

Home Based Business

When you're thinking of starting a business that you can run out of your home, we suggest you first consider the nature of the business you want to open. Some types of businesses lend themselves to being run out of a home and others do not. An important issue to consider is whether your home business will disturb your neighbors or have an effect on the character of your neighborhood.

The following are more things to consider when thinking about what type of businesses lend themselves to being run out of the home:

- Does the business require a lot of customer or client visits to your home; for example, tax return preparation or music lessons? Are there ways around this problem — for instance, could you visit the client's location instead?
- Does the business require a lot of space for such purposes as inventory storage, order processing, or performing services — for example, auto repair?
- Does the business produce undesirable side effects — for example, noise, air pollution, foul odors, excessive or toxic waste?

If this is the case, zoning regulations could be used to put you out of business.

Some businesses are particularly well suited for being run from the home:

- businesses customarily run in an office setting, such as desktop publishing, secretarial, bookkeeping and accounting, graphic design, and computer programming
- service businesses, such as house cleaning, construction, or home repair work (concrete, carpentry, plumbing, etc.), particularly where you do the major part of the work at the customer's location
- day care businesses

Don't be easily disillusioned — with some adjustments, almost any business can be successfully run out of the home. We suggest you take into account your personal situation. Suppose you're thinking about giving music lessons in your home. Does your home have an entrance that is less noticeable to neighbors (a back or side entrance, a door behind a fence) that students can use? Are you teaching people to play the flute rather than the drums so that the noise is kept to a minimum? Are most of your students younger so that perhaps they won't have cars to park all over your neighborhood? In that case, giving music lessons in your home may be feasible.

An important part of choosing whether to work at home is matching up what you *want* to do at home with what you *can* do at home. If you want to work at home, a good approach is to match up your skills and interests with a business need. Then ask yourself if that business need can be met through work done from a home workplace. After all, running your own business from home should be *satisfying* as well as profitable!

Dealing With Customers and Suppliers

When you work at home you want to make sure that you and your business are taken seriously by customers, clients, and suppliers. You can do your part to ensure this happens by keeping the following points in mind:

- Dress in a manner conducive to doing business in your chosen field whenever you think you might be meeting with customers, clients, and suppliers. If your business involves frequent or unexpected visits from members of these groups, you may have to dress this way all of the time.
- When setting up your work area, make sure that customers, clients, and suppliers see a professional workspace, rather than someone's living area. You may want to have a separate entrance or even a separate structure for your business, if possible.
- Answer your phone in a professional manner. If your home and business phone line are one and the same, you don't necessarily have to answer with your business name; a dignified "hello" is sufficient. The same principle applies to your answering machine message. If you can't answer your phone personally, you don't want potential customers, clients, or suppliers hanging up because they think they have the wrong number or because they're turned off by your message.

As a home business owner, you must be able to rely on your good reputation when you're dealing with customers and clients. Customers and clients who are happy with your service or products can get you more business through their good recommendations. If your customers and clients are not happy with you, while they may not bad-mouth your business, they're certainly not going to recommend it either!

A few simple steps will go a long way in fostering good client and customer relations:

- Deliver what you promise, whether it's a product or a service or a combination of the two.
- Don't promise more than you can deliver. Let your customer or client be pleasantly surprised rather than disappointed.
- Deliver your product or service in a timely manner. If you don't deliver on time, chances are you won't get paid on time!

If you need suppliers in order to run your business, you will want to create a relationship with them based on good faith and trust. Pay your bills on time! This simple act will foster a good relationship between you and your suppliers and they will be there when you need them to go the extra mile for you. If you need an order delivered right away or you need credit with another supplier, they'll be happy to vouch for you. If your suppliers provide you with reliable, timely service, you can provide your customers and clients with the same.

Dealing with Neighbors and Family

When you run a business out of your home, the issue of dealing with your neighbors, your friends, and your family comes to mind almost immediately. A traditional work setting contains natural boundaries for the people in your personal life. However, when you work at home you will need to create these boundaries so that your business, as well as your personal life, can run smoothly and successfully.

What can you do to create these boundaries? Mentally separating "home" from "office" is the first step you should take. A part of setting up these boundaries is deciding how to deal with interruptions from neighbors, friends, and family while you are working at home. Another issue you may confront when you work at home is neighbors, friends, and family asking for business-related favors. It's important to be ready with a plan to confront these "boundary" issues when they occur if you want you and your home business to be taken seriously and to succeed.

Interruptions. As a person who works at home, you will be faced with an issue that people who work in a traditional business setting are not. When you work at home, you have the task of conveying to those closest to you, your family, friends, and neighbors, that when you are at home and working, this is your place of business. People who would never dream of just barging into your workplace in a traditional business setting may see things differently when you work at home. They may see the fact that you're working at home as an opportunity to ask you to do errands, baby-sit, call you, or stop by just to chat. In other words, if you're at home, you're not really working, at least in their mind.

Because the clear distinction between home and workplace does not exist when you work at home, you must create the distinction. How can you get neighbors, family, and friends to take you seriously when you tell them you're working and can't be disturbed?

Setting up a separate workspace helps, particularly if there's a door you can shut behind you. Even if this is possible, it probably isn't enough on its own.

Requests for business favors. When you work at home, you may find that neighbors, friends, and family feel free to ask you for discounts on your services and products or for free advice and merchandise. While someone close to you might not think of making this kind of request if you worked in a retail store or for a corporation, that same person feels that it's perfectly acceptable because your business is run from your home. What can you do? It doesn't hurt to remind those close to you that your livelihood (and in the case of your family, theirs as well!) depends on the success of your home business. The fact that your business is in your home doesn't make it any less of a business. Explain that if you give away your product or a service that you want others to pay for, you won't stay in business for very long.

Working for Yourself

While working at home can provide you with a freedom from structure not possible in a traditional work setting, it can also result in loneliness and lack of concentration. However, if you make a conscious effort, these common pitfalls of working at home can be overcome.

Don't make the mistake of believing that working at home necessitates feeling lonely and out of touch with others in your line of work, particularly those who work in traditional settings. When you work from home, it's your responsibility to figure out what you need to run your business at its best and then take active steps to achieve those goals!

Avoiding isolation. When you're working at home, it's easy to feel isolated. In a traditional work environment, you work and network with co-workers, you might commute back and forth to work with co-workers, and you might socialize with your co-workers at work or after hours. Working at home, especially if you don't have employees or co-workers, can be lonely.

If you work at home, there are steps you can take to avoid feeling isolated and to make and maintain new business contacts:

- Join professional groups such as industry organizations or associations.
- Join professional groups for people working at home or people in small business.
- Take classes in areas that are pertinent to your business and interest you.
- Participate in and plan events that involve people in the business community.

Keep an eye open for business contacts and interaction wherever you are. Don't overlook the health club, the supermarket, the bookstore, or the neighborhood block party as places where those with interests similar to yours will be found.

Staying focused. Working at home can make it difficult to focus on your work. There are many distractions that don't exist in a traditional workplace such as chores and errands that need to be done and interruptions from friends, family, and neighbors. In the home workplace, guilty pleasures such as watching television or going to the beach on a beautiful, sunny day are very tempting. After all, there's no boss to answer to!

So how do you stay focused and get your work done when you work at home? We have a few suggestions.

- Some home business operators find it useful to set routines to get them on task immediately. For example, upon entering the work area, you could close the door — if there is one — as a mental cue to begin work.
- It's also a good idea to have a list of goals (or at least one task) to attack as soon as you enter the work area. To do this, you'll need to have targeted this task at the end of your previous work day. But if you do this, take care that you set realistic tasks. Nothing is quite so demotivating as starting the day on the "down note" of not accomplishing your first goal for the day. Some people find it helpful if, at the end of the day, they add a couple of things they *did* do that day, that were not on the original list!
- Despite all plans to the contrary, recognize that distractions are inevitable when you work at home. Even a traditional work setting has its own distractions. To deal with the inevitable distractions, work them into your schedule where you can.

You can also stay focused on your work at home if you make every effort to set up a work area away from distractions. Stay away from the kitchen (unless your workplace is the kitchen!), away from rooms in your home where the television or radio are on in the background, away from areas where you are bothered by street and traffic noise, etc.

Your tolerance for distractions is a highly individual matter. While some people can write an entire novel with a television blaring in the background, others need total silence to compose a sentence. Here's an exercise we suggest. If you find yourself unable to focus on your work, take note of what exactly it is that distracted you. Was it a car alarm? The phone ringing in your bedroom? A neighbor's dog barking? The doorbell? Can any of the distractions be eliminated or minimized in the future? Once you determine what's necessary to keep you focused on your work when you're working at home, you'll be on your way to productivity!

Insurance.

If you own your own home, your homeowners insurance will not cover any business-related claim, such as an injury to a client or supplier who slips and falls on your icy sidewalk, unless you have added an Incidental Business Use rider to your homeowners insurance policy. Check with your homeowners insurance carrier to see if they will add such a rider to your policy for your type of home based business. You should also have general liability insurance coverage for your home based business, to cover any claims arising away from your premises, as well as property insurance to cover loss or damage to your business equipment.