

Joining the 1%



When you watch this short video, titled [“Less Than 1% Get Funded,”](#) you will see a key issue in the mindset of a lot of businesses. Businesses will come up with an idea and then go out, get a bunch of money, and it will GO BIG.

This mindset leads to 99% of people not getting funded. It takes a lot of grassroots to get you to where funding is the appropriate next step.

I am a firm believer that when you get going in any endeavor, it is important to build a “grassroots approach” to getting started. That means you should work to get your idea together in any way possible, even if that means doing it part-time while the full-time job is paying the bills. Be frugal to not spend unnecessary money before you are getting those first few clients in that bring some revenue. If securing money is necessary, you should start with the friends, family, and credit card route first. Going after the serious venture capital dollars is not an easy endeavor, will be a difficult first start, and is left for that remaining 1%.

So how do we increase the odds of our success to reach the 1%? We must first get our product or service going by building out the offering, getting users, and showing some market acceptance. From there, we can begin to approach companies about additional funding. By using and providing some revenue help, you can then continue to build on this cycle. And in turn, you will slowly increase the odds that you will have success within the venture capital world, as I discussed in my recent blog, [Scaling bounceit!™ by Not Scaling](#).

Currently, I am in the process with my partners at bounceit!® to raise money and take the idea of this social voting mobile app to the next level. This week, we traveled to Columbus, Ohio to meet with a venture capital firm. As we discussed a plan to raise capital, they saw other opportunities for applications of bounceit!®. I am hopeful that this will be a very good arrangement for both parties. I will keep you updated as we progress.

We are at this point of approaching venture capitalist because we have followed the steps mentioned above. We have invested our own money and time, gotten bounceit!® out there, and been receptive to the users' feedback. Our first vertical is approaching campaigns and implementing a ground-level polling analysis. We are taking the next step and talking to businesses that are ready to sign up, and get a plan together to enter next year's political season.

My first two companies were done from a "grassroots approach" and not taking any outside money. The success of the IPS Funds were all grown with one new investor after another. Efficiency was grown from some money I had from IPS, but not from any outside investors. So this side of a startup will be a new experience for me, and we look forward to becoming part of that 1%.

[A Grassroots Strategy](#)



Many people look at growing a business as a task of how to reach the largest audience and make the most sales as quickly as possible. From my perspective, it takes time to grow a business and get a product or service out into the market.

You can start big with lots of capital, or you can [grassroots](#) your product to a small group and let it manifest from there.

If you have capital, and can spend it, go for it. Venture capitalists and other investor types tend to introduce a lot of control and other issues if it's something they take an interest in. Grassroots is the way most of us will either make it or break it in the marketplace.

Back in 1995 when I started the mutual fund, I didn't have a huge amount of capital or a vast array of clients with a ton of money. In fact, when we started the fund we required \$100,000 of seed money, according to SEC rules at that time. Between my firm and my clients, we didn't have enough to drop into a new fund. What we did have was a history of financial planning and money management clients that trusted us, so 6 of us came together to seed the fund.

With a little bit of time, we added other clients that helped to build our assets via monthly investment programs set up through the University. Usually this came in increments of \$50 to \$500 per month, and moved over small \$5,000 and \$10,000 amounts from other accounts as the trust grew. We hit \$2M the first year, then \$5M the second. This grassroots process led to a fund that went to almost \$700M in assets in 5 years, and took the firm to \$1B in assets. Now that was a one-step-at-a-time, true grassroots process.

Now I have focused my efforts on a new one. We are launching a new product that helps companies with the process of gathering requirements for projects. To do this, we have to

expose a beta version of this product to companies that could potentially be core clientele, would find the product useful and most of all be interested in what we're doing in order to provide us valuable feedback. If they like it, they will share it.

One way to take a grassroots approach to the next level is to attach it to another product or service that has already gone through it. We have opened up our requirements gathering tool [Sluice](#) for users to integrate with [Basecamp](#), which is a project management software tool. After requirements gathering, project management is the next step, making this a mutually beneficial relationship. Basecamp has successfully grown to having over 5 million users today.

I remember reading [this blog post](#) some time ago from [Seth Godin](#) where he said:

“Find ten people. Ten people who trust you/respect you/need you/listen to you...

Those ten people need what you have to sell, or want it. And if they love it, you win. If they love it, they'll each find you ten more people (or a hundred or a thousand or, perhaps, just three). Repeat.”