

Mistakes to Avoid When Starting a Startup Company 11

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Entrepreneurship is a word that has become familiar to us, and it has become the word in which we reduce our dreams of freedom, wealth and social status.

But life is not as rosy as it seems, the path of entrepreneurship is full of obstacles and challenges, and in the beginning, in order for the entrepreneur to get his dream startup, he has to make a terrible effort that may exceed eighty hours of work per week in the establishment stage.

The hardship doesn't end here. Startup always has the specter of failure, according to the U.S. Small Business Administration (SPA) agency; 50% of startups fail in their first year, while 75% close their companies in just three years, and many studies confirm that 9 out of 10 startups generally fail... that is, the failure rate is around 90%.

Reality and studies tell us that there are many reasons why startups fail sooner or later. The path of startups is paved with thorns and hardships.

In this article, we focused on the eleven most important mistakes we saw that fit the entrepreneurial climate in the Arab world, and we initially wanted to write a guide or advice for startups.

But we realized that speaking in terms of avoiding failure would be better than striving for success, and it would enable us to warn against fatal mistakes for startups, so we wrote it like this.

Read also: [The world's best startups and lessons learned from each one](#)

Mistake #1: Not understanding the market needs and the resulting useless products

The founders of the startup Kolos say about their biggest mistake, and the main cause of their startup's failure:

We did a lot of things right, but it was all pointless because we neglected the single most important thing about every startup in their beginnings, which is choosing the right product.

According to the famous statement from CB INSIGHTS on the reasons for the failure of startups, the reason that occupies the first place with 42% of the reasons for the failure of startups is the wrong product, and the lack of understanding the market needs correctly. Many startups in their infancy may neglect market research, and instead of knowing the market accepts their product and whether they will have customers they just make a product they don't want and no one will buy.

Always choose your audience and understand them well, study their behavior and activities and involve them in the arduous process of starting your startup through market research, and even after that focus on building an MVP (i.e. an experimental product with fewer features), launch it and monitor the market interaction with it and consumer interest in it

Learn from the target audience's comments and criticism, and correct all their problems, this MVP will help you improve your product, or warn you at an early stage that your product will fail

Believe it or not, many entrepreneurs make products that no one wants to buy, and what is worse is that they themselves and those in their circle of acquaintances are not interested in them, and if it was offered to them, they would not buy it

This happens a lot in the software market; Programmers focus only on the product, do not study the market, or interact with consumers, they just write code and launch the program, thinking that the demand for the product will be fantastic and that they will become very rich

Another reason for product failure is poor timing, you may have chosen the right product, but you launched it at the wrong time

For example, if your product is an application that suggests good restaurants in your city, but you launched it during the Covid-19 period and restaurants are still closed, you will not find your application popular

A very important point about the launch of new products as well; It is the wrong targeting of the audience, you may have the right product, but you are marketing it to the wrong person

It may help to solve this problem for the entrepreneur to break into an existing market to study his problems, and then solve them in his product instead of creating a unique product

Although this idea may seem like a tradition, it is not, you are improving the previous products in the market, and this is very common globally, as 80% of start-ups in the USA are offering pre-existing products, but with improvements

Mistake #2: Don't start a startup you're not passionate about

A member of the NewsTilt team said after it was shut down just two months after its launch

"I think it's fair to say that we didn't really care about the press"

Lack of passion is the cause of failure for more than 9% of startups, and the word lack of passion may seem incomprehensible at first, how does one start a project that he does not care about

Well, the passion here is not project creation or entrepreneurship, but rather the product. Let's say that the electronic games market is very profitable, so I decided to launch an electronic game as my startup project. How can I offer a game or product with great quality and advanced features over competitors while I am not interested in electronic games

The entrepreneur should be passionate about his problem and the solution he is trying to reach... not choosing the problem and the solution just because they will make a lot of money for him

I am not underestimating the financial aspect here, projects and startups are profitable in the first place, but the pursuit of money alone may not be enough in front of all the difficulties and problems that the entrepreneur will face

Passion has two destructive faces in entrepreneurship. A lack of passion for a startup idea is a bad thing, and too much passion is a bad thing

You may disagree with me on the latter, but many startups fail because their founders love their idea and don't listen to other people's opinions or to the market, which ultimately leads to creating a product that no one cares about

(Also Read: [Marketing Guide for Startups \(Seven Practical Steps and Marketing Ideas](#)

Mistake #3: Being the sole founder of your startup

Startups with more than one co-founder greatly increase their chances of success, attracting 30% more investment and triple their customers faster

There are few successful startups that have a single founder, while the majority of companies have two founding partners. Well, this is not a coincidence. Studies and research confirm that startups that have more than one founder have greater chances of success, and in overcoming obstacles in the beginning of the company and passing it to safety

:Having a second founder for the company has several advantages, including

Since the co-founder is from a different background than you, he can take over this aspect of the company, for example, if you are a marketer and he is a programmer, you can distribute the tasks... so that you supervise all marketing affairs and he takes care of the software and technical tasks

The founding partner helps to bear the difficulties and problems that occur at the beginning of the project. Even in the worst stages of the project, having another person with you in the company helps you not to fall into the trap of despair and surrender

Having a founding partner reduces the risk of self-combustion. Entrepreneurship is not an easy thing, and it usually requires entrepreneurs at times to devote all possible time in their lives to make the project a success, which may throw them into the abyss of career

.burnout, which leads according to Studies show that 8% of startups fail

The co-founder does not have to be your friend or someone you have previous acquaintance with, but it is important that you have the same goals and orientations so .that there is no conflict or conflict in the future

When choosing your co-founder, you should not choose someone who is the best in his field, this is very difficult and may cause you to lose an excellent co-founder that you will .regret not choosing in the future

Another point when choosing your founding partner, do not be alarmed by his desire for a large salary or the like. The startup is based on profitability, but pour all your attention on his personality and help you in establishing your startup and his actions in difficult times, and will he persevere and bear the pressure until reaching safety ... Or will he give up the .company and soon he will want to withdraw

Read also: [Success stories of startup companies and why they achieved all this success](#)

Fourth Mistake: Getting into financing problems, whether it is too little or too much

It is obvious that the lack of funding and cash flow of the company will cause its bankruptcy and failure, but also the presence of large financing and cash available may .lead to the same way

Dealing with investors and money is very risky, and the game of startups is a game of winning everything or losing everything, but first let's talk about the lack of funding and .cash flow for startups

Startups need to obtain financing in a number of their stages, especially the beginning ones; Whether in order to hire more employees, increase marketing spending, start .another product or develop an existing one

Therefore, until a certain period of its growth is dependent on financing or loans, and here the failure in the new financing rounds is devastating for these companies, and there are .many companies that were famous and large that went bankrupt for this reason

As for the problems of excessive financing or too much money, it is a bit complicated; The .problem is not with the money itself, but with what comes with it

Investors want you to use their money, move to a better office and hire more employees, and here lies the problem of new employees, many of whom embrace the idea of doing tasks in exchange for a salary, rather than adopting the idea of the development and .success of the company

There are a number of other problems in the investor's interventions in the start-up company and in its decisions, and these interventions and their implementation may later cause large losses for the company or change its vision and methodology of work, and

large funding also requires a strenuous effort in order to achieve the desired profits from
.the investors to satisfy them

(Read also: The most important ways to finance projects and start-ups (explained 5 ways

Fifth Mistake: Killing Spending and Wasting Money

Spending without a plan or a preconceived vision is a waste of the startup's money and a waste of its liquidity, which is often useless, such as buying luxury offices and renting expensive premises, which will cause the company's money to evaporate in a frenzy and
.result in the company's collision with the problem of lack of liquidity

In the event that the company is unable to obtain financing, it will go bankrupt and fail, and therefore it is important to spend with caution, and I do not mean here not to spend
.or spend in a small way, this is also a problem

It is surprising that the misplaced spending is very similar to raising insufficient funding, and this is because in both cases the company will lose its liquidity, and will not find any money to inject into its business, in addition to losing the confidence of financiers and
.investors

The means used to measure rational spending in the world of entrepreneurship is to compare your company with the rest of the companies; Because if you collected \$ 5 million and it ran out of you, and the average financing of similar companies was \$ 5 million, then you have spent recklessly, but if you collected a million dollars, then your
.problem will be insufficient funding

It is worth noting that over the past few years this problem has become less and less common, as entrepreneurs have learned a lesson from the many companies that have gone bankrupt due to reckless spending, and starting a startup becomes more and more
.cheaper over time

But this does not negate the dear entrepreneur from taking precautions and planning expenditures in your startup... especially when it comes to hiring a huge work team that
.the company may not need in most cases

The main reason for wasting the company's money is through hiring many employees, and here I mean hiring a huge number that the company does not need in the current
.period

This is a major disaster for startups, because this increases expenses significantly, and it also loses the company's main advantage, which is flexibility and creativity, as companies
.then lose their momentum and start to slow down and fall into bureaucracy

Mistake 6: Hiring an incompetent team

.Says the CEO of a company that is bankrupt due to the lack of an efficient team

”I blame myself for a lot of what happened, for not hiring more people with experience“

While everyone is talking about financing and the product... Many neglect an important factor in the success of startup companies, which is the work team and how to employ it

It is difficult or impossible for a startup founder to be able to manage his project on his own, so he needs a team that may be small at first, but gradually grows as the company grows

In startup companies, usually one employee takes charge of the entire department, you will need one marketer to run the marketing department for you and one accountant to handle the company's financial affairs

Therefore, you will need a competent employee who is well versed in his field, because any lack of experience he has will greatly affect the performance of this section of the company, and imagine what would happen if the marketing department, for example, was unable to perform its tasks with the necessary efficiency

Startups in the beginning may find it difficult to hire due to lack of funds, which leads them to hire as few employees as possible, but this should not be an argument to hire anyone just because it does not require a large salary or does not cost the startup a lot of money

Here, let me mention to you some of the problems that start-up companies :fall into because of the incompetent employee

In the case of hiring an incompetent employee, the company does not pay less, but 1 rather throws its money into the sea, because this inexperienced employee will not be able to advance and reap more profits, which means that hiring the wrong team is a waste of the money you are trying to save

Hiring an incompetent employee is a waste of time and effort, because you will have to 2 dismiss him and take over his responsibilities until you find the best alternative

An incompetent employee may extinguish the flame of the work team's activity, as it 3 will be a major weakness for the company that affects the performance of the rest of the departments, even if they all contain competent employees

For these reasons, companies must understand well the importance of the recruitment process as a turning point in their fate and success, and companies must attract talent

You can attract talent by showing some of the advantages of working in your :startup, such as

- Flexibility in work and ability to make decisions
- Obtaining perks such as owning a small portion of the company's stock
- Get a golden opportunity to participate in building a new brand

Mistake 7: Launching too early or too late

.Says Stephanie Kaplan Lewis, co-founder of Her Campus

*You can plan and research your product forever, but the key to success is to get out of“
”.this area, and then the feedback and momentum will push you to keep moving forward*

The product launch process is very difficult; As a startup owner, you will never be 100%
.sure that everything is OK, but that shouldn't be your reason for delaying the launch
The point here is that the user does not care as much about the moment of launch as the
founders, who are afraid of writing articles and appearing in newspapers and media
.channels

Often the reason for this delay is the desire to achieve an integrated product, or work on
adding many, many features and features, and neglecting the fact that the product has not
.been made public yet

Therefore, the entrepreneur has to get rid of this harmful anxiety and start launching the
product at the right moment without any delay or fear that anything will go wrong, as it is
.virtually impossible for the launch process to be 100% error-free

Delayed launch in a number of cases is indicative of a vital problem in the startup,
because if not worrying about mistakes or feeling unprepared yet... it will be slowing down
and delays in work, or not understanding the problem the company is trying to solve, or
.the company being distracted by Working on several things at the same time

Many experts in the field of entrepreneurship advise to launch an MVP (Minimum Viable
.Product) for their product, and launch it in a short period of time

This is in order to survey users, and discover if there are problems or errors that you did
not notice during the preparation of the product, and this procedure will constitute a
safety valve if your product fails, so you will finish the matter before you incur heavy
.losses

Delayed launch has plunged a large number of startups into the abyss of failure, and early
.launches have failed many more startups

The problem with an early launch is that it could completely destroy your reputation as an
.entrepreneur, and take away all your hopes that investors will trust you again

(Also Read: [Mistakes Entrepreneurs Make When Starting a Business \(You Should Avoid](#)

The eighth mistake: Not paying attention to competitors and not studying the market well

Entering a market you know nothing about is a huge mistake, and it could cost you both
.your project, your trust, and your reputation in the entrepreneurial world

Entering the market randomly will make your product a weak product that is not familiar with the needs of the market or competition in it, and this will put you in a very difficult situation after the launch... when your product does not receive any demand, and you .discover late that it does not solve a problem for consumers or solve the wrong problem

Studying the market and competitors is directly related to the product of the emerging company. Studying the market and the most prominent competitors on the scene and their problems will help you greatly to solve their problems in your product, and to .control this market and obtain the largest market share in it

The process of improvement is not a tradition at all, and if it is like that, there is nothing wrong with it, as we mentioned about 80% of startups in the USA are based on this model .of improving an existing product in the market

This is much safer than creating a product for a new market, and to educate consumers so that the market grows gradually, and when the market begins to generate profits, you find that there are new projects that have started working on the problems of your product and .have become your competition in the new market

.Heads Hohmann is an entrepreneur and podcaster who beats infertility

As an entrepreneur, you do not need a large number of competitors so that the market“ is not saturated, but you need a sufficient number of them so that your first contact with customers is not an attempt to educate them about their need for your product or ”.service

To summarize things, before you start entering the market and start establishing your startup, you have to get to know all the competitors, identify their strengths and weaknesses, study the market well and know the needs of consumers, and then think .about launching your product that overcomes the problems of other products

Mistake #9: Ignoring customers and their opinions

.One entrepreneur says of his startup that went bankrupt due to customer neglect

We didn't spend enough time talking to customers, we were just releasing new features“ that we thought were great, one by one. We didn't bother with what our customers really said and wanted, and we kept doing that until we realized our grave mistake, but ”.it was too late

It's easy to be fooled into thinking something is great, but you have to think about your .customers, and how that great will fit their needs

Everyone loves his ideas and projects, and this admiration may reach him to the point that he deafens his ears from the opinions of others, but this premise is not appropriate in any way to entrepreneurship, as it is a complete building based on satisfying consumers and making products that meet their needs according to the requirements they want, not .the product maker or the company or its manager

Every entrepreneur who wants to start his own startup and wants it to succeed must hear from customers more than himself, and present his ideas, whether in the form of a prototype or in the form of a product with the least possible characteristics (MVP), and he must monitor and analyze their reactions, because those responses It is what will .determine the success of a startup or project or not

And listening to customers is by presenting the product to them before it is officially .launched in the market in order to try it and get their opinions

You must look for problems or errors to address them before the real launch, or listen to customers after the launch of the product, whether for their complaints or comments, or even for updates and new features that they see as essential in it, and this is what makes customers more loyal to your product and your company... When they see that their .opinion is important and what they suggest is being done its implementation

The Twitter hashtag was the product of customer listening; One Twitter customer .suggested they use the hashtag “#” feature in 2007 and Twitter was hesitant at first

But in the end, she acquiesced to his opinion and adopted the hashtag, which today has become the distinguishing mark on Twitter, whose name is associated with her name, and which, due to the success it achieved for it, has been imitated on various other social .media platforms

Unfortunately, ignoring customers will sooner or later lead to customers turning away from you, and looking for other companies that care about their opinions and feedback, .which will affect your profits and your business model

Take it as a general rule; The companies that put their customers first are the .companies that control and monopolize the market later

Also Read: [What is Customer Loyalty and How to Gain It to Maximize Your Sales and Profits](#)

The tenth mistake: neglecting marketing and working with the saying that the product will market itself

Marketing is an essential pillar in any project or profitable business. Profit comes from customers and customers will not come without marketing, so I am very surprised by some companies that make a fabulous effort on their product and building it, but they do .not make a tenth of this effort on marketing

You find that despite their theoretical superiority over the products of their competitors, .they suffer from a lack of sales, which, over time, may lead to the company's bankruptcy

Marketing is the magic of the world of money and business, which makes some companies can make money out of nowhere. Even companies with medium-quality products with .good marketing can sweep the market, and achieve fantastic profits in very short periods

The secret here lies in their marketing strategy, and in the continuous effort to advertise themselves, and to highlight their strengths and distinctions to customers

Do not think that my words are an exaggeration; If you look at the budgets of companies - especially successful ones - you will see that a very large part of their budget is spent on marketing

Even if these companies are well-known and are the most famous in their field, they spend a lot on marketing in order to maintain this position in the minds of consumers, and there are many companies that have made crazy leaps due to interest, focus and even betting on marketing

Read also: [E-marketing in a simplified and comprehensive explanation and the most important sources for learning](#)

Mistake Eleven: Miscalculating the Price of a Product “The Pricing Problem”

Pricing is one of the most complex tasks that a startup must do, as there are many factors that control pricing and any mistake, even a small one, may lead to the company's doom

Dear future entrepreneur, it may come to your mind that the mistake lies only in setting high prices for the public, but burning prices or setting low prices also leads to serious problems for startups

Many startups are trying to burn market prices, or set attractive prices compared to the prevailing price, in order to win the largest amount of customers in the shortest time

But this strategy eventually causes the company to fail, because the company is unable to keep up with this system for a long time, and does not have enough income that would push it to meet its needs and achieve the required profits, and it collapses

Exaggerated prices are also a big problem, and this is because the customer then has high expectations for the price you ask, and if the customer does not find these expectations in your product or service, he will be frustrated

And pricing problems cause 18% of startups to fail, according to the CBInsights report we mentioned earlier, and experts advise that the price be balanced between three axes: product costs, customers' ability to pay, the profits required for you and the company, if you can achieve your equation from these The three parties guarantee that the big profit will come sooner or later