

Entrepreneurial Startup Mistakes and How to Avoid Them

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Entrepreneurship matters for growth





Mistakes and entrepreneurship

- **If you make no mistakes, you are probably not taking enough risks**
- **Mistakes can be a source of learning and opportunity**
- **One person's failure can be another's success**

But some mistakes should be avoided



Mistake #1: ignoring competition



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- **Some entrepreneurs claim to have no competition, or that incumbents are not a threat**
- **Others analyze the competition once, then ignore future threats until it's too late**

Avoiding mistake #1

- **Search widely to identify current and potential imitators**
- **Check often - competitor initiatives and startups may be difficult to see**
- **Ask yourself: does the market really exist if there is no competition**

Mistake #2: customers will come



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- **Our product and service is so compelling that customers will automatically want it**
- **We know that customers want our product because we talked to a few friends about it**

Avoiding mistake #2

- **Get out of the building and speak to potential customers often**
- **Do not assume that customers will change their behavior**
- **Do not ignore customer feedback and subversion of your products**

Mistake #3: 1% of \$1b is easy



Mistake #3: winning 1% of \$1b is easy

- **Entrepreneurs optimistically aim for 1% of a huge market and think this should be easy and conservative**
- **This suggests a shallow analysis of market realities and niches**

Avoiding mistake #3

- **Recognize that any share of an attractive market is difficult**
- **Develop a deep understanding of market niches**
- **Seek investors who want you to take a large share of the market**

Mistake #4: no-one will find out



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- **Some entrepreneurs make unethical decisions, hoping no-one will discover them**
- **They compromise their values because of pressure and blind ambition**

Avoiding mistake #4

- **Make your core ethical values non-negotiable**
- **Recognize that a good reputation and trust are important assets**
- **In times of crisis, a moral compass supports wise choices**

Mistake #5: need for certainty



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- **Some entrepreneurs often develop detailed plans and do too much research before making decisions**
- **They refuse to make decisions while their assumptions are not proven**
- **They seek certainty and avoid uncertainty**

Avoiding mistake #5

- **In dynamic markets, try to act fast**
- **Gather information quickly and look for evidence of high risk and reward**
- **Learn by doing and experimenting**
- **Remember that the worst decision can be making no decision**

Mistake #6: investors before customers

- **Some entrepreneurs put investors before customers**
- **They chase capital, not revenues**



Avoiding mistake #6

- **Make customer acquisition part of your funding strategy**
- **Strong revenues improve valuation and reduce financial pressures**
- **Smart investors want to see real customers, not just a business plan**

Mistake #7: great web site



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- **Some entrepreneurs think that a web site and Facebook page are a marketing strategy**
- **They focus on media impressions and page views, not real customer contact and acquisition**

Avoiding mistake #7

- **Get close to your potential customers early and often**
- **Drive marketing and sales through channel management and deep customer relationships**

Mistake #8: not managing cash



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- **Some entrepreneurs burn cash too fast, without understanding their runway to revenues**
- **Others raise money, then think of ways to spend it**

Avoiding mistake #8

- **Understand how long your cash must last to achieve revenues**
- **Don't seek too much cash – it can make you careless and complacent**

Mistake #9: not learning from mistakes



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- **Some entrepreneurs refuse to admit mistakes – they see it as a sign of weakness or shame**
- **Therefore they do not learn and are more likely to make the same mistake again**

Avoiding mistake #9

- **Take responsibility for mistakes and acknowledge them**
- **Establish processes that allow fair mistakes to be diagnosed without blame or punishment**
- **Accept and welcome good mistakes, while avoiding stupid ones**

“ Learn from the
mistakes
of others. You
can't live long
enough to make
them all yourself. ”

Eleanor Roosevelt

Thank you

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