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FORWARD THINKING

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Why Is ROI Such a Mystery?

The first step to proving return on investment is getting everyone on the same page

RECENTLY A COLLEAGUE WAS approached by her senior vice president of marketing and said, "I just spent $130,000 on this conference—what did I get?"

She replied, "Our meeting planning department executed a flawless conference that came in under budget for you."

"That isn't good enough," the executive replied. "I don't care about the execution of the meeting, I care about the marketing division. How do I justify this expense to my boss—the CEO? What was the ROI?"

The planner paused briefly and remarked, "Our job is to execute flawless events, and we did collect evaluations on the speakers and the event itself."

The executive replied sharply with, "I can get anyone to execute events and collect evaluations—I need to know what the ROI is."

More and more planners are being asked this same series of questions. If meeting professionals are the last to know, we will be the first to go when times get tough! Why is it taking so long to determine the ROI metrics for meetings and events? Where are the training programs within the meetings industry for actually measuring and quantifying what we do? Are planners creating their own metrics and not sharing them with other planners? So while we wait, here is some quick advice on ROI measurement to help you prepare for a potentially unpleasant encounter with your boss or client.

Quite simply, return on investment, or ROI, is a very old term from the financial and banking industries, and when applied to our industry seeks to prove that the benefits of the meeting outweigh the costs. In some cases, we may not see the benefits of the costs (or meeting spend) for a few years.

In order to obtain this knowledge, the meeting professional must facilitate a conversation with the boss, client or senior management *prior* to the planning of every meeting and special event.

In the scenario above, the meeting planner should have insisted on setting up a short meeting (30 minutes or less) with the executive—the stakeholder—to determine the measurements of the conference. The planner should have asked the question, "What are the goals of the conference?"

If she received the standard reply of "education and networking," she should have followed up with another question: "Please define education with a quantifiable measurement."

A possible answer could be, "To provide 20 training sessions to educate the marketing and sales staff on the new product." Another answer could be, "Attendees will be tested after the presentations to determine if they acquired and applied the new information that was presented."

Yes, it is the responsibility of the stakeholder to define the goals and measurements, and yes, it is the responsibility of the meeting planner to facilitate the conversation and not cave in to standardized answers.

After facilitating the conversation with the stakeholders and recording the conversation in writing, the next step is to determine the process for demonstrating the actual ROI.

Do you measure your meetings and special events by the reaction from the meeting participants, or the amount of learning obtained from the attendees? Maybe it's how the learning is applied to the participants' jobs or how the attendees impacted the bottom line of the business. Once you determine what level of ROI you are going to measure at, then you must determine the method of recording the measurements.

When recording ROI measurements, you must determine with the stakeholder what type of measurements would be best for the report. Are you measuring hard data, soft data or a combination of both?

Visit my column next issue for the actual measurement combinations!

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