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## Small Businesses should think like a startup

Startups and small businesses are very different but there are also many advantages of thinking and adapting methods of startups in these tough economic times. [Startups](#) are tech-driven with wide scalability and better reach to a large group of audience whereas small businesses serve a small group of audience limited by their location. Startup drains through funding to quickly prove their business model whereas small business plans for stable growth in a longer period. The funding methodology between startups and small businesses are different. Startups acquire funding through the loan, VC's and angel investors whereas small businesses are fully funded through the owner's capital or loan. Startups try to disrupt a market by proving their business model and a failure mean wastage of research and time on the contrary the risk related to the failure of a small business is the inability to exist in an established market.

[The Journal of Transitional Management](#) has praised startups for their customer-centric mindset and methodology of operations. Startups are usually built keeping the customer in mind. The customer-centricity is the core of the startup with every decision made by articulating the need of the customer startups lives with the ideology of iterations. The iteration ideology means trying fast and failing fast. This ideology holds a huge potential of changing the nature of small businesses. If a small business articulates the customer need before launching a new product or introducing a new service, they would quickly iterate the wrongs and always make the right decisions. Small businesses usually face product dislike from customers after launching new products. This situation could be avoided by improvising through customer feedback.

Startups are termed as [failure management scalable business models](#) by the Journal of Technology Analysis and Strategic Management. Small businesses usually refrain themselves to a limited scalable area, unlike startups. Small businesses should also aim for scalability like startups. Startups usually don't earn in the beginning but aim for market penetration whereas small businesses only work for profitability. Small businesses target profitability over scalability and only expands when the profitability diminishes. This limited foresight is the biggest hurdle for small businesses. In current times with pandemic on the rise, small businesses should quickly pivot and iterate their business model. Startups are scalable because of the internet, small businesses should not shy from a digital market strategy. Internet avails startups to reach a huge number of audience with fewer efforts. If small businesses build their websites and start delivering to households in their cities, they could essentially improve their customer reach by 100 times. If small businesses will not adapt with the changing times sooner or later startups and big corporations will disrupt their established market. The biggest example is of Netflix disrupting cable industry in the US and internationally.

According to a recent analysis of the [Indian ecosystem](#) by the journal of advances in management research, 50% of businesses could not survive the 1<sup>st</sup> year and 70% fail in the first decade. The biggest reason for failure is zero market need and lack of financial capital. This happens because of limited research and zero customer analysis before commencing the business. In the book ["Business and Politics in India"](#) the author states the changing economic and political landscapes of India which makes it eminent to constantly research, the market and changing customer needs. Small business owners focus on profitability rather than customer-centricity. A startup always revolves around the customer needs and tests new grounds for customer convenience. A small business should embrace this ability by running towards customer-centricity instead of chasing a fool's profit. If a restaurant tests different cuisines before introducing it permanently in the menu they would never serve poor food.

[Agile innovation](#) is one of the most important capabilities of startups that any small business must adapt. Startups constantly try to improve their business model. Business model changes are based on geographical situations, changing seasons, customer preferences, market situation, economic stability and numerous other reasons. This agility is the reason for the startup's success. If a small business learns this ability and changes their business model according to the situations than they could easily avoid the constraints of changing circumstances. With pandemic on the rise in India, small businesses could adapt agility to continue business with new normal. For example: If a store experiences decrease in their sales they could quickly change their product offering to essential and sanitary products. Changing their product catalogue based on changing demand would help small businesses regain their profits. If a consumer store or restaurant faces a decrease in face to face sales, they must explore digital solutions to start delivering products at the customer's door. If small businesses are resistant to change, they might face more difficult times ahead. Seeing where India is

heading there is a high potential for more difficult times where people stop going out of their homes. In a situation like that businesses must think like a startup and focus on customer needs. Adapting new innovative ways of doing business is the way forward.



Figure 1: Picture of the article published in Nobat Newspaper