DEFINING THE POWER OF MEETINGS®

The Power of Partnership: Capitalizing on the Collaborative Efforts of Strategic Meeting Professionals and Procurement Departments

A Position Paper from Meeting Professionals International's Global Corporate Circle of Excellence

SETTING THE SCENE

The global business environment is evolving significantly due to a renewed emphasis on accountability, cost consciousness, privacy acts, consolidation and more. In today's global meetings industry, planners and suppliers must employ broader business strategies in order to excel – or even to survive. Planners – it's no longer acceptable to focus solely on logistics or fail to adequately measure a meeting's success. Suppliers – it's not good enough to simply provide a product or to do business based on relationships alone.

The new reality? You must become fluent in the language of business, adapt to how business is evolving and articulate the value of meetings to all levels of senior stakeholders. You must understand the concept of strategic meetings management and learn the benefits of proactively partnering with procurement professionals and others to drive your organization's bottom line.

Having a strategic meetings management program has been considered an excellent business practice for years. It's not about defending or protecting your position in relation to procurement or the senior stakeholders; it's about demonstrating what you can do and how you're delivering and increasing your strategic value to your organization.

Members of MPI's Global Corporate Circle of Excellence convened in October 2004 to develop this position paper designed to help all meeting professionals (not only corporate planners) understand the opportunities available to increase their values to their businesses. It is supplemented by a glossary of terms and an MPIWeb toolkit with indispensable resources for enhancing their values to their organizations.

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The first in a series of position papers, this report sets the scene for the changing business environment and meetings industry, reveals how planners and suppliers can benefit from proactively forming relationships with procurement departments (or in smaller organizations perhaps the chief financial officer), and provides career positioning strategies that can be implemented immediately.

If you do have a seat at the executive table, this report serves as a reminder of what's required to stay there. If you are unfamiliar with terms such as procurement or strategic meetings management, this report demands that you get up to speed quickly and empowers you with the knowledge you need to succeed. The new paradigm is already here, and MPI is prepared to help you embrace this fundamental shift in how to do business.

WHAT IT MEANS FOR PLANNERS

Procurement departments have existed for decades, but only recently have they gained higher levels of influence across organizations. Executives who once viewed procurement as only a tactical support function now clearly embrace its strategic role in bolstering bottom-line results. In today's increasingly cost-conscious companies, these departments guide and shape purchasing decisions and contracting procedures, reducing costs through volume discounts from preferred suppliers and by tracking payments more effectively. And they now do this throughout their organizations, meaning meeting professionals – who had operated outside procurement's view – are no longer exempt from the process. If your work group isn't actively involved with the procurement process now, it probably will be, and you must be prepared to embrace that reality. Now is the time to take the initiative in developing strategies and making contact with procurement to discuss how you can work together.

Importantly, the implications of this report apply to all meeting planners – including corporate, association and independent – because issues such as cost containment, leveraging spend and the establishment of best practices are relevant to professionals throughout the global meetings industry. All planners have stakeholders to whom they must prove their value and demonstrate a meeting's success.

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Corporate planners, however, often face additional scrutiny due to stricter regulatory environments (such as the impact of the Sarbanes-Oxley corporate governance law in the United States and Safe Harbor in the European Union; see glossary for details). Additionally many of those planners are parts of larger, complex enterprises that require collaboration across multiple departments to achieve an organization's strategic goals.

Planners (who may be perceived as resistant to change), realize you cannot avoid or circumvent procurement departments. This will work against you if you continually latch onto a silo mentality. Procurement officers and meeting managers (planners) must partner in order to learn to leverage both groups' expertise for the good of the business. Your objective should be to demonstrate your value as a complement to the core competencies facilitated by your procurement colleagues. Such a partnership is not a threat; it's an opportunity.

The strategic meeting planner's role is to become an indispensable business partner for all stakeholders, internal and external. Logistics will always be important, but you must now think about strategic goals, measuring spend, measuring quality and reporting. Ultimately, it's about strategic meetings management and proving your value to decision-makers.

How does this work in everyday practice? While the procurement professional can be an enabler to the decision-making process, the meeting professional remains the key decision-maker who orchestrates the complex buying. Thus, a meeting professional's most critical job is to educate – providing "intellectual capital" in the process of bridging the gap between commoditization and complex value purchasing.

The widely accepted commodity buying – for example, rates, dates and space - differs from the complex purchasing executed by meeting professionals. For a meeting professional, assessments are more qualitative and may involve making a set of customized purchasing decisions specific to each meeting. As an example, a room that costs US$100 in Arizona in July is not the same US$100 room in Arizona in January. Also, it is critical to remember cultural differences – planning a meeting in England is not the same as planning a meeting in China.

Paramount to a planner are achieving a meeting's objectives and synergizing those objectives with the organization's mission.

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The quantitative and qualitative assessments should not be mutually exclusive, however. The power of the partnerships among planners, travel and procurement lie in the acknowledgment that successful meetings include purchases of tangible and intangible goods and services. Together, planners and procurement make each other look good and help the company to maximize value.

This relationship between the two departments leads to streamlined processes and vendor choices that are in both parties' best interests. If planners and procurement officials understand that both sides provide unique skills and expertise, the two can collaborate most effectively, resulting in a win/win situation for both departments and, more importantly, for their organization.

Standardization of contract language is one critical component of a strategic meetings program. It minimizes risk and allows more time for planners to address meeting-specific concessions, as well as achieving a meeting's objectives, because they spend little or no time reviewing contract language.

Another key component is the establishment of preferred vendors through a standard RFP process. Procurement officials often seek single- or limited-vendor solutions, and meeting professionals need to participate in this process by recommending existing or new vendors who deliver both financial savings and high-quality performance.

Establishing preferred vendors, however, is not a one-time event. Partnering with procurement and going out to bid regularly is a best practice no matter how superlative the service you've received from your existing vendor. (However, bidding too frequently can be as risky as not bidding often enough. Frequency of bidding will vary by organization.) The bid process compels your preferred vendors to assess their own quality of service. And if they're the best providers, they have little to fear because they're likely to continue to secure the business.

For planners not yet working within a strategic meetings program, now is the time to develop one in conjunction with a procurement officer. You have to be proactive; the next section (see Key Career Positioning Strategies) provides strategies that you can implement immediately. If you already have a program, think about process improvement and educating others about its value.

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WHAT IT MEANS FOR SUPPLIERS

With the increased involvement of procurement departments in meetings management, suppliers are understandably concerned that established relationships with planners will no longer matter even though meetings are an inherently relationship-driven business. Deals aren't made on handshakes anymore; suppliers must continually show their value to planners and their stakeholders.

The renewed emphasis on preferred-vendor processes presents advantages and challenges for suppliers. On one hand, vendors who previously didn't have their feet in the door now have a chance to get in as a preferred vendor. Streamlining and standardizing contract and RFP processes allow new suppliers to engage organizations and seek the business.

Meanwhile, suppliers with existing business relationships face the challenge of continuing to prove their value. While the establishment of new preferred-vendor relationships will likely involve planners' input, even those suppliers who thus far have had successful, long-standing relationships with those planners will still need to prove their value through cost containment and high performance service levels. Benchmarking research will allow specific suppliers to assess how they compare with competitors in the marketplace, so that areas for improvement can be addressed in order to remain competitive.

Suppliers cannot simply rely on previously established relationships to secure future business; they must evolve strategically along with the planners they serve. It may be a long process to start, but once the preferred vendor relationships are established, the future events take less time to manage. To become preferred vendors suppliers must be able to quantify their benefits – a definite advantage for suppliers who can do that and, thus, stand out among planners seeking preferred providers.

For suppliers identified as preferred vendors, resource management is an increasingly pivotal issue. Once established as preferred, a supplier often can't turn down a company's business, which means it must have the breadth and depth to accommodate one meeting … or up to 10 or more at the same time. Increasingly, some suppliers contract out business to retain preferred-vendor status.

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Because procurement officials are often looking for single-vendor solutions, smaller, niche suppliers may find themselves excluded from the RFP process. “Co-opetition” may help, though, by bundling services of a network of smaller suppliers into one entity. These smaller, niche suppliers must continue to prove their intrinsic value and get on procurement’s radar or form a co-opetive alliance with other suppliers.

Similarly, becoming a contractor to a preferred vendor lets a smaller supplier operate through the “back door” and allows planners to use smaller, more specialized services without having to alter their current contractual arrangements with preferred suppliers. This means that small suppliers have a new market – larger vendors who have successfully become preferred suppliers. Examples of this currently are (for planners) speakers bureaus and (for suppliers) coalitions of hotels.

Ultimately, the only suppliers who “lose” under this evolving planner/procurement business model are those who fail to understand and accept this new paradigm. Relationships are still essential to securing and keeping business, but awareness of planners’ changing approaches is critical as well to position your business appropriately.

KEY CAREER POSITIONING STRATEGIES

The strictly logistical nature of meeting planning – dates, rates, space – remains critical because great ideas are nothing if they’re poorly executed. Ultimately, however, the logistical side is only a component of the meeting profession, not the outcome.

Planners – if you are already executing a successful strategic meetings management program in your company, then you should be thinking about process improvement and ways to boost efficiencies. If you’re not involved in these practices, then choose one or two elements and begin executing against them. Don’t assume that your “C-level” executives (chief executive officer, chief financial officer, chief marketing officer, etc.) have the complete, accurate, data-driven snapshot of the work you do and the fundamental value you bring to your organization. It is part of your job to give them the tools and information they need to assess your value and your strategic significance to your organization. Make reporting something you do monthly or quarterly, but continually include measurements in your day-to-day activities.

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Planners must be proactive in pursuing career-positioning objectives to achieve and maintain strategic roles in their organizations and seats at their executive tables. Increasingly paramount among these objectives is cultivating alliances with other indispensable internal partners – such as procurement, legal and travel managers – to establish and ultimately exceed organizational goals. These alliances will ultimately benefit more participants in the supply chain at less cost.

Planners' Career-Positioning Objectives

- Leverage your knowledge, experience, data and education to develop a strategic meetings program that aligns with the overall goals of the organization and choose the best model for your organization. One model does not fit all.
- Understand and embrace your organization's strategic mission, culture and what your role is in accomplishing these goals. Then continually educate your team and others in the organization as to how your role adds value to meeting objectives. Understand the procurement department's goals and objectives.
- Track strategic meeting management department performance and report the results/metrics to procurement departments, which will look for spend, savings and results as they relate to your organization's core competencies. (Include cost savings, ROI, annual meeting spend, number of meetings, current vendor list and annual spend per vendor, savings year over year, number of internal clients, performance measures and customer/stakeholder satisfaction among your areas of measurement.) If possible, benchmark how you compare to other companies and reveal how to save money, maximize process efficiencies and bolster productivity.
- Research synergies with the travel department where you can find cost avoidance/savings areas (e.g., group travel discounts and using preferred hotels for meeting locations).
- Eliminate the silo mentality; cooperate and collaborate to capitalize on others' core competencies for mutual benefit. Initiate and develop strategic alliances with other indispensable business partners in your organization – such as procurement, travel, legal, finance, marketing and sales – to establish and exceed goals. These alliances benefit all in the supply chain by providing many benefits such as lower costs and help everyone to do more with less.

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- Take a "data snapshot" to better understand the culture and landscape of your company in relation to meetings. Consider your organization's mission first, and then leverage that knowledge against your strategic development of meetings and events. This understanding will drive collaboration with procurement executives and other business partners.
- Do not merely speak the language of your company's industry; speak the language of business. Know your stakeholders and how to optimally deliver your message to them.
- Develop and manage preferred supplier relationships in context of evolving supply chain management.
- Establish relationships with executives to understand their vision of meetings in helping to achieve organizational goals.

Suppliers – it's imperative that you understand the fundamental shift in how planners are doing business and that you adjust your business models accordingly. Traditional methods of cultivating and keeping planners' business will no longer suffice.

Suppliers' Career-Positioning Objectives

- Evolve strategically along with the planners you serve rather than relying on previously established relationships to secure future business. The more contemporary your relationship with a planner whose job is evolving to involve larger business issues including procurement, the more likely you will serve that planner better in a new RFP process.
- Continually articulate or demonstrate how you are inherently different and valuable to a planner and/or organization beyond just the cost of your service. Focus on how you can help an organization fulfill its strategic meeting objectives through your services.
- Understand the fundamental changes in how organizations are doing business in more stringent regulatory environments. Many planners have strict rules regarding how often they can accept gifts (and of what value), travel on FAMs, or receive other amenities. With Sarbanes-Oxley and other legal changes, these limitations are becoming more widely enforced.

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- If you have achieved an established preferred-vendor relationship with an organization, don't rest on your laurels. You must continue to indicate increasing value because companies are going out to bid more frequently in search of better performance, service and pricing.
- Be more flexible in your negotiations. Parameters are built into standardized contracts, and planners often can work only within those parameters.
- Provide reports to your planner clients (on services you provide) that will enhance their own reporting. Talk to your clients to ascertain the best way to measure and deliver these reports.
- If you are a smaller supplier, consider bundling services ("co-opetition") with other suppliers to ensure participation in the RFP selection process. Procurement officials are often looking for single-vendor solutions, which may exclude niche suppliers.
- Small suppliers, especially those with specialized services, may also want to target preferred suppliers as potential clients.
- Suppliers should be flexible in the alignment of their sales forces to meet this shifting paradigm. With the convergence of travel, meetings and procurement, it becomes challenging to assign resources geographically. Also, as organizations attempt to better leverage the enterprise-wide meeting-related spend, it is likely that we will need to hold one person/office accountable for the corporate level account, which can run contrary to the legacy account representation of many representatives calling on many planners within one company.

Planners <u>and</u> suppliers – if you think what you have been doing all along to keep your job is enough, think again. Because the global meetings industry continues to change along with the world of business, you must be proactive in working with procurement, legal, travel and other strategic alliance partners to facilitate better business. You must know your organization's strategic objectives, measure and report spend, maximize process efficiencies and deliver value to succeed as the global meetings industry changes along with the world of business.

Through this series of position papers, as well as resources on MPIWeb and at international conferences, MPI aims to empower you with the tools and best practices you can employ to increase your strategic value and stay ahead in the ever-changing business world.

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MPI staff and members of the association's Global Corporate Circle of Excellence produced this paper, but opinions herein do not necessarily reflect those of individual members involved or the companies/organizations they work for/represent. A procurement toolkit – including a procurement glossary of terms, sample business plans, and more – is available on MPI's Web site at ***www.gccoe.mpiweb.org****. Send questions or feedback about this report to* *gccoe@mpiweb.org*.

About MPI
Established in 1972, Meeting Professionals International is the largest association for the meetings profession with more than 19,000 members in 66 chapters and clubs. As the global authority and resource for the $102.3 billion meetings and event industry, MPI empowers meeting professionals to increase their strategic value through education; clearly defined career pathways via a curriculum and professional development; and business growth opportunities. Its strategic plan, *Pathways to Excellence*, is designed to elevate the role of meetings in business via: creating professional development levels to evolve member careers to positions of strategic understanding and influence; influencing executives about the value of meetings; and intensifying supplier business opportunities.

This position paper is one of many deliverables that support objectives in MPI's strategic plan, *Pathways to Excellence*, launched in 2003 to elevate the role of meetings in business.

Since the plan's launch, MPI has gathered a body of knowledge and delivered tools to help members increase their strategic value and influence executives about the value of meetings. Some of these tools include education tracks on Business Skills for Life and Influencing Executives, a Career Pathways initiative, strategic research agenda, The ROI Summit, sessions on procurement trends, profiles in *The Meeting Professional* about meeting planners that have achieved a seat at the executive table, an ROI Platinum Series backed by Jack Phillips ROI Methodology, and more.

Procurement officers highlighted in this paper represent just some of many senior stakeholders that meeting professionals must convince of the value of meetings. As MPI executes its strategic plan, it will continue to educate the industry on the latest trends and empower members with data and tools needed to help make meetings a critical part of every organization's success.

To learn more, visit **www.mpiweb.org**.

Appendix I: Global Corporate Circle of Excellence Members
Appendix II: Position Paper Task Force Members
Appendix III: Global Corporate Circle of Excellence Glossary of Terms

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Appendix I:

2004-2005 MPI Global Corporate Circle of Excellence Members

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Glossary of Terms

Global Corporate Circle of Excellence

AsiaPac: Refers to the Asia Pacific geographic region, a diverse area comprising Australia, Japan, the Federated States of Micronesia, Indonesia, China, Papua New Guinea and the Solomon Islands.

C-level (C"X"O): Refers to all of the management in an organization that has operating authority, usually at the "Chief" level; therefore, Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operating Officer (COO), etc. This is often referred to as C"X"O, with the "X" representing a variable in the title such as Executive, Operating, Information or Financial.

C-procurement: Focusing on collaborative relationships among parts of the organization (for example, planning, procurement and the supply chain) that offer efficient purchasing methods with a decision-making framework supporting the organization's strategic goals other than simple cost reduction. This process recognizes the difference between cost and value and between simple commodity and complex services. It depends on integration of knowledge and services within an organization's structure to increase return on investment and the achievement of strategic goals. This is a "process meets intelligence" strategy.

Canadian Privacy Act: Known officially as the Privacy Act/Personal Information Protection and Electronic Documents Act, it has been in full effect since January 1, 2004. It is a law that sets out the ground rules for the collection, use and disclosure of personal information in the course of commercial activities. It balances an individual's right to privacy with an organization's needs for personal information for legitimate business purposes.

Centralization: A gathering of control under a single entity, department or group. Used as a synonym for *consolidation*.

Consolidation: Combining processes, products or services under a single supervisory entity, such as a Finance Group.

Continuous Risk Management: A continual process of assessing what can go wrong, prioritizing those elements that must be dealt with and implementing strategies to do so.

Co-opetition: Coming from the combination of the words cooperation and competition, this involves cooperation with suppliers, customers and competitors to expand the market and create new business relationships. This may be used by small suppliers and/or independents in today's procurement and strategic sourcing environment, or by larger entities that may cooperate in one area while remaining competitors in another.

Commodity: An item, product, or service that is in demand and has the ability to be sold.

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Complex Buy: Buying a commodity that may be qualified or rated in relation to other products, specific desired outcomes, organizational strategic objectives/values and/or specific product knowledge, using a body of knowledge and experience as the reference model. This process takes into account the organization's values, strategic objectives and human-resource expertise throughout the buying process to create the best value solution (as opposed to lowest cost).

Cost Avoidance: An action that is designed to prevent or decrease costs.

Cost Control: A system of keeping expenses within budgeted amounts for completion of a project.

Cost Savings: An action that results in savings on a current budgeted project, service or product.

CRM: See Customer Resources Management.

Customer Resources Management (CRM): Management of customer information.

C"X"O: See C-level.

EMEA: A geographic region comprising Europe, the Middle East and Africa.

E-procurement: A method of interacting with suppliers electronically with the goal of purchasing their products or services. It may involve the use of a collection of searchable preferred supplier catalogues, constructed to capture volume discounts and to make tracking and payment more efficient and less costly.

Enterprise Resource Management (ERM): Indicates management of the entire organization, including human resources, information resources and exchange, the supply chain and internal departmental processes. Sometimes used synonymously with Supply Chain Management, though it is larger in scope.

ERM: See Enterprise Resource Management.

Paradigm: A conceptual framework that serves as a pattern or model.

Paradigm Shift: A change in an accepted model or framework that may result from a change of perception, new knowledge or new technology.

Performance Service Levels: What is being contracted for in a Service Level Agreement (See Service Level Agreement), which will vary by need, budget or other factors.

Preferred Vendor/Preferred Supplier: A "vendor" is an organization that supplies a required good or service for profit. A "preferred vendor" is a vendor that has been approved to sell its goods or service, by your organization's accounting, management or procurement department, as it represents a good value and service/product match for the needs of your organization. A preferred vendor is often the only one that will be approved for use, with a pre-set payment process in the accounting department. (See Single-Solution Vendor.)

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Procurement: Simply, “to procure” means to get possession of something. In today’s organizations, a procurement department is there to guide purchasing decisions efficiently, often with the goal of cost reduction through volume discounts from preferred suppliers and more efficient tracking of payments.

Request For Proposal (RFP) Process: A Request for Proposal (RFP) is a document issued to potential suppliers that outlines what products and services are required by your organization or what your organization needs to achieve, leaving specific solutions up to the supplier to suggest. Business is generally awarded to the supplier that responds with the most advantageous (based on value provided) proposal that meets or exceeds the needs defined.

RFP: See Request for Proposal Process.

Risk Aversion: Although there are mathematical “risk aversion” models presented as part of economic theory, “risk aversion” may be described as the level of tolerance an organization has for specific negative outcomes relating to their business performance. If an organization has a high level of risk aversion (aversion = avoidance), then it will be conservative in its policies and limit its exposure to those activities that might harm business performance.

Risk Management: A process that manages the identification, measurement, control and minimization of risks in an organization to a level that aligns with the value of the assets protected. It is the realization that future events may cause negative effects to an organization.

Safe Harbor: This framework is a response to The European Commission’s directive on data protection that went into effect in October 1998, and which is binding on all European Union member nations. The directive prohibits the transfer of personal data to non-European Union nations that do not meet the standard for privacy protection. Because the approach to privacy protection is different in the United States than in Europe, the Safe Harbor framework was created to facilitate a continuation of business exchange without non-European nations facing a disruption of business and prosecution. It is voluntary to certify under Safe Harbor, but it provides a variety of benefits. There are seven principles that must be complied with under the framework: Notice, Choice, Onward Transfer (Third-Party Transfers), Access, Security, Data Integrity and Enforcement.

Sarbanes-Oxley (SOX): Signed into law on July 30, 2002, in the United States, Sarbanes-Oxley legislation, also known as SOX, is largely a response to several large corporate accounting crises, specifically Enron. It regulates boards of directors of corporations and establishes standards for auditing, budgeting, an independent review process, financial reporting, ethics, conflict of interest, insider trading, disclosure and fraud accountability. It is currently not applicable to non-profit organizations, but is applied to foreign companies operating inside the United States.

Service Level Agreement (SLA): A contract defining the performance required for money paid. Measurements of performance are typically built in and will vary based on value-added elements that increase with the amount of compensation received.

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Silo Mentality: A silo is a structure designed to safeguard its contents from outside contamination. A silo mentality is a state of operating in which people are resistant to new ideas or working with other people or departments to share information. This is perceived as a negative state and as the opposite of a cross-functional, collaborative team.

Single-Vendor Solution: Sometimes used synonymously with Preferred Vendor, a single-vendor solution addresses all of your organization's needs, without going to more than one product provider. In today's environment of company mergers, complex processes, new technology innovations and specialized niche services, a single-vendor solution may not be appropriate for certain services such as technology. The benefits of having a single vendor include ease of accounting, tracking and payment; less beneficial aspects include loss of those services or products that may directly meet an organization's needs.

SLA: See Service Level Agreement.

Stakeholder: Any person or organization that has an interest in the outcome, profitability or success of an endeavor. These can be shareholders, members, employees, colleagues and/or customers.

SOX: See Sarbanes-Oxley.

Strategic Sourcing: A method of procurement that uses a high degree of supplier collaboration. It may involve outsourcing components of an organization's services to create cost and process efficiencies, enhance knowledge or gain access to the appropriate technology.

Supply Chain: A conceptual framework that maps organizational processes in place to create, manage and distribute products and/or services. This term comes from manufacturing. For example, the supply chain could consist of: harvest a tree, make into cardboard, build box, send box to be filled, fill box, send to buyer, etc.

Supply Chain Management: The process in place that monitors and controls the functioning of the supply chain, often with the goals of cost reduction and creation of efficiencies.

TCO: See Total Cost.

Total Cost: The total money, time and resources associated with a purchase or activity. This is often called TCO, or the Total Cost of Ownership.

Value: vs. Cost: The recognition that the best value does not always mean the lowest cost. Instead, "value" takes into account an organization's values and strategic objectives when analyzing the most appropriate product or service.

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