

# What are the problem faced by startups

It is true to say that “A smooth sea never makes good sailors” when it comes to the world of startups and entrepreneurship.

Startups struggle for many reasons. Some even die, or never quite attain the degree of success as early as they had hoped. They may not have anticipated obstacles and may not even know how to respond.



There are 150 million startups in the world today with 50 million new startups launching every year. On an average, there 1,37,000 startups emerging every day. But how many startups tend to survive the typhoon waves of change that have completely transformed the nature of today's startups?

Yes, there is a huge paradigm shift. And that shift has challenged the overall functionality of startups.

So, without getting into much of the basics of startups, let's directly discuss about these challenges.

## Reason 1: Fierce Competition

Competition poses one of the biggest challenges for the survival of startup businesses. The corporate world is quite fierce. There is always a competition going on between the giants. The competitive environment keeps the startups on their toes, as there is no margin of error available. New rivals may have altered the playing pitch, so having the right strategy, and adapting to the new reality will define your success – or failure.

**ADVICE :** In order to survive in this competitive business environment that covers both traditional and online businesses, the startups need to play aggressively, and punch above their weight to gain the much needed recognition amongst the clusters of ever challenging and expanding businesses.

## Reason 2: Market Problems

A major reason why companies fail, is that they run into the problem of their being little or no market for the product that they have built.

**ADVICE :** The market timing is wrong. You could be ahead of your market by a few years, and they are not ready for your particular solution at this stage. Avoid, getting into such circumstances. Try compelling enough value proposition, or compelling event, to cause the buyer to actually commit to purchasing.

### **Reason 3: Poor Management**

One thing startups can't afford is ineffective management. A team that worked well in the initial stages, may find itself exposed as the startup expands, or is tested by everything from poor sales or market conditions.

Procrastinating won't help. The issue needs to be tackled urgently or the result will prove very damaging.

**ADVICE :** A good management team will be smart enough to avoid Reasons 2, 4, and 5. Weak management teams make mistakes in multiple areas. It is better to have a detailed discussion between management and planning team for smooth functioning of the organization.

### **Reason 4: Unrealistic Expectations**

Success does not come alone. It brings expectations with it. Most of the times, these expectations seem realistic, But in the real sense of the word, are merely unrealistic. This is same for young startups.

**ADVICE:** In order to succeed in a competitive business world, startups need to have high but controlled expectations, keeping view of the resources available, the extent of growth potential, and other market factors as well.

### **Reason 5: Financial Management**

Money begets money. Remember the fact that when income increases, the expenditures also increase. There is no doubt about it. One of the biggest challenges that startups face today relates to financial management.

It is a fact that small startups rely heavily on financial backups from the so called investors. At times, when there is a cash influx, small firms, most importantly startups tend to find it really hard to properly manage their finances, and they bog down against the pressure.

**Advice:** In order to address this kind of situation, startups need to play a safe and cautious hand, by keeping all the cards close to their chests. Taking help from a reputed financial consultancy firm may really help out in managing financial crises facing today's startup businesses.

## Reason 6: Lack of Planning

It's amazing how many startups falter because they forgot to plan. Or perhaps they did, but just never covered all the bases. Key areas like sales, development, staffing, skills shortage and funding should be part of your business plan or be flexible enough to cope if events take an unexpected turn.

**ADVICE: Contingency planning is vital, but so is a proper business plan. If your plan is all optimism, and fails to allow for surprises – and you can bet your life they're just around the corner – then you're heading for big trouble. Get the details right, no matter how small.**

## Reason 7: Cyber Security

The rate of cyber crimes has increased dramatically during the past couple of years. This is the digital age. Startups that are active online do face [online security](#) threats. Be it unauthorized access to startup's sensitive information, employee records, bank accounts' information, or any other related information that is deemed important for the survival of a tech startup, they are at risk.

**ADVICE: In order to safeguard the all important online data, startups need to have robust and military-grade security systems in place. A virtual private network (VPN) connection serves the purpose of protecting a startup's information, and employee records, by offering the much needed encryption and data security to the startup's employees, thereby restricting unauthorized access to organizational data over the web.**

**IF, HOWEVER, YOU GROW YOUR BUSINESS THE RIGHT WAY, YOU WILL FIND THAT WHEN THE TIME COMES YOU ARE IN A STRONG POSITION TO EMBARK UPON A SERIOUS EXPANSION.**

**BELOW ARE SOME MORE WORDS OF ADVICE FROM EXPERIENCED ENTREPRENEURS ON HOW YOU CAN EFFECTIVELY GROW YOUR BUSINESS.**

- **Expand Your Business by Opening in another Location**

Opening in another location means you will gain access to entirely new markets and clientele. This can have a number of knock on effects for your business. Apart from these, opening in a new location also makes you more resistant to unforeseeable events.

- **Diversify Your Products and Services**

Diversifying means broadening your range. Just as opening in a new physical location will give you access to new markets by virtue of geography, diversifying the range of products and services

you offer can give you access to new markets. Diversifying also gives your existing customers more to choose from and more reasons to spread the word about your business.

- **Offer Your Business for Franchising**

If you believe that you have a winning formula for success in your field, you might also want to consider [franchising](#). Offering your business for franchising is an excellent way to make money while you expand. Every franchise you sell will pay a periodic fee to you in order to keep using your setup.

- **Promote Your Business Online**

A professional online offering is essential for any business hoping to compete in the modern landscape. The internet represents, by a considerable margin, the greatest potential in terms of the number of people you can reach.

- **Study the Competition**

This is a vital consideration for businesses at all times, regardless of their expansion plans. If you don't have a firm understanding of what your competition is doing then you will naturally find it much harder to compete with them effectively. It is valuable to know what markets your rivals are attempting to penetrate as well as how successful they've been.

- **Track Your Results**

All of your efforts will be for nothing if you don't know how successful they are. Even the very best entrepreneurs rarely hit on perfect strategies every time, so it is important to know when it is useful to analyse and assess the effectiveness of your own work.

There are different strategies you can use to analyse your performance and to draw up appropriate plans of action in response. In order to do this, you will need to identify exactly what variables should be measured in order to make an assessment as to how successful you have been, as well as to determine the best way to measure them.

**IT IS A FACT THAT THERE IS NO SINGLE STOP SOLUTION TO THE SURMOUNTING CHALLENGES FACING THE STARTUPS IN THIS AGE. YOU DON'T HAVE A MAGIC WAND EITHER THAT CAN HELP YOU SOLVE THE SO CALLED CHALLENGES OVERNIGHT. IN ORDER TO FACE AND TACKLE THE SO CALLED CHALLENGES OF A VIOLENT BUSINESS WORLD, STARTUPS NEED TO BE RESILIENT AND FOCUS ON KEEPING THEIR INTEGRITY IN TACT AGAINST ALL ODDS.**