



Meeting Sites Resource

Strategic Hotel Contracts: “Top Ten Hot Tips”

Meetings are big investments and at MSR our hotel and contract negotiation focus is to add value to meetings and the bottom line, with an emphasis on risk reduction. This includes a custom hotel contract process (ready for signature) which starts strategic negotiations process.

MSR’s “Top Ten” contract negotiation tips:

1. **Published Rates**— After contract signing, hotel will not offer lower room rates via hotel website or discount travel suppliers. Any rooms booked around your block to be credited to your organization (include pre/post stays).
2. **Performance Damages**- Based on lost profit, not lost revenue (i.e., \$150 room rate X 75% room profit = \$112.50. Food & Beverage (i.e., \$10k F&B revenue X 35% profit = \$3500). Do the math.
3. **Attrition**— Guarantee room block, not sliding scale “use it or lose it.” Example, 400 contracted rooms X 80% = 320 room guarantee (adjust attrition percentage based on demand over meeting dates).
4. **Cancellation**— Sliding scale damages starting at 25% of profit, as meeting gets closer, maximum 75% lost profit (specify dates and do the math).
5. **Food & Beverage Guarantee** – Calculate your food & beverage commitment from your RFP using mid-range menu prices. State your F&B guarantee, less 20% allowable attrition, (i.e., \$30k F&B guarantee X 20% attrition = \$24k final guarantee.
6. **Resell / Audit**— Add to every contract and avoid liquidated damages, which calculate damages amount (or formula) to be paid to hotel with no resell obligation. Hotel audit to include print-out of occupancy by night, omit rooms out of service due to renovation and cross reference attendee list against in-house guests over your dates (include pre/post stays). Assign portion of damages to a future meeting.
7. **Breach By Hotel** – Failure by the hotel to provide the rooms, function space and services as agreed shall render the hotel liable for all direct and indirect damages, expenses, attorney’s fees and costs incurred by your organization.
8. **Relocation** – In the event the hotel is oversold and your attendee is “walked,” accommodations provided at a close hotel of similar quality (at hotel’s expense), guest transportation provided, paid phone calls, priority wait list to return, suite upgrade upon availability and in-room amenity / apology letter from General Manager.
9. **Construction / Remodeling** – There will be no construction or renovations over your meeting dates (specify meeting dates) that impact your meeting and guest experience (image, logistics, quality, noise, or disruptions).
10. **Unauthorized Changes** – Hotel shall not change or alter the contracted room block/suites, meeting or event space, F&B setups, audio visual, etc., without your written approval.

The most effective method to demonstrate real meeting value and risk reduction to senior management is to design and utilize a custom hotel contract (not addendum) that is ready for hotel signature. Your custom contract should address all contract components, value added concessions, hotel fees and surcharges (eliminate or reduce), performance clauses (based on profit, not revenue) and legal department liability language.

Corporate Office

15375 Barranca Parkway, Suite C-102 Irvine, CA 92618 t: 949.250.7483 f: 949.250.4105 www.meetingsites.net



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Once your negotiated contract is countersigned, you can easily prepare a cost savings / risk reduction report for each meeting and distribute to senior management and key stakeholders (important way to demonstrate meeting [and your] value based negotiations).

Cost Savings / Risk Reduction Report, By Meeting

- Sleeping room rates
- Value added concessions
- F&B comp / discounts
- AV / production
- Outside suppliers / venues
- Internet comp / discounts
- Hotel fees & surcharges (eliminate or reduce)
- Hotel support services
- Discounts to master account (for larger programs)
- All contract performance / liability components

Meeting Sites Resource is a global specialist in meeting site research and hotel contract negotiations and has a long history in adding value to the site search, hotel evaluation, negotiations and custom hotel contract process, all with a Strategic Meetings Management (SMM) focus.

A carefully planned and implemented SMM plan can save 12% - 20%, which is an effective way to help your organization...and career!

Please call if you have any questions on this custom contracting process, or if you need a strategic partner for future meeting needs.

GOT STRATEGY?

MSR Professional Services (*No cost or fee to you*)

Global Site Research & Hotel Contract Negotiations / Custom Contracts & 24/7 SMM Technology

Support Services (*Fee Based*)

- Professional On-site Staffing (SOS)
- On-line Registration & Housing
- Meeting & Event Planning Project Management
- Strategic Meetings Management (SMM) Consulting
- Advanced Meeting Technology Solutions

For Additional Information, Contact:

Katie Muck
Senior Director, Global Meeting Services
Meeting Sites Resource
402.505.8733
kmuck@meetingsites.net
www.meetingsites.net

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