

How to Turn Your Side Hustle Into a Business



Success Starts Here.



First State
Community Bank

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Introduction

Uncertainty breeds innovation. We saw this clearly in 2020, as Americans came to terms with the fact that their stable full-time jobs (and employer-funded health insurance) were perhaps not as sure of a thing as they once thought. Many Americans leaned into side hustles as a way to build up savings and diversify streams of income in case of disaster. Others realized for the first time how important a side hustle could be in their journey toward long-term financial security.

This recent embrace of the side hustle has had a ripple effect. In fact, a Zapier survey of 2,001 Americans revealed that [one in three Americans \(34 percent\) already has a side hustle](#), and an additional 61.1 million Americans (24 percent) plan to start a side hustle of their own in 2021. Most people cited the prospect of creating a passive income as their No. 1 reason for pursuing supplemental income. Others pointed to goals of diversifying their income (33 percent), saving up for a financial milestone (25 percent), or saving up for a specific purchase (23 percent). Even when the benefits are obvious, it can be difficult to know where to get started.

Here, we break down the basics to help you get your toes wet before [taking the ultimate plunge and turning your side hustle into a full-time business](#).

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Getting Started: When Should You Turn Your Side Hustle into a Full- Time Gig?

The first question you're probably asking yourself is how to know when is the right time to start your business. Although the precise timeline of [getting a business off the ground](#) will vary from one entrepreneur to the next, you can begin to assess your readiness based on the following objectives. If you're already working toward these goals, now is the time to get serious about building your business.



Establish Financial Stability

Almost half of Americans with a side hustle—46 percent—[say they were motivated to start it by the prospect of creating passive income](#). And aside from the extra cash you pocket each month, a major increase in monthly earnings could help you reach your saving and investing goals faster than you ever thought possible.

We've all heard stories of a few great innovators who quit their jobs to pursue their lifelong dreams and achieved unimaginable levels of financial success seemingly overnight. But before you drop everything for your own business, make sure that you are working to diversify your streams of income to mitigate financial risk. Consider basic financial stability your starting point; that is, you should be able to cover all monthly expenses (e.g., mortgage, rent, auto payments, student loans) and have saved up 3-6 months of an emergency fund.





Build an Audience Base

In the age of social media, it is easier than ever before to connect with your audience directly. You can build a following, gauge interest about future creative projects, create and promote merchandise, and engage in other entrepreneurial pursuits. Build trust with your audience so that when it comes time to market and sell products, you already have an established rapport.

At the same time, you're building a professional (or personal) portfolio that just about any professional contact can easily access. So whether you're a skilled graphic designer, seamstress, or house flipper, social media is the place to showcase the very best of your talents all in one place.



Play the Part

[Mastering business basics](#) and refining soft skills such as negotiation, networking, and clear communication are key. Even if these skill sets do not come naturally, an entrepreneur can perfect a fake-it-until-you-make-it attitude. In the meantime, think about the skills you do bring to the table. Innovation, creativity, ability to meet tight deadlines, self-motivation, and persistence each play a unique yet critical role in the success of any businessperson.

Working Smarter: Tools and Tips for Getting Started as a Small Business Owner

Once you're ready to get your small business off the ground, you'll want to create a set of standards to guide your strategy. Develop these good habits early and establish a rhythm of efficiency so that as your business grows, you do too.



Manage Your Time Wisely

As a [small business owner](#), you must efficiently manage your time. Turning a side hustle into a full-time business is time-consuming, of course, but it shouldn't take over every aspect of your life.

There's always a temptation when you're pursuing a passion project to spend endless hours researching, brainstorming, and obsessing over even the smallest details. In the beginning, it's exciting to dream about what this business could one day become. But you must also consider what will be sustainable in the long term. Measure the time it takes you to complete tasks not only for personal accountability's sake, but also for future reference once you begin to interact with clientele, establish rates, and build out timelines.



Scale Incrementally

[Scalability is key to growing a business](#). Grow too fast, and you risk losing track of finances, hiring the wrong people, or placing orders faster than inventory allows. Don't move fast enough, and your products and services may become irrelevant before they ever hit production.





The key is to grow incrementally so you have time to adjust, assess the marketplace, and refine your strategy accordingly. For one, your sales and marketing efforts must focus on selling a product or service for which there is already a demand and about which you can raise awareness. Operations then works to develop said product or service. Once you've established a rhythm, you must focus your growth so you can develop powerful ROI metrics while meeting demand.



Don't Be Afraid to Ask for Help

You may feel a sense of ownership or protection over your personal entrepreneurial dream. It's something in which you've invested a lot of time and for which you have a clear vision. However, even the most skilled entrepreneurs need help along the way.

Maybe you're a marketing, business, and tech expert all in one. But in the more likely case that you're not, you can find people who can fill in the gaps and whose contributions will take your business to the next level. Hiring the right people takes time, but you can bring tech-savvy freelancers or virtual assistants, for example, on as contractors at first before determining if they're the right long-term fit for you.



Avoid Burnout

You've put in a ton of hard work, and it's exciting to see your business starting to grow. But your business can't be everything you want it to be if you find yourself strained, consistently working long hours and late nights. Keep yourself to a regimented schedule as much as possible so you don't overwork yourself, and rely on those around you to support you in your business efforts or remind you to take a step back when you start to get overwhelmed.

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The Ins and Outs: 5 Steps to Turn Your Side Hustle into a Business

As you work through the early stages of turning your side hustle into a business, you'll want to iron out some financial logistics. Now that you've had a chance to flesh out your vision, it's time to put pen to paper, crunch some numbers, and create a business plan you can stick to.

Here are a few of the [business logistics](#) every entrepreneur should consider:

1

Establish a Legal Business

In order to establish a legal business, you'll want to [open a business checking account](#). Keep in mind the associated fees and any other costs you may be incurring. Utilize bill pay services and take out the appropriate [small business loan](#). In order to do so, you'll want to determine what kind of loan you need and what kinds you qualify for. Before you submit your application, gather all the necessary documents and compare lenders to make sure you're working with the best partner for you.

2

Manage Your Cash Flow

In order for your business to be profitable, you must understand how much money is coming in and going out each month. Track your spending so you can adjust your budget accordingly, and shift spending habits as needed. All business owners must have these numbers readily available, especially when it comes to pricing products, working with new vendors, and hiring new employees.





3

Don't Spend It All at Once

Just as you diversify your income, you must diversify your spending as well. Only [50 percent of businesses](#) make it to their five-year mark due to poor sales funnels, failure to optimize conversion, and an inability to complete or control expenses. Spend your money wisely according to revenue streams and a cost-benefit analysis.

4

Explore E-Commerce Opportunities

[Create a business plan](#) that's based on market research, material costs, and product pricing and that takes your cost analysis into account. Based on the scope of your business's products and services, look for e-commerce opportunities that may be right for you. Consider a fresh web design and e-commerce platforms that not only provide a sleek design but also get your customers in touch with the products and services they need.

5

Be Prepared to Switch Gears

Any seasoned businessperson knows to expect the unexpected. Flexibility is key, especially as you continue to assess your industry's market. As you identify potential risks, shifts in revenue streams, efficiency of operations, and rearranging of personnel, stay open-minded about the direction of your business and embrace a certain level of uncertainty regarding what's to come.

Starting a business of your own is no easy endeavor, but there's also no level of satisfaction quite like seeing your small business dreams come to fruition. FSCB is committed to helping small business owners like you make their dreams a reality.



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About First State Community Bank

Since 1954, First State Community Bank has been a leading financial resource for residents and businesses across the state of Missouri. First State Community Bank has built its reputation on an unyielding commitment to delivering the best possible service to customers and partners, from the Junior Savers who open an account with \$1 to those applying for multimillion-dollar commercial loans. Our mission is to help our customers achieve financial success on their terms, whether that means buying a new home, starting a business, or planning for retirement. We are here to help you reach your financial goals today and into the future.

**Learn more about how FSCB supports small
businesses and entrepreneurs of all sizes today.**

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