



# Start Your Own Small Business

by Glenn Curtis ([Contact Author](#) | [Biography](#))

Wouldn't it be great to be able to quit your job, be your own boss and earn a paycheck from the comfort of your own home? The good news is that with a little planning and some [startup](#) money, it is possible!

Let's delve a little deeper into how to start a [small business](#) from home and help you decide how much planning and money you'll need to be your own boss.

## Creating the Concept

Before quitting their jobs, the potential entrepreneurs must first think of a concept, product or service to generate a steady income. And while that may sound easy, it's not. You should conceive a plan that puts your knowledge, experience and expertise to use but in a way that allows you to make the most amount of your money.

When first thinking of some business ideas, start with areas you already have a great deal of interest, equipment and materials for. This will help cut down on the startup costs for your company and also let you hit the ground running when you do hang out your shingle. Also, peruse the local paper and advertisements to see what other types of businesses are out there. Are there other similar businesses in your neighborhood or is there a business area that is lacking?

Doing something you like isn't the only consideration. You need to get an idea of the prospects for the potential business. Is it a business with a market? Can you make money at it? This will require some research into the marketplace as well as how other similar businesses have fared.

## Developing a Work Space

Your home is where you live. This means that its primary function is to serve as a dwelling for you and your family - not as a warehouse or meeting place for your business and its clients. Make certain that if you are considering entering the manufacturing business (for example) that your garage or shed is large enough to handle your work - without forcing your family and your vehicles into stormy weather.

Similarly, if your work will be computer-based, make sure that you have the technology necessary to give your idea a fighting chance. In addition, make sure that you have a dedicated area that's cut off from the rest of the house and that can afford you some privacy. Remember, hearing a barking dog or a crying baby in the background when you are trying to work or meet with a client may not be ideal for you or your family.

## Outsourcing Partners/Employees

While it would be great to be the [sole owner](#) of your company and have complete control of every

aspect, sometimes a lack of funds or experience make it necessary to have a [partner](#). In this case, consider someone that is bright, will represent the company well, and has some sort of expertise in the business you are developing, be it sales, marketing, book-keeping, or other financial matters.

Also, try to define the tasks that you and your partner(s) will be responsible for before opening up shop. That way, there will be fewer disagreements and the business will operate more smoothly. Also, make sure that all partners are legally cared for by the company, and that the proper forms are filed with the regulatory authorities - this may mean filing twice and paying for title changes if you need to find a new partner, but it will protect both of you in the long run.

Next, decide if you'll need employees - whether now or in the future. If so, put some thought into how you will get them and what you will pay them for their work. Also, think about how you'll do payroll, and whether people will want to work from your home, from their own homes or if you'll need to find another facility to house them.

### **Doing Your Research**

Some books on forming a small business suggest that after hatching an idea, an entrepreneur should just "go for it." However, this bold approach could land you in some shaky territory.

Instead, a good first move is to start asking family and friends what they think about your small business idea. Consider asking them specific questions such as:

- Would you purchase this particular product and/or service?
- What do you think its worth?
- What is the best way to market the idea?
- Is this something that you think is a fad, or do you feel it could be a viable business for the long term?
- Is there anything you can think of to improve this idea?
- What other businesses in this field have you heard of or do you currently use for this product/service?

If you're married and/or have kids, you should also be asking your family how they feel about you quitting your job and working from home. This will affect them on a psychological and financial level. If any of their answers are negative, you should spend some time discussing their concerns and decide whether your goal is worth continuing against their wishes.

After obtaining all of this feedback, go back to the drawing board and see if the idea can be improved upon so that your product or service can be differentiated from the competition. Remember, you want to hit the ground running and turn as many heads as possible when first starting off!

### **Finding Funding**

Once you have an idea and the approval of your family, you need to decide how you are going to finance it. Most businesses will need at least a little [startup](#) income. This investment will hopefully help you break even after a year, but keep in mind that even successful businesses can remain in deficit for the first few years. Because of this, you will want to tap into a few different sources of funding. Some of these include:

- A small-business loan
- Savings
- Money generated from other investments
- Family/friends who will act as investors
- Personal loan from the bank
- [Home equity loan](#)
- Credit cards (as a last resort)

Source capital that won't hamper your longer-term security. In other words, try to avoid racking up costly credit card debt that could cost 20% or more in yearly interest fees. Also, try to avoid borrowing against your 401(k) or other similar plans as this may adversely affect your retirement.

Finally, one of the best things you can do before you take the entrepreneurial leap is to build up an [emergency fund](#) to fall back on if your company doesn't break even for a few months. Three months of living expenses is a minimum goal for a new business owner, but even more will help take the stress off of you and let you spend your energy on your company. (To learn more, see [Build Yourself An Emergency Fund](#).)

### **Covering Your Bases**

All business owners should think about what would happen to the enterprise and the revenue streams being generated if health or other issues were to prevent them from being involved in the business. In other words, if the entrepreneur were to become disabled, who would takeover? Could the business survive?

Consider these issues beforehand and determine whether [disability income insurance](#) makes sense, or if a partner could fill the void caused by your absence. (To find out more about protecting your company, see [The Disability Insurance Policy: Now In English](#), [Protecting Your Income Source](#) and [Protect Your Company From Lawsuits](#).)

### **Foreseeing the Future**

It's great to own a business, but ultimately the entrepreneur will probably want to retire or move on to other challenges. With that in mind, you should create a business plan that discusses how you will transfer, sell or close your company. If your business depends on your unique knowledge and contacts, it may not be able to be assumed by another party.

### **Conclusion**

There are few things more satisfying and rewarding than launching and owning your own home-based business, but before diving in, be sure to do your homework. Making a business work is not an easy task, but proper planning will help to increase its chances of success.

To keep reading on this subject, see [Be Your Own Boss By Freelancing](#).

by **Glenn Curtis**, ([Contact Author](#) | [Biography](#))

Glenn Curtis started his career as an equity analyst at Cantone Research, a New Jersey-based regional

brokerage firm. He has since worked as an equity analyst and a financial writer at a number of print/web publications and brokerage firms including *Registered Representative Magazine*, *Advanced Trading Magazine*, *Worldlyinvestor.com*, *RealMoney.com*, *TheStreet.com* and Prudential Securities. Curtis has also held Series 6,7,24 and 63 securities licenses.

**\*\* This article and more are available at Investopedia.com - Your Source for Investing Education \*\***