



Michelle Morgan, Founder, Ploys

Photography: Andrew Urwin

EMOTIONAL CAPITAL

Lifting the veil on entrepreneurs' wellbeing and mental health

A growth or scale-up entrepreneur's journey is often a story of great optimism, enthusiasm and boundless energy early on. Their business has typically succeeded at the start-up phase: the business model is proven, revenues are flowing in and even more growth is on the cards. So what's not to celebrate?

Such a rosy view of the facts may be true for a limited and lucky group of founders and business leaders, but the reality can be much bleaker at times.

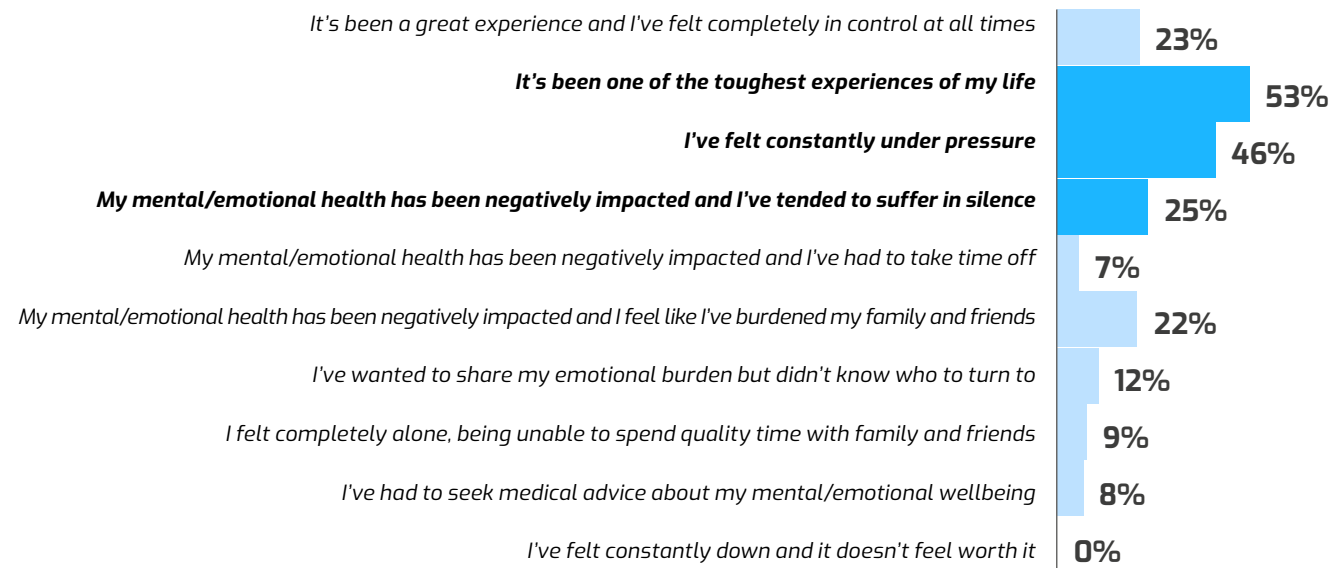
Here's how one founder frankly summed up their rather grim experience of growing their business:

“Sleepless nights. Hair started to go dull and dry. Not enough time with kids. Marriage fell apart.”



It's a huge stress growing a business

While you've been growing your business, which of the following statements best matches your experience?



Source: 100 Stories of Growth - Capital at Work

Revealing founders' darkest experiences

Our research indicates that entrepreneurs' wellbeing and mental health may be tested to the extremes more often than we're aware. While they've been growing their business, the pressures mount and take their toll for many.

More than half (53%) of company founders tell us that growing their business has been "one of the toughest experiences of my life" and a further 46% say they have "felt constantly under pressure". It is concerning that what probably started out as a positive company growth journey

for many has descended into the realms of negative superlatives. The pressures that entrepreneurs feel are seemingly relentless – they're a testament to an undercurrent of potential wellbeing and mental health issues.

Many company founders and CEOs are generally considered to be resilient leaders by almost everyone who surrounds them. They take the roles of leader, supporter and business controller. So, it may come as little surprise that a quarter (25%) of respondents in our research acknowledge they've had poor mental health in the past but have "tended to suffer in silence". They feel they have to be strong in public.



We were insolvent. An angel investor that had put debt into the company was sending us winding-up orders every month. We couldn't make payroll, were behind on PAYE and VAT, and it was the day of our Christmas do. I was on the brink. I just wanted to run away.

A week before my parents had just given me £25k inheritance as my gran had died a few months earlier. Without telling my wife, I put all the money into the company to make payroll and pay for the Christmas do.

I had a terrible evening. I couldn't enjoy it. I hated myself for not telling my wife what I'd done."

— SIMON SWAN, FOUNDER, HIRING HUB



For other respondents in our research, they have wanted to communicate their wellbeing and mental health concerns, but 12% of them "didn't know who to turn to". What may be an even more concerning research finding is that some entrepreneurs say they have been so immersed in running their business that they have neglected their wellbeing altogether. The chart on page 20 reveals all of the experiences that entrepreneurs have faced while running their business.

Another entrepreneur echoes the sentiment about self-reliance – finding time to focus on yourself is often the last thing on a list of work-life balance priorities:

"I have found the major changes that a fast-growing business inevitably goes through, such as significant hires, departures and changes can often cause huge uncertainty and stress.

"A stress and workload that really encroach into my personal life, which at times might be problematic in conjunction.

"This can often make me feel completely alone, without anyone to speak to about my feelings as professional and personal issues become so intertwined.

"Ultimately, it creates a lot of stress that cannot be relieved very easily, especially as often there is a sense that I have chosen this life."

Long-term impact on wellbeing and lack of attention to good mental health are factors which can manifest themselves in acute episodes, in some cases leading to a so-called meltdown or longer-term mental health complications. While this topic often remains under-discussed in detail, Michelle Morgan, founder of designer pyjama brand Pjoys, very bravely shares her inspirational story with the 100 Stories of Growth campaign (see page 23).

45%

of founders say they "felt constantly under pressure"



PJOYS



THE FEMALE
FOUNDERS

When work pressure took their toll on founder Michelle Morgan

Michelle Morgan had landed a dream ad agency job in London's bustling Soho where she met her future business partner Sam Conniff Allende. Following a five-year stint selling soft drinks, trendy trainers and must-have mobile phones to teenage consumers, they designed a plan to create their own business.

Fast forward 17 years, Livity is an award-winning and multi-million pound turnover business. Morgan says that it is probably more true to its mission and purpose than it has ever been: creating a more positive life for young people.

Pressures start to take their toll

In 2016, Morgan led the company through a social investment deal. "We got to a stage where we wanted to grow the impact of the business and potentially evolve the model," she explains.

But something terrible happened at the end of that year. "Then, 105 days after closing that deal, I burned out violently, both physically and mentally," she says. "I really wasn't very well at this stage. I sat on the stairs with everything happening around me and I thought: 'I literally can't go on.'"

So Morgan called her GP surgery and was amazed to get an appointment – her doctor wanted to see her in 15 minutes.

In search of a work-life balance

Morgan says that she couldn't have grown Livity without her husband providing invaluable support. And even though his career was taking off internationally, he still found time to share childcare responsibilities for their teenage daughter who was very busy with extra-curricular activities.

“Anxiety and depression can be viewed as a malevolent duo. I think ‘evil twins’ is a great way of describing them.”

— MICHELLE MORGAN, FOUNDER, PJOYS

Then during time off during the Christmas 2016 holidays, Morgan had time to consider her wellbeing and mental health. “I had this huge realisation that I wasn’t just burned out physically and mentally, but my passion for Livity had utterly burned out as well.”

Confronting the evil twins

Anxiety and depression can be viewed as a malevolent duo, says Morgan. “I think ‘evil twins’ is a great way of describing them,” she says. “I sometimes feel that the evil twins still tap me on the shoulder on the regular basis, even though I’m on the other side of recovery.”

At that time, she felt that her energy was spent and she was consumed by “hollowness and helplessness”. Sometimes, she adds, it was difficult to get out of her pyjamas.

A new style of entrepreneurship

When she surrendered to depression and gave it a name, Morgan talked about medication options with her doctor. “I really didn’t want to have to get my head around medications and being numb,” she says.

But she found a solution in another form of therapy. “I reached the crossroads where brilliance meets madness. The pyjamas represented the depression and being stuck, unable to move forward. But it suddenly became my inspiration”.

“I am now so mindful about Pjoys, my new business,” explains Morgan. “That’s my ambition. I work really hard not to work hard. Slowly but joyfully.”

Taking time to find your real self

There’s a lot of truth in the idea that talking about wellbeing and mental help people to spot the signs and make helpful interventions.

A lot of people describe mental health acceptance as coming out and there are more people who are coming out with their mental health stories,

“I think I’m stronger for it. I’ll be a better businesswoman for it and I’ll probably be a better leader if I ever build a company that needs to be led again.”

What support could the SME community have offered its business leaders?

Hindsight is an extremely useful part of any entrepreneur’s development, helping them to build out their professional and personal tool kit. It can be extremely cathartic, allows self-reflection and provides much-needed comfort.

Whether through psychotherapy, life coaching or a confidant, learning from a challenging wellbeing or negative mental health experience can inform the present and help people to resolve any future issues before they may escalate again. It may be possible that many entrepreneurs have experienced difficult emotional times in the past, but suffered in a climate of less transparency as the lid on the mental health debate remained firmly closed.

Today, wellbeing and mental health have become part of a more high-profile debate. And rightly so. We asked entrepreneurs to tell us what could have helped them manage any wellbeing and mental health challenges that they’ve encountered before.

In general, they agree that more human contact and empathy from other

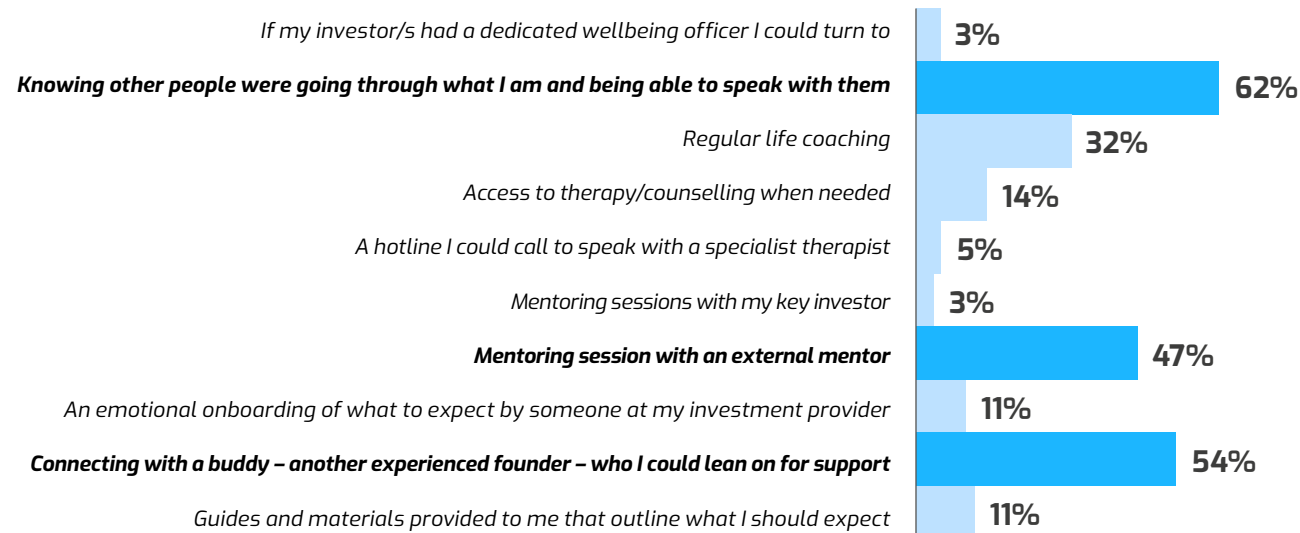
people who shared their experience would have been highly beneficial.

A resounding 62% of respondents agree that “knowing other people were going through what I am and being able to speak with them” was greatly important. Feeling isolated or different from your peer group or wider community can be a very damaging experience for anyone, in all walks of life. Talking to people with similar work and life journeys is clearly enormously helpful to all of us.

We know that suffering in silence can be a very negative approach, which many respondents in our research tell us they realise. So again, human contact of some form is therefore very important. Some 32% of entrepreneurs feel they would have benefitted from “regular life coaching”. A further 54% of respondents in our research would have liked “connecting with a buddy – another experienced founder – who I could lean on”. And 47% of them say that sessions with external mentors would have been very helpful. The following chart (see top page 26) shows what founders believe that they would have done differently.

What entrepreneurs would have done differently

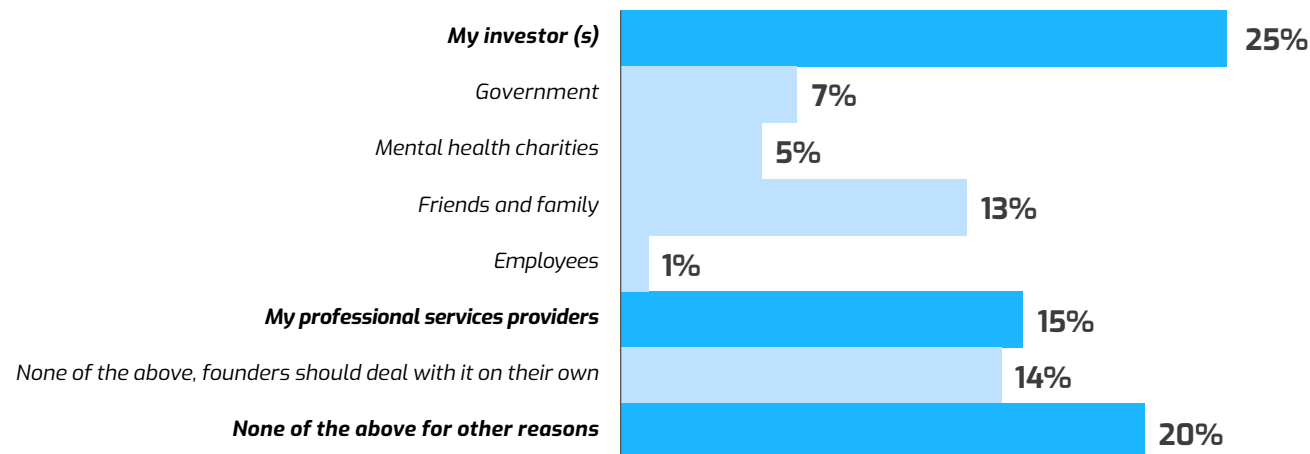
Thinking back to your toughest times, what would have helped?



Source: 100 Stories of Growth - Capital at Work

Where entrepreneurs need more help

Looking ahead, where would you like to see more mental/emotional health support come from?



Source: 100 Stories of Growth - Capital at Work

“I don’t think I suffered as much as some. In fact, I’m glad I went through it as I am stronger now and better for it.”

– A COMPANY FOUNDER

Company founders and leaders understand the merits of sharing their experiences with their peers. That’s why many of them regularly meet up with like-minded founders to share valuable insights and support in private and safe entrepreneur groups. But as one founder tells us, company growing pains never seem to go away:

“I don’t think I suffered as much as some. In fact I’m glad I went through it as I am stronger now and better for it.”

“Meeting other leaders who were having to ‘make it up as they went along’ was a huge help. It has, however, become tougher as we have become more successful. I now feel more isolated than ever before.”

For many entrepreneurs, relationships with their capital providers can be rewarding or challenging, but often intense. The very nature of running a business that’s backed by financial capital is a factor that we believe should be taken very seriously by founders seeking funding, their investors and financiers, and indeed everyone in the SME community.

One entrepreneur tells us how a lack of alignment with their own investor has been stress-making:

“The biggest pressure is having investors who do not understand your business and so have unrealistic expectations or are very damming if difficult areas don’t go to schedule. Also, they expect high performance from an under-resourced and under-capitalised management team, which is often impossible to deliver consistently.”

Building resilience through support and experience

While understanding the root cause of wellbeing and mental health issues is critical, shedding light on where entrepreneurs would like more support going forward will help shape the debate.

The bottom chart on page 26 shows that founders have identified three core sources of support to help alleviate the pressure of growing a company. At a professional level, they would like to see more support from their investors and from government. And on a personal level, friends and family are an important source of support.

25%

of entrepreneurs would like more wellbeing support from investors in the future

Uncovering the pressures that come with funding

As we highlighted earlier in this report, the access to finance debate championed by government and the wider SME investment community has, on a positive note, opened the flow of capital to fast-growing UK companies.

It would appear that the extra funding comes with pressure, but wellbeing support for investee companies may be lacking. The concept of wellbeing experts at investment providers is a nascent development at forward-looking companies such as Octopus. We believe that responsible investment and finance providers need to focus just as much on the people running businesses, and their wellbeing, as they do on the potential profits that their clients generate for them.

With reference to personal support, the campaign's extensive conversations with entrepreneurs reveal that family and friends are a vital part of any support mechanism. And this reliance is set to continue for many of them. They conclude that it's clearly not about sharing strategic decision-making or human capital concerns

at the breakfast table. Instead, it's about having reliable and loving support mechanisms in their lives to help them chase their dream to grow their business.

But life is about choices and we can't always achieve the work-life balance that favours everyone around us. The stark reality is that running a high-potential business means difficult decisions have to be made, as one company founder explains:

“Success in one area usually can come with sacrifices in other areas, usually your private life. The pressure from work can add stress to the work-life balance, not seeing loved ones as much and they have to do some of the heavy lifting from a home-life perspective.”

As discussed earlier in this report, resilience is the X factor that many successful fast-growth entrepreneurs share. So it is unsurprising that many find the inner strength and drive to cope with diverse events, often in very close succession, as one female founder shares with us:



Money's run out, your partners set up in competition, the office has just been broken into and drivers' pay stolen. And a violent 6'6" man threatens you with extreme violence after sacking him for running over an elderly lady on her scooter. This was just one week of my first year in business.

Those experiences gave me sleepless nights and I was pregnant at the same time. Over 26 years, I've built up resilience and it's been a blessing. Brexit, down trade, fraud, and theft – they're all a cinch in comparison. It's all about resilience. And having a plan B because the stress of an inescapable corner is toxic.”

— KATE LESTER, FOUNDER, DIAMOND LOGISTICS

Many founders we have spoken to during the fascinating process of building the 100 Stories of Growth campaign have remarkable energy and spirits. Before we move on to talking about human capital – the people who make high-potential businesses function – two founders tell us how they approach wellbeing and emotional capital in their daily work.





GOUSTO

Emotional resilience is key

Gousto founder and CEO Timo Boldt has overcome numerous scale-up challenges thanks to the company's strong values, people-focused culture and unequivocal commitment to organic growth.

Leaving his lucrative job in the investment world, Boldt created recipe box company Gousto, delivering fresh, measured ingredients and recipes directly to homes. He decided Gousto was a winning idea as "there is a real need for more sustainably sourced food".

Gousto's commitment to producing impact beyond just financial returns is supported by a strong set of company values, known as its three ownership principles: "Dream, Deliver, Care". These principles permeate all elements of the company culture, from job interviews to salary reviews. Boldt believes this has helped the company attract the best people who have helped Gousto "punch above our weight".

However, Boldt has made many sacrifices along Gousto's scale-up journey. He didn't take a salary, had to make very tough decisions, and transformed the company's leadership team. "All of this has been immensely painful and quite emotional," he explains.

"It all comes down to our people and how they help the business to scale."

— TIMO BOLDT, GOUSTO

Boldt highlights the importance of "resilience" and "organisational robustness" to help handle these inevitable scale-up hurdles. He believes strong company values have provided the company with essential organisational direction and togetherness during tough times.



THE DIGITAL
TRANSFORMERS



CRANBERRY PANDA

How to nurture and retain the best people

Founder Jonathan Hall says that his company's "purpose is to create happiness, one job at a time". Not just for his clients but also for the hopeful applicants his team meets every day.

As the debate about wellbeing and mental health issues in the workplace intensifies – and rightly so – Hall is setting an admirable example for other scale-up companies by looking after his staff.

Hall points to some key initiatives that aim to help achieve his people's happiness. His company has invested in a mental health coach who comes to the office once a month to spend an hour with each employee. "It's completely confidential and they can talk about anything they want, whether it's work, home or personal," he says.

And it's easy for management to keep track of how the team is feeling. The company

uses a system called Officevibe, an online sentiment tracker that looks at everything from general happiness and wellbeing, to how well you get on with your co-workers.

The London-based recruiter is set to increase its turnover by 60% and double its headcount to 30 this year. Hall believes that finding good people – and keeping them – is the key to Cranberry Panda's success. That's why he's invested in creating a culture where employees feel supported and inspired to thrive.

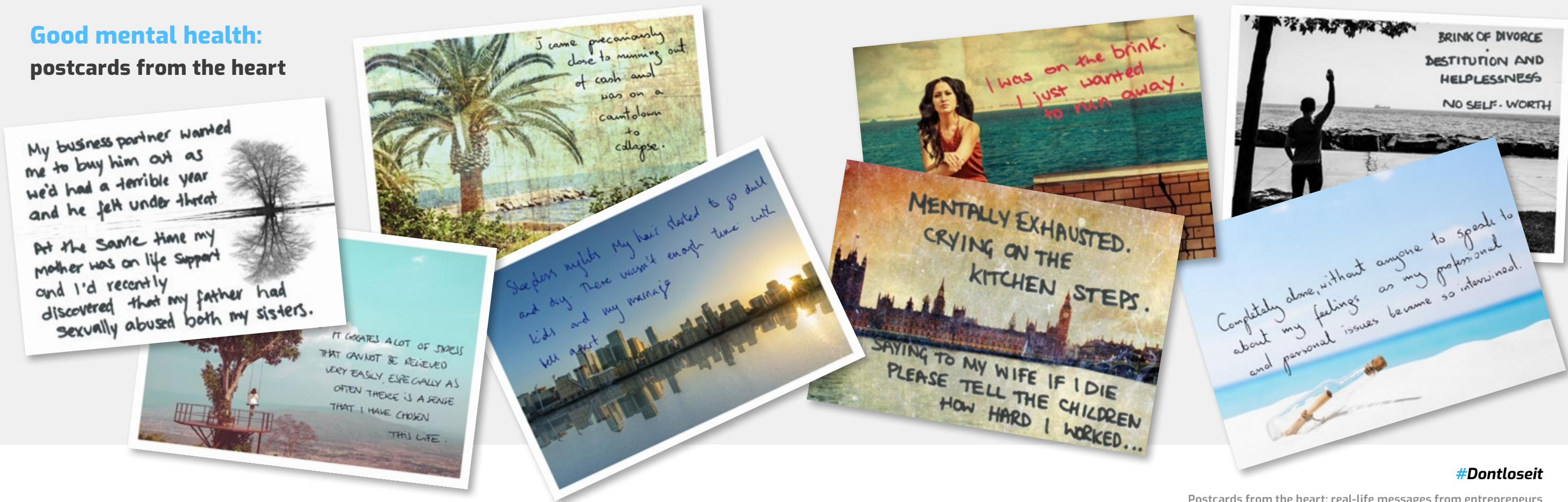
"They can talk about anything they want, whether it's work, home or personal."

— JONATHAN HALL, CRANBERRY PANDA



THE INNOVATORS

Good mental health: postcards from the heart



#Dontloseit

Postcards from the heart: real-life messages from entrepreneurs to coincide with World Mental Health Day on October 10, 2018

Don't forget the goose that lays the golden egg

As the 100 Stories of Growth campaign has evolved, it has become increasingly clear that the SME investment ecosystem needs to prioritise founder education and development about wellbeing and mental health. That's why we've launched the Mindful Investor initiative – helping the investment community to engage more supportively and proactively in founders' wellbeing and mental health.

Raising vital awareness about entrepreneurs' mental health

To coincide with World Mental Health Day, the 100 Stories of Growth campaign raised important awareness about entrepreneurs' mental health and wellbeing through with a dedicated research study. The reaction to the study was very positive. More than 130 company founders shared their experiences about their mental health and wellbeing while running and growing their businesses. The research highlighted an acute need to talk more about the very challenging experiences that many founders face today.



These key findings reveal real need for greater support right across the UK SME community:

53%

of founders say that building their business has been one of the toughest times of their lives

25%

say their mental or emotional health has been negatively affected but they've suffered in silence

26%

of founders would like to see more support from the investment community