

How to Succeed at Hotel Negotiations Without Really Trying

by Ben Yalow

You can't. But, if you do your homework, you can often reach a better conclusion than you can without trying. In this paper, I hope to mention some of the ways you can improve the odds. Good preparation can make a big difference, and I'll present hints on that preparation.

There are two basic sets of factors that you bring to the hotel negotiation process. Some are skills common to all negotiations; the others are the ones specific to hotel negotiations. Both are essential in order to achieve optimal results.

The most important thing you need to know before starting is what you are trying to achieve. As part of the deal with the hotel, you will need to trade some things you want for others you also want. In order to do this effectively, you need to know how valuable each of the things you want is to you, so you can concede the less valuable points in exchange for the more valuable ones. For example, you may trade off a desired weekend for a better room rate - you need to know how valuable that weekend is to you (meaning the con, the attendees, etc.) Unless you do your homework in advance, you can't make the tradeoffs.

The next general skill you need is an understanding of the negotiating process. The purpose of the process is to end up with an outcome in which both parties are better off than they would be if they did not reach an agreement. If either party isn't better off, then there is no reason for that party to agree. The purpose isn't to "win" at the cost of the other party, nor do you "lose" by making the other side happy. This doesn't mean that you should always take "No" for an answer - but an unhappy hotel is a losing position for you to end up with.

It also helps to understand the other point of view. The more you know about what they want, the better you can give it to them in exchange for what you want from them. You need to understand their culture, their manners, their styles. And you'll usually get a better result by fitting in with them, rather than making them fit with you. A hotel liaison who comes to a meeting wearing T-shirt and jeans will probably do worse than one that comes in wearing business clothes - it's what makes the hotel comfortable.

As for the hotel specific factors, let's look at a few:

You need to understand where a hotel makes its money. The easy answer is rooms - gross profit margins are often about 70%, compared to 30-40% on drink, and near nothing on food. The hotel has its function space for pretty much one reason - to sell rooms. You need to know how well you fit - if you take up too much function space for the number of rooms, you're less valuable, since the hotel won't have the space around to sell the rest of the rooms. This doesn't apply much to a Worldcon, but is important for a regional. It's also tough, since our kind of meeting usually takes up a lot of space compared to its room demand.

The next thing you need to know is how your pattern fits in with the rest of the hotel's business. In general, a business hotel is busy during the week, and emptier on weekends, which is good for us. A resort, or a vacation destination like Las Vegas, is generally bad for us, since they do their business on weekends. You're better off during bad seasons (the Northeast in Feb) than you are in good ones (Phoenix at the same time). Seasonality also can have funny peaks, like New England in leaf season.

The best ways for getting this kind of information are reading the trade publications (see the article from last year), and talking to your local convention bureau. Talk to one of the sales reps there, and get information about things like past occupancy rates, as well as projected ones. If you don't know the local properties well enough, you can also get information about them from the CVB - they're there as a sales and promotion adjunct to the local meeting industry. You can get lots of the stuff you need from them, just by calling and explaining that you're planning on booking a meeting, and need information. If you are flexible on dates, you may want to ask them about projected bookings, since if there's a citywide that is taking all the rooms on your weekend, you probably want to think about a different one.

You also need to understand the business you're bringing to the hotel. Develop a history for the con, and be prepared to give references to the hotel. They need to know that they can make money, and you need to show them how. Our good points are not only rooms, but high multiple occupancy, which helps in the coffee shop, and low damage/no-show rates. These all need to be documented, so the hotel will feel more secure about revenue projections. One vital thing in all of this - NEVER lie to your hotel. They'll catch you at it eventually, and will things will never be the same again.

Finally, after you've reached an agreement, you'll need to put it in writing - get a contract that tells both parties what has been agreed to. There have been a number of papers, both in the meeting magazines, and at other SMOFcons, that cover the essential features of contracts. It's an ever changing field (things like ADA liability/compliance clauses are new, but should start appearing in all new contracts, just to give one example), so it is again vital to keep up with industry trends.

In short, you need to do lots of homework before walking in to your first hotel meeting. You need to know how to negotiate, what the hotel's need are, and what your meeting has to offer. I've given a broad overview, and can only suggest that you read everything you can - you can't be too prepared.