

the Membership Management *report*

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THE MONTHLY IDEA SOURCE FOR THOSE WHO RECRUIT, MANAGE AND SERVE MEMBERS.

MEMBER CONFERENCES

Site Selection, Contracting and Negotiation in Four Simple Steps

Planning a major member event is no small feat, but few aspects are as important as selecting and securing a venue. Janeé Pelletier, vice president of Conference & Logistics Consultants (Annapolis, MD), shares her expertise on successfully navigating the four main steps of this important process.

- ❑ **Site Research.** Whether nationwide or in a metropolitan area, initial research should focus on the basics of cost, fit and appeal, says Pelletier. The facility must fall within the organization's budget, must physically accommodate the meeting, and must be a destination to which members would be drawn.
- ❑ **Request for Proposal (RFP.)** With several possible sites identified, send out request for proposals (RFPs). "The RFP is where negotiations begin, and any deal-breakers need to be included in it," she says. "If your organization simply can't put down a deposit, if you can't consider any dates but the first week in September, if you absolutely have to have access to the golf course — these kinds of stipulations should go into the RFP. It will save you time in the long run and increase the quality of the proposals you receive." She says RFPs — typically two-three pages for a small event and up to six for a large event — should include number of participants expected, a short description of the organization, event background, how many years event has been held, and where. The point, she says, is to highlight your event's profit potential to the facility.
- ❑ **Site Inspections.** "This is the step many cash-strapped nonprofits skip, but it is very important," Pelletier says. "It not only lets you see the condition of the facilities first hand, it is often the only time you will meet the facility salesperson face to face, and you want to go into it with a clear knowledge of what your organization's priorities and pressure points are."
- ❑ **Contracting.** "Many organizations don't realize that they can prepare and send their own contract to a venue," says Pelletier. "Laying out your own contractual terms as a starting point is always better than working backward from a facility contract." When drafting a contract (consultation with an attorney is recommended), she says, it's best to include too much rather than too little. "Our standard client-friendly contract runs around 30 pages, where the standard facility contract has only about 10."

Though the negotiating process can take weeks or months, Pelletier's final advice is to dismiss any pressure to sign an agreement quickly. "You and your meeting represent a valuable piece of business to the facility, so you should never feel rushed into anything. Make sure you are comfortable with the agreement and have it looked over by a professional."

Source: Janeé Pelletier, Vice President, Conference & Logistics Consultants, Inc., Annapolis, MD. Phone (410) 571-0590. E-mail: Pelletier@gomeeting.com. Website: www.gomeeting.com

Pick the City to Match Your Budget

Planning a national or regional member gathering? Janeé Pelletier, vice president, Conference & Logistics Consultants (Annapolis, MD), offers insight on choosing destination cities based on budget, noting that cities can be roughly divided into three tiers of graduated cost:

1. "First-tier cities like **Las Vegas** or **San Francisco** are popular tourist and business destinations whose facilities cost top dollar. There are about 15 of these, mostly clustered on the coasts."
2. "Second-tier cities like **St. Louis** or **Baltimore** are sizable destinations, but ones that will require many guests to take a connecting flight. Meeting costs in these cities are generally about a third less than first-tier cities."
3. "Third-tier cities like **Birmingham** or **Boise** are lesser-known locations that can still offer very fine facilities. Generally costing about a third less than second-tier cities, they can provide a great experience and excellent value for price-conscious organizations."

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Venue Contracting 101

What elements are negotiable when hammering out a contract for a meeting facility for your member event?

“All of them,” says Janeé Pelletier, vice-president of Conference and Logistics Consulting, LLC. “Any sales person that says otherwise isn’t telling you the whole story.”

Though negotiations will always involve give and take, Pelletier identifies contractual obligations to pay particular attention to:

Performance measures. This clause ensures what you see on your site inspection will be what you see in 18 months at your meeting, she says. “A contract can stipulate whatever performance measures are important to you — that the facility guarantee three counter agents per 20 guests, that the spa and gym be open and working, that a change of management will allow your organization to opt out of the agreement if desired.”

Termination clause. Sometimes called the “force majeure”, meaning an uncontrolled force, this clause defines an organization’s ability to cancel without penalty due to events beyond its control. The client will want this clause to include as many circumstances as possible — weather, terrorism, pandemic, airline strike, etc. — to provide the most protection.”

Attrition clause. “This commits the organization to providing a certain amount of revenue to the hotel through rooms and food and beverages. Lower thresholds are always better for the client, and you also want to make sure that any food and beverage penalties will only be calculated on the facility’s profit margin, which is usually around 25 percent. What this means is if you guarantee \$200,000 worth of food, but your guests eat only \$100,000, you should only be liable for \$25,000, because that is all the profit the venue would have made anyway — the rest would have gone to wholesale costs, preparation, salaries, etc.”

Event locations. “Probably the biggest newcomer mistake I see is that the exact function space — this grand ball room and those breakout rooms — not being defined in the contract. You always want to explicitly spell out the schedule of events, rooms, days and times to prevent the old bait-and-switch.”

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