As drivers of change, most founders encounter chaotic times and bumps in the road early on. Whether it’s issues with competition, cash flow, or a fast-moving market, *you* know the bumps are part of the journey (not the end of the road), but it’s important that your people know it too.

As your goals change, keep the communication channels open.

Take a look at some of the most successful brands, and you’ll see that most established founders had to stumble before they could walk. VCs turned down the founders of Airbnb *seven times* before the homesharing business was funded by Y Combinator. Now Airbnb is worth more than $30 billion.

Chaotic Times Affect Big Businesses Too

Netflix had a rollercoaster of a ride when it switched from DVD mailers to the current streaming service we all love to hate. (Who hasn't lost countless hours of their life scrolling Netflix? It's the pinnacle of internet indecision.)

Netflix was able to rebuild its obsolescent DVD-by-mail business into a $30 billionstreaming service; but before its big turnaround, CEO Reed Hastings was in some major hot water.

Netflix gambled big & won…but it nearly lost its audience in the process.

In 2012, CEO Reed Hastings split Netflix into two separate businesses: DVD and streaming. The split led to a [60% price increase] for customers who chose to retain both services so, *surprise!*—most people chose to *drop* the service. Eight hundred thousand subscribers opted out, and [analysts heralded the end of Netflix].

But Netflix actually saw its revenue *increase* by 49%, and its net income got a big bump too: from $38 million in the previous year's quarter, to $62.5 million after the split. Reed Hastings saw the long game: by pulling from Netflix's outdated DVD side to feed its fledgling (but fast-growing) streaming side, Hastings was able to transition the service to a single platform while still growing revenue.

On paper, the risky move was a big success, but Netflix subscribers felt differently: the audience was shocked by the sudden price hike, and felt pushed into a big change they weren't ready to make.

Consider *Both* Customers & Employees Before You Make A Big Move

Netflix CEO Reed Hastings didn't consider the needs of his audience. Data-driven decisions can lead to cost-effective solutions, but considering the numbers is not enough. You need to think about the people too.

Leading UX consultant Indi Young says it's all about the empathy:

"Conventional product development focuses on the solution. Empathy is a mindset that focuses on people, and helps you understand their thinking patterns and perspectives."

A great example of a company that got it right under the most difficult circumstances is Southwest Airlines. Post 9/11, people were afraid to fly. Former Southwest CEO James Parker wasn't sure that the domestic airline industry would survive. Without time to do in-depth analysis, Southwest went ahead and offered refunds to every customer who wanted one. Surprisingly the company didn't receive a deluge of refund requests. Instead, loyal customers rallied around the industry outsider; some even sending cash to help them out. "It's hard to describe the emotion of opening an envelope and having a $20 bill come fluttering out," Parker said. *That's* customer loyalty.

People *Want* To Do The Right Thing

And what did Southwest do for their employees? No mass layoffs, no cutbacks. A planned multi-million dollar contribution to the employee pension fund was made. Southwest Airlines made money in Q4 of that year, and has shown an annual net profit for four consecutive years. When Southwest needed to hire 750 flight attendants in 2013, they received 10,000 applications in two and a half hours. *That's* a strong Employer Brand.

According to Parker, effective leaders create an atmosphere where employees are proud of their jobs, understand the employer's mission and want to do the right thing. "You can't make people do the right thing, because if they don't want to do it, there's always going to be a way around it. But what you can do is make people want to do the right thing."

Herbert Kelleher, the previous CEO of Southwest, summed up the company's philosophy this way:

"Who comes first: employees, customers, or shareholders?" That's never been an issue to me: the employees come first. If they're happy, satisfied, dedicated, and energetic, they'll take great care of the customers. When customers are happy, they come back—and that *makes the shareholders happy".*

Really **Listen To Your People**

So how do you go about putting your employees first? Listening is a great place to start. Ensure that you have regular communication channels, both formal and informal, so that information can flow both down and *up* your organization. From Town Hall Meetings to quarterly pulse surveys, to 1:1 coaching sessions, it's all about communication—and that starts with listening. It's one thing to *say* you understand your people, but to truly ensure you're communicating effectively, you need to *listen*. Indi Young suggests this simple listening exercise:

The next time you're on a call, look out the window, or choose a single point on the wall—then really concentrate on what the person is describing to you. Instead of analyzing what you hear, try visualizing what they're telling you.

This kind of empathetic listening helps your biases slide away, so you can truly listen and hear your colleague’s underlying ideas and affect. The more you listen, the more you understand.

Grit Needs To Come From The Top Down

Once you’ve established strong communication channels, stay cognizant of what you send down the pipeline. *Lead by example* is an easy adage to live by—until your company faces chaotic times. Keeping the course, even when the waves are crashing in around you, can be the mark of either a great captain, or a stubborn fool—hindsight is always 20/20. Whether you choose to stay on track or pivot, whatever the outcome of your decision, your job is to lead your people, and inspire their confidence.

In the end, if you find you *do* need to lay off your people, set up a smooth plan for them. This might include transition services that help them with resumes, job searches and coaching (yes, we do that at BlankSlate). And include a thoughtful exit interview for feedback (preferably with a neutral third party) that includes how the exit process was handled.

When Canadian streaming service Shomi shut its doors in November, over 100 ex-employees set up a website offering their services at hireshomi.com. In this case, Shomi was shutting, but if you're still in business after laying off a large segment of your staff, consider setting up a similar site. Connecting your former employees with colleagues in your industry is another easy way to help them find their feet—and keep your employer brand strong.

No matter what your industry, rough waters are sure to hit at one time or another. Just keep strong and steer the ship, remember to signal your people if you decide to change course mid-stream—and be sure to point out the rainbow after the storm subsides.