

Small-business Savvy: Passion Helps, But Profitability Required

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A common question I get asked is, “What business should I start?”

My typical answer is: “Think about starting a business around something that sparks your passion.”

I have a valid reason for giving that answer. The business you start will take an incredible amount of time. Plus, as you build the business, you will have countless times when you may just want to quit. Those are the times when your passion, or perseverance, will get you through.

Yet passion, while necessary, is not an entirely sufficient variable on which to build a long-term, sustainable business. Doing that requires that your business makes money.

And the money you make must do more than just pay for supplies. It must cover labor costs, pay for the rent and utilities, and cover taxes, marketing, distribution and the management costs of running the business.

A long-term, sustainable business also will pay the owner for the risk he or she has undertaken, as well as providing a return on the investment.

Finding that profitable business takes time and effort. Ask yourself:

- * Does my product or service have a market? And will that market keep coming back? If so, how often?
- * Will the market pay a price that gives me the profit level I need/desire?
- * Who are my competitors? Do I have a sustainable advantage over them?

Some people can't offer positive answers for these questions. Yet they still go into business. The reality is the business is more like a hobby. That's OK as long as you understand what you are giving up and that you will be subsidizing the business in some way through time.

So, what business should you start? It should be one that you have a passion for and also can make you a profit.

For more help, visit our website, <https://www.ag.ndsu.edu/smallbusiness>, and sign up for the monthly newsletter.

More information is available at your local Extension office, as well as at <http://powerofbusiness.net> and www.eXtension.org/entrepreneurship.

The Small Business Administration and its related organizations, such as the Small Business Development Centers and Service Corps of Retired Executives, along with many other state agencies, also can be valuable resources.

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