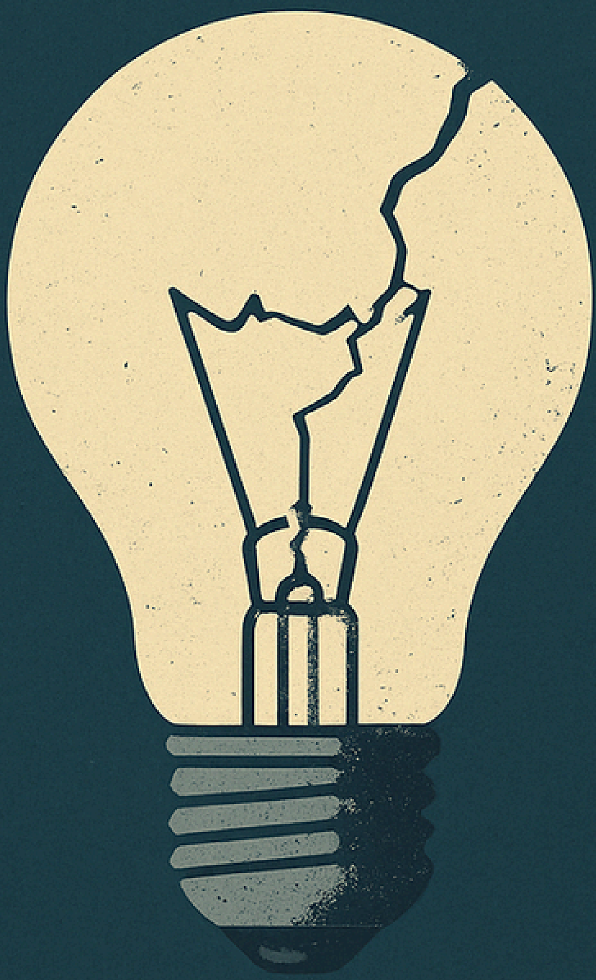
WHY STARTUPS FAIL ?



ANUSHA NEUPANE

An analysis of 483 failed startups

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Preface

From Curiosity to Clarity: Why This Book Exists?

Startups fascinate us. They begin as whispers, an idea in a late-night conversation, a scribble in a notebook, a spark in someone’s eyes. They promise change, disruption, freedom. They make us believe that with enough courage, anything is possible. But what happens when that promise breaks? This book began with a simple question: Why do so many startups fail? Not the headlines. Not the assumptions. But the truth, the patterns, the quiet collapses that no one talks about. The failures that aren’t sexy or scandalous, but deeply human. So we turned to the data. We analyzed a dataset published on Kaggle, originally compiled by dagloxkankwanda, based on CB Insights' Startup Failure Post-Mortem. It includes detailed information on 483 real startup failures, spanning from 1992 to 2024. Each row in the data was more than just numbers, it was a story: What they built How long they survived Why they fell Some raised millions. Some survived a decade. Some were crushed by tech giants. Others quietly faded. But all of them had something to teach. This book isn’t a lecture. It’s a visual story, a journey through the ashes of ambition. It’s about patterns. About truth. About learning. Whether you're a founder, investor, student, or simply curious, we hope this speaks to you. We hope it helps you ask better questions. And maybe, just maybe, helps you build something that lasts. Thank you for reading.

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Intro: Ashes of Ambition

Almost everyone, at some point in life, dreams of starting something of their own.It might be a small tea shop by the roadside. Or a cozy café. A food truck.

Maybe a handmade clothing store.

Or something big an app, a product, a company with funding and fire.

Some ideas stay in our heads forever.

Some take shape a name, a logo, and a little bit of hope.

But here's the question:

What happened to the ones that started?

How long did they last?

Why did they fall?

This is a story about them.

About the dreamers who built something and then watched it disappear.

We looked at **483 real startup failures** from **1992 to 2024**, using data collected by CB Insights.

Each one had a beginning and an end.

Some lasted just a few years.

Some raised millions.

Some were crushed by big companies like Google or Amazon.

Some simply ran out of money.

Others built things no one really needed.

The data tells us:

- What they tried to build How long they
- survived Why they couldn't make it And
- what we can learn from their story

There are many reasons why startups fail.

Sometimes, it's bad timing.

Sometimes, it's poor planning.

Sometimes, it's just bad luck.

But inside these failures, there are lessons.

Patterns.

Truths.

This book is not about blaming anyone.

It's about learning from the ashes of ambition.

Because if we understand why others fail,

maybe we can build something that stands.

Lesson 1: Money Doesn’t Guarantee Success

Sometimes, we think,

"If only I had more funding."

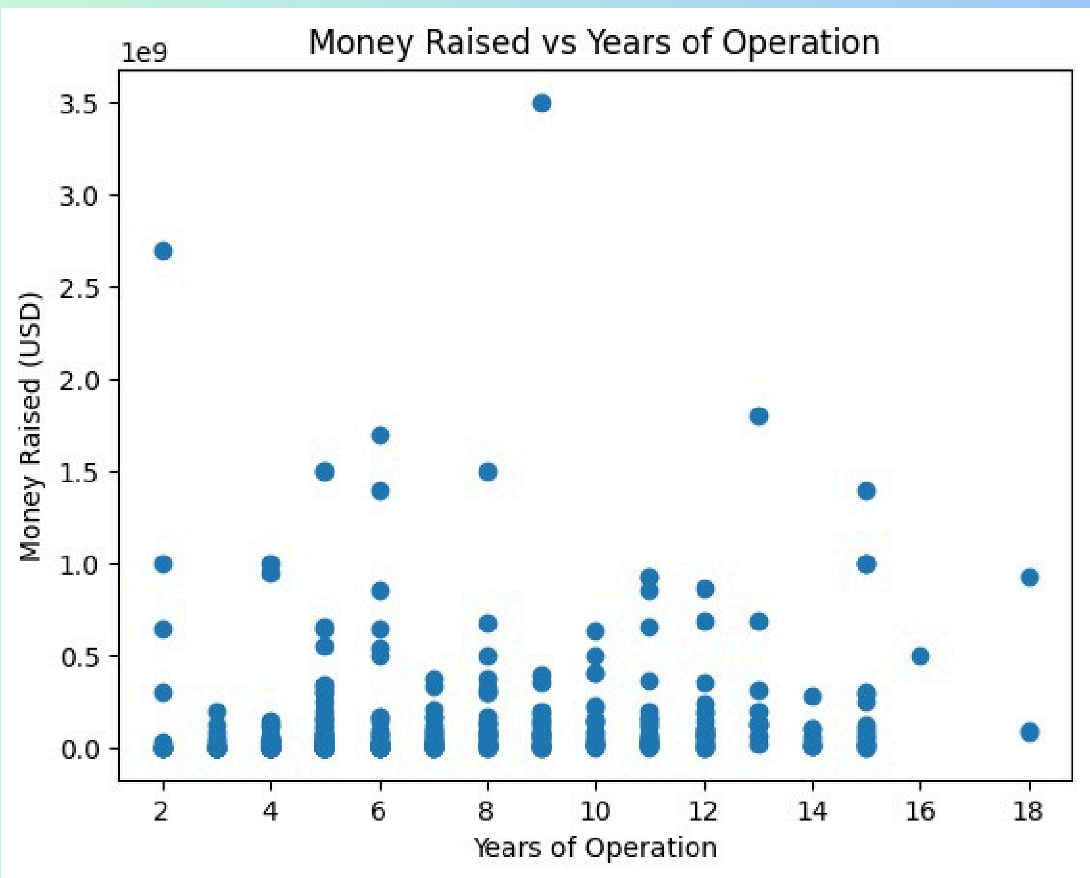
"If someone just backed this idea with a bit more cash."

"Then it would all work out."

It sounds logical.

More money means more resources. More freedom. More room to grow. But is that always true?

The Data Speaks



This chart shows something important: Every dot here is a startup that failed. The horizontal axis (x-axis) shows how many years the startup lasted. The vertical axis (y-axis) shows how much money it raised. If money guaranteed success, we'd expect to see a clear upward trend.

Something that tells us: more money = more years. But instead, what we see is. chaos. Dots everywhere. No pattern. No promise. Some startups raised billions and failed in under 3 years. Some raised almost nothing and lasted over a decade. A few raised extreme amounts, and still shut down.

What Else we can see ?

1. Huge Variation, At Every Stage Look closely at the chart.
Pick any number 6 years, 10 years, even 15.
At every point, you'll find startups that raised:

- A lot of money
- Just enough
- Almost nothing

Yet their survival times? All over the place.
What does it indicate?
Even among startups with similar lifespans, the funding story varies wildly.
And the reverse is also true,
startups with similar funding had very different endings.
So there's no one-size-fits-all formula here.
Survival is messy. And deeply personal to each startup.

2. The Outliers, The Most Telling Dots Then there are the extreme cases. Startups that raised over $1 billion And still shut down in just a few years These dots scream the loudest. They tell us something important: No amount of funding can save a broken idea, a mistimed launch, or a market that doesn't care. Sometimes, more money just builds a bigger stage for a faster fall. This breaks the myth.

More money doesn't mean more time.

More funding doesn't mean more survival.

Money can help, but it can't save a startup from:

A product nobody wants

A market that's not ready

A business model that doesn't work

Money can speed things up, but if you're going the wrong way, it only gets you there faster. So before chasing millions, ask: Are we building something that truly matters? Because money might light the fire, but only value keeps it burning.

Lesson 2: Not All Startups Die Young

We often think startups die fast,

A spark, a pitch, a crash.

Just another idea swallowed by the crowd.

But the truth is quieter and deeper.

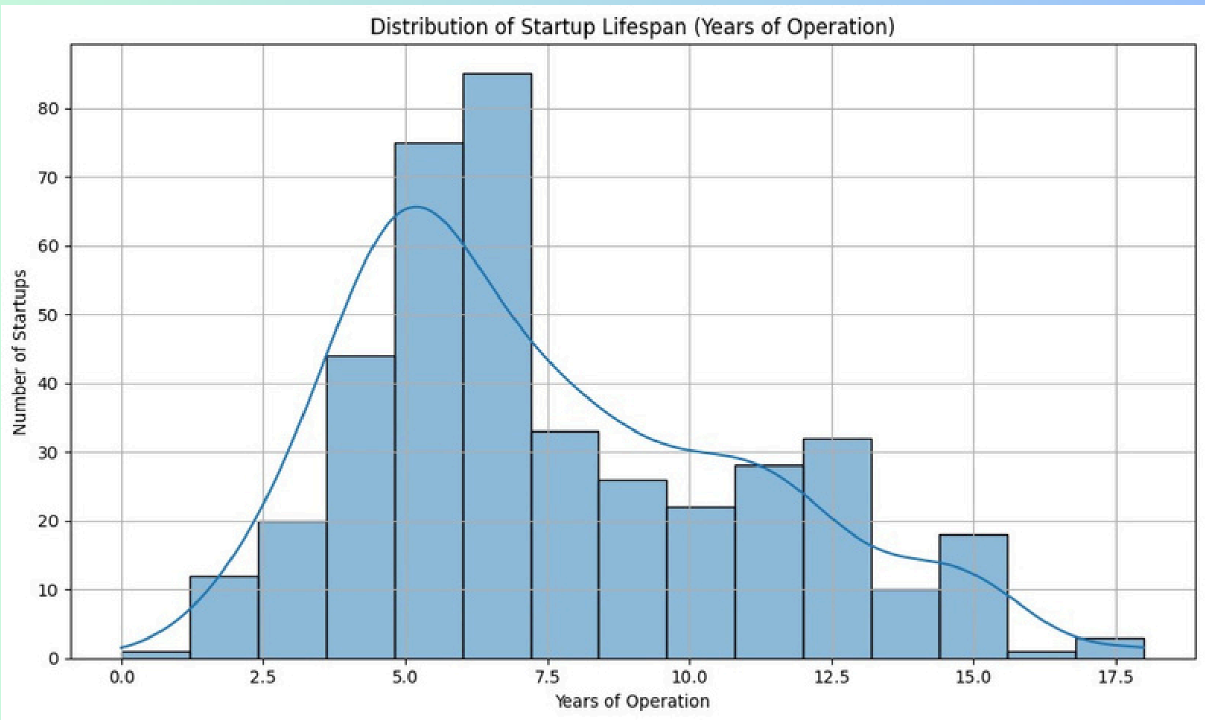
Most startups don’t fail immediately.

They linger.

They fight.

They grow a little, hire a few people, and maybe even raise some money.

And then somewhere between hope and burnout they fall.



This chart shows something powerful. The peak of startup deaths happens between 5 to 7 years. These are not instant failures. They had time to try. Time to pivot. But eventually, the market, the money, or the momentum gave up. Some failed early in just 1 or 2 years. Likely, from poor fit, no demand, or lack of funding. Others survived for a decade even 15+ years: still moving, still building, until one day they didn't. It's a gentle reminder: Time doesn't always mean success. Just because something survives, doesn't mean it thrives.

What This Tells Us?

Most startups don't collapse overnight.
They take years to fade.
Long life ≠ winning.
Some are just quietly sinking for a long time.
Some ideas die fast. Others wear out slowly.
And both stories deserve to be understood.

Strategic Takeaway?

Don't just ask how long a startup has survived. Ask how well it's surviving. Because a company that's been around for 10 years may just be a failure on pause.

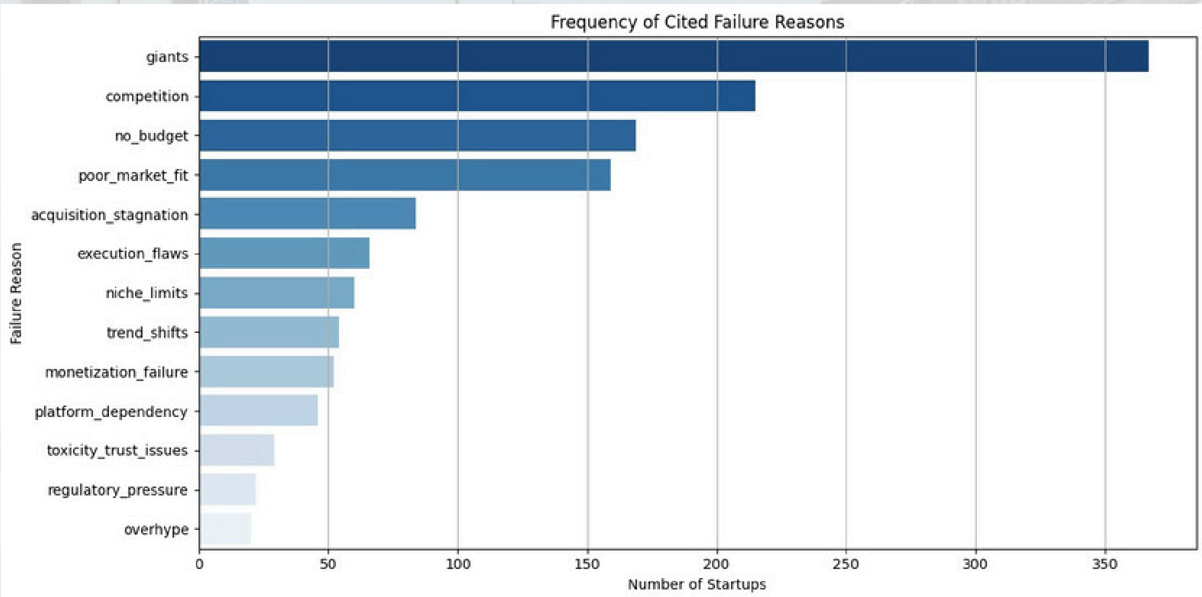
Lesson 3: Why Startups Say They Failed?

If a startup falls. what do the founders say? Sometimes it's vague. "The market shifted." "We couldn't scale fast enough."
Or just silence.

But in this data, We can see why ? They have named the reasons. They showed us the patterns. And when we stacked them up, this chart appeared.

The Market Shifted

We couldn't Scale Fast enough



Let's decode what the founders said

Giants

Over 350 startups said they lost to big tech Amazon, Google, Apple, Meta.

Sometimes, a giant enters your market and that's it. Game over.

Competition

Not just giants regular rivals too. Faster, cheaper, louder many startups were outpaced by others just like them.

No Budget

They ran out of money. Or never had enough to begin with. A dream without fuel doesn't go far.

Poor Market Fit

The product didn't solve a real problem. People didn't want it. Or didn't care enough to pay for it.

Acquisition Stagnation

Some were bought but never supported. They faded inside the belly of bigger companies.

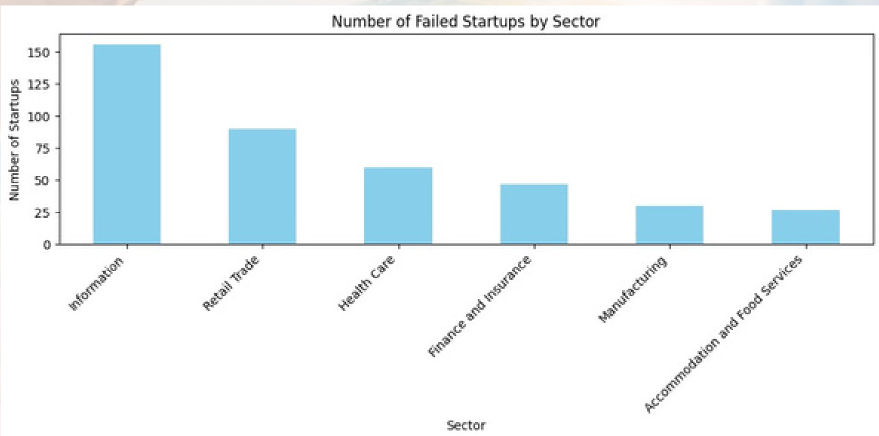
Strategic Insight

Look closely at the top reasons. They're not all about execution mistakes. They're about external pressure and money. Giants crush you. Competitors outrun you. Cash runs dry. Your idea doesn't click. It's a battlefield, and not always a fair one.

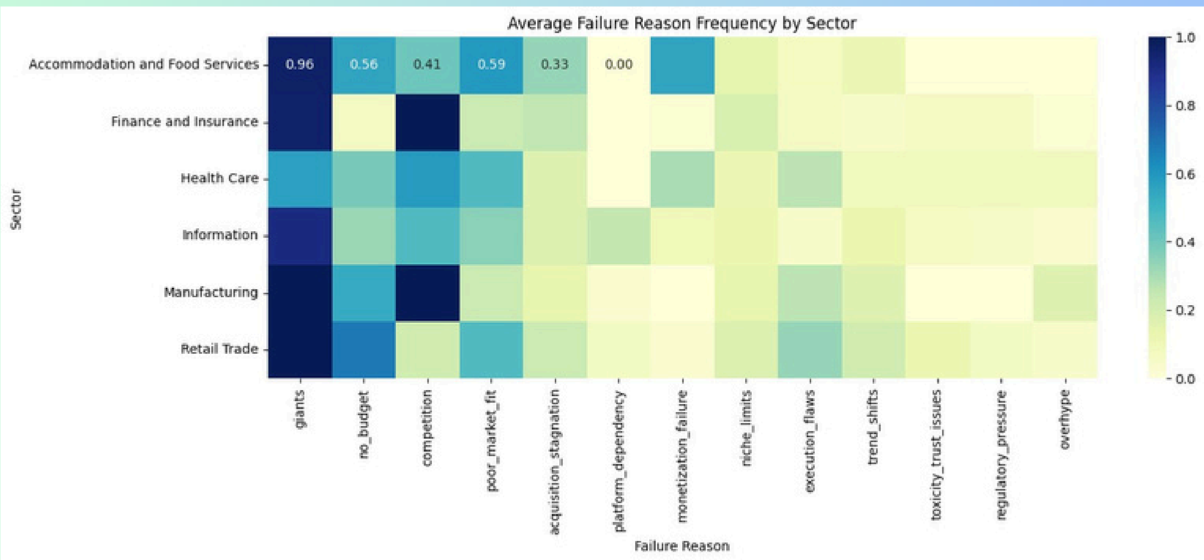
Lesson 4: The Sectoral Story: Why Industry Matters?

Not all startups fail the same way. And not all industries play by the same rules.

A fintech app and a food delivery startup face very different battles. Some sectors are brutal from the start. Others give you room to breathe before closing in. That's what this chart shows us.



Some industries, like Information and Finance, dominate the failure list not because they're worse, but because they're more crowded. Others, like Healthcare, Retail, and Manufacturing, have fewer failures but their own unique pain points. The number of failures by sector gives us scope, but not the whole picture. So, we looked deeper.



Here's where it gets interesting.

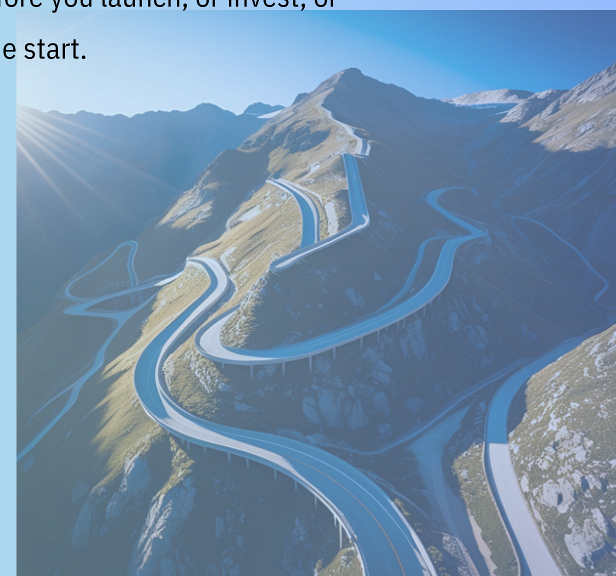
Each row is a sector. Each column, has a reason for failure.

And each square shows how often that reason was cited in that industry. Patterns start to appear, Food & Hospitality startups suffer from high dependency on platforms and monetization struggles. Finance startups face fierce competition, but they rarely say money is a problem. Retail deals with giants and budget issues. Healthcare and Information are hit by poor market fit and execution flaws. Each industry has its fingerprint of failure.

Strategic Insight

There's no one-size-fits-all in the startup world. The sector you're in changes everything. The risks. The giants. The pressure points. The playbook. So before you launch, or invest, or judge look at the terrain. Because some roads are steep from the start.

And some lands are already owned.



Lesson 5: Outliers, The Extremes of Startup Fate

Some stories don't fit the curve. They sit far from the average on the edge of the chart. We call them outliers. And often they're the most fascinating. Because they remind us that data isn't always rational, it's just honest.

The Big-Budget Collapses

These are the dreamers who raised $100 million or more. The money came easy. Headlines followed. But within 3 years, they were gone.

"How do you raise a fortune and still fail so fast?" It's not just mismanagement. Sometimes it's the wrong idea, dressed in gold. Or is too much hype without real demand? When speed outruns strategy, even big ships sink fast.

The Lean Survivors

Then, there are the quiet rebels. Startups that raised less than $5 million, but survived for 10+ years. They didn't burn fast. They didn't fly high. But they stayed alive. Maybe they served a niche. Maybe they moved slowly and built carefully. Maybe they got lucky. But whatever the reason, they lived long: longer than many giants.

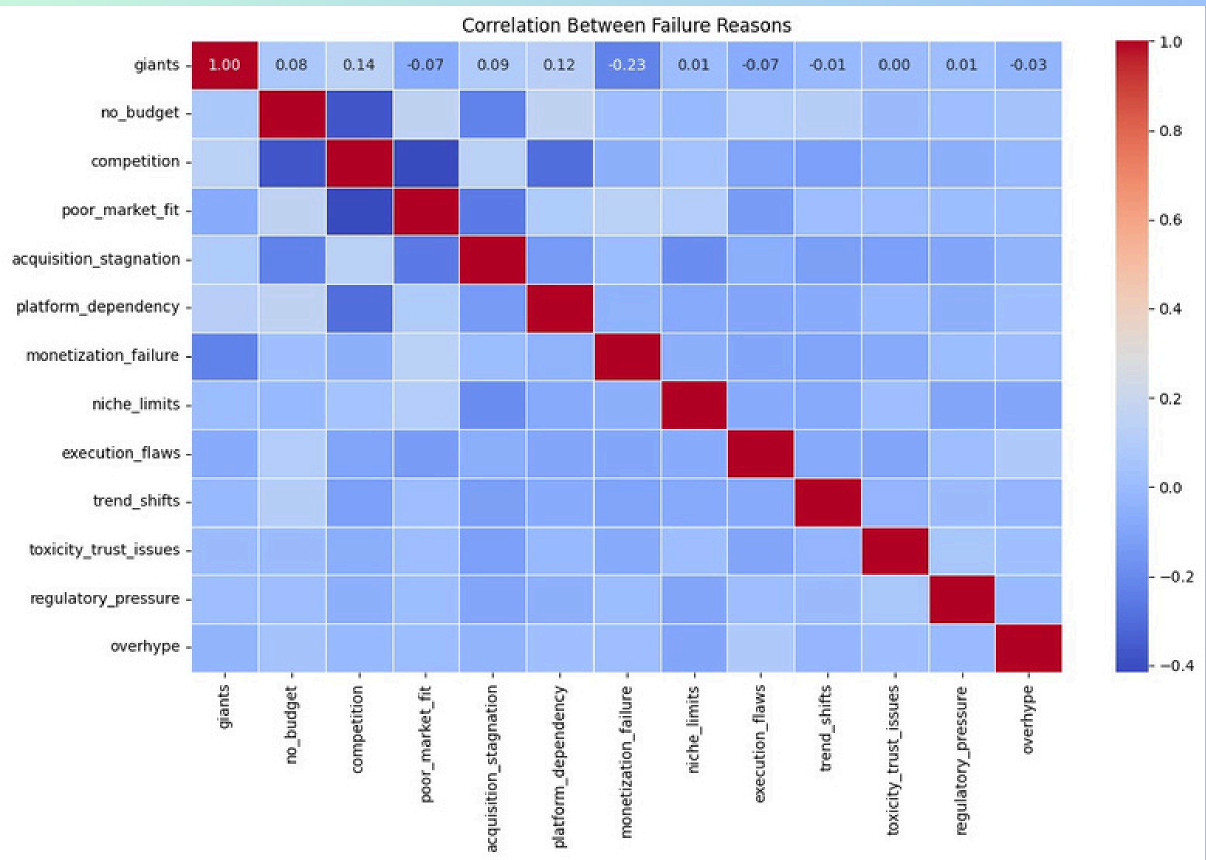
Startup	Sector	Funding (USD M)	Years	Type
Juvo	Finance	131	2	High Funding, Short Life
Quibi	Media	1750	2	High Funding, Short Life
Theranos	Health Tech	700	3	High Funding, Short Life
Sezmi	Information	4.9	11	Low Funding, Long Life
Vine	Social Media	4.0	10	Low Funding, Long Life
Humin	AI Tech	2.5	12	Low Funding, Long Life

What These Extremes Tell Us?

Outliers prove one thing. There's no fixed rule in the startup world. You can be overfunded and fail. You can be underfunded and endure. It's not just about capital. It's about timing, fit, team, execution and sometimes, just luck.

Lesson 6: The Hidden Patterns Co-occurrence & Correlations

Some startups fail because of one big reason. Others? They collapse from a storm of small ones. And sometimes those reasons appear together more often than we expect. Correlation Doesn't Always Mean Connection. We started by examining correlation, a statistical peek into how failure reasons move together.



But guess what?

- Most reasons are weakly related.
- Giants & competition: only 0.14
- Giants & no budget: 0.08
- Most pairs: close to zero.

That tells us something powerful: startup failures are messy. There's no single domino that always knocks down another. But when we looked at co-occurrence the actual frequency of two reasons appearing together in the same failed startup, we struck gold.

Who Falls Together?

Some failure pairs show up again and again.

Top Co-Occurring Failure Pairs

1. Giants & Competition	201 times
2. Giants & No Budget	156 times
3. Giants & Poor Market Fit	138 times
4. No Budget & Poor Market Fit	81 times
5. Giants & Acquisition Stagnation	80 times
6. Giants & Execution Flaws	56 times
7. Competition & Acquisition Stagnation	55 times
8. Giants & Niche Limits	54 times
9. No Budget & Competition	51 times
10. Giants & Trend Shifts	48 times
11. Giants & Platform Dependency	46 times
12. Competition & Poor Market Fit	42 times
13. Giants & Monetization Failure	37 times
14. No Budget & Execution Flaws	35 times
15. Competition & Niche Limits	35 times

What Does This Mean?

- The most vulnerable startups were hit from both sides – big players above, rival startups on the sides.
- Many were crushed by external forces (giants, competition) while internally bleeding cash or lacking demand.
- Some were acquired and left to fade.
- Others were too niche, too slow, or too reliant on someone else's platform.

This is no longer just theory, it’s a pattern.

Strategic Insight

Look for combo risks. If you’re building a product in a competitive market. Make sure it solves a real problem (market fit), And that you have a plan to stay funded. Because failure doesn’t walk in alone. It usually brings friends.

Lesson 7: Strategic Takeaways for Founders & Investors

We've seen it all now. Startups that raised fortunes and failed. Lean fighters that survived for years. Founders crushed by giants lost in competition or stranded by poor market fit. Sectors with their death patterns. Failures don't just happen, they cluster.

So what do we do with all this?

1. Funding Is Not a Moat: *Money helps. But it doesn't solve bad ideas, poor timing, or lack of fit. Big investments don't mean big futures. Spend smart, not just big.*

2. Validate, Then Scale: *Poor market fit was one of the most common killers. Don't build a rocket if no one wants to leave Earth. Test. Pivot. Listen.*

3. Don't Be Juice for Giants: *If Google or Amazon is near your lane think twice. Differentiate deeply. Or swim somewhere else.*

4. Survival Isn't Sexy, But It Works: *Many long-lived startups weren't glamorous. They kept budgets tight, grew slowly, served real needs. Sometimes, boring is sustainable.*

5. **The Danger of Compound Failures:** *Beware the Combo Killers Failing for one reason is recoverable. But when multiple weak spots align it's hard to come back.*
Look out for clusters: no budget + poor fit + strong rivals = danger zone.

Final Thought

Startups don't fail randomly. They fail in patterns.
But if we study those patterns. If we learn from the ashes. We can build differently. And maybe, just maybe, Our startup won't be another dot on a failure chart. It'll be the one that learned. And lasted.

Analysed by **:** Anusha Neupane
Data Source: CB Insights - Startup Failure Post-Mortem