
What does it really cost you to run an off-site meeting?
Here's how you can get a greater return on your investment.

How to Determine Off-Site Meeting Costs

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The human resource profession was amazed to learn a few years ago that companies in this country spend *at least* \$100 billion each year for training. This startling figure was computed by Dr. Thomas F. Gilbert in his *Training and Development Journal* article.¹ Of the total dollars figure, 90 percent, he estimated, should be charged, not to direct expenses of meetings, but to costs related to the attendees; that is, to salaries, benefits and other overhead dollars.

These participant costs, according to Dr. Gilbert, though real, are not generally included in calculating the cost of training. Expenses are generally figured only for "out-of-pocket" expenses.

If companies were thus affected in 1976, they are increasingly concerned about their training costs today. Let's be conservative and assume that costs have increased by an average of eight percent during each of the four years since Dr. Gilbert's studies. This would mean a steady — and

shocking — increase in the training bill currently being charged to the training department budget. It would bring Dr. Gilbert's estimated total bill to nearly \$137 billion — a truly astounding figure. And we have to consider that the attendee at any scheduled training program is usually nonproductive, whether the program is held "off-site" — that is, away from the company — or within its own training facility.

We shall concern ourselves solely with *off-site meetings*. As more companies recognize their advantages, they are becoming increasingly popular for a variety of purposes: for management training and development, for communicating information, strategic planning, results sharing, for decision making. Any organization, however, is entitled to know the true costs of an off-site meeting and to determine for itself how it can increase its return from the meeting-dollar investment.

Fortunately for training directors and those who approve their budgets, it is possible to determine the true costs of a meeting. (In

fact, such costs *must* be determined.) We say "fortunately" because Dr. Gilbert's thesis has a major consequence. The message is clear. When attendee costs are added to the training budget, the responsibility for mounting a successful program is proportionately higher.

To obtain a return from the total investment, the quality of training must obviously rise to produce an offsetting level of improved job performance. All of which offers, as Dr. Gilbert points out, a new opportunity for the training staff.

Determining Total Meeting Costs

To capitalize on this opportunity, and to provide an effective means for meeting planners to analyze their actual meeting costs, we have devised a practical methodology. It calls for calculating the realistic sums invested in a meeting — rather than simply the direct and obvious expenses. The method we advocate should enable the planner of an off-site meeting to achieve two advantages: first, to identify and, secondly, to eval-

Figure 1.

COST BREAKDOWN FOR AN OFF-SITE MANAGEMENT MEETING

MEETING DURATION: TWO FULL DAYS

NUMBER OF ATTENDEES: 20 PEOPLE

For explanation of the calculations for the four costs below in the per participant column, refer to the information at the end of this table.

Elements of Cost	Illustrative Company		Your Company	
	Total Costs	Cost Per Participant (per day)	Total Costs	Cost Per Participant (per day)
A. Development of programs (figured on an annual basis)				
This element includes the following costs:				
1. Training department overhead				
2. Training staff salaries				
3. Use of outside consultants				
4. Equipment & materials for meeting (films, supplies, workbooks)	\$100,000	(1) \$100		
B. Participant cost (figured on an annual basis)				
1. Salaries & benefits of participants (figured for average participant)	\$20,000			
2. Capital investment in participants (based on an average of various industries from <i>Fortune Magazine</i>)	\$25,000			
	45,000	(2) 190		
C. Delivery of one meeting (for 20 persons in the meeting)				
1. Facility Costs				
a. Sleeping rooms	1,000			
b. Three meals daily	800			
c. Coffee breaks	60			
d. Misc. tips, telephone	200			
e. Reception	200	(3) 56.50		
2. Meeting charges				
a. Room rental				
b. A/V rental				
c. Secretarial services		(4)		
3. Transportation to the meeting	2,500	62.50		
SUMMARY: TOTAL PER DAY PER PERSON COST				
	Illustrative Company		Your Company	
A. Development of Programs	\$100			
B. Participant Cost	\$190			
C. Delivery of One Meeting (Hotel & Transportation)	\$119			
TOTAL	\$409			

Remember these costs do not reflect a figure for the productive time lost of the people in the program. If added — and it would be realistic to do so — the above cost would increase dramatically.

EXPLANATION OF CALCULATIONS FOR COST PER PARTICIPANT

- To determine per day cost, divide \$100,000 by number of meeting days held per year (10). Then divide answer (\$10,000) by total number of management people (100) attending all programs = \$100 per day of a meeting.
- To determine per day cost, divide total of \$45,000 by 236 (average number of working days in a year) = \$190 per day of work year.
- To determine per day, per person cost, divide group total (\$2,260) by number of participants (20) and then divide resulting figure (\$113) by number of meeting days (2) = \$56.50 per day.
- To determine per day, per person cost, divide group total (\$2,500) by number of people and then divide resulting figure (\$125) by number of meeting days (2) = \$62.50 per day.

Figure 2.
ENVIRONMENTS WITH WHICH EACH PARTICIPANT INTERACTS
DURING ATTENDANCE AT A MEETING

	Activities that take place in these environments
	(See Figure 3.)
A. Environment of the meeting room in which the principal instruction, talks, discussions take place.	1
B. Environment of the meeting room in which discussions and project work occur in small groups.	2,8
C. Environment of the room that represents the "home" of the participant where the person sleeps, may meet with others, does individual study and work, where individual can relax by him or herself.	2,6,8,9,10,11
D. Environment of the indoor and outdoor areas where the participant takes part in some individual or group sport or game.	7
E. Environment of the places where each person can relax, have refreshments and socialize with other participants.	3,4,5,6,7,9
F. Environment for the three meals.	4
G. Environment where the "breaks" are held.	3
H. Environment presented by the exterior building and the setting in which it is placed (immediate setting, neighborhood, city.)	

tendees engage in, while they are attending an off-site meeting. In this way, we can determine how much each activity contributes to the learning goals to be achieved.

If a company is to maximize its investment in a meeting, the training people responsible for its success must look at all the hours in which "learning" can take place. They must consider how to use, to the fullest, both the formal and the informal activities associated with a meeting. In this way, they can best hope to achieve greater interaction and, thereby, enhanced skills and knowledge. The training professional should consider whether these hours are indeed being invested profitably. Are they resulting in increased discussion and interaction relevant to the program? If they are not, you are still spending money — but with no learning return on your investment.

A reasonable approach calls for weighing every one of the 24 hours that participants spend each day at the meeting site. This approach takes a different direction from that of results measured. Yet its goals are the same: (1) to determine whether learning is truly taking place, and (2) to determine whether there is a better way to organize meeting programs to enhance learning opportunities. Provided each meeting hour can be made to work constructively toward the achievement of learning goals — and not just in the formal part of the program — then opportunities for educational impact are bound to increase along with the hoped-for dollar return on investment.

As a springboard for developing a concept of time-use management and improved time-use effectiveness, there are several questions to be answered:

1. What are the principal activities that make up each 24-hour day of a participant in an off-site management meeting or training program?

2. What is the percentage (%) weight to be given each of these activities (or all that are appropriate for your meeting) in terms of its contribution toward achiev-

uate the amount of money invested in each type of activity included in his/her program. We believe that this approach supplies a new and realistic basis for not only measuring the costs of meetings but ensuring the effective use of meeting time.

To illustrate this method, we are assuming an organization with the following characteristics: (1) 500 employees; (2) 100 management people (including first-line supervision); (3) the equivalent of 10 days of off-site meetings per year (either training sessions or various types of meetings for managers); (4) a training department consisting of one manager and one secretary. Further, for purposes of our illustration, we presume these additional factors: the training department manager engages outside consultants and speakers to develop and to conduct the meetings; there are 20 management people, on an average, at each meeting; and the typical meeting lasts two full days.

These are the characteristics we

used in arriving at the illustrative costs shown in Figure 1. Our estimates are broad averages and intended only to create a model for purposes of comparison. (We make no attempt to place a money value on the loss of productive time from the job, although that cost is realistic and could also be figured into your calculations.) Training managers, once they have reviewed the figures in the first two columns in Figure 1, will want to enter the figures for their own companies in the last two columns. They may very well think of other costs that experience tells them should be included. Although we have tried to make our illustration as true to life as possible, you should concern yourself more with the methodology than the numbers.

Calculating Time-Use Effectiveness

There is another aspect of getting a return on meeting dollars that we should now consider — the effective use of time. We should weigh all the activities that at-

ing the learning goals of the meeting?

3. In what ways can each of the environments in which the various activities occur contribute to the learning goals?

4. Should the hours devoted to each activity be adjusted so that there is a better pacing to the learning and leisure times in the program?

5. Is there a better balance that should be programmed in the

various learning modes—classroom learning, individual study, team projects?

There are two premises on which this approach to maximum time-use effectiveness is based. First, most of the waking hours of a participant's day are potential opportunities for learning, whether in formal or informal ways. Second, the various environments in which the day's activities occur are critical in determining the

nature, quality, and effectiveness of the individual activity itself. That is to say, there are certain environments — call them places or settings — which are more conducive than others to learning and an interchange of ideas.

For example, the National Conference Center has identified eight different environments in which activities occur in the 24-hour meeting day (see Figure 2). Each of these environments should be considered and designed separately. It is only in this way that the impact of learning will be maximized, since environment does or should play a significant role in the educational process.

As an extension of the above two premises, to the degree that one can expose an individual to more hours of learning opportunities there will be an increase in the amount of learning that takes place. The type of exposure may be classroom instruction, individual assignment, team project, or informal socializing — provided the exposure takes place in the properly designed environment.

The same principle is used in selling, if we may cite a familiar example. Once sales people can increase the number of hours they effectively spend talking face to face with customers, it is inevitable that more sales will result.

Over the past three years, we at The National Conference Center have hosted a number of special seminars. We have invited and met in each seminar with groups of 15 to 25 professionals. We explain in a talk how a meeting facility influences learning effectiveness. As part of these discussions, we have asked the men and women present to consider the following type of meeting:

1. The meeting is attended by 15 to 30 people.
2. The meeting participants come together for two days or longer, with overnight stays.
3. Their program has more serious business objectives than mere fun and entertainment.

These professionals then fill out a form containing a list of 11 principal activities that typically

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take place during such a meeting. Some or all of these activities are ones in which every meeting participant will engage. On this form, the guests at our seminar estimate the number of hours, on the average, that participants spend on each of the 11 activities in the course of an equivalent program sponsored by their own companies. Then, for every one of the first eight activities, we ask them to assign a percentage. The percentage represents their estimates (in %) of the importance of that activity toward achieving their learning objectives.

Within this three-year period, we have accumulated information turned in by more than 500 people. To our surprise, the time estimate and the percentage figures provid-

ed by these experienced meeting planners are very close. The averages for all 11 activities have been incorporated in Figure 3. The figure is based on the questionnaire form we used. Note that in Column 4, the percentages were figured for the first eight activities only. It was assumed that though the last three activities may be important, they are not sufficiently "learning-related" to include in the calculations.

Maximizing Dollar Investment

Let us now return to the concept of computing the real costs per day of each participant at a meeting. If you refer to Figure 1, you will see that the *per day*, per person cost of our illustrative meeting turns out to be \$409.

Go through this process for yourself. It will provide you with the information you need to develop answers to such basic questions as these:

1. Are you getting the greatest possible return from the money that the meeting is costing your organization?

2. Are you spending the hours in your meeting day — and the dollars that they cost — so that you will produce optimum benefits for your meeting participants and your company? (Compare the time you are spending in one of your small meetings to the averages shown in Figure 3.)

3. How can you schedule, design, and pace your meeting day to maximize the impact of your 15 learning hours?

Figure 3.

(BASIS: MORE THAN 500 QUESTIONNAIRE RETURNS)

COLUMN 2. TIME SPENT AT ELEVEN PRINCIPAL ACTIVITIES DURING 24 HOURS OF A MEETING DAY

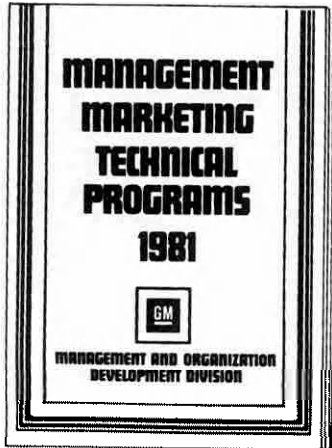
COLUMN 4. PERCENTAGE OF IMPORTANCE OF EIGHT ACTIVITIES TO LEARNING IMPACT

FIGURED FOR SMALL MEETING OF UNDER 30 ATTENDEES

1	2	3	4
Activities	Time of Meeting Day Spent in Each Activity	In Which of 8 Environments Does Each Activity Occur? See Figure 2 for Environment Definitions	Importance of Activity to Learning
	(in hours)		(percent)
Learning related activities:			
1. Presentation and discussion in principal meeting room	5.25	A	43%
2. Assigned work in small groups	2.25	B,C	27%
3. Coffee breaks	.67	E,G	3%
4. Three meals	3.	E,F	4%
5. Cocktail party	.75	E	2%
6. Other socializing with participants	.75	C,E,H	2%
7. Participation in outdoor or indoor recreation (possibly learning related)	1.	D,E	3%
8. Individual reading or other work related to program	1.33	B,C	16%
LEARNING RELATED HOURS	15		
Personal activities:			
9. Washing, dressing, writing, personal letters, making personal phone calls, watching TV, general reading	1.	C,E	
10. Sleeping	7.	C	
11. Making business phone calls or writing business letters	1.	C	
TOTAL	24 HOURS		100%

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4. Considering the eight environments in which your activities occur (refer to Figure 2), what can be done to design every environment differently so that it will enhance the learning that goes on within it — whether a formal or informal activity?

You are correctly concerned about the costs of meetings. Training managers must increasingly ask themselves just what they are getting back from each training dollar invested. The emphasis is justified. Think again of Dr. Gilbert's \$100 billion overall training bill — or \$137 billion today, allowing for inflation. Much of this bill you cannot control: the ongoing cost of wages, benefits, overhead, capital investment per employee. What you can hope to control is subject matter, methods — and, being given greater attention, the environment or environments in which your meeting takes place.

The role of environment in training is the chief reason cited for selecting an outside facility in which to hold a meeting. Not only will a professionally designed and operated meeting facility make a meeting more productive, it also will make that meeting more enjoyable. It is your job to consider whether facility costs as a percentage of the total — that is, the total of the *true* meeting costs you have identified — will or will not be offset by a corresponding increase in learning effectiveness. If you look for the least expensive place to hold a meeting, you may, indeed, find it to be the most expensive investment you will make — judged from a learning effectiveness standpoint. In the example we have illustrated, the cost per person, per day was \$409. If an additional \$10, \$20 or even \$30 was added per day to hold the meeting in a superior facility, the extra cost would be five to seven percent. However, if learning effectiveness were increased by a factor of greater than 10 percent — and over 20 percent is a realistic possibility — the desirability of the tradeoff is obvious.

Return once more to Figure 3. Study Column 4. As we've indicat-

ed, you have weighted percentages measuring the relative importance of every activity to which participants devote even a small proportion of their day during an off-site meeting. Judge these percentages for a moment. Think about the possibilities they imply for making sure that your meeting will be worth the money, time and effort it costs.

One obvious step is to restructure your meeting day. Another is to select the environment that has been designed to enhance all of the learning opportunity hours — both at the formal sessions and the informal discussions. For example, look at Column 3 on Figure 3. Consider the eight environments in which your activities take place. Are you, in fact, being given only two or three different environments? Are the different environments designed specifically for meetings or are they principally used for other purposes and you have to "make do" for a training activity? How can you rearrange them to have them best serve your needs?

There can be no compromise with meeting effectiveness. All organizations are besieged increasingly with problems of inflation, employee motivation, lagging productivity, foreign competition, recurring economic crises, and a chronic shortage of able, experienced leadership on all fronts. Every factor that has impact on greater learning must be examined: program, trainer effectiveness, program administration and, growingly recognized, the selection of the facility that answers best the total environment needs of your meeting. It is only by considering all of these factors that the time and dollars spent on training can be put where they will do the most good.

REFERENCES

1. "Training: The \$100 Billion Opportunity," *Training and Development Journal*, November 1976.

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