

Should I Stay or Should I Go? :

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As he planned a June 2007 Allstate Insurance Co. incentive trip to the Caribbean, Mark Mosley thought long and hard about his group's flight arrangements. His final conclusion: Between the sky-high fares and the many inconveniences now associated with air travel, it made more sense to charter three planes for the 700 attendees than to book with a commercial airline. "We haven't done that since 1996," says Mosley, senior manager at the Irving, Texas-based company.

Security Hassles

There's scant relief for international passengers when it comes to long security lines, but the Registered Traveler program, currently operating in four airports, may become available for more overseas flights in 2007. The program — which, for a fee, prescreens travelers and allows them to use designated security lines — has been requested by 19 additional airports, including such international gateways as Washington Dulles, Miami International, Chicago O'Hare, and Los Angeles International. Several international airlines are getting into the Registered Traveler program as well. Verified Identity Pass, which runs the programs that are already operational, has opened a Registered Traveler lane in cooperation with British Airways at New York's John F. Kennedy International Airport, and has agreements in place with Air France at JFK and with Virgin Atlantic Airways at Newark International.

As Allstate's Mosley understood, charter flights can also help ease the security process.

Private Jet Services of Hampton, N.H., has flown many incentive groups to overseas destinations. One corporate planner who used PJS for a program in Costa Rica noted that attendees "got special access to a gate, and we drove them right up to the airplane. There was a crew there to do some random security searches. It was all very simple."

International Travel Boom

Like Mosley, other corporate planners are on the lookout for solutions to what has become one of the biggest problems associated with international travel — the annoyances associated with air transportation. It is a particular headache for planners in an industry niche that is increasingly looking to take its meetings overseas. The recent Financial & Insurance Conference Planners economic impact survey (See *FIM* January/February 2007, page 23) found that the number of international meetings held in 2006, as compared with 2005, stayed the same or increased for 80 percent of the survey respondents. And 94 percent expected the number of international meetings to stay the same or increase in 2007.

The survey also found that the Caribbean and Europe remain by far the most popular overseas meeting sites for FICP planners. This comes as no surprise to Isabel Mahon, director of global sales for Fairmont Hotels & Resorts. "It's full steam ahead right now for Europe," says Mahon.

Todd Zint, CMM, CMP, vice president, marketing communications, NFP Insurance Services in Austin, Texas, agrees that Europe, while pricey, remains desirable. He took a group to Ireland last year, booked a Mediterranean cruise for 2008, and is likely heading back to Europe in 2009 "because of all the incredible destinations there."

Passport Regs and Airfares

As of January 23, 2007, anyone traveling to Canada, Mexico, Bermuda, or the Caribbean via air must have passports in hand to re-enter the U.S. (American citizens do not need passports to travel between the mainland U.S. and Puerto Rico or the U.S. Virgin Islands.)

Starting June 1, 2009, planners will have another deadline to deal with: The passport requirement will be extended to travel via land and sea, which means cruises will be affected.

Meanwhile, the cost of air travel continues to rise. While fuel prices have moderated over the last few months, airline efforts to rein in capacity have kept fares high. The American Express Global Business Travel Forecast released late last year projects a 3 percent to 7 percent rise in global international business-class fares in 2007.

And a move in February by the British government to double the Air Passenger Duty on flights departing from the United Kingdom demonstrates the increasing pressure air travel costs are putting on meeting and incentive budgets. "These are the types of costs that can steer companies away from certain cities," says Zint. "London is already expensive, so adding more taxes doesn't help their cause."

Will NASD Put on the Brakes?

For planners at NASD member companies, concerns about international travel could be taken out of their hands — at least for educational meetings — if NASD ever approves Proposed Conduct Rule 2311. With this rule, suggested back in 2005, NASD would replace its noncash-compensation guidelines with new regulations that, among other things, would restrict education or training meetings to U.S. destinations. (If the international program is a pure incentive, the new rule would not apply.)

The proposed regulation holds that meeting locations must be "appropriate to the purpose of the meeting," which it further defines as "a United States office of the [NASD] member holding the meeting," a facility near that office, or appropriate U.S. regional locations.

As this article went to press in late February, NASD had received more than 40 comments from member companies concerning the proposed rule, but had no comments regarding when it would act.

Education/No Education?

One of the decisions surrounding any incentive trip is whether to add an educational component. For companies that follow NASD guidelines, there would need to be at least four hours of education per day for the program to be classified as an educational meeting — and to avoid attendees being taxed for the value of the trip.

For one incentive program managed by a large financial services company in the Northeast, meeting executives took the unusual step of polling the attendees to decide whether to have education at the meeting. Thirty top-tier qualifiers for a 2006 incentive to Costa Rica were given a choice: add four hours of daily meetings to the four-day program or nix the education and receive a 1099 IRS Form for the value of the trip.

Their decision was almost unanimous: Only two producers voted for the education. The rest chose to go the pure incentive route even though it would cost them money.