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Challenges faced by new entrepreneurs

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A B S T R A C T

An entrepreneur is one who plays significant role in the economic development of a country. Basically an entrepreneur can be regarded as a person who has the initiative, skill and motivation to set up a business or an enterprise of his own and who always looks for high achievement. He is a catalyst of social change and works for the common good. He looks for opportunities, identifies them and seizes them mainly for economic gains. An entrepreneur is a person who is able to express and execute the urge, skill; motivation and innovative ability to establish a business or industry of his own either alone or in collaboration with his friends. His motive is to earn profit through the production or distribution of socially beneficial goods or services. He is enriched with the inborn qualities of adventurism, willingness to face risks, innovative urge and creativity and is eager to make dynamic changes in the production process, introduce innovations and to find out new uses for raw materials. But now there is so many challenges faced by new entrepreneurs i.e., lack of patience in solving problems, lack of sustained motivation, Inability to dream and use subconscious etc. In addition to this the other challenges includes; developing vision and ideas, raising capital, assembling a team, finding the right location, finding the right employees, finding good customers, overcoming competition, unforeseen challenges and expenses, keeping up with industrial changes and trends and exiting the business.

Introduction

Giant freshwater prawn (*Macrobrachium*)
An entrepreneur is an economic leader who possesses the ability to recognize opportunities for the successful

introduction of a new product, new sources of supply, new technique of production etc and who assembled the necessary resources and organizes them into a going

concern. An entrepreneur is a person who finds out and evaluates a new situation in his environment and directs the making of such adjustments in the economic system as he deems necessary. He always searches for change, responds to it and exploits it as an opportunity. Innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or service.

An entrepreneur is one who organizes, operates and assumes the risk of a business venture. The intensity of the challenge to promote an entrepreneurship culture as well as to evolve new enterprises in a sustainable and competitive fashion varies between countries. Starting a business and becoming an entrepreneur is exciting — it is also terrifying. While starting a new business entrepreneurs face so many challenges; such as instability, stress, negative mindset, overwhelming feelings, lack of support, feelings of wanting to give up, growing a business, problems of raw material, problems relating to marketing, outdated technology, lack of infrastructural facilities, lack of skilled labors etc. In order to conduct an efficient business an entrepreneur must overcome the challenges. The main objectives of the study are to identify the challenges faced by the new entrepreneurs and to analyze the measures to overcome them.

Database and methodology

The study is based on secondary data. The secondary data required for the studies were collected from various books and publications related to the topic under study.

Challenges faced by new entrepreneurs

Entrepreneurs have to face numerous challenges on the road to success, in

particular with regard to access to finance. All entrepreneurs will at some point feel overwhelmed with the many responsibilities that fall on their shoulders. The common challenges faced by entrepreneurs are Overestimating Success, Misplaced Purpose,. Negative Mindset, Poor Organization,. Jack of All Trades, Employee Motivation, Lack of Support. The World Bank report presents the results of a survey of micro, small and medium companies in Georgia, and analyzes factors that inhibit growth of entrepreneurial and innovative activity of Georgian firms. SMEs name difficulties in access to finance, especially for start-up companies, deficient knowledge and technology transfer, limited skills, absence of special Government program in support of entrepreneurship and innovation among key factors that constrain their growth and development. The World Bank report provides selected recommendations aimed at enhancing entrepreneurial culture and fostering innovative entrepreneurship.

Private sector creates 9 out of 10 jobs in the global economy. Therefore, creation of attractive investment climate and conducive business environment for new business entries and growth of private sector is paramount for sustainable economic growth of the country and poverty reduction. In Georgia, however, the share of small and medium businesses in GDP remains small at less than 20 percent of GDP and is much lower as compared to many countries in the neighborhood (like Armenia where SME contributes 42 percent to GDP) or in Europe and Central Asia region, with an average 60 percent share of SME in GDP. According to the World Bank 2013 study *Fostering Entrepreneurship in Georgia*, Georgian innovative firms create 30% more jobs and are much more competitive in the domestic and global markets than non-innovative firms.

Therefore, fostering growth of entrepreneurship and creating environment for scaling up and rapid growth of innovative and more productive firms should become one of the key priorities of the country's development goals.

Similar to many countries in the ECA region and in particular, EU member countries, the government of Georgia jointly with the private sector can facilitate entrepreneurialism by raising importance of entrepreneurship, improving the general business environment, increasing access to markets, information and supporting skills development, facilitating access to finance and creating special instruments and institutions to encourage innovation, increase firm-level research and development (R&D) and commercialization, facilitate knowledge and technological spillovers to increase firm-level productivity.

The following were the important challenges faced by new entrepreneurs.

1. Developing the Vision and Business Idea

“To have a great idea, have a lot of them.”
And “There is far more opportunity than there is ability.” – Thomas Edison

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” the first true task of an entrepreneur. An entrepreneur must possess the ability to see what others cannot see. While others see problems, an entrepreneur must see opportunities.

But seeing opportunities is just the beginning. The main business challenge is going to be the ability to forge that

opportunity into a business idea. This as a business challenge because the process of transforming problems into business opportunities is like trying to turn lead into gold. The entrepreneurial process of “Creating Value out of nothing”; a process that brings innovative products into existence. Below is an illustration of how the process goes.

Identifying a problem > seeing an opportunity in the problem > Coming up with a solution > Forging the opportunity into a business idea > Integrating the solution into a business plan. Developing a vision is definitely a business challenge because an entrepreneur must sometimes assume the role of a sorcerer.. Most individuals are comfortable with the present way of doing things but it is the duty of an entrepreneur to envision and forecast the future. An entrepreneur must always be ahead of his time or else he will lose his relevance. It is the duty of an entrepreneur to bring into present what is yet to be. It is also the duty of an entrepreneur to bring solutions to other people's problems.

In the late 70s and early 80s, while IBM saw increase in demand for their mainframe computers, Steve Jobs envisioned a personal computer in every home and Bill Gates envisioned the need for easy to use software for personal computers. That single vision made Bill Gates the richest man in the world and Steve Jobs the most famous business person of the 21st century.

“A good businessman must have nose for business the same way a journalist has nose for news. A good businessman sees where others don't see.”

2. Raising Capital for Startup

After developing an idea, the next challenge that the entrepreneurs are going

to face when starting a business from scratch is that of raising capital. An entrepreneur is the only one that knows business idea to the core. Trying to convince investors about something that doesn't exist is definitely a challenge. Trying to make them understand that they are trustworthy and equal to the task is not child's play especially when building the first business.

There is more to raising capital than just simply asking for money. Most investors want to invest in already established businesses with minimal risk and they want to be sure that they get returns for the risk they took. Most brilliant business ideas never scale through the venture capital stage because the entrepreneur is either not prepared or lacks what it takes to raise the needed capital. To overcome the challenge of raising capital, an entrepreneur must develop the ability to sell their idea and vision to potential investors.. In the game of raising capital, an entrepreneur must have a good story to tell; backed by a strong business plan and good persuasion skills.

3. Assembling a Business Team

The third business challenge that an entrepreneur will face in the course of starting a small business from scratch is assembling the right business management team.

The process of building a business team starts even before the issue of raising initial start-up capital arises. Most brilliant ideas and products never get funded because the entrepreneur is trying to raise capital as an individual. A business team is a vital, yet often ignored key to raising venture capital successfully.

As an entrepreneur bound to have strengths and weaknesses. That is the more reason an entrepreneur needs a business team to cover up or compliment their weaknesses. A team is a necessity for building a successful business. It's the duty of an entrepreneur to make sure that their team sees the future as the entrepreneur see. They must believe in possibilities and must also be passionate about making that possibility a reality. If they can't grasp the vision, if they can't see the future with business, then they are not worthy being business team. An efficient strategic business team should comprise as banker, financial adviser, accountant, attorney or legal adviser and any other specialist that will be of tremendous impact to the business.

4. Finding the Right Business Location

Finding a good business location at the right place is definitely not easy. An efficient location that has a rapidly growing population, good road network and other amenities at a good place

5. Finding Good Employees

Most writers and managers crank up the process of finding good employees as an easy task. They define the process of finding an employee as simply presenting the job description and the right employee will surface. 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 the hired employees into a team.

Employees are the representatives to business customers and the outside world. They are a reflection of the business culture and ethics. If an employee is bad or rude to customers, it is going to portray a bad image for the company. So it must be careful when hiring employees. Remember the golden rule of business; "Hire slow and fire fast."

6. Finding Good Customers

The sixth challenge an entrepreneur will face in the process of starting a small business from scratch is finding good customers. In the process of building a business, an entrepreneur will come to find out that there are good customers as well as bad customers.. Good customers are really hard to find. A good customer will be loyal to the company and will be willing to forgive if the business make a mistake and apologize. A good customer will try to do the right thing that will benefit both himself and 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 business and bad customers will always try to liquidate business.

7. Dealing with Competition

Competition is the next challenge an entrepreneur will face when starting a business. Most individuals see competition as a plague but competition as a good challenge. Competition 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.

8. 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:

- Unexpected law suits
- Inconsistent government policy
- Not being able to make payroll
- Unpaid bills and taxes
- Unexpected resignation of staff from sensitive office
- Bad debts from customers
- Loss of market share
- Dwindling working capital
- Inadequate stock or inventory

These business challenges, if not handled properly can ruin the plan to build a successful business. Another challenge an entrepreneur 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.

9. Keeping Up With Industrial Changes and Trends

Change in trends is a challenge an entrepreneur must be prepared for when starting a small business. Trends have made and broken lot of businesses. profitable businesses that have been wiped out by slight industrial changes and trends. A typical example is the Dot com trend, where many established industrial based businesses were wiped out by new web based dot com companies. Seasoned entrepreneurs know that trend is a friend and are always willing to swiftly adjust their business to the current trend.

10. Exiting the Business

When building a business from scratch, an entrepreneur is going to face the challenge of determining the exit strategy.. Most entrepreneurs run their business without any plans to exit and even if they have an exit strategy, they find it difficult to implement it. Before starting a business, it is advisable to plan an exit. Lack of an exit plan is the primary reason why most businesses crumble after the death of the founder. An exit strategy is very important to the long term survival of a business.. Most smart entrepreneurs will use a certain benchmark as a target and once this specific target is reached, they exit the business. Examples of such benchmarks are: Annual sales, Annual Turnover, Asset Base, Market Saturation Customer base, subscribers or number of users.

11. Down in the Doldrums

According to several studies, entrepreneurs are more prone to depression and anxiety than the average company employee.

12. Overestimating

Another challenge entrepreneurs face is overestimating their initial success. company in 1 year and made millions that you can do the same.

13. Focus

One of the biggest mistakes entrepreneurs make in their early days is trying to be all things to all people. They attempt to sell their product or service to too wide of a market.

Entrepreneurs also face another challenge in this area. They focus on the wrong things. They spend too much time building their product without validating that the

marketplace wants needs and will actually pay for it.

14. Passion and Purpose

Many entrepreneurs choose an oxymoronic approach to business. They decide to start their own company because they want unlimited income potential, to be their own boss and holder of their own destiny. Yet as they work on building their business they realize they lack passion for what they're doing.

GLOBAL REPORTS

GEM 2012 Global Report

The GEM 2012 Global Report, launched on 17th January 2013 in Kuala Lumpur, Malaysia, estimates that nearly half of the world's entrepreneurs are between the ages of 25 and 44. The survey also reports that, in all geographic regions surveyed, GEM 2011 Global Report.

The GEM 2011 Global Report focuses on entrepreneurs and entrepreneurial employees across the globe. More than 140,000 adults (18–64 years of age) in 54 economies, spanning diverse geographies and a range of development levels were surveyed. Based on this survey.

GEM 2011 Global Report - EXTENDED

Taking the GEM 2011 Global Report and extending the discussion for an in-depth technical look at the data. Included are one-page summaries of the activity in each of the economies represented in GEM 2011 and four Appendices among them.;

GEM 2010 Global Report

With this report, the Global Entrepreneurship Monitor (GEM) has completed 12 annual surveys of the

entrepreneurial attitudes, activities and aspirations of individuals around the world. Starting with just 10 developed countries in 1999, GEM has grown to include over 80 economies.

[GEM 2009 Global Report](#)

Based on more than 180,000 interviews conducted between May and October in 54 countries, 2009 GEM data show that the global economic downturn reduced the number of people who thought there were good opportunities to start a business in many...

[GEM 2008 Global Report](#)

This is the 10th annual GEM Global Report. Over the past decade, harmonized data on entrepreneurial attitudes, activity and aspirations have been collected to provide annual assessments of the entrepreneurial sector for a wide range of countries.

[GEM 2007 Global Report](#)

This report constitutes the ninth annual assessment and review of entrepreneurial activity and entrepreneurial perceptions in countries participating in the GEM project. Since the first report was published in 1999 by scholars at Babson College and London Business School, GEM...

[GEM 2006 Global Report](#)

The Global Entrepreneurship Monitor (GEM) cross-national assessment of entrepreneurial activity is now in its eighth cycle. Started in 1999, with ten participating countries, the project has expanded to include 42 countries in 2006.

[GEM 2005 Global Report](#)

This is the seventh-annual Global Entrepreneurship Monitor (GEM) cross-national assessment of entrepreneurial activity. Started in 1999 with 10 participating countries, the project has expanded to include 35 countries in 2005.

[GEM 2004 Global Report](#)

The GEM 2004 study clearly shows that a large number of people are engaged in entrepreneurial endeavors around the globe. Based on a sample of 34 countries representing a total labor force of 566 million, GEM research estimates that 73...

Suggestions

- 1) An entrepreneur must possess the ability to see what others cannot see. While others see problems, an entrepreneur must see opportunities.
- 2) To overcome the challenge of raising capital, an entrepreneur must develop the ability to sell their idea and vision to potential investors.
- 3) An entrepreneur to make sure that their team sees the future as the entrepreneur see.
- 4) To find out an efficient location that has a rapidly growing population, good road network and other amenities at a good place.
- 5) In order to overcome negative mindset an entrepreneur should empower himself by reading inspirational articles, successful stories, great books, movies etc.
- 6) In order to overcome lack of support an entrepreneur should find out a virtual group of people in Social Media that support and promote each other.

Conclusion

An entrepreneur is one who plays significant role in the economic development of a country. Basically an entrepreneur can be regarded as a person who has the initiative, skill and motivation to set up a business or an enterprise of his own and who always looks for high achievement. The most important challenges faced by new entrepreneurs include Developing the Vision and Business Idea, Raising Capital for Startup, Assembling a Business Team, Finding the Right Business Location, Finding Good Employees, Finding Good Customers, Dealing with competition, Unforeseen Business Challenges and Expenses, Keeping Up With Industrial Changes and Trends, lack of support, negative mindset, lack of marketing facilities, lack of infrastructural facilities etc. So it is necessary to overcome these challenges in order to conduct an efficient business.

Women Entrepreneurs in India- a socio-economic study of Delhi-1075, Mittal publications, Delhi.

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