

Being Self-Employed vs. Having A Business

First, for some definitions:

Business – the practice of making one’s living by engaging in commerce.

Self-employment – the state of working for oneself in a freelance capacity rather than for an employer.

Home-based business – the practice of making one’s living by engaging in commerce for oneself rather than for an employer, in the comfort of one’s own home.

It’s A New Day!

In the past, jobs provided most everyone with a dependable paycheck and long-range security. Now, along with diminishing retirement benefits, jobs are hard to find and hold onto. Once I was looking at television and saw 10,000 people in line to interview for about 50 jobs. Things aren’t getting better and we shouldn’t be sitting around waiting on someone else to provide resources for us.

What’s The Alternative?

Starting your own business is the best way to put you in the driver’s seat concerning your resources. I think the best way to start a home-based business is to do it while you’re still working. You can build extra income and pay off debt, save and invest. Obstacles to success are not as difficult when you start a home-based business. You can even start without quitting your job. Become a moonlighting entrepreneur!

You will have lots of company. According to the SBA, over 50% of all small businesses are home based. Your start-up costs are small, you can take your time to build up sales and you can set your own hours. There’s less to lose and more to gain!

Here Is A Short List Of Businesses That Require Little Or No Money To Start.

- Consulting
- Deliver dinners for restaurants and clients
- Direct sales / Network Marketing
- Event planner (parties and events)

- Freelance writing for media
- Gift baskets
- Handyman services (consider focusing on a specialty)
- Hobbies can become businesses: cookies, decorated cake, etc.
- House cleaning
- Personal shopper
- Photographer (weddings, parties or businesses)
- Remodeling (specialized)
- Resume/document writer
- Senior care services
- Teaching/tutoring: computer, musical instruments, languages, etc.
- Transcription service
- Website design and management

Special Benefits Of A Home Based Business

Some of these business ideas require some skills and schooling, but some will just require time and a little talent. I will give you a handout of the entire list at the break.

Minimum Investment

Operating from a spare bedroom or a garage, a business can be run with a minimum investment and exited with a minimum of obligations and risks. The cost to start a home-based business is far less than buying a franchise and you won't have extra rent and utility costs. Even if you are unsuccessful at your first try you have minimal losses. One of my favorite benefits of having a home-based business is that I am able to sleep late. No alarm clocks go off at 7am and I get up when my eyes open.

Communication Technologies

The Internet, computer and communications technologies now offer home based entrepreneurs the same tools to operate as those used by multi-national corporations!

You can operate from anywhere in the world these days with a computer, cell phone and good Internet connection. I have friends here in the states and outside the country that run successful businesses from their condos. We communicate by Skype and I can even see them sitting there in their pajamas. Technology is not the devil; it can be used to help us become financially free.

Start Small And Grow By Compounding

Don't try to hit the ground running at top speed. A slow growth will give you the experience you need and minimize the pitfalls and false starts that we will experience. Start with one order at a time and grow by the power of compounding. For example, if your first six months produce \$1,000 per month, you may grow by 20% each month to reach \$370,000 annually in five years.

You May Already Have a Potential Organization

It's possible that if you involve your family you will become closer by spending time together. You have common goals and can utilize individual and collective family skills.

I've found that the most successful, quality businesses are family owned businesses. If you can get your family committed to help, the process should be much smoother and much less stressful. These are the people that have the same interest in success as you do. They aren't just looking for a paycheck; they want the family to succeed.

A tax tip – if you employ your children up to age 18 you can pay them up to \$6,000 a year but not have to take out any taxes, including social security and Medicare. They get paid and can use the money for clothes, and some of their wants! You reduce your taxes. This was a good financial lesson for my children.

Open To All Races, Ages and Situations

Whether you have a degree or not, whether you are old, young, black, white, Asian or even if you've been to prison, it doesn't matter. You determine your success in the business. With most home-based businesses your looks and status aren't an issue, as opposed to working outside the home. People don't care what you look like when you have a home-based business. They're interested in your product.

A Productive Activity For The Unemployed

Gain the satisfaction of being productive by putting your skills to work in a home based business. It will help defray living expenses while you search for work. Then, you can work and carry on your home-based business. Many people that lost their jobs during this depression have said it was the best thing that ever happened to them because it pushed them out of their comfort zones and into the best times of their lives, working at home.

Approaches To A Home Based Business

The two approaches to a home-based business are:

Moonlighting; having a home based business while you're also employed elsewhere, and
Having a full-time home based business.

Moonlighting

When moonlighting you can use the money from your job to start the business while you keep your fringe benefits. However, don't quit your job until you are netting three times more doing your home business. For example, if I were making 50,000 per year gross on a job, I wouldn't quit my job until I was netting \$150,000 per year for at least two years after I started the business. This wait will assure you that your business is solid and all but ensure that you won't make an error quitting the job.

My friend Norm from Canada quit his job after his home-based business tripled his salary. He went in right before Christmas with a Santa Suit on and told his boss he had to let him go. Then he gave out gifts to his boss and co-workers and never looked back.

Remember; never use time or tools from your job to do your home business. Also, don't compete with your employer. We want to operate in integrity.

When I owned a CPA firm I had a worker that was building his business website on my time. I found out when he turned in a disk and along with the accounting work were his personal business logo and business verbiage. I also had a worker that was going out to job sites passing out her business card. One of the clients called and let me know, and she was sent packing.

Full-time Home Based Business

Before quitting your job:

- Work in that field first
- Write a business plan

- Prepare a one year cash flow projection
- Get the business started
- Have adequate accounting knowledge
- Construct a Web site

Selecting The Right Home Based Business

Everyone agrees that the biggest mistake with starting a home-based business is not selecting the right business in the first place. Some businesses are appropriate for part-time at home and some are not. Web-based, family-run, single product and hobby-based businesses are the best to run from home. Labor-intensive businesses, those that normally run during working hours and businesses requiring lots of travel are to be avoided.

For Traditional Home-Based Businesses Ask Yourself:

- Can I enlist the support of others/family?
- Do I have the necessary experience?
- Does it fall within the limits of what I can risk?
- Will it conflict with my job?
- Have I checked local zoning and licensing rules?
- Is it possible to meet my financial goals?
- Will this business be satisfying or nerve-racking?

Common Pitfalls

- Learn how to separate work, home and home business. I paid the price. I know of people that lost their home/marriage because they started a business and failed.
- Purchase the proper insurance and don't sink your nest egg into it up front
- Check with the city and county
- Don't start a business that requires lots of time and fall asleep on the job
- Many businesses fail because the books are out of order and the money runs out
- Many businesses fail because they don't keep up with the blood money due (taxes)

- Failure to compartmentalize
- Failure to limit your liability
- Failure to learn zoning and licensing rules
- Failure to take into account physical limits
- Failure to practice proper accounting
- Failure to know your tax ramifications
- Failure to know when to fold 'em

The Top Ten Do's For Traditional Home-Based Businesses

Questions & Concerns

- Don't mortgage the house on a new home-based business.
- Can I do this business without robbing my boss of time?
- Will the county allow me to have this type business in my home?
- Will I make enough money to make this business worth my while?
- Will I enjoy doing this on a regular basis or is it just about the money?
- Will this make money or is it just an expensive hobby
- Do I like what I plan on doing for hours and hours after work?

Top Ten Do's

- Experts agree that specializing, finding your niche market can increase your financial success.
- Make sure you have a shopping cart on your site.
- Cash flow projections can make or break your request for loans or investors.
- If possible, specialize in a single product or service.
- Get your family involved with the business.
- Go to work first for someone in that field.
- Install a credit card function on your Website.
- Complete your written business plan now.
- Prepare a 12-month cash flow projection.

- Take classes on your shortcomings such as accounting or operating on the Internet.
- Start small to gain credentials and experience.
- Consider starting as a moonlighter and don't quit your job.
- Always remember to operate in integrity because we represent the Lord Jesus!

The Top Ten Don'ts For Traditional Home-Based Businesses

- Don't overlook a hobby as a potential home business.
- Don't quit your job until all preparations are complete.
- Don't compete with your employer.
- Don't conduct business on your employer's time.
- Don't overlook a small humble beginning.
- Don't overlook zoning, licensing and permitting requirements.
- Don't be in a rush to get started: use a start-up checklist.
- Don't incur unreasonable liabilities in financial obligations and dealings.
- Don't neglect the importance of customer service.
- Don't think it's too late to start!

TYPES OF HOME BASED BUSINESSES

Internet Marketing

- **Internet marketing (IM)** is a marketing strategy in which the individual is compensated for the specific products and services that he/she sells on line. This strategy can provide compensation to the degree that the individual makes sales of the product or service. A good website and search engine optimization is the key to prospering with Internet marketing.

Multi-Level Marketing

- **Multi-level marketing (MLM)** is a marketing strategy in which the sales force is compensated not only for sales they personally generate, but also for the sales of the other salespeople that they recruit. This recruited sales force is referred to as the participant's "downline", and can provide multiple levels of compensation.

Network Marketing

- **Network marketing (NWM)** is a marketing strategy in which the sales force is compensated by getting others to join the same business and market the same products. This recruited sales force is referred to as the participant's "payline." The members don't generate income from multiple levels of the sales of individuals that they recruit.
- NWM can provide larger up front and residual compensation than multi-level marketing.

Conclusion

- A home-based business is the right thing to consider in our trying financial times. We will be here to help you, in any way we can, to be successful in whatever home business you choose.