

# ☎ PADRAICINO

A BLOG ABOUT **DESTINATIONS** AND MATTERS RELATED TO THE **MEETINGS INDUSTRY**

## VIEWPOINTS



## PCOS AND DMCS: IS THERE ROOM FOR TWO AGENCIES ON THE SUPPLY CHAIN?

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BY PÁDRAIC GILLIGAN, MANAGING PARTNER, SOOLNUA

Following months of relative calm, fractious chatter regarding the value of Destination Management Companies / Consultants (DMCs) has rendered the waters of our industry choppy and turbulent again. This chatter has followed the publication of a White Paper on the relationship between Core PCOs travelling with Association clients from destination to destination and the DMCs in these destinations with whom they collaborate – or not as the case may be.

Authored by Marica Motta and Lavinia Ricci of AIM International – a global conference agency that offers PCO, core PCO and DMC services as part of its palette of services – it's hard to disagree with anything in the White Paper. Entitled ***The Importance of the Relationship between the Core PCO and the DMC***, the document systematically sets out what core PCOs should expect from local DMCs and vice versa. The indispensable benefits of the DMC, according to Motta and Ricci, are all locked up in the “local” – the DMC, they say, knows the local destination, the suppliers, the customs and traditions and, in this regard, saves the core PCO both time and money.

EDITOR'S BLOG



Think like a millennial

A lot has been written about millennials – much of it by older people in condescending tones. We are told they – millennials – are lazy, narcissistic, entitled, and easily seduced by identity politics, whilst failing to engage in the wider political process. The irony is that much of this criticism demonstrates the same traits it claims to decry. For the most part it is clichéd rubbish; lazy, entitled rubbish. And galling when voiced by those who enjoyed the high watermark of late capitalism and all its attendant privileges: free education, jobs for life, affordable housing followed by ever-rising house prices, triple-locked pensions etc. They should be so lucky. I write as a member of Generation X – the middle generation between the Baby Boomers and millennials, and my sympathies tend to lie with the latter group. On top of a whole list of challenges – just look at the list of privileges above and think of the opposite – these 'digital natives' – whose brains have been quite literally wired differently to ours – are having to make sense of a world that, in so many ways, still works in analogue. And this is the real challenge for associations struggling

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Do I really need a DMC?

Interesting article in the April edition of AMI magazine about PCOs and DMCs, but I disagree with its findings. I have always found a PCO and a helpful convention bureau all you need to organise an event. In fact, we used to make do without a PCO! There seems to be a lot of third parties out there wanting a slice of the action, but organizing meetings is as complicated as you want to make it, in my experience. ...Rex W Larimer Jnr

Hi Rex, being biased working for a DMC, I have to respond :) I think it all depends on the event. If you only use the conference or event space, you might be right, even though local DMCs might provide you with more beneficial rates as they have negotiated contracts with venues. But when it comes down to transportation, hostesses, restaurants, local specific services, having a local DMC involved can be key to overcoming local problems or challenges that are faced pre-event and during the event. It's a pity that the comment "wanting a slice of the action" has become a phrase more and more seen for third parties. Clear benefits of using a DMC are underestimated. And there are so many examples that can prove its importance. Again, in my humble opinion it depends on the program and content of the event... Rutger Hoorn of Ovation Global DMC

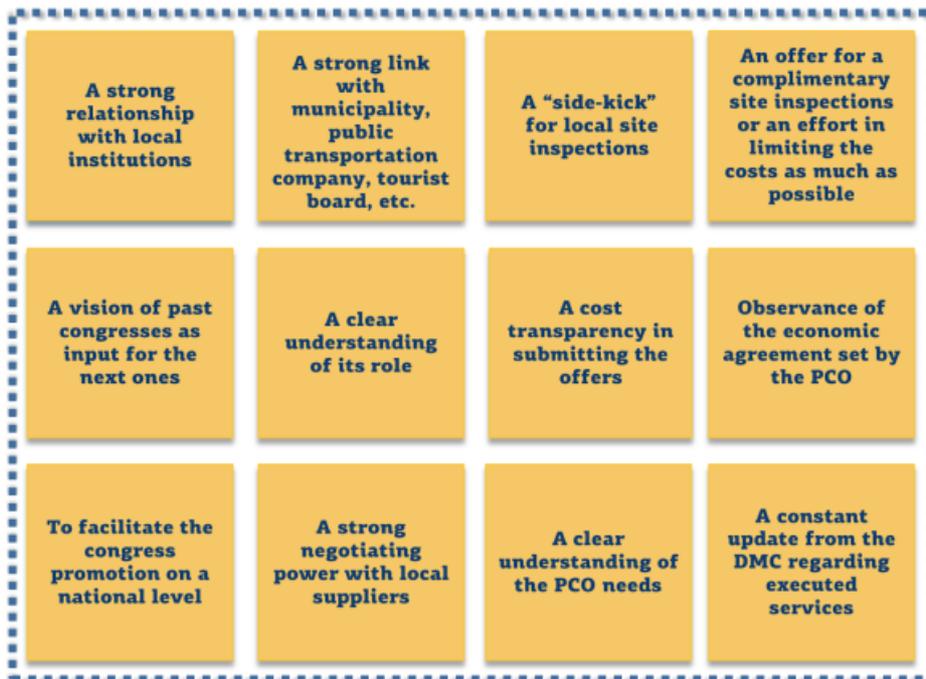
Rob Spalding picks up the theme in the April edition of **Association Meetings International** (AMI) quoting convincingly from many practitioners in support of the value of the PCO / DMC relationship:

We needed a strong local player to be able to deliver the very best celebration of our 15th anniversary by offering our 400 delegates the magic of Venice, outstanding palaces and the traditions of a destination with a long history. Only a local player could make our event so unique, giving shape and colour to our concept.  
*Hans Hanegreefs Executive VP of European Power Transmission Distributors Association*

So all good in the garden of Eden with PCOs and DMCs living in blissful peace and harmony until Rex Larimer, posting on-line at the **Meetpie** forum, slides in like a slippery snake to sow the seeds of doubt:

Interesting article in the April edition of AMI magazine about PCOs and DMCs, but I disagree with its findings. I have always found a PCO and a helpful convention bureau all you need to organise an event. In fact, we used to make do without a PCO! There seems to be a lot of third parties out there wanting a slice of the action, but organizing meetings is as complicated as you want to make it, in my experience.

And, of course, Rex is 100% correct. If your event is simple and straight-forward then there's absolutely no need to introduce another layer of expertise and experience into the mix. Bringing too many cooks into the kitchen is a recipe for disaster across all fronts – they'll inevitably disagree on procedure, blame each other when things go wrong and present you with invoices for things you didn't even need. Successful congresses and events are ones that are organised and run by the smallest possible number of people necessary to ensure a successful outcome. Adding layers is unnecessary, costly and often dangerous.



The key challenge in the core PCO / local DMC relationship is not the theory around what value proposition each brings to the client – that’s well documented by Motta and Ricci in their White Paper and everyone agrees with it. The issue is whether two agencies are actually needed (ie, is the congress complex, requiring extensive local knowledge and connections?) and if they are needed, whether the client or the congress budget is willing and able to pay for the additional line item elements?

Motta and Ricci rightly highlight how a local DMC can save “time and money” for the core PCO but they haven’t quantified this or put any percentage or fixed value on it. It’s a statement that seems to make sense but can it be proven? What’s the tangible, bottom line value that a local DMC brings to the event? How much time and money is actually saved by bringing the DMC on board? Crucially, is this amount greater or less than the additional costs that will be certainly be incurred if another agency is added to the supply chain?

Clearly there’s a meaty research project to be conducted here by **SITE** or **IAPCO** or **ADMEI** or **ICCA** or some combination of these associations. To do it successfully will require access to data, budgets and time sheets but there are lots of very bright research students out there who can do it. This research along with the White Papers produced by the likes of AIM International bring real and lasting value to our industry and need to be undertaken. Otherwise the fractious chatter will continue unabated and DMCs, in particular, will continue to wallow in their persecution complex.

## Why a local DMC is an added value for a CORE PCO



- A local DMC knows the **local destination** at best
- A local DMC knows the **local suppliers**
- A local DMC knows **local customs and traditions**
- A local DMC **avoids wasting time and money**

An interesting point arising from Motta’s and Ricci’s article regarding where the DMC has an office is also worth interrogation:

- An unavoidable requirement: the selection should favour a DMC that has its office in the hosting city.

The authors recommend using a DMC that’s resident in the city where the conference takes place. This may apply neatly in the US where DMCs do tend to have offices in the locations where they operate. However, in the rest of the world that’s not so much the case with, for example, many legacy Italian DMCs in Rome offering services in Venice, Sicily and Sorrento or, indeed, Vienna based DMCs also working in Budapest. So is this the fatal flaw? If you’re a DMC in Munich can you reasonably offer best-in-breed services in Berlin? If you’re Dublin based can you really do Belfast?

Clearly, the DMC conundrum will persist into the future as our industry continues its rapid evolution but, ultimately, choice is in the hands of the client and until our sector can demonstrate the tangible, bottom line benefits we bring we’re destined to be subject to “the slings and arrows of outrageous fortune”.

**Pádraic Gilligan, Patrick Delaney and Aoife McCrum run SoolNua, a specialist agency working with destinations, hotels and venues on strategy, marketing and training for Business Events and MICE.**

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## DISCUSS...

# 2 thoughts on “PCOs and DMCs: is there room for two agencies on the supply chain?”

1.  M. Couturier says:

June 2, 2017 at 12:12 pm

In a world changing so quickly where disruptors are dictating the pace, the role of DMCs will inevitably change if not vanish. I am afraid!

1.  padraicino says:

June 2, 2017 at 3:52 pm

Thanks for the comment Michel – certainly yesterday’s DMCs will not exist tomorrow. That’s for sure. But many are also riding the waves of evolution and inventing brand new business models. Time will tell!

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