

Excerpt from an interview in  
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# down but not out

A NEW ECONOMY  
DEMANDS A NEW  
WAY OF THINKING  
FROM  
CALIFORNIA'S  
EVENT COMMUNITY

FIRST THE DOWN economy hit budgets hard. And then the negative publicity received by a bailout recipient for its event expenditure created the general impression that corporate events are synonymous with corporate waste. What's a corporate event planner to do? Best Events asked four of California's industry professionals for their opinions on the outlook for our industry.

**How bad is it out there really? What have you been experiencing in terms of a drop-off in business, budget cuts, and canceled events?**  
**Michaels:** It's bad. There are still events, but not as many [and they aren't] as lucrative. Business is down 50 percent due to event cancellations, budget cuts, and reduced attendee numbers.

**Schnaps:** Will 2009 be as successful as 2008? No, unfortunately not. Am I working harder in 2009? Absolutely. But while I don't want to underestimate the state of the economy or the extent to which corporate spending has been reduced, saying that business is terrible is an overstatement. In January, two clients cancelled and three additional events held annually were. However, in the past month, things have started to shift. The number of inquiries has increased and the event calendar for the remainder of the year is filling in. Events are still being planned, but with smaller budgets and with shorter leadtimes.

**Reinhart:** Our company has seen a drastic reduction in the amount of business coming to Southern California. For those groups that are coming, there is a definite correlation between the economy and the meeting spend. Clients are being thoughtful as to their fiscal responsibility. They are making decisions that tone down events, but without looking as though they have done so. That takes some creativity that we are happy to provide to our clients.

**Stone:** Grand Hyatt San Francisco still enjoys the same mix of business; however, some industries are affected more than others, such as the building trades, mortgage trades, and finance-related industries. Medical has continued to experience record attendance in San Francisco and legal-related programs continue to flourish. However, the present situation is very challenging due to shorter booking cycles – even for programs which have historically confirmed space much further in the future.

We have experienced many corporations and organizations that have reduced budgets as much as 50 percent, but we have not experienced any cancellations due to current economic pressures or the swine flu.

**In pulling together content for this issue we found that many companies that are still doing events are trying to play down that fact. Have you been asked by a client to sign a non-disclosure or refrain from promoting the events you have done for your clients?**

**Michaels:** Yes, we have been asked to sign non-disclosures and refrain from discussing our clients' programs.

**Stone:** This has not come up for us.

**Schnaps:** Planners are being challenged to appear as if they didn't go 'all out.' The funny thing is that understated elegance can be as costly as going over the top.

**What are your clients asking for now that they didn't ask for previously?**

**Stone:** San Francisco has been perceived as one of the more expensive cities for meeting planners. Conde Nast has named San Francisco as the #1 destination in North of America for a number of consecutive years and it's a terrific leisure destination. During more normal economic times, it's difficult to find availability in the city. This year there is more availability. Organizations that could previously not afford San Fran-

cisco are taking advantage of the values. That change in the booking pattern has been accompanied by requests for discounted rates and added value. Clients are asking for things like deep discounts on all hotel services, complimentary parking, high-speed internet access, and a roll-in of audio visual and other services.

**Schnaps:** More clients are asking for discounts, or requesting better rates for events booked Sunday through Wednesday. I am happy to explore this. As things continue to turn around, clients and vendors will remember who worked with them and who didn't.

**Michaels:** Clients now want total transparency and to pay direct for services. Often groups negotiate beyond what is reasonable for every element and ask for a reduced fee structure.

**Reinhart:** There has been more attention paid to reuse and repurposing of certain event items such as centerpieces or other floral arrangements. These might be used for multiple events and then donated to worthy causes such as assisted living facilities so people can appreciate their beauty for longer.

**How have you responded to these changes?**

**Schnaps:** We've tried to take a proactive approach. We followed through on our plans by updating in-house equipment, expanding the inventory of event furnishings, and remodeling the entry. The venue looks better than ever and now I have a larger inventory of house equipment I can share with clients at reduced or no cost. Additionally, I reevaluated my marketing plan. Instead of cutting spending in this area, I increased it so that we had more visibility in more markets.

**Michaels:** I have done what clients have asked, which often requires working harder and longer as budgets have to be renegotiated many times before sign off. Sometimes I've had to lean on relationships with vendors to the point where I don't feel that it is fair to them. I've also offered multi-year contracts for reduced fees and have been a bit more flexible on payment structures.

**Reinhart:** Socially responsible activities have been a part of our repertoire now for a few years, but they are currently getting even more attention so we have developed a

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-Jill Schnaps

wider range to suggest to clients. These types of activities accomplish corporate goals without risking negative media attention.

**Stone:** The current times have made us all more creative in looking for new ways to partner. Where discounts make financial sense within the overall program and add value to the hotel, we are very aggressive to finding ways to satisfy all needs. We had one group who was concerned about its ability to fill a room block because some other hotels were aggressively soliciting its attendees individually with discounted room rates. Recognizing the problem, the hotel and client restructured arrangements to offer more benefits to the attendees and offered reduced fees to those attendees who made reservations within their designated room block. In the end, success was achieved for both the hotel and group.

**Schnaps:** Events are a team effort. It's important to develop and maintain strong industry relationships. I have a personalized team of vendors and we cross-sell. On site, my crew and I do what it takes to make it perfect, even if that means a task not directly related to our services. I know every other partner working on the event will do the same. Clients see this and are more likely to re-book for another event.

**As an industry, how can we convince the press and the public that most corporate events do have business value?**

**Schnaps:** We can invite them to our events! In all seriousness, people need to interact. We are tired of hearing about all the economic gloom. It is time to rebuild our economy. Events do that on a number of levels. On a local level, they employ caterers, florists, entertainers, lighting technicians, and bartenders. Hosting an event stimulates the local economy and is an investment in your city's future. For attendees and hosts, events create a space to network, exchange ideas, build new partnerships, reward employees, launch new products – the list is endless. Our job as industry professionals is to encourage clients to spend wisely and create measurable goals.


**Michaels:** I sent a letter to the press and government. I have also run it by my corporate clients. I think we need to think very strategically to encourage our clients on the value of meetings and be able to present statistics and benefits beyond ROI. I think

we also need to bundle events, i.e. form partnerships between two or more companies who can share the expense of a program or meeting and mutually benefit. And I think we need some celebrity endorsements to capture public attention.

**Reinhart:** I've been saying shame on us for not having been promoting the value of meetings to the "outside world" for all of these years. Perhaps if we had done so, more of the public and media would have run to our defense rather than publishing inaccurate and negative information. The USTA (United States Travel Association) and all of the industry associations have done a great job banding together to provide better and more accurate information as to the value of meetings. We can't let up on this one bit.

**What do you see looking forward?**

**Stone:** Clients are beginning to demonstrate a little more willingness to make commitments, but I wouldn't say that I could predict any great increase in the near future.

**Reinhart:** There seems to be [an increase in activity] towards the end of this year and into next. However, I don't think we will see a complete return to the way things used to be. We have all taken a hard look at retooling how we are doing business and that, I believe, will make us stronger and better able to provide top notch, value-added services to our clients – in good times and in bad. 

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-Ilene Reinhart