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DEI 4 SME

Diversity Equity Inclusion

Short-Case Series

We Can't Keep Losing People: Inclusive Leadership After Burnout

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Case theme: Using DEI to support SMEs growth and strategy implementation

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Case: We Can't Keep Losing People: Inclusive Leadership After Burnout

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Abstract

This teaching case explores the challenges of inclusive leadership in a fast-growing technology startup operating in an emerging-market context. Following the departure of a highly valued senior employee due to burnout, the CEO of NEST 4 FLIGHT faces growing pressure from investors, employees, and prospective recruits to address organisational culture and talent retention. When a newly hired Head of Marketing and Communications presents evidence that candidates are increasingly concerned about workload, flexibility, leadership practices, and employee well-being, the CEO must decide whether to introduce more formal and inclusive people-management practices or preserve the entrepreneurial culture that has driven the company's growth.

The case highlights tensions in SME companies between business performance, organisational responsibility, employee inclusion, and founder-led leadership. It invites students to examine whether sustainable growth requires changes in leadership behaviour and organisational systems, and to consider the role of ethical leadership in shaping workplace culture. The case is suitable for courses in leadership, strategy, human resource management, diversity, equity and inclusion (DEI), organisational behaviour, entrepreneurship, and SME management.

The case connects inclusive leadership and employee well-being to broader diversity, equity, and inclusion (DEI) objectives, illustrating how organisational practices influence employee retention, workplace inclusion, and sustainable business growth in SMEs.

Keywords: diversity, equity and inclusion (DEI), inclusive leadership, burnout, organisational culture, employee well-being, talent retention, startup, SME.

The case relates to the United Nations Sustainable Development Goals: SDG 8 - Decent Work and Economic Growth and SDG 10 - Reduced Inequalities.

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1. The Cost of Success

Three months earlier, Alexandra Quintanilla had left the company[1].

For four years, Alexandra had served as Head of Strategic Growth and Experience at NEST 4 FLIGHT, a Lithuanian drone-technology startup operating in one of Europe's fastest-growing security and dual-use technology sectors. She had become the person who connected customers, partners, founders, and employees. As the company grew, Alexandra gradually became its organisational anchor. She connected teams, coordinated competing priorities, and carried much of the pressure associated with rapid expansion, frequently stepping into areas where responsibilities remained undefined.

Then she left. Officially, Alexandra cited exhaustion and a desire to reassess her professional priorities. Those who had worked closely with her recognised a more complex story. Over the previous year, NEST 4 FLIGHT's growth had depended heavily on a small group of employees who regularly stepped beyond formal job descriptions to meet evolving business demands. Alexandra had been at the centre of that effort. She played a critical role in preparing the investor pitch that helped secure new funding and positioned the company for its next stage of growth. Yet by the time the investment was secured, she had reached a point where continuing in the same way no longer seemed sustainable.

Ignacio Paredes, the Company's co-founder and CEO, did not have regular one-to-one meetings with Alexandra. As a result, there was no consistent opportunity to notice gradual changes in her wellbeing or engagement. Instead, her difficulties became visible only when they culminated in a particularly challenging week. Their interactions focused almost exclusively on operational matters - reviewing the pitch deck, discussing client contracts, or planning the next hire. Conversations rarely extended beyond operational matters to include workload, wellbeing, or personal concerns.

Externally, the company appeared to be a startup success story. Projects advanced, new contracts were signed, and the recently secured investment created fresh opportunities for expansion.

Internally, however, Alexandra's departure raised a difficult question that few had openly discussed. If one of the company's most committed and capable leaders could no longer sustain the pace of work, what did this suggest about the way the company was growing?

2. An Unexpected Question

By January 2026, NEST 4 FLIGHT had much to celebrate. The company had secured new investment, expanded its client portfolio, and strengthened its position in the rapidly growing defence technology sector. With just under 30 employees, it had reached a critical stage of growth. The founders were no longer managing a small team of early employees, yet the company had not developed the formal management structures typical of larger organisations.

It was, therefore, unsurprising that a meeting with prospective investors began with discussions of growth and opportunity. What surprised Ignacio Paredes was that the conversation soon centred on a former employee rather than the company's future.

"Tell us about your management team," the investor asked.
Paredes described the founders, technical specialists, and key employees.

The investor interrupted.
“We noticed that Alexandra Quintanilla is no longer with the company.”

Paredes paused.
“Yes, she decided to pursue other opportunities.”

The investor nodded.
“She seemed central to many aspects of the business. What happened?”

For a moment, Paredes struggled to respond. He shifted in his chair and glanced away from the screen, searching for an answer that felt both honest and reassuring. His gaze drifted from the screen to the notebook beside him. The question was simple, yet the answer felt unexpectedly difficult.

The question lingered long after the meeting ended.

Over the previous year, investors had increasingly expanded their due diligence beyond technology and financial performance. Questions about organisational culture, talent retention, leadership practices, and employee well-being had become common. Several investors had mentioned governance maturity as an important factor in scaling technology ventures.

For the first time, Paredes wondered whether Alexandra’s departure represented something larger than the loss of a valued employee.

Looking back, there had been signs. Alexandra had postponed holidays, worked through weekends during the investment round, and gradually taken on responsibilities well beyond her formal role. At the time, these behaviours were seen as commitment and leadership. Only in retrospect did they begin to resemble early signs of exhaustion.

Colleagues later recalled seemingly insignificant moments. Alexandra often replied, "Just a bit longer," before accepting yet another task that no one had asked her to take on. She responded to emails and messages within minutes, even late in the evening or at weekends. When she returned from one of her rare long weekends, she looked just as tired as when she had left and none of these moments seemed important enough to raise concern.

What no one recognised was the pattern. Every period of extra effort came with the promise that it was temporary: just until the client was onboarded, just until the investment round closed, just until the new hires settled in. One deadline quietly gave way to the next. Before anyone realised it, "just until" was no longer an exception; it had become the way Alexandra worked.

3. The Proposal

The following week, Emma Novak, NEST 4 FLIGHT's newly hired Head of Marketing and Communications, requested a meeting with Paredes. Like many early-stage startups, the company still had no dedicated HR function, leaving people-related responsibilities largely to the founders. However, Novak's role placed her at the centre of employer branding, recruitment communications and candidate feedback.

Over her first few months, she reviewed recruitment data, candidate feedback and employee interviews. A clear pattern soon emerged. Increasingly, candidates were asking less about the company's technology and more about workload, flexibility, leadership practices and Alexandra's departure. What had initially appeared to be an employer branding challenge was, in Novak's view, something far more significant. The company was not facing a communication problem. It was facing a question about its leadership culture and its ability to attract, retain and grow the talent needed for its next stage of development.

As she connected her laptop to the conference room screen, the presentation title appeared.

Building an Inclusive Growth Culture

Paredes immediately frowned.
“Sounds expensive,” he joked.

Novak smiled politely.
“Replacing Alexandra was expensive.”

The room became quiet.
The presentation outlined several proposals:

- formal workload and role reviews;
- flexible working arrangements;
- manager training on employee well-being and inclusive leadership;
- structured onboarding and mentoring;
- an employer-branding campaign highlighting inclusion, belonging, and sustainable performance.

Novak clicked to the next slide.

“The feedback is remarkably consistent,” she said. “People admire what NEST 4 FLIGHT has achieved. What they question is whether people can sustain this pace. Candidates ask about flexibility and wellbeing. Investors are beginning to ask the same questions.”

Paredes crossed his arms.
“We're a startup,” he said. “No one joins a startup expecting an easy ride.”

Novak nodded.
“I agree,” she said. “But burnout doesn't have to come with it.”

Paredes remained silent for a moment.
“Alexandra was exceptional,” he finally said. “She carried more than most people ever could.”

Novak looked at him for a moment before replying.

“Perhaps,” she said. “But if exceptional people burn out here, we should ask whether the problem is the people or the way we're growing.”

She paused before continuing.

“Since joining NEST 4 FLIGHT, I learned that over the past year, Alexandra gradually took on responsibilities that were never part of anyone's job description. No one else owned them, so she did. That isn't simply a story about exceptional commitment - it points to a structural gap that one person quietly filled.”

The room fell silent.

“If our growth depends on people carrying work that no role, no process and no system is designed to support, then we're building a business that depends on exceptional individuals rather than sustainable leadership.”

Novak paused once more.

“And there's another question we need to ask. If someone has family commitments, health challenges, caring responsibilities, or simply wants a sustainable career - can they succeed here in the same way as someone who can organise their entire life around work?”

The question lingered in the room.

It was no longer a discussion about employer branding, employee wellbeing, or even Alexandra's departure.

It had become a question about what kind of organisation NEST 4 FLIGHT wanted to become as it continued to grow.

4. A Question of Identity

The discussion continued for nearly an hour, moving beyond Alexandra's departure to the future of the company itself. Paredes did not disagree that Alexandra had been overloaded. He also recognised that losing experienced employees created risks for growth. What troubled him was something deeper.

The future Novak described felt fundamentally different from the company he had built. NEST 4 FLIGHT had survived because people stepped outside formal job descriptions. Employees solved problems regardless of whose responsibility they were. Flexibility, improvisation, and personal commitment had allowed the company to compete against much larger organisations. Introducing more structured inclusion and well-being practices might improve retention and employer reputation. It might also create expectations that a resource-constrained startup could struggle to fulfil.

At the same time, doing nothing carried its own risks. Recruiting specialised talent was becoming increasingly difficult. Investors were asking new questions. Several employees had quietly expressed concerns about workload and career sustainability.

As the meeting ended, Novak left a final slide on the screen.

Question for Leadership:

How can NEST 4 FLIGHT preserve the entrepreneurial spirit that fuelled its early success while creating an inclusive workplace where talented people can thrive as the company grows?

As Novak left the room, Paredes remained seated, his eyes fixed on the final slide.

He realised that the decision before him was no longer about employer branding or the departure of a single employee. It was about the future of the company itself. The real question was whether NEST 4 FLIGHT's culture enabled different people to contribute and succeed, or whether success was possible only for those willing and able to organise their lives around the company's demands.

Approving Novak's proposal would require challenging long-held assumptions about commitment, performance and leadership. It could strengthen the company's ability to attract, retain and develop the diverse talent needed for its next stage of growth. Rejecting it would preserve the entrepreneurial culture that had helped build NEST 4 FLIGHT. Still, it might also reinforce the conditions that had already contributed to the loss of one of its most capable leaders.

As NEST 4 FLIGHT prepared for its next phase of growth, Paredes faced a strategic leadership dilemma:

Should the company adapt its culture to support a more diverse workforce, or continue relying on the extraordinary commitment that had driven its success so far?

[1] The first part of the case has been developed as a standalone teaching case for the *Emerging Markets Case Studies journal*. The first case provides the background, organisational context, and initial managerial challenges, while the present short teaching case focuses on subsequent developments and the decision-making process.

Case Disclaimer: This teaching case was developed for educational purposes. The case is developed based on a real case story, but is anonymous and fictionalised; company names, characters, and specific circumstances have been modified or created to protect confidentiality and enhance learning. Any resemblance to real persons, companies, or events is purely coincidental.

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