



The Economy and the Environment:
One Solution for Two Meeting and Event Industry Issues

A Meeting Strategies Worldwide
White Paper
December 2008

Seizing the Environmental Opportunity

Environmental issues are a global concern. So too in the meeting and event industry!

Green meetings have gone from movement to market. Just two years ago, only 7% of meeting planners were planning green meetings (Meeting News Survey). In 2008, 43% of association meeting planners are now planning green meetings (Meetings Market Trend Survey).

The hospitality industry is second only to construction as contributors to the waste stream in North America. As an example, the average conference participant at a three-day conference produces 61 lbs of solid waste which equals two large bags of garbage (USEPA 2000). That same person produces 13.5 lbs of trash over three days at home – 75% less than when at a conference, or 100 garbage bags at home for the entire year (USEPA 2003)! A conference participant produces greenhouse gases equivalent to driving their car for roughly one month (USEPA 2000). Given the magnitude of its impact, the meeting industry is realizing its role in the health of the planet and is making great strides towards adopting more environmentally responsible practices.

There are many global indicators of this change:

- The Convention Industry Council and United States Environmental Protection Agency are working together to develop green meeting standards for all meeting professionals and industry vendors to use.
- 13 states have launched Green Lodging Programs.
- The Green Meeting Industry Council doubled its membership in 2008.
- 142 articles featuring green meetings were published in trade magazines in 2007.
- The Association for Financial Professionals Annual Conference, the largest event for the Treasury and Finance Industry, has launched a Green/CSR program.

It has been an exciting time of change throughout the industry!

Answering the Economic Challenge

Enter the economic downturn.

The stock market is volatile, layoffs are increasing, airlines are in trouble, and energy prices continue to rise. People are staying closer to home and cutting their spending. Everyone is scurrying around trying to get a handle on what exactly this will mean for them and how they should adjust.

- According to the annual “Global Business Travel Forecast and Trends” report released October 22, 2008 by American Express Business Travel, meeting managers can expect more scrutiny as corporations continue to crack down on meetings spending. According to Herve Sedky, Vice President and General Manager, Global Advisory Services, American Express Business Travel:

Travel that is not generating revenue will either be cut or replaced with technology such as webcasting or teleconferencing. Small meetings, direct-report staff meetings, smaller sales meetings, training meetings, and meetings that are essential for talent retention, are forecast to change in 2009. Larger meetings, which account for 20-30% of spend(ing), will be fewer in number and are most likely going to be scaled down or be traded down in terms of production work and types of hotels being booked.

The study also reports that companies will be planning shorter events and holding them nearer to the home office than in the past.

- Recent focus groups of meeting managers report less participants at meetings and companies sending fewer people, if any. Those attending are asked to double-up on hotel rooms and cut costs.

Two Challenges: One Sustainable Solution

In today's economic climate there is just one principle to live by, "If it makes good business sense, do it!" If not, don't. The good news is that what makes the best financial sense is many times the environmental choice as well. A glaring example of this in the United States is when gas prices hit \$4.00/gallon and people began choosing to ride mass transit or switch to a smaller car. Thanks to the economic issue, the environment also won!

It is important to remember that sustainability really means balancing the triple bottom line of economics, the environment and social components. Sustainability has been called the "three-legged stool" because without all three an organization simply cannot sustain itself. Furthermore, organizations committed to sustainability are finding they are not just surviving; in fact, they have been thriving. The bottom line is better, employee retention is increased, and consumers want to do business with them.

Companies that report sustainability data generally experience higher gross margins and return on sales, higher return on assets, and stronger cash flow and rising shareholder return.

- PricewaterhouseCoopers, The Food, Beverage, and Consumer products Industry - Achieving Superior Financial Performance in a Challenging Economy - 2008. Analysis based on 60 large companies, 27 that reported sustainability data and 33 that did not.

According to the report, two factors might explain why companies that report sustainability data consistently achieve higher return on assets: investment decisions and operational improvements associated with adopting sustainable practices.

In terms of generating cash flow, companies that reported sustainable data posted consistently higher free cash flow to sales ratios over one, three, and five-year periods. Again, operational improvements and adopting best practices along the value chain have likely contributed to their ability to generate higher cash flows.

When compared based on gross margins and return on sales, the companies that reported sustainability data outperformed those that did not. The report offers two explanations:

1. Companies committed to sustainable practices tend to operate more leanly, saving on energy costs and overall input costs.
2. Consumers have begun placing a premium on goods produced in a sustainable manner.

In another key indicator report, BSR/Cone 2008 Corporate Responsibility Survey, 43% of respondents say their corporate responsibility budget will stay the same in the face of the current economic conditions, 31% say it will decrease and 26% say it is too early to determine. Still, 77% remain optimistic that global business will embrace responsible business practices as part of their core strategies and operations over the next five years.

While corporate values are an important driver of corporate responsibility decisions (59%), companies today seek reputation benefits (84%) and long-term cost savings or efficiencies (75%) as return for their corporate responsibility investments.

At the same time, 94% anticipate increased government regulation of issues related to corporate responsibility, including climate change (86%), corporate governance and financial transparency (83%).

Seventy-two percent expect that there will be increasing demands on business to solve societal problems, and more than half believe business will meet those demands.

Most CFOs believe sustainability can lead to cost savings, increased revenues, greater customer retention and a competitive advantage, so clearly this is an opportunity that cannot be ignored.

- Lauralee Martin, Global Chief Operating and Financial Officer at Jones Lang LaSalle reporting on a survey of 175 top finance executives for the report, The Role of Finance in Environmental Sustainability Efforts.

The Five Advantages

1. Cost Savings

The potential monetary savings of using green meeting practices is significant. Many of the practices that have been adopted today would not have been without real, measurable economic savings. These savings benefit both meeting and event planners and suppliers to the industry, such as hotel properties.

Industry champions who learned this early on have been saving significant amounts of money. Now, as the current economic crisis continues to unfold, these champions are well suited to respond with cost saving measures to save their organizations money and ensure that the important work done at meetings can continue.

- Scandic Hotels estimates energy and water conservation measures have saved EUR 18 million between 1996 – 2000. That's over \$27.7 million USD (Scandic Hotels, 2008)!
- Caterers report a 50% - 62% savings by using bulk containers instead of individual packets.

Case Study: The Doubletree Hotel and Executive Meeting Center Portland-Lloyd Center, Oregon

The Doubletree Hotel Lloyd Center has implemented a comprehensive Environmental Purchasing Policy and their property is both Green Seal and EnergyStar Certified. Some of their other achievements:

- Reduced overall waste disposal by 67% since 1996.
- Redirected 126 tons of waste from landfill and saved \$10,000 in six months.
- Total energy consumption reduced by 32%.
- Reduced water usage by 15%.
- Saved 9,500 gallons of gasoline per year with employee mass transit subsidies.
- Purchase 65% of food products from within a 500-mile region.

Add those savings to an increase in revenue - according to Jenny Baird, Director of Sales/Green Meeting Specialist for the hotel, "We have booked approximately \$4 million worth of business due to green/sustainable practices."

So what exactly are the costs and benefits of going green? The following summarizes some of the economic and environmental savings of sustainable meeting practices:

Green Practice	Scope	Economic Savings	Environmental Savings
Reducing handouts	1,300-attendee conference, 2 days	\$2,000	488 lbs wood 617 gal water 1 million BTUs energy 149 lbs emissions 79 lbs solid waste (Neenah Paper)
Reusing 45% of banners	40,000-attendee conference, 5 days	\$89,250	12,750 sq.ft. of vinyl banner material kept from landfill
Reducing daily shuttles by 11 buses	40,000-attendee conference, 5 days	\$60,000	486,420 lbs CO2 (Carbonfund.org)
Not using individual water bottles	1,200-attendee conference, 5 days	\$48,000	19,000 liters water 1,181 kg CO2 216 kg oil 23,840 megajoules energy
Replacing 3.5 gal per flush toilets with 1.6 gal per flush	296-room hotel	\$1,163 per year	307,914 gal water per year
Towel and sheet reuse program	150-room hotel		6,000 gal of water, 40 gal of detergent per month (Sustainable Lodging)
Green power	23,000-attendee conference, 3 days	No additional cost	500,000 kWh of Green-e certified wind renewable energy credits sourced and 200,000 kWh of Green-e certified biomass and wind-generated renewable energy credits
Switching to fluorescent lights	1,365 hotel rooms and lobby areas	\$51,000 per year	Efficient lighting uses about 75% less energy and lasts 10 times longer (National Geographic Traveler, 2004, EnergyStar.gov)
China and linen service	5,000-attendee conference, 5 days	No additional cost	125,000 plates, 175,000 napkins, 150,000 cups or glasses and 180,000 cans or bottles



2. Competitive Advantage and Promotional Benefits

Sustainable practices provide the organization with a strong competitive advantage and the ability to leverage this in promotional efforts. Eighty-four percent of those surveyed in the BSR/Cone 2008 Corporate Responsibility Survey report that “reputational benefits” are what is driving corporate responsibility in their organizations. “Stakeholder demands” at 80% are also an influential consideration.

Meeting planners and travelers alike are interested in knowing the environmental practices of the properties they book. According to the IMEX 3rd Annual Survey Results 2008, 84% of buyers felt the meeting industry should take the environment more seriously into account and 75% of buyers have taken environmental considerations into account. As the Doubletree Hotel case study pointed out, this means increased business for suppliers with sustainability programs.

The search for added value will only increase with the current economic situation. Meetings, events and certainly incentives are under a microscope. Stakeholders are demanding to know the economic and environmental considerations of meetings, events and incentives in order to maximize investment. As we have witnessed, if the corporate responsibility aspects of programs are not considered, planners run the risk of exposure to press critique.

The media is starving for real-life examples of the ROI of green meetings. For example, consider The Coalition for Environmentally Responsible Conventions and their efforts to green the 2004 Republican and Democratic National Conventions. Their practices earned not only the 2005 IMEX – GMIC Green Meeting Award, but also garnered 90 published articles, 25 presentation opportunities, four television appearances and three radio interviews.

A recent green conference in San Francisco reported 18 media articles about the organization and its practices within 30 days of the conference. This benefited not only the sponsoring organization, but the city itself, convention center, hotels, and a host of vendors.



3. Delegate Satisfaction

This area is crucial in dire economic times. Participants today have had their travel and conference budgets slashed. They may only be able to attend one or two conferences per year in the foreseeable future, if they are lucky. They will have to carefully consider and prioritize which conference to attend. While participants may weigh the environmental impact of their decision, they will definitely evaluate how they are treated - the quality of the experience, convenience of participating and the connections made by attending the event.

Again, planners are finding green efforts stand out and add value and convenience for attendees. “First-class service” can include fresh, healthy, local food, china service instead of plastic, thoughtful and reuseable conference giveaways, and convenient online registration, check-in and program scheduling to ensure attendees feel well taken care of. High-quality service is a byproduct of the environmental practices implemented by the sponsoring organization.

Another way to add convenience for attendees and reduce the conference carbon footprint is to choose a meeting location as close to participants’ home base as possible. Regional or centrally located conferences make economic and environmental sense. Participants’ time traveling and being away from home are reduced and they typically save on airfare and lodging. The move to smaller regional conferences, consideration of bi-annual rather than annual large gatherings and use of supplemental technology to enhance face-to-face meetings is an emerging trend.

Planners are finding it important to make sustainable practices visible, communicate them to attendees and invite their feedback. One conference evaluation was turned in with, “Thanks for making it possible to recycle while at this conference...I recycle at home and it’s nice to do it on the road.” In another instance, the opening speaker announced, “965 trees were saved by reducing the size of our conference program” to a round of applause.



4. Employee Retention

Ray Anderson, founder and chairman of Interface, said it best, “In my 51 years in business, I’ve never seen an issue galvanize people in a company like sustainability.” And he is absolutely right!

Reports, studies, and surveys all agree—environmental performance is an important component of employee engagement and retention. A SustainAbility study found that “a positive reputation specifically in the areas of environment and human rights will increase a company’s ability to attract and retain staff, while a negative reputation in these fields and a lack of ethics and integrity will decrease it.” Even Fortune Magazine writes, “the single most reliable predictor of overall excellence in a company is its ability to attract and retain talented employees.”

Interestingly, a study across 15 developed nations shows that respondents were more concerned about working for an environmentally responsible company than purchasing from one. They cited one potential reason as “employees feel a significant sense of responsibility and association with their employer’s actions concerning the environment.” (Corporate Behavior and the Impact on Brands, Tangberg and Ipsos MORI Survey, October 2007)

Mike Emmott, advisor for employee relations at the Chartered Institute of Personnel and Development, the UK’s leading professional body for HR executives, said “Our view is that although customers like to see good CSR, purchasing decisions are primarily determined by value for money. But when people are choosing where to work and where they are going to invest a huge amount of their time and energy, they are really influenced by green issues.”

Employee retention becomes as personal as a housekeeper being healthier due to the greener products being used at hotels and convention centers or the worker who is proud to have found a fair-trade coffee to be served in the hotel coffee shop. Green champions throughout the industry take a renewed interest in being a part of the solution.



5. Risk Reduction

Green practices can play a key role in risk reduction during an economic downturn. The financial markets are already creating turmoil, so it makes sense to reduce any additional internal risks that can affect business performance. This may include worker health and safety, supplier stability, regulation and public image.

Indoor environments are highly complex and building occupants may be exposed to a variety of contaminants from office machines, cleaning products, construction activities, carpets and furnishings, perfumes, cigarette smoke, water-damaged building materials, microbial growth (fungal / mold and bacterial), insects, and outdoor pollutants (National Institute for Occupational Safety and Health website, 2008). Healthy workplaces translate into happier employees and fewer sick days. It also avoids the risk that companies may be publically exposed for unsafe workplaces or labor practices, which has harmed the public image of many corporations in the past.

To help alleviate market uncertainty, progressive industry leaders are now working closely with their suppliers to define new materials, create options and develop alternatives to save money, whether it be in the area of event signage, shipping, registration technologies or exhibit booth displays. Loyalty is critical in times like this to maintain economic, environmental and social goals. This will help many companies weather the storm, reduce order times and can lead to efficiencies and innovations that benefit the environment and the bottom line.

Adopting environmentally responsible practices today may also better prepare the industry to respond to potential legislation and regulation, particularly concerning energy use and climate change. During May 2007, the USEPA issued a mandate requiring consideration and use of environmentally friendly meeting facilities. In follow up to these procurement guidelines, the USEPA is now working to set a voluntary green meeting standard for the meeting industry through APEX and ASTM, which is expected to be launched in 2009. Industry planners and suppliers who are already in compliance with these standards will be ready for business and will not have to retool to meet the demand.

The Time Is Now

In business, timing is everything. In today's economic climate now is the time to align sustainability efforts with traditional business objectives. Now is the time for innovation, creativity and applying sustainable solutions to economic problems. Now is the time for our passion for business and passion for the environment to become one and the same. It is not the time to abandon solid green practices which contribute to the bottom line. Actually, it is quite the opposite.

The Meeting and Event Industry has the opportunity to position itself as part of the solution not part of the problem.

Joel Makower in his recent article, "Thinking Green in a Blue Economy" (October, 2008) put it powerfully:

At the end of the day, most green business activity is—or should be—about making companies, and economies, more resilient and competitive. That seems to me to be a recipe for success during good times and bad. Green can make sense when times are tough—and even because times are tough.

Copyright 2008 Meeting Strategies Worldwide, Inc.

For further information please contact us:

6220 NE Glisan Street Portland OR 97213 USA

T: +1 503.252.5458 F: +1 503.261.0964

E: operations@meetingstrategiesworldwide.com

W: www.meetingstrategiesworldwide.com / www.meetgreen.com

