

Bed and Breakfast Profits

**Avoid The Crippling Mistakes
Most B&B Owners Make,**
(common mistakes that cost time, money, energy and your dreams!)



- - *"How To Run A B&B AND Get A Good Nights Sleep!"* - - -
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(The end of the stuff our lawyers said to put in)

One of the most aggravating issues that occur in the hospitality industry is theft. Some employees or guests feel entitled to help themselves to your belongings, furnishings, and occasionally your profits. Although it happens very rarely it will drive you crazy when an individual steals from you.

In that vein, if you received this ebook from anywhere except from www.bedandbreakfastprofits.com please contact us at <mailto:support@bedandbreakfastprofits.com> Because unfortunately, it means you have obtained an illegal copy (not your fault), and we would love to meet the person who "shared" or sold it to you! (We hope they aren't going to be handling the money in your Inn!)

(If any of the [blue highlighted links](#) in this ebook do not send you to a working website, simply type the address into your browser).

Thanks for purchasing this ebook.

We know you are probably very excited at the idea of owning your own profitable Bed and Breakfast or Inn.

It is our hope that the following information will give you a much better chance at succeeding, achieving and profiting from your dream. We LOVE Bed & Breakfasts! There is just something about the energy and atmosphere inside a comfortable, successful operation that we are drawn to.

Let us start by introducing ourselves. We are Robert and Patricia Farnham from Ontario, Canada. Over the past few decades, we have bought, sold, started and operated quite a few different businesses.

We are self-confessed business junkies!

Some of our businesses have been very successful; some have been valuable “learning experiences”. Every business has taught us something. We’ve had quite a diverse range of businesses in our past. Patti once managed the longest bar in the world, and owned her own diner. We’ve built a large, profitable vending business. Rob toured North America as a professional musician for many years. We’ve been partners in a screen-printing business, recording studio, advertising company and a ladies clothing company (just to name a few of our adventures.)

There are **two** major reasons we decided to write this particular ebook.

First, Rob loves writing and marketing on the internet. We have quite a few ebooks and programs that we are currently marketing in our small internet publishing company. Whenever we find information that might help people solve a problem we like to publish that information.

Yes, we do make a profit from that and we don’t apologize for making money.

The second reason we decided to publish this particular ebook was a realization of “what we didn’t know” that was almost a HUGE mistake. Looking back on our misadventure and what we’ve learned since, it only made sense to assemble this information and make it available to help you avoid making the dire mistake we almost made.

Here’s the complete story of our “close call”

A Very Close Call

About 7 or 8 years ago, when deciding upon our long-range goals we discussed the idea of buying a resort, hotel, motel or small inn when our daughter was finished college. The idea intrigued us. We realized that we could still enjoy a family life and run an Inn, if the situation was right.

The mystique and romance of the B&B industry is hard to deny. Just the thought of not having to commute to work, enjoying your morning coffee with guests in a beautiful home, or spending time puttering in the garden instead of dealing with a grumpy boss are enough to entice you. Add that to meeting, greeting and even becoming friends with people from around the globe while enjoying the stories, anecdotes and warm friendships, well life would seem almost perfect. There is a joy that comes from getting the little details right and having the time and energy to do so. It seems like an ideal life. Being able to finally stop and smell YOUR roses!!

We looked at a few hotels and motels, but were totally enchanted when we started researching B&B's. We had stayed in a couple of bed and breakfasts over the previous decade, but hadn't considered owning one. To get started with our "research", we booked ourselves into about a dozen different B&B's for one-night stays over a few months span. Instead of just being regular guests, we began investigating operations, evaluating them, and asking the operators tons of questions. We took lots of notes of what we liked, what we didn't like, and any tidbits of information the owners would give us over breakfast.

We bought about 14 of the more popular "How To Open A Bed And Breakfast" books and ebooks and even attended three seminars for aspiring B&B operators. (much more about that later!)

Most people don't like doing exhaustive research or "due diligence". But after some of the huge business mistakes we've made in the past, we were actually enjoy doing the research now. (Strange, isn't it?)

We felt we had a good perspective on the industry. On the surface it seemed that many of the smaller "mom and pop" bed and breakfasts were successful. We were excited about becoming innkeepers as it really looked like a terrific opportunity for us. Most of these small operations were being run without a lot of traditional business systems or skills. We imagined that if we purchased one we could maintain current profit levels and expand them.

We contacted a few real estate agents and told them we were interested in purchasing a "successful" bed and breakfast in the next few months. Immediately we received eight listings worthy of investigation.

A few of these listings were quickly eliminated due to personal preferences. We didn't like the area, town or personality of that particular operation. For example, a beautiful 7-room inn had a gourmet breakfast and catered to German speaking clientele. It was run by an accomplished chef and his wife. Although we have a ton of hospitality industry experience, we aren't accredited chefs, and we don't speak German fluently! A great opportunity for the right people, but we weren't those people.

We were drawn to one particular listing. It was a lovely eight room Inn with a 2-3 bedroom owner's quarters with a picturesque view near a tourist attraction. The view, the

building and the rooms seemed perfect. This operation was being run by a couple who had maintained their full-time jobs after purchasing the Inn. The real estate agent informed us that the revenues would skyrocket if someone would just advertise and promote this place.

The building was appraised at approximately \$450,000 and the business generates room revenues of about \$35,000 per year. The current owners put almost zero effort into improving the revenue of their business. The agent detailed how the business could easily increase to over \$100,000 per year by simply being available and open to more bookings. The vendor took the appraised price, added the price for the “business potential, and came up with a listing price of around \$850,000.00.

We fell in love with the place.

We started to do the mental math

“If we fill the rooms 50% of the time at the going rate we could pay the mortgage, all expenses, live for free, and make about \$45,000 per year”

The agent tried to keep us focused on the “potential” and the view. (simply breathtaking!). We decided to write an offer.

Thanks to a fair bit of previous real estate experience, we included just about every condition and out clause, we could think of in our offer. Some of these conditions included an independent audit of the books, a complete inspection, and even the condition that Patti works in the business for a week. We had done our homework!!

We never got that far.

The first “bump” was the owner not being able to produce proper documentation of receipts and expenses, including any formal income tax statement. The first set of “documents” we received were a hand written, badly cooked set of numbers on a sheet of lined paper. They were obviously bogus.

In the meantime, in our minds we were emotionally and financially plowing full steam ahead. We had already documented ALL the changes we would make. Rob had registered a domain name and put up a holder website. He’d started preliminary web traffic systems. We had begun sourcing suppliers in that town and started contacting complimentary businesses to explore networking connections.

We had spent a few dollars, and spent a lot of time visualizing our new lifestyle. We were fully invested emotionally!

Then an inspection and subsequent title search revealed that all the renovations and additions made to this property had been done without zoning approval, permits and were not up to code. The property inspector had never seen a building with wiring as bad and

as dangerous as what these owners had done. It was the worst do-it-yourself job he had every seen.

While all this was taking place, we had lunch with a trusted business mentor of ours who invests in commercial buildings and apartment real estate. His advice came at exactly the right time. He gave us a helpful wake up call.

*“You Don’t Pay A Current Seller For Future Potential”
“You Profit From Potential After You Buy. You Don’t Pay For It!!”*

And how right he was!

Why would we pay a penny more than this building was worth as a single family home? After all, the business wasn’t generating much revenue, and the expenses were cutting that down even more. The business forced the owners to be cleaning and living in a state of “customer readiness” without profiting from it. It would be like paying for the “privilege” of doing more housework.

What were we thinking??

The agent tried to console us and advised us to lower our offer to reflect the zoning, permits and renovation work that would need to be done. We wanted the place so badly we almost took his advice.

Thankfully, our business sense was able to win out over our emotions. (but it was close!!)

We made our counter offer. We decided to take the needed repairs off the price from the assessed value of the house WITHOUT the business.

Needless to say, the deal fell through and we didn’t buy that particular bed and breakfast.

Looking back on that time, we agree that if we hadn’t got refocused by our apartment mogul friend we would have probably overlooked the glaring deficiencies, hastily agreed that we could fix everything later, and closed the sale.

Looking back now, we realized that we had fallen in love with the fantasy!

We’d all like to think we are smarter than that, but the truth is, our emotions really had control of us. The thought of sitting on the covered porch having a morning coffee as blue herons flew down the river at the end of the property while butterflies danced off the gardens was VERY appealing. The location and property were truly intoxicating!

It would have been a bad business decision and we would have drastically overpaid!

We later found out all sorts of interesting issues that went with this property. For example, the agent told us it had only been on the market for a few weeks. This was true,

sort of. The property had been for sale, off and on, for over 3 years. It would be put up for sale for about 90 days. Then it was removed from the MLS system for a few months. Then it was put up again at a slightly higher price.

As we write this, the property still hasn't been sold. That was over 7 years ago!! We see it come up for sale about 2-3 times a year, for a higher and higher price each time.

We sincerely hope that W.C. Fields wasn't right about a sucker being born every minute.

The fact is that the current owners made a mistake when they OVERPAID for this property. Their lack of hospitality skills and knowledge quickly forced them back into their comfort zone (they got their old "jobs" back). They were looking for someone to buy their "problem" so they could move on with their lives. Unfortunately, as we've discovered since, a great amount of bed and breakfasts are sold to unsuspecting rookie operators who fall in love with an idea, and buy someone else's problem.

How did we get so close to making a costly mistake??

We are definitely NOT rookie business owners. We thought we had more business sense than to fall for the emotional aspect of a business. After all, we had done the research, we had talked to professionals, and we had done our "due diligence".

The Cold Facts

The Bed and Breakfast business shares similarities with every other business. It is a real business, not just a pipe dream, or a lifestyle. Like any other legitimate business, there are "promoters" who feast on the eager first timer. If you've ever been to a business opportunity exhibition or seminar, you know what we mean!

Upon the realization that the Bed and Breakfast business was actually a BUSINESS we decided to approach it like we had all the other successful businesses we had owned.

First, we needed to get ALL the information. In most businesses, there are two sets of information. The first set of information is used to give "benefits" to buyers. This is what entices people to jump into that industry, and spend money. The second set of information is the bare bones information that comes from actually working in the industry. Sometimes this information is simply not well distributed, and sometimes it is kept secret on purpose.

Secondly, we needed to review ALL the information and examine its sources. Any information must be viewed objectively by seeing what benefit the giver of that information has to gain. For example, would a real estate agent ever tell you to NOT buy a property? Of course not! They don't get paid until a sale is made! Therefore, you must realize that when you are talking to a real estate agent you are only getting the "sunny side" of the story!

We went into Sherlock Holmes mode and tried to discover the whole story of the Bed and Breakfast Business.

- Did you know that most B&B owners burn out after only 7 years?
- Did you know that many B&B owners can't sell their operations, (most land up re-listing them as single/multi family listings to get them sold!)?
- Did you know that most B&B how-to publications on the market are terribly outdated?
- Did you know specialized B&B brokers don't put food on their table if they can't sell you something?
- Did you know that most single-family dwelling real estate agents don't have a clue about B&B's?

And

Did you know that a small minority of B&B owners are living a profitable, successful, enjoyable lifestyle, without burning out? These same owners have a stress free, happy business that is constantly creating profits and appreciating in value. These owners receive multiple offers if they ever decide to sell. In addition, many who do sell return to create other profitable inns with their insider expertise.

How do we know these things?

We've done a TON of research!! We spent almost \$18,000 over the past few years researching and peeling off the layers of this emerging industry so that we fully understand. We've attended many seminars and purchased stacks of books to help us understand.

After examining over 80 B&B's and signing non-disclosure agreements so we could examine the financials of 19 different operations from small to large in size we've got a good idea of what works and what doesn't. We also interviewed 49 B&B owners and asked them so really tough questions. The answers were very educational.

We've kept in touch with three operators in particular. One B&B operator has been extremely successful, yet another couple has come to realize that they have a low paying job. And the last operator has recently taken their B&B off the market due to lack of interest. The last one is locked into a depressing lifestyle they can't remove themselves from and they've simply quit trying!

We've researched, stayed in, and examined listings and operations all over North America, from an 18 room full service facility in Florida to a two room shared bathroom home in Quebec. We've dissected B&B's from Eastern Canada, Quebec, Ontario, New York State, and then from the Eastern Seaboard of the US down to Florida. We've interviewed owners from Arizona, Montana, West Virginia, North Dakota and New Mexico. The main issues seem to be the same regardless of geography!

Disclaimer: We've done thousands and thousands of dollars worth of research and we have to admit, we haven't bought our B&B yet. We've put offers in on five places so far. For some reason, one thing or another it just hasn't worked out.

We will be operating our B&B soon. We are still looking, and yes, we are still gathering information.

The last opportunity that arose before we decided to publish this information has been our biggest "almost bought". We got a call from a realtor who told us of an established Inn that had become available as a "distress sale". Unfortunately, the timing was bad and we weren't as financially prepared as we should have been (that's a whole other story!). By the time we were had our finances ready to buy the property it had been purchased by another party. It would have been a great deal, and a good business.

On the same hand, we are very aware that another opportunity will present itself shortly. (We'll let you know when we do buy one!)

What this latest opportunity did reveal to us is just how much research and discovery we've compiled since we first started looking at the Bed and Breakfast business. We tried to find some notes we had written on this type of property. When we went looking for those notes, we realized we have binders with absolutely hundreds of hand scrawled notes, interviews with innkeepers, MLS and private B&B listings feature sheets, income/expense statements, and occupancy levels. Marketing research studies and procedure manuals.

We had compiled a HUGE volume of research.

Note: This ebook is not an "everything you'll ever need to know" complete operations guide to every aspect of the Bed and Breakfast industry. There are many other resources that stuff their pages with sample work sheets, charts, advice on naming rooms, decorating ideas and tips on floral arrangements.

You won't find any jam recipes or decorating tips in this ebook. There are as many of those publications with as many varied opinions, as there are B&B's.

The following information is our personal discoveries and research on areas of this industry that we couldn't find published anywhere else. We aren't sure why this information isn't more widely available.

It is our hope that if most new operators were aware of this information the failure/disillusion rate of operators will decline. Just a single snippet of this information could be all that is standing in the way of you becoming a profitable Bed and Breakfast operator. We hope you will find a specific nugget of information inside these pages that helps you.

Our goal is simple.

If you decide to follow your dream and open your own bed and breakfast, we want you to become profitable, happy and successful!

We want to give you ALL the inside information that will give you a better chance of profiting from your business, and we want you to avoid the common pitfalls. We hope you will use this information to re-examine some of the common myths that are no longer true.

We want you to be knowledgeable and prepared.

We want you to realize your dreams and THRIVE!

Here's a lesson we've learned from rushing into many other businesses. The worst statement you can say 6 months after investing your hard-earned money is "I wish somebody had told me that 7 months ago!"

That is hopefully what this ebook will do.

There are a million reasons why you might want to start or buy a bed and breakfast. We won't insult you by saying we can imagine your personal reason for doing so.

Our research is mainly focused on 3 to 10 room B&B's that only serve breakfast. Some people wish to open a bed and breakfast and use one or two unused rooms in their home. Others are looking to buy 18 room Inns with full service restaurants, catering and spa services. Hopefully you will find this information relevant to your situation.

We don't ask you to agree with us. We are presenting this information to you so you can see a different perspective on this industry. You will find that our research contradicts much of the "written in stone" teachings of this industry.

Please DON'T take our word on it. As a matter of fact, don't take anyone's word for anything without a good dose of skepticism.

Review various opinions and then test and prove to yourself what works for you. Do your own research based on ours or others findings. Examine the following ideas and use what is applicable to you. In all cases, you should use your own best judgment to decide what is right for your situation. Hopefully some of this information will help you become more profitable in your adventure.



What is "Success"?

“Success” is a very interesting word when it comes to the Bed & Breakfast industry. After looking at hundreds of B&B for sale ads, it is a word that is used quite carelessly.

Here’s a recent example:

“Successful bed and breakfast for sale”

“Owners have built a strong business with repeat clientele. Sales have increased over 50% each of the last 3 years. Strong networking skills of the operators have turned this into a very successful enterprise that can be easily managed by new owners. Current owners wish to retire after running 4 successful B&B’s in the past 25 years. You can take advantage of their expertise as they are willing to stay for a period of time and train new owners. 4 separate bedrooms with ensuites, 2 bedroom owner’s suite. Asking \$489,000!”

This one seemed interesting. Although we were looking for more than four rooms, we emailed for more details.

Here’s what we received back.

Room Revenues	2004	\$14,600
	2005	\$22,500
	2006	\$34,600

This place was advertised as “successful”.

Beware of any description that uses that word. It seems to be an industry catch phrase that is used when somebody has nothing else to say.

Does the word “Successful” in the B&B industry has the same meaning as “they have a great personality” when you used to ask about a blind dates appearance?

A Hobby, A Job or a Business??

There are so many skewed definitions of “success” in this industry it only makes sense to start with your personal definition on success. Defining what YOUR success will be is vital. It is like the old saying, “How will you know when actually you get there, if you don’t know where you’re going?”

In “Rich Dad, Poor Dad” Robert Kiyosaki talks about the four quadrants of investment and income. There is a “job”, becoming “self-employed”, becoming a “business owner”, and becoming an “investor”.

In “The e-myth” by Michael Gerber, he coined the phrase “working ON your business, without having to work IN your business.”

Here is how those two ideas relate to the Bed and Breakfast industry.

Some people simply want to rent out a spare bedroom to help pay the mortgage, expenses and interact socially. A few hundreds dollars extra per month can really help. As long as expectations include the extra housework involved, opening your house up to strangers (these operations usually don’t have designated owners quarters), and limited revenue, you can be “successful” by regularly bringing in just a few dollars per month.

Some people decide to go bigger and offer 3-5 rooms, market more aggressively and consider their operation their “business”. Unfortunately, many first timers overspend on the decorating and renovations, overestimate revenues, and underestimate the time and expertise needed to market the operation.

If you have a B&B that pays all of its expenses, and produces enough revenue for you to take a small paycheck, you are self-employed.

If you have a B&B that doesn’t pay ALL its expenses, and you can’t take money out of the business, you have a hobby. In the majority of these cases, one spouse or partner is working outside the premises to bring money into the home. The B&B is looked upon as a way to live in a larger/nicer/bigger home and save on expenses.

If that is your intention than you are “successful”. Just realize that your B&B is then a hobby, not a business. If you take a paycheck for your time, that is being self-employed.

An easy way to understand what self-employed is “You’ve bought your job!”

There are many tax benefits to living in and running a B&B. Anytime you can cut down on your living expenses, you are getting closer to become financially free.

However, if you are paying for the privilege of doing laundry, cleaning up after guests, vacuuming and making breakfast, you have bought a job.



To consider your B&B a “business” you should have it paying all of its expenses, living in it for free and being able to produce a positive cash flow. You should be able to create an income WITHOUT you present.

If you can take a week’s holiday and have the proper people in place to keep the profits flowing, you have built a business!

These are the yardsticks most other businesses use to gauge true success. If the business is costing you money out of your own pocket – it’s a hobby. If it is just breaking even – it’s a hobby. If you are being paid a few dollars per hour after expenses, it is a self-employed job. And if it’s a revenue generating enterprise that has systems in place to make a profit, even when you are not present, it’s a business!

There are no absolutes here. You can have a temporary staff that you only pay when you wish to travel. You can have part-time staff that helps you clean. You can live elsewhere and have the whole enterprise run in your absence.

There are many owners/operators who have built successful B&B businesses. We have met quite a few of these truly successful B&B owners. Each one is as different as the properties and owners themselves. In one, the owners haven’t set foot in the property in almost 9 months. There is another where the owners work 12 hours a day, 7 days a week in the inn. The point is that the second “hands-on” owners don’t HAVE to be there. They choose to work at the Inn because they love it. When they take their Caribbean vacation for a month every winter, their Inn still makes them money!

When planning your Inn or evaluating your current operation, constantly ask whether you are running a business or is it running you!

To be a truly “successful” B&B operator you should be able to profit and work ON your business, not just IN it!

There Are Spin Doctors In The B&B Industry

There was an article in a B&B broker’s newsletter that talked about the low rate of B&B failures as compared to other industries and traditional businesses.

Obviously this broker makes his money selling B&B’s and the statistics he quoted were probably correct. Statistics say that fewer B&B’s fail compared to other traditional businesses.

Let's dig a little deeper, shall we?

Most new businesses fail. You've heard those statistics I'm sure. .

1. 80% of new businesses fail in the first year
2. Out of the 20% that make it to their first anniversary, only 20% are still operating 5 years later

The statistics for B&B failure we're reported at less than 10%

Does this mean that the B&B business guarantees success??????

There is a huge difference - it is in the definition of the word "failure". Just like the word "success", the word "failure" seems to have become convoluted in this industry.

Let us compare the B&B industry to the restaurant industry. We have a great deal of experience in the restaurant business.

When a first-time restaurateur opens an independent restaurant, they usually lease space. They then finance their renovations or lease hold improvements, design a menu, put money into advertising, hire kitchen and servers, order product from suppliers, and open their business.

80% don't have enough revenue to pay their debt load, suppliers, staff and other obligations. Sooner or later, a check bounces and a supplier or the landlord seizes the assets. It is easy to tell that this restaurant has failed. They close their doors and a "For Lease" sign goes up. Their sales tax and government remittance stops.

Now let's look at a typical B&B opening. (This is a real life example)

Peggy and Glen find a picturesque gentleman's farm about 30 miles away from a very popular summer beach tourist destination. (Ontario, Canada) They sell their home in the city and move to the country. They build a large Bunkie with 6 rooms and 3 bathrooms. (due to their lack of research of what their guests really want). They pay to have their place listed in a few tourism guides and put up a listing on a regional B&B internet site.

Friends and family refer a slow trickle of guests to their spot. Although beautiful, it isn't the most convenient spot for their guests. Actually, it isn't convenient at all. The 35 mile trip to the beach is on a badly maintained road. It is about a 45 minute drive. It is 25 miles to the nearest gas station and 29 miles to the nearest restaurant, that only serves lunch and dinner. Although their property is scenic, there is really no other attraction. They lower their prices hoping to attract more visitors. Glen's gourmet breakfasts were designed for 8-10 people and he finds it frustrating to do all that cooking and create such a variety for only 2 guests.

Peggy makes crafts and put them on display in her entry way. She hasn't made a single sale. After the second year, they start to resent their business. They list their property for sale based on its "potential".

After 2 years without a single offer, they cancel their listing. They turn the Bunkie into hobby rooms and accommodations for family and grandchildren. They cancel their listings and advertising. They are no longer operating as a B&B and have removed the sign from their laneway. It is now simply their home.

When a restaurant fails the suppliers know, the customers know, the landlord knows, the competition knows, everybody knows. When a B&B ceases to become a B&B who reports it??

And one more thought on B&B "success."

If a B&B has ZERO guests, is it really a B&B??

(Hmmm???)

We Didn't See This Coming!

We looked at a fascinating property a few years back. It was a lovely old Victorian century home situated one block off the main street of a very popular antique collector's tourist town. The building had 12 rooms and was running at about 95% occupancy year round. The owner had built this business for almost 20 years. There was a large repeat clientele and the place had a terrific reputation.

We were very interested and decided to investigate. We signed a non-disclosure agreement and took a look at the financials. As per that agreement, we can't legally detail their financials. Let's just say the revenue was very impressive. Based on the gross room revenue the low 7 figure asking price seemed fair.

There were just a few nagging things that worried us. We took these financials to our accountant for his unbiased advice.

He noted that we would still need to find personal accommodations, or reduce the amount of rooms available for rent. Either way it would cut down on the bottom line.

He also noted that the expenses were high. The level of service and customer satisfaction might be attributed to the owner “overstaffing” the operation. Although this was great for customer satisfaction, it did take a large bite out of the NET profit.

His last comment was the one that stopped us from making an offer. This business was at 95% year round occupancy. His opinion was that this business had reached its peak, the owner knew that fact and was cashing out at the top of the cycle because there was only one way for the business to go.

We passed.

We felt we had made a wise business decision.

(and now the rest of the story.....)

A young, enterprising family bought the operation. They trimmed down the staff. Improved efficiencies and raised room pricing about 75%. Their competition screamed that they would quickly become vacant from these over inflated pricing strategy. Their competition was dead wrong. They turned a popular old Victorian B&B into a destination high end Boutique Day Spa and Inn. Although their occupancy rate is apparently down to a paltry 80% now, they have reportedly increased their net profit by 400%.

Moral of that story.

We forgot that our accountant is just that an accountant. We pay him to look at the numbers. We should have concentrated on exploring ways to improve and refine the business. We are the entrepreneurs, he is the accountant. Lesson learned.

By now, you might be thinking that we are indecisive.

(I don't think we are, or are we? Maybe we are, no, we're not??)

Just kidding.

Actually, we are usually very decisive!

We have made way too many hasty decisions that have cost us money to say we are indecisive.

An old quote says that “wisdom lets you recognize a mistake when you make it again!”

We actually come to decisions very quickly. We have set down a list of prerequisites for our B&B and are more than willing to buy the first thing that meets those qualifications.

Our list of requirements will be different than yours. It is simply a matter of figuring out what you want, and deciding when it comes along.

In our case, it might be 6 months, or it might be 5 years, but we WILL own a B&B.

And if you think we've been slow to pull the trigger, here's the story of L&P. This is a couple that have been looking at buying a B&B since 1977.

We ran into them while staying at a B&B in Quebec. They spend a great deal of time (even more than us) traveling and looking at perspective B&B's. They also have a list of what they want in a B&B.

(Their list is MUCH longer and more detailed than ours)

And here's the rub. They have never even put an offer in on a single property.

That's called the *Paralysis Of Analysis*

They have expectations and are not willing to compromise. When we suggested that they build their own B&B if they wanted specific details they looked like a deer in the headlights. They wanted to own and run a B&B, but they weren't interested in going through the process of building one. They wanted to find their perfect B&B, completely renovated and designed to their personal taste, for sale at a huge discount that was also a proven positive cash generating business.

I'm sure they are still looking today.

Ready, Fire, Aim



Most of the profitable operators we've met saw the potential in their properties, but didn't walk into perfect operations. They did their preliminary due diligence. Formed a business plan. Re-examined their numbers and re-evaluated their assumptions. They over-estimated expenses and underestimated revenues. Then they acted.

Once they took the plunge they made necessary adjustments to their businesses to make them successful. That is truly working ON your business instead of just IN it!

Ready – write down a short list of your wants and requirements

Fire – when you find your “wants” jump in

Aim – work to make it profitable and adjust your plan.

The Cold Hard B&B Truth

(Can you handle the truth??)

Sorry, that was a little dramatic.

The statistics of B&B failure and burnout are interesting. Most reputable B&B brokers will admit that the majority of owners wish to sell their places after about 5-7 years. That's not a very long life cycle for most careers!

It's hard to get a true grasp on how many B&B's are actually successful businesses and how many are dreams that turned into hobbies, or stopped accepting guests. Here is how you can see the real failure and success rate in your area.

Go to Goggle.com and type in "bed and breakfast for sale". See what comes up in your area. If there is a large service that serves your area, look for the listings closest to you. Simply make a note of the places, cities or businesses you recognize.

Continue to check back over a few months period and you will see that only a few B&B's sell quickly.

Which ones sell quickly??

The profitable businesses, of course! The "hobby" B&B's that are costing the owner/operators money are hard to sell. These owners have given up, want to bail out, and are looking for someone else to buy their problem. And, of course, they are pricing their place based on "potential".

You might see a listing disappear in a few months. Don't assume that it sold. It might have been an expired listing and the owner decided to try and sell using another method. To discover how many B&B's get eventually sold as single family dwellings, simply type "formerly a b&b" into Google. This will only show the "former B&B's" listed on the web. There are probably 500 "former B&B's" for everyone listed on Google.

As an overall picture, you will learn that over 80% of B&B's listed for sale are not cash flow positive for the owner. (Patti's note: I think it's over 95%)

The legitimate income generating B&B businesses are sold for great prices, and usually sell quickly.

The rest might be desperate sellers praying for some unsuspecting romantic to buy their problem and end their pain.

We've seen it many, many times. New operators are enticed by the romance of owning their own place. Then reality sets in. They don't have the tools or knowledge to figure out how to increase their bottom line, put more heads on pillows. They end up working long, boring hours with few guests and being short on revenue at the end of the month.

They spend glazed hours staring out the window like puppies looking for strangers to "pop in", or waiting for the phone to ring

This situation saps the energy out of many good people. Eventually, they start whining to anyone who will listen. The complaints are usually the same: it's the economy, it's the location, and it's the competition.

***Have you noticed you've never met a person who
acts like a victim, and is truly wealthy?***

If a spouse is working outside the Inn they begin to resent having to constantly add funds to support the other spouses "hobby". The operator doesn't know what to do. Maybe a different jam recipe??

Hobby B&B's have broken up good marriages. When the reality sets in that customers aren't bursting through the doors to pay for a room, and the owners don't have the skills to change that situation, resentment, anger and divorce can follow.

All that is left is a poor performing white elephant.

(Maybe they can sell it!!!)

You might be asking yourself, "Why are you telling me this?"

We want you to be aware that there are B&B's in your area today that CAN'T be sold!

There are B&B operators who will take a loss to get rid of their problem and most can't find a buyer!

Don't be the one to OVERPAY to purchase their headache!

(These previous statements tend to get B&B brokers and real estate agents VERY angry!)

Embrace Change

The Bed & Breakfast industry in North America is still relatively young. Major growth and expansion didn't happen until the mid 70's. What worked in 1975 might not produce the same profits and success in 2025.

To be successful in ANY business you will need to anticipate change and embrace it.

Owner 1 or 2

**There are many sizes, shapes and types of Bed And Breakfasts
There are only two types of owner/operators**

If your intention is to simply rent out 2 spare rooms in your house to supplement the mortgage, great! If your intention is to buy a large Victorian Inn with a spa and fine dining restaurant, great! In either case, there are only 2 different types of operators.

We would estimate that 19 out of 20 B&B operators are disappointed in the performance and profitability of their business. It seems to be more work, and less money, than they had planned on.

One in 20 operators is a great marketer. These are the operators who are making money and enjoying their business.

Marketing skills to implement a plan and a marketing system is the most important attribute a B&B owner needs to develop

Do You Know How To Consistently Put Heads On Pillows?

An operator who has a MARKETING SYSTEM setup to attract a constant parade of willing guests will be profitable and successful no matter what their definition of success is.

Unfortunately, once again, the vast majority of operators have little or know idea about marketing in today's competitive environment. Just like the Kevin Costner movie "Field of Dreams" many operators believe that designing and opening a B&B is all they need to do. "If you build it, they will come!"

Do you have a marketing plan?
Do you know the difference between marketing and advertising?
Are you confident that your marketing system can put "heads on pillows"?
Do you have a marketing system?

Owners who KNOW how to market their property sleep well at night
Owners, who don't know how to market their property, struggle!

Myth's That Hurt

Myth #1 Advertising and Marketing Are The Same Thing

A new operator in a recently opened bed and breakfast is like shark bait to all the advertisers, associations and suppliers in the hotel B&B industry. Within the first month or two you might be bombarded by B&B guide salespeople, travel brochure advertising salespeople, newspaper advertising salespeople, TV and radio salespeople, and B&B related websites and associations.

One bed and breakfast owner was visited by a salesperson who wanted to sell the owner bus bench advertising. Here is a statement that many owners I have worked for might be upset with.

**Most bed and breakfast owners (even some of the successful ones)
aren't very good at modern marketing.**

There is a HUGE difference between advertising and marketing. Advertising is simply paying to have someone promote your business. Marketing is doing whatever it takes to get “heads on pillows”.

Ask the majority of veteran bed and breakfast owners how they market and they will say, “We advertise everywhere. In the local paper, travel guides, we joined many associations, we’re in the Yellow Pages, flyers, coupons, sponsorships, etc., We spend a lot of money on advertising!”

This is where they get upset “Which one creates the most profits for you?”

They don’t have a clue!!

Here’s the problem with the way most bed and breakfasts market their services. They regularly confuse it with advertising!

They do the shotgun approach.

The shotgun approach is simply throwing everything available at the wall and hoping something sticks (like spaghetti)

The reason most bed and breakfast owners advertise in expensive travel guides and B&B related publications is because ALL THE OTHER bed and breakfast owners do the same thing.

“It must be working for them or they wouldn’t ALL be doing it! Would they?”

The travel guide advertising salesperson convinces all the bed and breakfast owners that being the ONLY bed and breakfast that ISN’T in THEIR would be the kiss of death.

Let’s be frank. We are proud to call ourselves marketers. We have spent many years learning and refining our marketing skills. You are reading this ebook because we made you aware of it’s existence, and it’s a topic that interested you.

That is marketing.

Marketing can be defined as finding people who are looking for what you offer, and then telling them what you have.

This is much different from selling. Selling is trying to convince people to buy what you have. Marketing is simply finding people who are looking for what you have.

(and marketing doesn’t require a checkered business suit!)

If certain methods of advertising produces profits, then it's good advertising. If your advertising dollar is spent on promotions that don't produce "heads on pillows", you are wasting your money. Period!

The biggest problem with advertising is that it is not usually trackable!

By this, we mean that it is almost impossible to know what regular advertising brought you what guest. Especially if you are running 15 different traditional advertising sources simultaneously.

As Sam Walton founder of Wal-Mart said,

"50% of all advertising is a total waste of money. You might as well throw that money out the window. The problem is nobody knows which 50% it is!"

Well, that used to be true, but times have changed.

Today, right now, you can vow to do ZERO advertising on advertising campaigns you can't track.

For example the one traditional advertising every bed and breakfast needs to do is the Yellow Pages. Many customers still thumb through the phone book to make a local or regional decision for friends or associates coming into their town.

Using today's technology, you can make ALL your ads (including the Yellow Pages) trackable. First, promote your website URL before the phone number. Use a URL that is unique to only your yellow pages ad.

For example:

If your website is <http://www.bedandbreakfastprofits.com>

You put the URL <http://www.bedandbreakfastprofits.com/2.htm> as the URL in the Yellow Pages.

By simply looking at the logs on your website you can see how many people went to the [2.htm](http://www.bedandbreakfastprofits.com/2.htm) page as a result of that expense. (more on internet website tracking later)

You can also get a separate phone number for a few dollars a month and make a quick note whenever anyone calls on that number. Count the number of calls on that number per month. Or, you can simply ask your guest where they found your number while finalizing their reservation

In no time at all you'll be able to see if your Yellow Pages ad is making you money.

If you decide after the first year that your Yellow Pages ad didn't bring in more business than it cost, take this bold leap and cancel it. (just stick with the regular one line listing). Many operators are spending huge advertising dollars on 1/2, 1/4 and full page Yellow pages ads without any way of knowing whether they are spending money, or making money.

Why Following The Herd Can Get You Trampled On!



Doing what everyone else is doing (and the industry has done for years) simply doesn't make sense. Just because your competitor is wasting valuable profits on advertising that they can't track doesn't mean you have to throw your money away too!

Most guides, travel brochures, newspapers, radio ads and TV ads simply are not trackable. If you are serious about making your B&B a business you must be willing to reject any advertising or marketing methods that can't be measured.

Here's an example of how the advertising sales business works. Sometime ago we opened a restaurant (that's another whole adventure). We decided to implement a marketing plan that would only spend money on advertising that we could track.

When radio and TV salespeople would call on us we'd explain that we weren't interested in their services. One particularly pushy radio advertisement salesperson simply wouldn't take NO for an answer!

He kept insisting that his station was perfect for our demographics and location. Buy an expensive 4 month medium rotation ad campaign from him and he would guarantee us that we would see a real surge in business!

We put him to the challenge. We made him a counter offer.

"Okay, instead of us paying you \$15,000 for your package we will give you the opportunity to do even better. You put our ad on your radio station and we will pay you \$1.50 for every new customer that comes through the door as a result of your campaign in the next 4 months. Actually, we'll up that to \$2 for every new customer. If your campaign really works you can make much more than \$15,000 over the next 4 months!"

He laughed, "You must be crazy! We can't do that! How will we know if your new customer comes from our radio ad or not?"

He had just made our point.

And then he left!

The shotgun advertising approach isn't marketing. It is just spending money on advertising. It is what most traditional businesses have done for years.

Times have changed. You can't afford to waste advertising dollars in your business.

Unfortunately, most bed and breakfast owners simply do what they see their competitors doing. Our what they learned at a seminar about what worked 25 years ago. They

overpay for most advertising, join all types of associations and guides, and are afraid to cancel any of it. That's not marketing, that's expensive, wasted advertising.

While on the subject of advertising and marketing we would like to challenge the most costly myth in the bed and breakfast business.

"Myth: Your most important advertising is word of mouth advertising!"

We have heard this myth repeated over and over. From seminars, workbooks, books and even from most struggling owners.

We would like to take this opportunity to say that we think the statement is false. In fact, it might be the very reason that some new B&B's don't succeed.

Here's our point of view.

Hypothetical situation #1:

You have a great little bed and breakfast. You have created an unbelievable atmosphere. Your rooms are reasonably priced and the atmosphere, personality, cleanliness and hospitality is outstanding. You deliver nothing but the highest levels of customer service. The complete experience, from the second your customer steps foot in your place, is unparalleled. You believe that the quality of bedding and linen, gourmet breakfast, luxurious amenities, good service and reasonable pricing will create a huge word of mouth buzz. The first month you open you have 6 rooms booked (12 guest's total). All 12 patrons are extremely happy with their experience. You have created a terrific spot and provided the ultimate experience.

How long do you estimate it will take for "word of mouth" to fill the place regularly?

Hypothetical situation #2:

You have a bare bones operation. Your cleanliness isn't great and you have some personality issues with most customer's expectations. There are spelling mistakes on your house rules (posted in bright red everywhere) and your breakfast consists of cold cereal, pop tarts or donuts. Your prices are probably a little high for the quality of your place and you don't mind buying cheaper supplies if you can get away with it. You ask customers to come to the front desk if they need more toilet paper or Kleenex.

But, you have created a **marketing system** that brings 6 NEW reservations every single day! (and you only have 6 rooms)

A simple question for you,

"Which bed and breakfast makes the owner money?"

The above scenarios are extreme.

We all want to have an operation that provides great value and accommodations. We all want a B&B guest experience we can be proud of. The cold, hard truth is that a B&B with the automated marketing system is the one that makes money.

This myth of “the most important method of advertising is word of mouth” has been the kiss of death for many new businesses. We have seen far too many great operations lose their energy, or go under waiting for the “word of mouth” advertising to kick in and increase their occupancy rate.

Relying on “word of mouth” advertising as a marketing tool is based on fantasy. Today’s market is much more niche oriented. The internet has changed the way people look for accommodations, and book accommodations. They don’t ask friends and relatives, they visit Google or Yahoo.

Don’t do it.

Don’t set yourself up for disappointment and failure by relying on this myth.

You won’t be able to call up your mortgage holder and tell them that you’ll be a little late on this month’s payment, and maybe next months, because you are waiting for “word of mouth” advertising to kick in.

Your NUMBER ONE priority needs to be creating a marketing system that puts “heads on pillows” on a regular basis.

Focus on that.

The “word of mouth” benefits will be icing on the cake, not your bread and butter.

We believe the reason that this myth has been perpetuated for so long is that it gives an excuse to operators who don’t wish to face the reality that they are “marketing challenged!” Especially challenged in using the internet and other lead generating techniques to put heads on pillows.

Many simply don’t know how to market. And others are unwilling to even admit they need to learn.

Look at the 2 hypothetical examples above once again.

Imagine that the meticulous first owner continues to maintain their high quality operation AND ALSO implements the second examples marketing plan and system.

BINGO! They would have a goldmine!

However, also realize that the poor quality product bed and breakfast will be PROFITABLE!

Ask yourself, “Can a business be profitable and successful WITHOUT a high quality customer experience?”

Sadly, the answer is YES

The reality is that relying on "word of mouth" is probably costing many operators money. Each night that a guest room is empty, that is a lost income that can never be recovered.

How much money are these operators losing by not being 100% booked!

Sit down with a calculator and see how much profit is being lost on an operation with a 60% occupancy rate versus a 85% occupancy rate. Choose whatever size and price range you wish. Realize that once you reach your break even occupancy rate, any increase is NET profit.

Next, figure out how a marketing system that can work immediately compares to a "word of mouth" system that takes years to build.

Calculate how much money MOST operators are leaving on the table by not adopting the newer marketing skills and systems!

The Lemming Principal

FYI: just in case you don't know, a lemming is a small animal that runs in a pack. They are killed when they run off cliffs. The only reason scientists can find to explain why a lemming runs off a cliff is that genetic conditioning makes them follow the lemming in front of them!

What does a lemming have to do with the Bed and Breakfast industry?

- 1) How do most B&B operators decide what to charge for their rooms?
They look at what their competition charges
- 2) Why do most B&B operators pay to be included in various travel guides?
Because their competition does.
- 3) Why do most new B&B operators join many associations?
Because their competitors do
- 4) Why don't most B&B owners have a systemized marketing action plan?
Because the majority of their competitors don't, or they were never taught in their "new operator training seminar".

It's a good thing that some B&B owners don't start running off cliffs, who knows what the rest would do.

Here's the lemming principal in action:

If you travel and visit various towns and cities across North America, look in the Yellow Pages and you'll find an interesting occurrence. In the cities where you find MANY B&B's listed there will sometimes be a lot of ¼ page display ads, (or larger). Some larger display ads are VERY expensive.

In other towns and cities of similar population you will find ZERO display listings. Just single line listings.

The Yellow Pages salespeople must try really hard to get one or two business within a sector to advertise. From then on, their job becomes much easier. (lemmings, lemmings everywhere!) Get one or two B&B's to pony up for a large display ad and the rest will probably follow!

Back To The "Word Of Mouth" Myth

You might be thinking that having a truly superior B&B will actually create a buzz and you'll be able to build your profits through word of mouth.

Okay, here's an example from the restaurant industry again;

You decide to open a restaurant so you purchase the finest kitchen equipment available and furnish the customer seating area with lavish, opulent furniture.

You provide excellent customer service.

You make the BEST hamburger EVER with Grade "A" beef and the best toppings and condiments at no extra charge.

Your prices are LESS than the competition across the street who usually has a line up.

You open your door, and get ready for the rush because you KNOW that once people try your burger they will ignore your competitor and "word of mouth" will make you rich!

Right!!

Nope!

Not if your competition across the street is McDonalds!

McDonalds doesn't make the best hamburger and they don't concern themselves with trying to win the pricing game.

YET THEY ARE ALWAYS BUSY!!

(Fact: McDonalds has the lowest franchisee failure rate of any franchise in North America!)

So what makes McDonalds so profitable?

They have a marketing SYSTEM!! They have their system refined to the point they can train and hire high school students to run their business! But their real genius is in their "Customer Acquisition System". It's more than just advertising (although they do a lot of that).

They concentrate on bringing new (and repeat) customers in! That is their #1 priority!

It doesn't matter if you have a better product, lower price or better customer service. Your "word of mouth" advertising will never make up for the SYSTEM McDonalds has put in place to attract customers.

While you're waiting for "word of mouth" how much money are you losing TODAY?

If you are lucky the word will spread and you might have a successful restaurant. But it is highly unlikely that ANY independent burger joint located across the street from a McDonalds would ever cause the Golden Arches to close its doors!

What does that example have to do with opening your B&B?

Here's 3 hypothetical questions for you:

Question #1);

If you could setup an automated "system" for attracting new guests, that required no "hard selling" or "word of mouth" advertising would that be worth the effort?

Question #2);

If this system produced a constant steady stream of eager new guests booking rooms would you:

- a) hire support staff
- b) raise your price
- c) buy more properties
- d) renovate and expand
- e) take a larger paycheck
- f) all of the above

Question #3);

Why haven't you heard anyone else mentioning that setting up an automated marketing system is the most important aspect of developing a PROFITABLE B&B?

If you rely on "word of mouth" advertising to attract guests you don't have a "customer acquisition system". You are leaving potential profits on the table!

The anxiousness and frustration that goes into finding reservations through “word of mouth” can be directly related to the pricing of your rooms.

Many operators who aren't at 60%+ capacity tend to discount their price as an incentive to attract more guests. That is the Wal-Mart pricing philosophy!
(It's funny that doctors, dentists and lawyers don't put on discount sales?)

Maybe it's time to take another look at your marketing efforts and see if there isn't a few ways to make it a more professional, profitable business!

Price is not always the number one consideration your perspective guest has when it comes to choosing their accommodations!!

Reality: Relying on "Word of mouth" causes anxiety, frustration and generally causes operators to discount their services, and not enjoy their property.

What Repeat Business Really Is! And Why That Is Important

As mentioned earlier, RELYING on repeat business can become your ticket to a slow and steady business decline. You must rely on marketing your inn to NEW guests on a regular basis. Waiting for the repeat business to sustain your business is not practical in today's economy and traveler's environment.

So what is repeat business?

Repeat customers are your score card! You need to be focused on your marketing plan and refining your marketing skills. That is how you get heads on the pillows. Once you've done your marketing job your repeat business is your best gauge to evaluating your customers experience during their stay.

If a customer loves your ambience, amenities and service, they “might” come back. If a good percentage of your customers book future visits upon checking out you've provided a quality experience.

If none of your customers want to rebook, take a hard look at your operation.

Many operators offer discounts for immediate rebooking. We don't think this makes good marketing sense.

Ask yourself, “if you went out for an amazing 5 star restaurant and had a delightful meal - how would you feel if you were offered a 10% discount if you made another reservation within one week??”

If you have an optimized marketing system, you don't NEED repeat business!

Yes, it's great, and it can be very rewarding to greet the same guests over and over again. Just remember, it's not something you should be relying on to pay your bills.

Repeat customers are your score card. They help you evaluate your guests overall experience.

The true marketer understands that the best conversation that occurs upon checkout is this:

Guest: Well, that was the most enjoyable stay we've had in a very, very long time. We would love to book a few days in 3 months to come back. We just love this place.

Operator: I'm delighted you enjoyed yourself. It was an honor to have you stay with us and we'd love to see you again as well. Unfortunately, 3 months from now we are totally booked up. The place is at 100% occupancy that entire month. Maybe we could find a few days for you in 4 months if that fits your schedule??

(end of best scenario conversation)

You might have felt a little uncomfortable reading that conversation. Many B&B owners want to have a large percentage of repeat guests. Some have cancelled reservations for first time guests to accommodate repeat guests. One lovely lady told us that she could never tell a “regular” that she didn't have a room, even if it meant her going to a motel for a night and giving a new guest her room!!

Repeat business is just a score card, it shouldn't be your bread and butter. And don't be afraid to simply state that you have no vacancy. Many restaurants and nightclubs intentionally keep line ups out their doors much longer than they need to. We have witnessed many instances of 50 people standing in line to get into an establishment that has 250 empty seats.

Why do restaurants and nightclubs do this??

They do this to give the impression of being “the place to go”, a desired destination. Many people are attracted to scarcity. If there is a “limited number” of something, it becomes more valuable in the eye of the potential consumer.

Some of the finest restaurants in the world are booked 2 or 3 years in advance.
(or so they like to say!)

Are they really booked that far in advance??

Of course not. They might have a few special dates reserved for various parties, but the simple fact that they promote their “exclusivity” makes them even more desirable to patrons.

Informing a potential repeat customer that you are at capacity will make more guests desire a rebooking even more. It also completely eliminates the need to offer a “rebooking discount”.

Rebooking discounts seem to smell of discount lodging and begging. Not the image and ambience you probably desire.

Repeat booking requests are the best way to evaluate your guest’s honest opinion of your operation. They are not a secure way to pay your bills and sleep soundly at night.

Many, many B&B operators have suffered financially waiting for the repeat customers to show up.

Think back to your own personal experiences....

- Have you ever stayed at a hotel, motel, resort or B&B that was magical?
- Did you promise yourself that you would go back soon?
- Did you go back?

We have been at quite a few places that we simply fell in love with. We vowed we would return. Unfortunately sometimes life, commitments and changes in lifestyle get in the way. Personally, there are as many as 10 B&B’s we’ve visited that we’ve vowed to return to. As of yet, we haven’t gotten around to any. We simply haven’t been able to fit these repeat visits into our busy schedule. There is one magical place that we’ve been saying we’d like to go back to for over 8 years now.

The point is that many of your guests will WANT to return. However, the great majority won’t. It’s not that they don’t like you, or your operation, they simply haven’t made it back.

When a guests says, “we’ll be booking another date as soon as we get home”, realize that they are paying you a compliment. Whether they actually book another date, or not, they had a positive experience at your establishment.

Don’t stress over repeat business. Maintain your marketing focus on putting “new heads on the pillows” and use the repeat business as a way to compliment yourself and your operation.

Your #1 Responsibility

You probably have a specific task that you would “like” to do in your day to day operation.

- Some owners like preparing gourmet breakfasts.
- Some owners love to garden
- Some like to work on the atmosphere and presentation
- Some like renovating, designing rooms and creating ambience
- Some like counting money, writing the checks and being in “business”

Great, but this is your **business!**

Here are the cold hard facts

- You can hire someone to make breakfast.
- You can hire someone to clean
- You can hire someone to renovate and design
- You can hire staff
- You can hire a gardener
- You can hire a maintenance man
- You can hire someone to do laundry (or a laundry service)
- You can hire someone to count the money, write the checks and manage day to day operations

The only person who can take responsibility for **MARKETING** your bed and breakfast and **PUTTING PAYING HEADS ON PILLOWS** is the owner. (YOU!)

You **CAN'T** find someone who will **GUARANTEE** to market your bed and breakfast!

***Marketing your bed and breakfast MUST be the owners
#1 responsibility and priority.***

If customers aren't booking rooms it simply doesn't matter what else is going on. You must create a marketing program and plan that constantly brings new customers in. This plan must be constantly evaluated, tweaked and broadened.

This is the #1 reason most new operators fail, or at least don't achieve their desired results. Most new owners don't even realize the difference between advertising and

marketing until after they open. They have the interior and exterior details scrutinized to perfection.

Then comes the obvious question, “Where are all my customers?”

A new bed and breakfast owner who can’t cook, can’t clean, isn’t personable and doesn’t get along with people, can still be VERY successful if they learn how to market their Bed and Breakfast.

The new owner who is creative, loved by all, personable, stylish and a magician in the kitchen will probably fail if they haven’t spent equal time formulating a marketing plan!

You MUST concentrate on the marketing plan. Once a successful marketing plan is in place and creating the desired results the owner can then enjoy the rest of the operation.

Here’s What We Will Do!

When we do buy our B&B, we will market it using today’s technology and we will put in place a method that can get us bookings tomorrow!

We have spent the last few years developing our skills regarding internet marketing. Turning these skills towards booking rooms at our bed and breakfast will be fairly simple. It will also be almost immediate. You can implement some of these systems today and get reservations tonight. That was unheard of just a few years ago!

Without going into a detailed seminar on current internet marketing strategies, here is a brief outline of what our marketing plan will be.

As already stated, we will not spend penny advertising anywhere that we cannot track the results.

Statistics say that 80% of bed and breakfast reservations are coming because of information the guests has found on an internet search. Therefore, if we concentrate our efforts on internet search we will be targeting 80% of our potential customers.

We will initially focus on Pay Per Click Advertising. If you don’t know what that method of advertising is we will explain it briefly.

Pay per click advertising is a system setup on various websites that allows a merchant to place a specific ad. Whenever a visitor to that webpage clicks on the link in the ad, the merchant pays the website owner a pre-arranged price for that “click”. The visitor is directed to the merchant’s website. The website owner who is being paid for the click does not care what the visitor does when they leave their site. They are simply being paid to display ads that visitors click on. If a visitor does not click on a merchant’s ad, the merchant is not charged. When they show an ad, they call it an “impression”. When they click an ad and the visitor goes to the merchant’s site they call that a “click thru.”

There are many, many PPC (Pay per click) advertising solutions online today. The biggest is Google Adwords. If you go to Google and type in any search phrase, you will see a list of small text ads down the right hand side of the page. Those are Adwords ads and are put there by merchants paying for that service. (The larger listings on the left and middle of the page are the generic search results.)

You can bid on keyword phrases in Google and clicks cost anywhere from 5 cents to 15 dollars per click.

To learn more about Google Adwords and their policies you can follow this link:
<http://adwords.google.com/>

This is not quite as simple as it sounds.

First, Google will review your keywords and ad to make sure it fits into their “editorial” guidelines. If it does not, they can raise your minimum bid to ridiculous amounts. Your “on page” score will determine whether Google decides that your keyword phrase is “related”, or not.

Most new Adwords merchants LOSE money figuring this system out. For example, if you are trying to sell cars on the internet you might bid on the phrase, “buy car”.

It might cost you 25 cents for every visitor that clicks on your ad about buying a car. Unfortunately, most people who are typing “buy car” into their search engine box on Google are not looking to buy a car online. They might be looking for someone to buy their car. They might be looking for car buying tips (especially free ones). They might be looking to buy a car from a local dealer or from the manufacturer. By choosing such a general phrase, this merchant is likely to pay a lot of money to bring people to his page. Most of them are not interested in his offer. This is why most people waste money-learning Adwords.

The other biggest rookie mistake is bidding on 10-20 keyword phrases. For example, bidding on “romantic b&b” might cost you 50 cents per click. IN ADDITION, somebody looking for a romantic b&b in Alaska might click on your ad (i.e. wasted money!) You would be better off to bid on “romantic B&B in Flashbush Tennessee”.

People who click on an ad for the keyword phrase “romantic B&B in Flashbush Tennessee” are looking for what you are offering (Of course, that is only true if you are actually a romantic B&B in Flashbush Tennessee!)

Consider that for every keyword phrase you can think of you could change it to b & b, b and b, b&b, bed and breakfast, bed & breakfast, small inn, inn, guesthouse.

If you cannot come up with 5,000 keyword phrases for your new b&b you do not understand the power of this system.

Some people try to bid on 15 phrases and pay 50 cents per click. They choose the most common, popular phrases. Other smarter marketers bid on 5000 words and end up paying very little for the uncommon phrases.

When you get very good at this method you will find keyword phrases that NO-ONE else is bidding on, and that are converting into reservations!

Google is only one example of a Pay Per Click services. There are hundreds. The most popular are Google, Yahoo search (formerly Overture), Miva, Enhance and Looksmart.

Each one has its own system. If you are good with a spread sheet, creating compelling little ads, and enjoying testing a constant improvement, becoming an expert in Pay Per Clicks should ensure your new operation is booked to capacity.

We must qualify that last statement with two caveats.

To use this method and see results you have to be offering a service that people are interested in. For example, if you live in a remote area with zero tourism and non-one is looking to book accommodations there you have no potential customers typing phrases into Google search. You have to find the phrases that people are looking for that match your service.

Second caveat. You must setup a special “tracking code” on your reservation confirmation page that allows you to see which guests made reservations and which keyword phrase they came from. This way you can increase your exposure to the phrases that create reservations, and stop wasting money on phrases that are not producing results.

Ask yourself, “If you could learn this method and pay \$4 for every hundred targeting prospects that came to your website, and 5% of those visitors made a reservation, would it be worth your time to learn these new skills?” Learning the pay per click game is an adventure. It is constantly changing and your bids and Click Thru Ratio can alter as your competition tries various tactics. It is truly a market driven bidding system.

However, please understand that the true beauty of this system lies in its immediate interactivity. A person can go to Google right now, type a keyword phrase into their search box, click on your ad, visit your website and make their reservation for your room tonight.

That is a very powerful concept that was reserved for only large operations just a few years ago. With that concept in mind, why would you write a deposit check for a travel guide that would publish your contact information when it comes out next spring?

Pay per click is just one of the newer marketing techniques you can adopt for your business.

Here are some other internet marketing ideas that will bring your potential guests.

- Article marketing
- Internet press releases
- Blogging
- Reciprocal link
- Video posting (YouTube)
- SEO (search engine optimization)
- Web 2.0
- Social Book marking
- Forum posting
- One-way linking
- Paid links
- Cost per action signup
- E-zine ads

This list is very long. Most operators do not bother getting started on any of these newer, trackable marketing techniques. Unfortunately, most new operators do not realize that they need these skills to market ANYTHING in this new decade.

Back to Pay Per Clicks for a moment

There are many good resources for learning the pay per click game. The only one we can personally recommend for mastering Google Adwords is Perry Marshall. We have bought his entire program and it has made us profits on many things, many times over. It shortened our learning curve. He offers a free 5-day email course, lots of updates and helpful articles and a fabulous, detailed Advanced Adwords tactics course at <http://www.perrymarshall.com>

Once last comment regarding Pay per Click campaigns. You need to test different ads, headlines, punctuation, etc., Constant testing, evaluating, changing and trying to gain a higher, better click thru ratio will increase your traffic, without increasing your cost. It takes time to refine your ppc campaigns. You will need to spend a little money testing ideas to see what works for your potential guests.

The Biggest B&B Website Mistake

This story is about another lovely couple we met who were trying to sell their B&B. They had been operating this lovely place in a small town for 13 years. They were “over-cooked” when it came to operating their inn. They had a professionally designed website and were quite proud of it. When we asked about how many reservations they received online, we were disappointed at their response.

This lovely, gentle woman explained that they hired a company to design their website but they do not have an internet connection in the B&B. They decided NOT to have an

online secure reservation system built into their website. (“The design company would have charged more for that you know!”)

When you click on the “make a reservation” link on their website, it simply gives you their phone number. You are asked to call to reserve a room.

She then went on to tell us that she receives phone calls all night long on their answering machine and then she calls these people back in the morning.

We asked her if she gets many hang-ups?

She said she gets quite a few.

We asked her how many of her return phone calls result in booking?

After a moment of thought she admitted that less and less people were making reservation when she returned their calls. It seems that many people told her that had made a reservation elsewhere, and politely thanked her for returning her call.

Here is the reality that this lovely couple was missing.

Today’s traveler is impatient. When they take the time to plan a trip, or look for accommodations, they want to start that task, do some research and complete that task. Nobody likes stretching tasks out in today’s information environment.

As an example, let us image a young couple that decides to go to a destination next weekend for a funeral, business trip, holiday or “get away from the kids” weekend. Its 9:30 at night when the kids are asleep and they fire up their computer to get this “task” accomplished. They surf a few options and decide on a place that looks like it suits their accommodation needs. They agree. They pull out their credit card. They click the “reserve a room” link and are greeted with “Please call 1-888-555-1333 to make your reservation”. They grab the phone and call or they surf to a site that has an online booking form. They receive an answering machine message saying they will be contacted tomorrow morning regarding their reservation request. They are uncertain whether there are room’s available, policy and payment questions. At this point they may, or may not, leave a message.

We believe most of today’s travelers would simply hit the “back” button on their browser and look for another option for their accommodations. An option that would allow them to make a reservation online through a secure server. They would then receive a confirmation email and be able to put a check beside their “reserve a room” item on their to-do list.

This lovely couple simply didn’t understand this. They found email “confusing”. They thought that speaking in person to their customers was much friendlier. Unfortunately, their occupancy rate had also slightly declined.

As a side note: They mentioned that they did not attract many weekday business travelers despite the fact that there were some larger factories in the area, and not many places to stay. The gentlemen mentioned that some callers inquiring about midweek reservations regularly asked about wireless or internet connections in the rooms. They did not see the need to install internet connections nor did they think the expense was justified!

The reason we mention this is because there is no way to track where that phone call came from. With a reservation confirmation page that appears after an online reservation is confirmed, you can identify where that visitor came from.

That is smart marketing!

Collecting email address and other information is smart, and a cheap way of keeping in touch with past customers.

You can use email to create reservations in slow times. You can use email to contact past customers about expanded services in your inn as it grows.

Repeat business is GREAT if it costs you nothing but a few minutes of marketing time to get it, AND you don't even have to provide discounts to get it.

You can create a VIP email list and personalize it. Today's autoresponder services let you put in various <%TAGS%> to completely personalize your emails. Many recipients still believe these emails are hand typed just for them.

Here is an idea. Send out an email to previous customers explaining that you are expecting a rush at Valentines day, and if they would like to book in the next 3 days you can reserve a room for them. As a VIP you would love to see them come back. After 3 days you cannot guarantee any Valentines Weekend Packages will still be available.

VIP lists are also great for emailing previous customers and asking their brutally honest opinion on ideas you have for changing, improving or expanding your business. Put together a questionnaire and offer to have draw free accommodations for one of the guests who responds. If you have a large enough list you will get valuable market research from your guests that you could not afford from a market research company. You get the benefit of a "different set of eyes" as to the perception of your business from your customer's point of view.

(Of course, make sure you make the giveaway for a time when you won't be overbooked already!)

There are terrific personalization and warmth that come from using surveys, questionnaires, and other interactive communications with your past guests. Many businesses are starting to realize the power of personalization. This whole concept makes

your customer feel pride and take ownership in your business. You are establishing clients for life.

Here is an example we have put up to show you the power of the personalized email lists and autoresponder.

<http://www.bedandbreakfastprofits.com/personalizedautoresponder.htm>

You can even collect a guest's date of birth (without the year!) and send out a personalized birthday card on that date. Again, setup this system once and your autoresponder will do it automatically for you.

There are ways to generate bookings using this methods that simply are not available offline.

Here is another example.

Let us say you have a list of 500 previous guests email address and personal info. You can arrange for a couples massage, spa treatment, or horse drawn carriage ride for a discounted price. You simply send out an email to your previous guests saying that anyone who books a reservation on Thursday night of this week will be entered into a draw for a "put your prize here". Explain in the email that this is a very limited offer to previous guests only (and only the ones you really liked!). The chances of them winning is very high since this is a small list you are mailing to.

Look at the numbers. Maybe only five people will respond. However, we find that in most businesses a 10%-15% of a VIP list will respond depending on the particular offer.

Let us say only five people book a room.

Is it worth it to you to generate five reservations for what you will pay to your friend who runs the horse drawn carriage ride?

Once you realize the power of this new marketing, you can try all types of immediate response personalized advertising.

There are now new technologies and scripts that will allow your website visitor to access a personalized webpage with their name inserted.

Imagine the power of that personalization. Instead of seeing a webpage that says. "Dear Friend". It will say "Dear Bob"

The work lies in coming up with your unique marketing ideas. You can take ideas from other businesses and promotions and adapt them to your inn. The creativity and project management is hard work. The implementation is almost free, but it is up to each individual bed and breakfast owner to find out what works with his or her customers.

Automation can keep you in touch with your past customers, which will bring them back without a cost (or large time commitment) to you

After a while, you can create business whenever you need it.

Imagine the owners of another B&B in town scratching their head in frustration when they see the cars parked outside your bed and breakfast. Their business is slow and they do not know why you are doing so well. People seem to be driving right by their “Vacancy” sign on the way to your establishment. They check the travel guides and scour the newspaper to find out why you are creating business without spending a fortune on traditional advertising.

Don't tell them!

In the future, the bed and breakfast owner with the biggest email list of satisfied customers and the best rankings on the search engines will be the most successful

Your B&B are directly related to your ability to market to potential and past customers!

One more thing about this stealth marketing method - It is necessary to design an interactive immediate response website and utilize email.

As discussed previously having an automated online reservation system is also essential.

However, DO NOT OVERPAY FOR THESE SERVICES.

There are many sharks that provide internet services to unsuspecting business owners who do not realize they are being gouged.

If you have the time, learning the basis of these things yourself is a great idea. It will protect you from the geeks who like to confuse you with “tech speak”. It really isn't all the complicated.

About your website; most web designers know web design. They know NOTHING about marketing. Your website is not some flashy hobby. It's a marketing tool to bring you business. It does not need to have a fancy flash introductions, animation and whirling gif's.

It needs to be “direct response” marketing. There should be a place on your website for your customer to take action, without leaving the website.

Your website visitor should be able to get all the details they need to make a decision displayed logically throughout your website.

They should be able to subscribe to your email list, ask an email question, possibly see a video tour of your place, see upcoming events in your region, and find a map with directions and of course, an online reservation form needs to be available.

Most websites we see are designed by web designers. The typical B&B website is cluttered and pompous. Many web designers seem focused on trying to impress other web designers.

Put “benefits to the guest” on your website not “features of the house.”

For example: We surfed around and found a B&B that had information about the owners 2 teenage boys and their academic accomplishments in the first 3 paragraphs of the index page.

What benefit is that to a potential guest?

The internet has created a “what’s in it for me” environment. Your average surfer has a question and they are looking for short information to answer their question, and fill a need. They do not care about how long it took to restore your operation, what the innkeepers did before they opened, and where the owners found the couch in the lobby! **ESPECIALLY** not in the first three paragraphs!

That being said, some surfers are detail hounds and want to know everything about an accommodation before they make a reservation. Make sure you put a simply directory to other pages and links on your site. These detail-oriented visitors will sometime surf your site for ½ hour to a few hours before they make their reservation. Make sure your site is deep enough to keep them interested and completely informed. (The renovations, previous occupations (and even the two teenage boy’s education...) can be buried on deeper pages in your site!

It is important to have the same navigation buttons on the same position on each webpage within your website. Visitors get very agitated if they cannot navigate quickly and easily through your site.

Make sure you have a link to your “Make Your Reservation” or “Reserve Your Room” button near the top of each page.

(Notice how we said make “YOUR” reservation, or reserve “YOUR” room.... On the internet, it is advisable to speak to your visitor in a one-on-one language as opposed to the common technique of language that sounds like you are giving a speech to many. This common mistake has evolved from advertising professionals who have not yet adapted radio, TV and other mass marketing copywriting skills to the more personal one-on-one internet experience!)

Make sure you also display your 1-800 number on every page of your website. Some people will still want to call and speak with your personally.

Yes, people still occasionally use the phone, BUT, chances are your visitors Googled you and found your website. Do not make them have to leave the site to take action. Try and complete the reservation on the site. Make sure that all the copy on your site leads to wards them making a reservation.

Internet marketing might be the last thing you wanted to bite off when you decided to investigate the possibility of opening a B&B. The reality is that many rookie B&B owners are getting in after retiring or semi-retiring from the regular work force. The brokers and sellers would have an even harder time convincing prospective buyers if they told them the truth.

You Must Become Proficient In Marketing Your B&B Using The Internet To Be Profitable For Years To Come!

Just imagine you spend a huge sum of money opening and fitting your brand new B&B, but you have zero internet marketing savvy, and try to market your operation the same way owners did in the 1970's.

Down the road, a new B&B opens at the same time and is run by operators knowledgeable, skilled and focused on marketing their services on the internet.

Unfortunately, the trainings from the B&B industry are exactly what were taught in the 1970's and 1980's. That marketplace and where you find today's customers has radically changed.

You have a distinct advantage by realizing that 99% of bed and breakfast owners do not get this concept! They have never been told this.

If you decide not to do it yourself, tell your web designer to base every page on "benefits to the customer," pages that load quickly, and all pages lead to a reservation.

You Can Make Your Website Your Cash Cow!

It can be personalized, automated and simpler than the "shotgun advertising" approach!

We could go on and on about the different concepts of taking your bed and breakfast marketing onto the internet. You will not learn everything you need to know in one ebook. This is a whole segment of education. There are as many differing ideas on how to best market using the internet as there are unique ideas on how to decorate a B&B.

Please gain some expertise so you can at least speak the language if you decide to hire out the website design, ppc management, updating, etc.

Beware of the "one stop shops" that will ask you to pay them to do it all for you. You must learn this area and you must get good at it if you wish to be successful in the long term. Learn from others. Discuss new ideas, try them, evaluate the results and try small changes. Simply track your results and do more of what worked and less of what did not. It is a process, not a single event.

It becomes a really fun job when it starts to work and a steady line of bookings appear.

Just imagine waking up in the morning, firing up your computer, and seeing 3-5 new reservations that were booked and confirmed while you slept!

There is a whole world of autoresponders, pay per click search engines, search engine optimization, black hat techniques, subscription boxes, exchanging links, Google

Adsense income, web site design, copy writing and marketing that would take thousands of pages.

After we implement some of these strategies into our “some to be purchased” B&B we might consider writing a large, advanced program on this whole topic. If we decide to document the whole process, we will give a special discount to our loyal “Bed and breakfast Profits VIP Customers” and contact you with a personalized email!

(Sorry, sometimes it just too much fun to take off our marketing hat! 😊)

In summary, this section has tried to make you aware of what your competition might be doing, and what you might need to learn to thrive. You do not have to agree with us, we simply wanted to make you aware of our perspective on what is happening with the B&B marketing, why many current owners are struggling, and why you will need to learn these skills to be successful in the future. There are still a few people who shop at our local grocery store who refuse to have their groceries scanned. Rob’s late grandmother refused to use a debit card, ATM machine or credit card. For her it was tellers, checks and cash only. We have a brother-in-law who still insists that Beta was better than VHS and has his supply of Beta movies he watches. (In addition, he refuses to buy a DVD player).

Unfortunately, the truth is that we must constantly learn, because the world is constantly changing!

Other Advertising (Marketing?)

Of course, there are many other types of advertising you can use to promote your B&B, but remember that over 80% of guests report they made their choice by going to the internet! Many business owners would argue that adopting a single marketing method would not be wise, and would make many nervous.

If you do decide that you wish to try other advertising and marketing methods (besides just the internet), we suggest you try one at a time.

Here are our thoughts on some other advertising/marketing methods

REALLY GOOD

There are some well-established directories and B&B websites that will offer to advertise your business. Many of these websites and services will show up on the top of GOOGLE no matter how hard you try to dominate your niche market. Simply type your location and “small inn”, “reserve a room” or “bed and breakfast” into your search engine and see what comes up. Directories and services such as “Select Registry” get a lot of eyeballs looking at them. These are obviously legitimate ways to get customers if you can track the track coming from them, and put a number on that.

Make sure you have a “tracking system” in place. If paying for an association or online directory results in bookings, that’s great advertising. Make sure to continually monitor

your ROI for these membership fees. If a particular site or association doesn't produce a great ROI don't renew your membership!

There are sometimes local business groups that get together and offer discount coupons for a specific town. Including a discount coupon in a local business-networking offer has been reported by many B&B operators to help their profile in the community. These seem to be especially successful if your location is a reasonable distance from a funeral home. That may sound morbid, but many times when there is a death in the family there simply is not room at the family home for all the extended relatives to come home.

The best part of local coupon offering is that they are TRACKABLE. You can see how many people found you through a coupon book because they hand you the coupon!

ADVERTISING CAUTIONS

TV and radio spots.

We are assuming you are going to setup your internet marketing campaigns first. Then, if you are a larger business (15-100 rooms), you might want to try spending some bigger money on radio or TV spots. Please try no more than a one-month test. Get the station to give you their best rate on a one-month campaign and evaluate the increase in your business at the end of the month (if any). Do not throw it all against the wall by running a newspaper, TV and radio ads, all at the same time.

Try one at a time. Only continue to do whatever shows exceptional results.

Newspaper advertising is in the same category as TV and radio. If you want to test a newspaper ad do it for a month or so and then evaluate your profit. If it works, great! If not, do not throw those hard earned profits away just because everyone else is doing the Friday "hotel, motel, places to stay in your town" insert.

One more idea:

Sometimes radio station will let you "sponsor" the morning traffic report or weather and give away a free nights accommodation your bed and breakfast in return. This is an effective form of marketing. It is a bonus, not something to base your business on.

(Of course, you can make the fine print for Sun-Wed!)

Market Survey versus Assumptions

Image a person standing in front of an old Victorian mansion in the downtown core of your city asking questions of people passing by. If you were greeted gently and warmly would you take a moment to answer a few questions. We think most of us would.

That could turn out to be the most profitable exercise you could ever do!

Can you see yourself finding the “perfect spot” and then proving it to yourself by doing just that? Imagine standing there asking people if they were visiting from out of town, do they have friends visit from out of town, do they come for the day, or stay overnight, do they think there would be a need for a B&B there, and what kind of bed and breakfast they would be interested in seeing there?

Here is another unfortunate story of a successful business couple that retired to open a B&B in a slower, arts and craft type town.

They had regularly visited this little town and thought it would be perfect for their B&B. They observed many seniors walking through the shops of the antique stores and artisans. They spent a fortune renovating and decorating their business. Their expectations were that they would have a high occupancy rate do the nature of the people shopping downtown. They were perfectly situated one block of the main street.

Unfortunately, there was one small piece of market research they were unaware of. The town was busy between 10 in the morning and 4 in the afternoon. This was due to the bus tour operators who arranged day trips for seniors. The new B&B owners were unaware that the vast majority of senior tourists did not drive to this town. They came as part of the multiple bus tours. Between 4:00 pm and 5:00 pm every night, the buses loaded up and headed back home.

The occupancy rate of this beautiful inn was less than 30%. The owners had underestimated this badly, and budgeted their renovations, income and expenses, based on higher occupancy. They told us the whole story over breakfast when we inquired if their business was up for sale. Of course, it was!

Imagine how they might have changed their assumptions, renovations and expectations if they had stood on the corner with a clipboard full of questions for just a few hours.

Do not assume, ASK and find out!

ASSUME

The old saying is that “**ASSUME**” makes an “**ASS**” out of “**U**” and “**ME**”

Do not make the mistake of taking your assumptions as facts. Ask questions, prove everything to yourself first. You will be far ahead of many new bed and breakfast owners!

Whatever you do make sure you follow the three laws of real estate.

Location, location, location

This concept means that you buy a home in the best area of town, that is convenient to amenities and in an area that is seeing price appreciation. That is the rule when buying a single family home. It is even more detailed when thinking of buying a B&B. You need

to evaluate the location in terms of “town, state, economy, tourism, amenities, future prospects, zoning bylaws, trends, transportation patterns, major industries, etc.”

When buying real estate it is important to realize that you are making your profit when you buy, not when you sell. If you overpay for your bed and breakfast you will NEVER get that money back.

The one attribute that we see missing from most excited first time wannabe bed and breakfast owners is their inability to walk away from a bad deal. This industry is ripe for buyers to let emotional romantic notions of lifestyle cloud sound business thinking.

A good broker and the seller can sense just how excited you are about buying their building. The person who has the least amount of emotional involvement in these deals always WINS!

If you are willing to simply say that the price and terms are too high and walk away, you will have the position of power. Simply explain your criteria; apologize and express your remorse that you could not make a deal and ask the broker/owner to call you if anything changes.

Then walk away!

Sometimes the best decision you make is to walk away from a deal. There will be another opportunity to realize your dream coming down the road soon, with much better terms.

Once again, the ability to emotionally detach and walk away from a deal will ensure you get a better deal eventually!

Moreover, remember many of today’s current B&B's that are offered for sale have been listed over the years with zero offers.

Exit Strategy

Most first time bed and breakfast owners never consider finishing their adventure. They are very busy just getting things started.

There are some questions you need to consider before you start and one of them is simply, “how do I get out when I want to?” Sometimes a bed and breakfast will flourish, grow, and profit for years to come. For most establishments there is a growing curve and then a leveling off. Many bed and breakfast owners will shut down for a month or two every year for a rest, or to “redo” the appearance of their Inn and give it a new look. Constant changes and adjustments to marketing, decorating and menu MUST happen.

Your bed and breakfast is not a static business.

It will always be changing, always be evolving, and always becoming more or less profitable.

Many first time bed and breakfast owners never reach their projected revenues.

(Usually due to a lack of marketing!).

They then find themselves with a low paying job instead of a business. At this point they usually become disillusioned and want out. Once again, many B&B's simply cannot be sold. They end up being sold off (for a huge loss) as single family homes, rooming houses or multi-family units.

Sometimes a failing B&B owner simply cannot find a buyer!

Almost as tragic is the bed and breakfast owner who decides to get out after the business has begun a slow descent from a once profitable business... The owners worked diligently for a few years to make their place a warm, inviting and profitable hospitality operation. Then they deluded themselves into thinking things would stay this way without an additional effort, marketing, redecorating or updating. A new bed and breakfast open down the street, or the owners simply run out of steam and slowly things start to drop down. There are fewer guests this year than last...

Now the owners decide it is time to sell. It is amazing that a busy, profitable bed and breakfast can be easily sold, and an empty one will sit unsold for years. If your establishment is the busiest in the area there will be many prospects looking to buy it from you for a premium.

We do not understand this!

Unfortunately, it is just like the stock market. Everyone knows that in the stock market you are suppose to "buy low and sell high" And yet, the vast majority of people don't do this. They buy a stock after they've heard about it's amazing ascent on the nightly news. And then they hang onto it long after the ascent is over.

Why are there so many potential buyers for a B&B that is profitable and running at almost capacity?

Do perspective buyers think that can improve the profits?

This business already full and busy! What are the new owners thinking they are going to do?

Many first-time bed and breakfast owners buy these busy, well-operated bed and breakfasts when they become available for sale. They seem oblivious to the fact that there is only one way for the business to go. That is down.

In the hospitality industry, there are more buyers when the price is at the top and very few for a discount shop.

Go figure!

There are quite a few successful bed and breakfast owners that put their operation up for sale 6-9 months after they open. That is when they figure they can maximize their profit.

They then take their profits and find another lowly spot to rehab, revitalize and open!

There is another option.

On the other hand, you can figure out a way to have your B&B profitable to hire full time staff, and eventually hire a full-time innkeeper. We met a couple who had finally reached

their goal of a 6 month around the world adventure. They had not set foot in their small Inn in almost 9 months. They had competent, well-trained staff. (They did say that they were in touch almost daily, received statements from the innkeeper and their accountant through email). The best part for them was that they were still taking a paycheck while traveling around the world. They did not need to sell to reap their rewards.

Plan your exit strategy (and a few alternatives) while creating your startup plan!

You Might Go Under!

While on the subject of your exit strategy, we also need to address the possibility of failure. Again, this is another subject that we have never seen addressed in any B&B startup manual or seminar.

The information you are learning inside this ebook dramatically increases your chance for success (especially if you decide actually adopt these ideas). However, reality is reality.

Most bed and breakfasts will not reach the expectations of their owners. . If 10 bed and breakfasts open in your area there will likely be only 1-2 operating profitably with the same owner in 5 years.

You have a great chance of beating the odds by using this information but sometimes bad things happen to good people. Natural disasters, local economies crumbling due to a major business closure, health concerns, etc., All these unforeseen things can blind side your operation.

Therefore, let's make sure you prepare for the worst outcome.

Here is another statement that should be imbedded into your startup bed and breakfast plan.

Form a corporation, and **do not guarantee ANYTHING personally!**

There are many different types of corporations and they change from country to country.

Basically they create a new entity that is separate from the persons involved. The corporation can take on debt and responsibilities and the officers can act on the company's behalf. (See the section on hiring professionals to help you)

When a bank, mortgage company or supplier wants, you to sign personally for any obligation politely decline! If you explain that this is your business and you wish to operate it in a professional manner as a corporation they might reconsider. If they insist you sign personally, find another supplier or lender!

Just for a moment, imagine yourself a few months from now. Despite all the best planning and utilization of all these insider tips, your operation is failing. You have opened a beautiful B&B in a town that has just reported an outbreak of tainted water, or lead in the soil from a long closed plant. Overnight the majority of your potential customers would not ever consider visiting your area.

You are depressed and emotionally drained. Your dream is going down the toilet.

Things are bad, but they could be worse.

If you have followed our advice and protected yourself with a corporation then all the money you initially invested in your operation to get things rolling will be gone. However, your personal savings and your other assets will not be touched. You have lost your dream, but not your life

Or

A guests slips outside your bed and breakfast and breaks their hip. Their attorney is a shark and decides to go after you for millions of dollars (Do you remember the McDonalds hot coffee story?). They can take everything the corporation owns if they are successful. The good news is they cannot take your personal assets.

Losing a business and a dream is awful. In addition, it happens far too often.

Make sure you do not sign personally for anything, form a corporation, and limit your loss to that!

Your Financing

Finding the perfect spot, sketching out ideas for the perfect design, name, breakfast menu, amenities and perfecting every aspect of the décor, and THEN arranging your financing is not the way to plan...

We bought one bed and breakfast manual that suggested you have friends and relatives help you with the financing. Let's examine that idea. You are going to be working incredible hours, dealing with a million daily immediate crisis's, balancing everything at once, keeping all the balls in the air, taking time away from your spouse (or using them as slave labor), keeping a cheery face for the customers and being positive and energetic for your staff, and then once a month your "silent partners" come in for a free nights stay (that you clean up from) and free breakfast, and then you give them a CHECK as a percentage of YOUR profits.

This is trouble. We have seen it work a few times with very large operations (hotels) but we recommend you build your business, work hard, and reap ALL the rewards. If things do not go as well as expected, your "silent partners" will be upset. If they go better than expected you'll be upset every time you write out that check!

I hope that you are just in the planning stages of your business. You now have the opportunity to readjust your priorities and put yourself in a position to get all the financing you need.

You must form a corporation, keep everything out of your personal finances, and start to build your business credit.

There are different types of corporations in different countries. There are many ways to form a corporation. You can even do it yourself online. We suggest you read the section on "Your Outside Team" and use their particular expertise to get this ball rolling.

Doesn't it make sense to dig the well BEFORE you need water?

You can start building your business credit and apply for a credit card for your new corporation. Then you can keep track of your "research and development" expenses while you're planning your new bed and breakfast. Even this ebook is a deductible business expense.

You can take a trip to find that working, successful model you'd like to emulate and write that business trip/vacation as a business expense.

Initially you will have to pay these from your personal finances, but that becomes shareholders financing. Start establishing credit with your corporation and your smart team of professional advisers should be able to point you in the right direction to establish a large line of credit for your bed and breakfast before you decide on the final destination, renovation budget and promotional costs.

The added benefit of establishing your business credit is that you will feel much more confident in negotiating a better deal on your startup. You don't have to worry about arranging financing in a hurry.

This leads to a terrific feeling of confidence.

Many sellers we have interviewed are quick to say that "the banks don't like the B&B business". They ask about the potential buyers financing and warn prospects that "Getting Bank Financing for Your B&B Is Hard!"

Good!

You can consider it a blessing that financing a B&B can be hard. A banker or mortgage broker has not seen the view, they have not tasted the breakfast or enjoyed sleeping in a spectacular room. They are not emotionally evolved. They are looking at the numbers. They don't get all warm and fuzzy just thinking about it. They want to see if the numbers make sense. Is this going to be a profitable business?

If you find a B&B "business" that is generating profits, and is for sale for a fair price, you will be able to get significant funding. If you find a B&B that is being sold based on its "potential", you will have a tough time convincing a banker or lender.

Even if you have the money to completely finance the deal, PLEASE take the time to have a mortgage lender or business banker look over the transaction and see if they would be able to fund it. If they say NO, realize that you might have an extremely hard time finding an all cash buyer if (and when) you ever decide to sell.

Yes, there are exceptions. You should always listen to professionals, especially number counters. However, do not let them steal your dream. A banker is an employee. They don't OWN the bank. They don't understand the entrepreneurial spirit. If they did, they wouldn't be a banker. They have a JOB, and part of that job is to say "NO" to most people.

Make sure you realize their frame of reference when listening to their advice. They have never run a B&B, or any business. They are bankers. Only listen to what they say regarding money, not any other area.

Ignoring professional's advice is a HUGE mistake. We've never met a successful Innkeeper/owner who does not have a great lawyer, accountant and banker on their team.

Doing everything by yourself and not seeking out specific professional advice would be foolish, and dangerous. Just do not let anyone (that includes us), steal your dream. Especially an "employee" who thinks they know what an entrepreneur is!

Regarding B&B financing - Once again, many desperate owners become MORE than willing to hold some mortgage financing. This can be a great advantage to you the buyer. Refuse to overpay for the privilege of buying someone else's problem.

As we have mentioned repeatedly - desperate owners who want out as quickly as possible are putting up many B&B's for sale.

You might be able to get a burnt out owner to hold as much financing as you want.

Most of these bed and breakfast owners who can't sell their business will gladly take a chance on you if it means they don't have to sit in their empty bed and breakfast and watch the cars go by. Their dreams have been destroyed, they are stuck. You might be surprised the deals you can make if you simply ask.

Do you remember years ago the Tom Vu real estate late night infomercials. This gentleman (surrounded by paid models on his yacht) sold a course on how to buy real estate from people by getting them to sign over mortgages right after a bankruptcy, divorce, funeral or diagnosis of a terminal illness. We are NOT suggesting you take advantage of people but you CAN take advantage of a situation. Many current unsuccessful B&B owners simply want out of the building. They might be willing to assume the loss, finance 100% of the deal simply to get what they want.

Consider that even a no down payment, 100% owner financed, lower than asking price sale might be a Win/Win situation for both parties.

The only downside to asking an owner to hold financing is they might ask for a higher price if you want your terms. Again, just be willing to walk away from any deal that is not PERFECT for you!

The longer you wait for the right deal and opportunity, the longer you have to increase your business credit line and perfect and refine your bed and breakfast concept!

We told you we wouldn't hold back any of our observations, so here goes:

1. Don't borrow money from family
2. Don't get a silent investor partner

Most of those end up with problems that have nothing to do with money!

There are two gentlemen who bought a huge mansion with zero down. The owner simply handed them the keys after breakfast. He had been trying to sell for years, was sick and

tired of operating the place, and had zero offers. Over breakfast these two gentleman, who were looking to downsize and move out of a large city, arranged 100% financing with the owner (he owned the building free and clear and did not need to money). The also arranged to have zero interest and zero payment for 6 months so they could put their resources into some renovations and marketing. They are now extremely happy, and successful!

You never know until you ask.

The worst thing that can happen is the seller says “No Thanks”

Change is Good – Change is Bad

There are times you need to make changes to your rooms, amenities and menu. There are times when you shouldn't change things. There are times when supplier price increases will force you to raise prices. There are times when you shouldn't raise prices.

There are times when you need hire staff or fire staff. There are times when you need to keep the staff you have.

This business is all about constant change. Be careful not to change many things at the same time. You need to be able to make a small change, examine the results and then make another. In addition, there are times when you might need to reverse a change.

Always “test” every change you make and evaluate it against the performance of your operation.

There are some forward thinking changes you can make. For example, if you have an occupancy rate that goes over 80%, RAISE YOUR PRICES! Simply sit down with your spreadsheet and figure out how much money you're leaving on the table by not raising your prices.

Many owners wait until “things calm down” to evaluate their numbers. Then when they see their profits and sales slide, they then raise prices. You only have “X” amount of rooms.

If they are booked, raise the price.

Your bed and breakfast must evolve.

It must change.

Don't let your customers get bored.

The best way to evaluate what changes you should make next and what you shouldn't touch is to ask your customers. After all they pay your salary.

Your email list can be a valuable tool to use for inexpensive email surveys to your best customers.

Simply write down five things you are thinking of changing and ask your list to rate them.

You can even setup a contest to pick the new colors for redecorating a room or common area. (Of course, they get their name put in a draw for something just for replying)

Spend the majority of your time attracting new customers (marketing) and providing excellent service. Then spend some time making changes to keep things fresh. Most B&B owners are creative. Do not let your creativity stop just because you are up and running. Nurture your creativity, just do not do it at the expense of your marketing or customer service.

Accommodating Your Toughest Customer

Ask for feedback, make it easy for them. And consider the complaints you receive as a gift!

When your B&B starts growing keep a sharp ear out for customer complaints. This is truly a gift. Friends and family will not tell you what they honestly think. They don't have an objective opinion. For every guest who makes a complaint there are 5-10 more that are thinking the same thing, and not saying it. Find out about the issue. Thank the guest for pointing it out. Rectify the situation for that guest.

Then, write the complaint down in detail. When you have a quieter moment evaluate the complaint with a non-judgmental opinion. Is there something here that you can change? Is this an opportunity to see something in your operation that can be improved for your customer?

Is this an opportunity to make your B&B even better? Is this a gift to help you grow your business? (Of was the guest an idiot that should be dismissed)

Most B&B operators simply conclude the guest was "impossible to satisfy", or "rude", or "ignorant and demanding". Take the high road. Evaluate whether this complaint was a gift!

Have Fun!!

You are looking at investing money, time and effort into your new bed and breakfast. It's your dream and will take up most of your waking hour's energy initially. Please don't get too serious about everything.

The owners who have the most fun are usually the wealthiest. Most successful owners realize that business is a game and success and money are how we keep score. If you make it your job to have fun and enjoy yourself, your guests, suppliers, family and staff will enjoy themselves as well.

You can't please everybody all the time, you can't be serious all the time, you can't be all things to all people, deal with it and have fun!!

We have looked at too many B&B's that are trying to be sold where the owners look like they are desperate to get out. It certainly takes away from the "charm" of the place when the owners are not having fun!

We looked at two properties that were for sale in the MLS system that said, "Vendor must sell for health reasons." That is a tragedy when it happens. However, in both of these cases, there was no impending medical problem that was forcing them to sell.

(Could it be that the health problem was that the owners were "sick" of their business?)

We are sure there are times when health issues do arise and properties must be sold quickly. Just ask the questions to make sure you are finding out the true reason for the property being put up for sale!

Experience, Experience, Experience

We know a couple that is planning on retiring in 2011, buying, and operating a B&B somewhere just north of Vancouver, British Columbia. That is their dream. That is their long-term plan.

They have never stayed in a bed & breakfast!

If your only experience with the bed and breakfast business is as a customer once or twice, you do not have enough of a perspective to risk one dollar on your own bed and breakfast business. If you have ZERO experience, you need to confirm you actually like being in and WORKING in a bed and breakfast.

Start doing real life research and make a plan to visit "x" number of B&B's in the next year, or better still in the next few months.

Talk to some operators. They will generally talk for hours if you just ask them the right questions. Gain some wisdom from their experiences, and try to evaluate what they might be missing.

Go stay in a few failing B&B's and go spend some time in some successful, busy, profitable ones.

You might just find you really don't like being behind the scenes of a bed and breakfast.

Better to find out sooner than later.

And if you love the energy, atmosphere and daily dealings with the public (like we do), you might find this experience strengthens your resolution to become an Innkeeper!

The Most Important *B&B Secret*

(How's that for a headline??)

In fact, we want to take a moment to talk about 2 things. An alternative meaning for B&B and "The Secret"

Everyone within the industry sees the letters "b&b," and thinks of bed and breakfast. There is another common business phrase that shares that exact short form. It is "bread and butter". What is "bread and butter" in the B&B game?

Thursday, Friday and Saturday night are your bread and butter. Having guests stay in your rooms on the weekend is much easier than finding Sun-Wed bookings in most cases. Don't pat yourself on your back for being booked on the weekend.

That is simply your bread and butter (or your B&B's b&b). The whipped cream, the cherry on the sundae, the gravy is your Sunday-Wednesday bookings because those are the bookings that determine the size of your profits. Embrace this idea when planning your operation. Determine a marketing plan that will attract Sun-Wed guests. If you can fill your place at the beginning of the week you should have no problem booking the weekend. Make sure you consider the whipped crème (profits) before you congratulate yourself for the bread and butter!

And now "**The Secret**"

There is a fantastic DVD circulating about one of the laws of the universe. This DVD is entitled "The Secret". It is a description of the universal law of attraction. To simplify its message, let's just say that whatever you project to the universe, you receive back. Therefore, if you are a positive, giving, generous person you will probably create a positive, profitable Inn. The flip side is that if you start charging guests for an extra bar of soap, extra towels or fees for early arrival, the universe will send you the same type of critical, anxious, penny pinching guests.

Be aware that you are simply receiving today whatever energy you sent out some time ago. Watch the DVD when you have a chance, and learn how to have this "universal law" work for you and your B&B. You can also use the "law of attraction" to help you with marketing. Remember, you aren't trying to "sell" someone on staying at your B&B, you are simply trying to serve people who are looking for what you are offering.

Your USP

Your USP (Unique Selling Proposition) is vital to your success. Every business plan we have seen, or read stresses the benefit of having a strong USP.

Let's look at a few strong USP's from other businesses.

- Domino's initially separated themselves from all other pizza stores when they offered the original "30 minutes or it's FREE!"
- From a different industry Federal Express came up with their "when it absolutely, positively has to be there overnight"
- The soda companies have always had brilliant USP's to try to gain an advantage. See if you can match the USP to the company? The Un-Cola? The Real Thing?

For some reason most new bed and breakfast owners have a problem with this concept. If we see one more new bed and breakfast that considers "**A lovely place that feels like home**" to be a USP we will explode!

The first word in USP is UNIQUE!

Saying that you are "quaint", or have "warm surroundings", or "a great breakfast" or "friendly service" ISN'T unique.

You need to find a truly unique statement that sets you totally apart from any other bed and breakfast in your area.

It is better to have NO USP than the same typical, boring USP all other bed and breakfasts are trying to promote.

The more competition there is in any area the more unique your USP and operation can be. Start out by defining your "dream guest". Unless you are the only place to sleep within 100 miles of a busy tourist area, it makes no sense to try to be all things to all people.

Use the elevator pitch rule:

"Can you describe your business profile in the time it takes to get on an elevator and off on the next floor?"

Here are some real examples USP's found in B&B travel guides

1: “a warm and cozy Victorian home with a tremendous collection of local antiques. This B&B has been lovingly restored and the owners welcome you for some friendship, and a good nights sleep”

2: “A beautiful garden of serenity awaits you as you see the green gables from the front path. Our B&B features 4 rooms, 2 with ensuites.”

Here are some truly **unique** B&B USP’s

1: “A romantic couples only B&B with mountain views that will pamper you with luxurious upscale accommodations.”

2: “The only pet friendly B&B in the (&*^(*&)) area! Our inviting B&B is designed to make your special friends feel as welcome as you. Spa services for humans and pets available!”

3: “Imagine someone taking an old English castle and dropping it in the middle of “%*&%&^. Come experience this unique B&B for yourself and make some of your own history!”

Look at the first typical, boring examples, and then look at the last three. Which do you think would be easier to setup a marketing plan for?

The above example USP’s might not be appropriate for your type of bed and breakfast. Just consider how memorable a good USP is, and how forgettable the majority of them are.

Keep working on you USP until its perfect. You simply can’t be successful trying to be all things to all people. You can’t be smoking and non-smoking and be a romantic getaway with pets and kids ok! It is much easier to promote something if you can describe it in a unique sentence or two.

Here’s the litmus test to decide whether you have a USP.

Can your USP be taken and applied to any of your competition, without changing a word? If it can, it’s not a USP!



GREAT Customer Service

The number one rule of any successful bed and breakfast is that the customer walking through the front entrance is the main priority for anyone working inside the Inn.

(It is right behind “marketing” for the owner!)

Great customer service is also the second and third priority. It is shocking how many operators have an attitude that makes the guest feel like they are imposing when they ask for extra towels, or inquire about the local restaurants. Many hosts act as if the customers request is taking them away from something much more important.

If You Are Going To Hire Staff, Hire GREAT Staff!

Whom you hire is vitally important to your success. In a small operation, each employee is the face of your business. They actually BECOME your business in the eyes of your guests and potential guests who they talk to on the phone.

Hiring a body just because you are short is a mistake. It would be better for you to work the extra hours yourself than hire the first warm body that applies, who does not represent the attitude, appearance and work ethics you wish to convey.

Make sure you are ALWAYS hiring.

If someone comes in and says, “Are you hiring?” Your answer should be, “Yes, we are always looking to add the right person to our team. We’re just not sure when.”

There was a book written years ago about the greatest car salesman in the world. At the end of every month, the manager would fire the worst performing salesperson. We know that sounds mean, but the truth is that they were usually doing that person a favor. They simply didn’t excel at their job. If you are constantly finding better employees that wish to work for you then you can let the weaker ones, (or the ones who seemed to have lost their enthusiasm) go.

Remember, most of your staff wouldn’t think twice about leaving for a better opportunity if it was offered to them. Be fair, and make sure you are running a business. These are your employees first, friends second.

Don’t let your business suffer because of personal relationships.

We would hire a person with enthusiasm, great inter-personal skills and a terrific attitude anytime over a less enthusiastic veteran. Training a person is much easier than remaking an attitude.

Do you have scripts written for every interaction that occurs between you and a guest?

If you want to portray a certain style and atmosphere, it is a great idea to have scripts written out for new employees to memorize.

Here's a simple idea. Anyone can memorize a script. Ask them to learn the script and then test them on it. It's not the words they say; it's how they say them. Hire nice, respectful, optimistic, people who enjoy working with the public and your bed and breakfast will thrive.

Here are some of general guideline from other hospitality industries will help you elevate your guests experience. These rules apply to the owners, gardener, handy man and anyone else who works in the operation.

- Serving a customer is your number one priority, nothing else is more important!
- If a customer makes eye contact with you say "hello" before they do
- Always be here 15 minutes before your shift starts
- Call in 12 hours before any shift if you can't make it do to illness
- No personal business while working (visits, phone calls)
- Your appearance reflects the operation. Be a beautiful, clean billboard for our business

Here is a time saving technique when it comes to dealing with staff.

If it's written down and posted in the back there can be no discussion or misunderstanding. Until you write down every procedure and regulation and post it, you will be spending many wasted hours dealing with repetitive problems.

Write down all staff requirements and duties. It will save you time and aggravation.

If moral and staff energy is sagging take a look in the mirror. Your staff will not be more excited, energetic or positive than the boss. You need to make sure you are a boss they want to work for, and they will feed off your energy.

If you are lethargic or disappointed, you staff will reflect that.

Hiring An Outside Team

Your Most Important Team

Sit down with all the members of your family and then discuss the downside of this business. For the first year or two, you won't be able to schedule many weekend days off. If something goes wrong, you'll have to be available almost 24/7 and be able to spring into action at the drop of the hat. You will not be making a huge paycheck right away, and you will not be able to spend much quiet "quality" time for a few years.

The upside: You might love it, have an appreciating asset and meet some terrific people.

You need your family to understand these considerations. A family in turmoil can suck the last remaining drops of energy from you in a time when you need ALL your physical and mental energy!

This is the most important team you have. Make sure you have 150% support from them before you start!

Here's an example of a family that opened a small B&B and didn't put their family considerations in order.

We stayed at a very small B&B in Pennsylvania. It had just two guestrooms and a shared bathroom (although that wasn't very clear when we made the booking). The owners were really nice people. They had 2 school age children (early teens?) that had bedrooms down the hall from the two B&B suites.

At 7:00 am on Friday morning the mother started screaming from the kitchen for the older son to get up. She woke us up with her yelling. A few minutes later she was yelling at her husband about something. We thought she must be in the kitchen and he was in the basement. A few minutes later she started yelling again, this time he was yelling back.

Although we wanted to sleep in a bit longer we decided to get up, get ready and go down for breakfast. We met the son on the way down the stairs. We asked whether we should go down for breakfast, or were they fighting about something and we should give them a moment. He responded that his parents (and whole family) yell like this every morning.

Ask yourself, "How do you disagree, argue and fight?"

There are always arguments and issues that arise between family members (even if it's just two partners). Can you manage to agree to move the upcoming argument to a farther room, or agree to discuss this when the guests leave. OR. Are you one of those families who just likes "to get it all out" in the loudest, fastest way possible?

Consider your family dynamic before you start your business.

One operator with a large family told us they had a terrific solution for "adapting" their large family to upcoming Innkeeper status. They put a jar on the kitchen table and anytime a member of the family yelled to another member of the family from a distant room, that person had to put \$1 in the jar. The rule was that you had to actually get up and walk into the room the person was in before you could speak to them. They mentioned that medical emergencies were exempt from this rule.

They collect around \$50 the first week. Eventually the family became trained to get up and walk to wherever the other person was, instead of yelling for them. They used the money for a night out for the family.

(This is a great idea for any family, even if you're just a couple. It creates a calmer, more respectful home. We still use it!)

Your Outside Professional Team

In the beginning, we said you need to get a bankers advice on banking, but disregard anything else they say about your business. Ask yourself, “Has this banker ever personally owned a bed and breakfast?”

(If they have, pay real attention!)

By nature, many entrepreneurs like to take control and do things themselves. This is admirable. There are some times when it is best to stop talking, sit down and listen.

A lawyer, accountant and banker should be part of your outside team. It is better to interview and assemble this team before you open. Not when you suddenly realize you need them.

Your banker can give you help with establishing your businesses credit line and maintaining help with cash flow shortages.

Your accountant can help you decide what type of company to incorporate, how to get yourself setup quickly to establish your business financing. A good accountant can also review your choice of reservation and accounting software and make recommendations.

A good accountant can also help with tax planning and your exit plan

A lawyer can be used to make sure your personal interests are protected during incorporation and that any mortgage and insurance document does not have a hidden repercussion for you.

Many new business owners are intimidated by high paid professionals like accountants and lawyers. Many of these professionals have learned to give off the impression that they are doing you a favor by accepting your business.

You might also need regular use of an IT professional. Don't overpay. Some high school kids are more skilled at HTML and internet technologies than we care to admit. Just make sure you evaluate any potential employee's true skills.

Turn the tables.

Here is a question my father in law (an accountant) always recommended we us when interviewing a professional.

“A wise man once told me that a really good (lawyer/accountant) could actually end up SAVING me more than their fees! Are you one of those? Please explain how you will save me time, money and energy?”

Then sit back and listen. If the professional is offended by the question, politely excuse yourself, count your blessings and go interview a different one.

A true professional lawyer/accountant will respect you for asking the question and answer it in a way that makes sense to you. If they can't, keep looking

A competent lawyer/accountant and a good relationship with a banker will help you succeed as you move through your upcoming adventure!

Don't Take Bookings Using Stone Tablets

Automated online reservation system. PDA's A great website. Dynamic web pages (with .php scripts) Blogging, Online video promotion. Video postcards (online). Social Book marking.

There are many current operators using a notebook and the phone to run their business. They are stuck in their operation waiting for the phone to ring.

There are also owners with reservation software a blackberry and Bluetooth who can make a reservation while taking their morning walk.

Karma

Don't take money out of your business without reporting it. Keep your records honest and legal. It will come back to get you eventually. It is astounding how many bed and breakfast owners try to sell their business and tell you about two sets of books. Okay, if they were lying to the government, why wouldn't they lie to you? Their business is worth only what they reported, not what they stole!

Pay your taxes, report your earnings, and sleep well at night. Be an honest bed and breakfast owner. There is a thing called karma!

The Smartest Way to Do Research

BEFORE You Invest Your Money

Prove your B&B concept to yourself. Visit other B&B's who are actually doing what you want to do. For example, if you think there is a market for a "vegetarian pets-welcome B&B" in your area, see if you can find another successful one somewhere else. If you want to create a B&B that has the best "murder mystery weekends", prove it works by finding and visiting successful, busy murder-mystery B&B's.

You can write these trips off as business trips!

Real World Proof!

There are a very few special individuals who can come up with revolutionary concepts that have never been thought of by anyone else. Most successful bed and breakfast owners are not so conceited to believe they are part of that small minority.

Many multi-establishment owners (yes, we have found owners that run multiple small Inns and B&B's) will take a trip to another town and simply ask the taxi driver to take them around to various spots. They then stay at the one that piques their interest. A quick note of the décor, the type of customers, the marketing, and the menu can be a terrific starting point when trying to come up with the concept for your place.

I'm not suggesting you steal an idea. For example, let's say you decide to open 70's throwback Austin Powers inspired bed and breakfast. Okay, "Prove it to me!"

Can you find another 1970's decorated Austin Powers inspired bed and breakfast ANYWHERE?

If you can, you need to visit it.

- Do you like the clientele?
- Do they seem to be busy, or about to close their doors?
- What are their prices and services?

Don't take everything (like their name and decorating) and copy it to a fault.

If you can't find a SUCCESSFUL bed and breakfast that is doing exactly what you were contemplating opening, you should stop and reassess your plan.

If you can find a successful unique bed and breakfast in another city that is close to your concept you can make adjustment to your plan and be even MORE prepared.

Walking into a bed and breakfast that is the physical incarnation of your concept is an emotional experience. If the operation is successful, you will be filled with self-confidence. You have just PROVEN to yourself that your concept will work!

If you find an operating bed and breakfast that is the physical embodiment of your concept, that is different from anything in your area, and the location and demographics match your possible business, and you can find a way to attract the same type of customers (marketing plan), you have just hit a home run!

You are now **unstoppable!**

You can tweak your concept and learn from this template.

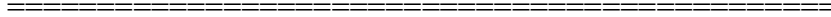
This is true market research. If you can't find a successful example of your idea in a different city, PLEASE don't think you can change the world with your first bed and breakfast.

Simply take another "road trip" and find a model template that is working now!

Finding a working, successful model to emulate is the best way to silence that nagging little voice in the pit of your stomach!

Take the time to prove your assumptions by finding a profitable, busy, working model of your idea!

(Hey, you can even take notes and pictures!)



Once you feel you have done all your research and are ready to go make sure you are well rested. The time from the day you acquire your space until the day you open might be the busiest time in your life. There are literally a million details to take care of. Make sure you stay focused but also take the time to enjoy the process.

Are You Physically Fit?

Being on call and running a 24/7 operation is mentally and physically challenging. Calculate how much laundry you will be doing when you are busy. You can hire someone to help once the business grows, but you have to be prepared to do everything yourself at some time.

Here is an interesting observation. Physically fit, vibrant innkeepers operate most of the really profitable, busy, successful B&B's we've stayed in! (HmMMMM!)

Your Competitors

There is an old saying, *"Keep your friends close, and your enemies even closer!"*

In the bed and breakfast business, your competition is not your enemy but they are your competition. Many successful B&B's have learned that creating a community of owners helps promote an area as a bed and breakfast destination. Some owners network to refer bookings to other Inns when they are full. Ethical operators will benefit from this and reciprocate. This is a terrific win/win situation.

On one occasion when we tried to book a room by phone, they told us that that particular Inn was full. We asked if they could recommend alternate accommodations (Just to see what their phone script would be!).

The gentle voice on the other end of the phone proceeded to inform us how filthy, unprofessional and noisy all the other B&B's in that town were. She suggested we simply postpone our visit one more week until there was a vacancy at her Inn. We did a little Googling and found that the owner of this particular Inn was also the current president of that region's bed and breakfast association! We wondered if the rest of her "associates" knew she was using these tricks!

Find the bed and breakfasts in your area that you feel will be your major competition.

Here is a power tip. Before you actually let the community know you are opening a B&B, take the time to spend a night at each of your closest competitors. That market research can prove to be invaluable. Evaluate their menus, pricing, procedures, accommodations and amenities. Make sure you book a night when other guests will be there. Try to make special note of what their customers seem to enjoy, and what could be improved.

The Good News!

If you plan properly, see the big picture, put your romantic notions and emotions in check, and do your homework you WILL make it to your first year business anniversary. If you learn how to market your B&B using today's technology you will put "heads on pillows."

You will feel confident in the stability and longevity of your growing B&B

You will have made it!

When you work at the marketing and get a steady flow of new reservations daily, the only way you can fail now would be to not keep doing what has brought you this far. Or, not hiring someone to do what you've been doing.

Either way, you should now be successful and profitable!

One More Thing....

We attended an "innkeepers only" seminar put on by a B&B travel directory. (we snuck in using a business card we made up!). This seminar was attended by small B&B owners who were, for the most part, struggling. The discussion turned to the question of whether the building, your pricing, or the location, is the most important aspect of attracting more guests. (Our jaws hit the floor!)

Here was a group of innkeepers trying to figure out what they did wrong!

Some thought their rural small town location was the reason that business was slow. Other operators from larger cities argued that they could create the same ambience a rural, small town property could. Others thought they should have bought a more historic, unique home to draw more visitors. Owners of historical properties argued that the older building had higher expenses that made it impossible to be profitable. Other argued that their area doesn't allow them to charge enough to make a profit.

Not a single person in that room saw the big picture.

We hate to keep harping on this, but it ALL comes back to marketing, and marketing RESEARCH.

Why didn't these people ask these questions and consider these factors before they invested a huge amount of time, effort and money?

The one question that NONE of them asked before they committed to their business was "Where are the hungry hamburger eaters"?

This is a marketing story that was told by Gary Halbert, Dan Halderson or 79789 Abrahamson. We are sorry for not remembering which one. They are all amazing marketing teachers and we suggest you read some of their work!

Here is that story:

One day this marketing guru overheard two business partners arguing about the merits of opening two different types of burger restaurants. The first insisted that he be in a beautiful building with lots of seating, amazing storefront and a high priced gourmet burger menu.

The second thought he was all wrong. The second businessman thought he should open a small fast-food take out only burger joint. Keep the portions big, the prices very low, expenses low and try and do a HUGE volume to make a HUGE profit.

The two men saw the wealthy marketing guru and approached him to ask his opinion. They asked is he would impart this vast business experience and wisdom to help them solve the argument. The first laid out his vision for the upscale gourmet burger bistro, followed by the second with his high volume discount burger plan.

They asked the wise guru: "Which one do you think would be the most successful?"

The guru paused:

After a moment he said, "They could both be successful, or both be disasters. It would all be based on just one question!"

The two anxiously asked. "What question is that?"

The guru responded, "I don't care about the size, scale or prices of the business. I would just want to open a burger business where there is a **steady supply of hungry burger eaters!**"

It seems so simple!

None of the people at the seminar was asking that question.

1. Were there any travelers coming to their area that would want to stay at a B&B?
2. If there are, how to you let them know about your service

(NOTE: Remember this idea. You don't have to SELL. You simply have to find people who are looking for what you are offering. Then tell that you exist! If you are a solution to their need, they will make a reservation. Without any hype or hard selling!)

None of these innkeepers in the discussion had bothered to ask "are there any hungry hamburger eaters in this area. And how do we inform them of our solution!"

Those two questions are the most important factor in your B&B startup plan!

One More Thing (#2)...

Unless you are willing to open a large Inn, with a day spa, stables, golf nearby, full service restaurant and entertainment facilities, chances are you are the REASON people are booking a room.

Many operators think that **they** (their B&B) is the guest's destination.

NO!!

In most cases, your guests are coming to town for another reason. You care simply providing the solution to "where should we stay when we go there for that".

Assuming that your B&B is THE destination for your guests is a mistake. You are simply a solution. When they are searching the internet for a "place to stay", they want a quick solution, even if it costs a few dollars more.

Remember, in most cases you are a solution to help them with their main reason for being in your town. You aren't the reason their traveling, you are just a solution.

Ask yourself, "Why are people coming to this area. And why would they want to stay here?"

In other words, "Find out where the hungry hamburger eaters are and build ANY hamburger restaurant there!"

**"Find out where the travelers who want to book rooms are going,
and own a "place with beds" there!"**

Instead of discussing these broader issues, the owners at the seminar continued to discuss the benefits and disadvantages of 400 count versus 200 count sheets!

The question and answer discussion went around the room for quite a while. Here was a group of B&B owners who were looking for solutions to their issues. High vacancy rates, lack of future reservations, discount pricing discussions made it obvious these owners were not achieving the results they wanted. Unfortunately, another thing became increasing clear as the discussion continued. Instead of asking hard questions and seeking solutions these owners were standing up and telling about the great little things, they do that their guests compliment them on.

By the end of the seminar discussion time, the sharing of their successes invigorated the owners. One lady mentioned how she had a previous guest email her for a copy of her breakfast recipe. Another mentioned that putting a godiva chocolate brought a previous guest to tears. Another mentioned how her guests love to spend time on the swinging bench on their porch so they have decided to buy and install a second one.

There are many different types of gratification and reasoning for what we all do. By the end of this day of “learning” most of these B&B owners were returning to their struggling operations with no greater insight, marketing plan or direction. It was as if they got some energy from people in the same position as themselves.

The words “internet”, “marketing plan” and “future direction” were never mentioned. The only time the word “advertising” was mentioned during this multi-hour seminar was when everyone agreed that “word of mouth” is your best advertising.

Hearing that discussion was the reason we decided to go ahead and publish this information. (We started making bullet notes on the way back home!)

One More Thing (#3)

If you consider the “build it where the hungry hamburger eaters are” you will see that the new construction versus historical home argument IS NOT important. If you find the PERFECT location for all those guests who would want to stay at a bed and breakfast in a specific location. OPEN YOUR B&B THERE!

What if there’s no historical building there?

Build one!

There is one B&B operator who had looked for the right location/building match for over 10 years. He was frustrated by finding a great location and a bad building, or a great building in the wrong location. His solution was creative. He focused on the location, found a lot, bought the lot and had a building purposely built as a six room B&B. He saved a fortune as he acted as his own general contractor.

If you are up for the challenge that can be a 14% - 33% saving on the price. He put the B&B he wanted right where he was sure there were a lot of hungry hamburger eaters

(travelers – potential guests). The best part! He designed the building to look like a 100-year-old Victorian manor. It has all the historical charm, crown and cold moldings, high ceilings and winding staircases. It also has energy efficient heating and cooling, new electrical and plumbing systems and amenities.

There is always a solution if you simply stand back and look!

One More Thing (#4 (and getting repetitive))

What's your definition of **CLEAN**

Having a clean home, and running a clean Bed & Breakfast are two different things. Many people's homes are "clean". With your new Inn your target needs to be spotless! We all have a specific idea of clean. For some it's shiny floors, others it's clean carpets, others first look at windows, and for others it's dusting and fixtures.

We visited a lovely B&B that was owned and operated by a couple of retired schoolteachers. They were charming and had a lovely little spot. It was upsetting that the tops of our TV, the tops of our dresser and headboard were covered in dust.

It wasn't hard to understand why these areas were dirty. He was shorter than Patti (5'6") and she was much shorter than he was. They probably had never seen the top of the TV

You need to develop a "critical eye".

Have a friend or family member go into your rooms on a regular basis and write down what is lacking in cleanliness. Then THANK them for their help. It is better to be told this way, than from a paying guest!

One More Thing (#5)

Where do these no longer valid, common "myths" about running a profitable b&b come from?

Most B&B trainings stress three concepts

1. Buy an established B&B
2. Have separate owners quarters
3. Have ensuite bathroom for each room

The reality is that number 2 and number three are still good advice today. Unfortunately, #1 is costing many potential B&B owners their dreams and a lot of money!

The reasoning behind this myth (buy an established b&b) is quite easy to understand. Years ago, people marketed their services through word of mouth. Buying an established b&b saved the headaches of renovation and licensing issues and came with “good will”, repeat customers and a growing “word of mouth” Advertising in B&B travel guides was the best way to spread the word and attract customers.

This made good business sense 20 years ago.

With the internet, word of mouth advertising does not happen very much anymore (unless it is your mouth!)

Buying an established, profitable b&b will cost you more money. Starting one is cheaper. The licensing issues are more defined in most areas. You can start marketing on the internet tomorrow so growing you “goodwill” and waiting for “word of mouth” is no as important as it once was.

There were originally only a handful of well-distributed travel guides that we read by most travelers who WANTED to find a great B&B. This was the best way to get customers. These days most customers Google their desires and there are literally hundreds of guides.

The ugly truth is that most of the “startup guides” were written in a time when those myths were based in fact. Today, many of the trainers still believe the old way to be true.

One More Thing (“We’ve lost count!”)

“An Authentic B&B”

Some stubborn innkeepers state that people are looking for a simpler time. By not having access to the internet, phones in the room, modern ensuite facilities and DVD/TV’s they are giving their customers the “authentic b&b” experience. We wonder if these innkeepers are washing the laundry by hand and cooking and baking without a stove or microwave.

Of course, they wouldn’t dare have a dishwasher would they?

Being “authentic” seems to be an excuse for not learning new skills and looking forward.

One More Thing (“but it’s important”)

Size versus Income Equation

One of the seminars we attended gave us a work sheet with the following information. It was designed to help “perspective owners” decide what size of operation they should consider. Of course, it was presented by a real estate broker!

Size Of Operation (Number of Rooms)	Expected Results
1-5 Rooms	Can cover operating expenses (suggest one partner works outside the operation)
6-12 Rooms	Can cover operating expenses and produce a meager regular paycheck for operators
12+ Rooms	Can be run by absent owner Or owner/operated for a significant income

Don’t you just love these gross generalizations!

The people in the room adopted this “rule of thumb” blindly.

- What about the cost of the property?
- What about the price being charged for each room?
- What about the huge variance in expenses from establishment to establishment?

Although this idea wasn’t taught at this seminar, you might want to consider it.

- 1) Estimate what it will cost you to buy and operate your inn
- 2) Estimate what you can charge for your type of rooms in your area
- 3) Deduct your guestimated revenues from your guestimated expenses
- 4) See how much is left over!

The seminar chart just doesn’t make financial sense. If you have twelve rooms and you are charging \$50 per night, or you have five rooms and you’re charging \$200 per night, you can actually have a larger gross income on the smaller inn (and probably fewer expenses!)

One More Thing (“also important!”)

“Occupancy Rate of Available Nights”

We simply have to include a paragraph or two about this phrase. This phrase is commonly used by Bed & Breakfast owners who are trying to sell their business.

The phrase “occupancy rate of available nights”, is like “jumbo shrimp”, “military intelligence” and “solar powered flash lights”. It is a common selling phrase that is meant to distract you with double speak.

The first time we realized what this term actually meant was a real wake up call. We were looking at the numbers for a 6-room inn. Their accountant had prepared their financial listing package and we were very impressed with their 45% occupancy rate of available nights. We considered this a good number. High enough to say it was a business and low enough to consider possibly improving it.

Later, while looking over the numbers and it was obvious that some of their numbers didn't quite add up. In the original classified listing, they had stated that they had a 45% occupancy rate. In their financials, they stated that the average cost of a breakfast (based on two people) was \$11 per night, and they had 803 room nights booked the previous year.

This sounded our alarm bells and we brought out the calculators to do some simple math. If they had six rooms booked every night (365 days) there would be a total of 2190 possible room nights.

If the occupancy rate was 45% that would be 985 room nights ($2190 \times 45\% = 985$)

They didn't have 985 room nights, they had only 803 ?????

We seemed to be “missing” 182 room nights! (don't you love “creative” bookkeeping?)

We asked to have this “discrepancy” straightened out.

Here's the answer we received:

This particular Inn isn't open for business every night. The owners decided to take personal time quite often. They wanted us to believe that they regularly refuse bookings and take a day trip, or just stay home and watch TV without the hassles of guests. Therefore, instead of being available for business 365 days a year, this couple apparently was only available for bookings 230 days per year. They took 135 days a year as personal time.

Their “occupancy rate of available nights” for the previous year was based on this previously undisclosed “available nights” number.

In our eyes that real occupancy rate should have been stated as

So,

803-booked rooms divided by 6 rooms divided by 230 available nights

Equals (you guessed it!!)

58%

The broker was put out that we felt tricked by this explanation. We asked how we could confirm that these were “personal days” and not simply an accounting method for inflating occupancy rate. (in other words, they were empty nights that the owners didn’t want to admit!)

He told us that he had been selling real estate for 24 years and we should trust him!

His last statement was the most interesting. He told us, with a sincere voice, that these are simply methods used to improve the salability of a property. It’s not lying or misrepresentation; it’s just a creative way of stating income!!

So, please beware of the words “occupancy rate of available nights”.

Don’t be fooled by this twist of a phrase.

One More Thing (“!”)

The Myth Regarding The Difference Between A B&B And A Large Chain Hotel/Motel

Another quick point for your consideration. There is a new pompous attitude surrounding the Bed and Breakfast industry. Pick up almost any small inn publication and you will quickly see what we mean. The Bed & Breakfast industry is fooling itself into thinking that it provides a more personalized, comfortable, desirable and flexible destination for travelers. For many years the industry would promote itself as being the hospitable alternative to the cold, large national hotel chains.

Here is a wakeup call for all owner/operators thinking this is still an advantage.

The large hotels have woken up. They understand what today’s traveler wishes. Many large hotels now provide complimentary breakfasts (Hmmm. They give guests a bed, and a breakfast!). Many are implementing spa services, concierge services, flexible check in and check out times, and free internet access!

There are boutique hotels that have taken the B&B concept and made it more upscale. Some even offer business travelers the option of a brown bag lunch!

Does this mean that B&B’s days are numbered? Of course not. There are still many travelers who would love to stay in a more intimate, cozy, small establishment. It is important that you realize that you are competing against the big boys in terms of guest expectations. The B&B industry started making a name for itself because of the large chains bad service. Those days are over, and the B&B industry must elevate itself to match traveler’s expectations.

Personality, customer service and flexibility. You must have all three!

(Something else?)

Zoning and Permits

Many of the books and seminars we've attended spend a lot of time focusing on zoning, permits, health codes, building codes and fire codes.

Yes, it is vital that you look into all the government regulations and cross your t's and dot your i's. However, be aware that these governances change dramatically from place to place. One town's fire code insists that all guest rooms' doors open outwards and have automatic closers. Another county insists on CO2 detectors all on floors. One city requires a B&B license, and another we investigated allows four guest's rooms before you need to apply for any license.

We won't waste anymore of your time talking about zoning and permits. You need to drill down and find what is applicable in your desired area.

One More Thing ("short note #1")

eBay

A great place to look for bargains. We asked an innkeeper about a beautiful lantern hanging on the front porch. We thought it must be a priceless antique they purchased from one of the local antique stores, or it was original to the house. We wouldn't have been surprised if its appraised value was thousands of dollars. The owner told us they found it on eBay for \$30!!

One More Thing ("short note #2")

Remember The Difference Between Paying Guests, and Friends

Nothing will drain you emotional and mentally more than trying to become "friends" with **every** guest, instead of becoming professional, courteous business operators. Friendships might develop in time. Don't feel the need to "entertain" every guest and turn him or her into a life long friend.

Recap And Reality Check

Right now there are thousands of people huddled around spread sheets, graph paper, TLC design shows, real estate magazines and bed and breakfast guides planning exactly how they are going to open THEIR bed and breakfast!

From “The Bob Newhart Show” to the more recent “Gilmore Girls” the idea of owning a bed and breakfast in New England, or a cozy “Dragonfly Inn” seems utopian.

There is a romance that goes with the notion of owning a comfortable bed and breakfast business like your own version of "Cheers". You know; the place where everyone knows your name.

You can see yourself walking around the breakfast room like Humphrey Bogart in Casablanca and saying hello to your admiring customers. (Play it again, Sam!)

There are hundreds and thousands of ideas that spark the idea to open your own bed and breakfast.

- You host a party and your guests say you make them feel SOOO comfortable.
- You have a “special breakfast recipe” and love baking. Everyone tells you could be selling your creations.
- You KNOW that there must be people who would love to eat vegetarian breakfasts and stay at a B&B that welcomes pets! You’re sure it’s a goldmine
- You have decided to start make a lifestyle change and slow down to smell the roses. You can’t imagine anything more relaxing than living in a beautiful home and catering to a small number of guests, for profit. Your health isn’t what it should be and your hoping that this relaxed lifestyle will reduce your stress.
- There is a very successful Inn in your town and they don’t seem to have any competition. It can’t be that tough. It is not brain surgery. This is a great opportunity
- Everyone has told you that you are the warmest, best customer service person they’ve EVER encountered. Instead of making your boss rich, you decide that by opening a B&B you can make yourself rich.
- You look at what it costs to house your family. By opening a B&B, writing off the overhead, feeding breakfast to the family, and creating a revenue stream, you will be saving a ton in taxes... You can create an asset from what most people have as an expense. You can eat at the bed and breakfast for almost free, eliminate most of your living expenses, have a tax-deductible write off and profit from the whole thing.

Please consider this.

Many things in life seem MUCH easier than they really are.

We are not saying that owning a successful, profitable bed and breakfast is brain surgery (it is not), but it should not be taken lightly. The truly successful bed and breakfast

owners are constantly learning, upgrading, adapting and researching today's hospitality industry trends and "secrets."

Quiz Recap

Here is a recap of the quiz from the website.

<http://www.bedandbreakfastprofits.com/trythequiz.htm>

The conventional B&B wisdom embraced many of these outdated myths. We have asked these questions to 10-12 struggling B&B operators during various interviews over the past 2-3 years..

Question #1

What is the most important factor in predicting your future B&B's success?

- a) Cleanliness of your rooms
- b) Repeat business
- c) Location
- d) Hosts personality
- e) Word of mouth
- f) None of the above

Conventional Outdated Answer: The struggling operators chose b, c, d, and e.

Our Opinion: f) none of the above – it should be "your ability to market your b&b"

Question #2

What should be the #1 priority of any profitable B&B owner?

- a) Guest services
- b) Upkeep, maintenance and repairs
- c) Networking
- d) Hiring good staff
- e) Nurturing repeat business
- f) None of the above

Conventional Outdated Answer: The struggling operators chose a, e

Our Opinion: f) none of the above – it should be "marketing"

Question #3

What factors should determine which B&B associations you join?

- a) Price
- b) Size of membership

- c) Local or national
- d) Their website design
- e) Membership purchasing discounts
- f) None of the above

Conventional Outdated Answer: The struggling operators chose evenly between a, b, e
Our Opinion: f) none of the above – it should be “the one that produces reservations”

Question #4

What is the #1 mistake made on the majority of B&B websites?

- a) Color scheme
- b) Pictures and graphics
- c) Description of hosts
- d) Website hosting company
- e) Property description
- f) None of the above

Conventional Outdated Answer: The struggling operators chose b, e
Our Opinion: f) none of the above – it should be “automated online reservation system”

Question #5

What would be the #1 contributor to B&B operators burning out in the 5-7 years?

- a) Not enough rooms
- b) Owners age and health
- c) Demanding, bad guests
- d) Unsupportive family
- e) Not closing the inn regularly for rest breaks
- f) None of the above

Conventional Outdated Answer: The struggling operators chose a, b, c.
Our Opinion: f) none of the above – it should be “not booked enough to be profitable enough to hire support staff”

Question: #6

What should be the #1 factor in determining where to open YOUR B&B?

- a) Price of the property
- b) The specific architecture of the building
- c) Whether it is established business or a startup
- d) The local weather
- e) Your customer service skills
- f) None of the above

Conventional Outdated Answer: The struggling operators chose a, c, e.

Our Opinion: f) none of the above – it should be “where the hungry burger eaters are”

Question: #7

Which statement is MOST TRUE?

- a) An old Victorian will make a more profitable B&B
- b) New home construction will make for a more profitable B&B
- c) Buying an established B&B makes the most sense
- d) You need more than five rooms to take a living wage
- e) You need to be a real “people person” to make money with a B&B
- f) None of the above

Conventional Outdated Answer: The struggling operators chose a, c, d, e

Our Opinion: f) none of the above – it should be “none of the statements above matter if you don’t have marketing skills. If you have a true marketing plan you can then the rest is simply personal choice.

Question: #8

The most important factor to the ongoing future profitability of your B&B is.

- a) Word of mouth
- b) Repeat business
- c) Your advertising
- d) Your staff
- e) Your customer service skills
- f) None of the above

Conventional Outdated Answer: The struggling operators chose a, b

Our Opinion: f) none of the above – it should be (yep, you saw this coming)
Your marketing skills and your marketing plan!

The answer to ALL the questions in this quiz is **f: (none of the above)**

None of the struggling operators we spoke to picked “f” to any questions. These were not uneducated, unaware previously unsuccessful people. Most had done very well in other careers before purchasing their B&B. Unfortunately, most had little or no training in today’s B&B environment. They had bought into the 1970 way of operating a small inn. They were doing the best with what they knew. If they knew better, they might do better. Most had not even considered there was something they were “missing”. They blamed external factors. Unfortunately, most of these operators do not see today’s’ reality of the B&B business.

We Hope You've Enjoyed Your Stay!

We have presented this information in the hope that we've have stated one opinion that might get you to look at the B&B business with a broader perspective. I hope that we have given you a little better insight to some of the strategies the successful owner knows, and the struggling ones have never considered...

Armed with this information you stand a much better chance of beating the odds and opening your profitable bed and breakfast. Once again, there a many other books available at your local library that will give you the general details for planning your breakfast menu, designing your space, hiring contractors, concepts and theories on customer service and the such.

It would also be a great idea to read all your local libraries ideas for the more traditional thoughts on running your b&b. You will also find a large selection of books that will teach you the techniques of owner financed real estate. This information could end up being very valuable when buying, or selling your b&b.

We honestly don't believe you will find any other publication that lays out the concepts you've just read regarding the B&B business Learn the skills so you can feel confident in your b&b ownership success. You will sleep better! (and so will your future guests!)

It is our hope that a few of these ideas can really help you and maybe make the difference between an enjoyable, profitable operation and a "for sale" sign on the front lawn.

Here is a review of some of our concepts tips

- Don't overpay for for a B&B at the top of it's earnings cycle (unless you can figure out a way to grow it's earnings)
- Find or start your business with owner financing or pennies on the dollar
- Concentrate on marketing, not making jam
- Have an exit plan
- Crunch the numbers to see if you'll be profitable enough to hire staff
- Try to create a business, not a job or a hobby

Marketing your bed and breakfast aggressively using the internet should become your #1 money making priority

- Understand that waiting for "word of mouth" to catch on is like trusting the Tooth Fairy to bring you business
- Utilize the internet and email to cut expenses and get personal with your customers

- Don't tell your competition what you are doing

Before you open

- Find a successful, profitable model of what you are trying to create
- Research your location and market thoroughly
- Be flexible
- Get your business credit and financing together before you open

By simply considering some of our observations from this ebook, you are WAY ahead of most of the innkeepers we have met.

Market, Market, Market your Bed and breakfast! (turn it into a song!)

Thanks for reading

If you do find your “Shangri-la”, and get your bed and breakfast open, please email us and we would love to book a room and visit if we are in your area. We realize you will be quite busy for a while, but do let us know how you make out!

We are still diligently looking for our “right fit” to come along. We are willing to be patient (or so we say now). When we do find the right situation/fit for us we will let you know all the details. We'll send you the exact details of our stealth, internet marketing.

We really hope you do open a terrific, profitable, fun bed and breakfast of your dreams and enjoy all the blessings that go with your success.

Wishing you nothing but success!

Robert and Patricia Farnham



Ps.

(After reading the rough draft of this ebook, we looked at each other and asked why anyone would really want to risk opening their own bed and breakfast. We felt that based on our opinions, the downside, risks and the amount of learning required. These things might outweigh the potential upside most perspective future).

We have decided to balance our opinions and warnings by including one more chapter.

Bonus Chapter

Why You Will LOVE Your Bed and breakfast Business!! (If you do it right!)

It doesn't matter your age, color, religion or formal education, everyone can succeed as a bed and breakfast operator. It is a level playing field. You can work hard and write your own paycheck. It requires attention to detail and other skills that anyone can learn, if they wish to. There are very few industries left where you can decide to follow your dream, open a business and go for that brass ring. The success and profit levels of your bed and breakfast are only limited by you.

We would like to tell you about one specific successful B&B owner/operator couple we have met. Actually, they own a few B&B's. They love the business. They have grown their business over the years, expanded into nearby locations, opened up a restaurant and bought a small hotel. They know the name of all their staff. Have had their kids work for them for summer jobs while they grew up.

Now they travel, laugh and live like newlyweds. They have worked hard, and enjoyed every bit of every day. (and they still work in their businesses when they are in town)

This couple started with zero hospitality experience. They told us that they would still not be able to get an interview for ANY job with a major hotel chain. They have zero college hotel/motel course training or experience.

They just learnt as they went along. They changed and adapted. In June of 2006, they had a ring of 18 popular websites promoting their businesses. Their B&Bs were busy and they spent almost nothing on outside advertising.

This web-ring concept is an advanced internet marketing technique. Have you ever been in a shopping mall and noticed 5-10 shoe stores all competing for each other's business?

If you do a little digging, you'll find that many of the popular shoe stores are all owned by the same company. If you go across the mall to another store, you're still buying from them. They WANT you to shop around!

This advanced internet-marketing concept (mini-web ring) was adopted by this young-at-heart innkeeper in his 81st year on the planet!! When we asked him how he developed his knowledge of mini-webs and internet marketing, he said, "I love 4 things in life. My Family, My God, People and Learning!"

**Here is what you'll LOVE about starting and running
your own successful bed and breakfast
(a collection of sites and smells from the truly happier innkeepers we've met)**

"Being the first one in the kitchen in the morning and starting the coffee -- the sounds of multiple people snoring as you walk down the halls -- experiencing daily just how unique and friendly most people are -- hearty laughter from the kitchen and breakfast area -- the clinking of glasses -- teamwork when things get crazy -- trying to keep up when things get exciting -- focusing on making sure everything is just right -- making lifelong friends with the suppliers, vendors and repeat guests -- enjoying the constant changing daily challenges -- knowing that everyday is so much different -- the look on the faces of new guests when they first walk into their suite -- Being invited to a former guests daughters wedding on the opposite coast -- scrambling to

"MacGyver" something that breaks in the middle of the breakfast ~~ discovering just how different and interesting most people are ~~ realizing just how similar most of us are ~~ getting compliments for something you created ~~ watching others drive frantically to work through a beautiful window ~~ getting to redecorate as a "business expense" ~~ learning more about the world over breakfast than any newspaper ever reports ~~ the smell of clean ~~ the love of gardening ~~ seeing the pride in your friends and family ~~ the friendships and teamwork built in thriving business ~~ hiring great staff ~~ NEVER being bored! ~~ having time go by so quickly!! ~~ having guests know your name ~~ doing the little things for people who never take the time to do for themselves ~~ experiencing true gratitude ~~ being able to enjoy the changing of the seasons ~~ seeing a full reservation book ~~ pride when making the deposit at the bank ~~ the respect the bank gives you when you make that deposit! ~~ future assets and security for your kids ~~ checking the upcoming reservations with anticipation ~~ knowing that your staff actually *LIKES*

their job ~~ learning that the human race is full of some terrific people ~~ hiring more people because your getting busier ~~ coming up with fun promotions ~~ seeing marketing working ~~ turning off the lights and locking up at the end of the day ~~ spending peaceful hours creating a magnificent gardenscape as part of my "job" ~~ respect in the community ~~ being able to make a customers day with just a comment ~~ having a customer make your day ~~ reading unexpected things in the "customer comment" book ~~ the challenge of recreating and changing the breakfast menu ~~ knocking over a serving tray during a busy breakfast rush (and being able to laugh) ~~ getting great deals from your suppliers ~~ the feel of expensive freshly ironed sheets ~~ designing, renovating, decorating and creating the physical entity of something you imagined ~~ success ~~ self confidence ~~ constantly meeting new people ~~ developing long term friendships ~~ seeing your staff grow, profit and mature ~~ fun ~~ profits ~~ getting an incredible offer for your bed and breakfast! ~~ true feeling of accomplishment ~~ seeing the admiration

in your child's eyes ~~ feeling the passion for YOUR business ~~ beating the odds ~~ enjoying the profits, esteem, reputation and success! ~~ the feeling of accomplishing the task of "creating a profitable business"

That is just a taste of their **whipped cream on the top of their bed and breakfast sundae!**

We hope you enjoyed your stay (read), and we hope we've given you a better chance to enjoy the fruits of a successful, profitable bed and breakfast you can call your own!

To your great success!

