



### **Advantages and Disadvantages of a Home-Based Business**

The trend toward home-based business has occurred for several reasons. From the beginning, the electronic revolution, with its computers, fax machines, copiers, and generally faster, better, smaller and cheaper office technology has made it possible for almost every family to start a business from home. Job insecurities and lay-offs have forced white-collar workers out of corporations. Many of these displaced middle managers have translated their skills into viable businesses run from their home offices. The trend toward home-based business has also been fueled by economic considerations such as eliminating rent and utilizing other home-office deductions. As an additional bonus, having a home-based business has allowed parents to stay home with their families and address elder care and parental leave without added costs. Home-based businesses are popular because they can be very successful. They can also turn into disasters or, at the very least, become unproductive or half-hearted efforts. Here are several advantages and disadvantages of a home-based business. See if the advantages of basing your new business in your home outweigh the disadvantages.

#### **Advantages**

- Address domestic responsibility: **I would be free to care for children, parents, and household duties.**
- Control over work hours: **If I don't feel that I have time in my life for another client, I can say no. I can cut back during the summers, and work longer hours during the school year.**
- Convenience: **I would have all the aspects of my life - work, family, social - consolidated in one place.**
- Decreased commuting time: **I'd be able to really use the time I now spend traveling from home to work and back.**
- Flexible hours and pace: **If I wanted to put in my hours late at night or early in the morning, I'd be able to do it.**
- Independence: **I'd not only be my own boss, I'd be my own landlord.**
- Lack of workplace distractions: **It seems like I spend half my days chatting with other workers - I could take back that time for working, and earning money.**
- Low overhead expenses: **I'm already paying for the space I live in and the utilities I use; why not make the most of it?**
- Tax advantages: **The government offers tax breaks for business use of the home: I could use a tax break.**

## Disadvantages

- Demands on family members to cooperate: **I'm not sure my spouse/parents/children would like the disruption of a business being run out of their home.**
- Difficult to set aside long blocks of time: **Soccer games, doctors' appointments, car repairs, plumbers - the list of things I have to fit in around work is a long one.**
- Domestic interruptions: **If I'm at home, it's going to be hard for family and friends to realize I'm working.**
- Household chores: **I really won't have any excuse for not keeping up with the house.**
- Informal, cramped, insufficient workspace: **I don't have very good "private" space for working.**
- Lack of respect: **People think I'm unemployed, or they'll think of my business as a hobby.**
- Lack of workplace camaraderie: **It can get quiet and lonely around the house all day.**
- Total responsibility for workflow and efficiency: **It's a lot to be responsible for, and I won't have anyone to blame but myself.**
- Zoning Issues: **I'm not sure my town permits businesses like mine to be operated out of residential neighborhoods.**

For more resources to Start or Grow Small Business, visit our website at [www.womensenterprise.ca](http://www.womensenterprise.ca) or call 1.800.643.7014

*Source: "The Real World Entrepreneur: Field Guide," Bangs, David H. Jr. and Linda Pinson, Dearborn Financial Publishing, Inc., 1999 pages 464 & 474.*