Things we should learn from the highs and lows of start-up life

by John Kennedy

Instead of encouraging people to just start-up, we need to be honest and tell them that most of them are likely to fail

Instead of encouraging people to just create a start-up, we need to be honest and tell them that most of them are likely to fail, writes John Kennedy.

There is something bittersweet about covering start-ups, scale-ups and everything in between. On the one hand, there is something joyous and exciting when you meet people embarking on a challenging, but potentially life-changing,

episode of their lives – the contagious excitement, the commitment, the sheer adventure. It's intoxicating.

Many have made the ultimate pivot – jettisoning well-paying jobs and the security of corporate life to make their own names. Their ideas will impress, even mesmerise, you.

And then there is the truth – most start-ups will fail.

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– DAVE MCCLURE, 500 STARTUPS

I've documented this before, pointing out that the start-up journey is not a lifestyle choice and, in recent weeks, I wrote about the individual mistakes and failures of various entrepreneurs.

Last week, I saw various facets of starting-up, scaling up, investing and failure that culminated in Startup Weekend in Dublin last night where teams of individuals got together to create a start-up in a single weekend.

Increasingly, amidst all the hope and splendour, the meetups, the "fail faster" or "put a dent in the universe" slogans, is a growing sensitivity to failure. There is also a growing appreciation of mental health. A respect for failure. A realisation that failure isn't cool, but that everyone hits a dip.

These lonely dips and hollows

These thoughts resonated last night at the Google Foundry in Dublin where Daniel Johnsen, a Bourbon-loving entrepreneur from Kentucky who came to run a Startup Weekend in Europe for four days but ended up staying 22, living out of a single rucksack, spoke passionately about the dips and hollows that would hit entrepreneurs.

He said these dips are unavoidable, every entrepreneur will fall into a chasm of uncertainty – products will fail, customers won't pay up, money will dry up and staff will leave – and ultimately health and wellbeing are what matter the most. He pointed to a book by Seth Godin called *The Dip: A Little Book That Teaches You When to Quit (and When to Stick)*. *The Dip* is a 76-page book that grew out of Godin's popular blog and focuses on when temporary setbacks can be overcome with persistence or when you should just quit altogether.

'A series of spectacular failures over and over again, that sums up my entrepreneurial career'

<div align="right">– PATRICK ANDERSEN, STARTUP GRIND</div>

This is the crossroads that every entrepreneur must come to – but you never really hear it said in the early days of the start-up journey. Maybe because, like mental health and depression in most countries, it is a kind of taboo subject that

no one wants to hear about amid all the pomp and circumstance of summits and meetups.

But that is changing, and for Johnsen to make a point about *The Dip* after a weekend where 12 teams began as strangers and came together to create some pretty darned decent MVPs, shows a deepening respect for overcoming setbacks and managing health.

"A series of spectacular failures over and over again, that sums up my entrepreneurial career," said Patrick Andersen, co-founder of the popular Startup Grind series in an interview ahead of his fireside chat in Dublin last Thursday.

While Andersen believes that 2pc of those he has interviewed are actual geniuses – including Patrick Collison from Stripe – the common trait that sets successful entrepreneurs apart, according to him, is endurance and survival.

"The link between everyone, the founders that have managed to get to success, are the ones who are the best survivors. "These are people who can just outlast, outsurvive what happens to them. Start-ups are a war of attrition and most people – and I mean the really good people, not just the losers, but really great people – most of them give up. "And these people that don't, they just have something that pushes and pushes them to really unnatural levels, like climbing Everest. They are the ones that do lose their fingers and toes in the process but some people can just figure out how to get to the top of the mountain better than others."

Andersen pointed out that every country in the world is throwing money at innovation. Every country wants to have Facebook in their city.

Dublin has Facebook in the city. Every country wants to have the next Skype or the next unicorn. Estonia had Skype and the experience has had a transformative effect on its economy and culture.

But failure is something no one wants to talk about either. Andersen pointed out that there are probably only 10 companies a year that are driving the returns Silicon Valley's venture capital elite are craving. Which means a reckoning is on the cards.

Let's be honest about start-up life, it can be a pain in the ass

500 Startups' Dave McClure was also in Dublin last week to address the Angel Summit, where he explained how he grew his investment fund from $300,000 up to $250m, invested in more than 1,000 companies and saw three reach unicorn status and others, like MakerBot, Wildfire and Sunrise, achieve spectacular exits.

In our interview, McClure was blunt. Most start-ups actually fail. Hence his methodology of making lots of small bets early on. He suggested that if the Irish Government had $500m available for investing in start-ups, it should break it into 50 mini-VC or angel funds rather than investing in five single VC

funds.

"Starting a business is a pain in the ass. It's kind of a thankless job. A lot of people today glorify entrepreneurship as though you can work for yourself and one day be rich. But the reality is that you work for everybody – your customers, your employees, your investors. A lot of the first few years are lonely, long hours and most of the time you fail. I try to encourage people not to be entrepreneurs unless they can't be anything else. It is much easier to work for somebody else than it is to work for yourself. But for some of us, there are not really any more choices."

'I was staring founder burnout in the eyes as I struggled with depression, anxiety and panic attacks, each exacerbated by mental and physical exhaustion'
– KEVIN HOLLER, HUMA

In other words, some entrepreneurs just keep going, dust themselves off and get out there again.

This is the case of Stewart Butterfield, the founder of Slack. In 2002, Butterfield started photo-sharing site Flickr, which he and his co-founders sold to Yahoo in 2005. Butterfield got the entrepreneurial itch and set up a gaming company three years later called Tiny Speck but the company's main title, *Glitch*, closed in 2012. A year later, a tool that Butterfield and his developers created to communicate with each other called Slack became the nucleus of a new business that is now the hottest enterprise communications tool on the market

in 2016. But let's be honest, Butterfield's Slack has the benefit of being able to tap into the vast venture capital resources of Silicon Valley.

Scale me up

Much has been said about starting up and scaling up and one of the spectres haunting the European start-up scene is the inability of companies to reach scale. **The Lisbon Council's European Digital Forum has produced a 10-point plan aimed at helping European start-ups go to the scale-up level.**

HubSpot CEO Brian Halligan, whose company came to Dublin three years ago to create 150 jobs but is now on the road to 500 jobs, said that for companies like HubSpot, Facebook and Google "Dublin is the world's scale-up city." So, why then, if it is working well for overseas firms, can we not get the scale-up phenomenon to work better for homegrown start-ups too?

Halligan lamented that companies he admires like Stripe and Intercom had to be founded in San Francisco to reach critical mass, rather than in Ireland, where the founders came from. But, ironically, Dublin is the power core to Intercom's product growth, Stripe is growing its presence in Dublin with new offices and even most of HubSpot's core products are devised and produced in Dublin.

He suggested that policymakers try harder to encourage Silicon Valley venture capital giants like Sequoia or Andreessen or Greylock to set up outposts in Dublin.

What also needs to happen is policymakers and political leaders talking as much about scale-ups being part of the jobs growth policy as they do about start-ups.

Sure, start-ups may create thousands of jobs in the coming years. But how sustainable will they be if we can't even fix roadblocks like tax regimes that penalise start-up founders and stifle the sharing of equity with employees.

We need problem solvers, not just cheerleaders

But before we can talk about scaling up, the realities of dips and failures and how entrepreneurs can turn setbacks into opportunities need to enter the lexicon. We can't just have cheerleaders, we need problem solvers.

When I said writing about start-ups is actually a bittersweet thing, that was brought home to me at the weekend when I learned of the demise of Huma, a start-up led by Kevin Holler originally known as Shake, a previous Start-up of the Week here at Siliconrepublic.com.

We pride ourselves on when our start-ups do well, but we will not flinch from the reality that all won't succeed.

In a moving Medium post, Holler wrote: "Three weeks ago I was faced with my toughest decision yet as founder and CEO: put my health at risk and fly back to San Francisco in an attempt to raise additional funding or put my health first and take time off. Two years of blood, sweat and tears hung in the balance and, for the first time, I needed to put myself

first in the decision process."

"I was staring founder burnout in the eyes as I struggled with depression, anxiety and panic attacks, each exacerbated by mental and physical exhaustion. I no longer recognised myself and it was time to face reality."

And there it is. That's the chasm. Holler said there were causes and effects leading to the decision and lessons to be learned: the MVP shipped a year too late, they hadn't raised enough funding when they did. Mistakes made additional work and obstacles for the team.

It was a far cry from two years earlier when Holler left a well-paying, six-figure salaried job, had raised €300,000 in investment and was clutching his company's incorporation papers in his hand.

"It's been an incredible journey, one I am only beginning to put into words, but there's no time to wallow in self-pity. Looking back, I had the blind ambition I needed to risk everything knowing the odds were against me — and I'd do it again."

I believe Holler will do it again.

But for Holler and many others like him, we need to fully recognise the mistakes and failures that can happen and ultimately care about people.

It's not cool to say failure is okay or you should fail faster.

But we have to accept failure as a reality and an ever-present danger.

We need to ask ourselves continually what can we learn from such failures.

And then move on.

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