

Eggs, Baskets and Multiple Streams of Income

By Elena Fawkner

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One of the legacies of 9/11 is that that large sections of the U.S. and world economy have taken a body blow.

Every day we hear of more and more companies who plan to lay off large numbers of workers (or have already) as they strive to reposition themselves to ride out what the doomsayers predict will shortly become a full-blown recession.

As much as you can intellectually sympathize with a decision that effectively sacrifices a few for the good of the many (i.e., the ultimate survival of the business entity and the jobs of all those left behind), if you're the one in the firing line it's pretty cold comfort that others will be more financially secure as a result of your sacrifice.

REBELLION AND VULNERABILITY

It's not unusual for people in such a situation to begin to rebel against the idea of having their financial destiny in someone else's hands. Quite right, too. The response of many in this situation is to begin to think about working for themselves, to be free of the tyranny of being dependent on others for their financial survival.

Unfortunately, however, the failure rate of new small businesses is high and they take time to get up and running. So thinking about and actually starting a new business AFTER you've lost your day job is too little, too late.

For this reason, many people start their own business

part-time, while they're still working full-time. This approach has several advantages, not least of which is a financial cushion (i.e., your salary) during the time you're building your business.

The goal of most such business owners is to eventually become successful enough to allow them to quit their day jobs and work on their own business full-time. Fair enough.

As recent events have shown, however, no-one is immune from financial vulnerability whether you be employed in the full-time workforce, a struggling home-based entrepreneur running your own small-scale travel agency or anything in between.

SAFE CHOICES

So how do you know what to choose as your livelihood to ensure that you will never again be subject to the vagaries of the economy, to ensure that your financial future is secure?

The cold hard truth is that since you don't have a crystal ball, you simply don't. After all, who could possibly have foreseen the events of 9/11 (other than the FBI and the CIA)?

Whatever your job, career, business or investment strategy, things can take a downturn. Does that mean you have to take a downturn right along with them? Well, if all your eggs are in that particular basket, it does. But what if all your eggs are not in that basket but only a few of them? Well then, you simply divert the energy you were expending on the basket that's gone south into the ones that are still headed north.

MULTIPLE STREAMS OF INCOME

Multiple streams of income is the key. You've probably heard of the concept in terms of running an online business. It means don't just sell one product or service from your website, sell several so that if one bombs, your livelihood doesn't have to.

Well, you can apply the same approach to your life. Who says your only choices are to work full-time in paid employment, work full-time in your own business, or work full-time in paid employment and part-time in your own business?

Maybe the solution is to do EVERYTHING part-time.

Let's say you work full-time in paid employment and you run an online business in your spare (part-)time. Let's also say that your salary is low enough that, if you just had enough time to devote to it, you're pretty sure you could ramp up your online business to the point that you were generating more profit from every hour you devote to it than if you spent that same time working in your paid job.

Now, some would decide that at that point they'd quit their day job and just work on their business full-time. That may be a good option. IF you can be sure that your business is going to succeed over the longer term. But it ignores the fact that you don't really know what's around the corner and by giving up your day job you've also just given up your financial cushion (your "insurance" if you will).

And if you decide to do away with your business because you figure if you devote your time and energy into working even harder and longer hours for your employer you'll get a promotion and more money, if you lose your job you're screwed because you don't have the financial cushion of your business as insurance.

THE "ONE PART-TIME PLUS ONE PART-TIME EQUALS ONE FULL-TIME" SOLUTION

So what's the answer? Work both your job and your business part-time so that, together, they add up to full-time. If (and this is an important "if" if cash flow is tight) the extra time you have to devote to your business will result in a commensurately greater financial return than would working the same hours in your job (make sure you run the numbers to be sure this is the case - if not, start a more profitable business!) this can be a viable option. Even if it yields the same return (or maybe even a little less) it may still be worth considering as sort of an insurance policy against being laid off.

Likewise, an employer that's struggling in a soft economy and facing having to lay off staff may well welcome the option of converting you to a part-timer with the resultant reduction in payroll and overheads.

Such a situation can be a win-win for all concerned. (And if you're a parent of young children, I hardly need to point out the lifestyle advantages and reduction in child care costs.)

THINK PLURAL

So, if you're still looking for The Answer, your Big Break,

The One, STOP. Stop thinking in terms of "ones" and start thinking in terms of multiples. Multiple part-time ventures (and don't limit yourself to just one part-time job and one part-time business, the best combination for you may be two part-time jobs and one part-time business - whatever works) which, when added together, bring in just as much or more income than your J.O.B. (Just Over Broke) and minimize your risk from the vagaries of forces and events over which you have no control.

Just as investment advisers warn investors not to place all their eggs in one basket, so too you should avoid relying on just one golden goose. Get a flock of 'em!

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