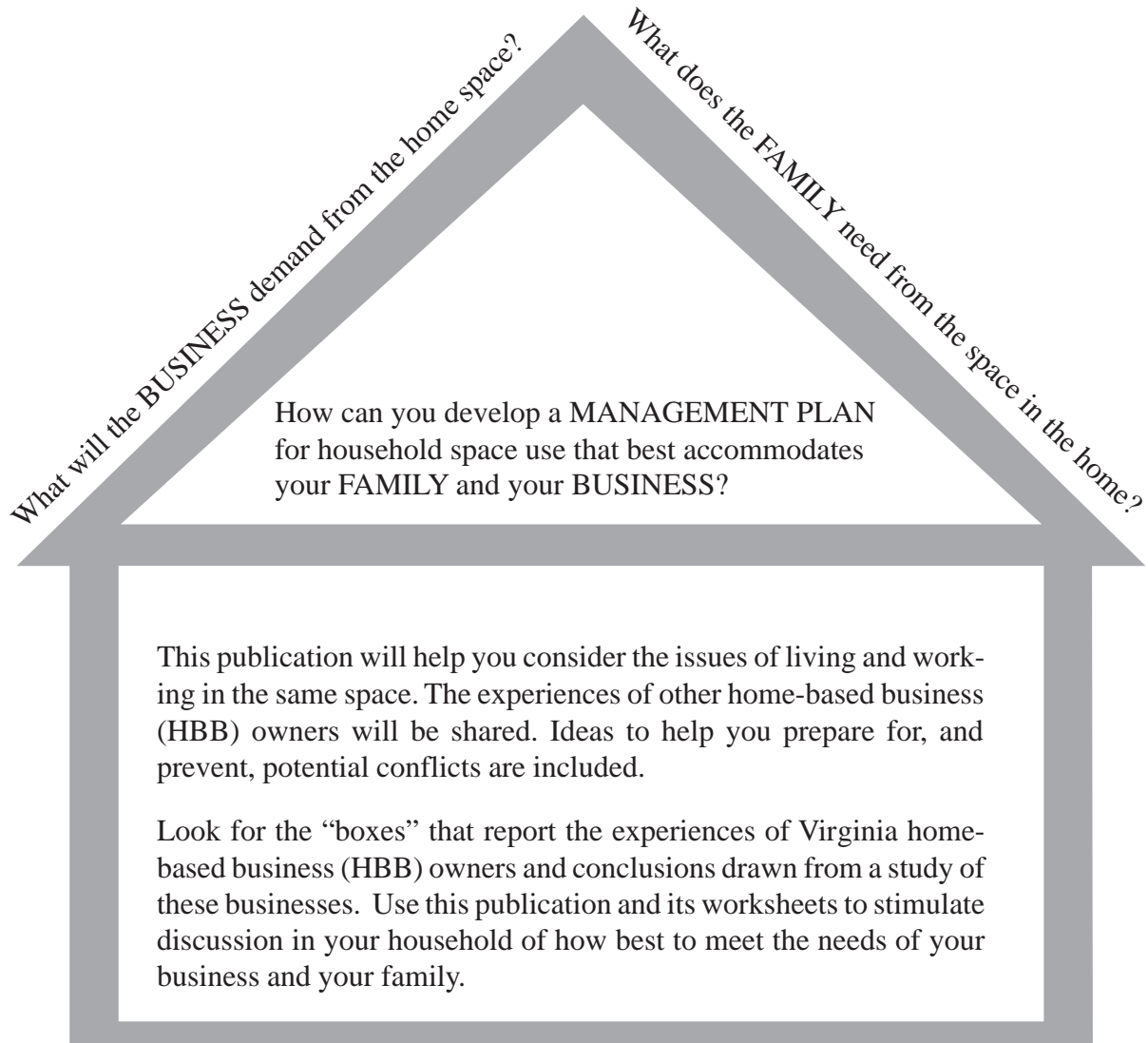


## Can You Live Where You Work... And Work Where You Live?

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Please “enter” the HBB home for a discussion that will help you and your family develop a successful plan for your business-household merger.

Working at home is not new, but recently more and more people are trying it. The 90's have been called the "Decade of the Entrepreneur," and according to one reference, *LINK Resources*, the number of entrepreneurs starting home-based businesses (HBBs) has increased from 14.9 million in 1988 to 24 million in 1994. The fastest growing segments of these business owners are women and minorities.

The home is being called "the new American workplace." Home-based businesses have begun to gain in credibility, longevity, stability, and financial success. In addition, people often have personal reasons for choosing to begin a business in their home.

Home-based businesses vary from part-time to full-time employment. For some owners, the business provides the sole household income, while for others, the business provides money for "extras." Some HBBs are operated by an individual, others are a family venture, and some employ people other than family members. The possibilities for a home-based business are as limitless as the owner's creativity. Various types of HBBs include manufacturing, service, consulting, mail order and sales. In this publication, we will focus on the entrepreneur or business owner, although much of what we say applies to the tele-commuter, contract worker or others who work at home.

## **What's The Law?**

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You may have unlimited ideas and plans for your business, but what you can actually do will be controlled by laws. Because your business will occur in your home, local regulations may limit activities that could affect the residential character and quality of your neighborhood. For example, you may not be able to manufacture certain products, may have to install specialized equipment or modify facilities, may be limited in use of employees, or may be restricted on other issues, such as parking, signs, or noise.

Examples of laws or regulations that could limit your HBB include zoning, restrictive covenants in your deed, homeowner's association covenants and local ordinances. In addition, your homeowner's insurance will likely be affected, and you need to consider issues such as liability.

Because laws vary by city or county, knowing what is legal for your locale will help prevent problems, and allow you to adapt your business accordingly. It is important that you contact your local government or zoning office or consult with such persons as lawyers, insurance agents, and accountants who will also be able to advise you.

## **Work and Home Conflict**

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The work environment is important to the success of any business. For the HBB, the work environment is unique because it is also a home. The use of space in the home will change when a home-based business is begun. By definition, a HBB introduces a business activity into residential space, your home. The needs of the business and the needs of the family members will be different, and conflict can result.

Research conducted with HBB owners in Virginia and other states has shown that conflict does

Conflict issues found in Virginia HBBs include:

Intrusion of home-based business into family areas,  
Intrusion of family activities into the business space,  
Overlap of space use.

- Over three-fourths of the businesses studied used three or more rooms.
- Only one-third of the participants had a designated area or schedule for the HBB.

occur between family and business needs for space in the home. This conflict threatens the success of the business and family harmony.

The primary cause of the conflict is the lack of a clean division of space for business use. Effective management of the home space is needed to reduce conflict.

Specific examples of conflict include: clutter from the business in family space, lack of adequate space for both business and family activities, need to move business activities to accommodate family activities, increase in household work due to the business, and business clients' lack of respect for the space known as "home".

How is having your business in your home affecting your family?

Do you have a plan for integrating family and business space needs?

In a typical situation, beginning a HBB involves bringing a business into what was previously

Successful home-based business plans include:

designating separate spaces in the home as business and family, or  
having a time schedule to indicate when the space is for business use and when it is available for family use.

The "on-demand" or "whoever needs it now" system of sharing business and family spaces seems to result in more conflict.

considered family space. By definition, a HBB takes up space in the home: before the business starts, the home is seen as family space.

After the business starts, family space must be given up to the business. The family and the HBB must be integrated into the same structure.



Because of this, a plan for integrating a business into the home space includes an evaluation, by each family member, of when and where it is acceptable for the business to intrude on family space.

There are other issues in changing perceptions of space and access in the home:

The use of a space is changed by the presence of the business. For example, a dining room may double as a space for consulting with a client. Or, the kitchen may now be shared at lunch time. The activities that can take place in a home are altered by the presence of a business. For example, TV watching may be banned during business hours due to noise. Control of space used by a business may eliminate space formerly used by the family; for instance, a guest room may become an office. The question of maintenance arises when areas are used by both the family and the business. For example, who is responsible for the upkeep of common areas such as the entry and stairs?

The perception of the workplace is important. A home is normally a private place, a business is public. Outsiders see the HBB as a business, a public space, whereas the family may still perceive the business as home space, and regard outsiders as showing a lack of respect. How would your family react?

Consider the space in your home for your own HBB. What are the positive aspects of being in business at home? What might be negative aspects or disadvantages? It is important to take a realistic look at both the advantages and disadvantages. List your thoughts below.

*Advantages of being in business at home:*

*Disadvantages of being in business at home:*

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# It's Your Business

We encourage you to involve all members of your household in planning and discussion of the business in the home. Bringing a business into the home involves change, and change will be less threatening and more acceptable to family members if they are part of the process.

*What will your business demand from your home space?*

(Examples: office space, place to visit with clients, storage, more lighting)

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*What does your family need from space in the home?*

(Examples: private rooms for sleeping, quiet spaces, storage, safe play area for children)

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In the following pages, we will help you develop a plan to integrate these two sets of needs.

## Your Home-Based Business (HBB) Profile

Why are you in business? \_\_\_\_\_

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*What is your goal?* (Example A: To design and produce high quality wooden storage accessories for the home. Example B: To help local offices reduce their workload by providing secretarial services). \_\_\_\_\_

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A study of Virginia entrepreneurs in business at least six months cited reasons for being in business as:

- personal fulfillment
- being at home
- economic need
- lack of employment alternatives

*How would you briefly describe your business to a potential customer? Write a “capsule” description that includes the business name and purpose (Example A: “Virginia Woodcraft” specializes in custom shelves and wall cabinets. Example B: “Words Plus” provides word processing, graphic layouts, printing and duplicating for local businesses):* \_\_\_\_\_

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*What time is devoted to the business? (Examples: half days only, Mondays only, regular office hours weekdays, seasonal)* \_\_\_\_\_

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*Describe the physical size of the business:*

\_\_\_\_\_ *number of people* (employees including family members - full-time/ part-time, temporary/ permanent; clients and so forth)

*volume of materials, supplies, equipment* \_\_\_\_\_

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*The type of activities within your business help determine the space needs. What are the primary activities of your business (designing or working with a product; displaying products; consulting with clients by phone, in person, both, .....)?* \_\_\_\_\_

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The primary activities of a HBB requiring space in the home were identified by Virginia entrepreneurs:

- produce, make, or repair a product
- conduct bookkeeping, billing, and business management activities
- provide professional or consulting services
- store material, tools, and supplies
- meet with customers or business associates

There are major differences in types of businesses. Would you describe your business as a:

**Production business?** A product is made on the premises, and space is needed for raw materials, production equipment and processes, and storage of finished products.

**Service business?** A service is performed either on the premises (such as designing brochures) or elsewhere (as in repairing appliances at the client's business or home). Space needs vary with the nature of the service.

**Consulting or counseling business?** Consulting, counseling or similar activities are conducted with clients usually in the home. This may require a separate meeting space and privacy from family activities.

**Sales or marketing?** Products are obtained from another person or business and the sales or marketing of the product takes place primarily outside the home.

**Mail order business?** The product is delivered directly to the client via mail. This type of business often requires storage for large inventories.

No matter what type of business, two other critical factors are:

**Customers.** Whether the customer comes to the HBB location or not is an important indicator of space needed.

**Employees.** The number of employees and the hours they work will influence space use.

Each of these differences affects the need for space and the way the space is used. Different amounts of space may be used by the business. In addition, different business activities may have varied levels of acceptability to family members.

## Analyze Space Needs

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Now we're ready to evaluate the space needs for each type of business activity. As we do this, think of your own business, in terms of:

What type of space is needed? (desk space, conference space, space for designing or assembling products...)

What quantity of space is needed? (space for yourself at desk, a large workroom, storage for incoming or outgoing products or supplies...)

Is the space need constant or are there daily or seasonal fluctuations of space need?

How will future space needs change as the business changes or grows?

Do you envision your business growing and eventually moving to space outside your home?

Where in the home is the best location to provide needed space(s)?

Is there really appropriate space available in your home to accommodate the business?

How will the family and business share the space?

## Space Needs of the Business

Plan your space to help ensure reaching your goal. The specific needs of a home-based business will depend on the nature of the particular business. Does your business require:

**Storage space** (supplies, equipment, raw materials, components, finished products, office supplies, catalogs and advertising materials, special use equipment...)?

Storage needs are specific to the type of business and are affected by many factors, such as the quantity and timing of the arrival of raw materials; the frequency with which finished products are shipped out; the quantity of supplies received at one time; where business supplies and materials are kept during non-working hours; and specific conditions required for storage of materials and products (such as refrigeration of food products). Safety and environmental concerns must also be considered to protect the quality of materials and products as well as members of the family.

**Space for tools and equipment** (equipment used in producing a product, office equipment such as computers, typewriters, telephones, FAX, and tools for equipment maintenance...)?

Tools and equipment are used in manufacturing, assembling or packaging a product. Don't overlook the equipment you use to manage the business, such as for keeping records or communicating with clients.

**Production space** (space needed to plan, produce and package a finished product...)?

Production space varies greatly with the product. Consider also special requirements such as sound and odor control.

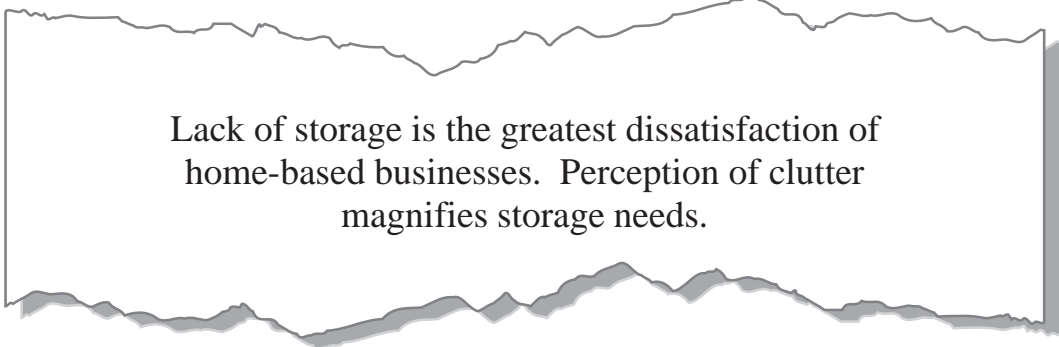
**An area to meet with clientele** (a waiting area, a private consultation area, space to order products, space to receive a service...)?

You need to consider the image presented by the space. Will it make clients feel comfortable and confident about your business? Is a separate entrance needed?

**Convenient access for pickup and delivery** (delivery of raw materials for production, distribution of finished products, mail, and parking for business clientele...)?

Pickup and delivery is a particularly sensitive issue to neighbors. Is parking space ample? Consider the size of vehicles that will be coming to your business.

**Office space** (space for financial operations, correspondence, record-keeping and telephone communication related to the day-to-day operation of the business)?



Lack of storage is the greatest dissatisfaction of home-based businesses. Perception of clutter magnifies storage needs.

Even if most of your business activities occur elsewhere, you will likely need space for record keeping, accounting, and other business management activities.

**Lighting, electrical, heating and cooling** (lighting for production areas, wiring for special equipment, ventilating fans...)?

Business activities and processes may require lighting or wiring for production and safety. Heating and cooling needs may change, especially with equipment that is sensitive to temperature and humidity. Dust, vapors and odors generated may require additional ventilation.

What will *you* need to accomplish *your* goal(s)? Look over the preceding examples, then list key items below that will be needed for your specific business.

Needs	Example A: “Virginia Woodcraft”	Example B: “Words Plus”	Your Business:
Space	two-stall garage or 20'x 40' room  washroom	8'x10' office, private space (seat up to three persons)	_____ _____ _____
Furnishings	1 drafting table 1 large workbench 1 computer desk 2 four drawer files	desk, chairs, work table computer desk	_____ _____ _____
Office equipment	1 computer 1 word processor 1 facsimile/phone	1 computer 1 typewriter 1 answerphone 1 duplicating machine	_____ _____ _____
Mechanical needs	1 table saw 1 sander 1 dust vacuum	desk fan	_____ _____
Lighting	minimum 6 tracks 2 task lights	desk lamp floor lamp	_____ _____
Ventilation	hooded exhaust fan		_____
Access to other space	kitchen bathroom	bathroom	_____ _____

Needs	Example A: “Virginia Woodcraft”	Example B: “Words Plus”	Your Business:
Storage	locking supply closet lumber storage shelving for supplies room for finished cabinets and shelves	coat rack office supply cabinet	_____ _____ _____ _____ _____

And...? (what else might be needed by your specific business)

## You Don’t Work Alone

Because a business serves the public, your home business will need to accommodate others. Number and frequency of persons will vary with the type of business, but planning for others should be considered in your plan. Use the following as an outline to better recognize your present situation and to project future needs.

Needs	Present situation accommodates	Changes needed: now	future
Example: __X parking	1 employee, 1 client	none	add one parking space
__ parking	_____	_____	_____
__ easy access	_____	_____	_____
__ office hours	_____	_____	_____
__ pickup	_____	_____	_____
__ delivery	_____	_____	_____
__ conference space	_____	_____	_____
__ image	_____	_____	_____
__ safety	_____	_____	_____
__ security	_____	_____	_____

The most frequently used rooms for the business were listed as:

- living room
- kitchen/dining room
- basement/garage/storage shed

Now that you have identified the specific space needs of your HBB, where are the most likely spaces available in your home?

Space available in home	To be used for: (business use)	Comments, advantages, disadvantages
Example A: extra bedroom	computer, FAX, phone copier, files	need to find another space for overnight guests
Example B: family room	meeting clients	might be a problem when children are not in school

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
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_____	_____	_____
_____	_____	_____

## Family Space Needs

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We now have a working plan for your business, but is it feasible in comparison to family needs?

How will the space needs of your business affect the family?

The space needs of a household are determined by many factors, including:

- number of members
- age, sex, and size of members
- relationship among the members
- time spent at home by each member
- activities conducted in the home
- number and size of possessions
- past experience or how much space members are “used to”
- societal and cultural norms for household space



Family space needs are based on both specific physical needs, such as sleeping space or seating space at the dinner table, and on values about housing. Housing values such as beauty, privacy, economy and prestige help determine the type, amount, and quality of space a family wants in their home. An important determinant of housing satisfaction is how well the housing conditions “fit” an individual’s or family’s values.

Success in integrating a business and family in the home can begin by understanding the housing values that the family members hold, and relating these values to space needs.

Which values are most important to your family?

Do family members differ on the importance of particular housing values?

What compromises will have to be made in order to achieve the goal of a productive HBB and a family home that expresses important values?

## Outside the Office

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You have considered intrusion of the business into family space and the intrusion of the family into business space. Now consider intrusion of the HBB business into the neighborhood. Is this a problem? What is acceptable?

What will your neighbors worry about? Consider activities of your business that may affect property value, or the character of the neighborhood. A business that disrupts the neighborhood, such as by noise or traffic, is more likely to lead to complaints. Consider carefully each of the following:

**Location.** Will the location be easy to find? Can it be reached by other than private vehicle? Is it near or convenient to both clients and suppliers? Is there adequate police and fire protection?

**Traffic.** How much will your business increase the regular neighborhood traffic? Will the increase affect neighborhood safety? noise?

**Parking.** Parking should be adequate for needs of your business, including clients, deliveries, subcontractors, service vehicles and others. Are there best times for ease of parking? What parking restrictions are in effect for your street or neighborhood?

**Access.** Is the entrance covered and easily accessible from the parking area? Is it clear what entrance a client or delivery person should use?

**Accessibility.** The Americans With Disabilities Act of 1990 (ADA) is enforced for public areas to allow equal access for all. Although your business likely will not be large enough to require compliance to the Act, you might consider your potential customers, suppliers and other business contacts who may have special needs.

**Signage.** Is your business well identified? Check with local officials regarding regulations on commercial signage. If signage is not allowed, you might consider enlarging the address numbers on your house to make it easier to identify.

## Conclusion

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Plan for use of space to reduce potential for family conflict.

Some initial recommendations as a result of research on HBBs are:

- A plan for sharing the home space is critical, whether by space allocation or time.
- The entrepreneur and family must share goals about the business, and be clear as to what the demands will be on the home space.
- All space needs of the business should be realistically estimated, with plans for expansion.
- A specific plan is needed as to how you will handle customers, employees and associates in the home.

# Your HBB/Family Action Plan

An action plan will help you to apply the information learned from other entrepreneurs to your own business, so that you can prepare for, and prevent, potential conflicts in space use.

List problems (from previous pages)

List projected solutions

Examples:

Space needs (family can't understand)

Meeting with family

Interruptions to family

Discuss scheduling

Not enough assembly space

Purchase work table

1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____

For more information, please contact your local Virginia Cooperative Extension office. Home-based business publications are available for purchase for a cost-recovery fee. Videos and other educational materials are available "on-loan" through your local Extension office. Educational programs are offered locally or through multi-county efforts. Program content is based on the needs identified in the local area.

The focus of this publication is managing the business space in the home to minimize conflict, with the goal of business success and family harmony. There are important tax implications as to how the business space in the home is allocated and used, and where business activities occur. Contact the Internal Revenue Service at their toll-free number to secure business publications to help you keep accurate records. Also, contact the Small Business Administration for other business publications.



