

Tearing down small-town barriers to encourage

Incubation centres offer finance and mentor start-ups in non-metro cities

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Lack of support system is a problem that start-up founders grapple with; low success rate is a risky reality that angel and venture investors manage. A support ecosystem can help founders and investors. Rather than look for government support, some private initiatives are showing the way to success.

One example is the work done by Deshpande Foundation, based in Hubballi, Karnataka. Founded by Gururaj and Jaishree Deshpande in 2008, it offers grants to social enterprises and non-profits of various sizes. The Sandbox Startups was funded by Deshpande Foundation primarily to boost the entrepreneurial ecosystem. It recently received a grant from the Department of Sci-

ence and Technology and is a recognised technology business incubator.

Strong support

The foundation provides start-ups a "sandbox" — which covers 6-7 districts — for ideas to be tried out. Selection is sector-agnostic and spans agriculture, health, education and skill development. "We look for models that are scalable through measures that are sustainable," says Neelam Maheshwari, who oversees grants making programme of all sandboxes. She defines scale as "going from 50 to 100 and then on to 500."

A pre-defined geography helps in close monitoring, building focus and results in gaining critical momentum to create multiplier impact. The team, along with over hundreds of mentors in India and globally, provide guidance. "The ecosystem allows founders to do things faster and better," says Maheshwari, who is also the founder of navodyami.com, a marketplace to help unreached micro-enterprises

to access market. Founders have access to the vast network of connections — donors, investors, corporate and Government — for support.

Once success is demonstrated, the incubatees may seek one of three possible routes. "In most social enterprises, the community pays for the product or service and operations become sustainable or they raise funding. For non-profits, the proof of concept helps increase the donor base. In some cases, the Government may also take it up, fully or partially," says Maheshwari.

The aim of the Sandbox start-up programme is to encourage innovations emerging from tier-2 cities to scale. A new cohort of five-seven start-ups is launched every quarter. They stay on, physically on campus, for 12-

18 months. "This gives time for start-ups to refine their model for success or pivot," says CM Patil, Chief Executive, Sandbox Startups and a successful entrepreneur himself.

Maheshwari adds that the advantage of working on a smaller scale is that impact can be seen in the community and changes can be made after listening to them.

Success stories

About 65 start-ups have been incubated so far and the track record has been enviable. Success is measured as having over 100 employees, having in-

tellectual property valued at over ₹10 crore, or garnering external funding. Even with these metrics, there have been over 12 success stories including NanoPix Technologies, Safehands services and Aquasafi.

Success of recent start-ups includes Freshboxx, which delivers fresh vegetables and fruits and does a turnover of ₹40 lakh a month, serving retail and wholesale clients; Grass cycle, which makes bicycles with bamboo frames, is another start-up showing



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good traction, with overseas orders. Other incubated start-ups include platform providers such as Artwaley, which globally promotes hand-made paintings; IoT-based LinkeZ Technologies; Nexus 3D, which does 3D printing services; and, Krushi Kalpa in the agri-tech solution segment.

There are three main factors in the selection process that help in the success, according to Maheshwari. One, there must be focus on one or two activities so that there is potential to build expertise and scale. Two, a good quality team is needed to drive the success of any idea. Three, there must be opportunities to scale and a long-term sustainability plan.

Small-town focus

The dynamics of start-ups in tier-2 towns differ from that of metros.

Patil says that in non-metros, stress levels are

lower and focus levels are higher, with fewer distractions. "Start-ups in tier-2 cities need more awareness about methods for scaling their business. Many brilliant start-up ideas and founders settle down after reaching modest turnover numbers," he observes. Mentoring and exposure will change aspirations to scale-up and knowledge to achieve growth, he adds.

Maheshwari says that creating a local talent pool of skilled people, helping problem solvers implement their ideas and ensuring there is efficiency in resource usage are a must in smaller towns.

"A model proven here still needs to be adapted for other areas. Nearly 60 per cent of the methods can be used as is, but the rest must be changed based on end-use," she says.

The Foundation has three major functions - offering grants to for-profit social enterprises, skill development through Deshpande Education Trust and taking up ideas for pilot tests and then scaling them up.

