

FITT (FUND, IDEA, TEAM, TIME) TO FAIL: A RESEARCH ON POSTMORTEM
STARTUPS

LLOYD GEORGE CAMACHO VALLE

UNIVERSIDAD INTERAMERICANA DE PUERTO RICO

RECINTO DE SAN GERMAN

PROGRAMA DOCTORAL EN DESARROLLO EMPRESARIAL Y GERENCIAL

MAY 2021

FITT (FUND, IDEA, TEAM, TIME) TO FAIL: A RESEARCH ON POSTMORTEM
STARTUPS

BY

LLOYD GEORGE CAMACHO VALLE

We, the members of the Doctoral Dissertation Committee of the student Lloyd George Camacho Valle, certify that the research submitted by the student meets the requirements for doctoral dissertations established by the Doctoral Program in Business and Management Development of the San Germán Campus from the Inter-American University of Puerto Rico, and for the record we sign certifying its approval.



May 3, 2021

Dr.(a). Zulma Quiñones de Howell, Director

Date



Dr. Andrés Gutierrez, Co-Director

May 3, 2021

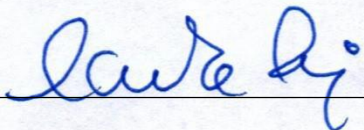
Date



Dr. Jaime Santiago Canet, Co-Director

May 3, 2021

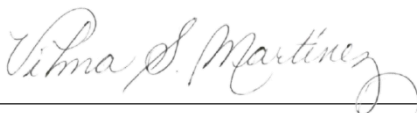
Date



Dr. Carlos Irizarry, Program Coordinator

May 3, 2021

Date



Prof. Vilma S. Martinez, Decana-Asuntos Académicos

May 24, 2021

Date

DEDICATION

This study is dedicated to all those individuals who are on their way toward reaching their goals and making their dreams come true. The path to success is difficult, and it can become increasingly difficult every minute. No matter how hard and how many times you contemplate quitting, at the end of the day I believe wholeheartedly that it is all worth it. It has been through sheer perseverance and humility that I have been able to walk through the fire and overcome the greatest of all obstacles.

So far, I have achieved a lot in my life; however, the journey continues...

AUTHORITY CERTIFICATION

I, Lloyd George Camacho Valle, certify that the doctoral dissertation titled FITT (FUND, IDEA, TEAM, TIME) TO FAIL: A RESEARCH ON POSTMORTEM STARTUPS, which I present as a requirement to opt for the Degree of International and Interregional Business in the Doctoral Program in Business and Management Development of the San Germán Campus of the Inter-American University of Puerto Rico, is the product of my investigative work. I also attest that this work is an original and unpublished one.



Lloyd George Camacho Valle

SUMMARY

Startups are subject to undergoing a variety of obstacles during the early stages of business development, any of which can result in a business failure. A combination of operating and financial factors, often influenced by prolonged economic conditions that affect the demand of products and services, can lead to a business failure. The CB Insight Postmortem Startups Report collects data from Crunch Bucket, a platform where startup information is gathered and shared globally to meet investor information needs. The report collects information only from postmortem startups from 2014 to 2021, continually updated every six months. For this investigation, an evaluation of 353 startups from 2014 to 2020 was performed with the aim of identifying the most common tendency of failure. To do so, this research conducts a crosstabulation case analysis of the 353 startups for the years 2014 to 2020 and categorizes the cause of failure under four key elements known as FITT (Fund, Idea, Team, and Time). The results help contribute to a better understanding of the common factor of startup failure and open the doors for future research towards comprehending more of the business failure phenomena.

ACKNOWLEDGMENTS

In 2018, I started the journey of conducting research that would be interesting, different, helpful, and somewhat unique. There were months and months of frustration, denial, and moments where I wanted it all to end, feeling like I had burned out completely. But quitting was not the answer. I would like to acknowledge all the special people who in some fortunate ways were there at the right time. I thank my dearest and closest friends who allowed me to share this process, and who were there every time I needed to release stress or give an update as to how things were progressing. Peers and professors, I thank you for your contributions and for giving me the tools necessary to pull off this research and for helping me become a better professional. To my coworkers who were willing to sacrifice their time to help me carry out this investigation during business hours, it means the world to me and I will cherish it always. My closest family—mom, dad, brothers, and sisters—I thank you for your support and unconditional love.

Finally, Wallace, I thank you for being always right next to me during sunny and rainy days. I remember when what we had were just dreams, thoughts, and a bunch of “what ifs”. So far, twelve years have passed, and we have made those dreams, thoughts and “what ifs” come true. There is still so much that needs to be done, but I ‘m confident that we will achieve it all. Like we say, “it is all worth it regardless of the sacrifices that need to be made.”

It has been a great journey so far, but there is more to accomplish.

Table of Contents

Chapter One	1
Introduction.....	1
Problem Presentation.....	2
Research Purpose	4
What is a Startup?.....	4
Justification.....	8
Research Contribution.....	13
Research Delineation.....	14
Research Design.....	14
Theoretical Framework	15
Defining Failure	15
Defining Success.....	16
The Failure/Success Relationship	17
Conceptual Theories	18
Conceptual Model and Vision	19
Research Objectives	23
Research Questions	24
Hypothesis.....	24
Key Terms.....	27
Conclusion.....	27
Chapter Two: Literature Review	29
Introduction	29
What is known about the Problem?	30
Why do startups fail?	31
Types of Failure.....	34
The Role of FITT in Business.....	35
Funding	36
Idea.....	37
Team	38
Time	39
Viability of FITT	40
Conclusion	43

Chapter Three: Methodology	44
Research Strategy.....	44
Methodological Framework	45
Design of the investigation.....	45
Population and Sample	53
Data Collection	53
Stage One - Concept Analysis Profile	53
Data Collection Research Objective 1	54
Stage Two - Quantitative Approach	54
Data Collection Research Objective 1	54
Data Collection Research Objective 2	55
Data Collection Research Objective 3	56
Data Collection Research Objective 4	57
Data Analysis	58
Coding Method	59
Conclusion.....	60
Chapter Four: Data Analysis.....	61
Data Analysis	61
<i>Data Analysis Results Research Objective 1.....</i>	<i>66</i>
Analysis.....	66
<i>Data Analysis Results Research Objective 2.....</i>	<i>70</i>
<i>Data Analysis Results Research Objective 3.....</i>	<i>73</i>
Analysis.....	73
<i>Data Analysis Results Research Objective 4.....</i>	<i>76</i>
Analysis.....	76
Conceptual Model with Results	78
Conclusion.....	80
Chapter Five: Conclusions and Recommendations	82
Delimitations	82
Research Contribution.....	83
References	85

LIST OF TABLES

<u>Table 1. Insights Analysis 101 startup reasons why businesses failed.</u>	<u>4</u>
<u>Table 2: Year Range Comparison of Business Death Percentage from Business Employment Dynamics vs Structure Business Statistics</u>	<u>13</u>
<u>Table 3: Research Questions and Objectives Cross Reference</u>	<u>25</u>
<u>Table 4: Hypothesis</u>	<u>26</u>
<u>Table 5: Research Alignment Table</u>	<u>27</u>
<u>Table 6: Top Indicators, CB Insight, The Top 20 Reasons Startup/Startups Fail</u>	<u>41</u>
<u>Table 7: Top Indicators for Startup Success, Bill Gross Research on Top Indicators for Startup Success</u>	<u>41</u>
<u>Table 8: Percentage of Failures per Indicators, Bill Gross Research on Top Indicators for Startup Success</u>	<u>41</u>
<u>Table 8: Research Outcomes Comparison</u>	<u>43</u>
<u>Table 9: Independent Variables</u>	<u>46</u>
<u>Table 10: Hypotheses H1, H2, H3, and H4</u>	<u>55</u>
<u>Table 11: Hypothesis H5</u>	<u>56</u>
<u>Table 12: Hypothesis H6</u>	<u>56</u>
<u>Table 13: Hypothesis H7</u>	<u>58</u>
<u>Table 14: Research Alignment Table</u>	<u>62</u>
<u>Table 15: Results of FITT by Percentages</u>	<u>79</u>
<u>Table 16: Comparison of Results</u>	<u>79</u>
<u>Table 17: Research Hypothesis Results</u>	<u>81</u>
<u>Table 18: Visual Concept Model of FIIT- Idea element</u>	<u>84</u>

LIST OF ILLUSTRATIONS

Illustration 1: Business Employment Dynamics chart 3 - Survival rates of establishments by year and number of years since inception, 1994-2015	9
Illustration 2: Business Employment Dynamics Chart 3 - Survival rates of establishments by year and three-year period since inception, 1994-2015	10
Illustration 3: Business Employment Dynamics Chart 3 - Survival rates of establishments by year and five years since inception, 1994-2015	10
Illustration 4: Average size of enterprises that have survived a three-year period	11
Illustration 5: Average size of enterprises that have survived a five-year period	12
Illustration 6: Proposed Conceptual Model	20
Illustration 7: Conceptual Vision of the Dissertation - FITT	21
Illustration 8: Concept Analysis Diagram - Fund	48
Illustration 9: Concept Analysis Diagram - Idea	49
Illustration 10: Concept Analysis Diagram - Team	50
Illustration 11: Concept Analysis Diagram - Time	51
Illustration 12: Concept Analysis Profile	52
Illustration 13: Crosstabulation of Year and FITT Elements Individually	66
Illustration 14: Crosstabulation of Coders and FITT Elements Individually	67
Illustration 15: Crosstabulation of Overall FITT Elements	68
Illustration 16: Number of Startups by Industry	71
Illustration 17: Number of Startups by Country	74
Illustration 18: Crosstabulation of Startups Founded by Gender and Country	76
Illustration 19: Crosstabulation of Startups Founded by Gender	77
Illustration 20: Conceptual Model with Research Results	78

LIST OF GRAPHS

Graph 1: Percentage of Startups Postmortem by Industry from 2014 to 2020	72
Graph 2: Percentage of Startups Postmortem by Country from 2014 to 2020	75

Chapter One

Introduction

Starting a business may seem to be the ideal dream job—becoming your own boss, managing your business under your own terms, and having financial stability. Like the majority things in life, the idea alone is a great risk. The idea of starting a business can be part of an individual's professional development. For example, a law student after graduating from college and passing the bar exam may open a law firm to start a professional practice. From there a new venture begins full of surprises, but perhaps with increased overall risk and uncertainty. Regardless of the idea of starting a business is a professional or personal goal, the idea alone can lead to a series of uncertainties. It is common in decision-making for a person to analyze the potential outcomes of decisions made. It is more like viewing the possible effects over the cause. These effects can be placed into two separate groups and on opposite sides—left or right—and grouped based on the characteristics of outcome, i.e., if starting a new business is going to bring prosperity, all those related positive elements are grouped together. On the other hand, if the outcome of starting a new business might lead to poverty, then those related elements are group together. Having this in mind, the overall purpose of this research is to understand what common elements businesses must have to achieve a level of success and can these elements cause businesses to achieve a stage of failure.

Problem Presentation

The importance of understanding failure in business has grown in popularity over the past years. Future business owners ask themselves frequent questions like “*Why are businesses failing?*” and “*In what stages are these failures occurring and how to avoid them?*” so that when they do decide to start a business, they can acknowledge a possible outcome. Failure is also uncertain, just like success, throughout the stages of business development. Understanding this phenomenon will provide new, emerging businesses a “heads up” of what circumstances, conditions, and obstacles may be encountered throughout the stages of development and will eventually provide a brighter understanding of the pros and cons of how to develop a business. To understand this, it is best to look back at those who have failed as a way to try and identify the tendency of cause of failure.

This research looked at newly developed businesses known as startups that failed from 2014 to 2020 to identify four key elements, the tendency these startups have together. An attempt to identify what key element is the milestone of a startup failure.

Like all new ventures, the possibilities of things not going as planned are part of the daily life of a newcomer. Startups are subject to undergoing a variety of obstacles during the early stages of the business development, known as the development phase. Some do not achieve realization due to a series of events that have causes and effects among them.

To arrive at an understanding of these tendencies to failure, this research will study startups that have failed throughout their development phase to learn what are common causes of failure. To achieve this outcome, this research looks at four common factors, also known as *key elements*, to determine which factor causes most startups to fail and to understand if there are other elements that also play a role in startup failure between them.

As part of this phenomenon, uncertainty is the key player in starting a business. For new entrepreneur or a new business owner who have recently opened their doors, there is a lot of uncertainty ahead of what may or not happen. According to the U.S. Small Business Administration, 70% of new businesses survive at least two years, but that drops to 50 percent by the five-year mark and 33 percent at the 10-year point, with just 25 percent lasting 15 years or more (Business Employment Dynamics, 2020). Another sustainable source among survival rates is the Startup Genome Report. A team of Stanford University, Berkeley University, and tech influencers joined to learn why startup fails and concluded that for “90% of startup fails, 70% fail because they scaled prematurely... startups get ahead of themselves and then self-destruct” (Shontell, 2011).

Business failures are caused by a combination of operating and financial factors often influenced by prolonged economic conditions that affect demand products and services. Some sectors are slower than others to bounce back from tough times, including construction, retail, transportation, and manufacturing. Failures are constant in today’s business world and considered an essential and significant part of new business ventures (Walsh and Cunningham, 2016).

As part of this research problem presentation, the CB Insights database was used to understand common failure factors entrepreneurs and new ventures experience. The CB Insights consists of a machine intelligent platform, an intelligence analyst, and a global network of executives and startups to empower people to articulate compelling answers to difficult questions about growth, competition, and technology. On September 29, 2014, CB Insights published *101 Startup Failure Post-Mortems*, a summary of the experiences of 353 new business ventures that failed. While each business was unique, the problems and difficulties they faced were not.

In past studies, CB Insights analyzed 101 startup reasons why businesses failed. Table 1 shows the top twenty reasons for failure that they compiled.

Table 1. Insights Analysis 101 startup reasons why businesses failed.

1. No market need	2. Ran out of cash	3. Not the right time
4. Get outcompeted	5. Pricing/Cost issues	6. Poor product
7. Need/Lack of Business Model	8. Poor marketing	9. Ignored customers
10. Product mis-timed	11. Lost focus	12. Disharmony on team/investors
13. Pivot gone bad	14. Lack of passion	15. Bad location
16. No financing/investor interest	17. Legal challenges	18. Did not use network/advisors
19. Burnout	20. Failure to pivot	

Research Purpose

The purpose of this research is to identify what is the common factor—funds, idea, team, and time—to have cause for startups to fail from 2014 to 2020 based on the CB Insights Data Report. Along with these expected findings, the investigation aims to identify in what industry these startups failed most frequently, look at gender founded startups, and determine in what countries startups had higher success rates globally throughout the 2014 to 2020 time period.

What is a Startup?

A startup is seen as temporal organization in search for a repeatable and scalable business model and whose goal is to become a company. Startups are known as new ventures in the gestation phase of their lifecycle (Evers, 2003). In other words, they are newly created

companies struggling for existence and considered preorganizations that in a society are currently deemed engines of innovation in search for a repeatable and scalable business model. The new venture creation can bring up diverse opportunities within the industry or can result in a freefall of entrepreneurship. It is important to highlight that startups may scale up to become companies; therefore, the term startup, for the purpose of this research, is an organization in the development phase.

Jeffrey Timmons (2009) in *Venture Creation* mentions that entrepreneurship is the vehicle of how newly emerged organizations develop and that “entrepreneurship is seen as a way of thinking, reasoning, and acting that is opportunity obsessed, holistic in approach and leadership balanced.” Considering his statement that entrepreneurship is the vehicle a newly developed organization draws to determine that entrepreneurship may mean innovation, leading to new ways of making businesses happen. It also allows us to determine that entrepreneurship is the raw startup. To follow Simmon’s perspective of entrepreneurship as the vehicle, it is necessary to inquire about the driver (Simmons,2009). For research purposes, the metaphoric drive of Simmons’s entrepreneurship vehicle would be the entrepreneur, i.e., the individual.

The actual meaning of what an entrepreneur is somewhat unknown, blurry, and even confusing. The blurred meaning results from trying to tie entrepreneurship and entrepreneurs together. Though they may look similar, there is a marked difference between them.

Joseph A. Schumpeter, a well-known economist of the twentieth century, published *The Theory of Entrepreneurial Innovation* (1912) and *Capitalism, Socialism and Democracy* (1942). Schumpeter addresses in both books the key term *innovation* as a driver for new economic development. In his lectures Schumpeter states that the two have a new economic flow, one must create new combinations (*innovate*); and for that new combination to occur, one

must have a creative destruction (1942). Schumpeter's key word *creative destruction* is the result of his explanation of what entrepreneurship is. He states that entrepreneurship is the act of willing to create something new, unknown to the industry or to take an existing process, product or service and change the process of development; the action and willingness of creating a new combination. Utilizing Schumpeter's base line of what entrepreneurship is, we can draw the conclusion that innovation triggers the ability to create a new venture to modify the development process of an existing process. Tracing Schumpeter's theory of entrepreneurship to an individual, it can be said that an entrepreneur is an individual that creates something new, combines it with existing techniques, elements, and functions, and claims it as their own.

From this point onward, entrepreneur will be term used for the person who undergoes entrepreneurship. Today's entrepreneur is seen as the rock star of modern business. But how does this individual draw the attention of millions and get to be seen as a mega rock star that some dream to become, look up to, and even try to mimic? An example of this would be Sir Richard Branson. The owner of Virgin Atlantic is known for his energetic personality, strategic business skills and he is the most popular influencer on LinkedIn (Bariso, 2015). Jean Baptist Say (1945) in his writings compared the entrepreneur as a philosopher, a person with wisdom and knowledge. Menger (1871) in his book *The Principle of Economics*, mentions that the entrepreneur was the creator of new ways of doing business. Schumpeter (1912) described the entrepreneur as an individual with the ability to revolutionize the way of business and create new combinations. Furthermore, Peter Drucker in his book *Innovation and Entrepreneurship* (1985), mentions that one of the characteristics of the entrepreneur is an individual with the ability to create and perform new ways of business. Combining the descriptions from these authors, the entrepreneur is then an individual who develops philosophical skills to create and revolutionize

the ways of how to do business by either creating new ventures or changing how a business is done.

Moreover, to have a broader understanding of who can be an entrepreneur, it is necessary to highlight their ideal characteristics. Timmons (2009) asserts that the entrepreneur is an individual who is creative, spontaneous, a thinker, and a risk taker. Drucker (1985) emphasizes that the entrepreneur is a risk taker, leader, problem solver, creator. To summarize, an entrepreneur can exhibit one or more of the following characteristics: creator, thinker, risk taker, leader, problem solver, and developer.

Understanding some of the most common characteristics attributed to an entrepreneur, it is possible to see how passion drives the entrepreneur. Here passion is viewed as the cause of desire. Using these authors' perspectives on entrepreneurs and entrepreneurship, it is possible to point out that the entrepreneur is an ordinary individual that comes up with an idea and categorically creates a way to develop and make it happen. From Romaguera (2012), these ideas are just a spark that can develop into something bigger. From here, entrepreneurs develop tactics to convince, not only themselves, but also those around them who in turn may become their followers. Timmons (2004) and Drucker (1985) mention that the entrepreneur is self-driven, meaning that whatever idea they have in mind, they are convinced that it can be done, and furthermore, that the possibilities of failure are not on the radar. Considering the definitions referenced above, we can conclude that that startups are powered by entrepreneurs who seek to achieve business models that are feasible and continuous.

Justification

The justification of this research is based on statistical data obtained from the US Department of Labor, the Business Employment Dynamics database, and the European Commission Structural Business Statistics database. The empirical data compares failed businesses in each period. The statistic is used to view the percentage of businesses that failed, not the reason for their failure. In addition, a failed business or enterprise is assigned the classification “death” which means the dissolution of a combination of production factors, with the restriction that no other enterprises are involved in the event. These deaths do not include business exits due to mergers, takeovers, breakups, or the restructuring of a set of enterprises. It also does not include exits from a sub-population that result from a change of activity.

Startups play a vital role in a nation’s economic growth and economic development. The emergence of new ventures from entrepreneurs allows economies to expand their growth rates. Newly established businesses must overcome a series of obstacles throughout their development process; not confronting these obstacles may lead to a business failure. The United States Department of Labor, Business Employment Dynamics (BED, 2016) maintains a database of newly established businesses to measure how many survive year to year.

Illustration 1: Business Employment Dynamics Chart 3 - Survival rates of establishments by year and number of years since starting, 1994-2015

Entrepreneurship and the U.S. Economy

Chart 3. Survival rates of establishments, by year started and number of years since starting, 1994-2015, in percent

Number of years since starting	Year																					
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2	79.6	78.8	78.2	78.5	80.1	79.1	78.4	75.7	78.4	79.3	78.9	80.1	78.3	77.3	75.2	76.7	78.6	79.4	79.2	79.6	79.9	-
3	68.1	67.9	66.9	68.3	68.5	67.0	66.0	64.7	67.4	68.4	69.1	68.7	66.3	64.0	63.3	66.4	68.6	69.3	68.7	69.3	-	-
4	60.6	59.8	59.7	60.2	59.6	58.5	58.2	57.6	60.0	61.4	61.2	60.2	56.7	55.5	56.5	59.9	61.6	61.9	61.5	-	-	-
5	54.3	54.1	53.4	53.0	53.0	52.7	52.8	52.3	54.8	55.3	54.5	52.6	49.8	50.2	51.7	54.8	56.0	56.3	-	-	-	-
6	49.6	48.8	48.1	47.6	48.1	48.2	48.2	48.1	50.1	50.0	48.4	46.8	45.4	46.4	47.8	50.1	51.4	-	-	-	-	-
7	45.2	44.4	43.9	43.7	44.4	44.4	44.7	44.2	45.9	44.8	43.7	43.2	42.3	43.1	44.2	46.3	-	-	-	-	-	-
8	41.5	40.7	40.5	40.5	41.2	41.4	41.6	40.9	41.8	40.9	40.5	40.5	39.6	40.1	41.1	-	-	-	-	-	-	-
9	38.3	38.0	37.8	37.7	38.7	38.6	38.6	37.4	38.4	38.1	38.2	38.2	37.1	37.5	-	-	-	-	-	-	-	-
10	35.7	35.7	35.4	35.6	36.2	36.1	35.5	34.5	36.1	36.0	36.1	35.9	34.9	-	-	-	-	-	-	-	-	-
11	33.6	33.4	33.4	33.5	34.0	33.2	32.9	32.4	34.2	34.2	34.0	33.8	-	-	-	-	-	-	-	-	-	-
12	31.8	31.6	31.5	31.5	31.5	31.0	31.2	30.9	32.5	32.3	32.1	-	-	-	-	-	-	-	-	-	-	-
13	30.3	29.9	29.7	29.3	29.5	29.4	29.8	29.5	30.8	30.8	-	-	-	-	-	-	-	-	-	-	-	-
14	28.7	28.4	28.0	27.6	28.1	28.2	28.6	28.1	29.4	-	-	-	-	-	-	-	-	-	-	-	-	-
15	27.2	26.6	26.3	26.2	26.9	27.0	27.3	26.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	25.5	25.1	25.1	25.1	25.7	25.8	26.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	24.1	24.0	24.1	24.1	24.7	24.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	23.0	23.0	23.1	23.2	23.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	22.0	22.2	22.2	22.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	21.2	21.3	21.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	20.3	20.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	19.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note: Dashes indicate not applicable.

As seen in the BED chart, Survival Rates in the US from year 1994 to 2015, 70% percent of the newly established businesses survive the second year, which means that 30% fail the first year.

Illustration 2: Business Employment Dynamics Chart 3 - Survival rates of establishments by year and three-year since starting, 1994-2015

Entrepreneurship and the U.S. Economy

Chart 3. Survival rates of establishments, by year started and number of years since starting, 1994-2015, in percent

Number of years since starting	Year																					
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2	79.6	78.8	78.2	78.5	80.1	79.1	78.4	75.7	78.4	79.3	78.9	80.1	78.3	77.3	75.2	76.7	78.6	79.4	79.2	79.6	79.9	-
3	68.1	67.9	66.9	68.3	68.5	67.0	66.0	64.7	67.4	68.4	69.1	68.7	66.3	64.0	63.3	66.4	68.6	69.3	68.7	69.3	-	-

At year five of the newly established business, slightly more than 50% survive.

Comparing years two through five of the BED charts, Survival rate of the US from year 1994 to 2015, 30% of the newly established businesses close (die).

Illustration 3: Business Employment Dynamics Chart 3 - Survival rates of establishments by year and five years since starting, 1994-2015

Entrepreneurship and the U.S. Economy

Chart 3. Survival rates of establishments, by year started and number of years since starting, 1994-2015, in percent

Number of years since starting	Year																					
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2	79.6	78.8	78.2	78.5	80.1	79.1	78.4	75.7	78.4	79.3	78.9	80.1	78.3	77.3	75.2	76.7	78.6	79.4	79.2	79.6	79.9	–
3	68.1	67.9	66.9	68.3	68.5	67.0	66.0	64.7	67.4	68.4	69.1	68.7	66.3	64.0	63.3	66.4	68.6	69.3	68.7	69.3	–	–
4	60.6	59.8	59.7	60.2	59.6	58.5	58.2	57.6	60.0	61.4	61.2	60.2	56.7	55.5	56.5	59.9	61.6	61.9	61.5	–	–	–
5	54.3	54.1	53.4	53.0	53.0	52.7	52.8	52.3	54.8	55.3	54.5	52.6	49.8	50.2	51.7	54.8	56.0	56.3	–	–	–	–

From the BED Chart - Survival rate of the US from year 1994 to 2015, it is noticeable that 50% of the newly established businesses fail during the first five years.

Using the Structure Business Statistics from the European Commission, 2019, the data from the European countries show the survival rates of newly created ventures from 2008 to 2017.

Illustration 4: Average size of enterprises that have survived a three-year period.

GEO/TIME	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
European Union (aggregate changing according to the context)	:	:	:	:	:	:	:	:	:	:	:	:	:	:
European Union - 28 countries	:	:	:	:	:	:	:	:	:	:	:	56.16	57.60	:
European Union - 27 countries (2007-2013)	:	:	:	:	:	:	:	:	:	:	:	:	:	:
Belgium	:	:	:	:	:	98.48	98.42	101.47	73.94	75.53	75.43	71.20	69.99	72.51
Bulgaria	:	:	:	:	54.73	56.08	59.74	60.28	56.69	55.36	58.34	59.69	58.75	56.35
Czechia	:	:	:	:	56.39	55.75	58.50	60.44	56.58	56.73	55.24	56.49	59.51	61.07
Denmark	:	:	:	:	:	50.47	52.34	52.84	55.72	54.26	52.31	46.76	47.86	49.36
Germany (until 1990 former territory of)	:	:	:	:	52.54	51.51	52.69	50.16	52.06	52.32	52.19	49.96	49.16	52.14
Estonia	:	:	:	:	63.40	58.31	46.56	65.65	57.44	61.87	59.60	58.02	58.01	58.60
Ireland	:	:	:	:	:	72.78	66.64	61.03	62.64	:	90.48	87.09	:	:
Spain	:	:	:	:	61.39	55.61	53.99	55.15	53.45	51.64	51.86	54.13	55.11	53.68
France	:	:	:	:	66.23	66.65	68.01	66.38	54.43	54.46	59.16	59.95	60.71	59.67
Croatia	:	:	:	:	:	:	:	:	:	:	:	63.75	62.98	66.94
Italy	:	:	:	:	64.81	62.10	65.69	61.31	60.48	57.98	54.29	52.57	53.91	58.37
Cyprus	:	:	:	:	:	:	:	68.29	59.45	63.40	60.38	64.64	64.17	:
Latvia	:	:	:	:	61.46	53.28	50.60	50.51	48.87	51.15	60.39	56.77	58.50	55.98
Lithuania	:	:	:	:	44.02	26.88	23.23	24.83	40.40	39.95	42.60	39.70	36.70	39.08
Luxembourg	:	:	:	:	68.54	69.35	68.46	70.66	67.87	67.74	68.41	67.92	68.36	67.55
Hungary	:	:	:	:	52.12	52.35	51.34	50.32	50.04	46.61	48.58	53.24	59.31	53.23
Malta	:	:	:	:	:	:	:	:	:	61.20	151.36	96.71	104.13	69.16
Netherlands	:	:	:	:	56.89	55.71	68.73	68.13	66.98	65.64	65.25	66.84	71.29	71.37
Austria	:	:	:	73.73	72.98	71.68	74.61	71.64	69.22	64.27	62.44	63.25	64.98	:
Poland	:	:	:	:	56.13	58.09	58.84	55.67	54.10	54.07	52.49	54.24	51.99	53.36
Portugal	:	:	:	48.57	45.78	44.49	38.81	35.20	35.56	36.08	39.21	40.59	44.90	44.36
Romania	:	:	:	:	65.86	64.93	54.94	62.82	88.22	90.55	52.06	53.70	64.35	58.35
Slovenia	:	:	:	75.85	75.51	74.28	70.11	65.60	61.47	62.62	62.26	63.47	64.00	63.56
Slovakia	:	:	:	:	55.77	50.59	43.15	55.33	51.33	53.71	51.65	58.39	65.66	58.05
Finland	:	:	:	:	63.85	83.32	56.35	58.76	55.28	49.56	49.94	52.32	57.00	60.34
Sweden	:	:	:	:	77.15	77.58	77.33	76.40	75.20	74.30	74.32	76.11	75.80	76.37
United Kingdom	:	:	:	:	64.56	62.12	53.30	49.95	58.51	56.73	60.11	58.89	60.26	60.63
Norway	:	:	:	:	56.60	59.26	53.74	53.40	55.78	56.13	56.01	57.24	56.26	55.67
Switzerland	:	:	:	:	:	:	:	:	:	:	:	:	60.29	:
Turkey	:	:	:	:	:	:	:	:	56.97	:	58.47	56.94	:	:
				66	60.00	61.00	58.00	59.00	58.00	58.00	61.00	60.00	60.00	59.00

Illustration 4 shows that for all 30 participating countries, from 2008 to 2017 an average of 60% of newly established ventures survived and 40% died during the first three-years of business.

Illustration 5: Average size of enterprises that have survived a five-year period.

GEO/TIME	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
European Union (aggregate changing according to the context)	.	.	.	.	.	.	.	.	.	.	.	.	.	.
European Union - 28 countries	.	.	.	.	.	.	.	.	.	.	.	.	.	.
European Union - 27 countries (2007-2013)	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Belgium	.	.	.	.	.	.	.	82.22	82.20	84.84	61.84	63.00	64.41	59.85
Bulgaria	.	.	.	.	.	44.15	43.36	43.87	47.14	47.18	45.03	44.00	46.29	46.19
Czechia	.	.	.	.	.	44.79	44.32	44.49	46.39	49.53	43.93	44.88	44.47	45.29
Denmark	.	.	.	.	.	41.62	42.31	43.25	42.82	42.81	45.66	36.95	34.72	36.36
Germany (until 1990 former territory of	.	.	.	.	.	40.22	39.81	39.62	40.98	38.68	38.95	38.31	38.63	38.97
Estonia	.	.	.	.	.	47.01	45.95	43.64	45.31	23.56	46.00	48.91	47.67	46.45
Ireland	.	.	.	.	.	.	.	51.49	48.38	.	79.27	83.04	80.48	.
Spain	.	.	.	.	.	48.89	45.67	41.49	39.90	41.03	40.20	39.42	39.66	41.84
France	.	.	.	.	.	51.16	51.39	51.54	52.65	52.91	43.74	44.22	48.18	49.05
Croatia	.	.	.	.	.	.	.	.	.	.	.	.	.	51.84
Italy	.	.	.	.	.	50.46	49.90	47.12	48.30	47.48	44.83	44.03	41.80	41.14
Cyprus	.	.	.	.	.	.	.	.	.	48.91	42.33	52.11	49.11	.
Latvia	.	.	.	.	.	46.20	43.86	36.86	36.25	38.08	35.40	38.95	48.25	43.95
Lithuania	.	.	.	.	.	30.33	24.63	18.21	17.91	18.08	30.89	31.42	32.34	29.49
Luxembourg	.	.	.	.	.	53.64	54.16	55.16	52.79	57.39	54.04	54.43	53.60	54.82
Hungary	.	.	.	.	.	40.31	38.89	38.56	36.51	36.12	37.12	35.90	36.65	38.62
Malta	.	.	.	.	.	.	.	.	.	.	.	86.73	.	72.88
Netherlands	.	.	.	.	.	46.94	45.69	45.30	56.38	54.09	51.53	51.95	53.92	53.32
Austria	.	.	.	.	.	63.15	61.62	59.70	61.08	55.77	54.02	52.15	50.43	.
Poland	.	.	.	.	.	44.79	43.89	43.81	44.28	40.92	39.60	40.57	39.31	41.12
Portugal	.	.	.	.	.	35.00	31.39	29.58	24.97	22.64	23.98	25.43	28.49	30.06
Romania	.	.	.	.	.	53.84	45.11	38.87	36.52	40.71	60.66	70.13	40.55	42.48
Slovenia	.	.	.	.	.	63.35	60.40	56.65	52.97	50.01	45.38	47.15	47.88	48.36
Slovakia	.	.	.	.	.	44.38	41.86	40.45	34.90	42.37	37.50	39.97	40.78	47.36
Finland	.	.	.	.	.	46.69	49.58	63.54	41.20	48.11	43.26	38.03	38.45	40.00
Sweden	.	.	.	.	.	63.01	61.70	61.94	62.64	59.40	56.75	58.96	60.20	61.42
United Kingdom	.	.	.	.	.	44.13	41.00	39.75	37.48	35.32	40.69	40.96	43.64	42.53
Norway	.	.	.	.	.	39.55	41.34	43.58	39.84	40.26	41.08	40.68	40.77	42.10
Switzerland	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Turkey	.	.	.	.	.	.	.	.	.	.	41.25	.	.	.
						47.00	45.00	46.00	45.00	44.00	45.00	47.00	45.00	45.00

From Illustration 5 we can see that from 2008 thru 2017, for all 30 participating countries, an average of 45% of newly ventures survived, whereas 55% died during the first five-years of business.

The empirical data provided from both databases and taking into consideration the same number of years reported, 2008 to 2014, will be analyzed and summarized; there is existing data from both databases.

Table 2: Year Range Comparison of Business Death Percentage from Business Employment Dynamics vs Structure Business Statistics

Databases	Percentage of Business deaths for the first three years	Percentage of Business deaths for the first five years
Business Employment Dynamics (also known as BED, 2016)	30%	50%
Structure Business Statistics from the European Commission, 2019	40%	55%

From this analysis, it can be determined that most of the newly established businesses fail before reaching the sixth year. This data analysis will be used as a baseline to understand why businesses fail during the first three to five years and what are the common factors that contribute to their failure. The justification of this research is to identify and understand what key factors successful entrepreneurs have in common (trends) from past business failures. Simmons (2009) mentions that startup failure is 50% in the first few years, year one 71% manage to survive, year two 58%, year three 49%, and year five 37% manage to survive.

Research Contribution

This research will contribute to the individual who plans to open a business, achieve success, and most likely become an influential entrepreneur. Moreover, this investigation does have an impact on educational entrepreneurship. It is important for educational entrepreneurship to have a greater understanding of how entrepreneurs manage to achieve their goals. This will

allow other research an in-depth study of the social and psychological impacts that both these outcomes have on a business perspective. It will provide future entrepreneurs and business owners what to consider in the first stages to achieve the right business model and how it can be maintained and be self-efficient in the long run.

As you decode the tendency for each new venture to fail, ownership is the expected outcome; confronting reality and its versatility is what causes the greatest anxiety among things.

Research Delineation

Delimitations are those characteristics that limit the scope and define the boundaries of the research. Delimitation factors include the choice of objectives, the research questions, variables of interest, theoretical perspectives, and the population to be studied. As a delimitation, this research is focused on active businesses and entrepreneurs, how each key variable plays a role within the venture, and whether they have an impact. There might be a possibility that not all key variables are found active in each venture.

Research Design

This is a mixed methods research design study—quantitative and qualitative—with a primarily empirical, rather than theoretical, focus regarding the mentoring impact on startup development and a theoretical focus on mentoring at exploratory and descriptive levels of knowledge. J.A. Maxwell (2013) mentions in *Qualitative Research Design: An Interactive Approach* that “qualitative research study things in their natural settings attempting to make sense of, or interpret, phenomena in terms of the meanings people bring to them” and describes “routine and problematic moments and meaning in individuals’ lives.” The data studied will be organized in groups by year of failure, from 2014 to 2019. For research analysis, our dependent

variables will be type of business industry, geographic, gender, product, or service and our independent variables will be the key elements mentioned—funding, idea, time, and team. For this research, statistical databases from CB Insight 2020 research of *353 Startup Failure Post-Mortem* will be used for data analysis.

To analyze the data obtained, this research will be using the SPSS Data Analysis computer software. The software allows users to classify, sort and arrange information; examine relationships in the data; and combine analysis with linking, shaping, searching, and modeling.

Theoretical Framework

Failure and success when starting a new business are outcomes that manage to define whether the business idea was good or bad. This good/bad designation can give the individual an emotional outbreak. Because emotions are directly affected by the outcomes of the business idea, failure may lead to emotions of sadness, frustrations, and even anger. On the other hand, succeeding can generate emotions like happiness, excitement, among others. For this research, it is important to define success and failure.

Defining Failure

To understand the basic nature of failure, Merriam-Webster (2019) defines failure as “the omission of occurrence or performance,” understood as “missing to perform a duty or an expected action.” Using this basic definition, a conclusion can be made to position failure not as a result. Maxwell (2000) defines failure “as a price we pay to achieve success.” Peter F. Drucker (1985), in his book *Innovation and Entrepreneurship*, defines success “as outcomes that cannot be rejected and rarely go unnoticed...[and] are seldom seen as symptoms of opportunity”. Brian Scudamore (2018) in his book, *WTF?! (Willing to Fail): How Failure can be your key to*

Success, defines failure as “the key that unlocks the door to true success; its value is that it teaches you what you need to know failure is a temporary condition.”

Using these definitions, for the purpose of this study failure is defined as an effect that repeatedly occurs throughout the developmental stages of an idea. This idea can be starting a new business, obtaining a college degree, getting a job, starting a family, and other initiatives an individual might decide to pursue. Failure is often seen as outcomes of bad decision-making, better known as mistakes which can be deemed intentional or unintentional. For this matter, intentional mistakes are outcomes where an individual was 99% assured that the outcome of the decision-making would be considered a failure. Mistakes are outcomes that are unplanned and have a negative effect on idea development. For this study, the focus of failure is to understand what similarities these entrepreneurs have when it comes to starting a business and becoming successful, i.e., How much does one have to fail to achieve?

Defining Success

Using the same references, success will be defined under the authors view and a base definition will also be given. In the Merriam-Webster dictionary (2019), success is defined as “a favorable desired outcome.” Success defined in *Failing Forward* (Maxwell, 2000) is a “not a destination; it’s not a place where you arrive one day. Instead, it is a journey you take. And whether you succeed comes from what you do day to day. In other words, success is a process.” According to Brian Scudamore (2018), “success means, winning, contributing, being recognized, and having fun.” Drucker (1985) asserts that “success is an opportunity, but it makes demands.”

The Failure/Success Relationship

At this point a relationship can be found between failure and success. Using the references mentioned, this destination (not a place where you arrive one day) study would illustrate failure and success as two related concepts may surface in a business idea or new venture development. Failure and success would be the result of decision-making throughout the development process. Whatever decisions are made throughout this process, such as team building, capital funding, product development, or others, the outcomes will be failures or successes. Failures are not entirely negative outcomes; they also can occur unexpectedly. Drucker (1985) notes that unexpected failure occurs when external factors, those that are unaware and not considered during the decision-making process, have a direct effect. For example, a new business owner decides to start a food truck restaurant. Once the business owner has invested in equipment, permits, inventory, and human capital, new legislation is passed that bans food trucks. In this example the unexpected failure is the new legislation. Drucker (1985) suggests that unexpected success happens when the anticipated result does not take place, but rather when something more profitable occurs. A good example of unexpected success will be Pfizer's Sildenafil. Pfizer discovered sildenafil while trying to develop a treatment for heart-related chest pains. The unintended result was that sildenafil is more effective for treating erectile dysfunction, which eventually lead to the birth of the Viagra brand (Hatzimouratidis, 2006).

Basically, both outcomes are the results of decision-making enforced/carried out during the development phase. This study focuses on failure outcomes in business and how they play an important whole for entrepreneurs to achieve success.

Conceptual Theories

Failure has been widely advertised as a prerequisite for learning, a belief that has gained widespread expression in the social psychology and organizational behavior literature (Hastie, 1984; Zakay, Ellis, & Shevsky, 2004). The potential learning benefits of failure are particularly salient to the field of entrepreneurship, where many businesses fail each year (Singh, Corner, & Pavlovich, 2007). Peter Drucker on the other hand in his book *Entrepreneurship and Innovation* (1986), mentions that there is a great level of “uncertainty” that can lead to failure or to the unexpected success. Drucker understood that innovation means something different and maybe something completely new. But he also understood that resources in time, talent, capital, and facilities are needed every time an innovation is initiated and exploited. This led Drucker to a particularly important concept which has come to be called “abandonment.” Drucker saw that innovation required an organization to abandon to devote itself to creating the new. So that abandonment must simultaneously be executed with continuous improvement, exploitation of past successes, and innovation. For Drucker innovation is the vehicle of creating new ways of business, somewhat like Jeffery Timmons (2004) in *New Venture Creation* states that entrepreneurship is the vehicle of newly developed innovations. Timmons also points out that the entrepreneur must be innovative to try and achieve the ideal business model. As Timmons addresses in his book *New Venture Creation*, startups are in search of the ideal business model and to achieve this, there are certain elements necessary: proper funding, the right time and team, and a good idea.

Conceptual Model and Vision

The proposed Conceptual Model for this investigation is called FITT, an acronym of Fund, Idea, Team, and Time. These are the key variables for which the participant of each sample group will be tested. As mentioned earlier, the key objective is to measure whether the entrepreneur or business owner achieved success having these elements. For this research, the key variables are:

1. Fund – having the financial capacity to undergo the activity.
2. Idea – having brainstormed and thoroughly developed the ideal topic of the venture.
3. Team – the group that will follow the creator through the development phase.
4. Time – the moment of commencement.

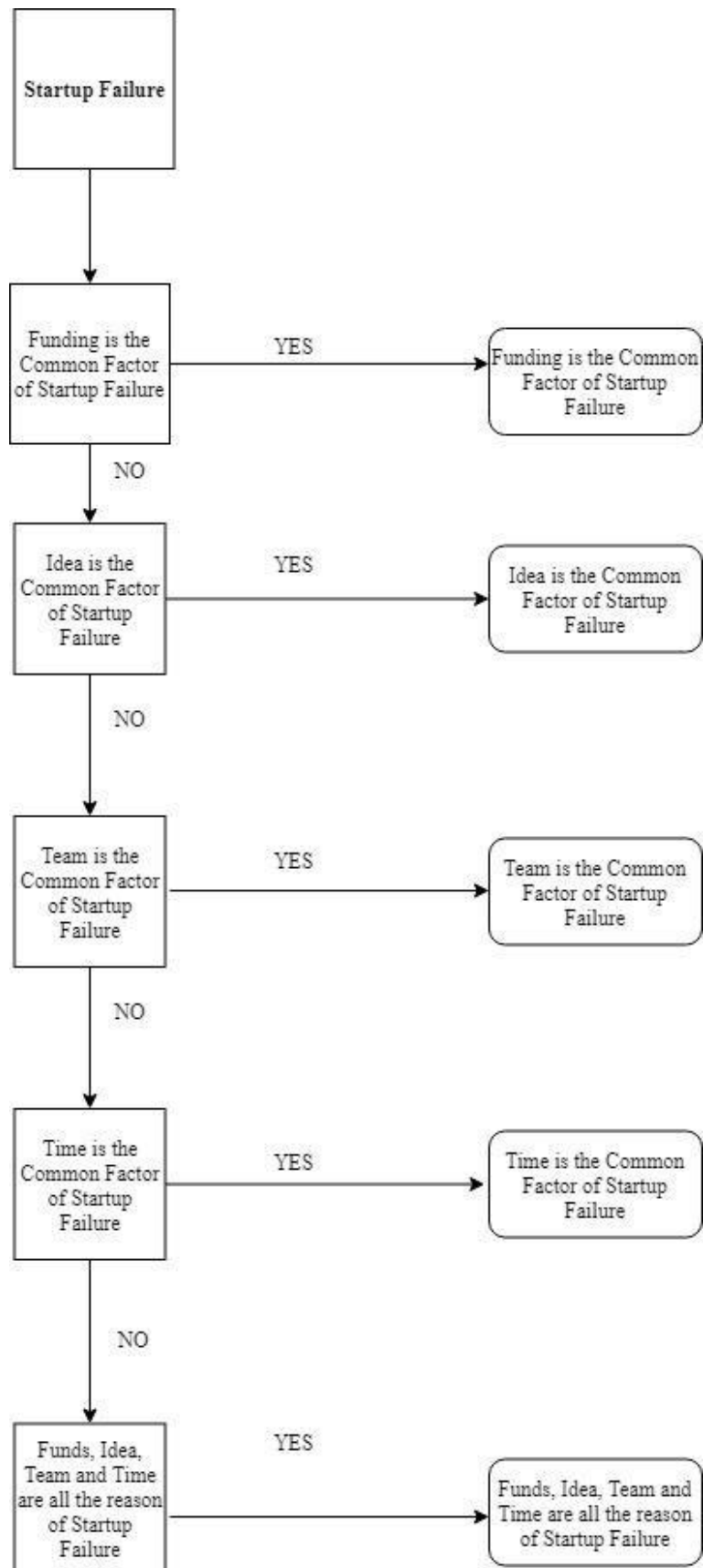
Illustration 6: Proposed Conceptual Model

Illustration 7: Conceptual Vision of the Dissertation - FITT



The conceptual visual model for this research is shown Illustration 7: Conceptual Vision of the Dissertation. By using the human anatomy, the conceptual model expresses what degree of importance each variable plays.



Funds: Represented by the legs and lower body, it means that to develop one needs to know where one stands and walks. In other words, fund answers questions like: Is this affordable? Can development costs be covered?



Idea: Shown as the human brain since it is one of the largest and most complex organs of the body. Similarly, so is the idea for the entrepreneur or business owners' perspective.



Team: The upper body of the human anatomy is used to depict the concept of team. The arms and hands collectively portray team unity, e.g., shaking hands or giving high fives.



Time: The mid-section of the body, mainly where the intestines and other organs are found, represents time. Time may often occur when there's a "gut-feeling"; an instinct or intuition; an immediate or basic feeling; or a reaction without a logical rationale.

The base where the two humans stand is the venture itself. The position of the figures standing on top of the venture represents the control they have over the business. The gold medals symbolize the success achieved. Since each element represents a part of the human body, the visual model can represent both genders.

Using the illustration of the human body is a representation of how FITT is to be looked at, from the perspective of the business or the entrepreneur. The elements of FITT are core factors of how businesses and entrepreneurs develop, and they represent what part of the body symbolically is responsible for achieving expected outcomes, for this research, success.

Research Objectives

The purpose of this investigation is to identify which key elements are the common denominator in causing startups to fail and hence not succeed. The study seeks to identify:

1. which of the FIIT elements are the common factors for startup failure.
2. in what industry do startups fail more frequently.
3. where geographically do startups fail the most.
4. whether gender has an impact on the elements of FIIT.

Research Questions

Research questions are important because they are the catalyst of the study. They help provide a focus for the research starts and they may uncover important discoveries. The following list are the research questions created for this investigation. Each research question will be directly associated with each Research Objective. The overall research question is: Do Entrepreneurs and/or Businesses achieve success if they have proper funding, idea, team and time (FITT)?

Each research question is cross referenced to the research objective, as follows:

Table 3: Research Questions and Objectives Cross Reference

Research Objective	Research Question
Identify which of the FIIT elements is a common factor of startup failure.	Do startups lacking funds fail more often? Do startups lacking team members fail more often? Do startups lacking time fail more often? Do startups with a bad idea fail more often?
Identify in what industry startups fail the most	In what industry do startups fail the most?
Identify where geographically do startups fail the most.	Where globally do startups fail the most?
Identify whether gender has an impact on the elements of FIIT.	Do startups run by women fail more often? Do Startups run by men fail more often?

Hypothesis

A hypothesis differs from a research question because it is more specific and makes a prediction. It is a tentative statement about the relationship between two or more variables. The major difference between a research question and a hypothesis is that the latter predicts an experimental outcome. The hypothesis for this investigation is as follows:

Table 4: Hypotheses

Hypotheses	Null Hypotheses
H1 Funding is the common factor of Startup Failure	H01 Funding is not the common factor of Startup Failure
H2 Idea is the common factor of Startup Failure	H02 Idea is not the common factor of Startup Failure
H3 Team is the common factor of Startup Failure	H03 Team is not the common factor of Startup Failure
H4 Time is the common factor of Startup Failure	H03 Time is not the common factor of Startup Failure
H5 Startups in the retail industry fail the most	H05 Startups in the retail industry are the majority in failure
H6 Startups from North America fail more	H06 Startups from North America are not those that fail the most.
H7 Startups managed by women are the majority that fail	H07 Startups managed by men are the majority that fail

Table 5: Research Alignment Table

Research Objective	Research Question	Hypotheses	Null Hypotheses
Identify which of the FIIT elements is the common factor of startup failure.	Do startups with a lack of funds fail more? Do startups with lack of team members fail more? Do startups with lack of time fail more? Do startups with a bad idea fail more?	H1 Funding is the common factor of Startup Failure. H2 Idea is the common factor of Startup Failure. H3 Team is the common factor of Startup Failure. H4 Time is the common factor of Startup Failure.	H01 Funding is not the common factor of Startup Failure. H02 Idea is not the common factor of Startup Failure. H03 Team is not the common factor of Startup Failure. H03 Time is not the common factor of Startup Failure.
Identify in what industry do startups fail the most	What is the common industry where startups fail the most?	H5 Startups in the retail industry fail the most	H05 Startups in the retail industry are the majority in failures
Identify where geographically startups fail the most.	Where globally do startups fail the most?	H6 Startups from North America fail more	H06 Startups from North America are not those who fail the most.
Identify whether gender has an impact on the elements of FIIT.	Do startups run by women fail more? Do startups run by men fail more?	H7 Startups managed by women are the majority that fail	H07 Startups managed by men are the majority that fail

Key Terms

In this research, several keywords known as index terms will be used to describe different aspects of the study to capture the essence of the topic under discussion. The use of keywords creates the controlled vocabulary used throughout each chapter. The keywords for this research are defined using Merriam-Webster's online dictionary to acquire a base knowledge for these terms:

1. Failure: omission of occurrence or performance
2. Entrepreneur: one who organizes, manages, and assumes the risk of a business or enterprise.
3. Venture: an undertaking involving chance, risk, or danger.
4. Management: the act or art of managing: the conducting or supervising of something (such as a business)
5. Strategy: an adaptation or complex of adaptations (as of behavior, metabolism, or structure) that serves or appears to serve an important function in achieving evolutionary success.
6. Business: a usually commercial or mercantile activity engaged in as a means of livelihood.
7. Success: favorable or desired outcome

Conclusion

The purpose of this chapter is to present the dissertation topic of this study. As previously presented, the purpose of this investigation is to understand how many times an entrepreneur needs to fail, if at all, to become successful and to learn what relationship FITT has among new

venture development. In addition, it is to analyze trends that occur between entrepreneurs and businesses. The results of this investigation will contribute to the understanding of how entrepreneurs confront outcomes of decision-making and whether the outcome of failure has had a great impact in the development phase. The Research Literature in Chapter 2 will provide a more in-depth point of view of theoretical viewpoints that, with what has been presented in chapter one, will sustain the base foundation of the research.

Chapter Two: Literature Review

Introduction

In the United States and globally, business has evolved during six time periods known as the: Colonial Period (1776); Industrial Revolution (1760–1850); Industrial Entrepreneurs (late 1800s); Production Era (1950s); and Relationship Era (1990s). Each timeframe is distinct, although they do share a common denominator—should business adapt to a transforming society.

The Colonial Period (1776) emphasized rural and agricultural production, while the Industrial Revolution (1760-1850) focused on mass production and introduced machinery that required skilled labor. In the late 1800s, Industrial Entrepreneurs built on the opportunities created by the industrial revolution and resulting in new ventures. Business began to analyze consumers' desire during the Marketing Era of the 1950s; a good example of this would be the demand of automobile industry. Finally, the Relationship Era (1990s) is a continuity of the marketing era where there emerged connections between business, customers, employees, and others, paving the way for an interconnected economy.

In addition to the changes experienced by businesses throughout the years, management also went through its own modifications. The way a business behaves has to do with the way it is managed. From each business cycle, several theories have emerged, including the Scientific Theory of Frederick Taylor and the Henry Fayol New Classic Theory of Management, each having a distinct role in business. The business developed in each period faced the same obstacles that 21st century new business needs to contend with while trying to achieve the results as those created in the production era: success, not failure. A unifying thread for all business in each time is the fear of failure and the desire to succeed.

This aim of this chapter is to set forth how the problem was discovered, what is currently known, the methods have been used to solve it, and the various theoretical points of view.

What is known about the Problem?

This research seeks to find the cause of death of startups from the CB Insights data on startup failure post-mortems. Therefore, the key idea of this research is to understand what causes startups to fail. When one starts a new venture, it is culturally expected that success is the desired focus. Success is seen as greatness, that goals were achieved, whereas failure is culturally seen as a negative outcome. Jerker Denrell of the Stanford University Graduate School of Business (2004) discusses that companies tend to focus only on business success; gaining popularity is the key issue of why entrepreneurs and business stood up to achieving success. Although, when it comes to entrepreneurial and business failures, the point of view is contrasted to success.

Although failing is not an option for most of the newly developed business and entrepreneurs, nevertheless experienced entrepreneurs Richard Branson and Jeff Bezos agree that failing is actually an eye opener of how to overcome an obstacle and how to move on. Shikar Ghosh (2012) mentions in *The Venture Capital Secret: 2 Out of 4 Start-Ups Fail* three ways of failure. The first “if failure means liquidating all assets, with investors losing most or all the money they put into the company, then the failure rate for start-ups is 30 to 40 percent.” His second definition would be “if failure refers to failing to see the projected return on investment, then the failure rate is 70 to 80 percent” and his third and final view of failure would be “if failure is defined as declaring a projection and then falling short of meeting it, then the failure rate is a whopping 90 to 95 percent.” In other words, failure must be measured beyond the actual return on investment, not necessarily capital wise, team players perspective, or idea

development. All elements of business development must be looked at and reviewed to minimized failures, resulting in a learning experience. In addition, failing is a norm in business development (Ghosh, 2012).

As mentioned in Chapter One, from both the US Business employment Dynamics and the Structure Business Statistics from the European Commission, 50% of newly developed businesses fail during the first five years of development and an average of 30% to 40% during the first three years.

Why do startups fail?

The entrepreneurial function implies the discovery, assessment, and exploitation of opportunities, i.e., new products, services, or production processes; new strategies and organizational forms; and new markets for products and inputs that did not previously exist (Shane and Venkataraman, 2000). The entrepreneurial opportunity is an unexpected and yet undervalued economic opportunity. Entrepreneurial opportunities exist because different agents have differing ideas on the relative value of resources or when resources are turned from inputs into outputs. Entrepreneurship, the entrepreneurial function, can be conceptualized as the discovery of opportunities and the subsequent creation of new economic activity, often via the creation of a new organization (Reynolds, 2005).

In short, the definition of the entrepreneurship relates to several disciplines, such as the economy, business strategy, organizational behavior, sociology, and psychology. Economists define entrepreneurship in terms of the activities and achievements that may affect the economic system. Sociologists seek to understand the way in which the behavior of entrepreneurs takes place in society and how it can affect it, whereas psychologists focus on personal characteristics

and their cognitive process. As mentioned before, entrepreneurship is the vehicle of business creation, which can be studied at an individual and/or group level, analyzing psychological aspects and social variables of education, background, or the family, either at an environmental level using variables that enable business development, or by analyzing aspects of the economic, social, and cultural environments.

When it comes to a business being done correctly or incorrectly; most of the crises surfacing have to do with assumptions, beliefs that the entrepreneur and business have built over time and that bring certain levels of doubt. These assumptions are about the markets in which the venture is involved in and have to do with customers, competitors, value, behavior, competitive value, and advantages. This analysis is Peter F. Drucker's overall "Theory of Business" (1994).

Drucker (1994) explains that a venture's trajectory through the markets is what is known as the venture's theory of business. This theory establishes how the conceptual behavior of the venture through the market is going to behave. In other words, Drucker's Theory of Business explains both the success and failures businesses confront through their development phase.

The Theory of Business plays a crucial role in this investigation because it will allow the segmentation of businesses and entrepreneurs from their markets; not all markets and ventures are the same. Markets cannot be treated equally when it comes to the vast details of characteristics between consumer and providers within the market.

John Spacey, 2016, in his article, 7 Types of Failure, stated that "Failure is an inevitable part of business and the human experience in general, it's common to see how it's hidden and how culturally success celebrated."

There are multiple variables of why and how startups fail, but there are common factors that affect or have a greater impact in the startup's road to failure; these are fund, idea, team, and

time. Startups are often very versatile within their own development; some stages of growth can happen all at the same time, but an important action must take place to move on to the next steps. When it comes to failure, one must view this matter on how, when, and why it happens.

As one of the roles in this research, funding has a fundamental reason for startups to have the possibility to succeed and to undergo the development process. For new ventures, capital need is very necessary. Funding and fundraising act as the major constituents that support the growth of a startup. Every startup has financial business goals to be achieved; the attainment of such is through funding. This funding process must take place in a timely manner so that it becomes easier to plan financial tasks in a simple way, starting with basic product prototype development, renting out office space, among others (Valecha, 2016). Having funds will allow businesses and entrepreneurs to take the next step. Yet, its use must be wise and consistent with the mission of the business or the entrepreneur's idea of development.

It is common for startups to find themselves at a crossroads due to the lack of funding, though there are multiple alternatives where funds can be raised. From the crowding platform Kickstarter, to grants, small business loans, and investors even taking out a second mortgage on a home, coming up with the money to launch a new venture is somewhat possible. Sometimes the initial funds come from a future entrepreneur's full-time job. What can affect the development phase, success, and failure, is how the funds are used. One must ensure that the funds for the venture are used according to established terms—trying not go over the stated budget, not exceeding purchases of raw materials, etc. It is important to understand that the return on investment of new ventures is usually within the first five to ten years.

When starting a new venture, it is important to start off with the idea that becomes a component of the first step toward starting a business. The idea alone is the central concept of

what and where the business is heading. Ideas can be tangible or intangible and will all depend on the desire and nature of those responsible for coming up with it. In some cases, ideas are brought up to correct or complement a life event. For example, when Reed Hastings had to pay Blockbuster \$40 on late fees alone for a rental movie, he was quite frustrated about the situation leading him, a software programmer, to develop Netflix a worldwide platform where movies are streamed from the internet to households and devices and as a result consumers can avoid late fees. Although this idea was achievable, it is important to highlight that not all ideas are achievable. Some are simply not good enough.

Types of Failure

What determines a good idea from a bad one is its purpose. They must be grounded and have sustainability to allow it to move forward. Grounded means the idea is convincing to those not causally related, thereby allowing the idea to be obtainable. Failure can also be categorized depending on their different type of impact: preventable, unavoidable, and intelligent.

Preventable failure is seen as the worst kind. It can also be known as predictable failure. In other words, at the end of day this type of failure of ends with an “I told you so” understatement. It occurs when correct decisions are not made due to unfocused actions. An example of this type of failure would be where a member of the team of a venture under development advises the entrepreneur that funding is becoming low, and adjustments must be made to the existing budget. The entrepreneur, instead of taking into consideration how serious the situation is, decides to spend the remaining capital thereby causing the venture to collapse or at best experience financial hardship. Using the FIIT practice in this type of failure, a preventable failure can affect all its factors—the funding, the idea, the team members, and the

time. To avoid a preventable failure, it is important to pay attention to the actions taken and adapt a serious approach to avoid these thresholds.

Unavoidable failure is the result of a unique set of factors. It often occurs as a snowball effect; it starts small but becomes bigger by the moment. For example, starting a business with a group of people knowing in advance that everyone is not playing for the team. This type of failure has to do with the fact there are main eventualities that are not avoidable and must be faced. These events when encountered at the right time can be avoided; if not then the snowball effect may take its toll, permitting the situation to become bigger and bigger until it consumes the business partly or entirely. Using the FITT model, an unavoidable failure can also affect each factor. Other examples are:

1. Inability to maintain capital for operations, have investments, or manage funds appropriately.
2. Idea is not competitive within the market or changes were not made to make idea more attractive.
3. Team players are not on board or are concerned with their own interests.
4. Time is not measured appropriately; failure over time is unavoidable when the other components are not met at the right time.

The Role of FITT in Business

Drucker, referring to *Innovation and Entrepreneurship* (1985), states that a new venture has an idea, it may be a product or a service, but what it does not have is a business, a variable for operating and organizing. Drucker defines existing enterprises as entrepreneurial. while new ventures are defined as management.

Entrepreneurial management in the new venture has four requirements that must met:

1. Focusing on the Market
2. Having Financial Foresight
3. Building a top management team
4. Requiring the founding entrepreneur to decide their role, area of responsibilities, and relationships.

Taking into consideration Drucker's establishment of the four requirements that need to be met for newly and active businesses and ventures, the elements of FITT have been met according to the literature.

This research intends to establish that for entrepreneurs and businesses to achieve success, their structure must contain FITT elements throughout their business profile. The FITT elements are a group of essential key factors each entrepreneur and business must possess throughout the existence of the venture. These elements are drivers to achieve the goals established. In this research and throughout this chapter, each element will be defined based on the works of theorists and business authors who have in-depth investigations related to each key element.

Funding

When it comes to developing a business, finding where the money must be considered carefully since funding is seen as the fuel that powers a business. This capital is used for expenses related to management, advisor payments, product development, initial marketing, direct and variable costs related to product production, among many others. The initial investment is what brings hope to entrepreneurs and newly developed business to facilitate

understanding of the new venture and its potential for growth. There are multiple ways of raising capital: some may come from outside investors, loans, and even life savings.

According to CB Insights (2019), in a study of 101 small businesses, 29% fail due to lack of funds. In the study, one hundred and one participants ran out of capital due to lack investors, not enough customers, and the draining of all financial resources. When it comes to funding, how to spend the venture's capital is a crucial decision-making task that must be done cautiously.

Idea

Before there is a business, there is an idea. The essence of a business is either a product or a service. This is the lever to persuade the consumer to acquire either the product or the service. With this acquisition, a profit is gained for the venture. For this activity to take place, an idea must be brought about through a series of brainstorming. While the idea is the key element of the nature or orientation of the business, the entrepreneur is the one who brings the idea to the table and it is here where the idea is made and brought to life. The idea itself is the spark of that entrepreneurial drive the founder has within. However, not all developed ideas have merit. It is common for a newly developed business venture to go through iterations of multiple ideas until the right one is chosen. But how to distinguish a good idea from a bad one? In his book *Innovation and Entrepreneurship* (1985), Drucker stipulates that the idea must be reachable, in other words, that it has the potential to be a possibility. New businesses become successful either filling a new or underserved market need, or by filling an old one more efficiently. The new market needs tend to have their roots in shifting demographics, psychographics, or changing laws. Changes in technology generally alter how markets can be served, but do not create market needs.

As part of FITT, the ideas measure the direction to where the venture is headed, and it brings out the essential characteristics of entrepreneurs and businesses alike. The idea must define a market. A good idea defines a good market and becomes an economic demand.

Based on the CB Insights study of 101 small business (2019), 42% of newly developed ventures failed to be pursued due to a non-existing market for their product or service.

Team

As defined by Thompson, L. (2008), a team is a group of people who are interdependent with respect to information, resources, knowledge, and skills who seek to combine their efforts to achieve a common goal. Having team members throughout the development phase of the venture allows the entrepreneur to ensure that the idea is sustainable. A team provides a support of the entrepreneur's vision of the product or service. The benefits of having a team and working together is increased efficiency, improved communication, maximized output, while having a support mechanism and providing growth opportunities. It is important that all team players are on the same page, that is, they must have the same interests as the entrepreneur. The passion and desire to achieve the goal of product development must be mutual within all the members. This ensures a more pacific and healthier relationship throughout the process.

The CB Insights of a study of 101 small business (2019) ranked team as number three as a factor contributing to failure with a score of 23%). This means that 23%, close to one quarter of small businesses, did not have the correct team members. The common dominator is that the team member is only acting on personal interests instead of on the venture.

Time

The last element of FITT to be discussed is time, defined as “the measured or measurable period during which an action, process or condition exists or continues” (Merriam Dictionary, 2020). To succeed with life goals, individuals must have an appreciation for the value of time. When it comes to business, time management is vital. Like the definition Merriam Webster provides, time management has the essential elements only they are tied up to management. In management or in business, time often refers to handling it effectively so that it is allocated to the right activity on course. The effective use of time will allow businesses and new entrepreneurs to effectively dedicate the right amount of attention to each topic, subject or goal throughout the development phase. Time is the element that will determine whether all the energy spent, and work done through the entire development phase was worth the effort. The element of time in FITT includes effective planning, setting up goals and objectives, and mainly prioritizing the steps needed to achieve goals, objectives, and overall success.

Using the CB Insights (2019), in a study of 101 small businesses time was rated fourth, with 19% of newly developed businesses and entrepreneurs failing due to the time factor in launching their product or service.

According to Bill Gross, the founder of Idea Lab, it is not the idea, plan, business model, team, or surprisingly, even the money that is the most significant factor in a startup's success, but rather it is all in the timing. He took a very quantitative approach to analyzing companies he has worked with and funded, and others that he had not. After studying more than 200 companies, he discovered that a startup's timing accounted for 42 percent of the difference between success and failure.

Viability of FITT

Based on the results of the CB Insight, *The Top 20 Reasons Startups Fail* (2019), the top four reasons newly developed ventures (*for this investigation startups are seen as newly developed ventures and businesses*) fail are due to the following:

Table 6: Top Indicators of the CB Insight - The Top 20 Reasons Startups Fail

No Market Need	42% fail due to no market defined or need
Ran Out of Cash	29% fail due to running out of Funds
Not the Right Team	23% fail due to not having the right team players on board
Get Out Competed	19% fail due to being outcompeted

Based on Bill Gross's research on *Top Indicators for Startup Success*, the quantitative approach taken was to analyze 200 companies; 100 under his direct observation in the Idea Lab and another 100 companies outside the Idea Lab, to identify factors that accounted for the success of the venture. The results were:

Table 7: Top Indicators for Startup Success, Bill Gross research on Top indicators for Startup Success

Funding	14% accounted success due to proper funding
Idea	28% accounted success due to a good idea
Team	32% accounted success due to good team players
Time	42% accounted success due to the right timing

In other words, based on Gross's quantitative approach:

Table 8: Percentage of Failures per Indicators - Bill Gross research on Top Indicators for Startup Success

Funding	86% failed due to poor funding
Idea	72% failed due to bad ideas
Team	68% failed due to the team members
Time	58% failed due to the wrong timing

By comparing the research by CB Insight in *The Top 20 Reasons Startups Fail*, and Bill Gross's, *Top Indicators for Startup Success*, the same elements of failure are the same as those proposed in this study. For each element, there is an average of up to 20% failure or more due to the lack of effort expended in each element.

Table 8: Research Outcomes Comparison

CB Insight, <i>The Top 20 Reasons Startups Fail</i>	Bill Gross Research on Top Indicators for Startup Success
No Market Need 42% fail due to undefined market or need	Idea 28% succeed due to a good idea; 72% fail due to a bad idea.
Ran Out of Cash 29% fail due to running out of funds	Fund 14% succeed due to proper funding; 86% fail due to poor funding.
Not the Right Team 23% fail due to not having the right team players on board	Team 32% succeed due to good team players; 68% fail due to team members.

Competed	Time
19% fail due to being outcompeted	42% succeed due to good timing; 58% fail due to bad timing

This research validates the proposed FITT elements, i.e., Funding, Idea, Team and Time play an essential role in the venture development phase. Whether or not each component is mandatory to be successful, so far remains to be proven.

To sustain the FITT vision, this investigation has the task of providing independent variables for each element of study. When it comes to the element of Fund, the key variables would be investors, loans, personal savings, and contributions by family and friends. For Idea, the variables would be innovation, uniqueness, achievability, and core values. Variables for team would be professionalism, experience, competitiveness, and creativity; while for Time they would be planning, strategic, objective and mindset. The sum of all elements should lead to success.

Conclusion

The purpose of this chapter is to validate the actual problems that lead to ventures failures while others manage to succeed. With the use of major research by CB Insights and Bill Gross, their outcomes provide a solid ground for the purpose of FITT theory of this study. Throughout this chapter, details of each research element (FITT) were described to provide the reader with a clearer mindset on how these factors interact with the newly developed business or venture. It is important to understand the fundamental point of view of Peter Ducker, the father of innovative entrepreneurship, on how newly developed ventures must interact or develop to survive.

The overall highlight of this chapter is that the results of the research studies by CB Insights and Bill Gross pave the road of validation for the proposed theory. Each study arrived at the same fundamental results as to why ventures fail and how success can be achieved. These results are the milestone for the progress of this investigation.

Chapter Three: Methodology

This chapter details the methodology to be applied in this study. It presents the overall outline of the research—defining the population, sample size, research method to be used for data collection, and analysis.

Research Strategy

The research topic for this investigation is an applied one, but not new. The research will be using the quantitative method approach with a Concept Analysis Profile. The data set to be used is the 353 Startup Postmortems retrieved from the CB Insights Report (2020). Since the dataset is based upon final interviews, blogs, written statements from officials from the postmortem startups, a Concept Analysis Profile would also be used to funnel the dataset analysis. It is important to mention that this research is focused on four concepts that individually or together may lead to startup failure: fund, idea, time, and team. Therefore, it is important to create a Concept Analysis Profile in order to strengthen the meaning of each concept for the purposes of this research. Hupcey, J.E. and Penrod J. (2005) mention that concepts are the basic building blocks of scientific knowledge or theoretical frameworks for any discipline. Concept analysis is associated with the research design and its importance is to clarify the meaning of concepts.

Methodological Framework

Approaches are plans and procedures for the research that detail the research procedure itself. This plan involves methods of data collection, analysis, and interpretation. The overall focus of this framework is to determine which research approach should be used for the study of the research topic (Creswell, 2012). This research will be using a quantitative approach for testing objectives theories by examining the relationship among variables (Creswell, 2012). To apply the quantitative approach, the dataset is analyzed with the use of a Concept Analysis Diagram. Then, a Concept Analysis Profile is created for each startup postmortem from the CB Insights 353 Startup Port-Mortem dataset.

Design of the investigation

Creswell (2012) states that the research design lays out the type of inquiry within the methodological approaches that will provide a sense of direction through the research design. For this research, a quantitative orientation approach is used. The research method consists of how the data is collected, analyzed, and interpreted (Creswell, 2012).

The research design is comprised of two stages of analysis. Stage One of the research is based upon the Concept Analysis Profile, while the Second Stage is the Quantitative data Analysis with the use of SPSS Software.

For the first research objective the data corresponding to the years 2014 through 2019 would be sorted into six groups. Each group represents a year: Group 1: 2014; Group 2: 2015; Group 3: 2016; Group 4: 2017; Group 5: 2018; and Group 6: 2019.

Table 9: Independent Variables

Fund	Independent variables for measuring fund would be investors, personal savings, and family and friends' contributions or loans.
-------------	--

Idea	Independent Variables for measuring idea would be essential characters or actions, while brainstorming ideas such as: innovation, uniqueness, achievable, and core values.
Team	Independent variables for measuring a team would be characteristics that best describe good team players, creativity, professionalism, competitiveness, and experience.
Time	Independent variables for measuring time would be planning, objectiveness, strategy, and mindset.

As mentioned earlier, this exercise is to clarify the meaning of the key elements of this research: fund, idea, team, and time. To clarify the meaning of each concept, a Rodgers Approach (1989) to Concept Analysis or Concept Analysis Diagram was created for each concept.

Beth L. Rodgers, PHD RN (1989) published *Concept, analysis, and the development of nursing knowledge: the evolutionary cycle*, whose main purpose was to help nurses clarify concepts within the nursing field. This model has a high popularity in the nursing field, allowing nurses to clarify concepts related to its day-to-day work with patient care. Therefore, this investigation finds this approach useful to purify the four research key elements (concepts).

The concept analysis diagram allows a visualization of each concept for the purposes of this research and is comprised of six components. The concept to be studied or clarified would be in the middle of the diagram. Surrounding the main concept are six components:

1. Startup - as the overall purpose of study, located above the five remaining components.
2. Attributes - define characteristics of the concept.

3. Antecedents - what precedes the concept to exist.
4. Consequences - events or outcomes, positive or negative
5. Interrelated Concept - concepts that affect change, collaboration; may cause negative consequences in the outcomes
6. Sub-Concept - critical components of the major concept

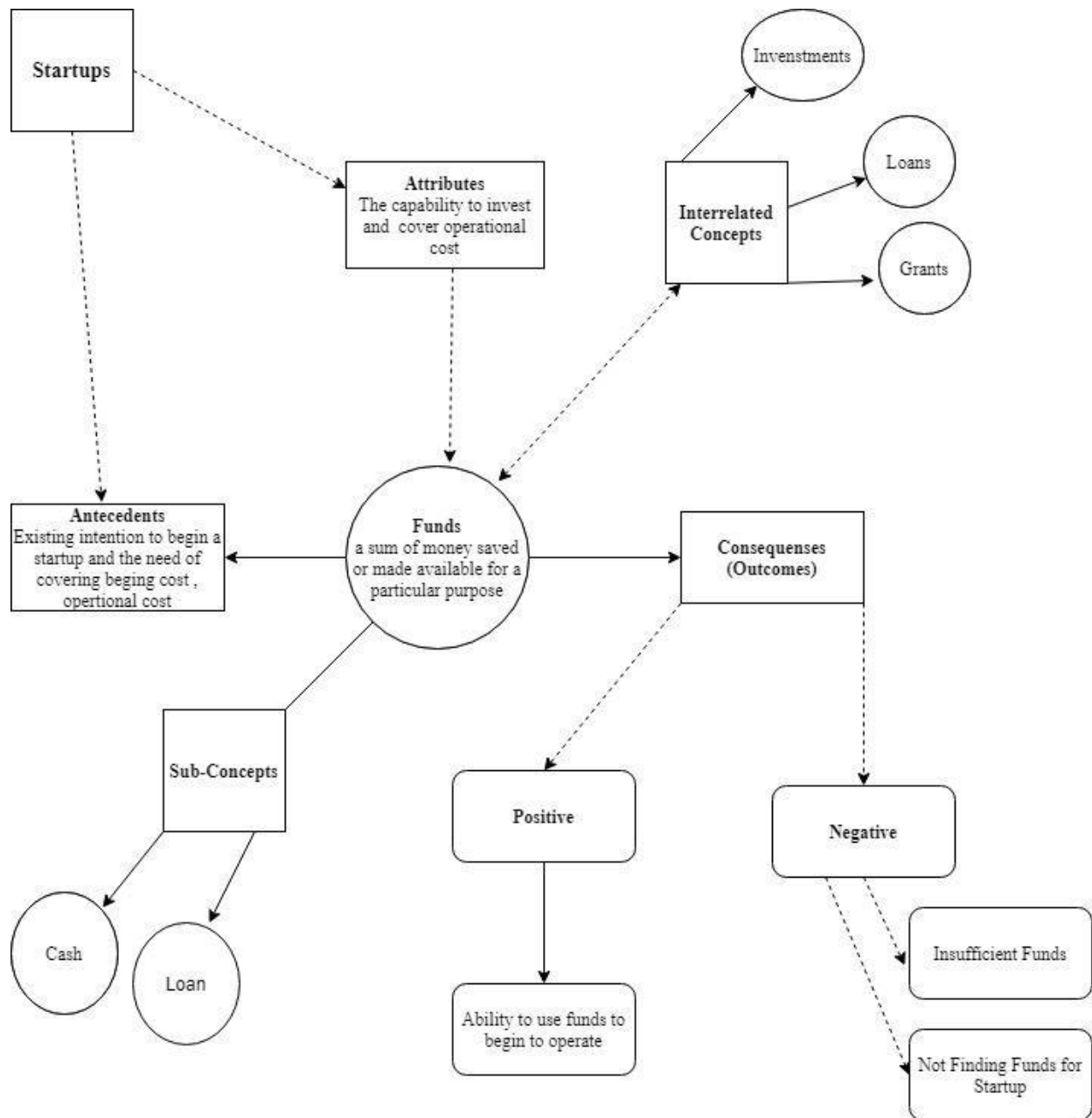
Illustration 8: Concept Analysis Diagram- Fund

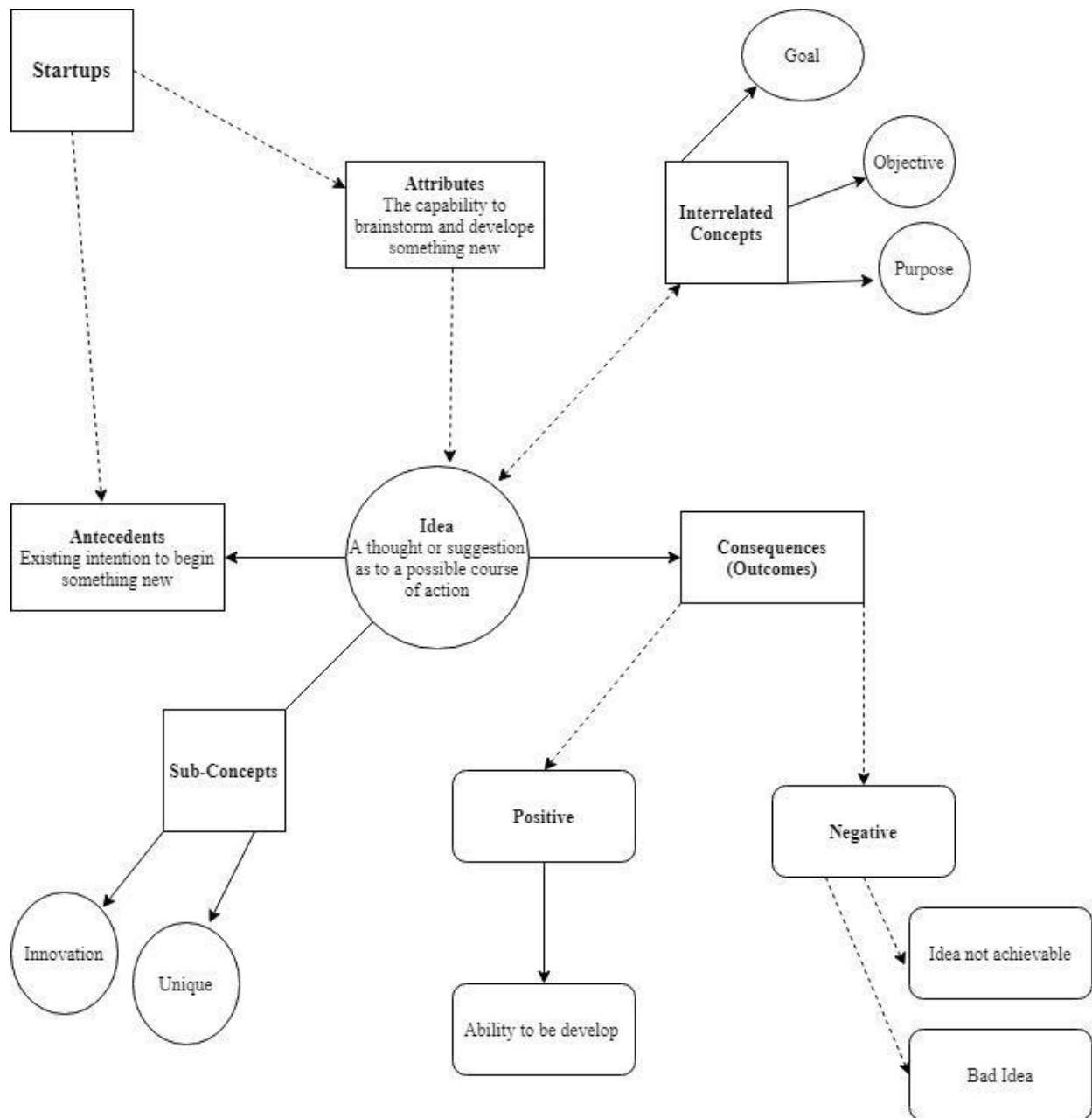
Illustration 9: Concept Analysis Diagram- Idea

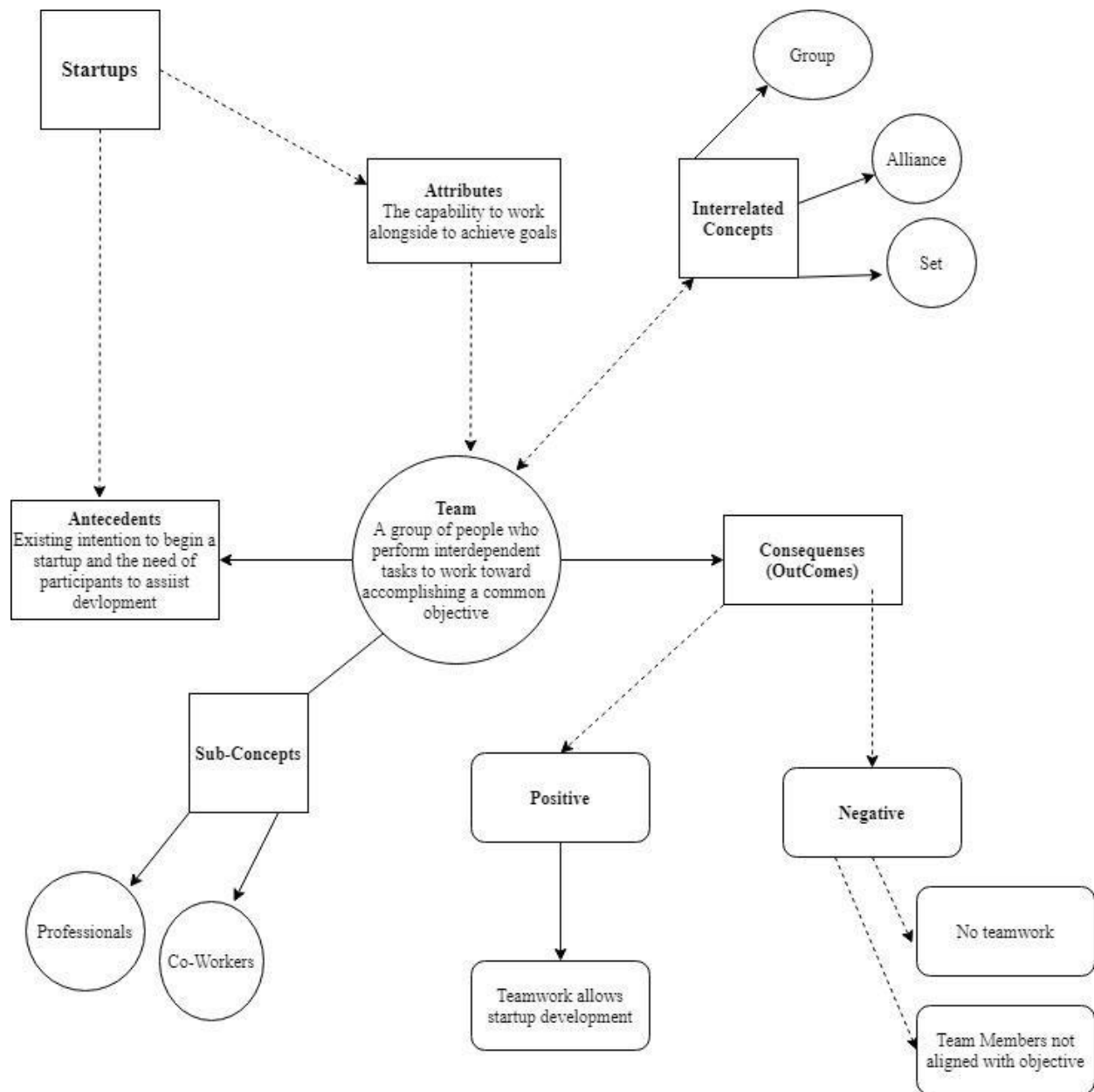
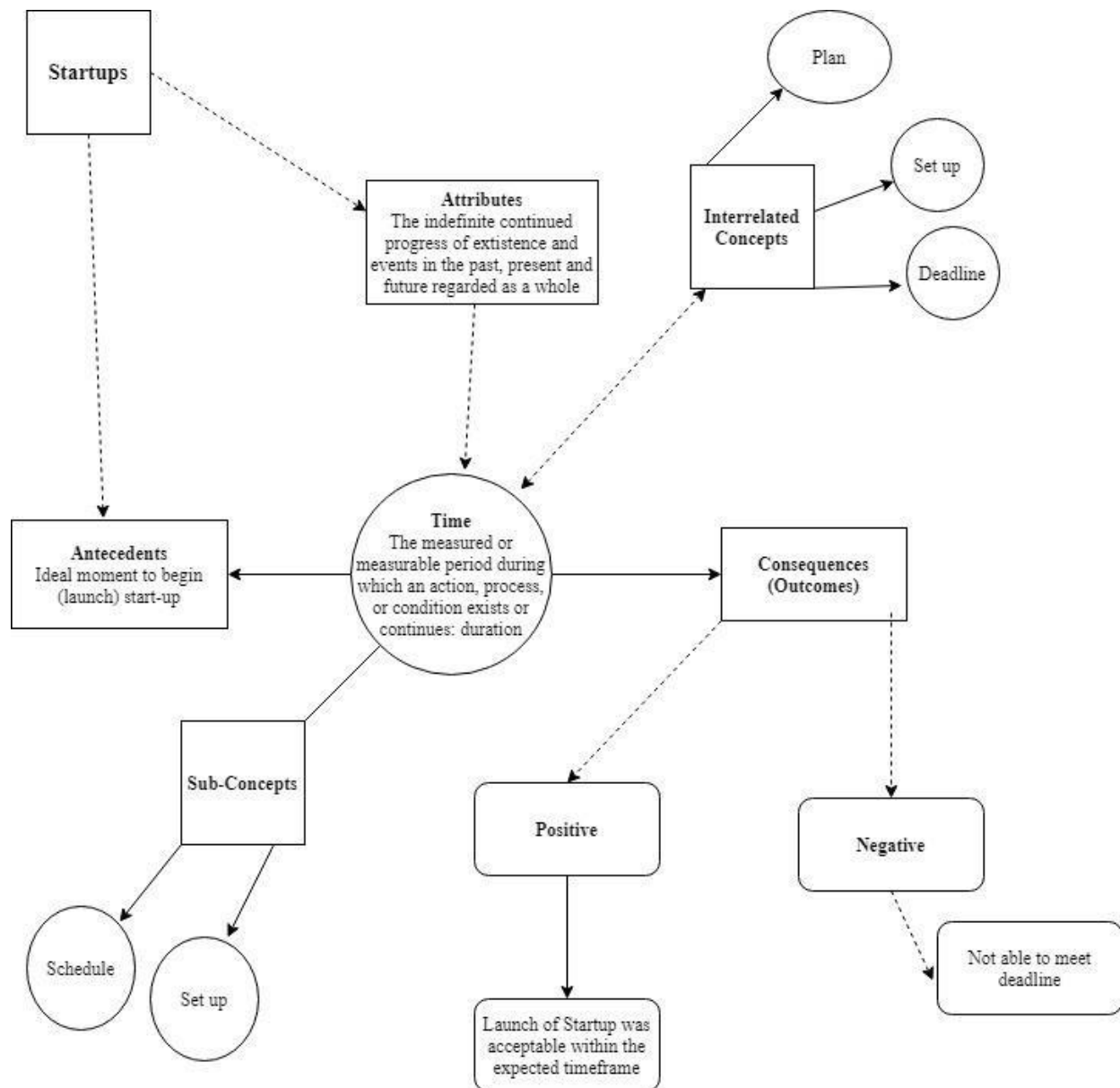
Illustration 10: Concept Analysis Diagram- Team

Illustration 11: Concept Analysis Diagram- Time

For each key element of this research a Concepts Analysis Diagram was created and alongside it a Concept Analysis Profile Worksheet. The worksheet contains the following:

1. Name of Startup
2. Founding Date
3. Close Date
4. Origin
5. Industry
6. Product or Service

These six elements are provided for each startup postmortem found in the CB Insights 353 Startup Post-Mortem dataset. Additionally, the profile includes a Reason for Failure Classification which contains the four failure reasons: Funding, Idea, Time, and Team.

Illustration 12: Concept Analysis Profile

Name	
Founded Date	
Closed Date	
Origin	
Industry	

Reasons of Failure			
Fund	Idea	Team	Time

In the second stage a numeric value of one (1) would be given for each identified cause of failure under each concept. This value would be then processed under the SPSS software, creating a statistical analysis that will be used for hypothesis review.

Population and Sample

Using the dataset from CB Insights research on 353 Startup Failure Post-Mortems (2014-2019). Therefore, the population size of this investigation will be 353 failed startups. These participants represent different areas within economic industries in diverse parts of the world. Considering that the failed startup participants in the CB Insight's report all share unique characteristics, i.e., they have failed (though not in business during the collection of data), for the purpose of this investigation total population sampling would be used. This type is a purposive sampling technique examines all the units that forms/encompasses the population. The units have similar attributes that help define them.

Data Collection

The data analysis of the investigation would be driven according to the research objectives and research questions. What follows is a step-by-step sequence for how data would be collected.

Stage One - Concept Analysis Profile

To avoid bias, in this first stage of the study four participants would be brought into this to use the Concept Analysis Diagram and review each startup from the CB Insights 353 Startup Port-Mortem dataset. The data to be analyzed from each of the CB Insights 353 Startup Port-Mortem dataset are based on final interviews, blogs, written statements from officials of the postmortem startups. The Concept Analysis Diagram purpose is to clarify the meaning of key

elements for the purpose of this research, and hence the Concept Analysis Profile would be used to identify the primary cause of startup failure.

Data Collection Research Objective 1

For the first research objective, the data corresponding to the years 2014 through 2019 is to be sorted into six groups each representing a year: Group 1: 2014; Group 2: 2015; Group 3: 2016; Group 4: 2017; Group 5: 2018; and Group 6: 2019. To achieve this step, the data provided by the CB Insights Report is transcribed and grouped. i.e., the participants in this stage would be reviewing each one of the startup postmortems as provided in the CB Insights report and classify them per year. Once each startup is classified per year, the next step will be to identify the cause of failure with one of the keys using the Concept Analysis Diagram and Concept Analysis Profile. It is important to mention that one or more of the four key elements maybe the cause of a startup failure; for statistical purpose they will be included in the research.

Stage Two - Quantitative Approach

Data Collection Research Objective 1

After the cause of failure identification process with use of SPSS software, the data can be sorted to provide an alignment to the research questions and to determine:

1. Do startups with lack of funds fail more?
2. Do startups with lack of team members fail more?
3. Do startups with lack of time fail more?
4. Do startups with bad ideas fail more?

The purpose of this analysis is to determine any tendencies in the cause of failure and allow the research to understand whether the hypothesizes for this research objective is acceptable or null.

The research hypothesizes for this research objective are the following:

Table 10: Hypotheses H1, H2, H3, and H4

Hypotheses	Null Hypotheses
H1 Funding is the common factor of Startup Failure	H01 Funding is not the common factor of Startup Failure
H2 Idea is the common factor of Startup Failure	H02 Idea is not the common factor of Startup Failure
H3 Team is the common factor of Startup Failure	H03 Team is not the common factor of Startup Failure
H4 Time is the common factor of Startup Failure	H03 Time is not the common factor of Startup Failure

In this stage a numeric value of one would be given for each factor.

Data Collection Research Objective 2

For the second research objective the data corresponding to the years 2014 through 2019 grouped and classified by failure element (s) will be classified by industry for each startup. The industry is based upon the type of product or service the failed startup provided with in its lifespan. Industries such as Aerospace, Transport, Computer, Telecommunication, and Agriculture are some examples. The startup industry is classified according to the business profile from the CB Insights Report. The data from 2014 through 2019 will be organized into 6 groups, each representing year of failure with the classification of failure cause and the startup business industry. Following by the identification of the business industry with the use of SPSS software, the data can then be sorted and aligned to the research questions, we can then answer the question “What is the common industry where startups fail most frequently?” The purpose of this analysis is to determine any tendencies in a given business industry. It will also allow for the understanding of the hypothesis of this research objective as acceptable or null. The research hypothesis for this research objective is the following:

Table 11: Hypothesis H5

Hypothesis	Null Hypothesis
H5 Identify in which industry startups fail most frequently.	H05 What is the common industry where startups fail most frequently?

In this stage a numeric value of one would be given for each industry.

Data Collection Research Objective 3

The third research objective seeks to determine the incidence of startup failures geographically. Finding out where startups are from will provide a greater understanding of which country has the most developed startups and where new businesses emerge. Examples of geographic position are North America, England, China, Mexico, and others. The classification of the country of origin is provided from the CB Insights Report. The business profile from the CB Insights Report is used to identify startup industry. The data from 2014 through 2019 will be organized into 6 groups, each representing year of failure, cause of failure classification, and the startup business industry. After identification of the country of origin with use of SPSS software, the data can be sorted and aligned to the research questions and thus determine “Where globally do startups fail most frequently?” The purpose of this analysis is to determine any tendencies in countries of origin. It will also allow the research/researcher to understand whether the hypothesis for this research objective is acceptable or null. The research hypothesis for this research objective is the following:

Table 12: Hypothesis H6

Hypothesis	Null Hypothesis
H6 Startups from North America Fail more	H06 Startups from North America are not those who fail the most.

In this stage a numeric value of one would be given for each geographic position

Data Collection Research Objective 4

The final research objective seeks to identify gender roles in startup formation—determine how many male and female entrepreneurs have created startups. The CB Insights reports analysis of failed startups, but research will seek to discover how many of the failed startups were developed by men or women. The classification of the gender is provided from the CB Insights Report. The founders are identified through the business profile from the CB Insights Report. The data from 2014 through 2019 will be organized into 6 groups, each group representing year of failure, classification of failure cause, the startup business industry, and country of origin. Followed by the identification of the entrepreneur (male or female) with use of SPSS software, the data can be sorted and aligned to the research questions for determining “Do startups run by women fail more? Do startups run by men fail more?”

The purpose of this analysis is to identify diversity of gender when it comes to startup creation. It will also allow the research to understand whether the hypothesis for this research objective is acceptable or null. The research hypothesis for this research objective is the following:

Table 13: Hypothesis H7

Hypothesis	Null Hypothesis
H7 Startups managed by women are the majority that fail	H07 Startups managed by men are the majority that fail

In this stage a numeric value of one would be given for each gender

Data Analysis

For each research objective, information is expected to be obtained regarding tendencies by year from 2014 to 2019, the cause of failure during these periods, the country of origin with the most failures per year, entrepreneurial diversity. This research will be using SPSS (Statistical Package for Social Sciences) to analyze the data obtained from the CB Insight Report. With the help of the statistical information obtained, the research of the investigation would reveal the tendencies and past behaviors of postmortem startups. The SPSS software will help store and organize the data provided and then will compile the data set to produce the suitable output.

The first step under SPSS is data transformation. After changing the data type, the software integrates the same type data in one place thereby becoming easier to manage. Regression Analysis is to be used to understand the relation between dependent and interdependent variables. It will present how changes in interdependent variables can affect the dependent data (Levine, Szabat, and Stephan, 2018). The main purpose of this regression analysis is to understand the type of relationship between the different variables of this research.

Since the primary data would be categorized into six groups identified by year of failure (2014-2019) the research data analysis can conduct a Crosstabulation Analysis. A cross tabulation (or crosstab) report is used to analyze the relationship between two or more variables.

The report has the x-axis as one variable (or question) and the y-axis as another variable. This type of analysis is crucial in finding underlying relationships within a survey result.

Coding Method

As part of the research, coding was used for analyzing the secondary data obtained from the CB Insights Data base for Startups Postmortem. Three hundred and fifty-three startups were analyzed and coded from 2014 to 2020 with varying amounts by year. Each startup used assigned coding according to the FITT acronym as mentioned in previous chapters.

The objective of the codes was to analyze the secondary data using the Concept Profile Analysis with the Concept Profile. For this research, concept profiles were created for each FITT key factor (fund, idea, time, and team).

The CB Insights Ports Mortem Data reports are a combination of interviews, blogs, and statements from the founders of the 353 startups. The purpose of the Concept profile is to centralize the meaning of the concepts (fund, idea, team, and time) as stated in the previous chapters of this investigation and in this way the bias is controlled, and no assumptions are made.

Conclusion

This chapter highlights how widely detailed the research process is. It begins with an introduction followed by a description of the research design employed in this study. Population and sample study are mentioned before discussing the research methodology used to conduct this research. As for data collection, secondary data is used. To better understand the cause of failure of the CB 353 Postmortem startups it is necessary to divide the research into two stages. To identify tendencies of failure and other relationships, it is necessary to use the Concept Analysis Approach as a funnel. Providing this clarification allows participants to execute the data review with greater assurance and bias avoidance.

As a quantitative study, the secondary data is collected and analyzed according to each research objective. Statical Package for Social Sciences (SPSS) was used to analyze the data obtained from the CB Insight Report. With the help of the statistical information obtained from the research of the investigation, it would help understand the tendencies related with the research objectives of each startup.

Chapter Four: Data Analysis

Data Analysis

This chapter presents the analysis and discussion of the results or findings obtained in the research. To review, this study has set out to accomplish the following objectives:

1. Identify which of the FIIT elements is a common factor in startup failure.
2. Identify in what industry startups fail the most.
3. Identify where geographically startups fail the most.
4. Identify whether gender has an impact on the elements of FITT.

Under these objectives, a series of research questions have been made and hypotheses under each Research Objective have been issued. The Research Alignment Table illustrates how the study should go and what is expected to be answered from the data analysis process.

Table 14: Research Alignment Table

Research Objective	Research Question	Hypotheses	Null Hypotheses
Identify which of the FIIT elements is a common factor in startup failure.	Do startups with lack of funds fail more?	H1 Funding is a common factor of startup failure.	H01 Funding is not a common factor in startup failure.
	Do startups with lack of team members fail more?	H2 Idea is a common factor in startup failure.	H02 Idea is not a common factor in startup failure.
	Do startups with lack of time fail more?	H3 Team is a common factor in startup failure.	H03 Team is not a common factor of Startup Failure.
	Do startups with bad a idea fail more?	H4 Time is the common factor in startup failure.	H03 Time is not the common factor in startup failure.
Identify in what industry do startups fail the most	In what industry do startups fail most often?	H5 Startups in the retail industry fail the most.	H05 Startups in the retail industry are not the majority in failure
Identify where geographically startups fail the most.	Where globally do startups fail the most?	H6 Startups from North America fail more.	H06 Startups from North America are not the ones that fail the most.
Identify whether gender has an impact on the elements of FIIT.	Do startups run by women fail more?	H7 Startups managed by women are the majority that fail.	H07 Startups managed by men are the majority that fail.
	Do startups run by men fail more?		

For each research objective, it is expected to obtain results based on the yearly tendencies from 2014 to 2019, the cause of failure during these periods, the country of origin with the most failure per year, and information about entrepreneurial diversity. This research will be using SPSS (Statistical Package for Social Sciences) to analyze the data garnered from the CB Insight Report. With the help of the statistical information gathered, the research of the investigation would demonstrate the tendencies and past behaviors of the postmortem startups. SPSS software will help store and organize the data provided and will then compile the data set to produce a suitable output.

The first step under SPSS is data transformation. After changing the data type, the software integrates same type data in one place, becoming easier to manage. Regression Analysis is to be used to understand the relation between dependent and interdependent variables. It will present how changes in interdependent variables can affect the dependent data (Levine, Szabat, and Stephan, 2018). The main purpose of this regression analysis is to understand the type of relationship between the different variables of this research.

As part of the research, coders were used for analyzing the secondary data obtained from the CB Insights Data base of Startup Postmortem. Three hundred and fifty-three startups were analyzed and coded for the years of 2014 to 2020. The number of startups per year vary. Each startup used coding according to the FITT acronym as mentioned in previous chapters.

The objective of the coders was to analyze the secondary data using the Concept Profile Analysis and the Concept Profile. For this research, concept profiles were created for each FITT key factor—fund, idea, time, and team. The CB Insights Post Mortem Data reports are a combination of interviews, blogs, and statements from the founders of each of the 353 startups. The purpose of the Concept profile is to centralize the meaning of the concepts—fund, idea,

team, and time—as stated in previous chapters of this investigation, thereby controlling bias and preventing assumptions.

The codification process for each of the 353 startups was the following:

1. Coders were given seven lists containing the names of the 353 startups. Each list represented a year. The years analyzed for this research were 2014, 2015, 2016, 2017, 2018, 2019 and 2020.
 - a. Each year contained the following number of startups.
 - i. 2014 - 100 startups
 - ii. 2015 - 45 startups
 - iii. 2016 - 39 startups
 - iv. 2017 - 58 startups
 - v. 2018 - 45 startups
 - vi. 2019 - 36 startups
 - vii. 2020 - 30 startups
2. Each list contains a table where coders could:
 - a. Identify one or up to four causes of failure: fund, idea, time, and team (FITT).
 - b. Make a check mark under each cause; each coder could identify one or more causes of failure per startup.

Once the codification process was accomplished, the data obtained was then be processed by the SPSS software for statistical analysis. To align the results obtained from the coders and convert the data into quantitative data, the following exercises were issued:

1. Each coder was identified with letters A through D for a total of four coders.
2. The results of each coder obtained per year was transcribed by the following method to process the data through the SPSS software. In substitution for the check marks made by the coder under the elements of FITT, numeric values were given for each element.
 - a. Funds (F) would be identified as the numeric value 1.

- b. Idea (I) would be identified as the numeric value 2.
- c. Team (T) would be identified as the numeric value 3.
- d. Time (T) would be identified as the numeric value 4.

Once the data was transcribed and set to process through SPSS, the following variables were assigned:

- 1. Coder (string type variable)
- 2. Year (date type variable)
- 3. Startup Names (string type variable)
- 4. Fund (numeric type variable)
- 5. Idea (numeric type variable)
- 6. Time (numeric type variable)
- 7. Team (numeric type variable)

It is important to mention that all data obtained from all four coders was process through SPSS.

As part of the data analysis, the statistical method used to analyze the data obtained from the coders is the Cross Tabulation Analysis. A cross tabulation (or crosstab) report is used to analyze the relationship between two or more variables. The report has the x-axis as one variable (or question) and the y-axis as another variable. This type of analysis is crucial in finding underlying relationships within a survey result (Aprameya, 2016). The use of the crosstab analysis facilitated answering the following research questions:

Data Analysis Results Research Objective 1

Identify which of the FIIT elements is a common factor in startup failure.

Analysis

This breakdown analysis illustrates Table 19: Crosstabulation of Year and FITT Element

Individually, per year, and by coder. The frequency of each element of FITT analyzed for each

353 startups from 2014 to 2020.

Illustration 13: Crosstabulation of Year and FITT Element Individually

Crosstabulation of Fund by Year

		Funds	Total
Year	2014	123	123
	2015	73	73
	2016	71	71
	2017	126	126
	2018	99	99
	2019	65	65
	2020	49	49
	Total	606	606

Crosstabulation of Idea by Year

		Idea	Total
Year	2014	256	256
	2015	104	104
	2016	70	70
	2017	105	105
	2018	63	63
	2019	56	56
	2020	40	40
	Total	694	694

Crosstabulation of Team by Year

		Team	Total
Year	2014	67	67
	2015	31	31
	2016	32	32
	2017	38	38
	2018	38	38
	2019	19	19
	2020	33	33
	Total	258	258

Crosstabulation of Time by Year

		Time	Total
Year	2014	111	111
	2015	49	49
	2016	41	41
	2017	54	54
	2018	53	53
	2019	36	36
	2020	19	19
	Total	363	363

Illustration 14: Crosstabulation of Coders and FITT Element Individually

Crosstabulation of Fund by Coder

		Fund	Total
Coder	A	172	172
	B	119	119
	C	145	145
	D	170	170
Total		606	606

Crosstabulation of Idea by Coder

		Idea	Total
Coder	A	197	197
	B	200	200
	C	181	181
	D	116	116
Total		694	694

Crosstabulation of Team by Coder

		Team	Total
Coder	A	50	50
	B	28	28
	C	60	60
	D	120	120
Total		258	258

Crosstabulation of Time by Coder

		Time	Total
Coder	A	59	59
	B	104	104
	C	67	67
	D	133	133
Total		363	363

Illustration 15: Crosstabulation of Overall FITT Element

CrossTabulation of Overall FIIT element						
2014-2020						
	Total Amount	Percent	Total Amount	Percent	Total Amount	Percent
Fund	606	42.9%	806	57.1%	1412	100.0%
Idea	694	49.2%	718	50.8%	1412	100.0%
Team	258	18.3%	1154	81.7%	1412	100.0%
Time	363	25.7%	1049	74.3%	1412	100.0%

The results obtained by the cross-tabulation analysis allows these research questions to be answered as follows:

1. Do startups with lack of funds fail more?
 - a. The population of 353 startups coded for 2014 to 2020 resulted in **42.9% being identified as startups with a lack of funds.**
2. Do startups with a bad idea fail more?
 - a. The population of 353 startups coded for 2014 to 2020 resulted in **49.2% being identified as startups with a bad idea fail more.**
3. Do startups with a lack of team members fail more?
 - a. The population of 353 startups coded for 2014 to 2020 resulted in **18.3% being identified as startups with a lack of team members fail.**
4. Do startups with lack of time fail more?
 - a. The population of 353 startups coded for 2014 to 2020 resulted in **25.7% being identified as startups with a lack of time fail.**

As a result of the cross-tabulation analysis the following hypothesis can be accepted:

H2 Idea is the common factor of Startup Failure. The population of 353 startups coded from the years 2014 to 2020 resulted in that **49.2% being identified as startups with a bad idea fail more.**

Data Analysis Results Research Objective 2

Analysis

The results obtained by the cross-tabulation analysis allows the research question to be answered as follows:

- a. What is the common industry where startups fail most frequently? The population of 353 failed startups coded from the years 2014 to 2020 resulted in that **23.8% were established in the Software Development Industry.**

As a result of the cross-tabulation analysis, the following hypothesis can be accepted:

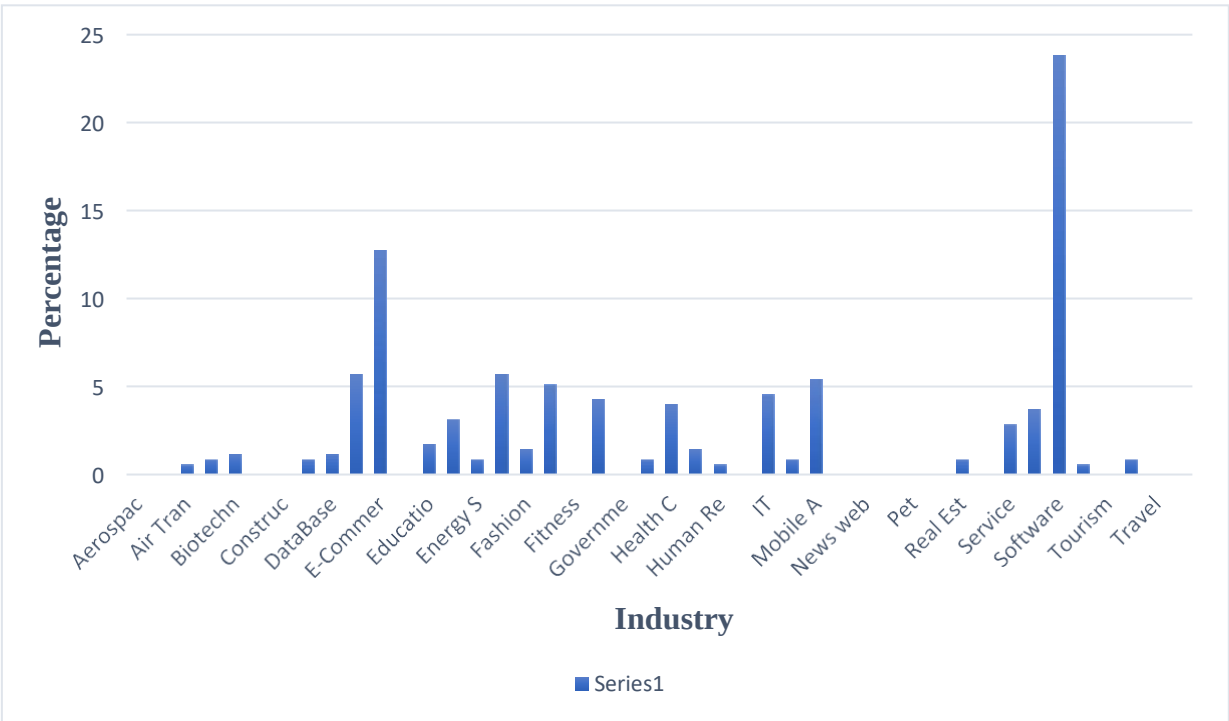
H05 Startups in the retail industry do not fail the most is accepted; the population of 353 failed startups coded for 2014 to 2020 resulted in that **23.8% were established in the Software Development Industry.**

Illustration 16: Number of Startups per Industry

**Crosstabulation of Amounts of Startups
per Industry**

		Total
Industry	Aerospace	1
	Agriculture	1
	Air Transportation	2
	Automobile	3
	Biotechnology	4
	Communication	1
	Construction	1
	Database	7
	Digital Media	20
	E-Commerce	45
	Education	7
	Electronics	11
	Energy	3
	Entertainment	20
	Fashion	5
	Finance	18
	Fitness	1
	Food & Beverage	15
	Government	1
	Hardware	3
	Health Care	14
	Hotel	5
	Human Re	2
	Internet	1
	IT	16
	Manufacturing	3
	Mobile App	19
	Network	1
	News website	1
	Outsource	1
	Pet	1
	Public Transportation	1
	Real Est	3
	Security	1
	Service	10
	Social Media	13
	Software	84
	Telecommunications	2
	Tourism	1
	Transportation	3
	Travel	1
	Unkown	1
Total		353

Graph 1: Percentage of Industry of Startup Postmortems for 2014 to 2020



Data Analysis Results Research Objective 3

Analysis

The results obtained by the cross-tabulation analysis allows the research question to be answered as follows:

1. Where globally do startups fail the most?
 - a. The population of 353 failed startups coded from the years 2014 to 2020 resulted in that **71.4% were in the USA.**

As a result of the cross-tabulation analysis, the following hypothesis can be accepted:

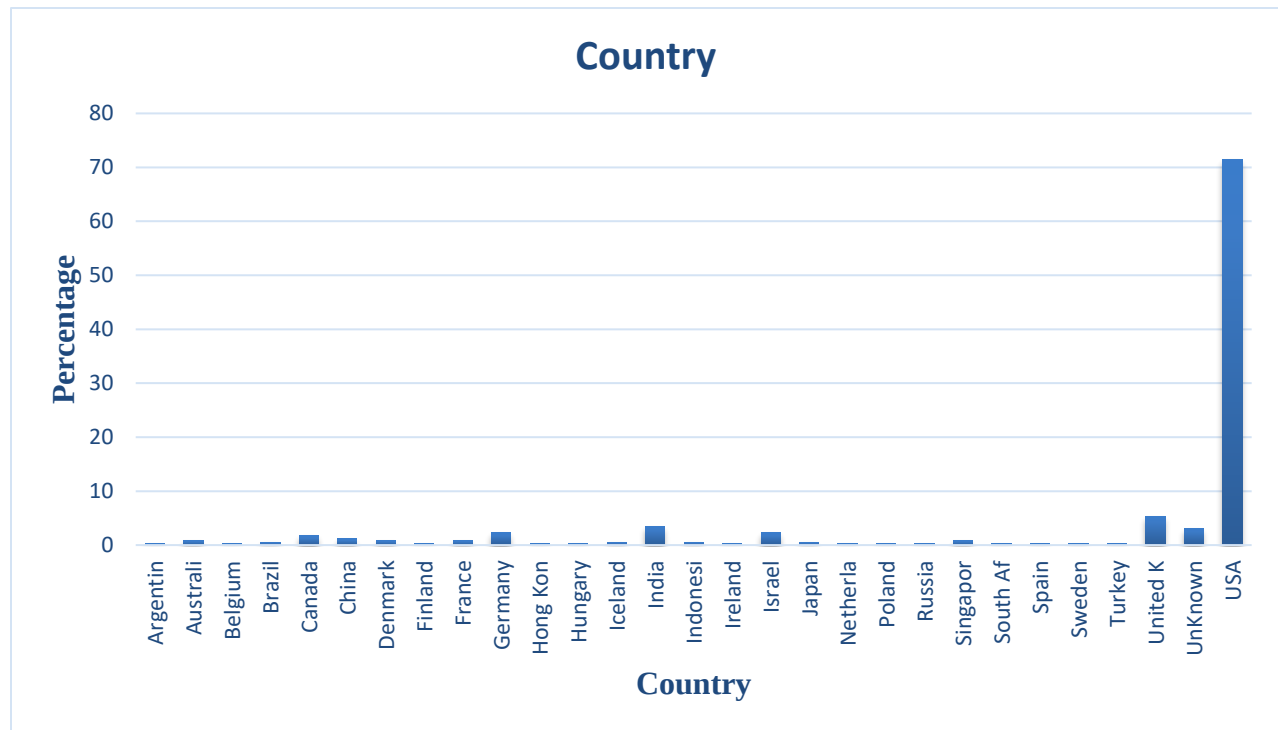
- a. **H6** Startups from North America Fail more; the population of 353 failed startups coded from the years 2014 to 2020 resulted in that **71.4% were in the USA.**

Illustration 17: Number of Startups by Country

Crosstabulation of Amounts of Startups per Country

Total Startups	
Argentina	1
Australia	3
Belgium	1
Brazil	2
Canada	6
China	4
Denmark	3
Finland	1
France	3
Germany	8
Hong Kong	1
Hungary	1
Iceland	2
India	12
Indonesia	2
Ireland	1
Israel	8
Japan	2
Netherla	1
Poland	1
Russia	1
Singapore	3
South Africa	1
Spain	1
Sweden	1
Turkey	1
United Kingdom	19
UnKnown	11
USA	252

Graph 2: Percentage of Startup Postmortems by Country for 2014 to 2020



Data Analysis Results Research Objective 4

Analysis

This breakdown illustrates the 353 startups founded by gender and by country for 2014 to 2020.

Illustration 18: Crosstabulation of Startups Founded by Gender and Country

Crosstabulation of Startups Founded by Men			Crosstabulation of Startups Founded by Women		
		Founded by Men			Founded by Women
Country	Australia	2	Country	Argentina	1
	Belgium	1		Australia	1
	Brazil	2		Belgium	1
	Canada	4		Denmark	1
	China	3		Finland	1
	Denmark	2		Germany	3
	Finland	1		India	1
	France	3		Ireland	1
	Germany	8		United Kingdom	1
	Hong Kong	1		USA	32
	Hungary	1	Total		43
	Iceland	2			
	India	12			
	Indonesia	1			
	Argentina	1			
	Israel	8			
	Japan	2			
	Netherla	1			
	Poland	1			
	Russia	1			
	Singapor	3			
	South Africa	1			
	Spain	1			
	Turkey	1			
	United Kingdom	16			
	Uknown	2			
	USA	225			
Total		306			

The global result of the Crosstabulation of startups founded by men and women, along with the country of origin of the 353 startups for the years 2014 to 2020 to illustrate where startups by gender where developed more globally. It is important to acknowledge that during the process of this investigation it was impossible to identify the country of origin for two of the startups.

Illustration 19: Crosstabulation of Startups Founded by Gender

Crosstabulation of Startups Founded by Gender

	Valid		Variance		Total	
	N	Percent	N	Percent	N	Percent
Founded by Men	306	86.7%	47	13.3%	353	100%
Founded by Women	43	12.2%	310	87.8%	353	100%

The results obtained by the cross-tabulation analysis allows the research question to be answered as follows:

2. Do startups run by women fail more?
 - a. The population of 353 failed startups coded from the years 2014 to 2020 resulted in that **12.2% were founded by women.**
3. Do startups run by men fail more?
 - a. The population of 353 failed startups coded from the years 2014 to 2020 resulted in that **86.7% were founded by men.**

As a result of the cross-tabulation analysis the following hypothesis can be accepted:

H07 Startups managed by men are the majority that fail is **accepted**. The population of 353 failed startups coded for 2014 to 2020 resulted in that **86.7% were founded by men.**

Conceptual Model with Results

With the results obtained from the data analysis process, the Conceptual Research Model of this research can be updated as follows:

Illustration 20: Conceptual Model with Research Results

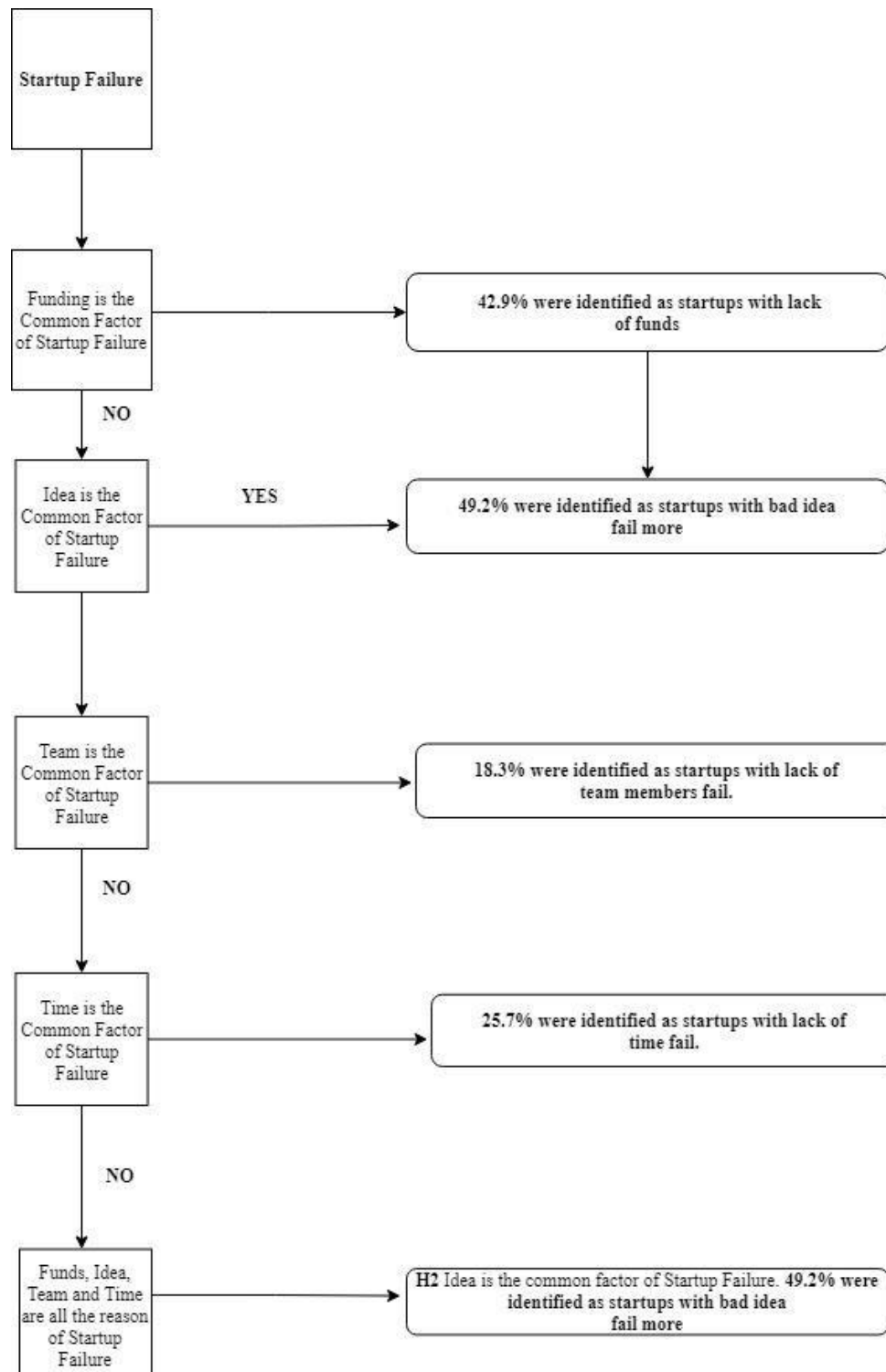


Table 15: Results of FITT by Percentages

FUND	IDEA	TEAM	TIME
42.9% cause of failure	49.2% cause of failure	18.3% cause of failure	25.7% cause of failure

Comparing the research from CB Insight, *The Top 20 Reasons Startup Fail*, and that of Bill Gross on Top indicators for Startup Success, the elements of failure are the same as those proposed in this study and the results obtained from the data analysis.

Table 16: Comparison of Results

CB Insight, <i>The Top 20 Reasons Startup Fail</i>	Bill Gros research on Top indicators for Startup Success	Research Results
No Market Need 42% fail due to undefined market or need	Idea 28% accounted success to good ideas; 72% failed due to bad ideas	Idea 49.2% cause of failure
Ran Out of Cash 29% fail due to running out of funds	Fund 14% accounted success to proper funding. 86% fail due to poor funding	Fund 42.9% cause of failure
Not the Right Team 23% fail due to not having the right team players on board	Team 32% accounted success to good team players; 68% fail due to team members	Team 18.3% cause of failure
Get Out Competed 19% fail due to being outcompeted	Time 42% accounted success to right timing; 58% fail due to wrong timing	Time 25.7 % cause of failure

From both the research from CB Insight, *The Top 20 Reasons Startup Fail*, and Bill Gross's on Top indicators for Startup Success, **Idea** is a key element of startup failure.

Conclusion

The main objective of this research was to determine which element of FITT had the greater tendency of cause of failure for the past 353 startup postmortems.

The objectives of the research were the following:

1. Identify which of the FIIT elements is a common factor of startup failure.
2. Identify in what industry startups fail the most.
3. Identify where geographically startups fail the most.
4. Identify whether gender has an impact on the elements of FIIT.

As a result of this research, hypotheses **H2 and H6** were accepted while hypotheses **H1, H3, H4, H5 and H7** were rejected. The Null Hypotheses **H01, H03, H04, H05 and H7** were accepted while the null hypotheses **H02 and H06** were rejected. As a result of identify the tendency of startup failure, **Idea** is the element with the most causes of failure for postmortem startups resulting in a 49.2% of cause of failure. With the results obtained from this research, further studies and research can be conducted under each FITT element and their backgrounds. In the following chapter this future research and subsequence of events are discussed.

Table 17: Research Hypotheses Results

Hypothesis	Null Hypothesis
H1 Funding is the common factor of Startup Failure. REJECTED	H01 Funding is not the common factor of Startup Failure. ACCEPTED
H2 Idea is the common factor of Startup Failure. ACCEPTED	H02 Idea is not the common factor of Startup Failure. REJECTED
H3 Team is the common factor of Startup Failure. REJECTED	H03 Team is not the common factor of Startup Failure. ACCEPTED
H4 Time is the common factor of Startup Failure. REJECTED	H03 Time is not the common factor of Startup Failure. ACCEPTED
H5 Startups in the retail industry fail the most. REJECTED	H05 Startups in the retail industry are not the majority to fail. ACCEPTED
H6 Startups from North America Fail more. ACCEPTED	H06 Startups from North America are not those who fail the most. REJECTED
H7 Startups managed by women are the majority that fail. REJECTED	H07 Startups managed by men are the majority that fail. ACCEPTED

Chapter Five: Conclusions and Recommendations

This final chapter discusses the conclusions of the research conducted and recommendations for future investigations. To begin the conclusion of this investigation, it is important to look back to the origins of the problem. The problem stated in this research was to identify the tendencies of startup failures. To understand these failure tendencies, this research will study startups that have failed throughout their development phase and discover the common causes of failure. This research tends to use four common factors also known as *key elements* and investigates which factor causes the most failure in startups and to understand if there is a relationship between them, for example if, one factor causes the others to crash. The common factors that will be set as key elements of the study are funding, idea, team, and time. These factors are going to be used as key variables to understand in what areas startups fail. Along with these variables, this research must point out which of the key variables is the most common cause of failure for startups. For this investigation, 353 startup postmortems provided from the CB Insights Startup Postmortem Report were coded for 2014 to 2020 to identify the tendencies of each element.

Delimitations

Delimitations are those characteristics that limit the scope and define the boundaries of the research. They include the choice of objectives, the research questions, variables of interest, theoretical perspectives, and the population to be studied. As a delimitation, this research is focused on active businesses and entrepreneurs and how each key variable plays a role within the venture and whether it has an impact. There is a possibility that not all key variables play a role or have an impact.

Research Contribution

This research will contribute to the individual who plans to open a business, achieve success, and most likely become an influential entrepreneur. Moreover, this study has an impact on educational entrepreneurship. It is important for educational entrepreneurs to have a greater understanding of how successful entrepreneurs manage to achieve their goals. This will allow other research a deeper study of the social and psychological impacts. This will provide future entrepreneurs and business owners with what to consider in the first stages to achieve the right business model and how that business model can be self-maintained and be self-efficient in the long run. Decoding the tendencies of failure with each new venture, ownership is the expected outcome, confronting reality and its volatility is what causes the greatest anxiety among things.

The importance of this research is to understand the key elements businesses must keep in mind to achieve the desired business model. The key elements of FITT—Fund, Idea, Team, and Time are essential for starting a business. Though their importance is crucial for business development, these key factors can be either maintained or a cause of death during the development phase. Therefore, the research conducted allows readers to understand the importance of each element, how they interact with one another; it reveals that most failures are caused by more than just one key element.

The research conducted illustrated tendencies between elements, allowing **idea** to be the greater tendency of all. Idea is seen as the essence of a business, “where it all starts”; a good one leads to success. The business idea creates a reason to invest, sales, and profits. All the elements play a key role throughout the development phase.

Table 18: Visual Concept Model of FIIT- Idea element



Idea: The idea factor is represented as the human brain. As the brain is one of the largest and most complex organs of the body, so is idea to the entrepreneur or business owners' perspective.

Also, this research contributes to the educational sector, especially to entrepreneurial education. It is important that business studies in all levels of education be considered as part of the education curriculum. Society needs to understand ways to do business to stimulate economic growth globally and locally.

This research allows further study of the FITT elements. There can be research conducted for each element individually and then presented as tools for entrepreneurial education. It is important that one who desires to begin a business understand what key factors are important and how they can be aligned to achieve an accurate and manageable business model. Future studies can be performed around how startups can develop better skills in funding, idea, team, and time. The proper balance between each element can aid in achieving the most appropriate business model that can eventually lead to success.

In certain situations, experience can prevent others from making similar mistakes; but as previously mentioned, failure does not have to be a mistake but rather an opportunity for success.

“Do not be embarrassed by your failures, learn from them and start again.”

Richard Branson, 2014

References

- Aprameya, A. (2016). Cross Tabulation: How It Works and Why You Should Use It. Retrieved from Humans of Data: <https://humansofdata.atlan.com/2016/01/cross-tabulation-how-y/#:~:text=Cross%20tabulation%20is%20a%20method,one%20variable%20grouping%20to%20another>
- Bornstein, D. (1998) Changing the world on a shoestring. *Atlantic Monthly*, 281(1): 34-39.
- Business. 2019. in Merriam-Webster.com. Retrieved September 19, 2019, from <https://www.merriam-webster.com/dictionary/business>
- Business Employment Dynamics. n.d. Retrieved from <https://www.bls.gov/bdm/>.
- Carland, J. W. (1982). Entrepreneurship in a small business setting: Exploratory study. Unpublished doctoral dissertation, University of Georgia.
- CB Insights. 2020. 353 Startup Failure Post-Mortems. Retrieved from <https://www.cbinsights.com/research/startup-failure-post-mortem/>
- Creswell, J. (2014). *Research Design: Qualitive, Quantitative and Mixed Methods Approaches*. Fourth Edition. SAGE Publications.
- Dessi, C. (2016, February 2). 5 Top Indicators for Startup Success, According to This TED Talk. Retrieved from <https://www.inc.com/chris-dessi/this-ted-talk-explains-the-5-reasons-why-startups-succeed.html>.
- Drucker, P. (1985). *Innovation and Entrepreneurship*. New York, NY: Harper Collins Publishers, Inc.
- Drucker, P. F. (2015). *Innovation and entrepreneurship: Practice and principles*. London:

Routledge.

Drucker, P. F. (2017). *The theory of the business*. Boston, MA: Harvard Business Review Press.

Ignoring Failure Is No Formula for Success. HR Magazine. 2004;49(4):18.

<http://search.ebscohost.com.ez.inter.edu:8008/login.aspx?direct=true&db=bsu&AN=12738040&site=bsi-live>. Accessed February 18, 2020.

Entrepreneur. 2019. in Merriam-Webster.com. Retrieved September 19, 2019, from

<https://www.merriam-webster.com/dictionary/entrepreneur>

Failure. 2019. in Merriam-Webster.com. Retrieved September 19, 2019, from

<https://www.merriam-webster.com/dictionary/failure>

Hatzimouratidis, K. 2006. *Sildenafil in the Treatment of Erectile Dysfunction: An Overview of the Clinical Evidence. Clinical Interventions in Aging*. Dove Medical Press. Retrieved from www.ncbi.nlm.nih.gov/pmc/articles/PMC2699643/ September 19, 2019.

Kirzner, Israel M. (1973). *Competition and Entrepreneurship*. Chicago: University of Chicago Press.

Kao, J.J. & Stevenson, H.H. Eds. (1985). *Entrepreneurship: What It Is and How to Teach It*. Cambridge, MA: Harvard Business School.

Levine, D., Szabat, K., and Stephan, D. (2018). *Business Statistics: A First Course*. 8th edition. Pearsons.

Management. 2019. in Merriam-Webster.com. Retrieved September 19, 2019, from

<https://www.merriam-webster.com/dictionary/management>

Maxwell, J. (2000). *Failing Forward*. Nashville, TN: Thomas Nelson, Inc.

Maxwell, J. A. (2013). *Qualitative research design: An interactive approach*. Thousand Oaks, CA: SAGE Publications.

Penrod, J., & Hupcey, J. E. (2005). Enhancing methodological clarity: Principle-based concept analysis. *Journal of Advanced Nursing*.

Scudamore, B. (2018). *WTF?! (Willing to Fail): How Failure can be your key to Success*. Lion crest Publishing.

Schumpeter, J.A., (1934). *The Theory of Economic Development: An Inquiry into Profits, Capital, Credit, Interest, and the Business Cycle*, translated from the German by Redvers Opie.

Shapero, A. The Displaced, Uncomfortable Entrepreneur (1975). *Psychology Today*, Vol. 9.

Issue 6, p. 83-88 1975. Retrieved from <https://ssrn.com/abstract=1506368> September 19, 2019.

Singh, S., Corner, P., & Pavlovich, K. (2007). Coping with entrepreneurial failure. *Journal of Management and Organization*, 13(4), 331–344.

Success. 2019. In Merriam-Webster.com. Retrieved September 19, 2019, from <https://www.merriam-webster.com/dictionary/success>.

Shane S., & Venkataraman S. 2000. The Promise of entrepreneurship a Field of Research. *The*

Academy of Management Review, Vol. 25, No. 1, pp. 217-226.

Time. (2020). In Merriam-Webster.com. retrieved February 3rd, 2020, from

<https://www.merriam-webster.com/dictionary/time>.

Timmons, J. A., & Spinelli, S. (2004). *New venture creation: Entrepreneurship for the 21st Century*. Boston: McGraw-Hill/Irwin.

Thompson, L. (2008). *Making the team: a guide for managers* (3rd ed.). Pearson/Prentice Hall.

Tobak, S. (2015, February 16). Success Does Not Follow a Time Clock. Retrieved from <https://www.entrepreneur.com/article/242783>.

Rogers, B. (1989). Concept, analysis, and the development of nursing knowledge: the evolutionary cycle. *Journal of Advance Nursing*.

Why Startups Fail: Top 20 Reasons | CB Insights. (2020, February 3). Retrieved from <https://www.cbinsights.com/research/startup-failure-reasons-top/>.

Zakay, D., Ellis, S., & Shevsky, M. (2004). Outcome value and early warning indications as determinants of willingness to learn from experience. *Experimental Psychology*, 51(2), 150–157.

Walsh, G. S. & Cunningham, J. A. (2016). Business Failure and Entrepreneurship: Emergence, Evolution and Future Research. *Foundations and Trends R in Entrepreneurship*, vol. 12, no. 3, pp. 163–285.

APPENDIX

Appendix appear on Disc Two