HR 101
New Ventures BC

BackStretch Recruitment Group

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Matt @ BackStretch

20 years working alongside 200+ companies in growth from startup and beyond

Great wins to learn from - including BackStretch owning 220+ hires with Certn over past 3 years

Team has 50+ years dedicated to the art and science of ramping up, hiring, and workforce planning

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HR? What do you need to know?

I asked around - internally and externally - the following question:

*"what are the biggest things around HR that you think startups should know **OR** you wish someone shared with you when you were starting out?"*

The answers had a common theme:

1. *the stuff you need at the beginning*
2. *don't forget you are building a culture*
3. *taking on hiring and ramping up as an immediate challenge worthy of your time*
4. *you are not "reinventing the wheel" - follow those who have failed before*

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CHAT GPT "HR CHALLENGES FOR STARTUPS"?

1 - Attracting and retaining talent:

Startups typically have limited resources and may not be able to offer the same level of compensation or benefits as established companies

This can make it difficult to attract and retain top talent

2 - Building a company culture:

Creating a strong and positive company culture is important for startups,

but it can be challenging to establish this in the early stages when the company is still evolving

3 - Managing rapid growth:

Startups often experience rapid growth, which can be exciting but also challenging from an HR perspective

HR managers must be able to quickly adapt and scale their processes to accommodate the growing needs of the company

4 - Adapting to a remote work environment:

In the wake of the COVID-19 pandemic, many startups have had to quickly adapt to a remote work environment

HR managers must be able to effectively manage remote teams and ensure that employees feel connected and engaged

5 - Compliance with employment laws:

Startups must comply with various employment laws, including those related to minimum wage, overtime, and discrimination

AGENDA FOR TODAY?

1 - Let's start at the beginning and get set up

Admin / Set up / Payroll

2 - Building a company culture:

What does that even mean?

3 - Attracting and securing talent:

Start thinking about it now

4 - Do not reinvent the wheel - learn from others' failure:

Case study of Certn

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1. Getting Set up:

what do you need to know?

Do it right - first

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CRA (where you get business number)

PAYROLL # (same place)

PAYROLL PROCESSING (options)

HIRE AN ACCOUNTANT? (yes or no)

WORKSAFE BC (required)
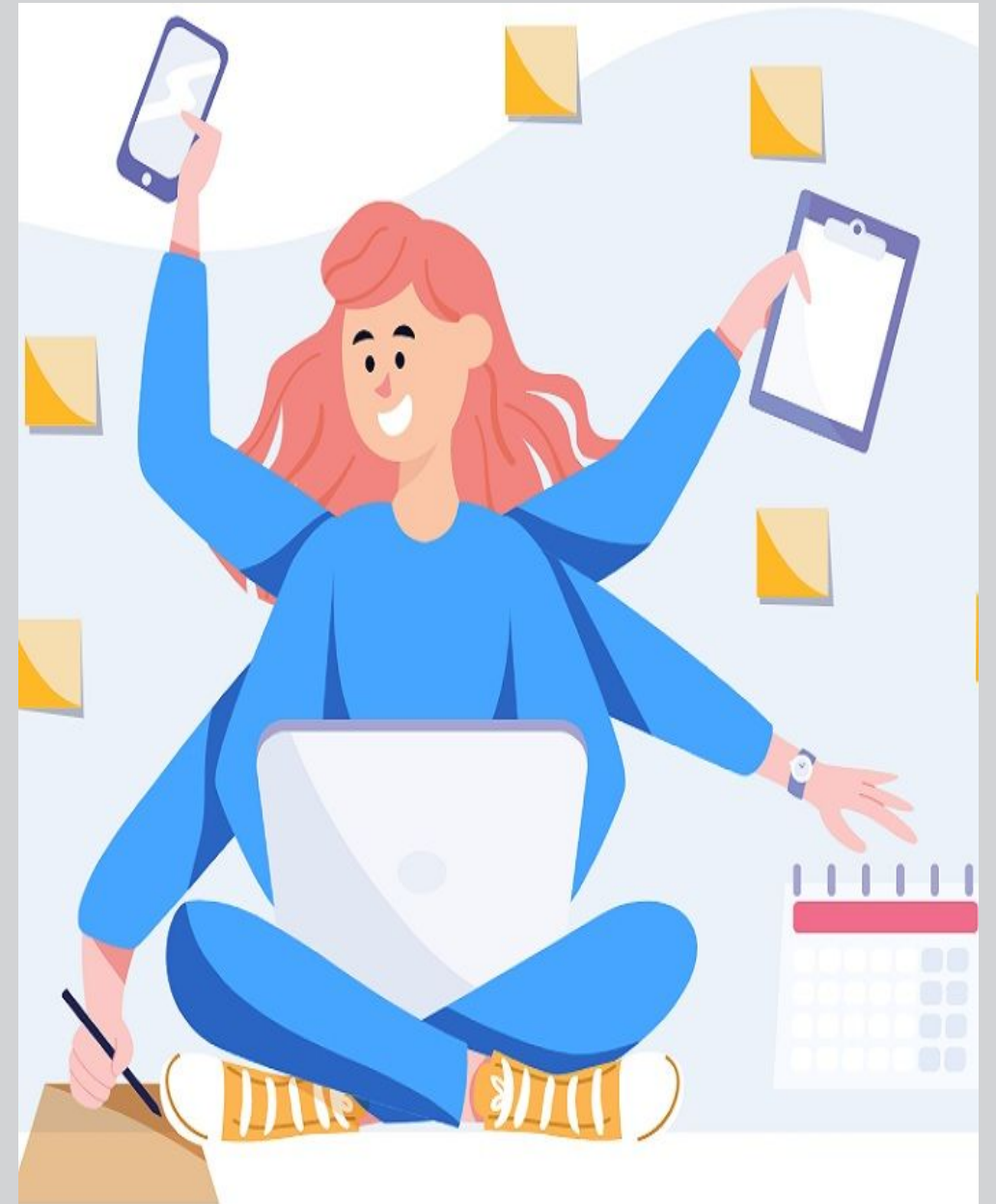
BC HEALTH TAX (used to be MSP)

Simplest?

Get a payroll provider

Get an accountant

Enjoy your life

2. Culture:

what do you need to know?

What the heck is "culture"?

why is this important now?

what I have seen - good, bad, and ugly

where to start?

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80%
Millennial job seekers judge culture fit before accepting a position

89%
Passive job seekers evaluate your brand before replying to any message

32%
Morale drop when a bad hire happens not matching culture

Definition

Chat GPT says:

*Company culture refers to the **shared values, beliefs, behaviors,** and practices that shape the overall character and personality of a company. It encompasses the company's vision, mission, goals, and the way it conducts business. **A company's culture is reflected in how its employees interact with each other**, with customers, and with external stakeholders, and in the norms, attitudes, and traditions that guide their behavior.*

***A strong and positive company culture** can lead to increased employee engagement, productivity, and retention, **while a negative culture** can result in high turnover, low morale, and decreased performance.*

Culture

MY THOUGHTS?

- Dialogue early and often
- Embrace change on this and revisit once a quarter
- Is it "genuine" to you and what you are building?

- *Let's talk about Certn through 3 years*

CERTN - where they started

- It started with **"no a**holes"**

  - which I loved - why?

  - genuine and authentic to what they were building

  - great marketing and talking point

  - they made hoodies with it and wore to a career fair!

CERTN - where they finished

After 3 years, it tightened up:

At Certn, we have four core values: We're accountable, we're inclusive, we're synergistic, and—importantly—we're not assholes. That last part might sound a little controversial, but it's there for a reason.

- *We do not accept:*
  - *Belittling coworkers*
  - *Mocking someone seeking help*
  - *Refusing to assist others*
  - *Spreading gossip*
  - *Undermining those around them*
  - *Taking credit for work they didn't do*
  - *Blaming others for their mistakes*

Culture

WHAT TO TAKE AWAY?

- Stop pretending to be something you are not

- Tap into what brings you and your partners together

- Make it something that allows others to select or de-select themselves from joining

DO NOT HIRE FOR HR until you have to

Attracting and Securing Talent - 3 things

1 - OPTIONS

◆ What are your options (contract vs. permanent) and pros and cons for both?

2 - TIME INVOLVED FOR EVERYONE

◆ The average time to hire across a range of functions is 41 days (49 days for software engineering positions) (www.linkedin.com)

3 - EXPERIENCE

◆ 49% of respondents declined a job offer because of a poor recruitment experience (pwc.com)

◆ 80% of millennial job seekers think about whether they're a good fit for the company culture before accepting a position (www.forbes.com)

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Should you hire a Contractor?

PROS

FLEXIBILITY

Can solve problems quickly and bandwidth can go up and down as needed

COST SAVINGS

Typically saving 30% per person and up to 70% per person when looking at overseas options

REDUCED RISK

Reduce the risk of legal and regulatory issues - can have them on other payroll

CONS

LACK OF CONTROL

You are limited in impact on both quality of work and their commitment to finish the contract

LIMITED INVESTMENT

Difficult to gain the level of commitment as you would from a full time team

ACCOUNTABILITY

As many contractors have multiple distractions, very challenging to create accountability

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Should you hire Permanent?

PROS

COMMITMENT

It goes both ways, and commitment to join the team goes a long way

QUALITY

Typically quality of work is higher for many reasons

COLLABORATION

Working and building to a common goal creates positive momentum to solve issues

CONS

COSTLY

Can be 1.5 to 2 times more expensive when considering all costs (benefits, etc.)

DISCIPLINE IS HARD

Disciplinary actions is a challenge when hiring permanent

IT ISN'T WORKING OUT

Can be very challenging when ending agreements and rules around this are important to follow

2. Time

What is your time worth and how much time does hiring take?

What does 194 hires in 19 months REALLY mean (the Certn example):

TIME:
- 607 hours (36,420 minutes)
- 776 first interviews (at 20 minutes each)
- 465 second interviews (at 45 minutes each)

CANDIDATE PIPELINE BUILDING:
- 3,104 headhunted and found through BackStretch marketing
- 3% are applying
- Roughly 70% of these are found through BackStretch direct reach out messaging (headhunting)

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IMPACT ON YOU?

- Companies lose an average of $14,900 on every bad hire (www.zappia.com)

- Team member morale can drop 32% as a result of a bad hire (www.zappia.com)

- Bad hires can result in a 36% drop in productivity (www.linkedin.com)

hiring failures = money + morale + productivity

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3. What **experience** are you creating?

What is <u>employment branding</u> and how to own it?

- 89% of passive candidates evaluate your brand before applying

- Average candidate spends 41 minutes doing it

- 80% of millennial job seekers think about whether they're a good fit before accepting a position

It connects to Culture:

- Creating a consistent and world-class experience for current and future candidates

- Throughout the entire hiring process

- From first point of contact to offer acceptance

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3. What **experience** are you creating?

A story of GLASSDOOR…

Bad Glassdoor reviews **increase cost per hire**

- Negative employee reviews increase your cost per hire for several reasons
- They also force you to spend more of your marketing budget on recruiting

glassdoor
1.5

60 Million

Glassdoor has influence over 60 million users per month

84%

84% of job seekers say company reputation influenced their job choice

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3. What **experience** are you creating?

CONDUCT AN EMPLOYEE BRANDING AUDIT

Pretend you are a candidate as a leadership team (do it together)

1. First stop – LinkedIn

   - Company profile?

   - Executive profiles?

2. Second stop – Glassdoor

   - What is your ranking and why?

   - Did you take the time to reply to the good, bad, and ugly?

3. Third step - your website

   - Landing page match your story?

   - Careers page - how does it feel and connect?

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4. Do Not Reinvent the Wheel:

learn from others - failures and wins

3. Learning from those who succeed

> *When we closed our initial $43 million Series A, we needed to align our hiring efforts and ramp up extremely fast. I had experience with Matt and BackStretch from a previous company and knew they could deliver. As our hiring partner, they have helped us secure 194 (and counting) permanent hires in the past 19 months and have been a key part of our growth.*
>
> *They are transparent, super honest and responsive. I don't think of Backstretch as anything other than an extension of Certn. I feel like I hired a tech talent acquisition team.*

Andrew McLeod
CEO
Certn

certn

CERTN HIRING PARTNERSHIP HIGHLIGHTS

- BackStretch has placed over 194 permanent hires in 19 months for Certn
- BackStretch has hired for ALL divisions including software development, finance, sales, client services, marketing, etc.
- BackStretch has hired for ALL levels from CTO, Director, Manager, and downwards
- Certn recently closed its Series B round, bring its total funding to $108 million CAD

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Finalist (2017)

- ◆ BC's fastest growing company
- ◆ Revenue grew from:

   $56,000 in 2017 to

   $18.5 million in 2021
- ◆ 33,000% growth
- ◆ Over 400 employees globally

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3. Learning from those who succeed

1. Build trust with partners early and often

2. It starts at the top

3. Clarity on your **"why"**

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3. Learning from those who succeed

This is not just about HR - who are your strategic partners?

1. **Build trust with partners early and often**

   - Think you can do it yourself or with internal team? Nope!
   - Look at the numbers

   On hiring alone - remember the time involved:

   - 607 hours (36,420 minutes)
   - 776 first interviews (at 20 minutes each)
   - 465 second interviews (at 45 minutes each)

Some partners fail - that is okay. Find a new one!

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3. Learning from those who succeed

2. It starts at the top

Certn was:

- Working with between 5 to 7 different "recruitment firms" before their first major raise
- Internal HR was assisting in some recruitment
- It was working, and then it wasn't

They raised 42 million - time to evolve

- Worked through agreement with all stakeholders
- Both side listened and agreed on ideal structure
- Signed and sealed

Our lesson?

Buy-in from the top made great things possible

- It is a beacon for change and growth

vs.

Attempted buy-in from lower levels and resistance from the top = FAILURE

(trust us - we have seen this too)

3. Learning from those who succeed

3. Clarity on your **"why"**

Trusting your partners and leadership from the top works, yet culture clarity *(or your why)* is key to growth

WHY?

- Decision making within the organization (end celebratory moment)
- The best idea will win
- Partners who align with your why will build with you

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