

Advantages and Disadvantages of a Home-Based Business

Written by: Women's Enterprise Centre

The trend toward home-based business has 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 and less risk:** 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,' professional or expandable space for working.
- **Lack of respect:** People may 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.
- **No corporate benefits:** I don't rely on a company for insurance, so I'll have to cover medical, and retirement funds myself.
- **Zoning issues:** I'm not sure my town permits businesses like mine to be operated out of residential neighborhoods.
- **More accountability:** Home-based businesses are more likely to be audited, so I'll have to make certain that all my records of expenses are accurate (including commuting) and I've kept all documentation. I must keep organized!

STILL HAVE QUESTIONS? CONNECT WITH US!

Women's Enterprise Centre is a non-profit organization devoted to helping BC women start, lead and grow their own business. If you own a business, or are thinking of starting one, connect with us for business loans up to \$150K, skills training, personalized business advice, mentoring, practical resources and a supportive community to help you realize your business potential.