

Avoiding startup failure

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The United Arab Emirates has increasingly grown into the premier destination for doing business in the Middle East with an excellent drive for entrepreneurial growth and innovation. A recent report reveals that around 50% of registered businesses in Dubai are early-stage startups which contribute 47% of the UAE's annual GDP. However, an aspiring business owner should not easily dismiss the risks of launching a startup. While a good number of startups fail, this does not have to be the case. It is essential to take note of why startups struggle and create plans to mitigate this risk.

Market Problems or Lack of Market Demand

The lack of market for a product or service is one of the top reasons startups fail. Before launching a business in Dubai, it is important to research the marketability of the startup's idea. This provides a realistic perspective of whether the market can foster growth and success. One method is to conduct thorough market research to determine the viability of the business idea. A startup's target market can offer critical firsthand information about the value of the product.

Running Out of Money

Adequate startup funding is especially critical during the efficiency stage when sales are still picking up. Still, many startups soon lack the funds to scale their business in sales and marketing activities. A business owner must create a scalable business model while wisely allocating funds to essential activities. In addition, the business owner needs to manage expenditure by outsourcing non-strategic aspects. Hiring external parties to handle time-consuming tasks such as bookkeeping, customer service, and digital marketing will allow them to focus on core activities that will lay the foundation for the business to succeed in the long term.

Poor Team Management

A startup's vision will not be effectively executed when there is a poor working relationship from top management to employees. Furthermore, the culture of the organization and the skillset each person brings must work in harmony to promote the business. It is important to hire the right team to match the core values, skills, and attitudes that will enable the company to succeed. Leadership should offer proper training and create a culture that makes the team feel valued.

Product or Service Problems

The consumer market in Dubai is forecasted to grow by \$58 billion in retail sales by the end of 2021, but sometimes a startup comes up with a good product that fails to gain ground. It may be that the product is poorly executed, does not address the market's pain points, or has a poor pricing model, and this will reflect in the sales and profitability. It is natural to undergo continuous revisions, testing, and evaluations to offer a product or service that fits in the market. Consistently reviewing the company's service or product offering will strengthen the marketability and potential for success.

Strong Competition

19% of startups fail because they ignore the competition. This can occur if the product or service has an existing and growing niche market. Smart business owners go beyond the product's design, packaging, and pricing to determine the Unique Selling Point or Unique Value Proposition. This focuses on how unique the product or service is from other competitors in terms of the positioning, the problem it solves, and why it is the best option in the market. It also shapes the marketing and branding focus of the startup.

Running a startup comes with risks and uncertainties, but it is feasible to grow into a successful brand with the right plan in place. It requires effective management of operations as well as investing time, effort, and resources to sustain the growth. It is also essential to have the right team to keep track of market changes and competition. To learn more about startup licensing and more business setup support in Dubai, contact our team at Sentinel Business Centres.