

THE *brief*

Essential information for accommodation & meetings space buyers



...RFPs without Tears

Welcome to The Brief. This is the first in a series of quick reference guides for those new to purchasing accommodation or meetings space on behalf of your organisation. Each edition will provide you with the essential knowledge you need on a key topic.

RFP's without Tears

What's an RFP?

An RFP, or Request for Proposal is what we used to call a tender. In other words, a document you send to suppliers to invite them to pitch for your business, which sets out – in the case of hotels and meetings – where your organisation requires space, when and how bookings will be made.

Can I get someone to do this for me?

Yes. Some organisations undertake their hotel RFP's through their agents.

Is there a standard format for an RFP?

No, they vary from sector to sector. In other words a hotel RFP will differ from a meetings RFP, an airline RFP, agency RFP and so on. An RFP can be paper-based, electronic or online, although web-based RFP tools (or e-RFPs) can help reduce the time and resource required to undertake an RFP quite significantly. Over 33% of hotel RFP's are now undertaken online.

What's the difference between an e-RFP and an e-auction?

An e-RFP manages each step of the RFP process online. An e-auction is a process conducted online in which bidding suppliers undercut each other to win a piece of business or contract - similar to E-Bay though generally undertaken over hours rather than days, with the price reducing rather than going up. Pricing is just one element of an e-RFP.

What should an RFP do?

- Clarify your company's objectives and requirements
- Define how hotel accommodation and meetings space will be booked
- Define how your agent will get paid (i.e. commissionable or non-commissionable rates)
- Secure pricing structures
- Set the tone for an effective relationship with your suppliers
- Complete the exercise in a professional and timely manner.



How long should an RFP take?

How long is a piece of string; staging any RFP can take between 4 – 6 months from start to finish, and up to 55 days in manpower terms, so it's really important that an RFP is properly thought out and prepared.

What will my greatest challenges be?

- Data
- Resources
- Processing the submissions

Are e-auctions any good?

The e-auctions tools on the market vary in quality and effectiveness. Research by the Institute of Travel Management suggests that insufficient information can result in costs going up as a result of using e-auction tools. Stick to e-auctions for commodities like stationery or fleet.

How often should I review my contracts?

Most HBA contracts are reviewed every 3 - 4 years and hotel programme contracts every year.

So what's an RFI then?

A Request for Information; in other words what you do to find out what products, services or potential suppliers are out there, and who to include in your RFP.

What's best practice in an RFI?

- Use a standard format
- Strike a balance between providing too much data and too little
- Ensure the suppliers can manage your demand.
- Include timelines for completion and return.
- Store all the data you receive

General Notes

- Engage your team. Communicate the latest regional industry trends to appropriate team members so they know what to expect when negotiating.
- Explain the process and time lines that will be followed – this gives them the opportunity to raise any issues at the outset.
- Allow sufficient time for your potential suppliers to respond to your RFP. It takes most companies between 12 weeks and 6 months to prepare and issue an RFP, at a time & logistics cost of £20,000. And yet most give suppliers between just 2 – 4 weeks to respond.
- Stick to all timelines set and hold your suppliers to their commitments. Make selection decisions quickly and always keep hotels in the picture – if there is an unavoidable delay – let them know.
- Build in safeguards by arranging a temporary extension to your existing contracts in case the RFP process overruns.

Selecting your agent – the HBA RFP

The following tips apply equally to selecting a specialist Hotel Booking Agency (such as BSI) or a Travel Management Company.

What information should my RFP contain?

- An overview of your organisation
- General overview of the RFP's objectives, scope and content
- Length of contract
- Process for evaluating RFP responses & appoint suppliers
- Your timeframe
- Detailed summary of your existing hotel and/or meeting programme
- An analysis of current transient (i.e. overnight accommodation) or meetings spend – where, when & volumes, hotels/venue types used, company spend thresholds etc
- How bookings will be made – via fax, telephone, e-mail, intranet, or online.
- Payment process – is billback required?
- Preferred HBA pricing model – commission, management or transaction fee
- Any other requirements from the agent
- What management information you require
- What information you require from your HBA
- Pricing, and how this should be presented
- Qualifications/references
- Response times for bookings, complaints etc

What information should I expect to get back?

- How the accommodation and/or meetings booking service will work
- People – operational & account management
- Technology
- What management information will be supplied
- Financial proposal (for transaction or

- management fee-based services)
- Cost reduction proposals
- Proposed service level agreement
- Implementation plan
- Quality control programmes
- Environmental, CSR and diversity statements

What do I need to bear in mind?

1. Your objectives. Most companies will mix and match from the following; it's usually company culture that dictates the priority given to each criteria.

- Cost Control
 - Rate reduction and minimising cancellation fees incurred
 - Reduced process/booking costs
 - Commission collection - If part of your agreement with your agent is that some or all commission is rebated back to your company, you should check out your agency's track record in securing /chasing outstanding commission payments by requesting commission reports.
- Added value benefits
- Policy compliance
- Management Information
- Traveller Security
- 24 hour assistance
- Increased customer satisfaction

2. Do you want a specialist hotel booking agent (HBA) or a travel management company (TMC) to handle your accommodation requirements?

Bear in mind that BSI - like most leading HBA's – are able to integrate their technology and MI systems with 3rd party TMCs



Creating a hotel or meetings programme – the hotel & venue RFP

The following tips apply to creating an RFP to be sent to hotels and venues via your agent.

What information should my RFP contain?

- An overview of your organisation
- General overview of the RFP's objectives, scope and content
- Summary of your hotel and/or meetings programme objectives
- Length of contract
- Process for evaluating RFP responses & appoint suppliers
- Your timeframe
- Detailed summary of your existing hotel and/or meeting programme
- An analysis of current transient (i.e. overnight accommodation) or meetings spend – where, when & volumes, including top destinations, etc
- How bookings will be made – via fax, telephone, e-mail, or online.
- Payment process – invoicing, credit card?
- Rates required, ie commissionable/non – commissionable:

- inclusive/exclusive taxes
- Consider technology issues, such as WiFi access and online check-in.
- Any other requirements from hotels or venues
- What information you require from your suppliers
- Hotel/venue information required
- Pricing, and how this should be presented
- Response times for bookings, complaints etc

What information should I expect to get back?

- Hotel location(s) & facilities
- Rates proposal
- Room allocation proposal
- Added value proposal – e.g. complimentary up-grades, free WiFi etc
- Environmental, CSR and diversity statements

What do I need to bear in mind?

1. Your objectives.

Most companies will mix and match from the following; it's usually company culture that dictates the priority given to each criteria.

- Cost Control
 - Consolidation supplier base
 - Rate reduction and minimising cancellation fees incurred
 - 'Downsizing' hotel grade(s) used
- Added value benefits
 - Food and beverage costs
 - Upgrade offers
 - Additional services
- Increased availability – room allocation programmes
- Key drivers – location, brand or cost
- Policy compliance
- Traveller Security
- Increased customer satisfaction

2. Assess your current programme.

Before you start you need to know and understand your spend and bed nights data for the previous year.

- How has current programme performed (if you have one)
- Which Hotel(s)/groups have worked well with you previously
- Which hotels have overpriced or not provided availability.
- Do you need deals in every city or can you mix and match deals with agency consortia rates and 'best rate on the day' offers)
- What room types have you used?
- Do you want Bed & Breakfast or Room Only rates?
- What do your travellers like/dislike about your current programme?
- Do you travellers stay in budget hotels?
- Does everyone follow the same policy or is the programme based on hierarchy?
- Does your company culture support the programme through policy, mandating or non payment of expenses outside policy?

3. Look to the future

- How are your employees going to book hotels?
- Can you move market share?
- Have you looked at apartments for long stay trips, assignments or relocation
- Can Meetings spend be consolidated with transient to lever incremental savings?
- What new projects, business divisions, offices, business initiatives or markets will your company involved in during the contract period?
- Do you set budgets by city or market?

4. General Notes

- Contracts need to be signed and returned to the successful bidder promptly. For extra protection, build sanctions into your contract; if your rates are not loaded into the GDSs by the agreed deadline.
- Deliver on your deals – you need to do it all again next year! Build trust with your supplier base – hotels have sophisticated tracking tools and will know what you are delivering. Monitor vigilantly - get regular monthly usage reports from your agency/booking tool and track rates achieved and usage levels. Keep an eye on the rates achieved and the usage in your major markets/cities/hotels.
- Effective, consistent and timely communication is the name of the game – both internally with corporate team players and also with the hotels, either direct or through your agent.
- Smaller companies may be better off utilising their agency's own programme, using their buying power and benefiting from their consortia rates.

And finally...

Why is everything denoted by a three letter acronym? You've got us there.

For help in preparing your hotel or meeting RFP Please contact....