

How my startup crashed before it even launched

Julien Maslard created VinMaské, a system for blind tasting three wines. However, he preferred to abort the project before he even launched it. Why? Here's his story about failure to help you try and avoid a similar situation!

Temps de lecture : minute

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Passionate about entrepreneurship for more than 10 years, I devoured hundreds and hundreds of articles, books, interviews, and podcasts with the hope that one day I could turn this into creating a startup. When it was finally time to throw myself into this fabulous entrepreneurial adventure, I thought that I had all the tools in my pocket to succeed in my project, VinMaské. A little more than a year ago, I announced the startup officially to the public, a programme that allowed people to choose a wine without prejudice, entirely for its taste and not for its label, and all from the comfort of their own home.

I had adrenaline rushing in my veins when I thought about managing dozens of daily orders passing through the website, even though it wasn't even created yet. I saw myself as a captain of a ship, fiercely navigating the wind and tides. It was wonderful! In the end, I was building a rickety raft on which I would venture out, alone, into the middle of the ocean. But I believed in myself! That's the most important.

Three signs of weakness that I should have seen

The reality of being an entrepreneur quickly caught up with me. 18 months into the startup, I had to take a step back and really think about it in order to realise that VinMaské was bound to fail even before the project was launched. With my nose to the grindstone and not wanting to abandon it for the slightest obstacle, I persevered again and again. I realise today that, since the beginning, I should have seen several signs that told me I was heading towards disaster.

“Your concept is awesome! But I wouldn’t buy it.”

In reality, it doesn’t work like that. Since launching the project, I had positive feedback for the concept and sadly I focused on this feedback without really finding out if these people would be ready to get out their credit cards. There's something very subtle in human psychology that makes us tell you that we like your concept, but we prefer not to tell you the reasons why we wouldn’t buy your product. It's one of the reasons that leads entrepreneurs to start their businesses without finding their clients first, and I was one of them. Yet, since the beginning of the startup, it would have been sufficient just to dig a little deeper by talking with interested people in order to better understand their position in regard to my product.

The fundamental question of needs and a solution

In general, all successful entrepreneurs will tell you that it is necessary to create value with a product or service that fills a specific need. Sadly, during my VinMaské adventure, I realised that my concept didn't really fill a need. Wine connoisseurs and wine lovers usually discover new wines by themselves by speaking to their wine merchant or going to a new vineyard. Additionally, in offering them a blind taste test, you risk undermining their own expertise, which is not a very profitable marketing message. By doing something blindly, a lot of persons will get lost, even the best wine experts and sommeliers.

The other part of my clientele wasn't very interested in wine but rather enjoyed sharing a couple of good bottles that they had already tried between friends. They rarely go out to find new wines on their own, let alone try a blind taste test, even if it is a fun experience to share between friends. "Your product is great, but it's not for me." This is more or less what I could have gotten out of the discussions with the people who were interested in the concept. Thus, I found myself in a situation where the value brought in by VinMaské startup didn't justify the price of my cases.

The limits of my economic model

If I had just thought again about the many hours that I spent on my Excel sheets trying to optimise my costs and multiply the projections, I would've realised that in order to get 10% margin on variable costs was evidently not feasible. This 10% corresponds to 3.33 net euros for a product sold at 40 euros with tax included. It was then necessary to add fixed costs like rent, telephone, electricity, internet, and salaries. That's enough to show

you that I wouldn't be paying myself very soon! During this time, I told myself that if people like Jeff Bezos could do it, why not me? I "just" needed to sell enough cases and get the scale effect going in order to ensure cost-effectiveness. My rock-solid optimism would be the death of me.

I could theoretically clear a margin on variable costs of 10% for each product sold, which was still not enough to get the business running. I had to find a way to cut my costs significantly. I looked at the problem in every possible way, but I still didn't find an ideal solution to put into place quickly. To give you an idea, my main product sold at 39.90 euros with tax included and was comprised of a case with three wine samples and a favourite bottle of wine. The costs were as follows:

- 40% on transport
- 18.5% on refurbishing
- 11% on packaging
- Around 30% for the wine bottle

Already with the first three points, I had spent 21.02 euros excluding tax, and that wasn't even including the bottle of wine. For a product that sold at 32.25 euros without tax... You don't have to be a maths wizard to understand that the situation wasn't feasible. Don't worry, it wasn't my knowledge of maths that caused me the problems. To be honest, I put a lot of trust in the fact that the subscribers would taste the wines and then buy supplementary bottles, which would have given me a larger margin. I made the mistake of imaging the client's route instead of the clients themselves.



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One of the worst mistakes in my startup adventure

In addition to my problems linked with my product and economic model, I quickly found myself blocked by my website. One year ago, I was very busy with launching the project and my participative financing campaign. I had, therefore, opted for a service provider who would create and maintain my website. Very proud of launching my flamboyant website last November, I was disappointed when I found out just how little flexibility it had if I wanted to modify anything. For a website that cost more than 5,000 euros, without counting the 300 euros per month for the maintenance and control, I had to pay again if I wanted to add even the smallest detail to my homepage...

Right there, this mistake should have never happened! For more than 10 years I listened to and read articles by expert entrepreneurs, so I knew that it was necessary to do everything on my own. There are many solutions today that are very easy to put in place which is accessible and at reasonable prices: WordPress + WooCommerce, Strikingly, Wix, Squarespace, Shopify, and Prestashop... But caught up in the momentum of my project and its financing, I dreamed of being the captain of a ship when I should have started by building a skateboard.

An equation that even maths wizards can't

solve

In the beginning of 2019, I needed to advance more on my product, my economic model, and my website. Basically, I had to start at zero but with less money than before. I then started to take time to talk to subscribers as much as I could, and I went to find help from experienced entrepreneurs. The result was that I was faced with an equation that was hard to solve: the perceived value versus the real value.

To make it simple, the preparation and sending of the case of 3 wine samples cost 11.43 euros excluding tax, when my clients preferred to pay 5 euros or 10 euros including tax, a large margin of difference. I needed to make big changes if I wanted the venture to continue.

Time for a change

The first VinMaské products, the wine tasting cases, should have been stopped at the risk of complicating my financial situation, as well as the website and its exorbitant monthly cost. However, after all that, I didn't want to abandon VinMaské! I was convinced, and I still am, that as a client it is very difficult to buy wine for its taste and for the pleasure it brings, and not for the label. The numerous positive reviews from people who tried the concept motivated me to continue the project (an average rating of 4.5/5!).

However, after looking at it closer, most of the reviews came from people who were offered a free case, and in reality, no one ended up buying another one afterwards. The feedback allowed me to realise two things:

- the taste test needed to be able to be shared between several people

- the cost had to be lowered

We decided then, with the person who was working with me at the time, to offer a case of three bottles of wine, covered in tissue paper in order to create a taste test without prejudice. The shift in the product was initiated.

Now I had to worry about the website. For three months, I chained myself to my computer to learn WordPress and completely recreate our website. I have to say, besides a couple of headaches, and with only 150 euros invested, I was very satisfied with the result! Especially if you compare it to the one that I spent 5,000 euros six months earlier... I could finally modify anything that I wanted and when I wanted. I would definitely never make this mistake again.

A new future that looked bright

Feeling strong with these changes, I was motivated like never before to make VinMaské known everywhere around me and revive this dynamic that I had lost. So, I started using social media again, restarted my commercial market research, reconnected with my providers, and bought great wines again. After all, many wine boxes had been created and share the market today, so why not me?! I had to believe it myself!

And I did believe it! But this new dynamic was short-lived. Again, I found myself alone in everything, trying to make this project that I held so close in my heart grow. Days passed, I wasn't seeing the benefit of my new investments and I started to doubt more and more in my abilities to make this project profitable before the end of my payments from the Job Centre. It was time to ask myself some good questions.

A crucial choice

After all these tests, I found myself faced with another dilemma: to stop everything now or to try and persevere until the end of the year. Many people gave me advice to persevere until the end of the year and try to revive the business with large B2B commercialisation of my cases. The taste test cases would be a great alternative to traditional gifts. I was convinced that I could find a place for myself in this large market. This would hopefully allow me to revive VinMaské and bring in new opportunities.

However, after carefully weighing up the pros and cons, I didn't want to continue the venture and risk putting myself in financial danger. This project had motivated me for more than a year, but I had more and more doubts that one day I would be able to make a living off this business. Maybe in time, I will consider this decision a serious mistake. But I believe that there is a big difference between risking yourself and risking your family and friends. In this case, it was only me involved so I had decided to continue the startup.

It seems that an entrepreneur should be resilient and relentless. I believe that I am, and I think that the journey of VinMaské is a good example. After all, I disassociate perseverance and stubbornness and I believe that continuing VinMaské in the current state would have been pure stubbornness.

I had thrown myself into this venture one afternoon in December 2017. In starting the VinMaské project, I promised myself that I would follow through with my idea and not stop at the first obstacle. This might even be what brought me to the failure of this project. If I had really paid attention to the signs of weakness that I talked about earlier, I would have surely stopped before even launching it. At the end of it all, despite my

disappointment that the concept wasn't a breakthrough and that I didn't get to experience it flourish, I am proud that I persevered because if I had done nothing, I would have been filled with regret. Even if it is just for that, I would redo the experience 1,000 times just to make the same 1,000 mistakes.



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10 mistakes that I will never make again

Let's talk about the errors that I made and I will never make again. For many of you, it might seem pretty basic what I'm going to tell you, but it is important to remind you, especially for the young entrepreneurs who are full of energy and might forget the basics of entrepreneurship. Here is what I have learned in the 18 months as an entrepreneur:

- Don't go in with your head down. When you start out as an entrepreneur, you risk getting lost in your own head and not listening to or seeing what is happening around you. At the beginning of my startup, I knew that I had to take in all the feedback that I could in order to improve my project. I met and called on a lot of people, but in the end, I put on blinkers in order to move forward bit by bit, and it didn't matter what they said. I kept going until I ran into a wall.
- Create a real community. I believe that this is a vital step for a good launching of your project, at least in B2C, and especially for financial participative success. These are the members of your community that guide you to the next step in your project. Each member has to be an ambassador who you've already talked to at least once because they're the ones that will give you your first real reviews and allow you to make a better version of your offer.
- Fight the imposter syndrome. This goes hand-in-hand with the creation of a community. In addition to gathering several people around a passion or a common problem, it is also important to gain expertise in the chosen domain yourself. It's the first step in fighting against the famous imposter syndrome and in feeling legit in front of the people you're talking to. It goes without saying, before starting VinMaské, I should have gone and met with winegrowers, merchants and connoisseurs, read books on oenology and taken classes. This would have allowed me to create a network, start a community, and justify my position as the founder of VinMaské. In the end, I spent a lot of time trying to find a partner who was a lot more competent than myself in wines when I should have been investing that time in my own competencies.
- Make sure that your product fills a need. This is one of the most basic pieces of advice in the world of entrepreneurs, but it is often neglected. You must make sure that your product fills a need within your sector. There are a handful of exceptions, but most confirm the rule. However, if you want to ensure the success of your business,

think about it! For my part, the taste testing cases didn't really fill a need. It was more a product for "pleasure" and mostly offered as a gift, without a second buy. It was perfect for birthdays, holidays, and Christmas, but not much else.

- Simplify your offer as much as you can. Once your product is well defined and responds to a specific need for the people in your segment, don't try to multiply offers that would theoretically allow you to attract more clients. You risk your marketing message being too vague and your potential clients might feel lost in all the offers that you propose to them. In addition, it might also complicate your logistics and increase your investments if you have physical products. It's better to start with a "basic" product, your famous MVP (Minimum Viable Product) and then improve on it according to the feedback you get from your users, and then you can develop other offers that fill other more important needs.
- Stay connected. When you get started in entrepreneurship and create your startup for the first time, one of the essential things to do is find your first clients. There are many strategies you can use to become known and gain visibility: websites, Facebook pages, Facebook groups, Instagram accounts, Facebook ads, Google AdWords, newsletters, blogs, press releases, start-up competitions, commercial prospecting, partnerships, influencers, game competitions... You just need to think about which ones. You could never effectively be visible on all these mediums. Even if there are 2, 3 or 4 people on the project, it would be complicated to try to be effective in everything. It's better if you identify what your niche is and focus on two or three ways of being more visible to reach your audience. This could take some time.
- Have a viable economic model. The economic model is the cornerstone of a working business. Ignoring the difficulty that I had while making a viable business model in Excel was one of my biggest mistakes. The problem is that we always refer to projects that have succeeded. Listening to numerous businesses that made millions

without spending a pretty penny shouldn't be the norm. This makes me think that VinMaské could have worked for some time if it had just reached a balance and then a point of profit. The only thing was that I was funding my business myself... 10,000 euros altogether. Startups that allow you to live for a bit without earning any money are normally financed by venture capital based on an ambitious technology or a large increase in the use of an application, which wasn't my case.

- *Actually* listen to your clients. Another basic piece of advice, but it's a mistake that happens often, more often than you'd think. You imagine the route of your ideal client in order to create the best offer possible, the best website that could ever exist, the best app in the world when in the end it doesn't correspond to the needs of the users.
- Delegate, but not to everyone. One of my worst mistakes during this 18-month startup adventure was asking a service provider to create the first version of my website. Doing it alone terrified me. Even so, as soon as I was up against it and didn't have any other option than doing myself, I took the time to get over the obstacle and find a reasonable solution. So, in the future, instead of delegating tasks, I will ask myself the question: am I able to do this myself? If I am, I will do it, even if it will slow down my project. If I'm not capable, I'll go find help from someone that others have already worked with.
- Don't go too fast. As soon as I thought the idea of VinMaské, I was persuaded that I had to react fast before the concept was launched by someone else. This thought was accelerated even more when I found out that there was a competitor who offered a product similar to what I had imagined. This led me to botch the start of my project. Looking back now, I feel like I couldn't even enjoy my passion for wine, which is the reason why I first started this startup. So, yes, the speed of execution is important, but it shouldn't be the base of your business, which should be quality.

As a real defender of positive thinking, I'm convinced that our way of thinking influences our well-being. So, I must end this retrospective on a

positive note. Above everything, I still would like to thank those who supported me, from near and far away, in this entrepreneurship labyrinth. I sincerely hope that this article will help future entrepreneurs not making the same mistakes as I did.

The black hole

Making the decision to stop VinMaské left me with a big emptiness. I have the feeling of falling into a black hole and not knowing how to get out. Every day, I find myself with nothing to do all day and a large question hanging over my head: what am I going to do now? Many entrepreneurs who have sold their business mull over this same question. For some, they might need to “mourn” because they were so attached to their company. I don’t really feel like “mourning”. I may also add, though, that I don’t feel like I really gave life to VinMaské as the project was aborted...

On the other hand, I ask myself how can I bounce back after this venture. Entrepreneurship is still a passion of mine and I know that one day I will try the venture again and capitalise on my first experience. Tomorrow? In six months? In five years? I don’t know yet. At the time of writing this article, I know at least one thing: I gravitate towards the universe of start-ups. Because of that, I hope to rely on everything that I have learned in these last 18 months. This seems like an excellent strategy on paper! My worry is that, after a year and a half of building this project, I feel like I have developed a lot of skills, without actually being an expert in anything.

A jack of all trades, master of none, you say? It’s possible. Digital marketing, customer success, business development, growth hacking... These are the topics that I took on during my professional experience and the ones I would like to continue to work with. I am ready to take up the

challenges like making the natural SEO of a website better or using growth hacking in order to share a concept with more people. At the same time, I blossom when I am accompanied by young entrepreneurs and their communication strategy as well as their commercial strategy. So why not turn these skills into something professional in my next job?

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