Startup business research

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ABSTRACT

Currently increasing demand for entrepreneurship leading to the best ways to start a startup. This paper provides with every aspect of research with respect to startups and its loan funding platforms along with ideologies to be considered.

Keywords: Startups, Scope of startup, Business, Startup research, Business research, Funding platforms, Management, Ideology.

1. MARKET RESEARCH

The market research aims to understand the reasons consumers will buy your product. It studies such things as consumer behavior, including how cultural, societal and personal factors influence that behavior.

Market research is further split into two varieties: primary and secondary. Primary research studies customers directly, whereas secondary research studies information that others have gathered about customers. Primary research might be telephone interviews or online polls with randomly selected members of the target group. You can also study your own sales records to gather primary research. Secondary research might come from reports found on the websites of various other organizations or blogs written about the industry. For your plan, you can use either type of research or a combination of both.

The basic questions you’ll try to answer with your market research include:

Who are your customers? Describe them in terms of age, occupation, income, lifestyle, educational attainment, etc.
What do they buy now? Describe their buying habits relating to your product or service, including how much they buy, their favored suppliers, the most popular features and the predominant price points.

Why do they buy? This is the tricky one, attempting as it does to delve into consumers’ heads. Answers will depend on the product and its uses. Cookware buyers may buy the products that offer the most effective non-stick surfaces, or those that give the most pans in a package for a given amount of money, or those that come in the most decorative colors.

What will make them buy from you? Although some of these questions may seem difficult, you’d be surprised at the detailed information that’s available about markets, sales figures and consumer buying motivations. Tapping information sources to provide the answers to as many questions as you can make your plan more convincing and your odds of success higher. Also, the business plan software programs have detailed research included and online research available. Utilize this functionality if you’re using such software, and add additional data you find elsewhere. The reason to add some of your own unique material is that everyone using the software program is tapping into the same database and you want your business plan to differ from that of the last entrepreneur in your field.

You can also find companies that will sell you everything from industry studies to credit reports on individual companies. Market research isn’t cheap. It requires significant amounts of expertise, manpower, and technology to develop solid research. Large companies routinely spend tens of thousands of dollars researching things they ultimately decide they’re not interested in. Smaller firms can’t afford to do that too often.

2. SIZING

For companies of all sizes, the best market research is the research you do on your own. In-house market research might take the form of original telephone interviews with consumers, the customized crunching of numbers from published sources or perhaps competitive intelligence you’ve gathered on your rivals through the social media. You can gather detailed research on customers, including their likes, dislikes, and preferences, through Facebook, and use Google Analytics to sort out the numbers as they pertain to your web visitors. People are researching and making their opinions felt through their actions on the web, so you can gain a lot of marketing insight by looking closely at what is going on electronically.

You’ll also want to do your due diligence within your industry. When looking at comparable businesses (and their data), find a close match. For comparative purposes, consider:

- Companies of relative size
- Companies serving the same geographic area, which could be global if you are planning to be a web-based business
- Companies with a similar ownership structure. If your business has two partners, look for businesses run by a couple of partners rather than an advisory board of 12.
- Companies that are relatively new. While you can learn from long-standing businesses, they may be successful today because of their 25-year business history and reputation.

3. SEGMENTATION

You’ll want to use the data you’ve gathered not only to determine how much business you could possibly do but also to figure out how you’ll fit into and adapt to the marketplace.

Follow these steps to spending your market research dollars wisely:

- **Determine what you need to know about your market.** The more focused the research, the more valuable it will be.
- **Prioritize the results of the first step.** You can’t research everything, so concentrate on the information that will give you the best (or quickest) payback.
- **Review less-expensive research alternatives.** Small Business Development Centres and the Small Business Administration can help you develop customer surveys. Your trade association will have good secondary research. Be creative.
- **Estimate the cost of performing the research yourself.** Keep in mind that with the internet you should not have to spend a ton of money. If you’re considering hiring a consultant or a researcher, remember this is your dream, these are your goals, and this is your business. Don’t pay for what you don’t need.
4. CATEGORIZATION

If hybrid products have only two features related to entertainment as against six for health, consumers will tend to perceive it as part of the health aids market.

UNDERSTANDING THE PROCESS OF CATEGORIZATION

Researchers are therefore trying to understand why, when faced with a product which could belong to several categories; an individual will choose one of them rather than the others. To answer this question, they presented a sample of 96 students at the ÉötvösLörand University in Budapest, and then 371 students at the Sorbonne University in Paris, with a hybrid product called “exercise buddy.” Designed to be used by athletes, it is both a music player and a physical activity monitoring device (heart rate, blood pressure, temperature). It is a product which thus combines the features of two categories: health and entertainment. The exercise for students is to create a sub-category for the device, and then specify which main category (entertainment or health) it should be assigned to.

5. VISSION, MISSION, TACTICS

Gather the facts

To know where you’re heading, you have to know where you are right now. So before you start looking ahead, you should review the past performance or the current situation. Look at each area of the business and determine what worked well, what could have been better and what opportunities lay ahead.

There are many tools and techniques available to help with this process, such as SWOT (Strength, Weakness, Opportunities, and Threats) analysis.

You should look internally at your strengths and weaknesses. And for the opportunities and threats, you should look at external factors. A great framework for looking at external factors is PESTLE (Political, Economic, Social, Technological, Legal and Environmental). So, for your big idea or plan, you would ask: what threats and opportunities could arise under each category?

The most important part of this process is involving the right people to make sure you’re collecting the most relevant information.

Develop a vision statement

This statement should describe the future direction of the business and its aims in the medium to long-term. It’s about describing the organization’s purpose and values. Business gurus have debated long and hard about what comes first – the vision or the mission statement (see step 3). But, in practice, you could develop both at the same time.
Develop a mission statement

Like the vision statement, this defines the organization’s purpose, but it also outlines its primary objectives. This focuses on what needs to be done in the short term to realize the long-term vision. So, for the vision statement, you may want to answer the question: “Where do we want to be in 5 years?” For the mission statement, you’ll want to ask the questions:

- What do we do?
- How do we do it?
- Whom do we do it for?
- What value do we bring?

Identify strategic objectives

At this stage, the aim is to develop a set of high-level objectives for all areas of the business. They need to highlight the priorities and inform the plans that will ensure delivery of the company’s vision and mission.

By taking a look back at your review in step one, in particular, the SWOT and PESTLE analysis, you can incorporate any identified strengths and weaknesses into your objectives.

Crucially, your objectives must be SMART (Specific, Measurable, Achievable, Realistic and Time-related). Your objectives must also include factors such as KPI’s, resource allocation and budget requirements.

Tactical Plans

Now is the time to put some meat on the bones of your strategy by translating the strategic objectives into more detailed short-term plans. These plans will contain actions for departments and functions in your organization. You may even want to include suppliers.

You’re now focusing on measurable results and communicating to stakeholders what they need to do and when. You can even think of these tactical plans as short sprints to execute the strategy in practice.

Performance Management

All the planning and hard work may have been done, but it’s vital to continually review all objectives and action plans to make sure you’re still on track to achieve that overall goal. Managing and monitoring a whole strategy is a complex task, which is why many directors, managers, and business leaders are looking to alternative methods of handling strategies. Creating, managing and reviewing a strategy requires you to capture the relevant information, break down large chunks of information, plan, prioritize, capture the relevant information and have a clear strategic vision.

6. MANAGEMENT

Where to find India’s best start-up business loans and funding sources

in India raise outside capital to support the launch or growth of their business. In spite of all the media hoopla about venture capital or unicorns, the marked majority of startups today raise funding through other sources. We create this list of source for the first time entrepreneur who is looking at innovative ways to fund a startup.

Here, we will look at some ways to raise funds outside equity investors to fund your business:

Bootstrapping:

There is no better way to fund your business than self-funding with your own revenues. Of course, not all businesses are able to do that given their business model. Some of the largest technology companies in India were built this way. One of the great examples is Zoho, a software company from Chennai whose private market valuation exceeds a billion dollars now. Talk about a non-funded startup becoming a unicorn.

Grants:

If you are working on a patentable product or service, especially in domains like pharma, healthcare products, and agri-business, there are many schemes of government funding for startups in India and international grants to support you. We advise that you reach out to subject matter experts in your field of business to explore the best grant opportunities. Below are some prominent private grants to support your startup
Startup India Benefits & Startup India Loan scheme:

The startup India scheme launched by the Indian central government is expected to come up with a lot of schemes for loans and funding to help young entrepreneurs. Please check back on the Startup India platform for further updates as new schemes are put in place.

Accelerators:

Some of the best accelerators in the world not only provide you the technical and advisory infrastructure but also with some basic funding to get your company to the next level. Below are some accelerators that have been successful in the past:

- Y Combinator
- 500 Startups
- TechStars
- K-Start
- TLabs

Startup competitions & Hackathons:

You can attend hackathons and business plan competitions to pitch your business and get equity free funding towards your startup. Some popular business plan competitions are listed below:

- TIE – ISB Connect
- Rice Business Plan Competition
- Wharton India Startup Challenge

Crowdfunding platform:

If you’re building an innovative tech product with consumer reach, the best way to fund your product development and production is through crowdfunding websites. Crowdfunding not only provides funding but more importantly helps you validate your product and creates a viral marketing phenomenon. In 2012, a little known VR manufacturer took to Kickstarter to fund its production. 2 years later, in 2014, that little VR Company, Oculus sold for $2.3 Billion to Facebook. Here are some of the prominent crowdfunding websites to use.

- Kickstarter
- Ketto
- Indiegogo

Friends and Family:

Many startups and small businesses are not able to raise money externally with a business plan. Your family and friends might have conviction in your ability to believe in your vision. You could ask such family and friends to support your vision by pitching some money in your startup for equity. Since startups are tough nuts to crack, it is better to help your family and friends with the risks involved. Never ask your family and friends to put in money that they cannot afford to lose.

SME Working capital collateral free loans:

Many Indian banks and NBFC’s today provide loans to fund working capital needs. So, if you are an SME with finance needs for working capital, here are some platforms to think about:
Startup business loans:

It is hard to get unsecured business loans for first-time entrepreneurs. But, many of the PSU banks do take applications and make considerations for the same. It is easier to get a business loan with a business plan if there is a collateral attached to it.

Start a Business with No Money Checklist

- Keep Your Present Job.
- Work on Your Business Idea.
- Analyze Your Market and Challenges.
- Assess Your Capital Needs.
- Explore Crowdfunding Platforms.
- Network with People.
- Run a Trial.
- Gather Feedback.

Sources of external finance to cover the long-term include:

- Owners who invest money in the business.
- Loans from a bank or from family and friends.
- Debentures are loans made to a company.
- A mortgage, which is a special type of loan for buying property where monthly payments are spread over a number of years

How do small businesses get funding?

- Finding financing in any economic climate can be challenging, whether you're looking for start-up funds, capital to expand or money to hold on through the tough times.
- Consider Factoring.
- Get a Bank Loan.
- Use a Credit Card.
- Tap into Your 401(k)
- Try Crowdfunding.
- Pledge Some of Your Future Earnings.
- Attract an Angel Investor.