



# Strategic Meetings Management 101

A few simple steps can help you save on the bottom line.

—By Betsy Bondurant, CMM, CTE

**W**E'VE HEARD THE TERM STRATEGIC meetings management (SMM) for many years now, but what exactly is it? Simply put, SMM brings order and control to an organization's meeting and event expenditures—what the industry calls spend. Knowing who is planning meetings throughout the company and what is being spent can lead to a significant reduction in inefficiencies, risk, and cost. In fact, typical cost savings during the first year of SMM implementation range from 10 to 20 percent.

## WHO DOES WHAT?

Experience tells us that many different entities throughout an organization plan meetings and events. Most often, there's a formal meeting-planning department. But a large volume of meetings is also handled by "occasional planners"—executive assistants, administrative coordinators, and project managers. In addition, many companies have "power planners," people outside the official planning group who spend most of their time planning meetings and events. These multiple points of purchase raise some issues of concern:

- The organization's limited insight into who is spending what leaves everyone unable to leverage the overall spend.
- Prices negotiated by anyone other than meeting specialists may result in higher costs than necessary.
- Terms of the contracts, such as a high attrition penalty or lack of a rebooking clause, may favor the hotels and other suppliers over the company or association.

## MONEY IN MOTION

By developing an SMM program, organizations can see where the money goes and leverage the total while reducing risk.

Historically, large companies (those with annual revenues of more than \$1 billion) have been the first to embrace SMM, partly because these programs align so nicely with their procurement objectives.

However, SMM is currently gaining traction with associations and small- to medium-sized companies (those with annual revenues of less than \$50 million and \$1 billion respectively). They, too, see the benefit of instituting best practices to save money on meeting and event services.

Still, meetings and events remain one of the last areas of unmanaged cost in most organizations. Through strategic management, companies can realize significant savings. For example, depending on the size of the business, a company could save \$4 to \$14 million. Even if a company reduced the current cost by just ten percent through SMM, it would see a savings of \$400,000 from a previous \$4 million spend or \$1.4 million from a previous \$14 million.

Based on these potential savings, wouldn't it be great if you were to suggest an SMM program for your organization? No doubt you would be seen as an even more valuable asset to your employer. In fact, I have seen many instances where the person who led the charge for SMM received a promotion because of their proactive approach to saving resources and reducing risk.

## STATE YOUR CASE

With no centralized process in place for sourcing and contracting meetings, how can you quantify the potential meeting and event savings? Start by estimating the amount your company spends on meetings and events. Typically that means:

- 2% to 3% of total company revenue
- 25% to 30% of total travel and entertainment spend
- 60% of corporate air volume

Next, multiply this estimated total event expenditure by 10 to 20 percent to project potential savings in the first year. When presented with the facts, executives can't help but acknowledge the value of SMM.

## FULL STEAM AHEAD

Once you get approval to move forward, where do you start? For many small- and medium-sized companies and associations, hotels represent the largest portion of meeting and event expenditures (45 percent), which is why gaining visibility and control of hotel costs should be your first step. Of course, there are other elements to consider; but rooms for sleeping and meeting are some of the most common areas of launch for SMM.

If the project's scope seems overwhelming at first, start by tracking the expenditures already under your control. Even having data on a limited number of meetings can begin to paint the picture of potential savings. Next, reach out to others in the organization, starting with those who are proven experts in hotel contracting. Ask them to support your SMM initiative by reviewing and negotiating a limited number of contracts for others in the organization.

If your company or association has a high volume of meeting and event contracts, it makes sense to tackle the riskiest first. You can do this by determining a dollar amount over which a specialist will step in. For some organizations, this might be anything over \$25,000 or \$50,000 for a single event. As the program matures, you can adjust the threshold to cover a higher or lower volume of contracts going to the experts.

Once you have your experts onboard, ask them to help you develop a standard checklist so that all negotiators will address the same requirements and possibilities for every contract. This should include a list of must-have concessions and nice-to-have concessions. A must-have concession might be a rebooking clause, one that allows the company to rebook within a specific time period, without penalty, if it has to cancel a meeting. A nice-to-have concession might be the presidential suite charged at the same block rate as the other rooms.

Finally, check with your legal department to ensure that terms used in the contracts—such as force majeure, cancellation, and arbitration—align with association or corporate requirements.

The data from this centralized process will easily reveal who is doing the planning within the organization, how many meetings are being planned overall, which hotels are getting the business, how much is being paid out, and eventually how much has been saved through leveraged purchases and expert contract negotiations.

## FACTS ON FILE

From the first you need a system for organizing the data. Where to start? A standard practice for many companies utilizing SMM is to keep a savings sheet with each contract so the negotiator can track all concessions and the savings associated with them.

Be sure to fill in the worksheet during negotiations—why waste time having to go back and recreate the data? Soon you will have a nice collection of figures that shows the savings meeting-by-meeting, month-by-month, and quarter-by-quarter. Ultimately, you will end up with annual statistics that will boost enthusiasm for the project dramatically.

Keep it simple. Write down the first room rate quoted by a hotel and then compare that to the rate finally agreed upon. The difference between the two rates, multiplied by the number of room nights, is the total savings on accommodations. For example, if the original room rate was \$200 a night, and you negotiated down to \$175 for 100 rooms, the savings would be \$25 a night, times 100 nights, equals \$2,500.

On top of that, you may have reduced the meeting-room rental from \$2,000 to \$500 for each day of a two-day meeting. That would result in a savings of \$1,500 a day, times two, equals \$3,000. Maybe you got the presidential suite for your

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CEO for two nights at \$450 a night rather than the usual rate of \$900 a night, resulting in another \$900 in savings. Just these three items add up to a savings of \$6,400. More than likely you will have several more line items of concessions, which will compound the savings.

Remember to keep it simple. The less complex the savings sheet, the more likely you and others are to use it. And remember: As the program builds momentum, be sure to communicate the savings achieved and other successes throughout the organization; don't hide the data in a drawer! When people see their changes actually making a difference, they will redouble their efforts to support the initiative and build compliance. After all, what's good for the organization is good for everyone involved. ■

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