

PAUL AND SARAH EDWARDS: LIFESTYLES FOR THE MILLENNIUM



Paul and Sarah Edwards (www.middleclasslifeboat.com) are the authors of *Middle Class Lifeboat* and 16 other small-business books.

Right-size your business by moving home

ARE RISING COSTS and a dipping economy threatening your business? Why not cut your costs by moving your office into your home? Becoming a home-based business lets you reduce or eliminate the cost of:

- **Office or store rental.** Instead of paying rent, you can get a tax deduction for your office space.
- **Commuting.** Auto expenses drop dramatically when you can walk to your office.
- **Business-related travel.** Some travel to and from your home becomes deductible.

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- **Food.** Coffee breaks and lunches are far less expensive at home.
- **Insurance.** Riders or endorsements on your homeowners insurance policies may cost less.
- **Personnel.** It is relatively easy to become a virtual company with your personnel working from their homes.
- **Taxes.** Possible deductions include a portion of homeowners' dues and real estate taxes, furniture converted to business use and a portion of the cost of entertaining business associates at home.

By keeping such costs down, many companies shifting to a home-based model find they can even lower their prices while maintaining or even increasing profits.

Working from home is eco-friendly—a definite plus in the minds of many clients and customers.

A caveat: Before making the leap, get professional advice. Does your zoning allow you to operate your type of business from your home? Does your business license restrict you from conducting the business from a residence? If you sell merchandise, does your supplier place restrictions on selling to a business located in a home?

If you do make the switch, you'll find there's a bonus beyond the bottom line: increased personal satisfaction. Surveys show that nine of 10 of those who are home-based report they are happier working from home. Their reasons are: more control over their time, more time with family, greater flexibility to balance home and work, a more relaxed environment and more time to be involved with their local community or personal interests outside of work. ☐

Six ways businesses can retain customers

WHEN TIMES get tough, grabbing new business becomes the focus. That approach couldn't be more wrong, according to Costco member Neile King, vice president of Smart Online (www.smartonline.com), which designs a variety of office management applications for small businesses.

King points out it costs twice as much to gain a new customer as it does to hold on to an existing one. He lists six actions any small business can take to retain customers.

- **Provide a progress report.** Show your client the work you've done and the results achieved. By providing something the client can read and react to, questions are answered and suspicions are

eased. What's more, a customer may realize he or she needs you to do additional work.

- **Meet face to face.** Meeting in person says you are interested in your client's business and gives you an opportunity to literally see things that you can help address.

- **Avoid jargon.** Use terms the customer can readily understand. He or she will feel more comfortable and sense you're working with together as a team.

- **Ask for feedback.** Throughout the work process, show the customer by word and deed that comments are taken seriously.



- **Tune your offering.** As proud as you may be of your product, remember it's being made for the customer. Make certain you know exactly what your customer wants.

- **Be open to change.** For any number of reasons, customers' needs change. Customers know they are valued if you show a willingness to work with them. ☐

The Great American Small Business Challenge

COSTCO MEMBER Mike Kramer, president of online business management tool OnTheSystem (www.onthesystem.com), advises, "To survive the current economic downturn, companies need to ensure they're operating at peak performance."

In conjunction with 35 participating Small Business Development Centers—a program offered through the Small Business Administration (www.sba.gov)—OnTheSystem is presenting the Great American Small Business Challenge (www.tgasbc.org). The Challenge is designed to help small-business owners "clarify their vision, set realistic goals, plan strategies, implement best practices and create a program of continual improvement."

Participants in the Challenge, which is offered at no cost, get free use of OnTheSystem's online business planning and management tools plus counseling and other assistance.

While it sounds like a contest, Kramer emphasizes, "We've structured the Challenge so that everyone who participates can be a winner." ☐

Trade secrets revealed!

HOW HAVE YOU shifted your business strategy to cope with the current economic situation? If your business has a success story, *The Connection* wants to print it! Please e-mail it to us at connection@costco.com (put "Save our business" in the subject line), or send your story to *The Costco Connection*, P.O. Box 34088, Seattle, WA 98124-1088; or fax to (425) 313-6718.