

## **Business Bullet ~ Working from Home ~ What is your approach?**

Many of us would like to work from home, but not all of us are cut out for it. Or, our jobs don't lend themselves to working from home effectively. Whether you already work from home with a job or your own home business, or if you're looking for a work-from-home opportunity, there are a variety of reasons why people decide to go out on their own and start a home business. There's a certain appeal of being your own boss that creates a feeling of independence that's hard to deny.

Not everyone is cut out to run their own business. Even if you're not cut out to operate your own business, you can still work from home by taking a job that allows you to telecommute - at least a few days per week. Technology is making a work-at-home arrangement more feasible and more accepted every day.

### **More are doing it than ever!**

You are not alone in your feelings or desires to work from home. According to industry experts, home-based business is a \$427 Billion a year industry. That's more than the pharmaceutical industry, food industry, and consumer goods industry - combined!!

The extremely low start-up costs, flexible hours, and the Internet are fueling the growth of the home-business segment. It's estimated that as many as 150 million people, in North America alone, are enjoying the freedom and benefits of owning their own home-based Internet business.

A recent IDC survey indicates that the average income for income-generating home-office households is \$65,000 a year. According to a report from the SBA's Office of Advocacy, over 20,000 entrepreneurs grossed over \$1 million operating from a home-based environment. Home-based businesses represent 52% of all small firms and provide 10% of the total receipts of the economy.

Running and owning a home-based business offers new owners a very inexpensive entry point. 40% to 44% of all home-based businesses require less than \$5,000 for start-up.

From a survey done by Home Office Computing Magazine:

- 98% are happier working from home.
- 96% would recommend working from home.
- 88% would never return to the corporate world.

The U.S. Bureau of Labor Statistics estimates that there are now over 18.3 million home-based businesses in the U.S. Entrepreneur Magazine estimates that \$427 billion is generated each year by home-based businesses.

According to the Small Business Administration, more than half of all the small businesses in the U.S. are home-based. Every 11 seconds someone starts a home-based business.

### **The challenges:**

Neither starting a business nor working from home is always a piece of cake. Starting a business can be a very risky proposition. You not only need to do your homework, you need to stay on your toes and remain alert to potential pitfalls as well as potential opportunities. Additionally, you need to be able to handle not having a steady income. This requires advance planning on your part and good money management. It also requires the support of your family or others in your household; without that there's a strong possibility that either your business won't succeed or you'll have a poor work/life balance and family relationships could be severely strained, sometimes irreparably. You may need to work every day of the week to generate the income you need, but you still need to find time to enjoy your loved ones. An occasional getaway is a perfect way to do this without jeopardizing your business.

Working at home requires an environment that's conducive to getting your work accomplished. That means in addition to being self-motivated, you'll need some control over noise and family interruptions. Depending on the nature of your business, you may need to make some substantial changes to your home's environment in order to be successful.

### **It takes planning:**

Most new businesses don't survive - this is not doom and gloom, this is fact, and it's a fact that you need to be aware of so you can be among those who not only succeed, but who prosper. I'm including a few overall steps in this article to help

you determine if you have a workable business idea, if you can reasonably operate your business from home, to help you understand how much money it's going to take, and to help you understand how your family feels about the whole idea. These steps, not surprisingly, are basically the same steps you take when you begin to think about starting ANY business, whether from home or from a separate location.

The first step is to carefully consider these questions:

- What do you have to offer?
- What makes you an expert?
- Do you have all of the education and skills you'll need to compete successfully in the marketplace or will you need to do some brushing up or retraining first?
- Does the product or service meet a need?
- Is this a seasonal product or service, or can you market it all year long?
- How sensitive is marketing this product or service to general economic conditions? When the economy is weak, how do you think your business will be affected?
- Will you be energized by going through the steps to starting this particular small business - is it something you'll love to do or sell - or are you just going through the motions of starting a small business to try to make some money?

The saying, "Do what you love, love what you do" should not be taken lightly. Your business is going to be your livelihood - you should have a good time doing it. If not, it will be difficult to get motivated at times.

When you are starting a small or home business, understanding **small business marketing** concepts, like getting a handle on the potential market for what you small business will have to offer and the **value proposition** of your small business is very important. Here are a few things to consider:

- Who is going to buy your product or service?
- Will you market to businesses, to consumers, or to both?
- What traits do you think your "typical" customer or client will have?
- Is the need for your product or service not currently being met or is it already saturated?
- Is there something about what you have to offer that will allow you to beat your competitors?
- How will you differentiate yourself from your competition? What is your value proposition? What is your competitive advantage?

How many hats to you plan to wear in your business? Before **starting a small business**, you need to understand and carefully consider that you'll have a lot of daily tasks that will need to get done. If you can't do them, who will? If there's no one to take care of these tasks properly, is it worth starting a small business?

Answer this question honestly. Can you handle the day-to-day general tasks that starting a small business requires, like:

- setting appointments
- ordering supplies
- bookkeeping
- marketing
- filing
- answering the phone
- checking and replying to e-mail

If you'll have help, great. If you can afford to pay someone else to do some of these tasks for you, all the better. But a great majority of home businesses are a one-person operation starting on a shoestring budget, and most other small businesses are not much larger and don't have substantial budgets to hire help. That means there's a good chance you'll have to do everything or it just won't get done.

With the product or service you have in mind, can you handle the business from your home the way it is right now? If not, what do you need to do to get it ready?

- Will you need space for inventory, supplies, records and/or equipment?
- Do you already have an area you can use for your office or will you need to bargain with another member of the family to give up some space?

- Is the nature of your inventory or equipment such that special climate needs must be accommodated?
- Do you need to add a room, enclose a patio, convert a garage or basement, or stake out the attic?
- What kind of power needs will you have and will you have to make any alterations to accommodate them?

Check your zoning laws before starting a small business. If you live in an area that is subject to the rules and regulations of a homeowners' or community association, check for restrictions. Find out what, if any restrictions exist on starting a small business in your home and how you might work within them before you invest one cent in your home business.

If you plan on starting a small business in your home, you may not be able to do so if you welcome clients or customers into your home, if you will be operating machinery, storing or working with hazardous materials, making noise, etc. These and other issues surrounding the nature of your small business may all have an impact on what you can and cannot do and can prevent you from starting a small business at entirely.

Will you need a special zoning exemption? Will getting one be a difficult and drawn out exercise? Is it even legal to operate the business you're planning? Will you need to secure a license before starting your small business?

Are your products and services potentially subject to patents, trademarks or copyrights? You will need to go online and check on this possibility.

Speaking of protecting yourself, when you go into business, you'll potentially be exposing yourself, your home and your family to a variety of risks. You need to think about how you'll manage those risks and find out if you need **small business insurance** to help handle them before it's too late.

Consider this:

- Will you need **health insurance**? If so, how can you get it and how much is it going to cost? When one spouse is still working, the ideal situation may be to get the other included on the working spouse's health insurance coverage if you can. If not, either the cost or the lack of availability, or both may prevent you from starting your business.
- If you're carrying inventory, need equipment or are storing hazardous materials what kind of property insurance will you need to avoid suffering financial hardship? Will you need a **small business insurance** policy for this purpose and how much will it cost?
- Will you need liability insurance? Where can you get liability coverage under a small business insurance policy and how much is it going to cost? Will you need errors and omissions coverage?
- What about your auto insurance? Will you be using your car for business?

Remember, your homeowners' and auto insurance policies weren't designed to cover your small or home business. Your best bet is to shop for small business insurance that can help you manage your exposure to loss, so do your small business insurance and health insurance shopping ahead of time to save aggravation and surprises later. Small business insurance can be a major expense of doing business, but some coverages like General Liability may be quite reasonable depending on the nature of your business.

Before you start a small or home business is the time to understand the various **legal forms of business organization**. Will you operate your business as a sole proprietorship, a limited liability company (LLC), an S corporation, a partnership, or a full blown C corporation?

You'll want to research issues surrounding the legal form of business organization carefully now, because your decision will affect your startup costs. It will also affect your tax situation and your personal liability for the actions and debts of the business. Take advantage of the IRS for free tax information on the various legal forms of business organization. Finally, your decision on which legal form of business organization you will use will largely determine what steps you need to take in order to set up your business when you're ready to do so.

Yes, there is so much more, but this gives you an idea of the first few steps you need to take in order to make the right decision for you, your family, and your future career. There are a few more articles that I have written over the past couple of years that may help you in addition to these tips. [They are available here.](#)

Whatever your decision is, make sure you check it out thoroughly before taking that first step. And good luck to you.

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