



Growing a Business with Almost No Money

Greg Gianforte
CEO and Founder
RightNow Technologies

**Bootstrapping
Your
Business**

Pay Attention, There is a Test!



- On Demand CRM leader (NASDAQ: RNOW)
- 8 years of continuous Q-to-Q growth (thru Q405)
- 55% of revenue from \$1B+ enterprises, large government agencies and higher ed
- 550+ employees
- >90% annual customer retention
- >1 billion customer interactions

Eight Reasons Why to Bootstrap

1. Build your business on a legitimate, real-world value proposition
2. Initiate the critical sales learning process sooner, not later
3. Don't waste money; make it
4. Accelerate time-to-market and time-to-profitability
5. Be less likely to make big, fatal financial mistakes
6. Force yourself into unconventional thinking
7. Have more freedom and flexibility
8. Own much, if not all, of what you create

Seven Reasons a Start-up Should NOT Raise Venture Capital

1. Masks hard questions about viability
2. Raising money takes time away from customers
3. Adds an additional set of masters
4. With money you can make a fatal mistake
5. Money removes spending discipline
6. Fixes your exit strategy and timing
7. You sell your equity very dearly

Rules the Bootstrapper Lives By

- Sales is job #1
- Don't spend beyond your means
- Don't be cheap
- First things first
- “There is always another way”

Sales Is Job #1

- Sales is the only job that *must* be done well
- Sales is noble
- Don't confuse selling with shipping

Example

- First 6 employees were sales staff

Don't Spend Beyond Your Means

- You *must* be profitable
- Prioritise your opportunities
 - spend what you can on the most important ones
- Do the urgent things
 - forget about the important ones

Examples

- Individual phone lines and used phone switch
- No product literature
- Zero based budgets

Don't Be Cheap

- When you find a tactic that works, apply all the resources you can
- Hire the best people you can find
- Being cautious will sink your business as fast as spending too much

Example

- Hiring telesales staff at BrightWork

First Things First

- Business is war - there are only two jobs:
 - Making Bullets
 - Shooting Bullets
- Keep your eye (& limited resources) on the target

Example

- No marketing staff until 30 employees

There Is Always Another Way

- Don't listen to the “experts”
- Be resourceful
- Not having the funds makes you find another way
- The best solution is often outside the box
 - flanking approach

Examples

- Billboard
- Pilots of software

How to Get Started

1. Immerse yourself – talk to lots of people
2. Develop a one page description
3. Ask for an order!
4. Revise your description
5. Go to step 3 until you know you have it right
6. Build your product or service



What is Your Noble Purpose?

- Greed is not a virtue
- Making money, not enough
- Understand your 'noble' purpose
 - Helping clients serve their clients
 - Creating worthwhile livelihoods
 - A better lifestyle for your family
 - Reforming the ethics of the software industry

Test Your Bootstrap Ability

#1 What should you do first?

- A. Write a business plan and then try to raise money
- B. Call lots of people to understand the issues in your market
- C. Develop a prototype of your product idea
- D. Hire a marketing consultant

#1 What should you do first?

B. Call lots of people to understand the issues in your market

#2 You have an idea. What next?

- A. Implement the business plan
- B. Rent office space and buy used office furniture
- C. File for a patent
- D. Fax or e-mail your idea to 300 people and then call them

#2 You have an idea. What next?

D. Fax or e-mail your idea to 300 people and then call them

#3 You have a good product. Next?

- A. Find a good intellectual property lawyer to protect your idea
- B. Build a prototype and you personally start selling
- C. Try to raise money
- D. Hire a sales person to sell your product

#3 You have a good product. Next?

B. Build a prototype and you personally start selling

#4 You find a prospect. Next?

- A. Explain that you would like them join your beta test programme
- B. Try to get them to place an order
- C. Tell them you don't have the product available yet
- D. Tell them all about the features you are going to add to the product

#4 You find a prospect. Next?

B. Try to get them to place an order

#5 Your product does not do everything a prospect wants. Should you?

- A. Tell them it won't do those things
- B. Get them to pay for the enhancements
- C. Take the order and tell them it will ship in 4 weeks
- D. Explain why those things are difficult to do and convince them to buy the current product

#5 Your product does not do everything a prospect wants. Should you?

B. Get them to pay for the enhancements

C. Take the order and tell them it will ship in 4 weeks

#6 A major publication calls saying they are writing a big article about your product and wants you to buy an ad in the same issue of their magazine. You should:

- A. Buy the ad
- B. Tell them your advertising budget is already committed
- C. Tell them you don't have enough money
- D. Tell them to get lost

#6 A major publication calls saying they are writing a big article about your product and wants you to buy an ad in the same issue of their magazine. Should you:

B. Tell them your advertising budget is already committed

#7 You are still getting started and Dun & Bradstreet is asking for company info and detailed financial data. Should you:

- A. Give them the information they are asking for
- B. Politely decline
- C. Refer them to your accountant
- D. Don't return their call

#7 You are still getting started and Dun & Bradstreet is asking for company info and detailed financial data. You should:

B. Politely decline

#8 A major prospect says they want to fly to visit you, but you are still working out of your house. Should you:

- A. Tell them you are just getting started and don't have an office that will accommodate a visit
- B. Rent office space prior to the visit and get your family and friends to occupy all the desks
- C. Tell them you will be travelling the week they want to visit
- D. Borrow your accountant's office and hang your logo over theirs the day of the visit

#8 A major prospect says they want to fly to visit you, but you are still working out of your house. You should:

A. Tell them you are just getting started and don't have an office that will accommodate a visit

#9 You are the only person working full time in the business and you are asked how many employees you have. Should you say:

- A. I'm the only one
- B. We have 5 people involved in the business
- C. We have 20 employees
- D. We have 50 employees

#9 You are the only person working full time in the business and you are asked how many employees you have. Tell them:

D. We have 5 people involved in the business (involved includes spouse, accountant, printer, lawyer, insurance agent and yourself)

#10 You've just made your first sale and generated your first monthly profit. You should:

- A. Give yourself a raise
- B. Get that bigger office you wanted
- C. Throw a party
- D. Hire a consultant

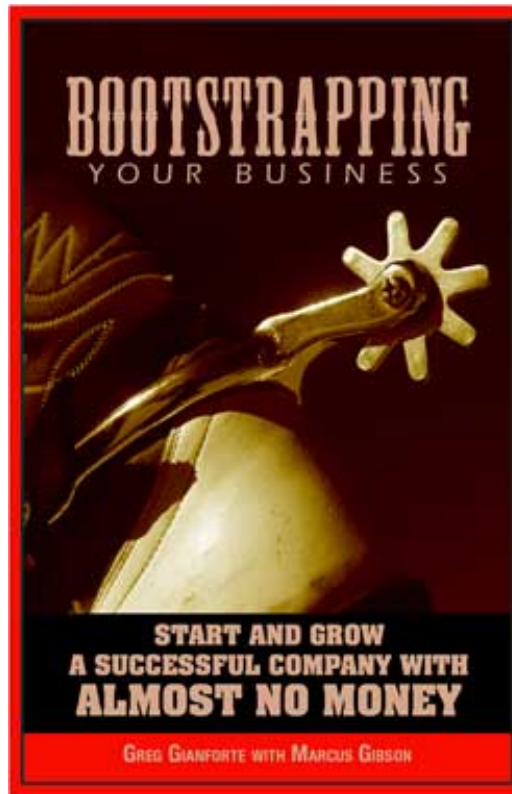
#10 You've just made your first sale and generated your first monthly profit. You should:

C. Throw a party (and enjoy it!)

Score Yourself

Number	Correct	Classification
0		Bureaucrat! – Think about public office
1		
2		
3		
4		Find a big company and call it home
5		
6		
7		You can work in a startup
8		
9		
10		Bootstrapper – You've got what it takes

Q&A



www.rightnow.com www.bootstrapit.com