

How to Start a Bed and Breakfast in Ontario

Last Verified:

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1. Basics to Getting Started

Starting a business can be a rewarding undertaking, but it comes with its challenges. Before starting a business in Ontario, it is wise to do your research. There are several issues to consider such as regulations, financing, and taxation, managing your business, advertising and much more.

- [Business Start-Up Info-Guide](#)
- [Financing for Starting a Business Info-Guide](#)
- [Taxation Info-Guide](#)
- [Employment Regulations Info-Guide](#)

2. Industry Overview

This industry comprises establishments engaged in providing short-term lodging in facilities known as bed and breakfast homes. These establishments provide guest rooms in private homes or in small buildings converted for this use, and they often possess a unique or historic character. Bed and breakfast homes are characterized by a highly personalized service, and the inclusion, in the room rate, of a full breakfast served by the owner or owner-supervised staff.

Source: Statistics Canada; North American Industry Classification 1997 (721191): Bed and Breakfast

Questions to ask when starting a bed and breakfast:

- Is your home located in a desirable setting?

- Will the structure of your home have to be altered to function well for you, your family and your guests?
- Will additional furnishings be needed?
- Will you have the time, money, and skills to accomplish what is needed?
- Are you and your family emotionally prepared to have strangers stay in your house?
- Have you consulted professionals with expertise related to the bed and breakfast industry?
- Do you like being with people; do you have good hosting, conversational and listening skills?
- Do you enjoy maintaining a neat and clean home?
- Are you well-organized (for example, to maintain reservation schedules and prepare breakfast) and do you understand the basics of managing, accounting and bookkeeping?
- Have you done your research (i.e. analyzed the demand for your services; identified your competitors and established what will set you apart from them; determined how you will advertise)?
- Do you have realistic expectations? (Do not expect big profits...these are not get-rich-quick operations.)

Source: Running your own bed and breakfast guide; Elizabeth Gundry; 1989

Accommodations Rating Services

An Accommodations Rating Program is defined as "the rating of like accommodations based on the basics of cleanliness, comfort and safety, as well as the extent and quality of facilities and amenities." Participating properties are inspected and rated to ensure they meet consumer expectations. Ratings are based on extent and quality of facilities, services and amenities. The higher the star rating, the more extensive are the facilities, guest services and amenities.

(Note: The majority of lodging properties are in the two to three star range; there are only a handful of five-star properties in all of Canada.) If you wish to have your establishment rated, contact your local bed and breakfast association for a listing of Canadian companies who offer this service in your province. *The Federation of Ontario Bed & Breakfast Accommodation (FOBBA)* has established self-regulating guidelines including an inspection & rating system as required by the Ministry of Tourism.

Planning Your Business

What is a Business Plan?

A business plan is a recognized management tool used by successful and/or prospective businesses of all sizes to document business objectives and to propose how these objectives will be attained within a specific period of time. It is a written document, which describes who you are, what you plan to achieve, where your business will be

located, when you expect to get under way, and how you will overcome the risks involved and provide the returns anticipated.

Why Do I Need One?

A business plan will provide information of your proposed venture to lenders, investors, and suppliers to demonstrate how you plan to use their money, and to establish a basis for credibility of your project. This plan will serve as a guide to the various areas that you as a manager will be concerned with. As you work through this plan, adapt it to your own particular needs.

Business Plans - Templates and Samples

There are many organizations and business websites that provide free templates, writing guides and sample plans. You can also find companies that sell business plan software to assist you in preparing your plan.

3. Regulations

Business Regulations Info-Guide

This document will assist you in navigating federal, provincial and municipal regulations that apply to a number of industries and businesses.

For further information: see the document [Business Regulations Info-Guide](#)

Municipal Requirements

One area of rules and regulations that all businesses must comply with is that of licenses, permits and regulations. When creating a company, the entrepreneur must contact the municipality that the business will be located in.

Each municipal government has the authority to issue its own business licenses within its jurisdiction. Since there is no uniformity throughout the country regarding municipal licenses for businesses, you should consult with the appropriate local officials to determine whether your business will be affected by local regulations and licensing requirements. Businesses (including home-based businesses) must also meet the zoning by-laws that control property uses in their municipalities.

Note: The municipality where you plan to open your business might classify your bed and breakfast as another type of business. It is important to contact the municipality before applying for any licences or permits in order to verify how your business will be classified and what kinds of requirements will apply to you.

For further information: visit the website: [Association Municipalities of Ontario](#)

Examples of licenses, permits and regulations that could apply to you when starting your bed and breakfast may include, but are not limited to:

Canadian Food Inspection Agency (CFIA)

The Canadian Food Inspection Agency contains information on food safety, including food safety tips.

For further information: please call **1-800-442-2342** or **613-225-2342** or visit the website: [Canadian Food Inspection Agency](#)

Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA)

The Ministry of Agriculture, Food and Rural Affairs website contains information on food safety, including information on the *Food Safety and Quality Act*.

For further information: please call **1-888-466-2372** or visit the website: [Food Safety Research Program](#)

Ontario Ministry of Health and Long-Term Care (MOHLTC)

The Ministry of Health and Long-Term Care website contains information on health issues, including locations of Public Health Units and publications on food and water safety.

For further information: please call **416-314-5518** or **1-800-268-1154** visit the website: [Publications: Food Safety](#)

The Smoke-Free Ontario Act

As of May 31, 2006, the Ontario government is prohibiting smoking in all enclosed workplaces and enclosed public places.

For further information: please call **416-326-4846** or visit these websites:

[Ministry of Health Promotion](#)
[Smoke-Free Ontario Act](#)

Building and Fire Codes

Ontario Building Code and Municipal Building Department

A business location is subject to inspection by the Municipal Building Department to make sure that it meets local safety requirements, such as those designated by the Ontario Building Code and the Ontario Fire Code. Most municipalities require a building permit before alterations or new construction begins. It is extremely important, therefore, that

you check zoning regulations before signing a lease, and obtain the necessary building permit(s) before beginning alterations or new construction.

For further information: visit the website: [Hotel Fire Safety Requirements](#)

Music License

Performances of music in public, i.e. offices, stores, etc., require a licence. This licence is necessary whether the music is performed by live or recorded means.

For further information: please call **416-445-8700** or **1-800-557-6226** visit the website: [Society of Composers, Authors and Music Publishers of Canada \(SOCAN\)](#)

Additional Regulations and Acts

[Travel Industry Act](#)

[Health Protection and Promotion Act](#)

[Smoke-Free Ontario Act](#)

[Food and Drugs Act](#)

4. Financing

Canada Business Ontario has created documents which provide an overview of some of the main financing options for a business in Ontario, including programs offered or supported by the government

- [Financing for Starting a Business Info-Guide](#)
- [Financing for Established Businesses Info-Guide](#)

5. Managing Your Operation

Dealing with Business Taxes

All businesses must be aware of the various taxes that may apply to their product or service. Depending on the type and location of products or services being offered, federal, provincial and/or municipal business taxes may apply.

For further information: see the [Taxation Info-Guide](#)

Other Resources: Ontario Ministry of Revenue: **1-866-668-8297**

[Small Business Tax Help](#)

Canada Revenue Agency: **1-800-959-5525**

[Canada Revenue Agency \(CRA\)](#)

Insurance

Insurance needs for businesses vary greatly. It is best to choose an insurance agent or broker familiar with your size of business and, in particular, an agent familiar with your type of operation. If you don't have an insurance agent, you may wish to ask other business owners in your area to recommend one.

The following list is included to remind you not to overlook the complex areas of business insurance. It is best, however, to discuss your specific requirements with your insurance agent.

Basic insurance:

- fire insurance (extended coverage on buildings and contents);
- liability insurance (depending on the type of business);
- burglary protection (theft coverage);
- dishonesty insurance (covers thefts by employees).

Marketing/Advertising

Whether you have a small bed and breakfast or a large one, you must tell people who you are, where you are located and how to contact you. Some methods of advertising include placing ads in local newspapers, on radio, sending out direct mail pieces and brochures and including your business information with any local tourism initiatives in your region. Outdoor signage and word of mouth can also be effective means of advertisement.

Signage

The Tourism-Oriented Directional Signing (TODS) program is administered by Canadian TODS Limited, a private company, under the supervision of the Ministry of Economic Development and Trade - MEDT and the Ministry of Transportation of Ontario - MTO.

TODS are a new type of sign, to be placed on Ontario's provincial highways. If you are an eligible tourism operation and sign space exists, you can apply for a sign bearing your operation's name, a generic symbol (or in some cases your corporate logo) and directional information. The signs are directional rather than for advertising.

The Logo Sign System is separate from TODS. This system pertains to signage for motorist services near highways. These signs would have symbols for overnight accommodation, service stations and restaurants.

For further information: please call **905-851-1322** (Woodbridge) or **1-888-263-9333**

Selecting Professional Services

The use of professional services is essential to the success of a small business. Professionals can provide knowledge and expertise in the areas where you may have little. They can round out your management team to ensure your business is operating efficiently.

As an entrepreneur, there are four main areas of professional services with which you may consult:

- lawyer (contact a lawyer about legal issues)
- insurance broker
- accountant
- banker

Basic Bookkeeping

A good record keeping system should be simple to use, easy to understand, reliable, accurate, consistent and designed to provide information on a timely basis.

Note: All staff working with cash should be trained to recognize counterfeit currency.

The legal requirement concerning financial records specifies only that there be a permanent, accurate and complete record of your daily income and expenses. There are many types of record books and bookkeeping systems available. For example:

- double entry bookkeeping
- commercial bookkeeping systems
- one-write systems
- computerized systems
- single entry bookkeeping

Setting Up a Pay System

Pay administration is a management tool that enables you to control personnel cost, increase employee morale and reduce work force turnover.

Setting the Right Price

Setting the right price is important in ensuring the success of your business. In the end, the right price for the service is the price that the consumer is willing to pay. Correct pricing decisions are key to successful business management.

Choosing Your Location

Choosing the right location for your business is very important. A location will depend on the needs of your business, where your customers and competitors are, and such things as taxes, zoning restrictions, noise and the environment. For most businesses, an appropriate location is critical.

Furnishings and Equipment

When furnishing a bed and breakfast, here are some items to consider:

Bedrooms

- Each guest room should have a double, queen or twin bed(s), bedside tables, dresser or writing table or combination, mirror, easy chair(s), desk chair, bedside rug, window screens and coverings, closet, smoke detector, wastebasket, a clock radio, hangers, locking door and a posted rate card;
- invest in good quality mattresses; and
- consider extras such as a full-length mirror, luggage racks, writing materials, newspapers, brochures describing local attractions or a listing of local restaurants.

Linen

- Have at least three changes of linens, particularly if you send laundry out; and
- use new bedspreads/comforters/duvets, throw blankets, blankets, sheets, pillow cases and allergy-free pillows. 100% natural fiber preferred.

Bathrooms

- For each person, provide a bath towel, hand towel, face cloth, wrapped soaps and drinking glass (paper cups in shared bathrooms) ;
- install towel racks and good lighting near bathroom mirror;
- remove or lock away all personal belongings, medicines, cleaning solutions, toxic or hazardous substances; and
- put a name plate on the outside of a locking door.

Lighting

- Install wall outlets and lights near beds, mirrors, desks and chairs.
- Pay attention to the importance of lighting - diffuse light evenly through the room, avoid harsh overhead lighting and provide reading light on each side of a double bed.

Flooring

- Ensure floors can withstand traffic;
- use penetrating seals on wood floors and opt for inlaid instead of printed vinyl;
- use rug underlay to prevent skidding; and

- choose thick and heavy scatter mats so that they lie flat.

There will be certain equipment and furniture you will need in your place of business which will allow you to perform your services. It is suggested to make a list of the required equipment and its cost to you. An important factor to consider, when choosing equipment, is the after-sales service and repair, and their affordability.

Leasing Equipment - An alternative is to lease equipment to help keep start-up costs down. To obtain financing for capital leasing for new or used equipment for the creation of your business, see the document Capital Leasing Pilot Project.

Cost Control

You must have procedures for controlling inventory and costs. Ask people in your industry for information about procedures for:

- Purchasing - Most of the time, purchasing is done over the telephone, by fax or online. Often no contract is signed between the purchaser and the supplier; it is essential that you choose your supplier carefully.
- Receiving - Check all deliveries against the Purchasing and Receiving Form, in three ways: quantity, price and quality. Make sure specifications are met. Careful recording will show short shipments, price variations and weight differences.
- Budgeting and Projecting - Establish a cash budget and maintain cash flow projections on a continual basis.
- Storage - Ensure refrigerated and frozen products are quickly placed in a cold storage.

Storage temperature for dry goods (between 10-21°C) and frozen goods (-18°C or less). Rotate your stock to ensure that oldest items are used first before the new stock.

Making a profit is the most important -- some might say the only objective of a business. Profit measures success. It can be defined simply: revenues - expenses = profit. So, to increase profits you must raise revenues, lower expenses or both. To make improvements you must know what's really going on financially at all times.

6. Associations

Although it is not necessary to join a bed and breakfast association, there can be advantages in becoming a member in these industry associations. In general, bed and breakfast associations will:

- promote bed and breakfasts as an accommodation choice
- promote and exchange marketing and promotional ideas among members
- promote and encourage cooperation on vacancy referrals among members
- establish and encourage high standards of quality and professionalism

- represent and advocate on behalf of members

For further information: visit the website: [Bed and Breakfast Associations](#)

Federation of Ontario Bed and Breakfast Accommodation (FOBBA)

FOBBA also has a rating system designed to classify the quality of the accommodations offered by its members. The ratings are based on a site inspection and range from one star, or basic, to five stars, or luxury. The basic rating applies to accommodations that meet the association's minimum standards, and luxury applies to those that provide the highest quality accommodations and services to their guests.

For further information: visit the website: [Federation of Ontario Bed and Breakfast Accommodation \(FOBBA\)](#)

7. Resources and Websites of Interest

Additional resources which may help bed and breakfast owners include, but are not limited to:

Statistics

[Tourism Stats and Figures](#)

[Statistics Canada](#)

[Ministry of Tourism and Culture](#)

[E-commerce Overview Series: Tourism Accommodation Sector in Canada](#)

Websites of Interest

[Travel Industry Council of Ontario - \(TICO\)](#) - The Travel Industry Council of Ontario is an organization mandated by the Ontario Government to administer the Ontario Travel Industry Act which governs approximately 3,000 travel retailers and travel wholesalers registered in Ontario.

[Canadian Tourism Human Resource Council](#) - The Canadian Tourism Human Resource Council (CTHRC) is a national non-profit organization that promotes and enhances professionalism in the Canadian tourism industry.

[Canadian Tourism Commission](#) - The CTC provides Canada's tourism industry with the tools and strategic information it needs to succeed. The Commission coordinates the trade relations and marketing activities of all the key players in Canada's tourism industry to help them capitalize on this country's potential as a high-demand travel destination.

[Ontario Tourism Marketing Partnership](#) - The OTMPC collaborates with tourism partners and colleagues at home and internationally to develop and deliver exciting, integrated, research-driven marketing programs that reinforce Ontario as a strong tourism economy and a premier, four-season travel destination.

[Retail Merchants Association of Canada Inc.](#) - The Retail Merchants' Association is run by retailers for retailers, and offers a broad range of programs designed to keep independent retailers strong and profitable and provides an online advertising initiative called [Real-time Merchant Advertising](#). Association members can also be eligible for lower credit card merchant discount rates.

For further information: please call **416-293-2100**

Related Reading

- [Business Guides](#)

Need more information?

Click: [Canada Business](#) **Call:** The Business Info Line, a collaboration between ServiceOntario and Industry Canada, at **1-888-745-8888** or visit [Find a Community Partner Location](#) near you.

DISCLAIMERS

Information contained in this document is of a general nature only and is not intended to constitute advice for any specific situation. Users concerned about the reliability of the information should consult directly with the source, or seek legal counsel.

Some of the organizations listed above are not subject to the federal [Official Languages Act](#) or the [French Language Services Act](#) of Ontario. Their services may not be available in both official languages.

Federation of Ontario Bed and Breakfast Accommodation (FOBBA)

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