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# The 4 Stages of Startups

As an online bookkeeping company, Decimal has the experience to help you understand your position in the business lifecycle of a startup that just might help you stay a bit ahead of the game.

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## Business Startup Stages, Best Practices & Free Tools

We've all heard about amazing ideas that were transformed from startups in garages to large successful businesses. However, for most people, this is not the normal process. New and amazing things are happening each day in startup businesses that go unseen and unheard. So, how does a passionate person with an incredible idea get their feet off the ground? Our services at [Decimal](#), as an outsourced bookkeeping solution, have helped many startup businesses focus less on accounting and more on growing their ideas into successful businesses. Additionally, there is a lifecycle that most ideas go through to become a business: from a mere thought to the fruition of the next big business.

# What is a Startup?

Before getting into the nitty gritty, let's break down exactly what a startup is. A startup is a new business typically run by one or more entrepreneurs intending to introduce a unique product or service into a market. They differ from more traditional business models due to their innovative, risk-taking approach and goal of achieving sustainable growth before running out of cash. Additionally, entrepreneurs of these businesses typically fund their own companies or seek out funding from venture capitalists. Whether the company is bootstrap funded or has a team of investors, there are a handful of common mistakes to be aware of.

## Common Startup Mistakes

There are a lot of scary statistics surrounding the possibility of success with startups – Forbes stated that [90% of startups](#) fail. Why's that? Many entrepreneurs make the big mistake of being stuck in just focusing on the idea of success itself and forget to put their energy into the smaller (and often less thrilling) intricacies of their organization. To help you avoid doing that, let's look at the most common things entrepreneurs overlook:

### 1. Mismanaging Finances

Finances are one of the most important aspects of any business, but unfortunately, many startup operators find themselves spending their money on the wrong priorities. Sometimes, these include cool-looking office spaces or expensive swag. Not having the right priorities with cash flow is a surefire way to face failure down the line. As a result, it's important to approach finances with the right sense of direction, like having a way to organize financial records and spending with the right [accounting software](#).

Additionally, it's important to have the mechanisms in place to better manage the finances of a business. Deploying [expense management](#) strategies as well as streamlining the process for [bill pay](#) helps to keep revenue flowing in as well as the expenses of the organization within check.

### 2. Partnering with the Wrong Investors

In line with mismanaging finances is partnering with the wrong investors. It's easy to get blinded by money, particularly in the starting stages, but it's important to keep your vision in check and be selective. Investors must align with your vision, or you may end up eventually sacrificing it.

### 3. Rushing Through the Hiring Process

Entrepreneurs have a lot to do when taking their startups off the ground and usually wear many hats. Subsequently, they tend to overlook the recruiting process, often hiring people who may not be the best fit for their company vision just so they can have more hands on deck. Doing this leads to more challenges and headaches. Instead, be sure to set up a checklist of exactly what you're looking for in a hire and have an idea of the company culture you'd like to build. The cost to replace an employee is an unnecessary expense if the process can be approached correctly from the start.

### 4. Not Considering the Competition

Tunnel vision is a common trend in the startup scene, especially when it comes to underestimating the competition. In doing so, you lessen the opportunity to differentiate yourself from others in the market. Ideally, you should continuously research your competitors to see what's working and what's not working for them. You can see how you can apply their successful philosophies to your brand and learn from their mistakes. This will also help you understand the market better to identify the best space for your company to operate. When looking at all the possibilities for a go-to-market strategy, finding the blue ocean and competing, there might be easier than going head-to-head with established competitors.

## Startup Best Practices

You know the most common startup mistakes – but what about the best strategies for finding success for your business? It all starts with understanding your current position in the business lifecycle. It will help you stay ahead of the game as you anticipate the potential challenges and obstacles that may appear in each stage. Most startups go through these four basic stages as they strive to succeed:

1. Idea
2. Launch
3. Growth

#### 4. Maturity

Each individual stage of this life cycle presents unique challenges that can be the difference between brilliance and mediocrity for any company.

## Idea stage

The first startup stage is evaluating your idea and finding the problem/solution fit. During this time, it is imperative to expand upon your idea and test the market to learn how prospects will perceive your idea. You can reach out to professionals in your area of interest and conduct problem/solution-fit interviews or focus groups. You can speak with people you believe to be your target audience. Ask them questions to learn how they view the problem you are trying to solve and what they are currently doing to address that problem (as your solution is not yet available!!). You can also bring in consultants and subject matter experts to help. Partnering with the right experts during the ideation phase of your startup has several benefits—they know the industry and market trends and can help you assess your ideal fit.

## Launch Stage

The next stage in the lifecycle of your business is the Launch Stage. This is where you turn your idea into reality and launch it to the market.

The first step of the Launch Stage is defining your product or service. You will need to use your best judgment combined with the research you did in the idea stage to decide what your product or service looks like. You can conduct some research to see how it will be received in the market. If you have a physical product, you can also measure the reaction of some initial consumers actually using your product.

The second step in the Launch Stage is finding the market fit. Does your product or service “fit” or address a need in the market? You can survey prospects or the initial consumers from the first step above to understand how they feel about your offering. You can also talk to prospective customers to see how they will embrace the product. Use this information to evolve your product or service to better fit the needs of the market.

The third step in the Launch Stage is finding the right message. In this step, you must define your product’s positioning in the market and in relation to your target users. Experiment with different messages in order for your target audience to uncover the value proposition of your product, product descriptions, and features and benefits. At this step, it is important you focus on what your targets and customers have to say about your product or service and how it is unique from others.

The fourth step in the Launch Stage is evaluating the user experience. This is where you experiment with different elements of the user experience to reduce and remove points of confusion. This may involve testing and evolving various components of your offering, including the sales process and how potential and actual customers access your product or service. This might include an assessment of how your customers enter and walk around a physical location. Or, this could include how your customers navigate your website.

## Growth Stage

When you reach the Growth Stage, it’s all about scaling your business. At this point, you’ve had a successful launch and are growing your user base.

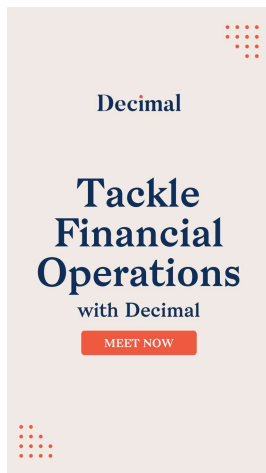
In the growth stage, your business should be focused on generating a consistent source of funds while also striving to reach new customers. Here, the biggest hurdle is dividing time between various demands that require your attention, such as identifying and pursuing new customers, managing increasing revenue, helping customers, evolving the product or service, administration of the business, outsmarting the competition, etc.

You may need to begin finding people to help run or manage aspects of your business, which could mean hiring consultants or employees or outsourcing certain tasks. At Decimal, we help many clients at this stage in their business by allowing them to outsource their [bookkeeping](#) in order to give them more time to focus on more important tasks like identifying new customers and growing the business.

## Maturity Stage

The last stage of the business lifecycle is Maturity. This is when you should be looking for new opportunities to expand. This might entail building more localized teams to adapt the product experience to each unique region, looking for acquisition opportunities that align with your product or mission, and, lastly, investing in your team and hunting for new growth channels.

Just because the company has reached this stage does not mean that the risks and challenges no longer pose a threat. Continuing to focus on core competencies while keeping an eye on the market will help a business continue to operate successfully.



## Examples of Successful Startups

Starting to get excited about developing your startup? For extra motivation, check out examples of some of the most successful startups in the world:

**Apple:** Now one of the biggest tech moguls in the world, Apple was one of those startups that, quite literally, started in a garage. College dropouts Steve Jobs and Steve Wozniak took a vision of a user-friendly computer and turned it into a reality – a reality that is now worth [trillions of dollars](#).

**Airbnb:** If you've ever stayed in an Airbnb, you've contributed to the success of a startup. Founders Brian Chesky and Joe Gebbia needed to scrape up rent money and decided to rent out three airbeds in their place. A decade later, Airbnb is available in over 200 countries and continues to be a preferred method of lodging for millions.

**Lyft:** Lyft is a great example of a startup that came from another idea. Founders Logan Green and John Zimmer already had another ride-share company in place, Zimride, before deciding to make another service for shorter ride-sharing trips – Lyft. Fast forward a few years, and the company and billions of rides have been had.

**WhatsApp:** Jan Koum and Brian Acton kept experiencing a big problem they believed needed fixing: too many advertisements on communication platforms. They decided to solve it by creating WhatsApp, a platform that remains 100% ad-free to this day and is used by millions worldwide.

## Best Tools for Startups

You've got the motivation – now it's time to get started on the right foot. We've compiled a list of the best tools entrepreneurs can use to propel their startups forward:

### Marketing Tools

No startup is truly successful without marketing – good marketing. Luckily, there are a large variety of marketing tools out there to help get your message across to the right audiences at the right time. Two of the most popular include Hootsuite and MailChimp. Hootsuite allows you to craft and schedule out social media campaigns and measure performance with your posts, bringing more engagement to your business. MailChimp, on the other hand, makes email marketing easier than ever. You can create and design custom email campaigns, manage your mailing lists and even enjoy a customer journey builder to further develop your sales funnel.

### Project Management Software

Project management software is perfect for companies that find themselves with many projects, timelines, and deadlines. Tools like Asana, ClickUp, and Trello allow you to track your projects and improve communications among your team. You can take advantage of features like workflow builders, timeline management, automation, and file sharing. You won't have to worry about whether you're keeping up with work anymore.

### Accounting and Financial Services

As we've mentioned, keeping control of your finances is an imperative aspect of running your business – but keeping up with the intricate details of doing so can be a big headache. Fortunately, at Decimal, we can handle all functions of the accounting side of your business, so you don't have to. That includes bookkeeping, accounts payable and bill pay services and even [technology consulting](#). Save time, improve processes and get in-depth insights into your business from the experts.

## Ready to Get Started?

While it is challenging to imagine all the hardships and struggles a startup faces, it is necessary to consider all that can be learned from each trial. Knowing the challenges ahead of time can provide a plan for overcoming common obstacles and successfully moving through each phase of the startup life cycle—but you won't be doing it alone. Working with experienced consultants, venture capitalists, the right service provider, and other important partners is the real key to success. Most of all, [Decimal](#) will be there for you along the way, as we are accounting specialists! We will take care of your bookkeeping so you can stick to growing your business through each stage of the business lifecycle.



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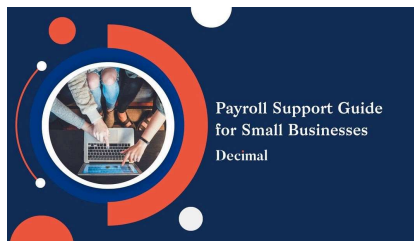
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