

BASICS OF SUCCESSFUL STARTUP DEVELOPMENT IN THE FIELD OF INNOVATION

V.A. Verbovskii^a, Poletaev D.A.^b, Chayka Y.A.^c

Tomsk Polytechnic University

^a student, Institute of Humanities, Social Sciences and Technologies, Tomsk Polytechnic University

^b scientific advisor, lecturer, Institute of Humanities, Social Sciences and Technologies, Tomsk Polytechnic University

^c language advisor, senior lecturer, Institute of Humanities, Social Sciences and Technologies, Tomsk Polytechnic University

Abstract: The article deals with the main issues one goes through developing a startup in the field of innovation and explains the ways of their possible solving on the different stages from the idea to launching of a product.

Keywords: startup, innovation, funding, business-angel, venture companies, team, industrial park.

It is a well-known fact that small innovative enterprises or, so-called, startups take an important part in the development of modern economy and society, influencing the look and the content of life of any individual. Plenty of things, you can't imagine the world of today without, like the Internet, social networks, television, mobile telephony, were just little startups in the beginning. The number of ground-breaking startups is growing year by year, and their major part in the evolving of modern society is conditioned by, first, growing pace of technological development in all scientific spheres, second, the advantage of small companies-startups in comparison with huge corporations in implementing new ideas because of their flexibility and ability to respond faster to market changes.

But, unfortunately, according to the statistics only one of ten startups becomes successful in the end. So, let's take a look at the main points, which play significant part in startup's struggling for becoming successful.

Idea. Idea is what any startup begins from. But where to find the idea that will eventually turn into your future enterprise? Ideas, having best competitive advantage, are usually the result of scientific discoveries, but ones that have practical application. That makes them possible for being commercialized. That's why they say that the mother of all startups is applied science.

At the same time, there is no need to create the idea of your future startup yourself. Of course, do not steal other people's ideas, but you can make a deal with the author of the idea (e.g. some young scientist) or become a member (or leader) of the team along with the man who has created the idea. You probably should start searching for ideas and their authors in universities (Baranichev, 2011).

Funding. It is very unlikely that any startup can budge without investing in it some funds, and sometimes it is very significant funds. You need funds at the very early stages for developing a product itself, a design, a prototype, but even more funds you need when you launch your product into mass production and promote it on the market.

There are many possible sources of funding. At the early stage it can be your personal funds, your friends and relatives' funds and funds of the other members of your team. But further all startups usually get investments and grants from business angels, venture companies and government.

The thing is that young innovation enterprises very often end up as highly-profitable. That is what exactly attracts business angels - private individuals, businessmen, who invest their money into small young companies. Business angel may invest into your project even if you have only an idea of the project written on a paper. One more advantage of business angels is that they usually do not interfere with the processes in your company and do not demand immediate money return, because venture investment is not their only source of income, and their primary purpose is long term profit.

You may find business angels or their contacts on special conferences and exhibitions of innovations, where they or their representatives may be. Also, there are some contests for startups, arranged by business angels, where the winner gets funding.

In addition, there are contests for grant applicants arranged by special funds, which are made for supporting and encouraging small innovative enterprises. Ready business plan may be just enough to receive a grant.

If you want to get financing from venture funds and companies, you might need to have a little bit more than just a business plan – working prototype of your product, for example. Usually, they do not fund startups at the earliest stages, because they have obligations and responsibilities to their depositors, but a young company with a working prototype may win their favor and financial support (Rogova, 2011).

Another way to find money for your project that is worth noticing is crowd-funding. The example of this method is the advancing in popularity web-site kickstarter.com. All you need to raise funds is to make your idea of a product interesting to the visitors of the web-site.

Team. By the time of the putting your product into production you'd better have a close-knit team of people with whom you launch your design to market. If you don't have a team, then you are likely to encounter too many problems, overcoming which alone is, if not impossible, extremely difficult. Nevertheless, the importance of the team should not be underestimated. It is important for the team members to be experts in different fields with their skills complementing and reinforcing each other. The main purpose of combining the individuals in the team is such a thing as "synergy", when the system (in this case your team) is something more than just the sum of its elements.

Depending on your product and the area in which you with your startup will do business, you may need people with different skills. Certainly, your team should have a person with well-developed social and communication skills, who will deal with the negotiating, contacts searching, presentation of your product, or in other words, who will sell your product. There also should be a person engaged in the production of the product itself. Besides, your team may need people with the skills and knowledge in such spheres as management, programming, engineering, designing, accounting, law, marketing, etc.

Of course, some roles in the team can be performed by one person, but the division of labor (within reason) seems preferable.

Ground for development. The successful development of startup requires a certain "fertile ground". Startup can be grown on the basis of business incubator. Typically, most universities have at their disposal a business incubator that provides office space, the minimum production capacity, as well as consulting experts.

However, the most favorable "fertile ground" for the development of innovative startups is industrial parks. Industrial parks provide full range of services necessary for a young company at the stage of incubation and development. These are consulting services, patent offices, business and technology centers. Also, industrial parks usually have at their disposal significant capacities (Baranichev, 2011).

Unfortunately, there are not so many industrial parks with developed infrastructure in Russia which meet all necessary requirements. Currently, there is a large industrial park being built in Skolkovo, but the future of this project is still uncertain.

If you managed to overcome all the difficulties of finding funds and putting your product into production, it is not the reason to relax, because in the future you will have a lot of trouble. According to statistics, most young companies do not survive the phase of rapid growth. The reason is the lack of experience. Therefore, at this stage, it makes sense to ask the question: Do you have the experience and ability needed to manage a large company? If you doubt, you probably should consider selling your young growing business to a large corporation or experienced managers, and then, perhaps, begin to develop a new project of startup.

References:

1. Baranichev V.P. Innovation Management, – Москва: Юрайт, 2011. – 711 p.
2. Rogova E.M. Venture Management. – Москва: Высш. шк. экономики, 2011. – 438 p.