

# The Mindset Project

An innovative research initiative where mental health and economic development collide



Are we supporting entrepreneurs the right way? Is the culture of entrepreneurship damaging the mental health of entrepreneurs and their businesses?

We talk endlessly about entrepreneurs being the backbone of our economy and the key to our future prosperity and rightly so. Entrepreneurs build enduring companies that generate profitable revenues, create jobs, and contribute to their communities – we desperately need them. Why? Because there are fewer and fewer traditional jobs for young graduates. As we move ever deeper into a gig economy we will need youth to find their entrepreneurial advantage to create jobs for themselves.

Despite increased investment and attention, the overall success rates of entrepreneurial businesses remain the same. Only 50 per cent of companies will survive beyond five years and less than four per cent of new businesses will become high-growth enterprises (generating more than ten per cent annual growth in revenue for five years). Additionally, fewer and fewer new businesses have been created over the past 15 years. With youth unemployment soaring to 19 per cent in Nova Scotia (the second highest rate in Canada), something is not working.

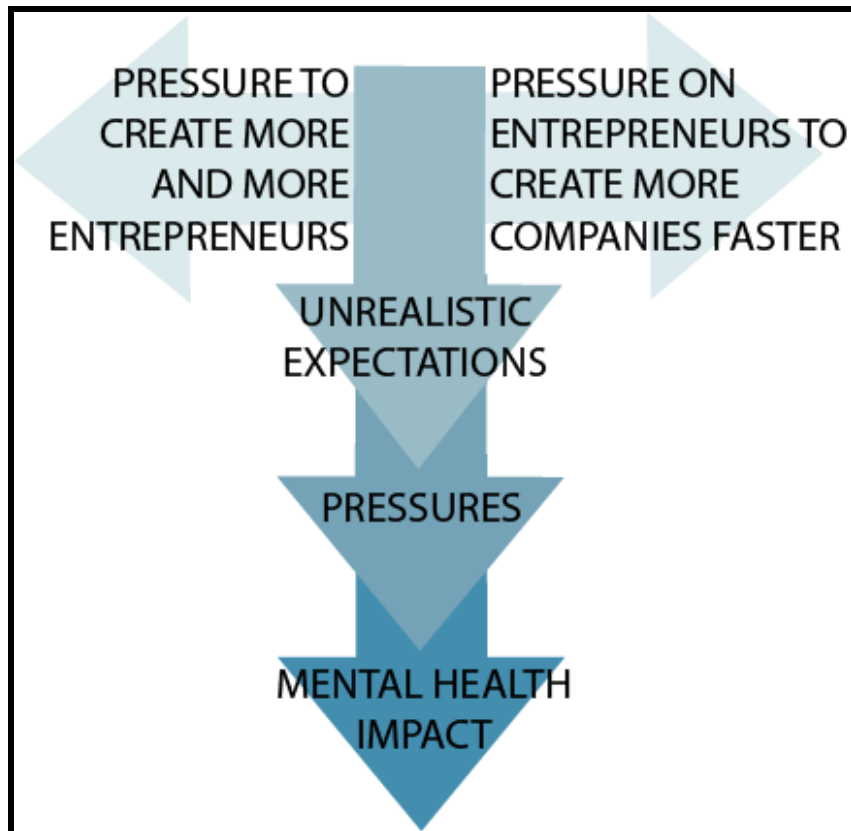
Multiple fields have attended to the question of entrepreneurial success and yet no real solutions have been discovered.

- **PERSONALITY TRAITS:** If we know who should be an entrepreneur, we should be able to attract and invest in the right people through which businesses are known to flourish. Although considerable research has been completed on the personality of entrepreneurs to identify the potential tie of specific traits to success, there has been no real impact. Despite the effort, there is no agreement on the traits, behaviors, or competencies that guarantee the “entrepreneurial personality”. Personality traits are only useful where behaviour can be consistently inferred. It is well known that the only behavioural consistency known to personality research is that behavioural consistency is consistently inconsistent across situations. In business, this inconsistency is even more pronounced.

- **EXTRINSIC MOTIVATION:** If we provide young entrepreneurs access to capital and mentors with an immersive and intensive training support, success should follow. That's the thinking today. Add a competitive environment and a proliferation of contests and competitions, and we believe entrepreneurs will flourish from the money and recognition they can attain. Despite the increasing number of incubators, accelerators and other programs, success rates of new businesses are actually declining. Even with the resources and attention, poor decision making still seems to persist and entrepreneurs fail. Brilliant ideas abound but once again the environment seems to affect how the decisions are made to use, or misuse, advice and resources. In the end, what matters to the entrepreneur becomes lost to a hyper-focus on revenue and providing newsworthy announcements.

The hyper-competitive, personality-based economic development approach does not appear to be working. In our research through the Mindset Project, we found that these dual pressures translated directly through to the mental health of entrepreneurs which in turn negatively affects decision making.

One startling result has been quietly overlooked from the intensive frenzy of entrepreneurial activity: the mental health impact on young entrepreneurs is many times higher than other careers or professions and the stigma keeps the numbers quiet.



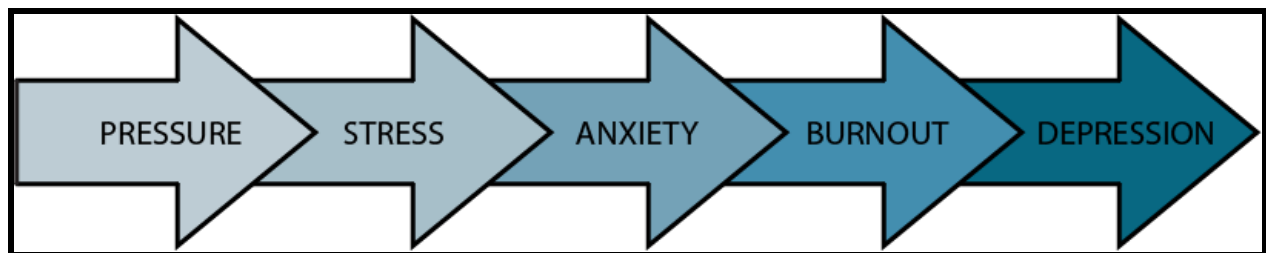
The Mindset Project research found that 68.3 per cent of entrepreneurs report a mental illness during their working years. The incidence rate of depression for entrepreneurs is 31 per cent as compared to eight per cent for the general population. And entrepreneurship attracts young people with a 49 per cent higher likelihood of having a first-degree family member with a mental illness. Entrepreneurs experience declines to their physical and mental health with more than 75 per cent reporting loss of personal relationships and time with family and friends. There is a tremendous isolation for the entrepreneur.

The pressures on entrepreneurs to succeed and meet high expectations while giving their lives to starting up their businesses also resulted in 72 per cent questioning if they are getting what they want from their company.

Overall, Industry Canada found that in the past fifteen years, entrepreneurial businesses have only achieved about 42 per cent of their potential.

We believe one factor is the pivot-point for why entrepreneurs are not succeeding at a higher rate. While there is no question that entrepreneurs faces tremendous pressures to start and build their company, there is one response that turns the environment into a negative for mental health and overall well-being. It is how we respond to stress.

Pressures are part of life. Yet, if we see those pressures as a threat to our wellbeing or that of our business, we become stressed. And if we see stress as harmful, it becomes just that. We damage our decision making with a negative impact on our physical and mental health as well as the performance of our company. As the stress escalates, entrepreneurs build anxiety; compounded with poor coping mechanisms, burnout becomes nearly inevitable and eventually may lead to depression.

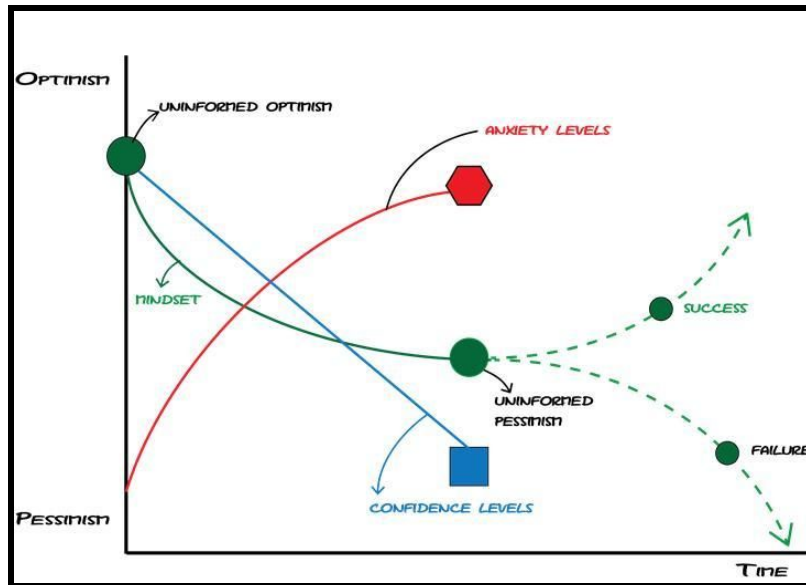


Stress is simply the perception – real or imagined – that something we care about is at risk. Stress is part of life and encourages us to perform at our best. It can be helpful to our focus, our attention, and our ability to take action. A positive attitude to stress actually helps us learn and build resilience. However, 88 per cent of people see stress as negative.

We believe the culture of entrepreneurship today is the critical factor that has been overlooked in creating an environment to attract young people to create and build successful businesses. The hyper-competitive and unrealistic expectations placed upon young entrepreneurs creates a working environment with excessive pressures that turn to stress, anxiety, burnout, and, ultimately, depression. Our approach to work as entrepreneurs is the overlooked and critical factor that has resulted in declining business creation and success rates.

With economic conditions worsening at an increasing rate, an escalating incidence rate of mental illness and the shift in the workforce from traditional jobs to the precarious economy of contract employment for youth, there is an urgent need for improving the success rates of entrepreneurs starting new ventures.

Money is often viewed as a measure of success. Entrepreneurship is known for its high degree of pressure and the need to sacrifice lifestyle to build a successful business, one that generates money. The ability to tolerate stress is one of the key traits of successful entrepreneurs. But we believe the highly



competitive working environment that has been thrust upon entrepreneurs has created a response to stress that is more harmful than helpful. With about 88 per cent of entrepreneurs viewing stress as harmful, it is.

Stress is basically a physical and mental response to the feeling that something we value is threatened, real or imagined. The typical response to stress creates reactions in the body that hurt cognitive clarity and has significant negative physical health impact.

However, the response to stress

can be changed by each person individually to shift the negative aspects to positive ones and more effectively manage the environment. In this scenario, the pressures remain but don't transition to stress and anxiety.

The Mindset Project explored the interaction of entrepreneurs' stress, decision-making and their business and personal wellbeing. Despite respondents feeling they were 62.8 per cent capable of coping with the stresses of their business, 49 per cent reported worsened physical health and 43 per cent saw a significant decline in their mental health after starting their company. Seventy-five per cent of entrepreneurs in the study said their relationships with family and friends suffered.

The working environment for entrepreneurs in The Mindset Survey highlighted the negative psychological implications of the pressures they put upon themselves as well as those put upon them. The culture of entrepreneurship saw a loss of self-identity for the entrepreneur to the point of role fusion of their personal-self and their business. Self-confidence turned to self-doubt from chasing the expectations for returns and commitments made without any informed consideration. The high degree of internal locus of control held by entrepreneurs was attacked in the highly unpredictable nature of the business dynamics to the point that they focused only on short-term tasks. Entrepreneurs working in this environment lost focus on their business vision, failed to set reasonable goals, and did not have clear priorities.

The intensity of the stress, coupled with a perspective of stress being harmful, resulted in poor decision making and lost potential, even business failure.

In the data, a 12 per cent subset of entrepreneurs were identified who enjoyed a higher revenue level with other aspects of business success as well as minimal physical and mental health impacts due to their approach to the stresses of their companies. The responses provided a template for improving the

working environment for all entrepreneurs creating the foundation for healthier lives and healthier companies.

Personality trait analysis has been based on identifying the common aspects of already successful entrepreneurs with the assumption that those factors lead to their success. We believe this route has not proven the link between personality and entrepreneurial success. It's not the trait itself that matters, rather, it's the environment that the trait is applied. And the failure rate of new start-up ventures has actually increased, despite the attention given to identifying personality traits amongst successful entrepreneurs.

The 'start-up' mentality has transformed being an entrepreneur into a form of game, one with unrealistic expectations. The Dragon's Den approach has increased the level of stress and taken away the intent of lasting economic benefit. The Dragon's Den lens has created a stereotype of who is seen as successful, and ramped up the competitiveness and pressures in being an entrepreneur. Although the popularity of the television shows and media coverage has brought attention and resources to business creation, this approach has also glamorized the bullying and criticism of entrepreneurs. This mentality created a greater stigma around suffering in silence.

Investor-driven entrepreneurship has resulted in strengthening both the stereotype and stigma of sacrificing life for money. Role models from Elon Musk to Mark Zuckerberg have increased the pressure on young entrepreneurs to do more, bigger, and faster. It is no longer enough to build a company that generates several million dollars in revenues start-up entrepreneurs are now shown the road to building unicorn companies that produce a billion-dollars of revenues – within five years. Glamorous it may sound but it is certainly unrealistic and harmful to personal wellbeing.

These three aspects of personality traits, start-up mentality and the glamorization of being a start-up founder have been used to entice youth into entrepreneurship and have resulted in the 'gaming' of the creation of business, at the expense of the well-being of entrepreneurs. With money as the leading indicator of success, there is no sense of meaning that has been proven to truly drive entrepreneurs. No matter what is achieved, nothing is ever enough. Customers take a second chair to capital. We need to redefine the success of an entrepreneur that looks at building enduring companies that create jobs, build revenues and make a difference in a community. At the same time, entrepreneurs enjoy a healthy life with meaning and a sense of independent self-identity. These are the factors that should define success for entrepreneurs. By making money, the measure of success as an entrepreneur, we are creating an approach to work that is detrimental to the health of the person and the business. We want to uncover a different approach.


Future Work in Canada shows we are moving to a precarious economy where there is very little traditional employment. The move is to contract employment or job-to-job situations with an emphasis on entrepreneurship. At the same time, the millennial generation is experiencing an increasing incidence rate of mental health illness. Public policy, influencing young people to become entrepreneurs, amplifies the psychological impact.

Building a business will always face intense pressures, whether as a solo-preneur or as a business owner, employing many people. We believe the entrepreneur's response to the stress of those pressures is the

leading indicator of success of the business and the mental health impact for the person. The positive pivot is that we can easily change our mindset from one that sees stress as harmful to one where stress is a healthy part of life. We simply need to change the way we approach work as entrepreneurs.

Mindset is a lens of how we see the world around us. It is the set of beliefs we have that frame our thinking, feeling, and acting. The work of neuroscience has found that the brain is extremely 'trainable' and through neuroplasticity, we can change our mindset about a particular aspect of our world – such as stress – through focused and deliberate attention. This effort can provide results in as short as three months.

The following graphic outlines our model of how the approach to work as entrepreneurs needs to change to create healthier companies and healthier lives.



Mindset is the set of beliefs that frame how we see the world in terms of how we think, feel, and act - and it can be changed at any time to be more positive

Thinking	Feeling	Acting
Reactive → Proactive	Vulnerable → Resilient	Erratic → Deliberate
<p>Focused <b>attention</b> on priorities</p> <p>Healthy <b>perspective</b> for realistic expectations</p> <p>Informed <b>judgment</b> for better decisions</p>	<p>Sense of <b>identity</b> for independence</p> <p>Sense of <b>confidence</b> to be capable</p> <p>Sense of <b>control</b> internally rather than externally</p>	<p>Focused <b>energy</b></p> <p><b>Positive</b> approach</p> <p>Directed <b>motivation</b></p>

Our thinking needs to move from reacting to our environment to proactively creating our way of working. As an entrepreneur, we are in charge and need to exercise that right. Three shifts in thinking are recommended: firstly, we need to focus our attention on priorities (and limit our distractions), and then we need to take time for thoughtful reflection and keep the big picture in view so we have a healthy perspective with realistic expectations, and finally we need to look at the data so we practice informed judgment for better decisions (watching our gut feelings).

With feelings we need to protect our vision and ensure our environment supports us to be resilient rather than vulnerable. We need to have a

strong sense of who we are to keep our identity separate from our business. Our sense of confidence needs to be supported so we feel capable of handling what is in front of us. We need to reinforce our sense of controlling what is around us so we don't fall prey to doubt.

Our thinking and feeling will then lead to acting in a deliberate way rather than responding erratically, changing back and forth and chasing the short-term. With focused energy, a positive approach, and directed motivation we will act in our best interest to build our business and live along the way.

When entrepreneurs start a business, it is with the intention to do something meaningful. They want to achieve something that matters to their world, will make a difference, and contributes to their

community. Money is a means but not the end outcome. Yet, our way of working today takes us from these higher level psychological needs and brings us down to levels of scrambling for safety and security while trying to belong and be accepted. Unfortunately, the scramble leads most of us astray and down a long road of stress. We need to keep a clear vision in front of us with a coherent set of goals so that we keep the meaning in our business. There is an old adage that we need to enjoy the journey, rather than getting caught up in the search for the destination.

Entrepreneurs are truly the backbone to our future prosperity and with the increased resources and attention we also need to ensure the working environment is one that supports entrepreneurs to work from the strengths and apply their passion persistently in a healthy way. We need to define what success is as an entrepreneur and invest our time with the right people doing the right things.

We need a shift in mindset to begin to see stress as a helpful challenge — helping us to develop and grow so that we can build healthy companies and healthy lives.