

TECHBBQ x today

STARTUP FOUNDER WELLBEING

A report for entrepreneurs covering stress, mental wellbeing,
and tools for building healthy habits

Velliv
Foreningen

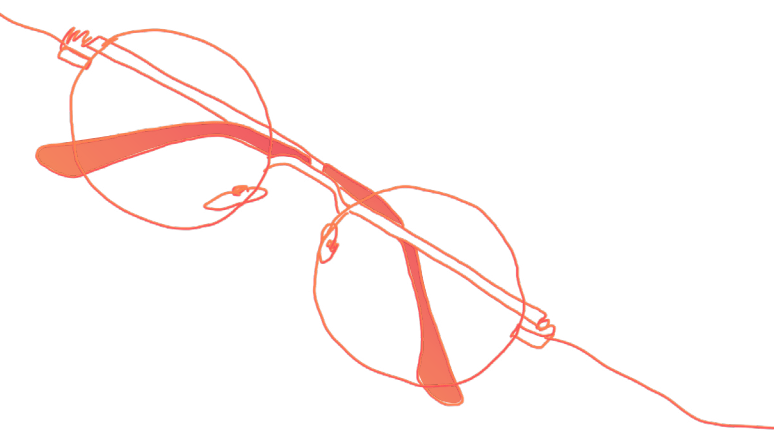


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1. FOREWORD: HOW IT ALL STARTED



In the summer of 2019, TechBBQ asked me if I would facilitate two panel discussions: one focusing on startup founders' mental health, and the other on the personal and psychological impacts of starting a VC-backed company.

This was how Today really took off, with me focusing all my time supporting and helping Nordic founders and their teams from a mental and psychological perspective, and TechBBQ's establishment of their mental health program including initiatives such as retreats, talks, webinars, workshops, and now this report. All of these efforts share a single aim: **to help founders create a sustainable and satisfying life, while building their startup into a successful business.**

Since then, I have been fortunate **to work with more than 100 founders and teams at all points of the startup lifecycle**, from the earliest stages, to series A, B, and C, and up to founders that are selling or merging their companies. I have worked with founders that are building their products, and founders that are building their organisations and culture. I have worked with founders that need to find their leadership role, and I have worked with founders that must step down from theirs.

Watching founders experience these huge transitions has, for me, lent credence to the adage that building a startup is a marathon, not a sprint. **Emotional coping skills, intrinsic motivation, and mental flexibility are key founder competencies** that go hand in hand with maintaining a state of positive mental health.

This report is a collection of existing quantitative data and qualitative interviews with Danish founders who were kind enough to share their personal stories **around mental health**. Its focus is mainly on the individual founders and their experiences: **why maintaining mental well-being is important, how it affects performance, and how to know when you are (and are not) mentally healthy**.

Perhaps most importantly, this report also provides a set of concrete tools with which founders can work. The aim of this report is to give founders as well as advisors, investors, board members, and the greater ecosystem deeper insight into the importance of nourishing and empowering founder psychology. We also hope to emphasise the impact this has not only on founders' happiness and performance, but on creating strong organisational culture and positive financial output.

Even though this report takes an overall individualistic focus, it is vital to understand that mental health is not just an individual problem, but a structural one. It is the responsibility of all stakeholders and shareholders in the Nordic startup ecosystem to ensure that we support founders and their companies, and foster a culture that is mentally and financially sustainable.

Lastly, I want to thank TechBBQ and Velliv Foreningen for supporting this work, and the founders in this report that took the time to share their stories with us at Today. I would also like to give a special thanks to all the founders and teams that Today and TechBBQ have worked with now and in the past who have given us their trust, and provided the inspiration to write this report, and to Lolo, who helped us execute it. I hope you enjoy this report and find some actionable insights.

Cecilie Willer,

*Executive Coach &
Founder of Today*



1.1 Foreword from TechBBQ

I'd like to thank TechBBQ for the opportunity to lead this project, Velliv Foreningen for their support of our project, and of course to Cecilie Willer for her incredible work on this report. As a Silicon Valley native and student of psychology, it has been a privilege to **lead TechBBQ's efforts to raise awareness around the importance of mental health for startup founders**. It's been a joy to put this report together, and I hope that it can help you or someone you know to take better care of themselves.

Harry Justus,

*Mental Health Project
Lead at TechBBQ*



2. WHY IS MENTAL HEALTH IMPORTANT?

While this question may seem obvious, it is important to ask in the context of entrepreneurship. Entrepreneurs create jobs, boost economies and bring new innovations to societies in the form of valuable products and services¹. **While the economic benefits of entrepreneurial activities are clear, their impacts on the individual entrepreneur are less readily apparent.** Being a start-up founder has been characterized as being among the most stressful jobs out there². If we use the analogy of professional sports to explain the business world, then entrepreneurship would be the equivalent of extreme sports.

Dr. Michael Freeman, a psychiatrist who specializes in mental health issues in entrepreneurship, has led various studies dedicated to the cognitive, affective and behavioural strengths and vulnerabilities of entrepreneurs. A study³ of 242 entrepreneurs revealed that **mental health concerns amongst entrepreneurs were present at 72%**, a significantly higher rate than that of the control group.

Moreover, 32% of the founders studied reported having experienced two or more lifetime mental health conditions, 18% reported three or more lifetime mental health conditions, and 23% reported being asymptomatic members of highly symptomatic families.

2.1 What makes a founder's journey so hard?

Founders often juggle many roles and face countless setbacks, all while struggling to pay their teams and keep the lights on. The emotional roller coaster that comes with funding uncertainties of early stage start-ups can be particularly tough for founders.



Linisha Palm,

an experienced serial entrepreneur, looked back to the fundraising experience of her first start-up and shares the emotional toll brought on by uncertainty in the start-up world.

"When I started my first company, it was super difficult for me. There were so many ups and downs. I was raising the series A round for my previous company and I was seven months pregnant with my firstborn son. The investors that we were in a very long diligence process with had invited us to meet in New York.

"I went to New York to negotiate and they promised me that I would get an answer at the end of the month. Because we had been bridging for two or three times already at the time, the decision [would] determine if I had to give the notice to let go of my team in Denmark. When the last day came, I didn't get an answer. So I had to call from New York being seven months pregnant and give notice to my entire team in Denmark. Some of them were in Denmark with a work visa because of our company. So it's not just a call and say that you lost your job, it's a call to say you lost your life in Denmark.



¹ Van Praag, C. M., & Versloot, P. H. (2008). The economic benefits and costs of entrepreneurship: A review of the research. *Foundations and Trends in Entrepreneurship*, 4(2), 65-154.

² Cardon, M. S., & Patel, P. C. (2015). Is stress worth it? Stress-related health and wealth trade-offs for entrepreneurs. *Applied Psychology*, 64(2), 379-420.

³ Freeman, M. A. (2015, April 17). Are Entrepreneurs "Touched With Fire"? Retrieved from [http://www.michaelafreemanmd.com/Research_files/Are Entrepreneurs Touched with Fire \(pre-pub n\) 4-17-15.pdf](http://www.michaelafreemanmd.com/Research_files/Are%20Entrepreneurs%20Touched%20with%20Fire%20(pre-pub%20n)%204-17-15.pdf)

“That was the most difficult part of my career: to call my team and say that I had to give up on them. And ironically, one day later, the investors came back and said: We are ready to sign. And I had to call my entire team again from New York and say we made it. But then, a month later, everything fell apart anyway.”

Linisha has since founded her third company, **We.Care**, which is a fast-growing digital health platform providing both prevention- and treatment-oriented mental health services. As Linisha puts it:

 **[being] a founder, you just need to eat yourself constantly. So you need to take care of your mental health to survive that game.** 

Put in those words, the need for founders to put their mental wellbeing first seems obvious.

However, under the pressure to excel during their start-up journey, **founders often forget to prioritise their mental health.**



Louise Herping Ellegaard, a seasoned entrepreneur, investor and co-founder of MYiNNERME shares a phenomenon commonly observed amongst start-up founders:

“There’s so much focus on [the founder’s] product or service instead of themselves and the company, and they often forget they are an asset in the company additionally..

‘That’s what their investors are looking at, too. It’s not just the company, but also us as founders.’



Serial entrepreneur **Niklas Stephenson**, co-founder of Firmafon and former CEO of Legal Monster, shares his personal experience as a founder of multiple venture-backed businesses. Niklas has been an entrepreneur since the age of 20, and he believes that investor-backed founders are at even more risk of mental health crisis compared to bootstrapped (self-funded) founders.

To make matters worse, mental health challenges founders face might only increase as they progress and raise more funding.

“I think way too many founders underestimate mental health’s impact when they are [building] investor-backed companies. I don’t think you have the same problem in bootstrapped companies, because the expectations are just so much higher and suddenly you have a boss, you have a ballpark value, and they have expectations that you need to meet.

“And it’s just not your company where you can just design the mental health strains on you and your employees as you wish to do. So it’s kind of a combination of being a founder and not having the power to change everything, but you are still responsible, and that can be quite hard. I think way too many startups take VC money because venture capital has been seen as a victory. You made it if you raised money, right? No, you didn’t. You’re now starting to do the real work.”

In a quantitative report⁴ surveying 167 start-up founders and 35 Venture Capital firms conducted by KPMG’s high growth venture, it was revealed that on multiple metrics, **founders faced increased pressure after raising capital.** Over half (51%) of funded founders rated their past week to be highly stressful (minimum 8 out of 10 on a scale of stress), compared to just 34% of pre-funded founders.

On average, founders who had raised funding also reported working longer hours.

8 9

⁴ KPMG. (2019) Start-up founder research 2019. [Online] <https://home.kpmg/au/en/home/media/press-releases/2019/10/startup-performance-risks-being-compromised-by-founder-wellbeing-10-oct-2019.html>

2.2 Structures and Psychology

Organisational behaviour researchers have studied start-up founders in comparison to salaried employees in an attempt to explain the higher rates of mental health issues amongst founders⁵. Research uncovered structural factors within the start-up ecosystem that exist to contribute to founders' predisposition to mental health issues.

Firstly, compared to salaried employees, **start-up founders face far more extreme working conditions that involve higher levels of uncertainty, responsibility, and complexity**, which are typically perceived as stressors that are overwhelming and threatening⁶.

Investor-backed founders also have additional responsibilities towards investors and shareholders, which could increase the perceived stress.

Furthermore, social support from supervisors and colleagues, a key source of employees' well-being⁷, is rarely available to entrepreneurs, who have no superiors and far fewer, if any, colleagues or co-entrepreneurs.

Besides the external structural factors that contribute to founders' mental health vulnerability, a number of internal psychological factors can also threaten a founder's mental wellbeing.

FROM TODAY'S EXPERIENCE, FOUNDERS STRUGGLE MOSTLY WITH FOUR PSYCHOLOGICAL CHALLENGES:

1. Founders often attach their self worth to the performance of the company. Indeed, for entrepreneurs, job satisfaction is more closely related to satisfaction with life, family, and self than it is for salaried employees. However, when founders fail to cultivate an identity outside of the start-up, they absorb all the ups and downs the company experiences and become more susceptible to the negative effects of uncertainty. In other words, the same passionate disposition that drives a founder to work tirelessly toward success can consume them. This observation aligns with an Australian study on entrepreneurs' experience with venture-related obsession, which suggests that many subjects displayed signs of clinical obsession, including a strong sense of distress and anxiety, which have the potential to lead to impaired functioning.

2. During the marathon that is venture building, founders often find their initial motivation diminished as the journey wears on. The causes of this motivation loss are often complex, and differ from founder to founder. However, left unexamined and addressed, this can result in a negative impact on performance, which in turn creates further stress and anxiety for founders.

3. Coping with the emotional toll of a business and accepting that situations are sometimes beyond one's control can be difficult for founders striving for high performance. The feelings of overwhelming responsibility and high self-expectations often make it difficult for founders to accept when they cannot be in control, or to give control away to employees, C-level managers, and board members. Initially, this can be a major roadblock to a company's future scalability.

4. Lastly, faced with a seemingly endless to-do list and a sense of being always behind, inexperienced founders often neglect the importance of setting time and energy aside to take care of themselves. Without a sustainable mental health structure or plan in place, founders risk burnout and other related issues.

Both research findings and expert observations from Today align with the stories of the Nordic founders we interviewed. Among the founders interviewed for this report, the primary stressors cited were: a high level of responsibility versus limited control; an emotional rollercoaster of uncertainty; and the dilemma between high commitment towards the business and a loss of individual identity.

⁵ Stephan, Ute. (2018). Entrepreneurs' Mental Health and Well-Being: A Review and Research Agenda. *Academy of Management Executive*, 32, 290-322. 10.5465/amp.2017.0001.

⁶ Lazarus, R. S., & Folkman, S. (1984). *Stress, appraisal, and coping*. New York: Springer.

⁷ Luchman, J. N., & Gonzalez-Morales, M. G. (2013). Demands, control, and support: A meta-analytic review of work characteristics interrelationships. *Journal of Occupational Health Psychology*, 18(1), 37-52.

⁸ Loewe, N., Araya-Castillo, L., Thieme, C., & Batista-Fogueat, J. M. (2015). Self-employment as a moderator between work and life satisfaction. *Academia*, 28(2), 213-226.

⁹ Fisher, Rosemary & Maritz, Alex & Lobo, Antonio. (2013). Obsession in Entrepreneurs - Towards a Conceptualisation. *Entrepreneurship Research Journal*, 3. 10.1515/erj-2012-0009.

3. DO MENTAL HEALTH AND PERFORMANCE GO HAND IN HAND?

So what are the impacts of mental health issues that founders face? Do they only affect founders' well-being, or do they also impact their performance at work? There is a longstanding consensus that mental and physical health are closely linked. Studies show **links between emotional stressors and the increased risk of cardiovascular events¹⁰ and stroke¹¹**. Chronic stress is known to cause inflammation in the brain that may contribute to dementia¹², while depression is a known risk factor for Alzheimer's and related forms of degenerative neurological disease¹³.

But does mental health also impact founder performance? Michael Freeman writes: "Mental health is as essential for knowledge work in the 21st century as physical health was for physical labour in the past. Creativity, ingenuity, insight, brilliance, planning, analysis, and other executive functions are often the cognitive cornerstones of breakthrough value creation by entrepreneurs."

3.1 From colours to black and white

The symptoms may develop unseen, but poor mental wellbeing often plays a major role in negatively impacting founders' leadership and personal performance.

"When you are relaxed, you see a colourful world, and you are a visionary. You know what kind of place you want to build in the world and the change you want to make. It's very bright. But as you get stressed, then it all turns [to] black and white... colours disappear."



With 16 years of start-up experience, this is how **Daniel Jensen**, CEO of Nøie, described the impact mental wellbeing (or lack thereof) had on his health and his role as a leader.

Building a culture that creates space for "good people to do good things" is one of Daniel's biggest drivers. For him, one of the biggest risks that a mental health crisis imposes on founders' **performance is making them lose sight of their identity and ability as a person and a leader**, which in turn could have serious consequences for the company's culture and scalability.



No one walks into something with bad intentions, we all want to do good. But then life happens, as pressure builds, founders often have to control themselves tremendously, in order not to dilute the person they set out to be and the culture they set out to build.



¹⁰Tawakol et al. (2017). Relation between resting amygdalar activity and cardiovascular events: a longitudinal and cohort study. The Lancet. VOLUME 389, ISSUE 10071, P834-845, FEBRUARY 25, 2017 0

¹¹P. Surtees, N.W. Wainwright, R.N. Luben, N.J. Wareham, S.A. Bingham, K.T. Khaw Psychological distress, major depressive disorder, and risk of stroke. Neurology, 70 (10) (2008), pp. 788-794

¹²Ross JA, Glibus G, Van Bockstaele EJ. Stress induced neural reorganization: A conceptual framework linking depression and Alzheimer's disease. Prog Neuropsychopharmacol Biol Psychiatry. 2018 Jul 13;85:136-151. doi: 10.1016/j.pnpbp.2017.08.004. Epub 2017 Aug 10. PMID: 28803923; PMCID: PMC5809232.

¹³Green RC, Cupples LA, Kurz A, et al. Depression as a Risk Factor for Alzheimer Disease: The MIRAGE Study. Arch Neurol. 2003;60(5):753-759. doi:10.1001/archneur.60.5.753 neur.60.5.753

Indeed, chronic stress, depression and mood disorders all could contribute to burnout, co-founder conflict, and a toxic company culture.

Harvard Business school professor and researcher of entrepreneurship Noam Wasserman¹⁴ describes a finding that is “[unfortunate] but true: **if entrepreneurship is a battle, most casualties stem from friendly fire or self-inflicted wounds.**” Based on his research, among failed start-ups, around 65 percent of them fail due to avoidable human-centric reasons within the management team. From these numbers alone, one could argue that protecting and nurturing founders’ mental health is just as essential in a startup as building a product, a brand and finding the growth engine.



¹⁴ in his book “Founder’s Dilemmas”

3.2 What doesn't kill you doesn't always make you stronger

Mentalities such as “what doesn’t kill me makes me stronger” and “stress is necessary for high performance” glorify stress and lead founders away from seeking tools and support to cope with excessive stress and uncertainty. But what is the truth? Is there such a thing as “good” stress? When is stress good for your performance as a founder, and when is it bad?

Psychologist Robert Yerkes and John Dodson investigated how stress impacts performance¹⁵, arriving at the creation of the now-famous Yerkes-Dodson Law.

The model demonstrates the relationship between stress and performance, where the relationship between mental arousal (stress) and behavioural performance differs depending on the difficulty of the task.

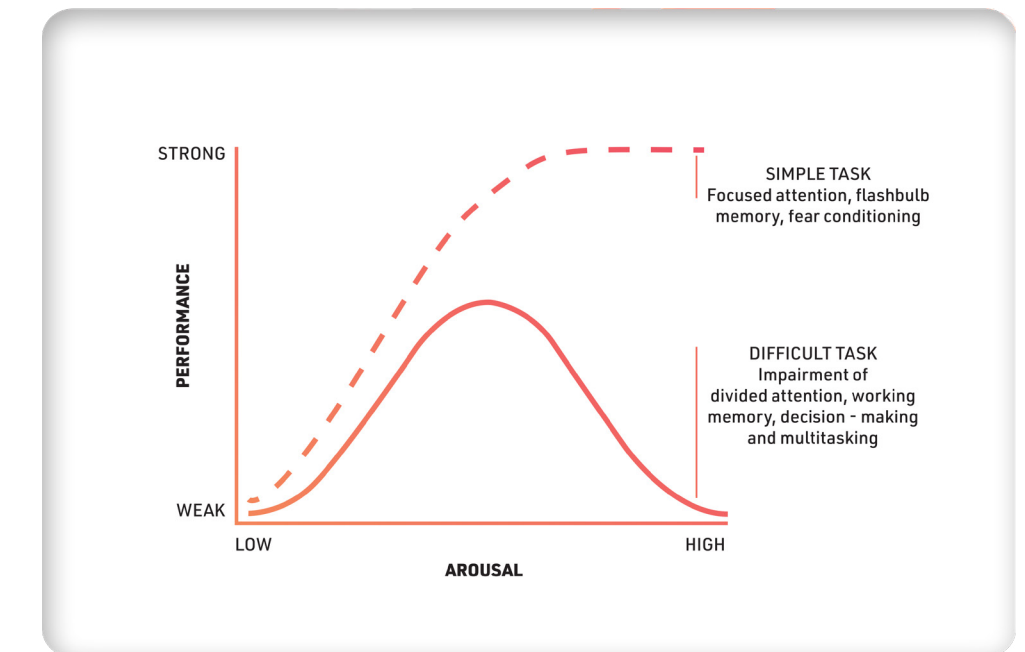


Figure name:

The Yerkes-Dodson law - How stress affects performance

Source: Robert M. Yerkes & John D. Dodson

¹⁵ Yerkes RM, Dodson JD (1908). “The relation of strength of stimulus to rapidity of habit-formation”. Journal of Comparative Neurology and Psychology. 18 (5): 459-482. doi:10.1002/cne.920180503.

When performing **simple and well-learned repetitive tasks**, performance improves as stress increases in a linear fashion. Also worth noting is that flashbulb memories - durable memories formed in response to strong emotional experiences, also share the same linear relationship with stress. **A high level of stress can generate intrusive memories** so powerful and durable that they can have long-lasting pathological consequences **which underlie anxiety and mood disorders**, including depression and post-traumatic stress disorder (PTSD)¹⁶.

When performing **difficult or intellectually demanding tasks**, however, the relationship between stress and performance takes the form of an inverted U. In other words, **performance increases with physiological or mental arousal**— but only up to a point. Past this point, increased stress results in hindered performance. The exact shape of the curve can be highly variable depending on the type of tasks and different tasks require different levels of arousal for optimal performance: **the more difficult or unfamiliar the task is, the lower the level of stress needed to facilitate concentration¹⁷ and optimal performance.**

Founders building brand new ventures, which often involve innovation and disruption of the status quo, are rarely faced with repetitive and simple tasks that could be better performed under high levels of stress.

Therefore, for founders to optimise their performance, it is essential to prioritize mental health and reducing stress to manageable levels. The perceived stress scale will be introduced in Part 4 as a tool to help founders to assess and manage their stress level so they can optimize their performance.

¹⁶ Diamond, David M.; Adam M. Campbell; Collin R. Park; Joshua Halonen; Phillip R. Zoladz (2007-03-28). "The Temporal Dynamics Model of Emotional Memory Processing: A Synthesis on the Neurobiological Basis of Stress-Induced Amnesia, Flashbulb and Traumatic Memories, and the Yerkes-Dodson Law". *Neural Plasticity*. 2007: 60803. doi:10.1155/2007/60803. PMC 1906714. PMID 17641736.

¹⁷ Gould, D., & Krane, V. (1992). The arousal-athletic performance relationship: Current status and future directions. In T. S. Horn (Ed.), *Advances in sport psychology* (p. 119-142). Human Kinetics Publishers.

3.3 Can Mental Healthcare Boost Founder Performance?

Fortunately, protecting and strengthening one's mental health in difficult times is a skill that can be cultivated. All of the founders interviewed for this report recounted their experiences of transformation that followed the consequences of mental health crises. Reflecting on these experiences and later exploring and committing to mental health care has enabled a more balanced and successful career for all of them. When considering the strong connection between mental health and founder performance, one must wonder: in addition to preventing the negative consequences of stress, could receiving mental health care actually boost one's performance?



I started to see mental health care as a resource like anything else that had to be worked on and where you could also gain different skills that could help you better manage that resource.

- **Morten Krarup**, serial entrepreneur and co-founder of Proper, a seed-stage property management company based in Denmark.

Morten has faced many challenges during previous start-up ventures and projects, which have taught him the vital role that mental health maintenance plays in achieving optimal performance.

One of the most impactful mental healthcare care resources for Morten is meditation, a practice which Morten has found gives him

16 **17** power over his own thoughts.

“Before I started meditating, I could not control my thoughts. It was a river that always flowed. And I never thought that was something that could be controlled. But with meditation, at some point I got to a place where not thinking about anything became a skill that I could do.”

In a start-up environment where difficulties and setbacks can (and often do) occur daily, **the ability to utilise psychological tools to cope with thoughts related to worries, fears, and uncertainty is hugely beneficial.**



It's not something that I can just snap in and out of, it's more like holding a heavy weight, like... the longer you hold it, the harder it is to continue to do it. But at least I've learned that, OK, that muscle exists and now I can actually flex it. It was a complete eye-opener that it can actually be done. You can actually shut off thoughts.



Moreover, meditation helps Morten boost his mental capacity and performance. For the past seven years, Morten has meditated for 20 minutes each morning, and two hours on the weekend.

“For a few times during that period, I mentally got to a point where I felt different than I normally did. The best anecdote I can give is this movie, Limitless, where Bradley Cooper can take a pill and he can access his full mental capacity... That feeling of suddenly having access to your memories and just being sharp and present all the time. Being in that mental state, I could do more than I could normally.”

Although **it is a state of mind that requires careful maintenance**, Morten credits meditation with showing him the highest level of performance potential. In his words, “just [knowing] that I can get to that place gives me a goal to work towards.”

Mindfulness meditation training is just one of the many mental health care practices that have been shown to improve stress management, mental wellbeing, and performance¹⁸. The ability to leverage one's cognitive capacity and manage emotions maximises growth potential, chances for success, and fulfillment for founders and companies at all points in the startup journey.



¹⁸ Khoury, Bassam. Lecomte, Tania. Fortin, Guillaume. Masse, Marjolaine. Therien, Phillip. Bouchard, Vanessa. Chapleau, Marie-Andrée. Paquin, Karine. Hofmann, Stefan G.. (2013) Mindfulness-based therapy: A comprehensive meta-analysis. Clinical Psychology Review, Volume 33, Issue 6. <https://doi.org/10.1016/j.cpr.2013.05.005>.

Another helpful practice is **learned optimism**, which is the process of recognising and challenging pessimistic thoughts in order to develop more positive behaviours¹⁹. **A high level of learned optimism has been linked to increased intrinsic motivation to work harder, adapt better to stressful circumstances, and show more goal-focused behaviour**²⁰.

Maintaining a consistent and high-quality sleep schedule has also been shown to affect one's performance as a leader. A neuroscientific study showed²¹ that the part of the brain most impacted by sleep deprivation is the prefrontal cortex, which directs all the higher-order cognitive processes most relevant for founders. These processes include **problem solving, reasoning, organizing, planning, and executing plans**. A good night's sleep can also lead to new insights. According to a study published in Nature²², participants who slept well the previous night were twice as likely to solve problems innovatively and effectively than those who did not. In an assessment of over 35,000 C-level executives, researchers noticed an unexpected finding: **the more senior the leadership role a participant held, the more sleep they got on average**²³. While 68% of non-executive leaders only get 5 to 7 hours of sleep each night (less than the recommended 7-9), successful leaders knew they needed adequate sleep and planned accordingly.

Indeed, the close relationship between mental health and performance has long been appreciated by the field of professional sports²⁴, where personal coaching and psychological training are considered to be just as important as physical and technical practices for top athletes and sports teams.

How can we help start-up founders kick-start their mental health care journey and support their career in the high-intensity sport that is entrepreneurship? The next chapters aim to provide both founders and the investor community with advice and tools to help founders embark and stay on their personal mental health care journeys.



¹⁹Seligman, Martin. Learned Optimism. New York, NY: Pocket Books. 1998.

²⁰Luthans, Fred & Avolio, Bruce & Avey, James & Norman, Steven. (2007). Positive Psychological Capital: Measurement and Relationship with Performance and Satisfaction. Personnel Psychology. 60. 541 - 572. 10.1111/j.1744-6570.2007.00083.x.

²¹Goel, N., Rao, H., Durmer, J. S., & Dinges, D. F. (2009). Neurocognitive consequences of sleep deprivation. Seminars in neurology, 29(4), 320-339. <https://doi.org/10.1055/s-0029-1237117>

²²Wagner, U., Gais, S., Haider, H. et al. (2004). Sleep inspires insight. Nature 427, 352-355. <https://doi.org/10.1038/nature02223>

²³Hougaard, R. & Carter, J. (2018). Senior Executives Get More Sleep Than Everyone Else. Harvard Business Review.

4. HOW ARE YOU FEELING, FOUNDERS?

Taking care of your mental health starts with asking yourself how you are feeling, being honest about it, and listening. To prevent mental health crises and provide mental health care, it is important to first assess one's own well-being.

4.1 What are the warning signs?

During qualitative interviews, the founders we talked to shared signs and symptoms they have experienced both preceding and following mental health issues. Each founder has their own unique telltale signs. These include **hair loss, bowel disorder, numbing of the senses, brain fog, tensing of muscles, and social withdrawal**. Psychosomatic symptoms such as these often create a negative feedback loop, where bowel disorder or muscle pains weaken the system, increase stress further, and cause more problems.

For many, **excessive stress can manifest quietly long before it has any visible consequences**, remaining unidentified in those who are inexperienced with mental health care and are not paying close attention to their body. However, with close attention and reflection, these signs can be used productively and serve as warnings to help founders be vigilant and prevent potential crises from arising.

Morten Krarup (CEO of Proper) describes his experience with this:

"I had a period in time [while building] another startup, where I was in a pretty dark place. I got to a point that was close to burnout...I learned a lot being close to that state... I have noticed different cues, both physically and mentally. I am definitely not an expert with [them]— I'm still learning about myself with these things, but I've gotten very far compared to where I was when I started my career. And that is helping me tremendously to engage with my own mental health and my profession."

There is a learning curve to being able to spot these individual red flags that can look very different depending on the individual; however, the benefits of figuring them out and listening to them are undeniable.



When you're not stressed, you can make better decisions and you can deal with more things. You can be kinder to your customers. You can manage more work. You're more efficient, and so on... You simply can't build a startup unless you feel good. Your body will tell you if you are stressed. So find out what your tell-tale stress signs are. For me, it is a specific pain in the middle of my back. Everybody has their own signs. Listen to your body, and the moment you realize [you're] not feeling good...you need to do something about it.

Marie Mathiesen
(CEO & Co-founder of Quest)

4.2 A mental check-in for founders

Presented with the value of paying closer attention to your mental wellbeing, we propose a concrete and simple tool as a mental check-in for founders: the *Perceived Stress Scale (PSS)*, created by Sheldon Cohen at Carnegie Mellon University²⁵. It can be used to kickstart more regular self-assessments of a founder's personal mental wellbeing and facilitate early and effective intervention.

The Perceived Stress Scale is one of the most widely used psychological instruments for measuring an individual's perception of their own stress levels. The questions were designed to reveal how unpredictable, uncontrollable, and overloaded respondents find their lives.

Mental health can be assessed at varying levels of abstraction. The PSS was chosen for this report as a tool for founders based on the relationship between stress and performance discussed in Chapter 3, which outlined the benefits for founders of evaluating their own perceived stress level.

FOLLOW THE STEPS TO CALCULATE YOUR PERCEIVED STRESS SCORE:

Answer the following questions with reflections about feelings and thoughts you had during the last month.

Add up the responses of the six negatively stated items (questions 1, 2, 3, 6, 9, & 10).

Reverse the scores given (e.g., 0 = 4, 1 = 3, 2 = 2, 3 = 1 & 4 = 0) you gave to the four positively stated items (questions 4, 5, 7, & 8)

Sum up the scores across all 10 questions from Steps 2 and 3.

INTERPRETING YOUR SCORE:

Higher scores correspond to higher levels of perceived stress.

Based on research conducted using the PSS²⁶, scores around 13 are considered average, and indicate a proper level of attention and interest, thereby fostering optimal levels of arousal and performance.

Scores much higher or lower than the average could indicate you are experiencing a stress level that is negatively impacting your performance and productivity. In particular, scores of 20 or more are generally considered to indicate an unproductive level of stress²⁷. In these cases, founders should take action to attend to their mental health care and seek professional help when necessary.

0 = Never 1 = Almost Never 2 = Sometimes 3 = Fairly Often 4 = Very Often

1. In the last month, how often have you been upset because of something that happened unexpectedly? 0 1 2 3 4
2. In the last month, how often have you felt that you were unable to control the important things in your life? 0 1 2 3 4
3. In the last month, how often have you felt nervous and "stressed"? 0 1 2 3 4
4. In the last month, how often have you felt confident about your ability to handle your personal problems? 0 1 2 3 4
5. In the last month, how often have you felt that things were going your way? 0 1 2 3 4
6. In the last month, how often have you found that you could not cope with all the things that you had to do? 0 1 2 3 4
7. In the last month, how often have you been able to control irritations in your life? 0 1 2 3 4
8. In the last month, how often have you felt that you were on top of things? 0 1 2 3 4
9. In the last month, how often have you been angered because of the things that were outside of your control? 0 1 2 3 4
10. In the last month, how often have you felt difficulties were piling up so high that you could not overcome them? 0 1 2 3 4

So we have learned about the warning signs and how to assess our own mental health, but what do we do with the information we gain from these assessments? **How do we stay mentally healthy on the rollercoaster that is the founder's journey? How can we build ourselves up without burning ourselves out?**

²⁵ Cohen, S. and Williamson, G. Perceived Stress in a Probability Sample of the United States. Spacapan, S. and Oskamp, S. (Eds.) The Social Psychology of Health. Newbury Park, CA: Sage, 1988.

²⁶ Cohen, Sheldon & Janicki-Deverts, Denise. (2012). Who's Stressed? Distributions of Psychological Stress in the United States in Probability Samples from 1983, 2006, and 2009. *Journal of Applied Social Psychology*, 42. 10.1111/j.1559-1816.2012.00900.x.

²⁷ Gino, Francesca. (2016). Are You Too Stressed to Be Productive? Or Not Stressed Enough? *Harvard Business Review*. [online] <https://hbr.org/2016/04/are-you-too-stressed-to-be-productive-or-not-stressed-enough>

5. MENTAL HEALTH STARTER KIT FOR FOUNDERS

To help kick start founders' mental health journey, Today has created a mental health starter kit, designed to tackle each of the four psychological challenges often faced by founders, as described in Chapter 2:

1. **How can we hold firmly onto our own identities?**
2. **How can we stay motivated throughout the venture building marathon?**
3. **How can we cope with worries and uncertainties?**
4. **How can we create a sustainable mental health structure in our lives?**

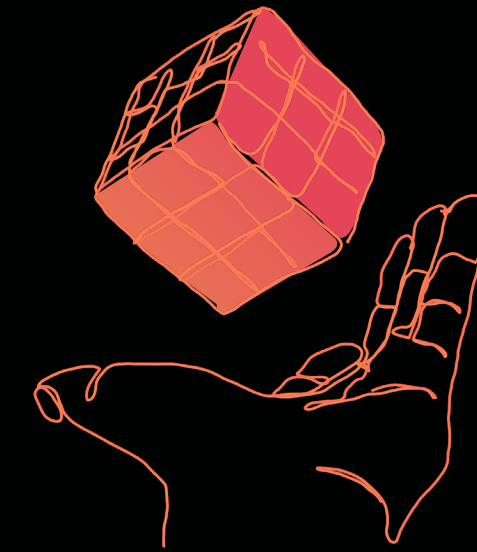
Effective and easy-to-use tools and methods included in the starter kit were selected from Today's founder and executive coaching services to empower founders to work on their mental health independently.

We still recommend that founders seek additional professional support, (i.e. certified psychologists, coaches and therapists) to maintain their mental health and further develop their mental health capabilities.

5.1 Hold onto who you are as a person – you're more than a founder

Jerry Colonna, a former VC and one of the most sought-after executive coaches in Silicon Valley, observed that "the biggest mental health challenge founders face stems from the misperception that the way to success is to merge identity with the enterprise." The way founders attach their sense of self worth to success could make them particularly vulnerable to uncertainty and failure. During a discussion at TechBBQ Digital 2020, he stated: "we are not annihilated by failure. It is when we attach our sense of self worth and self-esteem to the accomplishment of a goal and [then] fail to achieve the goal that we are annihilated."²⁸

Today proposes the following tools to help founders cultivate a strong identity outside of work, from three distinct perspectives: **staying committed not attached to your startup; knowing your personal values; and practising self-compassion.**



STAYING COMMITTED AND NOT ATTACHED

To ensure your identity could be retained while being highly committed to the start-up journey, it is important to first reflect and consider who you are as a person, in and out of the start-up context. Use the “Reflecting on self-guiding questions” below to get the reflection started.

Reflecting on self-guiding questions:

Who am I without my startup?

Who am I in myself?

What have I always been?

Do not be alarmed if you find these questions difficult to answer. The purpose of these questions is to provoke thinking around your own identity. Keep these questions in mind over the next two weeks and discuss them with people close to you, e.g. friends, parents, spouse, and colleagues. As the answers take shape, note them down, review them, and update them regularly. This process will train your ability to see not only who you are as a founder, but also as a well-rounded person.

KNOWING YOUR PERSONAL VALUES

Personal values make up a sizable part of our identity. Identifying your core values serves as a starting point for preserving who you are. The free flow value writing exercise from the book Pivot has been selected to help you do just that.

FREE FLOW VALUE WRITING²⁹:

What excites you the most?

What are you most proud of?

What is the compliment or acknowledgement you hear most often?

If someone was to interview your family and/or closest friends what would they say you value the most?

Think of a peak time in your life—a time of adventure, joy, or peace. It may be a moment in time, or it may have happened over a longer period. Describe it with as many vivid details as possible.

What makes this memory so powerful? Take yourself back to that time: What do you see? Hear? Taste? Smell? What are you thinking? How do you feel?

Name three people you admire and list three adjectives for why you chose each person.

What do you want less of in your life?

What challenges are you currently facing?

What are your unanswered questions at the moment?

Are there any areas in your life where you feel out of balance, or as if you are missing something?

What do you want more of in your life?

²⁹ Blake, J. (2016) Pivot: The Only Move That Matters Is Your Next One. New York: Penguin Publishing Group.

PRACTISING SELF-COMPASSION

Having reflected on who you are, it is now a good time to introduce the concept of self-compassion. It is often said that **we are our own worst critics**. Neff³⁰ found that 78% of participants in his research study were significantly more compassionate, kind and understanding to other people than they were to themselves, 20% were approximately as kind and compassionate towards themselves as towards others, and only 2% were more compassionate towards themselves than others.

Despite its apparent rarity, there is great value in being compassionate toward yourself. **People who practice self-compassion are shown to be more resilient, overcome mistakes more easily, and are more likely to maintain a growth mindset**. These people see mistakes as a learning opportunity, and experience less stress³¹.

Below are some tools to help you start developing the skill of self-compassion.

POSITIVE DIARY³²:

The positive diary is a **research based tool, shown to create a happier and more resilient mind**. It is a daily exercise where you write three good experiences from the day down every night before going to bed. Nothing is too big or small to be included. It could be a smile from a stranger on the bus, a good chat, a good laugh, or some nice food. For the diary to be effective, it is important to focus the writing on good "experience", instead of achievements or accomplishments.

HOW WOULD YOU TREAT A FRIEND?

Bearing in mind that you are likely more compassionate towards your friends than yourself, reflecting on how you would treat a friend in your position is a great start for practising self-compassion.

For this exercise, take out a sheet of paper and answer the following questions:

1. First, think about a time when a close friend felt bad about him- or herself, or was really struggling in some way. How would you treat your friend in this situation (especially when you're at your best)? Please write down what you typically do, what you say, and note the tone with which you typically talk to your friends.

2. Now think about a time when you felt bad about yourself or were struggling. How did you talk to yourself in this situation? Please write down what you typically do, what you say, and note the tone with which you talk to yourself.

3. Reflect on your answers to the last two questions: did you notice a difference between your responses? If so, ask yourself why. What factors or fears come into play that lead you to treat yourself and others differently?

4. Please write down how you think things might change if you treated yourself in the same way you would a close friend when you are suffering.

Now that you know these answers, the next time you are in a hard spot, **try treating yourself like you would a good friend and see what happens.**

³⁰ Neff, K. D. (2003). Development and validation of a scale to measure self-compassion. *Self and Identity*, 2, 223-250.

³¹ Neff, K. D., Kirkpatrick, K. & Rude, S. S. (2007). Self-compassion and its link to adaptive psychological functioning. *Journal of Research in Personality*, 41, 139-154

³² Werner, Ninan. (2020) Fra selvkritisk til Self Compassion, Århus: Klim, p.166

NOURISH YOUR INNER MOTIVATION

A founder's motivation is to entrepreneurship what fuel is to the engine of a train. Maintaining healthy motivation on the start-up journey is essential to founders' mental wellness and performance.

Research has indicated a key distinction between intrinsic (internal) and extrinsic (external) motivations³⁴. Intrinsic motivation is driven by the interest and enjoyment in the task itself, such as fun, curiosity, purpose, growth and self-expression, while extrinsic motivation is driven by the outcome of doing the task, such as desire for money, status, titles, or promotions.

A study by Deci³⁵ indicated that although intrinsic motivation is the more powerful and long-lasting type of motivation, it can be diminished by extrinsic factors such as money.

Changes in motivation and their causes are highly individual and can differ greatly from founder to founder. One of the commonly-observed dampeners of a founder's intrinsic motivation stems from the fact that early-stage founders often need to do everything the company requires, including tasks they are personally not comfortable with or not interested in. In these situations, it is important to remember the greater goals and the inner motivation that started them on the journey— the light at the end of the tunnel, so to speak.

Other causes of diminished founder motivation relate to extrinsic factors like fundraising efforts necessary for start-up growth, or when a founder finds the mission of their company has changed along the journey and no longer aligns with their inner motivation and values.

To keep up your intrinsic motivation throughout your start-up journey, in spite of these obstacles, try using this inner motivation reflection tool to nourish and grow your inner motivation.

INNER MOTIVATION REFLECTION:

Firstly, use the following questions to reflect on what factors motivates you.

Why do you get out of bed each morning?

Why do you come to work each morning?

What excites you the most?

What are you most proud of?

How can you make the biggest impact on the world?

Then, use the reflections above for the following considerations:

Does your current work align with the factors that motivate you?

If yes, put these descriptions of your motivators in visible places to remind yourself in times of difficulty.

If not, why not? Is there something you can do to realign that?



5.2 Coping with worries and uncertainties

Fear, overwhelming worries, and doubts are normal reactions to the ups and downs founders face in the process of building a start-up. It is important to understand that the healthy way of looking at these feelings is not to block them out' instead, we must address them by finding sustainable ways to cope with them.

Below are three distinct methods and relevant tools selected to help you to cope with worries and uncertainties.

³⁴ Ryan, R. M., & Deci, E. L. (2000). Self-determination theory and the facilitation of intrinsic motivation, social development, and well-being. *American Psychologist*, 55, 68-78.

³⁵ Deci, Edward. (1971). The Effects of Externally Mediated Rewards on Intrinsic Motivation. *Journal of Personality and Social Psychology*. 18. 105-115. 10.1037/h0030644.

All tools suggested below stem from psychotherapy practices, research-backed psychological theories, and established ideas about the human mind. To support founders new to mental health care, the tools have been simplified. It is, however, important to note that these tools cannot and should not be used as a replacement for professional mental health services when they are needed.

LABELLING EMOTIONS

How can we make the rollercoaster-like experience of being a founder a bit smoother? Mathew Lieberman, a researcher at UCLA, observed that **people found the emotions they experienced much more manageable when they gave the emotions names and labels.** This technique is referred to as affect-labeling. Simply put, just saying the words **"I'm feeling so angry right now!"** can actually make you feel less angry. To explain the phenomenon, Lieberman suggested that the action of labelling emotions increases the activity in the different parts of the frontal cortex, which down-regulates emotional reactivity in the amygdala³⁶. Of further interest is the finding that putting a positive emotion into words increases its impact and makes you feel more positive.

So, the next time you experience overwhelming emotions, whether good or bad, try to verbalise your feelings and observe how it changes your emotional state.

DAILY EMOTIONAL CHECK-IN³⁷:

The ability to label your emotions as intense emotions emerge requires practice.

The daily emotional check-in tool can help to train this skill.



³⁶ RLieberman, M., et al. "Putting Feelings into Words: Affect Labeling Disrupts Amygdala Activity in Response to Affective Stimuli". Psychological science. 18 No. 5 (2007) 421-428

³⁷ Learning to label my emotions. Habits for wellbeing. [online] <https://www.habitsforwellbeing.com/learning-to-label-my-emotions/>

Once per day, such as in the morning, at lunchtime or in the evening, verbalise your emotions to yourself:

🌀 **Ask yourself: "How do I feel right now?" "How do I know I feel this way?"**

🌀 **Respond: "I feel..." or "There is a part of me that feels..."**

🌀 **Elaborate to yourself: I sense this in my body because... "there's a warm feeling in my chest," or**

"I have a hollow feeling in my stomach."

Try to stick to this practice for the next 30 days to help form the habit. After 30 days, reflect on whether you notice any differences, and decide if this method is right for you. Share what you've learned with friends, family or professional coaches and therapists as you feel comfortable.

MANAGE THE BALANCE BETWEEN RESPONSIBILITY AND CONTROL

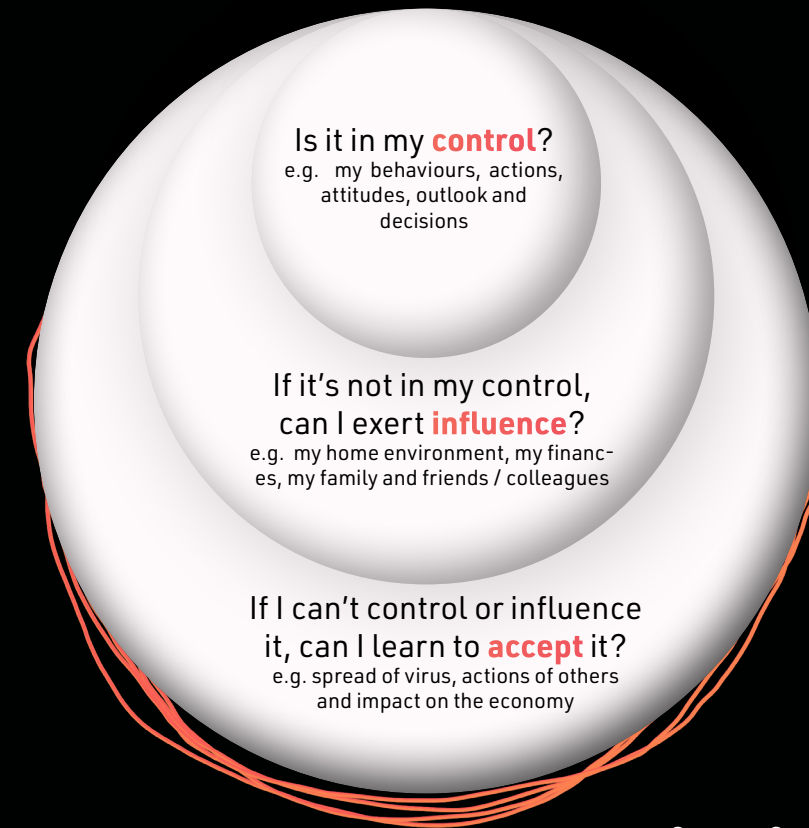
Founders often feel absolute responsibility for their companies, while in reality, they do not have full control over how everything goes. The board and the investors have some control, and so do more uncontrollable factors like the timing of a product market fit, the launch of a new product, and so on. **Worrying about things outside of your control** and influence is unproductive, and **might lead to challenging psychological states that cause anxiety and stress.** By structuring and judging if the worries currently occupying your mind can be influenced, you can start to free yourself from these unproductive thoughts.

CIRCLE OF INFLUENCE AND CONTROL:

Stephen Covey's **circle of influence and control**³⁸ is a great tool to do just that. Use this tool to map out worries/problems/challenges into three categories:

1. **Those that are in your control;**
2. **Those that are not within your control, but under your influence**
3. **Those that are neither within your control nor under your influence**

By rationally judging the level of influence and control you have over a given issue, you can more effectively invest time, energy and emotions into dealing with the issues that you can actually affect.



Source: Stephen Covey

ACCEPTING YOUR THOUGHTS

Another method of coping with worries is **acceptance and commitment therapy**, which focuses on accepting your thoughts for what they are: **stories we tell ourselves**.

This tool teaches us to see these thoughts not through the lens of right and wrong but instead asking if the thoughts are helpful to realise the life you want to live. For example, you could ask: "**can I use these thoughts to become happier, or are they actually blocking me from living a fulfilled life?**" Defusion techniques like this can help us to defuse (separate) ourselves from the thoughts and beliefs that are not helpful to us³⁹.

THANK YOUR CONSCIOUSNESS

"Thank your consciousness" is a simple and effective defusion technique.

Every time your consciousness surfaces a negative narrative like "I'm not good enough," or "I will eventually fail," you simply say "thank you" to your consciousness. For example, you can say to yourself: "Thank you consciousness, that's nice to know," or "Thanks for that information" or "No way, how exciting you are saying that to me."

When you thank your consciousness, don't be sarcastic or aggressive— do it with warmth, good humor, and appreciation that your consciousness is producing all these stories for you.

Try to stick with this practice for the next 30 days to help form the habit. After 30 days, reflect on whether you notice any difference and decide if this method is right for you.

³⁸Covey, Stephen R. The 7 Habits of Highly Effective People: Powerful Lessons in Personal Change. 25th anniversary edition. New York: Simon & Schuster, 2004.

³⁹Harris, R. (2008). The happiness trap. Robinson Publishing

MANAGING YOUR WORRIES

Psychologist Adrian Wells generated the concept of Metacognitive Therapy (MCT), which posits that the psyche is self-regulated, in the same way that a physical wound will heal itself. Although we might not be able to control our thoughts or emotions, we can train how much attention we use on them. A good analogy of the metacognitive perspective on worry is that worries and concerns can be seen as a train running in your head, and you can choose to jump on or not⁴⁰.

SET A WORRYING TIME

Setting designated worrying times is a metacognitive technique where you **save all your worrying for a specific time each day**. Pick a time that is best suited for you, e.g. between 5-5:30pm or between 8-8:30 am.

Outside your designated worrying time, if a worrying thought or emotion comes, accept the feelings and say **“Hey, worries— it’s fine that you are here now, but I will not use time on you outside of my worry time.”** Then, let the thought or emotion be with you, but focus your attention on the activities you are carrying out.

It is very important that you do not run away from your thoughts or emotions; instead, let them be and then focus your attention on something else. If the worrying thoughts return, you should not blame yourself. Simply reacknowledge their presence, and refocus your attention on the task at hand. It will be difficult at first, but as with any skill, you will improve with practice.

Like the other tools mentioned above, try to stick with this practice for the next 30 days to help form the habit. After 30 days, think about whether you have noticed any differences, and then decide if this method is right for you. **Share your learnings with friends, family or professional coaches and therapists** as you feel is helpful.

⁴⁰ What is meta-cognitive therapy? Centre for metacognitive therapy. [Online] <https://cektos.dk/terapi/metakognitiv-terapi.aspx>

RECHARGE: INCORPORATING MENTAL HEALTH STRUCTURES IN EVERYDAY LIFE

There is a common misconception around mental resilience, taking the form of a belief that the longer we tough it out, the tougher we are, and therefore the more successful we will ultimately be. However, studies have indicated that this belief is simply inaccurate. In fact, the lack of a mental recovery period significantly reduces our ability to stay resilient and be successful⁴¹. As with training our bodies physically, the key to mental resilience is not to go full-steam ahead all the time— we should work hard, and then stop, take the time to recover, and then get back to work again.

In order to achieve high-quality recovery, simply stopping working is not enough. Incorporating robust and multifaceted mental health structures into your everyday life for recharging is crucial for health, happiness and performance. Today proposes three areas of focus for founders to start incorporating mental health structures in their life, keeping in mind that other areas like physical activity and nutrition are equally important.

PRIORITISE QUALITY SLEEP

In Chapter 3, we briefly discussed the importance of high-quality sleep to founders’ performance. Indeed, according to research⁴², loss of sleep in the name of productivity adds up to an average of 11 days of lost productivity per worker per year. Simply put, high-quality sleep is a vitally important mental recovery tool.

Hougaard and Carter from Harvard Business Review have provided the following tips to help you to train your skills in planning and getting a good night’s sleep.

⁴¹ JUDITH K. SLUITER (1999) The influence of work characteristics on the need for recovery and experienced health: a study on coach drivers, *Ergonomics*, 42:4, 573-583, DOI: 10.1080/001401399185487

⁴² Huffington, A. S. (2016). *The sleep revolution: Transforming your life, one night at a time.*

1. Catch the melatonin wave: Follow a regular sleep schedule and go to bed when you're just starting to feel drowsy (usually between 10 PM and 11 PM). Melatonin, a natural hormone released from the pineal gland, deep inside your brain, makes you relax, feel drowsy, and ultimately fall asleep.

2. Avoid screens: Turn off TVs, smartphones, and laptops at least 60 minutes before bed. Each of those screens emits high levels of blue light rays. That blue light suppresses your pineal gland, and in turn, the production of melatonin.

3. Enjoy only perceptual activities 60 minutes before bed: Conceptual activities like intense conversations, replying to emails, working, or reading can arouse your attention and suppress your natural sleepiness. In contrast, perceptual activities like doing the dishes, going for a walk, or listening to music can help you better catch the wave of melatonin as it rises.

4. Avoid eating two hours before bed: Eating activates the flow of blood and sugar in the body, keeping your body and mind alert and awake— not the ideal state for a good night's rest.

CREATING QUALITY SELF-CARE TIME

Simply being outside of working hours does not guarantee meaningful recovery mental time. Try out the advice below to foster an environment where you could truly recover and recharge.

1. Set and stick to boundaries between work and recovery time: Set time away from work every day where you can dedicate your focus to other aspects of your life. To protect this boundary, turn off work related notifications during this time to avoid distractions.

2. Mindfulness meditation practise: Meditation has many benefits for founder performance (see chapter 3), mindfulness however also helps create a relaxing environment for founders to recharge. If you are new to meditation, try out guided meditation apps such as Calm, Headspace and Insight Timer.

3. Spend time in nature: Studies⁴³ show that simply being out in nature has many positive effects, including: improving mood, reducing feelings of stress or anger, improving confidence and self-esteem, and enabling a sense of relaxation. Structure your schedule to incorporate time to walk or even work in nature when you can, in order to take advantage of these beneficial effects.

MAKE SPACE FOR MEANINGFUL RELATIONSHIPS

Why not spend your mental recovery time away from work with the people who are important to you? Meaningful relationships are proven to be a built-in mechanism for stress resilience, and people who spent time caring for others showed absolutely no increase in stress-related risks in death; in other words, caring creates resilience⁴⁴. Few people ever wish that they had worked more— instead, they often wish they had spent more time with the people they love⁴⁵.

Incorporating a sustainable mental health routine in your life is not about starting everything all at once, but **making small changes gradually**, like you would make minimal viable changes to your product. Pick one area at a time to focus on for 30 days, after which you can evaluate and reflect on whether that practice has resulted in any noticeable changes.

⁴³ Burns, G.W. (1998) Nature Guided Therapy. Taylor & Francis

⁴⁴ McGonigal, Kelly. How to make stress your friend. TED Global 2013. [Online] https://www.ted.com/talks/kelly_mcgonigal_how_to_make_stress_your_friend

⁴⁵ Ware, Bronnie. (2012). The top five regrets of the dying. Hay House Inc



6. WHAT DOES THIS MEAN FOR THE NORDIC START-UP ECOSYSTEM?

While occupational health and psychological research have studied the impacts of mental health on corporate employees' work performance and absenteeism, far less research has been dedicated to the study of mental health consequences on entrepreneurs and venture development.

Mental health issues in general have slowly become more de-stigmatized in recent years. More open discussions of the prevalence of depression and other conditions in businesses are taking place, and more focus and resources are being invested across society and companies. However, entrepreneurs often do not receive the same level of focus and resource investment that regular employees do⁴⁶.

The good news is that more of the early movers in the venture development ecosystem are realising the importance of investing in founder mental health.

FOUNDERS' MENTAL HEALTH AS A SHARED RESPONSIBILITY

Troy Carter, the founder of Cross Culture Ventures (CCV) in Silicon Valley, sets a requirement that each founding team in the CCV portfolio must seek executive coaching from the very beginning. Gimlet Media founder and CEO Alex Bloomberg shared his experi-

⁴⁶Bregman, Madison, "The Relationship Between Entrepreneurship, Business and Mental Health" (2019). Advanced Writing: Pop Culture Intersections. 36.

ence following this requirement getting coaching with his co-founder Matt in the hit podcast "StartUp," where they describe their entrepreneurial journey from the first awkward investor pitch to a \$340 million acquisition by Spotify.

"Troy told us that a lot of founders are in the same position as Matt and I, running organizations for the first time. And having an executive coach on board from the beginning can help navigate the questions, and decisions and conflicts that inevitably arise. It was some of the best advice we've ever gotten."

Meanwhile, in the Nordics, **venture capital funds are also starting to shift their focus towards founders' mental health.** To operationalise their new strategic focus of mental healthcare, Preseed Ventures launched "Founder Mental Health Circle" in 2020,⁴⁷ which includes a structured program and network designed to support the portfolio founders mentally during their start-up journey. Venture Lab⁴⁸ is a new European LifeScience accelerator at the Bio-Innovation Institute, supported by the Novo Nordisk Foundation. It has mental health support as a key pillar for founder, team, and leadership performance, and it is considered a fundamental part of the accelerator's overall program.

When discussing the relationship between investment communities and founder mental health, Dr. Paul Hokemeyer, a clinical and consulting psychotherapist, proposed the perspective of due diligence. He states that "[the] data shows happiness and mental health increase financial performance exponentially.

Therefore, responsible fiscal management requires funds to be allocated where these factors are being maximized... it is necessary to have a highly developed ecosystem that contains resources to identify and treat the myriad of mental health issues that have empirically been found to exist in the entrepreneurial population."⁴⁹

⁴⁷ <https://preseedventures.dk/thoughts/lets-not-go-mental-the-vc-role-in-changing-the-mental-health-of-startup-founders>

⁴⁸ <https://bii.dk/>

⁴⁹ Muenster, M. (2019). Why Investors Should Care About The Mental Health Of Startup Founders. [Online] <https://www.entrepreneur.com/article/327795>.

WHAT SHOULD INVESTORS DO?

Resources provided by investors to entrepreneurs have been **mostly focused on training business skills, filling in knowledge gaps, and sprinkling in stories of inspirational founders who have overcome great odds**. However, with the now-established importance of nurturing founders' mental health being glaringly clear, what can investors do to help their founders' personal and emotional growth?

1. Onboarding and de-stigmatising to create an open and safe environment

The first step of creating an environment where mental health and well-being can be discussed is to destigmatise mental health challenges. **By opening up and sharing your own vulnerability and challenges, investors show the founders that it is not only okay, but necessary to talk about hardship and to seek out support**. The process of openly communicating and emphasising the importance of mental health for founders can start as early as the due diligence process of researching potential start-ups to invest in.

Moreover, investors can demonstrate their support to the founders by taking the Investors Pledge, developed by Erin Frey and Ti Zhao. It is a public commitment by investors to take an active role in founder mental health.

Taking the effort a step further, investors can actively invest in initiatives and resources that support the well-being of founders.

2. Committing resources to founder support

Committing to fostering an open and supportive culture is a great first step, but concrete actions from investors speak louder than words. **One of the most direct ways for an investor to be "founder-first" is to be supportive of their portfolio companies by investing in resources that help them cultivate the necessary skills to improve and maintain mental strength and overall well-being.**

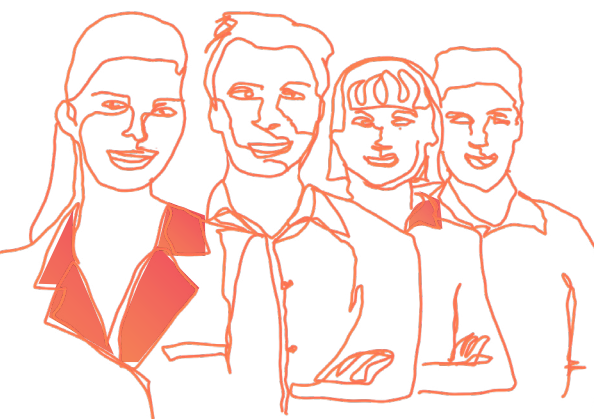
The World Economic Forum identified emotional intelligence, people management, and cognitive flexibility among the top skills needed to thrive in 2020. We believe that these skills are especially necessary for founders, and are therefore great areas for investment.

Team workshops on the topics of emotional intelligence, communication, stress management, building founder teams, and personal executive coaching are all great examples of resources with which investors could provide their founders.

3. Enabling support network to counter loneliness

Peer to peer support is essential for all founders in their journey, as entrepreneurship can feel overwhelmingly isolating and lonely, particularly after a year of lockdowns and social distancing. Investors can leverage their network to connect founders within their portfolio or recommend resources to founders that facilitate peer-to-peer learning groups amongst founders that encourage authenticity. **By creating a safe space, founders can share the challenges and hardship they faced and exchange experiences of overcoming them and emerging more resilient.**

Founders' overall well-being is instrumental to the well-being of the team and company. It is time to build a mental health ecosystem that supports the entrepreneurs who are working hard to create innovation, and the best way to do that is to be a founder-first investor.



7. TYING IT ALL TOGETHER: THE CONNECTIVITY OF EVERYTHING

Throughout this report, we have used data to show that founders' **mental health is not merely a "wellness fix" or a "nice-to-have."** **It is just as important to a start-up's survival and success** as securing a product-market fit or figuring out the company's engine of growth.

Mental health is not just beneficial for founders' personal well-being— it affects their performance at work and as a leader, which many early-stage investors argue is the number one consideration in their investment decision.

The overall well-being of the founders are also instrumental to the well-being of their team and company. Coach and former VC Jerry Colonna argues that **a startup's culture is something that evolves primarily from the founders' personalities, behaviours, and interpersonal dynamics.**

Moreover, the data indicates that happiness and **mental health can increase financial performance exponentially.**

Mental health is therefore not all in the founder's mind. In fact, it is quite the opposite—a founder's internal condition has a substantial effect on individual and team performance, the creation of a strong organizational culture, and the company's overall financial performance. Existing structures in the ecosystem affect the individual founder, but the individual founder also affects the structures in which they operate, creating an interconnected and interdependent world. As the Spanish philosopher Jose Ortega Grasset said: *"I am myself and my circumstance; if I do not save it, I do not save myself,"* referring to the strength of the union between who we are and what surrounds us.

Simply put, investing in a founder's mental health is not only an investment in the founder. It is an investment in the team, the culture, the financial performance, and a more sustainable ecosystem for all of us.

