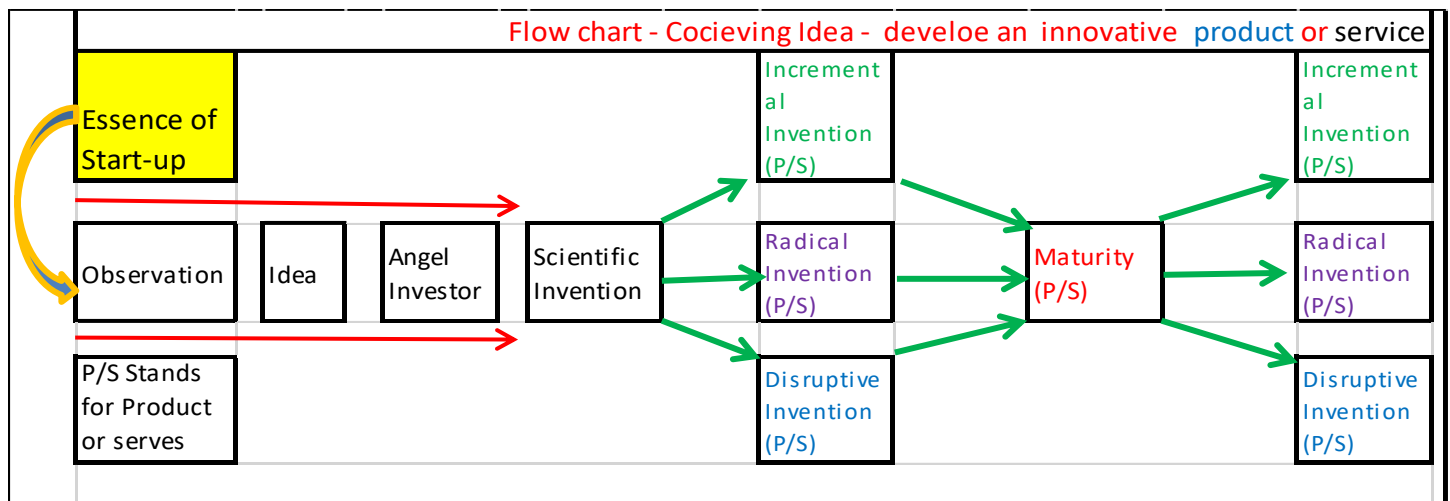




Innovative Product or Service is Preferred for Startup.

This article pertains general information and awareness about the startup in Pakistan at small scale. **Business start-up means to start a business with IDEA for new service, new product new market, traditional business or positioning of new / improved product/service with old where gap exist regarding quality of service.** Market forces (supply & demand) are major motivators for the startup. General public will surely accept new product /service if it provides an ease and more comfort to an end user along with incentives of economy and quality. Idea must pertain **scalability, momentum and capacity** to march toward unicorn- a company crossing worth \$1 b. Mostly unicorns found in USA and China. Bahria Town (Pvt) Ltd is the best example of unicorn in Pakistan. Flow chart for conceiving IDEA for new product / services marching towards unicorn is mentioned as below;



Following four dimensions of startup will be discussed;

- **Past Trend:** Emergence and acceptability of new product or service and its acceptability.
- **Successful entrepreneurs:** Suggested and tested entrepreneurship model for startup with maximum probability to make venture successful.
- **Potential in Pakistan:** Where is the mark gap to introduce fresh startup?
- **Challenges to undertake startup:** There are different stages where startup faces tough time.

○ **Past Trend.**

1. **New Service:** OLX, pakwheels, Uber, Caream, inDrive, Drop shipping, easy paisa, free lancing and many more such online services are now has been transferred from startups to mature businesses.
2. **New Product:** Generally, there are four types of new products such as;
 - a. **New Product Developed:** These types of new products are basically extension of old one with akin use for same objective-to quench the hunger with bread or extended product sandwich or burger.

All products exist at a time in the market. Have you vision to create an extended product from your existing business for another startup?

- b. **Incremental Product:** Products remain the same but more facilities are added to make user more comfortable for multiuse. Improved products, like cell phone, provided opportunity to thousands of people to launch startups. Addition of facility gives new life to product and ensures business life be further prolonged due to shift of sale on incremental product. Such product may or may not be a revolutionary in economic sense both for startup / firm & national economy.
- c. **Radical Product:** A new Hi-tech product that brought revolution but could not drive out the existing product from market. These radical products are further improved or incremented. Such increment in product provides further startups opportunities directly or indirectly.
- d. **Disruptive Product:** Such Hi-tech innovated product drives out the old product from market. Disruptive product invention provided gigantic opportunity to thousands of people to start new businesses having backward and forward linkage effects. Product dynamics tabulated below.

Product	New				Incremental				Radical		Disruptive	
S.No	Old Product	Extended Product			Product	Increment / Improvement			New Product / Service	Existing	New Product	Driven Out
1	Bread	Bun	Sandwich	Burger	Cell Phone	2G	3G	4G	Airplane	Vehicle/Train	Computer	Typewriter
2	Soap	Vim Power	Liquid		Computer	286-486	Pentium	I-Series	Cell Phone	Telephone	Tractor	Plough
3	Wheat	Cereal	Rusk	Biscuits	Train	Coal Fire	Diesel	Electric	Tap Recorder	Radio	Internet	Postage
4	Pitcher	Cooler	Refrigerator	Deep Freezer	Car	Corroborator	EFI	Hybrid	Online Transfer	DD/PO/Cheques	Blub	Lantern
5	Milk	Yogurt	Butter	Ghee	Washing Machine	Timer	Buzzer	Dryer	Online Shopping	Personal Visit	WIFI	Wire
6	Stone	Brick	Block		Textile Mill	Gining	Card	Grey Cloth	Wrist Watch	Digital Watch	Nylon	Jute

3. **New Market:** Market for most of the products was limited to extent of urban areas only. For example, bakery, medical store or fast food hut etc. This situation motivated the thousands of startups to establish market for these types of goods in rural areas. Bahria Town & DHA started from Rawalpindi established new market in Islamabad, Lahore, Karachi, Peshawar and now in Multan.
4. **New Material:** Invention or exploration of new material ensures the successful startup. Americans invented nylon in 70's that has derived out the jute from the market. New material means invention of nylon, plastic and exploration of herbals, spices, stones, minerals metals etc. Even, existing material can be used to produce the new product to launch an innovative startup.
5. **New Method of Production / Service:** Japan, China and America took the lead to shift the methods of production from manual to mechanization and then implanted robots in production. Summarily, teaching has been shifted from classrooms to What Sapp. More brain storming is required to improve the methods of production in agriculture, manufacturing and construction. More startups are required in consultancy business to explore further improvement in manual and technology to cut the cost, reduced the timings and to improvement the quality.

○ Suggested Successful entrepreneurship Models

There are different dynamics and indications that ensures maximum probability of success. Let us discuss in brief;

1. **Experience during Employment Model:** A person having got experience during employment can start a business in the same field. Most of the expertise / skills are related to soft skills like services and hard skills like technical skills. See the example.

S. No	Past Experience as an employee.	Priority areas for startup.
1	Teacher / Lecturer/ Professor.	Education Academy/ School/ College/ Tuition center etc.
2	Accounts / Finance.	Consultancy Firm - Accounts, Finance, tax & Audit etc.
3	A retired doctor.	Hospital / clinic.
4	A retired Army man.	Security company.
5	Sales / Marketing.	Distribution or marketing business.
6	Manufacturing of certain product.	Manufacturing / production of same product.

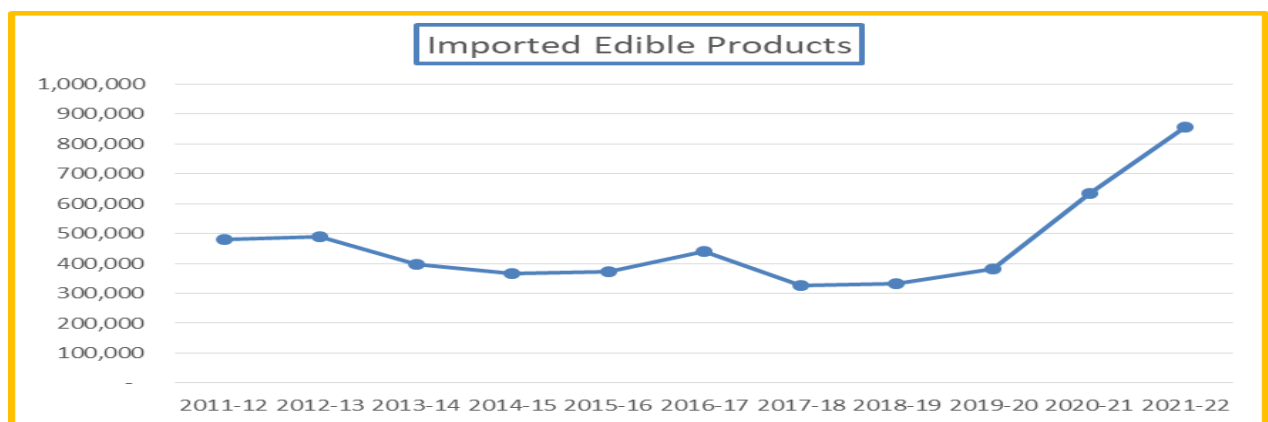
2. **Indigenous Business Expert Model:** It's a tradition in Pakistan, to some extent, that a next to kin / family member of doctor joins the medical field, an army man joins army and a businessman starts business. A next to kin of business person gets a lot of business knowledge and techniques formally and informally from family business. Therefore, family member of active business is in better position to launch a successful startup in the same line or diverse field.
3. **Capital Availability Model:** Another popular channel for startup, apart from the above two, is availability of sufficient capital to support the business start-up to the point of sustainability. Since the founder of start-up has no experience, he must engage an expert partner or employee to reduce the risk associated with investment. Business startup is very risky without expertise. Combination of Capital and skillful hand are two mandatory conditions to ensure the successful startup. Neither capital nor expertise serve the purpose in isolation.

○ Potential in Pakistan.

Market gaps exist in all three major economic sectors in Pakistan. We must analyze the major sectors of national economy for further verification of these gaps or potential areas.

1. Agriculture Sector

It contributes 22.7 percent to the GDP and provides employment to around 37.4 percent of the labor force. Crops and livestock, 61% as a leading share in agriculture, are two major sub sectors of agriculture. Pakistan is 5th largest producer of agriculture products in world ranking. Even then, imports of edibles products are increasing day by day. We are still importing wheat, pluses, vegetables and fruit etc. that could have been locally produced.



We have resources not only to produce for national requirement but can export the agriculture products. Let us see where the potential exist in agriculture sector.

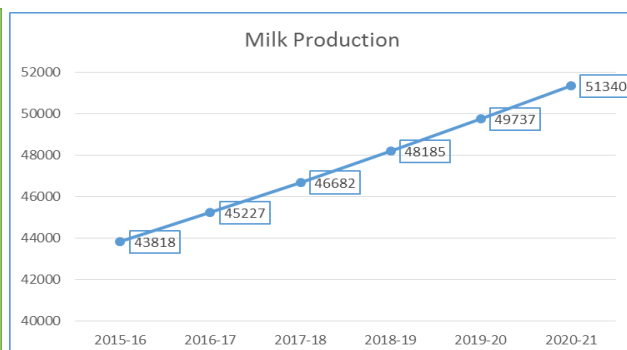
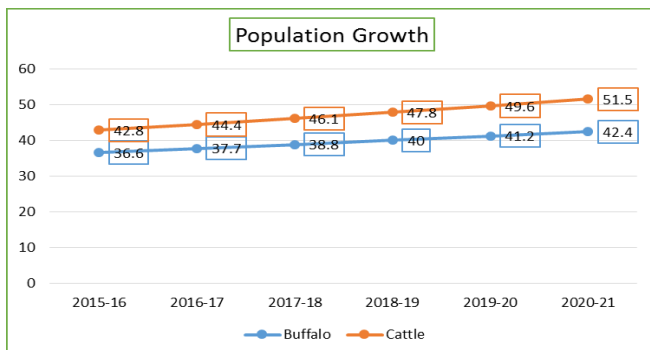
a. Crops

- All farmers start sowing or harvesting activities at a time due to the seasonal impact on crops. Most of the times labors and machinery are not available at a time. This can only be managed if fresh startups, in shape of firm or company, give complete solution to their problems. Such startup can be turned into mature business entrepreneurs in Punjab & Sindh with this **innovative idea**.
- Similarly, the same formula can be applied in Pothowar & KPK with little bit changes. Individual holdings reduced so small, after inherent division, that economies of scale does operate and, most of the times, expenses exceed from the value of produce. I have developed a model under name and style of, "CEEM" to produce economies of scale to generate thousands of the startups in entire region through all four activities as mention above in cultivation process. CEEM means a Community Entrepreneurship Economic Model for 1.61 million hectare (28% of total 5.75 mh rain fed area) for Pothohar Plateau. Basically it's restoration of old community of 70's having substantial holdings to produce enter year's livelihood for a family in rural areas of Pothohar.
- Some nontraditional crops, having big potential of \$ 3 b export in global market, have ignored since long. These products includes Water Chestnut, Moringa, Stevia, Caelian Husk(Aspagol), Olive and Mushroom etc.

Stages	Flourishing	Harvest	Post Harvest	Post Marketing
Demand for machinery	Machinery for sowing & irrigation and weedingup	Machinery for cutting, picking of fruit & vegetable and harvesting of crops	1)Purchase pre or post-harvest crops. 2)Storage 3) Fumigation	Transportation
Potential of Startup exist if firm or comoany is formed to provide one window services to one are all activities.	Sowing	Harvest	Marketing	Distribution
Denand for Labour	Hiring of labor for making furrows & weeding-up	Hiring of labours to arrange produce, chaff and other by products.	1) Middleman 2)Agent, 3)Representative	Drivers. Loaders etc.

b. Live Stock.

Though there is a tremendous growth in livestock and its products, but demand always exceeds the supply. Same is the trend of poultry and its products apart from cattle and dairy farms. More than 90% live stock is reared by the individual / families devoid of formal arranging of using advance technology. SMEs have great potential for startups in livestock in term of dairy/cattle/goat farming by using the advance techniques for breeding and rearing. Pakistan has best area for livestock in Pothowar, KPK and Kashmir.



2. Industrial Sector

Successful startup also depends upon the size and comprehensive planning in term of detail pre-feasibility in manufacturing and allied businesses. Let us see what is role of size / quantum in business to support sustainable startups.

- a. **Large size startup:** Large scale manufacturing (LMS) startups, headed by the giant business groups, mostly turn successful ventures due to comprehensive pre-feasibility study on market gaps. Such LSM, cement plant, textile mill, sugar mill or oil refinery etc. will create huge employment along with **great potential** of providing opportunity to hundreds of small scale startups for supply of goods /services. Small scale startups will provide consultancy, repair & maintenance, janitorial & IT services, and supply of parts/stationery/electric items & raw material etc.
- b. **Medium size startup:** SMEs startups are common in less developed countries like Pakistan. Such startups can be observed in all three sectors of economy as an Agriculture farmer, manufacturer or a trader. SME startup also provides opportunity to small scale startups, like LSM, for providing goods and services.
- c. **Small Scale startup:** This type of startup is very much vulnerable and dependent on LSM and SME. Provision of goods / services to LSM & SME. Most of the startups in this category fails due to the following reasons;
 - i. Startup with no prefeasibility study or bad planning which is causative of 89% failures.
 - ii. Startup without indigenous expertise / expertise got during employment.
 - iii. Vicious circle of low investment, low turnover and, finally, low income.
 - iv. To become too much optimistic or pessimistic without realizing ground realities.
 - v. Risk of heavy receivables stuck-up with LSM or SME against providing goods or services.
 - vi. No control over unjustifiable expenses.
 - vii. Departing from market paradigms.

3. Service Sector

There are, approximately 5.0 million entrepreneurs registered with different departments. Service sector Contributing leading share of 58% in GDP while accommodating 48% employment. There is a great potential for qualified and professionals in the following areas;

- a. **Gig Economy:** The type of job an individual discovers and access through online platforms that list such jobs such as writing, painting, driving for a ride-sharing service, freelancing, training, fitness training, and teaching. United States has captured a big global market for Gig workers followed by India, Indonesia, Brazil and Pakistan. Growth rate of Gig economy in Pakistan is more than India but in volume it's for less. Youth has all times big opportunity to tap the potential in global market of Gig economy.
- b. **Other Areas:** AI-application, Quantum Computer-programming and ChatGPT etc.
- c. **Consultancy Services:** Most of the government department and SMEs are not fully shifted to system finding no plausible solution. Complexity and timing does not permit them adoptability. Professionals like Management Accountants, Chartered Accountants, Engineers', and Lawyers, agriculturists, Pharmacists and teachers must think new ideas /approach to ease their clients/customers with perfect solution.
- d. **Hospitality Industry:** A qualified professional can launch a successful startup in hoteling, travelling, touring and camping etc.
- e. **Medical Tourism:** Excellent doctors are available in Pakistan to attract the foreign patients at competitive rates. There is big scope for health care industry to launch a startup as India and Hong Kong took lead in Asia.

- f. **Rural area Market:** There is a great potential to launch a successful startup in drop shipping, cash & carry, pick and drop service, carting, town planning and shadi hall etc.

○ **Challenges**

Following challenges are faced by the startups;

1. Registration of product, brand and IPO takes more than a tedious process.
2. Acceptability of new idea, product or service needs heavy investment.
3. Non availability of venture capitalist in Pakistan like in advance countries.
4. A large number of traditional businessmen are still there in informal markets.
5. Initiator / Innovator has to face imitator, Fabian and drone in the market having weak adoptability.
6. Except SMEDA, no other such government initiative to support the entrepreneurs or startup.
7. No college, university, institute or research center is established either by the state or private sector for training and launching the startups.
8. No campaign on print, electronic and social media for any information on startup.
9. Both government and private sector prefer to meet the failure over taking the advantage of consultants' expertise.
10. Startup faces different challenges without prefeasibility regarding cost and sales volume.

(**Note please:** Data is collected from websites of SBP, PSB, Economic Survey and others).

About the Author: The writer is a Fellow Member of ICMA Pakistan and CEO at Mazhar Mahmood & Company in Rawalpindi. He is the Official Trainer of SMEDA for Business Development and also Consultant at PIPS (Parliament House) for commentary on performance of outgoing year & Annual Budget. He served as a GM (Finance) in a business group and also Zonal Head of Accounts at Muller & Phipps Pakistan (Pvt) Ltd.

.....**The End**.....