

Your Virtual Home Office Can Be a Reality!

Excerpt from www.YourVirtualHomeOffice.com

Excerpt from www.YourVirtualHomeOffice.com

Your Virtual Home Office Can Be A Reality!

A Complete How-To Guide
For the Work-at-Home Industry

by
Melissa Rich

REVOLUTIONARY PRESS
Americus, KS, U.S.A

Excerpt from www.YourVirtualHomeOffice.com

Published by
Revolutionary Press
2961 Road H
Americus KS 66835, U.S.A.

For more information or to subscribe to our newsletter, please visit www.yourvirtualhomeoffice.com

Copyright © 2010 Melissa Rich

All rights reserved. Published 2010

Without limiting the rights under copyright laws, no part of this publication may be reproduced, stored in or introduced into a retrieval system, or transmitted, in any form or by any means (electronic, mechanical, photocopying, recording or otherwise), without the expressed prior written consent by both the author and the publisher of this book.

ISBN #: 978-0-9842184-1-7

Printed in the United States of America
Set in Times Roman and Verdana

FIRST EDITION

10 9 8 7 6 5 4 3 2 1

Excerpt from www.YourVirtualHomeOffice.com

Contents

| | | |
|----------------|---|----|
| Part I | <i>Do You Really Want to Work from Home?</i> | |
| 1 | Introduction to Working at Home | |
| | Common Work-at-Home Scenarios | 3 |
| | Advantages and Disadvantages | 4 |
| | Life-Lesson Article | 6 |
| | Summary | 7 |
| 2 | Will Working from Home Work for You? | 9 |
| | Personality Profile and Worksheet | 9 |
| | Possible Savings and Worksheet | 11 |
| Part II | <i>Work-at-Home Structures Explained</i> | |
| | Work-at-Home Structures Summarized | 14 |
| 3 | The Telecommuting Employee | |
| | Characteristics | 15 |
| | Employer and Employee Perspectives | 15 |
| | Advantages and Disadvantages | 15 |
| | Tax Implications | 17 |
| | Approaching Your Employer | 17 |
| | Resources | 17 |
| | Life-Lesson Article | 17 |
| | Summary | 18 |
| 4 | Independent Contractors | |
| | Characteristics | 19 |
| | Advantages and Disadvantages | 19 |
| | IRS Guidelines | 20 |
| | Tax Implications | 22 |
| | Resources | 22 |
| | Life-Lesson Article | 22 |
| | Summary | 23 |
| 5 | Purchasing a Franchise or Business Opportunity | |
| | Advantages | 25 |
| | Disadvantages | 25 |
| | Selecting a Franchise or Business Opportunity | 26 |
| | Resources | 27 |
| | Tax Implications | 28 |
| | Summary | 28 |
| 6 | Establishing a New Business | |

| | |
|--|----|
| Advantages and Disadvantages | 29 |
| Diverse Business Skills are Necessary | 30 |
| Matching Your Enterprise with Your Skill Set | 30 |
| Preparing a Business Plan | 31 |
| Life-Lesson Article | 31 |
| Resources | 32 |
| Summary | 32 |

Part III *Coping with Scams*

7 *Detecting Scams*

| | |
|------------------------------|----|
| Characteristics | 35 |
| Prominent Work-at-Home Scams | 36 |
| Ask the Right Questions | 38 |
| Life-Lesson Article | 38 |
| Summary | 39 |

8 *Resources for Researching Opportunities*

| | |
|--|----|
| Better Business Bureau | 41 |
| Consumer Affairs Groups | 41 |
| Ripoff Report | 41 |
| Chat and Message Boards | 41 |
| Search Engines | 42 |
| Chamber of Commerce | 42 |
| Federal Trade Commission | 42 |
| State Corporate Commission | 42 |
| National Fraud Information Center / Internet Fraud Watch | 42 |
| State Agencies | 43 |
| Legal Records | 43 |
| Directory Assistance | 43 |
| Website Registrations and History | 43 |
| Reverse Number Lookup | 43 |
| Summary | 43 |

9 *Reporting Fraud*

| | |
|--|----|
| Contact Your Attorney | 45 |
| Class Action Lawsuits | 45 |
| Cancel Your Payment | 45 |
| Report to Governmental Agencies / Consumer Protection Groups | 45 |
| Summary | 45 |

Part IV *Prepare for Your New Venture*

Excerpt from www.YourVirtualHomeOffice.com

| | | |
|-----------|---|----|
| 10 | Establishing a Virtual Home Office | |
| | Effective Virtual Home Office Features | 49 |
| | Furnishings, Equipment and Software | 49 |
| | Zoning Laws | 50 |
| | Establish Business Hours | 51 |
| | Life-Lesson Article | 51 |
| | Resources | 52 |
| | Summary | 53 |
| 11 | Business Structures | |
| | Sole Proprietor | 53 |
| | General Partnership | 53 |
| | Limited Liability Partnership | 53 |
| | C Corporation | 54 |
| | Sub S Corporation | 54 |
| | Limited Liability Corporation | 54 |
| | Life-Lesson Article | 55 |
| | Resources | 55 |
| | Summary | 56 |
| 12 | Business Insurance | |
| | Property Coverage | 57 |
| | Business Interruption Insurance | 57 |
| | Worker's Compensation | 57 |
| | General Liability | 57 |
| | Auto Insurance | 57 |
| | Disability Insurance | 58 |
| | Health Insurance | 58 |
| | Directors and Officers Insurance | 58 |
| | Product Liability Insurance | 58 |
| | Life-Lesson Article | 58 |
| | Resources | 59 |
| | Summary | 59 |
| 13 | Selecting and Using Experts | |
| | Accountants | 61 |
| | Attorneys | 61 |
| | Computer Consultants | 61 |
| | Selection | 61 |
| | Life-Lesson Article | 62 |
| | Summary | 62 |

| | | |
|---------------|---|----|
| Part V | <i>Operating From Your Virtual Home Office</i> | |
| 14 | Children and Family Adjustments | |
| | Introductory Conversations | 65 |
| | Managing Children While Working – Tips | 65 |
| | Dealing with Spouses – Tips | 66 |
| | Life-Lesson Article | 67 |
| | Resources | 68 |
| | Summary | 68 |
| 15 | Outside Perceptions of Working from Home | |
| | After-Hours Availability | 69 |
| | Availability for Extra Functions | 69 |
| | Small Operation | 69 |
| | Your Rates | 69 |
| | Low Income | 69 |
| | Intrigue and Curiosity | 70 |
| | Bringing Clients and Staff to Your Home Office | 70 |
| | Life-Lesson Article | 70 |
| | Summary | 71 |
| 16 | Using Technology | |
| | Voice-Mail Services | 73 |
| | Phone Systems | 73 |
| | Conference Calls | 74 |
| | Caller Identification | 74 |
| | Fax Capabilities and Instant Messaging | 74 |
| | Multiple E-mail Accounts | 75 |
| | Software | 75 |
| | Life-Lesson Article | 75 |
| | Resources | 76 |
| | Summary | 76 |
| 17 | Sales and Marketing | |
| | Target Market | 77 |
| | Business Logo and Slogan | 77 |
| | Marketing Continuity | 77 |
| | Business Cards | 78 |
| | Brochures | 78 |
| | Marketing Consultants | 78 |
| | Yellow Pages and Newspapers | 79 |

| | | |
|-----------------|--|------------|
| | Radio and Television | 79 |
| | Public Relations | 79 |
| | Direct Mail | 79 |
| | Telemarketing | 80 |
| | Resources | 80 |
| | Summary | 81 |
| 18 | Online Marketing | |
| | Characteristics of E-commerce Sites | 83 |
| | Characteristics of Informational Sites | 83 |
| | Will a Web site be Effective for Your Venture? | 84 |
| | Content Development | 84 |
| | Web Site Development | 84 |
| | Factors to Consider in Web Site Design | 84 |
| | Obtaining Site Traffic | 85 |
| | Web Site Costs | 86 |
| | Resources | 86 |
| | Summary | 87 |
| 19 | Business Taxes | |
| | Employee Deductions | 89 |
| | Non-Employee Reporting | 90 |
| | Allowable Deductions | 90 |
| | Record Keeping | 90 |
| | Chapter Resources | 91 |
| | Summary | 91 |
| Part VI | <i>Success Stories</i> | |
| 20 | Success Story: Lauren W. | 95 |
| 21 | Success Story: Karen A. | 99 |
| 22 | Success Story: Greg | 103 |
| 23 | Success Story: Melissa Rich | 105 |
| Part VII | <i>Summary</i> | 109 |

Excerpt from www.YourVirtualHomeOffice.com

Acknowledgements

My sincere thanks to:

Tracy Rumsey

I have worked with Tracy for five years in my primary business. She has always offered her full support with great enthusiasm. Once I opted to write a book on a subject that was near and dear to my heart, she was promptly reading, editing, and reviewing copy. But far more importantly, she shared my vision and encouraged me every step of the way with writing, publishing, and marketing this book. In business, it is rare to find someone whose ideas mesh with your own. In Tracy I have also found a life-long friend.

Taylor Rich

My daughter is now twelve and the work-at-home lifestyle is something she is accustomed to. She understands that my virtual home office makes me quite happy. She has patiently endured her mother working long hours into the night and is clearly the "apple of my eye".

My Parents

They have endured a wide range of events - from a strange phone calls with me rambling about the latest book chapter or my newest marketing plan - to phone calls raving about how great business is going and then just a few hours later, to hear me whining about how business has taken a nosedive. Throughout the course of my business, they have supported me wholeheartedly, through the ups and downs. They have been a sounding board and a wealth of support.

Excerpt from www.YourVirtualHomeOffice.com

Excerpt from www.YourVirtualHomeOffice.com

Introduction

Although the work-at-home revolution seems to have taken the world by storm, there are still many people who wish to enter the work-at-home realm. Some have endlessly applied for "jobs", only to find afterward, another scammer took their money. They become frustrated, broken-hearted victims time and time again once they realize they paid money to a schemer. Many people give up on their work-at-home dreams and continue marching forward, soldiers in their regular jobs outside the home. Even though these same jobs often leave employees with a sense of emptiness, they continue to dream about working from a virtual home office.

At the same time, others have found a rewarding work-at-home job, or established a small business, that provides a sense of independence and a feeling of controlling their destiny. They love the flexibility of working from home and the ability to tend to their families while earning a living.

The purpose of this book is to:

- Provide you with a true understanding of what it means to work from a virtual home office, including its unique challenges and advantages;
- Help you evaluate if a virtual home office will work for you and your family;
- Educate you about different types of work-at-home opportunities, how to sort through them to find a position adaptable to your needs, skills and background - while learning how to detect and avoid scams.
- Help you be more efficient in your work-at-home position. Proven strategies will help you communicate better with your children and spouse - while minimizing distractions.
- Increase your knowledge about properly structuring a work-from-home position, including selecting an appropriate legal structure, obtaining adequate insurance, and minimizing your tax liability by accounting properly for expenses;

Most importantly, the purpose of this book is to help you succeed and be happy in whatever home-based venture you choose.

Excerpt from www.YourVirtualHomeOffice.com

PART ONE



Do You Really Want To Work From Home?

This section is designed to provide the reader with a realistic vision of what it really means to work from home. It emphasizes working-at-home unique advantages, and also disadvantages that are often not considered.

Excerpt from www.YourVirtualHomeOffice.com



Chapter One

Do You Really Want To Work From Home?

If you are reading this book, you must be considering working from your virtual home office - - - for another company or yourself, or by opening a business or franchise and operating it from your home.

Working at home is more than a career choice. It is really a lifestyle choice. It affects your professional career, and also your personal life, social life, family, and overall home environment. It will affect you in ways that you cannot imagine at this point. If you work from home, you will probably choose one of the work-at-home business structures below.

Each structure has different pros and cons. Compare the scenarios below, and think about which work-at-home structure you may enjoy the most. In each scenario, the external relationship to the bosses or clients is different. Each scenario represents one of the four most common types of working-from-home relationships, detailed in chapters three through six of this book.

Common Work-at-Home Scenarios

- **Telecommuting Employee** - Susie started working for McCloud's in 2003 in the data-entry department. She signed an employment agreement. She enters the data from the handwritten order forms into a database, so the shipping department can then fill the order.

In 2005, she had her first baby and her boss agreed she could work from home. As an employee, she has daily contact with her boss, works at the company office on occasion, and attends staff meetings. Her boss specifically directs how the work is to be performed. She receives an hourly wage, has medical benefits, and has taxes withheld from her weekly paycheck. She may be able to deduct most of the costs associated with her virtual office (subject to a 2% floor and assuming that she itemizes her deductions on Schedule A of her tax return).

- **Independent Contractor** - Martha completes medical coding and is paid based on the number of keystrokes, assuming work is available. She works for three companies and works with each company as an independent contractor on an "as needed" basis. She signed an independent contractor agreement and does not receive any benefits, but she is able to deduct all business expenses on Schedule C of her tax return.
- **Franchise** - Bob has been a computer technician for 20 years. He opted to purchase a franchise for \$3,000. He has the ability to use the established company name and received an extensive kit to jumpstart his business including client forms, referrals from his area, and resources and tips that should help him build his business. In theory, he can start his business more quickly, than if he was not a franchise, since he is relying on the franchise's proven methods. He is paid directly from his clients. He pays quarterly state and federal income tax estimates, which are often required by the IRS for self employed people who owe over \$1,000 in taxes for a calendar year. He is also able to deduct all business-related expenses. He reports his business income and expenses on his business tax return or Schedule C of his personal return.
- **Home-Based Business** - Dave has been an engineer for 12 years and works from home. He works with ten to fifteen clients and has a great deal of expertise within his industry. His clients

contact him directly when they have a project. Due to his superior performance, much of his business is from referrals and repeat business so his client acquisition costs are low. He receives a bid request. He is paid that rate regardless of how long it takes to complete the project. He pays quarterly estimates and is able to deduct all related business expenses.

Advantages of Working from Home

Each of the working-from-home examples above is completely different from one another. Each scenario illustrates unique advantages and disadvantages and working from home offers unique advantages and disadvantages, not usually found through standard employment.

Greater Involvement in Family Life - For many people, working at home brings them closer to their family. Parents working from home are more available for their children throughout the day, than if they worked a traditional job. Parents can be there when their kids arrive home from school, and still make a financial contribution to their household.

More Flexible Work Hours - Most WAH (Work-at-home) positions allow flexible work hours. With this flexibility, you may be able to enjoy lunch with a friend or attend school functions during the day, depending on your workload.

Greater Sense of Control – Without a boss looking over your shoulder, you are in greater control over your business and endeavors. That feeling can be exhilarating and motivating, since you are in more control of your own destiny.

Less Work Missed - If you have a sick child or are ill yourself, often you can continue your work without affecting your income. You may find yourself less likely to miss work due to a major cold or a minor case of the flu. When you need to visit the doctor, or be home for a repairman, you won't miss work and have your pay docked.

Time Rewards and Savings - You will eliminate your morning and evening commute, and will not be required to take that one-hour lunch break.

Financial Rewards and Savings - The financial rewards of having your own venture can be satisfying. You may be able to earn more than you can in your present job, once you deduct business expenses on your taxes. Financial savings gained by working at home can be tremendous and may include:

- **Transportation Savings** - If you drive to work, you can save on fuel costs and automotive maintenance. Your auto insurance may cost less; since the cost of your insurance is partially based on how many miles you drive daily to work. If you ride a bus or subway to work, you will also save fares and related costs.
- **Reduced Clothing Costs** - Depending on your new line of work, you may save money on clothing. You may no longer have the expense of business suits, dresses, and shoes.
- **Lower Childcare Costs** - If you are currently paying for daycare, you may be able to minimize or eliminate these costs completely.

- **Less Lunch Money Needed** - Instead of grabbing a value meal from a fast food restaurant, you can simply walk to your kitchen and make a healthy sandwich or heat up leftovers.
- **Larger Paycheck from Fewer Unpaid Sick Days** - If your employment package does not include paid sick days, you do not earn a wage when you stay home because you or your child is sick. Working from home means your wages may not be reduced due to a personal illness or a sick child.
- **Possible Tax Savings** - Depending on what type of a contract or business you have, you may be able to deduct a percentage of your utilities and other business-related costs. Check with your tax professional for current Internal Revenue rules.

Disadvantages to Working from Home:

Many people fail to consider the disadvantages of working from home. Disadvantages include:

- **Separation of Work and Home** - Separating your work and home life may be difficult at times, and can distract from your home life. You may feel that you can never get away from work, and sometimes that will be true. Even if your office and home are separated, you may be tempted to check e-mails late at night, and your business phone may ring outside your business hours.
- **No Substitutes or Backup** - If you need to miss work a few days or take a vacation, there may not be anyone to cover your responsibilities while you are gone. So, you will either take work with you or work extra hours prior to your absence.
- **Long Hours** - Your hours may be long and your workload may be tedious when you start working from home and during peak seasons, especially if you are starting a new venture. You may find yourself working late hours to accomplish the tasks which were not completed during the day.
- **Public Perception** - People within your community may not respect you and your new venture. Usually, they don't understand what you do and may not believe you are really working, or that you are working as hard as they do at a regular job. People who misunderstand what you do may also assume you are available for extra responsibilities like room parent, or chairing a committee, since you no longer participate in a "normal" job, with an 8 a.m. -5 p.m. workday.
- **Financial Instability** - With any new or established venture, there will be times of feast and famine. Often, the amount of money you make each week or month is not as consistent or stable as what you earn working for someone else. You probably will not have a steady hourly wage, or steady, consistent hours, that you could count on in the past to meet your financial needs.
- **Social Interaction** - While working from home, you will probably be working alone and may find you miss much of the interpersonal and social relationships that are often found at work. Working from home can be lonely, even if you are constantly on the phone.

Life-Lessons Article

This article, published in 2000 via the internet, highlights the author's experiences working from home and the impact on her lifestyle.

Working from Home

When presented with the opportunity to work from home, I was apprehensive and concerned about blending my professional and personal lives under the same roof. My family and friends encouraged me to take the position and I did. It was probably the best decision that I've ever made.

At 7:00 am each weekday, I walk 10 feet to my virtual office and am ready to begin working without a one hour commute. I have gained three extra hours per day (morning commute, skipping the lunch hour, and evening commute). Over a year, that is 780 hours of extra time. Instead of getting home at 6 pm, I've put in an 8-hour day by 3 pm.

I save \$630 per year in gas, an undetermined amount in car repairs and maintenance, \$3600 in child care expenses, \$1300 in eating out for lunch (\$5 per day), and \$640 for work missed due to illness. On average my child was sick five days per year and I was sick three days per year. If I'm sick or my child is sick, I don't have to take off work. I'm already home and can usually continue working. Instead of putting on a suit and heels, my official work attire is now a T-shirt and jeans. I only wish I knew how much I am saving in clothing.

And then, there is the benefit of being home each day. If I need a plumber, I am here whenever he needs to come. I don't have to make special arrangements to let him in the house. If I need to work overtime, I don't have to contact the baby sitter or tell my husband that I will be home late. I can select the time that is best for me to finish my work – whether it is getting up earlier in the morning or working after everyone has gone to bed.

Working at home hasn't always been easy for me. I had to learn to place boundaries on my work – so that it did not interfere with my personal life. People from the west coast would call me at 7 pm (or 5 pm their time). I learned rather quickly that I needed to set business hours and simply walk away from a ringing phone after that time. There is always tomorrow.

I also had to learn that work should only be done in my office. Working in the living room in the evening was interfering with the interactions with my family. My family also had to learn that when I am in the office, it means that I am working and need some quiet time, and no interruptions.

Probably the biggest challenge was my two-year old daughter. We needed to adapt to our new arrangement. My daughter now has her own desk that sits next to mine and

she has work to do (i.e. coloring) and sometimes she answers her toy phone with the company name. We have special toys that my child only gets when I am working. For example, she loves to finger paint and she only gets to do that during business hours.

Overall, working at home required adjusting and adapting – but it was well worth the journey. While there are only so many hours in a day, I have been able to have more time for my work, my family, and myself. Working at home has definitely increased the overall quality of my life and I simply can't imagine it any other way.

Chapter Summary

Working from home is a unique experience for many reasons.

After reading this chapter, you should:

- Understand the advantages and disadvantages working at home will bring to your life.
- Understand that working at home is not simply a career choice, but a lifestyle choice. Deciding to work from home will affect both your personal and professional life.

Not everyone is suited for working at home. However, by reviewing your strengths and weaknesses in the upcoming chapter, you will have a better understanding of yourself, how your skills will mesh with a work-at-home position, and how you can better prepare yourself for working from home.

Excerpt from www.YourVirtualHomeOffice.com