



School of
Nation Builders

NATIONAL COLLEGE OF
SCIENCE AND TECHNOLOGY
Amafel Building, Aguinaldo Highway, Dasmariñas City, Cavite



COMPUTER STUDIES DEPARTMENT



TECHNO PRENEURSHIP

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Alternatives of Starting a New Entrepreneurial Venture





Introduction

The dream of being an entrepreneur appeals to many people, but starting your own business from the bottom up can be daunting. Some alternatives deliver many benefits of being a business owner while avoiding some of the drawbacks to starting a business.

By exploring some alternatives, you may be able to find one that will give you the experience you are looking for while minimizing the difficulties of entrepreneurship. If none of them scratch that itch, maybe it is time to roll up your sleeves and build a business from the ground up.



Alternatives to Starting Your Own Business

Invest in Other People's Startups

Although it may not carry the same attraction, investing in startups and established businesses can be as profitable as running them. Publicly traded venture capital funds scout and invest in startups, creating a portfolio of businesses that might make it big. With a single investment, you can get access to a wide portfolio of businesses that have passed the venture capital firm's tests.



Buy an Existing Business

Buying a business that is already in operation and profitable is another shortcut. There are some obvious benefits, like less time spent in the planning and creation stage, [infrastructure](#) such as supplies already in place, and existing customers who recognize the brand.

The major downside is that the cost of acquiring a profitable business is usually much higher than the start-up costs of the same type of business. This cost reflects the efforts of the person who started it, plus an additional premium charged for the business having proven its viability.

If you choose this route, it is important to perform [due diligence](#), such as confirming all the revenue figures and finding out why ownership is selling a seemingly successful business.



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Buy a Franchise

A business in a box is one way to avoid many of the hassles involved with starting from scratch. Essentially, a [franchise](#) owner is following a script proven to be successful in other locations. Benefits of a franchise include a recognized brand, resources to draw from, and [economies of scale](#) the franchise network creates.

The drawback to [franchise ownership](#) is primarily the cost of the initial purchase and the [royalties](#), which can be expensive. People who want a true entrepreneur experience will also have issues with the limitations the franchise office imposes as far as creative control. That said, franchises have a stronger support network and generally have a better success rate compared with the vast majority of start-ups.



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Advantages and Disadvantages of Other People's Startups





Advantages Of Investing in Other People's Startups

1. Agility

Startups are smaller and less structured. They are also innovative and keep improving their business models, processes, and portfolio. These allow them to adapt to disruptive technologies and changes in market conditions. Established competitors face vested interests, a historic path, and a strong team culture. This makes them resistant to change.

2. Efficiency (Lean and Mean)

Established companies have high administrative overheads. Startups offer their services in a more efficient, cost-effective and competitive manner. They are likely to be aware of their limitations and tend to focus on their core strengths. This causes them to partner with other small organizations. Customers often benefit with a superior value proposition.



3. Team Culture

Employees of large corporations get attracted by prestige and big salaries. They easily lose sight of the company's vision, mission and values and the success of its customers. Startup employees form a close-knit community that shares passion, beliefs, and values. They must work together for the good of the company, its customers and the world at large.

4. Personalization

Startups deliver their products and services with a personal touch. This creates a uniquely personal experience for their customers. Startups also take time to study and understand their customers' business requirements. This allows them to build lasting relationships with specific offerings and responsive solutions.

5. Versatility

Startup employees multitask and the salesperson could double up as the relationship manager. This adds continuity to customer relationships and enables startups to respond to emergencies. Most startups support learning and have a higher tolerance for mistakes. Both factors enhance the versatility of startup employees.



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Disadvantages Of Investing in Other People's Startups

1. Risk

Most startups fail within their first year of operations, so the risk of failure is high. Working under such high risk can blur a startup's strategic vision. So they either fail to seize market opportunities or overestimate their sales projections. High risk also hinders a startup's ability to attract experienced and competent staff.

2. Compensation

It takes blood, sweat, and tears to build a company, and long working hours are the norm for startups. The rewards might be low since it takes time to generate revenue and make profits. Some startups give up since it's demotivating to work without proper compensation.

3. Market Access

Many customers prefer a business that they have worked with over a new startup. Besides it is more expensive to acquire new customers than to retain old ones. Without a customer base, understanding market needs also becomes a real struggle. All these factors combined increase the cost of business development for startups.



4. Team Composition

Some startups are born out of desperation since the founder could not find or hold on to a job. Such founders often struggle to build a team that the business needs to succeed. A successful startup requires founders/co-directors with complementary personalities and competencies. Even then disagreements can creep in when the going gets tough.

5. Resources

Growth hacking, cloud computing, and venture capitalism allow startups to gain market entry. Most startups operate on a shoestring budget, against competitors that are well-resourced. It gives the competitors an edge in product development, sales, and marketing. They use that edge to push startups out of the market when they become a threat.



6. Processes

Startups are flat organizations that lack defined business processes and operational procedures. This exposes them to poor customer service, legal liability, and financial losses. Startups might thus opt to outsource non-core business processes to external service providers. But the high associated costs could form a barrier.

7. Stress

We did mention that working for a startup is fun, but it could also become very stressful. Low compensation, many responsibilities and long working hours are more or less expected. Add legal prosecution, imminent business failure, and screaming customers and work becomes unbearable.



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