

The View from the Other Side of the Pond

Hidden Challenges and Intelligent Solutions
to Global Meetings Management Consolidation





Executive summary

Successful meetings management continues to demand close attention from companies across the globe, as the challenges of effective sourcing, data management, return on investment and positioning within the organizational infrastructure drive innovative solutions to meet today's multinational, multicultural business environment.

While the primary components of meetings management (hotel, air and ground transport) appear to follow transient travel practices, the unique nature of the meetings sector can – when acknowledged within the organization – lead to overall cost savings and the successful coordination of a strategic meetings management (SMM) program.

To date, discussions covering the meetings industry have focused largely around the North American market framework, and a number of valuable white papers representing sound program principles and practices within that framework have been prepared by various industry associations over the past five years.

However, findings based on interviews with key European meetings management stakeholders point to clear differences between SMM program practices in the European market that require careful adjustment in the application of the traditional SMM framework. Differences between countries are larger than generally acknowledged and, as a result, the strategies focusing on standardization that work well in the North American market are less effective in Europe, where regional meetings management alignment requires a focus on **communication, cooperation** and **cost capture**.

Key stakeholder interviews reveal best practices that clearly represent these “three C’s” of successful meetings management programs in the European market.



Communication

Consistent communication channels established between coordinated Meetings, Incentives, Conference, and Event (MICE) teams allow the sharing of best practices and tools for greater SMM program efficiency. The speed of change in today's economy and industry requires the effective sharing of organizational information. Technology plays a crucial role in the availability of up-to-date meeting information for informed local market decisions based on accurate data. Best practices show that consistent and regular communication between meeting planners and senior management promotes effective buy-in, as local successes point to the strength of the aligned meetings management group within the organization.

Cooperation

The creation of collaborative event groups or a global event council develops a working community of individuals who are empowered to align processes and best practices across the organization. To strengthen regional program initiatives presented and supported by senior management, the global SMM program should ensure adequate representation by meeting coordination members from cross-functional and multi-country business units. Expanding the collaborative team beyond European borders has generally proven effective in best-practice scenarios among key stakeholder organizations.

Cost capture (and leverage of spend)

Successful meetings management programs in the European region show that cost containment policies and practices across the region produce from 10 percent to 20 percent savings annually. The involvement of procurement in both North American SMM program strategy and European meetings management strategy is similar in scope, lending consistency and strategic improvement to the buying strength of the organization. Local meetings management teams increase the buy-in of the global initiatives for capturing data in centralized spend categories. The contributions of all markets represented in the big picture deliver proven success and enhances the quality of the organization's overall meetings management program in the local markets and across the European region.

These “three C’s” of successful meetings management will be discussed in this paper as a guide for the alignment of a SMM program in European markets. This document, generated by subject matter experts within Advito and BCD Meetings & Incentives and featuring interviews with a range of meetings management corporate stakeholders, will explore the challenges and successes of managing a global meetings management program across multiple regions.

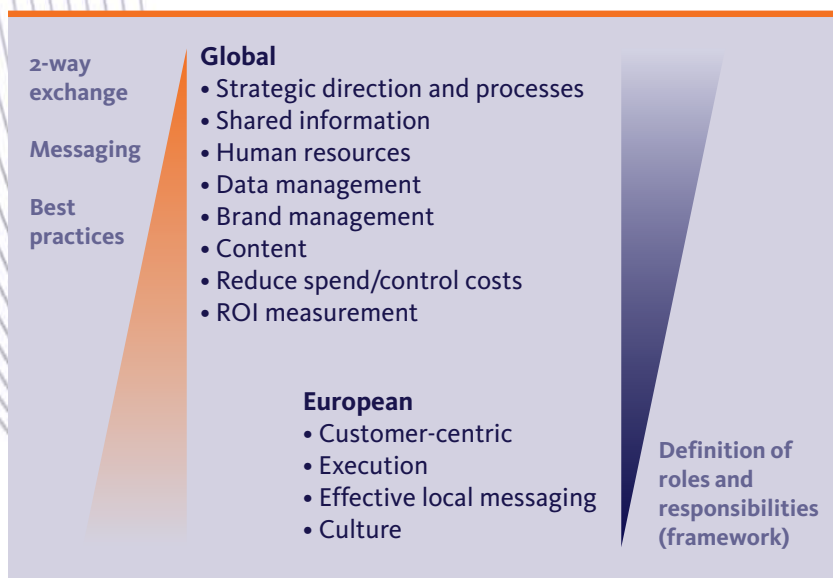
As the global organization struggles to align business practices, meetings management will follow and even forge best-practice standards to be applied across the organization.

Geography matters in meetings management

For the purpose of this white paper, we have adapted the Meeting Professionals International (MPI) definitions of “global” and “local” as referenced in the June 2006 white paper, *Driving Global Corporate Alignment in Complex Organizations*. MPI is the world’s leading (and largest) professional community for the global meetings industry. Within the context of this paper, we will use the terms “global” and “European” (rather than local) to draw particular attention to the specific regional complexities inherent in any global meetings program alignment.

The diagram below outlines the organization’s overarching processes and driving values as the global components of its operational initiatives, while European components are defined as localized processes and values (for which the global strategy is nonetheless delivered). While global and European in this context are geographically specific denominators – indeed, the global denominator may be seen to refer essentially to programs driven out of the United States – elements of culture, language, politics and economy also apply.

Global strategic meetings management Conceptual framework



In his recently released work, *Redefining Global Strategy: Crossing Borders in a World Where Differences Still Matter*, Harvard analyst Pankaj Ghemawat explores the illusion of a borderless, “flat” world.

Ghemawat observes that the allure of similarities prompts organizations to launch one-size-fits-all strategies, but that cross-border differences are larger than often assumed. Most economic activity – including direct investment and communication – happens locally, not internationally. In this “semiglobalized” world, one-size-fits-all strategies can no longer support the organization’s needs. Companies must instead reckon with cross-border differences, by:

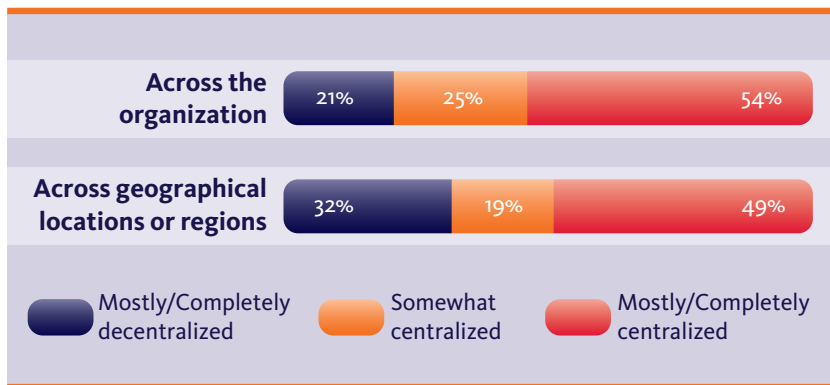
- Assessing the cultural, administrative, geographic and economic differences between countries at the industry level and deciding which ones merit attention
- Tracking the potential impact of particular border-crossing strategies on the organization’s ability to create value

This is the challenging platform on which the strategic meetings management program must be built. As the global organization struggles to align business practices, meetings management will follow and even forge best-practice standards to be applied across the organization.

Survey data from 2007 from across the global meetings industry clearly indicates that some progress has been made in the meetings management arena for the centralization of services and data capture. However, survey respondents consistently report that there is still little senior management support and the absence of effective data capture prevails.

Corporate meetings function is increasingly centralized

Centralization of the corporate meetings function has evolved within the organization over the past few years. A statistical baseline for future trending was established in this year's *FutureWatch 2007: A Comparative Outlook on the Global Business of Meetings* by MPI.



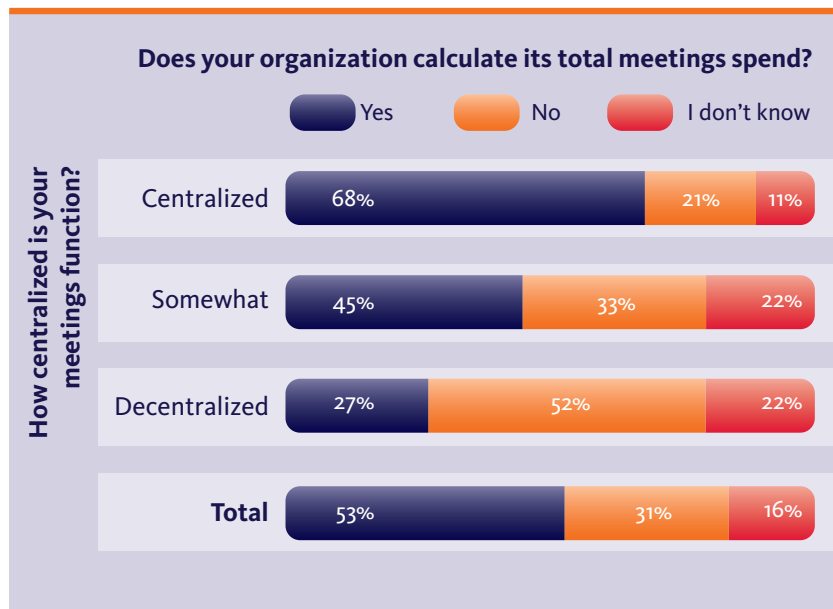
Source: FutureWatch 2007: A Comparative Outlook on the Global Business of Meetings, MPI





Meetings management centralization across geographic locations or regions occurs in 49 percent of the organizations participating in the *FutureWatch 2007* survey, and over 50 percent report centralization across the organization. The measurement of total meeting spend is in direct correlation with the organizational consolidation of meetings management. Of those companies that have centralized the meetings management program across the organization, 68 percent report the ability to capture total meeting spend. Total meetings spend data is captured by 45 percent of organizations who indicate that their program is “somewhat centralized,” while that number drops to only 27 percent for companies whose program is decentralized.

Impact of meetings function centralization on calculating total organizational meetings spend



Source: FutureWatch 2007:
A Comparative Outlook on the Global Business of Meetings, MPI

Senior management support is crucial

The strategy, goals and policy of the SMM program must align with the goals of senior management. This alignment is crucial to ensure senior management not only buy into the SMM program itself, but also demonstrate and vocalize their support for centralized meetings management functions within the organization. A successful centralized meetings management program will reach out to diverse senior management groups with multiple business drivers for meetings.

One factor complicating senior management support of the global SMM program is the tendency for meetings management to report into sales, marketing and corporate services, in contrast to the trend for corporate travel management to align with the procurement department. The alignment with procurement provides an overarching structure to the processes and accountability of meeting and travel programs.

Variance in reporting lines for meetings and corporate travel

Department	Meetings	Travel
Sales & Marketing	32%	N/A
Corporate Services	29%	12%
Other	27%	2%
Corporate Travel Manager	4%	N/A
Finance	3%	25%
Human Resources	3%	9%
Procurement	2%	44%

Source: 2007 Salary Survey, Meetings & Conventions Magazine

Source: BCD Travel 2007 Client Benchmark Survey

Best practices to gain senior management support

- Open financial discussions with financial results
- Involve procurement for centralized support
- Develop business cases for presentation to the senior management
- Clearly show costly errors and lost cost savings by ineffective negotiation practices, contract risks and service quality



Make sure you really understand your local markets before you begin to determine the true value of consolidation. Know the barriers in the marketplace prior to consolidation... do your homework before making any changes.

Richard Darley

European Travel and Fleet Manager, Lilly Corporation

Lessons learned

LILLY CORPORATION

Interview with **Richard Darley**

European Travel and Fleet Manager

When Lilly Corporation began centralizing meeting services over 10 years ago, the company looked to two major regions, North America and Europe. Consolidation of meetings in the United States progressed at a consistent and steady pace, as might be expected within a single, fairly standardized market. However, almost every country in Europe had different individuals with responsibility for meetings management, multiple department codes and no standardized purchasing. Further complicating the situation was the fact that the department to which meetings reported was inconsistent from country to country and organization goals and objectives for meetings varied greatly as a result. Most importantly, there was no central force driving meetings management across the region.

While not solely responsible for the strategic meetings management program in Europe, Richard Darley played a big part in identifying and bringing together the various meeting planning groups from the five major countries across the European region to form a coordinated MICE team.

As the Lilly MICE teams were brought together to discuss processes and opportunities, they quickly identified several common initiatives that supported a centralized meetings program:

• Improve communication

- o **The team recognized a critical need to develop a central voice across the region to communicate the concerns of the MICE leaders to senior management. With each country reporting to a different business unit, no single senior manager had meetings management responsibility.**
- o **Communication on meeting processes and activities across the region was determined to be key to Lilly's overall success. Understanding the meeting strategy and goals of each business unit allows the team to more effectively coordinate joint organizational meetings, as well as efficiently use available resources for the common good of the company.**

• **Apply consistent sourcing strategy** to ensure supplier performance management

• **Develop group air processes** for consistency, quality and value

• **Establish a metric for measurement** and development of best practices

• **Optimize repeat programs** with suppliers, concentrating on earlier bookings to secure space

• **Deploy a centralized software platform** (single hotel database for quality control)

o **Meeting costs are spread throughout multiple budgets under separate financial accounts prohibiting the consolidation of the organization's meeting spend.**

o **Without centralized data capture, senior management is unaware of the magnitude of meeting spend and the opportunities for savings.**

The Six Sigma project that Darley is currently leading might hold the key to bringing the Lilly MICE teams' initiatives to light. Six Sigma has strong senior management support, and its focus on driving consistency and consolidation lend additional support for consolidating the strategic meeting management program.

How meetings drive business in partnership-focused companies

Meetings typically have three critical components:

- **Logistics** – The tactical elements that traditionally fall within planners’ scopes
- **Strategic sourcing and budgeting** – The elements which “speak” to an organization’s finance, operations and procurement professionals
- **Content branding and messaging** – The thematic and graphic elements necessary to “market” the meetings to attendees and stakeholders

In reality, most corporate meeting planners’ roles and responsibilities comprise much more than logistics – they also involve strategic management, through which planners use their companies’ cultures and values as frameworks for successful meeting outcomes. Meeting professionals must meet day-to-day expectations while learning new ways of doing business together. In short, planners are increasingly involving many internal and external stakeholders to achieve successful outcomes.

Source: Defining a Strategic Meetings Management Program: How Meetings Drive Business in Partnership-Focused Companies, MPI

An effective SMM program structure



Source: Advito, 2007

The effective SMM program structure wraps the individual activities of scheduling, sourcing, logistical planning, delegate management, and payment & expense management within the organization’s policy and governance and performance management guidelines to deliver a quality product to stakeholders. Using this methodology, the global SMM program supports and integrates the meetings management process in organizational business goals and outcomes.



Global SMM must rely on local awareness

The Tenth Annual Global CEO Survey from PricewaterhouseCoopers indicates that CEOs from major global organizations continue to be challenged in organizational consolidation and alignment, particularly in the areas of cultural issues and conflicts, regulatory requirements and conflicting workforce expectations.

Aligning a strategic meetings management program across multiple regions requires the same thoughtful look at the differences between markets and the impact of dynamic conditions within each region as other operational consolidations across an organization. A successful North American SMM program applied to the European region may fail to produce expected results unless key market differences are first evaluated.

The United States is essentially one large market with a common language, currency, legal system and, to a large extent, a unified supplier market. These factors provide a natural basis for standardizing processes, contracts and meetings policy. Now compare this scenario to Europe, a region comprising over 40 markets, with multiple languages and dialects, multiple currencies, and multiple government regulations. Disregarding these differences will greatly (and adversely) impact the success of a strategic meetings management program deployed across all global regions. The program template must, in fact be adjusted and customized to each unique market.

Organizational trends impacting meeting planner jobs

1. Budget changes within the organization
2. Workload shift of meeting planners
3. Shifting organizational goals and strategies
4. Changes in the way meetings and events are viewed within the organization

Source: FutureWatch 2007:
A Comparative Outlook on the Global
Business of Meetings, MPI



Key differences abound at all program levels

A high-level comparative review of the primary components of a strategic meetings management program points to the key differences between the North America market and the European region. Further differences in these components exist between markets within Europe.

SMM Component	North America	Europe	Comments
Meeting program			
Formal meeting policy	✓	–	
Centralized accounting codes	✓	–	
Local meeting policy	–	✓	
Global guidelines / local policy	✓	✓	
Procurement			
Standardized hotel contract	✓	–	
Standardized hotel RFP	✓	–	
Internal venue sourcing	✓		Majority of European markets use MICE specialists to secure the venue
Chain contracts and purchasing	✓	–	
Individual purchasing / “spot buying”	–	✓	
Meeting planning			
Focus on cost containment	✓	–	
Focus on meeting effectiveness	–	✓	
Standardized meeting processes	✓	–	European market differences applied
Data capture / Consolidation			
Meeting spend	✓	✓	European data capture through third-party travel management company
Use of technology			
Delegate	✓	–	In Europe, used with larger groups
Logistics	✓	–	

Source: Advito, 2007

Get the framework or network in place internally with buy-in from the planners at the same time as management buy-in (you need both for success). Add software to capture meeting spend. The keys to success: 80% moving resources to a central group and 20% getting consistent technology.

Sue Shillam

Director Global Travel, EMEA, Pfizer Inc.

Lessons learned

PFIZER INC.

Interview with Sue Shillam

Director Global Travel, EMEA

Unlike many SMM programs that start in North America and spread to Europe, Pfizer's meetings management strategy began from within the United Kingdom. Thirty-nine countries are now included in the strategic meetings management program, with special focus on 24 of the larger European markets. Both global guidelines and regional policies have been implemented across the company ("think globally, act locally"). In recognition of individual market considerations, the SMM program is centrally coordinated but regionally managed, as Pfizer believes it is not necessary to make "one size fit all."

Prior to consolidation, Pfizer recognized that meeting expenses were being incurred as a result of attrition and cancellations, and that competition for the same venue space between internal meetings groups often increased overall meeting costs. Other big challenges were the identification of meeting responsibility and data capture at the local level. The company knew 90 percent of the total meeting spend, but could not identify the source. Meeting costs were applied to multiple cost centers and departments across regions (sales, marketing, procurement).

Pfizer chose to implement a data consolidation tool as one of the first steps in the centralization of meeting spend and enlisted the organization's global finance group to mandate centralized cost center usage to ensure that all meeting spend was captured. As the technology was implemented, Pfizer discovered that some individual markets had as many as 20 meeting agencies, adding to the complexity of centralized data capture.

To facilitate communications and decisions, a global meeting council was formed, together with four regional councils made up of individuals who are responsible for both consolidated travel and meetings. These groups centralized within each region under regional processes and global meetings management guidelines. Through the consolidation of responsibility and data, Pfizer identified that meeting spend is five times greater than transient travel spend. As a result, the stakeholders are working, with assistance from Pfizer's global finance services, to change behaviors and drive program changes. Today, with improved communication and coordination, the Pfizer program is centralizing supplier relations, reducing internal scheduling conflicts and minimizing attrition and cancellation costs.

Pfizer plans to further capitalize on its success by centralizing its meetings management programs in Asia Pacific.

Pfizer best practice

Implement one technology at a time: data capture first for long-term savings and delegate registration second. Technology implementation for meetings on a global basis was particularly challenging; not only did the software have to interface with Pfizer's internal applications, but it had to demonstrate regional language and currency functionalities.

Industry trends will influence meetings programs

Regional and cultural differences may pose challenges and barriers to successful SMM program development. However, meeting industry trends – particularly those that impact budgets and policies – show commonality as program influencers.

Corporate social responsibility issues are on the rise

In a July 2006 IMEX meetings management research study, 80 percent of meeting and incentive professionals indicated that they expect the issues of corporate social responsibility (CSR) to become progressively more important year over year. Additionally, 62 percent acknowledged that meeting delegates will show concern if environmental issues are not taken into consideration for organization events. Seventy-five percent reported that they already take the environment into consideration when planning meetings, conferences or incentive travel. In Europe and North America, CSR activities for meetings are covered under some travel initiatives for reporting and are expected to appear under organizational policy for environmental impact and duty-of-care policies. These requirements will drive consolidated reporting and accountability across the organization, bringing meeting activities more in line with transient travel policy to measure the organization's carbon footprint for each meeting and travel-related activity associated with the event.

Most survey respondents indicated that while “green meetings” is now a hot topic in planning, environmentally sound practices will soon become an accepted part of the meeting experience.





Globally, some socially responsible practices and activities are beginning to appear in today's meeting environment on a regular basis. The most common practices include:

- Online registration and confirmation materials
- Meeting communication with delegates via email versus traditional mail or memos
- Reduction of paper handouts on-site and posting meeting materials online
- Use of two-sided copies and recycled paper
- Hotel location within walking distance of convention center
- Reduction in the amount of disposable items (styrofoam, plastic water bottles, paper napkins, etc.)
- Use of public transportation options versus individual cars and contracted shuttles

Multicultural planning will affect meeting ROI

Global meeting managers acknowledge that sensitivities in multicultural planning greatly impact the return on investment (ROI) of the meeting. The cultural relevance to the delegate of both the meeting environment and the content presented significantly influences the success of a global meeting. Even the way that the meeting's value is defined may vary from market to market based on the cultural differences of the delegate.

Significant acknowledgement is increasingly being made of cultural factors in the design, content and structure of the meeting program, as buyers plan for:

- A wide geographical spread of speakers
- A mix of cultures
- Presence from economies in transition, as well as representatives of market-leading countries.

The European market experiences a greater multicultural impact due to the vast diversity of the region. Multicultural importance ranked No. 6 out of 10 for meeting buyers in IMEX's October 2006 *European Barometer of Business Tourism Confidence*. And in January 2007, the *Barometer* revealed that some meeting buyers are now providing cultural training events to ensure that no social faux pas are made.

Today's delegates are time-challenged and expect more of the meetings they attend, from the experience, job-related takeaways delivering education that will help them do their jobs more effectively and deliver an impact on the business. Meeting participants now demand collaborative, participatory and visually-oriented learning formats.

Discussions from the Meeting Professionals International 2007 education conference in Copenhagen, Denmark, centered around the productivity of employees and the return on investment for the meeting cost and employee costs.

Source: Mapping the Future of Onsite Learning, MPI, March 2007

Buyers are getting creative with combination meetings

Worldwide meeting buyers have reported in various industry surveys that the number of meetings continues to increase. However, the annual meeting budget has not risen at the same rate. One of the strongest trends to arise in the European region is the emphasis on cost management for meeting decision makers.

Increasing concern over the return on meetings is measured not only in the value of the content delivered, but also in the amount of time each delegate spends away from the office. In all markets, a growing trend within the organization to combine meetings involving the same delegates is emerging. The goal to reduce the delegates' time in meetings requires close coordination and communication among multi-regional and departmental meeting planning teams to ensure that the organization's overall goal is met, thus increasing the meeting ROI and controlling the overall meeting budget.



Controlling meeting costs – advice from the experts

Challenge	Meetings	Benefit
Every employee is a meeting buyer Organization contracts are negotiated across all departments with diverse terms and conditions and pricing. Often internal competition for same venue.	Create a centralized procurement group Procurement and financial services are able to leverage policies to capture and harness buying power and risk mitigation across the organization.	Consistent, intelligent purchasing, with savings estimates of 20% to 30%.
Cross border venue shopping by phone Lots of discussions, many hours.	Implement online technology Offer meeting planners specialized listing of venues, pre-negotiated packages, organizational meeting history and coordination.	Data capture, information sharing, meeting coordination across regions and local markets. Consistent quality.
Multiple payment methods Lack of centralized accounting methods prohibit effective spend picture.	Involve finance and accounting Create standardized accounting codes and line items for meetings management.	Data consolidation for leveraged purchasing and spend accountability. Established baseline for year-over-year budget planning.

Meetings and procurement are converging

The rising need for cost containment in the meetings management arena is leading to more procurement department involvement in the buying of meeting services and contract negotiations. Procurement is always looking for additional areas to save the organization money and meeting spend is one the last areas of unmanaged spend within the organization. Shifting the negotiation and hotel contract process to procurement often begins data consolidation initiatives as well.

A recent AirPlus International survey indicates significant differences regarding travel managers' attitudes in Europe and the United States within the areas of negotiations for the MICE sector. When asked if they negotiated with event service providers to obtain special rates, 56 percent of U.S. travel managers answered "Yes." However, only 14 to 37 percent of travel managers within European countries reported negotiations in the meeting sector – a much lower percentage than in other areas of travel buying.

Savings potential for meetings not yet recognized everywhere



Source: AirPlus International, Travel Management Study 2007, A Comparison of International Trends, Costs and Planning of Business Travel

This is clearly an area with considerable scope for cost reduction through improved negotiation in the European region. The potential is evident when one observes that although the use of corporate rates is lower in this region, those travel managers who do negotiate for meetings report savings in some European markets that are equal to or greater in Europe than those achieved in the United States.

In addition to cost-savings measures, organizations have other reasons for introducing procurement to the meetings negotiation process. For example, the shift of hotel contract negotiations to procurement allows meeting planners to devote more time to the strategy and planning process. Double-digit savings have been reported by organizations involving procurement in meeting negotiations.

Procurement needs to document and communicate problem areas and success cases. Know your audiences and provide them with regular, relevant information.

Stefan Gramm

Procurement, Head of Category Travel, Deutsche Telekom

Lessons learned

DEUTSCHE TELEKOM

Interview with **Stefan Gramm**

Procurement, Head of Category Travel

Deutsche Telekom's meetings management consolidation is primarily focused on Germany for sales and client activities. Procurement has taken a major lead in policy, negotiation and consolidation of spend in both transient travel and meetings. The strategic meetings management (SMM) program is anticipated to yield a higher savings return than transient travel due to the range of negotiation flexibility. Without long-term baseline data, estimated meetings management savings are 10 percent per year.

The SMM program gained senior management support through business cases demonstrating savings losses due to planner and negotiation errors and proven success cases presented clear financial improvements. The business cases opened a dialogue that led to the establishment of meeting policies and processes across the region. Consistent, scheduled communication with senior management has created the confidence needed for ongoing support and has ensured that there are no "surprises" along the way. Additionally, reports from meeting organizers are communicated to the CFO on a regular basis.

The biggest challenge Gramm experienced was convincing stakeholders that in reality there were many common areas across the organization and very few "unique" meeting activities that required special consideration. With success stories and assurances that procurement's goal in consolidation was program support and financial benefits, not the creation of business difficulties, the SMM program was launched.

Procurement combined meeting policies with transient travel policies and the inclusion of meetings management in organization communications resulted in more coverage by and adoption of centralized procurement services. Procurement uses a mix of standard contracts and spot-buying strategies for meetings and requires that large meetings (over 20 delegates) and cross-border meetings be negotiated directly by procurement for maximum savings.

Within Germany and for small meetings (less than 20 delegates), meeting organizers are allowed to use established travel program negotiation procedures. The mandated meetings policy, less stringent than the organization's travel policy, provides negotiated transient room rates and other travel-related guidelines for meeting spend limits.

Deutsche Telekom implemented a consistent communication strategy using the organization's employee intranet and e-newsletter as communication vehicles. Procurement sends relevant news six times per year to administrative staff and meeting organizers which includes meeting and travel planning tips, venue specials, negotiated hotel rates, meeting success stories, special air fares, booking engine information and leisure specials for travelers.

Gramm plans to continue building stronger relationships across Deutsche Telekom for the meetings management program. Future plans include: the alignment of hotel negotiations and trending for meetings and transient travel for additional cost savings in both programs; improving billing and invoice reconciliation; technology enhancements for cost management and data transparency for hotels; and online booking for delegate registrations.



Spot buying in Europe is driven by property constraints

The use of negotiated agreements and standardized hotel contracts is more widely applied and accepted in the North American market due to the consistency in properties and larger chain representation in major markets when compared with that of the European market.

The most common purchasing methodology within Europe is spot buying on a meeting-by-meeting basis, driven by the constraints of the property configuration in the regions. The lack of consistency in property size and chain location across European countries prohibits and reduces the ability to negotiate and leverage spend effectively for group travel. As indicated in the table below, survey findings of MPI's *FutureWatch 2007* shows the trend differences in venue selection between North America and Europe. A clear distinction is made between the use of city and resort hotel properties in North America and conference and convention centers in Europe.

Differing perceptions of meeting venues

Meeting venue	North America		Europe	
	2007	2006	2007	2006
City hotels	35%	28%	28%	32%
Resort hotels	30%	31%	13%	15%
Airport/suburban hotels	10%	11%	5%	7%
Conference centers/universities	8%	8%	20%	15%
Convention centers	8%	12%	17%	16%

Source: FutureWatch 2007:

A Comparative Outlook on the Global Business of Meetings, MPI

While preferred vendor selection for a SMM program may be difficult to apply consistently worldwide, the trend in venue usage in Europe does indicate opportunity for leveraged buying within this region.

Best practice: Split policy by meetings size

Establishment of small meetings policy (less than 20 delegates) requiring adherence to the travel policy's daily lodging rate limits and other travel daily spend limits per delegate. Procurement involvement is required for contract negotiations for larger groups (over 20 delegates).

Looking ahead in the meetings industry

Forecasted trends in the meetings industry indicate a move to more centralized meetings management activity within global organizations. The following key trends are expected to have the greatest impact on meetings management program policy and budgetary considerations.

Global expansion of organizations will drive meeting trends

- Regional growth of meeting locations will mirror business travel growth as organizations expand into emerging markets (Central and Eastern Europe, the Baltic states, and parts of Asia, Africa and Latin America).
- Centralized procurement and accountability by corporate stakeholders will become a more dominant influence in meetings management as senior management places more emphasis on evaluating ROI, supplier transparency and cost capture in the meetings sector.
- Complexities in the meetings sector impacted by legal and regulatory actions may increase. Examples include flight taxes, destination surcharges for tourists, VAT variability and recovery, legislation

affecting business tourism suppliers (e.g., criteria for professionalism, competition laws, licenses), obtaining visas and the cross-border implications of Sarbanes-Oxley and Safe Harbor restrictions.

Meeting planning

- Meetings with similar focus will be concentrated and merged in order to share resources and maximize organization savings. The resulting combination of two meetings into a single event also minimizes time away from the office for delegates that would traditionally attend both meetings.
- Expanded cost controls and Corporate Social Responsibility (CSR) factors will favor more virtual participation by long-distance speakers and executives, and may lead to the consolidation of corporate events.
- CSR will impact meeting location and venue selection. Considerations for delegate safety and well-being (duty of care) (duty of care) will be factored into meeting logistics. The short-term goal for meetings will be carbon-neutral events.
- Rail usage (where available) for delegate travel will become as important as air travel in response to airport delays and "responsible travel" benefits.

- Increased use of online meetings solutions will become more accepted – for managing the event, delegate management, engaging external expertise and involvement, or venue sourcing.

Delegate trends

- Delegate well-being will be viewed as an essential element of program planning in order to improve delegate productivity during the event and after. Logistical planning and venue negotiations will include relaxation therapies, self-improvement clinics, focus on delegate nutrition to maximize concentration levels and menu planning with less sugars and fats.
- Issues of multiculturalism will force a restructuring of meetings both to incorporate dietary and religious needs, but also contrasting group dynamics (e.g., in respect to decision-making, status and protocol, seniority, gender, inter-relationships).
- Venue selection and hotel branding for delegate comfort will be extended to include a selection of venues with excellent spa credentials. Hotel branding and standardization may have to be made less obvious and predictable as clients respond to globalization "sameness" by preferring more personalized and culturally authentic experiences.

Source: IMEX



What are the barriers to global strategic meetings management?

Advito explored some of the most wide-spread industry challenges to aligning a strategic meetings management program across organizations outside of the North American market. European stakeholder interviews show that user interest, management and intercompany communications ranks as the number one challenge. Differences in culture and language, legal and regulatory issues, and technology adoption tie for the number two ranking.

User interest, management support, intercompany communications

Resistance to change often creates opposition to organization initiatives and goals. Engaging the support of the appropriate individuals and, most importantly, the senior management within the various departments and functional areas with meeting responsibility often poses the most difficult barrier to overcome. Overcoming this critical barrier will determine the level of overall success of the SMM program.

Cultural and language differences

Consolidating and coordinating management programs across multicultural groups presents unique challenges. Successfully crossing boundaries of language, nationality, or geography requires a basic awareness of any unfamiliar cultures that are likely to be encountered – before starting the process. Not only can language differences pose obstacles to successful meetings management, but variances in meeting terminology and practices from region to region may impact centralized communication, processes and policies.

Legal and regulatory issues

Corporate operational accountability and regulations have a significant impact on the successful implementation of a global meetings management program. Sarbanes-Oxley in the United States and Safe Harbour for Europe, among others, are emphasizing the importance of a

coordinated approach to communication and sharing information with internal and external stakeholders. This barrier to consolidation and alignment within the organization may be targeted as an expense risk when addressing financing and funding for the SMM program. Many finance-driven regulations require that all aspects of the meeting planning process be auditable. Without effective data and expense management processes, the risk of regulatory fines and expenses imposed on the organization exists for meeting activities of both buyer and delegate.

Additionally, many industry sectors, such as the pharmaceutical industry, impose additional regulations on meeting planning processes. Buyers expect government regulations to have the greatest impact on planning activities in the coming years.

Technology – acceptance, adoption, availability

Of the barriers discussed, technology simultaneously represents one of the greatest challenges and one of the highest potential gains in cost savings and baseline success tracking. Opinions vary over the “best” technology and accompanying methodologies and processes. However, consensus supports the importance of technology acceptance and adoption in the SMM program.

Most critical to success is the technology's data capture component. Delegate registration and management lend to the effectiveness of each individual program and collectively to the quality perception of the organization's SMM program.

For the beginning stages of meetings management consolidation and alignment, establishing a baseline for the scope of the organization's global meetings spend

and vendor usage is imperative to the determination of savings and successes gained year over year. The consolidated data will assist senior management in the development of goals and policies relating to the meetings program on a local, regional and global basis.

Finances and funding – senior management focus, consolidated spend

In many global organizations, meeting costs and processes are not within the focus of finance and senior management. Small meetings of less than 50 delegates,

hidden within departmental budgets, fall outside of the organization’s targets for alignment with budgetary constraints and guidelines. Expenses associated with these meetings can go undetected, lurking within individuals’ expense payments approved by local management. Gaining the collective focus of finance, procurement and senior management requires extensive fact finding and data collection to present a preliminary cost amount. However, as most organizational costs seem universally to be drawing the attention of management, this challenge was rated lower by key stakeholders as a barrier to consolidation.

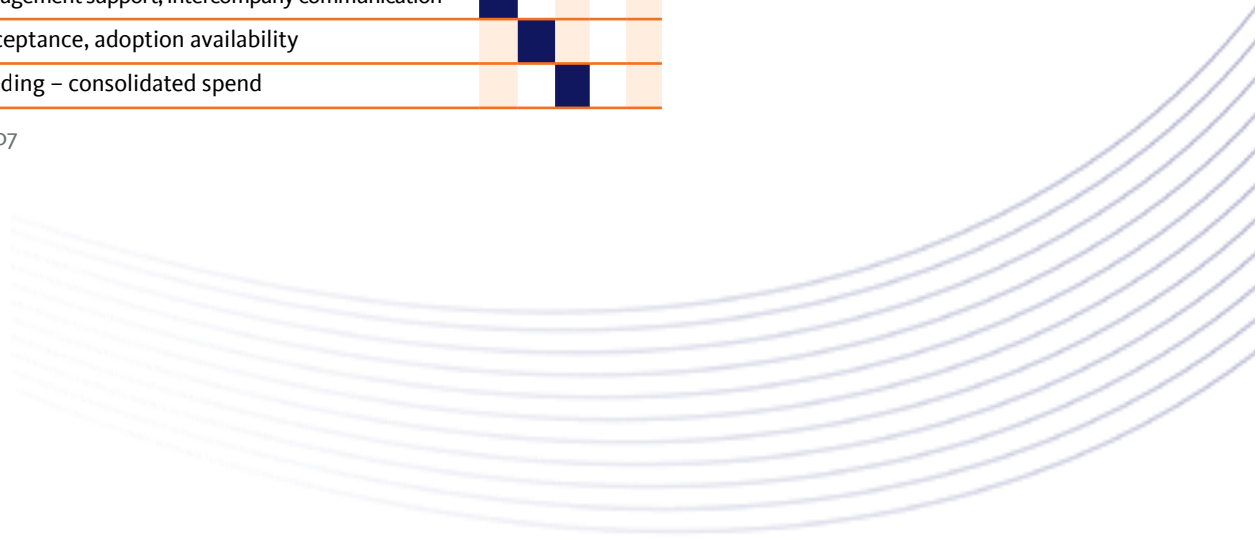
Organization and market barriers to meetings consolidation and alignment

Key stakeholders in the European region provided a ranking of the top industry challenges to consolidation and alignment of meetings within the organization outside of the North American market.

1 = most significant challenge / 5 = least significant challenge

Challenges	1	2	3	4	5
Cultural and language differences		█			
Legal and regulatory		█			
User interest, management support, intercompany communication	█				
Technology – acceptance, adoption availability		█			
Finances and funding – consolidated spend			█		

Source: Advito 2007



For venues, negotiate pre-determined terms and agreements with preferred properties for two years and then spot-buy as necessary.

Virginia Harris

Sourcing Group Manager, Transient & Group Travel, Europe, GlaxoSmithKline

Lessons learned

GLAXOSMITHKLINE

Interview with **Virginia Harris**

Sourcing Group Manager,

Transient @ Group Travel, Europe

GlaxoSmithKline has been actively consolidating meetings in both Europe and the United States for approximately three years. The internal GSK meetings management group focuses primarily on group air and venue sourcing, while actual event management is handled by internal individuals or outsourced to meeting suppliers. By applying GSK procurement resources, venue sourcing has been able to establish guidelines and break through the market barriers, achieving significant cost savings in the meetings sector. Through intensive change management internally, and intelligently negotiated agreements externally, the centralized venue sourcing group has been able to achieve 20 percent to 30 percent savings on meetings costs. GSK's venue sourcing group does not own the meeting budget, but rather seeks to influence costs by getting the best savings for the organization.

Globally, venue sourcing provides experienced negotiation services to internal meeting organizers and has established

weekly group calls to discuss and coordinate hotel negotiations and services. Across Europe however, consolidated venue sourcing for meetings has been met with pushback from the hotel community (in contrast to the market's general acceptance of consolidated negotiations for transient travel). To date, the U.S. program has consolidated faster due to the relative ease in standardizing rates and terms and conditions across venue sourcing.

The European sourcing strategy for meetings differs from the U.S. in that GSK does not seek pre-determined hotel rates, but rather establishes terms and conditions with the objective to help mitigate risk. Due to hotel consolidation, the use of chain sub-brands in the United States is standard practice, in contrast to Europe, where sub-brands are often not well known and accepted. The consolidation has reduced the number of negotiated hotel chains in the U.S. from five to three and in Europe from ten to eight.

In the European meetings management consolidation process, one of the greatest challenges has been the acceptance of meeting planning quality levels by meeting organizers and senior management. Expectations for event quality are driven by individuals, not corporate standards, and vary

greatly from meeting planner to meeting planner – resulting in variances in cost-per-delegate levels. Presently, stakeholders tend to look primarily at venue costs and do not take into account the total cost of the meeting. However, meeting spend is now getting senior management attention and the venue sourcing group has noticed more planning around meeting budgets, cost savings, season, location and costs for meetings. Additional challenges in Europe arise from the lack of a year-over-year baseline for budgeting. Standard meeting packages are more widely accepted in the United States and support more consistent budgeting, costs and savings.

Because the SMM program is not yet consistently centralized across Europe, an internal benchmarking study has been conducted to help the organization determine whether to expand meetings management consolidation or allow it to remain in local markets.

Lessons learned

Discussions with key meetings management stakeholders reveal a number of consistent trends and best practices at the heart of successful meetings programs in Europe.

Create collaborative event groups or a global event council

Develop a working community of individuals who are empowered to align processes and best practices across the organization. Ensure that the global SMM program includes representation by meeting coordination members from cross-functional and multi-country business units; this will strengthen local take-up of global program initiatives presented and supported by senior management.

Ensure that the group's efforts involve the overarching strategies of the organization

Collective buy-in among the meeting professionals of the organization will better drive senior management buy-in of proposed meeting policies and procedures. The use of meetings business cases across local markets validates the SMM program within global senior management teams. The involvement of procurement and/or finance ensures visibility within the organization for the cost effectiveness and savings of the centralized meetings management program.

Balance local success with global strategy

Local meetings management ensures awareness of market idiosyncrasies by stakeholders from local MICE teams and increases the buy-in with the global initiatives for capturing data in centralized spend categories. The contributions of all markets are represented in the big picture. Proven success in the local markets enhances the quality of the organization's overall meetings management program.

Share information

The speed of change in today's economy – and in the meetings industry itself – requires the effective sharing of organizational information. Technology plays a critical role in the availability of up-to-date meeting information to make more informed local market decisions faster, based on accurate global data. Consistent communication channels, established by coordinated teams allow the sharing of best practices and tools for greater SMM program efficiency. Communication is key to cohesive behavior of the meetings management teams.



Getting started

Developing an understanding of each individual market's meetings operation and processes is critical to the final outcome of the strategic meetings management program. Multicultural and market-driven methodologies impact the buy-in and alignment of the global program in the local regions.

Due to the complex nature of meetings management, an evaluation of the organization's specific methodology for implementing and communicating change is the key to the approach taken in beginning an SMM program development plan. The use of analytical diagnostics allows stakeholders to view the organization's meeting characteristics and relationship on an objective level.

Components of a SMM program diagnostic include the following:

- Understand business objectives, policies and systems
- Identify significant sponsors, planners and other key stakeholders
- Identify and qualify relevant data sources
- Break-down spend categories
- Validate meeting related spend with relevant stakeholders
- Analyze and evaluate opportunities
- Develop and evaluate tactics to achieve opportunities

Where to begin

Many organizations elect to consolidate and align meetings in several phases to reduce the impact of change while still delivering key benefits. The more effectively that meetings management is woven into the fabric of an organization's overall operations across departments and incorporated into the strategic plan, the more successful the organization will be.

Consider the following approaches to centralizing meetings management. These can be implemented independently or built into a three- to five-year plan as steps to complete consolidation.

Minimum change**Conservative reward**

Change Event	Benefits
<ul style="list-style-type: none"> Centralized meeting registration Post-program data consolidation Ongoing data analysis and trending Centralized meeting air coordination Centralized meeting transaction processing 	<ul style="list-style-type: none"> Guided supplier usage, leverage Use of documented supplier volume, usage and trends to influence change <ul style="list-style-type: none"> More effective buying decisions Accessible, complete data integrity Identification of unique negotiation strategies Regional volume-driven negotiation strategies

Moderate change**Substantial reward**

Change Event	Benefits
<ul style="list-style-type: none"> Centralized meeting registration Post-program data consolidation Ongoing data analysis and trending Centralized meeting air coordination Centralized meeting transaction processing Large, high-level meeting and event consolidation management Centralized supplier contract review 	<ul style="list-style-type: none"> Guided supplier usage, leverage Use of documented supplier volume, usage and trends to influence change <ul style="list-style-type: none"> More effective buying decisions Accessible, complete data integrity Identification of unique negotiation strategies Regional volume-driven negotiation strategies <ul style="list-style-type: none"> Reduced supplier base Leveraged purchasing Increased efficiencies for meeting sponsors Professional product and services delivery Comparative rate analysis Risk management

Aggressive change**Maximum reward**

Change Event	Benefits
<ul style="list-style-type: none"> Centralized meeting registration Post-program data consolidation Ongoing data analysis and trending Centralized meeting air coordination Centralized meeting transaction processing Large, high-level meeting and event consolidation management Centralized supplier contract review Development of company-specific meeting contract for supplier usage Regionalized preferred meeting supplier program and list Mid- and small-sized meetings management consolidation “Small meeting” best practices planning guide 	<ul style="list-style-type: none"> Guided supplier usage, leverage Use of documented supplier volume, usage and trends to influence change <ul style="list-style-type: none"> More effective buying decisions Accessible, complete data integrity Identification of unique negotiation strategies Regional volume-driven negotiation strategies <ul style="list-style-type: none"> Reduced supplier base Leveraged purchasing Increased efficiencies for meeting sponsors Professional product and services delivery Comparative rate analysis Risk management Increased efficiencies for organization’s meeting planners Data consolidation drives knowledge-based decisions Reduced leakage to non-preferred suppliers Incremental savings through meeting specific contracts Maximum utilization of existing supplier agreements



In summary

Strategic meetings management programs of varying degrees and configurations across Europe are expected to grow at a steady pace over the next few years as global organizations seek to contain costs and increase operational effectiveness within all markets in which they conduct business.

Key stakeholders with successful European SMM programs agree that language and cultural differences may complicate the meetings consolidation, but effective programs are achievable across diverse markets.

Recognizing and acknowledging key business differences between Europe and North America, specifically in hotel negotiations and meeting space restrictions, allow for the effective management of SMM programs in different markets. Proven success models support that meetings management consolidation and alignment within the global organization is a reality outside of the North American market.

Virginia Harris, sourcing group manager, transient and group travel, GlaxoSmithKine Europe offers the following advice:

Think big – then work back from the big picture.
Look beyond the differences – if you only plan to the existing, you will never achieve the big objectives. You must push beyond the barriers.

Acknowledgments

The following subject matter experts and stakeholders contributed their time and expertise to this white paper:

Betsy Brannen	Manager, Business Intelligence, Advito
Shaun Casey	Managing Director – EMEA, BCD Meetings & Incentives
Richard Darley	European Travel and Fleet Manager, Lilly
Stefan Gramm	Procurement, Head of Category Travel, Deutsche Telekom
Virginia Harris	Sourcing Group Manager, Transient & Group Travel, Europe, GlaxoSmithKline
Torsten Kriedt	Vice President, Innovation & Intelligence, Advito
Bruce Morgan	Senior Vice President, Marketing and Business Development, BCD Meetings & Incentives
George Odom	Senior Director, Global Business Development, Advito
Sue Shillam	Director Global Travel, EMEA, Pfizer Inc.
Bas Vissers	Manager – EMEA, Advito

Sources

2007 Client Benchmark Survey. BCD Travel, July 2007.

“2007 Salary Survey.” *Meetings & Conventions Magazine*, August 2007.

“Controlling Meeting Costs – Advice from Michelle Snock, Manager of Global Meeting Services, Cisco Systems.” *Purchasing Magazine*, January 2006.

Defining a Strategic Meetings Management Program: How Meetings Drive Business in Partnership-Focused Companies. MPI, 2005.

Driving Global Corporate Alignment in Complex Organizations. MPI, June 2006.

European Barometer of Business Tourism Confidence. IMEX, October 2006 and January 2007.

FutureWatch 2007: A Comparative Outlook on the Global Business of Meetings. MPI.

Mapping the Future of Onsite Learning. MPI, March 2007.

Redefining Global Strategy: Crossing Borders in a World Where Differences Still Matter. Pankaj Ghemawat. Harvard Business School Press, 2007.

Tenth Annual Global CEO Survey. PricewaterhouseCoopers, January 2007.

Travel Management Study 2007: A Comparison of International Trends, Costs and Planning of Business Travel, AirPlus International.

Vision 2007-12. IMEX Global Data Exchange, June 2007.



For more information on meetings management consulting, please contact:

ADVITO

1505 LBJ Freeway,
Suite 325
Dallas
Texas 75234

www.advito.com

advice@advito.com

About Advito

Advito provides travel management consulting services that guide clients through a complex travel environment. Advito's focus on consulting delivers proven value, unbiased counsel and a customized approach for every client and every engagement, together with industry expertise and access to data to drive quantifiable decision-making. Advito is headquartered in Dallas and operates in key business markets around the world. Advito is an independent operating unit of BCD Travel. For more information, visit www.advito.com.

About BCD Meetings & Incentives

BCD Meetings & Incentives, an independent operating unit of BCD Travel, operates in more than 25 countries across the Americas, Europe/Middle East/Africa (EMEA) and Asia-Pacific (APAC), with annual sales of approximately US\$250 million and a combined work force of 350 dedicated M&I employees. Its world headquarters is in Chicago, with regional hubs in San Francisco, Mexico City, London, Brussels and Singapore. BCD Meetings & Incentives is an operating unit of BCD Travel, the world's third-largest corporate travel management company. For more information, visit www.bcdmi.com.

About BCD Holdings N.V.

BCD Holdings N.V., a Dutch family-owned company founded in 1975 by John Fentener van Vlissingen, is a market leader in the travel industry and successful niche player in the financial services industry. The BCD Holdings companies are BCD Travel (global corporate travel management), Park 'N Fly (off-airport parking), TRX (travel transaction processing and data integration services), Airtrade (leisure travel) and Primary Capital (real-estate financing). The company employs approximately 14,000 people and operates in more than 90 countries with total sales, including franchising, of US\$ 13 billion. For more information, visit www.bcd-nv.com.