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Why Is ROI Such a Mystery?

Communicating and thinking through the methodology

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IN MY LAST COLUMN I POSED THE FOLLOWING QUESTIONS: WHY IS IT TAKING SO long to determine the Return on Investment, or ROI, metrics for meetings and events? Does the meetings industry have researchers trained in providing education about this important aspect of the business world to planners? Where are the *economical* training programs within the meetings industry for actually measuring and quantifying what we are doing? Are planners creating their own metrics and not sharing them?

Indeed, meeting planners are constantly challenged by problems involving ROI methodology. According to Louisa Davis' thesis for her master's degree in business administration, *Critical Success Factors for the Use of ROI Methodology in the Meetings Industry*, the top issues and challenges for meeting professionals measuring and reporting ROI are the following:

- We do not have a written policy for ROI
- My workload is too heavy
- There is not an accepted standard model to use
- I am not expected to report ROI measurement
- I do the logistics of the meeting, not the strategy
- There are not enough resources (labor, staffing)
- I have no time
- The meeting goals were too broad or poorly defined
- I am unsure how to deal with the intangible benefits of meetings
- We measure the return on objectives, not the ROI

While we wait for training and measurements, here is a "quick" pro-

cess, or template, for determining ROI measurements:

Purpose of the Conference: To save money

- ROI Measurement: Create a chart comparing Projected Costs (\$500,000) vs. Actual Costs (\$300,000) for one meeting
- ROI Statement: \$200,000 in savings, or 40% savings

Purpose of the Conference: To save money

- ROI Measurement: Create a list of discounts you negotiated with vendors for services for the annual meeting
- ROI Statement: \$35,000 in negotiated savings

Purpose of the Conference: To increase sales

- ROI Measurement: Compare sales figures 12 months after the sales launch (\$1.5 million in sales prior; \$2.5 million in sales after; \$500,000 total launch costs)
- ROI Statement: \$500,000 increase in new sales (\$2.5m - \$1.5m = \$1m - \$500,000 = \$500,000)

Purpose of the Conference: To increase the number of leads

- ROI Measurement: Compare the

number of additional leads (1,000) after the sales training investment (\$250,000 in training costs)

- ROI Statement: 1,000 additional leads = \$250/lead

Purpose of the Conference: To maintain attendance competitive advantage within the marketplace

- ROI Measurement: Compare your competitor's annual convention attendance (1,000) to your association's convention (4,000); or compare sponsorship/exhibitor revenue
- ROI Statement: 75% competitive advantage in attendance

Purpose of the Conference: To maintain advertising competitive advantage within the marketplace

- ROI Measurement: Compare competitor's advertising revenue (\$200,000) to your association's (\$1,500,000); or compare sponsorship/exhibitor revenue
- ROI Statement: 87% competitive advantage in advertising revenue

Purpose of the Conference: To increase advertising revenue for annual convention

- ROI Measurement: Compare last year's advertising revenue (\$125,000) to this year's (\$150,000)

- ROI Statement: 17% increase in advertising revenue

Purpose of the Conference: To increase brand-awareness of organization

- ROI Measurement: Tracking with pre-event survey and post-event survey on the emotional connection the attendees (2,000) have to the organization's brand
- ROI Statement: 90% of participants are loyal to the brand

Purpose of the Conference: To improve customer service

- ROI Measurement: Compare mystery shopper evaluations every quarter
- ROI Statement: Maintained an average between 4.75 and 4.92 on a 5.0 scale on customer satisfaction every quarter

Purpose of the Conference: To increase number of volunteers

- ROI Measurement: Compare number of volunteers from last year (100) to this year (150)
- ROI Statement: Increased volunteers by 33% 🌟

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