

ONLINE BUSINESS STARTUP GUIDE



# Step 1: Understanding the Online Business Basics

Free, simple, comprehensive.

 **biiizly**

## Step 1: Understanding the Online Business Basics

(Mobile Version)

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*“Learning by doing is the only way I know how to learn” – Tony Fadell*

## Key Points in Step 1:

- Starting a business online could be very simple.
- You don't need (tons of) money to start. You can even go with \$0, but our advice is to start with at least \$50 for a domain name and hosting
- You don't require any special skills; you will learn anything you need as you go.
- You can also outsource most of the operational tasks at affordable rates.
- The web environment empowers you with variety of business models and online revenue sources that you can harvest.
- Start building a personal brand and online authority even before you consider starting a business

# Step 1: Understanding the Online Business Basics

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# Step 1: Understanding the Online Business Basics



## Introduction

One of the biggest obstacles when starting a business is the fear of the unknown and many times, the misconceptions. Forget any misconceptions you have and put the fears aside because the concept of making money online is really simple.

To start a web business you don't need to read tons of books or get endless lectures and certainly, there is no need to pay some online "gurus" to teach you do so, especially at this stage, where you still don't know what the possibilities and your preferences are. You also don't

need tons of money to invest since you could start online even with zero dollars (\$0). Anyhow, at this point you need to get acquainted with some basic concepts of the online business environment.

Our guide aims to provide all necessary information and resources for your (first) online business journey in a simple manner and a straightforward way. Our idea is to guide you through the process, step by step, teaching you the things in the time when you need them. We encourage you to start your online business as soon as possible but let's get acquainted with the basics first.

## 1.1. The Concept of Making Money Online with a Website

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*"The longer you're not taking action the more money you're losing."*

### **At a Glance:**

The Concept of the Online Business is simple:

1. Define your offering > 2. Start a website > 3. Attract visitors > 4. Earn revenue

The concept for earning money online with a legitimate business model is very simple. Some aspects of the process may not be that easy to implement, but if you manage to **put all the pieces in place**, you can eventually build a successful online business.

The process of making money with a web business consists of three major phases: *Defining your **offering***, *Starting a **website*** and *Attracting **visitors***. If you efficiently go through these phases and manage them

appropriately, you can easily achieve your goals and *Earn **revenue***.

### ***The concept of making money online with a website:***



The concept of any web business presented in phases like this is simplified, but it shows **the big picture**. This Guide, more or less, follows this concept and will further elaborate the phases where we will go in more details and explanations.

Here, in order to clarify the concept, we will just shortly discuss the phases:

#### **DEFINE YOUR OFFERING**

First thing you need to do, when starting a business, is to decide what you are going to offer to your potential customers. We use the term offering to describe a wide range of **products** (physical and digital), **services** and **information** you can offer to the internet users worldwide in order to satisfy their needs and demands.



Billions of internet users out there have interests, questions, problems, desires and needs, so your role will be to target one (or few of these) and solve them via your offering in a profitable way.

At this point, you should not worry what exactly you are going to offer because if you can't develop or **create your own products or services** you can always offer someone else's for a commission (via **online mediation**). You can also publish ads on your website and earn. In such cases, your **competitive advantage** should come prominent, not when you develop the product or service, but in the next two elements of the online business, especially in the third (Attracting visitors).

When deciding what to offer to your online customers, the most straight forward approach is to **follow your interests and/or your field of expertise**, but it's not the only way to go. Despite that, you can choose any field or any business idea you like, based on a **business opportunity** you discover or your **inner intuition**. In any case, you must have intention and determination to gain and **grow your knowledge/expertise in the field** or topic you choose.

Investigating the needs of the customers, finding the right idea to pursue and defining your offering is something we discuss in more details in [Step 2](#) and in [Step 4](#) in The Guide.

## START A WEBSITE

After you decide what to offer to the internet users, you should start a website where you will present your offering.

**Building and managing website** these days is super **easy**. Often, not tech savvy people who want to start a business online find this issue most frightening, but believe it or not, this is usually the less challenging part. There are free **web tools** that will enable you to **set your website in 30 minutes** or less. The more challenging issues come when you need to enrich your site continuously with interesting and engaging content, what is part of the next phase.

In some cases, depending of your online business concept, you might need a custom solution for your website but fortunately, the most types of online business can go with standard websites that can be

easily started and managed with free website builders like **WordPress**.

Starting and managing a website is something we discuss in [Step 3](#) and [Step 5](#) of the Guide.

## ATTRACT VISITORS

Here comes **the biggest challenge** for every online business starter. The fight for the customers' attention on the net and their hard-earned money is vigorous. Attracting visitors to their sites can sometimes be challenging for experienced online marketers and established business too. However, you shouldn't worry ...much, since **there are many techniques and channels available online to bring visitors to your website**.

Besides the efforts to bring in the visitors, you should also strive to **keep their attention, earn their trust** and convert them to loyal customers on a long run. The process of attracting website visitors in order to earn online is challenging not because it is hard to do, but because there is competition, **it requires time, patience and some experience**.

You can define your offering very fast and you can change it /adopt it later if needed. You can also set your web site easily and enhance it gradually. When it comes to attracting visitors, you will need to put long term effort and time to create **engaging content**, build your following on the **social media**, earn good positions in **search engines**, build your list of **email subscribers**, find profitable **ways to advertise** and so on. However, if you master the skills for attracting and keeping the attention of the customers your road to online success is ensured regardless if you have or not own products and services.

We will discuss strategies and technique for attracting visitors in more details in [Step 6](#).

## EARN REVENUE

Earning revenue or making profits is the **desired outcome** of any business. The way you will generate income online depends on you offering, or more precisely, on the **revenue model** you select. You can sell products or services (own or someone else's) and earn **sales revenue**, you can recommend products and

services and earn **commission**, or you can simply **publish ads** on your website and earn from that. (The [revenue models](#) are explained later in Step 1)

The potential of earning online is huge. **You success** will depend on many factors including your idea, your skills, the profitability of the industry/topic you get in, the level of competition etc, but, as mentioned before, the most important factors are your willingness to learn new things (as you go) and your long-term devotion.

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To conclude, **in order to make money online you should first *define your offering* (products, services, information), then *build a website* where you will present the offering and at the end you should work to *attract visitors to your website*.** If you successfully manage to put in place all these aspects of your online business the visitors will recognize the value in your offering and will start generating income for you.

## Summary:

- **The concept** of earning money with an online business is simple: 1. Define your offering > 2. Start a website > 3. Attract visitors > 4. Earn
- **Define your offering:** Offer goods, services or information, in order to satisfy a need or solve a problem.
  - You don't need to have your own products or services; you could offer someone else's for a commission or publish ads to earn.
  - Approach 1 – follow your interests or field of expertise when deciding about your offering
  - Approach 2 – select any idea you believe will be a success based on insights or intuition but become expert here.
- **Start a website:** It is easy to start and manage a website using free web systems (such as WordPress) or other affordable options.
- **Attract visitors:** Not an easy task but doable. Many online strategies, techniques and channels are available for you to attract visitors.
- **Earn revenue:** Putting all important elements and phases in place can bring you profits. There are plenty of revenue sources and online business models you can implement.

## **Task:**

- Start marking your progress in the [Startup Checklist](#)

## **In-depth readings:**

[Work from Home – The 3 Options.](#)

[Worthless Offers to Make Money Online](#)

[Turn Your Passion into Profitable Online Business](#)

[Make Your Online Business Successful in 7 Steps.](#)

## 1.2. Required Resources and Skills to Start a Business Online



*"Build your skills, not your resume." - Sheryl Sandberg*

### At a Glance:

**Basic Requirements** (Computer, Internet, Time, Willingness to learn new things as you go)

**Initial finances** (\$0-\$50+)

**Essential Skills** (To poses or outsource): Website management, Basic graphic editing, Content creation, Online marketing

**Advanced skills** (Not essential but handy): Product creation, Fast writing, Web coding, Programming, Advanced Graphic Design



People often assume that starting a business online requires experience, high level of technical knowledge and/or substantial amount of finances. In some cases,

these might be true, but for many online business models, you just need a computer with an internet



connection and determination (the needed finances could be neglectable).

The more knowledge and skills you have the better, but definitely, you don't need to know everything at the start. You will learn many new things as you go. You can also [outsource](#) (at affordable rates) the skills you don't possess or have no interest or time to learn or do yourself.

## **BASIC REQUIREMENTS FOR ONLINE BUSINESS STARTERS**

You don't need much knowledge, experience and/or finances to start a business online, but the 4 listed requirements below are a must.

The **essential requirements** when starting an online business include:

- Computer and an Internet connection
- Basic Computer Literacy
- Time Devotion
- Willingness to learn new things (as you go)
- Small initial investment (domain + hosting)

The first two requirements are obvious (since you can read this), but if you don't have time to devote to your

project and have no will to learn new things, starting a business online is definitely not for you.

**Time devotion** is very important when starting a business since you are the one that will have to set the foundation of the business and work the day to day tasks until you can afford employees and managers. This phase of the business may last for 3, 6, 9 months or even 1,2,3 years. Quitting your day job to start a business online might not be a good idea at the beginning but devoting 10 hour per week or at least 1 hour a day could be a good start. The good thing about the online businesses is that you can work on it in your spare time and still make success.

Since you want to run your own business, you should be **willing to learn new things** every day. This approach will help you start and run your online venture. In fact, there is no need to become expert in anything and everything, but you will need at least basic knowledge in several fields like website management, online marketing, outsourcing etc. what are super easy to acquire. The best thing when starting a business is that you can learn the stuff you need step-by-step as you

work on your business, so you won't feel the burden and the "pain" of learning.

Here at Biizly.com, you can learn the basics for starting a business online, but also can go to more, in-depth knowledge, or find reliable sources to do so. In addition, most of the daily tasks required by any online business could be outsourced ... or done by the employees (instead of you as owner). In that case, you should at least learn how to set the strategic aspects of your business and know what to ask (and expect) from employees and/or freelancers. Anyway, giving job/tasks to others will additionally cost you money, what is unfavorable especially during the first stages of your new business.

As your business grows in revenue, you can focus more on the strategic aspects of your business and delegate the day to day activities to others.

## **INVESTMENT (INITIAL FINANCES)**

Yes, you can start an online business without a dime. Anyway, if you are serious about your business you should register at least a domain name (\$15/yearly) and acquire a reliable hosting plan that will cost you about

\$30 for the first 6 months. Another option (not highly recommended) is to get only the domain name and use some of the free blogging platforms like blogger.com.

Having this in mind, your **startup finances** could include:

- Initial investment (domain and hosting) \$0 – \$50
- Outsourcing (logo, web management, content writing, graphics .etc) \$0 -\$1000\*
- Advertising cost (Google Ads, fb ads, etc) \$0 – \$1000\*
- Inventory (if selling physical goods) 0\$ – \$5000\*

\* The amounts are just an estimation to give you a clearer image where your initial investment could go.

As you can see, the biggest part of the investment could go for inventory, but the good news is that many online business models do not require any type of inventory. In addition, there are even business models for selling goods that don't require inventory of your own, like the affiliate model or the drop-ship model. In the drop-ship powered store, you will pay for the goods after you make the sale. After that, the provider will deliver the goods directly to the customer.

The two other “big” spendings could be for *Outsourcing* and for *Advertising* (if needed). Having that in mind, it is clear that more tasks you are able to do yourself, less you will pay to others and your initial investment will be smaller.

Regarding the advertisement costs, you should know that there are many online businesses that don't really need advertisement. Anyway, the advertisement should be considered as an essential part of the business since it can bring-in new visitors, can fortify the brand and can increase the revenue and profitability of the business. Our suggestion is to start your business relying on free methods of promotion and introduce paid advertising later. If you decide to advertise from the beginning, experiment with small budgets first.

To conclude, to start a business online you will need around \$50 as an initial investment. Your investment may increase a bit if you outsource some tasks like logo creation or content writing, but before you put your business on its feet and start generating some income you can do most of the needed task yourself. Later, after you sense the market and make some sales (or other type of revenue), you can start outsourcing, expanding

your team, increase your investment and reinvest your earnings.

## **NEEDED SKILLS (ESSENTIAL AND ADVANCED)**

(to possess, acquire or outsource)

Let's make it clear right away. You don't need to be tech savvy, a geek, or experienced online marketer to start and run a business online. The good news is that you will learn many new things by doing, as you work on your business. Not your current knowledge, but your willingness to learn new things and your determination will be crucial for your success.

By following this Guide you should gain the ability for the essential strategic thinking and you should be able to set the foundations of your future online business. You should also obtain informative and detailed knowledge about the needed day-to-day activities and operations to start and run your venture.

As mentioned before, the more skills you have (acquired) the better. You will be able to do more of the tasks yourself (you or your team members, if any), and you can do it in timely manner without paying for services. If there are some skills you don't know yet, don't stress.

You will learn everything you need as you go. Everything else, that you are unable, unwilling, or have no interest or time to learn you can outsource to freelancers. (Employing other skilled workers during the starting stages of your business is often unnecessary and costly.)

Here is the list of **essential skills** (or sets of skills) that are needed to start and run an online business:

- Strategic thinking (Setting the foundations of your business)
- Website management (WordPress, Weebly, Magento or other)
- Basic graphic design (logo, image editing)
- Content creation (text, recordings (video or audio), infographics, etc)
- Online Marketing (E-mail, SMM, SEO, Advertising)
- Outsourcing (finding freelancers to do the above-mentioned tasks)

Some of the mentioned skills/tasks are easy (to learn) and you can start doing them right away, for example the [website management](#). Others, as the SEO (Search Engine Optimization), are more complex and require more time and experience, and some (as writing), might require some talent. If you develop expertise in any of these sets

of skills, it may become your competitive advantage when running your business. You can also offer your expertise (as services) to other online business.

Finding other skilled freelancers to do the work, instead of you ([outsourcing](#)), seems as an easy task but it might get tricky. First of all, you need to know what to ask, than you should wisely chose who will do the tasks you need. Experienced and highly ranked freelancers may be expensive and/or busy to deliver on time or to communicate with you efficiently. On the other side, new and inexperienced freelancers, who are much more affordable, may deliver shabby job or not deliver at all.

At this point, it is very important that you develop sound strategic thinking ability, since you are here to start your online business. We hope that this guide will help you achieve that. After you decide to start your online business, the acquiring of the other skills will flow naturally.

**Advanced skills** in the areas mentioned above, are not necessary to start and run your online venture, but can help and ease the process since you can manage, enhance, improve, and fix your web site yourself on a



higher level without engaging freelancers or you will be able to develop competitive services or products based on these skills.

Advanced skills that are not essential but could help your online startup include but are not limited to;

- Web coding (HTML, CSS),
- Web programming (PHP, ASP, Javascript)
- Databases (MySQL MsSQL)
- Programming, (Java, C#, C++, Python etc.)
- Advanced Graphic Design,
- Fast writing skills etc.

Additional skills that can bring extra value to your business is the **ability to develop/create products or services**. Development of products and services is not simple since in some cases you will need in-depth knowledge and expertise in the field, in some investment and equipment, in some you will need talents and in other an entire team.

Types of products and services suitable for an online business may include but are not limited to:

- High quality Content (articles, texts, books, e-books, videos, audios, photos etc)

- Services (marketing, web management, online research, consulting etc)
- Teaching and coaching (textual, recorded or live courses, classes etc.)
- Software (programs, apps, platforms, web services),
- Arts and crafts (paintings, sculptures, jewelry, home décor, gifts, pottery, clothes, etc.),
- Goods and Commodities. (These may include handicrafts or manufactured goods)

The ability to create a competitive products or services can become your core business via internet and a competitive advantage. Anyway, **it is not necessary to develop your own products and services since you can also outsource them** (recommend and/or resell) through affiliate partnership or from a drop-ship provider. Another option is to simply publish ads on your website and earn.

Regardless if you develop your products and services or you offer someone else's, you should acquire the essential skills mentioned above in order to set and run your online business.

## Summary:

- You don't need some special skills or expertise to start a business online
- The most important to succeed are your determination and your will to learn new things as you go.

## Basic Requirements to start a business online:

- Time devotion (At least 1 hour a day)
- Willingness to learn new things (as you go)
- Initial investment of \$0 to \$50 (for Domain and Hosing)

## Essential skills (to possess, acquire or outsource):

- Website management,
- Basic graphic editing,
- Content writing,
- Online marketing

## Outsourcing:

- Anything you cannot do or have no time to do (in-house), can be outsourced to freelancers or other companies at affordable rates.

## Additional (Advanced) skills that might get handy but are not necessary:

- Web coding (HTML, CSS),
- Programming,
- Advanced Graphic Design,
- Fast content writing,
- Product (or Service) development.

## Task:

- Make a list of all needed resources and skills:
  - What you possess? (In house)
  - What to acquire? (Learn or Employ)
  - What to outsource? (Hire Freelancers)

## In-Depth Readings:

[The single Biggest Mistake you can make when starting a Business Online](#)

[Want to be an Online Entrepreneur? Prepare first. 5 Important Skills to Start a Small Business Online](#)

Website management: [The Fastest Way to Start a Website](#)

Content writing: [10 Tips for Writing an Appealing Article](#)

Advanced Skills: [PHP or ASP.net? What Should you Learn?](#)

Outsourcing: [Challenges when hiring freelancers.](#)

## 1.3. Online Business Models and Revenue Sources

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*“Startups don’t fail because they lack a product; they fail because they lack customers and a profitable business model.” - Steve Blank*

### **At a Glance:**

There is a wide range of online business models, revenue sources and combinations you can implement in order to make profits online

### **Online Revenue Sources:**

Sales, Publishing Ads, Affiliate Commission, Subscriptions, Transaction Fees

### **Online Business Models:**

Informative websites (Blogs), Online classes and coaching, Selling digital products, Online services, e-Shops, Interactive website, Market creators, etc.



## ONLINE REVENUE SOURCES

Before we observe the online business models, first let's see where online money come from. The revenue sources, also known as revenue models, are integral part of the business model itself.

There are five basic types of revenue that you can generate online: 1. Sales, 2. Affiliate Commission, 3. Subscriptions, 4. Publishing Ads and 5. Transaction Fees.

### ***Sales revenue***

The most straightforward revenue source online is from direct sales. You can sell (almost) everything online. Besides physical goods (like crafts, jewelry, office supplies, clothing, electronics, supplements etc) you can also sell digital products (music, videos, games, e-books, apps, software etc). You can also sell information and services of different types. In order to sell directly to your customers, you have to provide services, generate information (or content) or possess the goods/products. If you provide the services or create the products yourself that's great, but you can also outsource them from suppliers. If you don't want to hold inventory you can supply your store through drop-shippers who can

send the goods directly to your customer after they make the purchase.

### ***Affiliate commission***

If you want to make a simpler online business and avoid creating an e-store, produce goods, buy from suppliers and/or keep inventory, you can decide to recommend products from other sellers for a commission. The affiliate commission can start from 2% for physical goods and can reach to incredible 80% (or more) for digital products like e-books, software, tutorials, video lessons etc. The range of affiliate products you can offer is wide. Almost any known brand, like Amazon, Target, Apple, offer their products through affiliate programs. There are also affiliate networks like CJ and ClickBank that bring together the business who offer their products via affiliate marketing and the business or the individuals who want to earn affiliate commission. The process for integrating the affiliate model in your business is very simple. You first apply for a program, after you get approved you copy-paste the links or embed the widgets in your site. Then you work to attract visitors to your site and motivate/send them to check the offer of the seller. If the visitors buy you get a commission.



For more details read our article: [How to Start an Affiliate Marketing Business from Scratch](#)

## ***Subscriptions***

If you manage to create a premium content, valuable (automated) web services or a software used as a service, you can generate income from subscriptions (weekly/monthly/yearly). In order to do so, you should have regular free content that will convince your user of the worth of your premium services, you should give a trial period, or you should already have built a loyal audience ready to pay for your offering . Since the internet users are used to have free content and free web services, you should create something very specific or with superior value, what is not easy to achieve if you are a beginner (unless you have already developed specific skills).

## ***Publishing ads***

The simplest way to generate income online is to publish ads on your site. The process of publishing ads is simplified by ad networks like Google's AdSense. In order to get approved for AdSense, you need to have original content on your site and have some history and inflow of

daily visitors. After you copy-paste the Ads' code in to your website you will have to focus on bringing and retaining substantial number of visitors there. This can be achieved by creating original, useful and engaging content that can include, articles, tutorials, tips, videos, podcasts etc. It is important to note that some topics/niches can bring more income per visitor than others. For example, having a blog for financial issues can generate higher ad revenue than a blog on human rights per visitor. Anyway, if you could bring more visitors to the human rights blog and generate more total income, that might be the right choice.

### ***Transaction fees***

The intermediaries that facilitate the interactions and transactions between two parties online can generate transaction fees. Usually these intermediaries are trusted and reputable business that have gradually built their brand, trust and users base. The transaction fee is charged when the deal is closed, when the payment is done, when the funds are transferred. The business that charge transaction fees include but are not limited to payment processors, auction sites, online markets, freelancing sites, advertising networks, affiliate

networks, exchanges, accommodation services etc. If small and new business manage to bring users together and facilitate their transactions can also earn transaction fees.

## ONLINE BUSINESS MODELS

A business model is a simplified picture of the reality and describes how a business creates value and how it generates income. The following basic online business models can give you a clear perspective of what business types you can start on the web:

1. **Informative websites** (blog, online magazine, news, reviews, online advice, niche sites etc.)
2. **Online classes and coaching.** (Video lessons, lectures, one-on-one tutoring or training)
3. **Selling digital products** (e-books, tutorials, podcasts, images, video content etc)
4. **Online services** (personal services, business services etc.)
5. **e-Shops** (for any type of physical products)
6. **Interactive websites** (social media, online games, blogging platforms, forums)

7. **Market creators** (classified ads, auction sites, exchanges, online marketplaces or shopping malls, freelancing sites, etc)
8. **Web services** (email, hosting, search, etc.)
9. **Transaction brokers** (payment processors, B2B intermediaries, advertising networks, etc)
10. **Online businesses without own website.**

The list of the models is not definite since it lists the most common ones. The models can also be combined to create a blended one or a new model. For an example, you can combine an e-Shop with a blog or a social media site with a market creator. You can also combine e-shop of physical and digital products. If you combine web services with news and other information, you get something known as a portal like Yahoo or MSN.

Generally, the business model itself implies the revenue model too. For example; an e-store generates revenues from sales of goods, informational website that offer free access earn from ads or referrals, transaction brokers generate revenue from transaction fees and so on. Anyway, most of the business models can combine more than one revenue source. For example; an informative

website can earn from ads and affiliate links simultaneously.

The given models, more or less, are listed according to the level of difficulty for implementation (from easiest to hardest, excluding the 10<sup>th</sup> model). Anyway, the difficulty depends from case to case. For example, it might be easier to create an e-shop than to develop own digital product for selling, or it might get very difficult to create informative website in areas where it's hard to obtain timely and reliable information. In addition, the 10<sup>th</sup> model (given as a bonus) can be considered as the easiest one since it excludes the need to build own website. The different business (sub) models without a website can be included in some of the other listed models (selling on eBay as e-shop, providing services on Upwork as online services model) but it's given as a separate one just to complete the picture of the online business a beginner can start.

Next, let's discuss the above-mentioned online business models from a perspective of a beginner in the online business world:

## 1. *Informative websites*

**Difficulty level:** 2 (on scale from 1 to 10), **Earning potential:** 2-5 (on scale from 1 to 10), **Main elements:** topic, website, content, promotion. **Revenue sources:** Main: Publishing Ads, Affiliate Commissions – Alternative: Subscriptions. **Key competences:** content creation/acquisition, promotion.

This is the easiest business model type you can start online. Even if you plan to start online business of another type, first try with an informative website. If you succeed to attract visitors you may consider expanding to additional online models, for example an e-shop.

For this online business model, you just need a topic, a simple website and (enough) content. In addition, you will need to work on the promotion of the site and continuously add new appealing content in order to attract and keep the visitors.

The number and types of topics you can choose for your site is endless. You can start an informative site about fishing, diving, knitting, parenting, clubbing, crypto currencies and so on. You can choose wider topic like

fashion or a narrow one like kids or even toddlers' fashion.

Since content is the cornerstone of this model make sure you create appealing content for the selected target audience. If you don't have talents for writing or you simply have no time or nerves, hire a freelancer. In any case, you will need interesting articles at least once a week.

Another important aspect of this business type (like in many others) is your ability to bring visitors to your site. There are many options how to promote your site but these set of skills is something you will learn gradually. We discuss the promotion later in the Guide.

The main revenue sources (after the visitors start to come in) for this model come from publishing ads and from affiliate links (If appropriate).

## **2. Online classes and coaching**

**Difficulty level:** 4, **Earning potential:** 3-8, **Main elements:** classes (and coaching), website, promotion. **Revenue sources:** sales of classes and one-on-one coaching. **Key competences:** skills to teach/coach.

Recorded online classes/lectures and one-on-one life coaching (or training) can be considered as two different business types but since they are complementary you can practice them together for the best results. If you don't have time to coach one-on-one, you can focus only on the recorded classes. Once you record them they will be available 24/7 for your customers and you can easily scale your business (sell to a large number of clients) focusing mostly on the marketing. On the other side, the one-on-one coaching is more personal, you can focus on the client's specific needs and therefore you can charge premium rates. Anyway, since the one-on-one coaching takes most of your available time the potential for earning is limited.

It seems that this business type is not for everybody since it requires specific knowledge or skills and the ability to transfer (teach or present) the knowledge either directly to the client or as a recording or text lessons. Anyway, sometimes we are not aware of our skills and the need for them. For example, someone might be good at dating, other at traveling at low costs, some at parenting, some at gardening and so on. Many other people lack these skills or simply have no experience and



therefore are ready to pay to learn. There is much evidence that this business model works even for unusual types of classes, like teaching a piano online for example.

Besides the ability to develop classes you will also need a website that will nurture related content in order to attract potential customers and motivate them to purchase your lectures or coaching. In addition, you will have to implement some methods and utilize different channels to bring visitors to your site.

### ***3. Selling digital products***

***Difficulty level:*** 2-4, ***Earning potential:*** 2-10, ***Main elements:*** product(s), website, squeeze pages, promotion, and affiliate network. ***Revenue sources:*** sales of digital product(s) or affiliate commission. ***Key competences:*** digital product development and/or promotion.

This business model has two faces, meaning two different approaches. One is to develop own digital product(s) and sell them for profits and the other is to resell/recommend someone else's products for a commission.

If you choose the first approach, you need to develop your own digital products (one or more). The digital products you can create include but are not limited to e-books, tutorials, guides, podcasts, videos, software, apps etc. Some of these products are easier to do, like e-books and others are very hard, like software and apps. The type of the digital products also determines the channels where you can promote them. For example: the apps are mostly sold via app stores like iTunes and Google Play. Therefore, here we will focus on products that anyone with the ability to write or present, can create like e-books, tutorials, guides, podcasts and videos.

In order to be successful when selling digital products, first thing to do is to identify a specific problem (or a need) that people have. Then you should offer a solution for that problem within the product (or series) of products you develop. Beside the product, you also have to create promotional materials like articles, banners, squeeze pages, promotional videos etc. If you don't already have a substantial followers base or subscribers to whom you can market and sell your products the best tactic is to join an affiliate network where other members could promote your product. Since these networks have

large number of members, there is a huge earning potential in this method that is measured in 6 to 7 figures of income, in case your product is in high demand, is of high quality and has low competition.

The second approach in this model is to sell digital products developed by others, available in the affiliate networks and earn commissions for every sale. There are many digital products out there that you could promote and earn. The commission for such digital products can go up to 85% of their value, what could reach \$100 or even more. The most attractive digital products you can promote include: fitness and weight loss programs, healthy cooking recipes, gardening, landscaping and more. There are also other exciting products you can promote like sporting tutorials, pet training, parenting, languages, software, investment guides, travel guides etc. After you decide which product(s) to promote the only thing you need to solve is where to promote them. The first choice, of course is to build a web site where you can nurture related content and work on it to bring visitors. Another option is to promote the products (with direct links) in social media, forums, chats or so.

In any case, when you try to sell digital products of the discussed types, you have to know that making cold sales (sending visitors directly to the products' selling page) is very hard. Instead, you should send them to warm-up articles or videos before sending them to the sales page. Since the consumers are mostly reluctant when buying such products, it is very handy to build a subscribers list around certain topic and warm-up the buying process with a series of free and useful emails.

#### **4. Online services**

**Difficulty level:** 2-5. **Earning potential:** 3-4. **Main elements:** service, website, promotion. **Revenue sources:** sales of services. **Key competences:** skills to deliver certain online services, promotion.

Under online services, we include all services that can be delivered via internet regardless if they are done in front of a computer or in the physical world. The difference between this model and the sales of digital products and classes is that here the service/product is not created upfront but upon order of a specific customer. In the other mentioned models, the service is developed with a

target group in mind and prepared as a package (downloadable/accessible) for a large number of users. Here, the service is mostly custom and has no value or use for other clients. Therefore, this business model has limited earning potential. When you reach your own limits (full time engagement), you can hire others (employees or freelancers) to fulfill the orders, but your business can grow steadily, not exponential what might happen when selling ready digital products.

Services you may offer online include writing, customer services, internet marketing, translation, legal consulting, accounting, web management, software and web development, graphic design, audio and video production, data services, admin support and many more.

Since the online space is full in (almost) all of these areas, you have to pay a lot of attention to the promotion. So, besides creating a simple website where you present your services you should enrich your content with related useful articles, give free services, guest post to other sites, promote locally, utilize social media and so on. Still, there is a long road until you reach substantial number of clients and become profitable. Having that in

mind, one of the best advices when starting such online business is to offer your services at the freelancing networks where potential clients and freelancers meet. Starting at these networks is not easy too. The competition is worldwide and huge so the rates you can charge are low, especially if you are a newbie. Anyway, at these networks you can get customers faster than if you go with a website only. Since you can offer your services via freelancing networks and be successful it seems that a website is not quite necessary for this model, but, that's not quite true. With a website you can build your business on a long term, gain reputation, build a brand and acquire customers directly at you site avoiding the competition and the low rates.

## **5. e-Shops**

**Difficulty level:** 3-5. **Earning potential:** 3-5. **Main elements:** products (own or outsourced), website, e-commerce plugin, payment options, delivery and return system, promotion. **Revenue sources:** sales of goods. **Key competences:** skills to make (or outsource) competitive products, promotion.

The e-shops are probably the most obvious online business model. There are e-shops for (almost) everything. People can buy electronics, kitchenware, clothes, arts, toys, food, collectibles, music, video games and many more. We can roughly divide the e-shops in specialized and shops with wide assortment. The shops can also be local, national or global.

The space in this type of online businesses is dominated by the big players as Amazon, Walmart, Target, BestBuy and so on, but there is still room for smaller businesses if they follow the niche strategy. This means that if you want to start an e-shop, you have to select a specific niche (offer specific products to a narrow market segment). For example, instead of opening a biking store you can focus on biking accessories or only on biking helmets, or you can open, let's say, a specialized online store for spices.

Starting an e-shop is challenging for many reasons, especially if you are a newbie in the online business. Setting up your web store technically might not be that hard as finding the right and competitive products or as the efforts to reach your potential customers. Having that in mind, we recommend that you start a different

online business type first, like an informative website, and later complement it with an e-store. Anyway, if you already have a brick and mortar business and you want to expand online, it will be less challenging than starting from scratch.

Whatever you decide to do, when you are opening an e-shop you have to offer something of greater value for your costumers than the competition. You can offer the lowest prices, the fastest delivery or extraordinary customer service. You could offer a specific product that is hard to find somewhere else. You can offer customizable products or customizable packaging. Another good strategy is to complement your products with a great content. For example, if you have e-store for spices you could tell their story and offer exciting recipes.

Since the competition is vigorous, another important aspect of your business would be the promotion of your store and the effort to turn your visitors to a first-time customers and after that to a lifelong loyal customers.



## 6. Interactive websites (Web 2.0)

**Difficulty level:** 5-8, **Earning potential:** 3-6, **Main elements:** website, interactive elements/plugins or online games, community. **Revenue sources:** ads, subscriptions, premium membership. **Key competences:** web development, promotion

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## 7. Market creators

**Difficulty level:** 5-9. **Earning potential:** 5-10. **Main elements:** website, back-end systems. **Revenue sources:** listings, transaction fees. **Key competences:** web development, promotion.

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## 8. Web services

**Difficulty level:** 6-10. **Earning potential:** 6-10. **Main elements:** hardware, website, services, promotion. **Revenue sources:** ads, subscriptions, sales of services. **Key competences:** web and app development, promotion.

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## **9. Transaction brokers**

**Difficulty level:** 8-10. **Earning potential:** 5-10.

**Main elements:** website, processing systems.

**Revenue sources:** Transaction fees, monthly subscriptions. **Key competences:** web and app development, promotion.

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## **10. Online businesses without own website.**

**Difficulty level:** 1-4, **Earning potential:** 1-5,

**Main elements:** products or creative work,

**Revenue sources:** sales/commissions. **Key competences:** skills to make (or outsource) competitive products or skills to make creative work (arts, crafts, designs etc).

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## Summary:

- There are many different types of online businesses you can start.
- Five basic types of **online revenue sources** are at your disposal:
  1. Sales,
  2. Affiliate Commission,
  3. Subscriptions,
  4. Publishing Ads and
  5. Transaction Fees.
- The **online business models** include but are not limited to:
  - Informative websites,
  - Online classes and coaching,
  - Selling digital products,
  - Online Services,
  - e-Shops,
  - Interactive websites (Web 2.0),
  - Market creators,
  - Web Services,
  - Transaction brokers,
  - Online businesses without own website
- The simplest online business model **recommended for beginners** is the Informative website

## Tasks:

- Make a list of your 3 preferred online business models and revenue sources

## In-Depth Reading:

[How to Start an Affiliate Marketing Business from Scratch](#)

[10 New Blog Niches to Make Money in 2020 and Beyond](#)

[10 Home-Based Earning Opportunities for Moms \(and Dads\)](#)

[Online Business Coaching- Pros & Cons](#)

## 1.4. Building a Personal Brand and Online Authority

“

*“Your personal brand is a promise to your clients... a promise of quality, consistency, competency, and reliability.” - Jason Hartman*

### At a Glance:

Importance of your personal social profiles for your (future) online business.

Social networks to consider.

What activities to undertake.



Even before you consider starting a business online, you should **start growing your personal social media profiles**. This is a task you should start doing today. If you don't already have personal profiles on Facebook, Pinterest, Twitter and LinkedIn, create them now and get engaged. If you don't want to use your real name use a pen name and stop having excuses.

Your long-term personal presence in the social media is important for several **reasons**:

- 1.The activity of other people may give you excellent ideas for a business or to refine you own.
- 2.You can engage with other people that may become your future business partners, customers, consultants or employees.
- 3.You can establish authority in your field of expertise (or in the field of your future business).
- 4.You can build a list of loyal followers ready to like/share/buy/advocate your (future) products or services.
- 5.You could start businesses and fail but your personal profiles will stay with you for a lifetime and they will be there for any business project you start or any now product you offer.

Creating several personal profiles on targeted social media and **not being active is not enough**. You should be engaged in the community by creating quality posts, sharing other peoples' posts, liking, commenting and engaging in meaningful conversations. It is important to **appear relevant, present, knowledgeable and helpful** for the community, especially for your followers

(or friends) regarding your expertise or in the field of your planned business. Maybe this is not the only way but is the best way to grow your followers' base, make them loyal and build your online authority on a long run.

### ***Social networks to consider for building your personal brand and authority:***

#### **Facebook**

Besides most popular, this network is probably the most personal too since it is used to stay in touch with friends and family. The friends and family should be the first and the most eager to share and advocate your (future) business activities and products. That's why a personal presence here is a good idea for everyone who wants to start a business. Besides engaging your friends and family you can also utilize Facebook to build wider audience of followers based on your activity (posting, sharing, commenting) in the area of your expertise or planned future business. The Facebook groups are also excellent place where you can engage in a meaningful way when building your online authority or sharing your business ideas. (Creating a Facebook page for your business is something we will discuss later).

## **Twitter**

Twitter is the most open network of all. Twitter is all about engagement and communication and its mostly done publicly in front of wide audience. Therefore, personal profiles here work better than business profiles. Here you can connect and engage with influencers and potential customers too, so you can learn from them but also build your reputation on a long run. If you focus your activities (tweets, retweets, commenting and following) on specific topic/industry you will eventually build large base of followers ready to consume and advocate your ideas and products.

## **Linkedin**

Linkedin is a network for professionals who are looking to expand their business and/or employment opportunities. If you are considering starting a business that addresses to other businesses (B2B) this network is a must. In some cases, Linedin can help even businesses who deal with the end consumers (B2C) since all professionals are humans first, and have problems, desires and needs. Take for example the stress they have. Anyway, create a profile here if you want to



connect with experienced businessman, share and find ideas and get valuable insights in any industry.

## **Pinterest**

More than two-thirds all users on Pinterest are women, especially moms. If you are considering to target woman with your business idea than this network is a must. Most popular topics on Pinterest include: cooking, fashion, nutrition, fitness, weddings and so on. The male target group should also not be forgotten since other popular topics induce: man's fashion, home improvements, home decor, crafts, woodworking, landscaping, gardening etc. While growing your personal presence on Pinterest you can explore new ideas, see what works the best and join some group boards where you can reach your targeted audience very fast after you start your business.

## **Instagram**

Instagram is the second largest social network right after Facebook. It seems that Instagram is reserved for the

most popular brands and the so-called influencers. Building a popular profile on Instagram can be challenging since you constantly need appealing photos in order to attract wider audience. Other problem with Instagram, when planning to start a business online, is that you can't attract visitors to your website (with links) unless you pay for advertisement. If you have spare time and capability to constantly create appealing images, try this network too.

Other social networks you could explore before starting your business are YouTube, Reddit, Quora and Tumblr.

Being active in the social media in a fruitful way is a **hard work**. Therefore, you should focus on one, two or **the most on three different social media**. This will depend on your personal preferences, your (future) business type and your target audience. You can also use some tools that will ease and automate your continuous posting on several social media but **being present and personal** is an important aspect when building your personal brand.

Promoting your business ([Step 6](#)) is one of the hardest tasks for every new online (or offline) business.

Authoritative personal profiles on relevant social media with substantial amount of (loyal) followers can ease spreading the word about your business and products. Such personal profiles can be an excellent starting point for your future business.

### **Summary:**

- Don't wait to start your business first and then to be active on the social media.
- Being active in social media can help you get business ideas, business partners, and employees.
- Focus your posts, shares, commenting, follows and followers in the field of your business idea and/or the fields of your interests and expertise.
- Personal social profiles will help you promote your business (now or in the future).
- Business can come and go. Your personal profiles will stay with you for a lifetime.
- You can use them to promote every business or offer you create in the future.
- Networks to consider Facebook, Twitter, LinkedIn, Pinterest, Instagram etc.

## Tasks:

- Create personal profiles on Tweeter, Linkedin and/or Pinterest
- Join groups of interest on Facebook and Linkedin
- Join group boards on Pinterest
- Engage (Follow influencers, Post, Share, Comment)

## 1.5. Some Legal and Other Considerations When Starting a Business Online

### **At a Glance:**

Operating as individual. (No business registration)

Registering a company. (Why and When?)

Copyright issues.

Other considerations: Privacy policy, Security, Disclaimers, Taxation, Legality.

### **When to incorporate?**

One of the best things when starting a business online is that you don't need to register company right away. Most of

the online business models give you the freedom to fully operate your websites and get your earnings as an individual. That is the case in the most countries in the world.

As your revenue grows you may decide to incorporate in order to manage your business more efficiently, like engaging business partners, hire employees, manage



a

the costs of the business, get a merchant account at the bank and so on.

Anyway, some web business models, for example an e-shop, might require that you register a company right away if you want to accept credit and debit cards as payment method since it is the most widely used payment method by the internet users.

Since registering a company requires some finances the best advice here is to postpone the legal registration of your online business until it is necessary from legal and practical reasons. Even in the case of online store, you may decide to accept payments via PayPal only or use some other service that allows individuals to accept banking cards when selling online.

### **Copyright issues.**

Every website needs content, a lot of content. The content may include text articles, images, audios, videos etc. Many internet users assume that everything they can find online can be reused on their sites, but it is not like that. Any resource you find online (and you didn't create it), you cannot simply put it on your website, unless you have permission to do so.

If you don't want to get in some legal trouble when you operate a business stay away from content that you didn't pay for or that is not copyright free. Anyway, there are many free resources online you can still use but some might require giving credit to them (quote the source or the author) if you want to use them on your website.

You also have to be aware that other internet users can steal your original content too. In such cases you should be prepared to protect your legal rights.

### **Other important issues:**

- Privacy policy,
- Disclaimers,
- Online security,
- Taxing,
- Legal, semi-legal and illegal business.

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## Summary:

- You don't need to register a company right away.
- Reasons to register (early): engage partners and employees, ask for financing, get merchant account.
- Copyright issues:
  - Don't use images (and other materials) if you don't have the rights,
  - Protect your own work.
- Take care of the Privacy policy and Disclaimers.
- Get informed on Online security (yours, your clients' and your website visitors')
- Check the taxation regulations in your country.
- Check the legality of your business idea (globally and locally)

## Task:

- Make an online research for the issues that concern you the most.



## What's Next?

Now you are ready to go to [STEP 2](#) and develop, question and test your most promising business idea(s):

### [Step 2: Finding the Right Online Business Idea](#)

If you believe you already have the best online business idea, you can directly jump to [STEP 3](#) in order to [Establish Web Presence](#) right away. However, we warmly suggest you still go through [STEP 2](#) and at list test your idea with some simple online tools.

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