FRESHSTART

NEW YORK PLANNERS LOOK AHEAD TO 2010

Emily Hamel
DIRECTOR, YANKEE STADIUM EVENTS
NEW YORK YANKEES

Howard Givner
CEO-NORTH AMERICA
GLOBAL EVENTS GROUP

Mary Ellen Murphy
DIRECTOR OF SPECIAL EVENTS
DEL POSTO

WHAT CAN OUR INDUSTRY can do to ensure that we all get the happy New Year we're hoping for?

Best Events asked three New York event professionals to share their observations on how the downturn has reshaped our industry and what new best practices are emerging.

Let's talk about the new year. What are you expecting in 2010 in terms of volume and types of events versus 2009?

Murphy: The volume seems about the same, if not a bit higher. It's a bit early to tell since events have a much shorter leadtime than previously. I have seen an increase in social events over the last year, but not necessarily a decrease in corporate.

Hamel: The volume of our events is increasing for 2010. Companies are hosting events and they are more strategic about how they host them and who they host. Meetings, training sessions, and customer cultivation events are looking very strong.

Givner: We're projecting a 10-15 percent increase for 2010, particularly the second half of the year. There was a 12-month window from summer of '08 to summer of '09 when our industry took a real body blow; many companies put their project pipelines on hold and dramatically cut their planning departments. Now that things have stabilized, those pipelines will start to open up again.

How has your event portfolio—or those of your clients—evolved as a result of the downturn? Do you expect that to remain the "new normal"?

Murphy: It's certainly forced me to be more flexible in what I can offer to a client. However there is always another supplier prepared to undercut you on price, so I stress the quality of the product that we offer. It's important for me to keep the quality high and not dilute the product. After all, the guests at an event have no idea what price the host is paying, and their experience at the event will sometimes be the only impression they have. It's vital to ensure that their experience is what you hope for, regardless of the price.

Creative ways to achieve savings might include looking at the wines to be offered for the event. Consulting with your wine director, you might discover that he/she recently got a great deal of some wines that will allow you to offer those wines to your attendees at a reduced rate. I'm fortunate in that [we] own several wineries and vineyards, and I am often able to offer them at a savings because the "middle man" in the wine-buying process is eliminated. Focusing on less-costly menu items and avoiding high food costs might allow you to pass some savings along as well.

Givner: For many corporate events, there is obviously a much greater sensitivity to not looking like you're spending lavishly—the so-called "luxury shame." I do not expect this to be the new normal once the economy starts picking up again. This cycle has happened before during the recession of '90-'91 and again in 2001.

Murphy: This downturn has been very much like post 9/11. The main difference is that at that time it became patriotic to bring business to New York City, whereas this time many of the sectors hardest hit are based in New York. I think it's the "new normal" for now, but it won't last forever. This industry, like others, is all about supply and demand. The pendulum swings both ways. It's important to remember when you are at the bottom of the swing that it will move back up—but the opposite is true as well. If you are around long enough, you recognize buyers' markets and sellers' markets—yin and yang like the rest of our universe. If you are ethical and fair in your business practices, you can certainly survive both.

Hamel: It continues to be important for organizations to stay connected to their clients but the pressure to connect the event back to the organization in a more measurable way is much greater. Our clients have done this by incorporating more formal business elements into their entertaining. For example, many of our clients will host a formal business meeting prior to an event where they can continue to network and build the relationships with their guests. The events have become more targeted and almost always provide "priceless" experiences for guests such as touring our Yankee Club House or mingling with a Yankee legend. Without the formal business element many of our clients would not be able to host clients and further the relationship.

What responses have you seen planners make to deal with the business downturn that have worked? Why do you think these specific approaches have worked?

Hamel: Companies that continue to thrive have developed strategic alliances with other like brands who may share a client base. For example, a retailer of men's dress shirts might also know many of their clients are avid baseball fans. We may choose to co-host an event where they would gather a group of their clients in our stadium. They get the opportunity to present their product and create a deeper relationship with top clients, and we are able to expose our services to an entirely new group of [clients and attendees]. This partnership allows us to be strategic in who and how we are marketing our products to, and provide a greater return to our bottom line by cultivating the right client base.

Murphy: I've seen budgets cut in many instances, and we try to work with planners to meet a middle ground that works for both parties. This works when the planners have the ability to negotiate with the suppler and are not saddled with rigid budgets that are not negotiable. If a planner is upfront about the budget to begin with (and how much "wiggle room" there is), it saves time for everyone.

Givner: I've seen some smart in-house planners look to broaden their areas of responsibility outside of events, into, say, h.r. or communications. This is a great hedge if their event department's work flow does not pick up. Some are being pro-active and going to their internal business clients to review their event portfolios, and re-examine how well the events achieve the goals, adjusting as needed. Internal clients seem to respond very positively to the pro-activity, and planners

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get to forge deeper business bonds.

Agencies are adding ancillary services. For example, we added a graphics department last year that's been a pretty seamless integration.

What responses have you seen companies make to deal with the business downturn that haven't worked? Why do you think these initiatives have failed?

Givner: What hasn't worked is when planners focus blindly on cutting costs, without focusing on how to more efficiently achieve objectives. This is a very important distinction. If I buy an ad in a magazine, for instance, and I consider cancelling it because it gets me no customers, do I really care if you offer me the same ad for less money?

On the other hand, I might care if you came to me with goal-oriented solutions, such as placing the ad next to an article my target audience might read. Cutting costs is important, but achieving goals is more important. Planners that go to their bosses with just cost-cutting are being dangerously short-sighted.

Murphy: The lowered budgets have not worked in cases where the planners have a rigid, lower budget, and the companies expect the same level of menu, wine, etc. as previous to the downturn for significantly less money. The unfortunate fact is that restaurants' costs have remained the same, or are actually higher (food costs, beverage costs, labor costs, utilities bills, rent) so this is often impossible to do.

One disturbing trend I've seen in recent months is that some companies are setting budgets that not only are greatly reduced overall, but also now include the payment of service charges and sales tax. This really makes it difficult for the supplier, as these are monies that are not income to the supplier but are truly "in and out." They have to be paid out by the supplier almost as soon as they are collected. Yet in these instances, these monies are considered to be "included" in the price. As far as I know, no one expects the price of a coat or a dress to include sales tax.

What traits do the planners and suppliers who have fared best through the recession share?

Hamel: Our industry has worked hard to adapt to the challenges of the economy but those that have been the most successful are those who have invested in strategic partnerships and been flexible on all levels. As the United States Marines say, "Improvise, adapt and overcome." Ultimately, that's what this industry is all about whether you are working [on an event] with big dreams and a small budget or facing a challenge on a job site. It's our professional strength to do what it takes to make it happen.

Murphy: Patience, a sense of fair play, flexibility, willingness to negotiate on both sides—and a sense of humor! I think that the ability to laugh at ourselves and the situation makes everything a little easier. I once saw a throw pillow that read "Blessed are they who can laugh at themselves, for they shall always be amused." How true.

Are there any shared traits or behaviors you identify with the event partners/agencies who haven't fared as well through the recession?

Givner: An over-reliance on a single client can be a killer if the client pulls back or cancels altogether.

Another killer is when a company has a pricing model that obscures its value to the client. For example, if an event company does not clearly link its fee to its scope of work and charges by marking up

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subcontracted services or charges a percentage of the budget, the event company will be behind the eight ball if the client cuts its budget or opts to use in-house facilities.

Murphy: Rigidity and focusing only on [the supplier's] needs can be the kisses of death. I think it's essential to try to "walk in the client's shoes," and really view the planner/supplier relationship as a partnership. There is often more than one way to get to a common ground, and searching for ways to do this often makes the difference between success and failure. The best success stories, of course, involve both sides at the negotiating table making this sincere effort.

How do you think our industry is changing for the better?

Hamel: The industry has evolved into more of a partnership between suppliers/planners and clients. I don't see any downside in the suppliers/planners having a more vested interest in providing a measurable return on our clients' investment in our services.

Murphy: I think that the older the industry becomes, the more ethical it becomes. More and more planner/supplier relationships are based on dealing with each other fairly, truthfully, and respectfully. Every one of these relationships is a move toward elevating the industry.

Givner: People are being forced to understand and explain the value of what they do—what their events do—in order to justify their jobs and contracts. That's a good thing on all fronts because the planner starts focusing more on making sure the events achieve the clients' business goals—which ultimately makes the events more successful. The planner then gets positioned as an internal stakeholder of the business unit, rather than just a service provider, makes them more integral. As more people understand the events' value for the company, the importance of having those events professionally run increases, helping to defend the planner's job and department.

Over the past decade we've made great strides in moving event and meeting planning beyond the secretarial realm, and during a period of cutbacks like this it's important to avoid backsliding in that direction. Understanding the value proposition is the best defense against that.

Another of the few benefits of "the rinse cycle," as a colleague referred to this time period, is that the lousy economy will wash away many under-qualified players, both on the client side and the vendor side. When it's over the ones that remain will be the most committed and qualified professionals.

How do you think our industry is changing for the worse? What can we do about it?

Givner: In some cases we're seeing RFP's going out to way too many agencies. Quality proposals take a lot of work, and some agencies won't submit their best work if they know the client is blasting out the RFP. The ideal scenario is the client does some advance research and identifies four to five qualified agencies to receive the RFP. This ensures that each responding agency will invest the time to deliver their best possible work.

Murphy: I don't think it is changing for the worse. There will always be bad apples around, but as long as the majority of us strive to be ethical, flexible, and fair, the industry should continue to improve.

Just how far can we all go with doing more for less—and how are you and your clients getting there? Is there a point that is too far?

Hamel: Over the last year or so we have all been asked to do more and more with less. We help our clients achieve this by leveraging our internal assets. Instead of bringing in equipment to transform our spaces, we utilize what we have and maximize it for the client. For example, we re-program the centerfield scoreboard with their logo and welcome guests by name. The impact that provides to the company is enormous from a branding and loyalty standpoint and it's an asset we can provide to the client that can't be found elsewhere.

Givner: Too far is when you spend more money shipping a podium sign from another branch office than it would cost to buy a new one (true story—client name withheld).

If you can spend less and get more, or even spend less and get the same, keep doing it. In practice, the reality is usually paying less and getting less. Again, this should be a discussion about achieving more, at least as much as it is about spending less. Anyone can figure out how to cut a budget. That's the easy part. It takes considerably more skill to figure out how to improve the results that come from an event.

What can we do to help give events the stature they deserve?

Murphy: As an industry, and as individuals, we can keep a dialogue going with our lawmakers, stressing the economic impact of meetings and events on our economy. And as business practices in our industry become more fair and ethical, the public will have higher regard for the industry.

Givner: We can start talking about what our events achieved, and not what they looked like.

Murphy: We can make a habit of showing companies the return on investment for their event dollars by tracking these returns and reporting them to our corporate officers. There has been plenty of literature written on return on investment, but this could be tracked easily through linking it to the purpose of each event, i.e. business booked that can be tracked to attendance at a client event, increased employee retention/satisfaction tracked to incentive programs or employee events.

Hamel: Event professionals have really come together in a great way over the last year or so. We have had to lean on one another and become very adaptable in this market. Our effort to create amazing events for our clients, with both their goal and budget in mind, has been successful. We have produced incredible events in one of the toughest economic times that have yielded business for our clients. I am sure many of our clients don't realize how hard we've worked to pull that off and this is the true testament to our talent.