



How to plan an online business



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Contents

<i>Advocacy for the online entrepreneurship</i>	5
1. What kind of business you can do online	7
1.1. Online shop	7
1.2. Affiliate commerce	8
1.3. Online translations	8
1.4. SEO specialist	9
1.5. Social Media specialist	9
1.6. Blogging profesionist	10
1.7. Vlogger	11
1.8. Selling information products	11
2. Planning an online business	13
2.1. Reasons you should write a Business plan	13
2.2. Plan what you are going to do with your plan.....	15
2.3. How long your plan should be and how to write it	16
2.4. What a business plan should contain	17
3. How to finance your business	24
3.1. Personal financial resources	24
3.2. Bootstrapping	26
3.3. Your parents and friends	27
3.4. Angel investors	28
3.5. Venture capital	29
3.6. Commercial creditors	30
3.7. Special financing programs	30
3.8. Crowdfunding	31



4. Basics of Marketing and SEM	32
4.1. Marketing for beginners	32
4.2. What is SEM?.....	32
4.3. How an SEM auction works.....	33
4.4. How can you build ads that stand out?	35
5. Online business examples	37
5.1. Professional Blogger	37
5.2. Creating digital products	38
5.3. YouTube creator	39
5.4. FBA Amazon business model	40
5.5. Affiliate marketing	42
5.6. E-commerce business model	43
Bibliography	44



Advocacy for the online entrepreneurship

"Internet has produced more millionaires than any other event in the history of the world and will continue to produce more millionaires than any other industry in the world."

Bill Gates

You're young, you dream of being financially independent, but you can't picture yourself as an employee or you just feel that even if you do have a good salary and less worries, you're not satisfied with your lifestyle. You need a change and you believe the best thing for you would be to start your own business. And since we're living in the broadband internet era where basically everything happens online, you think that actually the best thing you could do is to start an online business... Now, after the entire world has experienced the pandemic caused by the COVID 19, many companies were forced to set up an online component. This may be their very chance to survive.

What does it mean for a young person to have their own online business? Well, this may be a dream come true, that of making your own decisions.

But when it comes to starting a business, the biggest risk is getting stuck from the very start. Entrepreneurship is all about the courage to start and for that one needs to leave their comfort zone.

And since you can't have entrepreneurship without a business idea, let's see where you might find the right one for your business. This isn't about what you would like to do, but about what you can do. The first question you should answer to isn't "how can I get rich online", but rather:





"what am I good at?" or "what do I enjoy doing?". Shape this "something" into a business! Invest your time, your passion and your knowledge!

The place to search is inside yourself. Sure this is not easy. It takes courage, determination, passion and the desire to succeed.

What you should know is that you shouldn't give up if you don't succeed at first. A study performed by the CITR Group shows that 92% of those who start a business and fail, give up entrepreneurship. It is the easiest way out, but it does end your dream, depriving it of any other chance to success.

Perseverance is key, and the history of entrepreneurship fully proves it. Henry Ford went bankrupt 5 times before making history. The same happened to Bill Gates as well. Dismissed from Harvard, he started a business that went bankrupt, only later to create today's giant, Microsoft. Colonel Sanders' story is most likely an inspiring one: his chicken recipe, which later made the KFC chain famous, had been refused by 1009 restaurants.

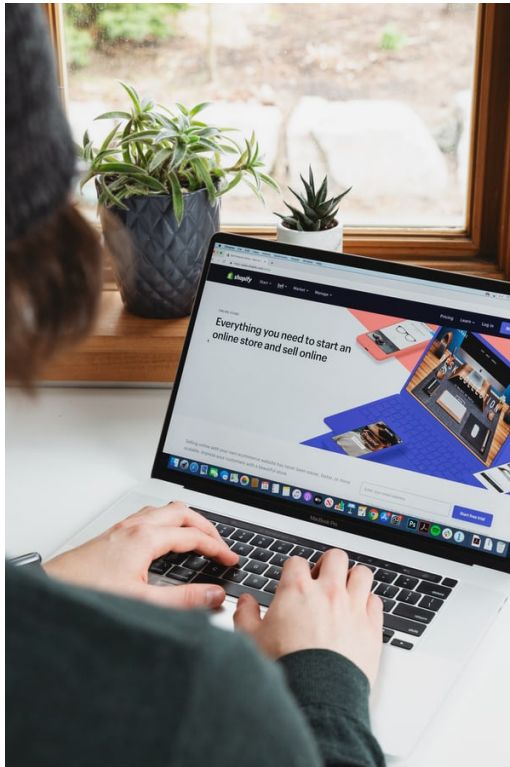
Some successful business ideas emerged from various passions, many of them apparently insignificant and dull. That housewife's passion for cooking has become a successful business simply because all her videos where she cooks and passionately explains every step, get millions of views. We'll cover this new ideas and business model topic in the 3rd Chapter of this Guide later on. No matter which of your passions you plan to turn into business ideas, these days they can no longer exist without an online exposure. It doesn't matter if you're thinking of selling your products exclusively through an online store or dedicating yourself to services, the steps you need to take are just about the same.



1. What kind of business you can do online

1.1. Online shop

E-commerce is one of the most handy options you have to start your own business. All you have to do is identify the product / products in demand, either nationally or internationally. Here are the arguments for setting up an online shop:



- A virtual shop is **faster and cheaper to set up** than a traditional one;
- It is **open 24/7** and it allows its customers to purchase whenever they want;
- Customers at national and international level;
- You do not need plenty of staff dealing with your customers;
- More customer data collected with Google Analytics;
- With the help of a well-designed website, a small online business can reach the **size** that only a large traditional business can have;
- **There is no space limitation** for the presentation of products as a large number of products owned by suppliers can be displayed in the window of a virtual shop;
- **Nobody needs** to travel to work, the online shop being accessible to its owner from home or anywhere, offering him great **flexibility**;



- You can benefit quickly from **customer recommendations** through a share on social networks;
- Customer loyalty can be achieved through loyalty cards based on which they can receive certain discounts.

Promotion is an important tool that can be done through the presentation of products (well thought out and made by a specialist), the use of customised packaging, bags with the shop logo, etc.

1.2. Affiliate commerce

You can build your entire online business by promoting other people's products on your website and selling them. You can generate significant profits from affiliate commissions. You can perform e-commerce directly on a large platform such as Amazon, which provides you with all the infrastructure you need, from storage to packaging and delivery to the end customer.

Here are the steps you need to follow and the fees you need to pay if you want to start a [business on Amazon, here](#).

Selling products on **e-Bay** can be a successful business. As with selling on Amazon, you need to first identify a range of products and familiarize yourself with how the site works.

1.3. Online translations

Good knowledge of a foreign language can, at least, round off your income until you decide whether or not you want to turn it into a small business. And if you master more exotic languages such as Japanese, Chinese, Danish, then the chances of making money from online translations are even higher.





Translation companies usually work with collaborators, so you can start by offering your services to such a company, and you will decide what further orders you will accept, depending on your own availability and the amount of money you want to earn.

1.4. SEO specialist

An SEO specialist is a person who, through various techniques, increases traffic to a site in order to increase sales. In order to do such a job, you need technical knowledge, but also communication skills and online marketing knowledge. An SEO specialist must analyze and identify the errors and functionalities of a site, implement optimization techniques, from the use of certain keywords to the generation of content relevant to a product or service, measure the evolution of traffic on a site and implement continuous growth strategies.

There is a great opportunity to earn money from SEO optimization because almost all the companies need such services.

If you are not a specialist but the field seems attractive to you and you consider that you need knowledge and technical skills for such a job, you can take traditional or online courses with a quick return on investment.

1.5. Social Media specialist

Another online job is that of a social media specialist, i.e. a person who manages Facebook, Instagram, Pinterest or even LinkedIn accounts for various companies. The social media specialist establishes a content strategy relevant to a product or service, writes the texts, chooses and possibly edits the photos, sets up online marketing campaigns and reports the results. The requirements needed are a mix of creativity and technical skills.

The price for managing a social media page starts at 100 euros per month and can reach much higher, depending on the services requested by the customer and the number of platforms to be presented.



1.6. Blogging profesionist

A professional blogger is someone who earns money from online publishing efforts, an activity similar with that performed by a "hobbyist" blogger who posts simply for fun.

Now, it's easier than ever to [create a blog, and your blog](#) can be a great source of income (if you know how to [make it profitable](#)).

Remember that it is not enough just to create a blog and then wait for the money to enter the account. You need to constantly create content, and that content needs to educate, inform, and entertain people. In other words, it has to stir interest in some way.

Moreover, you have to sell something through the blog. This can be advertising space, products, sponsored posts, coaching, e-books, etc.

If you are willing to take care of this, you have a passion, blogging can be really profitable.

Here are some resources to help you get started on your first blog:

- [How you can customise WordPress blog](#)
- [How to install WordPress Blog on Bluehost](#)
- [How to increase your blog traffic](#)

Trying to figure out what your [blog an be about](#) is a complicated process if you have to answer the question: **are there certain types of blogs that earn money?**

Certainly some niches are more profitable than others, but certainly almost any type of blog can earn money. And it's not always about popularity.

There are two types of blogs earning money:



- permanent content (has a long lifespan and is always relevant). Content around universal topics is often more competitive, safer to write, because people's interest in the topic will not fluctuate, making it a stable way to earn an income.

Examples of content of permanent interest include health tips, training tips, parenting tips, money-saving ideas, and more.

- trendy content. Trendy content is a little riskier, but it can often be more competitive. If you find a trendy topic with little competition, you can make money faster. Before creating such a blog you need to do research to see which topics have the potential to grow. Each year, Pinterest releases a trend report that can help you identify some of the most popular blog topics for next season.

Remember that if your blog idea is not among them, that does not mean that it cannot be profitable.

1.7. Vlogger

As video content is much more attractive than written content, vlogging is a faster and easier way than blogging to make money without being hired. In order to set up a vlog, you need to identify a topic to exploit, have minimum knowledge of filming and video editing techniques and have a promotion strategy so that you can gather as large a community of people as possible to follow you. The money can come, in particular, from companies that want to advertise in various forms.

1.8. Selling information products

If you are an expert in your field or you know more than an ordinary person about a certain subject or skill, then you could develop a business that will help you earn an income, without the need to have an online shop with physical products.



Information products are one of the largest online business markets that generate billions of euros in revenue worldwide. People learn how to play the guitar, how to garden, knit, e-sports and ... much more.

Prove yourself as an authority in your niche, grow an audience, build trust with that audience and give them the solutions they want.

The most important key here is that you should always choose a niche topic that you will never get tired of learning more about. Passion can be an important tool, as it will help you channel your energy to move forward even when you come across obstacles along the way.

When it comes to selling online courses, people create YouTube channels and websites, run webinars, or write e-books to share their expertise with others who might be willing to subscribe or even pay for what they want to learn.

Whatever this niche is, as long as you have the skills and a strong desire to continue learning, then you can sell these solutions as an information product.

You do not need significant investments to set up this type of business. You launch the blog, film those videos, advertise on Facebook and other social networking sites, and create an audience.

People search for information online: 8 out of 10 people in developed countries go online to find out information, 1 out of 3 inhabitants of developing countries use the internet.

Studies show that through a blog, companies increase the number of site visitors by 97%.

Facebook is another platform you can use to share your product information. The average time spent on Facebook is 20 minutes / session. And since the 2020 pandemic, the average time spent online has increased significantly.



2. Planning an online business

2.1. Reasons you should write a Business plan

Starting a business without a carefully thought plan and without a planning is about the same as travelling to an unknown destination without knowing which way to go: it will be a waste of time and a waste of resources.

A business plan is a document that describes in detail how a business, usually a newly established one, can achieve its objectives. At the same time, a business plan can be developed for an already operational business that wishes to develop into a new direction or to obtain bank financing.



Thus, the business plan is a description of the future of your business, a document that documents what you intend to do and how you intend to do it. Writing a business plan isn't about accurately predicting the future of your company. Its regular revision helps you identify the steps you need to take to achieve your goals.

To start a new business, be it online, creating this plan requires a long research process, studying and strategic thinking on the type of activity you want to set up and the way it'll work and develop over a period of time of minimum 3 years. Therefore, a business plan requires a commercially, financially and operationally conceived plan.

A business plan developed for a start-up must be based on statistical data of other companies operating in the same field of activity. It must be clear, concise, easy to follow and have actual and measurable objectives (SMART) that can be constantly adjusted and adapted to the new conditions.



The business plan is a tool that explains how your business will work. There are many reasons you should write a business plan:

➤ *To assess the full potential of your business.* One of the most valuable uses of a business plan is to help you decide if your business idea can actually fulfill your dreams. Remember, many business ideas never pass the planning stage, because their founders fail to develop a coherent and realistic business plan. By developing your business plan, you can test your idea by two variables at least.

Firstly, financially, to make sure this business makes sense economically.

- What initial investment will the business require?
- When will the business make profit?
- When will you and your potential investors recover your investment?
- What are the profits projected so as to generate their business over time?
- Will you be able to dedicate yourself to the entire activity financially?
- What kind of salary or profit distribution do you expect to receive?
- What are the chances the business will fail? What will happen if this does happen?

Secondly, you'll get information about the lifestyle you are about to lead. I doubt you'd go for a business that you'd hate despite its success.

- Where will you be living?
- What kind of work will you do?
- For how many hours a day?
- Will you be able to take time off?
- What happens if you get sick?
- Will you be earning enough to fulfil your desired lifestyle?
- Does your family understand and approve the sacrifices you are about to make?



Unless you can answer these questions, you won't be able to outline the potential of your business idea. Bear in mind there are no wrong answers. The idea is to simply help you decide how well the proposed project fits your life goals.

- *To make you take responsibility;* The plan sets objectives in all the major areas of the business: sales, expenses, employment and financing objectives. Once set, targets become performance goals. If you wrote in your plan that by the end of the first functioning year you'd have 100 customers, you shouldn't wait for those customers to just come up to you, but implement any resource you possess to meet this goal.

- *To monitor the progress of the business.* When you set up an individual business the only tool for monitoring its progress is the Business Plan. It is the one that guides you in taking the necessary steps to achieve your goals.

- ✓ *It's a tool for recruiting employees or future investors.* A carefully written business plan with concrete and realistic objectives will be appreciated by potential employees who will wish they could work with you. If they are able to understand it, they will be able to contribute to achieving the goals you've set.

Writing the business plan pushes you to review everything simultaneously: the business value, the marketing assumptions, the operational plan, the financial plan and the personnel plan. This way you can identify a multitude of connections that you would have ignored otherwise.

2.2. Plan what you are going to do with your plan

Before you start writing your business plan, you need to answer the question "What am I going to do with it?"

As I was saying, a business plan can serve many purposes. Depending on the purpose, you'll pay more attention to one chapter or another.



- *Do you plan to use it to obtain funding?* In this case, you'll need to focus on the executive summary, management, marketing strategy and on the financial aspects very carefully.
- *Do you plan to use it to attract high-performing employees?* Then you need to focus on things that might be important to them: location, work environment, organizational culture, salary, growth opportunities.
- *Do you plan to use it for suppliers in order to prove that you are a reliable customer?* A solid business plan that might convince them should highlight the customer list and an impeccable repayment schedule.

2.3. How long your plan should be and how to write it

Nowadays business plans tend to include only the fundamentals, with good projections and solid analysis. An "easy read" format is extremely important today. If you want people to read your business plan, then the best advice you could get is to keep it simple. A business plan should have no more than 20-30 text pages and about 10 extra pages for attachments (graphics, photos, drawings, etc.).

When writing your Business Plan, don't forget these tips:

- **Start by writing a simplified one-page plan** you can build the detailed Business Plan on later.
- **Don't use difficult phrases unless they make sense.** Short sentences are great and easier to read.
- **Use a language your audience is able to understand.** Stay away of key words, slang and acronyms as not everyone is familiar with them.
- **Use diagrams.** Highlight the important business indicators making them easy to locate and understand.
- **Pay attention to the overall look and feel.**





2.4. What a business plan should contain

A. Executive summary.

The summary should come after the title page and it shouldn't exceed one page. This is very important because it displays to the reader what you're actually planning to do. There are specialists who consider that this summary should only be written after having finished writing the business plan.

The key elements you need to include in this summary are as follows:

- **Relevant information about the company:** its legal form, the owner, its share capital, its address etc.
- **The business concept.** Describe the business, the product and the market it will serve: what you sell, to whom you sell and the reasons this business will have a competitive advantage.
- **Financial characteristics.** They highlight the important financial information of the business: sales, profits, cash flows and return on investments.
- **Financial requirements.** They clearly specify the capital needed to start the business and to expand it. You should also detail how you plan to obtain this capital.
- **Important achievements.** If the company is already operational, give details about any company accomplishments that are critical to the success of the business.

Remember!

If the summary is too cluttered, no one will read it because it's very clear that the business, regardless of its merits, is not going to be a good investment, since you seem undecided, not really knowing what you want.



B. General description of the business

The description of the business usually begins with a brief description of the industry in which you will be active or already active. When describing the industry, you'll need to analyze both the current situation and the future prospects. You should also include information targeting different industry markets such as information about products/services or trends that may positively or negatively influence your business.

When describing the business you should use a structure consisting of 4 main chapters:

- The opportunity
- Execution
- A general presentation of the company
- The financial plan

I. The opportunity

This chapter is extremely important in your business plan because it includes information about the problem you identified, the solution you found, your customers and how your product/service is positioned in the market. In this chapter you'll also write about what differentiates you from your competition and what your future expansion plans are.

❖ Description of the problem

You'll start the "Opportunity" chapter by describing the problem you can solve for your customers. Defining the problem you solve for your customers is the most critical element of your business plan and crucial to your business success. You should find answers to the following questions:

- What is their need?
- How do they solve this problem presently?
- Are the existing solutions to this problem expensive or blunt?



If you can't identify that one problem that your potential customers deal with, then you may not have a viable business concept.

❖ Finding the solution

Once the problem explained, you should describe the solution you found in your business plan. The solution is the product or service you intend to offer to your customers. You should answer questions such as:

- How can I solve the very issue my customers are dealing with?
- How can I offer this solution?
- Is my solution what customers expect?

❖ The target market.

Regardless of the type of business you start, knowing who your customers are and estimating their number is very important. If their number is not large enough, then your business can't be successful. You'll identify your potential customers through a market analysis. Firstly, identify the market segments (groups of people or other companies you can sell to) and determine how large they are.

Be careful!

Don't fall into the trap of believing your market is "everyone". If you have this idea that a shoe selling company targets anyone with legs, you are wrong. It should realistically target a specific segment in order to be successful: athletes, business people, young people, the elderly, people with low incomes, etc.

❖ The perfect customer.

Once your target market segments identified, you need to define the ideal customer for each segment. For this you can use the "buyer person" or the "user person".



❖ Competition

Knowing your competition thoroughly is crucial for your business. One of the biggest mistakes that start-ups make in their business plans is to consider that they have no competition. Nothing could be further from the truth. You have to understand that your competitors aren't just those companies operating in the same activity field, but all those companies that fight for your customers' money and offer other types of solutions.

When Henry Ford sold his cars for the very first time, there was no direct competition from other car manufacturers - there were no other cars. Instead, Ford competed with other transportation means: horses, bicycles, trains and even walking. At first glance you are tempted to believe there was no competition, but there were alternatives to the same problem: travelling.

In your business plan you should describe this competition: who they are, how many they are, what solutions they offer.

What are your competitive advantages over your competition?

II. The execution

In this chapter you should describe the way your company will operate. You'll mention the plans, the marketing and sales operations, the way you'll measure your success and the key steps you'll take.

❖ *The marketing and sales plan*

In this section you'll describe how you intend to approach the target market, how you intend to sell, your pricing policy, what types of activities and partnerships you need in order for your business to be successful.



The positioning statement is the first part of the marketing and sales plan. It doesn't have to be too elaborate. Explaining how your company is positioned on the competitive landscape and what makes it differentiate from the alternatives that a customer might consider should be enough.

Pricing will be in line with the positioning strategy. The price can send a very strong message of positioning communication to the consumers. If you offer a premium product, the price will quickly communicate this message to the consumers.

Develop your promotion strategy after having established your positioning and prices. This should include the manner you plan to communicate with your potential customers to sell your product/service. The marketing tools you can use for this communication are: advertising, packaging, public relations, sales promotions, private sales.

Keep in mind!

The marketing plan has no value unless you truly understand who you are marketing to

❖ *Operating*

In this section you'll describe how your business works: the logistics, the technology used and other such details. Depending on the type of business you start, you may need to describe just some of the sections below:

- **Supply.** If your company sells products purchased from other suppliers, it is important to include details regarding the place your products come from, the way they are delivered to you. If your suppliers are from abroad, you'll need to explain how you work with them.
- **Technology.** If you are a company that works in the technology development field, it is essential to explain the technology you produce and how it works, in your business plan. You don't have to reveal trade secrets in your business plan, but you do have to explain why your technology is different and better than the other solutions offered by your



competition. Feel free to include detailed information in the appendices, in case someone requests it.

❖ *Distribution*

If your company is into product marketing, your distribution strategy is an important part of your business plan.

The distribution includes the entire process of transferring the product from the manufacturer/trader to the end user. When deciding which distribution network to choose, you should analyze which distribution channels your competitors are using. You can use the same channels or opt for an alternative one.

The distribution strategy you choose for your product/service will be based on several factors that include the channels used by your competition, the pricing strategy and your own internal resources.

III. Company overview and your team

In this chapter, you'll analyze your company's structure and describe the key members of the team. These details are especially important for investors, because they are interested to know who is behind the company and whether they are able to translate an idea into a successful business.

❖ *Company overview*

The company overview will most likely be the shortest section of your business plan. Feel free to remove this section if you plan to share your business plan with your business partners and team members.

If your business plan is meant for people outside the company, you should include in this section: the company's mission, the company structure and ownership, its location, its history (if the company is already established)





❖ Your team

If you think that all it takes to attract an investor or for your business to succeed is a business idea, you're in the wrong. It is said that investors don't invest in ideas but in people. Having to choose between a combination of an excellent idea managed by a mediocre team and a mediocre idea managed by a great team, many investors will go for the second combination.

The presentation of the team in your business plan shows that you carefully considered the roles and the responsibilities they'll have in the development and growth of your business. You don't need to have a full team by the time you're drawing up your business plan. It's important to be aware of the positions you need to fill and to mention in your plan that you are looking for the right people.

IV. The financial plan

This is the last chapter of your business plan. For many entrepreneurs this is the hardest part, but there are a multitude of tools and resources out there that can help you build a solid financial plan.

What should you include in this financial plan?

- ❖ The sales forecast
- ❖ Your staff plan
- ❖ Your profit and loss statement (or P&L)
- ❖ The use of the funds





3. How to finance your business

Starting and developing a business, even online, requires funds that many young entrepreneurs don't have and don't know where to find or how to access them. A new business needs money to cover the start-up costs, and active businesses need to finance their growth and working capital. There is a wide range of financing options but you have to keep in mind that accessing them depends on numerous factors.



For example, an already operational company has access to standard loans that traditional banks provide for business development. For a start-up, trying to get such a loan can prove to be an extremely difficult, sometimes even impossible mission. A high-tech start-up with a very fast growth potential may have access to investments that a stable enterprise, but with a slow growth, couldn't obtain.

Therefore, in order to obtain financing, you must adapt your search process to the specifics of the company you want to set up or develop.

It's important to understand that finding financing is still a difficult endeavor and in order to have access to it you need a carefully conceived business plan.

In this material we offer you information about a few sources of financing your business.

3.1. Personal financial resources

If you've decided to become an entrepreneur, you should know from the very beginning that in order to start up a business not only do you consume time and energy, but also risk your money or your assets. That's why the first source of financing for your business should be your personal money. If you trust the business you want to grow, why not use this money that doesn't cost you



anything? If you're reluctant to use your personal money because you don't trust your business plan, then why bother trying to obtain external financing that you can later return?

Using personal money to launch your business has a number of advantages.

- Personal money is the cheapest source of financing. Any money obtained from external financing comes at a certain cost outside its intrinsic value.
- Using personal money or obtained through a personal loan you gain the trust of a potential investor. You can convince them that you trust your plan and that you're willing to take risks.
- Personal money can have another value for you. You'll spend it more carefully and rigorously than the money obtained from an external financing.

You must also take into account the fact that if you self-finance your business, then you're assuming all risks that come with it. If the business is a success, you're assuming all the merit and the benefits, if it fails you lose all the personal investments you committed in the process.

When you resort to foreign investment - venture capitalists, angel investors - you can reduce part of your personal risk, but you usually give up a part of your company, with all the consequences that arise from this.

Giving up equity or a certain percentage of ownership generally means that you'll share the profit with someone else if your business is successfully scaled and then acquired. Venture capitalists and angel investors usually seek to invest only in companies that have an exit strategy, aiming to make a substantial profit from the sale of your business.

This is one of the reasons why many entrepreneurs take the risk of using personal money. If you manage to build a company without external investors, you end up owning everything yourself. You don't have investors as bosses (you have clients, but that's completely different), you can make your own decisions, you're controlling your own destiny.



3.2. Bootstrapping

Bootstrapping is defined as "that way of securing the financing sources of a business without resorting to external resources, but only by saving and using personal resources, both monetary and any other personal resources, as efficiently as possible". This type of financing can be applied to any type of business, regardless of its structure or development stage.

Bootstrapping means:

- Using internal financial resources as efficiently as possible
- Saving resources optimally
- Being rigorous with both investments and expenses

If your business is in the start-up stage and you want to finance yourself through bootstrapping, you must take into account the following tips:

- **Start your business from home or from a virtual office.** By doing so you don't have to worry about how to get money to pay the rent for an office space or for storage.
- **Focus on functionality.** If you want to start a small business and to buy some expensive equipment, you'll have a very high chance of going bankrupt. In this phase you have to be oriented towards functionality and not towards image. At the beginning of Apple, Steve Jobs was famous for buying some old doors and a few wooden supports for a very low price that he made offices from, saying that they were fulfilling the same function as an office, but 10 times cheaper.
- **Use volunteers and interns** when you need extra manpower. You'll be surprised to find out there are so many people out there willing to help you. All you have to do is identify what motivates them and, in the end, reward them appropriately.
- **Use the Internet intelligently.** Internet offers you so many opportunities to pay less for the services and products you need to start your business. You just have to search.



- **Promote your business by word of mouth** because you don't have to pay anything and this builds trust. All you have to do is talk to your friends or to strangers about your business and turn them into supporters of your cause.
- Focus on cash flow and not on profitability.

3.3. Your parents and friends

Because you're young and you haven't had enough time to raise too much money, you'll certainly not have enough to start your business or to develop it. If you don't have enough personal money, you haven't found an angel investor, your business isn't eligible for venture funds, banks won't finance you, what can you do? You turn to family, to your friends, to acquaintances who have enough money to support the initial investment. They know you very well as a person, they know your skills and competencies and if they have faith in you, in your plan, they'll definitely give you the financing you need.

This type of financing is extremely popular all over the world due to the advantages it can offer:

- Speediness. It's faster to get money from a known person than from any other external source.
- Simplicity. An acquaintance who is offering you the money as a loan isn't going to ask you for as many official documents as an institutionalized financier would.
- It represents the lever for obtaining another type of financing. This type of financing makes it easier for you to start a business that can help you obtain a larger financing from another type of investor.

However, funding received from relatives or friends may also come with pitfalls for both parties:

- Often, relatives and friends can't afford to lose the money they are offering you. When you turn to them you should take this into account. If the people you turn to may have to mortgage their house to help you with the loan, you shouldn't let them do that.





- Entrepreneurs tend to borrow more money than they need from relatives or friends, and this only unnecessarily burdens the business with unjustified expenses and investments.
- Another mistake numerous entrepreneurs who resort to such financing make is that they don't have a very precise plan to return this money. This lack of planning may lead to frustration for investors and create tensions between them and the entrepreneur.
- Most investments of this type are made without any contractual documents. This is a classic trap, precisely because "we are family" or "we are friends", the mere mention of a notarial contract is often considered an "insult" and such a contract is often abandoned.

3.4. Angel investors

An angel investor is a person who has large financial resources and who offers capital for businesses in the start-up stage, in exchange for participating as a shareholder in the company, or as a convertible loan. These investors are extremely important for small businesses that wouldn't easily access a different type of financing. Through this initial financing, they contribute to the start-up of the business, which will later allow attracting other larger sources of financing. That's why this type of financing is also called seed-financing.

So an angel investor will get involved either in businesses that haven't yet been launched on the market, or in start-up businesses that need funding to be able to grow. Even if the activity fields they are involved in are diversified, they still prefer to invest in businesses that can offer a high return to cover the high risk rate. Their favorite targets are those businesses in fields of services that don't require large funds, which have a technological component (IT, communications) as well and which offer a good exit in the future.

The advantages you have if you become a partner with an angel investor are:

- You don't need a guarantee to get the financing;



- They can provide you with a direct and personal support in your strategy development, in setting and pursuing your goals;
- They can ensure useful contracts thanks to their reputation in the business world;
- They can find larger sources of refinancing if the company needs it;
- They can find sources of exit with a very good yield for both them and the entrepreneur.

What is that an angel investor appreciates:

- The entrepreneur's experience and previous achievements in the industry they want to invest in;
- The entrepreneur's reputation and his ethics since a complete trust is expected between the 2
- Contractor's unconditional assumption of a part of the risk in the respective project

Angel investors are much more numerous than venture investors and they are usually much more available for start-ups or for brand new businesses.

Although angel investment is similar to the risk investment, there are important differences between them:

- Angel investors are individuals or groups who are investing their own money
- Angel investors prefer to invest in the launch phase, while risk investors usually wait for a few years of growth.

3.5. Venture capital

Venture capital is a means of financing generally used to support companies and small enterprises with a very high growth potential. Their financial resources may come from a variety of sources: private and public pension funds, endowment funds, foundations, corporations and rich people from worldwide. Their managers are businessmen who invest other people's funds, with a professional responsibility to reduce risks as much as possible. The companies likely to obtain



financing from risk investors are those that operate in areas such as communications, multimedia, biotechnology etc.

What you should know about venture capitalists:

- They don't invest in start-ups unless there is an ideal combination of product opportunities - market opportunity - managerial experience;
- They look for businesses they believe could grow significantly in just a few years. They are aware that not every businesses they invest in will be profitable and that is why the winning ones will have to cover the losses.
- They focus on new products and markets where sales are expected to grow exponentially in a short period of time. They only try to work with teams that dealt with successful startups in the past.

If you've been thinking of getting such financing for launching your business, you should know this is an incredibly difficult mission. In fact, less than 1% of businesses that are launched each year are obtaining a risk financing.

3.6. Commercial creditors

Banks are less willing to invest or lend money to start a business. However, they are the most likely source of funding for small businesses. A business that has been on the market for several years can generate enough stability and assets to serve as security. Banks can usually lend to small businesses based on inventory or on the accounts receivable. Depending on the 2 elements, based on a formula, the bank determines how much the company can borrow.

A large part of small businesses are financed by bank loans based on the entrepreneur's personal guarantee (real estate). Thus, equity becomes the most important source of financing for small businesses.



3.7. Special financing programs

At EU level or in each member state there are non-reimbursable funding programs for start-ups or even for companies that plan to develop. Such a program can prove to be a great opportunity to finance your business.

Obtaining such financing requires a selection of business plans to which many entrepreneurs subscribe. Anyone would prefer a non-reimbursable financing, especially as a brand new company, and that's why you must be aware getting that money isn't easy at all.

What to do in order to access the funds of such a program:

- Inform yourself about existing programs and select the right option for your business;
- Study the eligibility criteria, the documentation you need to prepare, the application deadline, the conditions for the funding and evaluation of the project;
- Draft the required documentation and submit the project

3.8. Crowdfunding

Crowdfunding is a fashionable method of business financing that involves persuading people to invest in your business through a partnership. This method is generally done online and has helped funding many start-ups. It has proven to be a favorable platform for young entrepreneurs lacking financial resources.

Avoid falling into the trap of believing that crowdfunding is a magic wand, a nest of golden eggs that can turn your dream into reality. To get financing you need to have a solid business plan able to convince people to invest in your business idea.

If you have a business idea that you consider successful and you want to see how much capital and how much attention it generates in the online environment, start by developing your business plan first.



4. Basics of Marketing and SEM

4.1. Marketing for beginners

The American Marketing Association (AMA) defines marketing as "a function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders".

Generally, **marketing** is "the science and art of convincing customers to buy".

People are spending more and more time online, so the way they do their shopping has changed: traditional marketing is no longer as effective as it used to be a few years ago.



Marketing has always been about connecting with your audience in the right place at the right time. Today, this means that we need to connect with our target audience exactly where they spend their time: and that is online.

Search engine marketing (SEM) can provide many opportunities for promoting a service or a product. Traditional advertising conveys a message to everyone, but search engine marketing targets a very specific group of people: those users who are actively searching for certain products and services. You can use online advertising to address future customers directly.

4.2. What is SEM?

SEM is an acronym for **Search Engine Marketing** or internet marketing. SEM is actually a marketing technique that places advertisements on search engine result pages based on the keywords used by online users when they search various information.



In traditional media, if your ad appears somewhere, you have to pay for it, even if none of those viewing it is interested in that particular type of products or services offered by your company. Unlike traditional marketing, search engine marketing targets people interested in products similar to yours.

SEM allows you to use advertising space when people search for specific keywords that are relevant to your business.

SEM is an effective form of online advertising, because users who search for information through search engines actually declare their interest in what they are after (to get information on or even to buy). This allows companies to bid on the keywords that make up these searches, to display a message relevant to the users' expressed interest.

Used correctly, SEM is an effective way to acquire website visitors and convert them into potential buyers, giving you the opportunity to reach your potential customers without investing large sums of money in marketing to generate notoriety for your brand. All this with the return on ad spend (ROAS).

The payment only in case of a click on your advertisement is specific for SEM. If your ad features but no one clicks on it, you won't be charged. Such advertising is called **Pay Per Click advertising**.

An important aspect of [search engine optimization](#) is that it helps both users and search engines understand in detail the content of your site and the way its pages can be useful to users. That's why it's very important to know your potential customers and to try to provide them with relevant content through your website.



4.3. How an SEM auction works

When companies compete to show ads on the same page as the search results, search engines use bidding to determine which ads to be shown and in what order. Carrying out an SEM-focused marketing campaign requires prior market research, choosing the right keywords and writing a



short, precise but compelling message.

Each SEM system works based on an **auction**. If you have decided to enter such an auction, you must take into account other factors, besides the price.

The results page contains organic listings, ie free listings and paid ads. Search engines can limit the space for paid ads that can appear on a page. Advertisers enter the competition (auction) for those **slots**. The winning ads appear in the best places, on the result page, the ones above.

How does this auction work? Obviously, like any other auction. You place an offer (a **bid**) that determines your performance. But it's not all about the bid. Your ad relevance is also of importance. ***A bid is won when you have a competitive bid and an increased relevance.***

Competitors' bids may change at any time, so keeping track for optimal results is very important. **Relevance** is measured on a scale from 1 to 10 and is given by the **match between your ad and people's searches**. Thus, each ad receives a quality score from the search engine, based on relevance.

When two competitors have the same bid, the one with the highest quality score takes precedence. SEM campaigns should be constantly reviewed for finding new ways to become relevant.



The price you're willing to pay per click (max cpc) and the quality score will determine your auction performance. Relevance comes first. Even with a high bid, if the relevance score is low, your ad might not be shown at all. In advertising, matching the terms people are searching for is essential. This way you can get better ad positions at no extra cost.

Online marketing is based on **keywords/phrases**. Without knowing the value brought to the business by these keywords you aren't able to know if you are making a good investment or not.

But how do you know the value of your keywords before starting your campaign? First of all, the keywords must be relevant, they should closely describe your business activity/services. A good guide is the amount of traffic a keyword may get. There are also traffic analysis and estimation tools by keyword. But in the end you have to determine, by successive attempts, which words are the most appropriate.

Ad-rank - the factor that dictates the score of an auction - is calculated as a product between bid and relevance.

You can see where your ads are showing on the Google search results page, whether you check the [display values in the first position or in the first positions](#).

4.4. How can you build ads that stand out?

When you search online, many of the ads on the results page look very similar. It's very easy for your ad to get lost in such a context. It's time to create something unique that can differentiate you from your competition.

Here are some guiding tips:

- **Emphasize on the relevance.** Write your ad title so as to match people's searches! Search for relevant keywords and use them in your ad!





- **Make your offer stand out.** You can do this by adding something that attracts the customer's attention (for example a 25% discount on the first purchase from your website) to the first line.
- You want your ad to contain a **call to action** (psychology studies show that people react positively to such specific calls to action). Example: "Buy now!", "Book now!" or even better: "Visit our online shop!" and so on. This call should appear in the 2nd line.

Keep in mind!

- Create a title that matches the searches
- Include a special offer
- Write a compelling call-to-action
- Writing effective ads is an ongoing process, such as keyword research or auction price monitoring



5. Online business examples

Once you have decided on your lifestyle and the reason why you would start an online business, it is time to analyze some models of such a business in order to decide which one suits you best.

5.1. Professional Blogger

- **Learning curve:** low
- **Profit interval:** 6 months
- **Income potential:** USD 10,000 + per year
- **Start-up costs:** USD 100+
- **Time requirement:** low
- **Passive :** No

Your income can come from a number of sources, such as promoting other companies' products and services, selling display advertising space, or even creating and selling your own digital products.

The really important part about being a professional blogger is the need for very little investment to get started - you need a computer, internet connection, a website (free or paid) and the ability to write in an engaging way. You can also run this type of business from anywhere in the world, which is exactly what many "digital nomads" do.

Your earning potential as a blogger is almost limitless, but it takes time to build your audience and revenue. That being said, the most prolific professional bloggers earn between \$ 10,000 and \$ 100,000 a month.



5.2. Creating digital products

- **Learning curve:** average
- **Profit interval:** 3 months
- **Income potential:** USD 1 000 000 + per year
- **Start-up costs:** USD 500+
- **Time requirement:** high
- **Passive:** Yes



Creating digital products is the process of creating non-physical products that customers can download from your site.

For many years, the only type of digital product sold online was the e-book, but now digital products can include video tutorials, software, smartphone apps, digital templates, Kindle books, audio tutorials, stock photos, stock audio tracks, or any other type of content that can be produced in a digital format. These types of products can be created quickly, and at a very low cost.

Digital products can create passive income flows for any budding digital entrepreneur with almost unlimited income potential. That happens if he created the right product for the right market.

Digital products allow you to solve other people's problems from the comfort of your home, and they receive the answers to their special questions almost immediately and in a format that they can use on their home computer or even on their smartphone.

The first step in creating a successful digital product is to research the market ahead. Once you have established that there is a market for your product, you need to create it. This can be as simple as adding information together in Microsoft Word and then compiling it as a PDF file, or



it could mean interviewing several experts on a particular topic and then assembling it as an audio product.

Focus on quality rather than quantity, and always keep in mind the goal of answering the most burning questions of the moment.

When the digital product is ready, you have the option to either sell it directly from your own website or use a digital marketplace such as ClickBank or Udemy.

There are pros and cons to each of them, but beginners in digital product marketing can simplify the process by using a company like ClickBank, or another digital marketplace.

They do all the hard work for you, and that can save a lot of money in the early days of your digital products business.

Udemy is specially designed for those interested in creating video tutorials.

5.3. YouTube creator

- **Learning curve:** low
- **Profit interval:** 1 month
- **Earning potential:** \$ 1 000 + / month
- **Start-up costs:** USD 0+
- **Time requirement:** Average
- **Passive :** No

The YouTube Partner Program means you can record videos, upload them to YouTube, and then get paid when people watch them.

All you need is a smartphone or laptop and webcam to get started. You can start making money almost instantly, and you'll never have to worry about setting up a webpage or building a customer list.





YouTube pays its top video creators millions of dollars every year, so you could definitely try such an activity if you can create interesting content.

Not every YouTube video you see on the Internet will bring these kinds of earnings. People who earn a lot of money have dedicated themselves to making videos that arouse interest and generate actions on social media. In the music industry there are such instances when a person posts a video online and the number of views simply explodes.

Ads appear on YouTube before the video starts or ends, with a minimum viewing time for those who want to watch a video.

Sponsors finance YouTube to show their ads, and every time you click on a YouTube ad, it gets paid. When you join the YouTube Partnership Program you will receive some of this money, approximately 55%. This means you can start making money right away.

You can also make money through affiliate marketing, which means you can review products and share them with others through your videos.

There are thousands of people around the world who want to see how a product works before they buy it. You can take advantage of this by creating a video that shows how that product works. This is one of the easiest ways to get started in this field and it can generate even higher income. You simply find a product you like and talk about it; show people what you like and dislike about the product and whether or not you would recommend it.

Ads will pop up on your video that people can click to learn more about that product, and you'll increase your income when people click on them.

The more videos you produce, the more likely is for one of them to go viral. Sustained work is needed: many of the rich today have built their companies through sustained dedication, while few have become millionaires overnight.





5.4. FBA Amazon business model

- **Learning curve:** average
- **Profit interval:** 4 months
- **Income potential:** USD 10,000 + per month
- **Start-up costs:** USD 1,000+
- **Time requirement:** average
- **Passive :** No

The FBA Amazon (Fulfillment by Amazon) business model is the one with which you can have your own range of products presented on Amazon, which deals with packaging, transport and services for each item you sell.

You can choose to ship a small number of products that you have purchased locally with a discount on Amazon or you can choose to use an overseas factory to make a series of products for you. Your customers' orders are fulfilled by Amazon.

Instead of having to create your own e-commerce website to sell these products, you can use the selling power of Amazon because people are more likely to buy from an online company they know and trust.

When you run an FBA business, you sell physical products that are delivered to your customers, which is a very different business model from Amazon Associate marketing or building AdSense websites, for example.

This business model is ideal for anyone who wants a more practical business, which can be expanded to generate millions of dollars each year, while building its new brand name.

Here are some tips to get the most out of your FBA business:



- Create a specialty store for a single product type, such as toys, electronics, or other items. Don't create a store with a diverse range of items.
- If you have products made overseas, the trick is to analyze what is already being sold and meet that request.
- Unique products sell much faster and in larger volumes than the products you can find in a local shop or any other online shop.
- Conduct a market study when you come up with ideas for your own products. If it doesn't already exist, it's probably because there's no demand, you've created something completely new, or someone else has already tried and failed in that market.
- Order samples from several manufacturers, until you find one that gives you exactly the product you have been thinking about.
- Carry 10% more stock than you think you will need to cover international shipping delays.
- Focus on promoting your product as soon as its listing is active, and Amazon will do all the sales work for you.

5.5. Affiliate marketing

Learning curve: low

Profit interval: 3 months Amazon/1+ other types

Income potential: USD 10,000 + per month

Start-up costs: USD 100+

Time requirement: low (Amazon)/ average other types

Passive: Yes





Affiliate marketing is basically the process of earning a commission by promoting someone else's product.

There are two main ways to do affiliate marketing:

- **Informative products.** Promote products such as e-books, membership sites, video series, etc. This type of affiliate marketing can bring you a commission of up to 50%, has relatively low joining barriers and it is easy to find products for promotion.
- **Amazon partners.** There are millions of products to choose from and it can be quite a profitable business. For more information, see the [Amazon Associates Program](#).

Before you engage in affiliate marketing, it is a good idea to acquire the minimum SEO and writing skills ([guide for SEO beginners](#))

Amazon affiliate program is an affiliate marketing platform designed for online publishers looking for ways to generate revenue from their websites.

By joining the Amazon Associate Program, you are offered a set of tools that allow you to create links to any product on Amazon. When visitors to your website click on the links, they are sent directly to Amazon and if they make a purchase you earn a commission.

You need an active website to apply to become an Amazon Associate and there is an approval process so your acceptance is not guaranteed from the start.

Building an Amazon Associate marketing business requires very little technical expertise and can generate substantial amounts of money.

As with other affiliate marketing models, most of the work involved in creating an Amazon affiliate website can be outsourced, so all you need is a good idea and availability to find out how this type of business works online.



As an Amazon partner, you may connect to any product featured on Amazon and earn a commission (shipping fee) between 4% - 8%, depending on the type of products you promote.

Each commission earned is then added to your account balance, which is paid to you every 90 days, either by cheque or by directly depositing the money into your bank account.

5.6. E-commerce business model

Needed experience: Average

Start-up costs: Average (USD 1,500+)

Maintained costs: average

Time investment: Environment

Profitability: Medium (possibly passive)

This online business model is based on sales in one of three categories:

- **physical products:** clothes, shoes, books, electrical equipment and anything else that can be physically touched;
- **digital products:** software, e-books, digital music, digital education and training ...
- **dropshipping:** is an increasingly popular form of e-commerce that usually involves the sale of physical products, but for which you never have stock or do not have to fulfill the order.

Dropshipping as well as affiliate marketing is making it increasingly difficult to succeed due to high competition and market saturation. But it remains a popular option because the start-up costs (both money and time) are low compared to the other two options. Because you do not own the stock, there are fewer risks and costs.



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