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REASONS BEHIND FAILURES OF STARTUPS IN INDORE

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ABSTRACT

This study makes an attempt to explore the failure reasons of young entrepreneurs of Indore after getting finance for their ventures. For this research, ventures in the knowledge based sector have been selected. The result exposed that in the initial stages of venture development, these entrepreneurs utilized their personal savings and funds from their family and friends. The purpose of this article is to better understand why start-up should be hanged up and how to save the entrepreneurs from failure. It is in other ways that the study indicate to the entrepreneurs about time, expenses and failures of 100 startups, their energy for contact and how they have failed, Commonly Known Causes that begin with an introduction to articles that are safe after the success of business, after the success of the business, after the success of business, after the success of the entrepreneur, failure of business entrepreneur failure and discussion can be practical due to avoid failures.

Keywords: Startup, Entrepreneur, Failure, Innovation, Early stages

Introduction

Start-up for a nation's financial welfare is important, it works as a new technology and innovative incubator at the beginning of the development and development steps which are newly created files. They contribute highly in job creation According to facts from the

Kauffman Foundation and the US Census Bureau (Weitekamp & Pruitt, 2009), Initial employment opportunities are not available, ready for annual employment development. However, the ability to start about the start-up has failed in the first five years of all new venture institutions(Shane, 2008, 2012; US Bureau of Labor Statistics, 2010). Start-ups often lack significant resources and compete with companies that are established for the market. This capital-bound form is facing the challenges that are different, to maintain their developmental efforts, it is mandatory to make a recognizable piece of steel to support these start-ups. Archibald, Thomas, Bates, and Johnston (2002) It is important to initially inventory decisions with inventory issue and cash. In this letter, we can increase work in many ways. We focus on two other important operational issues to introduce, the importance of risk-reward business, and their inventory inventory and ad decision requirements Collectively, optimize for most of the single models alone - or decrease the reward (maximize the model) or decrease the amount of banking (as done by Archibald et al., 2002).

Keeping in mind the risks and rewards, solutions to these problems are solved by using techniques. Modeling problems using mathematical programming in a standard portfolio optimization pathway to minimize the risk topic for some level of reward is also practical here because these dynamic and stochastic problems can become very large as soon as there are problems based on myriad states Can not be crossed by Action Set and Prospects Branches Possible Work at Any Level And in the case of any real life associated with the many phases of the number of branches of the possibilities, the size of the problem increases rapidly, hence the primary contribution of this letter is to track both risks and reward in a stochastic programming framework and efficient Risk is to present an easy way to build boundaries based on reward solutions. This is a challenging task from the point of view of an implementation, because it needs to take information about both the risks and reward for each state, and information on the basis of standard solutions such as dynamic programming. There is only one piece, either the risk or reward which is calculated the value of the functional. Archibald et al. (2002) To consider important secondary contributions to extinction.

Review of Literature

Harayama (2003) identified the incubator manager's capability and interpersonal networking as the key determinant to the quality and performance of an incubator. Wiggins and Gibson (2003) argued that the value added services becomes a vital differentiator between successful and unsuccessful incubators. Moodley (2003) in a study of fashion incubator revealed that the major problems encountered by the entrepreneurs were of acquiring capital and machinery, marketing of the micro enterprise, renting of suitable premises, non-payment by customers, acquiring of raw materials, building up a client base, and lack of sufficient business skills and that there was a strong support for incubation and majority of the incubates considered mentoring from the incubator system as invaluable in the progress of their business. Wiggins and Gibson (2003) reported that since 1980, incubated companies created more than 250,000 jobs which increased the tax base, occupied additional commercial real estate space, contributed to the local business infrastructure, and lead to additional job creation in other sectors.

Headd (2003) concluded that there are few traits that lead to a true business failure or to a business that closes unsuccessfully. The result of their study suggested that potential entrepreneurs, particularly those planning very small ventures, have less to fear than what is commonly believed. Alistair (2003) put forth the view that in both the developed and developing countries, many new ventures fail for the few that survive and grow and the challenge is to transform the traditional ways of supporting small enterprises in order to make them more cost effective for today's competitive environment. Lalkaka (2003) concurred with the view that business incubator is one instrument to help tackle the obstacles faced by entrepreneurs and counter the high start-up failure rate. Wilber and Dixon (2003) found that business incubators, when adequately utilized, have attributed to managers and owners of small businesses acquiring managerial skills that are necessary for survival in a competitive environment.

Davidsson and Honig (2003) in their study found that bridging and bonding social capital, consisting of both strong and weak ties, was a robust predictor for nascent entrepreneurs, as well as for advancing through the start-up process. Delmar and Shane (2003) recognized that business planning is an important precursor to action in new ventures and reduces the likelihood of venture disbanding.

Sung, Gibson and Kang (2003) emphasized the need to recognize the prevalence of both linear and non-linear-based venture businesses and devise appropriate support policy for these types of ventures. They suggested that incubators should pinpoint services to each venture business and government should base their policy to support those services that the venture businesses want and not on what government thinks is necessary for venture businesses. Rouwmatt (2003) studied Estonian incubators in terms of their set-up and operations, functions, income and sustainability and found that sub-critical size of incubators was making sustainability more difficult, business models were unclear and incubators provided only basic services to their clients. Wiggins and Gibson (2003) prescribed that business incubators must accomplish five tasks well in order to succeed: (1) establish clear matrices for success; (2) provide entrepreneurial leadership; (3) develop and deliver value added services to member companies; (4) develop a rational new-company selection process; and (5) ensure that member companies gain access to necessary human and financial resources.

Remedios and Cornelius (2003) recommend that in order to develop a comprehensive performance evaluation model of incubators, the performance of new ventures entering and graduating from that incubator must be tracked. Von Zedtwitz (2003) opined that by offering shared office services and equipment, business incubators at a minimum level provide opportunities to reduce costs and to save time for entrepreneurs who want to start their businesses immediately. Hannon (2005) was of the view that Incubators are established and supported to reduce start-up and early stage operational costs, and the risk of doing business by providing a protective environment for start-ups. Wynarczyk, P. and A. Raine (2005) affirmed that Incubators do play an important role in nurturing business and creating jobs and that the hands on support provided by the incubator and advisors are found to be vital for firm survival especially in the early stages of the business.

Bollingtoft and Ulhoi (2005) proposed that Business Incubators can be seen as attempts to address market failures and the problem of a three-dimensional liability of newness: one dimension related to administrative support; the second dimension related to age and related lack of visibility on the market; and the third related to being on your own versus being in a 'community' of peers. They believed that networks can give entrepreneurs the necessary legitimacy, skills and resources needed when launching a new venture and thus, the ability to connect up to strategically important clusters of networks is a critical managerial skill.

Startup Ecosystem

Startup India aims to create a strong eco-system for promoting sustainable economic growth, large scale employment opening, innovation and design. To accomplish the aim of this movement government has come up with an "Action Plan" which will accelerate this movement. This movement will include digital/ technology sector, agriculture, manufacturing, social sector, healthcare, education etc.

They have further divided this action plan as the existing 1 cities to tier 2 and tier 3 cities including semi- urban and rural areas. The purpose is to generate a single point of contact for the entire startup ecosystem so that young startup can get access to fund, knowledge, guidance and they can reach to their full potential. "The startup India Hub" will be a prime stakeholder in this ecosystem.

This ecosystem will include and promote the involvement of central and state government, Indian and foreign Venture Capitalist, universities, angel networks, banks, incubators, legal partners, consultants, universities and R&D institutions and so on.

This "The Startup India Hub" will be a mentor, guide, friend, advisor for the new startup so that they can be natured properly. This research will also analyze the Corpus funds and Credit Guarantee Funds under the Startup finance scheme.

A start-up is a business entity "which did not exist before during a given time period (new), which starts hiring at least one paid employee during the given time period (active), and which is neither a subsidiary nor a branch of an existing firm (independent)" [1]

A startup ecosystem involve entrepreneur, financial & technical support system, mentoring supports including incubation centre.It also comprises programs, government policies and research interface with academia. It is repeatedly said that India, the world's fastest growing start-up economy, the next next startup capital, many industry analysts have given credit to a young Indian in India, nearly 40% of India's population is under 35 years of age. Some young people in India have given India a 'startup nation' 'Is conscious of the desire to be inspired.

[1]Luger, M. & Koo, J., 2005. Defining and Tracking Business Start-Ups. Small Business Economics, (24), pp.17-28 & p.19

Although many startups are increasing in cities and towns in India, their success rate is still 10% lower. We have seen how the techniques developed in India's start-up ecosystem have been developed in the last few years. Study have also been a witness to the Failures in the initial days, in which some people have funds.

In the style of Elon Musk, the intelligence behind Tesla, "Failure is an option if things do not fail; you're not doing enough innovations"

There are also some design and development perspectives for other reasons. Which we also call it as a "valley of death

Disagreement between cofounders and lack of a common visualization

A commonality between the two initial challenges is a common vision and is inability to maintain a strict time. It is compelling for the founders to deliver their responsibilities. It is also important for them to know where they want to see a success story of 10 years or so.

Not going with the right resources

Today's big startup is a big challenge for the company's growing need to find new talent and keep a new look. Typically, entrepreneurs have to take more of their own viable responsibilities for giving work to them. It is best to create the right team size to work, with high speed to see the startup is cut in an angle which is missed big and is very important for small fare. There is always a need to be financial in other places, but rather than overloading a small group will only be a negative environment in the pressures and worksheet In some cases, the problems are different when finding firm rents but it is capable of not receiving the right skills which is essentially its organization and essential Will fit in the role. After startup this is a roadblock hit for this reason. We always noticed that some young founders seem to be unnecessary or costly to hire an experienced executive, and prefer to be with a freshman or a few years of experience. To include all types of people in a team, it is necessary for your team to have an experienced player to win this win so that a young mind will be able to compete.

The cofounders who had made the mistake had started selling the product. They affect the product but can not explain the increased business potential, which is actually the job of sales experts. These institutions have a sales force for themselves, they think they can do it.

Failing to locate a product-market fit

The entrepreneur has set up a startup in resolving a problem. But sometimes the market has not been prepared for production or the entrepreneurs do not understand enough which industries to present their products or services in the market.Narayana Murthy said, "Instead of getting the benefits of your customers, abandon your relationship with prosperity. Public money is getting worse for the production." One article in Fortune magazine was released as a failure in the market.

Often there are startups that come with extra ordinary solutions but the views are not able to clearly or accurately capture the intended audience. Pivoted in this group and going to a different place, put their initial thoughts on the backbatch. It is essential that entrepreneurs should study the market for a specific location and study the target audience for gauge and zero. An entrepreneur costs a large amount of his time, effort and money to produce. Most startups fail to understand the difference in innovative products and marketable products. It is also important to understand that out-of-the-box ideas can be an innovative product, whether the market is ready for such products.

Not raising financial support at the correct time

Low-working experience Backgraves have tried to bootstrap your startup with most of their savings in the enterprise or your family and close friends or "investment". This is the first step in the next step, where a foreign investing company is ready to invest through equity, that's where the problems are starting. Selecting an investor requires time to be with you. The number of growing start-ups and investors has strengthened their fortunes, which is too big to get money, Jeff Bezos established Amazon with his savings, and his parents invested in a large part of his life savings in the company.

Knowledgeable investor is a good start in funding as an opinion, but after receiving money and an entrepreneur has failed to initially or earlier and the predecessor developed client is expecting. Would you like to be able to give the work time to go ahead to fail the investor to fail as an investor fails the enterprise and startup a little bit India sequence series matrix out of an economic answer part Even without the need to say at the end of the revenue, the cost of editing from the trust to the customer is very high, where the B.Sc department is working. Can be removed. So the history remaining option is no policy company gets them out - Understanding and Knowing Phase Fund Problems Investors start to see a mile startup. The fund seems to be just interested in making the main part of the lid the most important is

Not able to monetise, become beneficial or innovate to beat opponent

Many startups who did all the work but still are unable to get profits or get the mode. Some people are difficult to break-even after 5-10 years, even after the transaction level and even with good marketing policies. This is primarily because they can not charge properly or customers can not take advantage of their ability to supply their products or services. Occasionally, the problem can grow even faster. The company did well, got funding, their products were sold as hotkeys, but they were stuck again. What next? When a company started to build a company that was running miles apart from meeting with a group of enthusiastic and intelligent groups, it is not as if profits take profit and the company is stable, I have often had read that I understand that success early success is wrong. But for the success it was understood and the company could not move forward. Another problem was that the rivals were eating the share of their market. Their investors, who expected profit and development, got upset and these entrepreneurs made it difficult to meet these expectations.

The summary of this study is that in order to maintain the competition further for the next tournament, the startup must be revised again, it should be your toes. Although failure can be a heartfelt weapon, I believe that if these entrepreneurs have learned many lessons to fail, they would have saved their salvation at the beginning. In addition, there are many prophecies in it, the world's richest person and founder of Microsoft - Bill Gates once said, "It is okay to celebrate success, but keeping things checked is important."

Conclusion-

Most of the time we think availability of finance is the only reason behind failure of all startups but the the study posits that this is just a single reasons and poor selection of resources, disputes and disagreenments between team members, product fitness towards in market, innovation. These are some major reasons which cannot be avoided and can be resolve with the help of startup ecosystem.

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