

STARTING A PRODUCT BUSINESS

You make or source something physical. This is the universal list plus everything specific to your path, in the order the work actually happens.

STEPS FOR YOU

104

PHASES

6

UNIVERSAL

70

FROM CONTRIBUTIONS

32

FROM CONTRIBUTIONS

Steps marked from contribution come from someone who has actually run the business, not from general advice. 32 of them here, contributed by James McConnell.

IDEA AND VALIDATION

Most lists start at "form an LLC". That is the wrong first step, and it spends money before you know whether you have a business. Nothing in this phase requires spending any.

- ☐ Write the problem in one sentence without naming your solution. If you cannot, you have a product idea rather than a business idea.
- ☐ Name the specific person who has this problem. Not a demographic — a person you could call.
- ☐ Find where those people already gather and read what they complain about in their own words. Save the exact phrasing; it becomes your copy later.
- ☐ Identify what they do today instead. Every problem already has a workaround, and that workaround is your real competitor.
- ☐ Establish what they currently pay for that workaround — in money, time or hassle.
- ☐ Talk to ten of them before building anything. Ask what they did last time the problem happened, not whether they would buy.
- ☐ Write down what would have to be true for this to fail, then check whether any of it is already true.
- ☐ Decide the smallest version that would prove someone will pay. Write it down and resist expanding it.
- ☐ Confirm someone can physically make it at a price that leaves margin. Get a real quote before assuming — manufacturing quotes routinely land far from a founder's estimate.
■ *From contribution - James McConnell*
- ☐ Check whether the category is regulated. Supplements, food, cosmetics, children's products and anything medical-adjacent carry rules that change your entire timeline.
- ☐ Check whether anyone is already doing this well. A crowded market proves demand; an empty one often proves there is none.
- ☐ Work out how someone would find you. If the answer is "word of mouth" you do not have a channel yet.
- ☐ Set a decision date and a kill condition before you start. Without one you will keep spending on something out of stubbornness rather than evidence.
■ *From contribution - James McConnell*
- ☐ Ask whether you actually want to run this business day to day, not just whether it could work. Most founders skip this and regret it.

- ☐ Estimate the smallest amount of money that gets you to a first sale, and check you can lose it without damage.
- ☐ Buy your three closest competitors, unbox them, and write down what is better and worse. It is the cheapest research you will ever do.
 - *From contribution - James McConnell*
- ☐ Check shipping viability early. Heavy, fragile or liquid products carry costs that can quietly erase your margin.

NOTES - PHASE 0

LEGAL AND FORMATION

Do this after validation, not before. Forming an entity for an unvalidated idea is a fee, not progress.

- ☐ Choose a structure — sole proprietor, LLC, S-corp election, C-corp. It affects taxes, liability and how you take money out.
- ☐ Check the name is genuinely available: state registry, federal trademark search, domain, and the social handles you need.
- ☐ Register the entity in the right state. Your home state is usually correct unless you have a specific reason.
- ☐ Get an EIN. Free, direct from the IRS, takes minutes. Never pay a service for this.
- ☐ Open a dedicated business bank account before the first dollar moves. Mixing personal and business funds is the most common expensive mistake there is.
■ *From contribution - James McConnell*
- ☐ Write an operating agreement even as a single member. It is what makes the liability shield real.
- ☐ More than one founder? Put equity, vesting, roles and what happens when someone leaves in writing now, while everyone still likes each other. A partnership ending badly is survivable; ending badly with nothing in writing may not be.
■ *From contribution - James McConnell*
- ☐ Decide what you are protecting and how: trademark for a brand, patent rarely, trade secret often, copyright automatically.
- ☐ Get the insurance the category actually needs — general liability, professional liability, product liability. General liability is usually rated on revenue, so treat the opening quote as a starting point: as you grow, the premium grows with you, and the audit at renewal trues it up. Ask what a claim would cost, not just the premium.
■ *From contribution - James McConnell*
- ☐ Register for sales tax in your home state before your first sale.
- ☐ Understand economic nexus. You can owe sales tax in states you have never visited, triggered by revenue or transaction thresholds that vary by state. Track ship-to-state totals from day one; reconstructing later is painful.
■ *From contribution - James McConnell*
- ☐ Selling wholesale? Learn how resale certificates work and refuse to ship tax-free without a valid one on file.
- ☐ Register any DBA or trade name you will actually use in marketing, if it differs from the legal entity name.

LEGAL AND FORMATION

- ☐ Keep a single folder of every signed document from day one. When a term is disputed later, the signed version is the only thing that matters.
■ *From contribution - James McConnell*
- ☐ Check local requirements as well as state — city business licences and zoning catch home-based founders out.
- ☐ Understand whether anyone helping you is a contractor or an employee. Getting this wrong is expensive and the rules are not up to you.
- ☐ Put an assignment-of-IP clause in every contractor agreement. Without it, work you paid for may not be yours.
- ☐ Decide your record-retention habit now: what you keep, where, and for how long.
- ☐ Get your label reviewed against the actual regulations for your category before printing. A reprint is a cost; a recall is a business event.
■ *From contribution - James McConnell*
- ☐ Confirm who carries liability if your manufacturer makes an error. Read the indemnity language in the purchase order.
- ☐ Check import duties and customs classification if anything crosses a border.

NOTES - PHASE 1

FINANCIAL FOUNDATION

Profitable businesses die of timing, not of losses. This phase is about seeing the timing early.

- ☐ Separate accounting from day one. Cheap software beats a shoebox and beats reconstructing a year later.
- ☐ Know your unit economics before scaling anything: what one sale costs you and what it earns.
- ☐ Build a simple cash-flow forecast. Running out of cash while profitable is the classic way to die.
- ☐ Identify every recurring cost before launch. Software subscriptions accumulate quietly and are the single most underestimated line.
 - *From contribution - James McConnell*
- ☐ Decide how you are funding this — savings, revenue, loan, investors — and understand the consequences of each before choosing.
- ☐ Lending yourself money? Document it properly as a shareholder loan with a stated interest convention. Undocumented owner money creates tax and bookkeeping problems that surface at the worst time.
 - *From contribution - James McConnell*
- ☐ Understand your payment processor's real cost including per-transaction percentages. On a large vendor payment a low-single-digit percentage is real money, and founders routinely forget to include it.
 - *From contribution - James McConnell*
- ☐ Know your break-even in units, not dollars. It is the more useful number.
- ☐ Set aside for taxes as revenue arrives. Quarterly estimates surprise first-year founders badly.
- ☐ Model landed cost properly: unit cost, freight, duties, fulfilment, storage, returns, payment fees. The gap between unit cost and landed cost is where margin disappears.
 - *From contribution - James McConnell*
- ☐ Understand your manufacturer's payment terms and what triggers each payment. Deposit-plus-balance is standard, and the balance often falls due on shipment with no notice period. Know your trigger and watch for it.
 - *From contribution - James McConnell*
- ☐ Plan for inventory tying up cash for months before it sells.
- ☐ Reconcile your accounts monthly rather than annually. Errors compound quietly, and a year of them takes days to unpick.
 - *From contribution - James McConnell*

- ☐ Keep a personal runway number separate from the business one. Founders usually run out of personal money first.
- ☐ Track every subscription with its renewal date and cost. Review the list quarterly and cancel what you are not using.
 - *From contribution - James McConnell*
- ☐ Decide what you pay yourself and when, even if the answer is nothing yet. Ambiguity here causes bad decisions.
- ☐ Understand the difference between profit and cash in your own numbers, and which one you are actually managing.
- ☐ Before any large vendor payment, confirm the payment rail and its fee. A percentage fee on a five-figure payment is real money that founders routinely forget to budget.
 - *From contribution - James McConnell*
- ☐ Know what your business would be worth to someone else, even if you never sell. It clarifies what you are building.
- ☐ Model the second production run before the first one arrives. The reorder is when cash pressure usually peaks.
 - *From contribution - James McConnell*
- ☐ Budget for units you cannot sell: samples, damages, seeding and returns. It is never zero.
- ☐ Understand payment timing from each sales channel. Marketplaces and retailers pay on their schedule, not yours.

NOTES - PHASE 2

BUILD

The first version exists to prove someone will pay, not to be complete.

- ☐ Find and vet manufacturers. Ask for references and who else they make similar products for.
- ☐ Get samples before committing to a run, then get another sample after any specification change.
- ☐ Lock the specification in one controlled document and treat it as the source of truth. When a quote, a spec sheet and a label disagree, you need one document that wins by rule or you will publish a wrong number.
■ From contribution - James McConnell
- ☐ Understand minimum order quantities and how they change your cash requirement.
- ☐ Plan lead times realistically. First production runs commonly take three to four months; reorders are faster. Build that into every launch date.
■ From contribution - James McConnell
- ☐ Design packaging that survives shipping, and measure dimensions and weight on a real finished sample rather than estimating.
- ☐ Choose fulfilment — self-ship, third-party logistics, or the platform's own. Read the full fee schedule, not the headline rate.
■ From contribution - James McConnell
- ☐ Understand how billable weight is calculated. It is often not what you assume and it changes your per-order cost.
■ From contribution - James McConnell
- ☐ Get compliant labelling reviewed before printing. Reprints are expensive; recalls are worse.
- ☐ Ship something a real person can use before adding a second feature. Feedback on something real beats any amount of planning.
- ☐ Write down decisions as you make them, with the reason. Six weeks later you will not remember why, and you will relitigate it.
■ From contribution - James McConnell
- ☐ Set up a single place where work lives. Scattered across notes, chats and memory is how things get dropped.
- ☐ Order a pre-production sample and physically check it against your spec rather than approving from a photograph.
- ☐ Confirm which document controls when a quote, a spec sheet and a label disagree. Without a rule you will publish a wrong number eventually.
■ From contribution - James McConnell

- ## NOTES - PHASE 3

GO TO MARKET

Launch is rarely an event. Most businesses start slowly and compound.

- ☐ Pick one channel and get it working before adding a second.
- ☐ Write your positioning in one sentence a stranger would understand.
- ☐ Build an email list from the first day you have anything to say. It is the only audience you own.
■ *From contribution - James McConnell*
- ☐ Set up basic analytics and know which three numbers actually matter to you.
- ☐ Prepare for launch not being an event, and for the first month being quieter than you hope.
- ☐ Decide your channel mix — direct, marketplace, wholesale, retail. Each has different margin and different work.
- ☐ Going wholesale? Build a tiered price structure and a buyer-facing one-pager with real specifications.
■ *From contribution - James McConnell*
- ☐ Say the same thing consistently for longer than feels comfortable. Founders change their message right as it starts working.
■ *From contribution - James McConnell*
- ☐ Get your first ten customers manually, one at a time, before automating anything.
- ☐ Ask every early customer how they found you and write the answer down.
- ☐ Have one clear next step on every page and in every post. Confusion converts worse than a weak offer.
- ☐ Publish before it is ready more often than you think. The version you polish for a month rarely beats the version that got feedback in week one.
■ *From contribution - James McConnell*
- ☐ Decide how you will handle your first unhappy customer before you have one.
- ☐ Get real reviews early and honestly. Nothing sells a physical product harder and nothing is slower to build.
- ☐ Sell in person at least once, even if your plan is online. You will learn more in an hour than in a month of analytics.

OPERATIONS AND SCALE

The point where the business either starts running without you or starts consuming you.

- ☐ Document how things work as you do them the first time. Later is a lie.
■ *From contribution - James McConnell*
- ☐ Identify what only you can do, then start removing yourself from everything else.
- ☐ Review your numbers on a fixed schedule rather than when something feels wrong.
- ☐ Know your single point of failure. Usually it is you.
- ☐ Decide what "working" looks like, so you know whether to continue, change or stop.
- ☐ Build one weekly review habit and keep it even when things are busy. Busy is exactly when things get dropped.
■ *From contribution - James McConnell*
- ☐ Know your three most likely failure modes and what you would do about each.
- ☐ Do not let a system depend on you remembering something. If it matters, it needs to live somewhere that is checked.
■ *From contribution - James McConnell*
- ☐ Take a real break before you need one. Founder burnout looks like a business problem from the inside.
- ☐ Revisit pricing at least twice a year. Most founders underprice for far too long.
- ☐ Decide what growth you actually want. Bigger is a choice, not an obligation.
- ☐ When something breaks, fix the reason it went unnoticed as well as the thing itself. Silent failures are the expensive category.
■ *From contribution - James McConnell*
- ☐ Track inventory turns and reorder lead time together. Running out is as damaging as overstocking.

NOTES - PHASE 5

NOT PROFESSIONAL ADVICE

This guide is general information, not legal, financial, tax or professional advice. No professional relationship is created by using it. Laws and requirements vary by location and change over time. Consult a licensed attorney, accountant or relevant professional before making decisions for your business. Use at your own risk.

KEEP IT CURRENT

The live version of this checklist is at startupguide.overbuilt.ai, where ticks save in your browser and steps get added as contributors send them in. If you have run this kind of business and hit something that is not here, add it.

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