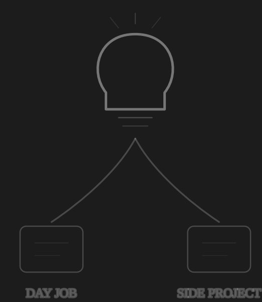
The Side Door: Side Hustles

THE 50 FACTOR — GROWTH FACTOR #26

How to Hack the Side Hustle Trend

The Complete Implementation Guide



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Principle #26: How to Hack the Side Hustle Trend

The Complete Implementation Guide

This white paper is a companion to Chapter 26 of The 50 Factor by Scott Scully.

Why This Principle Matters

30-40% of employees under 40 have a side hustle. Treating side activities as a threat puts you in an adversarial position with your best people. Treating them as a signal of ambition and channeling that energy keeps your A-players engaged and retained.

The Three Rules

Rule 1: Performance is the only standard. If someone's A-Player Score is on track and their quality scores are strong, their side activity is their business. You don't manage what they do outside of work — you manage the work. Performance drops = conversation about performance, not about the hobby.

Rule 2: Set clear boundaries, in writing. A side activity policy that covers: no competing with the company, no using company resources, no soliciting company clients, no impact on performance. This isn't a ban — it's a framework. Communicate it openly during onboarding. Most employees will appreciate the clarity.

Rule 3: Turn side hustlers into intrapreneurs. Your most entrepreneurial employees are telling you something with their side projects: they want more ownership, more autonomy, more challenge. Channel that energy into the company. New product lines. New markets. Internal ventures. Ownership roles. The founder who channels entrepreneurial energy keeps people. The founder who suppresses it loses them.

When It's Actually a Problem

Three scenarios require action — and none of them is "they have a side hustle":

Direct competitor. Working for or starting a direct competitor is a conflict of interest. Handle through policy and, if necessary, legal review.

Client solicitation. Using your client relationships for their personal business is a fireable offense. Zero tolerance. This protects the company and the clients.

Performance impact. When the side hustle starts affecting work quality or availability. This is a performance conversation (Principle #2), not a side hustle conversation. Focus on the standard, not the activity.

The Curious Conversation

Don't police. Be curious.

"I know you've got something going on the side. I'm not upset — I'm interested. What are you learning? What drives you about it? Is there a way we could give you a similar challenge here?"

Most founders are surprised by what they learn. The salesperson building a Shopify store on weekends is actually a skilled marketer who's bored selling the same product every day. The developer with a freelance practice wants to build products, not just maintain them. The operations person running an event planning side gig is an organizational genius looking for a bigger canvas.

Every one of these people can be retained — by giving them more of what their side hustle provides: ownership, variety, challenge, autonomy. The side hustle is a symptom of unmet growth needs. Meet those needs inside your company and the side hustle becomes unnecessary.

Common Mistakes

Mistake #1: Blanket bans. Banning side activities says "we own you." It repels ambitious people and is usually unenforceable anyway.

Mistake #2: Ignoring it. Not having a policy creates ambiguity. Ambiguity breeds anxiety. Write the policy.

Mistake #3: Punishing before coaching. If performance slips, the conversation is about performance — not about what they do on weekends.

Quick-Start Checklist

- ✓ ☐ Read the full white paper
- ✓ ☐ Identify the most relevant action items for your stage
- ✓ ☐ Pick the single most impactful first move and implement it this week
- ✓ ☐ Review progress in your next leadership meeting

This is Principle #26 of 50. Part III: The Scale Engine.

Get the book: The 50 Factor by Scott Scully

The Retention Insight

People don't leave companies because they're getting paid too little. They leave because they're not growing enough. A side hustle is a symptom of unmet growth needs — the person wants more ownership, more variety, more challenge, more autonomy than their current role provides.

If you can meet those needs inside your company, the side hustle becomes unnecessary. The person stays — not because you banned their Shopify store, but because you gave them a bigger canvas to paint on.

The diagnostic questions: When you discover someone has a side project, ask yourself before you react:

- • Am I giving this person enough challenge in their role?
- • Is there a leadership opportunity, a special project, or an internal venture that could channel their energy?
- • Do they see a clear growth path here, or have they plateaued?
- • When was the last time I asked them what excites them about their work?

Most of the time, the side hustle reveals a gap in your retention strategy — not a character flaw in the employee.

The Intrapreneur Pathway

Your most entrepreneurial people are your highest-potential future leaders. They think like owners. They see opportunities. They take initiative. The question is whether they'll build inside your company or outside it.

The intrapreneur offer: "I know you've got entrepreneurial energy. I want to channel that into our company. Here's what I'm thinking: [new product line / new market / internal innovation project / ownership stake in a division]. It would give you the autonomy and challenge you're looking for, with the backing and infrastructure of our company. Let's talk about what that could look like."

This conversation retains A-players who would otherwise leave within 12-18 months. The cost of the conversation: 30 minutes. The cost of losing the person: 6-12 months of recruiting, onboarding, and ramp time for their replacement.

The Policy That Works

Don't ban side activities. Don't ignore them. Write a clear, fair policy that covers four things:

No competing. You can't work for or build a direct competitor while employed here. This is a conflict of interest.

No company resources. Your side project uses your time, your equipment, your network — not ours.

No client solicitation. Our client relationships are company assets. Using them for personal business is a fireable offense.

No performance impact. Your A-Player Score and quality metrics are the standard. If they're on track, your evenings and weekends are yours. If they slip, we'll have a performance conversation — about performance, not about the side project.

Communicate this policy during onboarding. Post it in the employee handbook. Reference it in conversations. The clarity itself is a retention tool — people stay at companies where the rules are fair and explicit.

The Generational Shift

30-40% of employees under 40 have a side project. This isn't a trend that's going away — it's a structural shift in how ambitious people relate to work. They don't define themselves by a single employer. They define themselves by what they're building, learning, and creating — across multiple channels.

The founder who fights this shift loses the war. Every blanket ban on side activities communicates: "We own you. Your ambition outside these walls is a threat." That message repels exactly the people you want most — the entrepreneurial, high-energy, creative A-players who drive growth.

The founder who embraces the shift — with clear boundaries and strategic channeling — sends a different message: "We trust you. We want you to grow. We believe your ambition is an asset." That message attracts and retains the people your competitors lose.

The Conversation Script

When you discover someone has a side project, don't react. Get curious.

"I heard you've got something going on outside of work. I'm not upset — I'm interested. Tell me about it. What are you building? What do you love about it? What are you learning?"

Then listen. Really listen. Not for threats — for signals. What does this person want that they're not getting from their current role? More ownership? More variety? More creative freedom? More challenge?

Then ask: "Is there a way we could give you a similar challenge inside our company? A new project, a new initiative, a new area of responsibility that channels the same energy you're putting into your side project?"

Most of the time, the answer reveals a retention opportunity — not a risk.

Quick-Start Checklist

- ✓ ☐ Write a side activity policy this week — fair, clear, not a ban
- ✓ ☐ Include it in onboarding going forward
- ✓ ☐ Have curious conversations with any known side hustlers
- ✓ ☐ Identify your most entrepreneurial employees — are they getting enough runway?
- ✓ ☐ Consider an intrapreneur pathway for high-performers who want ownership
- ✓ ☐ Monitor performance through the A-Player Score — performance is the only standard

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Implementation Tools

Ready-to-use templates for this Growth Factor

PDF **Side Activity Policy Template**
The four-boundary framework

PDF **Side Hustle Conversation Guide**
The curious approach

PDF **Intrapreneur Pathway Template**
Channel entrepreneurial energy internally

XLSX **Performance-Based Review Template**
Columns: Team Member, Calls Made (25%), Conversations (35%), Meetings Booked (30%), Discovery Quality (10%), Daily Score

PDF **Entrepreneurial Talent Audit**
Identify and retain your most ambitious people

What Side Hustles Actually Tell You

When you discover that your delivery associate is doing freelance consulting on weekends and your sales rep is running an e-commerce store, your first instinct is threat assessment: "Are they checked out? Are they going to leave? Are they taking clients?"

Reframe. What the side hustle actually tells you is:

They're ambitious. They're not content to collect a paycheck and go home. They want more. That ambition is exactly the trait you screen for in A-players. The question isn't whether ambition is good — it's whether you're channeling it.

They're building skills. Your delivery associate who consults on weekends is learning to sell, to scope projects, to manage client relationships. Your sales rep with the e-commerce store understands digital marketing, customer acquisition, and retention economics from personal experience. These skills come back to your company during the week.

They have unmet needs. The side hustle is filling a gap — more ownership, more variety, more creative control, more income — that their current role doesn't provide. If you can identify the gap and fill it internally, the side hustle becomes unnecessary and the person stays.

The Three Scenarios That Require Action

Not every side activity is benign. Three scenarios cross the line:

Scenario 1: Direct competition. Working for or building a direct competitor while employed with you. This is a conflict of interest. Handle through policy, a direct conversation, and if necessary, legal review.

Scenario 2: Client solicitation. Using your client relationships for their personal business. This is a fireable offense — zero tolerance, no warnings, no second chances. Your client relationships are company assets. Misusing them is theft.

Scenario 3: Performance decline. When the side project starts affecting work quality, availability, or engagement. This is a performance conversation (Principle #2) — not a side hustle conversation. Address the standard, not the activity. "Your A-Player

Score has dropped from 4.2 to 3.1 over the last month. Walk me through what's happening." If the side project is the cause, the policy boundaries aren't being met.

Everything else — the vast majority of side activities — is managed through the policy, the performance standard, and the curious conversation.

The Founder's Own Experience

Most founders started as side hustlers themselves. They built their company nights and weekends while holding down a day job. They know what it feels like to have entrepreneurial energy that doesn't fit in a single role.

That personal experience should inform your response to side hustles in your company. You didn't start your company because your employer was bad — you started it because you needed a bigger canvas. Your employees with side projects need a bigger canvas too. The question is whether you can provide it.

The Competitive Advantage of Trust

Companies that embrace side activities — with clear boundaries — send a message to the talent market: "We trust our people. We measure outcomes, not hours. We believe ambition is an asset, not a threat." That message attracts exactly the kind of talent that grows companies: self-directed, entrepreneurial, high-energy people who want to work at a company that treats them like adults.

Companies that ban side activities send the opposite message: "We own your time. Your interests outside work are a threat to us." That message attracts people who are comfortable being owned — and repels the independent thinkers you need most.

The side hustle policy isn't just an HR document. It's a recruiting signal that either attracts or repels your best potential hires before they ever apply.