

# The hard truth of knowing when to wind down your startup

Every good entrepreneur starts a new business with the best of intentions. And every good entrepreneur — even the best of them — will face more than one moment during their tenure as a company leader when they wonder if this whole startup thing might have been such a great idea after all.

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There are a lot of reasons why startups shut down. Starting any business is a proposition marked by a lack of security and a lack of support. In fact, those are your only guarantees.

No risk? No reward.

But there's one particular kind of startup shutdown that can be avoided. And it's when the founders let their best intentions get ahead of their best defence.

That best defence is belief.

## A company never shuts its doors without

# people getting hurt

The only question is how many people and how much hurt.

This is something I reiterated in an answer to an investor's question in this week's issue of Teaching Startup (#84). It seems one of his portfolio companies told him they just weren't satisfied with the traction they were getting, and they wanted to move on — shut down the company, start a new company, build a new product.

The question they asked him, which he then asked me: *How do they know if and when the time is right to wind down their startup?*

I gave him a pretty good answer. In fact, the answer I gave him was actually a list of questions — questions he should ask his founders, questions he should ask his fellow shareholders, and questions his founders should ask themselves.

But one thing I made very clear was that there was one question that needed to be asked before any other question:

Why are you shutting down?

## The “why” question is about belief

Entrepreneurs are an adventurous and optimistic bunch. And I totally understand this. At any given moment, my 60% attention span can kick in and then all of a sudden that thing I absolutely wanted to do every day for the rest of my life becomes the most boring and dreadful thing any human has ever attempted.

This used to happen to me a lot more often when I was younger — when I had more energy, for sure. But also, and more importantly, before I realised what success really was.

Success isn't taking the thing from point A to point B, following a straight line and drawing satisfaction from every waking moment.

No. Success sucks.

Success is heading from point A to point B until point B moves for no good reason. It's something else breaking when you absolutely don't need anything else breaking. It's the phone not ringing, or more specifically these days, the metrics not improving for days or weeks on end, while everything you try to do to force those numbers to tick up only results in the same or less than yesterday.

It's those times when entrepreneurs, even good entrepreneurs, *even the best entrepreneurs*, weigh whether or not the reward is worth the risk.

The good ones — the best ones — get by on belief in their business. All the others? They jumped the gun a long time ago.

## There are two speeds in startup

One thing I constantly hammer home to new entrepreneurs and old entrepreneurs alike is that there are two speeds at which you operate when starting a company.

*You should always be very slow, overly cautious, and cartoonishly careful on your way to launch. Then, once the company is live and the product is on the market, you need to move at a perpetual lightning speed and with total commitment.*

I've started dozens — maybe hundreds — of “startups” that never left the safe and cozy confines of my laptop. Then dozens more that evolved from laptop to publicly available web server.

But before I sold a single customer, hired that first employee, or made that first investor pitch, I worked out every conceivable outcome — from massive success to complete failure — like Dr. Strange looking into the future in Infinity War. This wasn't to determine whether or not the business would succeed, but to make sure I would continue to believe in the business when it didn't look like it would succeed.

## Not every startup is a winner

We're all going to come up ideas that are gorgeous on paper but there were risks we overlooked, assumptions we overcooked, and commitment we overbooked — and we let our best intentions lead us away from pragmatism and into optimism.

This is normal. You need that optimism to win.

I'm not saying you're going to fail, because I don't want you to think that you *need* to fail. All I'm saying is that the chips are going to be stacked against you, whether you're a first time founder or a serial IPOer. What's going to turn the odds back in your favour is how you react — actions that will be powered by the belief you have in your business.

That belief can't be manufactured. It has to be discovered, before you even begin your business. That way, it can be *rediscovered* when you need it, every time.

So yeah, there are about a dozen questions you need to ask to determine if and when it's time to wind down your startup. But if it's a matter of belief, and that belief is gone for good? Then you already have your answer.

*This article was originally published on Medium by Joe Procopio*

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