



## FUNDAMENTALS FOR GROWING STARTUPS IN ENTREPRENEURSHIP

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### ABSTRACT:

Entrepreneurship acts a catalyst for the economic prosperity of a country as it leads to generation of new employment opportunities, contributes to National Income, Rural development, industrialization, technological development, export promotion etc. The Government has taken initiatives to promote entrepreneurship culture in the country. In spite of numerous challenges faced by the entrepreneurs which obstruct the growth of entrepreneurship, the government initiated a new set of policy reforms to meet those challenges and promote start-up culture in the economy. The present paper provides fundamentals for growing start-ups in Entrepreneurship which helps the society in general and youth in particular to promote start-up culture. It also studies recent reforms in special focus on skill development measures giving birth to Technology enabled startups.

### KEYWORDS:

**ENTREPRENEURSHIP, STARTUP INDIA, GROWTH.**

### INTRODUCTION

Startup India is a Government of India flagship initiative to encourage start-ups and nurture innovations as the Government plans to empower start-up ventures to boost entrepreneurship, economic growth and employment opportunities to youth across India.

India today has reached that stage of Demographic dividend wherein more than 60% of the

Populations are in the economically active group of 15-59 years. To tap this economic dividend it is necessary to create enough employment opportunities to productively absorb the economically active population. In pre-independence era, Indians boycott British made goods and use Indian made goods and there is a development of textile industries, iron and steel, publishing, financial institutions, educational institutions etc. Post independence era focuses on increased public investment in heavy industries such as establishment of industries and setting up of PSUs but they didn't provide an ideal environment for entrepreneurship.

Many studies focused on major problems faced by an entrepreneur which includes lack of mentoring facilities, technology support, availability of credit etc. Montek Singh Ahluwaila Report of the Task Force on Employment Opportunities, (2001), mentioned about development of entrepreneurship ability among the budding entrepreneurs. As per the SP Gupta "Special Group Report on Targeting 10 million Employment Opportunities per Year" (2002), indicates launching of appropriate programmes to increase entrepreneurial capabilities and

provision of skill for self-employment. Thus, the skill development for entrepreneurs need to focus on providing multi-skill variety, going beyond production skills to include marketing, finance and accounting, management etc. Thus mentors are required for startup organizations.

### FUNDAMENTALS FOR STARTUPS :

#### 1. MARKET RESEARCH FOR START-UPS: ESSENTIAL PRACTICES FOR

#### AVOIDING THE DEAD POOL

- ❖ Entrepreneurs building start-ups are possessed by the ideas they have channelled In to Entrepreneurship World. Businesses of every size / age can be benefited from market research. Rather than committing major business error and suffer the lost resources and time, Market Research is far less expensive to test before one build, invest or buy any business.
- ❖ The reason why many founders of start-ups act like market research doesn't exist is of ignorance or fear of being told that your baby is ugly.
- ❖ Market research data shows how much homework one has done on business and aren't simplifying by ones gut intuition.

#### SOME POSSIBLE SOLUTIONS FOR MARKET RESEARCH:

- ❖ Guerrilla market research
- ❖ Homemade research
- ❖ Traditional quantitative market research

- ❖ Traditional qualitative market research
- ❖ Secondary market research
- ❖ Lean startup model : Build, Test, Iterate
- ❖ Market Research 2.0

### SPECIAL CONSIDERATIONS

- ❖ Using market research surveys to determine pricing
- ❖ Conjoint analysis
- ❖ Direct open ended questioning
- ❖ Monadic pricing surveys
- ❖ Price laddering surveys
- ❖ Using market research surveys to pick the Best Logo, Product, Package or site design
- ❖ Using Video in surveys

### 2. MARKET VALIDATION

It is a process applied to the unstructured, serendipitous task of doing a complete evaluation of the market for a product before the product is built. It generally takes 60 days time with 10% of the expected cost of developing product. It is based on the philosophy that fail fast by testing whether the proposed product or service will work in the market before building or creating it. Things to be considered under Market Validation:

- Write Down Your Product Concept
- Decide
- Most of What You Write Down are Assumptions
- Find the Truth by Getting Out to Test Your Assumptions
- Start with Your Network
- List of questions to know more
- Five whys?
- Find the Value Proposition
- Liking Your Idea is not the Same as Buying Your Product
- Jump Off the Cliff and Have Fun

### 3. BUSINESS PLAN FOR STARTUP BUSINESS

A business plan consists of many narrative and several financial worksheets. The narrative template is the body of business plan. The real value of creating a business plan is not in having the finished product in hand, rather the value lies in process of researching and thinking about business in a systematic way. The act of planning helps the start-ups to think things through thoroughly, study and research if they are not sure of the facts, and look at ideas critically. Even it takes time, it avoids costly, perhaps disastrous, mistakes later. It is a generic model for all the types of businesses.

#### COMPONENTS OF A BUSINESS PLAN INCLUDES:

- Executive summary

- General company description
- Products and services
- Marketing plan
- Operational plan
- Management and organization
- Personal financial statement
- Startup expenses and capitalization
- Financial plan
- Appendices

### 4. GETTING ORGANIZATIONAL REDESIGN RIGHT

"If at first you don't succeed, try, try, try again". W E Hickson, British Author

According to Mc Kinsey's Research, less than quarter of organizational-redesign efforts succeed. 40% run out of steam after getting under way, while a third fail to meet objectives or improve performance after implementation. The good news is that companies can do better – much better, as it is learnt while comparing successful and unsuccessful organizational redesigns and explain some rules of the road for executives seeking to improve the odds. Success doesn't just mean avoiding the expense, wasted time and morale sapping scepticism that invariably accompany botched attempts.

A well executed redesign payoffs quickly in the form of better-motivated employees, greater decisiveness and a stronger bottom line. Organizational redesign involves integration of structure, processes and people to support the implementation of strategy and therefore goes beyond the traditional tinkering with "lines and boxes".

### 9 GOLDEN RULES FOR SUCCESSFUL ORGANIZATIONAL REDESIGN:

- Focus first on the longer term strategic aspirations
- Take time to survey the scene
- Be structured about selecting the right blueprint
- Go beyond lines and boxes
- Be rigorous about drafting in talent
- Identify the necessary mind-set shifts and change those mind sets
- Establish metrics that measure short and long term success
- Make sure business leaders communicate
- Manage the transitional risks

### 5. A GO TO MARKET STRATEGY PRIMER

A Company's go-to-market strategy is one of the most important levers to improve key

business outcomes.. it is a way a company aligns to the evolving needs of its customers. It is an interface with which the company sells to and serves its customer base and interacts with new prospects. It involves all the strategic questions a company can ask viz

1. What markets do we pursue?
2. Which customers do we target?

3. Which channels fit with how our customers buy?
4. How do our offerings fit with our markets and channels?
5. What is our unique value proposition to each target customer?

Many people think a GTM strategy is all about the routes or channels to market which is a key part but is not the whole story. The key elements of a GTM Strategy are

- ✓ Where are you ( Current State)?
- ✓ Where do you want to go ( Desired State) ?
- ✓ How do you get there ( Strategic Options)?

#### **ADDITIONALLY, THE TYPICAL STRATEGIC PLANNING TRIUMVIRATE WOULD ALSO APPLY**

- ✓ Situation analysis
- ✓ Strategic formulation
- ✓ Implementation

Execution of an integrated GTM strategy with a high degree of aplomb is not easy. One needs to look at experiences as a customer and buyer to get a feel for the situation. financial plan is critical to the success of a business plan – especially if it is for the purpose of getting a bank loan. The cash flow forecast is arguably the most important part of the plan, but each of the other documents is important from a planning perspective. With business planning, one must keep trying until they have a result that is reasonable and that are convinced to be achievable. The most important 5 tips for a financial plan are:

- Be persistent
- Read the entire planning guide
- Get help in assembly, but not in research
- Be consistent
- Use the simple template

The better financial plan includes:

- ✓ Forecasting assets
  - ✓ Determining budget and current assets
  - ✓ Determining capital assets needs
- ✓ Forecasting liabilities and equity
  - ✓ Supplier credit
  - ✓ Bank term loan
  - ✓ Bank line of credit
- The income statement forecast
  - ✓ The sales forecast
  - ✓ The cost of goods forecast
- The overhead forecast
  - ✓ Advertising and promotin
  - ✓ Automobile
  - ✓ Bank and finance charges

- ✓ Communications
- ✓ Depreciation
- ✓ Insurance
- ✓ oEntertainment and meals
- ✓ Occupancy
- ✓ Owners' drawing and wage
- ✓ Mail and office supplies
- ✓ Professional fees
- ✓ Professional development
- ✓ Wages and benefits
- ✓ Travel and accommodations
- ✓ Others
- The cash flow forecast
  - ✓ Schedule of anticipated cash receipts
  - ✓ Schedule of priorities for the payment of accounts

#### **7. COMPANY REGISTRATION IN INDIA AND REGISTRATION UNDER STARTUP INDIA**

There are 5 types of companies that can be registered in India

- Sole proprietorship
- Partnership
- One person company
- Limited liability company
- Private limited company

A one person company is an improvement over sole proprietorship firm which gives complete control to one founder and gives a benefit of limited liability to the founder. It is registered with

Registrar of Companies and Ministry of Corporate Affairs

Some official procedures a company has to follow in order to register them in Indian Official records, MCA ( Ministry of Corporate Affairs) has to made registration process online few years back. The registration includes some must follow rules and some registration like Digital

Signature Certificate (DSC), Director Identity Number (DIN), filing an eForm and New user registration and incorporate the company.

#### **8. STARTUP INDIA – REGULATORY RELAXATIONS**

India is evolving and is expanding its horizon regarding business opportunities. The startup is the buzzword of the decade. Furthermore, with the support of governmental bodies, the ease of establishing and running a startup has increased drastically. In this article, shall take a look at the unique benefits provided by the governmental schemes to registered startup in India. Startup means an entity, incorporated or registered in India not prior to five years. Also, the annual turnover of the startup should not exceed INR 25 crore in any preceding financial year.

A startup should be working towards innovation, development, deployment or commercialization of new

products, processes or services driven by technology or intellectual property. To avail the schemes provided by the government, a startup must be registered under any of the following three heads.

- ❖ Private Limited Company (under The Companies Act, 2013) or
- ❖ Registered Partnership Firm (under The Indian Partnership Act, 1932) or
- ❖ Limited Liability Partnership (under The Limited Liability Partnership Act, 2008)

**COMPLIANCE REGIME BASED ON SELF-CERTIFICATION**

Every startup needs to comply with various labor and environmental laws and regulations. Also, the formalities requiring conformity of these laws are time-consuming. Therefore, to make compliance for Startup friendly and flexible, simplifications are introduced by self-certification scheme.

By self-certification, a startup will comply itself to an inclusive nine labor and environmental laws. Also, no inspection regarding these laws will be conducted till a time period of three years. The nine laws will include the following.

**LABOUR LAWS**

- ❖ The Building and Other Constructions Workers’ (Regulation of Employment & Conditions of Service) Act, 1996
- ❖ The Inter-State Migrant Workmen (Regulation of Employment & Conditions of Service) Act, 1979
- ❖ The Contract Labour (Regulation and Abolition) Act, 1970
- ❖ The Employees’ Provident Funds and Miscellaneous Provisions Act, 1952
- ❖ The Employees’ State Insurance Act, 1948

**ENVIRONMENTAL LAWS**

- ❖ The Water (Prevention & Control of Pollution) Act, 1974
- ❖ The Water (Prevention & Control of Pollution) Cess (Amendment) Act, 2003
- ❖ The Air (Prevention & Control of Pollution) Act, 1981

**STARTUP INDIA HUB**

- ❖ A program by the government of India, to provide a support system to all the entrepreneurs. “Startup India Hub,” helps to increase the gap between Indian and foreign VCs, angel networks, banks, incubators, legal partners, consultants, universities and R&D institutions. Thereby, making a conducive environment for startups to grow.
- ❖ Also, Startup India Hub will assist Startups through their lifecycle with specific focus on important aspects such as obtaining financing,

feasibility testing, business structuring advisory, enhancement of marketing skills, technology commercialization and management evaluation.

- ❖ Finally, startup India Hub will organize mentorship programs in collaboration with government organizations, incubation centers, educational institutions and private Organizations who aspire to foster innovation

**STARTUP INTELLECTUAL PROPERTY PROTECTION SCHEME (SIPP)**

With the SIPP scheme, the registered startups will face no trouble in patenting procedure, design procedure, and trademark procedure.

**GOVERNMENT TO BEAR FACILITATION COST:** Under this scheme, the Central Government shall bear the entire fees of the facilitators for any number of patents, trademarks or designs that a Startup may file, and the Startups shall bear the cost of only the statutory fees payable.

**OWNERSHIP OF THE IPR UNDER THE SIPP SCHEME:** The startup will have sole ownership of the patent, and no governmental authority will claim its right over the intellectual property.

**REBATE ON THE FILING OF APPLICATION:** An 80% rebate in the filing of patents vis-a-vis other companies. This will help them pare costs in the crucial formative years.

**TAX EXEMPTION TO STARTUPS FOR 3 YEARS**

With a view to stimulate the development of Startups in India and provide them a competitive platform, the government of India has exempted the Startup from paying income-tax on their profit for a period of 3 years.

**GETTING STARTED: INDIA'S OVERALL RANKING IS BASED ON TEN FACTORS**

Factors	Rank
Starting A Business	155th Rank
Dealing With Construction Permits	183
Getting Electricity	70
Registering Property	138
Getting Credit	42
Protecting Minority Investors	8
Paying Taxes	157
Trading Across Borders	133
Enforcing Contracts	178
Resolving Insolvency	136

**9. DIGITAL STRATEGY FOR START-UPS**

Over the last several years, success of companies through Online Presence has been observed. A dramatic shifts in

digital marketing strategies has been observed.

There are two important questions to be answered:

- a. How can I get more traffic to my website?
- b. How can I increase my website conversation?

Having a quality website is critical to success in the online world. Website should be at the centre of online presence. There are some tips to be followed in digital marketing strategy

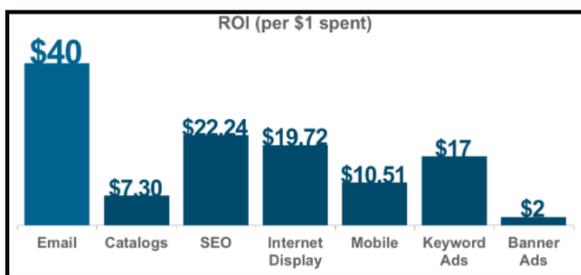
- i. Have good hosting
- ii. Choose an effective URL
- iii. Build a strong effective website
- iv. Create useful content

a unique plan. As everybody's path to success will be different, one cannot set out to prove a step to step guide to online success.

**THEREFORE, 10 BEST DIGITAL MARKETING STRATEGIES**

- ❖ Social Media Marketing
  - ✓ Facebook
  - ✓ Twitter
  - ✓ Instagram
  - ✓ LinkedIn
  - ✓ Snapchat
- ❖ Email Marketing
- ❖ Search Engine Marketing
- ❖ Search Engine Optimization
- ❖ Influencer Marketing
- ❖ Content Marketing
- ❖ YouTube Marketing
- ❖ Viral Marketing
- ❖ Referral Marketing
- ❖ Published On Top-Tier Publications

**EMAIL MARKETING**



**10. VARIOUS SOURCES FOR FUNDING**

Last but not least, a Startup Venture need to understand various sources of funding available for startup or establishing a MSME unit viz

- ❖ Angel funding
- ❖ Crowd funding

- ❖ Hedge funding
- ❖ Joint venture
- ❖ Incubators
- ❖ Banks

Risk is omnipresent and all pervasive in any walk of life. It is more in case of SME. Adam Smith, father of economies has right said that "Business is the reward of risk taking". Any business entity needs to robust risk management systems but SMEs need much more than as they may not have the means and ways to manage and control risks due to their very size and several limitations.

**CONCLUSION:**

All your visions, dreams, goals, plans and projections are only as good as the action and effort you put into them. And beware the temptation to "chase the new." Instead, get comfortable learning to apply the basic principles that will get you where you want to go. You'll discover your old coaches and teachers were right: There is "fun" hiding in the "fundamentals." Starting a business can be risky and challenging, but armed with the proper tools and information, you can put yourself on the path to entrepreneurship.

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