

# Best Practices in Contracting

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# Best Practices in Contracting

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In today's market, getting to the point of requesting a contract can be half the struggle for meeting planners. As planners, we need to present a strategic RFP to hoteliers, as this will leverage the value of the meeting to the suppliers throughout the RFP to contracting process.

Being prepared with negotiation strategies will impact our outcome and help navigate through all of the pieces of the contract that are crucial to ensuring that we are receiving a contract that provides value, shared risk, and strategically meeting the needs and demands of our stakeholders. By understanding the value and flexibility each party has in the beginning, it can make for a much smoother transition to the contract.

## Hotel Fees

One major trend that we are seeing in the marketplace is the increase in ancillary hotel fees. There are several different types of service fees, surcharges, etc. that hotels are incorporating into their contracts.

Make yourself aware by asking the question and including language that will not allow the hotel to add on any "additional fees" beyond what is being disclosed in the agreement. Note:

These fees are negotiable and ultimately it is the responsibility of the planner to request these additional cost centers to be reduced or eliminated if possible.

Understanding and demonstrating the overall value of your meeting to the hotel is an important piece in requesting that this be done. Tracking ancillary spend during meetings—anything that the attendees of your meeting may purchase at the hotel (i.e., retail shops, golf, spa, food and beverage outlets, etc.)—can help. Depending on the type of meeting, hotel, how items are being billed, and technology provided, there are several different options available to planners to track this information. Having the ability to track this spend and report it in the RFP process provides the supplier with another piece to value your meeting.

## Technology Costs

Another key component in contracting is the cost of technology support for meetings. Knowing the technology needs of your meeting is imperative and can impact the quality of your event. Moreover, because of the inconsistency of technology support fees, this can be a major line item that can cause a meeting to quickly go over budget.

It is a fact that technology is complicated; however, keep in mind all of these costs need to be discussed, evaluated and ultimately negotiated. Some of these fees include: hardware needs, set up/tear down, internet, bandwidth, access fees, and technology support costs. Pricing should always be agreed to and documented as part of the AV agreement.

As a planner, always ask the question about the other business the hotel has already confirmed before/after your event to see if any of these costs can be something that the groups can discuss sharing if there are similar sets or requirements in the meeting rooms that will be utilized for each group. This can be easily accomplished when using the in-house provider but may be a bit trickier when using outside sources. Nonetheless, it can be done and should be addressed by the planner to help reduce technology fees.

If you prefer to use your own technology provider, I still encourage you to provide the in-house provider the opportunity to bid on your meeting so that you can see what they would be able to offer, at what price point, and other flexibility they may be able to provide.

## Meeting Space

Hoteliers are also asking more frequently to have the ability to move the meeting space around in their hotel. This is again when I would refer back to the beginning stage of the RFP process and maximize your ability to avoid this piece when it comes to contracting by providing the hotelier with a detailed RFP with your expectations in the beginning. The supplier is working to manage their stakeholders, maximize their function space and provide the ability to book multiple meetings at their property utilizing the perimeters they have been given. This is being addressed in the contract as the hoteliers are only guaranteeing a certain amount of function space, but not specific meeting rooms. This can prove disastrous for a meeting and affect the ROI. For example, if a hotel guarantees you will have a minimum of 1,200 sq. ft. for your meeting, that could be in any room that is a minimum of that size in their hotel. Keep in

mind that certain set-up needs will not fit into all meeting rooms of a certain size successfully.

It is important in the contract to address function space by name, guaranteeing the space for a 24-hour hold if necessary, and including language that states that function space may not be changed unless it is mutually agreed to by both parties. Again, as the planner, be prepared to present your meeting history and have this documented to support you along the contract process when it comes to discussing the needs of function space and providing factual information on past usage.

## Conclusion

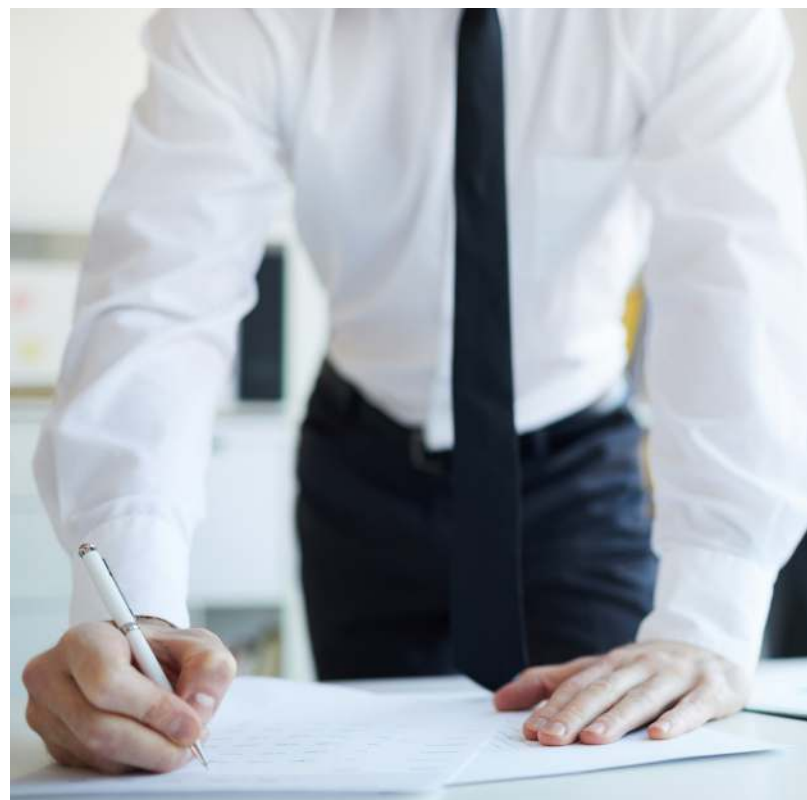
With the increase in expectation and ROI for each meeting, being strategic and knowledgeable has never been more important than it is today. Being able to manage meeting stakeholder expectations and demonstrating meeting value to these stakeholders is the highest priority.

The best practice for both suppliers and planners alike in the entire process is remembering that communication matters and is key in a successful partnership. Planners need to include all the important details and facts in the RFP and hoteliers need to read the entire RFP, respond with advisory questions to the planner (not cost/revenue questions) and then provide a quality proposal.

Regardless of shifts in the marketplace, one thing remains the same: Planners who understand their leverage, are flexible and have a negotiation plan can add value to their meetings — and the bottom line.

## 6-Step Process to Value-based Negotiations:

- 1 Utilize a strategic RFP / Assess your leverage for each meeting
- 2 Evaluate all revenue contributions by category
- 3 Create a custom hotel contract / modify for each meeting
- 4 Focus on negotiating added meeting value / cost savings and contract risk reduction
- 5 Track meeting history & spend, by category / individual hotel & chain
- 6 From your countersigned contract, create a cost savings / risk reduction report





SOUTH CAROLINA

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