

Survey: Most small businesses operate out of owner's home

More than half (51.6 percent) of all businesses that responded to the 2007 Survey of Business Owners were operated primarily from someone's home in 2007, according to data from the U.S. Census Bureau released this month.

Only 6.9 percent of these home-based businesses had \$250,000 or more in receipts, while 57.1 percent of home-based businesses brought in less than \$25,000. About 23.8 percent of employer respondent businesses and 62.9 percent of nonemployer respondent businesses were home-based.

"Most businesses are started by people who dig into their own pockets for at least some of their start-up capital," Census Bureau Deputy Director Thomas Mesenbourg said in a statement. "This is true for both firms with employees and those without them. Furthermore, more than one in five (20.8 percent) of respondent businesses used no start-up capital at all."

Roughly three in 10 (30.6 percent) of the respondent firms that required start-up capital launched their business with less than \$5,000. Of the firms that needed start-up capital, 17.5 percent of employer firms needed less than \$5,000; for nonemployer firms, the figure was 35.8 percent. At the other end of the spectrum, 1.5 percent of the firms needing start-up capital required \$1 million or more for this purpose.

Other highlights from the reports include:

- In 2007, more than half of women-owned businesses (58.2 percent) and equally men- and women-owned businesses (58.1 percent) were home-based; for businesses owned by men, the figure was 49.1 percent.
- Most nonminority-owned (54.4 percent) and equally minority-

and nonminority-owned firms (56 percent) were home-based, while 46.5 percent of minority-owned firms were home-based.

- Among firms with payroll any time during 2007, 75.4 percent had full-time paid employees and 58 percent had part-time paid employees. In addition, 5.3 percent of employer firms used paid day laborers; 7.3 percent used staff from a temporary help service; 1.3 percent used leased employees; and 36.1 percent used contractors, subcontractors, independent contractors or outside consultants.

- About 2.1 percent of all firms operated as a franchised business.

- E-commerce sales were reported by only 6.6 percent of firms.

- About 28.2 percent of firms were family-owned.

- About 62.9 percent of owners reported working 40 or more hours per week in their business; the same was true for 34.3 percent of owners of nonemployer firms.

- Business owners were well educated: 50.8 percent of owners of respondent firms had a college degree.

- About 36.5 percent of owners were 55 or older, with another 29.6 percent between the ages of 45 and 54. On the other hand, 31.7 percent of owners of firms were between the ages of 25 and 44 and only 2.2 percent were younger than 25.

The Survey of Business Owners is conducted every five years as part of the economic census. The 2007 survey collected data from a sample of more than 2.3 million businesses.