

GLOBAL
EDITION



Planning and Management of Meetings, Expositions, Events, and Conventions

George G. Fenich

ALWAYS LEARNING

PEARSON

PLANNING
AND MANAGEMENT
OF MEETINGS,
EXPOSITIONS, EVENTS,
AND CONVENTIONS

IDENTIFYING YOUR STAKEHOLDERS

What Is a Stakeholder?

A **stakeholder** is “any group or individual who can affect or is affected by the achievement of the organization's objectives” (Freeman, 1984: 46). This is certainly one of the most popular definitions of “stakeholder” in the literature. In contrast, Clarkson defined stakeholders as voluntary or involuntary risk-bearers: “Voluntary stakeholders bear some form of risk as a result of having invested some form of capital, human or financial, something of value, in a firm. Involuntary stakeholders are placed at risk as a result of a firm's activities. But, without the element of risk there is no stake” (Clarkson, 1994: 5). A risk or stake, in this sense, is either something or an opportunity that can be lost. In addition to the above definitions, it is very important to know that some stakeholders have a legal or moral stake in an organization, while other stakeholders may have an ability to influence an organization's behavior, direction, process, or outcome.

According to Savage, Nix, Whitehead, and Blair (1991), two attributes are necessary to identify a stakeholder: (1) a claim and (2) the ability to influence a firm. However, a rational analysis of these attributes pose these attributes as components of the definition of those with a stake in the organization (Brenner, 1993; Starik, 1994). These attributes can also be associated with stakeholders who have a legal stake (claim) in an organization. In contrast, there are also stakeholders who have a moral (ethical) stake in an organization. These stakeholders are mostly associated with corporate social responsibility (CSR) issues. Their main stake in an organization is to ensure that each organization is socially responsible within their environment.

Internal and External Stakeholders

Stakeholders can also be identified as either internal or external stakeholders. **Internal stakeholders** are groups or individuals that are directly working within an organization. Some of them might have a legal and/or moral stake in the organization, but the unique similarity between internal stakeholders is that they operate within the organization. Some examples of internal stakeholders include business owners, managers, and employees. In contrast, **external stakeholders** are groups or individuals who are not directly working within an organization, but are affected in one way or the other by the decisions or activities of the organization. Examples of external stakeholders include government officials, clients, sponsors, vendors, suppliers, community, special interest groups, participants, and the press/media. Based on the above description of internal and external stakeholders, it is not unusual for some external stakeholders to be both external and internal stakeholders at the same time if they are directly working within the organization.

Stakeholders' Interest in Event Planning

The concept of stakeholder is not limited to shareholders or owners of big companies alone. It includes managers, employees, clients, sponsors, vendors, suppliers, special interest groups, participants, the press/media, the local community, and the government who are directly or indirectly associated with event planning. Each stakeholder has at least one interest in the organization or a specific event. For instance, the sponsors of an event will be concerned with the return on their investment and/or the impact that sponsorship will have on their image. Similarly, clients will be concerned about the quality of the products and services provided by the event organizers. Exhibit 1 displays various stakeholders and some of their specific interests in regard to event planning.

EXHIBIT 1 Stakeholders and Their Interest in Event Planning

Stakeholders	Interests
Event Managers (planners or coordinators)	Income Salary Safety and security Successful event
Employees	Wage/Salary Safety and security Successful event Fair treatment
Sponsors	Return on investment (ROI) Sales and promotion opportunities Image building opportunities Awareness opportunities
Vendors	Return on investment (ROI) Sales and promotion opportunities
Shareholders/Creditors	Return on investment (ROI) Risk (stake) Cash flow Financial performance
Clients	Relative value of the event for the cost Quality of the event Safety and security Successful event
Suppliers	Prompt payment Repeat business Safety and security
Press/Media	Image building opportunities Awareness opportunities Safety and security
Participants	Safety and security Successful event
Local Community/Government	Lack of negative externalities Economic impact (employment, taxes, etc.) Lawful operations Safety and security Successful event

Opportunities and Challenges Stakeholders Present

Obviously, stakeholders are a great asset to event planning. They also bear some form of risk as a result of their having invested some form of capital, human resources, financial resources, and/or something of value, into either the event or the city in which the event is taking place. Hence, there are challenges that event professionals should be aware of and be ready to deal with in order to enjoy the benefits of having stakeholders. During meeting/event planning, an event professional must identify all stakeholders' concerns and develop the means to address these concerns. Some of these concerns are based on the claims promised to the stakeholders prior to the stakeholder's investment in the event, whereas other concerns are unpredictable issues that could arise because of the events or some activities related to the events.

Challenges are almost inevitable. The more the stakeholders are associated with an event, the more the challenges they present. This is simply because the interests of all the diverse stakeholders are not necessarily the same. This increases the possibility of divergent interests between the event professional and some of the stakeholders. An event professional's judgments can be affected by the divergent interests of the

stakeholders. In order to mitigate the challenges of the stakeholders and enhance the opportunities they present, event professionals need to consider the following:

- Which stakeholders' interests are most important for the event and the future of the organization planning the event?
- Which stakeholders' interests are most likely to positively or negatively affect the image of the organization planning the event or the perception of the event?
- What is the level of each stakeholder's influence on the event and/or organization planning the event?

The solutions to these concerns are very critical to the survival of many organizations and to the events' production. Event professionals should take the above concerns seriously because the wrong solutions to the above concerns could negatively affect the **event production** and/or the organization planning the event. For example, if some sponsors provided funding for an event production that entitles the sponsors to some specified claims and the event professionals failed to deliver on the claims as agreed, the sponsors could stop funding the event in the future. As far as the sponsors are concerned, their claims should be given the highest priority regardless of other challenges the event professionals might be facing. Similarly, other stakeholders may have interests and priorities that could pose further challenges to the event professionals, thereby requiring rational and proactive solutions.

Just as stakeholders present some challenges to event professionals or organizations, they also present numerous opportunities for the event professionals by which to achieve their event or organization's objectives. In order for the opportunities to be fully realized, event professionals must be proactive in their endeavor to overcome the challenges the stakeholders might present.

Some of the best ways to overcome challenges and realize the potential opportunities is to include the following: effective collaboration between the event professionals and stakeholders, effective planning, keep promises (claims to stakeholders), have an awareness of the impact of the event in the community, and maintain excellent communication between the event professionals and all the concerned stakeholders. If event professionals are proactive about resolving the stakeholders' challenges, this will lead to opportunities for a successful and prosperous event. Exhibit 2 below outlines some challenges that each stakeholder might present and some potential solutions for event professionals.

EXHIBIT 2 Stakeholders' Challenges and Potential Solutions

Stakeholders	Challenges	Potential Solutions
1. Participants 2. Clients 3. Employees 4. Event Managers (planners or coordinators)	Safety and security	Plan for adequate security and safety prior to the event
	Successful event	Effective planning, effective collaboration between the event professionals and stakeholders, and excellent communication between the event professionals and all the concerned stakeholders
5. Sponsors	Return on investment (ROI)	Keep promises to sponsors (e.g., sponsors' literature distribution, complimentary registration, complimentary invitation to special receptions, and providing other opportunities to promote their products and/or services)
	Providing awareness and recognition	Recognize sponsors on website, programs, flyers, media/press, acknowledgment during sessions, and so on
6. Vendors	Sales and promotion opportunities	Provide vendors the opportunities to sell and promote their products and/or services, and encourage attendees to check out the vendors products
7. Shareholders/Creditors	Profit maximization	Effective planning and clear understanding of financial management
8. Suppliers	Prompt payment	Pay suppliers on time and as promised

EXHIBIT 2 (Continued)

Stakeholders	Challenges	Potential Solutions
9. Press/Media	Press questions on the community's critical matters	Rationally acknowledge the press/media as needed
	Response to safety and security concerns	Provide adequate security and safety for the event
10. Local Community/ Government	Lack of negative externalities	Prior communication about the impact of the event on the community
	Economic impact (employment and tax)	As much as possible keep the economic impact of the event within the community and encourage the payment of vendors' taxes
	Safety and security	Provide adequate security and safety for the event
	Successful event	Effective planning, effective collaboration between the event professionals and stakeholders, and excellent communication between the event professionals and all the concerned stakeholders

DETERMINING POTENTIAL IMPACTS OF STAKEHOLDERS

It is obvious that each stakeholder poses one challenge or another for event professionals. As a result, stakeholders will tend to take advantage of their legitimacy, power, and urgency in achieving their own interests. It is very critical for event professionals to manage their relationship with stakeholders with even greater legitimacy, power, and urgency without jeopardizing the relationship with others. In order to accomplish this objective, event professionals must determine the potential impact of their stakeholders on the event or the organization planning the event and vice versa. However, before describing the potential impact of stakeholders on the event or the organization planning the event and vice versa, it will be clearer if legitimacy, power, and urgency are concisely described in regard to the stakeholders' management.

Legitimacy

Suchman defines **legitimacy** as "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman, 1995: 574). This definition could be further simplified and defined as the notion that the action of a stakeholder is proper within some socially accepted value system. A careful and rational analysis of these definitions implies that legitimacy may mean different things at varying levels of social organization, as well as having a different meaning to people with different socially accepted value systems. Bearing the above in mind, this is explicitly why event professionals must learn to manage their relationships with stakeholders with more legitimacy in regard to the event professional's activity or organization, without jeopardizing the relationship with others.

Power

One of the common definitions of power derived from the Weberian idea of **power** is "the ability of one actor within a social relationship to carry out his own will despite resistance" (Weber, 1947). According to Pfeffer, power is "a relationship among social actors in which one social actor, A, can get another social actor, B, to do something that B would not otherwise have done" (Pfeffer, 1981: 3). Therefore, a stakeholder in a relationship may have enough power, based on their stake in an event or the organization planning the event, to impose their will on the relationship. Since this sort of power is not permanent, it can be lost based on the context of the relationship. The issue of this

sort of stakeholders' power is a major challenge for event professionals, who are trying to maximize their benefits from the most powerful stakeholders without jeopardizing the relationship with other stakeholders. Regardless of the challenge, event professionals must be rational in their decision-making process not to overlook the impact of other stakeholders' power in their attempt to satisfy the claims of their most powerful stakeholders.

Urgency According to Mitchell, Agle, and Wood (1997), **urgency**, in regard to stakeholder management, can be defined as the intensity to which stakeholders' claims call for immediate attention. Urgency is very paramount when a relationship or claim is highly time-sensitive and when that relationship or claim is very important to the claimants. Some examples of why a stakeholder would view its relationship with an event or the organization planning the event as being very important include the following:

- The stakeholder's ownership of event-specific assets, or those assets tied to an event that cannot be used in a different way without loss to the event professionals or the organization planning the event.
- The stakeholder's expectation that the event professionals will continue to satisfy their interest because of their stake in the event or the organization planning the event.

Bearing the above in mind, it is obvious that some stakeholders have more influence over an event than the others. Thus, event professionals must not hesitate to adopt all the necessary means to avoid promoting the benefit of one stakeholder at the expense of others.

Stakeholder Roles, Desired Support, and Resulting Obligations

Event professionals are increasingly soliciting support when executing events. One of the most popular groups that event professionals explore for support is their stakeholders. The role of their stakeholders in this regard falls within the interest of any of the following: sponsors, vendors, and/or attendees. Whatever the role and interest of each stakeholder is (sponsor, vendor, and/or attendee), each of them will support the event professionals either via financial means or by gifts in-kind.

Sponsors

Sponsors are stakeholders that contribute to the support of an event via financial means or by "in-kind" donations of products or services that reduce the cost of producing the event. Event professionals should ensure that "sponsorships in-kind" is useful toward the production of the event and actually reduces the cost of producing the event. If sponsorship in-kind is not useful toward the production of the specific event, the desired support from the sponsors' concerned will not be attained, and the event professionals will be providing claims to the sponsors in exchange for what is not useful toward the event production. For example, a sponsor that provides marketing and publicity that usually costs \$30,000 or more, at no cost in exchange for access to the event attendees, is a splendid way for the event professionals to reduce \$30,000 or more in the cost of producing the event. Sponsorship spending in North America and in the global arena is a big business. In 2011, over \$18 billion was spent on sponsorship in North America alone, and about \$48.7 billion was spent on sponsorship worldwide (IEG, Inc., 2011).

Based on the cost of sponsorships, it is not inconceivable for the sponsors to expect certain obligation(s) from the event professionals as a result of their sponsorship.

Event professionals should emphasize how the sponsorship of their event would do one or more of the following:

- Help the potential sponsors' sales and enhance their visibility in society.
- Create or enhance the image of the potential sponsors as well as their product(s) and/or service(s), especially if they are supporting a not-for-profit community event.
- Create awareness not only about potential sponsors' generosity, but also about the sponsor's involvement in the community, which will ultimately set the sponsor apart from the rest of their competitors.

Due to the different level of sponsorship possibilities, the event professional should develop a benefits package outlining the desired support and the resulting obligation to sponsors. Exhibit 3 and 4 display different examples of sponsorship benefit grids. Exhibit 3 is applicable to big or multiple-day events with a high volume of attendees (target market) which appeal to the sponsors. Exhibit 4 is applicable to small or one-day events with a low volume of attendees (target market) which appeal to the sponsors. In addition, Exhibit 5 displays a different example of sponsorship benefit that is mostly applicable at expositions or trade shows.

Event professionals seeking sponsorships should explain to potential sponsors, prior to the conclusion of the sponsorship contract or agreement, the importance of effective planning in order to maximize the benefits received from their sponsorship. In addition, it is very important for the event professionals to collaborate effectively with the sponsors, develop good communication with them, and, to top it all off, deliver on their resulting obligations or claims to sponsors.

EXHIBIT 3 Sponsorship Benefit Grid

BENEFITS	DIAMOND \$100,000 plus	PLATINUM \$75,000 -\$99,999	GOLD \$50,000 -\$74,999	SILVER \$25,000 -\$49,999	BRONZE \$10,000 -\$24,999
Online attendee registration confirmation ad	*				
Event professional website banner ad	*	*			
Attendee newsletter banner ad	*	*			
Registration bag insert ad	*	*	*		
Opportunity to use the pre- and post-conference registration list with certain guidelines	*	*	*		
Acknowledgment during one or more of the general sessions	Verbal and Visual (Logo)	Visual (Logo)	Scrolling Listing	Scrolling Listing	Scrolling Listing
Recognition in the conference preliminary program	Brief Description + Logo	Brief Description + Logo	Logo	Listing	Listing
Recognition in the conference final program	Logo	Logo	Logo	Listing	Listing
Recognition in the organization or a media partner's magazine following the annual conference	Logo	Logo	Logo	Listing	Listing
Conference lobby banner ad	Logo	Logo	Logo	Listing	Listing
Signage recognizing the sponsor at the annual conference	Logo	Logo	Logo	Listing	Listing
Complimentary conference registration	5	4	3	2	1
Invitation to the chair's reception	5	4	3	2	1
Invitation to the president's VIP reception	5	4	3	2	1