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
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