Analyst Insight

Aberdeen Group
A Harte-Hanks Company

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Strategic Meetings Management 2013: Compliant Companies Lead the Way

In mid-2013, Aberdeen Group surveyed global supply management and procurement business leaders on their organizations' strategic meetings management programs (SMMPs). For this Analyst Insight, organizations with SMMPs were pooled and divided by their data and reporting requirements with federal or regulatory policies, such as the Government in the Sunshine Act, or the Sarbanes-Oxley Act. Federally or regulatory aligned companies were then compared to non-aligned companies that plan to comply with such policies.

Aberdeen's research shows that federally or regulatory aligned companies are more likely than non-aligned companies to regularly report on their strategic meetings management (SMM) spending, audit themselves to ensure compliance, and involve C-level executives in global SMM planning. They are also more likely to deploy Best-in-Class analytics and reporting capabilities, which affords them increased visibility on myriad SMM facets and enhance compliance. Federally or regulatory aligned companies are also more likely than non-aligned companies to leverage internal, end-to-end SMMPs, external SMM networks, virtual networks, and e-procurement systems. As a result, they are more likely to be internally compliant and have their strategic meetings come in at or below budget. Compliant companies also realize significantly higher cost savings on strategic meetings and events than non-compliant companies.

Analyst Insight

Aberdeen's Insights provide the analyst's perspective on the research as drawn from an aggregated view of research surveys, interviews, and data analysis.

Defining Strategic Meetings Management

Strategic Meetings Management (SMM) refers to the management of processes, policies, suppliers, and spend related to an enterprise's meetings and events in an effort to derive savings and quality. Strategic Meetings Management includes spending on customer / client meetings, management / executive meetings, general business meetings, training programs / events, recruiting, incentive events, conventions / conferences, and exhibitions.

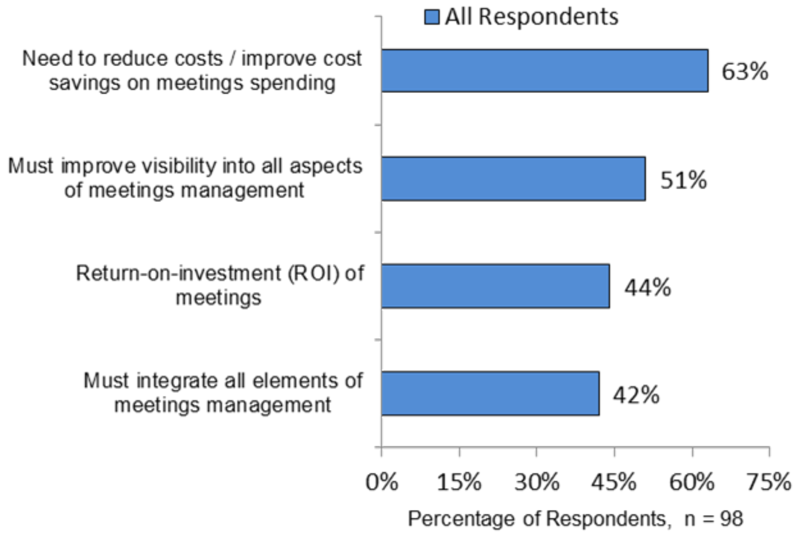
Compliance Matters

Why should you care about federal or regulatory compliance? Is it just a means to avoid fines and penalties? Or is your organization focused on being a corporate leader — not only doing what's right for your business, but also looking forward and leading the charge for Best-in-Class organizations?

Pressures

Figure 1 (next page) illustrates the top business pressures organizations face in 2013 that drive their need to improve SMM. The top pressure and, indeed, the only consistent pressure over the past three years, is the need to reduce cost and improve savings on meetings and events spending. Sixty-three percent (63%) of All Respondents cited this as their top pressure in 2013 — up from 58% in 2012 and down from 66% in 2011.

Figure 1: Pressures Driving Need to Improve SMM



Source: Aberdeen Group, July 2013

It's been four years since the Great Recession ended, but organizations are still recouping losses, adapting to evolving business practices and pressures, or preparing for an uncertain future. Understandably, the need to reduce costs and save wherever possible remains paramount. To this end, organizations feel pressured to improve visibility into all aspects of their business, including meetings management (51%). With or without greater visibility, organizations feel pressured to see a return-on-investment (ROI) for their strategic meetings (44%). Finally, organizations feel pressure to integrate all aspects of meetings management (42%).

Although compliance risk was not a top pressure for improving SMM among respondents, organizations that are federally or regulatory aligned are ahead of the curve on reducing costs and improving savings, improving visibility, seeing a return on investment (ROI) from their meetings, and integrating all aspects of their meetings management effort. Here's how they do it:

Strategic Actions

Figure 2 illustrates the importance organizations place on proper business alignments to mitigate compliance risk through strategic meetings. Businesses, especially those in heavily regulated industries, have learned that it is better to report than not. Industries such as medical, government, financial, and consulting services have recognized the importance of regular spend reporting, frequent audits, and the integration of senior management participation throughout the planning process. Integrating participation from senior executives provides valuable visibility for the C-level executive in understanding their ROI for such events, and areas of risk that are being addressed.

Aberdeen Methodology

The Aberdeen maturity class is comprised of three groups of survey respondents. Classified by their self-reported performance across several key metrics, each respondent falls into one of three categories:

- √ **Best-in-Class**: Top 20% of respondents based on performance
- √ **Industry Average:** Middle 50% of respondents based on performance
- √ **Laggard:** Bottom 30% of respondents based on performance

There is also sometimes a fourth category:

- √ **All Others:** Industry Average and Laggard combined

Respondents to the Strategic Meetings Management 2013 survey were ranked on the following criteria:

- √ **Realized and Implemented Cost Savings Achieved on Strategic Meetings and Events:**
  Best-in-Class – 50%,
  Industry Average – 22%,
  Laggard – 7%
- √ **Corporate Meeting and Event Policy Compliance Rate:**
  Best-in-Class – 89%,
  Industry Average – 65%,
  Laggard – 9%
- √ **Percentage of Strategic Meetings Planned and Executed on or Below Budget:**
  Best-in-Class – 87%,
  Industry Average – 61%,
  Laggard – 15%

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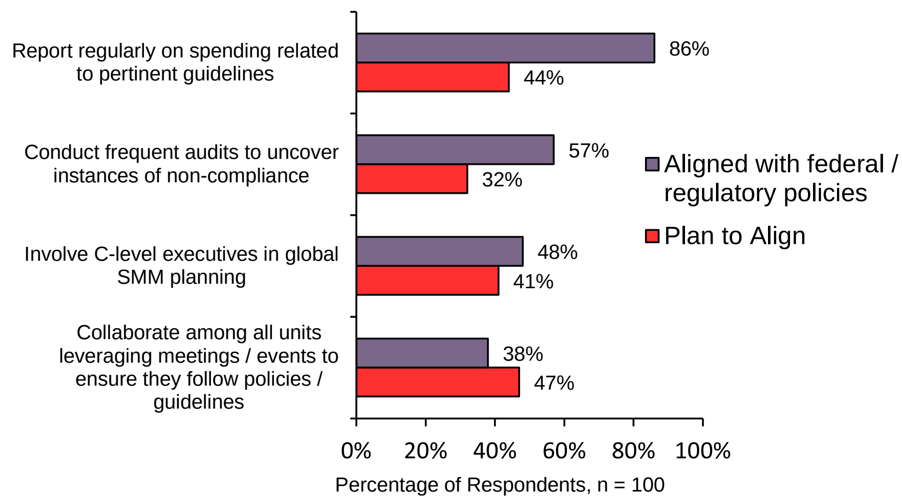
One item that needs to be noted here is that an organization's ROI cannot always be calculated on a dollar value returned quarterly. Rather, it acts as an insurance policy for the future. Organizations that align with federal policies around strategic meetings reduce the risk for major non-compliance in the future.

Figure 2: Strategic Actions to Mitigate Compliance Risks



Source: Aberdeen Group, July 2013

The question may arise: why now? Industry as a whole has seen a dramatic growth in fines, penalties, and business closures due to lack of compliance in the past several years. One of the greatest returns that a business can provide itself is the ability to create visibility and compliant processes that are supported by the business from end-to-end. The need for collaboration to support compliance for policy and guidelines is a primary concern for organizations. Organizations that plan to align are 94% more likely to collaborate with stakeholders in 2013 than those that already are properly aligned with collaboration engines in place.

Respondents may rank this collaboration effort shown on the chart fourth, but it holds the greatest value for organizations looking to succeed in industry growth, profits, and risk mitigation. Once an organization has clear visibility into its functionality and its connecting units and systems, a strong, successful battle plan can be laid out.

Capabilities

Organizations today recognize the importance of their capabilities and how they need to be leveraged across business verticals and partnerships. The development of a corporate strategy and vision is no longer just something nice to show shareholders; it is truly a roadmap for the direction of the business and its corporate values.

Survey Demographics

The demographics of the 100 firms that provided insight into their firms' data reporting and alignment capability were:

- √ **Headquarters**: North America – 55%; Europe – 22%; Asia / Pacific –17%; Africa – 3%; South / Central America and Caribbean – 2%
- √ **Headcount:** Large (more than 1,000 employees) – 51%; midsize (between 101 and 1,000 employees) – 19%; small (100 employees or less) – 30%
- √ **Annual Revenue:** Large (greater than $1bn) – 37%; midsize (between $50m and $1bn) – 24%; small (Under $50m) – 40%
- √ **Industry**: IT consulting / services – 14%; financial services – 13%; oil / gas – 11%; retail – 7%; telecommunications – 7%; health / medical / dental / pharmaceutical - 6%; food and beverage – 5%; government – 5%; software – 5%; travel / hospitality – 5%; manufacturing – 4%; transportation / logistics – 4%; other – 14%

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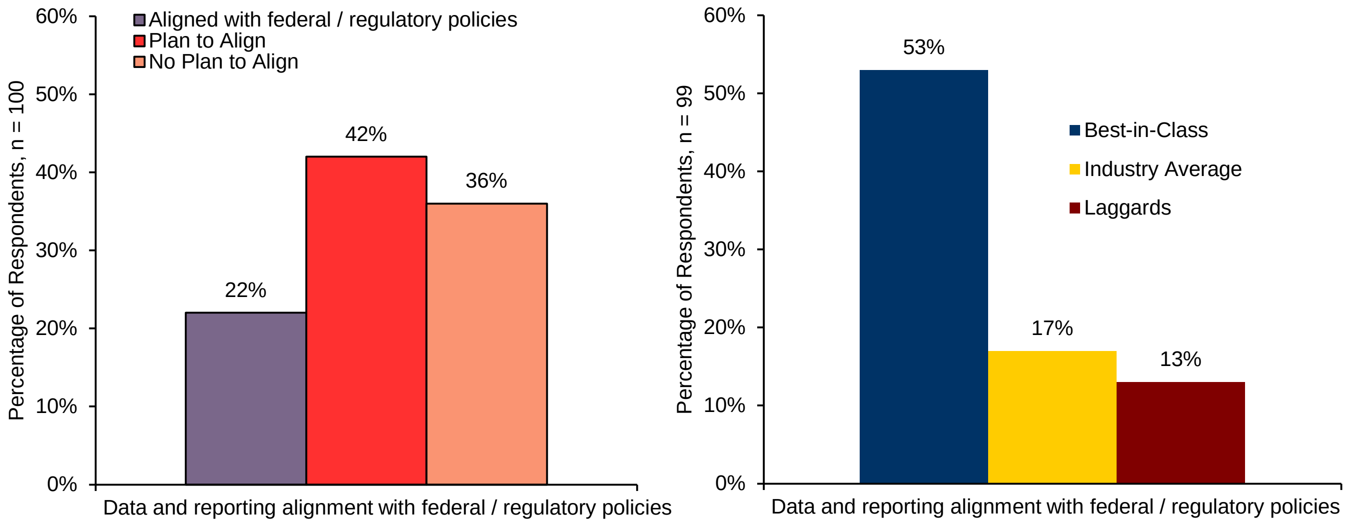
Figure 3: Capabilities

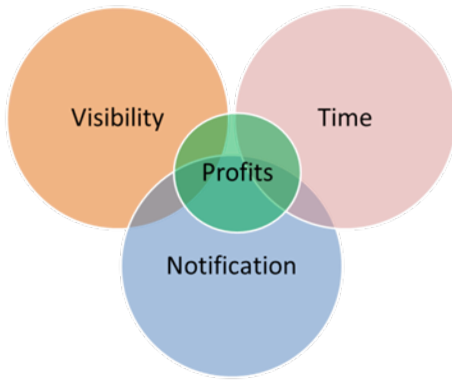


Source: Aberdeen Group, July 2013

The left chart in Figure 3 indicates that organizations will make a considerable effort in 2013 to align their capabilities with federal regulatory policies. For the meetings industry, one would think this is cause for celebration. However, more than one-third, or 36%, of companies don't plan to align their practices to federal or regulatory policies — a troubling statistic deserving attention. The right chart in Figure 3, by contrast, clearly shows that the majority of Best-in-Class organizations are properly aligned with federal regulatory policies — far exceeding this narrower view of organizations that have no plan to align.

With businesses today running leaner than ever, the need exists for flexible processes and technology that supports these new business models. Businesses today rely on systems that can streamline labor-heavy processes and equipment that is as intelligent as a complete production line. All the while, businesses must be compliant across not only federal regulatory processes, but also corporate guidelines — all of which must meet their business vision / strategy. Organizations have found that the best way to communicate these requirements in a standardized in-sync message is through utilizing strategic meeting management tools. The goal is visibility of activities that allows time to respond, supported by a proper notification process for decision-makers. This simple philosophy will mitigate risk and increase profits across the industry (Figure 4).

Figure 4: Relationship Diagram



Source: Aberdeen Group, July 2013

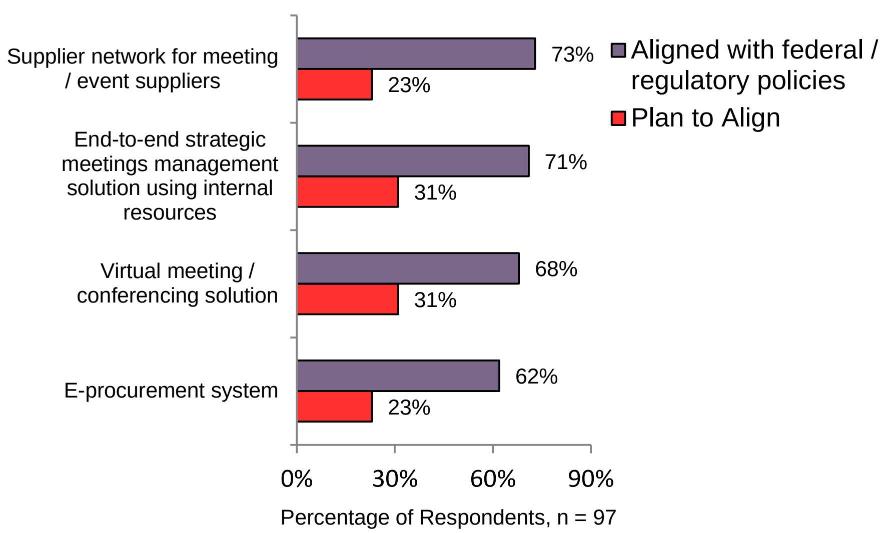
Technology Solutions and Enablers

Federally or regulatory aligned organizations also leverage technology solutions and enablers to a much greater degree than those that are not currently aligned. Figure 5 shows that aligned organizations are more than three times as likely as non-aligned organizations (73% vs. 23%) to leverage a supplier network for meetings and events. That said, compliant organizations are also more than twice as likely as currently non-compliant organizations (71% vs. 31%) to have an internal, end-to-end meetings management solution. Compliant organizations know their strengths and weaknesses. They know when they can manage a meeting or event internally, but they also know when the event is beyond their capability, and, rather than risk mismanaging the affair, they outsource to a trusted network.

"[Event management technology has] streamlined the process and provided tracking, reporting, and compliance reporting."

~ Vice President, Large European Travel / Hospitality Company

Figure 5: Technology Solutions and Enablers, Illustrated



Source: Aberdeen Group, July 2013

Federally or regulatory aligned organizations are also more than twice as likely as non-aligned organizations (68% vs. 31%) to deploy a virtual meeting or conference solution, and nearly three times as likely (62% vs. 23%) to deploy an e-procurement system. Organizations that follow and adhere to federal and regulatory mandates are more likely to follow and adopt advances in how organizations conduct business. Virtual meeting and conferencing solutions save everyone time and money, as do e-procurement systems. Less time and money spent traveling, less resultant paperwork, and less fiscal reporting mean less financial or legal risk.

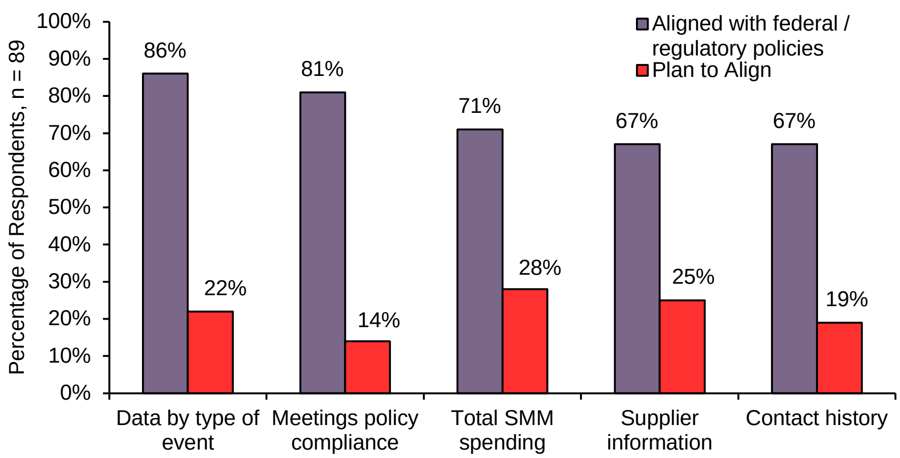
"[Event management technology] saves time and promotes auditability and governance."

~ Consultant, mid-sized Middle Eastern Oil / Gas Company

The Value of Analytics and Reporting

So, what is most critical when analyzing and reporting on meetings management? Regulated organizations must track, monitor, and measure in order to effectively gauge the performance of their SMM programs.

Figure 6: Meetings Management Items Analyzed and Reported



Source: Aberdeen Group, July 2013

In viewing Figure 6, regulatory aligned businesses across the board are roughly three to four times more likely to manage and analyze effectiveness across their business. What does this mean to your organization?

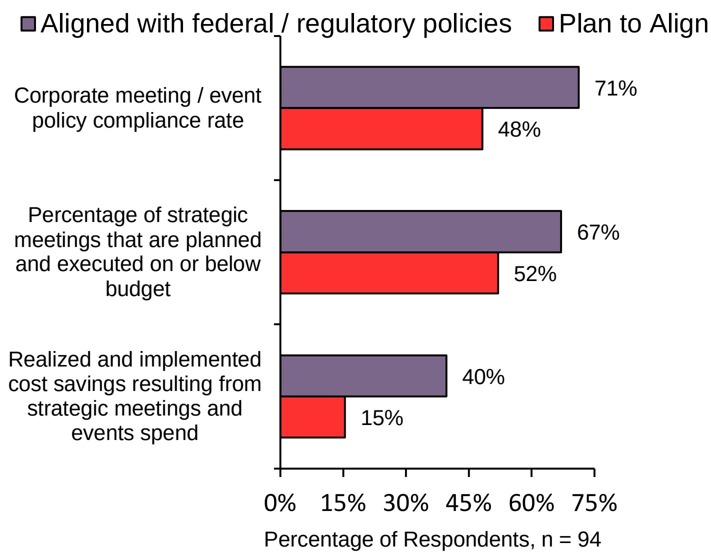
- **Aligned businesses are approximately three times (3x) more likely to analyze and report on data by type of event.**
    - Aligned organizations have a competitive advantage in event management and deliver on improved deliverables, by improved visibility into event data, than those who plan to align.
- **Aligned businesses are approximately five times (5x) more likely to analyze and report on compliance policy.**
    - Aligned organizations have the highest of compliance with minimal risk aversion than those who plan to align.

- **Aligned businesses are approximately two times (2x) more likely to analyze and report on data by total SMM spend.**
    - Aligned organizations have a clearer value stream and ability to report on ROI more efficiently than those who plan to align.
- **Aligned businesses are approximately two times (2x) more likely to analyze and report on data by supplier information.**
    - Aligned organizations have a stronger ability to analyze suppliers allowing the business to determine whether the supplier is capitalizing on business opportunities or are potential risk to the business than those who plan to align.
- **Aligned businesses are approximately three times (3x) more likely to analyze and report on data by contact history.**
    - Aligned organizations have more robust mechanisms to analyze historic data than those who plan to align.

Performance Metrics and Key Performance Indicators

Being aligned with federal or regulatory policies benefits companies beyond keeping them out of hot water. As Figure 7 illustrates, compliant companies report a nearly 50% higher internal corporate meeting / event compliance rate than non-compliant companies. Moreover, compliant companies report a 29% higher rate of strategic meetings that are planned and executed on or below budget. Finally, federally or regulatory compliant companies report 167% higher realized and implemented cost savings resulting from strategic meetings and events spend than non-compliant companies. Clearly, while federal regulations may add layers of bureaucracy and paperwork to operations, organizations that adhere to such regulations are much more likely to reap handsome benefits than those that do not. If it's good enough for government work, it's good enough for your organization.

Figure 7: Key Performance Indicators



Source: Aberdeen Group, July 2013

"[Event management technology has resulted in] fewer keying errors, less human intervention in many processes, [and the ability] to support a larger number of meetings annually with a small team."

~ Director of Meetings Management, Small North American House of Worship

Companies that are federally or regulatory aligned reported higher average spend on meetings and events in 2012 than non-aligned organizations. Compliant organizations spent more than $10 million on meetings and events in 2012, compared to nearly $4 million for non-aligned organizations. While companies that know they are compliant may be more confident to spend on meetings and events than those that aren't compliant, company size matters, too. Seventy percent (70%) of aligned companies also reported having more than 1,000 employees, whereas just 48% of non-aligned companies had as many or more employees. Small to mid-size companies with small to mid-size budgets are going to spend less on compliance processes than large companies with large budgets. Thus, we caution not to read too much into the correlation between being federally or regulatory aligned and company spend on meetings and events. Many large-spend organizations will have large, complex events where enormous groups come in for an extensive period of time to strategize, plan, team-build, reward employees, train, and so on. These events tend to be extremely costly, but they are often the most efficient way to conduct business for these large organizations. Also, these large-spend organizations will leverage newer technologies and advancements in SMM to further grow their abilities, and they will customize existing technologies to meet their industry need. This allows for greater alignment to regulations and compliance both internally and externally.

How much regulation is enough? Most will agree that the premise of regulations is not to create a wedge between business, vendors, and customers, or to lessen profits. Regulations are simply there to protect the public, and ensure business is conducted in a proper and ethical manner.

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Regulatory Alignment and Compliance: A Global View

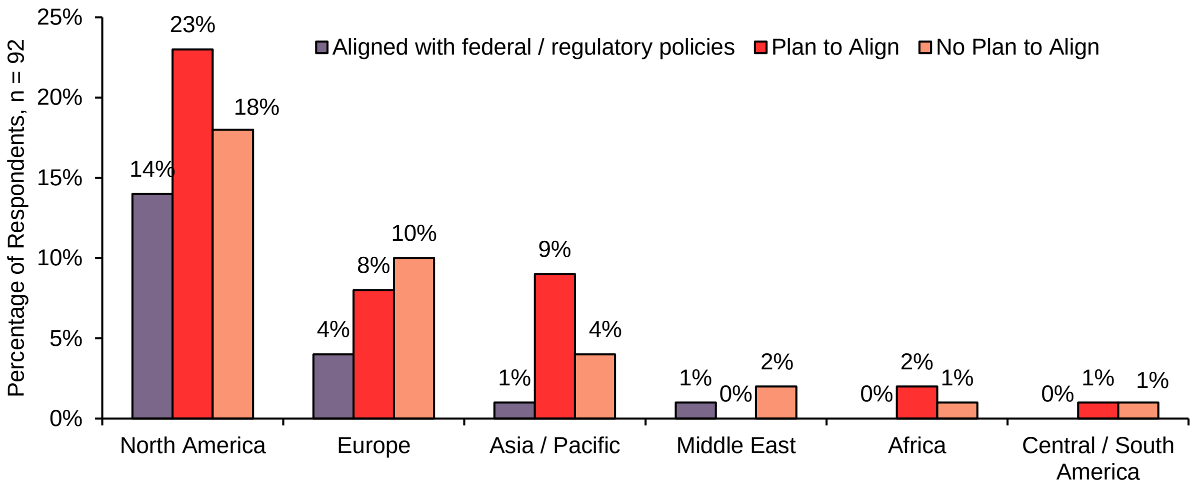
For more than 20 years, globalization has made the world a lot smaller than it used to be, aided by the hyper-connectivity of the World Wide Web, e-commerce, and 24-hour news streams. Yet, as Figure 8 illustrates, regulation is still catching up to globalization. Not surprisingly, North American respondents indicated higher alignment with federal or regulatory policies (14%) and higher intent to align (23%) than all other regions, combined — reflecting the regulatory environment in which they operate.

Conversely, there were just as many unaligned / noncompliant North American companies with no plans to align as there were similar organizations from all other regions, combined. While North American organizations lead the pack in adhering to regulation, a relatively large segment shuns regulation and exposes itself to increased risk. Although European and Asian companies show less current regulatory alignment, they show comparatively stronger intent to align.

"By using a meeting registration system we are tracking the sourcing, contracting, and basic cost savings. We have gained significant adoption in this first year and are realizing approximately 17% cost savings. We are also mitigating risk via use of standard contract amendments and contract reviews."

~ Betti Budde, Consultant, Helms-Briscoe

Figure 8: Compliance by Region



Source: Aberdeen Group, July 2013

Key Takeaways

For too long, organizations have gambled with compliance. Today the odds do not favor businesses that gamble with spend or improper alignment of company goals. The key takeaways from this view of strategic meetings management are:

- Leverage strategic meetings management to align business capabilities with regulatory requirements, reducing overall business risk.
- Use the power of compliance to deliver Best-in-Class events with measurable KPIs to benchmark against.

- Realized cost savings from strategic meetings and events will show a significant ROI (40% vs. 15%) through greater visibility.
- Aligned organizations are more likely than un-aligned organizations (73% vs. 23%) to leverage a supplier network for meeting and event suppliers.

Meetings and events must be policy centric, and meet or exceed the business goals, vision, and culture of the company. Compliance processes protect and prohibit improper behaviors across the industry. For non-compliant businesses, the decision to not comply is a slap to industry professionals, yet 36% of companies surveyed ignore what 53% of Best-in-Class organizations know and embrace: regulatory compliant companies lead the way.

For more information on this or other research topics, please visit www.aberdeen.com

Related Research	
Strategic Meetings Management: A Handbook of Emerging Strategies for the Next Generation of Meetings and Events Management; July 2012 *Strategic Meetings Management: A View into the Best-in-Class Strategic Meetings Management Program*; June 2011	*Strategic Meetings Management: The Evolution of the Modern Strategic Meetings Management Program*; May 2010 *Strategic Meetings Management: Save the Date, Save Your Budget*: August 2009

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