Thinking about starting a home-based business? There are some distinct advantages, including lower startup costs, tax breaks, and greater control over your schedule. Plus, many of America’s most famous companies started in their founder’s home. But as with any major decision in life, it’s important to examine the pros and cons and consider the key factors in starting a home-based business.

Factors to Consider:

1. **What can you create and sell?**
   Do you have a skill, talent or passion that can be turned into a product you could profit from locally, nationally or globally? Many services and products such as one-of-a-kind handmade items can be created in your home and sold online from your laptop computer.

2. **How can you differentiate your business for success?**
   Before you launch your business, it’s important to conduct a market analysis of the product or service you want to sell and of your potential customers. By doing this, you can determine how unique your product or service will be and how your business can potentially succeed.

3. **Where should you sell your products?**
   There are many online platforms available to help you successfully launch and sell your product or service, including Shopify, eBay, Amazon, GoDaddy, and Etsy. Many of these platforms make it easy to sell and ship products online, build a customer base, and expand your geographical reach – allowing you to focus on making and improving your product. Most are also free to use for smaller businesses and will not require significant upfront costs.

4. **How can you optimize your workspace?**
   Make sure you create space in your home to help your business run properly. Depending on your industry, that can mean setting up a dedicated office or adjusting space in your home to store inventory and important documents. Be sure to think through how your supply chains and other processes will be impacted by having your home serve as the primary business address.

5. **What are the best ways to market your product?**
   Social media platforms like Facebook, Instagram, and Twitter are great tools to help promote your products and services online. Many selling platforms, such as Shopify, can connect your business directly to your social media accounts. Meeting platforms, including Zoom and GoToWebinar, also give you opportunities to engage with customers virtually. Finally, you may want to explore developing a website to help sell your products or services. Get started by creating a marketing plan by checking out the [AARP Marketing Strategy Essentials Worksheet](#).
Taxes
As a small-business owner, you will be required to pay individual and employer taxes. Talk to your tax adviser to determine what items at home you're able to write off that you use for your business, such as your home office or inventory space. Visit the Small Business Administration's guide on paying taxes to learn more.

Regulations
There are regulations at the federal, state, and local level for running home-based businesses. Be sure to research them to better understand how they apply to you.

Insurance
While your business is located in your home, you may need to carry liability insurance depending on what you're selling. Contact your insurance agent to determine the best plan for you.

Home-Based Business Scams
Be wary of the numerous scams that target home-based businesses. Do your research on any businesses that seem too good to be true and make sure to educate yourself on common scams and fraudulent practices.

Work-Life Balance
It's important to establish and maintain a balance for your mental and physical health. Having a defined office space in your home can also boost productivity and help create boundaries between work life and home life.
Home-Based Business Readiness Checklist:

Check the box when you've completed each item. When you're done, you'll be well on your way to launching your home-based business.

☐ Have you determined what your home-based business will sell?
☐ Have you determined the need for your product or service?
☐ Have you weighed the pros and cons of starting a home-based business?
☐ Have you determined how you will sell your product or service?
☐ Have you decided how you will market your product or service?
☐ Is your home set up for running your business?
☐ Have you taken steps to preserve your work-life balance while running your home-based business?
☐ Have you worked with your tax adviser on paying your business taxes and deducting expenses?
☐ Have you researched federal, state, and local regulations for running your business?
☐ Have you spoken with your insurance agent about liability insurance for your business?

Be sure to check out the AARP Building a Business Plan Worksheet to help take your home-based business idea from dream to reality.

Resources:

As you begin your business journey, AARP is here to help. Visit aarp.org/beyourownboss or aarp.org/startabusiness for relevant tipsheets and worksheets.

Tax Facts From the U.S. Small Business Administration
5 Ways to Start Selling Online
AARP Funding Your Business Tipsheet
AARP Marketing Strategy Essentials Worksheet
How to Make Your Home Business Energy-Efficient