

Connect DIVERSITY

Advanced Hotel Negotiations...

“From the Hotel Side”

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Introductions...

■ Tom Pasha...

- Hotels since age 15
- 12 Hyatts over 20 years
- 6-time DOS
- National Sales Director
- Founded CONTACT Planning, a national meeting and golf planning company
- Trains planners from "The Hotel Side..."



Hotels Need Meeting Business!

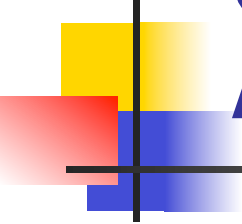
Hotels Depend on Groups, Meetings and Conventions

Higher rate and Yield revenue

- Better catering, golf, spa, gaming
- Prime time groups increase revenue
- Off-peak groups increase occupancy
- Convention Hotels are designed with Group Meeting Space to fill rooms!
- With that in mind, what can you Negotiate?

Everything!





Hotels Accounting is based on GAAPS– Generally Accepted Accounting Principles

- Rooms 80% Profit
 - Catered F&B 40% Profit
 - Total F&B 20% Profit
 - Gaming 90% Profit
 - Recreation 90% Profit
 - Spa Services 90% Profit
-



In Financial Matters, the Best Revenue Profile Wins!

- Annual Budget: Day-by-day forecast of all revenue streams: Rooms, F&B, Recreation, Spa, Casino
- Quarterly Forecast
- Monthly Forecast
- 10-Day, 7-Day, 3-Day Forecast
- Flash Report (The Daily) is compiled into monthly P&L, which is compared to the Annual Budget.
- Maximize and Measure your Revenue, Show it in your RFP and you add leverage to your negotiations.
- Use your RFP to Help the Sales Manager Sell Your Group to the DOS and DORM

Does Hotel Revenue Affect Planners? Hotel Math...



- 100 SF of mtg space per group room
- 80% Rooms profit (Mtg space fills rooms)
- 40% Catered F&B profit
- \$125 per room per day pace in Catering
- 300 rms x 365 = 109,500 (100% occupancy)
- 1095 roomnights = 1% on the annual;
- 90 roomnights = 1% on monthly;
- Occ. rooms x ADR = Revenue @ 80% profit



Great Negotiations Start with a Great RFP

■ **Sample Concessions to Request on Your RFP:**

- 1 per 40 comp room credit, calculated on a cumulative basis;
- Three VIP upgrades to Suites at the Group Rate for the duration of the conference;
- One (1) two-bedroom VIP suite complimentary for the duration of the conference;
- Complimentary wireless internet in all guest rooms;
- Complimentary basic bandwidth wireless internet in all meeting rooms;
- Complimentary meeting space, based on the program and pick-up; (OR)
- Complimentary meeting space, based on a Catering minimum of: \$ _____ ++
- Complimentary Health Club Fitness Center for all attendees
- Complimentary attendee parking; if not comp, discounted to \$ _____
- Hotel to provide 5 Complimentary validated Parking Passes daily
- 10% - 20% off Audio Visual
- 10% - 20% off Catered F&B
- Hotel agrees to host 1-hour arrival night reception, to include beer, wine, light hot and cold hors d'oeuvres
- Guest rooms accepted after cut-off at group rate based on space available
- All attendee rooms credited towards pick-up, determined by a Rooms Audit
- Group rate extended three days pre and post, space available, will be counted towards group pick-up.

Negotiation Techniques:

Hotel Insider Scoop...!

- Hotels have a First Quote, a Fall-Back and a Lose it Quote, don't agree to the first quote you hear;
- Ask for more than you really need; the hotels always quote higher, too, so they have some room to move.

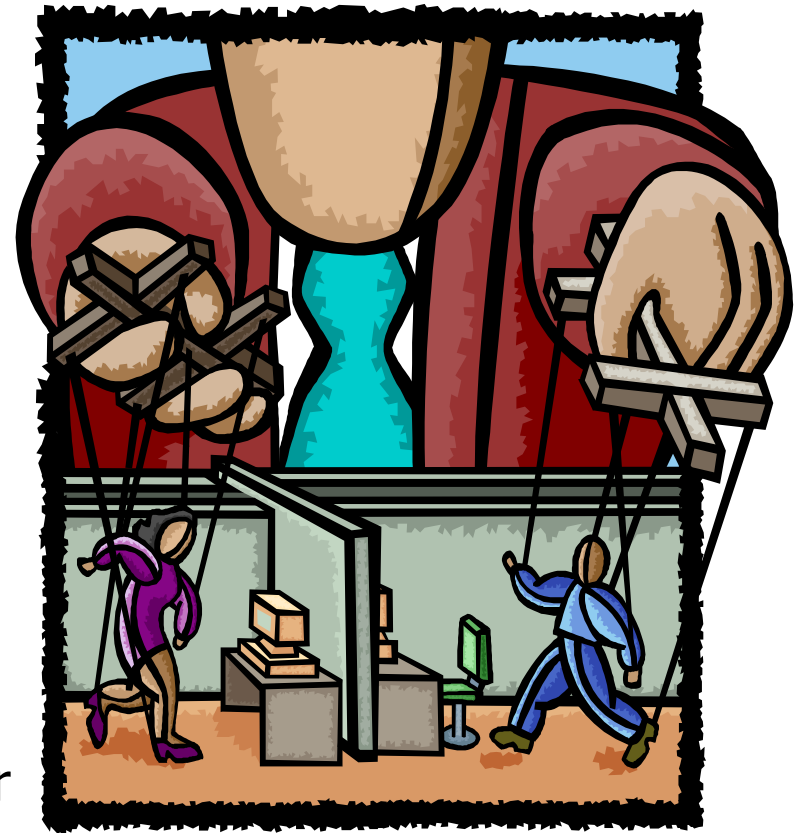
• Good Opening Negotiation Questions....

- Ask, "Can you do better on the rate.. How about (Quote your rate) That's in the budget."
- "That's what we are getting from your competition."
- This is a competitive bid – can you match the <Hilton>?
- Can we get closer, so your hotel can be on the site tour?
- My boss really needs to add ____, so she can hit her budget.
- Can we get to \$____ ? If so, we can get this signed by month-end, or close of business Friday?



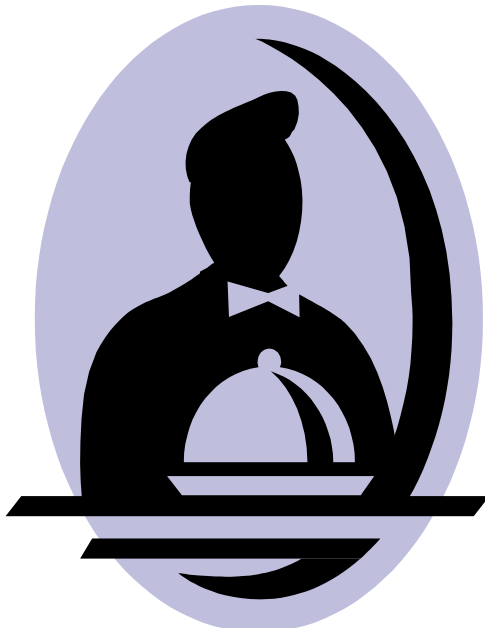
Improve Your Booking and You Can Improve Your Deal...

- Be Flexible to Get hotels to compete for your business
 - Sunday Arrivals
 - Check alternate patterns
 - Rooms and Meeting Space match
 - Rooms match History
 - Stack pre- and post events;
 - Book shoulder times instead of peak
 - Book Banquet events— call sponsors and suppliers!
 - Measure your amenity use: Spa, Golf, Casino, Outlets; Include on your RFP, with a Report of Convention



Believe it or Not, You Can Negotiate Catering, too!

- Know your attendance, history and F&B “spend,” and you can Negotiate:



- Confirmed prices, menus TBD by mutual agreement
- Negotiate % discounts: 10% - 20% is common
- Current pricing for catering over a year out.
- Menu-matching: See what is already being served that day and order that too – discuss an additional discount
- Ask for a “Non-Profit,” Fund-Raiser, Veteran’s, Senior or Junior menu to be customized.
- Ask for a seasonal special – a summer light lunch?
- Confirm exact menu items and prices on your contract.
- In-house coffee – do you pay \$10 per cup of coffee?
- Water stations, no bottled water – Go Green!
- Negotiate the Service Charge: Do you tip 24%?

Negotiate to Limit Rooms Attrition Liability

- ***Attrition: Remember that both hotels and clients HATE this conversation!***
- *#1 Tactic to Avoid Attrition: Know your 2-3 year history and negotiate 75-80% of the contracted room block*
- *Request a 3-month or 6-month prior to cut-off review and reduction*
- *It's always best to add rooms than reduce, since the hotel will reduce your space*
- *Rooms Audit to identify any attendees who booked around the room block*
- *Rooms to include all pre and post rooms;*
- *Rooms to include reservations after cut-off*
- *Request a Force Majeure clause in contract*



Negotiate to Reduce Rooms Cancellation Liability

- #1 TIP: DON'T CANCEL!!
 - Cancellations clauses should come with a sliding scale: stairsteps of liability, based on how far out the cancellations occurs;
 - Negotiate minimal or no liability if cancelled within 60-90 days of signing;
 - Ask for a Resale Clause: No liability if hotel resells the rooms;
 - Ask for a Rebook Clause: Any and all cancellation fees paid are applied to a future booking.
 - Avoid Cancellations by delaying the signing date, extended First Option, etc.



Insider Tips to Negotiate Your Best Deal...



- On your RFP, clearly show your Rooms, Catering and Amenity spend. Attach a Report of Convention from the year prior. Help the Sales Manager sell your group to the DOS and DORM.
- Don't hesitate to ask for what you need - the hotel needs your business
- Negotiate in person, whenever possible
- Shop several hotels and tell the hotels they are being shopped.
- Tell the hotels your decision date
- Meet the GM and DOS and let them know how important this negotiation will be
- Negotiate at month-end and quarter-end; Agree to sign the contract by month-end
- Have a contract draft e-mailed to you; take some time to look it over: Word Doc with changes tracked is best
- Confirm each point in order; if you get to a sticking point, pass it and return later.
- *And, if you find that you need an assist....*



Call me if I can help!

...Thank You!

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***" And still those voices are calling from far away,
Wake you up in the middle of the night, just to hear them say,
Welcome to the Hotel California."
-- The Eagles, Hotel California, 1979***

LET US KNOW HOW WE DID!

Evaluation forms will be distributed at the end of the session.

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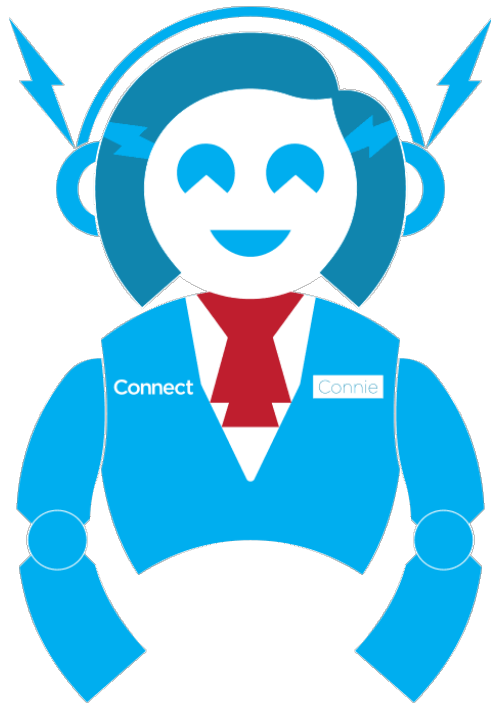
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