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By John Buchanan

Site selection used to be among the least stressful and most enjoyable aspects of a meeting planner's job. In the good old days, a site inspection trip meant a chance to get away from the office for a few days and have a little fun. Today, however, in an era defined by stricter hotel contracts and fewer concessions — in what major hoteliers are currently enjoying as a seller's market — site selection has become a growing challenge for planners increasingly pressed for time and resources. As a result, more and more are turning to outside experts, while the diehards doggedly protect their traditional turf. But almost everyone seems to agree that the rules have changed.

"I think site selection has become more complicated, in large part, just due to the climate right now," said Erika Downs, CEP, who plans about 50 meetings and conferences a year as senior marketing manager at Los Angeles-based investment banking firm Houlihan Lokey. "There was a time when you could have various properties bidding for your business. Those years have passed. Now, it's more that you need to sell your business, and I do think that is a major challenge."

New Properties

Downs noted that the challenge is particularly daunting with new hotels. "They're not as flexible on concessions, whereas if it's a property that you have a relationship with, you can discuss that," she said. "But newer properties are not as flexible as they were a few years ago."



"I can usually negotiate a better rate for myself...I don't have to worry about another company translating my needs to the hotel..."

Charisse Collins, Executive Assistant
Fidelity National Financial, Lynwood, WA

However, Charisse Collins, executive assistant at Fidelity National Financial in Lynwood, WA, has a different perception of the marketplace. "I haven't noticed any difference," said Collins, who has been with the company 11 years and plans about 25 meetings and incentive trips a year. "It's been the same for me, pretty much all along, because everybody that I deal with,

even hotels that I've gotten bids from that I haven't used, are familiar with my name and our company. Working for a Fortune 500 company certainly gives you a better negotiating platform than working for a smaller company."

Top executives at major site selection companies concur with Downs' assessment.

"A few new factors are driving the process now," said Brian DiMartino, president of 13-year-old, Kihei, HI-based 21st Century Group, which has satellite offices across the U.S.

"Planners don't have the time that they had years ago. They've had staff cutbacks. The other thing is that hotel proposals and contracts have really gotten lengthy and much more complex. A hotel proposal is not just one or two pages anymore. It might be 10 to 12 pages. More and more, planners don't have time to sift through these complicated proposals."

He added that in today's climate, site selection is a more comprehensive undertaking that calls for a broader range of skills that include expert knowledge of destinations and hotel inventories, negotiating abilities and a detailed understanding of contracts. Not everyone has that scope of capabilities, he said. "For anybody who carries the title of senior meeting planner or spends 100 percent of their time doing meetings, it's a pretty safe bet that they are well-versed in all three areas," he said. "However, anybody who is not a senior person, or anybody who is a part-time planner, it's almost guaranteed they don't have the expertise to deal with the things they have to be dealing with today. And even if they are senior planners, but they are responsible for several hundred meetings a year and they have had staff cutbacks, as many companies have, they simply don't have the time and resources to be on top of the process in sufficient detail."

Inexperienced Planners

Sylvia Kowalewski, CMP, director of sales at Golden Travel Guides in East Stroudsburg, PA, was even more blunt in her assessment of the current site selection arena. "First of all, at most of the divisions of large companies that do meetings, planners are not handling it," Kowalewski said. "Administrative assistants are. They typically do not know how to go about the process, or there are not the funds to do the site inspections."

She also agreed with DiMartino that even senior planners are more strapped for time than ever before. "I'm very close to a lot of corporate planners, and most of them are overworked," said Kowalewski, who estimates that only about 40 percent of corporate planners have sufficient mastery of all the skill sets required in the site selection and contracting process.

Greg Malark, executive vice president at Scottsdale, AZ-based HelmsBriscoe, the largest site selection company in the world, added what he said is another key factor in today's market. "What we're seeing in the industry now is that it's a more difficult negotiating environment, for a couple of reasons," said Malark, who

works directly with insurance and financial clients. "We're seeing significant increases in new and hidden fees and surcharges — some of them that come in after the fact, after the negotiation."



"One of the reasons why site selection companies have risen to prominence...is because hotel contracts have gotten much tougher."

Brian DiMartino, President
21st Century Group, Kihei, HI

Malark makes the point, and other site selection experts and many planners agree, that since the services of companies such as HelmsBriscoe are delivered at no charge — they're compensated by hotel commissions — and they offer resources, such as comprehensive global databases, typically found only at Fortune 100 companies, that it makes less and less sense for planners to resist the trend toward the use of outside vendors for a critically important task.

DiMartino pointed out, "One of the reasons why site selection companies have risen to prominence and become a factor in the industry is because hotel contracts have gotten much tougher. It's no longer a matter of, 'Sign here and we'll see you in 18 months.' There are a lot of things in contracts now that clients really have to be aware of before they sign."

Key risks today, which are getting riskier all the time, he said, are stricter attrition and cancellation clauses, as well as higher F&B minimums. "The F&B minimum is something that we have really keyed on lately," DiMartino said.

F&B Considerations

"Hotels have revenue managers now to maximize their revenues," he continued. "That brought F&B into the equation. So now they say if you're going to have 200 rooms over these dates, then we need to have X amount of dollars a day in food-and-beverage — and that's the way it is. So, if you're a planner and you're looking at blocking 150 rooms for four nights, when they spit out the proposal, there is a number that's going to come out that says, 'OK for 150 rooms over those four nights, we're going to need this amount of F&B.' Well, that comes out in the proposal, but the planner needs to be very careful that that number is a real number, because you don't know how the hotel calculated it. They might be using a \$100 dinner and a \$50 breakfast every day. So you have to go in and ask the hotel, 'How did you calculate this?' I've seen real

"Go in and talk to guests or other



disparities between what hotels across the street from each other say they require.” In fact, he said, he has seen disparities as high as 25 percent for the same group from two hotels literally across the street from one another.

Kowalewski agreed that the F&B minimum is a current battleground. “A lot of times I’ll see an F&B minimum that is extremely high,” she said. “I’m seeing F&B minimums go higher and higher, constantly.” She agreed with DiMartino that if a corporate client gets several different proposals from hotels in the same city, based on the same RFP, they’re likely to get several different F&B minimums — computed several different ways.

Kowalewski offered a word of practical advice. “Look at the banquet menus for the meals you’re doing, whether it’s breakfast, lunch or dinner,” she said. “Then calculate a mid-point between the highest- and lowest-cost meals on each menu. Then use that as your negotiating standard. But if the hotel comes back with numbers that are all from the high end, they’re trying to take advantage of you.”
Maximizing Revenues

At HelmsBriscoe, despite its enormous bargaining power based on its volume, Malark said, they see an even broader challenge. “All hotels are trying to maximize their revenue,” he said, “so it’s not just F&B. It goes to meeting-room rentals, audio-visual rentals. It goes across the board.”

As a CEP and veteran planner, Downs stressed another evolving trend: the changing arithmetic for things such as comp rooms. “It used to be,” she said, “you could get comp rooms one to 30, one to 40. Now — if they’re giving it to you — it’s one to 50. There were times when it was also a given that they would throw in some of the services that other people have to pay for, be it 800 calls or trips to the gym. That’s changing, too.”

Birgess Moore, CMP, principal of San Francisco-based B Line Events, a site selection and meeting planning company that has worked with Downs since 2003, said her client’s experience is just part of an even bigger trend. “One thing I’ve really noticed in the current market is meeting-room rental,” Moore said. “Meeting-room rental in the U.S. has always been highly, highly flexible, and if you had the proper meeting space to sleeping room ratio, then you wouldn’t pay anything for a meeting-room rental. But now I’m having to negotiate really hard to waive the rental for the general session, or just a few additional breakout rooms. I’ve found along those lines that getting a 24-hour hold on meeting space used to be, not a given, but if you had a program in the same room for three or four days, the hotel would gladly give you a 24-hour hold. And now they’re really being strict on that, because they might be able to squeeze a dinner in there.”

DiMartino cited another trend in meeting-room costs. “There are also new charges that you’re starting to see crop up,” he said. “A real good recent example, one I don’t think I’ve ever seen before, was a meeting-room setup charge for a meeting of fewer than 10 people. The meeting space was free, but they charged \$800 because there were fewer than 10 people.”

Malark said he’s seeing even more new, and often hidden, charges in hotel contracts.

“We’re seeing things like a housekeeping charge of \$5 per room that is just added on, or a function charge of \$3 per person for every meal served,” he said. To back up his point that such new charges represent a growing challenge for planners, Malark noted an industry research study last year that found that in 2003, hotels charged a total of \$550 million in fees and surcharges. Last year, that number had grown to \$1.7 billion.

Expert Negotiators

It is for exactly such reasons, said Alice Strayer, vice president of administration at Old Republic Title Holding Company in Oakland, CA, that she began a relationship in late 2004 with 21st Century Group. She has seen the sharp increase in new charges buried in ever more complicated contracts, and she decided to reach out for help. “I just felt more comfortable having an expert negotiate things like resort fees and overly strict attrition and cancellation clauses out of our contracts,” said Strayer, who plans only four meetings a year.

Downs retained the services of B line Events in 2003. “We made the shift purely due to the volume of meetings that started to come in,” she said. “When I started with the company, it was a lot smaller than it is now. And as we’ve grown, this aspect of our marketing has grown. We do more events.” She said it’s more cost-effective to use an outside vendor than to hire an additional full-time staffer with comparable expertise.



“All hotels are trying to maximize their revenue, so it’s not just F&B. It goes to meeting-room rentals, audio-visual rentals. It goes across the board.”

Greg Malark, Executive Vice President
HelmsBriscoe, Scottsdale, AZ

If that’s true, and site selection services are free, why doesn’t every planner use such a provider? “I

can't explain why more planners don't do it," Downs said. "I think maybe it's a product of the fact they just don't realize the benefits of it. Honestly, I just think it's more of a confidence issue. I'm good at what I do, and I think part of being good at what I do is delegating things so I can use my skill sets and resources elsewhere. If I can utilize someone to do exactly what I can do, then why not?" Downs said.

Reliable Partner

She added that in today's increasingly stressful world of meeting planning, having a good relationship with an independent resource is a big plus. "I think one of the big unspoken benefits is that I have someone I can rely on," she said. "A case in point is that I ran into a situation where it was 10 p.m. when I found out I needed assistance at a program. I picked up the phone, and Birgess was there at 6 a.m. the next morning. So, having that net is just invaluable to me."

Not everyone buys that argument. Collins, for example, said she would never consider the use of an outside company. "For me," she reiterated, "it's that I have the advantage of a Fortune 500 company behind me, so I can usually negotiate a better rate for myself than they can. And also, it's just easier for me, because I know what I want. I can tell the hotel what I want and know that it's going to get done. I don't have to worry about another company translating my needs to the hotel — and then I still need to contact the hotel to confirm everything anyway."

But a growing number of planners appear to agree with Downs.

Karen Wuerch, event coordinator at life and disability insurer Lifewise Assurance Company, Mountlake Terrace, WA, came out of retirement — after 18 years with the company — to manage Lifewise's annual leadership conference held in A-list destinations such as Cancun. For the past two years, Lifewise had used 21st Century Group to handle the conference. This year, when a new president came on board, the company shifted to a site selection company with whom he had a prior relationship. Either way, Wuerch sees distinct benefits. "The third-party site selectors have experience, and they know the properties," she said. "Using an outside company keeps us from having to be away from the office for long periods of time." That's important, she said, because her job is twofold: She's also executive assistant to the president.

As a company vice president, Strayer sees things from a different perspective, but she, too, endorsed the idea that site selection companies save time and money and yield superior results. "Our rep at 21st Century Group can get better pricing," she said. "He has better resources. It's also a time-saver for me. I don't have to follow up on all the phone calls I'd otherwise have to make. So, I get much better service and results from a third party."

Regardless of whether a company uses an outside site selection specialist or performs the task in-house, the experts say the job will continue to be a challenge, well into the future.

One key to negotiating strength, Kowaleuski said, is flexibility of meeting dates. "That's important so you can take advantage of available dates at the chosen hotel, rather than be their captive in negotiations because your dates are locked in," she said.

Impossible Parameters

"The hardest obstacle to overcome for any planner is when a boss comes to you and says, 'Okay, I want a meeting, this is when I want it, this is the area I want it in, and this is the price I want to pay.'" In today's market, she said, that means the planner is constrained from the beginning of the process with impossible parameters. Nevertheless, in her observation, it's the case about half the time.

She added that anonymous site inspection trips are another tactic. "Go in and talk to guests or other meeting hosts before the hotel knows who you are and gives you preferential treatment to land your business," she said. "You get a lot of feedback that way."

But nothing in the near term will change the fact that based on solid transient and leisure bookings, hotels are currently in a seller's market — and in a position to drive a hard bargain. "Hotels look out for the bottom line," Kowaleuski said. "They try to extract every dime of revenue from every meeting. That means that even stricter contracts will continue into the future."

So, she said, even planners who will continue to do site selection themselves have to master new skill sets, such as expert negotiation. Her best advice? Join a professional association such as MPI, FICP, HSMAI or SITE — and take a course — then be prepared to get tough. **I&FMM**