



# Bed and Breakfast

## BUSINESS PLAN

### RED BARRON BED AND BREAKFAST

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824 Springhill Dr.  
Los Amos, CA 77385

April 27, 1990

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*The Gothic-styled Red Barron Bed and Breakfast currently supports five guest suites in the main house featuring a number of amenities. The proprietors hope to expand their operation to include three guest cottages, as business conditions allow. This plan presents a variety of specifics on crafting a successful B&B with comfort and charm .*

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- STATEMENT OF PURPOSE
- SUMMARY
- DESCRIPTION OF BUSINESS
- INDUSTRY ANALYSIS
- MARKETING STRATEGY
- PROMOTION AND ADVERTISING
- COMPETITIVE ANALYSIS
- PERSONNEL
- RENOVATION AND EXPANSION PLANS
- FINANCIAL DATA
- SUPPORTING DOCUMENTS

## STATEMENT OF PURPOSE

This plan will be used as an Operating and Policy Guide for the Red Barron Bed and Breakfast and to obtain necessary financing.

The business will be structured as a sole proprietorship. The principal, Margaret A. Barron, seeks loans totaling \$525,000 to:

- Refinance property
- Perform necessary renovations and improvements
- Purchase furnishings and inventory
- Maintain adequate cash reserves for successful start up

This sum, together with an additional \$95,000 provided by the principal, will finance start up of a five room inn.



## SUMMARY

The property located at 824 Springhill Drive, Los Amos, CA is intended for use as a Bed and Breakfast. Situated in an historic neighborhood recognized as a popular tourist and visitor destination, it is well suited for this use.

A large house, three cottages, and a six car garage are situated on approximately one-half acre of landscaped grounds. The house is a Los Amos City Landmark and has been nominated for the National Register of Historic Places.

The B & B will initially be limited to the main house, with the cottages remaining as monthly rentals. The cottages will be added one at a time as business conditions allow. A Use Permit for eight rooms has already been granted by the City of Los Amos.

Occupancy, revenue, and room rate projections are validated by extensive research conducted over a three year period. The research includes professional survey data, information obtained through state and national industry associations, and the owner's private market analysis.

The research process played a vital role in the determination of features and amenities that will be provided by the Red Barron. Whirlpool tubs and in-room fireplaces were selected based on what B & B guests want, what they are willing to pay top of the market prices to utilize, and which items provide the highest return on investment.

Expense control measures have also been identified through industry affiliations. Through these affiliations, the inn will be able to take advantage of savings not otherwise available to a small purchaser. These range from reduced pricing on towels and linens to credit card processing.

The owner's 20 years of business experience will be a strong asset, particularly in the areas of sales and marketing. To strengthen the operations side of the business, personnel experienced in the hospitality industry are being utilized in the critical first year of operation.

An expansion plan is also in place that will allow the B & B to diversify its customer mix and increase revenues. By adding the three rental cottages, the Red Barron will be able to increase the number of guest accommodations available and market to the growing family and business traveler segments.

## DESCRIPTION OF BUSINESS

### Nature of the Business

The property is intended for use as a Bed and Breakfast Inn, to be called the Red Barron.

Requests for an eight room Bed and Breakfast Use Permit and a building permit for proposed renovations have been approved by the City of Los Amos. Construction bids were submitted by three licensed General Contractors. Bayside Construction has been selected to perform the necessary renovations and improvements. Based on the scope of work, construction is expected to take five to six months. Adding some time for contingencies and start-up preparations, and taking into account the expected slow down of tourism in the latter part of the calendar year, the inn is expected to open for business in January, 1995.

The property was selected based on a variety of factors, including:

- Appropriately zoned for B & B use
- Prime location in an older neighborhood already well into gentrification
- Location in a popular, scenic, and recreational destination, with a proven track record of attracting travelers, tourists and special event visitors
- Architecturally significant house that is already a City Landmark and has the potential for placement on



the National Register of Historic Places

- Excellent floor plan in main house that will easily provide spacious guest rooms, private baths, and ample common areas
- Private, well landscaped back yard
- Ample off-street parking
- Three cottages that can provide either monthly rental revenue or income as part of the B & B

Initially, only the main house will be part of the Bed & Breakfast, providing 5 guest rooms. The 3 cottages will continue to provide monthly income until the (inn) business can support their inclusion. The inn will ultimately include eight guest accommodations.

Inn patrons can enjoy ample common areas, including a parlor, sunroom, large dining room downstairs, and a sitting room with window seat upstairs. Quality furnishings and furniture, including many antiques and hand-stitched needle-work items, will help create a warm and inviting environment. Features of the common areas include two fireplaces, a baby grand piano, and a varied selection of reading material and games. Sitting areas will be comfortable and well lighted.

Guests will also be able to enjoy outdoor seating, either on a deck adjoining the sunroom or in the secluded backyard. In addition to providing a pleasant spot to relax or dine outdoors, the deck will also provide an aesthetically pleasing solution to the required wheelchair ramp.

Each of the 5 guest rooms will have a private bath with shower. Three rooms will also have a whirlpool tub, two rooms will feature a fireplace, and two will have a private deck. One will also have a sitting room and private entrance. As described in some detail in the Industry Analysis and Marketing Strategy sections of this plan, these are increasingly popular features. One guest room and bath, located on the ground floor, will also be handicap accessible.

A full breakfast will be served and included in the room rate. Turn down service, evening refreshments, and an array of special services, including wine for purchase, will also be available. A Beer and Wine License will be obtained to accomplish the latter.

In addition to ample street parking on both Springhill Drive and Sun Lane, guest parking will also be available on the property. There are six existing garage spaces and three uncovered spaces will be added, including one handicap and one compact.

Proposed rates and policies are outlined in the Marketing Strategy Section.

## **Physical Description of Buildings and Property**

Located at 824 Springhill Drive, the house and adjacent structures are on a prominent corner lot in an historic residential neighborhood of Los Amos with compatible Victorian homes representing the various styles of that era. Present on the approximately one half acre parcel are a large two story house, three single story cottages, and a six-car garage.

The main house was built prior to 1870 and is an excellent example of the Gothic Revival style popular in the United States in the 1850s to 1870s. It is on the Master List of the State Historic Resource Inventory and has been designated as a City Landmark. It has also been placed in nomination for the National Register of Historic Places, however, the house has been temporarily removed from consideration by the owner until exterior renovations have been completed.

Although no famous personage was born or resided in the house, it has many of the characteristics of the Gothic Revival style popularized in such books as Andrew Jackson Downing's *The Architecture of Country Houses*. The Chief Officer of the State Office of Historic Preservation has deemed this house architecturally significant because it is such a good example of this popular style and retains the integrity of the original design. Also notable is the fact that the house was continuously owned and occupied for nearly 100 years by the descendants of an early Los Amos resident, Clyde Hawthorn, who purchased the property in 1895.

**Источник бизнес-плана:** <http://www.referenceforbusiness.com>



The house consists of five bedrooms, parlor, dining room, two sunrooms, kitchen, and large study. The interior is accented by such features as a built-in desk and display case, two fireplaces, a curved stairway, and hardwood floors.

Also on the property are three cottages, one studio and two one-bedroom units. These dwellings were built in the late 1930s and early 1940s as extended family living quarters. Like the main house, the cottages have hardwood floors and interior features such as built-in corner cupboards.

Landscaping is well established and includes holly, persimmon, fig, and tulip trees, as well as numerous rose and camellia bushes. Also on the grounds are a stone and mortar patio with a path leading around the main house, connecting the patio to the front walk. Shading the patio is a wooden arbor graced by tea roses planted by the early owner, Clyde Hawthorn.

## Location

The property is located in the city of Los Amos, in the Paris Valley wine region. The Paris Valley runs southeast-northwest and is approximately 29 miles long and 4 miles across at its widest point.

The Paris Valley consists of approximately 32,000 acres of planted vineyards. In this valley alone there are over 200 wineries. Most of these wineries are visitor oriented, offering tours of their facilities and complimentary or nominal fee wine tasting. Some feature restaurants and art galleries or schedule music concerts, cooking schools, and other wine-related events.

The area is also one of the state's foremost tourist regions. The city of Los Amos typically receives 2 million visitors each year, with at least as many visitors to be found in the valley on any given weekend during the harvest season as in Southern California's Disneyland.

Only a little over an hour's drive from the Metropolitan area, city-weary guests looking for overnight or weekend get-aways are also attracted to this beautiful and peaceful area.

The county has scores of excellent restaurants, several notable galleries and gift shops, and an array of recreational facilities. Add to this the four distinct and desirable seasons, and you have an excellent foundation for a year-round tourist-based business.

## Area Attractions

### Points of Interest

- Over 200 wineries
- Numerous spas and hot springs
- The Wharf Marina
- Lake Sunfish
- Sumner's Dunes
- Thorne-Spring State Parks
- George Silver Blockhouse
- Terrance Museum
- Hawthorn Wine Museum
- Sharps Museum

### Historical Landmarks

- Bale Grist Mill
- Robert Louis Stevenson Park



- Reading Railroad
- Old Calistine Depot
- Krammer Winery
- Charles Benning Winery
- Davis Wine Train

### Recreational Activities

- Paris Valley Riverboat
- Tours by air, including glider, biplane, Cessna, helicopter, and hot air balloon
- Bicycle routes
- Hiking trails
- Horseback riding
- Golf
- Tennis

### Seasonal Events

#### March & April

Great Chefs Series (Robert Price Winery)

#### June

Concours d'Elegance

Monday Night Concerts (Domanique Silano Winery)

Robert Price Summer Festival

Paris Valley Wine Auction

#### July

Paris County Fair

Fourth of July celebrations

Bastille Day celebration (Domanique Silano Winery)

#### August

Paris Town & Country Fair

#### September

Antique Show

Chesterfield Art Exhibit

#### October

October Fest

Silverville Days Festival

Great Chefs Series (Park Winery)

#### November

Paris Valley Wine Festival

*Источник бизнес-плана: <http://www.referenceforbusiness.com>*



Great Chefs Series (Georgia Cleo Winery)

## INDUSTRY ANALYSIS

### Travel Trends

Given the current condition of the U.S. economy, attention has been given to the impact of a recession on the travel industry. Information obtained from the U.S. Data Center was studied to get a better perspective on how the industry fared and how consumer behavior changed during past economic recessions.

The 1989-90 Economic Review of Travel in the United States revealed that the travel industry endures recessionary periods relatively well. In fact, when dealing specifically with volume, the first eight months of 1990 showed an increase of 3% over the previous year. Although the last quarter was expected to post a downturn, the Center cites past consumer performance, as measured during the 1981-82 recession, as hopefully being able to predict individual trends.

During 1982, travelers combined vacation trips with business trips and appeared to explore other ways to continue an activity that had become an integral part of their lifestyle. The lodging industry maintained relative success and despite sluggish growth in receipts during the last recession, industry employment outperformed overall employment in creating new jobs during the 1981-85 period. Since 1982, travel industry employment has grown 55% faster than jobs in the overall economy.

The Center's data says that vacation travel recovered more quickly than other types of travel after the 1981-82 recession and projects the same for this recessionary period.

The Paris Valley has numerous features that make it attractive to travelers, even in an economic downturn. Its close proximity to the Metropolitan area makes it an ideal getaway for both local consumers wanting a quick and easy escape from the stresses of everyday life and visitors looking for something to round out their Metropolitan experience. As business and conference travelers look for ways to combine business and personal travel, the Paris Valley is an ideal locale. Neither the year-round appeal of the Valley's weather nor the close proximity to the Metropolitan area should be underestimated.

### Characteristics of Bed and Breakfast Guests

The following information about why guests stay at bed and breakfast inns and the characteristics that influence their selection was provided by a variety of experts in the bed and breakfast industry. Statistics were excerpted from two independent survey sources: the 1988 and 1990 "Bed and Breakfast Industry Survey and Analysis" and the 1989 "Market Analysis of Bed and Breakfast Guests".

- The personal touch of a bed and breakfast and the charm of the building are ranked as the most important reason for staying at a bed and breakfast.
- The three most popular information sources are:
  - Recommendations from friends and family
  - Inn's brochure
  - Guidebooks
- Location and availability of amenities are the most important features or characteristics influencing the selection of an inn.
- Smoking permitted and pets allowed are the least important features in selecting a bed and breakfast.
- Pleasure is the primary purpose for frequenting a bed and breakfast inn. In each survey, the largest percentage of guests are "tourists." Respondents also cited special occasions, visiting family, and business travel.
- The average age of the bed and breakfast guest is 39.6 years. Over three fourths of bed and breakfast



guests are between the ages of 20 and 49 years.

- The typical bed and breakfast party consists of two people. The 1990 survey indicates nearly 80% are "couples," sometimes traveling with children or another couple. The number of families traveling to inns is also growing, with an increase from 7% to 10% in 1989.
- The typical bed and breakfast guest is well educated, a business professional, and in the upper percentile for annual income.
- - Nearly 90% of 1990 respondents and their spouses/partners have a college degree, some graduate school, or an advanced degree.
  - The most common occupations are professional, business, sales, banking, health, engineering, computer, and education.
  - Over 50% of respondents reported a 1989 household income of \$50,000. (This is a national average).
- Discretionary funds for travel and leisure for individuals in this category are higher than the norm: The typical "upscale" couple frequents bed and breakfast inns for anniversaries, birthdays, and romantic get-aways an average of four times a year.

## Amenity and Feature Data

### 1990 Inngoers Amenities Survey

This information was obtained from a survey conducted by Insider magazine. A list of basic amenities was provided and readers were asked to rate their importance on a scale of 1 to 5. The results were based on 3500 responses. Respondents were also allowed to comment on other items of great importance to them or those not specifically mentioned.

•Mattress Quality.....	87%
•Towels.....	85%
•Linens.....	81%
•Washcloths.....	77%
•Glasses.....	62%
•Bath Mats.....	62%
•Reading Lights.....	58%
•Soap.....	56%
•Phones (in room).....	30%
•Shampoo.....	23%
•Books and magazines.....	20%
•Wine or cordials (in room).....	17%
•Mints on pillow.....	13%
•Hair conditioner.....	12%
•Bath gel.....	11%
•Comment Book.....	11%

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- Mints on pillow 13%
- Hair conditioner 12%
- Bath gel 11%
- Comment Book 11%

Some of the additional comments included wanting a small table or place to set toiletries, a comfortable chair with a good reading lamp, good mirror lighting, a table on each side of the bed, luggage rack(s), clothes hangers, plenty of hot water, and extra pillows.

Authors of Innsider note repeated comments about comfortable beds and adequate lighting.

### 1988 Inngoers Qualities Survey

A survey conducted by the Yellow Brick Road industry newsletter disclosed bed and breakfast qualities considered very important by guests. Although conducted several years ago, current research indicates that those qualities deemed most important have not changed dramatically. Bed and Breakfast guests are becoming more sophisticated and have higher expectations. As an example, private baths are becoming the expected standard, with fewer guests willing to share. More guests are also seeking "luxury" features such as in-room fireplaces and spas, and they are willing to pay a premium for them.

Qualities considered very important by guests:

•Warmth of innkeeper.....	79.8%
•Private Bath.....	68.5%
•Breakfast.....	66.3%
•Owner-operated.....	37.1%
•Fireplace in Room.....	29.8%
•Afternoon/Evening Refreshments.....	18.3%
•Antiques.....	16.2%
•Historic Building.....	15.9%
•Spain Room.....	6.1%

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•Historic Building	15.9%
•Spain Room	6.1%

Other qualities guests like (based on comments): Privacy, gardens, cleanliness, ambience, charm, quiet, and decor.

### Occupancy Data

Information obtained from the 1988 and 1990 PAII Bed and Breakfast and Country Inn Surveys indicates that overall occupancy increased over the four year period studied.

Overall:

1986.....	51%
1987.....	54%
1988.....	65%
1989.....	66%

1986	51%
1987	54%
1988	65%



1989 66%

It should be noted that these are national figures. Traditionally, establishments located in the West enjoy a higher occupancy percentage than the norm, particularly those considered a "destination." The Paris Valley clearly qualifies as a "destination" because most visitors are coming specifically to the area, rather than passing through on their way elsewhere.

The Professional Association of Innkeepers estimates that inns in the Wine Country (including DeLand and Quaal Counties) average an annual occupancy rate of 75%.

Based on information obtained from industry associations, a new inn can expect a first year occupancy of about 50-55% of the area average, with a minimum annual increase of 10%. Using an average of 75% for inns located in the Paris Valley, one could project an occupancy of about 38% to 41% in year one. This would increase to 51% in year two and 61% in year three.

Occupancy figures obtained through real estate records show actual first year rates of 44% for two new inns located in Deland and Quaal respectively.

## Pricing Data

According to the 1990 Bed and Breakfast and Country Inn Survey, room prices have more than kept pace with inflation.

Average Daily Room Rate:

1986.....	\$78
1987.....	\$83
1988.....	\$92
1989.....	\$102
1990.....	\$106
Corporate Rate.....	\$85

1986	\$78
1987	\$83
1988	\$92
1989	\$102
1990	\$106
Corporate Rate	\$85

A few generalizations:

- The older the property, the higher the prices.
- Rates in the West are higher than the South and Northeast by \$8-20.
- Urban prices tend to be the lowest, yet their corporate rate is the highest.

## Feature Valuations

1990 survey results indicate just how much people will pay for in-room features:

Average Value of Special Room Features  
 (in addition to basic room priced at \$80)

Private Bath.....	\$12-34
Fireplace.....	\$13-46
Whirlpool Tub.....	\$14-63
Extra space (balcony, deck, patio).....	\$17

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Whirlpool Tub	\$14-63
Extra space (balcony, deck, patio)	\$17

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# MARKETING STRATEGY

## Positioning

The Red Barron will be positioned as a bed and breakfast offering a romantic experience with comfortable surroundings. There will be a strong emphasis on attention to detail and customer service. It will cater to the aesthetic tastes and expectations of the discerning and affluent traveler.

In the hospitality business, small inns have the unique ability to deliver personal and personalized services. This advantage will be exploited by offering individualized guidance in personal, recreational, and entertainment needs. An environment will be created to enhance each guest's experience by drawing on the innkeeper's heritage of "Southern hospitality."

The building, grounds, and decor play such an important role in the consumer's choice of a particular bed and breakfast. The inn must be luxurious, comfortable, and conducive to relaxation and romance. Those amenities most desired by guests, including private baths, whirlpool tubs, fireplaces, and private decks, will be provided.

## Image

Image consists of many components and the Red Barron is being carefully planned to ensure that each of these elements has been considered and appropriately addressed.

Friendly and polite telephone and on-site presence:

Calls will be answered promptly, and all inquiries handled in a pleasant and professional manner. For those times when calls cannot be answered, an answering machine will be used. The messages will be checked frequently and calls returned as soon as possible.

Owner's personality, hospitality, manner, and business actions: Recognizing that an owner-innkeeper on the premises and the warmth of that individual are two qualities that B & B guests look for, this will be a high priority. Attitude, appearance, and professionalism are key goals.

Cleanliness of bedrooms, baths, and public areas and dining facility: The inn will be maintained in a manner befitting a first class lodging establishment.

## Amenities, features and unique services

The Red Barron will excel in its delivery of amenities, features, and special services. For clarification, an amenity refers to an extra service or product offered free to every guest that does not directly affect price. Sweet-smelling soaps, fluffy towels, and making dinner reservations will be available to all guests, while in-room whirlpools, fireplace, and private decks are features for which an additional charge is directly extracted. A special fruit and cheese tray or bottle of wine with room delivery is an example of a special service for which there will be an additional charge.

Each guest room and bath will contain the following amenities:

- King or Queen-sized bed
- High quality mattress
- At least 2 comfortable chairs and a table or desk
- Good reading light
- Closet or armoire
- Luggage racks
- Storage space in bath (plus tubs in four)
- Luxurious towels and guest robes



Feature found in individual guest rooms are detailed below.

## **Name, Logo and Decor of the Inn**

The name Red Barron was chosen because it will be easy to remember and it contains a marketing "hook" (i.e. the owner's last name, and a reference to a famous fictional character).

A logo was designed that will subliminally promote the four seasons concept due to the year-round attractiveness of the area to visitors. This scheme is further reinforced by naming guest rooms for the seasons and even decorating each one in the colors and accessories appropriate to that time of year. The fifth guestroom will appropriately be called the Fifth Season.

The entire house will be furnished in antiques collected by the owner over many years; however, beds will be new to accommodate today's standards of size and comfort. The bed will be the room's focal point, selected with the "theme" of that room in mind. The Winter Room, for example, will feature a Sleigh Bed. A brief description of the features found in each room follows:

- Autumn (#1) - Queen Bed with Private Bath (Whirlpool Tub), Fireplace, Bay window
- Winter (#2) - Queen Bed with Private Bath (Whirlpool Tub), Fireplace
- Spring (#3) - Queen Bed with Private Bath (Shower)
- Summer (#4) - Queen Bed with Private Bath (Tub & Shower), Private Deck
- Fifth Season (#5) - King Bed with Private Bath (Whirlpool Tub), Sitting Room w/extra bed, Private Entrance, Private Deck

In keeping with the Victorian farmhouse style, furnishings will be less formal than those found in the more ornate mansions. Although furnishings will appropriately reflect the Victorian era, chairs and sofas will be comfortable and rooms light and airy. A variety of color schemes will be used, with a balance of masculine and feminine schemes.

## **PROMOTION AND ADVERTISING**

### **Public Relations and Personal Selling Program**

Building strong credibility within the community is always helpful. Guests needing accommodations will be referred by people living in the area. The inn's location in a residential neighborhood will also generate activity from friends and relatives looking for accommodations in close proximity.

Community public relations will include the following:

- Support community programs by becoming a member of the Chamber of Commerce, Better Business Bureau, and Convention & Visitors Bureau. The inn will also be made available as a meeting place, as it includes not only a large dining room, but a parlor that can be closed off.
- Working with community and state support groups to develop tourism. This includes membership in the local and Northern California Bed & Breakfast Innkeeper Associations, through which the owner will have the opportunity for joint publicity and advertising. These associations will also provide overflow referrals from other member inns.
- Marketing the inn through local media. This will also extend to regional, state, and national coverage. A freelance writer has already expressed interest in developing a series of articles about the inn as it progresses. This writer has been published in a number of national magazines, including *Sunset* and *Victoria*.
- Cooperating with area business. Personal calls will be made on area businesses, especially restaurants, other inns, wineries and recreational facilities. Each visit will be followed up with a letter.
- Contacting private citizens. The immediate neighborhood will be notified via flyer. The flyer will



announce the arrival of the inn and promote it as an alternative to hotels for visiting friends or relatives.

- Answering inquiries promptly. People who make inquiries are the most promising potential customers. All inquiries will be handled promptly and with the information requested.
- Use of Travel-Freelance-Guidebook Writer Lists and Media Kit

A media kit will be developed that contains the following basic materials:

- Pen and ink drawing of the inn and grounds
- Photographs of the exterior and interior of the inn
- Brief history of the property
- Detailed description of the house and rooms
- Copy of brochure and rate/policy cards
- Information on things to do in the area

A list of travel writers, guidebook authors, and other appropriate press members will be maintained. The list will include information on publication deadlines, special interests of the authors, and writers that visit properties and/or charge listing fees.

## Brochure

An attractive brochure is an important tool for any marketing program. There has been a lot of attention given to the selection of images and copy that will represent the Red Barron in an accurate and inviting manner. A graphic artist was hired to design the inn's logo (see Supporting Documents). A tri-fold brochure, with a separate rate and policy card, is being developed for mailing purposes and rate displays. The owner's experience in the area of collateral development will help keep costs down without sacrificing quality or effectiveness.

The brochure will be distributed locally to the Visitors Center, Chamber of Commerce, and Reservation Services. B & B associations and Travel Agent services, of which the inn is a member, will also receive brochures.

## Business Cards and Other Promotional Items

A relatively inexpensive way to promote the bed and breakfast is to incorporate the name and logo of the inn on business cards, stationery, envelopes, and rate/policy cards. Professional looking business cards can help establish credibility and create interest in the business.

The name and logo of the inn will also be used on note cards, featuring a pen and ink or water color drawing of the inn and grounds. These cards will be packaged and available for sale.

Also being considered as a means of heightening the inn's visibility is using its name and logo on polo-style shirts. This would help guests remember the inn, create interest outside the Metropolitan area, and generate additional income.

## Reservation Services and Travel Agents

B&B Reservation Services will be an invaluable asset during the start-up months. There are several in Paris Valley which will, for a membership fee and commission on rooms booked, screen guests, handle deposits, and provide some publicity. One of these agencies has submitted a proposal where they will, in addition to providing these services at no charge for six months, also act as consultants and part time innkeepers (see Personnel Section).

Travel Agents are an additional resource that will help attract guests from outside the state. The inn will be



listed in INNIEWS, The Travel Agent's Guide to Unique Accommodations. This guide for agents includes a geographically arranged section that provides a detailed description of each inn, including rates and policies, and highlights local points of interest.

The inn will also be listed with INNRES, a Travel Agent's Reservation Service that includes a toll-free number and features personalized bookings, rather than use of an airline reservation system.

These services will be necessary during the first year of operation to compensate for limited word-of-mouth referrals and guidebook activity. After the first year, each service will be carefully reviewed to determine which, if any, will be continued.

## Listing in Yellow Pages and Guidebooks

The inn will be listed in the yellow pages under the categories of Bed & Breakfasts and Hotels. The number of guidebooks in which the inn can be listed will vary depending on publication dates and availability of their writers. There are currently over 195 Bed & Breakfast and Country Inn guidebooks in print and fewer than 20% charge for a listing.

Using a current list of guidebooks whose publication deadlines can be met, the inn's media kit will be distributed to approximately 12 books before the inn opens. Additional books will be added to the initial list as new publication dates are published. Promotional information will also be sent to a current list of over 300 travel editors and freelance magazine and newspaper travel writers.

## Special Promotions

There will be a variety of special promotions offered throughout the year, with an emphasis on those aimed at attracting guests during the off-season. All promotions will be monitored to determine those attracting the greatest number of guests and delivering the highest return on investment. In addition to tracking special promotions, all phone callers will be asked how they heard about the inn and the information will be recorded.

An example of a year round promotion will include packages that contain an activity such as hot-air ballooning or a trip on the Wine Train. Special events will also be planned for each season of the year, with local merchants encouraged to co-sponsor and promote some events. An example of a merchant sponsored promotion would be a wine tasting and a non-sponsored promotion might be a Murder Mystery weekend.

Gift Certificates will also be promoted as an ideal business or personal gift.

## COMPETITIVE ANALYSIS

### Competitive Differences

There are several factors differentiating the Red Barron from hotels and other Bed and Breakfast Inns.

The overwhelming advantage of a Bed and Breakfast over a hotel is its personalized service, individualized decor, and delivery of an "experience" rather than simply a room for the night. The Bed and Breakfast will appeal to the aesthetic tastes and expectations of the discerning, affluent traveler looking for a higher standard of attentive, personalized service and amenities. Delivery of these services will justify top of the market rates.

In comparison with other inns in the area, the Red Barron will stand out in its delivery of amenities and features. Using information obtained through extensive market research, including independently conducted surveys and the owner's own travel experiences, those amenities that guests most desire are being provided.

As outlined in the Competitive Section of this Plan, the Red Barron is also above average in its added features, such as in-room whirlpool baths, fireplaces, and The inn's location in a quiet and safe neighborhood surrounded by fine examples of Victorian architecture, it's secluded backyard and deck, and the spacious common room



areas will also compare well to other inns.

The Red Barron will also have handicap accessibility, which is not available in most other inns in the area.

The property is a City Landmark and should be accepted to the National Register of Historic Places. Even without landmark status, the Gothic Revival home is a style not abundantly present. The Victorian "farmhouse" style will offer guests an alternative to the more formal Victorian mansions and contemporary styles offered by other inns.

Breakfast is another way to set one inn apart from another. The Red Barron will incorporate southern-style specialties into both its breakfast and evening refreshment service.

The inn will be positioned as a "full service" bed and breakfast, offering a variety of services for its guests. This will range from assisting guests with restaurant reservations to providing food trays, wine, and flowers for special occasions.

### **Competition: DeLand County**

A competition chart has been drawn up comparing 24 inns with total of 108 guest rooms located in DeLand County. Comparisons were made in the following nine categories: number of rooms, prices, extra person rates, bed size, meals, amenities, policies, check-in/out times, and accepted credit cards. The complete chart is available through Anson Computers. Notable observations appear below.

If the Claymore Hotel with 18 rooms and the Blue Skies Inn with 22 rooms and three suites are excluded, there are 65 rooms. The average number of rooms, excluding the two mentioned above, is three.

Unlike DeLand, where the majority of B&B's are in Victorian styled homes, most of the inns in Paris Valley are contemporary structures ranging from Swiss chalets to French Country and ranch homes.

Eight inns have at least one room with a fireplace, one offers an in-room whirlpool, two others provide a hot tub on the premises, two offer a room with a private balcony, three mention air conditioning, four have a pool, and seven of the inns feature private baths.

Rates range from \$55-\$275. Half of the inns offer "off season lower rates." The specific discount is not publicized, nor is it known if the reduction applies to the weekend, weekday, or both. Four inns specifically mention "off season lower midweek rates" and one offers "midweek" lower rates.

### **Competition: Quaal County**

A second competition chart was developed for the four inns located in Quaal County. This chart was compiled using the same nine categories mentioned above and it is also available through Anson Computers. An analysis of the data reveals the following observations:

All four inns are listed in the AAA Bed and Breakfast Guide and/or Chamber of Commerce. The inns contain a total of 21 rooms. One inn, Crossing Railway, has ten rooms.

Two inns have at least one guest room with a fireplace, one inn offers one room with a whirlpool, one provides a room with a private entrance, two others offer balconies or patio/decks, and one offers a pool and spa. Every inn provides private baths.

Rates range from \$95-\$140. None of the inns refer to the availability of lower rates weekdays or off season.



## Proposed Rates

In Season (April-Nov.) Weekends/Weekdays		Off Season (Dec.-March) Weekends/Weekdays	
\$175	\$170	\$160	\$155
\$170	\$165	\$155	\$150
\$105	\$100	\$90	\$85
\$120	\$115	\$105	\$100
\$170	\$165	\$155	\$150
Average:			
\$148	\$143	\$133	\$128
(\$145.50)		(\$130.50)	

*Note: Rates were determined by reviewing local Bed & Breakfast rates and average valuations of special room features. Valuations were provided by the PAIL survey of U.S. inns and can be found in the Industry Analysis Section of this Plan.*

In Season (April-Nov.) Weekends/Weekdays		Off Season (Dec.-March) Weekends/Weekdays	
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*Note: Rates were determined by reviewing local Bed & Breakfast rates and average valuations of special room features. Valuations were provided by the PAIL survey of U.S. inns and can be found in the Industry Analysis Section of this Plan .*

\$175	\$170	\$160	\$155
\$170	\$165	\$155	\$150
\$105	\$100	\$90	\$85
\$120	\$115	\$105	\$100
\$170	\$165	\$155	\$150
Average:			
\$148	\$143	\$133	\$128
(\$145.50)		(\$130.50)	

## Proposed Policies

- A deposit of one night's stay will be required to guarantee a reservation, either by credit card or receipt of funds seven days prior to check in.
- Deposits, less \$10, will be refunded. A cancellation fee will be charged if the cancellation occurs three days prior to scheduled check in.
- There will be a two night minimum stay on seasonal weekends and all holidays.
- Several credit cards will be accepted, at minimum Mastercard and Visa, as well as checks and cash.
- Smoking will not be allowed in the house.
- Pets will not be allowed.
- Check in will be between 4 and 6 p.m., unless arrangements for late arrival have been made in advance.
- Check out will be 11 a.m.

## PERSONNEL

### Personnel Requirements

The services of a part time innkeeper and part time housekeeper will be used during the first year of operation. A two person team, currently operating a Paris Valley reservation service, will be used as needed during the



week to accept reservations, check guests in and out, supervise the housekeeper, and prepare and serve meals. It is estimated that innkeeping services will be required approximately two days a week during the months of January through June, November and December and three days a week July through October. A proposal is attached detailing services and rates, as well as a resume of the individuals to be hired.

The employment of these individuals will allow the owner to retain her current marketing position at full salary. The duties they perform during the week will be handled by the owner on weekends. In addition to providing basic innkeeping services, these individuals will provide vital knowledge about Bed and Breakfast operations. By using experienced personnel during the critical start up months, the owner can gain experience herself and build a solid business foundation.

A housekeeper will also be used part time to clean the inn and do laundry. This individual will be used as needed. The housekeeper will work weekdays only during the slower months, while some weekends may also be required during the busy season. It is estimated that housekeeping services will be required two days a week for three hours per day during the period of January through June, November and December and increased to three days a week for three hours a day from July through October. It is further estimated that the hourly rate for this individual will be \$6 per hour. No fringe benefits or health insurance is planned.

When business conditions permit, the owner plans to operate the inn full time. This is currently projected to occur in the second year. Full time status will eliminate the need for innkeeper services, except as needed to relieve the owner and prevent burn out. Housekeeping services will increase as occupancy increases. Some assistance in food service may also be required on a limited basis during the third year.

No full time employees are planned in the first three years of operation.

### **Innkeeping and Consulting Proposal : *Wine Country Reservations***

1. The fee for services provided under this agreement shall be \$50 per day, due and payable on the first and fifteenth of each month.
2. This fee does not include a housekeeper to clean the rooms. We can suggest one. It is recommended that the individual come out twice a week. However, she may be needed more frequently during the busy season.
3. In addition to the \$50 per day fee, there is a 5% commission paid for each room reserved (booked) the day the inn-sitting services are rendered. However, this fee will be waived for a six month period for the purposes of building up this new business and to show good will.
4. The owner of the inn understands that it takes about two to three years to establish a bed and breakfast.
5. In addition to the above mentioned fees, a 10% commission is charged for any future reservations (bookings) that are made while inn-sitting. This commission will be waived for six months, except during the months of July, August, September, and October. However, reservations that are made through any other reservation service will be subject to the 10% commission fee.
6. The owner will provide a cash fund for groceries and other innkeeping supplies.
7. It is suggested that the owner establish a Visa and Mastercard service to protect herself against no shows and from cancellations that are within the cancellation policy
8. Wine Country Reservations assumes no liability for accidents or no shows.

Proposal submitted by Mary S. Jones

### **Owner/Operator Resume**

The objective of this resume is to outline business experience and qualifications relevant to the operation of a bed and breakfast inn.



## Relevant Experience

### Marketing

- Market Research
- Market Sizing/Revenue Forecasting
- Competitive Analysis
- Business Plan Development
- Product Pricing
- Collateral Development
- Advertising/Promotional Campaigns
- Sales Training/Tool Development

### Management

- Program/Product Management
- Personnel Management

### Sales

- Product and Service Sales
- Telemarketing Sales
- Sales Management

### Administration

- Policy Analysis
- Contract Negotiation
- Policy/Process Development
- Business Writing

### Finance

- Financial Analysis
- Budget Development/Management
- Revenue Forecasting
- Compensation Planning

### Innkeeping

- Food Preparation & Service
- Guest Registration
- Housekeeping
- Room Layout Design

Note: Experience gained in the first five categories was the result of full time employment over a period of 20 years at the corporations listed on the following page. Experience in the hospitality industry was obtained part time over the past two years at an 8-room inn located in Camino, California.



## Personal History

### Employment

ANSONCOMPUTERS (1989 - Present)

#### Marketing Programs Manager

Responsible for identifying, developing and launching new support products and programs to enhance company's market position.

#### Senior Marketing Analyst

Responsible for identifying support issues impacting company's market position and strategic direction and developing program solutions.

DESIGNS INCORPORATED (1973-1989)

#### Western Division Service Sales Manager

Responsible for planning, organizing and managing sales efforts of five Service Sales Representatives within a 13-state territory.

#### Western Division Marketing Manager

Responsible for identifying market requirements within 15-state territory, developing and introducing non-standard service programs and alternate market channels.

#### Western Area Supervisor of Administration

Responsible for development, implementation and maintenance of administrative policies and procedures within 6-state territory.

PEOPLE'S CORPORATION (1972-1973)

#### Assistant Complex Manager

Responsible for leasing, public relations, advertising, and management of housekeeping/maintenance personnel for 150 unit apartment complex.

#### Design Consultant

Coordinated interior layout and design for 100 unit apartment complex.

### Education

BA Degree in English/Journalism

University of North Carolina, Chapel Hill

### Personal

Single, excellent health. Professional parents who operated successful small business for over 30 years.

### Strengths

Strong planning and organizational abilities; solid interpersonal skills and a customer service orientation; self motivated, resourceful and creative; excellent analytical and critical thinking skills; effective oral and written communication skills.



## Consultants and Other Resources

### Professional

- Member of Professional Association of Innkeepers International (PAII)
- Workshops/Conferences
  - PAII sponsored "Workshop for Aspiring Innkeepers", April, 1990
  - Bay Area Innkeepers of Northern California (BBINC) Conference and Workshops, January, 1991

### Research

- Industry Reference Publications
  - *1988 and 1990 Bed and Breakfast Inns Industry Survey and Analysis*
  - *So, You Want to be an Innkeeper*, by P. Hardy, J. Bell, M. Davies
  - *How to Open and Operate a Bed and Breakfast Home*, by J. Stankus
- Special Reports compiled by PAII on
  - Insurance
  - Staffing
  - Marketing
  - Computer Software Packages
  - Political Negotiations
- Industry Periodicals
  - Innkeeping
  - Insider
  - Inn Review
  - Country Inns

### Consultants

Consulted with the Small Business Administration, California Office of Tourism, Los Amos Small Business Division, American Association of Bed and Breakfast Inns, Bed and Breakfast Innkeepers of Northern California and the Professional Association of Innkeepers International. Accounting and legal professionals familiar with the lodging industry regulations have also been consulted.

In addition to interviewing numerous owners and/or innkeepers from a variety of inns in northern and southern California, marketing assistance was provided for a new inn in Camino, California in exchange for on-the-job training and experience in the hospitality industry. The inn, known as Sand Castle Estates, is owned and operated by Joel Best and Chris Brown.

## RENOVATION AND EXPANSION PLANS

### Explanation of Renovations

Renovations fall into two basic categories:

1. Renovations required to satisfy city, state, federal or similar governmental ordinances or regulations.
2. Renovations necessary to meet standards set by the Bed and Breakfast industry and/or differentiate the Inn on Springhill Drive from its competition.

Renovations in the first category, which include but are not limited to fire sprinklers and handicap accessibility,

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are primarily conditions set forth by the City of Los Amos Bed and Breakfast Use Permit.

Items contained in the latter category are selected based on extensive market and competitive research, with an emphasis on identifying those features capable of providing the greatest return on investment. Included in this category are items such as whirlpool tubs and fireplaces.

Alterations required for health or safety reasons have been exploited wherever possible. The backyard deck, for example, was designed to meet wheelchair accessibility standards without altering the structure in a manner that would be unacceptable to the Cultural Heritage Commission or National Register of Historic Places. The deck will also serve as a positive differentiator for the inn by providing a quiet and private outdoor area for guests. Although a General Contractor has been hired to oversee construction and ensure that all work is performed in a timely, cost efficient, and correct manner, the owner will remain closely involved in the entire renovation process.

## Expansion Plans

The three rental cottages will be added to the Bed & Breakfast one at a time, as business conditions permit. Based on current revenue projections, conversions are not scheduled to begin until 1996.

Addition of the cottages to the business will allow for a broader and more diverse target audience, specifically including families and the business traveler.

Research indicates that a growing number of families are interested in pursuing the B & B experience; however, the number of inns that encourage or even allow children is extremely limited. A cottage will provide accommodations spacious enough for a family, with the surroundings and personalized services particular to a B & B, but without infringing on the solitude and privacy of other guests.

The number of business travelers frequenting Bed and Breakfast inns is also increasing. The business traveler is becoming more demanding of personalized service and he/she is more likely to combine personal vacations with business travel. In addition to its close proximity to the Metropolitan area, the Paris Valley itself is becoming more attractive to the business community. The need for overnight accommodations and meeting space increases as more corporations move into the area.

Renovation requirements and pricing will be determined at a later date, based on then-current market need and availability of funds.

## FINANCIAL DATA

### Projected Renovation and Improvement Costs

Includes construction costs provided by Bayside Construction and owner supplied products and services.



Permits & Fees.....	\$11,000
Grading/Paving/Foundation.....	\$15,300
Carpentry - Rough.....	\$16,590
Plumbing - Rough (incl. Fire Sprinklers).....	\$40,955
Electrical- Rough.....	\$10,361
Misc. Steel/Hardware.....	\$1,120
Roofing.....	\$14,280
Sheet Metal.....	\$12,300
Windows/Glass.....	\$2,572
Interior Siding.....	\$1,560
Painting (Interior).....	\$1,100
Insulation.....	\$4,180
Sheetrock/Drywall.....	\$18,600
Doors - Exterior & Interior.....	\$980
Stairs - Exterior & Interior.....	\$4,320
Heating.....	\$12,825
Carpet.....	\$1,200
Vinyl.....	\$2,406
Fireplaces.....	\$5,100
Bathroom Fixtures & Accessories.....	\$6,000
Electrical Fixtures-Ext. & Int.....	\$1,500
Bathroom Tile/Surrounds.....	\$2,500
Appliances.....	\$2,200
Misc. Electrical (includes fire alarm).....	\$1,943
Lumber - Finish.....	\$5,500
Carpentry - Finish.....	\$15,571
Landscaping/Fencing.....	\$500
Cleanup.....	\$5,500
Concrete Flat Work.....	\$1,000
Overhead.....	\$27,878
<b>Total.....</b>	<b>\$243,620</b>

Permits & Fees	\$11,000
Grading/Paving/Foundation	\$15,300
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Cleanup	\$5,500
Concrete Flat Work	\$1,000
Overhead	\$27,878
Total	\$243,620

*Note:* To aid in controlling costs, the owner will take responsibility for supplying items such as gas fireplaces, bath fixtures, appliances and electrical fixtures. The contractor has included installation allowances for the appliances and bath and electrical fixtures. The owner will supervise installation of the fireplaces, which will be performed by manufacturer authorized personnel. The owner will also assume responsibility for supervision of certain other tasks, such as interior painting and landscaping.

## Projected Start-up Costs

Following are start-up expenses not otherwise covered in the breakdown of renovation and improvement costs.

<b>Marketing</b> (Promotions & Advertising).....	\$1200
<b>Furnishings</b> (Includes furniture; window coverings; rugs).....	\$7,000
<b>Bedding inventory</b> (Includes mattress sets; pads; comforters; skirts; shams; pillows; blankets; sheet sets).....	\$2,900
<b>Bath inventory</b> (Includes assorted towels & washcloths; shower curtains; liners, rings; bath mats).....	\$1,100
<b>Room/Housekeeping Inventory</b> (Includes guest amenities (shampoo, etc.); cleaning & laundry products; operating items (light bulbs, etc.)).....	\$450
Total.....	\$12,650

### Marketing

(Promotions & Advertising) \$1,200

### Furnishings

(Includes furniture; window coverings; rugs) \$7,000

### Bedding inventory

(Includes mattress sets; pads; comforters; skirts; shams; pillows; blankets; sheet sets) \$2,900

### Bath inventory

(Includes assorted towels & washcloths; shower curtains; liners, rings; bath mats) \$1,100

### Room/Housekeeping Inventory

(Includes guest amenities (shampoo, etc.); cleaning & laundry products; operating items (light bulbs, etc.)) \$450

Total \$12,650

## Occupancy and Income Projections

	Occupancy %	Rooms Rented	Gross Revenue
Year One	41%	746	\$104,779
Year Two	52%	946	\$138,845
Year Three	61%	1113	\$171,920

Occupancy & Revenue Projection Summary Years One, Two, and Three

	Occupancy %	Rooms Rented	Gross Revenue
Year One	41%	746	\$104,779
Year Two	52%	946	\$138,845



## Occupancy & Revenue Projection Summary Years One, Two, and Three

Year Three 61% 1113 \$171,920

Month	Num Days	Rms. Avail.	Occupancy %	Rms.	Avg. Rate	Gross Income
Jan.	31	155	20	31	\$130.50	\$4,046
Feb	28	140	20	28	\$130.50	\$3,654
Mar	31	155	25	39	\$130.50	\$5,090
Apr	30	150	35	53	\$143.00	\$7,579
May	31	155	40	60	\$143.00	\$8,580
Jun	30	150	45	68	\$143.00	\$9,724
Jul	31	155	50	78	\$143.00	\$11,154
Aug	31	155	55	85	\$143.00	\$12,155
Sept	30	150	60	90	\$143.00	\$12,870
Oct	31	155	55	85	\$143.00	\$12,155
Nov	30	150	50	75	\$143.00	\$10,725
Dec	31	155	35	54	\$130.50	\$7,047
Total	365	1825	41%	746		\$104,779

### Occupancy/Revenue Projection by Month, Year One

Month	Num Days	Rms. Avail.	Occupancy %	Rms.	Avg. Rate	Gross Income
Jan.	31	155	20	31	\$130.50	\$4,046
Feb	28	140	20	28	\$130.50	\$3,654
Mar	31	155	25	39	\$130.50	\$5,090
Apr	30	150	35	53	\$143.00	\$7,579
May	31	155	40	60	\$143.00	\$8,580
Jun	30	150	45	68	\$143.00	\$9,724
Jul	31	155	50	78	\$143.00	\$11,154
Aug	31	155	55	85	\$143.00	\$12,155
Sept	30	150	60	90	\$143.00	\$12,870
Oct	31	155	55	85	\$143.00	\$12,155
Nov	30	150	50	75	\$143.00	\$10,725
Dec	31	155	35	54	\$130.50	\$7,047
Total	365	1825	41%	746		\$104,779

YEARTWO

	Occ. %	#Rms Rntd	Avg Rate	Gross Revenue
Q1	37%	165	\$137	\$22,605
Q2	50%	228	\$150	\$34,200
Q3	65%	299	\$150	\$44,850
Q4	55%	254	2mos. @ \$150 1 mo. @ \$137	\$37,190
Annual	52%	946		\$138,845

YEARTHREE

	Occ. %	#Rms Rntd	Avg Rate	Gross Revenue
Q1	45%	203	\$144	\$29,232
Q2	60%	273	\$158	\$43,134
Q3	75%	345	\$158	\$54,510
Q4	63%	292	2mos. @ \$158 1 mo. @ \$144	\$45,044
Annual	61%	1113		\$171,920

### Occupancy & Revenue Projection by Quarter, Years Two and Three

Note: Average rates in the second and third years reflect a 5% annual price increase .

YEAR TWO



## Occupancy & Revenue Projection by Quarter, Years Two and Three

	Occ. %	#Rms Rntd	Avg Rate	Gross Revenue
Q1	37%	165	\$137	\$22,605
Q2	50%	228	\$150	\$34,200
Q3	65%	299	\$150	\$44,850
Q4	55%	254	2 mos. @ \$150 1 mo. @ \$137	\$37,190
Annual	52%	946		\$138,845

### YEAR THREE

	Occ %	#Rms Rntd	Avg Rate	Gross Revenue
Q1	45%	203	\$144	\$29,232
Q2	60%	273	\$158	\$43,134
Q3	75%	345	\$158	\$54,510
Q4	63%	292	2 mos. @ \$158 1 mo. @ \$144	\$45,044
Annual	61%	1113		\$171,920

## Break Even Analysis #1

### Year One

\$ 69,702

\$ 253,413 = 27.5% Occupancy Needed

### Year Two

\$ 72,950

\$ 265,885 = 27.4% Occupancy Needed

### Year Three

\$ 79,706

\$ 279,880 = 28.4% Occupancy Needed

*Note: Figures based on inn operating expenses, interest expense less rental income, and revenue at 100% occupancy.*

## Break Even Analysis #2

### Year One

\$ 73,218

\$ 253,413 = 28.8% Occupancy Needed

### Year Two

\$ 76,634

\$ 265,885 = 28.8% Occupancy Needed

### Year Three

\$ 83,574

\$ 279,880 = 29.8% Occupancy Needed

*Note: Figures based on both inn and cottage operating expenses, interest expense less rental income, and revenue at 100% occupancy.*

## Projected Profit and Loss Summary for the first three years

All figures are based on a 25 year loan of \$525,000 at 9.25% interest. These figures do not include taxes or depreciation.

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## Year One

Total revenue projected for the first year is \$190,799. Operating expenditures, including marketing, office supplies, business fees and permits, utilities, and salaries, total \$39,573. If the cottages are available for use, the operating expenditure would increase by \$3,516 bringing the total operating expense to \$43,089. Loan interest would create an additional expense of \$53,952 for a grand total of \$97,041. Given these expenses, the net profit and loss for the first business year is \$94,181.

## Year Two

In the second year, revenue is expected to decrease to \$159,182. This is a drop of \$71,617 from the first year's projected revenue total of \$190,799. The inn's total operating expenses, including the operation and maintenance of the cottages, will be \$47,694. Loan interest adds \$53,952 to the total. The net profit and loss figure for the second year is \$57,536.

## Year Three

The third year establishes total revenue gain over the first two years with a figure of \$199,788. Total operating expenses, including cottage expenses and loan interest, are \$55,890. The net profit and loss figure for the third year is \$89,946.

## Revenue and Expense Notes

### Revenue

Rental revenues are based on a 5% annual increase.

### Expenses

Fixed costs such as insurance and taxes have been evenly distributed across the calendar year. Variable costs, those that are directly affected by occupancy, have been distributed accordingly.

Property Taxes and Insurance are calculated in the inn's operating expenses and include the three cottages.

Wherever possible, cost projections were based on current price lists or quotations; otherwise, information obtained through professional associations, market research and expense records for operating inns of similar size was used. Inflation has also been taken into account for Years Two and Three (postage, for example, was calculated using a rate of .30).

Year One capital includes a 6-month inventory of room and housekeeping supplies, towels and linens, and brochures and rate cards. Repairs and maintenance costs should also be relatively low, since renovations will have been completed just prior to opening.

Several programs or services have been identified which will help keep expenses down; they include, but are not limited to, the following:

- Agreement with AT&T to function under their Multi-Location Pro Wats Program for a \$5 monthly charge, with long distance service discounted up to 31%.
- Agreement with AT&T to receive their Language Line service, at no additional charge, to provide instant access to interpreters in 140 languages. This service is part of a larger agreement to receive Guest Line, where the inn is paid a .30 per call commission on operator assisted, collect, third party billed and 0+ calling card calls (the commission is NOT added to the guest's phone bill and the guest pays regular AT&T rates).
- Insurance coverage with a full service agency that pays dividends to bed & breakfast and country inns.



In 1990, member inns received a 37% dividend on premiums paid in the previous policy year.

- Discounts on a variety of products from telephone security devices and computer software to bath, bedding and guest amenities.
- Agreement with National Bancard Corporation (NaBANCO) to receive a 2.10% merchant fee on credit card authorizations. There are no per-transaction fees and all major credit cards are electronically authorized.

## **Detail of Operating Expense Accounts**

### **Marketing (Advertising & Promotion)**

Brochures, magazine/newspaper ads, printing, direct mail, guidebooks

### **Commissions**

Agent commissions, referral services, etc.

### **Bank Fees**

Check charges, merchant credit card services

### **Office Supplies**

Letterhead, office equipment rental, pens, etc.

### **Postage**

Costs for non-promotional mailings

### **Dues & Subscriptions**

Association dues and subscriptions to services, newspapers, magazines

### **Maintenance, Repairs, Fixtures**

Materials for maintenance and repairs. Also includes miscellaneous purchases under \$300 for appliances and fixtures

### **Insurance**

Non-payroll insurance such as fire, theft, liability

### **Legal & Accounting Fees**

#### **Business Fees**

Excludes sales, bed and income taxes

#### **Property Taxes**

Taxes on Land and Buildings

#### **Food**

Food and liquor for the Inn

#### **Utilities**

Includes trash, gas, electric, water

#### **Telephone**

Telephone and related expenses

#### **Room & Housekeeping Supplies**

Supply items such as soap, toilet paper, light bulbs, cleaning supplies, laundry soap, notions, toiletries, etc.

#### **Towels & Linens**

Purchase price of towels, linens, blankets, pillows, bathrobes, etc.

#### **Auto**

Gas, repairs and maintenance



### **Travel & Entertainment**

Travel related expenses & business entertainment

### **Outside Services**

Services such as gardening, etc.

### **Miscellaneous**

Expense items not belonging to any account

## **SUPPORTING DOCUMENTS**

The following documents are available upon request:

- Contractor Resume
- Innkeeper Resume
- Owner's Financial Statement
- Plot Plan
- Inn Logo
- Income Tax Statements
- Explanation of Operating Expense Accounts