

COURSE 02: STARTUPS: TYPES AND CATEGORISATION

INTRODUCTION

Startups have become an integral part of the business landscape, and every entrepreneur aspires to have a startup that becomes successful and changes the world.

TYPES OF STARTUPS

Scalable startups

Companies in a tech niche often belong to this group. Since technology companies often have great potential, they can easily access the global market. Tech businesses can receive financial support from investors and grow into international companies. Examples of such startups include Google, Uber, Facebook, and Twitter. These startups hire the best workers and search for investors to boost the development of their ideas and scale.

Small business startups

These businesses are created by regular people and are self-funded. They grow at their own pace and usually have a good site but don't have an app. Grocery stores, hairdressers, bakers, and travel agents are the perfect examples.

Lifestyle startups

People who have hobbies and are eager to work on their passion can create a lifestyle startup. They can make a living by doing what they love. We can see a lot of examples of lifestyle startups. Let's take dancers, for instance. They actively open online dance schools to teach children and adults to dance and earn money this way.

Buyable startups

In the technology and software industry, some people design a startup from scratch to sell it to a bigger company later. Giants like Amazon and Uber buy small startups to develop them over time and receive benefits.

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1. <https://www.tice.news/know-this/startup-minicorn-soonicorn-unicorn-decacorn-hectocorn>.
2. <https://indianstartupnews.com/blog/what-is-minicorn-soonicorn-unicorn-decacorn-and-hectocorn-startups/>
3. <https://sendpulse.com/support/glossary/startup>

Big business startups

Large companies have a finite lifespan since customers' preferences, technologies, and competitors change over time. That's why businesses should be ready to adapt to new conditions. As a result, they design innovative products that can satisfy the needs of modern customers.

Social startups

These startups exist despite the general belief that the main aim of all startups is to earn money. There are still companies designed to do good for other people, and they are called social startups. Examples include charities and non-profit organizations that exist thanks to donations. For instance, Code.org, a non-profit organization, encourages school students in the US to learn computer science.

DECODING THE STARTUP MENAGERIE : UNICORNS, ZEBRAS, RHINOS and CAMELS IN THE ENTREPRENEURIAL ZOO

In the dynamic world of startups, where innovation reigns supreme, a unique lexicon has emerged to categorize these budding ventures. Unicorns, zebras, rhinos, and camels may sound like characters from a wildlife documentary. But in the startup ecosystem, they represent distinct archetypes. However, the entrepreneurial zoo is teeming with a diverse array of fauna-themed terms. From agile cheetahs, sharp-eyed eagles to resilient cockroaches, the online landscape is buzzing with creative descriptors.

Unicorns: Chasing the Mythical

Aileen Lee, the founder of the venture capital firm "Cowboy Ventures," first coined the term "Unicorn" in 2013 while analyzing the development of startups in a project. Since 2015, the term has become firmly established in the startup and venture capital landscape. Unicorns, with their elusive nature, have become synonymous with startups that achieve a valuation of over \$1 billion. From Silicon Valley success stories to global disruptors, the unicorn label signifies a for sure rare breed of companies. They captivate investors and redefine industries.

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Zebras: Striving for Sustainable Growth

Contrasting the fantastical unicorn, zebras embody a more grounded approach to entrepreneurship. Used as a counter-movement to the unicorn obsession, the zebra philosophy emphasizes sustainable growth, profitability, and social responsibility. Zebras prioritize balance, collaboration, and ethical practices, challenging the high-risk, high-reward narrative that often dominates startup culture.

Rhinos: The Pragmatists in Startup Evolution

Rhinos instead stand as resilient icons, showcasing an adaptive ability that enables them to thrive in the unpredictable business landscape. Created by venture capitalist Dave McClure, rhinos tackle market realities head-on, emphasizing practicality over glamor. Undoubtedly they exemplify a balanced strategy, emphasizing practical scalability over rapid expansion, fostering strong customer relationships for sustained loyalty, and prioritizing market sustainability to navigate the ever-shifting currents of the business world.

Camels: Steady Progress in the Startup Desert

In the vast startup desert, camels embody resilience and steady progress. Entrepreneur and investor Jason Calacanis was the first to use this term for startups that prioritize profitability and long-term viability. Camels exemplify a sustainable pace, often thriving in adverse conditions. From bootstrapping to efficient resource management, camels showcase that slow and steady can indeed win the race in the startup world.

As we navigate the startup menagerie of unicorns, zebras, rhinos, and camels, it becomes clear that the entrepreneurial landscape is rich with diversity. Each category offers unique insights into the strategies, values, and aspirations of the companies that fall under its umbrella. It's important to note that these distinctions are not strictly scientific. The boundaries are sometimes fluid, and not every startup can be neatly categorized into a single classification. The dynamic nature of the business world means that startups may exhibit characteristics from multiple archetypes, and their trajectories can evolve over time. By understanding these archetypes, entrepreneurs, investors, and enthusiasts alike can gain a deeper appreciation for the multifaceted nature of startups and the varied paths to success in the ever-evolving business ecosystem.

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THE DIFFERENT CORNS IN THE STARTUP WORLD

Startups have become an integral part of the business landscape, and every entrepreneur aspires to have a startup that becomes successful and changes the world. For startups, there are various milestones that they aim to achieve, such as becoming a minicorn, soonicorn, unicorn, decacorn, and hectocorn.

Minicorn

Minicorns are companies that have a valuation between \$1 million and \$1 billion, which places them in a unique position in the startup world. They have already proven their worth and have gained traction in their respective markets, but they have not yet reached the level of unicorns, which have a valuation of \$1 billion or more.

The term "minicorn" was first used by Anand Sanwal, the founder and CEO of CB Insights, a market research firm. Sanwal coined the term to describe companies that had achieved significant growth and were on track to becoming unicorns but had not yet crossed that threshold.

While minicorns may not have the same level of hype or media attention as unicorns, they are still highly valuable companies with strong potential for growth. They have already proven their business model, gained traction in the market, and attracted significant investment. As a result, they are often considered less risky than earlier-stage startups and can be attractive investments for venture capitalists and other investors.

Soonicorn

A soonicorn is a startup that is soon expected to reach the \$1 billion unicorn mark in the near future. They are often seen as the next big thing in the startup world, as they have already gained significant market share and are expected to grow exponentially.

Soonicorns are often in a high-growth phase, with a rapidly expanding customer base and a business model that has proven successful. They may have already received significant funding from venture capitalists and other investors, and they are well positioned to continue to attract investment as they scale. Soonicorns are often seen as attractive investments for venture capitalists and other investors, as they offer a high potential for growth and a strong likelihood of becoming

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unicorns in the near future. However, they are also considered riskier than established unicorns, as they may still face significant competition or other challenges as they grow.

Unicorn

Unicorns are private companies that have achieved a valuation of \$1 billion or more but less the \$10 billion. The term was first coined in 2013, since then, the number of unicorns has grown significantly, and they have become a symbol of success and innovation in the startup world.

Unicorns are often in high-growth industries, such as technology, e-commerce, or healthcare, and they have a unique business model that allows them to scale rapidly. They may have already received significant funding from venture capitalists and other investors, and they are often considered to be some of the most valuable and innovative companies in the world.

Unicorns are often considered attractive investments for venture capitalists and other investors, as they offer a high potential for growth and a strong likelihood of generating significant returns. However, they can also be risky, as they may face significant competition or other challenges as they continue to scale and expand.

Decacorn

Decacorns are private companies that have achieved a valuation of \$10 billion or more, placing them in an elite category of highly valued startups. Decacorns are even rarer than unicorns, and they often represent some of the most successful and innovative companies in the world.

Decacorns are often highly disruptive and innovative, and they have the potential to fundamentally transform the industries in which they operate. They are also highly sought-after by venture capitalists and other investors, who see them as a rare and valuable opportunity to invest in a highly promising startup.

While decacorns may be highly successful, they are also subject to intense scrutiny and face significant challenges as they continue to grow and scale. They may face increased competition, regulatory challenges, or other risks that can threaten their success.

The first decacorn in the world was Facebook (now Meta), which achieved this status in 2017, crossing the \$10B valuation after Microsoft's investment round of \$240 million.

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According to CBInsights, there are presently 47 decacorns in the world. Here's a quick breakdown 28 in The United States, 9 in China, 5 in Europe, 2 in other countries, and 2 in India.

Hectocorn

Hectocorn is a relatively new term used to describe startups that have achieved a staggering valuation of \$100 billion or more. These companies are even rarer than decacorns, and there are only a handful of them in the world.

Investing in a hectocorn is rare, as few companies have reached this level of valuation. While they are considered to be a relatively safe investment due to their established reputation, strong financial resources, and track record of success, they are still subject to the same risks and challenges that all companies face. They also face unique challenges, such as regulatory scrutiny and antitrust concerns.

SpaceX Bytedance and Shein are currently the only three privately-held startups with a \$100+ billion valuation.

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