

“A Study on Survival Strategies Adopted By Startup Entrepreneurs”

Sanjana Antalmarad

sanjuant1997@gmail.com

Dr. Kumar Mukul Mishra

mukul.work@gmail.com

Abstract

“Make something people want.” includes making a company that people want to work for.

Which means it is always important to come with product and service where people show interest to work for and customers to build a curiosity about new launches. Startups typically begin by a founder (solo-founder) or co-founders who have a way to solve a problem. The founder of a startup will begin market validation by problem interview, solution interview, and building a minimum viable product (MVP), i.e. a prototype, to develop and validate their business models. The startup process can take a long period of time (by some estimates, three years or longer), and hence sustaining effort is required. Over the long term, sustaining effort is especially challenging because of the high failure rates and uncertain outcomes. It is important to know the current Covid-19 pandemic situation for any startup so that they can come up with feasible ideas as this pandemic has thrown up unforeseen challenges for startups and their responses are going to decide their fate so, it is important to understand what strategies they are adopting to sail through these trying times. This project is undertaken with an objective to analyze and understand the concept of survival strategies adopted by startups. The study was taken on the basis of secondary data, literature of startup, company reports, institutional reports like NASSCOM reports and also primary data collected through online survey. It has been analysed. through Statistical Package for the Social Science (SPSS). The study covers about the startups, the survival strategies adopted by startup entrepreneurs and the various challenges faced by the startups. It was found during the study that only those startups who come up with innovate and feasible strategies emerge winners during the trying times like present Covid times. Some of the effective survival strategies mentioned by the entrepreneurs in the study included analyzing the business scenario, adopting technologies, taking people along, communicating with stake holders, keeping the team motivated, taking the team along.

Keywords: *Startup entrepreneurs, Survival strategies, Challenges faced by startups.*

Introduction to startup industry:

Startups are baby companies. They generally are funded by the founders (ranging from a couple of individuals to one sole investor) and offer a product that is either absent from the market, in low supply or only offered in an inferior manner (or so the founder or founders believe). In the early stages of a startup’s life, expenses generally exceed revenue because, well, startups tend to make diddly squat in revenue. For this reason, financing often is attained through things like bank loans or loans from credit

unions. For further options, startups can receive government-sponsored funding as well as funding from incubator (which can offer both capital and mentorship as well).

If in dire straits, startups might consider asking for loans from friends or family. Venture capital is an option for those startups that are able to prove their potential. With venture capital, capital is exchanged for partial company ownership.

How startups are valued

There are a few ways that investors and potential investors (as well as founder(s) themselves) can go about evaluating their potential value on the market even when the startup has zero revenue streams. Here are a few:

The Cost to Duplicate method: With this method, the product or service created is evaluated by how much it costs to create (purchase of physical material as well as any research and development that went into it). The trouble with the “cost to duplicate” method is that it doesn’t consider what are known as “Intangible Assets.”

Market Approach method: This methodology will aim an eye at comparable products on the market. The nature of a startup often means that there are no comparable products or services on the market, or that the data of these companies may be kept close to the chest, and not made publicly available.

Discounted Cash flow method: Looks at the expected cash flow in the future of a company. *Highly subjective*

Development stage method: Those companies that are further developed get a higher valuation. For instance, a company with an interesting idea will receive a lower valuation than a company with a clearly envisioned path to profitability.

Because of the high failure rate of startups, potential investors should consider not only the touted product or service but also the quality of the founding members themselves. Additionally, a potential investor should not invest money that they cannot afford to lose outright. Exit strategies are also important: Until a startup is actually selling, all profits

Startups success rate

According to ‘Forbes’, a startup has a 10 percent success rate. Startups that tend to succeed:

Have a product well-suited for the market (a survey targeting failed startups determined that 42 percent of these startups decided that there was a “lack of a market need for their product.”)

Have duly diligent entrepreneurs (the founders of the startup should be cognizant of every little detail of their enterprise. They should not overlook a single thing. Even the “boring stuff” must be accounted for because, despite having a great product, sometimes the devil is in the details. And the details are enough to drag an otherwise promising startup asunder.

Have a company that grows fast According to Forbes: “Growth — fast growth — is what entrepreneurs crave, investors need, and markets want. Rapid growth is the sign of a great idea in a hot market.” A company that grows too slowly will have a hard time of securing the funding necessary to keep up with their startup’s needs. “A company that is not growing is shrinking,” Forbes said.

Startup Ecosystems.

Research on entrepreneurship suggests that this process has a social dimension and entrepreneurial behavior is rooted in the social context. It is both an economic and social process Casson (1991) and the entrepreneurial behavior is embedded in a social context (Kor, 2003). Social context becomes more important a factor when we are discussing entrepreneurship process in the Indian society, social factors playing vital role in business activities in India.

Studies points out that for entrepreneurial ventures to succeed, both the **internal factors** (personality traits and drive of the entrepreneur) as well as the **external factors** (social context and ecosystem) in which he/she is trying to start a venture must be present and supportive. There must be a positive interface amidst the two set of factors. As far as ecosystem is concerned it will require intervention at government level, local governing bodies, business associations (like NASSCOM in India), education institutions (colleges and universities), community groups, professional bodies, private companies, PSUs, NGOs, intellectuals, as well as common citizens etc. It requires policy formulation as well as creation of institutional support systems at ground level.

For the present study we have basically focused on Startup Incubation as part of this overall ecosystem and tried to understand how they facilitate growth of entrepreneurial activities in the initial stages of firm creation. Allen, D. N. and Rahman, S. (1985) in their study argued that the problems experienced by the startups can be partially solved “Business Incubation” process which may help overcome the major challenges faced by entrepreneurs and facilitate the growth of new firms by providing supportive environment in order to increase the chances of survival in the early phase of their life span (3-4 years).

Startup incubation is the practice of creating supportive environments for private businesses that are preparing to launch or have recently launched, in order to improve such businesses’ chances of surviving in the marketplace long enough to be able to develop their own resources and connections and operate independently. Startup incubators provide resources to people who are trying to start their own businesses, or people who have recently started businesses only to quickly discover that they need help (Arteaga & Hyland, 2014).The startup incubator may provide assistance in the form of office space, infrastructure, and administrative support (access to computers and secretarial staff), legal advice, and perhaps most important of all, training and networking. Many startup incubators are connected to university business programs, so they are able to help new business owners fill in gaps in their skill sets, in areas such as accounting, human resource management, marketing, and so forth.

Startups that are successful today

Investopedia recently released a list of the nation’s largest and most profitable startups. Here are five from that list:

Uber: Tech company based in San Francisco, California. It operates the ride-sharing application and network Uber, as well as the food-delivery application and network, Uber Eats. Uber also owns and operates the shipping application UberFreight, and a ride-sharing network for businesses called UberBusiness.

Airbnb: Online community marketplace for buyers and sellers of travel accommodations around the world. The Uber of travel accommodations, so to speak.

Wework: A company that provides a network of shared workspaces available for rent to freelancers, startups and small businesses.

SpaceX: Space Exploration Corporation is a private aerospace manufacturer and space transport company founded and run by Tesla CEO Elon Musk. The ultimate goal of SpaceX: enabling people to live on other planets.

STARTUP INDIA - EMPOWERING STARTUPS FOR GROWTH

Startup India is a Government of India flagship initiative to build Startups and nurture innovation. Through this initiative, the Government plans to empower Startup ventures to boost entrepreneurship, economic growth and employment across India.

The Government’s Action Plan will help accelerate the growth of Startups throughout India, across all important sectors – in Tier 1, 2 and 3 cities, including semi-urban and rural areas – and includes promoting entrepreneurship among SCs/STs and women communities.

The 19-point Action Plan, organized by the Department of Industrial Policy & Promotion (DIPP), focuses both on restricting hindrances and promoting faster growth by way of:

Simplification and Handholding

Funding Support and Incentives

Industry-Academia Partnership and Incubation

Growing significance of Business Incubation Centers.

While the Government is aggressively talking of startups but at ground the entrepreneurs still face lot of challenges failure rate among startups is quite high in India. In view of this, the Business Incubation Centers can play a major role by providing comprehensive and meaningful support to startups. These centers provide startups various kinds of services like office space, mentoring, management expertise,

connecting to relevant people and even supporting the funding and marketing activities of the entrepreneurs. The incubators are mostly supported by public funds from government bodies (in case of India the National Science and Technology Entrepreneurship Development Board (NSTEDB), Department of Science and Technology, Government of India does a lot of work), business associations (like NASSCOM), Universities or colleges and NGOs.

Keeping in mind the increasing importance of incubation centers in facilitating the growth of startups and helping them face the challenges in early stage of firm growth, we selected two most important incubation centers at Hubli as our universe of study. These are CTIE, **Note on Incubation Centers used in the research – CTIE, BVB College of Engineering and Technology** (now known as KLE Technological University) and **Sandbox of Deshpande Foundation**.

Center for Technology Innovation and Entrepreneurship (CTIE)

CTIE is part of BVB College of Engineering and Technology (now converted to KLE Technological University). B.V. Bhoomaraddi College of Engineering and Technology, Hubli, established in 1947, has been a key contributor to the business growth and education in Karnataka and beyond. Realizing that the time has come to reverse the brain drain by building a local entrepreneurial ecosystem “Center for Technology Innovation and Entrepreneurship” (CTIE) has been setup. The vision of the CTIE is to set up a platform to:

provide incubation facilities for entrepreneurs and start-ups,

work with the local industries towards setting up a vibrant synergy,

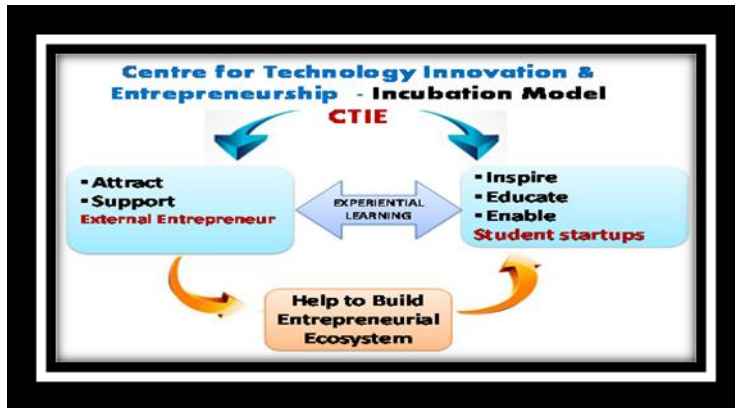
endeavor to develop and sustain a business ecosystem, wherein, engineering graduates aspire to be entrepreneurs,

help grow multi-disciplinary and inter-departmental programs, thus enabling growth of faculty,

enable students to educate themselves towards being entrepreneurs,

help develop the regional economy.

Incubation model, pipeline of incubates

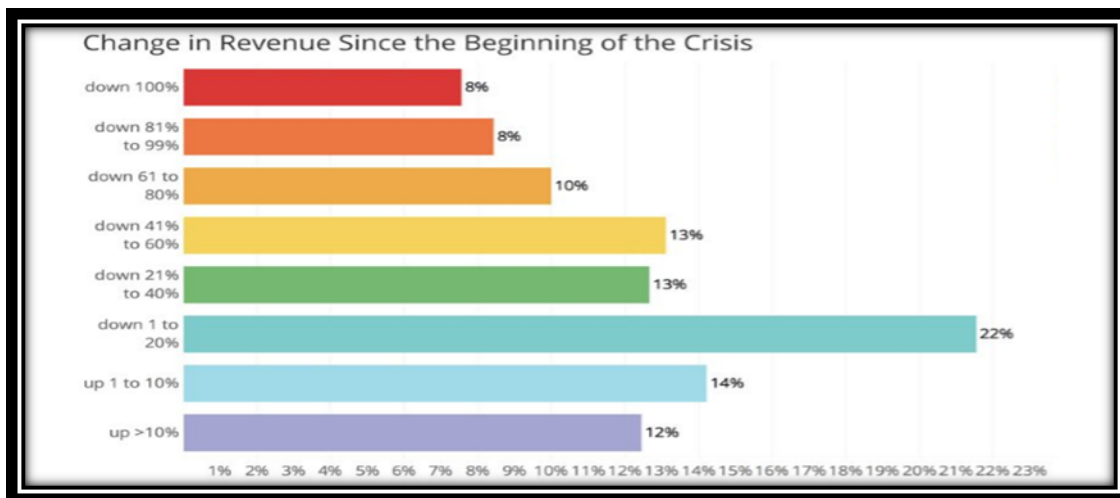


CTIE has around 38 companies in the campus some of the Companies Incubating at BVB CTIE campus: Sankalp Semiconductors, Navya Biologicals pvt. Ltd, Nabros Pvt. Ltd., Krishagni Solutions Pvt. Ltd., LabInApp, Biosyl Technologies, BY Sun Power Systems, PrajnaBioSciences, All.in.box and so on...

At CTIE it's about creating an option for youngsters to be with their families, it's about evolving a model for socio-economic development of smaller cities and to build culture of innovation and entrepreneurship.

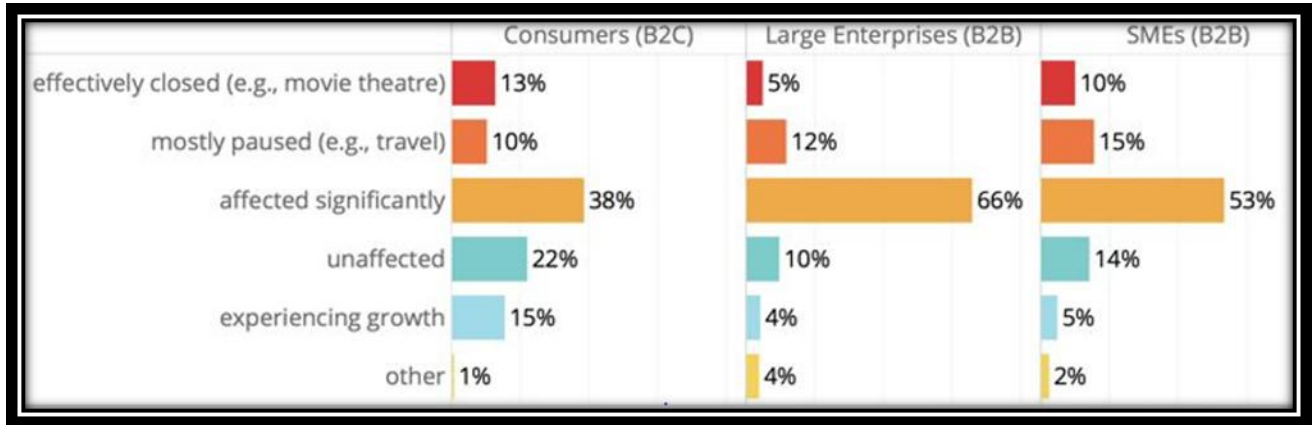
The impact on Startups during Covid times Globally:

Since the beginning of the crisis 74% of startups have seen their revenues decline. 16% of startups have seen their revenue drop by more than 80%.



The COVID-19 crisis is no exception. 12% of startups have seen their revenue increase by 10% or more since the beginning of the crisis, and one out of every 10 startups are in industries actually experiencing growth. B2C startups are about three times more likely to be in industries experiencing growth when compared to B2B startups.

Effect on industry, by customer type



Impact on startups of India

According to NASSCOM data,

69% of B2B tech start-ups cite client payment delays as a major issue - Retail and Fintech start-ups most impacted

B2C tech start-ups in the delivery business facing immense manpower crunch

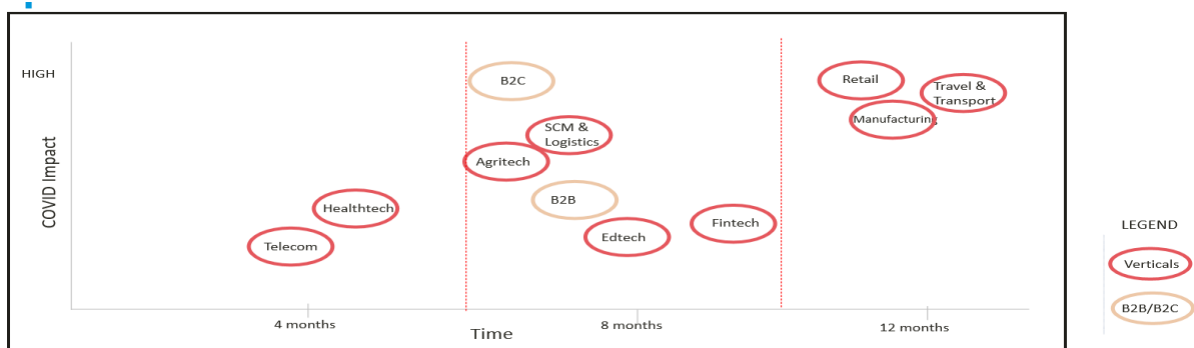
70% of B2B tech start-ups going for significant marketing spend reduction

3 out of 4 low revenue tech start-ups are going for pay-cuts.

70% of B2B tech start-ups going for significant marketing spend reduction

80% of mature tech start-ups are rethinking business models and tweaking their products to suit the current scenario

2/3rd tech start-ups believe that COVID impact will last up-to 12 months



5 imperatives for the Indian tech start-up ecosystem to navigate COVID19

Survival Strategy: Look for pivots & new opportunities sectors, focus on customer relevance

Government Push: Drive and incentivize production & adoption of ‘Made-in-India’ products & solutions

Increase Digitization: Enable and encourage digitization of impacted areas e.g. Local stores, supply chain cogs

Funding Fuels: Alternate source of funding like bank loans, NBFCs, new investors

Nurture Partnerships: Build/Enhance partnerships with tech solution providers, customers and other stakeholders

Literature Review

Startup Stage in Entrepreneurship Process

Hanks et al. (1993) proposed five stages to delineate firm growth: start-up stage, expansion stage, consolidation stage, diversification stage and decline stage. In the early phase of start-up, the firms are small and highly centralized in the founder entrepreneur. Inconsistent growth rates make these firms vulnerable. The internal structures are rudimentary and systems and processes are still evolving. These start-up firms are informal with few policies and little formalization. According to Hanks et al. (1993), the major business tasks in this stage are identifying niche business domains, garnering resources for the firm, building prototypes and setting up task structures.

The firm in the ‘start-up’ phase is yet to stabilize in terms of growth rate and constant business. Struggle is for survival and retaining the limited clients/customers. The firm is striving to find its feet. In the early stages things are more in a flux and systems and processes are yet to find concrete shape. Strategies, systems and processes are minimal and still evolving. The major business challenges are garnering resources, identifying niche business areas, framing policies, establishing prototypes, and setting up systems and processes. Capital is mainly attained through the owner (entrepreneur) and dependence on family, friends and close associates is profound.

Startups are increasingly been seen as the engine bringing economic progress and change. According to Bank, S. (2012), “A startup company or startup or start-up is an entrepreneurial venture or a new business in the form of a company, a partnership or temporary organization designed to search for a repeatable and scalable business mode.” According to Eric Ries “A startup is a human institution designed to deliver a new product or service under conditions of extreme uncertainty”¹. But starting up a venture is only part of the story. As the real challenge lies in surviving and creating successful and sustainable business.

According to Gage, D. (2012), three out of four startups fail. Similarly, in a recent study conducted by Harvard Business School study found that only about 25% of all startup efforts finally succeed. Entrepreneurial firms in general are vulnerable because of their ‘*newness and smallness*’ (Stinchcombe, 1965; Ranger-Moore, 1997). One of the reasons for the vulnerability of these small firms is limited resources they possess. Entrepreneurs have ideas and may be knowledge and competence also to run the business, but they also need other supports and complementary resources to produce and deliver their goods or services (Teece, 1987). These new emerging firms may lack the resources which large established firms may have in abundance. They try to overcome this by gaining access to a variety of resources and making most of them. Mobilizing resources from a variety of sources and *knowing how to leverage them* creatively are two core entrepreneurial functions (Sexton and Bowman-Upton, 1991).

Some major challenges faced by startups are: lack of capital, lack of management and business skills, physical infrastructure, lack of know-how and information, legal requirements, inability to use scale economies etc. What they need is a sound ecosystem which enables them to meet the above challenges and provides them mentoring, management guidance, consulting and an overall enabling environment to nurture the startups in their early stages. These challenges become even more critical in developing countries like India because of a general ecosystem with poor physical infrastructure, undeveloped R & D environment, unfavorable government policies, poor institutional support, low access to professional expertise, low awareness, low trust and credibility for entrepreneurship in society etc.

Many of the above challenges require an ecosystem which understands the specific needs of entrepreneurs and provides a nurturing ground for startups to flourish.

Definition of a Startup (for the purpose of Government Schemes only)

A Startup means an entity:

incorporated or registered in India not prior to five years

with an annual turnover not exceeding INR 25 crore in any preceding financial year

working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property

The entity shall cease to be a Startup if:

it is formed by splitting up, or reconstruction, of a business already in existence

its turnover for the previous financial years has exceeded INR 25 crore

it has completed 5 years from the date of incorporation/registration

Further, the Startup shall be eligible for tax benefits *only after* it has obtained certification

from the Inter-Ministerial Board, set up for such purpose.

Characteristics of Entrepreneurship:-

From the above discussion it is possible to identify the role of entrepreneurship in the economic system. McClelland has divided the characteristics of entrepreneurship into six key elements further referred by Vieira and Walter in 'Entrepreneur' (2007).

Accepting risk: An entrepreneur seeks opportunity and tries to exploit it. In this process he is making certain decisions for an uncertain future. He accepts this risk. No doubt, he makes the best possible use of forecasting techniques, but certain elements of uncertainty of risk remains.

Energetic Innovative activity: An entrepreneur has his unique way of handling the situation while performing routine jobs also he moves forward with creative ideas. He tries to make the best of available material and human resources. He motivates others by his own enthusiastic approach. As an innovator an entrepreneur tries to introduce new variety of product, modifies the method of manufacture and accommodate new technological developments, discovers new marketing opportunities, new sources for raw materials and develops sound organization to meet the objectives.

Individual responsibilities: He is solely responsible for the outcome of his bold enterprise. The gain or loss of his endeavor is enjoyed by him.

Knowledge of the results: An entrepreneur knows how to measure his performance. Profitability or money income may one of the measures of assessment of his work. He must have clear notions about what he expects from the enterprise- social status, more income or scope for creativity.

Anticipation of future possibilities: An entrepreneur strives for expanding his business activity. His innovativeness is reflected in the plans that he formulates for future. While doing so he forecasts the future possibilities. His skills lies in looking ahead and preparing himself and his organization for making the best of the opportunities.

Organizational skills: He has to organize resources and man power in order to put them to a productive use. The entrepreneurship involves proper coordination of all activities concerned with business. For fruitful utilization of resources, the entrepreneur has to build a suitable organization structure and man it with appropriate manpower.

Technological risks: These are involved because he has to get accustomed to a new but well developed technology and is not sure about its effects and implications.

Social risk: His relations with people around him may change. He may enter into such a field of activity, which according to tradition is resented by others. He may be required to drop certain old relationships and go in as an employer or as a competitor. The reaction of people around him towards his changing role as an entrepreneur is quite uncertain.

Economic risks: By investing his savings in building up resources like material and machinery.

Career risks: These are also involved as he might be leaving his previous wellpaid job in order to develop his own business. He doesn't have any guarantee that all his capacities and skills will be used properly in his new venture.

Environmental risks: these are inherent in developing entrepreneurial business. The people around him, the cultural atmosphere, the government's policy toward supporting entrepreneurs, all these are subject to change. He may be required to enter such areas of environment with which he is unfamiliar till now.

Qualities of successful entrepreneur –

Schumpeter(1934) describes the psychology of an entrepreneur motivated by “the dream and the will to found a private kingdom...the will to conquer, the impulse to fight, to prove oneself superior to others, to succeed for the sake, not of the fruits of success, but of success itself....”Veciana (1989) gives a psychological profile of the entrepreneur, whose personal characteristics most often scrutinized are:

- a. Power need to overcome in both power restriction to other, desire for independence and quest for more power.
- b. Necessity of self awareness,
- c. Drive to achieve benefits and ambition;
- d. Wish for enhancing the results of his action and feeling of responsibility therefore, disposition to take high risk; and charisma and leadership.

What are the qualities that one needs to be an entrepreneur who SUCCEEDS and ENDURES? Initially, it is a higher than average degree of self-confidence, drive, result orientatedness and focused vision that leads to entrepreneurial success. Ultimately, it is the softer side, the people side, and the influential side that allows the entrepreneur to maintain their success.

Patience

Trust

Influence

Self-awareness

Strategic Vision

Accountability

Education

Innovative vs. Creative

Personality

Survival strategies for a startup:

Getting and keeping the right talent:

For any startup it is required to hire the proper candidate with required skills and talents so that their company's mission and vision are achieved without much disturbance and carry on work smoothly.

Adopting to latest technologies fast:

In the present growing technology a startup has to be quick enough to go along with the latest technology and understand the technology and train the employees to cope up with the changing technology swiftly.

Flexible leadership style:

The leadership in the startup should not be so rigid. They should also allow their employees to give their ideas and be flexible enough to understand their point of view without coming to conclusion

Taking support from incubator centers:

Incubator centers help the startup companies by providing resources, they also access the mentors, and helps to contact with other entrepreneurs and perhaps most importantly, patient capital, to get through the survival stage.

Using networks:

Using networks in terms of startup helps in developing and these contacts helps to build a relationship and to gain recognition, create or act upon business opportunities, it also helps to seek potential partners for venture.

Use of social media:

Social media can be an excellent way for startups to reach out their target audience. Without spending a lot of money we can even boost our brand awareness and connect with our audiences on social media.

Taking help of government policies:

Government gives financial assistance schemes like rising funds for startup, research and development scheme, schemes for technology upgrade, intellectual property protection scheme, scheme for marketing etc.,

Reading business environment properly and faster:

Reading business environment properly helps to know the actions and the strategies of their competitors. A business environment enables firms to analyse their competitors.

Innovative ways of marketing:

Startup have to define their end goals so that they reach to their target audience and maintain a consistent brand and message, find the social channel for their startup, build their referral network and assemble the right team.

Readiness to change their business strategies and business models:

They should create a team to analyse the future course of changes. They should focus on market feedback and refine based on feedback and they should have a roadmap for the tracking of changes that are taking place.

Financial prudence:

Startup should plan well in advance and invest their money and have full knowledge about the money and how can they make it grow best.

Learning good practices from other startups:

A startup should always look around what other companies are following, it can be anything like method of working, use of technology, marketing strategies, rules and regulation followed by a company etc.,

Taking the team along:

To take the team along firstly hiring a suitable candidate for the required work is important. The team members should have the thorough knowledge about the firm they are working, team members should be allowed to keep their point of view. This can take a team hand in hand

Positive work culture:

Creating a positive work culture at startup is one way which helps in longevity of any startup. Taking time to find out how the team is feeling, and what your shared values are, makes a great start towards building a strong work culture.

Research Methodology:

This section of the paper gives a brief overview of the method employed for carrying out the research. The questionnaire was formed with help of the Google form and circulated to start-ups through online.

Research type: Descriptive and exploratory research.

Descriptive research: Descriptive research is defined as a research method that describes the characteristics of the population or phenomenon studied. My research is descriptive because, here I am describing the scenario of the use of survival strategy of the startups.

Exploratory research: *Exploratory research* is carried out to understand a problem in depth and to gain insights advantages, disadvantages, and *importance of exploratory research*. My research is exploratory because, it is relatively new and not much study has been done on the survival strategy because of unexpected situation like covid-19 to understand how things are emerging and the survey was conducted to know the survival strategies of startup entrepreneurs

Need & significance of the study:

Survival strategies adopted by a startup entrepreneurs.

It helps to know what are internal & external challenges faced by an entrepreneur.

It helps to know the skills needed to survive as successful entrepreneur.

It helps to know how the startups are impacted due to Covid-19 pandemic.

It helps to about the opportunity to develop a startup and gain competitive advantage.

Scope of the study:

The study focuses on the growth of successful startup entrepreneur.

The study focuses on challenges faced by an entrepreneur.

The study focuses on the how startups are using this covid-19 pandemic as an opportunity.

Objectives of the study:

To know the different strategies adopted by the startup entrepreneurs for the survival.

To identify the challenges faced by the startup entrepreneurs for the survival.

To understand how the startup entrepreneurs are trying to cope up with Covid-19 pandemic for survival

Limitations of the study:

Time constraint.

The study does not cover more start-ups due to Corona virus outbreak.

Findings:

From the study it can be found that majority of startup entrepreneurs have the qualification of B.E and MBA i.e. 28% each and most of the entrepreneurs belongs to below 25 years and in between 26-35 years i.e. 44% each. Here I can say that most of the entrepreneurs are young and energetic

Majority of the entrepreneurs say that there is moderate impact (56%) on their start up due to Covid-19 pandemic and some entrepreneurs say that there is severe impact (40%) on their startup.

skills needed to survive as a successful entrepreneur

Most of the entrepreneurs (44%) say that the strategic thinking is the skill needed to survive as a successful entrepreneur.

Around 32% of the respondents say that emotional intelligence is a skill required but most of the other entrepreneurs (36%) think that emotional intelligence skill is not necessary, here there it is required to know why it is so? is it because of their background? or the startup is not concerned with the emotional intelligence of their employees?

Most of the entrepreneurs (40%) think that resilience/ overcoming challenges skill is necessary because they are aware that if the startup comes with new ideas and products to face this pandemic can emerge winners.

40% of the entrepreneurs think that communication and team work skill is necessary because the startups know that getting the required set of skills and talent is difficult during this pandemic.

Here 44% entrepreneurs think networking skill is necessary and the other set of 44% think it's not necessary, here it is necessary to understand why the networking is important.

Most of the respondents (55%) think that Financial prudence is necessary because keeping a track record of expenses is also important

Majority of entrepreneurs (40%) think branding is necessary since, the brand name plays important role to identify their product or services.

Most of the entrepreneurs (44%) think selling as a skill because, they know convincing the peoples plays crucial role to market their product.

Most of entrepreneurs (42%) say that use of technology as a skill to survive as a successful entrepreneur as everything is going online that keeps the startup engaged with their employees as well as their customers.

The challenges faced by startups internally during Covid-19:

Majority of the startups (48%) say that they are facing challenges in financial management.

Most of the startups (44%) are facing challenges of Laying off people to reduce demand cost because startups facing burden to pay the salary due to the lockdown.

Many of the startups (36%) say that they are facing challenge for the up-skilling employees as they are restricted work from home.

Most of the startup say (52%) say that they are facing challenges to keep the team inspired because it gets difficult to analyse the track record of the work done by the employee

Majority of the startups (56%) are facing challenges to take the decisions and plan ahead since, future is unpredictable.

Around 44% of startups say that dealing with information overload as challenge.

Majority of startup (52%) are facing challenge to select the right focus.

The challenges faced by startups externally to overcome this pandemic:

A large section of the respondents (68%) say that taking support from incubators or partners plays vital role for the growth of startup companies.

Many startups (72 %) argue that utilizing supportive government rules or policies can help them to overcome this pandemic. The government has given lot of tax incentives, flexibilities and other supportive mechanism to help these startups face the challenges caused by Covid-19.

Around 40% of startups say that they are looking for new investors.

Majority of startups (68%) believe that changing some business goals or strategies will be better so that they keep going with changing environment.

Most of respondents (40%) say that they are looking for new employees so as to fulfil the requirement and target of their startups. Majority of the respondents (88%) believe that analysing the business environment strategically is very important.

Majority of the respondents (92%) says that preparing new marketing strategies is very important for the growth of a startup.

Most of the respondents (76%) say that it is essential to learn good practices from other startups.

Majority of the respondents (92%) strongly believe that utilising the contacts and references optimally will help in growth of startup.

The internal strategies overcome this pandemic:

Majority of the startups (88%) says communicating transparently with their customer is important. So that they can give a clear picture what is happening in their startup and act according.

Around 84% of the respondents say that managing employees plays a crucial role as it is very difficult to get the employees with a set of skills and talent that a startup requires.

Majority of the respondents (92%) say that keeping team engaged is very important for the growth of their startup. If the team is engaged and working to know the possibility of changes which can be made and work accordingly with proper coordination.

Around 80% of the respondents feel that it is important to communicate with stake holders.

Around 68% of the startups say upgrading skills and competencies of employees is very essential to work according and keep working according to the changing environment.

Most of respondents (72%) say coming up with new products and service will be a good idea in this Covid-19 pandemic.

Majority of the respondents (84%) believe that adoption of new technology will be feasible to fulfil consumers and stake holders' expectations.

The external strategies to overcome this pandemic:

Most of respondents (68%) say that taking support from incubators or partners plays vital role for the growth of startup companies.

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Many startups (40%) say that they are looking for new investors, 68% of startups believe that changing some business goals or strategies will be better.

Large number of respondents (40%) say that they are looking for new employees. 88% of the respondents believe that analysing the business environment strategically is very important.

Most of the respondents (92%) says that preparing new marketing strategies is very important so that they cultivate the convincing power for the growth of their startup. Most of the respondents (76%) say that it is essential to learn good practices from other startups as learning is always a better option to upgrade and know where they can make changes in their startup. Around 92% of the respondents strongly believe that utilising the contacts and references optimally will help in growth of startup. Now it can also be done through the use of social media and they can get the people who are interested to work with them or invest in their startup.

Covid-19 as an opportunity to develop startup and gain competitive advantage: Majority of respondents (52%) say that they should use this Covid-19 as an opportunity to develop new products and services which can be helpful for the people to overcome this pandemic. As it is an opportunity to build their startup with some exceptional product and services. For example: Freshbox started the delivering of fresh fruits and vegetables to the customers home. They can come with more good ideas and use this as an opportunity.

Impact of policies, rules and regulation in startups due to Govt. guidelines: Most of the startups (72%) say that there is strong impact on their startup. Utilizing supportive government rules or policies can help them to overcome this pandemic. The government has given lot of tax incentives, flexibilities and other supportive mechanism to help these startups face the challenges caused by Covid-19.

Future Implications and Recommendation:

Checking the feasibility of the business strategy

Considering the market is changing every week (and for the worse), it is imperative to reconsider the business model and reassess where their business stands as per their assumptions concerning the revenue and cost. This is also a crucial time to track current financial metrics and cash flow. They need to be mindful of what the runway is. startups need to evaluate the impact on new sales, collections, credit cycles and potential bad debts

Plan policies for next 3 months/ 9 months/ 18 months

Since, it is difficult to gauge how long this epidemic will last, it is important to be prepared for all scenarios. If they consider it as a 3-month problem, an instant halt on variable expenditures like hiring, marketing, travel, etc. can help. However, if the crisis continues for 9 months to a year, entrepreneurs will have to reconfigure their business strategy to reduce the variable expenses, renegotiate fixed expenses (rent, salaries, equipment lease payments, etc.), and focus only on the crucial essentials for survival. It may be a good idea to revisit sales strategy – selling online versus in-person. Analyse if they need to cut back or scale up on marketing costs. Some serious reconsiderations would be required if the effect of the pandemic continues for 18 months or beyond. Businesses will need to strategize, communicate, and act with compassion. They would require a revision of sales revenue goals and product timelines along with a new operating plan. In that case, entrepreneurs and leaders will have to keep the communication transparent as much as possible with their investors and employees.

Be patient in securing investments:

Every startup needs capital to run and the question that crosses the mind of every founder/entrepreneur in these difficult times is from where they will get the capital. There are many funds who have enough capital to deploy for the coming years and they may not shy away from it. we can notice the market eventually bounce back after the end of an epidemic crisis. In order to extend the runway, businesses can even approach existing investors for additional funding. Since, they are already invested and have their skin in the game; they are more likely to help out during this time.

Transparent communication:

We are all in this together, so the ideal way is to stay transparent with your consumers about what your business is going through. Customers can empathize with companies facing a crisis, as long as the communication is transparent. Communicate with customers to understand their perception of the product/solution offered by them. Communicating transparently helps in building a good understanding between both the parties.

Tracking expenses against the revenue status

During this contagion, it is of utmost importance for startups to conduct a proper assessment of their fixed and variable expenses as well as the actual revenues. This assessment will give a clear picture of where a company stands financially and help the entrepreneurs in planning ahead in the current disconcerted market. This strategy can be implemented even when the pandemic effect settles

Maintaining healthy relationship with contracted parties

It is understandable that it might be difficult to pay out vendors/suppliers during the lockdown. However, it would be helpful to give their vendors, suppliers, landlords' etc. sufficient notice in case there is going to be any delay in payments so that they can also be prepared and there is no bitterness in this already difficult time.

Managing employees & related optimization

For small startups considering layoffs, as the primary option should be to cut the salaries of the higher paid employees to try to retain the people who can least afford to lose their jobs. However, when the time comes to make the tough call, they can do it with compassion look out for government directives, and offer extra compensation as and when required. Such implementation should be carried out only once and not in stage.

Keeping the team Engaged

The startup team relies on their founder so it is responsibility of the founder to keep them updated about every development. As a promoter, it is his/her responsibility to keep the team members engaged and stay connected with them through video conferencing tools like Zoom and Google Hangouts. It is very important to maintain high spirits within the team and understand the general mood within your remote workforce.

Communication to stakeholders

Consulting with investors or external experts to plan the right form of communication with stakeholders, most importantly customers and employees. To have an honest conversation on the situation and its impact on thier startup with entire team. Any negative message should be delivered with utmost empathy along with transparent reasons.

In these difficult times it is important to stand united and help one another in whatever way we can Stay safe and stay healthy. Please remember that some of the best initiatives are built in trying times. Like all difficult situations, this too shall pass!

Conclusion

This study indicates a clear understanding of survival strategies adopted by startup entrepreneurs. We can experience major impact of covid-19 on the startups no matter how established a startup is and they have to relook at how to manage and operate their startups. Startups should emphasize on transparently communicating the current position of company with its investors and the employees so that they understand the condition and empathize. Startups should focus on adopting the changing technology faster and adapt to new set of rules and follow Government policies and move ahead.

Startups should periodically have a check on their progress and should learn how the other startups are overcoming with the challenges in the present scenario. Since Covid-19 is on hype, like all difficult times this too shall pass!!

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