

4 signs you're ready to turn your side hustle into a formalised SME

By [Ben Bierman](#), issued by [Business Partners Limited](#)

21 Sep 2022

The prospect of making the transition from a 'side hustler' to the owner of a fully-fledged business may have serious appeal, but it's important for entrepreneurs to resist the temptation to buy into romanticised notions of what it means to own your own business before you leap into the formal SME territory.

However, if you feel that you are ready to take your business to the next level, these are some of the factors you need to consider when determining if your business is ready to take that next step with you:

1. Is your business financially viable?

Cashflow has been consistently placed as the biggest concern for South African SME owners over a number of years, according to Business Partners Limited's annual SME Index. Striking the balance between your personal financial wellness and the sustainability of your business is key to the survival of your SME.



Ben Bierman

To decide whether your business is financially viable, you will need to review your past cash flow statements and start to make projections on potential earnings based on factors such as previous revenue, market conditions, future market strategies and seasonality.

If you're leaving your day job to work on your personal business full-time, you'll need to ensure that your income will cover your basic expenses and that you have sufficient savings to support you in case of emergencies. When deciding whether your SME is financially viable, you may want to work with an accountant or financial practitioner to get their expert advice.

2. Do you have a clearly defined list of goals?

One of the best indicators of an entrepreneur who is ready to take their business to the next level is their ability to list and explain their growth plan for the immediate and long-term future. Focusing on only ramping up operations won't necessarily provide you with the impetus you need to be a successful and sustainable business in the long-term.

Without this sense of vision, you'll be operating without much structure, grasping at random opportunities without a clear trajectory and definitive milestones that give you an indicator that you're on the right path. If you've got a plan with a clear set of actionable steps and measurable goals, that's a great sign. As an added means by which to obtain peace of mind, you could ask someone you trust to sense-check your plan to ensure that your goals are realistic and that you have the necessary resources available to achieve them.

3. Do you have a solid support system?

Flying solo when you start your own business can place undue strain on your mental wellbeing. And while you may be the only person who knows the ins and outs of your business, getting an outside perspective on your decisions could help you identify blind spots and roadblocks that may be beyond your line of sight.

A study conducted for Stellenbosch University found that having a support system consisting of family and friends, a network of peers, fellow entrepreneurs and mentors was instrumental to the success of South African SME founders. This support can take the form of financial assistance, emotional upliftment or sound business advice.

Before resigning from your current job and pressing the launch button on your formal SME, check that you have surrounded yourself with people who can empower, support and encourage you along your entrepreneurial journey.

4. Do you have the mental and emotional stamina?

Making the transition from side hustle to a formal small business doesn't mean that the 'hustle' element comes to an end, or even slows down. For the overwhelming majority of small business owners, the exact opposite is true. According to mental health platform, headroom, perpetual 60-hour work weeks are one of the reasons why entrepreneurship and mental health are negatively correlated.

If you can take an honest introspective look at yourself and be confident that you have the energy and resources to commit yourself to a period of diligent, hard work with highs and lows then you're ready to take the next step in your business' evolution.

Before you do, prepare a self-care plan that makes provision for aspects such as regular breaks, exercise, a healthy eating plan, a sleep routine, therapy, and planned downtime.

▮ **Why optimism and entrepreneurship go hand in hand (and why it's crucial to a growing business)** 31 May 2024

▮ **New SME survey results reveal upcoming national elections a deep concern for SA small business owners** 25 Apr 2024

▮ **30 years on, entrepreneurs are making the most of SA's enduring miracle** 24 Apr 2024

▮ **3 ways SME owners can cultivate a culture of human-rights in their businesses** 25 Mar 2024

▮ **SA entrepreneurship event sheds light on the need and the value of women in business** 14 Mar 2024

Business Partners Limited



We're Business Partners Limited, one of the leading business financiers for viable small and medium enterprises (SMEs) in the world. We provide business finance ranging from R500 000 to R50 million to established entrepreneurs with a viable formal business.

[Profile](#) | [News](#) | [Contact](#) | [Twitter](#) | [Facebook](#) | [RSS Feed](#)

For more, visit: <https://www.bizcommunity.com>