



Without Reservations

So you went on vacation, stayed at a family owned B&B or small boutique hotel, and now you're fantasizing about opening your own. Well, you can.

BY Allison Weiss Entekin —



INN CONTROL Dinie and Carl Glassman,
keepers of Wedgwood Inn©

Nineteen years ago, Kevin and Joanne Robertson were among the frontrunners in the New York City rat race. Kevin was a successful investment banker, and Joanne was an executive at a major advertising firm. One spring, they took a vacation to Joanne's native Montego Bay, Jamaica, where her contractor brother asked them to visit some beachfront property he planned to develop into condos. Maybe it was the warm breeze — or maybe the buzz from their lunchtime cocktails — but the Robertsons took one look at the land and saw the perfect backdrop for a boutique resort. And they wanted to create it.

It would just be a two-year detour, they promised each other. Joanne's brother would develop the resort, which they decided to name Coyaba (a native Arawak word for "heaven"); they'd get it up and running and then sell it for a profit. But it wasn't long before they had children, and

the Robertsons decided to run the 50-room hotel for a few extra years so their kids could spend a bit of their youth playing barefoot in the sun. It wasn't until the hotel finally turned a profit four years after they opened it that the Robertsons realized their detour might actually be their destination. "We agreed that if we could make enough money to send the kids to college, we'd stay," Kevin says. Well, they're still in Jamaica — and their oldest child is filling out college applications.

The Robertsons admit that many of their New York friends are envious of their story, and it's easy to see why. Today's typical desk-job environment — overworked employees, widespread layoffs — makes the idea of earning money while living in a beautiful locale and controlling your own destiny undeniably appealing. And as independent boutique hotels and inns (usually with 150 rooms or fewer) continue to rise in popularity, more and more travelers are sharing glasses of wine with the person who actually owns the place where they're staying. With that familiarity comes an assumption of feasibility: "I bet I could do it, too!"

Those who have made a go of it say it's not a job for the frail. Climbing stairs, fixing pipes and carrying heavy trays is all part of a day's work — which can easily run 15 hours. The profession is also not for those who care about privacy. "Everything you do is in front of the eyes of customers, so you really do live in a glass house," Kevin says.

SO HOW MUCH MONEY DO YOU ACTUALLY NEED TO START YOUR own boutique hotel? It seems the answers are as varied as the properties that fall under this description.

Are you renovating an existing building (less expensive) or starting from scratch (more)? Do you have 20 rooms or 50? Are you hiring highlevel employees to help manage the property, or are you doing it all yourself? What kinds of amenities are you providing? These factors, plus the prices in your geographic location, will determine your startup costs, but boutique hotel advisor John Sears has one piece of advice: “If you think you have enough money to get into the hotel business, double it before you start.”

And don’t just consider the pre-opening costs — once you’re in business, your mailbox will be stuffed with bills. There are employees to pay (housekeeping, maintenance, bookkeeping, front desk), utility bills and costly insurance premiums. Depending on the size and scope of your hotel, these monthly expenses can total anywhere from \$5,000 to \$100,000.

The amount of time it takes to see a profit depends on the amount of money you invest, but successful owners can find themselves in the black after three to five years. Some took out loans while others, like the Robertsons, had silent family investors who infused the project with \$4.8 million. Jamie Barber, owner of the 15-room Half Moon Bay Inn in Half Moon Bay, CA, partnered on the \$2.3 million venture with friends — and came to regret it. “It was a huge mistake that resulted in a civil trial,” she says, cautioning wouldbe hoteliers to choose their financial associations wisely.

In spite of her legal problems, Barber’s annual revenue is now \$275,000 a year, and the value of her once-desolate property has skyrocketed 200%. She pays herself a modest salary of \$36,000 a year — but she and her friends always have a great place to stay in one of the top vacation destinations on the West Coast.

As is always the case with real estate, location is of utmost importance. Carl Glassman, who owns and lives in the 26-room Wedgwood Inn in New Hope, PA, is fond of saying, “Your house is your business, and your business is your house.” In other words, choose your property wisely. You want to be where tourism is steady and real estate prices are bound to go up. “You pay for a prime location, but you pay every day for a poor location,” Glassman says.

As you design your hotel, aim to provide something unique to the market — but in your attempt to make a splash, don’t forget to make sure the nuts and bolts are in place. The Robertsons recall the chaotic first years, when décor and flare seemed paramount and controls and systems secondary. If they had to do it over, they’d turn their model upside-down — putting the correct staff and contingency plans in place before worrying about what music to play in the lobby.

Of course, marketing is also a major factor, and most owners are grateful for the way the internet has helped level the playing field. Online guest reviews are electronic gold, search engines can be as helpful as travel agents, and Facebook posts are the billboards of the modern age. Maureen McQuade says she recognized this, which is one of the reasons she retired after 30 years tending to the 57-room Inn by the Sea in Cape Elizabeth, ME.

“There are new things out there like Twitter and Facebook and keeping up with those things is important — and I wasn’t keeping up,” she says. “It was a good time to step aside.”

For their part, the Robertsons are still trying to keep up, offering click-to-turn online brochures and free Wifi throughout the resort — whatever they must do to maintain their ideal 65% occupancy rate, despite the fact that Jamaica has added 3,000 new hotel rooms in the last four years. It’s an industry that keeps on changing, and they must race to compete.

But at least they’re not rats anymore.

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