

Bootstrapping 101

How to quit your job, found your startup and survive the first year?



You already know that bootstrapping and
fundraising don't have to be enemies*.
If you don't check out this awesome presentation.

Most entrepreneurs have to bootstrap at least the first year.

Welcome to the bootstrapping
startup founder handbook



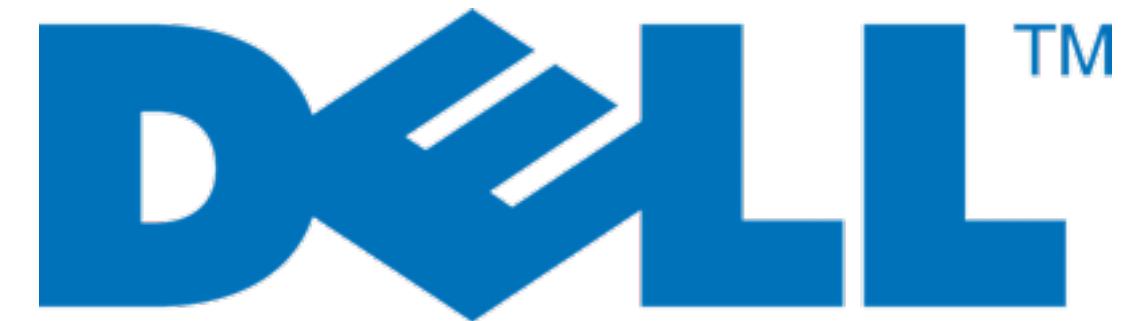
ROVIO



APPSUMO



github
SOCIAL CODING



Oh, btw... they all bootstrapped



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built to create more **world-class digital champions**.

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* more info: www.francedigitale.org



Part 1. The challenge

What are the main issues?

(spoiler: being able to pay for the MVL*)

You will most certainly not be profitable at first

(And that time might last for a while)



some startpers call it "eternity"

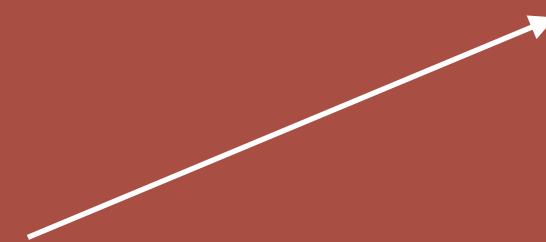
So you have to cover your cash burn with savings & revenue.
Then the first question will be: what is **your surviving time?**

The Golden Formula

SURVIVING TIME = revenue

+ savings

- personal cash burn
- venture cash burn



let's look at the PCB & VCB in details



Part 2. The CashBurn

Inside the PCB: PERSONAL CashBurn

The cashburn is the amount of money you spend each month on average.



Don't forget the income tax
(more info in appendix)

next slide

estimation in Paris for 1 person : 1550€/month + income tax

Appendix: more details about average costs in Paris for yourself

Since tech startups almost make 0 revenue the early days, and investors need a proof of concept, you basically have to cover the PCB AND your venture cash burn.

Inside the VCB: VENTURE CashBurn

Costs depend on your resources & strategy:

Do you have to rent a place? Do you have all skills you need within your current team?
Do you want to hire an intern? Do you want to do the accounting yourself? Will you print communication materials? etc.



estimation in Paris : 900€/month minimum

Appendix: more details about average costs in Paris for your venture

Once I calculated the Total Cash Burn (PCB+VCB) how do cover it? ← next slides

A photograph of two firefighters in a forest at night. One firefighter is in the foreground, spraying a stream of water from a hose onto a large, intense fire. The other firefighter stands behind him, watching. The scene is filled with orange and yellow flames, and the ground is covered in burning vegetation. The firefighters are wearing full protective gear, including helmets and jackets.

Part 3. Bootstrapper toolkit

Covering the PCB + VCB

The ultimate hack: having enough savings (+passive revenue) to cover the 1st year* expenses.

We said, on monthly average : PCB + VCB = $1550 + 900/2^{**} = 2000\text{€}$

So you're good if you've got $(2000)^{*}12 = 24000\text{€}$ in bank
+ your income tax

* you'll probably have 0 revenue the 1st year

** divide the VCB by the number of co-founders

Covering the PCB + VCB

In France, we have **unemployment benefits**, which are a great way to allow you to build your business. It's around **50% of your previous wages (more infos)** - that can cover a good portion of your monthly cashburn.

If you don't, you'll have to use the **Bootstrapper Toolkit**.

next slide

The Bootstrapper Toolkit

If you don't have enough here are your options:

1-to-1 TEACHING

between 15-50€/hr, average 25€.

Tips: use [hellomentor](#) to avoid losing time commuting

GRADUATE SCHOOL TEACHING

between 50-150€/hr, average 70€.

Tips: offer your services around may-june for the coming year

FREELANCING

between 300-1000€/day, average 500€.

Tips: try to have made a network of freelancers with complementary skills

CUSTOM DEVELOPMENT

between 400-700€/day, average 500€.

Tips: try to develop features that you could use

RELATIONSHIP

your lovely mate/family is taking care of your the bills.

Tips: try to be in a relationship before you need cash

The Bootstrapper Toolkit

But always remember to succeed in your venture, you need:

TIME

ENERGY

FOCUS

So you need to find the right balance between generating money and time/energy/focus

The Bootstrapper Toolkit

Also, don't forget the sharing economy!

1

you can rent your flat

use airbnb or bedycasa (40-100€ per night)

2

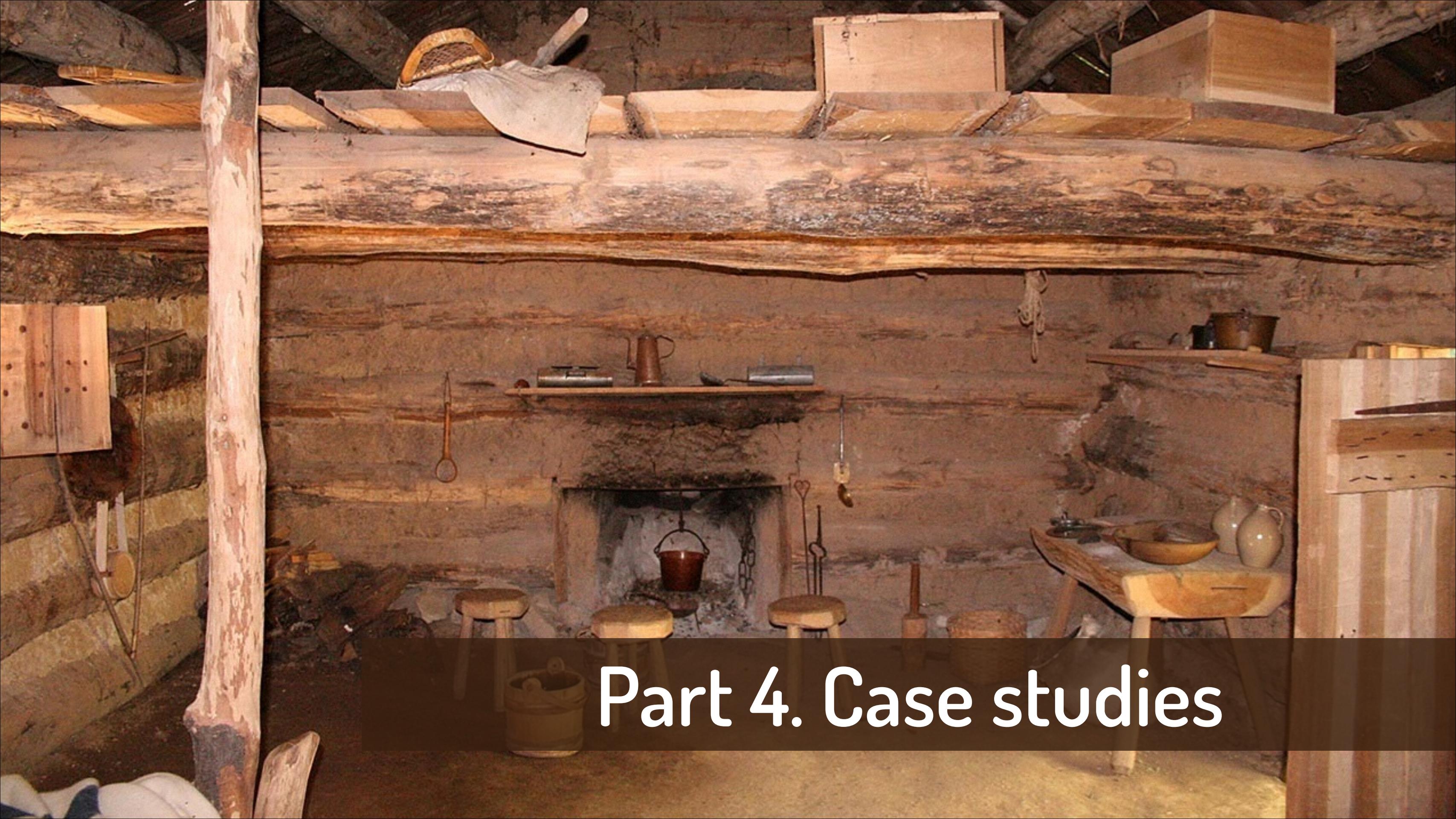
you can rent your car

use drivy or ouicar or deways (30-100€ per day)

3

you can share your travel expenses

use BlaBlaCar



Part 4. Case studies

CASE STUDY



hellomentor
cours particuliers à distance



Alexandre Dana,
CEO Hellomentor

This amazing picture was taken by Antoine Duchamp, for free because Hellomentor is a member of France Digitale.

TOTAL CASHBURN (TCB)

PBC = 520€/month*

* living at his parents

VBC = 1000€/month**

** 3 co-founders in the startup



*** not the full year

$$TCB = (520 + 1000/3) * 12 = 853 * 12 = 10240\text{€/yr}$$

BOOTSTRAPPER TOOLKIT

1-to-1 TEACHING

3200€ the first year*

courses in economy for high school & college
+ coaching for job interviews

RELATIONSHIP

"I did not left home so I hadn't to pay for a flat. None of the cofounders had the unemployment benefits (only 6 months of internship before) and we could not have the RSA (less than 25 years old)"

* directly via Hellomentor

PRO TIPS

“You have to be really fair between co-founders.
If you make 5000€ in freelancing and your co-founder works on the startup
you'll have to split the 5K. Be really transparent about the income & the needs.”

CASE STUDY



Guillaume Potier,
Co-founder Wisembly

TOTAL CASHBURN (TCB)

PBC = 850€/month*

* living with his girlfriend



VBC = not disclosed

let's assume around 1K/month, 3 co-founders

$$TCB = (850 + 1000/3) * 12 = 1183 * 12 = 14200\text{€/yr}$$

BOOTSTRAPPER TOOLKIT

CUSTOM DEVELOPMENT

10000€+ the first year

“We had custom development on our core features we might never use later on but that paid well. And it's always better than freelancing or giving courses, we stayed more focus and worked together. Eventually, we learned in the process about the market & its demands and about the technologies we used”

RELATIONSHIP

“I had the luck to have a girlfriend that paid the bills and was helped by my parents in the beginning. I didn't get unemployment benefits since I hadn't worked long enough before and no RSA since I was too young.”

PRO TIPS

- ① Cook for your team in the early days, it will cost you less than 10€ per meal for 3 people.
- ② No salaries for the founders the first year to be able to recruit sooner.
- ③ Try not to rent an office first but to share your flat with your teammates.
- ④ Don't waste your time with contests and subventions: clients first.
- ⑤ If you need revenue do custom development, you'll lose less focus than courses and so on.
- ⑥ Try to have all the competences within your team: no internship, no recruitment needed to build your MVP if possible.

And remember it's not a one-time decision
Wisembly raised \$2M 4 years after they were born
Hellomentor raised 200K€ the first year
GITHUB eventually raised \$100M.



If you want to raise money, don't hesitate to ask our dear partners

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PARIS
INCUBATEURS

FA DIÈSE



Bootstrapping vs Fundraising

Bonus: a comprehensive guide to understand Venture Capital



click

Check the second part of this presentation!

Credit

Discussion with lots of startppers.

Two interviews: Alexandre Dana (CEO HelloMentor) & Guillaume Potier (CTO Wisembly)

Special thanks to Emmanuelle Coulon, Melissa Blaustein & Taro Ugen,
the partners of France Digitale and all other commenters, including members of
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APPENDIX

MAIN COSTS
& AIDES EN FRANCE



MAIN COSTS IN PARIS FOR YOURSELF

ADSL: 30€/month

Mobile phone: 30€/month

House insurance: 67€/month

For a rent of 800€/month

Entertaining: 120€/month

Income Tax: around 30-60% (depends on the legal status of your company and the amount of your previous wages)

Mobile phone: 30€/month

RATP: 60€/month

Electricity+Gas: 70€/month

Holiday+Travel: 50€/month



MAIN COSTS IN PARIS FOR YOUR VENTURE

cost of creation in France: 250€

intern minimum gratification: 436€

work station in Paris: [200-300]€
(check this website)

accounting: 1000€/yr minimum
(check them)

design: [400-500]€ per man/day

hosting: around 30€/month
(check them or OVH Kimsufi)



PRÊTS D'HONNEURS

Réseau France Initiative : montant moyen 8340€ en 2012, octroyé par un comité sur présentation d'un plan de création ou de reprise. Remboursement sur 2 à 5 ans.

Scientipôle Initiative : 20000€ par fondateur max, 60 000€ max par entreprise. Entreprise francilienne de moins de 3 ans avec potentiel de développement. Fin R&D/amorçage commercial. Remboursement sur 5 ans.

Réseau Entreprendre : soumis à l'adhésion dans le réseau. 15 000 à 90 000€. Remboursable sur 5 ans.

NACRE : prêt à taux 0 de 1000 à 10000€



PRINCIPALES AIDES BPI

Prêt à la Création d'Entreprise (PCE) : de 2000 à 7000€, sans caution ni garantie.

Aide à la Création d'Entreprise Innovante (ACREI) : financer l'étude de faisabilité.
Jusqu'à 30000€.

Aide pour la Faisabilité de l'Innovation (AFI) : financer étude de faisabilité & intégration de compétence. Taux 0 remboursable en cas de succès.

Avance+ : créances pour régler des grands donneurs d'ordres publics et privés (partage possible avec votre banque)



AUTRES AIDES

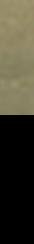
ACCRE : Exonération des charges sociales pendant 12 mois sur le salaire des créateurs. À demander lors de la création d'entreprise ou dans les 45 jours qui suivent. Pour les 18-25 ans ou 26-29 ans sans indemnités par l'assurance chômage.

Fonds de Garantie à l'Initiative des Femmes (FGIF) : Pour toute femme qui souhaite créer, reprendre ou développer une entreprise. 70% de garantie du prêt. De 5000 à 22000€. Commission 2.5% du montant. Remboursable entre 2 et 7 ans.





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