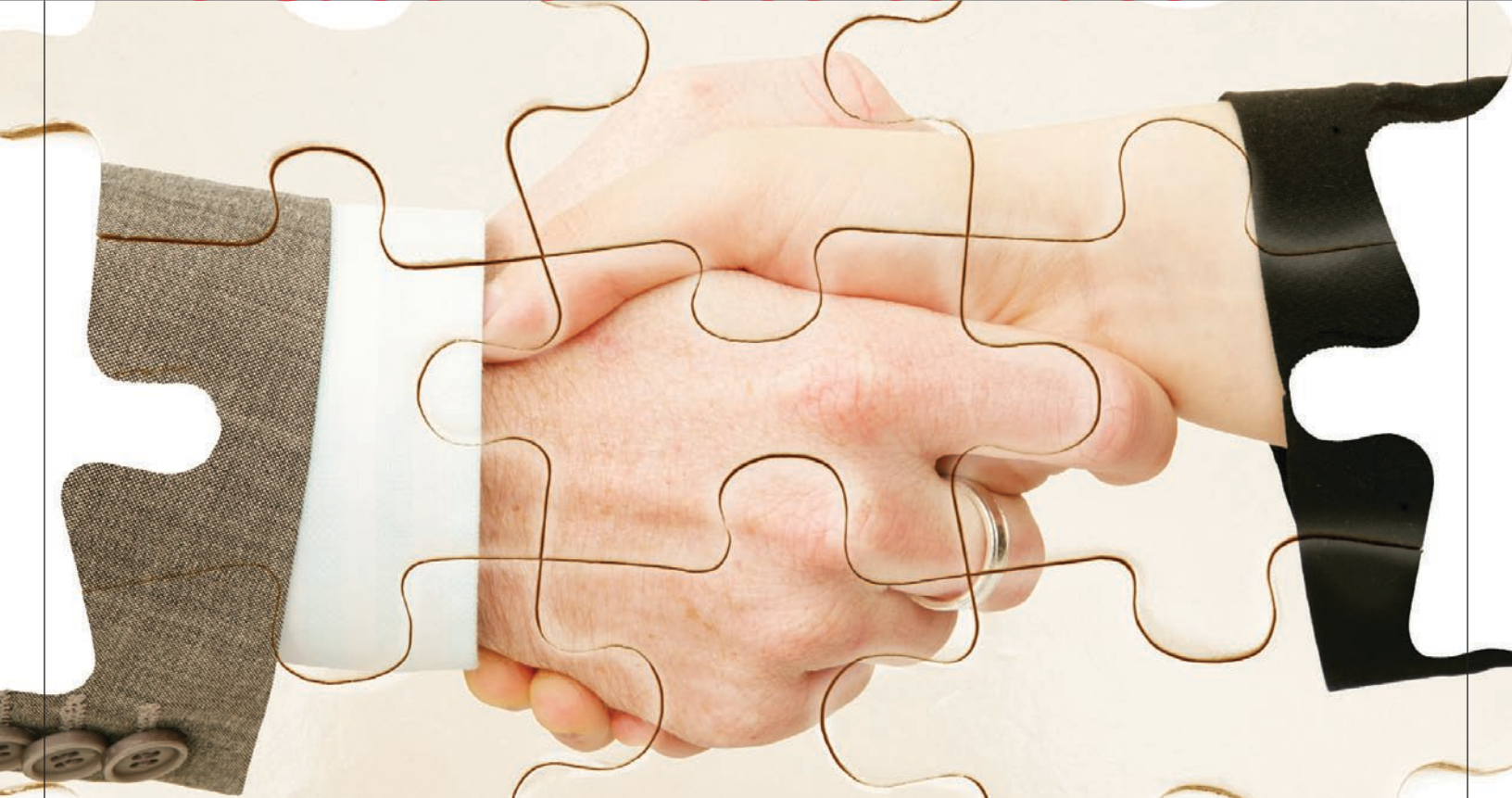


BUSINESS MEETINGS

# The Case for Face-to-Face



**CAN WEBCONFERENCES, VIDEOCONFERENCES AND OTHER VIRTUAL MEETINGS REALLY TAKE THE PLACE OF FACE-TO-FACE CONTACT?** With travel budgets slashed in the wake of recessionary belt-tightening, companies are increasingly turning to technology as a substitute for in-person contact. Yet business executives overwhelmingly agree that face-to-face meetings are not just preferable but necessary for building deeper, more profitable bonds with clients and business partners and maintaining productive relationships with co-workers.

And it's not just one-on-one meetings where face time is crucial. While tides have turned against holding larger corporate meetings, many executives noted the importance of driving profitability and value from these events—where “down” time can be priceless for building bonds with clients and colleagues.

To gauge how companies feel about face-to-face and virtual meetings, Forbes Insights surveyed more than 750 business executives about their meeting and travel preferences. In particular, they were asked about what types of outcomes they expected from different meeting methods,

and what they see as the chief benefits from their menu of meeting options.

**TRAVEL DOWN, TECHNOLOGY UP**

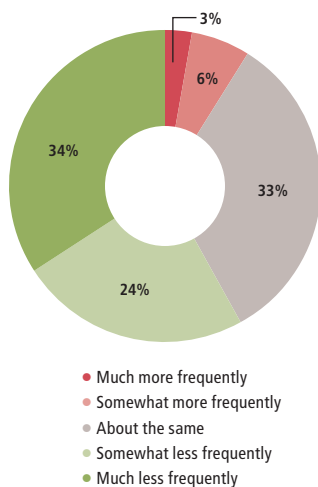
For many companies, travel and meeting budgets were the first discretionary expenses to get cut back when economic turbulence took its toll on corporate balance sheets. And as the recession has continued, these have been among the hardest funds for executives to recover.

This is borne out in Forbes Insights survey, where 58% of respondents said they were travelling for business less today than they were at the beginning of the recession in January 2008, with more than a third (34%) indicating they were travelling much less frequently. (Fig. 1)

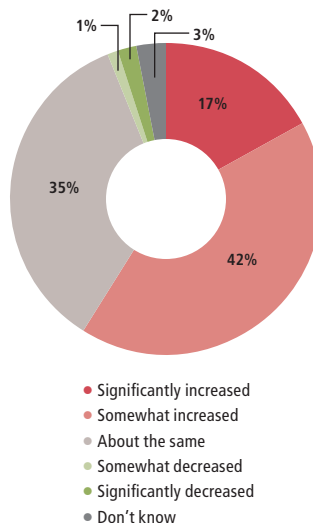
At the same time, companies have turned to technology to provide an alternative to face-to-face meetings. Lower costs and greater reliability have made teleconferences, videoconferences and webconferences more pervasive options for meetings. It's no wonder, then, that 59% of executives said their use of technology-driven meetings had increased during the recession. (Fig. 2)

Still, executives expressed an overwhelming preference for face-to-face meetings, with more than eight out of ten saying they like in-person contact more than virtual. (Fig. 3) Asked why, those that prefer face-to-face meetings cited how they build stronger, more meaningful

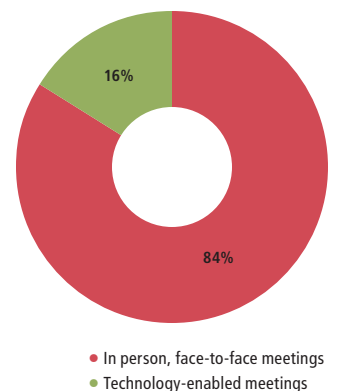
**FIGURE 1.** Compared to January 2008, how frequently do you travel for business purposes?



**FIGURE 2.** Compared to January 2008, how has your company's use of technology to conduct or access business meetings remotely changed?



**FIGURE 3.** Which type of business meetings do you prefer?



**FIGURE 4.** Why do you prefer in-person, face-to-face business meetings/conferences?



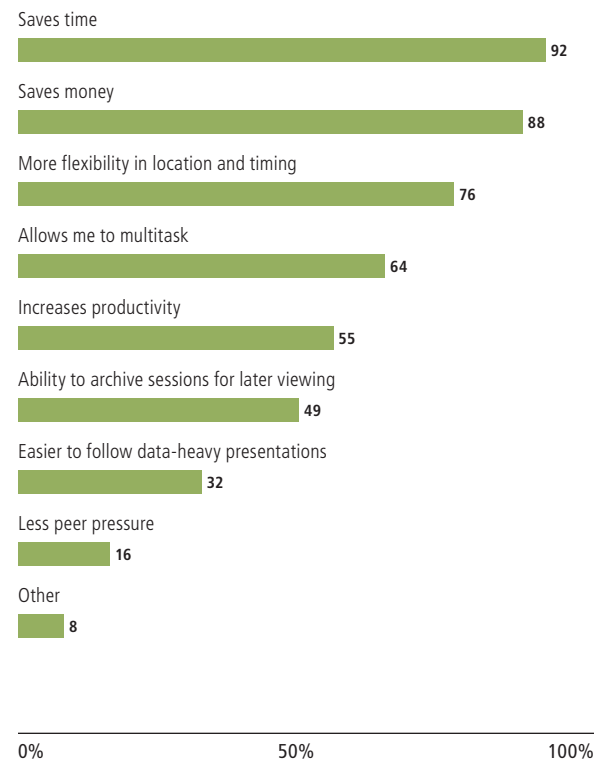
relationships (85%), the ability to “read” another person (77%), and greater social interaction (75%). (Fig. 4) Those who favored virtual meetings took more of a bottom-line approach, saying they saved them time (92%) and money (88%), or offered greater location flexibility (76%). (Fig. 5)

“The art of negotiation takes the kind of nuance that is only present in an in-person meeting,” noted Dan L’Ecuyer, vice president of sales and marketing at CSP Technologies, a developer of packaging solutions. “I don’t think you can really get at strategies without face-to-face time.”

**FACE-TO-FACE PROVIDES DEEPER ENGAGEMENT**

In the survey, respondents were asked to choose the meeting method that was most conducive to fostering a certain business action or outcome. (Fig. 6) Throughout, executives preferred face-to-face meetings when the decision-making process was fluid, requiring the kind of give-and-take typical of complex decisions and sales. For example, respondents said face-to-face meetings are best for persuasion (91%), leadership (87%), engagement (86%),

**FIGURE 5.** Why do you prefer technology-enabled meetings?



accountability (79%), and decision-making (82%). When web-, video- and teleconferences were preferred, it was

**RITZ-CARLTON REACHES OUT**

Companies catering to business travelers know better than to idle their engines during an economic downturn. In July 2009, the Ritz-Carlton Hotel Company launched “Meetings Within Reach,” a value-added opportunity for organizers of on-site seminars, executive retreats and other corporate events. The message was, “It’s Not Extravagant, If It Produces Results.”

Ritz-Carlton also knows better than to fight against the rise of technology. In fact, the luxury hotel chain is actively seeking the productive middle ground between face time and remote meetings.

According to Bruce Himelstein, Ritz-Carlton’s senior vice president of sales and marketing, “We are providing these [remote meeting] services to customers who require the technical facilities and know-how to conduct conferences this way. There has always been a need to include individuals via telecasting who are unable to make a business gathering.”

But, he added, technology can never replace the “traditional methods of dealing with people in person, as opposed to across cyberspace.”

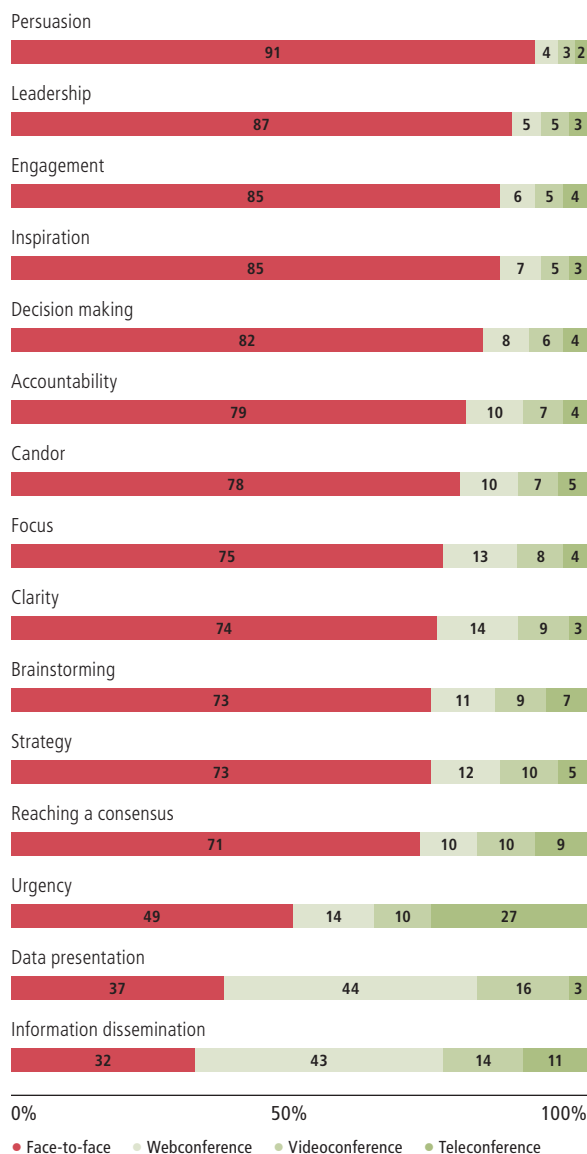
generally for the dissemination of data or when time was of greater concern.

In addition, many executives expressed concern that attendees did not give their full attention to virtual meetings. In fact, 58% admitted that they “frequently” surf the web, check their email, read unrelated materials and handle

other ancillary work during digital meetings.

It’s not just about attention spans. Remote meetings fail to meet certain other expectations related to morale, recognition, and trust. This is why technology cannot substitute for direct human interaction when it comes to reaching consensus on important business decisions. Travel professionals are not unaware of this bias. According to Mark Briskin, general manager of the New York Helmsley Hotel, “Hotels always seemed to fear technology as a vehicle that will reduce travel opportunities, but face time is key to maintaining relationships, absorbing the passion of your business and allowing an easier flow of ideas.

**FIGURE 6.** Which of the following meeting methods is most conducive to fostering the following key business actions/attributes/outcomes effectively?



**BONDING, INSPIRATION AND OTHER INTANGIBLES**

There’s more to a business meeting than closing the deal. The benefits of in-person social interaction—from bonding with co-workers to using time at the pool or café to cement a client relationship—are among the more subtle, less measurable advantages executives cited. (Fig. 7)

According to John Russell, chief executive of NYLO Hotels and former chairman of the American Hotel & Lodging Association, “People don’t want to sit in their office looking at each other on computer screens. That personal interaction—getting together to talk over dinner, drinks or a cup of coffee—is the foundation on which business relationships are built. It’s what drives business.”

**LAS VEGAS BEATS THE ODDS**

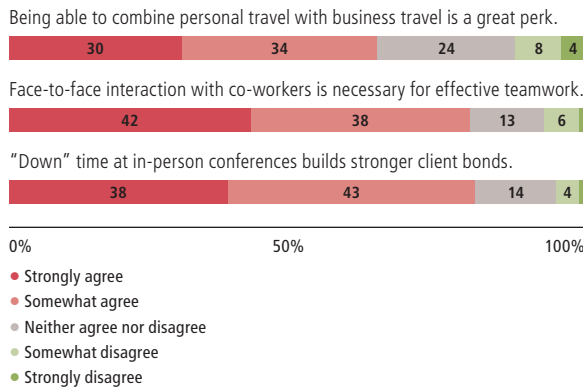
At a town hall meeting in February 2009, President Obama chided business leaders for what he perceived as extravagant spending. “You can’t get corporate jets,” he said, “you can’t go take a trip to Las Vegas or go down to the Super Bowl on the taxpayer’s dime.” The President was referring to companies receiving federal assistance, but his words were felt across the business travel industry.

If there was a chill, it was short-lived. Few executives will choose remote handshakes over face time.

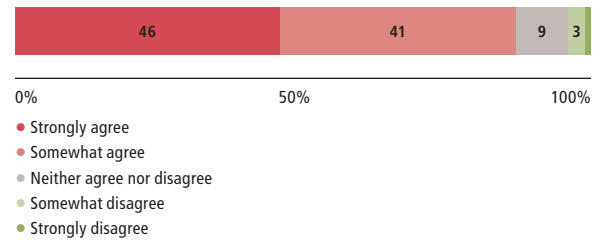
“Virtual meetings have been around for a long time now,” said Rossi Ralenkotter, president and CEO of the Las Vegas Convention and Visitors Authority, but “you cannot replace direct interaction with a client. Technological advances have helped companies in establishing contact with potential new clients, but they always send someone in person to initiate or establish the relationship and close the deal.”

Shortly after making that comment, President Obama visited Las Vegas. According to Mr. Ralenkotter, he “attended to business while he was here.”

**FIGURE 7.** Value-added benefits of in-person communications



**FIGURE 8.** There are tangible business benefits to in-person, face-to-face meetings that outweigh the cost savings of alternative, technology-based meeting methods such as webconferencing or videoconferencing.



**MAKING THE CASE**

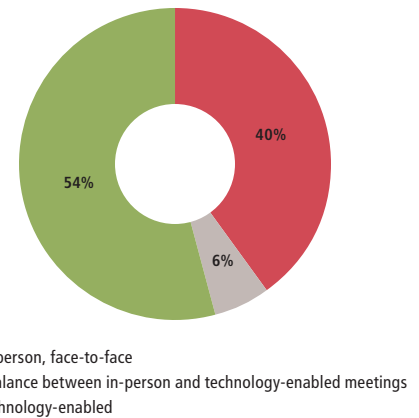
With executives under greater pressure than ever to justify the return on business travel expenses, how can they best make the case for greater use of face-to-face meetings and conferences?

Clearly, most executives surveyed see tangible benefits to in-person meetings that outweigh the time and expense related to travel. (Fig. 8) With economic recovery in sight, it may be up to leadership to relieve some travel restrictions and encourage more face-to-face interaction.

Web-, video- and teleconferencing have their role, but the executives in the survey do not expect them to make the need for face-to-face meetings obsolete. Rather, many see the ideal as a mix of face-to-face and technology-enabled meetings and conferences. (Fig. 9)

Mr. Russell sees a realistic middle ground that benefits everyone. "In some cases, technology may take the place of smaller meetings. Hotels should see this as an opportunity and offer virtual meetings on property. It would be a great way, for instance, to bring branch offices together for virtual regional meetings across five or six different markets.

**FIGURE 9.** Which do you think best represents the ideal meeting/conference execution strategy?



That would be a win for everyone: Hotels would continue to serve as meeting venues, and companies would reduce travel costs."

Yet Mr. Russell ultimately agrees with the findings of the Forbes Insights survey: "Virtual meetings will never replace face time for building solid business relationships."

**METHODOLOGY**

This study is based on a survey of 760 business executives conducted by Forbes Insights in June 2009. Half the respondents represented small businesses (under 100 employees), while 20% were from mid-sized businesses (100-999 employees), and 30% were from enterprises (1000-plus employees). In terms of title, 48% of respondents were either owners or c-level executives.

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