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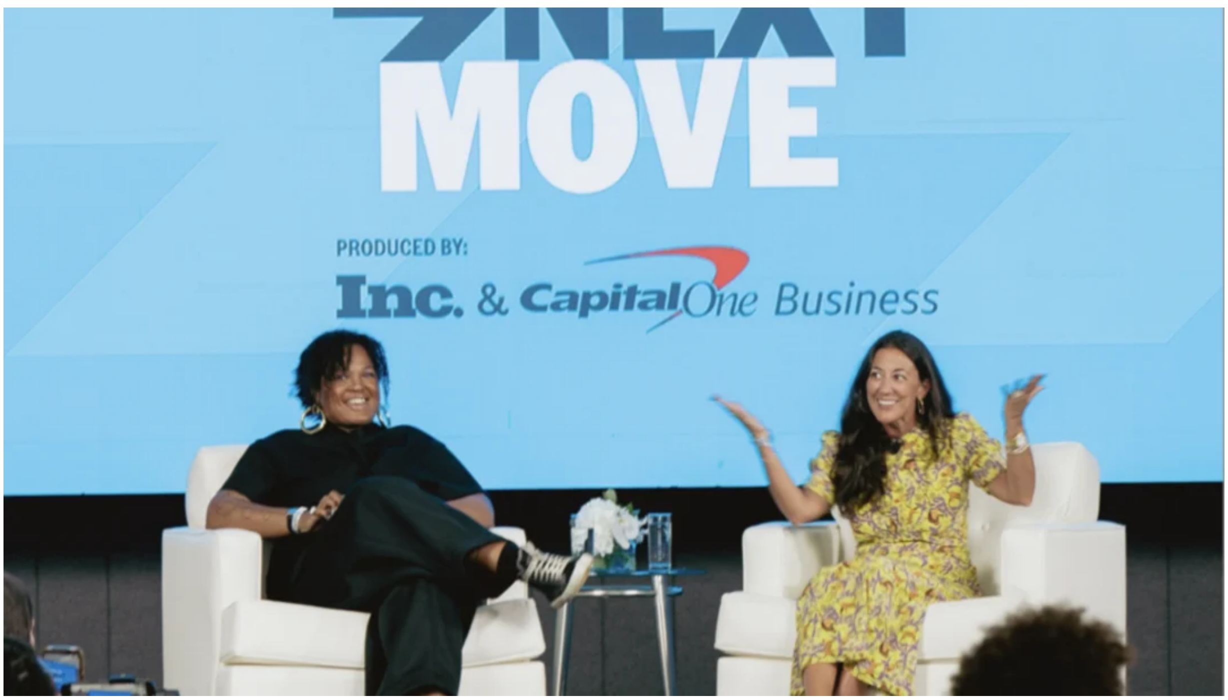
Bootstrapping Your Business and Making it Sustainable

Relying only on your own resources to launch a business can be a challenge--but it can also be empowering.

JUN 29, 2023



Beatrice Dixon, co-founder and CEO of the Honeypot Company, speaks with Cate Luzio, founder and CEO of Luminary, at Inc. Founders House Atlanta.

Bootstrapping means using only existing personal resources to fund a business--your own money, your own space, your own equipment--

instead of seeking out investors or loans. That means you're taking on all the risk, but also retaining control over your business's direction. So much focus in the entrepreneurial world is given to seeking out venture capital, but that's not available for the majority of founders. It's important to consider whether you can fund your business yourself.

At a recent Founders House chat in Atlanta presented by Capital One Business, *Your Next Move*'s host Beatrice Dixon, co-founder and CEO of The Honey Pot Company, interviewed Cate Luzio, founder and CEO of Luminary, a professional networking community focused on women. They discussed Luzio's path to self-funding and why she thinks it may be the best way to fund a business.

Here are key takeaways from that conversation:

1. Your business may accelerate quickly.

Luzio spent 20 years as a banker, and says that after she quit in 2018, she went through the worst two months of her life because her job had defined her. She knew she wanted to do something with more impact but had no idea that she was going to start her own business. Just a month later, she had a business plan, and eight months later, she was renting an 18,000--square--foot space in New York City. You may not need to spend years dreaming up your plans--sometimes, you'll have an idea, and the pieces will fall into place quickly.

2. Give yourself deadlines.

Luzio had carefully saved her corporate bonuses and made sure she had enough in the bank to fund her startup and be able to live without a salary for the first year, according to her financial projections. Her forecasts included both the amount of money she was going to invest and the timeframe before which she expected to see enough revenue to support the company.

"I said, 'I'm not putting in a dollar after that timeframe,' because I think you have to have boundaries. I didn't want to go into debt," she says.

3. Competition is optional.

It's natural to think you have to compete to be successful, but Luzio says she unlearned that instinct. After seeing that many founders were trying to overtake businesses similar to their own, she decided that the pie was large enough for everyone to have a slice. Collaboration, she says, can be better than competition, especially when it means uplifting women and minority-owned businesses. "If I can help you and you can help me, we can both be successful," she says.

4. Communicate about the unexpected.

The pandemic took away 75 percent of Luminary's revenue in 45 days. She had already decided not to tap into her retirement funds or use any other personal money once the business had successfully launched, so the choice was to close or to negotiate, and she chose the latter. She asked her bank to extend her deadline for her business credit card, and she called her landlord to discuss her inability to pay rent.

She told him: "If you want me to pay my rent for the next couple of months [...] I won't survive. Now you have a space that's built out for what we do in the middle of a pandemic that you will not be able to fill for God knows how long." He agreed that she had a fair point. They worked out a payment plan that would spread out the rent and ensure he was paid back within 18 months, and once the business began to have cash flow again, she repaid him.

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