HOW 10% OF START-UPS SUCCEED (WHEN MOST FAIL)

Governance mistakes are very expensive, and the boardroom is high-stakes (last slide) - but mastered once, this knowledge pays dividends for a career.

Having served on boards for 24 years since founding my first start-up at 24, I'm now pursuing Chartered Director (CDir) status with the IoD.

To help deep tech founders - and my own kids, if they ever step into governance roles - avoid runway-burning traps (and dilution), I'm exploring key start-up board questions in a 'builder field guide' series.

This week: **"How do 10% of venture backed start-ups succeed when most fail?"**

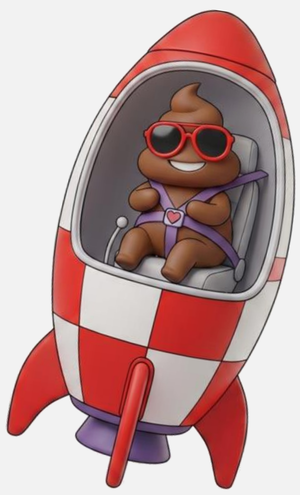
Seven things to know.

90% FAIL. MOSTLY DUE TO PREMATURE SCALING.

VC-backed start-ups fail (~90%) not from a lack of capital, but from lacking Product-Market Fit (PMF).

42% of start-ups fail by building something with no market need. The lethal mistake is premature scaling (74%) - aggressively hiring and spending to grow before demand is proven.

Running out of cash simply means customers won't pay or unit economics don't work (CAC+COGS>LTV).



HARD TECH ALSO HAS "THE VALLEY OF DEATH"

"The gap between prototype and production."

Eric Ries, The Lean Startup

"Software iterates freely; hardware gets one shot before factory and inventory consume runway."

Cyril Ebersweiler, Founder of HAX

"Production is 100x harder than prototyping. Making one is easy. Making millions with low defects and good margins is incredibly hard."

Elon Musk, Tesla and SpaceX

HOW 10% OF START-UPS SUCCEED

1. Prepare properly (-1>0) – Nail: Problem, Solution, Technical hurdles, Market, and Business Model*.

2. Build in public (0>1) - Get 3x B2B customers or 30x B2C users on day 0. Use early access, regular updates, test rides, and discounts – folks want to help.

3. Get a great VC - Only 6% of VCs have made six successful investments. 15% have three. 60% none**.

4. Don't scale too early (1>10) - Bootstrap until demand, GTM, and financials are fully validated.

-1>0	0>1	1>10	1>100
Problem Validation	PMF	GTM Validation	Market Leadership

** Also, nail: Vision, Purpose, Why Us, Why Now, Competition, and Financials.*
*** Human Capital in Venture Capital by Jackson and Strebulaev (2026).*

HARD TECH SPECIFIC PROCESS AND EXECUTION POINTS

5. IP clearance (-1>0) – Don't burn before liftoff.

6. Identify Top 20 supplier partnerships (-1>0) - Develop deep strategic supplier relationships early based on your outlined solution and technical hurdles.

7. Follow the right process (-1>10) – If you don't know TRL from MRL, or PPAP from APQP, or DPU from PDI, then stop wasting LP money and hire a Chief Engineer to get from prototype to production.

Gwynne Shotwell, SpaceX COO - rocket scientist and zen master of process and operations.

RUNWAY MANAGEMENT TIPS FOR FOUNDERS AND BOARDS

Prototyping proves physics, but manufacturing proves unit economics. Late re-engineering to achieve viable gross margins frequently drains remaining capital.

Timeline extensions are rarely linear; a tool delay or supply bottleneck can consume 6+ months of runway.

Map BOM cost curves and single-point supplier risks.

Forecast with dynamic burn-rate triggers tied to TRLs and MRLs, not just calendar months.

CEOs AND BOARDS AGREE: IT COULD BE BETTER

Only 22% of CEOs think their board is effective [1]

Only 30% of C-suite rate their board good/excellent [2]

Only 32% of C-suite believe in their board's skills mix [3]

20-35% of senior time goes to board prep [4] but 83% of board members rate their board packs as weak/poor [5]

Poor leadership and accidental managers cost UK businesses £84B/year or £120/day per employee [6]

Start-up boards offer massive leverage, but many lack the right mix of experience.

1. Stuart Spencer (2025)
2. Board Intelligence (2025)
3. PWC (2026)
4. McKinsey (2024)
5. Board Intelligence (2026)
6. OECD (2023)