

Three reasons why startups fail to grow

Having run my own startup and worked with over 100 different startups in a variety of capacities from founding team to consultant, I've identified 3 major reasons why startups fail to grow.

20% of new ventures fail within their first year, with that stat rising to 60% within the first 3 years. Some key reasons startups fail to grow include lack of product-market fit, exogenous market factors, timing of the launch or not meeting the market need. But the one factor that stands above the rest, from what I've seen is failing to grow due to a lack of structure and direction in their growth marketing.

Bad strategy, or a series of marketing slip-ups, can equate to a death warrant for your startup. Marketing is extremely important for scaling, but many startups too often face these common problems.

Lack of strategic direction in their growth plan

“Strategic direction” and “growth plan” sound like buzzwords so let's break down what they mean. Your growth plan, from a marketing perspective, is how you intend to grow your startup. It includes which channels to use, which demographic you're targeting, and ultimately how you're selling to them with which messaging. Importantly, a growth plan also includes your growth budget

and targets. At least, that's what a growth plan should have.

Strategic direction simply means adding a strategy to your growth plan. That sounds obvious, but you'd be surprised how many startup marketing teams approach their tasks without strategic thought. They try countless marketing channels, covering as many options as possible, with the idea that more exposure can only be better. The only problem with this tactic, if you want to call it a tactic, is that it spreads your resources too thin.

Startups tend to have small marketing teams and budgets, so going after every channel you can think of and attempting to build meaningful, engaged audiences through each one is simply not feasible. Instead, target specific channels that have the biggest potential to help you hit your targets. And think about how each channel works in conjunction with the other channels you're selecting. One framework I use to help build startup growth plans is called the Bullseye Framework.

Developed by Gabriel Weinberg and Justin Mares, the framework helps you hone your growth marketing strategy and select the channels with the most growth potential for your business.

The idea is that you start with 20 possible channels, including things like SEO, content marketing, trade shows, affiliate marketing, sales, viral marketing, PR, community building, etc. Then, you whittle those 20 down to between four and six channels that you think have a chance of helping you hit your growth targets over the next six months.

Utilising the Bullseye Framework helps you stay focused and choose marketing channels that are most likely to lead to growth.

Lack of growth expertise in the core startup team

In many startups, founders lead growth, or due to not knowing exactly what channels to market are going to work, therefore what skills they need to hire for, founders hire a generalist marketer (non-channel specific in their skillset). The problem with either of these approaches is that the execution is done by a non-expert, which leads to a lot of wasted marketing spend and much slower progress in terms of learning.

Once you've used the Bullseye Framework to build your initial, hypothesised channel marketing strategy, then you'll need experts to validate those growth assumptions. Let's say you choose Public Relations (PR), content marketing, sales and community building as your initial channel mix. I'd recommend going

and finding a freelance channel-specific expert in each of these fields to come in and run growth experiments within each of these channels, ultimately with the aim to validate them as scalable channels to growth. These people will have the experience and skillset your startup needs to truly maximise your budgets and learn quickly.

After between 3-6 months worth of testing, using these freelance experts, you'll start to get a good understanding of whether these channels are efficient at enabling you to hit your growth targets. You might find two of the original four channels you are testing are driving all of your leads, making it easy to stop spending in the other two channels. At this point, you might also consider in-housing these roles. At this point in time, it makes sense to hire in-house as you are certain which channels work, therefore you can hire for the right skills, rather than that "generalist marketer" I mentioned earlier.

Lack of rigour in growth experiments

If you've read *The Lean Startup* by Eric Ries, then you should know about the process of running iterative experiments to drive better product decisions. This same lean, near-scientific approach to product development can also be applied in many areas of growth marketing.

Lots of startup founders I speak to like to spout the fact they are running growth experiments, but all too often when I dive into the nuts and bolts of these experiments I find they are often poorly executed and lack any sort of rigour.

If you think back to your days in secondary school in science class where you had to design your science experiments with a set hypothesis, methodology, assumed results, and importantly you reviewed the results after. The same process is what is at the core of the growth experiment process.

Growth experiments require a hypothesis that you test with controlled variables, and a thorough analysis of results. So many growth experiments that I've seen lack this basic structure and this kind of rigour. Then startup founders are left wondering why they don't lead to insights, improvements or growth.

Even worse, I've seen founders make highly important strategic decisions using data from poorly run growth experiments that often lack statistical significance datasets to make decisions off in the first place.

By now you might be thinking, "I'm not a scientist, I'm a startup founder.", that may be true. But if you want your business to learn fast and grow fast, you need to embrace this scientific, iterative data-driven method. Take the time to set up a rigorous experimentation process. It might seem inconvenient or

tedious, but the data you get from it will benefit your startup so much more in the long run.

Avoiding marketing mistakes that stymie growth

Don't let your marketing be the reason your startup doesn't scale. Give your growth plan strategic direction, develop a core growth team with the right marketing expertise, and run growth experiments that actually yield useful data. Growing a startup is hard. But with the right mindset, tools, and team at your disposal, it can be far less challenging.

Tristan Gillen is Founding Partner at [Growth Division](#).

Article by TRISTAN GILLEN