

A Survey of the Needs of Home-Based Businesses in the Powderhorn Park Neighborhood

Supporting Home-based Businesses as a Strategy toward Sustainable Economic Development

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I. Acknowledgments

This project was supported by the Neighborhood Planning for Community Revitalization (NPCR) program at the University of Minnesota. NPCR was initiated by the Center for Urban and Regional Affairs (CURA) and funded by the U.S. Department of Education Urban Community Service Program. My task was to provide research assistance to the Powderhorn Park Neighborhood Association (PPNA) where this project took place, an organization which is involved in the Neighborhood Revitalization Program (NRP). Many people at PPNA have been exceptionally helpful in my completion of this project including: June D. Harmon, Michelle Bloom, Scott Hawkins, Dave Garland, members of the Powderhorn Park Home-based Business Network (PHBN), and all the residents and home business owners in the Powderhorn Park neighborhood who contributed their valuable time to participate in the survey.

II. Purpose and Aims

By conducting a survey of home-based businesses in the Powderhorn Park neighborhood, this project sought to determine the kinds of services home business owners find necessary to encourage the success of their business. Secondly, it serves as a means to coordinate the existing resources that are available, and promote the development of other services that can meet their needs. Entrepreneurial strategies such as these are essential in promoting community vitality.

Home-based business are sources of economic development in the entire community, as they are tied to employment and financial security. Supporting and encouraging neighborhood businesses is extremely important because it keeps wealth in the area and helps prevent unemployment, falling home ownership rates and property values, urban blight, poverty and crime. The long term benefits of economic development include the creation of new jobs, the increased buying power of residents and business owners in the area, tax base growth as the city's sales tax revenues increase with the buying power of consumers, and the stabilization of residential property values.

Some of the goals of this project include:

- I. Create a directory of businesses, home-based businesses, and artists as a resource for the community
- II. Generate and increase the incomes of neighborhood home-based businesses
- III. Create an environment for new home-based businesses to locate and for existing ones to grow by capitalizing on assets

More specifically, the goals are focused on:

- Making the most of available opportunities for resource sharing.
- Networking and marketing opportunities through various methods.
- Establishing a collective/common voice for all home-based businesses.
- Providing opportunities for education.

The home-based business functions both as a residence and as a commercial site. With multiple uses concentrated inside the home, we can encourage a neighborhood and region that can economically support and regenerate itself using its own tools and resources. Since homeowners are a significant portion of residents in Powderhorn Park, there is a stable and favorable environment for such home-based businesses. If we can work out a way to make these places more visible and accessible for residents, then these businesses will be more successful and can function more efficiently, while generating more economic wealth for themselves, the community, and its residents. Sustainable economic development focuses on a community's ability to increase its own resources for creating wealth. Wealth creation depends on increasing local control over the resources required to create such wealth, strengthening the capacity of communities and fully utilizing its residents' skills.

The implications such development may have for the community includes its impact on social relations, namely, the self-sustaining nature of a close-knit network of people

supporting each other. A goal of this project is not only to bring together home-based businesses in the neighborhood, but to integrate the operations of home-based businesses with other neighborhood businesses so that they can support each other in the process. This project hopes to create an environment for new home-based businesses to locate and to attract more of them by capitalizing on its own assets.

This economic development plan can best be viewed as a continuous process which builds the neighborhood, rather than simply a strategy. Such an outlook reveals that the outcome will be a continually self-revitalizing neighborhood which stresses economic security and community development as an important and essential component of its identity, and not as a single goal in itself.

A pre-requisite for such a process stresses that people feel secure in their power to participate in decisions that affect their lives and utilize the tools necessary to influence their social and business environments. Through these methods, the community assumes a responsibility to future generations to provide them with possibilities for healthy development. This project promotes sustainable development in that it is actively working to affect change on a grassroots level, and continually addresses the needs of residents and their home-based businesses by including them in the process directly.

III. Project Brief

1. Identify pool of HBBs to include in survey

A majority of home business owners were found by networking among known HBBs in the area. Articles were printed in community newspapers and newsletters. Other committees at PPNA made people aware of the study as well. In addition, some HBBs were located through the reverse directory at the Minneapolis Public Library which gives information by address. Those addresses in the Powderhorn Park neighborhood which had double phone lines were then investigated to determine whether or not a home business was located there. This process was taken to find as large a group of subjects as possible and to build a database of HBBs for the PPNA.

2. Design and structure a survey

The structure of the survey questions was created with the anticipated responses in mind. The questions were both multiple choice and open-ended essays to fully examine needs and to allow the participant to give whatever answer they felt appropriate. The results of other HBB studies that have recently been done were reviewed prior to the development of the survey to find out what has been determined already and what topics are still unknown.

3. Conduct the written survey through the mail, including a cover letter and self-addressed stamped envelope. Make follow up calls to those who did not respond to survey within the given time frame.

4. Select participants to interview in-depth and conduct interviews over the phone.
5. Tabulate survey results
6. Present findings and make recommendations
7. Create a resource directory of all businesses, home businesses and artists in Powderhorn Park.

IV. Background and Context

Home-based businesses in America are increasingly important as an economic resource. Every ten seconds, someone starts a new home-based business. This trend is accelerating too; in the past 14 years the numbers of home-based business workers have gone from 6 to 32 million (BIS Strategic Decisions). According to LINK Resources Corporation, "One out of five households in America is a home-based business. 43.2 million Americans use the home part time to conduct business and by 1997 the number will reach 56 million" (Home-based and Small Business Network, 1995).

In another more recent study, LINK Resources calculated 46 million total individuals who work at home, 26.7 million of whom fit into the categories of home businesses we surveyed in Powderhorn Park. These include people who work at home as a primary source of income, as well as those who are self employed part time at home. The other 19.4 million home based workers that LINK identifies are corporate after-hours workers and telecommuters, workers we were not able to survey in this study.

In addition, "Home-based workers earn roughly double the average salaried worker's annual wages of \$25,000" (Watts, 1994). Home businesses are relatively so successful that approximately three out of four new home businesses will still be in business five years after they have begun (Edwards, 1994).

The reasons for such an increase in HBBs include corporate reorganizing and downsizing and small companies steadily reducing their workforce in the past 10 years, a result of the shift to an informational and service-based economy. With this in mind, it is no surprise that they have grown tremendously, since nationally most HBBs are service-related.

Advances in communication technology have lead to a diminished need for a central location for workers, making the decentralization of workers a viable and desirable option. Instead of being affiliated with a large organization, this decentralization has scattered people into many smaller divisions where they can work successfully and independently. Because the technology and system allows it, people have increasingly desired flexibility in the workplace and work hours. This structure requires that the home-based worker be self-motivated in order to maintain the business, which presents the need for a collective or business association like PHBN to counter a sense of isolation they may have.

V. Scope and Limitations

The Powderhorn Park neighborhood is bounded by Lake Street on the north, 38th Street on the south, Chicago Avenue on the west, and Cedar Avenue on the east side. 91 home-based businesses in Powderhorn Park have been identified. Considering that there are 7,700 residents and 3,400 households in the neighborhood, we can conclude that only 1% of the residents in Powderhorn Park were surveyed and had home businesses. This figure is far from the "one in five households" that have a home business that LINK Resources estimates. If that were true, there would be a total of 680 home-based businesses in the Powderhorn Park neighborhood, in comparison to the 91 which have been identified, which is only **13%** of the total number which exists according to this estimate.

The project included as many of the home businesses as were identified, and all those who returned a survey were included in the final results. 91 HBBs were identified and were sent a survey. Of those, 32 businesses responded to the survey, a response rate of 35%. Five of those had two businesses.

In general, the percentages on the survey are rather low, with few of them over 50%. The cause of this is due in part to the five businesses of the 32 that were counted as two businesses. Since these five gave only one answer for the two businesses they owned, the percentages are lower than if they had been calculated with a total of 27 businesses instead of 32. This is also the cause for a lack of total percentages in any category to add up to 100.

Nonetheless, the survey on the whole was valuable in that respondents were quite willing to contribute the details of their own situations. Many gave suggestions which, although they varied considerably, were helpful and insightful in determining a variety of needs and means of support. Many of the lower percentages (3%, indicating only one response), are examples of this, where the responses were so varied that they compiled a list of possibilities of supportive options.

Results

VI. Written Survey Responses

In order to get some general demographic characteristics of home-based business owners, the survey asked a few questions on this topic. The results showed that 38% of the respondents were single, 31% were married or in a committed partnership, 3% were divorced, and 3% were widowed. The gender of home-based business owners was somewhat unequal, with 56% of the respondents being female, and only 34% being male. The greatest numbers of HBB owners were aged 30-39 (38%) and 45-49 (19%). The racial background of business owners was not particularly diverse, with 72% of the respondents identifying themselves as Caucasian, 6% as African-American, 6% as Jewish, 3% as Hispanic, (and 3% as Human).

The businesses surveyed were overwhelmingly arts-related (44%), with a majority of them being illustration or graphic design work. Personal and business services were also

common, particularly consulting and writing or editorial services. Such a distribution seems to be typical of similar home-based business studies.

The kinds of work people do from their home seems to be highly varied, as could be expected. Support for these businesses may for this reason be difficult to implement, as they each have demands specific to their business. Perhaps the most efficient way to provide support will be through offering those services and resources which have multiple functions, like directories or other resources which help home business workers support themselves.

It is interesting that the distribution of hours worked per week is lowest (16%) in the most traditional category, that of 35-45 hours per week. Most owners who had only one business tended to work in the range of 45-70 hours per week (34%), many of whom indicated 50-60 hour work weeks within that range. Those owners who had more than one business or worked at another job were those that tended to fall in the 10-35 hour per week category (31%). These category breaks were made because I wanted to determine how many hours per week HBB owners spent doing their work in comparison to the standard 40 hour work week of more traditional workers. The results indicated that the flexibility HBB owners are given in work time might actually result in more time spent at work. These numbers also suggest that HBB owners tend to be highly motivated workers.

Although most HBBs do not hire additional employees, it is significant that some of them do (19%). Those businesses tended to be of larger scale and 13% of those had 2-5 employees. These numbers indicate that HBBs are important (but not visible) places of employment for other residents in the neighborhood.

Most businesses (41%) had been operating for 5-10 years, which indicates that these businesses are very successful. More importantly, these figures show that a total of 54% (41% plus 13%) of the businesses surveyed had been in business for over 5 years.

The two most common responses to the question "Why did you decide to start a HBB?" were autonomy and control associated with being self-employed (28%), and the flexibility it allows in setting one's own hours (22%).

The greatest advantages people felt there to be in working from their home were similar to those responses, as 38% indicated flexibility of working hours. Also important was not having to commute and a lack of transportation costs when working from the home (25%).

Some of the disadvantages HBB owners noted was that it became hard to separate their personal life from their business life when they are located in the same place (22%). Also bothersome was the relatively low pay and lack of benefits (16%), the difficulty in staying motivated and on schedule (16%), and sense of isolation (16%).

Perhaps one of the most important questions on the survey was "What would you say is the major obstacle to more success in your business?" Surprisingly, the responses were

not as varied as they could have been. 28% said that they felt marketing or advertising was problematic for them, as well as another 28% who cited personal time management issues and not having enough time and energy to devote to their business. Together, these two responses were given by more than half of the participants. Also important were financial constraints (19%), and a more general lack of perceptions of HBBs as valuable and credible resources to the community (13%).

The distribution of income among HBBs is highly varied, with most people earning in the \$10,000 to \$20,000 range in total gross sales last year (22%). Income tended to be highest in consulting services, most notably in computers or professional services. Not surprisingly, incomes tended to be lowest in occupations related to the arts and writing.

Over half of the businesses had plans to expand to a larger scale operation (53%). Most indicated that they would be upgrading equipment (41%) and increasing their sales (38%), while fewer mentioned shifting or expanding the focus of their business (19%), or adding employees (13%). The fact that a majority of businesses have plans for expansion shows that the neighborhood has great potential for economic growth.

As far as specific needs HBBs have for this expansion, the most common responses were for financial support in the form of loans or grants/venture capital for expenses like remodeling or equipment (16%). 13% also indicated a need for a larger space or office and another 13% desired marketing advice. In addition, many listed some sort of qualified person to help out with a specific problem, like an agent, contributor, or consultant.

Question number eleven listed some issues that might concern HBB owners and asked which were significant to them. The percentages were generally higher than in earlier questions but there is a hierarchy to understand what the most crucial interests among HBB owners were. Most people (63%) were concerned with gaining additional business skills. The most important issues were advertising or marketing (53%), applying for loans or grants (41%), financial planning and management (41%), and gaining information on regulations (38%). In addition, nearly half of the respondents were concerned with learning more about government programs to assist small business owners (47%).

59% of participants said they felt their needs in these areas were not being met at the time, while 22% felt they were. Solutions to the disparity between need and assistance could be acted on in the following ways as people suggested insightful options in an open-ended question: a centralized networking system of HBBs to assist in locating resources and people to provide services/a directory of grant opportunities, or affordable business consultants (19%), financial assistance for or low cost training in financing and marketing (9%), classes or workshops in these areas (9%), more specifically, education on marketing strategies (3%), and newsletters telling of pertinent seminars on financing and marketing (3%). All in all, people seemed to be open to educational opportunities. One of the goals of this project, then, is to make these opportunities available and visible for them.

When asked whether or not they felt they had adequate funding to operate their business, 66% said no and 16% said yes. Those that felt they had adequate funding tended to be either arts-related or in the area of consulting/business services.

Financial assistance would be most beneficial for advertising and marketing uses (53%) or for buying or upgrading equipment (50%). These two were overwhelmingly important and costly to HBB owners.

The question "Do you need help locating sources of financial assistance, loans, or grants?" is important because it gives an idea as to how much assistance would be of practical use to people. 53% answered yes. The strong need for financial assistance was reinforced in the next question: "Are you interested in assistance from any of these professional services?" Most people were interested in seeing a consultant in financial management (31%), in banking services (25%), and in advice from a tax expert (22%). People expressed an interest in both direct funding or in advice on how to better support themselves.

Question number sixteen got people to express how they thought they could make their business more successful, and suggest specific services or resources they would benefit from. By putting these desires into words and communicating them, they are already taking action and looking toward change. People made mention of a resource directory to provide information on services offered (13%). They also suggested that it be used as a networking tool. Another option suggested was to have a bulletin board and barter system in which HBBs can share services and business advice. There also seems to be a desire among a few HBB owners for a neighborhood copy center. All are excellent ideas; however, their economic feasibility would be up to other organizations to investigate.

The ways in which people view PPNA and PHBN in relation to their own home business seem significant when determining ways they can work together to affect change. In examining business owners' personal views of neighborhood support, we can begin to establish some of the functions that a networking group like PHBN might aim for. There seems to be a need for people to know more about PHBN more generally, as is evident of the number of "possiblys" in the question on participation in PHBN.

VII. In-Depth Interview Responses

Although there were few people interviewed (6), the responses that were given were surprisingly similar and seemed to give a fairly accurate idea of how people felt about their work. There were a few groups of people that I decided to interview in greater detail:

- I. Those owning a HBB for ten or more years
- II. Those making a relatively significant income
- III. Those businesses which were growing and had plans for physical expansion and may move to a new space

Since nearly all of the participants in the written survey agreed to a further in-depth interview, selecting HBBs to interview was not a difficult task. Two HBBs that were at least ten years old were interviewed, two HBBs making a significant income were chosen, as were two HBBs which have planned future expansions.

I chose these groups of business owners firstly because they had strong ties to the neighborhood and community. They are clearly successful business owners if they fall into any of these categories and much can be learned from the successes (and failures) they have undergone. These circumstances have had an influence on how they view their business in the community and they probably have a good sense of the direction it may be leading, especially if they have plans for expansion.

1. What do you feel have been some of the most important factors contributing to the continued success of your business?

This question aimed to get an idea as to which services were most helpful, and found that the answers were individually and personally related. There are other very important factors that contribute the success of a business that are outside the reach and scope of a neighborhood organizations' efforts. These are related to personal motivation, achievement, and satisfaction. People are personally close to the business they run and the clients they serve, especially if they have been in business for ten or more years. There are limits to the effectiveness of the support an association like PPNA or PHBN can give. Perhaps the best support is making relevant information readily available and helping people support themselves. PHBN can, however, work to bring business people into a social context for networking opportunities.

Responses:

Support: networking, going to regular meetings at an association and making connections to other businesses

The home setting increases clients' comfort level

Flexibility: having a HBB allows her to customize her work life schedule to make a close fit with demands of other activities

Dealing with her fears

SBDC

The state's Blue Book, the Guide to Starting a Business in Minnesota Being ubiquitous and making more referrals

Knowledge of what I do

Quality of the product

2. Are you considering a move out of Powderhorn Park for your business?

Why or why not?

How do you feel about Powderhorn Park as a place to locate a business?

What do you consider to be some of its advantages and disadvantages?

This question wanted to find out how people felt about Powderhorn Park as a residence and as a place for business; whether it is a good location and atmosphere for business, and what the benefits and drawbacks to living and working there might be.

Responses:

5 No

1 Possibly

1 Yes

Why or why not?

I love this neighborhood

I would like to live in a more naturally beautiful wilderness setting

I can do my business anywhere really. if I look for a new place to live it will not be a business decision, it would be about the home and community in which I live. At this point I don't foresee a move in the near future though.

I just got here

Powderhorn Park is a great environment for business

I bought a house here and want to stay

How do you feel about Powderhorn Park as a place to locate a business?

What do you consider to be some of its advantages and disadvantages?

Powderhorn Park is a great place-it isn't a vacuum

PP is however, given bad press regarding fear and safety concerns by the media. I consider it a political act just to locate myself here. My clients need to come here to see me which is (secretly) a source of glee and triumph for me.

I Love it! It is a great location, accessible to different areas of the city: Minneapolis, St. Paul, and suburbs.

Its advantages include its diversity, location and status as an up and coming, growing area, although people do not know this, which could be considered a disadvantage because they perceive it to be less safe than it really is.

Rents are cheap

Has a good workforce

I hate commuting to work

Great! the part I live in is quiet and pleasant, is close to amenities, and not far from the center/activity

Some of its advantages would include the activism that takes place here, many people are socially-conscious, and it is a central location for a business. The disadvantages would include the perception people have of PP, however, I don't run across people who feel that way very often.

3. Are you planning on expanding your business?

Once you have expanded your business, will you remain home-based?

Why or why not?

The value of being home-based is shown as opposed to having a storefront business. It wanted to determine what expansion plans might be and how it will change the kind of services and products they sell.

Responses:

Yes. Yes. It depends on the criteria I have for my space. My HBB is not wheelchair accessible and my family life is growing and taking up more space. I may, depending on how or if these changes do or do not occur.

Yes. I will stay home-based regardless of the growth. I think I'll change my services as my marketing segment changes, and my company grows. I will not hire any employees, though I would hire contractors or sub-contractors.

Yes, eventually.

Yes. No. I am planning on expanding to a manufacturing business for the products I sell.

Not really. I would expand on the bulletin board on the internet, so it would be of smaller scale.

4. Would you use any of the following if they were offered either at low or free of cost to HBB owners?

Which one might you find more valuable?

- I. A directory of resources like marketing or advertising advisors, banks that specialize in HBB financing, seminars or classes on marketing or business planning, local business regulations
- II. A speaker hired through PHBN to talk about some of these issues specifically for HBBs

This question wanted to find out how practical support can be of value to HBB owners and to get a response on different types of assistance. It wanted to know what would be most beneficial to people and what some good ideas for seminar or speaker topics might be.

Responses:

I would be more apt to use the first one because the second may not serve my needs personally.

Both of those services are needed; however, I would benefit more from the speaker because I work hard at having the other resources you described. I would get more out of education, especially if the topic was pertinent to my situation.

I would rather use the speaker, considering that the topic is relevant to me.

I would prefer a seminar or speaker.

I would be more likely to use the speaker or workshops which address business planning for venture capitalists, perhaps a venture capitalist as speaker.

I would use those classes which were relevant to my business. having a speaker from PHBN would be more of a social, networking occasion, but not a bad idea at all.

5. If you were to participate in PHBN, what would you hope to get out of the meetings they hold?

When is the best time for you to schedule such a meeting?

The purpose and focus of PHBN meetings was addressed here: how they should be structured, what the interests of the participants are, and how best to serve their needs and negotiate on their behalf.

Responses:

I might benefit from one on one contact with another HBB owner.

I would definitely get support, networking, and education out of those meetings. The best time to schedule one would be during the day, which would make it a more formal, business meeting.

Networking

Business visibility in the neighborhood, especially because I have a new business and want to expand my opportunities any way I can. I would prefer early mornings, perhaps before 9:30 when business really begins.

Networking opportunities

Networking, getting to know others. My hours are very flexible.

Conclusions and Recommendations

VIII. Overview of Needs

Home-based businesses serve the needs of the people who work for them. They allow workers to be in control and autonomous, yet still make money. They have fewer time constraints are flexible in work hours in comparison to traditional jobs, and are a convenient way to lower overhead costs.

Some of the most common needs include advice or information on business planning or financial management, marketing or advertising, and financing.

A. A Common Voice for Home-based Businesses:

Establishment of Powderhorn Home-based Business Network (PHBN). Set a schedule of meetings, events, and speakers. Create an agenda and goals of the collective, perhaps guided by networking opportunities and education among its members. PHBN can work to identify and unite HBB owners in the neighborhood and function as a group which shares educational opportunities, resources, and expertise. Participation is a significant aspect of the success of such an organization so that it remains active and continues to grow as the needs of its members shift.

As suggested by respondents, PHBN would be most resourceful in building a directory of retail businesses, home-based businesses, and the arts community (72% of participants agreed), providing networking and/or advertising opportunities (66%), acting as a resource/information center (63%), providing financing assistance (53%), providing space for meetings (41%), addressing more general neighborhood concerns of local businesses (31%), assisting in writing an effective business plan, publishing up-to-date

information on upcoming events for HBBs, helping to defend HBBs against incursions by city and interference by neighbors, and in making referrals.

PHBN might also work to encourage other service oriented businesses to locate in Powderhorn Park in order to serve businesses. Another option might be to urge existing businesses to expand their current services. (It had been mentioned in several places in the survey responses that a copy center would be desirable. One participant suggested that an existing business expand and offer these sorts of printing services to make up for it.)

B. A Resource Directory For the Neighborhood

Composed of all businesses, including home-based and artists in the area, to be used as a way to share resources among community members. Also a special section specifically for PHBN, for listings of miscellaneous resources. List them by types of service available and any other information that can be found on them, like fees charged. Examples might include resources on regulations for HBBs, seminars in the area, helpful journals and other publications, or marketing opportunities and advice.

IX. Resources and References

A. Education:

A directory of classes, workshops, or seminars specifically for HBBs listed in the resource directory.

The Home-based and Small Business Network Journal provides an extensive listing and description of workshops and seminars on specific issues of concern to HBB owners. All are listed by region. Some examples include: "ABC's of Borrowing", "Marketing and PR Secrets of the Pros", and "Driver's Ed for the Information Super Highway".

The Friendship Academy is offering a workshop on Starting and Managing a Business. These workshops start September 25, 1995 and are scheduled every Monday evening from 7:00 to 8:30 p.m. until November 17. Call the Friendship Academy for more information, 822-8914.

B. Financial Assistance:

In the resource directory there could be a special section on financial assistance in which low cost training in financing and marketing is located. Perhaps a list of community banks that specialize in HBB financing and are receptive to their concerns and needs, whether it is to start up a business, for expanding a businesses, or retirement plans.

"Venturing into Business: Full of Ideas but Short on Cash? Here's where to go for funding", Tania Padgett. Black Enterprise, April 1995, 25,9, p.38. This article describes the availability of startup financing. The Small Business Administration (SBA) has

changed its rules and streamlined its applications for loans under \$50,000. Also looks at small business venture capital firms who offer loans.

Another important resource on financing is David Gladstone's Venture Capital Handbook.

Twin Cities Economic Development Directory. Information on financing of small businesses.

Blum, Laurie. Free Money for Small Businesses and Entrepreneurs.

Gill, James. Financial Basics for Small Business Success.

C. Business Planning Advice

"It's all in the Plan", Thom Foulks. PC World, June 1994, 12, 6, p. 235. This resource tells you where to get toll-free business help and lays out some steps to take in business planning. It shows how to prepare effective business plans and follows the SBA guideline for financial management.

"Building your Business Foundation: Resources to help you Grow your Company", David E. Gumpert. Working Woman, November 1993, 18, 11, p. 69. This is a resource with a more general focus on starting a business.

Another useful article is "The Twelve New Fundamentals of Small- Business Success", Stephen M. Pollan and Mark Levine. U.S. News and World Report, October 12 1992, 113, 14, p. 65.

Tax planning advice can be found in "Many Happy Returns", Jacob Weicholz. The New York Times Magazine, March 22 1992, 141, 10A.

Cook, Kenneth. AMA Complete Guide to Strategic Planning for Small Businesses.

D. Marketing Resources

"A Marketing Plan you can Design", Arthur Feinglass. Nation's Business, May 1993, 81, 5, p. 42. This is an eight-step guide on developing your own marketing plan, assessing your product or service, determining your target market, and how to reach it.

Dennison, Dell. Advertising Handbook for Small Businesses.

E. More General Resources

- Small Businesses: A Resource Guide. Published by the Business and Economics Department, Minneapolis Public Library. Information on topics like financing,

legalities, marketing, and business management. June 1995, available at the Minneapolis Public Library.

- BIS Strategic Decisions
- LINK Resources, 1 (800) 722- 5335
- National Association of Home-based Businesses. Phone: (410) 363-3698.
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- Eyler, David. Starting and Operating a Home-based Business, John Wiley and Sons: New York, 1990.
- Bautista, Beltizezar B. How to Build a Successful One Person Business: A Common Sense Guide to Starting and Growing a Company, Bookhams: Farmington Hill, Mich., 1994.
- Home-based and Small Business Network. Published four times a year, available at the Minneapolis Public Library.
- Jasper, Margaret. Law for the Small Business Owner.

Appendices

1. Cover Letter

2. Written Survey

Powderhorn Park Home-Based Business Survey

Name: _____

Business Name: _____

Address: _____

Telephone: _____

1. What is your marital status? _____

Sex _____

Age _____

Race _____

2. How would you characterize the business you operate from your home?

- consulting
- personal services (e.g. housecleaning, massage, day care, health care)
- business services (e.g. secretarial services, accounting)
- arts, please define: _____
- crafts
- writing or editorial services
- sales
- distribution
- building or repair trades
- other: _____

3. About how many hours per week do you work at your business? _____

Do you need to work at another job besides your HBB? no yes

4. Do you have any employees? If yes, how many? _____

5. How long have you been operating a HBB?
 less than 1 year 1-5 years 5-10 years
 10 or more years

6. Why did you decide to start a HBB?

7. What are the greatest advantages to working from your home?

What are the greatest disadvantages?

8. What would you say is the major obstacle to more success in your business?

9. For the purposes of knowing how much money HBBs in the neighborhood generate, we would like to know within a range how much your total gross sales were last year from your business:

\$0 to 5,000 \$5,000 to 10,000 \$10,000 to 20,000
 \$20,000 to 30,000 \$30,000 to \$50,000
more than \$50,000

10. Do you plan on expanding your business from a HBB to a larger-scale business?

no yes. If yes, in what way will you be expanding?

shifting/expanding focus of business increasing sales

physically expanding
 adding employees

- upgrading equipment
- relocating to new space

other:

Are there any specific needs you may have when expanding?

no yes (please list):

11. Please indicate which issues concern you as a small business owner:

- learning more about government programs to assist small business owners
- gaining additional business skills (check all that apply):
 - financial planning or management
 - advertising or marketing your product or service
 - consulting or getting information on networking
 - purchasing supplies or equipment
 - applying for loans or grants
 - establishing credit with suppliers, banks, or other financial institutions
 - information on regulations affecting businesses
 - additional training in profession
 - computer skills
- other:

12. Do you feel your needs in the above areas are currently being met?

no yes

If no, what could be done to ensure you will get the assistance you may need?

13. Do you feel you have adequate funding to operate your business?

no yes. If no, please answer the next question:

If you were given financial assistance, what would you most benefit from for your business?

- advertising or marketing
- buying or upgrading equipment
- opening a storefront or expanding your space/remodeling
- other:

14. Do you need help locating sources of financial assistance, loans, or grants?

no yes

15. Are you interested in assistance from any of these professional services? (check all that apply):

- banking
- consultant in financial management
- tax expert
- accountant
- bookkeeper
- graphic artist
- small business consultant
- lawyer
- office or professional services
- other services, please name:

16. What additional services or businesses would you like to have in the neighborhood to assist your business?

17. Are there any other business needs you haven't mentioned yet?

18. What do you think the neighborhood could do to help HBBs?

- build a directory of retail businesses, home-based businesses, and the arts community
- act as resource/information center
- provide space for meetings
- provide financing assistance
- provide networking and/or advertising opportunities
- address more general neighborhood concerns of local businesses
- other:

19. Would you like to be included in PHBN and meet with other HBBs in the neighborhood?

no possibly yes

20. This project is also working to develop a resource neighborhood directory at no charge for all businesses in the community. Would you like to be included in this directory?

no yes

21. Do you know of any other HBBs in Powderhorn Park that I could contact? yes, name and phone number or address:

22. Would you be interested in being contacted for a further in-depth interview by

phone? no yes, the best time to call me is:

3. Survey Results

1. What is your marital status?

38% Single

25% Married

6% Committed Partnership

3% Divorced

3% Widowed

Sex:

56% Female

34% Male

Age:

6% 24-29

19% 30-34

19% 35-39

13% 40-44

19% 45-49

9% 50-55

3% 56-58

Race:

72% Caucasian

6% African-American

6% Jewish

3% Hispanic

3% Human

2. How would you characterize the business you operate from your home?

44% arts:

16% illustration/ graphic design

9% musicians

9% photography (1/3 professional studio)

6% stained glass

3% pottery

3% make puppets and masks, puppet theater, anti-racism workshops

3% woodworking and woodcarving

3% writing

3% performance/dance

19% writing or editorial services

19% other:

6% designers

6% yard work/gardening

3% caretaking

3% education

19% consulting

16% personal services (e.g. day care, massage, health care)

16% business services (e.g. secretarial services, accounting)

6% crafts

6% sales

3% distribution

3% repair trades

3. About how many hours per week do you work at your business?

31% 10-35

16% 35-45

34% 45-70

Do you need to work at another job besides your HBB?

41% no

34% yes

4. Do you have any employees? If yes, how many?

63% no

19% yes:

6% 1 employee

13% 2-5 employees

5. How long have you been operating a HBB?

3% less than 1 year

28% 1-5 years

41% 5-10 years

13% 10 or more years

6. Why did you decide to start a HBB?

28% Autonomy and control associated with being self-employed/not working for someone else/ disenchantment with the corporate world

22% Flexibility/setting my own hours

13% To derive income from work

13% Learn the responsibilities and challenges of having a business

13% Convenient and suitable to the nature of the work being done (artist)
9% Personal satisfaction involved/feeling good about the work I do
9% Cheaper than renting a space/to lower overhead costs/tax advantages
9% Family-related reasons (divorce, child to care for)
6% To get out of a limiting job/burnt out
6% Wanted to utilize skills in a variety of ways
3% Illness prevented me for working outside my home
3% I didn't- just started working without knowing what a HBB was
3% Purchased the property on the basis of its size and capacity to house a home and business

7. What are the greatest advantages to working from your home?

38% Flexibility of working hours
25% No commuting/no transportation costs
19% Being my own boss and motivator
13% Having everything under one roof/convenient
9% Tax advantages
9% Feeling successful on my own terms/challenges of working for oneself
9% No dress code
9% Avoids the expense of renting a space
3% Balance- life and work go hand in hand
3% To avoid day care

What are the greatest disadvantages?

22% Hard to separate life from business/feeling like I'm always working
16% Low pay/No benefits

16% Difficult to keep on schedule/work-flow instability/distractions/lack of motivation

16% Isolation

13% Inadequate amount of space

13% Having to do taxes and bookkeeping

9% Credibility as a professional in my home

6% Safety/fear of crime to self and clients

6% Hard to have clients in for consultations/reduces privacy

6% Long hours

3% Must go out to network or brainstorm with others

3% Uncooperative clients who don't pay or abide by contracts

3% Lack of resources to accomplish what a larger business can

3% Difficult to budget money when employment is sporadic

8. What would you say is the major obstacle to more success in your business?

28% Marketing/advertising/lack of assertiveness to pursue clients

28% Having enough time and energy to devote to business/time management

19% Not enough money to invest/difficulty getting financing as HBB

13% That people don't perceive HBBs to be a viable, valuable, and quality resource to the community and business world

3% Need more space

3% Instability in the community/drugs and violence in the area which deter customers from coming to my HBB

9. For the purposes of knowing how much money HBBs in the neighborhood generate, we would like to know within a range how much your total gross sales were last year from your business:

19% \$0 to 5,000

19% \$5,000 to 10,000

22% \$10,000 to 20,000

9% \$20,000 to 30,000

19% \$30,000 to \$50,000

10. Do you plan on expanding your business from a HBB to a larger-scale business?

53% yes. If yes, in what way will you be expanding?

41% upgrading equipment

38% increasing sales

19% shifting/expanding focus of business

13% adding employees

9% physically expanding

9% relocating to new space (1/3 possibly)

9% other:

3% sub-contracting work to other independents

3% adding another profit center

3% advertising/creating a video/writing a book

28% no

Are there any specific needs you may have when expanding?

47% yes (please list):

16% financial support/grants/loans/venture capital for remodeling and equipment

13% larger space/office (wheelchair accessible)

13% marketing advice/ techniques

13% business practice advisor, accountant, or tax expert

13% qualified consultants, employees, or contributors
6% more equipment: computer, scanner, fax, phone line
6% networking assistance
3% must be within walking/biking distance from business
3% personal or business manager
3% more visibility
3% help networking
3% ways to screen clients that enter my home
34% no

11. Please indicate which issues concern you as a small business owner:

63% gaining additional business skills (check all that apply):
53% advertising or marketing your product or service
41% applying for loans or grants
41% financial planning or management
41% information on regulations affecting businesses
31% consulting or getting information on networking
31% additional training in profession
28% establishing credit with suppliers, banks, or other financial institutions
28% purchasing supplies or equipment
22% computer skills (fax, modem, etc.)
13% other:
6% a business partner/employee
3% common voice for HBBs

3% business seminars

47% learning more about government programs to assist small business owners

12. Do you feel your needs in the above areas are currently being met?

59% no

22% yes (1/7 - slowly, 1/7 - most of the time)

If no, what could be done to ensure you will get the assistance you may need?

19% a centralized networking system of HBBs to assist in locating resources and people to provide services/a directory of grant opportunities, or affordable business consultants

9% financial assistance for or low cost training in financing and marketing

9% classes or workshops in these areas/actively learning

3% education on marketing strategies

3% newsletters telling of pertinent seminars on financing and marketing

3% a 48 hour day?!

13. Do you feel you have adequate funding to operate your business?

66% no

16% yes

If no, please answer the next question:

If you were given financial assistance, what would you most benefit from for your business?

53% advertising or marketing

50% buying or upgrading equipment

22% other:

6% continuing education/learning updated skills

3% debt restructuring

3% venture capital, equity building

13% opening a storefront or expanding space/remodeling

14. Do you need help locating sources of financial assistance, loans, or grants?

53% yes

22% no (1/7 - not at this time)

15. Are you interested in assistance from any of these professional services? (check all that apply):

31% consultant in financial management

25% banking

22% tax expert

16% small business consultant

16% bookkeeper

16% graphic artist

13% accountant

13% lawyer

13% other services, please name:

6% venture capitalist business partner

6% literary agent, publisher, or artist representative

6% office or professional services

16. What additional services or businesses would you like to have in the neighborhood to assist your business?

13% resource directory of small businesses in the area giving information about services offered, fees

13% a copy center- Kinko's (might Sir Speedy provide more Kinko's-like services?)

3% a bulletin board where business owners can put business cards and flyers up/bartering system to locate business and market possible customers

3% publishers, video production house, homeopathic store/massage clinic or school

3% nurseries for plant materials

3% photographer specializing in photographing artwork

3% studio/workshop/living quarters as were proposed for Chicago Ave. and 31st Street. Could artists who fill empty storefronts and housing along Chicago, Bloomington Ave., and Cedar Ave. be given grants if they commit to stay several years and upgrade the property? Chicago Ave. **should** become the next Grand Ave. (St. Paul's)

3% coffee shop/gathering/social space to break the isolation, regenerate, and communicate

3% health food store

17. Are there any other business needs you haven't mentioned yet?

6% new clients

3% networking and sharing organization for HBBs

3% security system (technological and human security: personnel to be on site with me so I'm not alone with clients)

18. What do you think the neighborhood could do to help HBBs?

72% build a directory of retail businesses, home-based businesses, and the arts community

66% provide networking and/or advertising opportunities

63% act as resource/information center

53% provide financing assistance

41% provide space for meetings

31% address more general neighborhood concerns of local businesses (One suggested concerns such as crime, violence, drugs, housing. Another person wanted the NRP programs to be continued, and noted that every \$1,000 invested in a home or business strengthens the neighborhood)

13% other:

3% assistance in writing an effective business plan

3% neighborhood organization could publish up to date information on upcoming events for HBBs

3% help to defend HBBs against incursions by city and interference by neighbors

3% make referrals

19. Would you like to be included in PHBN and meet with other HBBs in the neighborhood?

41% yes

34% possibly

6% no

20. This project is also working to develop a resource neighborhood directory at no charge for all businesses in the community. Would you like to be included in this directory?

75% yes

6% no (one person answered no because she did not want a heavy flow of customers and was not commercially zoned. She did, however, like the idea of a community of business owners and wanted to be a part of it.)

4. Interview Questions and Results

1. What do you feel have been some of the most important factors contributing to the continued success of your business? 2. Are you considering a move out of Powderhorn Park for your business?

Why or why not? How do you feel about Powderhorn Park as a place to locate a business? What do you consider to be some of its advantages and disadvantages?

3. Are you planning on expanding your business in the future?

Once you have expanded your business, will you remain home-based?

Why or why not?

4. Would you use any of the following if they were offered either at low or free of cost to HBB owners?:

A directory of resources like marketing or advertising advisors, banks that specialize in HBB financing, seminars or classes on marketing or business planning, local business regulations A speaker hired through PHBN to talk about some of these issues specifically for HBBs

5. If you were to participate in PHBN, what would you hope to get out of the meetings they hold?

When is the best time for you to schedule such a meeting?

Results

1. What do you feel have been some of the most important factors contributing to the continued success of your business?

Close relationships with clients

Support: networking, going to regular meetings at an association and making connections to other businesses

The home setting increases clients' comfort level

Flexibility: having a HBB allows her to customize her work life schedule to make a close fit with demands of other activities

Dealing with her fears

SBDC

The state's Blue Book, the Guide to Starting a Business in Minnesota Being ubiquitous and making more referrals

Knowledge of what I do

Quality of the product

2. Are you considering a move out of Powderhorn Park for your business?

5 no

1 possibly

1 yes

Why or why not?

I love this neighborhood

I would like to live in a more naturally beautiful wilderness setting

I can do my business anywhere really. if I look for a new place to live it will not be a business decision, it would be about the home and community in which I live. At this point I don't foresee a move in the near future though.

I just got here

Powderhorn Park is a great environment for business

I bought a house here and want to stay

How do you feel about Powderhorn Park as a place to locate a business?

What do you consider to be some of its advantages and disadvantages?

Powderhorn Park is a great place-it isn't a vacuum

PP is however, given bad press regarding fear and safety concerns by the media. I consider it a political act just to locate myself here. My clients need to come here to see me which is (secretly) a source of glee and triumph for me.

I Love it! It is a great location, accessible to different areas of the city: Minneapolis, St. Paul, and suburbs.

Its advantages include its diversity, location and status as an up and coming, growing area, although people do not know this, which could be considered a disadvantage because they perceive it to be less safe than it really is.

Rents are cheap

Has a good workforce

I hate commuting to work

Great! the part I live in is quiet and pleasant, is close to amenities, and not far from the center/activity

Some of its advantages would include the activism that takes place here, many people are socially-conscious, and it is a central location for a business. The disadvantages would include the perception people have of PP, however, I don't run across people who feel that way very often.

3. Are you planning on expanding your business?

Once you have expanded your business, will you remain home-based?

Why or why not?

Yes. Yes. It depends on the criteria I have for my space. My HBB is not wheelchair accessible and my family life is growing and taking up more space. I may, depending on how or if these changes do or do not occur.

Yes. I will stay home-based regardless of the growth. I think I'll change my services as my marketing segment changes, and my company grows. I will not hire any employees, though I would hire contractors or sub-contractors.

Yes, eventually.

Yes. No. I am planning on expanding to a manufacturing business for the products I sell.

Not really. I would expand on the bulletin board on the internet, so it would be of smaller scale.

4. Would you use any of the following if they were offered either at low or free of cost to HBB owners?

Which one might you find more valuable?

I. A directory of resources like marketing or advertising advisors, banks that specialize in HBB financing, seminars or classes on marketing or business planning, local business regulations II. A speaker hired through PHBN to talk about some of these issues specifically for HBBs

I would be more apt to use the first one because the second may not serve my needs personally.

Both of those services are needed, however, I would benefit more from the speaker because I work hard at having the other resources you described. I would get more out of education, especially if the topic was pertinent to my situation.

I would rather use the speaker, considering that the topic is relevant to me.

I would prefer a seminar or speaker.

I would be more likely to use the speaker or workshops which address business planning for venture capitalists, perhaps a venture capitalist as speaker.

I would use those classes which were relevant to my business. having a speaker from PHBN would be more of a social, networking occasion, but not a bad idea at all.

5. If you were to participate in PHBN, what would you hope to get out of the meetings they hold? When is the best time for you to schedule such a meeting?

I might benefit form one on one contact with another HBB owner.

I would definitely get support, networking, and education out of those meetings. The best time to schedule one would be during the day, which would make it a more formal, business meeting.

Networking

Business visibility in the neighborhood, especially because I have a new business and want to expand my opportunities any way I can. I would prefer early mornings, perhaps before 9:30 when business really begins.

Networking opportunities

Networking, getting to know others. My hours are very flexible.
