

## The Full Ratchet

PODCAST EPISODES

### 11. The #1 Reason Startups Fail (Gabriel Weinberg)



Gabriel Weinberg joins Nick on The Full Ratchet to discuss why most startups fail including:

- Many talk about how startups fail b/c of product or building a product. You believe that the main source for startup failure, is for a different reason. Tell us what that is.
- You've noted five mistakes that contribute to this lack of traction and failure to acquire customers. Walk us through the first mistake.
- What is the second mistake and what are your thoughts on how traction should be prioritized, relative to product?
- The next item has to do with target market and vertical. Many investors/incubators/accelerators preach focus on a vertical or niche. What is your standpoint?
- How do startups often approach customer acquisition and how would you recommend they approach it?
- The final mistake that you cite that causes lack of traction and startup failure relates to what you refer to as "micro-opportunities." Can you first explain what "micro-opportunities" are and then walk us through how startups fail to recognize and respond to them?
- From the investor standpoint, how can one apply this message to help choose startups to invest in... and what should they expect to see from startups that are fundraising?



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**Direct-audio:** <http://bit.ly/1sONlaz>

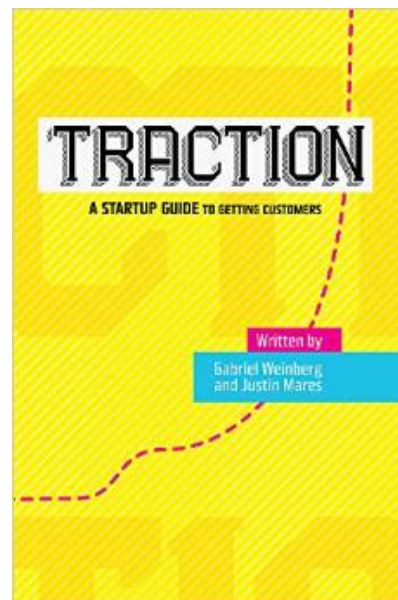
**SoundCloud:** <http://bit.ly/1GBhWUk>

### Guest Links:

- [Gabriel's Blog](#)
- [DuckDuckGo Search Engine](#)
- [Traction: A Startup Guide to Getting Customers](#) (available for pre-order)

### Key Takeaways:

1. **Timing:** The first takeaway that I'd like to recap is on timing. Gabriel mentioned that many startups fail to address customer acquisition, channel and positioning until after a product is built, yet this must start at the idea stage and be executed in parallel with product development. As we discussed on episode 5 with George Deeb, there is a big difference between having a product built and having product-market fit.
2. **Priority:** The second takeaway, while really hard to do, is on the prioritization between product development and traction. Here, Gabriel advises that founders spend half of their time gaining customer traction, which is rarely the case. It's not intuitive to focus on customer acquisition prior to having a product to sell and so many founders don't. And the one's that do may get a strange response from others who question why they're spending so much time on something that is less critical than product. But, the ability to drive sales and get traction, in Gabriel's opinion, is just as important as having something to sell. And as was covered in the tip on MVC vs MVP, a startup can explore, validate, and test customer acquisition well in advance of having a product released.
3. **Systematic:** Startups often approach customer traction randomly, without a strategic, systematic thought process. And typically it's the easiest or the path of least resistance for the founder. Gabriel's approach, that he called Bullseye, takes a thoughtful look at all potential channels and then allows the team to prioritize and test each. This, more exhaustive approach makes the channel strategy much more intentional and will allow the startup to focus on the most critical customer acquisition channels while justifying their strategy to their team and investors.



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**Seph** — Starting @7:25 The poker analogy is really helpful. Instructive.

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**Shawn** — love it ! Great list. It amazing the resources that are in one's own backyard

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Randy @r0salesr

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@JavierMBGJ Had no idea @TheFullRatchet existed. This is exactly what I've been missing!

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