

9 Supplier Management:

IN CON

“Leveraging the PCO – Supplier Relationship”



How can a Professional Conference Organiser (PCO) develop long term relationships with conference and event suppliers? How do suppliers react to changes in the economic climate? What are the key challenges a PCO faces with supplier contracts? How can PCOs and suppliers successfully align themselves to achieve meaningful benefits for the client?

A PCO with a well established reputation and long term experience in the meetings and events industry develops a reliable and professional network of local and international service providers, a database of industry partners with whom the PCO works on behalf of the client. On a typical event a PCO, as the intermediary between the client and the suppliers, will liaise with a broad range of suppliers of services and products. Ultimately the PCO is responsible for the quality and success of the event. As such, they need to choose suppliers carefully and work together with them to deliver top quality events.

Criteria of Quality

All service providers should be reviewed and updated on an ongoing basis. Ideal times to assess and evaluate the quality and cost effectiveness of event suppliers are before and after an event. In carrying out supplier due diligence, there are three criteria a PCO can use to assess event suppliers; structure, process and performance.

Structure rates a supplier's human, technical and material resources.

Process evaluates a supplier by conducting independent quality audits on their procedures for the provision of requested services and also considers their national and international quality certifications and accolades.

Performance measures the quality of the services actually delivered.

Impact of the economic slowdown

The effects of the economic slowdown on the meetings industry have been multiple:

- Increased control of budget and expenditure particularly among scientific/medical associations and the pharmaceutical sector;
- Cash flow pressures due to late payments from Public Administration and from industry;
- Changes in client requests, for instance increased focus on communication activities, innovations in content diffusion and more varied social programme requests;
- Clients are increasingly well informed and educated on what it is that a PCO can offer
- Increase in glocal (global and local) competition.

The reaction of suppliers to the economic slowdown has been broadly manifested in increased attention to budget and cash flow, greater client co-operation and more focus on the short term business perspective. A PCO in turn is challenged more than ever before to: optimize ROI and cash-flow, ensure quality standards, increase creativity and protect

customers while also fostering and building long term relationships with suppliers.

The evolving PCO - supplier relationship

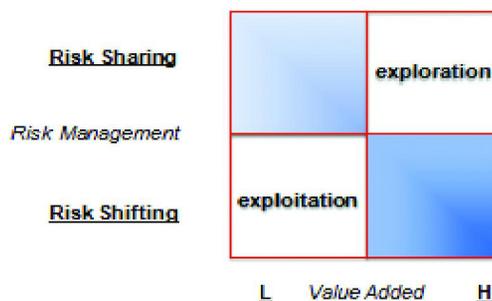
Market instability and the fact that companies apply cost-reduction policies by outsourcing some activities have implications for the role of suppliers. This means that suppliers are encouraged to work more closely with PCOs in a partnership type arrangement. There are two types of long term relationship which a PCO can develop with suppliers;

1. A commodity approach

Suppliers are placed in competition with one another. In this case financial terms and conditions are a crucial determining factor. Longer term agreements are sometimes negotiated or reduced terms of payment agreed. This approach works best with suppliers of low value-added offering.

2. A partnership approach

Operating on the principle that buyers and suppliers have more to gain by co-operating with one another than by pursuing self-interest, a strategic and creative collaboration can bring meaningful benefit for both parties. This approach typically focusses on high value-added offerings. Profitability and market share become shared objectives. Suppliers may be introduced at an early stage of the project planning phase, sharing revenues or losses, co-branding, improving supplier brand awareness, image and reputation.



Conclusion

A partnership approach with risk sharing typically applies to high value added suppliers. It can create new business opportunities, new markets, new products and new clients. With low value-added suppliers, the partnership model is more averse to sharing and more likely to be a risk shifting arrangement.

Co-operation among INCON partners means that clients benefit from the finest local expertise and knowledge with global presence. Working with INCON allows a PCO to choose either high or low value added suppliers according to the two possible partnership models described above: risk-sharing with high value added suppliers or risk-shifting with low value added suppliers.

Partners Worldwide



AIM Group

www.aimgroupinternational.com



www.arinex.com.au



www.cpo-hanser.de



PROFESSIONAL CONGRESS ORGANISERS

www.ega.it



Japan Convention Services, JCS
www.jcs-pco.com



mci

www.mci-group.com



www.meci.co.kr



www.pacificworld.com



www.serenasgroup.com



Authored by: Emma Aru

President and Founder of ega professional conference organisers, Emma Aru is considered a pioneer of the conference industry in Italy. She is involved in training and teaching at university level and has published several articles on congress organisation. She actively participates in many professional associations and represents ega in most international industry organisations. She is also active in public relations projects.

www.incon-pco.com