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Stay home and mind your own business

A guide for small business operators and those thinking about starting their own business in Tasmania.





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*“Large streams from little fountains flow,
Tall oaks from little acorns grow.”*

David Everett
(1770-1813)

Overview

What do you think owning your own business means? Is it all the benefits of employment without the restrictions, time off when it suits, no bureaucracy to hassle you, no child-care problems and no commuting? You might think it offers the best of both worlds.

While running a business from home offers many attractions, to be successful it is not only you who will need to stand up to the rigours of being your own boss. A home-based business is likely to call for changes to family routine, support from family members and a host of other considerations. Detailed attention to planning is a must.



Readers are advised:

- *The purpose of this guide is to provide general introductory information.*
- *The guide does not purport to contain all the information that would be relevant to any particular business opportunity.*
- *The guide is provided to interested persons on the basis that they will be responsible for making their own assessment of that opportunity with the assistance of the information provided.*
- *All figures contained in the guide should be regarded as estimates only based on general samples and may be subject to error.*
- *The information in the guide should not be relied upon in substitution for professional advice and individual investigation.*
- *Persons interested in pursuing any particular business opportunity are strongly advised to fully inform themselves by taking professional advice as to the extent of their rights and obligations – particularly in relation to any proposed investment.*
- *The guide is provided subject to the terms of the formal disclaimer, which appears on page 2 .*

Why operate a business from home?

Increasing numbers of people are giving it a try. The Australian Bureau of Statistics reports that 62 per cent of all small businesses in Australia are now home-based. And the micro business sector (businesses that employ fewer than five people) is growing at the rate of four per cent a year.

Running a business from home offers many advantages. You can cut overheads, avoid travelling to and from work, enjoy a pleasant working environment, conserve capital, gain flexibility, start part-time while bringing up small children, learn the ropes with a low level of risk and service customers outside normal business hours.

But there are pitfalls. Without colleagues and peer support, you can experience feelings of isolation. You cannot go home to get away from work, so in a sense, you never leave work. Business operations can often impact on the family and family interruptions can intrude into time set aside for the business. Friends, used to your being 'off work' while at home, will need re-education. It can sometimes be difficult to look professional, especially with high-profile clients, and lack of space can present a problem as the business grows.



"You have to plan carefully and organise ruthlessly, to avoid the pitfalls of working from home."

Anne MacDonald, Partner

Malcolm MacDonald & Associates, Launceston

Do you have what it takes?

The following self-assessment checklist may help you to assess your capacity to cope with the demands of a home-based business.

Checkpoint

- Why do I want to run a business from home?
- What problems are likely to occur in my family and personal circumstances if I operate a business from home?
- How determined am I to succeed, especially if relatives and friends do not seem to share my commitment?
- Am I strong, emotionally and physically?
- How effective am I at organising myself, my work and my domestic life?
- When the going gets tough, do I get going in the face of market downturns, organisational calamities and the uncompromising demands of family members?
- Can I maintain concentration against a background of domestic chaos?
- How resilient am I to physical illness and emotional stress, mindful that there is no paid sick leave or relief staff to take over?
- Do I have a thick skin to protect me from criticism from all sides?
- Am I highly disciplined in my attitude and work ethic?

Is your home suitable?

A home base is not suitable for every type of business. Requirements such as machinery, traffic congestion and noise or odour problems may upset neighbours. At an early stage, check your local council requirements and determine whether your proposed manner of operation is acceptable.

You should also decide whether you have suitable space and facilities in your home.

Checkpoint



What to assess	Yes <input checked="" type="checkbox"/>	No <input checked="" type="checkbox"/>	Actions I need to take
Is the location of my home easy for a new client to find?			
Is the nature of my business permitted in the particular council zone?			
Do I need any council permits to carry out alterations or additions to my home?			
Do I need signage outside my home?			
Is it possible to set aside a workspace of adequate size in my home, specifically for my business?			
Is the area chosen removed from family activities?			
Do I have adequate storage space?			
Do I need office equipment such as computer, photocopier and facsimile machine?			
Does my business have a requirement for natural light, extra lighting or additional power?			
Is there an appropriate reception area for clients?			
Is a separate line for business telephone, fax or computer modem required? Would a mobile telephone service be a viable option?			
Is there adequate parking space for suppliers, clients and staff?			
Does provision have to be made for a large letterbox for business mail?			

What to assess	Yes <input checked="" type="checkbox"/>	No <input checked="" type="checkbox"/>	Actions I need to take
Is there a separate entrance for clients?			
Do I require office furniture (new or second-hand) such as desk, chair, filing cabinets etc?			
Will I be able to keep my home tidy during business hours?			
Will the 'business' aspect of my home appear professional to clients?			

“Define the area of your home which will be occupied by the business and make it possible to shut the door on it.”

Jill Saunders, Proprietor,
Beauty and The Bees, Hobart

Insurance issues

You need adequate insurance cover when establishing a home-based business. The insurance required will depend largely on the type of business you operate, whether you employ staff and whether you have any special equipment.

The following checklist will give you a few thought-starters, but it is best to consult with an insurance broker about your specific needs.

Checkpoint

Do you require:

Personal accident and sickness cover?

Yes No

Life assurance?

Workers' compensation cover?

It is compulsory if you employ staff or if you run your business as a company and you are an employee.

Loss of profits insurance? It may provide you with an income should the business temporarily cease due to fire or other accident.

Public liability insurance against claims for injury, death or damage by persons other than family members or employees?

Cover for property, assets and equipment against fire, burglary etc? (As a general rule, household insurance does not cover business activities.)

Personal liability insurance against claims for damage by clients to whom you have sold something or provided paid advice?

Other?



Summary

- Be fully organised from the outset.
- Be practical. Is your house really suited to conducting a business from home?
- Is your family ready for it? Is it prepared to support you through thick and thin?
- Seek approval from your local council.
- Persist to achieve your objectives.
- Start networking. Isolation and inability to market effectively are two weaknesses of home-based businesses.

Resources and contacts

- Insurance brokers – refer listing under ‘insurance brokers’ in the Yellow Pages for advice on insurance coverage required.
- Local Councils – advice on zoning and requirements for home-based businesses.
- National Micro Business Network (Incorporating Home-Based Business Australia), www.mbn.com.au – information, events, newsletters, success tips etc. tailored to home-based businesses.
- Department of Economic Development, Tourism and the Arts
Business Point
1800 440 026
www.development.tas.gov.au