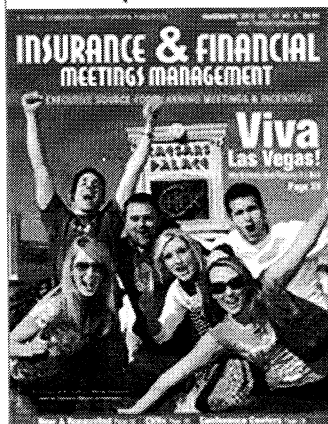


# INSURANCE & FINANCIAL MEETINGS MANAGEMENT

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# The Great **BUDGET** Balancing Act

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By Cynthia Kincaid

The Great Recession of 2009 took its toll on the meeting planning industry, and 2010 is turning out to be only marginally better. Still, companies will be planning and hosting meetings, but they will do so in a measured way. Meeting planners will need to be extremely budget conscious, by doing more with less, keeping costs down, and adding as much value as possible.

"Clients are scrutinizing every line item, and planners need to, now more than ever, demonstrate our value," said April Mescher, executive director of travel for Dayton, OH-based Excellence in Motivation. "We believe that there is a way to align business objectives and watch the budget, while remaining competitive in the marketplace."

### Manage Exposure

The economic downturn pushed many companies to scale back in terms of conspicuous glitz, for reasons both monetary and the possible impact on the corporate image. As a result, organizations more and more want to give the impression of being sensitive to today's economic climate by bringing more austerity into their meeting plans. This can be good news for meeting planners, especially those on a tight budget.

"Some people are avoiding obvious luxury in every way," said Jan Hennessey, CMP, CMM, director of Jan Hennessey Events LLC in Berkeley, CA, and vice president of communications for Financial & Insurance Conference Planners (FICP). "There are some hotel chains that fall just below high luxury, and they are a very good choice for planners right now."

Hennessey pointed out that the negative media from institutions throwing lavish parties during the economic recession has made companies more aware of the image they are projecting when holding offsite meetings and conferences. "It's not about the real cost, it's about the image," she said. "Don't [advertise] your company logo or company name. Protect your executives and your company from unnecessary exposure."

### Negotiate For Value

The desire for functional, yet less flashy, meetings means planners can negotiate for what they want and still get the meeting they need, especially since room rates, conference rooms, and food and beverage prices have never been more attractive.

"There are all kinds of things that are negotiable right now," Hennessey said. "You can negotiate very low attrition rates. You can negotiate higher cost ratios. I'm not sure that will last when the pendulum swings."



Mescher agreed. "Clients are looking for the best value, and in value, I mean cheap," she said. "The vendors and suppliers I'm talking with right now have rock-bottom rates for the coming year. They need heads in beds."



Still, Mescher cautioned that cutting things too deeply can give the impression of an event that's too cheap. "I think organizations need to watch the perception of the rock-bottom deal," she said. "You should always have an ROI, but the things that you can't measure and track is the experience when you are at some of these luxury properties, with their great personalized service." So a balance is called for.

Craig Baker, sales manager for J. Spargo & Associates in Fairfax, VA, also cautioned that room rates are now about as low as they can go, so planners may need to negotiate for lower rates in other areas.

"They can't negotiate too much more on room rate," he said. "Once [a property] negotiates a low rate, they are going to be stuck there, and it's very difficult to get back to where they need to be to function at the level they want."

So booking these low room rates today can save big money in the coming years. "There can be a \$100 difference in room rates between 2010 and 2011," said Mescher.

Negotiating and booking early also can help avoid the inevitable rush when things do pick up. "Most people I know inside companies are putting everything on hold until next year," said Hennessey. "I think there's going to be a lot of short-term bookings and scrambling when things start coming back."

## Rediscover Your Backyard

Keeping a meeting local can be a great way to hold a budget-conscious meeting. Over the past few years, many hotels and conferences centers in North America have been newly renovated, adding new restaurants and other amenities for reasonable rates. "Instead of doing one big trip, some of our clients have broken up trips regionally, so people can drive to places or fly within their region," said Mescher.

Booking second-tier cities can also be an inexpensive way to hold a memorable meeting. Better yet, holding a more local meeting, but building the theme around ecotourism or a philanthropic event can add a richer dimension to the meeting, while also enhancing the organization's image, especially if the media takes notice.

## Cruising To Savings

Conversely, holding a meeting in an exotic destination can sometimes be more affordable than holding one domestically, particularly on a cruise. "There are a lot of budget controls with cruises," said Mescher. "You can buy cruises with U.S. dollars but still have the European experience, and many cruises take participants to multiple destinations for one price."



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Executive Director Travel  
Excellence in Motivation  
Dayton, OH**

Hennessey couldn't agree more. "Cruising is a good way to know what a meeting is going to cost because most of them are all-inclusive," she said. "So it's easier to plan and stay within a budget."

Baker finds the current starting point for cruise prices to be the lowest he's seen in awhile. "They have to come down on their profit margins, or it's going to be an empty half of the ship," he said. "And that's not good for business."

Mexico and Canada are also offering tax-free group packages to entice U.S. companies to hold their meetings within these countries. "The larger your group, the more you're going to save when it comes to the tax," he said.

## A Variety Of Other Savings

With so much economic uncertainty, new travel and accommodation deals are occurring all the time, so it's a good idea to stay in contact with your vendors, suppliers and partners. "If you're not in constant communication with what's happening with your vendors and continuing to communicate with them, you're not going to know about these types of deals," Mescher said.

There are a myriad of ways to save on the meetings themselves today, including buying food and drink on consumption, using cash bars and closing them earlier, and serving dessert during the afternoon food break, instead of lunch.

"Only pay for the items that your guests are consuming," said Mescher. "If they are making you buy at package pricing, ask the vendor what formula is being used. Do an analysis of where the money is being spent."

All-inclusive meetings are also gaining in popularity, especially at hotels and conferences centers.

"You can plan out all of your costs up front," Mescher adds. "It gives guests the freedom to eat and drink, and not have to pull out their wallets. And it lets planners have control, so there's not a lot of surprises once you get onsite."

Pay attention to exchange rates and try to lock in packages using guaranteed exchange rates. "If you set your deposits early, then you are not affected by inflation and currency fluctuations," Mescher said.

Meeting setup can be costly and time-consuming. To avoid this, Hennessey has used piggybacking onto a previous meeting to be very effective. "I talked the client preceding me into using most of my gear," she said. "When she moved out, my show was ready to go. She saved a bundle and I did, too."

You can also request to piggyback on food by having the hotel make additional food and desserts for you at a reduced price. "There are many ways to piggyback onto other planner's events," said Hennessey.

Use student interns from local colleges to help with registration and other administrative tasks. This can save money, while also allowing them to earn college credit, so everyone wins.

For creative ambience, disassemble and reassemble table and room décor, and look for offsite and evening venues that are already decorated, such as art museums, theaters and clubs. "You can reuse flowers for every single meal you have," said Hennessey.

## Eliminating Costs

Eliminating or cutting back on unnecessary items and procedures can also save money. "People get used to having something in their room at night, but do they need something every night?" Mescher asks. "Could there be just one thing?"

While you may not want to cut out entertainment for your meeting entirely, thinking strategically about booking speakers can save a lot of money. "Speakers are now more flexible on their rates," said Baker. He recommended using local speaking talent, rather than flying in speakers from other parts of the country. "Flying in your speaker and putting them up at a hotel adds up."

Also consider eliminating giveaways altogether. Most meeting attendees won't really miss having a backpack full of literature and gizmos, especially with the current economy.

"You can also save money on shipping by not shipping things back," said Hennessey. "If you are out of town or out of the country, donate your supplies instead of incurring the incredible cost of shipping big boxes."

And consider offering meeting notes online, instead of printing expensive packets of information. At the end of the meeting, give attendees a flash drive of all the information.

## Bide Your Time

In meeting planning, like in comedy, timing is everything. And smart planners should cast a critical eye on date patterns, hot dates and multi-year agreements. "The more flexible you can be, the more money you can save," Hennessey said. "If you can book farther in advance, and sign multiyear contracts right now, you can do well."

She acknowledged that companies are hesitant to make long-term decisions in an uncertain economic climate. However, those who do can save a lot of money. "If companies can fit into a particular hole that a particular hotel or resort has, they can also really save money," Hennessey added. "And right now, there is a lot of availability."

Baker reminds planners that there are parts of the year where resorts are quite affordable. "You can have your event at a high-end place without the high-end cost," he said. "You can have something at a big convention center a week after a holiday and save yourself 40 to 50 percent over what you would pay a week or two before that time frame."

Now is also a terrific time to lock in multiyear contracts. Baker sees the travel and leisure industry predicting a 2 to 6 percent loss of revenue in 2010, with a rebound coming sometime in the fourth quarter. "This is clearly a great time to jump on multiyear contracts," he said. "We are renegotiating contracts and extending them."

Hennessey urges planners to do the same. "Companies would be well advised to get rates, food and beverage locked in," she said. "You can negotiate and get these things locked in now. When business gets going again, that won't be true."

Mescher warned, however, to carefully read and understand cancellation policies and penalties for changes, especially for multiyear contracts. "You have so many things now to consider," she said. She cited H1N1 health advisories and weather as just two examples. "It's not just about room rates and meeting space anymore," she said. "Companies are really looking at the cancellation and attrition policies. Organizations are not going to accept the fact that they have to outlay cash way in advance, without having the opportunity to cancel portions of the trip throughout the course of the planning



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Berkeley, CA**

process.”

### **The Way Of The Future**

Most planners understand that this recession was a game changer, and the ways of doing business are also going to be forever changed. “We can’t operate in the way we’ve operated in the past, so planning in the future is going to be about communication and listening to what your client really needs,” said Mescher.

She does believe, however, that things will eventually pick up. “It will be a year or two of companies trying to handle everything on their own,” she said, “and then it will go back to, ‘Hey can you help me with this? And ‘Can you do a little bit more of that?’ I do think there is a silver lining in all of this.”

Hennessey sees the same thing. “I know internal corporate planners that have nothing on the books for 2010,” she said. “But the staff is still there, and that tells me that meetings are going to come back. Companies are just waiting for the calendar to turn.”

Those planners who offer value now, by delivering innovative and cost-effective meetings, will be in a prime position to take advantage of the uptick.

Said Mescher: “The planners that remain flexible, communicate their value and highlight what they bring to the table, are going to be the ones who weather the storm.” **I&FMM**

## **Budget Checklist**

Today’s economic climate calls for thoughtful planning and creative choices in stretching meeting budgets. Below are a few things to consider when putting your next meeting plan together:

**Negotiate contracts.** Consider every line item in the contract a point for negotiation. Many conference centers and hotels want your business and are willing to offer deals on most things — within reason. In some cases, you can negotiate lower prices on food and beverage by paying full price on room rates, so be willing to be flexible to get what you want. Also consider getting multiple bids in writing, and if you plan to meet regularly, ask about volume and multiyear pricing.

**Find inexpensive alternatives.** From food to beverage to speakers, there are a myriad of choices that you can make that will still give your attendees what they want without breaking the bank. In terms of food and beverage, buy on consumption and consider offering a cash bar within set hours. Buffets can be an inexpensive and healthy alternative to a formal sitdown lunch or dinner. Setting out pitchers of water, instead of bottled water can also save money and reduce waste. And while you can set out fruit and cheese for mid-morning and afternoon snacks, it’s not always necessary. Consider hiring local speakers to save on airfare and hotel accommodations.

**Share information electronically.** Printing expensive conference packets is not only unnecessary, but in many cases can actually give the wrong impression to attendees. Posting your meeting materials online and then giving participants a flash drive with the pertinent information is less expensive and good for the environment.

**Remain flexible on schedules.** We all know that meeting during holidays and other peak times can cost more. If possible, try to schedule your meeting or event in off times. For instance, many people are busy during the holidays with their own holiday shopping and family get-togethers. Holding the company event after the holiday will not only save money, but will be something unique that attendees will look forward to.

In the coming year, meeting planners can meet with success by thinking strategically and being creative in their approach. Companies will appreciate the attention to their budgets, and attendees will appreciate the extra effort on their behalf. — CK