**Ellie Kay**

**That’s MY Business!**

**How to Own A Home Business That Doesn’t Own You**

**Excerpt from Half Price Living (Moody Publishers)**

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I was a born entrepreneur, having multiple, profitable businesses ever since I was knee high to a grasshopper back in Texas. When Bob and I got married and I decided to stay home with all the babies that just kept arriving one after another, I never dreamed that my hobby of shopping, saving money and couponing would eventually land me a fun career that has helped thousands of families around the globe. But that’s what happens sometimes: we have problems, we learn to solve them and then we can help others learn what we’ve learned.

Saving money is still a hobby, even though it is also a business for me these days. I’m writing books, on the radio and television, speaking to live events and even working for corporations as a consultant and spokesperson. I used to have cross-stitching as a hobby, but I can’t sit still long enough. I used to play racquetball as a favorite hobby, but it’s easier to just go on 4 mile walks with the puppy. I used to collect ceramic cats as a hobby, but now we have a dog. The only real hobby that I’ve kept is couponing.

The best home business a SAHM can have is pursuing a hobby or a passion that is enjoyable. One of the advantages available to a stay at home mom, is that they have the freedom to develop and pursue other interests since they are now home. Some of these interests may help other people in a meaningful way or make that mom feel like she’s using her God given gifts in a productive way. According to Ann Crittenden, author of *The Price of Motherhood: Why the Most Important Job in the World is still the Least Valued*  (Owl Books, 2002), “45% of all businesses owned by women are based at home.”[[1]](#footnote-1) This is from a former economics report for the New York Times who estimates she “gave up” her income, retirement savings, pension and other benefits to the tune of almost $700,000. But she goes on record as saying she didn’t regret a minute she had with her son. She also forged forward in a new freelance writing business, following her passion, and that opened new doors for her while staying home.

It’s really ok if some of these passions and interests end up making money for the family coffers. It’s also all right if a mom finds success in her home based business.

One of the very best resources for stay at home moms is *Homemade Business* by Donna Partow who stresses the need to do research in the areas that interest you. She suggests:

* Ask your librarian to help research your chosen field
* Got to SCORE.org to have free counseling from an expert in your field
* Look up books, magazines and newspaper articles
* Talk to other people who have done what you’d like to do.
* Join an industry organization
* Subscribe to industry publications[[2]](#footnote-2)

The first part of research is to determine passions and interests. Women should consider taking a personal-skills-and-interest-inventory. One such free assessment is called ‘Personality I.D.” which is a new, unique, and validated interactive personality assessment tool that allows the respondent to view herself and others from a fresh, new perspective. Its primary purpose is to help the individual identify and understand their unique personality. By understanding personality and how it causes an individual to operate, it might be easier to decide what kind of home business would best suit a particular kind of personality. These assessments may also be available at a local library, community center, college, or small business administration (SBA) center.

With imagination and talent, a hobby can become a source of income. Here are some primary areas of interest that are most common among the SAHMs we surveyed as well as the businesses that have emerged from such an interest[[3]](#footnote-3):

***Animals***

* Pet Grooming
* Animal Breeding
* Pet Sitting
* Pet Walking
* Cleaning Pet Yards
* Pet Taxi Service

***Antiquing***

* Refurbishing and Resale
* Acquisition and Resale
* Consignment Sales
* EBay sales
* Birddog Shopper for Antique Stores

***Art***

* Interior Design
* Room/Wall Murals
* Painting Sales/Consignment
* Furniture Mfg (Specialty Design)
* Manufacturing
* Gallery Shows

***Bargain Hunting***

* Writing/Topical Articles/Book sales
* eBay sales Business
* Saving Enough to Qualify for Part Time Income
* Consignment Sales
* Perpetual Garage Sales/Flea Market Sales

***Cooking***

* Cake Decorating/Sales
* Candy Making
* Catering
* Caterer Sub-Contractor (only provides desserts or other specialty product)
* Meal-to-Go for Busy Moms
* Cookie Sales (Guess where Mrs. Field’s started?)
* Cookbook Author
* Specialty Condiments
* B&B Cooking
* Menu Planning

***Children***

* Childcare Services
* Children’s Party Planner
* Children’s Party Bags
* Tutoring
* Preschool Day Trip Provider
* Munchkin Minder

***Computers***

* Web Site Design
* Web Site Maintenance
* Newsletter Management
* Desktop Publishing
* Legal Transcriptionist
* Direct Mail Provider
* Personal Organizer
* Travel Planning
* Mail Order Sales
* Online Auctions
* Troubleshooting and Repair
* Virtual Assistant

***Crafting***

* Manufacturing and Sales
* Consignment Sales
* Lamps & Lampshades Specialties
* Craft Fairs
* Interior Design
* Scrapbooking Provider
* Flea Market Sales
* Children’s Parties
* School “Craft Day” Provider
* Card Making
* Instruction

***Electronics***

* Media Services
* Video Demo Services
* Electronic Repairs

***Entertaining***

* B&B
* Catering
* Party Planner
* Party Consultant

***Finances***

* Virtual Assistant
* Daily Money Management
* Personal Money Management
* Seniors Money Management Assistance
* Budget Consultant
* Seminars on Money Management

***Music***

* Private, Home Instruction
* Tutoring
* Customized Music Videos
* Special Events Co-ordinator/Consultant
* Reviewer

***People***

* Party Planner
* Consultant
* Personal Profile Writer
* Freelance Media Relations
* Phone Pollster
* Home Based Sales
* Errand Service

***Photography***

* Desk Top Media Design
* Sales-Direct (Home Studio or On Location)
* Brochures and Trifolds
* Video Demo Reels
* Display Design
* Consignment
* Photography Instructor
* Photography Writer

***Physical Fitness***

* Personal Trainer
* Massage Therapy
* Instructor
* Children’s Activity Co-ordinator
* Consultant
* Fitness Writer

***Reading***

* Book sales and resale (eBay and amazon.com)
* Editing
* Writing
* Reviewer
* Researcher
* Consultant
* Tutoring

***Selling***

* eBay and Internet Sales
* Multi Level Marketing Sales
* Mail-order Sales
* Network Marketing
* Phone Sales
* Catalog Sales

***Shopping/Buying***

* Personal Shopper
* Buy and Sell (Consignment or Intenet)
* Grocery Personal Shopper
* Virtual Assistant

***Scrapbooking***

* Design
* Scrapbook Services
* Scrapbook Material Sales
* In Home Classes

***Sewing***

* Alterations
* Repairs
* Custom Sewing
* Costumes
* Design
* Instruction
* Interior Design

***Speaking***

* Public Speaking
* Women’s Conferences
* Speaking Coach
* Instruction
* Consulting
* Seminars

***Teaching***

* Tutoring
* Home Class Instruction
* Education Consultant
* Education Writer

***Tutoring***

* Math
* Reading
* Music
* English
* Language
* Science

***Writing***

* Newspaper Freelancer
* Magazine Articles
* Church or School Newsletters
* Books
* Editor
* Desktop Publishing
* Website Content
* Writers Conference Faculty
* Online Writer

**Kinds of Businesses**

The next action is to understand the three different kinds of businesses and their classifications:

***A Service business***

This is the easiest kind of business to set up and usually requires the smallest initial investment and the simplest bookkeeping. It also tends to be an easy kind of business to run from home. According to Bernard C. Kamoroff, CPA and author of *Small Time Operator*, a service business may also require some experience and is more likely to be subject to state licenses and regulations. He says, “If you do something well—fixing things, painting or decorating, writing or editing, cutting hair, fixing or programming computers---these are but a few possibilities for you own service business. And if you are good at something, you might consider teaching those skills to others. Be imaginative. Don’t ignore you own resources.”[[4]](#footnote-4) (p. 13)

***A Sales Business***

Sales can take many different forms from retail or wholesale to storefront, mail order, direct sales o network marketing. There are also consignment sales and Internet sales as well. Bookkeeping tends to be a little more complex, depending upon the kind of sales you offer. There tends to be more flexibility in a sales business as opposed to a service business with more flexible hours as well. In sales, whenever interests change, the sales business can change with them.

There might also be a need to carry inventory, which could be a start-up cost to consider for supplies and materials as well. Tax laws, credit card services and banking issues are more complicated in a sales based business.

***Manufacturing***

For the majority of homemade businesses this means crafts of some kind: jewelry, leather, clothing, pottery, furniture, home décor, etc. Crafts offer, an opportunity for the craftsperson to do she enjoys for its own pleasure and get paid for it as well. The key in manufacturing as a business is to offer a product that others enjoy as well. A awful looking necklace made of seashells may have been fulfilling to make, but if no one buys it, then there isn’t a business.

**Finding Your Dream Business**

Last year almost 600,000 businesses opened and by 2008, according to the Small Business Administration, only half of those will be in existence. This doesn’t mean business failure, it just means only half of them stick around. In order to maximize a business proposition, the following steps should be considered:

**Step One: Can You Hack t?**

Jane Pollack, the author of *Soul Proprietor*, wrote “The most necessary skill is the ability to show up.”[[5]](#footnote-5) This businesswoman took an egg-decorating passion and made it into a successful business. But don’t confuse passion with talent—both are needed to start a legitimate homemade business. So is the ability to handle bookkeeping, time management, marketing, etc.

Isolation and rejection are often early-business companions, the successful entrepreneur will need to be able to take these undesirable partners by the hand and learn how to walk alongside them for a season. The client hates the way the designed scrapbook turned out, the cake wasn’t the right flavor, the desktop project took so much time that the “profit” was little more than 50 cents an hour. All of these are par for the course when it comes to establishing a home business. The SAHM needs to seriously consider whether this is a good choice for her personality and her family.

**Step Two: Focus On What People Need**

Oftentimes, a successful small business owner targets what people need and it just so happens that these needs reflect a present or former need that the homemade business owner had at one time as well. That was certainly my case. My family had a financial need and I wanted to help meet that need and stay at home with the babies. That’s why, I feel, the most successful homemade businesses are those that incorporate the entire family---and if the kids don’t work in the business, then they are at least supportive of it and understand why mom is doing this.

When I first started “Shop, Save and Share Seminars,” it was a tiny operation making no profits for three years. It targeted a financial need among stay at home moms and those trying to get out of debt. The kids were 2, 4, 6, 8 and 10 years old at the time. It has grown up into Ellie Kay and Company, LLC and is now in its 9th year, making significant profits that benefit the Kay Education Fund (smile intended) as well as several legitimate non-profit organizations.

I have several employees, including my right hand, Wendy Wendler, who is the business manager. There’s a team that works hard for me and they include a literary agent, spokesperson agent, publicist, a couple of personal assistants for travel (I only use one at a time, depending upon who is available) a stylist and a professional cleaner.

Among my other employees are the “Kay Kids” who perform the following duties: direct mail services, internet sales, powerpoint design, media relations, tape duplication, media kit marketing, on-site sales, personal assistant duties, postal metering, public relations co-ordination and anything else I can think up to keep them gainfully employed and feeling part of the business “team.”

The point is, that in my personal case, I just started teaching a few coupon seminars because I had a business (broker) background, enjoyed public speaking and wanted to help other moms learn how to stretch their food dollar. This cottage industry has always been home centered and it grew to the point that it will hopefully fund all five of the children’s college education while teaching them a work ethic and providing a valuable service to the community.

**Step Three: Test the Business Idea First**

Your mom may love your chocolate truffles, but it doesn’t mean that you can sell enough of them to qualify as a homemade business. It might cost more, in terms of time and supplies, than it is worth. It’s critical for the future small business owner to test the idea among a sample market. One way to test the market is to get last year’s phone book. Go through the yellow pages and call similar businesses to see if they are still in existence. This gives an idea of whether the goods or services are viable for the community. Invest the time and energy in research. Go to the SBA (Small Business Administration’s) Service Corp of Retired Executives for more research as well as help from local business development centers and networking groups. For example, if a mom decides she wants to launch a freelance writing career, it would be a good idea to attend a local writer’s workshop or writer’s group to see how many are turning a profit and how they are making it work.

**Step Four: Stay in Touch with Trends**

The Party Planner needs to know what kids like, the Photographer needs to have an eye for what the marketplace wants and the Personal Shopper needs a constant fashion update to remain viable. Keep in mind that baby boomers want a scaled down version of what is popular among adults for their kids. Women in their fifties want style that is new and fresh while in keeping with their lifestyle. Editors want writers who know what readers are demanding. Desktop Publisher clients want materials that are cutting edge. A virtual personal assistant was unheard of a decade ago, but now busy working moms and corporate execs want someone to see that the household bills are paid the and gardener gets his paycheck. By keeping up with trends, your new business can capitalize on the needs in the marketplace and provide you and your family with the maximum return for a minimum time investment.

**Step Five: Consider Servicing Established Businesses**

In times of layoffs, often the first people let go are those who provide peripheral services such as IT departments, benefits departments and even human resources. Many of these can be outsourced to an independent contractor. Some companies hire non-benefits earning consultants to replace them and these consultants work from home. With the right skills and an eye toward market trends, a savvy small business owner can start servicing those companies.

**Step Six: The Family Council**

Once a SAHM has taken the necessary steps to have enough information, it’s time to have a family council meeting—first with a spouse and then with the family. During this meeting, it’s important for all sides of the issue to be discussed. Sometimes a man might see certain advantages and disadvantages that his wife may not see and at other times a man’s understanding is limited until he sees his wife’s perspective. Start by considering three different kinds of homemade businesses and discuss the pros and cons of each as well as start-up costs, the realistic (don’t fudge here) time commitment and the realistic (REALLY don’t fudge here) of the projected net income (gross minus costs).

Once you have gone through the next section (Independent vs. Interdependent Businesses), then fill out the “Homemade Business Plan” chart (Figure 10.1) and discuss it together.

**Independent vs. Interdependent Businesses**

Homemade businesses have something in common: they are all owned by independent small business owners. This chapter will only address sole-proprietorship businesses (one owner), not partnerships or corporations. Many sole proprietorship businesses are independent contractors, who file their own taxes, but have another employer such as a DSC, Direct Sales Company, or MLM, Multi-Level Marketing associate.

There’s a huge difference between manufacturing jewelry independently versus signing on as a jeweler with Premier Designs ®. This next section will help determine the difference between coming in under another business as an independent contractor and forging a brand new business.

**Direct Selling Companies**

When it comes to selling a product or service under another company while retaining a sole proprietorship status, it’s more important than ever to do the market research. These companies identify themselves with different terms, some are also called MLM (Multi-level Marketing) and DSC (Direct Sales). Many of these offer products, such as bakeware, toys or jewelry, are sold through home parties. Consultants can sign up other consultants for the company and gain a portion of their profits as well. This usually holds true for three levels of consultants. This is why it is sometimes referred to as “Tri Level Marketing.”

Here are a few items to research when choosing a DSC to represent as well as the questions that need answers in order to make a good decision.

* What are the up front start up costs (application fees, joining fees, authorization fees, etc)?
* What kind of a downpayment is required?
* What are the average gross profits of consultants?
* What is the hostess plan like? (free merchandise, bonus incentives, etc)
* What is the customer shipping and handling fee?
* How do you promote in leadership to the next level?
* What are the benefits of leadership in the next levels?
* What percentage of retail does the consultant make?
* What percentage of generations or downlines (people the consultant signs up to work for the DSC company) do the consultants get?
* How many downline generations are paid?
* Do you have to sign up a certain number of downline consultants before you get a percentage?
* Does the DSC company print, track and report downline activity or is it up to the consultant to try and get this information directly?
* Can downline members “break-a-way” or get promoted from under you?
* Do you have to cover specific territories?
* Are you required to fill out sales reports or call ins?
* How much inventory is needed?
* How much does the inventory cost to start up the business?
* What are the minimum monthly or annual sales required?
* Does the DSC company have corporate debt or do they operate debt free?
* Is the DSC listed with the Better Business Bureau? (conduct your own search at www.bbb.org)
* Are they members of the DSA, Direct Selling Association? (conduct your own search at www.dsa.org)
* Does the consultant have to package and ship orders or does the DSC company?
* What are the minimum number of home shows required each month?
* Are you paid upfront?
* Does the consultant have to handle state tax issues or does the DSC company?

**Homemade Business Plan chart (Figure 10.1)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Type of**  **Business** | **Pros** | **Cons** | **Start-up**  **Costs** | **Weekly Time Commitment** | **Projected Net**  **Income** |
| Business Option #1 |  |  |  |  |  |
| Business Option #2 |  |  |  |  |  |
| Business Option #3 |  |  |  |  |  |
| Business Option #4 |  |  |  |  |  |

**Tax Tips for The Grown Up Homemade Business**

**SEPS**

Once a home business starts making money, then it’s time to consider setting up a Self Employment Pension Plan where the business owner can contribute up to 25% of their "compensation" (which is biz profits reduced by the second Self-Employment Tax deduction.)  I set up my SEP without a CPA's help. It was that easy--there were no IRS forms to file or administration fees to set it up.  But my CPA tells me HOW MUCH to fund it with each year when he prepares my taxes.  If you're a sole proprietor, it's a good move since you only file this on yourself and it will give you a full portable retirement fund that you control.    
  
**LLCs**

A decision to put your sole proprietorship under the structure of a Limited Liability Company is under the "growing up" phase of your business, according to Bernard B. Kamoroff, CPA and author of "Small Time Operator."  He says, "LLCs are not as tightly regulated as limited partnerships and they offer greater liability protection."  In researching the next step or growing up step in my business (an LLC, S-Corp, LLP, etc) I found that an LLC offered many of the benefits, with few of the drawbacks of other incorporation options. I formed Ellie Kay and Company,LLC  by walking through the process with a business mentor.  My CPA was surprised that I was able to do it so easily, but my mentor had already set up 4 such companies.   Once again, this is a topic where you do the research for your own small biz and trust your CPA or accountant to advise you.  Can I add something else about an LLC?  Once I did this and put it on all contracts, 1099 forms, stationery, invoices, etc, I found that the credibility level jumped ten rungs. I wasn't perceived as some chickie-poo sorting coupons in her basement.  Forming an LLC gave my TM Brand and business the additional credibility it deserved as I'm perceived as the author, speaker, spokesperson and media professional that I've grown up to become.

**Employees**

Another significant tax question to put to your accountant has to do with employees.  Most of us will have "contract labor" where we employee independent contractors, rather than traditional employees (where we pay social security, health insurance benefits, workers comp, etc)  
          If you pay someone $600 or more. You will need them to sign a W-9 form  (download at www.irs.gov) with their info and social security or EIN (Employer Identification number).  You will have to file 1099-MISC forms for all your contractors at the end of the year and mail them to them by Jan 31.  Then you'll file a 1096 with the IRS.  All of this is info your CPA will handle or give you advice on.

BIG POINT:  Do NOT get in IRS trouble by paying an independent contractor $600 or more and then make the mistake of NOT filing a 1099, 1096.  If you pay an editor $600 to review your proposal or a website designer $700 to re-do your site or a housekeeper $2000 a year to clean your office, or your baby-college boy $800 a year to do your power points, then file the appropriate forms or you're essentially paying under the table.  If they don't have a social security number, then don't hire them.  Then, if you ever get nominated for a supreme court judge position you won't have to worry about the investigators finding out that you paid your housekeeper on the sly because she was an illegal immigrant.  Be above reproach and have a CPA or a small business mentor show you where you're doing something stupid that you didn't know was against the law. 

**Half Price Living Tips: Advice from SAHM Homemade Business Owners**

“Treat your business like a business! Get up, get dressed, and “go to work.” You will not succeed by lying around until noon watching television, allowing your time to be interrupted by visiting with friends or shopping or having no schedule to keep you focused.”

*Jan McMinn, Colorado,*

*owner of “The Window Seat” a custom sewing service.*

“Give it a try. There are so many opportunities available today because of technology. Find something you are interested in and make it into a business. Don’t try to work at something that you don’t believe in yourself. Lastly, have fun with it.”

*Gina Horn, Texas,*

*Media Booking*

“My favorite aspect of my job is the flexibility and the ability to control my own calendar as well as the relationships I have made with other jewelers and the fact that I can take my job with me when we move (my husband is in the military). My family helps me in the business. My ten year old, Lauren, stamps catalogs and order forms with my name and address to earn money and assists me in shows as well. My five year old son, Jonathan, best understood how mommy’s jewelry shows benefit him when we bought our new play set for the backyard with jewelry show money. He saw the tangible results of diligent work.”

*Brenda Taylor, San Antonio*

*Premier Designs*

“Keep family a high priority so that business doesn’t dictate when you meet their needs or interfere with the quality of care they get.”

*Lori Hudson,*

*Country Bunny Bath and Body*

“Do something for your business every day (M-F), whether just organizing your desk area and files or making a few phone calls to customers (booking shows or making sure they received your latest flyer.) Always be working towards a specific goal and verbalize that goal to others.”

*Gwen Christel,*

*Longaberger Baskets*

“My children have seen how mom is more available with a home business. I have more money to give to church and I have satisfaction in what I do and the product I sell. My advice to homemade business owners is to know your company, know your product, understand your market audience, get support from friends and family, be secure in what you do, have fun and make it a priority that your business does not interfere with your family life.” *Jan Johnson*

*Southern Living at Home (direct sales)*

**“**Get a reality check. Don’t fool yourself because it’s not easy. Owning your own business takes work, perseverance and determination. To be successful you need thick skin at times and an attitude of ‘I won’t give up.’ The rewards are amazing but your definitely earn them. Also, get respect from people you trust. I am very fortunate that the Mary Kay Company ha a wonderful mentoring and support program. Just being able to talk tot someone when I feel like I am going nowhere is a big help.”

*Karen Evenson, California*

*Mary Kay Cosmetics*

“Operating a successful small business requires involvement from all the family, each member should be included in the decision to get into business because they will all be affected by it. Consider the way it will impact your involvement in school activities, church involvement and civic organizations.”

*Cheryl Shelton, Texas*

*S&P Enterprises (Stock Trading)*“I started freelancing after working in public relations at the seminary my husband and I were attending after we got married. I realized that at $5.50 an hour, I was working for peanuts writing about the seminary’s new pool. Not my idea of fun! I also had a lifelong dream of writing books, so with my hubby’s support, I quit my job and started freelancing. I figured I could sell one or two articles a month and make what I was making working 25 hours a week. And God was so good! I began making money that first month, and though I’ve had ups and downs, I am absolutely *loving* being a mommy to two boys and working around their schedules. I wouldn’t trade my job for anything! I have had three books and hundreds of articles published, and I speak regularly to women’s groups.”

# *Dena Dyer, Grapevine*

# *Grace Notes (Author/Speaker)*

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1. Ann Crittenden, *The Price of Motherhood: Why the Most Important Job in the World is still the Least Valued*  (Owl Books, 2012), [↑](#footnote-ref-1)
2. Donna Partow, *Homemade Business* (Focus on the Family Publishing, 2012) [↑](#footnote-ref-2)
3. Priscilla Y. Huff, “Start Making Money at Home” DrLaura.com Info Guide #G37 [↑](#footnote-ref-3)
4. Bernard C. Kamoroff, CPA *Small Time Operator* Bell Springs Publishing, 2002 [↑](#footnote-ref-4)
5. Jane Pollack *Soul Proprietor:100 Lessons from a Lifestyle Entrepreneur* Crossings Press, 2001 [↑](#footnote-ref-5)