

# FRAME

fundamental resources for  
agricultural micro-entrepreneurs



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## Questions to Ask When Planning to Start a Business Selling a Product

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## **Introduction**

You have a great idea for a business. It can be tempting to jump right in and start selling, but before you do, there are questions you should ask yourself. This workbook will take you through some initial questions you need to answer as you are preparing to start a business selling a product. The individual questions can be considered building blocks in creating your whole plan.

You might not know all the answers the first time you go through this workbook. That's okay. Answer what you can and write down what you still need to research or figure out. That will help you determine your next steps and be more prepared to face the challenges of starting a new business.

## What is Your Big Idea?

The first thing to ask yourself is what you are going to sell. What is your big idea? How is it unique from other products on the market? What makes it special?

Why will people want to buy your product? What problem or need does your product address?

Be specific as you answer these questions. Your product should have something about it that makes it stand out from other similar products.

*For example:*

*I want to sell jewelry that I make. I will sell a variety of items, such as necklaces, bracelets and earrings. My jewelry will be different because I will use local gemstones and quality workmanship. It will be special because I will include a little card with each piece that tells about it. People will want to buy my product because it will be high quality and have a story that goes with it.*

**My big idea is:**

**My next steps:**

## Who Is Your Customer?

You may have an amazing idea, but if no one buys it, it isn't going to be a profitable business. Who exactly are you trying to sell to? What type of person, specifically, will benefit or be attracted to your business?

Where will you sell your product? Will you be selling at Farmer's markets and craft fairs? If you have a booth, the market will bring people past your booth. Will you be selling online or in a store? If you have your own location, you will need to have a plan to let people know how to find you.

You need to decide where you will sell your product and how customers will find you. Consider the hurdles to reaching your customers. Can you afford a storefront location? Think about the cost of the facility, any utilities you will have to cover, and also the number of hours you will be open. A storefront or roadside stand may need to be open over 40 hours per week, while craft fairs and farmers markets could be one day a week. If you are setting up a roadside stand or in a parking lot, do you have permission to use a location? What about licensing requirements for selling at each location?

*For example:*

*My customers will primarily be women who are looking for a unique, local, handcrafted piece of jewelry.*

*I will be selling at roadside stands and farmer's markets. I will make nice signs to advertise my location and I will make a facebook page, where I will post when and where I will be selling my jewelry. I need to check on locations and licensing requirements.*

**My customers are:**

**My next steps:**

## How Much Will You Sell Your Product For?

Your product has something that makes it stand apart from the others, but there are still a lot of businesses that sell similar products. Who are they? Determine who else is selling something similar. Where do they sell it?

Have you determined how to price your own product in relation to your competitors? Check out other companies and think about your product. Can you position yourself differently with a story? What price can you charge? Also think about the cost of producing your product and what price you will need to cover your costs and make a profit.

As you are thinking about the price you will charge, consider how your product is similar and different from your competitors. What is your advantage- what do you have or what can you do that the others cannot? How will you be successful selling in a market with your competition?

*For example: My competitors will be the other jewelry and artisan stands at the Farmer's Market. My product is similar in that it is also jewelry, but I will set myself apart with my product information cards and with my local gemstones and quality workmanship. I am able to use techniques that I learned from family that most other jewelry makers don't use, so my product will be unique. I think that as long as I can price my products well, I can be successful selling in the same market as other people. I need to determine how to price my product.*

**I will sell my product for:**

**My next steps:**

## Who is on Your Business Team?

When you are starting a business, a support system is very helpful. Do you have partners or a team of people you're going to be working with? Do you have people who can mentor you or give you advice? Do you have the support of family and friends?

*For example: I will be working with my sister to make the jewelry and we have other family members that we can ask for advice.*

**My business team is:**

**My next steps:**

## What Will You Need to Get Started?

What kind of equipment or training will you need to get started? Do you have somewhere to produce your product? What about marketing costs or space to sell?

Make a list of the things you will need to be able to get started. How much money will those things cost? Make sure you consider all the costs you'll incur and things you'll need to buy.

*For example: I already know how to make the jewelry and I have jewelry making tools. I can make them in my home but I will need to get all the supplies and gemstones. I'll also need to make up and print some information cards about the local gems. I have a table I can use.*

Display shelves	200
Printing	150
Materials	200
Business registration	50
Farmer's Market Rental	150
Total Needed	750

**My start-up needs are:**

**My next steps:**



## Where Can I Get Financing?

It is important to consider what your financing options are for starting a new business. If you don't have, or can't get, the money to get started, you won't be able to get your business going.

Can you get started without borrowing any money?

Do you have personal assets, such as a home or savings, that you would be willing to risk?

Do you have family or partners willing to finance you? If so, what will happen to relationship if the money is lost? Will your relationship survive if you can't pay back the money?

Do you have a great relationship with your banker?

*For example: I can use \$500 of my savings to get started and my parents are going to loan me \$500 also.*

**My financing options are:**

**My next steps:**

## When Can I Start Selling?

Once you've considered all that you need to get to be able to start producing your product, consider when you can start selling. Do you need any training before you start making your product? If so, how long will that take? How long will it take to produce your product, once you get started? How long will it take to get business licensing or marketing in place? Do you need to wait until a certain time of year to begin selling, like if you are planning on selling at farmer's markets?

*For example: I should be ready to start selling in a month, once I can get my business registered. I already have some inventory made and my sister and I have time to make more this month. I don't need any other training. That will be good timing because Farmer's Markets start in two months from now. I can look at getting rental space for that.*

**I can start selling:**

**My next steps:**

## What Licensing and Other Regulations Do I Need to Comply With?

Different types of businesses have different regulations and required licensing. You need a state tax number. You will need to register with the Utah Department of Commerce. You will also need to register with the county or city in which you are operating. Each location will have different requirements; for example, some rural unincorporated counties just require you to inform them you are in business and don't charge a fee. Others require fees and more extensive paperwork.

If you have employees, you will have additional steps at the both the state and federal level that you'll need to comply with. You will need to get an employer identification number (EIN) from the Internal Revenue Service.

Certain products, like food products, have additional regulations and requirements. You will need to be sure you are in compliance with the federal, state, and local regulations for your specific location and product.

*For example: I know I'll need to register for a tax number with the state. I'll also need to find out from the city what I need to do for that. I'm not hiring any employees at this time. I don't think that jewelry sales have special licensing or requirements, but I'll need to double check.*

**My required licensing:**

**My next steps:**

**Each of these questions are important to consider when evaluating your business idea. These concepts are the building blocks to investigate and think about the important factors. Once you have considered these items, here are some next steps.**

**You need to put together your overall plan and make sure that, as a whole, it can be a viable business. Using the information from these questions, you can consult a business advisor, such as services available at Small Business Development Centers. They can help you develop and refine your overall business plan and examine the viability of the business as a whole.**

For more information can be found at <https://business.utah.gov/business-resources/>.



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