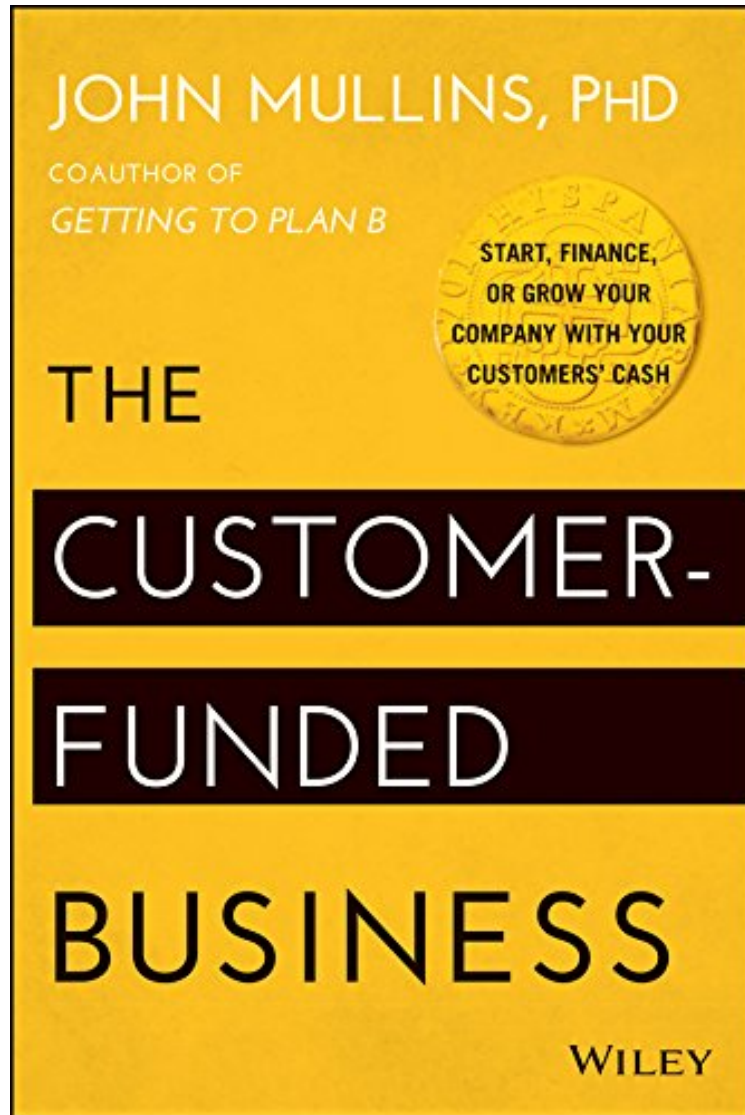


The Customer-Funded Business: Start, Finance, or Grow Your Company with Your Customers' Cash

John Mullins

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John Mullins : The Customer-Funded Business: Start, Finance, or Grow Your Company with Your Customers' Cash before purchasing it in order to gauge whether or not it would be worth my time, and all praised The Customer-Funded Business: Start, Finance, or Grow Your Company with Your Customers' Cash:

7 of 7 people found the following review helpful. The book for the rest of us By AmarsJohn has done it again! A book that I can relate to. I = a middle class aspiring Entrepreneur who is NOT living in Silicon Valley. The sexy model I see people following in the startup space is - get an idea, do a three months lean startup, get seed funded (or join a startup

accelerator) and then look for series A. I see my Lean startup friends talking about number of visitors to their website, number of downloads of their apps, amount of money they have raised, etc. Everyone is out there to become the next Facebook, sign up the whole world, go viral, and then figure out a way to make money! John Muller suggests a different model through this book - get an idea, find a customer, invest just enough in your business to win the first customer, scale based upon your customer's experience, bootstrap for as long as you can, then look for investment to accelerate your growth. John's books (my first one was *The New Business Road Test: What entrepreneurs and executives should do before launching a lean start-up* (4th Edition) (Financial Times Series) talks about Entrepreneurship for people who neither have an Ivy League education, nor do they live in Silicon Valley, where "ideas" perhaps get funded. This book presents the magic masala behind many Entrepreneurs outside the valley, specially in India. And that magic turns out to be the Entrepreneur's ability to somehow bootstrap their business from their customer's money. Being of Indian origin, I can vouch for the fact that such a strategy of using customer's money to bootstrap is the ONLY way to start a company in India (and perhaps for most places outside the US). Many thanks to John and hope to read more from him in the future.

3 of 3 people found the following review helpful. before you take the cash, explore your options!

By Chris Warner I've read both *The Customer Funded Business* and John's other book, *Getting to Plan B*. I loved them both and gained great insights and the needed inspiration to make changes. I read *Getting to Plan B* when my business was small (about \$2M in sales). It provided a philosophy of thinking that allowed us to grow (with our hard work) by over 20% annually for the last ten years. During that time we radically changed how we earn our income and so much of our product mix. I grabbed this book as I was preparing for another round of growth. It has kept me from doing something I have been fearful of: reaching out to private equity for funding. While the speed of growth might be a bit slower, I am much more committed to building a great company than building a big company.

0 of 0 people found the following review helpful. Good Coverage of an Important Topic

By The Scarolas This is a great book on a narrowly focused topic. Specifically how to launch a business that is self-funded through actual customer revenue. The models outlined in the book are solid. They are backed by good, detailed and interesting examples. This is a great book for anyone in the early stages of funding a business. This model works for some industries not for others. Reading this book helps a new owner think through whether one of the 5 models outlined in the book can apply to their business. It helps business owners or folks thinking about it make much more informed and better decisions on how best to launch their business.

Who needs investors? More than two generations ago, the venture capital community- VCs, business angels, incubators and others -convinced the entrepreneurial world that writing business plans and raising venture capital constituted the twin centerpieces of entrepreneurial endeavor. They did so for good reasons: the sometimes astonishing returns they've delivered to their investors and the astonishingly large companies that their ecosystem has created. But the vast majority of fast-growing companies never take any venture capital. So where does the money come from to start and grow their companies? From a much more agreeable and hospitable source, their customers. That's exactly what Michael Dell, Bill Gates and Banana Republic's Mel and Patricia Ziegler did to get their companies up and running and turn them into iconic brands. In *The Customer Funded Business*, best-selling author John Mullins uncovers five novel approaches that scrappy and innovative 21st century entrepreneurs working in companies large and small have ingeniously adapted from their predecessors like Dell, Gates, and the Zieglers: Matchmaker models (Airbnb) Pay-in-advance models (Threadless) Subscription models (TutorVista) Scarcity models (Vente Privee) Service-to-product models (GoViral) Through the captivating stories of these and other inspiring companies from around the world, Mullins brings to life the five models and identifies the questions that angel or other investors will - and should! - ask of entrepreneurs or corporate innovators seeking to apply them. Drawing on in-depth interviews with entrepreneurs and investors who have actually put these models to use, Mullins goes on to address the key implementation issues that characterize each of the models: when to apply them, how best to apply them, and the pitfalls to watch out for. Whether you're an aspiring entrepreneur lacking the start-up capital you need, an early-stage entrepreneur trying to get your cash-starved venture into take-off mode, an intrapreneur seeking funding within an established company, or an angel investor or mentor who supports high-potential ventures, this book offers the most sure-footed path to starting, financing, or growing your venture. John Mullins is the author of *The New Business Road Test* and, with Randy Komisar, the widely acclaimed *Getting to Plan B*.

"One of five 'not-to-be missed' books, 2014. Verne Harnish, *Fortune Magazine* From the Inside Flap

John Mullins has a critical lesson for entrepreneurs: Not all money is created equal. When you fund your business with customers' cash, rather than investors', it makes you more focused, less dependent, and more likely to succeed. (Not to mention it saves you from a lot of begging.) It's a message every entrepreneur—and every new product team—needs to hear.

—Dan Heath, coauthor of the New York Times best sellers *Made to Stick*, *Switch*, and *Decisive*

THE CHALLENGE More than two generations ago, the venture capital community—VCs, business angels, incubators, and others—convinced the entrepreneurial world that writing business plans and raising venture capital constituted the twin centerpieces of entrepreneurial endeavor. They did so

for good reasons: the sometimes astonishing returns they've delivered to their investors and the incredibly large and valuable companies that their ecosystem has created. But the vast majority of fast-growing companies never take any venture capital. So where does the money come from to start and grow their companies? Or yours? THE SOLUTION For most companies, fast-growing or otherwise, the early funding comes from a much more agreeable and hospitable source, their customers. That's exactly what Michael Dell, Bill Gates and Banana Republic's Mel and Patricia Ziegler did to get their companies up and running and turn them into iconic brands. In *The Customer-Funded Business*, John Mullins identifies five novel approaches that scrappy and innovative twenty-first century entrepreneurs have ingeniously adapted from their predecessors like Dell, Gates, and the Zieglers: Matchmaker models (for example, the U.S. companies Airbnb and DogVacay) Pay-in-advance models (the US's Threadless, India's Via and Loot) Subscription models (India's TutorVista, the US's H.Bloom) Scarcity models (Spain's Zara, France's vente-privee, the US's Gilt Groupe) Service-to-product models (Denmark's GoViral, Puerto Rico's Rock Solid Technologies).

STARTING, FINANCING, OR GROWING YOUR BUSINESS Drawing on more than two years of in-depth research into the customer-funded phenomenon, and through the captivating stories of these and other companies from around the world, John Mullins brings to life the five models and identifies the questions that angel or other investors will—and should—ask, and he addresses the key implementation issues that characterize each of the models: when to apply them, how best to apply them, and the pitfalls to watch out for. Whether you're an aspiring entrepreneur lacking the startup capital you need, an early-stage entrepreneur trying to get your cash-starved venture into take-off mode, a corporate leader seeking to grow an established company, or an angel investor, mentor, or business accelerator or incubator professional who supports high-potential entrepreneurial ventures, this book offers the most sure-footed path to starting, financing, or growing your business or those you support. Learn more at www.TheCustomerFundedBusiness.com

From the Back Cover

WHAT INVESTORS ARE SAYING ABOUT THE CUSTOMER-FUNDED BUSINESS "The Customer-Funded Business should be mandatory reading for every entrepreneur before even thinking about seeking angel or venture capital funding. It's also the perfect what to look for guide for the professional angel investor. I will be giving a copy to every startup that pitches me!" —**DAVID ROSE**, Founder of New York Angels, CEO of Gust; Author of *Angel Investing* "As a venture capitalist, nothing is more valuable to me than getting first-hand market feedback from customers about their experience with a new product. The Customer-Funded Business expertly argues that the best and usually shortest path to developing that killer product is by getting customers to pay for it. By following the precepts of John's book, and financing a business primarily from customers willing to be early adopters, entrepreneurs will have a much clearer and more persuasive blueprint about how to build the business, and therefore have a far easier time raising venture capital (and incur less dilution, too)." —**BRUCE GOLDEN**, General Partner, Accel Partners; Forbes Midas List of Top 100 Venture Investors "I get sent, and buy, a large number of business books every year. The Customer-Funded Business is simply one of the best, most informed books I have read in a long time. Fascinating case histories of customer-funded companies all over the globe. A must-read if you are considering starting your own business, or funding a new initiative." —**DAVID GIAMPAOLO**, Chief Executive, Pi Capital, London "A book I'd like to give to each of the founders we've backed. In this fascinating study of successful—and not so successful—customer-funded businesses, John Mullins distills the lessons learned into simple rules. A valuable and entertaining read for anyone seeking to build a capital efficient business." —**MICHAEL ELIAS**, Founder and Managing Director, Kennet Partners