

## No place like home

**With lower overhead, shorter commutes and more flexibility, about half of U.S. businesses are now operated from residences**

Robin Rothstein worked for companies such as Lord & Taylor for many years before she joined a growing population.

After getting married and starting a family, she started her own business from home about a decade ago, a children's clothing design company. That lasted until about two years ago, when she tried other ventures, including a return to real estate.



Now she thinks she's found her dream job — with an ideal commute. Rothstein earlier this year began a stint as an independent customer service contractor for Arise Virtual Solutions out of her Germantown home — one of about two dozen contractors the "home-shoring" call center company works with in Maryland. Arise contractors have clients such as Home Depot and Lasik Vision Institute through separate corporations that they usually start themselves.

J. Adam Fenster/The Gazette  
**Laurent Guinand started his wine education and consulting business, GiraMondo Associates LLC, in his home, but calls his move last year to a business incubator in Wheaton the "best decision that I've made since I started my company." At left is consultant Martin Lemaire.**

"It's been wonderful," Rothstein said. "I can pick my own hours to work. If I need to run an errand, I can do that. I can choose to work holidays or not work them. It gives me a lot of flexibility."

The number of people, who, like Rothstein, work from home — either through their own businesses or telecommuting — is rising, according to recent reports from the U.S. Small Business Administration and other sources.

Roughly half of the businesses in the United States operate from home, making that total about 9 million in 2004, up from some 7.5 million in 1997, according to the SBA and U.S. Census Bureau. Those data, the most recent available, are not broken down by states, a Census Bureau spokesman said.

Sole proprietors who claimed home office deductions on their federal tax returns in 2002 generated \$102 billion in revenue, according to an SBA study released last year. And that figure probably doesn't reflect the true number of such businesses, as many home-based companies don't claim home office deductions or are classified in other areas, said Joanne H. Pratt, a Dallas business and telework consultant who wrote the study.

No longer a stigma

Rudy Lewis, a longtime Maryland home-based business owner and president of the National Association of Home Based Businesses, which he also runs from his Owings Mills home, estimates that there are some 23 million businesses operating out of homes across the nation. That number has skyrocketed from the approximately 1 million such businesses when Lewis helped start his organization in 1984.

"Back then, owning a home-based business wasn't something you wanted to admit to doing," Lewis said.

At Arise Virtual Solutions, the number of home agents has grown by two-thirds in the past year to more than 4,500, said Mary Bartlett, vice president of talent management at the Miramar, Fla., company. The explosion of affordable broadband Internet service, a virtual application and training process, and signing popular clients who want to use U.S.-based contractors have played key roles in that jump, she said.

The company hopes to double its number of home agents by the end of the year.

"When we started about 10 years ago, we were constrained by technology," Bartlett said. "Our agents had to have T1 lines. ... The concept of 'home-shoring' snowballed as technological changes were made."

As a result the flexibility of working at home works for many.

Beverley Williams, former president of the American Association of Home-based Businesses in Rockville who now operates a business consulting company from her home in Oakland in Western Maryland, said, "The business is doing what I want it to do, which is provide me with some extra income and give me the flexibility to be semi-retired."

Sarah Graham, who operates The Graham Group, an accounting and auditing business, out of her Rockville home, agrees.

"One of the best things is the flexibility," said Graham, Graham, who worked for several years on government projects before starting her home-based business. "If I want to, I can work at 11 at night, after the kids are in bed."

Working at home has other advantages, she said.

"I save two hours that I used to spend in commuting, and my costs are lower because I don't have to pay office rent," she said.

Having previous work experience helps, she said. "I think it could be hard for someone to have a home-based business if you haven't worked somewhere else first," Graham said, "at least for making contacts."

Maryland has good resources, such as excellent business incubators to help home-based companies move out, Lewis said. But there doesn't seem to be a clear direction from public and private officials on how to fund such businesses to help them reach the next level, he said.

"Virginia seems to be doing better as far as funding home-based businesses," Lewis said. "I expect Maryland to be a leader if I have something to do with it."

### **Learn more**

Advice for people with home-based businesses or who are thinking of starting one: Think of home-based businesses as a secondary career. Don't dive into it full-time until your source of income is secure. Research is important in weeding out opportunities that are little more than scams.

— Rudy Lewis, president, National Association of Home Based Businesses, Owings Mills

Make sure a home office is in a separate room. You can't have a TV around. You have to be focused. Don't succumb to the temptation to put a load of laundry in the washer.

— Michael Weiner, president, Network Referral Group Inc., Columbia

Act as if you are going to the office. You can't be distracted. It's difficult if you don't have discipline. ... Find a nearby Internet café. That is important not just to meet clients, but to have a backup in case the home Internet service goes down.

— Laurent Guinand, president, GiraMondo Associates LLC, Wheaton

Be knowledgeable about your industry. Learn to multi-task.

— Robin Rothstein, independent contractor, Arise Virtual Solutions

Maryland higher than national average

About 57 percent of businesses in Maryland were home-based, according to a 1999 study by Joanne H. Pratt Associates for the U.S. Small Business Administration. That was higher than the national average of 53.5 percent.

Virginia led nearby states with 61.6 percent. West Virginia was below the national average at 45.5 percent.

Minorities and home-based businesses

Home-based businesses made up 56 percent of American Indian-owned firms, but only about 33 percent of South and East Asian-owned businesses, according to the most recent study by the U.S. Census Bureau. Some 56 percent of women-owned firms, 53 percent of black-owned businesses and 45 percent of Hispanic-owned companies operated from home.

Top industries for home-based businesses are professional, scientific and technical services; construction; retail trade; and personal services such as repair businesses.

### *Resources*

National Association of Home Based Businesses, Owings Mills, 410-581-1373, [www.usahomebusiness.com](http://www.usahomebusiness.com).

The Telework Coalition, Washington, D.C., 202-266-0046, [www.telcoa.org](http://www.telcoa.org).

World at Work, Scottsdale, Ariz./Washington, D.C., 202-408-6979, [www.worldatwork.org](http://www.worldatwork.org).

Joanne H. Pratt Associates, telework consulting firm, Dallas, 214-528-6540,  
[www.joannepratt.com](http://www.joannepratt.com).

U.S. Small Business Administration Office of Advocacy, Washington, D.C., 202-205-  
6533, [www.sba.gov/advo](http://www.sba.gov/advo)