

# So much more than beds and breakfast

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Kate Robertson

## Owning a B&B is more about a business model than a dreamy lifestyle.

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B&Bs need to be in a location that attracts visitors.

Before speaking to Fairfax one morning last week, Christine Lewis had woken to forest views, run five kilometres around Daylesford Lake, done some chores and met friends for a latte in a local cafe.

It was a typical "work day" for Ms Lewis, reinforcing her decision to forgo the corporate world in London 11 years ago in the pursuit of a more fulfilling lifestyle. She began operating her guesthouse in Hepburn Springs, 65 Main, in 2001 after sitting down and planning her ideal work-life situation.

She now offers guests a tailored experience at her five-bedroom weatherboard house overlooking Wombat State Forest. "It's been a real pleasure to see the dream on paper morph into reality," she says.



65 Main.

Ms Lewis says she feels fortunate to have been able to create her own lifestyle. "I'm in control of my destiny. I get to live in a lovely property, overlooking a forest with day spas, wineries, chocolate makers and food growers on my doorstep."

However, she says, many would-be bed-and-breakfast owners underestimate the amount of work involved. During the past decade, she has watched several of her competitors go out of business, often as a result of their relationships buckling under the strain.

"You need to put systems in place so it doesn't take over your life, for things like guests showing up at 8pm when they said they would be there at 3pm and you've turned down an afternoon catching up with friends to be there to greet them with a smile on your face.

Ms Lewis says it's also important to be a people person, and to be able to read your guests' needs. She's had visitors tell her of experiences staying at bed and breakfasts that are reminiscent of *Fawlty Towers*, with a Basil Fawlty-type character trying to force them to drink port when they don't want to.

"Some operators don't know how to get them through the door - or don't like them when they do," she says, laughing.

"The people it suits are those who understand the work involved. A lot of people think it's a good retirement game, but it's a really physical job. If you have to pay someone to do all the different tasks, the business model will fall over.

"You do need a financial buffer behind you. I have seen plenty of people who have come here and they can't pay their bills and their house gets repossessed. It's good for the retirement scenario if you don't really need the money but most people I have met don't have that privilege."

The head tutor at the Bed and Breakfast Institute, Stewart Whyte, has written 11 books on the subject and has been teaching people how to set up and run a successful B&B business for 14 years. However, a year after completing his course, only 8 per cent of the participants have actually gone on to operate their own accommodation business.

"Obviously I have put a lot of people off," he cheerfully admits. And that's not a bad thing, given the often unrealistic expectations people have about how easy and financially rewarding it is to be a B&B owner.

"It's a small business and the rules and requirements to be successful are the same as for a small business. A lot of people are coming out of corporate life and they may not have ever done a business plan or a marketing plan before."

If it's to be a commercial venture, rather than just providing a retirement top-up, Mr Whyte says the property needs to have four guest rooms, at a minimum, to be viable, and be charging a reasonable rate with high occupancy levels.

"Location is very important," he says. "You need to be in an area that attracts visitors. Keeping in mind many councils require B&Bs to have at least one wheelchair-friendly room, you don't want to be up a hill or down a gully.

"It's important for all the rooms to have their own en suites or bathroom. Once upon a time, most B&Bs had a family or shared bathroom but those days are basically gone, unless it's a historic property."

Mr Whyte estimates there are about 4500 B&Bs throughout Australia with only 750 of those being professional, full-time operations. The rest open sporadically or only on weekends or holidays.

He says niche B&Bs are becoming more popular with owners who have a skill that they can use to create a package so guests can participate in classes such as painting or sketching.

"It's not a new concept, but that specialisation has accelerated in the past 18 months," he says

Neill Atkins, the managing director of HP Brokers, has been involved in the sale of bed-and-breakfast properties throughout Australia for the past 20 years, and says they have a high turnover rate of about 15 per cent a year.

Often the feedback he gets from sellers is that running a B&B is "more work than they thought it would be". There is a distinct five-to-seven-year ownership cycle with people tending to sell up after getting tired of the lifestyle it entails, he says.

Many people looking to buy a B&B are facing a non-funded retirement due to the reduction in the value of their shares. "There's a lot of new operators in the business; 10 years ago it was a lot of repeat business but now there's the unfunded retirees and a lot of people who don't want to die in the bowling club. They want to do something different.

"They are spending \$2 million to \$3 million on a B&B, rather than putting it in the bank and lying on the beach."

Mr Atkins says he has also seen an increase in interest from people such as Ms Lewis who are fleeing the stress of corporate life.

"A lot of them coming into the industry are professionals in other fields and are in their prime, in their 30s or 40s or early 50s. Not the people you would expect."