



Learn the main reasons why 90% of startups fail



arageek.com/2020/11/07/why-90-of-startups-fail 

Rasha Hassas

7 نوفمبر 2020

Nine out of ten startups fail, a harsh and unpleasant reality that entrepreneurs face. My purpose in mentioning them is not to discourage or discourage you, but rather to help you understand the possibilities ahead. When you know what awaits you, you can prepare for it, leaving little room for possible failure. Most people fail because they make mistakes they could have avoided if they had prepared in advance.

Why 90% of startups fail? Many studies that deal with the reasons for the failure of most entrepreneurs focus on factors related to the product, studies and market, which are the reasons for failure after the establishment of the company. But I think there are reasons for failure that preceded the establishment of the company.

The first reasons startups fail is their founders, their motives and their perceptions

Many entrepreneurs claim to be motivated by a passion and desire to change the world around them, chanting slogans that have become clichés such as “Follow your dream” and “Strive for a better world.” While this may be true in some cases, what drives many of them is the dream of wealth and fame. There is nothing wrong with striving for fortune and fame except that it is not enough. The biggest problem is their perception and expectations at the first turn, especially since successful experiences have proven that successful entrepreneurs - except rarely - have gone through many failure stories from which they learned a lot, and without these experiences they would not have been able to formulate their project in the final form we know. Only passion can push you forward when all the circumstances tell you otherwise.

Confusion between the concepts of entrepreneurship and self-employment

Joining this global trend is often to escape from the conditions of routine jobs, so you find someone who calls himself an entrepreneur, who sees in this concept a wonderland that will rid him of the boss's domination and long working hours, to be surprised later that the boss's domination is less than the intensity of competition in The labor market and that entrepreneurship does not distinguish between working hours and does not leave space for personal life, at least in the early years. Many entrepreneurs also start their businesses because they need a job. They have a vague idea of what they are doing, without the business skills and real experience to find failure waiting for them.

The common belief is that all you need to create a company is a creative new idea

Although talking about the success stories of entrepreneurs always begins with the moment when everything started with the inspiration of an idea, the idea is not that important in itself, as rarely any idea is unique in reality. Implementing that idea was the final say that differentiated a sportswear brand like GymShark from other startups.
?What's so special about another sportswear and equipment company

You have to offer more than just an idea. To build a successful company, you have to give
.it time, money, and skill

Applications to help entrepreneurs manage the affairs of start-up companies effectively

The most important reasons for the failure of start-up companies after incorporation

The market does not need the product

Fortune magazine has identified the main reason startups fail as “they make products that no one wants.” The study showed that 42% of startups fail because entrepreneurs do not study market requirements. The first step you should take when you have an idea for a new product is to study the market need for that product. Instead of working for months on a product that no one wants, focus on solving a problem that is important to other people. Put your ideas on the business model board, and go and test them. Talk to your potential users. Most of those who fail do not devote enough time to proper research and
.market study

of startups fail because of funding cuts 29%

If you are short on money, start looking for a financing method that works for you. Searching for financing for your own project may be a big challenge for entrepreneurs, so you must provide a detailed financial study of your project and prove your ability to implement the project in an ideal way so that you get the appropriate financial support. You can resort to crowdfunding, support funds and loans for small projects, funding from family and friends, investment capital and incubators. Don't quit your day job until your project starts generating money for you, as life stresses may push you to give up on your
.dream

of startups fail because of the lack of the right team 23%

| . People don't build great companies, teams do.” Mark Suster“

Statistics show that startups with more than one founder have a higher chance of success, most entrepreneurs know their craft and a few other things. If you lack a particular set of skills, find a team that can complement your skills. Do what you do best and hire experts to do the other things. This may cost you more money, but if done correctly, you will get a
.lot more than what you spent

of startups fail because of competition 19%

Focus on yourself and don't pay attention to competition" sounds like a good advice if you are looking for inner peace, but if you are starting a company and want your company to continue, it is foolish for entrepreneurs not to care about competition. The neglect of the competition spent on a giant company like Kodak (the Kodak) invented the first digital camera in 1975, but I thought that the masses will not be lured by cutting - edge technology to cost it this mistake of her life and declare bankruptcy in 2012. The were not Kodak safe from competition, ignore the competition welfare does not Startups can afford .it

rapid growth

This may sound strange and illogical, but I will demystify it. While rapid growth is the first sign of the greatness of your idea and the success of your organization, growth is faster than expected and planned. It can be one of the reasons for the failure of the newly born company. You have to validate your business model before scaling it up. Without proper preparation and strategic focus, rapid growth does not necessarily equate to profitability. Alongside the rapid growth comes additional overhead costs, more employees, more infrastructure and more of everything. It's exactly the same as in The Intern , where the rapid growth of Jules Austin's "Anne Hathaway" seemed to spiral out of control. This prompted her to search for a new CEO to share responsibilities with. In addition, to increase its market share, a new strategic line was imposed on it in line with .the increasing speed of growth and the new situation

At any stage of growth, verify that the growth is sustainable and that you can actually keep .up. Otherwise, you are just getting bigger and less efficient

It is really great to have a vision for the future and a dream that you aspire to and strive to achieve. Therefore, arm yourself with all the necessary tools to protect your dream and make it a reality and be patient. It is not like a Hollywood movie. Success in establishing a private project took Oprah , who had financial resources, a large fan base and huge relationships and acquaintances, a few years to reach her business to a solid success.

Being willing to be patient and carry on that long as well. Watching films about entrepreneurship and reading their success stories can help keep you