



Bootstrapping Your Way to Success

By Geoff Ficke

There is no more accurate American descriptive phrase of the rags to riches success than: “He pulled himself up by his bootstraps”. The pioneers, backwoodsmen, cowboys, whalers and other prototypical American hero classes all possessed an air of courage, self-reliance, and belief that they could beat the odds. They are wonderful samples of entrepreneurs at the most elemental level.

My favorite method of starting a business, launching a product or service is the old fashioned, do it myself, Bootstrapping. The ability to bootstrap a startup eliminates so many of the hurdles normally confronting the entrepreneur. Raising money, building inventory, dependence on support from others and assembling fixed overheads is mitigated when you bootstrap your new venture.

My first two startups were both completely bootstrapped. I had no outside investors, no on hand inventory: my home was my office, factory and warehouse. I made a product prototype, only one. That was all I could afford, but I made sure it was production quality.

Then I hit the road. I made presentations to department store buyers, non-stop in geographic loops from my home in Cincinnati. After four weeks of presentations and living in cheap motels, and a few nights sleeping in the car, I returned with a fist full of purchase orders. I then took the orders to New York, along with my business plan: everything buttoned down and detailed, for presentation to factors.

A factor is a financial firm that extends working capital to companies based on history, experience and assets. I had none of these. But I did have a unique product, a polished plan and strategy, passion and PURCHASE ORDERS from major department stores. MY first appointment was with Walter Heller, Inc. I walked away with a contract from Walter Heller, Inc. that day.

They agreed to advance me 85% of the face amount of my purchase orders. The balance would be remitted to me, less factoring fees, when the invoices were paid. Basically Walter Heller, Inc. became my investment bank. I immediately had the monies to build inventory, organize fulfillment and business systems. I had

pre-arranged for contract filling of the product so I was able to comfortably fulfill my obligations as per the purchase orders. My association with Walter Heller, Inc. continued until I sold the business. After selling my company, I went right back to Walter Heller, Inc. with my next venture.

Bootstrapping allowed me to avoid so many of the pitfalls faced by entrepreneurs, but the gamble had a price. I was on my own, totally self-reliant, having no safety net and free to succeed or fail based on my efforts alone. I was afraid. My wife was a basket case. I had resigned from an executive position with a great salary, bonus, company car and expense account. We were blessed with a second child at the time. We were building a new home. Nevertheless, I was driven and would never have forgiven myself if I had not tried.

As I looked at all options for launching my product, I kept seeing potholes and hurdles that I wanted to avoid. I did not want a partner. I did not want to give up much, if any equity. I needed to build inventory and did not have the necessary funds without taking a partner or investor. Speed was essential, as I had a strong first-to-market advantage, if I got to market quickly. Just the due diligence process in securing investment monies, with no guarantee of successfully being funded, would jeopardize my first-mover edge.

I took stock of my limited assets, my excellent, well-vetted product, and the usual chorus of NO and "Prove It", and decided that my only course was to bootstrap. I am amazed that more entrepreneurs do not take this eminently doable path. The reason I believe this is not more common is fear. Fear of selling. Fear of being out on a limb alone. A more traditional fund-raising approach involves collaboration: team decisions and the ability to lay off blame if failure occurs.

Here is another example of bootstrapping and a unique Business Model applied to an old-style, very low-margin retail category.

Sam Pack is a Chinese immigrant to America. English is his second language, self-taught. He worked as a repairman and became an avid student of the American lifestyle, consumer desires and tastes. Sam saved every dollar possible hoping to achieve his dream of opening his own business.

When he had a small amount of capital, he rented a small shop in a Florida strip center, the kind of old, tired venue endemic to every city in the country.

He then bought used, second-hand appliances and reconditioned the small inventory he assembled. He was the salesman, he had no sales experience and his English was dicey, technician, deliveryman and installer. But Sam was a student of the market and had recognized an opportunity: at once delivery and installation.

After a purchase was made, Sam would load his truck, make the delivery and install the unit. While gone from his shop he would leave humorous signs detailing his whereabouts and his unique policy. After the job was complete he rushed back to his shop and was ready to go again, 7 days a week, 12 hours a day.

Appliance Direct, Sam Pack's store name, provided an answer to one of the appliance industry's most vexing problems: scheduling delivery times and charges. Industry studies show that consumers hate not being certain of a reasonable delivery window. Working people typically have to schedule Saturday delivery and there are a lot better things to do on a Saturday than wait for the truck to arrive. Stores have light weekday delivery with heavy Saturday demand. Sam found a niche and leveraged it into a classic American success.

People loved Sam's service and low-ball delivery charges. Sam began to add staff, and grew. Today Appliances Direct is the largest seller of appliances in the state of Florida with 22 stores. Maytag, GE, Whirlpool and Amana are among the brands selling to Sam on a direct basis, no more used units. In addition, Sam Pack has become famous as an entrepreneur, and for starring in very funny commercials making fun of himself and detailing his love of appliances and America.

This Chinese immigrant in less than one generation has become a multi-millionaire, providing people a service they appreciate and pricing that the big box stores can not touch. If Sam Pack could do it, anyone should be able to give it a go.

Geoff Ficke has been a serial entrepreneur for almost 50 years. As a small boy, earning his spending money doing odd jobs in the neighborhood, he learned the value of selling himself, offering service and value for money.

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