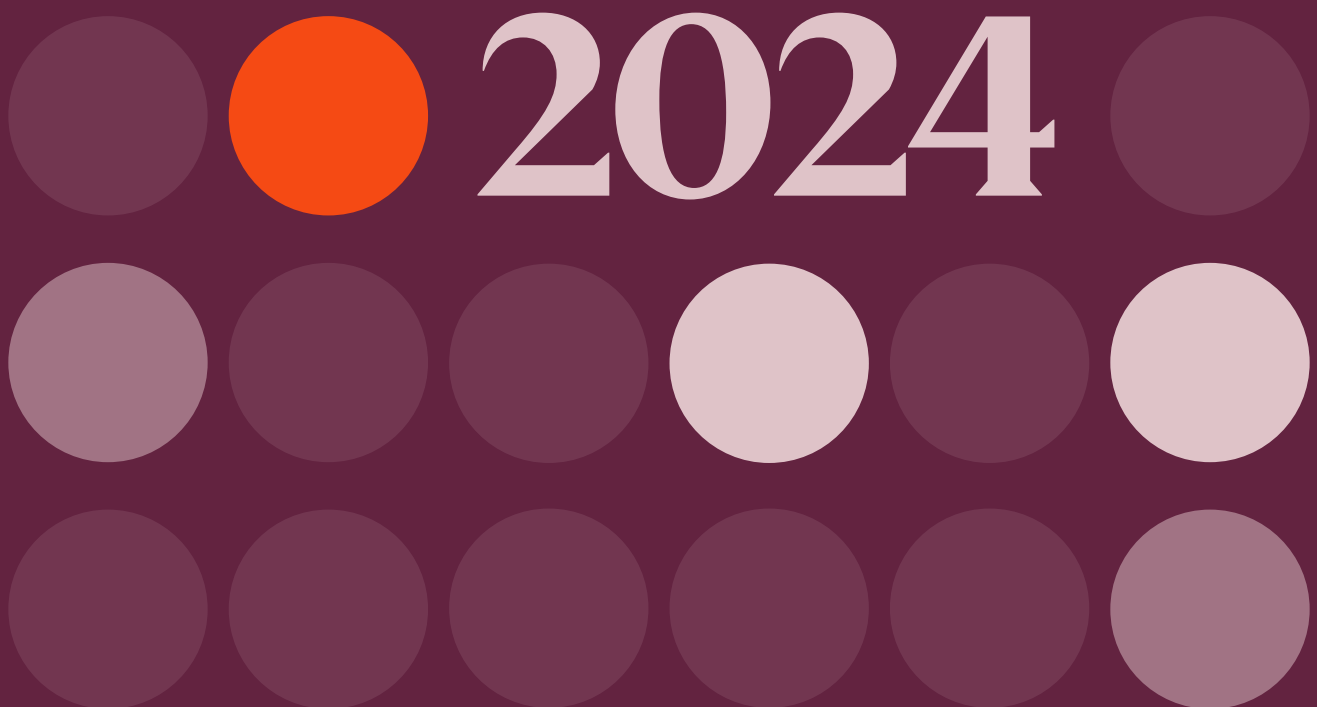


Balderton.

Founder Wellbeing Report

How investors can unlock founders' potential



Burnout on the boardroom agenda

Last year's landmark study of entrepreneurs revealed significant challenges impacting both founder wellbeing and company performance – showing that they are inextricably linked. Our second annual survey of 128 entrepreneurs – some from within our portfolio, but most from our wider networks – shows these issues persist.

70%

agree that burnout due to stress remains a significant problem in the startup ecosystem, a slight increase from last year. A similar share (69%) say that stress negatively impacts their work performance moderately or significantly, with 30% reporting a significant impact

Balderton has always focused on building positive relationships with founders and CEOs - but the scale of the issue and the impact on their businesses revealed in last year's study galvanised our commitment.

In this year's report, we set out to gain deeper insights into the root causes of this burnout.

One thing was particularly striking in the data: the widely held stereotype of entrepreneurs as young, commitment-free individuals is outdated - if it was ever true. 38% of the founders and CEOs surveyed are over 40, and more than half are parents or caregivers.

Working through their personal wellbeing, financial strain, and company leadership challenges, Europe's entrepreneurs face a more complex set of challenges requiring varied support that they're often not receiving.

Investors are a central pillar of support, but our survey shows that entrepreneurs are often not reaching out to investors. Instead, they are often relying on personal networks that are already under strain.

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My spouse shoulders a huge amount of the burden as a result of me running my company, without any recognition or appreciation from others.

- Founder & CEO

This should serve as a wake-up call for investors. Making support available is only effective if founders and CEOs utilise it. Our industry must work to destigmatise entrepreneurs asking their investors for help. Similarly, investors can internalise the fact that wellbeing is good for business. Proactively addressing sensitive topics like entrepreneur burnout and personal financial stress could go a long way.

If left unaddressed, burnout can harm founders and CEOs, their families, their companies, and even the investment community. This benefits no one. Conversely, there is a significant opportunity to help founders and CEOs achieve peak performance through proper support.

Key findings

Founders and CEOs are at varying life stages - not all conforming to the stereotype of carefree 20-somethings widely associated with startups.

86%

are married or in a relationship

51%

are parents or carers for under 18s

38%

of those surveyed are over 40

For founders and CEOs, burnout persists.

70%

of founders and CEOs agree that burnout due to stress is a significant problem in the startup ecosystem

87%

agree that entrepreneurs' personal relationships often suffer as a result of the time and effort needed to run their business

Financial stress is having a direct impact on how founders and CEOs run their businesses.

42%

report personal financial stress has sometimes distracted them from running their business

27%

report considerations about personal finances have impacted on the business decisions they make

38%

had not paid themselves enough to cover the cost of personal or family expenses in the last year. This is especially pronounced for pre-Seed and Seed stage founders (60%)



Founders and CEOs rely heavily on their personal support networks. Meanwhile, those personal networks are under significant strain.



84%

of founders and CEOs agree that strong support networks are essential for entrepreneurs to perform at their best



57%

of those surveyed who said they were married or in a relationship reported a negative impact on their relationship with their spouse or partner due to the challenges of running their business



42%

42% of founders and CEOs turn to their spouse or partner often or all the time for professional support. Only 33% often turn to their investors

There is currently a misalignment between the support founders and CEOs need and the support they get. Open-ended responses revealed significant hesitancy around asking for support - but they also aren't always getting the support they need from investors when they ask.



72%

think it's very or extremely important for investors to provide opportunities to access liquidity



23%

however, 23% do not receive support with liquidity from their investors



32%

of those that do, less than a third are satisfied with the current level of support from investors

The myth of the 'stereotypical' entrepreneur

Within the industry - and more broadly - there is a very specific image of the typical entrepreneur that comes to mind: a young tech enthusiast, with few commitments and perhaps a parent's garage to work from. This survey challenges that notion.

The varied life stages of entrepreneurs

Many of the respondents in our study are in their 30s and 40s, with 38% over 40. 86% are married or in relationships, and more than half are parents or primary caregivers to children under 18.

38%

are over 40

86%

are married or in relationships

> 50%

are parents or caregivers to children under 18

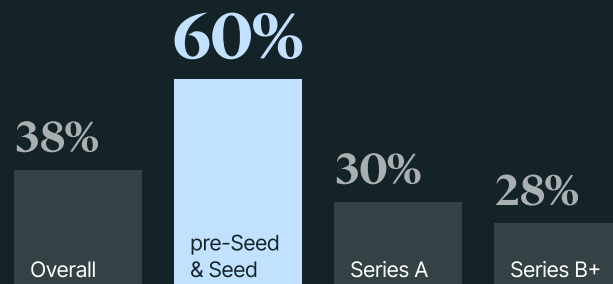
This demographic reality underscores a critical point: the startup ecosystem must adapt to support a diverse range of founders and CEOs. Currently it seems that where this support does exist, it's sometimes responding to the caricature of the single or single-minded, obligation-free entrepreneur.

The support entrepreneurs need

This survey reflects a more realistic and rounded picture of entrepreneurs, seeking a wider range of support for challenges that are having a significant impact on their ability to lead their companies successfully.

Take financial pressure: far from the image of early-stage entrepreneurs as having few financial commitments - 60% of pre-Seed and Seed stage founders and CEOs report not paying themselves enough to cover personal or family expenses.

I do not pay myself enough to cover the cost of my personal or family expenses



During the past year, which of these statements on personal financial challenges, if any, have you experienced?

128 Founders & CEOs, VC-backed companies; 35 pre-Seed & Seed stage; 40 Series A, 43 Series B+

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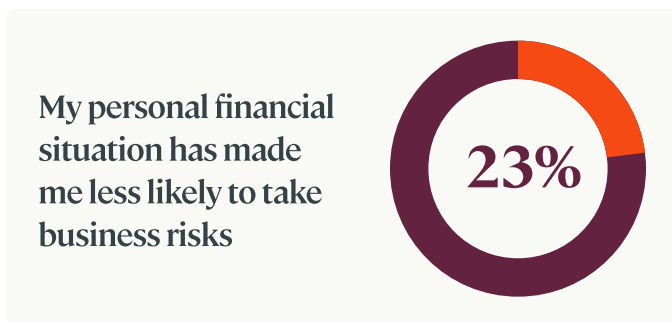
Most founders are leaving behind excellent corporate careers. And whilst the financial hit for the first few years is fine, as the company scales to Series A and beyond, a bit of liquidity along the way is needed to keep things ticking. If I can't pay for my kids despite running a 'leading startup', what's the point?

- Founder

This financial strain is not merely a personal issue—it's affecting business decisions. More than 4 in 10 surveyed (42%) admit that personal financial stress sometimes distracts them from running their business, and 23% say their personal financial situation has made them less likely to take business risks.



In an industry where calculated risk-taking often separates success from failure, this risk aversion can have a significant impact on many startups' chances of thriving.



“ [I have] no money to pay for therapy or coaching - no personal money or not enough in the business to spend on this.

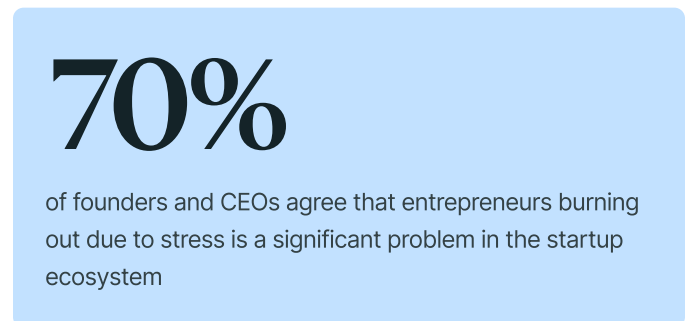
- Founder

Beyond financial strain, there are clearly personal wellbeing challenges. 78% of founders and CEOs feel entrepreneurs are expected to constantly prioritise working more over investing time in their own wellbeing. An overwhelming majority (91%) have experienced some deterioration in their own personal wellbeing. This has a clear impact on their work: 69% say stress has moderately or significantly negatively impacted on their work performance.

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The biggest challenge for me is finding the right advisor who can help me develop a framework for balancing family and work.

- Founder & CEO

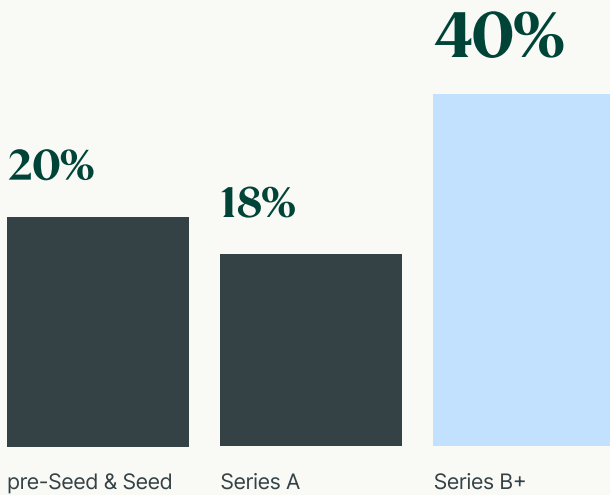


The challenge of scaling leadership

The unhelpful myth of the stereotypical founder extends beyond just demographics - it is often assumed that those with the drive to lead early stage companies will be able to naturally scale their leadership.

Series B+ founders and CEOs are more than twice as likely as their Series A and pre-Seed and Seed stage counterparts to struggle with maintaining company culture, and also twice as likely to struggle to find the right external expertise and advisors to support them.

Share of founders & CEOs finding it very or extremely difficult to find the right external expertise and advisors to support them and their business



Thinking about your experience as a founder / CEO over the last year, to what extent, if at all, have you found the following leadership challenges difficult?

128 Founders & CEOs, VC-backed companies; 35 pre-Seed & Seed stage; 40 Series A, 43 Series B+

In fact, there are a wide range of leadership challenges that the founders and CEOs surveyed consistently encounter as they work to scale their businesses and organisations.



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What made you successful as an early stage founder might not be what [your] company needs as it develops... Let's start separating between shareholding and management.

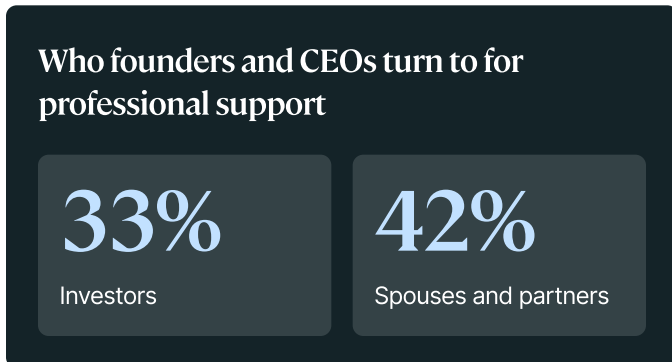
- Founder

The support misalignment

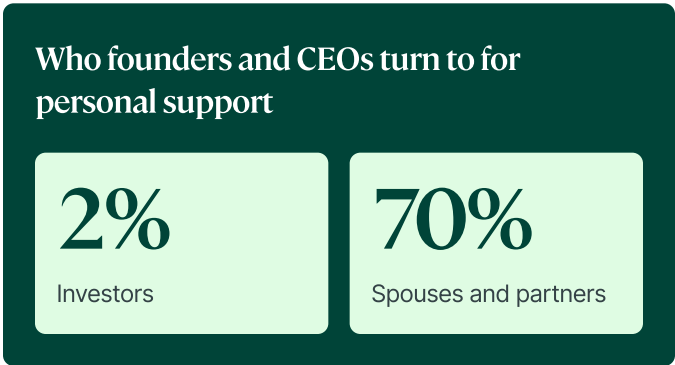
The outdated vision of what the entrepreneur pool looks like is reflected in a mismatch between the support entrepreneurs are currently receiving and the support they say they need. They are relying often on personal networks for support, networks which are already frequently under strain.

The current support gap

While 84% believe strong support networks are essential for peak performance, only 33% often turn to their investors for professional support. Instead, many lean heavily on personal relationships, and founders and CEOs are more likely to turn to their personal networks: 42% say they turn to their spouse or partner often or all the time for professional support, with 35% turning to external mentors, advisors or coaches.

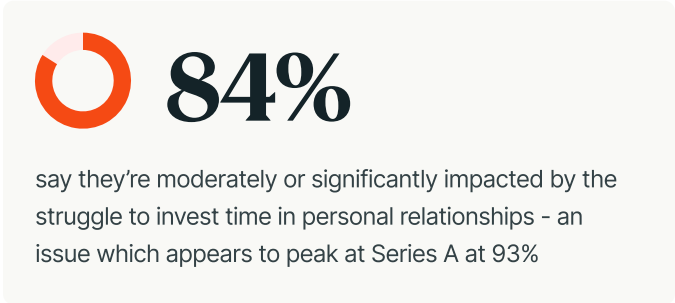


Whilst 77% of the founders and CEOs surveyed had been moderately or significantly impacted by a deterioration in personal wellbeing, just 2% often turn to their investors for personal support. In fact, 88% of founders and CEOs rarely or never turn to their investors for such support. This is again in stark contrast to spouses and partners, who just over 70% of founders and CEOs often turn to.



Personal support networks at breaking point

This reliance on personal networks seems to come at a cost. 57% of those surveyed who said they were married or in a relationship reported a negative impact on their relationship with their spouse or partner due to the challenges of running their business. The figures are just as concerning overall for relationships with wider family (56% reported negative impact) and friends (66% negative impact).



Parents and carers for those under 18 can also be particularly impacted by the challenges seen. 66% say they see a significant impact from not being as present as they would like for their friends and family - higher than the 55% equivalent figure for non-parents.

Personal relationships, which are such a clear source of support to founders and CEOs, are also those which are most clearly strained by the high pressure environment.

Impact of business challenges on founders' personal relationships

57%

Of those who say they were married or in a relationship reported a negative impact on their relationship with their spouse/partner

“

Adapting to parenthood has been another challenge. Making hard decisions on a daily basis while being sleep-deprived was a big challenge. Looking back, I'd have loved to get advice from other parent-founders to be better prepared.

- Founder & CEO

The hesitancy barrier

With founders' and CEOs' personal support networks at breaking point, many are still not turning to investors and it is important to understand why.

The first theme, which came out strongly in the open ended response, is that there is still a real hesitancy to seek support. Time-stretched founders and CEOs are sometimes overwhelmed by the prospect of seeking support - and there is a real fear of how they will be perceived by investors if they look for support.

Given this, there could be a role for investors in helping to connect entrepreneurs with more diverse support networks. While some founders and CEOs are already looking to external professional networks and mentors, this is an area where they could draw more peer-based support, and investors can help to connect them.

Founders and CEOs face a range of professional - and personal - challenges. Yet, very few feel comfortable speaking to their investors about these challenges - even if they acknowledge these issues are having a direct consequence on how they run their companies.

“

There's no transparency ever from founders because they're always afraid how investors will judge them. Everyone is having mental health issues and no one shares because of fear of how that will impact your funding round.

- Founder & CEO

Support misalignment

Beyond that, it is also clear that investors do not always have the right kinds and levels of support available. While almost half of founders and CEOs (48%) believe it's very or extremely important for investors to provide advice on leadership and managing teams, only 36% of those who received support in this area were very or extremely satisfied.

48%

Founders and CEOs believe it's very or extremely important for investors to provide advice on leadership and managing teams

“

Hustle culture makes it the norm to burnout and suck it up.

- Founder & CEO

This support misalignment is very much present in professional challenges too.

Whilst 76% of founders and CEOs think it's important for investors to act as a sounding board on significant business decisions, only 42% who received support in this area were very or extremely satisfied - a figure even lower amongst Series A entrepreneurs (35%).

These findings suggest that current support structures aren't just adequate, but failing to keep up as companies mature and founder and CEO needs evolve.

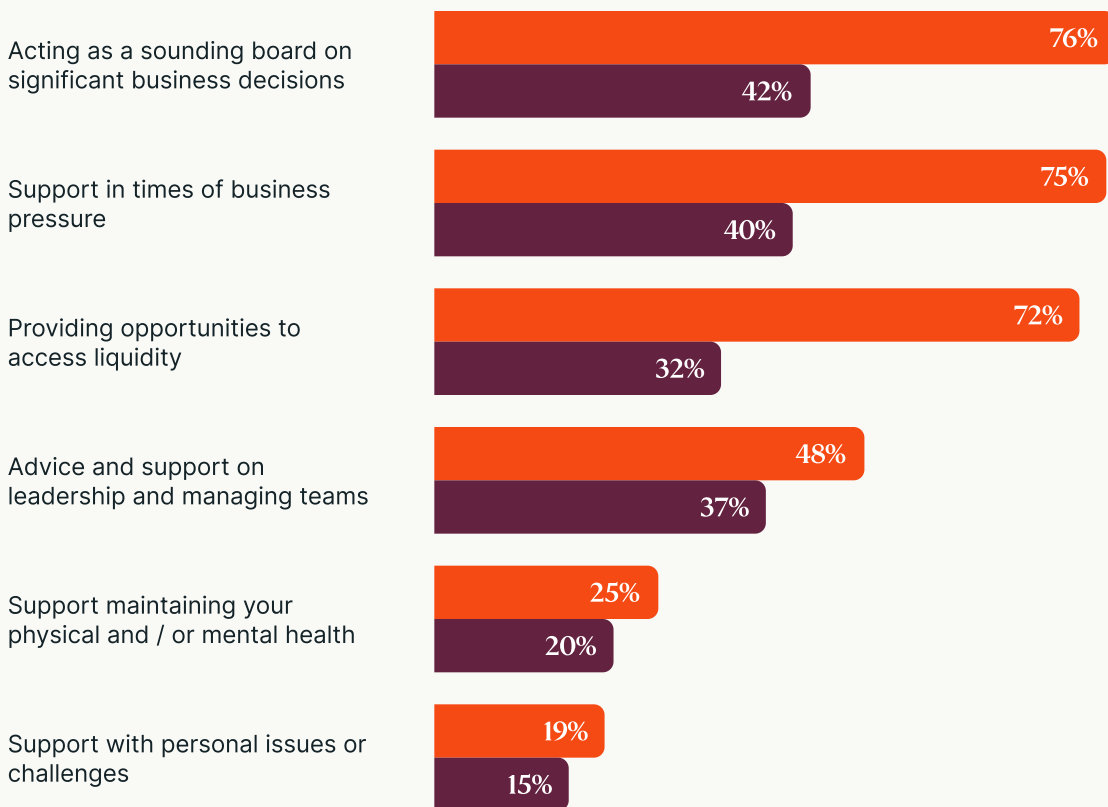
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Being surrounded by the right experts to tackle my needs is a challenge. Everything is new when you scale a business, and early days are crucial to find your path. Unfortunately, when you're very small, that's when you're the most isolated.

- Founder & CEO

The share of founders and CEOs who find this area of support important from investors versus how satisfied those receiving this type of investor support are

● Importance ● Satisfaction



How important, if at all, would the following types of support be for you as a founder / CEO, from your investor(s)?; As a founder / CEO, how satisfied, if at all, are you with the following levels of support you currently receive from your investor(s)?

128 Founders & CEOs, VC-backed companies overall, sample sizes for those receiving different areas of support ranged from n=73 to n=121

The impact on the ecosystem

“

Today there is more focus on this, but just a few years ago it was taboo. It did not feel like an option to seek support (besides a coach) and the default / needed option was to always appear strong, confident, always on and always working.

- Founder

This study, amongst a largely European cohort of founders and CEOs, raises important questions for the ecosystem.

Our survey shows 78% feel they are expected to prioritise work over investing time in their own wellbeing. This culture is unsustainable and potentially damaging to long-term innovation. It risks not only creating a generation of burnt-out entrepreneurs but also stifling the very innovation Europe seeks to foster.

However, as in any crisis, there is opportunity. Europe could champion a more sustainable, founder-centric model of innovation that sets it apart on the global stage. While there is clearly work to do, this data signals several approaches which merit **immediate consideration**.

“

Thanks to the WellFounded scheme, I really figured out my personal wellbeing and resilience manual. Approaching the founder/CEO journey in a much more sustainable and rewarding way now. Absolute gold.

- Founder & CEO

Approaches that merit consideration

- 1 Addressing financial pressures through structured liquidity options could alleviate the stress around personal finances reported by 54% of founders and CEOs. This could be achieved without additional investment by making conversations about founder liquidity more acceptable and routine.
- 2 More comprehensive leadership support is crucial, given that only 36% of founders and CEOs who receive advice and support on leadership and team management are very or extremely satisfied with the support they get. This support should be tailored to different growth stages, addressing challenges such as effective delegation (very or extremely difficult for 27% of founders and CEOs).
- 3 A greater emphasis on founder wellbeing could help preserve the personal relationships that often serve as founders' and CEOs' primary support networks. Providing coaching, facilitating peer support networks, and providing dedicated overall wellbeing support - are all options more VCs can explore.

Europe's startup ecosystem is at a critical juncture, working to foster a vibrant innovation culture that is competitive with the US and China.

In doing so, supporting Europe's entrepreneurs as they build globally successful companies is paramount.

Where next for the industry

We know - from our initial study last year, validated by this year's study - that founders and CEOs are at their best when they have the holistic support that they need.

Performance has to be thought of holistically - optimising entrepreneurs' wellbeing and support networks to put them in the best position for success.

VCs should be a central plank of the support that founders are getting, but at the moment there is a disconnect. Founders and CEOs aren't always seeking and getting the support they need from the industry - when it comes to key barriers such as leadership development, personal financial strain and increased pressure on families and personal relationships.

Having entrepreneurs delivering at their peak is in everyone's best interest. The industry has taken important first steps to prioritise founder wellbeing - but it is important to make sure that the support on offer meets the needs of a diverse group of entrepreneurs and life stages. It is also vital to normalise and destigmatise asking for help.

Methodology

We surveyed

128

Founders and CEOs, all of whom were at Venture Capital backed companies, between 28th June to 22nd July 2024. The survey was conducted online.

Responses were collected in two main ways:

- 1 Through direct email outreach to companies in Balderton's portfolio and its wider network that qualified for the survey.
- 2 Dissemination of the survey via LinkedIn (all respondents were asked to provide their LinkedIn profile, which was used to ensure they qualified for the survey).

Those surveyed were almost all at European-based companies:

In the UK

 **59**

In the rest of Europe

 **63**

Based outside Europe

 **6**

Data was collected by a third party, with no personally identifiable information shared with Balderton.

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Founder Wellbeing Report