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The Benefits of Working at Home

Home-based businesses, once made nearly extinct by the industrial revolution, are suddenly being called the growth industry of the future. Government and industry reports show that increasing numbers of men and women are now opting to work in their homes. In a reversal of the nineteenth-century migration to huge factories and multilevel office complexes, entrepreneurs and employees alike are rediscovering the benefits of working at home.

Ever-lengthening commuting times, rising transportation costs, corporate downsizing, and changing lifestyles (the desire to combine a career and a family, or simply to escape the daily rat race) are part of the reason. Other factors include the continuing expansion of the services and information sectors, the widespread availability of personal computers and fax machines, and the growth of the Internet—developments that have opened the door on a broad array of new home-based occupations. Add in the financial rewards, tax benefits, and more, and it's plain to see that it pays to work at home.

Personal Freedom

The ability to gain control over one's life is perhaps the most enticing aspect of a home-based business. Rather than bending to the demands of the work environment, individuals can mold their environments to meet their own needs. Leaving behind time clocks, set routines, and work spaces that are frequently impersonal or even hostile, home-based

workers have the freedom to earn and create as they choose, in the comfort and convenience of their own homes.

Instead of adapting to a nine-to-five, 40-hour workweek, the home-based worker can choose from an unlimited variety of scheduling options. Night people, who don't really begin to be productive until 5 P.M., can work evenings if they prefer. Morning people can start at the crack of dawn and then stop in the early afternoon, free to pursue other interests. Those who want to can work through the weekend or take a Tuesday afternoon off. When an idea comes to you, whether you're reading, fixing dinner, battling crabgrass, or sleeping, you can follow it up immediately. A trip to your office takes just seconds.

Time, all too often the enemy, becomes your ally, expanding or contracting to conform to specific work assignments. The pressure to finish up what you're doing before closing time, or to look busy even when you're not, is eliminated. As a home-based businessperson, you determine your own hours.

As a home-based worker, you have greater control over not only your time but also your environment. The pictures on the wall, the color of the curtains, and the direction your desk faces are all your decisions. You need not tolerate piped-in music, cigarette smoke, unpleasant coworkers, or a room that's too hot or too cold. Energy that was previously wasted arguing over the thermostat switch can now be rechanneled toward your own fulfillment.

Financial Benefits

The financial benefits of working at home are equally attractive. Instead of waiting for a boss to give you a raise or a promotion, the amount of money you can earn is directly related to your own performance. Whether your business provides your sole means of support or a secondary income, its earning potential is up to you. What's more, people who have been frequently shut out of the job market—home-makers, students, retirees, and the disabled, to name a few—can use their home business to create new income opportunities.

In addition to the money you can *earn* by working at home, there's

the money you can *save*. The reductions in the cost of transportation, business lunches, wardrobe, and child care are cause for celebration.

Simply by eliminating the need to commute to and from work, the home-based worker stands to realize savings ranging from a few hundred to several thousand dollars a year. If you normally use public transportation, your savings will naturally be lower. However, if you are currently driving your own car each day, the savings can be considerable, including money saved on gasoline and oil, maintenance, parking, and insurance.

Business lunches—often hurried, unappetizing, and overpriced affairs—need no longer be mandatory daily occurrences. Along with these, say good-bye to the office bandits, more commonly known as vending machines, that take your money while giving nothing in return. Home-based businesspersons have the luxury of eating what they want when they want, as well as the satisfaction of knowing that they got their money's worth.

Working out of your home also gives you the freedom to dress as you choose, thus reducing your clothing costs by doing away with the need for a separate wardrobe for work. Unless your business is one that constantly requires you to present a professional look (e.g., doctor, attorney, consultant), casual clothes probably will be the rule. Blue jeans, warm-ups, or even a bathrobe may be your uniform of the day.

Child-care centers, a fact of modern life in single-parent or dual-earner families, can put a big dent in the family budget. The need to work and the shortage of affordable centers make the child-care problem a very real one. The solution for many people is a home-based business. This enables parents to be with their children and still earn an income. Children receive the care they need, and the money that would otherwise be spent to provide it can be used to improve the family's overall standard of living. The benefits to all are obvious.

Another benefit of locating your business at home is readily apparent: the money you can save by not renting office space. Rent payments, in many cases the single largest expense in running a business, can be a major stumbling block to getting started. Even when the money for rent is available, the accompanying requirements for a security deposit, maintenance, and cleaning fees or the pressure to

sign a long-term lease can be overwhelming. Converting a portion of your home into work space enables you to avoid this expense, lowering both your costs and your risk.

Tax Savings

Using your home as a place of business offers a number of tax advantages (see Chapter 11). For starters, it allows you to deduct a part of the operating and depreciation expenses on your home. This means that a percentage of your rent or mortgage payment, depreciation, property taxes, insurance, utilities, and expenses for household maintenance, repairs, or improvements is deductible.

The percentage you can deduct depends on the number of rooms or square feet of space that are set aside *regularly* and *exclusively* for business purposes. For instance, if you turn one room of a five-room apartment into an office, workroom, or storage area, you can deduct 20 percent of the apartment's overall operating expenses. In order to qualify for this deduction, you must use the space designated for your business on an ongoing basis solely for the purpose of conducting business. Space that you use for other activities, or only use infrequently, does not meet Internal Revenue Service requirements and is therefore not deductible.

Another deduction you may be entitled to is the expense of using an automobile or other motor vehicle in your business. On the basis of the number of miles you drive the vehicle for business purposes, you can deduct a percentage of its upkeep and operating costs. Deductible expenses include gas, oil, repairs, insurance, depreciation, interest on car payments, taxes, licenses, garage rent, parking fees, and tolls.

The actual expense of running your business is also deductible. You can deduct the money you spend on supplies, postage, or business cards, or to take a client to lunch, attend professional seminars, promote your business, or pay for accounting services. "To be deductible," the IRS states, "a business expense must be ordinary in your business and necessary for its operation." According to the IRS, "The

word *ordinary* refers to an expense that is common and accepted practice in the industry. *Necessary* expenses are those that are appropriate and helpful in developing and maintaining your business.” Thus, an expense that meets both parts of this test is deductible.

If you have a home-based business, the IRS requires that you separate your personal and business expenses. Only the business expenses are deductible. To make sure that you receive the tax benefits to which you’re entitled, it’s a good idea to see a tax accountant.

Family Togetherness

In many instances, home-based businesses are strengthening family relationships by enabling the whole family to get involved. Instead of going in separate directions, more and more husbands and wives are pooling their energies and working toward a common goal. At the same time, children have an opportunity to see what their parents do for a living . . . and to learn about business firsthand.

Pleased by her youngest son’s initiative, one home-based entrepreneur we spoke with exclaimed, “Stevie told me that if I taught him how to do the sales demos, I’d never have to do them again! Working at home has really brought us all together.”

The word “together” turns up frequently in conversations with home-based businesspersons. Often comparing themselves to the early settlers and pioneers, who built their own homes and worked out of them too, today’s entrepreneurs place much emphasis on team effort. The family, united for a shared purpose, is able to work together to develop the business.

Reduced Stress

Electing to work out of your home can go a long way toward reducing stress, particularly the stress that comes from trying to juggle the demands of your work life with those of your private life. Instead of having to decide whether to go to work or stay at home when a child is ill,

you can do both. Conversely, when you have to work late at night to complete a project, you can still take a break for dinner with your family and then resume work afterward.

Office politics and arguments among coworkers, two well-known causes of stress, can be eliminated by working at home. Furthermore, there's no one to tell you when to punch in or punch out, take a break, go to lunch, turn in a report, or attend a meeting—decisions that were once made by others can now be made by you. The fear of being passed over for a promotion, denied a raise, laid off, or fired is no longer cause for anxiety.

A former television producer we know left broadcasting to start her own home-based media consulting firm. After being ruled by production schedules and all-day tapings, she was only too happy to escape the harsh lights and air-conditioned chill of the television stations where she used to work.

Converting her front bedroom into a state-of-the-art studio where clients could rehearse for upcoming television appearances removed much of the pressure she was under. It also eliminated the need to spend two or more hours on the freeway each day. As an added bonus, by basing the studio in her condominium, she and her employees gained access to a swimming pool, a Jacuzzi, and an exercise room—stress-reducing amenities that otherwise would have been unavailable.

Job Enrichment

One of the benefits most frequently mentioned regarding home-based businesses is job enrichment. Unlike the typical worker, who is boxed into one job and given a label identifying him or her as a bookkeeper, plumber, attorney, manager, or secretary, the home-based businessperson is free to learn and perform a variety of work-related tasks. It's possible to go over your billings in the morning, use the remaining time until lunch to produce the product or service you provide, take care of phone calls and personal correspondence in the afternoon, and then wrap up the day by putting the finishing touches on the advertising copy for a new brochure. Not only is it possible, it's probable.

Working at home allows you to devote the entire day to one activity or to a succession of activities. Barring a specific deadline that has to be met, you can set one project aside if you want to and focus on another. Then, when you're ready to resume work on the first project, you can pick it up again.

Varying your activities like this and working at a pace that's natural for you helps to ensure that you won't get bored. Instead of going through the motions of performing a task, there's a feeling of involvement. Because everything you do is directed at making your business a success, you will also experience a sense of excitement. Every time the phone rings, you have a new opportunity.

Working in this fashion can't help but inspire a high level of creativity. Once you get away from the tunnel vision found in so many organizations, you can develop an understanding of all aspects of your own business. This puts you in a better position to come up with improved methods of doing things. You can more readily spot duplicated procedures and wasted steps. What works in one area can be applied in another area.

By working at home you will also learn about yourself, in addition to learning a great deal about business in general and your own business in particular. What really interests you? What influences your decisions? What are your capabilities? "The personal growth has been fantastic," a teacher-turned-entrepreneur told us. "I've learned more in the last year than I learned in six years of college and all that living before. It really has been marvelous, absolutely super."

Job Security

With corporate downsizing and mergers eliminating once-stable jobs and threatening others, many workers have come to realize that the best job security of all is a business of their own. Rather than worrying whether their industries will be hit next or trying to find other jobs after being laid off, they are creating their own work as home-based entrepreneurs. Job-proofing themselves against forced layoffs and early retirements, they are looking to themselves for security instead of to an employer.

Career Advancement

At the same time, increasing numbers of midlevel and senior executives are turning to home-based businesses as a way to get around career roadblocks or to break through the glass ceilings that have kept them from rising higher in their companies. Giving up corporate perks and status for the opportunity to control their own destinies, reach their potentials, and build equity stakes in their own businesses, these corporate escapees are determining their own rates of advancement. Drawing on the experiences and skills that made them valued employees, they are putting these to work on their own behalf . . . in many instances as independent contractors or consultants to the very companies that formerly employed them. Only now they're entering into work agreements as equals with the power to negotiate what the terms of their professional relationships will be.

Increased Productivity

Home-based businesspersons generally agree that working at home helps them to be more productive. Part of the reason for this is that there's simply more time available. Hours that would normally be spent commuting can be used to run the business instead. Another reason that can't be overlooked is the increased level of enthusiasm on the part of home-based workers. Many get so caught up in what they're doing that it's actually hard for them to stop.

Speaking from our own experience, we've often worked through a weekend without even realizing it. The fact that we have the freedom to switch gears when we choose—to take a break, do something around the house, or whatever—keeps us from getting tired and makes what we're doing seem less like work.

Competitive Advantage

Working out of your home can enable you to be more competitive, not just in the prices you charge but also in the quality of service you

offer. You can use the money you save on rent to increase your overall profitability, or you can pass it on to customers in the form of lower prices. Competitors restricted by higher overhead costs have no such options. What they charge is predetermined by their rental agreements. The higher the rent, the higher their prices.

Having your business in your home also makes it easier to provide customers with personal service. If someone needs to reach you in the evening or over the weekend, for example, you're there, ready to answer a question or supply the necessary information. What's more, when customers come to see you, they don't have to park in gargantuan parking structures or walk through crowded shopping centers. Upon arriving, they can be welcomed into an atmosphere that is warm and inviting.

Given these benefits and more, the trend toward home-based businesses is clearly just beginning. Those who have recognized the opportunities existing under their own roofs are in the forefront of a growing movement.

A decade ago fewer than 10 million people worked at home. Today more than 40 million people do. Home-based businesses make up about half the number of small businesses in the United States. In California, a state known for its willingness to try out new ideas, more than a third of its workforce is made up of people who telecommute at least part-time. Spurred on by the need to be independent and the drive to succeed, others will continue to join their ranks.

The American dream of owning your own business, a dream thought by many to be unattainable, is not only within your sight but at your doorstep. You need look no farther than your kitchen, bedroom, den, living room, or garage to find the foundation on which to build your business enterprise.