



BOOTSTRAPPING IS THE KEY TO SUCCESSFUL ENTREPRENEURSHIP

By Marty Schultz

We've entered a new era—one that I call Generation Bootstrap. From personal experience, I've learned that you can build your own company without the obligations that come with outside investors. More and more young aspiring entrepreneurs are learning what I've learned—that by bootstrapping, you can become a successful entrepreneur. It's a topic about which I've just published an entire book: [*No Investors? No Problem: A Serial Bootstrapper's Playbook for Breakthrough Success on a Shoestring Budget*](#) Let's look at some of the key components of the bootstrapping process and how they can lead to success.

Passion and persistence are primary

Persistence and creativity can make the difference between success and failure. Take risks, be tenacious and don't be afraid to do something unusual to attract your prospect's attention. Whether it is a meeting with a distributor who might pick up your product, a developer who you can convince to work for you, or a one-on-one with a CEO who can become a mentor, you must show them that you not only have what it takes, but that you have something

unique that no one else can give them.

If you can do that, you are sure to get that all-important “yes” when you need it most—and not because they want to give it to you, but because you’ve offered them the smartest choice for their business. Give them no choice but to offer you a chance—then take that chance and knock it out of the park. The world will always present you with obstacles; what matters is how you respond to them.

Solve your customers’ pain

Be the aspirin to your customers’ pain; knowing what they really need, even if they themselves may not, is the critical component of any business. Of course, it’s crucial that you listen to what people want *before* you begin building your product or service. If you don’t, you run the risk of developing something that may be brilliantly conceived—and a complete dud in the marketplace. I and a partner learned that the hard way in the early 1980s: we created a startup offering a converter enabling software apps built for expensive computers to run on low-cost computers.

Long story short, those potential customers who we thought had a pain—i.e., computer resellers—were doing fine without our aspirin. Years later, I was part of a team

that did better by identifying a genuine pain—the inability to send faxes via computer—and working with customers to streamline a product to fulfill their needs. This time, we were successful.

Make the whole world your focus group

Getting the right feedback from the right people is critical for success. Never assume anything about your customers; always focus-group them first. I learned this the hard way when one company I boot-

strapped failed to get off the ground. Our aim was to develop software that allowed companies to monitor the instant messages (IMs) their em-

ployees were sending. We thought this would be a success because those companies that responded to our advertisements told us they needed such a product. But this was equivalent to only listening to people who were telling us what we wanted to hear.

What we should have done was set up a focus group with a wide cross-section of IT directors and quiz them on whether they would actually spend money on what we were proposing to sell. We launched our product anyway and it didn’t sell—because not enough companies thought it was worth spending money on.

“I get knocked down,
but I get up again”

'Failure' is never final

"I get knocked down, but I get up again," sang Chumbawamba, and that's true for bootstrappers as well. There are ways to know if your venture is headed for failure and when, why and how to bail out. For example, if you develop a product and find you don't have the time or resources to compete with the best in that category, you're wasting your time. This situation materialized for a friend of mine who developed an online math teaching website for students, which I developed into an app. But we could not compete against Khan Academy, which has become the behemoth in this area.

The right option was to walk away, so we did. It's crucial to try to analyze which dominos will doom your business and to determine how you will react if those dominos do, in fact, fall. Afterward, do a post-mortem of your failure—determine what you did wrong and what actions you will take in the future to prevent a similar situation from reoccurring.

Get a mentor

A mentor can teach you important entrepreneurial lessons. Don't let youthful pride stand in the way of finding one. Many successful people care about changing the world; they will give back if they see something in you. The main function of a mentor is to give insightful feedback in a way

that encourages independent thought in the mentee. Ideally, they offer new ways to look at

and analyze a problem and show you that the approaches you are taking or plan to take are not all the possible approaches.

A good mentor will also tell you what won't work in a way that allows you to identify these issues for yourself when they arise again in the future. One of the best mentors I ever had made me and a partner map out every conceivable scenario at an upcoming business meeting with a computer manufacturer—and this preparation helped us close a contract worth \$150,000 in today's dollars. Getting mentored pays off handsomely.

Hire staff wisely

It's crucial to know every aspect of your business—but that doesn't mean you have to do it all yourself. Look for people with something to prove; the best hire is someone who has made a personal commitment to themselves to succeed. Onboarding the right team members and letting them know exactly what you need from them (by establishing key performance indicators) is crucial to your company's success. If you master this skill-set, your project's growth has the potential to be exponential.

Conversely, if you hire the wrong fit for your needs, the amount of time and money you might waste will be huge. My core

philosophy when it comes to hiring is simple: you need to learn how to do something yourself before you expect someone else to do it. You, as the leader, must be 100 percent aware of what it will take for someone to meet your benchmark of performance.

Be prepared to pivot

Being able to change your trajectory—abruptly and drastically—is paramount in order to achieve success. Be fearless in re-inventing your company when necessary to address the needs of your customers. Consider, for example, one company I mentioned above—the one that developed instant-message monitoring software. When our original target customer base didn't bite, we didn't completely abandon the idea; instead, we started to explore another target customer base: parents who wanted to keep tabs on their children's activities online.

After a series of modifications, we were able to brand the product as McGruff Safeguard, using the National Crime Prevention Council's mascot "McGruff the Crime Dog." This paid off well. Within a year of becoming McGruff Safeguard, we had established relationships with new social media companies like Myspace, and had tens of thousands of parents using our product.

Focus on the short term

It's dangerous to put your focus on bright, shiny long-term hopes and dreams when growing a company. Know that you can never hit your long-term goals without focusing first on your short-term objectives—say, the next three to six months. Say to yourself, If I want to be at "Goal E" in 24 months, I need to be at "Goal D" in 18 months. If I want to be at Goal "D" in 18 months, I need to be at "Goal C" by 12 months. If I want to be at "Goal C" by 12 months, I need to be at "Goal B" by 6 months. If I want to be at "Goal B" by 6 months, I need to be at "Goal A" by 3 months. Then start reaching these milestones by dedicating the vast majority of your energy to achieving "Goal A."

Be flexible by adjusting your future goals to the practical realities of your operations. That way your short-term and long-term goals will be aligned.

Creative marketing pays off

Establish a fundamental message that lets people know you have the solution to eliminating their pain. Don't be afraid to adopt non-traditional marketing tactics that can get your brand known and help acquire customers without spending too much money. Once one of my companies had hit its stride—the one that allowed people to send faxes via computer—we capitalized on our logo, which happened to be a finely detailed image of a rhinoceros.

When a customer would call us inquiring about the product, we would instantly send them a fax that would include an order form emblazoned with an image of this very detailed rhino. They would see that our product not only worked, but that it was able to send extremely intricate images that came to them clearly in a matter of moments. We later went even further, suspending an inflatable rhino the size of a UPS truck above our booths at trade conventions—a memorable branding ploy to be sure!

Customer loyalty must be earned

The road to success is a long and winding one. Along the way, always remember that you are entering into a relationship with people; treat them with respect and honesty and they will reciprocate. I know this because of my personal experience developing iPhone and iPad games for [Blindfold Games](#), an app development company I founded that builds accessible games for

the visually impaired community, as well as [Objective Ed](#), a social impact business I co-founded providing students with disabilities with educational games to achieve the best educational outcomes.

The games were developed from the ground up with the needs of this community in mind, and my team of programmers and I have met extensively with visually impaired students and their teachers to determine the features they would find most beneficial in the classroom. In turn, the community has been extremely supportive of our efforts to grow our footprint.

To sum up the lesson, bootstrapping is definitely the way to go for any would-be entrepreneurs seeking to take their fledgling businesses to the next level. It won't be easy—nothing worthwhile in life ever is—but the potential rewards are there for those who know the rules and have the courage and determination to see it through. Good luck!



MEET MARTY SCHULTZ

[Marty Schultz](#) is the author of *No Investors? No Problem: A Serial Bootstrapper's Playbook for Breakthrough Success on a Shoe-string Budget* (2019). He is the President and Co-Founder of [Objective Ed](#), an organization providing students with disabilities with educational games to achieve the best educational outcomes, and the CEO and Founder of [Blindfold Games](#), now a division of Objective Ed. He has also served as CEO/Founder of McGruff SafeGuard; President/Co-Founder of eSped.com; President/Founder of Omtool; and CEO/Founder of Softbol.