

One Percent

In the overwhelming world of startups, the narrative often glorifies the **unicorn**—a startup valued at over \$1 billion. While chasing the unicorn dream can be exhilarating, it's important to remember that success doesn't have to be defined by achieving unicorn status. Many businesses thrive by solving real problems, offering quality services, and maintaining a sustainable client base without scaling to astronomical valuations.

The Landscape of Startups until 2023

The startup ecosystem saw remarkable activity in 2023. According to [Statista.com](https://www.statista.com), approximately 305 million startups were created worldwide until 2023, illustrating the vibrant entrepreneurial spirit across the globe. However, the path to success is fraught with challenges. Out of these, **around 1.35 million startups received funding**, representing approximately **0.44%** of all startups (**less than 1%**) leaving **99% not funded**. This underscores the competitive nature of securing financial backing in the startup world.

Funding and Success Rates

Despite the sheer number of startups, the success rate remains modest. Data from Startup Genome indicates that only about 10% of startups that received funding in 2023 are expected to succeed long-term - leaving 90% to be questioned. This means roughly 135,000 funded startups have the potential to establish themselves in the market. For non-funded startups, the success rate is even lower, with about 1 in 20 (around 5%) managing to sustain operations beyond the initial years - leaving 95% to fail.

Regional Breakdown

To understand the startup landscape better, let's break down the statistics into different regions: Americas, Europe, and MENA.

- **Americas:** The Americas, particularly the United States, remain a hotbed for startups. In 2023, about 40% of global startups were founded in this region, translating to roughly 122 million startups. Of these, around 600,000 secured funding representing **0.49%** - again leaving 99% not funded. The **success rate** for funded startups in the Americas is slightly higher than the global average, at approximately **12%**.
- **Europe:** Europe accounted for about 25% of global startups, equating to approximately 76 million new businesses. Around 300,000 of these received funding representing **0.39% less than 1%** - leaving 99% not funded. Europe's funded startups have a **success rate** of about **11%**, marginally better than the global figure.
- **MENA (Middle East and North Africa):** The MENA region saw around 5% of global startup activity, amounting to roughly 15 million startups. **However, this figure encompasses startups initiated over several years**, not just in 2023. Of these, about 67,500 managed to secure funding

around **0.45%**. The **success rate** for funded startups in the MENA region is estimated to be around **8%**, reflecting the unique challenges and opportunities in this market.

MENA Region Breakdown

In the MENA region, the startup ecosystem is particularly vibrant in Saudi Arabia, the UAE, and Egypt. Here is a closer look at these countries:

- **Saudi Arabia:** Saudi Arabia has been actively promoting entrepreneurship through various initiatives and funding programs. In 2023, approximately 5,000 startups were launched, with around 1,500 receiving funding. The **success rate** for funded startups is estimated to be around **9%**.
- **United Arab Emirates (UAE):** The UAE, particularly Dubai and Abu Dhabi, remains a hub for innovation and startups. In 2023, approximately 6,000 startups were initiated, with about 2,000 securing funding. The **success rate** for funded startups is estimated to be around **10%**.
- **Egypt:** Egypt has a growing startup ecosystem, driven by a young population and increasing digital adoption. In 2023, around 3,000 startups were launched, with about 1,000 receiving funding. The **success rate** for funded startups is approximately **8%**.
- **Rest of MENA:** The remaining countries in the MENA region collectively account for around 1,000 startups initiated in 2023, with about 500 securing funding. The **success rate** for funded startups in these countries is estimated to be around **7%**.

The Scenario for Small and Sustainable

Given these statistics, it's clear that aiming for unicorn status isn't the only path to success. **In fact, focusing on creating a business that addresses specific problems, offers quality services, and builds a loyal client base can be just as rewarding.** Here's why a small, sustainable business can be a powerful and viable option:

- **Quality Over Quantity:** Instead of striving for a massive user base, prioritize delivering **exceptional value to a smaller group of clients**. This approach ensures high satisfaction, leading to strong word-of-mouth referrals and customer loyalty.
- **Flexibility and Control:** Smaller businesses often have **more flexibility** to adapt to market changes and customer needs. Without the pressure to scale rapidly, you can make thoughtful decisions that align with your long-term vision.
- **Financial Stability:** While unicorns often require substantial funding and face high burn rates, **smaller businesses can achieve profitability with lower operating costs and sustainable growth**. This financial stability can provide peace of mind and reduce reliance on external investors.

- **Community Impact:** By solving specific problems within a niche market, your business can make a **meaningful impact on the community**. This focus can foster a strong connection with your clients, enhancing your reputation and brand loyalty.

Examples of Successful Small Businesses

Basecamp: Basecamp, a project management tool, has thrived by focusing on simplicity and user-friendly design. Despite not being a unicorn, it serves thousands of small and medium-sized businesses, providing immense value without scaling to a massive user base. Basecamp has remained largely self-funded, emphasizing the importance of generating revenue through satisfied customers.

Mailchimp: Mailchimp, an email marketing service, started as a small business catering to SMEs. It has grown steadily, focusing on quality and user experience, and now serves millions of users without the need for unicorn status. Mailchimp has famously remained bootstrapped, growing without external funding and relying on its revenue to expand.

Importance of Customer-Funded Businesses

One of the most sustainable ways to grow a business is through its customers. Establishing a business that offers genuine value and can fund its operations through customer revenue has several advantages:

- **Autonomy:** Businesses that rely on customer funding maintain greater control over their operations and decisions. Without the influence of external investors, you can stay true to your values, vision and mission.
- **Sustainability:** Revenue from customers provides a steady and predictable cash flow, allowing for more stable growth. This reduces the risk of financial instability often associated with venture-funded startups.
- **Customer Focus:** When your primary funding comes from customers, you are incentivized to prioritize their needs and satisfaction. This leads to better products and services, fostering long-term loyalty and trust.
- **Reduced Pressure:** Without the pressure to meet investor expectations and rapid growth targets, you can focus on building a strong foundation and scaling at a manageable pace.

Steps to Build a Sustainable Business

- **Identify a Real Problem:** Start by pinpointing a genuine problem that needs solving. Conduct thorough market research to understand your target audience's pain points and tailor your solution to meet their needs effectively.
- **Deliver Exceptional Service:** Focus on providing top-notch service and creating a seamless user experience. Happy customers are more likely to become repeat clients and advocates for your brand.

- **Build a Loyal Client Base:** Engage with your clients regularly and build strong relationships. Customer retention is key to long-term success, so invest in strategies that enhance customer loyalty and satisfaction.
- **Maintain Financial Prudence:** Keep a close eye on your finances and ensure your business model is sustainable. Avoid unnecessary expenses and prioritize investments that drive growth and value.
- **Stay Adaptable:** The business landscape is constantly evolving, so remain flexible and open to change. Listen to customer feedback and be willing to pivot your approach to stay relevant.

Take-out

Escaping the rat race, to secure funding is the first step an entrepreneur needs to realize, and ask yourself main question, out of the statistics presented above, are you willing to go into the hurdles, sufferings, to be achieve growth to a unicorn, that only less than 1% actually achieve? if you answer is yes, then please consider what you put on the table in exchange of that: whether from your health, time, family, autonomy. I'm sure you don't want to find yourself eventually the CEO of a company you don't really control, and find yourself employee again, but with better status, or how it seems a better status. Build a business you proud of, solve a problem for a community you care about, and enjoy your journey with people you like, trust, and happy to take the journey with.

References for further reading:

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