



Follow up Notes from:

Krisam Talk

September 12, 2009

Topic: "Contracts – The Process, Clauses, Attrition and Negotiations"

- Lowest rate guarantee
 - Whether inside/outside the group room block, receiving credit towards the attrition amount
 - Cross reference registration list with attendee list
 - If the meeting planner finds a lower rate on any website, make the hotel match that rate
 - Ask the hotel to pull the rate off the website
- Pandemics and natural disasters add to force majeure
 - Be careful about how long the clause is in effect (example: Hurricane Katrina)
 - If certain % cannot attend, there should not be any attrition.
- Conduct an audit to find rooms resold
- Size of groups make a difference – what's the value of the business?
- Hotels might have to break lowest rate guarantee in order to sell/re-sell rooms that the group is not going to pick up
- Profit margin – make sure hotels are taking out profit from cancellation on rooms and F&B
- Make sure you received commission on attrition/commission rooms
- Add mutual agreement and "no-walk" clause
- No attrition clause/good faith
- Re-negotiating future confirmed
 - Bring in another piece of business
 - Ask them to lower rate (some hotels)
 - Hotel needs to give an incentive to re-book
 - Release rooms back as quickly as possible (and give back meeting space)
 - No attrition based on history – especially for associations
 - Adjust the room block based on previous years pick-up
 - Use attrition paid as a credit towards future year's deposit
 - Within 90 days of the event, the decision goes to the controller
 - When you release meeting space back, ask how many room are tied to the ballroom (esp. if they resell to another group)
- Make sure to educate your client regarding attrition/cancellation
 - Also mention that years ago they might have been able to resell because business was good but now hotels are hurting and counting every penny.
- Talk through what the client is expecting to pay regarding cancellation so they understand the commitment of filling the room block.
 - Clients need to understand how the hotels are affected monetarily.
- What do clients believe is fair for both parties?
 - Discussed groups covering cancellations costs
 - Profit instead of full costs
 - Attrition towards re-booking
 - Right of refusal clause
- Best way to renegotiation a contract for the future
 - Hotels proactively re-rate to keep in line with budgets
 - Keep upper management informed of situations so that they help
 - Space negotiations with room reductions

Topic: “SMMP – Success & Failures of Implementation”

- Proctor & Gamble as the point of focus
 - SMMP program created
 - Most challenging piece is getting executives to buy-in
 - Online technology needed to educate company about meetings departments, register meetings, offer services
 - Alternate objective, leveraging scale, buying power
 - Have dedicated sourcing employee
 - Standardized addendum with legal approval
 - Need to ensure employees have adequate signing authority
 - Hotel side: many junior sales managers do not have signing authority (add in language that says employee has signing authority)
 - Many admins do not want to release the meeting
 - Many admins will lose their perks – need to have more standardized ethics policy.
 - P/G did cost analysis on meeting spending and 65% showed “renegade spending”

Topic: "Is Luxury a 'Dirty Word'? – Dealing with Perception

- Luxury = resort+spa in the name – dictated by destination and its perception
- Luxury brands coming back with best offers but have to consider more than rate (F&B etc.)
- Pharma guidelines affect luxury
- Hotels on "do not use" list but justifications: rate, fit, etc. change approval – can be exceptions
- Internal meeting vs customer meetings – internal is where perception is
- Allowed to use more independents
- 2nd tier cities more considered
- The word resort is being removed from hotel names
- Hotels waking up to value of diversification – associations
- For associations – look at destination more than name: Resort & Spa is okay for CEO level – perception is tied to who the attendees are.
- How planners market their meetings is important: content is #1, not hotel amenities
- Sales presentations – don't sell spa/golf – do what's included in rate
- Service at the actual meeting will help to make clients understand what luxury means beyond amenities.
- Companies now want privacy – no reader boards, no postings, want level of service but use it quietly
- Pharma groups can't use resort/spa: if they drop it they forget to change website – suggest that hotels drop it from their name (Loews has done this)
- Use independents on 2nd tier cities
- Fight it! How do we say there is nothing wrong with luxury?
- Choose luxury for attendance, service levels
- Reflects who you are
- Intrinsic value to attendee- reflects your quality culture
- Resorts tend to be in good airlift cities
- Still media driven – why aren't they interviewing hotel line employees?
- Add in community involvement factor or reason
- Sundance said Robert Redford needs to Lobby
- Go viral via messages on YouTube, The Wall
- Industries that are most impacted by the travel downturn (airlines, restaurants) to go public on value of meetings.
- Is a report generated for ROI on the Incentive Program?
- Not going overboard – i.e. entertainment
- Do companies show ROI or revenue generated from these programs? Justify the events – are surveys filled out to show how much \$\$ is generated or attached to these trips – pre/post
- How can we assist you with providing feedback to your upper management?
- Many deals out there at luxury properties but corporations shoot it down due to perception.
- Toyota surveyed their people: \$10K or the trip? They chose the trip – value must be quantifiable to justify.
- One company put out press release to Bloomberg showing value of the event in advance.
- Provide bullet points to clients' upper echelon on why this is a great deal
- Those unknown companies are trying to stay under the radar.
- Is the program financially viable? Reading the C Level executives & address how this meeting is good to have.

Topic: "Relationships- How to Keep & Maintain"

- Have seen significant changes in market for the past 18 months involving challenges to existing relationships
- Expectations and pressures from executives add more changes and challenges on both sides, more "cooks" in the kitchen which can stress relationships
- Communication is the key!
- NSO's and Krisam reps more involved in conversations with challenges, based upon their having initial or better relationships with the customer
- Communication is key between Krisam reps and customer in order to maintain and foster relationships (especially because so much turnover in industry and being inundated by all kinds of sales folks and cold calls, etc.

Topic: “3rd Parties – Whatever you want to discuss”

- Lack of access to final decision maker
- Lack of credibility of final decision maker
- Make the decision about the full service not just the rate
- Reconsider the sales process to end user to include more education and reality-based info .
- Make every attempt to control the sales, search and decision process
- How are you finding new business?
 - Cold call – use your past contacts
 - Marketing – call hotel people
- How do you compete with large companies (i.e. Helms Briscoe)
 - Define your services & your “niche” market & focus on mailing it rather than cold calls. You must have knowledge & use it in the sales process
 - Integrate fully with your clients to avoid cold calls & turnover
- Competition
 - How often do you get an RFP from a company who is using – very often?
 - Suggestion is don’t let the sales process for your company get to hotel site selection: if you are competing with another 3rd party then make sure you are trying to close the account before it gets to site search process. (Hotels are quoting same deals so it is not a way to make a decision or differentiate your company.)

Topic: "Creative Budgeting and Cost Saving Ideas"

- 2010 Budget Prep: planner was asked to prepare multiple budget scenarios (up to 8). Planner instead negotiated 3, but how can we better adjust?
 - Prepare max or min budget scenario and then option sheet of ad-ons or takeaways to get to agreed figure.
 - Develop speaker reimbursement policy (caps on what is covered)
- Other suggestions: corporate can donate extra items as write-off
- AV get proposals from multiple companies
- National contracts – good way to get big cost savings
- Cost savings – prepare cost savings summary for each event
- Ask in hotel RFP – what is your current promotion?
- Sponsorships/exhibits – taking longer to make decisions and coming in lower.
- What changes have you made?
 - Reduced management's fees
 - Being selective with invitation lists
 - Consolidating the meeting – no. of days and still covering the same amount of education, less leisure time
 - Consolidate # of meetings per year
 - Use the same hotel for all meetings to get better concessions and rates
 - Value-added amenities based on the group's needs
 - Cutting back on big production, now doing more basic A/V
 - Discontinuing room amenities/gifts for employees, focus on the customer
 - Use Go-bos: cheap and eco-friendly
- Budgeting for 2010:
 - A lot of the same; no big difference
 - Good news: Pharma –type meetings, remain strong
 - Expect to see rate "re-negotiations" continue
 - Have a "price guarantee lowest rate" in your contract.
- Design brochure & exhibits in-house
- Eliminate print materials
- Eliminate bottled water
- No handouts – presentations available online
- Use b/w instead of color
- www.constantcontact.com – build campaign here, have templates, get reports, \$35 per month.
- Electronic signage at hotel
- Do creative backdrops – (ex: kids art contest and have them do centerpieces)
- One hot item per meal to save on f/b
- A la carte F&B
- Incorporate donations link with dues renewal
- Flip/reuse meeting session rooms
- 3rd party – get % on cost savings so it doesn't affect budgets

Topic: "ROI of Meetings"

- A formula to calculate ROI – only the corporation sees
- Industry picture – statistics available
- Concessions, lower room rates, F&B negotiations
- Long-term ROI projections: how to articulate?
- ROI for Cancellations – value of an expert in managing best outcome in cancellation.
- Knowledge, negotiation, cost-saving = ROI
- Creative ideas (pre-booking)
- ROI making decisions to book air on Southwest – to receive credit back to company
- ROI – justify benefit of program – can you take away knowledge? What are you trying to accomplish?
- Measuring ROI in 2010-11 based on 2009 production.

Topic: "What is the Future of Incentive Groups?"

- Pushed back by one year for some, but going forward and expanded
- Rates? As long as on budget – okay; rates very good; flexible & lenient attrition and cancellation
- No problem with some chains, even Ritz & Four Seasons
- Some incentives are changing qualifications for participating w/incentives so may be smaller #s but still going forward.
- Some great deals w/5 star/5 diamonds but may not book because once rates go back up, cannot afford these properties
- Keep incentives at same level, just enjoy cost savings during down economy but keep w/some chains
- Do a multi-year contract for incentives so they can keep at 5-star level for multiple years (to take advantage of down economy) for longer.
- May want to take down year and make it a big "wow" year for morale.
- Some companies that have not done incentives in the past are now doing them.
- Third parties encouraging companies to keep going w/events – their competitors will be wowed "how can they do this? Must be doing better, etc."
- Now, more than ever, important to continue with incentives and training
- New clients for hotels, based upon flat rates = larger client base
- Some (18 months) have cancelled incentives – encouraging to have, but small sized.
- Offer "free day" to attendees w/meal allowance = cost savings, but enhances experience for attendee & spouse – "win-win".
- Gift card for a resort in the region for a stay in lieu of a formal incentive
- Broadmoor – offered incentive certificates: 3 prices for 3 seasons. Companies can give to folks to travel individually, to aid perception of group trips.

Topic: "Preparing for the Swine Flu"

- Moderate possibility of a breakout this fall and feel it is overblown by the media which creates the panic
- Cancelled contracts, meetings, etc. are consequences to the industry.
- To prepare for reduced meeting attendance or attrition, etc: POAs internally, possible plan for cancellation w/hotels
- Steps planners are taking:
 - Develop possible budget impacts
 - Add pandemic/epidemic in force majeure
 - Link to CDC
 - Insurance policy
- Do companies have policies in place for a outbreak? Yes
- Clients wanted to know if hotels are advertising how they are handling swine flu that has affected their staff?
- Client asked hotels if they are providing hand sanitizer at front desk/lobby. One hotelier said that perhaps that may not be best first impression. Different opinions on this.
- Planner shared that perhaps hotels should have swine flu plan in packets in the rooms.

Topic: “Work/Life Balance”

- Solutions:
 - Steel case makes a good walking computer stations
 - Go online and get a free intern from local colleges
 - Find one area – start small and make small changes
- We are doing the job of 2 or 3 people now
- Those of us who work at home are more prone to work harder
- Is the younger generation more in balance?
- We need to be better at setting boundaries
- We set the bar too high about being so responsive
- Work balance is a constant challenge
- Our careers set us up to work very long hours
- How do we talk to our bosses and let them know we cannot do these 3 new jobs?

Topic: "Using Social Networking for Sales"

- Linked In – use it like a directory to research contacts
- Twitter – use it to message group cancellations, promotions, especially helpful for ski resorts
- Facebook – promotions, brand recognition
- Need to be careful of what you post – how do you want to differentiate personal vs business – make sure to filter. Un-tag pictures with your name. Be careful who you accept as a friend.
- Post marketing from a tradeshow – they look you up and try to friend you.
- Fan – Business
- Friend – More personal
- Romance customers on Facebook
- Twitter updates a conference if you can get everyone to sign up at registration
- Searching on a website for meeting space – got a live chat pop up

Topic: “Motivating Staff During Challenging Times”

- In bad times use education or other session as motivation – work w/hotels, partners, Lunch & Learn
- Meet with team members to understand where they are – spend time to meet with them as a person, not just for review.
- Manage to the 85% who do it well – don’t get side-tracked by the problem people
- How best to handle problem performers in this market? – be clear where problems are
- It is a time for us to renew our work discipline – be productive and not wasteful
- Give people time back – let them leave early
- Keep communications open, honest, direct.

Topic: “Effective Communication Tools/Tactics”

- Take the business out of initial phone calls and make it more of an introductory process
- Ask what their needs are – not specifics about their meetings
- From an individual standpoint- BE HONEST! Find out how many bids they have solicited and perhaps turn down business if there are more than three bidders; express that you do not submit bids without a budget; it’s okay to reject business if you think you’re getting your “tires kicked”.

Topic: “Understanding the Hotel’s Point of View”

- Most important thing when booking – room revenue
- Communication – don’t over inflate
- All boils down to “heads and beds”
- Sleeping rooms vs. F&B – which is better money maker – hotel willing to discount rooms for ancillary
- Sometimes client can afford room rate but can’t afford F&B
- Hotel is willing to work with clients
- More about putting people in the hotel
- Budget get adjusted to the lower rate and you don’t get the money back in your budget

Topic: "How to Streamline the RFP Process"

- Hotels – no standard RFP format – takes too much time
- Insurance company accord form a good example
- Suppliers will kick in
- What factors do you consider when discussing rate
 - Time of year
 - Size
- No industry standardization
- We need consistent format like Conference Direct has
- Krisam has a standard format
- Can we leverage the use of some standard? Jim Shultenover will look into this.
- Automated Programs
 - How to keep the RFP customized to the program?
 - Automated systems help streamline the process
 - Hoteliers don't like them because they have to learn so many programs
- Use your NSO's & rep. firms
- Create templates
- Suppliers keep client hotel response forms on file from customers that source you a lot so you don't have to retype it each time
- Be sure to include RFP deadline date
- When sending the RFP - only ask the questions you really need now. Create Phase I RFP, Phase II RFP, and maybe even a Phase III.
- Be a good supplier partner – for example: if you are offering alternate dates point that out.

Topic: "Association Planners"

- Trends: what are we seeing?
 - Shortening meeting, attendees staying shorter time, but registration holding together, registering & making hotel reservation much later; 3 week cutoff used to be ok, now need 3 days.
- 3rd party – trying to help clients by combining contracts/pickup, etc. – this would be beneficial
- 501c3 status – states are changing regulations
- Resort locations, looking at 2nd/3rd tier, add more education, changing names of meetings; hotels: some are changing bonus structures so sales people are not effected by attrition/cancellation of group
- Contract trends – option to lower block up to 10% 1 year prior to event based on previous year pickup.
- Venues – changing some resort/ski venues to city, adding longer lunch break so that attendees pay for own lunch/coupons from restaurants.
- Spouse tours – going by wayside, maybe add presentation from concierge, organize book discussion, set aside area in restaurant for spouses.
- How can hotels get more assn business? – location; distance from airport

Topic: "Knowing the Right Questions to Ask"

- Hotelier:
 - Flexibility of dates
 - Be as specific as possible on RFP
 - Historical info of selected properties & rates
 - Advise what your needs are
 - Food & Bev minimum
 - Advise next steps – when should I contact you?
 - Makes most revenue on room rates then F&B
 - Must keep services up to retain customers although working with smaller staff

- Planners
 - Raise guestroom rate & Lower F&B minimum
 - Hidden charges – resort fees
 - AV – 22% service charge
 - How have layoffs affected service at hotels
 - Add line item asking about resort fees
 - Advise expected F&B
 - Advise historical info
 - Be as detailed as possible

Topic: "Concessions: How Much is Too Much?"

- Concession requests need to be addressed prior to site visit – at the RFP stage
- Hotels can be own worst enemy with so many concessions/packages/etc. out there that salesperson doesn't offer – especially affects pre-existing or already booked business.
- If hotel won't give you the new package, ask them to do something else like an upgrade.
- Hotel perspective: 1 in 5 hotels won't make debt service and can't go back to existing groups and reduce rates etc. because they have to maintain existing revenues and also drive new business to fill the hotel
- Write in new lower rate clause in contract "w/in 5 days of program & customer in turn will sign by X date" - maybe offer to trade out some of your concessions.
- Different hotels can offer different concessions so they are asking for everything & see what they can get
- Hotel: list concessions & give planner option to pick the ones they want
- What moves you to a quick decision? "If you sign by X, we will..."
 - Take \$\$ off the master bill
 - Guarantee no lower rate w/in 45 days of the clients' program

Topic: “How to Work with and Educate the Novice/Admin Planner”

- Local onsite – Training or “lunch&learn” for newer planners
- Encourage new novice planners to join MPI/PCMA and/or attend educational programs as a non-member
- Hotels to offer monthly lunch and learn and/or education program with a specific topic each month: invite novice planners – this is great exposure for the hotel, too.
- When working with a social/association group, with group of decision makers, have hotel sales rep attend one of their meetings to help educate on contract
- Hotel sales rep can help identify level of novice planners experience by asking questions such as, “who is the decision maker”/addendums involved. Position support to planner as to what you need to provide to your boss to have a decision made.
- Hotel to help provide key questions to novice planners and/or admin assistants as to what questions should be answered before calling a hotel for availability.
- Be knowledgeable of the property
- Respond fully to the RFP
- Sales office can have a paralegal

Topic: “The Future of Room Rate Integrity”

- Going to hold back
- Rough through 2010
- 2011 will be good
- 2008 & 2009 competition is different
- We charge what the market will bear
- The Ritz came back to match price – why?
- Hotels need to hold steady
- Why is the meeting planner not giving up budget?
- Hotels need the business!
- Planners need to understand that rates are different in different cities
- Relationships vs rates
- Hotels are being “too cheap”
- Hotels need to keep people working, keep businesses coming in
- Hotel “brand” takes a hit when clients find a better rate
- Planners want to be able to trust hotels on rate
- Hotels want to know all needs/requests up front
- Point was made that not only do hotels need to make a profit, however current times are barely covering costs on breaking even on the room rate.
- Hotels are also very concerned with ensuring they can keep their staffs employed.
- Hotels can often find other cost saving offerings other than in the room rate
- Hotels make point that annual household costs go up, yet hotel room rates have taken a significant hit on room revenue last year.
- On-going frustration with clients seeing lower rates on the internet.

Topic: “How Can Hotels Make the Planners’ Jobs Easier”

- Most clients have budget worksheets, suppliers can assist in saving time
- Timely responses – everything is much more short term
- Sales to pick up phone and call
- No lengthy proposals
- No time to go back & forth
- Best foot forward & give it your best shot
- Put floor plans /sq ft & capacities on websites
- Hotels to give complete info if requested 80% of the time hotels do not use client’s RFP – frustrating!
- Krisam to ask clients what the 3 most important thing to the planners and hotels will know what to target and save time
- Planners also dealing with their end-users so hotels need to be patient
- Pay attention to details
- Include additional \$\$ taxes, service charges, portorage
- Be respectful of time lines – mutually!
- Use Krisam rep more & more
- Joint sales calls through Krisam rep