Taking Risks Doesn’t Always Reap Rewards

Why chasing whims can often get in the way of consistent success.

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Entrepreneurs are known for being streaky. Most A-list leaders encountered major obstacles along the way, shifting from massive failures to massive success on hard work alone. We applaud this tendency to shoot high and fall hard, and it’s an admirable thing: A 2017 Harvard Business School study found that risk takers are more likely to have the courage to pursue entrepreneurial ventures. Risk aversion stifles many good intentions when it comes to business.

But what happens when that hot-and-cold attitude extends beyond being attracted to shiny objects? Entrepreneurs who are quick to drop a flopping product or adopt a new strategy can also be prone to shifting their leadership approach on a dime, and that’s when the trouble starts.

The Value of Consistency

While most entrepreneurs are comfortable wading into the unknown and weighing risks against rewards, they have to recognize that their employees probably won’t be. The steady, hard-working people they hire to run the business day in and day out are less likely to be enamored by shiny distractions. They want security, a guaranteed paycheck and a good place to call home.

An inconsistent leadership approach can throw all of that into question. Entrepreneurs, like any leader, are responsible for setting expectations and, by extension, the tone for their company's culture. When they let their ability to shift focus bleed over into their interactions with staff, employees may get differing (and confusing) messages.

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Earlier this year, the American Management Association compiled the top reasons people leave employers. Poor management and weak communication made up two of the top three. Consisting of everything from favoritism to bungled messages between departments, both areas suffer mightily from inconsistency. Double standards — or a lack of standards at all — leave people wondering what to expect. Standards and interactions that remain consistent boost clarity and morale and increase productivity.

Avoiding Consistency Landmines

While discussing this with other entrepreneurs at a conference, one told me, "If I suffer through anxiety-producing uncertainty on a daily basis, so can they." This is a reckless perspective. As an entrepreneur, he presumably wants to make money and succeed. With stressed, distracted employees in charge of daily operations, that's unlikely to happen. Worse, it belies a real entrepreneurial failing. Entrepreneurs thrive on change and improvements. Being content with the status quo or the "way we've always done things" doesn't bode well.

But even entrepreneurs with the best intentions can send conflicting messages to team members without realizing it. Here are a few of the most common ways they do it:

1. Changing standards without communicating them.

Leaders often get new information that changes their perspective on thir current situation. Whether it’s a set of recently passed regulations or feedback that a process isn’t working, there are good reasons to change the way things are done. Entrepreneurs who forget to communicate the “why” will often have trouble getting people to shift the “how.” One marketing agency owner I know struggled to get his team excited about moving from one type of marketing to another. When he asked a senior staffer for feedback, he was told that the team had picked up on the shift, but it had never been directly explained to them and they weren’t trained to handle the new tasks. Resentment brewed.

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2. Applying rules differently to different teammates.

There are legitimate reasons for treating employees differently. Management is definitely a system built on rewards and trust. Giving more leeway to a longtime employee who always hits deadlines makes sense. Unless it’s explicitly spelled out in your policies, however, it may confuse a new hire who wants equal flexibility.

Treating employees fairly doesn’t mean treating them equally. For example, if you have an employee who needs ADA accommodations, you wouldn’t extend them to someone who doesn’t. If an employee requests bereavement leave for a parent’s death, the important thing is that the same option is available to everyone when applicable, not that everyone else gets a day off as well. The point is to communicate the

circumstances that result in specific consequences or privileges.

3. Letting one incident affect other interactions.

Entrepreneurs have a special knack for taking bad news. Lost funding? No problem. An employee departing for a more established competitor? OK. Negative feedback on a new product from a consumer panel? Shucks. But sometimes, what's happening below the surface bubbles its way up at inopportune times.

Once, I shifted from a less-than-great meeting with a partner to a one-on-one with one of my strongest employees. Still stewing about the conflict from earlier, I started questioning each project we discussed. As my employee's face took on a searching, confused look, I realized I'd let my first conversation bleed into my second, even though they had nothing to do with each other.

4. Comparing and competing.

Perhaps the least obvious way entrepreneurs let hot-and-cold perspectives take over, competing can also be the most pernicious. Competitive by their very nature, it's hard for business owners to ignore the innovative or headline-making things competitors are doing. Their immediate thought: Should I copy this move before it becomes mainstream or go against it?

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But comparing and competing can lead to inconsistencies galore, particularly when you're examining the moves of a wide variety of companies. If a neighboring company puts up a sign listing its environmentally friendly acts, convening your team

for a highway clean-up may be confusing if you've never seemed interested in the environment. If you have pledged to stop using diesel trucks for deliveries and then order a new fleet to keep up with the competition's delivery speeds, expect questions.

A tendency to change gears can be a great asset for entrepreneurs, but for those who aren't careful, that same nimbleness can come across as flighty, confusing and inconsistent to employees. Create enough double standards, and you won't just lose productivity — you'll also lose the very people you created the standards for.

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