

Consistent Sourcing For Improved SMM

Introduction

For the meetings industry, the days of mailing, faxing, even emailing supplier requests are fading. With advancements of electronic submissions, it's never been easier for planners to send multiple requests to multiple hotels. The caveat of such technology has created a significant increase in Request For Proposal (RFP) volumes from multiple channels. Hotels are finding it very challenging to provide timely and complete responses.

Over the past three years, the number of RFPs sent to hotels has increased by about 300 percent. Now, about sixty percent come through third-party online channels while the rest come via e-mail. Electronic RFPs now dominate, and they bring their own advantages and challenges said Ashley Kissinger, global accounts director, Marriott Hotels International. [\[1\]](#)

As rapidly as the awareness has grown on this topic, so too has the confusion and concern about what is truly involved. With new challenges comes a new opportunity to create a “win/win” for both meeting planners and hospitality organizations.

The following sections of this white paper will identify top challenges currently facing the industry, with key findings from both the planner and hotelier's perspective. This white paper will also provide valuable insight to improve planner productivity, stakeholder communications, and help drive strategic decisions.

Current state

Meetings and events were once viewed as the “last frontier” in the long quest by corporations to manage and control costs. With the help of Strategic Meetings Management (SMM), today's meetings marketplace has now taken the lead as it accounts for \$263 billion in spending according to the Convention Industry Council. [\[2\]](#)

Despite this growth, heightened pressures to improve SMM by adapting to new technology and evolving business practices creates an unclear future for the meetings industry.

According to Aberdeen's 2013 Travel and Expense Management Benchmark Survey, among the top challenges organizations currently face is poor visibility into T&E spending, compliance, suppliers, etc. at a staggering fifty-one percent. [\[3\]](#)



Given the data, a more modular approach to improve meetings management including all aspects is necessary to regain control and to enforce true strategic decision making.

Shifting Priorities

Given the increased demand and rapid state of change, priorities have inevitably shifted, for planners and hoteliers alike.

Buyers today (planners) have numerous portals to submit eRFPs and have many choices placed side-by-side in a grid for quick comparisons that outlines the entire cost of all possible charges incurred. In this typical procurement model, items such as: meeting room rentals, audio visual charges, airport charges, shipping/receiving, food and beverage charges, are all estimated down to nearest bagel and cup of coffee with the budget in mind. They are expected to secure at least 3 viable bids from suppliers, all before a decision on a property can even be made.

On the supply side (hotels), the days of the independently owned and operated businesses are gone for the most part. In their place, private equity firms and ownership groups are filling their portfolios with hotel partnerships. With that come the demands of being an asset on a balance sheet and includes protecting what they bring to the table for a return on their investment. Hoteliers are responsible for evaluating a lead for how much total income that group will bring overall. Additionally, they seek to avoid potential income blocking items such as: excessive set-up

times, 24 hour holds, taking more meeting space than is proportionate to guest room usage.

In the face of two economic downturns over the past decade, buyers have fundamentally and permanently changed. They seek solutions that can help them “do more with less,” deliver fast payback, provide high ROI and realize superior value versus other solutions. The more options available to them, the better, and even as the economy recovers; research indicates that this trend will continue.

On the other hand, hotels are working arduously to adapt, yet they would still agree that fewer requests would help them meet the increase in demand. Marriott’s Richard Green told attendees at a recent educational session during Destination Marketing Association International’s Destinations Showcase in Washington, D.C., “If you are sourcing four hotels or fewer, we commit to getting back to you within nine hours. As the number of hotels increases, so does the promised response time.” [\[4\]](#)

For now, it appears that inconsistent sourcing methods are creating a lag in progress on both sides.

Consistent Capabilities

Technology is the core that links all these processes together. One of the key drivers to leveraging technology, is it affords buyers the ability to control costs and suppliers can effectively measure return on investment through automated processes and meetings management technology that operates with real-time visibility on a global scale. By serving both ends of the spectrum, event sourcing and site selection are dramatically simplified within.

A study regarding the use of end-to-end strategic meetings management (SMM) technology reports that, “A consistent sourcing process ensures that meeting and event planners leverage existing relationships to maximize cost savings (and keep event costs down), while the ability to leverage attendee information for future planning can assist in boosting the value of forthcoming events through more effective agendas based on attendee profile intelligence.” [\[5\]](#)

The study also pointed out that real-time visibility into meetings data enables event planners and related stakeholders to understand the effectiveness of meetings, associated supplier information, and the return on investment of events to help increase the value of corporate meetings. [\[5\]](#)

There are many critical processes of Strategic Meetings Management (SMM) afforded by the use of technology. However, technology users in this revenue category continue to forge these

aspects to operate in silos.

According to a report on the meetings management companies already have basic attributes such as registration management (55 percent) and site selection (51 percent) as part of their programs, but intermediate attributes involving corporate policy compliance (36 percent) are lacking. [6]

“A failure to enact policies regarding meetings and events can wreak havoc on corporate budgets, as meetings planned and executed off-policy often fall victim to inflated costs outside of agreements with key suppliers.” [6]

Additionally, the report indicated that the majority of organizations are actively engaging in all levels of strategic meetings management (SMM), including advanced attributes such as strategic sourcing. However, few of these organizations are leveraging technology to manage this aspect. Any organization with a centralized budget management program, should be taking advantage of the full range of capabilities a given SMM program has to offer.

Evolving eRFP Technology

It takes the average hotel salesperson twenty- thirty minutes to answer one eRFP for one hotel, with an estimated forty percent which are incomplete. Most properties are challenged by the lack of automation to quickly fulfill requests for simple meetings, forcing them to channel their energies on securing larger meetings and contracts. Traditionally known to take over a year to plan, they are potentially missing out on the opportunity to fill their smaller meeting room facilities and associated guest rooms days, months or weeks ahead. Finding an efficient and reliable RFP distribution process to suit the demanding needs of the industry is a necessary step moving forward, especially for smaller meetings.

Conclusion

The RFP process in and of itself is cumbersome. Given this, the question has been raised that if a more onerous system was used to source meetings, perhaps the adoption of SMM technology on all levels would increase.

The consolidation of numerous portals will likely change the methods of distribution in the future. As SMM technology evolves and new categories of meeting spend come to light, a more modular and consistent approach to sourcing and supplier management will be imperative to organizational success.

References

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