



Business Planning for Home-based Business



A Summary of Key Findings of Corporita Inc. Survey

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Business Owners, Business Planning Consultants and Service Providers Presenting the Survey Results and the Main Themes Emerged from These Results

Developed by:

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May 2016

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## Introduction

Your home-based business is still a full-fledged business that requires a business strategy. To understand that the purpose of your home-based business is more than just being an extra income stream to you and your family is critical to the success of you and your business.

However, finding the purpose and the right direction to reach it might be a life-long battle for some, which is why it is crucial to engage yourself in a strategic planning process that focuses on your home-based business.

Business strategic planning is a process that not only defines your business' long-term goals and how you will reach them, but it is also a process to understand yourself and your means to get a deeper and clearer understanding of what makes you and consequently your business unique ( your gifts , talents, skills and personal qualities).



It also helps you ascertain your external environment, your circumstances, your support systems and the challenges that you are facing. All this information and data will empower you and your business to take the right decisions and take the right actions.

Training and development team in Corporita Inc. has conducted a small scale research and survey to solicit and compare home-based business owners' attitudes about writing business plans; in order to learn about the benefits of writing a business plan and to find out about the challenges and barriers facing aspiring business owners that prevent them from writing a business plan.

## Survey Methodology

From the beginning of February to the end of April 2016, the Training and Development department in Corporita Inc. was engaged in small scale research and survey. Invitations to participate in the survey were sent to around 250 individuals. Reminder emails were sent to encourage participation in the survey. Follow-up telephone calls and interviews with business strategy consultants have been made to solicit more qualitative inputs.

## Acknowledgements

Corporita Inc. would like to thank the individuals, consultants and organisations that responded to the survey, those who helped to publicise it, and also Dr. Ehab Ali – Chief Strategist , Ms. Rania Mustafa – Training and Development Consultant , Ms. Kyra Veer – Student Intern , Ms. Kate Morgan – Contents Manager and Ms. Hanan Awaad – President , for undertaking the work on behalf of the project.

## The Findings

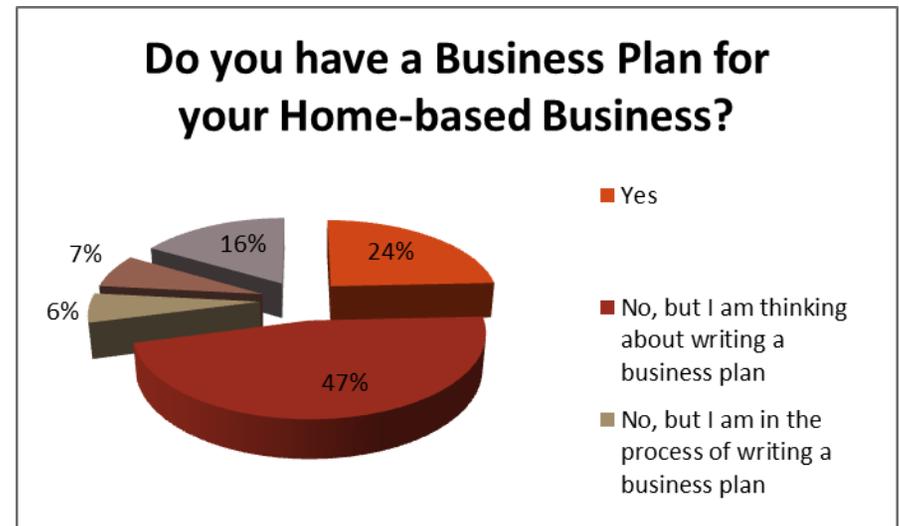
Over 250 individuals who already own a home-based business or aspire to start their own venture were contacted and we received a 47% response rate. We also conducted semi-structured interviews with our clients to get more qualitative feedback and insights.

Out of the responses received, 56% were from the Region of Waterloo, 16% from the GTA and Mississauga , 16% from London , 3% from Hamilton and the remaining 14% were from different areas in Ontario.

There is evidence that business planning for home-based businesses is emerging as a vital step before starting a new home-based business. 15% of respondents described themselves as full-time home-based business owners, while 16% spend up to 10 hours a week working in a home-based business, 22% are working up to 10 hours a week in a home-based business and 16% of respondents spend up to 30 hours working on a home-based business.

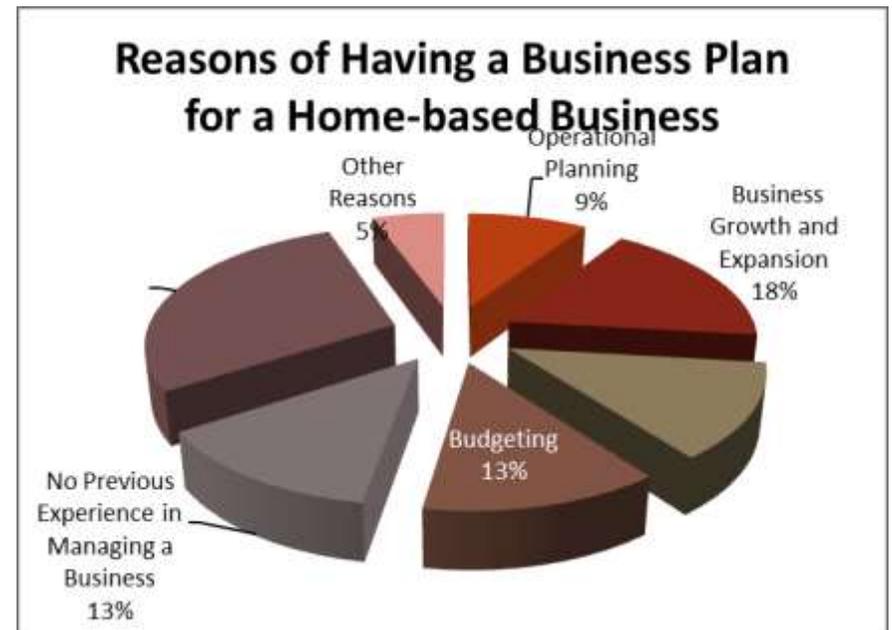
Do you have a Business Plan for your Home-based Business

Response	% Respondents
Yes	25
No, but I am thinking about writing a business plan	48
No, but I am in the process of writing a business plan	6
No, but I am not sure if I need to write a business plan	7
No, and I am not interested in writing a business plan	17



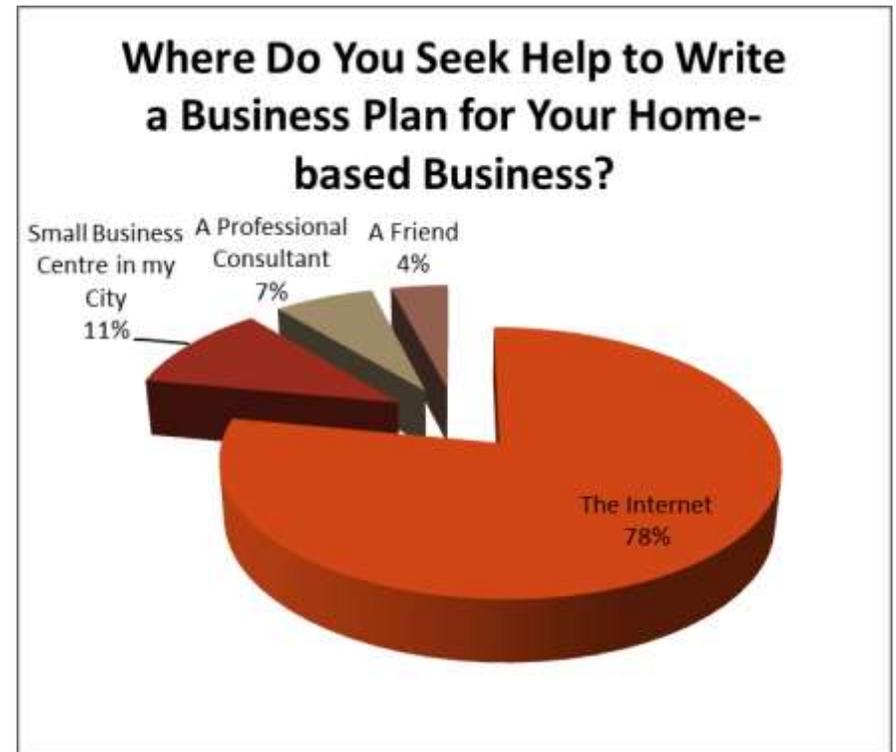
Reasons of Having a Business Plan for a Home-based Business

Response	% Respondents
Operational Planning	25
Business Growth and Expansion	48
Financial Planning	35
Budgeting	35
No Previous Experience in Managing a Business	36
Seeking Funds (Loans or Grants)	78
Other Reasons	15



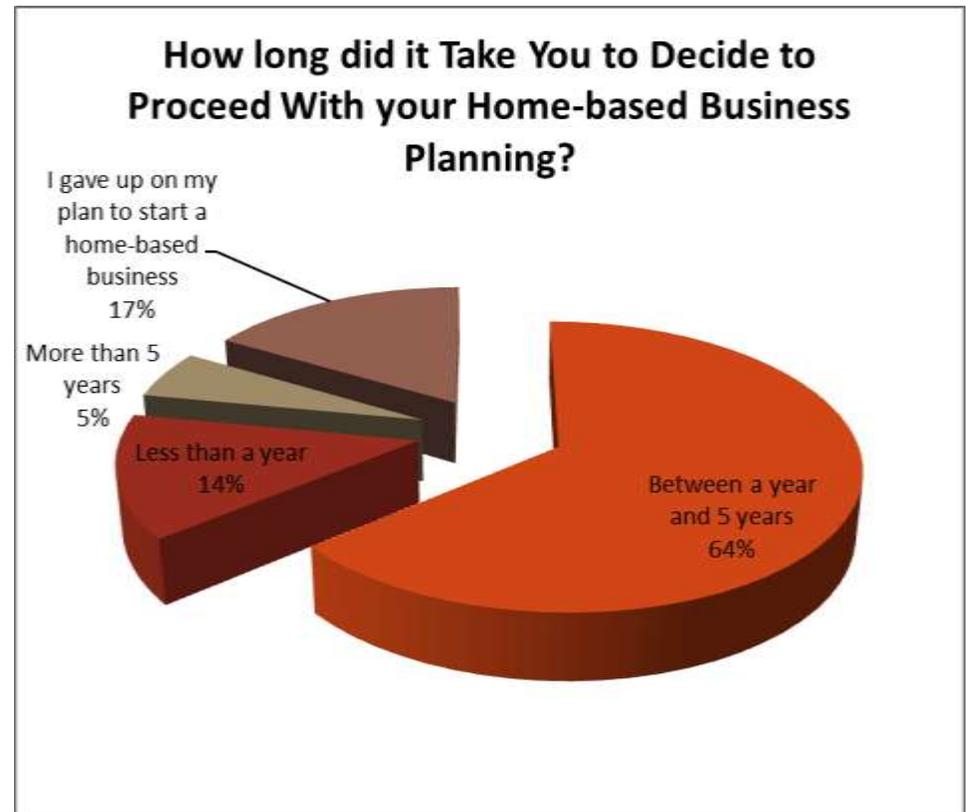
Where Do You Seek Help to Write a Business Plan for Your Home-based Business

Response	% Respondents
The Internet	78
Small Business Centre in my City	11
A Professional Consultant	7
A Friend	4



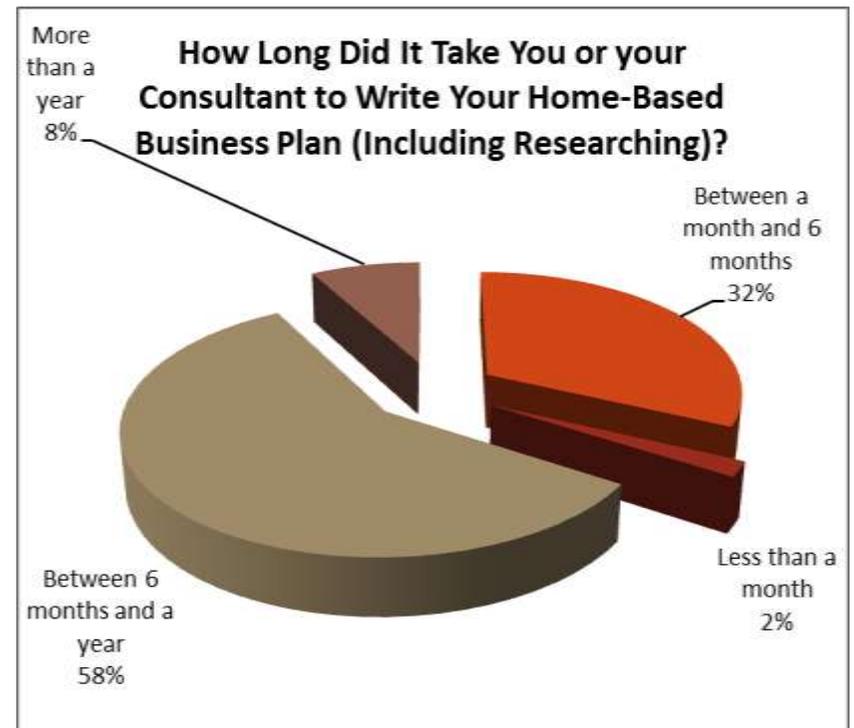
How long did it Take You to Decide to Proceed With your Home-based Business Planning

Response	% Respondents
Between a year and 5 years	64
Less than a year	14
More than 5 years	5.5
I gave up on my plan to start a home-based business	16.5



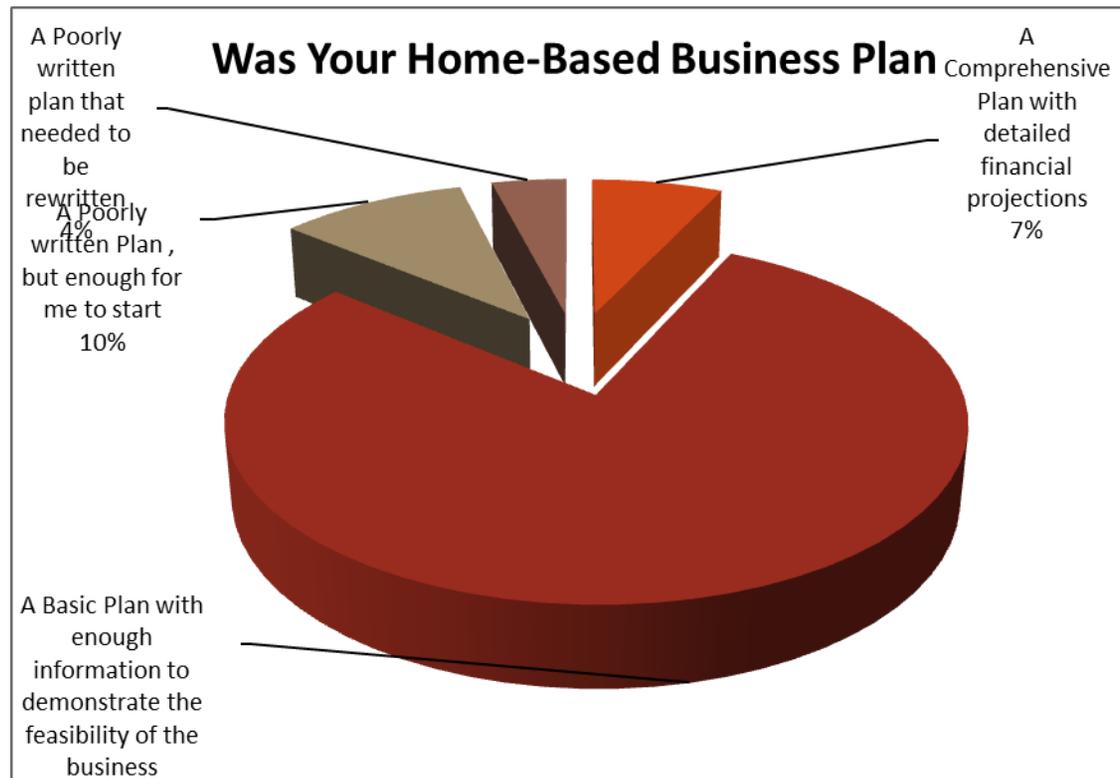
How Long Did It Take You or your Consultant to Write Your Home-Based Business Plan (Including Researching)

Response	% Respondents
Between a month and 6 months	32
Less than a month	2
Between 6 months and a year	58
More than a year	8



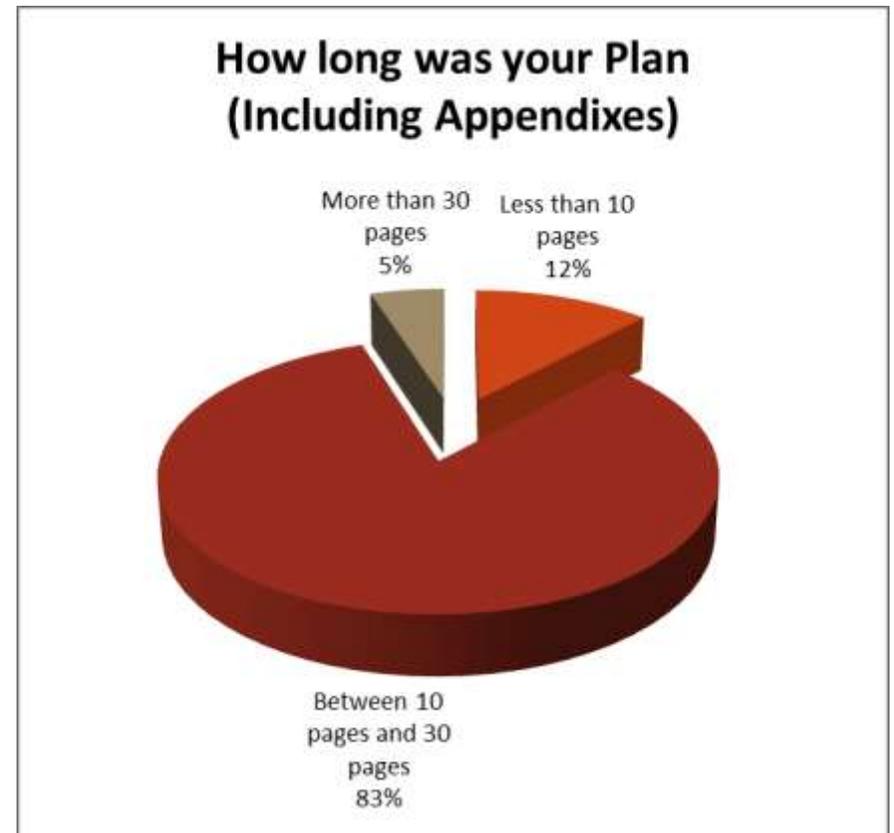
## Was Your Home-Based Business Plan

Response	% Respondents
A Comprehensive Plan with detailed financial projections	7
A Basic Plan with enough information to demonstrate the feasibility of the business	79
A Poorly written Plan , but enough for me to start	10
A Poorly written plan that needed to be rewritten	4



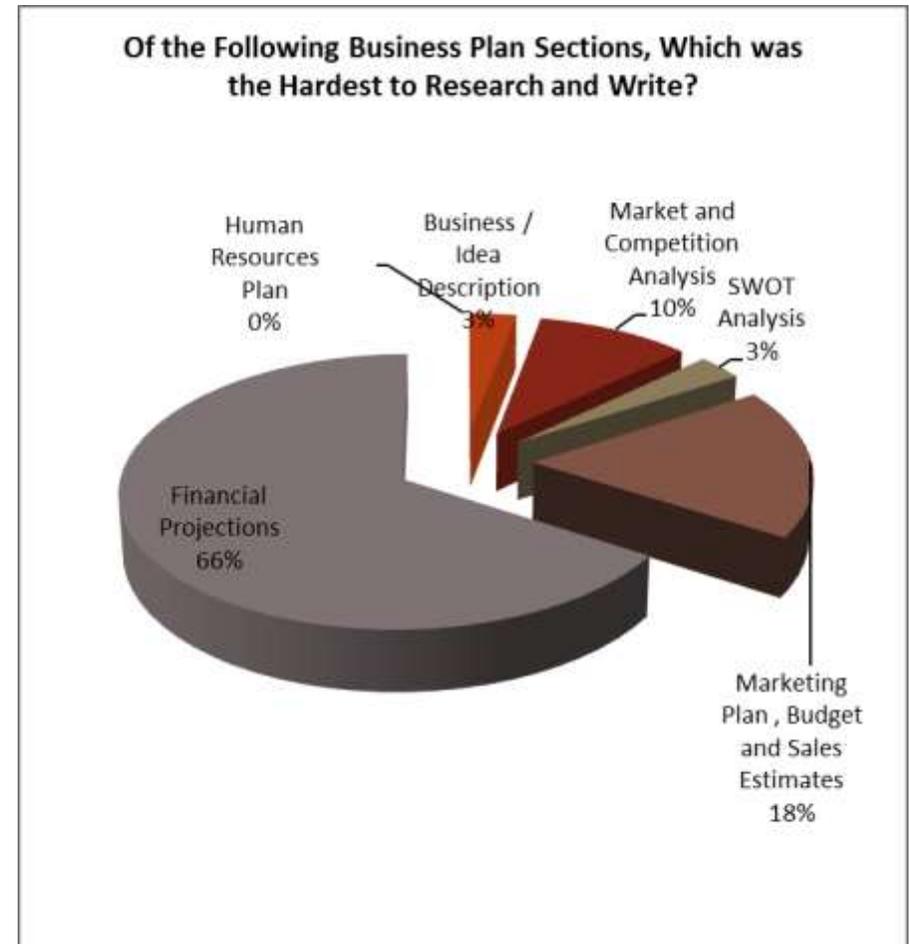
How long was your Plan (Including Appendixes)

Response	% Respondents
Less than 10 pages	12
Between 10 pages and 30 pages	83
More than 30 pages	5



Of the Following Business Plan Sections, Which was the Hardest to Research and Write

Response	% Respondents
Business / Idea Description	3
Market and Competition Analysis	10
SWOT Analysis (Strengths, Weaknesses, Opportunities, and Threats)	3
Marketing Plan , Budget and Sales Estimates	18
Financial Projections	66
Human Resources Plan	0



## Qualitative Thematic Analysis

Many home-based businesses started without any formal or well-articulated business plan. Some succeeded and a lot more failed. Corporita's team has conducted a qualitative thematic analysis to get more insights about writing a business plan for a home-based business and have more knowledge of the top reasons to write a business plan for a home-based business.

### Reasons to Write a Business Plan for a Home-Based Business

#### 1. Capture the Idea

A good business starts with a good idea. You might have that great idea in your head but you might be unsure of how you will actualize it in the real life, how you will turn it into a profitable venture and how you will communicate it to others.

Albert Einstein said: "If you can't explain it simply, you do not understand it well enough."

In writing your business plan, you will get your message clearer and clearer. You will be prepared with the 'Why', the 'What', the 'Who', the 'How' and the 'When'. You will force yourself to think harder in many aspects of your idea to make feasible and viable and really a source of income to you.

But, what will happen if you start executing before developing your business plan? You might succeed in generating some income in the initial phase, but later on you will get caught in the day-to-day operations and get consumed in an endless list of tedious tasks and you will consequently lose your focus.

#### 2. Know the Market

In Relationship Marketing models, when a home-based sales consultant recruits her friends as sales consultants to increase her sales base, she might be creating more competition and will be unable to sell her own inventory of products. Another scenario is when the sales consultant underestimates the purchasing power and purchasing attitudes of individuals in her network.

Some other home-business owners do not understand their prospect client. They assume what personally interests them, might interest others. In addition, they do not properly understand the competition.

#### 3. Check the Requirements

36% of our survey respondents who gave up one their plan to start their home-based business said that they had to give up their idea to start a home-based business after checking the requirements such as: health, safety and taxation regulations and municipal by-laws. Some home-based businesses require the operations of specific tools that might not be suitable to be operated in a residential facility, or might need a special certification.

In many cases, home-based business need to set-up some means to increase their customers' sales by offering more convenient methods of payments such as credit cards or PayPal. Such arrangements should be researched before starting the business.

## 4. Monetize the Business

Is your idea feasible? Will your business be financially healthy? How much do you need to get started? How will profit/loss look like in three months, six months or a year? Will your operating expenses eat-up your revenues? These are all questions home-based entrepreneurs need to answer before hitting the ground and running.

In case a home-based business is seeking funding from investors, financial institutions or governmental funding programs, the business has to demonstrate to funders that their business idea has the potential of financial success and that the business owner has made the due diligence of studying the market, analyzing the competition and performing the needed financial planning and projections.

## 5. Laser-focus the Effort

Having a home-based business means that entrepreneurs have to manage (or get little support in managing) their business processes. A home-based business is just like any other business, and the main components are:

- People
- Processes and Systems
- Information
- Technologies

A well-written and well-researched business plan will enable the alignment of the above mentioned business components, as it provides a solid organization and instructions manual of the different functions that a businessperson need to manage.

The home-based business plan is the compass to use when in need to eliminate process inconsistencies, inefficiencies, restraints, and redundancies; and the foundation to create the business work flow.

It is also a crucial tool to decide which technology to acquire. Questions such as: which equipment do I need to purchase? Is it better to buy new, buy used, or rent? Do I need to automate some processes? Such questions need to be answered based on the research and analysis done during the business planning phase.

## 6. Build the Team

Not all home-based businesses are one-person-endeavors. This means, all processes and tasks are carried out with one person (assuming that one person masters all skills and acquires all the expertise needed to perform the work). Many home-based businesses require recruiting full-time or part-time employees or sub-contractors.

## Insights from Business Planning Consultants interviewed by Corporita's Team

1. Start by deciding a clear purpose for your plan. If your purpose is seeking funds, focus on getting the market analysis and financial projections as detailed as possible. If your main concern is operational planning, focus on detailing the business processes, HR plan and other details that affect the business operations. However, it is advisable to write a comprehensive plan for your business.
2. Market research is very important in understanding the competition, understanding the customers and articulating your value proposition.
3. Business Plans structure is a well-established discipline with many resources on best practices; use the available resources online to familiarize yourself with the requirements of business planning.



4. It is advisable to seek external help from consultants that can coach you and guide you in the business planning process. Establishing your home-based business might be more complicated than you expect. By utilizing the right consultant with the right expertise in the industry of your business, you will be able to draft a more comprehensive plan.
5. Manage the process of business planning and writing your business plan well, by setting clear steps with specific goals and timeframe to complete each step.
6. Edit and proofread your business plan draft and use tables and graphs to clearly illustrate the financial projections.
7. Do not rush the process of business planning. The time and effort you invest in researching the market and designing your business process will make it easier for you and shorter to establish the business and the smoother it will run eventually.

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