

CRAFTS BUSINESS STARTUP TIPS

A collection of articles by Barbara Brabec, republished from her HandmadeForProfit.com blog (now closed).

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Starting a Home Business? Talk to Loved Ones First

Any business run at home will be stressful at times, but much more so if you don't have support and encouragement from those you love. You may have total privacy from the world in your own home, but not from your family.

Your children, spouse or partner—as well as friends and relatives—are going to constantly intrude into your daily work schedule, and it's really tough to tactfully tell your adult siblings, mother, or mother-in-law that you're too busy to visit with them. It will help a lot if you talk to your loved ones before you even begin your business, explaining to them what you want to do and what they might have to do (or give up) to help you reach your goals.

Let everyone know that you have established a work schedule for yourself and ask that you not be disturbed during those hours. You may be surprised by the support you'll receive once you have started your business and shown your family and friends how serious you are about what you're doing.

Your family should also be involved in the decision about where you are going to set up your office, studio, or workshop, where supplies and materials will be stored, and so on. If you're tight on space, make room for what you want to do by changing the way you live. You have space somewhere—the trick is to use it efficiently without greatly inconveniencing any other member of the family.

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You Can't Ignore the “Nitty-Gritty Legal Stuff”

Creative people rarely want to hear this, but a certain amount of “nitty-gritty legal stuff” goes hand in hand with even the smallest homebased business. There's no sense in starting a business if you're not going to pay attention to all the rules and regulations that apply to even the smallest business at home. To do this, you'll probably have to adjust your attitude a bit.

“But I just want to make a little extra money,” you might say. “I don't want to mess with all this legal stuff.” If that's how you feel, you might as well go back to your knitting, or whatever it is that you love to do and were hoping to make money from.

Even if your financial goals are small, it's important to develop a professional attitude right from the start because your attitude will have everything to do with the amount of money you'll make. If you just want to make “extra money,” that's all you'll ever make. But if you need to contribute to the family income, you will change your attitude accordingly and get more serious about what you're doing. At that point, your chances for making a real profit will increase dramatically. In

your business journal in your planning area, make a firm statement about your attitude about money and what you'd like to do with your craft earnings.

Don't be scared by the idea of "business." It's easy to hide behind the excuse of just wanting to make extra money, but many crafters do this because they are simply afraid of the unknown. While it's natural to be fearful of what you don't know, the good news is that craft business basics are very easy to learn.

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How to Work Around Restrictive Zoning Laws

If you haven't done it already, learn where you stand by reading a copy of your community's zoning regulations, either at city hall or in your city library. Find out what zone you're in and read the section that pertains to home occupations.

If you're already in business and think you may be operating illegally, do *not* use your home or business phone number to get this information from City Hall because many municipal numbers now have Caller ID. (The city of Tacoma, Washington, reportedly has a zoning bounty hunter who tracks down zoning violators and fines them retroactively, and this may well be happening in other communities as well.)

If you rent, or live in a condominium or town house, be sure to check your lease, apartment regulations, or condominium covenants for any clause that may prohibit a homebased business. A business in one unit of a co-op apartment, for example, can affect the tax-deductibility aspects of others in the building. So even if local zoning ordinances aren't a problem, this sort of thing could stop you dead in your tracks if your business activity involves the sale of products or people coming and going. On the other hand, if you are selling your products on the Web and no one is coming to your home to pick up products, who is to know you're running a business at home unless you tell them?

One of my readers shared this helpful perspective: "I live in a condominium association that forbids any work at home, but my writing and Webmaster duties bother no one, so I continue to work and I am not telling anyone what I do. I have a Mail Boxes Etc. account and I use that address for all business, including my business license (even though my state says you shouldn't do this)."

Regardless of laws to the contrary, I and many others believe we all have a right to do whatever we wish in our own home *so long as we do not bother any of our neighbors or do anything to change the nature of our neighborhood*. If you are generating income from a website and have no customer traffic into your home, I suggest you continue to do what you feel you must do and don't discuss your

work with neighbors. Most homes have computers these days and what you do on your computer should be nobody's business but your own.

If you know you are in violation of zoning laws, and choose to operate illegally, you do need to plan on the possibility that you might someday be brought to the attention of local authorities and forced to cease business operations. Although there have been exceptions, people are rarely fined for zoning violations unless they persist in the operation of a business after they've been warned to

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Licenses and Permits

A Tip from Barbara Brabec's [Crafts Business Answer Book](#)

What's the difference between a license and a permit? Do you need one or the other?

A **license** is a certificate granted by a government agency that gives one permission to legally engage in a business, occupation or activity. Depending on the type of business you plan to operate, you may need a license from certain municipal or county agencies. Food-related businesses, for example, are subject to special restrictions and inspections by both local and state health departments. If you work with flammable materials, you may need some kind of permit or official okay from the Fire Department. If your business causes the release of any materials into the air or water (even a ceramic kiln), you may need approval from the local environmental protection agency.

A **permit** is similar to a license, except it is granted by local authorities. Some communities require a permit for almost everything while others require it only for businesses that involve food, direct selling and home shops. In years past, permits were rarely required for small craft businesses. Now, however, many communities see homebased entrepreneurs as a great source of extra revenue. So, depending on where you live, you might have to pay between \$15-\$200 for a "home occupation permit" that contributes to community coffers but does absolutely nothing for you.

If a license or permit is required and you operate without it, you run the risk of discovery, which could lead to a fine or an order to cease your business. No one goes around checking to see who has a license and who doesn't, but authorities sometimes discover unlicensed businesses by checking state sales tax returns and resale licenses, or they might read about a crafter's homebased business in the local newspaper and check their records to see if the business is registered. Call your city or county clerk for more information on this topic.

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Register Your Business Name or Risk Losing It

A Tip from Barbara Brabec's [Crafts Business Answer Book](#)

In the U.S., registration of a business operated under any name other than your own is required by law because a fictitious name must be connected to the name of an individual who can be held responsible for the actions of a business. Moreover, if you like the name you've given your business, the only way to protect it is to register it locally. Otherwise, anyone can take it from you simply by registering your business name in connection with theirs.

Some states require registration even when one's real name is part of the business name, so you'll need to check this on your own. Simply call your city or county clerk (depending on whether you live within or outside city limits). Since registration of a business name is a simple and inexpensive matter, take care of it today.

Already started your business? Don't worry about your failure to register earlier even if you've been in business for some time, because the form you have to complete won't ask for the date your business was started. When you register, be sure to ask when you have to renew the registration of your name because you won't be notified. You should also register your business name with the state (call your state capital) to prevent its use by any corporate entity. To protect your name and business logo on a national level, consider filing a trademark.

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Barbara Brabec

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