

BED AND BREAKFAST: HOSTING TRAVELERS FOR EXTRA INCOME

By Barbara Koth¹

Although the concept is not new, many rural families are discovering it's possible to earn extra income by opening bed and breakfast businesses and selling the farm experience and rural lifestyle to guests.

Many rural families are considering B and Bs as a supplemental income source

because urban families are looking for new and exciting weekend "getaways."

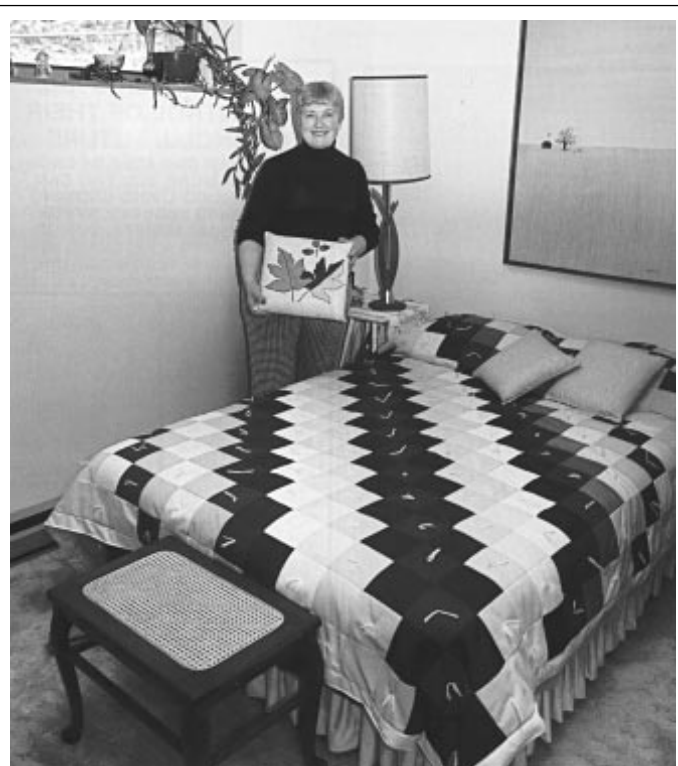
Bed and breakfast guests are also interested in local culture, history, scenery and other recreational activities. Travelers are looking for the bed and breakfasts that give them the true flavor of the region, and B and Bs are an economical alternative to commercial lodging.

The added appeal of farm B and Bs is the unique opportunity for urban guests to experience farm life firsthand. Other rural residents see an opportunity to share their lifestyle, too. In Minnesota, the most common bed and breakfast operators are retired couples and farm families with large homes. Another common feature of bed and breakfasts is that they are located in very scenic regions or in regions with a rich, historical background.

How to be Successful

The first thing that people must realize before starting a bed and breakfast is that guests require a lot of personal service and attention. If you are not an active person who truly enjoys meeting and waiting on people, chances are you are not suited to operate a B and B. Hospitality is the major key to success.

"I treat all guests the same way I treat family members who visit for the weekend," says Lois Barrott, who, with her husband, Budd, started one of Minnesota's first farm bed and breakfasts in Shafer. "When guests stop at our Country Bed and Breakfast, I greet them at the door, call them by their first names and let them set the pace for their visit. I've met many good friends, and I often keep in touch with them."



Last fall, Lois Rissman and her husband, Bill, opened their new, earth-sheltered home to visitors. The Rissmans are beef producers based near Preston, Minn.

If you have the personality suited for the bed and breakfast business, think about the benefits and trade-offs and then ask yourself why you want to go into the business. Bev and Paul Meyer own Evergreen Knoll Acres near Lake City, Minnesota. Because they are dairy farmers, it's almost impossible for the Meyers to get away for an extended vacation. Bev says one benefit of their bed and breakfast is that they get to make a lot of new friends.

But guests can be demanding. They expect well-kept farmsteads that are visually appealing. They also want comfort. Regardless of bedroom decor, there should be top-quality mattresses for guests. You may need additional items such as a comfortable bedroom chair, reading lamp and new linens and towels. You may also want to spruce up common areas such as entrance ways, the dining room, living room and bathroom.

The host's individual style and creativity come into play at breakfast. A hearty, home-cooked meal will be expected in the heart of farm country. Eating breakfast is often the last thing guests do before they leave, so many hosts try to make it a memorable experience. Use your imagination and serve your specialties. Options range from breakfast delivered in a basket to the door and a breakfast nook in the room to sit-down meals in the dining room.

When you share your home with guests, you have the right to establish rules. To avoid misunderstandings, state your policies ahead of time regarding smoking, alcohol, children, pets, reservation policies, deposits, and meal times. After considering the personal attributes of operating a B and B and what guests expect from you, there are other business details that need attention.



After Lois and Bill Rissman built a new earth-home on their farm in southeast Minnesota, they also kept their original home open to visitors and travelers. Many vacationers spend weekends on their farm to take advantage of local outdoor activities.

The Licensing Process

Many states regulate B and Bs as formal lodging establishments through zoning, food and lodging licensing, fire safety requirements and building codes. The cost of compliance, rather than licensing fees, is important in determining the economic feasibility of your business.

First, you need to determine if B and Bs are acceptable according to existing zoning ordinances. Zoning should not be a problem on farms, although if you are the first operator to seek such approval, you may have to work with the county or township zoning commission to change the ordinances. In small communities, approval may be granted as a "matter of right" if the B and B complies with specific standards for residential neighborhoods. Alternatively, a conditional-use permit involves an administrative process that may include public hearings. Some issues that frequently surface regarding B and B zoning include provisions for guest parking, signs, lighting, length of stay, exterior appearance and number of meals served.

Many state departments of health regulate B and Bs through an annual inspection and licensing process. Regulations are designed to insure safe food handling practices and customer safety. There may be requirements on using household equipment versus a commercial kitchen, depending on the number of guests served.

You also need to find out whether you can serve homegrown fruits, vegetables, jams and jellies, baked goods, eggs and home-slaughtered meats. A limited food license may be available if you only want to serve beverages and prepackaged items. The quality of the water or shallow wells can be a problem on some farms. Lodging rules also deal with the number of bathrooms required, and room and window sizes.

Fire codes refer to smoke detection and fire alarm systems, exits and fire extinguishers. If you expand or renovate your home, building codes come into effect. Apply for a sales tax permit if rates charged for guest accommodations and meals are subject to a state sales tax. Once these business details are handled, you have to establish a business plan.

Preparing a Business Plan

To estimate your income, you need to determine your prices. The first step in setting rental rates is to estimate your costs carefully to insure the price you charge covers your occupancy costs. Initial investment varies widely, depending on the condition of the home, how elaborate the facilities are, the site of your B and B operation and the type of guests you expect to entertain. Most operators suggest step-by-step improvements rather than going into debt.

Having adequate insurance coverage is also important. The cost of \$500,000 of general insurance coverage could be significant. As the B and B industry establishes a track record, it's becoming possible for farmers to purchase a business



Paul and Bev Meyer, dairy farmers from Lake City, Minn., receive some of their bookings from Vern Michel's Farm Vacation network, which advertises nationwide and then places families on farms for a percentage of the bed and breakfast fee.

rider to current liability coverage for several hundred dollars. Rates increase when there's more contact with farm activities and as on-site recreational activities are added.

In rural communities, your homeowner's policy will not cover the risks associated with paying guests. Work with an insurance company that has experience with this special type of hospitality business to create an insurance package.

After you use start-up, operating and variable costs to price your product, then compare your expected rates with other lodging establishments. In Minnesota, 1987 rates for farm or rural B and Bs ranged from \$25 to \$80 for double occupancy.

It may take three years to establish clientele. Friday, Saturday and Sunday nights are easier to fill than weekday nights, and your overall occupancy in early years may be only 30%. For this reason, B and Bs are generally a supplemental income source for rural families, bringing in \$1,000 to \$4,000 per year. Most B and B hosts have another source of income. B and Bs are more often a lifestyle or hobby than a business.

Marketing Strategy

You do not have to be in a traditional tourist area to attract bed and breakfast trade. The B and B itself can be an attraction that draws visitors. For example, there are successful B and Bs in historic, older homes furnished with antiques. You must assess local resources that will attract tourists. People travel for a variety of reasons, including the availability of outdoor recreation, historic sites and scenic views, shopping, to visit family and friends, and for business purposes. This situation analysis is part of the overall marketing plan. In analyzing market feasibility, you also need to look at your competition and determine your strengths and weaknesses.

Use this information to position your product. Decide what features and benefits your B and B will emphasize. Create an image that distinguishes you from other operations.

Mavis Christensen's brochure for her B and B in Good Thunder, Minnesota, includes the following statement: "Cedar Knoll Farm is the embodiment of many dreams—the hopes and wishes of generations of prairie folk—an entity incorporating the efficacy and challenges of the family farm as a way of life. Ours is a peaceable kingdom. We invite you to share its potential for tranquility." This statement has an emotional appeal, and suggests the quiet, relaxing experience available at her B and B.

Next, you must select a target market. It is more cost-effective to appeal to a very specific market segment that can be reached through specialized publications and organizations than to appeal to a wide audience. For example, a Vermont company organizes bike tours that stay overnight at bed and breakfasts. Just-N-Trails Bed and Breakfast, which is operated by Don and Donna Justin, dairy farmers from Sparta, Wisconsin, offers the outdoor enthusiast 20 kilometers of trails for cross-country skiing, hiking and

mountain biking. Karen Berget operates American House in Morris, Minnesota, and she takes many bookings from a local college.

Advertising Plan

In other family-owned lodging businesses, it is common to spend a minimum of 4 to 6% of gross sales for advertising. You will need a well-designed brochure that you can mail to potential guests and distribute at visitor information centers. An inexpensive, one-color brochure with line drawings, and a rate card can be effective.

Bed and breakfast operators often advertise cooperatively under a banner headline in newspapers and magazines to create awareness of B and Bs as a lodging option. A bookstore or library can help you find the numerous guidebooks that list B and Bs on a nationwide or regional basis. Your state office of tourism may publish a directory, and there are many community tourism guides where you can place a listing for a minimal fee.

There are also ways to get your business noticed without spending money on advertising. You can cultivate local referrals in your community by holding an open house, joining the Chamber of Commerce, hosting local groups, and speaking to community organizations.

You can't buy the kind of publicity you get from a newspaper or magazine feature story. Invite travel writers or editors to your B and B and develop ongoing contacts that will encourage them to visit. You could also organize a "farm tour" with the local Chambers of Commerce to familiarize travel professionals with area attractions and hospitality services. Incentives such as a weekday discount, lower rates for extended stays, coupons, gift certificates and promotional drawings help introduce guests to your B and B.

If you don't want to do the advertising yourself, there are reservation service organizations that maintain and publicize listings and take bookings. Typically, there is an annual fee and a 15 to 25% surcharge on each reservation.

Editor's note: For more information, contact: Minnesota Historic Bed and Breakfast Association, 649 W. Third

Street, Hastings, MN 55033, (612) 437-3297; American Bed and Breakfast Association, P.O. Box 23294, Washington, DC 20026, (703) 237-9777; The National Bed and Breakfast Association, Phyllis Featherstone, President, 148 East Rocks Road, P.O. Box 332, Norwalk, CT 06852, (203) 847-6196; The Bed and Breakfast Society, Kenn Knopp, Coordinator, 330 West Main Street, Fredericksburg, TX 78624, (512) 997-4712.

¹Barbara Koth, Assistant Extension Specialist, Tourism Department, 1994 Buford Avenue, University of Minnesota, St Paul, MN 55108.

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