

Home Business Report 2008

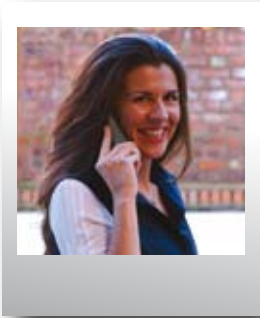


Compiled by



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Introduction from Emma Jones

It's been a busy 12 months since we launched the 2007 Home Business Report. The home has retained its top spot as the UK's most popular start-up location and economic conditions described as anything from 'credit crunch' to 'recession' have driven yet more people home, to become their own boss.

In this 2008 Home Business Report we offer the reasons why home business is proving to be such a popular way of working and show the range and diversity of what's happening behind residential doors, by profiling 16 home business owners. They show that regardless of age, gender, background or location, anyone can turn a hobby, skill, or a gap in the market into a thriving business run from home. They also speak of their confidence and plans for the future.

The report provides primary data from our Home Business Survey that asked questions across three categories of business, lifestyle and technology. The results show the motivations of home business owners, who they turn to for advice and their aspirations. As well as commissioning our own research, we reference data from third parties; research published in the past year from telecoms companies, academics and government departments, all pointing to growing size and influence from the home business sector.

This is good news for the UK. More home business means more dynamism in the economy, less traffic on the roads, and tighter social cohesion as parents stay home to run a business and the household.

Yet despite the benefits, we do not feel the Government has fully grasped the potential of this sector. Whereas the market has moved considerably in the past 12 months, the Government has not.

Action needs to be taken at a national, regional and local level to allow home business to flourish and reach its full potential. Action to more fully understand the size and make-up of the sector and action to introduce infrastructure and networks to give people the confidence to start, and others the confidence to grow, successful businesses from home. These actions were first raised in the 'Ten Point Action Plan' in our 2007 Home Business Report yet have received scant attention from any of the political parties.

A change of attitude is also required; in particular a refrain from thinking that growing businesses are those that employ hundreds of people. Home businesses are using the best that technology has to offer to build global companies with a small workforce. They are, quite simply, re-defining our perceptions of growth.

We end the report with a vision and wish list for the future; improvements we'd like to see being made by the Government and Regional Development Agencies. We look to the public servants, policy officials and economic development executives reading the report to buy into this vision and take action to make it real.

Emma Jones

Founder, Enterprise Nation



Introduction from John Anderson

The home business sector continues to thrive and grow - that's the message coming loud and clear from home business owners across the UK.

This year, the Home Business Report highlights a 16% rise in the number of businesses opting to run enterprises from their own home. There are now over 2.5 million home businesses in the UK. The evidence is clear – this is fast becoming a growing sector of the UK small business community.

Starting and growing a business from home has never been easier or more flexible. This report demonstrates the real diversity of home based businesses in the UK, as well as focusing on their motivations and attitudes towards technology, business and lifestyle.

Advances in technology underpin the ability of home based businesses to thrive and compete in today's environment. The emphasis placed on technology by home based businesses is strong; it helps them promote their business online, gain greater marketing presence, work flexibly, keep in touch with customers and suppliers using email, video conferencing and online media, as well as using the latest online collaboration tools.

At BT we continue to champion and work with home based businesses to help them manage their IT and communications costs, be more productive, extend their business reach and be more responsive to customers and suppliers.

Home based businesses need further stimulation and support. There is still much to do to support this crucial part of the UK enterprise economy. Collaborative working is key – through the Government, public and private sector, coming together to introduce new initiatives, remove any barriers that might exist and encourage this sector to prosper.

We are pleased once again to support Enterprise Nation in the production of this report. By placing ourselves right at the heart of the UK small business community we will continue to work closely with Development Agencies and business organisations; offering expertise, advice and services, which allow home businesses to concentrate on what they do best, whilst we focus on taking care of the technology that underpins their ability to compete and grow.

John Anderson

BT Regions – Managing Director

Report partners

This report has been compiled by Enterprise Nation and sponsored by BT. It is being launched during Small Business Week.

About Enterprise Nation

Enterprise Nation [www.enterprisenation.com] is the home business company. The company hosts the UK's largest website for people starting and growing a business from home, runs the Home Business Awards, produces the annual Home Business Report and advises Government on the topic.

Enterprise Nation founder, Emma Jones, is the author of 'Spare Room Start Up – how to start a business from home' which became Waterstones business book of the month on publication and is a best-seller on Amazon.

About BT

BT is one of the world's leading providers of communications solutions and services operating in 170 countries. Principal activities include networked IT services, local, national and international telecommunications services, and higher-value broadband and internet products and services.

BT Business is BT's specialist division dedicated to small and medium-sized businesses. The division is passionate about understanding the issues and opportunities facing this community and designing services exclusively to meet business needs. BT Business is committed to offering the kind of expertise, advice and services that allow businesses to focus on what they do best, whilst BT takes care of the technology that underpins their ability to compete and thrive. In particular, by working with businesses to help them manage IT and communications costs, be more productive, extend their business reach and be more responsive to customers and suppliers.

In the regions BT is at the heart of the home business community. BT has specifically aligned itself with the English Regional Development Agency (RDA) boundaries, Wales and Scotland to better understand and respond to the needs of home based businesses. Working with partners and organisations across UK Regions, BT is helping to stimulate and educate home based businesses of all sectors to fully understand the role and benefits that ICT and communications can play; helping them to grasp the opportunities it presents to grow and prosper their business.

For more information on BT Group visit www.btplc.com

For more information on BT Business visit www.btbroadbandoffice.com/businesshomehub

For more information on BT's work in the regions visit

www.btplc.com/Thegroup/BTregions/BTregions.htm

About Small Business Week

Small Business Week

[www.sbwo8.co.uk] brings together small companies, government agencies and business organisations in a wide range of events and discussions.

Launched in 2007 in association with BT Business, it is an opportunity for champions of the small business community to come together with a focus on supporting the ever growing sector of the small business community.

The week of the 13th October will see the launch of a number of initiatives and activities which will kick start this dedicated Small Business campaign. Taking place at a number of locations across the UK, the programme will commence with a national launch event and debate at the BT Tower in London, followed by a series of 'Better Business' events, round table discussions, web seminars, podcasts and advice clinics during the week and the rest of 2008/09.

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Report highlights

- There are now more than 2.5 million businesses operating from homes across the UK. This is an increase of 16% over the past 12 months.
- The greatest concentration of home businesses is in London, East of England and the South East. The fastest growth in home business start-ups is in the North West and the South East.
- The key factors driving the growth in home business are people's decision to keep costs low, raise their level of income and have time left over for friends and family.
- Current economic conditions have hastened the move home with thousands more seeing the option of earning income from the spare room as a real possibility. Home business is a rare bright spot in the UK economy.
- Home businesses are being started in a range of sectors; from art to IT and from fashion to farming. Profiles of 16 home business owners are included throughout the report.
- When starting up, the majority of home business owners turn to friends and family (23%) and to business websites (also 23%) for advice.
- This continues as the business grows. 19% of home businesses would seek advice on growth from friends/family and 22% would look to fellow home business owners. This is a sign of the tight business networks forming online and off.
- Home based businesses are re-defining growth and growing by outsourcing and sub-contracting rather than taking on staff. 42% of home business owners would outsource work to third party suppliers, compared with 14% who would hire someone to work full-time and in-house.
- A strong emphasis is placed on technology. 82% of home business owners believe technology has been a critical or very important factor allowing them to start and grow the business from home and 52% spend between £500- £1,000 on IT each year. Home business owners view technology spend as a valuable return on investment as it helps to keep costs low and sales and productivity high.
- Home business owners are optimistic about the future with 72% saying they plan to win new customers in the next 6 months and 58% working on developing new products and services. The research indicators quoted in this report all point to the growth in home business continuing.
- There are a small number of enterprise groups encouraging and supporting home business and we expect these to emerge as home business hotspots; places that actively attract, encourage and support home business. More needs to be done in other areas to allow the sector to fully flourish.
- The report launches the Enterprise Nation Index; a quarterly measure of home business start-ups in all UK districts. It also includes a checklist for Local Authorities, business support providers and enterprise groups who want to reap the economic, social and environmental benefits of home based business.

Home business: The past 12 months

October 2007

- Launch of the 2007 Home Business Report at Small Business Week in association with BT Business



December 2007

- BERR carries out Household Survey of Entrepreneurship which, for the first time, includes a question on whether the respondent operates from home. The Survey shows a level of entrepreneurial activity in '07 greater than in '05 and '03

February 2008

- BT Business launches 'home-working' knowledge centre on BT Business Insight
- One Alfred Place opens to combine the best of a private members club with a London office, a professional base in the city for home business owners.

October 2007



January 2008

- Enterprise Nation, the home business website, records its highest ever month in site traffic as people return to work after the Christmas break, with dreams of becoming their own boss
- BT Business launches its 'Year of the Home Worker' to champion homeworkers and give guidance to people looking to work from home
- eBay announces the number of Britons with a full-time or hobby eBay business has grown 160% to 178,000 in 2 years



April 2008

- Live Work Network hosts third national conference 'Tomorrow's property today' to discuss live/work developments and hub facilities for home business owners

May 2008

- Publication of 'Spare Room Start Up – how to start a business from home' which becomes Waterstones business book of the month in first month of publication
- BT Business launches Understanding...Working from Home guide which looks to address the needs of the UK's 2.1 million home-based workers and businesses across the country and 'Better Business... When Working from Home' webinar, featuring Andy Hudson, Director of BT Local Business and Phil Flaxton, CEO of Work Wise UK
- The 'Richard Review of Small Business' is published. Authored by entrepreneur Doug Richard for the conservative party, the report seeks to simplify business support yet makes no reference to home based business



March 2008

- The Government publishes its enterprise strategy document 'Enterprise: Unlocking the UK's talent' The first line reads; 'This strategy sets out the Government's renewed enterprise vision to make the UK the most enterprising economy in the world and the best place to start and grow a business.' Yet in a document covering 105 pages, there is not a single mention of starting and growing a business from home

June 2008

- Yell reports that searches for businesses offering help around the home have increased by 60% from June 2007- June 2008. This is good news for the many home businesses being started to serve this domestic market



July 2008

- The Sunday Times reports of ‘thousands of professionals – lawyers, financial advisers, computer programmers and marketing managers - who are looking for freelance work outside of normal office hours’ – all starting part-time businesses from home
- Avon announces it has recruited 17,000 new agents in the past year alone; thousands more added to the home business base
- Professor Colin Mason of University of Strathclyde publishes ‘Invisible Businesses: the characteristics of home-based businesses in the UK’ that shows the economic contribution of home business and calls on the Government for action
- Mark Prisk MP [Shadow Enterprise Secretary] hosts a Home Business Summit to learn more about the sector
- Matthew Taylor MP [MP for Truro] publishes ‘Living Working Countryside’ a paper calling on the Prime Minister to adopt a more flexible approach to work-based extensions to homes in rural areas

**August 2008**

- Record figures announced by BERR [the government department for enterprise] showing the number of businesses in the UK increasing by 212,000 to a record 4.7 million in the past 12 months; the majority are home based
- Research from O2 reveals companies are choosing not to renew leases on business premises and 60% of those still operating from an office or industrial park are considering giving it up within the year to relocate the business back home
- BBC 2's The Money Programme looks at the growing trend of ‘Mumpreneurs’ – Mums starting businesses from home – including interviews with Enterprise Nation members and the 2007 Home Business of the Year, Wendy Shand
- Research from Enterprise Nation, in partnership with Homefinder UK and the AA shows home business owners can be £30,000 better off through an increase in property value and reduced travel costs

September 2008

- Research from insurance company, RSA, confirms 7 out of 10 home businesses feel optimistic about beating the credit crunch
- Enterprise Nation announces online language tuition business, Toniks, as the 2008 Home Business of the Year out of a record number of entries



October 2008



October 2008

- Launch of the 2008 Home Business Report at Small Business Week in association with BT Business, including the new Enterprise Nation Index; a quarterly barometer showing the UK's top Home Business Hotspots.

Home business: The facts and factors

Size of the sector

- There are more than 2.5 million home based businesses in the UK. This is out of a total of 4.7 million small and medium sized enterprises [SMEs] at the start of 2007, an increase of 16% on the start of 2006. The greatest number of businesses are located in London, East of England and the South East.*¹
- The fastest growth in SMES was in the number of sole proprietorships which increased by 168,000 or 6% in what was the fifth successive annual increase.
- Home based businesses are making a significant contribution to the economy, as expressed by Professor Colin Mason of the University of Strathclyde:

“The popular belief that home-based businesses are part-time, small and marginal does not reflect the reality. The majority provide work for other people and just over half are generating revenues of more than £50,000 per year.”^{*2}

- The number of home business start-ups has grown in every region of the UK, with London and the South East continuing to lead in the volume of resident small and home based businesses.

Influencing factors

The five key factors influencing rapid growth in home business over the past 12 months are:

- *Reducing costs* - New business owners are avoiding the cost of a second office and starting up in the spare room/attic/garden shed. Established businesses are heading home too. Research published in August 2008 showed firms not renewing leases and 60% of those still operating from an office or industrial park considering giving it up within the year.*³ Homeworkers are saving on travel costs to the tune of £8.40 per day; equal to £2,000 per year and for home business owners who can do without a second car, annual savings of in excess of £6, 000.*⁴
- *Increasing income* – people are looking for ways to earn extra income, sometimes alongside a day job. Research from Capital Economics shows 56,000 people ‘exploiting their job skills to earn extra cash’ and Robert Watts wrote in The Sunday Times on 13th July ’08: “Thousands of professionals – lawyers, financial advisers, computer programmers and marketing managers - are looking for freelance work outside of normal office hours.”*⁵
- *Greater demand* - home businesses tend to cater to niche audiences and provide a personal service or tailored product. Such niche businesses face a growing level of customer demand, as confirmed by Yell in June 2008, showing a 60% increase in searches for businesses offering help around the home from June 2007- 08. The businesses offering this help are, in the main, home based businesses.*⁶
- *Lifestyle choice* -a clear shift towards individuals wanting to find work that’s fulfilling is leading many to self-employment and the freedom and flexibility it brings. This is resulting in hobbies being turned into businesses. Witness the rise of crafts marketplace, Etsy.com and findings from Hiscox Insurance showing a surge in the number of non-traditional businesses looking for policies; professions including badger consultants, dog psychologists and Feng Shui consultants.*⁷

- *Advances in technology* - there is no doubt that technology has been the key enabler driving homeworking levels ever higher. In entries to the Enterprise Nation 2008 Home Business Awards, 73% of business owners said they believe technology is critical to the success of their business. Entries show home business owners making the most of all forms of technology (telecoms/software/web applications) to keep costs low and sales and productivity high.*⁸

Ambitions and support

This modern and popular way of working shows no signs of slowing. Survey figures, released by insurer RSA, confirm 71% of home based professionals believe they will be able to grow or maintain their level of business during this time of economic downturn and only 8% believe they will definitely not be able to grow or maintain their level of business.*⁹

Growth will continue as more enterprise agencies and business support providers see the benefits of supporting the sector. There are already a few pioneers, with particular highlights from the past 12 months being:



- Enterprise HQ, Shropshire [www.enterprise-hq.co.uk] - a unit dedicated to home business owners that is expanding across the West Midlands. Offering professional meeting space, a networking facility and home business directory.



- Horsham District Council [www.horsham.gov.uk] - another record turn out for Microbiz in Horsham; an annual event aimed at home businesses. The Council is also carrying out a home business telephone survey in 2008.



- North East Life YouTrade competition [www.webetopia.com/youtrade] – a unique competition offering funds and start-up kit to entrants who show the best idea for starting an eBay business at home.



- Croydon Business [www.croydonbusiness.com] - holds events for people wanting to start at home and profiles home enterprise in the local media.



- Business Link for London [www.blondon.co.uk] - based on research showing the growth of home business, Business Link in London is taking serious interest in this sector.

We want to see more Regional Development Agencies and Business Support providers embrace this sector and the next section offers evidence on requirements.



This section looks at what home business owners think about business, lifestyle and technology. It is based on:

- 1,060 responses to The 2008 Home Business Survey [see App.1 for full results]
- Interviews with 16 home business owners from a wide range of sectors and every region of the UK
- Entries to the 2008 Home Business Awards
- Research and features appearing at www.enterprisenation.com

Section I: Business

Do you run your business full time?

Do you run your business full time from home? (> 30 hours per week)	67%
Do you run your business part time from home?	33%

The part-time business

The increase in the number of people starting a business in their spare time is clear, forming part of the thriving 5pm-9am economy and offering aspiring entrepreneurs a low-risk route to starting a business.



Working 5 'til 9

Paula Green, Kitty and Polly

In 2007, Paula Green set up her business specialising in selling unusual gifts and accessories online. Paula did this whilst holding down a full time job – a job that she continues to do during the day before turning her attention to a business that she runs at nights and weekends.

Starting her own business was something Paula always wanted to do and she's enjoying taking the first steps of marketing, sales and promotion. She's learning new things every day and is building her online presence and giving herself time to attract more profile and customers before giving up the day job. She recommends this to anyone as a good way to start down the path of self-employment.

As Paula manages the business and her job she's often pushed for time so appreciates tools like BT Tradespace where it only takes minutes to update her profile. She also uses Tradespace to source suppliers and see what her competitors are offering. Paula says:

“The gift market is a very competitive field so I need something to raise awareness of Kitty and Polly and make it stand out from its competitors. The Tradespace site lets me showcase new products and blog about them so I can keep customers up-to-date with what's new.”

Paula has started running competitions with other websites and is building up her customer database. This is all in preparation for the day when she becomes a full time Kitty and Polly girl!

- www.kittyandpolly.co.uk

How did you come up with your business idea?

A gap in the market	18%
It was my hobby/passion	21%
Copied what someone else was doing	20%
Bought into an idea (franchise)	22%
Other	19%

Franchise on the rise

A revealing result shows buying into a franchise as the most popular new business idea amongst home workers. Expect to see a continued increase in the number of franchise opportunities open to people wanting to run their own business and yet be part of a team, selling a proven idea/business model.

**Buying into an idea**

Lyndsay Hider, My Secret Kitchen

Lyndsay Hider was friends with Phil and Clare Moran before they became business partners. Phil and Clare are the star couple behind fast-growing business, My Secret Kitchen, the UK's first nationwide food and drink tasting company that's expanding across the UK on a franchise model. Lyndsay is their leading lady in the South East.

Lyndsay is a My Secret Kitchen consultant. It's a way of starting your own business by buying into someone else's idea and benefiting from the support that comes with working as part of a team.

Lyndsay had no previous experience of running a business but when she heard about My Secret Kitchen, she knew she wanted to be part of it. What that means is becoming a company consultant and finding hostesses to hold tasting parties in their homes. Lyndsay's revenue comes from party guests buying My Secret Kitchen products – and agreeing to host parties themselves.

The company invests in technology to reduce waste and ensure good communications. E-vites are sent out for tastings, rather than paper invitation cards and all orders are processed online. A web-based forum has been set up so consultants can voice their views and share recipes, tasting tips and photos.

The founders place a firm emphasis on developing their consultants and put on training and leadership courses as well as company events where consultants from across the UK gather together to meet and talk about new products and expansion plans. As the network grows, Phil and Clare are looking at alternate ways of running meetings to minimise travel, for example, using Voice over IP technology tool, Skype. My Secret Kitchen is growing fast and this is what Lyndsay enjoys; feeling part of what is still a small family team yet seeing the potential for growth.

Lyndsay is feeling the freedom of being her own boss, with support from a central HQ and getting paid for doing what she loves. It doesn't get much tastier than that!

- www.mysecretkitchen.co.uk

Where did you go for start-up advice?

Friends/family	23%
A professional (bank/accountant)	16%
A government body (Business Link)	11%
Online	23%
Business organisation	12%
Don't go anywhere for advice	6%
Other	9%

Start-up support

When starting out, home business owners are most likely to turn to friends and family, or go online for advice, proving that trust in your advisor is paramount. Rowena Mansfield and Sue Guerrieri started two very different businesses in two very different parts of the UK but both benefited from turning to their local business support provider. Expect to see more of this, as areas such as finance, marketing and technology become increasingly specialist and enterprise agencies respond to the needs of home-based businesses.

**Farming Fortunes**

Rowena Mansfield, Herbs from Wales

Rowena Mansfield has turned her family farm into an enterprising hub of activity. Along with her husband, she has diversified and shown that successful home businesses can be started and grown in the most rural of areas. And she's achieved it with a little help from her friends.

Rowena had been harnessing the healing properties of native Anglesey herbs and plants for over twenty years. Mixed with natural ingredients such as coconut oil and beeswax, her range of balms gained a reputation for really working. Yet until recently they were one of Anglesey's best kept secrets.

Staff at Menter Môn, the local enterprise agency for Anglesey, had worked with Rowena and were big fans of her balms. In summer 2006, over a panad (Welsh for cuppa!) in Rowena's kitchen, they discussed the potential of introducing the balms to a wider audience.

After coming up with the name Gwdihw (pronounced 'Goody Hoo' which is Welsh for Owl, commonly associated with wisdom) and finessing the design, it was time to introduce a first range of balms to the marketplace. The reaction was fantastic and soon Rowena had to move production out of the kitchen and into a purpose built cabin next to the house.

It's from there that she continues to grow the business, whilst still reserving the kitchen table for Board meetings with Menter Môn who take responsibility for sales and distribution.

Rowena says: "We live in a very rural community where you have to create your own work and opportunities. As well as running Gwdihw, my husband and I have built a demonstration hydroponic unit at Cae Gwyn that is visited by many groups from around the UK. We're finishing the first commercial aquaponic unit in the UK – rearing rainbow trout to grow salad crops. We do 101 things from our business base at home and we love life in this beautiful part of the world"

- www.gwdihwbalm.co.uk



Buying into an idea

Sue Guerrieri, Sugaplum

The inspiration for Sue Guerrieri's business came from shopping for her young daughter. She saw a gap in the market, did something about it and is well on her way to launching her own fashion collection. Not bad for 10 months worth of work!

Sue was working full time as a Civil Servant in Whitehall when she came up with the idea for Sugaplum. It's a company that sells underwear perfectly designed for teens. The underwear – manufactured in Italy – is made of the finest fabrics and created with glamour and comfort in mind.

Sue approached local enterprise agency, Croydon Business, who allocated an adviser to guide Sue through her start-up steps.

Having had a strong start, Sue has now taken her full time job to a part time role so she can spend more time on building the business.

She's working on her own collection (with help from teenage daughter, Geneva!) that's now in production. With samples received, Sue is about to do a photoshoot that will form the basis for 'look books' sent out to key people in the industry and press. This is in readiness for a re-launch of SugaPlum in December 2008.

Sue's plans for the future are to launch the collection, supply to a major department store and improve SugaPlum's profile, so Mums immediately think of the brand when looking for nice girly age appropriate underwear for their daughters.

This is all being run from a home office that consists of a BlackBerry and laptop and a spare room filled with products. It shows just what can be achieved from a home base!

- www.sugaplumshop.co.uk

What is the single thing you most enjoy about being your own boss?

Freedom to make my own decisions	33%
Financial stability	15%
Learning new skills/pushing myself	14%
Better Work/life balance	24%
Other	14%

**Freedom and Flexibility**

Once started, home business owners are enjoying the freedom and flexibility that comes with being your own boss. They are feeling the thrill of turning a business dream into reality and still having time left over for others. Doing something they enjoy is more important than doing something that pays.

Notwithstanding, good work usually leads to good earnings!

We can do this better

Chris Holder – Brand X PR

People in their thousands are leaving corporate employment to go their own way, build a company in their own image and have more freedom and flexibility in their working lives. Two such people are Chris Holder and Phil Dwyer. The corporate duo launched Brand X PR in 2005 after years of working in big media agencies; an experience that left them feeling they could do this better on their own.

At the start, Phil worked full time in the business whilst Chris retained a few days a week with his employer. The arrangement worked well and gave the two founders time to build up clients and turnover. The company has doubled revenue year on year and Chris is now firmly full time.

The unique selling point of Brand X is that the company offers clients a full service agency, without the pricey overheads. This happens through Brand Xchange – a system that brings together a team of specialists in PR related disciplines. These specialists are home based and self-employed professionals. The team comes together – and communicates using instant messaging and online project management tools – to deliver client work on time and in budget.

Chris and Phil continue to innovate and they are now looking at working with larger agencies to offer a specialist small business service. There's also talk of a new range of products that will particularly appeal to small companies wanting to keep the bulk of PR in house.

What Chris and Phil are enjoying is the freedom to chart their own course, take on client work they enjoy and bring new products to market.

This company has grabbed technology with both hands and is looking forward to continued success and making a clear mark in the PR world.

- www.brandxpr.co.uk

In the next 6 months, which of these do you plan to do?	
Increase turnover	66%
Decrease turnover	8%
Take on staff	14%
Move the business out of the house	16%
Sell	4%
Win more customers	72%
Develop new products/services	58%
Secure investment	11%
Expand internationally	19%
Shrink the business	7%
Don't know	4%

A land of opportunities

Home businesses are optimistic about growth. This is because they are operating with a low cost base and in highly niche and specialised markets. The majority of survey respondents expect to increase turnover in the next 6 months and win new customers.

Specialising in Royalty

John Allsopp, Manor House Fine Art

John Allsopp is certainly a specialist. Following a career in the telecommunications industry that left him with an illness and cause for early retirement, John spotted the perfect opportunity to specialise in an area that had always fascinated him. An area that he hoped would have a vibrant market.

Completely self taught (only attending a local Art School to help with marketing and selling skills) John is an artist who specializes in Realism. In August 2008, John started Manor House Fine Art with a Royal Family theme and after researching the Royal memorabilia market for six months. He won a small financial grant from a competition run by regional bodies NE-Life and One North East and this helped him get set up as an Artist Publisher and fund his ecommerce site. John has also received business consultancy and financial assistance from Business Link North East and the Leonard Charity Trust.

Princess Diana was John's first publication. His productions are sold almost entirely online and customers benefit from lower prices and a personal service. John is also donating a percentage of sales to the Great North Air Ambulance Charity.

John's studio is a small bedroom on the front of the house, with a large window overlooking higher ground with trees and well covered green hills. Art has been a great source of rehabilitation for John and in the next few months he intends to complete other works featuring The Queen, Queen mother and Prince William and have the original works turned into limited edition Giclee prints.

- www.manorhousefineart.co.uk



The power of the niche

Nigel & Catherine Sanders – Twins Store

Nigel and Catherine Sanders have clearly seen the benefits of operating in a niche market. That's because their business, Twins Store, says what it does; provides products and services to the parents of twins. Having twins changed Nigel & Catherine's life in more ways than one. The birth of the babies led to the birth of another baby, in the form of a home based company!

Nigel was a Sales Manager and Catherine worked full time as a Marketing Manager. When the twins came along Nigel wanted to be more involved in looking after them so decided to become a stay at home dad. He loved every minute but felt he needed a new direction in his career path. Together, Nigel and Catherine researched the twins market and in the past year Nigel has gone full time in the business, feeling happy that the website gives him the flexibility to work evenings and not be tied to a till.

The couple understand the needs of their customers because they represent them, talk to them and visit twins clubs. They've started a blog to post news items from around the world on issues relating to multiple births and have a forum to offer advice and support. Google AdWords and other forms of PPC (pay per click) marketing are used to help build the brand and Nigel is now turning his attention to SEO (Search Engine Optimisation) to ensure higher search visibility for the site.

The company does well by selling to a niche audience and they've gained the respect of their audience by selling the true essentials. This audience is now spreading from the UK to Europe and there have been orders from the US too.

The business started in the spare bedroom and expanded into a double garage. Things are starting to get cramped in there too so who knows where Nigel, Catherine and the twins will move to next. Nigel knows though what he wants: "The twins have been great product testers but I look forward to the day they can work a tape gun and parcel orders!"

- www.twins-store.co.uk

As shown by Twins Store, home businesses do not wholly depend on local markets for their trade. In his report 'Characteristics of home based businesses', Professor Colin Mason made the observation:

"Contrary to what might be expected, home based businesses are not excessively dependent on their local market for sales: only 47% derive more than half of their sales locally compared with 56% of other SMEs. Indeed, home based businesses are more likely than other SMEs to derive a high proportion of their sales from regional and UK markets."²

A scenario of growing customer demand for niche products and services, and the ability to service markets outside of a distinctly local area by using technology, are providing fertile conditions for growth.

If you plan to take on new people, how will you go about this?

Employ them full time and work from my home	13%
Employ them full time to work from their homes	21%
Take on freelancers/sub-contractors	37%
Grow the team through franchising	12%
Move to a dedicated work space	14%
Other	3%

**Partners not personnel. Freelancers not full time staff.**

Home business owners are re-defining growth by concentrating on increasing turnover, not increasing headcount. They are resisting the regulation and expense that comes with recruiting staff and instead turning to other self-employed professionals to outsource work and partner on projects.

Chris Wildman, Paganum

Partnering for prosperity

Chris Wildman is a butcher's son and married a farmer's daughter. Food and farming has been in his family for generations but he's the first generation to bring local farming families together in the online world to create a website selling top Yorkshire produce. In doing so, he's created a channel to market for local suppliers who would not have sold online without Chris's intervention and business thinking.

Chris started Paganum in 2007 with business partner, Heather Mitchell. Together they've forged partnerships with family farms and small artisan firms in the Yorkshire Dales to create an online farmers market supplying meat and produce direct to the consumer and trade outlets.

Partners are chosen with care and based on a commitment to animal welfare, sustainable agriculture and conservation. Chris and Heather's use of local producers and suppliers has also contributed to lowering the food miles and environmental impact of their product. This has allowed them to supply direct to customers far more efficiently than larger organisations.

Through a modern approach to marketing and distribution, Paganum gives customers access to quality ingredients from traditional family-run farms and suppliers that otherwise may not be available direct. What Paganum has achieved is significant. They've brought together a co-operative of quality local suppliers and provided a technology platform that takes these suppliers direct to market. Without the Internet, a business model based on this kind of partnership simply could not exist.

It's a most modern use of technology and Chris and Heather use their site to keep in contact with existing customers and find new ones. A newsletter keeps customers informed and a highly illustrated blog shows off the expertise of this business. Word of warning: do not read this blog when you're feeling peckish. The pictures look tantalising and the recipe for 'Hairy Bikers Ultimate Burger' too good to resist!

- www.paganum.co.uk



Growing the business, without outgrowing the home

Alan Young, 1st Addition Accountancy

Alan Young started 1st Addition Accountancy Ltd in 2003. The business grew quickly and Alan needed to hire in help. Having previously built a business with employees, he knew he didn't want to recruit full time personnel and move the office out of the house. The solution was to have a team of 5/6 people who are all self-employed (and working from their own homes) and with whom Alan contracts. The model is developing well.

With the full team spread across homes in the West Midlands, they use technology (email, mobile phones, instant messaging) to communicate and keep in touch with client developments. There's a good level of trust amongst all the colleagues that's strengthened at face-to-face meetings. This technology is utilised in all areas of the business, including online networking. Much of 1st Addition's new business is derived from contacts established through this medium, including clients as far apart as Manchester, Swansea, Gloucester and Central London. Online networking through web sites such as Enterprise Nation and 4Networking has allowed the company to establish professional and personal relationships with potential clients, at any convenient time, without venturing away from the home office, and is a significant contributor to its continued expansion.

Alan is up-front with clients about the arrangement and outlines the benefits that the client receives; a full service accountancy firm, a team of qualified experts, who are self-motivated and not carrying the overhead of a shared office. The end result is a happy client and a happy team.

- www.1stadditions.biz

The trend towards outsourcing is being recognised by industry professionals. Paula Wynne, co-founder of remotemployment.com says:

"We are seeing a significant increase in the number of businesses turning away from recruiting full time staff and turning to freelancers and other self-employed professionals. It's such a professional and flexible way of working; outsourcing projects to individuals who are paid to deliver on time, in budget and with a quality product. With flexible working proven to have productivity benefits, and being much more environmentally friendly as well, why take on the cost and regulation of employing people when you can get the job done just as well (possibly even better) by a freelancer/self-employed expert. We predict that this form of business growth will increasingly become the norm."

To help you grow, who would you turn to for advice?

A non-exec director/ investor	6%
Fellow home business owners	22%
A coach/mentor	16%
A Business Link adviser	10%
Colleague	3%
Previous colleague	3%
Employee from another small business	4%
Employee at a large organisation	4%
Friend or family member	19%
Other	13%



The strength of networks

When home businesses start, they turn to friends and family and go online for advice. When they grow, these channels remain with an added avenue of fellow home business owners; peers who have faced similar experiences and have answers and support to offer.

Peer to Peer

Oliver Sidwell, RateMyPlacement.co.uk

Oliver Sidwell knows all about peer support. His business wouldn't exist without it. It's a business that does what it says on the tin. Students visit the site to rate and review their experiences on placement, providing unique and previously unavailable peer feedback for work placement and internship schemes throughout the UK.

Oliver graduated from Loughborough University in June 2007 and went to work for a software company. But at nights and weekends he continued to run the business he'd started at University, along with 3 friends. In its first year, the company has done so well that two of the four friends have given up their day jobs to go full time.

The UK's largest and most powerful employers are watching this University start-up closely. They are also advertising on the site which is the revenue model behind the growing business that's run from 4 home offices.

The founding sons are doing a good job of marketing themselves too. RateMyPlacement has picked up plenty of Awards; including being Southern Finalists of the HSBC Start-Up Stars Competition and being chosen as one of the Top 5 Unipreneuers in the UK. So what's the one thing Oliver enjoys most about working from home?

"You have the freedom to create your own office and you don't have to travel to work! If you suddenly get a brainwave you don't have to write it down to remember it in the morning, you can get working on it straight away."

Sounds like this young entrepreneur will be going far!

- www.ratemyplacement.co.uk

Section II: Lifestyle

Do you work from a dedicated home office?

Yes	68%
No	32%

If yes, which part of the house is your home office?

Spare room	24%
Bedroom	19%
The kitchen table	9%
Living room	16%
Garden shed/garage	18%
Other	14%

Most home business owners choose to work in a dedicated space in the house. That way, it's easier to close the door after the working day and draw a line between what's work and what's not. The most popular room in the house to convert to a home office is the spare room – a room that will be adding thousands to the value of the property*¹⁰

My home is my business

Susan Hobson, Perfectly English

Susan Hobson doesn't just work in one room in the house. Her house is the business! Susan is an experienced and accomplished teacher who decided in 2007 that she wanted the independence to work from home. Planning began on how Susan could turn her home into a business and her teaching skills into a way of earning a living.



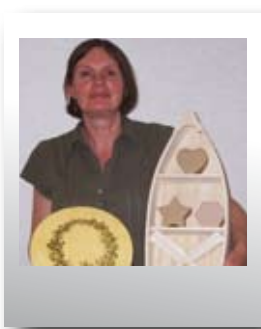
The end result is Perfectly English; a company set up to provide one to one and face to face English lessons for overseas students, plus accommodation for their holiday. Susan converted her loft to provide the accommodation and runs the lessons from her home. It is a full English immersion experience for the students who stay for at least one week and, on average, two to three weeks.

Susan uses her broadband connection for communication to arrange visits and bookings, and also for marketing the business, both by emailing out to foreign language schools and updating her presence on the internet via her website. The house is wireless enabled which helps the students in their lessons and when they return to their accommodation and want to contact friends and family.

The business is still in its early days but Susan is enjoying the variety of each day and the freedom that comes with being your own boss. She plans to develop the business by investing more time in marketing and promotion and making the most of technology tools such as BT Tradespace and blogs to spread the word about Perfectly English to students across the globe.

- www.perfectlyenglish.co.uk

Do any of your family work with you?	
Yes	58%
No	42%
If yes, who?	
Mother/Father	9%
Husband/wife/partner	52%
Brother/sister	8%
My kids	25%
Extended family member (cousin, aunty, uncle)	4%
Other	2%



Ties that bind

Family support is important to home business owners; when they're starting out and as they're growing. It's for this reason that one of the new categories in the 2008 Home Business Awards was the 'Business Couple of the Year'... recognising the dramatic uplift in the number of couples now running businesses together.

Keeping it in the family

Lynne Hatton, Boxy Lady

After years spent caring for her children, Lynne Hatton turned a hobby of decorating wooden boxes into a way of making a living. At the same time, roles were reversed in the Hatton

household as Lynne's children helped Mum out with the business.

Starting out selling her boxes at local markets, Lynne's son suggested a trial of selling online. He was a computer studies graduate and turned words into action by creating a website for his Mum – known as Boxy Lady.

The site showcases new products and Lynne uses its blogging platform to reach out to a global audience of customers. As well as her corporate site Lynne is an active user of BT Tradespace that has increased traffic to her main site. She finds it easy to use and manage and enjoys sharing her crafts expertise, as well as selling her creations.

Having never explored social networks or blogs before, Lynne is particularly enjoying updating her blog with new marketing initiatives: "I had never thought about blogging before, but I've found that it's a great way to get new people interested in my products – particularly at peak selling times like Christmas." Lynne has also added PayPal transactional features to the site so visitors and potential customers can buy her products easily and directly.

Since launching in 2000, Boxy Lady has made leaps of progress. The business now specialises in plain wooden boxes that customers can decorate themselves and Lynne is looking at importing materials direct, rather than buying wholesale. She no longer goes to local markets as she reaches out to so many more people via her online marketplace.

Lynne's son still maintains the site and her husband helps with the production line. The family garden is now home to a purpose built workshop and it's from this enterprising garden shed that this business will undoubtedly go from strength to strength.

- www.boxylady.co.uk

When online mega mall, eBay, announced record trading results for the UK in January 2008, Jonathan Reynolds of Oxford's Said Business School commented: "eBay based enterprises have been growing strongly over the last 2 years. Whole families are earning a living from the website. They are turning their houses into warehouses and developing increasingly complex supply chains. Ebay has provided a fillip for start-ups by reducing the financial risk of launching a business."¹¹

These eBay businesses generated aggregate sales of £2bn in 2007, more than the annual turnover of some big UK retailers, including WHSmith.

Section III: Technology

How important has technology been as a factor in enabling you to run a business from home?

It's critical to the success of my business	64%
Very important	18%
Important	15%
Not important	3%
My business does not use technology	0%

What technologies are core to your business operations?

Telephone	42%
Internet	84%
Broadband	79%
E-mail	86%
Mobile devices (including Mobile phone/Blackberry/Office Anywhere)	72%
Fax	7%
IT Support	8%
Business Applications/Software as a service	33%
Key hardware (such as servers)	28%

Critical factor

82% of respondents said technology has been critical or very important as a factor in enabling them to work from home. This view was endorsed in entries to the Home Business Awards with the 2008 Home Business of the Year confirming her business would not be able to operate without it.

Karen Hollands, Founder of Toniks and 2008 Home Business of the Year:



“Technology has meant that as a language school we need no physical classrooms. 100% of our language courses are delivered online. We are able to do this by exploiting the wide availability of broadband access to the internet, and by using high quality VoIP (Skype) integrated with virtual classroom software (provided by Microsoft). Our tutors are now all proficient users of this software, as well as the use of web cams.

“We use the internet to source potential tutors to employ (by searching sites such as the Institute of Linguists), and then conduct interviews online too – using Skype.

“Our website providers, Createanet, developed a tailored administration system for us, enabling lesson bookings, invoicing, tutor fees etc all to be managed and calculated with

the minimum of fuss.

“We are able to record lessons, and do spot checks to assess the quality of the tutor’s performance. This enables us to give good feedback on technique and suggest areas for improvement.”

- www.toniks.co.uk

Not only has technology helped people start businesses at home; it has also helped with perfect a work/life blend. In research carried out by Vanson Bourne for BT Business, 67% of home business owners said technology helped them create a better work/life balance.*¹²

Bill Murphy, Managing Director at BT Business, comments: *“One of our jobs at BT Business is to provide home based companies with the information and tools they need to help them work more effectively – and, as importantly, help them create the better work-life balance they crave.”*

What would you like your website to do for you?

Enable us to trade overseas	11%
Allow us to market ourselves better	39%
Attract new customers	46%
Make us look bigger than we are	43%
Network with other businesses	21%
Network with partners/suppliers	16%
Engage with customers	54%
Encourage discussion/networking about issues that affect our business	14%
I don't have a website but would like one	6%
I don't have a website	6%

**Window to the world**

When it comes to websites, home businesses see their window to the world as a tool that helps with marketing, attracting new customers, keeping productivity high and overheads low. It's also the ultimate leveller. With a quality website home businesses can compete on a truly global scale.

Taking tradition online

Jamie Wallace, Granny Jacksons

Jamie Wallace is using his website to change the face of the Scottish sweet industry and making it easier for people to buy their favourite treats.

After time spent working as an accountant in the hospitality trade, Jamie Wallace decided what he really wanted to do was apply his accounting and management skills to running his own business.

In February 2007 he started planning that business; an online shop that would promote and sell traditional Scottish sweets. He approached a family run sweet producer in his home town, secured a deal and the company went live at www.grannyjacksons.co.uk in April 2007.

Since then, Jamie has been focused on agreeing deals with other producers and marketing the website. His vision is to build Granny Jacksons into the leading online shop selling Scottish confectionary. To achieve this, he's relying on tools such as BT Tradespace, Google, eBay and Paypal. Fortunately in BT's e-shop product, he's found something that pulls all these applications together.

Jamie says: "The blog is a new sales tactic for me, but I've found it to be really successful. I use it to keep potential customers updated through a regular newsletter. Through BT Tradespace I've been able to tap into a huge database of potential contacts and customers – and make some money in the process."

All this whilst sucking on Saltire rock and butter tablets from a desk in the front of his living room. Sweet!

- www.grannyjacksons.co.uk



Selling in style

Sarah Watson and Anneli Gascoyne, Balineum

This stylish online business is run from Sarah's flat in central London. The company focuses on a core product and is successfully applying technology for promotion and sales generation.

Neither Sarah nor Anneli had any prior experience in the bathroom trade. What they did have was top of the range skills honed in corporate careers with big companies and an idea that would fill a gap in the market.

The website at www.balineum.co.uk was launched in November 2007. The majority of sales are online, and the website is, and will always be, the company's main focus for sales. Since January 2008 Balineum products have been sold offline at Selfridges on Oxford Street, and discussions are underway with a number of other retailers.

Around 80% of sales are in the UK but the company very much sees itself as a European business, so is more than happy to deliver all over the world. Sarah says: "If only the postal and carrier services would make the process of delivering outside the UK cheaper and more consistent, our lives would be much improved!"

Company promotion also happens online. Customers search for the luxury products and Google Ad Words has helped direct them to Balineum. The company has also been promoted across the web through being the subject of a number of blogs which have brought positive attention.

To keep the business online and at home, Sarah and Anneli have recently selected a fulfilment partner to store, pick, pack and deliver their products. This allows them to stay working out of Sarah's flat to process orders and run the business, with stock being dispatched from a separate warehouse.

The partners recognise the importance of focus, saying: "We want our customers to recognise us as experts in linens and accessories for the bathroom, and so don't want to dilute our brand by moving our focus outside the bathroom."

There seems to be no fear of this brand being diluted. Quite the contrary. With a stunning website and products that can't be sourced elsewhere, watch this brand get ever stronger. Both online and off.

- www.balineum.co.uk

When travelling out of the home office, how do you keep in touch?

Mobile phone	63%
PDA (eg a BlackBerry, Office Anywhere)	20%
Laptop	11%
Internet cafes	2%
Wireless internet	4%
Pager	0%
I try to keep out of reach	0%

Support

Who helps out when the technology doesn't work quite as well as it should?

On-call IT specialist	16%
IT company help/support desk	0%
Local technician	6%
I do it	35%
My Family (not children)	18%
My children	11%
A Neighbour	6%
Other	8%

Budget

Roughly how much do you spend on IT (hardware & software) each year?

£0-500	20%
£500 - £1000	52%
Over £1000	28%

On the road

There will be times when home businesses have to leave the home office and work on the move. When they do, the majority keep in touch using mobile phones and PDAs.

Justina Perry was winner of the 2008 Home Office of the Year Award yet is often to be found working outside her luxurious surrounds.

Justina Perry, Founder, MamaBabyBliss:

"Although I run my business from home, I am often on the road visiting retailers, meeting press or talking to potential partners. My Mac and BlackBerry are my life. They've enabled me to go out and about and still feel like I'm in the office – and able to stay in touch if my family needs me. I don't feel I need to be at my desk to do a day's work."

Upkeep

Who do home business owners turn to when technology stutters? In the main, they rely on their own IT skills, turn to the family, and a growing number outsource IT support to on-call specialists such as The Geek Squad and Tech Guys. The majority of home businesses spend an annual budget of £500-£1,000 on keeping a tight tech ship.



Bed, Breakfast & BlackBerry

Pete Hawkins – serial home business entrepreneur

Pete Hawkins is the owner of several home businesses. He's a freelance writer and photographer, manages courses on map and compass reading and runs a B&B. By virtue of his businesses, he's out and about quite a bit (roaming the beautiful Peak District) and relies on technology to keep him in touch.

Pete says for his business, it's vital that he's reachable by potential customers and clients at all times:

"You're sat at home, where once you shared an office space with others. You've got to make sure that you are in as close a contact as possible with your sources of work. When you run three - or is it four, maybe five? - different elements of your business then keeping in touch and on the ball is vital."

Pete manages this by using a BlackBerry. With it in his hand he can now respond immediately to bookings for the B&B whereas before he may have risked losing customers who expect an immediate response or will look elsewhere.

"Pre-BlackBerry, if we were out, e-mails would go unanswered for potentially hours and we'd lose custom or we'd have no way of knowing if someone had booked online. Now booking e-mails come into the phone as well as the home computer and we know instantly our situation and when a guest books over the phone, we now know if we have availability rather than putting them off until we could get near a computer that worked."

Having access to technology when on the move has revolutionised Pete's business and means he can remain a serial entrepreneur and not have any one of his strands of business suffer.

- www.petehawkins.co.uk

What is the one thing you'd like to see in your area that would help you and your home business?

Dedicated live/work developments	10%
Events & networks for home business owners	48%
A unit that offers hotdesking & professional meeting space	31%
Faster broadband/more wi-fi hotpots	11%

Safeguarding the future

When asked what they would most like to see in their area, home businesses replied in the majority that they'd appreciate more events and networks tailored to their needs. Physical infrastructure (hubs, live/work units, professional meeting space, enterprise units) comes a close second.

One figure who is meeting these needs at a national level is Rob Shreeve, Managing Director of private members club, One Alfred Place. One Alfred Place is a new kind of club that combines the best of a private members' club with a London office. Home business owners from across the UK are signing

up to this unique facility that offers a stylish and professional base in the city.

"The intention was to replicate all the facilities you get with an office, without having to pay for one, in the environment of an exclusive London Club. We offer open spaces, quiet corners, lively meeting areas, work stations, private board rooms and presentation suites with a first class restaurant and bar. All have one thing in common – they are designed to allow our members to relax and do business in comfort and in style." Rob Shreeve, Managing Director, One Alfred Place

Lynn Fotheringham would like to see all these things happening in her area. In the meantime, she's doing her best to safeguard a future for homeworkers everywhere.



A friend to the environment

Lynn Fotheringham – Inside Out Buildings

Being kind to the environment is a philosophy that runs through Lynn Fotheringham's home based business. In 2004 her partner, Gordon, gave up his daily 2 hour commute to Lancaster (to save time, money and the environment) and together they pooled their skills to start Inside Out Buildings.

With Gordon being a qualified architect and Lynn's background as a self-employed wallpaper and textiles designer, they were the perfect couple to start a company that builds eco-friendly garden offices and annexes.

Lynn was also influenced by wanting to build a business that was contained in the UK and not affected by global currency movements; she'd been caught out in this way before when she was priced out of the wallpaper market. She now uses materials for the buildings that are built as close by as possible.

Sheeps wool insulation for the buildings comes from the north of England and rock wool insulation is made in South Wales in a way that is sensitive to the environment. The buildings are built using traditional timber-frame and clad with honey-coloured larch grown in carefully managed woodland in Scotland and Northumbria.

With double quantities of insulation, the buildings need minimal electricity to heat. It is these materials, and this approach, that make for environmentally friendly and sustainable buildings. And Lynn's satisfaction that she's helping clients make a positive contribution to reducing CO2 emissions.

- www.iobuild.co.uk

Home business: The future

Over the next 12 months we want to see home business truly flourish:

- To see figures charting a continued increase in the number of people earning a decent income from home.
- To see families working together with a vision to grow their business, using the best technology has to offer.
- To see home business hotspots emerge; the places that are doing most to encourage and support this modern way of working.

In particular, we'd like to see:

New government policies and programmes to encourage and support home business

- A cross-departmental government group dedicated to looking in detail at the economic, environmental and social benefits of homeworking
- Changes to the planning system influenced by recommendations put forward in Matthew Taylor's paper 'Living and Working in the Countryside'

Statistics and indicators

- Regional Development Agencies carrying out research on their home business base and including home business targets in Regional Economic Strategies
- Business support bodies to change their attitude towards growth so it takes more account of businesses growing by turnover, as opposed to headcount

Physical infrastructure

- Local Authorities to invest in home business hubs and networking facilities and having clear information on their website detailing the approach towards home business planning permission and business rates

Promotion

- More organisations across the UK (government and enterprise agencies) to champion home based businesses and communicate the benefits for individuals and the community
- The national enterprise coalition, Enterprise Insight, to recognise home business and the role of home based parents in educating next generation entrepreneurs
- Business support providers to promote events, networks and clubs dedicated to home business

And anyone who is starting or growing a business from home logging on to www.enterprisenation.com to find information, inspiration and contacts.

Home business in the regions: The Enterprise Nation Index

For the purposes of this report, we have sourced home business start-up figures for the 12 months to September 2008. The data below shows the top 50 postcode districts with the highest number of resident start-ups over this period.

If you would like to know where your District appears in the ranking, subscribe to the Enterprise Nation Index.

The Enterprise Nation Index is a new product launched in partnership with data marketing company, Selectabase.com and their Startupsplus marketing list.

By subscribing to the Enterprise Nation Index, you will receive an ongoing quarterly update on the ranking of your district and be able to compare performance with other postcode areas across the UK.

You will discover:

- How many businesses are operating from home in your area, and in which sectors
- Whether this number is rising or falling
- How this compares with other areas
- What you can do to encourage and support home enterprise

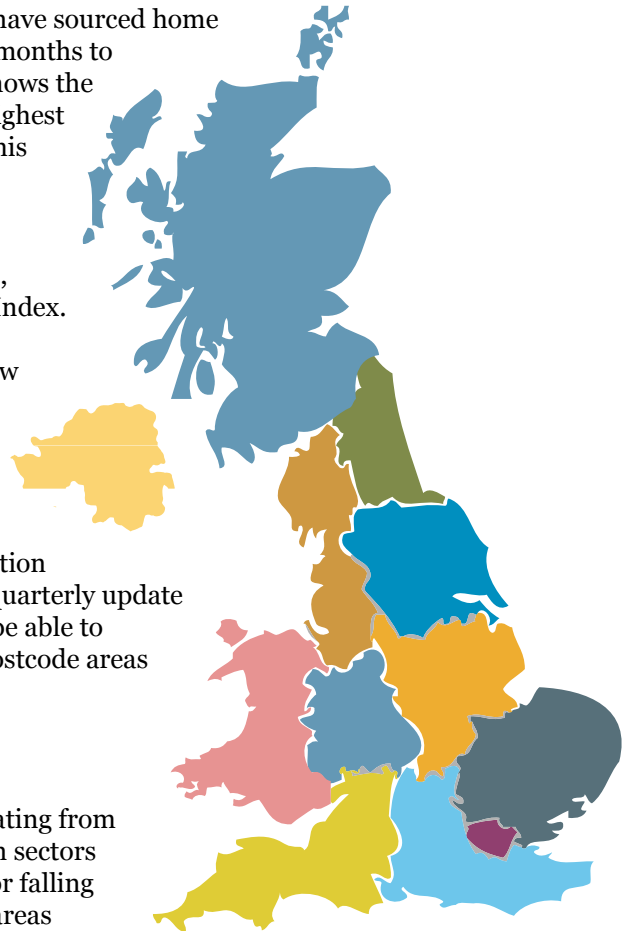
Use the data and intelligence to:

- Plan business support events and programmes - so they most accurately reflect the needs and requirements of a growing audience
- Develop marketing messages and media campaigns - to raise the profile of this modern way of working
- Dramatically increase your start-up rate - by encouraging and supporting more people to turn an idea into a business, from the comfort of home

Become a home business hotspot and your area will benefit in so many ways:

- Productive & vibrant economy
- Clean environment
- Enlivened daytime neighbourhoods

To find out more about subscribing to the newly launched Enterprise Nation Index (annual subscriptions and one-off reports are available), contact Emma Jones emma@enterprisenation.com for more details.



Top 50 Home Business Hotspots

Ranked by postcode district and based on home business start-up data from September 2007 – September 2008.

The Enterprise Nation Index will record ongoing and quarterly changes to this ranking.

Ranking	Location	Region
1	London	London
2	Leicester	East Midlands
3	Nottingham	East Midlands
4	Bristol	South West
5	Coventry	West Midlands
6	Stoke on Trent	West Midlands
7	Manchester	North West
8	Cardiff	Wales
9	Southampton	South East
10	Birmingham	West Midlands
11	Bolton	North West
12	Sheffield	Yorkshire & The Humber
13	Derby	East Midlands
14	Preston	North West
15	Glasgow	Scotland
16	Chelmsford	East of England
17	Plymouth	South West
18	Brighton	South East
19	Stockport	North West
20	Maidstone	South East
21	Redditch	West Midlands
22	Croydon	Greater London
23	Chorley	North West
24	Dunfermline	Scotland
25	Swansea	Wales

26	Doncaster	Yorkshire & The Humber
27	Loughborough	East Midlands
28	Newport	Wales
29	Swindon	South West
30	Wigan	North West
31	Chesterfield	East Midlands
32	Reading	South East
33	Oldham	North West
34	Margate	South East
35	Wrexham	Wales
36	Telford	West Midlands
37	Edinburgh	Scotland
38	Wakefield	Yorkshire & The Humber
39	Slough	South East
40	Rugby	West Midlands
41	Mold	Wales
42	Solihull	West Midlands
43	Dundee	Scotland
44	St Albans	East of England
45	Torquay	South West
46	Barry	Wales
47	Rossendale	North West
48	Ashford	South East
49	Darlington	North East
50	Caerphilly	Wales

Analysis Disclaimer

Although very extensive, the Startupsplus and Business Prospects databases will not contain details of every active trading business within the UK. The data is sourced from new entries/additions to a central database of UK telephone numbers. Other sources include new entries/additions and updates from a wide range of online and offline business directories.

Home business: The check list

If you represent a Regional Development Agency, Business Support Provider, Enterprise Agency or Local Authority, apply this checklist and watch your home business sector grow.

Intelligence

- Access to intelligence on the number of home based businesses in the area, including sector information and postcode hotspots
- Applying this intelligence to setting targets and influencing policy at a regional and national level

Events

- Events are being promoted that appeal to people considering starting at home or growing their business from home with content relevant to the sector
- National home business events are being promoted in the local area
- Home business competitions reward and incentivise

Networks

- Networks (face-to-face and online) provide the business and social interaction that home businesses need - and in a facility that also offers professional meeting space/a postal service/ business display space.
- Property developers are encouraged to build live/work developments
- The professional service community (banks/accountants/lawyers) are tuned in to the requirements of the home business sector
- Wi-fi hotspots enable out of home office working

Publications

- A local directory of home businesses shows the range and extent of activity
- Marketing materials and start-up information guides are written with home businesses in mind

Online

- Clear information on the attitude towards home business is available on the Local Authority website
- This links to Enterprise Nation www.enterprisenation.com as a free resource for anyone starting and growing a business from home.

Appendices

Appendix I:

The Home Business Survey, complete data

The 2008 Home Business Survey was carried out from Wednesday 20th August to Friday 12th September 2008. The Survey was divided into three key categories of question; business, lifestyle and technology.

The Survey attracted 1,060 responses.

The regional breakdown of respondents was:

London	16%	Yorkshire	8%	South West	7%
South East	13%	East Midlands	11%	Scotland	5%
North East	6%	West Midlands	10%	Wales	4%
North West	9%	East of England	8%	Ireland	3%

Business

Do you run your business full time from home? (> 30 hours per week)	67%
Do you run your business part time from home?	33%

Why did you start from home?	
Lower start-up costs	12%
To be close to my family	15%
Availability of technology	15%
Better work-life balance	14%
No need for an office	16%
Reduce my carbon footprint	16%
Other	12%

Home Business Report

October 2008

How did you come up with your business idea?	
A gap in the market	18%
It was my hobby/passion	21%
Copied what someone else was doing	20%
Bought into an idea (franchise)	22%
Other	19%

Where did you go for start-up advice?	
Friends/family	23%
A professional (bank/accountant)	16%
A government body (Business Link)	11%
Online	23%
Business organisation	12%
Don't go anywhere for advice	6%
Other	9%

Did you need to raise funding to get you up and running?	
Yes	36%
No	64%

If yes, where did the money come from?	
Friends/family	16%
Personal savings	11%
The bank	15%
The mortgage	12%
Credit card	14%
Private investors	2%
Government or advisory service	12%
Grant	6%
Other	12%

What is the one activity you'd most like to have done by someone else?	
Marketing	9%
Sales	11%
Accounts/Finance	22%
Admin	14%
Operations	8%
Technology/IT/Computing	15%
Communications	7%
HR	10%
All of the above	4%

How would you go about getting it done?	
Hire someone to do it in-house	14%
Outsource to a friend	11%
Outsource to a supplier	42%
A barter deal	16%
Other	17%

What is the single thing you most enjoy about being your own boss?	
Freedom to make my own decisions	33%
Financial stability	15%
Learning new skills/pushing myself	14%
Better Work/life balance	24%
Other	14%

In the next 6 months, which of these do you plan to do?	
Increase turnover	66%
Decrease turnover	8%
Take on staff	14%
Move the business out of the house	16%
Sell	4%
Win more customers	72%
Develop new products/services	58%
Secure investment	11%
Expand internationally	19%
Shrink the business	7%
Don't know	4%

The respondent could tick as many options as applied so the percentage figure does not reach a round 100.

If you plan to take on new people, how will you go about this?	
Employ them full time and work from my home	13%
Employ them full time to work from their homes	21%
Take on freelancers/sub-contractors	37%
Grow the team through franchising	12%
Move to a dedicated work space	14%
Other	3%

To help you grow, who would you turn to for advice?	
A non-exec director/ investor	6%
Fellow home business owners	22%
A coach/mentor	16%
A Business Link adviser	10%
Colleague	3%
Previous colleague	3%
Employee from another small business	4%
Employee at a large organisation	4%
Friend or family member	19%
Other	13%

When you started up from home, who did you tell? (tick as many that apply)	
Local Authority/Landlord	11%
Insurance company	43%
Bank	74%
Mortgage provider	9%
Neighbours	68%
The tax man	64%
Government organisation (BCC, FSB, IOD)	12%
None of the above	2%

Home Business Report

October 2008

When you set up your business what was the biggest hurdle?	
Getting advice	16%
Solitude	8%
Cost	9%
Red tape/Legislation	11%
Working hours	8%
Technology	14%
Interacting with clients	12%
Recruitment	6%
Administration	9%
Banking and finance	7%

How did you find the experience of starting your business?	
Easier than expected	32%
As expected	52%
Harder than expected	12%
Don't know	4%

If harder than expected, why?	
Lack of space	9%
Unexpected costs	13%
Separating work and home life	11%
Loneliness/lack of contact with the outside world	4%
Professional appearance of the company	6%
Motivation/drive	7%
Lack of support	12%
Trust of employees	8%
Nothing, there are no negatives	30%

Lifestyle

Do you work from a dedicated home office?	
Yes	68%
No	32%

Home Business Report

October 2008

If yes, which part of the house is your home office?	
Spare room	24%
Bedroom	19%
The kitchen table	9%
Living room	16%
Garden shed/garage	18%
Other	14%

Do any of your family work with you?	
Yes	58%
No	42%

If yes, who?	
Mother/Father	9%
Husband/wife/partner	52%
Brother/sister	8%
My kids	25%
Extended family member (cousin, aunty, uncle)	4%
Other	2%

What do you do with the time you save commuting?	
Spend more time on the business	21%
Personal development (read a book/learn a language/further education)	16%
Exercise	18%
Get involved in family activities	34%
More involved in community	16%
Relaxation	9%
Travel	19%

Technology

How important has technology been as a factor in enabling you to run a business from home?	
It's critical to the success of my business	64%
Very important	18%
Important	15%
Not important	3%
My business does not use technology	0%

Home Business Report

October 2008

Do you use broadband at home for your business?	
Yes	93%
No	7%

What technologies are core to your business operations?	
Telephone	42%
Internet	84%
Broadband	79%
Email	86%
Mobile devices (including Mobile phone/ Blackberry/Office Anywhere)	72%
Fax	7%
IT Support	8%
Business Applications/Software as a service	33%
Key hardware (such as servers)	28%

Do you use Voice over IP (VoIP) technology?	
Yes	46%
No	54%

If yes, what do you use it for?	
So clients can contact me	27%
To keep in touch with friends/family	16%
To save money	49%
To make money – it's part of my business offer	18%
Ease of use	52%
Convenience	21%
Working remotely	19%
Control	8%
Other	4%

What would you like your website to do for you?	
Enable us to trade overseas	11%
Allow us to market ourselves better	39%
Attract new customers	46%
Make us look bigger than we are	43%
Network with other businesses	21%
Network with partners/suppliers	16%
Engage with customers	54%
Encourage discussion/networking about issues that affect our business	14%
I don't have a website but would like one	6%
I don't have a website	6%

Do you use social networking sites to keep in touch with other businesses?	
Yes	32%
No	62%
I don't know what a social networking site is	6%

When travelling out of the home office, how do you keep in touch?	
Mobile phone	63%
PDA (eg a BlackBerry, Office Anywhere)	20%
Laptop	11%
Internet cafes	2%
Wireless internet	4%
Pager	0%
I try to keep out of reach	0%

Support	
Who helps out when the technology doesn't work quite as well as it should?	
On-call IT specialist	16%
IT company help/support desk	0%
Local technician	6%
I do it	35%
My Family (not children)	18%
My children	11%
A Neighbour	6%
Other	8%

Budget	
Roughly how much do you spend on IT (hardware & software) each year?	
£0-500	20%
£500 - £1000	52%
Over £1000	28%

Time	
How long does it take you to keep your IT and web site running and up-to-date per month?	
Less than an hour	0%
2-5 hours	33%
5-10 hours	26%
10-20 hours	32%
More than 20 hours per month	9%

What is the one thing you'd like to see in your area that would help you and your home business?	
Dedicated live/work developments	10%
Events & networks for home business owners	48%
A unit that offers hotdesking & professional meeting space	31%
Faster broadband/more wi-fi hotpots	11%

What do you consider the key barriers to growing a business in 2008?	
Rising costs	18%
Lack of available support	12%
Legislation and red tape	12%
Finance, tax and VAT	22%
Lack of ICT skills	8%
Not understanding the requirements of a growing business	10%
Finding the time to plan for expansion	10%
No major barriers	8%

How has technology impacted your business?	
Reaching new audiences/international reach etc	15%
Better work-life balance/flexible working	24%
Enabled growth	17%
Improved productivity/reduced admin	21%
Image – appearing big, when small	13%
Reduced costs	10%

How do you rate your IT skills?	
Excellent	9%
Very good	11%
Good	56%
Mediocre	21%
Poor	13%

Appendix II: Netmums research findings, February 2008

Carried out for BT Business via online Mums site www.netmums.com

West Midlands

52% cited financial stability as their biggest hurdle

23% cited finding customers as their biggest hurdle

55% began their home-based companies because they wanted a better work-life balance

50% began their home-based companies to take advantage of lower overheads

East Midlands

52% cited financial stability as their biggest hurdle

23% cited finding customers as their biggest hurdle

55% began their home-based companies because they wanted a better work-life balance

50% began their home-based companies to take advantage of lower overheads

North East

55% cited financial stability as their biggest hurdle

28% cited finding customers as their biggest hurdle

64% began their home-based companies because they wanted a better work-life balance

51% began their home-based companies to take advantage of lower overheads

North West

58% cited financial stability as their biggest hurdle

29% cited finding customers as their biggest hurdle

47% began their home-based companies because they wanted a better work-life balance

43% began their home-based companies to take advantage of lower overheads

South West

45% cited financial stability as their biggest hurdle

28% cited finding customers as their biggest hurdle

57% began their home-based companies because they wanted a better work-life balance

47% began their home-based companies to take advantage of lower overheads

South East

43% cited financial stability as their biggest hurdle

21% cited finding customers as their biggest hurdle

55% began their home-based companies because they wanted a better work-life balance

48% began their home-based companies to take advantage of lower overheads

East England

52% cited financial stability as their biggest hurdle

23% cited finding customers as their biggest hurdle

55% began their home-based companies because they wanted a better work-life balance

50% began their home-based companies to take advantage of lower overheads

Yorkshire and Humber

55% cited financial stability as their biggest hurdle

28% cited finding customers as their biggest hurdle

64% began their home-based companies because they wanted a better work-life balance

51% began their home-based companies to take advantage of lower overheads

Wales

54% cited financial stability as their biggest hurdle

32% cited finding customers as their biggest hurdle

62% began their home-based companies because they wanted a better work-life balance

46% began their home-based companies to take advantage of lower overheads

London

44% cited financial stability as their biggest hurdle

35% cited finding customers as their biggest hurdle

52% began their home-based companies because they wanted a better work-life balance

57% began their home-based companies to take advantage of lower overheads

Scotland

44% cited financial stability as their biggest hurdle

33% cited finding customers as their biggest hurdle

71% began their home-based companies because they wanted a better work-life balance

50% began their home-based companies to take advantage of lower overheads

Appendix III: Source references

*1 Department for Business, Enterprise & Regulatory Reform, SME statistics, August 2008 <http://stats.berr.gov.uk/ed/sme/smestats2007.xls>

*2 The Characteristics of home based businesses, Professor Colin Mason, University of Strathclyde, July 2008

*3 'Working from home is the business, small firms say' Richard Tyler, The Daily Telegraph, 11th August 2008
<http://www.telegraph.co.uk/money/main.jhtml?xml=/money/2008/08/12/ybwork112.xml>

*4 Research carried out by Enterprise Nation, in association with the AA, calculations showed travel savings of £8.40 per day by working from home. This adds up to more than £2,000 per year and for home business owners who can do without a second car, annual savings of in excess of £6,000.

Calculations on travel savings were made as follows:

Average commute distance x vehicle running cost x days working at home. Average daily commute distance taken as 20 miles each way (total 40 per day)

Running costs, as opposed to fuel only, includes wear and tear, tyres, servicing, replacement parts, parking and tolls and fuel. Average figure taken as 21 pence per mile for diesel and 23.9 for petrol. This works out as follows (using the running cost figures for petrol cars) $40 \times 21 = £8.40$ per day

In addition, by not using the car, save around two gallons of fuel which is converted to 10 kg of carbon dioxide per gallon = 20 kg per week. Some families are able to get rid of the second car which, assuming medium sized petrol car, saves around £4800 per year.

*5 'Middle class turns to moonlighting', The Sunday Times, Robert Watts, 13th July 2008

*6 'Demand for domestic services on the rise as UK households seek home help', Yell.com, 30 July 2008
<http://www.yellgroup.com/english/media-pressreleases-2008-demandfordomesticservicesonthe>

*7 'When I grow up, I want to be...' Hiscox Insurance, 01 August 2008
<http://www.hiscox.com/ViewCMSPage.aspx?viewmode=Live&viewtype=ViewPressReleaseDetail&pressreleaseID=52b002d3-68ce-431f-83e5-62eb43520f00>

*8 The Home Business Awards are the annual awards hosted by Enterprise Nation for people starting and growing a business from home. In 2008 a record 331 entries were received.

*9 'Seven out of ten home-based businesses say they can beat the crunch', RSA Group press release, 30th August 2008 <http://www.rsagroup.com/rsa/pages/media/ukpressreleases?type=press&ref=468&view=true>

*10 Research carried out by location agents Homefinder revealed a £28,000 average uplift in the value of a property that accommodated a home office. A comparison of house prices across the UK, with examples taken including those listed below show an average incremental difference calculated at £28,000 in value-added.

Keighley, West Yorkshire

A 5 bed with no study and a decent sized garden in at £650,000

Similar with 5 beds but a separate study (in the cellar) at £695,000

Barnsley

A 5 bed with an office for £289,950

A 5 bed without a study for £229,995.

Finchley, London

5 bedroom semi detached house with an office in the garden for £1m

A similar property without an office for £748,950

*11 'Ebay traders generate £2bn in sales', The Financial Times, Jonathan Guthrie, 30th January 2008 http://www.ft.com/cms/s/0/3c28cdea-ced6-11dc-877a-000077b07658.html?nlick_check=1

*12 Research carried out for BT Business by Vanson Bourne (Feb '08) asked the question of small businesses: 'Do you think you will have a better work/life balance this year, compared to last year?' 64% of respondents replied 'yes'.



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