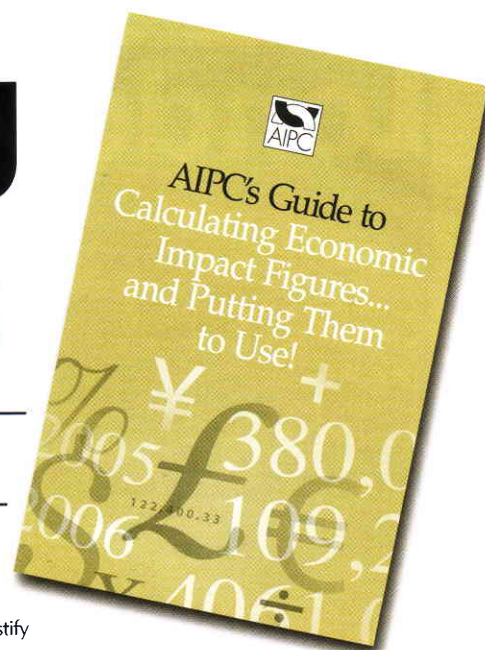


Translating the figures

Paul Colston takes a close look at a new publication from the AIPC targeting the issue of calculating economic impact measurement.



The message in the new AIPC booklet, *Calculating economic impact figures and putting them to use*, comes through loud and clear: 'avoid one size fits all' formulas. It is a topic highlighted by centres' increasing need to develop approaches that address their particular circumstances.

Says AIPC president Barbara Maple: "More and more centres find themselves in the position of having to demonstrate their value to the community, particularly when industry economics are such that an operating deficit may need to be justified as a way to achieve the greater economic benefits a facility creates."

The publication is born out of AIPC presentations and extensive work by the Research Task Force.

"Each centre has a somewhat unique set of operating conditions and community cost structure, and these effect how delegate spending moves through the local economy," says Maple.

Of course, various models have been developed for measuring economic impact but, whatever theory used, the AIPC advice is that common sense should be at the forefront of understanding the purpose and the audience.

Delegate and planner surveys should be carried out in preference to relying on industry 'averages' for spending figures, which vary significantly from one location to another, is the advice from AIPC which gives four main reasons for doing economic impact analysis:

- A basic measure that can be applied to estimate the benefits arising from your facility;
- A way of comparing performance with other sectors;
- Helps estimate ROI in its broadest sense;
- A way to justify financial performance.

Convention centres have a fundamental reason to perform this calculation, since they typically operate as a 'loss leader' for the broader economic benefits they generate, and in order to justify this situation, they must be able to quantify these benefits.

The AIPC booklet identifies four basic steps in performing and utilising an economic impact evaluation:

- Designing appropriate surveys to capture all relevant data from organisers, delegates and other participants;
- Gathering spending data by applying the survey over an appropriate period and to the right sample group;
- Running the data through an appropriate input/output model to calculate induced effects and spin-off benefits such as taxes;
- Using the resulting information effectively.

Then there are the Who, What, Why questions: We need to be clear on the purpose of the calculation, on who it is being done for and clear over any definition of the uses to which it will be put.

We are reminded that an economic impact calculation is not the

same as a feasibility study that may seek to justify investments.

Consider also whether a study should be carried out with partners such as business groups, tourism organisations or government agencies. A joint approach can spread costs and build credibility, the downside is that it can contain the seeds of conflict.

There is also an array of models for calculating survey results, from the simple delegate day multiplier factor, whereby a per diem figure is simply multiplied by delegate days; to more sophisticated calculations based on surveys of delegate spend across categories.

The most advanced economic impact models are those that calculate not only direct spending by delegates and exhibitors but also those 'induced' effects that result as those expenditures move through the local economy.

Most of the limitations of previous economic impact calculations resulted from missing areas of expenditure. Items to consider here would include: survey design, production costs associated with staging the event, indirect spending by participants (e.g. travel and accompanying persons' spend).

Once an accurate spending estimate has been developed, it can be run through an input/output model to calculate induced benefits as well as direct ones. But beware: the more general the model, the less accurate it will likely be in terms of the particular economic conditions in your area.

It is also worth putting some thought into how your economic information can potentially be 'translated' into other contexts to appeal to different audiences. Data has a more powerful impact when expressed in PR terms such as '20 per cent of the local economy', or 'the third largest industry in the region', than if released in its raw statistical state.

Quality information can go on to form the basis for creating a common set of performance goals amongst facility managers and shareholders by establishing a way to both target and measure the broader benefits a centre is creating beyond simply the financial performance of the facility itself.

Like most other management tools, economic impact figures are only as valuable as managers make them. The first step is getting good information – the second, and equally important step, is putting that information to good use.

AIPC's Guide to Calculating Economic Impact Figures...and Putting Them to Use! is available via the AIPC Secretariat office. Contact Marianne de Raay. T: +32 496 23 53 27. email: secretariat@aipc.org