BOOTSTRAPPING: GROWING WITH YOUR OWN SALES

How to fund your business from savings and customer revenue, and when that's the smartest choice.

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AT A GLANCE

- **Bootstrapping** means funding the business yourself, through savings and sales, without outside investors.
- You keep **full ownership and control**, and you learn to run lean.
- It works best when you can **start small and get paid early**. It's harder for businesses that need big upfront costs.

Why it matters

Most small businesses in the world are bootstrapped. It forces focus on customers who pay, and every dollar of profit stays with you. Even founders who later raise money get better terms when they've proven the business with their own sales first.

Ways to bootstrap

- **Pre-sales and deposits.** Get paid before you deliver. See **I-06 Testing Your Idea Before Spending Big**.
- **Start with services.** Services often need little upfront money and can fund a product later.
- **Rent, borrow or buy used** instead of buying new equipment.
- **Keep your job** while you build. See **S-07 Building a Business Around a Job or School**.
- **Negotiate supplier terms,** so you sell products before you pay for them.
- **Reinvest profits** into the next step of growth.
- **Barter and trade services** with other founders.

Step by step

1. **List your true startup costs**, and cut everything that isn't needed to make the first sale.
2. **Decide how much of your own money you'll risk,** and stick to it.
3. **Find a way to get paid early,** with deposits, pre-orders or subscriptions.
4. **Track cash weekly.** See **M-06 Cash Flow: Why Profitable Businesses Still Run Out of Money**.

5. **Reinvest a set share of profit** into growth each month.
6. **Revisit outside funding** when a clear opportunity needs more money than sales can provide.

> EXAMPLE
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> **Yusuf** started his restaurant review-management service with $400: a laptop he already had, a $20-a-month scheduling tool and business cards. He charged clients monthly, upfront. After 8 months he had 22 restaurant clients and hired a part-time helper, all paid for by sales. He never needed outside money to reach that point.

When bootstrapping is a good fit

- Your costs to start are low.
- Customers pay upfront or quickly.
- You'd rather grow steadily than fast.
- You want to keep full control.

When to consider outside money

- A big opportunity will disappear if you grow slowly.
- Equipment or space is required before any sales.
- Competitors with more money are taking your market.

Common mistakes

- **Risking money you can't afford to lose,** like rent or emergency savings.
- **Running up personal credit cards** at high interest.
- **Not paying yourself anything for years.** See **M-12 Paying Yourself as a Founder**.
- **Being too proud to raise money** when the opportunity is clear.

Your checklist

- ☐ List startup costs and cut to the minimum
- ☐ Set a firm limit on your own money at risk
- ☐ Find one way to get paid upfront
- ☐ Track cash every week
- ☐ Decide what share of profit you'll reinvest

Key words, explained

Word	What it means
Bootstrapping	Funding a business from savings and sales.
Lean	Running with as few costs as possible.
Reinvesting	Putting profits back into the business.

Where to go next

- **R-01 The Money Map: Every Way to Fund a Business**
- **M-06 Cash Flow: Why Profitable Businesses Still Run Out of Money**
- **I-06 Testing Your Idea Before Spending Big**

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