



THE HOME BUSINESS INSIGHT REPORT

MARCH 2014

“Having the sea and the **park** as my office is fabulous!”

INDEX

	Page
Introduction	3
Home business owner profile	4
Setting up at home	7
- the challenges	7
- the finances and admin	10
Growing the home business	13
Home office environment	16
The home business lifestyle	18
Conclusion	21

HOME BUSINESS INSIGHT REPORT

INTRODUCTION

The Home Business Insight Report, a study among nearly 800 home-based businesses in the UK¹, interrogates who they are, the business sector in which they are working, the way they work as well as their aspirations, logistical challenges – and why working from home suits a new breed of entrepreneur. Estimates suggest that there are around three million home based businesses in the UK and that one in every ten homes is home to a business.

The report comes in the context of record numbers of people starting businesses in the UK in 2013; increasing awareness about the accessibility of creating income from a skill or a hobby; a long recession; a lack of job security; increasing acceptance of diversity²; a world where an ability to adapt rather than plan is a valuable commodity and access to extremely good technology.

A recent report³ compiled by Government Enterprise Adviser Lord Young, said: “The contribution of micro businesses to the economy has been increasing in recent years. The growth in the business population has been driven by micro firms which have increased by 40% since 2000.”

The report has been pulled together through the Enterprise Nation network of more than 59,000 members and AXA Business Insurance, one of the largest insurers of micro SMEs in the UK.

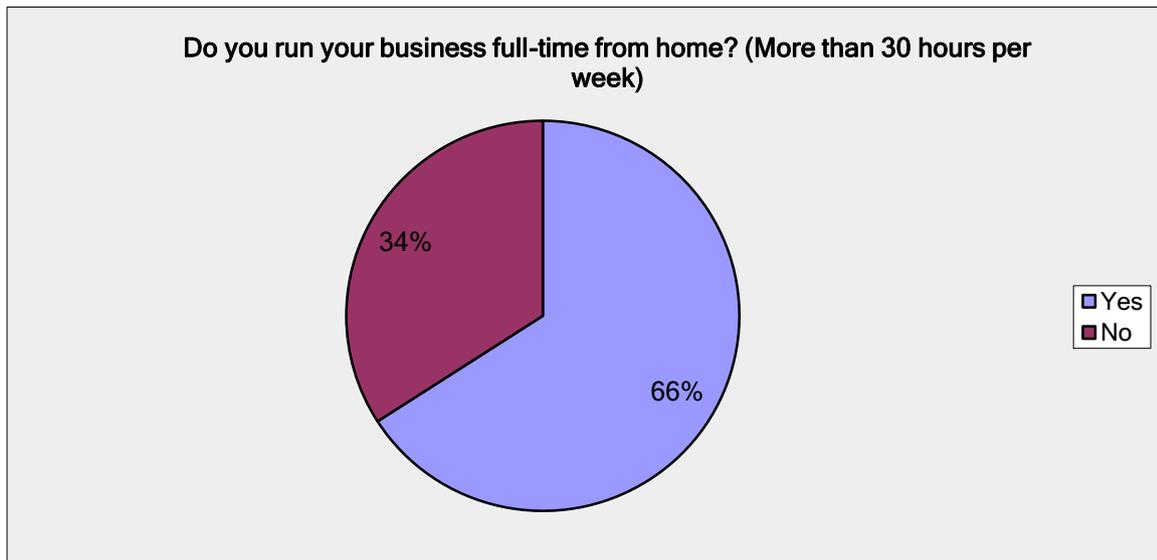
¹ Research carried out online among 760 UK home based businesses in February 2014

² Source Generation Y, RSA: <http://www.thersa.org/fellowship/journal/archive/summer-2012/features/the-millennials>

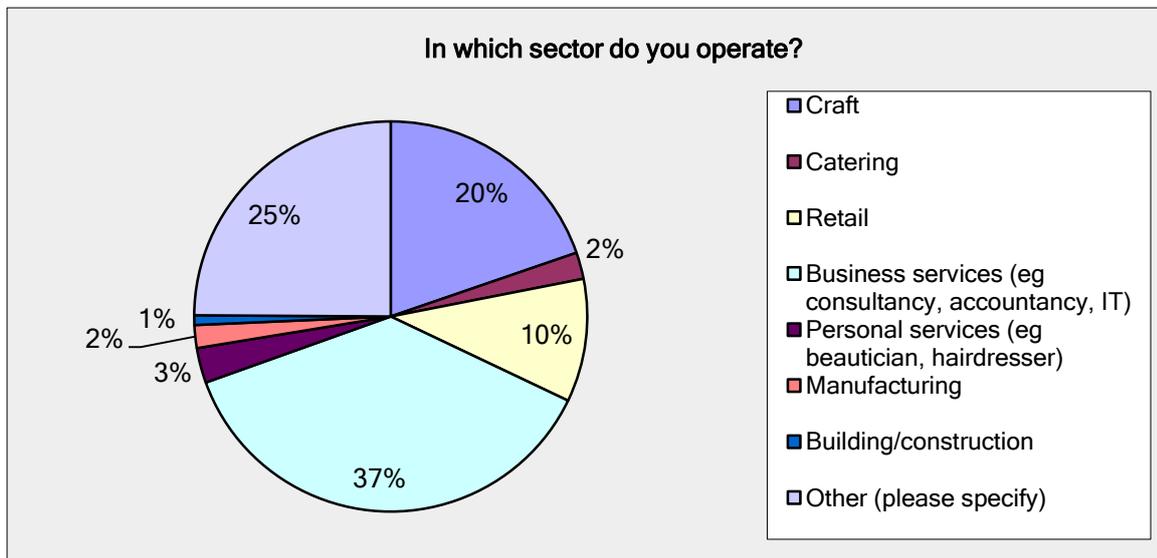
³ Source Growing Your Business, Lord Young, BIS:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/198165/growing-your-business-lord-young.pdf

THE HOME BUSINESS OWNER PROFILE

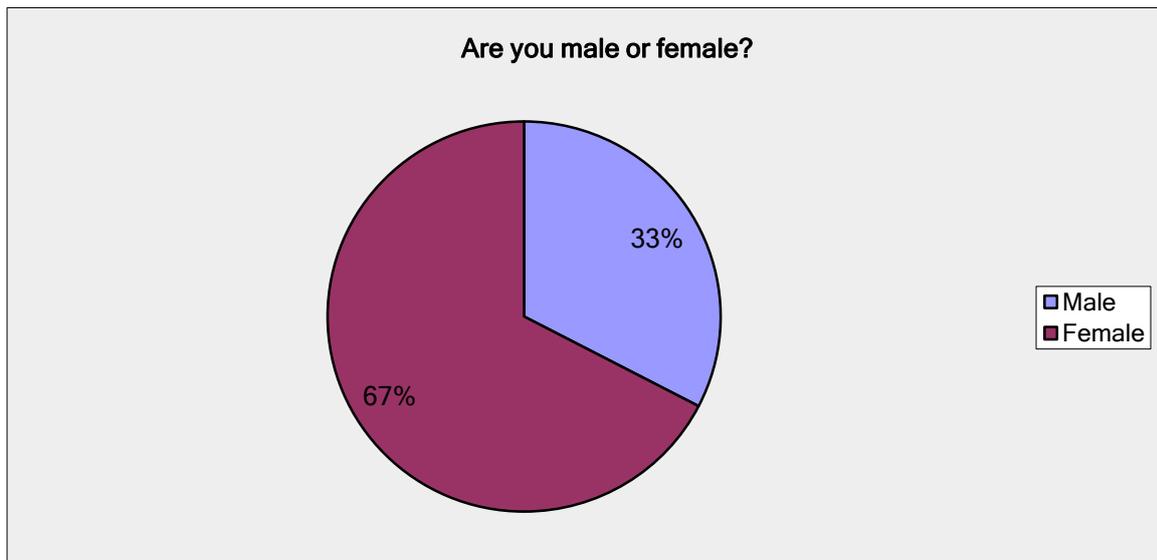
Home business owners come in all shapes and sizes but around two thirds are women and when it comes to age, the most common age band is those aged 45-59. Business services (eg consultancy, accountancy, IT) is the most popular sector and around three quarters have started their business in the last five years.



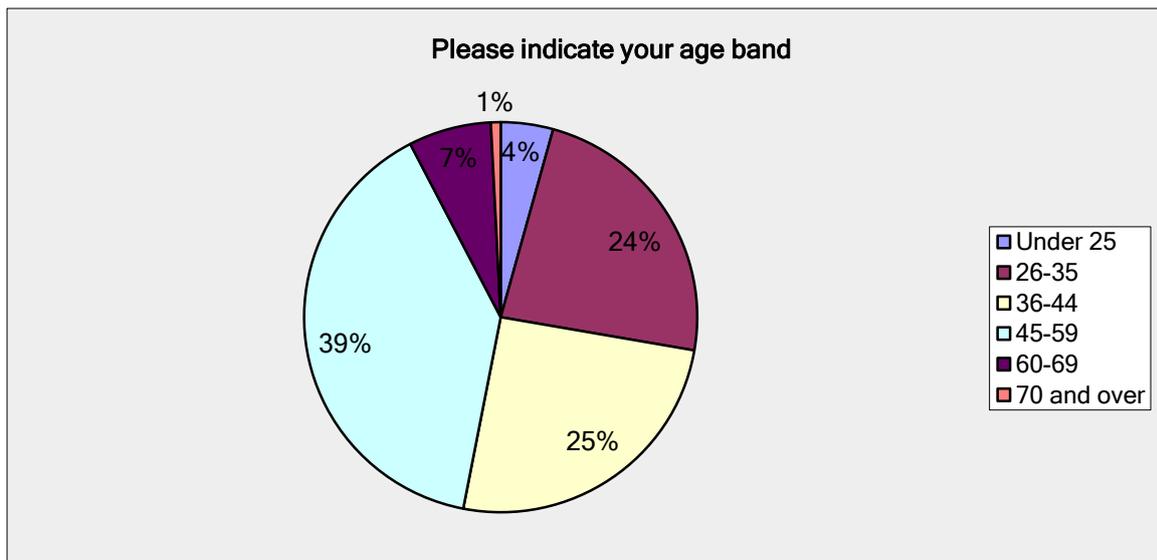
The spread of home business sectors amongst the group was as follows:



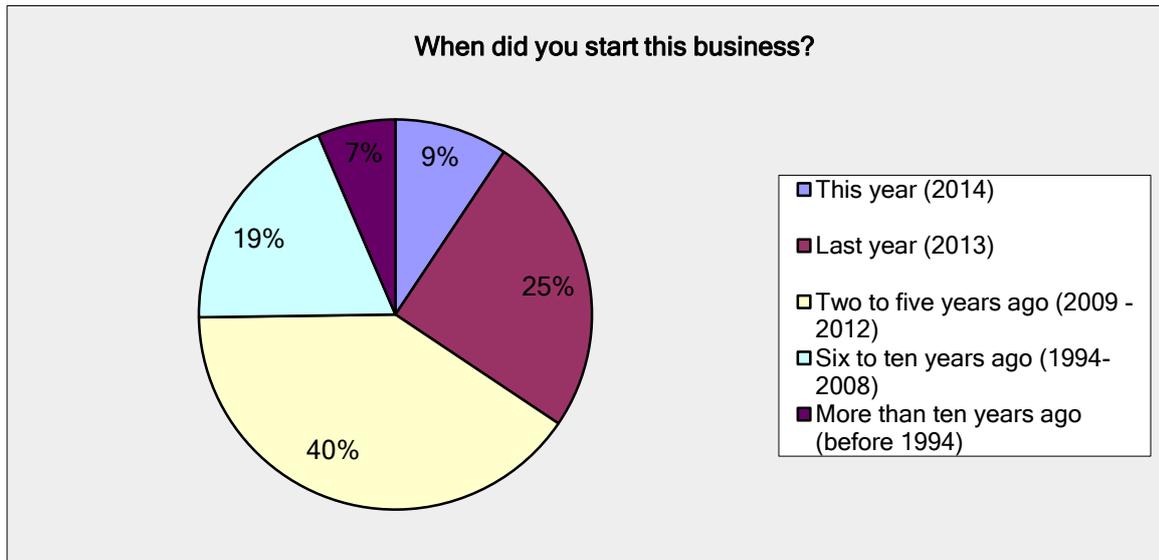
Gender spread:



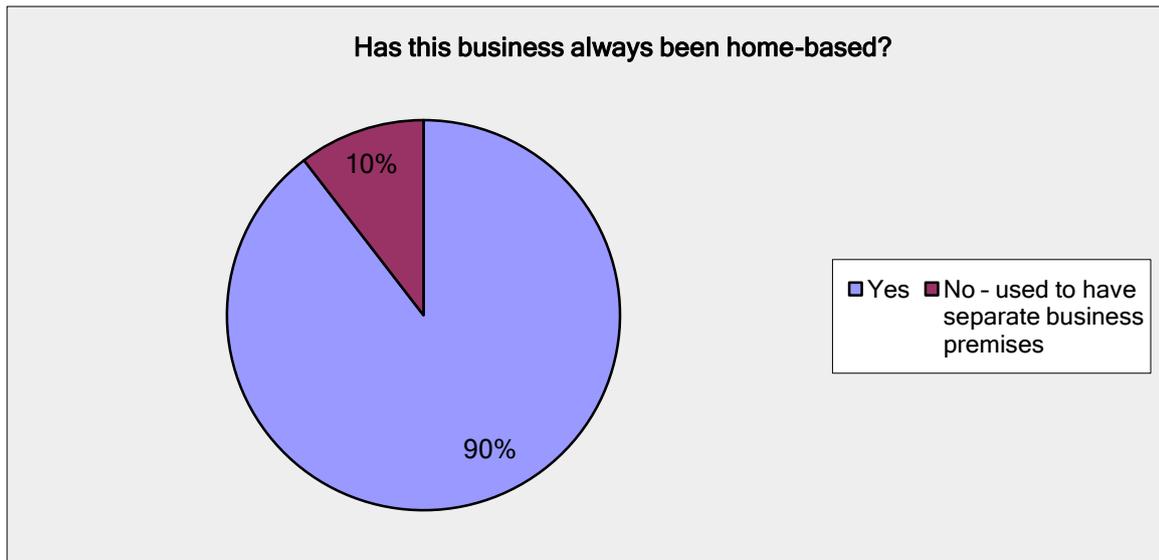
Age spread:



Age of business – when started:



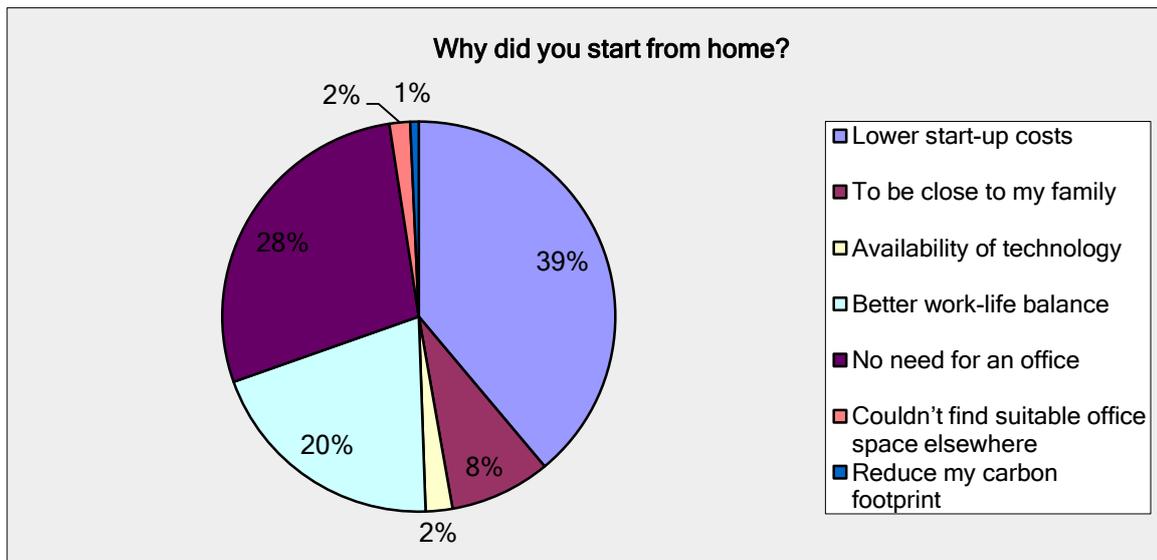
Home-based history – whether business has always been based at home:



SETTING UP AT HOME

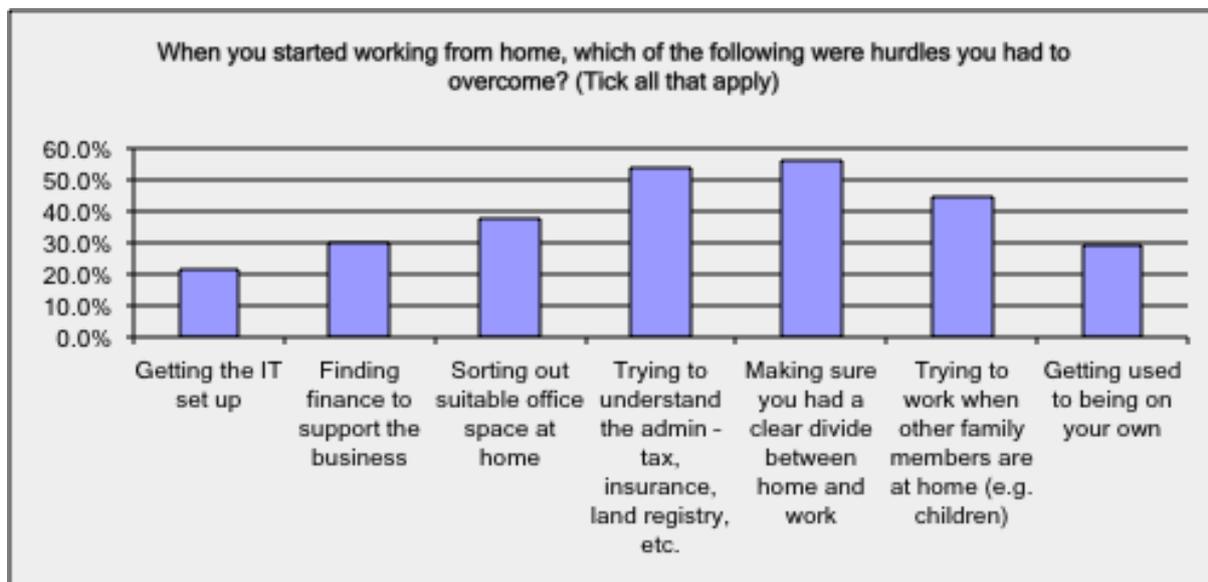
Setting up at home has many advantages and offers a really positive lifestyle change but it is not without its challenges, among which sorting out the admin and ensuring a clear divide between home and work are the main hurdles for many. Meanwhile, getting the right technology is a critical factor to the majority and finding finance is the biggest perceived hurdle for the future of home based business.

Reasons for home-based choice:

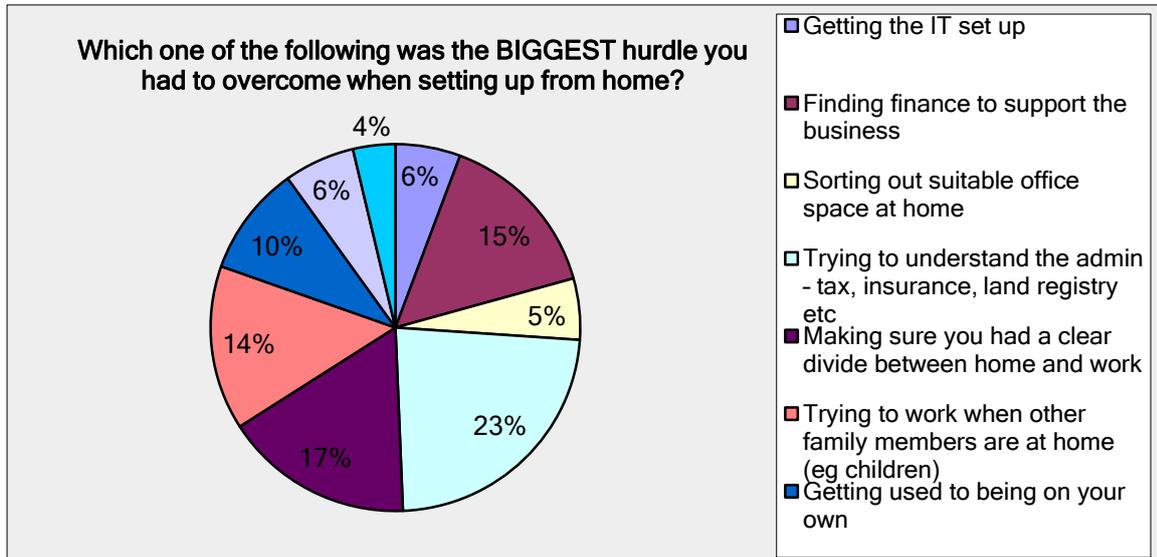


THE CHALLENGES

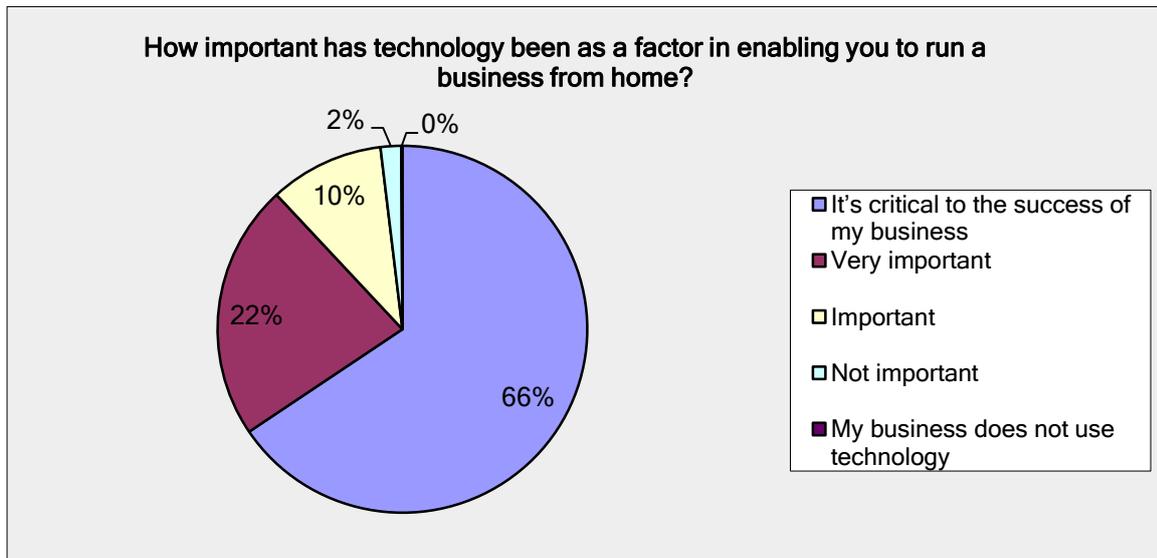
The hurdles faced when setting up at home:



The BIGGEST hurdle face when setting up at home:



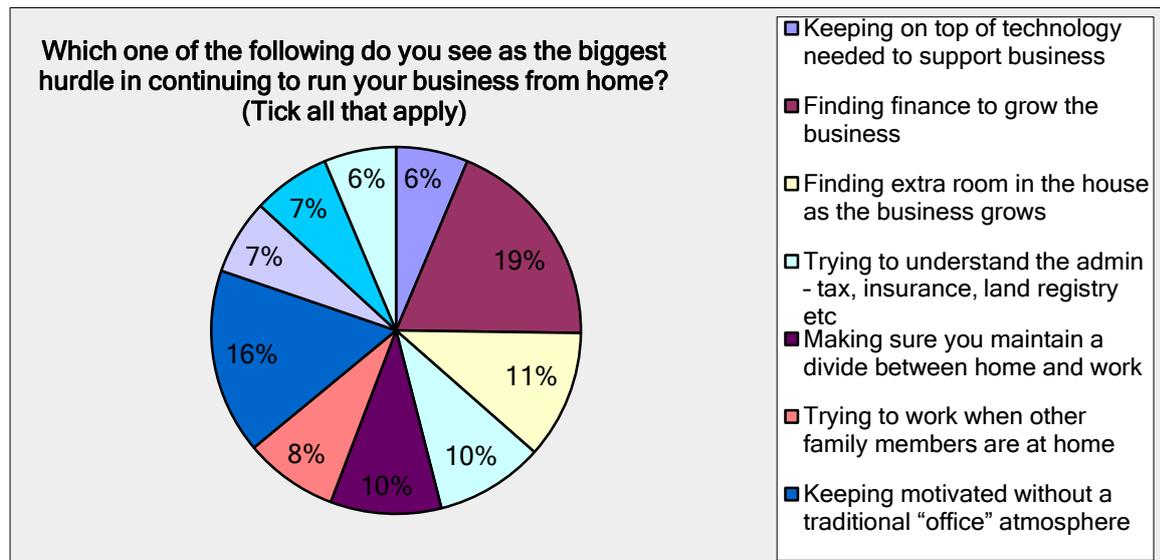
The importance of technology to the business:



“Obtaining the correct information from UK and EU government departments”

“...work bleeding into personal time...”

The biggest hurdle to continuing to run a home based business:



“Balancing needs of developing my children with needs of developing work...”

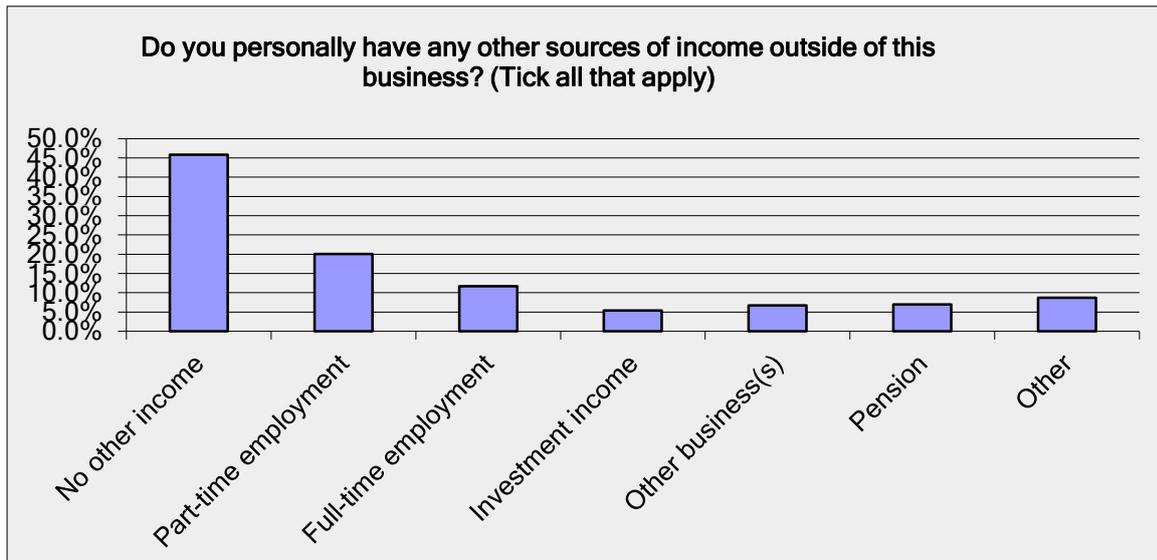
“Keeping supply partners on the ball.”

“Identifying what I need to do to develop my business...”

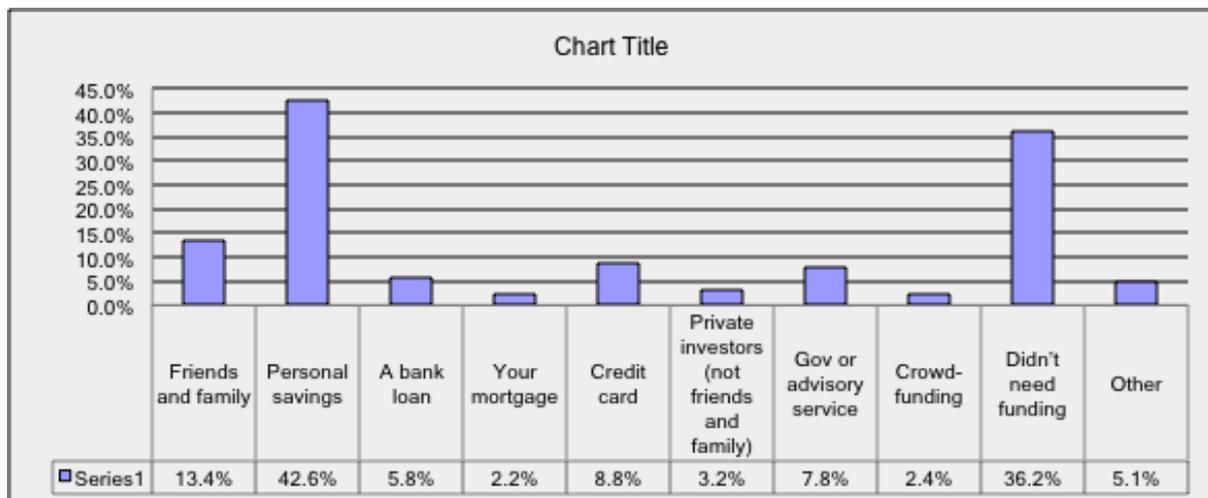
THE FINANCES AND ADMIN

For many, starting up at home may mean investing their own savings to get things going and possibly holding on to an existing job at the same time to provide security in the early days. Knowing who to tell about what when you set up is a minefield for many home based entrepreneurs.

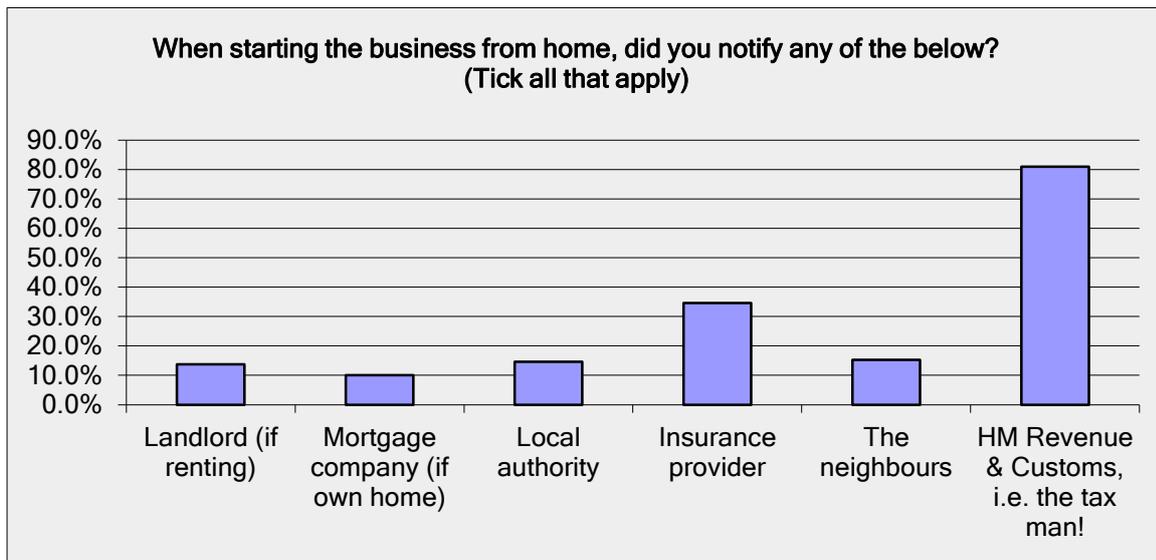
Other income sources for those running home based business:



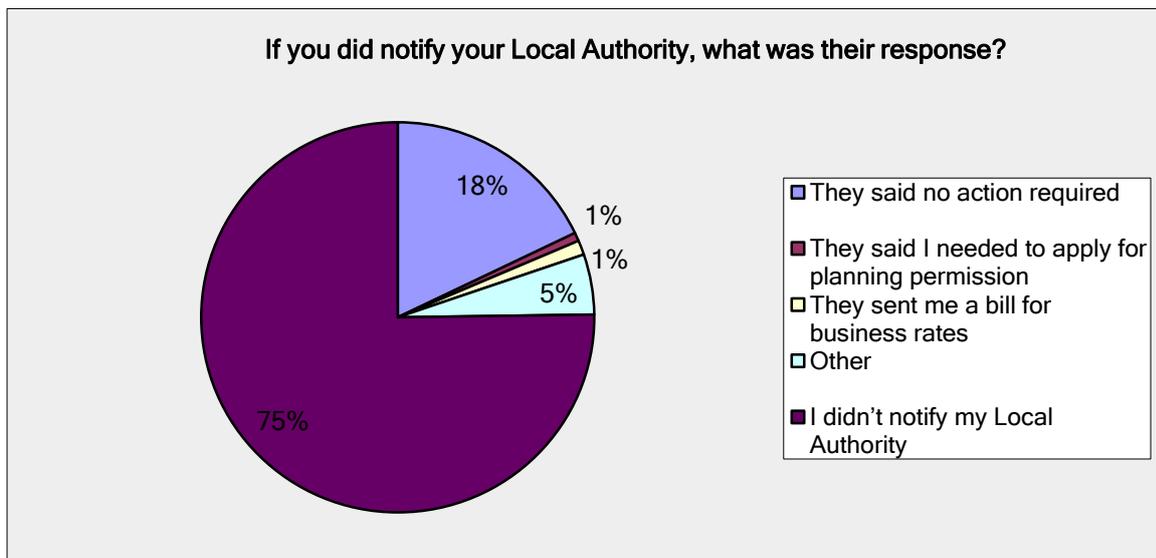
Most common methods of raising finance when starting business:



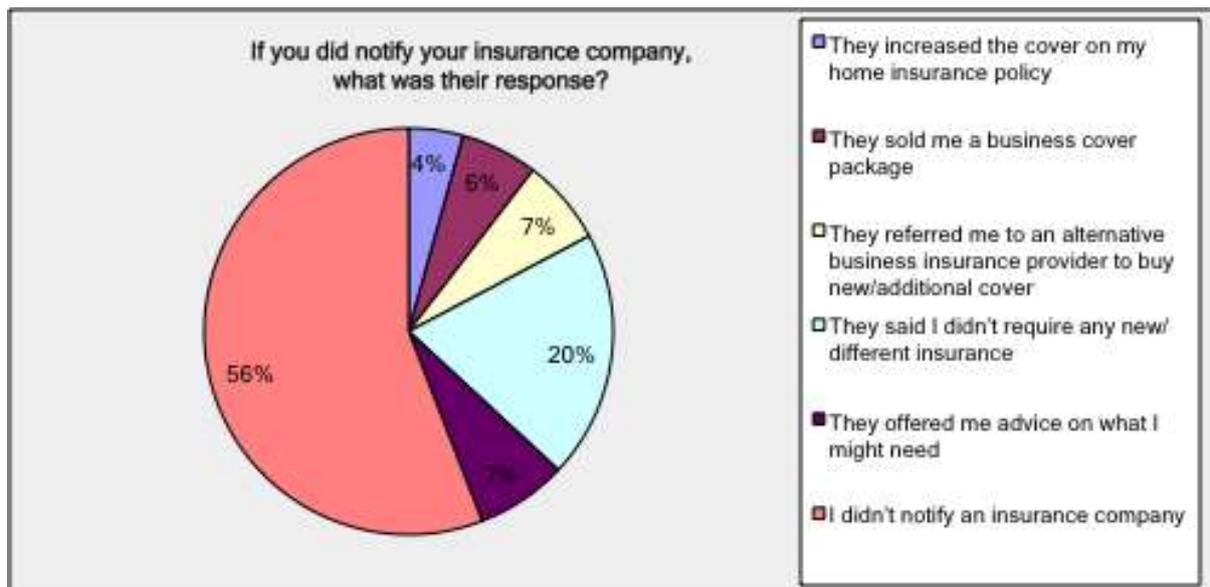
Third parties notified when setting up business from home:



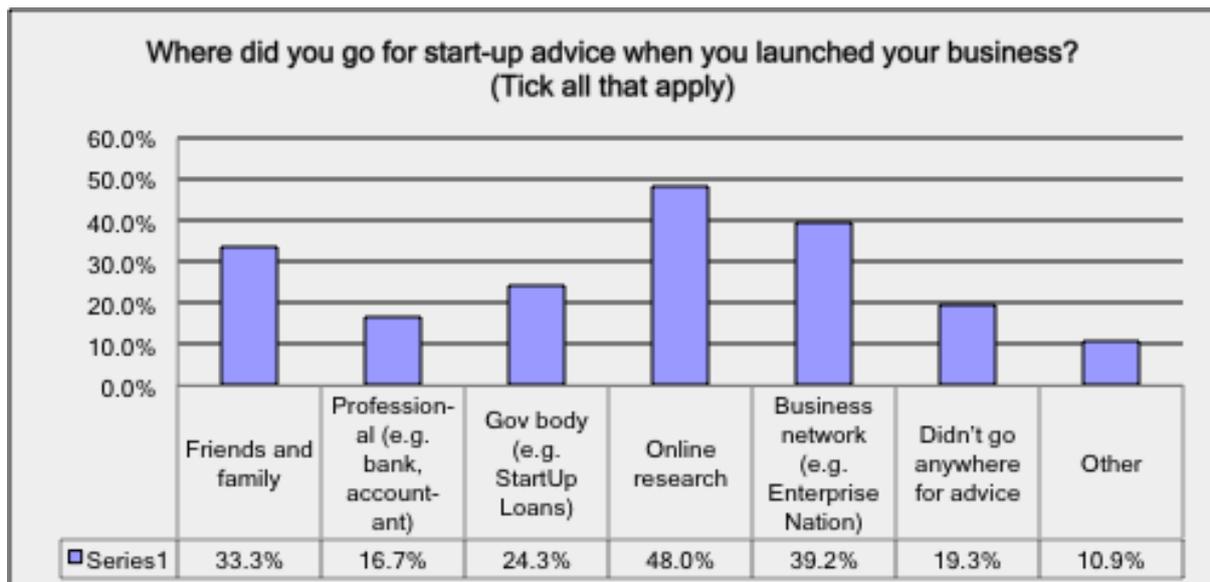
Response from local authority when notified:



Response from insurance company when notified:



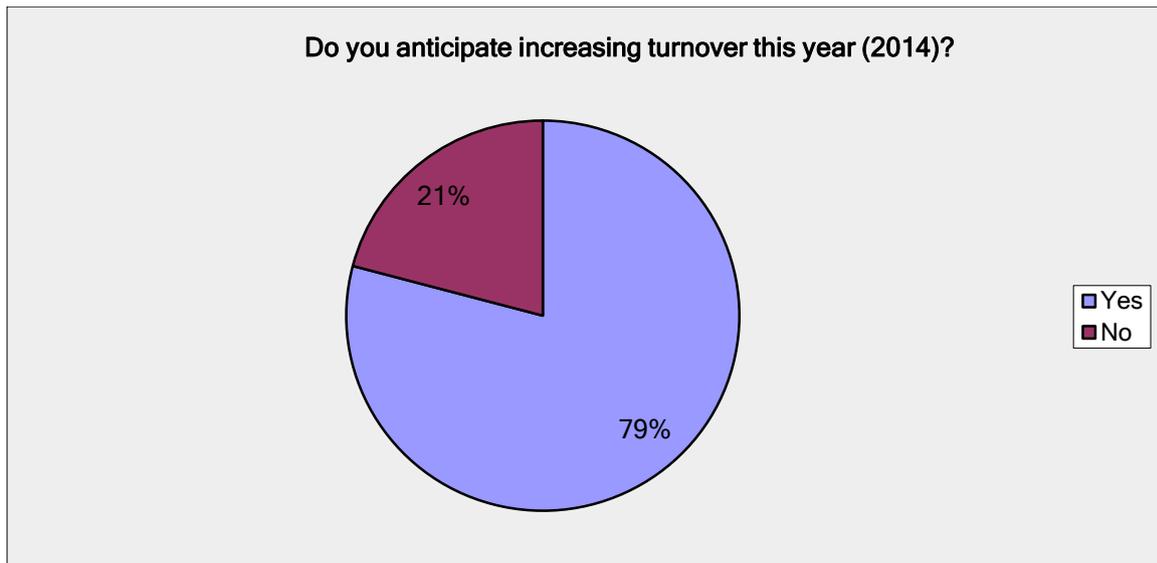
Sources of advice when starting a business from home:



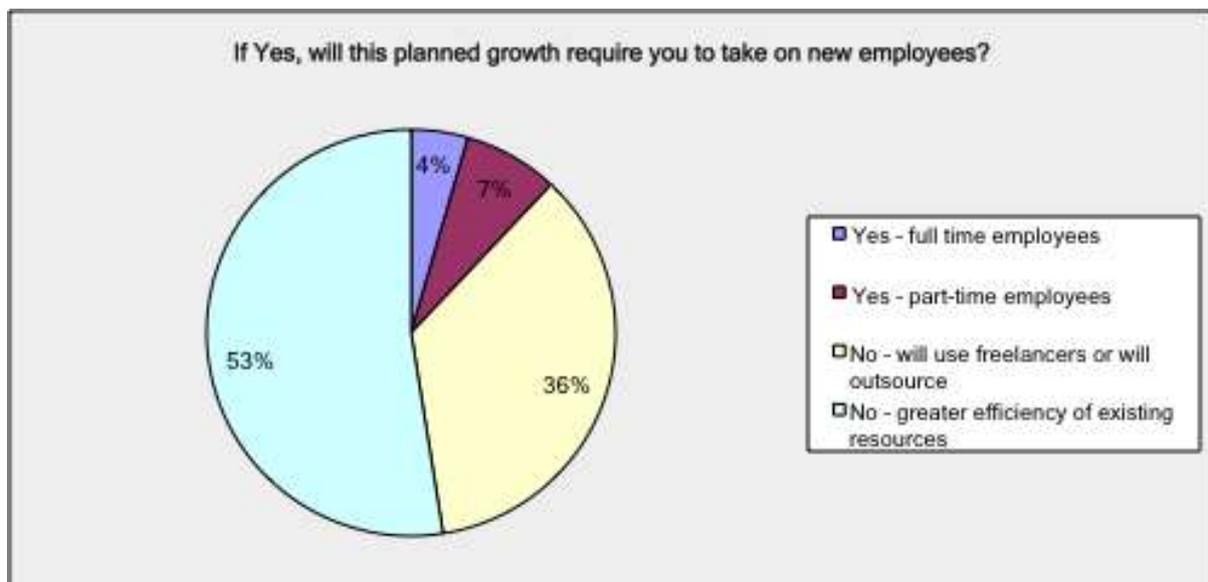
GROWING THE HOME BUSINESS

The overwhelming outlook for home based businesses is one of optimism with eight out of ten predicting a growth in turnover in 2014 and many expecting to take on their first or additional employees.

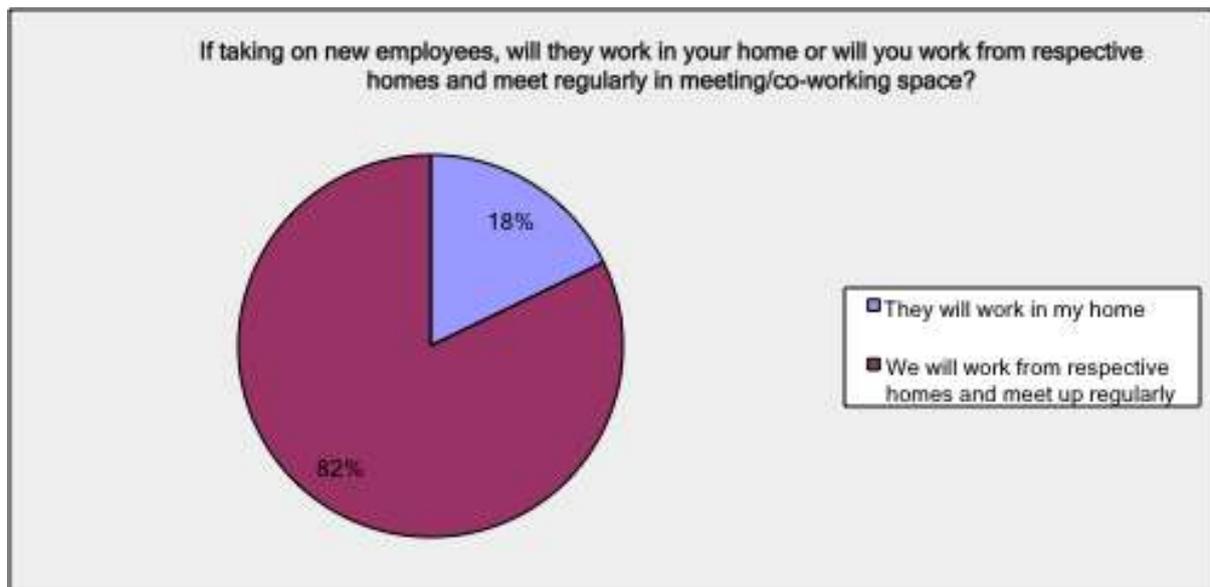
Businesses expecting to increase turnover in 2014:



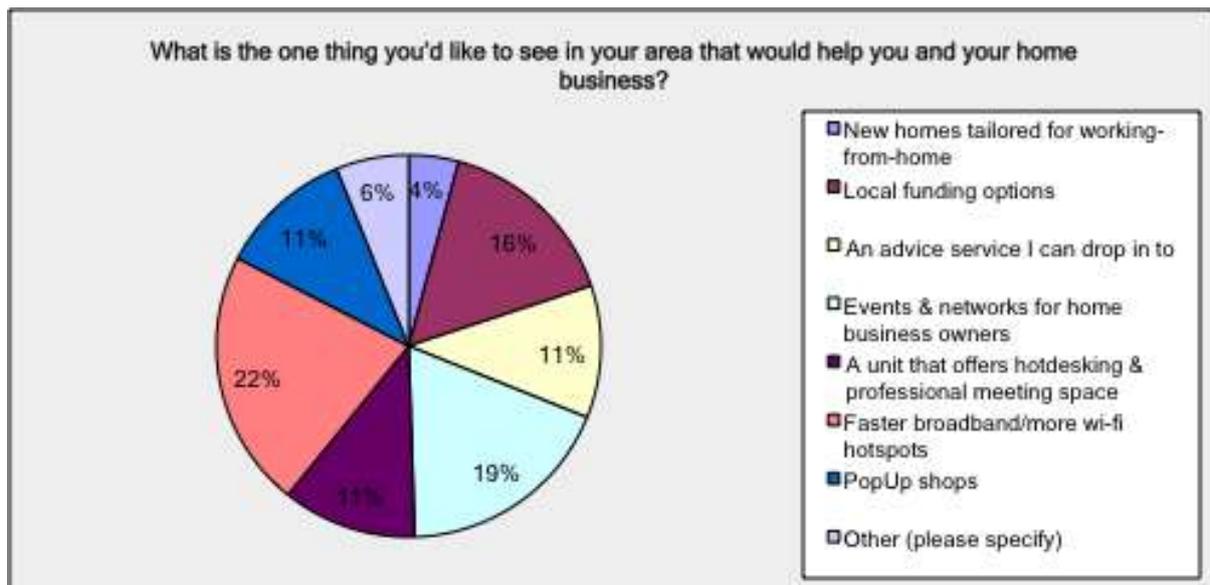
Businesses expecting to take on employees in 2014:



Co-working – where new employees will work:



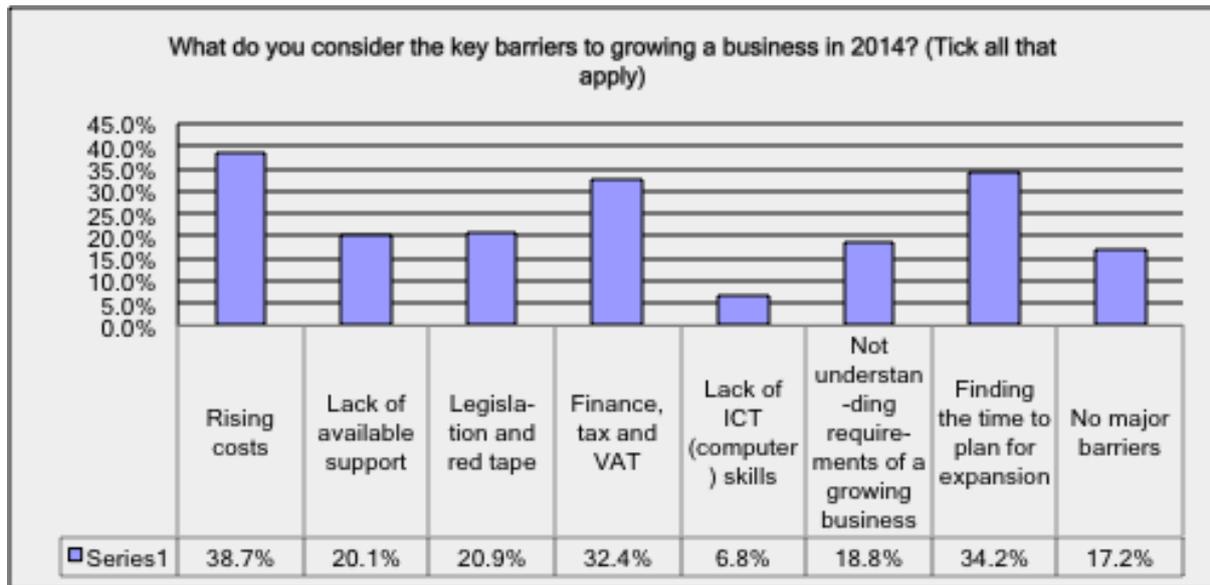
The support home based businesses would like to see in their local area:



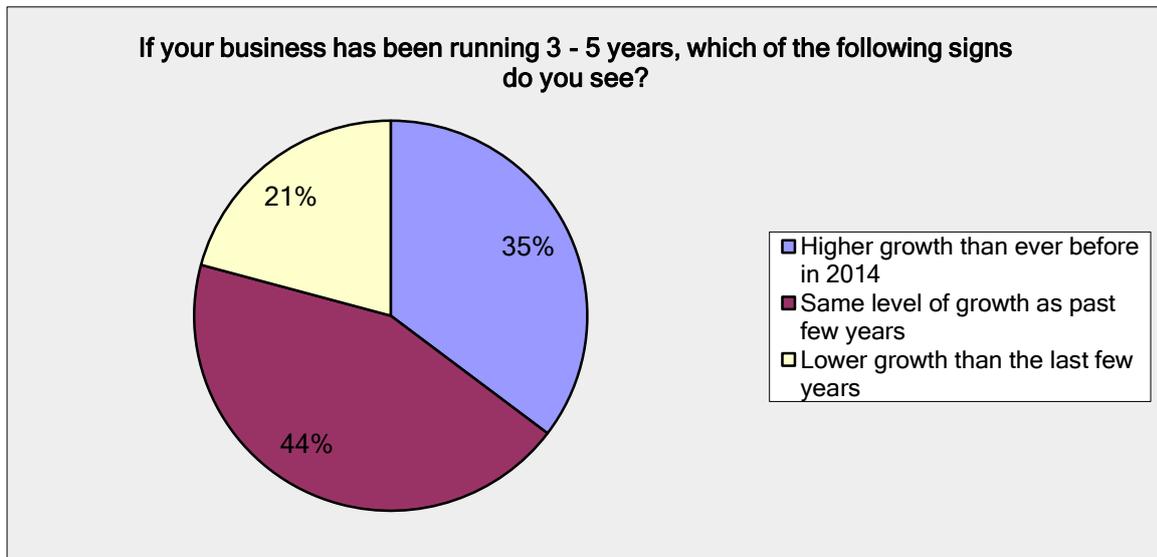
“Affordable room hire for the small-group workshops I run for families...

“Opportunity to purchase **blocks** of *affordable* key services to improve turnover via e-commerce and global trade...”

The biggest barriers to growth in 2014 for home based businesses:



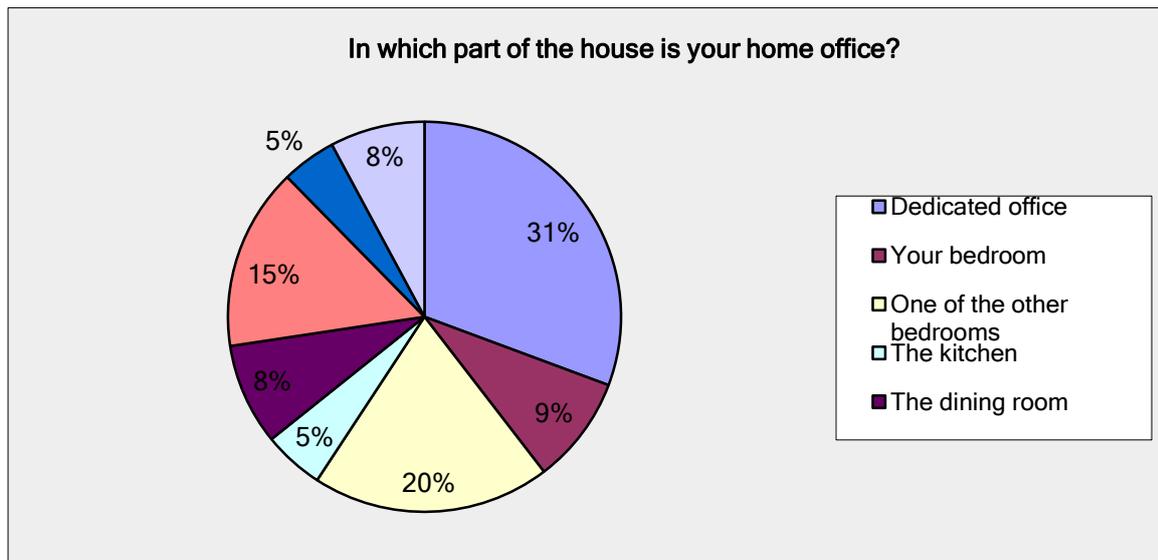
Growth optimism compared to previous years:



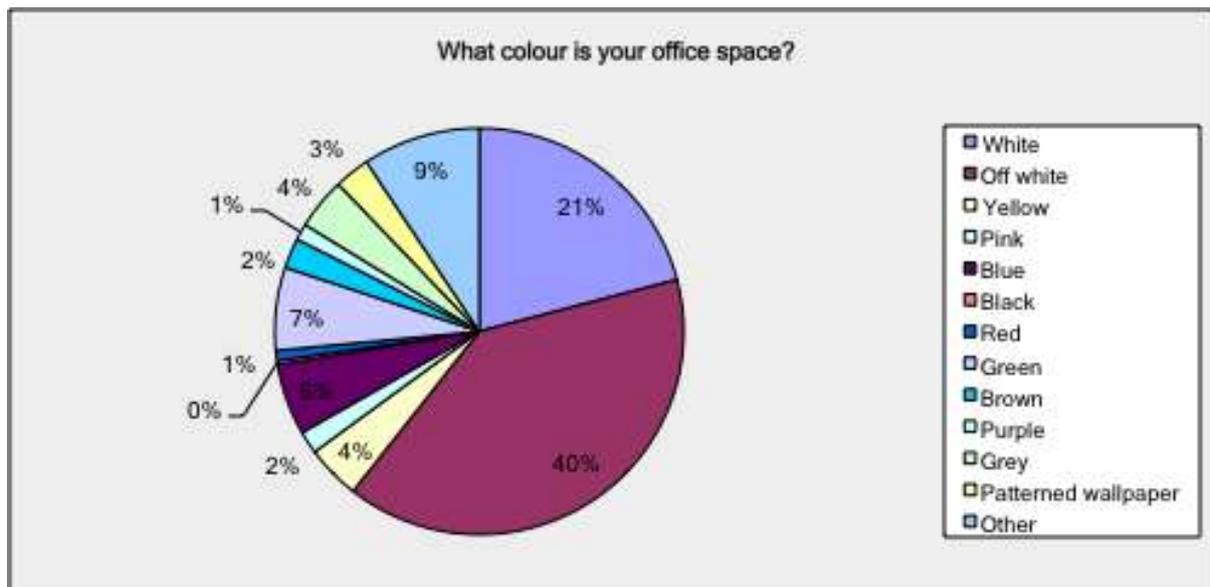
THE HOME OFFICE ENVIRONMENT

Finding the right space in the home is important to a productive business. While many have a dedicated office, others use bedrooms, reception rooms or even the garden shed. And messy seems to be the order of the day more regularly than tidy.

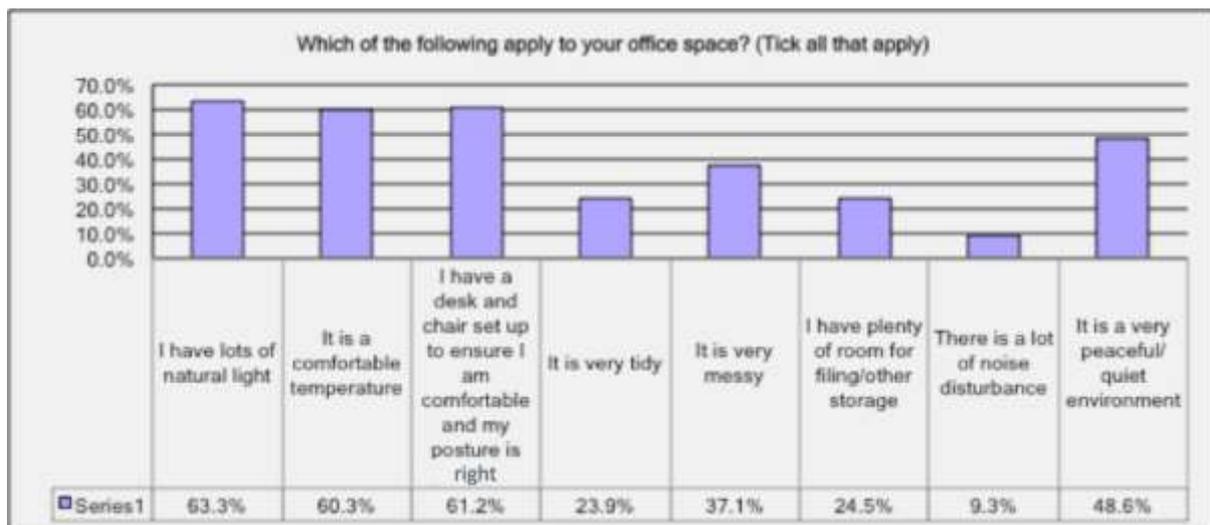
The office setting:



The office colour:



The office environment:

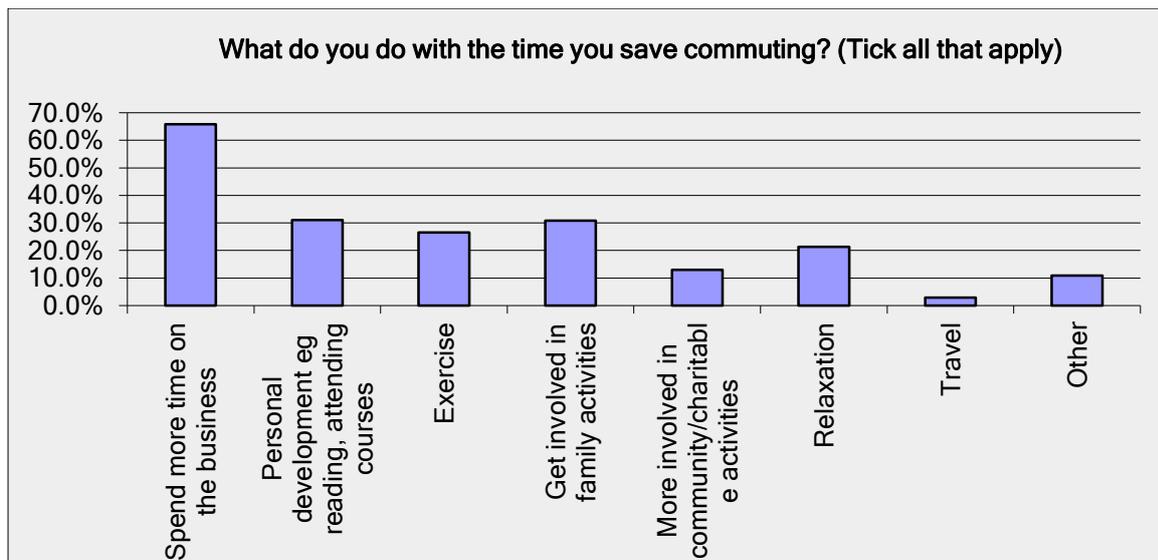


“**Studies** show having an open plan office and good **lighting** can reduce **stress...**” Health and Safety Executive (HSE)

LIFESTYLE

Among the positives of working from home are the lifestyle changes that allow more family time, more time to exercise or relax and spending more money and time within the local community. And while the lack of interaction with other people during the day is seen as a downside for some, only a handful miss the office Christmas party!

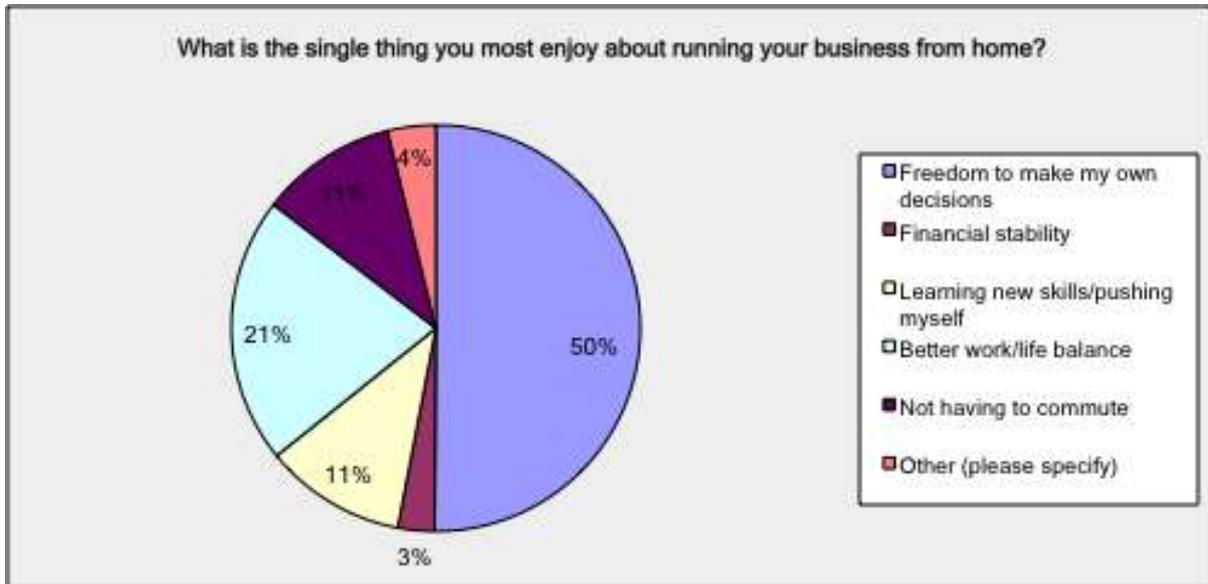
How additional “commuting” time is spent by home based businesses:



Extra money spent locally because of working from home:



Satisfaction – the best thing about running your own business:

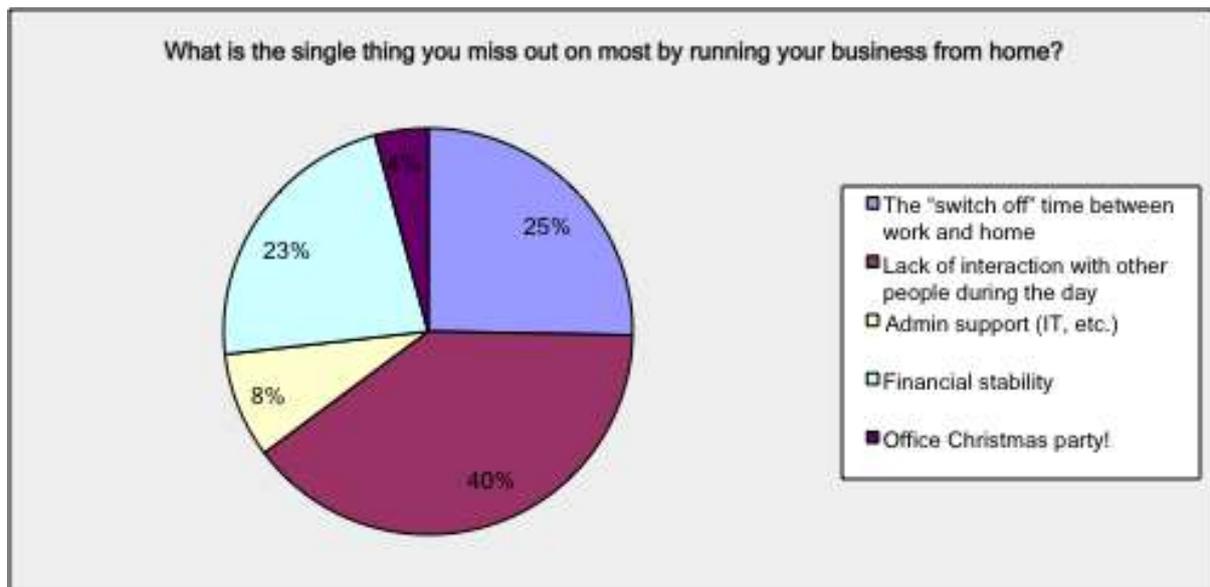


“Having the sea and the park as my office is fabulous!”

“**Freedom** to plan my days and take opportunities as they **arise** for leisure and work...”

“**Independence** and making my own office hours...”

And the worst thing about running your own business:



CONCLUSION

Small businesses are thriving by adapting to new ways of working. The vast majority are expecting to see growth this year with twelve per cent expecting to take on full or part-time employees as a result.

The rise of home based businesses has been extremely rapid over recent times – 75 per cent of those polled having set up within the last five years, 25 per cent in 2013, and almost ten per cent starting in the first month of this year.

And women are leading the charge with nearly two thirds of home-based businesses being set up by females.

As the economy strengthens there are reasons for these businesses to be very optimistic and with the right support the future for home based business looks very good indeed.

COMMENT:

Emma Jones, founder of Enterprise Nation said:

“Home businesses are playing an increasingly important role in the British economy. The 4.5 million micro and small UK businesses contribute £1.6bn to the British economy - 75 per cent of these are registered as having ‘no employees’. The findings in our report suggest this statistic is likely to be because most of these businesses are outsourcing their work to fellow home-based workers and this fact is going under the statistical radar.

“It’s interesting to see these people are not reliant on banks at all. Low start-up costs at home negate the need to take on board complicated routes to finance for these entrepreneurs.”

Darrell Sansom, managing director of AXA Business Insurance said:

“As one of the UK’s largest insurers of SMEs and micro SMEs we are seeing a real growth in the number of new home based businesses coming to us to arrange the right protection for their start-ups.

“However, in order to protect them in their continued growth we need to understand who these businesses are and what makes them tick. This report is an important first step in doing this and we hope that we can use the findings to work with Enterprise Nation on ways to continue the growth of a really important part of British business.”