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STARTUP PROJECTS IN THE DEVELOPMENT OF SMALL BUSINESS IN UKRAINE

Summary

In article two basic directions of development of the business potential of the current economic model of society. The author shows the genesis of the concept of the term „startup”. At work the features of startups and investigated the formation of startups. Today, in terms of new markets, significant changes in the structure of production, increase in the number of unemployed Ukrainian special attention of scientists, government officials, managers and practitioners should be paid to the issue of increasing the number of small and medium enterprises in Ukraine. The study allowed us to estimate the need of small and medium business in Ukraine by establishing new enterprises with innovative component. A number of areas to find new business ideas (when a startup organizer repelled by what he lacks, and offers it to the market, monetize hobbies, that is your preference and commercialization skills; Finding a niche in the market that overlook existing companies; The development towards a new industry that is growing rapidly).

The author reveals the involvement of funds for their businesses and analyzed a number of postulates. Separately investigated definition of the term “startup” and given his determination. Also conducted regulation processes of startups with the development of the crisis in the economy and a focus on investments in business projects.

It should be noted that this study needs to add detail components in the context of direct implementation at startup market and the first of the new business project in the environment.

Key words: startup, small business, business ideas, investment.

JEL codes: G32, L26

The economic crisis and global transformation processes that accompany the process of European integration of Ukraine require a material change in the structure of the national economy. Radical change vectors production of goods (works, services) and national geography of export supply manufacturers led to the need for registration of new entities and opening new business lines.

Today, in terms of new markets, significant changes in the structure of production, increase in the number of unemployed Ukrainian special attention

of scientists, government officials, managers and practitioners should be paid to the issue of increasing the number of small and medium enterprises in Ukraine.

Small business plays an important role in the formation of market infrastructure. It allows flexibility to fill a niche in the marketplace, emerging. The growth of the small business tends. Due to the continuous market changes continuous competition, the need to find new niches in the small business segment, marketing is necessary for the survival and growth, it is key to relationships with customers satisfaction ensures the success of small business. Same small businesses a fast adaptability to changes in the environment, great potential in fighting unemployment and increasing household income is a key element of Ukraine's economy from a protracted socio-economic crisis.

According to the State Statistics Service, in 2010-2015:

- The total number of small businesses decreased by 32,643 units, or by 9.14%;
- The number of small entities for 10 thousand. People present population decreased by 2 units and reached in 2014 76 units;
- The number of workers employed in small businesses decreased by 477.7 thousand., Or 22.07% and amounted in 2014 19.18% of the total employed population of Ukraine [1].

Based on the above data, Ukraine has significant potential to increase the number of small businesses and their importance to the national economy.

Thus the main problem of the creation of small businesses or starting their business in Ukraine is not so much economic, financial or administrative difficulties and organizational aspect, young entrepreneurs do not know how to start a business, create a new company (startup).

The current economic model of society can develop their business potential in two basic ways:

1. Work as a team and develop a strange business, accompanied by minimal risk, regulation and development, as well as very small financial prospects. This area selects the most active members of society who are focused on building their own careers.
2. The work itself, including the organization and development of its business (private enterprise). This trend is accompanied by high risks, the lack of a clear plan of (lack of strict regulation of economic activity), stress, but it provides a great opportunity to develop and realize their potential in the future and can receive greater financial reward for their work. Thus, there is the realization of basic concepts of business "risk fee". This area selects the much smaller number of active members of society.

The main factors that hinder start their own business (new business) are:

1. Unwillingness to take risks and bear the financial, time and career loss. So many would-be or already are prepared by professionals with organizational, financial and other opportunities to start businesses or beginners (students,

youth, unemployed, etc.) For which the ratio of loss / possible outcome is acceptable.

2. Ignorance of what and how to start a business and continuing a successful new business. The basic tenet – “I want to, but do not know how”.

The above situation is fully consistent with national realities, when the economic crisis is the large number of potential founders of new businesses or even business lines, but they do not know how to start this process. The required precise regulation of process of formation of new enterprises (hereinafter – startups).

At baseline define the value of the term “startup”. Acknowledges the discussion on the definition of the term. Below is a series of definitions. S. Blank startups defined as temporary structures that exist to find business models that will be played and scaled [2]. E. Rees notes that startups can be described as an organization that creates a new product or service under conditions of great uncertainty [3]. N. Robehmed argues that startups – a cultural phenomenon, the total value of all team members and a sense of importance of the contribution of each employee. [4]

According to Thiel other important conditions for the survival of any project is the ability founders view the world in a new way, noticing a winning idea that no one has yet developed [3]. S. Blank and B. Dorf describe the experience of startups, provide a clear method of how to create new businesses step by step [1]. D. Cohen and B. Feld focus on the practical issues of working with ideas, creating and improving product value for customers, team building, finding investors and financing [4]. William Draper shows investors the evaluation of business ideas, story of becoming leaders of the world economy, especially in the high technology [2].

J. Mallyns and R. Komisar represent modern concept and set of technologies that allow us to find optimal, the best model of business [5]. In the paper of Harnish shows the way from a small entrepreneurial company to a well-structured corporation and the associated principles of companies [7]. C. Ekland assesses basic types of investors, the ability to attract them to your business, especially in the early stages of project development. [4] The authors believe that, talking about startups need to understand a number of features, including: they are produced for profit in the future, that their organization can not be it business or entity; This new entities, meaning they have little age on the functioning of the market; owner (owners) are a startup it as top managers (heads); to present innovative component startup; startup created to produce goods (works, services).

Thus, a startup – a new entity created for the production of goods (works, services), which operates using innovative elements and is a part of the top management of the owners.

Further touch regulation processes of startups.

The first (the first stage), which is to understand businessman novice, Organizer startup – the realization of their own business project requires a lot of effort and the probability of successful discovery and development of their own business will depend on its tenacity, the desire to go to the end (ie until the large profit margins), the ability to overcome difficulties and setbacks, creative (innovation) to respond to the challenges of competitors and customers.

The second condition (the second stage), the success of a startup is to be a business idea. That is that the new company can offer to the market and which either no, or not enough, or buyers unhappy that there is now.

This may provide a number of areas such finding business ideas:

1. direction when a startup organizer repelled by what he lacks, and offers it to the market.
2. monetization hobbies, that is your preference and commercialization skills.
3. finding a niche in the market that overlook existing company (this trend is typical for professionals already established that develop someone else's business).
4. development towards a new industry that is growing rapidly. Firms in this industry do not have time to meet demand, and there are many niches that are not employed (example of this industry in the current conditions of the global economy and the economy of Ukraine is the creation of software industry). It should be noted that as part of the business idea may combine several of the above areas.

The third stage of building a startup is a detailed study of business ideas that emerged on a number of issues:

1. Market. It is necessary to assess the prospects of the market and its type (monopoly, oligopoly, monopolistic competition). For the most appropriate future business is a rapidly growing market of monopolistic competition (many sellers, many buyers, while buyers are willing to change their attitudes and buying new goods (works, services)).

2. Buyers. You need to learn the number of customers and its dynamics (potential and real), purchasing power, preferences, national and cultural traditions, and others.

3. Competitors. The presence, quantity and dynamics in the market, plans to market its own goods (works, services) strengths and weaknesses, financial resources, marketing and others.

4. State. Impacts on your new business state regulators, tax and other legislation.

5. Strategy and tactics. The future businessman should understand that he wants to get in the near and distant future. It is important to understand

that in the short term it will not get big profits even while going to work at all without a profit.

6. Money. The most important issue. Money is one of the main factors restraining the discovery and development of its business (startup).

Most approaches to describe the stages of financing start-ups, with certain changes are similar to that presented in the essay P. Graham “How to finance a startup.” Let them below.

Seed investment – the first stage of fundraising, which investors often act startup founders, their relatives or friends. These funds are used to cover the first opening of the startup costs (development of a business plan, develop a prototype of the future product, administrative costs, etc.). In exceptional cases, the investor may be sowing venture capital, while total investment increased substantially.

Angel investment (the second stage of raising funds) provide private investors interested in participating in the development startup. At this stage startup is able to expand the workforce to prepare goods (works, services) to enter the market and attract the first customers (buyers).

Round “A” (the third phase of fundraising) – fundraising venture fund or other investor interested in the company of a known product in the market, customers and development plans. Total investment far exceeds the funds that were invested in this, and begins to build a startup formal organizational structure and expand.

For round “A” can go rounds “B”, “C” and so on [5].

Thus, exploring the question of raising funds for their own business, a startup founder has to come from a number of postulates:

- 1) It is necessary to choose the most business with small initial costs (services, works, trade, food and so on.).
- 2) The exact calculation of the costs, including the time and the presence of “financial reserves”.
- 3) austerity (all with their own hands or small cash).
- 4) creativity and not attract conventional funding sources startup.
- 5) possible on Initial startup phase of any companions.

7. Marketing. The organization of marketing activities necessary to get the most out of making small money, you need to look for efficient, creative and inexpensive ways to promote your own product to market.

8. Staff. At the initial stage of startup businessman will not engage “expensive” professionals. So a key aspect in the selection of personnel will be: the desire to experience, desire to learn, the desire to develop new business. Recognizes the unique situation in the labor market Ukraine in terms of attracting staff to startup, namely an increase in the number of unemployed staff to bring you a high level of professionalism at low pay for his work.

9. Business organization. The key issue of building a startup. A significant portion of new business projects could not be implemented because of shortcomings in the organization. The basic question here is: Registration of business, legal and accounting support, banking services and building effective financial model, building a formal model of business.

Experts of the US financial and economic magazine “Forbes” startup determine the following characteristic features: established or started active work less than a year ago; is an innovative business that destroys the traditional idea of the development of the sector; businesses with real business plan; receiving income level does not exceed income startup; are inherently startups, namely that did not acquiring companies and projects managed by private funds [6].

Startups must resolve certain problems people with more attractive solution to the problems of corporate clients. There are no restrictions to entry for startups do not exist, but is more popular areas such as software, medical technology, microelectronics, logistics, reference and recommendation services, social media, advertising and cloud. Leading IT segment of the total venture capital investment is quite obvious, because the cost of the creation and development of the project are only salaries programmers. Created with a product can be sold quickly and infinitely scalable. Demand software could write while in any country of the world, but to create services focused on large customers attractive in countries with a developed services sector.

One of the modern trend of startups include motion technology companies in the US, primarily in Silicon Valley. You better open your own office, as local startups luck meets 25 times more likely than the average for California. Other “Happy” Business areas bordering located here in San Francisco, centers of innovation and science – Stanford University, University of California, Berkeley [3]. The main reason for this relocation can be considered as changes occur with the same information technology that is most attractive to business are not a pure software products and services focused on the consumer sector.

Modern technology combine not only designing and writing computer programs, and close integration into the digital economy of almost all economic sectors with a distinct urban character (finance, business services, advertising, fashion, film industry and so on). In the industrial and financial centers of computer specialists closely associated with creative personalities of entrepreneurs and bankers. This allows you to create a favorable environment for the creation of start-ups that combine different industries, lay the foundation for the success of the first companies which will join more and more participants. In addition, even if the company runs out of computer technology, its activities and require staff to optimize their websites placement of goods and services on the Internet, optimize business processes to the requirements of a modern economy.

In practice the implementation of startups, even the presence of a well-prepared business plan does not save from the failures at the first contact with reality. News disappointing: 42% probability -noyu your failure will be linked to lack of demand, with 23% strength – you had a falling out with the team, even 19% probability – not cope with the competition. At least these are the causes of failures called analytical agency CB Insights.

Among other reasons for failure – inter inherently lack of money (29%) and the conflict of investors (13%), bad marketing or lack of marketing (14%) and even trouble with the law (8%) [7].

In the domestic market there is a lack of quality projects. This is due to low mobility of domestic innovators, poor knowledge of English. Many innovators spent time in the world's leading technology clusters would more than in the inner part of international (small towns) conferences. Search for interesting projects, developments in the United States and Europe may allow the use of foreign intellectual property.

Investors create global projects involving foreign scientists, organizes them joint legal entity. With this development startup scientist making its development, intellectual property rights in the share capital, the investor is funding this development, and investing in the share capital.

The best result can be obtained with a combination of spirituality own ideas and visions of possible global character of the market, while achieving simplicity and locality using the prototype. Startups must first of all understand myself, whether the alleged product specifications to be established whether he market prospects, is there a market niche, which is oriented the project, its value. Initial small niche market is not a disadvantage, but rather a starting point for further development of global conquest of the world.

The above regulation processes of startups will increase the efficiency of formation of new business projects in Ukraine.

The study allowed us to estimate the need of small and medium business in Ukraine by establishing new enterprises with innovative component (startups).

Separately investigated definition of the term “startup” and given his determination. Also conducted regulation processes of startups with the development of the crisis in the economy and a focus on investments in business projects.

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Projekty *start-up*ów w rozwoju drobnej przedsiębiorczości na Ukrainie

Streszczenie

W artykule zaprezentowano dwa podstawowe kierunki rozwoju potencjału biznesowego bieżącego modelu ekonomicznego społeczeństwa. W pracy ukazano genezę koncepcji pojęcia *start-up*, cechy *start-up*ów oraz zbadano ich tworzenie. Dziś, z punktu widzenia nowych rynków, wobec istotnych zmian w strukturze produkcji, wzrostu liczby bezrobotnych Ukraińców, należy zwrócić szczególną uwagę naukowców, przedstawicieli rządu, managerów i praktyków na kwestię rosnącej liczby małych i średnich przedsiębiorstw na Ukrainie. Badanie pozwoliło na oszacowanie potrzeb małych i średnich firm na Ukrainie poprzez tworzenie nowych przedsiębiorstw z komponentem innowacyjnym. Obszary, w których można znaleźć pomysły na nowy biznes (gdą organizator *start-upu* odrzucił to, czego nie posiada, zaś oferuje rynkowi, rozpowszechnia za opłatą hobby, czyli swoje preferencje i umiejętności handlowe), obejmują: znajdowanie niszy rynkowej, której nie dostrzegły już istniejące firmy; rozwój w nowej branży, która szybko rośnie.

Autorzy wskazali zaangażowanie funduszy dla firm i dokonali analizy szeregu postulatów. Poza tym zbadali definicję terminu *start-up* i przedstawili swe określenie. Przeprowadzili również analizę procesów regulacyjnych dotyczących *start-up*ów, postępującego kryzysu w gospodarce oraz koncentrowania się na inwestycjach w projektach biznesowych.

Należy podkreślić, że opracowanie to wymaga uzupełnienia o szczegółowe części składowe w kontekście ich bezpośredniego wdrażania na rynku *start-upów* w branży filatelistycznej *shahiv* (ukr. шагив) oraz pierwszych z nowych projektów biznesowych w środowisku.

Słowa kluczowe: *start-up*, drobna przedsiębiorczość, pomysły na biznes, inwestycje.

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