

CHECKLIST: BOOTSTRAP



You do not necessarily need external funds to grow your startup: another option is using your own cleverness and revenues to grow. That's what we call bootstrapping.

WHY BOOTSTRAP ?

Bootstrapping is hard but rewarding:

- Nothing is more satisfying than people paying for your product because they are happy with it.
- Money talks: successful bootstrapping (real users, real traction, real revenues) puts you in the best position to negotiate with investors later. There is no such a thing as a negotiation if you do not have leverage.

BOOTSTRAPPING IS NOT CONSULTING

A very common bootstrap strategy is to begin by selling services to fund the development of the product. The truth is that it is very hard to stay focused when you have clients requiring a lot of customized work: you'll end up being a service provider. Here the focus is how to build a product company, how to scale, how to become self-sustainable.

DO NOT BELIEVE WHAT YOU READ/SEE

What you read in the press about fantastic fundraising and entrepreneurs is storytelling: the press writes what people want to read, what people will share, stories that sell. Do not believe it, do not benchmark yourself with it, do not compare your inside with the outside of the others. Only losers benchmark - never look at your competitors.

BE CREATIVELY CHEAP

At the beginning, your budget is a mistake budget. While you are learning and making all those mistakes, do it for free: having no money means you are forced to use your imagination to solve problems. Having too much of a budget makes you stupid :)

SMALL SAVINGS MAKE BIG GAMES

It is counterintuitive but with no money, you have access to things you will not be able to get after that: your best hires for example, people who come to you because they are in love with the project and not for money or social status.

DO THINGS THAT DO NOT SCALE

Every entrepreneur wants to start at scale: it is impossible. The first steps require a lot of manual energy, there is no possible shortcut. The right methodology is to be on the market on day 1: find a cheap, unscalable solution, fake it if needed, but go to market.

USE YOUR NETWORK TO PROVE SATISFACTION

Do not try to convince strangers before you convince your friends. So before buying Facebook ads, convince each and every friend that you have. This is true as well with B2B and old colleagues.

BE AGGRESSIVE

The only way to bootstrap a company is the collision methodology: do not wait for people to come to you, force them. Focus on people you know to get your early traction.

FOLLOW YOUR KPIS WEEKLY

You need a KPI dashboard to know if you are on track, if what you're doing is working or not.

PAY WITH RISK - CASH NOW IS MORE PRECIOUS THAN CASH LATER

Right now you do not have cash, so pay with agreements / promises on the future, conditioned by milestones: if you are successful, it was an investment; if you are dead, you don't owe anything. Plus that way the service provider is aligned with your interests. And never pay people with equity because equity is forever.

PAY LATE, COLLECT EARLY, SELL HIGH, BUY LOW

Startups are afraid to pay late - they always pay their bills first because they are nice and inexperienced people. Be shameless. By the way, be hardcore with your bank. The only limit is to never put yourself at personal risk and to never accept any personal loan.

SKIP THE SEED - BETTER VALUATION, MORE TIME SAVED

- Seed rounds cost a lot, especially in Europe: around 20-30% of your company for a very small amount of money. That money can be built from revenues. So skip the seed, go directly to a 5-10M

first round for the same 20-30%. This completely changes the final ownership you can get.

- The next problem with seed is that anyone can be a seed investor, because by definition you don't need a lot of money. That means you never know who is good or bad. Skipping seed prevents you from committing to toxic investors.
- And last, by skipping the seed you will reach a much higher valuation because you will have a very high amount of goodwill: valuations are made on the ratio between the resources you had and what you did with them.

HIRE ONLY WHO YOU CAN TRUST. HIRE TO DO SOMETHING YOU UNDERSTAND

You must know every function before thinking about delegating it; then when you are comfortable with the work, you can hire someone who is better than you.

DELEGATE WHAT YOU KNOW BEST

This way you know exactly whether or not your employee is any good.

Focus your attention on what you are not good at, find a solution, then delegate it. Your ultimate goal is to delegate everything: do not keep the most important things for yourself just because you are good at it, or you will become the bottleneck of your company.

BEWARE OF INTERNS

Interns are great in a growing environment but they are dangerous before product-market fit: you do not know what you are doing and you're delegating to people who are even worse. Remember: if you bootstrap, you cannot make any management mistakes, they cost too much.

DO NOT DO STUPID THINGS - OUTSOURCE

Outsource repetitive tasks, optimize every process.

HOW TO END THE BOOTSTRAP?

You have to understand that you do not decide when to fundraise. No one is waiting for you. The good moment to end bootstrapping is the moment the bootstrap ends :) Just put yourself in a position where fundraising becomes obvious, where you are getting chased by investors.