The Larkfield House — Business Plan

Bed and breakfast in Galena, IL · Startup plan

Executive summary

The Larkfield House is a new bed and breakfast in Galena, IL offering guest rooms by the night, breakfast included; direct booking through the house's own website; two-night weekend and seasonal packages for couples; and whole-house bookings for families and small gatherings. The model is a small owner-occupied house, a handful of rooms sold by the night with breakfast included, and as much of the occupancy as possible booked directly rather than through a commissioned platform.

Startup budget: $133,168 across 10 items, funded from savings. Target: $12,000 in monthly sales.

Twelve months from now, success looks like this: Half the rooms filled across the year, more than half of those nights booked direct, and reviews that name the breakfast

Products and services

The Larkfield House's core offering is guest rooms by the night, breakfast included. Each room has its own page with real photographs, the bed, the bathroom, the rate and the minimum stay stated before anyone has to ask, and breakfast is made on the premises for house guests every morning.

- Guest rooms by the night, breakfast included
- Direct booking through the house's own website
- Two-night weekend and seasonal packages for couples
- Whole-house bookings for families and small gatherings

Market analysis

The guests are couples on a two- or three-night trip who want somewhere with a character a chain hotel cannot copy, people coming for a wedding, a campus or a trailhead nearby, and the returning guests who book the same room every year and cost nothing to win back.

- Couples on a two- or three-night trip who want somewhere with character, not another chain hotel room
- Guests of a nearby wedding venue, college, hospital or trailhead who need a room within walking distance
- Travelers in their late thirties and forties choosing a place rather than a commodity room
- Returning guests who book the same room every year — the cheapest bookings a small property ever takes

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Marketing strategy

Bookings come from three places, and the mix is the business: the house's own website, where a night keeps its whole rate; Google, where a guest searching the town or the venue nearby finds the Google Business Profile, the photographs and the reviews; and the booking platforms, which buy volume and reviews in the first season at a commission on every stay. Word of mouth and returning guests do the rest, which is why every departing guest is asked for a review that names the room and the breakfast.

- Your own website: a page for each room with real photographs, honest rates and a direct booking request — a night booked here keeps its whole rate
- Google Business Profile and Google — “bed and breakfast” plus your town, and the name of the wedding venue, trailhead or college your guests are really coming for
- The booking platforms for the first season's volume and reviews, with the mix worked back toward direct bookings every month after that
- Reviews from departing guests that name the room and the breakfast
- An email list for returning guests and the quiet months

Operations plan

The owners live on the premises and run the house themselves in the first year — check-ins, breakfast, turnovers and the calendar — with housekeeping help on heavy changeover mornings, one booking calendar that cannot double-sell a room, and the lodging tax collected and remitted on every night sold.

- A room count chosen against your own state's food-permit rule, not against the floor plan — the number of rooms you rent is a legal threshold in several states
- One booking calendar that cannot double-sell a room across your own site and the platforms
- A written policy on children, pets, one-night stays and cancellations, published on the site before a guest has to ask
- The transient occupancy or lodging tax collected on every night sold and remitted on schedule
- A turnover routine you can actually run on a full changeover morning — two or three linen sets per bed, not one
- A maintenance list for a building working every day, with the fire alarms, extinguishers and inspections on a calendar

Startup costs

What it will take to open the doors, funded from savings.

Startup costs

ITEM	AMOUNT
Commercial upgrades: fire separation, egress, alarms, access and the kitchen	$55,000
Furnishing the guest rooms: beds, linen, seating and the bathrooms	$47,000
Working capital: the bills on the building for the first three to six months	$20,000
Commercial property and liability insurance for a lodging use (first year)	$4,250
Zoning approval, the state lodging license and the food and fire permits	$3,250
Booking calendar, channel manager and card payments (first year)	$1,500
Photography of every guest room, the breakfast table and the building	$1,750
Website with a page per room and your Google Business Profile	$0
Business registration, LLC and EIN	$268
Food manager certification for the owner or manager	$150
Total	**$133,168**

Typical range to start a bed and breakfast in the US: $42,135–$230,200. Your list is what you decided to spend — replace estimates with real quotes as you get them. Booking calendar, channel manager and card payments (first year): Your Zarla plan includes online booking, invoicing and customer management, so a direct booking request reaches you without a separate system — you will still want a channel manager if you list on the platforms. Website with a page per room and your Google Business Profile: Your Zarla plan includes the website with a page for each room, rates, your policies and a direct booking request, and walks you through claiming your Google Business Profile — a designer typically charges $2,000 or more to build one.

Financial plan

The numbers below come from your own startup list and typical monthly costs for a bed and breakfast in the US. Neither includes the building itself — not its purchase price and not the mortgage or rent payment, because both are set by the property rather than by the trade — so add your own figure for it before reading any bottom line. What they do show is the shape of the business: the conversion work to commercial lodging standard is the largest line before opening, and after opening the fixed costs run all year while the bookings do not.

Typical monthly operating costs for a bed and breakfast: $1,475–$10,020 a month, before the owner's own pay.

At $12,000 in monthly sales, The Larkfield House would clear $1,980–$10,525 a month before owner pay and tax, and recover the $133,168 startup budget in roughly 13 months if costs stay near the low end of the typical range — far longer at the high end, where the margin is thin, so pin your real monthly costs down first.

Typical monthly operating costs

COST	TYPICAL RANGE
Utilities on a building open all year: heat, power, water and internet	$400–$1,500
Booking-platform commission on the nights the platforms bring	$0–$1,700
Housekeeping help on turnover mornings	$0–$2,500
Breakfast food, coffee and guest supplies	$300–$1,200
Commercial property and general liability insurance	$200–$500
Repairs and maintenance on a building working every day	$150–$800
Laundry, linen replacement and cleaning supplies	$150–$600
Booking calendar, channel manager and card processing (included with Zarla)	$125–$420
Directory listings, photograph refreshes and the Google Business Profile	$50–$400
Phone, bookkeeping and accounting	$100–$400

US ranges for a small operation; replace with your own figures as you learn them. Lines marked (included with Zarla) are what those tools cost separately — with Zarla they are part of one monthly plan.

Risks and honest downsides

Every bed and breakfast plan should say out loud what can go wrong. For The Larkfield House, the real risks are:

- You live inside the business: long days, and a home that is never only yours for the family living in it — innkeepers writing publicly about the trade warn about the hours far more than about the money
- Occupancy is seasonal and averages about half your rooms half the time, while a building open all year costs the same in February as in July
- Zoning is your city's decision, sometimes at a hearing where neighbors can object — and it is settled before you buy, not after
- One extra guest room can move you into a different regulatory category and a commercial kitchen
- Every night a platform books costs a commission, including the guests who would happily have come back to you directly
- An old building working every day breaks, and a room out of service is a room you cannot sell

Licenses, permits and insurance

What The Larkfield House needs before it can legally trade in the US. Rules vary by state and city — confirm each item with your local licensing office and an accountant.

- Zoning approval or a conditional use permit from your city — In the US a bed and breakfast is usually a commercial lodging use in a residential zone, so you need a zone that already allows lodging, a variance, or a conditional use permit — often decided at a public hearing where neighbors may object. It takes months, it is checked with the planning department before you buy rather than after, and the same call should cover parking minimums per guest room, which quietly cap your room count.
- State lodging or tourist accommodation license — Most US states license lodging premises, typically about $100–$600 a year depending on room count, with a health or sanitation inspection attached. Virginia is explicit that bed and breakfast facilities must be permitted as lodging facilities under its Sanitary Regulations for Hotels however few guests they serve. Check your own state's health or licensing department.
- Food permit for serving breakfast — The rule turns on how many rooms you rent, and this is the US requirement that catches people, because the thresholds differ sharply by state. Texas treats a bed and breakfast with seven or fewer rooms for rent serving only breakfast to overnight guests as not a food service establishment, though the owner or manager must still hold a food manager certification. Virginia exempts a B&B from a food establishment permit only if the premises are owner-occupied, food is offered only to guests, 18 or fewer guests are served in a day, and guests are told the food is prepared in a kitchen that is not licensed as a restaurant. Oregon allows breakfast service in rooms not used as sleeping quarters and closed to non-employees during meal hours. Get your own state's rule in writing before you fix a floor plan.
- Fire marshal sign-off and a health or sanitation inspection — Both come before your first guest, and any works they require are not negotiable. An inspection fee of about $75–$300 is typical in the US; the works behind it are the expensive part, which is why the fire marshal belongs in the design conversation.
- Transient occupancy or lodging tax registration — Almost every US state and many cities levy a lodging tax on every night of accommodation sold. You collect it from the guest and remit it, the booking platforms may or may not remit on your behalf depending on where you are, and the reconciliation is yours. Register before your first booking rather than at the first filing deadline, and confirm the details with your accountant.
- Short-term rental registration in some US cities — A growing number of cities run a separate registration scheme that may or may not capture a bed and breakfast. Rules differ wildly between neighboring towns, so ask your own planning department directly.
- Business registration and EIN — Most innkeepers form an LLC; the EIN from the IRS is free. Register a DBA if the house trades under a name of its own.
- No single national US lodging license — There is no federal license for a bed and breakfast — every requirement above is set by your state, county or city, which is why another state's answer is never evidence for yours.

Milestones: the next 30 days

The first month's to-do list for The Larkfield House, in order:

- Inn-sit or work a week at somebody else's property before you spend anything — the cheapest due diligence in this trade
- Get your state's food-permit rule in writing, then choose your room count against it
- Call the planning department: is a bed and breakfast permitted here and under what process, how many parking spaces per room, and is there a separate short-term rental registration
- Register the business, take the free EIN and open a business bank account
- Get commercial property and liability quotes written for a lodging use — a homeowner's policy will not respond once you take paying guests
- Register for the transient occupancy or lodging tax before the first booking
- Photograph every room properly, then put the website live with a page per room, honest rates and a direct booking request
- Claim your free Google Business Profile, then ask every departing guest for a review that names the room and the breakfast

Appendix: what a lender will ask for

This plan tells the story and shows the numbers. If you take it to a bank, expect to be asked for these documents as well:

- Two years of personal tax returns and a personal financial statement
- A month-by-month 12-month cash-flow projection built on about half your rooms half the time, with the seasonal swing shown
- The property: the purchase contract or deed, the appraisal, and quotes for the conversion work
- Written confirmation from the city that the zoning allows a bed and breakfast, or the conditional use permit itself
- Proof of commercial lodging insurance, your state license and every permit
- Your room count, planned nightly rates, and what comparable properties nearby actually charge
- If you are buying a going concern: its occupancy, nightly rates and booking history for the last two years
- Your credit report and anything you can offer as collateral