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Attracting Talent: Experiences of Start-Ups in India

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Abstract

Attracting the right talent is a key to the success of any business entity. Be it any organisation, young start-up or a matured company; it is always the "People" who drives the whole organisation. For a new and inexperienced organisation which are called start-ups in the existing ecosystem, the task of hiring and attracting the right talent seems to be a tough one. The present paper intends to understand the importance of hiring the right talent for start-ups and learning from various startup founders and co-founders with regards to their journey and strategy in attracting the best in the industry. The study is exploratory and descriptive in nature using the case study methodology. The secondary data has been used to analyse the best practices. The paper concludes that attracting the right talent is critical for young start-ups to build a strong foundation from the beginning. It is also one of the utmost challenging tasks; founders have to manage, of formulating a right blend of the team. Social media, specific job portals and founder's network are some of the most prominent sources tapped into by start-ups to attract talent these days. The paper also concludes that for a startup with less or no money, showing a broad vision, future growth, offering ESOPs, creating vibrant organisational culture etc. are some of the strategies that are followed for attracting talent.

Keywords: Start-ups, Attracting Talent, Entrepreneurship, Founder, ESOPs, India

Introduction

Attracting Talent for Start-ups: What is it?

Right talent acquisition is the strategy of every corporate. There is a big fight among top notch players to get the best industry people on board. Various corporates who are established can easily attract talent by providing multiple amenities and most importantly, by offering better remuneration to the talent in the industry. So, companies in a way can buy talent if they have money. But what about the start-ups? In fact, every young start-up faces resource crunch. They are not at all able to offer hefty salaries or can ever think of buying the talent. They have to route to some path other than a monetary way to attract talent. They show a big picture of their company and the plans to grow in times to come. Such probable growth allows some of the prospective employees to compensate the present salary with such future exponential growth expected if everything goes right. Harman Singh, Founder and CEO, WizIQ, also believed in the fact that money is not the only thing to hire talent. He says, as a start-up founder, you really got to sell your story to every employee you are trying to hire because today's world is different. Smart people don't work for money. They look for other things like growth in their career as well.

Objective of the Study

The broad objectives of the study are:

- To understand the importance of attracting talent for a start-up.

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- To learn who is involved in talent acquisition in a start-up.
- To study the experiences of various start-ups in attracting talent concerning their:
    - Difficulty in finding the first set of hires.
    - Various recruitment sources.
    - Talent attracting strategies.

Research Methodology

Research Methodology is the roadmap for a research study. It gives a proper direction to the research. The present research study is both exploratory and descriptive in nature. Exploratory research often relies on secondary research such as reviewing available literature and data, or qualitative approaches such as informal discussions with consumers, employees, management or competitors. It also includes some formal methodologies such as in-depth interviews, focus groups, projective methods, case studies or pilot studies. Descriptive research describes the data and characteristics about the population or phenomenon being studied. The present study has been conducted in a similar fashion. For the study, to explore the concept a lot of literature was studied along with discussions with many founders and co-founders of the start-ups. The paper also describes the actual experiences of various start-ups on attracting talent in the Indian entrepreneurial environment. In a way, the study adopts case study-based methodology wherein the talent attracting scenarios of various known start-ups in Indian startup ecosystem has been presented and described in the paper. For the study, 17 Indian start-ups were taken and their experiences in acquiring talent has been studied. Following start-ups have been studied, as a sample, for the present paper:

1. WizIQ
2. Lenskart
3. Snapdeal
4. Legitquest
5. OYO rooms
6. Your Story
7. Just Dial
8. MobiKwik
9. Zomato
10. Freecharge
11. Saavn
12. RedBus
13. Shopclues
14. Housing
15. OLA cabs
16. Zivame
17. Mu Sigma

The secondary data from various online and published articles and blogs have been used for the purpose. A lot of research papers on talent acquisition in various national and international journals were also used for the purpose.

Discussion and Analysis

Attracting Talent for Start-ups: Why it is Needed?

Is attracting talent so crucial for start-ups? Yes, it is. Although, attracting talent is essential for every organisation. But if we talk about start-ups, it is significantly important. Start-ups are like raw clay pot which needs to be shaped up well to form into a great business. It requires a strong team to be built for building a reliable product and thus, a healthy business. That is why in today's ecosystem, there is a lot of job hopping happening among talent in various start-ups. Moreover, funded start-ups have involved themselves in hiring senior talent as they can afford. Such senior talent is expected to provide the required shape to the startup to form a great business. The whole organisational strategy can go wrong because of the inadequacy of senior resources. Indian online eyewear portal Lenskart tried to ride on the Nepal earthquake with an SMS promotion, 'Shake it off like the earthquake' for a discount offer. The company got denounced for putting out an ad in poor taste. It was just the kind of mistake that any seasoned industry professional would have guarded against. Peyush Bansal, Founder, Lenskart, quickly responded with an earnest apology but this incident has taught him a new lesson - he now recognises the need for senior talent in his young organisation. "Yes, of course," he says, acknowledging that such oversights can be controlled through the induction of experienced hands. Be it Flipkart or Snapdeal; everyone's now hiring senior talent in droves. Snapdeal had recruited Amit Choudhary from Procter & Gamble (P&G) as its Senior VP, Corporate Finance. Choudhary was spearheading the MNC's Asia pet care business across several countries, including Japan and Australia. Srinivas Murthy, Senior VP, Marketing at Snapdeal, was with pharma giant GlaxoSmithKline in his previous assignment. Murthy was the regional director in Africa. Snapdeal's new Senior VP, Finance, Vivek Patankar was earlier based at Unilever's London Office, in charge of the consumer goods company's entire global business. This portrays the focus of many funded startups on hiring senior professionals to drive their business.

Attracting Talent for Start-ups: Who does it?

Start-ups can be in various life phase. The ones who are at a very early stage and bootstrapped do fall short of resources. In such start-ups, the founder/co-founder themselves play the role of an HR head and carries out hiring activities. Taking an example of Legitquest, a legal-tech venture based out of New Delhi, the co-founder has got his hands dirty from planning to execution in hiring the other tech co-founder and first set of employees. From workforce planning even to job posting on the portal had to be done at the early stage of your startup life when you don't have a team to delegate work. There are also some start-ups who may have reached the series funding stage and are backed by investor's fund. These start-ups are more matured and start creating a layer of heads taking care of various functions. They may have resources to hire HR Head or HR manager to take care of the attracting good talent from the market. Ritesh Agarwal, Founder, OYO rooms believed in the early hiring of an HR leader for higher organisational benefits. At OYO, HR used to be predominantly a recruiting and operations function.

Attracting Talent for Start-ups: Is It Easy or Difficult?

As mentioned above, most of the start-ups struggle to get funding and always falls short of the financial resources than they demand. Under such circumstances, it can be easily interpreted that attracting talent is a daunting task because the talent in India is mostly attracted by the monetary resources offered to them. One may have a good founding team or a good office. But if, as a founder, you cannot afford their salary expectation, then you cannot woo them to work for you. Also, it is tough to sell the vision to the employees who are not the part of your founding team. The founding team have stakes and are aligned with the vision of the start-up. But the employees expect adequate compensation for their services matching the industry estimates. Primarily, the start-ups at a very nascent stage and bootstrapped are new in the domain. Most of them are also, many times, not backed by a big name. They have a tough time getting human resources to even work for their product development. Nobody joined Shraddha Sharma, Founder, Your Story, for the first few years because there was no money to give. She used to convince prospective employees by saying - "Hey, I'll give you like the best in the industry but that will come after 6-8 months and all that". People are never okay with such things in India. Finally, she had done it all by herself. Also, she had to settle with an intern as a first hire because interns never work for money. Thus, until one makes a mark in the industry, people are never interested in joining them. VSS Mani, Founder, Just Dial, truly believes that when a start-up does not have capital, then it has to settle down with any talent. The start-ups backed by angels or venture capitalists may face some little issues in comparison to the previous category of start-ups who have least financial resources.

Attracting Talent for Start-ups: From Where to Source?

When start-ups think of attracting talent, they must think of numerous sources to tap. Most of the sources will not provide them with the beneficial outcome at an early phase of their business. But still, you, as a founder, should always think of using all the sources at your disposal. A start-up always needs to think about reducing the cost of hiring to the minimum. There are many free sources to recruit that start-ups should ever use. Some of the prime sources an early stage start-up would think of are:

- **Job Portals:** There are job portals, such as angel.co, which are created for the people looking for the start-up jobs and start-ups offering jobs. It is free to use, and start-ups may also find useful responses as well. Companies such as MobiKwik, OYO Rooms, Zomato, Freecharge, Saavn, etc. have been using angel.co for recruiting right talent. Other exiting job portals like naukri.com, indeed.com, monstor.com, timesjobs.com etc. have massive traffic but do not have a relevant audience who are interested in start-up jobs. Most of them offer paid services, and early-stage start-ups may not want to use such services for low output. There are some domain-specific portals also. For tech hiring, hirist.com is one such portal.
- **Social Media:** Platforms such as LinkedIn has been fruitful for many to hire good resources. Another platform like Facebook can also be used for finding someone in your close network as well. Such social media platforms are free to use, and some of them like (LinkedIn) has their paid solutions as well. Pankaj Chaddah, Co-Founder, Zomato, has hired 70 percent of Zomato's workforce through social media platforms. He has put a post on Facebook and Twitter seeking applications from engineers, sales and business development personnel. RedBus had also used LinkedIn talent solutions for social recruiting and attracting qualified prospects.

- **Network/Referrals:** The most important source that is likely to give results is the founder's Network. A network of founder/co-founder is an asset to the venture. The founding team should use such network to get some excellent references for the openings. The candidates routed through this source are likely to join and retained for the long term. According to Anupama Beri, HR Head, Snapdeal, candidates with entrepreneurial background come at the mid-management level and in senior managerial roles, mostly through referrals.
- **Website:** Start-up's website is one such tool on which they can post all the opening for free. But most of the people possibly don't know about that start-up and its portal, and thus, the traffic on the website will be meagerly resulting in very few or maybe no job applications.
- **Poaching:** It is another way by which start-ups may get a good talent who have proved themselves in a similar company like them. Poached employees are to be preferred as they bring the industry knowledge and experience. On the contrary, the poached talent comes with a cost. Venture have to compensate them with good pay for enticing them to leave their existing organisation. Deepinder Goyal, Co-founder, Zomato, have always followed this strategy to get right people on board. In one of the interview, he said, "I poach people. I am shameless about it. If someone wants to leave his/her company, it's not my problem".
- **Campus Hiring:** Some matured start-ups also plan their hiring from campuses. When they cross the hurdle of market validation and reaches to a right traction level, their focus becomes to raise the profitability and growth. In 2016, Shopclues.com planned the same thing. They planned to hire 100-150 freshers from engineering colleges and B-schools.
- **HR Consultants:** When it comes to ventures backed by good funds, they can also afford HR consultancy firm's commission to attract useful resources for them. In May 2017, when OYO rooms became big and planned to tweak its asset-light marketplace model to add a full-stack hotelier model, planned to hire 5000 people through the recruitment process outsourcing route. The company entered into a seven-year multi-million-dollar contract with leading RPO service provider PeopleStrong.

Attracting Talent for Start-ups: How to do it?

Attracting talent is very tricky, especially when you do not have substantial monetary compensation to offer. You must think of various things during the hiring process to make a successful conversion. Here are some of the tips on the same:

- **Money:** Getting talent by offering good pay structure is one basic strategy followed by the start-ups that have good backing by VCs or other investors. Start-ups like Snapdeal, Housing.com and Olacabs, had hired hundreds of IITs students offering annual salaries of Rs.10-20 lakh which is a big deal. But this approach cannot be followed by start-ups that are at a very nascent stage and do not have considerable funds to invest in stupendous salaries for its employees. But even such start-ups need to understand the importance of investing in human resources and thus, should try to go beyond their reach. Harman Singh, Founder and CEO, WizIQ, believes in the people being your pillars and hiring the best is the only option. Start-ups might think that it's too expensive for them. But this is one area where they should not try to save money at all. They should put the majority of the investment on people. If, as a founder, you hire anybody mediocre in your organisation, it would take much longer and would be costly to fix the problems created by them rather than spending money upfront to hire somebody better.
- **Sharing Broad Vision:** Every start-up founder will have a broad vision for his/her venture. The similar vision it to be sold to any prospective employee. An employee's next motive of joining any organisation is the growth aspect. If the potential employee sees that growth in a venture, they are likely to join. In such circumstances, they may, at times, forgo some monetary benefits for the time being. MobiKwik is MobiKwik today because of the early employees that they hired. They just gave in their everything to make the company successful. They were passionate and connected to the cause of the company, and not for salary.
- **Unique & Straightforward Evaluation Process:** The Next thing is to make the evaluation process while hiring by organisation simpler. Like any big corporation, a start-up should never have many rounds for a prospective employee to undergo in

the hiring process. They can have a strong skill and knowledge evaluation by way of real-life practical assignment and cut down on many interviews with all the member of the founding team. Pankaj Chaddah, Co-Founder, Zomato, felt hiring for its engineering team was one of the toughest tasks. They also thought that an interview wasn't the best way to gauge a person's tech skills and abilities. Thus, they launched Trial Week in December 2013. With more than 700 applications they received, a handful of candidates were shortlisted to spend an all-expenses-paid week with the Delhi engineering team, working on live projects. At the end of it, full-time positions were offered to the brightest performers who fit in the best.

- **ESOPS:** The start-ups who do not have money can promise some future benefits in the form of offering equity in the company through their employee stock option plan. Such an option motivates the employee to also perform better at the job as it gives a feeling of co-ownership. Richa Kar, Founder, Zivame, believes in this tool. She says that the best way for employees to feel for the company, the way a founder feels, is to give them a part of the company through ESOPs. ESOPs becomes one of the most critical elements in which the vision of the company gets co-owned. So then, the founder is not the only one who is stressing about the business goals. It is now everybody, who own the stocks, is stressing about.
- **Creating Culture:** A startup showcasing a healthy, fun loving, and community building culture has a strong point in attracting good talent. At OYO Rooms, employees work together in an open office comprising a cabin-less format with bench-like tables to encourage greater interaction, strengthen team spirit and ensure uninterrupted work. Such open type of office culture attracts the young talent.
- **Hire Not for Designation:** Dhiraj Rajaram, Founder, Mu Sigma had a belief that interview process can never tell relevant to the person. In many ways, one will get a surprise. So rather than hiring a person for a role, he truly believed in hiring the person for who he is and then, create a role around him. One can apparently keep changing the role as he/she finds more and more about that person. Such a perspective changed the way Mu Sigma operate.

Conclusion

The whole paper provided real-life learning from many of the known start-up founders with regards to their experiences in hiring relevant talent for their young companies. It was pretty crucial for them to have a great talent for building the foundation for their un-grown business. It was also discussed that this task of hiring talent for a startup is one of the most difficult ones for founders as there may not be enough resources to employ further human resources. Thus, many founders at their nascent stage do it themselves the job and formulate an A+ team for their dream ventures. Only for the funded startups the privilege to have HR head/managers might be there. The paper also discussed various sources from where a start-up needs to source the talent they are looking for. Various sources such as job portals, social media platforms, networking, start-up's website, poaching, consultants etc. were discussed. The paper also talked about the various strategies such start-ups should follow to hire good talent. The strategies presented in the article include monetary compensation, sharing vision, unique and straightforward evaluation process, ESOPs, creating free culture etc.

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