



The Return on Investment (ROI) in Meetings and Events

It seems hard to believe that I spent three times as many years in the training and development field than in the hospitality field. Of course, I think I started in training and development when I was about 5 years old. (smile). Last week at the Virtual Edge Summit, two colleagues and I were discussing how our careers in Training and Development have merged with Meetings and Events. The three of us, all face-to-face instructors and training managers at one point in our career, are now working in the travel and meetings industry. Funny how when I used to sign hotel contracts for training events back in the early 1980s for Westinghouse, I never really understood the word “attrition.” The three of us also reminisced about the numerous initiatives that started in the training field years ago have now whizzed their way into the meetings and events industry. For example, in 1997/1998 we were proud of one of our training colleagues who taught virtual classes to hundreds of attendees through the use of NetMeeting, a task that in that time period was unheard of. Due to his success and our foresight into the future, we transitioned face-to-face trainers into e-learning superstars by 1999. (Does it sound reminiscent of asking planners to consider virtual meetings?) Yet, when I introduced Virtual Meetings to the hospitality industry in 2002 at our firm, it was as if I was presenting the Skypad Apartments in Orbit City to Fred Flintstone. Funny how my two careers have merged.

Dr. Jack Phillips, creator of the brainchild of calculating the return on investment (www.roiinstitute.net) using easy-to-understand methodologies, also started his consulting in training and development. I am proud that I learned from him back in 1998 and remember watching him in awe at one of the American Society for Training and Development (ASTD) conferences. Since reading his books numerous times and practicing the methodology in my training career for many years, it was an easy transition to use the ROI skill in meetings and events. While many meeting leaders and consultants are just beginning the ROI education path in the last few years, many colleagues in training and development are familiar with the process to measure the impact and calculate the return on investment; and, we are willing to help you.

To align the meeting/event purpose with business objectives in order to calculate the return on investment, pinpoint the reason why the meeting sponsor wants to conduct the meeting/event. Meetings are held to motivate, educate, or communicate in order to achieve a business objective such as increase revenue, reduce costs, or increase productivity.

There are five levels of feedback as illustrated below although not all five are required to obtain the return on investment calculations.

Level of Feedback from Meeting Attendees	Measurement Focus	Example
1. Reaction and perceived value <ul style="list-style-type: none"> • Relevance, intent to use the information gained at the meeting/event, importance, motivation 	Measure attendee satisfaction with the meeting and capture perceived value	The meeting planners or content owner may send a Meeting Evaluation to the attendees after the meeting ends. Sometimes these evaluations are called “smile sheets” because they capture the “feelings” after a meeting ends.
2. Learning <ul style="list-style-type: none"> • Knowledge, skills, contacts made while at the meeting/event 	Measures information, knowledge, skills and contacts gained during the meeting/event	The attendees may have to take a post-meeting test to confirm their knowledge of the content of the meeting.
3. Application and implementation <ul style="list-style-type: none"> • Use of skills, tasks completed, procedures followed 	Measures the use of information, knowledge, skills and contacts	The marketing or sales team may calculate the quantity of appointments made by the sales representatives (who attended the meeting/event) with their new



		or existing customers
4. Impact and consequences <ul style="list-style-type: none"> Profits, productivity, service, efficiency, customer satisfaction 	Measures changes in business impact variables linked to the meeting/event	One of the activities that contributed to the increased revenue of the product/service was the meeting/event held to educate and motivate the sales team; measure the incremental revenue increases
5. Return on investment <ul style="list-style-type: none"> Benefit/cost ratio, payback period, etc. 	Compares the benefits of the meeting/event to the costs Note that the meeting/event is often not the only contributing factor to the success so the activities that led to the success must be isolated and calculated	The increased revenue was the result of enhanced advertising, improved services, stronger relationships with customers and the sales meeting. The content owner and/or meeting planner calculates the return on investment of conducting the meeting. $(\text{benefits}-\text{costs})/\text{costs}$

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Because most meeting leaders and planners want to understand how to calculate the return on investment, we will spotlight #5, Return on Investment, from the list above.

When meeting planners and most consultants think of “Return on Investment,” they think of the negotiated savings. Often, we hear sourcing professionals claiming that they produced a high return on investment because of their aggressive negotiations. While recognized savings offer a return on investment, I challenge business leaders and meeting planners to link the purpose of the meeting or event to the business objective as described in #2 below. For example, will the meeting produce more revenue? Improve productivity? Increase morale? If you can calculate the impact that the meeting had on the business objective, then you have graduated as a sage in calculating the return on investment.

1. Meeting/event without content evaluation or business impact	2. Meeting/event with content evaluation or business impact	3. Strategic Meetings Management Program
$(\text{Benefit}^* - \text{Cost}) / \text{Cost}$	$(\text{Benefit}^{**} - \text{Cost}) / \text{Cost}$	$(\text{Benefit}^* - \text{Cost}) / \text{Cost}$
*Savings recognized	**In addition to Savings, the ROI calculation can include the results, or business impact, from holding the meeting/event	*Savings
Example: Calculate the negotiated savings	Example: Calculate the increased revenue as a result of the meeting in addition to the negotiated savings	Example: Calculate the savings from implementing the program

To obtain the “benefit” or the “savings,” you must know what would have happened if “Business as usual” occurred rather than the improved state. For example, if you did not increase revenue as the result of a sales meeting, would your revenue have been flat? Would it have increased anyway? Would it have decreased? Ask, “What if you did not have the meeting? What would the result have been?”

Below are three types of meeting initiatives that will provide you with a good foundation as to the method of calculating the return on investment. The first business objective is to increase sales by 10% with a variety of activities, one of which is a sales meeting. The second business objective is to enhance



management skills and the third objective is to reduce costs by implementing a strategic meetings management program. All situations provide positive return on investments in these examples.

A	B	C	D	E	F
Note that each scenario below may have many more activities that could contribute to the benefit recognized in column D.					
Leader wants to:	Leader is using the following methods to accomplish the goal in column A:	Cost of using these methods in Column B.	Recognize (actualize) the benefit (Could be a forecasted benefit)	Isolate the effects of each activity in Column B (we are distributing the effects equally for sake of simplicity)	Return on Investment (gains - costs)/costs
1. Increase sales by 10%	Registers a meeting to educate and motivate sales and marketing staff on new product/service Sales meeting to motivate and educate staff	\$500K	The incremental 10% sales increased for the year is \$5M	25% of \$5M Or, presume that the meeting can take "credit" for increasing the revenue by \$1,250,000	((25% of \$5M)-\$500K)/\$500K The meeting provides: 150% return on investment
	Advertise to potential and current customers	\$250K		25% of \$5M Or, presume that the advertising can take "credit" for increasing the revenue by \$1,250,000	((25% of \$5M)-\$250K)/\$250K The advertising provides: 400% return on investment
	Increase after-sales service to encourage repeat sales	\$300K		25% of \$5M Or, presume that the after-sales service can take "credit" for increasing the revenue by \$1,250,000	((25% of \$5M)-\$300K)/\$300K The after-sales service provides: 317% return on investment
	Sales team continues to travel to customers and build strong relationships	\$50K		25% of \$5M Or, presume that the sales team relationships can take "credit" for increasing the revenue by \$1,250,000	((25% of \$5M)-\$50K)/\$50K The sales team relationship building activities provides: 2400% return on investment
2. Send managers to training class to learn how to "manage better."	Registers a meeting that will educate managers on how to be a better manager	\$100K	One of the quantifiable results is that turnover has decreased by 8% which represents a savings of \$1.8M in recruiting fees and lost productivity	50% of \$1.8M For the sake of simplicity, presume that the training can take "credit" for helping managers learn more about managing which has decreased turnover.	((50% of \$1.8M)-\$100K)/\$100K The manager training provides: 800% return on investment
	Provides one-on-one coaching to managers	\$500K		50% of \$1.8M For the sake of simplicity, presume that the one-on-one coaching can take "credit" for helping managers learn more about managing which has decreased turnover.	((50% of \$1.8M)-\$500K)/\$500K The one-on-one coaching provides: 80% return on investment



3. Reduce meeting/event costs through the implementation of a strategic meetings management program (“SMMP”)	Policy enhancement	Total cost of the SMMP program is \$2.1M	The savings on \$125M meeting/event spend are \$12.5M	25%	(\$12.5M-\$2.1M)/\$2.1M The SMMP initiative provides a 495% return on investment
	Demand management			20%	
	Payment methods and recovery of funds			5%	
	Control and compliance			5%	
	Strategic sourcing			18%	
	Planning negotiations			5%	
	Supplier relationship management through SLAs			2%	
	Resource management.			8%	
	Technology and automation			10%	
	Forensics and fraud identification			2%	

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In synopsis, a return on investment for a meeting or event can be calculated in four easy steps:

1. Calculate the costs/expenses
2. Calculate the savings/benefits/gains by calculating the difference between the “business as usual” state and the “improved” state
3. Isolate the effects of the meeting/event; most often, there are numerous activities that will drive the initiative towards success so the credit may not be granted at 100% to the meeting
4. Calculate the return on investment (gains-costs)/costs

I challenge you – give me your trickiest ROI challenge and let’s solve the puzzle together. Call or email me so that you can be the hero in your meeting sponsor’s eyes and provide him or her with the numbers that they need. (No charge – I love these types of challenges!)

If you have any questions or need assistance with anything mentioned above, please contact me.

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Debi Scholar, GLP, CMM, CMP, CTE, CTT, Six Sigma Green Belt

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- Top 20 Changemaker who influenced the meetings management industry by Corporate Meetings and Incentives (2008)
- Best Meeting Practitioner as selected by Business Travel News (2007)

The Scholar Consulting Group LLC
debi@debischolar.com



908-304-4954

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