

# STARTING UP AN ONLINE BUSINESS

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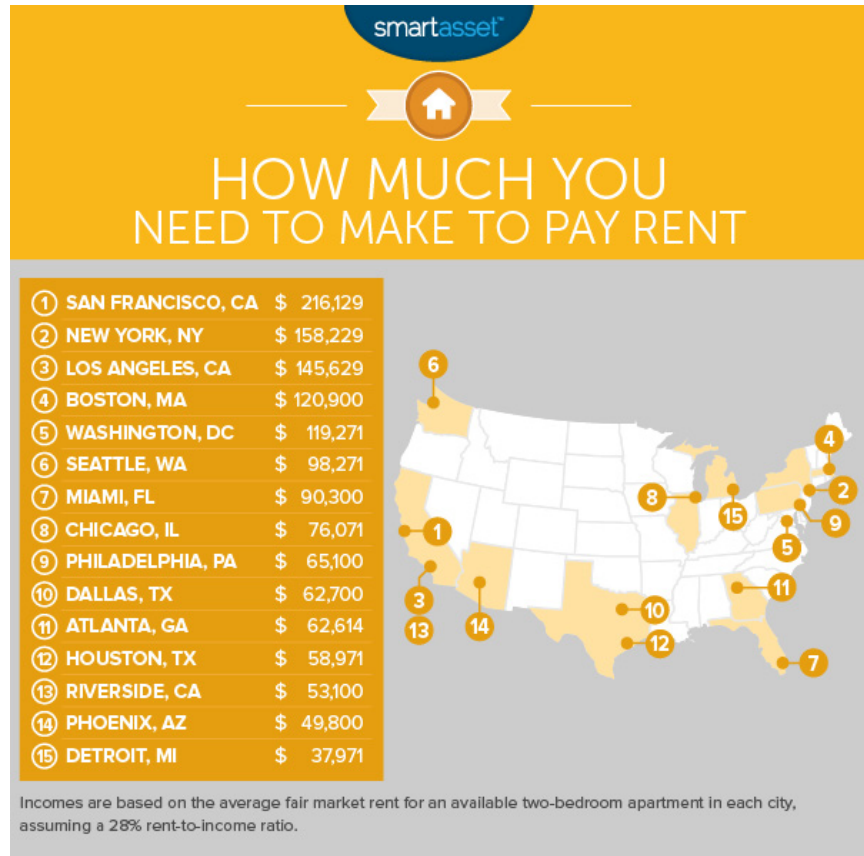
## *Introduction*

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As a college student in New York City, it is hard for a student to have a full time job that pays well without having their college degree. It's even worse when the student is trying to live by themselves or with a roommate and living pay check to pay-check just to meet ends meet. Alone, a

student would have to make at least \$158,000 a year just to afford living costs (Table a). However, to be able to make this much in a year a student would have to already have their college degree and have a professional job that will pay that much yearly. Without a college degree, there is no possible way to make this much money.

A lot of people have considered to do a freelance job where they are their own boss. Most college students, such as students in an art major probably do freelance work to get money on the side. This is great if a person is working full-time and going to school full-time and they want to make a little extra money on the side.



*Table a - Showing the yearly income for rent (Smartasset.com)*

The best way to do this is through first finding something to make into a freelance job. The cool thing about it is that you can do as you please and you will be your own boss. Freelance workers usually turn a hobby that they enjoy and turn it into a

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hobby. That way they will be doing the thing that they love and they will be getting paid for it.

The chapters in this book are made to give you insight and ideas to inspire you to work at your own pace using your own hobbies and interests.

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# *Chapter 1 : Ideas For Your Business*

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## *1.1 Thinking About Hobbies*

When thinking about starting up a business, one of the key components to start off with is thinking about some hobbies that you may have interest in or are already good at. Some people are good at baking and so they sell baked goods, others are not so good at it. (If you don't have a hobby find something you are good at, don't start a hobby that you know you are bad at and try to pull it off. You won't make money that way.)

Hobbies can range from baking, music, art, sewing, and other activities that can be considered a profession. Also think about whether this hobby is good enough to make into a side gig. If the hobby is good for a profession but you know it wouldn't be a hobby that sells well, then it should be on the bottom of your priority list. Ranging the list from the best idea to the worst idea is good for deciding which hobby you want to start working with.

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## 1.2 Thinking About Clients

The next step in becoming a business owner is figuring out who your clients will be. Your clients are the most important part of starting your online business because they are the ones who will pay for your services. If your product is something specific that can only be sold to one particular group then that is who your clients are.



*image from saleswill.com*

Let's say that your business is making music. Your target clients should be people that love music. If you are crafty in making objects like hunting knives or any form of weaponry your target client should not be for children. Making sure that your clients and your business go hand in hand will bring you one step closer to starting your business online.

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## *1.3 Coming Up With Sales Price*

This part of starting your online business is on the tedious side, but once you have this covered, you're ready to begin your business. This part consists of coming up with a reasonable price for your goods. You should never price too high or too low because you either won't gain a profit or you won't gain clients. Do some research online and see how much would it usually cost for your product to be sold in the marketplace. Also see how much does it cost to get your materials together for each product. Seeing how much all of that equals together should give you an idea of how much to sell for. We will talk about this again in Chapter 2.



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## *Chapter 2 : Resources For Your Business*

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### *2.1 Costs of Materials*

As I said back in Chapter 1, you are going to need to find out how much it is to make your product and so you are going to have material costs. If your hobby is baking then you will need a lot of basic materials such as milk, flour, eggs, butter, sugar, etc. But you can generally get those materials anywhere. Every supermarket carries these items but not every supermarket sells them at the same price. When it comes down to looking where to find your materials you want to look for a bargain so you don't lose out on your own money. When you have to spend more on your materials than a client has to spend on your product you aren't doing a smart business. You are trying to save as much money as possible while earning money at the same time.

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## *2.2 Finding a Bargain*

If you live near a Target and you find all of your baking needs there you can probably pick it up there. But if you reach the register and see that you are paying over \$100 for a cupcake maker and a mixing bowl then you should probably look to see where else you can find these items. Amazon.com sells a variety of things for a cheaper price than what you would find in store. Amazon has a Fresh section where you can buy items such as milk and eggs and it probably is cheaper buying all of that instead of wasting gas money and wasting time on a line when you could be working on opening up your business.

## *2.3 Production and Time*

Speaking of time, you will also be putting time into this new business which is obvious. But depending on how much time you are putting into your work is how you should base your price. If it takes you twenty minutes to bake a dozen cupcakes, you shouldn't charge fifteen cents for each.  $.15 \times 12 = \$1.80$  just for one batch of cupcakes. Instead, charge higher for each individual cupcake and then do your math. You should incorporate the cost of your supplies in the equation because it is costing you money as well. If that sounds too complicated, then just follow this chart.

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**IN CLOSING, HERE ARE SOME FORMULAS THAT HAVE WORKED IN THE PAST FOR FINDING A FAIR MARKET PRICE IN MY CRAFT ECONOMY.**

- Cost of Supplies + \$10 per Hour Time Spent = Price A.
- Cost of Supplies x 3 = Price B.
- Price A + Price B divided by 2 (to get the average between these two prices) = Price C.
- Compare Price C to your Market Research and adjust accordingly.

*Image courtesy of <http://www.craftsy.com/blog/2014/07/pricing-your-handmade-goods>*

You don't have to charge \$10 per hour but think about minimum wage or even see how much an item like what you are making gets charged. The last calculation you have to make would be shipping costs. (These don't get included into the charge price).

## *2.4 Shipping Costs*

If baking isn't your forte, and you're more of a blacksmith, you could always make knives for a living. Your clients are hunters and they are looking for somebody to sell them some good quality hunting knives. The only thing is that they live in Canada. Shipping from the U.S to Canada is expensive but then again, shipping internationally is expensive in general. You want to save money this way too so the best thing to do is research shipping companies that will charge less to ship overseas. One thing you don't want to do is have your shipping costs be the same price as your product. By doing so, you won't make any money.

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## *Chapter 3 : Getting Your Business Out There*

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### *3.1 Social Networking*

The only way that your out of town buyers are going to find out about your business is through social networking. Nowadays that's how everyone finds you. If you want to increase the amount of international clients for your business, you can start a page for your business. Most business pages have Facebook, Twitter, and Instagram. Making your business page on one of these social networks can help you to increase the amount of clients you may get and posting at least daily can show your followers that you are an active business. Post things like pictures of your business card, your items, your commissions, and any events that you may be selling at (if you plan on doing that as well) to all of your pages. Having your family and friends follow you too and asking them to share your pages with others can also help to increase your online business.

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## *3.2 Creating an Online Store*

The last step in creating your online business is making an online store. Your social network page isn't the same as your online store, that's just for advertisement. An online store can be made on sites such as Storenvy or Etsy. These two stores are made for people that like to create things and wish to sell them. They aren't like Amazon and Ebay because unlike those two, Storenvy and Etsy are online stores that function as a storefront. When you put your items up for sale and somebody buys them from the site, you pay a very small percentage for the store to stay on the site. It's almost like paying rent. The percentage only takes away a few cents from you so you won't lose anything big. All of these steps will help you to earn more money doing things that you love to do without you being bored. Who said work had to be boring anyway?

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