

Building a unicorn startup: key characteristics and strategies

What makes a company a unicorn? Is it because they are profitable or because they have raised capital from venture capitalists?

A unicorn startup is a privately held company valued at \$1 billion or more. They are rare, but they exist. In 2015, only 50 companies had achieved unicorn status.

There are several characteristics of a unicorn startup. The most important ones include high growth potential, strong management team, and innovative ideas.

What is a Unicorn Startup?

A unicorn startup is an innovative company that has raised venture capital funding in excess of \$1 billion. The term was coined by venture capitalist Marc Andreessen in his book *'The Startup Owner's Manual.'* He defined them as "companies that are privately held, profitable, and growing faster than the overall economy."

"A recent study found that 87% of unicorns' products were software, 7% were hardware, and 6% were other products and services."

Source: [\(\[razorpay.com\]\(http://razorpay.com\)\)](http://razorpay.com)

Unicorn Startup Checklist

- What is the product/service you're offering?
- Who are your customers?

- How will you make money?
- Where do you see yourself in 5 years?

Traits of a Unicorn Startup

- They have an entrepreneurial spirit.
- They're willing to take risks.
- They're not afraid to fail.
- They're always looking for ways to improve their business.

What sort of companies make unicorns?

Unicorn startups are typically young companies with less than \$1 billion in annual revenue. They tend to focus on solving problems that affect large numbers of people, rather than focusing on making money from existing products.

"A startup only has a 0.000006% chance of becoming an actual unicorn, and it takes on average seven years for nascent startups that start out small to become actual unicorns."

Source: embroker.com

How are unicorn startups valued?

Unicorn startups are companies that have raised at least \$1 billion in funding. These companies are often referred to as "unicorns" because they are so rare. In 2016, there were only about 100 unicorns worldwide.

List of Top 10 Unicorn Startups in India 2022

1. InMobi
2. Flipkart
3. BharatPe
4. Dream11
5. PhonePe
6. BYJU'S
7. Ola
8. Ola Rooms
9. Zomato
10. Swiggy

Most unicorn startups have the following things in common :

1. Key factors that make the odds in your favor:

There are various ways to build a company with billion-dollar potential. However, in all aspects the key elements are common.

1. Your ideal must be original
2. A feasible solution to an existing problem
3. A high marketable value position
4. A clear prediction of the company's future
5. A viable business model
6. An easy-to-operate user interface that supports customers to quickly get the product.

2. Commit to Rapid Growth:

You must prioritize the core mission of your business. You should focus on what you want to achieve, not just on making money. If you're not sure what your core mission is, ask yourself why you started your business. What problem does it solve? How will it help customers? Do you need to change your product or service? Are there any competitors out there? Uber, Airbnb, Xiaomi, and other startups achieved success by observing their target audiences, identifying their problems, and reached a "one-size-fits-all" stage.

3. First Mover's Advantage:

A startup is an early stage company that is developing a new technology or service. A startup usually does not have a large customer base yet. If a startup wants to enter the market, it needs to create a strong brand identity. Being first one to introduce product in the market you have a natural competitive advantage in terms of product offerings and infrastructure. Branding is about creating a unique image that will help customers recognize your company and differentiate it from other companies.

4. Focus on Different Technologies:

A unicorn startup focuses on the five must-have technologies for growth :

5. Customer Intelligence:

A customer relationship management (CRM) is the most critical technology in business. The right CRM is your corporate view with respect to each customer and their interactions with you. It not only improves the customer experience but the customer's feedback shows the position of your business.

6. Financial Intelligence:

Financial Intelligence deals with the understanding of finance

and accounting principles and shows how money is used in the business world.

7. Business Intelligence:

Business Intelligence deals with business strategies and technologies used for analyzing business data. This data provides historical, current, and future insights in terms of productivity, revenues, and accuracy.

8. Systems Intelligence:

Systems Intelligence is the ability of a system to monitor, aggregate, and co-relate the data which it generates. You must observe how the employees, customers, clients, and vendors use the system, the elements they interact with, and checking the functionalities of each element.

9. Employee Intelligence:

Employees are the base of any organization and how your employees treat each other can affect your business. Employee Intelligence is a combined function that helps businesses to experience and develop the power of employee advantage. Associating performance data with employee ability helps you find the key elements that drive employee engagement.

10. Build the right product:

From out-of-date software to online hotel booking and cooking issues, the best startup founders are the ones that solve practical problems. A good way to spot a unicorn company is the rate at which they obtain new customers. Look for an idea that can solve the day-to-day problems if you want to build a unicorn company.

How do you know that your idea has

a unicorn level in the market?

1. You have tested your product/service with ease.
2. You can manufacture and serve the product in volumes.
3. Consumers are willing to pay many dollars on your product.
4. Your product/service has occupied a large portion of the market. You have an integrated team of experts.
5. Your product/service is “disruptive”, no one can make the product as your organization.

Seek top investors

Top investors invest only in the progressing startups. The startup valuation usually ranges from \$10000 to \$100000. Your startup at this stage must have a profitable business model with a stable customer base. Ideally, approach the investors explaining the strategies you planned to conquer the market. Find 30 investors who are interested in your idea, 10 of them would plan to invest, but actually 2 of them would invest.

A large part of becoming a unicorn depends on the right people and creating a valuable product. It is not only different from the existing solutions but also no other product can serve the way it does.

“More than half of unicorns have a business model revolving around providing affordable products and service to everyday consumers.”

Source: embroker.com

FAQ's on Unicorns Startup