

A photograph of a stone building facade. A window on the left is decorated with a large arrangement of red and white flowers. To the right of the window is a black sign with gold lettering that reads "COTTESWOLD HOUSE B & B". Further right is a dark door with a brass handle and a small gold plaque. The foreground is filled with a variety of colorful flowers in a garden.

# First Steps in Tourism

advice for people thinking of starting  
a small tourism business

## The dream business

The desire to own and manage a small hotel, bed and breakfast or guesthouse is a common dream with universal appeal. No one is barred from setting up a tourist business – in fact, around eighty per cent of the people who purchase their first tourist business have no previous experience of the industry.

In the past many have viewed it as an early retirement option, but more and more people in their thirties and forties now consider the prospect of owning and managing a small scale tourist business as a positive mid-life career change.

The main reasons for starting a tourism business are:

- ◆ An improved lifestyle.
- ◆ A better quality of life.
- ◆ The satisfaction of being in control.

Running your own business seems an attractive dream but often turns out differently in reality. The failure rate of new entrants to the tourist industry is high, with one in four people selling up within three years. The most commonly given reason for pulling out of this business is ill health. This is often a result of sheer pressure of work compounded by the fact that you cannot afford to be ill. But, while ill health is a genuine reason in some cases, it is also a code for 'sick of hard work, lack of visitors out of season and little financial reward'.

Running a small hotel, B&B or guesthouse is physically and mentally demanding. It is a way of life that you either grow to love or hate. We hope that some of the advice and information in this leaflet will help you to decide whether this is the life for you.

## Points to consider

### Are you the right person for the job?

- ◆ Are you in good health?
- ◆ Can you work long hours – 7am till midnight?
- ◆ Do you mind sharing your home?
- ◆ Do you have the full backing of your family?
- ◆ Are you adaptable – and can you make decisions on the hop?
- ◆ Is your lifestyle dependent on a regular income?

### Do you have the right skills and qualities for the work?

- ◆ Have you any relevant experience in dealing with customers?
- ◆ Have you good social skills – happy to chat at any time?
- ◆ Are you good at book-keeping and accounts?
- ◆ Can you seek and accept advice?
- ◆ Are you willing to take a risk?
- ◆ Can you plan ahead?

Be honest with yourself. If you can't say 'Yes' to the majority of these questions, then perhaps you should think again.

## What people say ...

Fiona and Bill of the Riverside Hotel are in their late thirties with two young children.

'We thought it would be really good for us as a family if we could work from home,' says Bill. 'We didn't want the children to come home from school to an empty house, and to miss out on their growing up. We did all the right things in terms of thoroughly researching the market. Even after we had pinned down the area we wanted, it still took three years before we found the right property in the right location.'

'It was worth waiting,' comments Fiona. 'We spend a lot of time getting feedback from guests and making sure we are giving them the holiday they want, and business is going well.'

'The down side is that we never imagined quite how hard it was. We do see more of the children, but guests have to take priority, and it feels like we never have any privacy. That was the most difficult lesson of all, especially for the children. It's better now they are a bit older and more independent, but I still sometimes wonder if we did the right thing.'

## How to increase your chances of success

No one would pretend that starting a small tourism business is without its difficulties, but being aware of some of the truths and pitfalls can increase your chances of getting it right.

### Location

There is a degree of wisdom in the cliché that the three most important aspects of successful accommodation development are 'location, location, location'. While personal factors may influence your decision to locate in a particular part of the country – to be near friends and family, for instance, or to live in an attractive area – you must make sure that factors which affect the performance and profitability of the business have priority.

### Limitations to development

Are there physical restrictions to growing or improving the business? Check out the possibility of any local developments which may affect the business. Are parking and access easy, for instance? Many customers put off-street parking at the top of their priorities, but cities and historic towns impose parking restrictions and curtail access for cars. The growing demand for 'greener' tourism and a call for less pollution in cities and towns will further limit car usage in the future.

### Become a tourism detective!

Finding out about the existing and potential market is vital. The following are helpful to discover:

- ◆ Who are the existing customers and where do they come from?
- ◆ What types of customer does the business currently attract – are they mostly young families? Retired couples?
- ◆ What is the turnover? What proportions are from accommodation, beverage and food sales?



- ◆ What is the average occupancy? Check this against local averages, which you can find out from your Regional Tourist Board.
- ◆ Check out the competition in the area.
- ◆ Is the business seasonal? Is it concentrated on a few weeks in the summer holidays and is there scope to extend the season?
- ◆ What is the most popular type of tourism in the location you have chosen eg business, holiday, short break, activity?
- ◆ Who publicises the area? Copies of brochures are available from the local Tourist Information Centre.

Careful and rigorous market research is essential. It can tell you who will buy your product and why, and how they use it. You can also learn more about other similar businesses and what makes them successful. The more time you spend on research the better your decisions are likely to be, and as you will be able to do most of the work yourself, it will cost you nothing except time.

### Find out the regulations

It is wise to be aware of the regulations before you go ahead, If you fall foul of the laws relating to a tourist business, pleading ignorance of current legislation will not excuse you.

You will need to investigate issues such as:

- ◆ Planning permission
- ◆ Payment of business rates
- ◆ Employment legislation
- ◆ Fire certifications
- ◆ Food hygiene legislation
- ◆ Licensing laws

If you are starting a new business from scratch, in most cases you will require planning permission for a change of use to the property. Make early contact with the local authority to ensure that they will give approval before committing yourself to purchasing or undertaking any expensive refurbishment.

Get yourself a copy of The Pink Booklet. This provides a detailed guide to the regulations which affect serviced and self-catering accommodation businesses. How to Obtain Planning Approval may also be useful.

Both are available from the English Tourism Council's Fulfilment Department on 0870 606 7204.

## What people say ...

Elizabeth took a cautious approach when she decided to offer B&B at Valley Cottage.

'I saw the opportunity to use the house to raise some revenue,' she says. 'What I didn't have was much capital, so I kept the costs of setting up to a bare minimum, upgrading the rooms when I could afford to.

'It is a prime location in season, so I'm run off my feet for two months of the year. Now I'm looking at marketing it in the shoulder season, offering special weekend breaks. I do all the cooking, which visitors seem to appreciate, and I emphasise that in my advertising. There's nothing to beat word of mouth recommendation, though, so I spend a lot of time with my guests and try to offer a very personal service. I sometimes get a bit weary of always being cheerful and answering the same questions time and again, but I've met lots of very interesting people too. I don't think I could do it all year, though.'

## Quality sells first ... and last

Customers demand high standards and their expectations are rising. Because many people buy their holiday without seeing the product, they need to be assured that the facilities will reach certain standards and are of the best quality. The English Tourism Council's National Quality Standards Scheme, a unified grading system run in conjunction with the RAC and AA, guarantees quality standards, particularly in areas such as cleanliness and customer care. Participation in this will give you a recognised stamp of approval. You can obtain details and an information pack about the scheme from your Regional Tourist Board.

Caring for your customer will improve your business performance and encourage word-of-mouth recommendations. Welcome Host training seminars have been designed for those working in all parts of the tourism industry. The courses offer low-cost training in customer care. Contact the training manager at your Regional Tourist Board for details.



## Before you buy

It is essential to make sure you know exactly what you are investing in, and a false economy not to invest in professional help before you jump in. The right advice can save you money and pay for itself many times over if it avoids disaster. Be sure to check:

### What the present owners are really selling

Items for debate can include any leased equipment, the database of guests, stock in trade, cash float, employees and their contracts of employment. A solicitor will guide you through this potential minefield.

### The trading figures

Examine these carefully. Ask a professional adviser from the area to check the turnover and profit and loss figures, as these can contain clues about the nature of the business and help to determine exactly what you are buying.

A word about using the services of your long-standing bank manager or accountant where you currently live. Assure yourself that they fully understand both the tourist industry and the area in which you intend to buy. If possible, arrange to speak to, or, better still, visit their equivalent in the new area. There is no substitute for local knowledge.

### The finances

The majority of people need some financial assistance when they start and there are several organisations that lend money to new businesses. Make sure that you explore all of the possibilities and find the package that best suits your individual business – it may not always be the cheapest.

Do not fall into the trap many people do of borrowing money just because you can. If you need a loan, whatever organisation you approach will need to have confidence in you. They will want to be assured that you are willing to commit your own money to the new venture. It is important that you present your case in the right way. This means preparing a business plan, including an operating budget and a cashflow forecast. Help is often available from the bank's in-house business advisers, or from your local Business Link.

Be as clear as you can. Don't be over-optimistic about your likely business performance, but be positive and collect facts to back up your plans (see 'Become a tourism detective').

## Where to go from here ...further help

### Regional Tourist Boards (RTBs)

Start by contacting your Regional Tourist Board. It offers a number of direct services which can help you. Most Regional Tourist Boards will send you simple information about starting up in business and several will offer detailed advisory and consultancy services.

Cumbria Tourist Board	015394 44444
East of England Tourist Board	01473 822922
Heart of England Tourist Board	01905 761100
London Tourist Board	020 7932 2000
Northumbria Tourist Board	0191 375 3000
North West Tourist Board	01942 821222
South East England Tourist Board	01892 540766
Southern Tourist Board	01703 620006
South West Tourism	0870 442 0830
Yorkshire Tourist Board	01904 707961

In the West Country, the region with the greatest buying and selling activity, South West Tourism offers a comprehensive source of information, advice and training called Operation Fresh Start. This includes a no-nonsense guide to starting afresh in the West Country (cost £15), plus two one-day seminars each year when you can go along and meet those already operating in the trade who can offer professional advice. These cost around £60 per person per day, or £108 for a couple.

### Local authority

The tourism and economic development departments of county councils often publish information about trends and statistics, including average occupancy rates for their area. Local authority, district or borough councils may have a tourism department and it is worth speaking to the tourism officer about drawbacks and developments in their part of the world.

### Tourist Information Centres (TICs)

The local Tourist Information Centre can also offer valuable information. The staff will know the area well and can tell you more about the type of business you intend to purchase and what visitors to the area are looking for.

### Business advice

Once you have decided where you are going to settle, call the Business Link Signpost Line on 0345 567765 who will put you in touch with your nearest Business Link. These often have resource libraries and offer the services of a business advisor. In April 2000 the Government is setting up a new Small Business Service, designed to be a single organisation within Government dedicated to the interests of small business.

### Financial and professional advice

Most banks have excellent, and free, material aimed at people starting in business. Many solicitors and accountants will discuss your business proposal with you free of charge in the first instance.

### Other sources of information

Local libraries are a source of information about the area they serve. Many provide access to the internet, where you can find information about government initiatives at: [www.enterprisezone.org.uk](http://www.enterprisezone.org.uk).

Tourist statistics are available from your Regional Tourist Board, or on the national statistics website: [www.staruk.org.uk](http://www.staruk.org.uk)

The English Tourism Council produces a wide range of research and business support publications. For the full list called *Tourism Titles* contact ETC Fulfilment on 0870 606 7204.

Do take your time to find out and listen to people who have an understanding of the industry. Don't rush in on the back of a good hunch without establishing some evidence of demand.

We wish you good luck and success in your first steps in tourism.



## What people say ...

Stephen and Catherine of the Blossom House Hotel bought into the business in preparation for early retirement. The children had both left home and the couple wanted to spend more time together. Catherine gave up her job as a sister in a busy hospital, while Stephen carried on working for the civil service until the business became established.

'I thought nursing would prepare you for anything, but being at the beck and call of guests 24 hours a day was still hard to get used to,' says Catherine. 'I didn't mind the physical work, but had to build in time out for myself when Stephen came home and could take over. It meant we saw even less of each other in the short term.'

'I had only intended to carry on commuting to work for one year,' adds Stephen, 'but it turned out to be three. Business was slow to build up, and being just outside the resort we didn't get much passing trade. The local Tourist Information Centre helped by giving out our information, but we ended up spending quite a lot on advertising. We also mail previous guests at least once a year, which has been quite effective.'

'Now we wouldn't say trade was booming, but we get a good percentage of repeat bookings. It will never make our fortune, but we earn enough. It certainly doesn't compare to a regular 9 to 5 job, but we knew that before we started.'

### Photographic Credits:

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