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Home-Based Businesses Are On Rise In Champlain Valley

Companies Offer Workers Option Of Reduced Time At Workplace

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With school back in session, the children of the Northeast are not the only ones doing homework. Home-based work is increasing both in the Northeast and nationwide. Nationally, in 2000, home-based businesses made up more than half of all businesses and 53 percent of small businesses. This number has increased by a million workers in only three years. In Vermont, the number of non-employer firms increased from 49,000 in the 1990s to 56,000 in 2003. According to the United States Census, in Chittenden and Addison Counties, the number of non-employer firms increased by 16 percent and 20 percent respectively between 1997 and 2004, and gross receipts increased by 52 percent and 56 percent.

There have always been home businesses in cities and small towns, from the mom-and-pop grocery store with the family living upstairs to the neighbor who repaired small engines. In Vermont, craftspeople and yoga instructors use extra rooms or retrofit the garage, and of course, farmers have lived and worked on the family farm for generations. But now, it is not uncommon to find people "moonlighting" as accountants or real estate brokers, and with the cost of new technology decreasing and the advent of high-speed modem lines and cell phones, the world of home-based work now includes lawyers and management consultants as well. Some work full-time from home, or have part-time second jobs. In 2004, 20.7 million people worked from home at least one day a week under agreement with their employers, and an additional 10.2 million workers report working from home without such agreements. A full 75 percent of those who work from home do so in order to complete assigned work at their primary jobs. And Dr. Kathleen Christensen, Director of the Alfred P. Sloan Program on The Workplace, Work Force and Working Families says that many older workers may begin the transition to retirement or consulting by working flex-time from home a few days a week. She adds, "People used to hide it by using couriers and drop locations, but no more." In 2004, according to the Bureau of Labor Statistics, 30 percent of managerial or professional workers reported spending some time working from home. Vermont Secretary of State Deborah Markowitz notes that while the craft tradition remains part of the demographics of the home-based business, the growth sector is white collar and telecommunications based.

There are important implications of the migration of work into the home for the workers, the business community, and the towns in which Vermonters live and work.

For home-based workers, PDAs, pagers and cell phones are making the "nine-to-five" work day increasingly obsolete. Many workers choose to work from home because it may be the only way that they can stay in touch with their families, given complex work schedules and the need for two incomes. Carol Doherty of Pleasant Valley Soaps in Underhill says, "I wanted to work from home. I wanted to be with my kids and take them to sporting events and be there for them. And developing the soap company allowed me to do that."

Home-based work also provides a valued flexibility in the work schedule, permitting client contacts, paperwork and focused work to mesh with client needs and work process. Flex-time is an advantage for those with clients in different time zones, and it makes travel to professional conferences and educational seminars easier to schedule. But Gerry Ghazi, President of Vermont HITEC of Williston, a non-profit organization providing workforce training throughout the state, says that flex-time is also valuable for the employer. "If I give them two weeks vacation, two weeks sick time and personal time, and they're on more of a flexible schedule at home, then it's less likely they're going to use the time. If they do get sick, they are going to want make up that work."

But flex-time has downsides as well, and many are frustrated with the "blurred" boundaries between work and home life. Overlapping demands can make it hard to ever feel as though work has ended. John Doherty of Pleasant Valley Soaps says, "It can drain you. Is the profitability worth it? Sometimes I think, no." For many, there is no leaving the office behind when it moves into the home.

Increasingly however, employers see home-based work as a good option for those workers who choose it. Mike Charles, President of Conix Systems, Inc., a financial software firm with headquarters in Manchester, has a home-based technical workforce in Chittenden County and other areas of Vermont, and

in 10 other states. He says, "It gives us a competitive edge." That view has also brought jobs to Vermont that had once been outsourced to India. When Fletcher Allen needed 20 medical transcriptionists, Ghazi developed a "boot camp" to train home-based workers and bring the jobs back to the state. Ghazi says "there are people who have so much potential, but can not get to the work place. So there's a whole new pool. As the population gets older, and the Baby Boomers start retiring, there's going to be a shortage of workers. And businesses are going to have to start looking to alternative pools of workers and be flexible."

There are also economic benefits for the business community. In a 2002 study by Joanne Pratt for the Small Business Administration, sole proprietors taking the home business deduction contributed \$102 billion to the economy. A 2006 Census report identifies the approximately 19 million businesses without a payroll, many of which are home-based, as having annual receipts in excess of \$887 billion. The sheer size of the home-based economy has important secondary impacts not measured by gross receipts. Home-based workers need administrative support such as copying, file storage and shipping. Ronna Branch of the United Parcel Service says it is becoming more common for homes to have a daily pick-up, and their figures for e-Bay which has large numbers of home-based businesses show a 20-percent growth in Q1 and Q2 from 2005 to 2006. Home-based workers also purchase office equipment, furniture and supplies, from reams of paper to home computers, from bookshelves to the lighting. And there are other benefits that are still more difficult to measure. Real estate brokers now show properties with "home offices." The proprietors of Pleasant Valley Soaps moved into a new "home" with a large post-and-beam barn that permitted them to run their business more efficiently "without having soaps drying all over the house." Local contractors benefit by wiring these spaces and ensuring that they provide adequate privacy. Chris Marcus of Conix Systems, Inc., is based in Jericho. He says, "I have a separate office that's stand-alone away from the main living area of the house. In fact I think I'm 20 to 30 percent more efficient at home than in the office. It's sound insulated. I can close the door when I walk out at night and leave the work behind."

The growth of this market has implications for the community as well. Deborah Markowitz, Vermont's Secretary of State, says, "Microbusinesses are the key to economic stability in Vermont. We work hard to bring in a few big industrial players, but it is hard to compete with other states given Vermont's regulatory requirements and our limited ability to offer incentives such as tax breaks. We have set up an infrastructure that supports small business." She notes that it is important to integrate businesses and residences, and she notes that it is part of building stronger communities. A community with more home-based workers may find that more people are available to support local institutions from the Chamber of Commerce to the PTA and the Rescue Squad.

Her perspective is echoed by Steve Filmanowicz of the Center for the New Urbanism (CNU) based in Chicago who says, "CNU members believe strongly in bringing workplaces and residences closer together in walkable, mixed-use neighborhoods. Whether people are working at home or in workplaces within the community, they have more opportunities to participate in the professional, civic and social life of that community, and more opportunities for relaxation, and they're wasting less time on things such as long auto commutes or chauffeuring family members to far-flung sports or cultural commitments."

Bruce Seifer, Assistant Director for Economic Development of the Community and Economic Development Office in Burlington cites figures from a 1993 study that showed 11 percent of urban residents and 13 percent of rural residents were working from home. He continues, "The growth of self-employment in Burlington has been going up for over 20 years and the City of Burlington has targeted our programs and services to support self-employed home-based businesses. We set up programs to provide support to this sector of the economy. We provide counseling, financing, help in the permitting process, and technical advice. When we did this over 20 years ago, it was not standard. Most people were trying to recruit large industry. When we started the women's small business program, bankers didn't think there was a market for supporting the growth and development of women-owned businesses. Our phone rang off the hook when we announced the program. And the number of women-owned businesses has grown over time. As a result our economy is strong. Most people grow up to be much bigger companies; some stay self-employed. I truly believe this is important."

In the past, home-based work posed regulatory challenges. Today, manufacturing, storage, signage, noise and expanded parking still require regulation in residential zones, but planners and CEOs have welcomed the reduction in stress on downtown facilities as workers who spend part of the week off the premises reduce the need for office infrastructure, parking, and the burden on utilities. Ghazi says that at-home work "is sustainable in terms of the environment. There's already houses built. They go empty most of the day. They're still being heated, there's still lights on, so why not use the resources that are available in the home

environment, so you don't have to put more cars on the road and you don't have to build more buildings. To us, that is a passion, because it transforms not only the individual, but the home environment. You can continue to create sustainable jobs for Vermont and keep the landscape the way it's looking."

However, there are infrastructure challenges that remain to be resolved. According to Secretary of State Markowitz, "Vermont has some pretty significant challenges with home-based businesses and micro enterprise. We don't have the telecommunications infrastructure we need to support these businesses. There are many places in Vermont without broadband, and that is a problem. A business can't succeed without easy access to the Web." Such limitations have made it impossible for some of Vermont's highly qualified professionals to get jobs. Marcus says, "I've put three or four ads in the Burlington paper looking for people, and I've gotten resumes back of really highly qualified people but they didn't have high speed. It's a perfect industry for Vermont. I was amazed at the resumes that I got; there are some very qualified people, but I couldn't hire them because of the connectivity. That's an absolute requirement."

There are however, places where telecommunications is fueling the economy. Seifer says, "With technology in place we are building a fiber-optic network throughout Burlington. We feel that this is an economic incentive or an economic utility that we're providing to the home, and we're targeting home businesses through building telecom and providing inexpensive robust fiber services." Mike Charles of Conix Systems, Inc. closed the "chrome and glass" building he ran in the state of Georgia for a telecom-based business headquartered in Vermont. Ghazi says the telecommuting model will be important, "regardless of globalization, and whether your people are all in one location or in multiple facilities, or your customers and your chain of suppliers are in multiple facilities in different countries in different states. You have to work with them effectively and motivate them and get them to deliver, and deliver for them. So it's a benefit to supervisors and management and team leaders to work with this remote population."

But, if there are challenges, the increasing number of home-based businesses also provide growth opportunities for the chambers of commerce and other civic organizations that can offer events that will bring sole proprietors and the principals of non-employee businesses downtown for education, professional contact and civic improvement events. They are boosting their membership base with services like life and health insurance that may be difficult for sole proprietors to find elsewhere. For home-based workers, such events can provide a needed opportunity to network and socialize. Other business owners identify a need for a place to get logistical support: a part-time secretary, a color copier, a place to meet with clients or even a facility that will allow them to exercise while also logging on to the Web.

The benefits will accrue not only to the workers, but to the businesses that support them and the communities that welcome them. Secretary of State Markowitz said, "I find that people who live and work in the same community find it easier to participate in the life of our towns. They feel connected to the town so they volunteer more, they show up for town meeting, they care about whether there are flowers planted in the town green and that the kids next door have a safe place to go after school."