

25 Ideas for Bootstrapping Your Startup

Brought to you by

— THE —
COMPANY
CORPORATION®
www.incorporate.com



Reading the news about startups in the news, you'd think all new entrepreneurs get millions of dollars from investors or venture capitalists to get their ideas off the ground. In reality, however, this type of startup is very rare. Instead, most fledgling entrepreneurs succeed by bootstrapping their businesses.

What is bootstrapping?

From the saying “Pull yourself up by your bootstraps,” it means starting a business without taking any outside financing. Instead, bootstrapping entrepreneurs put their own money into the business in order to launch it, then reinvest any profits back into the business to keep it going—and growing.

Bootstrapping offers many benefits to startup entrepreneurs. Because you don't borrow money from outside sources, you have no loan payments hanging over your head. With no outside investors in your company, there's no one standing over your shoulder telling you how to do things or nagging you about getting their money back. As a bootstrapper, you own 100 percent of your business, which gives you a lot of leverage—you're the only one in charge.

If you like the idea of remaining completely in control of your new company, read on for 25 ways you can bootstrap your business.

1. Look for a low-cost startup (or a low-cost alternative to your startup idea).

Starting a retail store or hip restaurant sounds like lots of fun, doesn't it? The only problem is, these businesses are costly to get off the ground. Before you can even open for business, you need to find a location, sign a lease, furnish the space and buy specialized equipment. That's not even considering the cost of hiring employees to staff the business.

Instead of a high-cost startup idea such as those above, look for ways you can get started with the amount of capital you have access to. With a little creativity, there are often lower-cost ways to launch the business of your dreams. For example, instead of opening a restaurant, how about starting with a food truck? This approach not only saves you money, but also gives you a chance to test your ideas (and recipes in the case of a restaurant) on a smaller

market to see if it's scalable.

Service businesses typically cost less to start than businesses that sell or manufacture products. In many cases, you can start a service business with nothing more than a computer, a phone, the Internet and your own know-how.

2. Generate fast cash.

The best candidates for bootstrapping are businesses that bring in income from Day One, rather than companies (such as manufacturing) that require a large investment of time and money before any payoff is realized. Try to choose a business model that will give you immediate returns, and one for which you have already identified an interested market. This will lessen the amount of time you need to build your customer base.

3. Keep your job/start part time.

Launching your new business part-time, rather than jumping in full-time, is another smart way to save money while testing the waters of entrepreneurship. You can start your business in your spare time, put all the profits back into growing the business, and still keep your day job. Just make sure your boss doesn't consider your new business competition and that you aren't violating any employment agreements by running the business. This is also a good option if you're nervous about taking the leap into business ownership cold turkey.

Or you could try getting a part-time job, giving you more time to devote to launching your startup. Perhaps you can get a job in your chosen field and learn more about what it takes to run that type of business.



4. Incorporate your business online.

When you don't have much money to spare, you need to protect what you do have. Incorporating your business is one way to keep your personal assets safe in case you are ever sued by a client or customer. Incorporation doesn't have to be expensive — not when you incorporate online instead of retaining the services of an attorney. [Find out more about incorporation and other forms of business.](#)

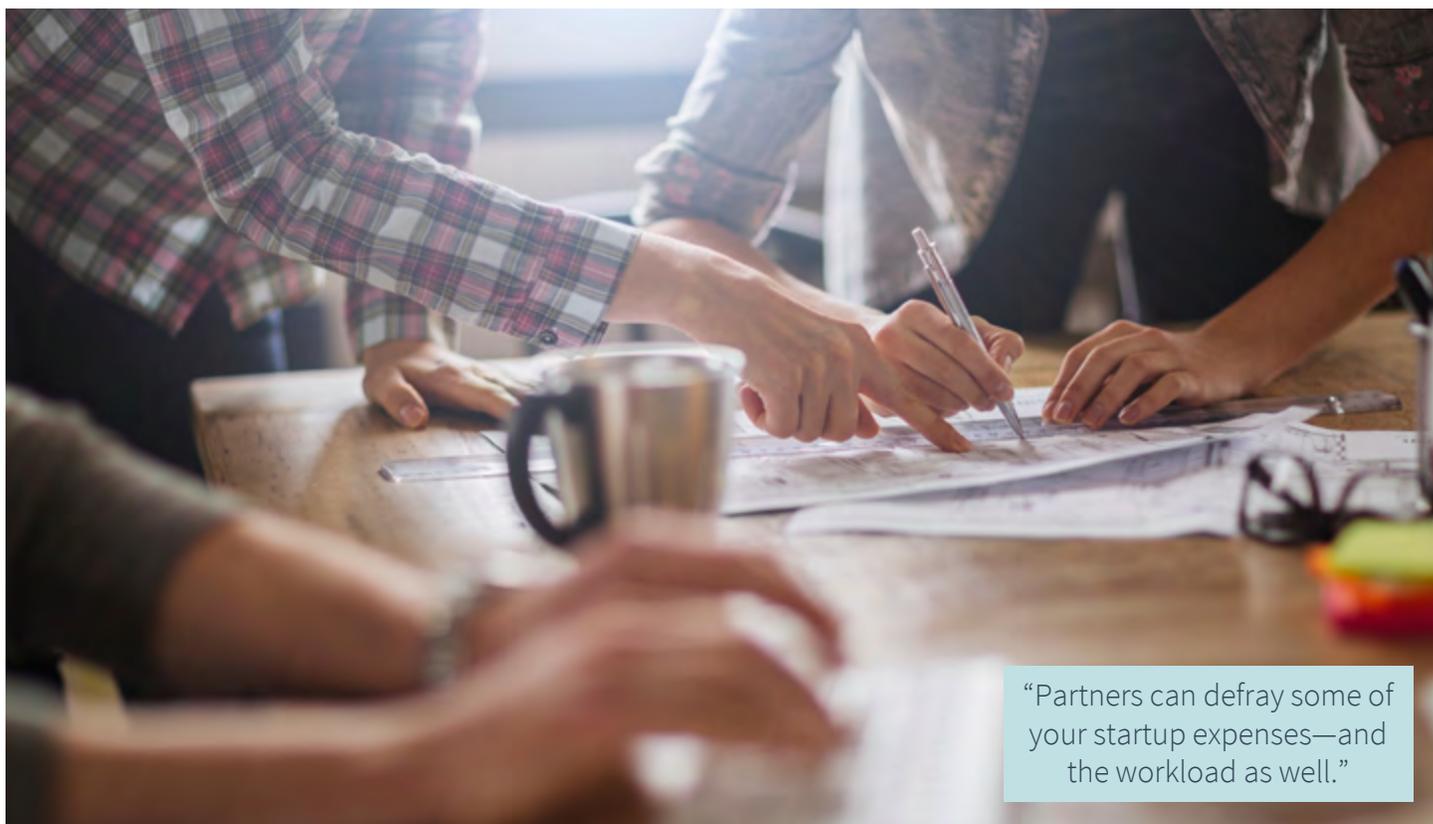
5. Cut your living expenses.

If you plan to bootstrap your business, you need to learn to live frugally. Start by cutting your living expenses as low as they can go. Your goal is to launch the business without taking a salary so all of that money can go back into the business. Can you take in a roommate to help lower your rent or mortgage payment? Can you move back

in with your parents for a while? Figure out ways to reduce all your daily cost of living—from cutting out cable television and brown-bagging lunch to staying home on weekend nights. The more pennies you can pinch now, the faster your business will grow—and the faster you can start taking a salary.

6. Find a partner.

Partners can defray some of your startup expenses—and the workload as well. Having a partner may make it easier to keep your job (see #3) and start your business since they can cover the time when you're at work. If you can find a partner who has a different skill set than yours or one who can work during the hours you're at your job, that's even better. For example, if you work 9 to 5, you could partner with someone who works evenings and has the days free to run the business.



“Partners can defray some of your startup expenses—and the workload as well.”

7. Search your savings.

To come up with the funds you need to open your business, go through all of your savings, investments and assets. Do you have money you've forgotten about, such as old savings bonds from your grandparents? Do you own anything of value that you could sell to generate startup cash, such as designer clothing, musical equipment or other property? (Note: Be cautious about tapping into retirement plan savings and other investments meant for your future, unless you're young enough to be confident that you can pay the money back.)

8. Do your market research.

Starting your business off well prepared lessens the chance that you'll ever need an emergency infusion of capital. Do your homework by performing detailed market research on your customers and your competition. [SurveyMonkey](#) is a great free tool for doing online customer surveys to see what people think of your big idea.

“Just like market research, a business plan helps ensure you make fewer mistakes so you don't waste your money.”

9. Write a business plan.

Just like market research, a business plan helps ensure you make fewer mistakes so you don't waste your money. Visit [BPlans](#) to get advice and tips on writing a business plan, plus view lots of free sample business plans and download a template you can use to create your own.

10. Work from home.

One of the easiest ways to save money on startup is to run your business from home. Thanks to technology, working from home has become so commonplace it's no longer considered a handicap in most industries — and it will save you a ton on rent, utilities and other expenses associated with traditional office space. (Be sure to check with your city's zoning commission first to make sure that working at home is legal in your community.)

11. Save money on office space.

Sometimes, working from home is not an option. Perhaps you need to meet clients in person somewhere other than a Starbucks, or your home might not have a suitable space for you to do work. No worries: There are plenty of options that won't break the bank. [Regus](#) offers everything from conference rooms and day offices to drop-in business lounges. Co-working spaces such as [WeWork](#) give you the flexibility to rent office or desk space that's shared with other business owners and freelancers. Search “co-working spaces” or “executive suites” to find options near you.

12. Don't pay for software.

With thousands of free, cloud-based apps on the market today, why shell out precious startup capital for software? For example, [Google Docs](#) and [Google Drive](#) provide everything you need to create, share and store documents, spreadsheets, presentations, photos and more online. In fact, you can find free versions of just about any type of software you need — from accounting products to photo editing tools, word processing and more.

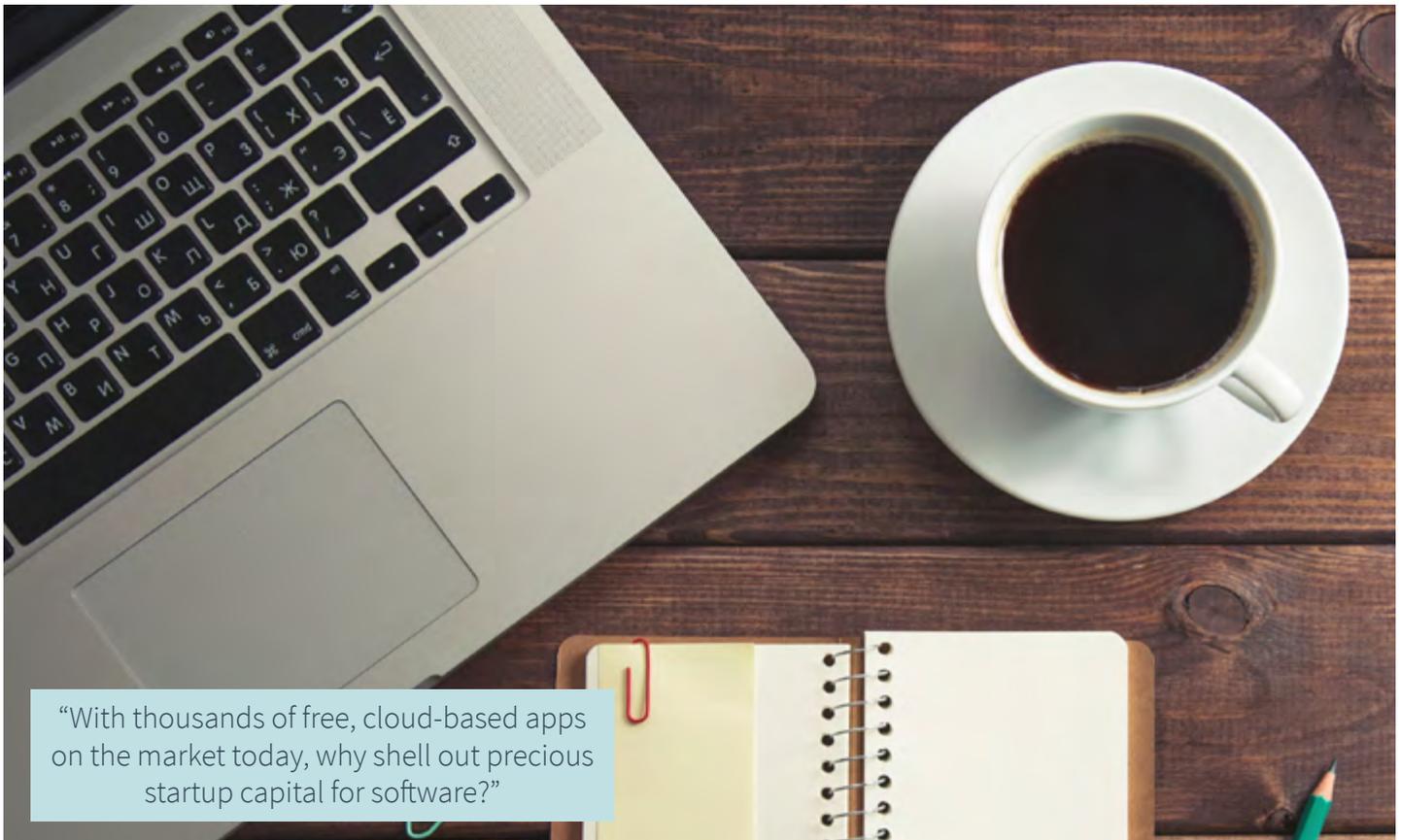
13. Use VoIP.

There's really no need for most small startups to invest in costly phone systems. Today, the quality of Voice over Internet Protocol (VoIP) calls is generally as good as that provided by any phone service. Get a free [Skype](#) account and use it to

make phone calls, hold conference calls or videoconference with prospects and contractors. For a small annual fee, you can get a Skype phone number that lets you call landlines even if the other person isn't on Skype.

14. Manage your cash flow.

Failing to track cash flow is a fatal error that trips up many new business owners. Fortunately, there's a simple solution. By using an accounting program that syncs with your business bank account online, you'll get a real-time view of your business's financial status at any given moment. Keeping an eye on money in and money out on a weekly or even daily basis best way to ensure you never run into a capital crunch. [Wave](#) is a free accounting app for small businesses, or you can try [FreshBooks](#) or [QuickBooks](#).



“With thousands of free, cloud-based apps on the market today, why shell out precious startup capital for software?”

15. Stay on top of invoicing and receivables.

You can't get paid if you don't invoice your customers, but when you're running a startup, it's easy to forget this critical step. Download one of the many free invoicing apps that enable you to create and send invoices right from your mobile device, and you'll never neglect to invoice again. You can also get paid faster by invoicing digitally, automating invoicing regular customers, and following up on past due payments right away. [Invoice-o-matic](#) and [invoice.to.me](#) are two free invoicing tools ideal for small startups. Or try [Fundbox](#) to get access to your money faster.

16. Get paid immediately.

Keep cash flowing by getting paid on the spot using mobile payment solutions such as [Square](#) or [PayPal Here](#). These tools are affordable, easy to install, and simple to use. Plus, they boost your sales potential by enabling customers to buy from you even when they don't have cash on hand. To streamline accounting, look for a mobile payment tool that integrates with your accounting software.

17. Use barter. No money?

No problem — not when you use the barter system. In bartering, you simply trade your business's products or services for another business's products or services. For instance, if you're starting a catering company, you could offer to cater a website designer's holiday party in return for them designing your business website. Just make sure to put the details of the barter arrangement in writing so everyone's on the



same page, and follow [IRS rules](#) regarding tax reporting of barter.

18. Start with the small stuff.

You can make more money faster by tackling the simplest projects first. For example, the catering company mentioned above could start out by catering backyard parties for friends who have expressed interest, make some money quickly, and then gradually build up to handling larger events. Picking the low-hanging fruit first also enables the caterer to build a fund for financing more expensive projects, such as a wedding for 500 people that requires buying a lot of food.

“ You can make more money faster by tackling the simplest projects first. ”

19. Call in favors from your family.

Can you enlist family members to help in your startup? When you find yourself in a crunch, such as needing someone to help move your furniture into your new office space, try buying your brother or your buddy a pizza and see if they can help out. It's best to enlist friends and family for "fun" short-term projects, such as a night of packing products for your first big shipment, or a day of painting your new restaurant, than to try to turn them into unpaid employees. The latter approach will lead to resentment—and to friends and family wanting a piece of your company, which can get complicated.

20. Outsource instead of hiring.

Yes, you probably need workers to help run your business, but that doesn't mean you need employees. Outsourcing work to independent contractors is a growing trend that makes perfect sense for bootstrapping business owners. Whether you need a Web developer, a marketing copywriter, a graphic designer or a bookkeeper, there are websites where you can find all of these people to work for you on an hourly or per-project basis. [UpWork](#), [Elance](#) and [Fiverr](#) are a few to check out. (Just make sure you understand the difference between independent contractors and employees, or you could get in trouble with [the IRS](#).)

21. Focus on digital marketing.

These days, marketing your business online is not only a lot cheaper than traditional print, TV or radio marketing, it's often more effective as well. Start by developing the best business website you can afford, making sure it's mobile friendly. Create

a presence on social media, focusing on the sites where your target market spends most of their time. (Use tools like [Buffer](#) and [Hootsuite](#) to manage your social media accounts.) As you gather fans and followers, ask if they want to sign up to receive marketing emails from your business. Email is still the most effective marketing method for most small businesses, and email marketing services such as [Mailchimp](#) and [Constant Contact](#) are very affordable.

22. Boost your image.

Visuals are key to marketing your brand today—so they need to be high quality. Fortunately, you don't have to blow your whole budget to get good photos and graphics. You can download free images for your business website, social media or emails at [Startup Stockphotos](#), [StockSnap](#) or [Pixabay](#). Then check out [Canva](#) for graphic design made easy.

23. Conserve your cash.

As your business begins making a profit, you may be tempted to spend money on everything from cool file folders and fancy office chairs to a shiny new sports car to impress prospective customers. Resist the urge to splurge on such extras; instead, focus your finances on investments that will grow your business—such as new technologies that will make you more productive or new hires who will help you serve more customers.

24. Get free help.

There's free startup assistance all around you if you just know where to look. Your local [Small Business Development Center \(SBDC\)](#) can provide a wide range of business advice and counseling. So can your nearest SCORE office; you can also get free mentoring from [SCORE online](#) 24/7.

Contact local colleges and universities to see what type of assistance they may be willing to offer local business owners. For example, ask some professors if their business school students can help you develop a marketing plan as part of a class project, find photography students who will take photos for your website in order

to build their portfolios, or contact some journalism or English majors to write or edit blogs for your website.

25. Plan for the future.

Even when you're starting small, think big. Don't cut corners or do things halfway when it comes to laying the foundations of your business. These include opening a separate business bank account so you can establish a business credit rating; drawing up the proper legal documents for contracts, partnerships and other key issues; obtaining necessary licenses and permits; and choosing and maintaining the [best business structure](#) for your company.



“Don't cut corners or do things halfway when it comes to laying the foundations of your business.”

Not all of these 25 tips will work for you, but if you find a few that will, you'll be well on your way to bootstrapping a successful business.

Whatever type of business you start, The Company Corporation® can help you start off on the right foot.

Learn more about [The Company Corporation's services](#).

