How my startup crashed

Failure is part of being an entrepreneur. Remember Evan Williams? Before he co-founded Twitter he failed to make a success of his previous startup, Odeo? The reasons for failure must be analysed and lessons can always be learned. In this article, some founders have agreed to talk about how their ventures came to a sudden end.

I wasn’t in step with my clients’ needs

Dave Sloan, the founder of Treehouse, finally realised what was happening: his personalisation platform for e-commerce websites didn’t attract brands. “The clients weren’t ready to give up a third of something as strategic as their identity. So, they preferred to manage everything themselves on a free site like WordPress,” he admitted.

The entrepreneur also realised that he didn’t speak the same language as his clients. “All start-ups believe that all their value lies in their technology,” explains Dave Sloan. “But when you’re selling your solution to a clothing e-commerce site, their business isn’t technology, it’s fashion!”

I tried to make the perfect product

Alexandre Hanot confesses that when he launched Shotgun, the car-pooling site for students, he didn't put much thought behind it. "The website was pretty ugly and basic," he laughed. However, quite unexpectedly, the success was immediate. The student then decided to improve what he already had: bringing in an incubator, establishing a detailed business plan, studying marketing, and approaching investors…

The new version of the site, with geolocation, integrated payment, text alerts and meticulous design, could rival Blablacar. However, the wonderful new site was filled with sulking users who preferred the old version which led to failure. "It was too perfectionated, users felt lost," Alexandre Hanot recognised. "I wanted to create the website of my dreams, not one that the students really needed."

I chose the wrong partner

Passionate about nutrition, Louise Eggrickx started the risky venture of Picorest, her start-up of delivering boxes of healthy office snacks, alone. When a friend from Science Po came to join her, she thought she had found the ideal partner to help grow her business. The disillusionment came on fast before failure. "He wasn't really interested in my concept. The only thing that motivated him was building a business, it didn't matter which one," she said regretfully.

"After about three months, he found that it wasn't going fast enough. Someone asked him to launch a new start-up in New York and he had stars in his eyes. So, he ditched me." Forced to continue alone, Louise found herself in a complex situation: "The investors and business incubators all asked me to have a team, and I couldn't take on staff because I didn't have enough money," she tells.

I let myself get carried away by growth that was too fast

"When we launched Tripdrive in 2017, we spent an enormous amount of time on public relations," recalls Francois-Xavier Leduc, the founder. "For six months, we made an appearance on TV every 2 weeks!" His personal car rental start-up in airports and train stations got off to a running start, with more than 50,000 daily users in just several months and 14 recruitments.

To follow this unrestrained pace of growth, the start-up had to find even more impressive investments and the profits didn't follow. "We would have had to triple in size in order to cover our costs" admits Francois-Xavier. When he was “ditched” by an investor, there was a bankruptcy petition: he had to urgently sell.

I had my nose to the grindstone

“In the beginning, my partner and I complimented each other well,” says Alexandre Humot. “He worked with the marketing and business part and I did the more technical part. However, once we started to miss our goals, each of us got taken away from our domains. For me the priority was to make the functionality of the website better, for him it was to find new clients. In the end, we ended up working on two different start-ups.” Even if we have favourite domains, it’s necessary to consider all of the aspects of a business in order to have one vision together.

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I didn’t anticipate technical problems

Jean-Baptiste Delahaye thought he’d found a gold mine with Lapplee: enhance users’ lock screens with personalised information. “We look at our phones 60 times a day,” he says. If the idea seems oversimplified, the actual technical implementation turned out to be a lot more complicated than thought.

“iOS blocks access to the lock screen. So that already excludes iPhone users,” he explains. “As for Android, we needed to develop an application for each version and brand of phone.” It was too costly in time and energy: the concept wore out after a year and a half.

I was sacked by my shareholders

All was going well for Laurent Attali in 2014, three years after the launch of his start-up of private sales between France and Australia. “MyNetSale recorded revenue of 18 million euros and raised more than 8 million euros,” he recalls. A lot of the money was brought in by private investors and institutions that Laurent Attali didn’t pay much attention too, he later realised. “They had one idea in their heads: take control no matter the cost."

Becoming a minority as more shares were seized, the entrepreneur was "kicked out" of his own business at the end of 2014, which ended up collapsing in France and being sold in Australia. "Since then I only associate with people that I fully trust," says the entrepreneur who has since learned his lesson.

I underestimated the financial needs

"When we established our business plan, we slightly under-evaluated the intermediary costs," confesses Louise Eggrickx. At each step (buying products and cardboard boxes, printing flyers, maintaining the website, preparing the snacks, sending the boxes…) we needed to add a few cents, and all of this put together "completely ate up our margins," she says.

Weak margins make for large volumes, they say. Yet this wasn't the case: Our snacks sold very well in large businesses and in a well-to-do Parisian target, but this is still a niche market.

I spread myself too thin

"Competitions, grants, events… We spent days and nights filling out application files and papers and scraping votes from our friends," Maxime Bondel, founder of The Young Economy in 2016, remembers. This was a type of "LinkedIn" for students and young diplomats that only lasted 11 months. "We won awards, earned money, and got help, of course, but it was time spent not improving our product, working on our acquisition, or searching for new clients."

In any case, fame and champagne don't help grow a business. It's better to concentrate on one service and master it completely than to multiply the offers. "In its beginning, Amazon only sold books," the entrepreneur reminds us. "That's how Jeff Bezos, its founder, learned e-commerce. Once this function was perfected, that's when he was able to develop more.

Whereas for us, we wanted to make all types of work contracts (internship, permanent positions, freelance…) and in all business sectors as well." It was too much for a young sprout just starting out.

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