

**FOOD & BEVERAGE
CONTRACT
NEGOTIATION**

By:

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EVERY INDUSTRY HAS ITS OWN LANGUAGE

- In any situation, what you say or don't say, as well as how you say it or don't say it, influences what people think of you and how they react to you.
- Sometimes we say words that seem innocent to us, but may affect others in a dramatically different way.
- Our perceptions, assumptions, conclusions, and reactions sometimes define us as a rookie.
- The results can become self-inflicted wounds. We shoot ourselves in the foot. Learning the language of the food industry will help you to avoid these pitfalls.

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WORDS OF THE FOOD INDUSTRY

- Menu: Plated Or
Buffet
- Rack Rates
- Service Charge and
Taxes
- Space
- Inclusive

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TRADE PUBLICATIONS AND ASSOCIATIONS

- Religious Conference Management Association
- S.M.E.R.F. (Serving Social, Military, Educational, Religious and Fraternal Organizations)
- Meeting News, east, west, north, south.
- Successful Meetings
- One Dozen Tips For Negotiating Food and Beverage Contracts

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One Dozen Tips For Negotiating Food & Beverage Contracts

By SUZETTE EADDY, CMP

Hotels, caterers and special event venues need and want your business. Just like hotel contracts, food and beverage contracts can be negotiated. Negotiate items that add pizzazz to your events, without adding costs. For example, ask the hotel or venue caterer to serve complimentary champagne, sparkling water or a local beverage to guests as they arrive or are waiting to check-in. And don't be afraid to bargain.

To benefit your bottom line, try using these 12 tips when negotiating food & beverage contracts:

1. Hotels frequently will provide a com-



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plimentary or reduced cost welcome reception or cocktail party as a "thank you for your business" gesture. In lieu of a cocktail party, you can request a complimentary, reduced cost, or enhanced refreshment break.

2. It is usually easier to get an upgraded or enhanced menu at no additional charge than to get a reduction in cost. This also works with bar beverages. With negotiation, you can sometimes get premium beverages at the standard beverage rate.

3. Corkage fees are another item that can be negotiated. If management will let you provide your own or donated beverages, you may be charged a corkage fee, which is a service fee for handling and serving the beverages. The corkage fee charged

is typically based on the hotel or caterer's estimated labor cost to handle the products.

4. In order to cover labor costs for bartenders and cashiers, most facilities place a minimum on the number of drinks sold per bar or per bartender. If the minimum dollar amount is not reached, the client must pay for each bartender and/or cashier's time for a minimum number of hours (usually four). This is negotiable. When hosting a reception, request that these charges be waived. If they won't waive the fees outright, negotiate a minimum dollar amount of sales that you are likely to meet. If you reach this amount in sales, the fees will then be waived.

5. For food and beverage functions, there are industry standard server-to-guest ratios, such as one bartender per 100 guests, and one waiter for every 15-20 guests. These numbers are not set in stone and can be negotiated upward or downward depending upon the event. The more elegant the event, the higher the server-to-guest ratio should be.

6. Most, if not all food and beverage contracts include a date by which guarantees are due. The guarantee is based on the final number of guests expected to attend a function for which the host "guarantees" payment. This allows adequate time for the caterer to purchase the freshest food possible, adjust for changes in attendance and to staff properly for your function. Guarantees can be increased, but not decreased.

Normally, guarantees must be submitted 48-72 hours in advance of all functions, with the exception of events held on a Monday or Tuesday. Guarantees for Monday and Tuesday must be received on the Friday prior to the event. However, it is not uncommon for a contract to request a lengthier period. If the lengthier time period will not work and you have good rationale, this date can usually be negotiated. In order to avoid any misunderstanding, agree on a final cutoff date, not number of hours or number of days prior to the event to submit the guarantee number.

7. Most contracts will indicate the over-set amount, which is the number of guests,

meals or covers (plates) the caterer will be prepared to serve over and above the guarantee. The over-set figure provides a "cushion" for increased attendance. It is customary for hotels to set places for a certain percentage over the guarantee—usually three-to-five percent or a certain number of covers. If the function is very large, they may use a sliding scale guarantee. For instance, while they may agree to a five percent over-set for up to 500 persons, they may agree to accommodate only three percent or a specific number, such as 35 over, for events in excess of 500. This number is negotiable.

8. Hotels and convention center caterers often charge a fee for serving less than a minimum number of guests. This minimum number is usually 20-25. There may also be a charge for early, such as 6:00am service, late service or if the event extends beyond a certain length of time. Hotel and special event caterers are now indicating in the contract that if an event goes over a certain length of time, for instance 2 hours for a luncheon, there will be an additional

charge. These fees can be negotiated.

9. When planning events, ask what props or decorations—such as ice carvings, candelabras, votive candles, mirrored tiles or centerpieces—are available at no cost.

10. Request complimentary or discounted food and beverage coupons from the hotel for use in the hotel's outlets for your attendees. These are particularly effective as a goodwill gesture if there has been some sort of snafu. You can ask the hotel to provide the coupons on a complimentary basis or you can purchase them from the hotel. The good part is that you only pay for those that are actually used.

11. In most instances, you should not pay for hotel function room space for your food and beverage functions. This can be a little tricky, but not impossible, if you do not have sleeping rooms in the hotel. You have nothing to lose—so be sure to ask. If you can't have the fees waived outright, use a sliding scale tied to room pickup or food and beverage revenue. Regarding food and beverage attrition charges, try to negotiate a

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sliding scale in your favor that will more than likely result in not having to pay a fee.

12. If it is important to the success of the meeting and you can provide documented history, you can request extended hours in the hotel's bars and restaurants. The usage and revenue information can be found in your post convention reports.

REGISTRATION COMMITTEE ~ *SAMPLE CHECKLIST*

AIM HIGH

The **Registration Committee** will arrange the setting up of space and resources needed to register delegates. The committee will also be responsible for attaining materials and supplies for the registration packet. This committee may also coordinate resources with the Advertising/Public Relations Committee. Here are some points to keep in mind.

- Staffing of registration desk-clerks, typists and cashiers
- Registration forms and badges, committee ribbons, etc.
- Ticket sales, Banquets and Musicals etc.
- Computers/typewriters, bulletin fonts (large letters)
- Desks, tables, chairs, and wastebaskets
- Designated person, responsible for handling registration money
- Registration procedure for guests and dignitaries
- Provide all facts of the convention and registration procedures to registration staff
- Instructions posted for filling out forms
- Informative material, Information desk
- Bulletin board for messages and phone calls
- Facilities for photocopying, Internet Access
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Successful

CONVENTION PLANNING