Common Lean Startup Mistakes for Startups 4

eighthf.com/lean-startup

8 مايو 2018

Ayman Zakaria
Business development Manager

Some emerging projects start their business with the idea of Lean Stratup, but by breaking the concept down to a quick start in launching the project, neglecting the application of the business management methodology to the extent that does not hinder its launch, and does not cause it to stop due to financial or marketing difficulties and others. Here are the top 4 most common Lean :Startup mistakes

!!Lean Startup without a systematic Market Research study -1

Business owners who started with the idea of Lean Startup are surprised that there are difficulties in the market, believing that some simple information about the market is .enough to decide whether to enter it or not

For example, when you start to manufacture a product or provide a service, you find that this product or service is undesirable, or the presence of a strong competitor offering that !at competitive prices means a sure loss

There is no future vision for the project for some Lean Startup -2 !!projects

Startup projects start their work and when they reach an initial stage of stability, their owners start thinking about developing them and expanding services, but they are surprised by their inability to do so for several reasons, the most important of which is the lack of a future vision for these projects and that this expansion and development either needs additional resources that do not exist or it is difficult for reasons related to the .market Himself

> ?How do you protect your startup from collapse

Marketing without a plan and traditionally does not depend on -3 !modern technologies

The high cost of traditional marketing using old ideas such as appointing a large number of marketers and opening many outlets for distribution exhausts the estimated budget of the project, and its results are usually useless due to the intensity of competition and direct purchasing power to shop through the channels provided by modern technology ! such as e-marketing

> The importance of using technology in the emerging business sector

Wrong discretionary budget and failure to specify and diversify -4 !!!funding sources

Failure to use the business management methodology in LeanStartup projects leads to wrong estimates during budget preparation for the project, which leads to facing financial difficulties while the project reaches a stage that cannot be stopped temporarily for .modification, and the state of resource depletion continues until the project stops

The failure to specify and diversify the sources of funding, in the belief of some emerging business owners that the subject budget (which we talked about is wrong) can spend on the project until reaching the stage of stability. This also leads to facing serious financial difficulties such as high operating expenses and weak returns, which requires additional .unplanned sources of funding. Its causing the project to stop

?Financing startups.. What are the ways to obtain it

4 reasons why some startups in the Middle East fail

startupbahrain.com/features/4-reasons-why-some-startups-in-the-middle-east-fail

By Jenan Al-Mukharriq January 10, 2019

Launching a startup in Bahrain, or for that matter, in most parts of the Middle East, is way easier today than it ever was at any point in the past. The region is undergoing a startup revolution, after all, gradually shedding its reliance on the oil economy.

So if you have an amazing idea for a startup and want to get on and pursue it, the timing couldn't have been any better. However, just like with any new business venture, the thing with startups is that success is not always guaranteed. In fact, some estimates go as far as claiming that 90% of all new ventures worldwide end up as failures. While the actual number can vary to some degree, the underlying trend is visible in the Middle East startup scene as well.

No point being disheartened though — as you'll see, the purpose of this article is not to dampen your entrepreneurial spirit. We merely want to point out that most startup failures in the Middle East are actually self-inflicted, hence avoidable.

The following is a list of four common mistakes that you should avoid at all cost to ensure that your startup can face and triumph even the harshest of challenges and outgrow competitors:

Mistake#1 Making products with little or no market need

Build products that people need and are willing to pay for. Product/market fit is a non-negotiable requirement for any startup to succeed. Unfortunately, a large number of startups in the region often get carried away by their own product idea and ignore this basic principle.

London-based data analytics firm Autopsy recently surveyed 60 failed startups in MENA and concluded that more than one in four failed because there was simply no market demand for their products. Another 14% fail because they find themselves (unsuccessfully) competing against competitors in an often-saturated market.

To ensure that you don't make the same mistake, begin by asking yourself the following questions:

- Does your product actually solve a problem that people generally encounter? Startups like GetBaqala are successful today because they're offering something people across the region have the use for. Another good example is Talabat.

- If the answer to the previous question is, YES, then ask if there is already a better product out there that solves the same set of problems. For example, launching a new social media startup today targeting the Arab world wouldn't probably be very practical considering that snatching users from heavyweights like Facebook, Twitter, and Instagram is not going to be very easy (unless of course, you have something really special to offer).
- And finally, is the market ready for your product yet? Timing is very important for a startup success because sometimes even a good product can fail because the target market is not quite matured enough to accommodate it. American serial entrepreneur Chase Norlin rolled out the world's first online video sharing platform ShareYourWorld.com in 1997 — seven years before YouTube came into existence. The venture shut down in 2001 because most users didn't have access to fast internet connections capable of streaming videos.

Mistake#2 Underestimating the importance of having a strong team

It's common knowledge, and yet many startups in the Middle East undermine the significance of building a strong and motivated team right from the start. Although to be fair, the problem is not limited to startups from the region only as it's a common folly shared by more than 20% of all failed startups globally, according to Autopsy's research.

"Choose people carefully. Even if your potential employee is a brilliant engineer he will fail you if he has no integrity," warns Chengeer Lee, the founder of the now-defunct startup Labit.

Good teams are a must-have for all businesses, but more so for startups as they can't afford to make as many mistakes as a more established business could go away with. Moreover, startups often have small teams with each team member assuming key responsibilities. Even one person's failure could come as a massive setback in those first formative months and years.

Mistake #3 Misplaced spending priorities and poor management of funds

The most crucial part of the job of a startup's leadership is to ensure that the company always has a certain minimum amount of money in the bank.

However, today, as the Bahraini startup scene is growing almost exponentially, success is often (wrongly) associated with glamor and that's a misperception that spells the doom for many homegrown startups.

Lavish, unnecessary spendings should be avoided at all cost. The bulk of the money should go to key operations including product development, R&D, marketing, and so on. An office at a highrise in the most glamorous part of the city can wait.

Mistake#4 Putting all eggs in one basket

Diversification and back-up plans are critically important for startup success.

In the initial phases, it's better not to punch above your weight. And even if you do, make sure that there is room for failsafe measures in case things go south. Unfortunately, some startups ignore this.

Take for example the case of Le Planneur, a currently-defunct Egyptian startup that aimed to disrupt the country's event management market. Desperate to start things with a bang, the company invested all their resources for a kickoff event — a massive folk concert.

It didn't work out.

"We didn't even sell 10% of the tickets we had expected, so we had to cancel the event and closed down a year later," says Ibrahim Mahgoub, founder of Le Planneur in a conversation with the CairoScene.

He added: "We invested all our money in a business model that we hadn't even invented: we had no idea why people would buy this service, and it was an industry neither I nor my colleagues had experience in. It was our first encounter with event management."

And finally, remember — more often than not, failure is just a temporary setback that you can easily bounce back from provided you are ready to learn from your previous mistakes. As a budding entrepreneur, you are lucky that Bahrain is today teeming with startups. There are so many case studies to follow, so many examples of how to build and nurture a business, and more importantly, how not to run a startup.

Take inspiration from Bahraini startups who are kicking it on a global scale. For example, there is GetBaqla, a startup that aims to disrupt the grocery delivery market, or Skiplino, the IT startup that's revolutionizing the queue management system with its innovative cloud-based solutions. And while you're at it, also refer to the case studies of failed startups from the region. There's plenty to learn from them too.

Just think of it this way — they made mistakes so you can learn and don't repeat those same mistakes.

main reasons why startups fail 5

ibtdi.com/5-major-reasons-behind-the-failure-of-startups

21 فبراير 2018

1

(1)

There is no doubt that the possibility of failure of startups is a possibility and a large percentage, the establishment of startup companies is fraught with risks and entrepreneurs must take the possibility of failure

,their startups in mind. There are 5 main reasons why startups fail

:Entrepreneurs should avoid them in order to write success for their startups

Incorporation of the start-up company in order to achieve profits . :only

.The establishment of a startup company differs from the establishment of other projects

The company is working on achieving it and then looking for profits . If you establish a startup company in order to achieve profits only, you will surely fail, because

The startup requires great sacrifice and ambition from the entrepreneur, and most importantly, the entrepreneur's passion for the idea of his startup, which makes him patient with

his project to make profits. Whereas a company that is established for profit only, its , founder will not have patience until his company achieves profits

.Thus the company fails and exits the market

.

:Bad management and poor leadership of the work team

An entrepreneur does not necessarily have sufficient managerial and leadership skills to be able to lead the work team to the success of his company. In this case the

The entrepreneur has to hire an executive who has good management and leadership skills that enable him to achieve success for the startup. The clinging of the incompetent entrepreneur

.Administratively managing a startup often causes failure for the startup

: Insufficient funding for a startup .

The entrepreneur must ensure that his startup is financed for a period of no less than three years without taking into account the expected profits, as it may be delayed

Profits and therefore the expected profits cannot be relied upon in financing the startup, and there may come a time when the startup cannot cover its expenses if it is not

The existence of sufficient funding or its reliance on financing from profits, and thus the .company is forced to close as a result of falling into a financial deficit

: **Bad planning for the company emerging** .

Startups often fail due to the lack of a clear plan or specific goals that they seek to achieve, this certainly causes a waste of the company's money

. Emerging and dispersing the efforts of the work team

:Establishing the startup as a huge company from the beginning .

Having an irrational vision for a startup drives the majority of entrepreneurs to establish large companies from the start and spend huge amounts of money on rent and furniture

Exorbitant costs in hiring a large number of employees are other manifestations of the company's size. This over-zealous entrepreneur and visionary

The illogicality of the start-up company will cause failure for the entrepreneur because after a period of time he will be unable to continue paying the large expenses of this company

massive. Instead, the entrepreneur should establish his company as a small company or .even without having a headquarters and then work on expanding his company

.Entrepreneurs start out with modest or even no home for their startups

?What is your benefit

The 5 reasons why hardware startups fail

techinasia.com/talk/5-reasons-hardware-startups-fail

July 18, 2016

 Daniel Ellis · 18 Jul 2016

On July 7, 2016, Theranos CEO Elizabeth Holmes was barred from owning or running a laboratory for two years. Theranos also had its licence to operate its laboratory in California revoked.

This highly consequential decision by the US government regulator, hot on the heels of Forbes' downgrade of Theranos' valuation from $9 billion to $800 million and Ms Holmes' own net worth to zero, should come as no surprise. The company has been struggling to maintain its credibility since October 2015, when its practices and technology was first brought into question by the WSJ.

As Ms Holmes' problems mounted, she famously paraphrased Gandhi by saying, "First they think you're crazy, then they fight you, and then all of the sudden you change the world."

It seems not that long ago that Theranos was held up as the shining example of a hardware startup taking on a big, established industry. It's the latest in a series of high profile hardware startup failures that includes Coolest Cooler, Zano, Makerbot, Pirate 3D, Novelsys and Better Place. There are many others. Too many to mention in one article.

But why look into failures?

Surely there are many more success stories like Tesla, Xiaomi, and Raspberry Pi that one can rather strive to emulate?

Not so simple!

Reason being that when it comes to hardware startups, the challenges seems to be remarkably similar; for failed companies and successful ones alike. Not just that, it transcends geography and industries.

Unfortunately, mistakes tend to only reveal themselves after a startup fails, so those are the best places to look in order dissect, learn from them, and create future success.

> "At some point, everything's gonna go South on you. You're going to say 'This is it… this is how I end.' Now, you can either accept that, or you can get to work. You solve one problem, and then you solve the next problem, and the next, and if you solve enough problems, you get to go home." – Mark Watney (as played by Matt Damon in the movie The Martian)

Not all failures are created equal

Prof. Amy C. Edmondson from Harvard Business School wrote an article in 2011 that asserts not all failures are equal. She splits them up into three categories:

- Preventable failures in predictable operations
- Unavoidable failures in complex systems
- Intelligent failures at the frontier (or rather… happy accidents)

In this series, I'll be looking more deeply at five overarching, preventable failures, the lessons to learn from them and the skills needed to either avoid or recover from them.

Over the next few weeks I'll be working through detailed case studies and conduct interviews to help break down and analyse the biggest challenges hardware startups face and if circumstances makes them unavoidable, look at options how to overcome them.

Unlike most similar type articles, I'll delve deep into each topic to be as comprehensive and thorough as possible. Keep in mind that although this series focus on hardware startups, the business lessons to be learned is helpful for all founders.

Without further delay, here are the 5 reasons hardware startups fail, in no particular order.

1. Engineering/technical design issues

Here I'll show how technical issues, bad product decisions, over-promising and too many changes can delay or derail a project completely.

I'll also look at the type of testing you should be doing at each project phase.

2. Superiority bias

The traits of the typical entrepreneur can, in many cases, be seen as overconfidence, arrogance, naivety or unemployability. These traits can be either a boon or a bane for the project and the company as a whole.

We'll show how to recognize and manage said traits to further increase chances of success.

3. Timing problems

Not the dark magic many people think it is. I'll provide you with the checklist to be more sure whether the timing for your concept is right or not.

I'll also use case studies to illustrate where timing has made a deciding difference in the success of a product.

4. Poor execution

Execution can refer to Operations and Decision making or Internal Admin and Regulation. I'll discuss both separately.

I'll discuss the commercialization process in detail and point out the various pitfalls along the way. The administrative process, often seen like a necessary evil when it fact, it being a structure that supports your project and company, is a strong indicator of future business success.

5. Insufficient funding

The one we obsess most about and so very often get horribly wrong.

I'll discuss the various options of funding available to hardware startups and elaborate on ones that spare you from giving away too much equity to make your dreams come true. I'll also show you how to prepare a budget for a hardware project and work through a sample product.

There are many other reasons startups fail, but speaking from my own experience and research, these are the ones that present the highest risk that are at the same time, manageable. While I do not claim to be an expert in each of these issues, I will take the necessary effort to include data, case studies and expert opinions.

Please join in the discussion and share your own experiences. Let us all learn from each other.

This article is the first of 'The Hardware Series', where the author covers in detail why hardware startups fail.

Editing by Sim Yanting

Community Writer

Daniel Ellis

Daniel J Ellis is firstly, trained in financial management and accounting, and secondly, a tech geek who loves playing with the latest technologies and electronics boards.

!Reasons Why Startups Fail 5

arabhardware.net/articles/5-main-reasons-startups-fail

Launching your new startup is very exciting, not only will you get a chance to control your own destiny and build an effective team, but if you are more lucky and put in some effort, your startup can turn into the category of " unicorns ", startups worth billions of dollars . Of course, most of us know that the odds of a company becoming that category are slim, even if you already have a great idea. This is because more than half of startups fail within .their first five years of operation

So understanding why startups fail can help you avoid such a fate. What are the most ?important ones

lack of market need

One of the most common reasons why startups fail is simply a lack of market need; Economic systems depend on supply and demand, and in your startup you may offer a product or service, but if there is no demand for that product you will not be able to sell it. The company may have a great product, a reasonable price, and perhaps the best customer service in the world, but all of that will do nothing if people don't need your .product

The best way to avoid this from happening is through market research, before you delve into your startup development, it's important to research your target demographics, and .make sure they want to buy a product as you offer it

!Also Read: 7 Ways To Test Your Startup Idea

Customer experience problems

Another common reason for failure is customer experience issues. We don't mean customer service. Customer experience refers to their entire experience with a brand, and includes their first impressions, experiences when using the primary product or service, .and their interactions with customer service

If the usability of your product or service is poor, if customer service is inadequate, or if other experiences are lackluster, you can't keep customers. That's why customer .experience should be one of your top priorities when developing a business strategy

out of capital

Many entrepreneurs launch start-ups with minimal resources to sustain their business for as long as possible. But even the smallest companies need money to stay in the market, and if the capital runs out prematurely, the company will not survive no matter how good .its business model is

Usually this problem arises with companies that are self-funded, or those that resort to minimal resources, the solution is to start generating revenue consistently faster, or to work with different investors such as angel investors or venture capital companies to get .more funding for your startup

Read also: Accelerators or Business Incubators.. Which is better for your ?startup

Fierce competition in the market

Good companies garner a lot of attention. If a company is making good money and dominating the market, it is only a matter of time before another aspiring entrepreneur steps in trying to grab a piece of the market. If a startup appears to compete directly with your company, and has an advantage over your company, such as offering a lower price, .more exposure, or better customer service, this will often affect your startup

Fortunately, there are many ways to develop your competitive edge, by lowering prices, or .targeting a different audience

No real business model

It is very strange when you see how many startups come up without a proper business model, maybe they have a big strategy to get attention or get a number of downloads, .shares and interactions on social media, but without a real way to make money

Before starting your company, you need a business plan, and no matter what your product or service is, you must have a way to make money in your plan. This model can evolve .over time, but without a model, the business will inevitably fail

Top 6 Reasons New Businesses Fail

investopedia.com/financial-edge/1010/top-6-reasons-new-businesses-fail.aspx

It's often said that more than half of new businesses fail during the first year. According to the U.S. Bureau of Labor Statistics (BLS), this isn't necessarily true. Data from the BLS shows that approximately 20% of new businesses fail during the first two years of being open, 45% during the first five years, and 65% during the first 10 years. Only 25% of new businesses make it to 15 years or more. These statistics haven't changed much over time, and have been fairly consistent since the 1990s.1 Though the odds are better than the commonly held belief, there are still many businesses that are closing down every year in the United States.

According to the BLS, entrepreneurs started 774,725 new business in the year ending March 2019. From the historical data, we can expect approximately 155,000 of these businesses to fail within the first two years.2 With the right planning, funding, and flexibility, businesses have a better chance of succeeding. We'll go through some of the biggest mistakes that startups can make and figure out how to improve your chances of success.

Top 6 Reasons New Businesses Fail

1. Not Investigating the Market

So you've always wanted to open a real estate agency, and you finally have the means to do so, but your desire to open the agency blinds you to the fact that the economy is in a down housing market and the area where you want to work in is already saturated with agencies, making it very difficult to break in. (This is only an example. As of February 2020, the U.S is an up housing market).3 This is a mistake that will result in failure from the start. You have to find an opening or unmet need within a market and then fill it rather than try and push your product or service in. It's a lot easier to satisfy a need rather than create one and convince people that they should spend money on it.

2. Business Plan Problems

A solid and realistic business plan is the basis of a successful business. In the plan, you will outline achievable goals for your business, how your business can meet those goals, and possible problems and solutions. The plan will figure out if there's a need for the business through research and surveys; it will figure out the costs and inputs needed for the business, and it will outline strategies and timelines that should be implemented and met.

Once you have the plan, you must follow it. If you start doubling your spending or changing your strategies, you are asking for failure. Unless you have found that your business plan is overwhelmingly inaccurate, stick with it. If it is inaccurate, it's best to find out what's wrong with it, fix it, and follow a new plan rather than change how you do business based on quick observations. The more mistakes you make, the more expensive your business will become and the greater the chance of failure.

3. Too Little Financing

If you have started a company and things aren't working out, and you have little capital and a struggling business, you're not in a good position to ask for another loan. If you're realistic at the beginning, you can plan to start with enough money that will last you to the point where your business is up and running and cash is actually flowing in.

Trying to stretch your finances at the beginning may mean that your business never gets off the ground, and you'll still have a lot of cash to repay.

4. Bad Location, Internet Presence, and Marketing

A bad location is self-explanatory if your business relies on location for foot traffic. Just as dangerous, however, is a poor Internet presence. These days, your location on the Internet and your social media strength can be just as important as your company's physical location in a shopping district. An online presence will let people know that they can give you their business, so if the need is already there, the availability and visibility of your business is the next important step.

This is similar to marketing. Not only must you make sure that marketing reaches people, but it must also reach the right people. So make sure the type of marketing lines up with the audience you want to reach. Big billboards may not be the way to go for an Internet company, just as online ads may not be the way to go for a heavy-construction business. If the need is already established, make sure you're reaching the audience who needs your product or service.

5. Remaining Rigid

Once you've done the planning, established your business, and gained a customer base, don't become complacent. The need that you're fulfilling may not always be there. Monitor the market and know when you may need to alter your business plan. Being on top of key trends will allow you lots of time to adjust your strategy so that you can remain successful. One must only look at the music industry or Blockbuster video to know that successful industries can undergo huge changes.

6. Expanding Too Fast

Now that your business is established and successful, it's time to expand, but you must treat the expansion like you're starting all over again. If you're expanding the reach of your business, make sure that you understand the areas and markets into which you'll now be reaching. If you're expanding the scope and focus of your business, make sure you understand your new products, service and intended consumer as much as you do with your current successful business.

When a business expands too fast and doesn't take the same care with research, strategy, and planning, the financial drain of the failing business(es) can sink the whole enterprise.

The Bottom Line

Though the rate of business failure in the first two years is around 20%, it doesn't mean that you have to fail. Through research, planning, and flexibility, you can avoid many of the pitfalls of a new business and be a part of the 25% that make it to 15 years and beyond.1

The Top 9 Reasons Hardware Startups Fail by CB Insights 2017

Here are more details on the top reasons for failure.

#9 – Regulatory uncertainty

Regulation can help turn the tide of favor in either direction for a startup, and with a lot of consumer hardware products focused towards health/leisure, they can be caught on the wrong side of regulatory changes.

#8 – Investor/founder misalignment

Discord between co-founders or between founders and investors was a fatal issue for multiple consumer hardware startups.

#7 – Consumer adoption barriers

Consumer hardware startups often launch a product equipped with cutting-edge technology, flawless design, and awe-inspiring marketing. A common issue we found with failed consumer hardware products was the lack of a "Why?" Access to funding avenues like crowdfunding have made it easier for an idea to become a product, but there is often a lack of product vision to attract and retain customers, differentiate from competition, or to update the product in the future. Sweden-based Narrative launched a one-of-its-kind wearable camera in hopes of sparking a trend of "life-logging." Narrative created buzz having raised over $500K in a 2012 crowdfunding campaign and they went on to secure over $11M in additional equity funding. But life-logging never became mainstream. Late last year Narrative ceased sales and sold its assets, raising questions about the underlying utility of it's product.

#6 – Too much competition

The consumer hardware space has historically been one in which first-mover advantage is soon wiped away by tech giants following suit with the launch of a similar competing product. Startups looking to gain market share usually struggle against established brand names.

#5 – Manufacturing setbacks

Overestimating production capacity and expecting to scale sooner than supply chains or manufacturing bandwidth will allow was a common reason for failure. Manufacturing problems rooted in issues with materials, technology, or intellectual property were all identified as a factor for failure.

#4 – Product strategy mistakes

Some consumer hardware failures we evaluated made smartphone accessories and for that reason it was crucial for their products to align with the reference smartphone/tablet. In such cases, updates to both major smartphone platforms, iPhone and Android, might create unexpected challenges for the product. iPhone accessory company Popslate faced issues when it discovered that the design for its e-ink display iPhone case meant the product was not working as expected, and they would need major product change before they could ship. Increased R&D expenses coupled with a high burn rate proved it unsustainable for Popslate to continue operations.

#3 – Lack of interest after initial crowdfunding

Crowdfunding platforms like Kickstarter and Indiegogo have been a blessing for consumer hardware startups, and have enabled firms to acquire funds on thin evidence of real capacity to produce a polished product. The project's promise is often based on prototypes or pictures so it's not surprising that many startups fail to deliver, with some failing to even offer a refund to backers

#2 – High burn rate

Money and time are finite and need to be allocated judiciously. In our research of failed consumer hardware startups, spending available funds too quickly was identified as a frequent problem. In this space, unexpected expenses can be triggered by factors like change in market dynamics or hurdles in product development.

#1 – Lack of consumer demand

Creating products that are interesting but do not serve a clear market need was identified as the number one reason for failure of consumer hardware startups, given that it was a problem identified in a notable 39% of cases.

The 10 most common reasons why startups fail

eu-startups.com/2018/09/the-10-most-common-reasons-why-startups-fail

Bernardo Arnaud September 25, 2018

Common numbers of the startup world point out that 1 in every 5 million non-funded startups reaches unicorn status – worth at least $1 billion. For every funded startup, only 1 in 10.000 become a unicorn. If we consider that only about 1% of startups that are looking to raise venture capital actually end up getting funded, those numbers are even harder to read. Good founders and good entrepreneurs must be very good in risk mitigation, or they might just fall for 10 of the most common reasons why startups fail worldwide. Below we analyze those most common risks and suggest some actions to prevent them.

1. No market demand for your product

What we see too often in the startup scene is that a number of companies believe their invention is so appealing that the market will beg for it and money will begin to flow in. Most startup founders do not fully understand what their product might be able to achieve in the market – especially in the early stages. That is the reason for many pivots – when a company changes its course and product to satisfy another market. If they could validate their product in pilot projects before launching, or even beta-testing instead, those entrepreneurs might reduce significantly their failure and market rejection risk.

2. Lack of skills needed for the business – in founders and in the team

Many founders can't do what is needed for a business to take off. They should concentrate in industries that value their skills and educational background, besides their professional expertise. This will boost their odds of success and the practice and dedication they will inject in the business will not be a burden for them. Your skills must be complemented with the ones of your team. Always have someone good at sales, someone good at management and bookkeeping, someone good at marketing and someone good at product development. Customer service, business development and legal in-house employees can land on the company in a second phase. If you or your co-founders lack the skills or abilities needed to get your company going, be sure to identify those needs early on and read, study, learn and experience theoretical and practical knowledge that can give you the upper hand against your competitors and prevent your company from crashing.

3. Ignoring and not avoiding cash burn

Many startup founders are technicians and engineers at heart – meaning that they want to build the perfect product or solution to one problem and only launch after that. That can become a major problem when you must be cashing in the earliest possible for your company to keep the doors open. Important signals to identify in order to prevent cashflow problems are usually low profit margin, high payroll costs, small recurrence purchases, clients delaying payments and high churn rates. The more your startup's cashflow see those situations, the closer you are to stretching the treasury and having the need of more cash, because of big distances between paying suppliers and getting paid by customers. Always try to negotiate terms with your suppliers that are longer than the payment terms you give to your customers. Spend only on essentials and do not be extravagant on your company spending in that phase. Ask yourself if that exhibition or that fancy office is really a mandatory piece for your puzzle and if that will bring the ROI you and your colleagues expect.

4. Reluctance to get feedback and criticism on prototypes
Many founders have a hard time letting others see their prototype until it is reasonably ready. Failing to get feedback from potential customers is usually fatal to a startup. Do not be afraid of someone stealing your idea or that your prototype will not be perfect to be shown to the first people. With technologies democratizing prototypes production for hardware and software, there is a good chance that getting a few prototypes made and having them tested with feedback from those who tested it – like in focus groups – will put you in a product improvement and learning loop that shall be repeated until people begin to demand your product.

5. The market might not be ready for your product
Some companies launch products before their time and either the market (demand/need) or the technology is not there yet. Others launch too late, although they might not notice that it would be too late already. The key factor here is to always question yourself with competitors benchmark and with common sense when sales are not taking off. This would be the best time to call a “stop loss” and pivot or invest time, capital and efforts in another market.

6. Weak team, poor leadership
At any stage, a good leader has the charisma and track record to inspire a compelling vision for the company and its future, recruiting committed employees instead of top talent who will fly to the next offer very soon. Employees committed with the company mission and vision will help the founders realize their vision, not the so much “top talent” cherished by the media.

7. No real interest in the market you are operating in?
To be a successful founder you will need to spend about 60 to 90 hours a week with very little or no pay to make your startup take off. It is not possible to work that hard and be effective unless you believe in what you are doing and trying to build. It is not possible to do that if you are not 100% committed to making potential customers improve their lives by providing them your company’s product or service. Shift your startup in the direction of solving a problem you care about honestly and profoundly. Many times, it is an underserved problem or a problem nobody has solved yet that makes people want to start their own companies offering a solution for that problem – and in case several other people have that same problem or concern, your company is off to a good road.

8. Inability to raise capital
People may always be surprised by the time and number of rejections required before they succeed in raising capital for their startup. Too often this process is started too late and the entrepreneur goes to the rescue with the wrong group of investors – the first ones. Fundraising in a startup environment is something that needs at least 6 months of active prospection, meetings, calls and visits. The more you are in the routine of fundraising, the

more precise you are about what you need as a company and what investors who are looking for your profile want. Make a committee responsible for this and name at least two people who will be responsible for raising funds and report to the team every 2 weeks.

9. Poor marketing (and/or sales)

Noise matters and no matter how great your product may be, it's going down if no one knows about it. Poorly managed marketing (or sales) is a major reason for the failure of many startups. You don't necessarily need a professional PR team at the beginning, but you need to create buzz in social media and in the press about your company and products. Also, be sure that when you get published in the magazines and websites – that they are authoritative and popular for your audience. If your company cannot manage marketing properly, no one will know about your product, therefore no one will buy it. Spreading the word may seem a waste of time for some founders and more technical teams, but it is fundamental for a business to survive.

10. Ignorance of what your customers want

There is not enough stress I can put on how important it is to launch a minimum viable product and get feedback from customers again and again, for product development and testing over and over. This allows you to build a bridge with your audience and incorporate changes in the product that will hook your customers to the next versions of your products and services.

The Top 10 Reasons Why Startups Fail

linkedin.com/pulse/top-10-reasons-why-hardware-startups-fail-adam-j-shayevitz-m-b-a-

Adam J. Shayevitz M.B.A.

Supply Chain and Strategic Sourcing Consultant, A Force Multiplier For Engineering Teams. Optimizing Manufacturing Sources, Accelerating Time to…

Published Jul 31, 2018

I attended a spirited debate by a panel of Robotics Industry Executives discussing the drivers and impediments to robotic startup success. The one thing they managed to agree on was the failure rate being 99%. They also mentioned the typical failure rate for hardware startups is 95%. Staggering failure rates. Hardware is hard, and if there were a difficulty spectrum, robotics would be in the diamond-hard range. Robotics development requires expertise and synergy across software, mechanical, electromechanical, electronics, and complex assembly. Fight the hardware startup apocalypse by avoiding the following top 10 devastating operational missteps.

1. Build It and They Will Come

This cliché business strategy often discredited yet still in use, is even more destructive to hardware startups. A plan based solely on generalities like cost, safety, and user-friendliness is doomed. For a startup to be successful, their product must be designed around a specific market need, to perform specific tasks reliably & consistently, and have a Total Cost of Ownership making it economically viable. The value proposition, ROI, and payback time should be so strong and well documented that a customer's decision to adopt the technology becomes a no-brainer. A chicken with its head cut off runs around but certainly doesn't know where it's going.

2. DFI instead of DFM

Designing for investors instead of designing for manufacturability is a surefire and common startup killer. When the pressure is on to develop a working model, engineering teams focus on prototype production processes, frantically search the web for parts, and utilize samples from unqualified suppliers. Selecting the optimal manufacturing partners takes a back seat to DFI, as if the two are mutually exclusive. The result is a functioning demonstration model that is un-manufacturable at projected volumes or targeted cost. In this scenario, stop the presses manufacturability issues are often not discovered until the production ramp deadlines loom. What a way to decelerate product time to market!

3. Design for Perfection

Design for Perfection is the deadliest rung in the ladder towards product launch delays and failures. Three commonly found ingredients in the DFP toxic stews are: engineering teams hyper-focusing exclusively on the exact specifications needed +- 0 tolerance, designs pushing the limits of manufacturability, engineering solely based on prototyping process capability, ignorance of the need to collaborate early with volume suppliers, and no design of experiments to understand acceptable tolerance ranges. This mirror image and evil twin of Design for Investors will drive a stake through the heart of product realization.

3. Contract Manufacturer Selection

Conventional wisdom whispers to startups that top tier contract manufacturers provide unmatched purchasing power, engineering capability, and a halo of credibility. Substituting conventional wisdom for actual wisdom when selecting a contract manufacturer is a recipe for disaster. It’s also not about being a big fish in a small pond. Think Goldilocks' not too hot, not too cold. A successful supplier selection process prioritizes alignment with the startups’ markets, technology, timelines, and production volumes. A contract manufacturer's executive-level commitment to the startup’s long-term potential, their belief in the business plan, and specific core competencies to support product realization must be the decision drivers. Mismatched contract manufacturers will eventually fire customers not meeting revenue targets in the expected time frame. What keeps you up at night? Scrambling to find a new CM while vital early adopter customers are expecting deliveries should be on the list. There's no checkbox on the unemployment insurance application for “fired by my contract manufacturer”.

4. Engineering Attention Surplus Disorder

All hardware startups developing leading-edge technologies push the boundaries of process capabilities. The Slow-Mo Methodology for resolving manufacturability issues is to focus on one possible solution at a time. Seems to make sense on the surface. Don’t spread the engineering team too thin, do one thing at a time, multi-tasking causes multi-inefficiencies, etc. In the meantime, competitors are catching up and obsolescing your new technology. The opportunity for first-mover advantage withers on the vine. To speedily solve the unsolvable requires following parallel path solution development until the unsolvable is solved. Try saying that ten times quickly! In this race, the hare not the tortoise wins.

5. The China Syndrome

There is a pervasive assumption among hardware startups that China is the lowest cost sourcing market. Add this to the fact that startups’ engineering teams are often choosing suppliers without a total cost of ownership analysis and proper supplier qualification. Un-strategic sourcing leads to disastrous outcomes every time. Add up the freight, duty, insurance, shipping lead-time, quality problems, travel, language, and time zone challenges. Then consider unenforceable IP protection putting at risk a startups’ most valuable asset. The FOB China cost typically needs to be at least 30% less just to break even. Under the parental blocking controls can you add Asia sourcing based websites?

6. Building Teams From the Top Down

The theory goes that experienced Vice Presidents are experts, will know how to build their organizations and choose the right job candidates. By each functional VP (Marketing, Engineering, Supply Chain, etc.) building their departments, the startup will accelerate organizational development. Problems occur when the VP's are expecting to manage teams and not perform day-to-day tasks. This can lead to politicking, pushing for resources to add unnecessary headcount, and stacking the deck with former associates who may not be the best match for the startup. If the startup needs some big, experienced guns, hire consultants. Prematurely adding an executive buffering layer also disconnects founders from their organizations. Top-heavy designs capsize ships.

8. Burn-Rate Baby Burn

When more attention is paid to the capital burn rate than how money is spent and for what results, the startup is going to quickly become immolated. Startups that are starved for engineering resources, but seem to have the funds to hire abundant administrative assistants and rent fancy offices, are headed for a fall. At the other extreme, raising gobs of money and throwing it at a problem, by reactively hiring a boatload of additional employees and rushing tooling for production without a design freeze, is just as damaging. If the startup doesn't have a high Engineer to Administrative Assistant ratio it's going to be a bonfire of the vanities once the investor gravy train stops.

9. Uberizing Supplier Development

Contract Manufacturers, broad line sales reps, design engineering firms, importers with offshore buying offices, and the proverbial friend of a friend's Uncle will all offer the budding startup their one-stop shopping, all-inclusive, we do it all global sourcing services. Identifying, qualifying and selecting optimal suppliers is highly complex and a critical success or failure factor.   Abdicate Strategic Sourcing and the startup loses independence, control, transparency, cost savings, an opportunity to build relationships, sourcing markets knowledge, and valuable learning's from DFM supplier partnering. Like it or not supplier selection and relationship management are core to every hardware startups' success. If you are lacking an internal resource higher an expert consultant to set up direct relationships, not a middleman. Outsourcing sourcing is just one more leak in the dam holding back the flood of failure.

10. Board Member Fire Drills

Board members who view their role as judges at an inquisition cause resource-eating distractions. "Why aren't you talking to Big Cheese Contract Manufacturer?" Fire alarm pulled. "Why haven't you implemented an ERP system yet?" Fire Alarm pulled. "Your production costs are too high." Fire alarm pulled. "Why aren't you sourcing from China and Mexico?" Fire alarm pulled. "Why did you only send RFQ's to 5 sources instead of 10?" Fire alarm pulled.   On and on and on, round and round goes the wheel and where it stops nobody knows. Each line of questioning requires pulling resources from developing a successful product. Too bad the laws about false alarms don't apply to the startups' board members.

Conclusion

The high failure rate of hardware startups is not inevitable and the challenges not insurmountable. The definition of insanity applies here. Leave Groundhogs Day to the groundhogs and stop the insanity by avoiding the top ten failure drivers. Startup founders knowing what they don't know, and selectively turning a deaf ear to conventional wisdom, are the most effective countermeasures.

10 Reasons Startups Fail in Egypt

rsm.global/egypt/insights/rsm-egypt-blog/10-reasons-startups-fail-egypt

March 26, 2020

During the last decade, Egypt has experienced a continued growth in the number of entrepreneurs, startups, and venture capital investors.

While the Egyptian market has grown into a healthier environment for startups by the quarter, there is still a high level of risk involved for startups; only “10% of startups are successful each year”, according to Failory.

To increase the number of successful startups, entrepreneurs need to be well educated on how to successfully build and manage an emerging company. Properly building a product, positioning it, selling it, maintaining levels of service, and doing all of this while keeping employees satisfied takes endless hours of research, hard work, and dedication.

Here are the ten most common reasons why startups fail:

1. lack of a need in the market

Many entrepreneurs, especially the younger generation, tend to skip over market research and go straight to executing their brilliant idea. This is due to two reasons: a lack of affordable, reliable sources of data and information in Egypt and a lack of patience and structure in the way these entrepreneurs approach building their business.

Entrepreneurs need to commit to a process of exhaustive research featuring their market, market trends, competition, consumer preferences, and more in order to properly set their business up for success. According to CBInsights, 42% of startups fail due to the lack of a need for their product or service within their target market.

2. Bad Timing

According to Daily News Egypt, 23% of startup failures occurred, at least partly, due to launching their business at the wrong time. This is especially relevant today as the Coronavirus crisis affects businesses across the globe. Entrepreneurs need to be sensitive to the situation and mindset of their market at any given time. Moreover, they should possess executive decision making skills to alter their plans, if possible, to better fit the needs of their prospective customers.

3. Miscalculated Costs and Pricing

According to CBInsights, 18% of startups fall due to miscalculating, overestimating, and underestimating their business’ costs and prices. This leads to unnecessary financial troubles that could easily be avoided by entrepreneurs doing their due diligence on every aspect of their business’ financial structure.

4. Weak Product or Service

Any new product or service should undergo rigorous market research, testing, and quality control. Only through these processes do potential hiccups and bottlenecks appear. Working to fix these issues before a product or service is launched can be the difference between a failed startup and an emerging giant.

5. Weak Market

While the quality of a business' core product or service is a crucial aspect of success, the market in which a product or service is launched is equally as important. 14% of entrepreneurs blame poor marketing for their startups' failure. This is especially true in a market as volatile as the Egyptian market, where purchasing power is relatively low and only products and services that position themselves as an important aspect of Egyptians' day-to-day life can experience consistent, significant growth.

6. Legal Issues

According to Failory, 7% of failed startups go under due to legal problems and challenges. The first few years for any startup are usually full of chaos and confusion; having strong HR and legal teams can assist businesses by handling the day-to-day complications of operating a business. Being attentive to HR and legal issues allows entrepreneurs to have more time to work on their business and to ensure smooth operation of their startup from the beginning.

7. lack of investment in "the missing middle" stage

Initial funding and late-growth-stage venture capital funding is far more accessible and achievable for startups at this point in time than it was 10 years ago. However, there is still a lack of investment funding in the awkward middle stage of a startup's growth. As Ayman Ismail from AUC's School of Business put it, "Growth investments beyond the seed funding (the missing middle) are lacking for several reasons. In the first place, there are very few angel investors who are dynamic in this area, and they do not fill the gap. Second, both investors and startups are not sufficiently instructed on the methods of how to 'work out the deal'".

8. Lack of entrepreneurial experience and business acumen

Having a good idea is one thing. Having the determination, belief, and patience required to build a successful business is another thing. Having the knowledge, experience, and business acumen required to succeed in today's hectic business world is a completely different ball game. Many startups fail simply because their business model is not up to par, or because their founders lack the wit and know-how needed to handle the unexpected problems that will invariably arise as a natural byproduct of conducting business.

9. Tolerance for failure

Two of the most important skills for any entrepreneur are their tolerance for failure and knowledge of how to fail safely, quickly, and in a way that enables them to rapidly adjust their approach to a certain issue. “Jack Ma, the legendary founder of Ali Baba, a Chinese startup that went on to have the largest IPO in the world last year, often boasts about being rejected more than 30 times from jobs, universities and investors. However, he went on to create one of the world’s most successful e-commerce stages. We need to create a culture of tolerating, or even commending, a failure experience.” (AUC School of Business)

10. Ego Management

Many entrepreneurs can get wrapped up in their own egos as they view their startup as the be-all and end-all of the business world. While confidence can go a long way during pitches and business conferences, it should be accompanied with a healthy dose of humility and modesty.

As the number of startups emerging in the region grows, entrepreneurs must be better educated on how to develop and scale their businesses properly so that we can see more startup success stories in Egypt and the MENA Region.

References:

https://wwww.dailynewssegypt.com/2017/11/29/top-reasons-startups-fail-2/

http://schools.aucegypt.edu/Business/ABR/Pages/Issue%205/Opinion/From-Startups-to-Scaleups.aspx

http://consultyasser.com/why-the-majority-of-egyptian-entrepreneurs-fail/

https://weetracker.com/2018/12/18/egypt-startup-failure-lessons/

https://smallbiztrends.com/2019/03/startup-statistics-small-business.html

https://www.cbinsights.com/research/startup-failure-reasons-top/

https://medium.com/swlh/why-90-of-startups-fail-and-what-to-do-about-it-b0af17b65059

https://www.failory.com/blog/startup-failure-rate

10 Reasons Why Small Businesses Fail (and How to Avoid them)

lightspeedhq.com/blog/why-small-businesses-fail

Why do small businesses fail? That's the million-dollar question. Starting a business is not easy, and there are countless statistics out there about the survival rate of startup companies.

Here are a few popular ones:

- Only about 20% of new businesses survive their first year of operation
- The U.S Census data shows that new business creation is nearly at a 40-year low
- Half of small businesses fail within their first five years

Whether you're a seasoned small business owner or an entrepreneur just starting out, these statistics can be a little scary. What you probably don't realize is the sample of small companies cited in these studies. Fit Small Business does an excellent job of debunking some of these numbers and defining the types of companies taken into consideration.

The point is that while there may be some truth to these numbers, you shouldn't let it kill your entrepreneurial spirit. Instead, try to understand the major reasons why small businesses fail. If you understand the mistakes of others, you can avoid following in their footsteps.

Here are 10 reasons why small businesses fail.

10. No business plan or poor planning

This reason is especially true for brand new small business owners. What you think sounds like a good business idea on paper may not fare so well in reality. (For some hard truths, see the fastest-growing occupations as measured by the Bureau of Labor.)

This doesn't mean you should ignore your passions. Instead, it means you need to do a little research and business planning.

A business plan forces you to define your Unique Value Proposition (UVP) — what differentiates your project from its competitors. In a sea of food trucks gathered in a parking lot, how will yours stand out? Is it the food? The service? Is it the neon hues and festively decorated truck? Is it the daily social media promotion? Likely, it's all of the above. Maintaining a sustainable business model requires setting yourself apart from competitors.

Other important considerations include: Who comprises your customer base? How will they buy your product or service—in-store, online, or both? What's your marketing plan? How will customers find out about your business? What are your cash flow projections? Your startup capital? How far will your cash reserves take you? Remember to factor in both business and living expenses, as most businesses are not profitable during their first year.

Answering these kinds of questions while your business idea is still in the planning stage will help you boost the probability of your product or service becoming a success.

9. Failure to understand customer behavior today

In our connected age, 'the customer is always right' rings more true than ever. For example, today's consumers expect small brick-and-mortar companies to accept credit cards and "currencies" like Apple Pay, even if the shop is a tiny mom-and-pop operation. And they demand quality customer service. If you don't deliver it, expect your customers to complain loudly on social media and with other communication tools.

For better or worse, review sites and platforms amplify word-of-mouth marking.

In our digitally obsessed society, it's easier than ever for customers to share their thoughts and opinions about the businesses they interact with—which means it's easier than ever for business owners to monitor and solicit customer feedback.

Not sure where to start? Here is a list of channels to help you monitor feedback and engage in conversations with customers.

Social media

All social media platforms (Facebook, Twitter, Instagram, Pinterest, TikTok, etc…) are great social listening tools that make it easier than ever to listen to your customers. In fact, in today's world, using a social media platform to contact a business is often preferred by customers as a faster alternative than traditional phone calls. Thanks to push notifications that alert you when your business has been mentioned, re-tweeted, liked, pinged or poked, knowing when to engage with customers is easier than ever.

Yelp reviews

Yelp is one of the go-to destinations for people who want to find local businesses. With over 148 million cumulative reviews, it's also a great place to find out what customers are saying about their experience with your business. If a company receives a poor review, Yelp encourages the business owner to jump into the conversation, so you have an opportunity to apologize or explain.

Google reviews

Just like Yelp, this a more passive channel than social media, but nonetheless, very important. Google is dominating the review market with 6 in 10 consumers now looking to Google for reviews. Since literally everything is Googled these days, your business' Google reviews are likely one of the first things a user will notice about your business.

Dedicated customer advocacy website

One of the most trusted websites for consumer reviews is Trustpilot. With over 45,000 new reviewers each day, they've built an entire online review community dedicated to helping customers share their genuine experiences.

Customer surveys

Surveys are still one of the best ways to ask customers specific and direct questions. If you collect customer email information at the point of sale, you can quickly identify your top customers and previous customers who are less engaged. Using this data, you can create a survey for free using SurveyMonkey to find out how you can improve your business. It doesn't hurt to offer an incentive for completion, like a discount on their next purchase.

With 85% of consumers saying they trust online reviews as much as personal recommendations, it's imperative that your online reputation is intact so that potential customers aren't turned off by poor reviews. At the very least you should try to make sure your positive reviews outnumber the negative ones. While poor reviews may not bring down a startup on their own, they play a large role in the success of brick and mortar businesses.

At the very least, you need to keep your business information current across as many channels as possible.

8. Inventory mismanagement

Your business startup cannot be successful if your inventory is poorly managed. According to the Small Business Administration (SBA), problems with inventory ranks among the major reasons new businesses fail. Poor management can often lead to inventory shortages and overages—silent cash flow killers.

It's a rookie mistake that easily happens to new businesses that don't understand their sales patterns. The best way to combat this is to use inventory management software or a point of sale (POS) system that can track inventory and provide reports detailing your best and worst selling products to help you identify sales patterns.

If you're not keeping track of your top-selling items or when they're in high demand, you're going to experience inventory shortages that will shrink your profits.

As a merchant, you take on risk when you buy large amounts of inventory with the goal of selling it for a profit. If you don't sell those products as quickly as you forecasted, they can lose value or become obsolete. This forces you to sell them at a deep discount, or not at all. Until you can recoup your money by selling the inventory you have on hand, your capital will be tied up in a lot of unsold inventory.

Picture this. Instead of thinking of stock items as inventory lining your shelves, think of it as piles of cold hard cash. Each product in storage or your local warehouse is cold hard cash you'll never see since it's not contributing a return on investment (ROI).

The harsh reality is that U.S. retailers are sitting on $1.43 of inventory for every $1.00 in sales they make. Proper inventory management using modern tools will ensure you're not one of them.

7. Unsustainable growth

In business, slow and steady wins the race most of the time. Expanding too quickly, which usually entails financing on credit like a small business loan, can backfire if the market changes or you hit a rough patch.

Trying to take on more business than you can handle drains your working capital and usually results in a quality decline. You are overwhelmed and your product or service suffers.

Instead, be smart about which customers you court, and how you will pay back each business loan. Saying no is part of running a business.

6. Lack of sales

On the other end of the spectrum, nothing hurts a new business faster than not reaching its sales goals.

This can happen when you rely too much on one large customer. If your cafe depends on student traffic during the school year, you will need to diversify come summer to stay afloat.

The only way to make sure you'll hit your sales targets is to gain analytic insights from existing data and use those insights to inform your sales strategy. A quality point of sale system is a good place to start.

5. Trying to do it all

Small business owners are a scrappy bunch, and tend to view themselves as Jacks (or Jills) of all trades. But entrepreneurs, like all people, have strengths and weaknesses, not to mention a finite number of hours in each day.

Delegation is your friend. Whether that means hiring your first employees or investing in software that cuts down on busywork, your business will only start making money once you offload some of your responsibilities onto other qualified shoulders.

4. Underestimating administrative tasks

When you were planning your company, maybe you imagined happy customers, smart marketing and of course, plenty of cash. You probably didn't imagine spreadsheet after spreadsheet. But large chunks of running a business revolve around administrative tasks.

From inventory management to managing employees to all the bookkeeping and accounting involved in the endless quest to meet your financing goals and turn a profit, administrative responsibilities can easily eat up your entire day.

According to a poll conducted by SCORE, 47% of small business owners dislike the financial costs associated with bookkeeping, and 13% dislike the administrative headaches and the amount of time it sucks out of their workday.

So be prepared. Hire accordingly or outsource many of your rote tasks to technology. As an example, Lightspeed Accounting seamlessly integrates with QuickBooks, so you never have to manually input your accounting data. Shortcuts like this save you time, and time is money.

3. Refusal to pivot

That's right, old-fashioned stubbornness comes in at #3 of the top reasons small businesses fail. It's easy for entrepreneurs to become obsessed with their business idea or product, even when all evidence points to it not being a success.

Maybe by the time your brick-and-mortar store is celebrating its second anniversary, all the excitement and shininess of your new store has worn off, and fewer locals are walking through your doors. Now what? Do you become a statistic and resign to failure, or do you take the time to figure out where you need to adapt? Maybe you pivot to appeal to tourists, or stock a different type of merchandise that appeals to your customer base, or use your space to host weddings and parties on the weekends.

Sometimes an effort to pivot to eCommerce can backfire, if not done properly. Typically, physical stores and digital stores will share inventory. And while you may keep them in separate storage areas, if you sell out of an item online faster than in-store, you'll have to fulfill some of your online orders from your store inventory. Unless of course, you'd rather ship to your warehouse first and then ship to the customer—causing unnecessary delays and a poor customer experience. To avoid this, invest in a POS system that offers a truly omnichannel eCommerce experience that automates the exchange between online and physical inventory.

2. Lack of data

Your small business is competing with cash-rich behemoths like Wal-Mart and Starbucks. What do those giants have at their disposal? Data. Tons of data.

Though your market is much smaller, you should still gather as much information as you can. If you don't have insight into the performance of your business in real-time, it will drastically limit your ability to make smart, data-driven decisions.

For example, you need complete visibility into the revenue you collect and the expenses you pay. Without this knowledge, you are literally flying blind.

On the expense side of the equation, if you want to buy a new line of inventory or make some updates to your storefront, you need to know how it's going to impact your bottom line. And it's not just these expenses you need to keep an eye on, but all of your costs.

As a business owner, you need to know what percentage of revenue you can allocate to employee wages, utility bills or rent so you can set proper targets for cost savings. On the revenue side, you want your business to grow month over month or year over year.

If you don't achieve your goals, you may want to examine areas of your business where you're overspending—i.e., the expense side. To ensure your expenses don't exceed your revenue and turn your business into a failure rate statistic, it's helpful to know your net income.

Calculating your net income

First, you need to define your Gross Profit (GP) by taking the Cost of Goods Sold (COGS) and subtract the number from the total net sales. If you're using a POS system like Lightspeed, you can find reports like these, and more.

The second factor you'll need in this calculation is your Operating Profit (OP). To find the OP, you need to subtract your operating expenses (i.e., payroll, rent, utilities) from your gross profit. If you're using accounting software, you'll easily be able to retrieve this information.

Lastly, you have non-operating expenses. These are expenses that are not related to core business operations like your operating profits, but rather taxes or interest you may have on loans or cash advances. Non-operating expenses are subtracted from your operating profit to yield your net income.

The secret to running a lean business is a long-term, ongoing strategy that strives to eliminate waste to improve efficiency, agility and quality of business operations—all while maximizing value to customers.

While this seems like a contradiction, doing more with fewer resources, it's much easier than you think once you break it down into small steps. The ideology of a lean business is built on the methodology of build-measure-learn.

Build

The main idea behind build is that Rome wasn't built in one day. Nor was Google's Gmail, Apple's iPhone or mega-retailer, Amazon. Businesses don't start out doing all the cool and fancy things they're known for today. For instance, Amazon started as an online bookstore, and now they deliver groceries to your home and provide streaming music services. The point is these companies started with a basic idea, or in the business world, a Minimum Viable Product (MVP) that they can introduce to the market.

Measure

Next, these companies measured. They measured the results of the MVP during the experimental stage. How did the market respond to your product or business? Did they react the way you expected them to, or was the reaction the complete opposite of your hypothesis?

Learn

Once you have some reliable data measurements, you can then determine which direction to move based on the results of that data. Have you been right all along and now you have the data to back it up? Or did the measurements provide you with some insight into areas you can improve?

Applying build-measure-learn

To apply this to your small business, you need to go back and look at your business plan. What are you trying to build? What are your goals? Finally, what is the bare minimum you need to get started?

Whatever the outcome, know that it is backed by reliable data that you can trust to help pivot your business in the direction that will help it be most successful.

Real-time data dramatically reduces lag time between data collection to data analysis, thus making your business more agile and responsive to changing trends. And if there's one thing every small and medium-sized business has over big-box retailers is the innate ability to be agile because they don't have to cut through the corporate red tape to make changes. They can see the data trends in real-time and respond accordingly.

1. Poor management

We've finally reached the #1 reason why a new business might fail. Entrepreneurs have power over their businesses, and with great power comes great responsibility.

Management is partly about attitude and mindset—and it does have an effect on your bottom line.

Sometimes small business owners become set in their ways when it comes to doing certain things. This is especially true for veteran business owners. For new entrepreneurs, make sure you don't fall into this trap. And to be fair, it's not just business owners. It's everybody. It's human nature, and we are all guilty of it at some point in our lives.

Assumption and complacency typically happen when a business is doing well and fall into a false sense of security that your business is operating in the best possible and most productive way. That's precisely when fallacy swoops in and wreaks havoc if you're not careful.

Planning your road to business success

Operating a successful business is not something you can leave up to chance or luck. It takes a clearly defined business plan, strategic operations and sound financial management from startup and throughout the life of your business.

These ten reasons should give you a solid understanding of how to turn around a failing small business so your company doesn't become a failure rate statistic. While you might not be able to avoid every single reason listed above, it's important to be aware and think preemptively about what you can do to tackle each of them, and come out winning. If you want to get started on proper inventory management, analytics, and ecommerce, let's chat!

10 reasons why startups fail

pioneers.ws/10-اسباب-لفشل-المشاريع-الناشئة-❗

By ahmed helmy June 10, 2021

10 reasons why startups fail ❗

1️⃣ Stay away from market needs.
(You must balance between being on the safe side and presenting a need for which it has competitors, and between accepting the risk and being a pioneer in your field)

2️⃣ The founders' interest in the financial return only. (Must believe in the idea and not rush profits) 💵

3️⃣ Weakness of the founding team.
(The entrepreneur must have self-confidence and patience in order to be able to face difficulties)

4️⃣ Inability to market your project. (Marketing is a major pillar of the project and a translation of the effort made in the company, without it, there is no project) 📢

5️⃣ The fierceness of the competition.
(Strong and honest competition will make you a stronger person, but beware of vile competition)

6️⃣ Lack of interest from investors.
(This is due to the small size of the market in which your project competes, and the way you present your product)

7️⃣ Legal obstacles. (There are challenges and legal obstacles that may arise when your startup begins to expand and enter new markets) ⚖️

8️⃣ Do not take advantage of your relationships to find investors.
(Many of your current colleagues may already be aware of an investment opportunity your company can rely on)

9️⃣ idleness.
(This happens to the founders due to the lack of balance between work and life)

🔟 The stubbornness and arrogance of the founders.
(The founder's failure to acknowledge his mistake, this may be a high cost to the company and frustrating for employees and consumers)

Mistakes to Avoid When Starting a Startup Company 11

alrab7on.com/أخطاء-عليك-تجنبها-في-شركتك-الناشئة

Ali Ayman

11 يونيو 2021

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 .1 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 .2 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 .3 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

11 Reasons Why Hardware Startups Fail and What You Can Do to Avoid it

outdesign.co/single-post/11-reasons-why-hardware-startups-fail-and-what-you-can-do-to-avoid-it

September 7, 2017

You've probably heard "Hardware is Hard!" several times before already. Hardware *indeed* is hard and hardware startups fail hard!

But why so? What makes hardware startups different?

Below we have listed 11 reasons why hardware startups fail and how you can avoid those failures.

This article will be useful for those of you who may be planning to start a hardware startup or may be in the process of developing a new hardware product, by giving you an overview of the things to avoid while you try to bring your hardware product to market.

1) Trying to build the next Apple/Tesla of 'X'

As a startup, an easy way to run out of all your cash is to emulate tech giants like Apple and Tesla. You simply don't have the capital to do things the way big companies do.

According to Ben Einstein (*previously founder of BoltVC)*, when Apple had to manufacture the aluminium uni-body casing for the Macbook air, they bought 10,000 CNC machines to make a million of those per year.

CNC machining is expensive and as a startup you should avoid CNC machined parts in high volume products.

Instead, look for ways to alter the design of parts in such a way that they perform the same function but use a different manufacturing process like metal die-casting or sheet metal processes. These are much more cost-effective at higher volumes.

It's best to keep things simple and lean initially, and instead of being the Apple/Tesla of 'X', sell your own unique value proposition that differentiates you.

2) Not considering DFM (Design for Manufacturability)

Getting to a functional prototype is only half the battle won, the real challenge is to scale from prototype to mass production.

While prototyping boards like Arduino or Raspberry Pi may be great tools for hardware prototyping, they are not economically viable options at large scale production.

A custom PCB, designed according to your product's core functionality using easily available components is the logical step when scaling.

For the enclosure design, we come across too many designs that are either not suited for manufacturing at high volume or sometimes are just not practical to manufacture at all.

For proof-of-concept prototypes, an off-the-shelf enclosure or a basic 3D printed enclosure usually works fine. As you progress further with the development of your product, you will eventually need a professionally designed enclosure for your product.

A professionally designed enclosure provides the right combination of aesthetics, usability and functionality, while being considerate of the manufacturing constraints and other technicalities.

The importance of **DFM** (Design for Manufacturability) is often under-estimated by many founders and this can result in significant additional costs, delays and frustration down the line.

At Outdesign, we not only consider DFM when designing products, but also place huge emphasis on **DFA** (Design for Assembly) of products to further streamline the assembly process.

3) Underestimating Development Costs

The costs of electronic components and prototyping tools have come down in recent years and this trend continues. But these costs can add up quickly when manufacturing in thousands.

It is not uncommon to see hardware startups raising $1m+ and still not being able to ship their products.

Often, it’s a result of underestimating the overall development costs including certifications, assembly, packaging, warehousing and shipping, and not factoring in unexpected delays, tooling changes or defects.

Coolest Cooler launched in 2014 was the second highest funded project on Kickstarter, raising nearly $13 million. One would think that they raised an enormous amount of funding for their project. Of course, $13m is a lot of money, but it could not save Coolest Cooler from almost shutting down.

The underestimation of development costs has resulted in several years of delay and thousands of unhappy customers who are still waiting for their products to arrive. The company has also been on the lookout for additional external investment. Here is one of our article about *Crowdfunding on Kickstarter- Hits, Misses and Lessons Learnt.*

4) Lack of Research and Validation

Not knowing enough about your end-users' needs, desires and problems is another major pitfall that hardware startups (and every entrepreneur who wants to succeed) must be wary of.

Yet, we see too many startups creating products in a vacuum, only to realize later that they address no real problems, have no real market or a feasible business model.

Define your target audience and conduct extensive research to understand your customer base. Getting early user feedback is crucial to understanding what your target audience is actually looking for, instead of pushing down features which they don’t really need.

This not only keeps you focused on solving real problems, but also helps you avoid ‘feature creep’. And as a result of giving users what they ask for, the sales and marketing process also becomes more effective.

You also need a way to validate that your idea has a real market (Yes, even if your mom thinks that you have a great idea!) Crowdfunding is a great way to validate your idea.

When people are willing to pay for what you are building, it’s an actual validation that your product has a market.

A successfully funded campaign also puts you in a strong position to seek funding from angel investors.

“If I had asked people what they wanted, they would have

*said faster horses.”**

(*quote famously attributed to Henry Ford, though without any evidence)

Unless your product is as ground-breaking as the Model T, **do ask people what they need!**

5) Listening to your Customers! *(Wait…What?!)*

Being passionate about your product, you might be tempted to give your customers all the features they could ask for. And while it’s important to listen to your customers, you also need to work within your financial constraints as a startup and realize that you cannot make everyone happy.

Focus on a very specific need and try to address it better than anyone else. As described in the book *Universal Principles of Design* by William Lidwell, it’s a Flexibility-Usability tradeoff.

Flexible designs can perform more functions than specialized designs, but they perform those functions less efficiently.

For example, "a Swiss army knife offers flexibility in the functions it can perform but is less efficient in performing the same functions when compared to the corresponding specialized tools."

More the features, higher the complexity and production costs, and higher is the number of things that could go wrong.

Mistakes in hardware startups are costly, so it's best to keep things simple when starting out. While bigger companies can afford to make mistakes, the same mistakes by a new business could mean pack-up before starting up!

6) Falling in Love with your Idea

Some founders are so obsessed with their ideas, that they are unable to accept the market realities, data or constructive criticism from their users, investors, family and friends.

A good idea alone is not enough, you need to have a market for it too. It is therefore important to keep iterating and improving your ideas as you collect more and more data from user research.

This will ensure that your product is a better fit for the market and loved by your users. We love to work with clients who are open to criticism of their idea. Mostly it leads to an end product that is much better than what they had initially set out to create, which is a win-win for everybody involved.

7) Lack of Proper Planning and Timelines

Many consumer product launches are scheduled before Christmas to capitalize on the increased sales during the holiday season. The annual Consumer Electronics Show soon follows.

If you are on a similar schedule, factor in delays caused by unexpected disruptions in your planned production schedule and add a generous buffer.

Delays can be due to multiple factors - supply chain, unavailability of certain components, quality issues, a last minute change or some flaw discovered in the product. You must also factor in important events and holidays in the country you are manufacturing in.

For example, if manufacturing in China, you must plan for the Chinese New Year much ahead of time. Here's a great article from Dragon Innovation on *how the Chinese New Year affects your manufacturing plans.*

8) Wrong Manufacturing Partner

Unfortunately, there are numerous stories about how a startup had to halt manufacturing or reschedule due to lack of competence, commitment or timely communication from the manufacturing partners.

It therefore becomes paramount that enough diligence is carried out before engaging with a manufacturing partner.

Look for proper documentation and referrals to ensure that the manufacturer can actually do what they say they can do.

Communication is key to managing any relationship, therefore, avoid engaging with middlemen and spend as much time as possible with manufacturing company's teams on the ground.

This will not just help you gain an understanding of their local culture, processes and constraints, but will also help set expectations and define quality standards.

Choosing the right sized factory is equally important. Your 'large' order of 10,000 parts just won't get the necessary attention from a manufacturer who makes millions of parts every month. A smaller but competent manufacturer will be more willing to take your order and accommodate your requests.

9) Lack of Proper Testing

What should you do when you have a *great looking prototype* that works exactly as intended? You should spend enough time (and money) to test your products before you ship them out.

Understand and apply proper product testing methodologies and standards. Test rigorously for different environments and for multiple use-cases.

For example, you may have a waterproof (IPx6) product that is assembled and tested at near sea level, and is working as expected.

If the same product is shipped at a higher altitude area, the waterproofing seals might fail if the pressure difference was not accounted for while designing.

Temperature, Altitude, Moisture levels vary across regions and it is therefore important to design and test your product according to the conditions it has to operate in.

Remember, no business - big or small - wants its customers to send back products because they were faulty. And a lot more is at stake for fledgling startups - credibility, customers and costs.

10) No Competitive Advantage

Most physical products are not difficult to reverse engineer or replicate, every product is prone to copycat manufacturing. For every innovative hardware idea, there is most likely some company in China that can offer a similar product at a much lower price.

If you have a highly successful product, it will most likely get copied, sometimes even before your Kickstarter campaign ends, as we saw in case of *STIKBOX*.

Patents can help to a certain extent depending on your product idea, but they are expensive to begin with. The litigation costs in case of infringement by someone in another country with deeper pockets than you are usually not worth the hassle. And if your product is relatively easy to manufacture, it won't be just one factory that you will have to go after.

Your only competitive advantage then is to create a strong community around your product, build a brand and offer great customer support so that you are not simply selling a product, but a great end to end experience.

11) Not Enough Traction

You spend months on end perfecting little details of your product prototypes, but without giving any importance to generating interest around your idea. When you are finally done (if ever) you realize that there aren't enough users to buy (or atleast appreciate) what you have built.

You are not alone. There are so many startups that despite having a great product, are not able to take off just because they don't get that initial traction. This is because they didn't plan and implement a strong marketing strategy right from the beginning.

Start your marketing campaign early on to generate interest and build a strong fan base, so that by the time you are ready to unveil your polished prototypes, you already have a good number of people who are interested in your product. Having a marketing person as a co-founder is helpful if you are the tech guy as it complements your skillset.

Pebble pulled this off brilliantly. When they launched their first Kickstarter campaign in 2012, they had already built a list of 6000 subscribers who were interested in their product, apart from exclusive media tie-ups. As a result, Pebble got the initial traction they needed and went on to become the most funded KS project of that time.

The Top 12 Reasons Startups Fail By CB Insights 2021

12. Burned out/lacked passion

Work-life balance is not something that startup founders often get, so the risk of burning out is high. Burnout was given as a reason for failure 5% of the time. The ability to cut your losses where necessary and redirect your efforts when you see a dead end — or lack passion for a domain — was deemed important to succeeding and avoiding burnout, as was having a solid, diverse, and driven team so that responsibilities can be shared. What can make conversations about burnout difficult, especially in Silicon Valley, is the widespread belief that building a successful company will always involve some degree of possibly hazardous overwork. As former Uber board member and CEO of Thrive Global Arianna Huffington puts it:

11. Pivot gone bad

Pivots like Burbn to Instagram or ThePoint to Groupon can go extraordinarily well. Or they can start you down the wrong road. For Frances Dewing, the founder of Rubica, a last-ditch attempt to save her cybersecurity startup from failure amid Covid-19 led her to pivot from focusing on consumers and small businesses to larger companies.

10. Disharmony among team/investors

Discord with a co-founder was a fatal issue for startup post-mortem companies. But acrimony isn't limited to the founding team, and when things go bad with a board or investor, it can get ugly pretty quickly, as evidenced in the case of Hubba.

9. Poor product

Bad things also happen when you ignore what users want and need, whether consciously or accidentally.

8. Product mistimed

If you release your product too early, users may write it off as not good enough, and getting them back may be difficult if their first impression of you is negative. And if you release your product too late, you may have missed your window of opportunity in the market.

7. Not the right team

A diverse team with different skill sets was often cited as being critical to the success of a company.

6. Pricing/cost issues

Pricing is a dark art when it comes to startup success, and startup post-mortems highlight the difficulty in pricing a product high enough to eventually cover costs but low enough to bring in customers.

5. Regulatory/legal challenges

Sometimes a startup can evolve from a simple idea and enter a world of legal complexities that can ultimately shut it down.

4. Flawed business model

Most failed founders agree that a business model is important — staying wedded to a single channel or failing to find ways to make money at scale left investors hesitant and founders unable to capitalize on any traction gained

Various music startup post-mortems also pointed to the difficulty of finding a viable business model in the industry as a reason for startup failure.

3. Got outcompeted
Despite the platitudes that startups shouldn't pay attention to the competition, the reality is that once an idea gets hot or gets market validation, others may try to capitalize on the opportunity. And while obsessing over the competition is not healthy, ignoring it was also a recipe for failure in 20% of the startup failures.
2. No market need
Tackling problems that are interesting to solve rather than those that serve a market need was cited as the No. 2 reason for failure, noted in 35% of cases. Mobile-focused streaming service Quibi, which shut down in October 2020 just 6 months after launching and raising a mammoth $1.8B, found itself in this position.
1. Ran out of cash/failed to raise new capital
Money and time are finite and need to be allocated judiciously. For the startups on our list, running out of cash — tied with the inability to secure financing/investor interest — was the top reason startups cited for their failure.

Short Ways to Fail Your Startup 18

blog.khamsat.com/18-a-brief-way-to-fail-your-emerging-company

26 ديسمبر 2018

Entrepreneurship
Last update June 2021

of startups fail during their first year, according to the American Small Business 50% Association, and 75% of them fail during the first five years, according to a study conducted by statistician Shikhar Ghosh of Harvard Business School, in addition to a group of studies confirming that the percentage of startups The failure of startups in the labor market reaches 90%, while the chances of success are only 10%. We try to answer ?this question: **What are the reasons for the failure of startups**

:Follow these steps and your startup will fail instantly

?Reasons for startups

CB INSIGHTS has answered the question: Why do startups fail? Delicately, she posed the question to several failed entrepreneurs, and analyzed their joint answer which offered a lengthy statement of common reasons why most startups fail now. Venture Capital Investors, which specializes in analyzing data and statistics on the labor market, and (provides them to businessmen to make the appropriate decision in their companies

image source

Hold on to the wrong things with all your might .1

One of the most important reasons for the failure of start-up projects is that their owners cling to some wrong decisions for a long time, when attempts to correct the mistake become the same. If the entrepreneur sticks to a wrong decision, or a bad product in the hope that he will succeed later, he will be likely to join 7% of the failed companies for the .same reason

Take on the role of a superman .2

A large part of startup founders overlook the fine that the labor market imposes on one. .You will end up losing both sides, your work and your social life

I do not mean by this that trying to combine the two things is impossible, but in order for it to take place in the ideal form that you might want, you must first be aware that the matter will not be as you wish until in the advanced stages of the project, so that you find you have a large team capable of taking on some of your responsibilities And plenty of time to take care of your social life to the fullest. Before that, you might experience cases .of burnout and anger that made 8% of entrepreneurs lose their startups

Not using your network .3

It happens that emerging entrepreneurs refuse to ask for help, as some fear receiving wrong advice that may harm their work, and some believe that asking for advice may harm their image as a new entrepreneur in the field, so some refuse to use their extended network of relationships, preferring to research and experiment; This made 8% of .startups fail and close

Not studying the legal obstacles before starting the project .4

Many entrepreneurs enter into new start-up projects without studying the legal obstacles that may surround them, until they are surprised at the advanced stages of the project .that there are obstacles that prevent its continuation

Ignore the importance of having a funder .5

Not resorting to a financier at the beginning of your project is a good thing, as this is how you will protect yourself from conflicting interventions in your decisions, and the risk of a sudden withdrawal from the financier if it occurs, but keeping it on this for a long time will expose your company to rapid failure, as the presence of money flowing into the project from other banks will protect you from Frequent financial crises over the long .term

Underestimate a good website .6

If your product provides excellent service, you have many strong networks and ?relationships, and you are well funded, then why the right website

Well, if you think in this way, then you undoubtedly belong to the 9% whose projects have been lost. The site plays an important role in the success of any project, the closer the site .is to the target group, the more active its sales are

Overly trusting the hoax of passion .7

At a time when entrepreneurship for some has become a trend that must be followed, many people make mistakes in creating their projects based on good ideas alone, without passion or interest in the idea, just because it can generate abundant profit that makes .this a successful idea

The thinking of some entrepreneurs in this way has caused the failure of more than 9% of startup companies, the lack of passion for the product, and dealing with it as a purely commercial project made it a tiring and heavy task on the soul, so abandoning it was the .best available way for the entrepreneur to seek comfort

Constant renewal .8

Evolution is a good thing, of course, but doing it without a real purpose behind it is a waste of time, and even a loss of money and the company's image as well. When the brand Gap wanted to get closer to young ages, it changed its logo to become more modern and modern. This has angered many of its loyal customers who are accustomed to simplicity .in everything the company offers, from its own logo, to the design of its clothes

Do not participate in many projects at the same time .9

Entrepreneurs make the mistake of getting caught in the enthusiasm of immersive, when the project begins to manage money until you find them have caught up themselves in many projects expansion manifold, the owner of the money may find himself in the end atomized among many choices, which make it eventually loses his company, P - 13 % of .entrepreneurs have lost their projects for this reason

Ignoring customers and their needs .10

Yes, you love and are passionate about your idea, but remember that it will not be created for you but for the audience, so do not fall into the common mistake that affects most entrepreneurs, as he sets himself a measure of audience responses and observations, until .he finally finds himself making a product that no one wants other than him

Exaggeration in the advertising of the product .11

Marketing is an important and effective tool for product promotion, it can make startups famous, and it can make you profitable out of nowhere. Neglecting it or treating it as insignificant will not only hurt the sales of your product, but could cause your entire .company to lose

Neglecting the existence of a future vision .12

Some startups fall into the mistake of not having a future vision, as they are busy planning and managing the implementation of the project on the ground, and then stop at the ?question of what next

Although some think it is a reversible mistake, this mistake has cost 17% of startups their .business, and ended their career in failure

Ignoring the public's taste .13

It is important, before starting your startup, that you study well the target market, and what does it want? Providing a product that no one needs will quickly lead you to a catastrophic failure, as 17% of companies have experienced a loss because of their .products that no one wants

Pricing the product according to profits and not based on the ability of .14 the audience

Pricing plays an important role in product sales, on the one hand it should cover the costs of the product, and on the one hand it should be suitable for the audience. This equation must be proportional in order for the product to be accepted, but some entrepreneurs neglect this equation in pursuit of abundant profit, and this may cost them the stagnation of their products, in addition to exposing their trade to the risk of failure and stopping in .the short term

You are always better than your competition .15

Many businessmen advise startups at their inception not to pay attention to competing companies, so as not to be exposed to many disappointments and frustrations. And everyone will want to compete with them, so start-ups should study well their competitive market, and its potential so that they do not join the 19% of companies that failed due to .neglecting the competition element

Diversity of the team without a goal .16

Diversity in your work team is an advantage to add to it, but diversity without a goal may make you lose a lot. Having people who do not belong to your type of business or field of work will only cost you trouble. The percentage of startups that fail due to the .heterogeneity of their work team is 23%

Wasting money by scattering how it is spent .17

One of the common mistakes in the startup community is that the owners do not plan the ways in which the money is spent, as the money squanders in many useless ways, so that the owner of the money does not find funding to help him in times of trouble. This .strategy has cost 29% of startups their money, Until finally bankrupt

Not studying the market .18

The market does not need you to invent a mythical and unfamiliar product, but all it needs is to study the requirements of your audience well and present it to them, even if it is by relying on a copied product, or an idea that was presented before. In his book How to Get Rich Your Own Way , Brian Tracy says that 80% of existing projects in the United .States are based on ideas copied from previously produced projects

Therefore, it is a mistake to strive to create a new project for a market that does not need .it, this mistake has caused the closure of more than 42% of startups

> (Startups must accept failure and learn to view it as a negative thing. (Rachna Agarwal

What we mentioned about the reasons why startups fail was not a shortcut to failure, but rather a set of experiences and experiences that entrepreneurs share together. They are lessons that need to be learned the hard way, so if you've ever made one of these mistakes, get over it quickly. The important thing now is that you use this experience to create another more powerful and successful project, and never view failure as a negative thing. It is only an upcoming experience for you, and a step in the success of your startup, so .take advantage of it

Posted in: Startups 3 years ago

The Top 20 Reasons Startups Fail – CB Insights 2018

#20 – Failure to pivot when necessary

Not pivoting away or quickly enough from a bad product, a bad hire or a bad decision quickly enough was cited as a reason for failure in 7% of the post mortems. Dwelling or being married to a bad idea can sap resources and money as well as leave employees frustrated by a lack of progress.

#19 – Burn Out

Burn out was given as a reason for failure 8% of the time The ability to cut your losses where necessary and re-direct your efforts when you see a dead end was deemed important to succeeding and avoiding burnout as was having a solid, diverse and driven team so that responsibilities can be shared.

#18 – Do not use your connections or network

We often hear about startup entrepreneurs lamenting their lack of network or investor connections so we were surprised to see that one of the reasons for failure was entrepreneurs who said they did not properly utilize their own network.

#17 – Legal Challenges

Sometimes a startup can evolve from a simple idea to a world of legal complexities that can prove to be a core cause of shutting a startup down. As Decide.com wrote in their post-mortem. A couple music startup post-mortems also associated the high costs of dealing with record labels and legal headaches as a reason for startup failure.

#16 – No Financing or Interested Investors

Tying to the more common reason of running out of cash, a number of startup founders explicitly cited a lack of investor interest either at the seed follow-on stage (the Series A Crunch) or at all.

#15 – Location, Location, Location

Location was an issue in a couple different ways. Location also played a role in failure for remote teams. The key being that if your team is working remotely, make sure you find effective communication methods; else lack of teamwork and planning could lead to failure.

#14 – Lack Passion and Domain Expertise

9% of startup post-mortem founders found that a lack of passion for a domain and a lack of knowledge of a domain were key reasons for failure no matter how good an idea is.

#13 Pivot Gone Bad

Pivots like Burbn to Instagram they can be the start of a path down the wrong road.

#12 – Disharmony with Investors/Co-founders

Discord with a cofounder was a fatal issue for startup post-mortem companies.

#11 – Lose Focus

Getting sidetracked by distracting projects, personal issues, and/or general loss of focus was mentioned 13% as a contributor to failure.

#10 – Release product at the wrong time

If you release your product too early, users may write it off as not good enough and getting them back may be difficult if their first impression of you was negative. And if you release your product too late, you may have missed your window of opportunity in the market

#9 – Being inflexible and not actively seeking or using customer feedback

Ignoring users is a tried and true way to fail. Tunnel vision and not gathering user feedback are fatal flaws for most startups.

#8 – Poor Marketing

Knowing your target audience and knowing how to get their attention and convert them to leads and ultimately customers is one of the most important skills of a successful business.

#7 – I got this product. Now I just need a business model.

Failed founders seem to agree that a business model is important – staying wedded to a single channel or failing to find ways to make money at scale left investors hesitant and founders unable to capitalize on any traction gained.

#6 – A "User Un-Friendly" Product

Bad things happen when you ignore a user's wants and needs whether done consciously or accidentally.

#5 – Pricing/Cost Issues

Pricing is a dark art when it comes to startup success and startup post-mortems highlight this difficulty in pricing a product was not too high or too low to make money in context of the particular costs of a company.

#4 – Get outcompeted
Despite the platitudes that startups shouldn't pay attention to the competition, the reality is that once an idea gets hot or gets market validation, there may be many entrants in a space.
#3 – Not the right team
A diverse team with different skill sets was often cited as being critical to the success of a starting a company.
#2 – Ran out of cash
Money and time are finite and need to be allocated judiciously. The question of how should you spend your money was a frequent conundrum and reason for failure cited by failed startups (29%).
#1 – Building a solution looking for a problem, i.e., not targeting a "market need"
Tackling problems that are interesting to solve rather than those that serve a market need was cited as the number one reason for failure in a notable 42% of cases.

Avoiding startup failure

sentineldubai.com/blog/2021/8/29/avoiding-startup-failure

August 29, 2021

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.

Entrepreneurial Fails: Seven Reasons Why Your Next Entrepreneurial Business Could Fail

arabfounders.net/seven-reasons-why-your-next-startup-will-fail

21 يوليو 2020

.Seven reasons why your next entrepreneurial venture may end up failing

year ago July 21, 2020 1
by

Failure in the world of entrepreneurship is neither a catastrophic nor a fatal flaw, in fact, the failure of startups is one of the most common things in the business world. According to statistics, 90% of entrepreneurial projects fail, and only 10% of them survive and take .off during the first five years of their establishment

The failure of startups has many reasons, related to the market, timing, conditions, quality of founders, and others. But it can be said that there is a Guideline that often leads the pilot project to failure, regardless of the founder's experience, the efficiency of the idea and the market understanding. Here we explain seven reasons why your next .entrepreneurial venture may end up failing

Insufficient capital

Sometimes you set up a very good startup, but you don't have enough capital. It's like building a neat plane, but without a tail. In this case, the plane cannot in any way take off from the ground and start flying without a tail, otherwise the inevitable result is that it .will fall or burn

No matter how unique your company is in terms of idea, employees and business style, it cannot take off without sufficient and reliable capital. Many companies start completely dependent on debt, loans or inconsistent capital, which leads them to enter into problems .that lead to failure

Lack of proper practical advice

In general, many founders seek to start and run their startup with the “I did it my way” logic that Frank Sinatra hums. In fact, in the world of business in particular, no one does it alone, and you must seek the right practical advice from an expert who will be your guide to your Mentor, or go back to the right book, or resort to the advice of someone with .a different and effective point of view

In your field, listen a lot and don't get carried away by Sinatra's vision of doing it alone. Ask your accountant, lawyer, financial planner, and strategist, get the right experience from them, and make your decisions based on them. The owners of successful startups are always the people who always seek advice from someone with a greater perspective and broader experience in a particular field, and surround themselves with the right people .and advisors

bad treatment of people

If you do not develop a suitable personality that people like and are comfortable with. They won't do business with you, you won't get employees who are loyal to your company, you won't get the right partner if you go for it, you won't get an ambitious investor. Personality is a very important part in the business world. You cannot be arrogant, ignorant or cheeky, and then complain about employees escaping from your work, or the !reluctance of investors to finance you, or even the customer leaving forever

Regardless of your personality, you must learn the right professional communication skills, or else you will have hard days in the success of your company. Learn how to properly deal with your employees (the most important asset you have in the success of your company) while they perform tasks that you do not want to do or should not do. Learn how to properly deal with the investor, partner, worker, friend and public, as the matter goes out of the framework of taste and social courtesy, to the framework of the .imperative of upscale dealings with everyone to make your business successful

Failing to adapt to change

You will notice this point specifically in multigenerational family businesses (companies started by the grandfather, then the father, and ending with the grandson), and it will show you how the good grandson fails to adapt to the major changes in his industry. The reason: This is what we found our parents on. This is what my grandfather used to do 80 years ago when he founded the company, and so did my father, and I do the same without .changing

It is essential when setting up a startup that you are able to adapt to the huge changes that are taking place in our digital age. Startups that do not adopt technology or keep pace with the market, their only inevitable path is to fall behind and then decay completely, in .a market where the first rule of play is rapid change

Greed..a shortcut to project failure

There is a huge difference between ambition and greed. Ambition leads to your company growth and distinction, and greed destroys it completely. Greed takes many forms, such as you start defrauding your employees to increase your profit at the expense of their own. You start dealing with your company as a personal cow that eats and drinks from it and forgets that it is a source of livelihood for others, whether partners or employees. You start overtaking the same customers just because you get other customers to be more generous. You shower yourself, while negotiating for several months with employees only for a slight increase in their wages. Arbitrarily dismiss anyone whom you deem to be !wrong, regardless of their training or evaluation

Companies - especially when they achieve some success - turn many of their owners into greedy pigs, and the transformation into a greedy pig may satisfy greed and desires for a period of time, but it is like a hole in the bottom of a ship that leaks water, and its owners .do not wake up to it until after it has completely sank

Administrative disagreements

Undoubtedly, administrative disputes remain one of the most common reasons for the collapse of companies, due to the deterioration of relations between the main managers of the institution. Take with you many forms of disputes, such as conflicts between family members in family businesses, conflicts between partners , conflicts between .administrative employees. The list goes on

The good companies that survive and survive the collapse are the companies in which there are usually clear agreements between the members of its board of directors and its shareholders, on how to clearly manage this relationship. And have clear policies for dealing with employees, and between employees, in the event of any disputes. Everything must be written, clear and known to all employees within the company, whether at the top .or the base of the pyramid

inexperience

You cannot run a business in which you do not have enough experience. Training and evaluation is definitely a good thing, but long experience in the field of work and its management is important in its early stages, at least, as everything in your company depends on your final decision. You must be experienced enough, otherwise it will turn into a disaster in making decisions and directing the company. You cannot bring a plumber and appoint him as a manager of a company, and you cannot bring a businessman to ask him to fix the plumbing at home. An experienced plumber is responsible for the plumbing work, and an experienced businessman is responsible for .the management work

Briefly

Bad management is the number one cause of killing small and medium businesses. Wrong management in dealing with employees, lack of experience, dealing with cash flow, dealing with expenses, experience management, crisis management. The main evil seed in the failure of companies in all their branches is that there is bad management in them. .Whether it is a company with a great idea, or competent employees

Finally, the final nail in the coffin of the death of small and medium-sized companies is that they are reluctant to seek appropriate advice early in their crises. And when you have to seek advice, it is already too late. They call it "ostrich syndrome", meaning burying the !head in the sand until the problem passes

'Ego-driven' UAE start-ups fail to manage cash flow, accelerate too fast, says Sara Al Madani

arabianbusiness.com/startup/440413-ego-driven-uae-start-ups-fail-to-manage-cash-flow-accelerate-too-fast-says-sara-al-madani

Emirati serial entrepreneur Sara Al Madani.

Serial entrepreneur Sara Al Madani has started companies in the UAE and US and is a board member of the UAE's SME Council

A large number of UAE start-ups that don't succeed fail due to cash flow management problems and overly ambitious acceleration plans, according to Emirati serial entrepreneur Sara Al Madani.

Al Madani – who has founded or co-founded a number of companies in both the UAE and US - is also a board member of the UAE Ministry of Economy's SME Council and of the Sharjah Chamber of Commerce and Industry.

In an interview with *Arabian Business*, Al Madani said that in her experience, there are two primary reasons why start-ups fail in the UAE.

"One of the reasons for failure is cash flow," she said. "They don't know how to manage their cash flow at all and they burn money fast."

The second reason, she added, is that start-ups want to scale up "too quickly".

“Some of the people who start businesses here are ego-driven. The want to be called entrepreneurs,” she said. “Instead of testing and trying slowly, and growing in a steady way…. they’ll just open a store, have 30 employees and burn their money when there is no demand for them to supply. They start too big.”

Among Al Madani’s companies are Social Fish, a marketing, branding and social media consultancy based in Dubai and Los Angeles, as well as Proposal Cupid, an events company specialising in proposals, engagements and weddings.

Fear

One of the main reasons that start-ups try accelerate too quickly, she added, is that many entrepreneurs fear what people will say about them if their company starts small, or isn’t particularly high-profile.

“I believe in starting small, learning and escalating,” she added. “It doesn’t matter what people say about you. If you’re there to satisfy someone else and doing this for the wrong reasons, then you aren’t an entrepreneur. This is not where you’re supposed to be.”

Al Madani, for example, notes that Social Fish has achieved success with only three full-time employees. Despite the small team, the firm has attracted considerable business, and recently was chosen to host, manage and produce a birthday party for Real Madrid and France international footballer Karim Benzema.

“I outsource. Uber doesn’t own any cars. Airbnb doesn’t own any buildings. Why is success [considered to be] 30 to 100 employees with a huge space?” she said.

“In the end, when someone is successful, people can’t deny that,” Al Madani added. “How you do that, how you start it, is nobody’s business. Just focus on your work.”

Indices That Lead to Startup Failures in UAE

commitbiz.com/blog/indices-that-lead-to-startup-failures-in-uae

Everyone wants to start a company in UAE, whether it's a long-term or short-term business goal, whether it's small or medium-sized enterprises. So if you're planning to set up a UAE company, you'll need to be sure of all and be more confident of everything that doesn't work.

Many people believe the only reason why their company fails is running out of money and capital. However, this is not true, and several important factors could be responsible for the company's failure.

Therefore this article includes primary ten reasons you can identify the indices that lead to startup failures in UAE -

Lack of Expertise and Awareness

In addition to delivering the product or service, company owners may also need to know how to handle their budgets, accounts, legalities, marketing, etc. To create trust and respect among people and stakeholders in a foreign country, they need to be aware of the local market culture and business etiquette.

Selling an Unwanted Product and Service

One of the primary reasons most companies fail is that the consumer unneeded the product or service offered by an entrepreneur or a giant corporation. Most company owners fail to perform thorough interviews to find out what they need.

Lack of Working Capital

Staying rational about the costs is critical. Many company owners overestimate the scale of the competition and undervalue the operating costs. It takes a long time for any company to pick up and prosper, so when seeking funding, you should strive to be as reliable as possible.

Unplanned Expansion

The company will take off quickly; it can cause problems, too. If you are delivering a service, you may have to wait too long for customers and find alternative suppliers. If a product is being manufactured and in demand, more raw materials will need to be acquired. More loans may need to be obtained from suppliers, as time passes between delivering the product and receiving payment.

Slack Management

Being defensive will lead you to ruin your goal. Practice self-discipline and use your resources wisely to stop your company from falling apart.

Credit Problems

The availability of credit facilities for a startup in UAE for up to 6 months is not easy. Once you have completed the initial stages, keep your bank manager aware of your financial status. When you know that there is a chance of a cash flow crisis shortly, talk to him/her. It is safer to do this early, thus showing you have control over your company. They will then be able to arrange further overdraft facilities.

Wrong Location

Accessibility, parking space, visibility, and footfalls are important to stores, restaurants, and the like when consumers visit to make a purchase. The place is everything; ensure extensive research and preparation are done before settling on a location.

Controlling Business From Another Location

Some businesses or company owners would like to incorporate a business in the UAE but prefer to run it from their headquarters in another country. The strategy is not always practical. Company in UAE is about establishing trustworthy relationships with potential clients, business peers, stakeholders, and law enforcement. It 's crucial to be seen often to offer a sense of your dedication to the members associated with your business.

Employee issues

It is a huge stumbling block for both large and small companies. Employees can be inefficient, destructive, and other issues can arise. There needs to be a solid overview of the resources and strategies used in recruiting and handling the right staff.

Vision and perceptions

Expatriates launch many of UAE's new companies. And they often have no plans to remain in the country in the long term. It makes their mindset in nature short-term, and they come up with predetermined market notions that make it rigid.

5 Reasons by Which You Can Prevent Your Startups From Getting a Failure

Researching and Awareness

UAE is often seen as the city of opportunities for people from various parts of the world. UAE is also a tax-free Emirate, and it encourages people to set up a company. Essential business people worldwide are keenly involved in setting up a business and rising in the UAE economy. However, the primary point is that many business people fail to understand the local market and the need for a business like that. Besides the needs of the nation's community, demography, and working style and the role, their company will play on the UAE market.

It is easier to frame a proper business strategy for this reason and document all the approved activities to get an office space. It is recommended that the company owners should be provided an office space before receiving a license.

Choosing the Right License

If you plan on setting up a UAE company, you must have visited the UAE 's official government website. It involves the method of integrating a company into the UAE. It also provides the seven business categories you can create in UAE. One of the necessary conditions for starting a company in the UAE is to get a license from the UAE Department of Economic Development. This license is almost like an authority to run the business without any intervention from the government.

A significant task is to obtain a perfect business license appropriate for your company. Many business owners do not have enough details to get a license that doesn't match the company's needs. These cases may result in severe business failures.

Bank Account Charges

A corporate bank account is of great importance to starting a company in the UAE. Like every country in the world, UAE has large banks both in terms of facilities and fees. Business owners must be mindful of the type of bank they want to open an account and the charges that the bank may place on its account. Proper inquiry on such fees should be carried on to avoid any business failure.

Suitable execution of the Sponsorship Agreement

UAE has created two significant jurisdictions where business owners are permitted to open a business. Mainland and Free Zone. If business owners want to move to the Mainland (which is a Beneficial option because it would include the critical market area), it will involve local sponsors with substantial shares in the company. Thus, an explicit agreement between the sponsor and the owner will need to be framed to prevent subsequent clashes. Typically local supporters bill separately for the programs they provide. Business owners, however, should be aware of the requirements which they would include in the agreement. Also, an acceptable written agreement should be enforced.

Businesses Reflexes

A Business never runs contrary to the system you were initially planning. The strategy must be changed according to the changing scenarios. And if you have a 20/20 vision with proper implementation and the best tools for your company, there will be a situation when things will not go as initially planned. A solution to this dilemma can be the development of "What if" scenarios and the organization's reaction and the response as well as the employees. Even, you can do the same for the loan modification. That can also be the best way to test the cash flow activities and revenues of your company.

Starting a business in the UAE would be a challenging job. The business owners must manage all aspects properly and as defined by the UAE regulatory authority. If you plan to start a UAE company, you should also be careful about the legal issues. Therefore it would be easier to select an expert for this mission.

So, you've got a good idea about the significant gaps. When you have any of them, it is best to resolve them immediately. We at Commitbiz provide end-to-end alternatives to all of their business issues for our clients. If you have any questions about the establishment of business in UAE and related services, you can contact us. We 'd be glad to help.

Fatal flaws: Here’s why UAE SMEs fail

gulfnews.com/business/fatal-flaws-heres-why-uae-smes-fail-1.1549868052509

Noni Edwards | Special to REACH BY GN

A lack of working capital and unrealistic revenue projections are some of the reasons SMEs fail in the UAE Image Credit: Supplied

If you’ve done your homework and launched your start-up to be fully-aligned to market conditions, then hopefully you’ll never need to consider it, but failure is a real risk for many entrepreneurs so it pays to be aware of worst-case scenarios.

We spoke to two experts in about why businesses in the UAE might fail to thrive.

Khaled Talhouni is managing partner of Wamda Capital, an entrepreneurship accelerator in the tech sphere. “Very commonly companies fail because of external factors that are not necessarily addressable internally.”

When we asked Pratik Rawal, Head of Business Development at Creative Zone about why businesses fail he said, “That's a very grim question, albeit an important one. Our nine years in this business, have shown us a few common denominators that have put small businesses out of business.”

Here are just a few reasons SMEs fail:

Capital

Talhouni says the ability to raise capital is crucial, given how thin capital markets are for early stage companies in our region.

Rawal believes there are two aspects of capital to watch out for: not having enough, and not spending it wisely.

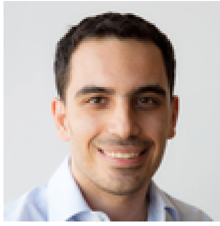
READ MORE AT IDEAS RUNWAY

- How to successfully launch a business in the UAE
- How to deliver a pitch investors can't turn down
- Nurturing talent for success

“There have been many startups with modest capital that have done well, and many with a sizeable capital gone kaput. The key is to maximise on the available resources and shed keeping up appearances,” says Rawal.

Teamwork

The calibre of skills, experience and cohesion among founding team members is essential for start-ups, according to Talhouni.



> **Very commonly companies fail because of external factors that are not necessarily addressable internally.**
>
> - Khaled Talhouni, managing partner at Wamda Capital

“I think that one key factor to consider is that it is absolutely critical for early stage companies to be helmed by a founding team able to address challenges in market realities and adapting or pivoting the business to address the challenges,” he says.

“Most early stage companies will have to re-invent themselves in a process of continuous evolution before they reach a stable path to growth and sustainability.”

Research

Market research needs to built into your model right from the outset, according to Rawal. “When starting out, all you have is an idea and lots of time: use it.”

“Build on your idea, do research, study your competitor, market analysis, rope in a financial expert and work on those numbers,” he says.

> **If you are doing great in initial phase do not rush into expansion without careful evaluation, it can be tempting but you will certainly get there more effectively if you plan well**
>
> - Pratik Rawal, Head of Business Development at Creative Zone

“Whether you are in trading or manufacturing, or a service provider or consultancy, ensure you know exactly how much capital and time will it take for your entire operation to function until the business is able to sustain on its own, that includes costs involving company set up, legal framework, permits, infrastructure and staffing. A feasibility study will help you get to a ballpark figure,” says Rawal.

Product

Most entrepreneurs will feel like they are fully focused on their product and their market, but getting the two perfectly aligned is one of the trickiest parts to starting a business.

At Wamda, Talhouni sees the lack of product-market fit as a common reason that tech start-ups fail, when the company pursues a solution to a problem that is not particularly pressing or critical enough for users to adopt the company's offering.

Rawal agrees: "Know your niche and build your brand around it and most of all, believe in your idea because if you don't, no one else will."

Timing

Being impatient and too hasty to expand is a main driver for failure, according to Rawal.

"If you are doing great in initial phase do not rush into expansion without careful evaluation, it can be tempting but you will certainly get there more effectively if you plan well," he says.

Equally, getting stuck in a rut and being unable to pursue business expansion when needed can hamper growth too.

"Difficulties in accessing new markets and expanding, in particular being able to scale into new geographies or territories across the region," says Talhouni.

Learn more at Ideas Runway

Knowing the reasons why startups fail is one of the most important reasons for your success..Let's follow Failed startups

elmanzoma.com/posts/أسباب-فشل-الشركات-الناشئة

First of all, when you mention the term “startup company” or startups, you find it carries several initial meanings in your mind, which are that it is a new and recent project, an entity that aims to profit in its early stages, or it is a new pioneering idea at the beginning of its implementation stages, all of which are correct meanings of the term “startup company.” But let us delve into the modern concept of this term and get acquainted with the most famous reasons for its failure and the most .important factors that guarantee its success

What is meant by startup companies? Startup

The definition of a startup is interpreted as planning and preparing for a pioneering idea by an entrepreneur or a group with the aim of developing a service or a product that aims to satisfy a need for a specific segment of the audience, by starting towards the establishment of a project or commercial institution,,,,, but Some people disagree with this definition in that they believe that the company must have a store in order to be considered a startup, but this matter seems . .somewhat old

What distinguishes the emerging company is its investment amount, which is somewhat initial and simple, or self financing, and it seeks by delving into the .market and working to attract more investments and increase capital

Also, what distinguishes emerging companies is that they adopt businesses with ideas that are capable of rapid growth in the market because they are often new and distinctive ideas, as well as the enjoyment of their owners with great energy as the beginning of the era of a new entity. This rapid growth certainly depends on the availability of success factors, which we will mention later. Read about how to become an entrepreneur and earn income from your own business

Reasons why most failed startups fail

:Disagreements between the founding partners

In most cases of the disintegration and failure of start-up companies, the reason is differences between the partners in terms of views, opinions, employment, appointment, capital, ratios or anything related to work. And even agreeing on what the company will be in the event of disputes or the withdrawal of any partner from them. The most important thing is to choose the perfect partner that achieves the benefit of the work and provides a real interest away from compliments and . friendships

:Weak and insufficient funding

There is no doubt that finance and capital is the blood of companies and feeds the stages and tools of their establishment, and its absence or lack thereof will directly affect a certain stage, a tool, a human resource, a device, a machine, etc.. Therefore, this is one of the most important factors that determine the fate of the initiating companies in terms of success or Failed, before starting a commercial activity, a good study must be made of the stages, starting tools, and cost of each stage, and then arriving at an approximate perception of the required capital, known as (the feasibility study), and working to ensure its existence. And later we will talk about Lean Startups, agile startups that are free from the initial burdens and big .funding

:Market saturation of the project idea

Of the great importance that every entrepreneur must bear in mind is that he works to satisfy the needs of the market and the public through studying the market and knowing its deficiencies and the needs of a certain segment of the public, and then working on creating an added value that fills this need. The market did not need it or the market is saturated with it, so there is no additional value to this industry and therefore its failure, no matter how well it is, the .provision of large financing, marketing and advertising

:Playing with the wrong team

The truth that you should know is that business is not an individual game at all. The most successful entrepreneurial models have not been able to achieve their success and wealth without a working team. The team here means everyone who participated in the success of the work, and this includes partners - shareholders - employees - Service Providers - Cooperating Entities , etc.. Each of these is part of your business team with a different location and role, whether it has a direct or indirect impact. Therefore, your choice of unqualified or inefficient team members .is the wrong team that will hardly fail you

.No real motive

Why are we here ? Why do we do that? Why do we want to reach this goal? These answers must be obtained by entrepreneurs, especially in startups, daily. It is said in the most famous entrepreneurship books that these answers must be written and read on a daily basis because this really works to ignite the motivation inside you to accomplish your daily tasks. Motivation is the fuel that moves your body and feelings towards Achieve more. Waking up late, postponing work until tomorrow, not striving, and continuous movement are all results of a lack of motivation for emerging projects

:Choosing the wrong location

This is one of the obvious things for startups, so wherever your target audience is, it should be. Entrepreneurship depends on a valuable industry, promoting it and delivering it to the public. The right place near your audience reduces the point (delivering it to the audience), which means more successes. The second thing about the place is also that digital place with its own rules, that is, you must learn a lot about how to be in the right place on the web and on any platform and using which tools read about the importance and how to have a proper presence on electronic platforms

:Consider marketing as a secondary step

The word marketing is derived from the market and the word came to include everything that it means and includes in the market (place - goods - services - merchants - consumers - competitors - pricing - advertising - selling - advertisements - trade - manufacturing - etc.). That is why the godfather of modern marketing "Philip Kotler" said that “Marketing is everything and it is a race without a finish line.” It is a comprehensive set of continuous processes that start with creating value, then promoting it and delivering it to the public, and therefore it is very wrong for those who consider marketing to be just advertising or advertisements and that it is a secondary step. This is in addition to e-marketing, which has become necessary for all activities, not only companies but also .individuals. Read more about the most important e-marketing terms

:lone hero

It is good that you can do many things and have a lot of skills to get things done in a great way, but it is better to make copies of yourself, each copy is based on a specialty and specific work. This is what is required by successful management that is characterized by specialization. As for the idea of a single hero and a single manager, it is a very dangerous matter on the one hand, as it stems from the lack of trust between the head of the administration, managers and subordinates, and on .the other hand, you find slowness in completing daily work and tasks

:Customer neglect

Have you ever heard of the phrase the customer is the king? Or the phrase the customer does not make mistakes? All of them and others are rules followed by some entities that want to communicate the idea that the customer is the desired goal and is what the company's activity is based on. And let me tell you that one of the most credible and reliable marketing methods is Word Of Mouth, which means oral marketing, because it is done by people without realizing to their colleagues and relatives, and they are certainly more credible to them, and this would not have been possible without the company and service providers' interest in their customers and meeting their needs until after sales. Philip Kotler also says that "the best sellers are the ones who care about customers first, then the product later." Read about what the first interview with a customer is like

:Stagnation and inflexibility

Let me tell you that the market is changing and the audience is mobile and desires are different and fickle, so whoever owns a Samsung phone today turns into an Apple audience or vice versa, and whoever thanks today for the quality of a restaurant may not be tomorrow, what is the fate of the product or fixed service that does not change, or clinging to the wrong opinion Just because you are the owner or CEO? Definitely a failure. Flexibility is to be shaped and changed according to the needs of each stage and the changes around you and your .competitors

.Not planning well

Not actually planning is like walking in a large desert without a compass or a GPS device. As well as planning, which is to draw practical steps within their required space that lead you to your goal or to go in a random way. It is important in planning to have a comprehensive vision so that you can choose the path that you will take to reach your goal, and to have a comprehensive vision, you must have sufficient information that you will obtain from a good study of the market

The reasons for the success of the companies Emerging Startup

Unfortunately... 9 startups out of 10 companies always fail, and the rest company tries as much as possible to survive as long as possible. Either its fate is the same as the fate of the rest of the 9 companies, or it receives the success it deserves, and in order to achieve that success, it must take into account Many factors and reasons : that led to the success of other startups, and these reasons include

Vision .1

A well-defined vision is one of the skills that every leader in every startup must possess, so that he can cross the finish line and not fall as others have fallen, as it is the main force behind the success of the entrepreneur, and as the compass that guides him through difficult times, so the startup needs To a full vision and . perception of the company, especially for income matters, before the start

Speed .2

The speed in getting things done is one of the reasons for the start-up company to reach its goals, so there is a big difference between the successful company and other companies due to the completion and completion of all work before the specified time. The presence of experience and knowledge of work by the . company's employees

Strong financial management .3

Entrepreneurs in various startup companies always have a strong management of their budgets and financial resources, which are always weak in the beginning of companies, they avoid unnecessary expenses and determine what priority things to . take from that budget

Social relations .4

Social relationships also work for the success of these companies, as the founding team that connects with the big and influential people in the field of work is invaluable, and can open doors to the company and find great investors within minutes, and these companies always have an outstanding CEO Capable of making his way into any organization, on the other hand, startup entrepreneurs need to inspire employees and give them a reason to go through the journey that no one : knows the end of. These employees are required to make many sacrifices, such as

. A preference for work over personal life .1

. Reducing salaries, and limited health insurance .2

. The lack of it in the first place .3

Discipline .1

Discipline begins with self-discipline.. It is the product of a strong personal standard that company employees impose on themselves, and without discipline.. Startups fail in different businesses, even if the company has economic power that no one else does. Self-discipline leads to work ethic Positivity, and work ethic, in turn, leads to getting things done more effectively and more efficiently.. It is important in any successful company that team members are consistent and do not . have a problem working together so that they can achieve the success they desire

determination .2

Any successful startup always needs a great deal of determination and will when building its business.. Otherwise, it will give up no matter what happens to it.. Especially when the road is bumpy and full of obstacles.. There are many challenges facing employees and entrepreneurs and you need strong determination . .to overcome them

Think outside the box .3

Thinking outside the box is one of the important factors that cause the success of a startup company.. This is because many companies lack this skill, because they accept the situation in which the company is located and do not want to change it, which ultimately leads to its failure. Therefore, new companies work in Different domains get to try new things that no other company can offer, because they have . nothing to lose

Startups Examples of Successful

In our Arab world, there are many startup companies that have achieved great : success in the past years, and these companies include

CompanyCareem

It is an Emirati company that provides ride services, and its value exceeded one billion US dollars. The famous Uber company bought it for an amount of 3.1 . billion US dollars

CompanyNoon

. It is a Saudi company that does e-commerce as well as online shopping

Vezeeta Vezata Company

It is an Egyptian company that acts as an intermediary between patients and doctors, providing many doctors in all specialties to patients who need medical care in any form.. It is a pioneer in this field in the Middle East and Arab countries .

System team seeks to provide all the science you to fight· entrepreneurship successful experience and become a destination every entrepreneur, through the provision of all the elements and tools projects Maigll management ratios your risk capital, Firiyadh business and build your project become occupies a space in the mind of both of .us, It is neither easy nor impossible

Join the system team now for free and learn from business and marketing experts

♀ 🕵 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

Why do startups fail? 7 reasons tell you

ida2at.com/7-reasons-tell-you-why-do-startups-fail

25 فبراير 2021

Statistics show that 9 out of 10 startups fail. I don't know how this statistic affected you, maybe you thought your company might be one of those companies that fail, or maybe .you think about how the company that survived this deep sea of failure would be

In both cases, one can never ignore this high percentage, which indicates that all companies fail, and it is necessary to understand the reasons for this to take advantage of .it and learn the lesson. That is why we will tell you about 7 reasons why startups fail

The first reason is that there is no need in the market for the product

> Startups fail when they don't solve a market problem. We've had great technology, lots of data on shopping behaviour, and a great reputation as an industry leader, with an impressive group of experts. But what we don't have is a technology or a business .model that solves a public pain point, in a scalable way

Treehouse Logic founders report their failure —

The first reason for the failure of many startups is to provide a product that is not currently needed in the market, as a result of not focusing on and listening to customers, or because they presented their product at an inappropriate time, and were unable to .achieve a compatibility between their product and the aspirations of users in the market

That's why the company's founders described their failure to talk about this point. The company relied in its work on providing solutions in order to help individuals to jointly collaborate in online shopping. Which used to solve a problem that people don't have .now

The main reason this happens is that the market research process has been ignored , or the results in it are wrong. This issue also occurs due to the lack of interest in developing .MVP Minimum Viable Product to test the idea before its full market launch

The second reason: out of cash

It is not possible to talk about the reasons for the failure of startups without addressing financial problems. There are different forms of financial problems faced by companies, but they agree in the end result is the company's depletion of liquidity, and thus its :inability to continue its operation again. This happens due to the following reasons

Failure to secure a new financing round .1

Some companies rely on continuous funding rounds to manage their business, and when they are unable to secure a new round, this causes them financial problems. The main reason companies rely on financing rounds is that they double their spending, and therefore they are not able to control the finances except through these rounds. And when .you don't succeed in securing a new one, that leads to failure

This is what happened with Anki, which started its work in the field of artificial intelligence to produce robots in 2010. During nearly a decade, the company succeeded in securing 5 investment rounds worth $182 million. In 2019, the company's CEO, Boris Sofman, announced that the company could not secure a new round, after the deal was disrupted at the last minute, as he described it, with the end result being the closure of the .company

An infographic showing what happened with 1,119 startups from the first round of funding to the sixth .round, which saw only 3% of the total companies remain
CBInsights website /

Error in financial management .2

One of the things that lead to a financial problem is the error in its management, whether because of poor planning, or a problem in sales as a result of a flaw in the forecast, or due .to the presence of funds owed to the company but not yet received from external parties

Founded in 2011, Zirtual has successfully served many companies, providing them with virtual assistants that perform certain administrative tasks, such as scheduling meetings. .The company decided to expand its operations, but it did so early

This burned a lot of money in order to implement the growth plan, but it did not follow a good planning of things. To find the company itself required to pay the salaries of nearly 500 employees in the company, as a result of estimating the accounts incorrectly, and the .result was bankruptcy, and later the company was sold

Error in pricing .3

One of the most important things that lead to a financial problem is the incorrect pricing of products. Especially when a company decides to rely on price burning as a market entry .strategy, it can be difficult to cover costs, with not enough profits to make up for it

The pricing problem may be that the customer sees the price of the product as more than he can afford, or has other products to buy, or because he doesn't see the value he will get for the amount requested. Delight IO, which provided a usability testing service for mobile applications, was exposed to this, and customers did not buy its services because .they did not find what convinced them to do so

Watch Video At: https://youtu.be/_U0yxs0wePs

The third reason: the team is not suitable for the idea

> If the board was really harmonious, we would have found out 6 months ago. I blame myself for a lot of what happened, not to hire more experienced people. There was no malice but naivety in the act, if we had a financial manager the story would be .completely different

Marit Kate Donovan, CEO of Zirtual on his company's bankruptcy —

No matter how great the ideas are, having the right team capable of implementing them is a must. Some ignore this fact as a result of their desire to save costs; He works alone or with a limited number of partners, without thinking about hiring managers or getting more partners in influential positions, or he chooses unsuitable employees just to save .cost

This problem may cause the end of the company as it happened with Zirtual. Of course, the desire to save costs is completely understandable and must be pursued, but in a way that maintains quality. That is why companies are now resorting to hiring freelancers , this gives them the right quality, while bearing the lowest cost. Companies can find the . best professionals in various fields, by hiring them through an independent website

The problem of the inappropriate team for the idea may occur as a result of the founders not being aware of this. This is what happened with Lumos, which had to close in less than a year, as the founders realized that they "were not the right team to build a company." With their admission that there were at least seven major problems that led to .the company's collapse

Fourth reason: competition

Even with the strength of the company and the completeness of all the elements of the product or service provided, strong competition can bring down some companies and cause them to fail. In the end, the customer is looking for someone who gives him the choice that suits him, he does not have to feel belonging to a particular brand, unless this .brand gives him a reason to do so

The principle of competition emphasizes that no one can guarantee the continuity of his success, except with continuous work and effort. It is not possible to be satisfied with previous achievements, and to believe that they are the safety key to staying within the successful companies, and we often find that failure happens to companies years after .starting their work, which confirms the importance of permanent work

Rdio emerged as one of the first music streaming service providers in America. The app developers wanted to offer a product that had a different competitive advantage, showing its user preferences for what their friends were listening to, and giving them suggestions .for listening based on their playlists

The company has raised $125 million in the 6 funding rounds it has been involved in. However, when Spotify came on the scene, it managed to outpace Rdio, as it offered a .better competitive advantage to customers. Finally, Rdio ceased operations in 2015

The fifth reason: poor product

One of the main reasons startups fail is that they offer a poor product in the eyes of customers. Maybe it's because it doesn't care enough about user experience, and doesn't meet customer needs well. Although this is obvious, some companies forget about it, and .think marketing campaigns are enough to convince the customer of the product

But the fact remains that the customer does not buy the ads, but the products or services offered. This is what happened with the giant Google in one of its projects; Google Plus . The company focused on its desire to compete with Facebook, but it did not use its efforts appropriately to come up with a product that attracts the attention of the public, and the .result was Google's announcement to stop the service in 2018

Reason 6: A product without a strong business model

What is the use of the product for the company if it is not able to make a profit through it? In fact, this is one of the challenges that most start-up companies face, as when they start thinking about the company, the focus is on creating a proposed feature that is actually .useful to customers

But the company's goal is to get profit in the end, it works only for that, and does not want to get costs higher than revenue which means loss. So, she turned her thinking towards designing her own business model . It is also no longer sufficient these days to rely on one source to achieve profit, but with time, choosing more than one profit channel becomes a .necessity for success

Watch Video At: https://youtu.be/Fy1iWti5N50

One of Silicon Valley's most famous educators of entrepreneurship, Steve Blank, defines the startup as "a temporary organization designed to search for a repeatable and scalable business model." Through the model can profit and scale properly. His absence leads to .failure

Maple started its meal prep and delivery business in 2014 in New York. They also used to offer free sugar cookies with every order. The company distinguished itself from the rest in providing a complete restaurant experience, with its own applications, food preparation kitchens, and delivery workers, without having to open an actual restaurant .due to the high cost of that

The product was perfect for customers, but later reports revealed that the company lost money on the meals it delivered, and started making a very small profit margin in 2016 of just 30 cents a meal. The company had raised $29 million through investment rounds, which helped it cover costs. But this was not enough to continue with the potentially large .losses

Therefore, the company attempted to modify its business model, increasing the price by adding other fees such as delivery and sales tax. As a result, customers switched to other service providers, and the company went out of business in 2017. This underscores the value of a solid business model from the start, and that if it doesn't help the startup profit, .its chance of survival is nil

The seventh reason: poor marketing of the idea

The importance of marketing as an influencing factor in the success of companies can no longer be denied. As all the effort in product design and preparation, marketing is directed at reaching customers, by figuring out how to attract their attention and convert them into potential customers, and eventually actual customers. So it's no wonder poor .marketing can result in corporate failure

: Paul Brodzinsky says of Overto

> The fine line between the life and death of an Internet service is the number of users. In the initial period of time the numbers were increasing systematically. Then we reached the ceiling of what we could achieve effortlessly. It's time to do some marketing. Unfortunately, .none of us were skilled in this area

In conclusion, it cannot be judged that failure occurs as a result of one cause only, but it is the result of a group of causes that occur together, one reason may affect more than others, but in the end this does not mean neglecting the rest of the reasons. The bad experiences of failed companies tell us that we must take care of all the elements of a successful business together, and that this is the only way for our company to become the .one that succeeds out of the ten companies