



Stanford eCorner

Outgrowing the Bootstrap Phase

Susan Feldman, *One Kings Lane*

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Susan Feldman, co-founder of home-decor site One Kings Lane, explains why she and her fellow co-founder Alison Pincus decided to accept venture capital funding after successfully bootstrapping their startup. In conversation with Stanford's Tina Seelig, Feldman says confidence that the business was thriving and could continue to grow prompted her and Pincus to say yes to outside money from investors.



Transcript

You then decided to go out and get venture capital funding. - Right. - Why? Why did you not decide to keep this a private business? - Yeah. - And just keep growing it based on, you know, reinvesting the profits? - Yeah, so it's a very tough decision. When I say that we were cash flow positive and profitable, we were also incredibly under-resourced. So literally we would want to the end of every month to see how much money we made to see if we could hire another person. So at the end of the first six months, I think we were nine people in total, you know, doing all of that. That was kind of crazy. So we knew we needed to do something to-- - [Interviewer] To scale. - Yeah, to scale the business.

And it was a really tough decision. This happened I'd say around four months into it, we started to get a lot of inbound requests from the venture community and you know when you start off and it's your own money in the beginning and then all of a sudden saying, "okay, well I understand "the positive, this is gonna be smart money coming in "and it's gonna help us scale and we think this is now "gonna be a really big thing." You know, where in the beginning, Ali and I were worried about whether it would work or not. Now we knew it was gonna work and how big could it actually be? Versus, okay, we're gonna keep this like a nice lifestyle business and go along. It was a lot of conversations about it and giving up percentage of the company to the investors and things like that, but we ultimately decided we felt we were onto something big and that taking the money and the investment was the right thing to do to scale the business.