

You'll always find me in the kitchen at parties

On the 10th anniversary of Mayfield Media Strategies, managing director **Steve Monnington** assesses how the exhibition industry has changed over this time.

I only realised that Mayfield Media Strategies had been in business for 10 years when I was preparing for our year-end and I was a little shocked at how time flies. Looking back over the past 10 years, I am surprised by how little has changed in the fabric of the industry, although the attitude of the investor community to our sector has changed fundamentally. Are we as an industry doing and developing enough to stake our place in the 21st century?

I set up MMS in March 1997, a few months after leaving Blenheim when the business was acquired by United Business Media. I liked the story of how Neville Buch and Lawrie Lewis named Blenheim after Blenheim Crescent where their offices were located. My new office was on the top floor of my house in Mayfield Avenue so I figured that calling the company Mayfield Media would bring me the same kind of luck.

From the late 1980s to 1996, Blenheim grew by acquiring many diverse exhibition businesses. MMS came into being as an independent acquisition broker concentrating primarily on the exhibition sector at a time when most companies worth acquiring had already been bought, so, if timing is everything, it wasn't the smartest move.

Fortunately, salvation came from Turkey, not the most obvious place to start an acquisition business, but the sale to ITE of 50 per cent of Turkey's largest exhibition organiser, CNR, still ranks as our largest deal at around \$26 million. Since then, I believe the company has staked its place as the leading broker in the UK for small to medium transactions and we have successfully closed 11 transactions in the last 15 months.

So how has the exhibition business changed over the last 10 years? In many ways, remarkably little. One interesting facet of our



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business is that people rarely leave the sector, they're just re-cycled. This was underlined by the latest *Exhibition News* 'Influential 50' which contained no fewer than 11 ex-Blenheim people. The exhibition industry is full of people who learned their trade at Blenheim and have since made their mark at the helms of other major companies – Paul Thandi at the NEC, Douglas Emslie at Tarsus, David Pegler at UKIP and Peter Hazelzet at Expositum, to name a few.

Then there are those who decided they didn't want to pursue the corporate life and left to set up their own organising companies. These include Clive Ellings at IMP Events, Adrian Broadbent and Peter Jones at Simply Events and Mark Penton and Ian Smout who run Learning Technologies. These are the people who became disillusioned with the no-risk, corporate attitude of their employers and were willing to risk their own livelihoods and

reputations because they believed in their ideas.

Of course we mustn't forget the 'grand dames' of Blenheim, people such as Phil Soar who continues to be an inspiration for many people (or a "soothsayer", as Andy Center of Ithaca Business Media once described him). There is also Brian Wiseman who still works tirelessly with show launchers and who has answered the industry's lack of entry-level talent by creating a specialist multi-discipline exhibition management course at City and Islington College.

Blenheim's exhibition portfolio has also been recycled in much the same way as the people. Although the whole business was acquired by UBM and merged with UBM's exhibition subsidiary (then named Miller Freeman), subsequent sales have meant that Blenheim's US business is owned by VNU (now Nielsen Media), and Reed Exhibitions owns the businesses in France, Germany, Italy and Spain.

Although the companies and the individuals are largely the same as they were 10 years ago, the exhibition industry has changed significantly when it comes to outside investment. Blenheim's graphic demonstration of financial engineering attracted the attention of the venture capital funds and other financial institutions, initially in the US.

Some of these financial institutions backed individuals who tried to emulate the 'buy and build' strategy, but eventually understood that they couldn't build critical mass. Others have been more successful by acquiring major organisers or at least large chunks of them and as a result, many of the large US exhibition businesses such as Nielsen, Penton and Questex are backed by financial institutions. One by-product of this investment community activity is that competition in the US for acquisitions is fierce, and acquisition prices



Soar: an ex-Blenheim man, once described as a 'soothsayer'

have risen significantly.

It was only a matter of time before Europe joined in and the acquisition of French organiser Expositum by Unibail was a significant step in the process. In the UK, we saw the management buyout of Clarion from Earls Court and Olympia, backed by HG Capital, and the creation of Ithaca Business Media resulting from the management buyout of Penton Media Europe, backed by Northern Venture Management. The recent news of the appointment of Andrew Morris to the board of the live event division of Ingenious Media, a major media investment house specialising in

any interest to sell.

The approach to acquisitions and business development has hardened over the last 10 years with potential buyers of exhibition companies becoming much more scientific in their evaluation of prospective acquisitions and increasingly thorough in the commercial due diligence they carry out. The days of buying an exhibition because it's for sale are long gone, and the interviewing of exhibitors and visitors as part of the due diligence process, something that we never carried out at Blenheim, is now a routine part of the acquisition process.

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the entertainment sector, presumably demonstrates the continuing growing interest of the investment community in our business.

However as this interest increases, the number of scaleable acquisition opportunities are diminishing and this creates a real problem for would-be investors, as there just aren't enough sizeable acquisition targets to go round. The big three – Reed, Emap and CMP – defy regular rumour that their exhibition businesses are to be sold and, if anything, are stepping up their rate of acquisitions. Aside from Clarion, where the perceived wisdom is a sale to another VC fund, there are very few medium-sized organisers left in private hands and with the sale of Trades Exhibitions to Emap, they are becoming an endangered species. Companies such as Mack Brooks and Brintex, who withstood the original Blenheim buying spree, still show no sign of

When considering an acquisition, organisers have become more focused on looking for added value through spin-offs. The re-emergence of online business as a credible revenue stream means that an exhibition business with untapped online potential is very attractive to potential acquirers.

The opportunity for added value through replication has also become much more important and organisers with offices in multiple countries, such as Expomedia, use this as a key part of their criteria when reviewing potential acquisitions. Brand replication has become both more prevalent and more sophisticated and a number of organisers are opting to licence their brands to local organisers in order to avoid having to invest in offices and resources.

It is no longer enough to sign a licence agreement and wait for the licensee fee to hit

the bank. Licensees have become more focused on their own return on investment. They expect more for their money and require the licensor to commit to providing know-how, ongoing support and the delivery of global exhibitors and sponsors. Again, added-value has become essential and licence arrangements have evolved from a one-to-one relationship between licensor and licensee, to the building of a community of licensees, who cross-sell and cross-promote among themselves.

Over the last 10 years, MMS has had the pleasure of working with organisers in many different countries and seeing our business develop from 'just' an acquisition broker working for sellers, to a company handling commercial due diligence for buyers and working with companies to replicate their brands internationally. Each of these add-on businesses are the direct result of the more demanding approach of organisers towards their investment in acquisitions and business development.

Given the lack of sizeable businesses for sale, the maturing of many markets such as China and Russia, and the lack of gaps in overseas markets due to brand replication, where will the growth, and therefore investment, opportunities come from? Well, it's at the smaller end of the market with its large number of entrepreneurial organisers where the fun can be found. It's a bit like a house party. While the major players make polite conversation in the lounge, the real action is in the kitchen where you can hang out with the likes of Brand Events' Chris Hughes, Single Market Events' Tim Etchells, Media 10's Lee Newton and a whole host of other people willing to take risks.

These are the people who create, grow and sell their events in order to keep their businesses fresh. And so they can concentrate on what they are good at – launches. One of the most significant changes in the industry over the last few years is the emergence of the experiential event. Sometimes these are born out of TV programmes – Grand Designs Live and A Place in the Sun - others are independently created lifestyle events such as One Life, while others, such as Affordable Art, tap into a growing cultural niche.

Then there are the events that aren't exhibitions or even events, such as Brand Events' Taste Festivals which are held outdoors and therefore attract a completely different audience from exhibition hall-based events.

It's here in the kitchen that investors can find the future growth of our industry.