

## **Home-based Businesses Remain Popular**

Many individuals are interested in starting and operating a business of their own. One of the challenges in making that business successful is good financial management.

“For many individuals, starting and running a business from their home can increase the chances of success,” says (Insert name and title) of (Insert county). “Startup businesses often have limited financial resources. Operating from home can help control costs.”

Today, an estimated 10 to 15 percent of households are involved in a home-based business, according to Glenn Muske, the North Dakota State University Extension Service’s rural and agribusiness enterprise development specialist.

“With technology, a home-based business offers some real opportunities and, to the outside world, looks like any other business,” he says.

Home-based businesses are a great way to test whether an idea is an opportunity or just a dream. Costs are controlled, and if the owner develops the business while retaining his or her day job, an income source and possibly benefits continue while the business is in its initial startup phase.

“Individuals also have looked at home-based businesses as a potential tax break,” says Muske. “While this might be true, the owner must be careful in making this determination. Contacting an accountant to help make this determination would be the best approach.”

To qualify for a home-based business, the space must be used exclusively for business purposes. The only exception is in-home day-care centers. If you do qualify for this deduction, then you also can consider taking additional expenses related to that space, such as the cost of heat, electricity, maintenance and depreciation, as deductions.

“Other advantages of working from home include flexibility and no commute,” says (Insert last name). “Two disadvantages that can arise, though, are little business visibility and the lack of interaction with other business owners.

“However, the owner can overcome such disadvantages with planning and preparation,” continued (Insert last name).

Tips for making your home-based business successful include:

- Have a separate office space. This is true not only for tax reasons but to allow yourself a place to have dedicated work space that is quiet.
- Install office equipment and get a dedicated phone line for the business. Today, this may mean a separate cell phone.
- Keep regular business hours. Not only do clients need to know when they can reach you, but you need to be in your business mode mentally.
- Take time for breaks. Short breaks can reduce stress and improve your productivity and energy. Monitor yourself so that home chores do not take over your work time.

- Hire child care even if you are at home because children can be a distraction. Many people have a home-based business to allow for reduced child-care costs.
- Have early conversations with friends and family regarding the business and your need to give it your full attention because family and friends are another common distraction. You may need to provide several reminders.
- Open a business checking account. You need to be able to track and keep business income and expenses separate from personal items.

You can find additional help for starting your business at your local Extension Service office at [insert phone number and email address]. Also visit NDSU's small-business support website at [www.ag.ndsu.edu/smallbusiness](http://www.ag.ndsu.edu/smallbusiness) and sign up for the monthly newsletter. Or check out Facebook at [www.facebook.com/NDSUextsmallbiz](https://www.facebook.com/NDSUextsmallbiz) or Twitter at @gmuske. Another online resource is [eXtension.org/entrepreneurship](http://eXtension.org/entrepreneurship).

The Small Business Administration and its related organizations, Small Business Development Centers and the Service Corps of Retired Executives, also are useful resources.

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