MEETINGS MANAGEMENT
HOW TO MINIMIZE YOUR RISK
# Table of Contents

03  Introduction  
04  The Cautionary Tale  
05  Understanding the Variables  
06  Process + Policy  
07  Contractual Risk  
08  Contract Process  
08  Branding & Public Image Risk  
09  Payment + Process  
10  Safety + Security  
11  The Role of Technology  
12  Your Risk Check List  
13  Conclusion
Introduction

Meetings and events are associated with great benefits, but they also come with some risk. That’s a fact that every corporation must face. But how much risk is inherent in an individual meeting and how well it is managed are variables that every corporation has the opportunity to control.

Among the most critical meetings-related risks:

**Regulatory risk** – Enforced by industry or state/federal government regulators

**Contractual risks** – Due to lack of legal foresight or knowledge

**Branding & public image** – Without proper oversight, companies may discover meetings activities that do not correlate with current corporate messaging or that are inappropriate altogether, either from a financial or content perspective

**Payment** – Subject to human error and/or intentional fraud

**Safety & security** – From natural disasters to political uprisings, conditions can arise that demand crisis preparedness

Risk mitigation begins with corporate awareness, but for many organizations, this is one of the biggest hurdles to overcome. This makes it extremely difficult to locate employees during an emergency, much less practice an appropriate amount of oversight and control over spending.

In this white paper, we’ll explore how a meetings management program can mitigate potential problems and prevent the corporate financial losses often associated with them.
The Cautionary Tale

Without consistent controls placed on the planning process, a company increases its exposure to multitudes of risk factors—and they may not even know it until something goes very wrong. Here are just two examples of how a meetings management approach can help minimize risk:

**Contractual Risk**

A large meeting for a technology company was delegated to inexperienced planners. The company had no meetings management policies in place but had provided the planners with a budget. The planners sourced a property, negotiated a room block, agreed to food and beverage terms—all within the prescribed budget.

Unfortunately, when the company had to cancel the meeting, the hotel enforced cancellation penalties of hundreds of thousands of dollars. Corporate executives were shocked. Why hadn't any protections been stipulated in the contract? Why were terms so beneficial to the suppliers?

While the planners had negotiated a great deal and within budget, they had little knowledge of meetings contracts. The corporation had not offered or required legal support for the planning effort, and the planners did not seek it, opening up the company to risk. Had the corporation exercised more oversight and guided the planning effort through policy and process requirements, it could have minimized the damages.

If the company had enterprise-wide visibility into planning activities, it likely could have booked another program with the same property, paying little or even no penalty depending upon the contract.

**Regulatory Risk**

Over eight years, a group of financial services advisors in a branch office held a series of 40 small meetings with employees of a client company to advise them about wealth management and retirement issues. The advisors encouraged many employees to retire early and reinvest their pensions, supporting their recommendations with meeting handouts they created on their own.

Unfortunately, none of these meetings were approved by corporate headquarters—and neither were the meeting handouts. The Financial Industry Regulatory Authority (FINRA), the regulatory body that investigates and penalizes finance companies that fail to live up to ethics standards, reviewed the materials and found them to contain exaggerated and unwarranted projections of future earnings without fully explaining the risks involved. The parent company was fined more than $15 million for failure to adequately supervise its brokers.

Variables to meetings risk are many, from natural disasters and pandemic scares to regulatory misses. And it’s not just ad-hoc planners who aggravate the issue. Professional planners, working on multiple meetings simultaneously and with more demanding time schedules, can be prone to human error that adherence to a structured planning process could help prevent.
Understanding the Variables

Regardless of the meetings planner’s experience level, it is ultimately the corporation’s obligation to know what meetings are underway and to provide both meetings policy and process parameters that will support planning activities and protect the corporation's interests. To do that, travel and meetings executives must understand the different ways meetings expose the corporation to risk.

Regulatory Risk

Regulatory risk has become an increasingly sensitive topic for the C-suite in recent years. Bailout companies, pharmaceutical and financial companies and other industries have been heaped with public scorn for unmanaged expenses surrounding meetings and events. The increased scrutiny now focused on this spend category has re-invigorated efforts to subject meetings to regulation.

Physician Payments Sunshine Act

In 2010, the United States government enacted the Physician Payments Sunshine Act – the first nationally mandated legislation featuring regulations to address payments and gifts provided to physicians and other health care professionals (HCPs). The law requires companies to track and report information on all payments or transfers of value of more than $10 to physicians and teaching hospitals.

Sarbanes-Oxley (SOX)

The federal government has done its part to regulate meetings expenses for companies that use public monies. Although not specific to meetings, Sarbanes-Oxley regulations that went into effect in 2002 apply to publicly traded companies and require a bidding process and documentation when hiring any type of third-party supplier to perform business functions for the company. Because meetings use a variety of third-party suppliers, SOX is a serious consideration for meeting planners. While the law does not require a company to accept an offer from the lowest bidder, it does require documentation of why the specific supplier was chosen. For meetings, such reasons might include better service, recently renovated guests rooms, technology offerings that ultimately keep costs down or that are more in line with meeting requirements, etc. SOX also stopped the exchange of gifts and favors between suppliers and clients in a way that influences decisionmakers. If financial mismanagement does occur, SOX regulations help to pin responsibility directly on corporate executives. If nothing else, the latter should be reason for the c-suite to increase its awareness of meetings in general and of sourcing/ purchasing processes specifically.
General Data Protection Regulation (GDPR) and California Consumer Privacy Act (CCPA)

Meetings and events, primarily registration forms, contain a lot of data that can be considered personally identifiable information and falls under these regulations. You need to ensure event data aligns with your company's overall PII data privacy practices. General Data Protection Regulation (GDPR), led by the European Union, brought data protection legislation in line with the new, previously unforeseen ways that data is being used. This legislation gives people more say over what companies can and cannot do with their data and introduces severe fines for non-compliance and breaches.

This requires companies to explain and obtain consent from new and existing prospects and customers to store their data within CRM and other systems.

Similar legislation was passed in the US - The California Consumer Privacy Act (CCPA) grants California residents new rights regarding their personal information and imposes various data protection duties on for-profit entities conducting business in California. For companies, CCPA means changes are needed to ensure compliance, primarily around transparency, consumer rights and data security.

Other Regulatory Organizations
Depending upon the industry, meetings, event and gift exchange regulations can come from a private entity like FINRA that advises the Securities and Exchange Commission and governs the financial industry, state governments that create rules for such publicly regulated industries as pharmaceutical and finance, or member associations that are dedicated to maintaining ethical practices within their respective industries. These bodies not only set regulations but also govern penalties when companies do not adhere to the rules. The penalties can be steep: from thousands to even millions of dollars in fines, depending upon the magnitude of the offenses. In some industries, infractions could even lead to criminal penalties.
Process & Policy

Whether a company is publicly traded, private, or a member of a strong industry association that governs ethical practices, meeting planning policies should be implemented around the following:

Budget Approval
Especially in excess of a defined amount per attendee. A multilevel approval process should be implemented and enforced, specifically in large companies where visibility can be exceedingly difficult. For small and mid-size businesses, management approval is a must. For both, standardized documentation of budget approval is vital and should be stored for reference in case of audit.

Gift Giving and Receipt
Items or services of value can easily be seen as bribes or attempts to influence corporate decision-making, often for personal gain. Corporations should define within their meetings policies what constitutes a gift from a supplier. If the free night is part of a sponsored site visit to get the company’s meetings business, it is clearly not a personal perk. In general, if the “gift” or “favor” benefits the company rather than the planner, it is likely to be acceptable. Where a company decides to draw that line may depend on corporate culture.

Sourcing Processes
Sourcing multiple bids for third-party suppliers is a widely accepted business best practice. The planning process should include a minimum number of RFPs submitted to the marketplace and should require planners to provide a rationale for choosing the winning bidder. This data and documentation should be stored for reference or in case of audit.
### Contractual Risk

Negotiating contracts is often the trickiest part of the meeting planning process. Some suppliers have been known to take advantage of inexperienced planners, building lopsided agreements that extract harsh nonperformance penalties. On the other hand, when a corporation lacks oversight for meetings, it allows people to commit hundreds of thousands of dollars they aren't authorized to commit to that kind of liability. Four strong protection clauses for every contract:

#### Cancellation

Cancellation clauses are generally built on a sliding scale that will apply increasing penalties as the meeting date approaches. For example, the buyer may be expected to pay 40 percent of the room rate if cancellation occurs more than 180 days before arrival. At 90 to 179 days before arrival, the penalty may increase to 50 percent and so on. Hotels may include partial payment for other revenue categories, as well. Food and beverage is a likely candidate. Smart negotiators will insist that penalties are assessed on lost revenue rather than total cost. Industry estimates put room revenue at 70 percent of the rate and food and beverage revenue at 40 percent of the rate. Cancellation clauses should not protect the supplier only. Corporations should enumerate the conditions under which the group is permitted to cancel without penalty (e.g., change in supplier ownership/management, invasive construction, damage to the property, etc.). Buyers should also negotiate terms under which damages are mitigated by booking future business with the supplier or if the supplier is able to book a different piece of group business over the same dates.

#### Force Majeure

Also known as the “act of God” clause, force majeure covers uncontrollable conditions that prevent either the supplier or the buyer from delivering on contract promises. Traditionally, this clause applies to natural disasters, war, and failure of a third party to perform contractual agreements to one of the contracting parties. But corporations should specifically define other terms to be considered “force majeure,” such as threat of pandemic disease, terrorist threat or even a plunging economy. The expanded categories might not protect the corporation from all penalties, but could define situations in which partial penalties would apply.

#### Indemnification

Fundamentally, an indemnification clause states that a buyer is only liable for the damages it causes and the supplier is liable for the damages it causes. Many corporations have a standard indemnification clause that is required in all third-party contracts—but the planner may not know it and, therefore, would not include it.
Contract Process

To reduce contractual risk, a corporation must drive at least a portion of the contract process. The meetings policy would state that modifications to pre-negotiated contract language must be approved by a manager, and an approval process should be identified.

Provide a Support Structure

Include some standardized contract language to cover major risk factors for meetings, plus a go-to contact within the procurement or legal department to review individual agreements that are specific to each meeting. Policy should state that an internal contract review is required and the procurement or legal department should be prepared to field the appropriate volume of meetings contracts.

Strategic Sourcing Model

The company identifies preferred partners and prenegotiates contract terms with them for meetings. Pre-negotiated contracts should include as many standardized protections as possible and might include other specifics, such as room rate, food and beverage minimums, and added-value items. Aggressive corporations negotiate set meetings packages for their planners in order to streamline the process and minimize individual negotiations.

Branding & Public Image Risk

Awareness of meetings and consistent approval processes are the first steps in mitigating branding and public image risks. Especially for companies subject to regulatory bodies, review of meetings materials for branding and messaging may be necessary. In a time of financial uncertainty, overseeing budgets and aligning spend with the objective of the meeting has become very important. If media scrutiny has become an issue for the company, meetings policies can include guidelines for how to maintain a low profile for events, such as not exhibiting logos or displaying public signage at the meeting venue. Explaining and enforcing these policies is vital.
Payment & Process

For many companies, a look into payment for meetings will reveal a tangle of unmanaged processes. Corporations may find meetings purchases on travel and entertainment credit cards, purchasing cards, individual purchase orders, and maybe even on a meeting planner’s personal credit card. Failure to exert control

- Overpayment or duplicate payment of vendors
- Additional fees tacked onto original charges due to late or non-payment
- Outright fraud

Plus, unmanaged payment processes also prevent corporations from getting a comprehensive view of their meetings spend. Companies can miss opportunities to negotiate better discounts and/or contract terms with preferred suppliers, continuing to leave money on the table from their meeting programs.

There are tools in the market to help corporations with controlling the meetings payment process. A meetings credit card, for example, can be assigned to an individual event for all purchases associated with that event. The meetings card will break down purchases into line items and help present data in an organized way. Meetings cards can be integrated with other meetings management tools to help automate payment processes, ensure adherence to budget, and track enterprise wide meetings spend.

Whether a corporation chooses to use a meetings card or another form of payment should be determined by the company’s needs. Whatever the decision, policy must specify what payment mechanism to use for meetings, define the payment process, and push that information to all planners. Consistency is the key to getting and maintaining control over meetings spend—and preventing the risks associated with lack of payment oversight.
Safety & Security
Of all the risks inherent to meetings, safety and security could be the highest profile. Natural disasters, political unrest, communicable disease and terrorist activities have all affected meeting groups in the past and will continue to do so. Here are just a few ways to ensure meeting safety and security:

Consider Preventative Measures
While having a crisis plan is good policy, a best practice is to consider policies to minimize risks to groups, attendees and employees. For example:

• Restrict how many employees are permitted to travel on the same flight or train together should an emergency situation arise.
• Avoid certain destinations during seasons when weather disturbances are common: hurricanes, tornados, flooding, etc.
• Stay up to date on travel notifications released by the government. Meetings scheduled to occur in areas of severe political unrest, sudden terrorist activities, or outbreak of disease should be canceled and rebooked.

Develop a Crisis Management Plan
Have a plan in place that includes a communication imperative and action plan to move a meeting group to safety.

Partner with Suppliers
In addition, all meetings are subject to safety measures of transportation companies, hotels, and even third-party tour operators. Corporations and event organizers must partner with suppliers they trust with attendee safety, and they must review crisis management plans with them regularly. In time of crisis, companies will be called upon to locate each and every one of their personnel and secure them out of harm’s way.

Mandate Meetings Registration
Ensure that all staff, attendees and partners register and check-in onsite for the meeting. Timely communications with audiences is key to averting a crisis situation entirely or facilitating action when one occurs.
The Role of Technology

It is hard to overstate the beneficial role technology can play in mitigating meeting risk. Meetings management technology enables the whole process. In every meetings management model, technology creates the backbone upon which every management element can be fleshed out. When it comes to risk management, consider the following capabilities that a meetings management technology platform can bring to the table:

- Meeting registration capability allows a corporation visibility of all events taking place, to track approvals, planning progress as well as the final details of every meeting in the system
- Budgetary tools can manage and drive adherence to budgets
- Electronic RFP sourcing makes consistent, competitive bidding possible for every meetings program
- Meeting planners can be guided to preferred partners with pre-negotiated meetings contracts and/or packages
- The technology drives contract terms and conditions across the board, as well as approval process for individual meetings contracts
- Attendee management capability enables the corporation to access information about every attendee should an emergency occur, as well as report on attendee expenditures
- Integration with a meetings card drives adherence to budget and automatically reconciles expenditures to that budget within a tolerance defined by the company
- A technology system with business intelligence capabilities serves as a defensible data warehouse and documentation archive that can provide visibility and facilitate audits.

It’s all about consistency and raising awareness. Meetings management technology can house a living meetings policy and drive meetings processes to ensure consistent planning. Applying these practices to every meeting is the first step in mitigating risk.
Minimize Your Risk Check List

Print out this check list to determine which risk areas are or not currently covered under your meetings program:

**Process**
- Review process outlined
- Approval process outlined
- Signatory process flow outlined
- Preferred vendors and suppliers identified

**Contractual Risk**
- Standard terms and conditions
  - Standard company contract
  - Cancellation term
  - Attrition clause
  - Force majeure clause
  - Indemnification clause

**Payment Risk**
- Accepted payment types
- Credit card policy for meeting expenses/invoices
- Meeting invoice and remittance policy
- Meeting expense reimbursement policy

**Brand & Public Image Risk**
- Brand policy outlined
- Brand book developed and distributed
- Use of brand imagery process and approval
- Meeting collateral review and approval

**Safety & Security Risk**
- Crisis management and communication plan
- Third-party and supplier safety contingencies
- Safety policy outlined and distributed to employees
- Do's and don'ts for scheduling meetings (e.g. avoid destinations during hurricane season)
- Mandatory meetings registration for staff, attendees and vendors

**Available Technology to Manage**
- Meeting request and approval process
- Meeting registration
- Venue and Hotel sourcing and request for proposals
- Standard contract terms and conditions
- Meeting budget and expense reconciliation capabilities
- Communications an tracking of meeting staff, attendees and vendors
- Meeting reports and data
Conclusion

In every strategic meetings management model, technology creates the skeleton upon which every management element can be fleshed out—including risk mitigation. Understanding meetings risk is just one of the considerations for meeting planners, procurement professionals, and financial executives. With Cvent’s Meetings Management Starter Kit, get the tools, templates and guidance you need to develop a business case and being a meetings program for your organization.

Download the Complete Starter Kit Today

Meetings Management 101
Calculate Your Spend & Savings
Make the Business Case for Executive Buy In
Start Your Program Today

Benefits of Meetings Management
How to Minimize Your Risk
Be Your Company’s Savings Hero (infographic)

Determine your current meetings spend and transient travel with our quick online calculators
Make the Case
Business Case Template
Business Case Powerpoint Template
Driving ROI White Paper

Project Timetable Template
Meetings Policy Template
Communication Plan Template
Establish Benchmarks
3 Easy Steps with Cvent

About Cvent

Cvent is the global meeting, event, travel, and hospitality technology leader.

Cvent provides easy-to-use, integrated technology solutions to maximize the impact of meetings and events of all sizes. We help organizations plan and market events, execute onsite, engage audiences, and measure and analyze results.