



Business Plans for Innkeepers by Innkeepers
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5 Rules to Writing your Inn's Business Plan

Having been at the sharp end of many “strategic development” projects for years before becoming an innkeeper, it never ceases to amaze me how many people go into business for themselves without some sort of plan. Whether your dream is an antique store, online mail order company or in our case, a bed and breakfast, figuring out how you’re going to get from A, your starting point, to B somewhere in the future takes more than just a few notes on a napkin. Sure, there are some who seem to be able to wing it quite nicely thanks, but for the majority of us who are serious about being successful, a business plan is a must have. Now, writing a business plan is not that hard to do, but it does take some planning to do it right. Following five simple rules can put you on the path to really understanding whether innkeeping and that dream inn, is right for you.

Let’s first take a moment to consider what’s involved. There’s thinking, writing and research; then more thinking, a whole lot of reviewing, rewriting, more research and of course, putting together some financial statements. Quite straightforward really, but who has the time - right? Perceived lack of time is probably the biggest hurdle to overcome in writing a really good business plan. The self-discipline to actually sit down and do it comes a close second. Yet, why would you *not* want to invest a significant amount of time investigating a business into which you’re about to sink a good chunk of your future, not to mention your life savings? Yes, time is a limiting factor, so rule number one is Start Early. Preferably before you’ve found an inn you like and well before you make an offer on one.

Unfortunately over 70% of innkeeping business plans are lost to the known world the minute the loan request is granted. This is crazy considering that if your business plan is good enough to get you into innkeeping, it’s good enough to be used to develop your inn business long-term. This one benefit alone is worth all the time and money you’ll invest upfront. So treat the whole business planning effort as an important strategic development step in your new business and not like some terrible chore that has to be suffered through because the bank requires it. Rule number two therefore is Get Organized. Set aside time to do your research and time to write, then stick to your schedule. Budget at least a couple of hours at any one stretch with no distractions so that you can really focus.

So now you’re organized, what next? Researching the market is the most important task you’ll do, after figuring out how much you can afford to spend and how much you need to make. Don’t skimp on this part of the process or try to project a favorable outcome based on what you think you know already; it’ll only hurt you later. See how many facts you can find to support (or refute) your assumptions. Look past the immediate future and take a peek out further to see what may happen down the road. Are there any plans for major town or village expansion, more housing, more businesses? More hotels? Will a proposed new highway take all your passing trade out of your way or alternatively will it suddenly make you more visible? Rule number three - Dig Deep - will enable you to see what you’ll really be facing, not just in your first year but three, four and even five years hence. On the positive side, the things you turn up may give you a competitive advantage later on. Alternatively, your findings may show that the area or inn you like so much now, may not look so great over the long term.

B&Bs and Inns are risky propositions, no matter what anyone tells you. Firstly, new innkeepers are largely inexperienced and unrehearsed in the hospitality trade and secondly, financial viability is often contingent on factors outside the innkeeper's control, such as the weather, the economy and of course, the whims of the traveling public. Little wonder then, that in the eyes of the lending industry, we're just a smidge higher up the totem pole than restaurants when it comes to investment risk! In order to prove to yourself, and your bank, that profitability is a distinct possibility at some point down the road, you need to apply rule number four – Consider Adversity.

Generally speaking, unless there is some huge and unforeseen economic factor which steps in to blow your initial findings sky-high, the reasons why guests travel to your location is not going to radically change (destination inns aside, which are a whole different kettle of fish and beyond anything we're discussing here). This means Ski-resorts are always going to attract winter sports enthusiasts and beaches will always bring in what we call in England, the bucket and spade brigade. The big red question mark for these types of locations is, of course, their reliance on suitable weather. What are you going to do if it doesn't snow, rains all summer or the beach is consumed by a tidal wave? Your business won't be a foregone conclusion under these circumstances. On the other hand, if you've picked a spot that relies more on attractions and events that are on-going and have been so for a dozen years or more, and which bring in a steady stream of visitors, it's probably a reasonable bet that things are not going to change fast enough *economically* (note: not *competitively*) to suddenly put you out of business. While it's crucial to stress the positive aspects of your future business in your business plan, you must also show you've contemplated the worst and identified any factors which may send the whole thing sideways.

Which brings us to the fifth and final rule – Backup All Assumptions! Wherever you've got your research from, however you've formulated the reasons why you can succeed in your particular market, it's vitally important that you state your information sources somewhere in your business plan. Why? Well how else will anyone know that you're not just making it all up? References give you credibility. Used the PAII Industry Study to build your financial statements? Then put in a reference to that. Got your market research information from the state's local tourism site? Reference that too. Anyone can fudge figures, quote statistics and generally make the picture look rosy, but you'll feel a whole lot more comfortable and be much more able to defend your final business plan if you can show your investors where you got your information. One word of caution here: it's very tempting to over forecast your occupancy and income and under budget your expenses just to get your loan. However, it's the fastest way to max out your credit cards once the place is actually yours. Creativity has its place but not in something as critical as your financial well being!

So let's recap. Creating your business plan isn't difficult, nor is it complicated. However it does require time and thought to produce a plan that is going to benefit you both in the initial funding stage and on into the future. Five simple steps can guide you towards the proper preparation crucial to your success as an innkeeper. Start early, get organized, dig deep with your research, consider adversity and don't forget to backup all assumptions using credible sources.

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