Marketlend Academy: How To Know If Your Hobby Should Be A Business

5 Questions to Ask Yourself Before You Turn Your Hobby into a Business

- **Is your great idea a hobby or a business?**

When avid Australian gardener Matt Harris became frustrated with traditional plant watering methods, and the pests eating at his produce, he invented a self-watering, enclosed system called Vegepod. In 2016, Harris scored both publicity and an investment on the Australian version of Shark Tank. Since then sales have increased by more than 500 percent.

When Harris first come up with his idea, how could he have been sure it had the potential to become a business? Not every entrepreneur necessarily needs a huge investment to make a business work, but most beginning entrepreneurs will often find themselves wondering when their idea or hobby is ready to become a business. Whether you’re just at the idea stage, or have started selling already, answer these questions to help you decide whether you’re ready to hang a professional shingle.

- **Can it make a profit?**

If you want to make a career out of your hobby, first figure out if your idea can generate revenue. After all, a hobby is personal, but a business is commercial. There is also a difference between just making money, and making a profit. Write a business plan and crunch the numbers. Anticipate your revenue and expenses. Will you be in the black? Will you be enough in the black to make a living at this enterprise?

- **Is there a customer base?**

If you haven't begun selling yet, don't assume that just because you love your own idea that others will too. Conduct some market research to identify who would be willing to spend money on what you're offering. Take advantage of social media and online survey tools to find your target audience. If you've identified a clear interested audience, then it may be time to test the waters by selling your product directly to that audience.

- **Is there demand?**

Identifying your audience goes hand in hand with demand. Signs of high demand include more sales than you are able to fulfill right away, overwhelming requests or positive comments online or on social media, or if you're having to turn away customers because you've got more orders than you can fulfill. If you're so busy trying to fulfill orders that it's taking over your life, and you still feel like you're falling behind, that's a clear sign that people really want your business. This is the time to invest in your business and help it grow.

- **Are you cut out for running a business?**

Even if you're sure that your business can make money, and you've identified both an audience and demand, your business will never take off if you don't have the time to devote to it. Running a true business will require a full time commitment, and sometimes even more than that. Ask yourself first if this is something you're willing or able to do. Not everyone is cut out for running a business. Signs that entrepreneurship is right up your ally include a desire to have a personal stake in what you're working on, a dislike of rules, comfort with working hard, a tendency for seeking out problems and solutions, and a preference for independent thinking and a strong desire to be your own boss.

- **Are you comfortable with risk?**

Starting a business is by nature risky. Even if you truly believe in idea will make millions, there is always the possibility that your business will fail. But risk isn't necessarily bad. The best businesses are often founded after multiple failures, so to get to a successful business probably means failing several times along the way. Be prepared for this. But make sure that this is a risk you're willing to take, both from a financial and personal standpoint. Also be smart about taking the risk. Taking calculated risks means that you've planned every single detail, conducted all the research, and collected all the possible evidence that your business truly has potential. As long as you've done that then give it a go. Remember, you can't learn to walk without falling.