START YOUR OWN BUSINESS

THE ONLY STARTUP BOOK YOU’LL EVER NEED

EIGHTH EDITION

BY THE STAFF OF ENTREPRENEUR MEDIA, INC.
Should you start your business part time or full time? Even if you ultimately plan to go full time, many entrepreneurs and experts say starting part time can be a good idea.

Starting part time offers several advantages. As noted in the previous chapter, it reduces your risk because you can rely on income and benefits from your full-time job. Starting part time also allows your business to grow gradually.


Yet the part-time path is not without its own dangers and disadvantages. Starting part time leaves you with less
time to market your own business, strategize, and build a clientele. Because you won’t be available to answer calls or solve customers’ problems for most of the day, clients may become frustrated and feel you’re not offering adequate customer service or responding quickly enough to their needs.

Perhaps the biggest problem for part-time entrepreneurs is the risk of burnout. Holding down a full-time job while running a part-time business leaves you with little, if any, leisure time; as a result, your personal and family life may suffer.

“Working by day and running a business by night creates a host of potential conflicts and can add a tremendous amount of stress,” cautions Arnold Sanow, co-author of You Can Start Your Own Business (Washington Pubns, 1991). Sanow says conflicts between a day job and a sideline business are common, as are family problems: “I’ve seen a lot of divorces as a result of working full time and having a business on the side.”

That’s not to say a part-time business can’t work. It can, Sanow says, if you have excellent time management skills, strong self-discipline, and support from family and friends. Also, crucial, he says, is your commitment: “Don’t think that, since you already have a job, you don’t really have to work hard at your business. You must have a plan of attack.”

**Market Matters**

As with any business, your plan of attack should start with a thorough assessment of your idea’s market potential. Often, this step alone will be enough to tell you whether you should start part time or full time or shift gears to a different idea altogether.

You don’t want to be married to one idea so much so that you have blinders on when it comes to the realities of success. If you find there is a huge unmet need for your product or service, no major competition, and a ready supply of eager customers, then by all means go ahead and start full time. If, on the other hand, you find that the market won’t support a full-time business but might someday with
proper marketing and business development, then it is probably best to start part time. There are several investigative factors to consider, such as the competition in your industry, the economy in your area, the demographic breakdown of your client base, and the availability of potential customers. If you are thinking of opening an upscale beauty salon, for example, evaluate the number of similar shops in operation, as well as the number of affluent women in the area and the fees they are willing to pay.

In some cases, you might find there is no competition, which initially seems like a good thing. However, you may find out that others have tried and failed at your business idea. When there’s no competition, there’s often a reason why, which could be anything from zoning laws to technology that has replaced the need for your business, such as printing shops. So if you find no one in your business space, keep researching to figure out why. While it’s possible that you have a unique idea, that’s not usually the case. A little competition usually means you’re on the right track.

Once you have determined there is a need for your business, outline your goals and strategies in a comprehensive business plan. You should always conduct extensive research, make market projections for your business, and set goals for yourself based on these findings. A business plan gives you a tremendous view of the long-range possibilities and keeps the business on the right track. Don’t neglect writing a business plan even if you’re starting part time: A well-written business plan will help you take your business full time later on.

Certain businesses lend themselves well to part-time operation: ecommerce, direct marketing, and service businesses are examples. Doing your market research and business plan will give you a more realistic idea of whether your business can work part time. (For specifics on conducting market research and writing a business plan, see Chapters 6, 7, and 10.)

If you’ve got your heart set on a business that traditionally requires a full-time commitment, think creatively: There may be ways to make it work on a part-time basis. For instance,
instead of a restaurant, consider a catering business. You’ll still get to create menus and interact with customers, but your work can all be done during evenings and weekends. Or if you want to start a graphic design business, take on just one or two clients. You’ll build your portfolio but will be able to manage your work around your other commitments. And as a bonus, as would-be clients come your way, you’ll have a good sense of how long tasks take. You’ll also be in a good position to understand how much you can take on when you tackle your business full time.

Financial Plan

One major factor in the decision to start part time or full time is your financial situation. Before launching a full-time business, most experts recommend putting aside enough to live on for at least six months to a year.

Basic factors you should consider include the amount of your existing savings, whether you have assets that could be sold for cash, whether friends or family members might offer you financing or loans, and whether your spouse or other family members’ salaries could be enough to support your family while you launch a business full time.

If, like many people, you lack the financial resources to start full time, beginning part time is often a good alternative. However, even if you do start part time, you’ll want to keep some figures in mind: Specifically, how do you know when your business is making enough money that you can say goodbye to your day job? You might also realize that you want to stay part time because you don’t think you would enjoy, or profit enough, from taking the business full time. In
some cases, people have run part-time businesses just long enough to realize they don’t like it. Hopefully this will not be the case, but it does happen.

A good rule of thumb, according to Sanow, is to wait until your part-time business is bringing in the income equivalent to at least 30 percent of your current salary from your full-time job. “With 30 percent of their income, plus all the extra time during the day to promote their business, [entrepreneurs] should be able to make [the transition at that point],” he says. Another good idea: Start putting more money aside while you still have your day job. That way, when you take the full-time plunge, you’ll have a financial cushion to supplement the income from your business.

Family Affairs

The emotional and psychological side of starting a business is less cut-and-dry than financial and market aspects, but it’s just as important in your decision to start part time or full time.

Begin by discussing the situation with your spouse, significant other, or family members. Do they support your decision to start a business? Do they understand the sacrifices

aha!

If keeping a full-time job and a part-time business going at the same time sounds too difficult, and taking the full-time plunge sounds too scary, consider taking a part-time or temporary job while you start a full-time business. This can be a way to ensure you have some salary coming in while giving you time to work on your business. Part-time jobs often offer evening or weekend hours—a big plus if you need to be accessible to clients during regular business hours. There may also be jobs that you can walk away from at the end of each day without having to think much about them. For example, some young entrepreneurs take on bartending or a front-desk position at a local gym, just to bring in some cash while keeping their mental focus on their new business. Often, the more routine the job is, the more it allows you to concentrate your efforts on your new business endeavor.
both full-time and part-time businesses will require—from you, from them, and from the whole family? Make sure your loved ones feel free to bring any objections or worries out in the open. The time to do this is now—not three months after you have committed to your business and it is too late to back out.

After agreeing on what sacrifices can and will be made, work together to come up with practical solutions to the problems you foresee. Could your spouse take over some of the household chores you handle? Lay some ground rules for the part-time business—for instance, no work on Sunday afternoons or no discussing business at the dinner table.

To make your part-time business a success and keep your family happy, time management is key. Balance the hours you have available. Get up early, and don’t spend valuable time on frivolous phone calls and other time wasters.

Bring Everyone Along: The Family Business

According to the Conway Center for Family Business, 64 percent of U.S. gross national product comes from family businesses. In fact, 35 percent of Fortune 500 companies are family controlled. In short, family-owned and/or run businesses comprise a significant percentage of all the companies in the United States and have for decades. You’ll notice many family members running local shops and others with their names listed as founders of major corporations.

A family business may mean the company was started and/or run by a husband and wife, brothers, sisters, or the whole family. Some have been passed down for generations. In fact, family-run businesses have deep roots worldwide. The oldest family-run business is a Japanese hotel called Houshi Ryokan, which has been run by the same family since the year 718. It’s safe to assume that this small inn off the west coast of Japan has had several renovations over the past 1,300-plus years!

Family-owned ventures have several advantages. For one, they can bring family members together on a shared project, or mission—running the business. Close-knit family members are also able to put
in the extra effort it takes to start and run a business. This is typically because they have a strong commitment and personal loyalty to one another. During downtimes (which occur in any business), families are more likely to stick together and do what is necessary to keep the business going. There is also a sense of stability since a business can continue from generation to generation. And if young family members are interested, they can learn the business as they grow up, which means they are more likely to be engaged as they become more involved at a later age.

Families may also have a stronger, built-in work culture, which is typically passed from one generation to the next. They tend to be more lenient and forgiving when it comes to work schedules, work-related decisions and judgments, and even mistakes. Flexible schedules, child care, and other perks you need to negotiate with employees can be much easier to work out. In addition, family members may be more willing than hired employees to make sacrifices to get the business off the ground, which can minimize expenses.

Among the most successful family-owned businesses in the United States are Berkshire Hathaway, Ford Motor Co., Walmart, Cargill, Dell Technologies, Oracle, Mars, Tyson Foods, ViacomCBS, Virgin Group, The Gap, The Estee Lauder Companies, Las Vegas Sands Corp., Hearst Corp., and many, many small businesses all over the country.

The flip side of family business harmony is that family members may take on roles for which they lack skills and experience. This can lead to stress and tension. Issues such as sibling rivalry and favoritism may also cause conflict among the family and trouble for the business. Moreover, some family members may not want to be a part of the business nor are they looking to inherit it one day. And in some cases, the needs of the business may interfere with the needs of the family—and this can prove disastrous.

According to the folks at SCORE, family businesses employ 60 percent of the American work force. Not only that, but family-owned ventures are also found in all parts of the country and in numerous industries.
What are the secrets to a successful family business?
StartupNation® offers the following 12 keys to a well-oiled family business:

1. Set some boundaries.
2. Establish clear and regular methods of communication.
3. Divide roles and responsibilities.
4. Treat it like a business.
5. Recognize the advantages of family ownership.
6. Treat family members fairly.
7. Put business relationships in writing.
8. Don’t provide “sympathy” jobs for family members.
9. Draw clear management lines.
10. Seek outside advice.
11. Develop a succession plan.
12. Require outside experience first (i.e., family members take classes to learn about their role in the business; for example, 

>> Take It Easy

Does all work and no play make entrepreneurship no fun? Some entrepreneurs who run part-time businesses based on hobbies, such as crafts or cooking, find that going full time takes all the fun out of the venture. “Going full time turns an adventure into a job,” as business expert Arnold Sanow puts it. Some entrepreneurs have trouble grasping the fact that their businesses aren’t just pastimes anymore. They can’t work at their leisure any longer, and their ventures may require them to develop talents they didn’t know they had and perform tasks they’d rather leave to someone else. Don’t get so caught up in the creative aspects of the venture that you lose sight of the business responsibilities you must assume to make your startup succeed. Take a realistic look at what going full time will require. Consider hiring people to handle the business aspects you dislike, such as sales or operations, but keep tabs on whatever they are doing so you can be sure it benefits the business.
whomever you choose as bookkeeper should take a bookkeeping course).

Family members in business together can bond and have great experiences. It’s all about communicating, sharing the same goal, and not letting the business interfere with your personal relationships. That means knowing when not to talk about the business and understanding everyone’s role within the company and their commitment: Some family members may have more time to commit while others, perhaps in college, may not have the same time to offer. It’s not always easy, but it can work out very well for everyone involved. And remember, not every family member may want to be in the family business—and that’s OK, too.

Getting Personal

If the idea of taking the full-time business plunge and giving up your comfy salary and cushy benefits keeps you awake at night biting your nails, then perhaps a part-time business is best. On the other hand, if you need to work long hours at your current full-time job, you commute 60 miles round trip, and you have two-year-old triplets, piling a part-time business on top of all those commitments could be the straw that breaks the camel’s back.

Starting a full-time business requires long hours, but a part-time business combined with a full-time job can be even more stressful. If this is the route you’re considering, carefully assess the effects it could have on your life. You’ll be using evenings,

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**tip**

What do you do if you can’t afford to start your business full time but need to be available full time to answer client and customer calls? Consider teaming up with a partner whose available hours complement yours. Or hire a freelancer to take incoming calls, answer simple questions, bring important ones to your attention, and basically hold down the fort while you are at work. You could arrange to pay a flat fee or a fee plus a little extra bonus for handling customer issues successfully.
Part Time Online Doesn’t Mean Less Time

While some entrepreneurs are still opening brick-and-mortar operations, many are choosing to start part-time online businesses. DIY-style sites like Etsy allow people in creative fields to launch without the commitment of even having their own online store. And eBay remains a platform for those in retail to set up shop online (exclusively or otherwise). Setting up an online order-based business—or any business for that matter—that you intend to run part time can be a quick, easy, and less costly way to begin. But it isn’t necessarily less time intensive.

For instance, if you start an Etsy® shop and one day hope to turn your organic cotton T-shirt business into a full-time venture, you’ll need to spend time on marketing your goods, perfecting your search engine optimization, building your brand and social media presence, and, of course, regularly adding and creating new products to sell. You’ll also need to fulfill orders and consider how you might scale the business if you need to. The same is true if you’re starting a resume or college placement consulting service online. You’ll need to market, manage social interactions, regularly create new products and/or services, and provide real testimonials from satisfied clients or customers.

An online business doesn’t have to be full-time work, but just because it’s online doesn’t mean it’s any less crucial to pay attention and put in the time. For more information on starting an Etsy business, check out Start Your Own Etsy Business (Entrepreneur Press, 2017).
Decisions, Decisions
Whether to start part time or full time is a decision only you can make. Whichever route you take, the secret to success is an honest assessment of your resources, your commitment level, and the support systems you have in place. With those factors firmly in mind, you will be able to make the right choice.

>> Are You a Solopreneur?
A solopreneur is defined as an individual who founds and runs their business independently, without the support of a cofounder or W-2 employees. In other words, a solopreneur is an entrepreneur who performs all duties related to their business alone.

“Solopreneur” isn’t a brand-new term, but it has become more relevant in recent years. The word is easily interchanged with the word “entrepreneur,” but there are distinct differences. As an increasing number of professionals choose to start a business with no intention of ever adding staff, solopreneur is likely a term that will only grow in popularity. The differences between solopreneurs and entrepreneurs can be subtle. Here’s a quick look:

1. **Solopreneurs don’t wait for a buyout.** An entrepreneur works hard to build a business but may not be as attached to the concept as a solopreneur. Some, but certainly not all, entrepreneurs build their businesses with at least a small hope that a much larger company will come along and offer millions of dollars for it once it grows. Of course, many entrepreneurs have turned down buyout offers to continue pursuing a passion, so this isn’t a defining difference. However, a large divide between the two may come when an entrepreneur can run a variety of businesses over the course of their career, while a solopreneur tends to work at one thing consistently.

2. **Entrepreneurs put a face to a company.** While a solopreneur tends to spend hours working hard to build the business, an entrepreneur frequently prefers to be out making connections and getting the word out about their business. An entrepreneur may be perfectly
Are You a Solopreneur?, continued

happy doing that and that alone, leaving employees to take care of the day-to-day tasks. Solopreneurs can be great networkers as well but focus on the work of making a product or offering a service. One major difference is that an entrepreneur may be more comfortable spending all day at a variety of networking opportunities and client meetings, while a solopreneur is content simply doing the work.

3. Entrepreneurs are managers. When someone is an entrepreneur at heart, even as a solopreneur, team building is a major goal. They may even begin working with freelance workers and virtual assistants to delegate day-to-day work or lead a team of people toward a defined goal. Solopreneurs, on the other hand, likely are in no rush to hire an employee to manage. Even if the day comes when they must outsource work or bring in a team member, a solopreneur may find themselves pitching in and doing most of the work solo. They may even have a hard time letting go of tasks since they might simply want to jump in and work hard to grow the business.

4. Solopreneurs are workers. While entrepreneurs can work harder than anyone they know, a solopreneur is a worker by nature. If a task needs to be done, their first thought is likely to roll up their sleeves and start working. For this reason, this new generation of freelance workers and sole proprietors has emerged, with professionals who are content running one-person shops with no intention of bringing another person on. Entrepreneurs, on the other hand, have no trouble delegating even if they have to delay that process until they have enough money to bring additional workers on.

The distinction between a solopreneur and entrepreneur can be difficult to see, especially since so many entrepreneurs start out working alone. But the mindset of a solopreneur and entrepreneur are subtly different, and noting those differences can help professionals determine the long-term direction they’ll take with their businesses. For more information on how to manage as a solopreneur, check out Money-Smart Solopreneur by Laura D. Adams (Entrepreneur Press, 2020).
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