

TIPS AND ADVICE WHEN STARTING YOUR HOME BASED BUSINESS

By Kirk Bannerman

There are a great many types of home based businesses and there are numerous reasons why people choose to start a home based business. Some of those reasons include:

- 1. Dissatisfied with their present employment situation.
- 2. Out of work due to being laid off or downsizing by their employer.
- A need to be home more with young children, an infirm family member, or aging parents.
- 4. A yearning to be their own boss.

Whatever your particular reason for exploring a home-based business, there are a few common steps you need to take in order to launch your business.

First off, you need to come to grips with reality...be realistic in your expectations. Far too many folks read advertisements that are hype and imply quick money, and lots of it, from a home-based business start-up. It will certainly take a year, and in some cases it may take up to three years, before you begin to truly make a significant profit from your business.

I have helped a large number of people start up their own home-based businesses using the Internet. Over time, I have come to recognize two of the most important factors for identifying people that should NOT start a home based business. If a prospective entrepreneur says something like...

"I'm broke and need to make some money, fast!"

or,

"I want to start a home-based business, but I don't want to spend anything on it until after I start earning some money."

...it is certain that they have not addressed reality and, with that mindset, they will most certainly fail.

It takes a lot of time to successfully market and promote a new business. If you are planning a home-based business in order to spend a lot of time with young children or care for the elderly, a full-time business (and income) may not be a realistic objective.

Second, spend some time researching your business idea. Make sure there is truly enough of a market for your product or service. It's easy to fall into the trap of having a hobby or passion for something that you like to do and just assuming that you can turn it into an economically viable business.

Third, learn as much as you can about small business. There is a wealth of information available on this topic and the US Small Business Administration is probably as good a place to start as any. Just go to http://www.sba.gov/ and navigate to the sections dealing with home based businesses.

Fourth, write a business plan. It is your roadmap to reaching your objectives. There are numerous articles on the Internet and in libraries that can assist you in developing your business plan as well as addressing the many other issues involved with starting and operating a business from home. As a starting point, here are a couple of Small Business Administration website locations that should prove useful:

http://www.sba.gov/starting/indexbusplans.html http://www.sba.gov/library/pubs.html

And last, but not least, seek the advice of a tax professional. Your first reaction may be that you can't afford such expenses right now; but, in reality, you can't afford not to seek such advice from the very beginning of your home business start-up. They can advise you about ways you may be able to reduce the amount of taxable business income at the end of the year. Paying for an hour or two of consultation with a tax professional at the beginning will probably save you much more than that amount later on down the road.

I never cease to be amazed at the number of people that seem to think that some magic is somehow created when you put the words "home based" in front of the word "business". It's still business...it just happens to be based in the home.