

Negotiation like a pro: Contract Negotiations & Budgets

- Use as framework/ basis of your contract negotiations:
 1. Maximize net revenue to meet or exceed SJ financial projections
 2. Manage cost efficiency to fulfill fiduciary responsibility to our contributors
 3. Stewardship: an ethic that embodies the responsible planning and management of resources
- Taglines, brand messages – if you know them well, you can expand on them when you are talking to vendors
- Donor dollars = best negotiation tool
- Net revenue is paying for the research, you are paying to find the cure
- Know your numbers going in to negotiations
- \$35.74 average donation per person, use this as talking point
- Example: donor who couldn't keep lights on at home, gave \$20 donation, keep these donors in mind when spending donor dollars to put on event
- EVERY dollar counts
- St. Jude versus own budget – use your own budget as conversation with SJ, why are the numbers different and at end of the day important to hit cost ratio, see if you can beat those cost ratio, make sure whole team knows these numbers
- Budget - look ahead 2-3 years
- If you are not good with numbers bring someone who is good with money/numbers to help
- Bottom line, year over year event – use legal as resource, if vendors are increasing prices every year, negotiate a master services agreement – helps keep price static but guarantee event/business for venue

Timeliness and Preparation Matters

- Vendors are not donors
- Just like we are in business of raising dollars, vendors are looking to make profit– need to treat as business not donors
- Can be aggressive while being fair to vendors
- Need to be good stewards of our donor dollars
- Always have exit plan – can go someone else, plan A, B & C
- Start looking at venues immediately after your event is over for following year
- Never be afraid to “fire” a vendor/client
- Vendor trade – try to have 2-3 times the price of tickets that you would otherwise make revenue from
- Know the market and events going in same week, are hotels going to squeeze you for high demand dates
- PSAV at hotels – hotels typically get 50% profit, use that in negotiation, if hotel is making business by having other vendors in rooms and your set up/break down hours are pushed, sometimes you have to incur labor charges

- Get as many professionals as you know, get people with different talents in committee
- More time = more leverage
- If venue knows guests love the venue, make sure you look at other options, bring proposals from other venues to bring to negotiation
- Multiyear/master services agreement – ALSAC legal team can add clause to help us get out of contract if you have to change venue/vendor
- It takes money to raise money, can't have same margins as for profits
- ALSAC has regulations to abide by, keep in mind when SJ rep is voicing concerns about costs

Strategy Development

- Run your event through the Vendor's proposal and prepare a faux invoice: # of guests, anticipated alcohol, valet parking, fees, etc.
- Prioritize the "must haves" vs. "the wants"
- Contracts – look for hidden costs
- Always over-estimate expenses
- Entertainment contracts – pay attention to the rider, reach out and let them know we cannot meet all of the requirements, most of the time they are willing to make adjustments to rider for non-profit
- Get rider in front end, make sure that any other changes in contracts/riders must be agreeable by both parties so you have exit strategy
- Is donated alcohol worth the corkage fee? Can they waive corkage?
- Have 1st offer, middle offer and bottom line – as far as you will go until you walk away from contract/vendors
- Hotel room rates are more negotiable than you think they are, check service fees/surcharges, some taxes they cannot waive, sometimes they can find ways to waive fees
- If you have celebs, can't put value of having them at venue/event, use this as negotiation point
- Look at cancelation and attrition rates – get the lowest attrition rate possible, keep in mind natural disasters, strikes, etc. can affect outcome of usage of rooms
- Hotels may want to squeeze you in attrition and re-sale rooms, if hotels can fill their rooms because we have cancellations, we should not be charged for attrition fees
- Always do F&B minimum – low ball the hotel/venue
- Designate a scapegoat (Fake bad cop) – need to go back to St. Jude about this
- Allows you to be empathetic with vendors
- Let them call SJ/ ALSAC legal team
- Important you read every word in contract, your responsibilities, they can change language/parts of contracts
- Vendors – recognition at event, can be partners to event
- You have audience that vendors can use for repeat business
- Know what the vendors need/priorities are, every year they have different goals/objectives
- Get as high as you can with president/manager top level and work down

- Have aggressive, big goals and work hard!