“Interestingly, failure of an entrepreneurial start-up represents a social stigma in some societies but less so in others. Thus, social norms may impact on entrepreneurial activity and the degree of entrepreneurial resilience in a particular society. Different cultures respond to entrepreneurial failure differently. For example, the acceptance of failure is higher in the United States and considered as an experience for future success, while in Japan and Europe entrepreneurial failure is more of a social stigma.” – Innovation and Entrepreneurship, 2011.

Some of the most famous stories involve individuals that overcome obstacles via willpower and determination, along with a strong conviction to succeed. Triumph over hardships tells the most compelling tale – yet it seems not just anybody can go the distance. According to Wikipedia, resilience of an object occurs when it is capable of regaining its original shape after being bent, stretched, compressed or deformed. The imagery of this description works well for entrepreneurship. Sometimes individuals really go through the wringer when it comes to starting a company. You can bet some really do feel like they’ve been bent and stretched beyond their capabilities, even deformed completely beyond the shape they originally started in. But how they come through the situation is what speaks most about them.

Like the opening quote tells us, fortunately in the US, failure is interpreted as a trial and error process, with the notion that failures can be bounced back from and learned from. In a way, failure and resilience are a way of life in the entrepreneurial world. You don’t often see long term, sustained success without failure and resilience. Yet while failures is seen
as the end of the road for some, it is often just a chapter in the story for others.

At Serra Ventures, we have worked with a wide spectrum of entrepreneurs – experienced, inexperienced, young, more mature, those with techie backgrounds and those with business experience, those that were resilient, and those that weren’t so much. It might seem like stating the obvious, but people and teams that are highly resilient are simply more likely to succeed.

Teams that lack resilience are much more likely to throw in the towel early and walk away, or systematically disengage from the start-up effort. Serra Ventures has observed this phenomenon first-hand in the last few years. In some instances, these actions were merited and understood. In other cases, had more concerted efforts been made to pivot and persevere, the outcomes could have been very different.

In general, younger teams seem to show less resilience than older teams. This may be due to lack of experience or expertise. Younger individuals are also more likely to be naïve about just how difficult leading a startup can be.

Personal resilience is typically acquired through personal experiences over an extended period of time, as one confronts difficulties and challenges head-on, diligently and patiently works through them, and ultimately gets to the other side. So, in some sense, resilience is “caught, not taught.” To go along with this idea, the research would suggest that resilience in its psychological and social context is something that is acquired. (Hedner, T. and Abouzeedean, A., 2011).

Processes for acquiring resilience can include individual coping strategies, communal support from families, schools, faith groups and the like, and social policies that make resilience more likely to develop. The older the team, and the more varied their collective experiences, the more likely they are to have encountered processes that increased their resilience.

There are several paradigms that inhibit resilience. For example, it is difficult to adopt the mindset of “I must be brutally honest with what is really going on” over “I must appear successful to all those on the outside,
especially shareholders, board members and strategic partners.” Other inhibitors include plain exhaustion and a lack of will to continue. As humans we will often be pushed to a breaking point, and in a pivotal moment we may either have the “flight or fight” response. Some will choose to continue pushing forward, others will decide to run in the other direction. Entrepreneurial teams must ultimately ask themselves, “Are we willing to fight and persevere for our company?”

No matter the situation, there are tips for entrepreneurial teams to develop more resilience.

1. You don’t get through tough times in life without your friends right? Reaching out to experienced mentors and confidants can be hugely beneficial. Tap their experience. Involve them in assisting you with solving your problems.

2. Be honest with yourself, your team and your investors. You won’t be doing anyone any favors by pretending everything is okay. It might be too late at some point to solve what may become compounding problems. Give everyone the straight scoop about what is going on, and you can tackle it together.

3. Keeping things in perspective can help when times get hard. Adopt a more realistic picture regarding the accomplishment of specific business milestones, understanding that things often take longer and take more funding than originally planned. If we can learn anything our personal situations, it is that things rarely turn out exactly as we had envisioned. It should be no different in business.

4. Embrace times of challenge and difficulty while asking “what can we learn from this?”, “what
5. Always be thinking through “Plan B” – a series of steps you can implement as an alternative strategic path forward.

6. Nurture a positive view of yourself and maintain a hopeful outlook.

This leads to some take-aways for investors:

Carefully evaluate the composition of the team you’re funding. Ask important questions. What is their collective life experience? What successes have they experienced? What failures have they endured and overcome? Do they exude humility and teachability while at the same time exhibiting strong confidence in their business opportunity and their personal capabilities?

If the team is young, determine how you can best “come along side” them, mentoring and guiding them through difficult times. Commit to speaking the truth, challenging assumptions, and holding the team accountable. Make sure there are open lines of communication at all times, and that the team provides honest updates on a regular basis.

What will your story be?

References: