Funding Choices

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Kawasaki talks about two examples of early-stage funding, bootstrapping and venture capital, and the benefits and drawbacks of both. Ultimately, he believes that too much money is worse than not enough money, and that both methods can be successful of a smart approach is taken with the funds that are received.

Transcript

Yes it's very difficult to raise money and so the probability is you won't raise money so in some sense, people may never raise money and they'll bootstrap forever.. However I think the attitude of bootstrapping, that you don't buy $800-chairs, that you don't run Super Bowl Commercials, is something that should be in the DNA of a company.. You should always be a bootstrapper, or even if you have 10 million dollars in the bank.. And so, I think having watched the dotcom phenomenon, that too much money is worse than too little.. And that if you look at the great companies they never really raised boat loads of money.. Yahoo didn't.. Google didn't.. These kinds of companies, they either you know, who knows looking backwards, they were either lucky and found a business model that took off right away or they fundamentally had something that was so viral, so spreadable by evangelism that they didn't need to pour big bucks into it.. So, you know on the other hand, if you're offered venture capital I would take it.. I would take it, because living off soy sauce and rice isn't that much fun, but that's for a precious few who can take the money, or who can get the money..

And if you do get the money but then, I suggest that you not spend it because it just warps you.. And I have been warped by raising capital for Garage.. We have a lot of money raised and so it warped us.. And that's one of the mistakes I made at Garage...