

Failed businesses: a path to entrepreneurial success

 By Pieter Scholtz

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To be a truly successful jockey, you're going to have to ride a lot of horses. There's no way to tell how well a horse will compete on race day until it's on the track - and by then, what you thought would end in success, might be headed for a fall.

It can be the same for entrepreneurs. Few have an idea that is an immediate success – and some simply never get out of the gate, no matter how passionate or rambunctious an entrepreneur you are.

It's a hard reality to face, but facing that failure and learning from it is crucial if you're still going to make a success of yourself. See, a successful business should not be your ultimate goal; instead, it's a means to an end. Your goal should be to fulfil your aspirations – to live a comfortable life, or retire to a beach house on the coast. So when something isn't working in your business, the trick is not to abandon the sport, but to find a new horse. But how do you know when it's time?

Reassessing your business model

The first step is to re-articulate your business model – to flesh it out on paper and really think it over. Ask yourself: Is what you're offering merely a copy of a service or product offered by a competitor, or is it a genuine innovation? If it's the former, it's time to call it quits. Moderately better goods and services as well as price-cutting doesn't work, at least not in the long term. However, if you believe you've got something that will truly disrupt the market place, then you should keep at it.

Once you've established that, it's time to take a look at the value proposition of your business. If your stakeholders, business partners or customers are left pondering your business' existence, it's time to throw in the towel. Innovative or not, a business will never see profitability if it cannot improve the lives of its customers, or solve their problems.



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Just be sure not to let your risk overshadow the return possible. When expenses continue to flow out and there simply aren't measures in place to prevent your capital from steadily declining, the risk is too high. You can usually tell because running your business has become a lot scarier than it is fun.

If you truly believe you have something of value to offer, but you're repeatedly failing to meet short-term goals, then it's time

to ask a business coach for assistance. Whether you're a veteran business owner who's lost customer interest or a startup who's failed to capture the market's imagination, continually amending poor projections is a bad sign. The advice of an experienced coach could be exactly what you needed.

A failed business does not mean the entrepreneur has failed

If your current business is all but guaranteed to fail, what you need to do is to fail fast and fail cheap. When it looks like it's not working, it helps to be agile, to quickly adapt and take another crack at the market, or perhaps, a new market altogether.

Learn from your failure, identify a model that will generate revenue and focus on building that new business model. Pumping more capital into a failing business will not suddenly make it profitable. Instead, as the jockey, you need to find a new, faster, better horse.

Patience is a virtue

It's worth mentioning that starving yourself should never be a part of the plan. It sounds obvious at first, but you'd be surprised by what a determined, budding entrepreneur will give up to fulfil their dream. Always remember that failing cheap also refers to putting your mental health and well-being first. Sticking with a sinking ship will only alienate your employees, friends and family, and your morale and confidence will eventually succumb to the pressure.

That includes taking care of yourself while you re-evaluate the market place. Just because you're in the planning stages of a second, or even third attempt at a business, doesn't mean you shouldn't eat. Have some work to fall back on while you plan your new business. Yes, it will likely slow you down a little, but patience and preparedness is key. Urgency may mean missing the right angle of attack – a death knell to your next business, before it even starts.

Remember to ask yourself the hard questions: Why do I believe my business will succeed? What am I willing to sacrifice to make it work? And to really commit to it. To sacrifice it all for your business – especially if its plan isn't clear – is to put the horse before the jockey, which doesn't make a lot of sense.

ABOUT PIETER SCHOLTZ

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