

Risky Business

Strategic Meetings Management Programs Can Mitigate Risks

The turbulent regulatory environment facing many industries today, coupled with the economic downturn, should be catalysts for vigilant oversight and greater control over the risks and liabilities associated with meetings and events. Complacency with respect to risk management is a disaster waiting to happen, and any organization that does not take it seriously, or prioritize it appropriately, will suffer the

consequences—sooner or later.

Strategic meetings management is an important tool to limit an organization's exposure to risk. Such initiatives serve to control four prominent areas of risk, including legal/regulatory, financial, operational and intangible. By definition, SMM concentrates on meeting and event-related processes, spend, volumes, standards and suppliers to achieve quantitative cost-

RISK FACTORS AND IMPACTS

If ...	Organizations could ...
Legal/Regulatory	
Sarbanes-Oxley, health care compliance and government conference regulations are not followed ...	Be fined or appear corrupt
Contract language does not protect the organization ...	Be charged or sued
An unauthorized employee signs meeting contracts ...	Have contracts voided
The proper insurance is not garnered ...	Be sued or found liable
RFPs and contracts are not retained for the appropriate length of time ...	Have auditors deem the organization "unauditable"
Financial	
Negotiations are not pursued aggressively and penalties not reused ...	Lose savings or cost avoidance of 10 percent to 20 percent, or leave money on the negotiating table
Meeting and event volume is not leveraged, or not leveraged with all business travel transient spend with key suppliers by strategic sourcing ...	Miss out on 15 percent to 20 percent savings on supplier management
Nonstandard or decentralized payment and expense reconciliation methods are used ...	Pay higher than average processing costs by cutting checks manually, finance point-accurring cards favored by employees and miss valuable data that a consolidated process could deliver for leveraging volume
Meetings and events contracted are not visible to leaders on a master calendar or in a contract repository ...	Be unable to postpone, cancel or adjust meetings to align with business objectives and, thus, inadvertently hold more meetings or spend more money. Issue also presents risks for SOX compliance in that management may not be in control of spending
ROI and meeting metrics are not analyzed regularly or organizations are not tracking total meeting spend ...	Spend money unnecessarily on meetings and events
Operational	
Meetings and events are not registered in a central technology system for tracking purposes ...	Be unable to track employees during crisis situations
Interruptions, disasters and weather are not considered ...	See a lack of business continuity and consistency and be in a mayday situation with location, logistics, resources or other critical components
Processes and procedures are not standardized ...	Lose productivity
Inexperienced planners are used ...	Find a level of service inconsistent with company goals and/or the brand standards
Intangible	
Inexperienced planners or others accept unethical gifts ...	See a conflict of interest and be perceived as lacking employee compliance to policies and allowing bribes
Meetings and events are planned without considering the organization's branding standards ...	See damage to brand recognition and marketing

savings, superior service and effective risk mitigation.

By default, the framework and process of such programs should help companies avoid the inherent risks highlighted in the following examples, based on actual meetings:

•**A nonprofessional planner signed a hotel event contract that did not include an indemnification clause** to protect the organization in the event of a lawsuit. During the event, an attendee fell and broke his leg. The man sued the hotel and, in turn, the hotel sued the company as a result of the missing indemnification clause.

•**An executive selected his client, a prominent hotel, for his company's quarterly leadership retreats** and agreed to an appropriate exchange of consideration. Without initiating a request for proposals from multiple suppliers and a fair method to evaluate the responses, the transaction was deemed controlled, manipulated and concealed, according to procurement practices. This type of transaction may not be viewed as "at arm's length" and "in the normal course of business" and could be viewed as inappropriate by those who interpret Sarbanes-Oxley.

•**A celebratory boating excursion was planned by a nonprofessional planner, and the required insurance rider was never obtained** for the event. During the excursion, a company attendee slipped, lost consciousness and fell into the murky water and drowned. The attendee's family sued the company for

significant damages, as the company insurance policy did not include boating excursions.

•**A nonprofessional planner signed a contract, without the required competitor's clause,** for a prominent pharmaceutical company's confidential meeting about their new, first-to-market drug. When the pharmaceutical executives arrived at the hotel meeting room, they were shocked to see their primary competitor in the adjoining room, separated only by air walls. The pharmaceutical company had to immediately postpone their meeting, causing financial and productivity disruption.

•**A leader asked her executive assistant to plan an offsite team meeting.** The executive assistant signed the contract without the appropriate cancellation/rebooking clause. Unfortunately, the leader had to cancel the meeting. As stipulated in the contract, the company was forced to pay 100 percent of the meeting charges and had no ability to apply the payment toward the cost of future meetings at that hotel or another property in the hotel chain.

Meeting spend is increasing, risks are heightening, regulatory controls are tightening and management is expecting more from meeting leaders. The time is now to govern spend and manage risks. Be the change agent and rein in unmanaged meetings and events. ↻

“Presume the worst possible scenario, use knowledgeable professionals and prepare for the four types of meeting risk factors.”

NBTA GROUPS AND MEETINGS COMMITTEE