

Entrepreneurship in Atlantic Canada is not reaching its potential. We do not lack for creative ideas, innovative products or passionate entrepreneurs — a critical success factor is being overlooked. Our research indicates that exposure to relentless stress, leading to mental illness, is the largest threat to the ongoing success of Atlantic Canadian entrepreneurs.

The Mindset Project has conducted a privately funded survey to map out the variables associated with the working environment of entrepreneurs as they relate to both mental health and business success.

Mindset: The Intersection of Entrepreneurship and Mental Health

Part II: Living the Life.

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Today's brand of entrepreneurship values youth, independence, high risk, and unlimited success, but is it effective?

The answer, of course, depends on results. So, what can a typical entrepreneur really expect when it comes to success and living the life?

Entrepreneurs can be key contributors to a dynamic and growing economy — drivers of our communities. Those founding new ventures and growing existing businesses can resolve problems with top line GDP growth. They can create employment, retain a more educated, university-graduated workforce, and their disruptive innovations can establish a competitive advantage for our region.

Governments and private investors are believers, making significant investments in entrepreneurship over the past 15 years. The media depict entrepreneurs as the “backbone of the economy”, “our pathway to prosperity” and big players in “the sandboxes for innovation and job creation.” A recent study conducted by Harvard Business Review revealed that 66 per cent of people want to be an entrepreneur. It certainly appears to be a glamorous and worthy enterprise.

However, observations from our Mindset Project Survey suggest that the reality of entrepreneurship is a

“It’s the perfect formula to happiness – setting your own hours, creating something new, being the boss, calling the shots, being idolized for your unstoppable success, living a life of freedom – in theory, the concept of entrepreneurship sounds so sexy.”

***-Allyn Lewis,
Entrepreneur***

paradox. The more we see entrepreneurs as the builders of sustainable prosperity, the more we push them to sell out as soon as possible. Many entrepreneurs choose their work to gain freedom and follow their purpose, and yet most become chained to a grueling work schedule, chasing the money rather than their vision.

Why the two-sided coin? With interest and investment come expectations. The current market breeds a hyper-level of impatience. Investors – government and private – want bigger, faster returns, with a “swing-for-the-fences” attitude.

Given that 75 per cent of newly created businesses will fail by the end of their third year (University of Tennessee, 2016) and 68.5 per cent of entrepreneurs report some form of mental health condition (The Mindset Project Survey), we believe a drastic change in approach is critical to creating and maintaining healthier lifestyles and, in turn, healthier businesses.

Through our Mindset Project Survey, we have discovered that the average entrepreneur's life is anything but sexy – or happy. The reality is long hours, isolation, curtailing your needs to meet the demands of others, huge responsibility, missed deadlines, big expectations, and missing out on crucial aspects of life in order to serve the business.

Our work reveals that the pressures and stresses of starting and building a business are creating poor working environments for entrepreneurs, to the point that they are no longer getting what they want from their business. In fact, the relentless demands, pressures, and commitments of starting and building a business create such a level of unending stress that entrepreneurs find that their gifts of vision, passion, and drive are subverted, causing their self-identity to be consumed by their company's identity.

This situation places entrepreneurs in a precarious position, with their sense of worth tied to the rollercoaster ride of their venture. As pressure to build their product and grow the business

“There are days that I feel so down and then there are exciting and energizing days. There is also a strong feeling of being in survival mode, which can be draining and is not sustainable.”

-Anonymous respondent

increases, with no real support for the person at the heart of the venture, the result is often implosion (Figure 1).

The ceaseless striving to manage this situation results in an excessively high level of anxiety and depression for entrepreneurs. As a result, entrepreneurial potential wanes and decision making suffers. Entrepreneurship, by various measures, is declining and many founders are questioning their choices.

Change is critical to our success as a region.

THE REALITY

Today, entrepreneurship is seen to be centred on building long-term prosperity in the face of incredibly short timelines. But while the talk focuses on creating a better future,

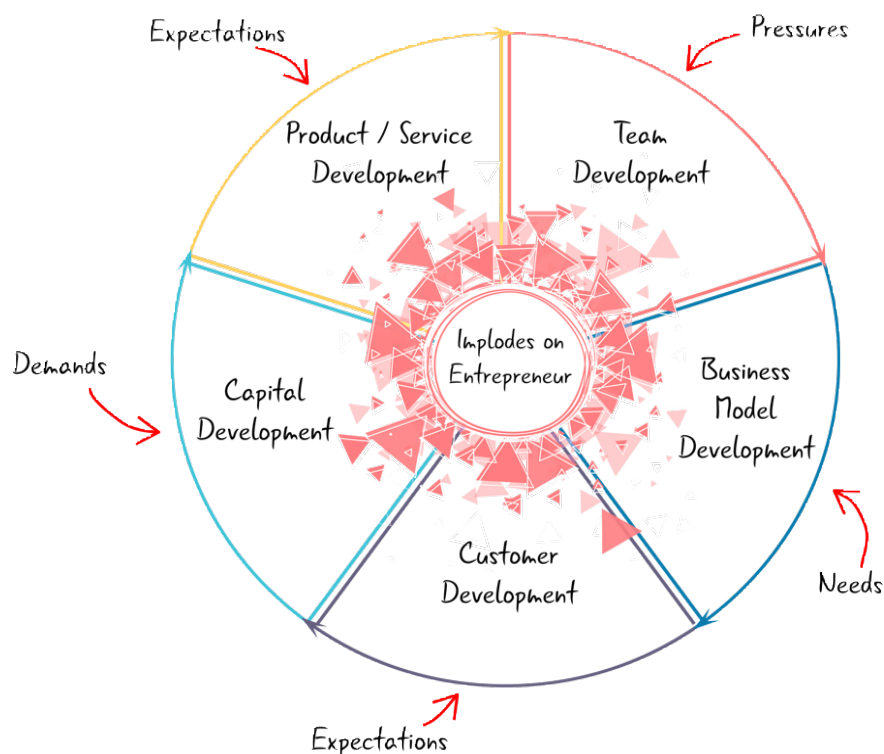


FIGURE 1

actions reveal a scramble for a short-term fix. The prevailing investment approach to entrepreneurship tends to be scattered and transactional, rarely following an informed and cohesive strategy.

There has been a proliferation of start-up assistance organizations, programs, and investment funds in recent years. Hubs, incubators, and accelerators aim to translate an idea into a pitch for investment dollars — not a business. The problem lies in the prevailing build-to-sell model as opposed to build-to-grow. Instead of investing for the future a trend towards speculating for a short-term win has taken hold. We end up with an investment attitude similar to day trading. Building an investment portfolio is more about buying and holding companies that can add value over time than churning the

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market, hoping for a few big gains to compensate for the many losses.

“Calling someone who trades actively in the market an investor is like calling someone who repeatedly engages in one-night stands a romantic.” Warren Buffett.

Replacing one night-stand investment with supporting entrepreneurs motivated to build companies that will last is key to future growth.

In 2015, The Centre for Digital Entrepreneurship and Economic Performance (DEEP) completed an extensive study of the entrepreneurial landscape, concluding, “there is no robust body of evidence for assessing the effectiveness of these organizations as tools for long-term economic value creation.” DEEP found little transparency in the ecosystem, with no

Rate of change of new businesses created between 2001 and 2014

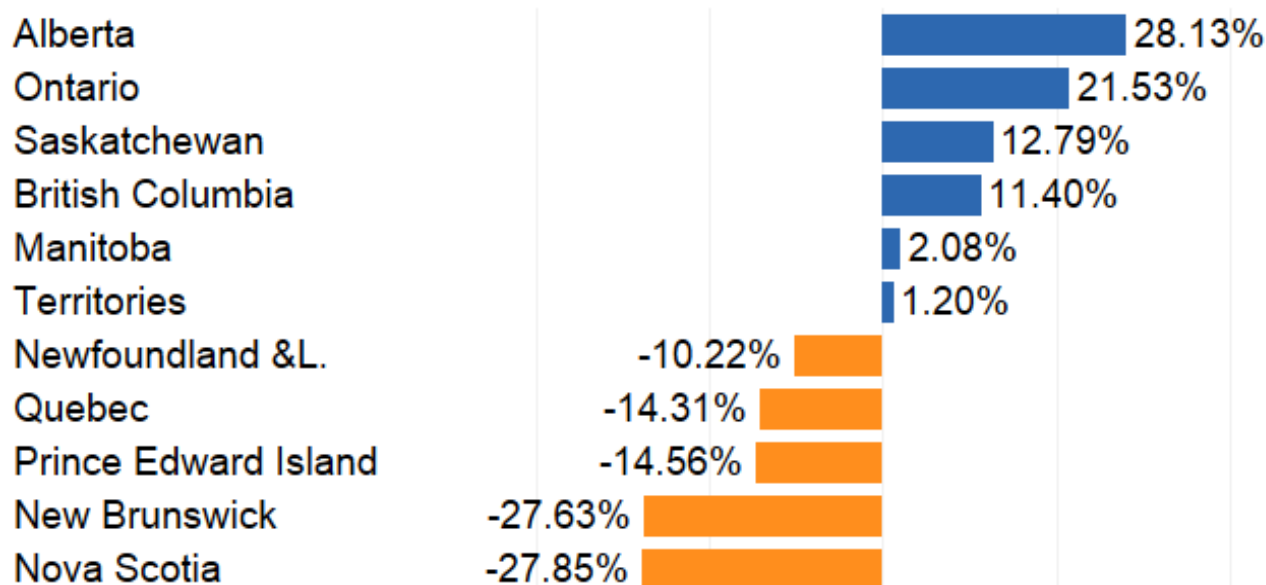


FIGURE 2

real system of performance measurement other than self-generated reports.

We do know that our growth rates are lagging, and even falling, in Atlantic Canada. Small businesses don't become large businesses anymore. And our employment rate has remained stagnant, while our GDP has slumped. At the same time, our business activity rates — entries over exits — have deteriorated (figure 2). And this is despite millions of dollars pumped into the entrepreneurial economy, with great fanfare and no follow-up.

In response to the low success rates of new business creation and less-than-hoped-for investment returns, we have merely increased the pressure on entrepreneurs, letting them know we don't expect them to build anything that lasts — effectively shattering the passion to make a meaningful difference, for many. Instead, we expect them to give us their lives for five years or so, and say goodbye to their families, friends, and health, so they can try for the quick sale.

Now that sounds sexy!

Earlier this year, Harvard Business Review conducted a study of the Ernst & Young Entrepreneur of the Year Award winners. It showed that success for the majority of these entrepreneurs is defined as building a sustainable and enduring company — a business that

“Calling someone who trades actively in the market an investor is like calling someone who repeatedly engages in one-night stands a romantic.”

-Warren Buffett

increases revenues, creates jobs, and makes a positive impact in their communities. The study revealed that founders who espouse a more altruistic purpose tend to create longer lasting and more meaningful ventures.

By encouraging entrepreneurs to build companies that make a meaningful difference in the lives of people we can shift away from the current, short-termist approach to entrepreneurship. This shift needs to happen now. Among the various measures that show entrepreneurial activity to be waning, perhaps most revealing is the fact that fewer young people are starting businesses than ever before. With the startling out-migration projections of people in Atlantic Canada over the coming years, even subtle discouragement of nascent entrepreneurs is something our region cannot afford.

We want to de-stress the working environment for entrepreneurs to give them a greater sense of wellbeing. This, in turn, will help increase productivity, business growth, and personal life satisfaction. A greater return on investment will be the result.

THE IMPACT

Within the current landscape, the life of an entrepreneur can be very challenging, resulting in high levels of stress that lead to poor mental health:

- Short-termism takes over.

With the pressure to make things happen as quickly as possible, entrepreneurs are stuck in a constant reactive mode, with no time to focus on their original vision and purpose.

- Time becomes the enemy — there is simply never enough time to get everything done. Long hours become the default and, after 54 hours a week, we know overall productivity declines and energy is depleted. Our results show that even after years in business, entrepreneurs continue to work longer and longer hours to reach their goals. (Figure 3)
- Multitasking becomes a way of life — or distraction. With so much to be done, and the entrepreneur involved in almost every aspect of the

“Becoming an entrepreneur ruined my life. So much was put into it, time, money and heart. When I had to close down, I couldn't get work after.”

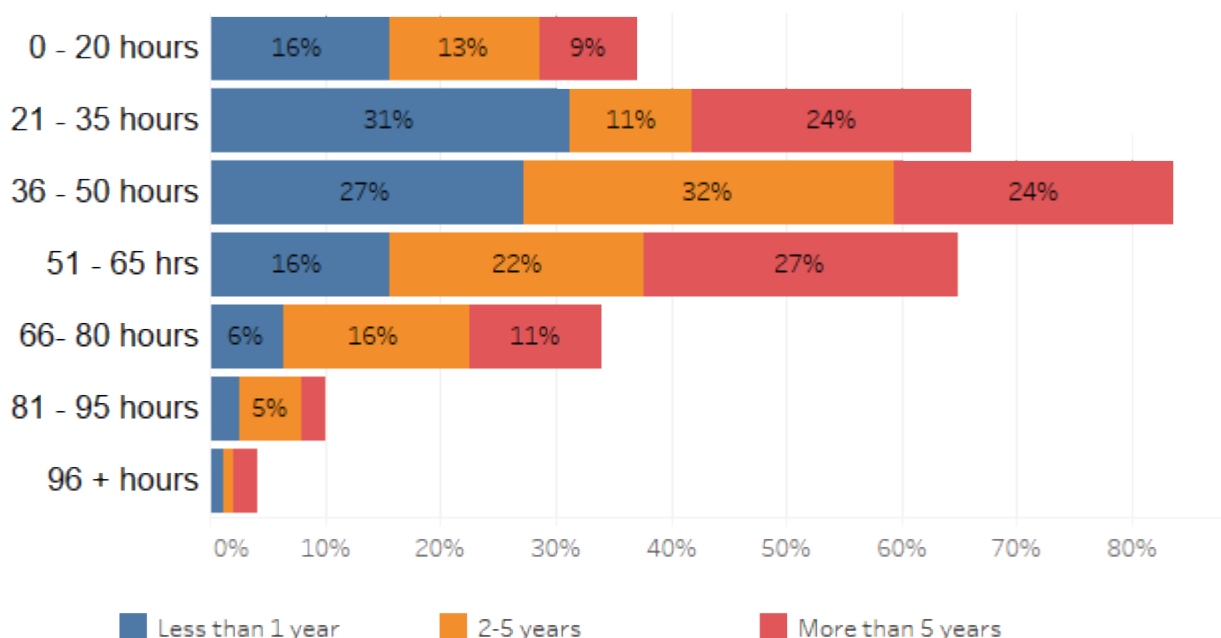
-Anonymous respondent

business, multitasking turns into frantic scrambling, with no tangible results.

- Isolation takes over and relationships are lost. The greater the workload on entrepreneurs, the more they need to talk and share that load. However, under stress, they are less likely to interact with others. There is also a high tendency to hide the pressure from friends, family and investors.
- Insecurity taints all decisions and actions. Under increasing levels of stress, entrepreneurs question and second-guess everything they are doing. The working environment places incredible pressure on the entrepreneur, resulting in poor decision making, as confidence deteriorates and anxiety climbs.

FIGURE 3

Hours per week by time in business



Since becoming an entrepreneur has your health improved or worsened?

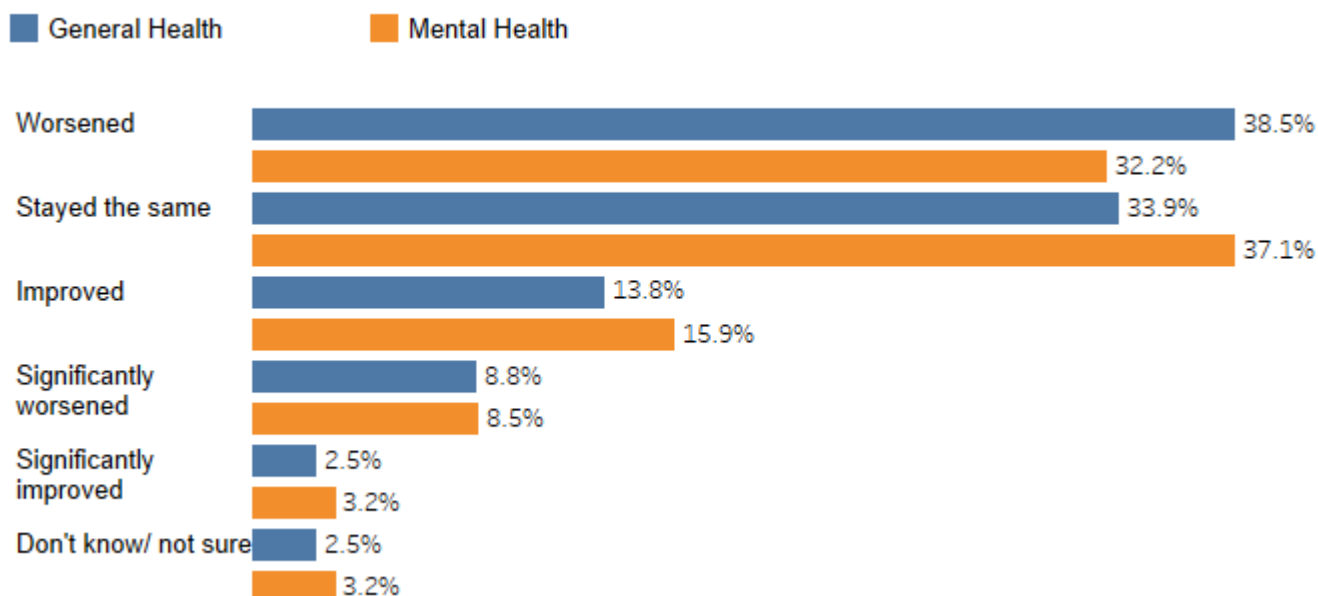


FIGURE 4

Although our survey respondents rated their degree of coping at a healthy 72 per cent, on average, their assessment of the impacts on their mental and physical health paints a different picture. Almost 41 per cent of entrepreneurs reported their mental health had worsened since starting their business while 47.3 per cent said their overall health has declined (Figure 4).

There is a definite stigma associated with stress and anxiety affecting mindset and it appears that entrepreneurs have internalized the weight of that stigma to the point that they are not aware of the impact.

From the survey, we found that feelings of stress and anxiety can take an incredible toll on the life of the entrepreneur. When asked if the pressures of the business interfered with

“In an odd turn, entrepreneurship salvaged my mental wellness, gave me an outlet for working through stress and plugged me into new positive experiences.”

-Anonymous respondent

aspects of their lives, 28.7 per cent of respondents said that they needed to take one to three days off from work in the most recent month, while 14.9 per cent of entrepreneurs in our survey said they had missed four to ten days, or more (figure 5).

THE SOLUTION

The situation is dire. A paradigm shift is clearly needed to improve the health and success of entrepreneurs. Our mission is to create a new model for the way entrepreneurs work to build healthy companies, healthy growth, and healthy lives. We see the positive mindset of the founder as the factor to best catalyze results.

To strengthen positive mindset, we believe investing in the personal development of the entrepreneur, the person at the heart of the business, needs

Business negatively affects relationships and life

Has stress, anxiety or depression interfered with ...

	Yes	No	Not Sure
Relationships	75%	20%	4%
Social life	74%	24%	2%
Work	70%	25%	5%

FIGURE 5

to happen ahead of the growth of the business. The growth of the entrepreneur as an independent person builds a higher level of subjective wellbeing and translates to better decision making.

The best results can be achieved through positive psychology (focusing on the virtues of a person in order to achieve optimal functioning) and applying data-driven thinking to achieve sounder judgment and positive actions.

By shaping the work environment through proven effective habits (such as exercise, meditation, focus on core activities and other critical actions) energy can be maintained and increased. And by designing a work week that puts important priorities first, both personally and professionally, positive relationships can be better maintained to enhance perspective.

We can learn what works best by answering general questions

“Business is all about people and relationships. If people feel you're not looking after yourself, then they begin to think you won't look after them either.”

-Anonymous respondent

addressed in our survey:

- What makes some entrepreneurs succeed and how do we apply these factors to others?
- Which activities broaden and build the entrepreneur's capacity for success?
- How can we create environments where more entrepreneurs perform at their best?

We have found that the answers to these questions help resolve the three greatest stress points for entrepreneurs.

Shaping the right environment enables the entrepreneur to build a self-identity and sense of worth independent from their business. To build a standalone self-identity we first need to strengthen the confidence of entrepreneurs, ensuring decisions and expectations are informed by real data. The emphasis for the entrepreneur needs to be grounded in developing a competency in working on

Supporting a positive mindset has been proven to increase productivity, performance, and wellbeing. The freedom to create optimal working environments generates positive energy, sounder judgment, balanced perspective, strengths-based productivity, and stronger relationships to build an independent self-identity apart from the business. The result is higher growth rates, greater investment returns and enhanced wellbeing.

"The bigger the gap between where you are and your expectations of where you should be, the higher the stress."

capacity to cope with stress lower upon completion of the Mindset Project survey.

The way entrepreneurs are currently working is limiting the growth potential of their businesses and damaging their overall physical and mental wellbeing. Only by investing in the personal development of the entrepreneur, the person at the heart of the business, ahead of the growth of the



<p>business, will we increase the likelihood of success.</p> <p>Personal development will strengthen the positive mindset of the entrepreneur — the single most important determinant of success. The growth of the entrepreneur as an independent person builds a higher level of subjective wellbeing and translates to better decision making for a healthier life and business.</p> <p>At the Mindset Project, we are committed to</p>	<p><i>“Chase the vision, not the money, the money will end up following you.”</i></p> <p><i>-Tony Hsieh, Zappos founder and CEO</i></p>	<p>sharing our results to build awareness of the reality of the current entrepreneurial landscape and the devastating impact on our people. We believe that entrepreneurs are truly essential to the success of our economy and region, and we need to provide them with the tools and resources they require to be healthy individuals, leading healthy businesses that contribute to our overall success.</p>
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[The Mindset Project](#) is a Halifax-based thought initiative concerned with the ongoing risk of mental health among Canadian entrepreneurs. Through a self-funded survey, the Mindset Project presents seminal findings on the motivations and stresses of Canadian entrepreneurs and the implications for business growth.

Ongoing publication of [insights and findings](#) will come available on The Mindset Project over the coming months, including a full-report over the spring of 2017. [Sign-up at The Mindset Project](#) for important updates and insights and don't forget to subscribe to [The Headspace blog](#), where mindset meets entrepreneurship.

Part 1 of The Mindset Project Survey: Summary Results can be [accessed here](#).