

# Understanding Home-Based Businesses in the Slocan Valley Fall 2017

## SECTOR RESEARCH REPORT: Home-Based Businesses



### Executive Summary

The Understanding Home-Based Businesses project explored local home-based businesses experiences in the Slocan Valley.

This report presents the findings from the Understanding Home-Based Businesses in the Slocan Valley survey. The survey was divided into five sections: Characteristics, Training, Technology and Innovation, Business Climate, and Growth and Development.

The first section of the report provides information on the characteristics of the survey respondents. Briefly, the majority of respondents were from Winlaw (30%), New Denver (21%) and Slocan (16%). 67% of all owners identified as female, while 75% of all secondary owners identified as male. Owners were most commonly between the ages of 35 and 44 (34% for 1<sup>st</sup> owners, and 43% for 2<sup>nd</sup> owner). Business owners most commonly held a post-secondary certificate or diploma (35%).

28% of all respondents have been in operation for between 1 and 4 years, while an additional 26% have been in operation for between 5 and 9 years. Home-based businesses that participated in the survey were most commonly from the following categories 'professional services' (12%), 'media' (12%), and 'art and craft' (12%). The majority of respondents (66%) reported that their business is their primary source of income. 46% of all respondents reported that their business was growing. Owners most commonly worked between 21-34 hours per week, and very few respondents had any paid or unpaid employees.

44% of businesses reported that their customers were most commonly drawn from the local area. 50% of all respondents reported that the home-based business they are operating is their first and only business, and the most common responses for the reason for starting the business was to fill a gap in the market and due to an opportunity (28% or 16 respondents). Just 18% indicated they had a plan to move their business outside of their home.

The Training portion of the survey found that just 52% had previously attended a training course. Respondents expressed interest in training opportunities in the areas of accounting and finance (16%) and marketing and promotion (13%).

With regards to the Technology and Innovation section of the survey, wireless service was the most common form (60% or 34 respondents) of telecommunications access reported by respondents. The internet is widely used, with the most common usage for email (55 respondents) followed by banking (48 respondents), and research (46 respondents). Just 18% of respondents reported that between 76 and 100% of their business was based on online trade or sales. 24 businesses reported that they had introduced a new product, service, process or technology in the previous 12 months, the same number have intentions of doing so in the next 12 months.

When considering the Business Climate, businesses most commonly (52%) felt that the climate was fair. When given the opportunity to provide some commentary on the business climate, responses included: the low population size, access to other markets, access to infrastructure (high speed internet, reliable internet access), geographic isolation, and low income levels in the community. When discussing the strengths in the community themes of community support, affordability, word of mouth/ networking, and the beautiful location were all mentioned. The majority of respondents (55%) believe that the business climate will improve over the next 5 years.

When looking at the Growth and Development portion of the survey, businesses were modest in the amount of annual sales, with the most common annual average sales of less than \$10,000 reported by 17 businesses, followed by \$10,000 to \$24,000 by 12 businesses. Market share was reported as either stable (49% of respondents) or growing (45%). Projected sales growth was modest, with 33% of respondents indicating growth in the amount of 1 to 9%, and an additional 31% of respondents indicating 10 to 24% growth. 17% of respondents are planning to add a product or service over the next 5 years. 57% of businesses have engaged in some level of business planning over the past 12 months, with the most common activities being cash flow projections, general advertising, and direct marketing campaigns. Respondents were divided, with roughly half (43%) indicating they wanted the business to stay small so they can continue to work from home, with an additional 43% expressing a desire to explore opportunities to expand the business. Sales, Business Technologies and Information Systems, and Customer Relations were the top three issues that could have the great impact on the business. High Speed Broadband was by far the biggest support identified by respondents as having the greatest value for their business among 79% of respondents.

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## Introduction

This report presents the findings from the survey undertaken in partnership between the Rural Development Institute at Selkirk College and the Slocan Valley Economic Development Commission.

The *Understanding Home-Based Businesses* project explores the characteristics and perspectives of home-based businesses in the Slocan Valley. This research is a critical first step toward better understanding how the Slocan Valley Economic Development Commission, the Slocan & District Chamber of Commerce, and other economic development stakeholders can best support these often 'hidden' businesses. This research study will build on findings from the Business Retention and Expansion (BRE) project, administered in partnership with the Columbia Basin Rural Development Institute at Selkirk College. For more information on the Regional BRE Program and to access the Slocan Valley BRE report please visit: [www.cbrdi.ca/bre](http://www.cbrdi.ca/bre).

For the purpose of this study a home-based business is considered to be any business entity selling products or services, run by a self-employed person, with or without employees, and operating on either a part-time or full-time basis from a residential property.

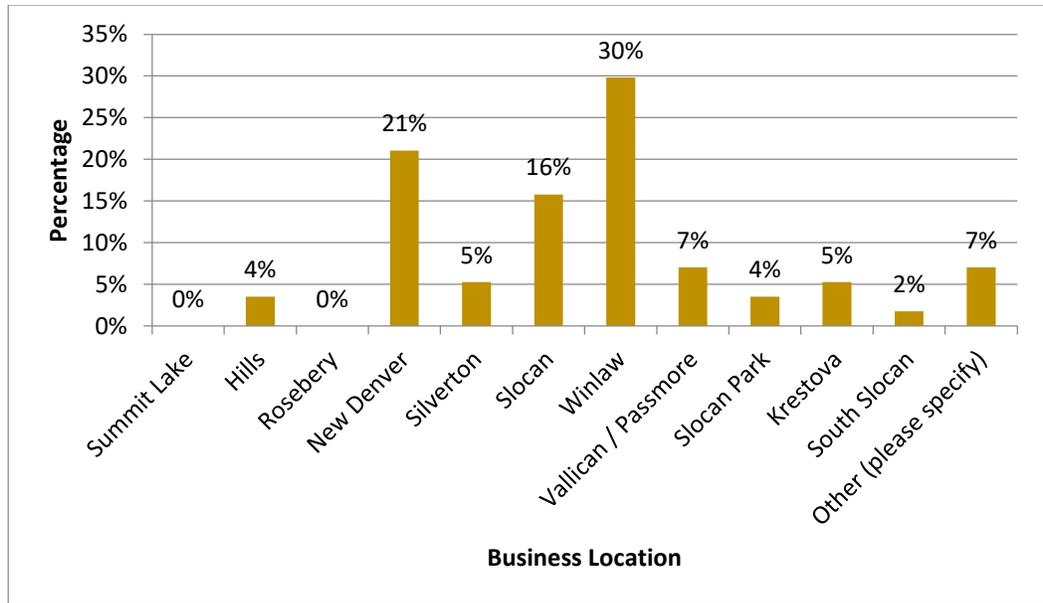
## Methods

The community partners leading the Understanding Home-Based Businesses project undertook a survey between October 2015 and April 2016. Data was collected using paper copies or online using Survey Monkey. A wide response was desired, and survey respondents were sought through word of mouth and by sharing information about the project to existing social and community networks. Paper copies of surveys were available for pick up and drop off at the Slocan Valley Co-op in Slocan Park, New Market Foods and the Valley Voice Newspaper office in New Denver. All completed surveys were entered into Survey Monkey by staff at the Rural Development Institute. In total 58 individuals participated in the survey. The response rate for this study could not be calculated because the number of businesses located in the Slocan Valley is unknown (business licensing is not a requirement). Regardless data from this sample does provide valuable insight into home-based businesses in the Slocan Valley. Quantitative data was analyzed using descriptive statistical analysis and qualitative data was presented using Wordle, with full qualitative comments provided in the appendices.

## Results

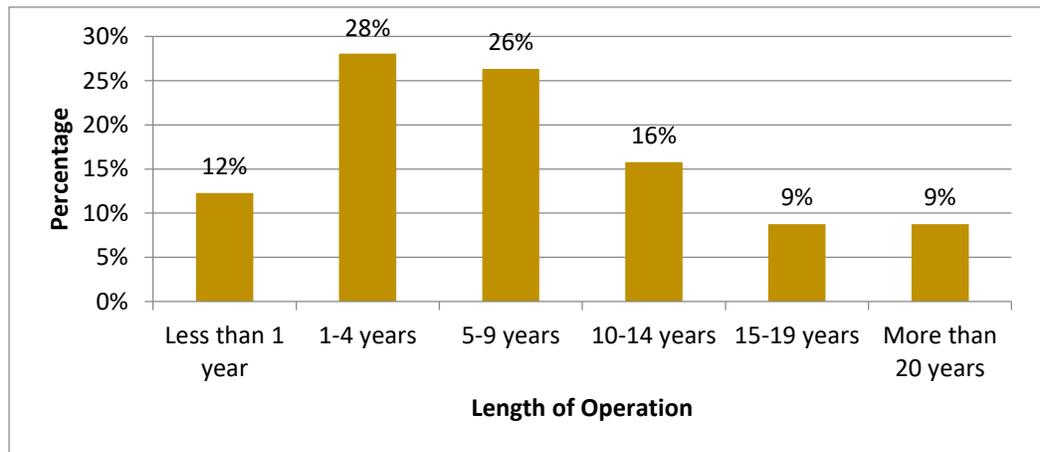
### Characteristics

The majority of respondents (30% or 17 respondents) reported that their business was located in Winlaw, followed by 21% (12 respondents) in New Denver, and 16% (9 respondents) in Slocan.



**Figure 1: Location of Businesses** (57 respondents)

28% (16 businesses) of respondents indicated that they have been in operation for between 1 and 4 years, while 26% (15 respondents), indicated that they have been in operation for 5 to 9 years.



**Figure 2: Length of Operation** (57 respondents)

12% of respondents (7 businesses) indicated that their business was related to professional services, media, and art/craft, respectively. 11% (6 respondents) reported that the business was consulting/coaching related. Refer to the Appendix for a list of the 'other' responses.

# Home-Based Businesses

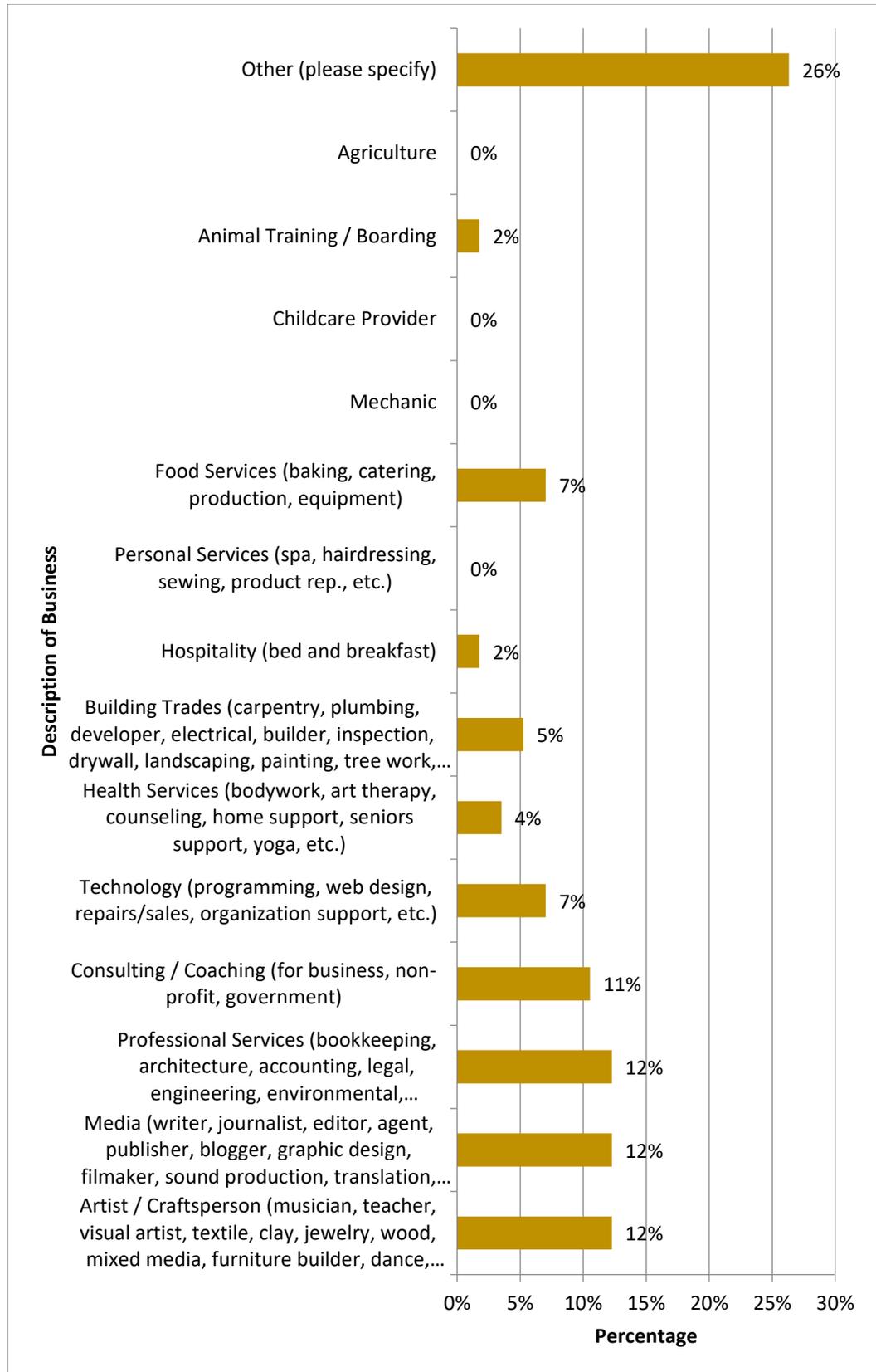
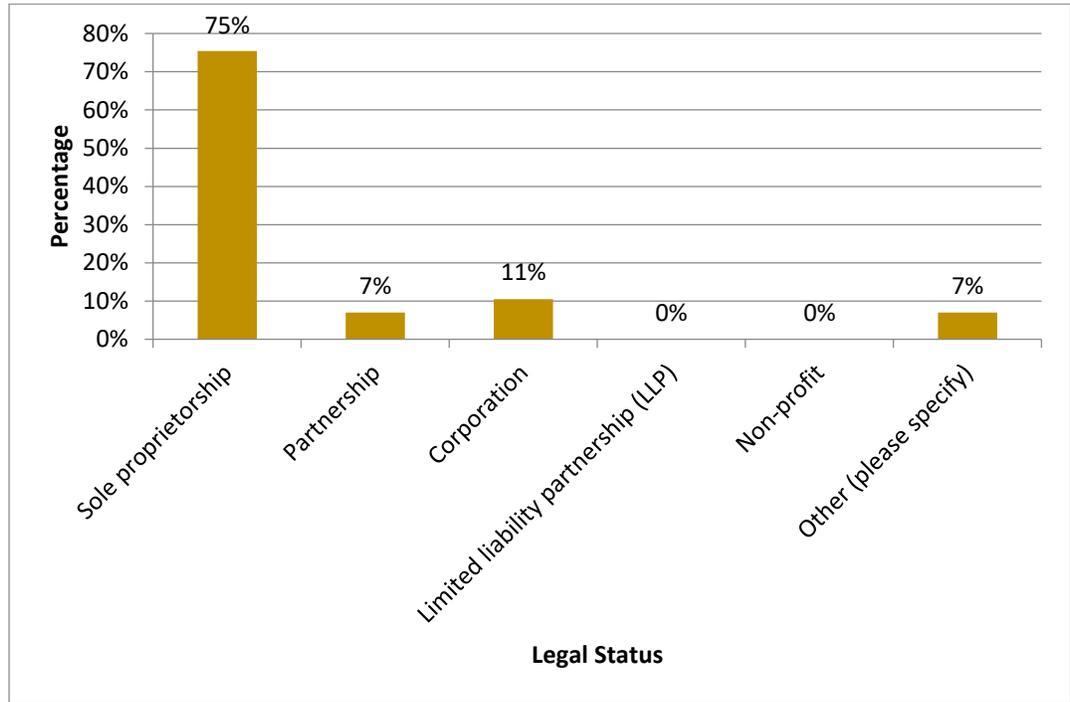


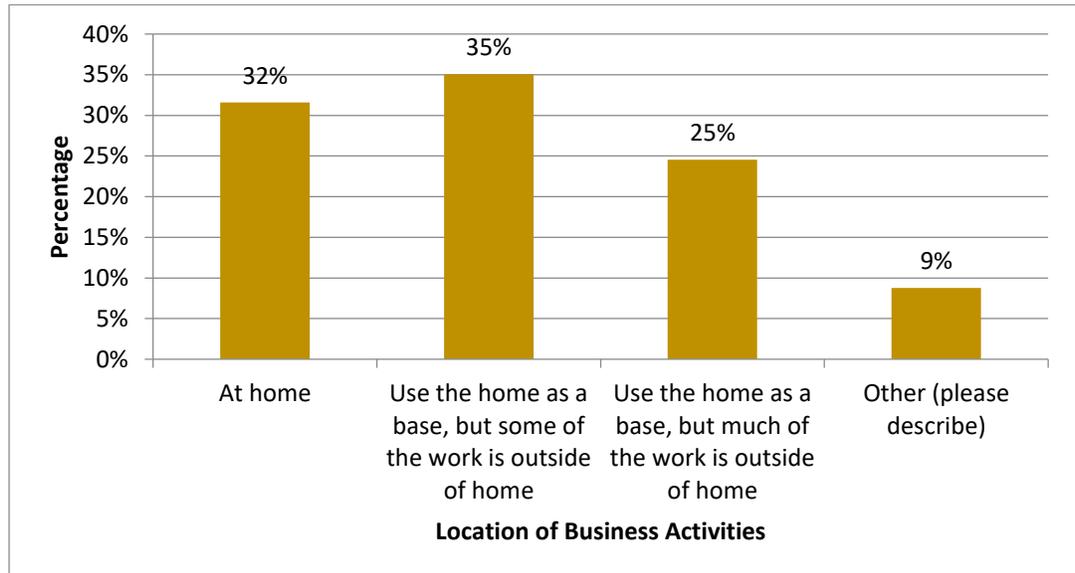
Figure 3: Description of Business (57 respondents)

75% of respondents (43 businesses) indicated that their legal status was as sole proprietorship.



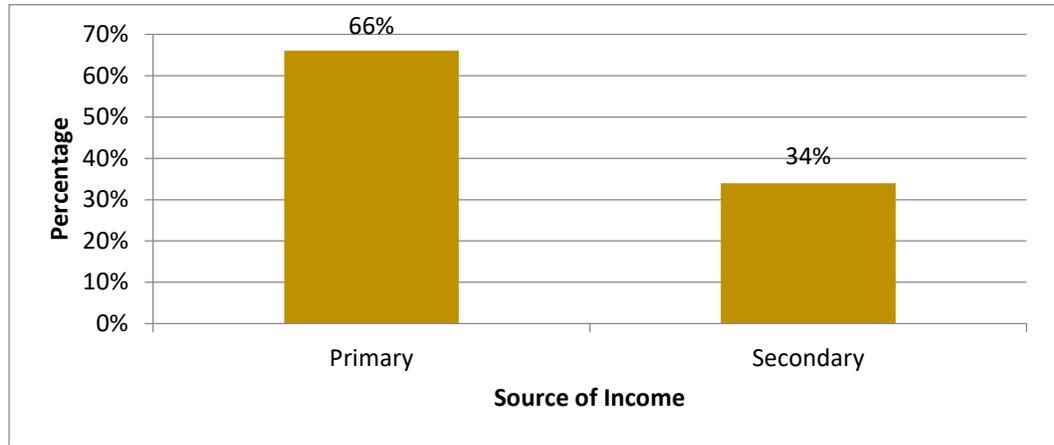
**Figure 4: Legal Status** (57 respondents)

The majority of respondents (35% or 20 respondents) use their home as a base, but do some work outside of the home, followed by 32% (18 respondents) who solely work at home. 25% (14 respondents) use their home as a base, but do most of the work outside of the home.



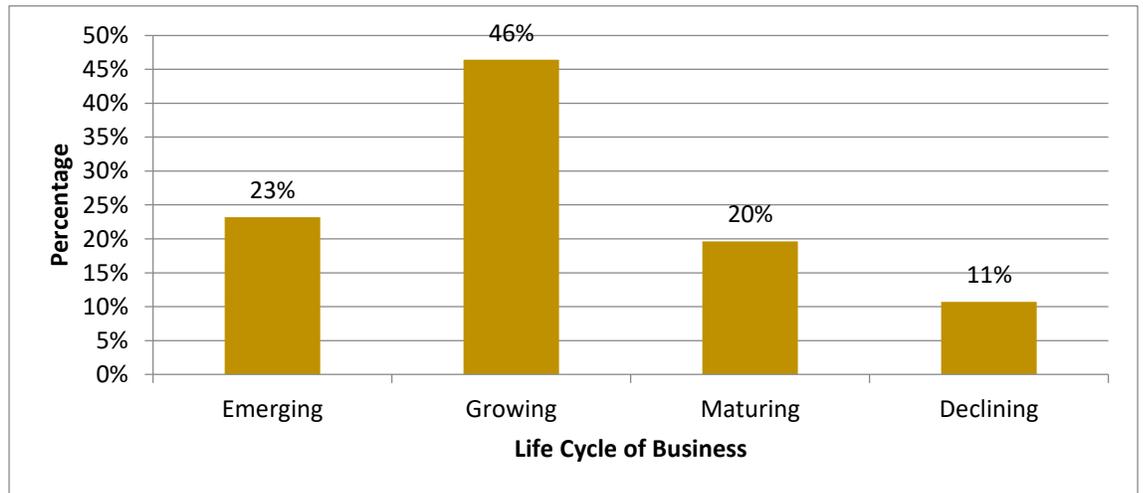
**Figure 5: Location of Business Activities** (57 respondents)

The majority of respondents (66% or 37 respondents) indicated that their business is their primary source of income.



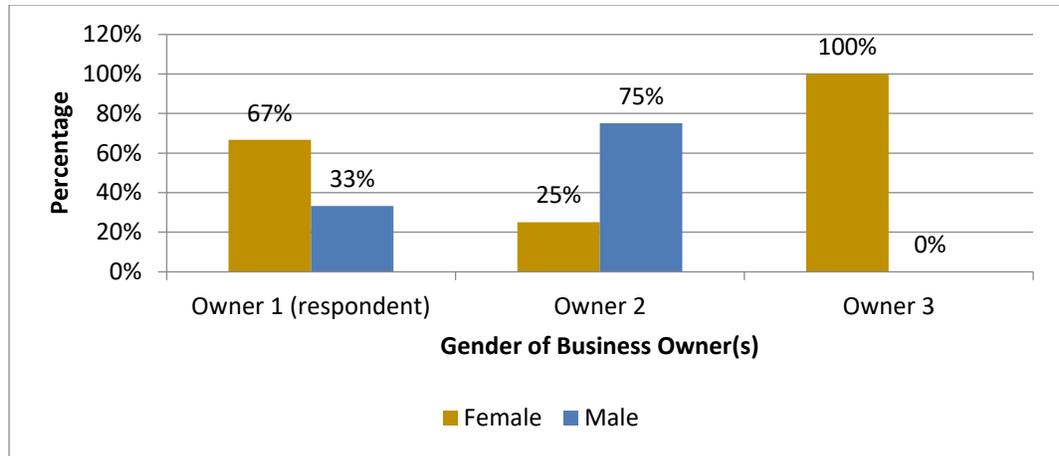
**Figure 6: Source of Income** (56 respondents)

The majority of respondents (46% or 26 respondents) indicated that their business is growing, while 23% (13 respondents) indicated it was emerging, and a further 20% (11 respondents) indicated it was maturing.



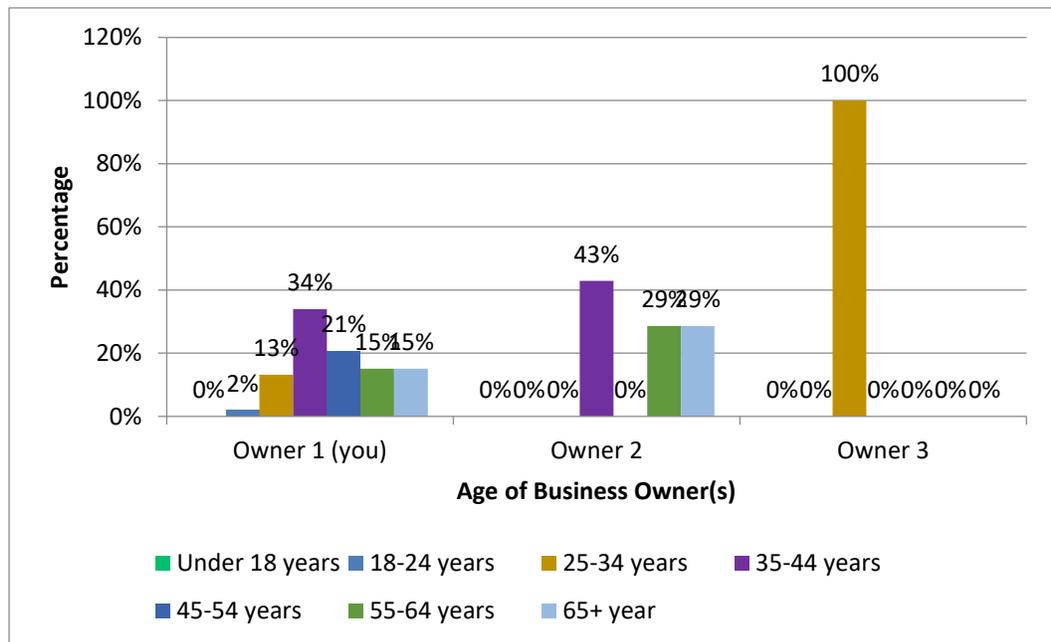
**Figure 7: Life Cycle of Business** (56 respondents)

The majority of respondents (67% or 36 respondents) indicated that the primary owner is female. Of the 8 respondents to indicate that there was a second owner, 75% were male (6 respondents), and just one respondent indicated that there was a female third owner 100% or 1 respondent). None of the respondents indicated that there was a fourth owner.



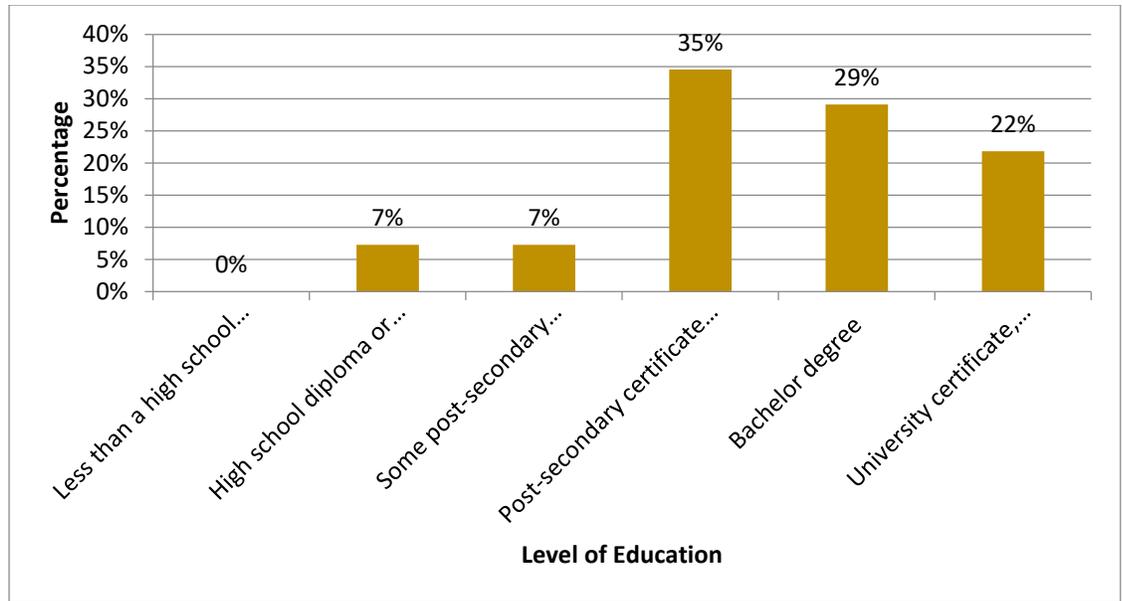
**Figure 8: Gender of Business Owner(s)** (56 respondents)

Of the primary owners, 34% of respondents (18 respondents) indicated that they were between the ages of 35 and 44, followed by 21% (11 respondents) between the ages of 45 and 54. Secondary owners were most commonly between the ages of 35 – 44 (43% or 3 respondents). None of the respondents indicated that there was a fourth owner.



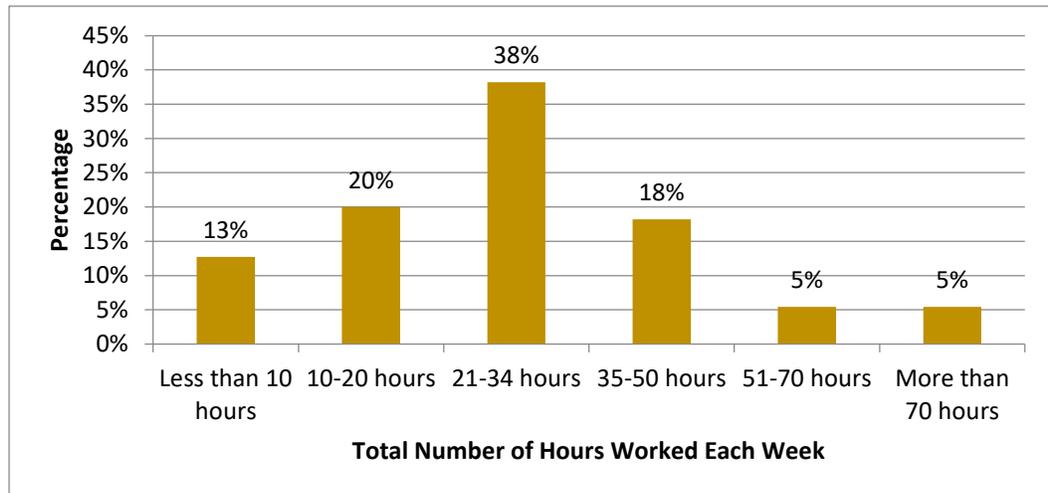
**Figure 9: Age of Business Owner(s)** (56 respondents)

The majority of respondents (35% or 19) reported that they had a post-secondary certificate or diploma below the bachelor level. The second most frequent response was a bachelor degree (29% or 16 respondents).



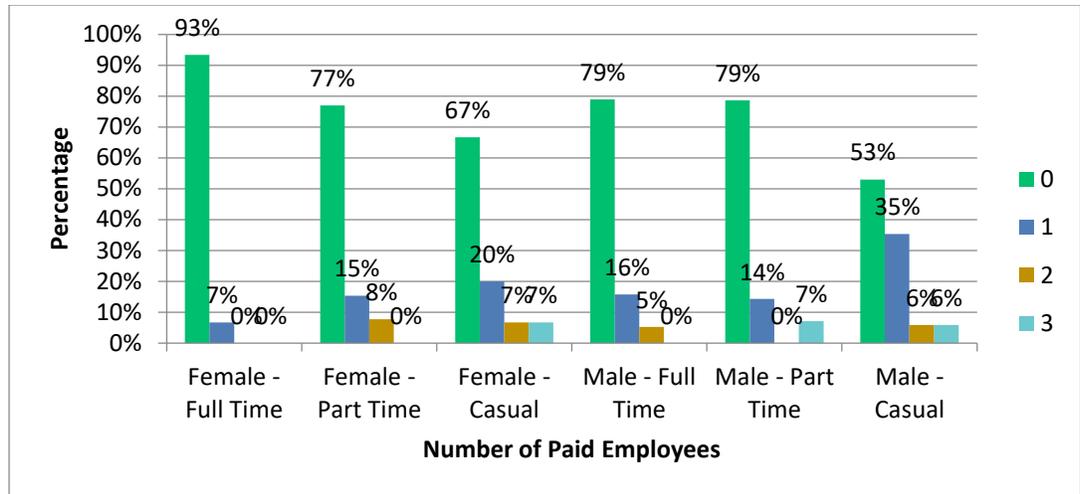
**Figure 10: Level of Education** (55 respondents)

Most respondents (38% or 21 respondents) reported that they work between 21 and 34 hours per week, with 20% (11 respondents) indicating they work between 10 and 20, and 18% indicating they work between 35 and 50 hours per week.



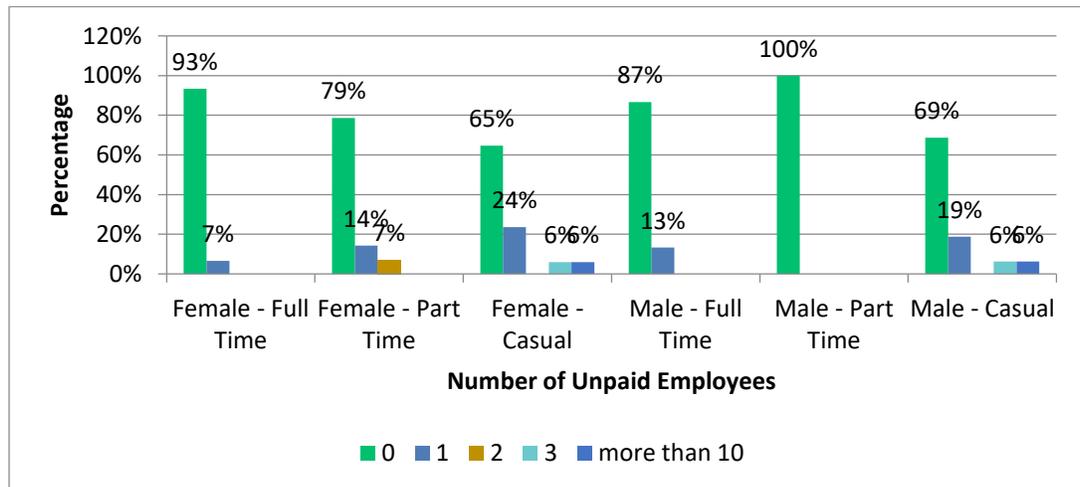
**Figure 11: Total Number of Hours Worked Each Week** (55 respondents)

The majority of respondents consistently indicated that they did not have any employees. The highest number of employees was in the casual male category, with 35% of respondents (6 respondents) indicating that they had 1 male casual paid employee. None of the respondents indicated they had more than 3 paid employees.



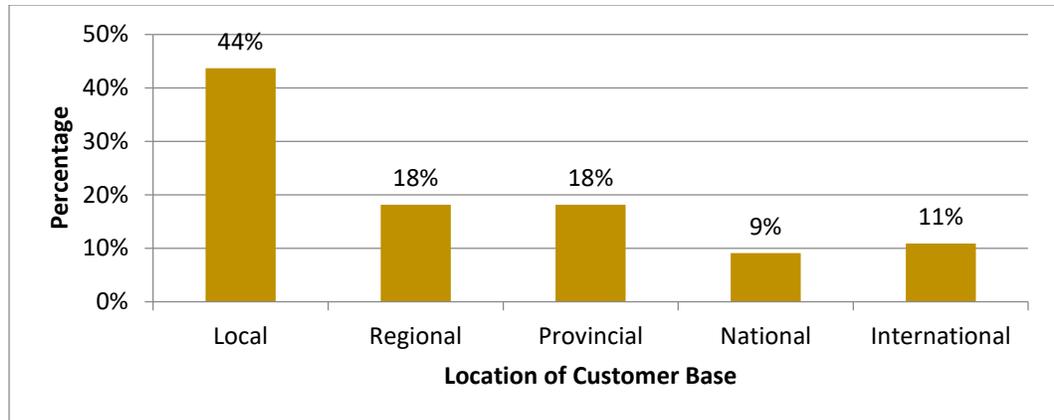
**Figure 12: Number of Paid Employees** (25 respondents)

The majority of respondents consistently indicated that they did not have any unpaid employees. The highest number of unpaid employees was in the casual female category, with 24% of respondents (4 respondents) indicating that they had 1 female casual unpaid employee. Notably, for both female and male casual one respondent indicated that they did have more than 10 unpaid employees assisting with the business. Other than the one business reporting more than 10 unpaid employees, none of the respondents indicated they had over 3 unpaid employees.



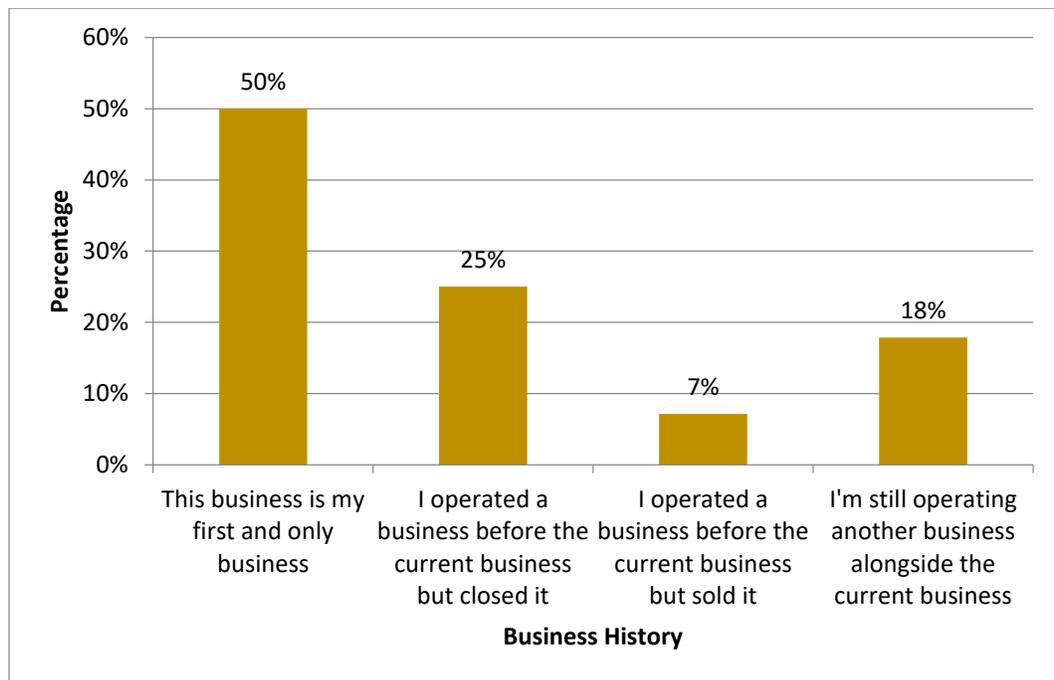
**Figure 13: Number of Unpaid Employees** (26 respondents)

The local area was the most commonly cited location for the majority of the businesses customer base (44% or 24 respondents). 18% (10 businesses) indicated they also serviced customers within the regional and provincial areas.



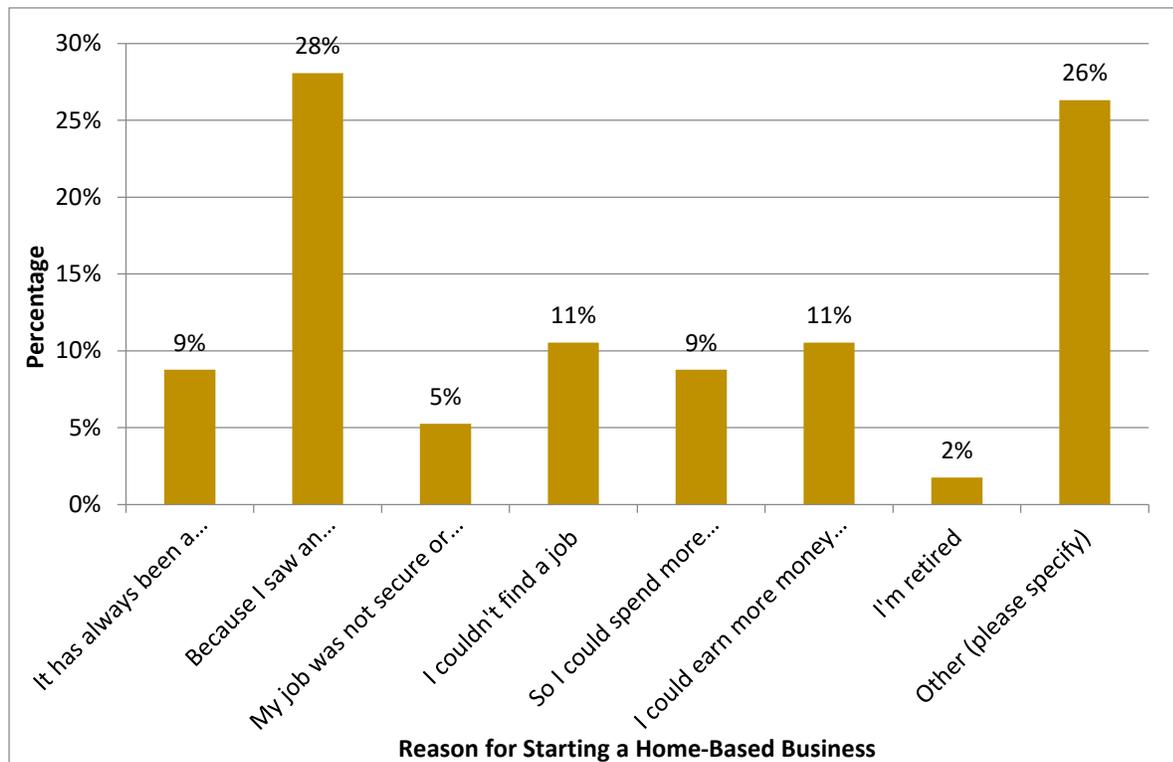
**Figure 14: Location of Customer Base** (55 respondents)

The most common response indicates that the business is the first and only business for the survey respondents (50% or 28 respondents). 25% (14 respondents) indicate that they have operated a business before this current business but that closed it. 18% (10 businesses) indicated they are currently operating another business.



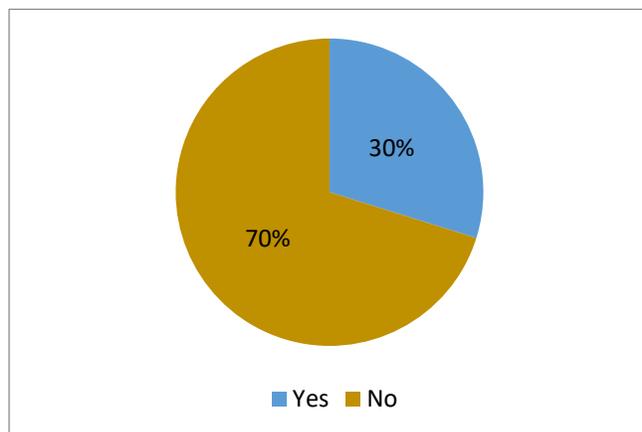
**Figure 15: Business History** (56 respondents)

Most respondents (28% or 16 respondents) reported that they started a home-based business because they saw an opportunity / gap in the market, followed by 11% respectively (6 respondents) who indicated it was due to the inability to find work, or that they could earn more money than in any other form of employment. Refer to the Appendix for 'other' responses.



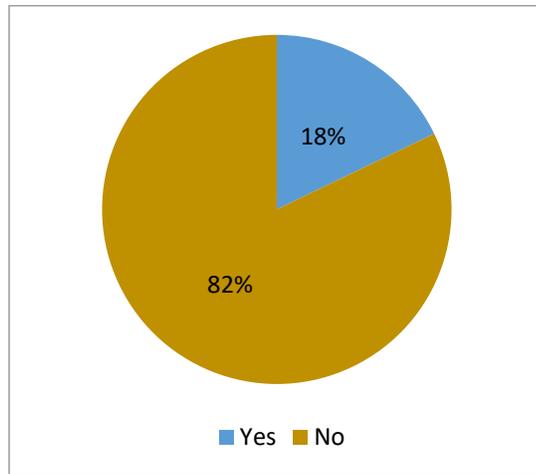
**Figure 16: Reason for Starting a Home-Based Business** (57 respondents)

70% (40 respondents) indicated that they did NOT outsource work.



**Figure 17: Outsourcing Work** (57 respondents)

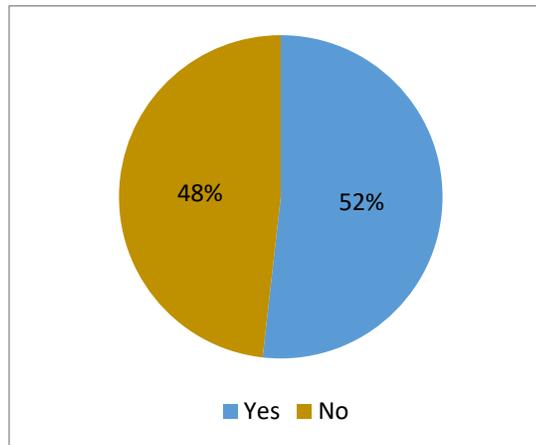
82% or 46 respondents have no plans to move the business outside of their home.



**Figure 18: Plan to Move Business** (56 respondents)

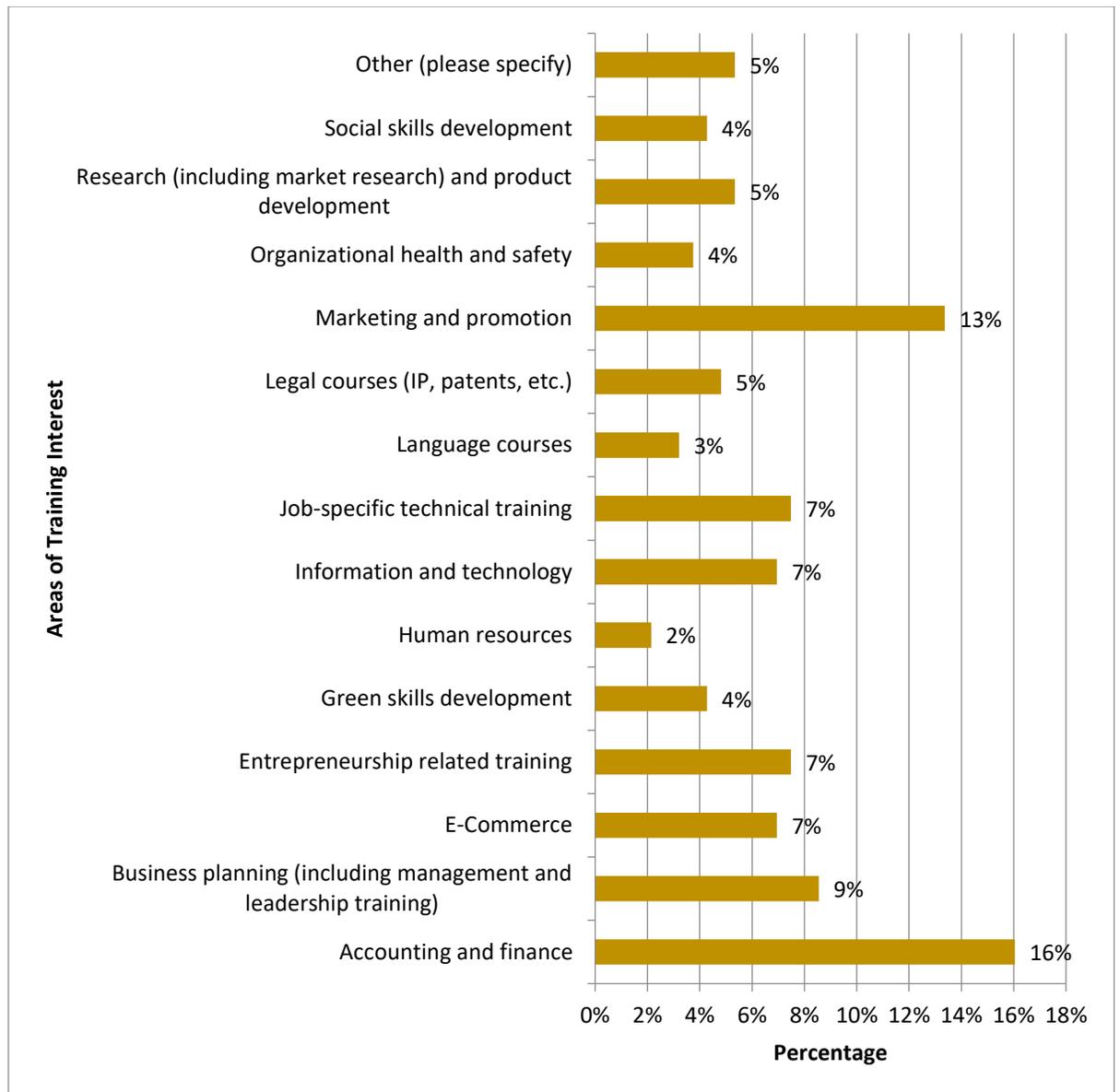
#### Training

Just over half of all respondents reported they had attended a training course on owning or operating a business (52% or 29 respondents).



**Figure 19: Business Training Course** (56 respondents)

The training that received the most interest, was for training in the areas of accounting and finance (30 respondents or 16%). 13% (25 respondents) also expressed interest in training for marketing and promotion. Refer to the Appendix for 'other' responses.

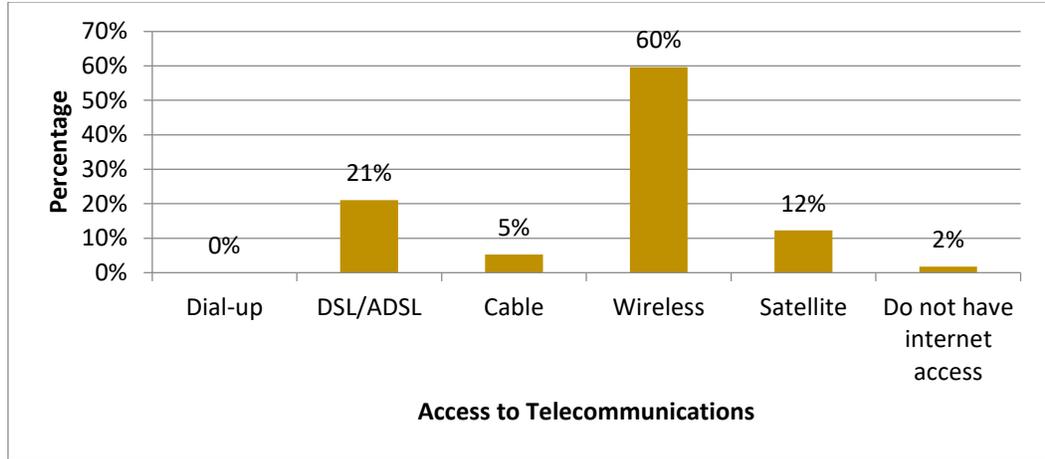


**Figure 20: Areas of Training Interest<sup>1</sup>** (42 respondents)

### Technology and Innovation

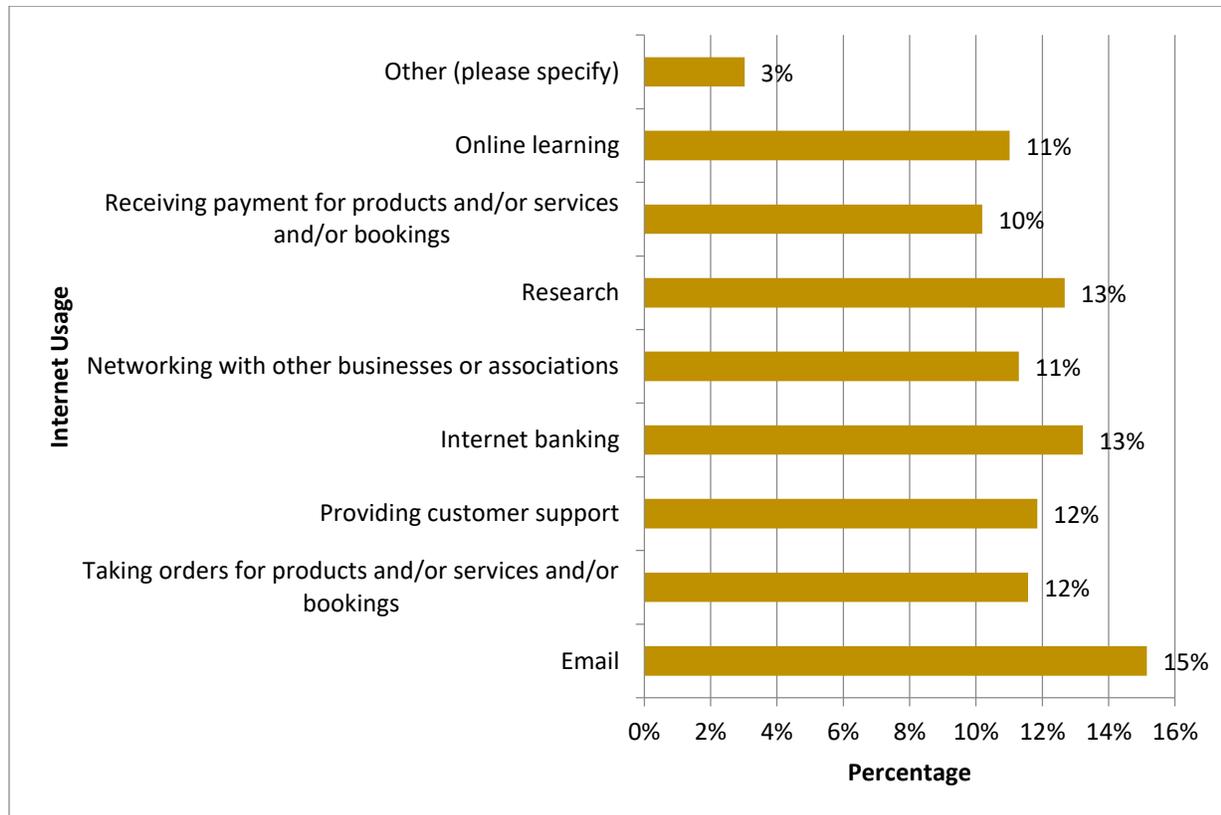
The majority of respondents (60% or 34 respondents) have access to wireless service.

<sup>1</sup> Note that respondents were asked to select all of the responses that applied resulting in a total of 187 responses from 42 respondents.



**Figure 21: Access to Telecommunications** (57 respondents)

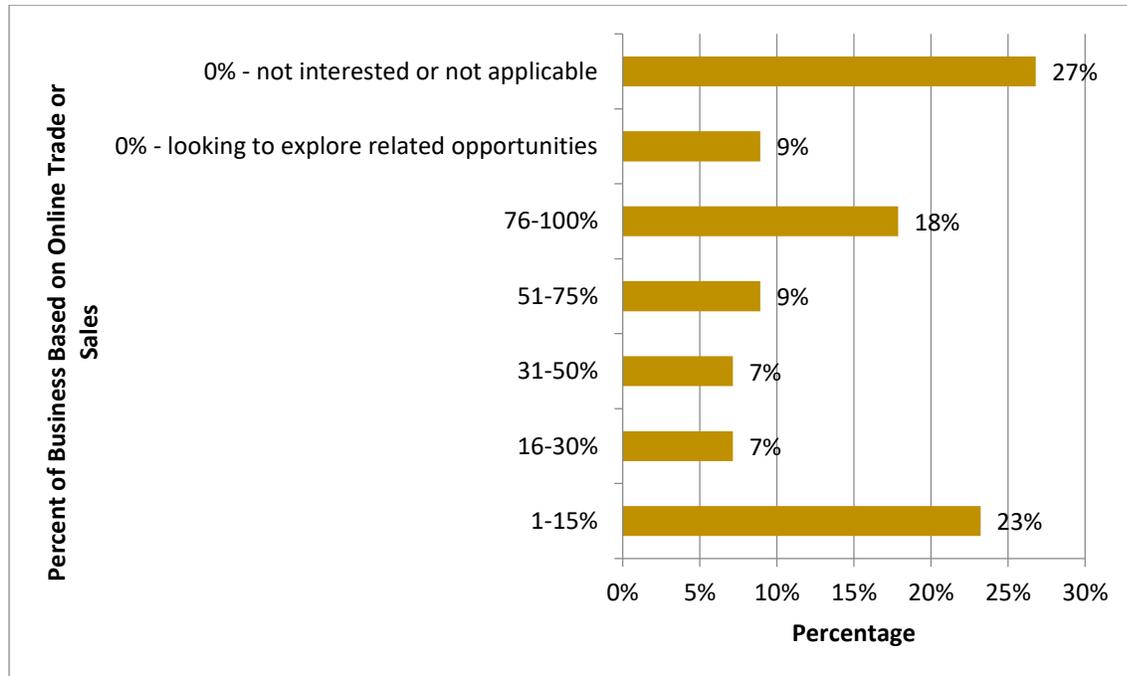
Respondents use the internet for a wide range of activities. Nearly all of the respondents (55 respondents or 15% of responses) indicated they use the internet for email purposes. 48 respondents use the internet for banking (13% of responses), and 46 respondents use the internet for research (13% of responses). Refer to the Appendix for ‘other’ responses.



**Figure 22: Internet Usage<sup>ii</sup>** (57 respondents)

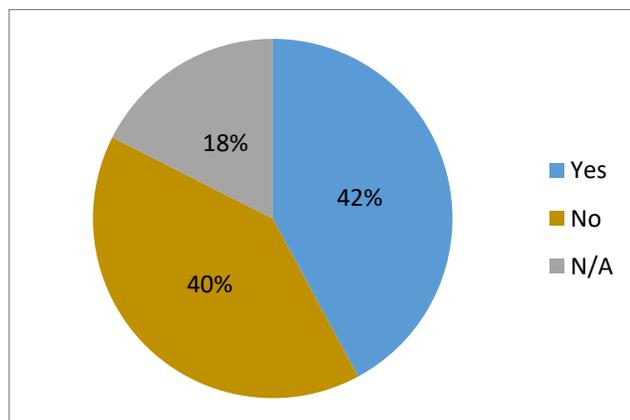
<sup>ii</sup> Note that respondents were asked to select all of the responses that applied resulting in a total of 363 responses from 57 respondents.

23% of respondents (13 businesses) indicated that between 1 and 15% of their business was based on online trade or sales. 27% (15 businesses) reported that 0% was dependent on online trade or sales due to the fact that they were not interested or that mode was not applicable to their business. Interestingly, 10 businesses (18%) reported that between 76 and 100% of their business was online.



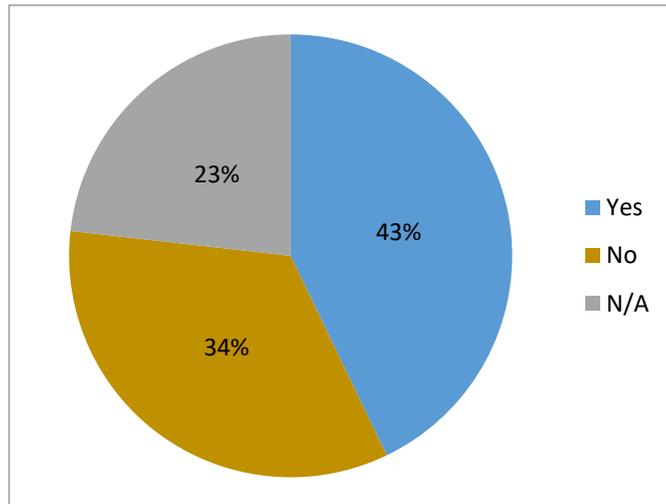
**Figure 23: Online Trade or Sales** (56 respondents)

42% of all respondents (24 businesses) reported that they had introduced a new product, service, process and/or technology in the previous 12 months.



**Figure 24: Introduction of New Projects, Services, Processes and/or Technologies** (57 respondents)

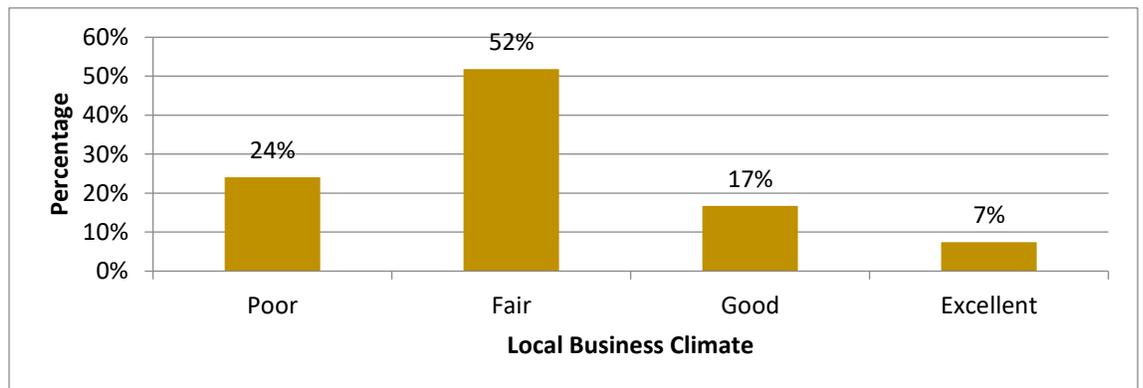
43% of all respondents (24 businesses) reported that they have intentions to introduce new products, services, processes and/or technologies over the next 12 months.



**Figure 25: Planning to Introduce New Projects, Services, Processes and/or Technologies** (56 respondent)

**Business Climate**

52% (28 respondents) rated the local business climate as fair, with 24% (13 respondents) indicating that it was poor.

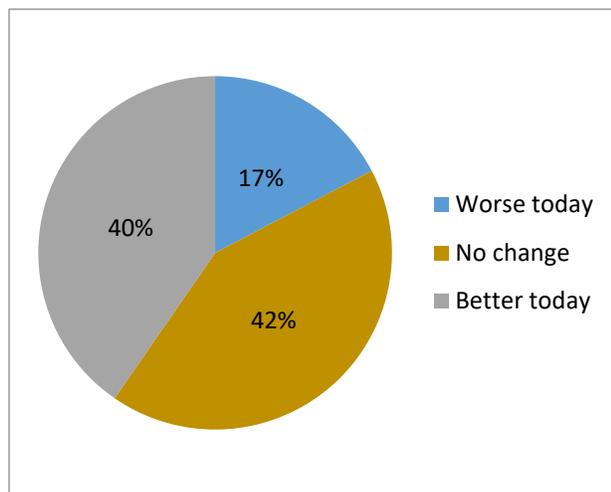


**Figure 26: Local Business Climate** (54 respondents)

The following words were frequently cited when discussing the area’s limitations as a place to do business. 50 respondents provided comment. Some common themes include the low population size, access to other markets, access to infrastructure (high speed internet, reliable internet access), geographic isolation, and low income levels in the community.

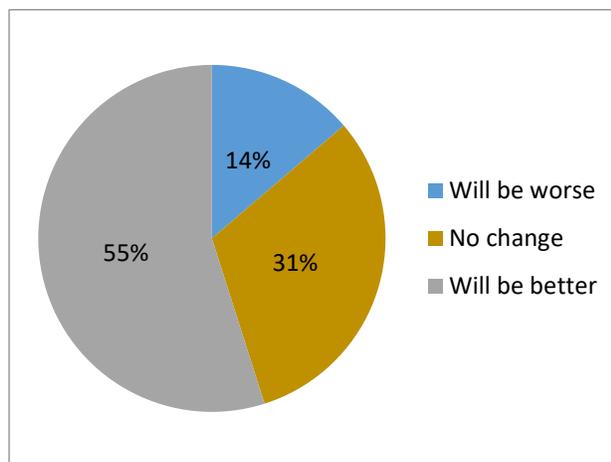


42% (22 respondents) indicated that they felt that the business climate hadn't changed when compared with five years ago. 40% (21 respondents) felt it was better than five years ago, and 17% (9 respondents) felt it was worse



**Figure 29: Business Climate Comparison – 5 Years Ago** (52 respondents)

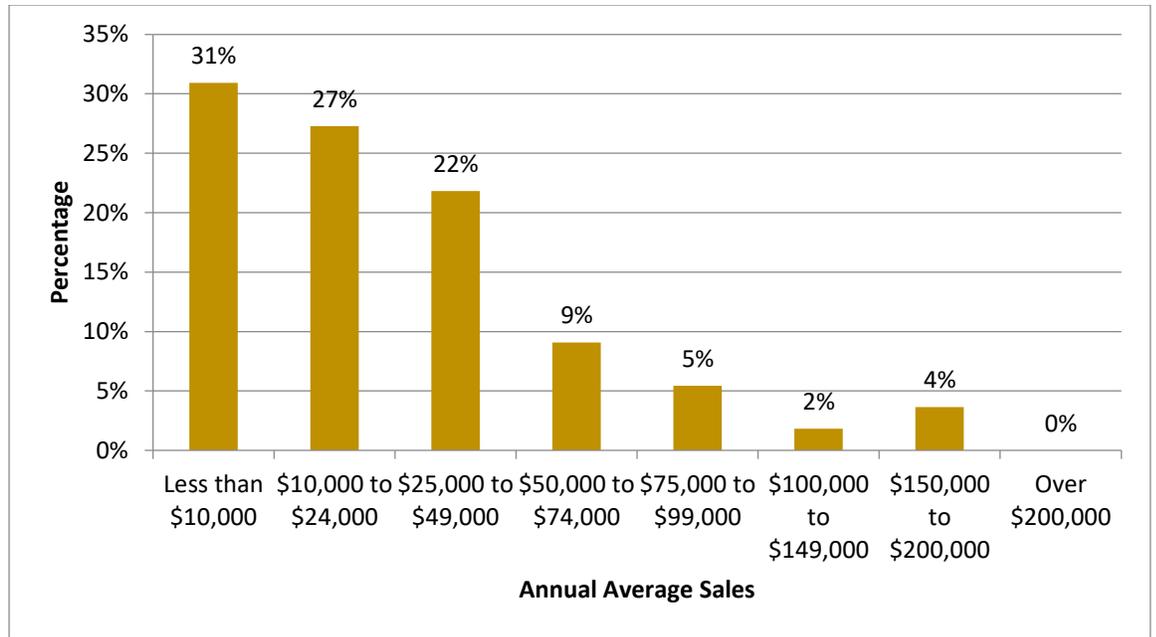
55% (28 respondents) indicated that they felt that the business climate would improve over the next five years ago. 31% (16 respondents) felt that there would be no change, and 14% (7 respondents) felt it would be worse.



**Figure 30: Business Climate Comparison – 5 years From Today** (51 respondents)

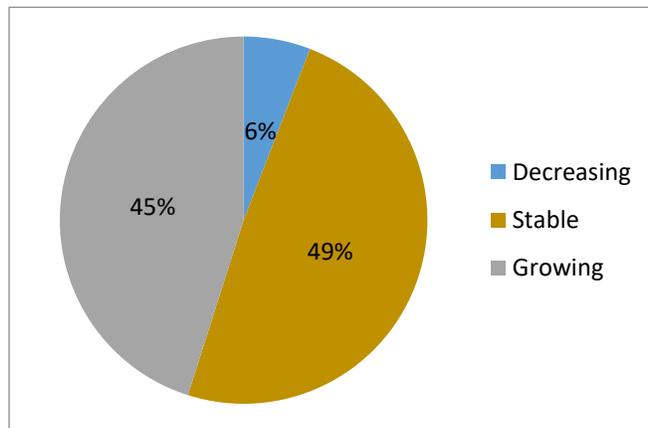
**Growth and Development**

31% of respondents (17 businesses) indicated that they average less than \$10,000 in sales on an annual basis. 27% (15 businesses) respondents had sales of between \$10,000 and \$24,000, while an additional 22% (12 businesses) of respondents reported annual sales of between \$25,000 and \$49,000.



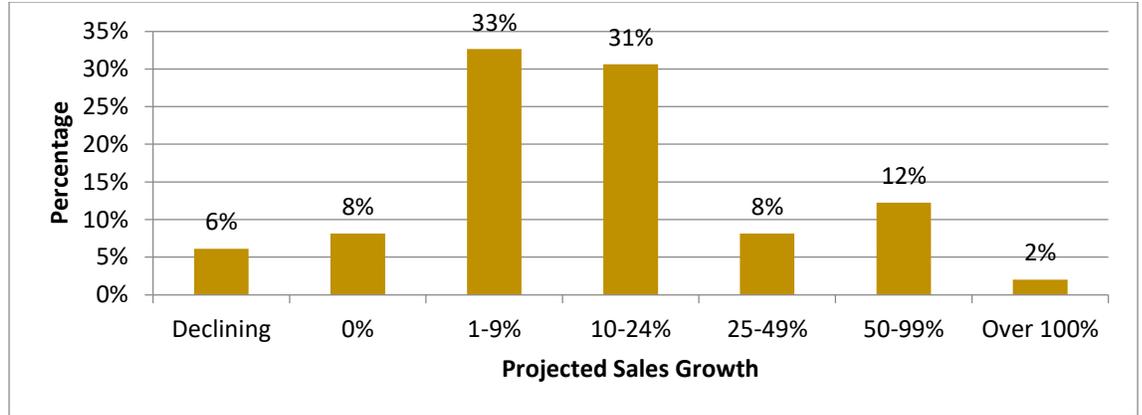
**Figure 31: Annual Average Sales** (55 respondents)

The market share for the home-based business was either stable (49% or 25 respondents) or growing (45% or 23 respondents), with just 3 respondents (6%) indicating that their market share was decreasing.



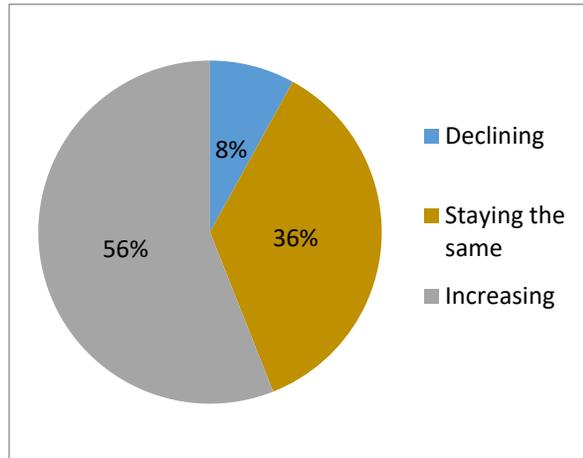
**Figure 32: Market Share Projection** (51 respondent)

The most common response from respondents was an anticipated 1 – 9% sales growth over the next year (33% or 16 respondents). 31% (15 respondents) anticipate sales growth of between 10 and 24%.



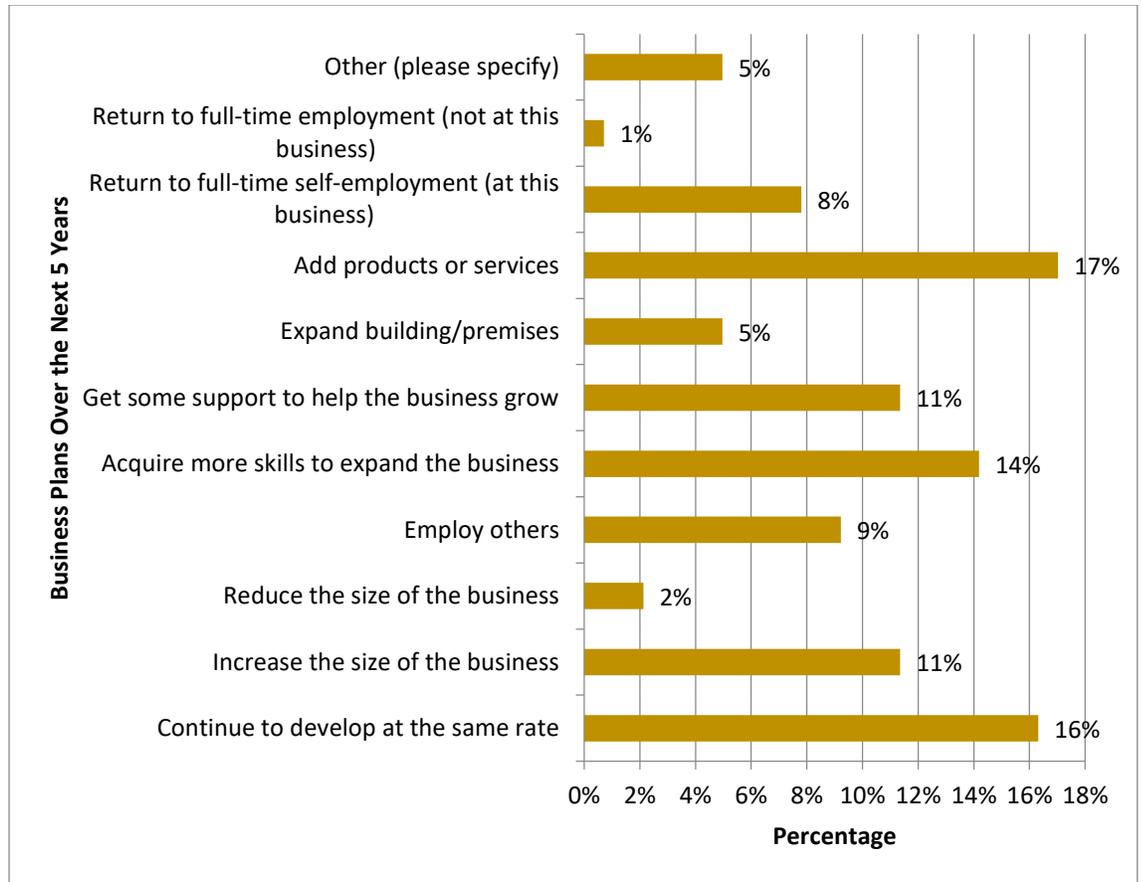
**Figure 33: Projected Sales Growth** (49 respondents)

The majority of respondents (56% or 28 respondents) indicated that the historical sales trend is increasing, with 36% (18 respondents) businesses reporting it has stayed the same.



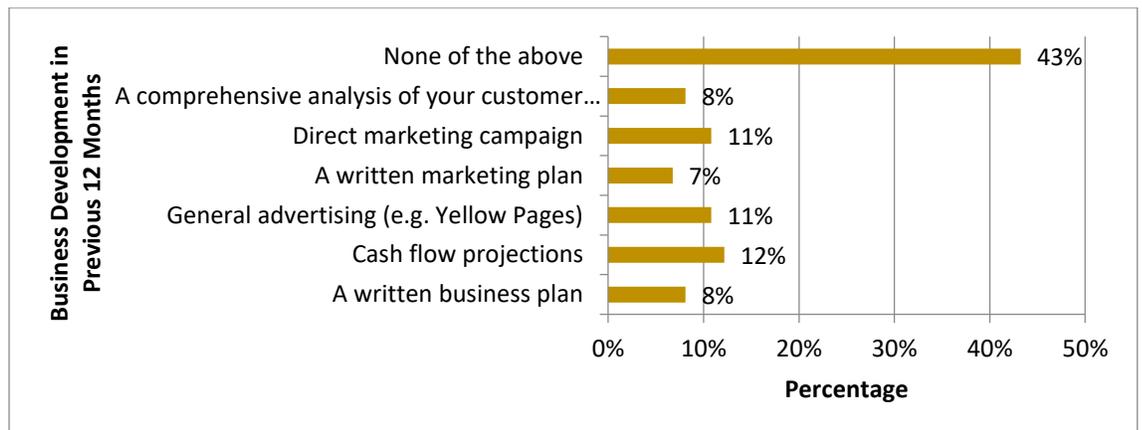
**Figure 34: Historical Sales Trend** (50 respondents)

The most common response (17% or 24 respondents) indicated that they are planning to add products or services over the next five years. 16% (23 respondents) indicated that they plan to continue to develop at the same rate, while an additional 14% (20 respondents) indicated that they plan on acquiring more skills to expand their business.



**Figure 35: Business Plans Over the Next 5 Years<sup>iii</sup>** (49 respondents)

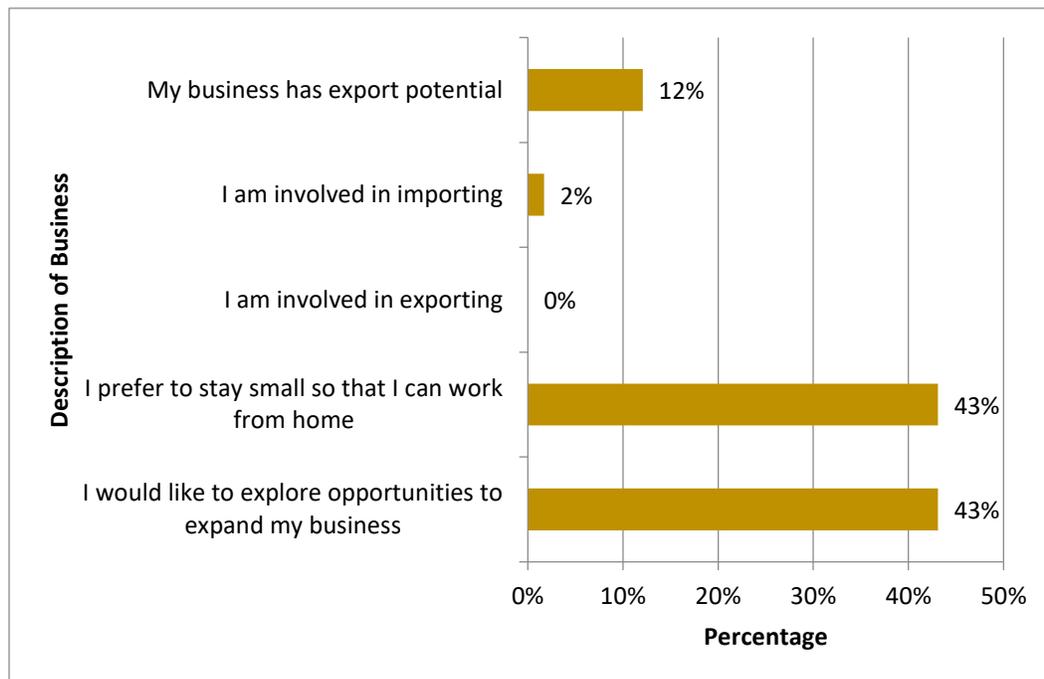
The majority of respondents (43% or 32 respondents) indicated that they have not undertaken any of the activities listed in the previous 12 months. The most common activities undertaken include: cash flow projections (12% or 9 respondents), general advertising (11% or 8 respondents), and direct marketing campaign (11% or 8 respondents).



<sup>iii</sup> Note that respondents were asked to select all of the responses that applied resulting in a total of 141 responses from 49 respondents.

**Figure 36: Business Development in Previous 12 months<sup>iv</sup>** (54 respondents)

Respondents were asked to review and select the statements that applied to themselves and their business. The majority of respondents (43% or 25 respondents) indicated that they prefer to stay small so that they can work from home, and an equal number (43% or 25 respondents) indicated that they would like to explore opportunities to expand their business.

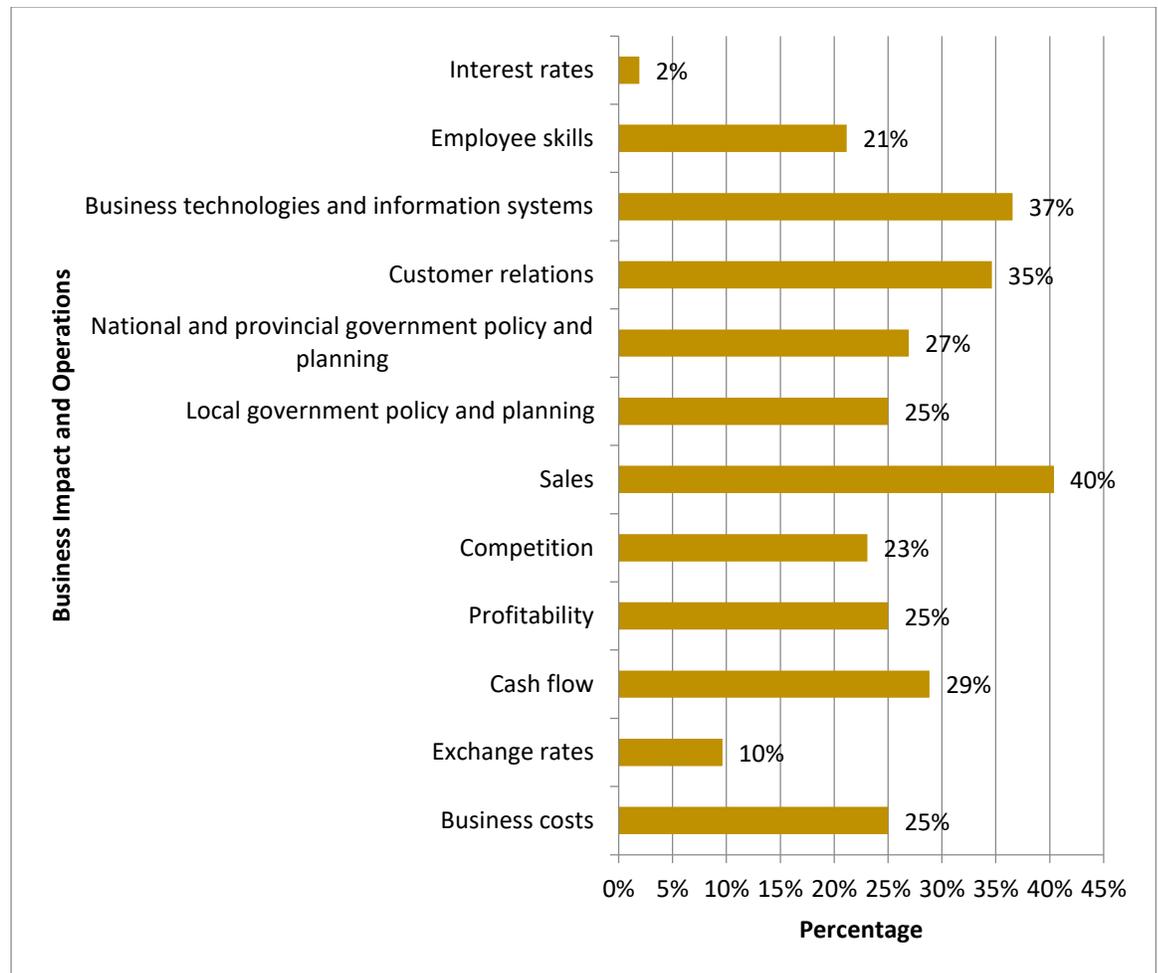


**Figure 37: Description of Business<sup>v</sup>** (48 respondents)

Respondents were given the option to choose the top three issues that had the greatest impact on their business and operations. The top three responses indicated that sales (40% or 21 respondents), business technologies and information systems (37% or 19 respondents), and customer relations (35% or 18 respondents) had the most critical impact.

<sup>iv</sup> Note that respondents were asked to select all of the responses that applied resulting in a total of 74 responses from 54 respondents.

<sup>v</sup> Note that respondents were asked to select all of the responses that applied resulting in a total of 58 responses from 48 respondents.



**Figure 38: Business Impact and Operations<sup>vi</sup>** (52 respondents)

High speed broadband access was the business support that was identified by 41 respondents (79%) as being of great value. Other supports identified as valuable include marketing for the business (36% or 18 respondents indicated that it was of great value, and 40% or 20 respondents indicated it was of some value), shared professional services (e.g. accounting, etc.) (40% or 20 respondents indicated it was of great value with an additional 26% or 13 respondents indicating it as of some value), and organized networking/social activities with others (30% or 15 responses indicated it was of great value and 42% or 21 respondents indicated it was of some value).

<sup>vi</sup> Note that respondents were asked to select all of the responses that applied resulting in a total of 52 responses from 155 respondents.

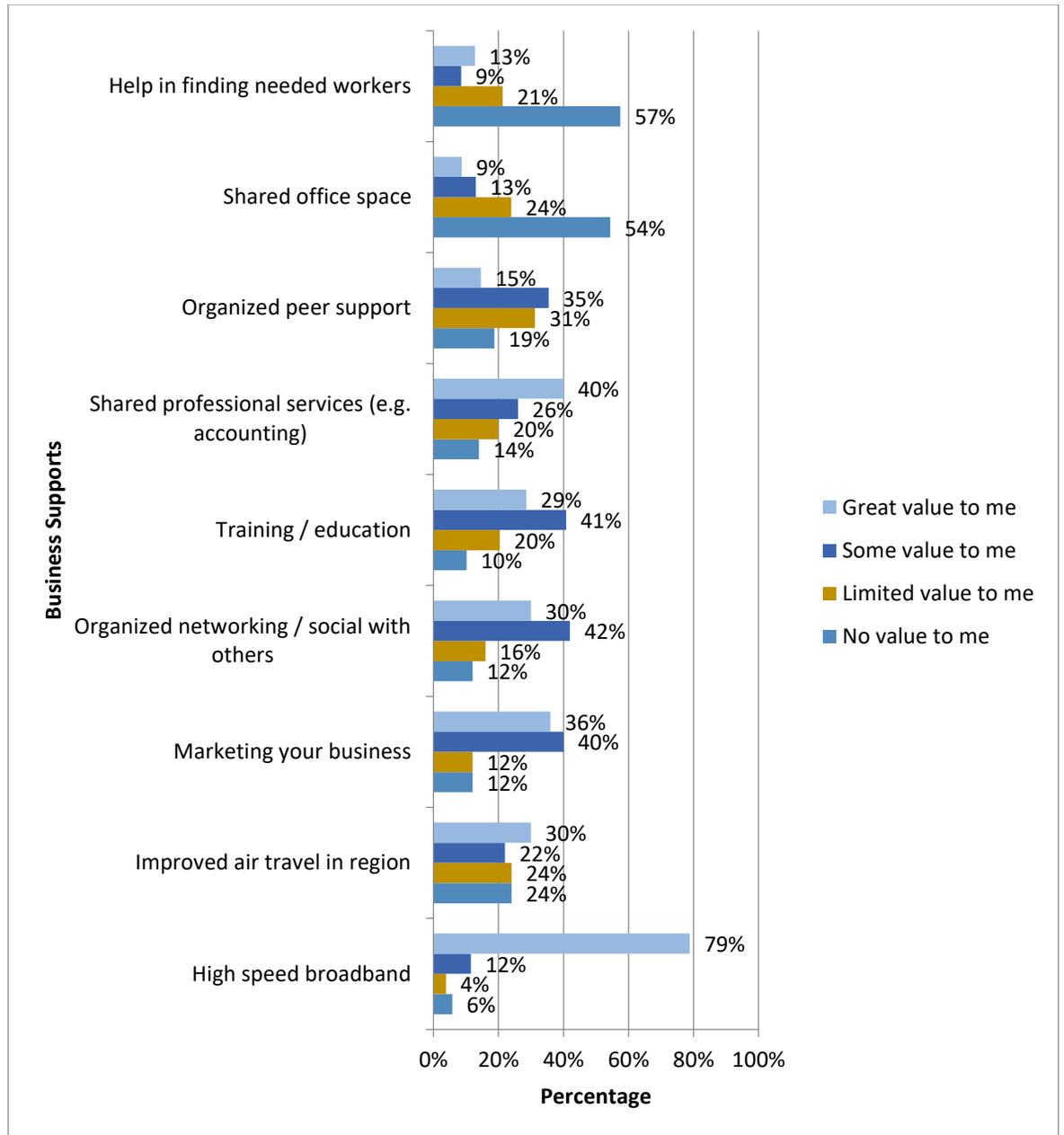


Figure 39: Business Supports (55 respondents)

## Appendix

Figure 3: Description of Business – Other Responses

Respondents	Other (please specify)
1	sector agnostic / cross-sector
2	Project coordination for non-profits.
3	A combination of all of the above.
4	Potter, landlord, and Natural builder.
5	Education
6	cultural outdoor education
7	brew on premise
8	Medical transcription
9	Itinerate Visionary
10	Excavation, site prep, sand and gravel.
11	Paddle board instruction
12	manufacturing
13	Tourism guiding instruction
14	flower farmer
15	Forestry Consulting, GIS Services and Artists

Figure16: Reason for Starting a Home-Based Business

Respondents	Other (please specify)
1	Because I saw and opportunity/gap in the market; attempt to reduce stigma/disabilities associated with poverty/health issues; to develop new markets.
2	Opportunities for project work presented themselves.
3	It's complicated.
4	It was less expensive
5	Because my employment does not provide office space I work remotely w/out benefits
6	I am disabled and cannot manage a regular schedule.
7	We're moving from Metro Vancouver this summer and I plan to start a home based tutoring business
8	you need to design this questions being able to mark several options
9	Most jobs available are part time. I have two good part time jobs, but that does not make up the income that I require raising kids.
10	want to enjoy garden / outdoors and family + have worked for myself for 15 years (other industry)
11	own boss
12	Did not want to work out of province anymore
13	An injury meant I could no longer do what I was doing before, and I had to use what I had - art.
14	It is my passion and like the option for diversity and taking the clients of my choice.
15	I enjoy the independence of self-employment.

Figure 20: Areas of Training Interest

Respondents	Other (please specify)
1 None - I will retire soon.	
2 Financial management.	
3 I do not need more training. I need this region to be better marketed for the arts.	
4 Social media skills	
5 effective use of social media to promote my business	
6 None	
7 social media marketing	
8 Community Futures	
9 Above training refers to employees interests not owners	

Figure22: Internet Usage

Respondents	Other (please specify)
	Define 'internet' access. I run my own services (ie. email, web, SAS, IAS) the 'choke' means I can't access m own services (Toronto) and vice versa-ie. potential customers, my service in Toronto cannot access local services hosted here.
1	here.
2	Additional answer to #20 above - Wireless and Satellite.
3	My website
4	all the above
5	delivery of services
6	Télé conferencing
7	web design
8	purchasing ingredients and equipment
9	My job is 100% online
10	building websites
11	building & delivering software projects