ROI: The Great Debate

Edited by Robert Carey

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Quite simply, here is the most important question in the world of meetings, conferences, conventions, and trade shows: How can an event be measured most accurately to prove its importance to business success?

The debate over this question has been going on literally for decades now. But today, more than ever, veterans in the meetings and events field are devoting formidable time and effort to formulating and promoting the solutions that they feel work best. And the most interesting part is that the veterans don't agree on which single method is best.

Here, then, are 10 experts and their opinions regarding calculating return on investment (ROI) and/or return on objective (ROO) for meetings and events—and how planners can best use such calculations to prove the value of what they do for their organizations.

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There is almost nothing that today's corporate executives want more than the ability to quantify, in dollars and cents, the impact of every strategy they employ, including meetings and events. But that doesn't mean they can get that.
Quantifying the monetary ROI of a meeting, if not impossible, is the closest thing to it. The relentless pursuit of meetings ROI that so many companies are engaged in does nothing more than waste resources and neglect real opportunities to more effectively assess the value of meetings through other approaches.

If you hold a sales meeting, the best thing to understand would be the consequent effect on sales results and revenue. But to know that, you would have to isolate the meeting's impact from that of your advertising, any other initiatives your firm has on the table, and everything your competitors are doing. For good reason, none of the existing ROI models even attempts to do that, let alone accomplishes it.

Meeting professionals in search of ROI are fighting a battle once waged by the advertising industry,

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which understands that it's impossible to know the exact volume of sales generated by an ad campaign. Advertisers instead measure quantifiable objectives such as impressions (number of people who saw the ad), CPM (cost to advertise to 1,000 people), frequency (number of times consumers saw the ad), and reach (percentage of the market who saw the ad).
This is precisely what needs to be done with regard to meetings and events. Meeting sponsors and planners must set specific, measurable objectives and be confident that, if such objectives are achieved and documented, bottom-line goals are likely to be accomplished.

Measurable objectives vary greatly based on the type of meeting/event, but some examples might be: Give all sales staff the ability to put forth the five competitive advantages of our product versus our competitors' products within the first 12 minutes of a sales call; spend at least 15 minutes furthering relationships with at least 20 existing clients; identify 25 new leads.
Some objectives, such as final two above, can be measured quantitatively without extensive post-event surveys or testing. Other objectives, for which pre- and post-testing and surveys are needed, can have either qualitative or quantitative measures.

Asking attendees about the extent to which they agree with certain statements produces a qualitative measure and can be a valid approach. But even objectives that on the surface do not appear to be quantifiable often are. For example, a measurement of the first objective above could be produced by a controlled testing process that identifies the percentage of attendees who are able to recite the company's selling advantages versus competitors before and after the meeting.

In short, if meeting professionals focus squarely on what's considered the crown jewel of business measurement, ROI, they not only will fail—they will ensure for themselves a political weakness relative to other roles within their companies. But if they focus instead on sharply defining meeting objectives and creating qualitative and quantitative measures of those objectives' accomplishment for executives to evaluate afterwards, they will put themselves and their companies in a better position to succeed.

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Phillips' expertise in measurement and evaluation comes from 27 years in the aerospace, textile, metals, construction, and banking industries. Among other roles, he served as training and development manager at two Fortune 500 firms.

As the ROI Methodology that the institute promotes has been taking hold in the meetings and events industry, there has been much debate and still much confusion. Here are a few significant facts:

1. Planners in general do not understand the concept of ROI and the different levels of data that should be gathered. With the ROI Methodology, all meetings can be evaluated at Level 0, which describes the inputs and indicators, and at Level 1, which is reaction and perceived value. Some meetings are evaluated at the learning, application, and impact levels, although the number of meetings taken to these subsequent levels tapers off significantly.

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2. Planners must be willing to take a sensible approach and evaluate each meeting at some level. At Level 1, the challenge is to focus more on evaluating the content and perceived value of the meeting, moving away from the entertainment perspective of meetings. At Level 2, much effort is needed to measure learning. Only about 10 to 20 percent of meetings and events are evaluated at this level. Perhaps the biggest challenge is the follow-up after the meeting where application and implementation (Level 3) are measured to determine what actions are being taken and the impact and consequences (Level 4) of those actions. These become more difficult, but necessary, for some meetings. ROI (Level 5) involves converting data to monetary values, isolating effects of the meeting on that value, and capturing the meeting’s fully loaded cost. Together, these generate the actual ROI.

3. The concept of Return on Objectives (ROO) is not a different process or alternative to the ROI Methodology. Setting objectives is a part of the ROI Methodology; objectives are set at each of the five levels, if evaluations are taken to all levels. ROO requires objectives for learning and behavioral change (Levels 2 and 3 in the ROI Methodology).

4. An actual ROI calculation should be limited to those meetings that are strategic, high profile, and expensive. For a given array of meetings, this may mean that only five to 10 percent of the meetings would be evaluated at this level.

5. The ROI Methodology is not too complex, time consuming, or expensive. Some shortcuts can reduce the time needed to prove the value of a meeting. Also, the costs can be controlled. When the cost of conducting an ROI study is compared to the actual cost of the meeting, it makes the ROI cost almost insignificant—usually less than one percent.

The ROI Methodology system provides the framework for meeting planners to measure the value of every meeting using different types of value for different types of meetings. This provides a structure of discipline and the credibility needed in this field today.

Planners can find some help in the new book *Proving the Value of Meetings and Events: How and Why to Measure ROI*, published by Meetings Professional International and ROI Institute Inc. This is a “how-to” book, which details the ROI Methodology, and includes 17 actual case studies.

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To best evaluate meetings and events, one must first have measurable meeting objectives that are specific, relevant, and which have time parameters established. This is done so that once the meeting is over, there is no question whether these objectives were achieved.

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Objectives should be written and structured to correlate with the Phillips "levels of evaluation." Yet a meeting planner can't create or evaluate these objectives alone. Key meeting stakeholders and executives must be involved in their creation and should help determine to what degree or level the meeting should be evaluated.

All meetings should have objectives and be evaluated at Level 0 (Meeting Statistics); and Level 1 (Attendee Reaction/Satisfaction). Typically, meetings are evaluated at these levels already, but focus is often too heavy on the evaluation of logistical meeting components rather than whether the meeting content was relevant and valuable to the attendees.

Level 2 (Learning) objectives should be created and measured for those meetings that are: delivering essential skills and knowledge; seeking to change the opinions or beliefs of attendees; or designed to facilitate networking among attendees.

Level 3 (Application) objectives should be utilized and assessed when a behavior change in the workplace is desired as a result of what the attendees learned at the meeting.

Level 4 (Business Impact) objectives are warranted when the attainment of all proceeding level objectives should lead to an improvement of one or more business measures.

Only five to 10 percent of meetings and events should be taken to Level 5 (ROI), which means that a benefit-cost ratio, ROI percentage, or payback period is calculated by comparing the fully loaded meeting costs to the monetized meeting benefits. The best meetings for ROI-level objectives and evaluation are ones linked to the operational goals and/or strategic objectives of the organization and that incur significant costs and staff/participant time.

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The first thing I tell my students and novices is to put themselves into each stakeholder's shoes when planning a meeting. I want them to focus on the objectives of the organizing group, the sponsors, the delegates, the suppliers, the exhibitors, the speakers, and any other group that touches the meeting. If you don't know what the objective is of each stakeholder, how can you design the meeting to reach those objectives, and measure the success?

Are objectives all about money? Perhaps in the end. But along the way, they are first about networking, education, increased sales, increased memberships, and material that has legs after the meeting/conference is over.

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Some meetings are not meant to make money; they are meant to educate. And education happens in many ways. So what can be evaluated? Yes, an ROI. But I dare say that ROO is just as important, if not more so.

Let's look at an educational conference to launch a new product to your sales team. Yes, in the long run, you want to make more sales. In the short term, you want to ensure the sales team has enough knowledge to be able to sell the product. Your evaluation might want to determine if at least 75 percent of the team felt they received enough knowledge. Ask the question in your evaluation, and you have met your objective if you reach that 75 percent goal. Take some time before you evaluate—you want to know what they have retained and used a few months beyond the meeting. And send out another survey asking more pointed questions, and set a percentage goal to that one, too.

This way, the objective is met by the delegate—they wanted to get knowledge on the product. Also, the objective is met by the company—they wanted to ensure the salespeople understood enough about the new product and retained that understanding months later. Thus, it's likely that significant ROI will in fact be a longer-term result—though it just might not be able to be isolated! For instance, a company may do an advertising campaign as well, so sales meetings are just one prong of achieving larger corporate or association objectives and goals.

Overall, I believe if we look at the ROO first, the ROI will follow. Build to it through tiny steps, just like when planning a meeting. The small pictures create the big picture.

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Ridzon has 39 years of experience in the meetings and travel fields. She began her career in 1968 with Trans World Airlines (TWA), in the reservations department.

Is there really one way to best measure the value of meetings? Personally, I don't think so. There is no "one size fits all" solution, no definitively right or wrong way.

This subject, like many others related to meetings management, seems as if it should be easily answered. However, when has the meeting planning process ever been clearly black or white? It's mostly gray, and primarily dependent upon the parameters of each program.

The way to measure success or value becomes more apparent when you answer this question: "Why are we having this meeting, and what's the business case for doing so?" It becomes even clearer when you, as a member of the project team, help develop clear, concise meeting expectations and written objectives.

Another challenge to finding one solution is, what are you personally responsible for? Do you head up a meeting management department responsible for hundreds of meetings each year? Are you a corporate meeting planner; an independent planner; a third-party logistics company; or an association

planner? Each of these professionals would undoubtedly have a different opinion on how to measure value, based on their responsibilities.
Different meeting types can also play a part in how you would measure value. Is the project an internal sales meeting such as a new product introduction, or perhaps a sales incentive-travel program? Or is the project an external client event—and if so, what is its purpose: educational, sales-related, or more of a social event? Each project type will likely have a different measurement standard.

As a meeting professional, you can add a best-value proposition and ensure the success of the program by asking the right questions: “Why are we holding this meeting and what are our objectives and goals?” Once these questions are answered, use your experience to demonstrate value by negotiating the right site and space at the right prices, managing the other budget items effectively, showing your cost savings, and providing flawless logistical execution.

If, at the conclusion of a meeting, the “owners” of the program want to use ROI, CSM (consumption and specification management), surveys, or cost savings as the primary measurement, that’s fine. But the real results come from achieving the goals, objectives, and expectations set prior to the event. If this happens, the value of the meeting will be clear and its success assured.

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A critical piece of the evolution of the meeting industry involves our ability to communicate with other business professionals in the language of business—not the language of meeting planners. It is our responsibility to help others understand the significance of meetings as part of an overall business strategy, and then we have to prove their value, using the same standards as other business investments.

The days of holding a meeting just because we have money in the budget or because we’ve always done it are disappearing. Implementation of an ROI measurement system gives us the ammunition to make a business case for meetings, and then gives us the information to make good, solid decisions about whether the meeting is working, and where its greatest value exists. We have to go beyond “smile sheets.” Happy attendees are certainly the first measurement of success, but we can’t stop there.

While not an easy task, measuring monetary value of a meeting or event is possible. As Jack Phillips of the ROI Institute has said, “Anything can be measured; it’s just a matter of time and money.” So, the questions for meeting planners considering implementation of an ROI measurement are:

1. How important is this meeting to the organization overall (budget, visibility, etc.)?

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2. What are the objectives of the meeting?

3. Are there elements inside the meeting that can or should be measured separately?

4. Is there support in the organization for measurement?

I don't believe there is a conflict between ROI and ROO, except to say that ROO inherently lives inside of an ROI measurement, but the reverse is not necessarily the case. By design, ROI measurement requires that objectives be identified, and that those objectives become the foundation of determining what is measured and to what degree. For the meetings that don't require a discrete monetary (Level 5) ROI measurement, one can still measure to Level 2 (how much learning took place) or Level 3 (application of the learning). In either case, the objectives have been clearly identified and evaluated.

As the meeting industry continues to evolve and meeting planners continue our march to achieve greater levels of recognition and professionalism, the measurement of our work—using whatever credible methodology is available to us—becomes more important.

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Just as beauty is in the eye of the beholder, so is meeting value defined in the eyes of stakeholders. Meeting value looks differently depending upon who is asking, "What's the value?"

The debate over ROO versus ROI masks the real issues in the meetings industry. Our future success in measuring meeting value is tied to three things:

1. Recognition that measurement and evaluation complete a cycle. Most planners understand the importance of setting SMART (specific, measurable, attainable, realistic, and timely) outcomes. Ultimately, determining meeting value is dependent upon the advance setting of outcomes. I differentiate between the terms objectives and outcomes. Objectives provide guidance to a process. Outcomes define desired results. Most organizations lack a consistent discipline around setting measurable outcomes and creating plans to determine success (and thus value) against those outcomes for meetings. This lack of discipline and consistency is a shared fault across management, stakeholders, and meeting planners—not one shouldered only by that last group.

2. Use of a consistent and unambiguous vocabulary. Many of us bandy ROI about as a generic term for meeting value. Generically using the term ROI to define meeting value is like always referring to photocopies as Xeroxes. However, ROI has a specific definition and meaning. When planners are asked to demonstrate ROI, we should clarify what stakeholders are looking for. Meeting value can be

measured around outcomes that address reaction, learning, application, and execution after a meeting, as well as business impact on the organization. Meeting value is created when meeting participants think differently, act differently, or have new knowledge after a meeting. We should push for specifics when stakeholders demand to know a meeting's ROI.

3. Moving up the chain of impact when demonstrating value. The ROI Institute defines the chain of impact as moving from the subordinate levels of reaction or satisfaction to learning, application, or business impact. Planners can advance our industry by moving from measuring reaction ("How did you like the speaker, the food, the room temperature?") to measuring intended actions ("What do you intend to do differently?") or learning ("What did you learn?") or application ("What are you doing differently?") or business impact ("How have your new thoughts, attitudes, or actions impacted the organization?"). Related to the "vocabulary" problem cited above, but even more pressing, is the need for planners to focus on relevant business metrics.

A push for a more disciplined approach to measuring results that are tied to business issues will garner planners additional respect for the value of the meetings they plan, and for themselves. It puts us all in a position of clearly supporting the business of our organizations rather than simply being in the meetings business.

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In the 1990s, MPI's Foundation commissioned two studies to determine what makes corporate meetings work, and why people attend annual association meetings. Since that time, the industry buzz has been about ROI and its measurements. Meeting stakeholders want to know if expenditures of money and time are worthwhile.

Most organizations don't want to spend the money to do a thorough study of meetings ROI. Worse, even if a study is conducted, the results may not be used. How, then, do we know if meetings and other learning opportunities are valuable? Although not scientific, consider the following:

1. The buzz during the meeting. Are people engaged? Are they talking with others at breaks, meals, and in and out of sessions? Do they want more?

2. What are people saying about the meeting and their experiences? A great (or negative) learning experience will be exclaimed online and in face-to-face conversations. Those who were excited and engaged will encourage others to be part of a similar experience.

3. What responses are given when, three months after a meeting or learning experience, you ask participants what they learned and are using now, and what issues they face now in their work. Use

their comments and insights to develop other learning experiences, which may or may not be through a meeting or an online course.

4. Building communities by developing and encouraging the use of blogs and "listservs" for those who want more information, assistance in solving problems, and a place to share ideas. Building communities also advances loyalty to a group and organization.

One method of measurement does not fit all. Determine the desired outcomes before selecting the venue, designing the content, and selecting those who will facilitate the delivery of content. Then follow up and learn more from attendees. Make this a routine occurrence in your organization so that instead of being seen as an undesired extra cost in terms of staff time, meeting measurement—no matter how it is accomplished—is part of your culture.

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A few years ago I attended a seminar on ROI presented by the Michigan Society of Association Executives. It sparked my thinking about how I could apply it to some of my clients. With one insurance-association client, we put the topic on their event task force agenda.

As we delved into discussion, it became quite apparent that ROI wasn't the organization's primary concern—they considered training workshops a cost of doing business. It was the consensus of those gathered that the most accurate measure of value of their meetings lay in the question, "Are we adequately training the members to become effective, successful, and knowledgeable risk managers, as determined by the members themselves and their bosses?"
So we decided to refocus our efforts on creating a "curriculum objective" process, rather than utilizing an ROI system. The "curriculum objective" document included eight key elements of being a successful risk manager. It detailed what core contents should be incorporated in future training to help members better accomplish their job requirements. It also defined the methods of training that would be used to educate them.

But I think the most important change was a revised evaluation process. Rather than rating the usefulness of individual event components on one-to-10 scale, we used an open-ended questionnaire. The number of evaluations we now get back has dramatically increased, and attendee comments are much more useful in predicting what we need to offer so that members go back to their jobs knowing they'll be better at what they do, resulting in tangible benefits to their employers.

Members have said that our current programs are the best they have ever seen from the organization. This experience sharpened my opinion that not all meetings can be planned and evaluated strictly with an ROI mindset.

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At its core, ROI and ROO is a discussion about accountability and growth.
ROI is an accounting concept, and accounting was designed to support business growth—not control it. The CEO's role is to increase the wealth of shareholders, and that requires making decisions and calculations that include "X factors" that can't be quantitatively measured.

ROO is measurement about plans being implemented. ROO does not attempt to reduce the complexities of the outcome to a financial equation. It is more "realistic" because it acknowledges the X factor without attempting to box it into a column.

ROI fails with regard to final accountability because the control of delivering the components is out of the hands of those responsible for the decisions. In other words, meeting planners cannot be held solely accountable for income, as they are not the sole entity that affects income, and only a CEO or vice president has access to sufficient information to put meetings' contributions into the big-picture perspective.

Another problem with ROI is defining the components that contribute to success prior to an event. The future is not based on fixed criteria of measurements, and cause-and-effect links regarding the complexities of success are weak at best.

In analyzing meetings, variable elements include: Airlines, hotels, travel dates—and the exact location of a conversation which took place between individuals who came up with an idea because someone walked by wearing a certain item that the light hit in a certain way that started the discussion that ended up with the million-dollar idea. That last element is precisely what I mean when I say the success of an event does not always have cause-and-effect links that you can isolate and measure.

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