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MexiExpo: Motivating Employees in Post-pandemic Times

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This problem situation was written by Raúl Jaime Ruiz Cabrera (rjruiz@tec.mx) with the purpose of serving as discussion material in class; it does not intend to illustrate good or bad administrative practices. The story in this document is based on different people's experiences; some data has been modified at the request of the people and institutions involved.

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MexiExpo

MexiExpo is a company based in Mexico City that offers trade shows and exhibitions assembly services as well as professional audio and video equipment rental and services. The company had almost 90 full-time employees and sales of about 150 million pesos in 2022.

Laura Hernández founded MexiExpo in 2002 as a company that rented audiovisual equipment for social and business events called ServiciosAV. The company quickly established itself in the market due to its excellent service. Its sales grew and in the third year of operations it started making profits. The company expanded its services' offer to include video recording, photo shoots, and live events, among others. These new services were highly successful and helped the company to grow.

Between 2010 and 2015, ServiciosAV focused on the industrial market, a segment with very high sales potential. It also expanded its operations to Puebla, Toluca, and Querétaro. Sales grew from 10% to 15% per year and profits almost 10% per year. All this, despite the additional investments and costs necessary to satisfy the increased demand for services.

During this time, several of the company's most important clients began to request trade shows and exhibitions assembly services. After talking to some of those clients, Laura saw that the business had very good potential and decided to explore it. When analyzing the "meetings industry", she realized that it was growing, that it had very good potential to generate sales, and that ServiciosAV was well positioned and recognized in the audio and video services segment.

Faced with these perspectives, Laura decided to enter the trade shows and exhibitions assembly services business in January 2017 while maintaining her offer of audio and video services. She changed the company's name to MexiExpo to adapt it to the new business orientation. The decision to enter this business was risky. It required a strong investment in infrastructure, in hiring personnel, and in the training necessary to offer these services, as well as in building a solid customer base. But the good perspectives of the industry encouraged Laura to be optimistic. She developed a 5-year strategic plan with the idea of consolidating MexiExpo's operations in CdMx in the following two years and expanding to Guadalajara and Monterrey by December 2022.

The Meetings Industry in México

The meetings industry is classified into 5 categories: conventions and business meetings, association congresses, incentive trips, trade shows and exhibitions, and other business meetings (SECTUR, 2017). The category "trade shows and exhibitions" is the one that generates the greatest economic benefits (Olmos, 2023). Non-business events, such as social gatherings, educational or recreational activities, or meetings for political campaigns are not considered part of this industry (Entorno Turístico Staff, 2016), although a company dedicated to setting up trade shows and exhibitions could also generate income at some of these types of events.

Until before the pandemic, the meetings industry in Mexico generated sales of 35 billion dollars, equivalent to 1.6% of the country's GDP (Díaz, 2022a). However, the COVID-19 crisis almost brought the industry to a standstill in 2020 and 2021 due to travel restrictions, business closures, and a ban on holding any type of gathering. The National Study of Trade Shows and Exhibitions 2021 carried out by the *Asociación Mexicana de Profesionales en Ferias, Exposiciones, Congresos y Convenciones* (AMPROFEC) shows that 91% of exhibiting companies could not exhibit at events in 2020. As a result, 65% of the companies working in the meetings industry had to reduce their operations (Staff Margen, 2021). Many of those companies went bankrupt and ceased operations. Meeting Professionals International, chapter Mexico, estimated that only in 2020, 210 companies in the industry, 30% of the pre-pandemic total, ceased operations (Martínez, 2021). Overall, the *Consejo Mexicano de la Industria de Relaciones* (COMIR) estimates that by the end of 2022, the sales of the industry in Mexico fell 30 billion dollars, equivalent to 86% of the 2019 level, and that 465 thousand jobs were lost in that same period, more than 40% of the pre-pandemic level (Industria de Reuniones, 2020).

Yet, the industry faces a favorable future. The COMIR estimates a recovery of 80% in the number of events and 65% in the total income of the industry by the end of 2022, and full recovery levels in both indicators in 2023 (Díaz, 2022b). However, the industry faces significant challenges. Companies must operate in a more cost-conscious manner, be more adaptable to the flexibility needs of users, and make an effort to maintain prices at 2020 levels (Scollo, 2021). Additionally, they need to work with fewer staff, use technology to improve the user experience, and address the issues of inclusion, diversity, and sustainability that society demands (Díaz, 2022b).

MexiExpo in the Pre- and Post-pandemic Years

MexiExpo was not immune to the pandemic. Its sales in 2020 and 2021 were 80% lower than those of 2019. During the most critical months, the company did not make any sale at all. The company dismissed 50% of its employees and reduced the salary of the rest of the staff by 40%. In addition to losing loyal and capable employees, MexiExpo faced the challenge of working with people who were worried, sad, and demotivated as they had lost family members and friends to COVID-19, and because of the new working conditions in the company and in the industry.

MexiExpo's results improved during 2022. The increased number of events allowed the company to close the year with a sales level equivalent to 40% of the pre-pandemic level. Losses were reduced by more than 50% and they were able to hire 10 of their former employees to meet the growing demand for services. The perspective for 2023 is positive. The total elimination of the restrictions derived from the pandemic will make it possible to increase both the number of events and the attendees to these events. MexiExpo expects to increase its sales and profits in 2023, but pre-pandemic levels will not be achieved until 2025, at the earliest.

MexiExpo must adapt to the new competitive conditions to make the most of the favorable environment of the industry and achieve its pre-pandemic growth rate. On the one hand, the company must operate more efficiently to lower its costs and offer competitive prices, while maintaining an elevated level of quality service for its customers. However, it also needs to implement actions that benefit its employees, who were badly hurt physically and emotionally by the pandemic. Due to the dismissal of workers and the salary reduction of 2020, employees are working more and receiving less pay than before the pandemic. This is an issue that MexiExpo clearly needs to address.

Before defining any action, Laura had a study conducted at MexiExpo to assess the motivation and satisfaction of employees, as well as other variables such as leadership, quality of internal services, communication, and other aspects related to the company's climate. She wanted data on these issues to guarantee that the actions to be implemented were correctly focused on solving the employees' needs and worries. The study was conducted in December 2022. All employees, regardless of their position or organizational level, answered the questionnaire anonymously.

In January 2023, Laura received a report with the results of the study. She met with an HR specialist to discuss them. She not only wanted to understand the information she received, but also to identify the company's areas of opportunity so she could define and implement the most appropriate actions to improve the company's climate. The following table summarizes the general results of the study.

Table 1. MexiExpo's organizational climate study results.

Variable	Score	Maximum score
Employee's satisfaction	3.61	7.00
Motivation	3.99	7.00
Interpersonal communication	4.26	7.00
Goal commitment	3.81	7.00
Leadership	4.46	7.00
Organizational commitment	3.79	7.00
Internal service quality	3.96	7.00
Organizational values	4.56	7.00
Organizational culture	4.24	7.00

Source. Own elaboration, 2023.

The results of the study show a problem of employees' dissatisfaction with their jobs caused by the excessive workload and the low salary. As a result, employees are demotivated. Besides feeling unpaid, employees do not feel pleasure or positive challenges in their jobs. Receiving a higher salary could be an incentive, but it might not be enough. Employees are also not highly committed to the values and goals of MexiExpo. This could be a consequence of the employees' lack of motivation and satisfaction. On the other hand, even though the results of the other variables do not seem to show any serious problems, they are not acceptable to Laura. She thinks that the general environment of the organization needs to be improved so that employees feel satisfied and happy, motivated to work and to deliver results.

The Next Steps

MexiExpo is at a crossroads. Laura needs to make important decisions for the future of the company, but she is not clear about what to do. MexiExpo managed to consolidate its position in CdMx before the pandemic, but couldn't achieve its sales and profit goals, nor was it able to expand to Mexico and Guadalajara as planned because of the crisis. Laura would like to resume MexiExpo's unmet growth and expansion goals, but knows that in order to do so, the company needs to be more efficient and to make significant investments to grow.

Laura also needs to do something to improve the motivation and satisfaction of MexiExpo's employees. She is aware that the company's success before the pandemic was largely due to having motivated and satisfied employees. Employees worked with pleasure and passion and, in consequence, had an outstanding performance and delivered excellent results. However, this is no longer the case. Laura knows that she needs to address some critical issues such as the salary of her employees, the excessive workload, and some other problems that negatively affect the employees' well-being and the organizational climate.

However, the financial situation of MexiExpo is still very precarious. The company faces a context of low sales with the need to make investments and increase expenses to operate, expand, and improve the well-being of its employees. Sales grew during 2022, but there is still a long way to go to reach 2019's levels. In addition, customers are more demanding, they require more and better services, at pre-pandemic prices. All this, with the added difficulty of having a debt problem that was not present before 2020. During the pandemic years, MexiExpo borrowed an important amount of money to cover essential expenses and operate. The need to meet the debt's payments will affect the company's future financial decisions.

From an internal marketing perspective:

- Besides the evident problems of motivation and satisfaction of MexiExpo's employees, what other internal problems can be identified from the study's detailed results?
- What strategy, programs and actions could Laura implement that would contribute to improve the well-being, motivation, and satisfaction of MexiExpo's workers? How could MexiExpo implement these actions (the action plan)?
- How could MexiExpo's senior management communicate the strategies, programs and actions that are part of the action plan to the company's employees? What would be the most appropriate internal marketing strategy to do this?
- What negative impacts could the strategy, programs, and actions have on MexiExpo's employees? What impact could it have on external customers? What could the company do to reduce the impact or avoid these problems?
- What ethical implications would the proposed strategy, programs, and specific actions have on MexiExpo's employees and customers? How can the company ensure that the action plan respects the dignity and rights of both employees and customers?

See annex [HERE](#)

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