



## **Don't fear the farewell – employee churn is not the negative you might believe it is**

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Resignations hurt. When you're a founder-led business or a small team and someone gives notice, it can feel like rejection. They're handing back your baby, walking away from the shared vision and everything you've poured your heart into building.

But after years in the trenches of high-growth businesses, I've changed how I see employee churn and learned it isn't the villain it's made out to be.

It's common to see churn as a negative metric but that's an outdated belief. If you're noticing patterns of regrettable departures, then sure - that's a red flag worth investigating. But there are lots of reasons that churn is the hallmark of a healthy, growing business too.

Here's my reasoning. When you start out, you're a scrappy family. Everyone's mucking in, doing a bit of marketing, a bit of sales – there's no job too small. But as you scale, particularly if you're eyeing global expansion, you hit inevitable inflection points. You'll move from 10 people, to 20, to 50, and suddenly everything starts to break.

You need systems, you need structure and you need clearly defined roles and processes that make your business run efficiently. But the often uncomfortable reality is that the people who've been with you since day one don't like that structure. To them, systems equate with a loss of importance and identity – and sometimes, agency. What was once this cool, bootstrapped startup family starts to feel corporate and beige.

As founders, we get caught in what I call 'the loyalty trap'. These early employees know our families, we've shared the midnight pizza sessions and celebration drinks. When we watch them losing motivation as systems are introduced, or see them rail against us designing more clearly defined roles and accountabilities, we hold on because we feel a massive sense of responsibility.

This is where employers need to get brutally honest with themselves about performance. We'll tell ourselves we can't let someone go because (and I hear this



constantly) “they hold all the intellectual property.” If you're dependent on one person's knowledge, you've got bigger problems than turnover. Document your processes, and get your sales pipeline into a proper CRM. Create templates and precedents.

Or what about “we've trained them, sent them on courses, invested in their development – they can't leave!”?

An alternative viewpoint here is that you don't own that person's development. You're upskilling them for their next opportunity, and somewhere else, someone is being upskilled for an opportunity with you.

Then there are those people who keep asking for more money because it's your only retention tool. Ask yourself, do I actually have a team of overpaid, unmotivated employees who don't really want to be here?

I'm no Mel Robbins, but what if we just let them resign. I see every resignation as an incredible opportunity to elevate the team, not a reason to blindly backfill with exactly the same type of person into exactly the same role.

What if we stop and ask: What went well? What didn't? What have we learned? What do we actually need moving forward?

What if this departure allows you to bring in someone with skills you don't currently have in the business? Someone who can make everyone around them rise to the occasion? I've seen businesses transform when they stop thinking about the roles they've always had and start thinking about overall capabilities, and the jobs that actually need doing.

Of course, there's churn that is good and churn that is unarguably bad. When you've got consistent themes of poor leadership, burnout, or toxic behaviour driving people away, you risk your reputation taking a hit. People talk in New Zealand, and if you're getting consistent negative feedback, it's probably true.

But in high-growth tech businesses, churn more often happens because people are literally building their job description as they go. A successful account executive doesn't want to stay in the same role forever – they want to move into specialised positions or leadership roles. If you can't offer that growth, they'll hunt it down elsewhere. And as a founder, executive or leader, you should be out there hunting too – networking,



connecting on LinkedIn. The best managers I know can tell you where their next two hires are coming from. And if someone wants to leave your business for a senior role you can't offer? What a legend you are if you help them find that opportunity somewhere else.

My final recommendation is to let people leave well. Despite feeling aggrieved in the moment, if someone can depart your business with their mana intact, you'll always be thought of positively.

So next time someone hands in their notice, take a breath, then ask yourself: what opportunity does this create? How can we use this moment to level up? Sometimes the best thing for your business is letting good people go to become great people elsewhere. They may even come back to you one day.