

Bootstrapping - Start Your Business With No Money

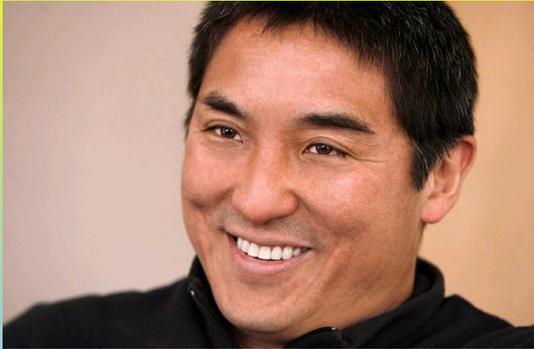
Thursday, March 12, 2009, 13:45 - 17:30
Auditorium Floor 10, Electrical Engineering Building, Technion

**Why the Global Crisis is a Perfect Time to Launch a Business - and
How It Can Be Done**

Prof. Shlomo Mital, Academic Director, TIM-Tel Aviv

Six Reasons Why There Has NEVER Been a Better Time to Start a Business

- **Paradigm shift**
- **Incumbents are busy ‘surviving’**
- **Blue oceans – nobody is doing it**
- **Terrific people are available for hire**
- **“Built to last” becomes a necessity**
- **Discipline of “each \$ counts!”**



Six Rules for Bootstrapping Your Business (Guy Kawasaki)

1. Build around bootstrapping. If you know you are going to bootstrap, you should start a business with a small up-front capital requirement, short sales cycles, short payment terms, and recurring revenue.

Manage by cash flow, not P&L – you probably should do this anyway, for any business.

2. Ship, then test. "Perfect" is the enemy of "good enough." When your product or service is "good enough," get it out because cash flows when you start shipping.

3. Understaff. Many entrepreneurs staff up for what could happen, best case. Bootstrappers understaff knowing that all hell might break loose.

4. Take the “red pill.” This refers to the choice that Neo made in The Matrix. Red pill: learning the whole truth. Blue pill: illusion. Bootstrappers take the red pill every day: $\text{Amount of cash} \div \text{cash burn per month} = \text{how much longer you have to live}$. “The leading cause of failure of startups is death, and death happens when you run out of money.” As long as you have money, you're still in the game.

5. Position against the leader. Don't have the money to explain your story starting from scratch? Then don't try. Instead position against the leader.

6. Forecast from the bottom up. Top-down forecast: "There are 150 million cars in America. We can get a 1% of car owners to install our satellite radio systems. That's 1.5 million systems in the first year." Bottom-up forecast: "We can open up ten installation facilities in the first year. On an average day, they can install ten systems. So our first year sales will be 10 facilities x 10 systems x 240 days = 24,000 satellite radio systems." *24,000 is a long way from the conservative 1.5 million systems in the top-down approach. Guess which number is more likely to happen.*

A Bootstrapped Project

Dan Blechner

Saar Yoskovitz

“SELECT”