



Università
Ca' Foscari
Venezia

Master's Degree programme – Second Cycle
(*D.M. 270/2004*)
in Economia e Gestione delle Aziende,
curriculum International Management

Final Thesis

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Ca' Foscari
Dorsoduro 3246
30123 Venezia

Improving Entrepreneurial Teamwork: a Case Study of an Indian Media Startup

Supervisor

Ch. Prof. Massimo Warglien

Graduand

Ekaterina Nagui

Matriculation Number 832096

Academic Year

2014 / 2015

Abstract

A growing body of research suggests that startups are becoming a leading force in the innovation economy. They have an advantage of being flexible and responsive to changes, having a rather flat structure that supports knowledge sharing and innovation, and occupying a specific niche of expertise. However, given a startup's small size and difficulties in attracting investors, they often tend to have a high failure rate. While it is difficult to predict and describe external risks in a highly complex and changing environment, it is feasible to concentrate on the management culture, entrepreneurial teamwork, routines and procedures, which could help improve their survival rate. It is well-known that the most valuable asset in any company are people working for it, and in order to work more efficiently people often form teams. As teams are so important for a successful startup, a part of my research for this thesis is targeted at understanding teamwork in a startup environment using content analysis of semi-structured interviews. The aim of the content analysis is to identify problems of working as a part of a team, perception of self and others in a team, roles and relationships between team members and departments in a startup. In my thesis I will analyze an Indian media startup, which I happened to observe during my internship in India. Given the fact that the world's most valuable companies today once began as startups (for instance, Amazon, Apple and Google), it is important to study successful entrepreneurs for new insights.

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Introduction

The idea behind this thesis is to investigate teamwork and efficiency in a startup environment, starting with a general description of a startup and the influence of entrepreneurship on economic development, moving on to the general overview of startup trends around the world, using insights from two important studies – MSME (micro, small and medium enterprise) Country Indicators and Global Entrepreneurship Monitor (GEM). The second part of the thesis will examine peculiarities of doing business in India and business environment in Gurgaon, an important business-oriented suburb of India's capital city New Delhi. The research part of the thesis is based on an in-depth case study of an Indian media startup, which I have been able to observe during my internship in Gurgaon.

Why did I choose to examine an Indian phenomenon in my thesis? Firstly, we live in a globalized world, in which international experience in one country can be transferred and applied to other realities. Learning from our international partners gives us valuable insights and is a truly practical way to deepen our knowledge obtained in the International Management degree program. Secondly, being one of the rapid growth markets, India is projected to become the world's largest country by 2025, with a population of 1.4 billion, as well as the world's largest economy with a GDP of about \$10 trillion¹. In addition, Indian government plans to impart skills to 500 million people by 2022, which will allow India to have the largest skilled workforce in the world². With such large population, whatever happens in India today will affect the world tomorrow. Obviously, an economy that is growing at 7% a year can teach us some important lessons.

¹ FICCI - Ernst & Young (2013). Reaping India's promised demographic dividend - industry in driving seat. Available at: <http://www.globalskillsummit.com/report-1.pdf>.

² Ibid.

India						
	2012	2013	2014	2015	2016	2017
Real GDP growth (% per year)	5.1	4.7	4.9	5.1	6.0	6.6
Wholesale price index (% per year)	7.5	6.4	7.0	5.3	4.9	4.9
Current account balance (% of GDP)	-5.0	-3.8	-3.6	-3.4	-3.1	-2.6
External debt total (% of GDP)	19.4	19.8	19.1	17.3	15.5	14.1
Short-term interest rate (%)	9.5	9.3	8.4	8.0	7.8	7.7
Exchange per US\$ (year average)	53.5	58.6	64.0	64.8	64.6	65.7
Government balance (% of GDP)	-5.6	-5.3	-4.1	-3.3	-2.7	-2.2
Population (millions)	1,249.0	1,265.0	1,280.7	1,296.1	1,311.2	1,326.2
Nominal GDP (US\$b)	1,827.2	1,871.7	1,975.2	2,213.3	2,527.3	2,826.2
GDP per capita (US\$ current prices)	1,463.0	1,479.7	1,542.3	1,707.6	1,927.4	2,131.1

Source: Oxford Economics.

Source: Oxford Economics - Ernst & Young: Rapid-growth markets forecast (2014). Available at: [http://www.ey.com/Publication/vwLUAssets/EY-rapid-growth-markets-february-2014/\\$FILE/EY-rapid-growth-markets-february-2014.pdf](http://www.ey.com/Publication/vwLUAssets/EY-rapid-growth-markets-february-2014/$FILE/EY-rapid-growth-markets-february-2014.pdf)

From an international perspective it is interesting to study Indian phenomena, as “the best thinking in business is increasingly Indian in origin and inspiration”³. Many senior executive positions in multinational corporations are held by Indians (for example, Satya Nadella, the new CEO of Microsoft; Indra Nooyi, the global CEO of Pepsico), and a growing number of successful entrepreneurs emerge every year in India. Indian thinkers such as Ram Charan, Rakesh Khurana and C. K. Prahalad are well-known all over the world, which means that insights from Indian companies can be applied in other countries and are worth studying. Initially, Indians were learning from the American experience and business school, but at the moment it is time for a reciprocal exchange of knowledge where international companies can learn from India as well.

In my thesis I will analyze an Indian media startup, Deiwos Creative Movement Pvt Ltd, from various angles and use the insights from a case study to build a roadmap for the company, as well as investigate teamwork and efficiency in a startup environment. The research part is based on semi-structured interviews with five key employees, an interview with the founder, as well as competitor and audience analysis. All this information is used to create a roadmap for the company, give suggestions for improving teamwork and working environment.

³ Business Strategy Review 16(4): pp. 51-68. "India" (2005) doi: 10.1111/j.0955-6419.2005.00381.x, p. 52.

Chapter 1. Role of startups in economic development

1.1 Why is it important to study entrepreneurship and startups?

Researchers around the world acknowledge the fact that for many nations entrepreneurship is a driver of innovation, economic development and growth⁴. Thus, it is essential to study how entrepreneurship contributes to innovation and technological change, and which practices allow for the success of small and medium enterprises. In the last decade a number of studies on innovation and entrepreneurial growth has been conducted all over the world, providing important insights from various countries, statistical data and legal aspects of entrepreneurship. It should be noted that research on management culture, entrepreneurial teamwork, routines and procedures for startups is scarce, which I believe are important aspect of a small firm's survival. Therefore, this thesis will attempt to analyze foundations of startups, describe the situation in around the world with the focus on India, as well as give suggestions on how to increase efficiency in order to improve the chances of survival during the first stages of startup growth. I believe that a lot of useful insights could be obtained from a case study, especially regarding improving entrepreneurial teamwork in a startup. Even though it is difficult to draw inferences from a single case study and there is no universal recipe for success which applies to all firms, it is possible to analyze market characteristics, competitors, teamwork and relationships between departments in a startup, develop recommendations which could be applied in the context of managing small firms.

According to Thurik et al., startups have a positive effect on economic development in terms of job creation and innovation⁵. These changes towards small firm growth are driven by globalization and technological change, which are at different stages in the countries around the world⁶. It could be noted that the country level of entrepreneurial growth is dependent on the maturity of available institutions and governmental policies to support startups. These regional disparities became a subject of numerous research projects and initiatives on an

⁴ Davidsson, P., Delmar, F., & Wiklund, J. (2006). *Entrepreneurship and the Growth of Firms*. Cheltenham and Northampton, MA: Edward Elgar.

Audrestch, D. B., Thurik, A. R. (2000). "Capitalism and democracy in the 21st century: from the managed to the entrepreneurial economy". *Journal of Evolutionary Economics*, 10: pp. 17-34.

⁵ Thurik, A. R., Carree, M. A., van Stel, A., & Audretsch, D. B. (2008). "Does self-employment reduce unemployment?" *Journal of Business Venturing*, 23: pp. 673–686.

⁶ Braunerhjelm, P. (2008). "Entrepreneurship, knowledge, and economic growth". *Foundations and Trends in Entrepreneurship*, 4: pp. 451–533.

international scale, one of the most recognized and influential being the Global Entrepreneurship Monitor (GEM). Looking at the global data, it could be noted that all over the world small firms on average create from 60% to 80% of new employment opportunities⁷. This means that small enterprises and startups have a significant influence on economic development and job creation.

Does self-employment foster innovation and knowledge creation? In his research Bögenhold stresses that self-employment does not necessarily result in innovation and technological advances, but is more a consequence of social and economic changes⁸. According to Audretsch and Thurik, small firm creation and growth are fostered by knowledge-based economies, which is an important prerequisite for faster economic development⁹. It should be noted that the notion of growth has a number of aspects to it and could be measured using multiple criteria and various indicators. In particular, according to some scholars, growth is a complex phenomenon that should be studied across multiple dimensions in a dynamic perspective¹⁰. Moreover, other researchers pointed out that “new firm growth appears to be neither a continuous (or life-cycle based) nor idiosyncratic (or completely random) process”, which means that there is no uniform approach to measure growth¹¹.

Some researchers point out that “entrepreneurship is not synonymous with small business”¹², as entrepreneurship is an individual characteristic, describing an ability to perceive new opportunities and bring innovative ideas to the market. Thus, entrepreneurs can also be found

⁷ Klapper, Leora & Amit, Raphael & Guillen, Mauro F. & Quesada, Juan Manuel, (2007). "Entrepreneurship and firm formation across countries," Policy Research Working Paper Series 4313, The World Bank.

⁸ Bögenhold, D. and U. Fachinger (2010). "Entrepreneurship and its regional development: do self-employment ratios converge and does gender matter?" *The entrepreneurial society: how to fill the gap between knowledge and innovation*: pp. 54-76.

⁹ Audretsch, D. B., Thurik, A. R. (2000). "Capitalism and democracy in the 21st century: from the managed to the entrepreneurial economy". *Journal of Evolutionary Economics*, 10: pp. 17-34.

¹⁰ Davidson, P., and J. Wiklund (2000), "Conceptual and empirical challenges in the study of firm growth". In Sexton, D., and H. Landstrom (Eds.) *The Blackwell handbook of entrepreneurship*, pp. 179-199. Oxford, M.A. Blackwell.

¹¹ Diameidou M. B., François D., Gailly B., Verleysen M. (2008). "An Empirical Taxonomy of Start-Up Firms Growth Trajectories". In Fayolle, A. (Eds.), *The Dynamics Between Entrepreneurship, Environment and Education*, Edward Elgar Publishing, Incorporated.

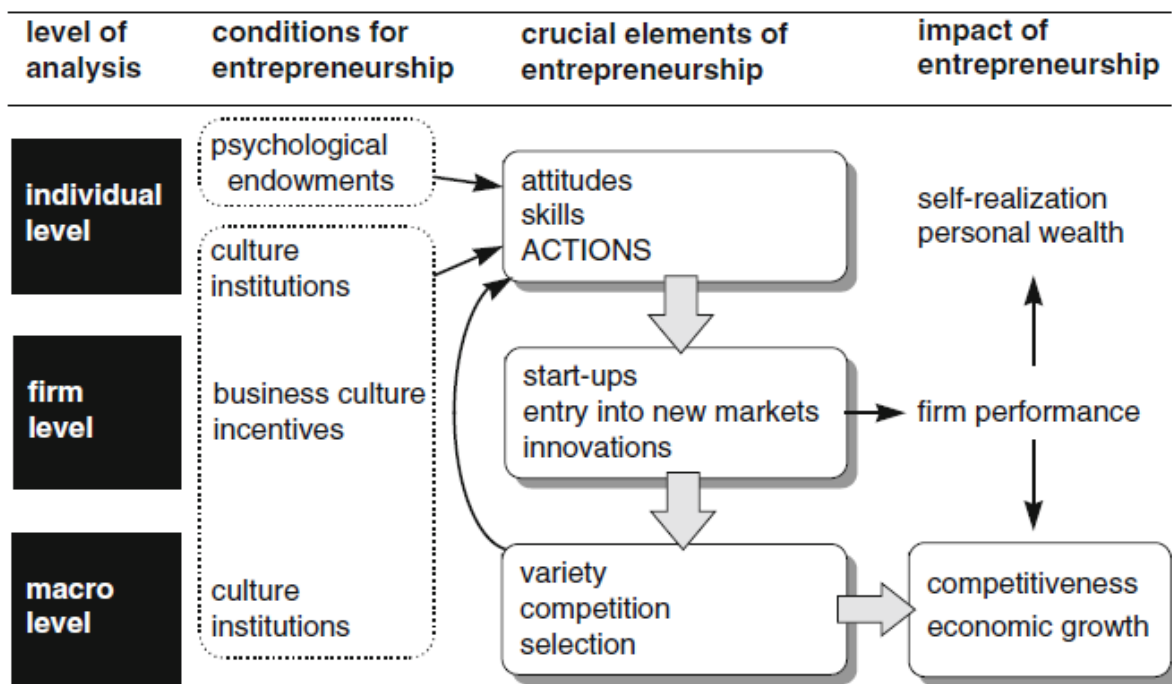
¹² Carree, M. and A. R. Thurik (2003). "The Impact of Entrepreneurship on Economic Growth". *Handbook of Entrepreneurship Research*. Z. Acs and D. Audretsch, Springer US. 1: 437-471.

in large organizations, where they contribute to creating innovation and positive change (so-called “corporate entrepreneurs”). It is important to stress that the social and educational background of those who decide to become entrepreneurs around the world varies significantly. Nevertheless, all the founders have common goals in mind: to predict and satisfy consumers’ needs, create a distinctive and innovative product, become successful and profitable doing what they are passionate about. What founders do not realize when they draft a business plan is that making a business successful will take a lot of their effort: from performing all the managing functions and taking important decisions, to handling petty everyday tasks and dealing with bureaucratic procedures. Every day a founder has to carry out numerous tasks: study the market, negotiate with partners and investors, set goals and budgets, manage the personnel, brainstorm ideas and encourage creativity.

There is always a price to pay for being independent and having decision-making ability: most founders admit that overworking and hectic schedule are the painful reality of being an entrepreneur. Most founders are not ready for such emotional and physical stress, which I think is also one of the reasons why most startups fail. So the question that every entrepreneur-to-be needs to ask themselves is whether they have enough competence and knowledge to sustain and support their own firm and be responsible for its success. It also emerged from the case study that external factors such as government regulations and access to financing play an important role in the success of a startup.

According to Carree and Thurik, when analyzing the impact of entrepreneurship on economic development, there are three levels of analysis that can be distinguished, which are illustrated in the diagram below. On the individual level there is a need for self-realization and an ambitious goal to bring a new idea or product to the market. According to the researchers, “entrepreneurs need a vehicle for transforming their personal qualities and ambitions into actions”¹³. On the firm level, this means creating a new company in order to bring to life these innovative ideas, which provides for variety, selection and competition on the macroeconomic level. There are various conditions that need to be satisfied in order to facilitate the processes on all the three levels. Cultural environment plays an important role in aiding business interactions, the other important factor being institutional framework in a country. These factors will be examined in detail in the next chapters.

¹³ Ibid.



Framework for linking entrepreneurship to economic growth

Source: Wennekers, A. R.M., & Thurik, A. R. (1999). "Linking entrepreneurship and economic growth". *SmallBusiness Economics*, 13: 27–55.

1.2 Definition of a startup

For the purpose of clarity it is important to start with defining entrepreneurship.

According to researchers, it is “an umbrella term for different or diverse economic phenomena of business life”, covering “small and medium-sized enterprises, innovative ventures, business start-ups, socioeconomics perspectives and market behaviour”¹⁴. For many centuries the notion of entrepreneurship has been studied by researchers of management, sociology, philosophy, psychology, finance¹⁵. Each researcher gave their own definition of entrepreneurship, highlighting various characteristics of an entrepreneur, such as bearing risk, being innovative and ambitious. It was due to Schumpeter’s contribution that the term

¹⁴ Bögenhold, D. and U. Fachinger (2010). "Entrepreneurship and its regional development: do self-employment ratios converge and does gender matter?" *The entrepreneurial society: how to fill the gap between knowledge and innovation*: pp. 54-76.

¹⁵ James W. Carland, Frank Hoy, William R. Boulton, Jo Ann C. Carland (1984). "Differentiating Entrepreneurs from Small Business Owners: A Conceptualization". *The Academy of Management Review*, Vol. 9, No. 2 (Apr., 1984), pp. 354-359.

“entrepreneur” started being widely used among economists¹⁶. The definition of an entrepreneur has been refined over time: if initially he/she was considered only as an owner of a business who at early stages directly managed it and worked for it, later on the definition broadened. An entrepreneur was regarded more as an integrator of the factors of production, capable of not only investing his own capital into the business, but also attracting external funds and resources in order to achieve the clearly defined and understandable goals¹⁷.

Despite the fact that the concept of "startup" is widely used in publications, as well as in practice, a common interpretation of its nature, life cycle and stages of existence has not been established yet. Generally speaking, a startup is a new business, based on an innovative idea or technology that can provide a sustainable competitive advantage. However, startups may also be based on projects that are not directly related to technological or product innovation. From another point of view, a startup is simply an early stage in the development of a company. Thus, startups have a limited period of existence, embracing activities on creating a prototype of a new product (technology, business model), primary market research, developing market penetration strategy, as well as officially registering the company¹⁸. After the initial startup phase, further development phases are distinguished: growth phase, expansion phase and exit phase through the process of initial public offering on the stock exchange or through the sell-off of the company (or a part of it) to a strategic investor. However, the development of a startup is not a linear process. Although companies face similar problems in different stages of development, each startup is unique and able to solve problems in its own distinctive way. Moreover, since a startup is a very early phase of business development, it is likely that the business' corporate strategy, organizational structure and culture may change several times in the course of time.

It should be noted that most startups are initially concentrated on satisfying the founder's ambition for self-actualization. Making profit is a secondary goal, which measures the usefulness of entrepreneur's innovative ideas. By definition, startups are initially targeted to grow rapidly, which is the reason why startups are an attractive investment for venture

¹⁶ Ibid.

¹⁷ Matlay H. (2005). “Researching entrepreneurship and education: Part 1: what is entrepreneurship and does it matter?” Education + Training, Vol. 47 Iss: 8/9, pp.665 – 677.

¹⁸ Feld, B. and D. Cohen (2010). Do More Faster: TechStars Lessons to Accelerate Your Startup, Wiley.

capitalists. However, high-risk activity and limited financial, personnel and time resources determine the need for their development in cooperation with investors, partners and potential customers, organizations providing state aid for innovation. Thus, one of the goals for startup researchers is to find effective ways of startup interaction with the external environment, which will result in their increased survival rate and strengthen its impact on the economy. However, a number of theoretical, methodological and practical issues related to the development of startups have not been researched in detail. In particular, there is scarce research on methods for startup interactions with investors, consumers and organizations in the innovation infrastructure, which should underpin the development strategy of startups.

1.3 Entrepreneurship and innovation

The theoretical basis for startup development lies in the fields of entrepreneurship and innovation research. Entrepreneurship and innovative activities are closely related. An entrepreneur, by creating new products and technologies, bringing them to market, provides innovative leadership that goes from individuals to large firms as the society develops and matures. Another important feature of an innovative business – readiness – became the theoretical basis for the emergence of venture capital financing for startups. Thus, innovation has its roots in the innovative enterprises, or to be more precise – in innovative startups. Startups are considered more innovative, because they are more flexible than large firms and manage to integrate inventions more rapidly¹⁹.

As an entrepreneur's activity is in varying degree related to new technological solutions, they are usually associated with innovation²⁰. An entrepreneur is seen as an initiator of the development of a new or existing enterprise, promoting its products and services on new markets. This task is achieved by attracting new resources for the production of traditional products or changing production technology in such a way that it meets the needs of consumers (both in terms of price and quality). In contrast, a small business owner makes profit based on understanding and meeting the existing needs by means of using the known and available resources and technology. Thus, nowadays the concept of entrepreneurship is

¹⁹ Verhees, F. J. H. M. and Meulenbergh, M. T. G. (2004). "Market orientation, innovativeness, product innovation, and performance in small firms". *Journal of Small Business Management* 42 (2), 134–154.

²⁰ Drucker, P. F. and P. F. Drucker (2007). *Innovation and Entrepreneurship: Practice and Principles*, Butterworth-Heinemann, pp. 25-30.

wider than that of a small business. However, not every small business is entrepreneurial and related to innovation.

This thesis argues that one of the most important features of the economic development of startups is their focus on rapid growth, which determines the effect of small innovative businesses on the economic development. Using new technology allows companies to access new markets, which can dramatically change the industry structure. This permits successful startups to grow very quickly, confirming the Birch's "theory of gazelles"²¹. "Gazelles" – fast-growing companies – contribute to the economy by creating jobs, generating a strong demand for their products and fostering innovation. Birch highlights high innovation activity of "gazelles", which means they not only carry out research and development, but also engage in non-technological innovation, securing a sustainable competitive advantage. Although the proportion of "gazelles" is low, as most small businesses grow slowly, innovative startups are designed to grow rapidly, creating and developing new technologies, which allows them to bring new products and services to the market. Rapid growth potential determines the attitude of investors towards them. It is well-known that the venture investor's classical formula in the selection of projects is the "five-fold growth in a five-year period". Consequently, innovative startups can eventually become the "gazelle" companies and successfully cooperate with other "gazelles", creating demand for innovation.

Entrepreneurship is the focus of many research projects due to its influence on micro- and macroeconomic levels. At the micro-level the influence is on social aspects: demand and supply balance, improvement in the quality of life, self-actualization and higher labor productivity²². Economic aspects are reflected in the fact that entrepreneurial activity changes the market equilibrium, shifting supply and demand: the demand for traditional products, services and technology decreases; subsequently, new needs are formed and traditional products can no longer find an appropriate demand. Thus, manufacturers are forced to reorganize their production to meet new requirements, which means that entrepreneurship is at the basis of societal development.

²¹ Birch, D.L. & Medoff, J. (1994). "Gazelles". In L.C. Solmon & A.R. Levenson, (Eds.), *Labor Markets, Employment Policy and Job Creation* (pp. 159-167). Boulder, CO and London: Westview Press.

²² Carlsson, B. and G. Eliasson (1995). "The Nature and Importance of Economic Competence". *Technological Systems and Economic Performance: The Case of Factory Automation*. B. Carlsson, Springer Netherlands. 5: pp. 57-87.

It should be noted that small business, being in direct contact with consumers, is able to discover new needs and tap into new resources (raw materials, labor, information, technology, etc.), turning them into opportunities to meet consumer needs. Thus, entrepreneurship realizes the function of attracting new resources to the economy, thereby stimulating economic growth. Since entrepreneurship is often focused on the use of new knowledge not only in the production of new products or services, but also in their consumption, entrepreneurship performs a number of important social functions – intellectual growth of the society, emergence of new professions and work places by promoting harmonization of the society. Entrepreneurial initiatives make an important contribution to solving problems in the society, related to the depletion of non-renewable resources, complex working conditions, improved quality of life²³. Thus, small innovative business is one of the most important components of the economic system of any country.

²³ Drucker, P. F. and P. F. Drucker (2007). *Innovation and Entrepreneurship: Practice and Principles*, Butterworth-Heinemann, p. 15.

Chapter 2. Startup life cycle and development model

2.1 Business idea development for a successful startup

The premise for the success of a startup is the idea behind its creation, as well as the model of how to commercialize that idea. The most typical problem of a newly-created startup is most likely related to the fact that the concept never turns into a business idea of an innovative project. Entrepreneurs starting a business are often the authors of the concept, but do not have a clear business plan in mind or are only driven by their own ambitions. A typical myth in the domain of startups is that the most important thing for a startup is to attract investors, and then a market for the product will be created by itself. Quite often startups fail because they are created around a weak business idea that does not allow for a desired level of sales to be reached (in order to achieve a break-even point). For a founder it is important to keep in mind that in order to formulate a business idea for a startup, it is necessary to solve three interrelated tasks:

- What to sell – defining a product or service attractive to potential customers;
- Whom to sell – choosing target audience and understanding its preferences: values, expectations, purchasing capacity;
- How to sell – solving a set of interrelated issues: from the organization of production to maintenance of new products.

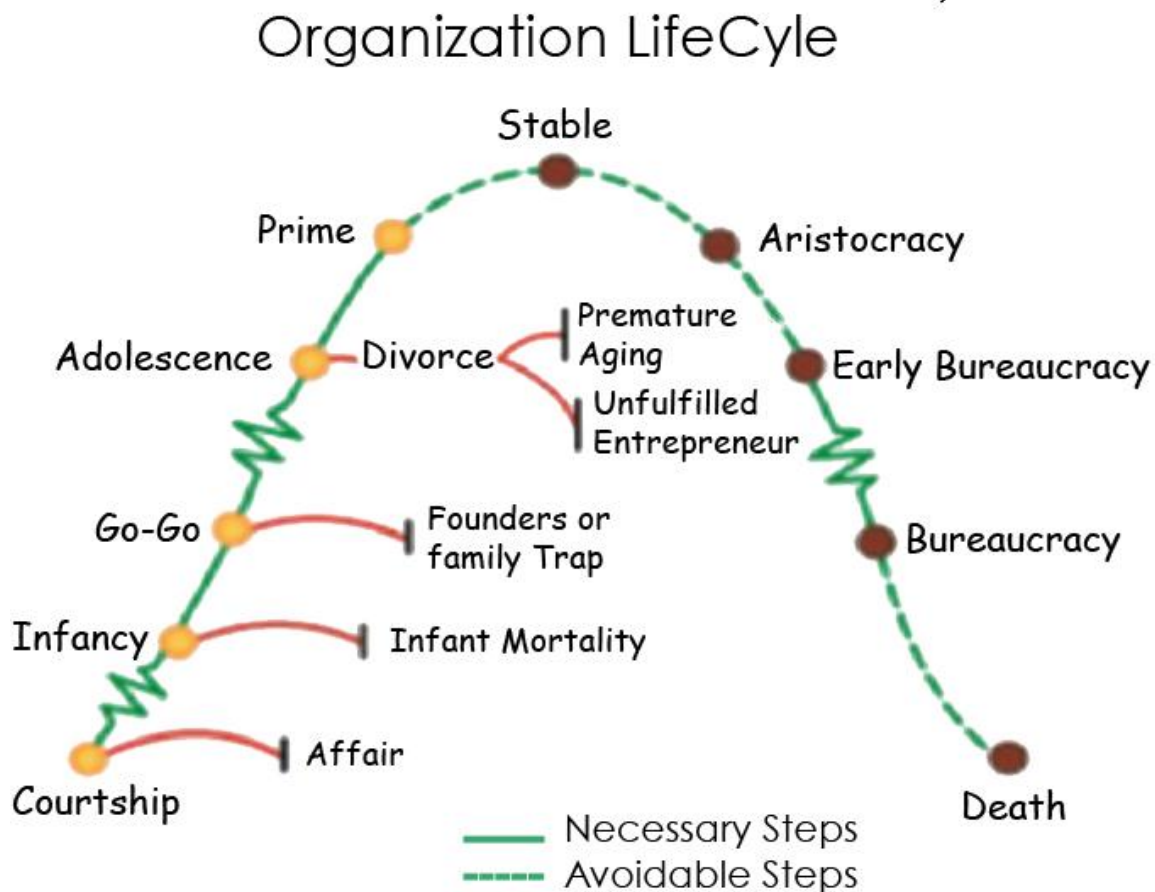
Practice shows that business idea development is crucial to the success of a startup.

Nevertheless, developing a business idea is only a part of future success. Success of a small business is also linked to organizing and managing the company. Various studies have shown that more than $\frac{3}{4}$ of small firms, which were liquidated or ceased operations during their first 3 – 5 years, had to go out of business due to weak management or erroneous marketing strategies²⁴. Thus, success of a startup is largely determined by the internal organization of a business. Even though each startup requires a different solution for solving management issues and resolving conflict, there are typical errors to avoid and rational procedures to follow that increase the survival of small companies in the early stages of development.

²⁴ Feld, B. and D. Cohen (2010). *Do More Faster: TechStars Lessons to Accelerate Your Startup*, Wiley.

2.2 Adizes' corporate life cycle model

In order to understand the forces behind the success or failure of a newly created company, it is essential to analyze organization development models. One of the most recognized frameworks, which illustrates many problems of formation and development of a company, is the Ichak Adizes' corporate life cycle model²⁵. This model, being the first and rather general, gave impetus to further research in the field of organizational development. Behind this model is the idea that the company develops like a living organism. Itzhak Adizes suggested that the dynamics of organizational development, which function like most physical, biological and social systems, are cyclical. This idea provided a foundation for the corporate life cycle model. As can be seen in the graph below, Adizes identified ten stages that an organization goes through in the course of its life.



Source: Adizes Institute Worldwide. Available at: <http://www.adizes.com/wp-content/uploads/2014/06/Adizes-Lifecycle-Graphic-300.jpg>.

²⁵ Adizes, I. (1989). *Corporate Lifecycles: How and Why Corporations Grow and Die and What to Do About It*, Prentice-Hall, Englewood Cliffs, New Jersey.

Stage 1: Courtship. This initial stage is meant to ensure that the founder of the organization gathers people who will gradually delve into his business idea, agree to take the risk and try to bring the idea to life. During this stage the founder assesses the prospects of commercialization, risks, development costs and resource requirements of the innovative project. Management of a future business is carried out informally and intuitively, as long as the company is not legally formalized. A potential problem at this stage arises when the entrepreneur realizes that he/she is not ready to take responsibility and abandon the existing way of life in order to fulfill their goal, which proves to have been a temporary "Affair".

Stage 2: Infancy. At this stage the organization does not yet have a clear structure and a distribution system of power and responsibilities, but in this period the transition from pure ideas to action begins. Significant attention is paid to the results of production and meeting the needs of end users. There is a struggle for survival in conditions of constant crisis, as at this stage the efficiency of enterprise management is far from perfect. The marketing efforts are focused on the quality improvement of a product and lowering production costs. At this stage it becomes essential to attract external funding. Management style at this stage is autocratic and directive, company's strategy is not well defined, management control systems are not in place, the organizational structure is fuzzy and subordination is weak. These problems might affect the founder in a negative way: their enthusiasm dries up and they are not able to keep the staff motivated; cash flows remain negative, which results in an "Infant Mortality" outcome.

Stage 3: "Go-Go". At this stage the organization finally works productively, overcomes the first obstacles, including the most painful one – the lack of liquidity. The product has found its niche, as the number of customers is growing the sales volume increases. Employees and customers become aware of the fact that the business idea is working and can become economically viable. This awareness changes the way people think about the future of the organization – the vision of its future expands and covers virtually limitless horizons. The company's growth requires an increase in the number of employees, resulting in attempts to formalize management functions. However, at this stage there is still no clear structure, subordination order or prescribed duties in the organization, which often leads to poor or

duplicated implementation; profitability is still low. The management style remains autocratic and management functions are allocated based on people's personal qualities²⁶.

Marketing efforts should focus on expanding sales and increasing market share. In the field of finance, operating expenses get covered by company's income due to continued growth in sales, but there is still a lack of funds for development. At this stage no solid financial strategy exists in the organization, financing is allocated based on each particular situation and is not always justified. On the negative aspects, the founder's overconfidence can lead to so-called "founder's trap", the main reason of which being the founder's reluctance to accept the reality and abandon the old way of thinking, which becomes incompatible with further development of the organization. Often the cause of bankruptcy at this stage is the inability to divide the first profit (which may lead, for example, to the division of the business, if there are several founders), the conflict of the old and new staff.

Stage 3: "Adolescence". The organization changes a great deal at this stage. The most significant change happens when founders realize that it will be impossible to manage a growing business by themselves. Hence, at this stage there is a need to change the structure of the organization and delegate the authority. This is accomplished by hiring professional managers who implement changes in the organizational structure, motivation and control system. New employees are hired, which inevitably leads to a conflict between two cultures, "the old staff" and "the new staff". There is often a clash of traditional and innovative approaches, which causes ambiguity and inconsistency. The company concentrates on implementing management systems (QMS, ERP, CRM), business processes are formed and regulations are introduced, which leads to a greater degree of formalization. The aim of this transformation is to improve the effectiveness of management. In the marketing area there is a transition to a portfolio strategy with a focus on maximizing profits and using marketing forecasts to control the market. In the field of finance high growth potential increases investment attractiveness of the company, which brings in first strategic partners and investors, the funds raised are used to introduce management control systems. It is crucial to note that the transition from autocratic to democratic management style ensures equality of corporate rules and regulations for all the staff. However, low organizational capacity at this stage does not allow the company to realize its economic potential. Formalization of control

²⁶ Ibid.

generates conflicts and contradictions, which often requires transferring business administration from the owner to professional managers.

At this stage of the business life cycle there are few external threats to the enterprise, but due to internal subjective reasons there is a risk of returning to the Go-Go stage. Moreover, the founder and ideologist of the business may leave the company due to the psychological alienation and depression: they realize that the business cannot grow using the same old techniques, their enthusiasm vanishes at the perspective of being constantly engaged in regular monotonous work (“unfulfilled entrepreneur” path). Routinization of management leads to conflict, which may result in any of the following scenarios:

1. change of ownership of the company;
2. business sell-off leading to a loss of key business ideas;
3. resignation of key employees leading to a loss of know-how and tacit knowledge;
4. increased internal resistance to organizational innovation.

The onset of these factors can lead to "premature aging" of the company, loss of independence as a result of a merger or acquisition.

Stage 5: Prime. At this stage the organization has a relatively clear structure, prescribed functions, the system of punishment and reward. Organizational success is assessed based on factors such as meeting customer needs and achieving long-term goals. Often at this stage the organization is expanded by means of establishing subsidiaries, which will go through all the stages of development.

This is a period of maximum prosperity and stability of the company. It is characterized by a balance of self-control and flexibility, which is achieved at the optimum point of the life cycle curve. Production and management are balanced and harmonious, business systems operate without significant violations. The effectiveness of enterprise management is maximized. Top management forms company strategy for the next years ahead, the staff supports management effort by working towards strategic objectives²⁷.

²⁷ Ibid.

At this stage marketing department realizes the importance of balance between sales and profits, it takes proactive actions based on a forecast of the market situation. The company holds a large amount of incremental innovation, develops its own R&D basis for further technological innovation. At this stage the company establishes new infant organizations (spin-offs and spin-outs).

Regarding financing at this stage: income is allocated to operating and investing activities, development budgets are created with an aim to increase operational efficiency of the company, to strengthen its image and investment attractiveness. Management style at this stage is democratic. The company structure is modified, incorporating some elements of matrix or divisional structure, organizational culture is formed based on the awareness of development prospects. Employees not only understand and share the goals of the company, but also have an idea of their roles and tasks in specific business processes. The system of staff motivation is quite effective, and includes not only financial incentives but also moral incentives. Management needs to keep the company at this stage as long as possible, keep it from plunging into the aging business stage due to distorted balance between stability and innovation, operational and strategic effectiveness.

Stage 6: Stable. This is the first stage of aging, when the company is moving away from the policy of rapid development, capturing new markets and expanding its presence in the existing ones. The company does not seek change, recognizing increasing importance of interpersonal relationships in teams, rather than risks associated with doing business.

Stage 7: Aristocracy. At this stage the company possesses considerable financial resources, which are allocated to strengthen the existing control system. Formal rules associated primarily with dress code and organizational culture emerge. The firm seeks to "buy" innovation, new products and ideas, acquiring or absorbing other organizations that are at earlier stages of development.

Stage 8: Early bureaucracy. The organization is gradually sinking into a number of difficult and seemingly insoluble structural conflicts, which the founder tries to solve by making people redundant, but without changing the structure. Gradually, internal red tape starts to hinder the company from meeting the end user needs.

Stage 9: Bureaucracy. The company is completely focused on itself, on its inner intractable problems, trying to follow all the procedures, processes and regulations in hope that it will help to solve the existing problems. The structures that prevail in a company at this stage are aimed at achieving a result, which makes the internal organization increasingly confusing. There is no tendency to improve efficiency, changes do not focus on clients' needs. At this stage there is a cumbersome and complicated system of control over current activities, which requires compliance with a set of rules and procedures, but does not encourage employees to work effectively.

Stage 10: Death. This last stage happens at the moment when the majority of customers cease to use the company's services. If this does not happen due to the fact that the company provides an exclusive product or is supported by the state, its death may be delayed in time. In this case, the degree of bureaucratization will continue to increase and will eventually reach its peak, leading to the inevitable destruction of the firm.

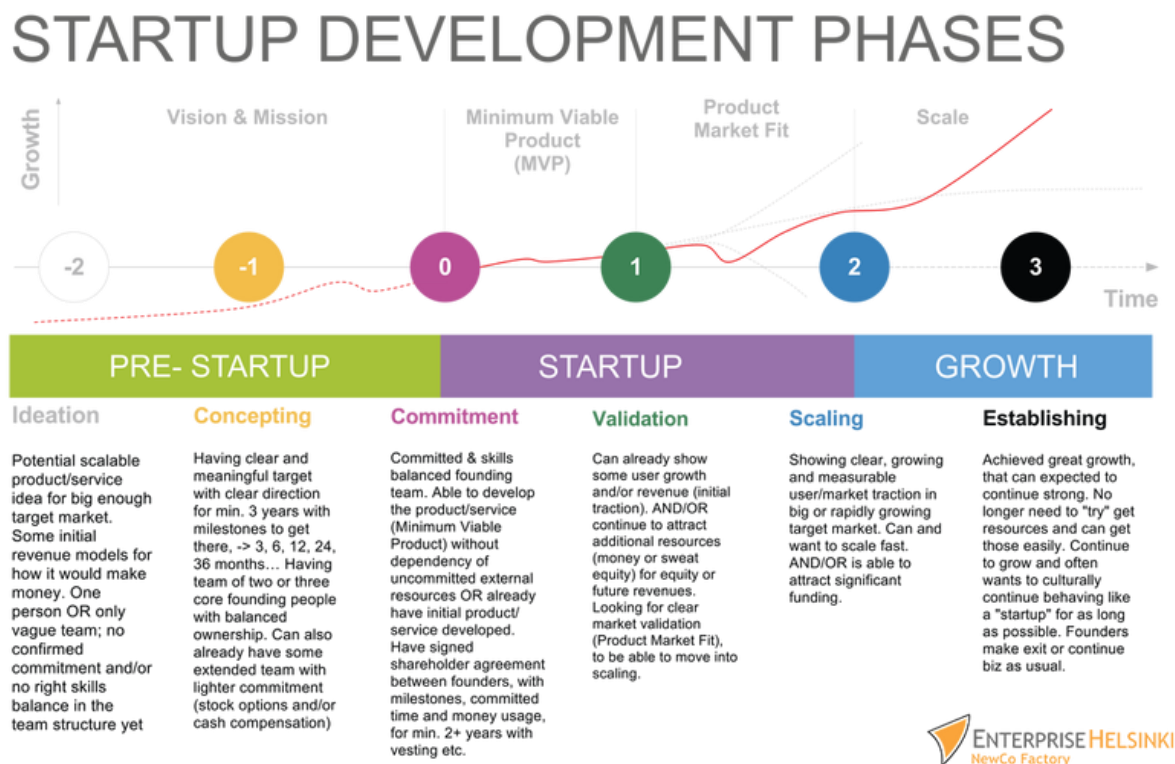
Aging stages correspond to the maturity stages of a business cycle. It should be noted that a company finds itself at aging stages not in the course of time, but due to management errors, its lack of flexibility and adaptability. The main challenge of a startup development is to address the enterprise lifecycle management wisely. Thus, some common research areas on key success factors of entrepreneurial activity can be the answers to the following questions:

1. Which conditions in a society need to be created and which efforts need to be taken in order to develop and strengthen entrepreneurship, and embed an entrepreneurial approach into all kinds of economic activity?
2. Which competences are essential for an entrepreneur, which skills and personal qualities are needed to become a successful entrepreneur?
3. How should an entrepreneur execute his actions and use the key success factors to get a positive entrepreneurial effect?

Undoubtedly, there are other issues and research questions related to startups, but these three abovementioned questions are closest to practical needs and link the science of entrepreneurship with real life.

In addition to a detailed description of the organizational development processes, Adizes' model also describes the aging process and explains why large and successful organizations "die". Adizes identifies two important parameters of organizational life cycle – flexibility and manageability (control)²⁸. At early stages companies are very flexible and mobile, but difficult to manage. When a firm grows, the ratio changes: manageability increases and flexibility decreases. Thus, in order to achieve success it is very important for any organization to manage these two aspects effectively.

2.3 Development phases and a financing cycle of a startup



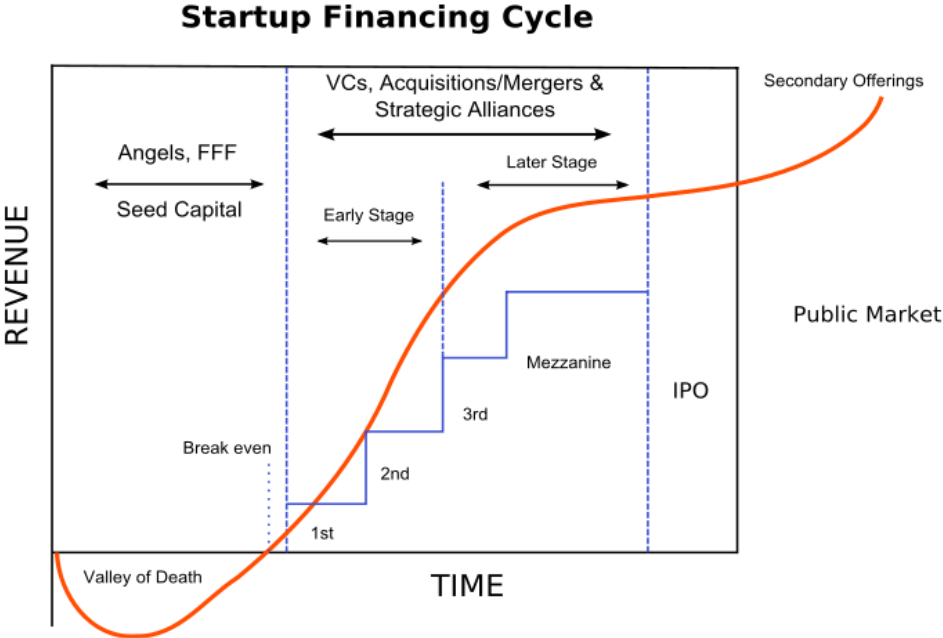
Source: EnterpriseHelsinki NewCo Factory. Available at: <http://www.newcofactory.fi/check-your-startup-development-phase.html>.

It could be inferred from the infographic that the early pre-startup and startup stages of a startup life cycle are characterized by the following features. The initial pre-startup phase is the first step in which potential business ideas are analyzed, the market is examined and a

²⁸ Ibid.

market segment is chosen. During the Ideation step a business idea is formed. Simultaneously, ideas are being tested, research and development are being carried out, which leads to a creation of a prototype. At this stage a company is formed, and a team that will ensure the development of the enterprise and will be responsible for commercialization of R&D is created. The final stage of the pre-startup phase is the registration of a company and appointment of its CEO. During this stage the types of financing used are business angel financing, money from family and friends, government grants.

The Startup phase is the stage at which the company is formed and its business plan is developed. During this stage various administrative activities take place (trademarks and product names are registered, presentations and promotional activities are held, trial sales of the new product are finalized); certification, testing and production of a new product are carried out. Finally, the product is introduced to the market. The type of financing used during the startup phase is mainly the venture capital. During the Growth phase, the company is rapidly scaling and is able to attract significant funding, and achieving this phase is a goal of every newly-created startup.



Source: Wikipedia. Available at: http://en.wikipedia.org/wiki/File:Startup_financing_cycle.JPG.

From the graph above it could be noted that small enterprises very often fail and have to close down in the early stages of their life cycle – prior to reaching the break-even point. This stage

in the life cycle is symbolically called "the valley of death". In the early stages of development, a newly formed firm mainly relies on angel investors, friends and family funds, which makes it highly dependent on external financing, as the company does not have positive revenues yet. As a result, at this stage the main goal of a firm is survival and its future is highly uncertain. The problem is that in the early stages of development the commercial potential of business ideas cannot be explicitly measured, which limits the applicability of traditional financial and economic models (cash-flow, net present value, etc.). Thus, it is extremely difficult to evaluate the potential for survival of a newly created business.

Chapter 3. Entrepreneurship around the world

3.1 Overview of entrepreneurial activities in the world: current trends and country-level differences

3.1.1 MSME Country Indicators

In order to start analyzing entrepreneurship and startup dynamics across various countries, it is important to look at statistical data first. According to the International Finance Corporation, which collects MSME (micro, small and medium enterprise) Country Indicators in 132 world economies, there are 125 million formal MSMEs in the researched countries, 89 million of which are located in emerging markets²⁹. “Where possible, MSMEs are defined as follows: micro enterprises: 1–9 employees; small: 10–49 employees; and medium: 50–249 employees”³⁰. This research project presents important insights from the countries all over the world:

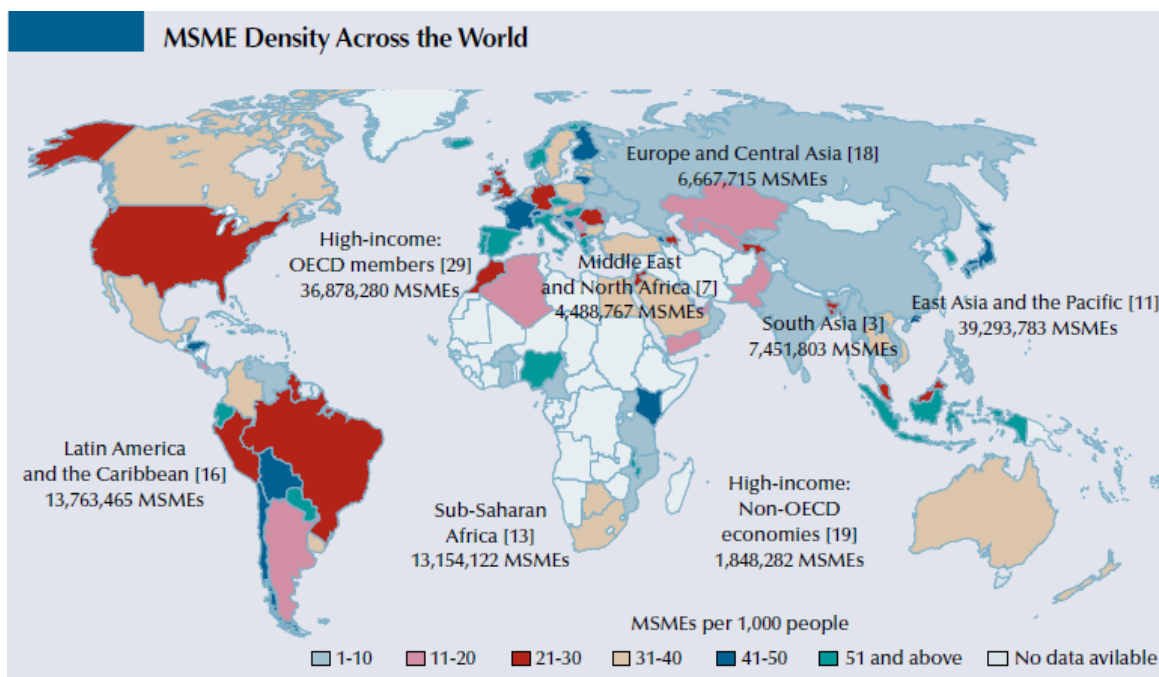
- Small firm growth is higher in developing countries. “This analysis shows that formal MSMEs are more common in high-income economies, but that in low- and middle-income economies, MSME density is rising at a faster pace”³¹. This finding is consistent with other researchers’ reports: for instance, Reynolds et al. suggested that in countries where there is great poverty, there is a higher necessity to survive, which induces individuals to start their own activity³².

²⁹ Kushnir K., Mirmulstein M. L., Ramalho R. (2010). “Counting MSMEs Across the World”. IFC and the World Bank. Available at: <http://www.ifc.org/msmecountryindicators>.

³⁰ Ibid.

³¹ Ibid.

³² Reynolds, P. D., Bygrave, W. D., Autio, E., Cox, L. W., & Hay, H. (2002). Global entrepreneurship monitor, 2002 executive report. Babson College, London Business School and Kauffman Foundation.

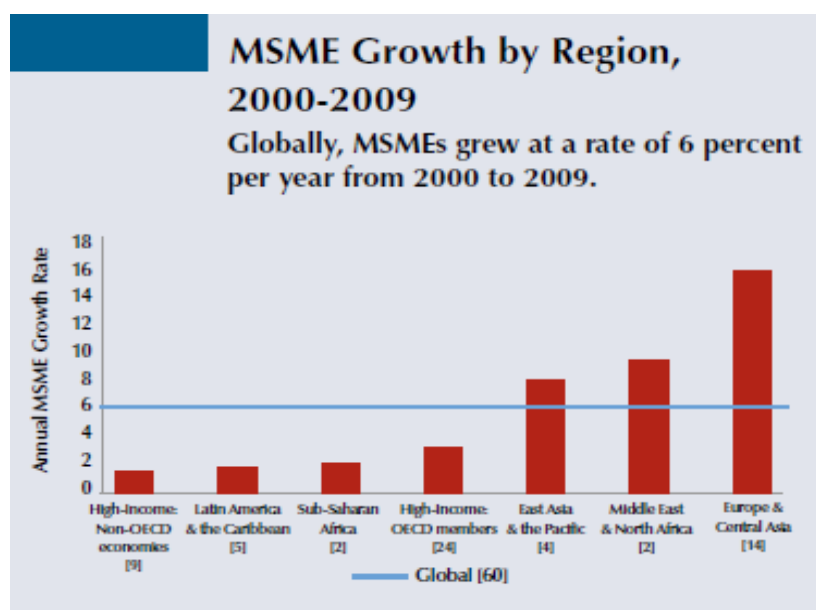


Sources: MSME Country Indicators.

Note: Name of region [#] signifies the number of economies from the region included in the analysis. The figure uses the most recent data available after the year 2000. The figure use data for 116 economies

- From the graph it could be seen that the density of MSMEs varies significantly across countries. “On average, there are 31 MSMEs per 1,000 people across the 132 economies covered. The five countries with the highest formal MSME density are as follows: Brunei Darussalam (122), Indonesia (100), Paraguay (95), the Czech Republic (85), and Ecuador (84)”³³. This conclusion could be explained by many factors, such as population density, economic level of development, individual motives of entrepreneurs, characteristics of regulatory and institutional environment.

³³ Kushnir K., Mirmulstein M. L., Ramalho R. (2010) “Counting MSMEs Across the World”. IFC and the World Bank. Available at: <http://www.ifc.org/msmecountryindicators>.

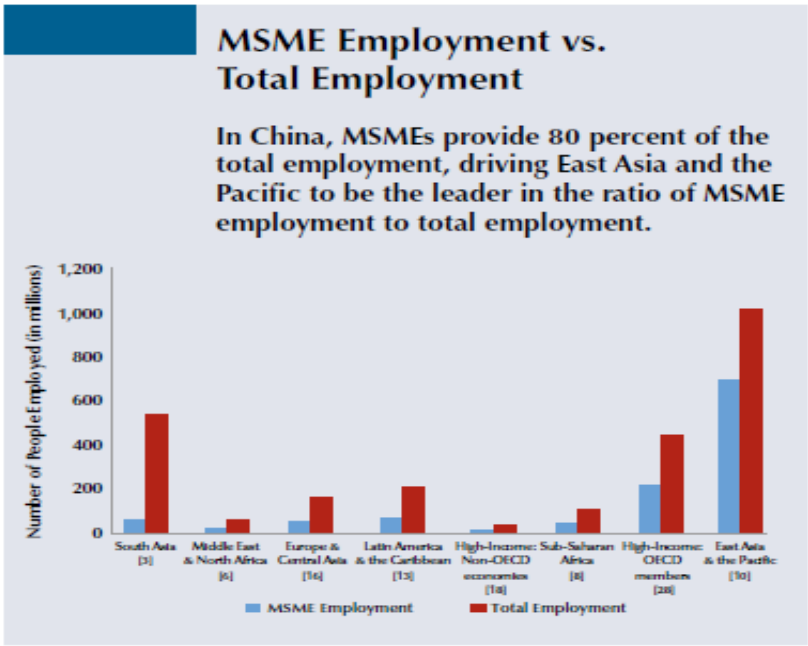


Source: MSME Country Indicators.

Note: Name of the region [#] signifies the number of economies from the region included in the analysis. The figure uses data for 60 economies. Data on economies that met the next criteria were included in the analysis: (i) if the MSME definition remained unchanged from 2000 to 2009; (ii) if there were data available for both time periods of 2000–2004 and 2005–2009.

- “Globally, the number of MSMEs per 1,000 people grew by 6 percent per year from 2000 to 2009. Europe and Central Asia experienced the biggest boom, with 15 percent growth”³⁴. This could be explained by the fact that after the Soviet Union collapse, there was a favorable environment for entrepreneurship, and the same thing happened in Europe with the enlargement of the European Union.

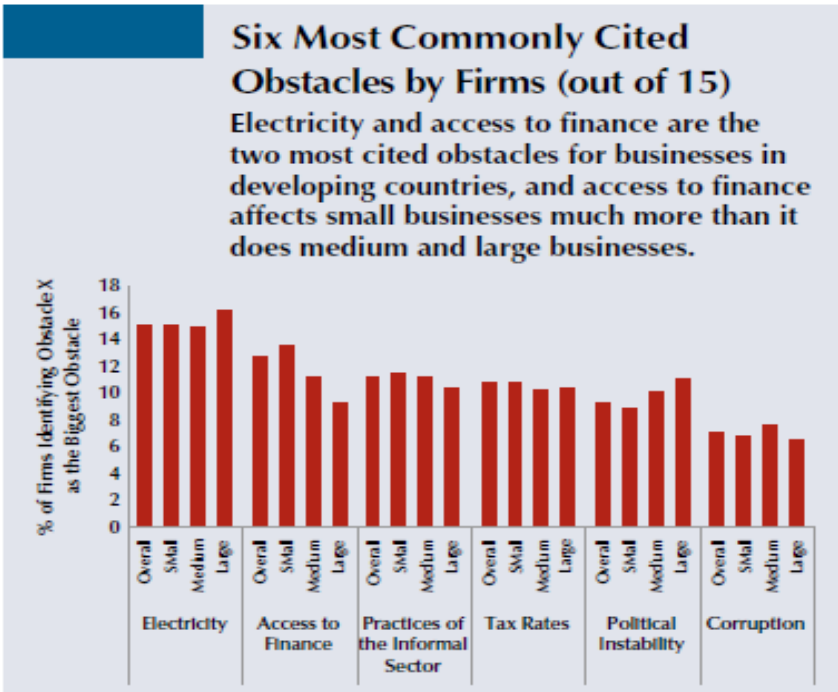
³⁴ Ibid.



Source: MSME Country Indicators.
 Note: Regions are grouped in ascending order based on the ratio of the MSME employment to total employment. Name of the region [#] signifies the number of economies from the region included in the analysis. For the following economies the number of employed by the MSMEs was calculated from the reported percentage of the total employment: Armenia, China, Ecuador, Ghana, Iceland, Israel, Jamaica, Nigeria, Myanmar, Malawi, Malaysia, Pakistan, Singapore, Peru, Uzbekistan and South Africa.

- The highest ratio of MSME employment to total employment is found in East Asia and the Pacific. In particular, in China about 80 percent of employees work for formal MSMEs. In other countries, the prevalence of the informal sector noticeably lowers the ratio: “The low ratio of formal MSME employment to total employment in South Asia could be explained by the fact that in the three countries covered, Bangladesh, India, and Pakistan, the informal sector is large”³⁵.

- MSME Country Indicators project also analyzed main obstacles for firms in the developing countries: among the biggest concerns mentioned were electricity, access to finance, practices of the informal sector, tax rates, political instability, corruption³⁶. These obstacles pose significant challenges for firms in developing countries.



Source: Enterprise Surveys Dataset.
 Note: The data cover 98 countries. The 15 obstacles are access to finance; access to land; business licensing and permits; corruption; courts; crime, theft and disorder; customs and trade regulations; electricity; inadequately educated workforce; labor regulations; political instability; practices of competitors in the informal sector; tax administration; tax rates and transport.

³⁵ Ibid.
³⁶ Ibid.

3.1.2 Global Entrepreneurship Monitor (GEM)

Another promising research programs is the Global Entrepreneurship Monitor (GEM), which was designed to evaluate “the level of national entrepreneurial activity and to relate this to the rate of economic growth”³⁷. At the moment the research program assesses entrepreneurial activity in over 85 countries (as of 2015 data). Initially, the objectives of GEM were to investigate why some countries were more entrepreneurial than others and how entrepreneurial activity is related to economic development and growth³⁸. According to GEM researchers, the country level of entrepreneurship depends on individual attributes of founders, as well as available infrastructure and social values. GEM surveys allow researchers to collect comprehensive data and build the largest entrepreneurship database in the world. Every year more countries participate in the GEM research: “in 2014, more than 206,000 individuals were surveyed across 73 economies and 3936 national experts on entrepreneurship from 73 economies participated in the survey”³⁹. The participating countries are grouped according to geographic region and economic development level, dividing all the countries in three groups: factor-driven economies rely on the exploitation of natural resources, efficiency-driven economies aim at maximizing returns using economies of scale, and innovation-driven economies have a large service sector and a favorable environment for entrepreneurial ventures⁴⁰.

³⁷ Carree, M. and A. R. Thurik (2003). “The Impact of Entrepreneurship on Economic Growth”. Handbook of Entrepreneurship Research. Z. Acs and D. Audretsch, Springer US. 1: 437-471.

³⁸ Reynolds, P., Bosma, N., Autio, E., Hunt, S., De Bono, N., Servais, I., et al. (2005). “Global entrepreneurship monitor: data collection design and implementation 1998–2003”. *Small Business Economics*, 24, 205–231

³⁹ Singer S., Amoros J. E., Moska D. (2015). “Global Entrepreneurship Monitor 2014 Global Report”. Global Babson Park, MA: Entrepreneurship Research Consortium (GERA), Babson College, <http://www.gemconsortium.org/docs/download/3616>. Accessed on 13th January 2015.

⁴⁰ Stokes, D. (2010). *Entrepreneurship* / David Stokes, Nick Wilson, Martha Mador. Australia, South-Western Cengage Learning, pp. 75-76.

GEM ECONOMIES BY GEOGRAPHIC REGION AND ECONOMIC DEVELOPMENT LEVEL, 2014

	<i>Factor-driven Economies</i>	<i>Efficiency-driven Economies</i>	<i>Innovation-driven Economies</i>
Africa	Angola ¹⁾ , Botswana ¹⁾ , Burkina Faso, Cameroon, Uganda	South Africa	
Asia & Oceania	India, Iran ¹⁾ , Kuwait ¹⁾ , Philippines ¹⁾ , Vietnam	China, Indonesia, Kazakhstan ²⁾ , Malaysia ²⁾ , Thailand	Australia, Japan, Singapore, Taiwan, Qatar
Latin America & Caribbean	Bolivia ¹⁾	Argentina ²⁾ , Barbados ²⁾ , Belize, Brazil ²⁾ , Chile ²⁾ , Colombia, Costa Rica ²⁾ , Ecuador, El Salvador, Guatemala, Jamaica, Mexico ²⁾ , Panama ²⁾ , Peru, Suriname ²⁾ , Uruguay ²⁾	Puerto Rico, Trinidad and Tobago
European Union		Croatia ²⁾ , Hungary ²⁾ , Lithuania ²⁾ , Poland ²⁾ , Romania	Austria, Belgium, Denmark, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Luxembourg, Netherlands, Portugal, Slovenia, Slovakia, Spain, Sweden, United Kingdom
Non-European Union		Bosnia and Herzegovina, Georgia, Kosovo, Russian Federation ²⁾ , Turkey ²⁾	Norway, Switzerland
North America			Canada, United States

1) In transition to Efficiency-driven economies

2) In transition to Innovation-driven economies

Source: Global Entrepreneurship Monitor 2014 Global Report.

It should be mentioned that GEM uses the following definition of entrepreneurship: “Any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business, by an individual, a team of individuals, or an established business”⁴¹. In order to understand entrepreneurial activity in an economy, GEM evaluates each of them along the three components of the GEM Conceptual Framework:

1. Social values towards entrepreneurship (this indicator describes to what extent entrepreneurship is valued in a society). According to GEM findings, in factor-driven economies individuals have a more positive perception of entrepreneurship and lower fear of failure than those in efficiency-driven and innovation-driven countries. The African economies rated the highest on this component, while the European economies scored low ratings, which indicates that starting a new business in Europe is not a highly desirable career option. Thus, it could be advised to policymakers that in order to promote entrepreneurship, it is important to incorporate specific programs into educational system of a country.

⁴¹ Reynolds, P., M. Hayand and S.M. Camp (1999). Global Entrepreneurship Monitor, 1999 Executive Report, Paul D. Reynolds, Michael Hay and Kauffman Center for Entrepreneurial Leadership at the Ewing Marion Kauffman Foundation.

2. Individual attributes (demographic, psychological and motivational aspects). It should be mentioned that both African and North American economies score high on the perceived opportunities (there are prospects to start a new business in the next six months) and perceived capabilities (skills and knowledge necessary to start a new business). It is interesting to note that European economies are characterized by the highest fear of failure, which is a factor that inhibits entrepreneurship and impedes individuals from pursuing favorable opportunities that arise in an economy.
3. Entrepreneurial activity (describes the life cycle phase, type and the sector of a business activity). This component describes several insights: business dynamics (the rate of established firms and discontinued firms), reasons for business discontinuation, demographic characteristics of entrepreneurs. Looking at innovation orientation (which includes two measures: 1. product or service a company produces is new to some customers, and 2. there are few or no competitors on the market), it can be noted that North American economies are still leading in this area, while African countries score low on both measures⁴².

Another important part of GEM research is studying the conditions that facilitate or hinder new firm creation, which are important for understanding entrepreneurship dynamics in a country. There are seven Entrepreneurial Framework Conditions used in the GEM research: entrepreneurial finance (how easy or difficult access to financing is for SMEs), government policy (whether it supports entrepreneurship), government entrepreneurship programs, entrepreneurship education (whether it is incorporated into education system at all levels), R&D transfer (availability of R&D for SMEs), commercial and legal infrastructure, entry regulation (market dynamics and market openness), physical infrastructure, cultural and social norms⁴³. Thus, we can rate every country according to these conditions that facilitate or hinder entrepreneurship, and we will obtain a picture of how favorable the entrepreneurial ecosystem in each individual economy is. For instance, GEM data indicated that in 2014 most economies rated low on primary and secondary education, and high on physical and commercial infrastructure. This information should be taken into consideration by

⁴² Singer S., Amoros J. E., Moska D. (2015). "Global Entrepreneurship Monitor 2014 Global Report". Global Babson Park, MA: Entrepreneurship Research Consortium (GERA), Babson College, <http://www.gemconsortium.org/docs/download/3616>. Accessed on 13th January 2015.

⁴³ Ibid.

policymakers and government institutions in order to make their country more attractive for new businesses and foster innovation.

3.2 Opportunity versus necessity entrepreneurship: relationship between the level of economic development and entrepreneurship opportunities

When studying self-employment and entrepreneurship, it is important to concentrate on individual's motives for opening a new business. According to some researchers, it is possible to distinguish between the opportunity and necessity entrepreneurship⁴⁴. The former arises in developed countries and is driven by innovation advances, hence, there is an opportunity for starting a new business. Necessity entrepreneurship characterizes mainly developing countries, where some people do not have a better alternative than starting their own business. Thus, the level of entrepreneurship tends to be higher in developing country due to the fact that there are fewer employment opportunities available. However, recent evidence from research in developing countries suggests that the concept of “necessity” versus “opportunity” needs to be re-examined, as it does not clearly present the motives for business startups, which could be more sophisticated than just escaping the poverty⁴⁵. Numerous studies have reported that the level of entrepreneurship varies across countries and is related to economic development, cultural background and availability of institutions that support new businesses⁴⁶. Moreover, it has been suggested that culture is an important determinant of new business creation, being a link between societal values and the level of entrepreneurship⁴⁷.

⁴⁴ Reynolds, P. D., Bygrave, W. D., Autio, E., Cox, L. W., & Hay, H. (2002). “Global entrepreneurship monitor, 2002 executive report”. Babson College, London Business School and Kauffman Foundation. Rosa, Peter and Kodithuwakku, Sarath S. and Balunywa, Waswa (2008). “Entrepreneurial Motivation in Developing Countries: What Does 'Necessity' and 'Opportunity' Entrepreneurship Really Mean?”. *Frontiers of Entrepreneurship Research 2006; Frontiers of Entrepreneurship Research 2006*. Available at SSRN: <http://ssrn.com/abstract=1310913> or <http://dx.doi.org/10.2139/ssrn.1310913>.

⁴⁵ Rosa, Peter and Kodithuwakku, Sarath S. and Balunywa, Waswa (2008). “Entrepreneurial Motivation in Developing Countries: What Does 'Necessity' and 'Opportunity' Entrepreneurship Really Mean?”. *Frontiers of Entrepreneurship Research 2006; Frontiers of Entrepreneurship Research 2006*. Available at SSRN: <http://ssrn.com/abstract=1310913> or <http://dx.doi.org/10.2139/ssrn.1310913>.

⁴⁶ Thurik, R., Bhola, R., Verheul, I., & Grilo, I. (2006). “Explaining engagement levels of opportunity and necessity entrepreneurs”. *SCALES: Scientific Analysis of Entrepreneurship and SMES*. EIM by, Zoetermeer. Rotterdam, NL <http://hdl.handle.net/1765/9705>.

⁴⁷ Hechavarria, D. & Reynolds, P.D. (2008). “Cultural norms and business start-ups: The impact of national values on necessity and opportunity entrepreneurs”. Paper presented at the Academy of Management, Anaheim, CA.

According to Hofstede, culture is a set of shared norms, values and beliefs⁴⁸. Some researches point out that some cultures are more supportive of entrepreneurial values, cultivating necessary skills in individuals as a part of socialization into a society⁴⁹. Education is another factor that might lead to a higher level of entrepreneurship in an economy. In the developing world MSEs owned by entrepreneurs with a university degree tend to grow more quickly⁵⁰.

Among other factors that influence entrepreneurial growth in developing countries mentioned by researchers are firm age, access to finance and social networks⁵¹. The authors argue that contextual factors, such as general macroeconomic environment, relative price volatility, mechanisms for contract enforcement are an important determinant of small firm growth in the developing world. Moreover, one of the biggest obstacles for entrepreneurs is the regulatory and institutional environment, since strict regulations and high taxes lead to uncertainty in making investment decisions⁵². Thus, in order to ensure entrepreneurial growth in an economy, policymakers should pay attention to abovementioned issues and attempt to create a favorable business environment with understandable legislation and incentives for growth. When there is an unfavorable situation in an economy characterized by political and economic uncertainty, entrepreneurs tend to spread their resources across separate but related firms in order to minimize risk⁵³. In this scenario internally generated cash flow might be used to finance other businesses, creating a structure with interlocking business ownership. Such structure provides not only financial benefits, but also access to a pool of skills and resources, possibility to leverage the brand name across all firms⁵⁴.

⁴⁸ Hofstede G. (1980). *Culture's Consequences: International Differences in Work-Related Values*. Beverly Hills CA: Sage Publications, pp. 22-23.

⁴⁹ Stokes, D. (2010). *Entrepreneurship* / David Stokes, Nick Wilson, Martha Mador. Australia, South-Western Cengage Learning, pp. 158-159.

⁵⁰ Nichter S., Goldmark L. (2009). "Small firm growth in developing countries", *World Development*, 37, issue 9, pp. 1453-1464.

⁵¹ Ibid.

⁵² Ibid.

⁵³ Lingelbach D., De La Vina L., Asel P., 2005. "What's distinctive about growth-oriented entrepreneurship in developing countries?" UTSA College of Business Center for Global Entrepreneurship Working Paper No. 1. Available at SSRN: <http://ssrn.com/abstract=742605>.

⁵⁴ Ibid.

Another pressing issue for small firms in developing economies is the access to financing, with most of them relying on personal and family savings, investments from friends and other sources of informal financing. According to researchers, venture capital and bank lending do not constitute a significant part of outside capital for startups, for the reasons that venture capital model has a limited applicability in developing markets and loan financing is not widely available⁵⁵.

⁵⁵ Ibid.

Chapter 4. Entrepreneurship in India: modern day realities of doing business in India

4.1 Why India? Growing economy, demographics, appeal for businesses

Characterized as a dynamic economy with a GDP growth averaging 7% a year, India has a robust equities market with high returns and a promising growth potential. However, investing in this fast-changing market can turn out to be risky without understanding local rules and relying on experienced local partners. India is well-known as a global provider of services such as IT, accounting, customer support and other back-office services for companies all over the world⁵⁶.

Since the independence in 1947, the economy of India has been characterized by rapid industrialization and rather favorable conditions for new entrepreneurial ventures. In order to alleviate poverty and ensure economic development, several measures had to be taken, such as reducing social injustices, developing the industrial sector, encouraging foreign direct investment and expanding private sector. Initially, this policy did not bring much change, as control still remained in the public sector and licensing system did not allow for a complete freedom of action for entrepreneurs⁵⁷. The main problems that hindered entrepreneurship in India were a rigorous system of bureaucratic controls, large public sector and strict regulations for foreign investors. This situation changed in 1991 with the implementation of the New Industrial Policy, which made India more open for foreign direct investments and facilitated entrepreneurial growth in the country: industrial licensing was used only in several industries, import tariffs were significantly reduced, procedures for foreign investment projects were simplified⁵⁸. These reforms targeted industrial and financial sectors, but did not do much to improve the efficiency of the state institutions⁵⁹. However, as a result of the New Industrial Policy, India not only became attractive for foreign investors, but also gave birth to

⁵⁶ Business Strategy Review 16(4): pp. 51-68. "India" (2005) doi: 10.1111/j.0955-6419.2005.00381.x

⁵⁷ Stokes, D. (2010). *Entrepreneurship* / David Stokes, Nick Wilson, Martha Mador. Australia, South-Western Cengage Learning, p. 83.

⁵⁸ Kumar, N. (2013). *India's Global Powerhouses: How They Are Taking on the World*, Harvard Business Review Press, p. 35.

⁵⁹ Khanna, T. (2013). *Billions of Entrepreneurs: How China and India Are Reshaping Their Futures and Yours*, Harvard Business Review Press, p. 48.

globally competitive companies producing aluminum, automobiles, steel, and zinc (Hindalco, Tata Motors, Tata Steel, Vedanta). The reforms forced Indian companies to become locally competitive by means of corporate restructuring, and subsequently aiming at global competitiveness by means of improving product quality, becoming customer-oriented, focusing on core businesses and strengthening management⁶⁰. Gradually Indian companies were becoming key players in the global economy, signing multibillion-dollar merger and acquisition deals with companies in the developed world. Consequently, by 2006 “for the first time, Indian outward investment of \$10 billion had outstripped foreign investment into India”⁶¹. These successful deals were encouraging smaller Indian companies to expand overseas and become globally present.

In his book Kumar has identified three unique traits that helped Indian companies make successful acquisitions:

1. Many Indian businesses belong to a group of companies (for instance, Aditya Birla or Tata groups), which allows them to use group assets as a leverage when making an acquisition and be able to sign deals that an individual company would not be able to secure by itself.
2. Historically many Indian businesses had a very high debt-equity ratios, meaning that they raised capital by borrowing and not giving up ownership. This high reliance on debt financing increases risk, but allows companies collect more funds for an acquisition.
3. Very often powerful families are in charge of Indian companies, which allows them to quickly sign deals and negotiate post-merger conditions, providing more flexible terms for both parties in a merger. This feature makes Indian companies attractive business partners⁶².

⁶⁰ Kumar, N. (2013). *India's Global Powerhouses: How They Are Taking on the World*, Harvard Business Review Press, pp. 34-42.

⁶¹ *Ibid*, pp. 2-3.

⁶² *Ibid*, pp. 5-6.

These traits not only give Indian companies a competitive advantage in the domestic market, but provide an incentive for them to leverage their expertise and expand into international markets. Undoubtedly, one of the main advantages of Indian firms is their focus on innovation and low-cost business models, since they need to provide an affordable product for numerous Indian population and remain profitable⁶³. Hence, there is a growing number of companies that managed to leverage their scale and cost advantage to become global players, among which are Bajaj Auto, Tata Tea, Mahindra & Mahindra, Reliance Industries Limited, Larsen & Toubro.

India is often compared with China, and although currently China is ahead of India in economic growth, India is often projected to overtake China in a number of years, due to several relative advantages: English-speaking workforce, younger working population, democratic traditions and a more Western outlook⁶⁴. India is characterized by robust foundations for a market economy, free-flowing information and government support for local entrepreneurs⁶⁵. However, these advantaged have often been exploited by foreign multinationals, which viewed India as an attractive choice for offshoring without providing career opportunities for Indian employees. Thus, Indian companies often strive to compete not only on the low-cost basis and providing back-office services for multinationals, but on the basis of high quality and cutting-edge technology. There is no doubt that Indian entrepreneurs have the passion and charisma to bring their products to the global market and gain international exposure⁶⁶.

4.2 Cultural influence

In general, Indian culture can be characterized as collectivist, traditionalist and symbolic. Indian business has been traditionally influenced by India's cultural and social history. Hinduism, the main religion in India, practiced by 85% of the population, had a strong impact

⁶³ Ibid, p. 7.

⁶⁴ Ibid, p. 9.

⁶⁵ Khanna, T. (2013). Billions of Entrepreneurs: How China and India Are Reshaping Their Futures and Yours, Harvard Business Review Press, pp. 21-25.

⁶⁶ Kumar, N. (2013). India's Global Powerhouses: How They Are Taking on the World, Harvard Business Review Press, pp. 18-20.

on Indian business model. According to Hinduism, the society is divided into castes and subcastes, which creates a hierarchy and provides certain roles for everyone: the four main castes are priests (Brahmins), warriors (Kshatriyas), traders (Vysyas) and laborers (Sudras)⁶⁷. The caste system is very rigid, it prohibits people from moving to another caste and changing occupation. Thus, it slows down change in the society, creates bureaucracy and does not encourage initiative. According to Kumar, the caste system forced Indians to accept their position in the society, and therefore, “except for those belonging to the trader class, historically Indians did not aspire to be entrepreneurs”⁶⁸. It is often difficult for such traditional societies to overcome the barriers of rigidity, although more and more entrepreneurs realize that in order to become global players and be recognized worldwide, persistence and hard work are necessary. In order to overcome this rigid mindset and negative image often associated with Indian firms, many of them had to convince international customers that they possessed world-class products and knowledge. Moreover, recently the balance of power between the rich and the poor has been changing in India, as more people join the middle class and are able to afford things they couldn't in the past.

Another important aspect of Indian business model is the impact of the extended family, as in India it is very common to pool family resources in order to invest in a new venture: “with a culture strongly rooted in communities, extended family has been the most important source of capital”⁶⁹. This creates business structures with interlocking ownership, which allow for easier financing, pooling of skills and resources, internal talent transfers⁷⁰. In such business models owners strongly identify themselves with their business, which may lead to a blurred balance between personal issues and business issues.

4.3 Challenging business environment

When studying a particular company, it is essential to take into consideration business environment in the country, which can provide support or set restraints for a company's

⁶⁷ Ibid, pp. 26-27.

⁶⁸ Ibid.

⁶⁹ “Creating a Vibrant Entrepreneurial Ecosystem in India: Report of the Committee on Angel Investment & Early Stage Venture Capital”. Government of India: Planning Commission (2012), Available at: http://planningcommission.nic.in/reports/genrep/rep_eco2708.pdf, accessed on 25th April 2015.

⁷⁰ Kumar, N. (2013). India's Global Powerhouses: How They Are Taking on the World, Harvard Business Review Press, pp. 26-27.

operations. In India there are numerous issues that complicate business functioning, but one the most pertinent is the high level of bureaucracy. According to Kumar, “the time it takes to obtain a business license in India ranges from 159 days in Bhubaneswar to 522 days in Ranchi”⁷¹. This means that companies in India bear additional transactional costs of doing business and have to look for creative ways to overcome this problem. However, instead of making the process of business registration lean, the government keeps increasing regulations. As a result, Indian business environment becomes unfriendly and complex, where bureaucracy and accepting bribes are encouraged at all levels. This creates a large informal sector, which is not monitored or taxed by the government: “for example, in India in 2007, there were fewer than 1.6 million registered MSMEs and 26 million unregistered MSMEs, that is, about 17 unregistered MSMEs for every registered one”⁷².

According to the World Bank data, in terms of the ease of doing business in 2015 India ranks 142nd out of 189 economies, which means that it is very challenging to start a company there⁷³. From the table below it could be noticed that it takes around 27 days to register a firm in Delhi, while in the OECD countries it only takes 9 days. Thus, serious reforms are needed to remove regulatory hurdles, simplify procedures and streamline application process.

⁷¹ Ibid, p. 194.

⁷² Kushnir K., Mirmulstein M. L., Ramalho R. (2010) “Counting MSMEs Across the World”. IFC and the World Bank. <http://www.ifc.org/msmecountryindicators>.

⁷³ The World Bank Group (2015) – Doing business, Available at: <http://www.doingbusiness.org/data/exploreeconomies/india#starting-a-business>, accessed on 15th April 2015.

Indicator	Delhi	South Asia	OECD
Procedures (number)	11.0	7.9	4.8
Time (days)	27.0	16.0	9.2
Cost (% of income per capita)	8.6	14.6	3.4
Paid-in min. capital (% of income per capita)	111.2	14.2	8.8

No.	Procedure	Time to Complete	Associated Costs
1	Obtain director identification number (DIN) online from the Ministry of Corporate Affairs portal	1 day	INR 100
2	Obtain digital signature certificate online from private agency authorized by the Ministry of Corporate Affairs (National)	1 day	INR 400-1,800
3	Reserve the company name online with the Registrar of Companies (ROC)	2 days	INR 1,000
4	Pay stamp duties online, file all incorporation forms and documents online and obtain the Certificate of Incorporation	5 days on average	see comments
5	Request and obtain Certificate to Commence Operation	5 days on average	INR 400 for a company with capital between INR 500,000-2,499,999
* 6	Make a seal	1 day (simultaneous with previous procedure)	INR 500-1,000
7	Obtain a Permanent Account Number (PAN) from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL) or the Unit Trust of India (UTI) Investors Services Ltd., as outsourced by the Income Tax Department	7 days	INR 93
* 8	Register with the Employees' Provident Fund Organization	12 days on average (simultaneous with previous procedure)	no charge
* 9	Register for medical insurance at the regional office of the Employees' State Insurance Corporation	10 days (simultaneous with previous procedure)	no charge
* 10	Register for Value-Added Tax (VAT) at the Department of Trade and Taxes, Government of NCT of Delhi (State)	9 days on average (simultaneous with previous procedure)	INR 500 registration fee + INR 25 stamp duty for compulsory VAT registration
* 11	Obtain a Tax Account Number (TAN) for income taxes deducted at the source from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL), as outsourced by the Income Tax	7 days (simultaneous with previous procedure)	INR 55 application fee

The ease of doing business in Delhi with procedures, time to complete and costs
Source: The World Bank (2015)

Another alarming issue is the lack of adequate infrastructure (for instance, poor transportation services), slow legal system and unreliable power supplies. Each state in India imposes its own regulations, which makes transition of goods from one state to another painfully long and increases transportation costs⁷⁴. Related to this problem is the growth dilemma: according to the Economic Survey of 2013 carried out by the Government of India, the expansion of private sector is hindered by current legal and policy regime, which forces companies to stay small instead of expanding and hiring more people⁷⁵. There are certain policy implications

⁷⁴ Kumar, N. (2013). India's Global Powerhouses: How They Are Taking on the World, Harvard Business Review Press, pp. 196-197.

⁷⁵ FICCI - Ernst & Young: Reaping India's promised demographic dividend - industry in driving seat (2013). Available at: <http://www.globalskillsummit.com/report-1.pdf>.

which should be adopted to make the business environment more supportive of growth and development.

On the positive side, it could be said that even though it is hard to operate efficiently when many obstacles are present, these challenges can be beneficial for companies: as they learn how to operate in unfavorable market conditions, it will become more attractive to look for new markets abroad where doing business is less complicated. Another positive aspect is the fact that such unfavorable business environment forces companies to be creative and lean, preparing them for dealing with competitors abroad.

4.3.1 Reputation of a “Made in India” Brand

According to Kumar, another issues of doing business in India is the traditional image of “exotic India” and “poor India” that most people have, which in some sense is difficult to associate with world-class products and competitive advantage⁷⁶. At the moment, India is mainly associated with call centers and back-office outsourcing. So in order for Indian products and services to gain worldwide recognition and be able to compete not only on the low cost basis, significant branding activities need to be carried out.

4.3.2 Talent and skill acquisition challenge

Even though India has a large pool of English-speaking people with various technical skills, it is extremely difficult to hire skilled employees for creative positions which require reasoning and logic. With more than one million of jobs created every year, corporate India is in need of talented people⁷⁷. These leads to an issue of headhunting for the best employees, which are often overpaid and frequently shift from one employer to another. In an effective working environment individual characteristics and intercultural aspects matter, especially for cross-functional teams in multinational firms. According to Kumar, Indians are often too individualistic and arrogant at work, they lack team spirit and process orientation⁷⁸. It is often

⁷⁶ Ibid, pp. 198-199.

⁷⁷ Ibid, pp. 204-205.

⁷⁸ Ibid, pp. 206-207.

difficult to make Indian employees follow a process, since by nature they try to avoid procedures and be “entrepreneurial” in order to outsmart the system. Thus, Indians need to adopt a more global mindset and be open to learn from foreign peers and leaders. The role of innovation is important here, since it will help Indian companies move from being a low-cost supplier to being an innovative leader and owner of cutting-edge products.

4.4 Promoting entrepreneurship in India

In order to stimulate private sector development and create enough jobs, Indian government needs to focus on developing conducive business ecosystem, promote self-employment among young people, provide specialized training and courses for entrepreneurs⁷⁹. Some measures to promote entrepreneurship as a career option are listed in the following table.

Major drivers to promote entrepreneurship as a lucrative career path				
Catalytic government policies	Enhance access to equity and debt	Engage established businesses	Develop entrepreneurial culture	Promote collaborative forums
<ul style="list-style-type: none"> ▶ Facilitate venture and angel investment ▶ Scale up incubation programs ▶ Reduce business processes 	<ul style="list-style-type: none"> ▶ Establish a “fund-of-funds” to seed other venture funds ▶ Remove regulatory hurdles for fund raising 	<ul style="list-style-type: none"> ▶ The private sector could operate incubation centers in the PPP mode ▶ Industry bodies and chambers to drive collaboration 	<ul style="list-style-type: none"> ▶ Upgrade courses and programs ▶ Promote commercialization of innovation and disseminate success stories 	<ul style="list-style-type: none"> ▶ Develop online portals and mentorship networks such as MentorSquare ▶ Set up a network of innovation labs

Source: FICCI - Ernst & Young: Reaping India’s promised demographic dividend - industry in driving seat (2013). Available at: <http://www.globalskillsummit.com/report-1.pdf>.

4.5 Business environment in Gurgaon

Gurgaon is located in the state of Haryana and is its second largest city with the population of approximately 1,514,432⁸⁰. Once it was an undeveloped terrain, which has undergone a thorough transformation. In the last 25 years Gurgaon has become an ultimate business hub for multinational companies, a place with favorable environment which houses corporate

⁷⁹ FICCI - Ernst & Young: Reaping India’s promised demographic dividend - industry in driving seat (2013). Available at: <http://www.globalskillsummit.com/report-1.pdf>.

⁸⁰ According to the census of 2011, <http://www.census2011.co.in/census/district/225-gurgaon.html>.

headquarters of such companies as IBM, Microsoft, Google, Oracle, Pepsi, American Express, Convergys, Coca-Cola, Nestle and others⁸¹. Gurgaon offers a well-developed infrastructure along with modern skyscrapers, shopping malls, restaurants, hotels and residential areas. It is considered to be a prestigious area for office spaces and apartment buildings, while many real estate developers launch new innovative projects offering luxurious business facilities in Gurgaon.

Why is it such an attractive place for young professionals to start their own businesses in India? First of all, being a place where many incubators and innovative startups set their operations, Gurgaon attracts funding and talent necessary to feed these new ventures⁸². Secondly, it offers lifestyle advantages for young people, large expatriate population and a pool of multinational companies that could become potential clients for new startups. Another reason for setting up new companies here is the fact that all the five Special Economic Zones (SEZ) in the state of Haryana are located in Gurgaon: DLF Limited, DLF Cyber City, Gurgaon Infospace Ltd., ASF Insignia SEZ Pvt. Ltd., Unitech Reality Projects Ltd, set up in 2006-2008⁸³. The SEZs Policy was announced in April 2000 with the aim of attracting foreign investments, promoting economic growth in the country and creating employment opportunities⁸⁴. SEZs offer fiscal incentives, simplified process for conducting business and streamlined compliance procedures: “duty free import / domestic procurement of goods for development, operation and maintenance of SEZ units; 100% Income Tax exemption on export income for SEZ units under Section 10AA of the Income Tax Act for first 5 years, 50% for next 5 years thereafter and 50% of the ploughed back export profit for next 5 years”⁸⁵.

⁸¹ “Gurgaon – the ultimate commercial hub of India”, <http://cosmicindia.in/gurgaon-the-ultimate-commercial-hub-of-india/>, accessed on 10th April 2015.

⁸² “Gurgaon a hub for entrepreneurs: Meet six professionals who gave up jobs to set up biz”, May 12, 2013, http://articles.economictimes.indiatimes.com/2013-05-12/news/39187204_1_mdi-gurgaon-gurgaon-chapter-entrepreneurs, accessed on 10th April 2015.

⁸³ List of operation SEZs, Special Economic Zones in India, Ministry of Commerce and Industry, <http://sezindia.nic.in/writereaddata/pdf/ListofoperationalSEZs.pdf>, accessed on 10th April 2015.

⁸⁴ Special Economic Zones in India, Ministry of Commerce and Industry, <http://sezindia.nic.in/about-introduction.asp>, accessed on 10th April 2015.

⁸⁵ Facilities and Incentives – Special Economic Zones in India, Ministry of Commerce and Industry, <http://sezindia.nic.in/about-fi.asp>, accessed on 10th April 2015.

With commercial rent rates hovering around Rs.60 - Rs.90 per square foot in Gurgaon, versus Rs.120 - Rs.170 per square foot in Delhi, the rent for good quality commercial real estate in Gurgaon is far lower than similar space in Delhi. “Good” areas in Delhi have a shortage of high quality commercial real estate, leading to most larger companies setting up in neighboring Gurgaon or Noida. This encourages startups and some new businesses to set up in Gurgaon over Delhi.

Among the disadvantages of setting operations in Gurgaon some startup founders mention poor infrastructure, questionable safety of female staff, difficulties in finding talent and hiring qualified employees⁸⁶. It was recently reported that Gurgaon is becoming unsafe, as more instances of carjacking, robbery and rape take place every year⁸⁷.

⁸⁶ Ibid.

⁸⁷ “Crime graph up, Gurgaon police get act together”, May 20, 2013, <http://www.hindustantimes.com/chunk-ht-ui-gurgaonsurvey-safety-topstories/crime-graph-up-gurgaon-police-get-act-together/article1-1062958.aspx>, accessed on 15th April 2015.

Chapter 5. Case study of a media startup: The Outdoor Journal

In this chapter I will analyze an Indian media startup, Deiwos Creative Movement Pvt Ltd, from various angles and use the insights from a case study to build a roadmap for the company, as well as investigate teamwork and efficiency in a startup environment. The research part is based on semi-structured interviews with five key employees, an interview with the founder, as well as competitor and audience analysis. All this information is used to create a roadmap for the company, give suggestions for improving teamwork and working environment.

5.1 Introduction of the company

The Outdoor Journal™ (TOJ) is India's first and only adventure and outdoor lifestyle media brand, which is now planning on going global with the launch of its US entity TOJ LLC. TOJ is a 360° platform for well-travelled audience interested in an active lifestyle, as well as outdoors adventure and luxury travel. "No other media platform exists in India to specifically address this audience as a whole"⁸⁸; USA however has some similar formats of magazines comprised of similar content. TOJ is uniquely poised to dominate and determine opinions in a space that has no competitors in India; and that is valued in the US market at \$646 billion a year⁸⁹. With just enough seed funding to get the concept off paper and become reality, The Outdoor Journal has become the de facto industry standard and the only adventure media brand in India. Speaking of long-term goals, the founder of TOJ stated: "Our goal is 360° domination in the outdoor and adventure space in India and USA, becoming the sole brand with 100% recalls value and trust".

The brand is owned by Deiwos Creative Movement Pvt. Ltd, (DCM) a startup company founded in May 2012, with corporate headquarters in Gurgaon. DCM also owns two other brands, in partnership with other companies. The company has an international team, experience and backing. It was founded in India, because the country was the only large economy in the world to not have an established adventure media sector. DCM is today

⁸⁸ TOJ Kit 2015, Available at: <http://www.outdoorjournal.in/wp-content/uploads/The-Outdoor-Journal-Kit-2015.pdf>, accessed on 3rd May 2015.

⁸⁹ Outdoor Industry Association Economy Report (2012), Outdoor Industry Association, Available at: https://outdoorindustry.org/pdf/OIA_OutdoorRecEconomyReport2012.pdf, accessed on 15th April 2015.

expanding in key international markets as a global active lifestyle and outdoors sports media company.

DCM was founded by Apoorva Prasad, a 34-year old global journalist, photographer and alpinist with the vision of creating the world's first completely international adventure media brand. After over a decade of climbing, snowboarding, backpacking and living an alternative, active lifestyle in America, Europe and Asia, DCM's founder gained international experience in both outdoor sports as well as international media – a dual skillset and network that was singularly unique in India, enabling him to create a company with first-mover advantage in a growing economy with exciting opportunities.

5.2 Business model and products

5.2.1 The Outdoor Journal™ in Print, Digital and Videos

The Outdoor Journal™, the company's first and flagship product is the world's first international outdoor lifestyle, fitness and adventure media brand. It is present in print, online at www.outdoorjournal.in and in videos across digital platforms and social media channels. "TOJ's mission is to provide readers the highest quality multimedia content from the world of adventure sports, fitness, outdoor pursuits, travel, nature and wilderness"⁹⁰. Where should I take my family for a sailing vacation? Who is a trusted adventure tour operator? What gear should I buy for my next trek? Is this a safe activity for me or my friends? What's the most difficult climb ever done? How do I train for an Ironman? The Outdoor Journal will provide all the answers.

The success of TOJ since inception has been remarkable: the magazine has received international accolade and recognition at some of the world's leading outdoors events, including the 2013 Outdoor Retailer Summer Market and the 2014 Outdoor Retailer Winter Market, in Salt Lake City, Utah, by some of the world's top outdoors brands. Some of the advertisers in the past have been Adidas, Extreme Adventure Sports, Tourism authority of Thailand, Abu Dhabi Tourism, Chhattisgarh Tourism, East West Rescue, Leatherman, Ford and Adventure 18.

⁹⁰ TOJ Official website, Available at: <http://media.outdoorjournal.in/about-us.html>, accessed on 3rd May 2015.

This stamp of approval also comes with the editorial contribution of some of the world's most recognized outdoor athletes and creators, such as Jimmy Chin, Conrad Anker, Dean Karnazes, Krissy Moehl, and Bear Grylls; and with an increasing number of global partnerships at elite levels, such as an official media partnership with The North Face Ultra Trail du Mont Blanc, the world's most famous ultra-marathon event in Chamonix, France.

TOJ has been envisaged as a seamless blend of old and new media – with a user experience spanning a reinvented yet classic print magazine, to an entirely multimedia experience. The print edition is a premium and large-format, printed on FSC-certified matt paper, using soy inks. It is a generation ahead of any Indian magazine on sale, as well as being the most expensive non-imported publication on newsstands.

In the course of the company analysis, the following long-term goals have been identified for The Outdoor Journal brand:

- to assert its brand presence by introducing events focused on the outdoors;
- to become the go-to adventure content provider;
- to use its first mover advantage and tap into the various online possibilities – such as a portal for adventure trip related reviews and e-commerce focused on adventure gear;
- to publish adventure focused guidebooks;
- to represent upcoming talent and provide them with the necessary platforms to participate in world class sporting events.

Vision for the magazine

Apoorva Prasad shared with me his vision for the The Outdoor Journal: “We would like to launch our magazine and all the associated businesses in the US and expand into other internationally developed economies in Europe and Asia. Although most of our future expansion potential will come from targeting developing countries such as Indonesia and India, we aim at being one of the leading voices of the outdoors in the US and globally. In 5 years the print version of The Outdoor Journal is envisaged to be available widely in bookstores, newsstands, magazine racks, airports and in homes around the world. TOJ will be a very well-known global media brand, an adventure lifestyle competitor to National Geographic, appealing to a younger, much more globalized generation. Our trekking,

climbing, surfing and other adventure guidebooks will be the authoritative global source of information digitally and in print for adventure activities around the world – a role that other brands like Lonely Planet or National Geographic have essentially abdicated today”.






5.2.2 Websites & Online Presence

The Outdoor Journal’s online channels are tablet and mobile-friendly, active communities and engagement portals with increasing social media reach.

- Website - www.outdoorjournal.in
- Facebook - Facebook.com/TheOutdoorJournal
- Twitter - Twitter.com/Outdoor_Journal
- Vimeo - Vimeo.com/OutdoorJournal
- YouTube - Youtube.com/TheOutdoorJournal

SOCIAL MEDIA ANALYSIS

The social media analysis reveals that The Outdoor Journal is gaining popularity across major social platforms, enjoying high visibility and getting a large number of followers.

PLATFORM	VIEWS	NUMBER OF POSTS	FOLLOWERS/ SUBSCRIBERS	LIKES/ FAVOURITES
	141,836		181 followers	1892 likes
	46,334		294 subscribers	
	4,862,712		20,737 page likes	73000 engagements
	83.2 K impressions	621 tweets	525 followers	232 favorite’s
		48 posts	224 followers	500 likes for 48 posts

Source: Prepared by the author, statistics are as of May 2015

ONLINE TRAFFIC SEARCHES

The magazine’s website www.outdoorjournal.in is a digital platform that collates outdoor news, videos, gear reviews, how-tos. The website is designed to attract fragmented audience interested in outdoor adventure activities. From the traffic analysis it could be seen that the website attracts the majority of new visitors via search engines and social platforms.

<input type="checkbox"/>	Default Channel Grouping	Acquisition			Behavior		
		Sessions ? ↓	% New Sessions ?	New Users ?	Bounce Rate ?	Pages / Session ?	Avg. Session Duration ?
		77,612 % of Total: 100.00% (77,612)	76.10% Avg for View: 76.05% (0.07%)	59,065 % of Total: 100.07% (59,022)	75.70% Avg for View: 75.70% (0.00%)	1.61 Avg for View: 1.61 (0.00%)	00:01:44 Avg for View: 00:01:44 (0.00%)
<input type="checkbox"/>	1. Organic Search	30,491 (39.29%)	79.79%	24,330 (41.19%)	73.41%	1.72	00:01:47
<input type="checkbox"/>	2. Social	23,471 (30.24%)	70.85%	16,630 (28.16%)	78.79%	1.50	00:01:47
<input type="checkbox"/>	3. Direct	19,310 (24.88%)	76.26%	14,725 (24.93%)	77.38%	1.55	00:01:35
<input type="checkbox"/>	4. Referral	4,182 (5.39%)	78.19%	3,270 (5.54%)	67.67%	1.82	00:01:55
<input type="checkbox"/>	5. (Other)	68 (0.09%)	82.35%	56 (0.09%)	82.35%	1.25	00:00:18
<input type="checkbox"/>	6. Email	65 (0.08%)	46.15%	30 (0.05%)	46.15%	1.88	00:02:20
<input type="checkbox"/>	7. Paid Search	25 (0.03%)	96.00%	24 (0.04%)	64.00%	1.72	00:02:12

Source: Prepared by the author, statistics are as of May 2015

Vision for the website

“In 5 years TOJ will run their main global website on outdoorjournal.com (which has to be bought, since it is owned by a local blogger in the US who has not updated it in years) and have regionalized online editions in multiple languages and countries”⁹¹.

5.2.3 TOJ Events

TOJ plans on increasing its brand presence by hosting events of various formats in India and across the world. These events will cover a wide variety of themes such as health and fitness, adventure tourism and maybe even equipment and can have a wide variety of formats such as exhibitions, conferences, charity events, sporting events, award ceremonies etc. At present, TOJ runs an inspiration conference type event as well as hosts India’s first ever ultra-

⁹¹ Interview with the founder.

marathon in the Rann of Kutch. TOJ intends to further populate its yearly calendar going forward and introduce a wide variety of international format events in the Indian adventure market like kayaking, sailing, triathlons and film festivals.

EXISTING EVENTS

Adventure Stories:



DCM jointly owns one event property: Taj Safaris Presents The Outdoor Journal & Ibex Expeditions Adventure Stories, hosted by Taj Palace New Delhi, four times a year (one with the release of each TOJ issue), in partnership with Ibex Expeditions. The concept of the event is focused on first-hand accounts from the world's top explorers. Three of the world's most inspirational adventurers and explorers present their first-hand tales for 20 minutes each, in front of an invite-only elite audience. The first edition, held on May 24th 2013 was sponsored by DLF Brands. The second edition took place on Oct 11th 2013, with Porsche and Suunto as sponsors, and the third on Feb 25th 2014. TOJ plans on expanding this event format to various cities in India starting with Mumbai and Bangalore in 2015. Some of the recent sponsors include – Mauritius Tourism, Beachcomber Hotels, Chhattisgarh Tourism, Deuter, Merida Bikes, Traverse, the total sponsor value of the most recent Adventure Stories event was Rs. 10 Lacs (1 000 000 Rs).

Ultra-Trail® Run the Rann (Great Asian Outdoors LLP):

Great Asian Outdoors LLP is a 50-50 joint venture between DCM and Ahmedabad-based Company Brand Aid Pvt. Ltd. Its first event property is “Run the Rann”, an international-quality weekend trail and ultra-trail running event, held in February around the Harappan site of Dholavira, on the island of Khadir Bet, Great Rann of Kutch, Gujarat. The first edition saw 105 runners from 12 countries participating, including some of the world's top trail running athletes, such as The North Face's Nikki Kimbal, Patagonia's Krissy Moehl, Mammut's Csaba Nemeth and others. Partners and sponsors for the event included Gujarat Tourism, GEDA, Bisleri, The Sunday Guardian, X-Warrior, Rite-Bite and others. Recently, the world's most famous ultra-event, the



French “Ultra-Trail du Mont Blanc®”, accorded the TOJ’s event ‘Run the Rann’ the right to use the “Ultra-Trail®” branding.

Vision for events

The Outdoor Journal needs to hire a dedicated events team, which in the next five years will be doing 20 - 25 events a year, in India and internationally – from the salon-type Adventure Stories events at multiple Taj Hotel locations, to a circuit of climbing, kayaking, sailing and surfing festivals, and film festivals like the Banff World Tour, which TOJ just has signed up to do in India in 2015. Much of TOJ’s profits will come from events and sponsored or white-label content.

5.2.4 Athlete Representation

Developing countries like India lack a suitable platform for securing sponsorships, funding, and generation of publicity for upcoming athletes in sports, especially the sports which are not followed by the masses. TOJ’s Athlete Representation arm ensures a platform to support some of the upcoming and not so well-known athletes within the adventure sports world. These athletes will be the needle with the powerful youth demographic and are on the cutting edge of their respective sports. Athletes such as Gurpreet Dhindsa, Arjun Vajpai, Sandeep Maity, Archana Sardana, Ajij Shaikh would be a part of this. TOJ would represent such athletes and act as a media-savvy interface between the athlete and potential sponsor companies. Thus, TOJ expertise includes:

- Maximizing sponsorship potential with hands-on, strategic career management;
- Extensive resources and expertise to generate value in all facets and stages of a career;
- Recurring revenue streams via endorsements, appearances and licensing;
- Global media exposure through a tailored public relations program.

Revenue earned by Athlete Representation would be on a commission basis, i.e. TOJ will be entitled to a percentage of the money raised on behalf of the athlete.

Vision for athlete representation

In the next five years TOJ plans to manage and represent some of the best outdoor athletes in the world. The majority of the athlete portfolio will be Indian or from the developing world, but some athletes in the portfolio may come from developed countries like France or Spain.

5.3 Adventure industry overview

Tourism has an important role in the global economy. Having been called “the greatest voluntary transfer of wealth from rich to poor countries”⁹², the sector deserves attention as a means of sustainable economic development.

What is adventure tourism? It is defined as “travel outside a person’s normal environment for more than 24 hours and not more than one consecutive year. A trip may be classified as an ‘adventure’ trip if it involves two of the following three elements: (1) interaction with nature or (2) interaction with culture or (3) a physical activity”⁹³. Some typical adventure activities are hiking, white-water rafting, mountain biking, kayaking and canoeing. It is possible to distinguish between hard adventure – high risk activities which require specialized skills (for example, paragliding, rock climbing and trekking) and soft adventure – casual activities which do not require special skills (for example, camping, snorkeling, skiing). The adventure tourism industry is growing worldwide. A recent study estimated “the value of the global outbound adventure travel sector to be US\$263 billion in 2013, excluding airfare, up from US\$89 billion first reported in the benchmark consumer finance study conducted in 2009”⁹⁴. According to ATTA, the global adventure travel market has been driven mainly by growth in the Indian and Chinese markets⁹⁵.

⁹² Ashley, M. &. (2009). “Can the private sector reduce poverty at scale? – evidence from the tourism value chain”. The Commonwealth Ministers Reference Book, 1-4.

⁹³ Adventure Travel Trade Association, The George Washington University, & Vital Wave Consulting (2011). “Adventure tourism development index, 2010 report”, Available at: http://adventureindex.travel/docs/atdi_2010_report.pdf, accessed on 3rd May 2015.

⁹⁴ Casey Hanisko “New Adventure Tourism Report Reveals \$263B Market, Up 65% Per Annum Since 2009”, Available at: <http://www.adventuretravelnews.com/new-adventure-tourism-report-reveals-263b-market-up-65-per-annum-since-2009>, accessed on 3rd May 2015.

⁹⁵ ITB World Travel Trends Report 2014/2015 (2014), Messe Berlin GmbH, available at: http://www.itb-berlin.de/media/itb/itb_dl_de/itb_itb_berlin/itb_itb_academy/ITB_2015_WTTR_Report_A4_4.pdf, accessed on 2nd May 2015.

5.3.2 Target Market

The Outdoor Journal is creating products in and around two industries: adventure tourism / outdoor recreation and print / digital magazines are the target markets. These industries are of particular interest for India, since according to PwC, from 2014 till 2018 BRICS countries will experience the fastest growth in total trade magazine revenue as “the emerging consumer classes buy lifestyle magazines and those focused on luxury goods”⁹⁶.

5.3.3 Customers and geographies

TOJ’s readership base is 62% male and 48% female, with 51% of the readers being between the age group of 25 to 34 years. Statistics from TOJ’s Facebook page show that the bulk of its fan base (17,771 fans) is based in India. TOJ’s readers are also based in other countries like USA, Nepal, Turkey, UK and Italy. In India, New Delhi is the leading region where a high percentage of its readers are present, followed by other major cities like Mumbai, Calcutta and Bangalore⁹⁷.

5.3.4 Existing Clients



⁹⁶ PwC, Global Entertainment and Media Outlook - Magazine Publishing Overview, 2014-2018. Accessed on 2nd May 2015.

⁹⁷ Ibid.

5.4 Competitor analysis

On the basis of the competitor analysis that has been conducted for TOJ, it can be assumed that at the moment there are no direct competitors for this product in India. Surprisingly, most of the travel magazines in India target affluent Indians looking for luxurious hotel vacations internationally – not outdoor sports practitioners. According to TOJ founder, Apoorva Prasad, there is no mainstream outdoor lifestyle publication in India and the existing products do not satisfy the audience's needs⁹⁸. The following is a brief analysis of the competition in India conducted for TOJ:

1. **Outlook Traveler:** The first “Traveler”, this Outlook Group publication has a print run of about 20,000, according to privately obtained information. This 150 page publication has an average of 30 – 50 pages of advertisements, and features generalist articles from the travel world – from spa hotels in Europe to city vacations to the occasional trekking, river rafting or skiing story. Recently, its website design has been revamped to fit the print model and offer free its print magazine articles.
2. **Lonely Planet magazine, Travel & Leisure, Conde Nast Traveler and other travel titles:** These are luxury-travel oriented, 120-220 page publications, run on license by mainstream media and publishing companies, targeting sophisticated, high-end Indian travelers visiting mostly international destinations. No outdoors or adventure stories are listed, except for the highly occasional and amateur activity. There are 34 to 70 pages of advertisements. Most of these international titles operate under strict guidelines that do not allow them to ‘stray’ outside their mainstream print purview and restrict editorial, business or technology innovation. These are not brands owned in India by the companies that publish them locally – except for Conde Nast Traveler, which is published by a fully-owned local subsidiary.
3. **National Geographic Traveler:** National Geographic Traveler is the world's most widely read travel magazine. It is the leader in experiential and sustainable travel. More recently the magazine has launched digital editions and has effectively widened its reader base to include younger audiences.

⁹⁸ TOJ Official website, Available at: <http://media.outdoorjournal.in/advertise.html>, accessed on 3rd May 2015.

4. **Men’s Health, Man’s World, Maxim and others:** These are generalist men’s lifestyle publications, offering content on fitness, sports and sex. Outdoor pursuits and adventure form a small part of their mission, but fall neither under their core expertise nor agenda. Most of these titles are flailing due to heavy competition from the internet to their highly-distracted editorial content that targets a younger, digital-savvy audience.
5. **International websites:** It appears that the bulk of this market is currently served by international websites like Outside Online (Away.com), but none of these sites are created in or for India. This appears to be an interim situation until an India-specific site takes away this traffic.

Summary of competitors

PLATFORM	CORE AUDIENCE	CORE MEDIA	FREQ	# OF ADS	INDIA-SPECIFIC	MAINSTREAM VISIBILITY	FULFILLS MARKET NEEDS
Outlook Traveler	India	Print	Monthly	50	Yes	Yes	No
T&L	India	Print	Monthly	34	No	Yes	No
Lonely Planet Magazine	India	Print	Monthly	n/a	Yes	Yes	No
Conde Nast Traveler	Global	Print	Bimonthly	n/a	Yes	Yes	No
National Geographic Traveler	Global	Print	8/Year	n/a	Yes	Yes	no
Men’s Health	India	Print + Online	Monthly	n/a	Yes	Yes	No
Outside Online	USA	Online	Daily / Weekly	4/page	No	Yes	No
Trans world	USA	Online	Monthly	3-6 /page	No	Yes	No

Source: Prepared by the author

Summary of competitor profiles specific to print magazine

PUBLICATION	PRESENCE	PRODUCTS	FOCUS	CIRCULATION	GLOSSY / HIGH – QUALITY	OUTDOOR-SPECIFIC
Outlook Traveler	India	Print, Ecommerce: Travel & Gear, Travel Guides	Travel	N.A.	Yes	No
T&L	India & USA	Print+Digital, Ecommerce: Travel, Events, Media content, Travel Guides	Luxury travel oriented	974,552	Yes	No
Lonely Planet Magazine	India & USA	Print +Digital, Postcard, Media Content, Ecommerce: Travel, Miniguides	Travel	N.A.	No	No
Conde Nast Traveler	India & USA	Print+Digital, Ecommerce: Travel, Events, Media content, Travel Guides	Luxury Travel	813,747	Yes	No
National Geographic Traveler	India & USA	Print+ Digital, Travel tours, Media Content, Ecommerce: Travel & Gear	Travel Journal	654,442	No	Yes
Men’s Health	India & USA	Print + Online, Ecommerce: Health and Fitness, Media Content	Health and Fitness	1,839,443	Yes	No
Outside Online	USA	Print +Digital, Ecommerce: Travel & Gear	Lifestyle	689,873	Yes	Yes
Trans world	USA	Print +Digital, Ecommerce: Gear & Travel, Media content, Events	Adventure Sports	N.A.	Yes	Yes

Source: Prepared by the author

The competitor analysis indicates that none of the print magazines in India and USA are adventure tourism or outdoor recreation oriented, most of the close competitors are either pure travel magazines like Outlook traveler and National Geographic Traveler, or pure health magazines, such as Men’s Health, making The Outdoor Journal a pioneer in this niche segment.

The Outdoor Journal Total Reach		Circulation / Followers	Readership / Impressions	
TOJ Print Edition (Quarterly)	The Outdoor Journal	40000	280000	
TOJ Online - Website	www.outdoorjournal.in		6945	Print is per issue (Quarterly)
TOJ Email Newsletter	The Outdoor Journal Monthly		30000	Digital is per month
TOJ Facebook page	https://www.facebook.com/TheOutdoorJournal	12350	7440999	Digital reach is growing at 150%
TOJ Twitter	https://twitter.com/Outdoor_Journal	273	1365	Cloudscore: 39 per quarter approximately
TOJ Youtube channel	http://www.youtube.com/outdoorjournal	549	1012	
TOJ Vimeo channel	http://vimeo.com/outdoorjournal	2807	4211	
TOJ Instagram	The_Outdoor_Journal		107	
Google +	OutdoorJournalIN	55	47,543	
	TOTAL		7812182	

Source: TOJ Kit 2015, Available at: <http://www.outdoorjournal.in/wp-content/uploads/The-Outdoor-Journal-Kit-2015.pdf>, accessed on 3rd May 2015.

TOJ's total reach across all its media channels is 7.8 million per month. As can be seen from the above table, TOJ's Magazine Circulation is 40,000 and Readership is 280,000. TOJ had a Media reach of over 7,000,000 in its first year of launch. According to the founder: "it is the only magazine present in India's adventure gear stores like Wildcraft, Adventure 18, Stepin, Adventure Point"⁹⁹.

5.5 Strategy Roadmap

The following roadmap for the next five years has been developed for The Outdoor Journal during my internship in the company.

5.5.1 Expanded digital presence

The Outdoor Journal is currently oriented towards print and its web team is inadequate to deal with creating a larger overall digital presence, for which the scope is tremendous. The scope goes beyond regular content on the www.outdoorjournal.in website – for example, TOJ is currently working on an iPad edition, more regular content online and more videos on its Youtube and Vimeo channels. Finally, there is a tremendous potential for outdoor and adventure applications on mobile and tablet. Several ideas have been proposed internally, but they require funding to design, code (outsourcing to an external vendor) and launch.

PLAN – TOJ will be present through a global website as well as through country specific websites. In 5 years TOJ will buy the outdoorjournal.com domain, as well as regionalized online editions in multiple languages and countries. TOJ already owns website domains in

⁹⁹ TOJ Kit 2015, Available at: <http://www.outdoorjournal.in/wp-content/uploads/The-Outdoor-Journal-Kit-2015.pdf>, accessed on 3rd May 2015.

France and UK (.fr, .uk), and a few others already, but would need to populate them with more region-specific content.

5.5.2 E-Commerce

TOJ's media visibility enables it to connect with some of the world's top brands in this space – from The North Face to Mountain Hardwear to Black Diamond. However, the situation in India is complicated when it comes to access and availability of outdoor gear and clothing – a multi-billion dollar market in the US and globally. TOJ can easily leverage its network and brand to also sell products on the online platform through Affiliate Marketing and Curated Commerce – in other words, without directly getting into the cost-intensive business of large stocking, warehousing, COD distribution. TOJ needs to use its access to international brands to enable them to work with distributors in India, while TOJ will ensure sales through its website that is directly serviced by others.

PLAN – TOJ can start with at least 100 products in 5 sizes = 500 SKUs (Stock Keeping Units). This will be a combination of both marketplace, and some of TOJ's own stocking and warehousing. Products to include can be hiking pants, hiking boots, shoes, waterproof and breathable jackets, down jackets, fleeces, gloves, base layers, headlamps, some technical gear and accessories.

5.5.3 TOJ Trips – Online Marketplace & Reviews

With an expanded digital presence, reach and brand recognition, The Outdoor Journal becomes uniquely poised to create an online adventure trips marketplace for an Indian / South Asian audience, which currently does not exist. This adventure trips marketplace concept has excellent long-term value, along the lines of international brands such as TripAdvisor (US \$ 11 billion valuation), AirBnB (US \$2.5 billion+ valuation in 2012) and others.

TOJ Trips will be the world's first adventure trips rankings and ratings engine, with editorially verified crowd-sourced reviews. The proposed application and website will cover adventure outfitters, wildlife lodges, national parks, boutique homestays and hotels. TOJ Trips aims to be a web based platform which provides end to end information on adventure activities and destinations near to the users' location. Some of the proposed features of this

platform include showing the location of the adventure activity on Google maps along with a brief description of the activity; along with other information such as travelling options to the destination, the hours of operation of the activity and what level of experience is required to participate in the activity. The unique feature of this platform is that it integrates Social media and tourism E-commerce by allowing users to actually like various activities on the website and displaying the number of likes the activity has from different users.

The level of knowledge, network, trust, recognition and brand awareness that The Outdoor Journal has built so far place it uniquely to create such a marketplace. This would open up a currently untapped vast number of adventure trips set up by 500+ adventure operators in India and USA, boutique resorts and hotels, homes in remote locations, village homestays and more. The idea has been roughly constructed, but is currently shelved due to lack of resources. The Outdoor Journal has the data to begin this process quite soon, but some planning will be required.

PLAN – In 5 years TOJ will have successfully launched a new associated product, TOJtrips.com, a type of ‘TripAdvisor for adventure’, a rankings and ratings website for the outdoor travel and vacation and for marketing of gear. It will provide reliable ratings and comparisons of different adventure travel operators in around the world. It can also become a marketplace for adventure vacations, wildlife lodges and boutique hotels; adding AirBnB-style features for the outdoors, adventure and wildlife safari space. The adventure travel and active lifestyle sector is growing and a marketplace for this sector is expanding globally. It is even more important in India where this market does not know anything about safety standards, and there are minimal regulations or quality control standards: families looking to take adventure holidays have no method to differentiate between good operators and bad, safe and unsafe, reliable and unreliable, those who operate in an environmentally sustainable and conscious manner and those who do not.

5.5.4 Other products

TOJ Guidebooks – The trekking, climbing, surfing and other adventure guidebooks will be the authoritative global source of information digitally and in print for adventure activities around the world – a role that other brands like Lonely Planet or National Geographic have essentially abdicated today.

TOJ Merchandise – In 5 years TOJ may also be looking at producing limited quantities of good quality gear for some countries, such as producing climbing carabineers in India. The most basic piece of equipment for any ropes activity – from mountaineering to window-washing – and ordered in millions of pieces by the Indian Army – all carabineers are imported into India. Yet all it costs to make one is aluminum stock, a peen, two dies and a metal press.

TOJ Incubator – It will be a mentor program for startups in the outdoor space that TOJ can help grow using its existing network and reach to advice, incubate, scale in return for a stake. It will be a kind of holding company for OTHER outdoor startups, that entrepreneurs may be looking to start.

TOJ Kids – An entire ecosystem dedicated to providing children with a kid's magazine, applications, clothing and gear, education programs for schools i.e. spread awareness to make the outdoors a part of kids' lives.

5.6 Keeping commitments during growth: CSR and environmental sustainability

In the 21st century with the impact of globalization and internationalization, the concepts of Corporate Social Responsibility (CSR) and environmental sustainability are becoming of critical importance for entrepreneurs. According to Thompson and Strickland, CSR could be defined as when a business is contributing to social goals, which are usually related to balanced development of the society as a whole, being attentive to ecological problems and reducing harmful impact on the environment, humanitarian and cultural development of mankind (Thompson and Strickland, 2003). In order to make a business compliant with these social goals, in most cases the interference of institutions is necessary. These institutions are created in order to align the goals of a business with those of the society and enforce compliance mechanisms based on penalties and rewards (Fox et al., 2002), and include social, financial, normative and developmental institutions.

For a startup, whose main goal is survival, it is rather difficult to adhere to environmental practices. Nevertheless, while conducting my research I was pleased to find out that DCM insists on ecologically responsible and environmentally sustainable practices – as reflected in

its membership (another first for an Indian company) of 1% For the Planet, pledging to donate 1% of its sales to environmental NGOs around the world. As a business strategy, this gives DCM acceptance internationally with companies which share its values. In order to protect the environment, soy-based inks and FSC- Certified paper are used for printing The Outdoor Journal.

5.7 Importance of teams and networking to entrepreneurship

Starting a company is more than just writing a business plan. According to John Mullins, an expert in entrepreneurship, every venture goes through certain steps of a life cycle, starting with the discovery of an opportunity and its assessment¹⁰⁰. A new startup needs to possess a competitive advantage and serve a market that has a potential to grow. At this stage it crucial to assemble an entrepreneurial team that will support the founder in managing uncertainty and transitioning through difficult times. The next steps for a new company will be writing a business plan and gathering resources, following with managing growth and harvesting value¹⁰¹.

Many entrepreneurs are perceived as being solo players in the game, while in reality they need to be able to rely on the whole network of supporters, mentors and teams. It should be mentioned that in most organizations it is very normal to have some kind of teamwork, as firms are essentially collections of people, which is the most valuable asset in any organization¹⁰². Teams are characterized by having a common purpose and effective strategies, clearly defined roles and responsibilities, shared commitment to work together in an efficient way. According to social network theory, individuals in the team represent a resource, and at the same time they create and find resources¹⁰³. According to Cooney, an entrepreneurial team is “two or more individuals who have a significant financial interest and

¹⁰⁰ Mullins, John (2006) “Can we teach entrepreneurship?”. In Business Strategy Review 17(4): pp. 13-17. DOI: 10.1111/j.0955-6419.2006.00427.x

¹⁰¹ Ibid.

¹⁰² Stokes, D. (2010). Entrepreneurship / David Stokes, Nick Wilson, Martha Mador. Australia, South-Western Cengage Learning, pp. 302-303.

¹⁰³ Ibid, p. 304.

participate actively in the development of the enterprise”¹⁰⁴. This definition is rather flexible and may be applied outside of the organizational context as well (for instance, innovation teams or groups of musicians).

Working in teams leads to familiarity and trust, as well as increased efficiency and faster decision-making. For startup founder it is very important to do networking and be well-connected. Even if a startup founder does not need to hire people in order to expand the company, they should always keep in touch with professionals who can be hired or contracted in the future for a one-time job or on a permanent basis. Thus, an aspiring entrepreneur needs to assure that his startup can quickly expand without long and painful search for employees in the future.

It should be mentioned that learning and knowledge development is very important for ensuring successful team functioning. Moreover, different skills and knowledge are required at different stages of organizational life cycle, leading to changing tasks, roles and expectations from team members. Keeping up with change and staying up-to-date with technological progress may be time-consuming and challenging, especially for a small company. That’s where the firm usually turns to establishing innovation teams¹⁰⁵. These teams are often cross-functional, which provides fresh insights and new approaches to problem-solving, helps to analyze issues from different angles.

As much as team building is important for bringing like-minded individuals together, networking is essential for entrepreneurs to create opportunities and tap into valuable resources. A network is a collection of connected points called “nodes”, which are linked together by “ties”¹⁰⁶. This concept of network can be used in science, as well as in business, in order to describe and analyze various phenomena. In the context of entrepreneurial teams, networks can be used to analyze how individuals communicate and relate to one another, and consequently how decision-making process in a team could be improved. In the context of a

¹⁰⁴ Cooney, T.M. (2005). Editorial: “What is an entrepreneurial team?”, *International Small Business Journal*, 23 (3): 226-235.

¹⁰⁵ Stokes, D. (2010). *Entrepreneurship* / David Stokes, Nick Wilson, Martha Mador. Australia, South-Western Cengage Learning, p. 311.

¹⁰⁶ *Ibid*, pp. 203-204.

firm, network analysis could give insights about how a company creates value, attracts resources and assets, finds customers and distributors¹⁰⁷.

5.8 Improving entrepreneurial teamwork: content analysis research

As teams are so important for a successful startup, a part of my research for this thesis was targeted at understanding teamwork in a startup environment. The practical part employs an inductive approach, starting with an observation and noticing patterns, in order to allow the themes to emerge from the material, rather than using pre-defined categories. As my thesis is based only on one single case study, I do not attempt to formulate any specific hypothesis or generalize, but rather provide some insights from a case study, which adds a practical dimension to the existing theories about startups and can be useful for other companies and researchers. I am using a case study research, which “investigates a contemporary phenomenon in its real-world context, especially when the boundaries between phenomenon and context may not be clearly evident”¹⁰⁸. A case study research is useful when one needs to answer questions with “why” and “how”, which describes my thesis research questions. According to some researchers, single-case study is a useful instrument that helps us “understand and act more intelligently in other potentially different cases”¹⁰⁹. As a result, a case study should generate new insights and hypotheses that could be tested and refined by other researchers in the framework of a more thorough study.

This thesis uses a qualitative content analysis to gather opinions and perceptions of teamwork in a startup environment, collect insights about relationships in teams and departments, uncover interesting examples from the case study. Qualitative content analysis can be defined as “an approach to documents that emphasizes the role of the investigator in the construction of the meaning of and in texts. There is an emphasis on allowing categories to emerge out of

¹⁰⁷ Ibid, p. 205.

¹⁰⁸ Yin, R. K. (2013). *Case Study Research: Design and Methods*, SAGE Publications, p. 2.

¹⁰⁹ Donmoyer R. (2000). Generalizability and the single-case study. In Gomm, R., Hammersley M., Foster P. (2000). *Case Study Method: Key Issues, Key Texts* pp. 45-66, SAGE Publications.

data and on recognizing the significance for understanding the meaning of the context in which an item being analyzed (and the categories derived from it) appeared”¹¹⁰.

The data sample is comprised of the semi-structured interviews with the key players in The Outdoor Journal. These key players have been with the company since its inception and would be able to provide valuable insights, perceptions and attitudes. Thus, by means of content analysis this research tries to identify themes related to four aspects: company mission, role and relationships between departments, teamwork and efficiency.

Existing problems identified by the founder of The Outdoor Journal:

1. Each department has different requirements: an employee may have their main role in the editorial team, secondary role in the marketing team, etc. Employees have difficulties managing all these roles. The question is how to coincide all these roles? What is the perception of relationships between departments?
2. Do the employees of The Outdoor Journal understand the mission of the company and how do they see themselves being a part of it?
3. Transition from a startup environment to a more business-like environment with defined organizational processes and set procedures: how do you introduce bureaucratic processes to increase efficiency but without demotivating employees?
4. Typical Indian problems (according to Kumar): difficulty to work in a team and inability to follow predefined processes.

The aim of this content analysis research is to identify problems of working as a part of a team, roles and relationships between team members and departments in a startup. The interview was designed to assess the relationships between departments, perception of trust in teams; understand individual perception of efficiency in a startup environment. The following research question will help to investigate the abovementioned problems:

¹¹⁰ Bryman, A. (2004) Social Research Methods (2nd edition). Oxford: Oxford University Press, p. 542.

- How do team members and employees see their own role in the company, relate to others and interact with their teammates?
- What is the perception of teamwork in a startup environment?
- How can individual efficiency be improved in a startup?

This analysis is important for future research, as well as for the startup itself, since it will help to assess perception of trust in teams and understand relationships between departments; uncover beliefs and opinions, barriers that prevent teams from working together effectively; give recommendations on how to improve teamwork and efficiency.

5.8.1 Interview protocol

Thank you for agreeing to meet with me. First of all, I would like to introduce myself. My name is Katherina and I am a master student at the Ca' Foscari University of Venice. I am currently writing my thesis about teams in a startup environment, in particular about relationships between team members in a startup. I am conducting interviews with key players in The Outdoor Journal to learn more about relationships and life in a team, interactions between departments.

The interview will last approximately 30-40 minutes and I would like to talk to you about your role in a company, work as a part of a team, roles and relationships between team members. The results will be used to help The Outdoor Journal improve and make it a great environment for its employees, that's why your participation and openness is greatly appreciated.

Before we start I would like to assure you that the result of this interview is not being used for your job evaluation of any kind. I also would like to ask you if you allow me to record this interview. Of course, I will treat it strictly confidential and I will delete the record after the interview analysis. If you do not have any questions regarding the interview, I would like to start with my first question.

Topic 1. Perception of roles and relationships between departments:

1. To begin, please describe your primary role and responsibilities in the Outdoor Journal?
2. Could you tell me which internal teams and departments are you part of?
3. Now let's talk about other departments in the company. I would like to ask you how you perceive the roles of other departments. (Probe: How do you see the contributions of other departments, their tasks and responsibilities?)
4. And how do you perceive your relationship with other members of the company? (Probe: Is this relationship productive? Are there any conflicts or tensions?)

Topic 2. Mission of the company:

1. Now I would like to discuss with you the company's mission. What do you think the mission of the Outdoor Journal is? (Probe: How do you see the company's purpose, its reason for existing?)
2. How do you perceive your role in the mission of the company? (Probe: Please, describe how you think what you do for The Outdoor Journal is helping the company achieve its mission and long-term goals).

Topic 3. Working as a part of a team:

1. Now let's turn to teams and teamwork. I am interested to find out how you build trust in your team.
2. Could you please tell me specifically which techniques you use to make work in your team more efficient?
3. Now I would like to discuss with you staff meetings: How would you improve staff meetings to make them more productive?

Topic 4. Individual efficiency:

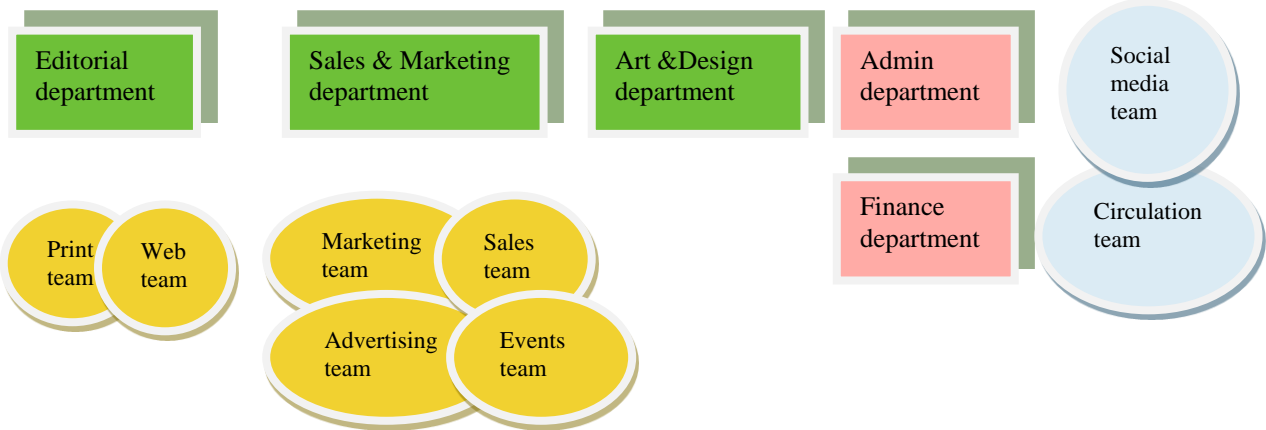
1. Let's talk about efficiency again. How do you think YOU can become more efficient at your job: which procedures and tasks could be formalized into processes? (Probe: Think about efficiency through following predefined processes, which streamline your day-to-day activities).

Those were all the questions that I wanted to ask. Thank you very much for your time and your help. If you like I will send you the result of my study in a compact form.

5.8.2 Content analysis

For this thesis interviews with five key employees in TOJ have been recorded, transcribed and analyzed with the help of NVivo 10 software. The transcripts have been examined in order to identify patterns, opinions and perceptions in a startup environment, keeping in mind the abovementioned research questions. Since the interview questions were grouped into four topics, the analysis results will also be presented following the same structure.

First of all, I would like to describe the structure of TOJ: it consists of departments and teams. There are five existing departments: Editorial (with Print and Web teams), Sales and Marketing (with Marketing, Sales, Advertising, Events teams), Art & Design, Administration, Finance. There are also 2 separate teams (Social Media and Circulation), which should be made into departments, since they are considered to be very important for the company’s operations, based on the results of the content analysis. The Circulation department will be taking care of how many magazines need to be printed, their distribution and placement, as well as encouraging readers to renew their subscriptions. The Social Media department will be taking care of TOJ’s online presence, engaging and growing online audiences via social media platforms, such as Facebook and YouTube.



For this thesis five key employees of TOJ have been interviewed, provided here are their initials and positions: AR – Marketing Manager, SC – Sales and Marketing Director, SV – Multimedia reporter, JS – Events Executive, MK – Art Director.

The most basic tool for analyzing interview transcripts is to run word frequency analysis. The following table displays 50 most frequently occurring words throughout the interviews. These table gives an idea of which words the key employees use most frequently to answer the questions.

Word	Length	Count	Weighted Percentage (%)	Similar Words
work	4	132	2.57	bring, exercise, form, forming, function, going, influence, make, makes, making, operate, operation, operations, play, plays, process, processes, shapes, solve, turn, work, worked, working
team	4	74	2.11	team, teams
make	4	125	1.71	brand, branding, brands, build, building, builds, cause, clear, clearly, create, created, creating, establish, establishment, fashion, form, forming, gain, gaining, gets, getting, give, gives, giving, make, makes, making, name', preparing, pretend, produce, produced, produces, reach, ready, realize, shit, take, takes, taking
departments	11	63	1.29	department, departments, going, gone, part, start, starting, varied
company	7	43	1.23	Company
like	4	45	1.21	like, potential, probably, similar
marketing	9	44	1.15	market, marketing, 'marketing', marketing', markets, sell, selling, vendors
need	4	56	1.14	asked, involve, motivate, motivates, motivating, need, needed, needs, require, required, requires, take, takes, taking, want, wanted, wants
role	4	55	1.10	function, office, part, purpose, role, 'role', roles, used, useful, uses
think	5	52	0.99	believe, believed, consider, guess, intend, mean, meanings, reason, think, thinking, thinks, thought, thoughts
sales	5	33	0.94	sales, 'sales, 'sales'
help	4	38	0.91	available, facilitating, help, helped, helping, 'helping', helps, servicing, support
time	4	31	0.87	multiple, time, times
meetings	8	36	0.84	contacts, fits, fulfill, meet, meeting, meetings, meets, play, plays, sees, touch
individual	10	28	0.75	identity, individual, individuals, person, personal, 'personal', personally, separately, somebody, someone
outdoor	7	31	0.74	open, opener, outdoor, outdoors, outside
productive	10	29	0.74	generate, generating, generations, product, 'product, production, productive, productivity, products
important	9	30	0.74	authoritative, consequences, importance, important, mean, meanings, moment
trust	5	34	0.70	believe, believed, committed, confidence, desirable, desired, faith, hope, rely, sure, trust
know	4	42	0.69	acknowledge, acknowledging, experience, intention, know, knowing, knows, learn, learning, live, 'live, lives, love, loved, screwed, witness
perceive	8	32	0.67	comprehend, perceive, perceived, sense, understand, understanding, understands
efficient	9	25	0.67	effective, efficiency, efficient, efficient'
communication	13	24	0.67	communicate, communicating, communication, communication', communications, communities, community, national
support	7	45	0.67	admirable, back, document, documented, documenting, friend, keep, keeping, live, 'live, lives, stand, standing, stands, support, sustainable, tolerance
conflicts	9	29	0.63	battle, conflict, conflicts, difference, different, engage, fight, struggle
events	6	35	0.63	case, consequences, effective, event, events, issue, issues, result, results
just	4	34	0.61	good, hard, hardly, just, precisely, right, rights, simply
tasks	5	26	0.61	jobs, project, projects, task, tasks

also	4	21	0.60	also, besides
feel	4	35	0.58	'belief, experience, feel, feeling, find, finding, look, opinion, opinions, sense, touch
mission	7	20	0.57	Mission
responsibilities	16	21	0.56	answer, answers, obliged, responsibilities, responsibility, responsible
grow	4	34	0.56	develop, developing, development, developments, gets, getting, grow, growing, grows, growth, produce, produced, produces, raise, turn
manager	7	33	0.55	achievable, achieve, achieving, deal, direct, direction, directly, director, handling, manage, managed, management, manager, managers, managing, realize, supervision
members	7	19	0.51	extremely, member, members
design	6	31	0.49	assigning, concept, concepts, design, designers, innovating, innovations, intend, intention, name', plan, planning, plans, point, project, projects, purpose, show
people	6	17	0.47	masses, people
discuss	7	18	0.46	discuss, discussed, discussing, discussions, treatments, word, words
stories	7	19	0.46	level, levels, reporter, stories, story
tell	4	24	0.45	assured, order, related, 'relative', saying, separately, stated, tell
good	4	35	0.43	dependent, depends, effective, full, good, healthy, honest, honestly, honored, near, practical, practice, practicing, respect, respected, respecting, respective, skill, sound, sounds, thorough
thing	5	16	0.41	matter, matters, thing, things
organization	12	28	0.41	arranging, coordinate, direct, direction, directly, establish, establishment, form, forming, organic, organization, preparing, system
journal	7	14	0.40	Journal
worker	6	14	0.40	actor, worker, workers
talk	4	16	0.38	speaking, talk, talking
become	6	31	0.38	become, becomes, come, comes, coming, gets, getting, going, seems, turn
idea	4	18	0.36	idea, ideas, mind, thought, thoughts
takes	5	42	0.36	admit, bring, carries, choose, consider, consumer, deal, direct, direction, directly, drive, engage, guiding, hired, lead, leading, leads, pick, read, take, takes, taking, training
execution	9	19	0.36	action, actions, executing, execution, executions, executive, fulfill, performance, practical, practice, practicing, slayed, workable

The following themes have emerged from the content analysis of the semi-structured interviews. Throughout this analysis, selected quotes from the respondent's replies have been provided in order to illustrate the patterns that have been drawn out of the data.

1. Themes related to the perception of roles and relationships between departments

The following questions were meant to collect perceptions of primary roles and responsibilities, assess relationships between departments and among employees:

1. To begin, please describe your primary role and responsibilities in the Outdoor Journal?
2. Could you tell me which internal teams and departments are you part of?
3. Now let's talk about other departments in the company. I would like to ask you how you perceive the roles of other departments.

4. And how do you perceive your relationship with other members of the company?

Perceptions of primary roles and responsibilities

It is interesting to note that while all the interviewees understand their primary roles and responsibilities, they admit that very often they have secondary roles, which are not clearly defined and may lead to confusion and inefficiencies. This is very typical of a startup, which usually has only a few employees, and they often have blurred roles and responsibilities. More structure will be needed as the company grows, processes and task lists should be created to help employees fulfill their job more efficiently.

According to the Sales and Marketing Director, in a startup no department can survive on its own: “I consider myself to be a part of every team in the company, as my work areas affects all other department and support of lack of support from other departments definitely affects my performance too”. Here it can be said that being multi-skilled and dedicated are the most important qualities for employees working in a startup, since there is a necessity to handle multiple tasks and interact with all the departments in a company.

The Marketing Manager admits that her role is congruent with the mission of the company – which is “to create a brand which stands for a cultural shift of consumer mindset, for acknowledging and understanding the value of outdoorsy life”.

Relationships between departments

Since startups operate in a highly uncertain environment and often have only a few employees, the roles of departments might be blurred and not clearly defined: “It’s a bit messy at the moment. I don’t think any department has a clear-cut strategy, we all survive on a day-to-day, project-to-project basis”.

All of the respondents agree that Editorial department is the most important one for TOJ, since the quality of content is very important to attract audiences, i.e. “content is the king”. In addition, the respondents mention that production and circulation are essential in creating the right audience and “facilitating sales to advertisers”. The respondents think that the Digital team is “the backbone for communication and online presence”, they mention the fact that

“digital lacks massively” and this issue should be addressed. We live in the era of social media and hence establishing strong online presence for a media company is essential. Here some recommendations would be to have a reliable website back-end support and a community manager to monitor social media activity.

Relationships with other employees

Here different views and opinions emerged: some respondents like the fact that “the organization remains flat, everyone is transparent, accessible, approachable” and describe their relationships with other employees as “healthy and highly productive”. However, three respondents mention some sort of conflict of interest, either with their supervisor or teammates. For example, in the Sales and Marketing department there is often a conflict of interest between sales and marketing teams, since “the overall business objective is broken down from a marketing perspective, and sales is the last leg in terms of closures”. My recommendation would be to break down the Sales and Marketing department into two separate departments, separating responsibilities and accountability, which will eliminate the underlying conflict.

2. Themes related to the mission of TOJ

These themes emerge from the answers to the following questions:

1. Now I would like to discuss with you the company’s mission. What do you think the mission of the Outdoor Journal is?
2. How do you perceive your role in the mission of the company?

Perceptions of company’s mission

Some interesting themes emerge here: the interviewees describe the adventure tourism in India as “underrated”, with “no legit media company addressing these issues”, and the fact that “no other sport except cricket gets attention”. This confirms the fact that TOJ operated in an untapped niche and has no competitors at the moment.

The respondents all perceive the mission of the company in different ways: from “influencing its audience to embrace the outdoors as a lifestyle”, showing the audience that “the outdoors is good for you”, to “creating the audience base” in order to be “the biggest and most evolved

media company”. All the respondents talk about changing the mindset of the audience and transmitting values to them.

Perceptions of own role in the mission of the company

Even though all the respondents work for different teams and departments, they still recognize their role as important for the mission of the company, contributing to its success in various ways. For example, the multimedia reporter perceives her role as a “struggle to create the content in a way that gets the audience to read and perhaps engage”. The events executive sees his role as “making TOJ Events a constant revenue generating property”, while the marketing manager mentions such themes as “brand building”, “visibility efforts” and “gaining credibility in adventure sports space”. These themes are congruent with the mission of the company of creating an evolved media company.

3. Working as a part of a team

The following questions had an aim of gathering perceptions about teamwork and efficiency in a team, as well as ideas on how to make staff meetings more productive:

1. Now let’s turn to teams and teamwork. I am interested to find out how you build trust in your team.
2. Could you please tell me specifically which techniques you use to make work in your team more efficient?
3. Now I would like to discuss with you staff meetings: How would you improve staff meetings to make them more productive?

Building trust in a team

When people in a team trust each other, they can achieve truly meaningful goals. Likewise, “a team without trust isn’t really a team: it’s just a group of individuals working together, often making disappointing progress”. According to the respondents “nothing builds trust like facts do”, which means that delivering good quality work, showing leadership and keeping your word is what allows team members trust each other. It takes time to build trust in a team, “a lot of talking, communicating, lengthy explanations, working together, sometime being together outside work”. In fact, several respondents would like to see more communication, more discussions and engagement; they would like to spend a couple of hours a week with their team to discuss both professional and personal issues.

Efficiency in a team

All the respondents agree that communication and transparency are needed for efficient teamwork. Two respondents express the idea that sharing responsibilities, documenting conversations will help to create clarity and lead to efficiency. The theme of “sharing information” and “networking” emerges from all the responses, as well as “positive outlook” and “positive interactions”, which help to reduce redundancy and stress, encourage productivity and inspire dedication. Thus, keeping an open communication with the team, making oneself available, working towards a common goal, supporting each other with kind words proves to be the right techniques to improve efficiency in a startup environment. A few team-building activities could be suggested, such as organizing brainstorming sessions, creating an atmosphere that welcomes ideas; organizing regular meetings offsite for team building (every 2-3 months); participating in outdoor activities in order to experience them directly.

Suggestions for staff meetings

Staff meetings are very important for communicating goals and progress, reporting issues, tracking development. In a startup with a few employees staff meetings tend to be very detailed and long, which is inefficient. However, certain techniques can make these meetings valuable for all the employees. The most common themes here were “letting everyone contribute to the agenda”, “sharing the agenda online”, “discussing only big decisions”, “Skype those who cannot attend”. One respondent suggested that inter-departmental training will help staff to understand better the roles and responsibilities of other employees. In essence, the main messages here are again “communication” and “clarity”.

4. Individual efficiency

This question was asked in order to assess the individual efficiency and how employees could improve it:

1. Let’s talk about efficiency again. How do you think YOU can become more efficient at your job: which procedures and tasks could be formalized into processes?

As identified by the founder, some organizational processes should be clearly defined and formalized into procedures to achieve efficiency. According to all the respondents, “putting deadlines and prioritizing projects”, “quarterly targets in terms of overall business objective”

will greatly improve individual efficiency. A suggestion here could be to create a daily task list for each employee, which will help “to break down work into small achievable goals”. The Events Executive suggested having “a day in the office where everybody gets to talk one on one with everybody about the work they are doing and which problems they are facing”. Thus, processes should be created, some interactions and activities should be documented to ensure efficiency: staff meetings, important conversations, pitch briefs. However, it is crucial not to disrupt the balance between structure and flexibility to avoid making the organization rigid and unresponsive to change.

To conclude, the most important themes that emerged from the content analysis are related to communication and efficiency: clear and open conversations help to improve efficiency in a team. Another theme that emerged relates to processes that help to structure workload: for example, distributing daily task lists helps employees organize their workload, documenting conversations and sharing meeting agendas allow everyone to track progress on various projects. Thus, in order to make a transition from an informal startup environment to a more structured business environment, these formal procedures and processes should be incorporated into organizational daily life.

Chapter 6. Conclusions and recommendations

1. This thesis attempted to study an Indian media startup from various angles and use the insights from this case study to build a roadmap for the company, as well as investigate teamwork and efficiency in a startup environment. The research part is based on semi-structured interviews with five key employees, an interview with the founder, as well as competitor and audience analysis. All this information is used to create a roadmap for the company, give suggestions for improving teamwork and working environment.

The thesis starts with a general description of a startup and the influence of entrepreneurship on economic development, moving on to the general overview of startup trends around the world, using insights from two important studies – MSME (micro, small and medium enterprise) Country Indicators and Global Entrepreneurship Monitor (GEM). The second part of the thesis examines the business environment in Gurgaon, an important business-oriented suburb of India's capital city New Delhi, and peculiarities of doing business in India.

2. Despite the fact that the concept of "startup" is widely used in publications, as well as in practice, a common interpretation of its nature, life cycle and stages of existence has not been established yet. Generally speaking, a startup is a new business, based on an innovative idea or technology that can provide a sustainable competitive advantage. However, startups may also be based on projects that are not directly related to technological or product innovation.

From another point of view, a startup is simply an early stage in the development of a company. Thus, startups have a limited period of existence, embracing activities on creating a prototype of a new product (technology, business model), primary market research, developing market penetration strategy, as well as officially registering the company. After the initial startup phase, further development phases are distinguished: growth phase, expansion phase and exit phase through the process of initial public offering on the stock exchange or through the sell-off of the company to a strategic investor.

3. From an economic point of view, it is important to study startups, as they have a positive effect on economic development in terms of job creation and innovation: entrepreneurship realizes the function of attracting new resources to the economy, thereby stimulating economic growth. Since entrepreneurship is often focused on the use of new knowledge not only in the production of new products or services, but also in their consumption, entrepreneurship performs a number of important social functions – intellectual growth of the society, emergence of new professions and work places by promoting harmonization of the society. Entrepreneurial initiatives make an important contribution to solving problems in the society, related to the depletion of non-renewable resources, complex working conditions, improved quality of life. Thus, small innovative business is one of the most important components of the economic system of any country.

It is often noted that startups are characterized by rapid growth. However, they often fail and have to close down in the early stages of their life cycle – prior to reaching the break-even point. This stage in the life cycle is symbolically called "the valley of death". In the early stages of development, a newly formed firm mainly relies on angel investors, friends and family funds, which makes it highly dependent on external financing, as the company does not have positive revenues yet. As a result, at this stage the main goal of a firm is survival and its future is highly uncertain. The problem is that in the early stages of development the commercial potential of business ideas cannot be explicitly measured, which limits the applicability of traditional financial and economic models (cash-flow, net present value, etc.). Thus, it is extremely difficult to evaluate the potential for survival of a newly created business.

4. How does entrepreneurial growth differ across various countries? Statistical data demonstrates that small firm growth is higher in developing countries. The highest ratio of MSME employment to total employment is found in East Asia and the Pacific. The factors that influence entrepreneurial growth in developing countries mentioned by researchers are firm age, access to finance and social networks. Very often contextual factors, such as general macroeconomic environment, relative price volatility, mechanisms for contract enforcement, are an important determinant of small firm growth in the developing world. Moreover, one of the biggest obstacles for the entrepreneurs is the regulatory and institutional environment: strict regulations and high taxes lead to uncertainty in making investment decisions. Thus, in order to ensure

entrepreneurial growth in an economy, policymakers should pay attention to abovementioned issues and try to create a favorable business environment with understandable legislation and incentives for growth.

When there is an unfavorable situation in an economy characterized by political and economic uncertainty, entrepreneurs tend to spread their resources across separate but related firms in order to minimize the risk. In this scenario internally generated cash flow might be used to finance other businesses, creating a structure with interlocking business ownership. Such structure provides not only financial benefits, but also access to a pool of skills and resources, possibility to leverage the brand name across all firms.

5. Why did I decided to study an Indian startup? First of all, given my educational background in intercultural communications, I wanted to concentrate on examining an international company. Besides, learning from our partners in other countries gives us valuable insights and is a truly practical way to deepen our knowledge obtained in the International Management degree program. Secondly, with a GDP growth averaging 7% a year and a robust equities market with high returns, India has a promising growth potential. India is well-known as a global provider of services such as IT, accounting, customer support and other back-office services for companies all over the world. Thirdly, it is interesting to study India, since it has been rapidly growing in the last five years: recently the balance of power between the rich and the poor has been changing in India, as more people join the middle class and are able to afford things they couldn't in the past.
6. When studying a particular company, it is essential to take into consideration business environment, which can provide support or set restraints for a company's operations. In India there are numerous issues that complicate business functioning, but one the most pertinent is the high level of bureaucracy. Other factors complicate the situation: lack of adequate infrastructure, cultural rigidity and traditionalism, difficulties in hiring talented staff. This means that companies in India bear additional transactional costs of doing business and have to look for creative ways to overcome this problem. However, instead of making the process of business registration lean, the government

keeps increasing regulations. As a result, Indian business environment becomes unfriendly and complicated where bureaucracy and accepting bribes are encouraged at all levels. This creates a large informal sector, which is not monitored or taxed by the government. Nevertheless, some cities in India are characterized by a favorable business environment. For example, Gurgaon, an important suburb of India's capital city New Delhi, in the last 25 years has become an ultimate business hub for multinational companies, such as IBM, Microsoft and Google. Gurgaon offers a well-developed infrastructure along with modern skyscrapers, shopping malls, restaurants, hotels and residential areas. It is considered to be a prestigious area for office spaces and apartment buildings, while many real estate developers launch new innovative projects offering luxurious business facilities in Gurgaon. It offers lifestyle advantages for young people, large expatriate population and a pool of multinational companies that could become potential clients for new startups. Another reason for setting up new companies here is the fact that all five Special Economic Zones (SEZ) in the state of Haryana are located in Gurgaon. SEZs offer fiscal incentives, simplified process for conducting business and streamlined compliance procedures.

As much important as the external environment, are the internal practices and processes in a startup. A new company cannot survive without successful and efficient management, a vision inspired by the founder, as well as a committed team. The content analysis for this thesis has highlighted the importance of motivated and knowledgeable team, confirming that every company's most important asset are people working for it. Moreover, employees need to have goals congruent with their organization's vision, in order to allow the company grow in the right direction. I arrived at this conclusion by investigating teamwork in The Outdoor Journal, an Indian media brand owned by Deiwos Creative Movement Pvt. Ltd (DCM). This Gurgaon-based startup company was founded in May 2012 by Apoorva Prasad, a 34-year old global journalist, photographer and alpinist with the vision of creating the world's first completely international adventure media brand. The company has an international team, experience and backing. It was founded in India, because the country was the only large economy in the world to not have an established adventure media sector. DCM is today expanding in key international markets as a global active lifestyle and outdoors sports media company. The company's first and flagship

product, The Outdoor Journal, is the world's first international outdoor lifestyle, fitness and adventure media brand. It is present in print, online at www.outdoorjournal.in and in videos across digital platforms and social media channels.

7. From the competitor analysis carried out for The Outdoor Journal, it appears that none of the print magazines in India and USA are adventure tourism or outdoor recreation oriented, making The Outdoor Journal a pioneer in this niche segment. Thus, the magazine has a potential of becoming a global brand, which is congruent with the founder's long-term goals.

In the course of the company analysis, the following long-term goals have been identified for The Outdoor Journal brand:

- to assert its brand presence by introducing events focused on the outdoors;
 - to become the go-to adventure content provider;
 - to use its first mover advantage and tap into the various online possibilities – such as a portal for adventure trip related reviews and e-commerce focused on adventure gear;
 - to publish adventure focused guidebooks;
 - to represent upcoming talent and provide them with the necessary platforms to participate in world class sporting events.
8. As mentioned before, teams are so important for a successful startup, and for this reason a part of my research for this thesis was targeted at understanding teamwork in a startup environment. Qualitative content analysis is used to gather opinions and perceptions of teamwork in a startup environment, collect insights about relationships in a team and between departments, uncover interesting examples from the case study. Moreover, one of my goals was to investigate existing problems highlighted by the founder: difficulty in managing multiple roles by the employees, unclear perception of the company's mission, an attempt to improve efficiency by means of processes, reluctance to work in a team. Thus, by means of content analysis this research tries to identify themes related to four aspects: company mission, role and relationships between departments, teamwork and efficiency.

It can be concluded that in The Outdoor Journals, key employees recognize their role as important for the mission of the company, contributing to its success in various ways. They admit that not everything is easy and predictable, there are occasional tensions and disagreements, there is a lack of consistent strategy for each department and conflicts of interest. However, key employees all agree that communication needs to be improved, brainstorming should be welcomed, workload needs to be broken down into manageable tasks, offsite activities are important for team building. These techniques are often overlooked in a small company where the environment is very informal, but eventually a small company should be ready to scale up, which requires structure and formal processes.

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Appendix. Interview with the founder of The Outdoor Journal

Why did you decide to run your own magazine?

I moved to the US when I was 18 and started studying at the University of Maryland. I was studying engineering, but I was also spending a lot of time rock climbing, because it was something I had always wanted to do. I began to realize that I wanted to do that with my life more, I wanted to pursue outdoor sports that was my passion, more than I wanted to do other things. And by the time I graduated from college, I had spent a lot of time doing outdoor sports and mountaineering, and I had already started writing and taking pictures of it. And I wanted to find a way to continue to travel, to climb, to write and to take pictures, and have that as my lifestyle. So eventually I became a journalist, writing and shooting for magazines around the world. But very soon I ended up writing for quite a few different publications around the world.

Why didn't you want to continue working as a journalist, but instead made a decision to start something of your own?

In the early 2000s I was watching media change, the internet was really taking off. And I saw the internet as a great medium. And in 2001 I started a website called climbingindia.com with my friend from India who used to be my school teacher when I was a kid. This man was a famous rock climber. So he and I said that in India at that time there was no media that promoted rock climbing, which was the sport we were passionate about. In India since the 1920s there has been an established audience who were passionate about mountaineering but there was no media catering to them. So in 2001 we started this website, which we ran for about 6 months. And at the end of these 6 months we realized that our audience for an internet-based media site was not big, and there was no way of supporting it. So we kind of let it die.

I worked in more media for a while. So I ended up having a fairly wide experience of media, from video to internet to print. And I realized what I wanted was to combine all of these: a story could be told in print, in video or online. The medium was incidental to the story. I was beginning to realize that most media companies were traditional media companies, not geared to deal with the changing landscape of media, which is that the internet was taking over. At

the same time print had value, but the print magazines out there were trying to compete with the internet, when in reality both media had different things to offer. Therefore, they shouldn't try to compete with each other, they should try and add to each other. Media companies didn't realize this. So I got frustrated with this whole setup.

Then I moved to France and worked for the TV channel - France 24, that had just launched. So I ended up working for fairly new companies, startups of different scales, and I was working for them as an employee. So I did all of these different things, but my passion has always been outdoor sports and adventure, and realizing that I had something to create, that nobody seemed to have gotten right anywhere in the world. So by the time I hit 30 I was frustrated with the work I had done so far, I felt that my skills were not being utilized enough. I wasn't really getting jobs that challenged me and the multimedia international set of skills that I brought to the table. All these companies were run by older people who didn't have this exposure to the changing world. They didn't know how to deal with it. So I realized I needed to start my own thing. I came back to India in 2012 and I realized that a lot of changes happened in the media – obviously, the outdoors market has increased, India was becoming richer, India was a developing country, but even then nobody had still started an outdoors magazine or a media company. So I met a few people: the head of Google in India, who encouraged me to go for it and start my own company, as well as some senior financial advisors. So I spent 6 months doing a lot of market research, building a business plan and I finally founded the company in April 2012 and launched the magazine in May 2013.

Do you think that the business environment in India facilitates the process of launching a company?

No. There are too many things to talk about. The Indian government and Indian bureaucracy are fundamentally there to block you, and not to help you. Their attitude is always about what can they do to obstruct you, rather than to help you. That's an attitude problem. So when you are a startup and you need help, the government will not really help you. It takes a very long time even to form a company. Just creating a company takes nearly a month, because there are things like they wouldn't give us the name that we wanted. Everything about the government is about obstruction, when you are dealing with everyday realities. Maybe the senior people will talk about how they want to help businesses, but in reality, when it comes

to startups, petty government officials are always there to obstruct you. So that's number one problem. And I can cite many examples. One of them would be that, as a media company, we had to deal with a British era law, which stated that we had to get a registration number. And that law has not been struck down. We had to get permission from a government ministry for the name of the magazine, and essentially this government ministry almost dictates the name you should have, which is ridiculous in a modern capitalist society. In a sense, they don't let you choose the name that you want. So that took us 6 months. Something that should have taken us a day or a week, ended up taking 6 months. So those were some of the problems that we faced.

Cash is a problem. There is no real funding available if you are a startup. From nearly Day 1 the government is out to try and tax you. As much as it can. There are no tax breaks for startups. One of the biggest problems that startups face is cashflow. As a media startup, your cash comes from advertising mostly, and subscribers - our sales are a small component. However, we have monthly bills to pay, and the Indian Tax Authorities expect us to pay tax on our income monthly, even if we haven't received that income yet.

Do you think that startups everywhere in the world face the same problems or it is just in India that things are more complicated?

It's definitely that India has these problems. In 2014 we established a US company and that got done in one day. We were registered in Colorado in one day. In India it took one month. In the US it cost us one dollar of registration plus the lawyer's fees, in India it cost us 30 000 rupees, which is close to 600 dollars. So I think that other countries in the world are much more friendly to startups and starting businesses. I didn't anticipate so many difficulties.

So are you planning to do business internationally?

We already do a little bit of business internationally, but we are planning to expand that. We have a few international subscribers, and many international brands that are not present in India, like the North Face or Salewa, send us gear for review or cooperate with us. We call ourselves "an international adventure lifestyle magazine". It's for the 21st century people who travel a lot and are not restricted to one country or one nationality. The world is a smaller

place and the sense of nationality has become weaker. The Outdoor Journal is oriented at a readership that's global, that doesn't necessarily restrict itself in terms of where it sees adventure in the world. There are no boundaries to where you want to do an adventure.