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Missing the Big Picture: 10 Lessons From Unsuccessful Startups' Pitches and Stories

As a researcher and a developer of startups' support programs, I have been given the opportunity to witness firsthand Iraqi entrepreneurs and startups of different stages through multiple programs, including the awareness-building phase; innovation for development, incubation phase; OC Baghdad, and acceleration phase; ScaleUp academy.

The ideas were mostly bright, with many trying to bring new products, services, or mimicking international startups. However, many common factors have always been found as the reason behind their failure to establish the business or to scale it up.

Here is a list of the top 10 lessons learned from unsuccessful startups' pitches:

1. The lack of business focus

Most of the entrepreneurs show immense affection for their products or services and spend most of their pitches talking about how they developed the idea and how it is an excellent solution for the business problem.

But, unfortunately, they tend to over-explain the manufacturing or preparing process, dwell on the social impact of the business, and miss talking about the achieved milestones, revenues, expected growth, or even their user-base.

Even though believing in the product or service is a key indicator in the evaluation process of the entrepreneurs and their startups, missing the main business points usually causes a negative impact on their evaluation.

It gives the impression that the startup, no matter what phase it is in, is still trying to find the product-market fit.

2. "My project"

Most of the young entrepreneurs, sometimes the older ones too, when talking about their startup call it "their project." It is infrequent to hear one calling it their business or company.

It seems that many of them are dealing with the startup as if it was a university graduation project. That explains their excessive focus on product development or/and app development while missing to touch upon their revenues or growth.

3. Not believing in the opportunity

Many startups are necessity-driven, in which the entrepreneur has no other employment option. However, many startup founders abandon their businesses when they are offered a well-paying job in a company or NGO. Regarding the concept of starting a business as a resume builder rather than an opportunity.

An entrepreneur must present oneself as a responsible person trying to solve an identified problem for customers, providing job opportunities, and driving a growing business. Thus, an entrepreneur who leaves this opportunity for stable employment can cause irreversible damage to their entrepreneurial image.

4. Financial illiteracy

Many entrepreneurs lack the knowledge of basic financial terms, reflecting a deficiency in basic business education across all college degrees. In addition, most startups lack the proper digital documentation of their transactions.

This is not due to any fault of their own, the businesses in Iraq are still mostly cash-dependent. This results in a culture of entrepreneurs that do not invest in systems that track sales and cash flow. Relying on estimations to assess their past and current status, or anticipated growth.

5. What is your plan to scale up the business? "Funding!"

Many entrepreneurs when asked about their growth plan, their foreseeable answer is funding. Unfortunately, many see funding as a magic wand that will conjure a spell to instantly cause exponential growth.

In reality, the lack of a well-designed plan and key performance indicators to measure success and assess the viability of the growth plan is a shortcut to failure.

> Ambition is a great virtue in the business world. Nevertheless, being unrealistically optimistic is a trap.

6. Failure to identify competitors

One of the most recurring scenes of startups' pitches is when a judge asks about the competitors of the startups and the entrepreneur fails to identify any. Then the judge proceeds to show the entrepreneur the social pages of a direct competitor to their startup which is operating in the same region, with the same value proposition.

Also, many entrepreneurs with tech solutions or apps that match users to services or products fail to recognize that the standard brick and mortar stores and those that sell online through social media pages as their competitors. Failure to identify the competition is evident in most startups' pricing strategy in which the prices are either too high or too low compared to similar products or services provided by competitors.

7. "As long as no one is doing it, then it is the right thing to do."

Many entrepreneurs think this way. Sometimes it is the right approach when the entrepreneur identifies an untapped potential. However, in many of the cases that we have dealt with, startups are employing non-feasible business models to differentiate themselves from more prominent competitors.

In the usual case, a startup builds their app, logistic team, and launches their app only to find out later that the business model is not a viable one!

8. Well-established startups applying for early-stage opportunities!

Some startups, who have already secured a good amount of investments or loans and have been in the market for over a year with a good number of transactions, apply for programs or funding opportunities that clearly target and cater to early-stage startups.

It is concerning when the startup founders fail to recognize the stage that their business is at, it shows an inability to evaluate their business.

9. A team without a clear division of shares or structure

Most pitches end with a slide that mentions the startup team structure; the founders and the main employees. Many entrepreneurs fail to identify why each individual is filling that position, and when discussing the shares, many still have not decided by this point.

The usual case is a fifty-fifty shares division. Such a decision is usually taken arbitrarily to avoid sensitivity in the early startup days. However, when the actual work duties and day-to-day tasks show the different input of co-founders, the sensitivity becomes even more evident, which in many cases results in the collapse of the startup.

10. Trying to do it all

Ambition is a great virtue in the business world. Nevertheless, being unrealistically optimistic and planning to provide all the business activities related to the startup without recognizing the key partners who can provide such activities with better quality and less cost is a trap that early-stage startups frequently fall into.

Avoiding these ten traps would definitely improve your startup pitch and make it more attractive to investors and stakeholders.