

Ministry of Education and Science of Ukraine
Ukrainian-American Concordia University
Faculty of Management and Business
Department of International Economic Relations, Business & Management

MASTER'S QUALIFICATION WORK

**Management approaches for minimizing effect of modern challenges for startups
and small businesses in Ukraine**

(based on BMN LLC case)

Master's degree student

Field of Study 07 – Management

and Administration

Anastasiia Fliahina

Specialty 073 – Management

Educ. program – Business Administration

Research supervisor

Natalia Chaplynska

Ph.D. of Economics

Kyiv – 2024

Abstract

The study centers on exploring fundamental frameworks, developmental stages, and trajectories of startups and small businesses. Drawing from both theoretical frameworks and research, as well as the author's personal experience working at a Ukrainian startup during the war, the primary challenges faced by startups and small businesses were identified. Specific managerial approaches to mitigate the impact of these challenges were formulated and detailed. Recommendations are tailored to the developmental stage of the entity, providing comprehensive insights and suggestions for startups and small businesses. The research underscores the scarcity of available studies on current business challenges in Ukraine, paving the way for future research endeavors.

The study incorporates insights from BMN LLC, including analyses of its current structure, activities, opportunities, and potential threats. Recommendations are drawn from personal experiences gained while working at the company. This experience is particularly valuable as it highlights that challenges encountered by Ukrainian businesses differ and are more intricate compared to widely recognized issues faced by startups.

Keywords: challenges of startups, managerial approaches for startups, small businesses in Ukraine, business in Ukraine after full-scale invasion.

Анотація

Дослідження зосереджене на вивченні фундаментальних принципів, стадій та траєкторій розвитку стартапів і малих підприємств. Спираючись на теоретичні засади та дослідження, а також на особистий досвід роботи автора в українському стартапі під час війни, було визначено основні виклики, з якими стикаються стартапи та малі підприємства. Сформульовано та деталізовано конкретні управлінські підходи для мінімізації впливу цих викликів. Рекомендації адаптовані до стадії розвитку суб'єкта господарювання, надаючи комплексні висновки та пропозиції для стартапів та малих підприємств. Дослідження підкреслює дефіцит наявних досліджень поточних викликів для бізнесу в Україні, що відкриває шлях для майбутніх наукових робіт.

Рекомендації ґрунтуються на особистому досвіді, отриманому під час роботи в компанії BMN. Цей досвід є особливо цінним, оскільки він підкреслює, що виклики, з якими стикається український бізнес, відрізняються і є більш складними порівняно з загальновідомими проблемами, з якими стикаються стартапи.

Ключові слова: виклики стартапів, менеджмент підходи для стартапів, малий бізнес в Україні, бізнес в Україні після повномасштабного вторгнення.

PHEE-institute «Ukrainian-American Concordia University»


Faculty of Management and Business

Department of International Economic Relations, Business and Management

Educational level: **Master degree**
Specialty **073 «Management»**
Educational program **“Business Administration”**

APPROVED

**Head of IER, Business and
Management Department**



Prof. Zharova L.V.

“18” September 2023

TASK

FOR MASTER’S QUALIFICATION WORK OF STUDENT

Anastasiia Fliahina

(Name, Surname)

1. Topic of the master’s qualification work: **“Management approaches for minimizing effect of modern challenges for startups and small businesses in Ukraine (based on BMN LLC case)”**

Consultant of the master’s qualification work **Ph.D. in Economics Chaplynska N.M.**, which approved by Order of University from **“14” September 2023 № 14-09/2023-6c.**

2. Deadline for master thesis submission **“20” December 2023.**

3. Data-out to the master thesis

Materials from open resources, official sites of international and national organizations, and company where a student had her internship (BMN LLC).

4. Contents of the explanatory note (list of issues to be developed)

- ***to investigate the theoretical framework, essential features, imperatives of formation and directions of development of startups and small businesses;***
- ***evaluate importance of startups and SMEs in economic development of the country;***
- ***identify challenges for startups and SMEs in Ukraine before and after full-scale invasion;***
- ***reveal general characteristics, analyze economic activity, competitiveness of the BMN LLC;***
- ***assess effectiveness of Ukrainian startups and small businesses;***

- develop and substantiate recommendations for Ukrainian startups and small business in total and BMN LLC particularly on improving their competitiveness.

5. List of graphic material (with exact indication of any mandatory drawings)

Figures: Number of small and medium-sized enterprises in the European Union, in Ukraine; number of jobs created by startups; countries with the Top Startups Worldwide; organizational structure of BMN LLC.

Tables: SWOT analysis of BMN LLC.

6. Consultants for parts of the master's qualification work

Part of the project	Surname, name, position		
		Given	Accepted
1.	<i>N. Chaplynska, Ph.D. in Economics</i>	+	+
2.	<i>N. Chaplynska, Ph.D. in Economics</i>	+	+
3.	<i>N. Chaplynska, Ph.D. in Economics</i>	+	+

7. Date of issue of the assignment

Time Schedule

№	The title of the parts of the qualification paper (work)	Deadlines	Notes
1.	I part of master thesis	<i>10.10.2023</i>	<i>On time</i>
2.	II part of master thesis	<i>10.11.2023</i>	<i>On time</i>
3.	III part of master thesis	<i>10.12.2023</i>	<i>On time</i>
4.	Introduction, conclusions, summary	<i>20.12.2023</i>	<i>On time</i>
5.	Pre-defense of the thesis	<i>22.12.2023</i>	<i>On time</i>

Student _____

(signature)

Consultant _____

(signature)

Conclusions: *The Master's qualification work is designed at the high scientific level, its content and structure fully meet with methodological requirements. The study provided a meticulous analysis of the development of startups and small businesses in Ukraine, describes BMN LLC case as an example with providing all necessary details for its analyzing.*

The work contains all the important parts of scientific research with empirical and theoretical recommendations. The paper includes a well-developed theoretical approach to the startup and small businesses studying and provide deep analysis of the their competitive development in Ukraine. The practical recommendations were formulated correctly and focused on the main goal and tasks of the work.

In general, if successful defense, the master's qualification work can claim to be "excellent" score.

Consultant _____

Natalia CHAPLYNSKA

Table of Contents

Introduction.....	3
CHAPTER I. OUTLINING THE CONCEPT OF CHALLENGES THAT STARTUPS AND BUSINESSES FACE.....	7
1.1 Theoretical framework of startups and small businesses	7
1.2. Importance of startups and SMEs in economic development of the country	14
1.3. Specifics of challenges for startups and small businesses in Ukraine before and after full-scale invasion.....	20
CHAPTER II. STUDY OF BUSINESS MEDIA NETWORK LLC AND ITS COMPETITIVENESS.....	30
2.1 General characteristics and analysis of economic activity of Business Media Network LLC	30
2.2. Assessment of the competitiveness of the company	54
2.3 Assessment of the competitiveness of Ukrainian startups and small businesses ..	58
CHAPTER III. CONSIDERATION OF WAYS OF OVERCOMING CHALLENGES BY STARTUPS AND SMALL BUSINESSES IN UKRAINE ..	66
3.1 Recommendations for Business Media Network LLC on improving public awareness and competitiveness.....	66
3.2 Recommendations for Ukrainian startups and small businesses on improving market awareness and competitiveness	71
CONCLUSIONS AND PROPOSALS.....	85
REFERENCES.....	90

Introduction

In an era marked by rapid technological advancements, global interconnectedness, and evolving consumer behaviors, startups and small businesses in Ukraine find themselves at the intersection of unprecedented opportunities and complex challenges. As the economic landscape undergoes dynamic transformations, the management of these enterprises becomes pivotal for their survival, growth, and sustained success. This master thesis seeks to explore and analyze management approaches that effectively address and minimize the contemporary challenges faced by startups and small businesses in the Ukrainian context.

The rationale behind this research lies in the recognition that the success of startups and small businesses is intricately linked to the effectiveness of their management strategies. While opportunities abound, challenges such as economic uncertainty, regulatory complexities, talent acquisition, and disruptive technologies pose significant threats. Understanding how management approaches can be tailored to minimize these challenges is crucial for fostering a conducive environment for entrepreneurship and economic development in Ukraine.

The focus of the work is to analyze resources available on the topic of challenges for startups and small businesses in Ukraine, with particular focus made on the past two years, at the times of the ongoing war.

The topic of startups is closely connected to me at the current stage of my life because I work at a startup myself, so I have a subtle understanding of how it is in real life. Although I was not from the beginning at the startup – I came when it was around 1 year old, we still are working on establishing procedures and processes. Even though not the whole our team is physically located in Ukraine, our main focus is on operating in Ukraine, so the topic of the literature review is of particular relevance for me.

My work is based on the internship at Business Media Network LLC. During internship and after it I have learnt a lot about ups and downs of a startup in Ukraine, and briefly summarized available for me information in the next chapters. I think it is

a good case to investigate, as it was created by a wonderful team: experienced executive managers & co-founders and eager to learn and create students, who dream to transform their home country – Ukraine. For me the distinct features of a startup were particularly clear, as beforehand I had been working for three years at an established corporation. So, noticing differences between a startup and a fully operational company were easy for me.

The clearest differences and challenges of a startup are of course lack of established structure, stable team and limited resources. At the same time, the purpose of a startup is usually much broader than just maximizing profits for the owners. That is also true for the BMN, as founder with Ukrainian roots is personally very involved in the development of Ukraine using international knowledge and experience. This inspired me from the first glance, and I agreed to this internship almost without thinking, as I have never encountered anything like this before. First, the whole approach to the business is different – the primary goal of the company is to help Ukraine develop, to promote country on international arena and facilitate creation of entities, that create jobs in Ukraine. And secondly, it is strategically unique for Ukraine, as BMN creates a holistic network to organize and systematize data, as data is one of the most important things for investors to enter a country. Without data an investor cannot evaluate whether it is profitable for them to invest into a particular project. That was a problem that founders noticed and started a journey to change it.

The question of startup is very intriguing and is constantly studied in the most progressive countries, as there is understanding of importance of startups and SMEs for economic development of the country. Ukrainian scholars – G. Piatnytska, A. Kasich, A. Dzhura, N. Rud, B. Bogatko, D. Sokolenko – among others, as well as international ones - K. H. Vesper, L. G. Núñez, M. G. Martinsons, A. Rahman, E. Airini, S. Blank, B. Dorf, S. Blank, G. Cassar, A. Damodaran, E. Ries, P. Graham, P. A. Gompers, J. Lerner, W. R. Kerr, S. Shane, S. Bernstein, O. Sorenson, J. David M. Deakins, H. Chesbrough have thoroughly studied startups from various perspectives since 1990s. These scholars studied the problems and challenges startups face on their

way to success. More recently, in 2021 T. Eisenmann published a book “Why Startups Fail: New Roadmap For Entrepreneurial Success”. It provides a more analytical approach, as is based on long years of startup investigations and research.

Nevertheless, research of startups and SMEs is still **relevant**, especially in the Ukrainian context, as there is limited data on startups and their challenges in Ukraine. The topic is even more relevant nowadays, when many businesses were destroyed or severely affected by the full-scale invasion. Many businesses were forced to relocate or close. This has led to higher unemployment rates. And as Ukrainian government is trying to support entrepreneurs to open their small businesses by offering grants, it is important to provide startups with knowledge of best practices and mistakes to avoid in order to ensure their maximum success over a minimum period of time.

Relevance of the work is also highly supported by the fact that its practical aspect is based on a real-life example of a Ukrainian startup trying to scale its operations and attract capital during the ongoing war.

The **aim of the master qualification work** is to study and analyze modern challenges for startups and small businesses in Ukraine, as well as evaluate management approaches for minimizing those challenges.

In order to achieve this aim, the following **tasks** were set:

- Develop an understanding of theoretical framework of startups and small businesses
- Find out and evaluate importance of startups and SMEs in economic development of the country
- Identify specifics of challenges for startups and SMEs in Ukraine before and after full-scale invasion
- Study general characteristics and analyze economic activity of BMN LLC
- Assess competitiveness of BMN LLC
- Assess competitiveness of Ukrainian startups and small businesses
- Formulate recommendations for BMN LLC on improving public awareness and competitiveness.

- Formulate recommendations for Ukrainian startups and Small businesses on improving public awareness and competitiveness

The **methodological basis** for this work is comprised of peer-review journal articles, acclaimed internet publications, as well as personal data analysis and evaluation.

The **research objects** are modern challenges of startups in Ukraine and managerial approaches to overcome them.

The **research subject** is a set of theoretical, methodological and practical approaches for BMN LLC to improve public awareness and competitiveness.

Master thesis consists of an introduction, three chapters, conclusion and recommendations, which are built in a logical sequence to better evaluate the background, provide current overview and formulate best approaches to mitigate modern challenges startups and small businesses face in Ukraine.

CHAPTER I. OUTLINING THE CONCEPT OF CHALLENGES THAT STARTUPS AND BUSINESSES FACE

1.1 Theoretical framework of startups and small businesses

This paper begins with the general research of different ways of defining a startup and its basic characteristics. As concepts are same in all countries, mostly international sources will be used in this section. As the previous research states, startups are not very easy to study, because such companies form a separate group of entities, and applying a theory to analyze one is quite challenging.

Moreover, there are several factors that contribute to the dilemma of studying a startup. To begin with, many startups fail in the very early stages and less than one third of them turn into companies. In other words, there is a “high rate of failure” (Vesper, 1990).

Secondly, startup, as a newly formed entity might face various challenges and lack knowledge and experience to solve them. Meaning, critical errors might be made, that in their turn lead to failures. Among the most common reasons of failure are:

- lack of finance,
- team management problems,
- lack of business knowledge,
- technology lag

The above-mentioned issues, as well as many others are so-called “startup problems” (Núñez, 2007).

A study conducted in 2021 has shown that over 70% of startups fail in the first year of their existence because of their inability to correctly understand the external environment in which they operate (Anwar et al., 2021). Startups should also evaluate and consider start-up ecosystem, which is formed by people, start-ups in their various stages and various types of organizations in a physical and/or virtual location ((Startup Commons, 2023)

What is more, emerging economies pose additional challenges for startups, as they are characterized by unstable environment, high degree of interconnectedness and uncertainty. In such conditions entrepreneurship and network orientation are of strategic importance for the survival and performance of startups (Bui et al., 2023). However, these are not enough, as in order to achieve operational excellence in the digital age startup leaders should apply specific managerial strategies. The analysis has identified that the most important and impactful are:

- Blue Ocean focus (the one with highest importance),
- Transformation Leadership,
- Innovation Environment
- Alliances Centric (Pongkronkumpol et al., 2022)

It should also be noted that innovative products and services are the key to the sustainability of the startup business, followed by innovative work processes and ecosystem growth in line with the company's development (Díaz-Santamaría et al., 2021, Comin et al., 2020, Miceli et al., 2021). If evaluating on what type of innovation startups should focus – the analysis suggests it to be in greater part exploitative innovation – the one in which entity frequently improves existing products and services, and in smaller amount exploratory innovation, when organization is constantly trying to explore potential market opportunities (Daradkeh & Mansoor, 2023).

However, there are examples of startups engaging more in either of the two types of innovation, and if they survive – they have a chance to transform into successful companies with significant role in both domestic and international economies. This is proven by numerous “success stories” of various startups (Martinsons, 2002).

Currently, the list of startups with the highest level of breakthroughs to my mind looks like this:

Netflix was founded in 1997 as a DVDs rental service, however thanks to the vision, constant iterations and being one step ahead of competition were able to

introduce disruptive innovation – the one that creates new market to entertainment industry. (Ab Rahman, Airini, 2017). They created and became one of the major players in the digital streaming industry, and became a unicorn startup – one with valuation of over \$1 billion in 2004. On Figure 1.1 we can see market shares of the largest players in online streaming industry, and Netflix is rigorously competing with the Amazon Prime Video.

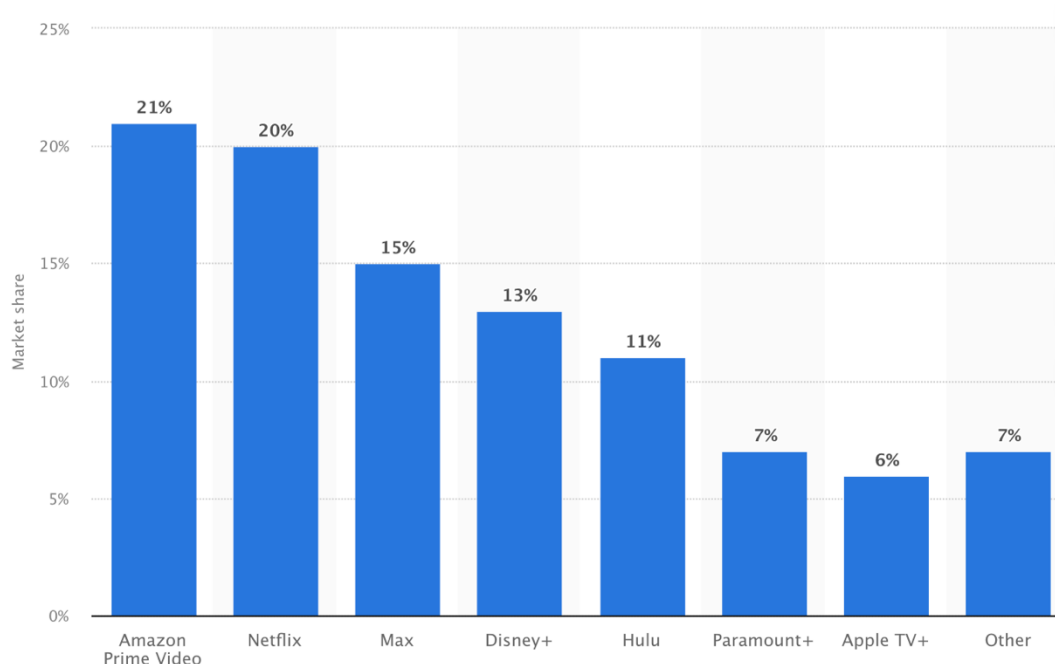


Fig 1.1. U.S. Streaming Services Market Share 2023

Source: Statista, 2023

Tesla was founded in 2003 and created a new market of electric cars, by introducing their first models and thus stimulating development of related industries, such as electric car fueling stations. For example, at the end of 2022, there were 2.7 million public charging points worldwide (*Trends in Charging Infrastructure – Global EV Outlook 2023 – Analysis - IEA, 2023*). Company reached a valuation of \$1 billion in market capitalization in 2010.

At the same time, such popularity of Tesla and the fact that electric vehicles are more and more requested by customers, other car manufacturers are also forced to

innovate inside and create appealing electric vehicles as well, thus stimulating the creation of new infrastructure and new businesses in various locations.

As we see on Figure 1.2, Tesla performs stronger in North America and Europe, partially thanks to their first mover advantage, a notion that enables first players on the market to establish strong brand recognition and product loyalty before other entrants to the market (Corporate Finance Institute, 2023)

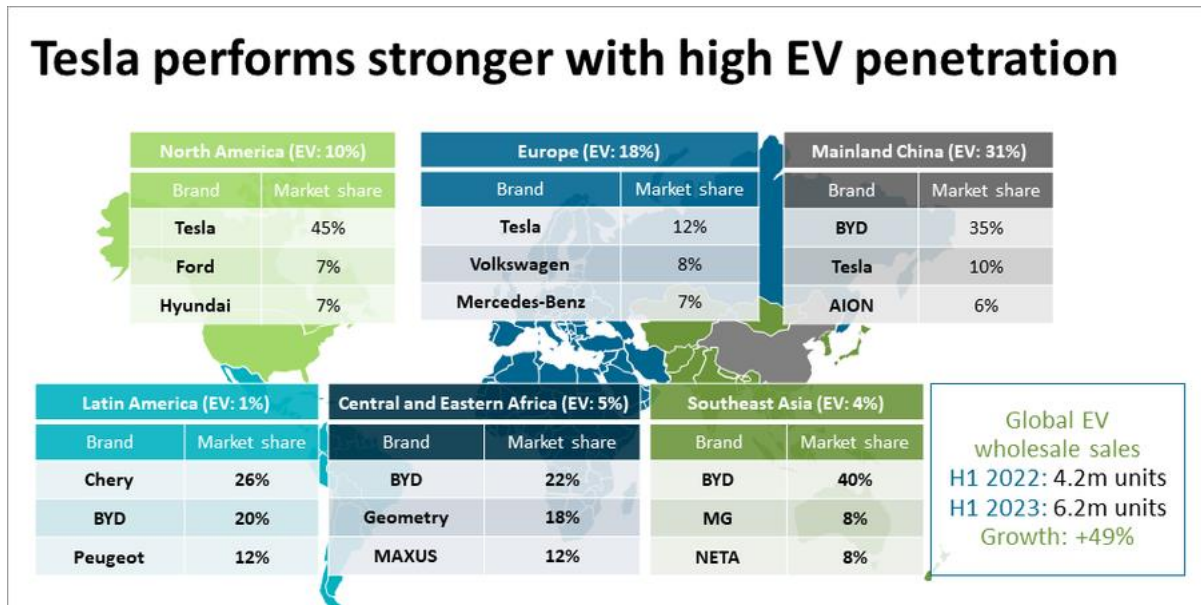


Fig 1.2. Intelligent Vehicle Analysis

Source: Canalys, September 2023

Airbnb is another example of a successful disruptor, who challenged the hospitality industry. They offered a peer-to-peer platform that provides travelers with unique accommodation options, and at the same time allows property owners to monetize their spaces. Just like many startups, they drew inspiration from a problem when there were no affordable free places to stay. Airbnb was founded in 2008 and already in 2011 reached a valuation of \$1 billion. And up to date they are one of the biggest and almost unbeatable players on the market, which is supported by their revenues illustrated on Figure 1.3.

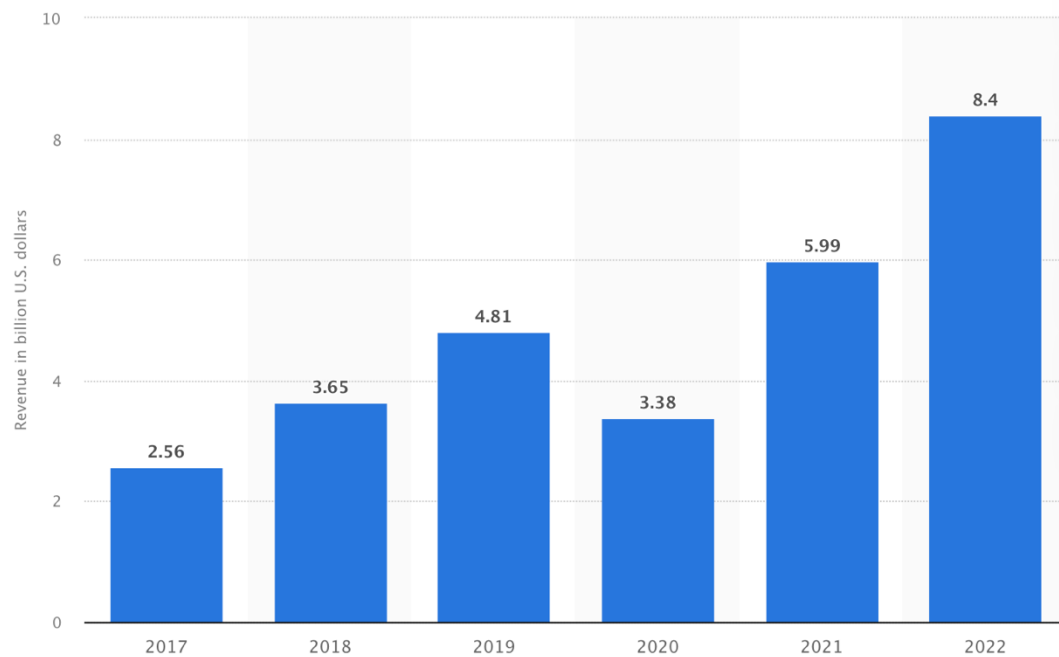


Fig 1.3. Revenue of Airbnb worldwide from 2017 to 2022

Source: Statista, 2023

Of course, these are just one of the most prominent examples of successful startups, and there are much more, like for example SpaceX, who challenged one of the most difficult industries – space travel by developing reusable rockets and thus significantly reducing the cost of space exploration. Or Uber app, that although did not create a new market and cannot be classified as a disruption as such, was able to see customer pains and offer solutions. And nowadays we see that more and more taxi service providers introduce their own apps to stay relevant and competitive.

The dilemma lies in the fact that such startups were not usually studied on the early stages, as nobody knows if an endeavor will be successful. It is supported by the fact that analysis of earlier sources shows that startups were treated like a black box called “valley of death”. Of course, this is rather a metaphor than a well-defined stage (Hudson & Khazragui, 2013). Even if this black box is well studied, the startup itself is ignored as the level of analysis- “startup stage” (Ven, Andrew & Hudson, 2009).

However nowadays I would say that startups are more and more seen as an opportunity, and experienced entrepreneurs and businesspeople are ready to invest their time, money and experience into promising startups. The reason is that they comprehend the potential of new ideas to generate return on investment, although being unguaranteed and a quite risky endeavor. Over the recent years one of the most popular industries for investors to put their money into is artificial intelligence. We can see this gain in popularity of course as customers, and this is supported by data. For example, Figure 1.4 shows the percentage prediction of US Venture Funding into AI-Related Startups.

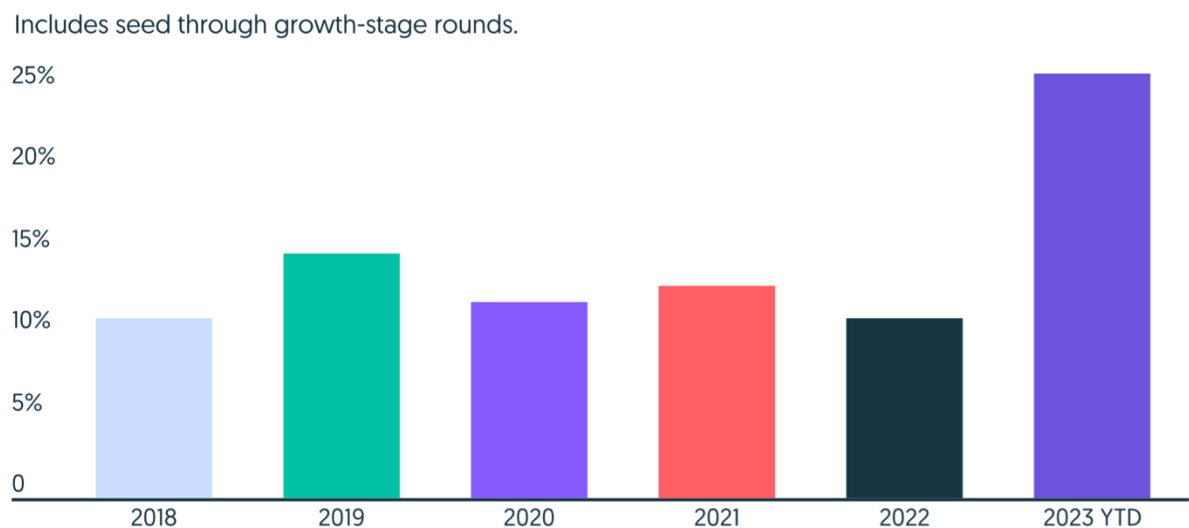


Fig 1.4. Percentage of US Venture Funding Going To AI-Related Startups

Source: Glasner & Glasner, 2023

To better understand what a startup is, it is useful to investigate its lifecycle. Of course, stages might vary from startup to startup, let us have an overview of a holistic perspective. The general one consists of 3 stages:

- 1) bootstrapping stage,
- 2) seed stage, and
- 3) creation stage (Gajraj, 2022)

The first one is characterized by individual efforts of a creator, as well as investments from personal funds, family, and friends, that are usually quite low. This is precisely at this stage when angel investors are more likely to invest into a startup.

Also, research had found that bootstrapping is sometimes defined as highly creative ways of acquiring the use of resources without borrowing (Freear et al., 2002).

The purpose of the bootstrapping stage is to position the venture for growth by demonstrating product feasibility, cash management capability, team building and management, as well as customer acceptance (Brush et. al., 2006).

The next stage that comes after bootstrapping is the seed stage. On the contrary to the first stage, this one is characterized by teamwork, prototype development, entry to the market, valuation of the venture, seeking for investments and support mechanisms in forms of various accelerators and incubators.

To be direct, for most startups the seed stage is a mess and is construed as highly uncertain (Salamzadeh, 2015 a). The seed stage is characterized by the initial capital that is used to do product and/or service (Manchanda & Muralidharan, 2014).

Unfortunately, many startups do not move further than seed stage. The most frequent cause of failure is that they were unable to find proper support mechanisms. And if they do not fail, in the best scenario they might turn into a low profit company with minimal chance of success. To put it short, valuation of an entity happens at the end of this stage and those startups that succeed in finding support mechanisms have much higher chances of becoming profitable companies.

If a startup has successfully passed through first 2 stages, it faces a third and final stage of a startup – creation stage. On this stage company sells its products, enters market, and hires first employees (Salamzadeh, 2015). When this stage reaches its end, an organization or a firm is formed from the startup, and corporate finance is considered as the main choice for financing the firm. Venture capitals could facilitate the creation stage, by funding the venture.

A quite demonstrative and critical financial metric during that stage is burn rate, that is the rate at which a startup consumes its available capital (View of

entrepreneurship and financial management in startup ecosystems (2023). This metric is used by potential investors to evaluate how efficient the business model is and how likely it is to success in the current market conditions.

Unfortunately, challenges for a newly formed company do not end here. After the creation stage comes “real world”, where company is tested by the market to whether it offers needed products or services and whether it is operationally effective enough to be competitive on the market. What is more, in order to become successful and stay on the top it is not enough for company leadership to focus just on making profit. As eloquently pointed by Jim Collins and Jerry I. Porras, in their book “Built to Last”: “Visionary companies pursue a cluster of objectives, of which making money is only one—and not necessarily the primary one. Yes, they seek profits, but they’re equally guided by a core ideology—a set of guiding principles that lies at the very foundation of their identity.” (Collins, J., & Porras, J. I., 1994). Specific challenges faced by startups will be in detail examined later in the work.

1.2. Importance of startups and SMEs in economic development of the country

Before moving on to the challenges startups and small and medium enterprises face, as well as suggestions on overcoming those, I think it is important to understand why these topics deserve attention. To begin with, small and medium-sized enterprises (SMEs) are responsible for 60 to 70 per cent of employment in most OECD countries, with Italy and Japan having a notably higher proportion, and the United States having a comparatively lower one. A few high-growth SMEs make a major impact on job generation and productivity increase in the OECD area. (OECD, 2000)

If evaluating more up-to-date information in European Unions, we can see that small and medium-sized enterprises continuously employ more and more people. Figure 1.5. demonstrates the statistics for 2008-2023 comparing how many people are employed by small (shown in blue) and medium-sized enterprises (shown in black).

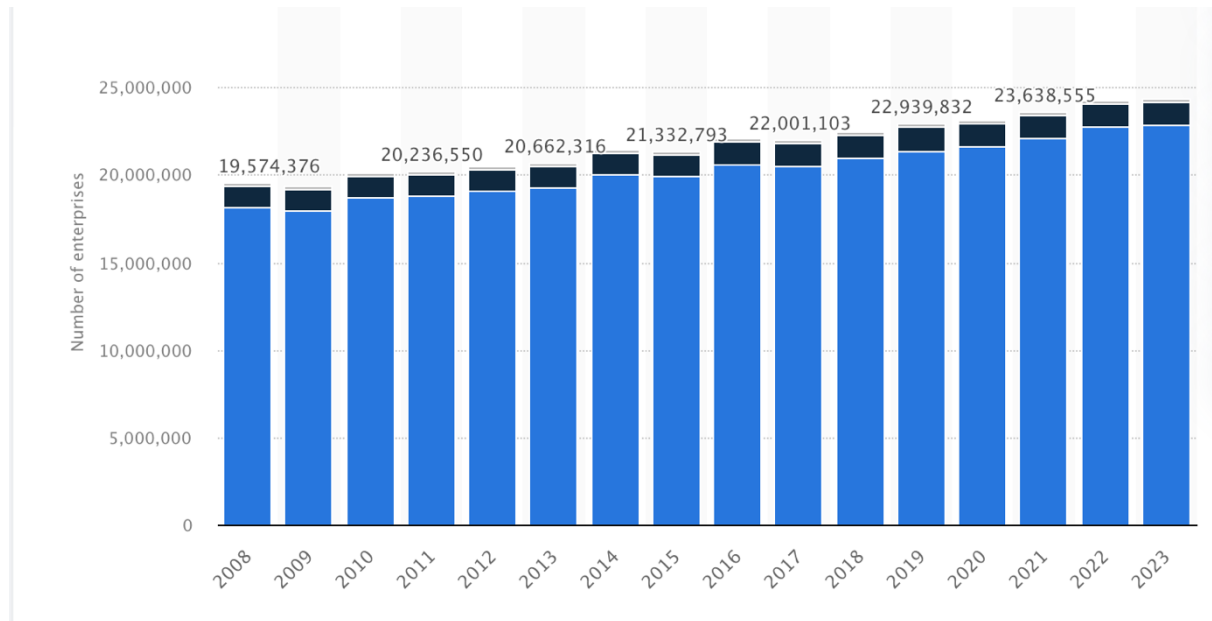


Fig 1.5. Number of small and medium-sized enterprises (SMEs) in the European Union from 2008 to 2023, by number of employees

Source: Statista, 2023

Due to the fact that SMEs employ majority of the population, and thus develop economy and introduce technological and not only breakthroughs, startups and Small and Medium-sized Enterprises are often considered the backbone of vibrant and dynamic economies. And countries that understand that and support startup and SME ecosystems inside are among the most developed in the world. Table 1.1 supports this by showing the ranking of top 10 countries according to Global Startup Ecosystem Index.

Table 1.1

Global Startup Ecosystem Index: Top Countries

Rank	Country	Rank Change (from 2022)	Total Score
1	<u>United States</u>	—	198.080
2	<u>United Kingdom</u>	—	51.218
3	<u>Israel</u>	—	46.573
4	<u>Canada</u>	—	34.490
5	<u>Sweden</u>	—	27.074
6	<u>Singapore</u>	+1	26.571
7	<u>Germany</u>	-1	25.939
8	<u>France</u>	+1	22.916
9	<u>Australia</u>	-1	21.503
10	<u>The Netherlands</u>	+1	21.423

Source: StartupBlink, 2023

When taking a closer look at the leader of the ranking – USA, we can state several points that contribute to the overall evaluation of the country as the one with best startup ecosystem.

First of all, country legislates new laws to support strategic industries. One of the recent examples is the CHIPS Act of 2022 that will strengthen semiconductor manufacturing.

Secondly, the US recognizes the importance of attracting talent and is looking at introducing a new Visa Program for Immigrant Entrepreneurs as well as a Green Card Exemption For Ph.D.'s.

What is more, the US positions themselves as a country where high-risk mindset is appreciated and as a country where dreams come true. This can be illustrated by country's flexible bankruptcy laws. It is built in such a way to minimize risks of failures for entrepreneurs and encourage them to start easily again.

Additionally, startups in US have access to supportive ecosystem, which includes everything needed:

- Startup Accelerators such as Y Combinator or 500 Startups,
- large network of Venture Capitalists,
- angel investors,
- mentors that are ready to help.

And last but not least, US has one of the top universities in the world, such as MIT and Stanford, which provide cutting-edge science research and supply the ecosystem with top talent. And of course, such universities act as an additional magnet for ambitious local and foreign students, who move to the US for study and continue implementing their ideas there (StartupBlink, 2023).

Such policies of the US can be utilized by other countries as well, like best practices of supporting SMEs and thus their economies. However, of course only these conditions are not enough for a successful startup. Many more factors play important role, such as the rule of law, judiciary system in the country, political and social stability, corruption level and many others. Although, it is important to remember that any startup begins with an idea of one or several people. And precisely due to their passion and perseverance a startup can turn into a something bigger.

So, management capabilities are vital for survival, at least on the early stages. As the company grows, human resource and innovation plans take on greater significance. Ultimately, innovation is paramount to growth.

Entrepreneurship is the reason why SMEs emerge, and it is acknowledged as a driver for economic growth, competitiveness, and job creation (Thurik, Roy & Wennekers, Sander, 2004)

In order to be able to evaluate importance of startups and small businesses for an economy, let us take a look at some statistics (Ruby, 2023):

1. It takes 2-3 years on average for startups to make a profit.
2. 61% of Startups offer B2B solutions while only 39% of Startups offer B2C solutions globally.
3. North America has the highest number of unicorn startups, followed by Aisa and Europe.
4. The United States of America is the country with the most startups as of 2023.
5. India has the third-largest startup ecosystem globally.
6. 15.4% of the US population is involved in startups
7. **60%** of startups begin at home. That is equivalent to around **32.5 million** small businesses in the U.S.A.
8. Fewer than **10%** of startups that raise a seed round successfully raise a Series A investment.
9. The Series C round's average funding is **\$50 million** US dollars.
10. Indian Startups gave given rise to **600,000 jobs** in the country to date.
11. As per Statista, the USA created **2,997,172 new jobs** in 2021 alone via startups. (See Fig 1.6.)

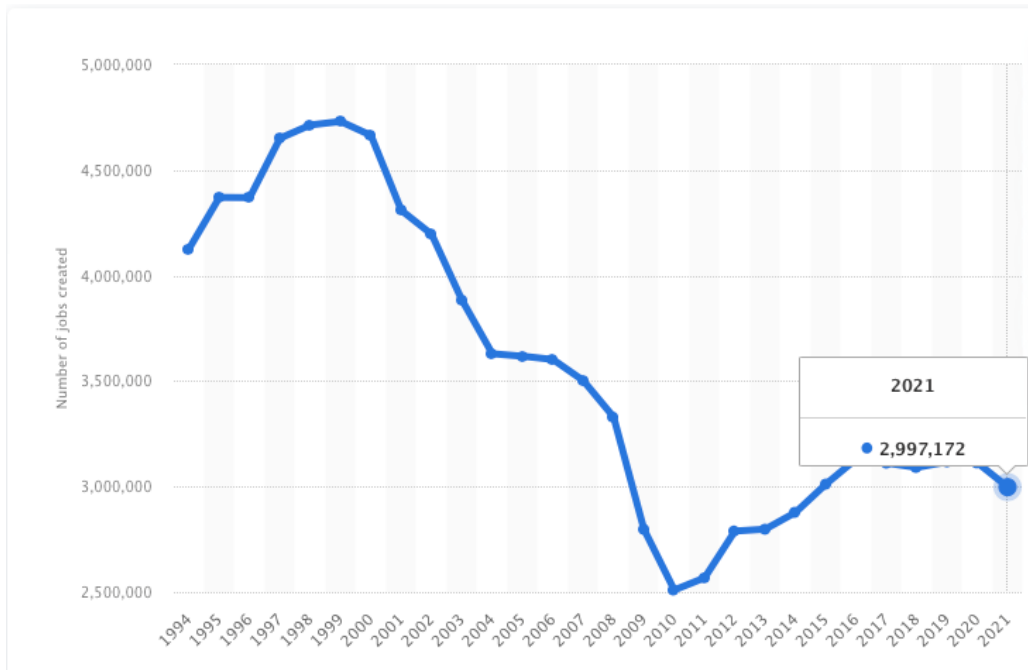


Fig 1.6. Number of jobs created by startups

Source: Statista, 2022

12. Small businesses account for **99.9%** of US businesses.

13. The USA leads the way when it comes to the number of startups. It is home to around **77,047** startups. Table shows top 10 countries with the largest amounts of startups (See Table 1.2)

Table 1.2.

Countries With the Top Startups Worldwide

Flag	Country	Startups
	United States	77,047
	India	16,917
	United Kingdom	6,989
	Canada	3,875
	Australia	2,870
	Indonesia	2,497
	Germany	2,411
	France	1,605
	Spain	1,455
	Brazil	1,175

Source: Startup Ranking, 2023.

Even without further detailed analyses, we can see that the ranking includes one of the most developed countries in the world. It is not a coincidence, because as we have discussed earlier – startups foster innovation and create jobs, which improves state of the economy.

1.3. Specifics of challenges for startups and small businesses in Ukraine before and after full-scale invasion

Let us start this section with the general overview of challenges for startups. As a matter of fact, before the full-scale invasion businesses in Ukraine had more or less similar challenges as others all over the world.

Those challenges include consequences of COVID-19 pandemic, that affected small – and medium-sized enterprises. (Evans, O., 2020). Taking into account that SMEs usually have limited resources, it was especially difficult for them to cope with the situation, positioning them as one of the most vulnerable players of the economy. (Walsh, G.S., 2016)

Irrespective of frequently insufficient financial resources, SMEs at their core have entrepreneurial agility and creativity as their main advantage, that allowed them to adapt to the changed environment, and to do it faster than large corporations (Giones, 2020)

Later on, as SMEs were starting to recover after the pandemic, a full-scale invasion happened and brought new challenges for them. Those will be discussed subsequently in the work, but before that let us consider some fundamental challenges that any startup faces on its way.

As mentioned earlier, finance is an inseparable part of any startup creation. Any startup would face financial issues and problems for several reasons and in different stages (Colombo & Piva, 2008; Tanha et al., 2011; Salamzadeh, 2015 a, b; Salamzadeh

et al., 2015). At the first stage – bootstrapping founder does his/her best to motivate them to invest into a startup. Although funds attracted in such a way might be sufficient for early stages, they are not enough to scale business and create a firm. That is on the next, seed stage founder should search for angel investors and tries to convince them with valuation plans. And on the final, creation stage of a startup, the founder should prepare a plan together with all support documents to be able to attract and leverage venture capital.

Apart from capital there can be defined 3 major groups of challenges that startups face, the first one being Human Resources. As a matter of fact, startups are usually established by an individual or a few cofounders. They might have necessary knowledge and resources for the first stages, but as processes scale, they need more people to perform increasing number of tasks, as well as experts in another fields (for example marketing, production, accounting, legal affairs etc.). That is where the challenge lies – it is absolutely critical on this stage to choose right people to form a team, because future success of the startup will depend on personal and professional qualities of these people. This process is so critical to succeed and if the founder lacks enough knowledge of the field, the startup might fail due to human resource management issues (Salamzadeh, 2015 a, b; Salamzadeh, 2014).

The next group of challenges comprises support mechanisms. They are numerous in types and forms and include angel investors, incubators, combinator, industrial parks, accelerators, business development centers, venture capitals, etc. They play a significant role in the development of a startup into a firm, and lack of thereof increases the risk of failure (Salamzadeh, 2015 a, b).

In order to visually see the how many businesses rate access to finance/cost of finance as a major constraint to current operations – please refer to Fig 1.7. It demonstrates that the problem is even more significant in developing countries, where risks for investors are higher.

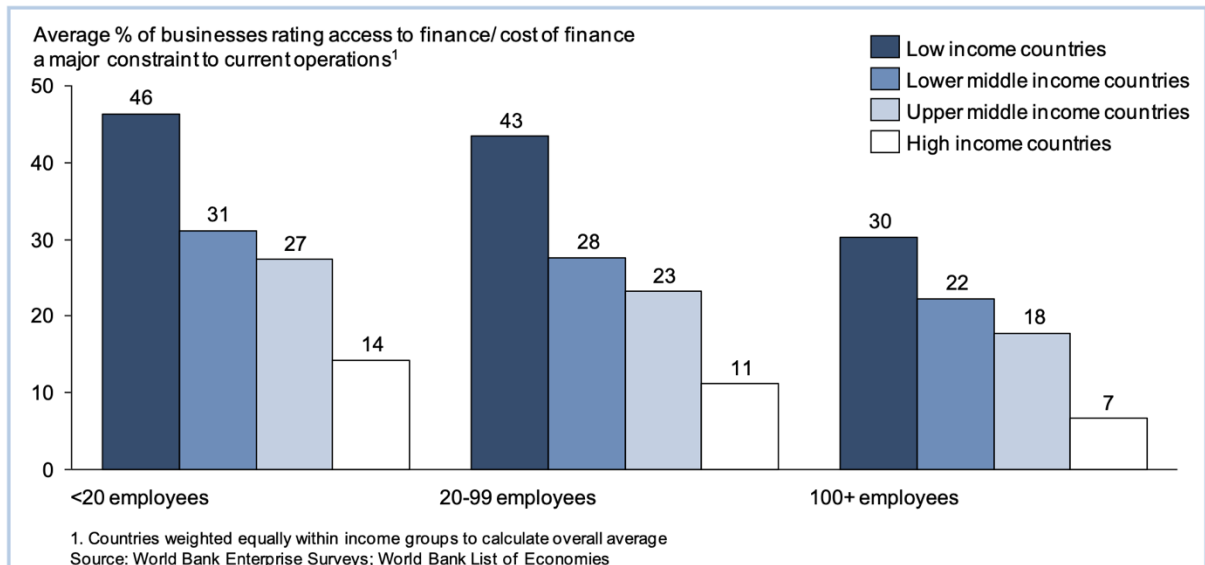


Fig 1.7. Access to finance as a major constraint to operations

Source: Dalberg, 2011

Finally, another significant group of challenges that startups face includes environmental elements and regulations. Often startups fail because of inability to pay enough attention to environmental factors, for example existing trends, limitations in the markets, legal issues, etc. Currently more difficult to ignore are also climate crisis and political instability. While a supportive environment facilitates the success of startups, a maleficent one could result in failure (Boeker, 1988). It might happen that a startup succeeds without paying attention to environmental factors – just because of luck. However, this might instantly change and suddenly come as a reality to an unprepared entity. The environment for a startup is even more difficult and critical than for an established firm (Van Gelderen et. al., 2005).

What is more, nowadays as more and more technologies emerge, governments do their best to implement some regulations to protect themselves and the population. Probably the most prominent example nowadays is Artificial Intelligence (AI). The most popular AI tool currently – ChatGPT was launched on November 30, 2022, by San Francisco-based OpenAI. Since then, various countries were working on the procedures to control that technology. For example, China was the first country to pose regulations on how Generative AI should be used (Hub, 2023). Among those are:

- Promotion of Technological Development across various industries
- data labeling quality assessment should be conducted
- Prevention of Harm
- Non-Discrimination
- Business Ethics
- Transparency

Of course, China is not the only country to regulate use of AI. Its “home country” as well worked hard on developing such regulations. On October 30, 2023, the President of the United States, Joe Biden, issued an Executive Order establishing new AI safety and security standards.

In summary, Artificial Intelligence Research, Innovation, and Accountability Act of 2023 (AIRIA) aimed at several most critical aspects (Modulos, 2023):

- introduced new transparency and certification requirements for AI system Deployers based on two categories of AI systems: “high-impact” and “critical-impact.”
- established a new certification regime for AI, requiring Critical-Impact Artificial Intelligence Systems to self-certify compliance with standards developed by the Department of Commerce.
- required transparency reports to be provided to Commerce in the housing, employment, credit, education, healthcare, and insurance sectors.

European Union also published AI act just a few weeks ago, on December 9, 2023. After the law is adopted, most obligations will become binding within two years, allowing member states time to enact the new rules domestically.

However, the ban on prohibited AI systems, such as predictive policing, will be binding six months after the law is passed, and the obligations on foundation models, including transparency reports and risk assessments, will become binding after 12 months, the EU Commission has said (Reuters, 2023).

These are just the most recent examples of various government regulations, affecting only one sphere, and these are mostly constraining startups because they should follow more policies. However, not all government regulations are negative for startups. For example, the Digital Markets Act (DMA) published by the EU in 2022 aims to level the playing field between the biggest players, such as Google, Facebook or Apple, and their users. This could be beneficial for EU startups, which often fight unequal fights with the big platforms they rely on. But some fear this legislation could also have a negative effect on the ecosystem: some companies might be wary of getting too big (to avoid the additional compliance that comes with “gatekeeper” status) and become more cautious about future mergers and acquisitions. (Wanat, 2022)

Another law published by the EU also has potential to benefit SMEs. It is the data sharing and compensation one. It aims to prevent abuse of contractual imbalances in data sharing contracts due to unfair contractual terms imposed by a party with significantly stronger bargaining position. These measures will protect EU companies from unfair agreements and give SMEs more room for manoeuvre. Moreover, the text of the regulation provides additional guidance by the Commission regarding the reasonable compensation of businesses for making the data available. For example, in exceptional circumstances, particularly in case of a public emergency, such as floods and wildfires, or to fulfil a task in the public interest private companies, including micro and small-sized enterprises are required to provide data, including personal one to public sector bodies, the Commission, the European Central Bank and EU bodies. The regulation also provides the compensation for private companies for disclosing the data (Council of the European Union, 2023).

All the above-mentioned regulations concern both local business, and those wanting to enter those markets.

If moving specifically to the challenges that Ukrainian startups face after the full-scale invasion, they are present in various forms. Some might have lost production facility, equipment, plant, warehouse, or employees. Of course, most of them experienced a decline in the number of clients. What is more, inflation is another factor

that affects all the operations – from raw materials prices, energy & fuel prices, purchasing capabilities of customers. For a comparison – inflation in 2021 was equal to 9.36%, and in 2022 it was equal to 26.6%.

Another challenge that all businesses, including startups faced were blackouts, power outages, air-raid alerts. All that interferes with the planned workflow, in such conditions it is difficult to plan, schedule and predict results. As of March 2023, the situation with power supply has normalized for most of the time, and there are no scheduled power outages, during autumn-winter 2023/23 businesses had to buy generators on their own or move to locations where it was already present.

Another big challenge is of course difficulty to attract investments – almost nobody is ready to invest into Ukraine, because there not so many options for insurance during the war. So, especially for startups it is difficult to build something in Ukraine. If is an IT startup – then of course it might be easier because it does not involve building and investing in physical facilities.

What is more, for managers it is more challenging to plan a stable team, because some team members, particularly male, might be mobilized. So, it means that there should be several people in the team that can perform a particular task and continue working on the project if something happens.

In addition to that company management must find options to operate disrupted supply chains, while transportation costs have significantly increased. This is a noticeable change even for big established companies, and for SMEs this is another tremendous challenge they need to solve just to stay profitable and be able to continue operating the business. In order to do that entrepreneurs should spend their time dealing with logistics, searching for new suppliers and building relations with them – something further from entrepreneurial activity they usually do. On the other hand, after the full-scale invasion there was a drop in demand for many product groups, that affected sales of most of the SMEs. At the same time, fixed costs like salaries and rent in most of the cases remained the same, or even increased because of inflation – factors that left many small companies at the point of choosing whether to close the business.

Speaking about the consequences of different challenges on startups and businesses in Ukraine, a report by Polish-Ukrainian startup bridge (Russian Aggression in Ukraine: How Do Ukrainian Startups Survive, 2022) is of particular assistance. They have conducted a survey and summarized its result. The first thing mentioned in the work is that outbreak of war significantly slowed down the development of the startup market in Ukraine. This is understandable as challenges discussed in the previous section definitely do not contribute to it. The next outcome is that almost all respondents mention a definitely negative impact of warfare in the country on the possibility of running a business. Martial law does not facilitate this process either, as there are certain restrictions regarding what can and cannot be invested, the amounts of money that can be transferred abroad. What I was extremely sorry to read is that most startup leaders assess their current situation as bad. And 12% of the surveyed companies closed their operations after the Russian invasion. And based on my personal observations not only startups closed their operations - but many locations are also now empty, including those of pharmacies, small shops etc.

The direct reasons for the closure of companies were:

- a decrease in sales of products and services on the Ukrainian market,
- the inability to travel outside the country (necessary to conduct business)
- the loss of funds to maintain financial liquidity.

And if a company managed to survive, it does not mean that they did so without sacrifices. 35% of companies laid off some employees. At the same time, 48% of the surveyed companies had to significantly reduce the level of remuneration.

Addressing the result of difficulties in finding investment – after the war started, 40% of start-ups did not even try to attract investments. However, 30% of companies tried to, but had no result.

Another survey was conducted by Emerging Europe in partnership with TechUkraine, the Ukrainian Start-up Fund, the Ministry of Digital Transformation of Ukraine, Tech Emerging Europe Advocates, Global Tech Advocates and TA Ventures. (The Country at War: The Voice of Ukrainian Start-Ups, 2022)

Some findings implicate identical results, however this one includes additional details.

The survey implies that startups in Ukraine are quite similar to IT industry, as both demonstrated resilience and entrepreneurs do their best keep their businesses running. And we can notice this not only in the startups sector, but also in governmental ones, such as Ukraine Railways continue to improve service for the customers, especially at the central railway station in Kyiv. Local government of the capital of Ukraine also works on increasing digitalization in public transport – particularly now it is possible to pay wirelessly in public transport.

Private businesses, such as Nova Poshta for example – also continue their development, they constantly work on improving their services and even expand to Poland.

According to the survey more than 10% of start-up employees has had to leave their respective firms since the beginning of Russia's invasion. Not all start-ups, however, have experienced team reduction. More than 40 % of start-ups have not seen any change in the number of employees.

The challenge with the most severe outcome I would say is that 90 % of start-ups confirm they need financial support to continue operations and/or expand. Taking into account that currently not many investors are ready to invest into Ukraine during the war, I would say this is the biggest challenge. Of course, some start-ups say they do not need any assistance, but this percentage is very small.

The challenge with the second most severe outcome to my mind is question of human resource, as some might have joined armed forces, some might have fled the country. This creates a challenge of building a strong team.

And the third one I would point the riskiness of any activity, because it is extremely difficult to predict the circumstances and performance.

However, despite unprecedented challenges faced by Ukrainian businesses, they showed unprecedented resilience, that had surprised the whole world, had supported

and is still tremendously supports the Ukrainian economy. To be precise, of the 166 businesses surveyed by the EBRD at the end of 2022, 57 percent were able to maintain their prewar activity, 37 percent were operating at reduced capacity, and only 6 percent had suspended their operations (EBRD, USA and Sweden Assess Impact of War on SMEs in Ukraine, 2023).

What is more, in 2022 ninety-one per cent of startups confirmed that they need financial support to continue operations and/or expand their business (Komarnytska et al. 2022).

The above-mentioned information is aimed at providing an overview of the current state of startups and SMEs worldwide and in Ukraine particularly. Mentioned challenges will be addressed in more detail in the following parts of the work, as well recommendations and potential solutions for overcoming those.

In summary, nowadays startups and small businesses receive more and more desired valuation and are viewed as drives of economic growth, employment and new technologies. With that, more and more studies are conducted to understand main challenges of emerging entities. The most common startup problems are lack of finance, team management problems, lack of business knowledge and technology lag. At the same time, those startups that are well managed have a chance to become the leading companies in the world, such as Tesla, Netflix and Airbnb. Some countries understand importance of startups more than others and do their best to create a competitive startup ecosystem, which fosters experiments and entrepreneurship. A good example is USA, as country where a lot is done to support business people and reduce bad consequences of possible failure.

For developing countries, however, the challenges are still quite significant. And for countries living during the war situation is even more severe. Ukrainian businesses were damaged by the war; however, they continue to work, grow, and some even expand to new European markets.

The following chapter provides more in-depth overview of a Ukrainian startup trying to survive and scale up during the war. I have a first-hand experience, as I was

having my two-month internship at Business Media Network LLC. Based on the detailed study and analysis of this business I was able to better understand challenges that Ukrainian startups and SMEs face currently, as well as develop specific solutions to address those.

CHAPTER II. STUDY OF BUSINESS MEDIA NETWORK LLC AND ITS COMPETITIVENESS

2.1 General characteristics and analysis of economic activity of Business Media Network LLC

Business Media Network (Business Media network, 2022) is officially registered in the United States of America and has a legal form of Limited Liability Company.

It was created after the Russian invasion to Ukraine, when Ukrainian students united under the guidance of experienced entrepreneurs to create this platform. The goal was to help the country, small and medium-sized businesses, as «Great Construction» program of Ukrainian President Volodymyr Zelenskiy was suspended due to a large-scale war.

Operations of the company are conducted mainly in Ukraine. BMN bonds businesses, local government, and the people of Ukraine. Main goal of the company is to organize, connect and manage content at the local level to promote Ukrainian entrepreneurs and cities globally.

Key projects of BMN, which in detail will be discussed over the next chapters are:

- Marketplace (Catalog of Ukrainian cities - Головна, 2023).
- City Showcase of all Ukrainian municipalities (1472) (Eotcity – official webpage)
- Mayors' Club Ukraine (Mayor's Club, 2023)
- DealFlow

During my internship the company was also working on the Battery of Trust- an integrated platform that ensures trust, promotes stability, enforces transparency, and manages captured feedback between all participants and stakeholders.

The team consists of Ukrainian students, who own 20% of company's shares. Executive leadership team consists of 3 co-founders, among which there are also

President, Chief Operating Officer, and Chief Technical Officer. There were also a General Manager and Operational Manager – also two female students.

As during the war the team was located in different cities and countries, all documents are stored online, with responsible people in charge of their security, and access is shared or restricted once team members join or leave the company.

What surprised me a lot was the company culture – the spirit of openness, friendliness and mutual support was present from the first contact and initial interview. What also inspired me was the short distance to co-founders – with everyone we were on a first name basis and could reach out to them whenever we needed help or had questions. And that company culture was to a great extent shaped by company's values, which are as follows:

1. Establishing trust through openness
2. Favoring collaboration over competition
3. TEAM - Everyone Achieves More Together
4. We create long-lasting partnerships and provide each customer with top-notch service.
5. Everyone on the team demonstrates a solid work ethics that is enthusiastic, upbeat, and motivating.
6. Numbers tell the story - metrics-driven processes for all team members' activities.
7. Accountability, creativity, and entrepreneurial spirit from each team member

Every team member felt special and valued, the team was unique indeed – all motivated by the common goal, being on the same level – no one had privileges, some people just had more responsibility than the others. Such atmosphere inspired me a lot, what we were doing did not feel like work – it was an interesting project that everyone was passionately working on hoped to succeed.

During my internship BMN was still a startup, city showcases were being added and updated, and the work was done constantly for improving all products.

In February 2023 Mayors' Club Ukraine took part in the Rebuild Ukraine Conference in Warsaw, Poland and represented several municipalities. BMN was a service provider to help create digital pages about each city.

Even though there were no earnings by the company when I was part of it, we did see interest from international partners and investors in what the company was doing. Its unique position was that it created 1 network of all Ukrainian municipalities – for free - for municipalities to use. Such websites exist in many countries of the world, however in Ukraine it was absent. BMN saw a niche here and worked on making it happen. Plus, war created a higher interest for Ukraine and more and more investors and companies started to look at Ukraine as a potential opportunity. All that created a need for a trustworthy resource for foreign stakeholders to find information. BMN was exactly the party intended to help with data collection and cooperation, as different projects fulfill one another, creating a holistic approach.

Main products of Business Media Network are as follows:

1. City showcase: network of websites for all 1472 Ukrainian municipalities, creating a holistic system, where local partners and municipalities can show their uniqueness, and international partners can find information about municipal administration or local businesses. A part of the City Showcase main page is demonstrated on the Figure 2.1. – it shows an active map of Ukraine, that shows a specific region in detail when one presses on it or make it larger.



Fig. 2.1. City Showcase map by BMN

Source: Catalog of Ukrainian cities, 2023

Figure 2.2 shows an example of how page of each city in the catalogues looks like. On the top there is Mayor's picture and name, that lead to Mayor's cabinet. There is an emblem of the city, as well as its population. Below there is a block with basic information like date and exchange rate, which are updated on regular basis and a picture that showcases some unique places of the city. Below is a banner, that can be replaced to an ad banner. Below that are basic sections of entities located in the city – from schools & shops to leisure activities and beauty salons.

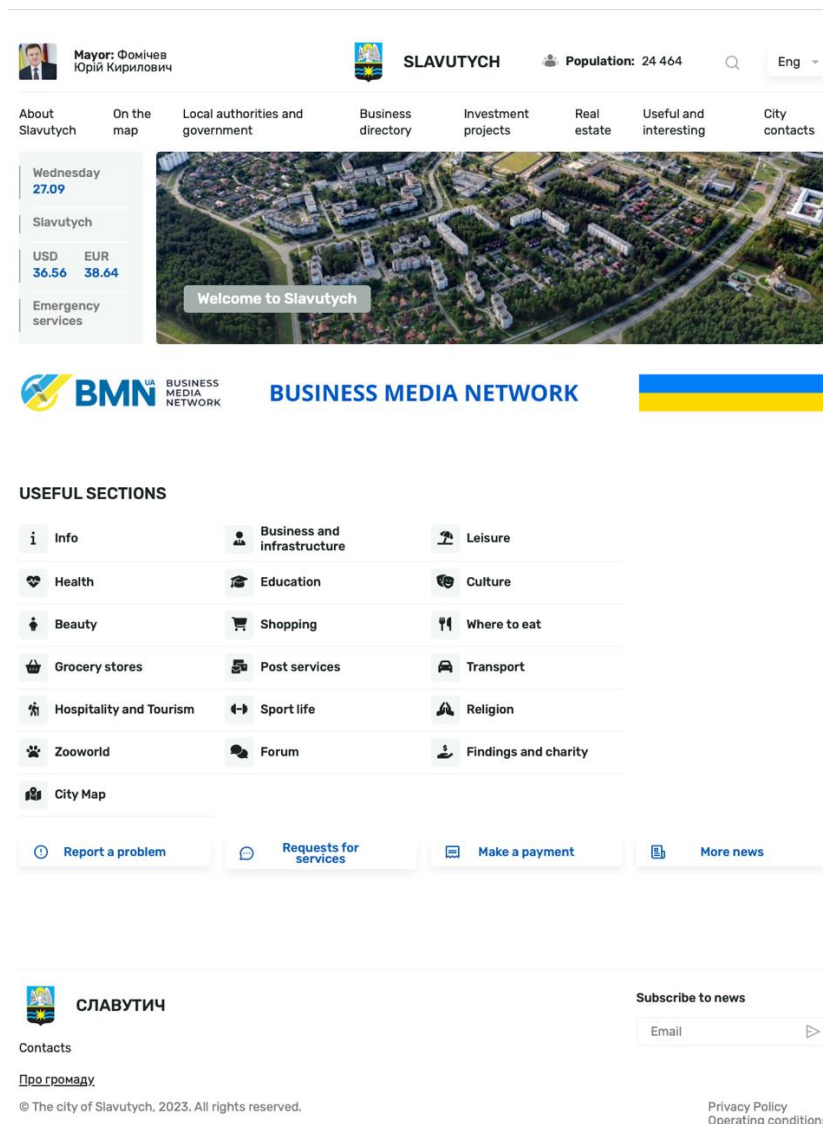


Fig. 2.2. City Showcase of Slavutych by BMN

Source: Catalog of Ukrainian cities, 2023

2. Marketplace: a website that aims to offer every Ukrainian business to show their uniqueness and find partners. International partners, on the other hand, can use this platform again to find partners and make deals. In the finished version, it was intended that financial transactions would be done on the platform itself. For the purpose of ensuring transparency, trust, and make corruption and other unethical behavior irrelevant, the Battery of Trust was being developed. Figure 2.3 demonstrates a layout if a particular city is chosen in the filter.

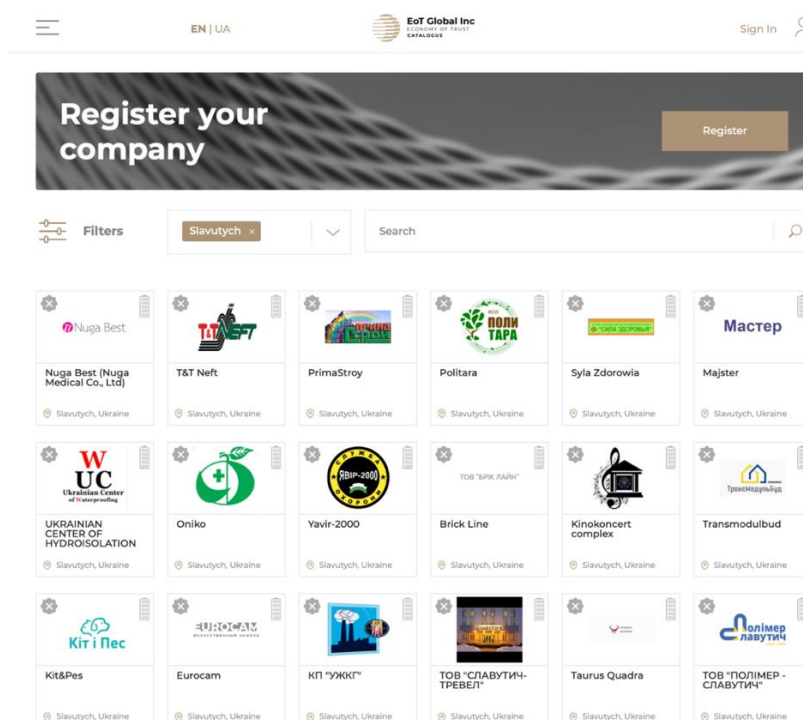


Fig. 2.3. Marketplace of Slavutych by BMN

Source: Marketplace, 2023

Figure 2.4 demonstrates in more detail how a cabinet of a particular business looks like. It has basic sections on the top to help divide information, as well as subsections inside each one. That helps structure all cabinets in the same way and facilitates the process for business to fill in their profile, as they do it themselves.

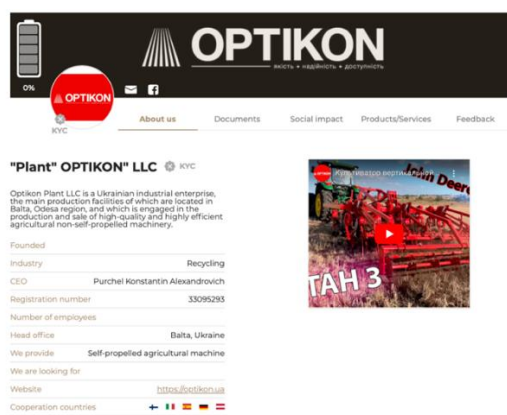


Fig. 2.4. Example of Business Showroom by BMN

Source: Marketplace, 2023

The main goal was to encourage small & medium sized enterprises of Ukraine to have transparent, efficient, and socially responsible practices. And exactly on that marketplace was aimed, as it:

- Provided access to new international markets
- Cut operational costs
- Offered direct business-to-business transactions
- Provided SMEs with access to financial instruments worldwide, promoting their goods and services.

What is more, those opportunities helped solve such challenges:

- Redistribution on a national scale encouraged firms and innovators to restore facilities and increase employment, while municipalities were able to concentrate on regional requirements and opportunities.
- Businesses received an opportunity to market themselves both at home and abroad, allowing them to be seen as a reliable and open partner in the reconstruction process.

3. Mayors' Club Ukraine – here BMN was running the technical side of NGO's operations, by providing assistance in creating and updating Mayors' Showrooms, in which Mayors of Ukrainian cities could tell information about themselves. This is also an important part in the process of searching for investors because international stakeholders need to know who the local administration is and be able to contact them. Figure 2.5 demonstrates a Mayor's cabinet – they are also unified and have fixed categories – all to make the process of filling them in as easy as possible for Mayors.

All participants < 61 > [Get in touch](#)

80%

Yuriy Fomichev Biography Vision Social role City

Yuriy Fomichev Gallery

Citizen of Ukraine, Mayor of Slavutych City Council of Kyiv Region, and its Executive Committee. In March 2022, by decree of the President of Ukraine, he was awarded the Order "For Courage" of the 3rd degree. In 2021, elected to the position of President of the Association "Energy-Efficient Cities of Ukraine." In March of 2022, by the Decree of the President of Ukraine, he was awarded the Order "For Courage" of the III degree.

Date of birth 16.04.1976

Place of birth Sadov village, Arbuzyin district, Mykolaiv region

Education

Graduated with honors from the Ukrainian-Finnish Institute of Management and Business (UFIMB), majoring in "Finance and Credit". Graduated from the National Academy of Public Administration with a master's degree in public administration. Graduated from Newport Business Academy in the Netherlands with a degree in Financial Management. Passed the training program for Ukraine "Marshall Plan" (USA) majoring in "Construction Management". Yuriy Fomichev stated on his Facebook page that he studied at the private business school "European University".

Career

Since 2006, Yuriy Fomichev has been a deputy of the city council and the main commission "Municipal reform, reforming housing and communal services, communal property and tariff policy". In 2010, he ran for the "Party of Regions" in the elections to the city council of Slavutych and worked as a secretary in the city council of the 6th convocation of the Kyiv region. After the resignation of the mayor of Slavutych, Volodymyr Udovychenko, who had been in charge of the city since 1999, since May 2015, Yuriy Fomichev acted as the head of the city council. In the 2015 elections, he ran as a self-nomination, won and held the position of the chairman of the Slavutych City Council of the Kyiv region of the Ukraine.

Video interview

Юрій Фомічев
Міський голова м.Славутин

Fig. 2.5. Mayors' Showroom by BMN

Source: Mayors' Club, 2023

4. DealFlow – a digital newsletter that was aimed at informing all interested parties about the most recent news, changes and initiatives driven by BMN and its partner companies.

It is worth mentioning, that all resources were done in two languages – Ukrainian and English, from the very beginning, as the initial idea was to connect Ukraine with the rest of the world. The startup was founded on February 19, 2022, just few days before the beginning of the full-scale war. And BMN continued to work even despite the war, and its activity even increased, as everyone realized that there will be a need to rebuild Ukraine, and there is an opportunity to attract international partners and

investors, but for that they would need data. Exactly for this purpose BMN was working.

My position was Manager of United Students of Ukraine – a division that was aimed at uniting all Ukrainian students to cooperate, promote Ukraine on the international arena and help local businesses.

My work began with taking the responsibilities and open projects from the former manager, trying to understand what should be done further and brainstorming with co-founders to which direction USU should go. Later on, in the process of my internship we were working on changing the content of USU website for it to showcase the reformulated values and goals. During that process one more girl joined me and I was supervising her in that process. Basically, we were working on the same projects, but divided the tasks and responsibilities. As I was also a part of the management team, I was present on numerous meeting and reported on our progress, while asking her to help with more detail-based and time-consuming work.

An interesting part of my job was to cooperate with a social media team on creating positioning in social media, deciding on what and how often to post, as well as reviewing on a weekly basis results and progress. This was something I have never done before and it was a very useful and unique experience.

In order to secure confidential information, every intern signed a non-disclosure agreement (NDA) at the beginning of internship, and importance of keeping it, as well as consequences of breaking it were mentioned on a regular basis. That was indeed very important, because being the first on the market would play a huge role in company's success.

What is more, importance of being active on social media was expressed on a regular basis. On the one hand, our support would help a lot in the organic promotion of company's activities. On the other hand, one of the co-founders always stressed the importance of having LinkedIn profile for our future careers. It is exactly during my internship at BMN I registered my profile in LinkedIn and started to understand how it works, for which I am also grateful to BMN.

Company structure is shaped with divisions, where each unit is responsible for their own projects, however everyone reports to the Executive Management. (Figure 2.6)

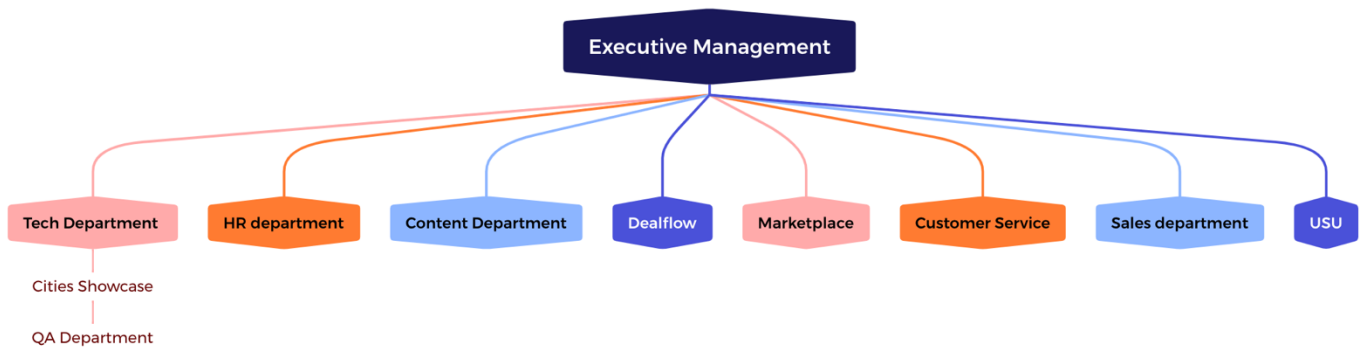


Fig. 2.6. The company structure

Source: compiled by the author

1. Executive Management is responsible for the general strategy, pivoting, if necessary, they make executive decisions and provide strategic monitoring of company's performance.

2. Technological department is mainly focused on creating and running Cities Showcases – from creating them to adding and constantly updating data. QA department is responsible for testing all pages and reporting any bugs found to the Tech Department Manager.

3. HR Department is focused on hiring and onboarding process, as well incorporating newcomers to the company. They also facilitate communication of Executive Management with the rest of the team.

4. DealFlow creates digital newsletter, so their job is to communicate with every department to find information, create structure, add outside news, coordinate interviews with outside CEOs and receive approval from the Executive Management for sending out the issue.

5. Marketplace department constantly works on adding and polishing Marketplace features, so that it can be presented as fully done, with all intended features, allowing transactions to be made via it.

6. Customer Service Department – was under development during my internship and was preparing customer service specialist to communicate about products and support new clients along the way.

7. Sales Department was under development during my internship as well, and was training employees to work with company's databases to p[romote and sell services of BMN, basically searching for new customers.

8. United Students of Ukraine – was focused on uniting all Ukrainian students on the goal of helping Ukraine recover after the war and making something for it already now. Another part of the job was to find ways of financing local SMEs to help them stay alive and continue working.

As already mentioned, BMN is a startup, so economic activity was directed only 1 way – money was invested into the team of students, who were working on developing, testing and adding information to the platforms.

However, BMN was always active in all possible spheres to engage maximum stakeholders. For example, it has strategic partners:

- FlashWeb – company that provided IT support (Flash Web – official website)
- Idealers – creative agency (idealers@adminos, 2023).
- Digital Craft – to assist with digital marketing (Digital Craft, 2023)
- Economy of Trust – to provide transparency ecosystem (Economy of Trust-Official website)
- Mayors' Club Ukraine – a Ukrainian Non-Governmental organization

BMN services and products were promoted by every partner, because all of them understood the importance of what BMN is doing. All communication consisted of multiple pillars and layers, everyone made focus on one thing, however than zoomed out and showed the big picture, thus showing what a holistic approach company has.

I would like to particularly point out the cooperation with Mayors' Club, because many BMN products were especially promoted for you by Mayors and city administrations. To be more precise:

- City Showcase: provided a free of charge website for every municipality to show their peculiarity, attract investors and after the war – tourists from abroad. It offered a unified system, very easy to use, to find information about any municipality of Ukraine. Municipalities did not have to pay anything; all tech support was provided by BMN specialists. The only cooperation we asked from municipalities was to check the data to be relevant and provide us with any details that should be added or updated. Further technical implementation and translation, not to mention hosting, work of IT specialists was covered by Business Media Network.

- Mayors Showroom – something unique for Ukrainian Mayors that they did not have access to before. It offered a Mayor's cabinet, in both Ukrainian and English, showing basic information about the Mayor, including his picture and short biography, as well as experience and main achievements. Recent news, interviews, articles could be mentioned as well. Basically, it was a digital presentation of every head of Ukrainian municipality – Mayors' Club member. Again, all completely free for Mayors, with all support provided from our side. We received great feedback from Mayors' Club members because it offered the only ready-to-use solution, which they could show to international partners or Mayors from other countries to show information about themselves.

- Marketplace: we tried to communicate the importance of this unified catalogue of Ukrainian businesses to everyone via all available channels: from LinkedIn to Mayors' Club members, because it was something that international partners could trust. With the Battery of Trust, with all final characteristics it would offer a transparent and reliable solution to search for partners and arrange deals, as well as conduct financial transactions.

What is more, around 80% of BMN employees were students of Ukrainian-American Concordia University. And there were several reasons for that:

1. One of the BMN co-founders was UACU professor, who firstly invited all interested students to have internship and then employed the best ones.

2. UACU students had practical knowledge of communicating with people from all over the world, as well as had English proficiency – an inseparable quality to work and promote BMN on international arena.

3. That was a contribution to BMN and UACU becoming very close and looking into one direction of increasing awareness about Ukraine in the whole world.

The main indicators of success were of course speed and efficiency. As we know, currently time to the market is one of the main attributes of success, so the executive team was always strengthening the importance of having the product ready as fast as possible. Additionally, co-founders were always showing the products to international potentially interested investors and companies, to either engage them into the team, or to find potential clients.

At the end of my internship, I heard that the negotiations were started with various stakeholders regarding how to monetize the resources that company has created. However, even when BMN did not have any revenue, resources were openly promoted to Mayors' Club members to create Mayor's showroom on Mayors' Club website, businesses were encouraged to register on Marketplace, and municipalities were invited to update information on their websites – all with the purpose of creating up to date resources with current data and organic traffic.

As mostly students were working in BMN, HR department was also comprised of students. HR manager was a student, and she had 2 assistants helping with administrative tasks.

Although all important decisions about whether to take someone to internship or to work, or to let someone go were taken by the one of the co-founders, or by their shared decision, all day-to-day and administrative tasks were carried out by HR department. They did receive guidance about challenging cases just like any other student in BMN, however I personally was impressed that they do it themselves.

They established communication with internship candidates, conducted 1st interview, were present at the interview with co-founder, guided the new intern for the first days in the company, providing all necessary information and support. And after that they were responsible for keeping track of everyone's working hours, provided documents for students who finished internship, as well as provided day-to-day support and guidance.

Basically, recruitment process had 2 stages:

1. Interview with HR Manager
2. Interview with co-founder and HR Manager

After successfully passing through those 2 steps candidate signed an internship agreement, as well as NDA agreement, was instructed about all necessary working files, received access to them, was added to working chats and invited to all necessary meetings.

To my surprise, they established themselves a system to keep track of everyone's birthday and congratulated everyone in the team chat. HR department of 3 people also organized online team buildings and initiated an offline one.

All in all, the atmosphere was always friendly, although we never met altogether physically and were all working from home. As I mentioned earlier, most employees were students of II-IV year of Bachelor studies, so 18-23 years old. Table 2.1 shows staff structure in percentage terms:

Table 2.1

Staff structure in %

Category	Age	Level of education	Gender
Management (28%)	18-22 years old (78%)	Bachelor (Students) (81%)	Male (41%)
Regular employees (72%)	22-55 years old (22%)	Finished study (19%)	Female (59%)

Source: compiled by the author

We had special rules implemented by HR to keep discipline – for example everyone had to inform HR if they could not join a particular meeting, it was a must to fill in KPIs daily, there were even policies to not disturb managers after certain time and to not use curse language in group chats.

HR department had a well-established flow of recruitment as I mentioned earlier. And during my internship there were more people coming to internship than leaving the company from a particular position. There was also developed a transfer procedure, when interns or employees were transferred from one position and department to another. That could have been done either by the desire of a person, or because another task became a priority. However, that was always done by agreement of the parties.

The main factors influencing staff turnover was that students had to combine studying and working at BMN, and some even had another job and came to BMN just for internship. Meaning, it was extremely challenging to combine all that. Additionally, the salary was little and was good for a part-time job for students, but not for those who were ready to work full time and expected good salary. So, some students after internship or after working for a while decided to leave. I guess that was the main reason because the atmosphere in the company was very good.

BMN marketing was provided companies-partners mentioned in the previous chapters. And as I have already mentioned before, I as USU Manager was involved into strategy formulation and performance monitoring. Planning was done on the form of Google tables, where all dates, topics and responsible people were mentioned. We together with marketing team created an overall strategy of what our goals are, decided how often we should publish content and decided the topics. Then, marketing specialists were working on the content plan, specifying all dates, materials, links to raw materials, assigned responsible people and mentioned deadlines. Then it was my job to daily monitor if all posts/videos due that day were published, and of not – find who was responsible for the deadline failure. Table 2.2 shows an example of content plan, where all information is structure – what should be done, when, by who, as well links to original materials.

Table 2.2

Example of content plan

B	C	D	E	F	G	H	I	J	K	L
Name	Type	Responsible	Number	Raw materials	Ready video	Head	Text	Cover	Location	Sound
NEWS	Normal	Henry	17		https://mega.nz/fm/2tpwGDLQ	Why Ukraine is very rich in natural resources?	Ukraine is very rich in natural resources, it has almost all the	https://mega.nz/fm/2tpwGDLQ	US	Original
TRENDS	Normal	Henry	15		https://mega.nz/fm/T85yDZLa	Expects billion dollars into Ukraine	The Ministry of Economy of Ukraine expects billion dollars	https://mega.nz/fm/T85yDZLa	US	Original
NEWS	Normal	Henry	18		https://mega.nz/fm/Ch4iUBpY	How Ukrainians will restore their infrastructure?	Ukraine and the U.S. will create a joint working	https://mega.nz/fm/Ch4iUBpY	US	Original
TRENDS	Normal	Henry	16		https://mega.nz/fm/694ITSIZ	Ukraine forest industry will be reformed.	Ukraine forest industry will be reformed.	https://mega.nz/fm/694ITSIZ	US	Original
Cuts EoT	Shorts	Rudich	#1 18 Mikko Rautalahti		https://mega.nz/fm/f443UJLT	What benefits can be taken in Ukraine after the war?	What benefits can be taken in Ukraine after the war?	https://drive.google.com/file/d/1dqIZ1qyOimY1k_dKP3wGChw3tL38	US	Original
NEWS	Normal	Henry	19		https://mega.nz/fm/nwoUIZAb	Could biomass become one of the biggest drivers in the	Ukraine's energy sector will be reoriented toward renewable	https://mega.nz/fm/nwoUIZAb	US	Original
Cuts EoT	Shorts	Rudich	#2 18 Mikko Rautalahti		https://mega.nz/fm/f443UJLT	How to improve your product immediately?	How to improve your product immediately?	https://drive.google.com/file/d/1yl4SCEkSPbwZu6tSb44Tt_6-3Dk-4k	US	Original
NEWS	Normal	Henry	20		https://mega.nz/fm/39hQXbwS	The marketplace "Made with Bravery" is launched to	The marketplace "Made With Bravery" is launched to	https://mega.nz/fm/39hQXbwS	US	Original

Source: compiled by the author

Plus, as a way of monitoring progress we had weekly meetings with marketing team, during which we analyzed KPIs for the past week – what was the engagement on all social media platform, was it decreasing or increasing, looked through what was planned for the next week and made changes if necessary to address KPI results.

Additionally, outside communication is done by co-founders, who promote company and its products on their personal pages in social media, during various offline events, as well as online and online meetings with interested parties. Co-founders also guided the process if any iteration was needed in products or their positioning.

As during my internship there was no commercialization of company activities, I would say that main customers were Ukrainian municipalities, businesses, and citizens, as we worked towards informing them about benefits and encouraged to try and use those free instruments.

Public relations were mainly done by one of the co-founders, who participated in numerous events as a speaker or moderator, during which always mentioned the unique products we had.

All IT questions were managed by co-founder and CTO, who guided all work that students were doing. They created several websites for several products, managed them and added information. The most time during my internship was dedicated to working on and polishing city showcase, as new entities were added to cities, they were constantly updated, and team was working on finding solutions to make the process less manual and time-consuming, faster, and more automated.

Students had their own logins to the system, and there was a difference in the number of rights inside the system. Of course, full rights had only the CTO, then admin had less, and students had rights only to some parts of the system with a possibility to only add objects – all was done for the security of the project and so that the work is not lost. What is more, all data was stored on European servers and backed up daily. I think it is worth mentioning that during my internship our servers were several times attacked by hackers, as IT team said they were from Russia. And whoever saw that the website is not working – informed the admin or the CTO and they resisted the attack.

Regarding the day-to-day communication – it was done mainly via messengers, with co-founders sometimes over emails. Everyone signed an NDA, so was informed to keep the information confidential.

As a startup, BMN united young and enthusiastic IT specialists, mostly students. So, the main focus was on making all work and communication efficient. This surprised me a lot, especially after working in a large corporation. For example, when IT department saw that they spend a lot of time on adding objects to the website manually, they started to work on their own tool to automate that process. Of course, not without the help of more experienced team members, but they were able to create a working tool, that helped streamline the process in the future, and thanks to which next city showcases were done faster and without large human involvement.

Another interesting thing for me was how documents were stored and managed. There was a so-called master G-Drive, where all information was stored. Full access was given to the founders, and the rest of the team had access to folders according to their responsibilities. That simplified the process a lot, as eliminated the process of sending documents back and forth for approval. Additionally, such system allowed to add or remove them members easily and guide them through the process.

What is more, this G-Drive also served as a library to store information in one place and provide additional level of security, as kept copies of all documents and important information.

Another Google product that we were using was Google calendar. That tool makes life a lot easier, especially for managers and assistants, as it allows to have an overall view of when someone is busy and schedule meeting when person is available. Another great feature is that it notifies all meeting members about the coming meeting, so it reduces work for assistants, eliminating the need to text everyone before the meeting. I personally started with basic functions and was learning during the process, as there were no special training about how to use it to the fullest. And it is currently on my personal to do list to learn how to use Google services to their fullest potential.

I think this is especially important, as we were using the paid Google workspace, which offered a lot of features, however we were using only a small fraction of them, as nobody knew the full range of opportunities.

Another tool that we were using was CRM, or customer relationship management software. BMN founders decided that we should create our own CRM and store all information there. From my personal point of view, I would say that this was not the best idea. First of all, IT team spend hundreds of hours on that, as there were constantly some issues. Secondly, to finance IT team we used substantial financial resources. And thirdly, from a user perspective it was impossible to use – it was not intuitive, bugs were here and there, sometimes data was lost, search was not available, not all functions we wanted to use were there, and each additional change or feature added to the time and resources spent. So, I would say that we should have find an already existing CRM

software, already proven to be efficient, pay for it less around \$100 / month and enjoy the results of the whole team, that specializes especially on creating CRM system. And our IT team would spend their time on something tailor-made for us, which we cannot outsource elsewhere.

Already having experience of working in a big corporation, I have noticed a drastic difference between how it is done in corporations and BMN. It is clear, that it is a startup and does not have resources to run multiple departments and hire many employees. Although what I know from my previous experience – established corporations have separate departments of accounting, finance, as well as controlling to monitor all reports and activities. And if there are no separate department, at least there are separate people who share responsibilities, for example one is responsible for day-to-day accounting documents and tracking, while another is focused on financial planning and reporting to the headquarter. There are also ways to automate the process by using modern technologies. For example, I have experienced working with complex Google Sheets, where everything was automated and saved a lot of time on operations, that would otherwise take days to complete. This was done manually by one person in country office, as we did not have a scale big enough to utilize other, more sophisticated programs, which are numerous nowadays. Below are some examples of innovative approaches in accounting and finance management that aim to streamline financial processes, enhance decision-making, and adapt to the rapidly changing business landscape:

1. **Digital Transformation:** Embracing digital tools and cloud-based accounting software to automate routine financial tasks, improve accuracy, and reduce administrative overhead. This includes using technologies like artificial intelligence (AI) and machine learning for data analysis.

2. **Blockchain Technology:** Employing blockchain for secure, transparent, and tamper-proof financial record-keeping and transactions, particularly in areas like supply chain finance and auditing.

3. **Real-Time Financial Reporting:** Shifting from periodic financial reporting to real-time or near-real-time reporting, enabling faster decision-making based on up-to-date data.

4. **Predictive Analytics:** Utilizing data analytics and predictive modeling to forecast financial outcomes, identify trends, and make data-driven decisions.

5. **Robotic Process Automation (RPA):** Implementing RPA to automate routine and rule-based financial processes, reducing errors and increasing efficiency in tasks like invoice processing and reconciliation.

6. **Environmental, Social, and Governance (ESG) Reporting:** Addressing sustainability and ethical concerns by integrating ESG metrics into financial reporting and decision-making.

7. **Crowdsourcing Financial Data:** Gathering financial insights from a wider range of sources, including social media and crowd-sourced data, to enhance financial analysis and risk assessment.

8. **Integrated Financial Planning:** Combining budgeting, forecasting, and performance management into a single integrated process to improve the alignment of financial planning with business objectives.

9. **Cryptocurrency and Digital Assets Management:** Managing digital assets and cryptocurrencies as part of a diversified investment portfolio and exploring their potential in corporate finance.

10. **Supplier Financing Platforms:** Leveraging technology to optimize supply chain finance and create innovative working capital solutions.

11. **Shared Services Centers:** Centralizing financial processes, such as accounts payable and receivable, in shared services centers to reduce costs and increase efficiency.

12. **Behavioral Finance:** Incorporating behavioral science principles into financial decision-making to better understand and mitigate biases and psychological factors that influence financial choices.

13. **Dynamic Discounting:** Implementing dynamic discounting programs to offer suppliers early payment options in exchange for discounts, optimizing cash flow management.

14. **Sustainable Finance:** Exploring innovative financing mechanisms like green bonds, sustainability-linked loans, and impact investing to support environmentally and socially responsible initiatives.

15. **Regulatory Technology (RegTech):** Utilizing RegTech solutions for compliance and risk management, which help companies navigate complex regulatory environments more efficiently.

16. **Audit Automation:** Using AI and data analytics for audit procedures to enhance audit quality, detect anomalies, and reduce audit cycle times.

These are only some examples of innovative approaches, adoption of which depends on a company's industry, size, and specific financial needs.

Coming back to BMN, being a startup, it does not have a dedicated accounting department. All accounting questions were monitored by 2 co-founders, and assistant of General Manager, who together with HR team tracked monthly working hours of employees and submitted invoices for the review and payout by the co-founder.

The payout process was rather challenging, because it was paid from US accounts to Ukrainian ones, so there were some delays in the payment process, about which students were informed. Basically, as there was no outside financing, students were receiving some portion of payment, and the rest was accumulating for the retractive pay. Payment details of that were specified in the contracts.

From what I know – during my internship there were discussions and evaluations of possible ways of raising money:

- Applying for grants – which was time-consuming, required huge amounts of work by professionals, was not guaranteed and provided potential funds in the long timeframe. On the other hand, currently there are numerous grants available for Ukrainian businesses, so the opportunity was real. The key was to find the right program, where we could show uniqueness of our approach and attract attention. That

required first of all looking through hundreds of grants to select the most suitable ones, and secondly – apply for that. After we tried to apply for a grant ourselves once we realized that the process is extremely time-consuming and requires a professional to maximize efficiency, so we were actively working on engaging a grand profession into our team.

- Capital raise – a pretty complicated process as well, that involves giving out shares of the company

- Finding partners / investors for specific projects. As we positioned ourselves as a Business Media Network, our core idea was to connect Ukrainian and international parties, who are willing to work together. So, many efforts were dedicated to constant networking, attending various events and online discussions afterwards – all to understand needs & wants of various stakeholders and connect them with each other to create a production in Ukraine. That would first of all benefit economy of Ukraine and let us earn out fee.

- Finding another way to monetize existing assets

To sum up, it was during the time of internship in BMN that I understood what a challenging task it is to be an entrepreneur – it involves courage, fearlessness to face difficulties, being passionate to drive the process, and at the same time thinking with the cool head to make every step efficient and rational.

As Jeff Bezos, Founder of Amazon once said: “The first five years were about trying to get the business started. Then we survived the next five years, and since then, we have been on a growth curve.” So, I understood that BMN had a long way ahead and I was proud to be a part of that journey.

As one of the co-founders always told us – creating of such a network in Ukraine has always been his dream. He has been working for it for 9 years before met him, which impressed me a lot. So, his vision was to unite Ukraine with the rest of the world with the help of technology, all on the same platform, allowing to gain information about one another in English, as well as checking reliability and agree on deals.

And all BMN projects were adding value for one another and as a whole created a holistic product:

City showcase: online catalogue of all Ukrainian municipalities, showcasing their unique features and inviting to cooperate with local businesses. It also provides a direct link to Mayors' Showroom and Marketplace.

Marketplace: database of Ukrainian businesses, showing all their information – from name of the owner to certificates and registration document. All for the purpose of transparency and facilitating matchmaking.

Mayors' Club: showing international partners how much active Ukrainian Mayors are doing and facilitating establishing of sister cities with cities of the world. All with the aim of promoting Ukraine and developing Ukraine from municipalities, from bottom to the top. As strong municipalities = strong Ukraine

DealFlow: providing a brief summary 2 times/month about the most recent news to all interested international partners. Language of issues: English.

A crucial additional to all projects was intended to be Battery of Trust, which was planned to be used on all products and showrooms to evaluate reliability and trustworthiness of municipality, business, or Mayor.

Battery of Trust basically is a reputation assessment system, that relies on multilevel information to track, recognize, and most importantly -encourage change in behaviour.

Battery of Trust was planned to combine information from different spheres to evaluate trustworthiness and represent the result with the help of the color: going from red to green, it would represent the level to which extent we recommend to trust the particular entity.

Main 5 components that were built inside the Battery of Trust evaluations were:

1. Successful Deals
2. Partners' feedback
3. Customers' feedback
4. Verification

5. Social responsibility

In order to better understand the company, Table 2.3 provides a SWOT analysis of the enterprise.

Table 2.3

SWOT Analysis of BMN

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. Experienced co-founders who already have experience and international networks. 2. Unique product for Ukraine. 3. Expertise in technology and marketing. 4. Easy and open access via social media and websites. 	<ol style="list-style-type: none"> 1. Lack of multinational spreading. 2. Relatively small database in Ukraine. 3. Small and not fully professional team.
Opportunities	Threats
<ol style="list-style-type: none"> 1. Blue ocean for the business. 2. No competitors in the area. 3. Current need for the city's websites developing in English. 4. Potentially fast spreading of information by word of mouth. 	<ol style="list-style-type: none"> 1. Emergence of competitors with similar approach. 2. Changing environment of country's regulations. 3. Lack of global visibility. 4. Lack of customer attention.

Source: compiled by the author

2.2. Assessment of the competitiveness of the company

Many activities performed by BMN can be called innovative – from the way how uniquely all products are positioned to create a holistic product, to the development of Battery Trust and much more. However, for me the most stunning was the way BMN looked at corruption and gray in Ukraine. Co-founders have Ukrainian roots and know that it is difficult to eradicate corruption at once, so their idea was to create an alternative economic system, where corruption would simply be irrelevant.

Doing that would benefit the country a lot, because according to the recent data, represented on Figure 7, size of informal economy in Ukraine was equal to 44.2% of GDP (See Fig 2.7). Reducing that number even a tiny bit would already help with economic development, reducing inequalities and improving quality of life.

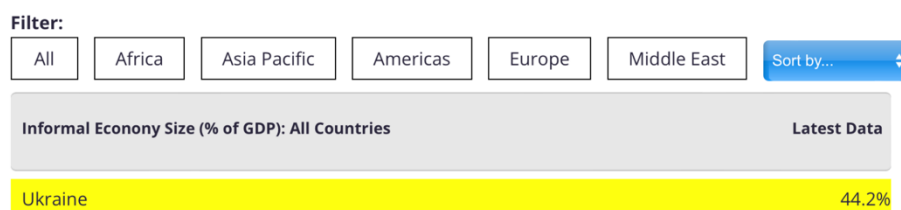


Fig. 2.7. Informal economy size in Ukraine

Source: World Economics, 2023

With the idea of doing that co-founders were working constantly, adding one project to another as they understood that some points were missing. As a result – a holistic picture evolved, combining various projects into one.

Doing that requires extraordinary management capabilities, as one should be able to look at the situation from different points of view and see how that would work under different circumstances.

This is no surprise of course, as we have entered the era of information technology and currently all businesses one way or the other are connected to data processing. That is the reason why during the last 12 years number of SMEs in this sphere is constantly

growing, even in 2022, which is demonstrated on Table 2.4. The reason is that some entrepreneurs understand that after the war comes a period of great interest into the company and wins the one who is prepared the best right after the war is over, so they process data now when there is time for that.

Table 2.4

Number of functioning SMEs in the field of data processing, hosting and related activities

	Код за КВЕД-2010/ Code NACE, Rev.2	Роки/ Years	суб'єкти середнього підприємства, одиниць/ medium entrepreneurship entities, units	у % до загального показника суб'єктів господарювання відповідного виду діяльності/in % to the total of business entities of corresponding type of economic activity	суб'єкти малого підприємства, одиниць/ small entrepreneurship entities, units	у % до загального показника суб'єктів господарювання відповідного виду діяльності/in % to the total of business entities of corresponding type of economic activity
<i>data processing, hosting and related activities</i>	63.11	2010	34	0,5	7425	99,5
		2011	33	0,6	5977	99,4
		2012	38	0,5	6970	99,5
		2013	42	0,4	9406	99,6
		2014	37	0,3	12636	99,7
		2015	41	0,3	12619	99,7
		2016	38	0,3	14202	99,7
		2017	39	0,3	15516	99,7
		2018	44	0,2	18241	99,8
		2019	44	0,2	21855	99,8
		2020	48	0,2	25290	99,8
		2021	55	0,2	31173	99,8
		2022	52	0,2	33181	99,8

Source: State Statistics Service of Ukraine, 2023

What is more, to succeed in the niche where BMN is operating it is important not only to process information, but also to create a web portal to integrate various stakeholders. As we see on Table 2.5, not only BMN created new portals during the war. Of course, it does not mean that all of that portals are aimed at attracting investments to Ukraine, but this is a good sign that innovative entrepreneurs do not stop even during the war and continue to develop their businesses thus supporting Ukrainian economy and securing prosperity after the war.

Table 2.5

Number of functioning SMEs in the field of web portals.

	Код за КВЕД-2010/ Code NACE, Rev.2	Роки/ Years	суб'єкти середнього підприємства, одиниць/medium entrepreneurship entities, units	у % до загального показника суб'єктів господарювання відповідного виду діяльності/in % to the total of business entities of corresponding type of economic activity	суб'єкти малого підприємства, одиниць/small entrepreneurship entities, units	у % до загального показника суб'єктів господарювання відповідного виду діяльності/in % to the total of business entities of corresponding type of economic activity
<i>web portals</i>	63.12	2010	-	-	203	100,0
		2011	1	0,5	198	99,5
		2012	-	-	228	100,0
		2013	2	0,6	332	99,4
		2014	1	0,2	530	99,8
		2015	-	-	587	100,0
		2016	1	0,1	670	99,9
		2017	-	-	745	100,0
		2018	-	-	815	100,0
		2019	1	0,1	931	99,9
		2020	1	0,1	1079	99,9
		2021	3	0,2	1291	99,8
		2022	2	0,1	1373	99,8

Source: State Statistics Service of Ukraine, 2023

However, when analyzing economic activity of SMEs, I think it is useful to look at the situation over the course of several years, as it will help to see the holistic picture. For example, Table 2.6 shows how many SMEs were in Ukraine over the course of a little more than a decade, compared to large enterprises.

Table 2.6

Number of active entities of large, medium, small and micro-entrepreneurship by type of economic activity in 2010-2022

	Large entities, Units	Compared to the previous year	Medium entities, Units	Compared to the previous year	Small entities, Units	Compared to the previous year
2010	586	-	21343	-	2161999	-
2011	659	112%	21059	99%	1679902	78%
2012	698	106%	20551	98%	1578878	94%
2013	659	94%	19210	93%	1702201	108%
2014	497	75%	16618	87%	1915046	113%
2015	423	85%	15510	93%	1958385	102%
2016	383	91%	15113	97%	1850034	94%
2017	399	104%	15254	101%	1789406	97%
2018	446	112%	16476	108%	1822671	102%
2019	518	116%	18129	110%	1922978	106%
2020	512	99%	17946	99%	1955119	102%
2021	610	119%	17811	99%	1937827	99%
2022	494	81%	15037	84%	1716977	89%

Source: State Statistics Service of Ukraine, 2023

For the ease of comparison, I have added the column with year-to-year comparison. It shows that overall small enterprises are more stable than medium enterprises. Although one should always remember that this is the mass picture, and small businesses are much more vulnerable to changes are shut down operation much more often than small and large enterprises. On the other hand, barriers to enter are lower for small business, so where one business closes, another one opens.

It was also interesting for me to note that number of small businesses increased in the years when medium ones stopped operations, and that in 2014, for example the number of large and medium enterprises decreased, while small ones increased their amount.

2.3. Assessment of the competitiveness of Ukrainian startups and small businesses

Unfortunately, such detailed statistics is not available for Ukrainian startups. On the other hand, we can say that there are some common metrics which can be used by investors when evaluating potential investment into startups. One of them is employment growth. This metric is determined by calculating the mean of employment growth rates at the unit level within a specific country-sector group. Notably, it is unaffected by scale and is constrained within the range of -200% to 200%. Employment Growth Rate is calculated using the formula 2.1.

(2.1)

$$GR_{it} = \frac{Employment_t - Employment_{t-1}}{0.5 * Employment_t + (Employment_{t-1})}$$

The employment growth rate formula can be used in startup evaluation as a key metric to assess the company's performance, scalability, and potential for long-term success. It also represents market demand, and is one of the key metrics for investors, as a steadily growing workforce indicates that the startup is well-positioned for expansion and future profitability.

Speaking specifically about Ukraine - a study by dealroom.co, Google for Startups, Atomico and Credo counted 1,500 active startups in Ukraine in 2022 and estimated their total value at €23.3 billion. The situation is even more promising, when looking at the combined enterprise value over the last few years, shown in Figure 2.8.

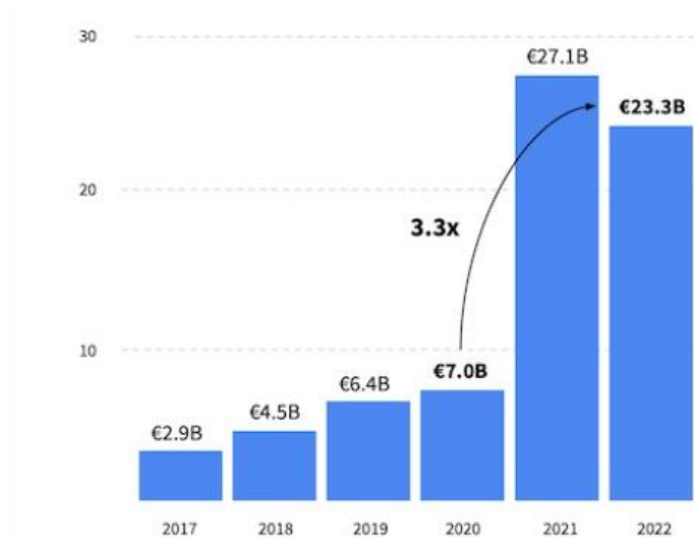


Fig. 2.8. Total combined enterprise value of Ukrainian startups

Source: Source: Browne, O., 2022

On the other hand, investment statistics was not so promising in 2022. And this is logical, as nobody understood what is going on and what the future is. Looking at the situation now everything is starting to look more promising, thanks to Ukrainian army and international war insurances. Hopefully, the results of 2023 will be much more promising than those from 2022 demonstrated on Figure 2.9.

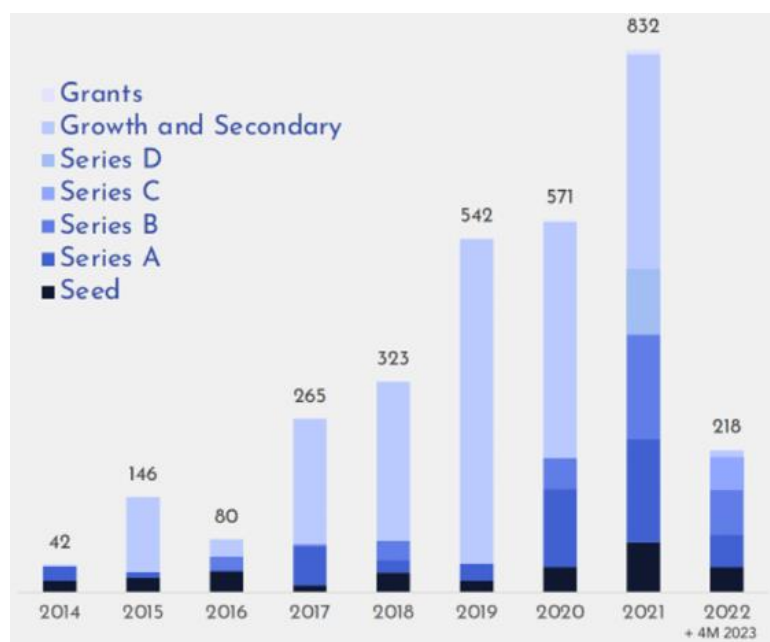


Fig. 2.9. Investment in Ukrainian and Ukrainian-founded startups

Source: Ukraine Digital News, 2023

The above figure utilizes a commonly used framework of dividing various stages of growth and financing into Pre-Seed, Seed, Series A, Series B, and Series C- IPO Preparation (Merelä, 2020). We can see that most of Ukrainian and Ukrainian-founded startups received funding specifically in stages A-C. Table 2.7 provides a generalized summary of stages and amount of money commonly raised during each one.

Table 2.7

Various stages of growth

Funding Type	Amount of Funding
Seeding	\$0 - \$2,000,000
Series A	\$2,000,000 - \$15,000,000
Series B	\$15,000,000 - \$60,000,000
Series C and later stages	\$60,000,000 - \$100,000,000

Source: Devanda, 2022

The table above categorized “Pre- Seeding” stage into “Seeding”; and all funding series after “Series C” were categorized into “Series C”. The research and summary table helps better understand what each stage means for a startup and how much an entity is growing with each subsequent stage.

It is important to remember that investors who invest money into startups and emerging companies are people, with various backgrounds and experience, with different points of view and values. They are also on various stages in their lives, thus have different goals of investments. Even based on my experience working at a startup I can say that different people evaluate potential investments into startups differently. Some pay attention only on metrics and potential financial benefits. Some might invest because they like the product or market potential. Others invest if they see a team they can trust, for the others established internal processes are more important. Research in this field has been done before, and methods used by potential investors when evaluating if a startup is worth investing into are summarized from related work conclusions in Table 2.8.

Table 2.8.

Parameters used to evaluate potential investments

Source	Parameter	Application
E. Afful-Dadzie and A. Afful-Dadzie, 2016.	Apply six primary criteria (individuality, experience, potential, financial aspects, market influence, and social impact) across twenty-seven parameters.	This research leads to a DSM (Decision Support Model) that has the potential to decrease unfairness and enhance transparency in Global Value Chain (GVC) funding selection for prospective startups.
B. S. Ardika, A. H. Setianingrum, and N. Hakiem, 2017.	Consider four main criteria: assurance, business, ability, and character.	This study can assist Small and Medium-sized Enterprises (SMEs) by offering adaptable outcomes to aid decision-makers in making informed choices and exploring alternative results.
X. Tian, Z. Xu, J. Gu, and E. Herrera-Viedma, 2018.	Dependence primarily on intuition and psychological state when employing four primary criteria.	This study aids Venture Capitalists (VCs) in managing intuitive and psychological factors when choosing potential startups. It introduces a fresh perspective for making investment decisions.
X. Liu, Z. Wang, S. Zhang, and J. Liu, 2020.	Consider four primary criteria: management team, financial situation, market conditions, and product and service.	This study assists Venture Capitalists (VCs) in selecting potential Small and Medium-sized Enterprises (SMEs) by integrating PHFE with two nonlinear mathematical models and comparing the outcomes with prior research that utilizes TODIM.

Source: compiled by the author

The table above specifies the differences in analysis parameters, as well as evaluation criteria utilized by investors to assess potential investments. We can see that some of them mention management team, when others mainly focus on financial aspects and market impact. This is good news for startups, as it demonstrates the


importance and possibility of finding a right investor, that shares values and beliefs of founders.

However, it should be mentioned that finding an investor is easier said than done. A significant role in this process plays startup infrastructure of a country where startup is located. Ukraine, has a lot to work on, taking as an example top 10 countries in terms of startup ecosystem that were discussed earlier in the work. Nevertheless, in 2023 Ukraine secured itself a position in Global Top 50 countries in terms of startup ecosystem improving one place up towards ranking 49 (StartupBlink, 2023).

Speaking about specific cities, there are five Ukrainian cities in the global 1000 ranking. The detailed ranking is demonstrated on Table 2.9.

Table 2.9

Ranking of Ukrainian cities in Global 1000 rank

National Rank & Change (from 2022)	City	Global Rank & Change (from 2022)	Total Score	Top Industry Global Rank
1 ⁻	Kyiv	77 ⁺¹⁶	8.49	Software & Data 
2 ⁺¹	Lviv	491 ⁺²⁵⁸	0.52	—
3 ⁻¹	Odessa	750 ⁻⁸	0.23	—
4 ⁻	Kharkiv	762 ⁺⁹³	0.22	—
5 ^{New}	Ternopil	950 ^{New}	0.13	—

Source: StartupBlink, 2023

It is worth pointing out that four out of five Ukrainian cities demonstrated growth in 2023, and Ternopil rejoined the ranking after being out in 2022. This shows a good tendency and serves as a source of motivation for Ukrainian entrepreneurs. Kyiv, for example is ranked 23rd among European cities, which is a 3 spots improvement compared to the previous year.

Without a doubt, war has significantly decreased global attractiveness of Ukraine, which is demonstrated by Ukraine's ranking (see Figure 2.10)

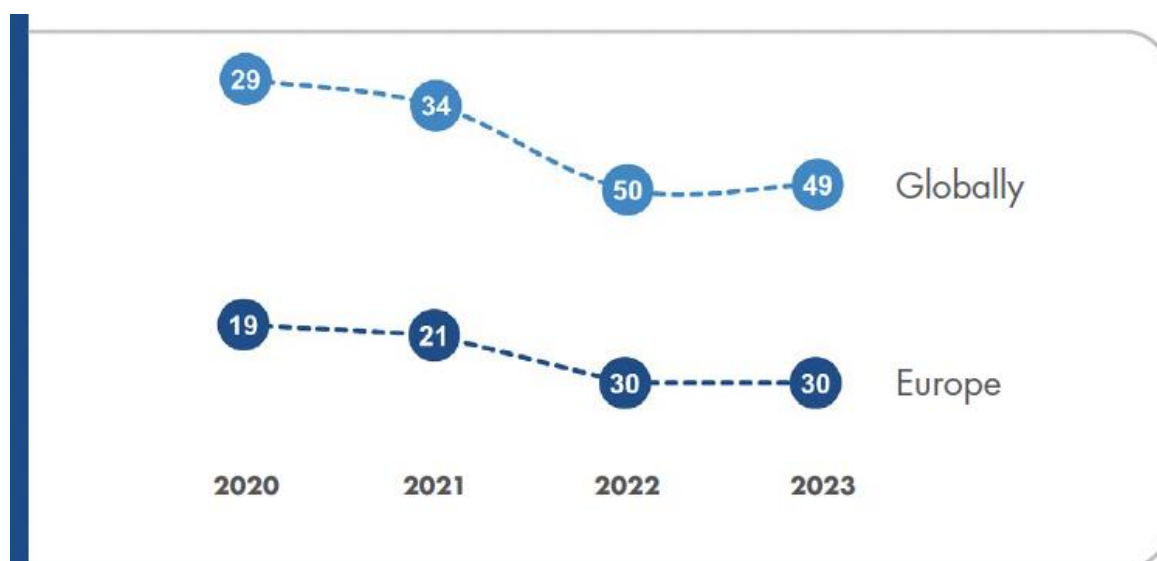


Figure 2.10. Ranking of Ukraine in terms of startup ecosystem

Source: StartupBlink, 2023

As we can see on the graphs, in 2022 Ukraine has dropped significantly in the ranking, as on the large scale it was not clear how the situation will unfold. In 2023 the position is stable, as Ukraine stays strong and the whole world sees that. A good sign was that in 2023 Ukraine grew one point globally.

On the other hand, despite being a challenging year, 2022 demonstrated that Ukraine is strong, and it was a first sign for a small number of investors to continue investments to secure future reward. After all, all investors know that the higher the risk – the higher the return. Thus, in 2022 the number of deals in Ukraine stayed the same, however the dollar amount of those has doubled (See Fig. 2.11)

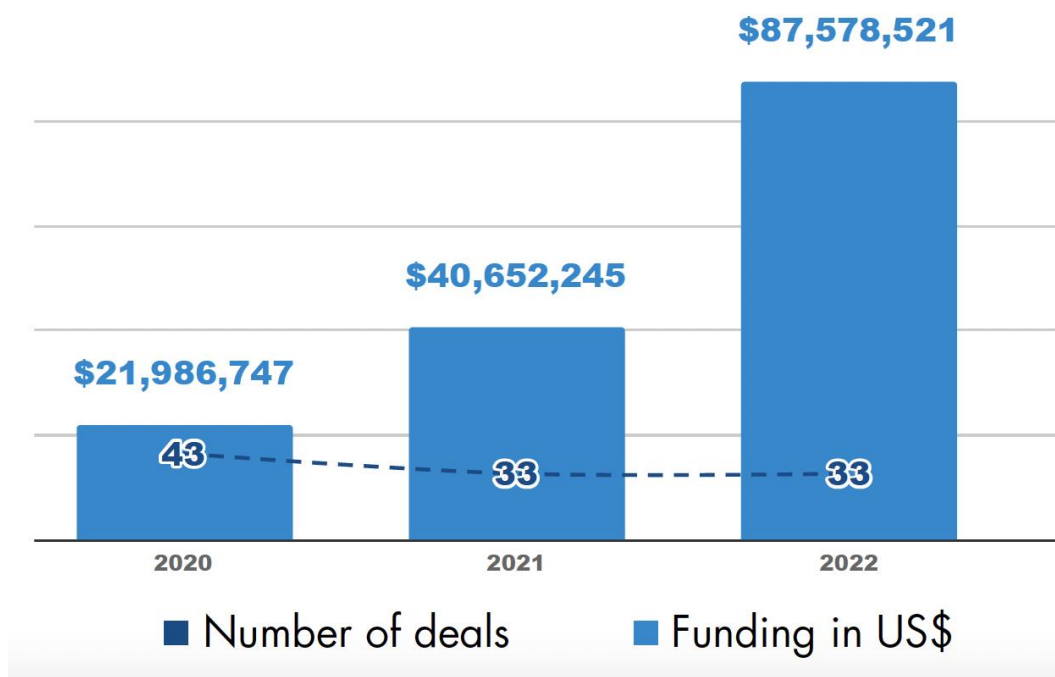


Fig. 2.11. Funding and number of deals

Source: StartupBlink, 2023

The funded deals in Ukraine helped to support the nation in volatile times, which is extremely important for the economy during the war. The number of deals stayed the same, however their overall volume more than doubled since 2021, as a result of increased sizes of projects.

Nevertheless, as Ukraine is still in times of the war, it is difficult to say what the long-term consequences of it will be, how fast the country will be able to rebuild itself and what the startup ecosystem will look like in the future. Now we can see that talented and resilient professionals in Ukraine continue to work, supporting their families and economies, and we can only hope this will continue in the future.

For sure we can say that Ukraine has talented IT developers, which are valued employees in various international companies. They have created two well-known Ukrainian unicorn companies – Grammarly – digital assistant for writing and People.ai – platform for enterprise sales and marketing.

In order for Ukrainian startup ecosystem to succeed and grow in the future it will be crucial for majority of the talented professionals to come back home after the war is

over, or preferably even before that. The increase of people will help support Ukrainian economy and strengthen the ecosystem.

In summary, the current landscape presents significant challenges for startups and small businesses in Ukraine. On the one hand, the country boasts a pool of highly skilled technical specialists, vast land resources, and immense potential. On the other hand, a considerable number of these specialists have left their positions to contribute to the country's defense efforts. Simultaneously, the risks remain high for investors, and the development of international war insurance is still underway. This period offers opportunities for investors focusing on distressed assets. However, to attract them, small businesses require specialized knowledge, networks, and an understanding of how to navigate challenging times. The next chapter provides recommendations, drawn from theoretical research and personal experience, addressing the nuances of establishing a startup and operating an existing small business in wartime conditions.

CHAPTER III. CONSIDERATION OF WAYS OF OVERCOMING CHALLENGES BY STARTUPS AND SMALL BUSINESSES IN UKRAINE

3.1. Recommendations for Business Media Network LLC on improving public awareness and competitiveness

It is not easy to judge what is right and wrong after being inside the company for just 2 months, however I did have a few points which I would suggest to consider changing, and we were discussing them with General Manager and Operational Manager.

To begin with, as most employees were students, some of which had another job, it was a great challenge to unite all for a group call. That is why recording of all the calls were provided in the group chats, and many communications were done in chats. Meaning, there was also no common work schedule, so in order to ensure work is moving at least in some way, some people, mostly in managerial positions would have to be available almost twelve hours a day, while others were working just a few hours when it is convenient for them. On the one hand, this is great because allows flexibility to work and continue studying. On the other hand, productivity in such case reduces significantly, mostly for managerial positions. As David Allen said in his book “Getting Things Done: The Art of Stress-Free Productivity”: “You can do anything, but not everything” (Allen, 2015).

I experienced how true that quote is, when trying to balance obtaining master’s degree, my main job and internship at BMN. It is literally impossible to maintain that level of work for the long time. It is simply unsustainable. And not only productivity is suffering in such a situation, but also motivation to work, because there is no work schedule, and one should balance work-life balance on his/her own.

However, despite clear challenges, BMN as a startup did not have funds to hire full-time employees. That is why there were many students who were working part-time in-between their other occupancies, which created chaos and nightmare for managers.

I believe that was the main point I would change to enhance performance of the company; however, it is easier said than done. It would require making not an easy choice for the co-founders: either reducing the amount and scale of projects and hiring full-time employees (even from the best students who were working already) so they would focus on one thing and increase productivity; or keeping the same number of people involved and creating a more structured system of keeping work progress and communication efficient.

Not an easy choice, but at that time it was drastically important to keep the company moving forward, as without setting up internal operations company cannot enter the market, so there cannot be any discussions about increasing public awareness or competitiveness. Only a company that has a stable and full-time day-to-day team can think about entering the market and telling the world about itself. If management of the company does not understand this and relies on marketing first, in order to attract financing and build the team – it is set for a failure. What is more, now I already know from personally at a startup, that investors do not invest on founders, they invest in a working system. The occasions when a pure idea is financed is very rare. On the contrary, an investor wants to see an already working group of people, with defined roles and responsibilities, who can do all the work. Then founders can play their role – providing vision for team to achieve. In order to create an operational team, structure should be introduced, thus people at least on critical positions in the team should work fulltime.

What is more, nowadays it is almost impossible to start a business without a website, so this is the minimum requirement. And in order to do that, company has to build one, meaning pay to IT developers. In order to know what to build company - should already have a clear vision, value proposition and business model. All this can be done only after management team spends months on developing the idea and projects.

For BMN additional challenge is that it is not a typical startup that can test one thing or idea at a time. The reason for that is that business model of BMN comprises

of it being able to link stakeholders and partners from two sides – Ukrainian and international, meaning in order to achieve success BMN employees should work for several month on all fronts to see some progress. And public awareness and competitiveness will come to BMN as soon as first successful deals come into real life – then word of mouth will do everything necessary, without the need for BMN to spend thousands on marketing. The only job for BMN at that point would be to make sure that the team is fully operational and efficient to complete client inquiries, as then reputation will depend on the customer satisfaction.

In order to success in the endeavor of building a strong operational team, founders should first understand that team is the most crucial part of the future success, as people are the ones who implement all ideas into life. As stated in the book review of “Why Startups Fail: New Roadmap For Entrepreneurial Success” by Tom Eisenmann, editor had a personal insight that “team and leadership is by far the most important predictor of a successful outcome for new ventures” (Journal of Commercial Biotechnology, 2022). Having experience of internship and working at a startup I can only confirm that it is true. Team is probably the most difficult to create and maintain at a startup. On the other hand, when there is a team of “A players” united by a common goal – there is almost nothing that can stop them, as they complement each other, divide roles and responsibilities, and can move on to execution. However, they should better watch out for reasons why many startups fail and do their best to avoid them. Tom Eisenmann in the book “Why Startups Fail: New Roadmap For Entrepreneurial Success” discusses many of them, so I would like to mention and provide personal real-life perspective on those. The author in detail discusses six distinct patterns that account for the vast majority of startup failures (Eisenmann, 2021):

1. **Bad Bedfellows:** good idea, when combined with bad team or outside stakeholders has no future. Eisenman suggests that founders should consider 4 dimensions:
 - Founders
 - Team

- Outside Investors
 - Strategic partner
2. **False starts:** although the idea of “fail fast” is popular among startups, “launching before you're ready” can lead to the founding team to waste both time and capital on the wrong solutions. The way to avoid that is to test ideas on early stages simply by talking to real people and potential customers seeking for their feedback.
 3. **False Promises:** first positive responses might be misleadingly encouraging, so make sure to validate value proposition on a large enough audience before expanding.
 4. **Speed Trap:** be aware of the pressure to get big first. This poses a high risk on the long-term success. Make sure to choose a “blue ocean” and develop there, not in a “red ocean”.
 5. **Help Wanted:** any startup needs funding to scale up, however VCs and investors can quickly point out to mistakes and thus changing the plans of a startup. The result can be either undercapitalization, a suboptimal team, and/or financing down rounds.
 6. **Cascading Miracles:** the bigger the vision, the more things that can go wrong. Sometimes partnering with more powerful and influential market player can be employed by the startup to “rent parts of the value chain from others” and thus mitigate this failure mode.

Speaking about my personal experience, I can totally agree with the importance of right internal and external stakeholders. We experienced on our own how co-founders who lose motivation and act in their self-interest can harm the startup, as well as team members who are not fully engaged only waste limited resources of a startup. In such cases, it is better to let both go, before the magnitude of harm increases on the later stages, and we indeed experienced that, as we have lost both co-founders and team members along the way.

The premise of false starts is of course another important aspect for startups to watch out. However, we used the idea of “fail fast and fail cheap”, as our business model does not require huge capital investments on the early stages, and of course that is not the case for all startups. What we did was immediately testing new ideas that emerge, with minimum viable product. In our case it was mostly visuals, such as presentation, 2-pagers or website pages. It was needed for customers to see and understand something tangible, not just our words. And when we saw drawbacks in our vision – we iterated and updated our proposition and continued with testing. This approach allowed us to clearly understand where we are going, by providing some real-life proof of our hypothesis.

False premises is indeed a very dangerous aspect, that should be closely monitored by the operational team. And I would say this is a more psychological aspect. Knowing how many efforts, time and energy is invested into a startup by the team, and especially founders – it is very easily to grab hold on the first success or customer response as a sign of reached success. Although, it might not always be the case due to many reasons, such as limited customer sampling, or over-promising during a sales pitch. In order to avoid the danger of false premises and not starting to scale up before a finalized value proposition some customers should go through the whole customer journey of using the product, or not just the first stage of initial payment.

Speed traps are clearly dangerous nowadays, as startups are surrounded by successful stories of others. Although in order to succeed it is critically important to choose a right niche to develop in. Red oceans are probably not the best idea to enter, unless you have something unique to offer and are ready to compete with established players. A much wiser choice would be choosing a blue ocean with small number of competitors, and preferably in a large enough market. At BMN the blue ocean strategy was implemented from the very beginning, plus the market we are aimed at is enormous. However, it does bring many challenges of starting the activity, but at the same time such high barriers to entry secure our future competitiveness.

Clearly, startups cannot indefinitely scale up using just their resources and seeking for help is natural. What is more, showing the inside parts of the startup to investors/mentors/advisers is a valuable tool to check if the team is on the right track. When outside stakeholders point out to mistakes – it is a place to improve. However, when an experienced and potentially a famous person is interested to become a board member or advisor and openly share information about a startup – it is a very motivating proof of concept for the hard-working team.

And last but not least, I would say that cascading miracles is very applicable to BMN. Having a multicomponent product, it is extremely difficult to develop all parts inside. And it is much more cost-efficient, as well as reputationally better to partner with established players. Such cooperation will bring knowledge and insider information, as well as support reputation creation of a no-name startup.

The above-mentioned recommendations were provided by Eisenman for technology companies; however they are applicable to any kind of a startup, which is supported by the example of BMN, which clearly has a technological component inside, but is not built purely on providing tech solutions.

3.2 Recommendations for Ukrainian startups and small businesses on improving market awareness and competitiveness

Taking into account all the challenges and opportunities Ukrainian startups and small businesses are currently facing and having some experience of working at a startup I have created a list of recommendations. As startups and small businesses are on different stages of development and company life cycle, suggestions for them differ.

I would like to begin with a startup and firstly list shortly all of the suggestions and then elaborate on each one. So, if you are a startup in Ukraine in 2023 you should:

1. Select market that will become transformational in the future and/or very large in size (blue ocean).

2. Create a business model that is not depended on one source of income and has flexibility to adjust/pivot with minimum time and cost as necessary.
3. Create action plan that requires minimal capital expenditures and follows concept “fail fast and fail cheap”. Follow iteration process all the time toward your strategic target.
4. Identify key strategic partners who will potentially provide you key technologies/products/customers.
5. Identify key team members and their functionality needed immediately and in the near future.
6. Create monthly action plan that aims to reach strategic goals and execute it.
7. Systematically conduct research and monitor new technology, as well as new entrants in the niche you are pursuing.
8. Evaluate current war conditions and related options. Many countries and funds offer support and grants for small companies and individual entrepreneurs, as well as Ukrainian government. When choosing the niche to enter – analyze your possibilities to work in war conditions, as well as potential to iterate your business/business model after the war.

Now let me discuss in more details each of the suggestions. The first one is basic, as correct choice of the industry will make success possible and will bring interested investors. According to CBS Insights, absence of market need is the second most popular reason of why startups fail. To be precise, 35% of startups fail because their product is not demanded by the market (See Fig 3.1 for more details)



Fig 3.1. Top reasons startups fail

Source: CBInsights

In order to minimize that risk prior market research is a must for any startup. The best suggestions for success are choosing a market that will become transformational in the future, for example AI-related, or connected to any other transformational recent technology; or choosing the large enough market high barriers to entry and thus small number of players.

Another useful idea for startups is blue ocean strategy. According to the eponymous book, “Blue Ocean strategy challenges companies to break out of the red ocean of bloody competition by creating uncontested market space that makes the competition irrelevant. Instead of dividing up existing—and often shrinking—demand and

benchmarking competitors, blue ocean strategy is about growing demand and breaking away from the competition.” (Kim & Mauborgne, 2005).

Speaking about the second suggestion for startups, entrepreneurs should remember that their ideas are not guaranteed to be supported by the real world, so they should build a flexible company that is easy to pivot as needed. At the early stages there is no need to establish stone-hard processes and spend enormous resources on that. Everything should be done to a degree that is absolutely required at the moment.

The most important for a startup is a proof of concept, and this is possible with a minimum viable product. Once MVP is approved by a critical number of customers, company can start to work on details. In case MVP needs some alterations – startup should implement them as soon as possible and continue real-life testing, as this is the only way to check the initial hypothesis.

Moving to the next suggestion, I would like to say that “fail fast and fail cheap” is a very good concept that we used in real life. Nothing has to be perfect at the beginning – do the bare minimum that is currently required and see whether it works. Here once again the importance of a simple system is confirmed, as startups need to change every day. For that they need a very efficient team and focus on the end result, as well as acceptance of possibility to fail. If something does not work – team should be able to come together fast and decide what the next iteration steps are for them to achieve strategic goals of the organization.

Already based on my experience I can say that as much as networking is important and beneficial for career success of an individual, great network and most importantly trustworthy partners are crucial for success of a startup. Experienced partners can not only provide support and pivot suggestions at the early stages, but also show international support among their networks, which is invaluable for a small startup that tries to grow. Additionally, partners can provide necessary backup source of trust for startup’s clients who are reluctant to trust a newcomer to the market.

A successful startup is impossible without a strong and cohesive team. Although, startups need to iterate on a continuous basis some stability is needed inside the team.

Here I think it is important to consider the optimal number of co-founders. One is not usually considered the best option, as working alone founders tend to ignore important routine work and focus on exiting parts like polishing pitches (Dinin, 2023).

At the same time, it is important to note that 20% of all billion-dollar startups have had a solo founder, but these are considered rather exceptions. There are also examples of successful companies with just one founder – like Amazon, or with three like Airbnb, however Entrepreneur First recommends people build a co-founding team of two. Their research has found teams with three or more co-founders succeed even less often than solo founders (Entrepreneur First, 2022).

On the other hand, the more co-founders does not mean the better result. And there are three main reasons why having more 3 and more co-founders is probably not the best idea (Entrepreneur First, 2022):

1. It introduces too much relationship complexity;
2. It is expensive;
3. It's hard to focus.

What is more, research has shown that two is also the most common number of co-founders for billion-dollar startups (See Fig 3.2)

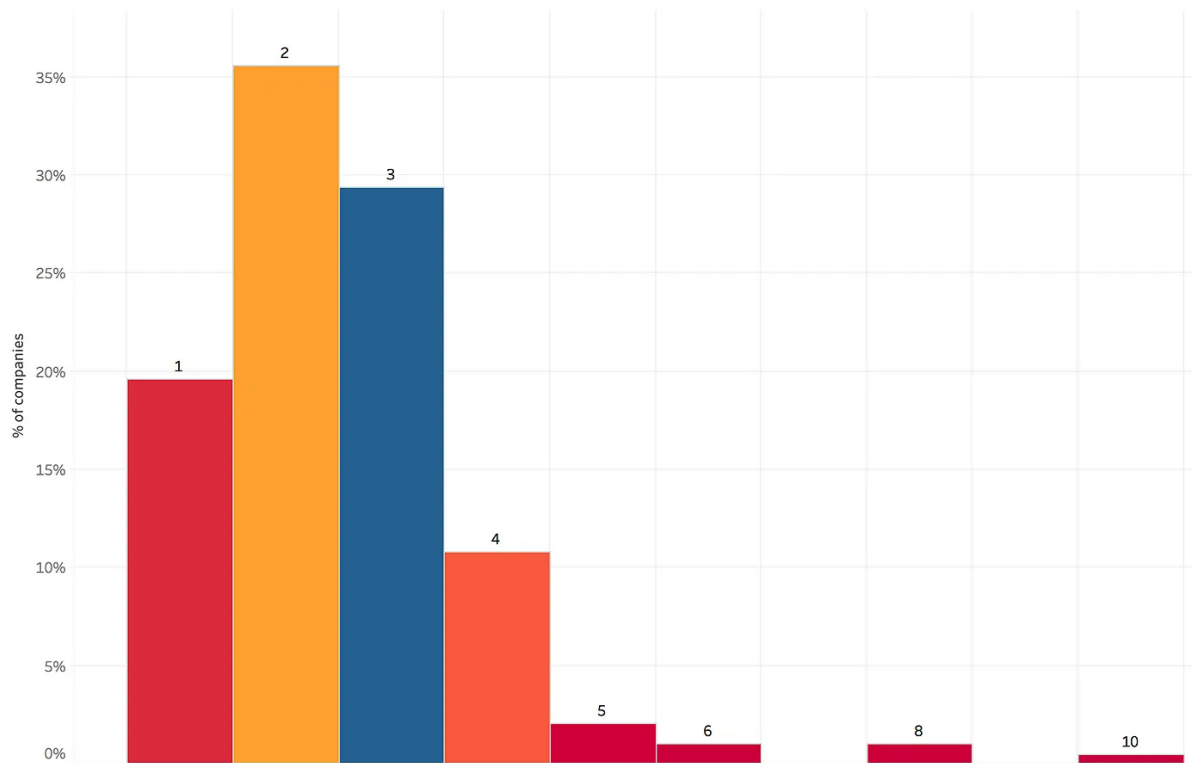


Fig 3.2. Number of co-founders of billion-dollar startups

Source: Tamaseb, 2021

And I can personally confirm the above-mentioned concept based on my personal experience working at BMN. When I came, there were 3 co-founders, and there were constant tensions between them, as responsibilities were overlapping, two did not understand and were very criticizing with the third one. However later on, there stayed only two of them and communication became more streamlined, meaning there were more visible results. Of course, partially it is because of faster decision-making process, as well as clearly defined roles and responsibilities.

It is obvious that at the beginning founding members have numerous roles in the company, which they try to combine, at least basic level of responsibility is crucial for the effectiveness and efficiency of the team. The best way is to firstly define the very basic roles that are required right now and distribute them among existing team members. At the same time, operational team should continuously think about scaling up, thus preparing information and platform to minimize onboarding process for future employees. One of the best ways at this step is to create an organizational structure

where list all roles that would be potentially needed and then mark those that are required at the current stage.

“What is measured gets done”, so in order to keep the desirable level of achievements and monitor company performance goals are inseparable. Startup can formulate goals for the next 1,3 or 5 years and it is very important for the big picture. However, in order to achieve those, big goals should be divided into small action steps that are understandable. The best way is to set weekly and monthly goals for each team member and then review the progress. This tool is good to see the level of involvement of each team member, and at the same time helps team members to feel accountable to one another.

Additionally, startup should evolve at the same pace with the environment. If a new technology is introduced that can make their work more efficient – they need to use it. If a new player enters the market – startup should evaluate itself compared to it and decide on the next steps. Sometimes a good way would be an offer to join forces, sometimes – see that some features should be implemented in their product. In any way, all that requires constant monitoring, so each team member should be open to the external world and not only be focused on day-to-day activities.

And last but not least, it is crucial for startups to seek support in various spheres. Luckily, Ukrainian startup ecosystem is developing, although not a very fast pace. One of the good suggestions might be referring to Ukrainian Cluster Alliance - a multi-industry nationwide union of enterprises, business associations, clusters and cluster organizations of Ukraine. They offer various tools, which are invaluable for a growing business (Ukrainian Cluster Alliance, 2023):

- Analytical Center
- Marketplace
- Matchmaking
- Fundraising
- Export Support
- Government Relations

Another useful tool for startups is the first in Ukraine Innovation Park in UNIT.City. Its ecosystem allows for advanced technologies of urban infrastructure to be tested and implemented right away, in such areas as transport and micromobility, unmanned logistics, energy efficiency, automated security, telecommunications, landscaping, and the like.

What is more, UNIT.City offers physical space for 100+ companies to establish your Eastern European R&D center, startup or corporate innovations program. Thus UNIT.City attracts innovative companies and can use their work to enhance one's ecosystem. (UNIT.City, 2021).

To my mind, it is also important for startups to exit their “bubble” from time to time and evaluate the environment around them, learn more about other startups in their sphere and in the country in general. For example, not many people know that such famous companies as Grammarly, GitLab and Preply were created by Ukrainians (Startup Network Europe, 2022). Looking from the perspective of receiving knowledge, such successful companies can provide a perspective of what Ukrainian have unique to offer to the world and maybe facilitate the creation of a next pivotal move.

On the other hand, if you are an existing business, you have slightly different points to focus on during such turbulent times as we are currently experiencing. They are as follows in the short form, and later on I will elaborate in more details on each and every one of them.

1. Preservation of cash on hand & positive cash flow balance
2. Support & development of existing HR
3. Strategic planning post-war
4. Crisis management policies & procedures
5. Most likely, best and worst case scenarios financial budgeting for next 12 months
6. Development of foundation for new sources of revenues

7. Evaluation on level of unit economics of each product & service provided currently.

To begin with, it is evident that cash is an inseparable part of any business, moreover in the times of war, as revenue streams might be disrupted at any time. Preserving cash on hand and maintaining healthy cash flow is crucial for the sustainability and growth of small businesses, especially during challenging economic times. Some general advice and best practices might include the following:

1. **Effective Budgeting:**

– In order to understand exactly how much money your business needs for the following month, half a year and a year you need to create a detailed budget that includes fixed and variable expenses. Nowadays it can be done using various tools and application, however well-knows Excel will work just fine and will allow you to automatically sum all the numbers and adjust plan and actual numbers to see the progress.

– Understanding how much money your organization needs in a month is only a part of the equation, as while doing that you need to prioritize and allocate spendings on essential items only, while reducing or fully eliminating non-essential expenses. This requires taking a distant look at the processes you have in place, as well as their effectiveness. It might turn out that some of them can be replaced with a free or cheaper technology, like for example AI tools today can speed up a lot of manual work.

2. **Negotiate with Suppliers:**

– Even if your business does not sell tangible goods, the chances are high that you use some services from other companies to support what you do. It can be anything from email providers to educational platforms or Social Media Marketing specialists. Try negotiating win-win deals with them, for example reducing price in exchange for promotion on your website. They might be interested, and as a result you can develop stronger relations, which will eliminate the need for you to search for new suppliers on a regular basis, which will save you money and nerves.

– If services of a current supplier are too expensive, try searching for a new one that will provide higher value for money, or try negotiating with the existing one to avoid switching costs.

3. Invoice Management:

– As challenging as it might be with the pace at which day-to-day are emerging, do your best to invoice customers promptly and follow up on overdue payments. It might be not the most pleasant thing to do, however that is an essential part to keep your business running. Make this a priority in your schedule or hire an accountant to keep everything in order.

– If your business model and services you provide allow that – try offering incentives or discounts for early payments. If late payments happen too often - consider implementing late fees for overdue payments clause in your contracts. Such not popular actions will save your time from the work of collecting overdue payments.

4. Cash Flow Forecasting:

– Regular cash flow overview is crucial for a leader to understand the financial health of the company. A useful tool to do that is a robust cash flow forecast. Being updated regularly based on actual performance will help you anticipate potential cash shortages in advance and reach proactively before crisis happens.

5. Build Strong Customer Relationships:

– Customers are crucial for success of your business, and one of your main goals as a business leader should be maintaining open communication with clients to understand their needs and concerns. Done regularly, this practice will let you understand if your company is moving in the right direction in terms of customer satisfaction, as well as provide insights into what can be improved.

6. Explore Financing Options:

– Currently numerous grants are available for Ukrainian startups and businesses. Take some time and research ones applicable to your sphere. Grants and governmental projects might seem intimidating and extremely complicated, however now there are

those that are indeed easy. Although, if you cannot do it on your own try reaching out to consulting agencies or grant consultants, they will be happy help you submit grant application and save you time and nerves.

7. Manage Inventory Wisely:

– Especially during war the question of inventory is a very important one. Do your best to optimize inventory levels to avoid excess stock that ties up cash and increases the level of risk in case of unpredictable events. Ideally, move warehouses to safer locations.

– When possible, and if your budget allows – try implementing just-in-time inventory practices. This will help you react faster to changes in demand and keep all your products available, thus increasing customer satisfaction.

8. Remote Work Policies:

– War has forced remote work in some companies, however if you have not yet and if your business model allows that – try implement remote work policies. It will help to reduce operational costs associated with office, allow flexibility for your employees and allow you to hire people from various locations.

– In order to effectively work remotely you will need to set up new rules and policies. Luckily, technology nowadays provides everything needed for virtual collaboration and communication. Your task is only to take time and decide what works best for your entity.

9. Emergency Fund:

– We all know how important emergency fund is, and it is especially true during the ongoing war. Make sure to establish and maintain an emergency fund to cover unexpected expenses or disruptions. Such fund will also be useful if you need to relocate your business.

– Make sure that size of the emergency fund is right and correspond to the current size of your business. For this you need to evaluate it on a constant bases and adjust according to changing business conditions.

10. **Technology Efficiency:**

– Nowadays it is not very smart to ignore technologies that offer enormous possibilities to automate processes and increase efficiency. If you do not have time for this – try outsourcing this to external consultants, and they will advise what you should focus on based on your current needs.

– If your business is big enough – consider evaluating developing internal IT systems to integrate processes and streamline operations. This is a long-term investment projects, although it will pay off if done properly.

Luckily, nowadays there are many free online tools that can be successfully used on the first stage of startup and SMEs development. And they are available in various and most critical spheres for any business. The short list to my mind is comprised of the following companies:

1. Asana / Monday.com for project management. Both offer free accounts and can substantively make cooperation inside the team easier. What is also important – they are intuitive and require almost no time investment to start using.

2. Another popular tool is Zoom, which can be used for online meetings and is already quite widespread. Free account definitely has enough features to start any business.

3. For CRM startups and SMEs might use HubSpot, which offers basic tools in free version. It is great to understand how to structure your business and offers possibility to track all aspects of marketing.

4. Created by a startup for startups, Canva is an almost irreplaceable tool to create various graphic designs. Paid version offers larger possibilities, however the free account is perfectly enough to start and create first visuals for your business.

5. Dropbox can provide a currently crucial feature of storing information in the cloud. Such solution allows small companies to operate more efficiently without the need to spend thousands on developing their own IT infrastructure.

6. Xero can help Startups and SMEs run finances more efficiently. It offers various opportunities – from balancing your books to creating detailed financial reports and even invoicing customers.

7. WordPress is one of the greatest platforms for content management. Thanks to its reputation and being simple, it powers around 39.5% of websites on the Internet.

8. Google Workspace although is not completely free to use in the maximum capacity, offers a well-built ecosystem that facilitates collaboration of a remote team by offering email, drive, meet, slides, sheets, and many other services. The benefit of this subscription is that almost everything can be stored and managed from one place, which facilitates management and increases security.

By investing some time to learn and compare at least the above-mentioned tools can greatly improve efficiency of a startup or an SME. At BMN we also used Canva, Zoom and Google Workspace to facilitate the work. Although it is worth mentioning that just using such tools by various users does not magically increase productivity. A responsible manager is required to think through and establish processes, and then link specific tools to particular outsourced solutions.

To summarize, each startup is unique and faces some specific challenges, however most of them are quite widespread. By learning from others, entrepreneurs minimize the common mistakes and can focus on more specific challenges. The most distinct patterns that account for majority of startup failures are bad bedfellows, false starts, false promises, speed trap, help wanted, and cascading miracles. Being aware of those can help startups navigate in the unknown environment. At the same time, knowing what not to do is only half of the solution. It is also important to know exactly what to do, and this chapter provided specific suggestions for startups and small established businesses, as entities on different stages of growth have different needs and focuses. For startups it is more important to choose the right niche and business model, that would ensure agility of the company and possibility to iterate easily. While for established small companies it is more important to work on positive cash flow balance, as well as on polishing internal processes and planning for the future. Nowadays there

are numerous tools and programs, that can be used to make the work more efficient and streamline processes. However, for successful implementation of those clever managerial approaches are required, as without a leader team cannot function as a one whole unit.

CONCLUSIONS AND PROPOSALS

In conclusion, such comprehensive overview of the question of startups and SMEs and their modern challenges provides a deeper understanding of the context of startups. Additionally, the work aims at providing overview specifically on the current challenges of startups and SMEs in Ukraine, during the ongoing war to help stakeholders from various countries better understand the situation and what challenges entrepreneurs are facing, as well as what can be potential solutions.

The aim of the thesis was to study and analyze modern challenges for startups and small businesses in Ukraine, as well as evaluate management approaches for minimizing those challenges. In order to achieve the aim of the work, several tasks were completed, such as:

1. Analyzed theoretical materials to develop an understanding of theoretical framework of startups and small businesses. We also discussed the most common characteristics, challenges and peculiarities of startups in the world. We have analyzed that innovation and management approaches are one of the most important factors contributing to success of a startup and briefly reviewed development of successful startups that became worldwide companies: Netflix, Tesla and Airbnb. All of them became successful because created a new niche in the existing market, or completely disrupted status quo and created markets that have not existed before. We also delved into the complexities of defining and studying startups, acknowledging their unique position as entities that often face high failure rates and various challenges, including financial constraints, team management issues, lack of business knowledge, and technological lags. Based on the available data, we explored the increasing recognition of startups as opportunities for investment, particularly in industries like artificial intelligence.

2. Secondly, we examined importance of startups and SMEs in economic development of the country by overviewing information from the European Union and the United States of America. We have also analyzed top 10 countries in terms of

startup ecosystem and made a conclusion that startup ecosystem is largely connected with economic development of a country. The work further addressed the lifecycle of startups, spanning bootstrapping, seed stage, and creation stage, with a focus on the challenges and critical financial metrics at each stage. The relevance of visionary leadership and a core ideology for sustained success, as highlighted by Jim Collins and Jerry I. Porras, was introduced.

3. Next, we researched specifics of challenges for startups and small businesses in Ukraine before and after full-scale invasion. We have identified that after Covid-19 and full-scale invasion Ukrainian startups and SMEs are one of the most vulnerable players on the market, and their biggest challenges are survival and ensuring financing. Access to finance is a major constraint to operations for companies all over the world, and the situation is even more severe in developing countries. The text then delves into the post-invasion challenges faced by Ukrainian startups, including the loss of facilities and equipment, decline in client numbers, inflation, and difficulties in attracting investments. The challenges extend to disruptions in supply chains, increased transportation costs, and a drop in demand for various products. To substantiate these points, we referenced surveys conducted by Polish-Ukrainian startup bridge and Emerging Europe, providing real-world insights into the struggles faced by Ukrainian startups during and after the invasion. Despite these challenges, we highlighted the resilience demonstrated by Ukrainian businesses. They continue working and even think about expanding abroad, which poses additional challenges for them. It requires compliance with international standards and regulations, for example with those of the European Union, which is now extremely focused on security in regards to Artificial Intelligence, digital markets and data sharing. We also analyzed in more details other challenges specific to Ukrainian companies and analyzed examples of successful entities that can help to better understand what measures were taken by them to succeed in volatile times.

The first chapter effectively sets the stage for the master thesis, offering a comprehensive understanding of the theoretical foundations, global context, and

specific challenges faced by startups and small businesses, with a focus on Ukraine. The second chapter of the work analyzes Business Media Network LLC by completing several tasks:

4. We studied general characteristics and analyzed economic activity of BMN LLC. The company operates primarily in Ukraine, aiming to support the country, small and medium-sized businesses, and municipal initiatives. BMN's main focus is on organizing, connecting, and managing local content to promote Ukrainian municipalities and businesses globally. The company's key projects include a Marketplace, City Showcase for Ukrainian municipalities, Mayors' Club Ukraine, and the Battery of Trust – an integrated platform for transparency and feedback. The company's structure includes divisions responsible for different projects, with everyone reporting to the Executive Management. The success indicators for BMN included speed and efficiency, aiming to bring products to market quickly. Although the company had no revenue during the internship, it actively promoted its resources to stakeholders and engaged in negotiations regarding potential monetization. BMN strategically partnered with companies providing IT support, creative agency services, digital marketing, and transparency ecosystems. The company's success was driven by a holistic approach, emphasizing the importance of its products for municipalities, businesses, and investors. The startup, focusing on connecting Ukrainian municipalities, businesses, and citizens, emphasized efficiency in work and communication. The text work described main tools utilized for work such as Google Drive, Google Calendar, and a custom-built CRM for managing documents, scheduling, and customer relationships. It also touched upon challenges faced by the IT team, including server attacks from hackers. We then delved into the startup's financial management, detailing the lack of a dedicated accounting department and the co-founders' involvement in overseeing accounting matters. The challenges of payment processes from US accounts to Ukrainian ones are discussed, along with the exploration of funding options such as grants, capital raising, and partnerships.

5. Then we discussed recommendations for improving public awareness and competitiveness for Business Media Network LLC as well as Ukrainian startups and SMEs in general. In summary, main challenges faced by BMN LLC were that employees were mostly students with part-time jobs, making coordination difficult; flexible schedules led to reduced productivity, especially for managerial positions; limited funds prevented hiring full-time employees, causing chaos and inefficiency.

6. Next, we assessed competitiveness of Ukrainian startups and small businesses. We discussed the lack of detailed statistics for Ukrainian startups, which opens stage for future research. However, we analyzed a study by dealroom.co, Google for Startups, atomico, and Credo, which identified 1,500 active startups in Ukraine in 2022 with an estimated total value of €23.3 billion. Despite promising enterprise value trends, the investment statistics for 2022 were not favorable, likely influenced by uncertainties. We hope that results in 2023 and 2024 will be better, as now the work is in progress on international arena in developing international war insurances. We also analyzed framework for growth and financing stages, revealing that most Ukrainian startups in 2022 received funding in stages A to C. The employment growth rate was highlighted as a crucial metric for investors in startup evaluation, providing insights into performance, scalability, and long-term potential. The metric is calculated using a formula and is considered unaffected by scale, ranging between -200% and 200%. Steady workforce growth is seen as an indicator of a startup's readiness for expansion and future profitability.

After gathering and systematizing all available information on international theoretical data, as well as first-hand knowledge of a startup operating during the war we were able to formulate particular recommendations.

7. The main managerial suggestions for BMN LLC to enhance performance and thus improve market awareness and competitiveness include deciding between reducing projects and hiring full-time employees or maintaining the current structure with improved efficiency; emphasizing the importance of a stable, full-time team for

market entry and long-term success, highlighted the need for a clear vision, value proposition, and business model before scaling up.

8. For startups they consist of selecting a market with future transformation potential or large size (blue ocean), create a flexible business model adaptable to change, developing an action plan requiring minimal capital, following the “fail fast and fail cheap” concept, and identifying strategic partners, key team members, and create monthly action plans.

9. Recommendations for existing SMEs are slightly different and comprise of preservation of positive cash flow balance, effective budgeting and prioritizing essential expenses, negotiations with suppliers and effective invoice management, regular cash flow forecasting.

In the end, it can be re-affirmed that startups and SMEs are crucial for economic development of the world. However, in order for them to prosper, effective managerial approaches are required. For best practices to be identified, extensive research is required. Additionally, in 42% of surveyed assistant professors said that SMEs is the most under-researched topic (McKenzie, 2023). This is especially true, because startups and SMEs are the most vulnerable business entities, so research should be constant to evaluate current environment and provide up-to-date recommendations.

REFERENCES

1. *About UNIT - UNIT.City Innovation park. The first Ukrainian innovation park – the gate to UA tech scene.* (2021). <https://unit.city/en/about/>
2. Afful-Dadzie, E. and Afful-Dadzie, A. (2016), A Decision Making Model for Selecting Startup Businesses in a Government Venture Capital Scheme, *Management Decision*, vol. 54, no. 3, pp. 714–734, doi: 10.1108/MD-06-2015-0226.
3. *Airbnb revenue worldwide 2022 | Statista.* (2023, August 29). Statista. <https://www.statista.com/statistics/1193134/airbnb-revenue-worldwide/>
4. Airini, A. R., et al. (2017). “Emerging Technologies with Disruptive Effects: A Review”. *PERINTIS eJournal*. 7 (2)
5. Allen, D. (2015). *Getting things done: The Art of Stress-free Productivity*. Piatkus Books.
6. Altmann, V., Jefferson, M. & M. (2019). Adoption of key performance indicators in startups.
7. Anwar, M., Clauß, T., & Issah, W. B. (2021). Entrepreneurial orientation and new venture performance in emerging markets: the mediating role of opportunity recognition. *Review of Managerial Science*, 16(3), 769–796. <https://doi.org/10.1007/s11846-021-00457-w>
8. Ardika, B. S., Setianingrum, A. H. and N. Hakiem, (2017) “Funding Eligibility Decision Support System Using Fuzzy Logic Tsukamoto (Case: BMT XYZ),” *Conference: 2017 Second International Conference on Informatics and Computing (ICIC)*, pp. 1-7.
9. Boeker, W. (1988). Organizational origins: Entrepreneurial and environmental imprinting of the time of founding. *Ecological models of organizations*, 33-51.
10. Browne, O. (2022, December 7). *CEE startups - efficient, resilient and growing fast. Dealroom.co. Dealroom.co.* URL: <https://dealroom.co/blog/central-and-eastern-european-an-efficient-and-resilient-startup-region>

11. Brush, Candida & Carter, Nancy & Gatewood, Elizabeth & Greene, Patricia & Hart, Myra. (2006). The Use of Bootstrapping by Women Entrepreneurs in Positioning for Growth. *Venture Capital: An International Journal of Entrepreneurial Finance*. 8. 15-31. 10.1080/13691060500433975.

12. Bui, T. T. H., Jambulingam, M., Amin, M., & Hung, N. T. (2023). RETRACTED ARTICLE: Impact of COVID-19 pandemic on franchise performance from franchisee perspectives: the role of entrepreneurial orientation, market orientation and franchisor support. *Journal of Sustainable Finance & Investment*, 13(1), 264-282.

13. Bulakh, T. & Ivashchenko, O. & Lytvyn, O. (2018). The Evaluation of Investment Cooperation of Ukraine with EU Countries. *Statistics of Ukraine*. 83. 50-56. 10.31767/su.4(83)2018.04.06.

14. *Business Environment*. (2019). https://iimm.org/wp-content/uploads/2019/04/IIMM_BE_Book.pdf

15. *Business Media network*. (n.d.). <https://bmnu.com/>

16. *Canalys Newsroom - Global EV sales up 49% to 6.2 million units in H1 2023, with 55% of vehicles sold in Mainland China*. (2023, October 2). <https://canalys.com/newsroom/global-ev-sales-h1-2023>

17. *Catalog of Ukrainian cities - Головна*. (2023, March 16). Головна. <https://eot.city/en/>

18. Collins, J., & Porras, J. I. (1994). *Built to Last: Successful Habits of Visionary Companies*. HarperCollins

19. Colombo, M. & Piva, E. (2008). Strengths and Weaknesses of Academic Startups: A Conceptual Model. *Engineering Management, IEEE Transactions on*. 55. 37 - 49. 10.1109/TEM.2007.912807.

20. Comin, L. C., Aguiar, C. C., Sehnem, S., Yusliza, M.-Y., Cazella, C. F., and Julkovski, D. J. (2020). Sustainable business models: a literature review, *Benchmarking An Int. J.*, vol. 27, no. 7, pp. 2028–2047.

21. Council of the European Union. (2023, November 27). *Data Act: Council adopts new law on fair access to and use of*

data. <https://www.consilium.europa.eu/en/press/press-releases/2023/11/27/data-act-council-adopts-new-law-on-fair-access-to-and-use-of-data/>

22. Countries - With the top startups worldwide | Startup Ranking. (2023). StartupRanking. <https://www.startupranking.com/countries>

23. Dalberg (2011). *Report on Support to SMEs in Developing Countries Through Financial Intermediaries*. https://www.eib.org/attachments/dalberg_sme-briefing-paper.pdf

24. Daradkeh, M., & Mansoor, W. (2023). The impact of network orientation and entrepreneurial orientation on startup innovation and performance in emerging economies: The moderating role of strategic flexibility. *Journal of Open Innovation: Technology, Market, and Complexity*, 9(1), 100004. <https://doi.org/10.1016/j.joitmc.2023.02.001>

25. Department for International Trade. (2023, February 17). *Trade & Investment Factsheets*. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1136416/ukraine-trade-and-investment-factsheet-2023-02-17.pdf

26. Devanda, M. D. (2022, June 1). *Group Decision Support Model for Tech-Based Startup Funding using Multistage Fuzzy Logic*. Devanda | Informatica. <https://www.informatica.si/index.php/informatica/article/view/4569/2250>

27. Díaz-Santamaría and Bulchand-Gidumal, J. (2021). Econometric estimation of the factors that influence startup success, *Sustainability*, vol. 13, no. 4, p. 2242.

28. Digital Craft (2023, May 18). *Web design SEO social advertising - Digital Craft marketing*. <https://www.digitalcraftmarketing.co.uk/>

29. *Digital transformation and digitalization of business | Flash Web*. (n.d.). <https://flash-web.net/>

30. Dinin, A. (2023, January 31). I finally figured out why investors won't invest in solo founders. *Medium*. <https://entreneurshandbook.co/i-finally-figured-out-why-investors-wont-invest-in-solo-founders-a94af7b8f495>

31. EBRD, USA and Sweden assess impact of war on SMEs in Ukraine. (2023). <https://www.ebrd.com/news/2023/ebrd-usa-and-sweden-assess-impact-of-war-on-smes-in-ukraine.html>
32. *Economy of Trust - Official website*. (n.d.). <https://www.eotua.com/>
33. Eisenmann, T. (2021). *Why Startups Fail: A New Roadmap for Entrepreneurial Success*. Currency.
34. Entrepreneur First. (2022, August 8). *How many co-founders should you have? - How to be a Founder*. How to Be a Founder. <https://howtobeafounder.com/how-many-co-founders-should-you-have/#:~:text=At%20EF%2C%20we%20recommend%20people,founders%20for%20billion%20dollar%20startups.>
35. Evans, O. (2020), Socio-economic impacts of novel coronavirus: The policy solutions. *BizEcons Q*.
36. Foris, T., Tecău, A. S., Dragomir, C., & Foris, D. (2022). The Start-Up Manager in Times of Crisis: Challenges and Solutions for Increasing the Resilience of Companies and Sustainable Reconstruction. *Sustainability*, 14(15), 9140. <https://doi.org/10.3390/su14159140>
37. Freear, J., Sohl, J. E. and Wetzel, W. E., Jr., 1995b, Early Stage Software Ventures: What Is Working and What Is Not. Report for the Massachusetts Software Council.
38. Gajraj, R. (2022, March 6). Start-up Lifecycle stages and Challenges, How to Ace it? *Flyboat*. <https://www.flyboat.in/post/stages-and-challenges-in-start-up-lifecycle-how-to-ace-it>
39. Giones, F., Brem, A., Pollack, J., Michaelis, T., Klyver, K.; Birnckmann, J. Revising entrepreneurial action in response to exogenous shocks: Considering the COVID-19 pandemic. *J. Bus. Ventur. Insights* 2020,
40. Glasner, J., & Glasner, J. (2023, October 25). *AI's share of US startup funding doubled in 2023*. Crunchbase News. <https://news.crunchbase.com/ai-robotics/us-startup-funding-doubled-openai-anthropic-2023/>

41. Hatch, J. (2014). Translated by Danayifard.
42. Hub, G. L. T. (2023, September 8). China, the first country to regulate Generative AI. *Glthub*. <https://www.hublegaltech.com/post/china-the-first-country-to-regulate-generative-ai>
43. Hudson, J., & Khazragui, H.. (2013). Into the valley of death: Research to innovation. *Drug discovery today*. 18. 10.1016/j.drudis.2013.01.012.
44. idealers@adminos. (2023). Idealers. Creative marketing agency. *Idealers*. <https://idealers.agency/en/>
45. *Journal of Commercial Biotechnology*. (1998). <https://commercialbiotechnology.com/menuscript/index.php/jcb/article/view/1268/941>
46. Kim, W. C., & Mauborgne, R. (2005). *Blue Ocean Strategy: How to Create Uncontested Market Space and Make the Competition Irrelevant*. Harvard Business Review Press.)
47. Komarnytska, E., Supruniuk, I., Toporkov, O., Grzegorzcyk, M., Turp-Balazs, C. and Wrobel, A. (2022), “The country at war: The voice of Ukrainian start-ups”, *Emerging Europe*.
48. Kopp, C. M. (2022, August 1). *How Companies Make Money*. Investopedia. <https://www.investopedia.com/terms/b/businessmodel.asp#toc-types-of-business-models>
49. Kurzarbeit: Germany’s Short-Time Work Benefit. (2020, June 11). IMF. <https://www.imf.org/en/News/Articles/2020/06/11/na061120-kurzarbeit-germanys-short-time-work-benefit>
50. Liu, X., Wang, Z., Zhang, S., and Liu, J. (2020) “Probabilistic Hesitant Fuzzy Multiple Attribute Decision-Making Based on Regret Theory for The Evaluation of Venture Capital Projects,” *Economic Research-Ekonomska Istrazivanja* , vol. 33, no. 1, pp. 672–697, doi: 10.1080/1331677X.2019.1697327.

51. Manchanda, K., & Muralidharan, P 2014, 'Crowdfunding: A New Paradigm InStartup Financing', Global Conference On Business & Finance Proceedings, 9, 1,pp. 369-374
52. *Marketplace*. (n.d.). <https://catalogue.eot-global.com/catalog>.
53. Martinsons, M. G. (2002). Electronic commerce in China: emerging success stories. *Information & Management*, 39(7), 571-579.
54. McKenzie, D. (2023, October 2). What are the under-researched topics in development according to young faculty? *World Bank Blogs*. <https://blogs.worldbank.org/impactevaluations/what-are-the-under-researched-topics-in-development-according-to-young-faculty>
55. Merelä, J. (2020) *Optimizing Value for Funding Rounds: Funding Strategy for Startups*
56. Miceli, A., Hagen, B., Riccardi, M. P., Sotti, F. & Settembre-Blundo, D. (2021) Thriving, not just surviving in changing times: How sustainability, agility and digitalization intertwine with organizational resilience, *Sustainability*, vol. 13, no. 4, p. 2052.
57. Modulos (2023, December 14). *Guide to AI Governance - Modulos*. https://www.modulos.ai/guide-to-ai-governance/?gclid=CjwKCAiA1fqrBhA1EiwAMU5m_xKaoTgO3dWpDM8jR8Z8wWxldNCakDyNgjWTmH6FQUjX-gIZD66PnxoCqsYQAvD_BwE#ai-governance-frameworks-and-acts
58. Núñez, L. G. (2007). The process and problems of business Start-Ups. *Pensamiento y gestión: revista de la División de Ciencias Administrativas de la Universidad del Norte*, (22), 232-255.
59. OECD. (2000). *Small and Medium-sized Enterprises: Local Strength, Global Reach*.
60. OECD. (N.D.). *Small Businesses, Job Creation and Growth: Facts, Obstacles and Best Practices*. <https://www.oecd.org/cfe/smes/2090740.pdf>

61. Pongkronkumpol, P., Sawatenarakul, N., & Silpcharu, T. (2022). *View of management Strategies to achieve operational excellence for startup business in the Digital Age*. Migration Letters. https://migrationletters.com/index.php/ml/article/view/5432/3732_
62. Porter, M. E. (2008). *On Competition*. Harvard Business Press.
63. Price Waterhouse Coopers LLP. (2007). *Guide to key performance indicators*. https://www.pwc.com/gx/en/audit-services/corporate-reporting/assets/pdfs/uk_kpi_guide.pdf
64. *Public organization of all-Ukrainian significance - Mayor`s Club*. (2023, September 15). Mayors Club. <https://mayorsclub.org/en/>
65. Rabbinz, S. (2012). Translated by Parsayin and Arabi.
66. *Reports*. (n.d.). State Statistics Service of Ukraine. <https://www.ukrstat.gov.ua>
67. Reuters (2023, December 14). *Explainer: What's next for the EU AI Act?* <https://www.reuters.com/technology/whats-next-eu-ai-act-2023-12-14/>
68. Ruby, D. (2023, February 11). *107+ Startup Statistics For 2023 (Global Facts and Figures)*. Demand Sage. <https://www.demandsage.com/startup-statistics/>
69. Russian Aggression in Ukraine: How Do Ukrainian Startups Survive. (2022). URL: <https://www.startupbridge.eu/wp-content/uploads/2022/12/PUSB-REPORT-Russian-aggression-in-Ukraine-How-do-Ukrainian-startups-survive.pdf>
70. *Russian Aggression in Ukraine: How Do Ukrainian Startups Survive*. (2022). Polish-Ukrainian Startup Bridge. <https://www.startupbridge.eu/report/#top>
71. Ruta, M. (ed.). 2022. *The Impact of the War in Ukraine on Global Trade and Investment*. © Washington, DC. URL: <http://localhost:4000/entities/publication/8a37c7fb-5fd8-56aa-bb7e-2a0970c468d9>
72. Salamzadeh, A. (2014). *Youth Entrepreneurship in Developing Countries: Do Young People Know Their Potentials?*, Proceedings of the International Conference on Youth and Our Cultural Heritage, May 15-18, Samsun, Turkey.
73. Salamzadeh, A. (2015 a). *Innovation Accelerators: Emergence of Startup Companies in Iran*. In 60th Annual ICSB World Conference June. UAE (pp. 6-9).

74. *Startup Commons*. (2023). Startup Commons. <https://www.startupcommons.org/>
75. Startup Network Europe. (2022, June 3). *10 Ukrainian startups you should know about* - Startup Network Europe. <https://startupnetwork.eu/startup-stories/10-ukrainian-startups-you-should-know-about/>
76. StartupBlink. (2023). *Global Startup Ecosystem Index*. <https://www.startupblink.com/startupecosystemreport>
77. Statista. (2022, September 30). Jobs created by start-ups in the U.S. 1994-2021. <https://www.statista.com/statistics/235515/jobs-created-by-start-ups-in-the-us/>
78. Statista. (2023, September 18). *Number of SMEs in the European Union 2008-2023, by size*. <https://www.statista.com/statistics/878412/number-of-smes-in-europe-by-size/>
79. Tamaseb, A. (2021, December 6). Land of the “Super Founders”— a Data-Driven approach to uncover the secrets of billion dollar startups. *Medium*. <https://alitamaseb.medium.com/land-of-the-super-founders-a-data-driven-approach-to-uncover-the-secrets-of-billion-dollar-a69ebe3f0f45>
80. Team, C. (2023, October 26). *First mover advantage*. Corporate Finance Institute. <https://corporatefinanceinstitute.com/resources/management/first-mover-advantage/>
81. The Assessment of Competitiveness And The Formation Of Competitive Advantages Of An Economic Entity (2004). *Ekonomichnyi Visnyk*. <http://ek-visnik.dp.ua/wp-content/uploads/pdf/2019-2/Khanenko.pdf>
82. The Cabinet of Ministers of Ukraine. (2022). *Ukraine Invest Guide*. https://ukraineinvest.gov.ua/wp-content/uploads/2022/03/UI_Guide_2022_v1.pdf
83. *The Country at War: The Voice Of Ukrainian Start-Ups*. (2022). Emerging Europe Limited. <https://emerging-europe.com>

84. *The Voice of Ukrainian Start-ups 2022.pdf*. (n.d.). Google Docs. <https://drive.google.com/file/d/18kV886D29iQ3ENmS9NeIl3AjFgzeBvoV/view>

85. Thurik, R. & Wennekers, S. (2004). A Note on Entrepreneurship, Small Business and Economic Growth. *Journal of Small Business and Enterprise Development*, v.11, 140-149 (2004). 11. 10.1108/14626000410519173.

86. Tian, X., Xu, Z., Gu, J., and Herrera-Viedma, E. (2018) How To Select a Promising Enterprise for Venture Capitalists with Prospect Theory Under Intuitionistic Fuzzy Circumstance?, *Applied Soft Computing Journal*, vol. 67, pp. 756–763, doi: 10.1016/j.asoc.2017.04.027.

87. *Trends in charging infrastructure – Global EV Outlook 2023 – Analysis - IEA*. (2023). IEA. URL: <https://www.iea.org/reports/global-ev-outlook-2023/trends-in-charging-infrastructure#>

88. *U.S. streaming services market share 2023*. Statista. (2023, October 19). Statista. <https://www.statista.com/statistics/496011/usa-svod-to-tv-streaming-usage/>

89. Ukraine Digital News. (2023, June 2). Investment in Ukrainian startups fell by nearly 80% in 2022 - Ukraine Digital News. *Ukraine Digital News*. <https://uadn.net/2023/05/30/investment-in-ukrainian-startups-fell-by-nearly-80-in-2022/>

90. *Ukraine*. (n.d.). World Economics. URL: <https://www.worldeconomics.com/National-Statistics/Informal-Economy/Ukraine.aspx>

91. Ukrainian Cluster Alliance. (2023, August 7). *Ukrainian Cluster Alliance — Association of Ukrainian organizations for the development of the cluster*. Український Кластерний Альянс. <https://www.clusters.org.ua/en/home-page/>

92. Ven, A. & Hudson, R. & Schroeder, D. (2009). Designing New Business Startups: Entrepreneurial, Organizational, and Ecological Considerations. ERPN: Other New Venture Start-Up (Sub-Topic). 10.

93. Vesper, K. H. (1990): *New Venture Strategies*, 2nd ed. Englewood Cliffs, NJ: Prentice Hall.

94. View of entrepreneurship and financial management in startup ecosystems (2023). URL: <https://ibfsjournal.com/index.php/Journal/article/view/13/14>)

95. *View of entrepreneurship and financial management in startup ecosystems.* (2023). URL: <https://ibfsjournal.com/index.php/Journal/article/view/13/14>

96. Walsh, G.S., Cunningham, J. (2016) Business failure and entrepreneurship: Emergence, evolution and future research. *Found. Trends®Entrep.*

97. Wanat, Z. (2022, December 19). *The new EU policies startups should watch out for in 2023 | Sifted.* Sifted. <https://sifted.eu/articles/regulatory-inflation-new-policies-startups-2023>