



Mitigating Risk in Modern Meetings and Incentives

A white paper on the Incentive Research Foundation's
2016 Event Disruption Study

The *2016 Event Disruption Study* reports broadly on event disruptions from the event planner's point of view, and their impact on the event planning business. Disruptive incidents are happening with increasing frequency these days. They include many weather-related phenomena, public enemy situations such as wars and terrorism, the business partner's mistakes, and the client's lack of cooperation.

The study was completed in 2016 by University of South Carolina professors Dr. Haemoon Oh, Ph.D, and Dr. Miyoung Jeong, Ph.D. There were 18 interviews and 266 electronic responses. Event planners were surveyed on all events they had planned in 2015 and 2016. They were asked a series of questions to understand: given the vast coverage of disruption on both broadcast and social media, were events as disrupted as one might expect? And if so, what causes these disruptions and how did planners cope?

This white paper explores disruption mitigation strategies for meetings and incentives and provides insights on how partners prepare for and handle disruptions.

Planning

Planning for disruption and mitigating risk is now a critical part of the event manager's job:

Planners estimated they now spend up to 25% of their time planning for potential disruptions. Nearly 40% of the planners expect that their time and effort to plan for disruptions will increase somewhat in the next two years. This is not surprising as over 90% of planners said their companies require contingency plans – with 54% requiring them for all events and 37% for some of their events. A number of factors influence this requirement including event size, cost, exclusivity, and location. The level of confidence held by planners about planning for disruptions is about 79%, leaving significant room for improvement through additional training and assistance.

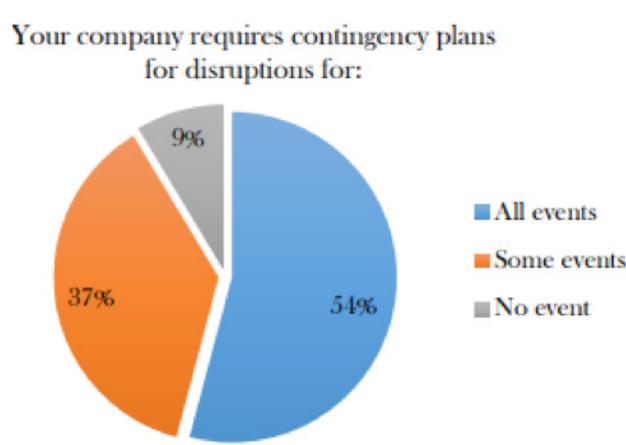


Figure 1

Companies are providing some support to planners: In anticipation of disruptions, 68% of planning companies provide guidelines or assistance for planning for disruptions. Other organizational support uncovered included:

- 24-hour access to call centers, emergency services, and corporate travel agency
- List of other vendors available
- Additional insurance
- Advertising

- Backup or contingency plans for no shows, transportation, suppliers, speakers, Wi-Fi, and airline reservations, etc.
- Checklists, standard operational procedures (SOPs), policies, procedures, and crisis management (safety and security) manuals
- Classroom training and online workshops
- Consulting and advising
- Dedicated resources for contracting, legal review guidance, and counseling
- Extra staff, employee assistance, and fail safe team
- Financials and funding
- Security assistance, especially global, and security training
- Media relations
- Registration with US Embassy and state department in case of international events and participation
- Risk assessments
- Travel advisory information
- Negotiation with vendors
- Reimbursement
- Strategic planning

Managing risk requires a variety of resources and approaches: When planning for disruptions, the Internet is the most frequently used resource, followed by vendors and the company manual. Contingency planning, risk evaluation, attendee awareness, switching business partners and legal protection were also key strategies.

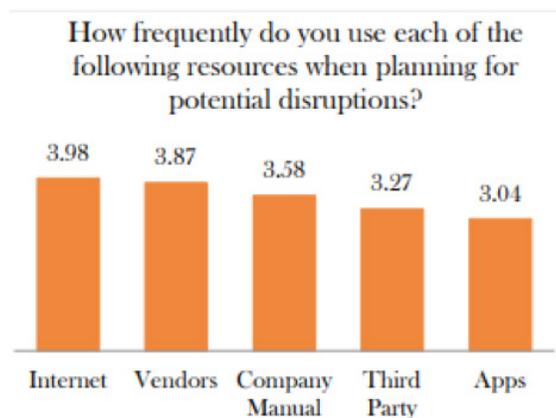


Figure 2: Rated on a 5 point scale.

- **Contingency planning:** Nearly 93% of the planners or companies require contingency plans for all or at least some contracts. Most companies require contingency plans in contracts and provide assistance in disruption planning, regardless of specific disruption experiences. Types of contingency plans include:
 - o 24/7 emergency assistance
 - o A “Plan B,” such as alternate hotels/locations/destinations, speakers, routes, vendors, dates, travel routes, schedules, events, and/or general backup plans

- o Ability to cancel with no penalty and contract options to avoid attrition
 - o Additional ground transportation
 - o Agents on call to rebook cancelled flights
 - o Force majeure clause and its specific terms such as “travel to or along the way”
 - o Data privacy and security
 - o Safety precautions
 - o Emergency and business continuity, emergency evacuations, and emergency plans and procedures.
 - o Extra staff and fail safe team
 - o Language help
 - o Medical services for weather and natural disasters
- **Risk evaluation:** Conducting thorough risk evaluation regarding disruptions and disruption handling before contracting is key for locations and vendors. Cities, countries, venues, and partners were all highly evaluated as part of the process.
 - **Attendee awareness:** Nearly half (49%) of planning companies or planners actively communicate to their attendees about potential disruption situations and suggested actions. Organizations that require contingency plans for vendor partners are more likely to communicate about potential disruptions and suggested actions.
 - **Switching:** Almost half the planners (49%) have switched at least one business partner due to the partner’s poor handling of disruptions. Hotels were the most frequently switched partner (26%) for failure and poor disruption handling. The destination has been changed at least once by 68% of planners because of perceived risks or disruptions. Not surprisingly, as the amount of financial loss an organization has experienced from a disrupted event increases, so does its tendency to readily switch vendor partners for perceived risks.
 - **Legal protection:** Limitation of liabilities is the most frequently included legal protection in contracts with both vendors and clients. Likewise, planners often or always required force majeure or indemnification in their vendor partner contracts. Roughly 70% of planners required waivers for either both the attendee and guest together (34%) or the attendee and guest separate (34%).

Learning from Disruption and Loss

As the majority of planners have experienced a disruption or crisis in the past 24 months, there is much we can learn from their experience. When a disruption occurred, planners were generally happy with how their vendor partners dealt with the disruption, but there was room to improve. About 57% either agreed or strongly agreed with the partner’s readiness or capacity to handle disruptions. After the disruption, planners were most positive about their vendor partner’s safety records and infrastructure, but least positive about the vendor partner’s ability to absorb financial loss or provide a good contingency plan.

Additional findings from planners who had experienced disruptions included:

- The disruption group considered their **planning** for disruptions as part of their overall event planning to be 13% more significant than did the no disruption group.
- Before contracting, the disruption group **evaluated** destination venue (16% greater) and

potential program partners (13% greater) to a greater extent than did the no disruption group for the level of perceived risk including disruptions and disruption handling.

- Organizations that have experienced a recent disruption more often require vendor partners and clients to have **contingency plans** in business contracts. Nearly 93% of their companies required their vendors/clients to have contingency plans in at least some contracts.
- A financial loss due to disruptions tends to cause heightened prevention measures, more frequent partner switches, and more frequent communications about disruptions to clients.
- The disruption group discusses potential disruptions and contingency plans with their business partners 14% more often than the no disruption group does.

Vendor Partner Trust and Cooperation: The Most Needed Planner Resources

Planners listed strong relationships and cooperation with vendor partners as the most needed resource for disruption planning. Previous experience, strong legal support, third party references, and training were also rated highly, but not nearly as highly-rated as vendor trust.

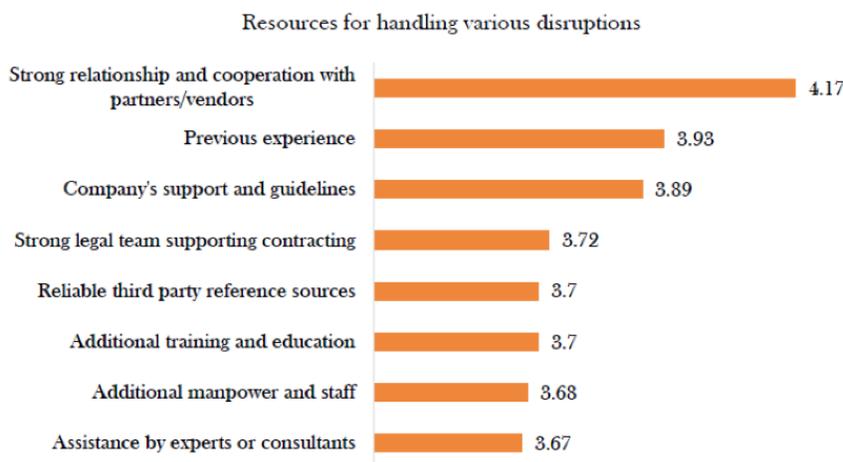


Figure 3: Rated on a 5 point scale.

The partner’s event-specific cooperative and creative offerings are more critical determinant of partnership trust than the resources the partner has: When evaluating what built trust within the vendor partner relationship, a vendor partner’s cooperative behavior had strongest impact (64%), followed by the partner’s creativity (57%), resources (55%), and then financial capability (53%). Insurance coverage is now table stakes as it had the weakest determinant of partnership trust of the seven input variables. Interestingly, a partner’s performance in handling the latest disruption was not as powerful a determinant of partnership trust as was the four items listed above.

To download a copy of the full *2016 Event Disruption Study*, please visit <http://theirf.org/research/2016-event-disruption-study/2134/>

To download a copy of the white paper *Adjusting Perspectives Regarding Disruptions in Meetings and Incentives*, please visit <http://theirf.org/research/adjusting-perspectives-regarding-disruptions-in-meetings-and-incentives/2086/>

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