

“If you will celebrate 5th birthday of your startup it will be successful for sure”

*Statistics verbalize that more than 80% start-ups do not survive till its fifth birthday*

Startups have a hardest time in the beginning. Founders have to handle so many complicated range of works starting from properly developing the business idea, getting the team, getting the space, getting the funds etc. and above all to attract the investor (so called *angel investor*) somehow they have to make a profit despite often needing to also pay off their startup costs at the same time.

If they fail in doing so as a consequence they will experience cash flow problems and net impact will be that then they could easily go out of business.

If the start up can manage for the initial first 5 yrs believe me they will definitely succeed. If we properly analysis this, then we can list out few basic reasons why a business might fail. The said reasons are listed below :

Development of idea and Sound Knowledge base – We have noticed that young generation is in a hurry to implement their idea and to earn dollars. They do not develop their idea and even could not understand that successful business do not only need a brilliant idea but requires wide range of skill sets that will be required to manage their own business. The founders or promoter or owner as you may like to call them will have to perform at least 3-4 job roles ranging from management, HR professional, marketer to accountant. And without any doubt it takes a extraordinary kind of entrepreneurial talent to be able to wear all of those hats simultaneously.

Finance management – Many excellent business ideas could not be turned into successful businesses just because the founders were not good at cash management. This single factor itself could lead to closure of business and shatter the confidence to founder to such an extent that he /she will not be able to even think of building any other business in future. If you will not handle it on time and let it get to the stage where you can not pay suppliers or employees then take it as a ‘danger signal’.

Strong marketing tool – not in place – No doubt marketing is expensive and many of the startups will not be in a position to keep a budget for marketing but the fact is that you have to have it even if you do not have funds. And there also your expertise and skills plays very crucial role in selection and implementation of marketing strategy as per your business model and budgets.

Now, after analysing the problems it is also necessary to enlighten you on the ways to overcome all above problems and to augment your probability of success –

First and foremost develop your ideas into business model covering all the aspects. A good mentor can be a great help;

Secondly take a practical approach and understand that you can not handle everything yourself, and there are experts of crucial business areas. Try outsourcing those areas where you do not have expertise and take this as investment and not cost burden. Think in a way that it is cost effective in comparison to hiring someone who is good at it ;

Third be extra precautionous about selection of tools of fund raising. Do not rely on financial institutions / banks to save your business. They will help you by all means when you will be prospering and will not need funds but if you will be in bad financial position they will add to your pressure. Angel investors is no doubt a good option but handle the documentation part carefully and if required take experts help ;

Fourth be a good accountant yourself. Even if you do not understand accounts and do not have such background, then also give it time and try and understand believe me that knowledge will help you forever ;

Fifth, selection of software, correct software can make your business easy and will provide you more time to concentrate on business generation;

Ya one more either you should be expert of HR or outsource the team selection to good HR consultants of your business line. Half the battle is won if you will have hard working, sincere team members.

GOOD LUCK.

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