

**Hotel & Motel Management
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The Sales Clinic
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BE PREPARED FOR NEGOTIATIONS WHEN SELLING TO GROUPS

In past years, we have seen, in many cases, when hotel sales staffers have sold to groups, that no negotiations had taken place at all. Quite often, in cases of small groups seeking conference space as well as sleeping rooms, and meals, whatever was offered by a property sales person had been accepted, and a contract signed without any negotiations taking place. This has happened as well with corporate travel managers accepting an annual contract for a guaranteed rate on sleeping rooms for their traveling executives. However, now with continual room rate increases of the past few years, we see more and more group meeting planners, as well as corporate travel managers, seeking to make the best deal possible by asking for better rates and other considerations. This of course, puts hotel sales personnel into the position of having to negotiate to make the sale.

Being a good negotiator take practice; the more one does it, the better one becomes at the art. The whole idea behind negotiations is to end up with a deal, and the deal, of course, has to be satisfactory to both parties. From the hotel standpoint, the main thing to consider is: "How badly do we need the business?" Naturally, a sales person has to be well prepared, well in advance of the planned discussions with a prospect. With proper forecasting, the details will be obvious regarding what business is already on the books or expected, and what revenue is expected to be generated already on the dates being requested by the prospect. If business coming in during that period is good, then, the property does not need this business so badly, and the sales person would not be willing even to offer anything in negotiations to book the business. However, if expected occupancy is not so good, then the property may very well need the business very badly, and the sales person would want to make some offers in negotiations to get the business... What sales people then need to consider how far they may have to go to get the business by giving-in, and

providing more of what the prospect will want? This may come in the form of better rates on rooms, free or lower rates on space rentals, or other considerations.

If, during the dates that are requested by the prospect, the hotel does not need the business so badly, sales people need to further consider: “How important could this business be to the property?” Even though the prospect’s business is not needed so badly there could be some things that could make the business important enough, such as:

- The make –up of the group expected would bring in high profile executives that could be bringing other business to the property.**
- This group would be heavy users of the property’s catering services.**
- Attendees of a group would be heavy users of hotel’s profit centers such as lounge, recreational activities, spa, shops, etc.**
- Nature of the group could expect early arrivals and stay-overs, using rooms pre and post event dates.**
- Prospect may offer multi-year contract for this same event.**
- Future booking on future dates for other events by the prospect.**
- Heavy up-front deposit on the expected event, or a pre-pay of portion of the expected costs of the event.**
- This could be discussions with a long-term account doing business with the property.**

Obviously, it is very important for a property sales person to be very well prepared in advance of visiting with a prospect in connection with the possible booking of any type event. Knowing how badly a property needs the business, how important the business could be, and far one can go in negotiations to try to get the business.