

Seven Steps to Getting the Hotel Contract in Motion, Part 1

In meeting planning, the primary objective of negotiation is to provide the best meeting possible for both parties and a "fair" profit level for the facility. Here are the first three steps to getting started.

NEGOTIATING MEETING SPECIFICATIONS WITH A HOTEL is not easy, as you each have your own agendas, but overall, negotiations should be a give-and-take process. The best way to be successful is to be flexible.

Everything is negotiable; you just need to ask.

Here are seven steps to start the contract and negotiating process: setting the boundaries, developing a group profile, researching the hotel's history, reviewing the initial contract before the site inspection, pre-planning for the negotiation, site inspection, and finalizing the contract. We cover the first three in the column this month.

1. Set the Boundaries/Gather Information

► List the meeting and the attendee profile before contacting the property. Your meeting goals should be in the forefront of your discussion at all times.

► Research the meeting's history before the negotiations begin so you can present the facts correctly.

If this is a first-time meeting, try not to over- or underestimate your attendance expectations.

► Know the dollar value of your meeting. The more sleeping rooms that take up the hotel inventory, the stronger your negotiating power (you have 300 rooms in a 400 room hotel vs. you have 300 rooms in a 2,000 room hotel).

2. Develop a Group Profile

Include the following:

- a description of what the usual sleeping room pickup is for the meeting attendees (a history report from the hotel on last year's meeting would be great)
- the number of single or double rooms used
- the amount of meeting space vs. sleeping rooms
- the arrival/departure pattern for the group

- special requests such as upgrades
- whether the attendees eat in the hotel restaurants or go off property if the meals are not catered
- your organization's payment policy
- the overall value to the hotel regarding both revenue and repeat business.

3. Research the Hotel's History

- What is the hotel's high, low, and shoulder season? You will get the best rates in the low season.
- How does the hotel evaluate business (i.e., sleeping rooms, space, repeat business)?
- Where the hotel is located (resort vs. downtown)?
- What is the ratio of transient to group business?
- What is the hotel's arrival and departure pattern? Do most guests check in on weekdays or weekends?
- What are the hotel's different sleeping room rates (i.e., rack rate versus group rate)?
- What is the meeting space to sleeping room ratio? Your room rental will be based on the number of sleeping rooms you pickup vs. the meeting space you need.
- What are the rates at other comparable hotels?
- What holes does the hotel need to fill? For example, airport properties have the highest volume of guests Monday through Friday.
- Where does the hotel make the most profit? For example, the hotel makes approximately 70 percent profit from sleeping room revenue; 20-30 percent from food and beverage functions; 10 percent or less from restaurant functions. ■

Editor's Note: The next four steps to getting the negotiation and contract process started will appear in this column in the May issue.

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