

Workplace data theft runs rampant

Office technology makes it much easier for workers to steal important information from their employers, a study has shown.

Research into intellectual property theft found that almost 70% of people have stolen key information from work.

The most pilfered items include e-mail address books, customer databases as well as proposals and presentations.

Many of those questioned said they used office e-mail to get the stolen information off company premises.

Lost prospects

Most of those stealing important information said they did so when they were leaving a firm to take up a new job.

The majority of those questioned, 72%, had no ethical problems stealing information to help them in a new post. Most, 58%, thought that, in moral terms, it ranked with exaggerating insurance claims.

"The surprising thing is the level to which people believe this is acceptable," said Chris Watson of data forensics firm Ibas, which commissioned the survey.

He said that many thought that they were entitled to take information with them because they had helped win customers and create databases of sales leads.

"They have invested a lot of time putting it together and that's why they feel they have ownership of it," he said. Over 80% of those surveyed said this input justified their theft.

"The classic case is in sales environments where the contacts database is taken from one company to another even if it is not relevant to that business," he said.

The survey found that 30% of people had stolen a contact database when they left an employer.

"When people used to leave a company they would take a few pencils with them," he said, "but the computer age is taking it on to a new level."

Many of those stealing from companies send the purloined data to their personal e-mail account held at home or on the web. A small number, 21%, burned the information onto CDs.

The survey also revealed some gender biases. Women were 20% more likely to think that taking key documents and files was acceptable but men were 28% more likely to go through with the theft.

Mr Watson said filtering tools on e-mail servers could catch some of the intellectual property thieves but just as important were well-enforced policies that reminded employees of their obligations and responsibilities.

Employers beware as staff database theft increases

Businesses were urged to review their security policies following evidence that economic downturns lead to a sharp rise in the number of civil actions against former employees for stealing their company databases.

A leading London law firm said it had seen a significant rise in database theft cases over the past year and predicted the problem would get worse as businesses become increasingly reliant on IT.

In one case, a company was forced out of business when its customer database was stolen by a rival firm, which then undercut its prices. Other companies have lost customers and suffered heavy losses.

A law firm partner said, "When you are investigating fraud all you see is the tip of the iceberg. You never know the full extent of who is involved, what is involved and the money involved."

The police are usually of little help in database theft cases. They lack the time, the resources and the expertise to pursue database thieves, Morrison said.

Victims usually have little choice than to mount their own investigations and to take action through the civil courts. The only language the crooks understand is money. You have to go for the money, and follow the assets.

ispy analytics, a leading data analysis firm advised victim companies how they can gather admissible evidence using undercover techniques such as bugging, examining rubbish or setting up front companies to approach the fraudulent firms as potential customers.

An ispy analytics spokesman said, "You can make life more difficult for fraudsters by segregating data, so that staff have access only to the data they need, by limiting the size of file that can be sent outside the company on e-mail, and by restricting the ability of office PCs to make copies of files on to CD".

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About Data Theft

Data theft is an “invisible” or “faceless” crime, posing a real threat to businesses. Theft of proprietary data from internal sources has become more pervasive, putting companies and their clients at risk. With stringent client privacy rules and increasing costs of successfully acquiring clients, theft of client data can materially impact a business.

Internal fraud has become a reality and it is a risk that businesses cannot afford to ignore.

Data Theft Research: Businesses Are Ever More Vulnerable

A published study by the Corporate Security Institute (CSI), “CSI/FBI Computer Crime and Security Survey”, discovered a series of disturbing and dangerous trends in the area of online security.

The following are just a few highlights:

75% of firms surveyed don’t have any external insurance to guard against cybersecurity risks.

55% of firms surveyed claimed unauthorized use of computer systems within the last 12 months.

Unauthorized use of computer systems cost firms’ surveyed **\$31.2M** for 2007.

Of thirteen key security vulnerabilities identified, they totalled losses of **\$130.1M** for 2007 alone.

Some other facts about data theft and its perpetrators:

Company employees commit 82% of all fraud—one-third by management while 75% of all internal fraud is not detected, a US study found.

Hackers and employees account for 63% and 33%, respectively, of the source of security vulnerabilities, with companies increasingly challenged to meet information system SOX requirements.

38% of firms surveyed do not have sufficient security controls to comply with SOX.

How Data Theft Occurs: Easy, While Painful for Businesses

There are two main types of data theft: human identity theft, and proprietary information theft.

Theft of Human Identity: The Faceless Crime

Companies are vulnerable to both internal and external attacks with the aim of securing personal information.

Criminals

may sell or use stolen information to allow them to pose as someone else, for the purpose of gaining monetary rewards. The case of credit card applications has been a growing and costly trend for businesses.

Credit card fraud can end up costing the true owner of the stolen identity tens of thousands of dollars on multiple cards, without ever realizing it or spending a single dime of it themselves. There is so much public data and sensitive personal information on computer systems throughout the world, businesses holding such private information need to be vigilant and implement robust security controls to guard against it.

Businesses can face public relation disasters, stretching their reputational risks to the core. And if your firm is a public company, Sarbanes-Oxley (SOX) regulatory requirements haven’t made corporate governance any easier; in fact, it has put governance at the top of many Board agendas.

Theft of Proprietary Information: Intellectual Property As Crown Jewels

Two of the largest targets by perpetrators of data theft are proprietary information and intellectual property. Financial data, customer lists and R&D are all extremely lucrative and more importantly, extremely private. And much of the fraud is perpetrated by those in trusted positions—employees. As with many technology-based businesses with intellectual property being one of their crown jewels, the business risk can potentially be a death knell to a firm’s very long-term survival.

Armed with this information in hand, data theft criminals can use this information to take on new identities and/or use the information for their own benefit, more often to reap financial benefits.

How Easy Is It To Commit Data Theft? Very Easy.

It is surprisingly easy to commit data theft, given that most computers are left vulnerable to attack. The use of trojan viruses provide a simple way of entering a private unauthorized computer and stealing information.

Ports that remain open, as well as unsecured online information transactions offer convenient methods for criminals to hi-jack systems and transmit replicated data.

The unfortunate truth is that these methods of data theft are not difficult to execute and are easily accessible on newly installed or unprotected systems. This exposes businesses to greater security risks, requiring constant and vigilant monitoring.

Tip of the Month

Cut down on lost revenue from badge sharing

It happens frequently at events. An attendee lets a friend borrow her badge to attend a special session or event and then later gives the badge back to the attendee.

But what can you do to prevent this badge sharing?

There are currently badge technologies on the market that can detect irregular behavior that indicates several people are sharing the same badge.

Ask your registration company what they can offer to help you cut down on lost revenue due to this process.

AEO doing away with audits

Hot gossip at the recent Exhibiting Show was that the AEO were ditching show audits as a pre-requisite for membership of the association.

According to an audit professional, the AEO had stated that asking organisers to provide accredited audits for their events was becoming a "barrier to membership".

It was also rumoured that an ex-AEO employee was preparing to offer Stg 200 audits to organisers.

As a champion of "best practice" within the events industry the AEO seems to be dumbing down the importance of proving to exhibitors, sponsors and visitors what they are going to get for their time, trouble and investment.

Perhaps there is a need for an association who takes the industry and those who participate in it seriously.



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The Definitive Guide to Business-to-Business Marketing in a Recession

Does an economic slowdown necessarily mean that business-to-business marketers have to find even more ways to do more with less? Or can a downturn create opportunity for smart marketers to grow and thrive?

In this guide to B2B marketing during a recession, I answer these questions and share specific strategies you can use to shine when times are dark.

Are We in a Recession?

First of all, I should explain I do not think that the world is in a recession—yet. A recession requires two quarters of negative GDP growth,

So we may not yet be in a recession, but times are growing increasingly difficult for consumers. The subprime mess is real, rising energy and food costs are cutting into discretionary spending, and the weakened dollar is importing inflation to our economy.

According to the Web site *How I Spent My Stimulus*, the \$152 billion stimulus package is going primarily to reduce consumer debt or pay for higher gas and food costs, not to stimulate incremental spending.

I like to say that we are in the worst possible non-recession. And, since prior downturns avoided becoming a (global) recession because of resilient spending by American consumers—a saving grace we don't have this time—things may still get worse before they get better.

What Does This Mean for Business-to-Business Marketing?

Fewer consumers means less demand; less demand means efforts to stimulate demand (i.e., marketing) are less effective overall. In other words, when people buy less, advertisers spend less. According to research firm Veronis Suhler Stevenson, advertising in the US dropped 9% in the 2001 recession and Internet advertising specifically fell 27%.

I should point out that this slowdown applies to business-to-business marketers as well, because as consumer spending drops the businesses that sell to those consumers reduce their spending as well.

However, these macro trends hide two important facts:

1. Branding and other forms of push marketing drop in a slowdown, while direct marketing tends to rise. When budgets are cut, the channels with the least ability to measure marketing ROI are cut especially hard as companies shift spending to more measurable channels. Investment bank Cowen and Company looked at the last six recessions since 1950 and found that spending on direct marketing actually grew during six recessions.

2. This time is different for online marketing. In the 2001 recession, online marketing was still unproven and got caught in the downward collapse of the Internet in general. Today, the trend to shift advertising dollars to measurable online channels is proven and won't disappear anytime soon. However, just because online marketing won't crater doesn't mean it isn't immune from a slowdown. In fact, eMarketer recently reduced its 2008 estimate for US online advertising to \$25.8 billion. That is a 7% reduction from its prior estimate—but it is still 23% higher than 2007's total. In other words, the recession may slow down the growth of online marketing, but it's still growing at a significant pace.

What this means is that a recession will accelerate the decline of interruption-based mass advertising that simply shouts your message to customers. In its place we will see increased growth in measurable and relationship-based strategies such as search marketing, email marketing, lead nurturing, and online communities.

A downturn can also create opportunity for the companies that are more efficient at turning marketing investments into revenue, since there will be less competition overall.

In a study of US recessions, McGraw-Hill Research found that business-to-business firms that maintained or increased advertising expenditures during the 1981-1982 recession averaged significantly higher sales growth than those that eliminated or decreased advertising. It found, in fact, that by 1985 the companies that were aggressive recession advertisers had grown their revenue over 2.5X faster than those that had reduced their advertising.

Seven Strategies for B2b Marketing During a Slowdown

Given these macro-economic trends, how should you allocate your marketing budget—and time? Here are specific business-to-business strategies you can use during a downturn:

1. Use lead management to maximize the value of each lead

In a recession, risk-averse buyers take longer than normal to research potential purchases. When you first identify a new prospect (regardless of whether he/she downloaded a whitepaper, stopped by your booth at a tradeshow, or signed up for a free trial), that prospect is more likely than not still in the awareness or research stage and is not yet ready to engage with one of your sales reps.

This means that you need lead scoring to identify which leads are highly engaged and lead nurturing to develop relationships with qualified prospects who are not yet ready to engage with sales. Without these capabilities, as many as 95% of qualified prospects who are not yet sales-ready never end up turning into a sales opportunity. These prospects are valuable corporate assets that you worked hard to acquire, and in a down economy you need to do everything possible to maximize value from them.

Implementing even simple automated lead-nurturing

programs can yield a 400% improvement in the conversion of qualified prospects into sales opportunities over time. Net-net: Companies that can do a better job of managing leads and developing early-stage prospects into sales ready leads will be in the best position to thrive in a downturn.

2. Focus on your house list

In a recession, you may have less money to spend on acquiring new customers. The solution is simple: Spend more time marketing to (and building relationships with) the people you already know.

Activities that can help you get the most out of your existing relationships include conducting lead-nurturing campaigns, creating new content to offer to existing prospects, and cleaning and augmenting your marketing lead database with progressive profiling.

3. Build and optimize landing pages

When times are tough, it's more important than ever to maximize the return on your advertising. Whether you are using Google AdWords, banners, sponsorships, or email campaigns, a dedicated landing page is the single most effective way to turn a click into a prospect.

A relevant landing page can easily double conversions versus sending clicks to the homepage, and testing your pages can increase conversions by another 48% or more. Together, these tactics alone can result in 2.5X more leads for every dollar you spend, something that's sure to look good in tough times.

However, most companies are under-using this important technique: 44% of clicks for B2B companies are directed to the homepage, not a special landing page, and of B2B companies that use landing pages 62% have six or fewer total pages.

A recession is perhaps the best time to focus on some of these basics.

4. Content is for later in the buying cycle

When buying slows down, you need to focus more than ever on making sure that you are finding the prospects who are actually ready to buy—or, even better, make sure that they are finding you.

One great way to do this is to focus your offers on content that will appeal to someone who's actually looking for a solution (as opposed to thought-leadership and best-practices content, which can appeal to prospects who may one day have a need but are not currently looking). Examples of this kind of content can include "Top 5 Questions to Ask a Potential Vendor" whitepapers, buyers guides and checklists, analyst evaluations, and so on.

5. Appeal to the nervous buyer

A recession can mean more risk-averse buyers, which may lead to a tendency to go with "safe" solutions. This is fine for large established companies, but it means that younger companies need to do more than ever to

reassure buyers and build trust.

Tactically, this means including customer references, reviews, expert opinions, awards, and other validation as part of your marketing.

Strategically, a recession means fewer risk-takers and visionaries, so take a lesson from Geoffrey Moore's *Crossing the Chasm* (pdf) and use methods that appeal to mainstream pragmatists: industry-specific marketing tactics and solutions, vertical customer references, relevant partnerships and alliances, and whole-product marketing.

6. Align sales and marketing

Today's prospects start their buying process by interacting with marketing and online channels long before they ever speak with a sales representative. This means companies must integrate marketing and sales efforts to create a single revenue pipeline.

The old days of functional silos and poor communication between the two departments must end. A tougher selling environment, driven by a recession, means this is more true than ever.

7. Don't be a cost center

Most executives today think that Sales delivers revenue and Marketing is a cost center. Marketers are partly to blame for part of this mindset, since when we use metrics such as "cost per lead" we frame the discussion in terms of costs, not in terms of impact on revenue. More subtly, language like "marketing spending" and "marketing budget" instead of "marketing investment" perpetuates these beliefs.

In a recession, marketing needs more than ever to change these perceptions. This means that marketing investments must be justified with a rigorous business case and should be amortized over the entire "useful life" of the investment. And it means marketing must increase marketing accountability by demonstrating the impact of each marketing activity on pipeline and revenue.

Of course, this is easier said than done, but that doesn't mean you shouldn't try. Even small steps, like reports that show the total opportunity value for each lead source or campaign, can make a big impact.

Conclusion

Even if we aren't in a recession, we are in for some tough economic times—and an economic slowdown means a tendency to scale back marketing spending. However, research shows that a downturn creates opportunity to accelerate growth faster than your competitors. This means it may be the best time to step up your marketing—at least in quality if not quantity.

The marketers who focus on getting the most out of every dollar spent and on demonstrating marketing's impact on revenue and pipeline will be well positioned to come out of the slump looking like a star.

Marketwatch: State of the industry

The 2008 CEIR Exhibition Industry Index reveals the overall exhibition industry continued to outpace U.S. economic growth from 2006 to 2007

The exhibition industry continues to see steady growth, according to The Center for Exhibition Industry Research (CEIR, www.ceir.org), which recently released its 5th Annual Exhibition Industry Index Report. While CEIR tracked a 3.2 percent increase in the performance of the overall exhibition industry from 2006 to 2007, compared with a 4.8 increase from 2005 to 2006, the 2007 increase outpaced the overall U.S. economic growth increase of 2.2 percent.

The CEIR Index measures performance based on four metrics: net square feet (NSF), number of exhibiting companies, number of professional attendees and exhibition revenue from all sources. The index baseline of 100.0 is founded on 2000 data. Year-over-year change in each metric is reported in index points. The average of these four index values comprise the “total.”

In 2007, CEIR found that the overall exhibition industry growth of 3.2 percent over 2006 levels was led by a 6.8 percent gain in revenue and a 4.9 percent gain in attendees. The report revealed that all but one of the 11 industry sectors — building and construction — grew in 2007, led by the government sector with a 12.6 percent gain for the year. Four sectors improved their growth rates in 2007 compared with 2006: sports, technology, government and consumer goods. Despite this growth, the 2007 growth rates for NSF declined for all sectors except technology.

CEIR found that the overall exhibition industry grew at a 2.5 percent compound annual growth rate (CAGR) from 2000 to 2007 as all four industry metrics rose across the period, led by NSF and revenue with 3.1 percent increases. Attendance rose at a 2 percent CAGR from 2000 to 2007 compared with exhibitors at a 1.5 percent CAGR. Growth for the overall exhibition industry across the period was led by the sports, transportation and building and construction sectors, which increased at 5.3 percent, 5.0 percent and 4.3 percent respective CAGRs.

CEIR reports that the first three quarters of 2007 saw positive growth for the overall exhibition industry of 3.5 percent, compared with the first three quarters of 2006, while the industry softened a bit in the fourth quarter of 2007, declining 1.9 percent compared with 2006. And although CEIR predicts some continued softness for the industry in the first half of 2008, the long-term outlook for the exhibition industry is promising, as the industry has historically rebounded well following economic downturns.

The total for the overall exhibition industry reached a periodhigh of 118.6 in 2007, a 3.2 percent increase over 2006 levels, led by an impressive 12.6 percent total

increase in the government sector, a 6.9 percent gain in the communications and information technology sector and a 6.6 percent increase in the raw materials and science sector. From 2000 to 2007, the overall exhibition industry increased at a 2.5 percent CAGR. All industry sectors gained over the period, except for consumer goods and food, which remained flat, and technology, which declined at a 1.6 percent CAGR.

Although the professional business services sector was flat in 2007, it saw 4.6 percent and 5.7 percent respective gains in attendance and revenue. From 2000 to 2007, the sector grew at a 2.9 percent CAGR, similar to the overall exhibition industry's growth. While NSF and exhibitors remained flat from 2000 to 2007, all other key metrics increased over the period, led by 6.7 percent and 4.2 percent CAGR respective gains in revenue and attendees.

The consumer goods and retail trade sector grew 1.6 percent in 2007 over 2006 levels, driven by 8.4 percent and 4.7 percent yearover- year respective increases in attendees and revenue. From 2000 to 2007, the sector declined at a 0.4 percent CAGR. At the same time, attendees and revenue increased at 1.3 percent and 0.5 percent respectively.

In 2007, the sports, travel, entertainment, art and consumer services sector's total rose 5.5 percent over 2006 levels, led by double- digit attendance growth — more than twice the industry average. The Index's top performer from 2000 to 2007, the sector grew at a 5.3 percent total CAGR. All metrics in the sector rose during the period, including a 9.5 percent CAGR gain in revenue and a 7.2 percent increase in attendance.

The food category performed flat in 2007, despite a 2.8 percent gain in attendance and a 2.3 percent increase in exhibitors. Food shows also remained flat from 2000 to 2007, with NSF and exhibitors increasing at 1.2 percent and 2.2 respective CAGRs, offset by attendance decreases of 0.8 percent and revenue decreases of 1.8 percent CAGR.

As the best performing sector in the Index, in 2007, the government, public and nonprofit services sector gained 12.6 percent over 2006 levels, led by a 17.3 percent increase in revenue, a 15.0 percent gain in exhibitors and a 13.8 increase in NSF. From 2000 to 2007, the sector increased at a 2.2 percent CAGR, with gains in all metrics except attendance. NSF, exhibitors and revenue grew at respective CAGRs of 4.2 percent, 2.8 percent and 1.9 percent.

Despite a 2.6 percent increase in revenue in 2007, the building, construction, home & repair sector's performance fell 2.2 percent from 2006 levels, driven by a 6.8 percent decrease in attendees and a 3.2 percent decrease in NSF. However, the category increased at a 4.3 percent CAGR from 2000 to 2007, led by 7.2 percent and 4.3 percent respective CAGR increases in revenue and NSF, and outperforming the overall exhibition industry.

In 2007, the total for the industrial/heavy machinery and

finished business inputs sector gained 1.9 percent over 2006, led by 4.7 percent and 2.9 percent respective gains year-over-year in NSF and revenue, but pulled down by a drop in attendance and flat numbers of exhibitors. From 2000 to 2007, the total for the sector increased at a 2.3 percent CAGR, led by a 6.2 percent gain in attendees.

The Index's second top performer in 2007, the communications and information technology (IT) sector gained 6.9 percent over 2006 levels, with all industry metrics up, driven by a 10.2 percent gain in revenue, an 8.2 percent increase in attendees and a 5.2 percent gain in NSF. However, from 2000 to 2007, the total for the category declined at a 1.6 percent CAGR, with all metrics decreasing except revenue, which remained flat.

In 2007, the medical and healthcare sector saw relatively flat results compared with 2006 levels. During the period, attendees gained 1.6 percent, while revenue decreased 1.7 percent. From 2000 to 2007, the sector increased at a 3.4 percent CAGR, with all metrics gaining across the period, and outperforming the overall exhibition industry.

Another top performing sector year over year, the raw materials and science sector gained 6.6 percent over 2006 levels, led by a 17.3 percent increase in revenue, a 4.5 percent gain in NSF and a 4.0 percent increase in attendance. From 2000 to 2007, the sector increased at a 2.6 percent CAGR, with all metrics except exhibitors gaining.

In 2007, the transportation category also performed well, growing 6.2 percent over 2006 levels, led by a 13.9 percent increase in revenue and a 4.7 percent gain in NSF. From 2000 to 2007, the sector grew at a 5.0 percent CAGR, led by a 7.6 percent CAGR gain in revenue, outperforming the overall exhibition industry.

B-to-B Sectors

The CEIR Index breaks down the 10,000 business-to-business exhibitions into 11 sectors:

1. Professional Business Services — accounting, advertising and marketing, architecture; audiovisual; banking; business; engineering; financial and legal; insurance; plant engineering and operations; printing; safety; security
2. Consumer Goods and Retail Trade — apparel; gifts; hardware; housewares; jewelry; laundry and dry cleaning; leather goods and luggage; lighting; office equipment and supplies; photography
3. Sports, Travel, Entertainment, Art and Consumer Services — amusement; art; beauty and personal care; boats; fishing; funeral industry; hotels and resorts; real estate; recreational vehicles; religious; rental and leasing; sporting goods and recreation; toys and hobbies; travel industry
4. Food — food and beverage; food processing and

distribution; restaurants and food service

5. Government, Public and Nonprofit Services — associations; education; fire and fire protection; government; libraries; military; police
6. Building, Construction, Home and Repair — building and construction; home economics; home furnishings and interior design; housing; landscape and garden supplies; stores and store fittings; woodworking
7. Industrial/Heavy Machinery and Finished Business Inputs — air conditioning, heating and refrigeration; manufacturing; metalworking and coatings technology; packaging; robotics; waste management; welding
8. Communications and Information Technology — communications; computers and computer applications; electrical and electronics; publishing, radio, TV and cable; telecommunications; telephone
9. Medical and Healthcare — dental; industrial; medical and healthcare; nursing; pharmaceuticals; veterinary
10. Raw Materials and Science — agriculture and farming; ceramics and glass; chemical; energy; floriculture and horticulture; forest products; mining; ocean science and equipment; paint; paper; petroleum, oil and gas; plastics; pollution control; science; textiles; water; wire
11. Transportation — aerospace and aviation; automotive and trucking; physical distribution; railroads; transportation

Glossary

Attendees: Number of professionals or “buyers” attending an event. For business-to-business exhibitions, this number excludes exhibiting company personnel, friends and family and other nonbusiness attendees.

Business-to-Business Exhibitions: Exhibitions produced for the primary purpose of displaying products and services to decision makers. These events represent businesses and are not open to the public.

Business-to-Consumer Shows: These events are open to the public and display goods and services to the consumer market.

Exhibition: An event with 3,000 or more net square feet of exhibit space and 10 or more exhibiting companies.

Exhibitors: Number of companies and other organizations occupying exhibit space at an exhibition. This includes exhibit space traded for in-kind services and other noncash consideration.

Net Square Feet (NSF): Exhibition space sold for revenue or in-kind services (does not include aisle space or meeting rooms).

Revenue: Gross exhibition revenue generated from all

sources, including the sale of exhibit space, conference fees, advertising, sponsorships and other sources.

Total: The nonweighted average of the four CEIR Index component values — NSF, exhibitors, attendance and revenue.

Why Aquisitions Fail

What looks great on paper often succumbs to integration failure. Five mistakes to avoid.

It's a far too familiar story: An acquisition that looks perfect for both parties — great synergy, strong management teams, an industry stalwart entrepreneur joining forces with a resource-rich media firm. The future looks bright, indeed. Yet one year later, the acquisition has fallen far short of its intended goals, and the entrepreneur is gone — probably waiting out a noncompete.

The issues that can thwart a successful acquisition integration are as complex and varied as the people who make it happen. However, having a plan in place that encompasses these four key elements can go a long way toward ensuring a smooth transition.

Synergy: How will the acquisition fit with existing products, organization goals, revenue goals and cost efficiencies?

Strategy: What actions must be taken to ensure the show's future health?

Systems: What resources need to be tapped to support the integration?

Culture: How will the two organization's cultures be embraced to best effect?

Even experienced exhibition executives can, and have, misstepped during the integration process. For what looks great in theory still has to be put into practice.

Mistake #1. Lusting for an acquisition, no matter the fit.

Kerry Gumas had to learn not to fall in love with the businesses he considered acquiring. Too often, admits the President and CEO of Questex Media Group (www.questex.com), a dynamic kicks in between buyer and seller that drives both parties to conclude a deal. "You have to be clear-minded that there's a business and cultural fit — and know when to walk away from the table," he says.

How must the executive team at the Society of Manufacturing Engineers (SME, www.sme.org) have felt when it heard that Reed Exhibitions Canada was selling seven manufacturing technology shows? The trade show products offered great value and advantages — a larger and improved presence for SME, greater visibility for

components of its strategic plan including its commitment to education, and the chance to increase member engagement. Because SME's mission is to advance manufacturing through education, publications and events, it was an easy acquisition to fall in love with.

For SME, it also made practical sense. The association has excelled by following a concept of regional bases, with shows like EASTEC and WESTEC. These advanced productivity expositions almost parallel the Canadian shows: for Western Canada the focus is on oil and gas; for central Canada, it's automotive; and in Quebec, it's aerospace and pharmaceuticals. A national event could never capture what works for each region.

Yet "there was probably more to integrate than we realized at the time," says Gary Mikola, Director SME Events, especially in the area of the human resources. That's because Reed staff came with the acquisition, and many were "long-time purists, which can be a difficult proposition," says Steve Prahals, General Manager, Canada, and formerly President of Reed Canada. "Moving to SME allowed us to start to recruit folks for multi-dimensional careers — with membership, foundation work, certification and education. The event platform is a wonderful way to promote all SME activities."

Mistake #2. Delaying decisions until the acquisition is completed.

Due diligence is not just an exercise to confirm what a company is buying, says Eric Lisman, Executive Vice President of Corporate Development, Advanstar Communications (web.advanstar.com). It's the time to determine how a show will work within the new organization. That's when the business head and department leaders overseeing HR, IT and finance must put together an integration plan.

"Many companies, however, don't have these internal resources," he says. "They have to rely on consultants for due diligence, who don't know their company well enough to tell them where the acquisition needs to go."

It's during due diligence that Gumas closely examines three areas: sales, marketing and audience development, and considers how to work with the management team to improve processes and performance metrics. What he can't get, because of the required confidentiality agreement, is direct feedback from attendees and exhibitors. That has to wait for the acquisition to close, when he can more deeply research the customer base.

He does, however, share the results of due diligence with the management team, pre-acquisition. This working session on the management plan for the first 100 days includes how people and resources at both Questex and the acquired organization will be utilized, and what milestones will be achieved.

"We do this specifically before closing because it's a way to eliminate potential sources of disagreement,

disappointment or misunderstanding later on,” Gumas says. “Everyone understands how we’re looking at the business, and that goes a long way in taking some of the mystery out for the entrepreneurs who remain with us. It becomes as much their plan as our plan — we remove ‘them’ and ‘us.’”

Mistake #3. Delaying actions that keep staff on edge.

In a perfect world, an acquisition would be integrated on Day One. “Every delay comes back to haunt you and translates into a missed opportunity,” says Neal Vitale, President and CEO, 1105 Media. “So you need to make changes cleanly and decisively and move forward immediately with a new game plan. If things drag on and are not clear, people become confused.”

That’s why talent and relationships are key issues to tackle immediately.

Gumas prefers to maintain the management team, with the entrepreneur founder (whom he has already identified as “like-minded”) leading the acquired operation. It’s a model Don Pazour, CEO, Access Intelligence (www.accessintel.com), doesn’t usually endorse. In fact, one of his acquisition rules is: If you want an acquired business to thrive in its new home, fire the owner. “What makes an entrepreneur does not make a corporate business manager,” he says.

Yet he chose to break his own rule when he bought The TradeFair Group, retaining Sean Guerre as President and CEO. “We were buying management, as well as the assets,” Pazour says. “Sean is a relatively young man with an incredibly small ego for an entrepreneur, and he had a partner who wanted to cash out. We gave him a much bigger sandbox in which to play.”

The second a deal is announced, staff will be rightly concerned about what it means to them. “It’s painful when human beings lose their jobs and their lives are messed up,” Pazour says. “If you’re buying an entrepreneur’s company and not keeping the bookkeeper, who is his mother’s neighbor, you don’t spring it after the deal closes. Let people know they’ll be released by a certain date. Don’t extend the period of uncertainty.”

No detail is too small to staff. “It’s amazing the questions they raise, especially about benefit issues,” says Lisman. “They assume the worst, create anxiety among their co-workers and can’t do their jobs.” Make the announcement, he advises, and then sign up people for individual appointments with human resources staff that very day or the next. Never let them stew for more than one night without an answer.

Pazour warns against two scenarios: When acquirers don’t quickly make the moves they planned, like cutting below-par performers, they lose value-building during the critical early days. And, if it makes sense to eliminate people and structure the business a particular way, do it when there’s objectivity. “As time goes by, we become

emotionally connected with people and processes,” he says. “Get the unpleasant stuff done before you establish emotional ties.”

Nearly as important as people is data. It’s imperative to integrate media platforms that supply information, networking and marketing for an industry or audience, in order to continue a level of service. SME’s purchase agreement specifically outlined its very first hurdle — replacing hardware and software that were proprietary to Reed.

All acquirers want their own systems in place as soon as possible to deliver everything from registration to invoices “their” way. “That means first figuring out the overlaps before you can move forward,” says Vitale. “It can be disruptive if people are going in different directions,” he notes. “But you’re moving so fast at that point that we can fail to do a good job informing and educating in a formal fashion.”

Mistake #4. Overlooking the “culture” shock.

When for-profit 1105 Media bought FETC, an educational technology conference, from a nonprofit organization, there was a considerable difference in mentality, says Vitale. “They had all the right goals, but not the tools, resources or experience that a forprofit media company can provide. The asset had great strengths but was not being fully maximized.”

Prahalis, who came to SME from Reed, makes the opposite case. It was refreshing that SME stayed true to its mission, rather than just maximizing the bottom line, he says. To make sure those in the Canadian operations embraced SME’s mission and understood the objectives, he and Mikola made sharing information and learning from each other their top objectives during the first year of SME ownership. Every quarter, the Canadian team visited the headquarters office and its staff of 150. They also participated in the society’s “Power of Lean” program throughout 2007, whereby SME revised its organization-wide process map and tools. The dual activities — integration and process streamlining — helped SME evangelize its mission and culture, as well as bring the new team into the fold.

Pazour takes a different slant. “I increasingly believe that those of us who manage private-equity companies and are in multiple markets have to be culture-tolerant,” he says. “The most important thing is to not destroy or damage the asset you bought, or lose the human element that makes the business tick.” For a company that operates in multiple markets, that means nurturing multiple cultures under a single corporate umbrella.

Lisman agrees. “The last thing I want to do is change the market-facing culture — how people interact with customers. If you do that, you’re missing the whole point of what makes a show successful,” he says. Advanstar’s many market cultures are indeed very different from one another — motorcycles to health care to fashion, for

example.

The flip side — the internal culture — is another story. “When we buy a small entrepreneurial company, its measurement systems often aren’t very sophisticated,” Lisman says. “We consider that cultural, and it’s important.” Advanstar wants business decisions to be based on facts and have accountability, so it will incorporate internal measurement and tracking processes as soon as possible.

The way Skip Farber, CEO, WSA Global Holdings (www.wsashow.com), looks at it, though, the real cultural differentiator is whether the acquired and acquiring companies are revenue-driven or cost-driven. Is the talk about being a growth company really lip service? Or is the true focus on controlling or cutting costs? “Economic circumstances or competitive situations will dictate that philosophy,” he says.

Mistake #5. Attempting to fully integrate the acquisition too quickly.

Rarely is a show acquired on the closing day of the event, so new owners must carefully calibrate the actions they want to take. “The processes that drive the show can’t come to a screeching halt because the show is changing hands,” Vitale says.

When 1105 Media bought FETC just prior to the event’s staging in January 2007, it had virtually nothing to do with the first show under its ownership. Its impact began to be felt in the first cycle, as old contracts expired and new vendors were put in place. The 2009 event — fully two cycles with FETC in-house — will finally display 1105 Media’s full stamp. All legacy activities will have been updated, and new teams put in place. “Buying right before a show runs is probably the ideal timing,” he says.

Clearly, delivering new products and services to a customer base takes time. “You can ‘white board’ the opportunities. But the practicalities of prioritizing and executing — while bringing different cultures together — can take one-and-a-half to two show cycles,” Gumas says. “You will, though, come out on the other end with a strong strategy and integrated team.”

The process is further slowed when acquired shows are not produced annually. Because the Canadian shows it purchased run in alternate years, SME knew it had a two-year window to fully integrate them. But the fact that the customer base was only touched once over a two-year period posed a critical challenge. All the buyers, sellers and strategic alliances at the six shows had to be fully introduced to SME, so that management could concentrate on improving the show experience at the subsequent event.

Clearly, SME needed to make some moves early on. Within 90 days, Prahalis’ team at SME held close to 75 face-to-face meetings to ensure that every major customer or partner understood what SME brought to the

table and how the overall experience would improve. At the first event held under its banner in May 2007, the society introduced educational and networking components, including an SME 75th anniversary session, all of which materialized quickly because of the society’s credibility.

Prahalis, though, faced an organizational challenge at the same time: how to mobilize a staff of less than 15, where before he had 30. He had lost bandwidth, and no longer had the option of pulling people off other Reed shows to work on his. As the Canadian team scaled the learning curve, they began to identify resources and systems in marketing, operations and finance at SME headquarters that could support strategic growth and revenue generation. “By adopting some of their templates and processes,” Prahalis says, “we free up a lot more time for creativity, key account management, sponsorships and strategic alliances.”

Blogging the Show

As real-time media changes show coverage dynamics, organizers are pressed to understand, court and credential the blogging community.

An attentive, engaged audience at a general session is every organizer’s dream scenario. Lively give-and-take can be an accurate barometer of the event’s success. But in this era of instant communications, be careful what you wish for.

At the recent South by Southwest (SXSW) Interactive conference in Austin, TX, many attending a one-on-one interview featuring Facebook Founder Mark Zuckerberg didn’t like what they were hearing and took their complaints to cyberspace — in real time.

Flooding the instant messaging-based “micro-blog” site Twitter with posts ridiculing the interviewer, business/tech journalist Sarah Lacy, for lobbing softball questions, frustrated posters were quickly delivering their verdict: The questions were lame; the audience was squirming; and the session was close to bombing.

It didn’t take long for some in the audience to chime in. Emboldened by the volume of Twitter complaints and handed an opening by visible and escalating tension between Zuckerberg and Lacy, calls for audience participation and more substantive questioning followed. When a surprised Lacy at one point asked the audience, “What’s wrong?,” one audience member reportedly replied, “Check Twitter.”

Welcome to the world of real-time mass communications and Web-based social networking, where anyone with an Internet connection or instant messaging capabilities can tell the world what they’re experiencing as it happens and as they see it.

As the SXSW case illustrates — in the extreme, perhaps the rise of real-time information exchange and unfiltered commentary poses potential challenges for show producers. While it hardly suggests a rash of cyberspace chat-fed audience revolts is at hand, attendees’ increasing

ability to share show impressions, observations and information with Webbased communities is a new dynamic for shows accustomed to a top-down, command-and-control approach.

The rapid emergence and growing influence of blogging on opinion formation is forcing more show organizers to get a handle on understanding what's being said about their events in the back channels of cyberspace, who's saying it and why. In turn, it's forcing more shows to revisit press credentialing, with an eye toward accommodating and, in some cases excluding, those who ply their trade in the blogosphere.

Gaining Access

Aware of the mounting number and influence of blogs following its industry, the Consumer Electronics Association, Arlington, VA, continues to ratchet up its understanding of blogs and bloggers wielding the most influence. Whether they're blogs associated with trade or consumer publications that cover the industry, or those that have emerged to cater to a cyberspace audience, CEA is working to encourage those that are relevant, influential and responsible to attend its annual International Consumer Electronics Show (CES) in Las Vegas.

"There are many reputable technology-oriented bloggers whose needs we want to meet and for whom we want to make CES as great an experience as possible," says CEA Communications Director, Tara Dunion. "An increasing number of them are doing a great job of covering the industry online, and they're getting more integral all the time to the coverage we want the world's largest technology show to get."

For its January 2008 show, CEA issued full press credentials to more bloggers than ever. A total of 280 bloggers were given full access to the exhibit floor, educational sessions and related events, as well as a first-ever blogger's lounge outfitted with relevant services such as wireless Internet connectivity, Dunion says. Still, some 100 bloggers were turned down because they didn't meet CEA's criteria related to the frequency, nature and tone of industry-related coverage, as well as influence, which is measured by blog traffic.

Some shows don't allow bloggers at all, while others grant limited access to specific events but not full press credentials. Still others limit the number of bloggers to a certain percentage of total press.

Indeed, the sheer number of blogs that might claim legitimacy is just one part of the blogging recognition dilemma facing show organizers. Serving up everything from sober, balanced news coverage and biting commentary to agendabased activism and frivolous gossip, the blogosphere is a Wild West version of traditional journalism, a place still largely devoid of rules.

Combine that with a medium whose lifeblood is immediacy and the conditions are in place for a roving community of laptop and digital-camera wielding bloggers and podcasters to influence how even the most elaborately choreographed exposition is perceived, marketed and even managed.

While that's a source of mounting frustration and worry, a growing number of show producers and observers of blogging and Web-based social networking trends say it's something trade shows must learn to deal with constructively. With proper understanding and management of the blogging community, they say, the net effect can be positive for show producers.

Reaching Out

Few in the trade show community would agree more than Rick Calvert, Sales Director for the annual exhibition for the Association of Woodworking and Furnishing Suppliers (AWFS, City of Commerce, CA. A longtime blogger and organizer of the new BlogWorld & New Media Expo, Calvert says blogging is only going to get more pervasive. And trade shows — the ultimate gathering place for the people, products and buzz that bloggers feed on — are a big part of their ecosystem.

"Bloggers are out there, it's already out of the bag," he says. "You can pretend that you have control, but the fact is your brand doesn't belong to just you anymore, it also belongs to the public. So shows need to accept and embrace that fact."

That increasingly applies to shows of all kinds, Calvert says, not just technology-oriented events that generally draw more attention from the blogosphere. With his encouragement, AWFS leadership has started to understand the value of plugging into the blogging phenomenon. Through his BlogWorld expo, attended by more than 1,000 bloggers, Calvert met a blogger who, unbeknownst to AWFS, blogged and live streamed eight episodes of Webcast from the floor of the recent AWFS show.

"Shows must make an attempt to understand what bloggers are doing, who they are and which ones should be reached out to and welcomed," Calvert says. "The AWFS is 100 years old and the show is 52 years old, and some of the organization's more senior gentlemen are even starting to understand the impact of blogging and social media and how it may benefit the show."

While they operate differently than traditional media on several planes, bloggers offer many of the same benefits to shows: coverage, exposure and legitimacy — to name just a few. What's different is that bloggers can offer fresh perspective in the form of not only "as-it-happens" coverage, but also pre- and post-event insight and commentary. Moreover, their audiences are usually loyal and highly engaged in the subject matter, and increasingly seek information online, sometimes to the exclusion of that offered in print publications.

The Indianapolis-based Custom Electronic Design & Installation Association (CEDIA, www.cedia.net), has begun to credential more bloggers for its annual show, which targets the residential electronic systems and installation industry. Aware that much of the blogging coverage is exhibitor product-based, even as it's occasionally more opinion-oriented, CEDIA views bloggers as an increasingly important conduit for the show.

“We think blogging is good for show marketing in the sense that any information is usually beneficial,” says Jamie Antcliff, Director of Marketing and Public Relations. “Blogging helps exhibitors market their products and can reach out especially well to those who may not be able to attend the show. We find that bloggers are hot-and-heavy posting during the show, and they offer continued commentary after the show.”

While freewheeling opinion comes with the blogging territory, a fact that may send shivers down some show producers’ spines, understanding key blogs and regularly monitoring posts, especially during events, can translate to greater control. Some say they make it a practice to routinely follow blogs during events just to stay in the loop.

“If we see erroneous information being posted about the show, for instance, we’ll go into the comment area of the blog and try to respond with accurate information as quickly as possible,” says CEA’s Dunion. “If there’s some interesting commentary, we’ll even post excerpts on our own show blog.”

Courting Influencers

Indeed, the presence of more show-sponsored blogs is evidence that more shows are appreciating the growing power and influence of blogging. Organizations that not only accept the reality of blogging and other forms of nontraditional media at their shows, but also actively seek to engage it, can position themselves to reap the advantages.

“The people you want at your show are influencers, and it really doesn’t matter what they’re called or what their title is,” says David Berlind, Executive Conference Director of Interop (www.interop.com), an annual business technology show owned by TechWeb, formerly CMP Business Technology Group, the San Francisco-based business unit of United Business Media, LLC, Manhasset, NY. “They can be journalists for The New York Times or a trade publication, or a blogger that’s seriously plugged into other influencers. It should be someone’s job in every show to get to know who these people are and develop relationships.”

That’s a message that may resonate more with CEA today. At its last CES show, some bloggers with technology Web site Gizmodo, reportedly upset with having to register as bloggers and not full press, used TV-B-Gone remotes to turn off displays in some exhibitors’ booths. The prank got one Gizmodo blogger — but not the organization — banned from the 2009 show.

“It was an isolated incident — the vast majority of bloggers covered the show well and acted professionally,” says Dunion.

Still, that episode and the SXSW audience revolt provides just a bit of a glimpse into the new reality that show producers face. In a world where shows are an open book and the source of endless fodder for technology-wielding citizen journalists playing by a new set of rules, shows would do well to adhere to the saying, “knowledge is power.”

Bloggers are here — deal with it. Here’s how. Bloggers and trade shows. A marriage made in heaven?

Bloggers might say so. Few venues provide so much raw material. Not all show organizers, though, might be ready to make the leap.

But like it or not, bloggers are probably here to stay. With that in mind, here are a few things organizers can do to improve the courtship.

- 1. Learn who’s out there.** Visit sites like Technorati.com, Googlealerts and Bloglines, get RSS keyword feeds and do simple searches to reveal who’s blogging about your industry, association or show. Read the blog postings and try to uncover the voices that appear dominant, wellinformed and interesting.
- 2. Extend a hand.** Reach out to bloggers you’ve identified as influential. Send them information about your show, offer them leads on topics of interest to their audience and even suggest face-to-face meetings.
- 3. Treat them as full press.** Establish some basic benchmarks that define the type of blogger you want to cover your show. Offer full press credentials to those who meet your standards, giving them access to the show floor, educational sessions and other events. Set up areas with wireless, broadband Web access where bloggers can file stories, interview sources and relax. Help them do their job effectively.
- 4. Monitor coverage.** During the show, assign someone to keep tabs on what key bloggers are posting. Be prepared to engage in discussions on blogger sites that offer controversial commentary. Consider linking some blogger sites/postings to an official show blog.
- 5. Keep exhibitors in the loop.** Make it clear to exhibitors and attendees that bloggers will be at the show, and that some may be originating streaming audio and video.
- 6. Incorporate real-time chat into sessions.** Consider meshing running blog/ chatroom content into sessions, like panel discussions. Displaying a reputable blog on a screen can add another dimension to session give-and-take.

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