We’re in THE RISK BUSINESS

Professional congress organiser Kenes Group celebrates fifty years in business this year. AMI editor James Lancaster caught up with the firm’s CEO Dan Rivlin...

JL: The template for Kenes hasn’t really changed since your father founded the business in Tel Aviv back in the Sixties. Do you feel obliged to preserve the company’s medical meetings heritage?

DR: It’s true that for the last 49 years we have focused on the same kind of business - international medical meetings - however we are now starting to consider different segments of the market that could enhance our value, which fall outside the medical field. There will be some areas where there is an overlap in terms of what we already offer - agriculture for example - but I also see us working with different kinds of organisations altogether, more international trade associations, for example.

Expansion began in 2001 with the acquisition of INTERPLAN, Germany. You now operate in 13 countries. What was the biggest challenge over that period?

In many ways we had to create the market and that meant explaining the benefits of a core PCO to clients who had no idea what those benefits might be. We actually had a consultant who told us that our market was no more than five to fifteen clients. It’s a bit like the guy from IBM, Thomas Watson, who said, ‘I think there is a world market

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Kenes founder Gideon Rivlin with son Dan

for about five computers’. The biggest challenge working internationally relates to setting the high standard international clients anticipate. I imagine this challenge is faced by every company that expands its activities worldwide; how to meet and exceed clients’ expectations in a world of diverse cultures and constantly changing business environments.

And what is the biggest challenge now? Compliance - and trying to explain to our clients why it’s so important! Up until two years ago, many of them still turned to us and said, “Compliance! Why do we need that?” Now, however, making sure organisations comply with the Pharma code and medical ethics is probably the most pressing issue.

Do you envisage further expansion or has the business reached a plateau?

We want to expand, but we are trying to work out if we can do that without going down the traditional acquisition route; joint ventures or other types of partnership perhaps. I don’t think it’s likely that we will acquire another big company in the near future, unless we could identify real benefits for our business. We will, however, expand our activities into new markets both geographically and segment wise.

You started offering association management services at the turn of the millennium. Has that become a significant part of the business now?

About a quarter of our long-term PCO clients are also using our association management services. It’s not something we push, necessarily. It can be valuable for the right client, those that can afford it, but a lot of our clients already have their own executive director. Our vision is to have a comprehensive view of our clients’ needs. If there is a need to support them in the strategy and management of their own association, we have the knowledge and the experience to do exactly that. To date, our Geneva office manages 30 international associations with over 33,000 members.
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Are associations actively looking to outsource, or is there a trend towards bringing more services in-house?
I do not see a wider trend towards moving in-house. The desire exists to be fully independent, but most associations can’t afford it financially and strategically. Running meetings is not necessarily a core business for associations, definitely not with the expertise required at present. Also, there are economies of scale when you work with a core PCO, a company that might organise fifty meetings a year, that you just don’t get when you’re organising one or two meetings a year. You need to have adequate resources if you’re going to do everything yourself.

The collapse of Congrex led many to question whether PCOs were taking on too much risk in terms of pre-financing clients’ congresses. What’s your take on that?
I think the collapse was down to bad business decisions rather than anything wrong with the industry in general. We are in the risk business, but we should know what we are doing in terms of managing that risk. We’re not gambling on shares. We are second generation in terms of this industry so we’re doing a business that we know. We have a meeting every other week where we take a close look at those meetings that aren’t necessarily going to make a loss but will probably underperform so we can keep on top of things. That’s what it’s about, sound business practice and calculated risk. However clients should look at values rather than costs alone. The pressure on PCOs to take more risks does not serve anyone in the long term.

Others complain that there’s a lack of transparency over commissions…
The image of PCOs in the market is not that great because commissions are sometimes a part of the structure of how PCOs make a profit. Even if you tell a client you don’t take commission, it’s going to be very hard for them to believe you. It will always be an issue when on one side you have people who are basically volunteers and yet have control of a budget of millions, and on the other side, PCOs who have only been hired for a single meeting. If you’re a core PCO and you sign a deal to work with an organisation for several years you have a vested interest in working with your client as a long-term partner and being more open in terms of how you do business and how you expect to get paid. By definition, long term relationships encompass additional considerations and transparency is a key issue in maintaining client trust.

What does the future look like for the international association meetings sector?
It’s much tougher now. The market is saturated and there’s a lot more competition. Increasingly associations are looking at what else we can offer in terms of innovation, knowledge and education and that’s really where I see Kones. Once upon a time it was all about logistics, now I would say the emphasis is on content and knowledge. Of course logistics still matter, and you only have one chance to get it right, but to a certain extent it’s taken for granted you will.

Today, associations face several challenges as resources are becoming scarce. They will need to consider rotation policy, they can’t just go “anywhere they want” anymore, meeting formats, which may need to become more interactive to attract participants, and new ways to raise funds. They will need to start behaving like entities that are facing continuous challenges on a global scale.