realUPDATE

realIMPACT ROI Forum
November 16, 2005, Chicago

GUIDESTAR RESEARCH: MEASUREMENT PRACTICES THAT IMPACT ATTENDEE COMMUNICATION AND BEHAVIOR

A systematic approach to pre- and post-event measurement is essential if meeting professionals are to align onsite content with attendees' expectations and help senior decision-makers understand that meetings are an investment, not an expense, according to Ira Kerns, Managing Director of GuideStar Research.

With companies spending millions of dollars on events of all kinds, Kerns told participants in the *realMPACT Forum*, executives quite rightly expect a superior return on their investment, in the form of a communication initiative that supports their enterprise goals and objectives.

Kerns described GuideStar's Meeting Productivity Process (MPP), a measurement system that uses advance surveys to set the psychological and behavioral objectives for an event, along with post-event follow-up to track impact and develop reinforcing initiatives. With its focus on "the consumer of the experience," Kerns said the process contributes to customer-driven meetings that yield greater satisfaction, motivation, and feelings of inclusion. From there, the favorable business impact is substantial.

Using questionnaires and telephone interviews to determine the assumptions, priorities, fears, and expectations that attendees bring onsite, the MPP allows host organizations to "separate the wheat from the chaff," focusing event budgets and creative solutions on a group's real or perceived needs.

The bottom line is an ability to refine event objectives and avoid disconnects between meeting style and customer expectations, Kerns said. The approach creates a partnership experience for those who participated in the research at all stages of the event, and delivers a powerful message to attendees: "We care to know, and we will do something about it."

THE realIMPACT FORUM: BROADER PARTNERSHIPS THAT PROMISE BETTER RESULTS

ProActive, Inc. hosted the *realMPACT Forum* in Chicago November 16 as a way of introducing clients and partners to a powerful set of tools for measuring the value of meetings and events.

In the course of the day, attendees heard about a systematic approach to measuring communications impact, developed by GuideStar Research of New York and delivered in part through an exclusive alliance with ProActive. Attendees also experienced the power of a methodology for measuring return on investment (ROI), developed by the Birmingham, AL-based ROI Institute and tailored to the meetings industry in partnership with Meeting Professionals International.

As Forum sponsor, ProActive Inc. actively supports industry-wide understanding and application of measurement for meetings and other forms of communications. Methodologies presented at realMPACT and summarized in this document are used as standardized process for ProActive client project development. Additional case studies and information on specific process for pre-project development and post-project continuity are available on request.

ROI INSTITUTE: FIVE-STEP METHOD CAPTURES RETURN ON FINANCIAL INVESTMENT

ROI is probably the most overused and ill-defined term in the meetings industry today. Jack Phillips, Chairman of the ROI Institute, provided an overview of what ROI is and what it is not.

For meeting professionals responsible for demonstrating a financial return on their events, he said, the Institute's methodology makes it possible to compare the value of a major event against any other investment on a chief financial officer's radar.

For many senior executives trying to scrutinize a conference's financial impact, "the costs are real, [but] the value is a mystery," he said.

But while the most significant impacts of a meeting or event may be intangible in strict financial terms, the Institute's approach attaches a credible monetary value to key conference outcomes, such as customer loyalty and employee engagement.

continued on page 2

ProActive

600 West Chicago Ave., Suite 125 Chicago, IL 60610 312.654.8844
116 West 23rd Street, Suite 500 New York, NY 10011 646.375.2099
proactiveinc.com

realUPDATE

ROI INSTITUTE: FIVE-STEP METHOD CAPTURES RETURN ON FINANCIAL INVESTMENT

continued from page 1

Beyond the intangibles, the methodology enables meeting professionals to measure five levels of measurement:

- Attendees' *satisfaction, reactions, and planned actions;*
- New *learning* that attendees acquired during the event;
- *Application* of new learning to change established practices or processes;
- Business impact of new practices *that can be attributed directly to the event* and quantified in dollar terms;
- *Return on investment,* derived as the monetary value of business impact divided by the dollars invested to achieve it.

The Institute's approach attaches a credible monetary value to key conference outcomes, such as customer loyalty and employee engagement.

While every event should be subject to some degree of measurement, the full, five-step process should only be applied to 5-10% of an organization's meetings, Phillips said. The largest events with the highest budgets, visibility, and enterprise impact are generally the best candidates.

The ROI methodology is laid out in a "chain of impacts" that coincides with the five levels of measurement, Phillips explained. He noted that ROI can be measured from any perspective, including the company, the association, the sponsor, the attendee, or the attendee's employer or supervisor.

To make the methodology as credible as possible with CFOs and other senior executives, the Institute builds in the most conservative assumptions—for example, if an attendee fails to fill out a post-event survey, the impact of the event for that attendee is presumed to be zero. "If they don't believe the method, they won't believe the data," Phillips said. Additionally, "if we don't address the issue of measuring intangibles and isolating the effect, not only will credibility be lost, but others may take the credit."

For the questionnaires that are commonly used to capture data at the first three levels of measurement, a high response rate is crucial—and like Kerns, Phillips said an 80-90% return is not unrealistic. He suggested a variety of strategies for maximizing attendee response and engagement, from direct requests while an event is under way, to reminders and senior executive communications afterward.

Phillips acknowledged that ROI measurement makes some meeting professionals nervous, but reminded participants that the methodology is about process improvement, not performance evaluation. When the goal is to quantify results and improve them over time, he added, "the best lessons are learned from negative studies."

CASE STUDIES: GUIDESTAR METHOD YIELDS DRAMATIC RESULTS

From the financial service sector to the automotive industry, New York-based GuideStar Research has amassed a collection of case studies that demonstrate the power of designing events to match attendees' needs and concerns.

GuideStar Managing Director Ira Kerns recalled one client organization with poor financial performance and low dealer morale, where pre-event surveys highlighted the need for strong, proactive leadership and a clear acknowledgement of front-line concerns. A dealer conference was developed with those specific issues in mind. Before the event, none of the attendees were prepared to commit to long-term dealership contracts with the parent company. Afterwards, 97% signed, and Kerns said the company recorded a 10% increase in product sales in the two weeks following the meeting. A good percentage of this increase is attributable to effective meeting design and execution.

In another dealer meeting, pre-event research revealed that a group of auto dealers had little interest in increasing inventory and low trust in company leadership. Based on the survey results, GuideStar urged management to acknowledge dealers' concerns and project an image of strength and confidence. On the strength of a two-hour meeting, organized on three weeks' notice, dealers doubled their inventories and reported that their jitters about the company had largely dissipated.

Employee satisfaction with the employer rose from 46% to 78%.

Based on an initial survey, GuideStar advised one financial service organization to "tell it like it is" in addressing employee concerns about fierce external competition and a major internal reorganization.

continued on page 3

ProActive
600 West Chicago Ave., Suite 125 Chicago, IL 60610 312.654.8844
116 West 23rd Street, Suite 500 New York, NY 10011 646.375.2099
proactiveinc.com

PANEL DISCUSSION: USES OF MEASUREMENT IN THE MEETINGS INDUSTRY

In an afternoon panel discussion, Kerns and Phillips joined consultants Monica Myhill and Anne Botts to discuss the practical results that companies can achieve by measuring the ROI they generate from meetings and events.

Botts said she had "lived a case study" as a manager charged with planning a 700-person sales meeting to motivate and educate her organization's primary sales chain. Working with GuideStar and ProActive, she developed meeting style and content based on the results of focus groups with account executives and management teams. The casual tone of the meeting disarmed even the most hesitant sales representative, generating a solid sense of team spirit and confidence in the organization's future.

Myhill stressed the value of the ROI Institute methodology for associations, corporate planners and others. She said a series of forthcoming case studies will demonstrate the uses of ROI analysis for franchise meetings, association conferences, product launches, and a variety of other event formats.

Moderator David Levin of ProActive Inc. asked whether prospective users are deterred by the necessary complexity of the ROI Institute methodology. Phillips replied that most events can be evaluated, simply and credibly, with a basic questionnaire. While any meeting can and should generate a return on investment, he said the full, five-level ROI analysis should be reserved for the highest-profile, most expensive events.

Most events can be evaluated, simply and credibly, with a basic questionnaire.

To get buy-in from senior management, Botts suggested identifying the senior executives who need to see the impact of their meeting investments. Involve them as early in the process as possible. She recalled that "there was no resistance from the executive team" when she sought to measure the impact of her brand meeting. A Forum attendee commented that "it's a process of getting comfortable with the methodology and a matter of persistence," adding that the biggest issue is the tension between financial returns and intangible benefits.

The challenge, Kerns said, is to entrench measurement as a standard practice with a dedicated budget, rather than a special add-on.

Phillips agreed, adding that measurement should be seen as a result-based process that drives meeting content and expectations, especially when GuideStar's methodology is employed. For many organizations, he said, carving out a budget line for the research can be as simple as using ROI surveys to identify aspects of a meeting that are off strategy and eliminating them to cut costs.

Botts stressed the shift in attitude and interest that can occur when an advance survey demonstrates a company's commitment to structuring a meeting around employees' needs. "You are put into a hero slot when you deliver meeting outcomes," Kerns agreed, so that measurement becomes a great way of expanding a meeting professional's traditional image. ■

CASE STUDIES: GUIDESTAR METHOD YIELDS DRAMATIC RESULTS

Continued from page 2

The resulting meeting began with a clear acknowledgement of the challenges ahead, leading to honest discussions and an opportunity for management to build confidence in the company's future. Employee satisfaction with the employer rose from 46% to 78%, and other attitudinal indicators showed similar improvements.

As a general rule, Kerns said a healthy company should earn at least a 75% rating in surveys of stakeholders' morale, satisfaction, and confidence in the organization. He noted that the best organizations achieve ratings above 80%. ■

600 West Chicago Ave., Suite 125 Chicago, IL 60610 312.654.8844 proactiveinc.com
116 West 23rd Street, Suite 500 New York, NY 10011 646.375.2099

realUPDATE

BREAKOUT SESSION: RESEARCH SUPPORTS STRATEGIC APPROACH TO COMMUNICATIONS

As organizations seek to align day-to-day business practices with broader strategic drivers, research is assuming an increasingly important role in assessing the knowledge transfer that occurs at meetings and events, GuideStar Research Managing Director Ira Kerns told the breakout session on measuring the effectiveness of organizational communications.

Kerns explained that corporate communications is rapidly emerging as a full-fledged strategic function, with a mandate that extends beyond simply disseminating messages down through the organization. "It's a crossover of information, training, motivation, reward, and recognition," he said, "and it's all coming together to create populations that can drive an organization's performance."

Companies with the best communication practices "are rewarded in the marketplace much more than companies that are not operating at as sophisticated a level."

So while traditional communi cations audits still play a significant role, many organizations are shifting to a more sophisticated emphasis on strategic literacy and collaborative communications. He said "researchers are looking at understanding attitudes and behaviors at a strategic level and gradually translating those elements into job descriptions, to ensure that employees are on strategy rather than just doing their jobs."

Kerns described methodologies for measuring the communications strategies, strategic literacy, communications relationships, and partnership mindsets that can determine the success of a major meeting or the organization that hosts it. He stressed that companies with the best communication practices "are rewarded in the marketplace much more than companies that are not operating at as sophisticated a level."

He described a series of communications drivers and deficits his company uses to measure the quality of dialog within an organization.

By inviting meeting attendees to focus on long-established communication patterns, the approach "raises [possible problems] to a conscious level, and then you've got three days of meetings to begin to absorb that and work on the relationship." ■

BREAKOUT SESSION: USING FINANCIAL MEASURES TO CAPTURE A MEETING'S ROI

Even if the principal return on investment on a meeting or event is intangible in financial terms, financial measurement based on credible, conservative assumptions is still the "breath of fresh air" that will earn standing with senior executives and encourage them to buy in to a broader analysis, ROI Institute Chairman Jack Phillips told an afternoon breakout session.

Phillips encouraged participants to deliberately and systematically understate the results of their ROI analysis, to maximize credibility and thus ensure that their data is beyond reproach. Once senior management has gained respect for the ROI methodology, the financial analysis can serve as a platform for a broader presentation on intangible benefits, and on the successes and barriers that meeting organizers encountered.

Financial measurement based on credible, conservative assumptions is still the "breath of fresh air" that will earn standing with senior executives.

In the early stages of event planning, ROI methodology can be a basis for setting objectives and designing onsite content. It can also provide a useful reality check for executives who are satisfied with a 15% annual return on their investment in a building, but expect an 85% return on an event whose principal benefits may be difficult or impossible to tie down in financial terms.

Phillips also underscored the need to isolate a meeting's impact from other factors—for example, by comparing post-meeting sales results of account managers who attended a skill-building session against those who did not.

When it comes to data analysis, "the weakest link is participants' estimates of meeting impact," he noted. But it's possible to build credibility by making cautious assumptions and collecting data straight from the source. Sales teams, for example, can be asked to estimate the impact of the different factors affecting their results, and to attach confidence limits to their own estimates. ■

realUPDATE was produced as a permanent record of the *realIMPACT Forum* by The Conference Publishers, www.theconferencepublishers.com. Views expressed are those of the individuals quoted.

Managing Editor: Mitchell Beer, CMM
Writer: Sylvia Welke