

The Mindset Project:

At the Intersection of Entrepreneurship and Positive Mindset

Part VI: Entrepreneurial Wellbeing as a Path to Business Success

The Mindset Project © Bluteau DeVenney and Company, July 2017

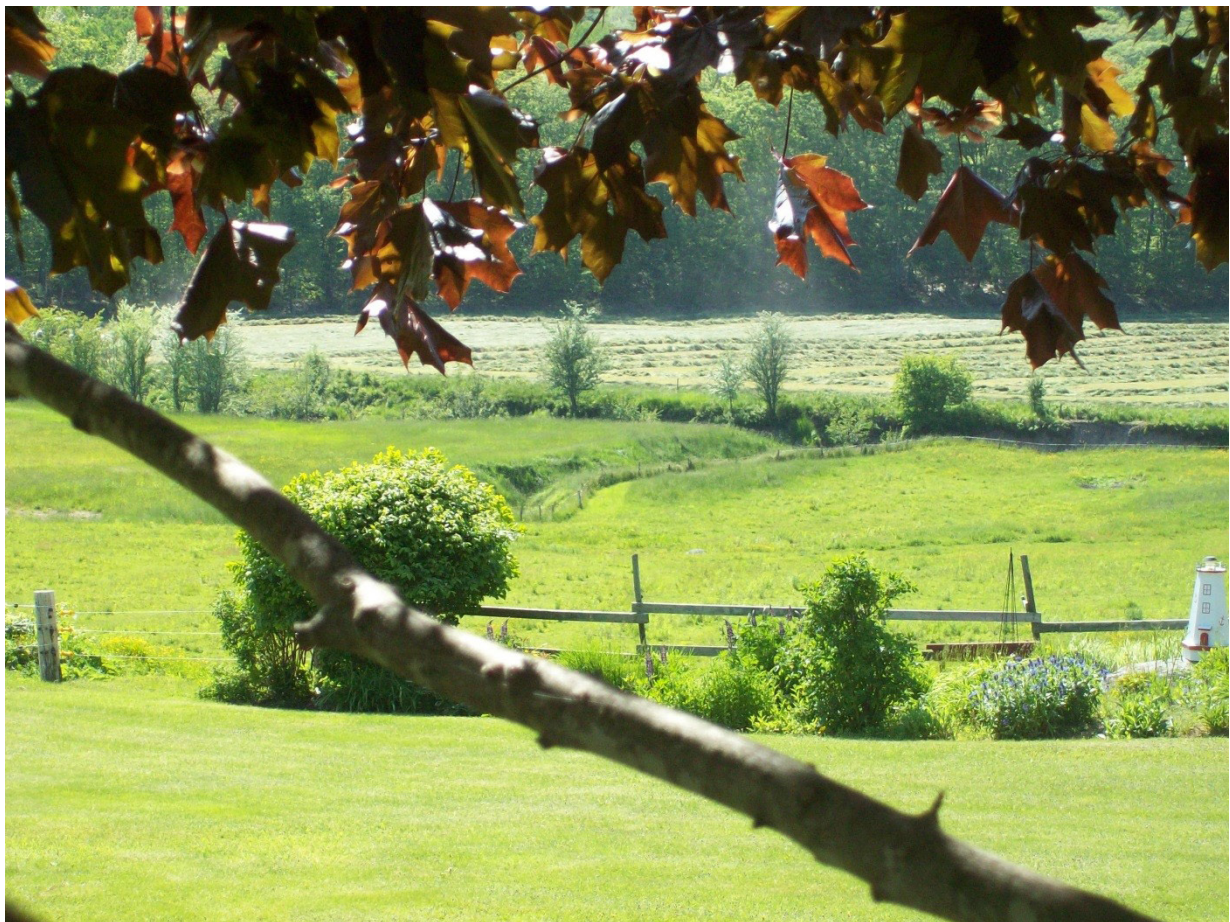


Table of Contents

| | |
|---|-----------|
| Message from the President and Founder | 4 |
| Introduction | 5 |
| Defining success | 7 |
| The lay of the land | 10 |
| The reality of stress | 13 |
| A culture of silence | 18 |
| The paradox of entrepreneurship | 22 |
| The outliers | 24 |
| Disrupting the current model | 27 |
| Conclusion | 30 |

Research at the intersection of entrepreneurship and positive mindset

Entrepreneurs are being treated as a means to an end, even collateral damage. In the drive to start-up new ventures and scale-up existing companies to achieve economic impact, we are in danger of missing the wellbeing of the person at the core of the business and vital to its success: **the entrepreneur.**

Message from the President and Founder

Entrepreneurs are being treated as a means to an end, even collateral damage. In the drive to start-up new ventures and scale-up existing companies to achieve economic impact, we are in danger of missing the wellbeing of the person at the core of the business and vital to its success: the entrepreneur.

The journey of entrepreneurship has been a rollercoaster ride for me. I have experienced some of my greatest successes and deepest failures as a result of owning a business, each made all the more acute by my struggles with anxiety and depression. During much of this ride, I felt that I was alone – someone who was weak, rather than ill.

But in working through my last depression, I still couldn't ignore my entrepreneurial instincts. I was curious. I wanted to know: Am I very different than other entrepreneurs? or Is my experience similar to what other business owners face? That curiosity led me to found a private research initiative, The Mindset Project, to understand what was happening to me. I wanted to study the intersection of entrepreneurship, business decision making and mental health.

The result is this report.

What I have found is that there are many of us struggling in silence, working in a system that does not have our best interests at heart. Not only that, but we don't have our own best interests at heart. We have been conditioned to accept a situation – a system – that is not resulting in our personal success, financial success or broader economic success.

On the outside, everything looks great, but on the inside, we are full of fear and self-doubt. I know that when I'm in this mode, I start to question everything I do, have done, and might do, to the point of feeling overwhelmed. I put on a mask, so no one suspects, but it takes so much energy. There is nowhere to go but down.

The bottom line is this: we have a choice. We now know that mindset is a critical determinant of personal well-being that leads to business results.

To get to a positive mindset, you may intellectually understand the incredible benefits and how to get there, yet emotionally, for whatever reason, you are not buying in. I have faced this challenge many times: although I understand the value of thinking, feeling and acting in a certain way, I can't commit emotionally.

The emotional challenge is about our psychology, and making change takes real effort, intentional activities and deliberate practice.

What I can tell you, is that getting to a positive mindset and doing the work will support you to grow and be happy. And it will take daily, purposeful effort to be motivated and take action.

Here's a hint – don't expect perfection. Look for progress and appreciate your growth. Celebrate the wins! Keep trying, and your mind will follow.

After working for years from a deficit-based perspective, my life now has incredible meaning. I care deeply about what I'm doing. I have a strong sense of my own identity, separate from my business, living from my own values and strengths.

This is about being clear on who we are, what we have, and what we do with it. It's about changing our response to stress – from one of anxiety and threat, to one of challenge, learning and growth. We must use it to our advantage to have happy, healthy lives, thriving businesses, and greater economic prosperity in our communities.

I can tell you that it is worth it. You are worth it.

Michael DeVenney, Halifax

June 2017

Introduction

“Who in their right mind would choose to be an entrepreneur?”

Michael A. Freeman, MD



Over the past ten years, entrepreneurs have been identified as playing a critical role in the development of a thriving economy. In May 2017, a joint report from The World Economic Forum and the Global Entrepreneurship Monitor proclaimed, “Entrepreneurship is a key driver of the Fourth Industrial Revolution,” emphasizing the important contribution of entrepreneurs in creating economic prosperity and resilience.

As a result, governments, academia and professional investors around the world have oozed messaging and financial support, encouraging more and more young people to become entrepreneurs. The cost of membership: astronomical investor expectations, ranging upwards of 20% annual growth. The result is an almost frantically competitive environment, in which young entrepreneurs are pushed to become the next unicorn and exit spectacularly with millions, to much media fanfare.

While the importance of entrepreneurship is generally undisputed, in fact, its success rates are less than stellar. Industry Canada reports the overall annual growth rate for entrepreneurial businesses at an anaemic 3% over the past decade.

Clearly, the outcomes of the increased investment and effort are not meeting expectations, leading us to the question: What is not working?

At the Mindset Project, we believe there is a fundamental problem with the system: we are focused on the wrong definition of success for entrepreneurship, and entrepreneurs are conditioned to accept it, to their detriment. The resulting damage is both economic and personal.

The current definition of success is strictly financial.

Pour enough capital into the system and we will have more successful companies. If the ultimate business goal is to generate as much money as possible – build to sell – the rest will take care of itself.

However, our research shows that this thinking is flawed. Money is simply a means to an end that can become a distraction that prevents us from achieving real success. We define entrepreneurial success to be the building of an enduring and profitable company that makes a difference, incites deeper meaning, and allows for personal wellbeing and a life well lived.

Instead, in the current frenzy to make money, the person at the heart of the business is disregarded. The conversation focuses on product development rather than personal development.

Alarming, as the emphasis on entrepreneurship has grown, so has the incidence of mental health concerns for entrepreneurs. Our survey results reveal that more than 68% of entrepreneurs experience mental health challenges – more than three times that of the general population.

At The Mindset Project, we believe that mental health is the greatest challenge facing entrepreneurs in this century, and little is being done about it.

Among almost 500 respondents to our survey and nearly 100 personal interviews, more than 72% of entrepreneurs questioned whether they were getting what they wanted from their company. More than 74% experienced deterioration of their social life and relationships, while 40% found their physical and mental health had suffered since starting their business.

Our research has led us to a number of revelations, the most important of which concerns how industry and government are creating an unhealthy work environment for entrepreneurs. The current approach to entrepreneurship appears to have an extremely negative impact on young entrepreneurs and self-employed professionals.

A second revelation: although entrepreneurs are the great disrupters, they are accepting, without question, an out-dated and damaging approach to their own work and making choices that perpetuate their own demise. We have uncovered a paradox that exists within entrepreneurs themselves: despite yearning to achieve something meaningful with their companies, they continue to work in ways that push that opportunity away.

In our research, we found that positive mindset and the mental health of the entrepreneur are critical determinants to success. And yet, these aspects of entrepreneurship are not being discussed, much less implemented as part of the solution.

Our results show that, ultimately, a successful approach to work stems from personal choice. This is good news! Entrepreneurs can choose to reshape their working environment to protect and build positive mindset. Investing in personal development, ahead of the growth of the business, will move the needle to strengthen decision-making, improve comfort with risk, and adjust focus to grow the business.

As the Millennial generation already faces a higher propensity for mental health challenges, encouraging them to enter a relentlessly stressful field and work in a way that amplifies the strain is not only questionable but, we would suggest, negligent.

Entrepreneurs may, indeed, be the backbone of resilient and prosperous communities. There is no question that they invite vibrancy and innovation, helping to build a competitive economy that is essential for regional success. Yet, the focus on economic development, without consideration of the psychological impact on the entrepreneur, will only lead to more disappointing results and harmful health impacts.

The objective of the Mindset Project is to break the silence around the dire consequences of the current approach to entrepreneurship – to open a conversation that seeks to disrupt the way entrepreneurs work. We wanted to know if entrepreneurs can transform the way they work to create more resilient businesses and achieve greater overall wellbeing.

This report offers solutions by revealing the interconnection of choices that can be made to resolve challenges, build much-needed capabilities, and achieve results. Our vision is to foster healthy entrepreneurs with healthy companies that generate healthy growth.

Defining success

“Why would anyone voluntarily accept the longer working hours, fewer weekends and holidays, more responsibility, chronic uncertainty, greater personal risk and struggle, and greater investment of emotional and physical resources required to be an entrepreneur instead of the security and long-term rewards of having a career?”

Dr. U. Stephan and Dr. U. Roesler



To answer the question of how to shape a more successful working environment for entrepreneurs, the first step is to define the true meaning of success.

The status associated with being an entrepreneur has hit astronomical heights in the past two decades. The emergence of Steve Jobs, Jeff Bezos, Bill Gates and others has changed the landscape. We are mesmerized by the far-reaching impact of these high flyers.

Today, entrepreneurs like Mark Zuckerberg and Elon Musk have achieved rock star status. And we celebrate the blazingly fast growth and exponential scaling of these fast track companies. Businesses are valued in the millions, even billions, of dollars before even beginning to earn revenues.

But is success as an entrepreneur truly about money, speed, and size? Have we lost the true meaning of what it is to be an entrepreneur through the lens of Shark Tank and Dragon's Den? And is this the new age of the unicorn or the 'cult of the damned'?

If we crack the shiny veneer of the few celebrity entrepreneurs, what really defines success as a business owner? That definition is one that is constantly changing and evolving.

At the Mindset Project, we believe that to define success as an entrepreneur we must return to the reason the business is founded in the first place. Winners of Ernst & Young's Entrepreneur of the Year Award stress the importance of achieving business growth while creating jobs, having a positive community impact, and building a company that endures to make a difference.

Traditionally, entrepreneurial development has focused on personal skills and traits in addition to business activities.

In his research published in Harvard Business Review, Bill E. Bonnstetter identified five key skills that differentiate successful entrepreneurs:

- **Persuasion – the ability to convince others to change the way they think, believe, or behave**
- **Leadership – providing a compelling vision of the future**
- **Personal accountability – willingness to take responsibility for personal actions**
- **Goal orientation – energetically focusing efforts on meeting a goal, mission or objective**
- **Interpersonal skills – building rapport and relating to others through effective communication**



“Things are really happening for me. I am working incredible hours and feeling mentally exhausted. But I don’t want to let everyone down. I think I am going down the same road as you. What would you tell me do so I don’t end up as miserable as you?”

Survey Interviewee

While Bob Diener, in his research at Harvard Business School, highlighted six fundamental conditions that every entrepreneur needs to succeed: setting realistic expectations, creating a clear value proposition, offering unique attributes, building a niche in a sizeable market, designing a sound business model, and pulling in customers cost effectively.

And to make the dream a reality, entrepreneurs must excel with focus and tenacity. In this case, success is about having a clear business idea or concept, accessing the necessary capital to take it to market, and doing the hard work to make it happen. It is an extension of passion, perseverance, drive and ambition. Real success appears to be about overcoming the odds against you.

While these traits and conditions guide entrepreneurs toward achieving success, a fundamental factor still seems to be missing. In our study, 72% of entrepreneurs questioned whether their business is really giving them what they want. They worry that success is just not worth all the hard work.

In our own research, we found that most people founded their business to achieve meaning in their work, have freedom to be their own boss, and to make money.

True entrepreneurs are those who found and grow businesses that make a difference to them, their customers, and their communities. In achieving success, they are able to monetize what is most meaningful to them, fulfill their ability to follow their aspirations, and create value and change in their world. Most importantly, they are able to balance work with a positive lifestyle, do not delay rewards and enjoyment until retirement or the big exit, and are as values driven as they are profit driven.

The results of our Mindset survey show that success as an entrepreneur rests in working in a way that maintains a strong sense of independent identity apart from their business, instills confidence in their decision making, and strengthens their belief that when they take action they can make big things happen.

To have healthy companies generating healthy growth, we believe entrepreneurs must first have healthy lives. Entrepreneurial wellbeing must be an essential aspect of the definition of success. In simple terms, a successful entrepreneur is able to monetize what is meaningful to them while staying true to who they are.

In our research we found one key element that led entrepreneurs astray: trying to meet the expectations of others (or what we believe others expect of us).

We uncovered that the stress involved in attempting to meet these expectations damages the physical and mental health, and overall personal wellbeing, of the entrepreneur. This situation, in turn, affects decision making.

The picture of the entrepreneur spending his or her time making a difference within a free and open environment is romantic. And it is mostly not true.

Despite the ideals that attracted entrepreneurs to launch their business, the way they actually approach their work results in a relentless pressure on their ability to achieve their goals, or face mental health challenges in doing so. Will they bend or will they break?

As they strive to translate their passion into meaningful work and results, entrepreneurs are led to answer three critical questions:

Is it worth it?

In looking at what is involved in starting and growing a business, the entrepreneur is faced with potential sacrifices (time, money, and relationships) and they need to feel it is worth the effort. To truly be successful, they must make sure it is also worth it for those around them – their family and close friends.

Will it work?

The business concept needs to be grounded in creating value for the customer – not just the entrepreneur. Market intelligence and real testing with potential customers must show that they not only want the product or service but they are willing to pay for it.

Can I do it?

If it is worth it, and there is a clear customer value proposition, the final question is essential, and often overlooked. The founder must have the operations and know-how to translate the concept to a profitable and sustainable business. The resources and processes need to be in place to bring it all together.

Yet, even once these questions are answered satisfactorily, things do not usually go to plan. Almost 50% of businesses fail within the first five years of starting and the emotional and physical health of many entrepreneurs is comprised.

Under the current definition of success, the working environment for the entrepreneur becomes one far from the ideal envisioned at the start of the venture.

The lay of the land

“It doesn’t help that most success stories we hear involve an entrepreneur who pushes himself beyond his physical and emotional limits. He’s unbalanced – but in a good way. My own experience has made me realize that this imbalance is no way to live the start-up life and, in fact, it’s detrimental to this kind of work.”

Brad Feld



The way entrepreneurs are working today limits their overall potential to build and grow competitive and enduring companies. So, what is it about the current model that restricts growth?

We know it isn't a lack of financial support. In fact, a huge system is in place to help entrepreneurs access capital and talent, hone compelling pitches, and encourage responsive feedback loops to quickly move viable products to market.

The entrepreneurial community is supported by a tremendous amount of government and investor interest.

Innovative young entrepreneurs have the opportunity to develop their vision in a way that matters to them, and translate it into a business. This investment in entrepreneurial businesses is hugely positive.

However, with the investment comes the expectation of returns – big outcomes in short timeframes. New founders are quickly overwhelmed by financial commitments and demands.

Unfortunately, the current model is a machine, built to get more entrepreneurs to bat in hopes of scoring a hit.

Despite the increased funding and support, the intended benefits of such programs and perceptions have never been realized. Rather, we see an increase in entrepreneurial competitiveness, which, in turn, elevates stress and reduces the chance of success.

Even from the beginning of the entrepreneurial journey, economic developers set up an artificially pressurized environment that detracts from the ultimate goal – developing more successful entrepreneurs. It has become a contest. Whether it is a pitch, a panel, a demo camp, a sandbox, an accelerator or an incubator, we stack the psychological odds against bright entrepreneurs looking to make a difference.

And despite how entrepreneurs may truly feel, they are pressured to stay silent about the impact of the system on them personally.

- **In 2014, a study conducted by PWC Canada asked entrepreneurs to outline their primary challenges for growth and they responded with: revenue generation, operations and processes, and people and talent.**
- **A 2015 investor-led study published by Harvard Business Review, found that 92% of technology start-ups fail in the first three years. The most common reasons cited for the failures were incompetence of the founder (46%) and lack of founder experience (30%).**

Neither of these reports identified stress or mental health as a challenge.

In the current approach, the objectives of investors and entrepreneurs are at complete odds. Investors want higher returns faster, while entrepreneurs want to create meaningful companies that last. Unfortunately, they aren't granted adequate time to do that. The mentality is "build to sell" rather than "build to grow." It is a transactional environment, rather than a thoughtful investment economy. We push the agenda and rush to be first to the market, hoping to figure it out from there.

In the process, government money is wasted, entrepreneurs are crushed, and no meaningful, sustainable impact is achieved. There is a high level of disillusionment, yet we avoid getting to the root of the problem.

In our view, the start-up culture has had a hugely negative impact – the Dragon's Den Effect. We are putting young entrepreneurs in highly pressured situations, demanding bigger, better, and faster, with no consideration for the impact on their health.

The head-scratching part about this environment is that, over the past 12 years, the failure rate of new businesses has actually increased in Canada. The present rate of business failure for entrepreneurs is 75% over the first three years (as compared to a rate of 54% in 2000). Companies that survive are achieving approximately 35% to 42% of their potential.

Clearly, this approach isn't working even from a financial perspective.

A 2016 report by the Business Development Bank of Canada shows new business creations in Atlantic Canada are declining and existing companies are actually stagnating or declining, rather than scaling up.

Even more interesting is that, despite the fixation on growth, we found that, on average, entrepreneurs with small and medium-sized enterprises (SMEs) are achieving only about 40% of their potential financial growth.

Entrepreneurship can be a mentally demanding career choice that an increasing number of prospective and existing entrepreneurs are rejecting for perceptibly safer opportunities. As a result, entrepreneurial participation has seen a steady decline in Atlantic Canada since 2001.

The reality that a business is just as likely to fail as succeed causes many prospective entrepreneurs to refrain from ever actually launching their business.

A meager 4% will become high-growth companies, which simply means 10% annual growth for five years. Just 0.4% of companies attain "10 bagger" status. And yet we push the illusion of going for the brass ring. The numbers are simply getting worse, not just in the Atlantic region or Canada, but around the world.

What we also know from the very few research studies completed is that 32% of these entrepreneurs will face a major depression – more than four times that of the general population.

Stark as the statistics are, they should not discourage entrepreneurs from starting businesses and creating new and innovative products and services. On the contrary, these numbers should motivate us to dig into the results and look for creative solutions.

However, despite the public façade, touting the importance of entrepreneurship to the economy, the private attitude is one of excessive impatience and negativity.

We conducted an online survey to uncover the average sentiment of investors and influencers with regard to entrepreneurship (on a scale of -1 to 1, ranging from extremely negative to extremely positive). The overall attitude was a disheartening 0.162, certainly not what could be called enthusiastic or supportive.

- **The value entrepreneurs bring – average score 0.177**
- **Motivation to invest in entrepreneurs – average score 0.261**
- **Interest in improving entrepreneurial investment experience – average score 0.202.**

In addition, we conducted an anecdotal survey and third party research with regional investors regarding return on investment expectations.

- **Regional investor and influencer groups expect 10-fold growth over 4 to 5 years.**
- **Private equity and venture capital investors expect annual return rates from 19.1% (venture capitalists) to 22.2% (private equity).**

Based on these kinds of projections, most entrepreneurs in our Mindset survey had set an annual growth goal of 20%. The unrealistic expectations of investors and influencers (and to a great extent the media) exert great pressure on entrepreneurs to perform, perpetuating ongoing, debilitating stress.

Entrepreneurs in Atlantic Canada are faced with additional barriers to achieving these results due to the reality of our small population base. Exporting is being promoted as a paramount catalyst for growth and a more buoyant entrepreneurial market, yet few are able to break through and achieve significant results.

In Nova Scotia, the province has maintained a trade deficit since 2002, and doesn't seem to show any signs of improving. On average, the provincial trade deficit has increased 68 per cent year-over-year since 2001.

We explored these realities in the Mindset survey. The relatively small proportion of companies in Nova Scotia involved in exporting might be explained by the fact that exporting is perceived as extremely stressful. Only 16% of entrepreneurs in Nova Scotia reported exporting as part of their business.

A key factor in better shaping the working environment for entrepreneurs revolves around their response to stress.

Despite Nova Scotia exporters reporting higher gross sales (greater than \$1million) and higher household incomes (greater than \$150,000 per annum), as compared with their non-exporting counterparts, a staggering 48% stated their overall health had worsened since becoming an entrepreneur. Almost half (45%) reported that their mental health has worsened.

When compared with non-exporting entrepreneurs, exporters reported a 10% higher occurrence of a depression that lasted two weeks or longer during the 12-month period prior to their survey response.

Of the exporters who disclosed a mental health diagnosis, an incredible 46% reported being diagnosed since becoming an entrepreneur. This is nearly double the incidence of mental health diagnoses for non-exporting entrepreneurs.

Whether the stress is real or perceived, we need to ask: Why is exporting so stressful for Nova Scotians and how do we reduce this stress?

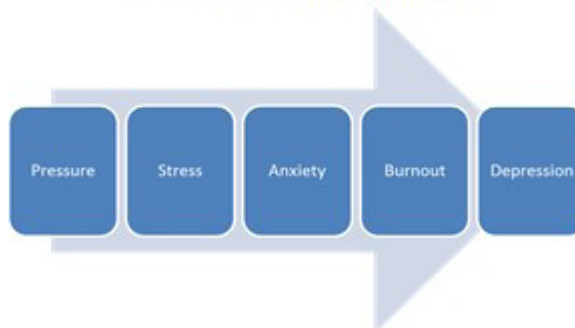
We believe far more businesses would not just survive, but thrive, if annual growth rate goals were set at reasonable levels. Informed decisions would result in consistent growth and more resilient businesses to support our communities. The reduced pressure would allow more entrepreneurs to work in ways that support their overall wellbeing.

While investors and influencer expectations are one part of the problem, the other factor lies with entrepreneurs themselves.

We have a real opportunity in front of us to explore the current entrepreneurial landscape and propose changes to the system. But, before we get to solutions, let's get to the bottom of the enormous stress entrepreneurs are experiencing and how it impacts the choices they make.



At each stage, we have a choice – yet we are conditioned not to make the right one



The reality of stress

In simple terms, stress is a reaction to a situation, real or imagined. It is how our body prepares us, physically and psychologically, when we aren't sure how to react to an event.

Stress is a natural part of being human, something we all share. Attempting to suppress it or hide it is neither reasonable nor healthy. In fact, facing it alone only intensifies the impact of our thoughts and feelings. When things don't happen as we expect or hope, we feel stress. The greater the gap between our ideal situation and reality, the greater our tendency to feel stressed.



Though generally seen as negative and harmful, when stress occurs, it just means that something we care about is at stake. The basis of stress is actually positive.

Hans Selye (a distinguished psychologist and researcher) differentiated between good stress and bad stress. Where *eustress* is a positive response to external stressors, leading to a state of optimism, energy, confidence and agency, *distress* is the more common form, in which stress is harmful.

There are two basic responses to stress: an initial avoidance and then coping strategies. Both of these approaches deny the benefits of eustress as they perpetuate the idea that stress is bad. These approaches advocate and perpetuate the idea that stress is harmful and a mindset that is counter-effective in most situations.

In our Mindset model, we see stress as an outcome within a progression of experiences. As previously discussed, the work of an entrepreneur is highly pressurized. The response to this pressure can lead to stress. If the stress intensifies and is seen as harmful, stress can turn to anxiety. Working under conditions of relentless anxiety can lead to burnout and, when not managed effectively, can result in depression.

Within each step of this Mindset model, we have a choice in how we respond – to resolve the experience positively, or to move further down the chain toward depression. Unfortunately, our choices are affected by societal conditioning, leading us to make poor choices for our wellbeing.

Pressure is not stress. But the former is converted to the latter when you add one ingredient – rumination. This is the tendency to keep thinking about past or future events, while attaching negative emotions to those thoughts.

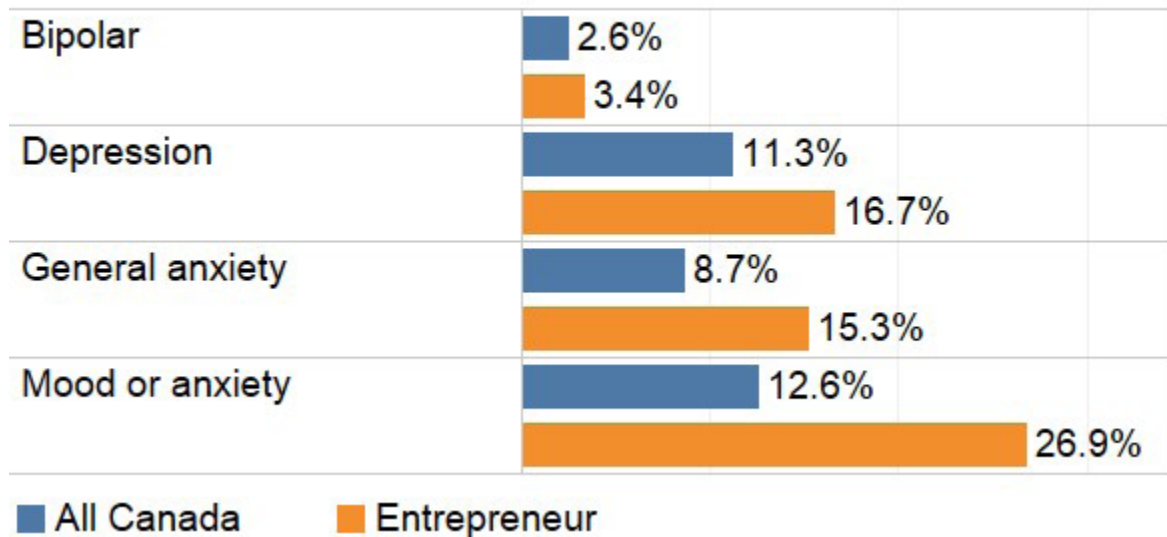
Reflection is positively thinking through a situation. It is generally short term and analytical. With rumination, thinking is intermeshed with negative and judgmental feelings and becomes ongoing and destructive, diminishing health and creativity, productivity and wellbeing.

Rumination is the leading indicator that pressure has escalated to stress.

Unfortunately, social conditioning to 'put up and shut up' is exacerbated within the current model of entrepreneurship. There is an expectation to 'suck it up' and look strong, keeping entrepreneurs silent so not to appear weak. They are conditioned to accept stress as part of the cost of doing business.

Entrepreneurs themselves are another part of the problem. Their tendency toward perfectionism and the need to achieve make them willing conspirators in the culture of silence. They tend to dismiss their own limitations and distract themselves with multi-tasking.

Prevalance of mental health illness in Canada



As stress takes hold, many entrepreneurs follow a destructive path that can lead to feelings of anxiety. Seeing stress as a threat, rather than a natural reaction, leads to the belief that it is harmful. From there, it's a natural progression to 'fight or flight' mode, with its related physiological and mental impacts to the mind and body. In our survey, we found that 88% of entrepreneurs see stress as negative and harmful – and so that becomes their reality. Their coping mechanisms become coloured by this “fight or flight” perspective, often resulting in poor decisions that exacerbate the situation.

Anxiety leads to a ceaseless striving to control things that can't be controlled. Many entrepreneurs take actions that do not actually serve their larger purpose and worry constantly. It brings out anger, fear, and other negative emotions, draining energy as and cognitive coherence.

Over the longer term, anxiety can result in burnout. A word that is used often yet not really well understood, burnout is very different from stress or fatigue. Where fatigue can be resolved through proper recovery and rest, burnout is omnipresent. It is recognized through three key factors:

- **Exhaustion – a profound physical, cognitive and emotional fatigue**
- **Cynicism – erosion of engagement and becoming depersonalized from the situation**
- **Inefficacy – feeling of incompetence and lack of perceived achievement**

We know the prevalence of burnout is increasing, yet, it's also elusive, as it is not a clinical term. It is estimated that between

50% and 85% of workers experience periods of burnout. A 2013 ComPsych survey of North American workers showed that 62% of respondents experienced stress that had turned to burnout.

As anxiety and burnout alter perspective, and turn worry inward, despair can result and turn into depression. Depression is a giving up on yourself with no belief in your ability to do anything to make life different. It drags you down beneath the waves.

Yet – and this is critical – this cycle can be changed at any time or stage in the journey.

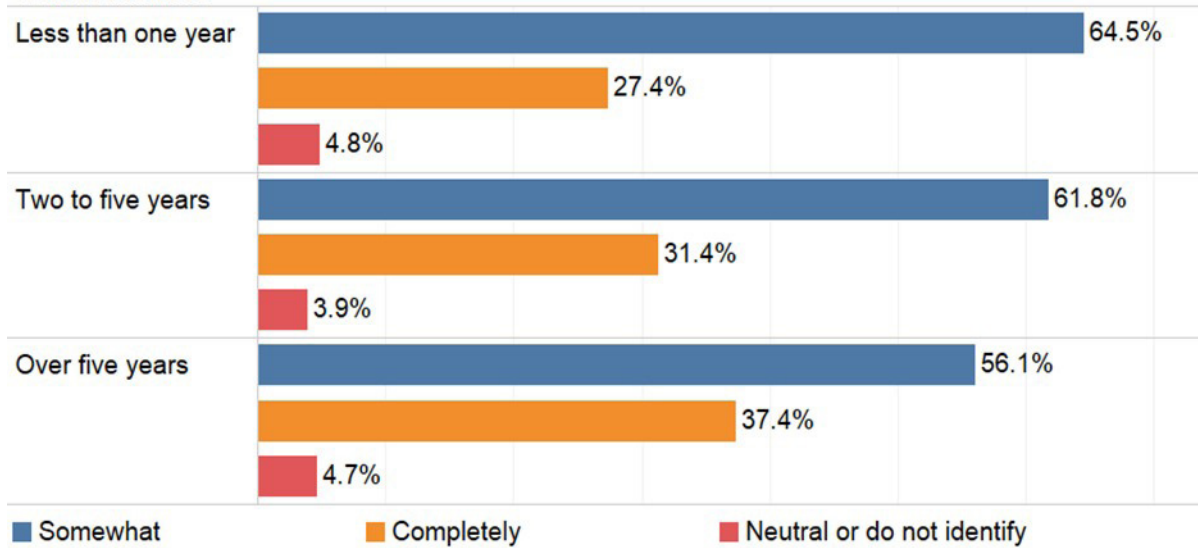
Interestingly, some people facing the same stressors do not experience anxiety, burnout or depression. A key determinant of these successful cases relates to a higher degree of emotional intelligence, as shown in research by Daniel Goleman.

The degree to which entrepreneurs have the capacity to be aware of, control, and express their emotions, and to handle interpersonal relationships well, is seen as emotional intelligence. And emotional intelligence is a muscle that can be developed.

Stress is a highly personal and subjective experience; often reactions are emotional and even irrational. The kinds of tasks we are asking people to do in competitive environments, such as entrepreneurship, create a situation of distress. And if stress is a question of perception (as highlighted by Selye) then to what extent are we helping people perform at their best when we put them into situations of intense competitive testing? Could this be a key contributor to a mental health crisis for entrepreneurs?

Most entrepreneurs either somewhat identify with their companies or completely identify with them. Very few entrepreneurs are neutral or do not identify.

Time-in-business



“We live in a world of ongoing worry, change, and uncertainty. You have to get used to it,” said Justin Minkes, author of Better Under Pressure. Psychologist Shawn Achor says, “stress is an inevitable part of work and life, but the effect of stress upon us is far from inevitable. Stress can be good or bad depending upon how you use it.”

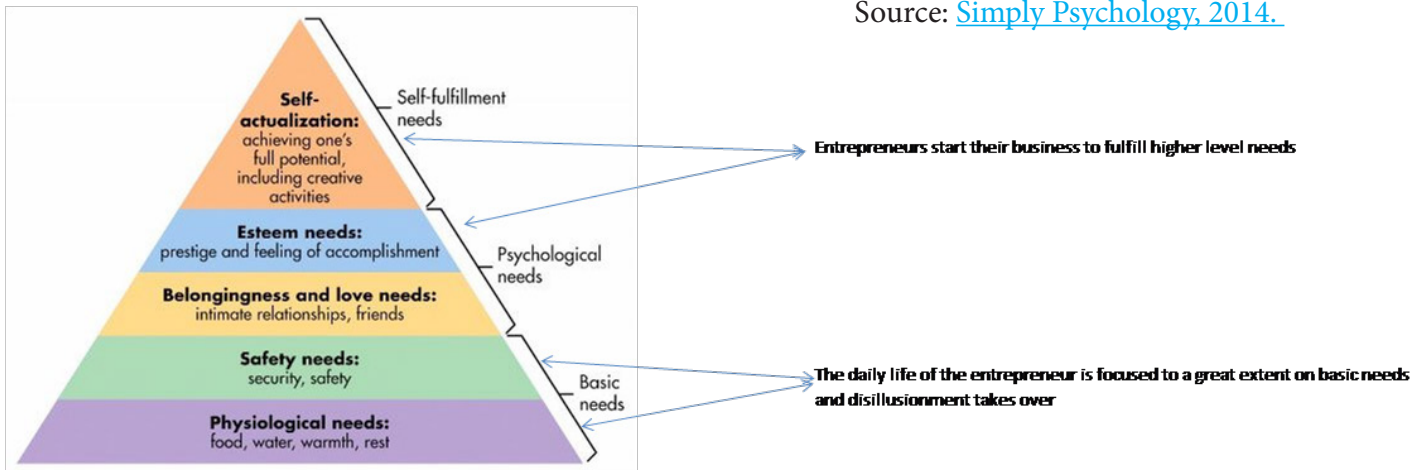
We know stress is unavoidable and a natural part of being human, so how we can make better choices about how we view or react to stress?

From Achor’s research, it was found that nearly 90% of the general public view stress as debilitating. When it is seen as harmful, the impact is multiplied, as people start to worry about being too stressed. In the Mindset Project survey, entrepreneurs were affected by a poor reaction to stress in three critical ways:

- 1. A loss of independent identity – Entrepreneurs equate their personal value and worth with the results of their business, far beyond the typical levels of role identity seen in other professions (as reported by the Gallup Organization).**
- 2. A loss of confidence – Focusing on unachievable future goals (such as 20% annual rates of return) results in a constant gap between expectations and reality, eating away at the self-confidence of the entrepreneur.**
- 3. A loss of control – Attention is placed on moving targets and outcomes rather than on next steps. Multi-tasking between more goals creates hyperactivity and an inability to stay on track.**

| | |
|---------------|-------|
| Work | 69.9% |
| Social life | 74.5% |
| Relationships | 75.1% |

Source: [Simply Psychology, 2014.](#)



The interplay of these three factors amplifies the overall impact and challenges the resiliency and wellbeing of the entrepreneur. In our study, the impact of stress was similar regardless of gender, age, time in business, revenues of business, or educational background.

Respondents to the survey revealed that they experience stress in regards to the balance of business and personal life, and also the tasks of operating their companies. In our survey, 68.5% of entrepreneurs felt a high level of stress, impacting them physically, mentally and emotionally:

- **49% believed their physical health had deteriorated since starting their business**
- **42% believed their mental health had deteriorated since starting their business**
- **72% questioned the reason they were in business and if they were getting what they wanted from their company**

In comparing the results to the general population, the stress for entrepreneurs is having a higher than average impact.

A further 36.7% of survey respondents indicated they should probably seek help but remained untreated, feeling they could manage it on their own.

Sadly, 9.9% of respondents to the survey indicated they had considered suicide, as compared to 5% of the general population.

Our study shows that stress negatively impacts the life of the entrepreneur in a range of aspects, as shown by the figure above.

At the core of the impact of stress on the entrepreneur is the loss of an independent sense of identity. More than 92% of entrepreneurs mostly or completely identify themselves and their worth with the business. This did not change with length of time in the business or the success of the venture.

Far too many entrepreneurs work in unhealthy environments with high levels of relentless stress, strain and tension. Although 72% of our respondents felt they had a high ability to cope with stress, more than 68% of those same entrepreneurs experienced challenges to their mental health. Just 20.8% of entrepreneurs admitted they were failing to manage the stress in their lives.

Our survey results revealed an entrepreneur's reality is characterized by the following aspects:

- **Short-termism: 60% of respondents were challenged to stay focused on achieving their vision for the business**
- **Time is the enemy: the average hours worked per week for entrepreneurs was 63.4. Studies show 54 hours is the optimal limit before losing productivity and judgment.**
- **Multi-tasking rules: 63% reported that they were challenged by managing their time to stick to priorities**
- **Isolation reigns: only 39% of entrepreneurs were comfortable talking about the stress of their business to family, friends, peers, or investors**
- **Insecurity prevails: 61% questioned their ability to set and achieve goals while managing expectations**

Entrepreneurs appear to be subject to many psychological impacts that affect their decision making and overall health and mental well-being. It is often asked whether this is down to nature or nurture.

In *Are Entrepreneurs Touched by Fire?*, a study of California-based entrepreneurs, Dr. Michael A. Freeman investigated the prevalence of entrepreneurs coming from families with diagnosed mental health issues.

The study uncovered a number of key findings:

- **49% of entrepreneurs report a lifetime mental health condition, as opposed to 32% of the general population**
- **48% of entrepreneurs come from families with first degree members who have a lifetime mental health condition, as opposed to 24% of the general population**
- **72% of entrepreneurs are directly or indirectly affected by mental health conditions, as opposed to 48% of the general population.**

Entrepreneurs certainly appear to have a pre-disposition to experiencing mental health challenges in their lifetime, however, the relentless pressures of the way entrepreneurs work certainly contributes to the potential for genetics to play its role.

In our research at the Mindset Project, we found that a mismatch of needs (based on Maslow's Hierarchy of Needs) was greatly responsible for the mental health implications of business on entrepreneurs.

Although the founder is the greatest asset of the business, typically the entrepreneur places almost no focus on their own physical and psychological wellbeing as critical to their future success.

In our work, we found three critical points in understanding the entrepreneur's world:

- 1. An entrepreneur will face high levels of ongoing stress that affect their business and life.**
- 2. How entrepreneurs respond to stress directly impacts whether its results are negative or positive.**
- 3. Entrepreneurs have a choice in how they work. They can change their response to stress to be positive at any point.**

We know that stress is a reality in running a business, but the idea that entrepreneurs can choose whether that stress is harmful or helpful is truly a breakthrough.

One of the most critical ways we can help entrepreneurs make more positive choices is by opening up a conversation about stress. However, in the entrepreneurial community, there is a stigma to speaking out about mental health.

A culture of silence

Entrepreneurs have been conditioned to accept a debilitating working environment as a means of paying their dues to achieve success.



Suffering in the attempt to meet unrealistic expectations within a culture of 'don't ask, don't tell' makes success a near impossible feat.

Investors, entrepreneurs, and business and government leaders seem to conspire in ignoring the personal impacts of starting and building a business. This is in spite of clear evidence that the current approach is not helping to create a dynamic business environment.

The data on the harm inherent in the entrepreneurial system is publicly available, yet no one wants to know. As humans, we tend to stick our heads in the sand when we can't face the reality of a situation.

That being said, openness alone will not drive change. We need rigorous debate on potential causes and solutions. Fear of conflict is one reason we keep quiet. Research by Margaret Heffernan found that 85% of people are afraid to raise a question that might create conflict even though they know what is happening is wrong.

The gift of the dissenting question is that it moves us to take our blinders off and see the situation realistically. Asking questions actually gets to our best thinking.

The problems with entrepreneurship in its current form begin with the content platform, where hopeful entrepreneurs pitch against each other for some reward – a place in an accelerator cohort or a timeslot to speak to investors. And although the entrepreneur is flattered and grateful at first, soon resentment starts to set in – a feeling that is difficult to explain or justify.

Two psychological mechanisms – idealization and identification – turn out to be a destructive combination for high potential entrepreneurs in these settings. While they may idealize their role as a defender against economic stagnation and adversity, they also begin to resent having to shoulder this burden in an uncertain future.

As a result, every opportunity becomes an obligation, every challenge a test. To compete, and win, the high-potential entrepreneur strives to be perfect, suppressing the very talents – the passions and idiosyncrasies – that made them stand out in the first place. Rather than empowering those who deserve to lead, this scenario increases their insecurity and pushes them to conform. And this is just the outcome for the 'winners'. Many potential entrepreneurs quietly drop out or remain stuck in a relentless cycle of competing to try and meet the expectations of others.

The present approach to developing entrepreneurship runs counter to the research of renowned psychologist, Dr. Carol Dweck on the growth mindset. Dweck showed that in situations where people saw challenges as learning opportunities, they adapted a mindset of development and growth. Alternatively, when expectations for performance were amplified, she found that people adopted a fixed mindset, causing them to believe their talent was static.

This fixed mindset causes entrepreneurs to tend toward perfectionism, with a defensive and critical orientation. And this is how special people become ordinary.

The hyper-competitiveness of the entrepreneurial environment creates a preoccupation with image, despite a desire for meaning and authenticity.

Entrepreneurs fall prey to psychologist Alice Miller's classic "the drama of the gifted child," in which the talented child hides their feelings in an attempt to meet their parents' expectations. Meaningful work falls to the wayside when entrepreneurs feel trapped by the expectations of others and pressured to meet the milestones placed upon them.

Though we encourage young entrepreneurs to start new ventures, we set them up for excessive pressures that increase their stress levels and negatively impact their decision making,

Founders of companies face incredible expectations – from themselves, government and private investors – to achieve success, and quickly! Stress created by striving to achieve unrealistic goals builds insurmountable anxieties, resulting in a poor approach to managing their business and personal life. If the business fails, the personal outcome for entrepreneurs is one of anxiety, rather than learning.

As we identified earlier, our Mindset survey results indicated that the most important point of stress was the founder's ability, or inability, to get what they want from their business. With the failure to achieve their vision comes a loss of personal worth and identity.

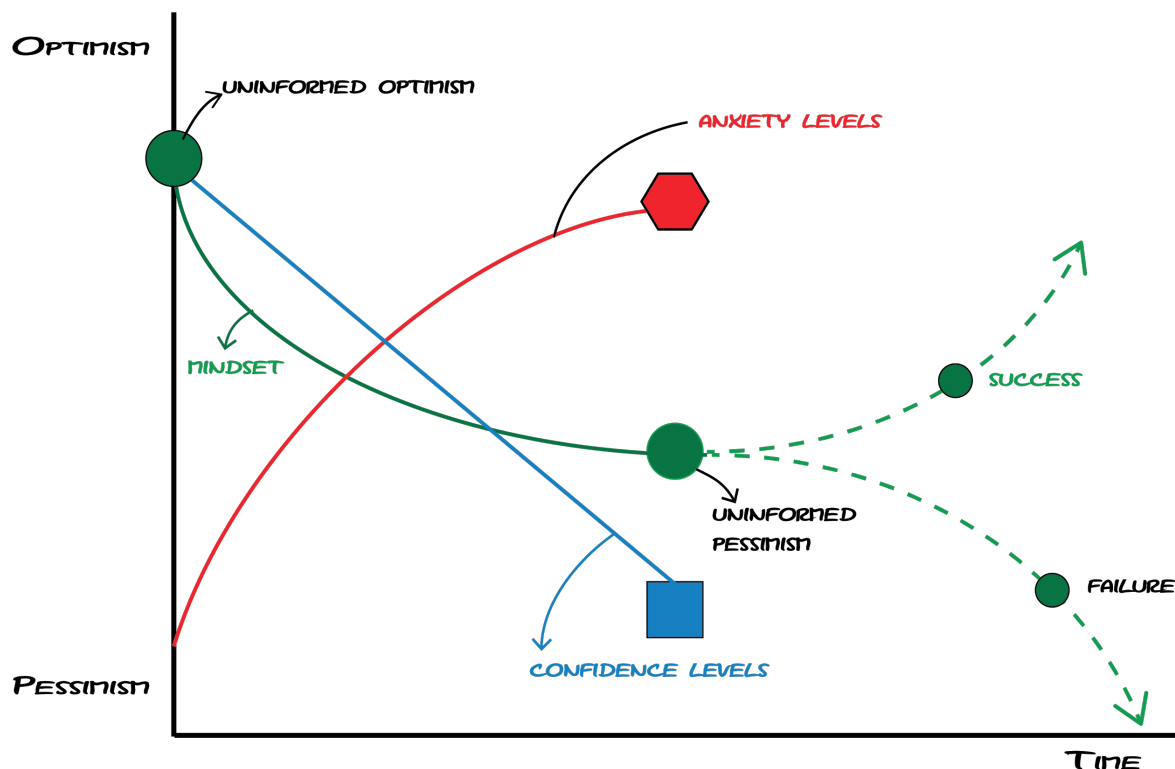
The following diagram was developed from the Mindset research.

For the entrepreneur, the venture starts with great optimism. It is actually uninformed optimism, as the founder is unlikely to have a full understanding of the product, the market, the customer, and the potential for creating a viable business model.

As the founder tries to deliver against the vision, many other aspects intervene: product development, market development, customer understanding and development, financing arrangements, investor pitching and relationship development, production of prototypes, dealing with customers, developing teams and people, and working to execute against a plan. Expectations are high and sometimes very little goes according to plan. Pessimism grows as reality sets in. For most entrepreneurs, it is a case of uninformed pessimism, as they likely have a skewed perspective on the true sources of obstacles and challenges.

Anxiety starts to escalate as the founder works to meet increasing commitments. At the same time, confidence levels start to falter as the ceaseless pace of trying to get the business off the ground affects sleeping, eating, and exercise patterns, draining the entrepreneur's energy.

For the founder, high anxiety levels and low confidence intersect as critical decisions are being made. Over time, this leads many businesses to fail.



However, as we have uncovered in our research, entrepreneurs who invest in their personal and professional growth tend to make decisions in accordance with their natural strengths and, ultimately, move to scalable success.

Sadly, the likelihood of the entrepreneur managing the external expectations, demands, and pressures to create a scalable company with sustainable traction is less than 5%.

While we have no shortage of innovative ideas and a solid capital base for starting and growing businesses, we fall short when entrepreneurs need the help most desperately. There is a lot of focus on the start up, but once the company is open and trying to find its position, no one is there to help navigate the chasm between concept and commercialization. Efforts to break through are most often crushed against a ceiling of complexity – there are just too many things to deal with and the entrepreneur can't focus where they need to.

In our study, we found that levels of stress remain relatively constant over the life cycle of a business, with the most extreme pressures felt during ages 40 to 50 years of age. While stress remained high, no matter the age of the entrepreneur or the stage of the business, the causes of stress changed somewhat over time.

In the scramble stage of building the business, sources of stress included raising capital, accessing customers and managing time. Moving into the owner-reliant stage, which could last for the remainder of the entire business life cycle, the main source of stress became understanding how to grow the business, while managing cash flow and attracting customers. In the scaling stage of the business, owner-independent, the sources of stress once again focused on how to grow the business, managing cash flow and managing time.

Throughout the life of the business, the main stressor remained managing time. Maintaining work life balance, and mental and physical health, did not come to the forefront of the entrepreneur's attention until later in life. And gender did not appear to make a significant difference in the sources of stress.

Ultimately, we believe much of the frustration and stagnation stems from one factor: the overwhelming need entrepreneurs have to meet the expectations of others. This is not even other people's expectations, per se, but what entrepreneurs perceive to be others' expectations. Entrepreneurs push themselves to comply with expectations that are not realistic, nor required.

When we factor in the perceived expectations of others, we see entrepreneurs conditioning themselves to work in ways that damage their potential to succeed professionally and personally.

In examining the impact of others on the entrepreneur's success, we noted the growing presence of influencers, such as venture capital and private equity investors, as well as economic development agencies.

Shikhar Ghosn, of the Harvard Business School, states that 75% of venture-backed companies fail and 95% of start-ups fall short of their initial projections. In a recent release from McKinsey and Company, the average holding period for private equity companies with entrepreneurial businesses has reached a new high of 8.2 years. Despite the increased access to capital, the return on investment from start-ups is falling. There is more money than ever being invested, resulting in slower and lower returns.

In our work, we found that it is the combination of the influencers around entrepreneurs (including bankers, investors, and economic developers) and the conditioning of entrepreneurs to work toward unrealistic expectations that tightens the vice on the founder and impacts the business.

A quote from one of the leaders of an accelerator organization (investors in the rapid growth of entrepreneurial companies) embodies the general tone of the attitude of investors and influencers toward entrepreneurs:

"We need them to focus and execute as quickly as possible. Our goal is to put as much pressure on them as we can in as short a timeframe as we can and see who is standing at the end. And we need to impress upon them that as the founder they will ultimately be replaced."

The most common words and phrases identified in our conversations with investors and influencers were "return on investment," "focus," "execution," and "suck it up."

Although we had theorized that investors and influencers exert a negative pressure on entrepreneurs, we were surprised at the profundity of this perspective and how it breaks down the sense of meaning, identity and wellbeing of the entrepreneur.

A contributing factor to these poor outcomes is that entrepreneurs struggle in silence. There's a sense that they can't talk about it for fear of being seen as weak. Regardless of their psychological makeup, big setbacks in their companies can knock them flat.

“Picking yourself up by your bootstraps is a common thought – especially from investors. Admitting you struggle with depression is like admitting you can’t reach your bootstraps. It’s assumed that successful people can just shake it off.”

Brad Feld

Talking about not being to handle the pressure and the reality of mental health challenges carries a stigma. There is a very real fear that it may frighten off investors, teams, and customers.

In our study, while diagnosed anxiety and depression rates were well above that of the general population, even more concerning was that almost 37% of respondents felt they needed treatment, yet continued undiagnosed for fear of judgment. Many responded that they didn’t think they needed to access professional help, as they preferred to manage it on their own or simply haven’t gotten around to it. Many said they weren’t ready to ask for help or that they didn’t think others would know how to help.

“I will help you any way I can except in talking about myself. I have experienced depression for years and constantly struggle with the responsibility of the company. But I don’t want to say that publicly as I’m not sure how people would feel about me.”

Survey Respondent

As mentioned previously, entrepreneurs slid deeper when completely identifying their sense of personal identity with their business. Almost 33% saw their identity as synonymous with that of their business, while another 78% felt their sense of worth was mostly due to the performance of their company.

The reality of working as an entrepreneur puts freedom, meaning, and money on the backburner.

Entrepreneur Erik Torenberg said, “With the majority of start-ups dying slowly, people are hesitant to admit that they’re doing poorly. They don’t want to become the next start-up to disappear, so they paste on a smile while they’re sinking, knowing that they’re in a culture that stigmatizes therapy and depression, that associates asking for help with weakness.” Further, Torenberg said, “... whatever you’re going through, you’re not alone. Talking about stress, anxiety and depression with someone else can make it okay, like there’s nothing wrong with feeling this way. It’s entrepreneurs helping other entrepreneurs, creating awareness and taking care of each other in tough times.”

The current culture of stress and silence is eroding the wellbeing of our entrepreneurs and the potential success of these dynamic economic contributors.

We know that the psychological makeup of entrepreneurs can exacerbate the problem.

The paradox of entrepreneurship

The passionate disposition that drives entrepreneurs heedlessly toward success can consume them and become their greatest weakness.

This is one of a number of contradictions inherent in today's entrepreneur.

In fact, in our work at the Mindset Project, we have identified an insidious paradox: what entrepreneurs value most is pushed aside by the choices they make in pursuing their vision.

Entrepreneurs work in ways that interfere with their relationships, their business success, and their family life. It affects them personally – and deeply. They lose not only their direction but the meaning behind their work, and their entire sense of self-identity. They experience a crisis of worth and value. As they isolate themselves from those they need the most, when they need them most, the impact is multiplied.

The core observation from our survey and interviews was that the experience of an entrepreneur, both in terms of work and life, is a contradiction of intent and outcome. Their life becomes a series of conflicting objectives:

- Entrepreneurs express a high overall sense of wellbeing in terms of life satisfaction and meaning, with very low day-to-day happiness. This conflict does not change in relation to time in business or success of the company.
- The single greatest reason for entrepreneurs to start their business is to attain freedom, yet they spend all of their time and energy meeting the expectations of others.
- When asked what they need more of, entrepreneurs answer money. Yet when asked what has been the best part of their life, they cite the people around them (family and friends). Interestingly, the more money an entrepreneur makes, the less positive their sentiment about goals and life overall.
- A great emphasis is placed on growth (faster and bigger), yet the more growth is desired the more entrepreneurs work in ways that hurt their ability to grow.
- Seen as optimistic (to the extreme at times) by those around them, entrepreneurs actually express a pessimistic perspective internally.



- While entrepreneurs are almost always networking and viewed as outgoing, they actually feel incredibly isolated and unable to talk to those around them.
- Despite be lauded as the great disrupters in an era of disruption, entrepreneurs continue to blindly follow the traditional approach to their work without question or resistance.

A great contradiction of entrepreneurship appears to hinge on the way they respond to the stress of building their business. Entrepreneurs rate their ability to cope with stress relatively highly at 7.2 (on a scale of 1 to 10), yet report significant deterioration in physical (49%) and mental health (42%) since starting their businesses.

The pressure to perform is overwhelming, even though the way their work has been structured is not set up to enable high performance. Entrepreneurs have a huge span of responsibility with a relatively narrow span of control. They need a broad range of influence with a small range of support.

Working as an entrepreneur involves a high degree of pressure, strain, and tension. It is simply a fact of the way business works. Yet how they respond to stress – positive or negative – is a personal choice that can dramatically impact success. Choosing to view stress as a threat affects their mindset, how they think, feel, and act, as well as their resilience to the adversities of starting and growing a business.

The key to enhancing business and personal success swings on how the working environment can be reshaped to allow entrepreneurs to choose differently and respond appropriately to stress.

A high degree of our survey respondents (5.838 out of a scale of 7) indicated that they find meaning in their work and business. This strong sense of meaning provides the foundation for a shift in their perception of stress, from harmful to helpful, which, in turn, will help them create a more positive environment.

The question then becomes: How do we shift the mindset of entrepreneurs to disrupt their approach to work in order to create healthier lives, healthier companies, and healthier growth?

In analysing the data from the Mindset survey, three factors were identified as key to shaping the working environment of today's entrepreneur:

1. Character

In the current framework, entrepreneurs lose their self-identity and sense of personal worth; the volatility of business greatly impacts their mood and emotions. With a high degree of isolation there is a loss of perspective, resulting in an extreme lack of separation between what is personal and what is business. Ironically, although entrepreneurs are often admired for their strong level of optimism, sentiment analysis shows they actually portray a more pessimistic frame of view, directly correlating to the success of their business. Events are personalized, pervasive, and permanent.

2. Confidence:

The pursuit of unrealistic goals, timelines, and commitments eats away at the entrepreneur's sense of motivation and capacity to perform. Even though the expectations are not founded in actual data or informed by experience, entrepreneurs commit themselves and their teams to reaching unachievable targets. The constant failure to meet objectives negatively affects self-confidence, amplified due to the degree of self-identification with the business. Entrepreneurs lose faith in their abilities. This leads to poor decision making with regard to commitments, timelines, and expectations, eroding confidence even further and impacting overall motivation.

3. Control

Entrepreneurs have a strong internal locus of control, meaning they believe they can create their own future through their actions (rather than being at the whim of circumstances). This perspective leads to a high level of self-motivation. However, in situations where events are highly unpredictable and disruptive, and actions don't lead expected outcomes, those with a naturally internal locus of control start to doubt whether their actions really make a difference. Their focus becomes narrowed to that which they can control. Attention is misplaced on results and outcomes, rather than causes. With the pressure to perform, entrepreneurs put their time into actions that achieve results. However, the fixation on the end game causes a loss in perspective as to what is needed to actually create the desired outcome. Despite a great amount of activity, results are not as desired.

Entrepreneurs are revered for their passion, vision, and innovation, yet the way they work has not changed in decades. Technology, the root of much new business idea creation, has actually amplified the working stress of the entrepreneur by speeding up the expectations for delivering against goals, and in higher and higher numbers. Even still, there are entrepreneurs who thrive under these stressful conditions.

The outliers

“More than education, more than experience, more than training, a person’s level of resilience will determine who succeeds and who fails.” Dean Becker, Psychologist



As we sifted through the vast number of survey respondents who are struggling with work and life, we were fascinated by those few who seemed to defy the odds. We wondered, Why do some people buckle under the pressure? and What makes others bend and ultimately bounce back?

Within our data was a unique subset of entrepreneurs (12%) that we termed the Outliers, who enjoyed an unusual experience as entrepreneurs:

- They rated their ability to cope with stress high and had seen improvements in their mental and physical health.
- They did not experience challenges to their mental health, worked 50 hours per week on average, and talked to friends, family, and investors about their business issues.
- They exercised, took time for themselves, focused on nutrition and sleep.
- They regularly said ‘no’ to others and maintained a routine for their time at work.
- They took vacations and time from working to relax and rejuvenate.
- The revenues of their businesses were higher than average. Most importantly, the Outliers had a high sense of independent self-identity and did not value their worth by their business.

The Outliers seemed to follow a path of positive psychology, using positive emotions, mindfulness, strong relationships, and self-care to bring out the best of their work and experience a stronger sense of meaning and overall well-being. Significantly, they stayed true to a meaningful vision for their business, set realistic goals to achieve that vision, and worked from priorities that led to their goals. In other words, they worked on their business, not in their business.

In comparing the survey results of the Outliers and all entrepreneurs, we found responses to three questions to be significant predictors of an entrepreneur's ability to start and grow their business in a healthy way:

1. How do you perceive your ability to cope with stress?
2. How much do you identify your worth with your business?
3. How well do you set priorities, goals, and vision for your business?

A high perceived ability to cope with stress, combined with a low identification with the business, and a high priority on vision, goals, and priorities, increased the likelihood an entrepreneur would have a healthy life and a healthy company with healthy growth.

How an entrepreneur responded to these questions predicted with great correlation how they would experience all other aspects of the survey, from physical and mental health impact to specific stressors in the business, to balancing life and work.

In the traditional mindset, entrepreneurs view stress as harmful, creating anxiety, tension, and isolation and causing themselves physical, mental, and emotional damage.

In looking at the Outlier habits, these entrepreneurs portray a healthier perspective to stress, seeing it as a challenge and an opportunity to learn and grow. Their response is one of focused energy, connecting to others, and enhancing overall performance, while improving their physical, mental, and emotional health

Resilience is often described as the ability to recover from setbacks, adapt well to change, and keep going in the face of adversity.

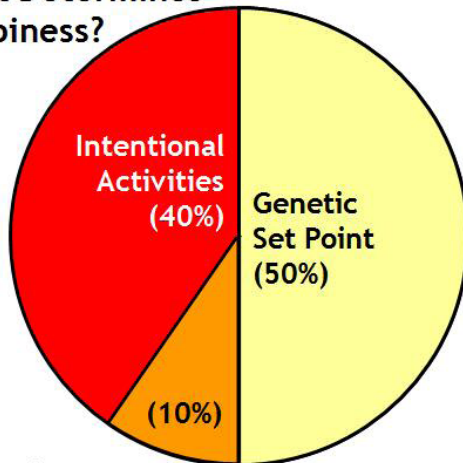
In her work with the Harvard Business Review, Jean Coutu noted that while many people see resilience as an optimistic nature, this is not the case. In fact, optimism can distort your sense of reality. A cool and even pessimistic sense of reality is far more important. Under duress, people throw up their hands and wonder why this is happening to them. There is a victim perception. Resilience is a reflex – a way of facing and understanding the world that is deeply etched in the mind and soul. It is about taking personal responsibility – something adopted by the Outliers in our survey.

What activities entrepreneurs find most effective for mitigating stress

| | Tried activity | Reduced stress | Effective rate |
|---|----------------|----------------|----------------|
| Exercise | 76.3% | 64.7% | 84.8% |
| Speaking with friends, family and mentors | 64.7% | 51.6% | 79.8% |
| Meditation | 34.0% | 26.3% | 77.4% |
| Sleep | 54.5% | 39.7% | 72.8% |
| Saying "no" more often | 44.9% | 32.7% | 72.8% |
| Sticking to a routine | 39.1% | 28.2% | 72.1% |
| Yoga | 42.9% | 30.4% | 70.9% |
| Speaking with a clinician or therapist | 20.8% | 14.4% | 69.2% |
| Breathing exercises | 46.5% | 32.1% | 69.0% |
| Prescription medication | 16.0% | 10.9% | 68.1% |
| Taking a technology vacation | 20.5% | 13.1% | 63.9% |
| Adjusting diet | 61.9% | 39.4% | 63.7% |
| Scheduling "worry time" | 5.1% | 3.2% | 62.7% |
| Recreational drugs | 11.5% | 6.4% | 55.7% |
| Adjusting caffeine intake | 29.8% | 14.4% | 48.3% |
| Visualization exercises | 23.1% | 10.3% | 44.6% |
| Working longer hours | 34.3% | 10.9% | 31.8% |
| Using alcohol | 35.6% | 10.6% | 29.8% |
| Smoking | 6.1% | 0.0% | 0.0% |

Source: [Ed Batista, 2010.](#)

What Determines Happiness?



Life Circumstances

For entrepreneurs, resilience is particularly important. While the psychology of the working environment can be extremely detrimental to the mental health and overall wellbeing of the entrepreneur, a strong capacity for resilience counteracts the descent from stress to anxiety and burnout or depression.

Being resilient in business isn't easy. Researchers with Harvard Business School found that 75% of people identified dealing with other people as the biggest drain on their resilience. The next identified was volume and pace of work, followed by a sense of being personally criticized for not meeting expectations. All of this sounds very familiar to the entrepreneur.

The good news for entrepreneurs is, though genetics plays a role in resilience, it can also be developed, like a muscle.

In studying the science of happiness, psychologist, Dr. Sonja Lyubomirsky found that, though genetics and circumstances are predictive of 60% of the likelihood for a positive perspective on life (or happiness in other words), an additional 40% is due to intentional activities.

Despite family history and circumstances, with focused and ongoing attention, entrepreneurs can realize a positive daily life. In fact, we found the concept of focused and ongoing attention on intentional activities alive and well within entrepreneurs responding to our survey.

There is no question that the working environment for entrepreneurs can be disrupted in a positive way that puts the entrepreneur first, with a focus on building resilience and positive mindset.

We have built a framework to help more entrepreneurs improve their happiness and embrace a healthy approach to work through positive mindset.

- 1. Make time for relationships – the important people who make life and work rich.**
- 2. Invest more in activities that energize and renew, such as exercise, meditation, sleep, nutrition, and social time.**
- 3. Define, develop, and work from strengths to optimize their contribution to the business and improve confidence, engagement, and achievement.**
- 4. Clarify the meaning behind what they are doing so each and every day attention is placed on what matters most.**
- 5. Use data to inform decisions for sound judgment.**

Building on the example of our Outliers, entrepreneurs can leverage their unique strengths to disrupt their current approach to work and take back control of their businesses and lives.

Disrupting the current model

To develop healthier lives that support healthier businesses and growth, the way entrepreneurs work must shift to one supported by the principles of positive psychology.

Three factors shape the reality of the entrepreneur: stress is part of business and life, and it's not going away; the way they respond to stress is the key determinant to negative or positive results; and they can change their response to stress at any time or stage.

Entrepreneurs will not increase revenues and profits, create jobs, or support our communities doing what they have always done, the way they have always done it. They need to crush the cult of busyness and the stigma of talking about mental health.

If entrepreneurs want businesses that are profitable, growing, and enduring, and support their own wellbeing, there must be a shift in the current mindset.

When entrepreneurs see and respond to stress as a threat, perception becomes reality. How entrepreneurs choose to respond to the pressures of their business is the starting point to disrupting the current system. As we have already shown, if these pressures are perceived as threats, they quickly become sources of stress, resulting in anxiety, burnout and, ultimately, depression.

This mental health spiral limits the potential of our businesses to succeed and prevents our entrepreneurs from maintaining a positive outlook and a healthy wellbeing. With better choices, this descending cycle of mental health can be reversed. While entrepreneurs have been conditioned to make poor choices and suck it up, we now have the information needed to make lasting, positive change.

As we've indicated in this report, response to stress drives the process of negativity, or distress, and can be explained to a great extent as a result of genetics and circumstances. Advances in psychology and neuroscience clearly show that the response to stress and the strength of resilience can be reinforced by focused, repetitive attention on intentional activities that create positive outcomes.



The field of neuroscience has shown that our brain – and mindset – can be retrained over relatively short periods of time. The concept of neuroplasticity reveals that our brains have an infinite capacity to reorganize and adapt to the experiences of life. Focused attention on intentional activities generates engaged learning and change.

This is where entrepreneurs can disrupt their approach work to create healthier environments for both personal and business success. Canadian neuroscientist, Dr. Lara Boyd found that “every time you learn something you change your brain ... the best driver of quality of life is behavior.”

Barbara Fredrickson, a pioneer researcher in positive psychology, has shown that investment in this area expands people’s repertoire for effective thinking and action, helping us build intellectual, physical, psychological and social resources. In our research, we have found the following to be essential to building the entrepreneur’s positive mindset:

- Practicing optimism when imaging their future
- Engaging in regular physical exercise (combining cardiovascular, mobility, and strength training)
- Committing to long-term life goals and ambitions
- Expressing gratitude
- Offering help to others
- Celebrating life’s pleasures in the moment
- Spending time with friends and family

“I’m not sure how mental health has anything to do with entrepreneurs who I represent. Maybe it does. But we are really busy right now and this just doesn’t fit in our agenda. Come back in September and let’s see whether things have loosened up at all.”

As outlined by Daniel Goleman, retraining the brain is a way to increase overall resilience and mindfulness, through meditation, being in nature, and slowing down our thinking.

Psychologists, Shawn Achor and Michelle Gielan, found that strengthening resilience is more about how you recharge, not how you endure. In their studies, they found that overworking is the problem.

“We take a tough approach and believe the longer we can tough it out the more successful we will be. This is actually scientifically inaccurate. The lack of recovery periods dramatically holds back on the ability to be resilient and successful.”

Building resilience is about strategic recovery – taking time during the workday, the evening and weekend, and taking longer rest periods on a regular basis.

In positive psychology, people are viewed as creative and self-determined, with access to the inner resources to actively create the outcomes to which they and others aspire. With this in mind, we need to disrupt the working model for entrepreneurs by answering these questions:

- What makes some entrepreneurs succeed?
- Which activities broaden and build an entrepreneur’s resources?
- How can we create environments where entrepreneurs perform at their best?

From our research, we have developed a framework for change based on improving the business and the person at its centre:

“I think kids today should work the same hours as I did – they need to pay their dues and put the effort in. They can get balance later in life. The same way I intend to.”

To truly disrupt the system, young entrepreneurs need to shatter the current thinking of some older influencers:

The objective of the Mindset Project is to support young entrepreneurs. We need them to optimize their personal wellbeing in order to lead our economic prosperity.

Ultimately, this shift will need to come directly from young entrepreneurs themselves. They need to turn their strengths to improving their own working experience.

We recommend that entrepreneurs take three critical actions to disrupt the way they work and shift to think, feel, and act from a positive mindset:

1. Be willing to change
2. Be willing to invest time
3. Be willing to talk

1. **Develop the business based on a sound foundation: a proven concept, attractive market, viable profit model, and understanding of how to access customers, manage cash flow, and balance growth.**
2. **Cultivate a clear, independent sense of identity: implement the principles of positive psychology, build self-awareness, strengthen resiliency.**
3. **Clarify a purposeful meaning to guide the business. Set an inspiring vision and set concise goals based on realistic expectations.**
4. **Invest in intentional activities that support your creativity and help you keep a clear mind: meditation, time in nature, reflection and learning from experiences.**

To disrupt the current approach to entrepreneurship, what is really needed is communication – not just with friends and family, and professionals who can support the process, but a broad conversation in which these issues can be openly discussed to inform healthy solutions.

Conclusion

Time is of the essence. We need to make a drastic change in the entrepreneur's working environment before the negative mental health impact escalates further.

One of the primary shortcomings of the entrepreneurial community is that people rarely talk enough about the issues that face entrepreneurs on a personal level. Until now, there has been very little discussion about the anxiety associated with the common start-up model; it is a system built for investors, not entrepreneurs.

As such, entrepreneurs must lead the revolution, and demand more for themselves. This systemic transformation will create a multiplier impact, from individual improvements in resiliency and wellbeing to macro improvements in the resiliency of communities and economies.

Entrepreneurs are a valuable commodity. This is the root cause of the challenge to their wellbeing. They are seen by influencers as products, just another part of the business model, rather than the hearts and minds behind the businesses. At the Mindset Project, we believe an investment must be made in the personal development of entrepreneurs to support healthier lives and, in turn, healthier companies and healthier growth.

The collaboration of academia, business, and government will greatly aid in emphasizing the importance of this work. However, measurable results will be the drivers of real change. People – entrepreneurs, investors and government leaders – will need to see real results, and connect these shifts to the positive outcomes.

The Mindset Project initiative has provided three fundamentals to understanding and improving entrepreneurship:

- 1. Mindset is critically important to respond effectively to stress and foster resilience.**
- 2. Mental health is a continuum that people move within throughout their lives. Where they are on that continuum can be subject to choice, based on the principles of neuroplasticity.**
- 3. Meaning is at the core of positive psychology and the basis of the framework needed for entrepreneurial success.**



The objective for The Mindset Project revolved around the question: Can entrepreneurs disrupt the way they work to create more resilient businesses and lives, and achieve greater overall wellbeing?

The answer is a satisfying and resounding Yes!

We truly want young entrepreneur and those already building their businesses to be content with who they are, what they have, and what they are creating. These entrepreneurs should be allowed to capture the opportunities that matter most to them, while enjoying the journey.

Entrepreneurs must be supported to build meaningful businesses that endure and create positive impact for their communities, customers, and their own lives.

We need to redefine success for entrepreneurs, integrating entrepreneurial wellbeing as an essential ingredient, every bit as critical as capital, products, and markets.

And it should not take courage to talk about the mental health challenges entrepreneurs face.

Shared experience is invaluable to our growth – sharing concerns about the pressures, strains, and tensions of work should be something that brings people together, rather than keeping them in isolation.

Mental health should be the greatest capacity builder for entrepreneurs in this century rather than the greatest risk. We now know that it is a matter of choice – every entrepreneur must choose themselves and their own wellbeing first.

We are living in what has been coined a ‘precarious economy’, in which more and more people will need to be self-employed in order to thrive. With fewer traditional job opportunities available, Millennials are being encouraged, to the point of pressured, to choose entrepreneurship as a career. As the incidence rate of poor mental health is much higher for Millennials than for preceding generations there is a greater propensity for negative outcomes.

The time for awareness and change is now.

Media contact: Michael DeVenney

President, Bluteau DeVenney and Company; Founder, The Mindset Project

Phone: 902-425-0467

Email: mdevenney@bluteaudevenney.com

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 summer 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 through 5 of The Mindset Project can be found at [The Mindset Project](#)

All photography by Michael DeVenney. All graphics by The Mindset Project unless otherwise noted.

Research at the intersection of entrepreneurship and positive mindset

Entrepreneurs are being treated as a means to an end, even collateral damage. In the drive to start-up new ventures and scale-up existing companies to achieve economic impact, we are in danger of missing the wellbeing of the person at the core of the business and vital to its success: **the entrepreneur.**