

# „START-UP” - how it works?

The purpose of the poster is to present the mechanism of operation of the unit which is a start-up. Over the years, these organizations have gained more and more popularity among entrepreneurs who want to offer their own (often innovative) products or services. For the purpose of creating this poster, the spelling of the English form was adopted - "start-up" in accordance with the Merriam-Webster Dictionary, spelling, <https://www.merriam-webster.com/dictionary/start-up>, access date: 11.04.2019.

## WHAT IS A START-UP?

This term refers to a company that is in the first stage of operations. Start-ups are founded by one or more entrepreneurs who want to develop a product/service that is innovative and for which they think there is demand. Companies of this type usually start with high costs and limited income. They seek capital from various sources, for example venture capital. Start-up projects are sometimes associated with a high risk of failure, but also a huge profit.

### LEGAL STRUCTURE

Start-ups can take any legal form - they have no restrictions. To start with, they usually start with a sole proprietorship or a small enterprise

### FINANCING

An excellent credit history can allow a start up to use a credit line as financing, but this option carries the greatest risk in the event of failure. Banks usually offer several micro-loans - they are a short-term low-interest loan, intended for start-ups, among others. The least risky option is to raise funds among family and friends or take advantage of the so-called risk capital.

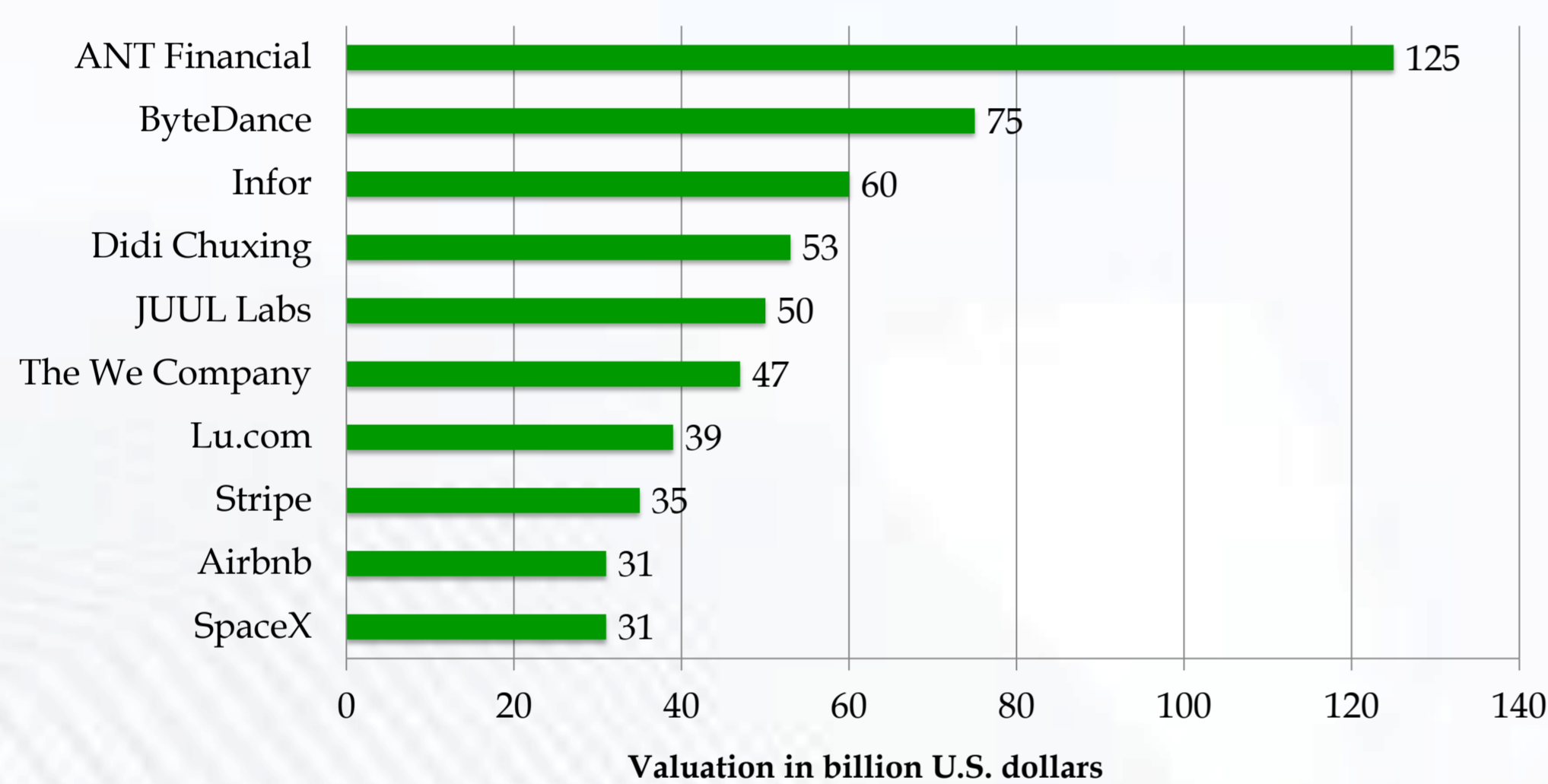
### LOCATION

The location depends on the product or service offered - their activities can be carried out online, in the office (also home office) or in the store.

## SEVERAL STAGES CAN BE DISTINGUISHED IN THE ESTABLISHMENT AND SUBSEQUENT DEVELOPMENT OF A COMPANY:

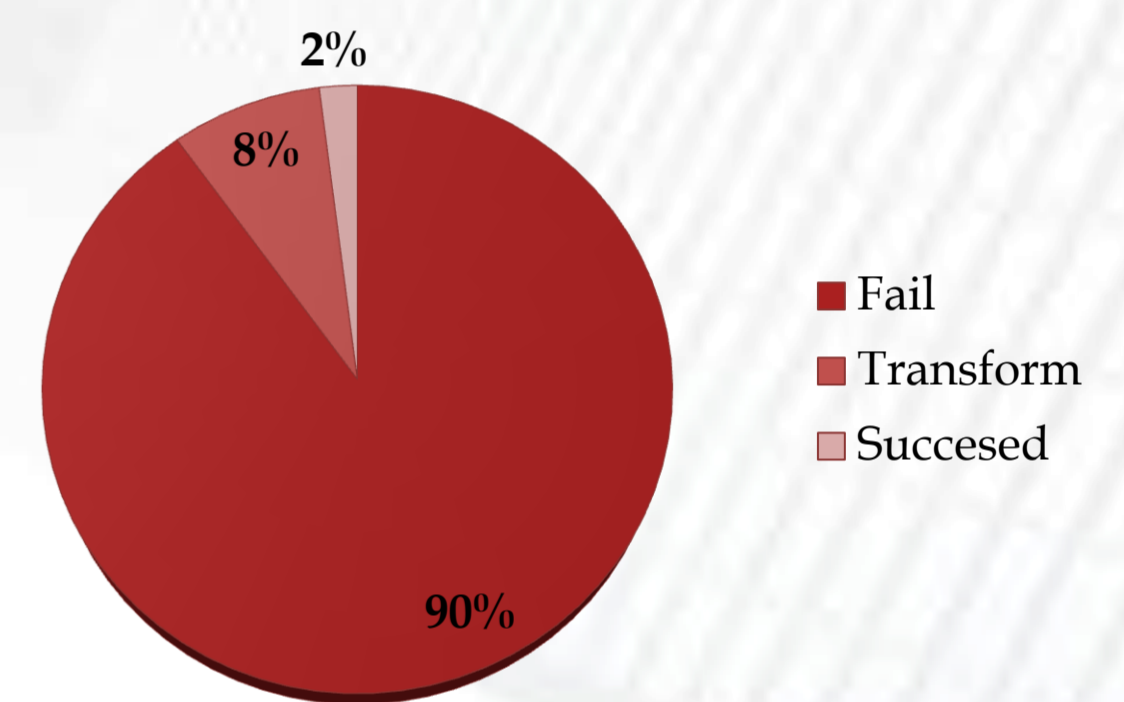


## 10 HIGHEST VALUED UNICORN COMPANIES WORLDWIDE 2020



The most common reasons for the failure of start-ups are:

- no market need
- ran out of cash
- not the right team
- get outcompeted
- cost issue
- user un-friendly product
- poor marketing
- ignore customers
- product mistimed



Source: own study based on the article Czyż j., "Co to jest startup?", <https://smarthees.pl/blog/co-jest-startup/>, access date: 07.04.2020

Unfortunately, according to most estimates 90% of technology start-ups will fail within 12-24 months of activity, 8% will transform into normally functioning companies, and 2% will be globally successful.



The factors that constitute barriers to establishing start-up companies are most often: a lack of skills related to organization and management of the company, necessary to start a business, or a lack of capital to start a business. However, this does not discourage them from acting. Everyone starts - regardless of age, gender, nationality or education. According to surveys, the average start-up owner is a 38-year-old man with a university degree, from a family of four, who has an interesting idea for a business and wants to use the experience gained in previous work.

The initial period of the first few years is very important for the start-up. Entrepreneurs must first of all find funds for their project, create a business model, hire the right people. Many of today's most successful companies started as start-ups: **Facebook, Ant Financial, Airbnb, SpaceX or Uber** - are now listed on the stock exchange.

„Facebook is a social networking website where users can post comments, share photographs and post links to news or other interesting content on the web, chat live, and watch short-form video.”

„Ant Financial Services Group officially established in October 2014, is an innovative technology provider that aims to bring inclusive financial services to the world.”

„This is a unique approach to accommodation when traveling. Airbnb was founded in 2008 and offers someone a home as a place to stay instead of a hotel.”

“SpaceX designs, manufactures and launches advanced rockets and spacecraft. The company was founded in 2002 to revolutionize space technology, with the ultimate goal of enabling people to live on other planets.”

“Uber is a company founded in 2009 offering travels. Using the mobile application, he sends the location to the Uber driver (located in the area), who will take us to the destination of our journey.”

The leading start-up cities in Europe until mid-2019 were: London, Paris and Berlin. The capital of Great Britain has achieved over 320 initial investments, which makes it one of the most attractive cities in Europe. It is followed by Paris with 230 investments and Berlin with 129.



## STARTUP POLAND

This organization was founded in 2014. It is one of the well-known technology think tanks in Central Europe. It was created thanks to a group of young Polish entrepreneurs and start-up founders. Their main goal is to represent Polish start-ups in dialogue with the government, parliament, the European Commission and local government authorities. Thanks to ambassadors operating in all voivodships in Poland, the organization reaches start ups throughout the country. Partners of Startup Poland include: Google, Citi Handlowy, NCBR, Roche, PFR, Mastercard and Microsoft.

Every year in Poland and in the world there are more people having an idea for an innovative product or service. They set up their own enterprises and a small percentage of start-ups succeed. From a sole proprietorship, they quickly become an international corporation, often entering the stock exchange.