

Hurricane Contingency Housing

ACP International
South Texas Chapter

Disaster Contingency Housing

- Understanding housing component of DR plan
- Things to consider when choosing hotels
- How hotels view your RFP (request for proposal)
- Negotiating hotel contracts
- Two types of hotel programs that actually *work*
- Benefits of working with a third party expert
- Q & A

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Most DR Housing Programs Are Ineffective

- Companies cannot differentiate themselves from the pack
- Hurricane contingency contracts provided by hotels typically offer no firm guarantee
- Ideal situation:
 - We call hotels in May, they agree to everything we want
 - They'll have all the rooms we'll ever need
 - They'll be ready whenever we need them
 - They'll give them to us at a discount
 - We don't have to commit to anything!

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What Hotels Hear



I'd like something
for nothing, please.



DR Plans Are Complex

- Insurance policies
- IT infrastructure
- Phones
- Mail routing
- Corporate real estate concerns
- And the list goes on...
- As a result, housing is often omitted or forgotten

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What About You?

- How far in advance do you deploy & what are the parameters?
- Who at your company handles housing, and what is their degree of expertise in this area?
- How long does it take to put together the rooming list, handle contracts, get confirmation numbers to employees, etc?

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What About You?

- How many people handle this task for your company?
- How many hours spent? Hard cost of that?
- Soft cost of productivity loss?
- Opportunity cost for the learning curve?

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What Type of Housing Does Your Company Need?

- Deployment Site Housing
 - Establishing relationships
 - Direct billing
 - Pre-negotiating arrangements
 - Setting up HR policy and distributing internally
 - Manage rooming list internally and keep up to date
 - Use of intranet for hotel info
- Recovery Site Housing
 - All of the above, plus consider the hotel's own disaster plan (power issues, flooding, employees ability to get to work, commitments to other companies)

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Things You Already Consider When Choosing Hotels

- Location (proximity to DR site)
- Price (what's included?)
- Contract terms
- ADA accommodations
- Proximity of restaurants
- Shuttle service (especially to DR site)
- Room facilities (Kitchenettes? Suite product?)

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Things You Should Also Consider

- Pet policy
- Average historical occupancy/seasonality
- Business mix (group vs. transient)
- Transient booking window
- Ratio of kings to double/doubles
- Existing relationships (using hotels in your travel program)
- Rate range (quote up front!)
- Hotel's competitive set

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How Hotels View Your RFP & Your Business

- Definitions
 - Room nights (perishable good)
 - Pattern
 - Volume
- Your budget
- Contract terms
- Credit worthiness
- Potential for repeat or other future business
- Existing relationship
- Ancillary revenue streams
- Displacement of other business

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It All Comes Down to This!



RFP Tips

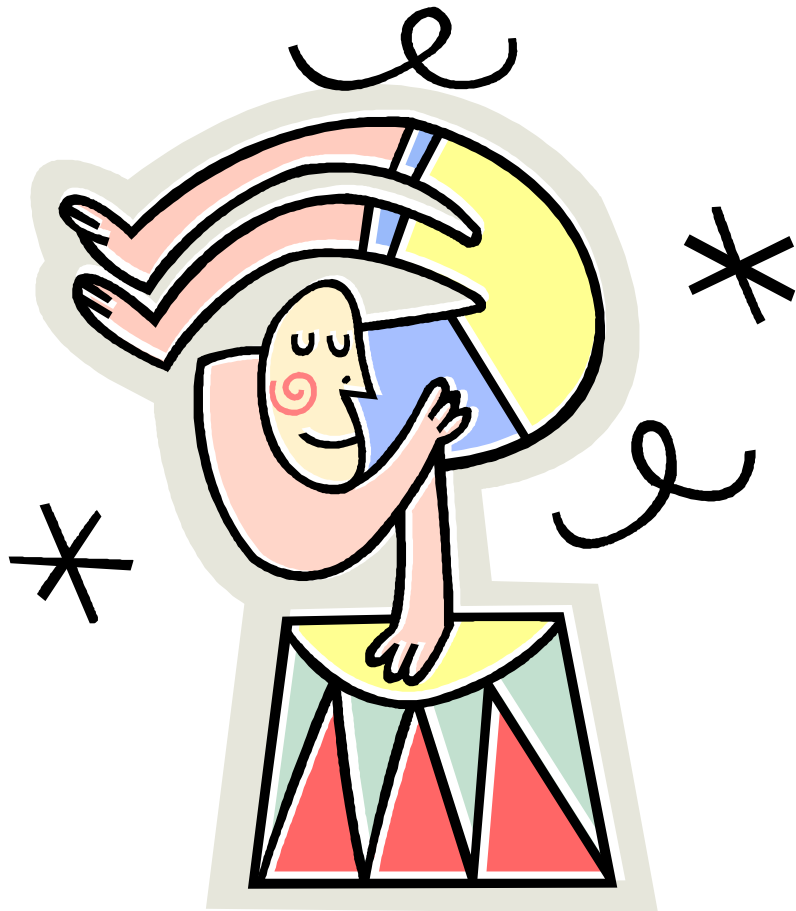
- Be detailed and thorough from the outset
- Anticipate their questions, and have the answers
- Give them a realistic decision timeline
- Consider a multi-year contract
- Make it as attractive for the hotels as possible
 - Nothing that would displace other business
 - Organized program that's turnkey for them (consider a standard Letter of Agreement)
 - Fair expectations with contract terms and concession requests
- Find out how many similar agreements the hotel has in place
- Make sure they know whom they're competing with

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Contracts Are More Flexible Than You May Think...



... as long as you
know where to look!



Hotel Contracts

- Attrition
- Cancellation
- First right of refusal
- No early departure fees
- Provision to renegotiate rates if block changes significantly
- Billing instructions
- Mutual indemnification
- Successors & assigns
- Concessions

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Two Types of DR Programs

- Rolling Cut Off
- First Right of Refusal

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Rolling Cut Off Program

- Higher cost
- Only option for absolute guarantee
- Lucrative for hotels (= best rates for you)
- Key is contracting to maximize resell potential
 - Shortest transient booking window
 - Largest transient mix
 - Highest historical occupancy
 - Smaller blocks spread across multiple hotels
(maximizes resell and minimizes displacement)

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Rolling Cut Off Program (cont'd.)

- Someone must be assigned to work this all season
 - Weekly occupancy reports
 - Monthly invoicing
 - Win/win – hotels love this program, and it “earns” you a guarantee of availability if/when needed
- One standard Letter of Agreement signed by all hotels in your program

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First Right of Refusal Program

- Less expensive
- Less of a guarantee of availability
- Key difference: no guarantee of revenue for hotel
- Pre-negotiate contract templates
 - Leave key fields blank
 - Add 3rd signature line (preferably someone off site)
 - Include appropriate language in contract, limiting liability for the pre-sign
- Program depends on open, ***consistent*** communication with hotel

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First Right of Refusal Program (cont'd.)

- Use of first right of refusal clause
 - 2008 Houston example – Gustav/Ike
- Weekly inventory reports
- Importance of relationship with hotel
 - Best to have one person be the hotel contact throughout season to develop rapport

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Wouldn't It Be GREAT to Have
the Best of Both Worlds?



Let's Compare

PROGRAM	HARD COST	SOFT COST	LEVEL OF GUARANTEE
Rolling Cut Off	<ul style="list-style-type: none"> • Internal labor • Mitigated cost of rooms, less rooms resold 	<ul style="list-style-type: none"> • Lost productivity • Opportunity cost for learning curve 	Absolute
First Right of Refusal	<ul style="list-style-type: none"> • Internal labor • Nothing else, unless you deploy 	<ul style="list-style-type: none"> • Lost productivity • Opportunity cost for learning curve 	Still good, but less than above

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Working with a Third Party Hotel Expert

- Definitely not the “norm” for meeting planners!
- One stop shop
 - Market analysis
 - Turnkey RFP process
 - Hotel expertise at your fingertips
 - In many cases, at **no cost to your company**
 - Field all hotel communications
 - Manage inventory updates
 - Reconcile invoices
- You have your babysitter!

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Working with a Third Party Hotel Expert (cont'd.)

- Global sales relationships
- Database of hotels and past bookings
- Buying volume
- Recommendations, but not final decisions

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Cost With a Third Party

PROGRAM	HARD COST	SOFT COST	THIRD PARTY COST	LEVEL OF GUARANTEE
Rolling Cut Off	<ul style="list-style-type: none"> • Internal labor • Mitigated cost of rooms, less rooms resold 	<ul style="list-style-type: none"> • Lost productivity • Opportunity cost for learning curve 	<ul style="list-style-type: none"> • Nothing 	Absolute
First Right of Refusal	<ul style="list-style-type: none"> • Internal labor • Nothing else, unless you deploy 	<ul style="list-style-type: none"> • Lost productivity • Opportunity cost for learning curve 	<ul style="list-style-type: none"> • Negotiated management fee 	Still good, but less than above

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Any Questions?





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