

CORPORATE CONNECT

Success mantra for startups

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Mentoring, providing easy finance isn't beneficial in long run—understanding the market needs is more important

STARTUPS ARE NEW avenues for creating wealth, while generating employment. Indian startups are deploying unique business models, converging market acumen with technological expertise. Some operate on new service delivery models, directly catering to users, others target niche tech areas, such as new medical devices, algorithms for improving diesel engine efficiency, design and fabrication of small satellites, and so on. They have also emerged as the top career option for many graduates from leading business and tech schools.

The success of startups depends upon a 'complete' innovation and financing ecosystem, comprising of incubators providing appropriate technology and hardware systems, effective mentoring, access to easy finance, assistance in the marketing of products and services, etc. Such ecosystems have played a crucial role towards creating startup havens in Silicon Valley, Cambridge (the UK), Tel Aviv, and Bengaluru.

In order to leverage our 1.3 billion minds, we need myriad startups spawning from a multitude of ideas for every conceivable service, application or social benefit. The PM's clarion call of 'Start-up India, Stand up India' highlights the multiplier effect startups can have for the economy and also their direct impact on fostering creativity and innovation.

Many startups have succeeded in e-commerce and IT-based applications of the services sector. But they are yet to take off in a big way in the manufacturing sector. We need to accelerate the spread of the startup movement in agriculture, manufacturing, education, healthcare, and other areas. Under 'Start-up India', 12,298 startups have been successfully recognised by DIPP. The scheme provides incentives such as tax exemption for three years, benefits for IPR, relaxation in public procurement norms, and faster exit options, among others.

As of August 2018, there are more than 260 unicorns—or companies reaching \$1 billion valuation—around the world; India has 13 of them, including Ola, Hike, InMobi, Quikr, One97 and ReNew Power. However, given the nature of entrepreneurship, nearly 90% startups are seen to fail within the first 3-5 years (as many as 1,000 startups closed down in 2016). The highest number of failures were recorded in the logistics, e-commerce and food technology sectors. The major factors for failure include lack of market need, shortage of funding, gaps in the team, competitiveness, poor marketing, or product mistiming.

A novel approach is to link startups with corporates; startups develop products/services catering to the needs of large corporates, and also become an integral part of the supply chain

Corporate connect: A novel approach

The high rate of startup failures calls for newer strategies for improved success rates. Mentoring by external experts or providing easy finance may not prove beneficial in the long run—understanding market needs is more important.

To address this issue, a novel approach is to link them with large corporate houses in allied business areas. In our new initiative to facilitate this 'corporate connect', startups are nurtured with specific knowledge inputs and also supported with adequate financing by large corporates. In the process, the startups develop products or services catering to the needs of large corporates. Thus, they are quickly becoming an integral part of the supply chain or devising newer technologies for better efficiency or productivity.

In due course of time, corporates may also invest substantially in these startups, helping them stand on their feet. Such a dedicated corporate connect with the startups will go a long way in helping ideas germinate into appropriate end-uses and ensuring the success rates of startuppreneurs. On an encouraging note, many companies have already signed on to such a programme to strengthen the startup ecosystem.

Promising startups must be recognised for excellence in cutting-edge technology and innovation, wealth creation, and employment generation. Financial support and mentorship for startups with the point of view of potential business partnership will aid them in scaling up their businesses.