

Make Your Side-hustle Into a Full-time Career

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PREFACE

Stop cuddling your side hustle and learn the valuable techniques to help your side hustle baby soar on its own. Making the tough decision to turn a part-time hobby into a full-time career is daunting. Serial entrepreneur, startup consultant, and cryptocurrency enthusiast, I will take you on a step-by-step guide helping you activate cruise control and turning those baby steps of an idea into building a financial runway and creating a solid side hustle income.

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CONTENTS

Create a Plan for the Pivot	1
Build a Runway	1
Get Your Finances in Order	2
Create a Timeline	2
Commit to the Plan	3
Build a Financial Runway	4
1. Assess Your Current Financial Situation	4
2. Separate Your Business and Personal Finances	5
3. Create a Budget	6
4. Save Your Side Hustle Income	7
5. Pay off Personal Debt	8
6. Decide Around Your 401(K)	8
7. Get Health Insurance	9
8. Profit!	10
Scale Before You Leap	11
1. Clarify Your Goal	11
2. Strengthen Your Sales Funnel	11
3. Analyze Your Numbers	12
4. Invest in Marketing	13
5. Focus on Retaining Customers	14
6. Delegate and Automate	15
7. Hire a Team	15
Capitalize on Your Brand Story	16
Building Your Business	18

Create a Plan for the Pivot

Building a side hustle is a lot like raising a child. It starts off requiring more investment than you're likely to see in returns for a while, but if you put in the hard work and dedication, it can grow into something amazing. However, the day will come when your little side business is ready to fly on its own, and you'll have to make the tough decision: is it time to let it go, or should you turn it into your full-time career?

Making the jump from side hustle to full-time career can be a little daunting, but if you're prepared for it, you can transition relatively easily. You need to have a solid plan in place for the first six months to a year after making the switch, so you're not left scrambling if things don't go as planned.

Build a Runway

82% of small businesses fail because they run into cash flow problems, according to a [study by the U.S. Bank](#). Therefore, it's imperative to have a solid runway of savings before quitting your day job. You'll need at least six months of living expenses saved up to transition without having to worry about money. Having a runway also empowers you to take more risks in your business, since you know you'll be able to fall back on your savings if things don't go as planned.

If your business is already bringing in a steady income, you can use the savings as an emergency fund to cover any dips in revenue.

Get Your Finances in Order

Sticking with the financial theme, it's important to get your finances in order before making the jump to full-time entrepreneur. This means getting your business and personal finances separated, so you can accurately track your progress (or lack thereof).

It's also a good idea to improve your credit score, so you can qualify for a loan if needed. You don't want to be stuck without a way to fund your business if things take a turn for the worse.

Here are five tips to improve your credit score:

1. Check your credit report for errors and dispute them.
2. Pay your bills on time, every time.
3. Keep your credit utilization low (below 30%).
4. Apply for a secured credit card and use it responsibly.
5. Pay off any loans or credit card debt.

Create a Timeline

You also need to have a timeline for your full-time career switch. Breaking it down into smaller goals makes it less daunting and helps you stay on track. Start with when you'll quit your day job and give yourself a few months to ramp up your business. Aim to have your business generating enough income to support you within a year. If you're not there yet, keep working at it until you are.

Having a timeline gives you something to strive for and keeps you accountable. It also allows you to plan for future growth and expansion.

Commit to the Plan

The last step is to commit to the plan and put in the hard work. This includes setting goals, outlining what you need to do to achieve them, and putting a budget in place. Having a written plan will help you stay organized and motivated during the process. Making the jump to full-time entrepreneur is difficult, but it's worth it if you're passionate about your business. There will be times when you feel like giving up, but if you keep pushing forward, you'll eventually reach your goals.

Build a Financial Runway

A side hustle is a great way to make some extra money. 40% of Americans reported having one, according to a 2019 report by [Bankrate](#). For most side hustlers, the extra disposable income and the ability to add to their savings are the primary motivations.

Yet when your side hustle becomes your full-time job, it's also your primary source of income. This can be a great thing if you plan your exit properly, but it can also be a recipe for disaster if you're not prepared.

Building a financial cushion is one of the most important things you can do when transitioning from a side hustle to a full-time business. This will give you the peace of mind and security you need to take the leap without worrying about money.

1. Assess Your Current Financial Situation

The first step in building a financial runway is to assess your current financial situation. This means looking at your income, expenses, debts, and savings. If you're part of a multi-income household, you'll need to inspect your family's budget to get an accurate picture. Now, include the revenue you gain from your side hustle in your total income.

From there, calculate your living expense ratio. This is the percentage of your income that goes towards covering your basic needs, such as housing, food, debt, insurance, health care, and transportation. Most experts recommend keeping this number below 50%.

For example, if your monthly expenses total \$2,000 and your monthly income should be around \$4,000. Your business should generate at least \$8,000 in revenue per month to support you and remain profitable.

This empowers you to save for retirement, allocate funds for taxes, and take care of your household without dipping into your business' profits.

2. Separate Your Business and Personal Finances

Another crucial step in preparing for a full-time business is to separate your personal and business finances. This will give you a clear picture of your business' cash flow and help you avoid using business funds for personal expenses. Plus, when tax season comes around, you'll be glad you have everything organized.

There are a few different ways to set up your financial separation. The most common is to open a business bank account and get a business credit card. All business revenue and expenses should go through these channels. You can also set up a bookkeeping and accounting system, such as QuickBooks or Wave Accounting, to track your finances.

Start Planning for Taxes

Self-employment taxes can take a sizeable chunk out of your business earnings, so it's important to plan for them early. Depending on how your business is structured, you may pay quarterly estimated taxes. These are based on the income and profits you expect to earn over the course of the year. Certain business structures will require both the owner and the company to pay taxes.

For example, if you're a sole proprietor, you'll need to pay self-employment taxes on your business earnings.

Similarly, if you have employees, you'll also need to withhold payroll taxes from their wages. These include Social Security and Medicare taxes. You'll then need to pay your share of these taxes, as well as the employer portion.

One of the best ways to prepare for taxes is to set aside money each month to cover them. This will help you avoid being surprised by a large tax bill and not having the funds to pay it.

Here's a look at each company structure and the tax benefits for each:

- **Limited liability corporation (LLC).** Pass-through taxation, meaning the business itself is not taxed. As the owner, you would only be taxed on your personal income taxes.
- **Sole proprietorship.** You'll be taxed as an individual on your business income.
- **Partnership.** Similar to an LLC, partnerships are not taxed as a separate entity. Instead, the business income "passes through" to the individual partners, who are then taxed on their personal income taxes.
- **C-Corporation.** Unlike the other business structures, a c-corp business is taxed as a separate entity. The business pays taxes on its profits, and then shareholders are taxed again when they receive dividends.

While these guidelines should give you a better idea of how to prepare for taxes, it's always best to consult with a tax professional in your state to ensure you're up to speed with state and federal regulations.

3. Create a Budget

Now that you know how much money you need to live comfortably, it's time to budget. Draft a personal budget for your living expenses. Then create a separate budget for your business and include a line item for your salary. This will help you keep track of where your money is going and make sure you're not overspending.

For each budget, start with the essentials, such as housing, food, and transportation. Then add in discretionary items like entertainment, vacations, and savings. Make sure you're realistic with your budget and don't live beyond your means.

Essential business expenses could include:

- **Rent or mortgage payments.** If you run your business out of your home, this may not be applicable.
- **Office supplies.** This could include everything from paper and pencils to the Wi-Fi, printer ink, and furniture.
- **Production costs.** Whether you create physical products, digital content, or use specific resources to provide services, these costs need to be accounted for in your budget.
- **Employee salaries.** Include your salary and any wages you pay to employees.
- **Insurance.** This is important to protect your business in case of an accident, natural disaster, or lawsuit.
- **Advertising and marketing.** You need to spend money to make money, so don't forget to include a line item for marketing and advertising.
- **Professional fees.** If you use the services of an accountant, attorney, or other professional, include their fees in your budget.

Budgets are your friend and will help keep your spending in check. But don't be afraid to adjust them as needed. If you find yourself with a little extra money for one month, consider using it to bulk up your savings or pay down debt.

4. Save Your Side Hustle Income

While you're still working a full-time job, you may not need to rely on your side hustle income to cover your living expenses. This gives you the opportunity to save as much money as possible.

Ideally, you should have at least six months of living expenses and business expenses saved so you can cover your bills if you lose your job or your side hustle income dries up. The two budgets you created should help you determine how much you need to save.

If your side hustle is already generating a significant income, you might invest some of that money. This could include investing in:

- The stock market,
- Mutual funds,
- Bonds, and
- Real estate.

Investing is a great way to grow your money, but it's important to understand the risks before you dive in. Work with a financial advisor to determine what investments are right for you.

5. Pay off Personal Debt

Owning a business is risky — even if it is profitable. One way to mitigate some risk is to pay off your personal debt, such as your credit card debt and student loans. This will give you one less thing to worry about if your business hits a rough patch.

Besides paying off debt, you should also work on building up an emergency fund. To be clear, an emergency fund is separate from the runway fund we discussed earlier. The runway fund is to cover overhead and known expenses in case you can't generate income for a period. The emergency fund is for unexpected expenses, such as a car repair or medical bill or if a key piece of equipment needs to be replaced.

This will give you a financial cushion to fall back on if you need it.

6. Decide Around Your 401(K)

Just because you're self-employed doesn't mean you can't save for retirement. In fact, there are several retirement savings plans available to solo entrepreneurs and small business owners.

One option is to continue contributing to a traditional 401(k) account. Depending on your business' financial situation, you may match or exceed your previous employer's contribution.

Another option is to open a SEP IRA account. A SEP IRA is like a traditional IRA, but with higher contribution limits. This is a good option if you have a profitable business.

There are other retirement savings options available, such as a SIMPLE IRA or a Solo 401(k). Work with a financial advisor before you leave your job to determine which retirement savings plan is right for you and your business in its current stage.

7. Get Health Insurance

If you're leaving a job that provided health insurance, you'll need to find a new health insurance plan. This is important to protect yourself and your family in case of an emergency.

There are a few different options for health insurance, including:

- Individual health insurance plans,
- Family health insurance plans,
- Group health insurance plans through a professional organization or trade association,
- Health insurance through a spouse's employer, and
- COBRA continuation coverage.

When shopping for health insurance, be sure to compare the premiums, deductibles, and coverage to find the best plan for you and your family.

8. Profit!

The final step in the process is to profit! This may seem like an obvious goal, but it's important to emphasize because it's the whole reason you're in business.

To make a profit, you need to generate more revenue than you have expenses. This means you need to increase your sales and decrease your costs.

There are several ways to increase sales, such as

- Finding new customers,
- Selling more to existing customers, or
- Selling higher-priced products or services.

You can also reduce costs by:

- Cutting overhead costs,
- Negotiating with suppliers, or
- Automating processes.

By increasing sales and reducing costs, you'll be well on your way to making a profit — and making your side hustle your full-time career.

Making the switch from a side hustle to a full-time business is a big decision. But with the right preparation, it can be a smooth and successful transition.

Scale Before You Leap

One of the biggest mistakes you can make is quitting your day job before your business is ready to support you. Scaling your side hustle gradually will give you time to perfect your processes, build a customer base, and generate enough revenue to replace your salary and remain profitable.

Sustainable business growth doesn't happen overnight. It takes time, patience, and hard work. There are seven critical steps to scale your side-hustle into a full-time business:

1. Clarify Your Goal

It's one thing to start a business. Growing a successful and sustainable business is quite another. What's your goal? While your immediate purpose is to boost revenue and make more money, you also need to consider the bigger picture. What do you want your business to achieve in the long run?

Understanding your end game will help you decide along the way — like whether to take on a partner, how to price your products or services, and when to hire help. A clear vision can also act as a north star when doubt creeps in and you feel like giving up or retreating to your comfort zone.

2. Strengthen Your Sales Funnel

Your sales funnel is the process you take customers through from strangers to customers. The basic sales funnel comprises five stages:

- **Awareness.** When potential customers notice your brand, product, or service for the first

time. Advertising, search engine optimization, cold calling, social media, and content marketing can create awareness.

- **Interest.** Potential customers move to this stage if they want to learn more about your brand, product, or service. Interested leads might visit your website, follow you on social media, or download a white paper or e-book.
- **Consideration.** In this stage, potential customers evaluate your brand, product, or service against your competitors. They might compare prices, read reviews, or request a demo or consultation.
- **Purchase.** Once potential customers are convinced that your brand, product, or service is the right fit for them, they make a purchase.
- **Retention/Loyalty.** Finally, you need to keep your customers happy, so they continue to do business with you and recommend you to others.

To boost sales, revise each stage of your funnel and make sure it's as strong as possible. This might involve creating or improving your website, developing more compelling content, or offering a better customer experience.

3. Analyze Your Numbers

You can't grow your business unless you know your numbers inside out. This means understanding these key aspects of your business:

- **Revenue** — How much money is coming in? This is important because it determines whether your business is profitable and how much money you have to reinvest in growth.
- **Cost of goods sold (COGS)** — How much does it cost you to produce your product or deliver your service? This includes the cost of materials, labor, and overhead.
- **Profit margins** — What's the difference between your revenue and your COGS? This will show you how much profit you're making on each sale. For optimal growth, you want a profit margin of 50% or more.
- **Customer lifetime value (LTV)** — How much is each customer worth to your business? LTV is determined by how much revenue your average customer generates over the

lifetime of their relationship with your business. If you have a lot of return customers or customers who make big-ticket purchases, your LTV will be higher.

- **Churn rate** — How many customers stop doing business with you over a given period? A high churn rate is a red flag that something is wrong — whether it's the product, pricing, or customer service. Fix this problem, and you'll have a much easier time growing your business.
- **Acquisition costs** — How much does it cost you to gain a new customer? This includes advertising, lead generation, and sales costs. If most of your new customers come from referrals, your acquisition costs will be low.

To get started, run a report in your accounting software to see where you stand. Then, set some goals for the next quarter or year. For example, you might aim to increase your revenue by 20%, boost your profit margins to 60%, or reduce your churn rate by 2%. Once you have a starting point and some targets to aim for, you can start devising a growth strategy.

4. Invest in Marketing

Investing in advertising and marketing is essential to scale your business. Remember the sales funnel? Unless people are aware of your brand, they can't move through the funnel and become customers. That's why marketing is such an important part of business growth.

There are endless marketing strategies you can use to increase brand awareness and drive sales. Which ones you choose will depend on your budget, your target market, and the product or service you're selling. But some of the most effective marketing tactics include:

- **Search engine optimization (SEO)**. This helps potential customers find your website when they do a Google search.
- **Content marketing**. This involves creating blog posts, infographics, e-books, video content and more, all of which showcase your brand and help people learn more about your product or service.
- **Email marketing**. Another great way to stay in touch with your existing customers and promote new products or deals to them. You can also target visitors to your website who

didn't make a purchase the first time around.

- **Social media marketing.** Use social media to share your content, connect with potential customers, and build relationships with influencers in your industry.
- **Paid advertising.** This can be a great way to reach new audiences, but it can also be expensive. If you're on a tight budget, focus on organic marketing methods first, then experiment with paid ads once you have a little more money to work with.

5. Focus on Retaining Customers

Acquiring new customers is important for business growth. But it's also important to focus on retaining the customers you already have. In fact, it costs five times as much to gain a new customer as it does to keep an existing one.

There are a few key things you can do to reduce customer churn and keep people coming back for more:

- **Offer excellent customer service.** This is one of the most important things you can do to keep your customers happy. If they have a problem, make sure you resolve it quickly and efficiently.
- **Make it easy for customers to do business with you.** Make sure your website is user-friendly, your checkout process is fast and straight-forward, and your shipping times are reasonable.
- **Surprise and delight your customers.** Show your customers that you appreciate their business by sending them a little something extra from time to time. This could be a discount on their next purchase, a free sample of a new product, or anything else that will make them smile.

6. Delegate and Automate

As your business grows, you'll quickly realize that you can't do everything yourself. At some point, you'll need to delegate tasks and responsibilities to other people. This could mean hiring employees, contractors, or virtual assistants.

If you're not ready to bring on full-time help, consider delegating tasks to part-time employees or contractors. You can also look into automation tools that can help you with things like social media, email marketing, and bookkeeping.

7. Hire a Team

As your business grows, you may need to hire a team of experts to help you with specific tasks or areas of your business. For example, you may need to hire a web designer to help you create a new website or a marketing firm to help you launch a new ad campaign. A virtual assistant can help you with tasks like customer service, bookkeeping, and social media.

Invest in Your Business

If you want your business to grow, you need to invest money back into it. Investing in your business will help you cover the costs of things like inventory, marketing, and product development. It will also help you hire employees, contract workers, and pay for office space.

The best way to invest in your business is to reinvest a portion of your profits back into the business. This way, you're using your own money to grow your business, which can be a great motivator to make sure your business is successful.

Capitalize on Your Brand Story

During your first year in business, there's a built-in marketing story that few entrepreneurs capitalize on: the brand origin story. Your customers and clients want to know how your business got started, what drives you, why you do what you do, and what your company culture is like. More importantly, there is the story of why you're leaving the comfort of a 9-to-5 job to pursue your passion.

Your personal story is one of the most powerful marketing tools you have. It's a great way to connect with your customers and build brand loyalty. So make sure you're sharing your story on your website, in your social media posts, and in any other marketing materials you create.

You don't have to wait until the day you quit, either; you can start sharing your story from the very beginning.

The Three Arc Brand Story

Any good story has three parts:

- The beginning (or setup), which introduces the characters, setting, and conflict.
- The middle (or main event), which is the part of the story where things get exciting and the conflict is resolved.
- The end (or resolution), which ties up loose ends and leaves the reader satisfied.
- The same is true for a brand story.

The beginning paints the picture of your brand's current state as a side hustle. In the first act, focus on why you started this side hustle. Introduce potential and existing customers to the problem you're solving and how your business is the solution. Focus on the start-up struggles you're currently facing and how you're working to overcome them. As you move closer to the day you quit your job, the conflict will intensify.

In the middle, or main event, you take the leap and quit your day job. This is a pivotal moment in your story, so make sure you share the details of how you made this decision and what it was like to take such an enormous risk. This is also an excellent opportunity to highlight your growth and the customers or clients you've acquired along the way.

In resolving your journey, reflect on all that you've accomplished during your first year and look forward to the future. Share your plans for the next year and beyond. This is also a good time to reiterate your company's mission statement and what sets you apart from your competitors.

By sharing your brand story, you're not only building loyalty among your current and potential customers, but you're also helping to spread the word about your business. So make sure you're taking advantage of this incredible marketing opportunity.

Building Your Business

Now that you know how to turn your side hustle into a full-time business, it's time to get to work. Use these tips to build your business and transitioning from side hustle to full-time entrepreneur.

Start by reinvesting a portion of your profits back into the business. As you reinvest in your business, make sure you're also taking advantage of free or low-cost marketing opportunities, like sharing your brand story. Also, continue to build positive relationships with your customers and clients. These relationships will be invaluable as you grow your business.

