

The Lakehouse Inn

Bed & Breakfast*Winery*Restaurant*Day Spa

A success story written by Angela Clements Cattell

Karen Fagnilli and her husband, Sam Fagnilli, own and operate the Lakehouse Inn, a boutique resort which is located along the southern shore of Lake Erie in Geneva-on-the-Lake, Ohio. The property has an eight-room bed and breakfast, four cottages, full production winery, Crosswinds Grille restaurant, and a day spa located directly across the street with an additional event room attached for parties or events of 50 people or less. Both of the Fagnillis' children, Nathan and Andrea, are also a very essential part of the day to day operations. Andrea has been in charge of running the Inn and coordinating events since the very start and Nathan works as a chef and general manager at the restaurant. Nathan also trained as a butcher in 2014 in order to provide farm to table cuisine for the restaurant. The Fagnillis recently opened their newly established butcher shop and charcuterie, NaKysie Meats, in 2016 to provide freshly cut meat for both the restaurant and to also sell their meats to the general public.



Shown here is a photo of the lovely and charming Lakehouse Inn.

Fagnilli Enterprises is the operating company for all of their businesses. However, before even becoming innkeepers, Karen solely worked as a registered nurse while Sam owned and operated Fagnilli's Automotive Service Center Inc. During that time Karen and Sam were avid sailors and simply wanted to own property along the water. In the year 2000, they eventually discovered the incredible two acre lake front property for sale on Lake Road in Geneva-on-the-Lake amidst an area also known as "The Strip" which is a well-known summer destination lined with arcades, amusement rides, restaurants, nightclubs and outdoor live music. Realizing the potential of the Inn that was already there, The Bed and Breakfast was the first business they started after they acquired the waterfront property. The B&B was later renovated in 2002, with living quarters added in 2006. Also, because of Sam's interest in making wine, the Fagnillis decided to convert the original Beach House that was also located on the property into a winery and tasting room in 2001. At the same time, the Fagnillis constructed a deck facing Lake Erie for guests to enjoy the spectacular views while sipping on their fine wines. By 2004 the Fagnillis took things a step further, and opened a small restaurant on the property. A few years later they added a terrace along with a larger deck to allow for more outdoor seating and to add even more ambience to the already picturesque views at this hidden gem. The outdoor bar was



The beautifully landscaped terrace adds even more allure to this unique property.

added in 2010 at which time the Spa was purchased. The Spa was later renovated in 2011 making it a fully functioning Spa, Salon and Conference Center. During that same year, the Fagnillis completely renovated and expanded their restaurant, Crosswinds Grille, and closed their automotive shop so that Sam and their son, Nathan, could put all of their energies into the restaurant.

With all of these additions and updates, the Lakehouse Inn boutique resort was thriving. However, in early 2016, Karen and Sam Fagnilli realized in order to operate more efficiently, they needed to refinance all of their existing high interest loans that were used towards the expansions. They also wanted to borrow additional funds in order to make updates and improvements to the Inn and to help with some additional operating expenses.

The Fagnillis first contacted an acquaintance, Tom Hough from Civista Bank, and discussed their concerns with him. In February of 2016, Tom introduced them to Martin Gareau, a Small Business

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Development Center Business Advisor at Lakeland Community College who specializes in financial analysis and also works closely with the SBA 504 program. Marty, Tom and the Fagnillis discussed financing options to meet their requirements. Nonetheless, Karen and Sam Fagnilli were still undecided on what to do.

By May of 2016, Karen and Sam Fagnilli met with Martin Gareau again to discuss refinancing their current commercial debt and borrowing additional funds for expansion and improvements. Mr. Gareau assisted in obtaining a proposal from Civista for the Fagnillis. After further review of the clients' loans at that time, Mr. Gareau discovered that the Fagnillis would have to pay a hefty prepayment penalty. Mr. Gareau then introduced the Fagnillis to the new refi program with the SBA. He assisted them in trying to determine whether the penalty was worth refinancing the loans.

The SBA 504 Re-fi Program includes Refinancing of Real Estate or Equipment Debt that is at least two years old and current within the last 12 months. In addition, if there is adequate collateral in combined project real estate, equipment and other fixed assets, the refinancing can provide funds for operating expenses and working capital that must be spent over the next 18 months.



Crosswinds Grille is a quaint and relaxed eatery offering delicious farm to table cuisine.

Martin Gareau continued to assist Sam and Karen by working with Tom Hough from Civista bank on behalf of the Fagnillis. Mr. Gareau analyzed their financial statements, helped to prepare a loan structure for the expansion project and helped the Fagnillis put together a plan on the sources and uses of funds for the SBA.

By August of 2016, the Fagnillis made the decision to move ahead with the SBA Re-fi program and Martin Gareau was about to become their best support. According to Karen Fagnilli, "Marty (Gareau) was very helpful from the first day. We did not realize the amount of paperwork involved. He was always our cheerleader."

Martin Gareau assisted the Fagnillis throughout the entire refinancing process in addition to a new loan application for their expansion and improvements. He met with the Fagnillis on several occasions helping them gather supporting documents, preparing additional financial information, reviewing their business plan, making revisions where needed, answering questions and reviewing all application paperwork.

The process can be overwhelming and Karen Fagnilli expressed the feeling of frustration at times with the amount of paperwork required in order to qualify. Martin Gareau continued to encourage the Fagnillis and helped every step of the way. According to Karen, "Marty would always say you just have to do it!"

The Fagnillis were approved for their SBA 504 loan on December 22, 2016. They were especially ecstatic to receive such great news right before the holidays. Martin Gareau's assistance did not go unnoticed as the Fagnillis expressed their deep gratitude to him.

"The entire process helped us to put better accounting systems in place. We now understand how to break down the business into separate streams of income and determine the true cost of goods sold," explained Karen Fagnilli. By having their accounting more organized, the Fagnillis are able to truly

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understand the strengths and weaknesses of the business which will help in making better decisions going forward.

Since the approval of the loan, the Fagnillis have already hired five additional people and plan on doubling their normal hiring practices before summer. They are already taking a summer seasonal business and turning it into a business that is profitable all year long. "We now have the cash flow to put into the non-summer season. We have already expanded into the business to business area of the market," exclaimed Karen Fagnilli.

Karen has been collaborating with the other local business owners and now even offers coupons to other restaurants in the area when their own restaurant is closed. Cross-marketing works best for businesses that have the same target audience. By cross-marketing to buyers, you are demonstrating you care about their satisfaction and needs. It also helps a business to tap into unrealized growth potential and generate additional sales and revenue.



The Lakehouse Inn is proud to be part of the first Mother's Day parade in May 2017 along Geneva-on-the-Lake. Their success continues to explode as they are now able to operate their business more profitably and further update their facility to attract more customers, increase sales and create even more jobs in the local area.

Shown here is a photo of Karen Fagnilli. Find out more about the Lakehouse Inn and Winery by going to www.thelakehouseinn.com/