

Event Management



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Summary

Event Management

In the past, internal meeting or event planners have selected an event agency and suppliers to deliver a meeting or an event. But in recent years there has been a growing involvement from Procurement professionals when events are being procured. This has created a shift in the traditional relationship and all three parties have to learn new skills and develop new ways of working in partnership with each other.

The Chartered Institute of Purchasing and Supply (CIPS) have produced a guide to buying event management services with the help of the CIPS Event Services Industry and Procurement Focus Group which is available to download from the CIPS website. This document summarises the key messages in the paper along with good working practices and CIPS' position regarding buying event management services

Introduction

The role of Procurement in the management of event services is here to stay, and their involvement has brought about an increased level of professionalism and accountability. But at the same time, it is important that they understand the category that they are buying, and that by all three parties working together, the business benefits to all will increase. Event Management should be purchased the same way as commodities - with objectivity, accountability and an established Procurement process.

CIPS Position

CIPS believes that P&SM professionals should develop an event buying strategy by assessing your organisations needs.

- An event buying policy should be formalised and communicated throughout the organisation with buy-in from senior management.
- Internal roles should be clearly defined at the outset of each event between procurement, internal meeting/event planners, internal clients and suppliers, forming an 'event team'.
- A detailed specification of requirements should be developed for each event and agreed by the event team.
- Develop a post-event evaluation form, carry out post-event review team meetings and establish a 'lessons learned' strategy.
- CIPS recommends that P&SM professionals should meet potential suppliers, ideally at their offices to obtain an impression of their corporate culture. Examples of their previous track record of similar events should be considered in the selection process and where possible attending events that they are currently managing.

Definitions

An 'Event' can be defined as an offsite (outside of the company offices) or onsite (on the company's premises) gathering for two or more people, either for internal or external purposes. This could be in the UK or overseas.

For the purposes of this guide, the term 'Events Services' encompasses both the range of elements that contribute towards the creation of an event (such as its venue, hotel

accommodation, staging, lighting, catering and entertainment), and the agencies that may be contracted to bring those services together (such as an event management agency, an AV production company, a PR consultancy)

Who buys Event Services?

There are two principal buying sectors for events: corporate organisations (companies) and institutional organisations (associations, societies, government departments, charities and other not-for-profit organisations). It's important to acknowledge the existence of each of the two buying communities, because they will have different individuals responsible for the purchasing of events and event services.

In corporate organisations the internal buyer is likely to be;

- Meeting Planners
- Events teams/departments
- PA's and secretaries
- Senior executive from either the sales/marketing department
- Internal communications department
- HR heads (for training and motivational events)

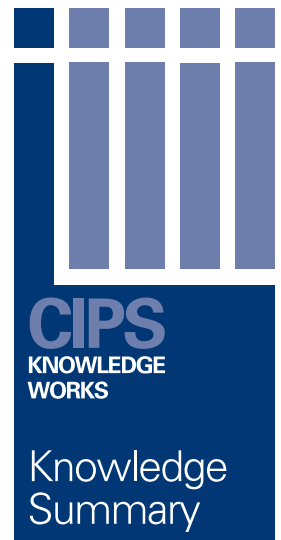
In institutional organisations, the buyer may be;

- A committee
- Head of Communications
- An administrative body

The role of procurement

One of the key relationships that Procurement has to develop in Event Management is with the internal meeting planners.

Procurement professionals can either appoint a sole supplier per category or put a number (roster) of suppliers in place. They may then wish to either appoint a lead supplier to manage the range of third tier suppliers e.g. an event management agency managing the design and build and AV suppliers (bundling), or they may opt to deal direct with all of the suppliers themselves (unbundling of the services).



Event Management

The advantages and disadvantages of both models are as follows:

| Bundling | |
|---|--|
| Advantages | Disadvantages |
| <p>It reduces the amount of supplier management as Procurement will be managing one supplier instead of many</p> <p>Management information is in one place</p> <p>Event briefs are provided once and consequently are open to less misinterpretation</p> <p>One account management relationship</p> | <p>Less specialisation</p> <p>Loss of control over third tiered suppliers</p> <p>Potentially less competitive prices/rates</p> |
| Unbundling | |
| <p>Specialist service provision – better service delivery, rate, price, knowledge, expertise</p> <p>Greater cost transparency</p> | <p>Multiple contracts to manage</p> <p>Considerable time required to source multiple suppliers</p> <p>Management Information is split by provider</p> <p>Potentially poor communication between the specialist agents resulting in a less than perfect job</p> <p>Who does what and by when?</p> <p>Who manages the agency relationships and acts as the central pivot in the relationship between the various agencies and the client</p> |

Event Management Agencies

Depending on the nature and complexity of an event there may be tens or even hundreds of different contributing suppliers – the list could potentially include transport providers, caterers, entertainers, florists, set designers, lighting specialists, celebrity speakers, and so on.

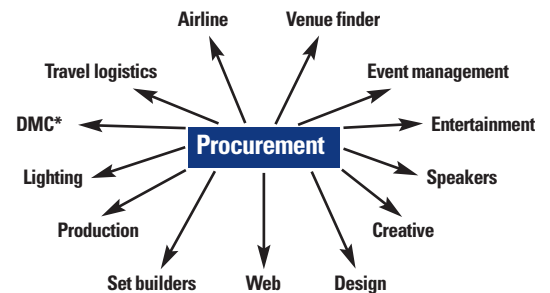
This is one of the reasons why purchasers, and sometimes even internal meeting planners, opt to contract with event management agencies, which will undertake the job of co-ordinating all of these separate strands.

Indeed, some of the larger international events will even require two or more events agencies to be involved. It is not unknown for a major event to involve a logistics agency to handle the delegate transport and management; a production agency to be responsible for the ‘show’ element, and a communications agency to ensure that the message is effectively conveyed to the audience.

Purchasers can opt to use one of three models in working with this complexity of supply chain.

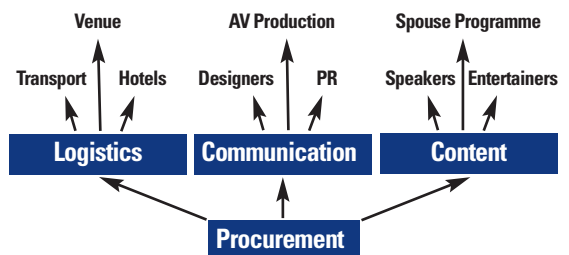
- Hub and Spoke
- Supplier Panel
- Single source supplier

Hub and spoke

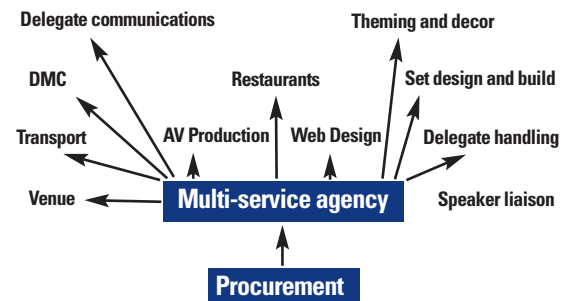


*Destination Management Company

Supplier panel



Single source supplier



Current challenges

In the American Express Study 2005 conducted on their behalf by A.T. Kearney, eight key challenges were identified as the barriers to effectively managing the meetings and events spend.

1. Lack of senior management focus

Many companies do not know how much they spend on events and meeting and it does not appear to often have the support and focus from senior management that it should have. Procurement should try and ensure that senior management is aware of this category of spend and should support the role of Procurement in managing it.

2. Absence of formal guidelines and policies

In the study, they found that only 20% of the companies that they surveyed had an events and meeting policy. It is usually a sub section in the Travel and Subsistence Policy. It is important that there is a stand alone policy that spells out what the definition of events and meetings is and the procedure for booking them.

3. Decentralised execution without central co-ordination

Without a central control and coordination of the planning and execution of the events, there is a high level of fragmentation within this area. The look, feel and the quality of each event may vary and there may be no control or overseeing of all the various contracts that are being signed by the many people involved.

4. Lack of management information / spend data

Companies cannot accurately report the spend that they have in this area, as often the spend is categorised across a number of different cost categories and it is very hard to get one data source for the data. As different payment methods may also be used e.g. company credit cards, individual credit cards, bill backs and purchase orders, there is no single sourced payment mechanism. Many companies do try and centralise their payment through a 'lodged' credit card with an approved supplier.

5. Lack of 'demand management'

Demand management is about reducing consumption or improving the return on investment. A.T. Kearney found in the study, that in many cases, there was little or no proven business benefit for the event to be held.

6. Fragmentation of purchasing

Purchasing power is often not leveraged in this category due to the fragmented spend possibly across fragmented business units. Again not having a formal policy in place will not help in trying to control the spend. The non-standard, highly variable complexity of buying events adds additional complexity to this area.

7. Difficult in measuring effectiveness

Measuring event effectiveness in a meaningful and insightful way can be difficult. Many organisations distribute survey forms at the end of an event but these can be about the superficial elements such as the food and the temperature in the room. You need to gain an insight into the value of the meeting content.

8. Resistance to change

Who controls the meeting budgets can be an emotional issue. It is best to sit down with all the parties involved - Procurement, meeting planners and internal clients to discuss how the best way to operate would be.

Best Practice Guidelines

In order to procure event services effectively, it is best to be aware of where your starting point is - and to understand what both good and bad practice looks like.

Where to start?

Use the following points to assess your company's current event buying strategy, and develop a plan based on the following points.

- Assess your current strategy against 'good practice'
- Define 'good practice' target for your organisation
- Establish what the benefit expectations are?
- Prioritise the areas to be reviewed
- Gain the buy-in from senior management, meeting planners and the internal event team.

What does good practice look like?

1. There should be a company policy that lays down the formal rules that guide the behaviour of people tasked with purchasing event services.
2. The four elements of governance need to be in place:
 - Ownership of the policy
 - Communicate to the client and supplier base
 - Follow up and enforcement of the policy
 - Tracking of compliance to the policy
3. Defined roles and responsibilities between Procurement, internal meeting planners, and the internal clients (event community).
4. There is a justifiable and available budget to be spent for business purposes.
5. There is a detailed specification of the requirements needed for the event
6. Identify which event services suppliers you need and for what.
7. Decide whether to go out to tender or to use your preferred supplier list, and aim to consolidate your volume on meetings/events with any travel and entertainment spend to assist in any future price negotiations.
8. Negotiation with the chosen suppliers. Contracts to be signed and put in place. If you have put a preferred supplier list in place, it is advisable to establish contracts for 3 years as a show of commitment to the preferred supplier arrangement.
9. Organise and plan the event. Set clear, specific and executable objectives at the initiation stage of the meeting/event. Utilise planning tools to manage the logistics and the detail of the event.

10. Attendee booking and management: decide whether you can use a web based tool for registration and related bookings. Ensure that attendee data is captured as near-real time as possible, and provided to the suppliers with regularity.
11. Payment of the suppliers and budget reconciliation: pay for all cost categories centrally, except attendee incidentals which they should settle themselves with their corporate charge card. Reconcile the costs as soon as possible, working with your suppliers.
12. Post event evaluation: develop and put in place a standardised post-event evaluation form. This should be used by the internal meeting planners, the suppliers and the clients.

Selecting an agency

1. When beginning the search for potential agencies the primary sources of information are:
 - events industry trade associations (Eventia, HBAA, MPI etc)
 - events industry trade journals (Conference & Incentive Travel, Event, Meetings & Incentive Travel, RSVP etc)
 - Recommendations from fellow Procurement professionals
 - Your own open-door policy of meeting with agencies that may have contacted you
 - On a speculative basis (of which more later).
2. Invite a cross section of agencies to submit their credentials through the RFI process and draw up a short list of agencies to interview.
3. Meet them, in order to obtain a clearer impression of their corporate culture. Ideally, visit them at their offices.
4. Our objective should be to produce a roster of preferred agencies, between them possessing the core areas of expertise. It will be a question of cultural match as to whether you opt for multi-service agencies or smaller companies excelling in specific disciplines.
5. Examine their track record in producing similar types of events to those that you would be contracting.
6. Check their financial stability.
7. Seek independent endorsement from trade associations and existing clients.
8. Appoint a roster of no more than four agencies for a clearly contracted period.
9. Maintain an open-door policy, setting aside time to meet with 'new' agencies during the course of the contracted period, so that when the contract is due for renewal, you will have a clear idea of additional companies to include in the review.

The pitch process

1. Having already appointed your preferred suppliers, it is frequently more cost-effective to negotiate between them for the provision of an event, rather than pursuing a formal pitch process.
2. However, if you feel that it is still necessary to initiate a pitch process, project, the following guidelines will ensure the most efficient use of your own and the agencies' time:
 3. Provide concise but informative briefs which will include the following information:
 - strategic overview, brand values and objectives
 - numbers, dates and delegate profile
 - relevant history
 - must-haves and/or no-go areas
 - confidentiality clauses
 - budget
 - deadline and response format required
 4. Allow reasonable response deadlines.
 5. Be available and willing to answer any questions that the agency may have following receipt of the brief, and respect that agency's intellectual copyright in wishing to pursue an individual course of action.
 6. At all times cultivate a harmonious relationship between your department, the agency and your internal client.

Measurement and Evaluation

It is important that both the impact of the event and the way that the agencies are delivering is measured. As the Magic and Logic book (www.magicandlogic.co.uk) stated:

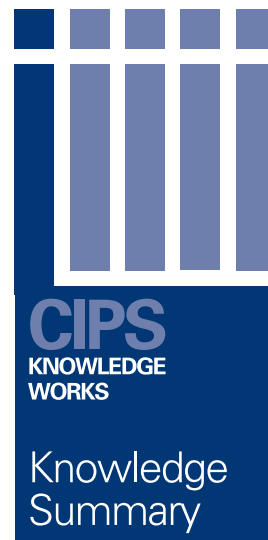
'The best agencies take the initiative in proposing evaluation rather than wait for it to be 'done to them' and invest in people, systems and methods that will enable them to prove effectiveness. They take the view that their investment in proving effectiveness (e.g. through research or econometrics) bolsters the agency's perceived value to the client.'

The costs involved in staging events are significant - both in terms of the time invested by those attending as well as the direct costs. As with any large investment it is therefore important for budget holders to measure the success of their events and demonstrate the return they have generated.

Measurement however is not just about whether an attendee enjoyed the food or the presentations. In common with other elements of the marketing mix, growing importance is being placed on the creation of added-value; in other words, the impact that an event actually has on the business. As well as measuring this added-value, research is a vital ingredient in delivering it.

Given that 'you can't manage what you can't measure'; research is also the vital ingredient for those key Procurement objectives of realising cost avoidance and maximising value.

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Summary

This guide has provided Procurement professionals with an overview of the Event Services category and some of the issues that may arise during the procurement process.

The guide has been written to enable meeting planners, internal clients and Procurement professionals to work together to understand the category that they are involved in, as well as giving some details on key tools and techniques that could be put in place. Measurement and evaluation of the meeting/event; of the meeting planner performance and the suppliers performance are key to the success in the management of this category. It will enable a procurement professional to manage event purchasing more strategically and less tactically.



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