

The Life or Death of a Proposal

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8 am Business Review. My Director of Sales (DOS), Revenue Manager, General Manager, several other Sales Managers and myself assemble to begin another early revenue strategy session. Last night's occupancy, average daily rate (ADR*) and **revenue**** is shared and recorded on a yearly calendar. Discussion begins on where we were last year, what was budgeted, and compare it to **forecast*****. Thus, the tone is set for the meeting.

The purpose is for everyone to brief the staff on events of the day such as site inspections, sales calls, and appointments. The focus is the requests for proposals (RFP's) that are being presented. Depending on the office or company, a sales manager must present the group dates, events with meeting space, room nights, desired dates, and history of the group and the hotel or convention center. Our revenue manager will then pipe in what that month's budget and **pace****** are while the discussion ensues...

"What are the special concessions?" asks my DOS

"Well, this is a lead from a planner in AENC and they are requesting complimentary space with 5 guest room upgrades with amenities," I share.

"Are you not able to get something for the space – we have to take care of the banquet staff for labor," inquires my DOS.

"What rate can they pay? The budget for that month is \$750,000 in room revenue and we need to begin building and putting strong group room nights in February," explains our revenue manager, as all eyes are on me, including my General Manager who is nodding in agreement with the previous statement.

I give a hesitant smile and reply, "They have requested the complimentary space. Can we do a sliding scale and offer complimentary space based on 80 percent of the pick up?"

"What about labor? We have to pay the staff that we schedule to service the meeting rooms and onsite group needs," my DOS asks again.

"Honestly, I can ask but..." I barely get out.

"For this piece of business to work well with our hotel, we need to ensure that all departments are taken care of and we have to generate revenue for the employees that we need to bring in to service the events. We do not want to loose money when booking groups," says the General Manager firmly.

"Ok, ask for \$75.00 a day, what else?" asks my DOS in a manner that gives me an out on the meeting room rent but opens the door for the next discussion.

“They have requested a block of 100 for five nights and historically they have not signed attrition clauses,” I carefully state.

“What is the history?” chimes a colleague

“What is on the books?” asks my Revenue Manager.

My eyes are all over the room as small discussion erupts among individuals and our DOS reins everyone back to the attention of the piece of business being presented.

“I like the pattern and the way the group fits,” begins my DOS, “and, it works well with what is already on the books; however, we need to offer a \$99.00 nightly rate for standard rooms with the requested upgrades and amenities. If they want more upgraded rooms, make sure you charge the proper rate for the room types. Offer the space complimentary with a paid guest room consumption of 80% of the contracted block. And please, ask for a minimal labor charge. You mentioned that you know this planner and work with them through SGMP? Share with them the importance of servicing the group and in order to do that, employees need to be here and their labor covered by either meeting room rent or a food & beverage minimum. You have a good relationship with the client, talk to them and negotiate a good meeting package where both the client and the hotel benefits.”

“Thank you,” I say quietly.

And onto the next sales manager and yes, the same discussion will happen. For me, now I go back to the client and begin negotiations with them.

Helpful Hints

Being prepared for the early morning meeting will ensure an approved piece of business and will make you look well informed in front of your boss, their boss, and your colleagues. The following tips have helped me survive some intense revenue meetings.

1. Special concessions: What are they and how can you use them to enhance the piece of business for the hotel and the client?
2. Numbers talk: Are there pending prospects and if so, calculate the worth of your group and future potential. Numbers are the backbone to operations and since half of the people you are selling the group to are operations oriented, numbers are cold hard facts.
3. Group specifications: Does the group work for that date or month? What is going on in the city? What is on the books? Questions like these will help you show the positive and not so positive aspects of the group. Look at your budget, hotel history, and alternate dates while making it work for all involved.

4. Rates: Does the rate make sense? I know all clients want the BEST RATE and that can be anything. Look at the demand of the hotel and find the best rate for the hotel and client. Explain to the client how and why they are quoted a specific rate.
5. History: I can not put enough emphasis on history. Any time I have had difficulty in getting a piece of business approved, history has helped me. Go back two years with your hotel and also get information from the client. If it is a first time meeting, is it a required meeting? Are there travel restrictions? History can make or break a piece of business.

Technology Defined:

***ADR:** The average daily rate is calculated by adding room revenue generated, divided by the number of rooms occupied.

****Revenue:** All monies paid for occupied rooms.

*****Forecast:** Each month, the revenue manager looks at what is on the books, transient demand and budget, while making an educated decision on what revenue will be brought in that month verses budget.

******Pace:** The hotel's status for the month on booking definite group-room nights verses budget and where the hotel was a year ago with definite group rooms.