SALES FOR STARTUPS

9 Fatal Mistakes Startups Make

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1 Lacking focus

When first starting a company or even wanting to grow a company, it's very easy to become distracted. This could be chasing down the development of a new product line, a new market, a new partner.

On the matter of focus, this eBook will not focus on dealing with investors, taking on finance, under capitalisation and over-capitalisation. There are hundreds of resources out there if you want to review finance – this is a more practical review of the day-to-day running of startup.

When we talk about having a focus this links back to a previous eBook I wrote called How To Sign Your First Big Deal and in it I described how defining your ideal client and potential partner would help you create large revenue streams.

In any sized business having a clear client acquisition and partner strategy is very important. In startups, this is even more important than in larger businesses. Not only because in startups, your team members have to perform multiple roles due to resources but also simply because there is nowhere to hide when someone doesn't pull their weight.

2 Listening to your customers

Your customers provide the best resource for feedback and collaboration in your entire business. Often, we overlook what our customers are telling us.

They can see things that we can't see and also they are the buyers of our product and so it would pay dividends to listen to their feedback.

Furthermore, startups are often poor at collating the feedback from existing customers and even prospects. This missed opportunity of the cumulative learning and compounding effect of feedback in your marketing, product development and Sales efforts is costly you dearly.

Truly listening to your customers also gives you the ability to pivot very quickly and make huge in-roads into a market very quickly. This could even be expanding into new markets given to you by your existing customers.

Imagine servicing your original customers properly and then solving problems for new customers in new markets simultaneously.

Worth a try?

3 Not delegating

This is one of the most common mistakes that startups make. The vision and foresight of the founders should not be converted into “I need to see everything first”. I’ve even observed established professional services businesses, where the Founder and CEO inspects each email that his staff send out to clients. Do not make this mistake!

Tim Ferriss came up with an excellent way of reviewing workloads and cutting away the wasted processes and time with his D.E.A.L. techniques.

The aspect of Elimination and Automation are key aspects of his framework discussed in his book 4-Hour Work Week that I believe will help startup founders most. It is almost worth saying that would you ask your staff to do something that you clearly wouldn’t do or don’t see value in doing?

In order to grow as a startup, you have to have clear breathing space to think strategically and if you are not using the collective output and talent of your team then you will struggle to grow at the rate you want to in any given year.

4 Clear roles for founders

This is one of the patterns that we observe at Sales for Startups regularly. We’ll often have the situation where skills and talents of the two or three Founders of a company are not matched to a specific job role or function.

It’s true that in the early days founders will do multiple job roles before they have the ability to hire staff to help them. Though there still needs to be a clear understanding for all on which areas are attributed to which Founder.

Otherwise you won’t be making the most of the time and talent of your founding team. This will become an even more pressing concern, when you hire additional people as you want the individual to be accountable to a particular individual when arriving at your company. In fact, if you don’t you could face confusion, lies and deception even by your new employee.

Secondly, having clear roles helps investors and other board members understand who they are to ask and question about each area of the business. It is also more enjoyable for the Founders as they know that their expertise, time and interest is spent on the areas that they can add most value to in the shortest possible time.

5 Hiring and keeping the wrong people

This is certainly a complex issue and there is no easy way of guaranteeing the success of a new employee or an existing member of the team.

In a recent Forbes article by Falon Fatemi, The True Cost Of A Bad Hire, Fatemi cites from the U.S. Department of Labor that a “bad hire costs at least 30% of the employee’s first year salary.” Zappos CEO, Tony Hsieh goes even further and said that bad hires had cost his company “well over $100 million”.

It is sometimes so hard for company founders to let go of wasted talent, as you’re a small team and you have invested a lot of time in energy in attracting, securing and onboarding a recent hire. The cold fact is that you cannot grow your business without the right people.

Focus on getting the right people, looking after them and really understand what is driving their behaviour, both positive and negative.

6 Having a proper CFO or at least a company accountant

In each startup that we’ve worked with a Sales for Startups, you can immediately see who has created a sustainable financial structure that can easily be expanded and those that still have an ingrained small business mindset.

A Non-Executive CFO is a prerequisite for most startups once they have taken on investment or have expanded to at least £150,000 or more. There are plentiful options now to have an interim CFO or a retained CFO that is simply paid a monthly fee, share options or a day rate.

This appointment will help you when wanting to attract investment, apply for tax credits, review invoice factoring, compare booked against invoice revenue, maintaining good cash balances and simply ensuring your company will still exist if it hits some bad turns in the road.

7 Over-planning and paralysis by analysis

There is a lot of value in planning and having a sound structure to your company, although this should NEVER be an excuse for lack of action.

A common mistake in this area is concentrating on a new prototype or service line and neglecting sales. They forget that to achieve their goals of a new service they still have a responsibility to drive revenue with existing products and customers.

Often over-planning is a symptom of fear. You fear doing something and then you feel you need to over-prepare for what is to come and then on occasions you don't even end up doing the task that you were planning for!

Ultimately, how do you know the value of something until you've positioned it to a customer or the team?

Be careful not to over-analyse or over-plan. It's important you have a structure and clear aims but don't use it for an excuse for lack of action.

8 Not leveraging partners

It is clear that when you look at startups and their partners, you can almost immediately see whether they are going to be successful. It's not necessarily who these partners are but more so the quality of these relationships.

When reviewing partnerships, ask yourself the following question:

What is the mutual gain in terms of quantity and quality of this partnership?

We wrote about this at length in our previous eBook **7 Mistakes When Building Sales Revenue** and I won't go into exhaustive detail here. I did want to label the fact that if you go into partnerships with the wrong mindset that you will immediately devalue that partnership.

Erin Griffith recently wrote in Fortune Tech that 2016 Is The Year Startups and Corporates Became BFFs and that a study performed by MassChallenge and Imaginatik shows that "not only are corporates more eager to work with startups, 23% of see it as mission critical and 82% said it's at least somewhat important."

You might even open up the chance of an acquisition...this is certainly not an unrealistic feat, as Erin Griffith observed "when Unilever spent $1billion on Dollar Shave Club, a razor startup that adds just $200million in revenue to Uniliver's $53.3 billion bottom line."

9 Scrimping on marketing

A lot of startups do not have the largest marketing budget to plunder on a monthly basis. Although when reviewing the marketing budgets of startups, a lot of them are still using traditional methods for engaging their end audience and at a cost.

Therefore it is important to point out that startups need to spend more money on effective marketing but also to put more time and effort into improving their marketing practices. As often the market still doesn’t know who you are...

We want to build familiarity in the marketplace, with our investor base, with our customer base and even our partners. Startups need to become known in order to grow and hence leveraging marketing to build up contacts and familiarity is an important tenet of growth.

We very much hope you enjoyed reading this guide and if you're interested, we would urge you to sign up to our strategy of the month for further insights.

At Sales for Startups, we help startups define their commercial strategy, help them implement it and ensure that they take action to deliver immediate results.

When working with Sales leaders, company Founders and Investors/Accelerators, our clients are able to achieve their annual revenue target in a space of 6 months when working with Sales for Startups.

If you would like to find out more please fill out the **contact form** on the website or email i**nfo@salesforstartups.co.uk.**

We would love to hear your comments on this eBook and if we believed we have missed anything then we are always open to constructive feedback and making things better for our clients and loyal followers.

Happy Selling!

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Building Better SaaS Sales Operations for Tech Founders