

5 challenges for start-ups in 2021

Kieran Murphy, co-founder of Dublin proptech start-up [ZiggyTec](#), on how to turn around the negatives entrepreneurs are facing in the Covid-19 pandemic.

When we launched ZiggyTec in 2018, a global pandemic would have seemed like a far-fetched plotline in a bad sci-fi movie. Now our company has been living with Covid-19 for half its life. At two years old, we're just a stripling among Ireland's long-lived property outfits, but we're still a year or so older than many of our fellow tech start-ups.

People I've met in the business chatrooms have asked me for our perspective on the current situation. (They might have noticed that some of my colleagues have obviously been around the block a couple of times.) I decided to write this article to share a few insights I've picked up from steering start-ups through this and other crises.

I can state the most important of them in two words: YOU MATTER!

Taking positives from negatives

As any economist will tell you, start-ups tend to feel an economic chill long before anyone else. Their incomes are less secure than those of established SMEs, they have poorer access to funding, and they tend to rely heavily on the skills and dedication of small founding teams. All of those factors can conspire to make an entrepreneur feel unimportant, especially when he or she is struggling to make the monthly payroll.

But the truth is that start-ups are vital to the economy. Young firms account for about 20pc of employment and, at least in the OECD countries, create almost half of the new jobs on offer at any time.

Right now, governments and economic commentators across the EU are praying that talk of a Covid-related 'blank generation' of failed start-ups is exaggerated. There are more people cheering you on than you might realise!

Let's hold that thought as we take a walkthrough among the five biggest challenges you're presently facing. I've followed the lead of business psychologist Julie Normen, by presenting each of them as a negative statement for you to tackle.

NEGATIVE #1. 'There's never any funding for the likes of us!'

No sense being coy about it. If you were reading this article two years ago, you'd have been talking burn rates, breakeven points, and the relative merits of angels and VCs. In 2021, you're likely struggling for every last scrap of business finance. That might include loan guarantees, direct lending, grants or subsidies.

Don't worry about it -- just keep it up!

I will mention that I've noticed how millennials tend to look towards the EU for business support, and that's absolutely fine. But it's worth pointing out that the governments of France, Germany and the UK have all announced nationally-administered schemes to help start-ups, and that it's not impossible that Ireland will follow suit. Fingers crossed!

NEGATIVE #2. 'It would be a sign of weakness if we were to give up on our original vision'

Most start-ups begin with a strong central idea. A shake-up like Covid will prompt a rethink. Is that good or bad?

Let's say you're in fintech. You've come up with a smart new way of doing digital payments. Covid has made cash transactions less appealing, so you've got a mass of new signups (hooray!) On the other hand, they're not buying anything but groceries and medicines. The high-ticket travel purchases and hotel bookings that you were relying on for your margins have gone out of the window (boo!)

The simple truth is that every single successful start-up will witness changes to the rules of its game. Coronavirus is just the latest in a series of accelerators. Our fintech provider will need to make sure their business model is sufficiently flexible to cope with shifts in spending patterns, otherwise they can expect trouble – regardless of whether or not there's another pandemic.

NEGATIVE #3. 'When times are bad, there's nothing to do but hunker down'

When times are bad, you always, always look for new opportunities. Let me tell you a story.

ZiggyTec is in property technology, which is one of those phrases that makes people nod sagely when they don't have a clue what I'm talking about. 'Proptech' means using new kit like internet of things (IoT) and low-power wireless to create 'smart buildings'. The clients Peter and I expected when we launched the company were real estate outfits, who'd use our state-of-the-art IoT sensors to make their old office buildings smarter and more '21st century'.

Obviously, lockdown took the wind out of our sails, as it did the rest of the commercial real estate sector.

Hunkering down would have meant waiting on reduced salaries until commercial property picked up. We decided instead to use our new IoT skills to build standalone air quality monitors for schools and care homes. By alerting staff to stale air build-ups in classrooms and wards, we could reduce the risk of Covid-19 transmission ... and take ZiggyTec into new markets.

It worked. ZiggyTec kept going at full tilt, and we've got a head start on the new market in air quality monitoring, slated to be a growth area when we all get back to our workplaces. Crisis really does produce opportunity.

NEGATIVE #4. 'If you stop growing, you may as well shut down the business'

Since the beginning of the Internet era, start-ups have tended to have unrealistic expectations of growth. The truth is that sustained double-digit expansion is unlikely outside of the digital realm. Some experts believe that coronavirus has given start-ups an opportunity to consider issues of sustainability -- in all senses of the word -- and to find ways to strengthen fundamentals. If you still prefer growth to long-term stability, think about what you can do now to position yourself for take-off when we're all vaccinated and back on the daily commute.

NEGATIVE #5. 'It's impossible to keep everyone motivated during lockdown'

Employee morale is the power reserve of a start-up... and, the smaller the team, the likelier you are to find yourself with a flat battery. It's possible to keep everyone motivated, although it's really hard work!

Some of the techniques we've come up with at ZiggyTec include: 5€ hat contests; online parties with tasting menus delivered by Amazon, virtual backrubs; geocaching relays...

I won't spell out all the possibilities, but the message is obvious. People are your biggest asset, and you need to do your best to keep them at their best.

Pictured at top: Kieran Murphy and Peter Murphy

ZiggyTec was founded in 2018 by Peter Murphy and Kieran Murphy. The pair have engineering and energy trading experience. Peter climbed up through the ranks of the ESB during his 29-year career there. Finishing up as the Commercial Director of ESB International. Kieran also gained experience as an engineer working in the oil and gas industry before moving into financial services. He subsequently sold his trading training company and has worked in various start-up projects relating to the energy industry. Upon realisation of commercial property owners' difficulty with retrieving utility usage data, the pair decided to start using IoT technology to solve the problem. ZiggyTec makes retrieving data from buildings easier, more cost-effective, and more consistently accurate than ever before.

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