

Make Money Doing What You Love

This Is the Time. Here Is the Report.

It's time to take your financial destiny into your own hands – to break free from the chains that have shackled you, to become everything that you've always known you could become.

The very idea that you could make a living and even create wealth doing something that you love doing is an exciting and liberating thought. But in order to transform that idea into a reality you must learn how to give birth to your own business and grow it into a profitable, solid operation ... and do it without jeopardizing your financial health.

This report provides the information you need to do that. Its author has published hundreds of articles in national magazines and even books about creating financial freedom in small or home-based businesses. More importantly, he has grown his own business from scratch.

Think of *How to Make Money Doing What You Love* as your road map to a brighter, more prosperous future. It can be a future of freedom and fulfillment, and it awaits you with open arms. You only have to make the effort to begin moving toward it. In these pages, you will learn what it takes to launch that journey.

Have a great trip!

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Life's Too Short – Don't Spend It Doing Something You Hate

I can't think of anyone I know personally with a "regular" job who doesn't want to be doing something else for a living.

Sid sells computers, but he wants to become a productivity trainer for businesses. He would be good at it, too. He has studied it for years – it's his passion. Frank is a rep for a ophthalmology products company, but reads consumer reports like other people read novels. He would love to start a consumer alert service. Christine is an audiologist, but dreams of putting her natural gifts as a gourmet chef to work in her own catering business. Lenny is an attorney. He wants to start a wilderness camp for troubled youth. He has worked as a volunteer helping kids most of his life and is a very effective mentor.

When you think about it, it's sad when people don't do what they want to do or what they feel they should be doing. After all, we all have just one life to live. What a tragedy, what a waste that people like Sid, Frank, Christine, Lenny and the many millions of others like them are spending their lives working at jobs they hate. It makes the workweek awfully long and the weekends terribly short. Sometimes it makes life unbearable.

I also know several people who have broken free.

They have left the traditional world of nine-to-five employment, either gradually or cold-turkey, and are now pursuing their dreams. They are a minority, but a happy one. Take Oliver, for example. When his job as a real estate developer dried up because his employer had health problems, he decided to get out of real estate altogether and pursue his lifelong dream of becoming a professional freelance writer. In less than two months he was making more money than he had ever made before. Not too long ago his first book was published and he suddenly found himself thrust into a role he had previously only dreamed about – answering invitations to do book signings at major book stores, giving speeches and being interviewed on the radio.

Janet was a clerical worker with a passion for painting home interiors. She sometimes wondered whether it was a flaw in her character that made her love what most people hated. She started doing small jobs after hours on the side and soon had more business than she could handle. Today she has two teams of painters who she keeps working and her clients have to wait months to get scheduled with her – which they gladly do because of the quality of her work. She does the challenging or particularly artistic painting herself, and still loves it as much as ever.

Lisa was a housewife who hadn't worked since she began having children. But when her husband lost his job she realized she needed to go to work to help keep the family solvent. She could have gotten work in an office, but instead decided to try to make money doing what she had a burning passion for: quilting. She now teaches quilting classes and sells her quilts. She is recognized as one of the finest and most artistic quilters in the region, and her unique and exquisite quilts have a ready market and bring a high price.

Tim was a partner and controller of one of the largest construction companies in the western United States. He walked into the office one day and said he was quitting. He wanted to pursue his art talents. Everyone thought he was crazy until he had a major show that was very well received by critics and the public alike, and was featured in a major newspaper article as one of the most promising art talents on the national scene.

What about you?

Are you among the majority of people who don't like their jobs – who can't wait for each workday to end; who hate Monday mornings and love Friday afternoons; who are counting the minutes, days, months and years to retirement? Or are you among the fortunate minority of individuals who have taken their financial destinies into their own hands and are creating their own wealth in their own way ... and loving it?

Let me guess. I bet you're a member of the former group – the enslaved majority. Otherwise you wouldn't be reading this report. If you can answer "yes" to any of the following questions, I'm right....

- Are you doing something for a living that you dislike?
- Are you bored by your job? Tired of it? Sick of it?
- Do you have a feeling that you should be doing something different with your life?
- Do you have a talent, hobby, idea or passion that you wish you could turn into a profitable business?

I'll make another bet. Now that we know which group you fall into at this point in your life, I'll wager that you're not going to be there for long. My guess is that you're on your way to liberating yourself by becoming a successful member of the self-directed minority.

Why do I say that? Again, the fact that you ordered this report is a dead giveaway. It says you want to change. It says you want to improve your life. I'm not suggesting that the mere act of *wanting* to change your life by doing something you love automatically insures quick and easy success. Of course it doesn't work that way. But the probability of success is very high if you ...

- 1) like what you do,
- 2) know what you're doing,
- 3) work hard at it, and
- 4) refuse to give up.

This report will help you with numbers 1 and 2.

It will give you the information you need to take the right steps, cover all the bases and avoid common mistakes in starting and running your own business doing what you want to do. A lot of people would love to do what you're about to do. But they don't know how to go about it. It's one thing to say, "Boy, I'd sure love to make a living buying and selling antiques!" But it's quite another thing to actually *do* it. That's what this report is all about: telling you how to turn something you love to do or want to do into a steady, profitable business – and getting from where you are now to where you want to be without risking the financial security of your family.

Numbers 3 and 4 are up to you.

To be a success as your own boss, you have to have the determination and willpower to work hard even when you'd rather stay in bed in the morning or take in an afternoon movie. You have to have the discipline to tackle that final task on your "to do" list for the day rather than push it off to tomorrow's list. No one can give you this. It has to come from within.

And you have to stick with it even if things don't go as you expected. This, too, is a trait that no one can give you. If you don't already have it, you must develop it. Discouragement can set in even when you're doing something you love. Perhaps someone will complain about your products or services. Maybe people won't respond to your ads as you will expect them to. "When things get tough, the tough get going," my coach used to say. It's true. The difference between success and failure can often be measured by just one more sales call, one more marketing attempt, or one more effort to make what you offer a little better.

So assuming that you choose a viable business proposition, give it the effort it deserves, and stay with it long enough to give it the chance to succeed, all you need to do is absorb the information in this report and get started.

Be aware that you will have an automatic head-start.

You will be building your business on the solid foundation of doing what you love, and that will give you an immediate competitive advantage over those who are just putting in their time. I have seen this repeatedly. It's also common sense. When you're doing what is personally compelling, exciting, enjoyable, fulfilling or all of the above, you naturally bring a lot more energy and creativity to the table than you would if you were

chained to a job that is boring, dull or unpleasant. Doors will open to you that would otherwise remain closed. You will find that you can't wait to get up and get to work every morning. And while you're working, you'll discover that time will zip by so fast that you will wonder where it went at the end of the day. You will be more apt to be a happier, more fulfilled person – the kind who gets further ahead, faster.

Enough hoopla. Let's get down to business....

Decide What You're Going to Do

The range and diversity of talents, passions, ideas and hobbies that have been turned into solid businesses is nothing short of amazing.

Here's just one example. A friend of mine loves to think up witty insults. He is a terribly creative and funny guy with a talent for creating and delivering biting putdowns. It seems to be a passion for him. Believe it or not, he has turned this passion into a moneymaking business. How? He created a Web site for people who want to sling stinging insults at the jerks in their lives. For about \$10, anyone can go to his site and buy a truck-stopping insult from a world-class slur-creator and have it delivered via mail or e-mail to the creep of his or her choice.

So what do *you* want to do? What do you love to do that you can turn into a business? Take the time to thoughtfully and honestly answer the following questions.

What do you feel passionate about; what excites you?

How do you spend your time when you don't have anything pressing to do?

What sorts of things do you feel guilty about doing because you often do them when you should be doing something else?

If you didn't already know (or if you weren't sure) what passion, talent or idea you want to build a business around, your response to the foregoing questions should give you solid clues – if not an outright answer.

Be Creative

The big question is this: can you make money at it? Perhaps the answer is obvious, as in the case of the man who loves to buy and sell antiques, or the woman who is a consummate portrait artist. But maybe it's not obvious, as was the case with my friend who loves to create funny insults.

If it's not immediately apparent how you can make money doing what you love to do, don't give up. Be creative! Give it some thought. Give it some time. Give it some intensity. Get away where you can be alone and without distractions. Take a pad of paper. Do some serious brainstorming. Approach it from different angles. Once you've done this, get some input from other people. Ask them to brainstorm with you. Ask them to give it some "shower time" and let you know if they come up with ideas. They might help you see things from a different perspective or in a different light.

Don't throw in the towel on something you would love to do just because no one else is doing it. That doesn't mean it can't be done. Years ago, no one would have thought it possible to make a living by shopping for clothes. Then a woman offered a service to wealthy, busy people in which she assessed their sartorial style, size and needs, and regularly went shopping for them ... for a fee, of course. This may have seemed like a crazy idea at first, but it proved to be profitable, and now other entrepreneurs are doing it.

Be Realistic

Not everything can be turned into a viable business.

I love to go backpacking. But I haven't been able to think of a way to turn that into a business that would make enough money to support my family. Same with sleeping in in the morning and taking hot baths. Although I love doing those things, I'm realistic enough to know that I can't build businesses around them ... at least I haven't thought of a way to do it yet.

If you're sure your idea or hobby won't fly as a business, you might want to try to think of a way to do something related to it. Let's say you love making model ships in bottles, but it takes too long to build one to make it a profitable activity given what the market will pay. Although it may not work as a business, perhaps you could start a mail order company that supplies materials, ship plans and instructions to model ship builders around the country.

Analyze your business proposition carefully and realistically. Try to find a way to make it work. But if you can't, let it go. Don't waste your time and resources pursuing a dream that has little or no chance of success. Find something else you love to do and see if that offers more potential.

Minimize Your Risks

It would be nice to say *eliminate* your risks. But that would be misleading. No business is ever launched without some risk – even if it’s only the time of the person who starts it.

However, you can and should give birth to your business in a way that keeps your risks at a minimum. The fact is, most businesses can be launched with relatively little money. For example, instead of spending hundreds of dollars getting a professional graphic artist to design a logo and business stationery, and then spend hundreds more having it printed in color, why not create a nice letterhead and envelope using your computer – one that will look professional when you print it out on your own printer on high-quality paper? As you grow and your business activities produce an income stream, your image can grow with you.

This same philosophy can be applied to office furnishings, business technology and anything else you need to acquire to launch operations – even the office itself.

But all of those potential risks pale in comparison to the most dangerous risk new business owners can expose themselves to: the threat of not having enough income each month to meet basic, ongoing living expenses. Wrapped up in the excitement of their new and promising enterprises, new business owners often throw caution and common sense to the wind, walking away from their current sources of income because they think that their venture will begin churning out money quickly and surely. When things don’t happen as fast as they expected, they find themselves running low and finally running out of capital resources to live on and to keep their new business going. They effectively put a chokehold on their dreams and finally have to abandon them and scramble to find jobs and pick up the pieces.

There is a very simple way to avoid this danger: *don’t quit what you’ve been doing until the business you’re starting can replace the income you will lose when you quit.*

Granted, if you take this “safer and surer” approach, it may take you longer to reach the goals you set for your new business. But you will save yourself (and those who depend on you financially) untold stress and suffering. And ultimately, like the turtle in the race who moved ahead slowly yet steadily, you will have a much better chance of reaching the finish line.

Choose a Form of Business and Get a License

Every business must have a legal form or structure. Yours will be no exception. By far and away the most common structure for the types of business we're talking about in this report (at least in their early phases) is the sole proprietorship. Other structures are available, from the partnership to the corporation, but since these are much less common in this realm and far more complex, we will limit our discussion here to the sole proprietorship. If and when you decide to try one of the other business structures, be sure to seek the advice of competent experts.

The Ins and Outs of the Sole Proprietorship

A sole proprietorship is typically defined as a business that is owned by one person. It's easy to create one. You simply obtain the required license or licenses – often nothing more than a county business permit for less than \$100 – and *voilà!* – you're in business. The sole proprietorship is a good place for many small businesses to start. Some businesses start as proprietorships and later, after they have grown and their tax and liability needs change, they convert to another form of business. Many stay with this simple business structure forever.

Easy Tax Accounting

Sole proprietors must fill out a Schedule C federal income tax form when they do their yearly income taxes.

This schedule asks you to list your business income and gives you the opportunity to claim business deductions. Certain deductions, such as depreciation and the use of an office in the home require you to fill out separate tax forms, then enter their results on the appropriate Schedule C lines. When you're finished with your schedule C, you will have an amount that represents your annual net income for that business. You will be instructed to enter this amount on a line on your 1040 form. This amount is added in with other income to give you your total income, which, after deducting certain other items, becomes your total taxable income.

You will also have to pay self-employment tax on the net income from your home business. For the 1999 tax year, this was 15.3 percent of net self-employment earnings. However, just as an employer deducts its portion of FICA tax, you can reduce your taxable income by deducting 50 percent of your self-employment taxes from your gross income. Nonetheless, the self-employment tax is a hefty chunk of change which, for many taxpayers, is more than their federal income tax liability.

Benefits of Choosing the Sole Proprietorship Structure

You Make It – You Keep It

You won't have to worry about partners or stockholders. That means you won't have to ask their permission. Best of all, you won't have to share your profits with them. The responsibility is all yours. So are the rewards.

Quick, Easy and Inexpensive

It doesn't take much to create a sole proprietorship. Simply apply for any applicable local business licenses and start operations. Generally, only one license is required by the local government. The cost of the license is nominal – usually in the \$50 to \$150 range, though it could run up to \$1,000 or more, depending on your locality.

Less Governmental Interference

The government seems to have a “hands-off” attitude when it comes to sole proprietorships (relatively speaking, that is). Other more complex forms of business tend to be much more burdened by governmental regulations and restrictions than proprietorships.

Fast Moves

Since you don't have to jump through hoops to get a consensus of opinion or pass decisions by boards, partners or committees for approval, you can react to problems and opportunities that arise quickly and decisively.

The Downside of Sole Proprietorships

Personal Liability

This is the biggest drawback of the sole proprietorship. Not only do you get all the financial rewards, you are also responsible for 100 percent of your business's liabilities. What is really frightening is that there is no limit to your liability. It's different in a corporation. If something goes wrong there, people can go after the corporation's assets to make things right. But the personal assets of the shareholders are protected from loss. Let's say, as a sole proprietor, your business is \$50,000 in debt and there are only \$5,000 worth of assets in the business. In that case, you would be personally liable to come up with the other \$45,000. If you can't, creditors can go beyond your business assets and go after your personal assets. To protect yourself from this disadvantage, consider getting good insurance.

It's Up to You and Only You

In a sole proprietorship, everything ultimately depends on you, the owner. A business with several partners or owners will benefit from the experience and accumulated wisdom of all of those individuals. Also, because your sole proprietorship is owned by you and only you, if something were to happen to you (incapacity, illness or death), your business could be crippled or terminated.

Possible Long-Term Financing Difficulties

Many lending institutions consider sole proprietorships to be heavier risks than partnerships or corporations, and may be less likely to approve loans to them. Their attitude is often influenced by the fact that only one person is ultimately responsible.

Do You Need a Resale License and Federal ID Number?

The business license you will need as a sole proprietorship may not be the only license you need. You may also need a Federal Employer's Identification Number and/or a resale license. This is also sometimes referred to as a sales tax license, a seller's permit or a seller's license.

You will need a resale license if you sell goods. This type of license is usually obtained from the state and is typically free. It lets you buy goods or components of goods without paying sales taxes as long as you plan to resell them to end-users. You must give the supplier your resale license number in order to waive the sales tax. Once you sell these goods to end-users, you must pay sales tax on them. Depending on your volume, you will have to file sales tax returns and send the sales taxes in on an annual, quarterly or monthly schedule.

If you're a sole proprietor with no employees, you don't need a Federal Employer's Identification Number. The moment you hire one or more employees, however, you'll have to get one. You will also have to get an employer ID number from your state's employment department. Once you get these numbers, the federal and state governments will let you know what your responsibilities are in terms of payroll taxes and other employer requirements.

Set Up Your Work Space

If you're going to have a business, you're going to need a place to get work done – a space where you can organize and maintain your business papers and tools. In short, you'll need an office.

You have a choice. Either you can spend a lot of money leasing and furnishing an office outside your home, or you can carve out an office space right in your home or apartment, save a ton of money and tap into numerous other compelling benefits.

It's a no-brainer – especially at first when you're starting up and watching pennies. Even when you become rich and famous, you may be so used to the advantages of working at home that you won't want to move your operations to an outside location.

The Benefits of Working at Home

Perhaps the most compelling advantage of setting up shop at home is the fact that it's a short commute, to say the least. When you work at home, you don't have to waste time and money driving or taking other forms of transportation to work, fight traffic as time flies and blood pressure rises, find and pay for parking that is getting to be as scarce as it is expensive, and fight your way through a gauntlet of people, elevators and knots of workers just to get to where your work actually gets done. You simply have to get out of bed, take a few steps to your home-based office and get to work. Many workers – especially those who work in large, congested metropolitan areas – spend *hours* every day commuting. When you work at home, you avoid all that. Think of the extra work you can get done while they're fighting traffic. And don't forget the costs of commuting!

The dress code is another advantage of working at home that I'm sure you'll appreciate. What *is* the dress code? It's anything you want it to be. Forget dressing for success and feeling like a trussed turkey day after day. The dress standards for the home-based office are as loose as last night's pajamas. Dress however you want to dress, however you feel most comfortable. Truth be told, I'll bet most home-based business people log in most of their work time in sweats when the weather is on the cool side, and in shorts and T-shirts during the warmer months. Of course, you'll have to dress appropriately if and when you have clients or associates drop by, and when you go out. But even then, what is appropriate and acceptable nowadays is much looser than it used to be. Someone once told me she got a rush when she pulled off a multimillion-dollar transaction sitting in her home office wearing nothing but a faded T-shirt and boxer shorts with Mickey and Minnie Mouse on them.

If you have children (especially teenagers), working at home can be a blessing. While you don't want to put yourself in a position where you are being constantly interrupted by your kids, it's nice to have at least one of the parents at home to handle emergencies and crisis situations. The mere presence of a parent in the house gives the children a feeling of supervision and security, even if a babysitter is there to handle the everyday tasks and responsibilities.

We'll discuss this in more depth later in this report, but having a qualifying office in your home is one of the last big tax breaks available to the American taxpayer. If you use part of your home regularly and exclusively as an office, many of the expenses may be deducted from your income, thus reducing the income taxes you have to pay. You cannot deduct more than the net amount of the income you generate by using the home office, however.

Why put \$500, \$1,000 or more each month into office rent outside your home if you can stay home and actually *make* money in the form of an income tax deduction? Here's another way to think of it: how much better home could you have, or how much more quickly could you pay off the mortgage on your existing home by putting the money you would otherwise spend on renting an outside office into home mortgage payments?

Possible Hazards

There are some potential pitfalls to working at home. As you might guess, interruptions by your children, spouse, neighbors and drop-ins can be dangerous to your business's health unless you know how to protect yourself from them.

There is also the danger that comes from the temptations that will surely beset you – temptations like wanting to sneak out of the office too often to grab a bite to eat, or turn on television and get hooked on a soap, or take a quick nap on that comfortable sofa in the family room. These and a myriad other home-based seductions can send your productivity down the tubes. (More about how to protect yourself from these hazards later in this report.)

How to Set Up a Home-Based Office and Make It Work

Whether you'll be spending just an hour a day in it (at first, at least) or making it the center of your full-time business career, the work space you create in your home should be not only highly functional, but comfortable as well.

That doesn't mean you have to spend a fortune on a leather swivel chair and mahogany desk. But it does mean that you need to have an efficient space, complete with the necessary furnishings and equipment, in which

you can work well and hard. Don't think you're simply pampering yourself. If your office doesn't work, neither will you. And your home business will suffer because you won't be able to work as effectively or as long in it. Here are some tips:

Find a quiet part of your home that is sufficiently insulated from the activities of the family.

It's difficult to keep your mind on your work if your work space is in the center of your home's activity zone. Having a quiet, separate space for your office will enable you to concentrate and focus on what you are doing. It will also prevent embarrassing moments when a customer or associate is on the phone or visiting. You can even replace your existing office door with a noise-deadening solid-core door, and put sound insulation in your office walls and in the ceiling if a room is above you for extra noise insulation.

Here's another easy and inexpensive way to cut noise: put a stereo system on or under your desk within easy reach, put on good quality earphones and listen to music that doesn't distract you. The music you get through the earphones acts as a great filtering device, deadening outside noises. In addition to music, you can play tapes or CDs of ocean sounds, a sailboat cutting through the water with wind in its sails, rain storms and other recordings of natural sounds. These will not only help to dampen external noises, but can relax you and help you think and concentrate. Watch out, though – don't play tapes or discs so loud that you can't hear your phone ringing or someone knocking on your door.

Choose a space that's big enough right now, and will be large enough to handle future growth.

You may not be able to do this right now. You may have to take what you can get – a small spare bedroom in the basement, a storage room, etc. But if you have the option, set up a home office that will give you some breathing room now and some expansion room tomorrow. Don't forget that you'll be putting a chair and desk and office equipment in the space, not to mention filing cabinets and additional office supplies.

Pay more attention to function than to form.

Unless you anticipate having a lot of associates, clients or customers come to your work space, don't waste money at this point trying to create an office that will impress people with its beauty. Create a space that you can use, one that is comfortable and functional. Later, when you become a wealthy success, go ahead and call in the interior designers.

Part of making your office functional is arranging everything so that you won't have to scramble around trying to get to what you need. Put the

pieces of equipment and supplies that you commonly use within easy reach.

Many business people find the U-shaped, wrap-around desk to be best. If you're short of cash, or want to keep your initial investment at a minimum (a good idea unless you have money to burn), you can make this type of a desk yourself by placing wood doors on top of "legs" made of stacked chimney flue tiles. The tiles can also serve as storage areas. If you're willing to spend a bit more, a cabinet shop can make a desktop (topped with Formica or another laminate material) to your specifications. You can place this on the chimney flue tiles, or spend even more and have them build drawers and file cabinets to set the desktop on.

Plan in advance where you want to place your computer, fax, printer, telephone and other equipment.

Make your desk low enough for comfortable keyboarding.

Almost any business of any size these days requires you to put in quite a bit of time on a computer keyboard when you're involved in office work. The height of the standard desk top is 29 ½ inches. Yet the standard height for a secretarial desk section, or keyboard desk area, is 26 ½ inches – three full inches lower. This is so that your keyboard will be placed at a height that keeps your elbows bent at right angles as you are working. This is best for your arms and back and will help prevent carpal tunnel syndrome, back pain and other repetitive stress injuries. Many business people are now opting to have their whole desks lower because they spend so much time at the computer keyboard.

Get a chair that won't send you to the chiropractor.

A comfortable roller chair with proper lumbar support and armrests can save your body a lot of pain and perhaps even stave off repetitive stress injuries – especially if you spend a lot of time in it. A good chair can cost \$400 to \$1,000 and sometimes even more. Eventually, after your business is generating profits and you can afford it, you should invest in a very good chair with plenty of adjustment options. Until then, make do with what you have or can buy inexpensively (as long as it's comfortable), and be sure to get out of your chair and move around at least every half hour.

Get a chair mat that allows you to roll easily around your desk area.

This may seem like a small thing, but it's not. Traditional plastic chair pads retain a memory of the location of chair leg rollers. So when you need to push over to another part of your desk, you have to push yourself out of a hole. This can become annoying, and even though it might take only an extra second every time you move around, when you consider

that you might move several hundred times during the course of a day, it also becomes a time-waster.

Solution? Get a ¼-inch thick piece of tempered glass cut to the exact dimensions you need. Remember that it should be large enough so that your chair legs never roll off it while you're in your desk area. Ask the glass company you buy it from to grind off the sharp edges. They usually do this as a matter of course, to prevent cuts and damage. You can also have the edges beveled, but you'll pay extra for that, and it's overkill.

Granted, a glass chair pad will be more expensive than a plastic mat, but you'll love it. It will reduce fatigue because your chair will roll around freely on it, rather than pushing down into the plastic. But won't it break? Surprisingly, because of their tempering treatment, glass pads are extremely durable. About the only way to break a tempered glass mat is to hit it with something hard, like a hammer, directly on the edge, or drop something heavy on it from a height. But even that usually won't break it. And it takes a lot to scratch it, too. A glass chair pad will typically last almost forever, unlike a plastic pad that must be replaced every so often. In the long run, the glass pad will save you money, and will make your life easier from the minute you put it down.

Let there be light!

Poor office lighting can make your computer screen difficult to read and give you headaches. Make sure your office lighting provides adequate illumination without being too bright. The placement of your lights shouldn't create glare in your computer monitor. One solution is to install track lighting and train the lights in directions that don't shine in the screen. You might even want to get baffles for the lights so they don't shine directly in your eyes while you're at your computer. Also, pay attention to the light that comes in through windows. Does it shine in your eyes during certain hours of the day? Does it glare off your computer screen? If so, get blinds that can be angled in a way that allows you to deflect the light when you need to.

Keep your office temperature comfortable.

If your office is freezing in the morning and sweltering in the afternoon, you have problems. Being too hot or cold will chase you out of your office and keep you from being as effective as you should be.

Generally speaking, if your home has a basement, putting an office there will increase your chances of being too cold. Similarly, if you have an upstairs and that's where your office is, you'll be more likely to be hot, especially in the afternoons. Hot air rises. An office on the main or ground floor is always easiest to control from a temperature standpoint.

If your office needs a little extra help in the temperature-control department, consider getting a space heater to keep you warm when it's cold, and/or a fan to keep you cool when it swelters. And dress appropriately. A pair of down slippers and a heavy sweat suit are very comfortable, and can make a cold office much more hospitable. Shorts and a loose cotton shirt can cool down a hot office considerably.

Get the technology you need.

You will obviously need some equipment in your office in order to do business. At a minimum, you'll need a telephone with either an answering machine or voice messaging capabilities. In all likelihood, you'll need a personal computer that is e-mail and Internet capable and a printer. A fax machine will also be a probable necessity.

As I've said before, this is not the time to go out and spend a lot of money buying top-of-the-line equipment. The time to invest in expensive technology with all the bells and whistles is when you begin to see the financial rewards of your new business – and even then, only if you really need it or if it would make you more efficient or effective. If you allow yourself to fall into the trap, you can spend all your time and all your money these days buying, learning how to use and maintaining office technology. It's a real temptation today, with all the exciting new electronics, to get more technology than you need. So get what you need and no more.

Telephone

Get a telephone for your office and a separate line for that telephone. Many phone companies offer you the choice of getting either a residential line or a business line. Typically, the business line will cost more simply because it gives you a listing in the local yellow pages directory. If your business wouldn't necessarily benefit from such a listing, it makes sense to reduce costs and get a residential line instead of a business line.

Do you really need to put your office telephone on a separate phone line and spend another \$25 to \$40 a month? If your answer to any of the following questions is yes, you *do* need a separate line:

- You want to give your customers or clients a professional image of you and your business.
- You don't want to have your customers or clients get busy signals or the family's voice messaging greeting every time someone is on your personal telephone line.
- You don't want to bother yourself and your family with business phone calls coming over your personal line.
- You don't want your customers or clients to have to deal with your children when they call you.

This is important: *don't ever let the people who call your business line get a busy signal!* This is a sure way to lose business and frustrate people. Be sure to have a way to capture phone calls when you're not in your office, when you're on the line, or when your line is tied up because you're on the Internet, sending or retrieving e-mails or sending faxes. I suggest getting a voice messaging add-on service from your telephone company, which usually costs about \$6 to \$9 per month. This is better than a typical answering machine because voice messaging answers calls and takes messages even when you're on the line. In other words, when you have voice messaging, no one ever gets a busy signal when they call you. Plus, voice messages are very easy to retrieve when you're away from your office.

Your telephone should have a "hold" or "mute" button that masks noises from your end of the line. This becomes important when a family member barges into your office with an emergency, or anytime you don't want the person on the other end of the line to hear what's going on in your office.

Many telephones now come equipped with features that can come in very handy. One is a speaker-phone function for hands-free talking. This can save you from the kinked-neck syndrome. A speed-dialing function is another convenient feature.

A cordless phone, which can be plugged into your office line jack (use a duplex jack that allows you to plug two phone cords into the same wall jack) allows you to move around the house or even out into your yard and still answer important phone calls. If you decide to get one of these for added mobility, make sure it's powerful enough to do the job.

If your business will require you to spend a lot of time on the phone, get a telephone with a headphone jack and get a headphone that you can wear for hands-free operation. The difference between a headphone and a speakerphone is the quality of sound. Almost all speakerphones sound a bit like you're in a wind tunnel.

Cell phones have become very popular. Do you need one? That depends on the nature of your business. Will you be out of the office a lot and is it important to answer your calls in person at those times, rather than calling in from time to time to get your voice messages? Cell phone monthly plans are now quite reasonable. If you need one, consider using a cell phone exclusively as your one and only business phone. It may not be any more expensive than a regular telephone line. If you do, be sure to get voice messaging with it.

Do you have customers or clients in locations outside your calling area? If so, consider getting a toll-free telephone number that you can offer them when they want to call you. Typically, this works this way: the toll-free number, when called, rings through to the number of your choice – in this case, your office number. You pay the normal long-distance charge

for the call. The caller pays nothing. You also pay a monthly fee for this number, generally about \$5 to \$10. So except for the monthly fee, your toll-free number will cost you only what you would pay for a normal long-distance call.

Computer System

This has been called the age of the personal computer. Very few businesses can function these days without a computer system – a desktop or notebook computer with Internet and e-mail capabilities and a good printer. It is not likely that your business will be an exception.

Chances are, you probably already have a computer in your home. Can you put it in your office and use it for your business? Or do other members of your family need it? If that's the case, it's better to leave it where it is and go there when you need it rather than put it in your office and have the rest of your family making a thoroughfare of your workspace. Eventually, when your business can better afford it, you will definitely want to have a computer of your own in your office. But for now, try to keep your initial investment low.

Fax Machine

Faxing software in your computer meets the need when you have to send documents that are already in your computer. But you'll need a regular fax machine to send other documents.

Make certain that your office qualifies for a tax deduction!

Last but definitely not least, make sure you get the tax break that comes from having an office in your home. If you use part of your home regularly and exclusively as an office, many of the expenses may be deductible. You will have to play by the rules of the IRS to qualify for this deduction, however.

All Work and No Play

Perhaps the most important rule is that you may not claim a home office deduction if the office space is used for any other non-business purpose (except in the case of a business that provides care for children, the elderly or the physically or mentally incapable). Plus, you have to use your office for business on a regular and continuing basis, as opposed to occasional or incidental use. And be aware that as a general rule you won't be able to deduct more than the net amount of income you generate by using the home office.

Principal Place of Business

To qualify for deductible expenses, your office must be your principal place of business. If your business also requires you to work outside the office, the primary factors in determining whether your home office is your principal place of business are (1) the proportionate amount of time you spend in your office and (2) the relative importance of your home office to your business. The office may be a separate structure not attached to your house if it meets the other requirements.

Even if your home office is for a business that is your second or a sideline job, it qualifies for a deduction so long as it is the principal place of business for that particular business on a regular and continuing basis; or is a regular meeting place for clients, patients or customers in the normal course of work; or is a storage area for products that you sell primarily from your home.

Separately Identifiable Business Space

The IRS used to require that the office at least be physically separated from the rest of the living area of the home by a partition, or located in a separate room. They've loosened up on this. Now the office merely needs to be separately identifiable as a home office.

More Than One Business?

Do you use your home office for more than one business? Or does your spouse run a different business out of the same office? If so, the IRS says it will only satisfy the exclusive use test if each and every one of the businesses that is operated in it, considered separately, can qualify for the home office deduction.

Just a Hobby?

If your business is based on a hobby or something you love to do, you will have to be extra careful to make sure that Uncle Sam will let you take your deductions for business expenses, including the expenses of an office in the home. Unfortunately, too many people have unjustly claimed the office-in-the-home tax break in the past, making their hobbies or enjoyments "businesses" just so they could write off the expenses. So the IRS has become wary of deductions that are founded on businesses that smack of anything people might have fun doing.

This isn't to say that enjoying what you do makes it so you can't claim your deductions. IRS regulations state that deriving personal pleasure from an activity isn't enough in itself to throw out business deductions as long as the activity is in fact engaged in for profit as evidenced by other factors. (Big of them, isn't it?)

These factors typically include the time and effort you put into the activity; the expertise you bring to the activity or the expertise your advisors provide; the manner in which you conduct and operate the activity; your income or loss history in the activity; your financial status (is it a “rich man’s hobby?”); the amount of the occasional profits that the activity earns, if any; your history with other similar or even dissimilar types of activities; the expectation that assets you use in the activity may appreciate in value; and whether or not the factors of recreation or personal pleasure are involved.

The main thing to remember is that you won’t be able to deduct expenses for “activities *not* engaged in for a profit.” You have to be able to prove that the office-related expenses you are trying to deduct were incurred for a valid business that is trying to generate profits. As a general rule, you go into the danger zone if you try to claim deductions that exceed the amount of profit the business produces. But there may be hope even if you don’t meet this guideline. Some businesses take longer to produce profits. If you conduct such a business in a businesslike manner, with a reasonable hope of profits, you may be able to take your deduction anyway.

In this, as in all other tax-related matters, please seek the guidance of a competent professional. Tax laws are so complex and changeable that they can’t be adequately covered in a report of this nature.

Check Your Zoning Ordinance

Your residence is likely subject to community zoning ordinances. Most home-based businesses don’t have to worry about violating zoning ordinances. But you should aware of them, just in case.

Zoning ordinances place restrictions on what you can and can’t do on your property. Zoning is generally under the jurisdiction of the city or county planning department or building inspector. Many of these ordinances were created back in the days when only weird writers and artists worked at home. Some even predate the Civil War, and were passed to keep dirty smokestacks out of residential zones during the Industrial Revolution. Many neighborhood zoning laws are old-fashioned to the point of being archaic.

Here’s the bad news: of the millions of people who are operating home-based businesses today, a significant percentage of them are doing so in violation of zoning laws. Many don’t even know it. Some are aware of it, and worry that a disgruntled neighbor will turn them in. But the good news is that no matter what local zoning ordinances say, as long as home-based business people don’t make themselves a nuisance to their neighbors, there are rarely any problems.

Of course, some home businesses are more likely to get on their neighbors' nerves. The home business owner who has a quiet operation that doesn't attract a lot of delivery trucks, client or customer visits, and remains basically invisible to neighbors' eyes will likely never have a complaint.

On the other hand, a home-based operation that puts up a sign, chokes the street with customers' or employees' cars, creates any kind of disturbance to the senses or in any way becomes obnoxious could have problems. Here are some common zoning restrictions: no business signs or window displays; no loud or strange noises; no employees outside of the family; no retail sales; no business-related foot traffic; no storage of inventory; no manufacturing; and no separate entrance to the home office.

Chances are, not *all* these restrictions will apply to your neighborhood. But if you do run into one that you don't feel is fair, contact your city or county government to discuss it rather than break it and run the risk of paying stiff fines and having your business shut down. Because so many of these zoning laws are old and outdated, it's very possible that you could successfully petition your local government to change the restricting ordinances, or, if that fails, to ask your state government to repeal them.

If you are caught in violation of a zoning ordinance, you'll get a notice telling you to stop your business activities. If this happens, stop doing whatever it is you are in violation of immediately, because each day you continue may constitute a separate violation. Also, make an appeal immediately.

Choose a Name

Some small or home-based business owners, particularly sole proprietors, simply use their own names as their business names. If you want a more creative and descriptive name, you will have to be careful not to choose a name that is already legally in use by another entity. Company names can be trademarked to prevent others from using them. Before you start using a name for your business, be sure to find out if someone or some company already owns the trademark for that name.

Names become very important when companies are involved in image marketing – so important, in fact, that some people have made small fortunes registering names and selling them to individuals and companies that want those names.

All registered trademarks, slogans and logos are filed in the Trademark Search Library of the U.S. Department of Commerce. If you live close to

that particular library, you can go and do the research yourself to find out if the name you want is already trademarked. If you don't live close (most likely), you can hire a trademark specialist to do it for you (look in the phone directory). Personnel at the Trademark Search Library will do a search to find out if your proposed name is available only if you have formally applied for it. The library offers plenty of information on the Internet at www.uspto.gov.

This all sounds quite involved. And it is. It can also be costly. That's why so many people who start small businesses avoid the hassle and cost (at least at first) and simply use their own names or other innocuous names that won't get them into trademark trouble.

Money Matters – Where Are You Going to Get It?

There's an old saying: "It takes money to make money."

It's true. And even though it makes sense to start small and minimize financial risks, you will need some money to get your new business up and running. So where do you find it? Here are some options:

Best Choice: Pay for It Yourself

Except for a government grant, this is the best option *if* you can swing it. In fact, it is so much better than other options (again, except for a grant, if you can get one) that it often makes sense to wait to start your new business until you can bankroll it yourself. Plus, the discipline you will develop as you cut corners to save up enough to get your business going will come in handy during the incubation and early growth period of your new enterprise.

And don't forget, there is no better investment than the one you make in your future.

There are many compelling advantages to being your own bank or investor. First, you will have complete control of the business. You don't have to answer to investors, partners, stockholders or lending institutions whenever you have a significant decision to make. Plus, you keep the profits – all of them (except what Uncle Sam grabs, of course). Because you haven't taken on any investors or loans, you won't have to share the rewards of your labors and talents with other owners who have supplied money but do none of the work themselves.

There are some disadvantages, of course. Even if you have the money to get your business going, using it all for a business may put your personal finances in a squeeze. Also, you're on your own. Sometimes having other owners in a business can be a blessing rather than a curse. They have an

interest in helping you become a success, and can be excellent sources of advice, help and contacts.

Personal Loans From Friends and Family Members

Although this sort of financing at first seems benign and safe, watch out! Whenever you deal with family and friends in financial matters you run the risk of ruining relationships. Too many families have been torn apart and friendships wrecked when people loan money to people they are close to – especially if things don't go as planned.

Use this source of funds as a last resort. But if you do decide to take a loan or investment from family or friends, put the details in writing. Make the transaction as professional as possible.

There are a few good things about loans of this type, however. For starters, there is typically less paperwork than there is with regular loans. Also, if you can't repay the loan on time or at all, your mother or uncle won't have your thumbs broken. They may never speak to you again and go to their grave with a grudge against you. But at least *you* won't go to an early grave some dark night wearing "concrete slippers" at the bottom of a murky river.

Money From the Government

The United States government likes to give money to promising new businesses. Why? Because it wants to strengthen the economy, and one of the best ways of doing that is to help the small business sector expand.

Obtaining money from Uncle Sam is not as difficult as it may seem. Each year, the federal government bestows grants, loan guarantees and contracts to hundreds of thousands of businesses, large and small. Many of them are home businesses. Some will get a few thousand dollars. Some will get a half million. Maybe more.

These funds are dished out by numerous federal agencies and departments to entrepreneurs with good, innovative business ideas. To get details on these programs, go to your local library, which should carry the *Catalog of Federal Domestic Assistance*, published by the U.S. Government Printing Office. You can also find this on the Internet at www.cfda.gov. The catalog is regularly updated and provides the details you'll need about all the various types of government grant and loan opportunities.

Money is available. Here are a few tips that may improve your chances of grabbing some:

Go after more than one grant.

Don't limit yourself. Improve your chances by applying for as many grants or loans as you think you might qualify for.

Check out multiple opportunities.

Identify a number of federal money programs that may be right for you. Write down the information about them and call the number listed. Government programs and agencies come, go, merge together and transform with dizzying speed, so this could save you some time. When you contact someone who can give you information, get all the additional information you can. Ask for an honest assessment of whether he or she thinks your business is the kind that will have a chance of getting some bucks.

Try, try again.

Apply for government money programs is a bit like dating: sometimes you are rejected simply because the timing is wrong – not because your proposal doesn't have merit. If you are rejected, call and ask if that is the case, and if so, reapply at a later date. Proposals can also be rejected because you don't fill out a form right, or because you asked for too little or too much money ... there are many things that can cause your proposal not to be accepted. When you call to find out the answer, correct the problem if you can and apply again.

Don't forget your own state's government in your search for government funds to start or expand your business. State governments always have some type of economic development office or business department whose mission is to help entrepreneurs find success. These offices are generally willing to discuss your situation and may be able to help with advice, money sources and perhaps even a grant of their own.

The best thing about getting money from the government is that it is often free or low-cost, and huge quantities of it are available. Plus, many different programs are available to fit a wide spectrum of different types of home businesses. And you can't discount the sheer satisfaction of knowing you're getting some of your tax money back.

The downside of government funding is that it often entails tons of red tape, and may take longer than you can afford to wait. The wheels of government turn slowly.

Loans From Lending Institutions

For people with no track record in their own businesses, getting loans from banks or other lending institutions to get started is a dubious proposition. These lenders tend to be extremely careful about the loans

they make, and there's a high risk involved in lending money to a conceptual business with no history. Once your business has accrued a successful track record, banks will be much more likely to want to lend you money, though there's certainly no guarantee that they will.

Yes, it's quite easy to get a personal loan to use for your business if you have sufficient equity in a home or another property that can be used as collateral. But be careful about doing this. Be sure to honestly weigh the risks. If your business fails, the lender will have the legal right to go after your home or whatever you used as collateral. This means you could lose your business and your home one after another.

Different Types of Loans from Lending Institutions

Find out what types of loans the financial institution makes available and decide which best suits your needs and which you qualify for.

Short-Term and Long-Term Loans

Long-term loans are typically for a term of between one and seven years. Short-term loans are usually for less than a year. The bank will require collateral to protect its investment. That may include your business's assets (particularly what you are using the loan to purchase), certificates of deposit, stocks, bonds or anything of liquid value. You may also be required to pledge personal assets as security for the loan. The amount of collateral the bank requires will normally be greater than the amount of the loan.

Credit Cards

Many entrepreneurs have used one or more credit cards for the money, materials and equipment they need to get their businesses going. Although these are unsecured loans, which means you won't lose your collateral if you default, *be careful!* Failure to repay will result in a killing blow to your credit worthiness. This will haunt you for years to come.

Line of Credit

This type of loan, sometimes referred to as a "revolving line of credit," allows you to borrow and repay money from the bank up to a certain aggregate amount as often as you want to. Your interest will be calculated on the amount of your principal loan balance and not on the full amount of the loan's ceiling. Lines of credit are popular and useful because they give business owners the quick and easy ability to survive temporary lean times, or to take advantage of good discounts and so on. Seasonal lines of credit may also be available. These are designed for businesses with seasonal sales that need to have funds to get by during the off-season. These loans must typically be paid off in one year.

Letter of Credit

Short-term, event-specific loans used for substantial purchases, particularly international purchases, are called “letters of credit.” There are basically two different kinds of letters of credit. One is the commercial letter of credit. The bank sends a letter of credit to your supplier stating that the money to make the purchase is available and will be released as soon as the goods are satisfactorily received. A standby letter of credit substitutes the bank’s credit for your company’s credit by obliging the bank to pay a third-party if you fail to do so.

Preparing a Loan Proposal

Make sure your figures are accurate and presented in a neat and orderly way when you apply to an institutional lender for a loan. First, find out what information will be necessary and in what format the lender wants to see it. One of the key tools that will help the loan officer form a financial opinion of you is your financial statement. Make sure it’s done well. You may want to consult an accountant to help you create one.

If you’re applying for start-up capital, don’t make the common mistake many prospective business owners make: asking for too little money. An experienced loan officer will spot this right away and will likely not recommend the loan for approval.

Lenders will want to know that there are at least two options for repayment. Keep this in mind when applying for a loan. The first option, of course, is through the expected revenues of your business. But businesses fail, so they want to see an alternative, such as a pledge of your personal assets.

Critical Elements to Include in Your Business Loan Request

- The name of your business, as well as your name and social security number, address and telephone number.
- The amount of money you are asking for. Be exact.
- A description of your company’s legal structure and ownership.
- A complete and concise statement of why you need the loan and what you will use the proceeds for.
- A history of your business (if it has one), including a statement of its assets and a description of its operations and mission.
- A clear definition of your products or services and your market.
- A description of your customers and an explanation of how your services or products can satisfy their needs.
- A description of your competition and where your own business fits in the marketplace.

- Balance sheets and income statements for your business for the past three years (if you've been in business that long). If you're just starting, provide a projected balance sheet and income statement.
- A complete description of the collateral you plan to pledge to the bank to secure the loan.
- Your resume, or a brief statement of your background, education, accomplishments and skills.
- A financial statement for you and any other owners.

Take Advantage of Tax Breaks

Unless you have a burning desire to pay more taxes than you need to, it's important to know what business expense deductions are available and keep careful records so you can claim them and substantiate your claims if the IRS challenges you or audits you.

Traditionally, the IRS has required canceled checks as proof of business expenses paid by check. Since 1992 the IRS has accepted certain financial statements as proof of payments made by canceled checks, credit cards or electronic funds transfers. The periodic statements sent out by most banks, credit card companies and electronic funds transfer companies are designed to meet the IRS requirements.

Before we launch into the following discussion of tax deductions, be aware that this report is not intended to be a comprehensive home business tax guide. Its purpose is to bring to your attention important tax-saving possibilities that exist under the laws and regulations at the time of writing. Please consult a competent tax professional for advice regarding your specific home business tax situation.

Business Car Expenses

You can deduct legitimate expenses for the business use of your car. This would include driving to and from the locations of customers and vendors, running to the post office to buy stamps, going to the office supply store to get supplies, taking a client to a business lunch, taking business trips and anything else that involves a business purpose.

You must, however, determine what percent of the total mileage you drive your car during the tax year for legitimate business purposes and what percentage is for non-business (personal) purposes. Your deduction is based on the percentage of business use miles. Let's say you establish the fact that the business use mileage represents 70 percent of the total use of the car. You then use this percentage to figure the portion of expenses that can be deducted. If your total gas bill for the year was \$1,000, then the deductible (business use) portion of that gas bill would be \$700. The same formula must be applied to the car's other expenses, such as

depreciation, insurance, taxes and licensing, maintenance and so forth (if you're deducting actual expenses).

The best way to prove how many business miles you put on your car during the tax year is to keep a mileage log. The log can be nothing more than a small notebook on your dashboard in which you record every trip, large or small, that you take in your car for business reasons. Have a column for the starting mileage, the ending mileage, the total miles for the trip and a brief description of the business purpose of the trip. This can be a tiresome routine, and frankly, it's not absolutely required by the IRS. However, if you get audited and you don't have a log, you'll have to substantiate your business mileage claims some other way (appointment books, daily schedules, etc.). This will be even more difficult than keeping a log in the first place, and is far more likely to be questioned by the auditor.

There are two different methods you can use to calculate your auto expense deduction: (1) standard mileage rate and (2) actual costs.

The standard mileage rate method is the easiest, but rarely yields the biggest tax savings. If you elect to take the mileage deduction, you can still deduct the cost of tolls, parking fees, the business portion of the interest you pay on a car loan and certain other incidental costs.

The actual cost method typically gives you the greatest tax advantage, but it takes vigilant record keeping. You must keep all receipts for gas, maintenance, car washes, repairs and so on. You must also use the business percentage of use of your car and multiply all the costs by that percentage to get the deductible amounts. Some of the costs you can deduct are gasoline and oil, repairs, general maintenance (lubrication included), parking and garage fees, car cleaning, tires, interest on car loans, lease payments, insurance, auto club membership, property taxes, licensing and registration fees.

Depreciating what you pay for your car is usually the largest deductible expense of a business vehicle. Depreciation is simply the process of writing your car's value off over a period of years, according to IRS rules. There is also a Section 179 election, which basically allows you to write off more of the value of the car in the year that you buy it or first use it for business than you might otherwise be able to. Be aware that the law places a ceiling on auto depreciation deductions because the government doesn't want to subsidize luxury cars for business people.

You might want to consider leasing a car. One of the advantages of leasing is simplicity. You merely deduct the business percentage of your lease payment and forget the convoluted calculations of the depreciation deduction. Also, you don't have to hassle with a possible recapture situation that you may face when you sell a car that you have owned and used for business. Although leasing and owning stand on equal ground

in terms of relative overall tax benefits, your particular situation could shift the scales significantly in one direction or the other.

Section 179 Deduction

Thanks to Section 179, you to deduct up to \$19,000 (as of tax year 1999) worth of certain types of tangible property in the year you place this property in service. This is sometimes called “first-year expensing.” It allows you to get a bigger deduction in the year you purchase the property or equipment than regular depreciation would give you.

We have already discussed that the business use portion of a car’s purchase price (up to the annual ceiling) can be deducted in the year of purchase using Section 179 rules. But other purchases also qualify, including high tech equipment such as computers, printers, fax machines, telephones, plus other equipment including desks, chairs, framed prints, bookcases, etc. Equipment can be aggregated to reach the annual ceiling.

Other Deductions to Remember

As a business owner, there are a wide range of additional tax breaks and deductions that can significantly cut your tax burden. These include hiring your children under the age of 18, taking the child care expense credit if appropriate and claiming all your business-related expense deductions.

Generally speaking, you can take deductions for business-related expenses for advertising, commissions, employee benefit programs, insurance, interest, legal and professional services, office expenses, rent or lease, repairs and maintenance, taxes, licenses, travel, meals, entertainment, utilities, wages and certain other expenses.

Quarterly Tax Payments

As a self-employed individual, you must send your federal income taxes in on a quarterly basis, paying the IRS your anticipated taxes in four installments (25 percent each installment) on April 15, June 15, September 15 and January 15 each year, within a day or two, depending on the day of the week on which the 15th falls.

If you send your quarterly tax payments in late, you will be assessed a penalty. This penalty is simply like paying interest on the money you haven’t sent. The “interest” rate varies and is set by the government, but is typically lower than what you would pay for credit card interest, and is often lower than what you would pay to borrow the money elsewhere. Still, who wants to pay interest to the government? Save yourself some money and pay your estimated quarterly payments on time and in the right amounts.

Get Connected and Stay on Top of Things

Working as an independent businessperson has its rewards. But there are some drawbacks. It's easy to get isolated and out of touch with trends and new developments in the business world and in your particular business arena.

Stay in tune and in touch by joining at least two organizations. The first should be a general organization for small businesses or home-based businesses. Several good ones are out there, and each is at least somewhat different than the next. Ask around or thumb through some small business-oriented publications to figure out which is best for you.

In addition to joining a general small business or home business association, it's a great idea to sign up as a member of an organization that caters to your particular trade, profession or business. Again, the best way to find out what's out there is to ask people in your type of business and look for them in magazines and other publications that target your business type.

Clubs, associations and organizations of both types typically offer information and update tools, targeted educational opportunities and a host of other benefits.

Get the Competent Help You Need

Just because you're independent doesn't mean you have to be alone. It's imperative that you seek help from people who are experts in fields in which you are not an expert. You need good advisors who can serve as sources of quick, accurate, specialized information, and who can roll up their sleeves and get some work done for you when necessary.

Two of the most commonly used advisors for the small or home-based entrepreneur are accountants and attorneys.

Accountant

You may never need an accountant if you learn how to use a good bookkeeping system, such as the Quicken or Quickbooks computer programs, *and* if you have a good handle on doing your own taxes. But most businesses, even tiny ones, find that they need to get good accounting help at least on an occasional basis.

Why would you need an accountant? There are several reasons. You may need someone to advise you which legal structure would be best for your business, or to help you initially set up your business bookkeeping system. You may need help making critical financial decisions, creating and analyzing your profit and loss statements and other financial reports, developing budget forecasts or preparing financial statements and information for loan applications.

Taxes are a key reason to seek advice from an accountant. He or she can advise you how best to minimize your tax liabilities and can help you prepare your tax returns and back you up if you're audited.

Attorney

What about an attorney? Why would you ever need one for your business? Obviously, if you're ever faced with legal actions or need to take legal action, you're going to need one. But hopefully you can avoid that bag of worms altogether. There are other reasons for using a lawyer, of course. Lawyers can help with contracts and agreements, trademarks, patents, copyright protection and much more. Because of their cost, however, use them sparingly!

Free Advice

They say that free advice is worth what you pay for it. This isn't always the case – especially when you're talking about SCORE. The Service Corps of Retired Executives, or "SCORE" exists under the wing of the Small Business Administration, and is comprised of retired (experienced) executives who make themselves available to help business people get off to a good start and maintain straight courses to prosperity. Call your local SBA office for details, or visit SCORE's Web site at www.score.org.

In addition, the U.S. Government Printing Office is a great source of advice. It makes a multitude of online information available to the public, as well as booklets, brochures and other publications. Go to the agency's Web site at www.gpo.gov, click on "Access to Government Information Products," and search for the information you need.

Set Up Your Books

Many small or home-based businesses with great products or services and plenty of customers fail because of poor bookkeeping. The bookkeeper's visor is one of the least popular hats home business owners wear. But it's one of the most important. Especially when you're starting out, you won't likely want to pay the fees of an accountant or qualified bookkeeper to keep track of your daily, monthly and annual finances.

Fortunately, today's financial software, such as Quicken and Quickbooks, is so easy, fast and inexpensive, that most home business owners can handle their regular financial record-keeping tasks quickly and accurately by themselves. There may be programs that have been written specifically for your type of business. Ask people with similar businesses what they use, or ask at a computer software shop, or call a discount software warehouse and ask what it offers. Also, you can usually find advertisements for industry-specific software in trade journals.

Working at Home Effectively: Avoiding Invasions and Interruptions

You're a sitting duck for interruptions and invasions when you work at home – more so than if you spent your working hours in an office with a receptionist guarding your door. Friends and neighbors drop by and call unexpectedly to chat or ask a favor. Your five-year-old son marches into your office to tell you that your daughter has just stolen his ice cream cone. Your spouse rushes in to inform you that the battery in the car is dead and she's already late for an important appointment.

If you were in a downtown office, would this happen? No.

That's the point. You have to drive the mentality into the heads of the people you know and love that when you're working in your home office, they must treat you just as if you inhabited the office of the vice president of operations on the 43rd floor of the Universal Enterprises Office Tower.

Your office is corporate – not residential – space. Train them to keep that in mind always.

A professional image is crucial for the home office entrepreneur. No matter how much your clients like children, you can be sure they don't like your kids interrupting their business. And the mental image they'll have of you trying to get business done with kids screaming for ice cream cones is not the image you need.

Whether they interrupt a phone call or your train of thought, family members can devastate the effectiveness of a home office.

Set Strict Rules

One business owner who works out of a basement office in his home called his family together and said, "My office may be here at home, rather than downtown in a skyscraper, but the work I do is just as important. It is our primary source of income. From now on, I don't want to be interrupted unless there's a fire somewhere in the house or someone

is bleeding. Would you barge into my office if it were downtown and ask me to come and kill a spider? When I walk into my office and close the door, treat me as if I were in a downtown office.”

That’s the logical approach. When it fails – and it will – appeal to the emotions, particularly fear. With children, the fear of being grounded for a day for unnecessary interruptions should do it. With a spouse, the fear of not being able to pay the mortgage because of too many interruptions ought to be inducement enough.

Even neighbors can cause problems. One writer who works at home complains that he often receives phone calls from neighbors whose husbands are at work asking him to run over and help with minor emergencies. “Just because I’m close doesn’t mean I can be interrupted all the time,” he says. “Until I politely let everyone know this, I was always being pulled out of my office. If it’s an emergency, of course, I’m happy to help.”

Lock Up!

Even when you’re not in your office, the sanctity of this work space must be respected. If you have small children, it is highly advisable to keep the office door locked. A child can cause thousands of dollars worth of damage in an office in a matter of seconds. And never let your small children use your business computer. There are too many ways they can ruin or lose important data. Your business computer should not be a “family” computer.

Dealing With Unexpected Interruptions

You’ll never be able to insulate yourself completely from interruptions, but you can learn to minimize their effect. Here are some common, annoying and work-disrupting interruptions that home-based entrepreneurs have to deal with, along with some ways to regain control:

Telephone Calls

Some home-based entrepreneurs get so many interrupting phone calls during working hours that the only time they can get their work done is early in the morning and late at night. This doesn’t have to happen to you. Phone calls can be controlled simply by using a voice messaging system or answering machine to take messages for you. You can also get the “caller ID” option and decide before you answer if you want to speak to the caller. For the calls that you choose not to answer when they call, you can simply ignore those you don’t wish to return and return the others at a later time. In some cases, a person will leave you a message with information you need, and you don’t have to call back at all. (One word of caution: return important calls quickly!) If you do answer the phone and want to cut the conversation short, politely tell the caller that

you're very busy and need to get back to a project, or that you'd love to chat with him or her and will call back later.

Drop-In Non-Family Visitors

Establish a family rule that when you are working in your office and the doorbell rings, you will not answer it unless (a) you are expecting someone, or (b) no one else is home to answer it, and even then, you may choose not to. For those occasions when you do feel constrained to answer the door from your office, you might ...

- install an intercom system connecting your office to the front door, so you can ask who it is when the bell rings rather than leave your office, or
- place your office where you can look out a window and see who is at the door, so you can decide whether or not to answer it.

If you get into a situation where you've answered the door and it's someone who just wants to chat with you, tell that person that you're busy working, but that you will get back to him or her later that day or night. Try not to let the drop-in get past the threshold, and if he or she does, do not sit down. Remain standing and politely say you're busy and will call or visit later, all the while walking the guest back toward the door.

Drop-In Family Visitors

First and foremost, have a family meeting in which you make it very clear when family members can and can't come into your office and what emergencies or reasons are valid for disturbing you when you're working. (Some people limit those reasons to [a] fire, and [b] severe bleeding.) You should have a lock on your door and keep the door locked if family members have trouble remembering not to disturb you. The locked door is an excellent reminder that you don't want to be disturbed. Another strategy is to have signs you can hang on your doorknob that say "Do not disturb!" or "Come in," or "Working," or whatever you want to say to let your family members know whether and under what circumstances you can be disturbed.

Mail

If you're like most people, once you look at your daily mail, something will jump out at you and demand to be opened, read or dealt with. This is an interruption that becomes an interruption only if you let it. All you have to do is stay away from the mail – don't even look at it – until a time of the day when you're not supposed to be working. Maybe that's during your lunch break or after working hours. Or you could schedule a regular 15-minute "mail break" when the mail is delivered each day. The point is, control it. Don't let it control you!

E-Mail

The same general hazards and remedies apply to e-mail. When you check your e-mails during working hours and see messages that you know are not related to business, leave them alone until you're off work.

Protect Yourself Against Yourself

Most people have a tendency to blame others for their own failures, and home office workers are no exception. If you're having a tough time getting work done and sticking to your schedule, it's too easy to blame every little interruption, every noise in the house, and every knock on the door for your failure to produce.

But chances are good that much of the problem is yours. Everyone has to cope with noise and interruptions. The guy in the downtown office could have just as much or more to contend with than you do.

You may be the problem. You may be your own worst enemy when it comes to getting down to business. Your career may be hurting as much because of self-imposed interruptions, or those you allow to happen, as by those that family and neighbors thrust upon you.

Because you are at home and without supervision, it is far too easy to step from the office into the kitchen and waste 45 minutes making a "quick" snack or turn on TV to catch the weather report and end up watching *Oprah* for an hour. The soft enticement of a sofa is also a temptation. It's amazing how a five-minute "restorative" break can turn into an afternoon snooze.

Set strict rules for yourself. Be a tough boss. Set a work schedule and stick to it. Include a break or two for a snack or lunch, but don't exceed the time limits. Save the snooze and television viewing for after working hours. Resist the temptation of giving in to distractions.

And finally, put your initials next to each promise contained in the following "Code of Home Office Conduct" (or something similar that you customize for yourself). Then frame it and stick it where it's in your face every day.

The Code of Home Office Conduct

___ I will establish a daily and weekly work schedule for myself and stick to it.

___ During my working hours, I will dedicate myself to my business. I will not allow my family to distract me. Nor will I engage in other activities, including, but not limited to:

- Watching television
- Spending time on the phone on non-business matters
- Sleeping
- Reading material not related to business, including the newspaper
- Wandering aimlessly in the house or neighborhood
- Playing computer games
- Sorting through non-business mail
- Anything that doesn't further my business

___ I will take no more than ___ snack breaks during the day and will limit them to ___ minutes each.

___ I will spend no more than ___ minutes each day for a lunch break. If I go over the time limit, I will make up that time at the end of my normal work hours.

___ I will keep myself alert and avoid fatigue by taking a five-minute "stretch break" after I have sat at my desk for an hour without interruption.

___ I will not spend more than a few minutes with anyone who drops in for non-business reasons.

The Loneliness Factor

You must learn to cope with loneliness if you want to make your home office work. Since the vast majority of home-based business owners are alone most of the time they are working, this is a very serious issue. The stress and anxiety caused by the feeling of loneliness reduces productivity and will make you want to spend less and less time in the office.

There are ways to work alone and not be lonely, however. Try these ideas (as long as they don't conflict with your "Code of Home Office Conduct," of course):

- Schedule quick breaks during which you call friends.
- Go somewhere for lunch where you can be around other people – such as a cafe or a park.

- Get together with other home office workers in your neighborhood regularly for lunch or a brisk walking break.
- Go to the gym and talk to people as you work out. That's an excellent stress reliever, both physically and emotionally.

Protect Your Family Against You!

For the home business owner and his or her family, the issue of protection goes both ways. When you work at home, not only do you have to protect yourself against invasions of your space and interruptions of your time by family members and outsiders, but you should protect your spouse and family against your business-related encroachments in their home lives.

How would your spouse and children feel if you frequently had customers or clients come to your house, and instead of confining their presence to your office, you brought them into the kitchen, family room and other private areas of the home?

They would feel that your business is invading their space.

How would your spouse feel if, after working away from home all day, she or he came home to a house where the private spaces were strewn with business papers, files and the remains of your lunches and snacks?

If your spouse is home during the day, it can be tough to have you home all the time, too – especially if you have a habit of wandering through the home. The spouse will feel that she or he has no place to “get away,” that the home's private areas are not private anymore. Kids – especially teenagers – may feel funny having a parent always wandering around the house when their friends are there.

The solutions to these dilemmas are simple:

- Stay in your office! Obviously, you'll have to leave to go to the bathroom, fix lunch or whatever, but don't loiter. (This will help you get more done, too.)
- Confine your messes to your office area. If you make a mess outside that area, clean it up before your spouse comes home. This doesn't just include business-type messes like post-it notes, envelopes and files, but the messes from being at home and making lunches, meeting with clients, etc.
- If customers, clients, vendors or associates come to your home office, keep them in your office or perhaps in a sitting room that is separated from the private family living spaces. Don't invade your family's living area with your business guests.

One final note on this subject: if your spouse works outside the home and you work in the home, you might want to get out of the house at the end of day, but your spouse – having been gone all day – will more likely want to stay home and relax. In these cases, compromise is essential.

Get the Right Kind of Insurance **... in the Right Amount**

There are some very good reasons to get good insurance if you own a home-based business, and to get the right types of insurance in adequate amounts. Loss comes easily and quickly these days. And it comes from almost any direction. It can blindside you and knock you out before you know what's happened. If you're not adequately insured, you may be down and out for the count.

Another good reason to get insurance is that we live in a lawsuit-happy world. Everybody is a victim, and it's extremely easy for victims to take the people or companies that made them victims to court. If this happens to you – and it can happen whether you're at fault or not – count on spending a small fortune in attorneys' fees. If the court rules against you, you could easily be looking at a tab of hundreds of thousands of dollars or more!

Now, before you panic, be aware that some businesses simply aren't very vulnerable to lawsuits. Physicians spend a fortune on liability insurance, but a business woman who makes and sells quilts and never has people come to her home is not likely to run into legal dangers.

Carefully consider the following types of insurance *if* your business places you in jeopardy:

Liability Insurance

Generally speaking, you are responsible for injuries that occur on your property. Homeowner's insurance policies cover this. But what about injuries that happen when people visit your home for business? Check with your insurance agent, but your standard homeowner's policy will not likely cover you against this type of loss. In fact, having a business in your home may even void your homeowner's policy. You will probably need to pay a little extra for a rider on your current policy that will. Be aware that this rider will not cover you against claims for injuries or damages that result from your products or services. For that, you need another type of insurance ...

Product or Service Liability, Malpractice, or Errors-and-Omissions Insurance

If people suffer loss because of your services or products (or even suspect that they have), watch out! If they don't come after you right away, a savvy attorney will alert them to the rewards of doing so. Depending on how safe or hazardous your products or services are, you can get product or service liability, malpractice or errors-and-omissions insurance to protect you for as little as \$100 a year to as much as an astronomical sum.

Property Insurance

Homeowner's insurance covers you if damage or loss should occur to your home and its contents. Check with your insurance agent to make certain that having a business in the home doesn't void the policy. In some cases, it could. Also, as you put technology, furnishings and possibly inventory into your home office, be sure to increase your insurance to cover them. Your agent can issue binders that will immediately insure additional items and business equipment. Another important inclusion in your policy is an automatic inflation adjustment so that you don't have to try to rebuild a home in 2020 with a settlement that is based on 1990s prices. You can often reduce your premiums by installing smoke/fire detectors, dead-bolt locks on exterior doors and home-security systems. Check with the insurer.

Small Business Insurance

A small business insurance policy will cover you against many types of business losses, including general liability, product liability, loss of earnings and business interruption, and errors and omissions. You can purchase policies for these types of coverages separately as well, but if you need all of them, you can save time (and generally, money) by getting them all together in a small business insurance policy.

Health Insurance

With the cost of medical care today, not covering yourself and your family on a health and accident policy is like playing financial Russian roulette or worse. The trouble is, even group policies these days cost an arm and a leg, and individual policies can be astronomically expensive. What to do? If you're a member of a business or professional association, ask if that group offers its members group health insurance. Other groups such as alumni associations and perhaps the Chamber of Commerce may also offer this. The premiums are usually much less expensive than for individual policies. Another option: if your spouse works for a company, explore getting health insurance through that company's group policy. In many cases, this will be your best option. You can also find an insurance agent who specializes in putting small business owners together in

“multiple employer trusts” that offer better group rates. Health maintenance organizations (HMOs) and preferred provider organizations (PPOs) in your area are also worth looking into.

Disability Insurance

If you are unable to work because of an accident or illness, disability insurance will cover your losses to a greater or lesser extent, depending on the coverage you choose. Keep in mind that you shouldn't have to replace all your normal net income, because you won't be paying taxes on the money you get from your insurance company. Also, remember that Social Security payments may kick in, too. You can get lower premiums if you cover yourself only up to the age of 65 rather than for your lifetime. Also, the longer the period of time between the date you are disabled and the date the first insurance payment is made, the lower your premiums will be.

Partnership Insurance

If you do joint ventures, you may want to consider getting this type of insurance. It protects you against loss from suits arising from the actions of your partner or partners.

Things to Keep in Mind When Buying Insurance

1. Better be safe than sorry.
2. Increase your coverage as your business grows.
3. Don't automatically assume that you are covered for business purposes on any personal policy.
4. If you think it won't happen, it will.
5. Decrease your premiums by increasing your deductibles – but not beyond the point of comfort.
6. Don't risk a penny more than you can afford to lose.
7. Shop around until you're either happy with what you have or you've exhausted the possibilities of getting something better.

Marketing: Without It, Nothing Else Works

In business, marketing is where the rubber meets the road. It's where sales happen. And sales are the only thing that allows businesses to survive and prosper.

Every industry or type of business is unique. Every business within each business category is unique. To maximize success, you must find your own best marketing tools and strategies and discover how, when and to what extent to apply them.

Here are some components many businesses use in their overall marketing strategy. There are many other marketing tools, but these seem to be currently the most cost-effective for the rising entrepreneur. Carefully assess whether they would work for your business and how you can apply them to your best advantage.

Newspaper Advertising

Consider advertising in the newspaper only if you're selling to a wide and general market. If you're trying to reach a very defined and narrow market (for example, if you're selling business management seminars to electrical engineering firms), newspaper advertising isn't for you. The readership of newspapers is too general.

The exception to this is the newspaper's classified ad section. There, the ads are organized according to specific classifications, such as "Boats," or "Office Equipment," and the low cost of advertising space, combined with the specific focus of the categories, make it something that should be considered when you're marketing to narrowly defined consumer groups.

Press Releases

If something about you, your products or services, or your home business could be considered newsworthy, don't miss a chance to write it up in a press release and send it to all the local newspapers. If the press release would be of interest to readers of specific trade publications, send it to those publications as well.

This is an excellent marketing strategy – and the price is right: *free!*

Several events could be considered newsworthy, depending on the publication. Did you just sign a major contract? Did you win an award in your business or trade? Will you be presenting a free speech, class or seminar locally? Have you developed or are you going to start marketing an innovative new product or service? Did you just expand your business into a new area or new field? Don't miss any opportunities.

There is a specific format for writing a press release. If you tackle it yourself, the librarian at your local library should be able to direct you to a book that will walk you through the steps. However, many companies hire professional journalists or copywriters to do it. Since you'll get excellent publicity from the press release without having to pay the paper for ad space, you might as well insure that it makes the biggest splash possible by having a pro writer do it ... unless you are a competent writer yourself.

Be sure to get several copies of any press releases you submit that make it into print. Make copies and send them to clients or selected customers,

telling them that you are keeping them informed about what you are doing and thanking them for their patronage.

Yellow Page Advertising

Yellow page advertising is traditionally the most cost-effective advertising medium you'll find. It's important to advertise your business in the local telephone yellow page directory unless your target market is extremely limited and well-defined. In addition to the general consumer yellow page directory, many areas have business-to-business directories. If you cater to businesses, you'll want to be in the business-to-business yellow pages. The cost of advertising in the yellow pages depends on the telephone book's circulation and varies from area to area. Because these directories are published annually, check the deadline and don't miss it.

Classified Advertising Publications

These publications, which carry nothing but classified ads, can be either money-makers or money-wasters. It all depends on how your product or service fits with the readership and the number of people who read them. Ask the publication for the answers to the first two questions and carefully assess the third.

Magazine Advertising

How do magazines stack up against newspapers in terms of advertising clout? That depends on their circulation – the number of people who read them and their interests. Magazines like *Time* or *Life* are for a general audience. Other magazines, such as *Cruising World* or *Writer's Digest*, have a more narrowly defined readership.

A publication called *Writer's Market* (it's at bookstores, but your local library should also have a current copy) lists hundreds of magazines and trade journals, big and small, national and regional, in categories of interest. It lists both general and specific interests. A description for each magazine describes the types of readers it has, tells how many people read it and gives you an address and phone number. If you're interested, contact the magazine's advertising department and ask for more information about prices, ad size, deadlines, etc.

Advertising in Newsletters

Do people in your specific target market subscribe to one or more private newsletters? Do these publications accept advertisements? Because of the way newsletters focus on a very narrowly defined audience, this option may be for you if your target market is similarly narrow. Be sure to compare the cost of the ad with the number of readers.

Direct Mail

Direct mail marketing can target a very specific group or groups of people and can take your message or offer directly to them through the mail. With the right mailing list, you can laser-focus your sales pitch directly to your prime potential customers or clients. You could, for instance, get a list of all married Hispanic women between the ages of 18 and 30 in specific zip code areas who live in households with incomes between \$25,000 and \$45,000 a year and have children under the age of five.

A direct mailing can be as simple as a short letter sent to the clients or customers already in your database. Or it can be as complex as targeting a special mailing list with an elaborate, full-color package containing several brochures, a letter, a return order form and a handful of pieces that cross-sell other products. Direct mail can be used to enhance your image, give your customers or clients information, or (typically) persuade them to place an order.

The mailing list you use (the list that contains the names and addresses of the people you will send your mailing to) is all-important. Open your local yellow page directory to “Mailing Lists” (or whatever the equivalent listing is in your directory). Unless you live in a small town or city, you will find dozens of mailing list companies or list brokers, many who offer targeted mailing lists from super databases of over 150 million consumers and over 10 million businesses. Trade associations and other organizations also keep lists and often rent them to direct mail marketers.

These people can select your specific target market by age, income, location, financial lifestyle information and more. They can rent you the list you want, sorted in the way you want and ready to go on a computer disk, list or mailing labels. Most will do the entire mailing for you if you wish. To find the best mailing list, you’ll probably have to test and fine-tune several lists and see how each one works for you.

Be honest – don’t use a list for more mailings than the contract allows you to. Most mailing list companies will place one or more phony entries in the list. If you do another mailing with their list without their permission, the phony entry will give you away.

Of course, you can create your own list. In all your marketing efforts and in all your business activities, always gather the names and contact information for your actual and potential clients and customers and maintain that information in an accessible database that you can sort any way you wish. Not only will such a list help you in your marketing efforts, but it can also become an income center in and of itself when you rent or sell it to other non-competing companies that market to the same sorts of people. (Take precautions to keep it out of your competitors’ hands.)

If you're planning a mailing, don't forget the letter. The simple letter is what talks to your market "straight from the shoulder." It should tell your prospects quickly and clearly what the mailing is all about, how the product or service offered will benefit them, how much it will cost and how they can get it. In short, it will tell them what they want to know. The letter is the real salesperson in your mailing package. Everything else is just supporting literature.

Use a quick, easy business reply card. It's a proven fact that more people will reply to your mailed advertisement if they can mail a reply back to you free. You can arrange in advance to have the postmaster return business reply cards sent out with your mailing to your designated address. You pay for this, of course, but the price is nominal when stacked against the rewards of positive responses.

Keep your mailing costs to a minimum. The U.S. Postal Service offers discounts when you're willing to share the work. In other words, if you can prepare your mail in a way that reduces the Postmaster's mail processing effort and handling time, you can usually get a discount. This often means including bar code and pre-sorting mailings into zip code areas. Check with the postmaster for all the details.

Web Sites

With tens of thousands of new Web sites being put on the Internet each day, don't count on merely putting up a site and immediately attracting hordes of customers. What many people are finding is that Web sites are like store clerks – they help make the sale, but you have to get the customers into the store first. Most successful Web sites are rigorously advertised in magazine and newspaper ads, television and radio spots, and with direct mailers and other marketing tools.

Bottom line: don't depend on a Web site for your sales. If you have one, great, but use it in conjunction with other marketing methods.

Notes and "Thank You" Cards

Want an easy and fast way to rack up points with your customers or clients? Send them quick notes or cards. There are many reasons to send a note or card. Here are a few:

- I hope everything turned out to your satisfaction on the recently completed project. I enjoyed working with you. Do you have any suggestions for improvements in the future?
- Thanks for the purchase (or contract).
- Happy birthday.
- Just a note to say hi, since I haven't heard from you for some time.
- Congratulations on receiving the award (or contract, or new position).

- Congratulations on what I just heard about you (or read about you in the local business section of the paper).
- Here is a clipping from a newspaper (or magazine) article that I think you'll be interested in.

Your Own Newsletter

Thanks to computers with desktop publishing software and database/merge capabilities, it's not difficult to send out monthly or quarterly newsletters to current and even prospective clients or customers. Newsletters don't have to be elaborate or expensive, but they should be accurate, well written and nice-looking. Even an 8 1/2" X 11"-sheet newsletter, quick-printed or laser-printed on the front and back, can get valuable, welcome information to the people your business depends on. It establishes you as an expert in your field and keeps your name in front of them.

Speaking Engagements

Be an authority! It's good for your bottom line. Develop an informative, interesting and useful speech or presentation that you can present to business organizations and professional societies and at seminars.

A speech to a local Lions Club, for example, could result in a lot of business in the future if you offer a product or service its members can use, and if your presentation is not perceived as a blatant marketing ploy. This is a great way to make contacts, establish credibility and help people.

Local Groups and Clubs

Joining general interest clubs, associations and organizations is one of the most tried and tested marketing techniques. When you join a Rotary, Lions or Kiwanis club, a country club, a community action group or any other broad-based organization, you will meet and become known to many people who, sooner or later, will probably need what you have to offer, or will refer someone to you who does need your products or services.

Choose your affiliations carefully. Some will be more likely to result in more of the right kind of business than others. For instance, a freelance copywriter couldn't do better than to join a local advertisers' and graphic artists' organization. These are the most likely people to use his or her services.

Trade Shows, Exhibits and Fairs

Whether you're a Microsoft or a one-person home-based business, entering fairs, shows and exhibits can be a highly profitable endeavor.

Some of these events are targeted to the general public, while others are specifically for particular trades, professions or businesses. You should be able to get a list of these events from your local Chamber of Commerce or state arts commission. If you decide to try your luck outside your area, get a list of upcoming events from a trade journal or newsletter, or an organization for the kind of business you're in.

Before you buy into a particular show or exhibit, find out how much it costs (include show fees, plus traveling and booth set-up expenses); how much space you will have; where your booth will be located in relation to other booths; whether the event will be indoors or outdoors; how long the show or exhibit has been in existence and what the average attendance is; what restrictions or requirements are placed on the exhibitors; what are the physical arrangements; and whether security is provided so that your booth can be covered and left overnight.

Rev up sales by having an eye-catching exhibit and by handing out flyers to attendees of the show or exhibit to let them know where your booth is. You might also want to take out an ad in the show guide, if there is one.

Be Creative!

There is virtually no limit to the ways you can go about marketing your business. Don't stop with the ideas we've just discussed. Put on your genius cap and come up with some new, creative ideas that will turn your business into a powerful money machine. Then go out and make those ideas leap into action.

Bill Collecting

When your customers or clients don't pay you what they owe you, it's as bad as if they are stealing money out of your pocket. Never forget that. Too many small business owners get squeamish when it comes to collecting money owed them. Don't make that mistake. It's a sure road to business failure or bankruptcy.

Unless your business requires payment in advance or at the point of sale, here are some critical tips for getting customers and clients to pay you what they owe you:

1. Send billing statements monthly to all accounts with balances due. Don't send an invoice and then sit and watch the bill lapse into delinquency. Monthly reminders help jog the debtor's memory and increase your chances of getting paid. The squeaky wheel gets the grease.

2. Call your customer or client and request payment before the account is 60 days overdue. (Depending on your business, you may want to call even sooner.) Be courteous yet firm. Learn what legally can and cannot be said during these types of telephone calls. This can vary from state to state. Don't leave yourself open for harassment charges.
3. Send out three reminder/request letters. Starting when the account is 60 days overdue, and after two or three phone calls send your customer a series of letters. The first could read something like, "I'm sure you've overlooked our bill, but it is now overdue and we'd appreciate you taking care of it as soon as possible." The second should be stronger – something like "Your refusal to respond to our requests could jeopardize your credit rating." With the third letter, it's time to get tough. Give the customer an ultimatum: "If we don't receive payment within seven days, we will regretfully be forced to turn your account over to an independent collection agency (or whatever collection option you choose). Please be aware that this may result in loss of your good credit rating and in costly legal fees."
4. Don't let the account go beyond 90 days. Collection agencies report that 80 to 90 percent of collections can be successfully made if they get the go-ahead to collect within 90 days.

Free or Low-Cost Help

Some free or low-cost sources of help may be available if normal collection techniques don't work. Try these before handing the bill – and probably half its value or more – over to a collection agency or an attorney.

If you're trying to collect from a business, contact your state's attorney general's office. Many of these offices will send an official inquiry into the matter to the business in question. This gets most businesses' attention very quickly.

Call your state government to get a list of the names and addresses of the officers of the business that isn't paying you. Individual letters to these people (keep them courteous and businesslike) telling them that their company owes you money and isn't paying can work magic.

If you can't find the person who owes you money, contact your local Postal Service and/or your state's Department of Motor Vehicles. These agencies can probably give you the individual's current address.

Small Claims Court

Small claims courts allow people to seek redress from people who owe them money – up to a relatively low dollar limit, which varies depending on where the court is located. The main advantage of small claims courts is that you don't need an attorney, which means you don't have to spend

a fortune getting your money. You simply present your case to the judge, as does the other party, and in most instances the judge makes a decision on the spot.

Because the amount of many small or home-based businesses' bills fall within the limit set by small claims courts, this is a valuable and commonly used tool for collecting delinquent bills.

You can often get scheduled into a small claims court within a month or less. You will be required to pay a small filing fee, and you will likely have to pay a nominal fee to a constable to serve the defendant with a summons. Also, you may have to pay the court to attach the defendant's wages if you win the judgement but have trouble collecting. This cost is also nominal.

One word of caution: don't waste your time or money taking someone to small claims court who can't pay, has left the state, or will likely dodge the judgement in some way or another. Assess your chances of collecting before you file, as well as your chances of winning. You must be able to substantiate your claim in some way. Often, this boils down to one or both parties simply explaining what happened and showing bills, receipts, products and other evidence.

Ten Tips to Enhance Your Business Success

"Small" businesses can be big successes – just as big in their own ways as IBM or Mitsubishi. As a small or home-based business entrepreneur, you can optimize your success by applying the following suggestions:

1. Act big.

Just because you own a small business doesn't mean you have to act small. With today's technology and communications, even the tiniest businesses can afford to have a "big" image.

As soon as you can comfortably afford it, have a graphic designer create a logo, letterhead, envelopes and business cards for your business that make you look like a million dollars. Use this visual image in all your printed pieces and marketing efforts and in any signage you create.

Take advantage of technology. For example, a good laser printer will produce sales letters, invoices and other correspondence that will make your business look every bit as big as IBM – especially when they're printed on your great-looking letterhead.

As far as telephone communications go, even many of the largest corporations have shifted from live telephone receptionists to voice

messaging. This means that the simple and inexpensive voice messaging service offered by your telephone company will make you appear just as big to your clients as the president of the large corporation in the downtown office tower.

Thanks to computers, modems, CD-ROMs and the Internet, your small business has immediate, highly affordable access to one of the business world's most valuable commodities: information – the kind of information that used to be within the reach of only large and wealthy organizations.

So act big! It's never been easier ... and that's no little thing.

2. Be honest.

The image of the rich, greedy business magnate who has no scruples when it comes to making a buck has been popularized in countless productions on the silver screen and in numerous television series.

Don't be fooled. Today, as always, it pays to be the kind of business person people can trust. Dishonesty and unfair business practices rarely generate lasting wealth. The vast majority of business "winners" are those whose actions are consistently and uncompromisingly driven by integrity, honesty and fair-dealing.

Sure, you probably won't go to jail because of a few lies and some questionable business practices. But they will erode your working relationships and ultimately hurt your business. They will eventually chase customers and clients away, get you blackballed with vendors and maybe even put you out of business.

Don't lie. Ralph Waldo Emerson wrote, "Every violation of truth is not only a sort of suicide in the liar, but is a stab at the health of human society." It's all too easy to tell a lie to hide mistakes or failures to perform. But most people forgive mistakes more willingly than lies. If you don't have enough money to pay a bill, don't tell the worried creditor that it's in the mail. If you blow a deadline on a project, don't make up lies to justify your failure. Tell the truth, say you're sorry and make a pact with yourself to do better in the future.

Honesty is the best business policy. If people don't trust you, they won't want to do business with you. Earn their trust, then keep it.

3. Beat fear with action.

There's plenty to be afraid about when you own a small business. Will you have enough sales to keep you going? Will you lose your biggest client? Will your competitor come up with a better, cheaper product? Will that big invoice get paid? And the list goes on.

It would be easy to say, “Don’t be afraid.” But the fact is, everyone has fears. Being afraid of some things at some times is a natural part of the human experience. The challenge is not to get rid of all fears (a virtual impossibility), but to deal with your fears effectively.

How do you do that? Simple. Take action! Do something positive. Action is the nemesis of fear. Instead of sitting around growing ulcers because you’re afraid that business won’t pick up, get out and do something to get new clients or increase sales with existing clients. Even small actions will help change momentum and start the process of chasing fear away. Send notes of appreciation to good clients, or call them just to express thanks. Mail out a letter offering existing customers special discounts if they send referrals your way. Start putting a sales letter together. The possibilities are endless.

Even little actions will change the direction of momentum from negative to positive and turn the tables on fear.

4. Become an authority.

Potential clients or customers are more likely to come to you and to refer others to you if you have established yourself in their eyes as an “authority” in your business, trade, profession or industry.

There are a number of ways to become a recognized authority:

- Do quarterly mailings of a letter or even a newsletter to current and potential clients, offering helpful tips and advice related to your industry or trade.
- Write articles for newspapers, trade magazines or other periodicals read by these people, and try to have articles written about you for these same periodicals. (Journalists will look for something newsworthy or interesting and unique about you or your business.)
- Get on radio or television talk shows to discuss issues related to your business or profession.
- Join civic groups and service organizations and give speeches on topics related to your business that would help or inform the membership.
- Maintain a Web site on the Internet from which you not only advertise your products or services, but also provide information that would be helpful and interesting to your market.
- Teach a continuing education class in your area of expertise.

Becoming a known authority not only exposes your name to a larger audience, but it generates credibility and trust – two assets that are difficult and expensive to create through traditional advertising techniques.

5. Get your name out.

There are ways to become “known” as a business person or professional in your particular industry or field – ways that don’t demand a king’s ransom in advertising expenses. Becoming an authority (Tip 4) is one of the best ways to do this. But there are many other avenues and options. Here are a few:

- Join clubs and civic organizations whose memberships would include the types of people who would need what your business provides.
- Volunteer for service projects.
- Donate your services or products to fund-raisers for local schools or charities.
- Every time something newsworthy happens to your business, write up a press release about it and submit it to all the local papers plus any trade magazines in your field.
- Participate in Internet forums and discussion groups, offering helpful advice to potential customers without blatantly advertising yourself.
- Exhibit at trade shows or conferences and give away samples of your products, flyers or brochures explaining your services.

In many cases, name recognition is all it takes to get new clients. During local election campaigns, the candidate who has more posters sticking out of people’s lawns is often the one who wins. Why? It’s not because the posters say anything of importance. It’s because they create name recognition, and when people stand in the voting booth, and the choice is between two people they don’t know, they tend to vote for the one whose name they’ve seen more often. That’s why getting your name out in front of your market is so important to the development of new business.

6. Treat your customers and clients like gold.

It’s no secret that it’s easier and less expensive to get a repeat sale than to generate a first sale. That’s why your business’s existing clients or customers are so important to your continuing success. When you get clients, treat them like gold. The time, effort and even money you put into this effort will yield better returns than even the most productive marketing and advertising campaigns.

There are many things you can do to keep clients buying from you once you get them. First and foremost, make sure they’re happy with your product or service. Follow up regularly to ask if they are satisfied. At the same time, ask for their suggestions on how you can serve them better. If you discover that a problem exists, take immediate action. Make the client aware that you are concerned and sorry, and that you plan to take quick steps to remedy the situation. Just knowing that you are aware of

the problem and are concerned and anxious to rectify it takes you a long way toward reconciliation.

Also, keep in touch! If you fail to contact a good friend for a long time, how does that friend feel? Neglected? Unimportant? Resentful? Of course. Well, that's exactly how your clients will feel if you don't stay in touch. Develop a system that will alert you if a certain amount of time transpires without any contact with a client. (Look for a good contact management software package that will do this for you automatically, or develop your own non-computerized system.) When this happens, take quick action, making a check-up call, sending a fax with a special offer or discount coupon, writing a note of appreciation or doing whatever works best for you.

Treat your existing clients like gold, and they will repay your efforts for years to come with "golden" repeat business.

7. Focus on what they want to hear, not on what you want to say.

When you market and advertise your business – whether you're on the phone with a potential customer or writing the copy for a newspaper ad – always think in terms of what the market wants to hear, not of what you want to say.

Believe it or not, people don't really care about how long your company has been in business, or that your product has the most advanced design on the market, or that you won some award. Those facts might be good secondary points to make to support the benefits they will receive, but they won't motivate them to place orders. Until you make it perfectly and specifically clear how your product will help them, you're dead in the water. An astute advertising executive once remarked: "People don't want 3/4-inch drill bits. They want 3/4-inch holes." In other words, they're really buying the benefits, not the products.

Your market wants to know what's in it for them – how they will benefit from buying your product or service. In order to tell them what they want to hear, you must first know your potential buyers well enough to know what they want and how they hope to benefit from what you offer; or what problems or needs they have that they hope your product or service will address. Once you know this, build all your marketing and advertising efforts around it.

No matter how proud you are of what you're offering, resist the temptation to bore your market with lists of features. These will confuse and bore the average potential buyer. What your market wants to know is what benefits those features produce. You can tell golfers that the wheel axle on the golf cart you manufacture is made of a space-age, super-kryptonium, bi-tungsten, self-lubricating alloy. All that means nothing to

them. But if you tell them that the axle never needs to be oiled and that it will outlive them and their children, you've got their attention.

8. Give your clients or customers a clear, simple “call to action.”

In all your advertisements and other marketing efforts, including trade show exhibits, newsletters, coupon mailers, etc., make it crystal clear what you want your customers to do next. Also, make it simple. Many sales are lost because potential buyers get confused regarding what they need to do to make the purchase, or because what they need to do is too difficult, time-consuming or complex.

The “call to action” is the part of the sales effort that tells them what to do if they are interested in buying the product or service, or if they want to learn more about it. Make the call to action absolutely clear. Spell it out. Clarify. Tell them exactly what to do. Take it step by step if you have to. This is the worst place for confusion. If you want your prospective customers or clients to respond by calling a telephone number, make sure that number can't be missed. Pop it out visually. If you want them to fill out and send you a reply card, be certain that it is visually highlighted with a headline stating that they should fill it out and mail it in order to obtain the stated benefit.

Remember: clarity sells; confusion kills sales.

9. Be disciplined.

As the owner of a small or home-based business, you won't have someone looking over your shoulder to make sure you're working. Nor will you have to worry about how a supervisor is going to size up your productivity on your next performance evaluation. Giving those facts, it's dangerously tempting to slack off.

That's why discipline is so very important to your business longevity and success. The first rule of self-discipline is to be in your office working during the hours you're supposed to be working. Simple enough? Sure, but simple doesn't mean easy. When you're the boss, it's incredibly difficult to resist the urge to take little “breaks” from work. The trouble is, these quick breaks often become longer breaks that will grow longer still until you're spending far too much time away from your center of production.

It's also critical to hold to a minimum non-business telephone calls during working hours, and to put non-business mail and magazines to the side for after-hours browsing. And if you're anywhere near your refrigerator, watch out! It's terribly easy to let food become an escape from the rigors of work. If you're not vigilant you could be spending more time making sandwiches than making sales.

Television is another insidious seducer. If you work in your home or have a television in an office outside the home, a quick look at the news or weather can hook you into a program that keeps you enslaved for the next half-hour. Stay away! Even the radio can take your mind off your work unless you only listen to music that doesn't take your mind off your work.

Be disciplined. Work when you should be working. Don't let yourself believe the lie that minor lapses of discipline are okay. They're not. Even minor infractions hurt your work, and worse, they open the door to more frequent and more serious self-discipline problems.

10. Take care of the only business asset you can't replace: you!

When it comes right down to it, you can replace everything in your business except the one thing that makes it what it is: you.

Protect this irreplaceable asset!

How? For starters, keep yourself healthy. Get enough sleep. Exercise regularly. Eat plenty of the right kinds of natural, nutritious foods.

Take time away from work to renew yourself and restore your energy. Remember the old adage: "All work and no play makes Jack a dull boy." Watch for signs of workaholism. Whether you're a Jack or a Jane, you're not going to be as sharp in your business as you need to be unless you take the time to get away from it on a daily and weekly basis. And don't forget to take a multi-day vacation at least a couple of times a year.

If you feel that your level of stress is climbing into the unhealthy zone, do something about it. There are a number of natural, effective stress-busting tools and techniques that will help you control the stress in your life, such as short walks and meditation. Many articles and books have been written on this subject. Do a little research, test various techniques and do what works best for you. You'll never eliminate stress in your life. But you can do much to control its impact on your health and productivity.

Keep yourself in top shape. You're the best thing you've got!

After All Is Said and Done, Get It Done!

Getting started is tough – even when you're creating a business that will pay you to do what you love to do.

You have to deal with all the odds, ends and details, overcome your fears and doubts and conjure up the energy to push ahead with your plans.

Many millionaires in embryo stop just before they start. Don't make that mistake.

It's time for action – time to stop reading and planning and get something done. Don't succumb to what has been called “the paralysis of analysis.” Get started and things will begin to fall into place as you go. Remember, the greatest journeys start with a single step in the right direction. Now you know which direction is the right direction. So take that first step. Then take the second step and the third. Before long, you'll be looking back and you'll be amazed how far you've gone and how quickly you've moved.

Never lose sight of your goal. Don't forget that you are attempting to create wealth doing what you love to do, what you have a passion for, what you're good at. It will take effort and sacrifice to achieve that goal, but imagine how wonderful life will be when you attain it!

Good luck to you. You are standing at the base of a trail that can take you to the summit of your desires. Make no mistake: this will be one of the greatest adventures of your life – an endeavor that can transform your future. Give it everything you've got!