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LAUNCHING A MANUFACTURING STARTUP: ECONOMIC AND MANAGERIAL ASPECTS OF CREATING A COMPETITIVE ENTERPRISE

Smoliarchuk Vladimir[i]
Specialist degree,
Moscow Aviation Institute (National Research University),
Russia

Abstract:
This article examines the economic and managerial aspects of establishing a competitive manufacturing startup. The stages of business planning, financing and formation of the organizational structure of a new enterprise are analyzed. Special attention is paid to market entry strategies, including marketing positioning, selection of promotion channels and development of a sales system. Risk management mechanisms related to financial instability, operational efficiency, supply chains and competitive dynamics are being investigated. Various models of sustainable growth are being studied, taking into account technological innovations, production automation, strategic partnerships and market expansion.

JEL: L26, M13, L60

Keywords: manufacturing startup, economic aspects, managerial strategies, organizational structure

1. Introduction

Creating a production startup is a complex and multistage process that not only includes technological implementation of a product but also an adequately developed economic and managerial plan. Unlike other industries, manufacturing requires large capital investments, the need to keep strict control over quality, and efficient management of resources. At the same time, a successful beginning in this area creates excellent opportunities for businesspeople: production of high-tech products, establishment of positions in markets, and formation of long-term competition.

Industry now operates under a very dynamic system, requiring adaptability and the ability to rapidly change from startups. Businessmen need to look at macroeconomic

[i] Correspondence: email vsmoliarchuk@rambler.ru

trends, shifts in customer trends, technological advancements, and regulatory constraints. Entry strategy in the market is also critical because even a technologically innovative product does not necessarily guarantee success without an effective marketing strategy.

Thus, it is necessary for the establishment of a manufacturing company to have a comprehensive approach to business process financing and management. Not only is it required to attract investment, but it is also required to ensure the stability of the company at the initial stage of growth and scaling. The aim of this study is to analyze stages of evolution of a manufacturing startup based on economic and managerial perspectives.

2. Main part. Stages of establishing a new manufacturing business

Creating a manufacturing startup faces a number of unique challenges, including high capital costs, the need for accurate demand forecasting, and the organization of an effective management mechanism. A successful launch requires step-by-step planning, reliable financing, and a well-structured management structure. These three components determine not only the viability of an enterprise but also its ability to grow and adapt.

The first stage begins with market environment **analysis and the choice of a promising business niche**. The selection of direction should be based on a comprehensive understanding of the needs of the target audience, industry development trends, and technical opportunities. Demand research makes it possible to define the most important features of the product for the end consumer and to define the level of competition in the selected segment.

This is followed by the **development of a business plan**, which becomes the basis for making managerial decisions. It involves accurate calculations, projected production capacity, technological procedures, and profitability. Such modeling allows one to determine the cost structure, calculate the break-even point, and develop self-sufficiency trajectories [1]. Concurrently, logistics, equipment acquisition, and supplier selection issues are addressed, all paving the way for efficient resource management.

The next important aspect of planning is **deciding on the legal form and internal organizational structure of the business**. Form of ownership, distribution of profits mechanism, decision-making process, and management structure need to be decided in advance. Whether to operate as a sole proprietor, partnership, or joint-stock company can influence access to external funding and the company's legal requirements.

After the important parameters are set, the next critical step is **raising finance**. Industrial production organizations require high initial investments for buying equipment, leasing, or constructing facilities for manufacturing. In order to minimize financial risks, one needs to identify beforehand possible sources of finance and a policy on how to attract them (Table 1).

Table 1: Sources of capital for launching a manufacturing business [2, 3]

Source of capital	**Description**	**Attraction strategy**
The founders' own funds	Using personal savings to finance a startup.	Budget planning, income reinvestment, cost reduction.
Venture capital investments	Attracting investments from venture capital funds in exchange for a share in the company.	Create a convincing business plan, participate in pitch sessions, and establish contacts with foundations.
Grants and subsidies	Financial assistance from the government, focused on innovation and industrial development.	Preparation of competitive applications, monitoring of available programs, work with grant consultants.
Bank loans	Borrowed funds from banks and financial institutions with a certain interest rate.	Forming a strong financial plan, securing collateral, and maintaining a high credit history.
Crowdfunding	Fundraising through collective financing platforms from individuals and organizations.	Active promotion of the project on social networks, development of a campaign on crowdfunding platforms.
Business angels	Financing from private investors who are willing to invest in promising companies at an early stage of development.	Establishing contacts with investors, preparing an attractive investment proposal.
Investments from corporate funds	Investments from large companies in exchange for exclusive rights or a share in the business.	Search for strategic partners, conclusion of joint financing agreements.
Equipment leasing	Financing of equipment with the possibility of its subsequent purchase.	Comparison of conditions of various leasing companies, selection of the most advantageous offer.

As such, financing is a multi-stage procedure. Depending on company's growth phase and capital needs, businessmen can resort to varied finance tools. The optimal approach is to combine multiple sources of capital, thereby reducing reliance on a single source of funding and enhancing business stability.

A financial strategy should provide liquidity during the first months of operation. It is important to establish cash flow control mechanisms to avoid cash gaps and ensure the smooth operation of production. Calculating break-even points and optimizing the cost structure can minimize the risks of financial instability and increase the likelihood of successful operating profit.

Financial soundness and sound planning form the foundation for the subsequent step – **organizational structure development**. Distribution of functions and responsibilities determines the pace of decision-making, the level of control over operations, and the company's ability to react to changes in the market [4]. In the initial stage, one should describe the most significant spheres of management activities (fig. 1).

Figure 1: Areas of managerial activity

The **operations department** is responsible for product release and quality control. Automation and digitalization of processes make sure that the labor is reduced to a minimum and task completion is made more precise. In doing so, one also needs to develop a supply chain system to ensure timely delivery of raw materials and reduce warehousing expenses. The **finance department** handles strategic cost management, investment, and budgeting. It is responsible for monitoring income and expenses, tax returns, and communications with banks and investors. Financial stability and transparency in accounting guarantee that the company has partner trust and attracts additional funding for growth. **The sales department and marketing strategy** are involved in positioning in markets and creating a customer base. Building effective distribution channels, launching advertisement campaigns, and customer communication enable the company not only to enter the market but also to build itself in the market, developing long-term customer relations. Specific attention should be given to **human resource management**, as the recruitment of skilled specialists, and building effective mechanisms of motivation directly influence the productivity and efficiency of the team.

Therefore, the establishment of a new manufacturing company entails thorough planning, the development of a stable system of financing, and efficient management of the organizational structure. All these elements are important in facilitating the company's sustainable growth and forming its competitive strengths.

3. Market entry strategies

Having established the management structure and streamlined the production processes, the next most important phase is entering the market. Without an acceptable presentation and sales strategy, even the most technologically advanced and quality product cannot guarantee success.

The most important aspect of successful promotion is **positioning**. It not only involves making the product known to the consumer but also creating a clear image of its advantages, merits, and value proposition in the minds of the target audience. At this stage, it is necessary to take into account the needs of the market, analyze preferences and adjust the main marketing messages depending on the competitive environment.

The choice of distribution channels is essential for product distribution. Modern companies employ both offline and online means to expand their reach to potential customers [5]. Online, content marketing, search engine optimization, targeted advertising, and social media presence are of particular importance. These measures not only help increase brand awareness but also facilitate direct engagement with consumers. Offline channels, such as visiting industry exhibitions, product demonstrations, and collaboration with sales representatives, remain significant means as direct interaction is essential to building trust and the signing of long-term agreements.

Price policy also determines the position of a company in the market. Not only are production costs and the level of profitability necessary to consider while setting product prices, but psychological influences on the perception of the consumer also have to be considered. Volatility in pricing policy, discounts, special offers, and personalized terms for different consumer groups make a product more attractive, and sales volumes grow.

However, successful entry into the market is impossible without the **formation of competitive advantages**. In order to gain customer confidence, one does not only need to deliver a high-quality product, but also value added to differentiate it from others. This value may be innovative technology, high reliability, ease of use, or certain conditions of service.

Developing a sales policy is an essential element of entering the market. The process includes not only acquiring customers but also developing an interaction system to give a steady stream of orders. One of the most effective tools is **collaboration with distributors and retailers**. This helps companies expand market coverage, reduce logistics, and accelerate product supply. In addition, **developing a system of loyalty** is also a crucial element of long-term business development.

Thus, a successful market entry requires a holistic strategy. A nice example of just such a strategy is the **Tesla Optimus** initiative – a human-shaped robot designed to automate production. An important strategy of the company was to position it not as an experimental device, but as a real tool to reduce costs and increase production efficiency. In order to promote the product, a marketing approach was adopted, leveraging high brand recall, in-market case demonstrations, and direct interaction with the target audience. The innovative aspects of the robot were highlighted through high-profile events with live streaming, which helped attract the interest of potential customers and investors. Additionally, the company has relied on pricing, emphasizing that the cost of the robot in the future will be lower than the cost of hired labor [6].

This example demonstrates that even a revolutionary product requires a well-planned market entry strategy. Effective positioning, targeted audience engagement, the use of appropriate marketing channels, and a well-structured pricing strategy not only attract attention but also create long-term demand.

4. Risk management and sustainable growth models for manufacturing startups

In a scenario of stiff competition, technological revolution, and economic disturbances, entrepreneurs must not only expand their business but also counteract likely threats. Risks incurred in the process of running the business can be attributed to one or more functions. **Financial insecurity** is one of the biggest threats. Misallocation of funds, overestimated revenue, or delayed payment by customers can lead to cash flow shortages, which threaten business operations. To avoid such risks, corporations develop detailed financial plans, diversify sources of income, and establish reserve funds to absorb potential losses [7].

One of the other core areas of risk management is **supply chain stability**. The manufacturing process highly depends on the timely supply of raw materials, components, and consumables. Any disruptions in logistics, changes in raw material prices, or supplier instability can lead to delays in order fulfillment and increased costs. Companies that believe in sustainable development utilize alternative logistics and use commercial risk insurance to secure their operations.

Technological dangers are another factor that can inhibit business growth. New production methods and automation of processes are sometimes accompanied by technical failures, incompatibility of equipment or the need for additional training of personnel. Errors in product development, sub-standard raw materials, or inaccuracy in production lines result in defective products, which negatively affect the company's reputation. To prevent such issues, companies invest in quality control, pilot new technology before adopting it, and continually improve manufacturing processes.

The core of risk management is the **assessment and analysis of market demand and consumer behavior**. Even a well-designed product can become obsolete or unprofitable if the market shifts or new technologies emerge. Manufacturing companies are the most vulnerable to such fluctuations, as it may be costly to modify the product mix or reorganize the production capacities. An adaptive business model, real-time customer demand analysis, and diversification of product lines enable companies to adapt to the new scenario and reduce the likelihood of dwindling sales [8].

But risk management is not just the avoidance of threats. It also entails having a model of sustainable growth that enables the company to expand in the long run. Startups engaged in manufacturing can adopt various strategies, each requiring a well-balanced approach towards resource management. For instance, the gradual growth through **investments in process improvement for technology and product quality improvement assists** a company to find its place in the market, reduce costs, and increase output. It does not leave the firm vulnerable to rash external situations, but requires ample time to expand.

Stronger strategies for expansion include **expanding to new markets, entering other lines of products, or increasing production capacity**. These measures can contribute significantly to volume sales and the firm's market share, but they are accompanied by greater operating risk and extra cost of investment. In such situations, it is crucially vital to forecast market trends, undertake competitive analysis, and establish adaptation mechanisms in order to handle potential demand change.

For sustainable development, manufacturing companies actively **embrace innovations that enhance the profitability and competitiveness of their products**. The use of artificial intelligence to streamline logistics and predict demand, and the use of new materials and technologies, not only enhances product quality but also reduces the cost of production.

An expansion strategy can also involve **partnerships with other companies and integration into pre-existing supply networks**. Joint development and alliances with large companies enable startups to expand at lower expenditures, leveraging current infrastructure. Further, expanding distribution channels and international markets through alliance agreements offer fresh growth opportunities, offering business security. Consequently, the successful startup of a manufacturing business involves not only continuous market analysis and risk control but also the selection of an effective, sustainable growth strategy. The financial sustainability, adaptability of business processes, technological flexibility, and strategic cooperation become the most significant tools that allow a firm to not only minimize threats but also amplify emerging opportunities.

5. Conclusion

Success in an industrial start-up depends on the ability of entrepreneurs to analyze the market, devise effective strategies, and react to environmental fluctuations. Successful product placement, optimal selection of channels of distribution, development of a secure system of sale, and risk management minimize hazards and provide a solid foundation for long-run growth. Thus, a sustainable business is not only established on the performance of its products but also on efficient resource management, financial capability, and the ability to continue improving.

Conflict of Interest Statement

The authors declare no conflicts of interest.

About the Author(s)

Smoliarchuk Vladimir, specialist degree, Moscow Aviation Institute (National Research University), Russia.
ORCID: https://orcid.org/0009-0005-5246-7192.

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