How to Start an E-Commerce Business

E-COMMERCE BUSINESS STARTUP GUIDE

A start-to-finish guide for someone who has never run a business

MODEL | MARGIN | COMPLIANCE

Veteran's Strategic Solutions LLC

START HERE

How to Use This Guide

Use the core guide first, then complete the operating worksheets at the back. The sequence keeps the business decision ahead of the storefront build.

01 CHOOSE

02 CHECK

03 SELL

04 TRACK

MODULE	USE IT TO
Core guide	Understand the models, margin gate, compliance duties, processor risk and first 90 days.
Startup checklist	Move from model choice to first sale without skipping the arithmetic.
Budget + pricing tools	Record costs, contribution margin and break-even ROAS.
Invoice + trackers	Document sales, leads, fulfilment and follow-up.
Compliance page	Keep sales tax, shipping, product and processor questions visible.

OPERATING RULE Do the arithmetic first. Then build the store.

CORE GUIDE

What this actually is — and why the flyer starts in the wrong place

01 SELECT

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PRODUCT FIRST | Compare the offer with the storefront.

The graphic asks you to pick your business model in step 1. Dropshipping, private label, print-on-demand, wholesale, handmade, or digital products.

That is the right question asked at the worst possible time. You are being told to choose between six businesses before anyone has said what they cost, what they pay, or which parts of them you actually control. They share a checkout page and almost nothing else.

And there is a number missing from the flyer that decides all six. It appears once, in step 10, as a metric to track after launch: customer acquisition cost. In this business that is not a metric. It is the gate.

In every trade with a licence or a truck, the barrier is getting in. Here anyone can open a store in a weekend — which is exactly the problem. There is no barrier, so the constraint moves somewhere else: you pay for every single customer, forever, and if that cost is larger than your margin there is no business, no matter how good your product is.

That belongs on page one. It is Part 2 of this guide.

What this business is not: passive. It is not a store that runs itself. And the “start for $500” figure on the flyer describes what it costs to open, not what it costs to sell anything.

CORE GUIDE

The honest gut check — three questions

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Answer these before you go further. There is no wrong answer, and stopping now costs you nothing.

1. Can you spend money before you make any? Not on inventory — on advertising. You will pay to find customers before you know whether they buy. If you cannot afford to lose $500 finding that out, start with the models in Part 1 that do not require it. There are two.

2. Are you willing to be responsible for something you do not control? In dropshipping your name is on the receipt and someone else packs the box. If it arrives late, broken, or never, that is your review, your refund, and your legal obligation.

3. Do you want a store, or do you want a product? These pull in opposite directions. A store means constant acquisition — you feed it or it stops. A product means one thing done well that people ask for by name. Most people who fail here wanted the second and built the first.

CORE GUIDE

Snapshot

01 SELECT 02 VALIDATE 03 MARGIN 04 CONTROL

What you sell	Physical or digital goods, online, direct to consumers
Licence required	None to start, but see Part 3 — sales tax registration is not optional
Time to launch	Days to weeks
Startup	$200 to $15,000+ depending entirely on which model
The gate	Customer acquisition cost against your margin
The compliance surprise	Sales tax in states you have never visited
Biggest hidden risk	Your payment processor can end the business overnight
The one number	Contribution margin per order

CORE GUIDE

Part 1 — The six models, honestly compared

01 SELECT | 02 VALIDATE | 03 MARGIN | 04 CONTROL

Model	To start	Margin	You control	Real risk
Dropshipping	$200–1,500	10–30%	The advertisement	Supplier failures become your reviews
Print-on-demand	Under $500	20–40%	The design	Margin too thin to pay for ads
Digital products	$0–500	80–95%	Everything	Nobody has heard of you
Handmade	$150–6,000	50–67%	Everything	Your own hours are the ceiling
Wholesale resale	$1,000–5,000	40–55%	Selection	Cash converts to stock that may not sell
Private label	$3,000–15,000+	40–60%	Product, brand, quality	Minimum orders and product liability

Which one is yours

Answer these in order and stop at the first honest no.

Do I have money I can afford to lose? If no, your options are digital products or print-on-demand. Both can be started for almost nothing. Everything else in the table requires spending before earning.

Do I already have an audience, a skill, or a list of people who trust me? If yes, digital products. This is the only model on the sheet where being unknown is the entire obstacle — and where being known is the entire solution.

Do I want to own a brand in three years, or do I want revenue this quarter? Brand means private label. Revenue this quarter means dropshipping, and you should understand that dropshipping is a marketing business that happens to ship things.

Do I make things with my hands? Then handmade, and the money question is what your time is worth, not what the product costs.

Three of these already have their own guide

Print-on-demand is covered in Apparel and Print-on-Demand. Handmade is covered in Gifts and Crafts. Wholesale resale is covered in Boutique. If you have landed on one of those, stop here and go read that guide instead — each goes far deeper than this one can.

This guide builds out the two that have no guide of their own: dropshipping and private label. They are the two the flyer presents as beginner-friendly, and they are the two most likely to take real money off a beginner. Digital products gets its own section in Part 6, because it is the right answer for a reader with no capital and it deserves more than a row in a table.

CORE GUIDE

Part 2 — The gate: what a customer costs

01 SELECT | 02 VALIDATE | 03 MARGIN | 04 CONTROL

THE MARGIN GATE | Know the acquisition cost the product can carry.

The one line that decides everything

Break-even ROAS = 1 ÷ your contribution margin.

ROAS is return on ad spend — revenue divided by what you paid in advertising to get it. Contribution margin is what is left of a sale after the product, shipping, packaging and payment processing fees.

A business with a 40% contribution margin breaks even at 2.5x. A business at 20% needs 5.0x.

Now set that against the market. Industry average ROAS runs around 2.87x, and roughly half of stores are below 2x.

Read those two paragraphs together, because the conclusion is the most important sentence in this guide. A thin-margin dropshipper needing 5.0x, in a market where the average is 2.87x and half the field is under 2x, is underwater at average performance. Not because he ran bad advertisements. Because the model cannot carry the cost.

Work out your break-even ROAS before you choose a product. It tells you the margin you must have, and the margin you must have tells you what you are allowed to sell.

What the numbers look like

Published customer acquisition cost figures conflict enormously, and you are getting the spread rather than a false average.

Reported ranges run from roughly $21 for some direct-to-consumer categories to $377 or more for electronics. Mid-range verticals cluster: fashion roughly $90–120, beauty $90–130, pet products $68–90, food and beverage $53–100. One source puts blended CAC at $22–45 but paid-only at $68–84 — and that gap matters, because a blended figure folds in customers who arrived free through organic search and word of mouth. When somebody quotes you a low CAC, ask whether it is blended.

The direction is far clearer than the level, and every source agrees on it: it is getting more expensive. Ecommerce CAC is reported up roughly 40% in two years. Facebook CPMs up 89% since 2020. One report has average CAC rising from $274 to $318 in a single year — 16% in twelve months.

Meanwhile global ecommerce conversion sits around 1.9 to 2%, with Shopify stores often reaching 2.5 to 3%. Ninety-eight visitors in a hundred leave without buying. You paid for all one hundred.

The healthy band, and what it means for what you sell

The standard benchmark is a 3:1 ratio of customer lifetime value to acquisition cost. Below 2:1 the model is broken — the customer costs more than she is worth. Above 5:1 you are probably under-investing and could profitably spend more to grow.

Here is the part that should change your product decision. That ratio is about lifetime value, not the first sale. If a customer buys once, lifetime value equals one order, and at current advertising prices the arithmetic almost never works. If she buys four times a year, the same acquisition cost is spread across four orders and the same business is healthy.

Which leads to the single highest-leverage decision in e-commerce: choose a product people buy again. Consumables, refills, replacements, things that run out, things that wear out. A brilliant one-time purchase with a $70 acquisition cost is a worse business than a boring repeat-purchase product at the same cost.

Retention moves the numbers further than advertising optimisation does — one commonly cited figure puts a 5% retention improvement at a 25% to 95% profit lift. And the cheapest acquisition channel in every dataset is email, reported at roughly $8 to $15 per customer. Collect email addresses from your first visitor, before you have anything to send them.

The worked example: why revenue lies

A store is doing $10,000 a month. The owner has been posting the revenue screenshot every month for four months. Growing steadily. Looks like a success.

Take it apart.

Line	Amount
Revenue — 120 orders at $83 average	$10,000
Product cost	$4,200
Shipping and packaging	$1,100
Payment processing (about 3.1%)	$310
Advertising spend	$6,400
Total out	$12,010
Result	Losing $2,010

The store loses about $17 on every order it fills.

Now look at what growth does. Month one was $5,000 in revenue and a loss near $1,000. Month four is $10,000 and a loss near $2,000. The revenue doubled and so did the loss, because scaling a negative contribution margin scales the loss. Every month the screenshot looked better and the business got worse.

The owner’s contribution margin per order is negative $17. The advertising was not badly run — at $6,400 for 120 customers his acquisition cost is about $53, which is squarely inside the normal range for several categories. The advertising was fine. The margin was too thin to survive normal advertising.

That is the whole lesson, and it is why Part 2 comes before the product, the platform, the logo, and everything else on the flyer. Revenue is the most misleading number on the dashboard, and it is the number every e-commerce video screenshots.

CORE GUIDE

Part 3 — The law you are now subject to

01 SELECT | 02 VALIDATE | 03 MARGIN | 04 CONTROL

Sales tax nexus: the compliance surprise that catches everyone

Before 2018 you collected sales tax only where you had a physical presence. South Dakota v. Wayfair ended that. Now all 45 states with a sales tax enforce economic nexus: sell enough into a state and you must register and collect there, having never set foot in it.

The most common threshold is $100,000 in sales or 200 transactions in a year, but it varies by state, and seventeen states have dropped the transaction test entirely — which helps low-price, high-volume sellers who used to trip the 200-transaction line on cheap items.

Three traps, in the order they are likely to catch you.

The marketplace trap. Every state plus the District of Columbia now has a marketplace facilitator law, so Amazon, Etsy, eBay and Walmart Marketplace are required to collect and remit on sales made through them. That sounds like the problem is solved. It is not. Several states still count those marketplace sales toward your own economic nexus threshold. So you can cross a state's line on the strength of your Amazon volume, owe a registration in that state for your direct sales, and never notice — because the marketplace was quietly handling its own collection the whole time.

The fulfilment trap. Storing goods in a third-party fulfilment centre or marketplace warehouse can create physical nexus in that state on its own, with no threshold involved. If Amazon distributes your inventory across twenty states, you may have nexus in twenty states. You did not choose those states and nobody asked you.

The “I didn't know” trap. It is not a defence. States actively audit online sellers, and late penalties commonly run 5% to 25% of the tax owed, plus interest, plus the back tax itself.

What to do about it. Watch your sales by state on a rolling basis against the thresholds, combining marketplace and direct sales, so a state you are approaching never surprises you. You cannot manage nexus you cannot see. Once you are selling into multiple states with real volume, this becomes a job for a professional.

What to ask a sales tax professional

One hour, four questions, and take a list of every state you have sold into with the dollar amount and transaction count.

1. “Based on this list, where do I have nexus today, and where am I close?”

Answer: ____

2. “In which of those states do marketplace sales count toward my threshold?”

Answer: ____

This is the question that separates a useful hour from a wasted one, because the answer is not uniform and it is where sellers get caught.

3. “Where am I already late, and what is my exposure?”

Answer: ____

Ask specifically about voluntary disclosure agreements. Several states will limit back tax and waive penalties if you come forward before they find you. That option disappears once they contact you first.

4. “What do I need to watch, and how often?”

Answer: ____

The FTC 30-Day Rule

16 CFR Part 435, the Mail, Internet, or Telephone Order Merchandise Rule. It applies to you from your first order.

If you state a shipping time, you must have a reasonable basis to believe you can meet it. If you state no time at all, the law fixes it at 30 days. Direct marketers call it the 30-Day Rule for that reason.

If you learn after taking the order that you cannot ship in time, you must send the buyer a delay notice containing a revised shipment date, their right to cancel for a full and prompt refund, and a way to cancel at your expense. If you cannot obtain consent, you must promptly refund all money paid — without being asked.

For a delay of 30 days or less past the original date, the customer’s silence may be treated as consent, but only if your notice said so plainly. Beyond 30 days, silence is not consent and the order must be cancelled and refunded.

This is why long overseas shipping is a legal problem and not merely a customer service one. A four-to-six week supplier shipping time from Asia sits on or past the 30-day line. If your product page says nothing about shipping, you have promised 30 days by operation of law, and you are in breach on arrival.

Keep records of orders, shipment dates and delay notices. The rule expects it.

Product liability and customs — private label only

The moment you put your brand on a product, you are the manufacturer in the eyes of the law. Not the factory overseas. You. Whatever the product does to somebody is yours to answer for.

That is the real difference between reselling somebody else’s brand and creating your own, and it costs money: product liability insurance, and a supplier you can actually reach when something goes wrong.

If you import, budget for duties, customs clearance and probably a customs broker. Rates depend on the product’s classification code, and getting the code wrong is a penalty rather than a rounding error.

Current duty rates and de minimis thresholds vary and change frequently. Do not take a number from this document on that subject — get it from a customs broker or U.S. Customs and Border Protection directly.

CORE GUIDE

Part 4 — The risk nobody warns you about: your payment processor

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FULFILMENT CONTROL | Promises, parcels and processor exposure connect.

You can do everything else right and lose the business here, in a week, with no warning.

Every card payment you take flows through a processor, and behind that processor is a bank that is financially liable to the card networks for your chargebacks and fraud. When a transaction goes bad and you cannot cover it, the bank pays. Every underwriting rule, reserve and termination exists to protect that liability. None of it is personal.

Dropshipping is named as a high-risk vertical in the industry's own materials, alongside supplements, subscriptions and coaching. The reason is structural: longer fulfilment cycles and higher dispute rates than ordinary retail.

The numbers that trigger a review

- Refund rate above 2% triggers automatic risk review on most gateways
- Chargeback rate above 0.75% to 1% can result in holds, rolling reserves or termination
- Visa monitors merchants against a ratio in the same territory — around 0.9%

Those are small numbers. On 120 orders a month, roughly one chargeback puts you near the line.

What actually happens

A rolling reserve withholds a percentage of every transaction — commonly 5% to 15% — for a set period, often 180 days, released on a rolling basis. On thin margins this is severe, because the money you need to buy next month's inventory is sitting in someone else's account.

A termination stops checkout the same day. And the part that ends businesses: the processor typically holds your remaining balance for 90 to 180 days to cover chargebacks that may still arrive. You cannot withdraw it. You have orders to fulfil, advertising invoices due, and no access to your own revenue.

The MATCH list. Mastercard maintains a terminated merchant file, and being listed on it makes obtaining a new mainstream account very difficult. Aggregators such as Stripe and Square frequently terminate without MATCH-reporting unless fraud was involved; traditional merchant accounts are reportedly more likely to MATCH-list for chargeback terminations. High-risk providers specialise in listed merchants, at 1.5% to 5% per transaction rather than the usual 3%.

What to do about it, from day one

Set up a backup processor before you need it. Maintaining a second account is a business continuity measure, not paranoia. If one terminates, you switch instead of closing.

Put accurate delivery expectations on the product page and in the confirmation email. Most chargebacks in this business are not fraud — they are a customer who did not know it would take four weeks and assumed she had been robbed. This one change does more than any fraud tool.

Answer messages. A customer who cannot reach you files a chargeback. A customer who reaches you asks for a refund, which costs you less and does not count against your ratio.

Refund quickly when you are wrong. A refund is cheaper than a chargeback in fees, in ratio, and in the review that follows.

Do not split transactions across processors to keep any single ratio under a threshold. It is a recognised pattern, processors look for it, and it converts a solvable problem into a fraud finding.

Read the reserve terms before you sign. What structure applies, what percentage, from which transactions, how long the holding period is, whether the processor can raise the percentage or extend the period unilaterally, and what happens to held funds if you leave.

CORE GUIDE

Part 5 — Dropshipping, honestly

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The pitch: no inventory, no warehouse. An order comes in, the supplier ships it, you keep the difference.

All of that is true. Here is the rest of it.

You control the advertisement and nothing else. Not the product, not the packaging, not the shipping speed, not whether it goes out today or Thursday. Your name is on the receipt and somebody else's decisions produce the customer's experience.

The margin is the problem, not the model. At 10% to 30% you need a break-even ROAS between 3.3x and 10x, against an industry average near 2.87x. The dropshippers who make money are usually not better advertisers — they have found products with enough margin to carry the advertising cost. In practice that means higher-ticket items with fewer competitors, not the $12 gadget that everybody is running the same video for.

What makes it work, when it works:

- Margin above 40%, or do not start. This is the filter that removes most of the products you will be tempted by.
- A domestic supplier wherever possible. It fixes the 30-Day Rule problem, the review problem and the chargeback problem simultaneously.
- Order the product yourself first. Every guide says this and almost nobody does it. You cannot honestly sell something you have not held, and you cannot write a product page from a supplier photograph.
- Repeat-purchase products, for the lifetime value reason in Part 2.

- One product proven before a second is added. A store with one product that works beats a store with forty that might.

What it costs when it fails: the supplier ships late or ships the wrong thing, the customer blames you because your name is on it, you refund out of your own margin, you may eat a chargeback on top, and the review stays up permanently. Budget refunds and chargebacks as a line item from month one, not as an exception.

CORE GUIDE

Part 6 — Digital products, and why they may be your answer

01 SELECT

02 VALIDATE

03 MARGIN

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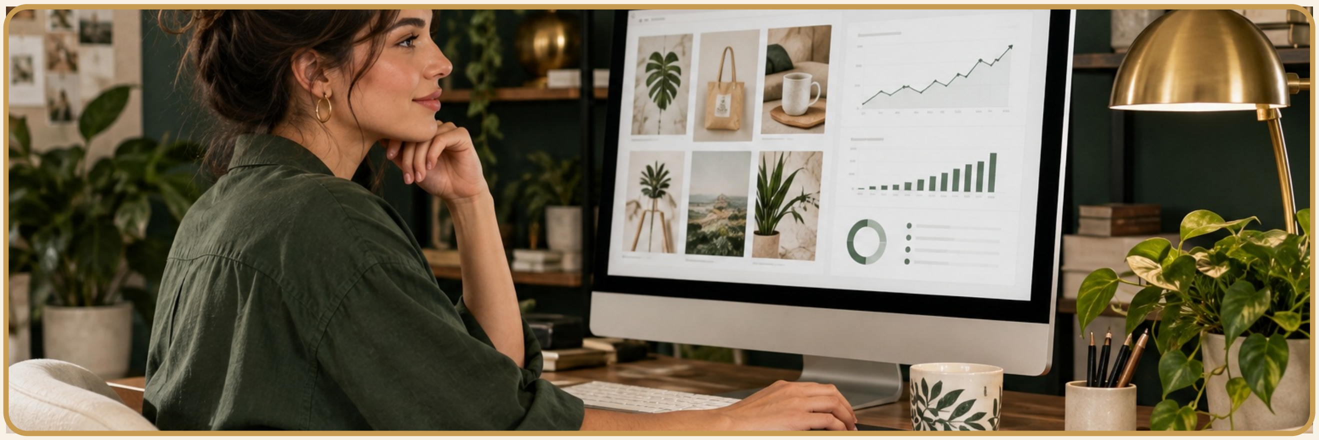

DIGITAL ECONOMICS | Build trust, track demand and improve the product.

This is the model with the best economics on the entire sheet and the least attention paid to it, so it gets a proper section.

Margins run 80% to 95%. There is no product cost after the first one is made, no shipping, no packaging, no supplier, no customs, no inventory, no fulfilment centre creating nexus in states you have never seen. Startup cost can be nothing.

The whole difficulty is that nobody has heard of you. That is the only obstacle, and it is a real one — but it is a different kind of problem from the others. Everywhere else in this guide the constraint is money. Here the constraint is trust, and trust can be built with time instead of capital.

What sells: templates, checklists, workbooks, courses, guides, spreadsheets, plans — anything that saves somebody hours or spares them a mistake. The test is not whether it is impressive. The test is whether it answers a question somebody is actively searching for at 11pm.

Why this may fit a veteran better than any other model here. You have spent years learning systems that civilians find opaque: benefits, transition, records, promotion, relocation, procurement, maintenance, training. Knowledge you consider ordinary is knowledge somebody else would pay to have organised. Your inventory is what you already know. That is not true of any other model on the flyer.

How to start, in order:

- Pick one specific problem for one specific person. Not “career advice.” Something like a checklist for a particular process that a particular kind of person has to get through once and cannot afford to get wrong.

- Make the smallest useful version. One document, priced somewhere between $9 and $49. Do not build a course first.
- Give away something adjacent for free and collect email addresses. Email is the cheapest acquisition channel in every dataset, and here it is essentially the whole strategy.
- Sell it to twenty people manually before automating anything. Talk to all twenty. What they ask you for next is your second product.
- Build the second product from the questions the first one generated. Not from your imagination.

The honest catch: revenue arrives slowly at first and then compounds, which is the exact opposite of the paid-advertising models. Month one may be $40. That is not failure — it is what this model looks like at the start. Sell the same product for two years and the arithmetic gets very good, because there is no acquisition cost to pay again on the hundredth copy.

The other honest catch: copying is trivial and enforcement is expensive. Price accordingly, keep improving the product, and understand that the buyer is paying for the version that is current and supported, not for the file.

CORE GUIDE

Part 7 — Private label, honestly

01 SELECT | 02 VALIDATE | 03 MARGIN | 04 CONTROL

You buy a product from a manufacturer, put your brand on it, and own the customer.

This is the model that becomes an asset. Dropshipping builds a store you must keep feeding. Private label builds a brand somebody could one day buy from you.

What it costs: $3,000 to $15,000 and up, most of it in minimum order quantities. A factory will not make you twenty units. The MOQ is the barrier, and it is where the money goes.

Four things to do before you spend anything:

Order samples from three suppliers, not one. Pay for them. Put them side by side on a table. This is the cheapest money you will spend in this business and it is the step people skip because they are impatient.

Get the liability question answered before you order. You are the manufacturer. What insurance do you need, what does the supplier warrant in writing, and what happens if a unit injures somebody.

Check the category rules before you fall in love with the product. Anything intended for children under twelve pulls in CPSIA — third-party testing, a Children’s Product Certificate, permanent tracking labels. Cosmetics pull in FDA requirements. Food, supplements, and anything applied to skin each carry their own regime. A product you cannot legally sell is not a bargain because the factory quoted well.

Validate demand before you commit to the MOQ. Sell the generic version first — dropship it, or buy twenty units at retail and resell them. If nobody wants the unbranded product, your logo will not fix that.

CORE GUIDE

Part 8 — The three places people get stuck, and how to get past them

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Stuck point one: building the store before checking the arithmetic

The trap. Logo, domain, theme, product photographs, three weeks of work — and then discovering the product cannot carry the cost of advertising it.

Why it is tempting. Building the store is enjoyable, visible, and entirely within your control. The arithmetic is neither enjoyable nor flattering.

The fix. Ten minutes with Part 2 before anything else. Work out the contribution margin and the break-even ROAS on the specific product you are considering. If the number says you need 8x in a 2.87x market, you have saved yourself three weeks and several hundred dollars — and you can go find a different product the same afternoon.

Stuck point two: mistaking revenue for a business

The trap. Watching the sales number climb while the bank balance does not.

Why it is tempting. Revenue is the number the platform shows you on the front page. It is the number in every screenshot you have seen. And it feels like progress because it is going up.

The fix. Track contribution margin per order, weekly, from your first sale — the worked example in Part 2 shows exactly how. If it is negative, do not scale. More advertising makes it worse, faster. Fix the margin or change the product.

Stuck point three: quitting during the flat part

The trap. Two months in with a handful of sales, comparing yourself to somebody’s screenshot, and concluding you are not cut out for it.

Why it is tempting. Because the screenshots are real revenue and fake businesses, and comparing your honest month to somebody’s edited one is demoralising.

The fix. Know which curve you are on. Paid acquisition either works or it does not, and you find out in weeks — that is a fast, cheap answer and you should act on it. Organic and email compound slowly and then quickly; month one at $40 is normal and means nothing. The mistake is running the paid model and expecting it to compound, or running the organic model and quitting before it does.

None of these three is a reason not to start. They are potholes, and you can drive around all three now that you know they are there.

CORE GUIDE

Part 9 — Money help for veterans, honestly

01 SELECT | 02 VALIDATE | 03 MARGIN | 04 CONTROL

VR&E (Chapter 31, Veteran Readiness and Employment). The long-term services track can cover vocational training, certificates and programmes with no tuition cap, plus tools and certification exam fees.

Understand what it is, though. It is an employment programme, not an education programme, and not a business grant. If your counsellor concludes you can obtain suitable employment with the education you already have, it is denied. Everything must sit inside an approved individualised employment plan. Eligibility generally requires a 20% rating with an employment handicap, or 10% with a serious employment handicap. Apply on VA Form 28-1900.

Do not plan your business around funding you have not been granted.

Free help that requires no rating and no application: your local Small Business Development Center, SCORE, and the Veterans Business Outreach Center. All three are free, all three will sit down and go through your numbers with you, and almost nobody uses them.

CORE GUIDE

Part 10 — The first 90 days

01 SELECT | 02 VALIDATE | 03 MARGIN | 04 CONTROL

Days 1–7. Choose your model using Part 1. Work out the break-even ROAS on a specific product using Part 2. If the arithmetic does not work, change the product now, not later.

Days 8–30. Set up the business properly — structure, EIN, bank account. Open your payment processor and read the reserve terms. Order samples or order the product yourself. Build the simplest store that can take money; you can make it attractive later.

Days 31–60. Sell to the first ten customers. Track every order’s full cost. Write the shipping expectation on the product page in plain language. Start collecting email addresses from your first visitor.

Days 61–90. Compute contribution margin per order and decide honestly. Positive and repeatable means spend more. Negative means fix the margin or change the product — do not spend more.

The one number to track

For the first 90 days: contribution margin per order. Revenue minus product, shipping, packaging, payment fees and advertising, divided by orders.

Not revenue. Not traffic. Not followers.

It is inside your control, you can compute it after your very first sale, and it is the only number that tells you whether this is a business or an expensive hobby. A store doing $10,000 a month at negative contribution margin is going broke faster than one doing $2,000.

After the first 90 days: repeat purchase rate. The percentage of customers who buy a second time. It is the number that decides whether you can afford to keep acquiring customers at all, and it is the number Part 2 is really about.

CORE GUIDE

Where this goes if it works

01 **SELECT** 02 **VALIDATE** 03 **MARGIN** 04 **CONTROL**

Stay small and profitable. One product, one channel, a list of buyers who return. This is a real business and there is nothing wrong with it.

Add products to the same customers. The cheapest growth available, because you have already paid to acquire them.

Go from dropshipping to private label. Prove demand with somebody else’s product, then own the version people buy.

Sell the brand. Only possible with private label or digital products, and only if you own the customer relationship and the product. It is why owning the brand is worth the extra cost.

CORE GUIDE

A last word

01 **SELECT** 02 **VALIDATE** 03 **MARGIN** 04 **CONTROL**

The hardest thing about this business is not building the store. Anyone can build the store in a weekend, and that is exactly why the store is not the hard part.

The hard part is being honest about a number when the number is disappointing. The man in the worked example was not lazy and was not stupid. He was running real advertising at a normal cost and filling real orders. He simply never took the month apart, and every month he did not take it apart cost him another two thousand dollars.

You now know how to take it apart. That is a genuine advantage and most people starting this week do not have it.

Do the arithmetic first. Then build the store.

CORE GUIDE

The one-page version, if you read nothing else

01 **SELECT** 02 **VALIDATE** 03 **MARGIN** 04 **CONTROL**

- Pick the model before the product. Six businesses share this name and they are not alike.
- Break-even ROAS = 1 ÷ contribution margin. Work it out before you choose what to sell.
- Average ROAS is about 2.87x and half of stores are below 2x. If you need 5x, the model is broken, not your advertising.
- Sell something people buy twice. Lifetime value, not the first sale, is what the 3:1 benchmark measures.
- Email is the cheapest channel there is. Collect addresses from your first visitor.
- Sales tax nexus reaches states you have never visited — and a fulfilment centre can create it without your knowledge.
- If you state no shipping time, the law says 30 days. Overseas suppliers sit on that line.
- Your payment processor can end the business in a week. Backup account, accurate delivery dates, answer your messages.
- Track contribution margin per order, not revenue. Revenue is the number that lies.
- Digital products have 80–95% margins and your experience is the inventory. If you have no money, start there.

Acquisition cost figures vary widely by source and are given as ranges rather than averages. Tax thresholds, duty rates and platform rules change frequently — confirm current requirements before you rely on any figure here.

WORKSHEET 01

Startup Checklist

01 MODEL

02 MARGIN

03 STORE

04 LAUNCH

DONE	ACTION	NOTES / OWNER / DATE
☐	Choose one e-commerce model and one specific product.	
☐	Calculate contribution margin and break-even ROAS.	
☐	Order or review the product before selling it.	
☐	Define shipping expectations and refund handling.	
☐	Set up the business structure, EIN and bank account.	
☐	Read payment processor reserve and termination terms.	
☐	Review sales tax nexus and product-category requirements.	
☐	Build the simplest storefront that can take payment.	
☐	Sell to the first ten customers and track full order cost.	
☐	Decide whether to scale, fix the margin or change the product.	

WORKSHEET 02

Equipment and Startup Budget Worksheet

01 TOOLS

02 SAMPLES

03 SYSTEMS

04 CASH

ITEM	NEEDED?	ESTIMATE	ACTUAL	NOTES
Computer / device				
Product samples				
Packaging and labels				
Storefront platform				
Domain / email				
Payment processing setup				
Photography / creative				
Advertising test budget				
Insurance / professional help				
Contingency				
TOTAL				

BUDGET CHECK Separate the cost to open from the cost to acquire a customer and fulfil an order.

WORKSHEET 03

Pricing and Estimate Template

01 **REVENUE**

02 **COST**

03 **MARGIN**

04 **ROAS**

LINE	PER ORDER	MONTHLY	NOTES
Selling price			
Product cost			
Shipping			
Packaging			
Payment processing			
Advertising			
Refund / chargeback allowance			
Contribution margin			Revenue minus the listed variable costs
Contribution margin percentage			Contribution margin ÷ revenue
Break-even ROAS			1 ÷ contribution margin

DECISION	If contribution margin is negative, fix the margin or change the product before increasing advertising.

WORKSHEET 04

Customer Invoice Template

01 ORDER ______

02 PAYMENT ______

03 SHIP ______

04 RECORD ______

SELLER	CUSTOMER
Business: ______________________________ Address: ______________________________ Email: ______________________________	Name: ______________________________ Address: ______________________________ Email: ______________________________

INVOICE #	ORDER DATE	PAYMENT STATUS	SHIPMENT / DELIVERY

ITEM / DESCRIPTION	QTY	UNIT PRICE	AMOUNT
		Subtotal	
		Tax	
		Shipping	
		TOTAL	

TERMS	Shipping expectation / delivery terms / refund note: ____

WORKSHEET 05

Order Log and Lead Tracker

01 LEAD

02 SALE

03 FULFIL

04 FOLLOW-UP

DATE	NAME / ORDER	SOURCE	PRODUCT	VALUE	STATUS	NEXT ACTION

WEEKLY REVIEW Count leads, completed orders, refunds, chargebacks, repeat buyers and unresolved fulfilment issues.

WORKSHEET 06

Compliance and Risk Control Page

01 TAX

02 SHIPPING

03 PRODUCT

04 PROCESSOR

Check licensing, zoning, and tax rules for your own city and state before starting.

AREA	QUESTION TO ANSWER	STATUS / NOTES
Sales tax nexus	Where do sales volume, transactions, marketplaces or inventory create an obligation?	
Shipping promise	What shipment date is stated, and how will delay notices and refunds be handled?	
Product category	Do product liability, testing, labeling, customs or category-specific rules apply?	
Payment processor	What reserve, refund, chargeback and termination terms apply?	
Records	Where will orders, shipment dates, notices, refunds and tax activity be retained?	
Professional review	Which questions require a tax professional, customs broker, insurer or attorney?	

FINAL DASHBOARD

Your First 90 Days

01 DAYS 1–7

02 DAYS 8–30

03 DAYS 31–60

04 DAYS 61–90

WINDOW	COMMITMENT	RESULT / DECISION
Days 1–7	Choose the model and product. Calculate contribution margin and break-even ROAS.	
Days 8–30	Set up the business, processor, samples and simplest working storefront.	
Days 31–60	Sell to the first ten customers. Track the full cost of every order.	
Days 61–90	Review contribution margin per order. Scale, repair the margin or change the product.	

THE ONE NUMBER	Contribution margin per order.