



The Value Of Meetings

Company Meetings: From over the top celebration to community good.

For many Americans, the negative press coverage of AIG's private event in December, right after the TARP (Troubled Asset Relief Program) bailouts, painted a picture of corporate meetings as frivolous indulgences. This perception is erroneous and unfortunate, because the health of the meetings industry is essential to our economy's recovery.

The media could not foresee the impact of the story. But this isolated instance led some American corporations to react by cancelling their meetings, both to avoid negative press and in the misguided belief that the saved funds would lessen the economic damage to their companies. The irony is that cancelling their meetings will have further negative effects on growth, and on the American economy as a whole – just at a time when we are trying to regain momentum.

Corporate meetings enhance employee and partner performance, fuel company growth and profitability, support the needs of local communities where meetings take place and aid the American economy as a whole.

Corporate meetings fall into broad categories; sales meetings, customer and partner business events, recognition events and training meetings. A large part of the meeting industry is comprised of events held for a company's customers and dealer network. Such meetings are opportunities to further educate these vital business partners about new products, solutions and systems, and to recognize key clients. Meetings like these make business possible; they are **strategic tools that deepen relationships and increase productivity.**

Another large segment of the meeting

industry is internal events for mid-management and sales staff. These meetings provide opportunities for companies to conduct educational seminars that ensure consistent messaging to their employees, and consequently their customers. This also provides opportunities for remote coworkers to exchange ideas about how to improve their processes, products and services. The end result is that employee meetings **lead to greater efficiency that contributes to the overall health of companies.**

Even charitable organizations rely on the meeting industry.

Charities bring top donors together and create unforgettable experiences to encourage future contribution. The ability for donors to meet face to face with staff, volunteers, other benefactors and even recipients of the organization's largesse is key to charities achieving their goals. **The live forum increases credibility, belief, adoption and implementation of new ideas, which all keep charities funded and operating in these difficult times.**

Recognition events, such as the AIG meeting that the media reported, make up the smallest meeting segment. Also known as incentive meetings, they are the easiest meetings to target since they are “rewards.” But that’s not their only function. Such meetings may be best viewed as “contests” to motivate top-performing sales people to generate company revenue. They are intended

to acknowledge leaders for exceeding sales goals or other objectives, and are often held in lieu of salary increases.

Studies have historically shown that money isn't necessarily the best employee motivator – but an unforgettable experience almost always is. And through the success of these employees, the company succeeds, both expanding its business and its workforce.

Yet to understand the full impact of the meeting industry on the entire American economy, it must be viewed as a whole. In addition to the effect on the companies conducting events, the meeting industry itself contributes significantly to our economy by providing jobs for a wide variety of companies and workers behind the scenes.

The meeting industry employs millions of people, planning and executing meetings for American businesses and organizations. They include the staffs of convention centers, hotels, attractions, transportation companies, restaurants, caterers and other service suppliers. Company meetings generate revenue that results in substantial and irreplaceable local tax dollars. Every municipal government has an office dedicated to attracting organizations to conduct events in their city, which are vital fuel for their local economy. A reduction in meetings results in staff layoffs not just at companies in the meeting industry, but

all through the hospitality industry as well.

In 2007, in Orlando alone, visitors and tourism accounted for 24 percent of jobs in the area, and the spending as a result of group meetings totaled over \$3.32 billion. This clearly demonstrates the potential implications of the suffering meeting industry - it extends far beyond CEOs and high profile companies. In extreme cases, cities may even be forced to cut municipal services due to their reduced tax revenue.

American businesses need to address the public's negative image of company meetings or the mass cancelations of events could result in damages to the economy far worse than we are currently imagining.

New Research

To gauge American opinion of appropriate company investment in meetings, TBA Global conducted a national research study in December 2008, in the wake of the AIG news.

Findings in the study showed that average Americans (people outside the meeting industry) viewed spending on major events and corporate sponsorship as less appropriate, but that corporate spending on "community programs" was more appropriate. **We know that the extensive reporting about the AIG meetings during the time of the survey was a main factor contributing to this perception.**

Our research also provided insights on what would likely be seen by Americans as appropriate ways for corporations to spend money on events:

1. **Gather, but in more responsible ways.** Meetings as a whole are acceptable, but companies shouldn't spend too much on over-the-top, self-congratulatory celebrations during these times.
2. When asked whether companies should invest more or less in community projects, 69% of respondents said more. **Meetings that contribute meaningfully to communities will likely be perceived in a highly positive light.**
3. Sixty percent of respondents said they would prefer companies invest in community rather than in the environment, while 30% preferred green initiatives over community projects and 10% said investment in them should be equal. Many companies are already investing in "green" initiatives. **Engaging in and drawing attention to green initiatives will also be looked upon favorably, but not as much as investment in the local community.**
4. Rather than cancelling meetings, the best solution may be to have them as planned but **do something meaningful in the host community.**

Perception of AIG's meeting, after being the beneficiary of a government

bailout, was understandably negative. But cancelling all meetings is not the solution to the problem; that only makes it worse. Mindful of this perception, organizations still need to **conduct meetings to gain the momentum that will contribute to more business and a stronger national economy.**

Gathering together to support each other is even more important in hard times. Looking back, the companies that emerged from the Great Depression stronger and earlier than the competition had this in common: Looking to the future, workers bonded together around a common, well-articulated mission. Meetings are how this is done, and how business is done. It's how economies are stimulated, and how employees and business partners are motivated to create positive results.

The conclusion is obvious. Meetings matter, to the organizations that conduct them, and their employees; to the communities where they're held; to meeting and hospitality industry companies that supply the services – and to the entire American economy.

ABOUT THE SURVEY: "The TBA Global Life Pulse Poll" conducted a survey of American adults to measure their feelings about corporate investments in opportunities for people to gather. Social Science Research Solutions was retained to interview by telephone a random sample of Americans ages 18 and over. The interviews were conducted between December 4th and December 9th, 2008. A total of 1,020 completed the survey. The responses were weighted to be representative of the U.S. population by age, gender, region, race, education and income. Sampling error for individual questions was +/- 2%.

Why Have Meetings?

Meetings that are well executed and designed to meet specific goals greatly contribute to company profits. Meeting benefits include:

1. Development of engaged employees
2. Improved company culture
3. More satisfied employees
4. Increased employee retention
5. Compensation more cost-effective than raises or bonuses

1. Development of engaged employees

Engaged employees form an emotional connection that comes from being involved in their work, their company and its brand. This results in both an emotional and functional commitment, which in turn leads to a more dedicated workforce.

Studies have shown that companies with engaged employees are more profitable.

Gallup research indicates that public organizations ranking in the top quartile of employee engagement had Earnings Per Share Growth more than two-and-a-half times greater than organizations with below average employee engagement.

Findings also revealed that engaged employees are more productive, safer, create stronger customer relationships, stay longer with their company and contribute more to profitability than less engaged employees.

2. Improved company culture, *which is especially important in rough times.*^[1]

When employees know their company values them, they are able to focus on their work instead of worrying about keeping their jobs, resulting in greater commitment to stay with the company. When employees know the challenges their company is facing – and what they can do about them – they are able to play an active role in meeting those challenges.

Eighty percent of workers said that clear communications motivated their performance and made them more productive.

3. More satisfied employees

The three aspects of work that employees consider most important, in descending order, are:

- a) Exciting, challenging work
- b) A chance to learn and grow
- c) Great people with whom to work^[ii]

Meetings address all three of these aspects:

- a) Meetings are a means to communicate company and brand message, and to bring challenges to the table. By keeping them informed, employees are able to play a role in finding and creating solutions.
- b) Meetings that include seminars, round tables and other educational sessions address the employees' desire to learn and grow.
- c) Bringing coworkers together in a less formal setting away from the workplace allows them to learn more about each other, which translates into more trust and better collaboration.

Companies with satisfied employees generate better overall returns in the stock market, with firms on the list of “100 Best Companies to Work For” generating up to five times as much return as their competitors.^[iii]

4. Increased Retention, *which leads to Increased Profits*

Employee development is a key retention driver, and meetings facilitate development in many different ways. Meetings:

- Allow for direct communication from execs to employees
- Provide skill and career development opportunities with seminars and tutorials
- Offer opportunities for employees to share knowledge with each other.

What's more, higher retention rates are directly linked to increased profits. **A 5 percent increase in employee retention can generate a 25 to 85 percent increase in profitability.^[iv]**

5. Compensation more cost-effective than raises or bonuses

When budgets are tight, meetings that touch many employees and improve their job satisfaction can increase company profitability more cost-effectively than raises and bonuses, because companies with satisfied employees are more profitable.^[v]

A study concluded that a one-point increase in employee satisfaction, on a ten-point scale, is equal to a 36% pay raise.^[vi]

Taking this into account, money can be saved by holding meetings specifically tailored to address employee satisfaction; it costs much less to hold a meeting that reaches 500 employees than to give each of those employees a 36% raise.

Holding meetings is doubly cost-effective because money that would be spent on raises and bonuses instead makes employees more satisfied and knowledgeable, both of which increase profits.

[i] The New Face of Engagement. - William Keenan Jr.

[ii] Engaging the Massive Middle - Beverly Kaye, Sharon Jordan-Evans and Career Systems International, © 2007

[iii] Does the Stock Market Fully Value Intangibles? Employee Satisfaction and Equity Prices - Alex Edmans. Wharton School, University of Pennsylvania. June 2008.

[iv] Putting the Service-Profit Chain to Work - Harvard Business Review, March/April 1994

[v] Russell Investment Group - Article: The Economic Case for People Performance Management and Measurement © 2008

[vi] Wellbeing and Trust in the Workplace - Helliwell J. F., Huang, H. University of British Columbia, 2006



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