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Do You Have A Startup? Or An Expensive Hobby?

Here's how to tell if what you have is an actual business—and what to do if it's not.

An interesting blog passed my desk this week. **Bob Jansen**, of **Firmhouse**, talked about the early stage projects he's hearing about from individuals hoping to turn their [new app/product/service/idea into a business](#). Some have users. A few even have customers. Many are looking for funding, in the hopes that they can move their project from a sideline to a full time job and a viable business.



Does your hobby have the potential to become a viable business?

Does this sound like you? Does what you have constitute a startup? Or, in actuality, is it merely an expensive hobby you have?

The difference is important.

I hear from scores of would-be entrepreneurs every day who are anxious to follow their passion, to do work that is rewarding, to work flexible hours, and to find untold wealth, along with the ability so say goodbye to a humdrum corporate job.

Or I hear from the unemployed or underemployed, wondering if they could

parlay their personal idea or interest into a sideline business or an eventual career.

I've written in the past about what it takes to find an idea and to test its viability with customers before you proceed. I've even spoken candidly about what happens to entrepreneurs (and even what's happened to me) when I didn't take the proper steps in the proper order in advance.

While the ability to create marvelous hair bows, or nail designs or remarkable iPhone apps may win rave reviews among your friends and fans, your idea may or may not be the genesis of a viable business. Consider these questions:

- Do you know and understand your prospective market fully?
- Do you know in advance that you have paying customers who are willing to buy the product you have?
- What are all the criteria involved in making your personal interest into a business? Perhaps the part of the business you love—creating new designs; meeting with customers—are just a small component of the full process. When you examine the whole process – parts, manufacturing, distribution of products, or building and creating a strong audience and channel for your software application—will you still love the business? Will it still be the best prospective career or business for you?

Many, many prospective “startup” businesses are dead on arrival for these reasons before they've ever really begun. For example, someone who loves video equipment decides to start a business to do video production. Or a person who loves airplanes decides to make a business out of leasing personal or corporate jets. Is it a good time in the market and economy to create such an offering? Do you have sufficient customers willing to pay the price you need in the regions you're serving to cover your extensive carrying costs and provide a sufficient profit? Is it scalable? Will it be the best and most efficient way for you to produce the revenue you will need?

Perhaps your passion and idea is a wonderful start to a business. But far too often, it's tempting to let your personal interest and passion for a market or a topic sway you from fully addressing the critical questions before you begin.

It's possible that market research is a good enough reason for your spouse or even for yourself to justify the purchase of expensive equipment, crafting supplies, or if you can afford it, even a personal or corporate jet. If your personal interest proves itself out on all the fronts I've mentioned, perhaps it's the seed of a business. Or perhaps it's a personal interest that can make you a bit of revenue or could serve as the learning process for a venture you could actually start later on. But never fool yourself into thinking you have a “startup” when it's actually just an enjoyable and expensive hobby you've got.

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