

Expansion of Your Home-Based Business

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If you are considering expanding your home-based business, you are being presented with similar issues that face other businesses that are considering expansion. It is important to consider both the upside and the downside of the move in your decision-making and evaluation process. The following is intended to briefly identify some of the issues that you should be considering.

What does it mean to expand your "Home-Based" business?

It could mean:

- taking on an extra product line;
- taking on one more customer;
- deciding to buy more equipment or tools; or
- moving out of the home and into a commercial location.

What issues should you be considering personally?

- Why do you want to expand?
- What will be the effect on you, your personal life, and your family?
 - With expansion will come more potential for profits and potential for problems.
 - It could possibly mean more time away from home or time devoted to the business in the home at the sacrifice of family.
 - Will you still enjoy the business?
 - Will there be more traffic to the home and what will be the effect on your privacy?
 - Will you need to invest more personal financial resources into the business and do you have, or want to risk it?
- How do your expansion plans fit into your shorter and longer term business objectives?
 - It will depend on your motivation for starting and operating your business from the beginning.
 - Will it give you the extra financial return you may want and/or need?
 - Is it one more step in your longer term plan that may include ending up in a commercial section of your municipality?
 - Is the profit potential and return for your time and investment worth the effort?

What are the operational considerations?

- Is there a market opportunity and will there be a market reaction to your expansion?
 - Have you researched the idea?
 - A number of people start a home-based business to try out an idea at as minimal cost as possible to see how the idea develops.

- Have you a promotional plan?
 - How do you plan to make the potential customers aware?
 - A home-based business allows you to experiment to see what the most effective approach will be.
- Will there be equipment purchases and what about utility hook-ups?
- Will you be building your inventory and what about storage?
- Will home renovations be required?
- If you have a current distributorship or franchise agreement with a company, are there limitations to the products/services you may want to add?
- Are there municipal licensing and other regulatory limitations?
- Are there joint venture opportunities, possibly with other home-based businesses to grow the business mutually?
 - In other words, do you have to do it all yourself or can you link up with someone who complements what you do to mutual advantage?
- Do you have the management skills?
 - You will have to further assess your own abilities and skills.
 - If you feel deficient, how do you acquire them (or hire them) and what are the time lines and costs to do this?
- Are there employee supply considerations.
- Have you established the costs and source of funds to make your plans work?
- Have you done a cash flow/budget analysis to evaluate the idea?
 - Cash flow projections have limitations, but they are a planning tool and force you to identify your costs and estimate revenues on where you want to go.
- Have you a timetable?
- Have you a business plan?

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For further information regarding starting a business, contact the

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