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Home-Based Franchising Is On the Rise

By Sara Wilson

The franchising industry is the doorway to a world of opportunity. Thousands of franchises offer countless concepts, all with varying startup costs. And while many require a storefront and overhead expenses, a large number of them - ranging from commercial cleaning to dance fitness lessons to windshield repair services - can be operated right from home. Home-based franchises are becoming viable options for business ownership, enabling many new franchisors to grow their businesses more effectively and many more franchisees to get involved in the franchise industry.

The popularity of home-based businesses has been growing for a while now. Home-based entrepreneurship has become so common, in fact, that those running businesses from home have earned their own title, "homepreneurs," and have become significant pillars in the economy. According to a recent survey conducted by Small Business Success Index and analyzed by [Emergent Research](#), there are currently about 6.6 million home businesses nationwide that generate at least 50 percent of the owner's household income. These businesses employ over 13 million people; 35 percent of them generate more than \$125,000 in revenue, and 8 percent generate more than \$500,000.

So what's driving this trend? There are many factors, one of which is the struggling economy. "Home-based franchising is alive and well and, in this down economy, thriving," explains Harold Kestenbaum, a franchise attorney who has worked with more than 100 franchise concepts. "More franchise companies have gone to the home-based model, when possible, since the tightness of the credit market has made selling the big-box franchises very difficult. The home-based model opens up the opportunities for prospects with lower budgets, which is a good thing."

Additionally, as technology becomes more sophisticated, it's easier than ever to operate a business from home and still portray a professional image. "As technology continues to offer more and more

communications abilities, such as Web conferencing and seamless communication systems, home-based franchising will continue to be a viable option for many companies looking for qualified buyers and for buyers who wish to have the flexibility of working at a home base,” says Alisa Harrison, Vice President of Communications and Marketing at the [International Franchise Association](#).

Finally, the once somewhat negative stigma associated with working from home is dissipating as the entire image of the traditional workplace is undergoing a metamorphosis. According to data released in January from the U.S. Census Bureau, the number of people who worked at home increased from about 9.5 million in 1999 to about 11.3 million in 2005. Furthermore, nearly half of these home-based workers had college degrees, and nearly half of them earned \$75,000 a year or more. As the whole concept of working from home becomes more common, so does the idea of running a franchise from home.

The flexibility and freedom of running a business from home helps franchisees realize their dream of starting a business, but it also enables franchisors to introduce new concepts and grow their businesses. When Daniel J. Praz started franchising his floor refinishing franchise, Mr. Sandless Wood Floor Refinishing, in 2006, he offered it as a home-based opportunity. Now, there are 184 franchise units being run by 102 franchise owners and the franchise has expanded to Canada, the United Kingdom, Australia, and New Zealand. Ninety percent of these franchisees operate their businesses from their home. The company is now established enough to attract more affluent investors who are choosing to run their franchises from a retail outlet or office; however, offering a home-based option has helped Praz grow his company to where it is today. “One in five candidates mentions to us that this is appealing to them,” says Praz. “It absolutely is a [factor in] our success.”

With home-based franchising becoming more widespread, those searching for a franchise may not have to roam too far from home to find – and start – a business of their own.

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