

International Meetings



BY CHRISTINA PAPPAS



Avoiding a Hit To Your Budget

When planning any meeting — domestic or international — budgets take center stage. But expenses more than likely will be greater internationally than for meetings planned within the United States, mostly because of

the tendency to base international planning on domestic meetings models. So don't let unanticipated costs surprise you and your budget! This is not as hard as it sounds, if you keep a few simple tips in mind.

Arguably, the most important budgetary issue is the **meeting's net cost**. International meetings are generally more expensive than those planned domestically and provide smaller profit margins. The international landscape requires an understanding of the planned location's context in terms of cultural and business practices, negotiation processes, payment requirements, taxes, and other expenses that do not apply here in the U.S. Considerations include currency exchange rates, meeting room charges, value-added tax and international shipping, among others.

Constantly fluctuating **exchange rates** can hit a budget hard. The currency discrepancy adds up quickly when large sums of money are being spent. The good news? This risk can largely be avoided.

First, ask your supplier if it will negotiate in guaranteed U.S. dollar rates or fix an exchange rate at the beginning of the negotiation process. While you may not benefit from rock-bottom prices,

this will resolve the issue of trying to figure out the actual cost of the meeting, given fluctuating rates. If you can't get this guarantee, or if you are seeking to limit costs, you will need to monitor exchange rates daily. Sign your contract when rates appear to be at a low point. Sites like oanda.com can give you long-term rate estimates to help you sign contracts and build attendee fee structures that will cover the potential increases in exchange rates. Keep in mind that these rates are just predictions, so you may want to consider giving yourself a 5 to 10 percent buffer to avoid any unexpected variances.

In addition to the ongoing fluctuation of exchange rates, keep in mind the following items:

■ Many countries charge a **value-added tax**, or VAT, which can be as much as 25 percent on goods and services (hotel, venue, food and beverage, professional fees, car rentals, other conference-related services) purchased in-country. Often, you can receive a refund on a portion of VAT, but it's important to understand what is allowed, which events qualify and what exclusions exist in each country. And it can take up to a year to get your refund!

■ In the U.S., the costs associated with **booking a meeting room** are usually waived when a rooms and F&B minimum is agreed to. This is not the case abroad. Expect to pay for meeting room(s) even if F&B and lodging are purchased, as well.

■ **Travel costs** for your attendees, staff and any materials you plan to ship tend to be much higher — even double those paid domestically. For materials, plan for the cost and time. Parcels traveling internationally are subject to security screenings and searches that can cause major delivery delays. In order to plan for this effectively, get cost and delivery estimates on the packages ahead of time, and make sure all boxes are packed and labeled properly to avoid a tie-up in customs.

■ As with any group meeting, pay attention to **attrition allowances** when booking hotel blocks; you don't want to end up paying for empty rooms. Unfortunately, there is no legitimate way to avoid these costs. Instead, you can best deal with them by making yourself aware of any hidden costs associated with the country you will be visiting and factoring them into your budget from the beginning.

* * *

Holding meetings around the world is a great way to develop participation in new markets and improve upon international relationships, but international meetings can come at a price. The above tips should put you well on your way to reaping all the benefits while avoiding hefty hidden price tags, as well as decreasing stress!

Remember that this is just a primer. You must consider plenty of other issues, including cultural and language differences, customs and visa requirements, hotel booking and contract negotiation, payment collection, and crisis prevention.

Long lead times and careful planning will ensure you can tackle any challenges that come your way. ■

With more than 27 years in the international meetings arena, Christina Pappas is president of Open the Door, a hospitality marketing and sales company with global expertise. She can be reached at cpappas@openthedoor.biz.