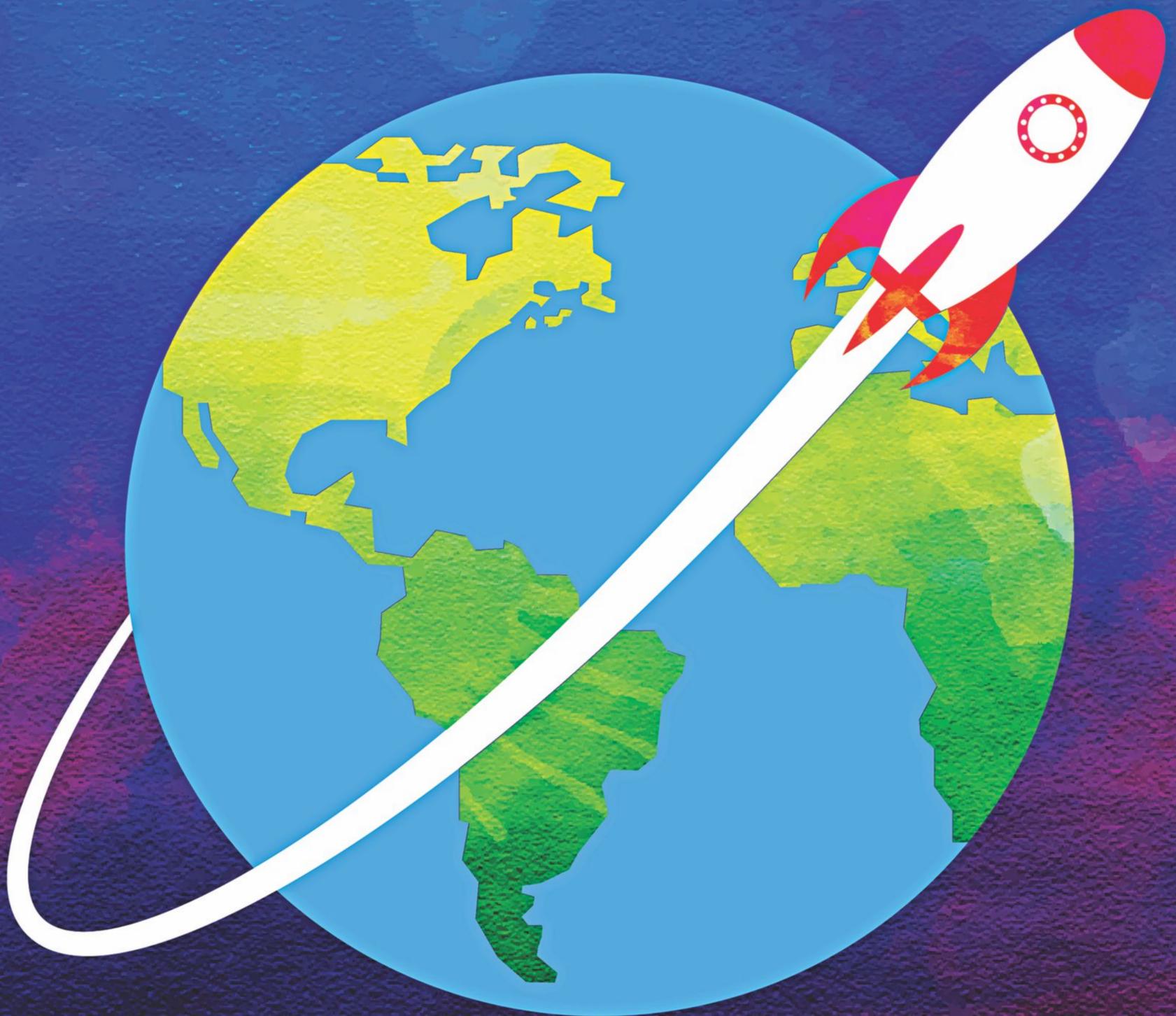


Challenges of going global



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Drop the term startup in any conversation and ask the audience what they picture. You will notice that the majority of the audience usually pulls forth an image of a successful tech firm based in Silicon Valley, and zooms in to focus on the team members not dressed in conventional office attire, but sporting a relaxed look, some coding away endlessly on their laptops, sipping on coffee in an avant-garde office space, or engrossed in conversations with elated clients and investors. There are at least four things wrong with this image.

First, not all startups provide technological products or services. A quick survey of the current market shows that there are companies providing a range of goods and services, from teaching programming to children and implementing that knowledge to solve problems at hand (The Tech Academy); to conducting live classes directed at educating students on a variety of topics (10 Minute School); or incubating startups by taking their ideas from inception to conceptualisation and finally helping to turn them into scalable, profitable and impactful solutions (Toru); and integrating madrasah students into mainstream society by providing them access to various platforms (Leaping Boundaries).

Second, these firms are no longer solely based in Silicon Valley, but have emerged all over the world, with many firms being crowdfunded, or having

successfully acquired seed funding, private equity financing and promises from venture capitalists. Dhaka city can proudly boast about the sheer number of startups in operation and in the pipeline.

Three, a startup is not necessarily a profitable firm, at least not in the first couple of months of operation. If lucky, it may be able to break even in the first couple of years, given they survived in this competitive market where many startups wither and die out due to a lack of financial capital.

Four, team members are far from relaxed. They work around the clock, never being able to unplug. More often than not, these firms employ an all-hands-on deck approach, including those of the founder himself/herself. Drawing on my experience as a volunteer educator with The Tech Academy from November 2015 to June 2016, I have found that hiring team members that believe in the mission and vision of the founder of the startup is a lengthy and somewhat unsuccessful process. Too often, the team members are looking for a placeholder in their resume and do not invest in the company, resulting in a high turnover rate.

Most startups open their headquarters in the bedroom/s of their founders, where they spend countless hours developing a viable, implementable business model. In the time they move from their bedroom to the first small office space and from the first to the second, larger space, they have to jump

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over a number of hurdles, which increase in complexity the larger these startups get. In line with the objective to reach a middle-income status through the acceleration of growth in the industry and services sector as outlined in Vision 2021, much has been done to promote skill development,

entrepreneurship, sound financial institutions, and creating a conducive environment in general for these organisations to thrive and expand. However, there still remains a number of challenges unaddressed and unresolved, the most common one being the capital constraints that they face.

The phenomenon of startups is relatively new in the context of Bangladesh and there has been no provision for them in the investment and trade policies of the country. Yes, there are provisions for Small and Medium Enterprises (SMEs), but these startups are inherently different and require a different set of rules and regulations. Most of these organisations struggle to pay their overheads, relying disproportionately on self-financing, as potential investors are uninformed of such opportunities. There needs to be collaboration between the Bangladesh Investment Development Authority (BIDA; previously known as the Board of Investment) and a representation of the founders of startups to focus on the creation of a strategic plan of action that would provide support to the startups, from inception to expansion into the global arena. The role of BIDA is crucial in attracting foreign investment as they shoulder the responsibility of tailoring the investment climate to the needs of potential investors.

However, before investing in the creation and potential future expansion, the startups need to survey the

market to see whether there is sufficient and sustainable demand for the product in the domestic and foreign markets. I have had quite a number of students pitching ideas that initially sound great, but on deliberation turn out to be gimmicky and unsustainable in the longer run. Being myopic would ultimately result in the failure of the startup, and the collaboration mentioned above would be crucial to correctly identify the opportunities and forecast the demand at home and abroad. This is where organisations like Toru can play and are playing an indispensable role. In a conversation with Ishrat Jahan, a communications and research assistant at Toru, she explained the range of services that are offered to the early stage social enterprises. Through strategic partnerships with local and global networks and institutions, they provide a holistic growth journey for social entrepreneurs by immersing them in local challenges, and by providing mentoring and early stage support for their business ideas and personal growth.

The ensuing challenge is the dearth of innovation once they reach a substantial size. The success of a startup is contingent upon the product or service it provides to the consumers. One piece of advice I would like to give to future entrepreneurs is to not milk a cash cow, but to constantly innovate, innovate and innovate. A startup by definition is a company that provides innovative goods and services.