



Top 10 Reasons Why Web Startups Fail

eBC's 'Look Before you Leap' Guide to eBusiness

10 Marginal Niche

Web Startups fail by choosing a small, obscure niche in the hope of avoiding competition. If you make anything good, you're going to have competitors, so you may as well face that. You can only avoid competition by avoiding good ideas.

9 Copying Success

Web Startups fail by trying to duplicate a great idea. If it's been done once then chances are others have tried, and failed. There can only be one amazon.com or ebay.com. Come up with your own unique and fresh concept.

8 Inflexibility

Your business plan should be an organic document that can adapt to change. Web Startups fail because they refuse to deviate from the plan. Listen to others, get advice and keep your eyes open; adaptation is the mark of a successful business.

7 Getting the Wrong Help

Good people demand good wages. Hiring the cheapest person is a recipe for Web Startup failure. Old sayings become old because they are true, the best example being "you get what you pay for".

6 Listening to an Un-Expert

Web Startups fail by acting on advice given by an unqualified person. Anyone can claim to be an expert at something and often we lack the knowledge necessary to determine their qualifications. To protect yourself from the Un-Expert get a second, third or fourth opinion. It never fails to ask around.

5 Forgetting the User

Web startups fail because the websites are designed from the perspective of the business owner, not the user. In an entrepreneur's excitement and passion for their idea, they can often lose sight of their customer's accessibility needs. Focus groups and user trials can be a great way to improve customer interaction with your website.

4 Running out of Runway

Web Startups fail by forgetting or downplaying funding. Every startup that isn't profitable has a certain amount of time left before the money runs out and they have to stop. This is sometimes referred to as runway, as in "How much runway do you have left?" It's a good metaphor because it reminds you that when the money runs out you're going to be airborne or dead.

3 Spending Too Much

Often caused by listening to the Un-Expert, Web Startups fail because they over spend needlessly. Unless your doing volume of business equal to chapters.ca you do not need a dedicated co-located IBM Xeon server when a \$20.00 hosting account will suffice.

2 Believing the Hype

The web is all about Hype; from get rich quick schemes to seemingly endless unsolicited emails claiming to have insider information. The reality is that the people who get rich quick from the internet put a lot of thought and energy into their projects, just like anything else. The internet is a great medium for scammers to find suckers to buy into their scams.

1 A Half-Hearted Effort

The failed startups you hear most about are the spectacular flameouts. Those are actually the elite of failures. The most common type is not the one that makes spectacular mistakes, but the one that doesn't do much of anything—the one we never even hear about, because it was some project a couple guys started on the side while working on their day jobs, but which never got anywhere and was gradually abandoned. In other words, starting startups is just like everything else. The biggest mistake you can make is not to try hard enough.