

Strategic Meeting Management

PMM5 Postscript™ Number 7

Background Information: In *Professional Meeting Management*®, fifth edition, Rick Binford discusses the evolution to meeting management to include the management of events through their entire life cycle. An organizational focus on improvement, accountability and cost savings can manifest itself in a strategic meeting management program (SMMP). In Chapter 6, A Strategic Perspective for Meetings Management, he:

- Discusses the impact of strategic sourcing strategies
- Explains the opportunities for best practices collaboration between procurement and meeting professionals
- Identifies the major elements of an enterprise Strategic Meeting Management Program (SMMP)
- Identifies the major elements of an effective meeting and event policy
- Discusses how to develop an initial best practices flow for organizations

PMM5 Postscript™ Use: This PMM5 Postscript™ looks at strategic sourcing from a broader perspective — outside the meeting industry. It outlines a process for successfully implementing a SMMP and covers some of the areas that meeting managers can address in a SMMP. This PMM5 Postscript™ also addresses how the end product — the meeting — may ultimately be improved through a SMMP. Finally, this PMM5 Postscript™ includes additional group discussion or research projects to supplement the PMM5 chapter.

Learner Outcomes: At the completion of this reading, you should be able to:

- Define a Strategic Meeting Management Policy (SMMP).
- Identify benefits of a SMMP.
- Describe how meetings and events came to be under the microscope.
- List a minimum of five SMMP tactics for meetings and events.
- Select several SMMP tactics that are appropriate for your organization.

Related PMM5 Chapter: Chapter 6, A Strategic Perspective for Meetings Management,
Author: Rick Binford, CMP



Elements of a Strategic Meeting Management Program

The trend of implementing a SMMP started in the 1990's under the auspices of "meeting consolidation" where the activity of meeting/event planning was moved into one centralized location. Over time, the scope expanded to include all the current areas of SMMP. Rick Binford lists the areas where a Strategic Meeting Management Program (SMMP) focuses:

- Event approval
- Meeting registration
- Sourcing and contract negotiations
- Event management
- Payment and reconciliation
- Supporting technology platform
- Data consolidation and reporting
- Return on investment assessment

The balance of his chapter in PMM5 explains how each area is impacted by a SMMP.

Benefits of a Strategic Meeting Management Program

Binford identifies the benefits to both meeting managers and their organizations of implementing a SMMP (Binford, 2006, p. 85):

- Process efficiencies
- Risk management
- Cost reduction
- Return on Investment

In addition, organizations with a SMPP accrue other benefits:

- Tight alignment with corporate strategy
- Regulatory compliance
- Bigger "bang for the meeting buck"
- Speed to market
- Successful events within budget

For many meeting managers a SMMP has required that they coordinate their meeting processes with new internal partners — primarily procurement. An organization's desire to control meeting and event spending through procurement created concern for many meeting managers. The perception of procurement as a group focused exclusively on cost reduction and the perception that procurement would treat meetings as a commodity was of top concern to meeting managers.

Over time, many people involved in a SMMP have moved from a relationship of distrust to newfound respect, cooperation and collaboration with these internal partners. Now many meeting managers no longer fear a SMMP and its implications but rather embrace the opportunity it represents for themselves and their organizations.

Broadening the View

A brief historical perspective of strategic sourcing is relevant as it offers meeting managers a context to understand the procurement movement.

Strategic sourcing and improvements in purchasing process is not new. SMMP has its roots in a supply chain management. The term supply chain management was coined in 1982 by a Booz Allen Hamilton consultant, Keith Oliver. Supply chain management is the process of planning, implementing and controlling the operations of the supply chain to best satisfy customer requirements as efficiently as possible (Wikipedia, 2007).

In a manufacturing environment (a different and in many ways more complex environment), the areas affected by supply chain management include customer relationship management, demand management, order fulfillment, manufacturing flow management, supplier relationship management, product development and returns management.

In a manufacturing environment where physical products are delivered as part of a manufacturing process, issues such as inventory management, defective goods and receipt of the physical goods all complicate the supply chain management side. Meeting managers may some day focus on some of these broader supply chain issues.

The focus on supply chain management created a more important role on the purchasing of product. Procurement was formerly known as “purchasing.” Binford makes an important point in the chapter. He notes that procurement is not a group of people or a movement rather it is a process for obtaining goods and services (Binford, 2006, p. 90).

Historically, many business people do not view their products as commodities. When procurement began creating efficiencies either through supply chain management or simply fulfilling a sourcing function, people in various organizational units were quick to point out that their service/needs were not as simple as purchasing “paper clips.” Purchasing (now procurement) started with other organizational areas before moving into meeting and event spend. Meeting managers are not the first to fear the role of procurement and probably they are not the last — for there may be other areas of spending that not yet centralized or areas representing significant organizational spend that will eventually come under procurement’s policies.

Procurement professionals in many ways share a common theme with meeting managers. When procurement was defined as “purchasing,” personnel in that area were deemed a back-office, non-strategic area of the business. Now that procurement has become a “strategic tool” the importance of these professionals has been elevated.

The First Step

The implementation of a SMMP is an exciting but lengthy process. It involves a team of people at the organization, potentially including procurement, accounts payable, meeting managers, travel managers and others. The meeting manager may not “drive” the process as a team leader; they may be a team member. Accordingly, some of the efforts identified in this next section may be assigned to a meeting manager or another person.

The project of implementing a SMMP will follow seven steps:

1. **Define the goal** — Identify what “strategic meeting management” or “strategic sourcing” or “consolidation” means to the organization. Relate the need to the overall organization’s goals. Seek alignment with overall organizational initiatives.
2. **Understand the current situation** — Document processes and collect data. Without this information it is impossible to design a better system or to document savings (time, dollars, and opportunity costs). This discovery phase is critical to success.
3. **Write a business plan** — Include information on:
 - Goals of the SMMP
 - Current state
 - Desired end state
 - Impact on overall organizational initiatives
 - Implementation stages
 - Marketing plan
 - Strategy and operating plans
 - Analysis of resources
 - Benefits:
 - Processing efficiencies
 - Risk mitigation and management
 - Cost savings/avoidance
4. **Seek management support** — If not already secure, the next step would be to gain senior management buy in and support for the goals and implementation of a SMMP.
5. **Implement** — Break the implementation into components with corresponding steps/timelines.
6. **Refine the plan** — Seek feedback and adjust the plan based upon feedback.
7. **Communicate results** — Focus on numeric results that are aligned with the organization’s overall initiatives.

With a plan in place, a meeting manager can tackle various aspects of a SMMP. The implementation of a SMMP is an involved and lengthy process. Victoria Johnson, Underwriter Laboratories advises, “Be patient and adaptable” (Johnson, 2006).

Once the discovery phase is complete and an organization supports a SMMP, a meeting manager may “attack” any numerous issues. What element comes first is a function of the organization and its priorities and will be identified in the business case. Consider these four areas:

Data and Analysis

- **Data repository issues** — Is information housed in an easily accessible system? Are current systems well suited to track meeting spend? According to *Inside Supply Management*, general procurement software tools “operate effectively for general purchases in the organization... However, the meeting planning process has several important and unique characteristics that make it more difficult for it to be supported by general e-procurement systems, such as unique sourcing and purchasing execution around event management. To optimize the spending category and reduce costs, organizations require tools that are specifically target toward meeting and conference management” (Van Decker, 2004).

- **Purchase of software** — Based upon the experience accumulating data, it may be necessary to use additional software to implement a SMMP.
- **Performing business intelligence** — With data, a meeting manager can begin to assess opportunities for a SMMP and areas for continuous improvement. Collect data on final spend, savings, budgeting, preferred supplier usage, compliance and benchmarking data.

An example of applying business intelligence would be in the area of vendors. Perhaps initially after implementing a phase of SMMP, an organization will keep many existing vendors as acceptable suppliers and after 12 -18 months evaluate which ones are being used most regularly. The use of data to perform that analysis will allow the organization to consolidate its business among the right mix of vendors.

- **Benchmarking** — Over time, a meeting manager can benchmark the SMMP's results to other like organizations. Benchmarking is vital to evaluating and communicating the program's success. Furthermore, benchmarking sets the course for continuous improvement.

Policy and Procedure

- **Defining roles and responsibilities** — What size or type of meetings are centralized and controlled through a SMMP. Many organizations have no handle on the number of meetings (or the costs associated with all meetings) in their organization. Clarifying roles and responsibilities is often the cornerstone of an effective SMMP.
- **Creating policies** — Whether voluntary or mandated, a SMMP can focus on the standardization of processes associated with meetings.
- **Setting controls and authorization levels** — An impact of Sarbanes-Oxley has required organizations to have good controls in place around purchasing limits.
- **Formal RFP/Bid process** — How venues and vendors are selected is part of a SMMP. Hotels account for 80% of meeting expenses so many organizations start first with their hotel vendors and move through the vendor base (Johnson, 2007). The analysis done in the discovery phase will direct a meeting manager's attention to the right vendors.
- **Standardizing legal agreements** — Standard terms expedite the booking process and lower internal processing costs. Standardized legal agreements also represent savings to vendors.
- **Risk management** — Without a SMMP a broad spectrum of contractual agreements probably exist for meetings and events. People may be signing contracts with little or no legal background. A SMMP can focus on:
 - Centralized contract signature
 - Defined level of signature authority (based on dollar value, risk, or a combination thereof)
 - Standard supplier contracts/addendum documents
 - Legal/audit review
 - Documented retention/storage plan
- **Vendor reward programs** — A SMMP can define the organization's policy about accruing points and who benefits from the points.

- **Meeting purchasing card** — Establishing purchasing strategies may extend to the use of a payment card for expenditures below a certain dollar amount. The standardization of a payment platform is an important method to identify and consolidate meetings spend, with the goal being the insertion of new controls, leveraging spend in vendor negotiations and managing compliance with policy and preferred supplier programs.

Centralization

- **Centralization of meeting functions (consolidation)** — One policy issue is to define the type of meetings that fall within the jurisdiction of a centralized meeting-planning department. Centralization will also focus on what elements of the planning process are centralized (i.e., site selection, legal review).
- **Selecting outsourcing model** — As appropriate, a meeting manager will choose a model that works for the organization. Outsourcing site selection is a common approach.

Vendor Programs

- **Creating preferred suppliers** — This effort consolidates volume to a group of preferred suppliers. Vendors are selected based upon services, capabilities, core values, ability to offer value-added features and price. Price is only one of the criteria on which to select preferred suppliers.
- **Setting service-level agreements (SLAs)** — A SLA is fundamental to the mutual success of the organization and the vendor. These agreements spell out levels of service and allow both sides to understand expectations. SLA are a bit like contracts – they are formal agreements detailing the minimum level of service the customer can expect, clarifying costs, but generally, are not legally enforceable. These agreements have been used successfully in the IT sector, government and increasingly, within companies.
- **Setting key performance indicators (KPIs)** — Key Performance Indicators are quantifiable measurements, agreed to beforehand, that reflect the critical factors for success. A KPI has a target or ranges, or both, to measure the improvement or deterioration in the performance of a vendor. One KPI may be the vendor's performance against the SLA.
- **Managing relationships based on data** — The creation of service level agreements and key performance indicators allows meeting managers to manage their suppliers not based upon emotion and anecdotal information ("You were late") but rather on clearly defined expectations and data. Objective accountability helps manage and improve performance when it is agreed upon and clearly defined.
- **New procurement methods** — Technology continues to evolve the way meetings are planned. For example, the use of online reverse auctions. These are fixed-duration online bidding events in which multiple suppliers compete for a buyer's business. "Reverse auctions have proven to drive pricing to true market values and have reduced negotiation time," says Donna Solazzo, Schering-Plough's manager of global strategic sourcing (Hatch, 2004).

The Evolving Future

The creation of preferred suppliers in a supply chain management scenario has created several benefits that may actually play out in the meeting and hospitality industry. Perhaps some of the benefits wrought in other business environment will also appear in the meeting industry. Consider the possibilities:

Speed to deliver — Meeting managers unite with preferred suppliers to create a better product (meeting) faster and more cheaply. In manufacturing, new levels of cooperation exist to improve the speed in which products are manufactured. In the meeting industry, all parties (in the supply chain) have experienced a reduction in lead times. Consider how preferred suppliers can help the time required to manufacture a meeting. Daphne Meyer is quoted in "Membership Has Its Privileges" as saying, "I can look at a vendor (in the preferred program) and they know what I need. Everyone is headed in the same direction" (Hill, 2007).

Ability to create the "product of the future" — In other areas of business there is a huge focus on reducing time to market for new products. As product life cycles shorten, the appropriate products must be developed and successfully launched in ever shorter time-schedules for the organization to remain competitive. Meetings have the characteristic of being creative and more variable than a typical product that is manufactured. However, a person only need to walk through their grocery store to see the many differences (dubbed product extensions) that exist in things like toothbrushes, shampoos and laundry detergent. In the consumer goods world, companies work with suppliers and customers to identify customer-articulated needs, select the "right" materials all with the aim of developing the best new product. Again, the use of preferred suppliers may facilitate more creativity and ultimately a better meeting.

New levels of investment — By taking advantage of supplier capabilities and emphasizing a long-term supply chain perspective, preferred suppliers may be willing to make investments for a customer in support of the relationship. Just as exclusive supplier relationships in the hospitality industry (e.g., at convention centers) allow suppliers to make investment in infrastructure and capital improvements, it is possible that preferred suppliers will make similar investments.

Strategic vendor meetings — Such meetings help explain policies and procedures, clarify expectations, answer questions and review organizational issues such as financial objectives. Deanna Blood good, sourcing specialist in ING's strategic sourcing department explains the value of such meetings, "They (suppliers) get a big picture of ING, a better understanding of who we are. We also can address any challenges — for example, with regard to contract language. [The meeting] strengthens the relationship a lot, and signifies that they are important to us." (Hall, 2007).

Globalization — Supply chain management was worked its way through domestic suppliers. Foreign suppliers create another set of challenges. Distance, sharing real-time data and differences in business processes all make it more difficult and risky to do business overseas. The same is true for meetings. Differences in language, terminology and accepted business practices make it more difficult to plan an overseas meeting. Standardization through a SMMP will help reduce the uncertainty that exists in international meetings. This trend is already happening. In September 2007, the Association of Corporate Travel Executives (ACTE) will offer an education session titled, "Strategic Meetings Management: The Global Enterprise" with the program described as: "Strategic meetings management is venturing outside of the regional scope as managers of meetings services are taking this initiative globally." Major corporations, like Cisco and Eli Lilly, are already moving into non-US markets with their SMMP.

These future trends represent new opportunities for meeting managers and their organizations.

Summary

A Strategic Meeting Management Program can yield impressive benefits for meeting managers and their organizations. On the numeric side, strategic meetings management programs can often yield a reduction in meeting spend of 10 - 18%. In addition, a SMMP offers additional benefits including:

- Creating standardized policies
- Addressing issues like risk management, quality
- Reducing contract liabilities
- Avoiding costs
- Aligning and supporting overall organizational initiatives

Finally, the author maintains that the ultimate product – the meeting – can see improvements as suppliers work with meeting managers to deliver a better result.

These benefits work for the organization as well as for the meeting manager. The process of being involved in or a catalyst for a SMMP can produce visibility, recognition and value for the career of a meeting manager.

Group Discussion or Projects

1. How can a SMMP improve a situation where suppliers are operating a less-than-stable environment? For example, today's airline industry is fraught with mergers, financial uncertainty and labor challenges. Or the changing ownership of hotels? How does a SMMP help an organization when dealing with suppliers?
2. Meeting consolidation is often an important step in SMMP. Do you feel that an organization should first collect data first to drive its meeting consolidation effort or consolidate meetings to collect data? What are the pros and cons of each approach?
3. How does legislation like Sarbanes-Oxley affect a SMMP?
4. How can a SMMP help an organization benchmark?
5. As a meeting manager, what steps of a needs assessment are you interested in having input in?

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