

understanding the needs of home-based businesses in WA

report of research for the Business Growth Centre (BGC)

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Understanding the Needs of Home-based Businesses in WA: Executive Summary

This study, whose purpose is to better understand how home-based business operators think about their style of work and the supports which might enhance their capability and their success, is primarily based on interviews with 22 home-based operators: 17 in Perth; 5 in Karratha. These operators all owned their business (i.e., they were not employees of larger companies who happened to work from home).

There are three key findings:

- 1. home-based businesses want to be based at home:** One of the questions this study was designed to address was whether a physical hub, where home-based businesses could have access to business services and to one another, was warranted. The evidence from this study is unambiguous: home-based operators work from home because they *like* working from home. They don't want the expense (even if modest) or the hassle of going 'out' to work. Further, very few of these businesses intend to grow large enough to require external premises. What a number would find useful, however, is access to:
 - meeting rooms suitable for 15-20 people that could be hired relatively inexpensively;
 - a boardroom style room where home-based operators collaborating on projects can work together.
- 2. the 'hub' wanted is an 'intellectual' one: an information/learning hub:** Home-based operators said they struggled, particularly in the start-up years, to find advisers who could 'think small', whose mindset and approach matched theirs:
 - a concierge service is one way of addressing this need. The idea is that the BGC assemble a list of accountants, for example – and accountants were a particular problem for home-based businesses – who understand (or were schooled by the BGC to understand) the perspective of home-based businesses. One of the characteristics of home-based businesses, as distinct from other small businesses, is that outside their own skill and knowledge, they do not make a large up-front investment in the enterprise, often beginning gradually while maintaining other (part-time) employment;
 - fostering 'mind' or 'study' groups on such topics as marketing, blogging, social media – areas where learning what works for each business takes time and testing. Accessing professional advice here is typically beyond the means of individual operators, but 'research' groups on these topics, facilitated by the BGC, would allow the home-based businesses to pool their experiences, hear from some experts, and gradually acquire the ability to do it (marketing, blogging etc) for themselves.
- 3. networking and network functions need rethinking:** The difficulty home-based business operators face is isolation. The interviewees were well aware of the potential problem and had developed deliberate strategies to counteract it by building trusted relationships with colleagues in their industry, with clients, with anyone who can help them understand their own business better:
 - networking events that are designed as quick 'meet and greet and move on' functions do not deliver that outcome. These home-based operators had all attended such functions but rarely found them a base for meaningful connections, or for much connection at all, and had stopped attending;
 - home-based business operators, even those well established, are keen to extend their networks and they appreciate opportunities to get out of home from time to time, but they want to come away from events feeling they have learned something and/or made a connection(s) that is solid enough that they feel confident it is worth pursuing;
 - one mechanism for building long-term relationships they knew of and were attracted to is participating in a small group (of like-minded or diverse businesses) which meets regularly and is maintained for a year at least. These groups need facilitation and a certain amount of structure – people like to know what is in store before they invest their time – but also a degree of informality. And at a reasonable cost.

The ideas put forward by the home-based business operators are avenues the BGC might fruitfully consider. As the BGC thought from the start, it is a business sector with interesting views and needs.

Understanding the Needs of Home-based Businesses in WA

1. Background and methodology

Home-based businesses constitute a large measure of the small business sector in Western Australia – 72 percent in 2004 according to the ABS¹ – but relatively little is known about them. The Business Growth Centre (BGC) was established to provide guidance and training to foster the success of small businesses in the state. It was clear to the BGC that to contribute effectively to the success of this significant portion of their mandate, they would need to better understand how home-based operators' view their unique style of business and what might be of most use in enhancing their capability.

Because we wanted to understand what operating a home-based business *feels* like to the individuals involved – because we wanted their lived experience and nuanced views – this study was qualitative in nature: primarily based on interviews with 22 home-based business operators. The interviews were conversational in tone, designed to encourage people to tell their story in their own words and in a way that best matched their own experience. Before the interview, each business operator had received an email describing the project and outlining the kinds of questions I would be asking (attached as an appendix). In sum, the interviews were informal but with an underlying structure and understood purpose.

Altogether I spoke to 22 home-based business operators:

- 5 were based in Karratha – a location chosen because the resources boom has put such a premium on property that some small businesses might have been forced to operate from home when they would have preferred other premises. The five were nominated by the Small Business Centre, West Pilbara;
- 15, based in the Perth metropolitan area, were selected from BGC's database. The selection process took place in stages. First, BGC staff went through their database identifying businesses which they knew to be, or which sounded, home-based. In the end, I was given the business cards of 46 likely enterprises. These I sorted into the general type of product/service offered; for example, business support; art/photography; tourism; therapy/counselling; personal stylist; interior design, etc; with one special category for franchised businesses. I 'prioritised' the businesses within each category in a fairly arbitrary way, although checking websites did suggest some businesses looked a little more interesting (and informative) than others;
- 2 home-based businesses located in the Perth metropolitan area came to my attention for reasons unrelated to this study (i.e., they were not on the BGC database) but complemented the sample of 20 nicely.

Eight of the interviewees were men; fourteen were women.

The interviewees were promised anonymity and confidentiality. To respect that, I am not able to describe their businesses as specifically as I would like – 'would like' because some are interesting in their own right – but they would then be too easily identified. In this report, where I necessarily share some details to make an operator's story make sense, I have disguised identifying details, but everything reported is based on what was told to me; the quotes are genuine. I should say also that the interviewees were all generous and gracious and frank. The stories they recounted rang true.

¹ The Australian Bureau of Statistics (ABS) defines a home-based business as one where: (i) most of the work is carried out at the home(s) of the operator(s) and is referred to as a business operated *at* home; or (ii) the business has no premises owned or rented other than the home(s) of the operator(s) and is referred to as a business operated *from* home. Most home-based businesses – and certainly all the ones in this study – also conform to the special small business category which the ABS labels a *micro* business: either non-employing or employing fewer than five people.

2. home-based business operators: independent or isolated?

All of the home-based operators I spoke with started their business themselves². One of the characteristics they all share is a preference for independence and autonomy. A distinction is sometimes drawn in the literature³ between home-based businesses that are started because the individual felt *pushed* out of previous employment – an example in this study is the woman who couldn't return to her former work after maternity leave because they would not create a part-time position there and she did not like the section they assigned her to – and businesses started by the *pull* of the concept. While there were examples of both push and pull motivations, and of mixtures of the two, in this study, the home-based business operators interviewed had come to really like being their own boss, responsible to and for themselves whatever the initial drive:

I don't think I could work for anyone ever again. I like the flexibility: I can manage my diary and say I'm not available for two weeks school holidays or whatever if my daughter's sick...

I've never felt working from home wasn't working. I make no appointments before 11:00 so I can exercise between 9:00 and 11:00 – I need to have my own life. I refuse to be manipulated...

I've worked from home for 8 years now. I don't intend to throw away my profits on overheads. My businesses assets are my car, my laptop and my BlackBerry...

I just love working from home. It's the immense flexibility and I'm disciplined...

I didn't like the corporate culture where I worked before. Working from home is a pleasure – I love being able to work undisturbed...

Interestingly, few claimed to be entrepreneurs. This may be because many of their businesses followed on fairly directly from work they had done previously (more on that below), but also, these operators were modest about their achievements and they might have felt that to claim to be entrepreneurial would sound too 'flash'.

The one drawback to working solely from home is potential isolation. I spent quite some time in each interview asking about networking and collaboration since both are given such prominence in the business world. These home-based business operators had given a great deal of thought to, and experimented with, networking and to a lesser extent with collaboration. They all recognised that businesses are built on connections: with existing and potential clients; with operators of related enterprises; with professional service providers (banks, accountants, lawyers); with family members and trusted colleagues. Most of the people interviewed claimed isolation as a problem for abstract 'others' rather than for themselves.

Nonetheless, building effective relationships is not always easy. The interviewees made an interesting, and important, distinction between superficial networking functions where, basically, one is trading business cards, and the networks they actually value which are based on mutual understanding and trust. This distinction led me to wonder whether 'networking' is now used so glibly to cover so many different kinds of connections that it would be preferable to focus directly on the *purpose* of networking, which is to build relationships, and stop making networking itself the goal. In looking at the needs of the home-based business operators I spoke with, different types of relationships help different businesses at different points in their development – as the following sections indicate. To be

² There are people who work from home for larger companies – an arrangement that is not uncommon these days with modern communication technologies. Such individuals are unlikely to be clients of the BGC.

³ see, for example, Security4Women, 2007, *Making it work: a study of education and training issues for women in micro and small business*, <http://www.security4women.org.au/wp-content/uploads/Making-it-Work-women-in-small-bus-2007.pdf>

blunt, it is not the quantity of connections but the quality, and usefulness, of the relationships that help home-based business operators succeed.

3. the experience and needs of home-based businesses

The pattern that stood out in analysing the interview data was that being home-based is not an 'issue' in itself – indeed, when asked, the operators said they rarely thought about the fact that they were based at home, it seemed 'natural'. What is important is the developmental stage of the business. One case illustrates this exactly: a couple who had operated a very successful digital design business from home for fifteen years, decided five years ago to make the leap into a completely different home-based business. They struggled afresh with the issues facing any new enterprise: defining/refining the product line, marketing, building relationships with others, etc – 15 years' experience of working from home didn't make launching (and developing) the new business any easier.

Consequently, the following discussion on the experience and needs of home-based business operators is structured according to the degree to which the business is established and prospering. There were home-based businesses which were:

- (i) still in the start-up phase;
- (ii) past start-up and stretching to meet new aspirations;
- (iii) established and stable.

I should point out that there were no discernible differences in the business experiences of the Pilbara-based and Perth-based businesses. Two of the Pilbara interviewees had lived in Karratha for many years and did talk about how important their community connections were to them. The Perth-based business operators did not single out their local communities in this way, although one relatively recent 'migrant' to Perth from the eastern states mentioned that she felt she had to work especially hard at the beginning to gain the trust of people here in her industry. The following analysis applies equally to Perth and Pilbara home-based businesses; no distinction is drawn between them.

3.1 home-based operators in the start-up phase

I assigned nine businesses to this category. All were started in 2009 or 2010. Some are struggling to be viable; some have (finally) established themselves; several are in-between. Looking across that spectrum, the characteristic which seems to explain where the business is, is the extent to which the operator has clearly defined the purpose of the business. Listen to one who hasn't - who has yet to find her feet after two years:

I had marketing experience in the corporate world so I thought I'd do that as a consultant for SMEs. I've spent far too much time and money searching for answers. I attended a 2-day workshop; a 3-hour mentoring program; I subscribe to newsletters; there was a program for \$500 that was supposed to increase my leads – I actually knew that one wasn't the road to take but the sales pressure was enormous. And all the time I was getting conflicting advice. I wasn't getting anywhere.

I realise now that I should rely more on myself. The one thing I don't want more of is advice. I can see now the SMEs were probably the wrong target... I feel like I've worked out in my head where I want to go – I feel it will work, but I need quality contacts...

The home-based operators who started with a clear idea of the product/service they wanted to provide, and why, were generally able to establish their business on a reasonable footing within a 12-24-month time frame. 'Clear ideas' are more than imagined ideas. They are based on solid research: two of operators, for example, conducted focus groups early on to refine their ideas; another spent weeks on the internet sourcing potential suppliers, learning what is selling and not selling, etc. Others had personal experience of the industry and, for example, could observe the way a service being provided could be redesigned to better meet the needs of clients. But another, with experience in her industry, went through an extended process before finding a clear direction:

It took me a long time to define my expertise. I knew it was communication and I knew my particular industry area well, but what was my product? What did I really want to specialise in? I joined a business networking group that focused on communication. That gave me some ideas and taught me that there were associated streams – not just one product but associated paths: speaker, trainer, author, mentor. But it took me 6-8 months after that for it to crystallise into a niche that excited me and was marketable.

Several established home-based business operators I talked with reminisced about early, difficult times while they worked out what it was they really wanted to do.

Of course, there are never guarantees. One enterprise with a clear sense of direction and purpose from the outset, is still struggling five years on, but this one has been battling some entrenched interests. And one home-based business which started on a bit of a whim – a friend suggesting interior decorating because the person seemed to have ‘a flair’ – so she had a few business cards printed, took a short course, linked into a building information centre and, as they say, ‘never looked back’.

Even those home-based business operators with clear ideas can find the beginning very slow going. These experiences are not unusual:

Mine wasn't a smooth start at all. I probably started exactly at the wrong time because the global financial crisis came at the same time. For the first 12 months there were only 2 or 3 projects. Then for 6 months there was nothing. But from January this year [2010] it has gone gang-busters: 10 – 13 projects.

I registered my business in Feb 2009 and didn't get my first member 'til July. That Christmas [2009] there were 28 members. This Christmas [2010] we have 140. That's a slow but, thankfully, steady pace. And I'm finally confident it will work although for a long time there were a lot of nay-sayers.

My first try at selling was amazing: I had bought five and sold all five in one day for almost eight times what I paid. And then I went to another market with 70 and came home with 18, although not quite such a high profit margin. But since then I've only managed to sell 3 a month.

Not many people can forego an income stream while their new business establishes itself. Of the nine people I talked to who had started home-based businesses in the last two years, at least four have either continued part-time in their former role or found new part-time work. In other cases there is a partner who is working, although one interviewee had acquired enough capital in a previous career that he could afford to spend time simply generating ideas and trialling products.

The exception to the slow start are businesses based on a *supportive* franchise – noting that not all franchises provide the clear direction, materials (e.g., advertising templates, website design, accounting systems), ready answers, and the encouragement that circumvent hurdles faced by home-based businesses based on the operator's own ideas. Indeed, one franchised home-based business that started in August 2009 which, technically should be placed in this section on enterprises in their start-up phase, has flourished so thoroughly that I have ‘promoted’ it to the next group of longer running established businesses. It has flourished in part because of the formal support provided by the parent company, but also because the local franchisees help one another: they share experiences, they borrow stock from one another; and one experienced franchisee “was particularly helpful, giving me lots of advice. But actually, we're a good team altogether”.

Much of the emphasis on networking is that it generates clients and referrals – and clients are, of course, rather important – but in the start-up phase, home-based business operators are often most in need of relationships that will help them to define and refine their business model. A concept I have used in other contexts where individuals are trying something new is that they need ‘squidding’⁴. A

⁴ I should acknowledge that it was Lisa Smith, from the mind-workers team at Minds At Work who introduced me to the term.

squid defends itself by shooting a cloud of ink at the offending object and running away. 'Squidding' is having trusted colleagues (or family or friends) look for all the reasons the new business might not work, to get the home-based operator to explore weaknesses and fuzziness in their model. Although squidding sounds negative, it is a really important phase and actually quite positive. Two of the current start-up business operators have engaged mentors, and so did several of the business operators who are now past the start-up stage precisely to "point out all the things I didn't know". These mentoring arrangements were open-ended, lasting as long as needed "to really set me on the right track".

Several of the home-based operators turned to accountants for help in setting up their businesses. Unfortunately, they were uniformly disappointed in the process. It may be that accountants tend to start more formally than these operators felt was helpful at the time: elaborate business plans seemed, to them, to be jumping the gun. Technology was less of an issue for the start-up businesses than I had predicted. Most had friends or acquaintances who could advise them. It is also the case that quite standard computers and internet connections suffice, although one person did say, "if someone had been sitting next to me as I set up systems and Excel, giving me feedback and making suggestions, that would have helped". The enterprises in the Pilbara had no greater concerns about information/communication technologies than the Perth based ones.

The first 'networking' choice for most of the home-based companies starting out is within their industry. One writer, for example, called everyone she knew in journalism and public relations saying "I'm here, Give me work". Some industries, tourism is an example, have a number of mechanisms in place to build the capacity of the industry as a whole: they hold regular functions and actually help businesses – including home-based businesses – develop websites, design brochures and business cards (and distribute them). Professional associations are another avenue for finding supportive colleagues. Two of the operators I spoke with are associated with the Inspire Foundation which holds regular meetings where members are encouraged to share concerns and trade advice. Several of the women have joined women's business networks like HomeBizChicks and Women in Business in WA. One home-based operator has been involved with Business Networks International (BNI) and several others with local variants on the BNI approach which brings business people together in small groups which meet regularly and gradually build long-term relationships. All of these are what one interviewee described as "serious networks".

Home-based business operators starting out do attend the more general type of networking function, too: "it's expected that one will – one should". But they seem to pall rather quickly:

I went to one networking event that really didn't suit me. It was standing in a circle saying a word about your business then throwing your business cards in. I'm not saying that networking wouldn't suit, just that one didn't.

I do like people, so I go out a lot. And I've gone to networking functions but I would prefer never to go again.

I've tried lunches and breakfasts but they leave me disappointed. The theory is that animals do better when they hunt in packs, not on their own, but it doesn't work for me.

We're always being invited to things but I don't go. Partly, I don't know what to expect but I also don't have the confidence to engage in a lot of small talk.

I found the last comment particularly interesting because that interviewee had just started a business that seemed, to my mind, to require a great deal of confidence as well as great communication skills (which she clearly had). It led us to talk about different kinds of confidence and that being bold in business did not necessarily make conversation with strangers easy. It put me in mind of the interviewee who said, "I don't mind meeting people and talking to them, but I have to push myself. I'm not a natural networker". I began to think there was a consensus building that sausage-and-wine type networking events were superficial and rather boring, but then I spoke with a woman who loved the Women's Network Australia lunch she had just attended which was "nicely paced and you got lots of encouragement".

3.2 home-based operators past start-up, stretching to meet new aspirations

Nine businesses fell into this category: all started between 2005 and 2008 except for the franchise one mentioned in the preceding section that began late in 2009 but flourished relatively quickly. These businesses had established themselves: the quest was no longer just to be viable. This appears to be the point at which home-based business operators – at least the ones I interviewed – say to themselves, “now what can I really accomplish – what can I aspire to”.

Two examples illustrate this ramping up of possibility. The first is a business, started in 2006, by young man who had been working “with not much prospect” at one company, so he started his own:

For the first three years I coasted along. Doing well enough with my clients and keeping up-to-date online. But it was the same old way of thinking: I was price driven: helping my clients to save money by charging less.

Then I linked up with a business/marketing coach who also fosters local networking groups. It cost a lot but it has been worth every penny. In 8 months I doubled my income and I'm on track to double it again.

But it's not just the money. When the penny dropped, I realised that what I was offering to clients was so ho-hum. It was what everyone else was doing and really not doing anyone much good. So now I'm in a transition phase where I'm able to add real value for the client – instead of just saving them money, I am improving their business.

I'm also moving to a whole new business model with a membership base rather than piecework. I will keep working from home, but I will hire an assistant to answer calls. I expect it to get better and better.

The second example is from the opposite end of the age range: a business trouble-shooter who had worked for years for companies large and small, at the age of 62 started his own consultancy. Three years on, with another consultant of similar background and interests, they set up a new company, both continuing to work from home. The original idea for the partnership was to generate economies of scale in e-marketing and website maintenance. Its real value has turned out to be in systematising processes that had been *ad hoc* and, even more, in the mutual support and encouragement it provides:

The two of us talk on the phone a lot, and if we're meeting with a customer, we might get together an hour before. If we're not meeting a customer, we ensure that we get together at least once a week.

My ambition now is to grow beyond the WA market. I have a few clients overseas and every time I come home I stop in South East Asia and think: I want to get into this market. Or China. That's going to take time, but I'll get there. It's an area I know a fair bit about. And I can't imagine myself ever retiring.

As in that last example, many of these ‘aspirational’ businesses are collaborating – or moving to collaborate - with others. If I do a head count, 6 of the 9 businesses in this category are reaching out to “like-minded” others. In some cases this is to build a more comprehensive service and thereby advance their own business, but in others the motivation is to help move their whole niche industry forward: in music, in photography, in specialist therapies and counselling.

What I found interesting is that even at this stage where the businesses are thriving – or perhaps because they are thriving and at this ‘stretch’ stage – the home-based business operators require as much reassurance and encouragement as those just starting out. As one woman, who has run more than one home-based business, says: “you don’t have a manager to boost your confidence, to say ‘you are doing a good job’. My husband – my business partner – tells me I am. But I don’t believe him. He’s my husband, after all!!”

3.3 established and stable home-based businesses

Four businesses were assigned to this category: one was started in 2002, the others were technically started more recently but were actually a return to an earlier home-based enterprise. One of these, for example, was started in the late 1990s as a home-based business: the wife was ill and the husband decided he wanted to be able to work from home. He started a whole new line of work. She recovered and joined him. The business grew and soon they had two other consultants working for them. They bought premises, moved out of home, continued to expand and prosper. Two years ago the couple decided to “shrink back”. They licensed off most of the business and “now the two of us work from home again, looking after a select group of clients and working a lot less hours. So working from home this time around is a choice about rebalancing work and life.”

A similar story:

I started my first business at home 17 years ago. Within two years it had 200 clients and I moved out. Actually I moved four times over the next decade always needing larger premises. By the time I sold the business four years ago it had gotten too large: it had a staff of ten and 2,500 clients. I was so tired, I slept for two months...

But former clients called, so in my mid-fifties I started again from home. The real discipline now is keeping it small enough to stay at home. I am still interested in doing new things – I've brought a young couple in as partners to develop an overseas market. And just yesterday a client suggested extending my expertise in a whole new direction which I'll follow up...

It is interesting that three of these four established and stable home-based businesses are based on collaborations: the husband/wife team; the partnership with the young couple; and a third which has four consultants trained and contracted to the business. This last business is about to move into new premises: the family is building a new home to give the business a “proper office” with its own entrance, completely separate from the family part of the home. “Because,” the owner explained, “if there is a drawback to working from home, it is appearing a little less professional – especially now while we’re building and living in a small rented property: a rep came to see me last week and we had to sit on the front lawn”. But they are staying home.

If there is a criticism of long-established micro businesses like these, it is that they are often not interested in growth. The four businesses in this study do conform, in a sense, to this description. They have reached a size that suits them. They are distinctly not interested in expanding nor even in greatly increased profits. A study in the UK which examined this attitude in established micro businesses – with an eye to policies that might stimulate micro businesses to want training, dynamic growth and productivity improvements – concluded that any such policies or interventions should start with the interests of the individual operators themselves, based on their view of the world⁵.

⁵ Devins, D *et al*, 2005, ‘A conceptual model of management learning in micro businesses’, *Education and Training* 47, No 8/9 pp 540-551

This study, one of the few that differentiates micro businesses from other small businesses, proposes a model of learning by micro business managers which points out that learning in these businesses is “inextricably linked to the performance of work activities, solving problems and grasping new opportunities as they arise”. The world of micro business managers consists of ‘immediate others’ (family, any employees), ‘close others’ (clients, suppliers) and ‘network agents’ (accountants, bankers). People outside these bounds – non-stakeholders – are viewed with suspicion, if not outright hostility when they come along offering advice or proposing improvements. The authors suggest that outsiders need to design interventions that “permeate” the micro-business world boundary by being “in tune” with the preferences and aims of the micro business manager.

I might add here a point made by one of the interviewees. Moments after our interview concluded, she rang back, saying she had forgotten to mention something very important: “I am not a small business,” she said. “Just because I work from home and am self-employed, doesn’t make me small. It’s not a small business because I don’t feel small...my website is open to the world. I can present something unique, something you cannot always do in a large organisation with its rules

It should be noted that the four businesses in this study that are long established were far from stagnant. The operators remain intent on providing an excellent, up-to-date service for their clients, and for years to come.

4. implications for the BGC

In commissioning this study, the BGC wanted insight into the ways home-based business operators viewed their 'unique' form of business. One of the central findings of the research is that home-based operators do not think of themselves as being significantly different from small businesses that operate from premises outside the home. The issues – including the potential to be isolated – are not determined, in their view, by the location of the office. Three businesses in this study use studio space outside the home for some time each week; the exact location of what work they do where is a matter of indifference to them. They consider themselves to be home-based businesses, and intend to stay that way.

One specific issue for the BGC was whether a 'hub' or 'pod' of some sort would be of use to home-based business operators. As you would expect from their earlier comments, there was scant interest in duplicating a home office in a shared facility – indeed, several people pointed out that a hub office would probably give people less space than they had at home, as well as adding to the cost. The point is: people like working from home. Nonetheless, interviewees identified a number of situations in which a BGC-provided space – perhaps a 'pod' – would be useful:

- for joint ventures: several operators are collaborating on specific projects with others or were thinking about doing so and thought a fresh neutral space, boardroom style, might foster that collaboration;
- for training: apparently rooms that accommodate 15 to 20 participants are “few and far between or incredibly expensive”, in Perth as well as in the Pilbara;
- for meeting with clients: where home feels inappropriate – not professional enough – and a café not quite right either;
- where larger premises are required: a few interviewees could foresee a time when their business would no longer fit comfortably in their home, usually because it had acquired a number of employees, although all dreaded the added expense. These larger small businesses may want independent premises rather than a BGC pod. One interviewee pointed out that part of the point of moving out of home would be to increase the sales value of the business by including premises.

The interviewees did nominate services the BGC could provide which go well beyond empty office space and furnished meeting rooms. They envision the BGC itself as the trusted hub – and not only for home-based business operators but for the whole range of small business operators. Two services stood out:

- a concierge service: to put businesses in touch with reliable help: IT; PR; accountants sensitive to the particular needs of micro companies starting up; and with other professional services or government agencies. Without the BGC recommending or guaranteeing services, it could act as a reliable and honest broker. My sense is that operators want individualised service from these people, *not* general training or information sessions sponsored by the BGC;
- fostering deep relationships: all the interviewees value the kind of relationships that build trust over time. Some find these relationships for themselves: through industry/professional associations; franchise arrangements; formal business networking groups like those organised by BNI, Reallogic; through personal connections; business coaches; or simple good luck. On the

and procedures. Large enterprises can be far more narrow in their outlook than I am. It's a state of mind".

other hand, enough of the home-based operators I interviewed are still searching for even one long-term supportive network to suggest the BGC may have a role to play, particularly if small on-going network groups can be created (and, ideally, facilitated initially) at a relatively low cost to the businesses.

One home-based operator suggested the BGC could foster specially focused 'mind groups'. She talked about how she "flaps about" when it comes to marketing, although hers is quite a well established business. What she suggested was a facilitated 'mind group' whose members could explore aspects of marketing over the course of a year. She has watched others "flap about" when it comes to blogging, Facebook, Twitter and Google analytics – these are obvious focal points for another mind group or, indeed, several mind groups.

If these leads aren't sufficient, one interviewee, who also serves as a BGC mentor, made a useful suggestion. Additional ideas about ways the BGC could help small businesses (home-based or not) would be to talk with people who are mentoring businesses. Mentors, and their mentees, might also be asked about language that is most effective: does 'pod', for example, convey the sense of welcome which is wanted, or is a more formal business-like tone is preferred?

5. a final comment

In re-reading this report, I notice that two important points have been neglected:

- The first concerns the real passion and commitment that so many of these home-based operators bring to their businesses. Michael Gerber in his best-selling books, *The E-Myth* and *The E-Myth revisited*, insists that a viable business is one that "works apart from you not because of you". He distinguishes businesses that are built to sell (that work apart from you) and a business that simply creates work for the person who establishes it (that work because of you). In this study, while there were a few examples of home-based businesses that might eventually be sold, the vast majority were created because this is work the individual wants to do.

These home-based business operators have deeply held convictions about the importance of their work – the work they personally are doing - whether it is advancing the cause of a particular kind of counselling; helping businesses and their owners to flourish; enriching people's experience of tourism, music, photography; or sustainability. One young man can speak for them all:

Once I started seeing the opportunities, it was not just making a living but using the business to achieve other goals – big things... I want to make my place – the place I call home – a better place.

The emotional capital these individuals invest in their home-based businesses – their passion and commitment – is an outstanding feature of this sector.

- The second is their interest in learning. Most of this learning is informal and a great deal of is self-taught, but it is deliberate. Interviewees talked about the magazines and newsletters and now blogs they get, visiting websites (a lot), being 'out and about', going to seminars, and, not least, connecting with other people: talking and listening and asking questions. It is clear that in this day and age, being home-based is no deterrent to learning, it may even give people the time and space to do it in.

It is left to say simply that it has been a privilege to be invited into the world of these home-based businesses and while the operators I spoke to do not think of themselves as special, I do.

Appendix: letter sent to interviewees

understanding the needs of home-based businesses in WA
research commissioned by the Business Growth Centre (BGC)*
undertaken by Jane Figgis, Director AAAJ Consulting Group
November 2010

Home-based businesses are a large proportion of the small businesses in Western Australia – 72 percent in 2004 according to the ABS – but relatively little is known about them. The Business Growth Centre (BCG) was established to provide guidance and training to foster the success of small businesses in the state. It is clear that if the BGC is to contribute to the success of this significant business sector, they will need to better understand how home-based operators' view their unique style of business and what might be of most use in enhancing their capability.

The initial phase of the research is to interview, by phone, 25 home-based business operators – half based in the Perth metropolitan area, half in the Pilbara. Your name was selected with the assistance of the BGC from their data base [*or suggested by the Small Business Centre, West Pilbara*].

The interview will begin with a few background questions, just to clarify what your business exactly does, how long you've been operating, and a few questions about your experience:

- o what got you started?
- o has the business been mostly smooth sailing?

I'm interested in how people get fresh ideas:

- o where do your ideas/inspirations come from?
- o how do you grow your own skills and capacity?

Because networking and opportunities for collaboration have been so important for many businesses, I'd like to explore in some detail how you engage with others in business:

- o have you worked in partnership (formally or informally) with other businesses? now or in the past? how did/does it work?
- o are you part of any networks (face-to-face or virtual) that help support you? what's your experience of them?
- o if someone suggested there might be a central point that would provide everything you wanted – what would you imagine it providing? why? how...?

The interviews should take 20-30 minutes. The questions I've outlined are a guide; my interviews tend to be conversational rather than very formal. My final question will be: 'have we missed anything important? are there things about your business that the BGC – or someone else – could help you with that haven't been mentioned?'

Everything you say will be in confidence. If, when I come to write the report, I think it would make it more interesting and more useful if the sources of some ideas were identified, I would get your specific approval to use any comment or quote. Everyone interviewed will receive a draft copy of my report for comment before it goes to the BGC and SBC West Pilbara.

I will phone in a day or two to arrange a time when we might talk. If you have any questions at all, please feel free to contact me: the office is 9474 5555 but I, too, often work from a home office: 08 9284 7477 or 0410 464 951 email: j.figgis@aaaj.com.au

If you want to know a bit more about me, there is some background info on the website we are using for our consulting work on retirement and ageing (not directly relevant to this research!) but there is a bit there at www.revision.net.au under the Re-vision team.

* You can find the Business Growth Centre online via these links: www.bgc.wa.gov.au, [Facebook](#), [Twitter](#), [LinkedIn](#), [YouTube](#)