

Why start-ups are still a big draw for MBA students



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Over the years, I have observed that an increasing number of students, especially MBA students, want to be uniquely identified. For such management graduates, joining a start-up can prove to be a good career path. However, they must keep in mind the pluses and minuses as far as start-ups are concerned.

Start-ups are known to follow a hire-and-fire policy. It is easy to lend a job without several rounds of screenings, tests and interviews. But, at the same time, if a fresher does not show the right fit, the door is shown as easily.

There is always more freedom to work in a start-up. There is hardly any organisational chart or hierarchical system to follow. The team is small, skill-sets are limited, and one gets a full chance to set one's own goal. When a fresh MBA joins a start-up, she gets a chance to be part of an assignment which is often challenging and bursting with opportunities, has sufficient scope for innovation, more room for creativity, and a ready platform to showcase real talent. Such an opportunity is rare in an established set-up.

An opportunity also means great scope to prove your talent and make a mark faster as compared to in a big organisation. Salary and perks in a start-up may be low, but to compensate that many start-ups offer stock options. If the start-up succeeds, the rewards of success are likely to be substantial. Further, there are chances of an early promotion. Then there are intangibles—sense of satisfaction and ownership. Many start-ups also offer salaries based on performance, which makes it possible for a fresher to work hard and earn more. At times, there are attractive slab-based incentives, which compensate for low basic salary structure.

Start-ups provide great opportunity for learning. In a big corporate house, a

fresh management graduate has to undergo training and induction process which often lasts a few months. In a start-up, you are on your toes from day one. Often, you have to learn yourself—no formal training or long induction process. This also leads to greater sense of accountability and responsibility.

In a start-up, one gets a chance to work with initiators, thought-leaders, innovators. In traditional organisations, there are few such personalities. A start-up can prove to be a major centre of learning for those who want to take up this opportunity early in life.

At the beginning of a management career, it is important to get as much exposure as possible. It is easily possible in a start-up. Since the set-up is generally small, one gets a chance to be part of different teams. Often, multiple responsibilities are given to an executive, unlike in a large corporation. Job rotation naturally takes place in a start-up, thus giving wider exposure to a new entrant. But while it is easy to get credit for success in a start-up, the same holds true for failure as well.

Most start-ups have flexible working hours; at times, you can even work from home. Since start-ups are generally small organisations, one also develops a sense of belonging and ownership.

However, it's not all rosy; there is a flip-side too. According to available statistics, there are more start-ups that end in failures than successes. In fact, of every 10 start-ups in India, only two succeed. Thus, management graduates who are considering joining start-ups must be ready to take the risk. There are also cases when a start-up takes a long time to break-even. If the promoter does not get the right kind of funding at the right time, there are survival issues. Retrenchment is often seen in such situations. It could be frustrating.

Over the last five years, it has been observed that angel investors and venture capitalists have made funding of start-ups easy and smooth. This has led to many young innovators take the plunge into such ventures. As a result, the failure rate is likely to go down considerably, which means that job opportunities would grow.

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