

# Beyond the Telephone Pole Ad

## *Starting a Real Home Business*

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# Home-based Business

- When considering starting a home-based business you should:
  - 1. Assess Your Attributes and the Skills Needed**
  - 2. Map Out Your Assets**
  - 3. Consider Advantages and Disadvantages**
  - 4. Choose a Type of Business**
  - 5. Avoid Scams!**

# Assess Your Attributes and the Skills Needed

- Three types of skills needed:
  1. Entrepreneurial
  2. Management
  3. Technical

# Assess Your Attributes and the Skills Needed (cntd)

- Yesterday we took a personal assessment
  - Take a look at the last page, lower right hand corner

## Entrepreneurial Propensity

High = 40-60

Medium = 61-100

Low = 101-120

- Please note that Part III is very “content” oriented. As you learn more, your score will likely decline.

# Map Out Your Assets

- Your Traits
  - Did your personal assessment (esp. Part 1 and 2) scores tend to be low or high?
- Your Life Experiences
  - Have you ever: budgeted, organized, sold, planned, delegated, shipped, managed evaluated, etc.?
- Interests
  - Job you enjoyed the most?
  - Favorite school subjects? (Woodshop = pallets)
  - Hobbies?

# Map Out Your Assets (cntd)

- Your Commitment
  - How much time can you reasonably give to your business?
  - Short, medium and long term aspirations?
  - Consider all of your other activities and set priorities.
- Your Community Contacts
  - Do you have contacts with a: Banker? Accountant? Lawyer?
  - Do you know others in the same business?
  - Are there groups in the community (virtual?!) that can lend support?
- Finances
  - How much do I have? Need? Can access?

# Advantages of Home-Based or Micro Businesses

- Seeking and setting personal goals
- Having more control over one's life & quality of work
- Increasing personal fulfillment
- Working independently of supervision
- Enhancing creativity
- Controlling working conditions
- Remaining in a community or moving with spouse to a new community even when jobs are scarce

# Advantages of Home-Based or Micro Businesses (cntd.)

- Reducing commuting problems
- Meeting family obligations while generating income
- Working flexible hours
- Reducing overhead cost
- Testing a business idea with a minimum of financial risk
- Limiting the need for a special wardrobe

# Disadvantages of Home-Based or Micro Businesses

- Need to know a lot of information
- Financial risk
- Conflict in ownership of time
- Lack of guaranteed employee fringe benefits
- Many competing roles and responsibilities
- Lack of job security
- May require long, hard hours

# Disadvantages of Home-Based or Micro Businesses (cntd.)

- Zoning laws
- Lack of a "business" address
- Home is no longer a refuge from the work place
- No opportunity to escape home environment
- Loss of social and business contacts, feedback, ideas
- Household distractions
- May not present a business or professional image
- Family conflicts and work discipline

# Choosing a Type of Business

- Product Oriented
  - Selling something made by you, your family or your employees.
  - Selling something manufactured by others and either purchased by you for resale or sold on an order basis
- Service Oriented
  - Perform service for others
    - In / From your home
    - In a place of business
    - In someone else's home

# Choosing a Type of Business (cntd)

When deciding on a home-based business you should recognize your limitations regarding:

1. Zoning and other legal constraints
2. Space (inventory, tools, machinery, supplies, etc.)
3. Tax considerations / requirements
4. Effect on living space and family members
5. Resource congestion (phone, fax, computer, etc.)
6. Public space vs. Private space
7. Other considerations?

# Avoiding Scams

- Know the types that raise red flags
  - Traveling Sales Seminars
    - From out of town, special offers, sell products, offer testimonials
  - Distributorship and Franchise Fraud
    - Offer protected territory, demand secrecy, set rules
  - Mailing schemes and envelope stuffing
    - Local ads, often require “investment” from you
  - Pyramid Marketing Schemes
    - Multi-level marketing where signing on distributors is goal
  - Vending Machine, Fax Machine and Pay Telephone
    - Provide product and training, offer locations

# Avoiding Scams (cntd)

- Know the types that raise red flags (cntd)
  - 900-number lines
  - Home-based travel agencies
  - Licenses to sell college financial aid information
  - Computer software
  - Fire extinguisher franchise
  - Reading books from home
  - Newspaper clipping service

Check with the Federal Trade Commission: [www.ftc.gov](http://www.ftc.gov) or  
Better Business Bureau: [www.bbb.org](http://www.bbb.org)

# Remember to Ask Yourself

- Does this offer sound too good to be true?
- Am I being pressured to buy today?
- Can I afford to lose my investment in this opportunity?
- What do I really know about this individual and her company?

**Don't get caught in the 419!**



# Questions & Comments