REASONS WHY START-UPS FAIL IN INDIA

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ABSTRACT

Startups frequently have unique difficulties when creating their communication strategy. Frequently, neither the names of the founders, the business, nor the products are well-known. This is especially true during the start-up phase that this essay is analyzing. Knowing your communication target audiences and tailoring your communication strategies to them is very crucial. Two real-world examples are given after a study of the stages of starting a business and significant audiences for start-up communication strategies. In conclusion, advice for start-ups' communication strategy is derived.The high-risk, high-reward approach adopted by these startups results in high failure rates and a limited percentage of successful startups, despite the fact that their overall contribution is vital. Therefore, it is interesting to note that literature frequently ignores the multiple lessons that may be gained from looking at the experiences of startups that failed in favor of emphasizing successful firms and quantitative studies that look for success predictors.

Keywords: Startups, Failure Reasons, Risks, Entrepreneurs

INTRODUCTION:

You are well aware that most businesses fail in the beginning. The widespread misconception is that between 80 and 90 percent of startups fail within the first few years, although this isn't actually the case.Despite having the third-largest startup environment in the world, 80–90% of Indian businesses fail during the first five years of operation. Why do startups fail, you ask? We identified some of the main causes of the same and discovered strategies that business owners may use to confront these startup failure scenarios.

How can businesses prevent this?

Businesses can benefit from innovation in a variety of ways, including increased productivity, standing out from the crowd, and the ability to efficiently address challenges. Here are some things startups need to think about:

- Avoid copying successful worldwide startup concepts without doing adequate research and comprehending the Indian market.
- Startups require highly skilled technical and inventive skills.
- Before pursuing ideas that are in vogue, consider the idea's long-term viability.
- Locate the resources you need to innovate and drive the startup.

People in India are developing numerous fresh startup ideas on a daily basis. Everyone wants to launch a startup and hope to make a billion dollars from it. The sad reality is that it isn't as simple as it seems. It's not as simple as it seems in television shows and movies.

On January 16, 2016, the Indian government unveiled "Startup India," a programme designed to encourage the startup culture and create a robust, inclusive environment for entrepreneurship and innovation in India. The goal of Startup India is to create a robust ecosystem for fostering innovation and startups in the nation, which will promote long-term economic growth and create numerous job possibilities. The goal of the government's effort, which promotes the use of innovation and design, is to foster the growth of startups. According to the initiative's definition, a startup is a company that has not been incorporated or registered in India for at least five years and whose prior financial year's annual revenue did not exceed INR 25 crore. Startups work to innovate, develop, deploy, or commercialise new goods, processes, or services that are based on technology or intellectual property.

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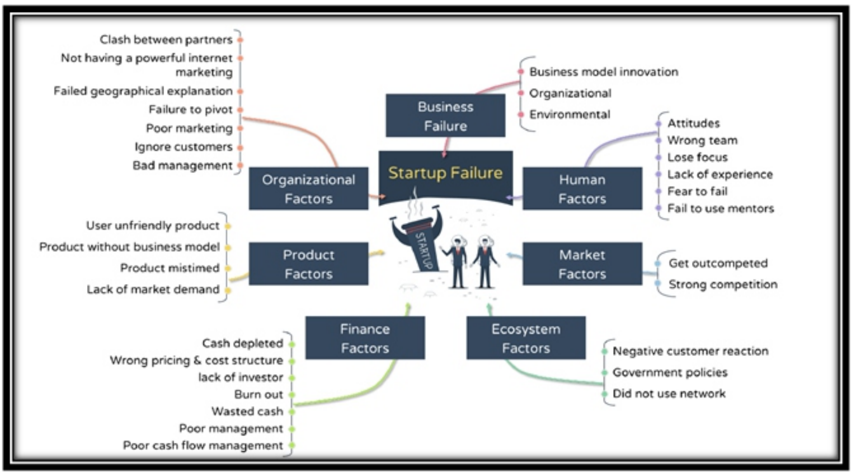
The flexibility to work on causes that matter to you, bridging a social gap, earning money, having a flexible schedule, being your own boss, releasing your creativity, giving back to society, etc. are all reasons to start a business. This contributes to job creation. But doing so also necessitates putting forth consistent effort and making sacrifices. Huge population, expanding middle class & working population, and tech-savvy clients are factors supporting startup systems. Government initiatives like "Make in India," "Startup India," and "Vocal for Local" are encouraging the spirit of entrepreneurship. Entrepreneurs should launch their businesses with a plan, taking into account a variety of internal and external elements that may have an impact. establishing the startup's objectives for revenue generation, target market, profitability, and the creation of new products,

Detailed Explanation:



Reasons why start-ups fail

(Source: SNI team after Akter et al.10 , p. 448)

Organizational Factors:A startup's success is frequently due to a team that includes employees who are authorities in their respective fields. The founders have a responsibility to assemble a team with experts from each individual subject. Since controlling a risk is never the responsibility of a single person. Consequently, make investments in those who share your startup's vision and are motivated to work toward it. Due to a shortage of funding, businesses frequently end up hiring amateurs who lack the skills necessary to take their

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business to the next level. For your startup, you should stay away from doing this instead of concentrating on hiring professionals. when we are talking about the organizational factors the clashes among the partners as well as bad marketing plan and lack of geographical explanation are main reason for the failure of startup. these factors lead to ignorance from the customers and in return the management will fail to payoff of the duties they are having for business.

Business Risk: In the startup landscape, we see it all too frequently that some businesses think their product is so desirable that the market would clamor for it and money will start to come in. In the beginning, most startup founders have a limited understanding of what their product could be able to accomplish in the market. When a business pivots, it alters its course and product to appeal to a different market. Those entrepreneurs may greatly lower their chance of failure and market rejection if they could validate their product in pilot projects or even beta testing before launching.

Human Factor: The ability to generate a compelling vision for the business and its future at any stage allows a successful leader to attract devoted workers rather than top talent who will quickly jump to the next offer. Not the so-called "top talent" coveted by the media, but rather employees devoted to the company's goal and vision will aid the founders in realizing their dream.human factors include the changes in the attitude in a person's daily life due to stress and pressure, if a member is not good for the team that pressure will make entrepreneur o lose his focus from the business and lack of experience among the inventors are the reasons why human factor is so crucial in startup failure, the inventors of the startup fail to use the mentor on the right time when needed.

Finance Factor: The amount of time and rejections needed before someone is successful in obtaining financing for their startup may always surprise them. Too frequently, this procedure is initiated too late, and the entrepreneur rescues the situation by bringing in the incorrect investors—the initial ones. In a startup context, fundraising requires at least six months of persistent prospecting through meetings, calls, and visits. The more you engage in the fundraising process, the more specific you become about your company's needs and the desires of potential investors. Create a committee to handle this, and assign at least two persons to be in charge of fund-raising and reporting to the team every two weeks.

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Market Factor: No matter how fantastic your product may be, if no one knows about it, it will fail. One of the main factors contributing to the demise of many startups is poorly managed marketing (or sales). At first, a professional PR team may not be necessary, but you still need to generate awareness about your business and products in the media and on social media. Make sure your publications in magazines and online are credible and well-liked among your target demographic. If your business is unable to effectively manage marketing, no one will be aware of your product, which means no one will purchase it. For some founders and more technical teams, spreading the word could seem like a waste of time, but it is essential to the survival of a firm.

Product Factor: Some businesses release things before the market (demand/need) or the technology is ready for them. Some people launch too late, even if they might not be aware that it is already too late. The important thing is to constantly evaluate your performance using benchmarks from competitors and common sense when sales are not picking up. The best time to pivot or invest time, money, and effort in a different market would be now.

Inability to Raise Capital: The amount of time and rejections needed before someone is successful in obtaining financing for their startup may always surprise them. Too frequently, this procedure is initiated too late, and the entrepreneur rescues the situation by bringing in the incorrect investors—the initial ones. In a startup context, fundraising requires at least six months of persistent prospecting through meetings, calls, and visits. The more you engage in the fundraising process, the more specific you become about your company's needs and the desires of potential investors. Create a committee to handle this, and assign at least two persons to be in charge of fund-raising and reporting to the team every two weeks.

Ecosystem Factors: Many entrepreneurs find it difficult to share their prototype with others before it is at least somewhat complete. A startup frequently dies if it doesn't gather input from potential clients. Do not be concerned that someone will steal your concept or that your prototype won't be flawless when it is first presented to others. There is a good chance that making a few prototypes and testing them with feedback from those who tested it, like in focus groups, will put you in a product improvement and learning loop that shall be repeated until people start to demand your product. This is because technologies have made it possible for anyone to produce hardware and

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software prototypes.

CONCLUSION:

It's important to recognize that startup entrepreneurship, which is fueled by disruptive innovation, carries a high chance of failure and should not be viewed as a fatalistic endeavor. High failure rates are not inevitable, despite what many people seem to think. The chances of success must and can be increased.

The greatest strategy to reduce the chance of failure is to prepare in advance for launch, using pre-launch checklists to follow the same process as airline pilots. In our view, the passion, romanticism, and excitement of producing new socially beneficial value are what drive startup entrepreneurs. Their intense zeal frequently overshadows the persistent, meticulous approach required to properly plan and carry out ideas that have the potential to change the world.

It's well known and has been extensively researched why and how startups fail. Planning ahead, becoming organized, and getting ready can all help avoid or at least lessen failure. We have discovered that business owners frequently don't respond patiently to our exhaustive checklists.

Maybe a lengthy pre-launch routine is like medicine that tastes terrible. Although it is painful, it is necessary for our survival.

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