



Recruitment and retention through recession and redundancies

Getting and keeping the best people
matters even more in uncertain times

By Imran Akram, General Partner, AXA Venture Partners.

New York - London - Paris

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In recent years recruiting and retaining the best talent has become fiercely competitive especially, but not exclusively, in technology and sales. This continued through the pandemic and the start of the war in Ukraine but with the global economy reeling from inflation and interest rate rises will this change and what does it mean for talent management? The increasing uncertainty and tighter funding environment also means layoffs are again common - how can a leader deal with the impact this has on the team? In these leaner, uncertain times it is even more important than during the years of plenty to identify, recruit and retain the best people.

As has been well described elsewhere public and private markets are shifting towards a relatively greater reward for profitability and efficiency over growth. Company budgets are being trimmed with marginal projects being put on hold and all areas of spend being scrutinised to understand exactly what they are delivering for the company. Return on investment is on the ascendant over the nice to haves and cost items with unquantified benefits. This does not mean all investment is bad but that resources should be focused on the best, most likely to succeed initiatives. This mindset gives even greater benefits when applied to the human resources in the organisation.

We all have experienced the impact of having a great boss rather than a mediocrity, you go to work motivated, excited about your mission and how important your role is to the company. Your goals are clear and you feel empowered to deliver them. In technology it is the same, the best developers deliver more, better code and see solutions to development challenges faster than their peers. Every sales team has a skew in sales performance with a subset of the team delivering well above the average. Across all functions in the organisation the best, most talented and experienced staff deliver more for the organisation but often they are not properly identified especially in growth companies where roles and people change so fast.

The average company in our portfolio doubled their revenue in the last year and headcount typically grows at least 50% at this stage. Some of the team scale and after a few years you might find the person who formerly ran your €100k advertising campaigns is now running a marketing budget of €10m. In other cases you need to hire externally and bring in proven staff with market compensation for the role they are doing today. Firms need a performance review and compensation process that allows you to capture high performers in both groups and to reward and retain them. This means regularly revisiting their compensation against what you would have to pay to hire a replacement for them who could deliver the same.

As we go into the end of year planning and compensation cycles it's a great point to identify and take stock of the people across your organization. Here companies such as Phenom, from our portfolio, and Beamery can be of help. Through their AI-powered platforms, they can connect companies with the best candidates, offer continuous training, which will in turn increase retention rate. For the low performers ask yourself whether the time and money you are investing in them is likely to give you an appropriate return. If there is a way to improve their performance because you see high potential then coaching can really help, Simundia, also from our portfolio, offers a digital coaching solution aimed to increase skills of employees to unleash their true potential. And if this is not the case then it maybe time to let them go. For the best performers make sure you know who they are, make sure they know you consider them your best and ensure their goals and rewards are clear and motivating. Especially at a time when companies are cutting staff it is especially important to emphasise it's the low performers you can't keep but also that you can keep investing in your best people.

With markets at all levels in turmoil getting and keeping the right team of outstanding people within your organisation remains an imperative and will be a key difference between those who can take advantage of the volatility and those who are crushed by it.

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