Would Your Hobby Make a Sustainable Business?

I have been doing several columns on various topics related to starting a new small business. But, here is one topic that a reader reminded me that I haven’t covered. “I have a great hobby that I love to do” she said, “but could I make a viable business out of it?” Here is most of what I shared with her.

Running a successful business centered on doing something you love is the dream of many entrepreneurs. What could be more gratifying than making a living sharing your talents and skills with others?

On the Internet, you can find a long list of articles and resources offering advice and insight specifically geared toward hobbyists who want to take the step and go from “passion” to “profit.”

It’s not difficult to find success stories about everyday people—from photographers to interior designers to carpenters and others—who have turned hobbies and interests they were passionate about into viable businesses.

That’s encouraging if you’re contemplating making the transition from hobbyist to small business owner. It’s important to know, however, that not all hobbies (and the people participating in them) may be well suited for entrepreneurship.

Here are some essential points to consider as you explore the feasibility of your hobby becoming a sustainable business:

- Will you still enjoy doing the work after you have to do it (versus having the luxury of doing it only when you’re inspired to)?

- Are you willing to put yourself out there? It’s one thing to work on your hobby for your own satisfaction but is totally another situation to put what you produce out there to be scrutinized by others.

- Will people (and enough of them) be willing to pay for what you create?

- Do you have the knowledge and capacity to both create your product or service and take care of the other administrative and operational responsibilities that come with starting and running a business?
Several months ago, I visited with a SCORE mentor colleague of mine, Dennis Wright from the Orange County, California chapter. He presented a session to potential small business owners and he suggested that you take the following actions as you assess the viability of your hobby becoming a business that supports you and your family:

1. Identify who your prospective customer really is. Not everyone is going to be interested in your product or service.
2. Determine the benefit you’ll be selling. What need or want will your product or service satisfy?
3. Consider how you’ll communicate your value proposition and why your product or service is better than those of your competitors.
4. Establish what your prospective customers would be willing to pay for your product or service.
5. Do the math. Can you be profitable at that price point? Make sure you consider overhead costs in addition to cost of goods sold.

“Once you complete your research and have the answers to those basic questions you’ll be ready to start drafting a business plan,” Wright explained to his attendees. “A written plan is important because it helps identify the time, energy, and money necessary to take your hobby to another level.”

If you need assistance in determining if you and your hobby are suited for small business, there are resources out there to help you. Consider taking advantage of the free mentoring services from SCORE (www.score.org) and check out the information on the Small Business Administration website (www.sba.gov).

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