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## **SUCCESS FACTORS OF STARTUPS AT DIFFERENT STAGES OF THE LIFE CYCLE**

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## **ФАКТОРИ УСПІХУ СТАРТАПІВ НА РІЗНИХ ЕТАПАХ ЖИТТЄВОГО ЦИКЛУ**

*The article considers the success factors of startups, taking into account the stages of the life cycle. Creating an effective startup ecosystem is emphasized based on a study of the world's leading ecosystems according to the Global Startup Ecosystem Index 2023. Using the example of the USA and Singapore, the importance of state support for startups and the creation of favorable legal support for startup entrepreneurship is highlighted. It was determined that the world's leading ecosystems are characterized by a balanced combination of support from the private and public*

*sectors. The success factors of startups at the Pre-seed, Seed, Startup, Growth, Expansion, and Exit stages of the life cycle are considered. It is highlighted that each stage has both familiar and different components of success; the complete component is the presence of an idea that can satisfy the market's needs and be a competitive and motivated team with the correct distribution of roles and appropriate skills. Team members can have different origins, geographical locations, enriching the startup with cultural and communication experience. For the pre-seed and seed stages, it is necessary to correctly assess the market needs and the team's qualifications, since the largest share of startup failures falls on these stages. At the start-up stage, a startup may face challenges such as a lack of market demand and investor interest. The Growth stage is characterized by maintaining leadership positions through customer retention, building brand loyalty, and investing in research and development. The expansion stage requires attention to international market research for business expansion and adaptation of the business model to the market. For the Exit stage, it is necessary to develop the right strategy, which includes legal and financial operations for the exit. Startups must also anticipate and align with market trends, using competition and indicators to guide their strategies. Niche segmentation focuses on fulfilling specific market needs, even if it means a higher cost or reduced effectiveness in non-critical areas, while resegmentation strategies compete within existing markets. Furthermore, the collaboration of ecosystem participants and state support play crucial roles in fostering a conducive environment for startups. Further research is needed to explore international experiences and improve the startup landscape, particularly in regions like Ukraine. The importance of understanding the life cycle of a startup and the factors that influence the success of startups is emphasized. From idea generation to scaling, a focused team, constant market analysis, and adaptation within market niches are essential for survival and success.*

*У статті розглянуто фактори успіху стартапів враховуючи етапи життєвого циклу. Підкреслено важливість створення ефективної стартап-екосистеми, на основі дослідження провідних екосистем світу відповідно до Global Startup Ecosystem Index 2023. На прикладі США та Сінгапуру виділено важливість державної підтримки стартапів та створення сприятливого*

законодавчого забезпечення стартап-підприємництва. Визначено, що провідні екосистеми світу характеризуються збалансованим поєднанням підтримки приватного та державного секторів. Розглянуто фактори успіху стартапів на Pre-seed, Seed, Startup, Growth, Expansion, Exit етапах життєвого циклу. Виділено, що кожен етап має як спільні так і відмінні складові успіху, спільною складовою є наявність ідеї, що може задовольнити потреби ринку та бути конкурентоспроможною та вмотивована команда із правильним розподілом ролей та відповідними скілами. Учасники команди можуть мати різне походження, географічне розташування, збагачуючи стартап культурним і комунікаційним досвідом. Для передпосівного етапу необхідно правильно оцінити потреби ринку та кваліфікацію команди, на етапі запуску стартап може зіткнутися з проблемами, такими як відсутність ринкового попиту та інтересу інвесторів. Growth етап характеризується збереженням лідерських позицій через утримання клієнтів і формуванням лояльності до бренду та інвестуванням в дослідження та розробки. Expansion stage вимагає уваги до дослідження міжнародного ринку для розширення бізнесу та адаптація бізнес-моделі до ринку. Для Exit етапу необхідним є розроблення правильної стратегії, що включає юридичні, фінансові операції для виходу. Стартапи також повинні передбачати ринкові тенденції та відповідати їм, використовуючи конкуренцію та індикатори як керівництво для своїх стратегій. Сегментація ніші фокусується на задоволенні конкретних потреб ринку, навіть якщо це означає більш високі витрати або зниження ефективності в некритичних сферах, тоді як стратегії ресегментації конкурують на існуючих ринках. Крім того, співпраця учасників екосистеми та державна підтримка відіграють вирішальну роль у створенні сприятливого середовища для стартапів. Потрібні подальші дослідження для вивчення міжнародного досвіду та покращення ландшафту стартапів. Підкреслено важливість розуміння життєвого циклу стартапу та факторів, які впливають на успіх стартапів. Від генерації ідеї до масштабування, цілеспрямована команда, постійний аналіз ринку та адаптація в межах ринкових ніш є важливими елементами виживання та успіху.

**Keywords:** *startup, innovation, startup ecosystem, regional development, regional startup ecosystems, regulation of entrepreneurship development*

**Ключові слова:** *стартап, інновації, стартап-екосистема, розвиток, стартап-підприємництво, фактори успіху стартапів, життєвий цикл стартапів*

**Statement of the problem in general and its connection with important scientific or practical tasks.** Startup entrepreneurship is developing rapidly every year, and this is happening under the influence of the emergence of new forms of financing, state programs for the development and support of startups, as well as innovative solutions and new approaches to their development. Based on the three component concepts of the digital economy, namely supporting infrastructure (for example, software), e-business, and e-commerce, the issue of startups is becoming increasingly relevant since they occupy an essential niche in these areas. Every year, there is an increase in the financing of startups from local and international investors, and their boundaries are expanding. For example, green technologies and technical sectors are trending; undoubtedly, one of the most popular sectors remains the IT sphere. Many internal and external factors influence the success of startups throughout the life cycle. In modern conditions, the issue of effective management of startups throughout the entire life cycle is relevant, both from the point of view of an individual startup and state support for this direction.

**Analysis of recent research and publication.** Various approaches to assessing the success factors of startups throughout the life cycle investigating the impact of the startup ecosystem on efficiency, scaling, and development opportunities were studied in the works of such domestic scientists as O. M. Levkovets, M. O. Kravchenko, O. V. Popko, O. Timonin M., Vereshchagina G.V., Plekhanova T.E., Shurpenkova R.K. However, the issue of determining success factors at each stage of the life cycle remains relevant, and the new conditions of operation in which startups are looking for innovative ideas (the COVID-19 pandemic and the subsequent full-scale russian invasion of Ukraine) point to the need for further research into the success factors of startups in conditions of change.

**Formulation of the goals of the article.** The identified problem determined

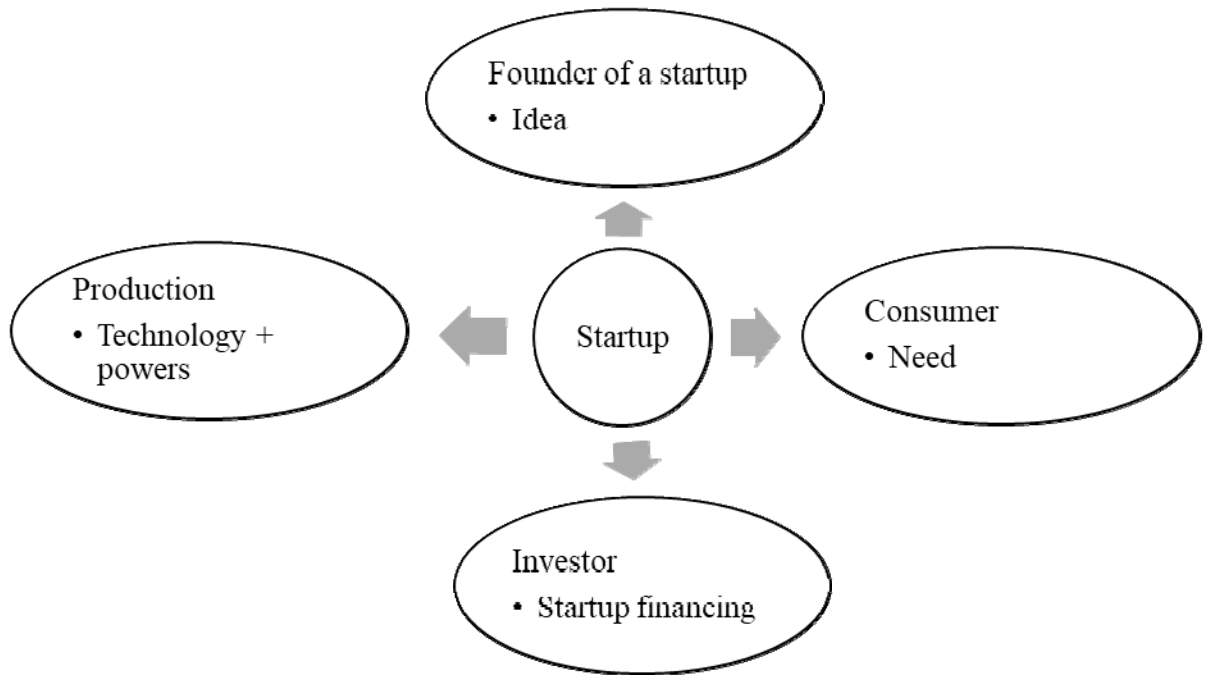
the purpose of this article's purpose: to analyze the success factors of startups at different stages of the life cycle.

**Presentation of the main material of the study with a full justification of the obtained scientific results.** The life cycle of a startup includes the stages through which a startup goes from the moment of the idea, entering the market, and scaling. In the scientific studies of domestic and foreign authors, there is no single approach to the number of stages of the life cycle of startups, but they have standard features.

The first stage (pre-seed) is characterized by the emergence of an idea without a clear idea of technical and commercial implementation (Levkovets, 2022). Product development occurs at the seed stage with minimal functionality that allows solving the problem (Yatskevich, 2020). The startup stage is characterized by creating a working model, the presence of a team, and the search for an optimal business model, which can change before the scaling process (Yatskevich, 2020; Levkovets, 2022). The growth stage is when scaling takes place; the startup starts to make a profit, expand in the market, and attract venture capital investments and other additional financial resources. During the Expansion stage, the startup occupies certain positions in the market, expands production or service provision, and increases the base of assets and capital. At the exit stage, the startup is stable; growth slows down; this stage is the exit point for venture investors (Timotin et al., 2018; Levkovets, 2022).

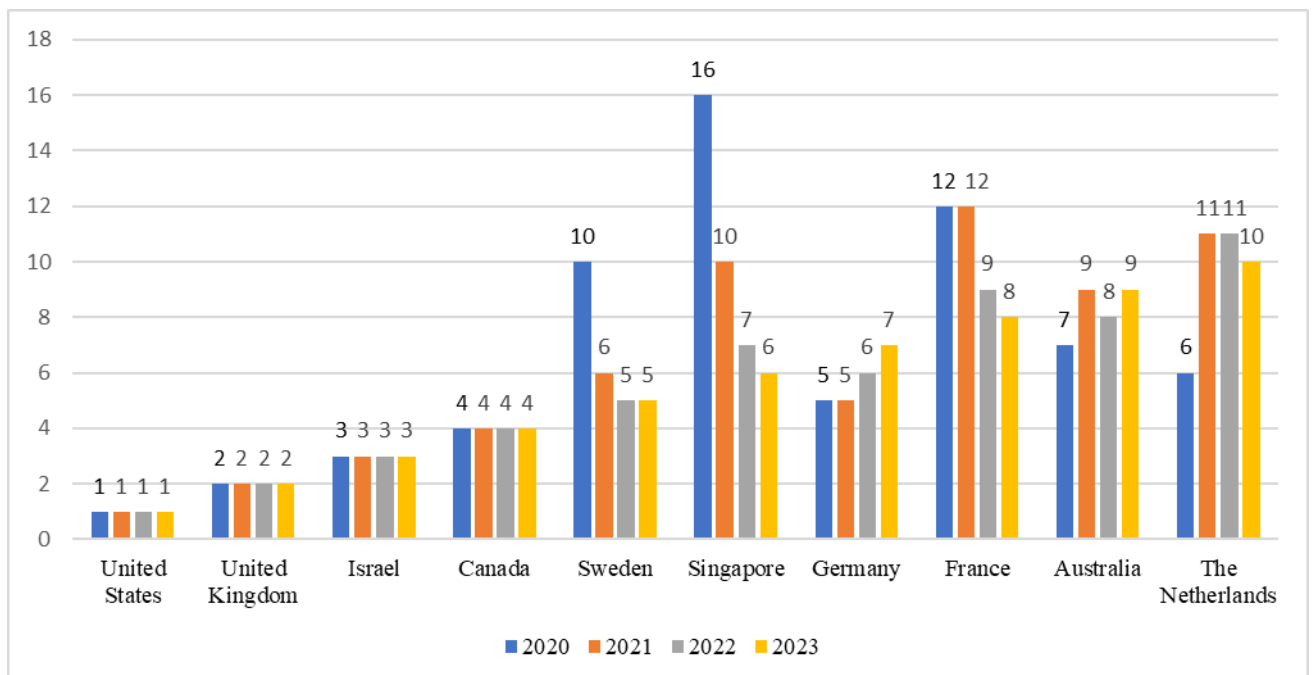
However, despite a clear understanding of the stages of operation and development of startups, it is worth considering that according to statistics, in 91% of cases, startup projects are never implemented at the Startup stage due to the low level of business training of the team and weak management, and only in 9% - due to errors in R&D (Dergach et al., 2021).

The main components of startups are their founder and idea, consumer and need, production and production technology with capacities, investors, and funding. The specified components function interrelatedly within the conjuncture of the selected type of market in a specific state or the international arena (Fig. 1.) (Zozulyov et al., 2016).



**Fig.1. Components of startups**  
*Source (Kofanov, 2019)*

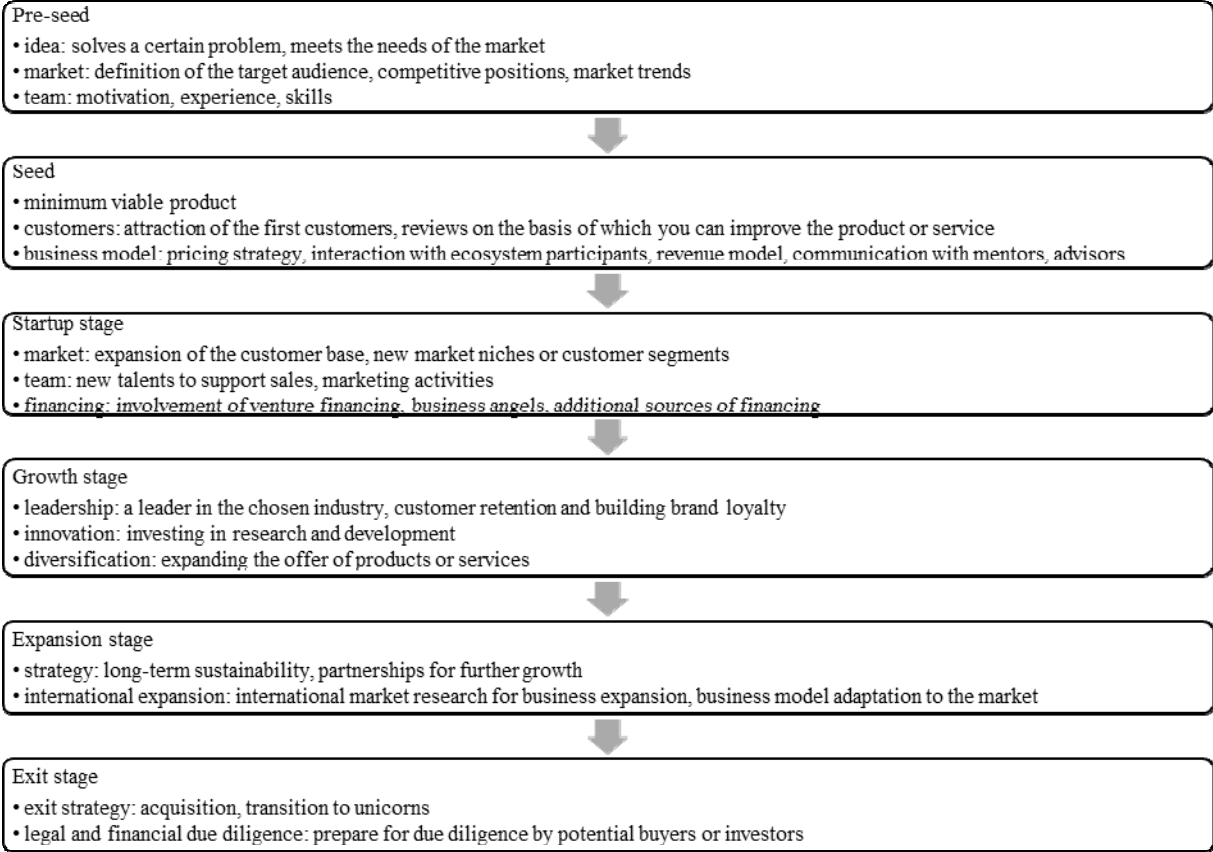
The success of startups at each stage of the life cycle depends on the efficiency of the ecosystem and the interaction of all participants. According to Global Startup Ecosystem Index 2023, the most powerful are the ecosystems of such countries as the United States, United Kingdom, Israel, Canada, Sweden, Singapore, Germany, France, Australia, The Netherlands (Global Startup Ecosystem Index 2023).



**Fig.2. Global ranking of startup ecosystems**  
*Source: formed by the authors based on (Global Startup Ecosystem Index 2023)*

The US startup ecosystem is characterized by being based on the private sector without excessive intervention from the public sector, which will lead to the creation of the most successful startups in the world. The state promotes startups through new laws to support strategic industries, visa programs for immigrant entrepreneurs, and flexible bankruptcy laws. Singapore's startup ecosystem is also characterized by the fact that the public sector is very supportive of the startup ecosystem. However, the country must be careful not to turn this support into dependency.

At the first stages of the life cycle of startups (pre-seed, seed), the implementation of the startup idea concerns management and its primary functions: the idea must be adequately planned, the team motivated, the process of transition of the idea into the real sector and control at all stages must be organized. A startup's principal value, which determines its value and the prospects for growth and survival in a competitive market, is a good idea for business. A lot depends on the team leader, the professionalism of the team, and the management of the idea implementation process (Fig.3).



**Fig.3. Success factors of startups according to life cycle stages**

*Source: formed by the authors*

Foreign researchers noted that the "Idea" is always the primary factor in any geographical location of startups and should always be considered when launching startups (Sevilla-Bernardo et al., 2022).

The formulation of a startup idea from the point of view of a commercial approach will be related to the solution of three interrelated tasks: what to sell - definition of the product or service most attractive to potential consumers; to whom to sell - choosing the target audience and understanding its specifics - values, expectations, selection criteria, solvency; how to sell - solutions to the entire set of problems, from production organization to service and maintenance of new products.

Ideal startup teams combine the roles of business developer, technology specialist, marketing and sales specialist, and product or service development specialist. Role affiliations may be slightly different depending on the composition of the product or service. The creation of startup teams should be based on something other than friendly relations, but on the skills necessary to create a successful company. A startup founder must describe the skill set needed to execute the idea and look for the right individuals who fit the profile. Team members must be sourced from other countries and continents. However, it all pays off because it provides the cultural and communication experience necessary to succeed.

A startup team is a mandatory component necessary for the successful conduct of innovative business activities. One startup must effectively complement another; the team must have various traits that will help make the company successful and profitable (Kravchenko, 2017).

Foreign researchers have also highlighted the economic factors of the success of startups, which include financial resources, attracting funds and permanent investments, and innovation (including such variables as accumulated thinking, self-development, and growth of entrepreneurial skills). Success factors may also include entrepreneurial and technological variables consisting of entrepreneurial competitiveness, vision-driven risk, creative use of technology, and market-oriented technology (al-Sahaf, 2021).

For the pre-seed stage of a startup's development, the following factors have

the most significant impact: incorrect definition of market needs; insufficient qualification of the team; lack of understanding between the team; provision of intangible assets; quality of market research; compliance with the needs of the engineering and technology project. For the startup stage, it is most appropriate to pay attention to the following risk factors: lack of market demand, lack of focus, lack of interest of investors, untimely removal of the product, non-competitiveness, and insufficient amount of allocated funds for launch. At the exit stage, it is advisable to consider the following risks: bad marketing, bad location, incorrect reorganization, ignoring customers, ignoring competitors, non-competitiveness, inappropriate product price, inappropriate product quality, lack of sales channels, and lack of market demand (Shurpenkova, 2018).

When launching a startup, it is necessary to anticipate and understand development trends in the chosen sector. Today, many research papers, reports, intellectual property materials, and other documents are available to see how an idea or concept fits with customer habits and behavioral trends. Competition is also what indicates market trends. It is easy to track the course of the closest competition and see how companies work in specific markets and what problems they face (table 1).

**Table 1. Characteristics of market types**

	Existing market	Resegmented market (niche or low value)	New market
Consumers	Existing	Existing	New or new use
Consumer needs	Operating characteristics	Cost; a certain consumer problem	Simplicity and convenience
Operating characteristics of the product	Better or faster	Acceptable at low cost or for a new niche	"Traditional attributes" have been improved taking into account new criteria
Competitors	Existing market participants	Existing market participants	Other startups or lack of consumption
Key risk factors	Existing market participants	Existing market participants; failure of niche strategy	Market recognition

*Source (Blank S., Bob D., 2019)*

The essence of niche segmentation is that the startup determines a part of the existing market that will be ready to buy a product created to meet its specific needs,

even if it will cost more or be less effective in an aspect irrelevant to consumers. Niche resegmentation focuses on profitable business in the existing market; therefore, its strategy involves competition with companies that already have strong positions (Blank S., Bob D., 2019)

Competition is also what indicates market trends. It is easy to track the course of the closest competition and see how companies work in specific markets and what problems they face. Startups simultaneously work with different challenges; they use indicators - tools and systems to measure their effectiveness. Performance tracking helps founders keep momentum on startup viability and signal when a course correction is needed. Typically, startup companies do not develop or perform actions that cannot be measured. A startup can find out the regions and markets that are most suitable for a product or service (because potential customers are used to such services), evaluate the potential impact of a solution on the market, or find out markets where similar solutions do not yet exist and it can easily win over clients.

The difficulty of startups lies in the fact that they are implemented only in the innovative segment, which causes significant risks regarding the perception of the product by the market. It is impossible to predict its success in advance with any marketing technology (Popko, 2014).

Therefore, when creating a startup, it is necessary to take into account the experience of mistakes of previous startups since the analysis of this type of data will allow them to be avoided, especially since this is important for novice startups.

***Conclusions and prospects of further investigations in this direction.*** In the dynamic startup world where innovation and creativity thrive, understanding the ins and outs of the startup lifecycle is paramount. At the first stage of the startup life cycle, it is essential to pay attention to the correct formulation of the idea through market research and team competencies. As startups move to other life cycle stages, the importance of a committed and motivated team becomes apparent. Each participant has unique skills and experience and is essential in solving the complex tasks of turning a startup idea into a profitable business. For startup founders, it is essential to consider the mistakes of previous startups, which will help them be better prepared to overcome possible obstacles and scale faster. Throughout the lifecycle,

startups must explore market dynamics, consumer needs, and competition. Adapting and segmenting within niche markets can be the key to survival and success. Also, the interaction of participants in the ecosystem remains essential, as they all affect startups and the gradual transition from one stage of the life cycle to another. State support and legislative regulation are relevant for improvement in Ukraine, and, accordingly, international experience is relevant and requires further research in the context of startup success factors.

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