

# The ComCo Classic Winner's Circle Pro- AM

## A Case Study on the Value of Executive Hospitality

By Ed Jones, President, Constellation Communication Corp.

*This case study represents the basic measurement programs and results for multiple pro-am events, of several clients. All names, dates, and data are fictional to protect the confidentiality of the host companies.*

### **Abstract**

Topic: Justification and Continuous Improvement of Executive Hospitality Events

Event Type: Pro- AM Tournament, Major PGA Event

Situation: "Stockholders Question CEO of a Fortune 50 Company about Golfing Boondoggles for Buddies"

Measuring the value of a group of executives playing golf has been likened to "nailing Jell-O to a tree," i.e. both difficult to accomplish and unsure as to the result. However, in today's environment of extreme focus on corporate ethics and responsibility, there is little alternative. This case study demonstrates how the value of an executive hospitality event (or any other event) can be assessed and articulated by applying a simple structure of how value is achieved and some forthright investigation.

### **The Scenario**

Imagine you are hosting the annual stockholders meeting of your multi-billion dollar global enterprise, and this question comes from a stockholder, "Chairman Smith, would you tell me why it beneficial to the stockholders that this company spends hundreds of thousands of dollars entertaining you and your golfing buddies at the ComCo Classic Executive Pro-AM every year?"

"Gulp!"

That actually happened to the CEO of a company we all know.

Fortunately, for him and the company, the next time a question was posed about the company's executive hospitality events, he was ready. Using a briefing card, prepared by the corporate PR team, from the ROI analysis conducted on every executive hospitality event thereafter, his answer went something like this:

*“That is a very good question. We formally assess our return on investment in these types of events. Let's take the ComCo Classic Pro- AM tournament for example, 41 executives, representing 38 companies of the greatest importance to ComCo, participated in our annual Pro-AM tournament. Those executives represented 2.2 billion dollars of recurring revenue to our company and \$360 million in proposed new revenue within six months of the event. The event was purposefully planned and executed to facilitate interaction between the key executives of our largest customer base and our leadership team.”*

*“...Any questions?”*

Good answer!

The additional details, to convey as needed were:

- The event was purposefully designed to facilitate access for ComCo to exchange information, ideas, and most importantly, to gain and make commitments regarding the business these companies represented to us.
- For that event, 87% of the guest executives indicated the accomplishments at the event, through their interaction with ComCo executives and sales personnel, had a direct and positive impact on the probability of continuation of their existing business and the proposed projects before them.
- The internal estimate of the value, based upon ROI analysis of that event, was approximately \$3 (net) for every dollar spent.
- ComCo used this analysis to determine how to improve our effectiveness next year and every time thereafter.

Like many corporate executive hospitality events, the Pro- AM events were held because the company leadership knew, if only intuitively, that business was facilitated by interaction and trust developed through relationship oriented activities. This is especially true where “achievement” oriented, team activities are involved, such as golf. These events are not limited to golf, however. For example, one of our clients held an executive hospitality event in France that retraced part of the Tour De France route. Those who were up to the task rode bikes and the others were the “support team.” But, most companies have no idea how to quantify the value of such an event, even in simple terms, or how to focus the execution of the event on tangible results. The following details provide a bit more insight into where value comes from and how to describe it.

## Objectives

ComCo was concerned that executive hospitality programs and other customer and prospect hospitality events would actually deliver tangible value to the company. To understand the value of those programs, ComCo had to understand:

- How those events influenced and impacted the business decisions of the executives attending the events
- How to measure the potential value
- How to state (report) the value
- How to use the results to improve value the next time

The ROI studies focused on the following:

- Assess the impact of executive participation at the event on the relationship and level of business with ComCo
- Determine the types and mix of customer executive activities that are most effective for the future
- Assess the guest executives' level of satisfaction with the event, gain their suggestions regarding the event, and identify continuous improvement targets for this and similar events going forward

## Evaluation Methodology

The event ROI consultants (Constellation Communication Corp., hereinafter “the consultants”) developed a qualitative survey that addressed the study objectives. The survey was implemented through a voluntary telephone interview with executives that attended the 2006 ComCo Classic Winner’s Circle Pro-AM. Twenty-two out of forty-one participants, approximately 54%, were surveyed. Some executives were not reachable in the period allotted for the study. Others were interviewed for previous events and were not repeated. Those participant’s intentions and value were assessed based upon prior feedback. All participants were included in the account profiling and valuation data. The study and report were a combination of quantitative and qualitative findings and the report highlighted the qualitative nature of some of the findings and conclusions.

## Data Collection and Data Analysis

The consultants designed an account profile format that would provide the information necessary to value the event. The ComCo Event Marketing staff developed the account profiles on each executive and their company for use in final selection of participants and briefing ComCo event personnel. The profile information included the dollar amounts of current billed revenue and the

amounts of pending revenue opportunities, providing the basis for the revenue related analysis in the study.

The consultant staff observed the event activities and after the event, conducted the executive interviews by telephone.

Responses to survey questions were reported “verbatim” or in close paraphrase of the actual responses. The consultants made observations regarding those responses and provided interpretive comments in clearly marked sections immediately following the tables of actual responses. In some cases, the consultants assessed the responses and assigned them to categories, to make it easier to interpret the overall findings. The consultants provided a series of conclusions and recommendations, based upon the qualitative and quantitative analysis, in the final section of the report.

### **Evaluation Results**

The following is derived from the executive summary of the report for the 2006 event:

#### **PAYBACK ON THE 2006 COMCO CLASSIC PRO-AM**

The 2006 ComCo Classic Winner’s Circle Pro-AM created an opportunity for ComCo executives and account teams to directly influence the retention of approximately \$2.02 billion in contracted revenue and influence the sale of \$367.5 million dollars in identified near term revenue opportunities for the company. The combined total of retainable and potential revenue, accessible through customer executives at this event was over \$2.7 billion. The average addressable ComCo revenue per guest was over \$65.85 million. The event cost per dollar of total revenue represented by the executives in attendance, was just over 1.6/100 of a cent per revenue dollar (\$.0001625/1) or .016%.

This study, once again, demonstrates the ComCo Classic Winner’s Circle Pro-AM had tangible impact on both retention of current revenue and probability of sale for pending opportunities through interaction with the executives represented at the event. The targeting and invitation process for the ComCo Classic Winner’s Circle Pro-AM was very effective, with 95% of the guests having pending, near term proposals. Pending proposals for this group of executives represented an average increase of 15.6% over their current billed revenue amounts. Many of the pending proposals represented significant increases in total revenue for ComCo, as much as 800+ percent for one account. Nine of the executives represented accounts where the pending revenue increase was in excess of 100% of the current billed revenue. Twenty-six executives, or approximately 64%, represented accounts where the pending revenue increase was 25% or more of the current billed revenue.

Every executive interviewed cited a business purpose as the basis for his or her participation. A common finding among three consecutive event surveys was guest executives prefer, if not require, a legitimate business reason for attending events of this type. They felt the structure of the account team and executive interactions built into the Pro-AM activities, were productive and made their investment of time in the event productive and most importantly justifiable to their company and investors.

A customer executive marketing event like the ComCo Classic Winner's Circle Pro-AM is rarely the only factor in a company's decision to buy or continue doing business with ComCo. However, this event places top ComCo executive management and account management in direct, personal association with top executives of key customer organizations. The customer executives themselves detailed, through their answers presented in this report, what was accomplished as a result of the opportunity to engage the ComCo account management hierarchy during the Pro-AM activities. The findings of this study support the conclusion that the event had definite impact on ComCo profitability. A representative comment from an executive from a top tier account:

*“We already have a lot of eggs in the basket with ComCo. Keeping this support secure is important to us. The bulk of our business is with ComCo. At the end of the day, price and performance matter the most. ComCo needs to know what is required by us and we need commitments from the top. These events help to tip the scale as far as decision making goes.”*

This study shows the ComCo Classic Winner's Circle Pro-AM was a superior event by comparison to the other events these executives were invited to attend. The satisfaction level with the event among the executives surveyed was 100%. These customer executives attend only one to three events of this type each year. Competition for their participation is keen. The accomplishments cited by the customer executives attending the Pro-AM activities continued to focus on meeting and interacting with ComCo executives and account teams, and increased confidence in their business relationship with ComCo as a direct result of the interaction.

The 2006 ComCo Classic Winner's Circle Pro-AM event delivered approximately \$780,000 in equivalent value of sales support and customer relationship management impact, per dollar expended. This value estimate was based upon the assumption that the ComCo Classic Winner's Circle Pro-AM represented only 1/100 (1%) of the influence ComCo account teams exert annually in retention efforts (Customer Relationship Management, CRM), and new revenue development (Sales) with these accounts. Details of these estimations were included in the report.

The ComCo Event Marketing team delivered this event at a lower cost per participant, compared to 2005. The cost per executive dropped to \$8,717 for

2006, compared to \$11,975 for 2005. As a result, the estimated payback ratio on this event increased from \$1.81/1 in 2005 to \$2.97/1 in 2006.

**An Example Analysis Sheet Correlating Qualitative and Quantitative Findings**

<b>Investment in Retention and Revenue Development</b>						
<b>Definitely Impacts the Level of Business</b>						
<b>Name</b>	<b>Company</b>	<b>Impact on Business (D)efinite, (R)einforces Business Relationship, (G)enerally Positive, (N)eutral, (No)ne</b>	<b>Current Billed Revenue</b>	<b>Pending Business</b>	<b>Proposed Revenue</b>	<b>Proposed Revenue as % of Current Billed Revenue</b>
Walker, Walter	American National Bank	D - It raises the level of trust!! It is important in business to trust who you are dealing with, especially when things go wrong you can trust they will be taken care of accurately and things do go wrong.	\$553,200,000	Yes	\$22,850,000	4.1%
Manville, Gregory	Cola Enterprises, Inc.	D - Had a direct effect on it.	\$67,200,000	Yes	\$12,000,000	17.9%
Walker, Harry	IMC GAMMANET	D - Definitely enhances the ability to negotiate whatever deal it is you are working on/with due to the enhancement of the relationship that you have built with executives.	\$806,000,000	Yes	\$32,780,000	3.9%
Simpson, John	Medical Services of America Inc.	D - Gives sense of who, people are, in charge. Learn they are competent and know if I want to maintain or grow business with them in the future. Really important to me.	\$2,168,712	Yes	\$19,400,000	818%
Domaway, Don	Greenmont Health System/CIO	D - Increases business, finds solutions, meeting with others who share the same products and concerns.	\$13,000,000	Yes	\$2,000,000	15.38%

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**Communication Strategy**

In addition to equipping the corporate PR team to provide justification for executive hospitality events, these findings were used to help determine the “hurdle” requirements for inviting future accounts to the top level Pro-AM and for a lower tier Pro-AM. The results were shared with the business development teams, who participated in tracking and reporting associated results. Reported results were compared to the forecast developed before and refined after the event. The account profiles were used to prepare briefing packages for the executives and account team members at the event.

## **Lessons Learned**

- 1) Executive hospitality events deliver real value.
- 2) Most companies do not have a yardstick for determining whom to invite to expensive events and often, when scrutinized, the expense of entertaining some guests exceeds their profit value to the host. Invitations are often based upon “the good old boy” network and not on value.
- 3) Most companies do not have an effective way to predict or determine value for a hospitality event. When a value-focused approach is implemented, the value of the guest list increases dramatically.
- 4) Guest executives are under more pressure to demonstrate there is a business reason for participating in these events, and they expect to accomplish business related objectives at hospitality events.
- 5) Simple approaches to determining and reporting value work, primarily because they are easily understood and the need for supporting data is so great. Complex approaches are more difficult to produce and can be prone to communication failure.

## **Recommendations & Use of Results**

The invitation processes for these companies, and thus the value of the events, were radically modified over the course of these evaluations.

Account profiling became a requirement for nomination for an invitation to the event.

All events, including hospitality “Sky Boxes” at sports venues, received the same level of investigation.

Appropriate levels of spending on these and other types of events can be determined using the same techniques. Companies are often over spending or under spending on these events.

Performance information is your best tool for convincing the company to invite guests to event based upon potential and not simply prior relationship.

**References** – Client executive hospitality event evaluations, Constellation Communication Corp. Return on Investment in Events ROI Model and Database, Constellation Event Critical Success Factors and Communication Action Value Chain models.

## Questions for Discussion

1. Are executive hospitality events an ethical business practice and should they be allowed?
2. Can executive hospitality events be measured?
3. Is the measurement, as presented here, quantitative enough to affect decision making?
4. How should you change your current practices regarding executive hospitality?

## About the Author

### Ed Jones, President, Constellation Communication Corp.



If you ask Ed what he does, his reply is “we figure out if companies are making any money from their events, and if not how to change them so they have a positive return on investment.”

Ed’s background is equal parts finance, marketing, sales and creative. His communications programs, for all types of internal and marketing events, result in specific, measurable actions by the participants that directly improve the bottom line. Ed developed the “Financially Justified Selling” curriculum for AT&T and introduced the concept of the “Payback Ratio” on event marketing effectiveness and communication project planning and return on investment models used by many communications agencies and major companies.

As president of Constellation Communication Corp., an Atlanta based research and consulting firm, he conducts research and measurement that align prospects, customers and even the event manager’s “internal clients” with messages and event tactics that produce tangible outcomes. He also provides guidance for choosing the best mix and appropriate levels of investment in events to reach marketing goals. Clients include corporate communications and event directors from virtually all industry segments, show and event organizers, and associations.

Ed is a well-known speaker and author on topics of interest to the meetings and event professionals. He authored the required courses in the Certified Trade Show Manager Certification Program, “How to Measure the Value of Trade Shows” and “How to Measure the Value of Events” and presentations and seminars to many MPI events. He can be reached at [edjones@constellationcc.com](mailto:edjones@constellationcc.com) or at 770-391-0015.