

The 3 business types: Pick yours

Covered in this section:

Choosing a business type that fits you

1) Lifestyle business

- A business designed to create enough money for you to uphold a certain lifestyle
- Your ideal lifestyle determines the size of the business
- Tim Ferriss, in his book “The 4-hour work week” says:
"Lifestyle businesses are designed to meet only your financial needs"
- "Economic duress" means making a decision because of economic needs

2) Startup business

- Paul Graham, founder of Ycombinator, says:
"A startup business is any business that's designed to grow rapidly"

3) Side business

- A business that allows you to profit from basic market opportunities
- You create something that has value and can be sold easily
- Ideally you should correlate it with your skills and hobbies

➤ **Criteria for rating the three types of businesses:**

1. The quality of the idea needed to be successful in this business

Startup business - large, ambitious ideas

Lifestyle business - medium sized ideas

Side business - templates, minimum innovation

2. Sensitivity to competition

Startup business - very sensitive

Side business - not sensitive

Lifestyle business - medium sensitivity

3. Time commitment

Startup business - high

Lifestyle business - medium, between full and part time

Side business - low

4. The risk of failure versus profit

Startup business - high risk

Side business - low risk

Lifestyle business - medium risk