

The 5 Reasons For Startup Failure



Video Transcript:

Paul: Hi there, it's Paul Clifford from Disruptware. Today, I want to talk about **five reasons why a lot of startups fail**.

First of all, number one, **entrepreneurs get too emotionally involved**. And you know what it's really easy to do. It's inbred basically. As an entrepreneur, you are massively enthusiastic about your creation. You have an idea and you think, "That's it. I'm going to go and conquer this market and build my idea and just sell it," of course, but it's the wrong way to think about a product. Right? **What you really need to do is find the problem and provide the solution**. That's one of the number one reasons why startups can become a complete disaster.

The second one, which is tied to that, is **they haven't identified the pain**. What is the real customer pain that you're providing the solution for? And this is where you really need to dig deep, because **sometimes customers won't actually give you the right answer**, because often they will suggest basically what they think

the solution should be instead of really telling you what the problem is and **let you come up with the solution**, all right?

You really need to understand that level of thinking. **Ask the right questions.** Understand what they're really, really struggling with and also, of course, what is the value of that. **What's the value of the pain?** If it doesn't mean that much to them, they're not going to put their hand in their pocket and buy the solution.

Number three, **not enough runway.** So not enough runway basically means that **you haven't budgeted enough for the overall project.** A lot of people will go through the phase of budgeting for the build. So, "how much is it going to cost to actually build this project?", which is great, but what they **don't really think about is how that's going to evolve over time.** Because when you build a product, especially using the lean methodology, which involves lots of iterations where you're validating feedback from customers, **you really need to build in the extra time that that's going to take.**

Not only that, once your product has been built and even if it is validated by your customers, then you still need to market it. Okay, so **you really need to factor in both the product-build including iterations and the marketing as well.**

The fourth one is where **they haven't dominated the sub-niche.** Or let's put it another way, they've gone in too broad, they've gone in and tried to provide a solution for the whole market, for everyone, okay which is never going to work. **If you want to build something for the diet niche, you don't go into the diet niche, you go into something very, very small within the diet niche** like Paleo or some real, real deep sub-niche and do that first. Then, you can mirror it and take it to another niche.

Facebook, they did exactly the same thing, all right. They didn't go out to market and say, "We want to build a product for everyone that has a face." They built a product for Harvard, for the students there and then took it out to the Ivy League and eventually took it out to everyone else with a face. So, **don't go too broad too quickly. Sub-niche, dominate that first.**

The last one, number five, is **all about metrics. You need to define what success looks like.** You need to know what success looks like. Not just the endgame, but all the steps to actually get there. In other words, **you need to define what your traffic figures are, what's your goal for traffic. What's your goal for leads?** Then obviously what's your goal for conversion and sales and everything else. You need to kind of define those in advance and put some time frames around them so that you **know where you are, whether you're to target, over target, under**

target, whatever it is, but all the steps, all the way until you really start scaling and making it big.

A lot of these ideas have been expanded and articulated in a much better way than I can by a really smart guy called Ash Maurya. Ash's, there's two things I want to talk about with Ash. First of all, he's got a **great book called Running Lean**. It's on Amazon, I'll put a link below, go and [grab that book](#). It's really, really good. It covers all this, but a lot more. It really **covers things like getting into the customer's mind as well, understanding what the problem is**.

Also, **get something called Lean Canvas**. You can get this straight off his site. Again, there will be a link below. What [Lean Canvas](#) is, is like **a way of looking at your business and solving the ten key factors that can make or break your startup**. Let me put it another way. The old world thinking of creating a business plan with tons and tons of pages is just completely irrelevant nowadays, in today's lean businesses.

Essentially, what **you need to do is factor down**. What are the essential things that, not only you need to know, but also, anyone you're communicating your business to, **what do they need to know, to know whether this is going to work or not**. Okay? That's what Lean Canvas is all about. It will take you twenty minutes, or should take you twenty minutes, to actually build that and put it together. I suggest you go and get that right now.

So there you go. There's **five reasons for startup failure**. Get the book by Ash. Go to Lean Canvas and start using that. I think you'll find it really, really valuable.

I hope you found that really useful. This is Paul Clifford from Disruptware.

Recommended Resources:

1. Running Lean - by Ash Maurya [Get it here](#)
2. Lean Canvas - [Available here](#)

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