

What I Wish I Knew Before Bootstrapping My Startup

Here are some key strategies to focus on when bootstrapping a firm.

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Bootstrapping your startup means growing your business with little or no venture capital or outside investment. It means relying on your own savings and business revenue to operate and grow. We started off Laumière Gourmet Fruits as a bootstrapped firm and it has been definitely difficult, but it's been worth it. Creating a bootstrapped business challenges you to focus extensively on business plans and get you to generate revenue as soon as possible. One common factor you will see is that successful bootstrapped companies have a business plan that generates cash as quickly as possible. With no cash inflow, a bootstrapped firm will burn the reserves before gaining any real traction. That's really important to focus on early on.

Here are some of the things I wish I learned before bootstrapping my business:

Maintain a negative cash conversion cycle

I did not know this before I started, but as soon as I learned, we focused on it to avoid cash flow problems. To elaborate, a negative cash conversion cycle means it will take

you longer to pay your suppliers than you take to sell your inventory and collect money from your sales. This means that your suppliers and sales finance your daily operations. As a result, you do not need external cash to grow. If you can collect the money from customers, maintain optimized inventory and vertically integrate to sell directly, your products you will end up sustaining as a bootstrapped company.

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Never spend beyond your means

When spending on anything, you should ask, “Do you really need to spend on this now? Does this positively affect your business?” Spend your money where it makes a big difference – on the customers and on the essentials. A startup grows by acquiring and retaining customers. Always spend on the aspect of the business where you know you have a return coming in due time and that translates directly to happy customers in the long term.

Watch with detail

With a bootstrapped business, you need to keep a close eye on the payments going out. There are a lot of tools and software that help track spending and calculate burn rate. Any specific area you can save on, do so at the earliest. This is really important because if not done, you will end up losing more than you make. And as a bootstrapped firm, it will get difficult.

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Running a small business is a

blessing in disguise

It's easy to give up and be disheartened by poor results, but there are several benefits that apply to a small business compared to large firms. Some of the key ones are that it's easier to build a relationship with customers because you can have an authentic conversation that is not based on transactions and documentations. Feedback can be heard early on and acted up even earlier. internal communication on the team is quicker too, with decisions being taken early on. Take advantage of the small size and grow at a reasonable and controlled pace.

Be relentless

Just because you're working on a bootstrapped startup, it does not mean it's going to be easy. Go out there and find the customers you've been aiming for. If your goal is to reach out to ten thousand customers, focus on a hundred, then a thousand, then five thousand and then ten thousand. Do what you can to get those customers in the most authentic manner. Build a relationship with any potential customer. Maybe in the future, you can land the potentials. Set goals. Work on them. Be relentless.

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