



HOME-BASED AND MICRO BUSINESSES

CASHING IN ON BUSINESS OPPORTUNITIES

PROFESSIONALISM PAYS

PREFACE

Technology has made it possible for the home to function as a workspace. As a result, the number of home-based businesses is increasing. Working from your home does not mean that professional business practices are no longer important. Indeed, research indicates certain professional business practices signal the seriousness of the entrepreneur and can serve as a predictor of the business' gross income and, in some cases, the profit of the business. Many of these practices are relatively inexpensive and easy, and some studies have found that many home-based business owners are utilizing these practices.

This program can be offered in a seminar or workshop format. In addition, excerpts from the curriculum may be used for newsletters, press releases, and radio programs, etc. Spinoff programs may include topics such as business etiquette, choosing /designing print materials, and developing a good self-image. The entire text or portions of text can be used as a handout.

Goal: To create awareness among entrepreneurs of the importance of a professional image, the role it plays in the success of a home-based business, and the practices that demonstrate professionalism.

Objectives: In this session, participants will achieve the following:

- Learn about the correlation between professional business practices and the financial success of a home-based business.
- Learn, understand, and apply professional business practices in the operation of their business.
- Understand the importance of employing a serious but positive attitude as they develop their business.

HANDOUTS

Handout 1 — Business Management Practices That Indicate Success

Handout 2 — The Professional Business Telephone

INSTRUCTIONAL MATERIALS

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Historically, businesses located in storefronts have received much more respect and consideration from customers and suppliers than those operated from the home. Institutions such as banks and insurance companies have also been discriminatory. However, with the success and tremendous growth in numbers and types of home-based operations, this type of entrepreneurship has overcome the amateur identity that haunted earlier business people. To be successful, home-based business owners must recognize the importance of maintaining a professional image as a component in business planning and operation.

The word “image” has had a negative connotation for some people who have regarded it as a pretense or a dishonest means of representing the truth. Jay Levinson, author of the best-selling *Guerrilla Marketing*, prefers to use the word “identity” instead of “image.” However, if the business owner is seriously using professional business practices, there is no pretense in the phrase “professional image.”

RESEARCH

Research indicates there are business management practices that correlate with business success. Paul and Sarah Edwards, internationally known experts on home-based business management, and who operate a home-office themselves, documented the direct relationship between business management practices and income produced. They found certain professional practices signaled the seriousness of the entrepreneurs and were predictors of gross income.

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Many of these practices were relatively inexpensive and easy to implement. The Edwards' Professional Scale of Business Practices includes items such as having a highly serious attitude; having a well-equipped office; using yellow pages for advertising; using professionals for advice; securing a business bank account; incorporating the business; operating within all local, state, and federal laws; having the telephone answered during business hours; hiring employees; membership in associations; and using delivery services.

HANDOUT

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The Edwards likened home-based income distribution to the two humps on a camel. The two income categories represented were less than \$20,000 and more than \$60,000. The Edwards labeled the two groups “MBAs” (Marginal Business Attitudes) and “SBAs” (Serious Business Attitudes). The major differences separating the MBAs from the SBA's, besides their income levels, related to their attitudes toward business practices. MBAs viewed themselves less confidently and didn't see the need for such business fundamentals as a business license, a business phone, and a separate bank account for the business.

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In their latest book, *Secrets of Self-Employment*, the Edwards discuss five common signs of a Marginal Business Attitude and how to avoid them:

1. I'll work when and if. - To be taken seriously, you have to be there and deliver when you have the opportunity.

2. I don't have money for that. - The money you spend on your business allows your business to grow.
3. I can't charge that much. - To be taken seriously your price must convey value.
4. Being on your own is tough. - Get out of the habit of complaining. You have to expect and project success.
5. I do a lot of different things. - Decide what you want to do most and devote all of your efforts there.

THE PROFESSIONAL WORKPLACE

Successful businesses no longer have to be located in storefronts. However, the home-based location must be a professional workplace that can compete with other, more traditional business models. Technology advances have, in many cases, leveled the competitive field for home-based businesses.

If fledgling entrepreneurs are hesitant to make the financial investment necessary to purchase office equipment, they should use the services of commercial outlets that produce high quality printing to be certain the professional image represented in print materials is maintained.

In addition to electronic devices, a home office needs quality furniture, a business-capable telephone, and adequate filing space (for both hard copy and electronic filing). To ensure prompt customer service, files and other records should be kept where information can be secured quickly. Thus, an adequate record keeping system is essential.

Not all home businesses have customers coming directly to their homes. In many cases, there is no need for this traffic, and in other instances, zoning laws forbid it. However, for home business locations, a clean and orderly workplace that is maintained with consideration for the customer is essential. Keep the home and the office separate! When consulting with clients, a quiet private room should be designated. Family privacy should also be considered. The workplace must be a defined area that is used exclusively for the business if the entrepreneur is to qualify for IRS deductions relating to the business place.

BUSINESS PRACTICES THAT PROMOTE PROFESSIONALISM

The Business Telephone. The business telephone should be answered promptly after two rings, if possible, during business hours by a person or, if necessary, an answering service, an answering machine, or voice mail. Answer in a friendly voice and immediately provide the name of the business followed by identifying the speaker. The voice on the answering machine should be warm and upbeat but professional. Your message should include a promise to return the call promptly, and it is important that you keep that promise! If you have hired an answering service, an occasional call to check on how your phone is being handled in your absence is a good idea.

Do not use your home phone as your office phone and avoid allowing non-employees (for example your children) to answer the business phone.

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HANDOUT

Securing separate business telephone service is preferred, but it is possible to obtain a separate line in your home for the business without declaring it a business phone. However, advertising in the “yellow pages” of many directories, may require you to purchase a business phone line. The advantage of this arrangement is that suppliers and customers alike will be able to contact your business more readily. You may also want to investigate a toll-free telephone number if you have customers and suppliers from outside your local calling area. With the advent of Internet calling and competing long-distance services, these numbers are relatively inexpensive. You may also be able to negotiate incentives such as free listings in the published business directory provided by the service provider.



In order to project a professional image, be aware of proper telephone etiquette and attempt to follow those guidelines.

Examples of proper telephone manners:

- Never leave a caller on hold for longer than 20 seconds.
- Don't take telephone calls when a person with an appointment is sitting in your office.
- Don't call a business person at home unless it is very important.
- Always apologize before hanging up when you've called the wrong number.
- Don't use your first name only when answering your telephone.
- Don't call someone by his or her first name on the phone when you have never met that person.
- Don't chew food or drink beverages while speaking.

Laws and Regulations. Compliance with the local, state, and federal laws and regulations is a must. Ignoring local laws and regulations subjects your business to legal action and implies that you are not serious or “business-like” in how you operate the business.

A Business Bank Account. Having a separate business bank account with checks that display your business name not only assists you in recordkeeping but is a sign of professionalism to suppliers and other business people.

Regular Business Hours. Keep a planned set of business hours. Regularly scheduled businesses hours should be followed, if for no other reason than to alert customers as to when they may reach you. If it is not possible to have a physical presence during normal business hours, post a schedule of times you will be there and follow this schedule.

Professional Business Relationships. Always be up-front with your suppliers and customers. “Don't promise more than you can deliver” is an old adage worth following. Don't take on work you are not qualified to do or more work than you can finish. Be sure your client understands the agreed price before any work is done as well as the time frame involved. If you cannot complete the work within the agreed-upon time period, notify the customer immediately. If there will be any change in the product or service you have agreed to provide, let the client know before you make those changes.

A Positive Attitude. Don't apologize for working at home. "Instead," says Barbara Brabec in *Homemade Money*, "stress the benefits, such as giving customers more individual attention and personal service."

BUSINESS PRACTICES THAT PROMOTE PROFESSIONALISM

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Your Business Name. Your business name is an extremely important component of your image. While you want to choose a name that will sell your product or service, that name will influence the impression you make on the customer and can determine the type of clientele you will attract. Barbara Brabec, says, "Your business name should not be selected in haste because your financial future could depend on it." Your business name should reflect the image you want to have. So think carefully about whether you want to be "Jane Smith's Catering Service" or "Crazy Jane's Dinner Parties."

Business Print Materials. A good product or service is essential if you are to be successful in business. One part of making that product or service known is through the use of printed materials. "There is a direct relationship between good printing and more sales," says Brabec. Customers are likely to judge both you and your product or service solely on the basis of the printed material you provide. A professionally designed and printed brochure will be worth the additional cost in the additional business it generates. Paul and Sarah Edwards suggest using at least 24-pound paper for stationery and 60-pound paper for cards. Letterhead and cards should be typeset and printed. Other business materials, including order forms, and statements, may be on lesser quality paper.

A logo that provides a graphic representation of your business gives the public an excellent way to remember your business. Unless you are talented, it is suggested you secure assistance from professionals. If you have a logo, include it on all your printed materials. Correspondence should be typed. Always carefully proof any correspondence going out from your business.

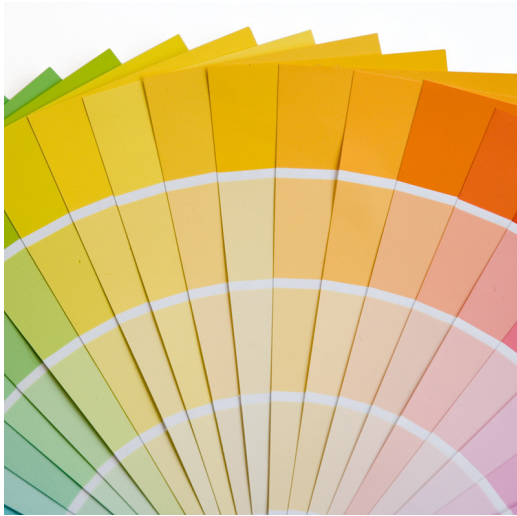
It is tough for any home-based business to succeed if its professional image isn't comparable to that of its competitors. Therefore, it is especially important that your brochure or catalog look great. It will be a reminder of what you have to offer. You will want to point out the benefits your product or service will bring to the customer. Including testimonials may be an effective way of promoting your product or service.

Other factors, such as color, contribute to attractiveness as well as readability. Sometimes color appeals to emotional qualities in individuals. This could be both positive and negative so choose colors and designs carefully.

Many business people find using photographs of the owner or the business is a drawing card. Be sure to consider weight and size if the piece is to be placed in the mail. Before deciding on a printer, get price quotes from more than one. Viewing samples of their work is also an essential part of this decision. Using colored paper will usually add 15 to 20 percent to the cost, and each color of ink used in addition to the basic color can add to the cost as well. When requesting a quote, put your specifications in writing and ask for quotes

on different quantities. Always ask to proof the product before copies are made.

For more information about selection of print materials see Brabec's *Homemade Money*. For details about printing and the processes involved, see *Pocket Pal* published by the International Paper Company.



Personal Appearance. Certainly, one of the assets in working at home is being able to shed the coat and tie or the stockings and heels associated with business dress. However, appropriate is the big word in describing business dress for the home entrepreneur — appropriate for the type of work you are doing and for the situation at hand. If your work requires you to get dirty, you should consider changing clothes prior to meeting customers face-to-face. When you have meetings out in the business world or are giving presentations, you will want to wear proper attire. If a business suit is called for, wear it. Whatever your purpose, cleanliness is a must! An unkempt, appearance reflects on your business and gives that impression about your work.

Business Manners. Good manners are a combination of common sense and consideration for others. They are guidelines

that allow us to function more easily in work and social situations. A professional is aware of these practices and feels at ease in dealing with people. These practices include making introductions, business/personal correspondence, business entertaining, table manners, and protocol for business guests. Two excellent resources for business manners are *Letitia Baldrige's Complete Guide to Executive Manners* and *Company Manners* by Lois Wyse.

Professional Organizations. The serious business professional understands the value of networking with others in their field. Taking part in educational programs and leadership development opportunities can stimulate personal growth and gain publicity for you and your business. There is power in numbers! Home-based entrepreneurs need to present a unified voice in an effort to overcome obstacles. Also, contacts with your peers give you the opportunity to relate to people who have knowledge about what you are doing.

Staying Current. Being professional means staying current in your field. In addition to the networking, education, and other benefits that associations and organizations provide, staying current means subscribing to professional magazines and trade journals. Be aware of and use up-to-date business practices and maintain a contemporary image.

SUMMARY

Professionalism pays off!

- Home-based businesses can overcome any stigma associated with operating from home by using business practices that signal professionalism.
- Research indicates certain business practices correlate with gross income.
- Although successful businesses can operate from home, the home-office

must be a professional workplace.

- Business practices that indicate professionalism include the following: the business telephone; attention to laws and regulations; business bank accounts; regular business hours; and professional business relationships

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HANDOUT 1

BUSINESS MANAGEMENT PRACTICES THAT INDICATE SUCCESS

Paul and Sarah Edwards, internationally known experts on home-based business management, report a direct relationship exists between certain business management practices and income produced. They found these practices signaled the seriousness of the entrepreneurs and were predictors of gross income. Many of the practices were relatively inexpensive and easy to do.

Their Professional Scale of Business Practices include the following:

- Having a highly serious attitude about the business
- Maintaining a well-equipped office
- Using yellow pages for advertising
- Use of professionals for advice
- Securing a business bank account
- Incorporating the business
- Operating within all local, state, and federal laws & regulations
- Making sure telephone is answered during business hours
- Hiring employees
- Belonging to professional associations
- Use of delivery services

Other practices that are important to a good business image are these:

- Being well groomed and appropriately dressed
- Having an orderly and clean workplace
- Posting your business hours and following the schedule
- Having good quality printed materials
- Maintaining good customer service
- Using good manners at all times

Adapted by Patty Rai Smith, Extension Specialist, Kentucky Cooperative Extension, with permission from The Professional Scale of Business Practices in a presentation by Paul and Sarah Edwards at the National Home-Based Business Conference in Milwaukee, WI, May 1, 1996.

HANDOUT 2

THE PROFESSIONAL BUSINESS TELEPHONE

- Should be a separate line
- Should be answered promptly during business hours by person or an answering device
- Should be answered with name of business followed by name of speaker
- Should not have cutesy messages on answering machine
- Should not be answered by children
- Calls should be returned promptly

BUSINESS TELEPHONE MANNERS

- Don't leave a caller on hold for longer than 20 seconds
- Apologize before hanging up when you've called the wrong number
- Don't chew food or drink beverages while speaking
- Don't call someone by his or her first name on the telephone when you have never met that person
- Don't use first name only when answering your telephone
- Don't take telephone calls when someone with an appointment is sitting in your office
- Don't talk on the telephone and attempt to wait on a customer at the same time

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