

# Growing from Side Hustle to Solopreneur

What it takes to make your move  
into full-time entrepreneurship.

Owning your own business comes with plenty of challenges, but finding quality health coverage shouldn't be one of them. You're at your best when your focus can be fully on your business. **That's why VSP empowers solopreneurs, entrepreneurs, and those in or seeking encore careers with business resources like this, and affordable, convenient individual vision**

**plans, so you can have peace of mind knowing an important part of your health is protected.** Through VSP's partnership with entrepreneurship experts like Kerry Hannon, author of *In Control at 50+: How to Succeed in the New World of Work*, this guide arms you with the resources and confidence to succeed in your new venture.

Read on to learn how to protect your health and secure your business' future as you transition from side hustle to solopreneur.

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1

# Introduction: A Side Hustle is Just a Start

## More than 70 million Americans have a side hustle

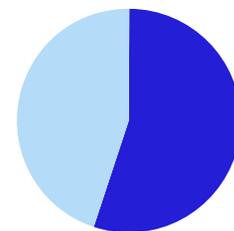
otherwise known as a supplementary income source, Bankrate reports. That's approximately 45% of the working population. And of that group, nearly 30% of Baby Boomers (ages 57 to 75) and 40% of Gen X (ages 41 to 56) have a side hustle<sup>1</sup>, proving that it's never too late to jump into a new venture.

No matter your age, there seems to always be two distinct types of side hustles, according to Hudson Sessions, an assistant professor in the department of management and organizations at Southern Methodist University in Dallas.

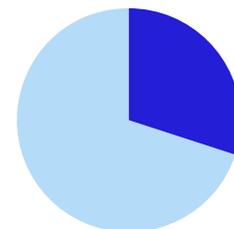
One is "a functional side hustle that is just meant to put extra money in somebody's bank account." Rideshare drivers and personal shoppers for phone apps fall into this category. They fill their spare time with supplemental income-earning activities that they can pick up and put down at will.

For a portion of the population, that extra income is essential. According to Bankrate, 30% of side hustlers are reliant on their extra income to pay basic bills.

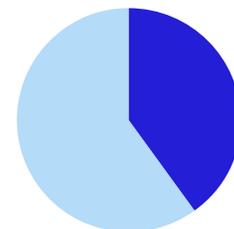
The other type of side hustle "is more of a passion project." These are the online craft sellers, the freelance writers, and the wedding photographers. These types of activities are "much more likely to grow into a venture," he says. Leveraging skills or experience to generate income can be a stepping stone to solopreneurship, especially after years in the workforce.



45%  
of the  
working  
population



30%  
of Baby  
Boomers



40%  
of Gen X



## Starting a side hustle has many benefits,

from earning extra income to developing new skills, your side hustle can lead to becoming a solopreneur, and even quitting your day job. At the outset, however, you may just be looking for a way to bank a little extra money or to fill your spare time productively.

On the other hand, your side hustle can also be more purposeful and provide a way to explore other means of earning a living. You wouldn't be alone, it turns out. FreshBooks' Annual 2021 Self-Employment Report<sup>2</sup> discovered that "an unprecedented number of traditionally employed Americans are now contemplating self-employment. Overall, 40% say it's at least somewhat likely they'll work for themselves within the next two years."

Sessions suggests that if you're not sure if entrepreneurship is for you, "getting a taste of that life" may be useful before you decide to take bigger risks, such as with your employment.

"Anyone who's been thinking about becoming a solopreneur can use a side hustle as a way to pilot or beta test an idea they've had for a business, to see if it can sustain itself," Sessions says. It's a way to give a business idea a try on a smaller scale.

Regardless of your type of side hustle and stage of the business, there is a lot to know before taking the plunge into making it your full-time gig. So how do you transition your side hustle into a full business? This white paper will outline the key steps to help you turn your side hustle into a successful business as a solopreneur.

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# Side Hustle vs. Business as a Solopreneur

**“Side hustles are booming today because people want to take control of their lives,”**

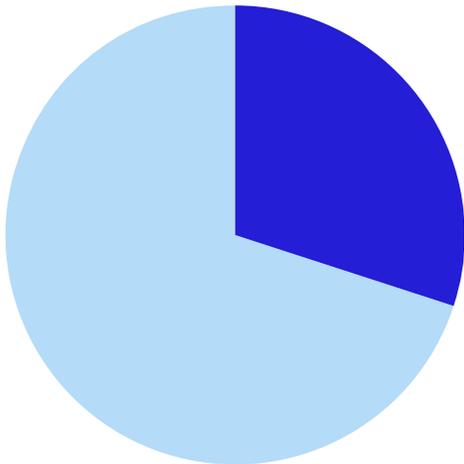
explains Kerry Hannon, entrepreneurship expert and author of *In Control at 50+: How to Succeed in the New World of Work*. “People want to feel that no matter what, they’re in control.” And that “all their eggs aren’t in one basket, because we found out how vulnerable we can be during downturns,” she points out.

Having multiple income sources, such as with a side hustle, is one way to reduce the risk of a loss of income while also exploring business ownership for the future. Two in five potential entrepreneurs have an active side hustle, FreshBooks<sup>2</sup> reports, meaning they are already taking steps toward business ownership.

“Thanks to the advancement in technology, and the fact that we can start businesses from our laptops—we don’t need employees, we don’t need rent, it’s easy to get new businesses off the ground,” Hannon adds.

Where a side hustle is typically a money-earning activity earned alongside a full-time job, a business is the primary income source for the solopreneur. Making that shift means making changes to several areas in your life:

<b>Priorities</b>	Your side hustle is typically not your top priority, since it’s an add-on activity, while a business needs to be your main focus.
<b>Schedule</b>	Side hustles are part-time, generally in off-hours, while businesses can be almost 24/7, especially at the outset.
<b>Marketing</b>	To continue to expand your customer base, it’s time to invest in a website, set up business social media accounts, and print up some marketing materials, such as flyers, labels, and invoices.
<b>Phone</b>	Now might be the time to invest in a separate business phone line, so callers know that this is no longer a part-time venture.
<b>Legal Paperwork</b>	To be official, decide whether you want to stay operating as a sole proprietorship, which is a legal entity formed with “doing business as” paperwork, or set up an LLC or S corp.
<b>Bank Account</b>	Once it’s official, use your paperwork to set up a separate business bank account, so you can more easily track your income and business expenses.
<b>Insurance</b>	As a business owner, you’ll want to make sure you’re covered, personally, such as with medical and vision insurance, as well as on the business side, for general liability.



## Americans are applying to start new businesses at a record rate, up about 30% compared to before the pandemic

- National Association for the Self-Employed (NASE)

Many Americans are heeding the call to entrepreneurship, but how is a business different than a side hustle? And how do you even transition your side hustle into a full-time business? There are some key steps you'll want to take to increase your odds of long-term success. Because a side hustle that you pursue when you feel like it is vastly different from a business that is your primary income source.

Making the shift means making changes to several areas in your life.

The bottom line is you can't afford to not be covered. 1 in 5 Americans delayed receiving medical care during the past couple of years, either for themselves or a family member, and delaying care can have negative health consequences. Make eye care a part of your overall health care plan and get access to affordable **VSP® Individual Vision Plans** for coverage tailored specifically for you.

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*Harvard Study, Oct. 2021*

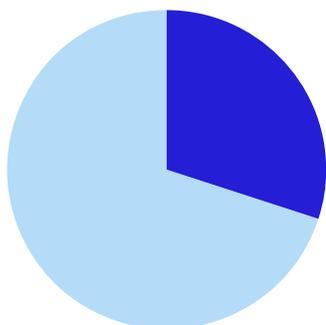
# 3

## Have A Plan

Although starting a side hustle may not have required much of a plan, running a business is something different, and you'll want a road map for that if you intend to remain an entrepreneur for the foreseeable future. A formal written plan—no notes on a napkin—will help you lay out your vision for your business. It will also increase your odds of success, the *Harvard Business Review*<sup>3</sup> reported. Entrepreneurship researchers confirmed that “it pays to plan,” with entrepreneurs who took the time to prepare a formal plan being 16% more likely to achieve viability than those who did not.

Companies that plan grow 30% faster, researchers in the *Journal of Management Studies*<sup>4</sup> discovered. Really, there's no downside to preparing a written plan, other than the time required to think it through and write it down.

So, what does your plan need to include? The basics. This isn't a writing exercise or a book you'll file away once you complete it. Your plan should drive your decision-making for the next year at least.



Companies that plan grow 30% faster

## Sections of your business plan should include:

- A product or service description
- Who your target customer is and the size of your target market
- How you'll cost-effectively market and promote your offerings
- How you'll acquire the talent and labor you need to run the business
- Financial projections for the next 1-3 years
- Future capital needs
- Exit strategy

For more information, [Bplans.com](https://www.bplans.com) offers a free one-page business plan template to help get you started.

# 4

## Understand the Market

As part of your business planning process, you'll want to confirm that people will be willing to pay enough money for what you're offering to support a full-time business. You might love your idea, but do others love it enough to buy regularly? And will they pay enough to cover all your new business expenses? You need to know this now, before you give up your day job.

The most common reason for a failed business, as reported by Failory, which interviewed failed startup founders, was a lack of product-market fit. Thirty-four percent of entrepreneurs

said their lesson learned was, "you need to validate if the market actually needs what you are offering." CB Insights<sup>5</sup> reported that one of the top three reasons that startups fail is that there was no market need; 35% of companies fail because of it. That's why confirming demand is so critical up front. Since you've been running a part-time business, essentially, you just want to make sure that there is enough market demand to support a company.

Do you remember the debut of frozen meals from a toothpaste company? Purple, green, or blue ketchup?

Probably not, because these new product launches failed and were quickly forgotten. The market didn't want what the companies were selling. You can avoid this costly mistake by doing your homework first.

Are you sure that your current prices are in line with what others are charging? Could you add other related products and services to expand your business? Or should you consider expanding your geographic service area? These are all smart questions to ask to better understand the market you're serving.

### You can do that by:

#### Studying your competition

What are they selling, for how much, and in what volume? Can you differentiate what you sell enough to attract some of those customers? For example, how busy is the graphic designer who also specializes in logos?

#### Seeing what people are talking about it

Join online discussions on Reddit and ask questions of people who are potential customers.

#### Studying substitute products and services

These are what your customers use in place of your offerings. For example, Uber and Lyft are taxicab substitutes. Rent-a-goat is an alternative lawn service that doesn't involve lawnmowers.

#### Joining groups

Find online groups composed of people in your target market and ask their opinions and feedback.

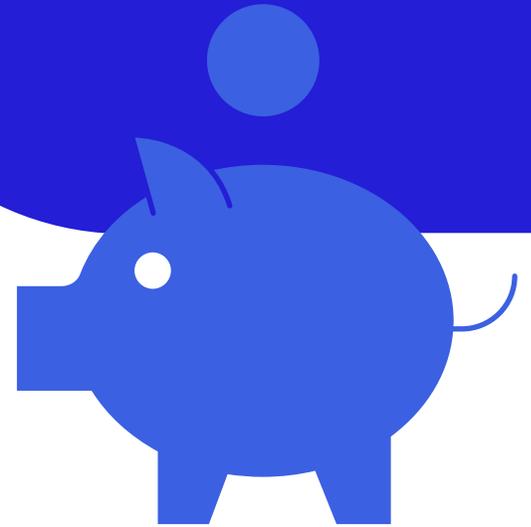
#### Conducting a survey

Use an online survey tool to gather input and feedback from online communities

**This step is not about conducting complicated analysis, but about gaining a thorough, yet practical, understanding of where you can make inroads and build your business' foundation. Learning more about your market will give you ideas and the confidence that you're on the right track.**

# 5

## Understand Your Finances



Another substantial difference between a side hustle and a business is that you probably aren't dependent on your side hustle for the majority of your income. It's a less important income source than your day job. But if you made your side hustle your business and became a solopreneur, you are almost entirely dependent on it to pay your bills.

That's a lot of pressure.

Before you make the leap, advises Hannon, take an honest look at your finances, and calculate how much you would need to live on for a year. "Plan not to pay yourself for a year after you launch," she says, and take steps to prepare yourself financially in case that happens.

The more money you can sock away to be able to meet your monthly obligations for the next six months to a year, the less pressure you'll feel as you're building your business. You'll also want to be sure your business can cover other personal expenses that your job may currently be paying, such as health, dental, and vision

insurance. Explore what an individual insurance plan will cost prior to giving your notice.

As part of your business plan preparation, you should also create detailed projections to be able to anticipate at what point you'll start breaking even, and when you might start making a profit. That level of detail can help soothe your nerves, as well as alert you when you may need to seek outside funding because business picked up faster than you expected.

**Know your numbers, both for your business and your personal expenses.**

### **vsp** individual vision plans

As a retiree or for those approaching retirement and looking for an encore career as a solopreneur, it is especially important to prepare yourself financially for what's ahead. There are affordable resources to explore before you make the leap that will make taking care of your health and your eyes easy on you and your wallet.

Individual insurance plans like **VSP® Individual Vision Plans** are the perfect resource for full vision coverage that complement other plans and cover gaps in Original Medicare coverage that may otherwise leave you paying out of pocket unexpectedly.<sup>a</sup>

# 6

## Build Your Team



### Although you may be able to run your new business by yourself at the start

as sales pick up, you may need to bring on additional support. That doesn't mean you should hire full-time employees, however. In fact, try not to. You may not ever need to.

A better, and more flexible, approach includes hiring independent contractors, or freelancers, who work on an as-needed basis. You only pay for their services when you need them, which helps keep your labor costs down.

Today, finding qualified talent on a project basis is easier than ever, thanks to platforms created for that purpose. In addition to lining up temporary talent to be able to keep up with customer demand, you'll also want to create

an advisory board. This team of, often paid, advisors—professionals who have a range of experience across a range of business functions—are people to whom you can turn when you have a problem, or a question about the best way forward. They are not employees, but independent consultants willing to offer you their advice.

Research conducted by Kabbage found that few small business owners had mentors (22%) or paid advisors (17%) when they were starting out, although 92% of those entrepreneurs who had mentors indicated that mentors had a positive impact on the company's growth.

Keep in mind, you don't have to—and often can't—do everything yourself. There are many online platforms where you can hire project based, part-time and full-time specialists including:

- **Copywriters**
  - **Social Media Managers**
  - **Digital Content Creators**
  - **SEO and Paid Search Specialists**
  - **Video Production Teams**
  - **Graphic Designers**
  - **Digital Marketers**
  - **Branding Experts**
  - **Virtual Assistants**
  - **Remote Receptionists**
  - **Data Scientists and Analysts**
  - **Software Developers**
  - **Chief Financial Officers**
  - **Accountants and Bookkeepers**
  - **Human Resources Services**
  - **Management and Organizational Consultants**
- And more!



Given how challenging starting and running a business can be, you'll want to have as many experienced supporters in your corner as you can muster, including some or all of the following:

#### **Accountant**

Relying on a CPA, with support from a bookkeeper, can make tracking profits and losses so much simpler. Find an accountant who is familiar with small businesses, rather than a corporate accountant.

#### **Attorney**

Having a knowledgeable small business attorney in your corner can help keep you out of trouble, which can both slow your growth and cost you money.

#### **Competitors**

Experienced business owners in your industry who are farther along in their company's development, and perhaps in another part of the country, so that they aren't direct competitors, could be great additions to a team of advisors.

#### **SCORE**

Volunteers with the Service Corps of Retired Executives (SCORE) can be a cost-effective and helpful way to learn more about how your industry operates and get advice to help you avoid missteps.

#### **Small Business Development Centers**

As part of your startup process, consider making a free appointment with a small business specialist at this government agency. You can get referrals to resources, vendors, and advisors, as well as problem-solving help here, at no cost.

Finally, you'll need to build out your network, so that you can get to know people who are connected to the talent or customer base you need in the future. Some places to mix and mingle are:

- **Chamber of Commerce**
- **Facebook groups (for your local area, field, and industry)**
- **LinkedIn**
- **Local civic and business organizations (such as Kiwanis and Rotary)**
- **Professional associations**
- **Trade groups**
- **Volunteer opportunities**

**It's important to keep your business network and your healthcare team close at hand.**

To find an eye doctor near you from the nation's largest doctor network and learn more about affordable, customizable and simple-to-understand vision insurance offerings from VSP, visit [GetVSPDirect.com](https://www.getvspdirect.com).



# Take a Breath

## Now that you understand the basic needs around starting your business,

take a step back to decide if you're truly ready to take the leap to becoming a solopreneur right now.

There's a significant difference between baking beautiful cakes and cookies in your spare time for extra income, for example, and running a full-time bakery. Or between painting pictures of homes on the weekend when the muse hits, versus all day, every day to keep the heat on. Are you ready to take that step? Better to assess where you are now, before you commit your time and resources without recourse.

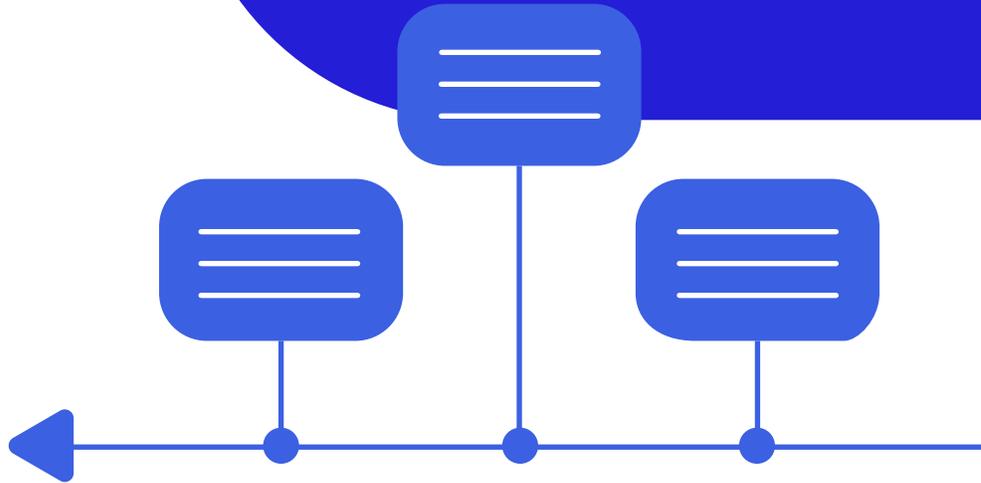
There's no shame in conducting your due diligence and deciding that, for now at least, it might make more sense to keep your side hustle as an additional income, rather than your sole source of cash.

You might discover, after reviewing your finances, that you'd be less anxious if you had 3 to 6 months of expenses set aside in a bank account before quitting your job. Or that you'd like to gradually build up your client base over the next few months, rather than planning to hit the ground running on day one.

Waiting doesn't mean it will never happen. However, if you're ready, dive in!

# 8

## Create a Timeline



Once you've made the decision to convert your side hustle into your primary job and become a solopreneur, create a timeline that clearly outlines the steps you'll take to put the new venture together, right up to the day that you give notice.

### Get your finances in order.

Start by making calculations of how much money you'll need in an emergency fund and then calculate your start-up costs, or what you'll need to invest in the business to get it up-and-running. Then estimate how long it will take you to save those two sums of money. That should tell you how long until you can consider making your side hustle your full-time gig.

"Most people who have succeeded at launching their own business made the decision to cut the cord from their primary employer, or their in-house job, once the financial piece felt steady," says Hannon.

Another consideration is insurance. As a solopreneur, finding the right types of insurance at affordable costs isn't usually easy. **That's where VSP comes in.** VSP's Individual Vision Plans are designed specifically so the self-employed can buy vision coverage on their own at affordable prices.

"People I know who have succeeded down this entrepreneurial path, are those who have given themselves a flexible time span for the company to grow," Hannon says. "They don't make rash moves. They do their homework. They really dig down and find out everything they can. They add essential skills. They do their budgets. They get lean and mean," she says, spending, on average, four years to build their side hustle up to the point that it's a thriving business.

According to Hannon, the first milestone you want to aim for is when your income exceeds your expenses. When your side hustle gets to a point sales-wise that you're earning more than break-even, you can take that as a sign that this has the potential to be a business.

"They don't make rash moves. They do their homework."

- Kerry Hannon  
ENTREPRENEURSHIP EXPERT



“Don’t make your decision emotionally, from the gut; That’s a recipe for disaster.”

– Kerry Hannon  
ENTREPRENEURSHIP EXPERT

## Plan your marketing.

If finances are one piece of the timeline factors, the speed with which you can drum up business is another. The more you can do to spread word of your product or services, and prime the pump, so to speak, to attract customers, the shorter your timeline to solopreneurship will be.

The next milestone to watch for is the growth of your customer base. Are you seeing the number of customers you’re serving steadily increasing? “If you have a track record of six months where you’re seeing steady increases in business, that’s probably a good indicator that you’re on the right path,” Hannon says.

## Estimate your exit.

With your financial projections giving you a sense of how much you’ll have coming in and when, determine how long it will be until the company could be earning enough to cover all your business expenses and personal bills. If you can get close to that figure on a part-time basis, the likelihood that you can continue to increase sales when you go full-time are much higher.

## Don’t rush yourself.

Cutting corners or convincing yourself that you can get by for a few months on no sleep or little food isn’t realistic. You’re better off being overly conservative as far as your potential earnings and then overestimate what you need to live on, so that you don’t run out of money before you anticipate.

# Give Your Notice and Get Started!

Although inside you may want to tell your boss how you really feel about them and the company you've been working for, don't. Burning bridges so early in your solopreneur journey can mean fewer opportunities going forward, which you don't want. Don't limit your new business potential right off the bat.

It's also possible that when you give your notice, your (soon-to-be former) employer may be interested in being your first client. In many cases, such an arrangement can be a great way for both of you to transition.



Getting started with VSP is simple.

To sign up for a **VSP Individual Vision Plan**, visit [GetVSPDirect.com](https://www.getvspdirect.com) to begin your benefits the same day you buy a plan. The great news is that your own trusted eye doctor is likely covered, or you can find a new in-network eye doctor. Plans start as low as \$13 per month and cover your annual exam and offer a generous frame allowance.

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## References

<sup>a</sup> Check your Medicare plan to see if your vision care needs are covered and/or if a VSP Individual Vision Plan is right for you. VSP Vision Care does not coordinate benefits with Medicare.

<sup>1</sup> Bankrate Side Hustles Survey, 2019

<sup>2</sup> FreshBooks Annual Self-Employment Report, 2021

<sup>3</sup> Writing a Business Plan Makes Your Startup More Likely to Succeed, Harvard Business Review

<sup>4</sup> The Multiple Effects of Business Planning on New Venture Performance, Journal of Management Studies, 2010

<sup>5</sup> The Top 12 Reasons Startups Fail, CB Insights, 2021