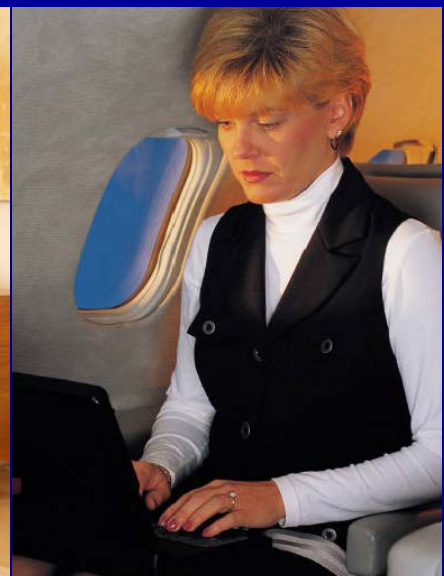


How to Minimize Attrition Challenges

Another Guide to Frugal Planning for Meeting Professionals

*Tips for controlling your event budget from Amita Patel, CHSP - Director of Sales,
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How to Minimize Attrition Challenges

A Guide to Frugal Planning for Meeting Professionals

Attrition is one of the most challenging issues currently facing the meeting and convention industry in this weak economy. Attrition is defined as a penalty, the equivalent of unused room rates, is charged to an organization for using fewer hotel rooms than were reserved in a signed (binding) contract.

Although there are ways you can plan ahead to protect your organization from paying penalties for attrition, you must always give careful attention to the contract you confirm with your hotel of choice and be sure you understand all it entails. In fact, a meeting planner's best course of action is to have contracts reviewed by legal counsel before signing to fully understand an organization's commitment to the hotel(s). There are a number of reasons meeting planners are now faced with longer, more complex contracts than in the past. Mainly:

1. Hotels are protecting themselves from past errors that cost them revenue.
2. Convention hotels are currently experiencing a challenging time in filling their hotel rooms. They want to keep as much revenue possible generated from a signed contract.

Performance clauses are generally the rule rather than the exception. Other reasons include:

1. **Owner expectations have increased.** In the past, owners purchased hotels--in part for real estate investments and tax write-offs. However, today, many hotel chains and ownership groups are publicly traded and need to deliver a return to their shareholders. Thus, properties and hotel chains are now competing not only against each other but against other investment opportunities.
2. **Renovations.** Many hotels continue to invest tremendous amounts of capital to improve their product through renovations and additions, and they need a return on these investments.
3. **Guestrooms are perishable.** A guestroom available today cannot be sold tomorrow. Given the fact that the hotel's goal is to maximize revenue and occupancy, hoteliers now must ask themselves the critical question, "Can we afford to take a piece of business that is unprotected?"

Top Five Tips for Negotiation During the Recession

1. **Choose your location wisely:** Proximity to airports and plenty of hotel rooms and local attractions are all important. Sometimes, you can have access to those amenities for a fraction of the cost of being in the city center.
2. **Score major savings by being flexible on dates.** Most meeting and convention facilities charge by the hour, so set an agenda, and stick to it. Carefully defined operating hours will save you money.
3. **(Almost) Everything is negotiable:** The number of rooms and nights your group will require can be leveraged for discounts. Guest rooms offer a greater profit margin than any other event service.
4. **Champagne events on a beer budget:** 1. Order coffee by the gallon, not the person, and ask the venue to provide 6-ounce cups versus 8-ounce ones. 2. Bottled water can be expensive. Order cases of water labeled with your organization's logo, and use them in lieu of per-bottle pricing at the venue. Alternatively, water, juices and teas can often be provided by the pitcher for far less than the cost of individually bottles or cans of sodas and other beverages.
5. **Register online:** Web registration can save as much as 90% compared with the cost of traditional paper methods. It also increases customer service and reliability.

4. **Maintaining the revenue stream.** Due to the slow economy, travel expenses are generally the first cuts made by an organization. Therefore, the attendee who travels to attends an event that is reimbursed by his/her company can no longer go due to cost. In turn, the hotel rooms are not being filled – thus a loss of revenue for the hotel.

To minimize attrition fees, the following serves as a guideline when negotiating with your hotel of choice:

Build a Partnership with the Hotel

1. Do not over block guestrooms at the designated hotel. It is easier to ask for additional guestrooms than it is to have them released.
2. Review the pre-arrival block periodically. If the reservations are coming in slower than what the historical data shows, plan a course of action to increase reservations. Communicate with the hotel before the event if the pick-up continues to be slow and you feel it will not be filled, so the hotel can release the rooms for resale within its transient booking window.
3. In the hotel contract, negotiate a clause that allows you to reduce the guestroom block on designated dates without penalty.
4. Have a resale provision in the contract. If a reservation cancels, that guestroom should remain within the contracted block for someone else to reserve it. The cancelled guestroom should not be released into the hotel's general block.
5. Pay damages on profit, not gross revenue. The guideline to follow is:
 - a. 70% to 85% on guestrooms
 - b. 30% to 35% on catered food
 - c. 70% to 80% on alcohol

6. Get credit for all revenue received by the hotel. This includes, but is not limited to: cancellation/no-show penalties and early departure fees and rooms that were booked at a lower rate via the internet. You must however, be able to provide proof that the attendee did indeed attend the event. In addition, include the right to audit. Agree, in advance, how the audit will be conducted and what constitutes a direct hit. If necessary, agree to sign a confidentiality agreement and perform the audit at the hotel so the hotel's rooming list does not leave the property.
7. Guestroom blocks should include attrition based on cumulative room nights.
8. Negotiate with the hotel to extend the cutoff date to 14 days out if hotel's occupancy is below an agreed amount (e.g. 80% over the dates of the event). Ask the hotel to honor the group rate as long as there are rooms left in the block.
9. Do not pay damages before careful review of hotel occupancy data to demonstrate the group failed to use the minimum guestroom block.

Educate Attendees

1. **Promote the designated hotel(s).** Not many meeting planners truly promote designated hotel(s), yet it is to their advantage to do so. It is easy to simply hyperlink the hotel(s) to your registration Web site. List all the advantages of staying at the official hotel(s), such as:
 - a. being within walking distance to the convention center;
 - b. saving on cab fare and
 - c. Staying within the show's area for easy access to important evening events.
2. **Offer special incentives for staying within the block** such a lower registration fee by packaging the hotel room with the event registration fee. For example, if your registration is \$400, offer a \$250 rate to those staying within the block. Or you can offer additional priority points. A few show organizers actually force all exhibitors to book within the block.
3. **Make sure your registration contacts** are in communication with your housing contacts a few months before arrival. If registration is picking up and housing is not, there is sufficient time to reverse the trend.
4. **Develop your own housing list** by aggressively asking your attendees where they have stayed. Some shows actually require this information before handing out tote bags!
5. **Advise attendees of the importance of staying at the designated hotel(s).** Include OCVB's ***"Critical Reasons to Use Accommodations at Our Official***

Conference Hotel” At our Convention Center in Ontario, meeting planners receive a copy of this insert and a guestroom pick-up tracking template for pending events once an event is confirmed.

Strategies to Use Now

1. Combine your event with a similar or compatible event to share expenses, gain new attendees and share the profits!
2. If possible, subsidize the room rate to make attending your event attractive and affordable!
3. Charge a surcharge to attendees staying at non-conference hotels
4. Charge a higher fee if attendees stay at the conference hotel but booked outside the block.

There are many ways to minimize attrition. The key is being creative and maintaining an open and honest dialogue with the hotel. By working closely together, both parties can come up with a palatable solution.

Minimize Liability

1. Provide accurate historical data on guestroom pick-up. If possible, provide a ‘pace report.’ A pace report tracks your reservations on a weekly basis.
2. Do the math! It may be less expensive to purchase the rooms required to meet the minimum than to pay the attrition penalty.
3. Offer future business to the hotel if the hotel will reduce or eliminate the attrition policy.
4. If you find out the hotel offers a lower rate online than the negotiated, contracted rate, contact the hotel immediately to reverse the online rate. Though there is no formula to avoid paying attrition penalties, by being proactive and creative, you can certainly minimize any financial burden your organization may face.

For more in-depth information on how to plan an event on a tight budget, download the white paper, ‘A Guide to Frugal Planning for Meeting Professionals’ at www.ontariocc.com

About Ontario Convention and Visitors Bureau

CVB Services

Ontario provides “one-stop shopping,” which allows a meeting planner schedule flexibility and room attrition strategies, as well as a full range of complimentary services including concierge, event planning and brochures. One-stop shopping also provides an opportunity for OCVB sales staff to negotiate Convention Center costs, saving both time and money.

Visit the one or all of the following websites to find out more about Ontario, the Ontario CVB and submit an RFP at the same time!

- www.ontariocc.com
- www.starcite.com
- www.MPoint.com
- www.Empowermint.com
- www.ConventionsMeetings.com
- www.Cvent.com

Meeting Space

Contemporary in design, the Ontario Convention Center boasts over 225,000 total square feet. With a 70,000 square-foot exhibit hall, 20,000 square foot ballroom (divisible into three sections) and over 24,000 square feet of additional meeting rooms, the Convention Center is an ideal venue for small to mid-size conventions, tradeshow, exhibits and meetings.

Ontario as a destination provides real value. From airline fares and rental cars to meal expenses, Ontario is lower by 10% to 20% than other Southern California destinations.

Food & Beverage

Savor...Ontario Catering at the Ontario Convention Center offers full-service catering, making sure your menu selections and decor combine to create the ambiance of your event. Ontario's culinary team has created custom menus to successfully personalize each presentation, offering a variety catering options to satisfy every palate, including gourmet specialties, custom box lunches and concessions.

Accommodations

More than 2,500 hotel rooms are within walking distance of the Convention Center, providing business travelers with many options at reasonable rates, whether they seek first class or midrange accommodations.

Airport & Transportation

Just two blocks from the Ontario Convention Center, the LA/Ontario International Airport (ONT) offers more than 220 daily non-stop flights to over 16 major cities in the United States. Most hotels provide complimentary airport and mall transportation for guests.