

Resource Mobilization for Startups:

The term resource mobilization refers to all activities undertaken by a startup or an organization to secure new and additional financial, human and material resources to advance its mission. Inherent in efforts to mobilize resources is the drive for organizational sustainability.

As fundraisers, we often come across the term ‘resource mobilization.’ Although technical in sense, it merely means mobilizing resources. Now resources can include many different things, not just money, for your organization.

Apart from money, you can also raise support from friends, family, dealers, knowledge of employees, infrastructure etc. So, in order to put all these sources of support into one kitty, including finances, we refer to them collectively as ‘resource mobilization.’

Resource mobilization is actually a process of raising different types of support for your organization. As said above, it can include both cash and in-kind support.

Resource mobilization can also be called as the process of getting resource from resource provider, using different mechanisms, to implement the organization’s work for achieving the pre-determined organizational goals. It deals in acquiring the needed resources in a timely-cost effective manner.

Resource mobilization advocates upon having the right type of resource, at the right time, at right price with making right use of acquired resources thus ensuring optimum utilization of the same.

Accommodation and utilities:

Accommodation and utilities required for start-up- After planning about the resources mobilization an entrepreneur needs to have a clear picture of accommodation and utilities of what business must have. Though it is tedious and time consuming task, but it is essential and deserves high attention. For example, while many start-up mistakes can be rectified later on, a poor choice of location of business and office space is something impossible to repair.

Following points should be considered in selecting the location of business:

- Style of operation
- Consider who your customers are and how important their proximity to your location is.
- Monitor foot traffic
- Accessibility of parking
- Is your location/area business friendly?
- Is your area safe for business as well as for customer
- Building infrastructure
- How close do you need to be your suppliers?
- Possibilities of renovation or change in building
- Availability of labor, transport, fuel, power, raw material etc
- Personal factors

Utilities:

Utilities (water, fuel, electricity etc) are essential services that play a vital role in successful operation of any enterprises. What utilities your business requires will depend on the nature of business and size of operation. These utilities are required not only for smooth functioning of business, but also for health, safety and to improve efficiency at workplace.

Some common utilities which should be obtained or hold by the start-up are given below:

- Water
- Sewage
- Trash services
- Telecommunication
- Electricity
- Photocopy
- Video conferencing facilities
- Waiting room
- Dining hall
- Personal storage

Problems faced by start-ups are being briefly discussed below:

(i) Developing the Vision and Business Idea:

Developing a business idea is usually the first challenge faced by every entrepreneur when starting a business from scratch. Finding the right business opportunity or creatively developing an idea is certainly not an easy task.

“Envisioning the idea” is the first true task of an entrepreneur. As an entrepreneur, you must possess the ability to see what others cannot see. While others see problems, you must see opportunities.

(ii) Raising Capital for your Startup:

After developing your idea, the next challenge you are going to face when starting a business from scratch is that of raising capital. As an entrepreneur, you are the only one that knows business your idea to the core. You are the only one that knows the story of your future.

Trying to convince investors about something that does not exist is definitely a challenge. Trying to make them understand that you are trustworthy and equal to the task is not child’s play especially when you are building your first business.

Market Problems:

A major reason why companies fail is that they run into the problem of their being little or no market for the product that they have built.

(iii) Business Model Failure:

One of the most common causes of failure in the startup world is that entrepreneurs are too optimistic about how easy it will be to acquire customers. They assume that because they will build an interesting web site, product, or service, that customers will beat a path to their door. That may happen with the first few customers, but after that, it rapidly becomes an expensive task to attract and win customers, and in many

cases the cost of acquiring the customer is actually higher than the lifetime value of that customer.

(iv) Poor Management Team:

An incredibly common problem that causes startups to fail is a weak management team. Weak management teams make mistakes in multiple areas such as strategy; building a product that no-one wants to buy bad marketing strategies etc. They are also usually poor at execution, which leads to issues with the product not getting built correctly or on time, and the go-to market execution will be poorly implemented.

(v) Liquidity or Cash Crunch:

A fourth major reason that startups fail is because they ran out of cash. A key job of the CEO is to understand how much cash is left and whether that will carry the company to a milestone that can lead to a successful financing, or to cash flow positive.

(vi) Product Problems:

Another reason that companies fail is, because they fail to develop a product that meets the market need. This can either be due to simple execution. Or it can be a far more strategic problem, which is a failure to achieve Product/Market fit. Most of the time the first product that a startup brings to market does not meet the market need.

(vii) Finding Good Employees:

Business owners know how difficult it is to find a hardworking, trustworthy employee. Most employees want to work less and get paid more. Finding a good employee who will be passionate about delivering his or her services is quite difficult. Finding good employees is a minor task compared to the business challenge of forging your hired employees into a team.

“The competition to hire the best will increase in the years ahead. Companies that give extra flexibility to their employees will have the edge in this area.” – Bill Gates

“If you own a butcher shop, don’t hire vegetarians. To hire the right people, you have to let the wrong people go.” – Rich Dad

(viii) Finding Good Customers:

The next challenge you will face in the process of starting a small business from scratch is finding good customers. In the process of building a business, you will come to find out that there are good customers as well as bad customers. You must be on guard for bad customers. Good customers are really hard to find.

A good customer will be loyal to your company and will be willing to forgive you if you make a mistake and apologize. A good customer will try to do the right thing that will benefit both himself and your company mutually. Bad customers will always look for loopholes in the company’s policy to exploit and make a few gains.

Bad customers will always try to exploit the company’s goodwill and look for ways to rip off the company. Bad customers are responsible for bad debts. Good customers build your business and bad customers will always try to liquidate your business.

(ix) Dealing with Competition:

Competition is yet another challenge you will face when starting a business. Most individuals see competition as a plague but competition is a good challenge. It is a benchmark for creativity, the main engine that stimulates innovation and production of quality products at great prices. Without competition, there will be no innovation and without innovation, the world will be stagnant.

Competition keeps us on our toes and drives us to constantly improve our products and services. But you must be warned. Competition can make your business lose its relevance in the eye of your customers so you must always be on guard.

“In business, the competition will bite you if you keep running. If you stand still, they will swallow you.” – Victor Kiam

(x) Unforeseen Business Challenges and Expenses:

Just as a sailor prepares for unexpected storm, just as a pilot is always on the watch for unpredictable bad weather and thunderstorms, so must an entrepreneur prepared for whatever comes.

Unexpected challenges can come in the form of:

- i. Unexpected legal suits
- ii. Inconsistent government policy
- iii. Unexpected resignation of staff from sensitive office
- iv. Bad debts from customers
- v. Loss of market share
- vi. Dwindling working capital
- vii. Inadequate stock or inventory

These business challenges, if not handled properly can ruin your plan to build a successful business. Another challenge you must expect is an unforeseen increase in business expenses. If not handled properly, it might result in constant negative cash flow and eventually; business failure.

(xi) Lack of Research & Development Facility:

We all know that it is a time for innovation and creativity. Any business can fail if there are no efforts being made to constantly innovate. The start-ups lack the financial viability and face cash crunch always, therefore, they find it difficult to have a R&D.