

Hotels are a vital part of the conference and event industry, but when it comes down to signing on the dotted line, they aren't always looking out for your best interests. When you're ready to sign the contract with your venue, do you know what to look out for?

Katie McKown, Production Manager at Sparksight, goes over ten tips on how to negotiate your venue contract. Although she's not a lawyer, Katie's background in the hotel industry means she knows the contract tricks and gotchas, including how to avoid high attrition rates, waive rental fees, get rooms comped and more.

1 Waive Meeting Room Rentals

Meeting Room rental can be waived depending on the size and type of your event if you choose to work with a F&B minimum or contract a large block of guest sleeping rooms (There are risks associated with large room blocks, as you'll see below). Meeting Room rental is straight profit for a hotel, so ask your sales manager if room rental can be waived.

2 Ask for "Need Dates"

If you only need meeting space and no guest rooms, call and ask the Catering manager if they have any "need dates". These are typically dates where the guest sleeping rooms are sold out, and the catering department needs to fill the convention and meeting space with events. If you are flexible, you can usually get a great deal on meeting space.

3 Get a Walk Clause

Make sure there is a relocation or walk clause in your contract. If the hotel overbooks or sells your space to a larger more profitable client, they will be responsible for the costs of moving you and your attendees to another location.

4 Beware the Cancellation Clause!

Some cancellation clauses have very long timelines and outrageous penalties for cancelling even 6 months before your event! Work with the hotel to minimize these. If you must cancel, see if your hotel sales manager will work with you on using the cancellation fee towards a future meeting. You will have to pay now, but you can use it later.

5 Figure out the F&B Minimums

Contracted Food and Beverage minimums are the amount of money you must spend on F&B at a venue. THESE DO NOT INCLUDE gratuity and sales tax. If you do not meet your contracted minimum, then you will owe the difference. The gratuity is taxed; so remember to add on to your F&B minimum, typically 22% and then your sales tax when making your budget.

6 Know the A/V Options

If you choose to use the hotel A/V or hotel A/V provider, be aware that gratuity and tax are charged on equipment rentals and sometimes even power fees. If you prefer to use an outside vendor, make sure there is a clause in your contract stating that you will not be charged for doing so. If there is, ask that it be removed.



7 Lower Your Attrition Rate

All hotels will have attrition clauses in their contracts. The definition of attrition is:

“The difference between the actual number of sleeping rooms picked up and the ‘agreed to’ in the terms of the facility’s contract. Usually there is an allowable shortfall before damages are assessed.”

(Convention Industry Council, APEX Industry Glossary August 2005)

Attrition rates can go as low as 80% when dealing with guest room blocks. If your hotel contract states a 85 or 90% attrition rate, see if you can negotiate that down to 80%.

8 Reduce Your Attrition Liability

When negotiating your contract, ask for a resell clause. A resell clause can get you out of attrition charges if the hotel sells out. So if you don’t meet your room block contract and the hotel, lets say, exceeds 90% occupancy, you wont be liable for any attrition charges because the hotel sold those rooms.

9 Leverage Hotel Sales Managers

Hotel Sales Managers are just like any other individual in the field of sales. Every month, hotel sales managers are looking to close as many deals before month end to meet their goals. Meeting Planners can use this to their advantage to garner more concessions and negotiate better rates and fees.

10 Ask for Comped Rooms

Depending on the size of your group, negotiate complimentary sleeping rooms in your contract. You can usually always get one comp for every 50, but it doesn’t hurt to try for less per comp.

