

239 views | Jul 17, 2019, 08:31am

Are Today's Startups Repeating Yesterday's Talent Mistakes?

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Are startups hiding company culture mistakes behind a lick of new paint? CENTRAL WORKING

In late 2018, LinkedIn published its second annual list of the **“Top British Startups to Work For.”** At the top sat digital-only challenger bank Monzo, led by a CEO who has been vocal about his quest to achieve better work-life balance for staff across the banking industry. The second spot went to Monzo’s biggest competitor, Revolut, **whose founder faced criticism after appearing to berate staff for not working weekends** to meet targets and claimed **work-life balance** can’t help build a startup.

This mindset is not an isolated case. As competition rises and the economic climate remains uncertain, an increasing number of founders are shrugging

off the "people first" mentality that modern startups have spearheaded, instead reverting to an unforgiving "financials first" approach.

When a retained and engaged workforce is so intrinsically linked to the survival and growth of a startup, entrepreneurs simply can't afford to overlook talent in favor of balance sheets. Free beer and away days can be attractive perks to bring skilled candidates to your door, but a strong culture that retains those staff can only be created through commitment to values reflective of your wider business.

Trust

A culture of trust is critical in a small business when people are often required to work autonomously, but it's frequently undervalued. Whilst it is important that leaders can trust their employees, even more important is the need for employees to feel trusted by their leaders. Strengthening this can increase productivity and also encourage a greater sense of freedom, leading to new ideas being shared and even new revenue streams.

The former COO of collapsed Silicon Valley startup Theranos, Sunny Balwani, was known for being relentlessly overcritical of his engineering team's work without having any engineering expertise of his own. In response they would provide explanations full of made-up engineering jargon that he would repeat to others, making him look stupid and undermining his seniority. While this is an extreme example, it shows how a lack of trust can easily damage relationships and create a culture of "us vs. them." Sadly, Theranos ended badly but Sunny Balwani's controversial management style was seemingly a symptom of a wider company culture shrouded in issues, which became apparent once Tyler Schultz blew the [whistle](#) on Elizabeth Holmes.

Diversity

Startups embracing diversity are faring better than big corporates, but we're still some way off truly diverse workplaces.

Diverse hiring, as well as being the right thing to do, makes good business sense. According to a [2015 study](#) by McKinsey, companies that are in the top quartile for diversity have a better chance of receiving above-average financial returns than companies that lack diversity. Another study shows that on average, companies with more diverse leadership teams have almost [20% higher revenues from innovation](#).

However, much of this research and existing hiring practices still see diversity as a gender-specific exercise. Startups have the opportunity to be more nimble and agile with their hiring so should lead the way in this—hiring across gender, ethnicity, nationality, disability and different socio-economic backgrounds. The more diversely startups hire, the more they will be able to challenge traditional ways of doing business and innovate.

Happiness

Happiness sounds simple and many founders make the mistake of believing this can be achieved through financial incentives alone. However, the good news for startup founders who are worried they can't guarantee corporate style salaries and big bonuses is that happiness is actually influenced by other factors such as health, well-being and flexibility.

Google has lead the way in this area over the past decade—investing in staff happiness through initiatives like office dogs, massage services, generous parental leave policies and free bikes on campus—subsequently achieving a 37% increase in employee satisfaction.

Ignoring employee happiness can negatively affect your bottom line. Back in 2015, a [University of Warwick study](#) showed a direct link between this and productivity and found that on average happy workers are likely to be 12% more productive than unhappy ones. It's no coincidence that Amazon, known for long working hours and tough management practices, has the [second-worst staff turnover rates](#) of all *Fortune* 500 companies.

Internal and External Talent

Corporate values aren't a new subject but do continue to be overlooked, even by many supposedly progressive startups. In recent years, organizations like the [Entrepreneurial Operating System](#) have started offering supportive frameworks to assist fledgling companies in not just developing but implementing their own set of core values. , have sprung up to deliver support for fledgling businesses by offering advice on developing a healthy team aligned on values.

But in order to nurture the people-first culture, startups themselves who must lay the foundations. Ultimately a company culture is created by both a team and environment so ensure that wherever you are based and whoever you are surrounded by day-to-day are aligned with the values that you want to foster within your organization.

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