

## IIM Lucknow sheds light on how startups achieve billion-dollar valuations

As startups globally aim to replicate the success of unicorns, understanding and leveraging ambidextrous capabilities among founder teams is vital. This research not only enriches academic discourse but also provides actionable strategies for investors and policymakers to support high-growth ventures.



*IIM Lucknow sheds light on how startups achieve billion-dollar valuations*



India Today Education Desk



New Delhi, UPDATED: Aug 13, 2024 16:14 IST

In a pioneering study, Indian Institute of Management Lucknow researchers have decoded the success strategies of unicorn startups, companies that surpass a billion-dollar valuation. This groundbreaking research highlights how the unique cognitive abilities of startup founders drive their firms to achieve such remarkable growth.

Led by Professor Sabyasachi Sinha, along with research scholars Dr Vivek Kumar Jha and Ravi Roshan, the study demonstrates the profound impact of ambidextrous orientation on the journey of startup teams. Published in the prestigious International Journal of Entrepreneurial Behaviour & Research, the findings reveal that startups led by founders adept in both exploration (innovation and opportunity discovery) and exploitation (efficiency and scaling up) reach unicorn status significantly faster.

This research stands out as a pioneering effort in India, examining the success stories of 83 Indian unicorn startups through 220 interviews with their founders.

Using advanced statistical models like the Cox Hazard model and linear ordinary least squares regression, the study presents a compelling case: the stronger the collective ambidextrous orientation of the founding team, the swifter their journey to a billion-dollar valuation.

Speaking about the significance of the research, Professor Sabyasachi Sinha, Associate Professor, Strategic Management, IIM Lucknow, said, "This research is a testament to the critical balance that startup founders must strike between exploring new opportunities and efficiently scaling their operations. Our findings clearly show that startups with highly ambidextrous founding teams navigate uncertainties better and capitalise on opportunities more effectively, accelerating their path to unicorn status."

### Key findings of the research include:

**Founder Characteristics:** Startups, often led by small, agile teams, thrive on the personal characteristics of their founders, including their ambidextrous capabilities. This study provides invaluable insights into the traits that drive startup success.

**Resource Constraints:** With limited resources, startups must expertly balance innovation and efficiency. This research reveals how ambidextrous founders manage these competing priorities to drive growth.

**Investor Insights:** Investors seek resilient, opportunistic teams. Ambidextrous founding teams exemplify these traits, influencing investment decisions and informing strategic startup growth.

Speaking on how this study offers a roadmap for aspiring entrepreneurs, Professor Sinha added, "Our research addresses a critical gap by exploring ambidexterity in startups rather than established firms. We believe these cognitive skills are crucial for startup growth and can significantly speed up the attainment of unicorn status. By focusing on the ambidextrous capabilities of their founding teams, startups can enhance their internal strengths and expedite their journey to becoming unicorns."