

2 page(s) will be printed. [Back](#)**Record: 1****Title:** CVB's Spending Under Fire.**Subject(s):** CONGRESSES & conventions; TOURISM - Government policy**Author(s):** Rauch, Maggie**Source:** Meeting News, 12/9/2002, Vol. 26 Issue 18, p1, 3p, 1c**Abstract:** Reports on the travel-and-entertainment policy changes instituted by the convention and visitors bureau in Dallas, Texas, in December 2002. Reason behind the move; Terms under the policy; Various comments on the matter.**AN:** 8957589**ISSN:** 0145-630X**Database:** Business Source Premier

## CVB's Spending Under Fire

### DALLAS BUREAU REACTS WITH POLICY CHANGES

Dallas -- The convention and visitors bureau here has instituted several travel-and-entertainment policy changes after City Hall raised serious questions about expenditures charged to bureau credit cards.

Changes include no longer reimbursing employees for entertainment expenses in their private residence or for visits to "gentlemen's clubs," and ending the 27-year-old practice of sending the outgoing chairman on a free trip anywhere in the world.

Bureau president David Whitney said the expenses in question were all defensible as part of his office's effort to attract groups to Dallas, but that the changes were made because it was clear the community wanted them.

Under new policies, the CVB also will no longer:

- Purchase or provide sporting tickets for any city employee.
- Give a CVB credit card to any city employee.
- Reimburse any employee for flight insurance when traveling.

"Unlike most private businesses, we have a contract with the city of Dallas," Whitney said. "We felt it was important to rebuild confidence."

The city commended Whitney's swift response. "The mayor is pleased to see that they're taking immediate action," said Crayton Webb, spokesman for Mayor Laura Miller. "The mayor feels Dave has done a great job in post-9/11 economic times in his effort to continue to bring in new business to Dallas."

The mayor had criticized, in the local media, expenses incurred on bureau credit cards for alcohol, golf, trips and patronage of local strip clubs. The mayor's office did not have complaints about the bureau's performance, but questioned the propriety of some of the expenses, particularly after the city had loaned \$1 million to the CVB.

"Clearly in these economic times, and considering that the city loaned the bureau \$1 million when it didn't have \$1 million to loan, these kind of expenses, which just enhance the social lives of bureau employees,

are inappropriate," Webb said. "And strip clubs are not the image of Dallas that we want to promote. If salespeople think that's necessary to close a sale, they can cover the expense themselves."

The loan Webb referred to was made earlier this year, on top of the one-third share of city hotel occupancy tax the bureau receives.

Whitney defended the following expenditures:

- \$645 at a Dallas strip club. Records show only that bureau and hotel employees were present. Whitney said a customer was there, whom he declined to name.
- \$2,200 for a trip to attend the wedding of a client in Cabo San Lucas, Mexico. Whitney said the client represented Promotional Products Association International, which he identified as Dallas's single largest convention customer; he said the group has come to Dallas for 27 years straight and last year spent \$35 million in the city.
- \$43,000 compensation bonus paid to Whitney. Whitney said his annual bonus is based on a set of objective criteria set one year in advance and approved by the chairman. He has said he will not accept a bonus for 2002.
- \$2,800 over two years spent on wine purchased for entertaining clients at Whitney's home. Whitney said he entertains a small group of customers at his home every quarter, and the wine paid for by the bureau is used only for that purpose.
- \$1,700 on wine and liquor as gifts to top clients over a three-year period.
- \$6,000 to send an outgoing chairman to the Ryder Cup in Scotland. As mentioned above, this practice, instituted in 1975, will no longer be allowed.
- \$1,700 on airfare and several days of golf in Tucson with Dallas hotel executives. On the trip, Whitney said he closed deals with the hotels for \$128,000 in complimentary room nights for groups coming to Dallas and a \$30,000 contribution to a cooperative advertising campaign.

Asked to evaluate these expenses, Whitney's colleagues in other cities said it is impossible to pass judgement without knowing what actually happened on each trip or event.

"Every one of those expenses could be legitimate and more than likely is," said Mike Butts, sales vice president for Visit Charlotte! The Convention and Visitors Bureau. "They're brokering multimillion-dollar deals, and these customers are accustomed to being wined and dined. But it makes sense for cities to follow closely how their money is being spent."

Dallas joins Los Angeles as a big-market bureau that has had its customer-entertainment practices criticized by local government this year.

Especially in a down economy, bureaus need to pay close attention to how they are spending their money and find quantifiable ways to communicate their value to their respective communities, said Michael Gehrisch, president of the International Association of Convention and Visitors Bureaus.

"Since bureaus receive a majority of their funding from occupancy taxes, they've become quasi public-private organizations," Gehrisch said. "With that comes as much scrutiny as if they were an elected arm of government."

The work CVBs do to attract top clients, with all of the wining and dining that is required, can be difficult to explain to most citizens, he added. "That's one of the challenges that bureaus have to face," he said.

The recent scrutiny the Dallas CVB has experienced ultimately will improve its ability to serve Dallas, Whitney said.

"We're going to be a better organization for it," he said. "I think we'll be more accountable and more credible."

We need to do a better job educating the community about the importance of what we do and the economic impact of tourism."

The bureau also announced that it will hire a firm to audit its travel and entertainment spending. The audit will analyze the bureau's T&E expenses in terms of propriety, comparison with other CVBs, and how the reimbursement process is managed. The audit will examine every employee with a corporate charge card; results are expected by March.

PHOTO (COLOR): David Whitney

By Maggie Rauch

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