Failure is Good, but Here Are 10 Mistakes Your Startup Should NEVER Make

By Tom Hogan and Carol Broadbent

Failure is the fertilizer of Silicon Valley, or so we would have you believe. Like fraternity hazing, we take excessive pleasure in warning plebes (aspiring entrepreneurs) that 80 to 90 percent of all startups fail.

But failure, when you get right down to it, is neither inevitable nor anything to brag about. As Silicon Valley veterans — Oracle, Sun, SynOptics, and over 40 startups and tech giants — we've had ringside seats to some of the greatest successes and flame-outs in tech history. And while everyone associated with technology startups knows that you need to kiss a few frogs at times, we've created an early warning 'failure list' that we consult before we pucker up:

1

It's the technology, stupid. If they take this approach, they're lost before they start — and yet it's the single largest startup sin. The founders have spent years creating their technology and so assume it's as compelling to others as it is to them. It isn't. It's not what the technology can do (speeds and feeds), it's what it can do for the customer. Solutions sell, technology doesn't.

2

Make the CEO a rock star. Too many first-time CEOs think they're the next Steve Jobs — down to the bullying behavior and grandiose statements. But even Jobs had his Wozniak. VCs invest in teams, not

individuals. As Walter Isaacson's new book *The Innovators* attests, if a CEO doesn't bring in a strong exec team, listen to them, and share the credit, the startup will soon be a true one-man operation for all the wrong reasons.

3 Spend early and big on branding. Don't create your brand in a cocoon, or with the help of a high-priced branding agency. Let it evolve organically, based on your company culture and customer reactions. The resulting brand will be truer — and cheaper.

4 Give the UX director power over the brand. A powerful UX director, strong on visuals and light on Marketing, can do great damage to your marketing efforts. If you're not going to let your VP of Marketing design your UX, don't let your UX director have control over your brand.

5 Let your people choose their own job titles. Then consider what titles like "sales guru" and "growth hacker" are costing you in enterprise sales.

6 Print T-shirts to mark product milestones instead of customer milestones. The more t-shirts your company has before its first major sale, the quicker investors should head for the door.

7 Go virtual from the start (flex time over face time). This is a tough one, since we know how hard it is to hire these days, especially with Google and Facebook poaching the best talent. But hiring remotely from the start is a recipe for failure. Too many of a startup's best ideas happen in ad hoc meetings and shared work space. Bottom line: Face time trumps flex time, at least in the early, formative days of a startup.

8 Revise your value proposition early and often. Many companies, having read *The Lean Startup*, think that just because they can throw their product out into the market, gauge initial reaction, and quickly respond, they can do the same with their core value proposition to the customer. Nope. Playing with your core customer value doesn't make you look responsive, it makes you look indecisive. Challenge and iterate your positioning and messaging before you launch, then go through one sales cycle before you make any major changes.

9 Leadership, not management, is the key to success. "Vision" (usually the domain of the CEO) is critical to a strong launch. But once you've had a strong start and early sales success, it's time to focus on growth and execution. The days of everyone reporting to the CEO are over, as are the days of the CEO making every major decision. It's time to manage — in some cases 'manage managers' — an entirely new (and essential) skill. If the CEO can't make the transition, make him/her 'Chief Evangelist' and find a new CEO.

10 Let your Board of Directors be very hands-on. The more you see board members on-site at a startup, the better the chances that the company is flailing. A strong CEO needs to rely on the BOD

So, if you believe you need to fail before you can succeed, make sure you fail in an original way. Because all of the above are avoidable.

About the Authors

Tom Hogan and Carol Broadbent are the founders and principles of Crowded Ocean, a Silicon Valley marketing agency that has launched over 30 startups, with 10 of those companies being either acquired or gone public.