

After a year of study, the Mindset Project has uncovered three particular traits of the happiest, healthiest and most successful entrepreneurs. This release is part one of three, in which the Mindset Project identifies these positive shared traits and reveals how, taken to the extreme, they can lead entrepreneurs to personal and professional crisis.

The Mindset Project

Building a Business: Is it Worth It?

Part III: A Crisis of Character.

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IS IT WORTH IT?

Our research shows that the single greatest determining factor in successfully building a business is the positive mindset of the entrepreneur. Achieving and maintaining this outlook involves balancing personal energy and perspective, which allows entrepreneurs to fully apply their strengths and sound judgment. In this place of optimal balance, they can make the good decisions necessary for founding and growing a healthy business – while staying healthy themselves.

In theory, this just sounds like common sense, yet the success rate of entrepreneurs in founding and scaling their businesses remains very low. We believe that the critical block to creating more sustainable and enduring companies is not a structural or technical issue with the market, product, customer or other traditional aspects of business but, rather, directly connected to the mindset of the entrepreneur at the heart of the business.

Entrepreneurs responding to our survey, *The Mindset Project*, identified the main issue causing them stress in the question: *Am I getting what I want from my business?*

Our results show that the worthiness of the business directly correlates with the personal identity of the entrepreneur. Essentially, poor

“The same passionate dispositions that drive founders heedlessly toward success can sometimes consume them.”

-Jessica Bruder

results in business stem from a personal crisis of character.

We have found that many entrepreneurs tend to lose their sense of self to that of their companies. In not being able to separate who they are from what they do, entrepreneurs lose perspective and become consumed by their businesses. This loss of identity affects judgment, leads to poor decision making, and results in companies that are failing.

Passion is one of the strongest and most important virtues shared by entrepreneurs. However, if left unchecked, this virtue can become one of the largest contributing factors to their downfall.

If the purpose and vision for the company become indistinguishable from the entrepreneur’s personal identity, his or her sense of self can be damaged by the volatility of the business. With no sense of separate personal worth, entrepreneurs can lose their resilience and their perspective can become muddled. They regress by personalizing the question, *is it worth it* to instead, *am I worth it?*

We suggest that it is imperative that the vision, goals and dreams for the business be kept separate and autonomous from those of the entrepreneur. Thoughtful and informed decision making is most often found in business owners with an independent sense of self-identity. Fewer

biased decisions lead directly to greater business success.

WHO AM I?

In our survey, 92.5 per cent of entrepreneurs either somewhat or completely identified with their businesses. In contrast, a 2014 Gallup survey found that 55 per cent of American workers gained a sense of identity from their jobs, with university graduates at 70 per cent.

Entrepreneurs clearly have a greater tendency to identify with what they do – putting themselves and their businesses at great risk.

Social identity and role identity theory have been studied extensively for many years. We find the fusion of personal and business identities for entrepreneurs

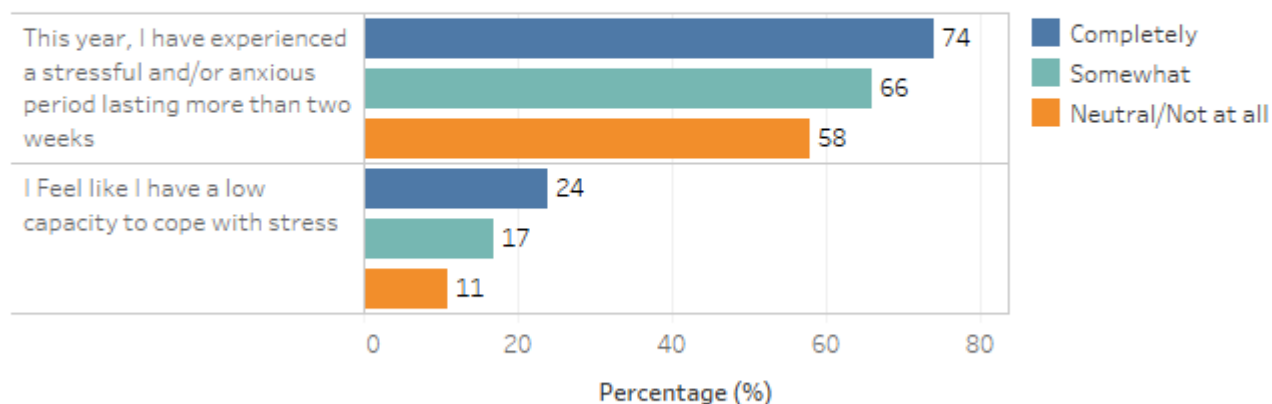
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to be a phenomenon associated with these areas of research. In simple terms, social identity deals with a connection to groups, while role identity looks at degree of association with work or other life roles.

Entrepreneurs are unique in this regard – despite being a social group, they don't typically socialize. However, the biggest difference that we see in entrepreneurs involves personal identity being subsumed by the business. The sense of an independent self is actually lost. It is much deeper than being able to relate to other entrepreneurs or taking on the role of being a business owner – it is the actual blending of business and self without any sense of separation.

FIGURE 1

Respondents rate their capacity to cope with stress lower and their overall stress levels higher the more they self identify with their companies



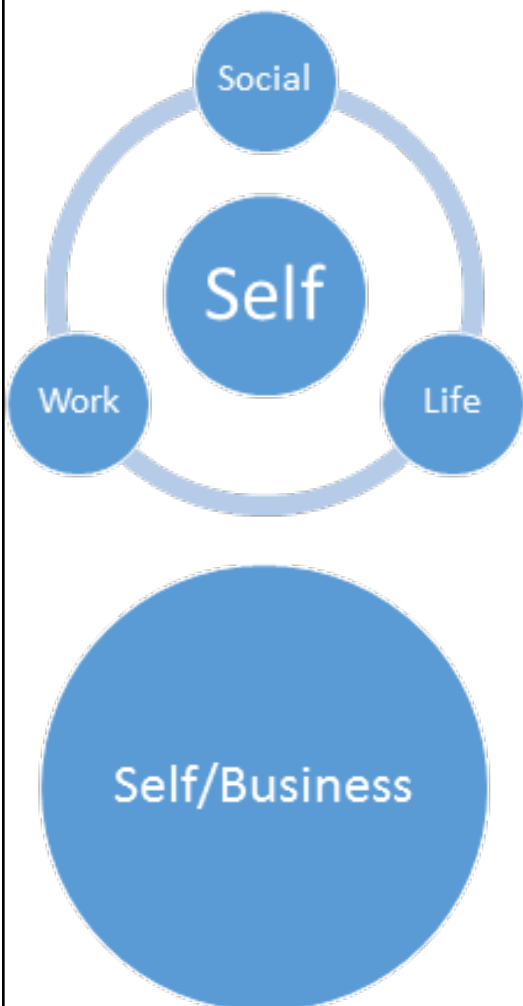
note: entrepreneurs who report a lack of capacity to cope with stress responded with a rating of five or less on a 10-point scale which asked, "how would you rate your capacity to cope with stress?"

Where most people would have some balance of identity between their social roles, life roles, and work roles, entrepreneurs are at high risk of identifying with just one role: their business.

ESSENTIAL TRAITS

In Ernst & Young's report, *Nature or Nurture* (2011), the authors note that entrepreneurs share a number of core traits, including a strong internal locus of control – meaning that entrepreneurs believe they have strong power over the events in their lives. Other identified traits included:

FIGURE 2



“... the very thing it takes to start a business often ends up destroying it”

- Noah Wasserman

drive, tenacity, persistence, being the architect of their own vision, passion, focus, building success, values, and believing in what they do.

Great entrepreneurs exude all of these traits, and then some. Great companies also focus on these traits, but they remain autonomous from their founder. For a business to be successful — to build equity and escape transactionalism — the founder and the business must remain separate.

“The paradox of entrepreneurship: the very thing it takes to start a business often ends up destroying it”, was a comment by Noah Wasserman in *How an Entrepreneur's Passion can Destroy a Startup*, published in the Harvard Business Review (2014).

Our research shows that in order for an entrepreneur to answer the question, *Is it worth it?* In the affirmative, entrepreneurs must first have a positive mindset. This means that a distinct and separate set of goals must be maintained for both the business and for the person at the heart of the business, the founder.

Today, far too many entrepreneurs are blurring the lines of success by confusing wins for their companies with wins for themselves, leaving their self-identities overexposed to the unpredictability of

the business landscape. As a result, entrepreneurs are experiencing crises of characters and unable to get what they want from their businesses. We are only now beginning to understand the impact this lack of distinction is having on both the wellbeing and success of entrepreneurs and the companies they create.

We need to begin to improve the working environment of the entrepreneur to support an individualized sense of self-identity. The result will be both a higher index of wellbeing and greater success among entrepreneurs.

IMPACT ON LIFE AND BUSINESS

Maintaining a positive mindset is key to entrepreneurial success, yet this tendency to lose one’s sense of self in the business creates considerable self-doubt and, ultimately, leads the entrepreneur to question their worth.

Founders who strongly identify with their companies spend most of their time in a ceaseless striving to take action on things they can’t control. This relentless anxiety can lead to despair and depression.

In work and life, entrepreneurs spend most of their time in the upper right-hand quadrant of figure 3, taking action on things that can’t be controlled. Effort and energy expended



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in this area lead to high levels of outward stress, often manifesting as anger and anxiety. Spending long periods of time in this zone often leads entrepreneurs to give up, even on things that can be controlled. This stress then turns inward, leading to despair and depression.

A strong identification with the company deeply affects entrepreneurs – survey respondents highlighted considerable risk factors for mental and physical health.

We found that those entrepreneurs who completely identified with their business felt they had a slightly lower capacity to manage stress; however, their tendency to experience challenges to their mental health was much higher. Their situation also created a much more dramatic impact (figure 4) on their lives and affected their ability to connect with others, particularly the most important relationships – those with family and friends.

Note: Ironically, 16.8 per cent of entrepreneurs who completely identified their sense of self with that of their business had taken stress management training, as compared with 7.4 per cent of those entrepreneurs who had a neutral or completely independent self from their company.

With so much sense of worth tied to the company, entrepreneurs who identified their personal value with their business also worked more hours on average — their time to do other things was depleted (figure 5).

The impact on overall health, particularly mental health, is clear.

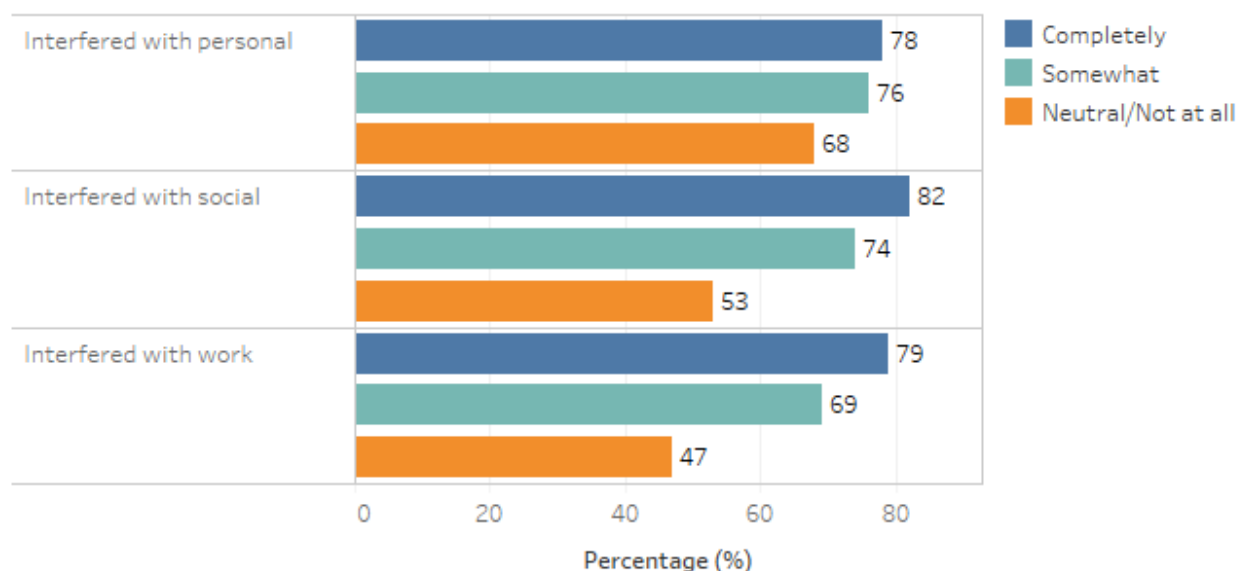
The impact on overall health, particularly mental health, is clear.

The research clearly shows the harmful impact of relentless stress on those that completely identified with their companies.

Respondents also indicated that activities used to cope with stress were less effective for those who completely identified their sense of self with their business than those who did not. Although similar coping mechanisms were employed, such as exercise, talking to others, nutrition, sleep and managing their schedules, only 77.6 per cent of the entrepreneurs who completely identified with their company found these actions effective, while 91.6 per cent of those who held an

FIGURE 4

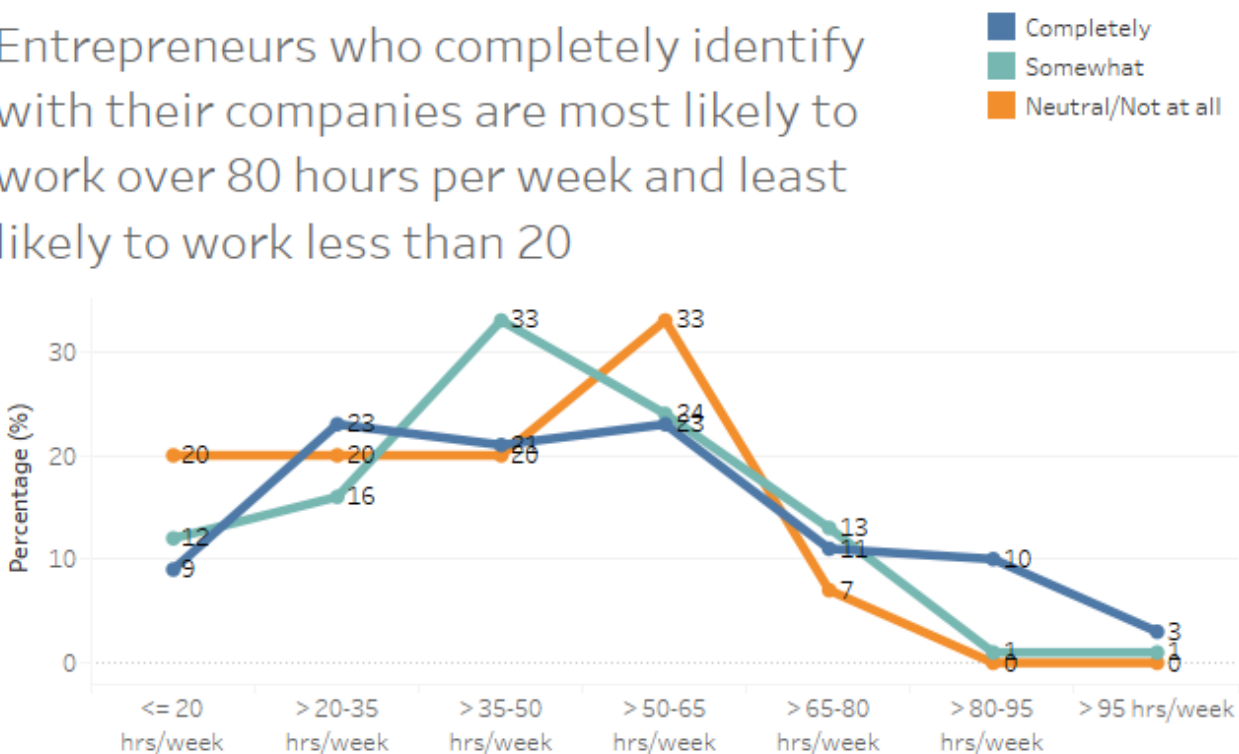
Entrepreneurs who self-identify most with their companies are most likely to have their personal relationships, social life and work impacted by stress.



note: by a relatively large measure, entrepreneurs who identify least with their companies experience less social impact caused by their stress.

FIGURE 5

Entrepreneurs who completely identify with their companies are most likely to work over 80 hours per week and least likely to work less than 20



independent sense of identity found the same activities effective.

Note that entrepreneurs who completely identified with their businesses are also highly educated, with 47.6 per cent holding a bachelor degree and 28.2 per cent having a master's or doctorate.

Time management and the ability to pay themselves were key stress points for all entrepreneurs. However, those who self-identified with their companies were also highly stressed by their inability to focus on the vision, set reasonable goals and manage their mental health.

To a great extent, entrepreneurs thrive on the passion they bring to their business. But, like all traits,

Time management and the ability to pay themselves were key stress points for all entrepreneurs.

too much of a good thing can blind the entrepreneur to the other aspects of life – to the extent that they lose their own sense of identity and independent worth. This can lead to a loss of health and, in extreme cases, life.

MERGING OF SELF AND BUSINESS

Working environment and personal development have a huge impact on the likelihood that the entrepreneur's self-identity will become merged with that of their business (figure 6).

In the responses to our survey, *The Mindset Project*, we found three factors that contributed to the degree of identification of the entrepreneur with his or her business:

1. The mismatch between the original intent for the business and what they are getting for their efforts

2. The tendency to isolate and lose the positive personal relationships necessary to maintaining a healthy perspective on life

3. The development of a deficit-based outlook: any achievements are outweighed by what still needs to be done

1. MISMATCH OF NEEDS

Many entrepreneurs are motivated to start a business for higher levels of psychological needs: to make a meaningful impact; to achieve something important; and to become independent. Unfortunately, the reality of starting and building a business involves focusing to a great extent on the lowest levels of needs, such as: surviving with enough cash flow; working safely; and belonging to a community of customers.

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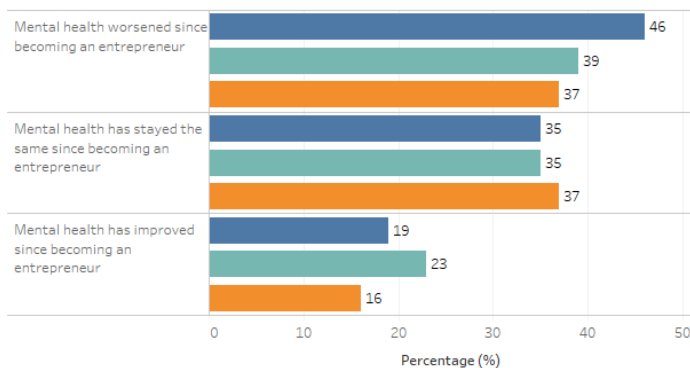
For entrepreneurs, this creates a mismatch, as evidenced by Maslow's hierarchy of needs (figure 7). The most basic needs, such as surviving and belonging, must first be fulfilled before any higher psychological needs can be pursued. The resulting stress from this mismatch can rise to the point that entrepreneurs question what they are doing, lose the original meaning for the business, and wonder whether or not it is all worth it. Under pressure, they begin to identify themselves and their success with that of the company.

Dr. Michael Steger emphasizes that meaning has two essential elements. The first is purpose, the need to do, which entrepreneurs certainly embrace. And then there is comprehension, or the need to make sense.

“Setbacks will outnumber successes, and there is a good chance that most days

FIGURE 6

Entrepreneurs who self-identify most with their companies are most likely to experience negative consequences to their mental health as a result of running their business.



Entrepreneurs who self-identify most with their companies are most likely to rate their mental health condition poor to very poor.

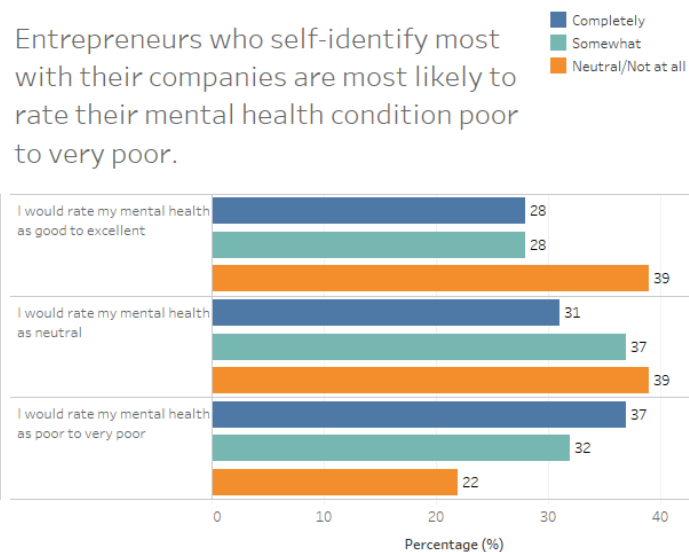
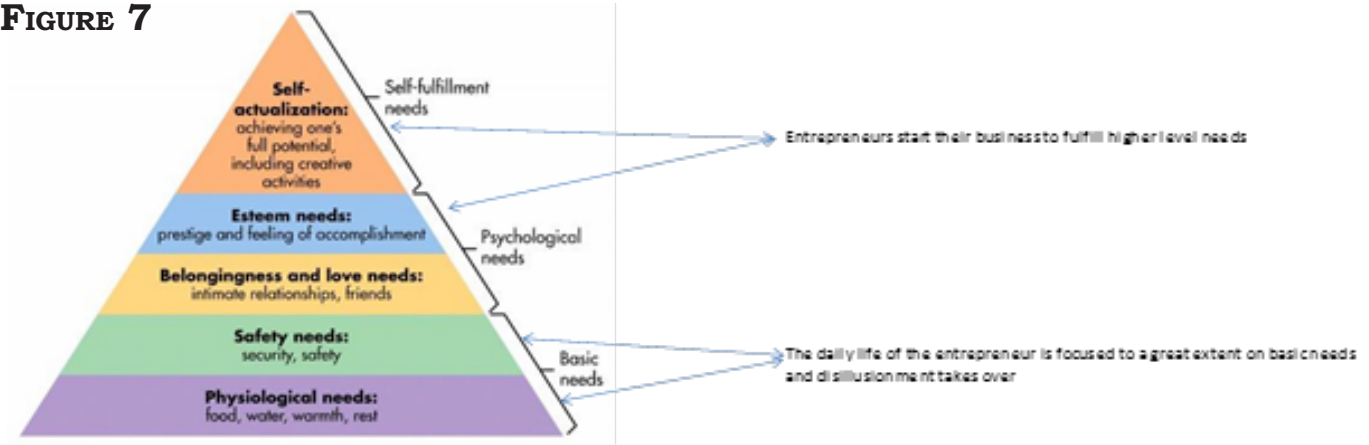


FIGURE 7



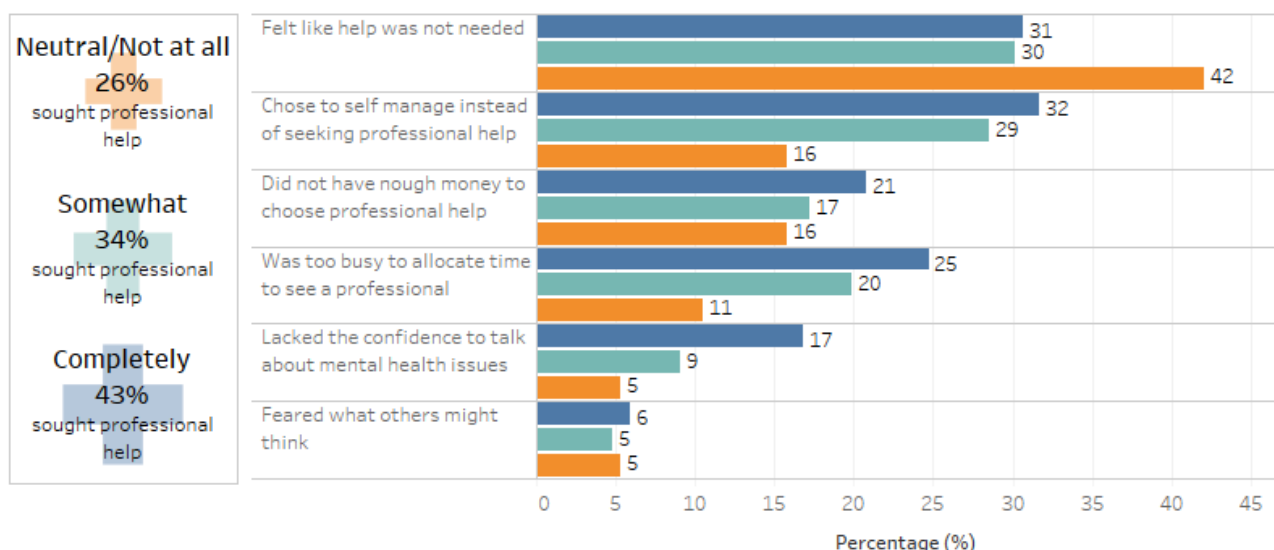
will be stressful. That is the game we chose to play and the ability to embrace these realities is what makes us entrepreneurs," said Chris Myers in his 2015 article, *Entrepreneurs: Don't Lose Yourself to Depression*. This is a theory that many entrepreneurs subscribe to, yet this thinking is seriously flawed and the cause of much anxiety.

As the days turn into weeks and years, the strain can lead to despair, and, ultimately, depression.

After a prolonged period of unmet endless demands and commitments, entrepreneurs will inevitably lose their feeling of control and mastery, and new feelings of worthlessness and failure begin to form. As the days turn into weeks and years, the strain can lead to despair, and, ultimately, depression. Most entrepreneurs do not make it to the fourth quadrant of

FIGURE 8

Most entrepreneurs who refuse treatment feel like professional help is unnecessary and that mental health is better left self-managed.



note: almost double the number of entrepreneurs who self-identify most with their companies (compared to those who don't) report seeking medical help for their mental health.

mindset – one of freedom and acceptance (figure 3).

2. POSITIVE PERSONAL RELATIONSHIPS

Positive personal relationships are what make life fulfilling and worth living, according to *The Harvard Study of Adult Development* from the Harvard Medical School.

Yet, our research shows that, as the pressures of the business mount, entrepreneurs tend to isolate – an attempt to control their outward appearance for the sake of their business.

To escape the pressures of business life, our research shows that entrepreneurs opt to work longer hours,

“If the cost of failure is extremely high, then people will not become entrepreneurs.”

- Eric Ries

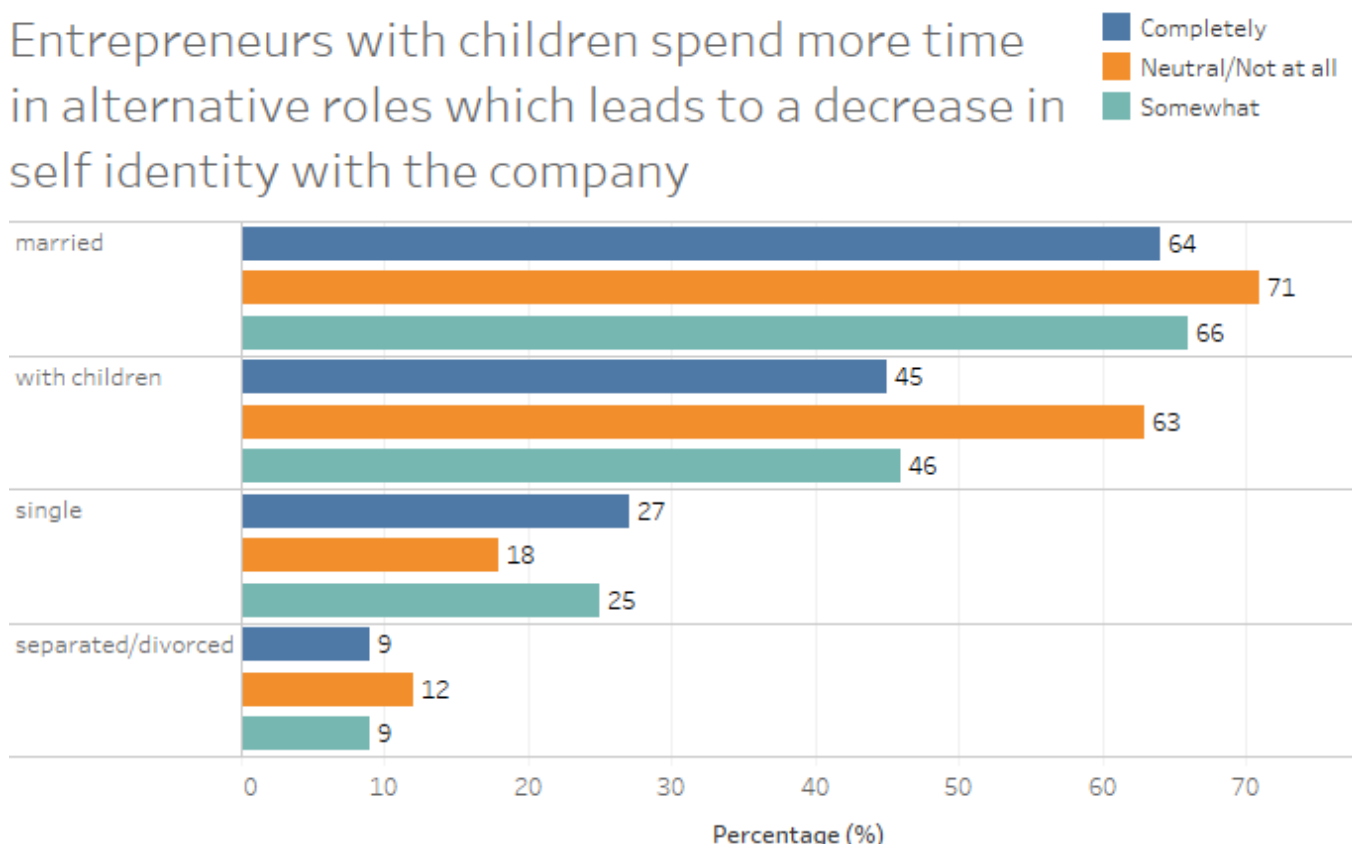
avoiding the most important people in their lives — those that can actually help keep their positive mindset intact — family, friends, and even themselves. Feeling closed off and alone results in biased decision making and poor judgment.

American entrepreneur Eric Ries summed this sentiment up well: “If the cost of failure is extremely high, then people will not become entrepreneurs. If we want people to take a risk, then we have to think through what are the consequences of what would happen if they would fail for their families and for their future.”

Seventy-two per cent of entrepreneurs reported that

FIGURE 9

Entrepreneurs with children spend more time in alternative roles which leads to a decrease in self identity with the company



their personal relationships are negatively affected by the stress caused by running their business. This is a critical area of investment that has, until now, gone largely unexamined. Applying major themes from the science of positive psychology will form part of the solution to the entrepreneur's woes (such as positive emotions, engagement, relationships, meaning and achievement). Positive psychology clearly connects the impact of personal relationships with achieving a strong sense of self and independent worth – something the modern entrepreneur desperately needs.

Entrepreneurs often do not want to face failure, so they keep forging ahead, hiding the problem. The

“We are programmed and told over and over again that as leaders we have to be strong, we have to show no weakness ...”

- Brad Feld

ongoing stress of operating a struggling business has a severe negative impact on the critical relationships of the entrepreneur. In our survey, 74.9 per cent of respondents reported that the feelings of being stressed, depressed and/or anxious about their business interfered with their personal relationships. Seventy-four per cent of entrepreneurs in our survey also reported a negative impact on their social lives.

Steve Jobs said, “Potential founders need to take a clear, critical look at themselves and figure out their points of weakness ...” This quote should be edited to say, “... figure out their points for development.” Jobs’ language enforces the need to suck it up, continuing to promulgate the stigma associated with

FIGURE 10

After five years in business entrepreneurs tend to either fully self-identify or not identify with their companies.

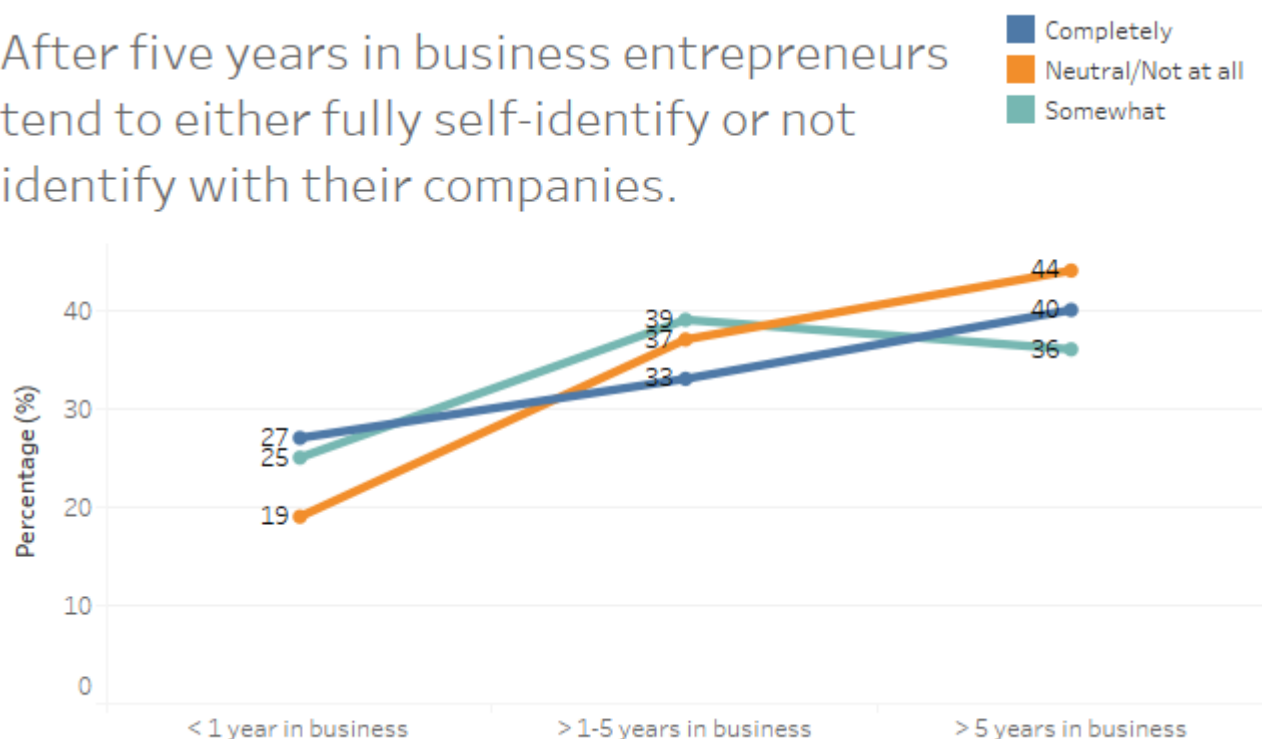
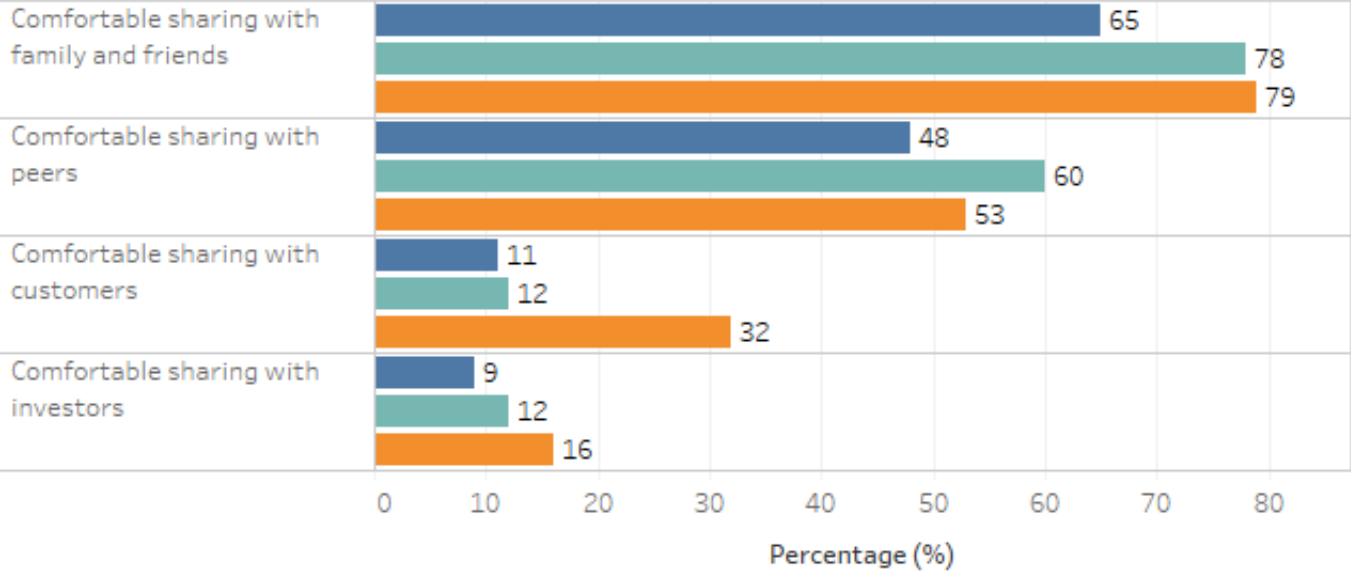


FIGURE 11

Entrepreneurs who self-identify most with their companies are least comfortable sharing their feelings with others.

■ Completely
■ Somewhat
■ Neutral/Not at all



note: entrepreneurs who self-identify least with their companies are most comfortable sharing their feelings with friends, family, customers and investors, but interestingly not their peers.

entrepreneurs speaking out about their struggles. The intent may be kind but the outcome is cruel.

Brad Feld spoke of the feelings entrepreneurs incur from not talking to others, “We are programmed and told over and over again that as leaders we have to be strong, we have to show no weakness ... that dynamic is incredibly hard to deal with especially against the backdrop of huge amounts of stress and anxiety that get generated by start-ups and the start-up world.” Clearly, this world is not created in the best interest of the entrepreneur — the person at the heart of the venture.

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

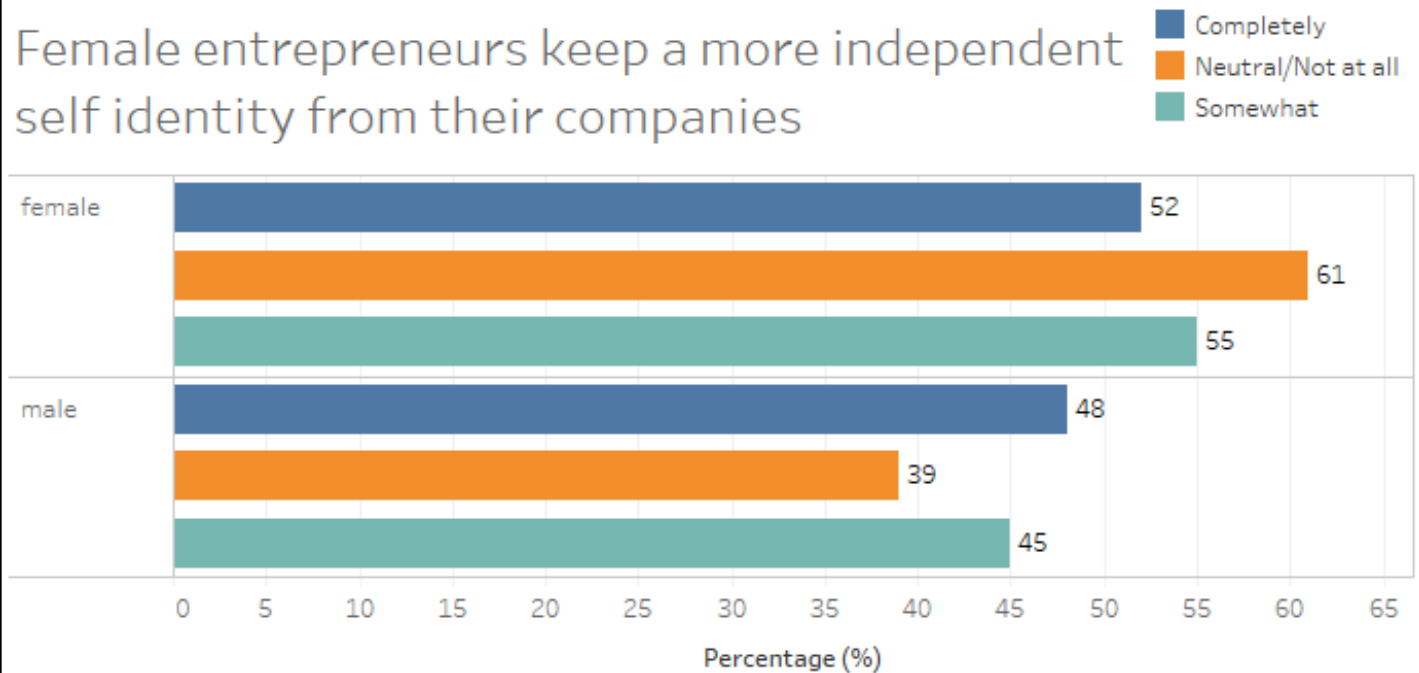
- Breena Kerr

3. DEFICIT-BASED PERSPECTIVE

Entrepreneurs are achievers. In fact, business owners aim high and persevere against all odds to pursue what is just on the horizon — and the horizon after that, and the next, and so on. This focus on over-achievement develops into a deficit-based perspective. No matter what is achieved, it is never enough. Drive is often identified as a strength of the entrepreneur, but, again, too much of a good thing (without grounded perspective) results in a pressure on personal worth. Entrepreneurs rarely feel successful until and unless

FIGURE 12

Female entrepreneurs keep a more independent self identity from their companies



they reach that next elusive hurdle. Again, what becomes lost is their sense of self-identity. For entrepreneurs, it is important to distinguish a personal success from a business success. Once these lines are crossed, entrepreneurs ante into a dangerous game, subject to the volatility of their business. They begin betting with their own personal identity, self-worth and confidence.

As noted by Breena Kerr in her 2015 article, *Depression Among Entrepreneurs is an Epidemic that Nobody is Talking About*, “the bigger the gap between where you are and your expectations of where you should be, the higher the stress.” She found that the people who set the highest goals for themselves often end up being the most miserable, feeling they are never successful enough,

“Activating an identity apart from your company is critical – build a life centered on the belief that self-worth is not the same as net worth.”

- Jessica Bruder

wealthy enough, productive enough, nor happy enough.

In the Harvard Business Review article, *The Questions Every Entrepreneur Must Answer*, Amar Bhidé said,

An entrepreneur’s personal and business goals are inextricably linked ... entrepreneurs build their businesses to fulfill personal goals and, if necessary, seek investors with similar goals. Seeking similar minds may be necessary but it appears unlikely.

Before they can set goals for their business, entrepreneurs must be explicit about their personal goals ... only when entrepreneurs can say what they want personally from their businesses does it make sense for them to ask three questions ... what kind of enterprise do

I need to build, what risks and sacrifices does such an enterprise demand, and can I accept these risks and sacrifices?

TAKING THE RIGHT STEPS

Writing about the psychological impact of entrepreneurship, Jessica Bruder said, “Activating an identity apart from your company is critical – build a life centered on the belief that self-worth is not the same as net worth. Other dimensions of your life should be part of your identity.”

The Mindset Project aims to disrupt the popular sleep-under-your-desk-and-isolate approach to modern entrepreneurship. Our research shows that entrepreneurs with the greatest balance of personal wellbeing, business success and acumen do not work inhumanly long hours, nor do they isolate or make biased, individualized decisions for their companies. They make informed decisions in grounded perspectives. They prefer calculable and predictable outcomes.

We believe it is essential for entrepreneurs to protect their greatest strength, the passion they bring to their business, by building and maintaining a life outside of their company. Developing, or strengthening, a strong, independent sense of self can be supported by following two pivotal strategies:

1. Shaping the working environment to protect a personal sense of self

Herein lies the great paradox to entrepreneurial success: to invest more time and be successful, that time must be taken from the business.

2. Investing time in personal development so the entrepreneur is an independent, self-aware person

Herein lies the great paradox to entrepreneurial success: to invest more time and be successful, that time must be taken from the business.

The time reclaimed by the entrepreneur for their own sense of independent identity strengthens their own personal space, creates room for family and friends, and leaves time to invest in community. Relationships are what make life worth living and the activities that entrepreneurs invest in should focus on building a strong community – a set of positive relationships that instill energy.

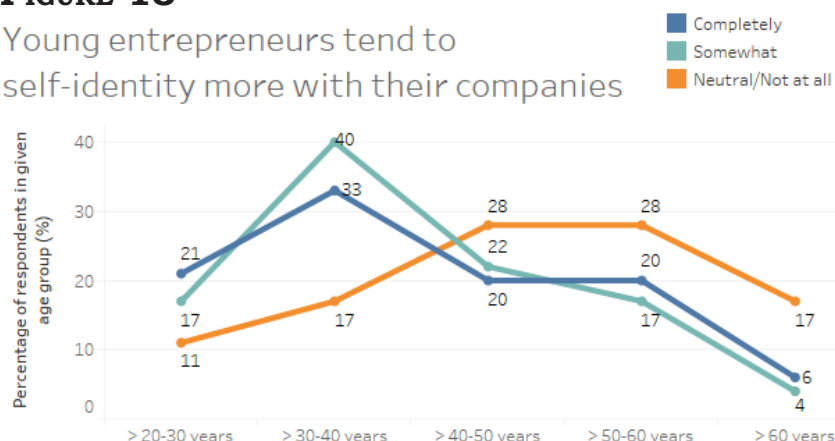
From the survey respondents that held a strong and independent sense of self, we noted three elements that shaped their lives:

- Investing time for their own development, to reflect (rather than ruminate) and learn
- Focusing on activities to cope with stress and protect their energy, such as exercise, sleep, nutrition, meditation, and talking with people
- Limiting their hours in the business and using spare time to develop other roles in their lives, embracing relationships and a sense of community

An entrepreneur who devotes 80 hours of time to their

FIGURE 13

Young entrepreneurs tend to self-identity more with their companies



maintaining a positive mindset is the single most important factor in determining the success of a business. We believe that, only by developing an independent identity from the business, can an entrepreneur have the positive energy and perspective to enable them to work from their strengths and practice sound judgment.

business is simply that: an entrepreneur. For the same entrepreneur who works 50 quality hours in the business each week, while taking 20 hours to play in a musical group, and 10 hours to cycle, embraces a number of life roles and changes their outlook completely.

Earlier, we stated that

The most important investment an entrepreneur can make is in his or her self.

The most important investment an entrepreneur can make is in his or her self – spending time outside of the venture. Entrepreneurs who follow this approach develop a healthy entrepreneurial mindset. They are happier, healthier, better informed and achieve greater success.

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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.

Parts 1 and 2 of The Mindset Project can be found at [The Mindset Project](#)