


## Chapter 2

# Empowering Scalability Through Resource Optimisation for Fuelling Startups Growth

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### ABSTRACT

*Scalability is one of the core imperatives that fuels startups for sustainable growth. Similarly, it enables scalable startups to secure adequate funding to advance their strategic plans towards the desired business goals. As startups progress, they gain from enlarged business scale and internally benefit from process enhancement. Despite this realisation, many startups face numerous challenges that hinder progress according to plans, primarily due to the need for more resources. Like most small businesses, startups of young companies operate in a lean corporate structure with limited resources. To be successful, startups must understand and overcome the shortcomings that prevent them from scaling up their businesses. Furthermore, they must adopt and leverage the success factors of scalability to achieve sustainable business growth. This chapter explores and elaborates on the relevant aspects of startup scalability and how strategic resource optimisation can drive their growth.*

### INTRODUCTION

In essence, startups are young companies established to develop unique products or services that aim to disrupt industries and change the world, all at a scale (Baldrige & Curry, 2023). Conversely, startups' products or services are often innovative, either resolving existing product deficiencies or creating entirely new categories of goods and services. Arguably, startups disrupt thinking and doing business for entire

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industries. Many aim to implement novelties in industries, enabling consumers to benefit from their innovations. Despite the disruptive nature of products and services, many startups failed before reaping the full potential of their capabilities; nine of ten new businesses fail for numerous reasons (Patel, 2015). One of the primary reasons for start-up failure was “no market need” for their products or services. In simple terms, the failed startups could not solve a market problem in a scalable way, where five out of the top ten reasons were attributed to customers whose needs were not met (Yohn, 2023). On the other note, only 10% of startups become successful in their business ventures, attributed to their scalability. Against this background, scalability is critical as it enables startups to grow and expand in a way that is efficient, cost-effective, and sustainable. In scaling the business to the next level, startups must add significant resources, leverage processes and form partnerships to grow the business within the validated business concept and a sustainable business model. Essentially, startups must prioritise and adopt green initiatives when implementing new strategies in their business operations. Conversely, a study in India reveals the critical need for businesses, including startups, to promote green finance for development projects to make their economy more environmentally friendly. In other words, the country needs to exploit its start-up potential to address environmental issues more quickly and efficiently (Bhatnagar et al., 2022). By doing so, startups can experience rapid growth to achieve a competitive scale and establish sustainable market leadership (Picken, 2017).

Nevertheless, startups need help to succeed and grow sustainably. In this context, they can certainly learn from previous startup experiences. By comprehending the common deficiencies among the startups causing the early demise of their business operations, startups can be more prepared to face the challenges they may encounter. On the other hand, they can also learn from successful startups. To succeed, startups must be agile to capture opportunities and transform their operating models to generate better asset value. They can play a critical role in disrupting consolidated patterns in the market and producing innovations in value creation, benefiting society at large (Oliva & Kotabe, 2019). In short, startups can enhance their business sustainability by effectively handling the common deficiencies causing startup failure while leveraging the valuable lessons from the successful ones. Based on these narratives, this chapter discusses the significance of startups in creating business dynamics and economic growth that is essential to nations and communities.

Conversely, it aims to identify the primary challenges affecting startup performances. Moreover, it also dwells on the critical success factors driving startups to sustainable growth. Consequently, the practical implication of this chapter related to best practices will be deliberated for possible application by scalable startups. The discussion in this chapter will also benefit academia, policymakers and other stakeholders dealing with startups.

## **BACKGROUND**

Historically, the first startups can be traced back to 1890 when Edison General Electric Company was established to construct electrical generating stations, initiating the universal domestic use of electric light. Fast forward, the term “startups” became a prominent buzzword in recent decades when numerous tech-focused young companies started to mushroom globally, mainly in the developed nations. The startup’s phenomena gradually expanded to other countries worldwide. However, startups can be challenging; hence most of them fail. Over two-thirds did not return positively to the investors (Eisenmann, 2021). In short, few startups were profitable, with a small fraction of the successful ones achieving unicorn

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