

Home-Based Business

Reasons for starting a home-based business are numerous: tired of working for someone else; not getting paid what you are worth; wanting to be your own boss; investing in your future; dislike for the old office/factory routine; daily commuting, etc. However, whatever type of business you choose and whether it is part-time or full-time, you should realize that you cannot operate that business at home successfully if you try to do it in a casual, ill-planned, off-handed way. If so, you will be doing yourself a disservice and you will be wasting your money.

This Brief focuses primarily on YOU, and tries to help you answer these vital questions: Are you ready, willing, and able to open a business in your home? To be successful, you must treat your home based business as a bona-fide business undertaking. A solid plan and dedicated execution of that plan are needed.

This Brief does not attempt to delve into the many details involved in actually managing, marketing, financing, and other necessary matters which will be developed in depth within the business plan you will write. Your SCORE counselor will assist you in formulating your plan.

The Cincinnati/Hamilton County and Dayton public libraries have excellent reference and guidance books on home-based businesses (see the library catalog on <http://www.cincinnati.org> or <http://www.daytonmetrolibrary.org/>, or visit the business section of the libraries).

Here, then, are some thoughts for you to address before you spend any significant time or money on startup.

1. ADVANTAGES/DISADVANTAGES OF A HOME-BASED BUSINESS

A. You are in control of your own time and working hours, and free from someone telling you what to do or not to do. However, you easily can fall into the habit of working too much or slacking off as the mood hits you, with dire results for you mentally, economically, physically, as well as for your family/domestic relationship.

B. You may gain some privacy and freedom to operate that cannot be found in a business office or factory. However, you may not be able to find these at home either if you have a family buzzing around your work space or there are other distractions. This will be something to discuss seriously with your family before you make a decision.

C. The space that you will set aside for your business activities should be dedicated strictly for business. Can you make this happen.? Keep in mind that it's going to be rather tough on everybody in the home if you have to use the dining room table for your office!

D Overhead costs are relatively low, and money formerly spent for commuting to a job, lunch, clothing, daycare, etc., can be downsized or eliminated. However, how many of these same expenditures might reappear in some form in your home business?

E. You can save considerable tax dollars by applying IRS-approved deductions for space used at home for business. Keep in mind that this space must be used exclusively for business. Refer to [IRS Publication 587](#) for details.

F. You are readily available for family needs by your presence; however, mixing quality time for business with quality time for your domestic responsibilities can cause conflicts which shortchange one or the other-or both.

G. Property and Liability Insurance is very critical to the success and continued existence of a business. Reliance on a Homeowner's or Renter's insurance policy to protect against risks arising from operating a home business could bring disastrous financial results. The business owner is advised to discuss the home business operation with the current insurance agent or a qualified agent who is familiar with commercial or business insurance to be certain all risks are properly protected

In sum, working at home could result in many advantages, but you will have to exercise personal discipline and have family cooperation to realize them.

2. A BUSINESS PLAN IS NECESSARY

Because your planned business is to be home-based, it does not eliminate the need for a business plan to improve your chances of success. This involves your addressing such factors as form of organization, an operations plan, financing, marketing, accounting, licenses and permits etc...

3. WEB RESOURCES

Some additional web resources for home based businesses are:

http://www.officedepot.com/specialLinks.do?file=/content/BusinessTools/text/P04_0750.jsp

<http://www.ahbbo.com> : the "article library" is particularly useful, and there are a number of other useful subjects discussed

If you would like to request a SCORE counselor, please [click here](#).

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