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## Increase Of Home-Based Businesses In Upper Valley Considered Positive For Communities

TECHNOLOGY RESPONSIBLE FOR MORE FLEXIBILITY IN SCHEDULES

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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. In Vermont, the number of non-employer firms increased steadily from 49,000 in the 1990s to 56,000 in 2003. In New Hampshire, the number of home-based businesses increased from just under 85,000 in 1997 to just under 100,000 in 2003. 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 the past three years.

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 or did contracting work. In Vermont and New Hampshire, 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. Many are doing some portion of their primary job from home on one or more days of the week, or at night and on weekends.

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 the state.

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. Harvey Brotman of Chaos Computing in Lyme says he works long hours managing computer networks and may be e-mailing clients late in the evening, but that working from home means he can see his family even if he is at the desk at one o’clock in the morning. For others, work life needs to flow seamlessly around the Little League game or the frail parent’s medical appointments.

Carol Edwards of the Institute for Innovative Technology in Medical Education in Hanover notes that she chose to work from home in part because she wanted to be available when her daughter came home from school. She also thinks it keeps her more connected to the community. Home-based work also provides a valued flexibility in the work schedule, permitting phone calls, e-mail, client contacts, paperwork and concentrated focused work to mesh with client needs, work process and fluctuating energy levels. Flex time is also an advantage for those with clients in different time zones, and it makes travel to professional conferences and educational seminars easier to schedule.

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. Brotman says that the temptation to go into the home office for “just a moment” can easily turn into hours spent at the desk. There is no leaving the office behind when it moves into the home and, according to Arlie

Hochschild, author of *The Second Shift*, some home-based workers actually seek the sanctuary of the office to escape the demands of the home work place.

However, increasingly, businesses are making home-based work an accepted and expected part of their work regimens. 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.

Hanover's John Steidl of the multi-national Thomas Group says it is clear that expectations are greater now than they were 15 years ago, but it is not clear, he says, whether all employees can be depended on to do their work from home. "For certain types of work, it's fairly easy to measure productivity and compare employee performance in the office and at home. But there are other types of work where individual productivity is not so easily measured. In those cases, employers may be more reluctant to move the work to a home environment where traditional management-by-walking-around is not an option." It is also clear that some job descriptions may require on-going contact with colleagues and a team focus, but for those whose work can be done independently, the benefits for the employee and the business can be attractive.

The benefits accrue to the business community as well. 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 shipping, copying and file storage. They purchase office equipment, furniture and supplies, from reams of paper to home computers and fax machines, from bookshelves to the lighting needed by those "burning the midnight oil."

There are other benefits that are still more difficult to measure. Real estate brokers now show properties with "home offices" that can permit client meetings without revealing the clutter of family life. Local contractors benefit by wiring these new home offices. John Steidl says, "We've just finished a fairly major renovation that involved, among other things, moving my office space from a dark corner in the basement to a much nicer room. My wife used that as a selling point to sell the renovation. I actually have some real office space now, which really helps, but it was home networking that was the one concrete thing that I thought about."

Carol Edwards notes that her business accounts are at the local bank, and that she supports a local eatery when she orders food for business meetings. Harvey Brotman describes running into a client when he and his wife went to a local diner. "She told my wife, 'this man saves me,'" he said, underlining the importance of the downtown meeting place for both client and consultant. And some businesses, from laundromats to fast food outlets, have capitalized on the needs of the home-based worker by supplying wireless connections as an adjunct to their other operations.

The growth of this market segment has implications for the larger community as well. Deborah Markowitz, Vermont's Secretary of State, says, "Micro businesses 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." The Vermont Forum on Sprawl has long championed the mix of business and residential development in downtowns throughout the state with a mission statement that seeks to "encourage economic vitality in community centers and preserve Vermont's unique working landscape and quality of life."

In the past, home-based work posed regulatory challenges. Today, manufacturing, storage, signage, noise and expanded parking still require regulation in residential zones, but as Jonathan Edwards, Director of Planning and Zoning in Hanover says, if home-based work is about "moving electrons around," planning

commissions have fewer concerns. There are also benefits in reducing traffic and pollution. Edwards says his office used to project a percent-and-a-half increase in vehicular traffic annually, but instead they have seen a decrease in the rate of traffic growth despite an increase in population.

Planners and CEOs have also 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. Larry Sudlow, Manager of the Rutland Office of Employment and Training of the Department of Labor says, "I would love to see [home-based work] expand. It meets the needs of several populations. It meets the needs of workers. It potentially solves some of the problems for employers. The less we rely on gasoline to move people around, the better off we are."

However, there are infrastructure challenges that remain to be resolved. The availability of DSL lines and cable access have become critical factors in the regional economy and in regional planning. Technology can affect the demographic character of communities, as people settle where they have cell phone access or high-speed transmission options.

Monte Clinton is a technical and imaging consultant based in Etna who retired recently from Dartmouth-Hitchcock Hospital. He now consults with hospitals that need to transmit their radiological information on the Internet. He was one of the founders of a group that is pressing for high-speed access. "I think of the Internet connection as just as important as electricity was in rural electrification," he says. "All citizens have to have access. Without Internet access, the value of my house has diminished and I think my property taxes should be reduced." Planner Jonathan Edwards notes the need for high-speed access by a population that includes those who have moved to the area because they can continue to do their work "unshackled to the metropolis."

Vermont, too, has problems with access, 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."

While telecommunications remains a challenge, the increasing number of home-based businesses also provide growth opportunities for many chambers of commerce and other civic organizations. Monte Clinton has joined the Rotary Club to counter the isolation of working without professional colleagues nearby. Clinton says it would be good if people who were working in home-based businesses could get together to provide shared services or meet others and network. Chambers of commerce can offer events that will bring sole proprietors and the principals of non-employee businesses downtown for education, professional contact and civic improvement events, as well as boosting their membership base with services like health insurance that may be difficult for sole proprietors to find elsewhere. Other business owners identify a need for a place to get logistical support, such as an Internet connection, a part-time secretary, a color copier, a place to meet with clients or even a facility that will allow them to work out while also logging on to the Web.

Time is a fluid commodity for home-based workers; schedules are complicated and often at the mercy of client needs. Any business or organization that hopes to serve their needs will have to take into account their desire to participate but inconsistency in their availability. Still, with a workforce that is increasingly working from home, where the den may give way to the family Internet café with all members logged on from the living room, there is a broad opportunity for continued growth in home-business connections. The benefits will accrue not only to the workers, but to the businesses that support them and the communities that welcome them.

In discussing home-based work in Vermont, 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."