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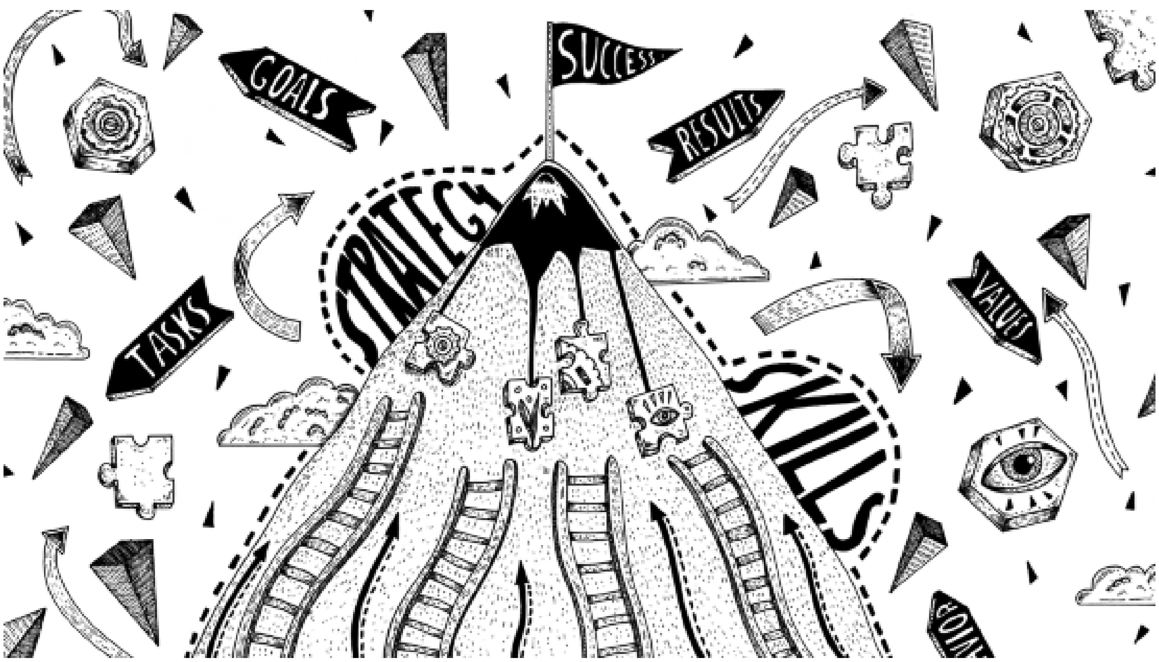

LAURA SCHNEIDER FOR HBR

When it comes to new tricks, sometimes new dogs are just as hard to teach as old ones. At least, that was what went through my mind as I sat in on a recent senior team meeting at a fast-growing, two-year-old e-commerce company. I winced when Daniel, the 32-year-old CEO, said, “Come on, guys, I need you all to focus more on execution. If we’re going to scale successfully at the pace we’ve laid out, we’ve got to execute faster and delegate more. I want you pushing hard on your teams. Get them to step up and execute! That's why we've brought in Jeff here, to coach all of us on how to motivate the troops." I smiled sheepishly. *Really?* I thought. *That's not what I had in mind.*

Don't get me wrong — Daniel's intentions are good. Many startup CEOs adopt this "visionary entrepreneur" leadership style. They set out a broad vision, provide lofty goals, and model an ambitious work ethic (for recent college grads, it's not a big leap from "all nighters" to "all weekenders"). And at this stage in a company's growth, it generally works. Just being close to the founders — working alongside them, being in meetings where there is a personal connection — tends to motivate and inspire young staff. Early employees feel that they belong to a special "club."

Yet keeping enthusiasm up as the company grows is difficult, especially as the direct link between founders and employees becomes less tangible or less possible (when opening remote offices, for example). As a result, many startups that experience zero turnover during the first year or two suddenly find themselves dealing with as much as 40% turnover in year three.

To address the engagement problem, leaders like Daniel need to recognize that the methods for leading and motivating staff that they used in the startup phase may no longer work. According to Self-Determination Theory, intrinsic drivers such as autonomy (the ability to have a sense of "self-authoring" one's work), competency (the sense of continued growth in skills and abilities), and relatedness (the sense of connection, inclusion, and belonging) are crucial factors in building an engaged, committed workforce.

To scale the business successfully, Daniel needs his employees onboard. To get there, he needs to focus on these motivational drivers and shift his mindset from "startup" to "scale up." The latter requires balancing the "push" mode of leadership (tell, direct, delegate) with a "pull" approach (empower, collaborate, coach), which has been shown to generate greater commitment and creativity in staff members no matter their age or the size of the company.

Here are four things leaders and their organizations can do to move from startup mode to scale-up mode:

- **Listen more.** First, you need to shift from directing to coaching, which is all about listening rather than telling. Ask thoughtful, open-ended questions, pay attention (no texting or distractions), maintain eye contact and receptive body language, and let silence be OK (so an employee can gather their thoughts). Many harried leaders may balk, insisting they have no time for this. Keep in mind that it's not the quantity of time you set aside that matters — it's the quality of time.

- **Align employee and business goals.** Shift from purely directive goal setting to a reciprocal process that links the growth of the business with the growth of the individual. When people feel that business goals are tied directly to their development, they are much more likely to go the extra mile. Ask employees to reflect on their personal goals and find ways to incorporate them into business initiatives. For example, a digital marketing director at Daniel's company wanted to gain greater visibility and impact beyond her area of focus. So she and her boss agreed to have her lead the development of a pop-up store, which required collaboration with finance, sales, and product teams. Because the temporary retail outlet was a first for the company, it was highly visible and allowed the marketing director to stretch beyond her digital responsibilities. She was excited about the opportunity, it helped her grow, and the project was a success for the organization.
- **Create feedback loops.** Include time for two-way feedback ("How are you doing, and how am I doing?") in weekly or biweekly one-on-one meetings with staff members. That way, feedback will become embedded in the culture instead of happening ad hoc in out-of-the-blue "gotcha" sessions or too infrequently, at annual review time.
- **Build peer-to-peer networks.** Even in small companies, big-company programs such as cross-functional quality assurance groups or employee resource groups (ERGs) can help deepen the sense of inclusion and relatedness that's lost when the company grows beyond the startup phase. (ERGs are groups formed around staff affinities, such as volunteering or support for women, or communities of LGBTQ people or people of color.) These groups bring together staff from different functional areas to share lessons learned from completed projects and to brainstorm potential quality improvements or innovations. They help break down silos, broaden awareness and sensitivity to other groups' goals and needs, and avoid building a finger-pointing culture. Research into the benefits of ERGs at large companies such as American Express, Accenture, and Merck has shown them to improve retention and engagement. In some cases, acting like a big company may help you become one.

For Daniel, it was a challenge to become a good listener, to set aside time for brainstorming sessions with employees who were two or even three levels below him. However, he's now a big fan of what he calls his monthly "listening tour" — regular breakfast meetings with employees from across the company. Staff members appreciate the opportunity to connect, and Daniel tells me that he regularly comes away with ideas that might never have bubbled up otherwise.

Daniel and his cofounders also began to sponsor and provide time for a cross-functional, volunteer "QVC" group (quality, values, culture), where staffers meet and brainstorm how to make the company's values statement real. Yet just as Daniel can see tangible benefits from listening more, he and the other executive see upside from the ideas and enthusiasm generated by this peer group interaction. The head of HR is working to institute a simple online checklist for leaders to track their two-way feedback interactions with staff. She is optimistic that these conversations will become embedded in the fabric of the organization, as she plans to provide training on feedback best practices and monitor use of the checklist.

Initiatives like these, which balance CEO or founder directives with cross-functional interactions and two-way dialogue, can go a long way toward addressing employees' needs for relatedness, autonomy, and personal growth. If Daniel and other leaders hope to grow their companies past the startup phase, they need to scale with a balanced leadership approach, one that pulls the best from good people instead of unintentionally pushing them out the door.

Jeffrey W. Hull, Ph.D. is the director of education and business development at the Institute of Coaching (a Harvard Medical School affiliate), a clinical instructor in psychology at Harvard Medical School, and an adjunct professor of leadership at NYU. Over 20 years, he has served as a coach and consultant to hundreds of organizations around the world, specializing in leadership development and organizational strategy, design, and transformation.

