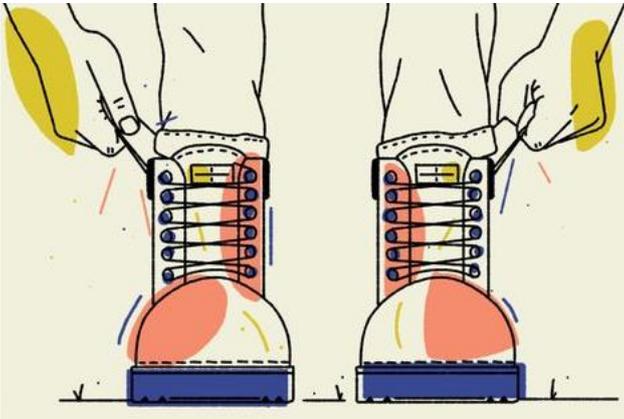


This article first appeared in the **July 2020 issue of Eureka!NEWS**. It is repeated here as we believe the subject matter, while an overview, is an important and complicated one and the words below give a good general understanding on Bootstrapping a business.

Is the Bootstrapping business model for you? It's all about Self-reliance.

To '**pull yourself up by your bootstraps**' is an English idiom that essentially means to improve your situation or succeed or elevate yourself by your own, unaided efforts, and with little or no outside help. When used in a business sense, the term is familiar to entrepreneurs and others wanting to 'do' anything without external funding or sometimes, practical help



So BOOTSTRAPPING essentially means starting a business from scratch and building it up with minimum (or no) outside investment.

For the inventor, the concept can also be used in any of the invention process steps or any part of bringing an idea to fruition.

They say that if you are starting a business for the first time, then it's better to bootstrap. There are many reasons for this advice, but by bootstrapping a business, you can learn everything about start-up finances, costs, budgeting, manufacture, marketing, operating and selling ... and a whole lot else in between. Besides, confidence is the key – believing in yourself and your invention will make you focus on successful actions. And every positive action you take means more profits.

An entrepreneur does more than anyone thinks possible with less than anyone thinks possible.

Step-by-step invention and start-up funding has always been (and it seems will always be) a problem for inventors and innovators so let's look at this business model in more detail. As already noted, you can use this thinking to help you get from step to step while you are following the invention process if you are still on your way to producing your 'idea'. You need to know and have more than just an idea.



With a viable product **how do you start** if bootstrapping as a business model is a must?

- ⇒ First off, starting and building up a business with minimum or no outside investment is hard work.
- ⇒ You need to understand how a business is run, so speak to business owners, research, read, observe, go 'you-tubing', keep an open mind, study success stories, develop a growth mind-set.
- ⇒ Take stock of your resources, be very clear about how you will 'spend' what you've got.
- ⇒ Know and understand your product. Identify and understand your customer.
- ⇒ start small. **Grow** into the spaces left behind, deliberately and surely.
- ⇒ Be creative. Be a problem solver. Take action quickly.
- ⇒ Generate profitable income from customers quickly; be financially disciplined.
- ⇒ Don't focus on personal profits initially, the time for profits will come.
- ⇒ Learn as many skills as possible then pick team members who complement your talents. You can't do everything and be everything, do what you're good at.
- ⇒ Make money from Day One. A bootstrapped business has no choice. There's no cushion in the bank and not much in the pockets. It's make money or go home. To a bootstrapped business, money is air.
- ⇒ Keep your word.

Remember: You will never know it all. You will learn something new everyday. Just get on with it.

Some PROs of Bootstrapping

- Investors can't influence or make demands on your business. Bootstrapping means you can be your own boss, It's 100% yours.
- You don't have to worry about equity, you don't have to give away shares in your business as a price to be paid for being funded.
- You can take risks, make your own decisions, and do things your way. With an investor you cannot make decisions without the 'approval' of the board or other interested parties.
- You can make quick decisions, change direction, pick and choose whatever and adapt without dragging along the 'mini' bosses.

Some CONs of Bootstrapping

- If you need them, you have to search for mentors. You won't get access to the help of start-up or financial or marketing experts etc. that often comes as part of the package with investors in or funders of your business.
- Your growth will be relatively slow. Bootstrapped sme's don't grow as fast as funded start-ups do because they have fewer resources, things may take longer to develop.
- You may have to hire less experienced (and therefore 'cheaper') talent. Maybe you can offer shares in the business or sweat equity' in lieu of paying full wages.

Surprisingly, many of the hugely successful companies like Microsoft, Dell, HP, Craigslist, MailChimp, Go-Pro and Apple were once bootstrapped start-ups. Steve Jobs and Steve Wozniak apparently bootstrapped **Apple** by selling their car and calculator. Today Apple is worth in excess of \$640 billion.

Australian Nick Woodman, founded **GoPro** when saw a gap in the sports camera niche while surfing. He bootstrapped the business until 2012 when a tech firm Foxconn injected \$200 million into his business. Two years later, the business was valued at more than \$2 billion.

MailChimp was founded in 2001, the product developed as the owners used their own funds to keep it going. It now it has over 12 million customers and last year it made more than \$400 million in profits.

"When building your business, do not be impatient if your progress seems slow. Do not try to run faster than you presently can. If you are working hard, serving your customers well and using your resources optimally, you are making progress whether you are aware of it or not." Jake Abrams, Owner, Mini-Business Coaching.



"A bootstrap business needs to be profitable right away or within a matter of months – not five years along the line like other businesses."

Stephen Hart, CEO Cardswitcher



"Think carefully and time it properly and don't take money if you don't know what you will do with it."

Pere Hospital, Co-Founder Cloudways



"Your early customers are the most precious asset you have."

Tyler Rooney, Co-Founder, Format



"Worry about every dollar you spend before (and even after) you're profitable."

Chris Wantstrath, CEO GitHub



"Have patience as there will be times you will want to quit but don't. It takes time to build a business."

Safwan Khan, Founder, Startupily.



"If everyone starts giving away their product for free (to get future business) in the end, there will be 0 customers and 0 revenue."

Devashish Mangain, Co-Founder Kommunicate



"Bootstrapping means crunching every possible number and sticking to a very tight budget."

Deborah Sweeney, CEO, My Corporation.



"In order to get the most out of bootstrapping you need to learn to become an expert in scarce resource utilisation."

Bryan Johnson, Founder Baintree, OS fund and Kernel.

There is so much more to bootstrapping than what you have read above but essentially, this is it – it's all about using your own money, frugal spending, good business habits, self-discipline, self-reliance and consistency. Perseverance and optimism are important too.

Words by Celeste Mulholland