Pitfalls of a Home-Based Business

I don’t know if it is a coincidence or what, but in the last few weeks I have mentored several home-based business owners and they were all struggling with their decision of establishing their business in their home. It seems that while it may be true that there is no place like home, it is also true that running a home business may not be as easy as it looks. Dividing your home in order to create a suitable location for your business — while keeping the remaining space comfortable for those living in the house — will take some careful planning.

I will pass on to you the struggles that I learned from these businesses so that those who may be considering this strategy for their business may learn from these experiences.

First, consider the type of business. Not all businesses can realistically succeed in a home-based location. Take a look at your needs for equipment, work space, storage, inventory, and employees to determine if it is simply too difficult to run your business from your home. Service-based businesses are typically easier to fit comfortably into a home than retail or manufacturing businesses. Many people learn the hard way by not being realistic up front.

How disciplined are you in your time management? It is very easy to become distracted when you are at home. A home business should be run in the same manner as an office-based business. You need to motivate yourself to go to work in the morning and maintain that motivation during the course of the day in order to succeed.

Will you potentially need room to grow in the future and will your home accommodate that need? If you are fortunate and your home-based business is successful, you may need to expand. This may simply mean purchasing another computer or printer, or making space for an employee. It is important while setting up a home business environment to anticipate growth.

Watch your expenses and don’t get into the trap of over spending what you are saving on overhead. Too many business owners justify spending money on all sorts of equipment by not paying overhead. In the end they overspend. Watch your budget.

It is not uncommon for home-based business owners to get a little too comfortable working in a relaxed environment. Too often this means not getting out and promoting the business. You may need to work extra hard at getting the “word” out about your business because you may not have a “visible” place of business.

How will you create a client-friendly environment? You may need to have clients come to your home. Too many home business owners have had to make excuses for their house, kids, dog, and the lawn sprinklers before sitting down with their clients. Set up the office portion of the house for business only. You may not know the zoning laws for your neighborhood, but your neighbors may be able to recite them. There are many stories of home business nightmares because of zoning laws. The more discrete your business is, the less likely you will have problems. However, read the zoning laws regardless.

One of the advantages of working from a home-based office is that you can spend more time with your family. However, as much you love them, you need to have a separate office space and set some ground
rules so you can work while other activities are taking place at home.

Just because it is a home-based business does not mean you do not need a business plan. You should be taking your business just as seriously as if you were heading into any other type of business.

Establishing and maintaining a home-based business can be complex. If you need help with this aspect of your business, contact America’s free and confidential source of small business mentoring and coaching, SCORE, on our website: http://seminnesota.score.org/

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