

Title:

Bootstrap Financing Your Way To Business Success

Word Count:

458

Summary:

Do you need to start or grow your business but have little money? Before you look to banks and similar sources of financing, why not bootstrap your way to business success?

A bootstrap is a small loop of leather or other material that is found on the top rear or sides of a boot. The purpose of the bootstrap is to help you pull your boot on.

In business, bootstrapping has come to mean helping oneself without seeking outside help. It means using your own resources to fin...

Keywords:

BOOTSTRAP FINANCING, DROP SHIP, CREDIT CARDS, LICENSING,HOME-BASED BUSINESS

Article Body:

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A bootstrap is a small loop of leather or other material that is found on the top rear or sides of a boot. The purpose of the bootstrap is to help you pull your boot on.

In business, bootstrapping has come to mean helping oneself without seeking outside help. It means using your own resources to finance, promote, and develop your business.

Here, then, are some ways of financing your own business by using your own initiative and depending less on outside bank financing.

1. Operate a Home-Based Business

Operating your business from home could save you a fortune. First of all, you eliminate the costs of expensive commercial rent, commuting, et cetera.

As well, your business use of home expenses would be deductible for income tax purposes. Since your home is your base of operations, your travel and automotive expenses from your home to clients would be deductible.

2. Accept Credit Cards

Rather than financing receivables and assuming the risk for bad debts, why not accept credit card payments?

3. Drop Ship Products

Rather than financing and stocking inventory yourself, consider drop shipping.

With drop shipping, when you make a sale you contact the manufacturer or authorized distributor who ships the product to the customer with your invoice and shipping label. Advantages include no warehousing, shipping, or inventory costs.

4. Use Your Customer`s Money

Selling memberships, subscriptions, gift certificates, and coupon books are just a few ways of getting your clients to pay upfront. Obtaining advance deposits and retainers from your customers can help finance your business operations and reduce or eliminate the need for bank financing.

5. Licensing

Instead of trying to finance the manufacturing and marketing of your invention, which could cost millions of dollars before you have your first sale, why not license it to a company with the necessary expertise and capital? You will then receive royalties in return for your idea.

6. Other Bootstrap Financing Methods

Aggressively control costs, barter, get extended terms from suppliers, establish strict credit and collection policies and procedures, rent (or lease) instead of buying equipment, buy used equipment instead of new, sell off excess inventory and equipment, obtain free publicity instead of paying for advertising, and do whatever else is necessary to generate cashflow and profits.

In these ways and many others not listed here, you may be able to start and grow your business successfully with very limited capital. Thus, you will avoid

having to obtain expensive debt or equity financing.

Many who were unable to obtain financing from any other source have successfully bootstrapped their way to business success.