



By Martin Zwilling

10 WAYS ENTREPRENEURS FAIL THEIR WAY TO THE TOP



Unfortunately, many entrepreneurs seem to prefer to fail their way to the top, rather than do some research and learn from the successes and mistakes of others. It seems to be part of the “[fail fast, fail often](#)” mantra often heard in Silicon Valley. As an advisor to many startups, I’m convinced it’s an expensive and painful approach, but I do see it used all too often.

In general I try to focus on the positives and tell entrepreneurs what works, but sometimes it’s important to reiterate the common things that simply don’t work. I just finished a new book by MJ Gottlieb, “[How To Ruin A Business](#),” that highlights this approach. He humbly outlines fifty-five of his own less-than-stellar business

anecdotes over a career in business for all to see and avoid.

Here is my selection of the top ten things to avoid from his list that I have seen lead to failure most often. I’m sure each of you could add one or two more from your own experience, and I’m desperately hoping that together we can convince a few aspiring entrepreneurs to avoid some practices that lead to losses and suffering:

Never spend money you don’t yet have in the bank.

In the rush of a startup, it’s tempting to start spending the money you

expect any day from a rich uncle or a major new customer. But things do go wrong, and you will be left holding the bag. It's not only embarrassing, but one of the quickest ways to end your entrepreneurial career.

2 Never open your mouth while in a negative emotional state.

Many entrepreneurs have destroyed a strategic alliance, an investor relationship, or lost a key customer by jumping in with harsh words after a bad day at home or at the office.

If you don't have anything nice to say, keep quiet and wait for another day. You may be dead wrong.

3 Never over-promise and under-deliver.

Always manage expectations, and always under-promise and over-deliver. As a bleeding-edge startup, you can be assured of product quality problems, missing business processes, and customer support issues. Use the rule of "plan early, quote late, and ship early," to be a hero rather than a zero.

4 Never create a market you can't supply and support.

If your product is really new and disruptive, make sure you have supply to meet the demand at rollout, and a patent to prevent others from jumping in quickly. Too many entrepreneurs have had their new positions in the marketplace taken away by competitors and others with deep pockets.



5 Never count on anyone who offers to work for free.

As a rule of thumb, expect to get exactly what you paid for. People who work for free will expect to get paid soon in some way, or they may take it out in trade, to the detriment of your business. Student interns are an exception, since their primary objective should be learning rather than money.

6 Never underestimate the importance of due diligence.

No matter how good a supplier or investor story sounds, it is not smart to skip the reference and credit checks. Visits in person are always recommended to check remote office and production facilities before any money is paid up front on a contract.

7 Never grow too quickly for your finances and staffing.

Growing quickly, without a plan on how to implement that growth can be a disaster. Learn how to reject a big order if you are not prepared to handle it. It takes a huge investment to build large orders, and large customers are the slowest to pay. In the trade, this is called "death by success."

8 Never be confused between working hard and working smart.

In business (as in life), you should never reward yourself or your team on the quantity of time spent, rather than results achieved. Quality works at a thousand times the pace of quantity. Prioritize your tasks, take advantage of technology, and constantly optimize your processes.

9 Never be afraid to ask for help, advice, or even money.

Entrepreneurs often let pride and ego stand in the way of leveling with trusted friends and advisors. The advice you don't get can't save your company. I always recommend that a startup create an advisory board of two or three outside experts, who have connections to even more resources.

10 Never rely on a verbal agreement in business.

Get every agreement on paper early and always, put a copy in a safe place, and have the agreements updated when people and environments change. People come and go in every role, and there is no such thing as institutional memory. People only remember the agreements which benefit them.

If all these failures seem intuitively obvious to you, why do I see them repeated over and over again by new entrepreneurs? Perhaps it is because entrepreneurs tend to let their egos cloud their judgment, they don't like to be told what to do, or because there is no single blueprint for business success.

The good news is that, according to the "[DNA of an Entrepreneur](#)" study a while back, almost nine in ten entrepreneurs (87%) found more satisfaction from running a small company than working in a large one, even with the pitfalls outlined here. I suspect that most of these have failed their way to this top satisfaction.



About the Author

Martin Zwilling is the Founder and CEO of Startup Professionals, a company that provides products and services to startup founders and small business owners. He writes a daily blog for entrepreneurs, and is also a regular contributor to Forbes, Harvard Business Review, Business Insider, and other business information sites. He recently released his first book titled "Do You Have What It Takes To Be An Entrepreneur?" He can be contacted directly at marty@startupprofessionals.com.

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