



Negotiating services for conventions and events can present specific challenges to NA service committees. Many of us are not familiar with the details of negotiating service contracts with vendors. Thorough preparation supports our efforts to gain contracts that will result in hosting a successful convention or event. A contract, as a legal agreement, provides certainty about *what to expect from*, and *what we promise to*, service providers like hotels and other vendors.

Negotiating a contract is a process, not an event. While a final contract is the goal, the process usually involves:

- planning and preparation,
- initial contact and orientation,
- discussions among trusted servants and with potential service providers,
- final agreement on services to be provided, and
- follow-up as identified by the contract.

Allow ample time to complete all aspects of the process.

Following is a gathering of best practices from NA members who have successfully negotiated contracts for goods and services in support of NA conventions and events. You may find terms that are not familiar. If so, please see the addendum for a link to a glossary of terms, which appear in the following text in *italics*.

Preparing for the Negotiation

The first task is to create a request for proposal (RFP). An RFP offers essential details about your convention so that hotels and other providers can determine if they can accommodate the event. It can also help to sort out your committee's requirements and preferences, and what is not acceptable to your committee. Time spent preparing an RFP is time well spent since the committee will use the information collected to identify properties that are best suited for the event.

Generally, an RFP includes an introduction about NA and the local NA community, a short historical perspective of the event, the goal, the days and time of the convention, and the point of contact for NA. It also contains the needs of the convention, including:

- an estimate of guest rooms needed,
- meeting space (main meetings and workshops),
- support space (for registration, merchandise, entertainment, admin, storage, etc.),
- food and beverage requirements,
- audio-visual and event signage needs, and
- parking needs.

Some NA communities require *full board* or *partial board* for their guests. If so, the RFP should reflect those needs.

The RFP may also ask about information relevant to the planning of the convention, such as facility smoking rules, policies for the venue booking concurrent events, and any renovations planned at the site on or around the event's dates. You can ask about the presence of labor unions at the facility, and the requirements of subcontractors since the use of unions and specific subcontractors can affect the cost of the event.

If you host an annual event, your RFP may ask for multi-year proposals, resulting in savings for the committee. Considering alternative dates for your event can also reduce the cost, especially if you can find dates in non-peak season(s).

The RFP should state the deadline for submitting an initial proposal to the committee. Include important details specific to the event, but typically your RFP should be no longer than approximately four pages.

As you prepare for negotiations, it is essential to clarify the roles and responsibilities of the trusted servants involved in the process. Forming a negotiating team is a successful, proven approach. Identifying one person on the team as a point of contact is effective, with the understanding that all issues are considered by the entire team, not only by the point of contact. From the start, it is vital that there is a clear and shared understanding of who is charged with making decisions, including final contract decisions. This may be the negotiating team, the administrative committee, or another service body. With these arrangements in place, you will be best prepared to make initial contact.



Concept 5: For each responsibility assigned to the service structure, a single point of decision and accountability should be clearly defined.



While you might be inclined to contact local hotels directly, it may be more productive to identify a local tourism office or *conventions and visitor bureau* (CVB) in your community. These agencies often contact the properties that meet the requirements of the RFP, free of charge to the committee. Some committees use a *destination management company* (DMC) to assist in the process. DMCs often offer several services that support event management, and may or may not require payment for their services.

As a general rule, all communications should be documented and retained for future reference. Using email for communications allows time for thoughtful dialog. It ensures that there will be an accurate record of who said what and when, which is often valuable information as time passes.

Also, we should be mindful of our interactions and how we present ourselves in all of our communications. Chapter 11, “Event Planning,” of *The Public Relations Handbook*, offers recommendations, including the reminder that we should dress appropriately for any face-to-face meetings. We are a reflection of NA as we negotiate with vendors.

Evaluating Proposals

As proposals are received, they should be collected and stored for distribution to the negotiating team. Once the deadline for receipt of RFPs has passed, or all proposals are received, the team is ready to discuss the details of each proposal.

Planning NA events can sometimes have a sentimental component that can cloud the decision-making process and undermine our ability to secure the most favorable agreement. Objective deliberation and careful comparisons support the best decisions. It is generally advisable for the committee to have more than one property under consideration. Even if one property stands out as the best choice early on, a competitive environment will likely provide leverage for the committee’s negotiations. Creating a spreadsheet that includes the relevant information from each property can help to study the details of each proposal.

The negotiating team may consider visiting the properties that have offered the most viable proposals. If you conduct a site visit, a few good ideas are:

- Make notes and take pictures.
- Inspect all space that is under consideration, including meeting space and guest rooms.
- Sample the food, note any coffee or concession providers within and near the venue.
- Consider safety and security issues and crowd-control challenges.
- Determine the facility’s ability to meet your event’s sound, video, and internet needs.

Once all site visits are complete, sending a short “thank you” to the staff who assisted you is appropriate.

The team will want to schedule another round of discussions to consider any new information from the visits. With that, you will be in the position to determine the two or three properties that best suit the event. The next step is to request initial contracts from those properties.

Negotiating the Contract

Foremost, remember that an initial contract is a starting point, not an ending point. Editing and rewriting portions of the contract are a normal part of the process. Using word processing software that allows for tracking changes assists in keeping the process organized. If face-to-face negotiations are planned, they will be most effective if the negotiating team has had the opportunity to offer input on all terms of the contract first.

All segments of the contract are important, and your committee will benefit from the team’s close attention to the entire document. We encourage you to review the list of typical contract segments included with this resource and compare it to any contracts you are considering. A few of the most important topics are discussed below.

Room Block/Attrition

Most hotels hold a specific number of guest rooms to be reserved by those attending your event. These rooms are referred to as the *room block*. Generally, the more guest rooms your event uses, the more you can offset other expenses, like meeting space rental. Guaranteeing a large room block and then not needing those rooms can result in being charged for the meeting space rental or paying for the loss of expected hotel revenue, referred to as *attrition*. Usually, performance of



90% or more of the guaranteed room block results in no attrition. Carefully study your event's history and any current conditions that may affect the use of guest rooms to best estimate the size of the room block commitment for your event. And be sure to include an estimate of the number of accessible rooms needed by your group.

If the room block is being used to offset other expenses, a contract usually includes a graduated scale for assessing the room block attrition rate. Periodic evaluation of the room reservations, or *room pick-up*, before the event will help to determine if you will meet the room block requirement. Also, you can ask that the contract include the ability to make changes to increase or decrease the block at specific dates before the event.

Room block performance should be assessed based on total *room nights* used throughout the event, not individually on each day's use of guest rooms. In other words, there should be a single, total room night requirement for the event. *Shoulder nights* should also be applied against the room block requirement. Asking for three shoulder nights on both sides of your event dates is a good idea to accommodate attendees who want to arrive early or continue their stay after the event. Complimentary rooms (comp rooms) are usually earned for each 30-40 room nights booked. These guest rooms can be used for a variety of needs of the committee.

It is important to identify all guest room reservations made by your event attendees. Usually, a reservation code is provided by the hotel to be used when members reserve their guest rooms, identifying them as being in your room block. Checking with members about their hotel arrangements at your event registration desk can help identify attendees who may have been excluded from your room block. Reserving a room with a third party, sometimes called *booking around the block* should count toward your room block requirements, and negotiating a *lowest rate guarantee clause* can help minimize booking around the block. Some hotels also agree to offer the group room discount rate even after the room block has been filled.

Food and Beverage

Like the room block, your commitment to providing food and beverage (F&B) revenue to the facility can offset meeting space rental costs. F&B includes any planned meal events like a Saturday night banquet or Sunday morning brunch, and any contracted coffee breaks. Other F&B purchases by your attendees should be credited against your F&B requirement. These can include concessions, hotel restaurants, coffee shop purchases, and room service used by those attending the convention.

It is usually a good idea to gain a firm agreement from the hotel on meal prices for any planned meal events early on because food expenses typically increase over time. On the other hand, agreeing to provide final meal numbers to the hotel for planned meal events no more than 24-48 hours before the event will ensure that you are best able to give an accurate amount of meals to be purchased. Keep in mind that any quoted food or beverage prices may also be charged a service fee and sales tax.

Policies regarding supplying food or beverages from outside vary from one hotel to the next. Some allow for things like coffee and snacks to be provided by the committee from an outside source, and some do not. Also, some hotels may require a separate contract for food and beverage needs.

Meeting Space

It is important to have a firm understanding of the meeting space needs for your event. Your RFP will include those details. Be sure the contract addresses all of those needs, including specific meeting rooms and usage periods that will be reserved for your event. Generally, temporary room dividers or airwalls are not fully soundproof; schedule workshops and entertainment with this in mind.

Meeting room resets can add additional costs, especially if you are being charged an overtime rate for hotel labor. Usually, a facility allows for one reset of the room, and charges for any additional resets. Creating a program that requires minimal resets not only minimizes that expense, it also reduces the challenge of scheduling back-to-back workshops or meetings with varying room set-ups in the same room.

Another challenge is dealing with hanging our event banners. The labor cost can be high, especially if the event has many years of banners to be hung. In some cases, the facility may not allow for any banner hanging. As a solution, some events are displaying images of banners via video screens, avoiding the need to hang them in the main meeting room.

Consider asking the hotel for monthly meeting space for your convention committee meetings. Some hotels will provide this space free of charge to the committee.

Audio Visual (AV) and Information Technology (IT)

To enhance the convention experience for our members, we often use AV and IT. It is essential to be mindful of the expenses associated with the use of these resources. Convention committees can find themselves in a situation where a substantial portion of their costs is AV- or IT-related. Additionally, multilingual events may require translations resources. And



Internet access in meeting rooms can be costly. You will need a clear understanding of these expenses and any associated charges. The facility may require that their *in-house* AV vendor is used for all AV and IT needs. Rental fees for equipment like extension cords, power strips, and cables can result in unforeseen charges.

Cancellation/Force Majeure (including mutual indemnification)

Force majeure is a standard clause in contracts that essentially frees both parties from liability or obligation when an extraordinary event or circumstance beyond the control of the parties. Including events such as a war, strike, riot, crime, epidemic, or an event described by the legal term *act of God*, prevents one or both parties from fulfilling their obligations under the contract.

As a part of the agreement, committees will want to be sure that this clause includes *mutual indemnification*. With that, both parties, the committee, and the facility, hold each other harmless in the rare situation of a force majeure.

Terms of Payment and Master Account

Most conventions depend on onsite registrations and merchandise purchases to generate the revenue to pay the expenses of the event. While the contract will typically include a requirement for a deposit or prepayment of a portion of the projected event expense to the facility, terms of payment should provide the committee the opportunity to reconcile their financial records following the event, before any final payment to the facility is required. This can be a delicate matter, but agreeing to a large deposit or an immediate final payment can create a great challenge for the committee. It can undermine the relationship with the facility or even jeopardize the event if the committee cannot provide those payments.

Usually, the hosting facility maintains a master account where expenses for the event are tabulated. These expenses are kept separate from charges that your attendees incur as they use the facility's services. Specific details of who has authority to charge expenses to the convention's master hotel account will reduce the possibility that the convention will be charged for goods or services that were not authorized.

Post-Contract

Once the contract negotiation is completed and the contract is signed, file a copy in secure storage for future reference by the convention committee. A periodic review of the contract ensures that the committee is aware of decision points and deadlines as they approach. For example, periodically comparing the room block *pick-up* to the requirements of the contract will help determine if any changes are needed to the room block. Creating and using a timeline that includes important dates can prove helpful in tracking various deadlines as they approach.

While there is little leverage to exercise once a contract is signed, if the committee finds it is not able to fulfill the terms, returning to negotiations may result in both parties accepting important changes to the agreement.

It is possible that the hotel could change ownership between the final negotiation of the contract and the event date. Generally, this change of ownership will not affect the terms of the contract, but it is a good idea to check in with and meet with the new management to confirm the contract terms.

As the event approaches, the facility provides banquet event orders (BEOs). Essential details in BEOs can affect the financial outcome of the event. A close review of each feature in the BEOs ensures that room sets are accurate, AV needs are correct, and other expense-related services are what the committee needs and planned for.

Scheduling a meeting with hotel staff just before the start of the event is a good idea for introductions between the hotel staff and the committee members.

Once the event is over, the hotel usually issues a final bill. The bill can include many pages of information and charges, and requires careful review to ensure that all costs are accurate and reflect the contractual agreements. As noted earlier, the master bill should not include any charges incurred by attendees. The final bill evaluation process is typically best accomplished with the participation of those involved in managing the event. Once all charges have been confirmed, timely payment of any balance owed will support a positive working relationship. It can help to create a favorable reputation for the event with the hosting facility and with other properties and service providers.



Contract Outline

As a part of the support material for this tool, we are providing a basic list of typical hotel contract sections. Not all of the sections will apply to every NA convention or event, but most will. The details of each section are most important and typically include statements that can ensure the event's success for both the committee and the facility. It is important to pay close attention to those details and remember that a facility has no obligation to fulfill any agreements that are not included in a final contract.

1. Convention or Event Committee Name
 - 1.1 Contacts and Titles, Communication Information (telephone, email, postal address)
 - 1.2 Alternate/Additional Contacts, Alternate/Additional Communication Information
2. Facility Name and Owners
 - 2.1 Contacts and Titles
 - 2.2 Facility Address and Facility Communication Information (telephone and email)
3. Official Dates of Event
4. Guest Room Block
 - 4.1 Room Nights by Day and Date
 - 4.2 Total Room Nights
 - 4.3 Attrition (based on total room nights)
5. Guest Room Check-in/Check-out Provisions
 - 5.1 Times
 - 5.2 Staffing
6. Guest Room Cutoff Date and Conditions
7. Guest Room Types
8. Guest Room Rates
 - 8.1 When Determined
 - 8.2 Dates Available
 - 8.3 Special Room Rates (including suites)
 - 8.4 Rebate Schedule
 - 8.5 Applicable Surcharges (including when charged, when not)
9. Guest Room Reservations—Methods and Conditions
 - 9.1 Substitutions/Cancellations
 - 9.2 Early Departure/Extended Stay
10. Housing Conditions and “Walks”
11. Complimentary Accommodations and Conditions
12. VIP Considerations
13. Upgrades
14. Parking
15. Transportation
16. Credit Arrangements—Group
 - 16.1 Credit Application/Timing and Conditions
 - 16.2 Master Accounts
 - 16.3 Deposits
 - 16.4 Payment/Conditions and Timing (including a collection of group history)
17. Function Space Assignment and Conditions
18. Function Space Rental and Set-up Charges
19. Rehabilitation/Renovation/Construction (including clause on building inspection)
20. Service/Performance
21. Exhibits and Displays/Conditions
22. Outside Vendors
23. Mechanical, Electrical, Labor Charges
24. Equipment
25. Audio Visual Equipment Rental and Labor
26. Signage



