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Take the R.O.I. Challenge

The Global Events / Paint The Town Red team is more than happy to meet with anyone to discuss how to implement some or all of these ideas, to help you demonstrate the value of this event, or any others for that matter. It's up to us to take the initiative and build a logical case for all of our events, and help insure none of them wind up on the endangered species list!

Measuring (& Rescuing) the Company Holiday Party

Spotted owls. Whales. Company holiday parties. Meet the latest member of the endangered species list.

OK, maybe that's a slight exaggeration, but not by much. In the past few months in-house planners have fallen into two categories: people who have been asked to cut back or cancel their holiday parties, or people who are afraid of being asked to do so at any moment. It's like sitting through the movie *Jaws* and hearing that eerie music; you may not see the fin yet, but there's blood in the water and you know the shark is out there.

While holiday parties are not the only events coming under budget scrutiny these days, they are among the hardest to defend, because most have little or no ostensible business purpose that planners can clearly articulate. Deep in our bones we know they're valuable in terms of morale, productivity, building relationships, rewarding workers for a tough year, etc. But we have a hard time putting that into words.

Business executives know that if they cancel a sales meeting or a client conference or a product launch, there's a consequence, a risk of a de-motivated sales force not hitting their numbers, or clients more susceptible to poaching from rivals. But it's hard for them to see the consequences of nixing a holiday party. Planners need to make a case for keeping this event, and quick. Don't look to management to do this for you. **Identify the purpose of the event, and the perceived benefits and outcomes, and compare those to the amount of money your firm spends.**

This is your R.O.I.: return on investment.

Yes, R.O.I. That over-used and under-implemented exercise that was a philosophical luxury a year ago has now become a survival mechanism for defending the holiday party, and every other meeting and event you manage. Because it's not a far leap for someone to say, "Gee, with so many fewer events to plan (or none at all), do we really need all these planners?"

[**SAMPLE HOLIDAY PARTY R.O.I. # 1**](#)

Here's a sample ROI model you can use to help build your case.

Let's say your company (or department) holiday party has 200 people attending. And to make the math easy, let's assume you're paying \$100.00 per person for the party, for a total of \$20,000.

Let's assume the average person's salary is \$50k a year (again, to be conservative, and make the math easy). The total payroll is 200 people x \$50,000 = \$10 million.

Most accountants tell you to shoot for each employee to bill 3 times their compensation in income. To be conservative, let's put this at 2.5 times, or \$25 million. In other words, our company or department with a \$10 million payroll should generate \$25 million in revenue or productivity.

Let's now assume that the holiday party has a positive impact on general office morale, worker enthusiasm and productivity. Fewer people are gossiping around the water cooler about the company's future or looking for jobs online, and instead are re-focused on their tasks at hand. I know it's hard to do, but we've got to try to quantify this effect, so let's say there's a modest 5% increase in worker productivity. \$25 million x 5% = \$1.25 million in productivity improvements.

But realistically, the impact of the holiday party won't last the whole year. Let's assume that increase only lasts for a month, maybe a week or two before the event and a week or two after. So we divide the \$1.25 million by 12, to get to \$104,166. Let's round it down to an even \$100,000.

In sum, the \$20,000 we spent on the holiday party generated \$100,000 in improved productivity, for a 5 times return on the investment. Or put another way, canceling the holiday party saved \$20k, but likely cost the company \$100k in lost productivity. That's your R.O.I. right there.

[That assumes that a cancellation gets a full refund. At this late stage, it's more likely that the venue will charge a reasonable cancellation fee, which would make your case even stronger.]

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SAMPLE R.O.I. ANALYSIS #2

Following similar formulas as in the example above, let's assume:

300 people attending at a cost of \$150 per person. Add in entertainment to bring the total cost to \$50,000.

Of that group, 100 are clients, representing \$50 million in revenue / accounts. The average client account is \$1 million (each client sends 2 people).

Let's assume that most of our business at this company is from word of mouth, and referrals from existing clients. If the relationships strengthened at this event help generate only 1 new client, that's a 20 X return on the investment. Likewise, if we cancel this event, that could drive rumors that the company is in trouble, leading some clients to curtail their business. Or, perhaps a competitor seizes on this opportunity and hosts their own reception, and makes inroads on our clients. If the company loses only one client, or even if that client simply cuts their account in half, that's a \$500,000 revenue loss, all to save \$50,000. Not a smart investment (or lack thereof).

[Both scenarios assume the company is not teetering on the verge of insolvency. Obviously if the firm is struggling to pay their bills, these situations would not apply, and there are far graver issues at hand. But for most companies, it's more likely that the finances are there, but someone feels it may not seem the right time to have an event.]

Granted, we made a number of assumptions here, so like any other financial projection, this is an imperfect system. But we have to start somewhere, and even an imperfect analysis is better than none. **As long as your assumptions are somewhat reasonable, you've made a fair case, and have gone a long way to putting some teeth into quantifying the value of investing in a holiday party.**

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MAKE IT MORE BUSINESS-LIKE

Add a clearly identifiable business element to the event. No matter what you think the event does in terms of productivity or morale, if the event is just drinking, eating and dancing from beginning to end, it can still appear frivolous. Here are some ideas.

Start the event with a brief meeting. Have the CEO or department head use this opportunity to reassure the troops that the company will weather the storm. Communicate the firm's strengths, plans for the New Year, and thank everyone for his or her hard work under difficult circumstances. Employees are nervous, and this is a great opportunity for the executives to show leadership, and reinforce the organization's vision, values and strategy. Consider taking it a step further and making this part of the event into a town-hall meeting, where people can ask questions, and get answers.

Use this as an opportunity to recognize key performers, with awards or acknowledgments.

The meeting portion doesn't need to be long; 15 -20 minutes can be plenty, and then the reception / party can begin. The important part is to start off with a business focus.

If possible, consider inviting clients. It's a lot easier to justify how the event serves the company's business objectives if clients are being entertained and relationships strengthened.

Cut back on the time, from 4 hours to 3, or moving the event to earlier in the day.

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MAKE IT PERSONAL

A company is a team of individuals, all of whom are critical to its success. It's easy to lose sight of that, but the holiday party is a great opportunity to remind people. Have someone go around the office taking candid photos of people at their jobs, and create a slide show to project at the event, either to close the aforementioned meeting portion of the event, or during the reception. Intersperse the photos with client and internal testimonials about fellow workers, the company in general, and anything else that can add some emotional impact to the event. Too often decisions to cancel a holiday party are made by executives who are too high up the food chain to really feel connected to the majority of the staff, and this is a great way to make everyone feel like a team.

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DOCUMENT & MEASURE YOUR RESULTS

According to the Event Marketing Institute, events that get measured are twice as likely to get funded as events that don't, so take a shot at documenting the effectiveness of the event. **Consider a post-event survey to attendees, or even a pre-event survey as well, so people understand the importance of the event achieving its goals as a business function.** Goals will vary by organization, but some common ones include: improving worker morale and productivity; strengthening inter-departmental relationships; providing a platform for management to communicate important year-end messages to the staff, etc.

Prepare a post-event binder recapping the event, from a business perspective. You should consider doing this for all events as well. List the event particulars, including number of attendees, costs, location, date and time, as well as the goals of the event. Follow that by documenting how those goals were achieved. If you're doing surveys, list the results, along with pullout quotes. Include a collage of photos showing people connecting, building relationships, having fun (but not too much fun!), speakers delivering inspirational messages, etc. It's a little extra work, but it's worth it.

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CHANGE THE NAME

Remember how people used to call them Christmas parties, but we changed to Holiday parties to make them have a less religious connotation? Well, this is the next evolution of how this event should be branded. **Instead of "Holiday Party" try "Year End Meeting & Reception", or even "Year End Meeting and Holiday Party".** Get with the program, and you will go a long way toward justifying and defending this event.

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