

# Starting a Micro Business for Teenagers

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## Characteristics

- Simple and fast start up
- Only one employee
- Sole proprietorship
- Little start up money
- Purpose to learn and earn
- Usually home based
- Low risk
- Manageable
- Easy to close down

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## Advantages

- Learn a lot
  - Business skills
  - Time management
  - Confidence
- Test a Future Career (or not!)
- Make Money!
  - For a goal

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## Ideas

### Service Businesses

Tutoring	Bookkeeping
Childcare	Event planner
Music lessons	Virtual assistant
Editing papers	Writer/Author/Blogger
Web design	Lawn care
Pet Sitter/Dog Walker	Cleaning

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## More Ideas

### Product Businesses

Baking  
Cake decorating  
Crafts (knitting, card making, soap, etc.)  
Photography/Scrapbooking  
Fine arts (painting, sculpture, etc.)  
Sewing/Dressmaker

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## Problem With Products

Inventory and storage  
Shipping, packaging, returns and back orders  
Upfront purchase of inventory  
Sales tax

### Solutions

Digital products  
Drop shipping  
Order on demand

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## Make a Plan

### Business Concept

- The product or service and industry
- How to measure success

### Marketing Plan

- Potential customers
- The competition
- How you will stand out

### Financial Plan

- Cost
- Price to customers
- Break even analysis

### Example

Piano lessons  
5 students

Beginning students  
Charge half the competition  
Advertise on homeschool e-loop & at co-op

Books, rewards \$25/year  
Price \$8 per 30 minute lesson  
Break even after 11 lessons

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## Record keeping

Record all income when you get it!

Even cash

Remind customers who owe you money

Record every expenses as you spend it

Use a spreadsheet

Calculate profit (or loss) every month

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## Example

Month of: January								
Date	Check Number	Description	Income	Advertising	Office	Postage	Meals	Mileage
1/09/200X	Debit card	Website fee		20.00				
1/10/200X		Income - Client A	250.00					
1/11/200X	203	Ink		12.00				
1/15/200X	204	Brochures		12.00				
1/15/200X	cash	Lunch - Client B					8.50	
1/30/200X	205	Mileage to meeting						19
1/30/200X		Stamps				55.00		
1/30/200X		Mileage to post office						6
<b>Totals</b>			250.00	32.00	12.00	55.00	8.50	25

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## Taxes

Business Profit or Loss reposted on **Schedule C** of Form 1040

Two taxes on Form 1040

1. Federal Income tax

0% up to a profit (net income) of \$5,700 (2010)

10% for profit of \$5,700 to \$8,350 (20108)

2. Self-Employment Tax (Social Security & Medicare)

15.3 % of profit over \$400

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## Secrets

### Serve Your Customers

Be polite, smile & dress nicely

### Keep good records

Monthly record keeping = 79% survival rate

Annual record keeping = 36% survival rate

### Watch expenses

Don't spend what you don't have

Don't spend because it's a write-off

### Be brave and ask questions

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## Resources

### MicroBusinessForTeens.com

Three ebook series

*Starting a Micro Business*

*Money and Taxes*

*Running a Micro Business*



70 page ebook \$14.95

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