

A STUDY BASED ON BRAINSTORMING METHOD ABOUT THE REASONS FOR FAILURE OF STARTUPS AND GUIDELINES FOR CREATING NEW SUCCESSFUL ENTREPRENEURS.

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ABSTRACT

Our country is now facing a lot of problems like unemployment, inflation due to devaluation of the Indian rupee, poverty and communal issues. Now India's economy is moving downward because of irrational ways of monitoring systems. Our country uses a huge amount of its fund for salary and pensions. In short country uses its financial resources for unproductive purposes. In the ancient era the public was taking credit only for making houses and treatment. Unfortunately, that kind of irrational method of financial management is going on in our country. So that the only way to overcome these above-mentioned problems of our country can be eradicated through development of successful entrepreneurs. They can provide a better contribution to the economy and fulfill the dreams of the needy public of India. That's why this study provides appropriate guidelines for creating successful new entrepreneurs through detailed evaluation of reasons for failure of startups. Here the brainstorming method is used for collecting reasons for failure and suggestions for success.

KEYWORDS: Startups, guidelines, reason for failure, unemployment, economy

INTRODUCTION

Bill Gates is an American business magnate by taking his word as a slogan in this study.” if you are born poor its not your mistake, but if you die poor its your mistake”. The main thought of society is to get a steady income and leave the world calmly but our country is affected by many problems such as inflation, decrease in GDP, increase in unemployment rate. The only way to overcome this problem is by providing proper guidelines for our young entrepreneurs. Here the study tries to pool opinions of experienced entrepreneurs for avoiding early stoppage of startups.

OBJECTIVE OF THE STUDY

- To identify the reasons for failure of a startup.
- To provide guidelines and suggestions for success of startups.

RESEARCH METHODOLOGY

The study is conceptual in nature and attempts to identify the problems and to provide guidelines by using brainstorming methods. Generally, this method is used to get a solution for a specific business problem. In this research collected the reasons for failure of startups and existing companies from conveniently selected business entrepreneurs .From their opinion the conclusion drawn as many problems lead to the failure of startups .Here decided to provide some curing mechanisms for entrepreneurs those who have no prior experience .A big agreement to this study have may limitations such as time ,area ,context but honestly thinking to explain the root cause of failure of startups from the experienced entrepreneurs they are working in this scenario for a long time.

THEORETICAL FRAMEWORK FOR THE STUDY

Reasons for failure

- **Lack of sufficient funds:** finance is the life blood of business. The main reason for the failure of startups is that they are starting a business with minimum funds or capital and they invest a huge amount in office and infrastructural maintenance. There will not be any sufficient fund as working capital. Therefore, after rapid starting of a new business at high expectation their calculation will mismatch with their real performance. From this point they are thinking about the loss. Their mindset will change to skip the business and go for another job now they are bearing risk. After that they will get criticism from friends and family due to depression and the impact of loss. This led to double mind or confusion, whether the business has to stop or continue. In the majority situation the digestible answer will be negative so the first and most suggestion for the success of your startups is to raise adequate funds to reach the equilibrium point of sale and profit otherwise your mind will be more bothered about the coming huge loss.
- **Shortage of inevitable resources**

Each and every business is mainly focused on the product. The product profitability is mainly based on the combination of input. In short, the success of the business depends upon the availability of resources or raw materials, unfortunately in our country the main problem is concentration of resources in the hands of corporate giants. So, the small and medium entrepreneurs are always facing shortage of raw material due to the natural and artificial scarcity. Availability of resources at reasonable prices will help starters for providing products to the market at acceptable prices.

- **Competition from corporate investments**

Now the scenario was changed as per national education policy 2020. The small educational institutions will be abolished from our country and engulfed by many corporate giants. Small and medium startups are facing the problem of shortage of funds. At the same time some giant of our country is trying to invest in the field of new entrepreneurs and make the market more competitive. So the equilibrium point of sale business entities cannot survive the tough competition from the corporate giants.

- **Lack of proper practical experience**

From the study or opinion of experts the main issue for the failure is lack of practical experience. Startups entrepreneurs may be master or graduation completed students. They are well known about the theoretical area of business due to the conscious mentality they are approaching the real market context with the theoretical basement. So, their outcome will be negative because the written theory will not be possible to apply in the real market condition. So the success of our business mainly depends upon the practical knowledge of the entrepreneurs. Without practical knowledge our assumptions will be wrong and have adverse effects.

- **Idea and budget**

Every business starts from a small thread of ideas. The main reason for the early stoppage of business due to the weak performance of ideas. A better business idea leads to the best performance. For example, virtual workspace, classroom. Through this business idea Byjus can get the official Sponsorship of the Indian cricket team. In short, a small idea can change the scene of the market. Not only the idea but also better budgeting has

greater impact in success if the company has a great forecast and suitable allocation of adequate funds for each activity. The main problem ever faced in the business sector is controlling efficiency regarding expenditure. Budget mainly helps the firm to control the cost of production.

- **Market analysis**

Customer is the crownless king of the postmodern era .So the success of many businesses is based on the accurate analysis of the market. Through the correct analysis we can identify the trend of customers. This helps to introduce a new product or make modifications in existing products on the basis of taste and preference of the consumers.it helps to create a brand image in the public's minds.

- **Legal concerns**

Now the market and business sector remains uncertain after the covid 19 outburst.it create a sensitive impact on entrepreneur because legal constraints may come without any proper warning .In 2019 -20 due to the coronavirus public were not supposed to come out from the residential houses and the whole world had restricted all business to run in a limited time period and also the political atmosphere of the world become cruel .so the startups must consider the legal issues related to the business and also very much aware of the legal documents required to startup a business. Many businesses face many problems from the government due to insufficient legal documents.

- **Lazy bureaucracy**

In our country many innovative entrepreneurs are demotivated by the red tapism for example state government provide huge fund for the officials in agricultural sector of Kerala as salary and allowance but they can't help or encourage the agricultural sector or

providing confidence to a young entrepreneur to start a business to overcome the shortage of food grains and vegetables. In short, the state government is spending crores in the agricultural department and waiting for grains and vegetables vehicles from Tamilnad, Andra and other states. This is the reason for another poor performance of startups.

- **Unwanted strikes**

Another issue of the industrial sector is making unwanted issues and the strike making mentality of employees. now a days the trade unions and political interest badly affect the entrepreneurial growth of our country in short some of our states have no business-friendly atmosphere .so the humble request to avoid unwanted strikes and lockouts in field of business .it leads to winding up stages of startups

- **Location**

The area for business must have some qualities.

- a) Accessible to consumers and employees.
- b) Adequate resource availability
- c) Far from eco-sensitive areas, because the general public is more aware about the environmental consequences.

FINDINGS AND GUIDELINES

- 1) Start a business with adequate funds to overcome the initial requirement of the business.
- 2) Availability of resources will be a great reason for the success.
- 3) Reduce cost to overcome the tough competition of corporate giants.
- 4) Practical experience of the entrepreneur is a crucial element.
- 5) Business must come back with a better idea and proper budget.

- 6) Analyze customer needs and wants before manufacturing.
- 7) Keep adequate legal documents related to business.
- 8) Maintain good relations between employer and employee.
- 9) Select a suitable location for the entity.

CONCLUSION

This study is an attempt to find out the main reasons for failure of startups by pooling opinions from experienced entrepreneurs. From the evaluation and interpretation of opinion we can easily understand that, lack of planning and objective ,inadequate fund ,impatience and over expectations are main constraints of success but the proper advice and aids from the government and society, can build our country with strong basement of business to a large improvement of GDP in future and also it is a small attempt to provide guidelines to the startups, but the opinion and suggestions by the experts may vary from persons to persons so this study is only a starting point .lastly many problems are still live in present but we don't have the mind to give up.

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