



A FREE GUIDE FROM ARDENT SELLER

# Craft Seller Startup Checklist

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The 36 things to set up before — and after — you make your first sale. Inventory, pricing, and the legal essentials, in one place.

INVENTORY

PRICING

LEGAL



## WELCOME

# Built different on purpose.

If you sell handmade goods, baked goods from your kitchen, or digital products you designed yourself — this checklist is for you. Most guides written for "small business owners" assume you have a CFO, a co-founder, and a Shopify Plus subscription. You don't. You have a craft, a few hours after the kids are in bed, and a real desire to make this work.

We've organized the 36 most important steps into three pillars every craft business has to get right: inventory, pricing, and the legal essentials. Some are setup tasks you do once. Some are habits you build over time. None of them are optional if you want a business that lasts.

### HOW TO USE THIS CHECKLIST

Don't try to tackle everything at once. Start with Section 1, work through what applies to you, and come back when you're ready for the next pillar. Print it, mark it up, hang it on the wall — this is yours.

## WHAT'S INSIDE

- 01** Inventory Setup  
Know what you have, what it costs, and when to reorder.
- 02** Pricing Your Products  
Set prices that cover your costs and pay you fairly for your time.
- 03** Legal & Tax Essentials  
The paperwork that keeps your business — and your home — protected.

## SECTION 01

# Inventory Setup

If you don't know what materials you have, you can't price your products honestly, fulfill orders reliably, or know when you're actually making money. This is the foundation. Start here.

## Catalog your materials

- List every raw material and supply you currently own.**  
Yarn, fabric, beads, flour, sugar, packaging, labels — if it goes into a product or out the door with it, it belongs on the list.
- Record current cost per unit for each item.**  
Pull it from your last receipt. Update it whenever you reorder. Yes, even the 'cheap' stuff — it adds up faster than you think.
- Choose a unit of measure for each item — and stick to it.**  
Grams or ounces. Yards or meters. Each or dozen. Pick one per item and be consistent. Mixed units are how recipes silently break.
- Add packaging and shipping supplies as inventory items.**  
Boxes, mailers, tissue, twine, custom stickers — these are real product costs, not 'office supplies.'
- Record your supplier and lead time for each material.**  
When you run out of your signature ribbon mid-holiday-rush, you'll thank yourself for writing down which Etsy seller had it in stock.
- Set a reorder threshold for anything you can't make without.**  
Decide the 'low-stock' level before you're panicking at midnight.

## Establish a counting habit

- Pick a counting cadence and put it on the calendar.**  
Monthly is the floor. Weekly during peak season. The count is the moment your books and reality re-sync.
- Photograph your raw materials.**  
A photo catalog makes it easier to identify, search, and onboard a helper later. It also gives you proof of inventory if you ever need to file an insurance claim.

**Decide what gets 'serial-tracked' vs. counted in bulk.**

Limited-edition fabric? Track every yard. Generic poly-fill? Count by the bag. Match the precision to the value.

 **Pick the system you'll actually use.**

Spreadsheet, notebook, or a dedicated tool — the best system is the one you'll keep up with for more than two weeks.

**PRO INSIGHT**

The single biggest mistake new craft sellers make is treating "materials I bought" as "cost of goods sold." A \$40 spool of ribbon isn't \$40 in costs — it's \$40 of inventory. The cost only hits your books when ribbon goes into a finished product that sells. Track it that way from day one and your numbers will tell the truth.

## SECTION 02

# Pricing Your Products

Underpricing is the #1 reason craft businesses fail to scale past “expensive hobby.” Your price has to cover four things: materials, your labor, business overhead, and the fees other people charge you to sell. Skip any one and you’re funding your business out of pocket.

## Know your true costs

- Calculate the true material cost of one finished unit.**  
Use your inventory cost per unit, multiplied by the quantity each product actually consumes. Add 5–10% for waste and mistakes.
- Time yourself making one unit — really.**  
Stopwatch it. Average across three batches. Don't guess. Most makers underestimate their own labor by 30–50%.
- Set your hourly labor rate, and pay yourself.**  
Whatever you'd charge to do this work for someone else. If you'd say no to \$15/hour, your business shouldn't pay you \$8.
- Calculate your monthly overhead.**  
Workspace cost, utilities, software, insurance, internet, marketing tools. Total it up and divide by an honest estimate of monthly units to get an overhead allocation per item.

## Account for the fees you don't see

- Build in marketplace listing & transaction fees.**  
Etsy, for example, charges around 6.5% per transaction plus a small listing fee. Other marketplaces vary — check before you list, not after.
- Build in payment processing fees.**  
Most processors take roughly 2.9% + \$0.30 per transaction. On a \$15 item that's nearly 5% off the top.
- Account for shipping that you don't pass through.**  
Free shipping is never free — it's a price increase you absorbed. Run the math both ways and pick the one customers actually convert on.

**Reserve a discount budget.**

Sales, promo codes, abandoned-cart offers, holiday discounts — build 5–10% of room into your prices so promotions don't eat your margin.

## Set prices with intention

 **Set a target gross margin — write it down.**

Most healthy craft businesses aim for 50–70% gross margin on retail. Below 40% is a treadmill. Below 30% is a hobby.

 **Differentiate wholesale and retail pricing.**

Wholesale buyers expect 50% off retail and steady reorders. If you can't make money at half-price, you're not ready for wholesale.

 **Test your prices, then test them again.**

Raise prices on your top-selling items by 10% and watch what happens. Most craft sellers leave money on the table here.

 **Review prices every quarter.**

Material costs rise. Your skill rises. Your prices should too. Put a recurring calendar event for a 15-minute price review.

### A SIMPLE PRICING FORMULA

Materials + (Labor hours × your hourly rate) + Overhead allocation = Base cost. Then multiply by 2× for wholesale, 2.5–3× for retail. If the result feels “too high,” the answer is rarely to lower the price — it's to lower the cost or raise the perceived value.

## SECTION 03

# Legal & Tax Essentials

This is the section everyone wants to skip. Don't. The setup work is mostly free, takes a weekend, and protects your home and savings from a customer dispute, an audit, or a slip on the front porch during a delivery. Get it done once and forget about it.

## Set up your business entity

- Decide on a business structure.**  
Sole proprietor is fastest and free. An LLC adds liability protection between your business and your personal assets — usually worth it once you're selling consistently.
- Register your business name.**  
If you're trading under a name that isn't your legal name, you likely need a DBA ('doing business as') registration with your state or county.
- Get a free EIN from the IRS.**  
It takes 10 minutes online at [irs.gov](https://irs.gov) and lets you open a business bank account without using your Social Security Number.
- Open a separate business checking account.**  
Non-negotiable. Mixing personal and business money makes bookkeeping a nightmare and weakens any liability protection an LLC gives you.

## Permits, taxes, and zoning

- Check your local and state business license requirements.**  
Most cities require a general business license, even for home-based sellers. The fee is usually under \$100/year.
- Apply for a sales tax permit in your home state.**  
Required before you collect sales tax — which most states require you to do, even on online sales. Marketplaces like Etsy collect and remit for you in many states, but you're still responsible for your own filings.
- Understand sales tax nexus for online sales.**  
Selling at high enough volume into another state can create 'nexus' there, requiring you to register and collect tax. Most small sellers stay under thresholds, but know yours.

**Verify zoning & cottage food laws if you work from home.**

Bakers especially: most states have a cottage food law that permits home-baked sales up to a revenue cap, with rules about labeling and what you can sell. Some HOAs prohibit home businesses entirely. Check before you list.

 **Set aside 25–30% of profit for taxes.**

Open a separate savings account and move the percentage every time you transfer profit to yourself. Quarterly estimated payments to the IRS are due Apr 15, Jun 15, Sep 15, and Jan 15.

## Protect what you've built

 **Get product liability insurance.**

If a customer's child chokes on your bead, or a candle starts a fire, you want a policy between you and the lawsuit. A basic policy from a craft-friendly carrier runs \$200–\$400/year.

 **Photograph and document your designs.**

Date-stamped photos, drafts, and dated emails establish a record of original creation if anyone copies your work.

 **Trademark your brand name once you scale.**

Once you're consistently selling under your name, a federal trademark protects it. Until then, at minimum search the USPTO TESS database to confirm you're not infringing on someone else.

 **Save every business receipt, digitally.**

Phone-photo the receipt the day of purchase. The IRS wants records for 3–7 years. A simple folder per year works fine.

 **Write Terms of Sale, Shipping, and Returns policies.**

Even a simple version on your shop page resolves 90% of customer disputes before they start.

### IMPORTANT

Business and tax law varies by state, county, and city — and it changes. The items in this section are a starting point, not legal or tax advice. For your specific situation, talk to a CPA and a small-business attorney before you make a final decision. Most offer free 30-minute consults.

**YOU'VE GOT THIS.**

## Now build something that lasts.

A checklist on its own won't run your business. You need a system that grows with you — one that tracks every spool, every batch, every sale, and tells you exactly what each product is really costing you to make.

That's what we built Ardent Seller to do.



## Ready to stop juggling spreadsheets?

Ardent Seller is the all-in-one inventory, manufacturing, and sales platform built for makers, bakers, and creators who are ready to grow their business without the spreadsheet chaos. Track inventory, cost recipes, and watch your margins — all in one place. Every feature included on every plan, including the free tier.

[www.ardentseller.app](http://www.ardentseller.app)

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