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INVISIBLE UNICORNS

AS OF 2017, there are 197 one billion-dollar minimum-valuation unicorns in the world, one of which is Indonesia's Go-Jek. While much attention is on these well-funded game changers, there are many "invisible" unicorns, so-called because they have reached $1 billion plus valuations with little or no VC or other external funding. They are the true definition of bootstrappers. Most of these invisible unicorns prefer to stay under the radar and continue to quietly disrupt business as usual in their chosen sectors. Who are they? How could they bootstrap and grow without any VC help?

Among the invisible unicorns who have done just fine without VC funding: Craigslist ($694 million annual revenue), Scentsy ($545 million), MailChimp ($400 million), Tough Mudder ($100 million), and SparkFun ($32 million). Used car listing site CarGurus went right to IPO, getting a $3 billion market valuation, without VC funding. Dating site Plenty of Fish was acquired by Match.com for $575 million. The most impressive of all was online education giant Lynda.com, which was acquired by LinkedIn for $1.5 billion.

While VC funding may seem a badge of honor for startups, it is not always the case. The entry of VC money and involvement (usually a board seat, among other requirements) can alleviate many problems, but also create new ones. Among them: (1) a large pile of new cash can push already-fast growth beyond what entrepreneurs can handle, and (2) VC executives can unintentionally distract entrepreneurs away from their original (winning) business model. Here are five strategies that invisible unicorns have used to grow without VC funds:

1. Recognizing strengths and weaknesses
They have crystal-clear clarity and understanding of their own strengths and weaknesses. They focus on their business strengths and demote their weaknesses.

2. Operating with ultra-efficiency and agility
Many bootstrap companies started in a one-bedroom apartment or a dorm room, with no employees. While scaling, they hired freelancers and full-timers who worked remotely. Many still run their businesses with distributed remote teams to be efficient and agile.

3. Being "boring"
MailChimp started out as an email subscription provider and Craigslist was—and still is—"just" a classified ad site. Both are "boring" businesses and the antithesis of hype. Yet these markets have sustainable demand.

4. Focusing on organic growth, not vanity metrics
Sustainable businesses focus strategies and tactical executions aimed at actual organic growth, not "vanity" metrics. It's better to generate real ROI than worry about attracting more Twitter followers.

5. Scale gradually
Stay humble and nimble, not greedy and flashy. The business will scale organically—don't artificially force growth with massive funding. With organic scaling, management can handle and drive growth in a sustainable manner.

In conclusion, VC funding can be a real boost for many startups, but there are risks that must be adequately understood that come with that. One can bootstrap all the way to unicorn status with the right strategies and tactical implementations. F

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