

Start-ups must be aware of star employee pitfalls

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Credit: WSU

For start-up companies looking to launch a new product, hiring star inventors who are accomplished and have a strong record of performance seems like a no brainer.

After all, having more expertise on an innovation team should lead to more product innovation, right?

Unfortunately, product innovation efforts often stall when star inventors and company founders work within the same teams, according to new research from Washington State University, University of Washington and Texas A&M University.

"When you have high-powered innovation teams, members need to be able to work together and be able to defer to each other," said Amrita Lahiri, lead author and assistant professor of management, information systems, and entrepreneurship at Washington State University's Carson College of Business.

"Conflicts may arise when you have team members who both think they are the experts," she said.

Researchers examined the relationship between founders and star employees in product innovation teams, how well they collaborate, and what impact those relationships have on the organization's ability to launch new products.

"We found that the presence of both the star employee and the founder within a company has a positive effect on the firm's performance, but when you have both of them together on a team, the outcomes can become diminished," said Lahiri.

According to Lahiri, start-up companies should consider the following when hiring extremely accomplished inventors or "star" employees for product innovation teams, especially when the founder is also on the team:

- Establish a clear chain of command within the team

- Hire star employees who have prior experience working in new ventures
- If you are a founder-inventor, be adaptable to change

Establish a clear chain of command

According to Lahiri, founders' influence in an organization comes from their position in the firm's hierarchy, whereas "star" employees' influence typically comes from their record of past work and accomplishments.

Conflict can arise when the roles within a team are not clearly defined, as the influence of power comes from different positions and previous experiences. This may lead to disagreements about the team's direction and how to best meet their objectives—thus stalling the [innovation](#) process.

Hire star employees who have previous start-up experience

The type of organization where a star [employee](#) has previously worked can also affect how well founders and star employees collaborate.

"Someone who has been previously employed by another small organization is typically much better off in a start-up setting," Lahiri said.

Inventors who have worked for other start-ups have experience working in more informal, collaborative settings, simply because of how start-ups operate.

In fact, researchers observed start-ups that hired star employees with

previous start-up experience launched more products compared to startups that brought in star employees from larger organizations.

If you are a founder, be adaptable to change

Finally, no matter who is on the [product innovation](#) team, founders must remain adaptable to change.

"I find in my broader research that a founder's role and the expectations of investors change as the venture evolves," Lahiri said.

In the early stages of the [start-up](#), a founder may need to be more hands-on in product development, she said. However, as the organization evolves, the founder needs to shift more attention toward managerial aspects.

"It is important for founders to be aware that their roles will change over time and willing to delegate," Lahiri said.

More information: Amrita Lahiri et al, Collaboration And Informal Hierarchy In Innovation Teams: Product Introductions In Entrepreneurial Ventures, *Strategic Entrepreneurship Journal* (2019). [DOI: 10.1002/sej.1331](https://doi.org/10.1002/sej.1331)

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