



Meeting Planners' Guide to Hotel Negotiations

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Or, to quote two
famous negotiators...

“You can’t always get what
you want...”

--Mick Jagger / Keith Richards

If everything's negotiable, how come all I get from the hotels is a hard time?"

- Hotels need to learn Positive Negotiation Techniques
- Positive Negotiation occurs when everyone exceeds their own expectations!



In a Buyers Market, you hold the cards in any negotiation

- Hotels don't want you to know it's a buyer's market!
 - Demand had not caught up with Supply
 - Hotel mortgages are high-risk, high rate investments.
 - Sales managers have to close more business!



Use your skills so you don't throw money away!

- Today, we'll cover:
- How hotel finances REALLY work
- How to evaluate your business.
- How to use all your negotiating tools.
- How to close better deals.





Hotel Finances, 401....

- Examine the hotel profit centers, to determine where the most negotiability is for a piece of group business.
- See how profit centers vary among hotels– day patterns, seasons, etc.
- See how you can adjust your group to make hotels compete for your business.



Hotels Negotiate based on GAAPS— Generally Accepted Accounting Principles

- Rooms 80% Profit
- F&B 20% Profit
- Gaming 90% Profit
- Recreation 90% Profit

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- **Based on these percentages, historic information and contribution of revenue to the P&L, hotels quote rates.**
 - **Note: Actual “costs” are rarely used to determine rates.**
 - **Hotels work toward % of Occupancy and ADR, both are rolling averages.**

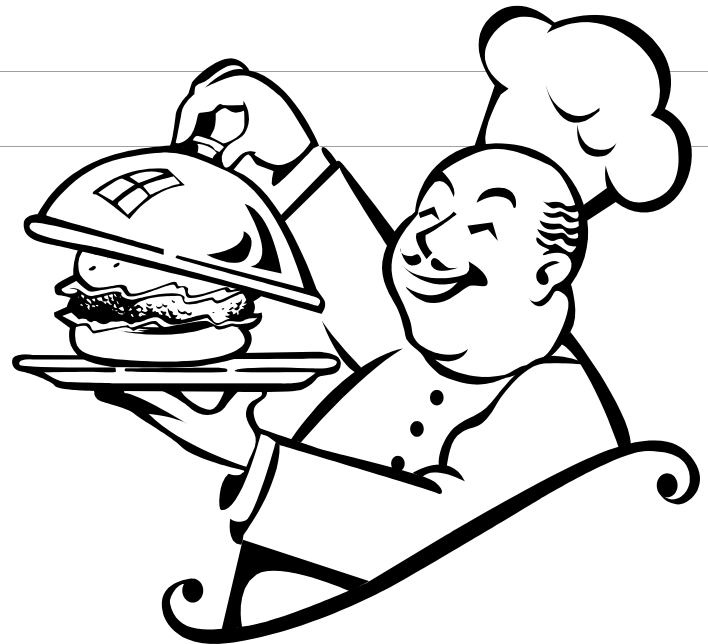


Rooms Make 80% Profit? YES!

- **All major expenses are covered as Capital expenses, and are accrued over several years—TV's, towels, linen, equipment, etc.**
- **When you calculate the expense of having a guest in the room, it's called: CPOR— Cost Per Occupied Room— typically \$20 or less per night!**
- **All other expenses are static, whether the room is occupied or not— mortgage, taxes, insurance, etc.**
- **Hotels can keep 80 cents of every dollar they touch— this is a non-gaming hotel's primary profit center!**

F&B– The “L” of the P&L

- **F&B is much more labor and materials intensive:**
- **Chefs, not cooks!**
- **Ingredients– baked goods, butcher, food prep, etc.**
- **Equipment, staffing expense**
- **Profit of 20-25% is good, but it is needed to run a hotel.**





Gaming and Recreation

- Similar to Rooms, Excellent percentage of Profit
- Except in Las Vegas and Atlantic City, because of small contribution to the P&L, comps and upgrades are negotiable.
- These areas can help you stretch your dollars with comps and upgrades.



Evaluate Your Business

<u>Space</u> -Space and room block match?	<u>Dates</u> -Prime Time? -Day/ Date Pattern? - Holidays?	<u>Rates</u> -Comfort level of your attendees? - Room history	<u>Banquets</u> -Catered, good usage @ \$70/day? -Host bars?
<u>Gaming</u> -Time allowed for activity? -Chips promoted?	<u>Recreation</u> -Time allowed? -Organized? -Spouses program?	<u>Amenities</u> -Time allowed? -Organized?	<u>Outlets</u> -Time allowed? -Vouchers okay? -Specials?



Negotiate with a Positive Mental Attitude

- You need to mind your business, but the hotel needs to stay in business!
- Be prepared to give and take
- Remember if you cut too much revenue, the hotel's staffing, service and standards may be reduced
- You and your Sales Manager are Partners— start things off right!



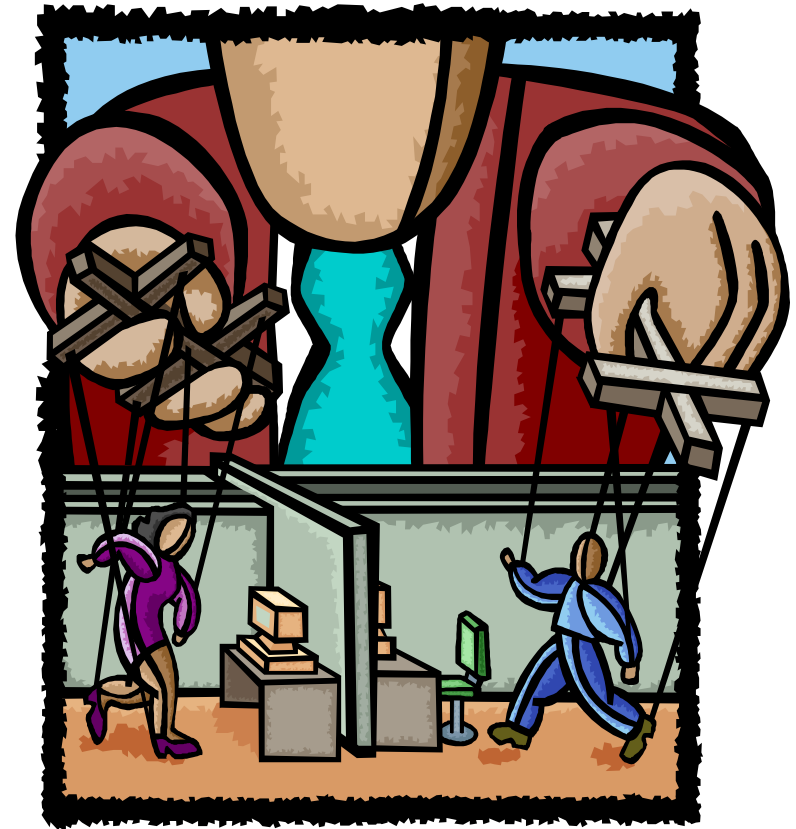
Hotels Can Negotiate:

- SPACE: Meetings and event space
- RATES: Room rates and rentals
- DATES: Day, Week, Month, or Seasonal patterns are all negotiable.

*The planner can get any two by
bending on the third!*

Space, Rates and Dates

- **Since hotels make their revenue by filling rooms, you can make your business better!**
 - **Sunday Arrivals**
 - **Space and Rooms match**
 - **Rooms match history**
 - **Work to book shoulder times instead of peak**
 - **No (HAS) Hold All Space Bookings**
 - **Book Banquet events— call sponsors and suppliers for help!**





With a better booking, you can negotiate...Everything!

- **Rooms:**
 - **Rates: Always sgl/dbl, not a split rate**
 - **Upgrades: Jr Suites and VIP floor for staff**
 - **1/40; VIP suite(s) over and above**
 - **Staff meeting rates prior to meeting**
 - **Pre- and post meeting rooms**
 - **Delete Resort fees– make them optional**
 - **Free/discounted parking**



Food and Beverage Items

- Since there is little profit there, F&B comps are difficult, but upgrades are possible
 - **Hosted reception for a Sunday arrival**
 - **Discounted coffee, banquet menus**
 - **Discounted A/V**
 - **Custom menus, based on your F&B budget**
 - **Upgraded presentations— props, ice carvings, etc.**
 - **Children's plates, if needed**



Using All Your Negotiation Tools

Directors of Sales

**National Sales
Managers**

**Convention/Visitors
Bureaus**

**Third-Party
Meeting Planners**



Directors of Sales

- Always a good point of contact:
 - Former Sales Manager
 - Can make decisions, when Manager can't
 - Evaluated based on pace and bookings produced
 - Wants to make every booking a multi-year and to start and maintain a great relationship.



National Sales Managers

- Like a DOS, is a former Sales Manager
 - Evaluated on company-wide production
 - Will have additional leverage for multi-year or multi-hotel bookings within the company.
 - Wants to have all new accounts become House Accounts



Local CVB's

- CVB's recently under scrutiny about their budgets and results— they want to bring your group to the city.
 - Exert local leverage as much as possible
 - Will provide or subsidize some services
 - Will have alternate hotels compete for your business.



And... Introducing the “Third Party Meeting Planner”

- Contact, Inc., Helms-Briscoe, Conference Direct, David Green, Inc. and others.
- Paid only if you work with the hotel they negotiate on your behalf
 - Former Sales Managers and Directors
 - Have inside access to Hotels
 - Leverage multiple groups to help you
 - Can shop your group among many hotels
 - No charge to you– they are paid by hotel

How a Third Party Meeting Planner works...

- Site Selection Company
- Commissioned Hotel Sales Person
- Enjoys long-term contacts with Hotels, CVB's and NSO's
- The best ones accept no retainers or "marketing fees"— they work 100% on your behalf!





Negotiating Tactics

- Trust is critical-- Present all your requests and requirements; don't hold back any information
- Have your Rooms history handy
- Tell the Sales Manager your priorities– space, VIP's amenities, etc.
- Know your price comfort level– tell your manager
- Shop several destinations and hotels– tell everyone they are being shopped

Negotiating for better results



- Set a Time-Frame— when can the hotel get a decision?
- Be sure everything is discussed, one point at a time— if you hit a “sticking” point, move on and return to it.
- Everyone wins! Make sure everything is spelled out completely!

Service Standards for Meetings



- Make sure you get all the service and staff you deserve! Look for:
 - **1 Banquet server per 20**
 - **1 Banquet bartender per 75**
 - **1 Banquet captain per 75**
 - **1 Housekeeper per 15 rooms**
 - **1 Front Desk clerk per 100 arrivals**
 - **1 Bellman per 50 arrivals**
 - **1 Employee per room**



To Review Positive Negotiation...

- Know the value of your business
- Know how Hotels look at your business
- Use all your tools: DOS's, CVB's, National Sales and Third Parties
- Know what you can negotiate to get the best package for your budget.
- Know hotel standards for staffing and service....and...

The Last Tip...

- PRACTICE

- PRACTICE

- PRACTICE



And to quote our two famous negotiators...



“If You Try
Sometime, You
Might Find, You
Get What You
Need!”

-- Mick and Keith



And... Thank You!

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