




MEETING PLANNER GUIDE TO F&B MINIMUMS

MAKE THE MOST OF YOUR
FOOD & BEVERAGE SPEND

5 DELICIOUS TIPS FOR MANAGING
FOOD & BEVERAGE MINIMUMS



How to make hotel food and beverage minimums work for you.

ABOUT THE AUTHOR:

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*The number-one reason people gather every year for meetings is, of course, the riveting content presented at those meetings. But what people **really remember** is what happens at the banquet events (i.e., catered breakfast, lunch, and dinner). These events are the glue that binds the entire group*

together. They provide the opportunity for attendees to take a break, come together, and create bonds. It's here where much of the day's sessions are put into perspective, discussed and debated, and where the real value of the event often begins to take shape for each attendee.



It's also where a fair portion of your meeting budget is spent and where hotels make a nice chunk of profit. In order to protect this revenue stream, hotels almost always include a minimum Food & Beverage spend in their contracts. This is simply the minimum amount of catered food and beverage that you're required to spend during your meeting. (Sorry, no restaurant or bar spend applies toward this amount ... and the amount is also measured before taxes and gratuities.)

Here's what's interesting about this number. Because it sits in the contract and is viewed as a liability, most planners work hard to negotiate it down (or eliminate it completely), even if the actual catering budget of the meeting will clearly exceed it. How is this a bad thing? Well, when you actually do spend more than the Food & Beverage Minimum, you're not getting credit for the difference. Sure, you've lowered your liability, but at what cost to the organization?



What if you viewed the hotel's food and beverage minimum differently?

During my hotel sales days, I always found it funny when a customer would attempt to negotiate down our hotel food and beverage minimums, when it was clear by the size of the group that they were going to end up spending way more than what we were asking. From the meeting planning side, negotiating down the F&B Minimum means less overall potential liability from your group. But there's actually common ground between hotels and companies, and reaching that common ground can unlock value for you and your company.

So let's view the hotel's food and beverage minimum differently. Instead of thinking of the minimum as a liability, try seeing it as a benefit that can help drive better great deals from your hotel partner and make everyone happy.

Here are a few ideas to help you
get more value out of your
food and beverage spend.





1

Create a tiered F&B Minimum to unlock extra value.

Sounds crazy, right? Not really.

If you happen to be spending more than what the hotel requires, you're leaving money on the table. Think of it this way: The first F&B Minimum is for the hotel and the second minimum amount is for your company. Here's a real-world example. Say you're having a sales manager retreat, with 50 people for three nights. That's three breakfasts, three lunches, three dinners, and at least one cocktail reception. You do your homework and come up with your budget for the event.

- Your estimated food & beverage budget: **\$16,000**
- The hotel's minimum F&B: **\$12,000**
- Difference: **\$4,000** – in your favor

This additional spend of \$4,000 means you have real leverage to add some value to your overall meeting.

So tell your hotel salesperson,

"I agree to the F&B Minimum ... and I want another number put into the contract. If we spend at least \$16,000 on F&B, we'll unlock these additional concessions."

Additional F&B Spend
\$4,000

Hotel's F&B Minimum
\$16,000



Then ask for some things that will create real value for your group. Need more suite upgrades? How about I.T. help? Whatever you might be missing from your bag of goodies can be leveraged with a tiered F&B Minimum.

Is there risk in this? Sure. You may find that after committing to the additional spend, your budget is cut. The good news is that as a result of this extra step in negotiations, you have a record of what you traded for a higher spend. In other words, let's say you were able to get an additional couple of suites and some A/V concessions for the extra \$4,000 in spend. If you have to reduce it down later, you know exactly what you'll have to give back in return.

2

Ask the hotel up-front what their F&B Minimum is for your meeting dates – not for your program.

Most hotels have a minimum amount of F&B spend that they need to earn per room-night. Just like guest room rates, you can bet that this number varies widely based on the time of year.

If you're planning an event that has a significant amount of Food & Beverage spend, ask the hotels to quote you their per-day F&B Minimum, on a per-person basis. This is a great number to have before you start negotiating. It will help you understand if you have leverage with the hotel already built into your budget. If they are asking for \$125 per person, per day and you were budgeting \$150, agree to their number and ask for the tiered minimum we talked about earlier.

Knowing this number will also help gauge if the hotel is the right fit for you and your budget. If their per-day F&B Minimum seems out of your range, ask if there is flexibility moving to another set of dates. Hotels are willing to discount minimums and customize menu pricing, if the right group is willing to "fill a hole" in their schedule.



\$150 per person

\$125 per person

3

Is your program “lite” in Food & Beverage events? Understand the total value of your meeting.

When your hotel partners are evaluating business, at a quick glance they consider these three top pillars: rates, dates and space. Basically, they want to know what rates you need (both in guest rooms and Food & Beverage), when you want to meet, and how much space you plan to use.

Because you plan meetings, you know there is a lot more to the budget than those three items. Do you use the on-property audiovisual company for the general session and all the breakouts?



Are you one of those planners who puts on such a great awards dinner that the evening continues well after the event and into the hotel bar? If so, ask your hotel partners to estimate your group’s “out of the room” spend. This is valuable information to have when negotiating your next meeting.

These all have a monetary value and can be used when you are “lite” or not quite where you need to be with your food and beverage minimum. By collecting this information for past meetings, you can make a compelling case to future hotel partners. And they’ll factor in this information before submitting a proposal.



4

Buy in bulk: CMPs help you stick to your meeting budget.

Not everyone knows about Complete Meeting Packages (CMPs). Typically, a CMP will include breakfast, morning and afternoon breaks, lunch and basic audiovisual set-up (screen, projector, mic). And CMPs are priced per-attendee, giving you an easy way to understand whether the hotel can work with you to stay within your budget.

CMPs are gaining in popularity, and for good reason. Most hotels are willing to customize a CMP especially for your group if the basic package will not meet your needs. It may require a little more work upfront, but can save time and energy fretting over costs down the road. Many hotels already have CMPs available; you just need to ask for them.

Also, contrary to popular belief, your catering hotel partners love to work outside of the traditional banquet menus. Given the opportunity, most of them will put together a customized menu based on your needs and budget requirements. So tell them your budget and what you want to accomplish during the meeting. You might uncover a way to spice up that traditional chicken dinner we've all grown a little bored with over the years.



5

Miss your F&B Minimum? Remember 'PPAPP.'

Sometimes, despite your best efforts, you miss your F&B Minimum. Not to worry, as long as you've planned ahead. Hotels have wiggle room with F&B Minimums. Why? Because "Penalty Payments Are Pure Profit" (PPAPP).

Here's the rationale: For every \$1,000 a patron spends on F&B, the hotel pays approximately \$300 in hard costs (the actual food and beverages consumed). If you miss your F&B Minimum, the hotel isn't incurring the costs of those un-scarfed meals and un-quaffed drinks. Knowing this, you can put a provision like this in your contract:

"In the event that the F&B Minimum is not met, customer will pay the profit difference estimated at 50% of the unmet F&B Minimum."

Another way to bridge the gap between your F&B Minimum and actual spend when you are not expecting to reach the minimum is to ask the hotel to create elevated menus for your group. In other words, if you come up 10-20% shy of reaching the minimum, you're better off turning this situation into a nice opportunity to reward your group with eggs Benedict for breakfast and surf & turf paired with a fantastic cabernet for dinner.



Other tips/thoughts:

- Remember, if you have the history of what you have spent in catering or in outlets, share it with the hotels. The next time you operate a meeting, ask your host hotel if they'll track and report on your F&B spend. It's always helpful to have this handy.
- If you were planning on taking a dinner off-site, can you keep it on-site? This will save you money on transportation costs, so you'll have more money in the budget for an outstanding culinary experience at the hotel.
- Often times, hotels charge a room rental fee to make up the shortage of F&B spend. It's virtually always better to apply that fee to your food budget, ensuring you get something in return.

As a meeting planner, you have some very compelling ways to build strong value for your attendees. And entering negotiations with a Food & Beverage strategy in mind will ensure that you do just that. Keep in mind, meals are more than just sustenance for your attendees – done right, they are experiences that bond your group together. And in many cases, create lasting memories and relationships.

With some clever preparation, you can turn the F&B Minimum to your advantage. Feeding hotels the right information, and offering to step up certain commitments within your control, will keep their tummies full and your budget in control.



QUESTIONS?

Want to learn more money-saving factors to consider when booking your next meeting? We're here to help.

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ABOUT ZENTILA

We've been in the meetings business for a long time. And over the years we've watched the whole process of booking meetings and tracking spend become way more difficult than it needs to be. There had to be an easier path. So we created Zentila to give companies and individuals an easy way to source & book meetings while capturing important meeting spend data to help save time and money.

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