Startup Project Europe™

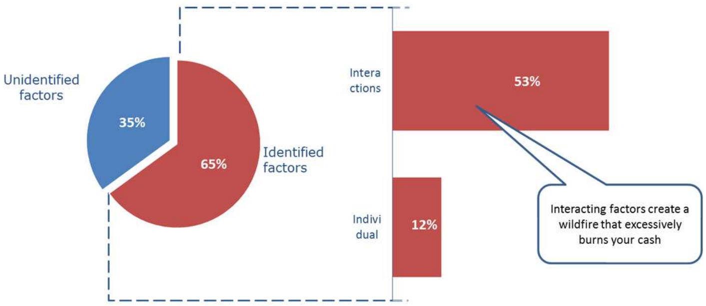
Startup Project Europe™: Reducing the costs of failure

Unraveling the Startup's DNA …..

The role of innovation driven entrepreneurship in our European economies has never been more important as a generator of value, employment and gross domestic product. But despite the supreme economic importance of scalable startups, we still don't understand the patterns of successful creation and development. Well over 55% of startups fail within 5 years, due predominantly to self-destruction rather than competition. Copying 'What-Works-for-Silicon-Valley' is no panacea either. What are the key factors that determine success or failure across the stages of development for startups (and their Entrepreneurs) throughout the European eco - systems? Enabling small data analytics, our proprietary self-learning algorithms quantify the causes behind success and failure of individual startups. Applying these insights enables Entrepreneurs to see and prioritize what really needs to be done to reduce their costs of failure and improve overall returns for entrepreneurs, investors and other stakeholders. Join the Startup Project Europe™.

Why do mis-prioritizations hit so hard?

What we have learned from almost 10 years of studies thus far is that the #1 factor that differentiates successful startups from failures is the founding team's ability to handle uncertainty. A startup's success is not determined by how well it executes, but rather by how well it determines the right things to work on. Errors persevere beyond their direct impact on performance. They also affect the things done well thereby sustainably diminishing their beneficial effects by a factor four. It is these interactions that effectively slow down progress and eventually bring the startup to failure.



Most startups fail because they efficiently execute tasks that turn out to be irrelevant. In the beginning of the startup journey that most often results in building a product nobody wants. Later on, if a startup is in the rare group that manages to reach Market - Product Fit, common consequences of mis-prioritizations include:

- Spending too many resources on optimizing the product at the expense of growing a customer base
- Failing to find a repeatable and scalable sales and marketing strategy
- Focusing energy on optimizing the wrong metrics
- Being unable to create a productive and harmonious culture
- Getting jerked around by investors' perceptions of what your company should be doing

Your benefits

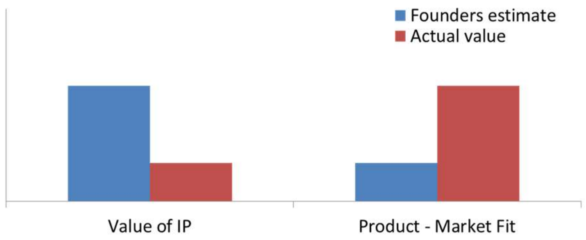
Part of the Startup Project Europe™ has been to develop a technology that is essentially a "data refinery in the cloud": Entrepreneurs put in low value data and they get high value information in return to enable them to reduce the costs of failure. At the heart lie our proprietary self-learning algorithms that measure your performance (pre- & post market - product fit) and quantify the impact of your team characteristics, decisions and actions on your startup's performance. As more and more startups join our project, we grow Europe's largest comprehensive dataset of young entrepreneurial firms. The purpose is to develop a comprehensive, coherent and cohesive model that describes how all of the factors driving performance fit together and consequently reduce the costs of failure and improve overall returns.

Continuously we disseminate self-refining tools, insights and training to the European startup community and significantly contribute to the maximization of economic growth and job growth with powerful new products and services that make everyone's life more good, true and beautiful.

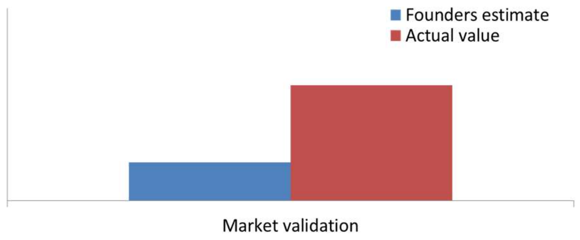
Join the Startup Project Europe™ and spread the word!
Please contact: Geert Jan Beekman (+31 653 221446, geertjan@xseed.nu), Geoffrey Craps (+32 476 760325, geoff@xseed.nu) or Frank Zuure (+31 651 541377).

Some of Our More General Findings So Far….

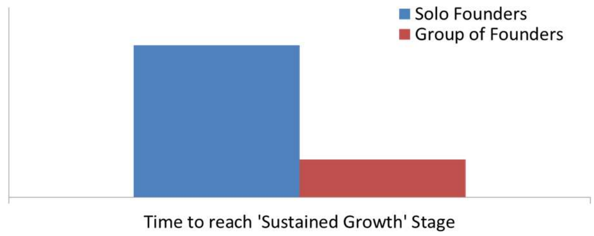
1. Founders and investors overestimate the value of IP over market - product fit by a factor THREE



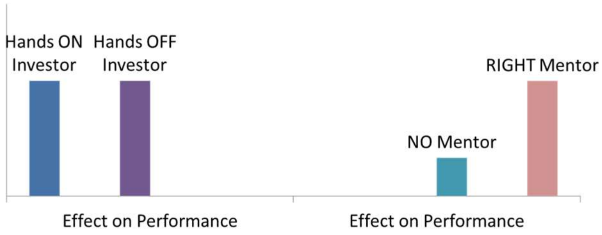
2. Startups need 2-3 times longer to validate their market than founders generally expect. This underestimation creates the pressure to move forward ahead of time, take on activities characteristic of the next stage and even start scaling prematurely



3. Startups that haven't raised money over-estimate their market size by a factor TWO and often misinterpret their market as "new"

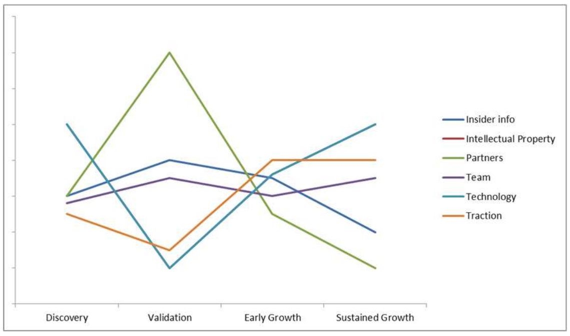


4. Solo founders take a factor FOUR longer to reach 'Sustained Growth' stage compared to a founding team of 2 or more and they are much less likely to pivot



5. Investors who provide hands-on help have little or no effect on the company's operational performance. But the right mentors significantly influence a company's performance and ability to raise money

6. Founders that learn are more successful: Startups that have helpful mentors and learn from thought leaders track metrics effectively, raise more money and have better user growth



7. The perceived Competitive Advantages the Startup needs differ cross the four Stages:
   a. Insider info is important in the first two stages and then plunges
   b. The importance of IP fluctuates significantly through the stages
   c. Partners as a competitive advantage experience a spike in the 'Validation' stage
   d. Team stays fairly consistent throughout all stages
   e. The importance of technology changes slightly over time. Especially in the beginning it is perceived as more important than other competitive advantages
   f. Traction dips in the 'Validation' stage and spikes in the 'Early Growth' stage

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