



Unlocking the growth of women mass entrepreneurs: A research study in Bengaluru, India (2020)

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Enabling mass entrepreneurs

Women entrepreneurship presents significant opportunity to strengthen employment and can create a ripple effect on India's GDP; but the growth of women-owned businesses needs a greater push

- Women-owned enterprises represent only 20% of all enterprises in India and hire 10% of the total workforce,
- The huge potential for women-owned businesses and women job growth can be unlocked by specific efforts.
- Bengaluru's entrepreneurial ecosystem presents a demonstrable opportunity to accelerate efforts to overcome the challenges faced by Women and showcase a model of entrepreneurship development.

The present research study conducted in Bengaluru found that challenges faced by women mass entrepreneurs vary across solopreneurs and nanopreneurs

- Solopreneurs run their businesses independently, with zero hired workers while nanopreneurs tend to employ at least 1 hired worker within their business.
- Nanopreneurs are more likely to be running formal businesses and tap into multiple sales and marketing channels (including digital channels) to grow their businesses.
- Solopreneurs typically run informal businesses and are dependent on their own limited networks for sales and marketing, thus further restricting their growth.
- Across enterprises, there is major reliance on personal and family funds for starting and running the business.

To nuance the growth-orientation, challenges and areas of support across solopreneurs and nanopreneurs, entrepreneurs were segmented into Seekers, Aspirants, Strivers and Achievers

- **Seekers** are solopreneurs with low-growth orientation. Enabling their growth would entail first building up their entrepreneurial growth mindsets and self-efficacy, and equipping them with basic business and financial skills.
- **Aspirants** are solopreneurs with high-growth orientation. Aspirants require support with business formalisation, improved sales and marketing capabilities and access to low-cost services for digital presence.
- **Strivers** are nanopreneurs with high-growth orientation, hiring 1-5 employees. Strivers could unlock high growth with incubation support - business planning, financial projections, funding preparedness & leadership skills.
- **Achievers** are high-growth entrepreneurs with up to 10 employees. Achievers require bespoke business advisory, sector-specific 1-1 mentoring and access to business partnerships, especially B2B-related.

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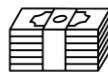


At the macro-level, the growth of women-owned enterprises in India remains restricted; unlocking this growth can create a ripple effect on India's GDP and job creation

With women accounting for only 6% of mass entrepreneurs in the country⁽⁹⁾, India's growth has not translated into the development of women entrepreneurship



Women entrepreneurship is skewed towards solopreneurs, with 80%+ running single-worker firms.



Only 27% women-owned businesses report an annual revenue more than INR 10L.⁽³⁾



Funding raised by all-female founding teams in India was 0.63% of the total \$13 billion raised.⁽⁴⁾



Women entrepreneurs contribute only 3.09% of the total industrial output in India.⁽²⁾



17% women-owned businesses employ paid workers (22-27 mil. workers), amounting to just 10% of total workers.⁽²⁾



India ranked 29 out of 31 countries surveyed on ease of doing business for women⁽⁶⁾



31.5M

Number of women-owned enterprises predicted by 2030, if efforts are accelerated⁽⁷⁾



150-170M

Jobs can be created by 2030 if more women took up entrepreneurship⁽⁷⁾



16-60%

Increase in India's GDP by 2025 if more women participated in the workforce⁽⁸⁾

Global Alliance for Mass Entrepreneurship (GAME) is seeking to create a total of 50 million new jobs in India, through the enablement of 10 million mass entrepreneurs, by 2030. Of the 10 million mass entrepreneurs that GAME aspires to catalyse, at least 50% will be women entrepreneurs.

Bengaluru has a strong entrepreneurship ecosystem that must be further leveraged for the growth of women-owned enterprises

With a globally competitive IT industry, high R&D workforce, and concentration of tech skills, Bengaluru is a prime location for entrepreneurship

#1

Bengaluru is set out to be one of **the fastest growing cities in the world**, with a predicted GDP growth of 8.5% ⁽¹⁾

48%

Percentage of **R&D workforce** located in Bengaluru as compared to the rest of the country⁽³⁾



44%

of migrants moving to Bengaluru have **tech skills** as opposed to 12% in Delhi and 11% in Mumbai⁽³⁾

5541

Number of start-ups birthed in Bengaluru since 2016, which is more than Delhi & Mumbai combined ⁽³⁾

47%

Percentage of funding, across India, raised by Bengaluru based start ups since 2016⁽³⁾

However, only 10% of start-up founders in Bengaluru are women.

While Bengaluru presents a thriving ecosystem for entrepreneurship development, there is scope to catalyse this ecosystem further to unlock the growth of women-owned businesses.

Bengaluru has a nurturing start-up ecosystem with the presence of wealth creators, incubators and a strong mentoring culture for entrepreneurs

75+

Bengaluru is home to more than 75 start-up **incubators / accelerators**⁽³⁾

431+

VC investors in Bengaluru since 2010 – higher than Delhi NCR, Mumbai and Chennai⁽³⁾



Additionally, Bengaluru has a thriving support ecosystem for women-owned businesses

2.1K+ founders nationally
1100+ founders locally
14 Unicorns

Bengaluru's unicorns have led to the creation of more than **2100 entrepreneurs** across India.⁽³⁾

With 14 of the 32 Unicorns in India, Bengaluru leads the way in their growth, value addition and momentum

Examples of players in the women entrepreneur ecosystem



However, the baseline for women-owned businesses in Bengaluru continues to remain low; with only 15% businesses belonging to women and ~30% of those generating jobs



2.58L

Number of enterprises in Bengaluru, across apparel, food, health / beauty and education*



36.9K

Number of women-owned enterprises in Bengaluru, across the 4 high potential sectors*



15%

Percentage of women-owned enterprises in Bengaluru, across 4 high potential sectors*

As per the 6th Economic Census, of the total 2.58 lakh enterprises within the priority sectors in Bengaluru, ~36,900 are women-owned.

Women-owned enterprises are typically small, single-worker firms and rely largely on self-funding.

Distribution of women-owned enterprises across 4 high potential sectors**
(n=~36900)



In light of COVID-19, it is estimated that ~30% enterprises, especially microenterprises, stand the chance of closing down operations.

Given the recency of COVID-19, this number will have to be validated at regular 3-6 month intervals.

**36% of 33 million working women in India are employed in urban businesses with 70% in the top 5 sectors of Apparel, Education, Food, Health and Personal Services (including Beauty)*, thus making these high potential sectors for women entrepreneurs.

Distribution of women-owned enterprises across sources of funding (n=~36900)

Self-funded	86%	2%	1.5%
Government Sources			
Financial Institutions			

Money Lenders	0.7%	0.7%	8.5%
SHGs			
Other Agencies			

Distribution of women-owned enterprises basis hired workers# (n=~36900)

Have 1-2 non hired workers	96%	31%	3.5%
Have at least 1 hired worker			
Have more than 5 hired workers			

#Hired worker – hired and paid wages on a regular basis; Non-hired worker – unpaid, family worker

Source: Sixth Economic Census, 2014; National Sample Survey, 2016; ET, 2020; Bain & Company, 2020; GAME, 2020;

*Note: All numbers are across the 4 key priority areas and growth-adjusted for 2019-2020

Existing research points to a variety of challenges and drivers for the growth of women-owned enterprises

Lower self / entrepreneur efficacy limits their foray into high-growth businesses



Occupational segregation

- Assumptions on the role of women dictate the type businesses in which women entrepreneurship is 'deemed suitable'.
- This has confined women to typically running precarious, low-growth businesses.



Lack of local superheroes to emulate

- Women can look up to successful role models, who run successful businesses. Limited success stories among women in the local context could be a deterrent for women entrepreneurs.

Women entrepreneurs face difficulties in expanding sales efforts & tech adoption



Limited access to diverse markets

- Women lack access to knowledge on how to participate in the market place, typically sell within their limited networks and are unable to market and sell strategically.
- Inhibitions stem from a combination of a lack of knowledge of operating in the market and existing social norms.



Inability to tap into the digital ecosystem

- Women entrepreneurs face technology obsolescence due to non adoption or slow adoption of changing technology, which further results in business inefficiencies.

The enterprises have limited access to finance, exacerbated by their informal status



Limited transition to formal enterprises

- Women are typically involved in break-even state small-sized enterprises and often do not generate enough profits to cover formal business running costs resulting in most being informally run.
- Additionally, women lack knowledge of the processes and benefits of formalisation.



Supply-demand mismatch in finance

- Relevant financial products for growth of women-owned enterprises are few. This is heightened by issues of gendered issues of access such as paperwork.

However, the understanding of these challenges needs to be further nuanced across women entrepreneurs, based on the size of their enterprises and other key differentiating factors. The present research study seeks to nuance these challenges accordingly.

The present research was conducted through mixed methods, with the aim to build a comprehensive understanding of the growth challenges faced by women entrepreneurs

Research methodology

1. Secondary research and marketing sizing

- **Review of available literature** to understand factors influencing enterprise growth
- **Market sizing** to identify the universe of women-led enterprises, in priority sectors
- **Review of existing support interventions** for women entrepreneurs

2. Framework for WE segmentation and research tools

- **Development of a segmentation framework** for women entrepreneur segments
- **Framework validation** with experts and select WEs
- **Tool development (quantitative and qualitative)** to guide data collection

3. Quantitative surveys and in-depth qualitative interviews

- **Interviews with ~8 ecosystem experts**
- **Quantitative surveys** with 200 women entrepreneurs
- **Qualitative interviews** with 28 WEs

4. Synthesis of data for overarching and segment-level insights

- **Analysis of quantitative data** to identify key insights and build WE segments
- **Synthesis of insights** across segments to identify business profile, challenges and aspirations
- **Identification of recommendations** to support growth of the women entrepreneur segments

Quantitative and qualitative sampling

- There are a total of ~36,900 women-owned enterprises in Bengaluru within the identified high potential sectors.
- The sample for quantitative data collection was calculated using a 90% confidence level and 6% margin of error.
- The sample (200) was then distributed across the sectors to ensure adequate and proportional representation of each sector.
- Qualitative surveys were conducted to ensure in-depth data collection from women entrepreneurs across sectors.

Sector	Quantitative Surveys	Qualitative Interviews
Food	65	6
Apparel	69	8
Health and wellness	45	10
Education	18	4
Transport	3	0
Total	200	28

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The study found that solopreneurs and nanopreneurs face distinct sets of growth-related challenges within their businesses

Primary data from 200 women entrepreneurs was analysed to identify key correlations that influence enterprise growth. Business size (number of employees hired and revenue) emerged as key differentiating factors. At the first level of analysis, entrepreneurs were classified into two segments: Solopreneurs and nanopreneurs. Of the total entrepreneurs surveyed, 120 were solo and 72 were nano.



Who is a Solopreneur?

Solopreneurs are own-account workers – they **set up and run their businesses as single members without hiring anyone else.**



Who is a Nanopreneur?

Nanopreneurs are entrepreneurs who **hire at least 1 paid employee or worker, apart from themselves.**

To further nuance the growth-related challenges and needs of these segments, 2 solopreneur sub-segments and 2 nanopreneur sub-segments were identified.

Solopreneur sub-segments



Seeker

Solopreneur with a low growth orientation, who earns a median monthly revenue of INR 20K. Her business is typically home-based and unregistered.



Aspirant

Solopreneur with a high growth orientation, who earns a median monthly revenue of INR 25K. She runs an unregistered business that may be home-based or operated out of a shop / workshop.

Nanopreneur sub-segments



Striver

Nanopreneur who earns a **median business revenue of INR 35K, hires 1-5 employees** and has a **high growth orientation**. Her business is registered and operated out of shops or workshops.



Achiever

Nanopreneur who earns a **median business revenue of INR 1.5L, hires 1-10 employees** and has **high growth orientation**. Her business is registered & operated out of an office or workshop

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Solopreneur enterprises are small, self-run businesses that are likely to be unregistered and funded by self or family

Solopreneurs are entrepreneurs who set up and run small businesses on their own. That is, they do not hire paid employees or workers and have a median monthly business revenue of INR 27.5k

Two major solopreneur sub-segments that have emerged from the study are the following:



Seeker

Solopreneur with a low growth orientation, who earns a monthly business revenue of INR <60k. Her business is typically home-based and unregistered.



Aspirant

Solopreneur who earns a monthly business revenue of INR <60k but has high growth orientation. Her business may be home-based or operated out of a shop / workshop, but continues to remain unregistered.

Post-COVID support:

Solopreneurs are unable define a clear post-COVID strategy and require support with identifying long-term business strategies, regenerating demand, and cash infusion.



Formalisation: Solopreneurs are less likely to formalise their business, with only 27% solopreneurs registering their business

- Businesses being ‘new’, lack of awareness, and aversion of compliance processes are top reasons for not registering



Financing: Solopreneur businesses are self-funded and are unable to expand business due to financial constraints

- While they borrow loans, day-to-day business expenses take up a major portion of their expenses and solopreneurs are unable to save for business expansion

Sources of funding (in %)* (n=128)



*Formal Loans include loans from MFI, Banks, Govt and SHGs; Informal Loans include loan from friends/family and money lenders

<sup>+Multiple choice question, therefore figures may not add up to 200
Qualitative insights through in-depth interviews by Sattva</sup>

Solopreneurs are likely to rely on personal networks for sales and marketing due to limited bandwidth, lack of exposure and financial constraints



Sales: Solopreneurs are more likely to run home-based businesses & rely on personal networks for sales

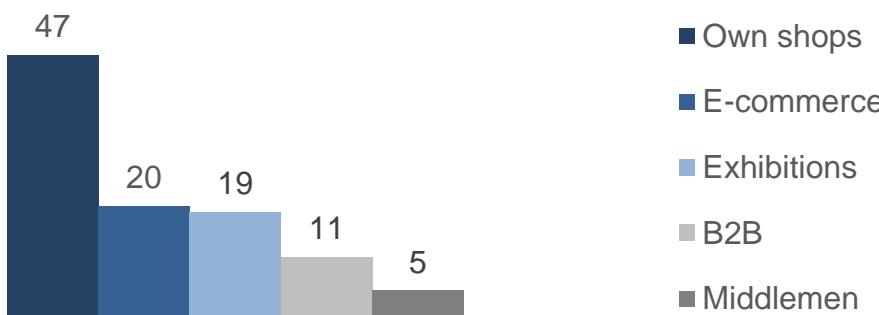
- Solopreneurs cite limited exposure to diverse sales channels and lack of time and funds as reasons for inability to leverage multiple sales channels.
- As a result, they focus on selling through home and existing customer base, which is comprised of customers from within their personal network.
- Since selling through these sales channels is linked to lower revenue, solopreneurs are limited in their ability to grow.



Marketing: Solopreneurs are likely to be restricted to personal networks for marketing purposes

- Solopreneurs face difficulty in single-handedly managing all aspects of the business. This combined with lack of awareness about the right marketing methods leads them to deprioritize expansion to diverse marketing channels.
- Given this limitation, they focus their marketing efforts through single marketing channels and use quick and informal marketing methods such as word of mouth and free social media pages.
- As a result, solopreneurs are unable to reach a wider audience to grow their business.

Types of sales channels used (in %)* (n=128)



Types of marketing channels used (in %)* (n=128)



*Multiple choice question, therefore figures may not add up to 200
Qualitative insights through in-depth interviews by Sattva

Solopreneur were further classified into 2 sub-segments, distinguished by demonstrated growth ambition



About the segment



Sales, marketing and customer engagement



Finance



Goals



Seeker (n=30)

Solopreneur with a low growth orientation, who earns a median monthly revenue of INR 20K. Her business is typically home-based and unregistered.

Examples of common business activities include home-based tailoring business, grocery shop or a small-scale beauty parlour.

- Tends to rely on single sales channels, typically selling through her personal networks and from home. A seeker usually has a small network of repeat customers.
- Does not proactively market her business and relies on existing customers and goodwill for business promotion.
- Prioritizes providing low prices to secure customer satisfaction. Often customizes products / services to meet customer needs.
- Likely to have borrowed micro working capital loans, either through her SHG or as part of a JLG (through an MFI).
- Typically does not maintain any books of accounts and does not have any specific processes for cash flow management.
- Aspires to open a dedicated shop or workshop and to grow her customer base, but has been unable to take any concrete steps towards meeting these goals.
- Least likely to hire in the next 1-2 years.



Aspirant (n=85)

Solopreneur with a high growth aspiration, who earns a median monthly revenue of INR 25K. She runs an unregistered business that may be home-based or operated out of a shop / workshop.

Examples include producing and selling handloom products or home decor; providing corporate wellness programmes.

- Tends to rely on personal and business networks as channels to sell her products / services, including selling at fairs / exhibitions or online.
- Uses low-growth marketing channels (pamphlets, etc) but is gradually making a shift to online channels of marketing.
- Focus on improving customer experience through collecting regular feedback and providing value-added services.
- An aspirant is least likely to have borrowed a loan and typically does not get family support in raising loans (collateral etc).
- Typically does not maintain any books of accounts and does not have any specific processes for cash flow management.
- Expanding sales channels (either through their own establishment or online) and has taken some steps towards this. For example, talking to potential business partners.
- Keen on hiring employees in order to grow the business.

Recommendations for Seekers: Strengthen growth orientation and product-market fit

Key growth challenges faced by Seekers:

- Limited aspirations to grow the business coupled with inability to set long term goals and business planning
- Lack of preparedness and knowledge to move into the digital era
- Inadequate product-market fit due to knowledge gaps in product / service quality and customer demand



Lever: Strengthen self efficacy

Peer learning and group workshops to build self-efficacy and growth mindsets

- Enable growth mindsets and share entrepreneurship stories to strengthen growth orientation of seekers
- Provide exposure to local role models to enable entrepreneurs to build self efficacy
- Enable Seekers to identify clear business goals and build a vision for growth
- Build business 101 skills such as basic bookkeeping, inventory management and cash flow management.

Delivered by: Grassroots NGO Partner



Lever: Tap into the growing digital ecosystem

Workshops to build business-specific digital literacy

- Digital financial literacy to improve business efficiency (digital payments, internet banking, online ledgers for example. Khatabook)

Linkages to platforms such as DeAsra or Haqdarshak, that can assist entrepreneurs in establishing their digital identities (Udyog Aadhar)

Enable access to service providers to help build entrepreneurs' digital presence

- Digital catalogues for customers for sharing of product/service details
- Creation of mobile friendly digital brochures and basic branding for sharing of business information

Delivered by: Partnering with an online catalogue application. For example, i2e1



Lever: Solve for market-related issues both on demand and supply side

Sector-specific workshops to strengthen the product-market fit for their businesses

- Strengthening product / service offerings through identification of market demand and identifying / building awareness of product / service-specific markets
- Preparing entrepreneurs to apply for relevant certifications. For example, FSSAI for food businesses.

Delivered by: Grassroots NGO partner

Linkages to service-delivery platforms such as DeAsra, for assistance in applying for necessary certification.

Recommendations for Aspirants: Build business skills and enable formalisation

Key growth challenges faced by Aspirants:

- Need support with business registration and compliance-related formalities
- Lack of know-how about the right marketing channels within their businesses, with heavy reliance on personal networks for sales
- Limited access to working capital loans for rent and raw materials
- Strengthen business processes and cash flow management, to effectively support business growth



Lever: Tap into the growing digital ecosystem

Build awareness on the benefits of formalization through group sessions

- Awareness of the benefits of registration
- Establishing digital identity through Udyog Aadhar, for easy access to government entitlements

Linkages to platforms such as DeAsra or Haqdarshak, that can assist entrepreneurs in establishing their formal digital identities (Udyog Aadhar)

Linkages to low-cost services providers to build digital presence

- Establishing basic digital presence through social media, email, website, free online listings etc, to strengthen business visibility
- Creating digital catalogues for sharing business information
- Basic digital marketing, SEO, SEM etc
For example through DeAsra or i2e1

Enable financial literacy through online trainings

- Financial management skills, including maintaining accounts, cash flow management ledgers and business planning to forecast growth to identify the right time to expand their teams
- Digital financial literacy, including use of digital payments, internet banking, online ledgers (eg. Khatabook), for improved efficiencies in managing the business and build a digital footprint for the business



Lever: Solve for market-related issues both on demand and supply side

Sector-specific, small group workshops to strengthen sales

- Information on relevant marketplaces that entrepreneurs can tap into (based on their current business maturity). For example, enabling them to choose between setting up a store versus selling on social media versus selling on an online marketplace
- Knowledge on how to set up new sales channels (process, inventory management, order management, cash flows)
- Building a clear business roadmap for expansion to newer sales channels (including financial forecasting)



Lever: Access to relevant mainstream and alternative financing

Linkages to MFIs / NBCFs / SHGs for micro-credit

- Micro-loans
- Joint liability group loans

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Nanopreneur enterprises are ‘job-creating’ businesses that are typically registered but continue to remain funded by self or family

Nanopreneurs are entrepreneurs who set up and sustain ‘job creating’ businesses. That is, they hire at least 1 paid employee or worker and have a median monthly business revenue of INR 50k

Two major nanopreneur sub-segments that have emerged from the study are the following:



Seeker

Nanopreneur who hires 1-5 employees, earns a monthly business revenue of INR <60k and has high growth orientation..



Aspirant

Nanopreneur who hires 1-10 employees, earns a monthly business revenue of INR 60k to 2 lacs and has high growth orientation.

Post-COVID support:

Nanopreneurs have made changes to adapt their business, however, they are unable define a clear post-COVID strategy and require support with identifying long-term business strategies, regenerating demand, and cash infusion.



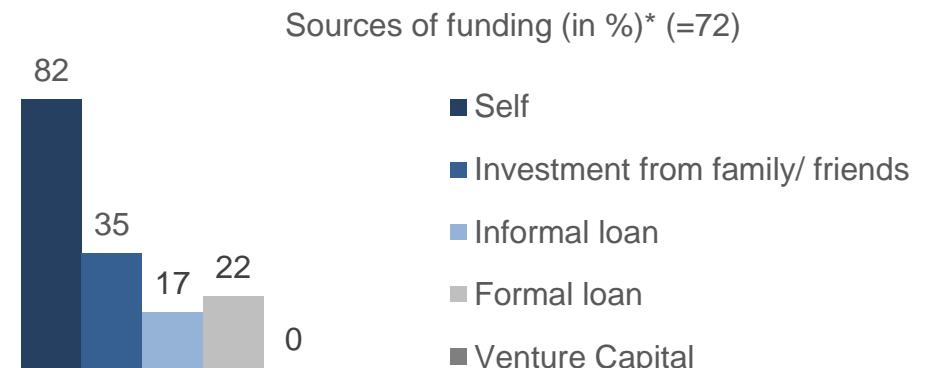
Formalisation: Nanopreneurs are more likely to formalise their business, with 78% solopreneurs registering their business

- Businesses being ‘new’, lack of awareness, and aversion of compliance processes are top reasons for not registering



Financing: Nanopreneur businesses are largely self-funded, with a higher likelihood of having borrowed formal loans

- While they borrow loans, day-to-day business expenses take up a major portion of their expenses and nanopreneurs are unable to save for business expansion



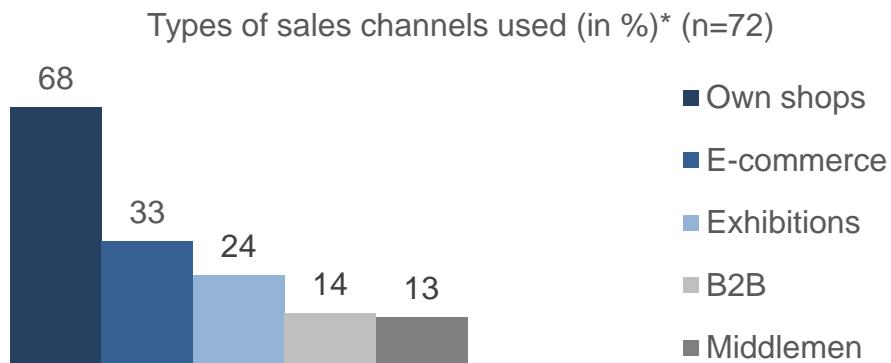
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<sup>+Multiple choice question, therefore figures may not add up to 200
Qualitative insights through in-depth interviews by Sattva</sup>

Nanopreneurs are likely to rely on diverse channels for sales and marketing and, as a result, are able to access relatively wider markets to grow their business

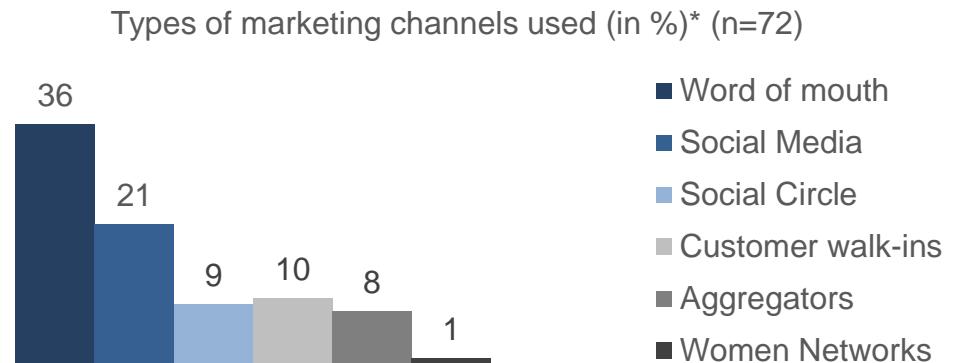
Sales: Nanopreneurs are more likely to rely on diverse channels for selling

- Nanopreneurs are more likely to diversify their sales channels to include non-traditional methods such as e-commerce and online aggregators.
- Nanopreneurs are also more likely to use B2B sales channels such as retailers / wholesalers and middlemen.
- Since selling through these sales channels is linked to higher revenue, businesses owned by nanopreneurs have a relatively higher median business revenue.
- Nanopreneurs typically require support with building business partnerships to further expand their market linkages.



Marketing: Nanopreneurs are likely to use multiple marketing channels to generate awareness about their business

- Nanopreneurs are twice as likely to use formal marketing channels linked to higher revenue such as online aggregators (Practo, Zomato, Amazon, etc) and print media than solopreneurs.
- Nanopreneurs also use more than one marketing channel with the most common channel after word of mouth being social media.
- However, in most cases, their engagement on social media is unpaid and lacks a clear strategy for expansion.
- As a result, while nanopreneurs are able to reach a wider audience than solopreneurs there is scope for them to better utilise different methods of marketing.



*Multiple choice question, therefore figures may not add up to 200
Qualitative insights through in-depth interviews by Sattva

Nanopreneurs were further classified into 2 sub-segments, distinguished by size of business



About the segment



Sales, marketing and customer engagement



Finance



Goals



Striver (n=35)

Nanopreneur who earns a median business revenue of INR 35K, hires 1-5 employees and has a high growth orientation. Her business is registered and operated out of shops or workshops.

Examples include making clothes with sustainable fabrics, producing ready-to-cook meals or providing alternate therapy.

- Sells her products / services out of her own establishment and sometimes online. She wants to establish the business' presence through her own website, shop or exhibitions.
- Having limited time and resources, she largely markets her business within her existing networks, including using basic online and social media tools.
- Pays close attention to the quality of products / services, takes feedback and offers value-added services to retain customers.
- Seeks to borrow loans for capital investments, such as new machinery or infrastructure but wants to establish her business first before taking a financial risk.
- Has basic processes in place for financial management of the business.
- Aspires to grow her customer base through e-commerce, online aggregators or own websites.
- Seeks to diversify marketing efforts to include channels that can help expand her customer networks.



Achiever (n=25)

Nanopreneur who earns a median business revenue of INR 1.5L, hires 1-10 employees and has high growth orientation. Her business is registered & operated out of an office or workshop.

Examples of businesses include running a baking school, B2B garment business or a chain of salons.

- Tends to use two or more sales channels, typically a combination of B2B and B2C channels, including leveraging e-commerce or selling through her own social media / website.
- Actively uses online marketing channels but lacks the financial resources to use paid forms of digital marketing.
- Is dedicated towards ensuring high quality and uniqueness of products / services to ensure high customer engagement.
- Lesser reliance on loans, more likely to rely on investments from friends / family and business partners.
- Consistently maintains books of accounts and has credit / cash flow policies with suppliers / customers.
- Aspires to establish a *brand*, and wants to make the necessary investments in quality, packaging and communication.
- Seeks to expand sales to newer geographies (outside Bengaluru), ideally through B2B partnerships

Recommendations for Strivers: Provide incubation support to unlock growth

Key growth challenges faced by strivers:

- Support with establishing a long-term business strategy for growth and a go-to-market strategy
- Support in establishing online presence for their businesses (for discoverability and sales)
- Support with working capital loans as strivers expand their production, sales and marketing capacity
- Marketing activities are focused on social media and personal works due to shortage of time

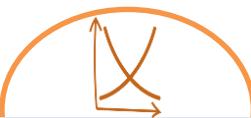


Lever: Strengthen self efficacy

Business incubation / cohort-based programme to enable mass entrepreneurship

- Identifying product / service improvements and a clear product-market fit and target audience
- Creating a business plan and identifying business financing needs
- Creating a go-to-market strategy that is viable and actionable, with clear milestones
- Building a team that is aligned to the culture and vision of the enterprise

This can include regular check-ins at milestones to assess progress, create feedback loops and help entrepreneurs course correct, as needed



Lever: Solve for market-related issues both on demand and supply side

Trainings to strengthen marketing efforts

1. Knowledge of various marketing channels and selecting the right one for their businesses based on sector and size
2. Managing their online marketplace. Including managing orders, inventory and cash flow



Lever: Tap into the growing digital ecosystem

Linkages to online sales channels, for assisted on-boarding (as part of the incubation / cohort-based programme)

- Sector-specific linkages to platforms such as Amazon, Flipkart, Zomato, Swiggy etc
- Identification and linkages to relevant / niche online opportunities for small-scale entrepreneurs (for example, Meesho, Shop101, GlowRoad, FoodyBuddy, Ootabox, Happystry)



Lever: Access to relevant mainstream and alternative financing

Trainings to strengthen marketing efforts

Linkages to SMBs / banks / NBCFs for small business loans (ideally without property collateral), to fulfil growing orders and business expansion requirements (marketing, hiring, procurement)

Linkages to low-cost services providers for digital marketing (as part of the incubation / cohort-based programme):

- Establishing basic digital presence through social media for business, email, website, free online listings to strengthen visibility amongst their customers and networks
- Creating digital catalogues

Delivered by: i2e1, DeAsra

Recommendations for Achievers: Strengthen business networks and digital ecosystem

Key growth challenges faced by Achievers:

- Unable to establish a *brand* in the ecosystem due to limited know-how
- Limited business networks / partnerships and know-how for accessing B2B / digital sales channels and business partnerships
- Limited financial resources to invest in R&D, infrastructure, machinery / equipment
- COVID-19 has resulted in a 76% decline in revenue, coupled with persisting fixed costs



Lever: Strengthen entrepreneur efficacy

Provide sector-specific 1-1 / small group mentoring, on an on-going basis, for skill building

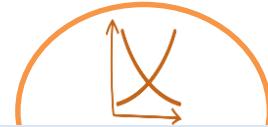
- Create a clear business plan for long-term growth
- Create a brand strategy that is relevant to their business vision (including brand positioning, communication and marketing plans)
- Strengthen their leadership skills and ability to effectively direct team towards business goals
- Prepare entrepreneurs with skills that will enable them to apply for seed fund / individual angel investors (creating a business plan, financial projections, creating a pitch deck)



Lever: Tap into the growing digital ecosystem

Provide group workshops to strengthen brand building skills

- Leveraging low-cost digital platforms for brand building (social media)
- Tapping into influencer marketing for building a brand
- Introduction to paid digital marketing, SEO, SEM to strengthen brand presence

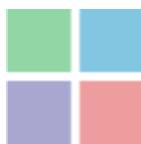


Lever: Solve for market-related issues both on demand and supply side

Enable access to forums, for entrepreneurs to engage with each other and enable

- Enable access to forums for entrepreneurs to engage with each other, to identify required business partnerships
- Peer learning to optimize online digital sales channels, specific to their sector / business activity (marketplaces, online aggregators)
- Networking for B2B partnerships

Delivered by: GAME through a structured mentorship programme.





Lever: Access to relevant mainstream and alternative financing

Access to seed fund / angel investors to provide long term capital

- Product / service improvements and R&D
- Investing in infrastructure / machinery
- Other strategic business investments

Additionally, seed fund can be used for marketing and brand building-related investments



Lever: Access to relevant mainstream and alternative financing

As part of the 1-1 mentoring, enable business recovery post-COVID

- Tapping into the growing digital ecosystem to ensure business continuity post-COVID
- Identify adjacent business opportunities and help pivot
- Enabling access to short-term business recovery loans

Contents



Executive Summary

Section 1: Context & Methodology

- Market sizing of WEs across 4 high potential sectors
- Research methodology

Section 2: Solopreneurs & Nanopreneurs: Growth-challenges and needs

- Solopreneur sub-segments & recommendations
- Nanopreneur sub-segments & recommendations

Annexures

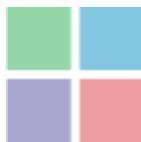


Annexures

Annexure I: Entrepreneur demographic and business profile

Annexure II: Solopreneurs and nanopreneurs

Annexure III: Segment deep-dive



Majority research participants were middle aged, educated women entrepreneurs from lower-to-middle income households

Age

70%

of the research participants were **between 25 – 46 years of age**

23%

of them were **above 46 years of age**



Education Qualification

59%

of the participants were either graduates or postgraduates

15%

of the participants had studied **up to 10th standard** and **12%** up to **12th standard**



Monthly household Income

53%

of the participants had their monthly household income below **INR 50,000**

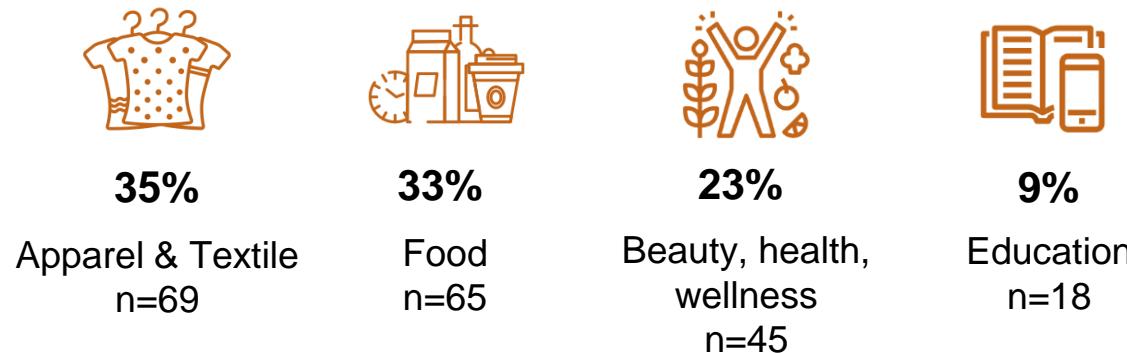
13% participants had their monthly household income in the range of **INR 50,000 to 80,000**

18% participants had their monthly household income in the range **INR 80,000 to 1,50,000**

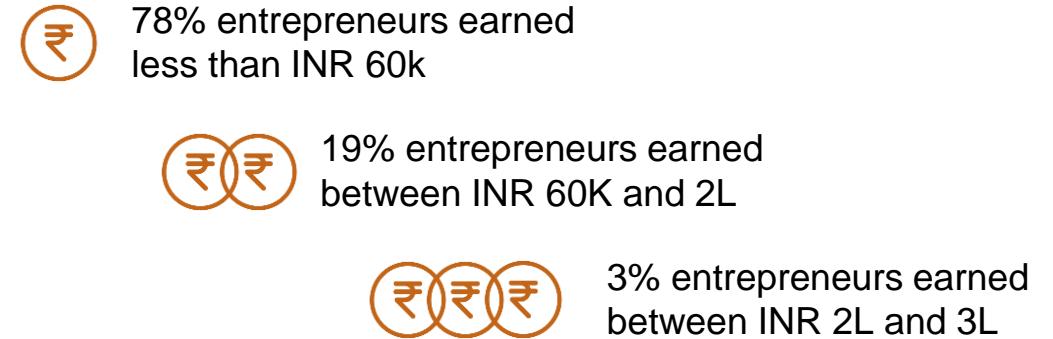


Women entrepreneurs interviewed, across the 4 priority sectors, largely ran small-scale businesses with 0-5 employees and revenue of up to INR 60k per month

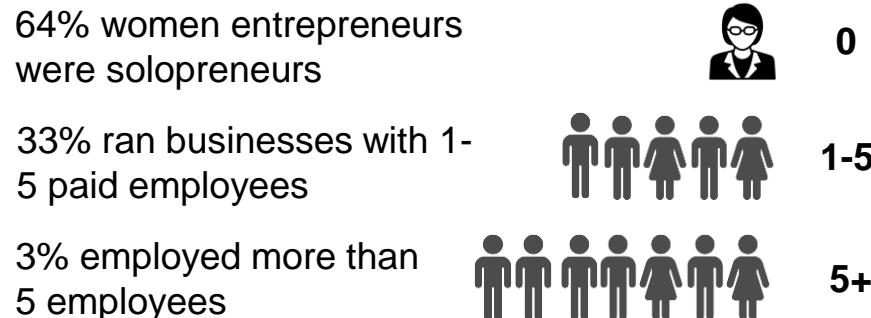
Entrepreneurs were distributed across sectors to ensure sector-specific representation of women entrepreneurs (n=200)



Majority women entrepreneurs earned monthly business revenue of up to INR 60k, with the median at INR 30k



97% of the women entrepreneurs hired 0-5 paid employees / workers



67% entrepreneurs had been running their businesses for under 5 years



Annexure



Annexure I: Entrepreneur demographic and business profile

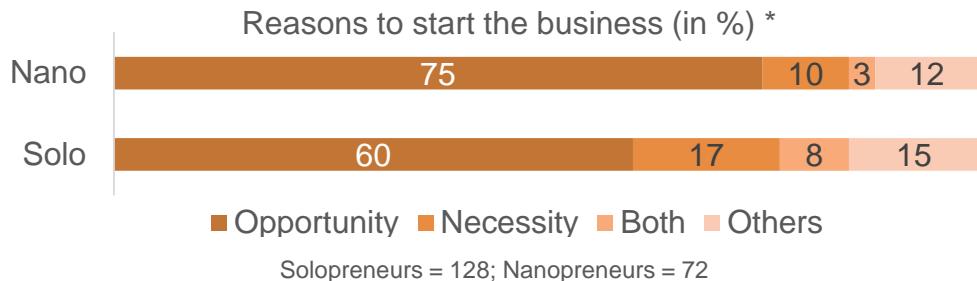
Annexure II: Solopreneurs and nanopreneurs

Annexure III: Segment deep-dive



Across entrepreneurs, opportunity-related factors dominated the reasons for starting a business; familiarity was critical in choosing a specific business activity

Reasons for starting the business had no significant bearing on whether entrepreneurs were solo or nano



When choosing the sector, women largely rely on familiarity with the business activity

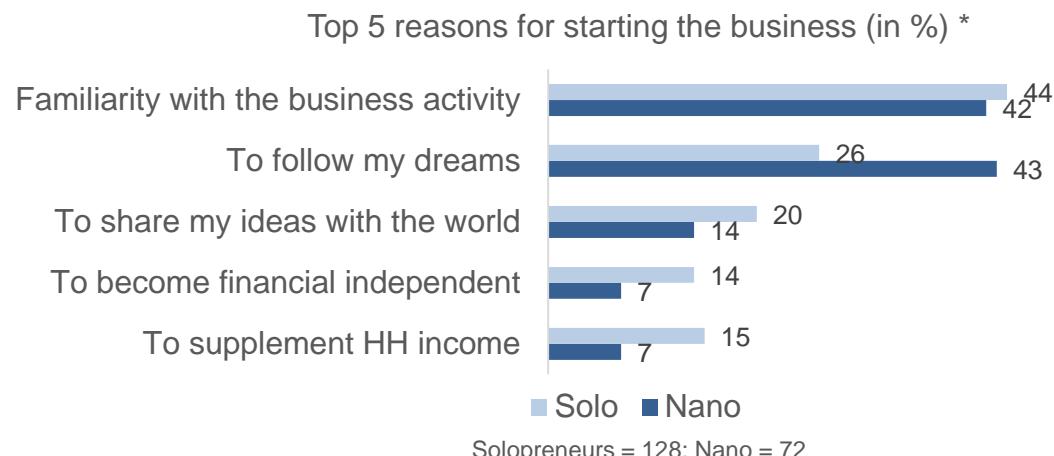
- 43% of all entrepreneurs selected the specific business activity owing to their familiarity with the sector, wanting to leverage existing knowledge, skills, experience and comfort with the line of work.
- This also often tends to restrict women to sectors such as beauty, apparel and food, where there is a higher presence of women entrepreneurs.



"I started baking brownies for my friends and family 3 years ago. I had to charge them because they refused to take the brownies for free. Once they shared my products amongst their networks, it snowballed from there."
– A home baker

While solopreneurs and nanopreneurs may start their businesses for similar reasons, they go on to have varied experiences across different business functions, as they sustain and grow their businesses. Thus, making it critical to identify support needs across the continuum of growth.

Across groups, women were more likely to become entrepreneurs for opportunity-related factors



Opportunity-related factors are those that draw entrepreneurs to start businesses as a choice rather than a necessity. Factors such as passion, desire to share ideas with the world or to become financially independent emerged as dominant reasons for having started the business, across women entrepreneurs.



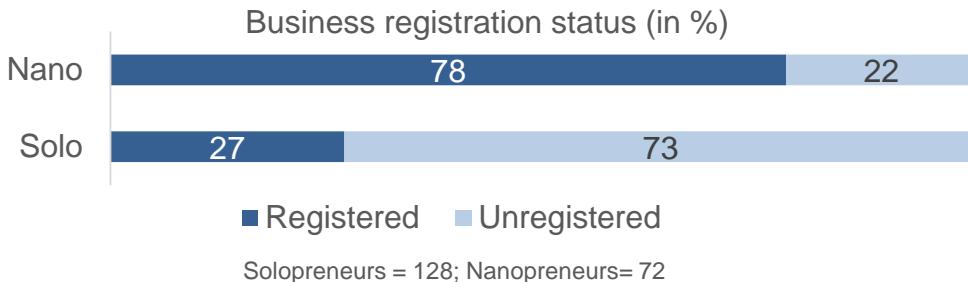
Necessity-related factors are those that owing to a personal constraint or lack of choice push women entrepreneurs to start a business. Contributing to household income was the top necessity-related factor that pushed women to start a business.

*Multiple choice question, therefore figures may not add up to 200

Qualitative insights through in-depth interviews by Sattva

Nano-enterprises are more likely to be registered, while solo-enterprises require support with understanding the benefits and process of registration

Nanopreneurs are more likely to register their business, suggesting a link between formalisation and growth



Entrepreneurs tend to register their businesses as either sole proprietorships or private limited companies, depending upon the size of their business

Registered enterprises based on monthly business revenue (in %)



 Registration of a business as a private limited company in India requires obtaining a digital signature, DIN, securing the company name, drafting the MoA and AoA, getting the business incorporated, obtaining the business PAN and obtaining Udyog Aadhar registration. Entrepreneurs, however, tend to register their business as a sole proprietorship, which requires only a current account in the company name.

Businesses being 'new', lack of awareness, and aversion of compliance processes are top reasons for not registering*

- 47% entrepreneurs believed that their businesses were too new to register.
- 33% entrepreneurs did not want to get into compliance-related formalities.
- 24% entrepreneurs did not register due to a lack of awareness about business registration
- 19% entrepreneurs also expressed that they did not see the benefits of registering their businesses.



Solopreneurs, being largely unregistered, require **support with building awareness** on the right type of company registration (basis their current size) and business planning support to identify key milestones for formalisation.



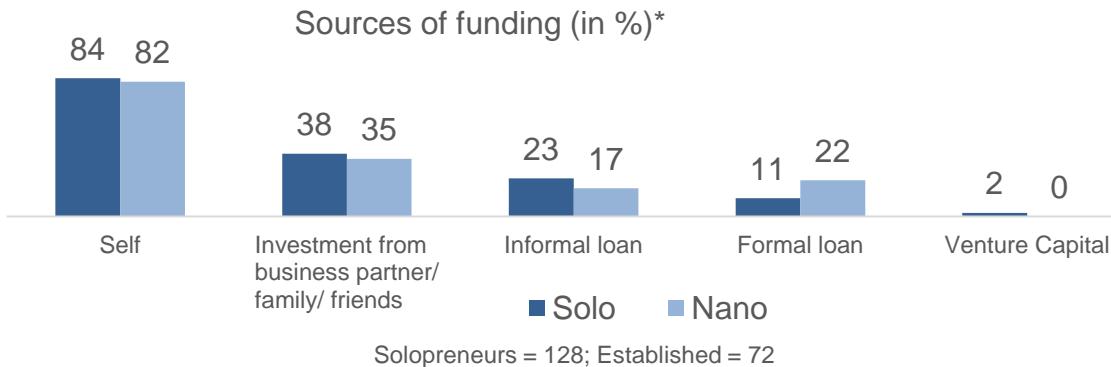
There is also a need to **drive awareness of the benefits of formalisation**, bust the myth around inconveniences of compliance, and link solopreneurs to relevant low-cost services that can support with compliance-related procedures.



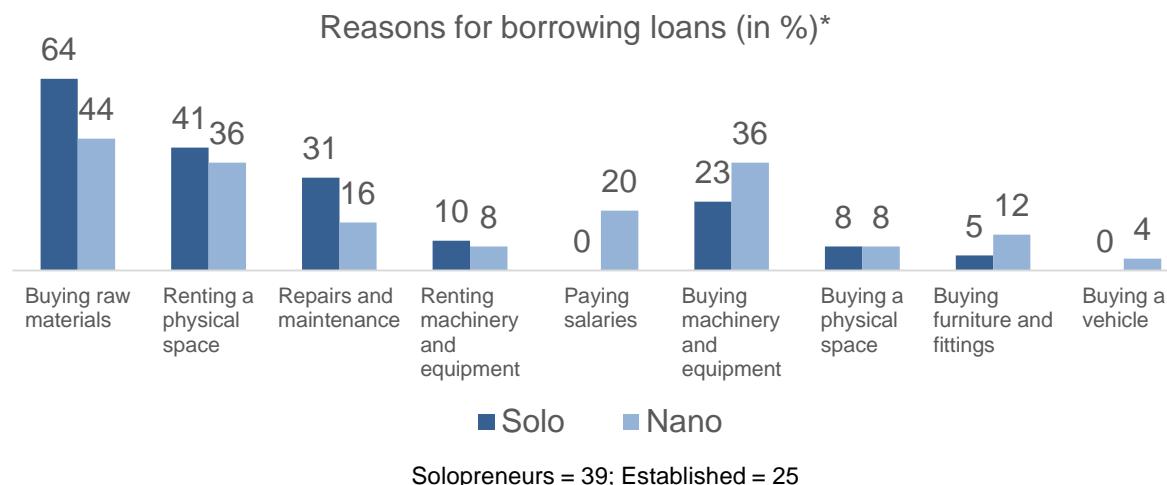
"I did not want to get into tax related compliances, which is why I did not register my business." – A solopreneur

Across groups, women entrepreneurs rely on personal savings or funds from friends and family to run their businesses

Women entrepreneurs largely use personal savings for capital needs, and also tend to rely on friends and family



Working capital needs are the most common reasons to borrow loans, across groups



Regardless of the source of funding, entrepreneurs use finances to manage day-to-day expenses, impacting their ability to grow

- Women who rely solely on personal savings do not earn significantly less revenue compared to those who use other sources of funding.
- When they borrow loans, **women prefer smaller loans, at affordable rates of interest**, available in a short period of time. Thus, they are more likely to approach family/ friends when facing a cash crunch.
- Women **also rely heavily on family and friends for working capital loans** in situations where they are facing a cash crunch. These loans are preferred because they are for small amounts, usually zero interest, and usually do not have a fixed payment cycle.

• Women are stuck in a **cycle** wherein they are unable to expand their business due to financial constraints, and in contrast do not get external funding because of the financial burden it may create / being unable to take the financial risk.

• Those who try to avail formal credit find the process complex, and often face **rejection due to a lack of documentation, credit history and collateral.**

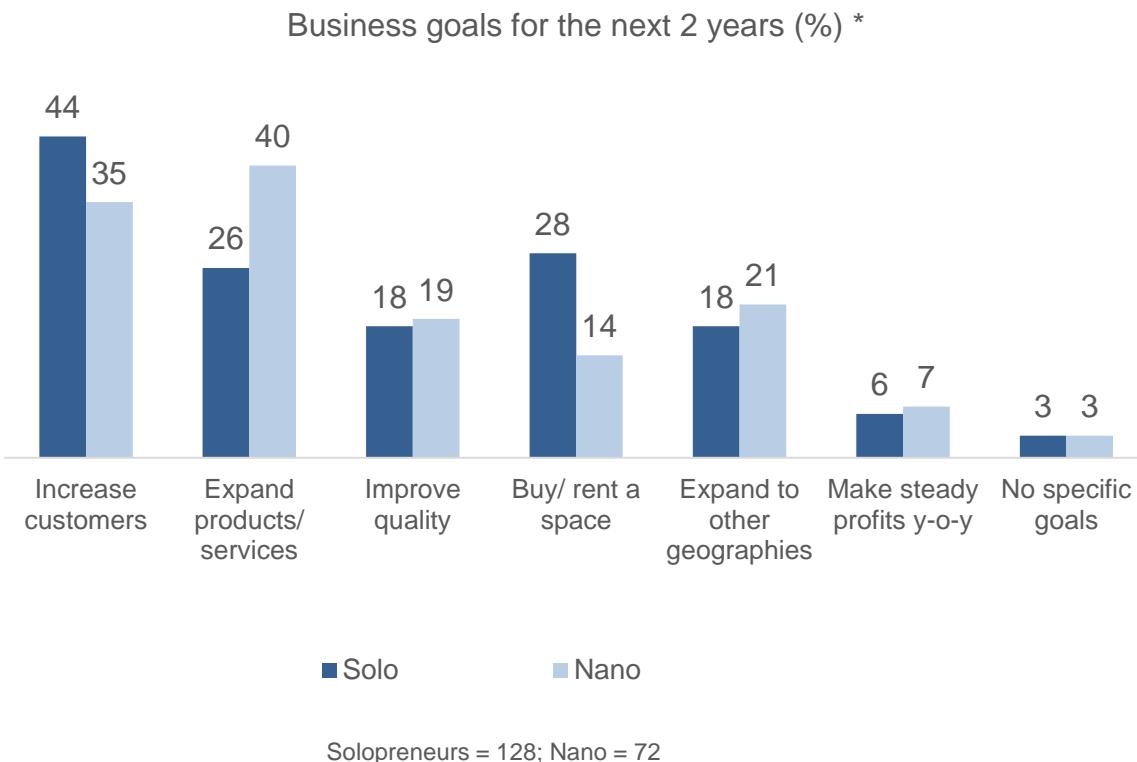
• Data suggests that borrowing loans is not linked to higher revenues indicating the need for **appropriate financial products and handholding support** with how to use the resources.

*Formal Loans include loans from MFI, Banks, Govt and SHGs; Informal Loans include loan from friends/family and money lenders

+Multiple choice question, therefore figures may not add up to 200
Qualitative insights through in-depth interviews by Sattva

Solopreneurs identify increasing their customer base as their top goal while nanopreneurs seek to expand their range of products and services

Improved access to markets is seen as a goal across entrepreneur groups; solopreneurs also aspire to shift their business to a formal office space / workshop / shop



While solopreneurs require knowledge of appropriate sales channels, nanopreneurs require business networks and support with digitising sales

- Solopreneurs identify **increasing their customer base as a top goal**. However, they are unable to identify concrete steps to increase their customer base and need support with identifying the right markets.
- Among nanopreneurs, the top goal is **expansion of products/ services** for which they require funding support.
- This is followed by increase in customer base for which they require linkages to B2B / online channels.



Few women across both groups also express the need to **onboard business partners** to better position themselves in front of VC funders.



Women entrepreneurs also express the need for **mentoring and business advisory to scale their businesses, along with linkages to B2B and other online channels**

*Multiple choice question, therefore figures may not add up to 200

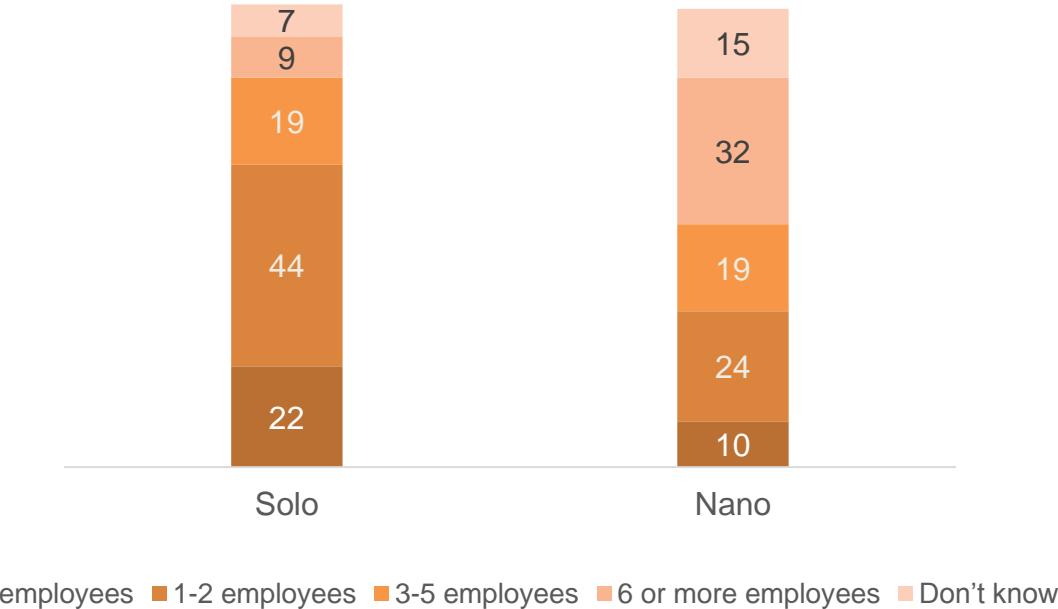
'Respondents who answered "don't know" are not shown

Qualitative insights through in-depth interviews by Sattva

Almost all women entrepreneurs wanted to hire paid workers in their business in the next 2-3 years

90% nanopreneurs and 78% solopreneurs aspire to hire employees within the next 2 years

Aspiration to hire paid employees in the next 2 years (in%)



Solopreneurs = 128; Nanopreneurs = 72

While women need support from workers, across sectors, they need support in identifying cost effective labour

- Apart from support in production, women are likely to hire for complementary functions such as sales, marketing and accounts – areas where women feel they lack knowledge / expertise.
- Across sectors, women also tend to rely on unpaid help to save business costs, thus indicating a potential for employment generation



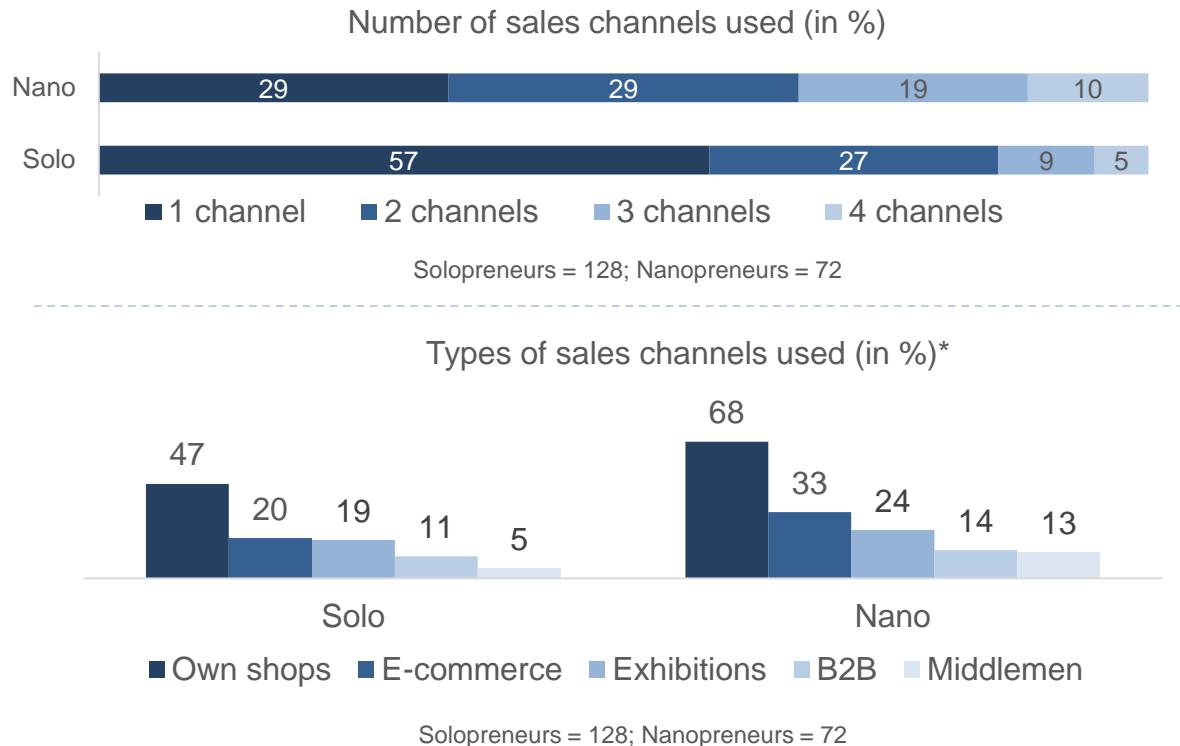
Women entrepreneurs, however, report being **unable to find the right talent at affordable rates as a major challenge**.



Getting access to **hiring platforms** suited to MSMEs / start ups is a key need for women, who are generally relying on personal networks to identify employees

Nanopreneurs are more likely to diversify their sales channels and leverage digital channels to sell their products/services

Solopreneurs are likely to sell from 1 sales channel while nanopreneurs are likely to tap into 2 or more channels

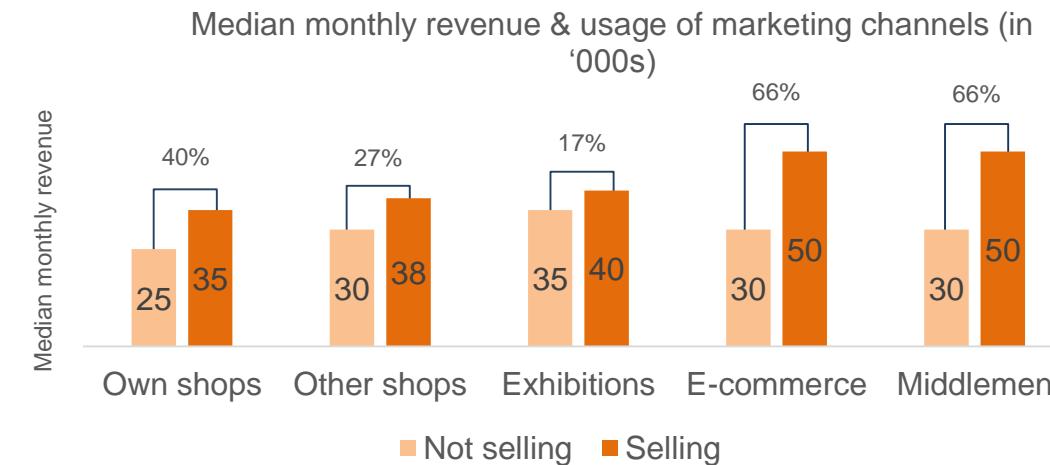


Solopreneurs are less likely to diversify sales channels and rely on their existing customer base, which is comprised of customers from within their personal network.



Solopreneurs cite **limited exposure and time** as reasons for inability to leverage multiple sales channels.

Enterprises selling through e-commerce and middlemen have higher median monthly business revenue



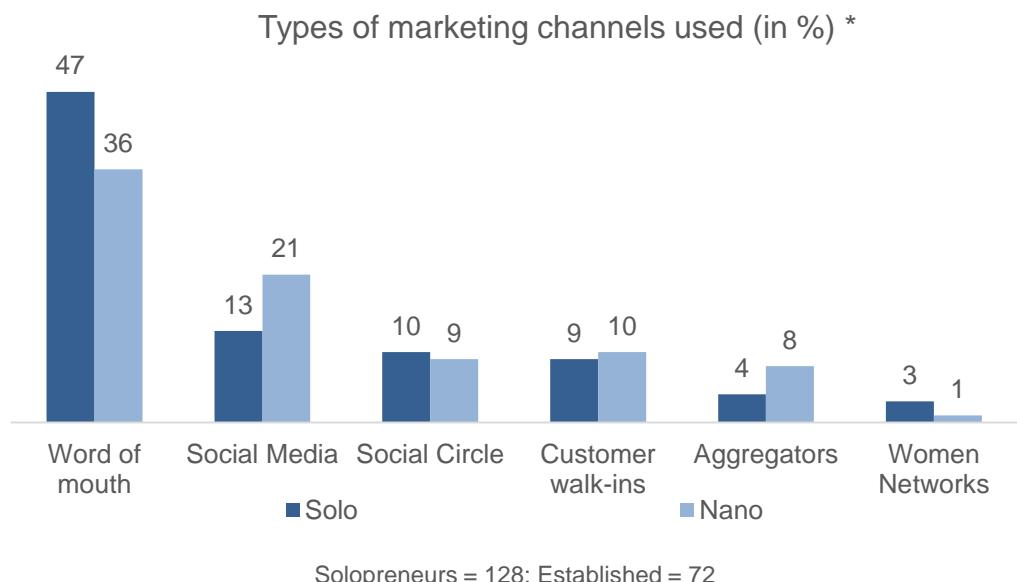
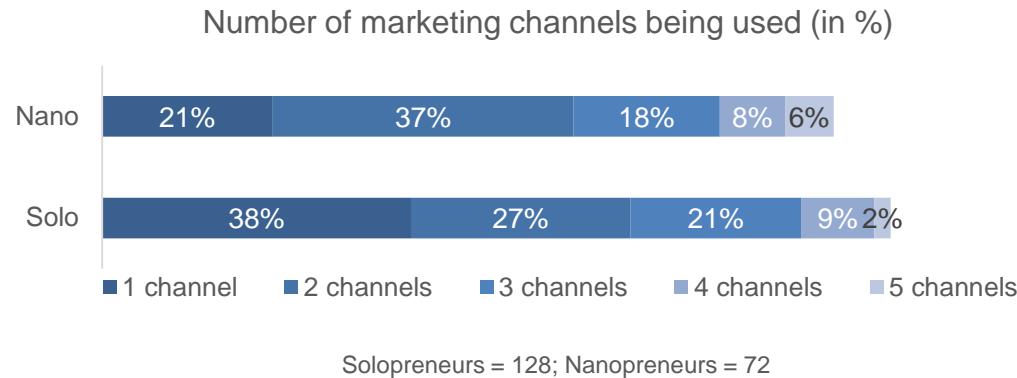
- Nanopreneurs are more likely to diversify their sales channels to include non-traditional methods such as e-commerce and online aggregators.
- **Nanopreneurs are also more likely to use B2B sales channels** such as retailers / wholesalers and middlemen.
- These channels are linked to higher revenues.



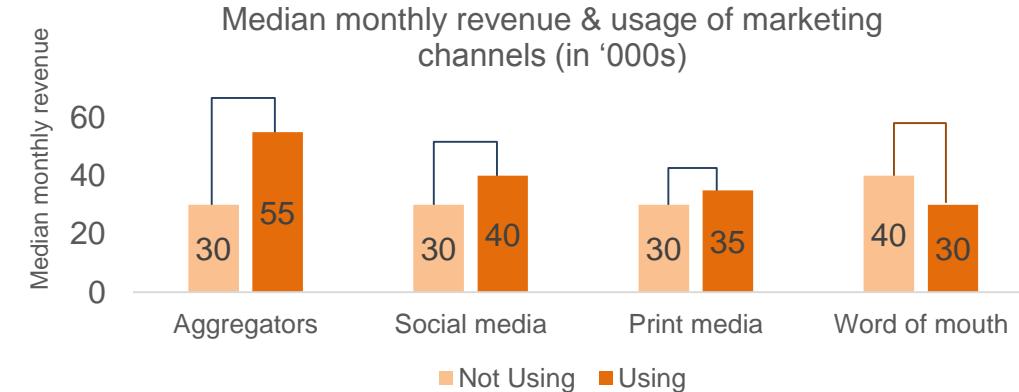
"I have been duped by e-commerce platforms in the past. So, I am weary of using those in the future. I want to expand to a shop, but I need funding since the rent is high and the business has low margins."
– An apparel retailer

Solopreneurs are likely to be restricted to personal networks for marketing purposes, which limits their ability to grow

While solopreneurs are more likely to rely on informal marketing channels, nanopreneurs are likely to use diverse channels



The median business revenue of enterprises using formal marketing channels is higher than those using informal channels



Nanopreneurs are twice as likely to use formal marketing channels linked to higher revenue such as online aggregators (Practo, Zomato, Amazon, etc) and print media.



Solopreneurs face difficulty in **single-handedly managing all aspects of the business**. This combined with lack of awareness about the right marketing methods leads them to deprioritize expansion to diverse marketing channels.



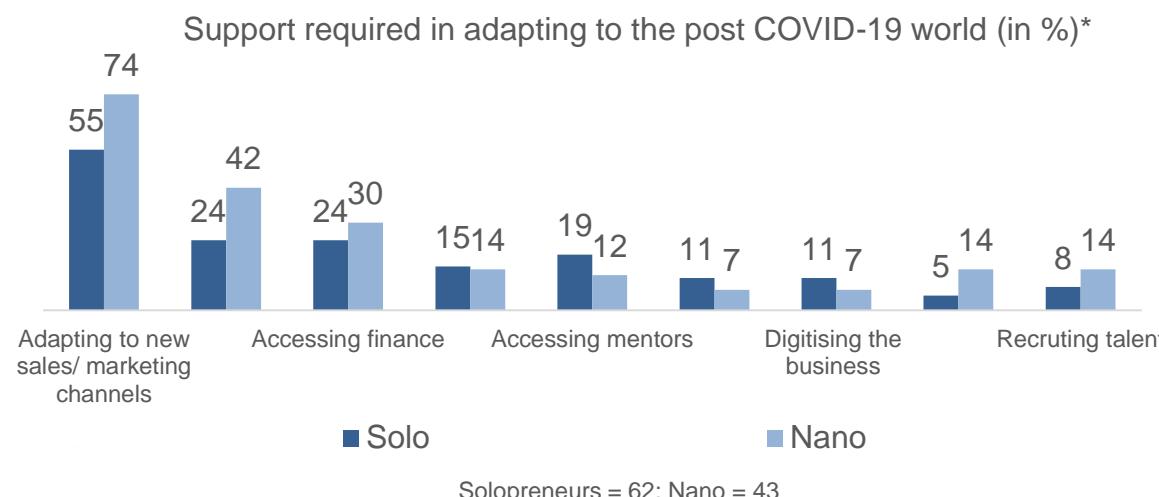
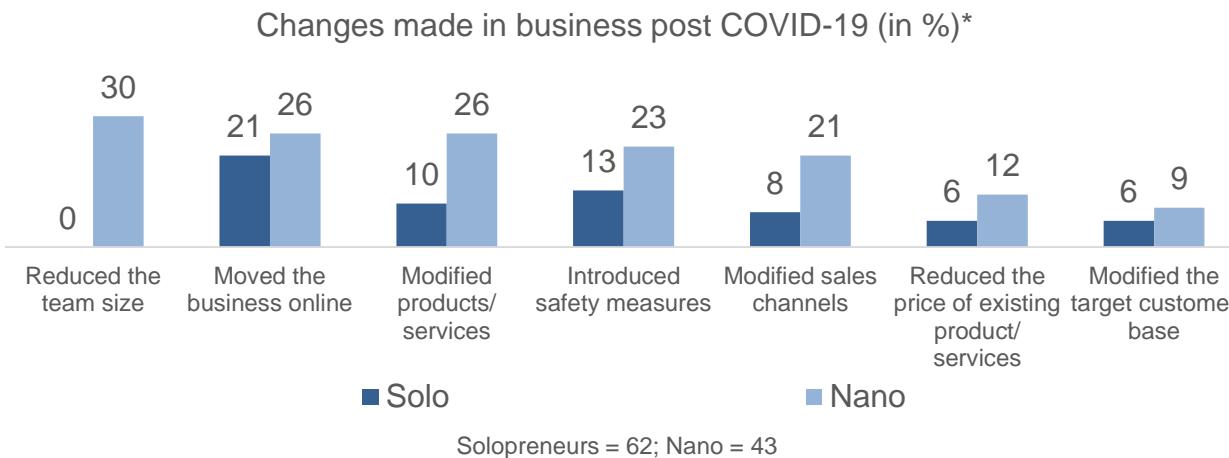
Given this limitation, they **focus their marketing efforts through quick and informal marketing methods** such as through SHGs and free social media pages.

*Multiple choice question, therefore figures may not add up to 200

Qualitative insights through in-depth interviews by Sattva

Post-COVID, women entrepreneurs report the need for cash infusion to sustain operations in the short-term and business planning support for the long term

Nanopreneurs are more likely to make changes in their business to adapt to the post COVID-19 world.



Identifying adjacent opportunities and infusing cash into the business are key needs for surviving the COVID-19 slump

- The most common changes made by nanopreneurs include reducing team size, moving the business online, and modifying products/ services.
- The most common changes made by solopreneurs include moving the business online, introducing safety measures, and modifying products/ services.
- Women are working on pivoting their business model to adapt to the post COVID-19 world.
- Common ways of pivoting include introducing products/ services related to tech or health and wellness.



Entrepreneurs reported a sense of waiting and watching and are **unable to define a clear post-covid strategy**.



While women require cash infusion, **support with regenerating demand** through providing market linkages and with identifying long-term business strategies will be critical for women-owned businesses to sustain operations.

Annexure



Annexure I: Entrepreneur demographic and business profile

Annexure II: Solopreneurs and nanopreneurs

Annexure III: Segment deep-dive



The sub-segments were developed using 3 key parameters

While there is immense opportunity for women entrepreneurs, it is crucial to identify various segments of entrepreneurs and how they differ in motivations and constraints. After conducting a granular survey with 200 women, in depth interviews were also conducted with 28 entrepreneurs across Bengaluru. A few dominant parameters helped identify four distinct segments which further lead to focussed recommendations

1

Primary data from 200 women entrepreneurs was analysed to identify key correlations that influence enterprise growth. **Business size** (number of employees hired) emerged as a key differentiating factor. At the first level of analysis, entrepreneurs were first classified into either *solopreneurs or nanopreneurs*.

2

In order to identify the growth mindset of potential mass entrepreneurs, the data from 200 women were analysed across 3 indicators to develop 4 distinct segments



Business Size

Number of paid employees/ workers hired in the business (before the COVID pandemic)



Business Revenue

Average monthly business revenue (before the COVID pandemic)



Growth Orientation

Active steps taken to increase the customer base

4 Segments



Seeker

Solopreneur who earns a monthly business revenue of INR <60k and has low growth orientation.



Aspirant

Solopreneur who earns a monthly business revenue of INR <60k and has high growth orientation.



Striver

Nanopreneur. hiring 1-5 employees, who earns a monthly business revenue of INR <60k and has high growth orientation.



Achiever

Nanopreneur. hiring 1-10 employees, who earns a monthly business revenue of INR >60k and has high growth orientation.

Seekers are small scale solo-entrepreneurs who typically run home-based businesses and do not demonstrate strong growth orientation



Seekers are solopreneurs who have not taken any active steps towards growing their businesses, and continue to **earn less than INR 60k per month**.

Monthly business revenue (INR)



Entrepreneur profile



Seekers are typically **below the age of 45**



Majority Seekers have **not studied beyond school (10th / 12th grade)**



The **household income** of Seekers was typically between **INR 20k - 50k per month**

I wish to sell my garments in showrooms and to women groups.

To achieve this I **need more equipment and raw material** to produce quantities preferred by showrooms. However, I **can't afford to make these investments** as I am running the business on my own and there is no support from family or friends. I just don't know how I can make this happen.

A Seeker

Enterprise profile

0 Paid employees



56% Home-based businesses



89% Unregistered businesses



59% < 5-year-old businesses

Nature of business



Tailoring business providing stitching and embroidery of ladies' clothes



Grocery shop and food stall in markets



Small scale Beauty parlors, run out of homes



Impact of COVID-19

All entrepreneurs in this segment were interviewed in March - April 2020, due to which data on impact of COVID-19 on Seekers is not available.



Seekers rely on single sales channels, typically limited to their individual networks, are reactionary in their approach to customer engagement and do not proactively market their products or services



Seekers rely on single sales channels, owing to the nature and scale of their home-based businesses. Only a handful use multiple sales channels



With home-based businesses such as tailoring, beauty services and packaged food, Seekers **cater to a small section of customers from within their networks**



Seekers typically do not diversify their channels and only **6% were reported to leverage E-commerce platforms** to sell their products/services



With limited channels to reach customers directly, seekers tend to rely on their **community connections such as SHGs** and other informal groups



Seekers do not proactively market their business and rely completely on existing customers and goodwill for business promotion



With **limited capacity (times and financial resources)**, Seekers prefer not to actively market their products/services



Seekers tend to have a small but recurring customer base. They rely heavily on the **retention of these customers** and most new customers are acquired through goodwill / word-of-mouth



Only a handful Seekers have optimized online aggregators (10%) to market their products



Relying heavily on recurring customers, Seekers prioritize a low price point for their customers, while also providing customized products / services



Being small scale solopreneurs they are the face of the business, which makes them **hands on with customer engagement**. They are able to **customize the products as per requirements**, also given their limited customer base



The price point of their products and services is generally not fixed and seekers are open to **reducing price / proving discounts** to their regular customers



Almost 63% entrepreneurs in this segment were **unable to take concrete steps to provide additional benefits** to their customers

With limited aspiration and connectivity, Seekers tend to take small sized loans from local SHGs and posses limited financial management skills for their business

How do they finance their business?

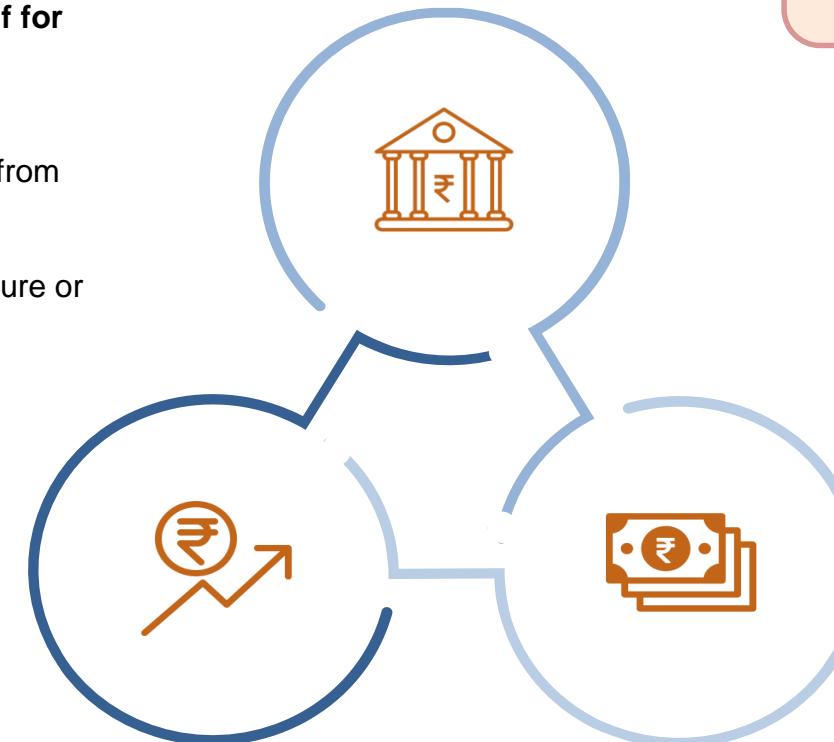
Seekers preferred taking loans from SHGs and MFIs while also relying on savings from family and self for funding their businesses.

- With a demand for **nano-loans and low rates of interest**, Seekers find it convenient to avail loans from their local SHGs / informal groups.
- Most women took funding for setting up infrastructure or for working capital needs, such as procuring raw materials for stitching and cooking.

How is the business performing?

Most businesses reported a profit of 25-50% of their revenue.

- Seekers earn the lowest revenue but are still **profitable**, given the limited expenses incurred in their businesses.



My family extended their support to me to finance my business, because my business could potentially help the household become financially stable

A Seeker

How do they mange cash flow and funds?

- With **limited financial literacy**, 80% of Seekers either maintain rough books of accounts or do not maintain any books. This may result in them not having a complete view of cash flows and business performance.
- Seekers have also not identified the need for financial literacy on cash flow management.
- With limited cash reserves and the need to use business profits for household expenses, close to 70% of this segment **accumulates savings to take care of day to working capital requirements** of the business.

Aspirants are solo-entrepreneurs, facing a stagnating growth in their business due to a lack of active steps taken to gain back momentum



Aspirants are solopreneurs who have taken some active steps towards growing their businesses and earn less than INR 60k per month.

Monthly business revenue (INR)



Entrepreneur profile



Aspirants are typically **between the age of 26 and 45**



Entrepreneurs in this segment are more likely to have completed their **graduation or post graduation**



The **household income** of aspirants was typically between **INR 20k - 80k per month**

I am personally involved in all aspects of my business including content designing, selling, marketing and finance. I am looking for a co-partner for my business so that I can expand my capacity to do more and grow.

An Aspirant

Enterprise profile



0 Paid employees



51% Operate out of their homes



32% Registered businesses



73% <10-year-old businesses

Types of businesses run by Aspirants



Handloom products including apparel and home decor



Wellness programs and mental health-related services



Packaged food and tiffin services for meals, snacks, condiments



Impact of COVID-19

60% decline in revenue due to a shrinking customer base

Aspirants are earning lesser revenue **due to a loss of regular customers and a reduction in overall spending in the market**. Lockdowns and social distancing restrictions have also led to entrepreneurs cancelling regular business events and workshops.

46% Aspirants were able to make pivots in their business post-COVID

Entrepreneurs are working on **strengthening their online presence during this time** i.e. offering services online and marketing through social media platforms



Post lockdown, Aspirants need support in increasing their number of customers and modifying sales channels with a focus on online channels

Aspirants typically sell their products / services from their own shops, seek to expand their marketing efforts online and consistently engage with existing customers in varied ways



Aspirants rely on personal and business networks as channels to sell their products / services



Slowly Aspirants are making a shift towards online channels of marketing, and recognize the need to build expertise in that area to achieve gains



Aspirants track customer response through a variety of sources such as reviews on social media, feedback forms and in-person conversations



Majority of the entrepreneurs are **either running their business from home or their own shops and workshops**. Aspirants sell directly to community members such as family / friends and direct to customers within their networks



As solopreneurs managing end to end requirements of the business, Aspirants report **time constraints** as one of the reasons they haven't been actively able to market their business



The marketing channels opted for by Aspirants **might not be in line with where majority of their customers can be reached**, such as print advertisements, pamphlets, sign boards etc.



However, some Aspirants are beginning to make a shift towards and experimenting with options such as **social media posts and advertisements**



Majority Aspirants focus on maintaining good customer relationships. They **collect regular feedback, although in an unstructured manner** and provide recommendations to customer in the purchasing process, to improve their experiences



Aspirants are focused on retaining their customer base, and to achieve this they **offer value added services and modify their products/services as per customer needs**

Aspirants lack direction on how to leverage funding to expand their business, and may have limited confidence in exploring external sources of financing

How do they finance their business?

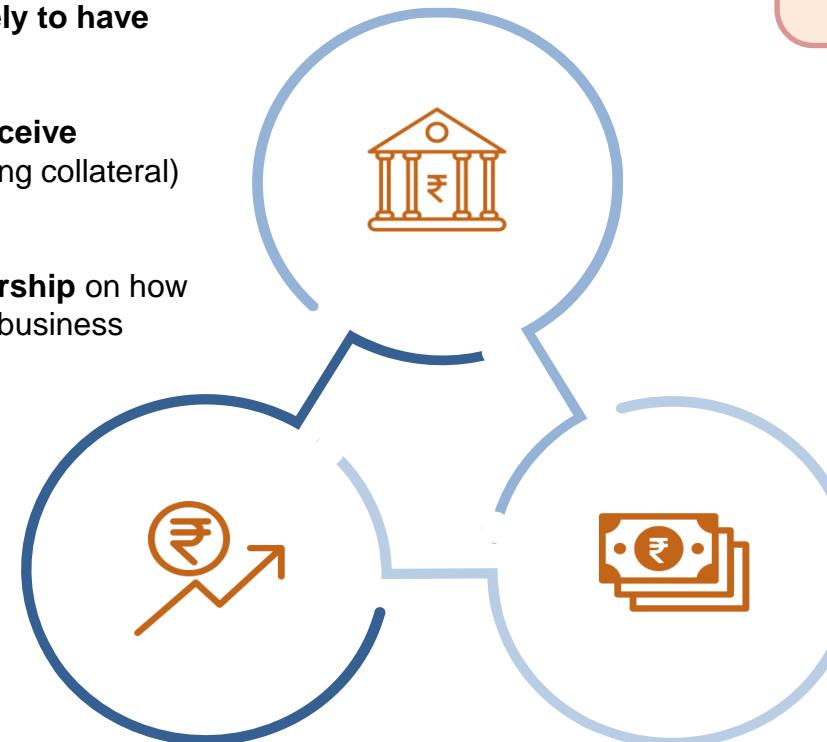
As solopreneurs, Aspirants have largely funded their businesses through self savings and are less likely to have borrowed loans

- Women who wanted to take loans, often do **not receive support from their family** (moral support, arranging collateral) and **therefore are reluctant to borrow loans**
- Women reported a lack of **knowledge and mentorship** on how to build the right financial strategy that can enable business expansion

How is the business performing?

Although their revenue is low, Aspirants manage to clock in a profit of 25% to 75%

- Majority businesses are profitable, however only a section has managed to earn high profitability of more than 75% which could **be possible as their businesses were relatively new**



I am completely self funded. I have been saving money for this venture since a long time

An Aspirant

How do they mange cash flow and funds?

- **82% of aspirants do not maintain any formal books of accounts.** However, they have identified and expressed a need to gain knowledge on managing expenses and cash flow to better operate their business
- Aspirants are accumulating business savings to **fulfill a blend of business and personal needs, often resulting in shortage of funds to invest in the business.** Nearly half of this segment is spending business earnings on education of children, household needs etc.

Strivers have been able to capture a clear gap in the market, which they are trying to fill through their business, hence focus remains primarily on fulfilling demand



Strivers are entrepreneurs who have grown their teams to enable business expansion but continue to earn less than INR 60k per month

Monthly business revenue (INR)



Entrepreneur profile



Strivers are typically **between the age of 26 and 45**



Entrepreneurs in this segment had completed their graduation or post graduation



The **household income** of strivers was fairly distributed **between 20k and more than 1.5L**

I shut down my transport business due to COVID-19 and moved to selling masala food items full-time. I had identified a demand for ready-made food products as it's an essential product and people want to prepare easy meals in the lockdown

A Striver

Enterprise profile



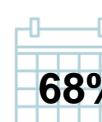
1-5 Paid employees



63% Operating out workshops, offices



60% Registered businesses



68% < 5-year-old businesses

Types of businesses run by Strivers



Garment business using sustainable fabrics, handicrafts



Clinics catering to alternative medicine such as homeopathy



Food business offering ready-to-cook meals, spices and condiments



Impact of COVID-19

80% decline in revenue due to reduced customer footfall

Logistical challenges, import restrictions, disconnect with labor in other cities has impacted production and therefore revenue for Strivers. They have also faced a reduction on demand of products / services from existing customers

Moderately agile, 50% of Achievers made changes within their business post-COVID

This **segment was relatively agile**, women entrepreneurs modified their products / services offerings and reduced team size to face this uncertain period. Food businesses brought **focus on hygiene**



Post lockdown, Strivers need support in financial management and reinitiating their scaling plans which had to be put on hold due to the pandemic

Strivers have typically expanded to selling out of shops, b2b channels or online, but still end up relying on traditional marketing channels, thus resulting in stagnation



Strivers want to focus equally on offline and online sales channels in their growth journey going forward



Majority of the entrepreneurs have been able to **set up their own establishments** to run their businesses such as shops, stalls, clinics or converted their house into home offices



Along with direct selling and e-commerce, Strivers **also focus on building an offline presence** such as retail shops, exhibitions as they believe it can help them reach new customers and enable bulk of sales



23% of entrepreneurs within this segments leverage **e-commerce** for sales



Strivers aim to generate demand for their product / service by communicating their value proposition



Strivers presently market their products / services **through word of mouth channels, business networks and posts on social media**



As a result of **financial resource constraints**, marketing activities take a pause in many Striver businesses, even when they realize the importance of building a brand



Strivers make consistent efforts in the backend to ensure customers needs are satisfied



Strivers ensure **there is high attention to detail in terms of production, delivery of service** as their product / service is the face of the business



Majority entrepreneurs **collect regular feedback and have the capacity to take actionable steps to address the feedback**



Strivers are focused on retaining their customer base, to ensure that they **offer value added services, revise product / service in line with customer feedback and reduce the price point**

Strivers tend to be averse to external funding, and primarily utilize business savings to run a profitable business

How do they finance their business?

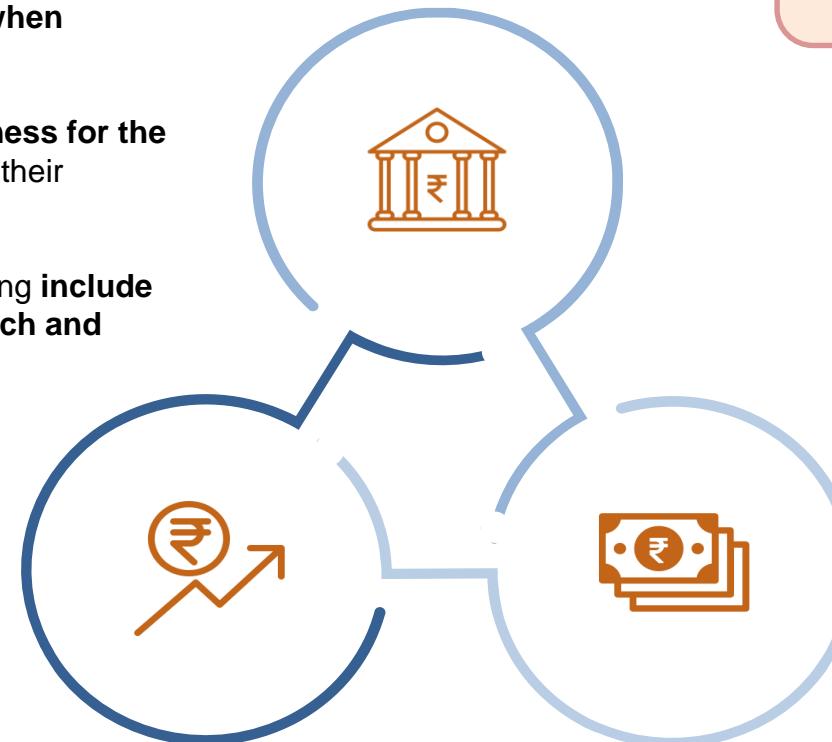
As Strivers are trying to prove their unique concept in the market, they want to seek external funding only when demand for their product has been established

- Strivers are equipped to self finance their business for the **first few years** of the business through support of their business partners and family members
- The primary reasons for which Strivers seek funding include **buying equipment / machinery, salaries, research and development etc.**

How is the business performing?

Strivers have been able to commit to the enterprise fully and develop a momentum in their operations

- 97% of them are running **profitable business**. And 55% are achieving **profitability between 25% to 50%** after only a few years of operations



I tried to take a loan from the bank, but my request was denied because I did not have proper documentation and sufficient collateral

A Striver

How do they manage cash flow and funds?

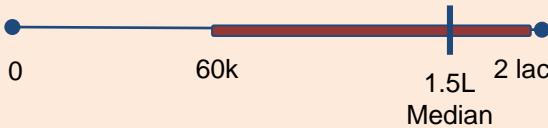
- 48% of Strivers maintain **rough books of accounts** and 32% maintain **formal books**, indicating a shift towards formalizing business processes. However, a need for gaining better practices to manage cash flows is still indicated
- To fulfill immediate liquidity requirements, **Strivers rely on savings or borrow informally from family and friends**. Only a small section of Strivers reported facing a liquidity crunch
- **Strivers accumulate business savings to invest back towards the business**, and not towards their household. This enables sufficient funds available for business operations

Achievers are job creators, running relatively larger businesses and are reported to be the most agile in managing their business post COVID-19



Achievers are entrepreneurs who have taken active steps towards growing their businesses and earn an average revenue of INR 60k – 2L per month..

Monthly business revenue (INR)



Entrepreneur profile



Achievers are typically **between the age of 26 and 45**



Entrepreneurs in this segment had completed their graduation or post graduation



The **household income** of aspirants was fairly distributed **between 20k and more than 1.5L**

I want to expand my business in such a way that I earn at least INR 10,000 per day and I am able to build my own house

An Achiever

Enterprise profile



1-10 Paid employees



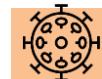
88% Operate out of workshops or offices



96% Registered businesses



76% < 10-year-old businesses



Impact of COVID-19

76% decline in revenue due to inadequate cash reserves

Achievers are facing financial gaps due to fixed monthly expenses such as salaries, rent etc. without a stable inflow of revenue. Further, change in **consumer demands and habits** have severely affected their sales

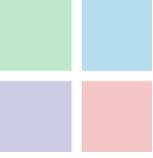


Being agile, 88% of Achievers made changes within their businesses post-COVID

Achievers made various modifications to their business, such as moving it online, changing sales channels, reducing the team size and modifying their products/services as per demand



Post lockdown, Achievers need support in identifying skilled and cost-effective labor while pivoting their sales channels and meeting changing consumer habits



Achievers use a good mix of B2B and B2C channels and have expanded to markets outside Bengaluru; while achievers are keen to establish a *brand* marketing investments are not yet considered a priority



Achievers tend to diversify their sales channels to reach customers through both B2B and B2C channels and in multiple locations in and around Bengaluru city



Majority entrepreneurs sell their products from **their own workshops / offices** and other establishments



Achievers tend to invest in diversified sales channels to keep up with changing consumer habits. **56%** entrepreneurs within this segment were able to leverage **e-commerce** by selling through social media, marketplaces and their own websites



Achievers are able to leverage their **personal and business networks** to expand their sales



Achievers are likely to use paid forms of marketing but also lacked the financial resources to scale up these efforts; their aspiration is to establish a brand within their markets



Achievers were likely to use **paid forms of marketing such as print ads and aggregators** but largely rely on unpaid social media marketing. They lack the resources required for paid digital marketing..



Achievers focus on marketing not only as a means to attract more customer but as a way to build a brand. This segment is most conscious of how their products / services represent their brand and use marketing as a means to establish this image.



Achievers are dedicated towards ensuring high quality and uniqueness of their products/services for their customers



Achievers are keen to **invest time and resources towards maintaining the quality of their products / services**. In order to ensure customer satisfaction, they work relentless to strengthen quality, provide refunds for sub standard quality products and even replace products



Achievers ensure their staff provide the right quality of products / services to their customers



They also provide various benefits like **value added services and reduced prices** to retain customers

Achievers are more likely to take financial risks and accept external funding (among other options) to scale their business

How do they finance their business?

Achievers rely on diversified funding routes including through SHGs, Banks, Government

- Entrepreneurs also reported taking loans from **government institutions** such as Karnataka State Finance Corporation and DIC due to low interest rates on these loans
- Most women take external funding to **expand their infrastructure** and scale their business through machinery/equipment and , physical establishments such as an office or shop

How is the business performing?

Most businesses report a profit of 25-50% on their revenue. Considering the higher overheads, aspirants report a lower profit as compared to other segments.

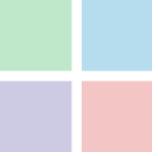


I know it's a huge investment, but I gave my house on collateral to take a loan of Rs. 17.5 Lakhs, for a machine that will help me produce the garments in bulk

An Achiever

How do they mange cash flow and funds?

- Considering the size of their business, **all Achievers maintain either a rough or systematic set of books of accounts**, which are regularly updated
- Entrepreneurs have mentioned that fixed repayment policies and financial skills will help them manage their cash flows better**
- Having larger businesses, entrepreneurs who have recently launched their enterprise may face cash flow issues till they break even. **Early knowledge on business planning and financial management will help women scale their business more efficiently**



About Global Alliance for Mass Entrepreneurship (GAME)



The Global Alliance for Mass Entrepreneurship (GAME) (www.massentrepreneurship.org) is a partner-led platform seeking to address India's job crisis by creating a thriving ecosystem for mass entrepreneurs (ME) in India. We have set ourselves the ambitious target of creating 10 million mass entrepreneurs, 50% of whom are women, by 2030. Being an Alliance, GAME will operate through taskforces - multi-stakeholder groups identifying quick wins, and new innovations, systemic solutions for the ecosystem - and Alliance partners – banks, tech platforms, entrepreneurship development organisations etc. - to scale solutions nation-wide. GAME started in August 2018 after the entrepreneurship ecosystem identified the need for a national convening body to shape the ME agenda. GAME was started by Ravi Venkatesan (former Chairman of Microsoft India), Madan Padaki (Founder, 1Bridge and Head Held High) and Mekin Maheshwari (former CPO at Flipkart and founder of Udhyam Learning Foundation).

About Sattva Consulting



Sattva (www.sattva.co.in) is a social impact strategy consulting and implementation firm. Sattva engages with leading organisations across the globe through services in strategic advisory, realising operational outcomes, CSR, research, assessments, and co-creation of sustainable models. Sattva works to realise inclusive development goals across themes in emerging markets including education, skill development, livelihoods, WASH, digital and financial inclusion, energy access, and environment, among others. Sattva Research works on research and insights to influence decision-making and action towards social impact in the ecosystem in Asia. Sattva research has partnered with organisations such as CII, USAID, UNICEF, AVPN, DFID, IDH, Bill and Melinda Gates Foundation and Rockefeller Foundation to publish research, case studies and insights, and engages with sector leaders through roundtables, conferences and impact circles

