

**Neighborhood Planning
for Community
Revitalization**

**Survey Report: The Needs and Issues
of Home-Based Businesses in the
CARAG Neighborhood**

by Laurie L. Berkwitz

A CONSORTIUM PROJECT OF: Augsburg College; College of St. Catherine; Hamline University; Higher Education Consortium for Urban Affairs; Macalester College; Metropolitan State University; Minneapolis Community College; Minneapolis Neighborhood Revitalization Program; University of Minnesota (Center for Urban and Regional Affairs; Children, Youth and Family Consortium; Minnesota Extension Service); University of St. Thomas; and Minneapolis community and neighborhood representatives.

Neighborhood Planning for Community Revitalization

Implementing the Stevens Square-Loring
Heights Common Social Services Plan:
An Examination of the
NiCo Employment Project
by Courtney Knox

A CONSORTIUM PROJECT OF: Augsburg College; College of St. Catherine; Hamline University; Higher Education Consortium for Urban Affairs; Macalester College; Metropolitan State University; Minneapolis Community College; Minneapolis Neighborhood Revitalization Program; University of Minnesota (Center for Urban and Regional Affairs; Children, Youth and Family Consortium; Minnesota Extension Service); University of St. Thomas; and Minneapolis community and neighborhood representatives.

CURA RESOURCE COLLECTION

Center for Urban and Regional Affairs
University of Minnesota
330 Humphrey Center

**Survey Report: The Needs and Issues
of Home-Based Businesses in the
CARAG Neighborhood**

by Laurie L. Berkwitz

September, 1996

Neighborhood Planning for Community Revitalization (NPCR) supported the work of the author of this report but has not reviewed it for publication. The content is solely the responsibility of the author and is not necessarily endorsed by NPCR.

NPCR is coordinated by the Center for Urban and Regional Affairs at the University of Minnesota and is funded in part by an Urban Community Service Program grant administered by the U.S. Department of Education.

NPCR
330 HH Center
301 19th Avenue South
Minneapolis, MN 55455

phone: 612/625-1020
e-mail: nelso193@maroon.tc.umn.edu

Home-Based Business Survey in the CARAG Neighborhood

Table of Contents

Acknowledgements.....	4
Executive Summary.....	5
Purpose of the Project.....	6
Background Information.....	7
Method and Process of the Study.....	9
Summary of Results.....	11
Conclusions and Recommendations.....	16
References.....	17
Appendices.....	18

Acknowledgements

I would like to thank the following individuals and organizations for offering their time and support to make this project successful: Mary Ann Knox and Tom Dennison with the Calhoun Area Resident Action Group (CARAG) who acted as the project directors; Michelle Bloom, a small business consultant who served as the community mentor; Professor Tom Luce at the Hubert H. Humphrey Institute of Public Affairs who acted as the faculty mentor; the Neighborhood Revitalization Program (NRP) Steering Committee of the CARAG neighborhood; Kris Nelson, the Director of NPCR at the Center for Urban and Regional Affairs (CURA); Kim Milbrath, CARAG's full-time intern; Martiga Lohn at the *Southwest Journal*; Dean Seal at the *East Calhoun News*; Kathy Blanch with the South Minneapolis Home-Based Business Association; and residents and home-based business owners in CARAG who participated in and contributed to the study.

Executive Summary

The Calhoun Area Resident Action Group (CARAG), with support from the Neighborhood Planning for Community Revitalization (NPCR), hired a graduate student from the Humphrey Institute to conduct a study of home-based businesses in the CARAG neighborhood. The CARAG neighborhood is bounded by Lyndale Avenue, Hennepin Avenue, Lake Street, and 36th Street. The first part of the project was to identify as many home-based businesses in the neighborhood as possible. The second part of the study was to assess the needs and situations of home-based businesses through conducting 20-30 minute phone interviews. The information gathered will enable the neighborhood to enhance its relationship with its home-based businesses and foster communication between the businesses. Additionally, CARAG hopes to gain insight to the broader policy issues which may support or hinder the success of local home-based businesses.

Nationally, the number of home-based businesses is growing, and at least one out of four people is regularly working at home. As this work commands an increased portion of the workforce, it is critical to identify their needs and their contributions to the workforce and the economy.

This study confirmed 81 home-based businesses and interviewed 43 of them. Home-based businesses are difficult to identify because there is no reliable exclusive record of them. Further, home-based businesses are often not visible to the public. Based on national figures, there could be from 300 to 800 home-based businesses in CARAG.

A wide variety of home-based businesses were identified (See Appendix C for a comprehensive list). Consulting/business services and writing/editorial services had the highest proportion of businesses. More men than women, both part-time and full-time workers, and both starting and established businesses were surveyed.

A majority of the respondents are interested in meeting with other home-based businesses to network and share information. While a number of participants feel they were successfully self-sufficient, the following overall needs are::

- Affordable health insurance
- Additional conference space
- A source book of local services for home-based businesses
- Legal and tax help
- Affordable advertising

Purpose of the Project

CARAG sought to identify and learn about the home-based businesses in the neighborhood. The goals of the project were to assess the needs of home-based businesses, determine ways the neighborhood can help, and eventually possibly create a directory and/or network of home-based businesses. Home-based businesses are an economic asset and important to the neighborhood. Once the needs of the home-based workers are known, appropriate methods of assistance can be developed and carried out.

The Neighborhood Planning for Community Revitalization (NPCR), a university program administered by the Center for Urban and Regional Affairs (CURA) and funded by the U.S. Department of Education Urban Community Service Program under Title XI of the Higher Education Act, supplied a grant for CARAG to administer the project. CARAG hired Laurie Berkwitz, a graduate student at the Humphrey Institute of Public Affairs to conduct the study.

The overall purpose of the study was as follows:

- Identify what kinds of and how many home-based businesses exist in CARAG.
- Contact as many home-based businesses as possible.
- Interview to assess their needs and learn about their experiences.
- Recommend what CARAG should do next.

Background Information

CARAG was the driving force behind this study. The organization aims to strengthen the community and neighborhood through encouraging alliances between residents, local businesses, local institutions, government and private agencies. Nine residents are annually elected to serve as the Board of Directors of the group. The group is committed to encourage the community's involvement in taking action and making decisions to improve the CARAG neighborhood and surrounding areas.

The CARAG neighborhood is bounded by Lyndale Avenue, Hennepin Avenue, Lake Street, and 36th Street. It is the southeast quadrant of the Uptown area of Minneapolis. According to the 1990 Census of Population and Housing, CARAG has 5,825 residents and 3,387 households. Of these households, 81 percent are renter-occupied units and 19 percent are owner-occupied units.

According to the 1990 Census of Population and Housing, 247 out of 4,146 of workers 16 and older are self-employed in the CARAG neighborhood. Yet, national figures suggest that the number of home-based businesses may range from 8 to 20 percent of the workforce. Thus, the number of home-based businesses could range anywhere from 331 to 829 workers. There is no official count because the government does not consistently attempt to count home-based businesses. Home-based businesses are also difficult to find and define because owners may not consider themselves a home-based business; or they may not identify themselves as a home-based business for fear of taxes and zoning issues (Kern, Corallee S. and Wolfgren, Tammara H., 1989).

Nationally, home-based businesses have been growing rapidly. A LINK Resource's Work-at-Home Survey estimated over 34 million people work at home through full-time self-employment; part-time or secondary self-employment; or salaried employment. Both men and women are adopting this work-style in equal numbers. About four out of five home-based businesses owners are married. The home workers' median age is 37 years, and more than 50 percent of the workers have a college degree (Edwards, Paul and Edward, Sarah, 1996).

The different types of home-based businesses is vast. The National Association of Home Based Businesses (NAHBB) compiled a list of over 200 different categories of home-based businesses (The Home Based Business Information Superhighway). LINK offers a more condensed home-based businesses classification using four areas: the self-employed (e.g. book publishers, construction workers and business consultants); telecommuters (e.g. those on maternity leave and those used for staff expansion into other geographical areas); corporate employees who take work home (e.g. those who set up a home office and people who need to work overtime in order to keep pace) and moonlighters (e.g. individuals who moonlight for enjoyment and those who need additional income) (Davidson, Jeffrey P. 1991).

Telecommuting has grown exponentially. According to the Society for Human Resource Management, 42 percent of the major American companies (with more than 5,000 employees) already have telecommuting programs (Leonhard, Woody, 1995). Although telecommuters and

self-employed, home-based business owners have to face different challenges, it is important to study both types of home workers to identify common issues and ways all types of home workers can benefit.

Three general trends can be partially accredited for the sharp increase in the number of home-based businesses. The increasing number of women who want both a career and to have a family, the economy's increasing dependence on service/information based jobs from manufacturing based jobs, and improved technological advances which allow individuals to have the same capacity at home as they would in the traditional workplace helped encourage home-based work choices (Heck, Ramona et al., 1995). Other trends encouraging home-based work include: larger corporations downsizing and layoffs; increased opportunities for women, the handicapped, immigrants and minorities to achieve success from home-work; and retirement opportunities (Davidson, Jeffrey P., 1991).

Although Phizacklea and Wolkowitz's (1995) book concentrates on female home-based business workers in Britain, they emphasize future needs of such workers which can be generalized to all home workers. Improved techniques of collecting statistical data about home-based businesses, encourage self-organized support and networking home-worker groups, and incorporate home-workers into conferences and international organizations represent future developments that would increase the visibility of and encourage the existence of home-based businesses.

Methods and Process

Define

The first step was to define a home-based business. After reading a number of definitions and discussing it with the CARAG NRP Board, the following definition was agreed upon: full-time or part-time self-employed individuals who derive income from home-based work (e.g. consultants, graphic designers, day care providers, chiropractors, massage therapists, artists, independent construction contractors) and individuals who are employed by someone else but work at home (e.g. telecommuters, Mary Kay Cosmetics employees).

Locate

Various methods, such as word-of-mouth, newspaper articles and fliers, were used to identify neighborhood home-based businesses. Eighty-one home-based businesses were confirmed and 43 businesses were interviewed. Initially, 160 potential home-based businesses were identified, but 79 were not included in the study. Of the 79 unconfirmed businesses, 53 were unreachable, 5 moved out of the neighborhood, 5 closed down their business, and 16 businesses were confirmed not to be home-based. Although the study intended to include telecommuters, none were found.

Of the initial list of 160 home-based businesses, 58 names were provided by the project's supervisors, 26 were found through word-of-mouth, 60 were from the Minnesota Secretary of State's list of assumed business names and incorporations for the 55408 zip code area, 3 home-based businesses called in after seeing the flier describing the study, 6 names were obtained through searching the Reverse Directory and the Gold Book at the Minneapolis Public Library, 3 responded to an article written in the *East Calhoun News* about the study, 1 responded to an article written in the *Southwest Journal* (see Appendix F), and 3 were identified through their advertisements in the *East Calhoun News* and posted businesses cards. Word-of-mouth was the most effective method used. Please refer to Table 1 for the breakdown of home-based businesses found by each method.

Table 1

Method	Number of Businesses (160)
Project Supervisor's List	58
Word-of-Mouth	26
MN Secretary of State list of assumed business names and incorporations	60
Response from Flier	3
Reverse Directory	3
Gold Book	3
Response to Newspaper Articles	4

A blue flier introducing the project was mailed to the initial list of 160 home-based businesses and posted around the neighborhood (see Appendix G). A few days to a week later, a more formal letter describing the study was mailed (see Appendix D). A flyer was also included in an NRP mailing to the entire neighborhood, but no one responded. After these mailings, the CARAG research assistant called as many business as possible to conduct phone interviews. Forty phone interviews and 3 written interviews of the neighborhood home-based businesses were completed.

Survey

The phone and written interviews were identical. The design of the survey stemmed mainly from researching other home-based businesses studies done in the Minneapolis area and from a survey conducted over the Internet (<http://www.tab.com/Home.Business/YellowPages/survey.html>). Faculty at the Humphrey Institute, staff at the Minnesota Center for Survey Research, a small business consultant and neighborhood coordinators of the project contributed to the final draft of the survey.

The survey was broken down into two sections. The first section was consisted of demographic and background questions. The second section asked open-ended questions about needs and experiences of the home-based businesses owners.

Summary of Results

From the initial list of 160 businesses, 81 home-based businesses were identified and 43 surveyed, 40 of these by phone and 3 by mail. An additional 53 businesses were potentially identified, but could not be confirmed because they were unreachable by phone or mail. Twenty-six businesses were eliminated from the list for the following reasons: 5 moved out of the neighborhood, 5 closed down their home-based business and 16 were confirmed not to be a home-based business. The following paragraphs summarize the results from the 43 interviewed home-based businesses. Please refer to Appendix A for a copy of the survey and Appendix B for the raw data results.

Demographics

The businesses identified vary dramatically. A majority of businesses are in business consulting or writing/editing. A few others provide personal services, such as day care and cleaning; product manufacturing, such as woodcarving furniture and tie-dying t-shirts; and construction related services, such as hardwood floor refinishing and carpentry. Please see Appendix C for the types of home-based businesses surveyed.

Fifty-eight percent of the participants are single, 40 percent are married and 2 percent are separated. The number of males slightly out-numbers the women by 25 to 18. The racial breakdown of the survey is skewed towards Caucasians. Ninety-eight percent of the individuals identify themselves as Caucasian and two percent as Greek. While the participants' ages range from 25 to 60 years old, the median age is 38.5 years old.

Of the forty-three businesses, 70 percent are self-employed, 2 percent work for an employer from their home and 28 percent both work for an employer and also run a home-based business. Seventy-seven percent are operating their business full-time and 23 percent are part-time. The majority of businesses operate more than 40 hours a week, but the average hours for all participants is 39.6 hours. Of those 39.6 hours, the actual number of hours each respondent worked at home averages 28.4 hours.

Sixty-five percent of the businesses are less than 5 years old. More specifically, 28 percent of the businesses have been operating for 1 year or less, 37 percent of the businesses have been operating between 1 and 5 years, 14 percent of the businesses are between 6 and 10 years old, and 21 percent of the business are more than 10 years old.

Slightly more than half of the participants' home-based businesses generate incomes between \$10,000 and \$50,000. Some of the newer or just starting businesses report losses or income between \$0 and \$5,000. Six of the participants have an income over \$50,000.

Overall, the participants represent a highly-educated group. Sixty-seven percent of the interviewees have at least a college degree; this number includes the 13 percent that obtained a graduate degree.

Seventy percent of the business owners own a home or duplex, and the remaining 30 percent rent an apartment, duplex, triplex or five-plex. Owner-occupied units are disproportionately over-represented in comparison to the CARAG neighborhood's breakdown of 19 percent owner-occupied units and 81 percent renter-occupied units. Fifty-one percent of the participants have improved their property for their home-based business. The most common improvements are converting a room to an office, interior remodeling, beautifying outside property, and improving electrical capacity.

While the majority of clients come from the Twin Cities area (60 percent), 30 percent come from across the nation. The types of clients vary from individuals to multi-national corporations.

Home-Based Business Issues

Low overhead, flexibility and independence are the most common reasons that participants worked at home. Similar reasons are cited as advantages to running a home-based business. A variety of disadvantages were given as well. The three most common ones are solitude (lack of support from colleagues), difficulties in letting work go, and a lack of professionalism from not having a storefront.

Services and Equipment

Participants access a variety of services to get answers about how to run their business. Past jobs and experience are the most common responses. Both friends and other home-based businesses are the second highest response of 33 percent of the business owners. The mass media, the public library, and personal accountants are also common resources for answers about running home-based businesses.

One survey question inquired what type of services would be most helpful for the respondent's business. Many of the businesses are already using an accountant/financial record keeper and a tax expert. A number of home-based business owners note that other services for pricing products/services, understanding government regulations, getting legal advice, developing a business plan and getting technical assistance (computer support) would be helpful. A majority of business owners (79 percent) have no problems finding the services they need. Yet, 37 percent mentioned it would be helpful to have a source book or list of services for referral.

The type of electrical equipment varied between businesses. Eighty-one percent of the respondents have a computer and voice mail. Fifty-eight percent have a fax machine and 23 percent have a copy machine and a cellular telephone. Of the 43 businesses, slightly under fifty percent have Internet access and only 16 percent have a pager. Most of the respondents own their equipment. Additionally, many of the respondents have more than one phone line installed. One business owner does not have a phone, 41 percent have one, 37 percent have two lines, 12 percent have three lines and one business owner has four lines.

Insurance and Regulations

The home-based business owners cite the cost of individual health insurance as a financial burden and an issue. Forty-nine percent have individual health insurance, 19 percent receive health insurance through their other employment, 14 percent depend upon their spouse's employment and 19 percent do not have health insurance. Sixty percent of the respondents have life insurance, slightly less than half of the respondents have liability insurance for their business and 19 percent have professional insurance. Ninety-eight percent of the participants have either home or renters insurance, but only 65 percent said it also covers their business.

While no business owners have had any problems with inspections or zoning codes, only 28 percent are aware of them, 21 percent are somewhat familiar with them and 51 percent of the interviewees are not aware of the specific zoning ordinances. Only four of the home-based businesses need to be licensed by the city; two need a state license; and nine businesses are unsure if they need a city license.

The CARAG Neighborhood

Location, proximity to services, and quality of the neighborhood are most frequently cited as advantages of operating a home-based business in CARAG. Other advantages are its affordability, being on a bus line, interpersonal connections and the people in the neighborhood. Sixty percent of the participants say that there are no disadvantages to operating their home-based business in CARAG. The most commonly cited disadvantages are the lack of visibility in the neighborhood and being close to some problem areas; such as unkept neighborhoods, and parks which attract crowds and noise. One respondent said that being too close to the lake is a distraction.

Home-based businesses greatly depend upon local businesses and services. Sixty-five percent of the respondents use neighborhood restaurants and coffee shops to meet with clients or do work. Eighty-six percent use local copying centers and banks. Ninety-one percent use the local post office, UPS, Federal Express and/or Mail Boxes Etc. Forty-two percent use other home-based businesses or subcontractors in the neighborhood. About 48 percent use local printing shops and 60 percent use computer stores in the neighborhood. Overall, people seem satisfied with the local services; 51 percent said they were either unsure or did not think the neighborhood needs additional services. Others felt the neighborhood needs a closer copying center and bank. Some would like a business networking group and business directory. Three business owners would like a local fabric store. One day care provider would like to have a networking and referral system for local day care providers. Others feel the neighborhood should have a place for home-based businesses to publicize.

Overall, the respondents feel positive about the neighborhood and 88 percent plan to stay in the neighborhood.

Advertising and Promotion

Respondents use a variety of advertising and promotional techniques. Seventy-four percent rely upon word-of-mouth to promote their business. Other home-based businesses use direct mail, business card, referrals, repeat business, professional journals and newspapers. Only 28 percent have used local newspapers such as the *East Calhoun News*, *Southwest Journal* and *Lake Area News*.

Financing and Expansion

Most of the respondents rely on personal funds and profits from their work to finance their home-based business. Thirty-two percent do not feel they have adequate funding for their business.

One question asked if the interviewees classified themselves as transitional (in which growth translates into leaving the home) or lifestyle (in which owners have no intention on leaving the home) home-based business owners. Sixty-seven percent said working at home was a lifestyle choice, 23 percent said working at home was transitional, and 9 percent thought they were both or could not classify themselves in either category. Sixty-five percent plan to expand their business by increasing sales, physically expanding, adding employees, upgrading equipment and/or expanding business focus.

Thirty percent of the respondents said they have had the need for occasional office space to meet with clients or hold larger meetings. Many of these people thought it would be helpful if space they could use or rent would be available in the neighborhood.

Networking

Overall, respondents welcome the idea of meeting with other home-based businesses to network and share information. More specifically, 30 percent said they were very interested, 37 said they were somewhat interested, 23 percent said they were possibly interested and 9 percent said they were not interested. Those who were interested said they would make contacts, gain insight/ideas, learn about additional services that other home-based businesses use, learn about how other home-based businesses deal with taxes and share similar experiences associated with opening and running a home-based business.

Seventy-four percent would be interested in being listed in a neighborhood directory for distribution within the neighborhood to all residents and businesses.

Respondents offered a number of ways CARAG could help home-based businesses. Some of the more commonly cited ideas were: to start a networking group, create a directory of home-based businesses, sponsor advertisements in the local newspapers, create a list of services for home-based businesses and hold more business and entertainment fairs. Thirty percent said they either did not know what CARAG could do or they did not think that CARAG had the capacity to help.

Similarly, respondents cited a variety of ways Minneapolis can help home-based businesses. The most common responses were: to offer more tax breaks for home businesses, make information

about zoning ordinances and codes more accessible, and redesign codes to encourage people to work at home.

Finally, participants were asked how they think home-based businesses help or can help CARAG. Helping the neighborhood be financially stable, spending money on local services, increasing safety by having people watching the neighborhood during the day and beautifying outside exteriors and grounds were the most common responses.

Conclusions and Recommendations

Conclusions

- The CARAG neighborhood is the home to a number of home-based businesses. While there is a vast variety of businesses, there are several common needs which could be addressed:
 - help with marketing
 - office and meeting space
 - current information about government regulations
 - tax advice.

- While there are a number of transitional home-based business owners who eventually plan to expand outside of their home, 67 percent of the respondents consider working out of their home as a lifestyle choice. Additionally, 88 percent of the participants plan on staying in the CARAG neighborhood. These high numbers imply that there are a number of stable home-based businesses in the neighborhood and that forming an association or networking group could be beneficial.

Recommendations

- **Network-** Contact surveyed home-based businesses who are interested in being a part of a networking group. Hold an initial meeting to see what kind of network businesses owners would like to be a participant. Encourage a few members to take the lead in starting up the network.

- **Resources-** Compile a list of home-based businesses and area small businesses so that businesses will become aware of home workers in order to share experiences, contract or barter services. This would provide an effective, efficient referral service for home workers, and it could provide an additional marketing tool for local services and home-based businesses.

- **Expansion Space-** Only 30 percent of the respondents have the need for additional office and/or conference space. While this may not be a priority at this time, this may be something a business association or CARAG should look into in the future.

- **Government Information-** Put together a current information sheet about government regulations, codes and services. Once the network becomes established, appoint a few members to be responsible for updating the information.

- **Health Insurance and Tax Seminars-** A number of respondents commented about their frustration with health insurance and taxes. Hold seminars on these issues for home-based businesses. Such meetings could help home workers learn about options and opportunities to decrease the confusion and burden of these issues

References:

- Davidson, Jeffery P. (1991). Marketing to Home-Based Businesses. Business One Irwin, Homewood, Illinois.
- Edwards, Paul and Edwards, Sarah (1996). *Facts About Home Offices and Open Collar Workers*. Santa Monica, California.
- The Facts About How to Start a Home-based Business*. U.S. Small Business Administration (1996) Washington, D.C.
- Gingeri, Christina E. (1994). Getting By: Women Homeworkers and Rural Economic Development. University Press of Kansas.
- Heck, Ramona K.Z., Owen, Alma L. and Rowe, Barbara R. (1995). Home-Based Employment and Family Life. Auburn House, Westport, Connecticut.
- Home Based Business Yellow Pages...(http://www.tab.com/Home.Business/YellowPages/)
- Kern, Coralie S. and Wolfgren, Tammara H. (1989). How to Run Your Own Home Business. VGM Career Horizons, NTC Publications Group, Illinois.
- Leonhard, Woody (1995). The Underground Guide to Telecommuting. Addison-Wesley Publishing Company, Reading, Massachusetts.
- Pennington, Shelly and Westover, Belinda (1989). A Hidden Workforce. MacMillan Education, London.
- Peterson, Sacha Z. (1994). *Providing Support for an Innovative Neighborhood Economic Development Strategy: Report on a Survey of the Needs of Homebased Businesses in the Marcy-Holmes Neighborhood*.
- Phizacklea, Annie and Wolkowitz, Carol (1995). Homeworking Women: Gender, Racism and Class at Work. Sage Publications, London.
- The U.S.A. Home Based Business Information Superhighway...(http://199.170.0.140/active.htm)

CARAG Neighborhood Home-Based Business Survey

I. Demographics and Background Information (circle one):

Martial status: Married or Single

Sex: Male or Female

Race: _____

Age: _____

1)What type of work do you do from your home? Describe your business...

Consulting/Business Services (such as insurance/mutual funds, interior design, accounting/tax services, career training...)

Writing or Editorial Services

Personal Services (such as house cleaning, massage, day care, health care)

Product Manufacturing (such as crafts, floral arrangements, toys, art objects, gift baskets...)

Construction and Construction Related (building or repair trades)

Sales, Distribution (sporting goods, cosmetics, health products...)

Educational Services (such as tutoring, music lessons, computer training...)

2)Are you self-employed, do you work for an employer or both?

3)Why do you work at home (circle all that apply)?

Low overhead

Tax Break

Can do more work

Independence/Entrepreneurial spirit

Creative expression

Have no choice (laid off)

Family or children concerns

Retirement activity

Flexibility, control

Other (specify) _____

4)Do you operate a home based business...(please circle one)

-full-time or part-time

(please circle one)

-seasonally or all-year (if seasonal, specify which season _____)

II. Home-Based Business Issues

Background Information

What are the main advantages of operating a HBB?

What are the main disadvantages?

Services

Where do you get information/ answers to your questions on how to run your business (please circle all that apply)?

Other home based business owners	Public Library
Mass Media (newspapers, radio, TV)	Internet or other online services
Small Business Administration	Friends
Small Business Development Centers	County Court Offices
Department of Commerce (State or U.S.)	Other _____

What type of information or services would be most helpful to your business? (Please check those services that you are already using and circle those that would be helpful for your business)

Financial record keeping/accounting/bookkeeper	Small business consultant
Community development corporation	Pricing your product/service
Legal aspects of a business/Lawyer	Small Business Administration
Tax expert	Construction/remodeling
Promotion (advertising/publicity advice)	Technical assistance (e.g. computer technical support)
Professional association seminars	Time/Space management
Family involvement and coping skills	Business Plan development
City state business development offices (MCDA or MN DTED)	
Info. about government regulations	
Other _____	

Do you have difficulty finding these services, do you need help finding them?

Do you currently have and use in your home...(or plan to have them?) (please circle all that apply)

Computer

Cellular telephone

Fax machine

Pager

Copy machine

Voice Mail

Internet access

Do you own or lease equipment? (circle one) own or lease

How many phone lines? _____

Insurance and Regulations

Do you currently have (please circle those you have):

Health Insurance (either individual, other personal employment or through your spouses employment)

Liability Insurance (business)

Life Insurance

Professional Insurance (E&O or others)

Home Insurance (do you know if it covers your business?)

Is insurance an issue for you, either for business or personally?

Are you aware of the local zoning ordinances? yes ___ or no ___

Have you had any problems with inspections/zoning for your business?

Does your business need to be licensed by the city? yes ___ or no ___

What has been your experience in obtaining a license?

The CARAG Neighborhood

What are the advantages of operating a HBB in the CARAG neighborhood?

What are the disadvantages?

What businesses or services does your business currently use? (Please circle all that apply)
If yes, are they in the neighborhood?

restaurants/delis

Post office/Federal Express/UPS/Mail Box Etc.

coffee shops

Subcontractors/other home-based businesses

Copying

Printer

Banks

Computer supplier

Other _____

None of the above

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

Do you plan on staying in the CARAG neighborhood?

Yes ___ No ___

If no, why do you plan to leave?

Advertising/Promotion

How do you promote your business?

Have you used any of the local/neighborhood newspapers such as the East Calhoun News, Southwest Journal, Lake Area News? yes or no

Financing/Expansion

How do you finance your home work/business? _____

Do you feel you have adequate funding to operate your business? yes or no

Some people classify home-based businesses into two categories-1) *Transitional* (in which growth translates into leaving the home) and 2) *Lifestyle* (in which owners have no intention on leaving the home) Which category would you classify yourself and are you planning on expanding your business?

Traditional ___ Lifestyle ___

Yes ___ No ___ If yes, please answer the following question

How do you intend to expand (please circle all that apply)?

Physical expansion

Add employees/increase personal hours

increase sales

upgrade equipment

shift/expand business focus

Do you have the need for occasional office space, to meet with clients or hold larger meetings? Yes ___ No ___

If yes, what kind of space (please circle those that apply)?

conference space

meeting hall

office space

secretarial space

other _____

Networking

How interested are you in meeting other home-based businesses to network and share information (please circle one answer)?

very interested

somewhat interested

possibly interested

not interested-why not... _____

What would you hope to gain from meeting with other home-based businesses?

Would you be interested in being listed in a neighborhood directory for distribution within the neighborhood to all residents and businesses? Yes ___ No ___

What do you think CARAG should do to help home-based businesses?

What do you think Minneapolis should do to help home-based businesses?

How do you think your business can help CARAG?

Are you aware of other home-based businesses in the neighborhood that I could contact?

Other comments/suggestions:

Results of the Home-Based Businesses in the CARAG Neighborhood

I. Demographics and Background Information (circle one):

Marital status: 17-Married, 25- Single and 1-Separated

Sex: 25-Male and 18- Female

Race: 42-Caucasian and 1 Greek

Age: Average age-38.5 years old, ages ranges from 25 years old to 69 years old

1)What type of work do you do from your home? Describe your business...

18/43 business are-**Consulting/Business Services** (such as insurance/mutual funds, interior design, accounting/tax services, career training...)

7/43 businesses are-**Writing or Editorial Services**

5/43 businesses are-**Personal Services** (such as house cleaning, massage, day care, health care)

4/43 businesses are-**Product Manufacturing** (such as crafts, floral arrangements, toys, art objects, gift baskets...)

5/43 businesses are-**Construction and Construction Related** (building or repair trades)

2/43 businesses are-**Sales, Distribution** (sporting goods, cosmetics, health products...)

2/43 businesses are-**Educational Services** (such as tutoring, music lessons, computer training...)

2)Are you self-employed, do you work for an employer or both?

29/43 are self-employed

1/43 works for an employer

13/43 are both

3)Why do you work at home (circle all that apply)?

29- Low overhead

20- Flexibility, control

18-Independence/Entrepreneurial spirit

11- Can do more work

10- Tax Break

9- Creative expression

6- Family or children concerns

2- Have no choice

1- Retirement activity

Other (specify):

3- No office required

2-Ability to do a variety of work

1- Company is out-of-state

1- Likes to work at night

1- No commute

1- Does not like to work with other

people

4) Do you operate a home based business...(please circle one)

33/43 operate full-time and 10/43 work part-time

(please circle one)

2/43 operate seasonally and 41/43 work all-year

5) On average, how many hours per week do you work?

Average total hours worked- 39.6 hours

3/43 businesses worked 10 hours or less

4/43 worked 11-20 hours

6/43 worked 21-30 hours

5/43 worked 31-40 hours

11/43 worked 41-50 hours

13/43 worked over 50 hours

1-didn't know how to gauge hours worked

How many hours are you actually working at home?

Average total hours worked at home for both full-time and part-time workers- 28.4 hours

6) How many years have you operated your HBB?

12/43 businesses have been operating for 1 year or less

16/43 have been operating for 1-5 years

6/43 have been operating for 6-10 years

9/43 businesses have been operating for more than 10 years

7) Do you have any employees? (please circle one) Yes or No If yes, how many? _____

None have regular employees

3-are partnerships

10- use subcontractors

8) For the purpose of knowing how much income home-based businesses in the neighborhood generate, in what range does your annual salary for your HBB fall?

8/43-\$0 to \$4,999

4/43-\$50,000 to \$69,999

4/43-\$5,000 to \$9,999

1/43-\$70,000 to \$99,999

10/43-\$10,000 to \$29,999

1/43-Over \$100,000

13/43-\$30,000 to \$49,999

2-refused

9) What level of formal education have you completed ?

1/43-Some high school

0/43-Junior College or Associate degree

2/43-High school

25/43-College graduate

3/43-Trade/Vocational school

6/43-Graduate degree

5/43-Some college

1/43-Currently a student

10) Do you own or rent your home/apartment?

31/43-own their place of residence and 12/42-rent

27/43 work out of their home, 9/42 work out of an apartment, 5/42 work out of a duplex, 1/42 work out of a triplex, and 1/42 work out of a five-plex

11) Have you improved your property for your HBB?

23/43 businesses have improved their property for their business

20/43 have not made improvements specifically for their business

If yes, how?

8- converted a room or basement to an office

8- improved power capacity

6- did interior remodeling

6- beautified outside property

12) Who are your clients and where are they located?

17- clients located in the Twin Cities and surrounding suburbs

13- clients located throughout the nation

7- clients specifically in Minneapolis

5- clients throughout Minnesota

1- clients throughout the world

II. Home-Based Business Issues

What are the main advantages of operating a HBB?

22- flexibility

11- low overhead

11- convenience/can work during most productive hours

11- control/autonomy/own boss

7- more comfortable/more control over working conditions

4- no commute

2- creative spirit

2- tax write-offs

2- privacy/working alone

2- sense of accomplishment

2- home with children

1- get paid what one's worth

1- learning a variety of skills

What are the main disadvantages?

12- solitude/lack of support from and contact with colleagues

7- hard to let work go/work too hard

6- perceived lack of professionalism

4- financial insecurity

4- physical issues/space limitations

5- distractions/motivational issues

advertising

3- no disadvantages

3- not enough tax breaks/higher costs

2- no one to cover for owner when they need help

2- not being in mainstream

2- lack of tech support

2- expensive health insurance

1- parking

1- lack of privacy

1- inability to afford

Services

Where do you get information/ answers to your questions on how to run your business (please circle all that apply)?

- | | |
|---------------------------------------|---------------------------------------|
| 16- Other home based business owners | 9- Mass Media (newspapers, radio, TV) |
| 15- Friends | 4- Small Business Administration |
| 11- Public Library | 2- County Court Offices |
| 9- Mass Media (newspapers, radio, TV) | 2- Internet or other online services |

Other:

- | | |
|---|------------------|
| 16- past employment/experience | 2- Tax person |
| 5- accountant | 2- Clients |
| 4- People in same trade/professional associations | 2- Women Venture |
| 3- US West Small Business Service | 1- NABO |

What type of information or services would be most helpful to your business? (Please check those services that you are already using and circle those that would be helpful for your business)

- | | |
|--|---------------------------------|
| Financial record keeping/accounting/bookkeeper | 7-yes, 9-no, 27 already using |
| Pricing your product/service | 17-yes, 22-no, 4-already using |
| Legal aspects of a business/Lawyer | 15-yes, 11-no, 17-already using |
| Tax expert | 8-yes, 11-no, 24-already using |
| Promotion (advertising/publicity) | 14-yes, 23-no, 6-already using |
| Professional association seminars | 10-yes, 17-no, 16-already using |
| Family involvement and coping skills | 6-yes, 37-no |
| Info. about government regulations | 19-yes, 15-no, 9-already using |
| Small business consultant | 14-yes, 26-no, 3-already using |
| Small Business Administration | 8-yes, 29-no, 6-already using |
| Community or city state development offices | 6-yes, 35-no, 2-already using |
| Construction/remodeling | 5-yes, 35-no, 3-already using |
| Technical assistance (e.g. computer technical support) | 15-yes, 19-no, 9-already using |
| Time/Space management | 10-yes, 33-no |
| Business Plan development | 16-yes, 25-no, 2-already using |

Other:

- 5-a network for home-based businesses
- 1-start a union for drafts people to receive health care

Do you have difficulty finding these services?

- 9- reported having difficulty finding needed services
- 34- had no problems finding necessary services

Do you need help finding them?

- 16- said they would like to have a source book listing such services

Do you currently have and use in your home...(or plan to have them?)

Computer: 37-yes, 6-no

Cellular telephone: 10-yes, 29-no, 4-plan to get

Fax machine: 26-yes, 14-no, 3-plan to get

Pager: 7-yes, 34-no, 2-plan to get

Copy machine: 10 yes, 27-no, 6-plan to get

Voice Mail: 37-yes, 5-no, 1-plans to get

Internet access: 20-yes, 19-no, 4-plan to get

Do you own or lease equipment? 38- own, 3- lease, 2- don't have specified equipment

How many phone lines?

0 lines-1 business

1 line-19 businesses

2 lines-17 businesses

3 lines-5 businesses

4 lines-1 business

Insurance and Regulations

Do you currently have:

Health Insurance: 32- yes (21 through an individual plan, 8 through other personal employment, and 6 through their spouses employment) and 8-no

Business Liability Insurance: 20-yes and 23-no

Life Insurance: 26-yes and 17-no

Professional Insurance (E&O or others): 8- yes and 35-no

Home or Renters Insurance: 42- yes and 1-no

(do you know if it covers your business?) 28- yes, 7- no and 7- don't know

Is insurance an issue for you, either for business or personally?

26- no, not a problem

17-yes, it is a problem, specified reasons:

13- report it is all too expensive

6- report that individual health insurance is too expensive

2- spoke about specific problems getting liability insurance

1- not sure if they need business insurance

Are you aware of the local zoning ordinances?

12-yes

22-no

9-somewhat

Have you had any problems with inspections/zoning for your business?

no business reported having any difficulties with inspections or zoning

Does your business need to be licensed by the city?

- 4 businesses have to be licensed by the city
- 2 businesses have to be licensed by the state
- 30 businesses do not have to be licensed by the city
- 9 businesses do not know if they need to be licensed

If yes, what has been your experience in obtaining a license?

- 5 businesses did not have any problems
- 1 business though it was a hassle and was misinformed about the process

The CARAG Neighborhood

What are the advantages of operating a HBB in the CARAG neighborhood?

- 25- location (proximity to uptown downtown and highways)
- 13- quality of the neighborhood
- 11- proximity to services
- 5- low crime
- 2- on bus line
- 2- connections within the neighborhood/people
- 2- economic affordability
- 2- client base located in the neighborhood
- 1- being part of the community
- 1- none

What are the disadvantages?

- 27- reported no disadvantages of the neighborhood
- 5- stated it would be more professional to be located downtown/lack of visibility
- 3- neighborhood is close to some problem areas/surrounding neighborhoods not keeping up
- 2- parking problems
- 2- reported specific problems with parks across the street attracting loudness and profanity
- 1- unkept houses/condemned houses
- 1- more money in the suburbs
- 1- neighborhood is too crowded
- 1- not enough single family dwellings
- 1- difficult to find a garage to work in
- 1-feels somewhat isolated
- 1-lake is too close

What businesses or services does your business currently use in the neighborhood?

restaurants/delis- 27 in neighborhood, 1-outside neigh., 15 no

coffee shops- 27 in neighborhood, 16 no

Copying- 37 in neighborhood, 6 no

Banks- 37 in neighborhood, 4 outside the neigh., 2 no

Post office/Federal Express/UPS/Mail Box Etc.- 39 in neighborhood, 2 not in neigh, 2 no

Subcontractors/other home-based businesses- 17 in neighborhood, 8 not in neigh., 18 no

Printer- 20 in neighborhood, 10 not in neighborhood, 13 no

Computer supplier- 24 in neighborhood, 6 not in neighborhood, 12 no

Other:

Library- 6 in neighborhood

Hardware stores- 6 in neighborhood

Book stores- 6 in neighborhood

Office Max-10 outside neighborhood

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

22- no additional business or services/not sure

7- a networking group or business directory/service bureau

4- closer Kinkos or copy center

3- fabric store

2- closer bank

2- tax/accounting service

1- place to publicize

1- computer publication just for people who want to buy or sell

1- a high quality computer store

1- cheaper packaging supplies

1- good deli

1-office supplies

Do you plan on staying in the CARAG neighborhood?

38-yes

2-no

3-don't know

if no, why do you plan to leave?

1- eventually wants to move up north

1-might move office to another home

1- wants to move business to north side of town to be closer to clients

2- child concerns/move children to suburbs

Advertising/Promotion

How do you promote your business?

- 32- work-of-mouth
- 10- direct mail/cold calling
- 6- newspaper ads
- 5- repeat business
- 5- referrals
- 5- business cards
- 3- trade shows/journals
- 3- Gold Book/professional directory
- 1- Internet
- 1- art fairs
- 1- neighborhood festivals
- 1- signs
- 1- coupons
- 1- door knocking

Have you used any of the local/neighborhood newspapers such as the East Calhoun News, Southwest Journal, Lake Area News?

12-yes and 31-no

Financing/Expansion

How do you finance your home work/business?

- 35- personal funds
- 20- profits from business
- 4- credit cards and loans
- 1- severance package
- 1- refused

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

29- yes and 14- no

Some people classify home-based businesses into two categories-1) *Transitional* (in which growth translates into leaving the home) and 2) *Lifestyle* (in which owners have no intention on leaving the home) Which category would you classify yourself?

- 10- Transitional
- 29- Lifestyle
- 4- Both/not sure

Are you planning on expanding your business?

28- yes and 15-no

How do you intend to expand?

- 26-increase sales
- 18-add employees/increase personal hours
- 12-upgrade equipment
- 12-physical expansion
- 8-shift/expand business focus
- 1-creativity and quality
- 1- gain more steady clients

Do you have the need for occasional office space, to meet with clients or hold larger meetings?

13- yes and 31- no

If yes, what kind of space?

13-conference space

1- meeting hall

2-office space

1- business center

Networking

How interested are you in meeting other home-based businesses to network and share information?

13- very interested

16- somewhat interested

10- possibly interested

4- not interested

if not interested, why?

2- would only be helpful if meet with people who are specifically in same field

2- not common client base

What would you hope to gain from meeting with other home-based businesses?

11-networking/make contacts

10-learn about what services they're using/barter services

10-exchange/gain insight/ideas

7-shared experience

6-learn about what others are doing about taxes

4-learn about what other home-based businesses exist

3-trouble shooting

3-talk about pricing products and services

3-uncertain

2-support

2-learn how people use their space

2-social reasons

1-start a day care provider network

1-talk about computer issues

1-learn how people deal with the professionalism issue

1-how to separate family from business

1-possible partnerships in projects

1-"political" organizing around deductions, insurance, zoning issues

Would you be interested in being listed in a neighborhood directory for distribution within the neighborhood to all residents and businesses?

32-yes, 9-no

2-possibly

What do you think CARAG should do to help home-based businesses?

- 13-not sure/nothing
- 11-start a networking group
- 9-establish a directory of home-based businesses
- 8-establish a directory of services/source book
- 3-publish government codes
- 3-help with advertising/sponsor feature ads in newspapers
- 2-keep city from enacting disruptive regulations
- 2-hold more fairs and have booths for people
- 1-start a mentorship program for home-based businesses
- 1-help resolve zoning issues
- 1-help solve parking problems
- 1-deal with loudness and problems associated with parks and basketball courts/maintain neighborhood quality
- 1-be ready to deal with potential conflicts due to the increasing number of home-based businesses
- 1-funding/financial support
- 1-start small business incubators

What do you think Minneapolis should do to help home-based businesses?

- 13-not sure/nothing
- 11-provide more tax breaks
- 11-encourage people to work at home/reform regulations to be more pro-business
- 6-make information about regulations and codes more accessible
- 3-funding/financial support
- 3-maintain quality of neighborhood/take care of condemned houses
- 2-provide cheaper advertising opportunities
- 2-establish a Minneapolis home-based business clearing house for information and referrals
- 1-provide additional office space/meeting space
- 1-be more lenient about employee regulations
- 1-make libraries more user-friendly
- 1-offer affordable health insurance
- 1-try to use some home-based businesses for their needs
- 1-update fiber optics
- 1-re-zone small business/home use

How do you think your business helps or can help CARAG and the neighborhood group?

- 10-safety/people are home to watch the streets
- 10-stability/help keep the neighborhood financially stable and grow financially
- 10-encourages people to care about the neighborhood
- 7-not sure
- 6-spend money on local services
- 5-beautify outside of houses
- 2-offer jobs to subcontractors in the neighborhood

- 1-help identify bad or declining properties
- 1-establish more trust in the neighborhood
- 1-add character to the neighborhood
- 1-offer more personal product (instead of corporations)
- 1-volunteer for things/serve on community projects
- 1- find "owner-occupied" landlords for rental property

Other comments/suggestions:

- one day care provider wants to have a list of other day care providers for referrals and monthly meetings
- there is a need to understand the "red tape" and learn how to get through it
- it is important to get in touch with people in the neighborhood/the more the neighborhood takes an interest, the more individuals contribute

The Types of Businesses Surveyed

1. Educational Material Publisher
2. Home Inspector
3. Realtor
4. Day Care Provider
5. Hardwood Floor Refinisher
6. Computer and Technical Support
7. Technical Writer/Consultant
8. Fine & Graphic Artist
9. Wedding Attire Designer and Alternations
10. Publisher of an amateur cycling magazine
11. Computer Consultant
12. Ad Representative for ECN/Makes Tie-dyes/Multi-level Book Marketer
13. Freelance Writer and On-line Contact Provider
14. Interior Designer
15. Realtor and Property Manager
16. Freelancer for Feature Films
17. Psychologist (with a specialty in neurology)
18. Book Editor & Indexer
19. Developer of training of how to use computers
20. Interior Painter , Landscaping, Antique dealer
21. Residential Cleaner
22. International Tour Operator
23. Mechanic for Vespa Scooters
24. Writer and Editor
25. Graphic Designer
26. Computer Graphics Artist & Independent Ad Rep
27. Interior Designer and Antique Dealer
28. Costume Designer
29. Wood Carver/Hand Carver for professional furniture
30. Cleaning Service Contractor
31. Consultant~Strategic Planning & Operational Management
32. Computer Consignment
33. Sells Costume Jewelry to retail stores
34. Cartographer

35. Carpenter/Construction
36. Video Production
37. Medical Writer/Technical Writer
38. Mechanic, Paints Scooters, Sign Business
39. Graphic Designer
40. Clinical Researcher for pharmaceutical and medical device companies
41. Commercial Artist
42. Seamstress of beds and windows treatments
43. Printing Consultant

Introductory/Initial Letter

July 6, 1996

Name
Address

Dear Name:

The Calhoun Area Resident Action Group (CARAG) is conducting interviews of all home-based workers in the neighborhood bounded by Hennepin Avenue, Lyndale Avenue, Lake Street and 36th Street. Home-based businesses are an economic asset and important to the neighborhood. Our goals are to assess the needs of home-based businesses, determine ways the neighborhood can help, and possibly create a directory and/or network of home-based businesses. Once the needs of the home-based workers are known, appropriate methods of assistance can be developed and carried out.

As the research assistant for CARAG, I will be calling you to set up a phone interview at your convenience. The interview will take approximately 15-20 minutes, and can be scheduled in advance for either during the day or evening. We value your input and look forward to learning about what we can do to help your business, and subsequently the neighborhood. **ALL RESPONSES ARE CONFIDENTIAL.**

We would like to interview as many home-based workers and businesses in the neighborhood as possible. If you have any questions or would like to schedule an interview please call me at 288-0636, or I will call you shortly. Thank you for your cooperation.

Sincerely,

Laurie Berkwitz
Research Assistant
CARAG

Thank You Letter

August 31, 1996

Name
Address

Dear Name,

On behalf of the Calhoun Area Resident Action Group I would like to thank you for participating in the home-based business survey in the CARAG neighborhood. As I discovered during the course of the survey, your time is valuable and limited. We appreciate your willingness to take the time to complete the survey.

The study is scheduled to conclude in the end of September. Thus far, we have learned a great deal about the variety of home-based businesses in the neighborhood. To date almost 40 home-based businesses have been interviewed and over eighty home-based businesses have been identified. Yet, we anticipate many more exist. We hope to continue to talk to as many businesses as possible in order to learn about common issues and experiences.

If you have additional comments or know of other home-based businesses, please contact me at 288-0636. Thanks again for your time and support.

Sincerely,

Laurie Berkwitz
Research Assistant
CARAG

Appendix F

Timeline-Inventory of Home-Based (HBBs) in CARAG

Project's Total Time: June 27-September 15, 1996--260 hours

Approximately 23-24 hours per week

Activity	Date
Background research-review literature, contact researchers for follow-up info., general research, obtain demographic info., and call organizations	June 27-July 9
Identify home-based businesses and create survey draft	July 10-July 31 (Go to MN Center for Survey Research) (survey final due July 31)
Conduct business surveys-	August 1-August 23 (Stop surveys August 26)
Analyze responses and create outline for report	August 26-August 30
Draft and Final report	September 2-September 15 (draft due September 6 and final by September 15)