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THE POWER OF INFORMED PLANNING

“First-time corporate accounts...want us to handle their total meeting spend. That’s a huge shift in the purchasing model.”

—ROGER HELMS, HELMSBRISCOE

POWER BROKERS

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HelmsBriscoe's Roger Helms says handling first-time clients' total meeting spend "places our associates directly in their procurement process."

THE POWER OF THIRD PARTIES

Why more hotels, destinations and planners are relying on **INDEPENDENTS** to book business

BY CHERYL-ANNE STURKEN

As recently as a decade ago, third parties — independent meeting planning firms — were seen as bit players in this industry. They were viewed as having little, if any, serious professional clout and only one real service angle: site-selection expertise. Today, however, the major third-party players have gained such depth and reach across every segment of the industry, that all stakeholders — hotels, convention and visitor bureaus, tourism officials, destination management companies and technology providers — are clamoring for their

attention. Clearly, third parties are the new power brokers in the meetings realm.

Not only have the major players expanded internationally, opening dozens of offices across Africa, Asia, Europe and South America, they have swelled their associate ranks to number in the hundreds. They have strategically formed preferred partnerships with hotels and destination management companies around the globe, and forged key alliances with CVBs and destination marketing organizations. Add formidable client lists that read like a Who's Who of Fortune 500

PHOTOGRAPH: DARBY ELIZABETH

firms and major national associations, and it is obvious why third parties wield such tremendous negotiating power.

Their bread-and-butter service of site selection has been in hot demand in a tough economy, as planners pressed for time and resources have turned to third parties to ease their workload — at no additional cost (third-party fees are paid by the hotels that win the business).

But there's more: Going head-to-head with smaller independents, the third-party giants now offer a full slate of professional meeting services, from social media marketing and contract expertise to strategic meetings management. Such services typically involve a negotiated fixed fee based on the needs of the client and the scope of the project. Factors determining price might include the number of estimated work hours, including on-site execution and post-convention wrap up; level of staffing required; travel expenses; and any customized services the client might require, such as visa applications for attendees.

HelmsBriscoe is the personification of third-party evolution. The Scottsdale, Ariz.-based company, which celebrates its 20th anniversary next month, booked 4.5 million group hotel room nights in 2011, worth an estimated \$1.3 billion in total meetings spend — \$100 million more than the firm generated in 2010. Committed business on the books for first-quarter 2012 has the company on track to achieve another record-breaking year, according to president and chief executive officer Roger Helms.

“Not only have we had phenomenal international growth and greater traction with existing accounts, but what has been really surprising is the amount of first-time corporate accounts that have come to us,” says Helms. “They want us to handle their total hotel meeting spend, which places our associates directly in their procurement process. That's a huge shift in the purchasing model.”

FORGING ALLIANCES

Last year, Twinsburg, Ohio-based Experient ramped up its product offerings

with the launch of two new partnerships; one extended its meetings management services, the other its international reach. Those alliances, says Rick Binford, CMP, president of the company's Event Management Services division, directly reflect where Experient's clients are placing business and the areas in which they are turning to the company for assistance.

In July 2011, Experient and technology provider StarCite teamed up to launch MeetingsComplete, a new product aimed at designing management solutions for small to mid-size companies with a total meeting spend of at least \$1 million. It's a service, says Binford, that came out of a direct response to customers' needs. “We've seen a lot of hesitancy among some of our clients, because they feel they don't have an entire road map to their meetings operation. They don't know where to start or how far to go,” says Binford. “MeetingsComplete is a quick start, an easy way for them to turn on the strategic management strategy within their organization.”

The second partnership was initiated last October, when Experient signed an exclusive deal with Incon, a select group of 10 conference and event management companies that operates in 130 destinations around the globe and employs 3,000 people. That alliance gave Experient immediate boots on the ground and strengthened the company's ability to confidently meet customer demands in specific global markets. “Last year we did events in some 35 countries that a number of our clients had little prior knowledge of,” notes Binford. “Incon strengthens our resources in places like India and Russia, and we will open another half-dozen new offices in new destinations by May of this year.”

Also leveraging the power of alliances is Scottsdale-based third-party firm Hospitality Performance Network Global, which estimates it sources 500 meetings per month, generating a million room nights per year. Last year HPNG, which has grown to 210 associates, signed preferred partnerships with two well-established destination man-



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agement organizations, Ovation South Africa and Brussels, Belgium-based Euromic, a 35-year old international consortium of destination companies with representation in 36 countries.

Those two deals gave the company immediate cachet in multiple international locales and significantly boosted the credentials of its international division, which HPNG has been focused on growing since 2010, when it merged forces with former site-selection firm Meetings International and added "Global" to its name.

Likewise, Los Angeles-based ConferenceDirect has seen a growing need for meeting and event management among its client base and set about filling it several years ago.

Today, the third party's conference management division is one of its fastest growing, racking up double-digit increases year-over-year. To grow its team, the company set about actively recruiting seasoned planners, many of them former in-house planner clients downsized by their corporations and associations.

Today, the typical planner on ConferenceDirect's conference management team has more than 10 years of experience. One example: Debbie Draper, global project manager (and winner of the firm's 2011 Conference Manager of the Year award), joined the team after a decades-long career with the Dallas-based American Heart Association, where she was director of national hotel contracts and meetings, overseeing a group handling 300 meetings per year. "That kind of experience gives our clients tremendous confidence in our ability to handle their event and get it right," says Brian Stevens, president and chief

executive officer. "It doesn't matter if we have five years or five weeks lead time."

In 2011, ConferenceDirect, which has grown to 350 associates, booked more than 2.5 million room nights for 1,500 clients, and Stevens says the company is acquiring new customers daily.

HOTEL CONNECTIONS

Gone are the days when hotel companies openly viewed third parties as intruders, stepping on their sales team's turf in hopes of scoring a group booking and a quick commission payout. That animosity has been replaced — at least publicly



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— by a group hug, with hotels courting third parties, jostling for a presence at their annual conferences and sitting on their advisory boards.

“They are absolutely critical to us, because so much meetings business is sourced through them,” says Kaaren Hamilton, CMP, vice president, global sales, Carlson Hotels, who manages a worldwide sales force of 100 people. The Minneapolis-based chain has preferred partnerships in place with all the major players and deploys sales and marketing resources targeting that market.

Once primarily North American in operation, notes Hamilton, third parties have grown their base of associates with such sophistication and cutting-edge technology that hotels see them as an extension of their own sales teams. “In the last five years, we have received much more business from them internationally,” says Hamilton. “HelmsBriscoe, for instance, has literally marched across the board setting up teams throughout Europe, and as we continue our expansion there and open hotels, our relationship with them is key.”

It’s a sentiment echoed by Christie Hicks, senior vice president of global sales for Stamford, Conn.-based Starwood Hotels & Resorts Worldwide. Third parties are invaluable in helping the hotel company place group business in Asia, she says, where its portfolio of brands in the past five years has expanded exponentially. “They have really helped us in China,” says Hicks, “and we have done some very strategic things together, helping each other work through some really big Chinese accounts.”

The importance of those partnerships will only grow, believes Hicks. “These are now big, multimillion-dollar companies with even higher revenues in terms of what they direct and influence,” she says. “If they are going to act on behalf of the end user, then we need to act on their behalf, too. And what we are seeing is more corporations allowing them to procure for them.”

At Chicago-based Hyatt Hotels Corp.,
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THE PLANNER'S PERSPECTIVE

Increasingly strapped for manpower due to corporate downsizing, and grappling with ever-tightening meeting budgets, many planners are digging deep for cost-free solutions. Third parties, which are compensated directly by hotels for their work — typically with 10 percent of the total group room rate revenue — require no additional line-item payout on the planner’s part and offer an extremely attractive answer.



One recent convert to the cause is **Deborah Young, CEM** (left), director, convention and meetings, for the Alexandria, Va.-based National Association of Elementary School Principals. In 2010, she was the sole surviving member of her meetings department, the result of downsizing and the organization’s freeze on new hires. Already a client of Experient, to whom she had previously outsourced housing and registration, Young decided to turn to them for help managing the association’s national three-day conference and expo, which is expected to draw 3,000 people next month to Seattle’s Washington State Convention Center.

“Logistically, it made complete sense. They were already familiar with our program, the numbers, our attendee’s booking process,” says Young. “There was still a learning curve, but I think next year will be smoother.”



One corporate planner who firmly believes in the value third parties bring to the meetings industry is **Ronli Merlis, CMP, CMM** (left). As senior project manager, events, meetings and conventions, for Cambridge, Mass.-based Millennium: The Takeda Oncology Co., she and her team handle more than 400 meetings a year and rely heavily on HelmsBriscoe for site-selection support. “Their buying power is phenomenal,” she says. “We do a ton of international business, and the time out of the office they save me can’t be measured. It’s just an amazing resource to have.”

Selling senior management on such benefits, Merlis points out, can sometimes be a challenge because top executives do not necessarily understand the nuances of the meetings industry. However, she adds, it is one worth pursuing. “I had to get permission to use HelmsBriscoe, whom I had worked with at my previous company, when they got us out of a \$60,000 attrition problem,” she says. “My manager could not believe they came at zero cost to us.” **MC** C.A.S.

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about one-third of all group business is booked by third parties, estimates Ed Smith, director of worldwide accounts, who oversees a global sales force of 85. Not surprisingly, Hyatt has set up an account team dedicated solely to assisting third-party providers.

“We definitely see them as a partner and extension of our sales force,” Smith notes. “We rely on them to know our brands and to guide their clients to our hotels. Our role as a hotel company is to educate them on our properties, product and culture, so they have the knowledge and tools to promote our hotels.”

While such on-the-record cheering is unanimous, plenty of hoteliers still harbor resentment for third parties. “The increase in commission payments to these companies is a cause for concern among hotels, especially in the current economic environment,” admits one representative of a major chain. Other sources concurred that hotels would rather book group business directly via their hard-earned relationships with end users — at noncommissionable rates — but they would be foolish to ignore the power of the middlemen.

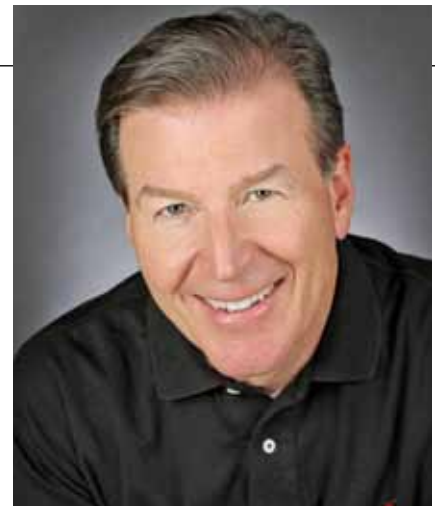
BOOSTING BUREAUS

Back in 2009, the Fort Worth (Texas) Conventions & Visitors Authority fielded a total of 32 potential leads, representing 51,209 rooms, from the three major third parties. In 2011, that number jumped to 218 leads representing 246,934 rooms. John Cychol, vice president of meeting sales for the FWCVA, says it’s a power shift that many bureaus did not see coming but have wholeheartedly embraced.

“Third parties seized the moment and gained a foothold, thanks to corporate downsizing and the economy,” says Cychol. “They filled a gap that existed in our business that we destination management organizations should have recognized. I think we failed to seize the moment, and now we are all focused on creating a liaison with them.”

In fact, third-party-generated business has become so significant to the

BRIAN STEVENS OF CONFERENCEDIRECT SAYS THE TYPICAL PLANNER ON HIS FIRM’S MANAGEMENT TEAM HAS MORE THAN 10 YEARS OF EXPERIENCE.



FWCVA that in 2011 the bureau struck proprietary partnerships with ConferenceDirect, Experient and HelmsBriscoe, the three big companies responsible for generating the bulk of its third-party business. “They feed us information about groups they have booked in Fort Worth, whether they came through the

30%

Carlson, Marriott and Starwood say 30 percent of all group business at their properties is booked via third parties. **Hyatt** estimates the number a bit higher, at one-third.

bureau or not,” says Cychol. “That gives me a real value to put on the books. Why do you think we are all trying to outbid each other on who gets to host their annual meetings?”

Last month, the Reno Sparks Conventions & Visitors Authority hosted HelmsBriscoe’s annual conference, an event that drew more than 2,000 people; next month, the bureau will roll out the welcome mat for Experient. It was a major double coup for the Nevada destination, trumping much higher-profile

competitors for the bragging rights.

“Having them here is a huge undertaking, but it gives us tremendous exposure,” says John Leinen, vice president of convention and tourism sales for the RSCVA. “These third parties have multiple buying opportunities, which is what we think is so very valuable. If you build relationships with them effectively, they send you off to other people within their organizations. It is now reaching a point where if you’re doing business with them, they truly represent the client’s decision. They don’t have to ask permission to sneeze. What we are talking about is billions of dollars in potential revenue.”

It’s an opportunity not lost on the Orlando/Orange County Convention & Visitors Bureau, thanks to the business acumen of Fred Shea. A former longtime Hyatt executive as well as a former senior vice president at ConferenceDirect, Shea has a unique insider’s perspective on the third-party model. Since joining the Orlando bureau two years ago as vice president, strategic partnerships, he has made building alliances with third parties a cornerstone of the bureau’s strategy.

“When I first got to Orlando, I immediately started putting in place relationships with all the third parties,” says Shea. “When I reported back to the board how much business they were doing in Orlando, they were astounded. They had absolutely no idea of the overall volume the third parties were producing. It was such important data to have that we immediately consolidated our sales force, which was very fragmented, to make it easier for them to work with us.”

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Q&A

WITH A THIRD-PARTY PRO



Team spirit: Pat Durocher (left, foreground) with some of her associates at Global Cynergies

As Global Cynergies approaches its four-year anniversary, the Scottsdale, Ariz.-based third-party firm is fast carving out a niche on the international front among corporate clients. That's not surprising, considering that founder and managing director Pat Durocher once headed up HelmsBriscoe's international division. Now at the helm of her own company, which has grown to 45 associates with representation in 90 countries, Durocher recently spoke with M&C and offered her insights on why third parties are thriving.

> What's different about third parties today vs. when you started out?

We are doing much more international business. We are booking business in places that planners can't even pronounce. There is an awful lot of product coming and going, and contracts are constantly changing, which means we really have to be on top of our game as negotiators.

> Do you think "site-selection company" is still a relevant term to describe third-party firms like yours?

It doesn't really explain what we truly do. When we are helping a client site select, we are looking at all aspects of their program, from where they are coming from, their F&B spend and local transportation issues, and we're also assisting them with

contract terms and negotiations. So we are acting more as consultants.

> What's challenging about placing group business internationally?

For one thing, your frame of reference is not the same as that of the supplier you are doing business with. In North America, if you don't respond in 24 hours, you've lost the business. In other countries, that's not the case. Also, in the U.S., 80 percent of the hotel product is branded, but elsewhere it is the reverse. There is a lot of stunning hotel product internationally that has nothing to do with a brand. We always include them in the mix.

> Does procurement's growing involvement change the client relationship?

I am a certified CPA, so I love to go head-to-head with procurement. I get the fact that they have to work with sales and marketing. Sometimes, by drilling down and getting the facts, some people pass over the value of the bottom line.

> Are there any trend destinations for groups on your radar?

China is big, because a lot of business is being driven there; India, too. Ireland is back now as a value destination. In the U.S., Houston is a great value. And Canada — what their government does to bring business is incredible. **M&C** C.A.S.

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Shea and his team now hold monthly webcasts for third parties, giving them the inside scoop on Orlando beyond the usual hotel openings and renovations — information not necessarily gleaned unless you're a savvy local with an ear to the ground. A recent webcast offered insider details on a major medical mart under development on the city's outskirts, which Shea claims will be one of only three such venues in the world (the other two are in Dubai and Singapore). While the mart won't be open for a while, the bureau, working with city officials and the site's management, has begun arranging hard-hat tours for interested third parties who might have potential clients in the medical field.

"The big third-party companies grew so big, they didn't see the bureau as relevant anymore," notes Shea. "So we have changed dramatically. We are focusing more on being destination experts, so they see us as an extension of their force and not a competitor. We are building trust so they will work with us, because we want to grow our share of the business that comes from them."

That strategy helped The Peabody Orlando score ConferenceDirect's annual conference next month, and HelmsBriscoe's in 2013. It's an opportunity Gregg Herning, vice president of sales and marketing for Peabody Hotels, calls priceless. "What better way to market your product than to get them all at your property in one fell swoop," says Herning, who plans to roll out the red carpet for both conferences. It doesn't hurt that the 1,641-room Peabody Orlando recently wrapped up a \$450 million renovation, which expanded its meeting space to 300,000 square feet and added a slew of new amenities.

"The experience they have here at the hotel is what they are going to take back to their clients, who number in the thousands," says Herning. "We can't possibly reach that many potential clients on our own, which makes the relationship-driven process with them so incredibly important." **M&C**