

CHAPTER 1



Understanding Destination Management

“I have been in the industry for over 20 years and have learned to rely on destination management companies for their expertise in their specific locations. They have assisted on many of my company meetings and our largest trade show, providing a list of services including ground transportation, shuttles, events, staff support, and many more. As a meeting professional, I recognize the value of the DMC industry and the professionalism and consistency that they bring to my programs.”

BILL SEVERSON

MANAGER, MEETINGS & SPECIAL EVENTS

ROCKWELL AUTOMATION

IN THIS CHAPTER YOU WILL LEARN TO:

- Understand what destination management is.
 - Demonstrate the ability to evaluate a destination management company using a checklist.
 - Know the guidelines clients should use for selecting a destination management company.
 - Consider the changing environment for destination management.
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The History of Destination Management

In the beginning. . . . Sometime during the 1960s, as a response to meeting and convention planners' desire for custom group leisure activities during their programs, a new business was born. Referred to as **ground operators**, they were mostly small entrepreneurs operating in a single destination. These local companies offered basic services, including airport meet and greet, transportation, tours, and recreation (mainly golf) for groups.

In the 1970s, many of these companies added custom parties and themed events, as well as spouse/guest programs, to their list of services. The term *destination management* was coined in 1972 by Phil Lee, founder of California Leisure Consultants, to describe the expanded role they played as local **logistics** experts. Logistics is the procurement, maintenance, and transportation of material, equipment, and people. Marketing alliances such as The DMC Network and The Contact Group were formed by some of the early pioneers to provide networking and referrals within an exclusive group of destination management service providers.

During the economic boom of the 1980s, **destination management companies (DMCs)** flourished, further expanding their role in the meeting, convention, and incentive travel industry. New DMCs were popping up everywhere, bringing fierce competition to many markets. By the end of the decade, several regional and national destination management companies had emerged. As a 1991 *Successful Meetings* magazine cover story proclaimed, “A Cottage Industry Comes of Age!”

Then came the recession of the late 1980s and early 1990s, and with it a couple of major shifts. More companies were competing for fewer dollars. Organizations were forced to cut their meeting (recreation) budgets. Other suppliers like hotels, decorators, and transportation companies began offering similar services. Some DMCs began traveling with clients from destination to destination.

In the 1990s we witnessed for the first time aggressive expansion and “corporatizing” of the destination management business through industrial investment and venture capital. Mergers and acquisitions, joint ventures, cooperative marketing agreements, and even franchise offerings changed the face of destination management.

Today, destination management is a major industry, generating millions of dollars in revenue and employing thousands of people. See Figure 1-1 for the latest figures on this growing industry.

ASSOCIATION OF DESTINATION MANAGEMENT EXECUTIVES

June 1995 marked a significant milestone for DMCs, the formation of the **Association of Destination Management Executives (ADME)**. This was recognition of destination management as more than a vocation, but a viable industry within an industry.

The Association of Destination Management Executives (ADME) conducts an annual survey to measure various segments of the industry. The following are the survey results based on responses from 500 destination management companies.

- ADME projects that the 500 to 1,000 DMCs in the United States generate **\$1,002,043,000** annually in the hospitality/meetings and convention industry.
- Of the figures supplied, the following segments were purchasing items:

Transportation	\$151,219,000
Hotel Space (function space and event space)	\$126,600,000
- Average number of years ADME respondents have been in business: 19.2 years.
- 75 percent are the original owners of the company.
- Average number of employees for each company is 15.19.
- More than two thirds of the owners of responding companies have had at least 11 years of experience as a DMC.
- More than 50 percent of the owners had 20 years experience in the hospitality industry.
- Respondents reported that the 2001–2002 volume of business increased for 45 percent of those reporting and decreased for 36 percent of those reporting.
- Respondents ranked the most important issues currently facing them:
 1. In-house DMCs
 2. Clients requesting proposals then going directly to the suppliers themselves
 3. Industry awareness of DMCs
- Respondents listed the following benefits of belonging to a professional association (ADME):
 1. Increase in the professionalism and effectiveness of destination management through member and industry education
 2. The establishment of standard ethical practices
 3. The promotion of the value of the industry globally to the general public

Figure 1-1
Destination Management 2003 Survey

Formed as a nonprofit, nonpartisan, international trade association, ADME grew to more than 250 members by the year 2000. It is now a source for destination management information worldwide, and has become the spokesgroup for the destination management industry.

The Mission of ADME is as follows: “To increase the professionalism and effectiveness of destination management through education, promotion of ethical practices, and availability of information to the meeting, convention, and incentive travel industry, and the general public.”

ADME defines a destination management company as “a professional services company, possessing extensive local knowledge, expertise, and resources, specializing in the design and implementation of events, activities, tours, transportation and program logistics.”

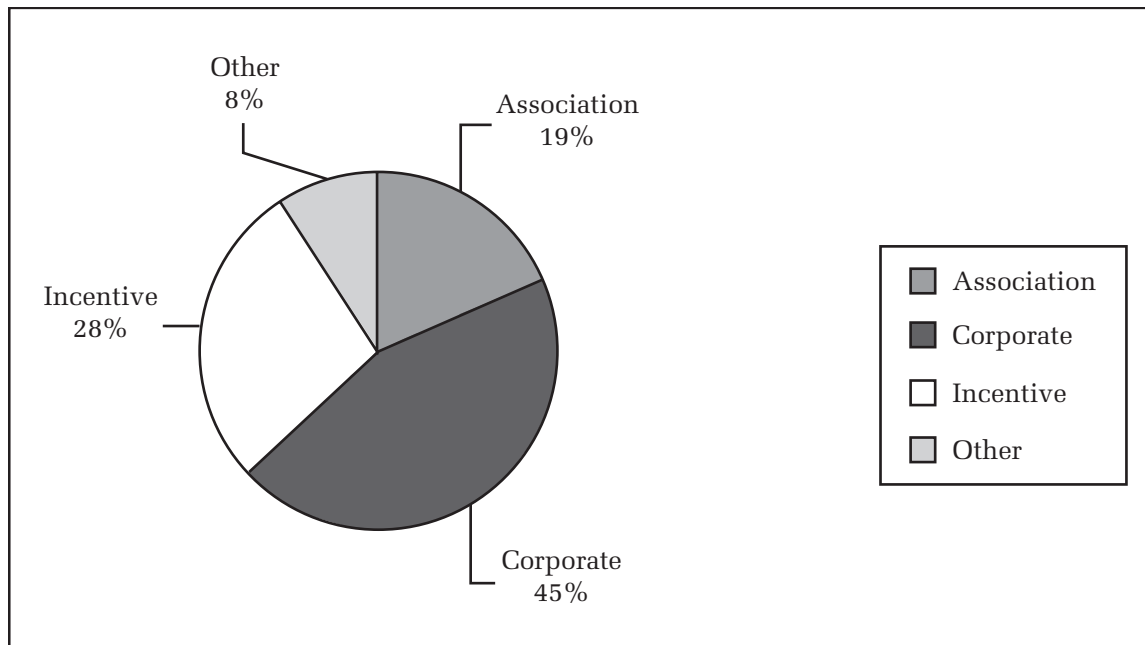
This definition identifies the dual role the destination management company plays in both designing and implementing programs for their clients.

AN ANALOGY

Christopher H. Lee, DMCP, president of ACCESS California, uses the following analogy to explain the role of DMCs. “A DMC is like the architect, utilizing their unique knowledge and experience (of the destination) to design a *blueprint* that fulfills the meeting, convention, or incentive travel planner’s needs and desires, optimizes the available resources, and adheres to the limitations and requirements of the area.”

“A DMC is also like the general contractor who ‘builds the building.’ They possess the skills, resources and relationships to see the job through. They develop the bid, hire and manage their subcontractors, relate to all outside agencies for permits, insurance, and so on, manage the finances of the job, provide constant supervision on-site and overall project management.”

Another analogy describing the role of the DMC is that of the person who attempts to add on to or remodel a house him- or herself in an effort to save money. Although a seemingly simple project, halfway through the person might lament that hiring professionals to do the job would have achieved a better result while saving both time and money.

**Figure 1-2**

ADME DMC Survey—Breakdown by Client Type

Courtesy of the Association of Destination Management Executives

For meeting, convention, and incentive travel planners, the destination management company is that architect or builder! A good DMC designs and implements customized destination programs, based on its extensive local knowledge, saving the planner time and money, and producing a greater result. (See Figure 1-2 for a breakdown of the core markets for DMCs.)

The Role of Destination Management

This definition—professional services company, extensive local knowledge, design and implementation of events—is only a framework behind the important role that destination management plays. We need to examine what a DMC does to get a clearer picture.

A DMC gathers the information regarding a particular destination to support a client's needs. The list of services provided by a DMC may vary, but a true DMC can assist with site inspections

and hotel rate negotiations; arrange for meet/greet services, ground transfers, and shuttle transportation; manage registration; provide support staff; create customized tours and companion programs; manage youth programs; arrange for events at unique venues; design and order gifts and amenities; provide total coordination of any type of event; design and produce props; and more. True DMCs are usually full-service, one-stop shops.

Because of their many local connections, DMCs can also provide entry into unique venues that might not normally be available for public use.

During program planning stages, DMCs maintain frequent client contact, imparting their creativity and thorough knowledge of their area to design a memorable program. Because clients depend on DMCs for their extensive local influence, DMCs are determined to have higher standards of competence and skills than those companies that provide single services.

The typical process of destination management starts well before the program. A number of pre-planning steps are involved. Destination management continues on site during the program and also includes post-program evaluation. DMCs are current on all local conditions, facilities, and program opportunities, thus enabling them to be the best contributors to a successful program. (See Figure 1-3 for a list of steps to keep in mind when planning a program.)

DMCs are synonymous with **professional conference organizers (PCOs)**. PCOs are the international equivalent of DMCs in North America, although some regions call their service companies

1. Establish goals and objectives.
2. Assess the history of the program.
3. Target the demographics of the group.
4. Create a budget.
5. Design the program.
6. Negotiate contracts.
7. Establish a timeline.
8. Hire subcontractors.
9. Plan logistics.
10. Oversee program wrap-up.

Figure 1-3
Steps for Planning a Program

destination management companies, particularly within the Caribbean Islands. DMCs and PCOs offer total logistical planning in their locations. They offer a variety of services including, but not limited to, transportation, event management, and tours. PCOs were first established to support **incentive travel programs**—reward programs for employees based on their performance—and assist in conference planning and local interest programs. There are many **consortiums**—multiple-membered cultures (or natural assemblages) in which each organization meets for some definite purpose—or partnerships of both organizations serving as reference centers for service recommendations.

The **International Association of Professional Congress Organizers (IAPCO)** is a nonprofit organization, founded in 1968, that represents professional organizers and managers of international and national congresses, conventions, and special events. Along with the Association of Destination Management Executives, IAPCO is committed to raising standards of services among its members and other sectors of the meetings industry by means of continuing education and interaction with other professionals. IAPCO has members worldwide whose activities are monitored on an annual basis. As a result, IAPCO membership offers a unique quality assurance recognized by conference clients and suppliers all over the world.

The Association of Destination Management Executives (ADME) is a North American-based, nonprofit organization founded in 1995. It represents five classes of membership, including DMC executives, affiliates, associates, active, and emeritus. ADME sponsors and manages the only DMC certification program, the **Destination Management Certified Professional (DMCP)**, which is a global professional designation based on experience and knowledge of the industry.

Evaluating DMCs

Qualifying a DMC should involve a comprehensive checklist:

- **Longevity:** Many companies open and close each year. A DMC that has existed for a long time has shown that its operation has a proven track record.

- *Financial stability:* Ask the DMC for the name of its bank, its **Dun & Bradstreet rating**, and a list of its major suppliers. Always follow up with any reference check. Dun & Bradstreet offers credit services and reports that let you check the business credit ratings of potential new customers before agreeing to credit terms. It also allows you to see if current customers, vendors, and suppliers are paying on time and be automatically notified of important changes in their credit ratings.
- *Client references:* Ask DMCs for a complete list of references, with particular emphasis on programs most similar to yours.
- *Basic company structure:* The DMC must have sufficient staff in order to deliver what it promises.
- *Insurance and risk management:* Assess the DMC's insurance and extent of staff training. What is the value of its liability insurance?
- *Computer technology:* Ask about its technology. What type of computers and software does it utilize? What are its full capabilities?
- *Professionalism:* In which professional organizations does the DMC maintain memberships? Is it active in the Association of Destination Management Executives (ADME), Meeting Professionals International (MPI), International Special Events Society (ISES), Society of Incentive & Travel Executives (SITE), Professional Convention Management Association (PCMA), or others? Does it belong to a DMC consortium? Does its staff have any industry certifications, such as **Certified Meeting Professional (CMP)**, **Certified Special Event Professional (CSEP)**, Destination Management Certified Professional (DMCP)?

Guidelines for Partnering with a DMC

Most meeting, convention, and incentive travel planners do not have the time or budget to personally research all of the possibilities and specifics for every destination being considered for their group's program(s). At best, they possess only basic knowledge of the destination(s) being considered. However, many organizations expect the planner to be an expert in every aspect of every destination.

The process of selecting a DMC to assist you in designing and implementing events, activities, tours, transportation, and program logistics for your group should be thorough. Not partnering with a DMC, or partnering with the wrong DMC, can negatively affect your entire program.

IDENTIFY CANDIDATES

Use the following methods to identify the right DMC for your program:

- Rely on word of mouth. Ask your peers and colleagues who they have worked with successfully in the destination/region where your program will be held.
- Check with the Association of Destination Management Executives (www.adme.org). The most professional DMCs are members.
- Ask the convention/visitor's bureau in the city or cities where your program will be for their *three* top DMC recommendations.
- Check the membership directories of professional associations you belong to, such as Meeting Professionals International, the Society of Incentive Travel Executives, American Society of Association Executives, or others.
- Ask the hotel you are working with for its top *three* recommendations, as well. Make sure (by asking) that the hotel is not paid or commissioned by the "recommended" DMC(s).
- Compare your results to see which DMC(s) stand out.

NARROW THE FIELD

Select two or three finalists based on the answers to the following questions: How long has the firm been in business? Is it a licensed business? Does it have permanent professional offices? How many full-time employees work for the company? What is the experience level of the employees who will manage your program(s)? Are its company values and individual personalities compatible with yours? Who will be on site during your program(s)? Can they be reached after hours?

In addition, ask to preview their contract terms up front. Require proof of adequate insurance coverage. A minimum of

\$2 million coverage is standard. Ask for proof that their vendors are adequately insured, as well. Request a list of references that you can contact with programs similar to yours in size and scope.

Once you have identified your DMC finalists, notify those DMC firms not chosen and thank them for their efforts.

PROGRAM DESIGN

Give your finalist(s) all the group particulars:

- Group demographics (age range, male/female ratio, etc.)
- Specific interests/activities
- Program agenda/time constraints
- Past program information/history
- Program budget

Specify what services you want them to include in their proposal:

- Meet & greet/airport transfers
- Shuttle/transportation services
- Tours and recreation
- Special events/parties
- Dining arrangements
- Gifts and amenities
- Other services

If you require shuttle services, make sure that your finalist(s) are using the same criteria, in order to make a like comparison.

- Number of passengers assumed
- Quality and quantity of vehicles
- Proposed routes
- Average passenger wait times
- Number of staff included (on vehicles?)
- Quality and quantity of signage on vehicles and along route(s)
- Shuttle experience of bidders
- Group patterns/history

If you will be including tours and recreation in your program, provide your finalist(s) with the following information:

- Dates and times your group is available for tours and recreation
- Whether the activities be hosted or the individuals will pay

- What kind of recreation you want: on-property, off-property, educational, adventure, sporting, team building
- Whether you wish to include spouses or guests in the recreational activities
- Whether lunch or dinner should be included in the activities

If your program will include special events, ask your finalist(s) the following:

- How much experience does the DMC have producing special events?
- What events has the DMC created (similar to yours)? Check references and request photos/video.
- Has the DMC produced other events at the venue(s) it is proposing?
- Are all expenses (e.g., electricity) included in the proposal?

MAKE YOUR DECISION

Read each proposal thoroughly. If possible, meet with finalists to review their proposals in person. Select the DMC whose proposal most closely meets the needs and objectives of your overall program. Keep all proposal information confidential unless otherwise permitted. Never allow a finalist to read a competitor's proposal.

FOLLOW UP WITH EVALUATION

At the end of your program, ask attendees to evaluate the DMC services. Record the actual numbers of participants on each activity (tours, dine-around, etc.) for use when planning your next program.

If you were pleased with your DMC, ask for suggestions for future programs. Ask them for a listing of their other locations, or recommendations of other companies in cities where you will be planning future programs.

Client Responsibility to a DMC

Since the success of any program is based on communication between client and DMC, it is imperative for the DMC to receive accurate, timely, and concise information. A DMC's proposal should be judged for its depth of information, its ability to forecast chal-

allenges and address solutions for those problems, its creativity, its precise costs and its clear verbiage of the DMC's responsibility, so initial interviews should be specific. The client, in turn, should clearly describe the purposes, objectives, and goals of the program and provide a realistic budget. This is discussed more thoroughly in Chapter 2.

It may be a calibrator of the professional planner to seek the services of a DMC, an expert in the field, rather than the planner trying to do what a DMC does best. The result could be the perfect partnership.

The Changing Environment of Destination Management

DMCs will continue to be consultants specializing in trends, fads, and changes. Their role will be that of producer, director, planner, consultant, and strategist.

The forecast will certainly be based on technological factors and the digital revolution. But DMCs must also look at the ideology of the industry, along with the economics and public pulse at a specific moment in time on a specific issue, event, or mood.

THE SURVIVAL KIT

The survival kit for DMCs contains no weapons, rations, or maps. The kit is made up of technology software, ideas, programs, experience, knowledge, customer service, and continued education and certification. The survival strategy should be mapped out. Collective, concerted, and intelligent attention should be given to the map.

For DMCs looking to launch new products and services, the **fast response** trend, a quick operational reaction, will still be the main criterion for success. The successful DMC will take a proactive, rational, and constructive strategic approach.

GLOBAL FORECASTING

A combination of improved communication, international travel, and an increased demand for quality goods and services has created a radical and cresting shift in global business. This movement

has not gone unnoticed by the destination management industry. In the infinitely flexible language of the DMC industry, the meaning of the word global partner has emerged. Flexibility, in concert with the client's distinct needs, is the very touchstone of the industry.

How do DMCs marshal the resources, energy, and allies they need? DMCs will continue to partner through consortiums of their peers to exchange methodologies, practices, and standards. These consortiums will no longer have geographic boundaries, but will continue to grow globally. How will DMCs unite to form common standards and terminologies to affect the worldwide industry of destination management? Common standards and terminologies within the DMC industry can only be formed through industry initiatives such as the **APEX Initiative (Accepted Practices Exchange)**, sponsored by the **Convention Industry Council (CIC)**, whose goals are to develop the best accepted practices for the meeting, convention, and exhibition industries.

DMCs may currently have different approaches to work methods and different words and terminologies to describe services, but ultimately they are all making a contribution to the industry, to their professional field, to their co-workers, even to the world, by making the best use of their talents.

The nature of the global DMC's business has changed. A new understanding of the real potential of the Web, the evolution of the "dot.com" company, and the ability to utilize the tools of e-business have created a more universal, entrepreneurial DMC culture. DMCs will be better equipped to mass-market their own brand of expertise, and, in the process, make their mark in the industry.

Despite the inevitable language barriers, DMCs around the world will still be able to sit around the same tables, talk about the same things, and find solutions.

A SOLUTION: WORKING TOGETHER

Through associations such as IAPCO, ADME, and SITE, the voices of our industry are sounding louder and clearer as the distance and language barriers disappear. When DMCs join hands, they become a recognized force. When that force begins to move, DMCs begin to strengthen their profession through universal education and standardization. Collective action is the first step toward unity.

Technology has changed. People have changed. Ideas have changed. The global age of Destination Management is born.

Key Ideas

“A destination management company is a professional services company, possessing extensive local knowledge, expertise, and resources, specializing in the design and implementation of events, activities, tours, transportation, and program logistics.” These companies are responsible for program logistics and program concept. Once client needs have been assessed and verified and the concept established, DMCs proceed to plan the program.

A Professional Conference Organizer (PCO) is the international equivalent of a DMC. The International Association of Professional Congress Organizers (IAPCO) and the Association of Destination Management Executives are two associations that endeavor to increase the professionalism and effectiveness of the destination management industry.

A DMC should be evaluated by a client based on its longevity, financial stability, and client references, as well as its professionalism, basic company structure, and use of technology. The client, in turn, has certain responsibilities to the DMC.

DMCs will continue to be consultants specializing in trends, fads, and changes as the world continues to move toward a global economy. Consortiums of global DMCs and movements toward standardization through initiatives like APEX will aid in this globalization.

Key Questions

1. What is the role of the destination management company?
2. How does a DMC interact with a planner or other client?
3. How do you evaluate and select a DMC?
4. The process of destination management involves many complex steps. How do you use these steps to develop a hypothetical program?
5. How do you see DMCs changing in the future?

Key Terms

APEX Initiative (Accepted Practices Exchange)
Association of Destination Management Executives (ADME)
Certified Meeting Professional (CMP)
Certified Special Event Professional (CSEP)
consortiums
Convention Industry Council (CIC)
Destination Management Certified Professional (DMCP)
Destination Management Company (DMC)
Dun & Bradstreet rating
fast response
ground operators
ground transfers
incentive travel programs
International Association of Professional Congress Organizers (IAPCO)
logistics
Professional Conference Organizer (PCO)