

CHAPTER 1

WHY WORK FROM HOME?

“Your business is a distinct reflection of who you are. The owner and the business are the same thing.”

Michael Gerber

The term HBB is often confused with other methods of working from home. Some of the alternative HB employment are:-

- Teleworkers and telecommuters who regularly work for an external employer from their home
- Employees of other businesses who work from home on occasions, and may have set up a specific area to work from
- People who are self employed but are not running a business (that is they have no registered business name and do not put in a business tax return)
- People running agricultural businesses where the residence is of no real importance in the running of the business
- Business operators who mainly work from another address, but use part of their home for such things as storage or an office.

There are many reasons why HBB remains hidden in our community. Perhaps the main one is the belief of the operators, ‘that it is no ones business’ whether they run a business from home or not. Their customers are often found by word of mouth or via networks, therefore they often do not see any value in promoting themselves by advertising.

Other reasons could be:-

- They do not know how to promote themselves
- They do not advertise
- They may not speak English
- As HBB are in constant flux, they may not have been in business long enough to be included in the White or Yellow pages
- They chose not to be listed, as they want to remain hidden, due to fear of local government regulations
- They may not be sure if they are a business or a hobby

‘Real businesses’ find it difficult to understand this attitude of HBB, which goes a long way to the community not accepting the sector. They are seen as ‘back yard businesses’ with no credibility or professionalism, and unworthy of being called businesses.

Heather Liubicich of The Damask Rose, in Geelong, ran an exciting and innovative business from her home, with an unlisted telephone number. Within twelve months she had grown her customer base from five to one thousand, entirely by word of mouth.

The business involved having small groups (of about 10) women come to her home for a 'fantasy' afternoon. She had her entire home set up with an incredible array of decorative nick knacks for them to view. Guests were shown how to make many of her creative ideas and recipes, and told where to obtain necessary decorative items. She served two miniature afternoon tea parties to her guests during the afternoon, as they moved from room to room.

Viewing the toilet took fifteen minutes, while guests were shown how to create toilet paper roses to put into the roll for the benefit of the next visitor, how to use collected perfume dispensers for the toilet freshener, and how to regularly change the 'mood' of the toilet with fancy drapes etc.

Guests were shown how to make their friends and relatives feel special, in all rooms of the house (the laundry was a 'dream'). In fact, she was showing her guests how important it is to take time to 'smell the roses' in their busy and often hectic lives.

Heather's business was truly one which emulated from her personality and that of her home. She grew a successful business without having all the necessary business skills. She had a great idea, determination and was dedicated to making her clients feel special. These are magic ingredients for a HBB.

It is not until a HBB becomes competitive, that 'real business' gets angry and aggressive, and often take steps to have the Councils close them down. They do not think it is fair or just, that a HBB can charge less because they don't have the same overheads or regulations governing them.

This is the real dilemma local government has to face – how to support and assist the growth of HBB to ensure that employment of their constituencies remains high, while not over regulating. At the same time they have to make the business and residential community see the value in having a healthy HBB sector.

Why do people choose to work from home?

There are the obvious reasons of wanting a particular lifestyle, the convenience of working from home and low overheads, compared with those of going into a shop or factory. However, sometimes people are forced into a home business, due to being retrenched, as big business continues to downsize. Many youths can't get a job, and with parent's support, starting a HBB becomes a viable option.

Sixty eight percent of HBB who were approached in a study run by the City of Casey in Melbourne, indicated that the most important factor in deciding to run their business from home was the low overheads. Where their home was situated and the closeness of markets and suppliers was of little importance. This goes against the popular belief that most HBB deal locally

Factors contributing to choosing to run a business from a home base, included;

- Importance of being mobile

- Computer and communication technology
- Reduced travel time
- Remaining with family during the day
- Insufficient turnover for separate premises

The most important personal factors contributing to operators running a business from home were operators wanting flexibility and freedom and a preference for self employment.

However, operators also believe it is important to be trained for the type of business they wish to operate. Of those surveyed 15% said their business grew from a hobby, while only about 10% started a business due to being retrenched or retired.

We cannot ignore the great desire of HBB to be entrepreneurial and in charge of their own destiny, even if this is only initially evident in the fact that they don't want to work for a boss.

It is this desire that governments and support groups have to recognise and understand. If we can build on this desire, while developing skills in how to run a business and simultaneously decrease the dependency on hand outs, then this nation will grow on the back of the HBB.

Often HBB commences as a hobby or a part time business. The home is used to 'trial' the business idea, before a final commitment is made. However, the desire to be one's 'own boss' must not be underestimated as playing a key role in the growth of the HBB sector. There is no question that the kitchen table and the garage have become a seedbed of innovation and entrepreneurship in the Australian community.

Reasons for working from a home base vary from individual to individual. Convenience, independence and flexibility are often cited as major reasons for commencing a HBB. Having a young family and wanting to be with them while they are growing or having elderly parents and wanting to look after them from home can be a major reasons for women choosing a HBB career.

Marie-Louise Yamanda left full time employment (including a company car) to pursue her career as a psychologist from home. It was not a difficult decision for her, as working from home suited the type of service she was offering. However, working from home can be a rude awakening. Developing a business as a home based public relations consultant almost came about by accident for Angela Whitaker. She pictured being able to work for a few hours each day, placed around the activities of her family. However, reality struck when she realised that clients had no respect for family time. She now fits her family around her business.

Being able to be 'ones own boss', taking advantage of great locations where the home is situated, low overheads, no travelling downtime, comfortable surroundings and the freedom to work their own hours are very real reasons to choose a home base from which

to work. Rob and Rikki Fisher of Finger Graphics likes the pleasant working environment that is both quiet and comfortable. *"It is better than I expected"* he commented.

However new tax regulations could put a damper to this entrepreneurship. If your assessable income is less than \$20,000 or you have not made a profit in 3 out of the past 5 years then you cannot offset any loss against other income you may earn. This is referred to as a 'non commercial' loss and must be deferred until the activity makes a profit. You can apply to the Commissioner of Taxation to exercise a Discretion if you are in 'start up phase' and need some lead time before profit can be expected.

The new tax system also effects the service industry. If your income is a reward for your personal effort or skills (in other words, your labour) it will be assessed as your personal income, even if channelled through a company, partnership or trust. These rules will effect any business operators who do 80% or more of their work for one source.

You should assess yourself by the following criteria to see if this '80/20' rule applies to you:-

- If you gain your clients as a direct result of making an offer to the public (eg. advertising)
 - If you employ an unrelated person to produce at least 20% of your work
 - If you conduct your business outside of the home (in separate premises)
- then you are considered to be running a business and would not have to become part of the PAYG tax structure. These new tax rules will undoubtedly slow down the HBB revolution. No longer will the sector be able to be 'invisible' businesses. HBB may be able to ignore Council regulations, but it is much more difficult to ignore the tax department.

But apart from tax regulations, HBB believe that they would be even more successful if the community was accepting of the relevance and importance of their businesses, to the economy. They don't want to be considered as 'backyarders' or hobbyists with the unprofessional connotations these terms imply.

A well known operator of a Melbourne HBB, Jacquie Wise, of Wiseways is an author and trainer. She commented *"For years I was a cupboard HBB. I did not disclose that I ran my business from home due to the poor community acceptance of a HBB as being a 'real business'. It was a godsend to have the term 'Micro' introduced and used to define all businesses that employ less than five. Now I can proudly say I am a Micro business that chooses to work from home."*

Micro and HBB tend to be dominated by operators who are:-

- Women entrepreneurs
- Young people who cannot get a job
- Displaced workers who have been retrenched
- Retirees who are seeking self employment

In 1995 the ABS showed 1/3 of operators of Micro/small business being women with 47% of HBB being operated by women. It appeared as though the proportion of women working in their own business was increasing rapidly. However in the Casey study, 2/3 of the operators were men, indicating that the growth of women in HBB is not occurring as fast as expected. This was confirmed in 1999 with the ABS Characteristics of Small Business which showed that 57% of HBB were operated by males, indicating an actual decline of 1.5% of women operators.

This 'levelling out' of genders running Micro/HBB is possibly due to downsizing where thousands of middle management men are being forced to find self employment. It is also a sad indictment on society that people over the age of 45 have their chances of employment dramatically reduced due to the incorrect perception that older people do not make good employees. Society is deliberately taking experienced, skilled and qualified veterans out of the work force, which will undoubtedly be a loss to the economy, unless they create their own businesses and become self employed.

HBB operators place a great deal of importance on lifestyle and is the main reason they run a business from home. It is important to realise just what this lifestyle means, if you are considering commencing a HBB. It does not mean being able to work when you feel like it, being able to have holidays and days off, being able to have neighbours drop in for a cuppa, and being able to have an easy lifestyle.

To be successful in any business, you must be focussed, determined and committed. There are many problems to overcome, not the least being isolation and lack of motivation. HBB operators work more hours than the average employee (the Casey study indicated that 25% exceeded 40 hrs per week while the 1999 ABS statistics showed an increase of 8% in those working 51-75 hours per week) and holidays are seldom taken. Family members often assist, without receiving payment.

But above all you have to be happy in your HBB, feel successful and be able to enjoy your achievements. You have to love the work and find it satisfying. Tiny milestones can make you feel like 'King of the Castle'. Cynthia Brodribb of Grafic Descriptions found getting her first client and first cheque were milestones in her life. I relate to that. I remember driving home from receiving an order from my first client with my art work, saying over and over again – *"I made a sale, they wanted my product. Wow!"*

Though a word of caution comes from Angela Bueti of 20/20 Literacy & Language Consultancy. *"I do feel it is dangerous to ever believe you have 'made it', as being successful is always about seeking out opportunities – it's an evolutionary process. I believe the path to success is always under construction."*

The HBB operator can also feel confused. Marie-Louise Yamada says she is happy and unhappy at the same time. *"I really enjoy the flexibility I have working for myself, but I sometimes feel isolated"*. The HBB operators are often surprised at the success they achieve. *"Though it does not come without a lot of hard work"* points out Angela Whitaker.

Sharon Roxburgh of SM Rox, manufactures wool doonas especially designed for the elderly and infirm as well as those wanting to enjoy a football match or youngsters who kick their way out of traditional covers. She comments *“I feel very successful as I have accepted a challenge and am always learning and developing my product. I am somewhat amazed at my success.”*

In summary, the reasons for choosing a HBB lifestyle includes such things as:-

- Being carers for children or the elderly
- Wanting the flexibility of working when they want to (many stagger the hours to suit the family situation)
- Being their own boss
- Being able to reap the rewards of their own effort
- The prospect one day being able to ‘make it big’.

With the number of people running HBB increasing by 16% per annum and with around 52% being in business for over 5 years, it is obvious that HBB has a lot to offer, and is increasingly becoming a chosen career option.

WHAT BUSINESSES ARE SUITABLE FOR A HBB?

It is often considered that a HBB is a small office, home office (SOHO). This assumption does not take into account the wide diversity of businesses currently being run from home that are not necessarily office type businesses.

In Part Two of this book there are a number of ideas for those wanting to start a business and just need a ‘prod’.

The following businesses are often run from a home base:-

- Software and hardware designers
- Manufacturers
- Graphic Designers
- Screen printers
- Signwriters
- Health and fitness professionals
- Children’s party decorators and suppliers
- Exporters/Importers
- Marketing professionals
- Personal adviser and marriage celebrant
- Animal trainers and breeders of rare species
- Alternative medical practitioners
- Artists
- Heavy machinery operators
- Tradespeople
- Construction
- Property and business services

- Retail trade
- Cultural and recreational services

In fact a HBB is one whereby the operator usually decides to commence a business producing what they are trained for and what they do best. They are in fact practitioners and are providing themselves with a job.