

Success Through Partnership

TRAVEL, PROCUREMENT AND MEETINGS CONVERGE

The National Business Travel Association's Groups and Meetings Committee was created earlier this decade to offer strategic guidance on trends and technical considerations in the management of group travel, meetings and events. At the time, there were plenty of educational resources with catchy titles, such as 'delivering the wow factor' and 'champagne tastes on beer budgets,' that addressed ways to improve tactical components of meetings. Lacking was a group or entity whose focus was to assess and explore enterprise-wide strategic solutions for conference and meetings departments—from a CEO or CFO vantage point—to determine how those departments could be managed more effectively to impact a company's bottom line.

The committee coined the phrase Strategic Meetings Management Program in 2003 when it published its first white paper, "Building a SMMP." It has since developed 10 other resources. Development of a leading program means finding just the right mix of key components: policy, technology, approval, meeting registration, sourcing/procurement, planning/execution, expense reconciliation and data analysis/reporting. The components form the SMMP Puzzle and can be manipulated as programs mature and become more sophisticated. It's important to note that there is no 'one size fits all' solution for every enterprise.

The committee has assessed each piece of the puzzle in a methodical manner and the convergence of meetings, travel and procurement has emerged as a major trend. In some cases, travel departments are tasked with responsibility for meetings. In other instances, procurement organizations are tasked with both meetings and travel departments.

Proof of this trend was evident in a 2007 NBTA survey in which 95 percent of respondents indicated they had already been involved in meeting strategy in some capacity, or thought they would be in the near future. In the same survey, 64 percent of respondents said procurement had a role in meetings decision making in their companies, compared with 37 percent in 2005 and only 18 percent in 2003.

LOST IN TRANSLATION

This convergence of disciplines has become a challenge for some procurement professionals, for a number of reasons. One of the most obvious is the language barrier regarding terminology and the lack of understanding among disciplines. This can lead to frustration and impede smooth and seamless communication. For example, procurement speak includes such lingo as 'commodity,' 'strategic sourcing,' 'standardization' and 'cost savings.' Travel management terminology includes 'Apollo/Sabre,' 'online booking' and 'preferred suppliers.' Add meetings management phrases to the mix—such as 'planning and logistics,' 'Return on Investment,' 'uniqueness/creativity,' and 'Banquet Event Order' or 'BEO'—and true communication can be lost in translation.

To bridge the communication gap, special attention must be paid to minimize differences, complement each other's strengths and focus on shared goals that reflect the business objectives of the entire organization.

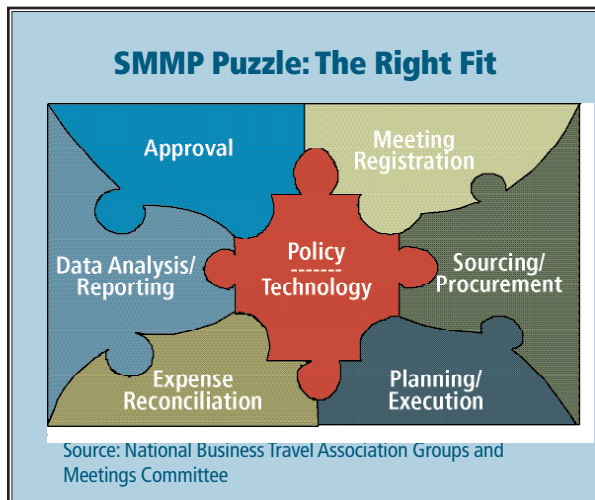
Examples of shared goals include cost control, tangible and intangible savings, leveraged spend with key suppliers, service level quality/consistency, risk mitigation and reduced liability, key metrics tracking and use of technology to support the company's strategic direction.

PURCHASING DIFFERS FOR TRAVEL, MEETINGS

Although there are fewer differences now than in past years regarding how air, car, and hotel companies manage group travel versus individual business travel contracts, there are still many nuances that need to be recognized. The four key words to keep in mind when noting differences are dates, rates, space and services.

For example, when considering the 'dates' question, contracting for business travel preferred hotels is generally done once a year, in the fall. Procurement for groups, meetings or events can be done throughout the year as requirements arise, and lead times for meeting/event contracts vary from a couple of days to five years.

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MEETINGS: PERSPECTIVE

PROCURING MEETINGS, TRAVEL: HOW CONTRACTING VARIES

	Timing Variances	Pricing Considerations	Commitment Parameters	Functional Requirements
Hotels/ Offsite Venues	<ul style="list-style-type: none"> • Short-term contracts: 1 day, 1 week ... • Short- or long-term lead time: 30 days to 5 years ... • Meeting size impacts lead time requirements • Space, DATES, Rates, Services • Options include: Hotels ranging from limited to full service and convention properties; conference centers; nontraditional venues, such as cruise ships, galleries, colleges, etc. 	<ul style="list-style-type: none"> • Meetings may cost more or less than transient sleeping rooms, based on buyer requirements, seasonality, yield management and profit margins • Payment options include direct bill, meeting cards, procurement cards, etc. • High season: 90% occupancy; shoulder season: 70% to 90%; low season: less than 70% • Concessions and amenities vary widely • Hotel may own or outsource services • Complete meeting package (CMP) pricing may apply at conference center or some hotels • Space, Dates, RATES, Services 	<ul style="list-style-type: none"> • Commitments not final until contract signed; another buyer may sign first • Less than committed volume may result in attrition penalties • Canceled meetings may result in cancellation penalties • Penalties usually paid, but often percentage available as credit for future bookings • Cutoff dates important to suppliers and customers • SPACE, Dates, Rates, Services 	<ul style="list-style-type: none"> • Unique function space requirements may necessitate use of non-transient properties • Meeting type necessitates property choices • Contracting requires understanding business objectives and drivers • Space, Dates, Rates, SERVICES • Various insurance requirements (general liability, fire, medical, host and liquor liability). Obtain COI for all • Corporate- versus franchise-owned may pose different challenges
Airlines	<ul style="list-style-type: none"> • Booked 60 days to 1 year in advance • Deposits held longer, depending on booking • May work through travel agency or carrier 	<ul style="list-style-type: none"> • Fare saving options might include discount, zone or published fares; discount fare may be the same as transient fare • May require research on best fare for group size and organization • May provide comp or reduced-fare travel for staff, based on business volume 	<ul style="list-style-type: none"> • Penalties for not meeting utilization requirement • Groups require signed contract. Meetings based on agreement, not signed contract 	<ul style="list-style-type: none"> • Volume to ensure enough lift to meeting location • Provide arrival and departure manifest for arrival patterns and points of origin to coordinate ground transportation

Source: National Business Travel Association Groups and Meetings Committee

Airline procurement is handled similarly to transient preferred hotel contracting with one exception: Primary carriers prefer to negotiate deals with top-volume customers every two to three years.

Meetings frequently require sourcing and contracting with a variety of other providers, such as ground transportation, production, speakers, entertainment, destination management companies, translators, facilitators and music licensing. Timing, pricing considerations, commitments and other factors vary greatly for each category and in each market.

Committee members who work in or closely with procurement departments have witnessed significant achievements from partnering across disciplines. Although the implications of the convergence of meetings, travel and procurement can be scary, the information and examples above should alleviate uncertainty and provide options for finding common ground and achieving shared goals successfully.

For further information on building a strategic meetings management program or leveraging transient and meeting spend, see the NBTA G&M white papers and other resources at: <http://www.nbta.org/Research/WhitePapers/>. 