



IBM'S GLOBAL EVENT CONSOLIDATION: 10 YEARS LATER
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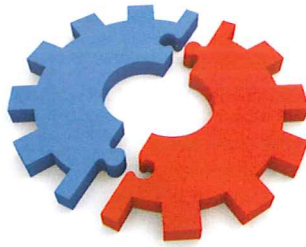
AUGUST 2008

**WOMEN
IN EVENT
MARKETING**
THEY'VE COME A LONG WAY, BABY





THE CORE CONSOLIDATION GROUP
(clockwise from top left): GPJ vp
Fiona Bruder, IBM global event
manager Steve Waugh, GPJ svp
David Rich, IBM vp-worldwide
demand generation Eric Andrews
and GPJ svp Jeffrey Rutchik



LOOKING BACK

Ten years later, IBM sits down to talk about the largest event agency consolidation in history

It was 1998 and the industry was still a few years away from its true explosion, but one Fortune 10 company was already preparing. An idea first born out of IBM's global media consolidation spread to its event department—and the world's first global live marketing consolidation was underway.

Few knew it then, but IBM's worldwide consolidation of 6,800 events and trade shows—handled then by more than 75 agencies and vendors around the globe—into the arms of George P. Johnson would prove to be one of the industry's magic moments. It showed a glimpse of the strategic side of the business that would begin to shine years later, and it would go on to prove the power of analysis, smart marketing and integration.

Indeed, the move ushered in the realm of strategic event marketing. It also served as the poster child for change, and pushing back from doing an event or trade show simply because you'd done it before. It was also the industry's first showing of the power of procurement—and to this day IBM's experiential marketing team has never looked back. The company is spending less in many areas but generating returns several hundred percentage points greater than before. (The portfolio has been streamlined to a leaner but somewhat meaner 4,200 events and trade shows.) And the documented savings of more than \$100 million is just the icing on the cake.

EM felt the 10-year anniversary of the consolidation was an important milestone, so we set up a discussion at IBM headquarters last month. What we found out, and what you're about to learn, is that consolidation is not only about cost-savings, it's harder than you think—and at the end of the day if the brand wins, we all win. The anniversary discussion... begins now.

BACK IN THE DAY

EM: *Let's go back to the 90s. Let's talk about the state of IBM global events.*

STEVE WAUGH: At the time, IBM was far more decentralized and was moving towards a path of even further decentralization. And so each of the individual parts of the business really started to create their own infrastructures. So IBM Software had its own marketing organization, IBM Hardware, etc.—and with each, their own cadre of creative, messaging, execution strategies, etc. and vendors. At Comdex in 1991, you could see as many as 15 different IBM booths having absolutely nothing to do with each other. Completely different set of messages, completely different vendors. To a customer, they weren't quite sure which IBM to go to.

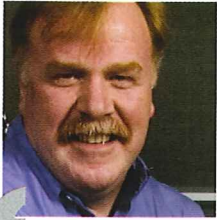
EM: *Where did the consolidation push come from?*

ERIC ANDREWS: When Lou Gerstner arrived, IBM was considering breaking itself into smaller companies. After quite a bit of thinking he said, "I think that the value of the company and its pieces is worth more collectively." So that was really the impetus to say, "If we believe that the whole is greater than the sum of the parts, we had better make sure we pull it all together and look like one company." It started with advertising, then we went to events. It was really just about trying to pull together the brand.

EM: *Most people would assume that cost efficiencies were at the center of the consolidation decision.*

ANDREWS: It didn't start off as a cost play. It was really about consistency of execution. It was about bringing IBM together in front of the customer in a holistic way, in a seamless way.

WAUGH: If the company believed that the whole is greater than the sum of its parts then that had to hold true for these other pieces, too. It all began with the vp-marketing at the time. She started by consolidating advertising. And the event piece followed on that. Because IBM was relatively successful with the advertising piece and that was considered quite rev-



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-Steve Waugh, IBM

olutionary—we consolidated all ads to Ogilvy & Mather—there was the assumption of, "Well, let's just try this with events." And so we took on the task.

The challenge was that advertising happened on a television screen and on a piece of paper. Doing it with events was going to present a whole different set of challenges that I don't think our early enthusiasm took into account. So we began the process of going out to bid, and we started with the full gamut of agencies and said, "We're a global company. We're everywhere. We run God knows how many events, but in the thousands. Some huge, some not so huge, but we're pretty much everywhere. What can you do for us?" Immediately 90 percent of them said, "We can't do it." So they didn't even get on the list of consideration. Then it came down to a shorter and shorter list. When it was all said and done, we chose to work with George P. Johnson.

LET IT BEGIN

EM: *Let's talk about first steps. How tough, beautiful or painful was the first year?*

JEFF RUTCHIK: It was harder, more complicated and less defined than we anticipated, to be honest. The first step was discovery. But we needed to move fast. We were building the racetrack and driving the car at the same time. There were 75 other exhibit companies and firms that we were consolidating assets from. We were acquiring talent and building an agency. The first three years it was all about organization because at that time, frankly, IBM wasn't really clear on how many events they were doing or what types of events they were doing.

WAUGH: Or who was doing them. Or where they were doing them.

RUTCHIK: So back then it was about fencing that in and building the foundation. And building off of that was creating the brand look and feel, working with Ogilvy and other agency partners to make sure we had the brand steward in place. And then years later we got into driving true innovation. Metrics, really driving towards what we called the relationship marketing model. What I would say to the readers of *Event Marketer* is that this was about change management. We all recognized at a moment in time that nothing like this existed. And that someday we'll look back—and here we are 10 years later—and realize this was a change in the industry; it was a watershed moment.

EM: *So strategic analysis of the initial portfolio yielded a ton of information?*

WAUGH: Measurement always meant, "How many leads did you get?" But when we started working at the strategy level, it was, "Well, that's nice, but your leads aren't worth anything—you can have 10,000 crappy leads."

FIONA BRUDER: We had to move backwards. It wasn't about leads. It was about objectives.

DAVID RICH: We looked at every single event—not just trade shows, but conferences, road shows, seminars.

Then we integrated them across the portfolio to make sure that we were only doing those events that worked most powerfully, and we stripped everything else out. And that was a humongous change. One of the first things we did was identify the great myths of event marketing. And the two that were at the top of the list were, "We go because we've always gone." So we had to identify to everybody that's not a strategy, that's a habit. Second myth, "How would it look if we didn't go?" We started out by creating a strategy for each event.

WAUGH: There was a watershed moment when GPJ did this incredible amount of portfolio analysis and produced for us, for the first time, a saturation table. It was event saturation by city. It was the shot heard around the world.

BRUDER: We could show them that they were doing 42 events in Chicago...

WAUGH: On one day. On one day.

BRUDER: And then we were able to have a discussion about who's your audience? Why are you going after them? What are we trying to accomplish? And then how do we use the tools and the acknowledgement that we have to ensure that there are not six events happening in Chicago in the month of June.

RICH: That was part of our charter at the time, working with Steve and others to create visual tools by which we could illustrate to people why what was being done at the moment could be improved and how it could be improved. And a big part of what I focused on and what my team focused on around the world was how do we create these simple tools for people to use by which they can understand the rational argument of why change would make sense? Because without that it was all about the big bad wolf is here to make your lives miserable. With that it was, "Oh, I get it. We're actually doing marketing now. We're not just managing events."

THE PORTFOLIO EVOLVES

EM: *Bigger moments in the early years?*

WAUGH: When we decided not to go to Comdex, that hit the press. Gerstner was the keynote the year before. So our chairman, who was really visible and an authority, spoke at Comdex and the next year IBM wasn't coming. Whoa.

BRUDER: We were able to prove life doesn't stop. Everyone said we had to go because we'd always gone. We were testing a few things, getting people to realize that we didn't have to spend on all these big, huge trade shows. I think as we went into year five, we saw an evolution of evaluating based on strategic input—the size of shows, reducing our footprint at events but still investing in them, taking dollars and applying them to speaking opportunities or other sponsorships that enabled a deeper dialogue with the customer. So we started to look at



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the bigger investments and size them based on analysis.

RICH: In fact, if you want some stats on it, I just pulled up one of the case studies we had put together over a three-year period with one of the IBM business units. We started out in year one of the portfolio work—that’s not one year of the relationship, but the first full year of the portfolio work—with 50 percent of that business unit’s portfolio in trade shows. Over the course of a three-year period we took down the participation in business shows or trade shows to 25 percent, and put in a lot more proprietary conferences and third-party conference work. The budget went down 33 percent, but the marketing results went up 450 percent.

BRUDER: We were getting more targeted.

RICH: We showed how we could change the portfolio, take a budget decrease and at the same time dramatically increase the marketing results. And I think that’s reflective of what we tried to do across the program over time. And that’s changed the industry.

RUTCHIK: The portfolio started to change. We started getting focused on the integrated contact strategy. The whole concept of integrated market communications really started to take hold. So we had the analysis of tactics within a greater campaign picture—because of the way the tools were linking with the event solutions tool and other campaign measurement tools, the concept of demand generation and measuring demand generation and integrating contact strategy was really taking hold. And we could see it and prove it through small little pilot tests, and then be able to make it repeatable.

RICH: We also applied strategic thinking to the creative side. And creative is a very big component of this program. The creative that actually moves people to action and plays into this overall notion that we have of a continuous customer experience cycle, that touches all the marketing touch points. And when we’re talking about our particular end of that equation, the live space, making sure that not only do we have brand consistency, but we have a way of affecting people in a psychological way, an emotional way, an intellectual way, a physical way to really move people to action. It probably would surprise people to know that over the time of this relationship, there’s documented savings of nearly \$100 million. Intuitively you’d say, “This must all cost more money.” Documented savings of nearly \$100 million. I think that shows the value of the innovation.

THE VALUE OF CONSOLIDATION

EM: *Advice for potential consolidators?*

ANDREWS: You have to understand the reasons why you want to get into a consolidation. I don’t think the right reasons to get into it are just purely to save money. You have to want to drive consistency and extend the effectiveness of your portfolio by having fewer partners, consistent execution, consistent messaging and consistent branding. Real portfolio management. It is not sim-

ply an efficiency play. If that’s not top of mind and really your biggest priority, then maybe it’s not for you.

WAUGH: I would agree. It’s got to be bigger than savings. Because the problem is that procurement and marketing are going to be measured on separate things: one on results and one on savings. And if you don’t have those integrated, then you’re going to fall short. If one is dominating the other, the balance of that is going to be a problem, particularly if you’re going after a savings target because it will undervalue the mark—it will undervalue what you’re trying to do.

EM: *If you could do it all over again?*

WAUGH: I would’ve been a little bit more deliberate in the way the Slinky moved. I think there are times when GPJ was pushed a little too hard to expand before we really had enough lessons learned to go to the next place. I would think about spending a little bit more time in transition. Certainly you can’t do it all at once. We hit momentum early on and I think that may have confused some of our executives who said, “Hey, you know what? If some is good, more is better. Go!” Well, not so fast. I would chart out the timing a little differently, I would go at things a little bit differently.

ANDREWS: Executive support cannot be overlooked. Senior leadership needs to be behind all this. One of the important things I think actually to keep in mind is when the relationship is as broad as it is, there are always going to be pockets of trouble. And that is not a reason to abandon the relationship, it just requires constant work—like a marriage. You’re always together trying to fix things that pop up. It’s rare when there’s not something going on somewhere that requires our collective attention. But you work at it, and it gets easier over time because I think you develop a partnership, you develop a candor with each other that is really critical.

RUTCHIK: Be prepared—it’s harder than you imagine it to be. But it is worth it when you have clarity on what success looks like from both sides. Be clear on what success looks like and measuring that carefully and don’t overextend yourself. We had a lot of success in the beginning and it caught momentum, sort of the wind in the sails. It took off very quickly, and we extended ourselves a bit too far. But knowing that we had done that, we were able to course correct. So honesty, stamina, and I guess I’d end it by saying, as normally people would, the passion for the business and having a sense of humor.

WAUGH: One of the keys to the success of this is we were not afraid of course correction. You have to be able to say, “This is where we think we’re going.” And we may have taken a radical shift, and then another one. And with the people who’ve come on and off the account, etc., it’s been a very, very live organism. It has changed and morphed, and there were times when we thought we had the formula, we had it down, and we just got knocked over. And we got up and we changed what we had to do. **EM**