

## **Bootstrapping a Startup**

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**Bootstrapping is building a company from the ground up with nothing but personal savings and with the cash coming in from the first sales. The term is also used as a noun: A bootstrap is a business an entrepreneur, with little or no outside cash or other support, launches. The word bootstrapping has come to be used for a variety of other self-starting processes. It describes the creation of complex software programs in successive and interdependent stages. The term "booting up" for starting up a computer's operating system may come from bootstrapping. Bootstrapping has its origin in the early 19th century with the expression "pulling up by one's own bootstraps." Initially, it implied an obviously impossible feat. Later, it became a metaphor for achieving success with no outside assistance. Bootstrapping is a tough way to go. It places all the financial risk on the entrepreneur. On the other hand, the entrepreneur is able to maintain total control over all decisions and the business itself. Bootstrapping is building a company from the ground up with nothing but personal savings. The bootstrapped entrepreneur retains total control of the business and makes all of the decisions. It is rarely a quick way to turn a profit but bootstrapping can be a way to start slowly bringing in revenue. Bootstrapping allows business owners to experiment more with their brand as there is no pressure from investors to get the product right the first time. Bootstrapping is an attractive way to launch and run a startup for many founders, primarily because it gives more freedom to the founders than getting investors to invest in the company.**

**Bootstrapping a business is difficult, but it is by no means impossible. With the right amount of hard work, collaboration, and passion for your company, it is almost easy to give up a chunk of your personal life today for the sake of your future. Ultimately, bootstrapping is making an investment in yourself that will pay off for your company in the long run. Finance your own business and keep 100 percent. Bootstrapping a startup means starting lean and without the help of outside capital. It means continuing to fuel growth internally from cash flow produced by the business. Bootstrapping your startup means growing your business with little or no venture capital or outside investment. It means relying on your**

own savings and revenue to operate and expand. Bootstrapping a business is a lesson in hard work and flexibility but ultimately it can help accelerate a company's success. By definition, the term bootstrapping generally refers to a "self-starting process that is supposed to proceed without external input." In the world of entrepreneurship, bootstrapping a startup refers to launching the enterprise without external funding. But for most founders, bootstrapping a startup really means launching without seeking venture capital, angel investors or other types of investment capital.

## **The Pros of Bootstrapping Your Startup**

### **1) Ownership of Your Business**

As a solo entrepreneur, bootstrapping means you can continue to own 100% of your business. Even with a much smaller company and revenues, your share may be worth more than if you raised money to achieve a billion dollar valuation.

### **2) Control Over Direction**

As soon as you take outside money you take on exterior pressure and responsibility to satisfy other people's interests. Those may be very different from your vision. Their timeline and values can be different than yours. There are solutions like super-voting rights that can give you more control when raising capital. Though, if artistic direction and control over decisions is a top priority for you, bootstrapping is probably the way to go.

### **3) Keeping Your Business**

If your idea is to keep this as a lifetime business, then bootstrapping is what you want. Otherwise outside investors are going to put you on a clock for achieving a sizeable exit. Normally within about 10 years.

### **4) Sense of Accomplishment**

For some entrepreneurs, the ability to one day look at this venture and say "I built that" is where they get their sense of significance.

### **5) Being Forced to Build a Business Model That Really Works**

If you are going to bootstrap, you are forced to quickly build a business model which really works and which can produce positive cash flow and profits right away. That is a good thing. Everything else can be built on and scaled from there. Find a model that makes money. Sounds like a no-brainer but it needs to be said. The businesses that use the bootstrapping model the best generate money quickly. Not all businesses are equally ripe for bootstrapping. The most successful bootstrapped companies have a business model that generates cash as quickly as possible. Without any cash inflow, you will burn your reserves before gaining any real traction. Focus on operations. Bootstrapping is about focusing on the nuts and bolts, about putting all the pieces in place so you can get to where you need to be, eventually.

**This could mean making a minimum viable product that you can introduce to the market and even hope to bring in steady, if not high, revenue while you continue to pilot test other ideas.**

### **Know Your Target Market**

**You might think that you have already done the work to define those people likely to buy what you have got to sell. However, early sales numbers should be the jumping off point you use to make necessary adjustments.**

### **Branding and Marketing**

**Once you have defined what your company does, what it offers and the problem it solves, you must focus your attention on the branding and marketing of your company.**

- 1. When trying to secure press mentions with media channels, carefully analyse the publications you are targeting and ensure that they are a right fit for your company.**
- 2. Once you've determined which channel will publish your company's story, establish a strong relationship with a journalist who writes articles related to your industry.**
- 3. Remember, media channels only publish stories that are newsworthy, so ensure that the story you pitch to publications would interest as wide an audience as possible.**
- 4. Restrict your pitch emails to two short paragraphs or less when engaging with your media contacts to pique their interest without boring them.**
- 5. Establish yourself as a well of industry knowledge and an expert in your field to increase your chances of attracting more attention from journalists.**
- 6. When managing your startup's social media account, stay active and be consistent with your posts. Also, make your posts fun and engage with your followers - no one likes social media posts that look like they were written by robots.**
- 7. Refrain from posting only about you and your company, so make sure the bulk of your social media content is about industry-related articles that your audience is interested in, sprinkled with content about your company.**
- 8. Research your industry to develop your startup's unique selling propositions. Remember, all of your startup's messaging should employ these USPs as their focal point.**
- 10. Your startup's content strategy should be built around whatever it is you want your visitors to do once they arrive on your site, so be sure to optimise your website's internal pages for conversions.**

### **Sales and Traction**

**Sales and traction are what startups need to start bringing in revenue and are important metrics of success. How can you generate sales and traction without burning up too much money in the process?**

- 11. Highlight the benefits and value of your product to your customers, instead of just showcasing the features.**
- 12. Create a blog and develop a strong content marketing strategy to attract more potential users to your company's website.**

13. An effective e-mail campaign targeted to your offering's demographic can be very powerful in convincing your potential customers of the value of your offering.
14. Cold call potential customers in order to reach them quickly and get a response without spending much money.
15. Host contests on social media and provide your product as a reward as this will help increase awareness and boost user engagement.

#### **Startup Legal and IP**

Legal work can be cumbersome, especially when you are trying to focus on the your core product or service.

16. Designate intellectual property to your company early on during the formation of your startup.
17. Protect and file intellectual property claims from others (patent trolls) with Patents, Copyrights and Trademarks.
18. Choose the correct legal entity carefully to protect liability for your company.
19. Take care when drafting the terms of use documents for your product or service.

#### **Naming and Positioning**

Naming and positioning your company can seem like a daunting task. A name will be the forefront of your company. Eventually it will become synonymous with your products, services or brand. Along with this, you will have to position your company in order to differentiate your products or services from the rest.

#### **Positioning**

Positioning your company helps establish your company's brand in the eyes of the consumer. Here are some questions to consider when positioning:

20. What makes your company different from your competitors? Create a list of what makes you different. This can help narrow your target market and understand the benefits your company offers that another does not.
21. What makes your product / service unique? Figure out what makes your company stand out so you can use it as an advantage.
22. What are your customers really buying from you? Besides the actual product / service, think about the other benefits a consumer receives. These are characteristics like quality, aesthetic, brand name, etc.

Once you have got these basics down, you can start preparing your image:

23. Craft a positioning statement: In a few sentences, summarise what your company provides for your target demographic and what sets you apart, if not above, your competitors.
24. Create image-marketing materials that encapsulates what makes your offering so unique and valuable.
25. Use the positioning statement in written communication to your consumers to establish your startup as a leading company in your market.

- 26. Test your position statement on social media platform to see if you are attracting the right market and if the imagery that you are using is boosting user engagement.**
- 27. Make your company's name memorable. Users need to be able to remember the company name in order to share it with others.**
- 28. Make your company's name spellable. If users cannot spell your company name, they will not be able to find it when searching for your products / services.**
- 29. Make your company's name engaging. Think about what your users will associate your company name towards? What feelings does the company name evoke? Will they associate the name with the image of the company?**

**Social media is one of the most cost-effective ways of marketing your startup. In addition to providing a platform for growing your brand, it offers an easy medium for promotion and customer service opportunities.**

- 1. Be frequent and consistent: Social media is a way for you to build your brand's voice. You should not only post regularly, but there should be a uniformed identity to your posts. Additionally, do not over post or deviate from your brand's message.**
- 2. It is not about you, it is about your customer: Most brands use their social media accounts only for promotional purposes. This is a failed strategy as it provides no value to their followers. Instead, find and share information that your customers want to see and occasionally mix in your promoted content.**
- 3. Engage with your followers: Social media is a way for your startup to interact with current and future customers. Leverage your followers and make them feel like valuable members of your brand. Also, do not be afraid of social confrontation, approach any complaint as an opportunity to show your brand's customer service capabilities. Lastly, do not hide from failures, you are a startup and are bound to face some hurdles along the way. Strategically approach these as opportunities to win over customers with good customer service and express your brand's long-term vision as frequently as possible.**

**Content is still king.**

**Why is content so important? It is the vehicle for conveying your brand's message. If your content is not clear and message not well-formulated, you will undoubtedly struggle to succeed. The value of a strong brand in today's crowded marketplace is worth its weight in gold. Your brand is what makes you different. It attracts new users and gets people's attention among all the competition out there. Use content-marketing tactics to attract users. Content marketing is one of the most effective ways to reach new people. You need to maintain a strong brand presence and keep a watchful eye on expenses.**

- 1. Critically think about your message: Content marketing should not be a process of throwing messages against the wall and seeing what sticks. To effectively brand your startup, you should engage in industry research and formulate unique selling propositions. Your message then needs to keep these USPs as the focal point. Avoid focusing on your features and instead sell the benefits.**
- 2. Do outreach yourself: One of the most important steps to an effective content marketing strategy is content promotion. After you produce an incredible piece of branded content, you need to amplify that piece of content as much as possible. Leverage your social media**

profiles, reach out to LinkedIn groups or industry forums and contribute to other popular sites that your consumers might visit. Invest a few hours a week to outreach or off-site writing and your startup will begin to gain traction.

Running a startup on a shoestring budget is hard enough. If you can keep marketing costs down while capitalising on successful digital opportunities, you will be able to improve your brand's visibility without squandering a large budget.

#### **Watch Your Cash Like a Hawk, Daily**

Evaluate every expense carefully. When the money is rolling in, some expenses become an after-thought. If you let your guard down and start freely spending, it can cause a problem down the line if business slows or you face a challenge. Being financially responsible is key. You also develop a business survival mindset when you are constantly cautious about expenses. Reduce overhead costs as much as you can. Overhead expenses are the number one money-drainer of any new business. So with limited funding, your first priority is to keep your expenses lean. Part of reducing costs is doing as much as possible by yourself. Ask the question, "Is this really necessary?" Before adding a line item to your startup budget ask yourself if the expense is really necessary and more important, be certain you know what the return on that investment will be and how it will help you move forward. Do not add expenses to your budget unless they really are necessary.

#### **Cut Personal Expenses**

Without a salary, you will not have money to spend – so do not expect to live a posh life when first starting your company. Consider every purchase and only spend what is necessary. Staying frugal when you first start out is a great way to learn the financial ropes for the times when you start to make money. Do not think about the salary you can draw when you are a startup - think about reinvesting the cash to grow the business. Whatever your salary or budget is, get used to living frugally during the first few years of your startup.

#### **Manage an Income Stream**

Make sure that you maintain a stable income stream while you build your startup.

#### **Do Not Outsource Jobs You Can do Yourself**

When bootstrapping, hiring out for a job you could do yourself is an avoidable expense and a wasted organisational learning experience.

#### **Invest in Your Website Domain and Incorporating**

Incorporating and securing your website domain are major exceptions to the "price over quality" rule. Regarding your domain, do not think you can buy it later once you have more traction. Buy the domain outright from the beginning and start building brand equity around it from day one. While it is important to keep costs as low as possible, spending on your website is a necessary and justified expense. Do not skimp on this if this will give you the online presence that can be crucial for your business. Optimise internal pages for conversions: What do you want visitors to do when they land on your site? Your entire

**content strategy should be built with this question in mind. Once you know the action you want users to do then you can find affordable tools for perpetuating those actions. Optimise forms on your site to build a stronger inbound lead funnel. Find cheap and reliable cart services to sell products directly through your site.**

#### **Do Not Forget Customer Service**

**As a starting venture, you need as many satisfied customers as you can to get the word out about your brand.**

#### **Be Discerning When Chasing Revenue**

**While you chase revenue, you will randomly encounter tricky opportunities that achieve a significant bump in growth at the expense of modifying your operational model or product offering. Evaluate these opportunities before jumping on them: Seize them if they're aligned with your long-term goals, and decline if they will become a huge distraction from achieving further growth. At an early stage, what might appear to be a revenue touchdown may distract you from building a real replicable business.**

#### **Do Not Take "No" for an Answer**

**When you are so small, vendors and suppliers will not want to work with you; it will take a personal touch to get what you need. Work to build personal connections with partners that may help your business in the long run. This may help obtain the resources your startup needs to get moving, at a price that will not break the bank.**

#### **The Cons of Bootstrapping for Startups**

##### **1) Chances of Survival**

**One of the top reasons for business failure is running out of money.**

##### **2) Growth**

**The main reason that entrepreneurs go out to fundraise lots of capital is to scale big and fast. For many, that is their strategy to survive and thrive. Without outside capital, you will be limited on your visibility, the marketing you can do and what you can do to serve your customers. All of that can stunt growth potential.**

##### **4) Hard Work**

**You are going to have to work a lot harder, work more hours and manage more roles as a bootstrapped startup.**

**Bootstrapping continues to be an attractive option for startup entrepreneurs. It can bring a lot of benefits. Just be aware of the risks.**

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