Framing, Avoiding and Overcoming Failure: Insights from Canadian Entrepreneurs

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Introduction

To uncover unique insights into how Canadian entrepreneurs view failure, Startup Canada and the TruShield Insurance Entrepreneur Success Advisory Council partnered on a national study. The results, summarized in this report, reveal how organizations can improve communications and programming to help entrepreneurs avoid and overcome business challenges as they start and scale.

The study took place between January 14, 2019 and January 31, 2019, through a national online survey and questionnaire that engaged 780 respondents.

Defining Failure

Responses to this survey make it clear that entrepreneurs do not share one common definition of failure. However, when asked to describe what failure means to them, more entrepreneurs applied phrases with positive connotations than negative. Positive phrases included the words “opportunity,” “chance,” and “challenge” followed by the conclusions to “learn,” “do better,” “improve,” “try again,” and “pivot”.

“Failure is the making of an error that allows you to step back, learn from what happened and emerge as an even stronger player with a mightier solution than before.” - Fashion/Lifestyle Entrepreneur from Toronto, ON

Those who applied negative sentiments to describe their thoughts on failure commonly used words and phrases such as “quitting,” “loss of money,” “bankruptcy,” and “not meeting business goals or objectives”.

“Failure means total chaos, irreparable damage and point of no return. Minor failures are called hiccups in my dictionary, and there is no way to avoid those.” - Information/High-Tech Industries Entrepreneur from Stittsville, Ontario

Responses to this question highlight the distinction between “minor” failures – the everyday challenges and mistakes entrepreneurs commonly experience, and “catastrophic” failures that lead to business demise. As noted by respondents, differing opinions are primarily a matter of attitude and mindset.

Perceptions On The Necessity Of Failure

This study asked entrepreneurs if failure is necessary when starting up. Thirty-nine per cent said ‘yes,’ 34 per cent said ‘maybe’, and 27 per cent said ‘no’ (see Fig. 1). As described in the previous section, this division can be attributed to varying definitions of the word, though deeper analysis reveals greater insights into entrepreneur sentiments.

“I believe you only fail when you give up. I see it more as wins and losses. It’s all part of the game.” - Arts/Media/Entertainment/Digital Technologies Entrepreneur from Scarborough, Ontario

Among those who said failure is necessary when starting up, many believe it is an unavoidable element of the entrepreneurial experience, particularly for those who are innovating within new or emerging industries.
“Failures often provide the best and longest-term education on what works, what doesn’t and why. As a result, corrections can be made, alternatives can be considered, and potentially, the best options can be implemented for future success.”
- Consulting Company Founder from Regina, Saskatchewan

Those who said ‘no’ or ‘maybe’ believe that while failure is possible, it is not a necessary step or a requirement for success. Some even cautioned that failure has become “glamourized” in entrepreneurship and warned against enabling behaviours that make avoidable failures commonplace.

“Failure is a possibility but not a given if you do your market research, have a marketable/desired product, price effectively, work hard and minimize your expenses.”
- Arts/Media/Entertainment/Digital Technologies Entrepreneur from Stouffville, Ontario

Overwhelmingly, however, this study confirms that the possibility of failure does not dissuade entrepreneurs from taking risks. Eighty-four per cent of entrepreneurs are “very likely” or “likely” to take risks despite fear of failure (see Fig. 2).

**Figure 2: How likely are you to take risks despite the fear of failure?**

<table>
<thead>
<tr>
<th>Likelihood</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Likely</td>
<td>47%</td>
</tr>
<tr>
<td>Likely</td>
<td>37%</td>
</tr>
<tr>
<td>Neutral</td>
<td>13%</td>
</tr>
<tr>
<td>Unlikely</td>
<td>2%</td>
</tr>
<tr>
<td>Very Unlikely</td>
<td>1%</td>
</tr>
</tbody>
</table>

**Top Failures Experienced By Entrepreneurs**

When asked to describe the most common failures experienced by entrepreneurs, lack of finances and financial literacy, product/market fit, strategy, and marketing and sales came out on top. These align with the top challenges faced by entrepreneurs and the areas wherein they need the most support, as documented by the 2019 Canadian Entrepreneurship Census.
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Acceptance And Support Of Failure In Canada

When asked to provide commentary on whether “Canada embraces failure and supports entrepreneurs through failure,” many entrepreneurs expressed negative or neutral sentiments. Those who expressed negative opinions believe that Canada generally does not assist entrepreneurs to overcome failure. Among those who expressed neutral sentiments, many believe that while Canada may embrace and support entrepreneurs through failure to some extent, much more can be done to help them overcome challenges.

“Canada does embrace failure as a storytelling and learning tool, but I don’t know what supports exist for entrepreneurs who experience failure.” - Professional, Scientific and Technical Services Entrepreneur from Toronto, Ontario

“We say we embrace failure but actually stigmatize those who do to the point that people are afraid to fail.” - Educational Services Entrepreneur from Barrie, Ontario

Opportunities To Improve Support For Entrepreneurs

This study reveals that entrepreneurs view failure in diverse ways. There is no one standard definition shared by all, though many describe it as an opportunity to learn and grow stronger businesses. Entrepreneurs are also likely to reframe business “failures” as “challenges”. Many view minor failures as highly inevitable but believe common failures can be avoided, particularly in areas of finance, market research, strategy and planning, and marketing and sales. Entrepreneurs believe more can and should be done to help entrepreneurs learn from the mistakes of others and avoid them in their own endeavours.
To better support entrepreneurs to build successful companies, Startup Canada and the TruShield Insurance Entrepreneur Success Advisory Council can consider the following recommendations put forward by those surveyed:

- Organize a Failure Conference or National Failure Workshop Series that provides mentorship, expertise, and education in a judgement-free space to help entrepreneurs prevent failures before they happen.

- Organize Failure Support Groups that provide peer and expert mentorship in a judgement-free space to help entrepreneurs navigate and overcome business challenges as they experience them.

- Review existing programs and marketing campaigns relevant to the topic of failure to ensure they are solution-based. Conversations related to failure should raise awareness of common business mistakes and provide strategies for both avoiding and overcoming them.

By giving business owners the tools, resources, and education they need to avoid pitfalls that lead to costly mistakes and business failures, entrepreneur support bodies like Startup Canada and the TruShield Insurance Entrepreneur Success Advisory Council can reduce the number of businesses closing shop each year, instead empowering them to continue as thriving contributors to the Canadian economy.

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**About Startup Canada**

Startup Canada is the national rallying community and voice for Canada’s 2.3 million entrepreneurs. Since launching in 2012, Startup Canada has grown to represent more than 200,000 entrepreneurs and 50 grassroots communities from coast to coast to coast. Through digital programs and flagship events, Startup Canada is the network promoting, inspiring, educating, connecting and giving a voice to Canada’s entrepreneurs; supporting them to start, operate and scale businesses that build a better Canada for the world today and for future generations. For more information, visit [www.startupcan.ca](http://www.startupcan.ca)

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