

## ESCYPAA HOTEL INFORMATION DOCUMENT

### INTRODUCTION

This document has been constructed using collective experiences of ESCYPAA advisory members. Much of what's found here has been sourced from the ICYPAA "Hotels 101" document in addition to the hotel negotiations checklist. Our hope is that this document will explain new, and expand on existing, information for our bid committees. We also hope that by providing more information, we can spark more of an interest in this critical area of planning for ESCYPAA.

The examples in this handout should only be considered as informational purposes, not as legal advice. If you have questions always remain in contact with the ESCYPAA advisory hotel chair, any members with relevant experience, and other bidding cities.

### CONFERENCE BUDGET / OVERALL PLANNING

One general rule of thumb we'll mention is to underestimate your projected income, and overestimate your projected expenses.

#### **• Planning carefully for the relationship between bid committee and hotel.**

Bill W. described vision as an "all-important attribute" and as "the very essence of prudence." (Twelve Concepts for World Service, pp. 40-41.) It is important to begin with the end in mind. If your goal is to have the best facilities (hotel) packages you can to satisfy bid requirement #7—which will eventually lead to the best facility deal possible for when you become a host committee—you need to know what "having the best package" means and what you have to do to get there.

#### **• But ESCYPAA is about carrying the message, not worrying about money, isn't it?**

Bill W. wrote that "our objective is always a spiritual one, but this service aim can only be achieved by means of an effective business operation." (Twelve Concepts, p. 27.) No matter how little or how much we know about business, we can all agree that an effective business operation needs to be careful with its money.

#### **• How much money are we talking about?**

An ESCYPAA operating budget has historically been between \$30,000-\$50,000+ per conference. An ESCYPAA convention brings a hotel at least \$30,000 in revenue between the rooms we stay in, food and beverages we buy, parking fees, other fees, and surcharges. Where does that money come from? All of it comes from our fellow AA members. They contribute because they trust us to manage it wisely.

#### **• To be a prudent steward of AA's money, your registration fee should cover all conference expenses.**

The most important step when setting your finances is to make sure your host committee has

created a budget for the entire upcoming year. Advisory is more than willing to help with the budget construction so get started on that early on. When setting your registration fee, you should be sure that it covers all your conference expenses. Just as each AA group should be self-supporting through its own contributions, each conference should be self-supporting through its own registrations, again utilize the advisory committee as they're experienced with this. This is the best way to ensure that you have enough money to pay all your bills when the conference is over.

- **Plan long-term (this is especially important for ESCYPAA bidders).**

The bidding process can and often does take multiple years, so don't beat your hotels up so badly for everything your first year that they run out of patience with you down the road. (More about this later.)

### **NEGOTIATING & BUSINESS BASICS**

This section outlines some important information that we hope will be helpful to incoming hotel chair people or someone just looking to learn more, and will be a good refresher for those with more business or hotels experience.

- **Begin working with the hotels well in advance.**

Always start working with the hotels at least 6 months in advance; directly after the current year's convention is even better. Forming a relationship over that period of time will be crucial in building trust, also when your city bids and you're deciding which hotel to host ESCYPAA at.

- **When dealing with hotels you should put the phrase "ought never be organized" completely out of your mind.**

While being unorganized may be OK in AA, it's not OK in the business world. If you have an appointment with the hotel, be sure to show up on time or early. If you tell the salesperson you're going to get them some additional information, be sure to provide it when promised.

While we're on the subject of being organized: be sure to take notes; the salespeople certainly will be. If you talk about anything particularly important during your meeting, it's often helpful to summarize your notes in an email, asking the salesperson to reply confirming your understanding of the conversation. This is a standard ingredient in professionalism and will help you be taken more seriously.

- **Be mindful of how you dress and how you act.**

Your dress should be at least business casual. Dressing like you would for a job interview isn't a bad idea for any first approach with a hotel. On repeat visits, you can always dress down a little if the hotel folks you're meeting with are doing so as well. But if your salesperson is always in a suit, you should be too.

Profanity should be left outside the hotel door. Cursing will not help us in presenting ourselves

as professionals.

Keep in mind being a smoker can sometimes carry a certain tobacco aroma that may follow you into your meeting and be unpleasant to the salesperson. You could chew some gum before your rendez vous.

- **Limit the number of people involved in the negotiation process.**

As a general rule, two people from your committee are enough for any given hotel meeting. Both should agree on who is going to take the lead. Remember, before going into the meeting that you are on the same team and there to support each other. If it looks like there's disagreement among the two of you, it will display disorganization on the committee's behalf, so let's try to avoid that.

When meeting with more than one person at the hotel you'll be involved in significant discussion/negotiations at that meeting, an exception to the general rule is the "plus one" method. This means that you would bring one more person with you than you're going to meet with at the hotel. So if you're meeting with three hotel people, you would show up with a total of four people from your committee. Keep in mind who your lead person is for that meeting, it doesn't matter how much or how little the four people are involved in the meeting.

- **Never forget that you are the customer.**

Something to keep in mind, you are bringing the hotel a good piece of business and they are providing an environment for us to help alcoholics. This should be a team effort in which we look for mutual benefit.

Being the customer does not give you license to be arrogant or act like a jerk. You will be more effective in the long run if you are always polite and professional. Your goal is to get the best deal you can for your conference. The salesperson's goal is to maximize his/her commission. And the best deal for you typically means less commission for the salesperson, so you both will not always agree on things. **Learn the art of disagreeing without being disagreeable.**

- Make the hotel your partner, not your enemy; think "win-win." The hotel will never agree to a deal that isn't profitable for them, and they will always have more margin to work with than they let on. So don't be afraid to politely push for a better deal, but always be on the lookout for ways you can help the hotel.

There's an old saying in the convention business: "Every group makes us happy. Some when they check in, others when they check out." Remember, a hotel that likes you will bend over backwards to help you; a hotel that has an unpleasant experience will not be eager to cut you any breaks.

- **The hotels know about their (local) competitors, but they don't know about yours.**

The hotels you'll be working with in your city compete with one another day in and day out. What they don't always know about is your competition, i.e., the other bid cities. Feel free to tell

your hotels about the bidding process. Make sure they understand the pertinent parts of the bidding process, specifically those outlining the hotel proposals.

- **Never let the hotels know which or how many other hotels you're working with.**

It is very important that you have more than one viable option, and it's helpful to let the hotels know in a general way that you are considering other options. Be careful not to reveal too many details. The hotels may learn this information from one another, but they should never learn this information from you.

When the hotels know the other hotels you're working with, they use that information as a way to shift your negotiation from what the similarities between the hotels are to what amenities or advantages their hotel offers. Sometimes the hotel will talk to you about "similarities or differences" between the hotels that aren't actually comparable.

- **Don't commit to anything at the first meeting, and never take what they offer the first time.**

Hotels have sales tactics as we have negotiation tactics, they're not wrong for that, but it's our job to find a fair contract. For example, they may tell you that another group is considering the same dates you are, trying to pressure you into making a decision. Obviously if you're in a bidding situation you can't sign a contract because you don't have the conference yet. If you haven't already explained the bidding process, this is a great opportunity to open up that conversation. Even if you don't sign anything, you can still make things hard on yourself.

Salespeople frequently use a technique called "trial closing." They try to get you to say yes to as many things as they can, because once you've said yes to something they know they don't have to improve on that part of their deal. Of course, you're entitled to change your mind, but it's much harder to say no afterwards. Your best approach is to simply tell the hotels that they've given you a lot of information to digest, and that you will go over everything carefully and then get back with them. After leaving each meeting what hotel staff it is a great idea to work with your bid city liaison and the ESCYPAA advisory hotel chair to collectively construct your future conversations.

When you do get back with them, you'll want to let them know everything about the deal that isn't ideal for you. Remember, be polite and professional. You shouldn't expect that they will make all your changes, so prioritize your concerns. If new things come to light, by all means pass that info along. But it will help you in the long run to avoid becoming a moving target.

- **When your salesperson says "Let me get back to you on that" or "I need to check with my manager," it's often a good sign.**

Salespeople have a good deal of authority to reduce prices, make changes, etc. But as the deal improves for you, the salesperson may not have the authority to make the deal much better at that point. Often "let me get back with you" really means "I need to check with my manager (or

another department, etc.).”

- **Clearly written agreements prevent disagreements.**

You want to get everything in clear writing; in the hotel business, a handshake deal is like no deal at all. Turnover in the hotel industry is high. If your salesperson quits, gets fired, etc. every handshake deal goes right out the door with them.

Don't fall into any traps regarding unwritten agreements; just recite, “Clearly written agreements prevent disagreements, and we cannot afford any confusion or losses to either side.” Say it as many times as you need to until you get what you want in writing, as clearly as you want it.

- **Not all contract advice is good advice.**

Unlike the other topics in this section that relate to your dealings with the hotel, this relates to your dealings with others in the Fellowship. Just because someone is an advisory council member or a lawyer in your home group doesn't mean he/she is a contract expert. These suggestions arise out of nearly forty years of combined personal experience in working with convention hotels, coupled with input from professional meeting planners, sales trainers, hotel employees, etc.

## **HOTEL-SPECIFIC BUSINESS BASICS**

There are some general things about the hotel business that are worth mentioning, to sort of set the table before we look at contract specifics.

- **Hotel employees are experts in the hotel business; you aren't.**

Hotel employees are experienced business people, and they deserve our respect. Check your ego at the door. Always remember that you are playing poker with a card shark. But like elsewhere in our program, we get power by admitting powerlessness.

- **The hotel's #1 concern is putting heads in beds.**

“Heads in beds” is hotel jargon for selling sleeping rooms. An empty hotel room makes no money. If the piece of business you're offering is going to fill a significant portion of the hotel's sleeping rooms, it's a good piece of business for the hotel. The sleeping room revenue you're bringing to the table makes us good business, especially on a weekend when the hotel's calendar is empty.

Hotels measure how well they're doing with “heads in beds” by keeping track of their “percent occupied rate” (sometimes just called “percent occupancy”), i.e., # of rooms sold divided by total rooms available. Ask for the percent occupied rates for the dates you're considering. Hotels are often reluctant to give you that information, and some hotels may refuse to give it to you. If they refuse, then ask them to at least tell you what a few of their slowest weekends were last year.

- **Although hotel salespeople work on commission, they get little or nothing for sleeping**

## **rooms.**

The hotel's main concern may be "heads in beds" but that doesn't mean that's your salesperson's #1 concern, their concern is commission. Almost invariably commission comes from selling you the extras: food and beverage functions, meeting space charges, etc. So the hotel gives its salespeople a financial incentive to push the other stuff.

- **Be sure the hotel is aware that you are in a competitive bidding situation, and that location rarely factors into the site selection process.**

As we already mentioned, it is important that the hotels know that you are only one of many committees bidding for the opportunity to host the next year's conference. And just as the hotels you'll work with will each have their pitch about why their hotel is better than the others in town, they'll have the same kind of pitch about their city as compared to other cities. We are primarily concerned with a hotel package that makes good financial sense, not so much how fancy the hotel is, extra amenities, or what else the city has to offer.

- **"Young people" doesn't mean the same thing to the hotel that it does to us, and mention of "alcoholics" can make hotel people nervous.**

The term "young people" often makes hotel folks think about a church youth group or something similar. It will be helpful if you explain our demographic up front: most attendees between the ages of 18 and 35. Otherwise, the hotel folks have a picture in their heads of their hotel being overrun by a pack of unsupervised children.

To people not familiar with our Fellowship, the idea of a "sober alcoholic" can seem like an oxymoron. No hotel wants their establishment turned into Animal House.

While it may be obvious to all of us that young people in Alcoholics Anonymous aren't a wild and obnoxious group, that may not be everyone's understanding. Be sure to let the hotel know that while we may be overly enthusiastic and smoke more cigarettes and drink more caffeinated beverages than any other group, we're all sober, and therefore respectable.

- **Never count on your salesperson being at the hotel when your conference happens.**

As we already mentioned, turnover in the hotel business is high. So there's a chance your salesperson won't even work for the hotel by the time your convention rolls around. But even if they do, it's unlikely they'll be there during your conference, because salespeople generally work during normal business hours. It is always a great idea to ask that your salesperson be available if not in person then at least on call for emergencies or other matters of importance.

- **Be sure to have all your written agreements handy during the conference weekend.**

There may be times where you have to enforce the terms of your deal in real-time. An example of this is the dance ending time. Your contract may say that the dance goes until 2 AM—or at least that you have the room until 2 AM—but hotel security or the manager on duty (or "MOD")

on Saturday night wants to shut you down at midnight. If you have a copy of your contract handy, you can show it to whoever wants to shut you down.

## **HOTEL CONTRACT BASICS**

Now that you've got an overview of the hotel business, let's look at some important points regarding your hotel contracts.

- **A proposal is not a contract.**

What you will typically get in writing from the hotel after your initial meeting(s) is a letter outlining some of the high points of your discussions (a proposal). The initial proposals usually have a slew of information about the hotel and city that is irrelevant, look for the important details. It will almost always list a room rate, meeting space charges, etc. But a letter from the salesperson is not a contract. Sometimes the letter will explicitly say that it is only a proposal, a non-binding agreement, etc. Here's an easy way to tell whether it's a contract: flip to the last page; if it doesn't have a place for you to sign, it's not a contract. Reminder\*\* The seventh bid requirement is that there be two viable and realistic proposals, not contracts. If every detail isn't included in the proposal, it's not going to cost you consideration for the convention, but it will lead to more questions from the advisory committee.

If you are working with many hotels, it may be best for you to identify your "short list" before you start asking for contracts, using the information in the proposals as the basis of your initial negotiations. But once you have identified your top choices, you will want to ask the hotels for a contract.

ESCYPAA's Bid Requirement #7 calls for "Proposals or Unsigned contracts from at least two (2) meeting facilities adequately sized to hold the convention." The best way to satisfy that requirement is to ask the hotel, no later than two months before the upcoming conference, for a contract that holds your space on a first-option basis (more about this later) for as long after the conference as possible, in exchange for the promise that you will include their contract in your bid package. The reason you ask for the proposal to be dated for as long after the convention as they'll allow is to ensure it doesn't expire before the bidding process at ESCYPAA, and to give time for further negotiations if awarded the convention.

**\*\*For negotiation checklist see last two pages of this document\*\***

- **Watch out for "double-dipping."**

There are typically three things in your contract that will be priced based on how many room nights (i.e., rooms sold per night) you actually use: sleeping room rate; meeting space rental, and concessions (e.g., free coffee, reduced price banquet). The pricing will be set based on a sliding scale. Here's a typical example:

## **Percentage of Total Room Nights Occupied Total Meeting Space Rental**

80% - 100% Waived

60% - 79% \$20,000

40% - 59% \$35,000

Below 40% \$62,500

So if you were to commit to a block of 1000 room nights and only use 593 room nights, you would owe the hotel \$35,000. But the charges don't end there. Somewhere else in the contract there will be a clause that says if you don't make 80% of your room block, you would owe the hotel the difference between what you actually used and the 80%. So to continue with the example, 80% of your block is 800 room nights, and so you would have to pay for  $800 - 593 = 207$  room nights. At \$99/night, there's another \$20,493. (And if your free coffee is based on a sliding scale too, your bill just keeps getting bigger.)

This example should make two things clear. First, it's very important to choose a conservative room block. (More about that later). Second, it points out how important it is that you get the double-dipping clause(s) taken out of the contract. Penalizing you twice (or three times) for not making your room block is unacceptable.

Your salesperson may play dumb when you point this out, or she may not understand what you're asking. Let's go back to our example for an easy way to explain it. If you pay the \$20,493 to cover the 207 room night shortfall, and your attendees paid for 593 total room nights, how many total room nights did the hotel get paid for? That's right, 800 rooms! And because 800 room nights is 80% of your block, how much should you have to pay according to the sliding scale above? Right again, nothing!

### **• What if you do better than you expected?**

As discussed above, concessions such as complimentary coffee are based on making your room block, or a certain percentage of it. And if you don't make your block, the hotel will either withdraw the concession or require you to pay for it, often on a sliding scale.

But what if you exceed expectations? For example, say your room block is 1000 room nights, but a month before the conference you already have 1000 room nights and you know you'll get more. The hotel will charge you if you bring them less rooms than you committed to, but what will they give you if you bring more? Ask if they will agree to reward your over-performance in the same measure they would penalize you for underperformance.

Perhaps one of the best ways to do this is to ask that they expand your block at the group rate, on a space-available basis. So instead of selling the 1001 room night at the prevailing rate, they continue to take reservations at the group rate. Another option is additional comp coffee, if you

don't have enough already.

If your committee does so well that you sell out the hotel, you will need to contact other local hotels for smaller room blocks for alternate sleeping options. The additional hotels are typically called "overflow hotels". These arrangements will have to be done carefully and should be done with the help of the advisory hotel chair. You will want to make sure the prices are reasonable and the block is appropriate for the projected amount of future bookings.

- **First option vs. second option, Force majeure, Acts of God, etc.**

Hotels will tell you that your space is being held on a first-option or second-option basis, or that they are currently holding no space. First option means that the hotel will not give your space to another group without checking with you first. This is sometimes called the right of first refusal. If you can't or don't sign a contract after the hotel give you the first option, they will proceed with the other group. Second option means that the hotel does not need to contact you before giving the space to another group. However, it does not mean that the hotel necessarily has a first-option group for your dates.

- Force majeure clauses vs. acts of God clauses after 9/11 people sometimes refer to the force majeure (meaning "greater force") clause in a contract as the "acts of God" clause. However, if a conference had been scheduled on September 15, 2001, the group would still be legally obligated to perform under an acts of God clause, even though no one could fly to the host city. A force majeure clause covers a much broader range of circumstances. Here's an example:

The parties' performance under this agreement is subject to acts of God (including fire, flood, earthquake, storm, hurricane or other natural disaster), war, invasion, rebellion, government regulation, threats or acts of terrorism or similar acts of hostility, disaster, epidemic, chemical or biological hazard, governmental travel advisories, strikes or other labor disputes (except those involving the hotel's employees or agents), civil disorder, curtailment of transportation facilities, interruption or failure of electricity or telecommunication service, or any other cause beyond the parties' control, making it inadvisable, illegal or impossible to perform their obligations under the agreement. Either party may cancel the agreement for any one or more of such reasons upon written notice to the other. In the event Group decides to hold its meeting despite such circumstances, the hotel shall waive any fees related to a reduced-sized meeting (including any room attrition fees, function space rental, food and beverage attrition fees) and shall offer the Group's guests any lower room rate offered to guests during the contracted dates.

- **Will you have to pay a deposit?**

This varies from hotel to hotel, but there are some ways to minimize the chances of having to pay one. This is typical hotel contract language:

Direct billing requests will be reviewed in accordance with the hotel's normal approval process. If direct billing has not been established, the estimated amount of the master account must be

paid no later than fourteen (14) days before arrival. This detail is common for most New York hotels.

So what that means is the hotel wants you to sign the contract before they tell you if your credit is approved. Ask the hotel to run your credit and amend the contract accordingly before you sign.

- **How do you keep your bill with the hotel manageable?**

The first thing you should do is look for a clause like this in the contract:

Hotel must be notified of the authorized signatories in writing at least 21 days prior to arrival.

Whatever the deadline is, be sure to meet it. And if there is no such clause, add one something like this:

Group agrees to provide names of persons authorized to charge to the Master Account in writing by [date]. Group Treasurer and Hotel Billing Manager will meet on [Monday after conference] at 10 AM to review the Master Account.; all undisputed charges will be paid at the end of that meeting. Group will not be responsible for charges not authorized in advance.

- **What about the other clauses in the contract?**

Many of them are standard contract language, sometimes referred to as boilerplate. However, there is one you will want to look out for. It's usually headed "ARBITRATION" or "DISPUTE RESOLUTION" or something similar, and you want to have any reference to "binding arbitration" removed from your contract before you sign it. (Reference to "non-binding mediation" is OK.)

Arbitration is a process that is notoriously pro-business; why would you agree to a binding decision made by an arbitrator that you're almost sure will side with the hotel?

- **After we sign the contract, does every change require an amendment or addendum?**

Generally, yes. Most contracts have a clause that says what's in the contract is the entire deal and it "may not be amended or changed unless done so in a writing signed by the Hotel and the Group." You can try to make life a little easier for everyone by adding a clause that allows the use of email. It can be as simple as "Electronic mail sent by the Hotel or the Group shall be considered a signed writing." ESCYPAA advisory will be the signers to all hotel contracts so any proposed changes must be given to or communicated with the advisory committee. Advisory will always work with the host committee to come to the best possible agreement, be sure to NEVER sign a contract or addendum without consulting the advisory committee.

## **SLEEPING ROOMS**

- **Ask for a flat room rate.**

Hotels will sometimes try to give you a tiered rate: say \$99/night for one person (single), \$109/night for two people (double), \$119/night for three people (triple), and \$129/night for four

people (quad). Then they'll say that the quad room is cheaper per person, which of course is true, but they're not doing you any favors. (It's a technique called "pencil selling," and we hear it in advertising all the time, like "for just pennies a day. . .") A variation on the tiered rate is one rate for single/double, a higher rate for triple/quad.

Ask your salesperson to help you understand why it costs them \$30 more per night to have four people in a room as opposed to one. Whatever reasons the hotel may give you are surely outweighed by the money the three extra people will spend in the hotel. Bottom line: a tiered rate is pure profit for the hotel, at your attendees' expense.

- **Your room block should be conservative.**

Avoid the tendency to ask for a room block that you **hope** you can make. It's better to ask for a room block that you **know** you can make. Every committee seems to struggle with delusions of grandeur, thinking that its conference will be the biggest ever. So it signs a contract this year, for next year's conference, that blocks more rooms than it can reasonably fill.

What happens next? The hotel sets its budget for next year based on the contracts it has in-hand. When the overly optimistic committee fails to meet its room block, not only will it be subject to penalties for not meeting its room block (under the "attrition clause") the hotel will be pissed perturbed about not making its budget.

Another reason for starting with a conservative room block is that you can offer a higher room night commitment in exchange for something you want. Say your conservative room block is 1000 room nights at a rate is \$109/night, which is \$10 higher than you would like it to be. You know that the hotel will make \$109,000 on that block, so you do a little math. How many room nights would the hotel need at \$99/night to make the same \$109,000? Around 1100 room nights. Because you started with a conservative room block, you can offer the hotel another 100 room nights if the hotel lowers the rate to \$99. You get a lower rate, which is more attractive to your attendees, and the hotel can give you that lower rate without losing any money. That's win-win.

- **Pattern is as important as total pick-up.**

The hotel is not only concerned with how many total room nights you block, but how many room nights you use each night. The hotel term for your night-to-night room use is called "pattern." If you block 200 room nights on Thursday and only sell 100, selling 500 room nights on Saturday when you blocked 400 doesn't necessarily make up for it. This is so for two reasons. First, the hotel could have sold those 100 rooms on Thursday to others if they weren't holding them for you. Second, you may not get an opportunity to oversell on Saturday to make up the difference; once you reach the blocked 400 room nights, the hotel may stop taking reservations at the group rate.

Having said all that, it's important to be sure that your contract considers only your total room nights when calculating attrition, etc. just in case your pattern doesn't follow recent history.

Many conferences have been presented with a bill for attrition on one night when there were more than enough rooms sold on other nights to cover, because the contract was ambiguous or vague on this point. You can prevent that kind of thing from happening to you. Remember, clearly written agreements prevent disagreements.

- **Get your room rate cutoff as close to your convention dates as possible**

Hotel boilerplate usually requires rooms at the group rate to be reserved at least thirty days before your conference dates, at which time any unreserved rooms in your block are released for general sale. Your wish list should ask that rooms in your block be available at the group rate right up to your conference dates, provided that the hotel is less than 80% (or 90%) full. The hotel will probably counter-offer with a cutoff of 21, 14, or 7 days out.

You may be tempted to negotiate this point beyond the hotel's counter-offer; resist the temptation. Remember, every concession you bargain for has to be paid for with some sort of bargaining chip. Why waste any of your bargaining chips on the procrastinators, when you need as many of them as possible for things that will benefit all your attendees?

Besides, the best time to press this issue is when you're a month or so out from your conference dates and your conservative room block is almost full. You can then go back to your hotel and give them a choice: they can either expand your block and push back the cutoff date, or they can lose business to their competition when you make overflow arrangements with another hotel.

- **Get your group rate available at least 3 days before and after your primary dates.**

This is not usually in the boilerplate, but hotels will almost always add it without any pushback if you just ask. If you're in a destination city, you might want to try and get more days before and after. The Peabody Orlando, for example, was willing to offer the group rate 7 days before and after the primary conference dates.

- **Rooms sold to our attendees at non-group rates (e.g., after cutoff) should count towards your block for purposes of meeting your commitment.**

So let's say you get the cutoff date pushed back to 14 days before your primary dates, and the hotel is unwilling to budge beyond that. In the two weeks immediately before the conference, your attendees reserve a total of 65 room nights at the best-available rate of \$199/night instead of your \$99/night group rate. But because those rooms aren't reserved under your group code, they won't get credited to your block. If that doesn't seem like a fair deal to you, it's because it's not. So ask the hotel what arrangements can be made to avoid that kind of unfairness.

- **For the ESCYPAA convention, ask the hotel to convert your unused comp rooms into a credit towards your master account, or consider using them for your out of town speakers.**

Almost every hotel contract offers one comp room night for every fifty room nights sold, referred to as the "1 for 50" for short.

A better strategy is to ask that any unused 1 for 50 rooms be credited back to your master account. So if you use 1000 room nights, you get 20 comp nights. If you use your comp rooms for four speakers at three nights each, you would still have eight room nights left. Assuming you had no other plans for those comp rooms, you could convert them @ \$99/night into a \$792 credit to your master account. A side note about comp rooms and other hotel perks: it is in poor taste for committee members to use these perks for their own benefit.

- **A room rebate can help bring extra revenue.**

This is another point that is primarily for larger conferences. Suppose once again that your room rate is \$99/night, but your wish list rate is \$95/night. If the hotel is unwilling to drop the rate to \$95, ask if they will at least put \$4 of the \$99 toward the master account as a room rebate. With a 1000 room night block, that's a \$4000 credit to your master account, and the hotel collects it for you! If the hotel won't budge on the rate and won't pay the room rebate out of the rate already on the table, there may be times where you may want ask the hotel to add the rebate on top of the offered rate.

Either way, if you use a room rebate, you should be sure your registration flyer, website, etc. indicates that the room rate includes a rebate to the host committee, in the spirit of full disclosure. (The hotel will probably include this disclosure as a requirement in the room rebate clause added to your contract.)

## **FUNCTION SPACE**

Function space is commonly referred to as meeting space, although this is a bit of a misnomer because we also use the hotel's common areas for things other than meetings, i.e., dances, etc.

- **If you have to pay function space charges, be sure to amend the contract to clear up the cost per day vs. the entire weekend ambiguity.**

If it said "Per Day Meeting Space Rental" you would want to change it to a total for the weekend. Or what if it just said "Meeting Space Rental"? Is it per day or for the whole weekend? There's no way to know for sure. Remember, clearly written agreements prevent disagreements.

Also, be sure the contract is clear about what the meeting space charges include, and that all the same things will be included if the charges are waived. The charges should include things like: room setup, turnover, and teardown; sufficient chairs and tables to set the room in any way that the hotel's meeting space chart describes (usually theatre style); water stations, both in meeting rooms and in common areas outside the meeting rooms; and reasonable use of risers, staging, head tables, table skirting, and podiums.

The best practice is to review all the function sheets before the conference, preferably several days or even a week or more before. (Ask your convention services manager how far in advance they're ready.) The function sheet is how the convention services manager communicates with the set-up crew. For example, if you've got a small meeting room scheduled for a meeting in the

morning (with the chairs in rows), a guided meditation in the afternoon (with the chairs in a big circle), and another meeting in the evening (back to rows), there would be three function sheets—one for each set-up. Function sheets also spell out whether there needs to be a riser at the front of the room, a head table, a podium, coffee station, water pitchers, etc. Basically, if it's not on the function sheet, it's not going to be in your room. If all your function sheets look exactly like you want your rooms to look, then your conference should be smooth sailing.

- **Try to get as much space as you comfortably need up front, then negotiate other space you might want over time.**

It may be helpful to begin this section by discussing “yield management,” which is a hotel term for giving you meeting space that's in reasonable proportion to the number of sleeping rooms you use.

It's important you understand that learning about your function space needs is among a hotel salesperson's primary objectives in an initial meeting with you, or shortly afterwards. Every professional meeting planner a hotel salesperson deals with will have their meeting room requirements available in writing. If you don't have some similar details readily available, you will appear disorganized and it may be harder to get the hotel to take you seriously. (For ESCYPAA bidders: contact the advisory hotel chair to find out best meeting room requirements for your city and particular convention demands.)

Here's an advantage you have over the professional meeting planners: just like they aren't flexible with dates but you are, they have very rigid meeting space requirements, but you don't. Other than having a single meeting room large enough to hold everyone for the Saturday night meeting (which is what “accommodate the entire Conference” in BR #2 really means) and a few breakout rooms and some office space, you can make do with whatever else you get. While your registration and sleeping room estimates should be conservative, remember your space estimate should be more generous.

- **Nail down specific room names as soon as possible.**

You will want to put the names of the rooms you're using in your program, and you don't want to be stuffing packets while the ink on your programs is still wet. So ask the hotel for as much advance notice as possible. Clearly written agreements prevent disagreements, so get them to commit to a specific date in the contract. They will probably ask you for a copy of your “program” by a specific deadline as well. What they mean by program is not what we mean by program. What they want is a copy of your final confirmed meeting space needs, not what you're going to put in your attendees' registration packets.

## **FOOD & BEVERAGE (F&B)**

- **Coffee: \$60/gallon. Is that a typo?**

What's even more preposterous is when the hotel tries to charge you \$60 for a gallon of hot

water and some tea bags, so you'll want to be sure the contract is clear that you're not paying \$60/gallon for hot water. Once again, we're not making this up; all these crazy stories are based on experience. But that's enough about what coffee should cost, because you're going to get yours comped, right?

You need to be protective of your comp coffee. What the hotel wants to do is rip through it as fast as possible so they can start charging you for coffee. Don't let that happen. Just like you specify signers for the master account, specify signers for the comp coffee. And not only do you want to sign for the coffee when they put it out, you want to sign for it before they throw it away. They'll claim that the coffee was "too old" and they needed to refresh it as an excuse to dump out and refill an urn that was still half-full. But when they've already poured it down the drain, how will you know it was really too old without being able to taste it (or at least smell it)?

Finally about coffee, folks often ask whether they can just brew their own. The answer is almost always no, especially for the bigger hotels. The same goes for food brought from the outside; this is rarely allowed in the hospitality suite, or any other common area of the hotel (and that typically includes a sleeping room suite temporarily converted for use as a hospitality suite).

### **"GOTCHAS"**

These are things that rarely if ever appear in hotel boilerplate contracts, but you'll want to consider these things before signing and you'll want to add contract language as necessary.

#### **• Hotel Construction**

Here's a sample construction clause:

Hotel warrants that there are no tentative or definite plans for hard renovation or other construction in the Hotel during Group's dates. If Hotel's renovation plans change, Hotel agrees to notify Group in writing within a reasonable time. Hotel agrees that such renovation or construction would be disruptive to Group, with such disruptions including, but not limited to: construction noise; change in hotel aesthetics; unavailability of food & beverage or retail outlets in Hotel; unavailability of motor vehicle parking; unavailability of valet ramp or bus loading and unloading zone; or unavailability of Hotel swimming pool or athletic facilities. In the event Group suffers such disruptions, the Hotel shall waive any fees related to a reduced-sized Meeting (including any room attrition fees, function space rental, food and beverage attrition fees). If all such fees are already waived under the terms of this Agreement, Hotel shall credit Group's master account [an amount equal to the first chargeable tier in the meeting room sliding scale]. Additionally, Hotel shall offer the Group's guests any lower room rate offered to guests during the contracted dates.

#### **• Electrical Charges**

We never think about electricity at home. When we need to plug something in, we find an outlet and we plug it in. Not necessarily the case in a hotel. This is especially true in a union hotel; any

time someone needs to plug something into a socket in a common area, union rules specify a union electrician must be present. If caught flat-footed on this, you may have to pay double time on Saturday, and triple time on Sunday. Even in a non-union hotel, you can find yourself needing an electrician, if the current (as in “amps,” not “presently in time”) requirements for any equipment you’re plugging in high. Plugging in all the gear, lights, etc. for a live band, or even a DJ with a light show, is the most common example of this. Ask for an electrician’s rate sheet before you sign the contract, and ask your salesperson what you can do to avoid costly charges down the road.

#### • **Telecom Charges**

Do you need an internet connection at your registration table? Will there be heavy internet usage because of square readers and online connection? Be sure to ask up front about those kinds of charges as well. While you may not be able to negotiate with the electrician very much, the telecom rates are more negotiable, if you bring it up before you sign your contract.

#### • **Microphones/Other AV & Your Taper**

Be careful about the clause in the contract that prohibits you from using your own taper. This is one of those situations where your salesperson may tell you not to worry about that and insist that a handshake agreement about it is good enough. Nonsense, get it in writing.

In addition to allowing you to use your own vendor, you should ask the hotel to provide one comp microphone per room.

Finally, renting AV equipment—like the large screens and the projectors and camera that go with them—is expensive. But some tapers have that equipment available and provide it at no extra charge.

#### • **Entertainment Volume Level**

Hotel security or the MOD shutting down AA events is a common occurrence. Sometimes it’s a simple matter of showing folks the contract, as discussed above. But sometimes it’s not about the time of night, it’s about the volume. If you run into this problem, the contract probably won’t help you unless you can get the hotel to add some sort of clause about volume level that doesn’t involve a hotel employee making a judgment call. (Unlikely.) But what you can do is ask your salesperson for some suggestions about how you can prevent this kind of thing. Defer to her expertise. (Yes, that’s a euphemism for “appeal to her ego.”) Explain that other conventions have had this issue arise and you don’t want it to happen to you. If the entertainment gets shut down, you’ve paid for services that the entertainers won’t be able to provide, but you won’t have much chance of getting a refund from them either. And when the entertainment gets shut down, that means our folks will have to entertain themselves. (Scary thought.)

One last point about noise levels: be sure the hotel does not block non-group rooms close to your people. If the hospitality room is on the fourth floor and there are meeting rooms on the fifth, ask

the hotel to put our guests in those rooms before anyone else. And if you have a hospitality suite or marathon meeting room in a suite on a guest room floor, be sure that there aren't non-group folks in the rooms on that floor, or the floor below.

#### • **Pool Hours**

This is another point that folks often overlook until some hotel security guard is herding people out of the pool at 10 PM on Friday night. This is another situation where you'll never find anything about the pool in a standard hotel contract, but you can usually get it added. The biggest objection hotels seem to have about late-night pool use is liability. It seems that the hotel doesn't so much mind people being near the pool after-hours; the issue seems to be people in the pool. So if the hotel stands firm about no after-hours pool access, ask if you can at least use the pool area. Especially if it's outside and it's your primary smoking area.

#### • **Smoking**

While it may be true that smokers are becoming more accustomed to getting shuffled around as places that allow smoking grow fewer and fewer, you should give some careful thought to where you will put your smoking areas, and you should be sure that the hotel is comfortable with those areas being earmarked for your smokers. Our people smoke ALOT, so be sure the hotel is prepared for what the smoking area will be like.

If a hotel is concerned about our guests smoking in its non-smoking rooms, and it hints around about a smoking fee and/or evicting guests that keep smoking in a non-smoking room after a warning, take the bull by the horns. Agree to sign a note that the hotel provides to our guests at check-in warning of the smoking fee, and that you won't interfere with how the hotel conducts its affairs.

All this cooperation comes with a price to the hotel, but it's one they're always willing to pay. You will want to insist that the contract explicitly state that the group will not be billed for any smoking fees or other guest room cleaning charges they cannot recover directly from a guest.

#### **OTHER STUFF**

This is a list of things that didn't seem to fit into any of the categories above. They're presented here in no particular order.

#### • **Hotels almost never come right out and say, "We don't want your business." But...**

A hotel will try to give you a hint, and not always a subtle one. Here's an example: You meet with Hotel X and tell them you're looking for available space to include for your bid, your competition is getting room rates of under \$100/night, etc. The hotel comes back with an initial room rate of \$149 single to \$209 quad. You approach the hotel for a follow-up a couple of weeks later, and they tell you the rate is now \$169 single to \$229 quad. Politely thank the salesperson for her time then file her proposal under D for "don't think so." Why continue to waste your time

or hers?

High turnover in the hotel business doesn't always work against you; sometimes it's your friend. You can try to re-engage the hotel a few months later to see if there's been a change in salespeople, change in management, or just a change in attitude. Perhaps that hotel had a cancellation and they now have a big hole on their calendar.

- **Hotel-provided concessions do not violate the Traditions.**

Occasionally someone will come to one of your committee meetings or corner you at your home group to tell you that accepting concessions from hotels violates Tradition 7. This is patently false. A 2004 General Service Conference Advisory Action supported an amended General Service Board Policy which reads:

“Whenever a discount or subsidy is that which would be offered to any other organization of similar size requiring a purchased service or product of similar character and magnitude, for example, convention rates at hotels, it may be accepted. Whenever a discount or subsidy is partly or in total offered because we are Alcoholics Anonymous, it must be declined.” (Advisory Actions of the General Service Conference of Alcoholics Anonymous, 1951-2006, p. 54.)

The 2004 Conference Committee on International Conventions/Regional Forums also noted the Additional Consideration of the 1999 Conference Committee on Finance which reads:

“The committee unanimously recognizes that the acceptance of discounts or subsidies in the form of cash causes discomfort to some members of our Fellowship. The committee suggests that any future negotiations regarding International Convention discounts or subsidies be carried out with this in mind.” (Id.)(emphasis added)

Bottom line: normal discounts, good. Discounts because we're AA, bad. Cash discounts or subsidies of any kind, also bad.

- **Schedule a pre-convention meeting the day before your convention begins, with every department head that will be touched in some way by your group.**

You want to meet eye-to-eye with all of them—at the same time—and give them the unvarnished truth about what to expect from your group. You'll want to ask them what they might need from you and your committee. They may even volunteer helpful ideas that you didn't consider. One chief of security got the sense that some of our people don't care much for authority figures. (An observant guy.) He offered have his staff wear hotel polo shirts and khakis instead of their usual uniforms.

The hotel may customarily schedule a similar sort of meeting or walk-through, but be sure at some point you're meeting with all the managers at the same time: front desk, catering, bell desk, housekeeping, security, engineering, etc.

- **Outside the contract, ask the hotel to provide reduced-cost food options in its outlets.**

Hotels will sometimes provide coupons for its restaurants that you can include in your registration packets, or they will sometimes make specials available to our attendees. But rarely if ever will they volunteer such a thing; you'll have to ask.

• **Here are some other outside the contract suggestions:**

o Let the hotel know that our folks like energy drinks. REALLY like them. If they already sell them somewhere in the hotel, they should probably start stockpiling them right away if they want any hope of having enough. If they don't already sell them, they should consider some beverage carts with energy drinks, bottled water, etc. It's a way for the hotel to make what you're asking they take off the table in F&B minimum.

Also, ask the hotel to be sure the soda machines are stocked on all floors the day your convention begins.

Please see the following for a condensed version of the hotel negotiations checklist. This is a comprehensive and shortened version to understand the crucial vs. entire prioritized negotiations that should take place and effective order.

**First round:**

*The first round of conversations should always be with the events and catering manager if possible. They are the ones who will be doing final negotiations so we want to form that relationship right away. This will be an information gathering round. We will need to know what we're working with before we can negotiate. So DO NOT negotiate this round. We are only getting a proposal.*

Critical for a proposal:

- Grand ballroom capacity

~between 1,000-1,500

- Grand ballroom price

~Including breakout room, set up and tear down

- Room block capacity

~To be determined with size of your city. If unsure 250 is a good place to start.

- Room night price.

- Cutoff date

~Usually a date from 0-30 days out from the convention when the hotel is going to release the remaining rooms in our block to the general public.

- Attrition rate

~Will be labeled as a percentage

- Food and beverage minimum

- Available dates for the convention weekend

~Ensure the dates are within in time requirements described in bid requirements

- Amount of time the proposal is valid for.

### **Second round:**

*\*Usually after receiving a proposal. This conversation should be with the events and catering manager and preferably in person. We SUIT UP and SHOW UP.*

- Grand ballroom price negotiated.

~Numerous ways to negotiate this price. Options included are listed in order from preferred to not recommended.

1. Let them know what our convention is for, why we are doing it, throw in a little of your experience with attending a YPAA convention.
2. Provide documentation and sales records from the previous ESCYPAA conventions to show our level of revenue.
3. Adjust the F&B minimum only providing you're aware of what's included in that price. (Does F&B include our coffee purchases if buying from the hotel)
4. Adjust our attrition rate. (**REMEMBER:** This is a last resort, whatever the attrition is set to is a guaranteed amount that the hotel will be expecting)

~Price should be proportionate to the city being discussed. Ex/ NYC will be more expensive than Rochester. See bid requirement #7.

- Room price negotiate

~You can multiply the amount of room we're getting by the room night price and use that total amount as a bargaining ship.

~ Remind them that the average wedding and reception will usually only bring in about 10,000\$-15,000\$ per wedding. That in order to receive our level of revenue they'd have to host 4 or 5 weddings in 48 hours.

~Be sure to find out if there is a gratuity applied automatically by the hotel

~Price will almost always be proportionate to the city being discussed (NYC will always be more expensive)

- Attrition rate negotiated (lower than 80% if possible)

~Important: The attrition rate is something we want gone completely. Most hotels use this as their guarantee so they won't completely remove it.

~More often than not we just get it as low as possible. Shoot for 50% - 70% if we have to have it

- Cutoff date negotiated

~Important: The Cutoff date is something we want eliminated completely. Hotels have this in place because they want to be able to release the rooms to the public before the convention date for whatever rooms we don't sell.

~We will always play hardball with this and try to get it as close to the convention date as possible.

- Power drop prices

~Cost for the hotel to turn on its backup generators

~Sometimes comes with a cost. Find out what that cost is.

-Coffee price/gallon

~The famous coffee negotiations. Hotels always charge way beyond what the coffee is worth. That's the way it is.

~ Key things we want: We want to be able to brew our own coffee if possible (eliminates the need for hotel personnel to charge for doing it), We want to serve it on the banquet floor, we want to get sugar, creamer, stir sticks, tea, hot water, and sugar replacements for free.

- Hospitality room location and rules for food serving (Can we serve hot meals)

Questions you'll want to ask **AND** make sure are in the proposal:

- Can we use third party A/V company? **\*\*Preferred**

- Do we need to pay for hotel personnel to oversee A/V set up? What's that cost?

- Pool hours? Price for pool hours extension

- Noise ordinances for pool hours and dance hours and volume level.

- Food and beverage minimums negotiated.

~Number one rule: We don't want a food and beverage minimum UNLESS we are including the coffee we are buying from them.

~If we are buying coffee we want to know if the coffee is included in the F&B.

~We are okay with coffee being included in our F&B because in this particular case we are

buying coffee from them anyway, if we can use that to fill a minimum F&B that essentially is a bargaining chip for us, let's do it!

- Cancellation clause details.

~We want to make sure that language in the contract says that it's as equally damaging for either party to cancel the contract. Hotels will never describe consequences for themselves so we have to hold them to the same standard they do us.

- Down payment/ payment schedule. (Pay as much as we can after the convention)

- Rules for adding on to room block closer to the convention.

~If your outreach is on point and you start booking rooms quickly you can add to the room block. We want a date we are allowed to do that until.

- Outreach table capacity and charge for each?

~Most hotels will say they'll provide 10 and charge for each additional afterwards. Sometimes this is enough but why not have more and be sure? Try to get the hotel to agree to provide unlimited tables and table skirts in case we need more.

- What time can registration open?

~We want to accommodate our guests as soon as we can and get them into our convention

- Smoking area locations?

- Non-negotiable rooms we will need:

1. Advisory meeting board room with a minimum of 20 chairs and sitting area with a large conference table. (Help out your weary travelers and ask for complimentary waters in the room)

2. Marathon meeting room. (Needs to be open from start of convention to end of convention)

3. Break out rooms required for Host committee panel meetings. (Will depend entirely on the host committee and their plans for dances, activities, panel meetings. Usually 5-6 break out rooms is sufficient)

4. Registration room. (Leaving room for tables to register people, accept people who pre-registered, collect their registration items, and to decorate their name tags)

5. Outreach room (If there's no room in a main lobby or hallway they can be put into one room. They should always be placed where there will be foot traffic)

6. Hospitality room (Want the hospitality room to be open around the clock. People will be up all night so let's give them a place to congregate. See if we can serve hot food, at the discretion of the host committee. If it locks we will need a key for it.)

## **SUMMARY**

We hope you have found these materials helpful.

More importantly, we encourage you to contact us if we can help you in any way with your hotel negotiations and agreements.

In love and service,

ESCYPAA Advisory Council

[ESCYPAA.org](http://ESCYPAA.org)

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