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**Paul Mladjenovic**

*Author of Stock Investing For Dummies*



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# ***Micro- Entrepreneurship***

FOR  
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**by Paul Mladjenovic**

*Author of Stock Investing For Dummies, 4th Edition*

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**DUMMIES**<sup>®</sup>  
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# About the Author

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Paul has written *Stock Investing For Dummies*, 4th Edition, *Precious Metals Investing For Dummies* (both by John Wiley & Sons, Inc.), and the *Job Hunter’s Encyclopedia* (Prosperity Network). The Kindle edition of *Stock Investing For Dummies* was ranked No. 1 in the stock investing category on Amazon in 2012. In recent years, Paul’s economic forecasts and commentaries have been featured in business and financial media such as MarketWatch, FinancialSense.com, Kitco.com, and numerous other media. You can find his economic, business, and financial video commentaries at [www.youtube.com/paulmlad](http://www.youtube.com/paulmlad). He edits the free financial and business ezine, “Prosperity Alert,” available at [www.ravingcapitalist.com](http://www.ravingcapitalist.com) where you can also find his downloadable audio seminars and ebooks.



# Dedication

I thank God for blessing me with a fantastic and supportive family! I dedicate this book to my wife Fran and our sons Adam and Joshua. You are always in my heart and I am grateful for you.

I also dedicate this book to the millions of good people that could better their lives and personal prosperity if they turn their talents and passions into a micro-entrepreneurial enterprise of their own.

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# Contents at a Glance

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<b><i>Introduction .....</i></b>	<b><i>1</i></b>
<b><i>Part I: Getting Started with Micro-Entrepreneurship .....</i></b>	<b><i>7</i></b>
Chapter 1: Micro-Entrepreneurship 101: Just the Basics, Please .....	9
Chapter 2: Knowing Your Path as a Micro-Entrepreneur .....	17
Chapter 3: Understanding Yourself: What Makes You Tick .....	31
Chapter 4: Setting Up Your Internet Presence .....	45
Chapter 5: Honing In on Opportunities .....	59
<b><i>Part II: Finding Great Micro-Entrepreneurship Ideas.....</i></b>	<b><i>77</i></b>
Chapter 6: Creating Your Arts and Crafts Micro-Business from Scratch .....	79
Chapter 7: Selling Other Stuff: The Golden Rules of Success .....	91
Chapter 8: Selling Your Services .....	105
Chapter 9: Writing for Money .....	121
Chapter 10: Getting Into Self-Publishing .....	133
Chapter 11: Being a Successful Affiliate .....	153
Chapter 12: Cashing in on Advertising .....	169
<b><i>Part III: Marketing and Selling Your Micro-Business....</i></b>	<b><i>187</i></b>
Chapter 13: Understanding Your Marketing Approach .....	189
Chapter 14: Communicating with Prospective Customers .....	205
Chapter 15: Utilizing Search Engine Strategies to Market Your Business .....	223
Chapter 16: Using Blogs and Ezines in Your Marketing Plan .....	237
Chapter 17: Marketing through Social Media .....	255
Chapter 18: Implementing Other Marketing Strategies .....	267
<b><i>Part IV: Considering Taxes and Legal Issues.....</i></b>	<b><i>285</i></b>
Chapter 19: Outsourcing: Getting Others to Help You .....	287
Chapter 20: Micro to Macro: Growing and Selling Your Business .....	301
Chapter 21: Uncle Sam Comes Calling: Tax Issues for the Micro-Entrepreneur .....	315

***Part V: The Part of Tens* ..... 333**  
Chapter 22: Ten Beginning Micro-Entrepreneur Pitfalls  
    (and How to Avoid 'em)..... 335  
Chapter 23: Ten (Plus One) Ways to Make Money Quickly..... 341  
***Index* ..... 347**

# Table of Contents

---

## ***Introduction*..... 1**

About This Book.....	1
Conventions Used in This Book.....	2
What You're Not to Read.....	2
Foolish Assumptions.....	3
How This Book Is Organized.....	3
Part I: Getting Started with Micro-Entrepreneurship.....	3
Part II: Finding Great Micro-Entrepreneurship Ideas.....	4
Part III: Marketing and Selling Your Micro-Business.....	4
Part IV: Considering Taxes and Legal Issues.....	4
Part V: The Part of Tens.....	5
Icons Used in This Book.....	5
Where to Go from Here.....	5

## ***Part 1: Getting Started with Micro-Entrepreneurship*..... 7**

### **Chapter 1: Micro-Entrepreneurship 101: Just the Basics, Please. . . . 9**

Understanding What Being a Micro-Entrepreneur Means.....	10
Following your path to be a micro-entrepreneur.....	10
Figuring out whether you have what it takes to be a micro-entrepreneur.....	11
Recognizing potential opportunities.....	11
Deciding What Type of Business Works for You.....	12
Making Your Micro-Business Noticeable.....	13
Advertising your services or products.....	14
Identifying your market.....	14
Communicating with your clients.....	14
Marketing your business.....	14
Being Aware of Taxes and Other Issues.....	15
Getting others to help you in your business.....	15
Growing your business.....	16
Tackling taxes (but fortunately no death).....	16

### **Chapter 2: Knowing Your Path as a Micro-Entrepreneur . . . . . 17**

Recognizing Whether You Need a Formal Business Plan.....	17
Eyeing What Your Business Plan Addresses.....	18
Naming the Type of Business Plan You Have.....	20
Looking Closer at a Business Plan and What It Constitutes.....	21



- Updating Your Business Plan..... 24
- Creating Your Business Plan: Helpful Resources to Review ..... 25
- Making Other Stops on Your Path..... 26
- Making Your Business Path Easier: Tools for the Road ..... 27
  - Going online for some education..... 28
  - Teleconferencing or videoconferencing ..... 28
  - Using open-source software..... 29
  - Organizing and being more productive ..... 29
  - Relying on colleagues..... 29

**Chapter 3: Understanding Yourself: What Makes You Tick . . . . . 31**

- Tapping Into the Process of Starting Your Business ..... 31
  - Doing your 10-10 list to find your passion ..... 32
  - Focusing on where enjoyment meets competence ..... 34
  - Figuring out your personality and the type of entrepreneur you are..... 35
  - Remembering your great moments ..... 36
- Recognizing the Qualities You Need to Be a Micro-Entrepreneur ..... 36
  - Having initiative ..... 36
  - Being able to prioritize..... 37
  - Managing your time ..... 38
  - Staying focused ..... 38
  - Striving for excellence..... 39
  - Being persistent ..... 39
  - Showing creativity ..... 40
- Beginning Your Business Life..... 40
  - Recognizing why starting at home makes sense ..... 41
  - Setting up your environment..... 42

**Chapter 4: Setting Up Your Internet Presence . . . . . 45**

- Having a Web Presence: Something You Need as a Micro-Entrepreneur ..... 45
- Creating Your Website..... 46
  - Doing some pre-planning ..... 46
  - Recognizing the four basic elements ..... 47
  - Tackling marketing considerations after your website is up..... 52
- Setting up Your Blog ..... 53
  - Deciding on your blog’s purpose..... 53
  - Figuring out the blog’s set-up in advance..... 54
  - Understanding a blog’s features ..... 55
  - Tapping into blogging resources ..... 56
  - Marketing your blog ..... 57
- Considering Other Alternatives to Give You a Web Presence..... 58
  - Facebook..... 58
  - LinkedIn..... 58

<b>Chapter 5: Honing In on Opportunities</b> . . . . .	<b>59</b>
Identifying Customers; Differentiating between Their Wants and Needs . . . . .	60
Knowing the lifetime value of a customer . . . . .	60
Recognizing the type of market: Horizontal or vertical . . . . .	61
Eyeing the Basic Categories of Successful Home Businesses . . . . .	61
Category one: The problem solver . . . . .	62
Category two: Anticipating a megatrend . . . . .	62
Category three: A combination . . . . .	64
Getting the Lowdown on Niches: What to Focus Your Business On . . . . .	64
Choosing the right niche for you . . . . .	64
Recognizing recession-proof niches . . . . .	65
Seasonal niches . . . . .	67
Good times niches . . . . .	68
Special interest niches . . . . .	69
Searching for Success: Finding the Information You Need . . . . .	69
Researching niches . . . . .	69
Viewing educational tutorials . . . . .	70
Searching news sites for information . . . . .	71
Perusing article directories . . . . .	71
Testing opportunities . . . . .	72
Relying on Your Background for Opportunities . . . . .	72
Avoiding Fraud . . . . .	73
Steering Clear of Liability Problems and Other Legal Issues . . . . .	74

## ***Part 11: Finding Great Micro-Entrepreneurship Ideas* . . . . . 77**

<b>Chapter 6: Creating Your Arts and Crafts Micro-Business from Scratch</b> . . . . .	<b>79</b>
From Nothing to Something Good: Entering the World of Arts and Crafts . . . . .	79
Making your art and craft and a profit at the same time . . . . .	80
Finding the raw materials . . . . .	83
Buying wholesale . . . . .	84
Touring the World of Crafts . . . . .	84
Adding Beauty and Profit . . . . .	85
Selling Your Creations: Focus on Etsy . . . . .	86
Setting up on Etsy . . . . .	86
Selling on Etsy . . . . .	87
Identifying Other Online Selling Venues . . . . .	87
Eyeing Offline Selling Opportunities . . . . .	89
Focusing on the Four Rs . . . . .	89

<b>Chapter 7: Selling Other Stuff: The Golden Rules of Success . . . . .</b>	<b>91</b>
Identifying Your Selling Options.....	92
Understanding What You'll Sell: Specialize and Understand Value.....	94
Finding Items to Sell: Buy Low .....	95
Buying from individuals .....	95
Buying from businesses .....	96
Buying from the government.....	97
Making a Profit: Sell Higher .....	98
Going the eBay Route.....	99
Listing on eBay .....	100
Managing ongoing auctions .....	103
When your auction expires .....	104
<b>Chapter 8: Selling Your Services. . . . .</b>	<b>105</b>
Knowing Who Your Prospective Clients Are .....	106
Focusing on consumers .....	106
Capitalizing on companies.....	107
Selling to government agencies .....	108
Meeting and Finding Prospective Clients .....	108
Horizontal venues .....	109
Vertical venues.....	109
Directly via search engines and directories.....	110
Hooking Up with Elance and Other Horizontal Sites .....	110
Identifying the client.....	111
Signing up and understanding the set-up process .....	112
Grasping how the bidding process works .....	113
Gaining the assignment: Now what?.....	114
Maximizing your Elance success .....	114
Becoming a Virtual Assistant .....	116
Recognizing what a virtual assistant does .....	116
Marketing yourself and finding work.....	117
Micro-Tasking for Small Bucks.....	118
Using Fiverr.....	118
Investigating more about micro-tasking .....	119
<b>Chapter 9: Writing for Money. . . . .</b>	<b>121</b>
Discovering the Writer inside You .....	121
Cultivating important writing skills .....	121
Grasping some important business skills .....	123
Identifying your equipment needs .....	124
Avoiding pitfalls in freelance writing.....	124
Choose Your Writing Specialty.....	125
Blogging in the blogosphere.....	126
Providing website content.....	126

Locating Places That Pay for Writing.....	129
Finding websites for cold, hard cash .....	129
Perusing freelance writing resources.....	130
Accessing other freelance resources .....	131
Getting Paid Multiple Times.....	132

## **Chapter 10: Getting Into Self-Publishing . . . . . 133**

Tapping into Written Self-Publishing .....	134
Getting started .....	134
Naming your self-publishing tools.....	135
Considering your delivery option: Digital and physical together .....	136
Identifying the different types of written self-publishing .....	137
Using resources for written self-publishing .....	140
Trying the Audio Publishing Route .....	140
Recognizing the formats you can use .....	141
Creating your audio product.....	142
Seeing what equipment you need.....	144
Considering Video Publishing.....	144
Spelling out the ins and outs to video.....	145
Creating your own video.....	146
Knowing what equipment you need.....	147
Using YouTube.....	148
Handling Legal and Management Stuff.....	149
Getting an ISBN .....	149
Respecting copyright .....	149
Stating your disclaimer .....	150
Setting up your ecommerce for digital content .....	150

## **Chapter 11: Being a Successful Affiliate . . . . . 153**

The Lowdown on Affiliate Programs .....	153
Eyeing the pros and cons of being an affiliate .....	154
Knowing the types of affiliate programs .....	155
Viewing additional resources for more info .....	156
Starting As a Beginning Affiliate.....	157
Step 1: Discover your interest.....	157
Step 2: Identify your competence .....	158
Step 3: Investigate before deciding.....	158
Step 4: Select your marketing approach .....	159
Step 5: Focus and be persistent .....	160
Spotlighting the Top Affiliate Sites .....	161
Clickbank.....	161
Commission Junction .....	165
Amazon.....	166

**Chapter 12: Cashing In on Advertising . . . . . 169**

Generating Cash from Advertising: Spotlight on AdSense .....	170
Content is king.....	170
Keywords are queen.....	171
Ad placement is the third consideration.....	172
Tracking and changing your approach.....	174
Identifying other advertising sources that pay you .....	175
Getting Customers and Sales with Pay-Per-Click: AdWords or AdCenter .....	176
The lowdown on PPC and how it works .....	177
Creating your first PPC ad .....	180
Keywords 101: Just the basics .....	184

**Part III: Marketing and Selling Your Micro-Business... 187****Chapter 13: Understanding Your Marketing Approach . . . . . 189**

Identifying Your Target Market .....	189
Understanding the importance of having a target market .....	190
Choosing your target market: The how-to.....	190
Researching and focusing on your target market.....	192
Knowing where your target market is.....	193
Identifying Your Competitors .....	194
Positioning yourself versus your competitors.....	195
Staying updated on your customers' actions with competitive analysis .....	195
Turning competitors into partners.....	196
Doing Your Marketing Plan .....	197
Uncovering your marketing strategy.....	197
Remembering your mission statement .....	197
Knowing your target market.....	198
Analyzing your competition .....	198
Identifying what makes you unique .....	198
Developing a pricing strategy .....	199
Promoting your marketing activities.....	199
Tracking with a marketing worksheet.....	201
Tracking your marketing costs .....	202
Creating an action plan .....	203
Ensuring you offer a quality product or service.....	203

**Chapter 14: Communicating with Prospective Customers . . . . . 205**

Recognizing Your Role: You're Already a Salesperson .....	205
Letting you in on the big secret to salesmanship:	
Be convincing .....	206
Breaking the ice — the cold call .....	207
Tackling the cold call: Helpful tips to make it successful.....	209
Getting additional help.....	211
Getting referrals .....	212



Focusing on Your Sales Message — Your Cold Call in Print..... 213  
 Communicating benefits versus features ..... 213  
 Knowing the AIDA formula ..... 214  
 Communicating effectively via email ..... 216  
 Turning to additional resources for help in writing  
 sales copy..... 218  
 Cold Calling with a Video: Use YouTube to Your Advantage ..... 219

**Chapter 15: Utilizing Search Engine Strategies  
 to Market Your Business ..... 223**

Grasping How Search Engines Work and Where You Can Search ..... 223  
 Getting the Lowdown on Search Engine Optimization (SEO) ..... 225  
 Before you start your own SEO research ..... 227  
 Beginning your research: Google can help..... 227  
 Using other SEO tools..... 231  
 Making Yourself Findable ..... 232  
 Using keywords ..... 232  
 Increasing links to your site or blog..... 233  
 Getting your business listed on search engines and directories... 234

**Chapter 16: Using Blogs and Ezines in Your Marketing Plan ..... 237**

Choosing Whether You Want a Blog, Ezine, or Both ..... 237  
 Using Your Blog to Make Money ..... 238  
 Making money directly..... 239  
 Making money indirectly ..... 239  
 Doing both ..... 240  
 Promoting Your Blog..... 240  
 Getting listed in search engines and blog databases ..... 241  
 Doing a micro-tasking blast ..... 241  
 Using multiple blogs ..... 242  
 Guest blogging..... 242  
 Doing some video blogging..... 243  
 Doing an Ezine..... 244  
 Knowing what to write about in your ezine ..... 245  
 Building a list..... 246  
 Using bulk email service providers ..... 252  
 Advertising with your ezine..... 253

**Chapter 17: Marketing through Social Media. .... 255**

Succeeding on Social Media: Follow Some Golden Rules..... 257  
 Maximizing Your Time on Facebook..... 258  
 Getting started on Facebook ..... 258  
 Using Facebook to build your business ..... 259  
 Creating a Facebook fan page ..... 260  
 Using Facebook advertising..... 260  
 Relying on other Facebook marketing resources ..... 261

Focusing Your Attention on LinkedIn .....	261
Setting up your profile.....	261
Making connections.....	262
Joining LinkedIn groups.....	262
Marketing with Twitter .....	263
Implementing strategies.....	263
Relying on other Twitter resources.....	264
Considering Other Social Media Sites.....	265
Squidoo .....	265
Pinterest.....	265
Using other sites .....	266

## **Chapter 18: Implementing Other Marketing Strategies ..... 267**

Writing Articles to Market Your Business.....	267
Grasping how article writing works .....	268
Knowing where to send your article .....	268
Pointing to profits .....	270
Using Publicity and Press Releases.....	271
Knowing what newsworthy means .....	271
Drafting a press release .....	274
Knowing where to send your press release .....	276
Doing a radio or TV interview .....	277
Focusing on Forum Marketing .....	279
Eyeing the benefits of a forum.....	280
Using forum etiquette.....	281
Selling on forums: The how-to.....	282

## **Part IV: Considering Taxes and Legal Issues ..... 285**

### **Chapter 19: Outsourcing: Getting Others to Help You ..... 287**

Defining Outsourcing and How You Can Use It in Your Business .....	288
Identifying the Pros and Cons of Hiring an Outsourced Worker .....	289
Seeing the upsides of using outsourced workers.....	289
Naming the downside of using outsourced workers.....	290
Hiring an Outsourced Worker: The How-To .....	292
Establish clear goals, milestones, and requirements.....	292
Focus on qualified workers versus cheap workers .....	293
Review portfolios and samples .....	293
Have an agreed payment plan before you hire.....	294
Use an agency.....	294
Consider other potential issues.....	294

Finding Outsourced Workers.....	295
Using general outsourcing websites.....	295
Trying virtual assistant resources.....	297
Tapping into micro-task sites.....	298

## **Chapter 20: From Micro to Macro: Growing and Selling Your Business . . . . .301**

Hiring Permanent Employees.....	301
Identifying payroll taxes .....	302
Recognizing other employee-related costs .....	302
Getting Your Hands on Money to Finance Your Business .....	303
Eyeing the debt financing route.....	304
Trying equity financing.....	305
Considering joint ventures .....	305
Going public.....	306
Looking At Franchising and Dealerships .....	307
Franchising .....	308
Independent dealership and service marks .....	308
Selling Your Business.....	309
Figuring out what makes a business sell .....	309
Sticking to the steps to sell your biz .....	310
Looking for additional help for selling your business.....	312

## **Chapter 21: Uncle Sam Comes Calling: Tax Issues for the Micro-Entrepreneur . . . . .315**

Understanding Net Loss and Profit .....	316
Keeping Good Records .....	316
Being Aware of Certain Tax Obligations .....	318
Dishing out federal income taxes .....	318
Handing over state and local taxes .....	319
Submitting sales tax on products sold.....	319
Identifying General Tax Benefits for Micro-Entrepreneurs .....	320
Recognizing the most common tax-deductible business expenses.....	321
Deducting home-office expenses .....	322
Focusing on depreciation of assets .....	324
Dealing with inventory and goods for resale .....	325
Eating and entertaining on the job .....	325
Putting money into a pension plan.....	327
Setting Up Your Business .....	327
The simplest business structure . . . you!.....	327
The second-simplest business structure:	
Sole proprietorship (the DBA) .....	328
LLCs, corporations, and partnerships .....	329
Reporting Your Business Activities .....	330

**Part V: The Part of Tens ..... 333****Chapter 22: Ten Beginning Micro-Entrepreneur Pitfalls  
(and How to Avoid 'em) ..... 335**

Failing to Understand Yourself .....	335
Listening to the Marketplace .....	336
Checking What Others Do .....	336
Acting without Planning .....	336
Getting Educated .....	337
Spending Too Much Money.....	338
Sticking to One Specialty.....	338
Failing to Rinse and Repeat.....	339
Paying Attention to What Your Customers Tell You .....	339
Anticipating Legal Issues.....	340

**Chapter 23: Ten (Plus One) Ways to Make Money Quickly . . . . . 341**

eBay.....	342
Elance.....	342
Clickbank.....	342
Fiverr.....	343
Etsy.....	344
About.com.....	344
Amazon.....	344
Gazelle.....	345
Items Wanted Classifieds.....	345
Cash in on the Real You.....	346
Gigwalk.....	346

**Index ..... 347**

# Introduction

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**I**f you want more income in your life and are willing to try a self-employed route, you've come to the right place. *Micro-Entrepreneurship For Dummies* is the perfect place to explore the idea of creating your own home-based business and create a viable source of income.

I have taught literally thousands of people about how to get into either a part-time or full-time business (since 1987), and the unstable economic environment during the past few years has been the worst I have seen. However, these times also tell me that everyone needs to take greater personal responsibility and control over their personal prosperity. The best ways to do so is to start a business (no matter how small or “micro”) in your spare time.

Whether you have dreams of building a large successful business (every big business started as a micro-entrepreneurial enterprise), you're unemployed and want to start your own small business, or you just need some supplemental income on the side, micro-entrepreneurship is your best bet. This book can arm you with ideas, strategies, and lots of resources to help you kick-start your venture!

## About This Book

*Micro-Entrepreneurship For Dummies* has been an honor for me to write. I'm grateful that I can share my thoughts, information, and experience of more than 30 years with such a large and devoted group of readers.

The timing of this book couldn't be better. I warned my readers in my book *Stock Investing For Dummies*, 2nd Edition (John Wiley & Sons, Inc.) that the economy is very unstable and difficult. Prosperity is something that is managed regularly as a two-pronged approach:

- ✔ **You build wealth in passive ways.** In passive wealth-building, you make your money work for you in passive ways (such as stocks, bonds, mutual funds, and so on).
- ✔ **You build wealth in active ways.** In active wealth-building, you turn your spare time into business pursuits so that you can make wealth with your time, talent, and efforts. In today's economy, a business is a financial necessity that belongs in your money-making arsenal.

In this book, I show you that you have what it takes to create a business that can provide you with income that either supplements your income or can provide you with full-time income.

For years in my business and financial seminars, when I introduce myself, I call myself a “raving capitalist” (I even have a website called [ravingcapitalist.com](http://ravingcapitalist.com)). I say that because I came from a communist country (the former Yugoslavia) — and that’s how you become a raving capitalist! But I take it a step farther. I think that everyone has a capitalist inside, and you should take that spirit and build wealth by serving others. The whole point is making money by providing goods and services that others want or need — a win-win situation.

This book is all about creating win-win situations for you — you serve others and you prosper as a micro-entrepreneur!

## *Conventions Used in This Book*

To make navigating through this book easier, I’ve established the following conventions:

- ✓ **Boldface** text points out keywords or the main parts of bulleted items.
- ✓ *Italics* highlight new terms that are defined.
- ✓ `Monofont` is used for web addresses. URLs also appear as hyperlinks to the respective websites in the ebook versions of *Micro-Entrepreneurship For Dummies*.

When this book was printed, some Web addresses may have needed to break across two lines of text. If that happened, rest assured that I haven’t put in any extra characters (such as hyphens) to indicate the break. So when using one of these Web addresses, just type in exactly what you see in this book, pretending the line break doesn’t exist.

## *What You’re Not to Read*

Sidebar (gray boxes of text) in this book give you a more in-depth look at a certain topic. Although they further illuminate a particular point, these sidebars aren’t crucial to your understanding of the rest of the book. Feel free to read them or skip them. Of course, I’d love for you to read them all, but my feelings won’t be hurt if you decide to skip over them.

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## *Foolish Assumptions*

I figure you've picked up this book for one or more of the following reasons:

- ✓ You want to add financial security to your current situation either full-time or part-time.
- ✓ You want to take control over your financial situation.
- ✓ You're unemployed and you want to explore the possibilities of self-employment.
- ✓ You need a great gift! When Uncle Mo expressed an interest in becoming a micro-entrepreneur, you thought that this book was the perfect gift!

## *How This Book Is Organized*

The information is laid out in a straightforward format. The sections are in order of what you will deal with as a micro-entrepreneur running a business (no matter how big or small).

### *Part 1: Getting Started with Micro-Entrepreneurship*

Understanding the essentials of starting a business (no matter how small) is important. I hope you take some time to re-assess yourself and consider a business. Here you find out the best path toward being a micro-entrepreneur and what type of business is suitable for you. Businesses are as varied as the people that run them, and you'll have an easier time succeeding when you choose a business that mirrors your interest and ability.

Chapter 2 goes into how to do a business plan so that you know the step-by-step approach to launching your business. Chapter 3 covers the most important part of the business — you and how you tick. Chapter 4 talks about your presence on the Internet and how to create it (such as with a website or blog). Chapter 5 is about finding opportunities in the marketplace.

## ***Part II: Finding Great Micro-Entrepreneurship Ideas***

When you're ready to take the plunge into your own business, you're better off doing something that is well-suited to who you are and what you are best at.

The great success is when the right business matches the right micro-entrepreneur. In this part, I discuss this "soup-to-nuts" approach, and you explore the possibilities. It covers everything from creating products and services to auctions, writing, self-publishing, affiliate marketing, and advertising. The great strength in this part (actually in the entire book) is the wealth of sites and resources that help you accomplish a successful business.

## ***Part III: Marketing and Selling Your Micro-Business***

Part III is about marketing, pure and simple. This phase stymies most business folks. Having products and services is fine, but you need customers if you're going to make a profit. Marketing is all about finding people who are willing and able to pay you for your products and services.

Given that, the chapters in this part provide assistance, ranging from how to find your best customers (market research) to all the steps in the marketing process, including selling and persuasion. This part also covers the various ways to market, ranging from publicity and guest blogging to ezine and blog marketing.

## ***Part IV: Considering Taxes and Legal Issues***

This part is not only about growing your enterprise but it's also about keeping more of the fruits of your labor. This part includes chapters on how to get help with managing and running your business through outsourcing, how to take your business from the micro to the macro level (including franchising), and how to keep more of the fruits of your labor by finding tax benefits and minimizing the impact of taxes.



## Part V: The Part of Tens

I wrap up the book with a hallmark of *For Dummies* books — the Part of Tens. These chapters give you a mini crash course in how to avoid the pitfalls of being in business (see Chapter 22) and ten ways to make money in a business (check out Chapter 23).

## Icons Used in This Book

Like every *For Dummies* book, I have included small icons in the margins to direct you to important paragraphs of text. Here are the icons that I use:



When you see this icon, I'm reminding you about some information that you should always keep stashed in your memory, whether you're new to the world of micro-entrepreneurship or an old pro.



This icon flags a particular bit of advice that just may give you an edge over other entrepreneurs.



Pay special attention to this icon because the advice can prevent headaches, heartaches, and . . . uh . . . business aches.

## Where to Go from Here

You may not need to read every chapter to make you more confident as a micro-entrepreneur, so feel free to jump around to suit your personal needs. Because every chapter is designed to be as self-contained as possible, you can cherry-pick what you really want to read. For instance, scan the table of contents or the index, find a topic that interests you, and flip to that chapter.

However if you're like me, you may want to start at Chapter 1 and check out every chapter because you never know when you may come across a new tip or resource that can make a profitable difference in your business. I want you to be successful so that I can brag about you in the second edition!

# 6

## Micro-Entrepreneurship For Dummies

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# Part I

# getting started with **Micro-** **Entrepreneurship**



Visit [www.dummies.com](http://www.dummies.com) for more great Dummies content online.

## *In this part . . .*

- ✔ Get an overview of what a micro-entrepreneur is.
- ✔ Discover how to start your micro-business the right way to position it for long-term success.
- ✔ Get the lowdown on business plans (and find out whether you really need one as a micro-entrepreneur).
- ✔ Understand yourself and your abilities better so you can choose the right type of niche and path for you.
- ✔ Create a web presence with a website, blog, and social media for your start-up enterprise.
- ✔ Find worthwhile business opportunities and get them off the ground with confidence.

## Chapter 1

# Micro-Entrepreneurship 101: Just the Basics, Please

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### *In This Chapter*

- ▶ Getting a clear picture of micro-entrepreneurship
  - ▶ Identifying the different types of businesses you can choose
  - ▶ Marketing your business
- 

**A**s the economy continues to struggle, and enterprises both big and small need to become leaner and meaner, an environment has emerged for the micro-entrepreneur. Micro-entrepreneurships are smaller and more nimble and come in a variety of enterprises, ranging from a single person working from home to a few people working out of an office. When large companies need work done and they don't have the wherewithal to hire a conventional employee, they're more likely to work with a micro-entrepreneur.

From 2008 to 2012, a major structural change occurred with the US economy. Standard full-time employment is no longer a given; millions of jobs were wiped out due to a variety of developments, ranging from the popping of the housing bubble (which wiped out hundreds of thousands of construction and real estate-related jobs), to financial firm bankruptcies (Bear Stearns, Lehman Brothers, and so on), to thousands of companies going out of business or drastically cutting back. Millions lost jobs — jobs that could take decades to regain. In the meanwhile, businesses across the economic landscape have been forced to be more efficient and more austere. Consumers also pulled back on spending, and frugality became the rule and not the exception.

Fortunately, adversity can bring opportunity. Many companies (and consumers) that needed products and services (but couldn't afford the typical vendors and employees to provide these wants and needs) turned to micro-entrepreneurs. Having a service done by a single mom from home, for example, was more cost-effective than hiring an employee, especially if it was a relatively small assignment. In this arrangement, the company saved money, and the micro-entrepreneur working from home received a nice paycheck. Similar conditions paved the way for innovative, small firms

(whether they were a single person working from home or a firm of several employees that were home-based); the micro-entrepreneurship arrived.

This chapter serves as your steppingstone into the world of micro-entrepreneurship. Here I explain the ins and outs of what being a micro-entrepreneur really means, the different types of business you may want to pursue as a micro-entrepreneur, and my suggestions for making your business noticed (and successful). I also point out a few tax and legal issues you need to know. After reading this chapter, you'll have a basic understanding and can delve deeper into this book for whatever specific topic interests you.

## ***Understanding What Being a Micro-Entrepreneur Means***

Being a micro-entrepreneur may mean different things to different people; however, the concept of what one is and what one does really isn't that difficult. A *micro-entrepreneur* is someone who has launched and managed a small business (typically at home, but could also be at a formal business location) and is seeking to expand its profitability. Some define a micro-entrepreneurship as a small enterprise that ranges from a one-person, home-based operation to one that has up to five employees. I specifically define a micro-entrepreneurship as one that starts initially as a one-person operation that may expand with the use of contractors (outsourcing) and potentially future employees. The employees (if they're hired) are primarily home-based to save on the need to obtain office space. I take the "micro" part seriously (especially in a difficult economy where saving on expenses is vital).

Before you tackle any type of business, including a micro-business, you need to do certain things, so that when you do tackle it, you succeed. In these sections, I make sure you know what you're getting involved with so you know which business path you need to take.

## ***Following your path to be a micro-entrepreneur***

When you're ready to embark on your ambitious path to be a successful businessperson, you do the same thing a soon-to-be traveler does. You get a map and chart your course to your destination — okay, well, sort of.