

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

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

Mindset: The Intersection of Entrepreneurship and Mental Health

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January 2017**



Is poor mental health, created by excessive working stress, the greatest challenge facing entrepreneurs today?

Entrepreneurship has never been more important. Huge resources are being invested to create more new businesses and start-ups every day; small and medium-sized businesses drive the economy and are critical to our future prosperity.

Government, investors and academia are placing more and more attention on entrepreneurship. Yet, growth rates are anaemic and only 50 percent of new businesses are making it past five years.

Figure 1 shows the rate at which entrepreneurs are diagnosed with mental health illnesses as compared to the Canadian average.

Our Mindset Project survey results show that the mental

illnesses entrepreneurs face in this environment has a huge impact on entrepreneurial success in Canada.

Our data comes from a privately funded research initiative and survey that has identified the variables associated with the working environments of entrepreneurs as they relate to both mental health and business success.

To move the needle on the success rate for entrepreneurs, we need to flip the paradigm. The traits that make an entrepreneur can also break them if they are not cultivated in a healthy environment. We praise their passion, drive, and perseverance, yet these qualities can lead entrepreneurs to lose their way – and their companies.

In the current equation, we believe the person at the heart of the business is missing – the entrepreneur. The business venture is well supported but that often isn't true for the founder.

Currently, there is extreme pressure to perform within incredibly tight timelines. This is not a formula for success. In fact, it challenges the mental wellbeing of the entrepreneur.

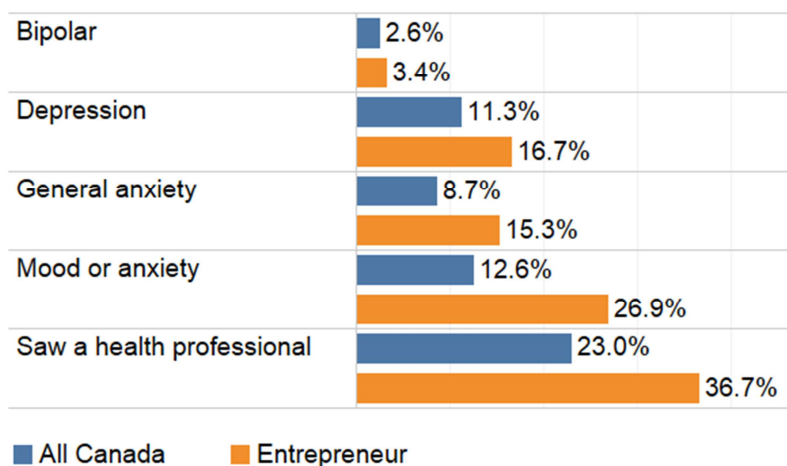
The major factors that are most often used to assess the success potential of an entrepreneurial venture include access to capital; the development of in-demand, innovative products; a great team; a thriving network; market opportunity; and the development of a robust customer-base. To successfully put all of these factors in place requires an incredible amount of work and perseverance.

The working environment for the entrepreneur is one of unhealthy stress, tension, and strain. The resulting pressure affects the mindset of the entrepreneur to the point of creating poor mental health conditions.

We have found that excessive stress leading to mental health issues is a substantial risk among all segments of entrepreneurs, and is of particular concern to exporters and female entrepreneurs.

FIGURE 1

Prevalance of mental health illness in Canada



The Canadian Mental Health Association (CMHA) highlights that **20 per cent of Canadians will experience some form of mental illness** during their lifetime.

Our survey shows that 68.4 per cent of entrepreneurs reported having experienced at least one period of anxiety, stress or depression lasting more than two weeks that affected their work, social lives, and relationships.

While eight per cent of Canadians will experience major depression at some point in their life, our data shows that, on average, 16.7 per cent of entrepreneurs fall prey to depression; it was the most common form of mental health condition reported by respondents.

Seventeen per cent of business owners who participated in the survey confirmed having anxiety disorders, compared to **five per cent of the general public**.

Of the 27.34 per cent of respondents who had been diagnosed with a mental health illness, a further 36.7

per cent reported a need to seek help but remained untreated.

There is a strong stigma attached to mental illness in entrepreneurship, under a veil of ‘never let them see you sweat’. The stigma leads to suffering in silence and amplifies the potential for significant problems.

Without question, the field of entrepreneurship attracts those with a higher propensity for anxiety – of those diagnosed with a mental health condition, 31.6 per cent of respondents reported developing anxiety since becoming an entrepreneur. Just over 68 per cent reported a prior condition.

Entrepreneurs also face a higher incidence of bipolar disorder – 3.4 per cent as compared to one per cent of the general public.

The stress of being an entrepreneur is overwhelming and exacerbated by the tendency to isolate. In our survey, 10.5 per cent of respondents reported previously contemplating suicide. These statistics are

especially startling considering that in Canada since 1971, **suicide has accounted for around two per cent of preventable deaths per year**.

The stress of starting and building a business caused negative impacts in the personal relationships and social lives of 74.5 per cent of respondents. Connections with family and friends suffered the most, distancing the entrepreneur even more from those they need to maintain a sense of wellbeing.

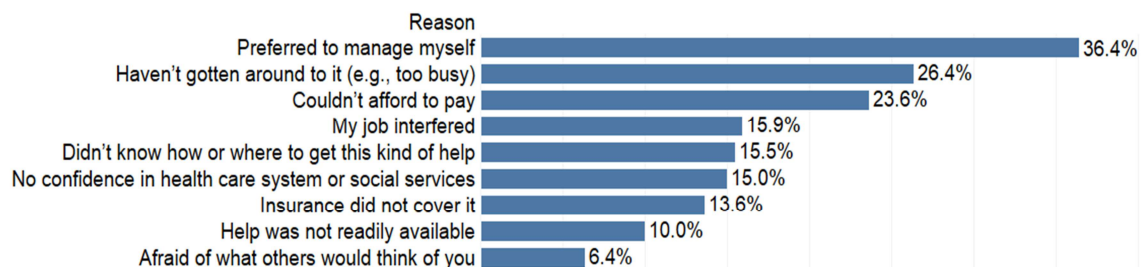
Since becoming entrepreneurs, 40.5 per cent of respondents reported their mental health had worsened and 47.3 per cent reported a decline in their overall health.

There may be a public silence on the mental health impact of being an entrepreneur but more and more conversations are beginning take place.

At the Mindset Project, we are working to disrupt the current landscape to affect real, positive change for entrepreneurs.

FIGURE 2

Most popular reasons for why business owners did not pursue the services of a mental health professional, despite acknowledging the need for one.



EFFECT ON BUSINESS

Entrepreneurship is stressful for many reasons. For many, even the prospect of success can seem like a gamble. In fact, just 50 per cent of Canadian start-ups will still be in operation five years after launching.

The likelihood of failure before generating a profit prevents many prospective entrepreneurs from ever launching.

The underlying stressor faced by the vast majority of entrepreneurs we surveyed was the uncertainty of getting what they really want from their business.

The various outcomes that entrepreneurs desire from their companies vary greatly, but the underlying fact remains: entrepreneurs, *en*

masse, are not getting what they want from their companies. This frustration inherently limits the potential growth of entrepreneurial businesses and their potential contribution to the overall economy.

Our research suggests that this phenomenon is caused by three distinct factors.

SELF-IDENTITY

Entrepreneurs have a tendency to subsume their self-identity and personal worth into their company's identity.

With the relentless surprises and setbacks involved in building a business, if the entrepreneur's worth is dictated by that of their company, resulting decisions may potentially increase

business risk and personal sacrifice. Stress can increase to the point of causing anxiety and depression, as well as other mental health conditions. The melding of the person and the business greatly affects the ability to maintain an unbiased perspective and positive mindset.

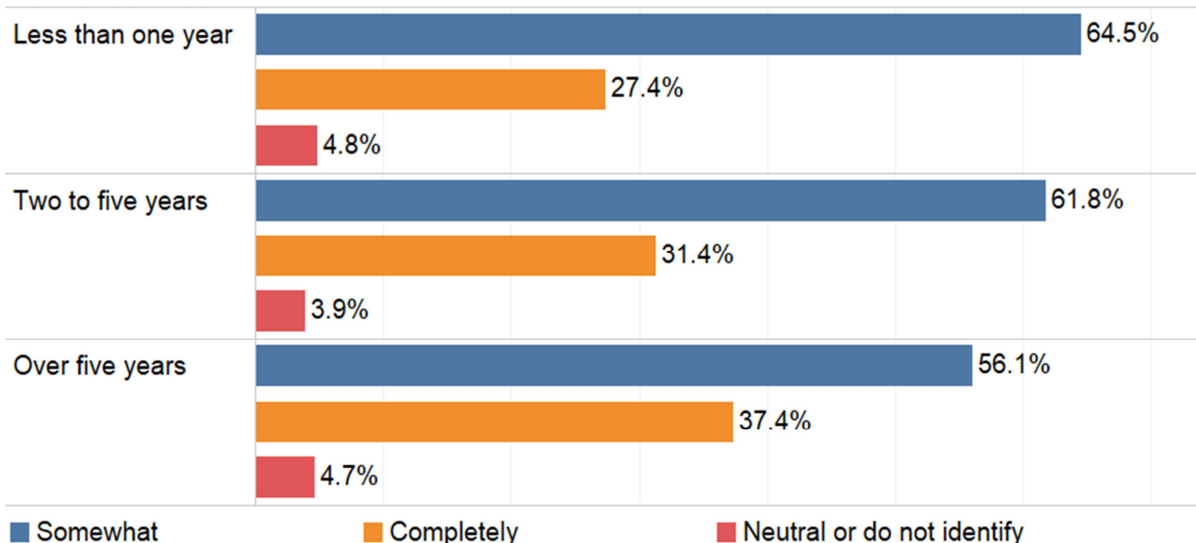
Figure 3 shows the percentage of business owners who completely, somewhat and do not or are neutral in their response to the question, "to what degree do you associate your personal identity and self-worth with the success of your business?" These responses are grouped by the number of years the company owner has been in business.

Our research shows that the

FIGURE 3

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



longer an entrepreneur manages their company, the more their self-identity intertwines itself with that of the company. Also, the more time an entrepreneur spends working on their company, the fewer outside roles the entrepreneur will pursue, leaving self-worth highly exposed to damage due to a lack of diverse perspectives.

Research suggests that the more pronounced the entrepreneurial tendency to identify with the business, the greater the amount of time the entrepreneur will spend building their company.

Materially, there is an incentive for entrepreneurs to invest more time into their business but, without a proper reading of the signs of obsession, many entrepreneurs can become less risk averse, make poorer decisions and risk total collapse of the company. In this situation, business bankruptcy or failure can lead to extreme feelings of grief and self-doubt, a precarious situation in the turbulent world of

entrepreneurship.

CONFIDENCE

There is a huge perception gap for entrepreneurs in terms of their expectations for their business, their ability to cope with the stress and pressures of the business and the impact on their physical and mental health.

Small and medium-sized businesses grow at an annual average rate of three per cent, with the potential to grow by 7.2 per cent, as reported in a study by Industry Canada. Yet entrepreneurs typically set annual growth targets of 20 per cent or more.

Venture capital and private equity investors believe returns of 19.1 per cent to 22.2 per cent are reasonable. These

expectations are not grounded in data, yet entrepreneurs are driven to achieve these unreasonable goals.

The stress resulting from not meeting these false targets discourages the entrepreneur and damages his or her confidence. They

become caught in a never-ending gap of where they are and where they feel they should be. They face a high risk of energy depletion and burnout.

While 73 per cent of entrepreneurs see themselves as capable of managing the strain of building their business, they also report a 42 per cent decline in

physical health and a 49 per cent decline in their mental health.

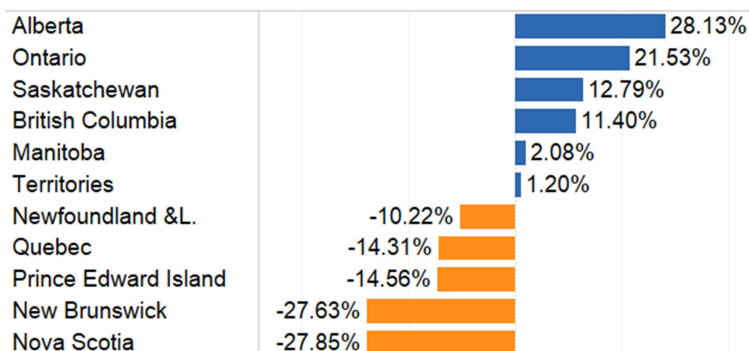
Entrepreneurs can become so committed to their companies that they do not care for their own wellbeing and face passion fatigue. They can become worn down by the work but do nothing to make it better. They keep up a façade for investors and family, saying they can handle it, but in actuality they suffer in silence.

In attempting to meet the unrealistic goals set by and for them, entrepreneurs tend to work longer hours, further depleting their energy. They commit to even more actions and goals, hoping to meet

Our research indicates that poor mental health is the single greatest challenge faced in entrepreneurship today.

FIGURE 4

Rate of change of new businesses created between 2001 and 2014



expectations that they never quite achieve. The vicious cycle begins.

There is an inherent level of insecurity in entrepreneurs that fires their need to achieve and make a difference in the world. This insecurity can also limit the companies that they lead and, in turn, their confidence.

Companies in Atlantic Canada actually reduced in size from 2001-2012, while other Canadian regions have seen growth.

Resources, market size, and population certainly play a role, but we see an internal issue as more pressing. For instance, with the incredible stress of building a business in Atlantic Canada, entrepreneurs may not see growth as being worth the stress and aggravation. Once a certain level of profitability

has been achieved, it may be more comfortable to maintain current revenue levels than risk growth.

The problem, of course, is that a business cannot stay in one place – it either grows or dies (slowly). A recent Deloitte study questioned the ambition of entrepreneurs in Atlantic Canada but, at The Mindset Project, we believe a loss of confidence holds people back.

Since October of 2006, when *Dragon's Den* debuted on television, the perception of being an entrepreneur has changed significantly. The television show sparked an avalanche of competitions and pitch contests. There was a demand for faster, bigger and better. The judging panels were brutal in their critique of the entrepreneur after only short presentations.

The *Dragon's Den effect* has pervaded the entrepreneurial world and, as a result, we believe the real entrepreneur has been lost. A true entrepreneur purposefully builds a great company to grow and last, to make a meaningful difference. They don't quickly cobble something together that can be sold with a sizzling pitch.

We need to redefine what it means to be an entrepreneur in order to kick-start the confidence that has been lost.

Figure 5 shows the most tried and most effective stress relieving activities for business owners. The left-most column represents the percentage of entrepreneurs who tried the activity, the centre column indicates what percentage of entrepreneurs found the activity helpful and the last

FIGURE 5

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%

column indicates what percentage of people tried the activity found it helpful.

COMPETENCE

Entrepreneurs are involved in all parts of their business; however, in our research we found the key areas of business stress are misaligned.

Entrepreneurs are focused on achieving outcomes but not putting the time and energy into the fundamentals that drive results. There is then a mismatch of strengths and capabilities, with attention on effects rather than causes. Too much emphasis is placed on the structural issues of the business venture – the product or the service – and not on the personal and professional development of the entrepreneur.

Business success is dependent on a proper alignment of competencies. By not working from a position of strength on the key elements of growth, a high degree of self-doubt, indecision and poor judgment can result.

The entrepreneur works in an environment of stress, strain and tension that overwhelms the thoughtful, informed and unbiased perspective needed for strategic decision making.

If getting paid, managing time, and scratching out cash flow are the three highest work-life balance stressors for business owners, there is a

fundamental misalignment that needs to be shifted.

IMPLICATIONS FOR BUSINESS

We need to disrupt the way entrepreneurs are currently working to see them succeed. By reshaping the environment and expectations for entrepreneurial success, we will see healthier lives and healthier companies.

Three factors can move the needle on building successful businesses, with higher returns to the entrepreneur, investors and the economy: a positive psychology approach to work; the use of data to set realistic expectations; and a focus on the true fundamentals of business success. More than anything, the development of the person at the heart of the business is essential – a strong individual with an independent sense of self and worth.

Creating the environment for the positive mindset of the entrepreneur is, in fact, critical to the prosperity of our communities and country.

A seminal study underway in the United Kingdom entitled, [*Origins of Happiness: Evidence and Policy Implications*](#) (OH), will have profound effects on global policy. Thomas Jefferson said, “The care of human life and happiness ... is the only legitimate object of good government.” This is the focus of the research. Looking for the key

determinants of wellbeing is seen as the foundation for improving the prosperity of countries.

Those communities concerned with the development of new companies and innovations should take heed; entrepreneurial wellbeing has a critical role in predicting the successful outcome of a business.

The tenets of positive psychology and the scientific study of optimal human functioning show which actions lead to wellbeing, healthy, positive individuals and thriving communities. Positive psychology applied to entrepreneurship can shape the working environment to advance a set of factors (in thoughts, feelings, and actions) that enable each entrepreneur to thrive as a person and create a business that grows and positively impacts his or her community.

The OH study points to the ability to focus on the mindset of the population to positively disrupt the wellbeing of nations. This, then, should be the objective of our work with entrepreneurs.

At The Mindset Project, we are committed to promoting and furthering this work to affect positive change for entrepreneurs in Atlantic Canada, and beyond.

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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.

Cover photo: The Bluff Wilderness Trail, Michael DeVenney