

Home Based Business Owner's Manual

Everything you need to know
to start a Home Based Business

- ◆ Earn more money
- ◆ Be your own boss
- ◆ Work when you want too
- ◆ Have the pride of ownership
- ◆ Change your lifestyle
- ◆ Control your destiny

- ◆ Learn how to find customers
- ◆ Discover tax secrets and tips
- ◆ Marketing and advertising tips
- ◆ 120 Low Cost Business ideas
- ◆ Ways to finance your business
- ◆ Federal and State Resources

Randall Hill

**The Home Based Business Owner's Manual -
Everything you need to know to start a Home Based Business
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Published by:



RC Hill Publishing
PO Box 56523
St. Louis, MO 63156
www.rchp.com

Preface

Purchase a new car, appliance or electronic equipment and they will all come with an owner's manual. The owner's manual will answer questions, save time, provide step by step instructions and prevent misuse or damage. Doesn't it make sense that a business should come with operating instructions? Starting a business is one of the most important financial decisions you will make. Every year, many dive into business ownership without a plan or clear understanding of exactly what they are getting into - often with disastrous effect.

This book was written for several reasons:

1. While working for a transportation company located in the inner city, I saw many bright and capable people unable to advance from low paying labor positions. These guys were personable, friendly, hard working and consistently received high scores on satisfaction surveys and clients often sung their praises.
2. Tragically, I witnessed men cry, because of mistakes made years ago and denied opportunity. Some were outstanding workers obtained from temporary agencies. These were people desperately trying to catch a break and better themselves. You could see and feel the heartache!
3. I often thought to myself that given the opportunity, many of them could do my job; I wasn't exactly performing brain surgery. I would occasionally see some of these guys, "getting their hustle on". They might be cutting grass, hauling junk or painting someone's house. With the proper training and information, those side jobs could have turned into businesses.
4. After my executive level job was eliminated, I was in a vulnerable position. Those individuals mentioned above entered my thoughts. I had marketable skills, an education and wasn't concerned about my background holding me back. Even so, my heightened sense of apprehension made me realize how truly horrible it was for those with fewer options. I began researching viable businesses that could be started for very little money.
5. When I began researching and writing, my oldest son was in high school. He has since graduated and is a freshman in college. My other son is in his last year of junior high. I'm writing this for both of my sons and their friends. I want them to clearly understand that being an employee isn't their only option. My hope is to ignite an idea or prompt the enrollment in a course they otherwise may not have taken. Why not gain a marketable skill while in school?

During my research, I was amazed at how many books were full of fluff, provided outdated or little useful information. My original concept to write a simple report about low cost businesses mushroomed into a book. I even managed to re-energize my own creative juices in the process.

The Home Based Business Owner's Manual helps you determine whether business ownership is right for you and provides guidance and information you need to successfully start and operate your business. This book is directed primarily to the first time businesses owner - but even seasoned business owners will find valuable tips and advice. You will gain insights that normally take years to develop and avoid all the trial and error mistakes many new business owners make.

Before starting your business, read the entire book through chapter twelve. Read just ten pages per day and you'll be finished in about two weeks. The first three chapters provide the necessary background and foundational information you need to properly setup and start your business.

Customers are the heart of any business. Chapters four through twelve discuss ways to get and keep customers, operate and grow your company. Discover low cost methods to promote and advertise your business and learn how to make your marketing more effective and what you need to build a web site and and increase the likely hood potential customers find you.

Sincerely,
Randall Hill

About the Author

Randall Hill has owned and operated home businesses, helped run and operate a multimillion dollar business, taught at the middle and high school levels, was licensed to sell real estate, worked for the Federal Government, was a consistent high performing commissioned sales person of electronics and appliances at a national retail chain and a former airline employee.

Randall started his first business when he was eight years old. He saw an ad in the back of a comic book prompting kids to sell greeting cards as a way to earn money for the holidays. Later, while shopping at Woolworth; his mother bought twelve boxes of Christmas cards at his request. The cards were twenty five cents per box and Randall sold them door to door in his neighborhood for one dollar each. His very first customer, an elderly lady, gave him a tip after explaining how he saved her a bus ride to the store. Randall sold out of Christmas Cards within hours and purchased more.

Since that moment, Randall has been self employed at various times in his life. He made and sold craft jewelry - mowed lawns in the spring through fall and shoveled snow during the winter as a child. He hadn't even realized that he was running a business during those early moments.

Randall wants readers to consider: "If a child can start a successful business without even realizing he's in business, just think what you do"!

In high school, he sold candy before school and during lunch. He started with three dollars borrowed from his older brother - with the promise of paying him back after school. On the way to school, he stopped by a corner grocery, purchased three dollars worth of candy and sold it at school and doubled his money. Randall's mother inquired how he was able to pay his brother back so soon. He explained how he doubled his money and had three dollars to buy candy the next day. His mother smiled and gave him an additional five dollars.

Within two weeks, he was no longer purchasing candy from the corner grocery. He found a candy wholesaler and began purchasing candy by the case. He was able to lower his price while making a larger profit. Randall sold out every day and bought larger quantities of candy. Eventually, he hired one of his classmates to drive him to school and the candy wholesaler after school. People he knew at other schools asked to sell candy for him. At the peak, Randall's candy business was grossing over \$1,000 a week. After paying the driver, candy commissions and purchasing candy; he netted \$350 to \$500 per week.

In the early 1980's, the federal minimum wage was only \$3.35 per hour, so in contrast, someone working full time at minimum wage would have only made \$134 per week.

Randall often wondered, why the students who sold candy for him, didn't simply buy and sell their own candy? He later realized many people want to feel safe; they believe it's safer being an employee. "How many business owners layoff or fired themselves during lean times?"... "It's usually those "safe" employees that lose their jobs."

In the mid 1980's, Randall sold diet and health food products. He graduated in 1987 with a bachelor's degree in Business Administration. In the early 1990's, he started a desktop publishing business. That led to agreements with printers and he began selling printing. Some of Randall's clients began asking if he could create web pages. By 1996, he had mastered hyper text markup language (html) and web site design and started creating and hosting web sites. By 1997, Randall was able to purchase his first home debt free.

In 2003, Randall was offered and reluctantly accepted an executive level position in the transportation industry by one of his clients. He reported directly to the President of the Company. This client, was also a friend and had just signed a lucrative contract with a Fortune 500 company and needed someone with, as he stated to Randall; "your particular set of skills". The pitch was, "this job will be so easy, you'll be out of the office by mid afternoon - you can even work your business from the office". Once the contract took off, mid afternoon turned into late evening. Rather than provide sub-par service, Randall turned his clients over to others. He was helping to run a business, just not for himself.

By 2008, the friend was no longer with the company and in 2011, Randall's position was eliminated. What would have happened had he continued with his own business? Should he find another job, or should he start a business? After eight years, Randall had no desire to work in the transportation industry anymore. The web design business had changed dramatically and he hadn't kept up with the changes. He realized he had become one of those "safe employees".

It is estimated that half of all reading will be done without paper by 2015. In fact as this publication was being finalized for publication - Newsweek announced that it will no longer publish a print edition of their magazine. Beginning in 2013, Newsweek will join a growing list of publishers and will only be available online.

Randall updated and improved his DTP, web design and software skills to re-enter the growing field of electronic and digital publishing. He realized with over 30 trillion web pages indexed by Google, more than ever, small businesses need help developing web sites and being found online. Publishing e-books and interactive media services are also being considered as product offerings.

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Introduction

Congratulations for taking the first step in gaining control of your economic future. If you're reading this, most likely you are seriously thinking about starting a home business.

According to the U.S. Census Bureau, there are close to 28 million businesses; and every year 600,000 new businesses are started, most are self-employed persons operating unincorporated businesses. The majority of those new businesses will fail with five years. The Census Survey of Business Owners (SBO) found 51.6% of businesses were operated primarily from the owner's home. An estimated 6.6 million home-based enterprises provide at least half of their owners' household income and about 35% have revenue above \$125,000.

The goal of this publication is to:

- Provide useful and often hard to find information to get you started.
- Help make your transition from employee to entrepreneur easier.
- Help you avoid some of the problems many startup businesses encounter.
- Save time, energy and money by providing useful links to important resources.
- Provide practical information on things the first time business owner needs to know.
- Provide information that will help you find customers and make sales.
- Provide the reader with ideas to start their own small or home based business.

The information presented in this publication is a combination of over 25 years of experience gained from home base business ownership and executive level management of a multi-million dollar small business that serviced consumers, small businesses and Fortune 500 clients.

The author of this publication is an avid reader who developed a habit of taking notes whenever he reads. Those notes captured ideas or needed information, but not necessarily the source. The nature of information is once learned - becomes your own. I don't claim credit for any of the ideas presented. As John Donne stated, "no man is an Island entire of himself". The best ideas and information comes from a variety of sources: friend, colleagues, teachers, government reports, books and magazines. Those sources and others were used in this publication and unfortunately, the author won't always be able to give the proper credit to them.

As a business owner, you can be creative, set your own hours and control your destiny. However, starting a business can be risky and requires hard work to become successful. You aren't likely to appear on a list of Richest People, but you'll probably enjoy a better standard of living than most.

Being an employee is similar to running a business with only one client. You've probably gone on a sales call - known as an interview, negotiated the purchase price - called a wage or salary and delivered the product - called work. The product of you is a combination of your personality, demeanor, abilities, skills, knowledge, appearance and a litany of other tangible and intangible factors. Some of you sold your product at premium prices while others sold at bargain basement rates. Regardless of the price, your product had value and was most likely more

valuable than the selling price. You have now reached a point where you're now ready to start a new business that caters to more than one client.

Think of starting your business in terms of raising a child. You'll need to give it the proper attention and care for it to grow. Growth won't come all at once, it should be steady with occasional growth spurts. You'll give it praise when talking to others. You'll feel pride when others tell you about the great job it's doing. It will bring great satisfaction and happiness but may frustrate and disappoint you at times. As long as keep providing the necessary direction, it will mature and prosper.

Remember, many before you have faced the same challenges you're about to face. Some of today's biggest and most recognized companies had humble beginnings.

In 1886, a 23 year old man named Richard was an agent of the Minneapolis and St. Louis railway station in North Redwood, Minnesota. When a jeweler refused a shipment of watches instead of sending them back, Richard purchased them himself. He sold them to agents at other stations and ordered more. Later that same year he started a watch company in Minneapolis. He hired a watch repairman named Alvah the next year who later became his business partner. In 1893, Richard Sears and Alvah Roebuck formed Sears, Roebuck and Company.

In 1907, Claude Ryan and Jim Casey started a messaging service in Seattle, WA. Their business was run from a basement. Telephones and automobiles were scarce at that time. They delivered telegraph messages and made home deliveries for drug store utilizing one bicycle and by foot. The company grew quickly, by 1913, multiple employees were hired. Motorcycles and a car were being utilized for deliveries, but the telephone's growing popularity changed the demand for messaging services. Fortunately, the young men started making delivery for merchants other than drug stores. By 1919, their services was expanded to another state. Today you know this company by its present name, United Parcel Service (UPS).

Paul Orfalea who suffered from dyslexia and attention deficit hyperactivity disorder, reportedly flunked two grades and was expelled from several schools. In 1970 he opened a 100 square foot store selling notebooks, pens, pencils, and the services of a copying machine at 4 cents per copy. His location was adjacent to a hamburger stand and he marketed mostly to nearby college students. In ten years, his copy store, Kinko's was in 80 locations and grew to 1,200 locations in 10 countries. Kinko's was sold in 2004 for \$2.4 billion and is now FedEx Office.

You may own multiple businesses over the course of your career. You might operate one type of business for a few years and then drastically change the scope of your business or start an entirely new business because of some unforeseen change in the marketplace. You may have great opportunity for huge profits, but only for a short period of time. Times have changed and perceptions about success and failure need to change as well. A successful business today might be obsolete tomorrow; adapting to change is paramount to survival. Rapid changes in technology, political climate, laws, world markets and economies can have dramatic effect on any business as evidenced by the great recession.

Before 2008, who would have predicted, the adverse effect, bad real estate investments by banks would have on the world economy. Prices of oil and gas affect not only transportation; but the cost of roofing shingles and other petroleum based products. A lawn service that was extremely profitable for years struggled in 2012 because of nation wide drought conditions. Expect and plan for the worst while hoping and working for the best. For example, the lawn service might offer clients a die treatment to turn their brown grass green with a special non toxic grass paint.

"Within five years, if you're in the same business you are in now, you're going to be out of business"
– Philip Kotler

Just a few years ago, most of us bought film for our cameras, but digital cameras and camera phones have eliminated the demand for film for millions of previous users. Almost overnight, companies such as Kodak and Fuji realized they faced a major problem. Both companies now have entered the digital camera market. However, in January 2012, Kodak filed for chapter 11 bankruptcy protection. Other casualties of technology include video rental stores (replaced by vending machines and on demand Internet delivery), map publishers (replace by GPS and free online map services), pagers, payphones and long distance companies (replaced by cell phones), classified newspaper advertising (replaced by Craigslist and Ebay), phone books, dictionaries and encyclopedias (replaced by Wikipedia and search engines) and the list continues to grow.

The point is, who knows what the next casualty will be. How many of your favorite businesses have closed over the years. Businesses often become obsolete, but now it happens more quickly than in the past. It took the car industry decades to fully replace all those horse and buggies. The telegraph died a slow death after the invention of the telephone. What about all those black smiths and Morse code translators? They adapted to new careers and the new technologies like others that held obsolete jobs including: milk men, switchboard operators, ice men, elevator operators, typesetters and others.

In order for your business to remain competitive and viable with staying ability, you need to stay up to date with the latest industry changes and be on the lookout for things outside your industry that could make your service or product obsolete. Decades ago, the U.S. Postal Service, lost the majority of it's package delivery business to UPS and FedEx. In 2011 the Postal Service had revenues of \$65.7 billion, the combined revenue of UPS and FedEx was \$88.8 billion. The Internet and email in particular now poses an eminent threat to the second largest civilian employer in the United States. Had the Postal Service reacted quicker, the Internet could have increased it's business instead of stripping it. Merchants such as Amazon, ToysRus, Office Depot and other shippers of online merchandise would certainly have responded favorably had the Postal Service created viable solutions to their shipping needs sooner. The Postal Service flat rate priority boxes are a step in the right direction.

Some companies, such as General Electric (GE) do an outstanding job of keeping up with the times and technology. GE started as a home business. Founded in 1873 by Thomas Edison, inventor of the light bulb. GE not only kept up with technology they are among the most innovative companies in the world. Today, GE still manufactures light bulbs, but also manufactures locomotive and jet engines, appliances, MRIs and other medical devices, owns television stations and other media networks and provides consumer and business financing.

Thinker or Mindless Follower

If you watched the opening ceremony of the 2012 London Summer Olympics, you saw the symbolic transition from the agrarian (agricultural) age to the industrial age. A new educational system was created during the industrial age which was designed to prevent critical thinking. Great Britain, the United States and other western governments modeled their educational system after the Prussian system.

The **Prussian education system**, made enrollment mandatory and was designed to shape children's minds at a young age. After Prussia (Germany) was defeated by Napoleon in 1806, Prussian officials decided the battle was lost because Prussian soldiers were **thinking for themselves** instead of following orders. The goal was to create people who would no longer "think for themselves" and mindlessly follow orders without hesitation to become efficient obedient industrial age workers and soldiers.

The Prussian system instituted compulsory attendance, specific training for teachers, national testing for all students (used to classify children for potential job training), national curriculum set for each grade and mandatory kindergarten. It provided not only the skills needed in an early industrialized world, but also a strict education in ethics, duty, discipline and obedience.

In 1889, the US Commissioner of Education, William Torrey Harris, in a letter to, Collis Huntington, a railroad magnate made the following statement: "Our schools have been scientifically designed to prevent over education from happening. The average American should be content with their humble role in life, because they're not tempted to think about any other role." I considered myself a critical thinker, but realized my thinking wasn't critical enough.

Your education trained you to be an employee, not an entrepreneur. Even after graduating with a degree in business administration, I had to admit the limits of my education and retrain myself to think as an entrepreneur.

Entrepreneurs need to have working knowledge of many areas including: accounting, advertising, banking and finance, contracts and law, insurance, marketing, management, public speaking, sales, social media and be computer literate. When you hire professionals such as accountants and attorneys you'll benefit from understanding terminology and concepts and reap greater rewards from their services.

Become a Critical Thinker!

Critical thinking involves evaluating information and ideas and deciding what to accept and believe. You implement by reflecting on the validity of what you are told, shown or have read in light of prior knowledge and understanding of the world.

No matter what your situation is currently; employed, under-employed, unemployed or self employed, change is going to occur and you can't stop it! You can, however, prepare yourself to recognize and prepare for it and hopefully profit from it.

Do you have a great new concept, product or service, unique ability, expert knowledge or skills that you will build a business around? Maybe you want to start a business, but don't have a clue about what type of business to start. Some business concepts require large sums of money to start, while others can be started with limited funds; but may require greater effort to succeed. For those looking for low cost ideas or alternatives, you'll find over 120 businesses that can be started for little or no money in chapter 15.

WORD OF CAUTION:

I have personally witnessed people who have mortgaged their life savings, homes or both to start unsuccessful businesses, resulting in the loss of savings, retirement plans and their home. I would never discourage anyone against striving for their dream; just make sure that dream doesn't become a nightmare.

If you have never owned a business before, start small and build. Remember UPS was started by two teenagers, with one bicycle and a vision. The employees, trucks and planes came later. Starting from home allows you to control the risk.

More than half of all businesses close within five years and many within the first year. Don't roll the dice with your future. Your time, energy and money spent should be an investment for you and your family and not a gamble that you can't afford to lose. Please take the time to thoroughly research your concept and assess yourself and consider both the positives of business success and the consequence if things don't go according to plans. The most common reasons for business failure are:

- Poor accounting or lack of financial planning and review
- No successor - business closes when owner gets sick or dies
- Over-dependence on a single customer
- Owner concentrating on the technical, rather than the whole business strategy
- No cushion - enough cash for personal and business expenses
- Lack of vision, purpose, principles or management system
- Failure to establish or communicate company goals
- Competition or lack of market knowledge
- Poor quality or standards
- Declining market or obsolete products and services

Once you've done the proper preparation, start your business and make it a great success! Good luck!

Conclusion

Hopefully you found the Home Based Business Owner's Manual helpful and informative. You now have the information and tools needed to successfully begin your home based business. However, do not stop here with your entrepreneurial education. You will constantly need new ideas and methods as change occurs. What worked yesterday will not necessarily work today and what works today may not work tomorrow. Change is what often creates opportunity - learn to embrace it.

It's natural to second guess your ideas, but do not let negative thoughts prevent you from achieving your dreams of starting a business: Am I too old? - Too young? - Do I have enough education or the right degree? - Do I have the necessary skill? - Enough experience? - Will I fail?

Thomas Edison, America's greatest inventor, had only three months of formal school training. He is credited with the following quotes: "Genius is one percent inspiration, ninety-nine percent perspiration." - "Everything comes to him who hustles while he waits." - In response to a question about his prior failures, "I have not failed. I've just found 10,000 ways that won't work."

Michael Jordan, stated, "I can accept failure. Everyone fails at something. But I can't accept not trying." - "I've missed over 9,000 shots in my career; I've lost almost 300 games; 26 times I've been trusted to take the game-winning shot and missed; I've failed over and over and over again in my life. And that is why I succeed."

Do not become defined by your fears and failures. Work hard, continue to learn, develop your creative skills and you will be able to overpower any negative thoughts that enter your mind. Don't let minor set backs or failures stop you. Every child falls the first time they try to walk, but each and everyone of them gets back up - and tries again.

The Internet has done a great deal to level the playing field between small and large businesses; but make no mistake - the field is still vastly uneven. Your willingness to prepare and dedication to success will help determine the levelness of your field.

Some of you will be competing with larger companies that can offer sporting and other event tickets to their customers - while others will outright bribe gatekeepers and decision makers. One company that could not afford tickets to professional sporting venues instead purchases parking spots (in advance) near the event. The company phones and emails clients and employees to invite them to tail gate parties where free hot dogs, hamburgers and soft drinks are provided before the event. Both clients and employees appreciate and enjoy the tail gate parties.

One of your primary goals should be growing your business in terms of clients, offerings and income. Growth often results in hiring employees, negotiating lease terms for commercial space, dealing with complicated regulations and becoming a larger target for competitors. Have you ever wondered why some businesses become chains or franchises and others remain a single store? The answer is usually the chain had a plan for growth while the others did not. For example, think about fast food restaurants. Just about anyone can flip a hamburger and drop

fries; but people flock to the well known chains. Are they better than every other restaurant? Chains do an excellent job of delivering a consistent product and service and have a plan for growth including training.

Consider how you will handle growth and prepare by gathering needed information sooner rather than later to minimize transitional problems. Consider alternatives and ask yourself key questions including:

- Do you really need to leave your home?
- Does building a home addition or remodeling a garage make more sense?
- Can employees work from their home?
- Will staying home based prevent me from selling my business?
- What are the best locations?
- How much does commercial space cost?
- Will you have enough income to support personal expenses and the new higher commercial expenses?
- What about parking and access?
- What are the security concerns?
- What is the business potential - local, regional, national or international?

Success often creates contentment - do not fall for that trap. It's during times of contentment when competitors will use your complacency and woo your customers away. Try looking at your business like a competitor. Stay on top of trends and discover new ways to serve your customers before a competitor does.

We want to hear from you - let us know if you found this publication helpful. We'd also like your suggestions for improvements for future updates. Once you've been up and running for a while, we'd love to hear your story, we might even include it in our next edition.

Thank you and good luck!

Sincerely
Randall Hill

The Home Based Business Owner's Manual is like having your own personal business consultant in book form. Isn't it time someone created an owner's manual for the home based business owner?

This book teaches you step by step, how to set up and organize your business. You'll discover how to promote your business with very little or no money. Learn how to use the Internet more effectively to market and sell your product or service. Need tax tips or advice? It's in there.

There has never been a better time to start a home based business. Millions of home based entrepreneurs are making great incomes, and according to the IRS and Census Bureau, many of them have revenues of \$125,000 or more. According to the U.S. Census Bureau, half of all businesses in the United States are home based.

“Home-based businesses collectively generated a remarkable amount of economic activity, especially for women and minorities”

– Census Bureau Director Louis Kincannon

What are you waiting for? The Internet and social media web site have finally leveled the playing field and created unprecedented opportunity for home based businesses. Don't get left behind, start your home base business now and discover the freedom that business ownership can bring!