

SMG 40th Anniversary

After 40 years of privatizing management of public assembly facilities, from the original Mercedes-Benz Superdome in New Orleans to the latest, Shenzhen (China) World Exhibition & Convention Center, from BOK Center in Tulsa to Denny Sanford Premier Center in Sioux Falls, S.D., and happily in McCormick Place, Chicago, and U.S Bank Stadium, Minneapolis, “there is still a lot of headroom in our industry,” said Wes Westley, president and CEO, SMG. Westley heads a mature company he reorganized by specialized divisions and leads a management team of seasoned professionals with an average tenure of 20 years. When Westley arrived, the company managed fewer than 30 venues. Today, it manages 232.



SMG'S DNA SCREAMS HOSPITALITY

40-year-old venue management firm, founded by Hyatt Hotels, has grown from 30 to 232 facilities

by LINDA DECKARD

Everyone at SMG, a firm that has matured and defined an industry that privately manages publicly-owned venues, from the CEO to the front lines at venues around the world, preaches hospitality and customer and client service, tracing SMG's genesis to Hyatt Hotels, the epitome of hospitality.

"Our senior management team is comprised of seasoned professionals; their average tenure with the company is 20 years. That expertise, level of professionalism and consistency has allowed us to develop best practices systems and procedures that set us apart," said Wes Westley, SMG president and CEO.

Those roots and senior management team combined with an organizational structure

that creates specialized divisions by type of business — stadiums, arenas and theaters, convention centers, Europe, and food — allows for a customized approach to clients. "It also allowed us to develop a team of specialized professionals for each division," said Westley.

"The overall growth of the company is what I am most proud of. When I joined, we had fewer than 30 facilities. Today we have 232. This 40th anniversary is a milestone we all celebrate, since most of us have been with SMG for more than half of its existence," Westley told *Venues Today*.

Maureen Ginty, EVP, marketing services and human resources, has been with SMG since 1991 — 26 years this month. She joined after Aramark had purchased one-third of the

(Clockwise from top left) The Greek Theatre, Los Angeles; Savor food service at Moscone Center, San Francisco; Auto show at Cobo Hall, Detroit; John Paul Jones Arena, Richmond, Va.; Mercedes-Benz Superdome, New Orleans; Hall & Oates and Tears for Fears at BOK Center, Tulsa; Eye of Passion Savor Food Service at Moscone Center; Paul McCartney at BOK Center, Tulsa, Okla.; McCormick Place, Chicago; Cobo Hall, Detroit, a waterfront convention center

CONTINUED ON PAGE 38 →

SMG'S DNA... CONTINUED FROM PAGE 37

private management company, which was then owned by Hyatt Hotels and Ed Snider of the Philadelphia Flyers and Philadelphia Spectrum.

"I came from a multibillion dollar organization and then they brought Wes down from multibillion-dollar Aramark. The idea was to add a little more structure to the company," Ginty recalled.

But the trick, and SMG's success, is to not make it too corporate. "You keep that entrepreneurial spirit. We've been able to inject processes and systems and approaches corporations use but in a more entrepreneurial environment and it's really gelled," Ginty said.

What Westley did was make SMG a more matrixed organizational structure, Ginty said. "Now it's flatter. The decision-making is flatter." Contract management like SMG pursues cannot

survive with tier upon tier of management.

"We are close to the action," Ginty added.

Westley was very instrumental with his vision for SMG, Ginty said of the Marine who became president in 1994 after three years in finance with SMG. "You better accept a lot of personal responsibility. That's why Marines get stuff done. You better be that type of employee."

Westley puts the emphasis on customer service. And he never loses track of the numbers. "You're in business to make money. If we lose track of that, things go wrong. That's the hard decision-making. Sometimes you'd love to do something for the short-term buzz but, in the long term, it's not good for the company. It's like parenting," Ginty said.

In 2000, SMG purchased Leisure Management International and, soon after, Aramark bought Ogden Entertainment Services and spun the venue management con-

tracts to SMG, of which Aramark was half owner by then. Hyatt and Aramark bought Ed Snider of Comcast Spectacor out in 1998.

When Aramark and Hyatt sold to American Capital in 2007, SMG was able to enter the food business in an aggressive way, bidding on non-management contracts with regularity, a prohibition when that would have been competing with the parent company. The company had always had legacy food contracts through its Hyatt hospitality roots, beginning with Moscone Center, San Francisco, but in 2007, it became a stand-alone division.

Expansion into Europe was a result of acquiring Ogden Entertainment, which had a footprint in Europe, notably with Manchester (U.K.) Arena. Westley immediately saw the need to sell the team, plug the losses and turned the arena around financially. Since, they have

CONTINUED ON PAGE 40 →

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Rendering of Bristol
[U.K.] Arena.

SMG EUROPE IS ON A ROLL

International growth is at the forefront of SMG's future plans. In June 2017, SMG announced management of what will become the largest convention center in the world, Shenzhen (China) World Exhibition & Convention Center, 4.3 million sq. ft. of exhibition space under one roof.

In Europe, they will open two new arenas over the next few years, Bristol Arena to the west of London, which is being developed with Live Nation and opens in 2020, and Hull Arena in the north of England, opening in 2018, said John Sharkey, SVP, SMG Europe.

The new Aberdeen (Scotland) Convention Center, which SMG was selected to manage along with the existing venue, opens in 2019.

And in January 2015, SMG acquired CGC Catering and Events. "That was a big acquisition for us. They look after a number of racecourses," Sharkey said. SMG combined its existing venue beverage business with CGC. Typically, food is rolled into management in contracts in Europe.

"Basically from Hull to Aberdeen to Bristol, we're on a roll," Sharkey said.

It was just 17 years ago that acquisition of Ogden Entertainment opened up the European market for SMG. Since then, SMG has added to that core group, including Leeds Arena in England. They also manage three arenas in Poland and one in Germany.

While the UK is a fairly mature venue market, SMG is always looking for opportunities, Sharkey said.

"We're absolutely focused on making sure we don't have a U.S./U.K. division. We are one company. I work closely with Gregg [Caren] and Doug [Thornton] and Shaun [Beard] for a collective approach across the businesses. It lends itself well to walk in matrix," Sharkey said.

Content is always the driver, whatever the country the venue serves. Boxing is a strong product throughout the U.K. venue market, Sharkey said. Boxing has grown as a result of venues investing in and showcasing the sport. "There is great appeal for young people to go into boxing because they see idols in big arenas," Sharkey said.

Watershed moments for venues in Europe started when the Millennium Dome was "republished as an arena [O2 Arena], Wembley was republished, and new venues opened in Liverpool and Leeds; Belfast was significantly republished, new arenas opened in Glasgow, then two new venues in Aberdeen and Bristol," Sharkey said.

The business was there, but adding the new arenas has changed the whole experience. "What you're consuming has changed," Sharkey said. He's confident SMG Europe has a bright future.

The European marketplace is made up of modern and more dated venues; it's not about a big hall with a big capacity. In these ever changing days, there's a lot more competition for consumer spend and Sharkey understands that the company has to give that audience an experience they want to consume so they'll come back and see more.

"We're looking at kids multitasking, watching TV, on Facebook, texting, immersed in a connected world," he said. "We have to work out what people want to consume going forward. We are in a world where people seem to want to be connected 24/7."

SMG'S DNA... CONTINUED FROM PAGE 38

added numerous accounts, most recently Shenzhen World Exhibition & Convention Center, and Aberdeen (Scotland) Conference Center, both premier exhibition centers. Westley sees considerable growth potential internationally.

Another highlight is growth into management of National Football League (NFL) stadiums, a lot of that to EVP Doug Thornton's credit. Thornton started his career with SMG as GM of the Louisiana Superdome, New Orleans, now Mercedes-Benz Superdome.

Winning the Chicago Park District's iconic, historic venue, Soldier Field, in 1999, two years before the renovation, was a highlight in SMG's growth for Thornton. "It was a big market and historic stadium. The Philadelphia Convention Center was another big one," Thornton said.

In 2015, US Bank Stadium, Minneapolis, the first NFL stadium that was RFP'd within in a 10-year stretch, was awarded to SMG.

Thornton never tires of the conversations about having a third party run an NFL stadium and, with six such accounts, he has benchmarks and best practices to prove his point, but those are always sweet wins.

"The reason we were hired [in Minneapolis] was to manage the bottom line, create value, create utilization and community involvement," Thornton said. Built with tax money, part of the thesis of these big stadiums is to make them open to the people.

On the theater side of the equation, management of The Greek, Los Angeles, was a big one. "It's an iconic facility that everyone knows, like the Superdome," Thornton said. "It gave us the opportunity to have SMG recognized in the L.A. market. We have a great relationship with the LA Parks and Recreation District. Last year, we returned \$6.5 million of net income to the district, about \$3 million more than they budgeted for."

Size matters, but with the Greek, location is the differentiator. "Our West Coast footprint is growing," Thornton said.

LIFTING THE SECONDARIES

Another strong point for SMG is the secondary and tertiary market arenas. Everyone at SMG will mention BOK Center, Tulsa, Okla., as a huge shining star for SMG in the middle markets. "Who would have thought Tulsa would be a hotbed for concerts?" Thornton asks. "I jokingly say we made a market there."

Influence and connections beget good things and the advent of a National Basketball

CONTINUED ON PAGE 42 →

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SMG'S DNA... CONTINUED FROM PAGE 40

Association (NBA) team in Oklahoma City's Chesapeake Energy Center is such a story. The Thunder arrived there after \$180 million in renovations at the arena which first hosted NBA basketball when the team playing at Smoothie King Center, New Orleans, had to relocate after Hurricane Katrina. "That was a game changer," Thornton said. "We already had the venue, we got a team. I remind the guys in OC of this all the time."

Denny Sanford Premier Center, Sioux Falls, S.D., is much like Tulsa for SMG. "No one would have thought Sioux Falls would be a hotbed of concerts," Thornton said. "They did 23 shows in that market the first year."

It helped that SMG was involved in the design of the building, making it operationally fit for the 150,000-pounds of rigging the big shows bring. Michael Godoy, SMG VP of

operations, helped the designers design the rigging grid. "We have a Facility Development Services Group Michael heads up that establishes operational best practices and consults on early stage projects like this," Thornton said.

Pinnacle Bank Arena, Lincoln, Neb., was another venue where SMG got in early. "Two great buildings, two good examples, very successful markets," Thornton said.

MORE THAN A BOX WITH DOCKS

Gregg Caren, EVP, convention centers, is in his 19th year with SMG. When he joined SMG in 1998, the company had just 24 convention centers.

His original role was transitioning new convention center accounts, like the David L. Lawrence Center, Pittsburgh. "My genetics are sales and marketing. I was able to create a brand recognized by our event planners, associations and corporate meeting planners and

trade show executives, CVBs and DMOs. We partner with about 60," Caren said.

Today, SMG manages 75 centers totaling 15.5 million sq. ft. of rentable exhibit space, Caren said. Half of my job is business development and half is national sales, filling the venues we operate."

For years, Caren would say there are plenty of convention centers that will probably never privatize, McCormick Place, Chicago, for example and, even before that, Cobo Convention Center, Detroit. Cobo privatized at the end of 2010, marking the first 722,000-gross-sq.-ft. exhibit space center to do so. "We managed venues larger, but those had expanded, nothing came on board that big," Caren said.

Detroit was a bad scene at that time, Caren remembered. The state took over Cobo Center and created Detroit Regional

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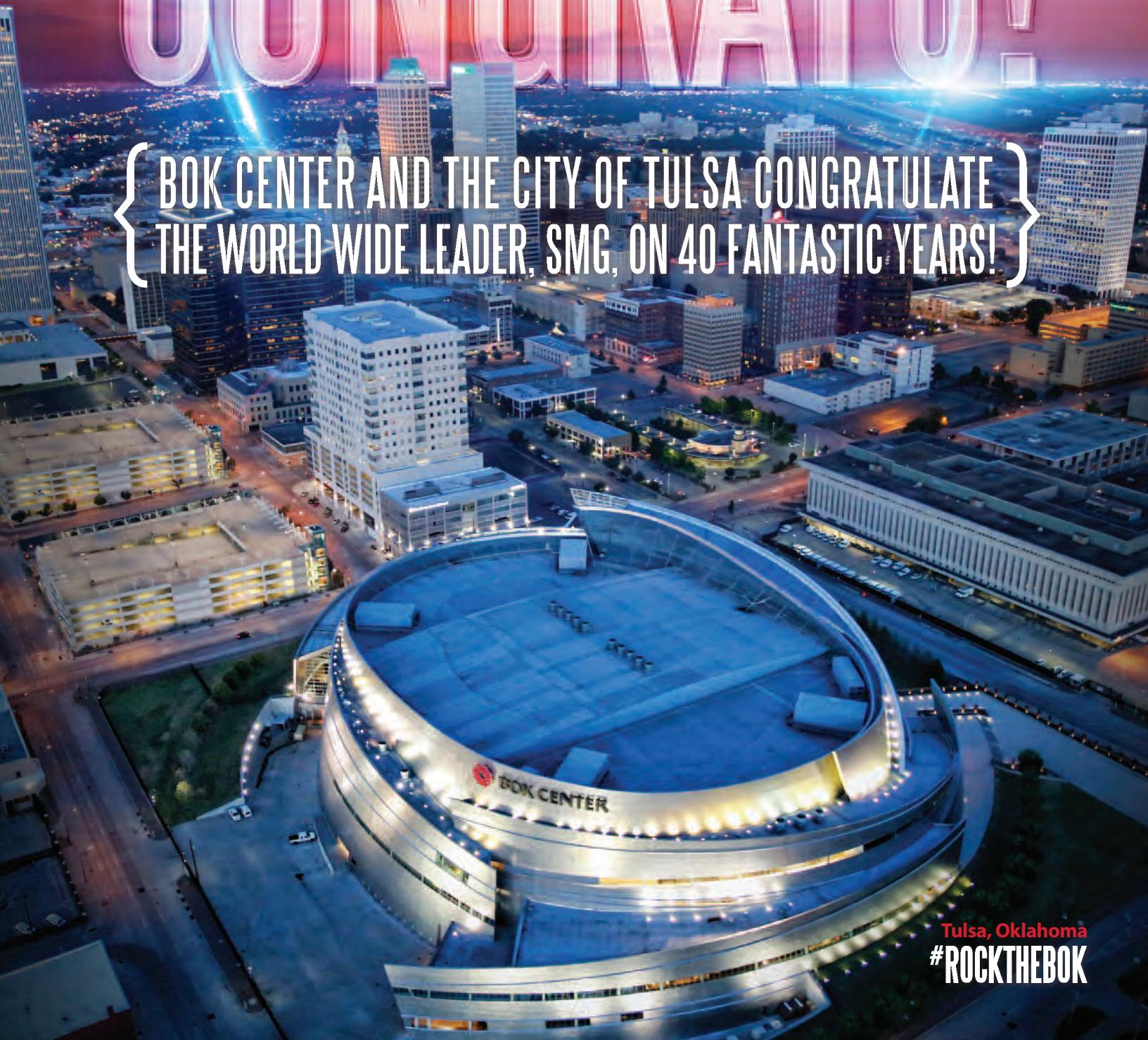
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1977

A.N. Pritzger establishes Hyatt Management Group to operate the **Louisiana Superdome**, New Orleans, with compensation based of deficit reduction. The venue was losing \$12 million a year. Denzil Skinner ran the new company, which was renamed Facility Management Group (FMG).

1981

Moscone Center, San Francisco, becomes the first major convention center management contract and first in-house food service deal for FMG, which was cashing in on the Hyatt Hotels approach.

1991

Aramark buys one-third interest in SMG for a valuation of \$33 million.

Wes Westley is brought in from Aramark as Chief Financial Officer of SMG.

1998

Aramark and the **Pritzgers** buy out Ed Snider's one-third interest in SMG for \$40 million and a two-year non-compete.

The Evolution

1988

FMG and Spectacor Management Inc. (SMI) merge, making the Pritzgers of Hyatt Hotels and Snider of the **Philadelphia Flyers** 50/50 partners in SMG. Tony Tavares is CEO of the merged companies. No valuation is made.



2000

SMG acquires Leisure Management International (LMI) from Mike McGee. The portfolio grows by another 17 accounts, including the **Astrodome**, Houston and planned **NRG Park**, home of the Houston Texans and the HoustonRodeo.

Aramark acquires **Ogden Entertainment Services**, keeping the food service contracts and spinning the venue management contracts to SMG, establishing the contract management firm's European footprint, including Manchester (U.K.) Arena.

1994

Wes Westley named president and CEO of SMG, and begins reorganizing the company, creating three facility type-specific divisions, and systems and processes that apply to all management contracts.



1981

Competition reared its head, including Ed Snider's new **Spectacor Management Inc.**, which booked the Centrum, Worcester, Mass., to accompany his highly successful operation of the Spectrum, Philadelphia.





2006

SMG wins management of **BOK Center**, Tulsa, Okla., developing a secondary city into a must-play concert market, a formula repeated again and again in the non-National Basketball Association (NBA) or National Hockey League venues segment.

2007

American Capital buys SMG from Aramark and the Pritzgers for a reported \$630-million.

SMG formally introduces its food division, **Savor...**, able to compete with Aramark and other concessions companies on non-SMG managed bids.

SMG EVP Maureen Ginty leads the creation of **K'Nekt**, a customer service training tool. It has since expanded to all types of job descriptions and is used throughout the company.

Systems and processes allowing for the exchange of best practices and real-time chat rooms for problem solving are formalized.



of an Industry

2005

Hurricane Katrina floods New Orleans, including the Superdome, which becomes a shelter and suffers major damage. Preparedness lessons learned and the successful comeback of the iconic stadium have informed all SMG operations and an entire industry.

2008

Chesapeake Energy Center, Oklahoma City, gets its own NBA team, the former Seattle Sonics, now Oklahoma Thunder. SMG was involved in creating that scenario and manages the venue.



2010

Cobo Convention Center, Detroit, is privatized. SMG wins management of its first 700,000-sq.-ft.-plus center (other than existing accounts that had expanded over the years).

2002

SMG hosts the first National Football League Super Bowl post 9/11, a highly scrutinized national security event, at its iconic legacy account — **Mercedes-Benz Superdome**, New Orleans.



2011

McCormick Place, Chicago, follows suit, another big win for SMG and for its food service division, Savor..., negotiated as two separate contracts.

Savor wins the food contract for Frost Science Museum and Aquarium, Miami, brand new from ground up and just opening in 2017, adding to its existing aquarium category achieved in 1999 with Aquarium of the Pacific.





2013



Winning management of the **Pennsylvania Convention Center**, Philadelphia, creates a trifecta of major market venues for the convention center division.

Denny Sanford Premier Center, Sioux Falls, S.D., and **Pinnacle Bank Arena**, Lincoln, Neb., showcase the effectiveness of early operator involvement in design. SMG later opened both buildings to huge concert success.

2015

Savor caters the biggest food event in its history — Microsoft Corp. at McCormick Place, Chicago, feeding 24,000 people breakfast, lunch and dinner for a week.

SMG acquires **CGC Catering and Events** in Manchester, U.K., opening up food service opportunities in Europe.

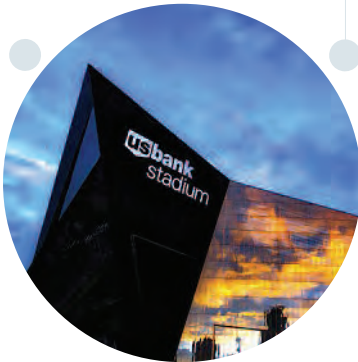
SMG wins management of the iconic **Greek Theatre**, Los Angeles, which showcases the company and gives SMG hospitality entre in the L.A. music market.

Savor wins the **Alamodome**, San Antonio, long held by one of its big competitors, by emphasizing local involvement. They are now preparing for the 2018 Final Four at the Alamodome.

2017

SMG awarded **Shenzhen World Exhibition and Convention Center** in Shenzhen, China.

SMG Europe wins management of the under-construction **Aberdeen** (Scotland) **Convention & Exhibition Center**, to open in 2019, a big win in the exhibition sector in Europe. SMG also manages the existing Aberdeen venue.



2014

US Bank Stadium, Minneapolis, the first National Football League stadium to RFP management in 10 years, is won by SMG. The building opened in 2016

Savor wins the food contract for the brand new **McLane Stadium at Baylor University**, Waco, Texas, by understanding their goals.

2016

SMG appointed manager as well as food service provider of **Bristol (U.K.) Arena** in conjunction with partner Live Nation. The arena opens in late 2020.



SMG wins management of **University of Phoenix Stadium**, Glendale, Ariz., its sixth National Football League stadium.



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SMG'S DNA... CONTINUED FROM PAGE 42

Convention Center Authority that spent two years looking at it, committed money to redevelop the venue and looked at management options. "That was a game changer because it set a benchmark that big cities can and should be looking at this option," Caren said.

Lo and behold, McCormick Place followed suite in 2011, though for a different reason. "They didn't need fixing per se like Detroit did. McCormick Place had legislation that was going to change things like labor

charges and pricing for food and beverage. Chicago went to private management to help guarantee the end users it was really changing," Caren said.

Winning the Pennsylvania Convention Center in 2013 created a trifecta of major market venues for SMG.

"At the end of the day, our true growth will continue to be in smaller and midsize venues, which in reality need more of our attention and help because they have more limited resources," Caren said. Markets like Branson,

Mo., and Tucson, Ariz., and Pembroke Pines Civic Center in Ft. Lauderdale, Fla., now called Charles F. Dodge City Center, which opened in the last month, are key to SMG's convention center business.

"Whenever I talk to groups or cities or clients, I remind everyone it doesn't matter how big or small, at the end of the day, the venue is one of the biggest investments a city makes. Size doesn't matter," Caren said.

CONTENT IS KING

Marquee events are a kick for anyone in the venue business. In 2016, for example, SMG's convention centers hosted the Democratic National Convention delegates at the Pennsylvania Convention Center and the Republican National Convention delegates at Huntington Center, Cleveland. The Pope showed up in Philadelphia as well, part of the World Meeting of Families, held at Pennsylvania Convention Center.

Gratifying events, in Caren's book, include the revival of the North American International Auto Show in Detroit. In 2011, it was a pretty somber event, he said.

Hosting the first Super Bowl after 9/11, 2002, at Louisiana Superdome, New Orleans, is forever in Thornton's mind. SMG worked with NFL, the Secret Service and the FBI to host the first event designated a National Special Security event by the President. "Those come often now. That event went off without any incidents," Thornton said. "As [NFL Commissioner Paul] Tagliabue said, we redefined Super Bowl that year."

Hurricane Katrina in August 2005, which destroyed the Superdome and parts of the city of New Orleans among other devastation, was another defining moment in SMG's history and expertise. They led an industry in recovery and preparation for disaster through lessons learned there. It was shut down for a year before a symbolic and triumphant rebirth. "The company was very proud of that moment," Thornton said.

Four decades is a long time. Growth notwithstanding, SMG is most proud of its heritage accounts. "We have a 92 percent retention rate," Ginty said. "That's amazing. Don't lose sight of your buildings. We have high tech approaches, but a very high touch approach, too."

What are the big wins in Ginty's opinion? "We just like winning," Ginty said. "It might be nice if this was a little harder, but you don't get points for a harder win, the question is did you win? It all impacts our future."





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LOCAL FLAVOR AND FLAIR DRIVES SAVOR

Hotel ownership helped fashion a new kind of venue hospitality

by LINDA DECKARD



Savor and Premier, SMG's food service division, emphasize local cuisine, local restaurants.

SMG's dedicated food division, Savor, has its roots in serving management client's needs, most specifically when San Francisco city officials asked SMG to take over food and beverage at Moscone Center, which they managed, in 1983. Because SMG was partly owned at the time by the Pritzgers of Hyatt Hotels, it

seemed only logical they could provide hotel/restaurant-quality food service at the sprawling convention center.

Keenly aware the goal was to showcase the destination, San Francisco, SMG established a brand that emphasized local talent and local tastes. That same mantra drives Savor, the official food division of SMG, today.

Shaun Beard, SMG SVP, who joined the

company in 2009, loves transitioning venues to Savor food service. He loves being the "little guy" who can make it happen locally and isn't encumbered by massive systems and processes.

What began with meeting the client's need in 1983, was followed 10 years later by a similar scenario at the Long Beach (Calif.) Convention & Entertainment Center and Rhode Island Convention Center, Providence, Beard said. "It was the same situation. They had an incumbent, national provider, but wanted to do something different," Beard said.

"That's our business model — we're the locally focused food and beverage provider," Beard said.

SMG's commitment to food service didn't go beyond meeting clients' needs, however, until CEO Wes Westley came on board and saw the opportunity, and until Aramark and Hyatt sold the company to American Capital in 2007. SMG did not bid against Aramark, a major international concessionaire, for non-SMG accounts prior to the sale, of course.

The name Savor has its genesis at the Savannah (Ga.) Convention Center, where SMG took over management in 2000 and food service was part of the deal. "We had a good culinary team there; they thought a great name other than SMG Food Service, would be Savor. It became, Savor...Savannah," Beard said.

When the company changed ownership in 2007, it had about 60 food service accounts, all tied to management deals. Westley saw the

CONTINUED ON PAGE 52 →

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LOCAL FLAVOR... CONTINUED FROM PAGE 50

potential and created a food service division, which officially came out as Savor, “because we can always represent where we are — Savor Providence, Savor San Francisco,” Beard said. It was a name they had trademarked in 2000.

Savor has taken on 54 new food accounts since then, the vast majority independent of management deals, Beard said. In 2007, 100 percent of SMG’s food contracts were tied to management deals. Ten years later, that’s

down to 70-72 percent.

Savor had a major growth spurt in securing the food service contract at McCormick Place, Chicago, a bid separate from management, which SMG also won, Beard recalled.

In 2011, Savor won food service at the new Frost Science Museum and Aquarium in Miami, which opened this year, the firm’s first museum.

Like its management arm, food service has also grown by acquisition. In 2014, SMG purchased Premier Foods, which had food

“People want to know where the food came from, who’s the person cooking it, are you using **local** purveyors — full transparency, he said. “Our clients ask us to do this. It’s a solution-minded focus.” — SHAUN BEARD

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service at the Del Mar (Calif.) Fairgrounds and University of California San Diego’s Faculty Club, “two great iconic pieces of business,” Beard said. They’ve since rebranded West Coast accounts with the Premier moniker.

That same year, SMG purchased CGC Catering in Manchester, England, acquiring that firm’s racetrack business and establishing its food service in Europe.

“Both those brands brought value in the region they are in,” Beard said. When SMG added Bristol (U.K.) Arena management, it also won food through CGC. In Europe, it is all combined services, Beard added.

The Alamodome, San Antonio, long held by one of the big concessionaires, was another landmark win for Savor. “We had a great local food plan and a great local restaurant partner in our bid, which is what the city wanted, in preparation for the 2018 Final Four,” Beard said.

And they have made inroads in the university food service category, adding the University of Nebraska, Omaha’s brand new arena, and winning Baylor University’s new McLane Stadium, Waco, Texas.

It all dates back to the original philosophy

CONTINUED ON PAGE 54 →

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LOCAL FLAVOR... CONTINUED FROM PAGE 52

established in 1983 — solving a need for the client by bringing localized, hotel/restaurant quality culinary services to the live event business.

“All I’ve done is taken that story and let more people know about it,” Beard said. People want to know where the food came from, who’s the person cooking it, are you using local purveyors — full transparency, he said. “Our clients ask us to do this. It’s a solution-minded focus. We saw it,” Beard said.

Savor is also quick and nimble, Beard said. “We’re not stuck with antiquated systems. We’re not burdened with an infrastructure that’s been there for 10-20 years. It’s all been brand new. We’re an efficient, customer-focused organization that can literally turn on a dime.”

Take procurement, for example, Beard said. Major concessions companies are some of the best, most sophisticated purchasers out there. “The difference with me is I go into San Antonio and say, ‘who is producing the best in this region and how can I bring it into this venue?’” Beard said. The same is true of the equipment he buys.

“At Alamodome, 100 percent of our equipment purchases were from local groups,” Beard said. “Every city is looking for something different. If it’s just dollars, that’s not my business. I provide a local experience.”

The biggest event, Savor has catered to date was when Microsoft Corp. merged five national groups into one meeting at McCormick Place in 2015. Savor served 24,000 people breakfast, lunch and dinner every day for a week. They turned part of an exhibit hall into temporary kitchen to supplement permanent facilities. Over 100 managers from around the country helped support the event.

Beard is bullish on the future for Savor. He is data driven, preaching all the time that “you have to have the math before you do the magic.” But that said, the bottom line is the customer experience. He imagines the next big innovation in food service will be a quantum leap in service times.

“A lot of folks are experimenting with it now. The technology is there but social acceptance will come with the next generation, who will talk into their phones and expect the food to come. Today’s customer sees part of their experience as getting up and cruising the concourse and chatting with buddies. That’s a good experience too. But for the next generation, it will be what I need now, when and how I want it.”



Congratulations



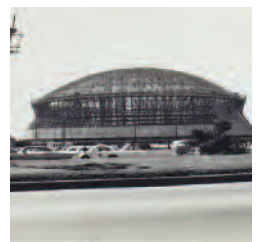
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THE JOURNEY BEGINS IN NEW ORLEANS

Legacy, iconic account for SMG is Mercedes-Benz Superdome

by LINDA DECKARD



Mercedes-Benz Superdome, New Orleans, was SMG's first management account. After it was destroyed by Hurricane Katrina, SMG was instrumental in its revival.

Private management of publicly owned venues started with a need in New Orleans. The iconic Louisiana Superdome was mired in debt, losing about \$12 million in 1976.

Professional venue managers like Denzil Skinner knew there was room for a major turnaround. Skinner enlisted A.N. Pritzger of Hyatt Hotels fame to contract management of the dome for the city. The fee was based on a percentage of debt reduction, recalled Mike

McGee, Barmac Consulting (formerly owner of Leisure Management International), of those early days. Interesting sidebar – a young attorney named Fred Rosen worked for Pritzger at the time. Rosen would later be tapped to turn Ticketmaster, which Pritzger also owned, around.

Not long after Hyatt entered facility management, Ed Snider, who owned the Philadelphia Flyers and built the well-run Spectrum, tired of being asked for free advice and decided to go into facility management as

well. In 1981, he established Spectacor Management Inc., taking on the Centrum in Worcester, Mass., as his first management account, recalled Tony Tavares, who later worked for Snider and became president of the merged companies.

Tavares, who had worked for FMG at Nassau Coliseum, Uniondale, N.Y., the next big hire after Cliff Wallace was tapped to run the Louisiana Superdome, left a year later to join SMI, where Allen Flexer was president.

CONTINUED ON PAGE 58 →



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THE JOURNEY BEGINS... CONTINUED FROM PAGE 56

The list of industry heavyweights associated with SMG and its history is long and almost comprehensive. If you were a significant player in venue management, you worked for or with or sold to SMG sometime in your career. The stability of the leadership at SMG today, most of them there an average of 20 years, is one of CEO and President Wes Westley's major accomplishments. The industry of venue management is and always will be about the people.

The merger, what was renamed SMG, was in 1986, when Facility Management Group, Hyatt's management firm, and Spectacor Management Inc., Snider's operation, became 50/50 partners and began expanding the footprint, Tavares recalled. "There was no valuation at the time."

Then Aramark joined the other two,

becoming a one-third partner for a valuation of \$33 million, in 1991. Tavares recalls that partnership was tied to the realization competitors — LMI and Ogden Entertainment at the time — were bidding for the L.A. Coliseum with a different agenda, offering up capital for renovation.

Snider was willing to invest, Tavares recalled, but the Pritzgers said no unless they could find another partner who could put up some of the money. Charlie Gillespie at Aramark was willing and joined Snider and the Pritzgers in this new level of entrepreneurship for SMG.

But Snider eventually became anxious to de-partner, preferring his lone entrepreneur path, so in 1998, Aramark and Hyatt bought Snider out for a reported \$40 million and a two-year non-compete.

In 2000, SMG grew exponentially with purchase of McGee's Leisure Management

International, which had been established in 1984, and acquisition of the facility management contracts held by Ogden Entertainment, which Aramark bought for its food service contracts.

Those purchases settled the industry down, to a large extent. Tavares recalls "Mike and I didn't get it; how could Ogden manage buildings for the price they offered? We refused to do things on the cheap." Their best guess was that Ogden was making it up on the food service so they were willing to take less margin.

By the time SMG acquired the Ogden and LMI accounts, several of the firm's current leadership was in place, including Westley and Doug Thornton, current EVP of Arenas and Stadiums for SMG, who started in 1997 as GM of the Louisiana Superdome.

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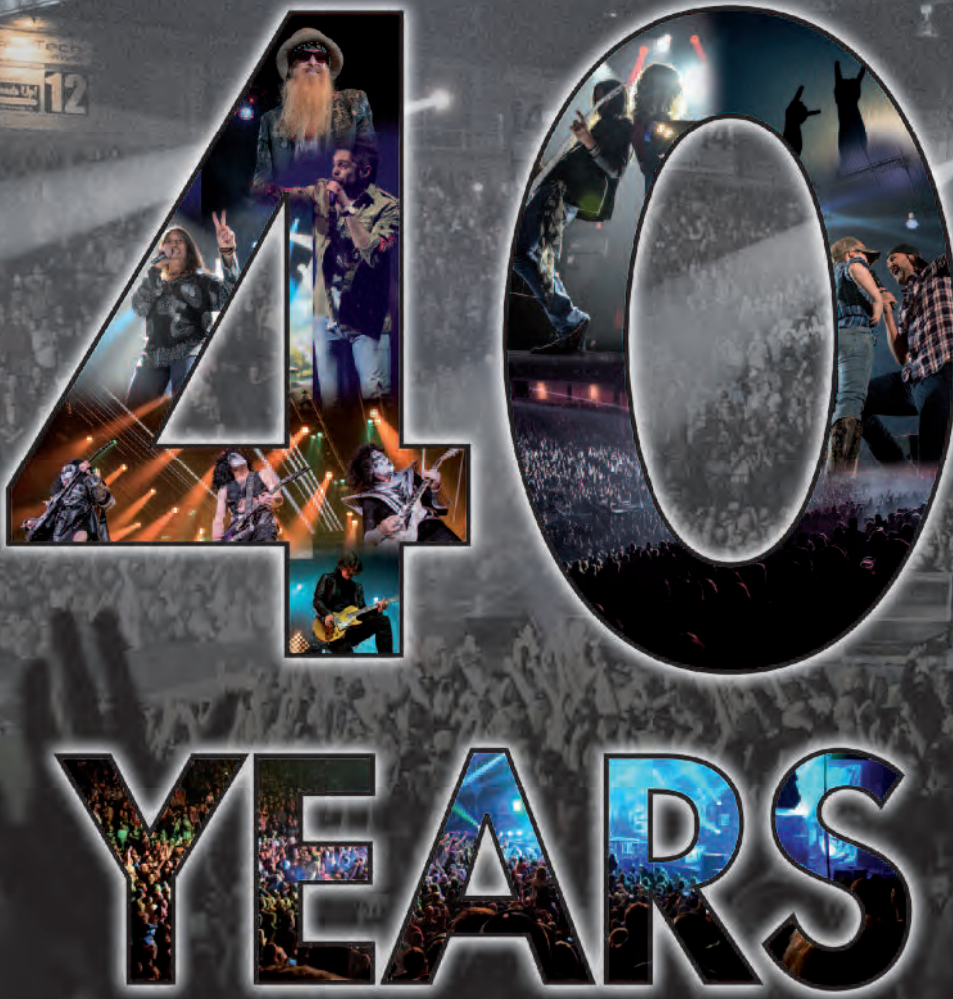


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MARTY CONLEY PHOTOGRAPHY

THE JOURNEY BEGINS... CONTINUED FROM PAGE 58

Thornton recalls the many changes wrought by private management at the Superdome. "Back then sports teams leases were constructed differently. Superdome was probably the first stadium to offer some of the 'modern amenities.' It was the first stadium to have a projection video — an eight-sided video screen; the first to have suites at a mid-tier level." Professionalism prevailed and FMG (later SMG) was charged with selling suites and sponsorships, Thornton said.

"In the early days, private management was doing it all," Thornton said.

In the 80s, when Peter Ueberroth commercialized sponsorships during the Olympic games in Los Angeles, teams began to realize the value of sponsorships and negotiated and took back those rights.

When Tom Benson bought the New

Orleans Saints of the National Football League (NFL) in 1985, his lease was one of the most favorable in the NFL, Thornton said. "At that point, SMG's main job was to manage and maintain the asset and operate the asset for the non-football events, which is still our value proposition today."

Between 1993-2001, SMG experienced steady growth, developing a quality operating standard and establishing a core value proposition for clients.

"SMG is the world leader, the gold standard of management firms," Thornton said. Those legacy accounts, like the Louisiana Superdome, Moscone Center, San Francisco and Long Beach (Calif.) Convention & Entertainment Center have been joined by hundreds of new venues.

SMG also ventured into food service in a formal way when Aramark and Hyatt sold the firm to American Capital in 2007. With

Aramark as an owner, SMG could not pursue food contracts independent of management deals. Savor was born.

American Capital paid a reported valuation of \$630 million to Hyatt and Aramark for the company. The time had come when the original founder, the Pritzger family, was divesting its interest in several projects following the patriarch's death, Westley said. Aramark, being a good partner, concurred.

Westley, who was already president and had already restructured the organization, had a free rein to reimagine SMG once again.

The companies that remain in private management today are basically full service with multiple profit centers, Tavares said.

SMG is at the center of that evolution of an industry — 40 years strong and the future is bright. There is plenty of headroom still, Westley said.

