

Running a Side Business Has Many Benefits

Opening and operating a business on the side occurs for lots of reasons.

“Some side businesses are operated by individuals who already own one business,” says (Insert name and title) of (Insert county). “Yet for others it means starting a business while working another job.”

A third category are people who have an idea for a business. They may not have another job; however, they do have other commitments, but they have a desire to start a side business. Some may consider this a part-time business, but it is much like the sideline business.

Common in each of these scenarios is a desire to develop another income source. Some of the situations may influence certain decisions about how the business operates, but they have much in common.

“Key in the owner’s decision should be filling the consumer’s need, solving a problem or improving the quality of life,” says Glenn Muske, the North Dakota State University Extension Service’s rural and agribusiness enterprise development specialist. “If the owner is serious about generating income, he or she must know what the audience wants and what customers are willing to pay.”

“The owner also must have done some homework to know if the pricing structure will indeed provide a profit and pay for the time involved,” Muske continued.

In addition to generating additional income, starting a sideline business has other advantages.

First, it allows people to try out a new idea while minimizing risk.

Second, the sideline business might be a nice complement to the existing business or it may fit into what is a quiet time in the business cycle. Think of the lawn mowing business that starts a winter snow removal business, a spring cleanup business and a fall leaf-removal business. These are complementary businesses that fit together into services that can be sold individually or in a package.

However, sideline businesses can be completely unrelated to what else the person does. That’s the banker who bakes bread on the weekends.

A third advantage is the owner, when setting prices, has some flexibility in what he or she must charge for his or her labor. Discounting is possible for these additional hours spent on the new business. But this must be done carefully after thinking about long-term ramifications. Setting prices too low creates unrealistic expectations among customers. Think how difficult it would be to raise prices if you should make this your full time effort.

Starting out as a sideline business also allows you to do more testing than what you might otherwise do if you are depending on the business as your primary income source. Not only can

you test product and services, you also can test the mix of the two, along with pricing structures, packaging and many other aspects.

In addition, a sideline business allows you to test yourself to determine if you have what it takes to start a business or if you need to look for some additional expertise, such as an employee or a consultant, or maybe just a mentor.

Finally, opening first as a sideline business allows you to work out the kinks. Thus when, and if, you decide to take the opportunity further, you have made some of the basic mistakes already.

No matter what your situation is, opening a business on the side is a great way to get started. It increases your odds of success and manages your risk.

For more help, check with your local Extension Service office at [insert phone number and email address]. Also visit NDSU's small-business support website at www.ag.ndsu.edu/smallbusiness and sign up for the monthly newsletter. Or check out Facebook at www.facebook.com/NDSUextsmallbiz or Twitter at @gmuske. Another online resource is www.eXtension.org/entrepreneurship.

Joining groups such as your local chamber of commerce can be helpful. The Small Business Administration and its related organizations, such as the Small Business Development Centers and Service Corps of Retired Executives, also can be valuable resources.

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For more information, contact glenn.muske@ndsu.edu or call (701) 328-9718. You also can visit our website, www.ag.ndsu.edu/smallbusiness.