

**NOTE:** Although its subscriber list is coveted for marketing purposes, the first (and only two) special advertising sections (see below) for *Business Week* magazine were poorly supported by the meetings/travel industry. None have followed, since.

Why not supported? A couple of possible reasons:

a) Conceivably, the writer didn't know the subject matter well.

b) Possibly the meetings/travel industry would not support any special issue by any magazine whose editorial content it could not control. . .as it can't, *Business Week*. . .but can and does control the content of virtually all publications within the meetings/travel industry, including its several associations. But that situation probably leads you to ask, "What does such editorial control entail?" and "How might that distort the information that reaches me?"

Cavalier has his answering ideas; but you can reach your own conclusions after looking through the materials on this website.

The second year's transmittal letter and subsequent thank you note for that *BW* contract follow here, because this industry is rife with unsupported claims, and Cavalier doesn't wish to endorse that misleading industry tactic.

Re: Point (a) above: Unannounced, Cavalier wrote the consumerist materials for both of those first two issues at *Business Week*; so possible personal attack on the writer was not an issue. But the viewpoint expressed was consistent with those of Cavalier's first book (*Achieving Objectives in Meetings*, 1973), the world's first how-to text in the meetings industry and source of most current methodology and terminology.

*AOM* described a proved methodology and system (with content-control forms and guides provided) that had been developed by Cavalier and proved effective via his then-employer (United Attractions, Inc, of Chicago) during the early 1960s. UA was the world's first convention-consulting organization.

United Attractions is mentioned in other credence items on this site, too. UA's name might not be familiar to all, but its legacies are:

1) In the late 1950's, UA created the first themed presentation at auto shows for the color-lighted Cadillac Brougham, shown in Chicago. Featuring a bride (in bridal gown) and groom (in tux) discussing their honeymoon trip, Cadillac's exhibit became the hit of that show and the model for themed presentations ever since;

2) Themed banquet entertainment for association (and then corporate) events was invented by UA in the late 1950s (before Cavalier joined that firm). Their original format: themed decorations plus orchestra and floorshow entertainment at a relatively-low flat price; with unrestricted choice of any available entertainment star(s) at individual cost-plus. That's *budget control*, and it's still effective today!;

3) UA created back-stage, hands-on management for both business and entertainment segments on request for two of its early banquet-entertainment-only clients, the American Linen Supply Association and the Steel Service Center Institute. Until that time (1960), and no producer of entertainments business-stage, had offered total on-site convention service.

4) Also in the early 1960s, UA created the first multi-media presentation for the American Gas Assn convention because no single medium would do the whole job. However, within months, a competitive magazine printed an "expert" opinion that multi-media had originate with "a couple of hippies who had wandered into each other on the beach." Of course, all hippies wandered about with projectors and other electronic equipment that couldn't be plugged in (no wireless at that time). It does illustrate the early desperation of the industry to remove purpose from the selection of media, and that viewpoint (together with the Kodak hemispheric film exhibit at the NYC World's Fair of 1964) helped to create the mindless orgy of *multi-media-for-the-sake-of-multi-media* that still plagues meetings. However, today the mindless thrust is toward *e-learning-for-the sake-of-e-learning*. Content is the determiner, and content must control all else if you hope to control the outcome of the meeting!

See the cover letter and a couple of brief passages (from manuscript) from LSAA/Joseph L. Koach's 1961 (LSAA) article for *Sales Meetings* magazine. See: "Supporting Ideas"

The significance is that, whereas UA used Broadway music to punch up a few inter-business-presentation announcements at the business meetings, the magazine's headline shouted, "Association now turns to Broadway." Not really, Folks.

That misreading endorsed decades of wildly-entertaining, major *business-musical* presentations that had little or no relationship to meeting message! But the misreading did wonders for bolstering suppliers and their advertising. And that distortion drives the meetings/conventions industry press even today, because goods and services are still offered without consideration of how (or whether) they might help *your* (or anyone's) meeting.

And that question of relationship value to the meeting message was skewed for several decades by Marshall McLuhan's flawed dictum: "The medium is the message." Sorry, Marshall—the message is the message.

The questions that you should wisely ask yourself and suppliers (plus all the forms from *AOM*) are contained in the updated edition of *Sales Meetings That Work* (originally from Dow Jones-Irwin, 1983). For training specifically, use *Managing Through Training* (if you're new to that task) or go directly to the US military's own (RC's "business translation" methodology), *Common Sense ISD (Instructional Systems Development)*.

# BusinessWeek

1221 Avenue of the Americas  
New York, New York 10020  
Telephone 212/997-6868

Earl S. Moore, Jr.  
Director of International Advertising

December 19, 1977

Mr. Dick Cavalier  
3015 Normandy Place  
Evanston, IL 60201

Dear Dick:

The attached Contributor's Agreement confirms that you will be writing three pages of copy for the Business Week Meetings and Conferences Section to be published in the March 6, 1978 issue. Please sign and date the agreement, make a copy for yourself and return the original to me.

We are pleased to be working with you on this section.

Cordially,



cc: L. deCamille

**Business Week**

Earl Moore

Dick:

Thanks for a nice job.





A McGraw-Hill Publication

# BusinessWeek

March 7, 1977 • \$1.25

**NOTE:**

Although Business Week's mailing list is coveted, the meetings industry refused to support these two special section issues. Why? Because the meetings industry could not control editorial content in Business Week, as it could with industry meetings publication. Uncredited, Cavalier wrote the consumerist materials in these two (and only) special sections.

*Richard Cavalier*

## SAFEWAY TRYING TO CURE THE SUPERMARKET BLAHS

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into managers at Manufacturers Hanover**

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# MEETINGS & CONFERENCES



Meetings are communication tools. But before you can communicate, you must have something to say. Who should hear that message? What should be done as a result? How?

Skip any of these steps, and the meeting misfires, no matter how much money and effort go into the trappings.

Meetings are costly and should be subjected to the same cost-effective criteria as any other major business investment.

A meeting is any group communication event structured around an agenda. It can take many forms, each producing somewhat different results. For instance, an executive session usually takes the form of a conference, a two-way flow of information, with the interchange of ideas needed for decision-making. Conferences must be small to be effective, but they are the source of direction-by-consensus in all problem-identifying and solution-seeking cases.

The appearance of conference interplay can be duplicated (although the

results cannot) before an audience through the use of the techniques of the symposium (series of pre-set talks, often followed by question and answer periods) or panel discussions (free-flowing and undirected).

Large audiences cannot truly interact. Therefore the original message can be delivered in a one-way presentation (lecture) and personalized for each participant in workshops (practice sessions). Legitimate seminars require advance study and independent thinking or research from participants. The term is misused except at high professional levels. And the round-table breakout produces interaction but little substance unless highly structured assignments are given.

Adding exhibits, banquets, sightseeing, etc., to meetings creates a multi-format event—the convention. Lead times and detailwork can climb sharply.

Here are some professional steps toward the management of meetings, whatever their size:

—Define the objectives of the meeting and never lose sight of them.

—Establish a ballpark budget based on anticipated return from the achieved goal. If 100 men salaried at \$20,000 each (figuring 100% overhead) are called into a meeting, the group burns up \$2,000 per hour. That's the profit—at 4%—on \$50,000 in sales.

—Appoint a meeting manager. Be sure he is involved with every detail, including site selection, and has cross-functional authority to execute top management's decisions. Check all details through him, and hold him responsible for all budgets, schedules, and goods and services agreed upon. He needs help. If staff committees can't provide the time and knowhow, look outside to suppliers, supplier-advisors and consultants.

—Personal inspection before contract is mandatory. Choose the smallest facility which can effectively accommodate the group; the biggest frog dominates the pond. Avoid their peak season unless given written guarantees

of meeting-service standards: service helps make or break your program.

Once the proper meeting structure is decided upon, the attention switches to content (message) and format (medium). The medium is not the message in the meeting room.

Content includes all concepts and ideas whether spoken or implied; sought or reported; feedforward or feedback. Always seek and express meanings: facts cannot be acted upon until they have been interpreted. Visuals must illustrate meanings.

Format includes just about everything else, from the type of visuals and tools and take-home materials to the "psychological surroundings."

Atmosphere or ambience is what is commonly called surround by meeting experts. It includes everything in and around the participant except the people. Influenced by the surround, each participant receives a subtle message from management. How should the man feel about the company, his job, and himself when the event is over? That determines the kind of site you select.

Exercise your judgment. While it is true that people are motivated by recognition of their worth, it is also true that a flagrant waste of money can have a negative effect on the attendees.

Because objectives differ with every company and every new problem, no master meeting plan can exist.

Here are eleven essentials for a complete meeting plan. Ideally, decisions will be relatively firm before sites and facilities are contracted, since both must serve your stated objectives.

1) State purpose as an objective with qualitative/quantitative measures.

2) Prepare a concise message pinpointed to its audience. Make a specific continuing assignment—and make it stick.

3) Define the human relations goals. Is this a nose-to-the-grindstone sweatshop or an incentive-oriented event? Be sure all details and choices serve that decision.

4) Prepare a suitable agenda. For the conference, a problem-identifying and problem-solving session take slightly different approaches. Be explicit with solution-delivering meetings for large groups.

5) Structure workshops, discussion breakouts, training segments, etc. Think people. Without interaction and practice, the face-to-face advantage of the meeting is wasted.

6) Justify projected costs and establish firm working budgets.

7) Produce necessary workshop and sales tools, and speaker-support materials (product, charts, slides, etc.). And never entrust the main message entirely to film or machines without fail-safe backup on hand.

8) Establish control mechanisms for time, quality, and costs. Success is not accidental.

9) Contract for previously-inspected sites and facilities.

10) Execute the event.

11) Measure immediate, short-term, and long-term results against criteria established in Point #1.

## Facility Evaluation

No evaluation system guarantees ultimate satisfaction, but these techniques will appreciably enhance your chances of success:

1) Check into likely hotels with your meeting manager without advance notice during evening rush hours. Sample the reception staff's competence and view a standard room. What you see is what your group will get.

2) Test service. How fast and accurate is night room service? How swift and hot is a restaurant breakfast? How late is the coffee shop open? Is service offered with an air of welcome or of "We're doing you a favor"? If satisfied by mid-morning, arrange an inspection tour. Once the hotel sales manager understands that your meeting manager speaks for top management, you can leave, if you choose. Your meeting manager takes over.

3) Analyze general quality. Is the atmosphere equal to the standards your people set at home? Trading down can cause resentment and sullen participants; too much extravagance can irritate and cause resentment.

4) Analyze technical capabilities. Mix of auditorium and workshop space required by meeting-plan adequate? All needed technical equipment furnished? If not, where to order? Test all electrical circuits and equipment. Maximum current available? AC or DC?

5) Verify critical dimensions and limitations. Printed diagrams should be checked. Maximum dimensions of load-

ing dock, elevators, doors for products and displays? Floor load? Height of chandelier? Take nothing for granted.

6) Analyze location. In town, will location encourage or discourage downtown activities? At resort, sufficient and various sports and activities to prevent boredom? How to get there?

7) Analyze promotability. Is the resort well known, and is it a psychological plus to attend because of its location?

Attendance by spouses should be determined by the objective set for the meeting. Yes, if it's an incentive or reward meeting.

8) Gauge concern. Does hotel sales manager interrupt another group to show you the room? If so, beware. If he refuses, stick by: he cares. That group will break for lunch or coffee soon. Will hotel assign a service rep for permanent assistance? No hotel sales manager can sell and supervise meeting service simultaneously.

9) Calculate your weight. Favor smaller facilities to become the dominant party.

10) Compare. Evaluate other facilities. When trading off against needs-and-preferences list, favor service over fancy ballroom, food quality over decor, silence over nightlife. Then buy whichever facility serves your meeting objectives best.

11) Get written guarantee of public rooms by name and time, sleeping rooms by count and time. Get all service agreements in writing. How long is quotation valid? Inflation?

# Tax Reform Act

Stringent limits on the tax deductibility of expenses incurred by voluntary participation in foreign conventions, seminars, conferences, etc., have been set by the omnibus Tax Reform Act of 1976 (H.R. 10612, Section 602). All corporate and private taxpayers are covered as of January 1, 1977, regardless of when the commitment was made.

Although official IRS guidelines have not yet been issued, it is possible that the **voluntary** concept will be extended to "junket" type trips, such as board meetings, largely within the executive's own control. Otherwise normal company business trips, including trade shows and incentive trips, are not limited by the reform law. (Incentive portions remain income and are reportable.)

## Here's a capsule summary of key provisions:

- Only two deductible meetings yearly.
- Per diem subsistence (all inclusive) cannot exceed the State Department's allowance for U.S. staff in the same area. To verify, contact Director, Allowances Staff, Department of State, Room 501, State Annex No. 6, Washington, D.C. 20520. Phone (202) 235-9466.

From text of Section 602: Subsistence Expenses Defined—The term "subsistence expenses" means lodging, meals, and other necessary expenses for the personal sustenance and com-

fort of the traveler. Such term includes tips and taxi and other local transportation expenses.

- U.S. possessions and trust territories such as U.S. Virgin Islands, Puerto Rico and Guam are considered domestic.

- Transportation expense cannot exceed airline coach or economy rates, when these exist, or other lowest rate.

- Programming must total at least six business hours daily for full days claimed, and three hours daily for half days, both exclusive of travel days.

- Participants must attend at least two-thirds of all scheduled programming, averaged.

- Program days must constitute at least half of days spent abroad or entire trip could be disallowed; vacation days are permitted if all costs, including transport, are accurately prorated between business and pleasure time.

- Participant must attach a statement signed by an appropriate officer of the sponsoring organization. It details total number of convention days, business hours; certifies taxpayer's personal attendance. Falsely-sworn affidavits constitute tax fraud for both parties.

- Spouses' situation unchanged; not deductible except for proof of participation in legitimate business sessions.

When in doubt, ask the local IRS office for a written opinion of deductibility. Not a guarantee if audited, the opinion weights the hearing in your favor, eliminates fraud charges.

## Some Per Diem Rate Allowances:

Maximum per diem rates allowed for tax deduction purposes on foreign convention trips vary with each country, and often, within the cities. In Germany, it's \$52 per day in Berlin; \$58 in Cologne. The Netherlands, however, has one figure of \$52 listed for Amsterdam, Rotterdam, and The Hague.

Consider also seasonal rate adjustments for resort areas, and slight changes of dates. Here's a sampling of the Caribbean Islands: Barbados, \$46 from Apr. 16-Dec. 14, \$70 from Dec. 15-Apr. 15; Antigua, \$46 from May 1-Nov. 30, \$64 from Dec. 1-Apr. 30; St. Lucia, \$25 from May 1-Nov. 30, \$47 from Dec. 1-Apr. 30.

While Jamaica has a single rate of \$50, the Bahamas has three per diem rates for three areas, Andros Island, Nassau, and Other (areas), and differences in seasonal rates. Nassau's rate of \$53 from May 1-Dec. 14, \$61 from Dec. 15-Apr. 30, will differ, albeit slightly, from other sites in the Bahamas. Bermuda's rates are simpler, \$49 from Dec. 1-Mar. 15; \$62 from Mar. 16-Nov. 30.

Note that the above per diem rates are now in effect but are subject to changes issued by the Allowances Staff, Department of State.

A booklet, Guidelines for Foreign Convention Tax Deductions, has been issued by the American Society of Association Executives, 1101 16th St., N.W., Washington, D.C. Price is \$1.00.

# Transportation

Most group charters are not applicable to meetings, since most meetings last for only 3 to 5 days. Two that may work for meetings of a week's length are One-Stop Charters (OTCs), and Advanced Booking Charters (ABCs). If the meeting group qualifies, substantial savings may result.

Charters, of course, are not useful to organizations that restrict the number of their executives on any one flight. In addition, executives who have been tying in pre- or post-vacation trips, with spouses, will be unable to do so. Group charters have restrictive rules.

OTCs call for bookings at least 30 days in advance of departure; a minimum stay of seven days; a minimum group size of 40; and must include ground arrangements. ABC charters have similar rules with the exception that ground arrangements are not required.

Consult the airlines, convention bureaus and tourist offices, as well as group travel suppliers, to work out a travel package tailored to meet the group's specific needs.

Travel suppliers, carriers and other service-oriented firms often have convention staffs on hand to handle all or various stages of planning. Of course, the more sophisticated convention bureaus and tourist offices can help in the arrangements. Here's a brief list of organizations and addresses, from all segments of the travel industry, who do an outstanding job:

## Airlines

- American Airlines  
633 Third Avenue  
New York, N.Y. 10017  
(212) 557-4818  
Contact: Frank Svoboda,  
Director of Convention Sales
- Eastern Air Lines  
Miami Intl. Airport  
Miami, Fla. 33148  
(305) 873-2751  
Contact: C. P. Small
- Lufthansa German Airlines  
1640 Hempstead Tpk.  
East Meadow, N.Y. 11554  
(516) 794-2020  
Contact: Wolfgang "Gus" Oergek,  
Sales Manager
- Northwest Orient Airlines  
Minneapolis/St. Paul Int'l. Airport  
St. Paul, Minnesota 55111  
Toll Free: (800) 328-7747
- TWA  
605 Third Avenue  
New York, N.Y. 10016  
(212) 557-7690  
Contact: Brian McGirl,  
Mgr. Tour./Marketing

## Tourist Boards

- Bahamas Tourist Office  
30 Rockefeller Plaza  
New York, N.Y. 10020  
(212) 757-1611  
Contact: June Robinson
- Bermuda Dept. of Tourism  
630 Fifth Ave.  
New York, N.Y. 10020  
Contact: Thomas R. Nikels, Mgr.

- British Tourist Authority  
680 Fifth Ave.  
New York, N.Y. 10019  
(212) 581-4700  
Contact: David Fahie, Mgr.  
Conventions/Incentive Travel
- Commonwealth of Puerto Rico  
Tourism Development  
1625 Massachusetts Ave., N.W.  
Washington, D.C. 20036  
(202) 387-1837  
Contact: Jose M. Vazquez, Director
- Netherlands Tourist Office  
576 Fifth Ave.  
New York, N.Y. 10036  
(212) 245-5320  
Contact: John Bertram

## Miscellaneous

- American Express, Business Meetings  
& Conventions Division  
375 Park Ave., New York, N.Y. 10022  
(212) 751-9333  
Contact: Sumner Baye, Vice President
- E. F. MacDonald Travel Co.  
113 S. Ludlow St.  
Dayton, Ohio 45402  
Contact: Harry Redman

# More on Meetings and Conferences

Achieving Objectives in Meetings, by Richard Cavalier, Corporate Movement, Inc., 360 Lexington Avenue, New York, N.Y. 10017

How to Run Better Meetings, by B. Auger, 3M Co., Visual Products Division, 3M Center, St. Paul, Minnesota 55133

Library of Sales Conference Ideas, 1976, Sales Communications, Dept. P113, 1048 Ridgecrest St., Monterey Park, Cal.

Sight 'n Sound Techniques for Sales Meetings and Sales Presentations—A Dartnell Management Guide, by Robert B. Konikow, Dartnell Corp., 4660 Ravenswood Ave., Chicago, Ill. 60640

Making Your Convention More Effective, American Society of Association Executives, 1101 16th St., N. W., Washington, D.C. 20036

Meeting Planners Guide (specify area) Holiday Inns, Inc., 3796 Lamar Ave., Memphis, Tenn. 38118

# Dollar Tips

To get the most from every dollar spent on services and materials, be sure your staff explores alternatives. That means rigid bid specifications for each critical need to perhaps three competitive suppliers. Weigh the experience, reputation, and understanding of each bidder along with his quotation.

For gauging facilities, create a needs-and-preferences list to aid staff. No facility will be absolutely perfect, and trade-offs will be made according to value judgments.

Here are specific pointers which will maximize your budget. Route this material to your meeting manager:

**Sites:** For domestic meetings, choose a location central to the greatest number of travelers; think rates, not geography. For incentive tour/meetings, check off-season rates. For foreign trips, check special package plans.

**Transportation:** Although airline rates are set by the Civil Aeronautics Board at home and the International Air Transport Association abroad, special fares and "packages" with hotels offer hidden subsidies. When moving 120 or more persons between two points, consider chartered aircraft. For smaller groups, consider advance booking plans and incentive (8 day) rates. Occasionally you can save substantially by going farther or staying longer. Charter or supplemental airlines to consider are Trans International Airlines, World Airways and Overseas National Airways. Charter flights can also be arranged through such scheduled carriers as Lufthansa and Pan Am.

**Facilities:** Splitting your meeting room and sleeping requirements can increase your options by combining several facilities for superior results. Each of the following has special features and advantages:

**Airports:** Some airlines offer small conference rooms in the terminal with ad-

vance reservation. Nearby hotels and motels are ideal for frequent travelers; late evening arrival followed by breakfast meetings and quick getaways. An example is the Hyatt at O'Hare.

**Conference centers:** Innkeeping functions (bed and meals) are subordinated to the meeting room complex. Silence, comfort, equipment for small and medium-sized groups.

**Downtown hotels/motels:** Often best mix of large assembly areas plus smaller conference rooms.

**Resorts:** Special places for special occasions in season. Off season, often a bargain. All-inclusive prices help protect the budget.

**Convention halls:** Space? Adjacent auditorium and meeting rooms often available on premises; hotels nearby. Educate salesmen at an industry trade show.

**Public auditoriums:** Ready-made communication centers; rental is usually cheaper than converting a hotel ballroom. Makes hotel choice more flexible, too.

**Movie theatres and show-lounges:** Smaller, often less expensive, and more abundant than public auditoriums. Most are available full mornings, some afternoons, and lend themselves to superb audio/visual presentations.

**Recreation and sports:** A luxury for two-day meetings; maybe not worth a 50% higher rate. By the third day, they're useful; absolute essentials for 4 days or longer. Six hours' work is the IRS full-day standard for voluntary foreign convention attendance; could become the norm for corporate business meetings too. Schedules can be adjusted to allow free hours in mid-day . . . without sacrificing working hours.

**Entertainment:** Included at resorts. Scheduled parties or outings strengthen inter-personal ties. Relatively inexpensive if tied to evening meal which company is already paying for.

# BusinessWeek

March 6, 1978 • \$1.25

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*Richard Cavalier*

## Something good is happening at Rapid-American

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## ALUMAX Turning aluminum capacity upside down

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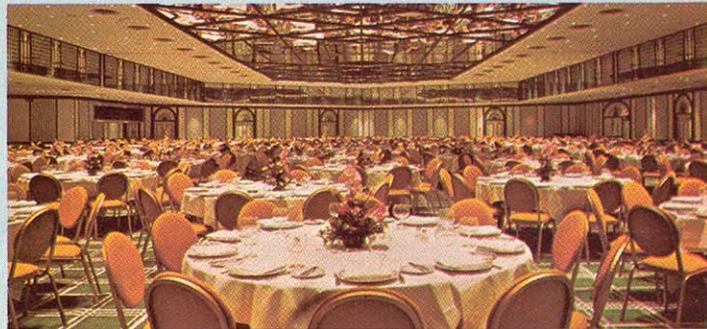
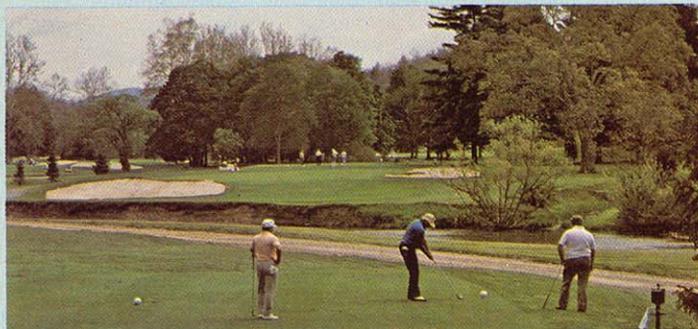
## Supplement: Coping with teenage drinking

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## Getting Braniff's great pumpkin to London — fast

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# Meetings & Conferences

## Motivating via Meetings & Conferences

Whether a formal round table executive session, a small personalized workshop, or an elaborate convention, one of the most effective ways management has of communicating with employees is via meetings and conferences.

Though the immediate purpose of a meeting may range from stimulating sales to correcting an internal company problem, one of the primary goals and end results of a well-planned meeting is employee motivation.

Therefore, when planning your next meeting or conference, consider the motivational possibilities. If you must travel, why not choose a desirable destination. If you choose a facility with recreational facilities, be sure to allow adequate time for all to enjoy them. What can you do for the families. At company expense? If spouses pay their way?

When planning, answer the employee's unstated question, "What's in it for me?" and you will present a program which will deserve attention and earn respect.

In the rush to offer material gifts, the major motivating power of the meeting or conference is often overlooked. For years, the annual meeting was treated as a necessary but uninteresting routine; in the age of Marshall McLuhan, it became an entertainment festival, avidly seeking applause. Training and entertainment are virtually

incompatible within any single program unit, which is why so many expensive and fun program sequences fail to produce desired results. Rather than reach for entertainment, it is best to strive for interest. If a meeting comes to terms with employee interests and needs, it is bound to be challenging, engrossing, and more worthwhile.

Communicating with the employee about his human needs and then helping to fulfill those needs can build a lasting bond. One of the best places to conduct this dialog is in the meeting room, where both sides can speak and *listen*.

Because travel appeals to fundamental drives such as self-improvement, self-esteem, and education, meetings combined with travel succeed both as motivator and incentive.

In addition, a properly constructed motivational program usually pays for itself in savings or increased profits for the company because the incentives are geared to the anticipated returns.

## Structuring Meaningful Meetings

Meaningful meetings don't just happen. They must be painstakingly constructed by an authority on the problem working closely with a group communications or training expert. Together the pair:

- Isolate one prime message or problem; consign secondary topics to another day.
- Establish quantified objectives. Hazy,

subjective goals (increase sales or build goodwill) are a cop-out and deprive a company of the real benefits from the meeting.

- Establish immediate, near-term and long-term measures for planned objectives. Use feedback during the meeting and adjust your program to achieve stated objectives.

- Try to foresee all possible interpretations of the message to avoid ambiguities or misunderstandings.

- Consider the levels and interests of persons attending. Line workers think differently from salesmen or in-house staff, and must be approached accordingly.

- Provide for psychological relief and recreation. Vary topics and schedules. Plan or recommend evening activities. Entertainment belongs in the overall plan, though not in the meeting room. Arrange for sports and physical activity if meeting runs longer than two days.

- Deliver explicit information and assignments. Use plain language, simplified instructions, and least-complicated media.

- Write an agenda that meets the objectives set and execute the meeting according to the agenda.

## Tax Reform Revisited

Since the Tax Reform Act of 1976 (H.R. 10612; Section 602) took effect on January 1, 1977, the lack of written IRS guidelines for foreign travel has aroused much needless concern among businessmen.

By recognizing that it is the intent of Congress to curb abuse rather than to kill

international meetings, one can plan confidently for future travel.

Thus, for the legitimate businessman planning a legitimate meeting, very little has changed. Incentive travel is recognized as a powerful motivational tool, and the Reform Act does not affect that category. Rather, it is intended to eliminate fraud on the part of those individuals and organizations who used the pretense of business to enjoy tax-deductible vacations abroad.

Incentive travel has always been treated as income to the recipient, who is required to pay tax on the non-business portion of his stay. If business is conducted as the prime purpose of the trip—as with meetings and training programs—and if the program fulfills stipulations of Section 602, the entire trip is deductible.

The only exception is the top executive who is able to stipulate exotic locales for conferences which could be held as well in his board room. The *voluntary* nature of participation seems to be the crucial factor.

As the continuing furor over the deductibility of the business lunch indicates, the IRS is battling *perks*, which provide disguised income.

So the IRS reading of Section 602 is probably: *Be prepared to defend the legitimacy of that program and your participation in it.* That is neither unreasonable nor restrictive of normal business meeting practice.

By concentrating on what is allowed, most companies can substantially expand their incentive travel programs.

Here is what is permitted, given fair interpretation of Section 602: Two allowable foreign meetings per man per year if:

a) business programming totals at least six hours daily for all full days claimed; or three hours daily for half days claimed; exclusive of travel days.

b) participants attend at least two-thirds of all scheduled business programming, hours averaged.

c) business program days constitute at least half of all days spent abroad.

d) combined vacations (less than 50% of time away) are accurately apportioned by time allotted and/or direct expense incurred.

e) transportation expense claimed does not exceed airline coach or economy rates, if available, or other lowest rate.

f) daily subsistence expense claimed does not exceed the allowance the State Department sets for its own personnel for the same city or region.

—Spouses can attend, but their expenses are not deductible except upon proof of participation in legitimate business sessions.

NOTE: U.S. possessions and trust territories are considered domestic.

While the weight of proof always falls on the taxpayer, the matter of proof of legitimacy under Section 602 is not particularly difficult: simply tape record all proceedings.

If you feel your planned program is borderline, ask in advance for a written opinion of deductibility from your local IRS office. While the written opinion is not a guarantee of acceptability if audited, it does eliminate the possibility of fraud charges.

If you conduct a legitimate business meeting and are challenged, fight. In the long run, that's the most positive thing you can do to help yourself and other businessmen.

To verify the per diem subsistence allowance for your destination city, contact the Director, Allowances Staff, Department of State, Room 501, State Annex No. 6, Washington, D.C. 20520. Phone: (202) 235-9466. Be sure to get the booklet, "Guidelines for Foreign Convention Tax Deductions," issued by the American Society of Association Executives, 1101 16th St. N.W., Washington, D.C. Price is \$1.00.

## How to Buy Right in a Seller's Market

Getting value for your dollar is probably more uncertain in the convention industry



than in any other. There are few direct comparisons and nearly every significant program involves both outside services and subjective judgment.

Because the industry is devoid of written performance standards, professionalism is difficult to identify. Buyers learn by trial-and-error. Quality is spotty, and promises command a premium. Marginal and failed programs are costly in terms of both wasted dollars and lost opportunity.

Your company's best purchasing strategy is to apply two proven management techniques.

• **FIRST**, make the training or meeting manager's position persuasive, with authority to make all decisions once the objectives and budgets have been set by top management. If your company is small or

if your meetings are small and infrequent, appoint a capable person to a permanent responsibility, even if on a part-time basis. Experience matters.

• **SECOND**, apply rigid cost-effective criteria to all purchases. Be sure to: —Take competitive quotes on precise specifications. Include quality as well as quantity measures. Be alert to count, delivery dates, cost overruns. Request tangible-unit bids when buying writing, stagecraft, entertainment and other nebulous services.

—Make program objectives an integral part of the quote when dealing with first-time suppliers.

—Investigate supplier references. Many have worked for a glittering array of major name firms—once!

—Refuse a program structure in which your main message is consigned to machines or actors. Demand fail-safe backup.

—Get everything in writing from every supplier.

—Enforce all contract provisions. Refuse to accept inadequate work at full contract price; refuse inferior work; let the defaulting supplier bring suit if he can stand the publicity.

—Favor superior suppliers with repeat business.

—Recommend superior suppliers to other departments, divisions and colleagues in other companies.

## Tips on Reflating Your Dollars

Although inflation is pushing program component costs higher every time around, here are ways to make your budget buy more, whatever its size.

When choosing meeting and conference sites:

• Be especially alert to the appreciable difference between high and off-season rates for identical rooms.

• Ask about the possibility of lower rates at the same facility if dates are slightly adjusted. The facility might want to fill a gap in its schedule.

• Consider ships as floating resorts. Nearly all cruise ship lines welcome corporate groups up to several hundred.

• Investigate tie-ins and special "packages" developed jointly by some airlines and hotels. Great savings.

• Check family rates. An incentive program including families might be arranged at a low additional cost.

When buying meeting support materials



and services:

• Take three competitive bids against detailed specifications if you don't already have a dependable supplier.

• Get firm cost quotes for units delivered. Stipulate all conditions, quality, unit rates, dates, etc., in writing. Establish conditions and rates for overruns.

• Avoid overtime by scheduling self and staff and then by honoring all deadlines.

• Avoid wasting supplier effort and money by unnecessary changes in non-critical areas once approved for production.

• Favor slide presentations when last-

minute information must be dropped into an otherwise complete presentation.

• Distrust unreasonably low cost quotes unless a new method accounts for the difference between this and other bids. Low bids followed by rampant overruns plague the convention industry.

• Distrust uncommonly high bids unless the price is justified by superior personnel, talent, or materials.

• Apply cost-effective criteria to all components. Favor quality and reputation over minor dollar differences. If a program fails, it's little consolation that you saved six percent somewhere.