



Startup survival without investors

Description

Theme:

- It's not that easy for a startup to get external funding. And some entrepreneurs choose to build their startups without investors. Whatever the reason may be, several startups are surviving without external funding.

Advantages for startups without external funding:

- If someone invests in our company, he/she will have a say in the decisions. We may not be able to implement our new ideas if the investor does not agree with them. In other words, they will become our boss. So, if there is no external funding, we can implement our own decisions. And if we want to modify the product to make it much better, we can do it easily.
- There will be no stress from investors to get profits within a target specified by them.
- When there is little money, we will use it judiciously. We won't spend on unnecessary things. We will most probably find cost-effective solutions.
- To run the company without investors, it should make short-term profits too. So, that will eventually make the company profitable and will increase its worth.
- The time spent on finding the investors, can be spent on making good relationships with customers and also on taking their feedback and improving the product according to their needs.
- When there is external funding, We have to manage things on a large scale without much experience. But without external investment, even though the company's growth will be slow, we will learn to handle things step by step while scaling up the business. We will most probably handle the finances much better.

How can a startup survive without investors:

- Investing our own money to build the startup, and reinvesting the profits we get is called bootstrapping the company. Many startups were built this way, and when they become



successful, they attract external funding automatically. Apple, GitHub & Facebook are good examples of this. They were bootstrapped companies in the early stages.

- We can offer the product for pre-booking and the money collected can be used as an investment. But for this, we need put efforts to gain the trust of customers.
- Crowdfunding is also a good way to gather investment for the startup. Some founders take the money as loans, and some others will give rewards or shares for the money people invested.
- Offering shares of the company to employees as a part of the salary can reduce the burden on founders and also motivates employees to make the startup successful.
- The subscription model can fetch regular income for the company to reinvest in making the product better and to build new features. OTT platforms are a good example of this.
- Reducing unnecessary expenditure, and using the money wisely is very important to make the startup survive.

Conclusion:

Startups without investors have many advantages. Even though it takes much longer to scale up the company with no external funding, founders can build the startup in the way they want. They can make their idea into reality without compromise. However, external investment is beneficial while scaling up a company. When we build the startup by creating a sustainable business model, it will eventually attract investors.

Your Turn!

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