

THE INSIDER'S GUIDE TO BUYING A B&B

A Complete Guide to Buying B&B Properties



The Inn at Gray's Landing Support Team

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FOREWORD

So you want to run a bed-and-breakfast inn.

Congratulations! You've just taken the first step in becoming a successful innkeeper.

This *Special Report* contains everything we wish we had known about the basics of buying a B&B when we first started out.

If you combine all the tips in this *Report* with some entrepreneurial skill and plenty of determination, we're sure you'll be successful.

In the pages that follow, we're going to be giving you quite a bit of what we hope will be useful information.

But don't worry . . . you don't have to remember it all . . . or *any* of it, for that matter . . .

Because at the end of the *Report*, we're going to summarize its entire contents in a handy checklist you can use to evaluate *any* B&B property you may be considering for purchase.

Once again, congratulations on your decision!

Now, let's get started.

CHAPTER 1

FIRST CONSIDERATIONS

Let's say you're driving around an area where you think you'd enjoy running a B&B – a preliminary step we strongly recommend.

How do you begin narrowing down your choice?

Easy!

Just follow the 12 rules we've set out in this chapter, and you'll have taken the first step in creating a short-list of financially viable candidate properties.

Rule #1: Buy a property that is being – or has previously been – operated as a B&B

The world has many, many elegant homes – particularly when viewed from the exterior on a drive-by.

We vividly recall driving around the state where we had decided to open our B&B.

For two and a half weeks, we drove around and around – visiting every region of the state – purposely looking for homes that looked great!

And there was no shortage of them. We remember saying to ourselves over and over and over again, “Now, wouldn't that make a wonderful B&B!”

Not so fast!

Converting, say, a beautiful, elegant southern mansion into a B&B is fraught with all kinds of problems that aren't apparent from a drive-by – especially when you're mainly looking for an elegant exterior.

Later in this chapter we're going to point out some of the problems you'll likely encounter if you buy a property that's never been operated as a B&B.

But we're getting a bit ahead of ourselves here. So for now, let's just say that the thing to remember is that if you violate Rule #1, you're going to face a **lot** of headwinds and headaches.

The bottom line? You're not going to be living in the *exterior*, you're going to be living in the *interior*. So, for now . . .

Just stick with following Rule #1, and you'll have taken the first step in buying a B&B property you'll most likely enjoy.

Rule #2: To be financially viable, a B&B must have a *minimum* of five guest rooms.

Now, this doesn't just refer to the property's ***total*** number of bedrooms.

To understand how important this rule is, ask yourself the following question:

How many bedrooms does your candidate property have that guests would ***enjoy*** staying in?

Maybe the house you've just driven past and fallen in love with has not 5, but 7 bedrooms.

Fine.

But are they *really* big enough, luxurious enough, and "well-sited" enough for guests to willingly part with hard-earned money to stay in *each and every one* of them?

Some (even beautiful) mansions have bedrooms not really suited for B&B guests.

Remember: B&B guests are looking for spaciousness and elegance. They want to feel *special!*

After all, isn't that a primary reason people stay at B&Bs instead of hotels or motels?

So, if any of your guest rooms are

- cramped – because the room can't hold the amount and type of furniture or amenities B&B guests expect,
- poorly "sited" (i.e., facing an alley or trash pickup location), or
- just plain too small,

then guests will only hand over hard-earned money in exchange for staying in rooms like these if you *lower your price*.

But this immediately caps the amount of revenue you can get from a guestroom . . . which means you've also capped your B&B's profit-making potential.

It's true that there are many ways – once you get your B&B up and running – to increase the amount you can charge for *any* guest room.

And many of these ways are through simple – yet relatively inexpensive – upgrades.

For example, for true coffee lovers – and many B&B guests are, since the *average* age of a B&B guest in North America is 55 – simply putting a Keurig machine in a guest

room – or even a “community” Keurig in the hallway -- increases the perceived value of a guest room.

After all, how many *real* coffee lovers want to wait until breakfast to have their first “cuppa”? This is especially true of caffeine-addicted guests – and you’ll be *amazed* at how many there are of that lot.

Tip: Your guests will likely use (or in some cases, “rescue” for themselves) as many Keurig pods as are available, so use a small-size pod carousel and refill on a schedule that *you* decide on.

What about other ways you can upgrade guest rooms inexpensively?

Here’s a list to get you started:

- Scenting guest rooms – and even hallways – in subliminal ways
 - *Scentsy* products work great for this, by the way. And no, we don’t receive a commission from them.
 - The word “*subliminal*” is key here. Overdo it and you’ll have guests recoiling at your “fru-fru” rooms, and vowing never to stay at a B&B again.
- Placing *high-quality* shampoo, hair conditioner, and hand lotion in guest rooms – preferably small bottles with your inn’s own label on them. (Yes, there are B&B supply companies that put custom labels on bottles of high-quality bathroom amenities).
 - Believe it or not, this is a biggie, **if** these are really high-quality products.
 - We can’t count the number of guests – both male and female – who have requested “just a few bottles of that *great* hand lotion” on check-out . . . and expressed their appreciation for these little “gifts” when they re-booked with us.
- Providing luxury towels or high-end hair dryers in guest bathrooms,
- Installing luxurious carpeting – even though “expensive”, it’s a one-time expense that pays off in the long run

Two points are relevant here:

1. These upgrades are cheap and effective. But more importantly . . .

2. It really doesn't matter how much you upgrade a particular guest room if it's cramped, poorly sited, or just plain too small. Chances are, you'll never be able to charge enough for an inherently lousy guest room to pay for these upgrades.

In short, such rooms are perceived as being undesirable by guests.

So, the bottom line here is:

1. Immediately reject **any** property that has fewer than 5 bedrooms
2. Subtract from the *total* number of bedrooms, any bedroom you'll be living in yourself.
3. Then subtract from the remaining number of bedrooms any that you think are inappropriate for B&B guests.
4. Once you've completed the steps above, if the remaining number of bedrooms is less than 5, remove the property from your shortlist.

Now, what else should you be on the lookout for?

Rule #3: For a B&B to be financially viable, all guest rooms must have an attached bath

Most family homes are built in a way that balances attractiveness and convenience with price.

And when constructing a home, kitchens and bathrooms are the most expensive rooms to build.

So, a common way of reducing the cost of constructing a home is to only include an attached bathroom in the "master" bedroom.

In most cases, everybody else shares.

In Europe, B&Bs with bathrooms "down the hall" are common and perfectly acceptable. And there's quite a good market for them there.

However, this is North America . . .

And this is where that innate sense of guilt and rejection of all things associated with "the flesh" that we inherited from our Puritan forebearers comes in.

In North America, people are generally skittish about bodily ablutions.

Which is a polite way of saying that a guest room without an attached bath is perceived as being “uncivilized” (i.e., unacceptable).

So, if you’ve determined that you’ll need to add a bathroom (or even bathrooms) to a candidate property, honestly ask yourself, “How much would it cost to install a bathroom in every bedroom that currently lacks one?”

In most cases, the answer to this question is going to be a deal-killer.

And it’s not just the cost of installing bathrooms . . .

No guest likes to stay at a B&B that’s currently a construction site!

Bottom line? Save yourself a whole bunch of time, money, hassle, foregone guest revenue, and ultimately, regret.

Make sure that *all* of your candidate properties already have an attached bath *in every guest room*.

Rule #4: Check the electrical capacity

Virtually all B&B guests appreciate elegance and luxury. And many *demand* – or at least expect – five-star-hotel-type amenities – including unlimited electrical capacity.

So, ask yourself, “Is the wiring in all of the guest bedrooms in this candidate property capable of *simultaneously* handling

- a hairdryer, which requires at the minimum, a circuit with 1500-watt capacity,
- a coffee maker or Keurig, ditto on the capacity,
- an iron, same goes here,
- a hair-styling device, and here,
- a television,
- overhead and bedside lights,
- a CPAP machine,
- a hotplate or electric hotpot, and . . .
- any other electrical equipment that guests may have smuggled into their rooms and “forgot” to tell you about?

When evaluating wiring, aging houses should *immediately* arouse suspicion.

If the wiring was done during the early- to mid-20th century, that’s definitely a red flag.

So, ask yourself:

- Has the house you’re considering been re-wired recently?

- Can it handle the amount of modern electrical equipment that guests might reasonably be expected to demand in their room – or bring with them?
- Is the capacity adequate *once you've added in all the electricity-powered amenities you're going to put in each room* to make sure your guests are comfortable and feel pampered?

Realistically evaluate the cost of re-wiring that beautiful, elegant home that you originally thought would “make a great B&B”.

Many times, even a back-of-the-envelope estimate will disqualify a candidate property.

Rule #5: Make sure the sound insulation is adequate

Most of those beautiful homes you drove past on your initial reconnaissance tour that you thought “would make a great B&B” were constructed as family homes.

After all, isn't that the whole idea of a B&B – that a guest has a chance to stay in a beautiful, elegant, *family* home?

Well, family members are expected to get used to – and ignore – the sounds other family members make as they go about their daily routines. After all . . . they're **family**.

And one way to save money when constructing a family home is to skimp on sound insulation.

Now, let's think about this from the perspective of your guests.

They don't know one another.

And while most of them are polite and kind to other guests – maybe even happy to have others around to chat with over breakfast – they definitely *don't* want to hear all of the noises that other guests make as they go about *their* daily routines!

And then there's traffic.

We remember our own B&B reconnaissance tour well. We booked into a beautiful B&B located in one of the most charming and elegant small towns in the South.

Everything went well until 11pm. From then until 3am there was *constant* traffic noise from the road below our bedroom window. Things quieted down a bit between 3am and 4am, but then the noise resumed as folks began traveling to work.

Needless to say, we nixed the property . . . and shortened our stay there from two nights to one.

In short, make **sure** the sound insulation that shields guests from the noises of other guests' ablutions – as well as traffic – is adequate.

Tip: in most cases, it *isn't*; but in well-established or long-running B&Bs, it is.

Now, if your candidate property is located in a small town, chances are traffic noise will be fleeting, or at least confined to a few hours per day or night.

So, if you choose a property in a town – or area – where “they roll up the sidewalks at 7pm”, then chances are, you're on safe ground.

The surest way to check for adequate sound insulation – if your candidate property is currently being run as a B&B – is to spend a night (or preferably, two) there.

One last point about traffic noise . . .

If you absolutely fall in love with a candidate property that “fills the bill” with regard to all other criteria, but that you think might have traffic noise problems, don't despair.

There are lots of inexpensive ways to counter traffic noise by simply altering the affected *room*, rather than abandoning the candidate property entirely.

These include:

- Installing blackout curtains, which by nature are thick and sound-absorbent (your guests will appreciate their light-excluding capabilities too).
- Increasing the number of “soft surfaces” in the affected room, such as
 - Installing carpet pads beneath carpets or large rugs,
 - Exchanging existing (or even adding an extra layer of) curtains or drapes with heavier, more sound-absorbent properties
 - Adding additional furniture, or
 - Moving beds away from affected walls
- If nothing else works, installing an extra layer of glazing on the windows that face affected walls or surfaces – if done properly – often reduces indoor traffic noise to a level consistent with guest expectations.

Rule #6: Make sure the kitchen facilities are adequate

What kind of breakfast do you plan on serving your guests?

B&B breakfasts range widely . . .

from “Continental breakfasts” (coffee, juice, a Danish, and a napkin self-served, taken at a common large dining table) . . .

to “family style” breakfasts, where everyone eats together at a single common table . . .

to lavish 3- to 4-course gourmet affairs with everything served at *individual* tables by staff.

Check out the kitchen at your candidate property.

Ask yourself, “Is this kitchen capable of handling the breakfasts I intend to serve when I have a full house?”

Now, this goes *way* beyond just having . . .

- Enough spoons, knives, and forks,
- A large enough stove,
- A refrigerator with sufficient capacity, and
- Sufficient dry-storage space for your inventory of non-perishable goods.

If you plan on running your B&B as a double-purpose business – i.e., with your facilities sometimes used for on-site (or even off-site) catering for, say, parties – then how do the kitchen facilities in your candidate property stack up?

Most importantly, ask yourself: How many dishes will you be doing per breakfast when you have a full house? Or maybe when you host a party, lunch, or dinner at which all guests are served at the same time?

And what requirements does the jurisdiction in which your B&B is located have regarding sanitation?

Tip: Chances are, health inspectors will drop by periodically to make sure everything is up to snuff.

And “up to snuff” includes checking to make sure your dishes are “sanitized” . . .

What’s the difference between “cleaning” and “sanitizing”?

- “Cleaning” refers to removing what you **can** see (e.g., food debris, grease spots), while

- “Sanitizing” refers to removing what you **can’t** see (i.e., bacteria.)

So ideally, instead of a dishwasher, the kitchen at your candidate property -- which you just may ultimately want to use to offer catering services – should have a dish **sanitizer**.

Now, when it comes down to it, ordinary dishwashers are perfectly fine for both cleaning *and* sanitizing, mainly because they sterilize everything during the “dry” cycle.

Problem is . . . their run-times are generally 45-60 minutes.

Now, what if you have to do three dishwasher-loads of dishes? That’s about three hours of work, all in all – which can *really* cut into your day!

In contrast, dish *sanitizers* – make sure yours is approved by the National Standards Foundation, or NSF – are capable of cleaning dishes in a way that makes your local restaurant inspector happy.

And more importantly, NSF-approved dish sanitizers typically have a run-time of about **3 minutes per load**.

So instead of three *hours* of run-time, you’ll be able to finish up your dishes in 10-15 minutes.

Sure, you have to quickly rinse the dishes and remove any food debris before you put them into the sanitizer, but that doesn’t take long at all.

Another biggie is food preparation – and plating – space.

How much space is there in your candidate property’s kitchen for food preparation?

Or if you’re planning on plating guest breakfasts yourself before they’re served to make things more elegant – for *plating* meals?

Will you have to install additional tables in the kitchen to give yourself any extra space you’ll need to serve large numbers of guests at the same time?

If so, remember: any kitchen equipment you buy should be NSF-approved.

In the case of commercial-kitchen food preparation tables, it means that they’re made entirely of stainless steel – which makes sanitizing easy and quick.

Finally, remember that to meet health standards, *all* kitchen equipment should be capable of being *sanitized*!

Rule #7: Make sure your candidate property has adequate staff bathroom facilities

While ultimately, you're going to want to know how to perform *all* tasks associated with running your B&B . . .

There's a good chance – a *very* good chance – you're going to want staff to help you out.

So where are the bathroom facilities your staff are going to use? Will your staff be . . .

- Sneaking into guest bedrooms to use the toilet? *Heaven forbid!*
- Using the facilities in your *own* living quarters? *Certainly not!*

Yet – and this is something your health inspector is going to reiterate – the most important step you can take to avoid introducing bacteria contamination into food is . . .

Hand washing!

Which means your candidate property should not only have staff bathroom facilities – those facilities should be *adjacent to the kitchen*. After all, that's where food is prepared!

There's another advantage to this: by having staff bathroom facilities adjacent to the kitchen, you can ensure that your staff are washing their hands as often as local health regulations require, especially when you get super-busy.

Many jurisdictions require staff to wash their hands after touching

- their hair,
- their face, or even
- their clothes

So adequate staff bathroom facilities are a biggie.

Rule #8: The facilities for getting into – and out of – your owner's quarters without excessive contact with guests should be adequate

Your contact with guests should primarily occur at five critical times:

1. Pre-check-in (contact by telephone or email for confirming guest reservations)
2. Check-in
3. Breakfast
4. Check-out
5. Attending to one-off guest needs

Other than the five types of contact above, you'll do your guests a favor by avoiding contact with them – unless they explicitly ask for additional contact.

Sound strange? Maybe . . .

But the truth is this: while guests *think* they want a family-home type of experience when they stay at a B&B – and most even say that's what they want – most guests don't mean it, *really*.

While there are rare exceptions to this – every now and then you'll encounter the odd guest who *really* wants to dominate your time – what *most* guests actually prefer is contact limited to the five types above.

Why?

Once guests have checked in, most of them prefer to come and go at will – without:

- Having the innkeeper “in their face” . . .
- Having the innkeeper or staff asking questions about their personal lives, or even their day . . .
- Or even asking where they're going . . . or what they're doing . . . or any other aspect of their daily routine.

The truth is that what most guests *really* want . . . regardless of what they say . . .

Is a friendly, welcoming host who's there when they need something (in other words, someone who ensures their needs are met), but otherwise “stays out of their hair”.

Bottom line? In general, following check-in, what most guests prefer is a *hotel-type* experience.

That is, they want to come and go at will without having to be “nicey-nice” with anyone.

So, your best bet is to be available when your guests need something . . .

But otherwise, to remain out of sight.

The major consideration here is how you're going to go about **your** business, while at the same time avoiding excessive contact with guests.

If there's a servants' entrance and a servants' back-stairway in your candidate property, that's ideal!

This gives you a way to get back and forth between your own quarters (and the kitchen, and the laundry) – and even to leave your property and return – without having to have contact with guests.

Ditto for your staff.

Naturally, your guests can call you on your cellphone if they *really* need something.

And while we're on the topic of coming and going . . .

Rule #9: The facilities for unloading groceries and supplies should be adequate

When evaluating a candidate B&B property, view everything from the perspective of your B&B becoming *very* busy.

That way, you'll be ready for operating with a full house.

As an aside, there's an old saying among innkeepers:

"The **good** news is that you have a full house. The **bad** news is that you have a full house" . . .

Which means that when you have a full house, you're going to be moving lots of groceries and supplies from your car to where they're going to be stored.

Now, this may seem like a small thing . . .

But making sure that your candidate property is configured in a way that makes it easy to move groceries and supplies from your car to the location where they're stored will save you lots of time, effort, and frustration.

Rule #10: The facilities for storage should be adequate

Lack of adequate storage space remains the bane of most B&Bs.

Why?

Well, as a business person eager to attract guests, you're going to want to decorate for all major holidays.

This is particularly true if you plan on augmenting your revenue by hosting Christmas parties and luncheons.

While we'll talk more about this in Chapter 3 (Where Will Your Customers Come From?), what's important here is that decorating for Christmas – and to a lesser extent, other holidays as well – is one of the primary ways you can attract traffic to your B&B.

And the opportunities for catering – and catering revenue – around Christmas time are huge!

The key is to decorate the “public” areas of your property for Christmas in an elegant, memorable way that results in a pleasant experience for local guests. Achieve this, and you'll be able to book *lots* of repeat business from

- law firms,
- hospitals,
- insurance agencies,
- banks,
- and virtually all other types of businesses or groups that have “office parties” during the holidays

And . . . you'll end up booking them year after year after year.

Tip: While it initially seems counterintuitive, most B&B guests prefer to **not** have their rooms decorated for Christmas or other holidays. Remember: most B&B guests are looking for a *hotel*-type experience, which means pleasant but generic (i.e., non-personalized) room furnishings.

Now, decorating the “public” areas of your B&B to encourage seasonal traffic from local businesses raises an important issue . . .

Which is during the *non*-Christmas part of the year, just where is it that all those decorations are going to be stored?

The same is true of decorations for Valentine's Day, St. Patrick's Day, Easter, Memorial Day, Independence Day, Thanksgiving, and . . .

You get the picture.

Plus, where do you store all of your catering utensils, dishes, and glassware, . . .

Not to mention your guest room supplies, cleaning supplies, and everything else you'll need to provide your guests with a quality B&B experience?

Bottom line? When you're evaluating a candidate property, think about *all* of your likely storage requirements – whatever they may be.

Tip: An on-site, detached storage “barn” or unit is a definite plus, because if there isn’t one on your candidate property, chances are you’ll be buying or building one to give yourself the extra storage space you’re going to need.

Rule #11: The facilities for completing guest check-in and check-out formalities and administrative tasks must be adequate

Ultimately, all successful B&Bs are run as *businesses*.

This means that bookkeeping, and more importantly, preparation of guest invoices and settling of guest accounts, are performed as efficiently as possible.

Now, when you’re evaluating a candidate property, we strongly recommend that you ask yourself just where it is that you’re going to be performing these tasks.

Ideally, your candidate property should have – or at least have space for – two *separate* facilities:

1. A well-appointed check-in, check-out public space that demonstrates to guests that your B&B is being run professionally, and
2. A quiet space where you can perform all necessary “back-office” tasks

To some extent, #1 above is self-explanatory . . . but how about #2?

Think about . . . making phone calls to vendors . . . performing monthly audits to ensure all revenues and expenses are properly recorded . . . filing and storing guest invoices . . . and all of the other back-office tasks you’ll need to perform.

Naturally, you’ll want to perform these tasks as quickly and efficiently as possible – which means having a quiet, *distraction-free* environment in which to complete them.

To avoid headaches and heartaches later, make *sure* your candidate property has such a space for you *before* you buy.

Now, how about #1 above?

What #1 is all about is having a public space – preferably one that’s elegantly appointed and near the main entrance – for checking guests in, and even more importantly, ensuring you receive payment when they check out.

Bottom line? Make sure there’s a space that is – or can be made – elegant and comfortable where guests can complete guest registration and check-out formalities in a pleasant setting.

Tip: Many B&Bs use elegant “Guest Sign-in Books” – similar to the ones used at bridal showers – instead of guest registration forms. These work well, even in most jurisdictions that require that the names of **all** guests staying at your B&B are recorded, not just the person who’s checking in for them.

Most importantly, this should be a *dedicated* space – preferably near the main entrance – where guests can check-out efficiently *and quickly!*

This is important! When guests are ready to check out, they’re ready for just that – *to check out* and be on their **way!**

When it comes to the check-out experience, what most B&B guests are expecting is hotel-type efficiency and speed. They do **not** take kindly to a bumbling, inefficient, time-consuming check-out experience fraught with errors and excuses.

So make sure your candidate property has a foyer, an entryway – or some space near the front door – that can quickly and efficiently handle registration and check-out formalities. If it looks elegant – or you’re confident you can make it so – that’s a definite plus.

Tip: “Quickly and efficiently” may mean having a dedicated telephone connection for your credit card machine, if you still prefer credit card slips that are printed out instead of digitally processed. Some innkeepers prefer having hard-copy receipts of credit card transactions as a backup to digital records as insurance against data loss in the event of a hard-disk crash, while others are fine with going completely digital. As for your guests, most are comfortable with – and even prefer – being able to sign for room charges at the end of their breakfast meal – right at their table at the conclusion of their meal – which saves them the time and hassle of checking out later.

Rule #12: Make sure your candidate property has sufficient fire exits, and if required, ADA-compliant facilities for persons with disabilities

Legally running a B&B requires that in all cases, there are **two** exits for your guests that ultimately allow them access to the outdoors – both when they’re in guest rooms and in your B&B’s “public” areas.

You’ll also need an evacuation plan for your guests.

Now, as long as your B&B actually *has* these exits, the easiest way to handle your “evacuation plan” is simply by showing guests – *when they check in* – the way they’re to leave the house during a fire or other emergency.

But again: this presumes that these exits actually exist.

When evaluating a candidate property, be *extra* careful to ensure that there are *always* two ways out of any guest room or “public” space.

And make sure the fire extinguishers and smoke/carbon monoxide alarms required both in guest rooms and public areas are compliant with your jurisdiction’s requirements.

Tip: Many houses – even those elegant mansions you drove by and envied on your initial reconnaissance tour – aren’t up-to-snuff when it comes to the “two-exits” rule. Double-check this! Or be ready for a “nasty surprise” when the fire department or building and safety inspector drops by prior to green-lighting your B&B business license . . . and later when you get the estimate from your contractor for bringing your property into compliance.

And while we’re on the subject of compliance . . .

If you think there’s *any* chance whatsoever that you’re going to do on-site catering, or have your B&B double as a “special-events restaurant” that serves outside guests on a one-off basis, make sure your candidate property is – or can inexpensively be made – ADA-compliant.

This means having an exterior ramp that’s wheelchair-accessible, or alternatively, that you have *some means* of ensuring that persons with disabilities have a barrier-free way to enter and exit your property.

Tip: An exterior ramp comes in *very* handy when you – or your delivery folk – are using a hand-truck to move bulky or heavy items – which you’ll of course do between the hours when your guests have already checked out and before your next round of guests check in.

The other thing that ADA-compliance requires of establishments that serve food to the general public – that you should be looking for when evaluating a candidate property – is a downstairs, handicap-accessible bathroom.

Downstairs bathrooms that are – or can be inexpensively be made – ADA-compliant are somewhat of a rarity, so check this out carefully.

If you’re lucky enough to stumble on a candidate property with a downstairs bedroom suitable for B&B guests – or better yet, a downstairs bedroom that’s wheelchair-accessible *and* has additional space for a disabled person’s caregiver – this is a **definite** plus.

Few B&Bs have such facilities. So having them gives you a kind of “mini-monopoly” when it comes to booking persons with disabilities, or when doing on-site catering or running your establishment as a special-events restaurant.

CHAPTER 2 IS “EVERYTHING YOU NEED” NEARBY?

One of the great things about the B&B business model is its extreme locational flexibility.

There’s just no other type of business that ranges as widely when it comes to location – *and* access to necessary support facilities.

We’re referring here to facilities such as outlets for groceries and supplies – *and* necessary services that vary as widely as bookkeeping, trash disposal, and termite control.

When it comes to access to such services, B&B locations vary all the way from urban locations in capital cities to the polar extreme: *Le Comte Lodge*.

Le Comte Lodge is extreme in *many* ways, but most importantly – at least for our present purposes – in its location.

The Lodge is situated near the summit of Mt. Le Comte, within *Great Smoky Mountains National Park*, and pretty much directly on the *Appalachian Trail*.

For those unfamiliar with it, the *Appalachian Trail* is a 2,192-mile footpath that stretches from Katahdin Mountain in Maine to Springer Mountain in Georgia – and usually takes 6-7 months to traverse.

The Lodge’s location right on the *Appalachian Trail* ensures that the *Trail* is pretty much its only source of customers, other than folks who hike up from several trailheads within the sprawling expanse of *Great Smoky Mountains National Park*.

It also means that the *only* access to it is *by foot* – via many miles of literally “hoofing it” up rocky mountain trails, regardless of the direction from which you approach it.

Although we’ve never made it up all the way up to the Lodge ourselves, one of our favorite memories associated with it is gaping in wonder at the site of llamas being fitted with animal packs laden with foodstuffs and supplies destined for the Lodge.

We were on a “nature drive” in Gatlinburg, Tennessee – a town that lies at the edge of *Great Smoky Mountains National Park* and blends so well with it that the two seem one and the same – when we passed this sight at the beginning of a steep, rocky footpath.

It was dusk . . . and here was an entire team of llamas preparing to carry all manner of supplies many miles uphill to the Lodge.

This made us reflect on how easy – or difficult – it is for B&B owners to access necessary support services.

While we would certainly *never* recommend that any potential B&B owner buy a property as remote as Le Comte Lodge . . .

We *would* definitely recommend that you think long and hard about all the supplies and facilities you'll need to run your B&B efficiently . . .

And this includes how near – or far – your candidate property is located to their source.

In most cases, the preference of B&B owners for buying groceries and supplies is “big-box” discount stores such as *Sam's Club*, or *Costco*.

So, to maximize profit – by minimizing operational costs – you'll most likely end up buying most of your groceries and supplies at these stores . . .

Which immediately raises the question of how many miles you'll have to drive to get there – and which facilities you'll need continual access to for smooth operation of your B&B.

Smooth B&B operations usually require relatively easy access to support services such as

- Advertising firms,
- Banking services
- Bookkeeping services
- Bottled water delivery services (if the quality of piped water in your location is substandard)
- Cable television and internet service companies
- Carpenters, plumbers, electricians, and other repair-folk,
- Carpet layers
- Fire control services
- Fire extinguisher maintenance services (yes, you'll most likely need these to stay “legal”)
- Furniture repair services
- Hospitals (remember that the average age of your guests is 55)
- House “detailing” services (e.g., powerwashing)
- Insurance services
- Lawn and yard maintenance services,
- Laundry services – if it makes sense for you to send your laundry “out”
- Painters,
- Propane supply companies, if your candidate property doesn't have access to piped “city” gas

- Telephone companies. You'll want at least one *ultra-reliable* landline for your credit card machine, although if your internet connection is good, you can use a far less costly internet-based telephone service such as MagicJack for credit card processing – as long as your credit card machine and MagicJack connection are *hard-wired* to your modem.
- Termite control services
- Trash disposal facilities
- Tree care companies, and . . .

I'm sure get the idea.

Now there's no need to belabor this point other than to stress that you should think through all of the support services you think you'll need to successfully run your B&B . .

And to consider the potential ease or difficulty of accessing *all* of them when thinking about the viability of any candidate property.

Of the services most overlooked in this regard is the accessibility, efficiency, and responsiveness of local, municipal, and county government agencies.

Remember that you're going to be dealing with town councils, county councils, and most importantly, business regulatory services administered either by the municipality or the county in which your B&B is located.

Once you've narrowed your choice of candidate properties down to a short-list of 3-5 properties, then it's time to meet representatives of these agencies – to see how easy or difficult it's going to be to deal with them – and ultimately to develop a *good* relationship with them.

The most important of these agencies are

- Your local health inspection agency – with which you'll want to develop a good working relationship because you'll have regular contact with their representatives,
- Your building and safety agency – which will either grant or deny permits for any alterations you're going to make to your property, and which will inspect your property when you apply for business licenses or permits (e.g., restaurant licenses, catering licenses, alcohol service permits),
- Your local fire department – which will likely inspect your property before you're allowed to open your doors to guests, and
- Your local police department – since a good relationship with the police is the key to good security for your guests as well as police responsiveness, should this be necessary,

- Your municipal or county planning board, and even
- Your local tax assessment and collections agency.

There are other facilities not mentioned above that no doubt will be important to a smooth-running B&B operation.

The point is simply to think through all of the support services you'll think you'll need *during the candidate-property evaluation phase*.

The more completely you think this through, the greater the number of hours of frustration and regret you'll spare yourself.

When it comes to this aspect of evaluating candidate B&B properties, the old saying "*What's done in haste is repented at leisure*" couldn't be truer.

CHAPTER 3

WHERE WILL YOUR CUSTOMERS COME FROM?

The most overlooked factor when evaluating a candidate B&B property's potential occupancy rate – and therefore its profitability – is *seasonality*.

In simple terms, the B&B guest-room business tends to be quite *seasonal* in most cases.

There's lots of activity during summer school vacation periods, when the weather is fine and people like to travel.

Then there's another semi-peak *just after* the summer peak period, when retirees prefer to travel. The reason? During these months, room rates are lower, as are gasoline prices – and travel congestion is minimal.

As the Christmas holidays approach there's another surge in demand for rooms at B&Bs. This often starts just prior to Thanksgiving and lasts up until the beginning of the week of Christmas Day.

During the few days just before and after Christmas Day, demand drops sharply.

Why?

Because at Christmas, most folks prefer to “stay with family”.

Then there's a bit of a post-Christmas surge, when post-Christmas travel peaks.

Once the Christmas holiday period has passed – i.e., by mid-January – demand for B&B rooms drops sharply. In fact, some B&Bs close entirely during January.

Then when the weather warms up again, demand for B&B guest rooms picks up. While subject to some variation, this increase is usually sustained throughout the summer travel period.

Now, obviously, when seasonality causes a B&B's occupancy rate to fall, revenue falls with it.

So while it's important to understand that these fluctuations in revenue exist, it's *more* important to figure out how to *respond* to them.

When it comes to seasonality, a mistake many novice B&B owners often make is to only focus on “what they can do for their businesses” rather than “what their business can do for *them!*”

By this we mean that once you understand your own B&B's revenue fluctuation patterns, then you need to focus on scheduling your *own* vacation periods.

If you're going to avoid "B&B burnout", you'll need time off.

So it makes sense to schedule your own vacation when business is slow.

Usually this means January, or at least during the period January-March.

However, there are definite exceptions to this.

For example, if your B&B's location is Key West, Florida, then January is your peak revenue season – which means you'll want to schedule your vacation in, say, August when Key West is hot and humid, and occupancy rates are at their lowest.

But other than scheduling your own vacation time, the issue of how to respond to seasonal variations in revenue is an important one – given that you want to maximize profit – and who doesn't?

And it's an issue that's pretty much location-specific, as in the Key West example above.

Now, if your goal is to maximize revenue, then the best way to respond to seasonal variations in revenue is to plan *counter*-seasonal revenue-generating activities.

For many B&B owners, on-site catering is the best – and easiest – choice.

Just as the pre-Christmas peak in demand for guest rooms is winding down (about a week or two before Christmas Day) . . .

that's the time you'll want to schedule all those office- and work-related Christmas parties, luncheons and dinners.

But you'll need to do this *well* in advance!

Actually, the best time to schedule your Christmas events is April, May, June, or July, – definitely *not* October or November.

You want to *anticipate* your clients' Christmas holiday event needs – and get them to commit to your venue *before* they even start thinking about planning their holiday events.

And there are usually *plenty* of Christmas holiday events to be scheduled at any B&B location, even in small towns . . . *if* you plan ahead and contact your customers *early*.

So, if you're thinking along these lines, one of your criteria for evaluating a candidate B&B property is the number of businesses that might use your property as a venue for work-related Christmas events . . . i.e., lunches, dinners, or even *cocktail receptions*.

Ditto for service organizations like Rotary, Lions Club, and the like.

Even if you don't plan on going through the hassle of getting a liquor license – it's quite a process in most jurisdictions – we **don't** recommend shying away from Christmas cocktail receptions.

Why?

Because selling alcohol is a *high-profit* business . . . and around Christmas, alcohol consumption increases relative to other times.

And not only that . . .

Most jurisdictions offer "single-use, special-event" alcohol permits valid only for the day of the event – and the process for obtaining these is often simple, straightforward, and inexpensive.

Here's a short list of suggested company-, office-, and institutional-type entities likely to fund Christmas events, just to get you started.

- Banks
- Hospitals
- Law offices
- Nursing homes
- Physical rehab facilities
- Realtors
- Schools
- and any company, institution, or group that customarily schedules Christmas parties, luncheons, or dinners.

A variation of the seasonal-event route to augmenting your revenue is having your B&B double as a special-events restaurant which hosts one-off events throughout the year . . .

Or even expanding this model by making your B&B a venue for meetings.

The point here is to open your B&B to one-off events year-round.

And for this, the possibilities are endless.

Here are some examples of how you might use your B&B as a facility for generating non-room revenue.

- Accommodation and workspace for legal teams representing clients at trials and hearings required to be convened at your location,
- Association lunches and dinners (e.g., for Rotary Club, Red Hat Society)
- Baby showers
- Birthday celebrations
- Board of directors' meetings
- Family reunions
- Fund-raisers for non-profit groups
- On and off-site catering for historical societies, hospital retreats, and school trainings
- Political party fund-raisers
- Presentations by financial planning firms seeking to expand their customer base
- Special-occasion events (e.g., elegant Valentine's Day, Thanksgiving and Easter dinners, and themed events such as "Downton Abby" evenings)
- Tea parties (present-day, Victorian, and colonial-period)
- Municipal agency meetings and planning sessions
- Wedding breakfasts, showers, and rehearsal dinners

Tip: Wedding-related events can be an excellent source of revenue – *if* you avoid the wedding ceremony itself, which we strongly recommend you steer clear of. Wedding ceremonies are "high-anxiety" events. And no matter how they turn out, the fantasy of what they *should* be like is inevitably unfulfilled. Like it or not, hosting wedding ceremonies thrusts you into the role of wedding planner – often *very* late in the game. It's a hassle-laden role for which you will not be sufficiently remunerated. However, you *will* be held responsible for the outcome – even those portions of it that lie outside your control.

Now, if you have, say, a nice screened-in veranda, an appropriate patio, or even an expansive lawn or garden, you could open a seasonal "restaurant" during fine-weather months.

By "restaurant", we mean serving a *very* limited selection of menu items – a Bistro-type operation – during fixed hours one or two days per week, depending on demand.

And then there's also the possibility of serving a limited selection of fine wines to complement your limited menu.

Tip: Wine and beer licenses are way less hassle – and usually way less expensive – to obtain than licenses for on-sale spirits.

Bottom line? When you're evaluating candidate B&B properties, think about all the different ways you might use that particular candidate property to augment your revenue stream that:

- Takes advantage of seasonal variations in guest room revenue, and

- Capitalizes on the particular candidate property you're evaluating, as well as the setting in which it's located.

Finally, there are many digital-age revenue-generating activities that are *not* location-specific that you could use to augment your guest-room revenue stream, and that could be adjusted to your B&B's seasonal revenue pattern.

Since there's already a wide literature on such activities, we won't go into any of them here.

That said, the advantage of this latter option is that all you need is a laptop and a reliable internet connection.

Now, as for evaluating a candidate B&B property with regard to the extent of its potential customer base *generally*, following are some questions you'll want to ask.

First, how many B&Bs are currently operating in the area? These establishments are your primary competition.

Now, there's nothing wrong with buying a B&B property in a location where there are *plenty* of B&Bs, since this suggests an expansive customer base.

The drawback of this approach may simply be one of price.

Jurisdictions with many B&Bs – such as popular tourist areas – may have lots of potential customers, but are likely to be high-end in terms of purchase price.

If this is a primary consideration in evaluating candidate B&B properties, consider properties in areas that are *on their way to* – or are *adjacent to* – areas where there is a concentration of B&Bs.

Another variant of this approach is to consider locations near to a large number of natural and historical sites.

Proximity to such sites provides almost endless possibilities for promoting a B&B property, because your guests can use your B&B as a base from which to explore these sites conveniently and inexpensively.

Often, candidate B&B properties within such locations are

- Priced far more reasonably than their counterparts in tourist-dense areas, and offer excellent value per dollar spent on a property
- Attractive to potential B&B guests, particularly those looking for “bargains”
- Prized by local-administration officials, who may be enthusiastic in their support for your business, *if* they're interested in economic development

If you choose this latter approach in determining where to buy your B&B, the best jurisdiction would be one in which

- You're running the *only* (or one of only a *few*) B&B(s) in your customer catchment area, and
- The municipal administration
 - sees a B&B within its boundaries as an asset, and
 - is ultimately interested in promoting the location as a tourist destination.

CHAPTER 4

WHERE WILL YOUR STAFF COME FROM?

While it's important that you yourself know how to perform *all* the activities necessary for making your B&B a success . . .

Chances are you're going to want *some* staff – at least part-time – to help you out.

This immediately raises the question of the size and quality of the labor pool a particular candidate B&B property might draw from.

Where do you begin, once you've narrowed your short-list of candidate properties down to one or two possibilities?

Often a good place to start is to look at the demographic profile of your candidate location, both with regard to *age* and *income*.

With regard to age, this is just a fancy way of asking “How many 20-year-olds live in a particular area, as opposed to how many 30-, 40-, 50-, and 60-year-olds?”

If you're looking for part-time help – and the chances are *slim* you'll want full-timers, at least when you first start out – then what would be ideal is a large number of 20-year-olds and teenagers.

Now, if this just isn't the case in the area where you've fallen in love with a candidate property and you just *know* that it's “the one”, don't despair!

Even in locales with limited labor pools, the high school that serves the jurisdiction where your B&B property is located is often a great place to find reasonably priced, well-motivated staff.

Why?

High school students serious about attending college or doing well in life are often interested in part-time or summer jobs . . .

And, they're often trainable – and more willing to accept entry-level wages in exchange for training than are adult part-timers.

But don't stop there! Check to see if the local high school has an honors program . . .

Or better yet, a STEM (science, technology, engineering, and mathematics) school or program.

These students generally offer the best value for money.

But don't end your quest there just yet.

Of the entire universe of honors and STEM-school students, you want to pick the *crème de la crème*.

One approach is simply to talk to the administration of the local high school and ask permission to speak with the school's counselor, with a view to assembling a short-list of candidate part-timers.

Another approach is to participate in a job fair – if your town or local high school hosts one. These usually take place in the weeks just prior to summer vacation.

Two things about job fairs put you at an advantage:

1. Job fair attendees self-select for motivation to find work, and
2. In most cases, a few simple interview questions quickly reveal the degree of knowledge, trainability, and suitability of any candidate.

There's another aspect of hiring high school students you should know about.

Often, one of the most memorable aspects of running a B&B is the satisfaction received from nurturing a promising high school student prior to departure for college. The same is true of former part-time employees, whose best memories of preparation for college or life involve their time as part-time B&B staffmembers.

If hiring a *crème de la crème* high school honors or STEM school student just isn't possible, you can always

1. Ask other B&B owners about the possibility of sharing their part-time staff with you. This works best if, say, one B&B caters to business people who typically check out at 7am, while the other B&B caters to tourists, who are likely to check out at 11am. This arrangement would allow the shared staff member to, for example, finish cleaning rooms at the B&B catering to business people, and to later clean rooms at the B&B catering to tourists.
2. Extend your search via more traditional means, such as advertising in local newspapers, on local websites, or through word-of-mouth.

Now, it's this latter case where the *income* aspect of your locale's demographic profile comes in.

In this case, the question is: "How many households with annual incomes of

- \$0-\$10,000,
- \$10,000-\$20,000,
- \$20,000-\$30,000,

- \$30,000-\$40,000,
- and so on, live in your catchment area?

Bottom line? If you've decided to buy your B&B in a high-income area, then you may face a staffing shortage.

Why?

Because people who make plenty of money generally don't want – or need – part-time jobs.

Finally, you may be able to attract suitable part-time staff from *outside* the area where your B&B is located, although this is often trickier, *and* more expensive, since employees – even part-timers – generally want to be compensated for travel time and expense.

In the end, labor availability is highly location-specific. As a result, it's definitely something to consider when evaluating a candidate B&B property.

CHAPTER 5 PUTTING IT ALL TOGETHER: A CHECKLIST

Yes **No**

[] [] Is the property currently being – or has the property previously been – run as a B&B?

[] [] Does the property have **at least** five rooms available to be rented out to guests *at all times*?

[] [] Do **all** rooms that will be rented out to guests have an attached bath?

[] [] Is the electrical capacity that serves **all** rooms to be rented out to guests adequate?

\$_____ If No, how much do you estimate it will cost to make it adequate?

[] [] Is the sound insulation in **all** rooms that will be rented out to guests adequate?

\$_____ If No, how much do you think it will cost to make it adequate?

Do you plan on serving . . .

[] [] Continental breakfasts?

[] [] Buffet-style uncooked breakfasts (e.g., coffee, tea, cold cereal, Danish pastry, fruit, refrigerated milk and yogurt)?

[] [] Full breakfasts, but with all guests sitting at a common table served at the same time?

[] [] Gourmet, multi-course breakfasts, with each set of guests served by staff at individual tables?

In light of your responses to the three questions above, are **all** of the kitchen facilities adequate and appropriate for the amount and type of food you expect to serve . . . in terms of

[] [] The number of plates, cups, saucers, knives, forks, spoons, and the like you'll require?

- The stove?
- Microwave?
- Convection oven?
- Grill(s)?
- Toasters?
- Waffle-makers?
- Mixers?
- Coffee-maker(s)?
- Ice-maker(s)?
- Heat lamps or heated shelves for keeping food hot until it's served?
- Any other major kitchen appliance or equipment you think you'll need?
If No, specify the type and estimated cost of any major cooking appliance(s) or equipment you think you'll need to buy

- Is the refrigerator large enough and appropriate to the amount and type of food you expect to serve? (For example, is it a commercial-grade refrigerator meant for use in a restaurant, if you think this is necessary)?
- Is the freezer large enough and appropriate to the amount and type of food you expect to serve? (For example, is it a commercial grade-freezer meant for use in a restaurant, if you think this is necessary)?
- Are the dry (i.e., non-perishable food) storage facilities sufficient and appropriate to the amount and type of food you expect to serve? For example, are they well-ventilated open racks or easily cleaned enclosed facilities?
- Does the kitchen have a dishwasher?

_____ minutes If yes, how long is its run-time per cycle?

Does the kitchen have a dish sanitizer approved by the National Standards Foundation (NSF)?

_____ minutes If yes, how long is its run-time per cycle?

Are there adequate facilities (tables or counters) for preparing and plating the amount and type of food you expect to serve?

Are the facilities (tables or counters) for preparing and plating the food you intend to serve NSF-approved or otherwise able to be easily sanitized? That is, are they made entirely of stainless steel?

Can you get by without buying additional NSF-approved tables for preparing and plating food?

Does the kitchen have staff bathroom facilities **separate from, and in addition to**, all other bathroom facilities on the candidate property?

Does the candidate property have adequate facilities for getting into – and out of – the owner’s quarters without excessive contact with guests such as . . .

A back stairway that’s off limits to guests?

A back (i.e., service) entrance that’s off limits to guests?

Does the candidate property have adequate facilities for unloading groceries and supplies and transporting them to their storage location **outside of the view of guests**?

Does the candidate property have a separate, detached, dedicated storage unit or barn?

Does the candidate property have adequate facilities for efficiently completing guest check-in and check-out formalities and administrative tasks, such as . . .

A public space for guest registration and check-out adjacent to the property’s main entrance?

A quiet space where you can perform all necessary “back-office” tasks?

Does the candidate property have sufficient fire exits, and if required, ADA-compliant facilities for persons with disabilities such as . . .

At least **two** exits with access to the outdoors available to occupants of all guest rooms?

- At least **two** exits with access to the outdoors available to occupants of the property's public areas?
- Legally compliant fire extinguishers in, or adjacent to, all guest rooms?
- Legally compliant fire extinguishers in, or adjacent to all public areas?
- Legally compliant fire extinguishers in the kitchen?
- Legally compliant smoke alarms in all guest rooms?
- Legally compliant smoke alarms in all public areas?
- Legally compliant smoke alarms in the kitchen?
- Legally compliant carbon monoxide alarms in all guest rooms, if the relevant jurisdiction requires this?
- Legally compliant carbon monoxide in all public areas, if the relevant jurisdiction requires this?
- Legally compliant carbon monoxide alarms in the kitchen?

If the candidate property is likely to require ADA-compliant facilities for persons with disabilities (e.g., if you plan on doing on-site catering or running your property as a special-events restaurant), does it have facilities such as

- An exterior entrance ramp accessible by persons with disabilities?
- If no, *some means* of ensuring barrier-free entry and exit to and from the candidate B&B for persons with disabilities?
- Public areas accessible by persons with disabilities?
- A downstairs bathroom accessible by persons with disabilities?

Does the candidate property have . . .

- A downstairs bedroom accessible by persons with disabilities?
- If Yes, does the downstairs bedroom have facilities for accommodating a care-giver who can assist a person with disabilities?

_____ miles How far away is the nearest “big-box” store (e.g., *Sam’s Club, Costco*) from the candidate property?

_____ minutes How long would it take to drive to the nearest “big-box” store (e.g., *Sam’s Club, Costco*) from the candidate property?

_____ miles How far away is the nearest bank from the candidate property?

_____ minutes How long would it take to drive to the nearest bank from the candidate property?

[] [] Do you plan on undertaking *counter-seasonal* revenue-generating activities?

[] [] If yes, do these include on-site catering, or having your property double as a special-events restaurant?

[] [] If yes, can the facilities at the candidate property support these activities *without undo setup or remodeling expenses*?

[] [] Does the demographic profile of the area in which the candidate property is located provide a significant source of part-time labor at reasonable cost?