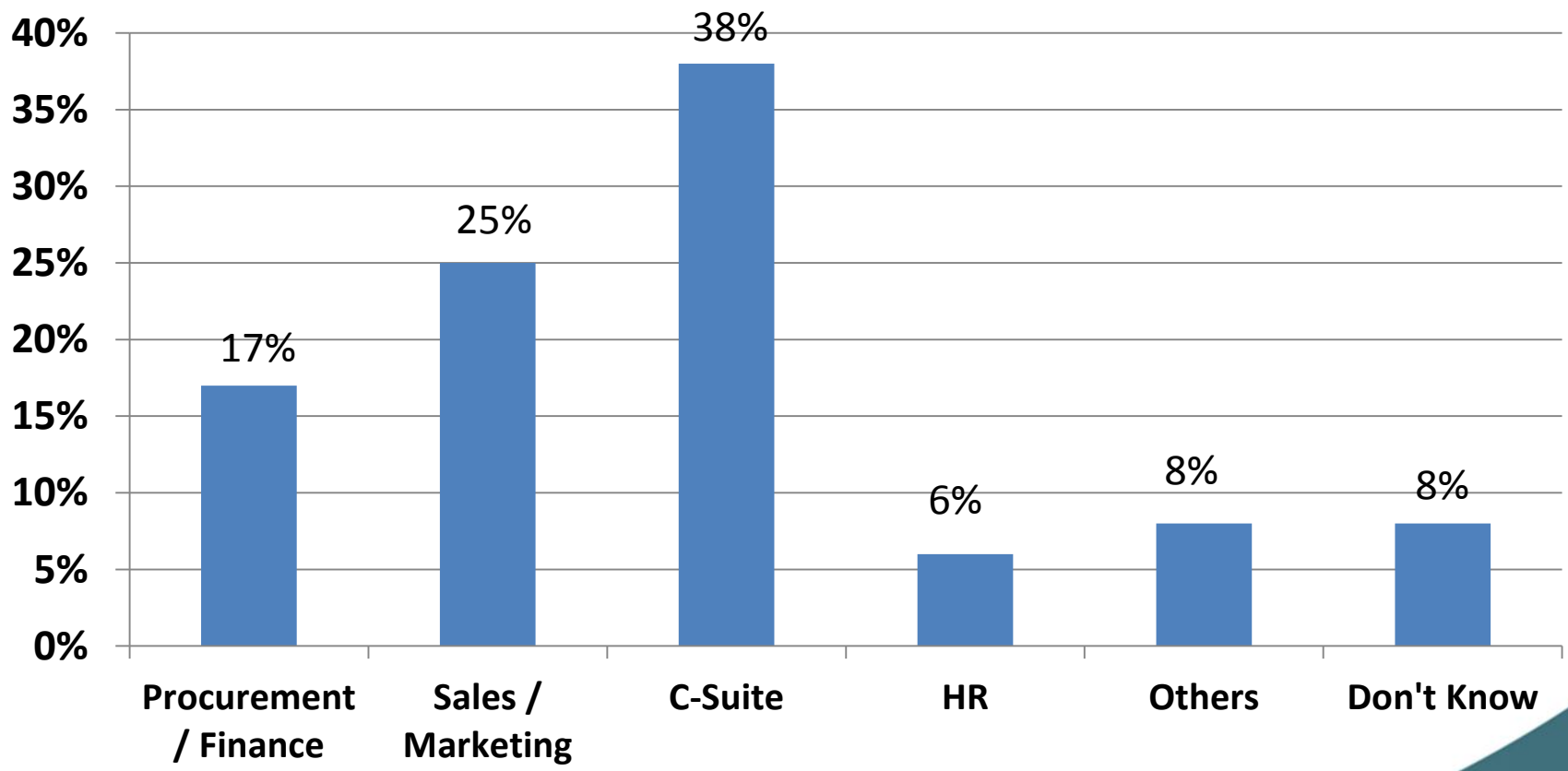
Feedback from Meeting Managers

- ❑ 49% of planners feeling pressure to enhance meeting results, measurable metrics and ROI

What Senior Management Thinks

- ❑ Over 50% of CEO's feel their organization is not getting maximum ROI from their meetings and events
- ❑ Over 40% of CFO's are not satisfied with their company's travel / meetings spend management

Who Oversees Meeting Planning Function



Source: Northstar Research



When management finds (*or perceives*) gaps, it's a call to action

**AND
HUGE
OPPORTUNITY!**



Meeting Management Structure

- **Centralized** – a meetings & event department is responsible for enterprise wide meeting & event planning and execution / spend management
- **Decentralized** – full and part-time meeting planners within organizational departments plan and manage their own meetings and events / seldom report savings, risk, value
- **Clustered** – key groups of meeting managers within a department support internal and external planners and track the meeting activity that they are directly involved in.
- **Outsourced Preferred Supplier Program** – Key elements of strategic meeting management are outsourced to preferred third party suppliers and take advantage of specialized services and volume buying.

“Data is the new oil”

Needs Assessment / Research and Data To Get Started

12 Critical Steps to Roadmap & Business Plan

1. How Meetings Are Generated / Approval Process	5. Hotel Contract / Risk Reduction
2. Identify Key Stakeholders / Goals & Objectives	6. Logistics
3. Track All Meeting Spend By Category	7. Preferred Suppliers (<i>services / evaluation / pricing / SMM outcomes / agreements</i>)
4. Sourcing / Negotiations / Cost Savings	8. Hotel / Vendor Master Accounts / Deposit & Payment Process / Reconciliation

Needs Assessment / Research and Data To Get Started

continued

12 Critical Steps to Roadmap & Business Plan

9. Meeting Budgets / Variance	11. Post Meeting Evaluation / Learner Outcomes & Meeting Value
10. Management Financial Reports	12. Technology Tools & Resources that drive SMM

Metrics To Define And Measure Success

Key Measurement Options



- Increased Planner / Team Productivity
- Cost Savings
- Contract Risk Reduction / Cost Containment
- Return On Objectives (ROO)
- Return On Event (ROE)
- Meeting Policy / Compliance

Cost Savings Metrics to Measure Success

Cost Savings Report By Meeting

▪ Sleeping Room Rates	▪ Internet Comp / Discounts
▪ Concessions	▪ Hotel Fees & Surcharges
▪ F&B Comp / Discounts	▪ Preferred Suppliers
▪ AV Production / Hotel Support Services	▪ Master Account Discounts (for larger meetings)

Hotel Contract Negotiations

Big picture contract negotiation goals:

Contract Integrity

Added Meeting Value

Cost Savings

Risk Reduction / Cost Containment

Key Risk Reduction / Cost Containment Components

<p>Sleeping Room Rates</p> <ul style="list-style-type: none"> ▪ Rate integrity process 	<p>F&B Guarantee</p> <ul style="list-style-type: none"> ▪ Allowable attrition 	<p>Unauthorized Changes</p> <ul style="list-style-type: none"> ▪ Hotel not to change or alter contracted room block, meeting space, services without written approval
<p>Value Added Concessions</p> <ul style="list-style-type: none"> ▪ Prioritize for each meeting 	<p>Hotel Fees & Surcharges</p> <ul style="list-style-type: none"> ▪ Eliminate or reduce 	<p>Meeting & Event Space</p> <ul style="list-style-type: none"> ▪ Complimentary / no sliding scale fees
<p>Published Rate Clause</p> <ul style="list-style-type: none"> ▪ No lower group rates via website after contract signing 	<p>Resell / Audit</p> <ul style="list-style-type: none"> ▪ Resell / credit accountability, percentage of damages applied to future meeting 	<p>Force Majeure</p> <ul style="list-style-type: none"> ▪ Termination without damages
<p>Attrition</p> <ul style="list-style-type: none"> ▪ Guarantee percentage of room block / no sliding scale fees / damages based on profit not revenue 	<p>Relocation</p> <ul style="list-style-type: none"> ▪ Accountability when attendees “walked” 	<p>Breach By Hotel</p> <ul style="list-style-type: none"> ▪ Failure to provide services as agreed render Hotel liable for direct & indirect damages
<p>Cancellation</p> <ul style="list-style-type: none"> ▪ Sliding scale damages on profit not revenue / resell / if damages, apply to future meetings 	<p>Construction / Remodeling</p> <ul style="list-style-type: none"> ▪ No construction or renovations over meeting dates that impact meeting, image, logistics, guest experience 	<p>Legal Department Language</p> <ul style="list-style-type: none"> ▪ Indemnification, insurance, dispute resolution / arbitration, bankruptcy, successors & assigns, etc.

COST SAVINGS ANALYSIS

ROOM RATES	QUANTITY	INITIAL	FINAL	VARIANCE	TOTAL SAVINGS
ROH Sleeping Rooms	589	199.00 USD	185.00 USD	14.00 USD	
		117,211.00 USD	108,965.00 USD	8,246.00 USD	8,246.00 USD
Presidential Suite	3	2,250.00 USD	0.00 USD	2,250.00 USD	
		6,750.00 USD	0.00 USD	6,750.00 USD	6,750.00 USD
One (1) Bedroom Suite	16	650.00 USD	185.00 USD	465.00 USD	
		10,400.00 USD	2,960.00 USD	7,440.00 USD	7,440.00 USD
Staff	20	185.00 USD	92.50 USD	92.50 USD	
		3,700.00 USD	1,850.00 USD	1,850.00 USD	1,850.00 USD
Complimentary Policy (1 per 45 comp rooms)	13	185.00 USD	0.00 USD	185.00 USD	
		2,405.00 USD	0.00 USD	2,405.00 USD	2,405.00 USD
Waive In-room Internet Access	589	12.95 USD	0.00 USD	12.95 USD	
		7,627.55 USD	0.00 USD	7,627.55 USD	7,627.55 USD
A/V 15% Discount			11,000.00 USD		1,650.00 USD
Complimentary Welcome Amenities	5	35.00 USD	0.00 USD	35.00 USD	
		175.00 USD	0.00 USD	175.00 USD	175.00 USD
Complimentary Accept / Store Materials			500.00 USD		500.00 USD
Complimentary Room Nights for Pre-Planning Needs	4	185.00 USD	0.00 USD	185.00 USD	
		740.00 USD	0.00 USD	740.00 USD	740.00 USD
Late checkout for staff	5	92.50 USD	0.00 USD	92.50 USD	
		462.50 USD	0.00 USD	462.50 USD	462.50 USD
TOTAL COST SAVINGS					37,846.05 USD

ABC Company MEETING ANALYSIS (2012 - 2014)

Name of Meeting	Meeting Dates	Hotel	Rooms Contracted	Rooms Picked-up	% +/-	Actual Rooms Spend inclusive of tax	Actual F&B Spend	Total Room & F&B Spend	Cost Savings
2012 – Lending Conference	May 9 – 14, 2012	Marriott Newport Beach Hotel & Spa	410	378	92%	\$61,504	57,325	\$118,829	\$34,928.60
2012 Strategy Meeting	Aug 24 - 26, 2012	Marriott Newport Beach Hotel & Spa	22	29	131.82%	\$5,191	\$2,658	\$7,849	\$502.00
2012 - East Coast Users Conference	Sep 12 - 17, 2012	Renaissance Arlington Capital	240	290	120.83%	\$58,837	\$40,859	\$99,696	\$22,811
2012 Managers Meeting	Jan 23 - 27, 2012	Embassy Suites Ontario Airport	174	199	114.37%	\$21,691	\$19,452.50	\$41,144	\$6,898
2013 Las Vegas Conference	Jan 31 - Feb 7, 2013	Cosmopolitan Resort & Spa	160	147	91.88%	\$32,018	NA	\$32,018	\$5,081.25
2013- Users Conference	May 14 - 19, 2013	Westin Chicago River North	599	566	94.49%	\$151,543	\$88,000	\$239,543	\$98,030.95
2013 - National Sales Meeting	June 26 - 30, 2013	St. Louis Airport Marriott	384	345	89.84%	\$33,725	\$53,076	\$86,801	\$30,107
2014 Councils Meeting	Sep 24 - 28, 2014	The Cosmopolitan Las Vegas	150	118	79%	\$21,942.00	\$14,140.00	\$36,082.00	\$4,276
2014 Lending Conference	May 19 - 25, 2014	The Cosmopolitan Las Vegas	803	747	93%	\$164,764.00	\$50,000.00	\$214,764.00	\$23,965.50
TOTALS						\$551,215	\$ 325,510.50	\$876,726	\$226,599.95

Average Cost Savings Per Meeting = \$25,178.00

Robust Technology:

Management / Financial Reports That Validate Results / Drive Strategic Decisions



Hotelier & Buyer Dynamics

Enhancing the Art of The Deal

- Enhance communications with hoteliers and industry suppliers
- Strategic RFP process / evaluate revenue contributions
- Create metrics to define and measure success
- Mutual process to track data and create meeting value reporting

Meeting Planner Survey Challenges

- Increased hotel and meeting support costs
- Hotel contract terms / added hotel fees & surcharges
- Increased expectations by senior management and stakeholders



Hotelier Survey Challenges

- Incomplete RFPs / no history & spend data
- Understate room block and F&B revenues
- Unrealistic expectations for meeting space & concessions



Stakeholder Value Metrics



Managing meeting stakeholder expectations is our highest priority



Have A Negotiations Plan For Each Meeting

❑ Assess RFP / leverage based on hotel revenue management criteria including:

- Arrival / departure pattern (*peak night*)
- Rooms to space ratio (*calculate sq. ft. needs on heaviest day*)
- Group food & beverage revenue
- Season
- History
- Potential incremental revenue
- Value of total account
- Risk
 - # of rooms held vs. ability to pick-up block
 - Cancellation / attrition / performance clauses in contract
- Other groups contracted over same dates / room rates & revenue contribution

Industry Profit Margins (Average Hotel Chain & Independent)



- Sleeping Rooms – 77%
- Group F&B – 38%
- F&B Outlets – 19%
- Recreation / Spa – 15%
- Retail / Misc. Depts. – 15%

Strategic Meeting Management Program (SMM) Meets Hotel Revenue Management (HRM)

- SMM delivers measurable value to meeting stakeholders - *(Planners)*
- Hotel Revenue Management maximizes revenues / profitability - *(Hoteliers)*
- Must assess total revenues / account value / variables over meeting dates- *(Planners & Hoteliers)*
- Emphasis on overall goals and objectives and determine flexibility points - *(Planners & Hoteliers)*
- Success requires open, honest communications at all stages of negotiations - *(Planners & Hoteliers)*
- Determine walk away position for both sides - *(Planners & Hoteliers)*

Five Steps To Value-Based Negotiations

- Utilize a strategic RFP / Assess your leverage for each meeting
- Calculate your revenue contributions, by category
- Custom hotel contract / negotiations plan for each meeting
- Focus on negotiating added meeting value / Cost savings and contract risk reduction
- Track meeting history & spend, by category / individual hotel & chain

Thank You

Complimentary Resources:

**Meeting Value & ROI Analysis
Hotel Contract Top 10 Tips**



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