

11 Reasons your First Business Should be Online

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In your journey to [building wealth](#), creating and controlling your own business entity is one of the most effective approaches to long term prosperity.

Building and leveraging a successful business unit under your ownership is something that will help you achieve financial security and eventually freedom.

It might not be the easiest thing in the world, but it is one of the approaches that allow you to have control of your own financial future.

Businesses have been around for centuries. The vast majority of the wealthiest people that have walked the planet, from John D. Rockefeller to Bill Gates, have grown their riches by owning a stake at businesses that changed the world. The largest the business, [the grander the wealth accumulated](#).

However, the nature of businesses has recently evolved due to the proliferation of internet. The rise of Internet is an ongoing [mega-trend](#) that has changed the world over the last past two decades, by disrupting industries, destroying others and of course creating new ones.

For new, [aspiring entrepreneurs](#), this is awesome news! Because throughout history there has never been an easier or a better time to start your very own business than there is today.

And here are 11 reasons why!

1) An online business is “capital light”

Lack of capital is mentioned as one of the main reasons why people do not attempt starting a business. But with the internet, this no longer holds true.

For a brick and mortar business, a substantial initial commitment of capital is usually required. You might need money to renovate a space according to your needs or buy equipment that you will allow you to run your business.

Additionally, the overhead in this type of business is usually significant too. From rent to electricity, the expenses are running from the first day, either if you have sales to show for, or not.

But on the online world, things are different. The start-up costs are minimal and the overhead is also low. If you are willing to invest time and energy (“sweat equity”), you can reduce the expenses to only the bare essentials.

In some cases, what you will simply need is a domain and a hosting provider to host your website. Many businesses have started building their empire with only these tools at hand.

2) You can easily “bootstrap” an online business

The term “bootstrapping” refers to the concept of funding a startup company by relying on your own savings, generating early cash flow which is re-invested in the business and finally watching your cash like a hawk and cutting unnecessary expenses. It means that you do not rely to outside sources of money, that being investors or bankers.

As Guy Kawasaki explains in his book *“The Art of the Start”*:

“A bootstrappable business model has many of the following characteristics:

- *low up-front capital requirements*
- *short (under a month) sales cycles*
- *short (under a month) payment terms*
- *recurring revenue*
- *word-of-mouth advertising”*

Online businesses are perfect for bootstrapping since they do not require a huge amount of capital and they inherently have low expenses. Additionally, an online venture can generate revenue very quickly, something that helps the business owner to hit positive cashflow in a short amount of time.

By generating positive cash flow, the need for outside capital is removed and the company is in a better position to pay overhead and start acquiring staff. It also facilitates the creation of a positive feedback loop, where more money is invested in the business (e.g. in marketing or a sales force), which brings additional revenue, and so on and so forth.

3) You can validate your business model easier

Perhaps the number one reason that new businesses fail is the fact that the founder does not validate his business model. In most cases the entrepreneur spends a massive amount of time and effort designing a product that no one needs or creating a service that nobody is interested in.

Online businesses, however, by their nature, allow you to validate your business model in a very short time. In this way, you avoid spending your most precious asset, time, on something that no one cares for.

For example, you may rapidly develop a [Minimum Viable Product](#) which you present to the world as a crash test on whether people are interested in your idea or not. You invest a small amount of money to bring (paid) traffic to your product or service and have immediate feedback on that particular idea.

Timothy Ferriss took this concept to a whole other level. As he described in his book *“The 4 hour Workweek”*, he used to validate his ideas before he even had a product at his hand. He

simply brought traffic to a landing page describing the (non-existent) product, he gauged whether there was enough interest for it and then assessed if the concept was worth it to proceed with.

4) You can reach your target audience quicker and easier

If you decide to run a brick and mortar business, you will notice that after launch, you might struggle to bring in customers. Until you get noticed and word of mouth starts spreading, you will have to patiently hold on, while your fixed expenses keep piling.

The main reason is that you cannot easily find your target audience and you have to wait until they find you. You do not know where these people live and hang out, and even if you did, it would not be possible to physically bring them into your establishment one by one.

The other reason is the locality of your business, as mentioned above, since you will be able to only cover a defined geographical area. By definition, you will be able to only cater to a much smaller number of people.

But with internet, marketing to your target audience has never been easier. There are platforms like Facebook, Google, Twitter and Instagram, where you know you find your audience.

You can then target them based on their interests, in a laser-focused manner, bringing paid traffic to your website. With this way, you can have potential customers from day 1, helping you reach a positive cashflow and survive.

5) You can perform due diligence for a new project easier

A major part of launching a successful business is what we could call “pre-game”. That is, to perform the necessary due diligence and decide whether or not you should attempt to start the particular business.

This involves finding as much information as possible about the industry you want to get involved in, “spying” on the existing players and future competitors of yours, talking to anyone working in the space and getting educated on every aspect of the industry.

The more due diligence you initially do, the more confident you can be in the success of your venture!

Note that there are times that due diligence might point out that you should *not* proceed with a specific idea. This is good too, because it has saved you precious time. It is much better to initially discard a not so promising idea, than to act upon it and find down the road that it was not worth it.

In general, due diligence can be (or should be) very time consuming and require a significant amount of labor. With an internet business though, things are quite easier since there is a ton of public/free information available and businesses that operate online tend to be more transparent (whether by design or not).

6) An online business has “Scale” built-in

As we have mentioned in the past, [scale is the path to great wealth](#). [To make millions, you have to impact millions](#), and online is the best way to achieve this.

With its global reach, the internet provides a path to (almost) infinite scale. An online business can grow to serve thousands or even millions of people.

A brick and mortar business is limited by its local nature. It can serve only the regional community and can only scale by creating more stores, usually under a franchise based model. However, an online venture does not face such limitations.

Starting small and [working on your business](#) in a consistent and targeted way, you can systematically acquire more and more customers or gain more and more followers. Provide value to that large pool of people, and that will return to you as explosive revenue and eventually earnings.

Scale holds the key to riches. Leverage an online business to make it happen!

7) An online business has unlimited income potential

One of the fundamental laws of [building wealth](#) is that your income should never be capped. This might sound strange if you are coming from a flawed mindset of [linear thinking](#), but it is totally achievable by utilizing a business vehicle.

With a business, your income isn't determined by the number of hours you work (which is finite and limited), but by the [amount of value you provide to your customers](#). In essence, you magnify your work by leveraging your efforts through the business.

An online business, having “scale” as an innate trait, facilitates the creation of really meteoric income streams.

The dual advantage of having a business that is capable of serving practically unlimited customers 24/7/365 (even while you are sleeping!), and serving inbound requests from all the globe, is the basis of how unlimited income can be achieved.

This is the reason that the Internet has helped create a large amount of Millionaires and even several Billionaires.

8) An online business scores high in automation

With the term automation we mean the use of various systems for operating a business with minimal or reduced human intervention. Automation in businesses first appeared with the Industrial Revolution and now has a second boom with the rise of computers and the internet.

In general, the more processes are automated in your business, the more efficient that will be. The reason is that, for certain tasks, “machines” are much more productive and reliable than humans, and more economical as well.

Of course automation is not an independent structure, but it fits into a general group of processes by which a business is eventually run.

Automation is also a pillar on which [scale of your business](#) can be achieved.

As you understand, online businesses, based on computer infrastructure, have the highest degree of automation, and we could say “passivity” as well. A website or an e-store can serve your readers or customers “on its own” with only minimal human attention.

9) You have the flexibility to work whenever you want

One of the biggest complaints of employees around the world is the dreaded 9-5 work schedule.

Of course humans were never “designed” to work for 8 or more hours straight (work productively that is), but the 40-hour work week as we know it is here to stay, [even if it is sustained for other reasons](#).

An online business offers you the flexibility to work on your terms. You can set up your own workflow, defining both how many hours you will work, during which part of the day and at which days of the week you will do it.

This is great because not all humans work productively at the same time of the day. Some are more productive during the morning, while others are late at night.

With an online business your schedule will be more flexible than it has ever been before. The catch is of course that you have to set your business up in an efficient way so that this is feasible.

Having said that, it is probable that [as an entrepreneur you will work more than 40 hours per week](#), but at least you will do it at your own terms!

10) An online business provides location independence

For centuries, if you were running a business, you were typically tied to a single location since you had to attend your business. With the advent of internet this has changed, and now, your physical presence is rarely required.

You can run your online business from virtually anywhere in the world provided that you have an internet connection and a laptop. That enables you to travel if you wish and choose where you want to work on a given day. This is how [digital nomadism](#) was born.

As a side benefit, a virtual business allows you to leverage [geoarbitrage](#), which means taking advantage of the difference in the cost of living between different geographical areas.

In simple terms, if you are getting paid in a hard currency like the US Dollar or the Euro, but are living in a cheap country like those in Eastern Europe, Latin America or Asia, you are taking advantage of geoarbitrage. It allows you to increase your income relatively to the living cost of the area you are at.

As Timothy Ferriss, who popularized the term, mentions in the “The 4 hour Workweek”:

“Fun things happen when you earn dollars, live on pesos, and compensate in rupees, but that’s just the beginning.”

11) The world’s spending is moving online

There is a tremendous change going on, set in motion by the Internet. To put it simply, money is moving online, and by running an online business you are in the position to take advantage of that massive trend.

First, we have advertising. The internet is becoming the dominant advertising medium and is [expected to overtake television by the end of the decade](#). Ad money is moving to the web, because that is where the audience is going, and that is where you should be too.

On the same note, a similar trend is identified in commerce. For example, the global cross-border e-commerce market will grow in size to \$1 trillion in 2020 from \$230 billion in 2014, [according to a report from global consulting firm Accenture and AliResearch](#).

As an online entrepreneur, your world is your oyster.

Be on the right side of this huge [mega-trend](#) and make sure you grab a portion of this rapidly increasing pie.

Conclusion

Launching a new business is never for the faint of heart. But, on your [quest to wealth](#), it is usually a path you will have to take.

Your best bet when starting out is an online business. Due to its nature, an online business provides several advantages in comparison to a typical business and will allow you to compile the necessary experience that you will need moving forward.

Ultimately, a business is about finding customers, solving their problems and providing value. And there is no better place to learn how to do that, than a “money-light” online business.

There are several reasons why your first business venture should be on the online world, and in this article we have discussed several of them. Now, take the leap and get your hands dirty with one of those!