

# INTUIT FUTURE OF SMALL BUSINESS REPORT

RESEARCH BRIEF: TODAY'S HOBBYISTS ARE TOMORROW'S HOBBYPRENEURS

## Summary

Today's passion-driven hobbyists breed many of tomorrow's small businesses. Stemming from the "Maker" movement, (described in this report), and enabled by technology, these hobbypreneurs – both knowledge and craft-based – are leading a new generation of entrepreneurs who increasingly take the step to turn fun into profit.

Figure 1  
Scraper Bikes



Source:  
<http://www.originalscraperbikes.blogspot.com/>

## MAKERS AS HOBBYPRENEURS

A \$16,000 quilting tool for home quilters? Always Quilting, an online quilting supply business with a new storefront teaching facility in San Mateo, Calif., offers high-end programmable quilting machines that let quilters create their handiwork in hours, not days. The owners, Kit Morse and Julie McAuliffe, are both tech-mommies-turned-quilters. They built their full-time business to provide the tech tools to make quilting faster and more rewarding.

Spinners for bikes? That's just part of the Scraper Bike (see Figure 1) movement in Oakland, Calif. Adorning wheels and spokes with foil, duct tape and recycled treasures, Scraper Bike King Tyrone Stevenson teaches kids how to make colorful, exotic spinners that transform the lamest of bikes into a street statement. This innovative retrofitting puts flash into mundane transportation, and gives kids tools to build product lines and community pride. Stevenson's online business, Scraper Bikes sells clothing and accessories to promote the movement. Spinner kits are under development, and a storefront is Tyrone's goal.

Remember the sock monkey your grandma made? A mother-daughter team took monkey business seriously, creating their own startup, When Creativity Knocks, to sell monkey sock kits, along with other craft kits and how-to videos. Through a TV show, online sales, and craft faires, Ana and Megan Araujo teach and facilitate the crafts movement throughout the U.S.

Makers make things. They create, adopt, tweak and innovate to design ingenious things in their garages, basements and backyards. Their techniques are sometimes tradition-rich; more often, they cleverly combine digital technology and tools with traditional methods to build practical and not-so-practical products.

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Makers are part of the new do-it-yourself movement of crafters, digital tinkerers, green advocates and others looking to move beyond mass-produced goods. Unlike earlier DIY movements focused on home improvement and fixing things, the new DIYers are about inventing and making.

The Maker trend is generally considered a hobbyist movement, with Makers often described as passionate amateur crafters and tinkerers. But our research shows that Makers go beyond hobbyists. Building upon their passions, Makers increasingly create new products and build small businesses based on innovative use of technology, processes, and business models. They represent a growing force of hobbypreneurs contributing to the U.S. and global economy.

## MAKER FAIRE: A BREEDING GROUND FOR HOBBYPRENEURS

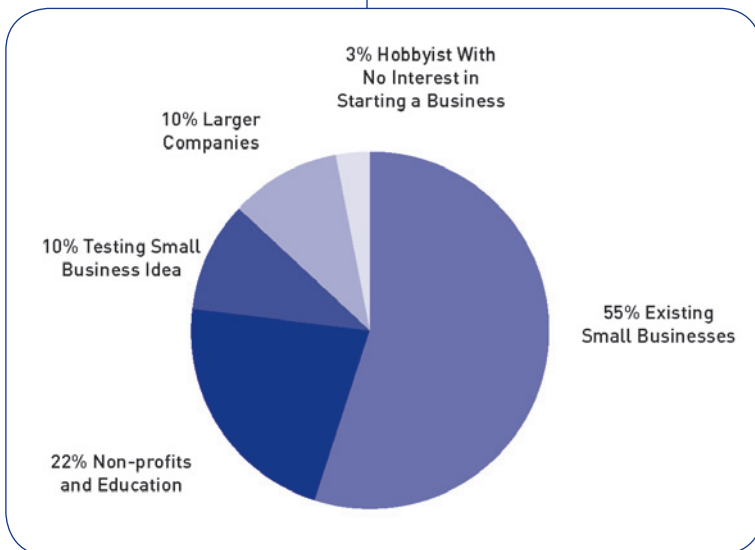
### WHERE DO YOU FIND MAKERS?

We went looking for them at the May 2009 Maker Faire in San Mateo, Calif., in the heart of entrepreneur-rich Silicon Valley. Maker Faire is a bazaar: part county fair, part trade show and part science fair. Created by Make Magazine, it celebrates arts, crafts, engineering, science projects and the do-it-yourself mindset.

We joined the more than 100,000 people who poured in over a weekend to attend the annual event. In addition to enjoying several days of fun, interesting and sometimes strange products and activities, we interviewed about 100 of the 400-plus exhibitors. Our goal: to find out whether Makers were developing a business around their craft, or doing it as a pleasurable pastime. (see Figure 2)

The exhibitors were as diverse as the Faire itself, including everyone from jellyfish tank builders to cardboard surfboard makers. Roughly two-thirds of those we interviewed attended Maker Faire to promote their small business or explore small business opportunities.

**Figure 2**  
**Types of Exhibitors**  
**at Maker Faire**



Source: Intuit

More than half of those we interviewed – about 55 percent – had already started small businesses, and almost all of these small businesses started as hobbies. About 10 percent said they were still in the hobby stage, and brought their crafts to Maker Faire to test the idea of starting a small business.

Technologically savvy, virtually all the hobbypreneur Makers use Web sites to connect with potential customers. They operate as solo practitioners, partners in collaborative ventures, or businesses with a handful of employees.

About 10 percent of the exhibitors we interviewed ran larger businesses, such as Ning, a social networking Web site created by Netscape founder Marc Andreessen, and Tandy, a leathercraft supplier. They attended to sell supplies or tools to Makers at the event.

The remaining 25 percent of exhibitors were there to demonstrate a skill or craft, with no intention of selling goods. This group represented an eclectic mix of nonprofits, including hobby clubs, educational institutions and social service organizations. Only a handful of amateurs or hobbyists with no small business ambitions had displays. As we thought about this, it made sense: Like any trade show, exhibiting at Maker Faire requires a significant commitment of time, effort and expense. Organizations with funding, ample staffing, resources or profit opportunities are most likely to have the ability to meet these commitments.

#### HOBBIES AND PASSIONS LEAD TO SMALL BUSINESSES

In our research we often meet small business owners who based their business on a hobby or passion. This is particularly true of small business artists, crafters, writers, artisans and other creative professionals. What was exciting at Maker Faire was the consistent story of hobbyists turning into hobbypreneurs. Statistically, it wasn't the exception; it was the rule.

Typically, these ventures start as a hobby or passion and then evolve into a part-time job or business. This progression provides funding for supplies and other hobby-related costs, or in response to people asking to buy the hobbyist's products. Hobbyists also create part-time businesses as test markets to see if there is ample customer demand to warrant a small business.

#### THE ROBOT AND THE EGG

One such exhibitor was Bruce Shapiro, a physician with a passion for robotics in Sebastopol, Calif., who invented the Eggbot (see Figure 3), a device to teach youths about robotics and art.

**Figure 3**  
**Eggbot**



Source: The Art of Motion Control

### Small Business Makers are Innovators

Small business Makers view experimentation, improvisation and prototyping as natural and fun parts of their businesses. They aren't afraid to try new ideas and realize failure is part of the process. Instead of inventing new technology, most Makers focus on alternative uses, re-uses and combinations of existing products and technologies. Most Makers are also resource constrained, and use low-cost production techniques and technologies.

This combination of attributes requires small business Makers to rely on innovative ideas, methods, approaches and business models to create products and services. Much like the low-cost innovative approaches coming from the developing world, small business Makers constantly try new ideas so they can do more with less.

Many small business Makers also innovate by combining seemingly unrelated physical and digital products to create new things. Solar powered T-shirts that generate electricity for battery-operated devices was just one physical/digital "mash-up" example for sale at Maker Faire.

This emphasis on low-cost, yet state-of-the-art electronics and the power of new, less expensive production systems enables small business Makers to extend existing technology into a wide range of new areas and uses. And along the way they are creating new and innovative products, methods and business models, turning hobbyists into hobbypreneurs.

The Eggbot allows you to design intricate multi-color patterns on a computer screen and then draw them robotically onto an egg or a ball. Positive response from students and their parents nudged Shapiro to the Maker Faire to explore the market potential for his clever product.

Shapiro's booth was crowd-packed throughout the Maker Faire weekend. Based on the response to his display, we wouldn't be surprised to see Eggbots hatching on Web sites in the future.

### THE PART-TIME/FULL-TIME TIPPING POINT

Most hobby businesses remain part-time. They provide additional income for the family and a passion outlet for the hobbyist. But we learned that hobbypreneurs – especially baby boomers – are part of an emerging trend to build a full-time venture from their part-time startup. A March 2008 Kauffman Foundation Firm Survey found that 36 percent of small businesses surveyed started as a part-time business. Some call this the hobbypreneur's addiction: Once the business starts growing, it's hard not to want to grow it more.

We found a number of cases like this at Maker Faire. One exhibitor, baby boomer LaVonne Sallee, is owner and resident artist of OOAK Gallery (see Figure 4), which creates and sells One-Of-A-Kind Barbies. A leading artist in the altered Barbie doll movement, Sallee recycles old Barbies and creates new and unusual characters – to say the least.

Retired from a career in banking, Sallee became interested in making-for-profit when she saw an altered Barbie exhibit in San Francisco. She loved the art form, dove into the Maker challenge, started selling her altered visions and took them on the road to nationally acclaimed Barbie shows.

Accolades from the judges and positive customer feedback spurred Sallee to take a giant leap forward. She sold her San Francisco home, found a gallery with living space in nearby Vallejo, and set up her own showroom and Web site where she displays and sells her creations. Custom lines of hats for Barbie, T-shirts for Barbie-lovers, and gift cards will help pay the bills while her gallery takes off.

The growing number of personal businesses – one-man or woman shops with no employees – also reflects the growth of part-time businesses.

- The U.S. Small Business Administration reports that 1.7 million new personal businesses were started in 2008. This is on top of the roughly 1 million started in 2007, bringing the 2008 total to about 23 million.
- U.S. Census data shows that about 40 percent of personal business owners work less than 20 hours per week on their ventures, so many of these new operations are part-time.

More research is needed to estimate the number of small businesses that start as a hobby or passion. But it is clear that the new DIY movement is creating new small business opportunities and Makers are starting full- and part-time businesses to pursue them.

## 6 REASONS WHY HOBBYPRENEURS ARE THRIVING

Many of the social, demographic, economic and technology trends that spur small business formation in general are also leading these Maker hobbyists to start part and full-time small businesses. More detail on these trends is in the New Artisan Economy section of the Future of Small Business research reports.

But several trends are specifically related to an increase in Maker-related small businesses:

### 1. IT IS EASIER AND CHEAPER TO MAKE THINGS.

The cost of advanced, computer-controlled tools, such as laser cutters, milling machines, 3-D printers and computer-aided design tools, have dropped to the point where small businesses can easily afford them. A small business that doesn't want to bother with owning and operating these tools can turn to production services such as Ponoko and Shapewise, which will take digital designs and turn them into products. They will even handle warehousing and shipments to final customers.

### 2. IT IS EASIER AND CHEAPER TO START AND RUN A NICHE BUSINESS.

The Internet and related tools have substantially lowered the cost of starting small businesses. Online marketing methods have also made it easier and cheaper for producers of niche products and services to connect with buyers. Cloud-computing – establishing a virtual presence on the Internet – allows small business owners to look bigger than they are, which improves their position in the marketplace.

**Figure 4**  
**OOAK Gallery**



Source: [Ooakbarbies.com](http://Ooakbarbies.com)

### 3. ONLINE HOBBY SOCIAL NETWORKS AND WEB SITES ENABLE AND EMPOWER SMALL BUSINESS MAKERS.

These networks, Web sites and community forums provide a wide range of instructional information and serve as meeting places for Makers to exchange ideas, methods and knowledge. This information might be relevant for product development or for business operations, depending upon the need for information and the sources tapped.

### 4. THE DOWN ECONOMY IS DRIVING UP THE NEED FOR PART-TIME AND NICHE BUSINESSES.

The recession has battered businesses big and small, increasing unemployment. Even if the recovery is strong, large businesses are unlikely to dramatically expand their workforces. Because of the continuing lack of jobs, niche and part-time businesses will be the best employment option for many.

### 5. BABY BOOMERS ARE TURNING TO SMALL BUSINESS BASED ON THEIR HOBBIES AND PASSIONS.

A wide range of survey data shows that most baby boomers want – and many financially need – to continue working past the traditional retirement age. But they're also eager to try new things and pursue passions and interests they ignored during their corporate careers. As a result, they turn to hobbypreneurship to generate income in retirement.

### 6. GROWING INTEREST IN SUSTAINABILITY AND UNUSUAL PRODUCTS SPURS DEMAND FOR CUSTOMIZED GOODS.

Small and personal businesses are best positioned to meet the demand for customized products. They have an ear to the market, understand what customers like and, with less bureaucracy and infrastructure in place, are able to readily adapt to meet those needs.

## CONCLUSION: HOBBYPRENEURS DRIVE NICHE MARKET GROWTH IN THE ECONOMY

Hobbypreneurs mean business. Inspired by the unique convergence of technology, economic and geographic trends, they will continue to grow in numbers and influence, creating new niche products and markets in the U.S. and abroad. These frugal, tech-savvy, green-oriented, out-of-the-box thinkers are creating new business methods, models and processes. And along the way, they are spurring growth and innovation in the small business marketplace.

#### About This Report

This study is part of the broader Intuit Future of Small Business project.

This research and related materials are available at:  
[www.intuit.com/futureofsmallbusiness](http://www.intuit.com/futureofsmallbusiness)