

How to build a lean, mean meetings machine in a perfect storm of volatility

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Julian Walker: Good morning. Good afternoon. Good evening. And wherever you are in the world, welcome to Business Travel on the fly. Kari, who is our guest today, leads strategic customer and operations for CWT meetings and events globally. So Kari, welcome to the show today. And thank you for joining us.

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Kari Wendel: Thank you so much for having me.

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Julian: So we're going to talk a little bit about meetings and events, but actually ways that these can be more efficient and more effective for everyone involved. So maybe if we start off with a simple question, it says that, you know, has the meetings and events landscape evolved since the start of the pandemic? And if so, in what way?

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Kari: Yeah, so massively if that's a fair answer, the pandemic brought about a massive amount of change to the meeting space. And I think good change, especially from the perspective of having a strategy around meetings. So, right, we had a complete drop in demand, volumes tanked, teams were dismantled, the value of partnerships was never stressed more. And, you know, as an example, in the middle of all of that, obviously, the teams are massively trying to get out of contract over contract when the meetings were canceling. And, you know, one team alone, one client was able to secure \$18 million in savings in just 2020 alone. And so it's, yeah, it's a whole different type of work that the teams had to undertake. And from a perspective of a meeting strategy, it's kind of like the best call to action we've had, if you don't have a centralized meeting strategy, which we tend to call strategic meetings management, then you were in trouble in terms of your ability to really see all the activity and impact and mitigate the contract. So SMM had a bunch of traction, a really positive momentum and traction before the pandemic. And now it's just really more critical than ever to have those strategies and make sure that they're evolving.

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Julian: That's pretty punchy, as well. I think if I could make an \$18 million saving, if I could make an \$8 million saving, I think I'd be pretty popular. So if you're looking at things like that, how have these sort of changes lead to kind of a different type of conversation about meetings and events?

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Kari: Yeah, great question. I mean, the conversation has completely changed, and the end up balance of buyer versus supplier power has shifted and is going to continue to shift. The balance of the commercial equations is off, right? With rising costs and staffing shortages, all of the models and pricing we have in place, not just us, right the industry. And not just the travel industry, meetings industry, is off, right, and have to be completely rethought of, we have salary gaps, we have higher demand, we had higher demand by June of 2022, than we saw in all of 2019, in the meeting space. So yeah, so keep in mind that meetings are booked in advance. And so obviously, fingers crossed, this is what ends up happening with the trajectory of travel growing, coming back. But with that high of demand, combined with the leanest team numbers we've ever had, so the lowest volume of number of people working, we, and the increased costs, it's just kind of like a perfect storm. So why right now, as an example, we have over 125 open roles that we're recruiting for. And it feels like there's been a massive abduction of half of the workforce and in the world. And so it's just challenging. And so it's all of these impacts that come together to drive a new conversation. And what that really means is, we, all companies have to be more strategic, we have to be more strategic aligned with them. Because there's fewer choices, fewer options, less time and more pressure.

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Julian: Yeah, it definitely sounds like that. It also sounds like perhaps the timing that people want for events is accelerating, so that perhaps, you know, giving you less notice to be able to deliver events in the first place.

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Kari: Exactly, Julian, exactly. And that's so meaningful, because they want it faster. We don't have enough staff to deliver even at a normal pace, right, and it's going to cost you more. So it's really, again, so important that we have a different kind of conversation around, you know, an example would be having more selective partnerships. Instead of having six, one of our customers literally went from six preferred hotels globally and intentionally drove that down to just three. They cut it in half. Because they want to channel the volume more. And they, in those partnership discussions, made the right determination to say I want to focus on my volume and attention and partnerships in a more minute way so that I optimize the chance that I can get into the right hotels and get the right delivery vehicles for my meetings.

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Julian: Okay, I see that's, that's really interesting. So is that one of the top three sort of concerns you think people are talking about? Or are there different top three concerns that you're seeing today in your discussions with customers?

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Kari: Mmm, that is certainly woven within there, right, with the rise, the impact of rising costs is absolutely one of those top three concerns. For the reasons we've discussed. The impact on pricing, impact on the total cost of a meeting, I believe we've been able to, through our benchmarking, established that the cost per attendee for meetings and events is going to be around 25%, higher than it was in 2019. And the forecast is expected to rise an additional 7% beyond that in the next year, right. That takes all your budget and throws them completely out of whack. So yeah, that is one of the top three, I would say, duty of care and risk management is one of the top three. So this is profound in from at least two perspectives. One being just duty of care for the human beings that are employees. And we all know this now, having come through the last couple of years, where our people are, if they are healthy, if they are able to travel or not, if they're willing to travel or not. That just is an entirely sharper focus than we've ever had before. And critical. Because if you want 100 people to come to your meeting, it matters whether 100 of them are willing and able to come. And then yeah, and then the other perspective is, you know, risk mitigation, with the reality of what's going on in the supply chain for hotels and other suppliers that support meetings, you know, fewer choice, they have fewer staff members to respond to opportunities. And the contracts alone are an entirely different discussion, because of duty of care, because of cancellation and things like that. So that would really be the second of the three areas. And then I think the last is, again, kind of a human concept. We're exhausted, everyone across the entire ecosystem is exhausted. Because we, we don't know what's coming next. Right? We're exhausted from the history. But we're all exhausted looking forward saying I don't know how much business there's going to be I don't know, if COVID is going to come back, the unknown, right, the unknown creates incremental exhaustion going forward. And that just puts pressure on all of us as we try to partner to drive the right results. So that's the top three things I would highlight.

07:03

Julian: I'm kind of exhausted hearing you talk about that. What I'd like to do is if we could, I'd like to, I know you've sort of explained them a bit, but I think we should delve a little bit more deeply into perhaps each of those ones. And we can start wherever you want really, but maybe if we started off with, you know that unpredictability bit that we were just talking about just now, because I think that that might be a shaper for a number of these things, but feel free to take them in any order you like.

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Kari: Yeah, no, you're right. It's a huge underlying are foundational for us to shape what happens in the future, right? The volatility, and that may seem like dramatic, it's just, it's unpredictable out there right now, unpredictable market conditions. There are ongoing pandemic concerns as much as we would all love to just leave that in history books, this civil conflicts that are going on the war that's going on, which of course is a cornerstone to the economic volatility. So all of those things together, just create a shaky foundation on which we operate and, and try to drive our business forward and which corporations do as well. And so all of those dynamics just work together to make it more challenging to move your meetings forward to get them booked. And again, I have to go back to our the reason why a strategy is more important than ever. Right?

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Julian: Absolutely, I completely see that. So, and obviously, a strategy is very cool to in sort of managing your cost as well under under risk. Right. So from a cost point of view, you know, how is the sort of the unpredictability of the rising costs helping people plan in that respect, because we're seeing, you know, raw material prices, energy prices going up? Just from a practicality point of view? Plus, also, I guess staffing is cost at venues are going up? How is that playing out?

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Kari: Yeah, I mean, I think it's playing out in that we have to set and reset expectations almost in a continuous loop. And those customers who understand that are really the ones that are succeeding, you know, I would say there's a portion of customers that are just in a constant push back mode, either not accepting, not understanding, not grasping the reality. And then there are those that are working on, alright, if this is the case, and I can't clone humans, and I can't change what's going on in, in in the war and change the price of food, then how do I, through my meeting strategy, change how we're looking at what we want to do. And so maybe that is around, actually, a pharmaceutical customer has gone across all of their mid term meetings and said, let's think about lowering the total number of attendees to these meetings by about 25%, so that we can then come in within budget, right? It's a strategy, that if you don't have visibility to those meetings and an opportunity through your strategy to impact them before they take place, you have no hope of deploying this 25% reduction in attendees to meet your budget. So that's really what we're seeing in terms of the cost implications and the variability with which customers are accepting and managing it.

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Julian: Oh, absolutely. I completely see that. So in terms of managing that sort of risk, and those sort of costly unpredictability, what can people do? Or how is this working?

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Kari: Yeah, well, what they can do is have patience, and be more selective as they go forward, right? The pent up demand that's happening, I like to call it the tsunami of demand and meeting space means there's, you know, 20 people competing for one hotel where there may be used to be three, or 20 companies asking a hotel if they have space. And so, planning, I mean, it's an age old adagum in the meeting space about planning further in advance, being strategic about which meetings really need to take place in person? Or can we go back to what became the norm during the past two years and have some virtual or hybrid meetings? And then just contemplating the other costs of a meeting outside of just Hotel? Can you have meetings where people travel in by car or rail rather than fly? So again, it's about dissecting how you work yourself up to the total budget and determining where do you want to invest strategically to make sure that the impact of the meeting is still achieved. But you've got to be much more patient and much more creative along the path to get there.

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Julian: I read, I seem to remember reading in a book somewhere, there was a quote that said, the only real security in life lies in relishing life's insecurity. But it sounds like meetings could be that sort of thing. So what do you think event owners actually need to actually understand or travel managers need to understand now to be able to get get on top of this?

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Kari: Yeah, I think it's wonderful and important that you mentioned travel managers, because truly right now we know this, more than 70% of travel managers have some responsibility for meetings. And even if you don't, as a company, given all that we've just discussed, the need for collaboration, and a shared strategy has never been more critical. Right? And we're seeing that, we're seeing joint bids across business travel and m&e about, I would say, about 80% of the bids we've gotten in the past six months have been that bid, have been, let's talk to you about both travel and meetings and events. And we often see customers expanding their programs without even going out to bid. So they're saying, I don't have enough buying power, I don't have the buying power I used to have in travel. That leaves me short of all my goals and objectives. So why don't I weave in the m&e spend to increase my buying power. And you know, that's just an ancient procurement strategy, more volume gives you better, better deals. So that's, that's a good start. And then the other thing that we're seeing happening, and that I think these customers across both travel and meetings need to consider is, you know, shifting some of your structures to realign your resources. We've had a couple of current customers come to us and make the determination that we are a COE, of meetings and events delivery, and they're outsourcing. That all of that to us, instead of having some part done inside, and some part done externally. We've also seen companies merge their travel and meetings departments together, gain efficiencies, and thus have a smaller team. So I think this this sense of collaboration and driving shared strategies right now, with the market dynamics going on has never been more important.

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Julian: Absolutely. No, I totally see that. So. And that's sort of what's happening now, would you be prepared to sort of stick your neck out and give us a kind of view on what the trends might be for the next three to five years? Or do you think this is going to continue for that period, and it'll be much of the same?

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Kari: Oh, I'm a, I'm a hopeful girl. So I think it's going to continue to get a little better and better, and we're going to, we're going to with strategy, help our customers succeed in this continually changing space. But given that hope, I will talk, I will mention a couple of things. I mean, the first thing that it's surprising in a good way to me, but the focus on sustainability. It was always a discussion point before the pandemic, but it is, I would say 92% I would say it because I measured it right, 92% of our top strategic customers in m&e have this as one of their top three goals for the next three to five years. And so we have to too, and we do, right as a company, but the ability to impact sustainability goals to have that, you know, appropriate level of responsibility. It just has never been more important, which is surprising out of all this chaos, right that that's what's risen to the top, but I'll take it, right. I think it's so critical. So I love that that's written and I think we're going to see more and more focus on that and again, how do you impact your sustainability goals through the vehicle that has meetings if you don't have visibility to all of them. So another plug for having a strategy. The other thing we're seeing is customers are really looking at new ways to support their company goals and objectives. And, of course, we know that one of the best ways to achieve the overarching objectives for any company is through the vehicle that is meetings and events. And so that tie, which needs to be very strong, again, is going to I think, become more and more important and more companies are succeeding at it, right. We talked a little bit about traction for centralized strategies. And now we're really seeing companies say, I want to see every meeting of all type because I want to be able to link the big meetings and the big meetings were the ones that were traditionally left out of SMM strategies, right. So I want to see those big meetings, because they are the ones that carry the most risk. They are the ones that have, are historically unmanaged, and represent the majority of the financial impact and risk. And so they're the also the ones that have the biggest opportunity to contribute to the company's goals. And so I think that's going to be kind of the second thing that is in the future visions. And the third thing I would say is just the continued, in a good way, blurred lines between travel and meetings, on all the way to the perspective of who's the end consumer of both of those programs, in a company and it is the attendee or traveler. And so having that perspective, is, is part of the reason we see those lines blurring and more collaboration happening, which I think is just going to continue and get stronger as we go forward.

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Julian: Superb. So my take from that is not just because we like talking in threes, but you went into three there. I would just sum up the future of meetings and events in three letters, it would be S M M. Would that be right?

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Kari: Yes, I think it would be and I think the ability, listen, successes are out there everywhere. There are so, unlike 20 years ago, when the term SMM was first coined, companies failed at it more than they succeeded at that point. Now, companies in all sectors are succeeding at it, there's successes to emulate, there's strategies to be deployed, there's a million tools out there to help you succeed. So there's almost no excuse anymore, to not have a centralized strategy and be able to be successful at it. So yes, I think that is the future of meetings and events.

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Julian: Excellent. That's perfect. I'm glad we agree on that. That's really insightful. Thank you. I just, I would like to descend on one random question, if I could, and feel free to say, no, if you like, if you could have any person from history speaking, or it could be from true life or from fiction? Who would you pick, aside to just drop that on you? But I, I'm always intrigued, because I take a lot from speakers at events or you know, moderators, or whatever. And sometimes they can be a real core memory trigger for whatever happens at them. So could I ask you that? Or would you like me to move on?

18:04

Kari: Um, you can ask me that. I, you know, I'm obsessed with the most recent speaker we had at our meeting right now. But I'll avoid that one. You know, I really think I would pick something that speaks to the more human dynamic, Nelson Mandela would come to mind. Just because I also see this, this isn't totally germane to our discussion today. But I just see companies and especially ours, having this increased care for the humans that are their employees, right? We are what makes the magic and that perspective, really shifting which I feel, meaningfully I feel, is means we have to look at all of our associates and teammates and leaders as humans. And so to be able to have someone like Nelson Mandela come in and talk about his journey of strength and resilience, and the legacy that he left fills that cup, if you will, of emotional joy, and hope for the future. And then we can find five other amazing, you know, business speakers to come in and give us all the tools we need. But that's what I would say.

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Julian: That's a fantastic answer. And I think I would agree with you. I think someone like that or on that kind of theme would be very mesmerizing and highly memorable. But, Kari, I know we've taken you away from a frightfully busy diary and incredibly exciting sort of opportunity for all these meetings and events coming up. Thank you for talking to us about SMM which is definitely the future of meetings and events. Thank you for joining us today. That's been really great.

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Kari: Thank you, Julian happy to join you.

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Julian: Brilliant, a pleasure talking to you. And so to find out more about the future of business travel and and sort of meetings from experts around the way the best way is to subscribe to business travel on the fly on any of your favorite ways of accessing a podcast, rather than name any in particular So listen, that's it for today. Kari, thank you so much for joining us, a real pleasure and until we meet next time, on the fly, goodbye.