

## Ask SCORE

*After working for a large accounting firm for many years, I've decided to go out on my own and specialize in helping small businesses with their accounting and financial needs. Initially, it will be just me, and to keep expenses down and be able to better manage my young son, I'm thinking about operating out of my home. What are the pros and cons?*

For productivity, convenience, and downright comfort, nothing beats a home-based business. Here, most every day is “casual day,” and the only obstacle on your commute is dodging the cat or dog on your way upstairs.

Home-based businesses have also been a boon to women entrepreneurs, particularly those with young children. You can tend to the kids while you tend to business, run errands without competing with the “going home” crowd, and easily capitalize on late-night brainstorms.

But home offices have their drawbacks as well. You need a measure of self-discipline to stay focused on your work, deal with distractions, and resist the temptation to put business aside in order to take care of chores or “play hooky.”

So before you trade your power suit and heels for sweats and flip-flops, put some planning into your home office strategy.

- Site selection. Choose a space that is well-lit and ventilated, and has sufficient size for your work activities, files, storage, etc. Multiple electrical outlets are a must to support computers, telephones, desk lamps and other equipment. And while many people rely exclusively on cellphones or Internet-based long distance today, consider installing a landline for your office. You don't want spotty voice quality or service disruptions to interfere with your customer conversations.

- Set some boundaries. Though nobody likes cubicles, they still afford office workers a measure of privacy. You need to do the same thing with your home office. Take steps to keep pets and children from continually wandering in and out during the day. Younger kids are unlikely to play quietly while you work, so consider full- or half-day daycare, or at least when a major deadline looms.

- Know the rules, part 1. If you plan on utilizing the home office deduction on your taxes, remember that the space must be used exclusively for business. It cannot double as a den or spare bedroom unless you claim only a percentage of the room for the deduction.

- Know the rules, part 2. Many localities have restrictions on the types of home-based businesses. They include having visits from clients or employees, and manufacturing and shipping/receiving activities. If the rules are too cumbersome, you may need to find space elsewhere for at least some of your work. Even if your activities are permissible, make sure they don't create neighborhood traffic or parking issues.

- Safeguard yourself. Not all homeowners insurance policies cover home-office items, nor will they protect you from other risks (e.g., business interruption, liability claims from an employee or customer, etc.). You may be able to obtain endorsements for the appropriate coverage, but business insurance tailored to your small business may prove more cost-effective.

*This column is brought to you by the Merrimack Valley Chapter of SCORE, with nearly 70 current and former business executives available to provide free, confidential, one-on-one business mentoring and training workshops for area businesses. Call 603-666-7561 or visit [merrimackvalley.score.org](http://merrimackvalley.score.org) for information on mentoring, upcoming workshops and volunteer*

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