

smarta intuit.

**SMARTA
HOME
BUSINESS
EBOOK**



01. INTRODUCTION

Imagine a world where your commute takes a mere 45 seconds, where you work whichever hours of the day you please, where you spend as much time with the kids as you like and where your overheads are so low your bank manager hugs you every time you meet. All this could be yours – for this is the world of the home business.

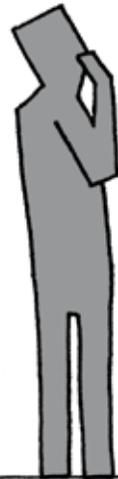
The first half of this ebook is for those of you new to home business. It will help you decide if it's right for you and walk you through setting up your home office. The second half is for everyone running a home business, and it covers everything right up to having staff and moving out. At the back of the ebook, you'll find lots of useful resources for home workers, including budgeting advice, tips for combating loneliness and a free accountancy software download.

Throughout the ebook, you'll notice tips from other home workers. We've been collecting their insights through Twitter. And our partners Intuit have contributed their expert insight into all things accountancy and costings. We're also kick-starting a bit of a home business community for you all, which will centre around Twitter but that we hope will spread offline. You can find out more about that at the end of this ebook. Enjoy!

- **2.8M** BUSINESSES OPERATE FULL-TIME FROM HOME IN THE UK
- **300,000** MORE HOME BUSINESSES HAVE STARTED SINCE LAST YEAR
- **£284BN** IS HOW MUCH HOME BUSINESSES CONTRIBUTE TO THE UK ECONOMY ANNUALLY
- **1,400** PEOPLE START A HOME BUSINESS EACH WEEK

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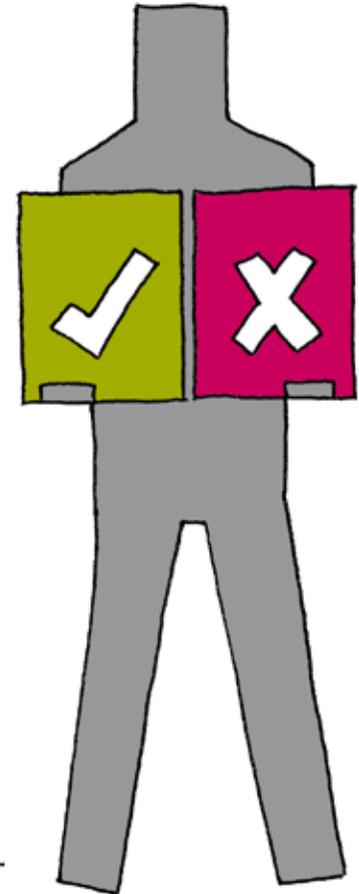


03.

HOMWORKING

IS IT FOR

YOU?



If you're just starting a business, you should work from home for as long as possible. It's as simple as that. Starting a business is expensive and risky, and you'd be very foolhardy to rent premises before you absolutely have to.

Of course, you might already be running a business with ample profits and have the luxury of choice here. This page will help you decide whether home working is right for you.

WHY RUNNING A HOME BUSINESS COULD WORK FOR YOU:

- You cut out so many of the overheads of renting an office: rent, business rates, utilities bills, cleaner, service charges – the list goes on. And you cut smaller costs like travel and lunch. That all equates to hundreds a month, which can now go towards developing the business instead.
- The low cost of setting up a home business means lower risk, and lower stress.
- It also means you should break even quicker, and then make higher profit margins than if you were renting an office. All of which, of course, will also earn you kudos with your bank manager.
- You retain flexibility – no need to sign up to a two-year lease.
- Because of their low overheads, home businesses also tend to be more stable. Should there come another recession, you'll hopefully be better off.

- A better work-life balance was the most popular factor for starting a home business, according to BT and Enterprise Nation's 2009 Home Business Report, and spending more time with the family came in at 33%. The numbers say it all: working from home gives you more time to do what you want, when you want, with the people you care most about.
- You choose the hours and working environment that suit you, whether that's drum and bass blaring out for 2am night shifts, or a plant-filled zen space. Use unusual working hours to your advantage by making yourself more available to clients than your competitors.
- Losing the commute gives you precious extra hours – and you'll need every last minute you can grab when you're running your business. An hour's commute each way five days a week equates to a whole extra working day per week!
- Starting your business from home means it's easier to keep your day job – which you should aim to do for as long as possible.

WHY RUNNING A BUSINESS FROM HOME MIGHT NOT WORK FOR YOU:

- Some tenancy agreements restrict or forbid you from starting a business in your home, or starting a business with employees. If you rent or lease, speak with your landlord before you do anything (unless you want to take the risk of sliding it under their radar). If you're in council housing, you may also be restricted, so speak with your housing officer.
- Loneliness is a big problem for many homeworkers – and it can be more consuming than you might expect. We've included a section in the support and resources section of this ebook to help you overcome feelings of isolation.
- Limited or no broadband in your area can be a big problem.
- Sometimes, it's just not practical. If there really is no peace at home, you're not going to be able to get on with what you need to do. Sometimes you need to be away from the people you love to work efficiently! That said, we would advise not making assumptions here – try homeworking for a few weeks, then take a view.
- Space is an issue too, particularly if you're likely to have lots of stock. You'll find some nifty space-maximising techniques in the following pages though. Consider renting nearby storage space or building a designated garden shed for stock if this is an issue.
- If you live in the middle of nowhere with few transport links, think carefully about how you'd get to client meetings.
- If you need to meet with clients and suppliers all the time who are based more centrally than your house is, it might actually work out cheaper to commute and rent office space than constantly travel back and forth from your house. Do your costings carefully.

continued overleaf...

TWEETS

WHAT YOU NEED TO THINK CAREFULLY ABOUT:

- Obviously you need to make sure the people you live with don't mind you taking up an area of the house to set up your mini office.
- Noise and distraction can wreak havoc on your work flow.
- Do you actually have space to work from home? If not, a private club or even just a coffee shop might be better suited, at least in the early days.
- If you have stock, think carefully about where you'll keep it. The next section in this ebook will help.

WHAT BUSINESS OWNERS LOVE AND LOATHE ABOUT WORKING FROM HOME:

People think if you are at home you are always free because you're "not really working". On the other hand if you are awake at 4am you can get on with things completely uninterrupted!

@compergrapevine

The only con of running a home business is if you lack the discipline normally imposed by being in a traditional workplace.

@Bellinger

Advantage is definitely the flexibility. Disadvantage, it can be difficult to walk away from your work.

@pyjama_drama

If you need a knee reconstruction you can keep working from couch during recovery. I am right now!

@chicblossom

You don't have to worry about getting fired for being on Facebook or Twitter. You can start with very little capital and gradually expand your business as cash flow increases.

@netPhysio

Pros - More time, Kitting out your home office how you want and work best in. Cons - Being left chores!

@freightoption:

What do I love? Mood music thanks to Spotify!

And winding down ready to pick up the kids.

Loathe? Nothing - yet.

@PointMediaPock

For others, work from home = day off. My commute beats yours, even though I have to take the stairs.

@castlemont

Pro - I can go to work in my PJs. Con - there isn't very often a start and finish to the working day/night.

@InvestigateUK

A con is definitely being distracted by family and the noise they create.

@Ilkestonbs

Pro - everything on hand when you need it.

Con - neighbours who know you're in thinking you're not 'at work'.

@LorraineAshover

A con is the lack of team around you to bounce ideas off. Water cooler convos can be highly valuable.

@developerluke

:-(people always assuming u're free if u're home :-) parking 4 bike, motorbike and car always free.

@Castlemont

One benefit of working from home is not being subjected to bad office (instant) coffee. You can make your own anytime.

@5MCoffee

Invite friends round and pass it off as a meeting!

@Chris_Sheldrick

It's too easy to take a break - pro AND a con!

@JOYRAS

Temptation of a mid-afternoon nap in your bed!

@turntotheside

Cons would be the long hours, working late into the night (that would be seen as a pro to some), lack of separation from work. Pros: no commute, cheaper lunches. It's quite hard to think of pros to be honest. There are more cons when you have 4 kids!

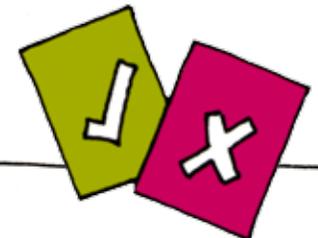
@cottagesinlakes

Pro: coffee break whenever needed. Con: just one more level on playstation then back to work.

@senaia1

At home in natural daylight, listening to birdsong and washing on the line rather than in yucky toxic office!

@rockfacemineral



04. FINDING
YOUR SPOT
AND MAKING
IT WORK



Many of you won't have the luxury of deciding where to set up your home office: you'll just have to grab the only half-free space there is. That said, there are always ways to create new space in a room – and some areas of a property are definitely better suited to a productive business than others. Check out our summaries and tips to get a feel for where will work best for you.

IN THE BOX ROOM

This is the most popular location for home businesses – no prizes for guessing why. It should provide everything you need – the only issue might be a phoneline and internet signal. Sell the bed in there and buy your office furniture with the money.

ROUND THE KITCHEN TABLE

The kitchen is perilous: spilt food and drink can ruin important documents, your computer or your latest creation. The noise, smell and general hustle and bustle of a kitchen can be very distracting too. If you have no alternative, a meticulous packing-away system is a must. Put in shelves, storage stackers, and a foldaway desk, and be vigilant about putting everything important away as soon as you've finished.

CHILLING OUT WITH THE SOFAS

While your living room might seem like a great option, you need to consider your work/life balance. Are you really going to fully relax at the end of the day if you're still sitting next to a desk stacked with work? Try separating your workspace from your living space with a tall bookshelf like this one: <http://www.ikea.com/gb/en/catalog/products/40047675>

IN THE BOUDOIR

The bedroom is a last resort (unless you're lucky enough to have a massive one), but that doesn't mean it's unworkable. Plenty of business owners short on space use their bedroom. After all, it's normally the space in your house where you feel most calm and peaceful. Plenty of shelves are a must and clever storage solutions (try a bed with drawers) are invaluable. Tidying the bedroom and making the bed each morning helps many bedroom workers - you need the space to feel as professional as possible to mentally start the day.

UP IN THE ATTIC

Attic conversions are a good option if you can get the wiring and lighting sorted, but don't rush into this. Get your business off the ground before investing thousands in a flashy conversion. A big upside of an attic conversion, though, is that it adds value to your property should you come to sell.

PLANTED IN THE CONSERVATORY

The conservatory can be perfect, but watch out for noise levels and distractions if it adjoins the kitchen. All that light can make it difficult to see your computer screen properly too, which becomes a real pain. Think about how you will keep cool in the summer.

PARKED UP IN THE GARAGE

Just make sure you have sufficient plug sockets, lighting and heating in your garage before moving all your furniture. Can you have a phone line in there? Will damp be a problem? Will perpetual windowlessness sap you of creativity and the will to live? You can put all your garage junk into storage (try Big Yellow or Mango Storage). If you're kicking the car out the garage and onto the street, watch out for road parking restrictions and your insurance costs (which will rise).

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OUT IN THE GARDEN

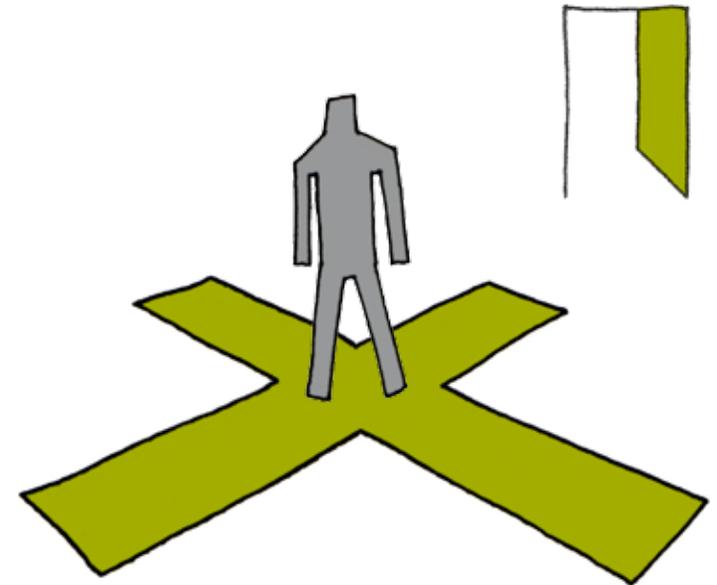
A garden studio is becoming an increasingly popular option for many home business workers. You can get a very professional little number for anything from £3,000 to £40,000, though the £5,000 - £10,000 bracket suits most businesses. Garden studios come resplendent with plug sockets, insulation, heavy-locked doors (which you'll want to safeguard your equipment from burglars), double glazing and a heating unit. The only thing you need to consider is wiring from house to studio, which you normally need to get an electrician to handle. Garden studios can add up to 5% to the value of your property. Again, it's worth testing your business before investing. Find out more about garden studios in our feature on shedworking: <http://www.smarta.com/advice/premises/working-from-home/shedworking-the-cult-of-the-garden-office>

REALLY SQUEEZED FOR SPACE

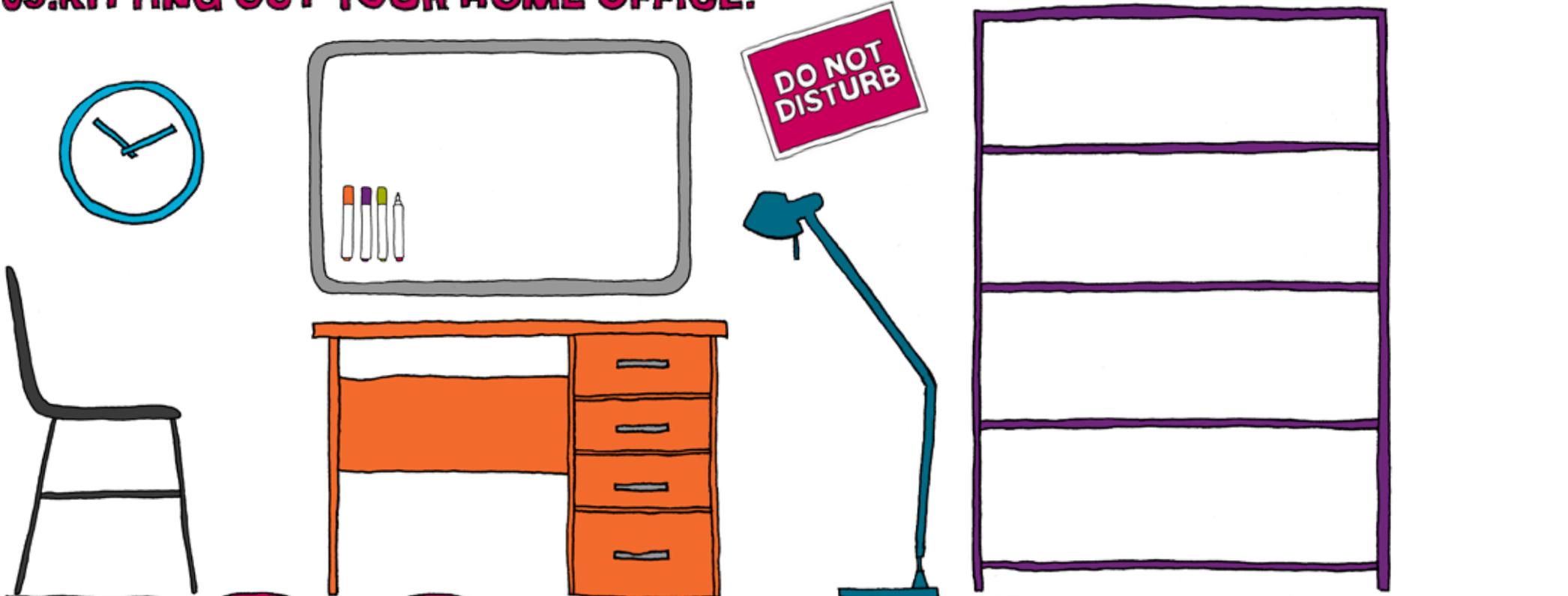
- Take the clothes and rails out your wardrobe or the shelves out a cupboard to create a sit-in desk.
- Get the bulk of computer work done in the library or a nearby cafe and spread everything else wherever you can.
- Look into foldaway desks and/or foldaway beds so your bedroom or lounge can convert into an office as and when needed.

HOW TO MAKE IT WORK

- Plug sockets and a phone line are a must for your home office space. Wherever you set up shop, make sure you have them or can install them easily and cheaply.
- If you have the luxury of choice, go for a room you don't normally relax in. It will help you mentally separate your work and non-work time.
- Always use a tape measure, and try a space planning tool such as MyDeco's to plan out how everything will fit: <http://mydeco.com/rooms/planner/>
- If you've got toddlers in the house, you need to be able to child-proof your important documents and equipment. Would a lock on the door work, or will you need to be vigilant about packing everything away each day?
- Use mirrors to increase the amount of light in dingy spaces, as well as desk lamps.
- Soft furnishings reduce noise – even pinning a blanket on the back of the door and wedging a draft-stopper at the bottom of it will help, as will curtains.
- You need the space to feel as conducive to working as possible. Paint the wall a colour that invigorates you, hang up pictures that motivate and inspire you, fill it with the books and items that relate to your work. These small things really will help you mentally start the day when you go to your office space.



05.KITTING OUT YOUR HOME OFFICE:



ESSENTIAL
FURNITURE

THE CHAIR

You have to have a good quality office chair: no questions. You'll be sitting in it far into the night, and it's essential you don't write off all hopes of starting a business because you're bunked up in bed recovering from a bad back. Look for a chair that calls itself 'synchronised' or 'synchro-chair' – that means it's adjustable. You need to spend £50 - £200 to get good quality. Not cheap, but cheaper than a chiropractor. We quite like this one from Viking Direct: <http://www.viking-direct.co.uk/1/1/12327-rs-pro-eiger-synchro-operators-chair-red.html>

THE DESK

The most important thing with your desk is that it fits the space you have for it. Sounds obvious, but it's often overlooked. Use a tape-measure, and make sure the arms of your chair fit underneath the desk so you can tuck in. A foldaway desk suits tiny spaces. Get a cheap set of filing drawers to go underneath, or a pick a desk that has them built in. You can get a bargain basement job for around £60, or less if you scour second-hand shops.

THE LAMP

A good, flexible lamp is important, especially if you expect to be burning the midnight oil. Eyestrain makes you tired and relying on a ceiling light simply won't do, especially if you're going to be doing lots of reading and screen work. Choose one which is adjustable.

THE CLOCK

You might not think it but a clock will be a key part of your office. While you'll always work over, it's important to split work time from home time.

STORAGE AND SHELVES

The smaller the space you have for your home office, the better your storage solutions need to be. Think ahead: you might not have much paperwork now, but soon you'll have a sea of contracts, invoices, receipts, tax records, contact details and correspondence to keep track of – not to mention your own scribbles and personal brainstorms. Shelves are good, but avoid the flimsy ones. Nothing's going to depress you more at 3am than your last three month's worth of invoices collapsing onto your head. Magazine files are great for storing everything from back issues of magazines to post.

A PIN BOARD OR WHITEBOARD

Okay, so it's not exactly essential, but having your targets and figures up on the wall will keep you focused. Check out Magic Whiteboard too – you've got to see it to believe it: <http://www.magicwhiteboard.co.uk/>

A 'DO NOT DISTURB' SIGN

It's not just you who needs to be motivated to work from home, it's important the people you live with realise it as well. Some people wear a hat when they don't want to be interrupted, others won't answer between certain hours - we advise you make it nice and clear on the door.

COST-CUTTING TIPS

- Search for furniture giveaways on Freecycle.
- See if you can nab a bargain on Gumtree.
- Scour second-hand shops and junk yards.
- Find out where your nearest charity shops specialising in furniture are – they do exist!
- Ask friends and family to lend you pieces they're not using.

TWEETS

Found office furniture at specialist stores to be very expensive. Eventually got everything from IKEA - bargain!

@frlstudents

My Royal Mail letter size guide is a vital piece of kit and symbolises my business in one item - couldn't do without it.

@rockfacemineral

Try FREECYCLE!

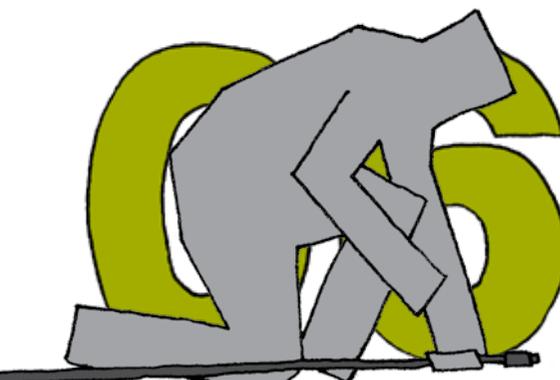
@cancerIFA

I got a great 'pre-loved' office chair from Caroline at <http://www.reworkofficefurniture.co.uk> in Leeds.

@bradydan

A great, no, fantastic, deluxe office chair from The Range...the last one and is my back's best friend.

@PointMediaPock



GO. TECHNOLOGY

81% of home businesses surveyed in Enterprise Nation's 2009 Home Business Report said technology was critical to the success of their business. And no surprise – if your broadband has a tendency to go down for days at a time and you have to race across the house to answer the phone, you're going waste hours, miss opportunities and feel unprofessional. Here are every home business' top tech essentials:

THE LAPTOP

Definitely go for a laptop over a desktop PC - it means you can take it with you on the move and to meet clients. Look for reliability, speed and capacity. You can pick up nifty numbers for as little as £200, though hitting the £600+ mark will get you a powerful machine that won't let you down. Get an external hard drive too, to back everything up at the end of the night – this is a must. Get a separate monitor and keyboard to save yourself the risk of RSI and back problems.

THE MOBILE

Old-fashioned mobiles don't really cut it in business these days. If you want to be on top of your game, get a BlackBerry, iPhone, or any other smartphone that lets you check email, send invoices, tweet customers and eye up your competitors' latest online offerings wherever you are. We cannot overstate how useful and efficient smartphones are.

THE INTERNET CONNECTION

Never before has speedy and reliable internet been so crucial to business success. Even the most non-web-based businesses are likely to need email at some point to get in touch with customers. That means good broadband is a must. Use price comparison websites such as broadbandchoices.co.uk or broadbandgenie.co.uk as your starting point (look at bundling broadband with your phoneline), then call the service providers direct to ask about coverage in your area. If it's going to be an issue, get a broadband booster (such as this one for £19.99: http://www.amazon.co.uk/Belkin-Wireless-Universal-Range-Extender/dp/B000IE8STS/ref=sr_1_6?ie=UTF8&ands=electronics&qid=1281634793&sr=8-6).

THE LANDLINE

Nothing says unprofessional like a three-year-old answering a client call, so unless you live alone you need a separate phone line for your business. A new phoneline also gives you the chance to pick a number ending in zero, which will seem more like a 'proper' office number to customers.

THE PRINTER

You need a printer for letters and invoices at the very least. An all-in one-printer is a good idea, though inkjets are cheaper if you're on a tight budget – Brother's printers start at £66: http://www.brother.co.uk/g3.cfm/s_page/204420

TWEETS

My must have gadgets for business: Laptop. iPhone. WiFi router. Car.
@marketingwizdom

I couldn't live without my BlackBerry!
@STYLISA:

My essential home office kit is definitely my iPhone! Couldn't function without it!
@BaborUK:

Best broadband for service and fixing stuff: Zen Internet, no contest.
@TheAnalysisGuy:

My essential home office kit is definitely my laptop. I love it and enjoy tweeting on it :)
@jadenruby:

Must haves: a high speed internet connection and a SkypeIn telephone number.
@Bellinger:

8  %

OF HOME BUSINESSES SURVEYED SAID TECHNOLOGY WAS CRITICAL TO THE SUCCESS OF THEIR BUSINESS.*

*Enterprise Nation's 2009 Home Business Report

07. CHECKLIST FOR THE MUST- HAVES AND MUST- DOS



- ✓ **INSURANCE:** remember to tell your insurance company if you're adding equipment to your home, so it's covered by your contents insurance.
- ✓ **LANDLORDS:** if you're renting or you're in council-owned property, you need to check you're allowed to run a business from home.
- ✓ **BUSINESS RATES VS COUNCIL TAX:** if you're using one room in your home purely for business purposes and not at all for living purposes, you should, technically, stop paying council tax on that space and start paying business rates instead. In reality, there is no way for HMRC to check that you are not using the space for any living purposes at all, so the best thing to do is work out which option is cheaper and choose that. Or save yourself the hassle and just carry on paying council tax as normal.
- ✓ **HEALTH AND SAFETY:** you should also technically do a health and safety risk assessment – though we reckon you could just about get away with it (until you get employees – see the ebook page on having staff for more on that).
- ✓ **DEDICATED PHONELINE AND BROADBAND:** have you got it sorted yet?
- ✓ **BUSINESS STATIONERY:** business cards and letterheads make you look professional.

INTUIT'S ADVICE

ACCOUNTANCY SOFTWARE AND BOOKKEEPING ESSENTIALS

Even though most people would rather do anything than their business admin, it is a legal requirement – and it really does make or break your business.

- You need to keep your records for five years from the latest filing date for your Self Assessment tax return.
- All VAT records, including invoices sent and received, must be kept for six years.

Open a bank account for your business, and keep your business and private finances separate. Getting into good habits from day one is key, so set aside time in your schedule to keep up-to-date with your admin and filing. Use a quiet time of your day, when you're unlikely to be disturbed by phone calls or visitors.

Stuffing paperwork into shoe boxes or biscuit jars to be done at a later date, usually in the distant future, is just not an option. Within no time at all, you'll have such a huge pile of paper, you won't know where to start, so the pile just keeps on growing.

Keeping on top of your invoicing is crucial. Remember – no invoice, no payment. The type of invoice you issue does depend on your type of business and whether you deal with consumers or businesses. This could vary from using duplicate invoice books (if selling to consumers), to issuing computer generated invoices. If you are providing a service, you might only issue an invoice at the end of the job, or at some other interval.

You also need to keep a tight rein on your expenses, and you should know your cashflow situation at all times. A quick and easy way of doing this is by using financial management software. If the thought of using software is daunting, there is software that is written specifically for small businesses, that doesn't use any of the scary 'accounting type' jargon. Intuit offers a range of different solutions. If you don't need to keep tabs of stock levels, the free edition of SimpleStart is a great place to start. This can be downloaded at <http://quickbooks.intuit.co.uk/small-business-accounting/quickbooks-simplestart-free.jsp>

Whether you operate as a sole trader, a partnership or a company, you need to complete the appropriate tax return with HMRC. Part of this is identifying your different types of spending, which is likely to fall into three different types:

- Capital
- Business
- Private

What qualifies as capital expenditure or allowable expense will depend on the type of business you have. The rules can be complex, so seek the advice of an accountant, or HMRC.

Tip: If you ever phone HMRC for advice, they will give you a reference number, which you can reference in advent of any queries from HMRC.

continued overleaf...

INTUIT'S ADVICE

CAPITAL

The money that you spend on buying, creating or improving a business asset is called 'capital expenditure'. This could include:

- The cost of buying a van for your business
- Buying business premises
- Machinery
- Computers
- Fixtures and furniture

BUSINESS - ALLOWABLE EXPENSES

These are those wholly and exclusively incurred for the purposes of the business, and could include:

- Interest on loans
 - Including interest on mortgages (capital repayments are excluded)
- Business insurance
- Cleaning costs
- Utilities
- Phone and broadband
 - If you don't have separate services for your business, you can claim the portion that relates to your business use.
- Office rental
- Purchase of stock
- Regular business expenses

Working from home, you will be able to claim mortgage interest (or rental) and utilities as a business expense.

HMRC has some examples of how to work out the percentage or value that can be claimed: <http://www.hmrc.gov.uk/manuals/bimmanual/BIM47825.htm>

Any costs incurred due to setting up your business, including legal expenses in obtaining a lease, cannot be claimed as a business expense.

PRIVATE

This is what you spend on your day-to-day living expenses and your normal household expenses. It also includes the private part of any expenditure that's for both business and private purposes. Any salary or wages (your 'drawings') that you take from your business is also classified as private.

Private expenditure is non-allowable expenditure - you can't get tax relief for it.

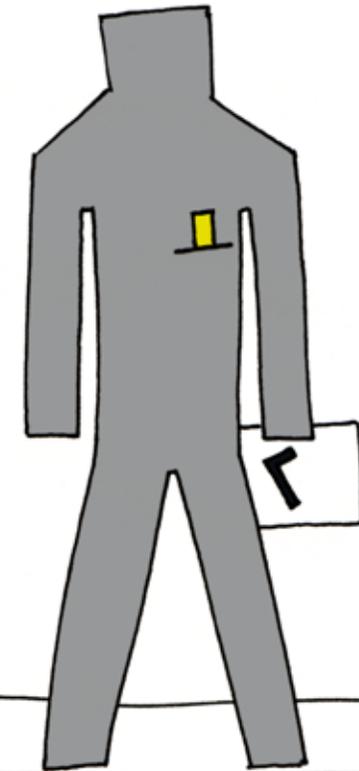
VAT

You can reclaim VAT on goods you bought or imported no more than four years before you were registered for VAT if all the following are true:

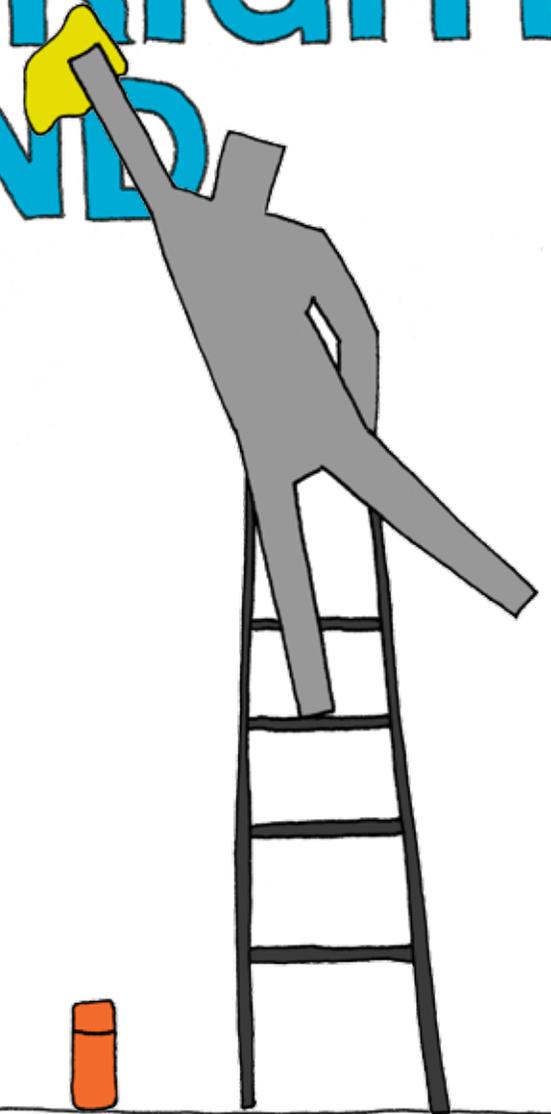
- The goods were bought by you as the entity that is now registered for VAT (for example, the individual, business or organisation)
- The goods are for your VAT taxable business purposes, which means they must relate to VAT taxable goods or services that you supply

- This includes 'goods' such as computers, shop fittings, office equipment and furniture
- The goods are still held by you or they have been used to make other goods you still hold

Where the goods and/or services are for mixed use i.e. both business and personal, you will only be able to claim the portion of VAT that relates to the business use. Further guidance can be found on HMRC's website: <http://www.hmrc.gov.uk/vat/managing/reclaiming/private-use.htm>



08. MAKING IT WORK: CREATING THE RIGHT IMPRESSION AND OUTSOURCING



There are a few nifty tricks for making your home office run as smoothly as possible, and for making you look professional. Because while home-based businesses are now more credible in the business world than ever before, you still need clients to feel everything is run as professionally as it would be were you based in an office.

THE ADDRESS

A lucky portion of home addresses will suit the businesses they house. What could be more endearing than a cupcake company with contact details: “Bluebell Cottage, 37 Park Lane, Wiltshire”? But for businesses that feel like they should be office-based (consultancies in particular), consider a service that offers a more professional-sounding address – try Regus or similar, or a business club. Or get a PO Box for around £60 a year from Royal Mail.

THE PHONELINE

As we said on the last page, you’ll need a dedicated business phonenumber unless you live alone or have very disciplined house-sharers. Choose a number for your dedicated business phonenumber that feels businesslike – ideally ending in 0. If you’re trying to seem bigger than you really are, get two numbers identical apart from their last digit or two digits. The first, ending in 0, is your pretend reception. The second is your direct line. Include both on business cards and email signatures. You can rent a phone line for as little as £6 a month, but check call charges. It might work out cheaper to bundle your broadband and phonenumber – use a price comparison

site to check. Look for offers on free daytime calls if you’re likely to make lots of outgoing calls, and if you’re making lots of international calls read this: <http://www.moneysavingexpert.com/phones/cheap-overseas-calls>

Or look into Skype, which lets you call anyone for free through your computer (though they need to be a Skype user too and be logged in, so calls must be planned in advance).

THE VIRTUAL PA AND CALL ANSWERING

A virtual PA’s services vary according to what you want: they can answer your phone for you as if they were a receptionist; help you manage your inbox; answer basic enquiries; keep your diary and book travel. You can pay by the task (per hour or call answered) or per month (prices start at around £25/month). Just google “virtual PA” and search around – there are hundreds out there. Try Jam for telephone answering services to sound uber-professional – packages start from £55 per month: <http://www.jam.co.uk/>

OUTSOURCING

Outsourcing other chunks of your work can be a home business lifesaver. You can use freelancers for pretty much any business function these days, from blogging to sales to financial administration. Outsourcing frees up your time and lets you focus on business strategy and winning new business, and lets you sidestep the need to recruit and move into a rented office. Use Elance.com or PeoplePerHour.com to find the sub-contractors you need and to get a feel for prices.

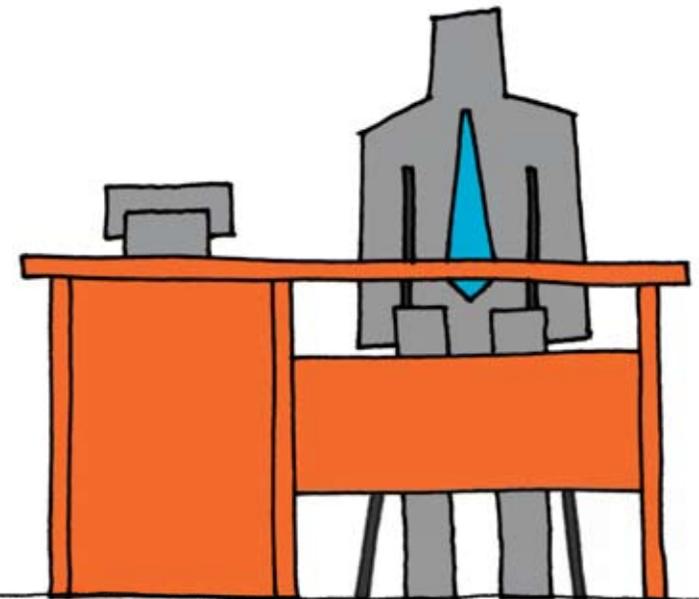
TWEETS

Nothing says unprofessional quite like a personal email account. Get a proper domain and email – cheap, and says you are in business!

@Bellinger

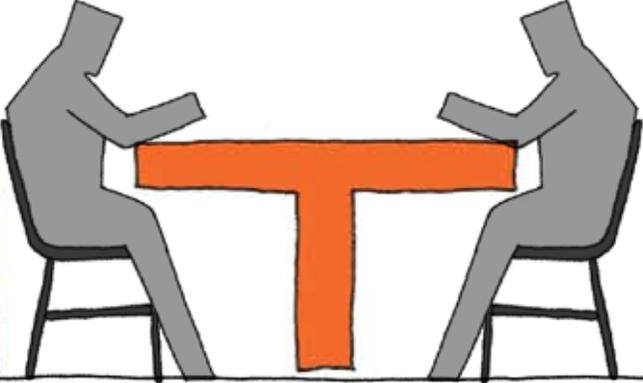
If possible, make an entrance from outside straight into your office – so customers only see your home if you want them to.

@cottagesinlakes



09. HOW TO HAVE CLIENT

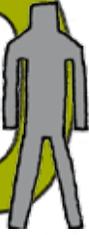
MEEETINGS



- When you can, avoid holding meetings at home, unless you're meeting with a very good contact. There's no real way to make it feel professional.
- The ideal solution for most meetings is not to host at all, but instead offer to go to your client. Make sure the travel costs don't outweigh the benefits of this choice. Would a conversation on the phone suffice?
- A library may not seem the most obvious place to have a meeting, but many have private (sound-proof) rooms, which can be reserved and used for free – try the British Library Business and IP Centre if you're London-based.
- Pick a quiet coffee shop – many have free WiFi these days too, which is a bonus.
- Buying someone lunch in a restaurant is a great way to impress an important client, but it's expensive and might send out the message that you've got money to burn. If you're going to do it, choose carefully – noisy, hectic restaurants are a mood-killer.
- You can rent a designated office meeting room for the whole day or by the hour. Clients will also appreciate you've gone to the trouble of booking a serious, professional space to talk. Prices start at around £35 per person for half the day. Check out the recommendations in the support and resources section at the end of the ebook to find places.
- A meeting in a hotel conference room can also create a professional atmosphere, and there is a huge range out there to suit almost any budget. A meeting room in a Premier Inn costs around £50, which includes tea and coffee. Somewhere more upmarket such as Rydges Kensington Hotel in London charges £200 for the day, including refreshments.
- If you join a business club you can take clients there for meetings, and the clubs tend to look impressively swish and professional. Membership costs vary widely. London's One Alfred Place is £1,500 a year, while the Adam Street members club is only £495 annually. Some clubs are cagey about sharing their price info: Manchester's St James' club will only tell you once you've applied for membership.
- Avoid fast food restaurants (which yell 'I have no money') and pubs (unprofessional; stressful if someone drinks too much).
- The golden rule is to tailor your meeting place to your knowledge of the client. Where are they going to be happiest? Ask them if they'd prefer a chat over lunch, or a cup of coffee. It's also up to you to decide which location will be appropriate for which type of meeting you're having. Is it an informal catch up, a sales pitch, a talk about collaboration, or a meeting to discuss existing business?



10. HAVING
EMPLOYEES
AS A HOME
BUSINESS



There's nothing to stop you having employees in your home – in fact, it's a ruddy sensible idea, because it keeps those overheads super-low. Lots of the UK's most successful businesses started with their teams working out the founder's house, JML and Dyson included. Karen Hanton, who founded Toptable, had 12 people working from her kitchen before moving into offices!

But there are a few things you'll need to think about before bringing new staff members into your home.

- First things first, think of the practicalities before deciding anything. Is there free or cheap parking around your house if your prospective employee drives? Are there good transport links throughout the day? Will there be space for both of you without things feeling claustrophobic? Sales calls can be a particular problem in the home, because you don't want any other background noise while you're making them.
- Working in someone else's home is very different from working in an office environment. You need to make sure your new employee is 100% happy with the situation, and that they realise it will feel a lot more intimate than an office environment. (From your point of you, that means it's even more crucial that you can get on with the employee in a social as well as a professional capacity.) And make sure you explain why you're doing this rather than renting an office – that it means a leaner, more efficient business model which better guarantees the success of the business, and both your futures within it. Be honest about how long you're likely to be working from home for too.
- Turn working from your home into a positive for employees to make them feel welcome: say they can use the shower; help themselves to your biscuit tin and sandwich-making stuff; that you'll work out in the garden on nice days; that they can even take an afternoon nap if they need to! This will all foster the kind of working atmosphere you want: relaxed and close-knit, and uniquely start-up.
- Be considerate. Keep your home tidy throughout the week, and obviously don't leave your underpants drying in full view of your poor employee. Try to keep your shared workspace neutral – think fewer pictures of your elderly relatives, more business-relevant items.
- There are certain regulations you need to abide by when an employee works from your home. Here's your checklist:
 - You're legally required to get employers' liability insurance as soon as you recruit someone.
 - Carry out a health and safety risk assessment. Here's our advice guide on that: <http://www.smarta.com/advice/premises/health-and-safety/carrying-out-a-business-risk-assessment>
 - You also need to record any accidents. Find out how in our guide on employer's health and safety: <http://www.smarta.com/advice/premises/health-and-safety/employers-health-and-safety->

- You legally have to make sure equipment is safe, lighting levels are adequate, the number of trailing cables is minimised (so they don't trip up), and other such common sense measures.
- For all the other normal bits and bobs you have to consider when recruiting for the first time, check out our advice section on having employees: <http://www.smarta.com/advice/employees>

THE ALTERNATIVE

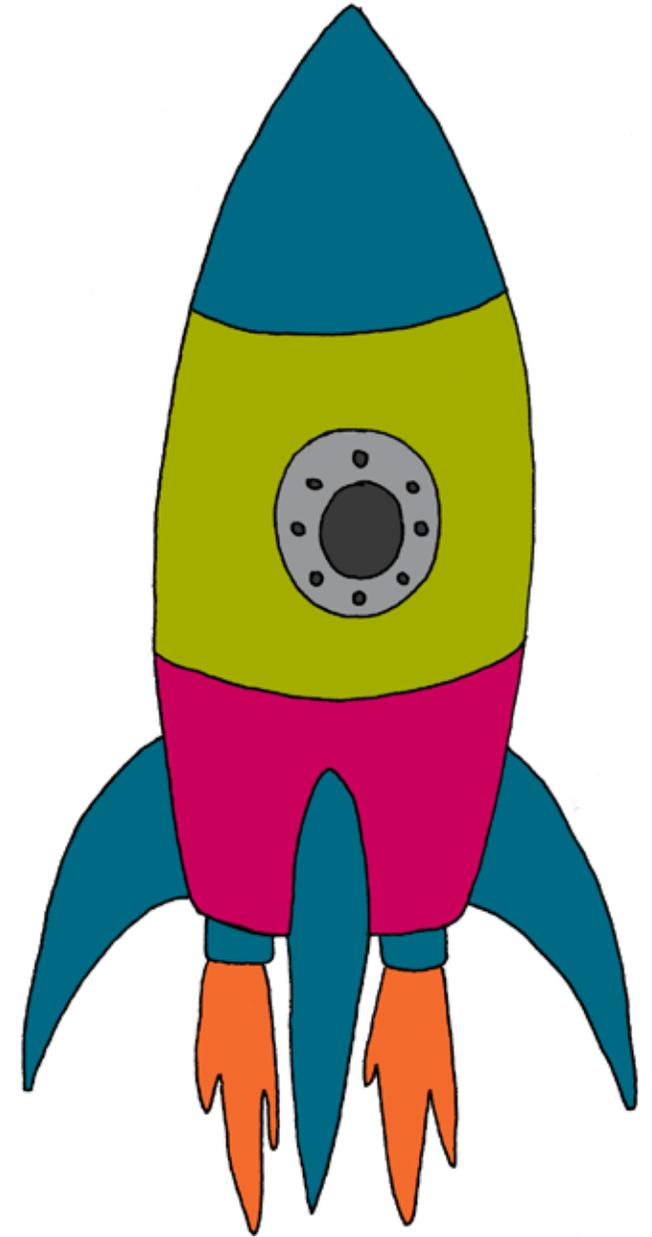
You don't have to go the whole hog here. Your employees could work from home too, and just come to your house for meetings, or go half-half. This kind of flexible situation may well appeal to prospective employees. The only downside to this option is being a less close-knit team, and not being able to constantly bounce ideas off each other - so its suitability will very much depend on the type of team and working environment you want to foster. If your team do work from their own homes, make sure you all have really good broadband connections and phone reception (if not a landline), and that your employee regularly backs up all their work on an external hard drive or online. Be careful about any sensitive business documents – ask them to password protect them. Business expenses can get tricky here too (on half-personal half-business-use phonelines, for example), so consult your accountant.

I took advantage of staff working from my home to do fireside appraisals last winter - much less imposing, better meeting.

@EmmaWarren1

TWEETS

11. GROWING THE BUSINESS: TIME TO MOVE OUT?



As we keep saying, we think businesses have the greatest chance of success when they keep their overheads as low as possible for as long as possible. So we advise staying in the home for as long as you can. Many home businesses will never even reach the stage and size where they need to move out, and that's a huge advantage. But this page is for those of you who are feeling totally cramped in by stock or a growing team.

THE ALTERNATIVES TO MOVING OUT

Out of room for stock: When Trading4U founder Bradley McCloughlin ran out of space in his home for all his stock, he neatly side-stepped having to sign up to a five-year property lease by buying a small plot of land and some 40-foot truck containers to go on it. Both could be re-sold quickly if the need came. Think outside the box: caravans, garden studios, repurposed sheds, rented storage space – all provide lower-risk stock-keeping alternatives to signing up to a property lease. Watch your travel costs to wherever you're keeping your stock if you follow one of these paths.

Out of room for people: Space for people is trickier. You could let employees work remotely, or give each staff member a work-from-home day on rotation – which they'd most likely appreciate. You'll have to be very organised with your meetings schedule though. You could sign a staff member or two up to a business club, though perpetually working away from the rest of the team may feel isolating. You could also set up a second office area in another room of the house, then just come together for meetings.

MOVING OUT: CAN YOU AFFORD IT?

Doing your costings

So, your business has grown, and your house is bursting at the seams. You've outgrown the alternatives, and need more space – desperately. Stop. Before you rush out and sign that lease agreement, do your costings. Can you afford to move out? Growing and expanding your business can be risky, and it's no surprise that companies are vulnerable to bankruptcy if they expand too soon.

Remember the budget that you did when you first started out – the one you did as part of your business plan? Well, as you're on top of your admin, you've been keeping your budgets up-to-date. Use this as your base, and update the amounts for rental and utilities. You'll also need to purchase more office equipment and furniture and fittings. Don't forget the cost of relocating your stock and existing equipment and furniture to a new space. Compare the cost of renting office space to the cost of using serviced office space.

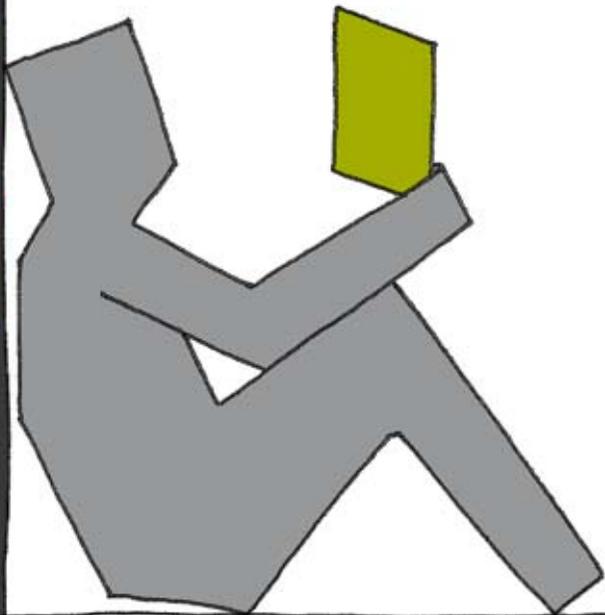
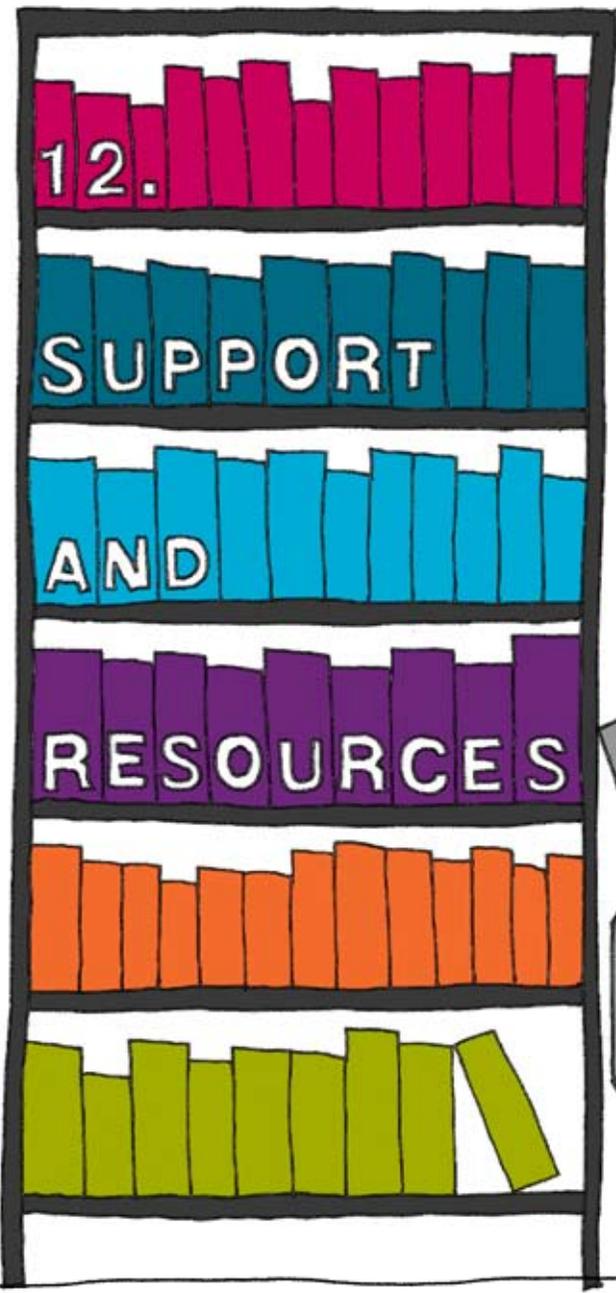
Good planning is essential. Be thorough and do realistic costings. Work with your accountant to understand the full impact (capital expenditure and business expenses). What impact will the move have on your bottom line? Can you afford to buy the additional equipment and furniture outright, or do you need a loan? What will the extra expenses do to your cash flow? Do you qualify for a small business grant to help with expansion costs?

INTUIT'S ADVICE

Check out Smarta's small business grants advice section: <http://www.smarta.com/advice/business-finance/small-business-grants>, or search Smarta's grants database: <http://www.smarta.com/tools/grants>, or refer to [Business Link](#) for more details: <http://www.businesslink.gov.uk/bdotg/action/layer?r.l1=1073858790&topicId=1073866776&r.s=tl>

If your business can't afford the additional expenses, don't take a blind leap of faith and hope that it'll all come right. Take a long hard look at your business model. Is it scalable? No? Are there changes you can make? The rule of thumb is: if you can't afford it, don't do it. Be creative and look at other alternatives. Depending on your needs and area, it could be cheaper to rent residential accommodation, and move your office here. (As long as the lease allows this of course)





ONLINE RESOURCES

- Smarta's Working from home advice section: <http://www.smarta.com/advice/premises/working-from-home>
- Intuit's Small Business Britain site: <http://smallbusinessbritain.intuit.co.uk/> - Intuit's online community and advice website for small businesses
- Enterprisenation.com: <http://enterprisenation.com/> - an advice website for home workers
- Homebusinessnetwork.co.uk: <http://www.homebusinessnetwork.co.uk/> - an advice website and online community for home business owners
- Shedworking.co.uk: <http://www.shedworking.co.uk/> - the ultimate online resource for garden studio lovers
- Liveworkhomes.co.uk: <http://www.liveworkhomes.co.uk/> - a search engine for combined living and working properties to buy or rent in the UK
- Homeworker-cafe.co.uk: <http://www.homeworker-cafe.co.uk> - an advice website for UK homeworkers and teleworkers

BEDTIME READING

- The government's health and safety guide for home businesses: <http://www.hse.gov.uk/pubns/indg226.pdf>
- Enterprise Nation and BT Home Business Report 2009: http://enterprisenation.com/detail/Home_Business_Report_2009/3542/91.aspx

HOLDING CLIENT MEETINGS

- Regus: http://www.regus.co.uk/zsys/ncms/en-gb/landing/officesolutions/default-officespace-1009.aspx?gclid=CKHG_cC4gaMCFe4wodBkoRQA - office space to suit all budgets
- Meeting Venues: http://www.regus.co.uk/zsys/ncms/en-gb/landing/officesolutions/default-officespace-1009.aspx?gclid=CKHG_cC4gaMCFe4wodBkoRQA - meeting rooms for rent across the UK
- meetingsbroker.com: <http://www.meetingsbooker.com> - does exactly what it says on the tin, with more than 2,000 rooms available across the UK
- Check out this article for more advice on holding client meeting as a home business: <http://www.smarta.com/advice/premises/working-from-home/holding-client-meetings-when-running-a-home-business> - our readers have added lots of helpful recommendations for great meeting places all around the UK too. Thanks all!

TWEETS**MEETING PEOPLE**

While we were putting this ebook together, we realised that one of the biggest issues home business owners face is isolation. So to try to combat that, we asked our home business followers on Twitter to introduce themselves and say where they're located if they're up for meeting other home workers in their area. If you fancy meeting up with anyone below for a quick coffee or a lazy lunch, they're up for it! Just tweet them with the hashtag #homebizebook - and here's to happy home-business tweet-ups.

- **@RedIdea_**: West Norwood and www.redidea.co.uk
- **@dapoadesanya**: Tulsa Hill and www.smartvaluations.co.uk
- **@1230jackie**: in Beckenham
- **@i_am_markh**: Mark from Amanzi Media, Bedford
- **@minor_edition**: Hi, I run an online biz from home. Anybody in Woking, Surrey area?
- **@Bellinger**: Mark Bellinger working from Littlehampton - UK, Tarnowskie Gory - Poland, Cruise Ships and Mallorca Resorts.
- **@suzannah_a**: I'm a freelance Tech PR and Copywriter - based in NW London (Kilburn) happy to network andnosh w/others
- **@escthecity**: We are building an online community of corporate escapees - [SW London - Fulham] always up for meeting new ppl..!
- **@iStorPro**: managing Backup and DR and other Cloud IT solutions, Manchester - Fancy having no more data losses or IT headaches ever again??!
- **@speechem**: Speech Empowered Computing, based in Mold, N Wales



COMBATING LONELINESS

- Work on your laptop from your nearest cafe. Just having people around you can help, even when you're not talking to them.
- Get out to regular networking events – aim for at least once a fortnight.
- Meet fellow homeworkers, relatives or friends for lunch.
- Meet friends in the evening once or twice a week, somewhere other than your home.
- Get using social media – you'll have people to chat to all day long. Use online forums too.
- Join a business club and work from there a couple of days a week.

HOME BUSINESS STARTER BUDGET TIPS

- One of the first tasks when thinking about starting your own business is to put together your business plan.
- Having insufficient capital and underestimating running costs are one of the top reasons why small businesses fail.
- The number one reason of having a business is to make a profit. Never lose sight of this. Set yourself up for success by doing the math first. There really isn't much point to working all hours, in the cupboard under the stairs, sacrificing family time, if you're not going to be profitable.
- It's surprising how quickly even small incidental costs add up, so it will pay you dividends in the

long run if you put together a comprehensive budget for your set up and monthly running costs.

- Further analyse the costs into allowable and non allowable business expenses. You can do this very easily using a spreadsheet.
- Don't skimp on your business essential items and buy cheap or low quality equipment just for the sake of a bargain. If your business is dependent on a good laptop and broadband, get the best you can afford (you don't want to replace these six months down the line).
- On the other hand, don't throw money down the drain. It's not necessary to buy brand new desks and expensive storage cabinets when you can buy perfectly good quality second-hand items.
- Here's a list of the most common items you'll need. (Obviously this is dependent on the type of business you have.)
- Insurance
 - If you are going to use your car for business use, don't forget to include this on your insurance.
 - Public liability, employer's liability, tools / equipment cover, professional indemnity, revenue protection.
 - Life insurance.
 - You cannot afford not to have insurance. If you need to lay off employees due to your ill health, you are still liable for redundancy payments.

INTUIT'S ADVICE

- Vehicle running costs
- Computer or laptop
- Computer software
- Printer / scanner / fax (all-in-one printers are great for the home office)
 - The cost of printer cartridges can be prohibitive. Don't forget to take these costs into account when deciding which printer is best for your needs.
 - If you're going to be doing a lot of colour printing, it might be more cost-effective to choose a printer that has separate colour cartridges.
- Broadband access – home, and mobile if needed
- WiFi (if required)
- Phones (mobile and land lines) – equipment and monthly rental
 - Service providers have special plans for businesses. Some of these include free land line minutes, so can be quite cost-effective.
 - Some mobile phone providers also supply land lines and various bolt on packages.
 - Work out your estimated usage for both land line and mobile so you can choose the most beneficial package.

continued overleaf...

INTUIT'S ADVICE

- Office desk and chair
- Storage and filing cabinets
- Shredder
- Business cards
 - Companies such as Vistaprint offer free business cards. This is limited to using their templates. For a nominal amount, you can upload your own logo and create your own design.
- Website – initial set up and monthly costs
- Stock (if applicable)
 - Storage.
 - Packaging costs.
 - Postage / delivery costs.
- Tools of the trade
- Stationery
- Banking charges

You can claim relief on capital expenditure and business expenses, so remember to keep all invoices for your purchases, and have these made out in the name of the business entity. If you are buying from a VAT registered business, then request a VAT invoice. Even if you don't intend to register for VAT straight away, you may be able to backdate your VAT registration by up to four years, and you could claim back VAT on goods and services bought prior to registration. For further details, please refer to the section on bookkeeping essentials on page 7 of this ebook.

FREE ACCOUNTING SOFTWARE

Download a free edition of Intuit's QuickBooks SimpleStart accounting software here: http://quickbooks.intuit.co.uk/small-business-accounting/quickbooks-free-starter.jsp?iref=uk_detail_dwIhd_btn

