How Founders Kill Their Own Start-Ups

By Guillaume Catella (INSEAD MBA '15J), Founder & CEO of Creatella

While micro-management has never done a firm any good, it's lethal in start-ups.

In their early stages, start-ups generally pay less and provide fewer employee benefits than companies in the corporate world. However, they still attract their share of talent as start-ups typically offer a vital environment that allows for exponential learning and development. But what happens when a venture founder turns out to be a micro-manager? It can kill morale, growth and soon the start-up itself. Having co-launched over 20 start-ups, I have seen it first-hand.

On the flip side, empowerment – the opposite of micro-management – can lead to exceptional results. For instance, I observed a Japanese gaming start-up, **Bank of Innovation**, as it grew from 80 to 200 employees between 2013 and 2014. Senior management achieved this growth by empowering a

diverse group of people, hired specifically for their lack of significant experience. Their bet? That people unaware of the industry constraints would surpass those limits without even knowing. Management gave the new hires full profit-and-loss responsibility over their specific team's product. This level of empowerment inspired drive, motivation and entrepreneurial spirit. It also allowed the top leadership to discover the best product managers and assign them to the biggest projects.

Micro-managing woes

When start-ups are run by micro-managers, three stumbling blocks hobble the ventures.

First, micro-managing founders have a hard time scaling up their ventures. A lack of empowerment inevitably creates decision bottlenecks, which hamper speed of execution, a key ingredient of scalability. Such bottlenecks also foster "firefighting", which is when small issues keep grabbing more attention and resources than they should. Ultimately, high-level, high-impact decisions suffer neglect and progress grinds to a halt.

Second, micro-management is a talent drain. Often those who are attracted to start-ups want to build something, to be part of something bigger. **Millennials** in particular want to have an impact. Micro-managers clip wings and can't retain top contributors, especially creative ones. All firms must nurture creativity, but as innovators, start-ups need it like oxygen.

Third, time spent micro-managing is time spent away from a founder's most important tasks: Thinking about the big picture, drumming up business and finding resources to make everything run smoothly. A founder's micro-management, evidenced by high turnover, may even **put off** potential advisors and investors.

Zig Ziglar, the American motivational speaker who passed away in 2012, said, "You don't build a business. You build people, and people build the business."

Expanding on this favourite quote of mine, I would argue that it's also about building the best environment and the best culture to attract the best people. The best people will then build the best products.

How to empower your team

These tips apply to teams of any size, but are of special significance for start-ups that need to create a culture of empowerment to retain top talent and quickly scale up.

Trust and believe in your team

- Don't merely assign tasks. Share your vision and mission, and then inspire your team to take action.
- Encourage autonomy by reminding your staff that they can and should use their decision power instead of waiting for you to make every call.
- You only need to monitor some of the work they do, for instance only the projects with the highest impact. They will reflect the overall quality of execution.

Mentor and support your team

- Look out for signs of distress and encourage open communication about general strategies and approaches, but don't get involved in employees' individual tasks.
- Channel your desire to micro-manage into efforts to help and support the growth of your team.
- Build loyalty by listening to people, understanding what they want from their work and giving it to them.

Allow room to fail

- Everyone makes mistakes. Just make sure your team understands the need to quickly learn from them.
- Accept that your staff may go against your advice, but support them anyway. Imposing your decisions will undo any empowerment efforts.
- If a decision fails, share the responsibility. If the decision succeeds, give credit to encourage and build trust.

If you can't suddenly transform the culture of your start-up, begin by asking your staff to tell you the pros and cons of the different solutions to a given problem they face. Then, gradually probe their thoughts about the best course of action. Finally, say: "I trust your decision, go for it." These words can have a strong impact on the feeling of ownership over a decision, and will increase your staff's commitment and accountability.

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