

Communication Skills: A Much Needed Tool for Startup Success

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Abstract: The startups can play a vital role in the growth of economy of any country but the creation of a new businesses and its sustainability and growth in a complex economic environment is challenging. Some startups emerge and grow while many others fail. Every year, despite the million dollar funding and years of strategic planning there is demise of several startups in India. It, therefore, is important to find certain ways to reduce risks. The paper explores the relationship between different dimensions of communication skill and success of startups. The startup and growth process involves all normal organizational activities and practices i.e. finance generation, human capital management, meetings, strategic decision making, customer relations management and the like where communication skills play a crucial role. Here, it must be remembered that talking is not communication. Although some researchers have highlighted different communication skill areas for successful entrepreneurship yet a focused approach to potential value of communication skills and a compact model still seems missing. The literature review and case study based paper discovers that a structured approach to communication management based on different dimensions of communication skills can help avoid downfall and lead to success.

Index Terms: Communication skills, Startup, Dimensions, Success

I. INTRODUCTION

Startups can be defined as creation or development of a new business. The entrepreneurship and startups can play a vital role in the growth of economy of any country. Recently, there is an increased awareness and a new wave and enthusiasm about it in India and several startups have emerged across the country but establishing and scaling up a Start-up is not an easy task. Some may emerge and grow while many others fail. The creation of a new businesses and its sustainability in a complex economic environment is challenging. While talking about demise of 17 startups in India, Agarwal, Meha (2017) writes, "But even the million dollar funding and years of strategic planning could not help them avoid their demise in 2017". It, therefore, is important to find certain ways to reduce risks. The journey from conception of ideas to the creation of a business and then sustainability in the market involves various activities and interaction. Any startup involves all normal organizational activities and practices i.e. finance generation, human capital management, meetings, strategic decision making, customer relations management and the like where communication skills play a crucial role.

II. RESEARCH METHODOLOGY

Qualitative - Based on Literature review and Case studies

2.1 Research Problem and Hypothesis

Do communication skills affect the success of startups? A positive relation exists between and effective communication skills and success of startups.

2.2 Research Gap

Several skills to avoid start up failure have been identified. Communication skill is one of them. There has been limited research about communication or social skills in entrepreneurship research (Baron, 2007). Although some researchers have highlighted different communication skill areas for successful entrepreneurship, yet there is a lack of focused research on the potential value of communication skills and communication management for handling start up issues, and a compact model still seems missing.

2.3 Objectives

The objectives are to:

- Identify communication skills that startups need to develop to create and manage business.
- Explore the relationship between different dimensions of communication skill, and sustainability and growth of startups, and present a model to benefit startups.

2.4 Literature Review

The upstart companies face several problems while entering the market mainly because of new entry. Despite virtual possibilities of almost every kind of information provided by new technologies, there is still a risk that potential customers, financiers and suppliers may hesitate to engage in a new business (Choi, 2004).

2.4.1 Finance Management and Communication

The new entry in the market, lack of track record and brand support are some of the a big hurdles in finance generation. Due to this new businesses are supposed to face problems in acquiring resources from stakeholders (Stinchcombe, 1965). However, the research of Zott and Huy (2007) highlights that entrepreneurs can overcome this problem of securing required resources , by focusing on the art of presenting and communicating the product/service, organisation and themselves. Thus, effective communicative skills are essential for the entrepreneur for acquiring resources (Baron and Markman, 2000, 2003; Baron and Tang, 2009)and for overcoming the liabilities of establishing a new business (Zott and Huy, 2007).

2.4.2. Human Capital Management and Communication

The available research has considered Human capital as a resource for the entrepreneur (Katz and Gartner, 1988); has found a positive relation between human capital and new business development (Kim et al., 2006) ; and has emphasized the contribution of human capital to the growth of the new business (Bosma et al., 2004; Mosey and Wright, 2007). The skills of this resource deserve due attention. This human capital can be successfully managed through effective communication and similarly the same human capital can contribute to the startups through their communication skills.

2.4.3 Communication Skills

Communication is important at every step of a business development, especially in the early entrepreneurial phases (Holt and Macpherson, 2010; Lee and Jones, 2008) because any business involves lots of interaction -internal as well as external. Communication skills with reference to start ups is competence in the interaction with various stakeholders. Communicative skills are indispensable requirement for entrepreneurs for the start-up process (Baron, 2007) , because they are new in the market and lack in a track record for the business (Aldrich and Fiol, 1994). In the past entrepreneurship research, Communicative skills have been designated as social skills (Baron, 2007, p. 172) also. The founder himself/herself is the major resource (Brush et al., 2001, 2008) and the higher the social skill of the founder, the better the results (Baron and Markman, 2003; Baron and Tang, 2009). However, the requirement of these communication/social skills extends to all the stakeholders.

There are various dimensions of Communication skills and management. The paper will incorporate the following dimensions of Communication skills with reference to startup management:

1. Interpersonal Skills
2. Presentation Skills
3. You Attitude and Empathy
4. Soft Skills
5. Listening
6. Routine Communication
7. Team Communication
8. External Communication
9. 7 Cs of Communication

2.4.3.1 Interpersonal Skills

Whether it is convincing the customers, government officers, bank officers or it is handling of employees or working in a team or playing the role of a boss, the getting work done requires good interpersonal skills. 'Learning and building trust with the stakeholder environment will affect entrepreneurs' ability to survive, as well as their ability to read the emotions of others and their own impact on communication and actions' (Gibs ,1997).

2.4.3.2 Presentation Skills

Presentation skills play a vital role in attracting stakeholders which is crucial for startups for the start, sustainability and growth of their businesses. Since an entrepreneur's business presentation performs two important tasks: It provides information about the business and reflects his personality and capability to manage and grow the business ;credibility of presentation is crucial (Hoehn-Weiss et al., 2004).

2.4.3.3 You attitude and Empathy

The entrepreneurs and their team ,during their communication with diverse stakeholders, should take you attitude very seriously. To get the positive response 'I attitude should be blended with 'You attitude 'in such a way that 'You attitude becomes more apparent. It refers to empathy and consideration for others; also mentioned as 'Other Orientation' closely knit with empathy, morals and values by Wiemann, (1977). Empathy includes, communicating effectively and expressing appreciation (Yukl, 2006), and has also been seen as one of four leadership qualities that create trust (Bennis and Goldsmith, 1997) It impacts performance, achievement and relationship. Gorgievski et al. (2011) Suggest that satisfaction of stakeholders is one of the top three success criteria for small business owners. This is possible if the entrepreneur is empathetic. 'To be able to understand the feelings and perceptions of other people, it is important to have empathy (Wiemann, 1977; Yukl, 2006)' .Good communicators take care of the

interests of others as well as of themselves in mind (Littlejohn and Foss, 2008). Thus, keeping in mind individual goals blended with common goals can lead to success.

2.4.3.4 Soft Skills

The soft skills can be defined as the behavioural skills required for the application of hard skills and knowledge in organizations (Rainsbury et.al, 2002) and as a set of skills and talents of an individual (James et.al., 2004). Muzio et. al. (2007) categorize the soft skills as: 1) interpersonal skills; 2) personal and social skills; and 3) cognitive skills. Soft skills includes a wide range of attributes :i.e. Ambition, positive attitude, confidence, overall refined behaviour and the like and these are inherent to managing startups.

2.4.3.5 Listening

The entrepreneurship literature says that a successful entrepreneur should be - receptive to new ideas, an information seeker and eager to learn (Wickham, 2006). Listening is important for this. Startup people must be skilled in listening to ensure they understand the message conveyed by others in its entirety: The matter and the manner both. The content, the attitude behind, the context, the nonverbal and the paralinguistic features as well. Listening must be done with both- with ears and eyes, to pick up all the explicit and implicit cues latent in the message. Rogers (1987) supports alert communication, information gathering and active listening for desired action to succeed in business.

2.4.3.6 Routine Communication

The entrepreneurship begins with opportunity identification and the two basic factors for this are – ‘gathering required information and cognitive attributes of one to analyse and use that information (Shane and Venkataraman, 2000)’. Besides, in routine, various communication roles i.e.: Information collection and dissemination, delegation, coordination, critical analysis, filtering, Decision making; and communication flow in different direction: upward, downward and horizontal; come to the fore. The communication helps – build up cooperation, create and improve networks, and enhance social capital (De Carolis and Saporito 2006). Martin Zwilling(2013), writes that most start-up mentors told him that that ‘the single biggest problem’ they faced in small companies was “the lack of open, honest, and effective communication, both from the top down and from the bottom up. Some entrepreneurs forget that talking is not communicating.” All these area of applied communication need attention and training.

2.4.3.7 Team Communication

Employees don't work in a vacuum; they need to communicate and work with others to get their jobs done. Employers need to manage relationships at workplace to keep the business functioning smoothly. This involves various dimensions of communication discussed in the paper and reflected in the model. Employee relations are a significant driver of entrepreneurship (Edralin, 2010). Strong tie-ups within a team facilitate the work and Common understanding of information and similar behaviour and work pattern help individuals make use of new knowledge and cooperate effectively in pursuing new ideas (Nonaka, 1994). Thus, communication becomes a liaison device, that enables business. (Feldman and Rafaeli, 2002) and plays a vital role in building a common understanding.

2.4.3.8 External Communication

External communication involves Convincing and Persuading skills and Impression Management. The startups face various hurdles in dealing with external stakeholders. it is more important to establish exchange relations with customers, suppliers and financiers than to establish an organization consisting of clarified roles and functions. (Delmar et.al., 2004). it is very difficult for new entrepreneurs to convince potential customers due to lack of a track record and established brand (Aldrich and Auster, 1986). Similarly, Stinchcombe (1965) points out that new businesses face great problems in persuading potential stakeholders to support them. New business managers can significantly reduce problems in handling start-up activities by generating legitimacy with external stakeholders Delmar and Shane (2004). They should work on relationships before attempting persuasive communication.

2.4.3.9 Seven Cs of communication

Seven Cs of communication – Clarity, conciseness, completeness, consideration, courtesy, concreteness and correctness are required while drafting any professional document i.e. business plan, Loan approval proposals, emails.

2.5. Case Studies

The paper explores the theme through real case studies also. The source of all the case studies is <https://inc42.com/features/indian-startup-shutdowns-2017/>

2.5.1 Case Study 1

Pirates Kitchen, a theme based restaurant failed as “The team was not able to scale it up that well” and the founders, lacked deep knowledge in the field of hospitality industry. From communication angle team communication, coordination, human capital management and information seeking are the main issues.

2.5.2 Case Study 2

The company named ‘Blahdiary’ established by Lijin John aggregated certain political, social and brand related content and worked on copyediting projects with the promise of best results but their “idea lacked clarity, form and direction”. The founder

suggests that the face of the organisation, its core offering and the team behind delivering this should be on the same page. The communication issues involved here are 7 Cs of communication, coordination information sharing and impression management.

2.5.3 Case Study 3

The online business Benarasisarees.com, founded by Mr Abhishek Kumar, ran into trouble because of Weak business model, lack of customer satisfaction and not full involvement of the team. Here, the communication issues that need attention are- information, planning, Business plan drafting, presentation, internal-external people handling, team management.

2.5.4 Case Study 4

The ecommerce website for niche goods 'Virtuplus' started by Mr Vinay Mehta could not compete with the competitors because it failed to do proper work " on raw sketches before implementation. Again the communication issues that need attention are- information, planning, Business plan drafting, 7 Cs and presentation.

2.5.5 Case Study 5

The company Oravel Stays (OYO Rooms), a Marketplace for Bed and breakfast, founded by Mr Ritesh Agarwal faced very hard times because it failed to build a good team which resulted in arguments in the team and ultimately the downfall. The Company, however worked on its weaknesses and is doing well now. The main reason of failure is Communication skills and communication management.

III. RESULTS AND DISCUSSION

3.1 Findings

- The literature review highlights the importance of communication skills for the success of startup
- The case studies give insight into the fact that ignorance of communication skills has been one of the major factors of their downfall.
- The paper finally identifies various dimensions of communication skills which could help reduce failure rate of startups and discovers that communication skills and communication management can contribute to the sustainability and growth of startups.

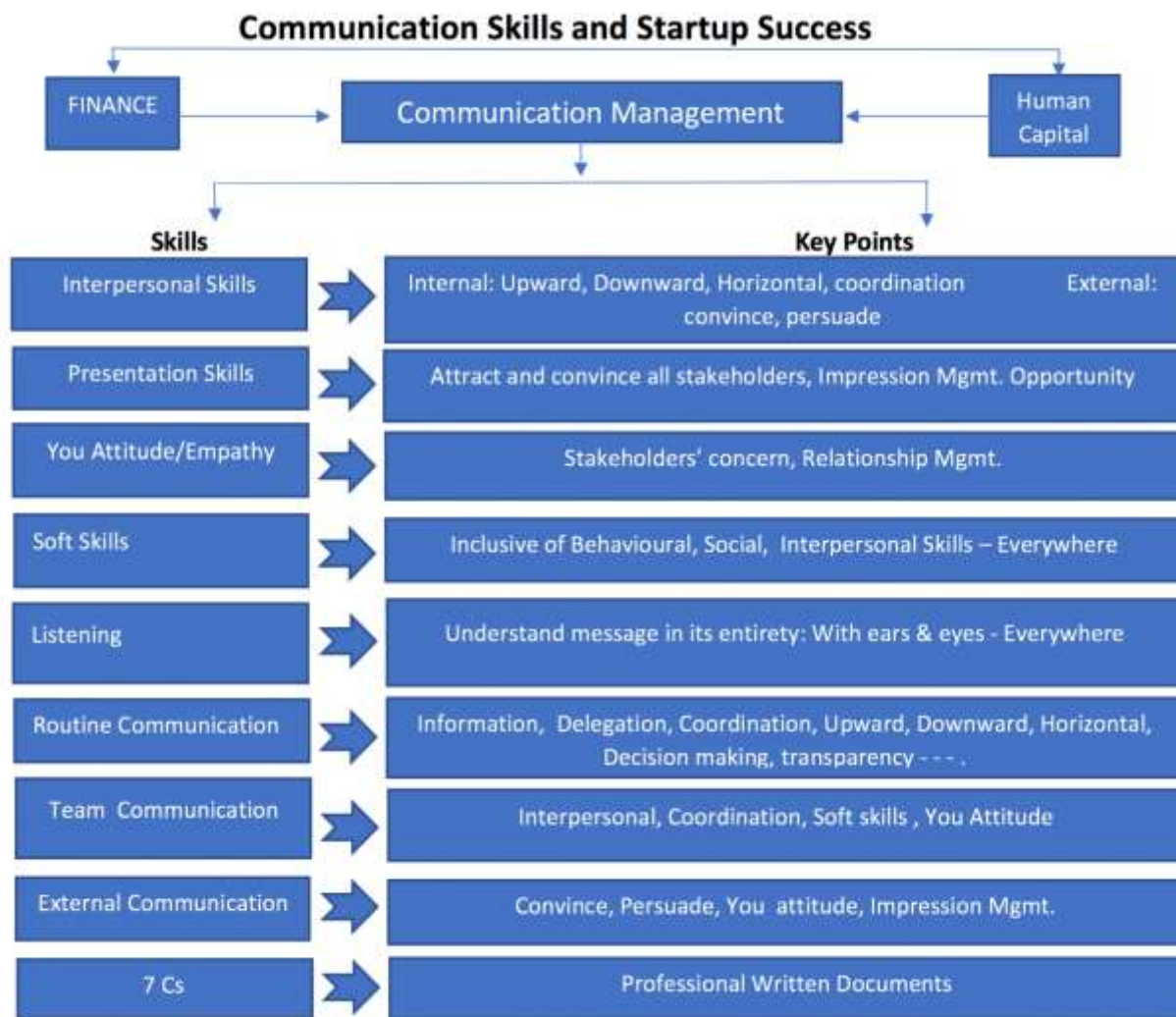
3.2 Future Implications

With regard to future studies it's important to acknowledge that startups need to pay attention to effective communication skills and skill of communication management to overcome difficulties, and to ensure success of the business.

3.3 Conclusion

Thus, just as Startups are a part of strategy to boost the economy, various dimensions of communication skills are a part of strategy for the sustainability and growth of startups. These are the skills every entrepreneur and his team must possess. The more developed the communicative skills the fewer the problems in handling various startup and scaling up issues. There are several speed-brakers in starting and scaling up of startups. A structured approach to communication management based on different dimensions of communication skills can help avoid downfall.

Model



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