

## Strategies and Challenges of Building a Successful Business Model for Start-Ups

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### ABSTRACT

A business plan is critical for a newly established start-up because it functions as a roadmap that directs strategic steps to achieve business goals. The purpose of this conceptual article is to understand more about the strategies and challenges that will be faced in building a new business with appropriate business planning and creating new business models and innovations. The study in this research uses a literature method that discusses more deeply business development strategies and challenges, concepts, strategies, types of strategies, business development, facing global competition, strategic management processes, business planning, components, and start-up business models. Get to know more about start-ups, characteristics, features of start-up companies, and the development of start-ups in Indonesia.

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## INTRODUCTION

Business planning is the process of creating a strategic plan that details the goals, vision, mission, and steps to be taken to achieve those goals. On the other hand, business development is an effort to improve performance and grow through various strategies such as market expansion, product diversification, and increasing operational efficiency. In a tight business competition environment, mature business planning and sustainable development are the most important keys for companies to remain relevant and competitive in the market. Through a comprehensive planning process, companies can clearly identify their strengths and weaknesses, analyze current market trends, and accurately understand competitor behavior and customer needs. This allows us to anticipate market changes, take advantage of opportunities, and develop appropriate strategies to overcome new challenges. Sustainable business development ensures that companies not only survive the competition but also develop progressively. This is a process of continuous adaptation and innovation, both in products, services, and operational processes (Sagala et al., 2024).

A *start-up* is a new business founded by one or more people to develop innovative products or services and meet unmet market needs. *Start-ups* are usually driven by an entrepreneurial spirit and innovation, able to present new solutions to problems that exist in society. General characteristics of *start-ups* are Focusing on innovation and new solutions. *Start-ups* often develop products or services that are different from those already on the market or provide new solutions that are more effective or efficient in solving a problem. *Start-ups* strive to grow and develop significantly in a relatively short time. *Start-ups* usually have a vision to become market leaders in a relatively short time and have high risks. *Start-ups* operate in an environment full of uncertainty and high risk. They often start a business with limited resources and have no guarantee of success. However, if successful, the potential profits that can be obtained by *start-ups* are much greater than those of traditional businesses. technology-based. *Start-ups* often use technology as the main tool in developing their products or services. In the digital era, technology is one of the key factors in accelerating business growth.

A business plan is very important for a new *start-up* because it functions as a roadmap that directs strategic steps to achieve business goals. In the early stages, a business plan helps *start-up founders* to formulate a clear vision and mission, which are the basis for all business decisions. Market analysis in a business plan allows *start-ups* to understand customer needs and preferences, as well as identify opportunities and threats in the market (Tarigan et al., 2024). In research on business planning and startup development, there are several research gaps that need to be considered, including that currently many studies have discussed the importance of innovation for startups, but there is a lack of understanding of how various types of innovation (product, process, and business model innovation) can be studied in more depth through further research. Furthermore, research can look at how the characteristics of a particular sector influence the strategies and problems faced by start-ups.

The purpose of this conceptual article is to better understand the strategies and challenges that will be faced in building a new business with proper business planning and creating new business models and innovations.

## **LITERATURE REVIEW**

### ***Innovation Theory***

Innovation is a key process that drives economic growth and market dynamics, according to Joseph Schumpeter (1934), which includes the creation of new products as well as innovation of processes, business models, and marketing methods. Innovation is the key to the success and competitiveness of start-ups and is an important component that differentiates them from conventional businesses.

### ***Business Model***

The "Business Model Canvas" is an idea developed by Osterwalder and Pigneur (2010) to offer a systematic framework for describing and building business models. This business model includes the following elements: customer segments, value propositions, distribution channels, customer relationships, revenue sources, key resources, key activities, key collaborations, cost structures, and host companies. This study is relevant to understanding how start-ups design innovative business models to win the competition in the global market (Osterwalder & Pigneur, 2010).

### ***Management Strategy***

Strategic management is defined as a process that includes developing a vision, creating a strategy, implementing it, and evaluating the results in a changing environment. In this way, startups can create adaptive strategies that help them survive and thrive in the face of market challenges (Mintzberg, 1994).

### ***Corporate Growth Theory***

Greiner (1972) created a model of corporate growth stages consisting of phases that have specific challenges for each phase, ranging from creativity, direction, delegation, and coordination to collaboration. This model is very important to understand the dynamics of startup growth from its inception to becoming a mature company (Greiner, 1972).

## **METHODOLOGY**

study uses a qualitative method. By reporting in-depth perspectives gathered from informant sources, doing research in a natural environment, and producing a thorough and intricate image that can be expressed verbally, qualitative methods are a procedure for understanding human or social phenomena (Walidin, Saifullah & Tabrani, 2015: 77). A study that looks at the quality of relationships, activities, circumstances, or different materials is known as qualitative research. This means that rather than comparing the effects of various treatments or attempting to explain people's attitudes or behavior, qualitative research places an emphasis on comprehensive descriptions that

might provide a detailed explanation of the activities or events occurring. Observation, interviews, and document analysis are methods used in qualitative research to gather data (Fadli, 2021). The goal of the literature research approach, sometimes referred to as a literature study or literature review, is to gather, examine, and synthesize data from a variety of textual sources that are pertinent to the subject of the study (Fadli, 2021; Setiowati, 2016; Syahran, 2020).

## **RESEARCH RESULT AND DISCUSSION**

### ***Business Development Strategies and Challenges***

The first step in developing a business strategy is to incorporate the findings of the analysis into a strategic plan. The analysis that has been done previously, such as SWOT analysis and understanding the target market, provides a strong foundation for formulating the right strategy. impact on business performance. Next, businesses need to consider the external threats they face and how they can deal with them with the right strategy. This can involve developing contingency plans or strategic adjustments to reduce the business's vulnerability to emerging threats. Susanto (2024), in his book, explains that there are several factors that must be considered in business planning, namely:

#### *1. Measuring and Choosing the Right Strategy*

Measuring and choosing the best approach come next after integrating the analytical results. In addition to leveraging the identified external opportunities and internal strengths, the chosen approach must align with the business goals and objectives. Strategy measurement involves evaluating the potential success and impact of each strategy under consideration. It involves assessing the risks and potential returns on investment of each strategy under consideration, and considering the long-term consequences of implementing the strategy. Next, businesses need to choose the strategy that best fits their goals and objectives and is most likely to achieve long-term success. This can involve making difficult decisions and considering trade-offs between various relevant factors. (Susanto, 2024: 36).

#### *2. Development of a Detailed Action Plan*

The final step in developing a business strategy is to develop a detailed action plan to implement the chosen strategy. The action plan should include the concrete steps that need to be taken, who is responsible for each step, the implementation schedule, and the budget required. In developing an action plan, the business needs to ensure that each step is directed towards achieving the goals and objectives that have been set. This involves establishing clear performance indicators for each step so that progress can be measured and evaluated regularly.

In addition, businesses need to consider the risk factors associated with implementing the action plan and develop appropriate mitigation strategies. This can help reduce the likelihood of disruptions or obstacles in achieving the set goals. By incorporating the analysis findings into the strategic plan, measuring and selecting the right strategies, and developing a detailed action

plan, businesses can increase the likelihood of success in achieving their goals. By having a structured and detailed plan, businesses can manage risks more effectively and achieve desired results in the long term. (Susanto, 2024:39).

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Business activities must always be followed by the preparation of a solid strategic plan in order to achieve sustainable company success. Not infrequently, business owners are so optimistic and enthusiastic in running their business activities, but in the end fail because they never take the time to develop a strategy that can differentiate them from their competitors. Business owners often feel that the strategy development process is boring and useless, so they immediately start a business without an integrated action plan. A company that does not have a clear strategy may achieve success in a short time, but once unexpected competition and threats arise, the company will certainly not be able to survive. Without having a strong foundation to differentiate the company from its competitors, business owners can only hope to become a company with limited market share. In today's global competitive environment, companies that do not have a clear and integrated (solid) strategic plan will be vulnerable to business sustainability. (Thian, 2021:59). The development of strategy is inextricably linked to the idea of strategic management, which is a process of making decisions about how best to use firm resources in the face of constantly shifting environmental conditions. Strategy is understood as a means of achieving objectives. (Sofyan 2015:4)

### ***Strategy Concept***

Determining the success of the plan being developed requires a thorough grasp of the concept of strategy and other related ideas. They are as follows:

- a. Distinctive competence refers to the steps a business takes to outperform its rivals in certain tasks. Companies with "distinctive competence," which

explains an organization's unique capabilities, are said to have strengths that are difficult for rival businesses to copy.

- b. Porter (Rangkuti, 2009:6), states that businesses can use a number of tactics, such as focus, differentiation, and cost leadership, to obtain a competitive edge.

### ***Types of Strategy***

Three categories of strategies can be distinguished in Rangkuti's book (2009:6):

1. The strategy of management

The strategies that are included are those that management with a macro-oriented strategy development orientation can implement, such as pricing strategies, acquisition strategies, market development strategies, financial strategies, and product strategy development strategies.

2. Investment Strategy

This strategy is an investment-oriented activity; for example, a company wants to carry out an aggressive growth strategy or tries to penetrate the market, a defensive strategy, a strategy to rebuild a new division, and so on.

3. Business Strategy

This approach is frequently a functional business strategy since it is focused on management activity functions, such as marketing, product or operational strategies, and financial strategies.

### ***Planning***

The basic planning of a business must include a business plan. In particular, planning relates to the business prospects that the organization will take advantage of. Planning, according to Stoner et al. (Solihin, 2007:5), is the first step in determining the ultimate outcomes that the business hopes to attain and how to accomplish them, as well as the instruments required to guarantee such outcomes. As stated by Jackson et al. (Solihin, 2007:5), planning encompasses the company's vision, mission, strategic goals, programs, procedures, budgets, and corporate policies. Based on Joel G. et al. Planning is the process of choosing both short- and long-term objectives as well as the methods and strategies to reach those objectives (Fahmi, 2013:35).

### ***Business Development***

Business development, according to Sholihin (2006:26), is a business activity that an entrepreneur will typically carry out through business development stages, such as the following:

1. Have a company concept

Any company that an entrepreneur plans to build starts with a business idea. It may originate from a variety of sources. The entrepreneur's keen business acumen or witnessing the success of others may inspire the concept.

2. Sifting through business notions or ideas

Business concepts are still only a rough outline of a company that entrepreneurs still need to build. Since the company idea will be more distinct in its form, it is required to translate it into a more particular business concept and choose business ideas in the following stage.

### 3. Development of Businesses

The ability to calculate the business's profit and loss is the primary skill that entrepreneurs need to acquire. Planning for both present and future market trends is also necessary. A business's implementation is guided by its plan.

### 4. Business plan implementation

During the business control and execution tasks of a business plan, an entrepreneur will allocate the necessary resources, including labor, materials, and capital, to support commercial operations.

## *Facing Global Competition*

Every company is faced with the power of a dynamic (rapidly changing) global competitive environment that increases business uncertainty. In addition to the emergence of new markets, business uncertainty is also influenced by changes in political conditions (domestic and foreign) and the dynamics of technological progress. The dynamics of the business environment present a number of difficulties for organizations, but they also present opportunity for those with the appropriate business plan. It's also critical that entrepreneurs want to experiment with new business ideas, adapt, generate change, and defy convention. The business that can adjust to change the best will survive, not the one that is the strongest or most intelligent. The global economy's transition from financial to intellectual capital is the biggest obstacle facing business owners today. Knowledge now plays a significant role in a company's performance, specifically as a source of competitive advantage, and is no longer only a factor of production. (Thian 2021: 60) According to his book Thian. 2021, the intellectual capital that is discussed includes

#### 1. Human Resources

comprises the company's human resources' talent, inventiveness, abilities, and skills, which are demonstrated in the plans, strategies, and creative processes that the employees have created and accomplished. capital that is structural. Does the business own the body of knowledge and experience?

#### 2. Capital Structure

It is the company's collection of expertise and experience. Processing software, patents, copyrights, and – above all – the expertise and experience of the company's employees are all included in this type of capital.

#### 3. Customer Capital

It consists of the goodwill, enduring connections, and favorable reputation that a business cultivates with its clients over time, which fosters loyalty. The three intellectual capitals above are very important foundations for a company's ability to compete effectively and sustainably. Every company must consider these three components in designing its strategy, although each company will usually place different emphasis on the three components above. The shift in knowledge has caused changes in the world's business system. This shift in

knowledge can be disastrous for companies that are not ready to face it, but on the contrary, it will provide great opportunities, especially for companies that have good business strategies and are able to take advantage of the opportunities that exist. Companies must generate hundreds and even thousands of contemporary strategic ideas to attract customers, outperform competitors, and attract investors.

### ***Strategic Management Process***

Strategic management is managerial decisions and actions related to the long-term performance of an organization. Strategic management includes all basic management functions, namely planning, organizing, implementing, and controlling strategy. (Thian, 2021:65). A key component of raising organizational performance is strategic management. Companies can boost prosperity or returns for shareholders, control market share, generate competitive advantages, and raise profits with a well-thought-out plan. The process of strategic management is continuous. The nine steps that make up the strategic management process are as follows, according to Thian's book from 2021: Step 1 outlines a distinct vision and then converts it into a purposeful mission statement. In step two, the company's strengths and weaknesses are evaluated, and in step three, the surrounding environment is observed to identify potential threats and opportunities. In steps four and five, the company's critical success elements are identified, the competition is examined, and the company's goals and objectives are compiled. Step 7 develops a number of strategic options and selects the best one, Step 8 converts the strategic plan into an action plan, and Step 9 chooses the best control. The planning process to develop and control is comprised of these nine steps. When creating a strong strategic plan and a competitive business model, the following business strategies should be taken into account (Thian 2021:65).

### ***Business Planning***

An entrepreneur's written document that outlines all the relevant internal and external components of launching a new business is called a business plan. A business plan is a thorough collection of rules for a new company. Functional planning like marketing, finance, production, and human resources are frequently integrated. The entrepreneur is responsible for creating the business strategy; however they may seek advice from a variety of experts. Engineers, accountants, lawyers, and marketing specialists are helpful in creating the plan. The fundamental concept of a firm and the preliminary considerations required are outlined in a written document called a business plan. An brand new business idea may be proposed in a business plan. Perhaps it will more frequently offer a strategy for a significant expansion of an existing business. An entrepreneur, for instance, might be launching a small local company and considering the prospect of creating other locations or increasing its success in other ways.

The world has shrunk to the size of a small village as a result of globalization. Therefore, unless we have the appropriate start, it is very difficult to stay competitive in today's cutthroat business climate. Planning becomes a

crucial instrument that creates the path to success in order for this to occur. Although it raises the likelihood of success, planning does not ensure it. The process of establishing objectives, creating plans of action to reach those objectives, and providing answers to queries like

1. What kind of business am I?
2. What is my sales strategy?
3. How much profit can I expect?

For companies, planning is an ongoing activity. It's particularly crucial when the entrepreneur wants to create a preliminary business strategy at the beginning of any new endeavor. With a greater understanding of marketing, the product or service to be advertised, the management team, and the business's financial requirements, the entrepreneur will finish the strategy. As management works to achieve both short-term and long-term business objectives, planning will continue as the company develops from a start-up to a mature enterprise. The organization benefits from creating a business strategy that is both logical and feasible, and this process should be strategic (Harris and Ogbonna, 2006). When starting a new company, creating a business plan is one of the most important phases. A business plan serves the following managerial purposes in a small business organization, per Burns (1990):

1. Assist business owners in refining and guiding their concepts.
2. Assist entrepreneurs with the establishment of goals and objectives, along with associated performance evaluation criteria.
3. Serve as a channel for bringing in all types of startup capital.
4. Persuade investors and capital owners that the firm owner has identified a number of lucrative expansion prospects at every angle.

Without a plan, the environment, objectives, policies, and strategies of a small business endeavor are largely aimless. A business plan generally describes the objectives, philosophy, action plan, anticipated difficulties, and path to future success, expansion, and development of the organization (Turlais, 1999). One definition of a company plan is a strategy statement, road map, or other pertinent conceptual term (Gumpert, 1997). Any small business organization's success depends on its business plan, whether it is examining financial issues or business plans for expansion (Burns, 1990). All types of organizations, but particularly start-ups or early-stage small business firms, can benefit from creating a business plan that details the plans, strategies, and objectives for the entrepreneur's business affairs. The entrepreneur's business plan's soundness, relevancy, and sufficiency can determine whether the endeavor succeeds or fails. It should be highlighted that an entrepreneur's business plan should not be used to predict every outcome of their organization. Moreover, no business plan offers a certain path to success in any sector of the economy.

A business strategy serves three primary purposes, including:

1. Planning methods and instruments for expanding business issues.
2. Documents that provide prospective investors with pertinent information about business matters.
3. Achievement metrics to track and evaluate business success over time.

Small business owners create business plans for the following reasons:

1. To persuade pertinent audiences of the interests of business owners and other stakeholders.
2. To secure bank financing.
3. To secure funding for investments
4. To set up strategic alliances or joint venture agreements
5. To secure significant business agreements with suppliers
6. To draw in important persons and human resources
7. To streamline acquisition and merger contracts.

When creating a business plan, small business owners should take into account a number of crucial factors, such as

1. The plan for the business should be as brief as feasible. A lengthy document could turn off the intended readership. A business plan should, in general, be no more than thirty-five single-spaced pages, excluding appendices.
2. The business plan should have no typographical or grammatical problems and be simple to read and comprehend.
3. The substantial and lucrative market potential for the commercial enterprise must be communicated to the appropriate audience in the business plan.
4. The company's management team's depth and strength should be communicated in the business strategy.

A feasibility plan is a list of possible problems that need to be resolved and a set of rules to help business owners make better choices. Everyone gains when a sincere strategy with solid evidence is written. Employees, bankers, venture capitalists, suppliers, customers, advisors, consultants, and investors can all read a company plan. A well-written plan should be concise and clearly identify the market, the founders, and the product or service. Although a feasibility plan doesn't need to be "slick," it should be well-written. It should be factual, comprehensive, and simple to read and comprehend.

### ***Purpose of a Business Plan***

A business plan is the foundation of starting a business as well as a significant tool for monitoring the progress and growth of your company. For entrepreneurs starting a new venture, a business plan has four basic purposes:

1. The type and context of the business opportunity are identified, together with the reason for its existence.
2. It outlines the strategy the business owner intends to use to take advantage of the opportunity.
3. It pinpoints the elements that are most likely to affect the venture's success.
4. It is an instrument for raising money.

A business plan can be thought of as an entrepreneur's strategy since it encapsulates the aspirations and goals that drive them to launch their company. A business plan is essential for entrepreneurs in order to draw in investors, to determine the viability of your business idea, to outline each business domain, milestones ready, get knowledge of the market, acquire more money or loans,

illustrate your need for money, to draw in high-level personnel

### ***Business Plan Components***

A business plan should be comprehensive enough to give potential investors a complete picture and understanding of the new picture, and it will help the entrepreneur clarify his/her thinking about the business. There are no hard and fast rules regarding the components of a business plan, and most of the time the following are recommended to be included while preparing a business plan: Cover page, executive summary, business description, products or services, market research and analysis, market plan, manufacturing or operations plan, leadership/entrepreneurial team, financial documentation, cover page.

### ***Start-Up Business Model***

Historically, it was during the dot-com bubble that the phrase "start-up" gained widespread recognition. A speculative bubble known as the "dot-com bubble" or "information technology bubble" occurred between 1998 and 2000, when stock exchanges in industrialized nations saw a sharp increase in equity value due to the growth of the Internet sector industry and related fields. The NASDAQ peaked on March 10, 2000, when it reached 5132.52 points. The Internet grew rapidly from 1993 to the 1990s, a decade characterized by ever-more-advanced World Wide Web technology following the introduction of the first Mosaic web browser Rizaldy (2023:1).

A start-up is a business that has just recently been founded. Typically, this business is still developing and researching to identify the ideal market. Many start-ups are currently beginning to appear and proliferate. Many people believe that a start-up business is an investment system that will take care of the firm on its own. On the other hand, start-ups are more likely to develop a business structure that is relevant to the online world and is geared toward the digital age. For instance, the internet world is supported by Google and Facebook. One may argue that Google is the most prosperous search engine startup. However, when it comes to social networks (SNS), Facebook is the most prosperous startup (Rizaldy, 2023:1).

### ***Definition of Start-Up***

Paul Graham defines "a start-up as a company designed to grow fast" (Cahyadi, 2014, without p.). Growth is all that is necessary. Growth leads to everything else we think of as start-ups. The term "start-up" refers to a business that is intended to expand quickly. Growth is all that is necessary. Growth is followed by everything else we think of as start-ups. Another word derived from English is "start-up," which refers to the act or procedure of establishing a new company. On the other hand, Google describes the start-up as "an innovative business in the form of a company or an entrepreneurial venture." In a nutshell, a start-up is an innovative company. After the internet era, this word gained popularity (Rizaldy, 2023:1).

Kaskus is one such instance. After being started by two individuals, the business grew and ceased to be a start-up. Another example is Tokopedia, which

was first established by Leontinus Alpha Edison and William Tanuwijaya. Due to investors, Tokopedia grew from nothing to its current size. Other start-ups include the now-famous Go-Jek, Tiket.com, Bukalapak.com, Ruangguru.com, and several others. These businesses receive a lot of cash from investors and are highly successful. In fact, the term "startup" gained popularity when a large number of businesses using the.com domain appeared. Many businesses have their own personal websites, a situation known as the "dot-com bubble" (Rizaldy, 2023:3).

### ***Characteristics of Start-Ups in Indonesia***

When a business is still in its infancy, it is referred to as a start-up. The business is only managed by a small group of people and lacks substantial financial resources. For instance, Tokopedia began as a marketplace web platform and e-commerce start-up. Tokopedia faces competition from other e-commerce businesses. The following are some traits of the startup business (Syauqi, No Year, p. 1):

1. Being under three years old, the company is still in its infancy as a digital enterprise.
2. There are less than 20 employees; naturally, at first, the start-up only has a small group of people who founded the business.
3. Since start-up development expenses must still be covered, little profit is made on incomes under \$100,000 annually.
4. The development phase is still ongoing.
5. One example of general movement in the technology sector is the adoption of applications.
6. The majority of the products produced are digital or other apps.
7. Typically, it uses social media or websites.

### ***Characteristics of a Start-up Company***

1. Unique and flexible company culture.
2. Relatively small number of employees.
3. The company is still young, most likely under 4 years old.
4. Operate through digital platforms.
5. Prioritize innovation and disruption.
6. The company's test market tends to be small.
7. Relying on funds from investors.

### ***Difference between Start-up and Small Business***

#### ***1. Innovation***

One of the prominent differences between *start-up companies* and small businesses is in terms of product or service innovation. Small businesses such as salons and restaurants usually do not make outstanding uniqueness. When you start a small business, you only need to think about what is out of the box so as to increase customer interest. Meanwhile, innovation is very important in the sustainability of *start-ups*. Their job is not just innovation but also unlimited

creation. Such a situation certainly requires sophisticated innovation so that you can grow and make a profit.

## 2. Market

Small businesses usually only focus on a certain circle of customers, thus limiting the company's growth. Unlike *start-ups*, these companies do not limit their growth and focus on getting as much of the current market as possible. Therefore, returning to the first point, innovation is important for *start-ups* to increase the market and win the business battle.

Growth rate Another difference between *start-ups* and small businesses is the growth rate. Small businesses obviously have to target very rapid growth. However, the priority of small businesses is only to make a profit. When a business makes a profit, then at that time it does not really need to increase performance in order to achieve even more growth. This is different from *start-ups* that must always experience growth with fresh ideas to create a reproducible business model. If there is no growth from year to year, it is certain that this type of company will not last long. When you build a small business, you will only focus on profit from day to day. After that, the profit can be allocated for business expansion by opening branches. This is different from *start-ups*; it takes several months or even years to make a profit. The main focus of this company is to create good and sophisticated products or services. This will later be liked by potential consumers. If this goal is achieved, it is possible that *start-ups* will immediately reap profits in very large amounts, even up to tens of millions per day. When you want to open a small business, you can use personal money, borrow from family or friends, or even borrow from a bank. It's different with *start-ups*. Although some use personal money or borrow from family or friends, lately crowdfunding has become a popular phenomenon. This is important because *start-ups* need a lot of capital to experience rapid development from year to year. After that, if they have made a big profit, the company will not only return the capital but also make a profit.

### *Differences between Start-Ups and Conventional Companies*

What distinguishes *start-ups* from conventional companies is the funding flow. Startup founders generally only spend money in the hope that investors will come to provide fresh funds. If trusted by investors, this type of company can receive millions to billions of dollars in funding. On the other hand, conventional companies are funded by the company owners. This funding can also come from profits that are reinvested.

#### 1. Organizational structure

Organizational structure is another aspect that differentiates *start-ups* from conventional businesses. All operational and business activities of *start-ups* are generally determined by the founders and management of the company. Despite being the largest fund providers, investors do not have a significant role in the business needs of *start-ups*. They are only involved in strategic decisions. Meanwhile, in conventional companies, the course of the company's business is

greatly influenced by the decisions of the company's owners. In fact, many companies have capital providers who join the company's management. This is almost never found in *start-up companies*.

## 2. Business life cycle

The last aspect that differentiates *start-ups* from conventional companies is their business life cycle. The life cycles of these two types of companies are very different. A start-up company can be worth billions of dollars in less than a decade of its existence. However, this will not be guaranteed in the future. On the other hand, conventional businesses take much longer to reach that number. However, because they are more stable, conventional companies can maintain high valuations for a long time. (Rizaldy, 2023:9-11).

This study emphasizes that the success of start-ups is highly dependent on good planning, the ability to innovate, and the ability to adapt to market changes. Start-ups can increase their chances of success in a competitive market by understanding the challenges and implementing the right strategies.

## CONCLUSIONS AND RECOMMENDATIONS

From the discussion above, it can be concluded that in developing a successful business, there needs to be careful planning and a deep understanding of the market and competition. In this case, the ability to innovate and adapt to change is a must. The importance of strategy in a business to develop a business in achieving long-term success, which involves in-depth analysis, choosing the right strategy, and structured planning. In *start-ups*, they have more innovative characteristics with faster growth but have higher risks. The difference between small and conventional businesses and *start-ups* is in terms of innovation, market, and funding structure.

## ADVANCED RESEARCH

This study has several limitations, such as limited data sources, variables, subjectivity in analysis, and time. Due to these limitations, it is suggested that future research concentrate more on comparative studies using primary data and using long-term analysis rather than only focusing on startups in Indonesia. Thus, future research should focus on startups in Indonesia.

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