

PUTTING IT ALL TOGETHER IN A BUSINESS PLAN

Starting a business on solid footing improves the likelihood of the business surviving. For a business plan to be an effective guide for your enterprise, the number of pages doesn't matter, but the ideas, processes, organization, and marketing do. By carefully considering the issues and topics contained in this Farmstay Manual, you have been formulating a business plan, and you've helped increase the likelihood of your success.

Business planning for an agricultural enterprise involves: identifying your values; taking stock of what you have; developing a vision, mission, and goals; strategic planning; and evaluation. A written business plan captures the results of the business planning process. It is a simple-to-read document that guides your business and sets forth the mission, objectives, management, marketing strategy and implementation, financial profit and loss statements, and sales projections.

A great resource to use to help write your plan is: *Building a Sustainable Business: A Guide to Developing a Business Plan for Farms and Rural Businesses* (see Resources). You might also consider using an existing business plan template available on the Internet to guide you through the process of writing a plan.¹⁶ Others have also found it useful to assemble an "advisory team" when contemplating a new business. Bring together family members and friends who really know you, and bounce your ideas about your farmstay off them. Have them help you brainstorm name ideas, marketing strategies, décor, etc.

Remember that a wise approach to most businesses is to start small. If you have taken the necessary steps to get your accommodations prepared for guests, have your insurance and licensing in place, and have worked out your operating systems, then it is time to "test" your farmstay. While you can start taking paying guests immediately, you might want to consider a "soft opening": perhaps hosting a free weekend with friends and family who can give you honest feedback on their experience.

As you start out, you will learn many things. It is important to monitor how things are working and adjust accordingly. Pricing structure, marketing efforts, and the types of activities you offer can be adapted and changed as you see how things go.

¹⁶ Cornell's NY Beginning Farmer Project has a list of useful online sites, templates and worksheets for business planning. It can be accessed at www.nybeginningfarmers.org/index.php?page=plan.

Flexibility and adaptability are important for any business. You are never really “done” with planning, but should constantly be monitoring your business and planning for improvements—or even formulating a new plan!

Farmstay Start-up Checklist

- Visit several farmstays as research and development
- Check in with county planning and zoning to see if there are any barriers to your starting a farmstay
- Develop farmstay business plan
 - Name
 - Concept
 - Design
 - Operations
 - Marketing
 - Financial projections
- Secure county planning & zoning approval
- Establish business structure (in consultation with attorney/CPA)
- Contact Minnesota Department of Health or your local jurisdiction for lodging plan review
- Complete renovations & farmstay design
- Secure state licensing
- Finalize all necessary operational, marketing and administrative details
 - Reservation process and policies
 - Website
 - Marketing materials
 - Insurance as needed
- Launch farmstay!

Resources

AGRITOURISM PUBLICATIONS

- Adams, Barbara Berst. *The New Agritourism: Hosting Community and Tourists on Your Farm*. Halifax: New World Publishing, 2008. Print.
- Byczynski, Lynn. *Market Farming Success*. Broadway, NY: Fairplain Publications, 2006. Print.
- Ivanko, John and Lisa Kivirist. *ECOpreneurship: Putting Purpose and the Planet Before Profits*. British Columbia, Canada: New Society, 2008. Print.
- Ivanko, John and Lisa Kivirist. *Rural Renaissance: Renewing the Quest for the Good Life*. British Columbia, Canada: New Society, 2004. Print.
- Jolly, Desmond A., ed. *Planning and Managing Agritourism and Nature Tourism Enterprises - A Handbook*. Davis, CA: UC Small Farm Center, UC Davis, 2006. Print.

AGRITOURISM WEBSITES

- <http://farmstays.blogspot.com> A farm stay guide/blog focused on the Northeastern US.
- <http://www.ruralbounty.com> A website listing agritourism opportunities in the US and Canada for travelers. Basic listing for farms and ranches is free. Premium listings available for a fee.
- <http://www.greenroutes.org> A website that promotes one-of-a-kind, locally-owned, and environmentally-conscious travel destinations including agritourism enterprises. Listing requires applying and being accepted into the program (based on sustainability principles) and sliding-scale fee.
- <http://www.farmstayus.com> A website with information on farmstays across the US and information on agritourism. Basic listing is free for farmstays. Premium listings available for a fee.
- http://greenislandpreserve.com/minnesota_farmstay.html A listing of farmstays and foreststays in Minnesota.

STATE RULES AND REGULATIONS RELATED TO LODGING

- Lodging Definitions. Minnesota Department of Health. <http://www.health.state.mn.us/divs/eh/lodging/index.html>.
- Licensing Fees for Minnesota Food and Lodging Establishments. Minnesota Statute 157.16, subdivision 3. <https://www.revisor.mn.gov/statutes/?id=157.16>.
- Licensing Jurisdiction for Food, Beverage and Lodging Establishments. Minnesota Department of Health. <http://www.health.state.mn.us/divs/eh/food/license/delegation.html>.

BUSINESS RESOURCES

General Information and Assistance

- Minnesota Secretary of State's office. Includes information and requirements on running a business in Minnesota. <http://www.sos.state.mn.us/index.aspx?page=92>
- Minnesota Small Business Assistance Office. Offers resources and consultation. <http://www.positivelyminnesota.com/Business/index.aspx>
- James J. Hill Business Reference Library offers BizToolkit, a free gateway to business information tools, databases, and research resources to help your business succeed.

http://jjhill.org/research_online/biztoolkit_membership.cfm

SCORE is part of a national nonprofit association dedicated to entrepreneurial education and contributing to the success of U.S. small businesses. They offer workshops and counseling. <http://score-mn.org/main.htm>

Business Planning Guides

Nelson, Beth, ed. *Building a Sustainable Business: A Guide to Developing a Business Plan for Farms and Rural Businesses*. St. Paul, MN: Minnesota Institute for Sustainable Agriculture, 2003. A 280 page, 5 chapter, step-by-step guide to developing a business plan- with a focus on agricultural businesses. Includes worksheets and farmer profiles/testimonials. SARE Handbook 6, print copies available at Sustainable Agricultural Publications: 301-374-9696.

Sample hospitality business plan template:

http://www.bplans.com/bed_and_breakfast_business_plan/executive_summary_fc.cfm

Dreaming of Innkeeping. Minnesota B&B Association, 2009. Workbook from the Minnesota B&B Association Aspiring and Refresher Workshop.”

Marketing

Nelson, Beth, ed. *Marketing Local Food*. St. Paul, MN: Minnesota Institute for Sustainable Agriculture, 2009. Available electronically www.misa.umn.edu, click on publications.

Liability

Moore, Robert, and Barry Ward. *Using Liability Limiting Entities to Manage Liability Exposure for Ohio Farms*. Reprint. Dublin, OH: Ohio State University Extension, 2008.

“Liability for Visitors to Farm Property.” University of Kentucky Cooperative Extension Service. Web. Nov. 2009. http://ces.ca.uky.edu/cesrc-files/west/Liability_for_Visitors_to_Farm_Property.pdf

Taxes

Fishman, Stephan. *Deduct It! Lower Your Small Business Taxes*, Print. NOLO 2010.

Mancuso, Anthony. *The Corporate Minutes Book*, eGuide. NOLO, 2010. Available electronically at <http://www.nolo.com/products/corporate-minutes-CM1C3.html>.

Fishman, Stephan. *Every Landlord’s Tax Deduction Guide*, Print. NOLO 2010

Allen, C.W. “Al”; Hill, Cheri S; Kennedy, Diane; and Sutton, Garrett. *INC. & Grow Rich!: How To Cut Taxes 70% & Protect Your Assets Forever!* Print. Sage 2002.

Green Building

Minnesota Pollution Control Agency Green Building Program. <http://www.pca.state.mn.us/index.php/topics/preventing-waste-and-pollution/green-building/green-building.html>

Center for Sustainable Building Research, University of Minnesota.
<http://www.buildingmaterials.umn.edu>

RESEARCH

- Schuweiler, Andrea. "Marketing Minnesota's Fields and Forests: Research on the Potential for Developing a Farm Stay Database and Joint Marketing Program in Minnesota," December, 2008.
- Joannides, Jan; Gustafson, Kent and Schuweiler, Andrea. "Cultivating a New Tourism Sector: Agritourism." 2009. A report that explores potential for agritourism in Minnesota including a survey with small and mid-sized farmers. Available by contacting jan@rtcinfo.org
- "The Economic Impacts of Expenditures by Travelers on Minnesota: June 2007 – May 2008."
- David Peterson Associates, 2008. Print.

TOURISM AND GREEN BUSINESS ORGANIZATIONS

- The Congress of Minnesota Resorts — an industry association dedicated to helping family owned and operated resorts in Minnesota continue as a viable segment of the Minnesota tourism industry. It offers members assistance in marketing and education and assures them a voice at the state capitol. www.minnesota-resorts.com/membership.aspx
- Explore Minnesota – the state tourism agency and industry advocate. Explore Minnesota works to market tourism opportunities big and small for Minnesotans and others interested in visiting. www.exploreminnesota.com or industry.exploreminnesota.com.
- Green America – is a national nonprofit consumer organization, promoting environmental sustainability, social justice, and economic justice through economic strategies. The Green Business Network is a certification program offered by Green America that prints the Green Pages and offers an Internet directory of green businesses accessed by millions of people annually. www.greenamericatoday.org.
- Green Routes is a sustainable travel initiative coordinated by Renewing the Countryside (www.renewingthecountryside.org). Its goal is to promote one-of-a-kind, locally owned, and environmentally conscious travel destinations as a strategy for building strong rural communities. www.greenroutes.org.
- The Minnesota Bed & Breakfast Association works to support and develop a strong Bed & Breakfast industry in Minnesota through collaborative marketing, sound policymaking, and conferences and workshops for aspiring innkeepers. www.minnesotabedandbreakfasts.org.
- Minnesota Grown – is a project of the Minnesota Department of Agriculture committed to supporting Minnesota growers and helping them to market their agricultural products and services to local consumers, buyers, and distributors. Minnesota Grown supports agritourism and includes agritourism destinations on its website and in its print directory. www.minnesotagrown.com.
- The Minnesota Resort & Campground Association is the professional trade association for resorters and campground operators in Minnesota. The MRCA is a not-for-profit organization that protects, educates and promotes the resort and campground industry. It is the only statewide resort and campground association in the country. www.hospitalitymn.org/displaycommon.cfm?an=4
- Professional Association of Innkeepers International – PAII was born in 1988 to serve the national industry by providing programs and services that would enhance the professional skills of both active and aspiring innkeepers. www.innkeeping.org.

University of Minnesota Tourism Center - offers training and education programs around customer service, festival and event management, and tourism development, as well as degrees and certifications. The tourism center also conducts research and provides facilitation and consultation services. www.tourism.umn.edu >

Minnesota Administrative Rules

Minnesota Administrative Rules as of July 2010 that Apply to Hotels and Motels. For a complete list see <https://www.revisor.mn.gov/rules/?topic=173334>. An additional set of rules apply if food is served. These rules can be found at <https://www.revisor.mn.gov/rules/?topic=160772>

4625.0100 DEFINITIONS.

Subpart 1. Approved.

The term “approved” shall mean acceptable to the commissioner following the commissioner’s determination as to conformity with established public health practices.

Subp. 2. Clean.

The term “clean” shall mean the absence of dirt, grease, rubbish, garbage, and other offensive, unsightly, or extraneous matter.

Subp. 3. Commissioner.

The term “commissioner” shall mean the commissioner of health and the Minnesota Department of Health, which terms shall be synonymous.

Subp. 4. Good repair.

The term “good repair” shall mean free of corrosion, breaks, cracks, chips, pitting, excessive wear and tear, leaks, obstructions, and similar defects so as to constitute a good and sound condition.

Subp. 5. Usable floor space.

The term “usable floor space” means all floor space in a sleeping room not occupied by closets, toilet rooms, shower, or bathrooms.

4625.0200 SCOPE.

Parts 4625.0100 to 4625.2300 shall be applicable to all lodging establishments, such as hotels, motels, lodging houses, and resorts as defined in Minnesota Statutes, chapter 157.

4625.0300 SANITATION REQUIREMENTS.

The construction, operation, maintenance, and equipment of lodging establishments shall be regulated as follows in parts 4625.0400 to 4625.2200.

4625.0400 BUILDING REQUIREMENTS.

Every building, structure, or enclosure used to provide lodging accommodations for the public shall be kept in good repair, and so maintained as to promote the health, comfort, safety, and well-being of persons accommodated.

4625.0500 FLOOR REQUIREMENTS.

The floors of all guest rooms, hallways, bathrooms, store rooms, and all other spaces used or traversed by guests shall be of such construction as to be easily cleaned, shall be smooth, and shall be kept clean and in good repair. Cleaning of floors shall

be so done as to minimize the raising of dust and the exposure of guests thereto. The requirements of this part shall not prevent the use of rugs, carpets, or natural stone which can be kept clean. Abrasive strips for safety purposes may be used wherever deemed necessary to prevent accidents.

4625.0600 WALL AND CEILING REQUIREMENTS.

The walls and ceilings of all rooms, halls, and stairways shall be kept clean and in good repair. Studs, joists, or rafters shall not be left exposed except when suitably finished and kept clean.

4625.0700 SCREENING REQUIREMENTS.

When flies, mosquitoes, and other insects are prevalent, all outside doors, windows, and other outer openings shall be screened; provided that such screening shall not be required for rooms deemed by the commissioner to be located high enough in the upper stories of the building as to be free of such insects, or in such areas where other effective means are provided to prevent their entrance.

4625.0800 LIGHTING AND VENTILATION REQUIREMENTS.

All rooms and areas used by patrons and guests and all other rooms or spaces in which lighting and ventilation, either natural or artificial, are essential to the efficiency of the business operation shall be well lighted and ventilated.

An area shall be considered well ventilated when excessive heat, odors, fumes, vapors, smoke, or condensation is reduced to a negligible level and barely perceptible to the normal senses. During seasons when weather conditions require tempering of makeup air, adequate equipment shall be provided to temper the makeup air. Every gas-fired or oil-fired room heater and water heater shall be vented to the outside air.

4625.0900 SPACE REQUIREMENTS.

Every room occupied for sleeping purposes by one person shall contain at least 70 square feet of usable floor space, and every room occupied for sleeping purposes by more than one person shall contain not less than 60 square feet of usable floor space for each occupant thereof. Under no circumstances shall there be provided less than 400 cubic feet of air space per occupant. Beds shall be spaced at least three feet apart when placed side by side. No sleeping quarters shall be provided in any basement having more than half its clear floor to ceiling height below the average grade of the adjoining ground.

4625.1000 BEDDING AND LINEN REQUIREMENTS.

All beds, bunks, cots, and other sleeping places provided for guests in hotels, motels, resorts, and lodging houses shall be supplied with suitable pillow slips and under and top sheets. All bedding including mattresses, quilts, blankets, pillows, sheets, spreads, and all bath linen shall be kept clean. No bedding including mattresses, quilts, blankets, pillows, bed and bath linen shall be used which are worn out or unfit for further use. Pillow slips, sheets, and bath linen after being used by one guest shall be washed before they are used by another guest, a clean set being furnished each succeeding guest. For any guest occupying a guest room for an extended period of time, a fresh set of sheets and pillow slips shall be furnished at least once each week, and at least two clean towels shall be furnished each day, except that the proprietor will not be responsible for the sheets, towels, pillow slips, and bath linen furnished by a guest.

4625.1200 TOILET REQUIREMENTS.

Every hotel, motel, and lodging house shall be equipped with adequate and conveniently located water closets for the accommodation of its employees and guests. Water closets, lavatories, and bathtubs or showers shall be available on each floor when not provided in each individual room. Toilet, lavatory, and bath facilities shall be provided in the ratio of one toilet and one lavatory for every ten occupants, or fraction thereof, and one bathtub or shower for every 20 occupants, or fraction thereof. Toilet rooms shall be well ventilated by natural or mechanical methods. The doors of all toilet rooms serving the public and employees shall be self-closing. Toilets and bathrooms shall be kept clean and in good repair and shall be well lighted and ventilated. Hand-washing signs shall be posted in each toilet room used by employees. Every resort shall be equipped with adequate and convenient toilet facilities for its employees and guests. If privies are provided they shall be separate buildings and shall be constructed, equipped, and maintained in conformity with the standards of the commissioner and shall be kept clean.

4625.1300 WATER SUPPLY.

A safe adequate supply of water shall be provided. The water supply system shall be located, constructed, and operated in accordance with the rules of the commissioner. After September 30, 1980, the temperature of hot water which is provided in any public area or guest room, including but not limited to lavatories, bathtubs, or showers, shall not exceed 130 degrees Fahrenheit (approximately 55 degrees Celsius).

4625.1400 HAND-WASHING REQUIREMENTS.

All lavatories for public use or furnished in guest rooms at hotels, motels, lodging houses, and resorts shall be supplied with hot and cold running water and with soap. Scullery sinks should not be used as hand-washing sinks. In the case of separate housekeeping cabins at resorts not supplied with running hot water, equipment shall be provided for heating water in the cabin. Individual or other approved sanitary towels or warm-air dryers shall be provided at all lavatories for use by employees or the public.

4625.1500 EATING UTENSILS AND DRINKING VESSELS PROVIDED IN GUEST ROOMS.

After each usage, all multiuse eating utensils and drinking vessels shall be thoroughly washed in hot water containing a suitable soap or synthetic detergent, rinsed in clean water, and effectively subjected to a bactericidal process approved by the commissioner. Approved facilities for manual dishwashing shall consist of a three-compartment sink with stacking and drainboards at each end. All mechanical dishwashing machines shall conform to Standard Number 3 of the National Sanitation Foundation, dated April 1965. All dishes, glasses, utensils, and equipment after washing and bactericidal treatment shall be permitted to drain and air dry. Single-service utensils or vessels as defined in part 4625.2400, subpart 20 must be handled in a sanitary manner. Such utensils may not be reused.

4625.1600 WASTE DISPOSAL.

All liquid wastes shall be disposed of in an approved public sewerage system or in a sewerage system which is designed, constructed, and operated in accordance with the rules of the Minnesota Pollution Control Agency, chapter 7080.

Prior to removal, all garbage and refuse in storage shall be kept in watertight, nonabsorbent receptacles which are covered with close-fitting, fly-tight lids. All

garbage, trash, and refuse shall be removed from the premises frequently to prevent nuisance and unsightly conditions, and shall be disposed of in a sanitary manner. All garbage receptacles shall be kept clean and in good repair.

4625.1700 INSECT AND RODENT CONTROL.

Every hotel, motel, lodging house, and resort shall be so constructed and equipped as to prevent the entrance, harborage, or breeding of flies, roaches, bedbugs, rats, mice, and all other insects and vermin, and specific means necessary, for the elimination of such pests such as cleaning, renovation, or fumigation shall be used. The commissioner may order the facility to hire an exterminator licensed by the state to exterminate pests when:

- A. the infestation is so extensive that it is unlikely that a nonprofessional can eradicate the pests effectively; or
- B. the extermination method of choice can only be carried out by a licensed exterminator; or
- C. upon reinspection, it is found that an establishment has not been brought into compliance with a prior order to rid the establishment of pests.

4625.1800 PERSONNEL HEALTH AND CLEANLINESS.

No person shall resume work after visiting the toilet without first thoroughly washing his or her hands.

Personnel of hotels, motels, lodging houses, and resorts may be required to undergo medical examination to determine whether or not they are cases or carriers of a communicable disease.

4625.1900 CLEANLINESS OF PREMISES.

The premises of all hotels, motels, lodging houses, and resorts shall be kept clean and free of litter or rubbish.

4625.2000 FIRE PROTECTION.

All lodging establishments shall provide suitable fire escapes which shall be kept in good repair and accessible at all times. Hallways shall be marked and exit lights provided; fire extinguishers shall be provided and shall be recharged annually and kept accessible for use. No sleeping quarters shall be maintained in rooms which do not have unobstructed egress to the outside or to a central hall leading to a fire escape. All fire protection measures shall be in accordance with requirements of the state fire marshal.

4625.2100 PLUMBING AND SWIMMING POOLS.

All new plumbing in hotels, motels, lodging houses, and resorts, and all plumbing reconstructed or replaced after January 1, 1968, must be designed, constructed, and installed in conformity with chapter 4715 of the Minnesota Plumbing Code.

All public pools and facilities must be located, constructed, and operated in conformity with parts 4717.0150 to 4717.3975.

4625.2200 SANITARY DISPENSING OF ICE.

Subpart 1. Scope of rule.

Any lodging establishment which makes ice available in public areas, including but not limited to lobbies, hallways, and outdoor areas shall restrict access to such ice in accordance with the following provisions.

Subp. 2. Newly constructed structures.

After September 1, 1979, any newly constructed lodging establishment which installs ice-making equipment, and any existing lodging establishment which installs or replaces ice-making equipment, shall install only automatic dispensing, sanitary ice-making, and storage equipment in areas to which the public has access. Any such establishment may install open-type ice bins only if the ice therefrom is dispensed in the manner provided in subpart 3.

Subp. 3. Existing structures.

After December 31, 1984, any existing lodging establishment which has not converted to automatic dispensing ice-making and storage equipment shall no longer permit unrestricted public access to open-type ice bins, and shall dispense ice to guests only by having employees give out prefilled, individual sanitary containers of ice, or by making available prefilled, disposable, closed bags of ice.

4625.2300 INITIAL AND RENEWAL LICENSE FEES, LICENSE EXPIRATION DATES.

Subpart 1. Fee schedule.

License applications for lodging establishments as defined in part 4625.0100 must be accompanied by a fee of \$75 plus \$4 per room, up to a maximum total fee of \$475.

Subp. 2. Expiration date.

Initial and renewal lodging establishment licenses shall be issued for the calendar year for which application is made and shall expire on December 31 of such year.

Subp. 3. License renewals.

License renewals shall be obtained on an annual basis. License renewal applications shall be submitted to the commissioner of health on forms provided no later than December 31 of the year preceding the year for which application is made.

Subp. 4. Penalty fee.

A penalty fee of \$20 shall be added to the amount of the license fee if the application has not reached the office of the commissioner of health before January 31, or in the case of a new business, 30 days after opening the business.

Subp. 5. Reduced license fee.

From and after October 1 of each year, the license fee for new establishments or new operators shall be one-half of the appropriate annual license fee plus any penalty which may be required.

2400.2820 SPACES REQUIRED.

Off-street parking spaces shall be provided according to the following schedule:

- Bed and breakfast residence > One space per two guest rooms in addition to residential requirement
- Hotel, inn, motel > One space per occupancy unit