

MaRS Market Insights

Talent for tech: Recruiting the right people for your tech startup



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Talent for Tech Overview

“Your most important decision will be the first person you hire. Your second-most important decision will be the next person you hire.”

Many startups in the tech industry encounter this all-too-common advice. Founders are told time and time again to treat their talent as an investment, not a commodity, as investors often care more about the founding team than the product itself. Yet startups are daunted by the task of finding, hiring and retaining the right talent for their budding companies. In fact, for many of the web, mobile and software startups here at MaRS, recruiting is the biggest challenge they face today. But wherein lies the issue? Do we have a shortage of developers and designers? Or, with the low cost of starting an Internet-based business, is there simply a surplus of founders?

In Ontario, over 8,000 students graduate from computer science and engineering programs every year,¹ with the majority hailing from the University of Waterloo, University of Toronto, McMaster, Queen's and Ryerson. Many tech giants, including Google, LinkedIn and Facebook, are opening satellite offices in Ontario. Google's decision to open its Canadian development office in Waterloo was no accident; this strategy tapped them into the huge pool of tech talent in the region.

The Waterloo area is home to more than 800 technology companies, many of which are struggling to hire.² There are over 1,000 job openings in the high-tech sector, and the unemployment rate of 6.8% is below Canada's national average.² We spoke with Phil Noelting, founder of Waterloo startup, Qwalify, who believes there is a brain drain in the region, stemming from the differences in lifestyle between living in Waterloo and living in California.

A similar story exists within the tech hub in Toronto, where the MaRS IT, Communications and Entertainment (ICE) practice alone has over 500 active clients. Adam Epstein, lawyer-turned-entrepreneur and founder of Huddlers, a social network for athletes, says “building the Huddlers team has been the hardest thing I have ever done in my professional career.”

Is it easier to start a tech company in the Valley?

Probably not. In California, the tech industry is plagued by a shortage of qualified workers, namely computer science and engineering graduates. Unemployment in this state is running below 4%, which is less than half the national US average. According to a recent report by Reuters, the ratio of tech jobs to computer science graduates in California is a whopping 3 to 1!³

We spoke with Sunil Acharya, a Waterloo engineering graduate who spent the last year working for a Valley-based startup. “It's an employee-led market there. Engineers have no qualms about switching jobs every few months. In fact, jumping from startup to startup becomes part and parcel of a person's career.” Acharya told us of a roommate who switched jobs twice in eight months.

With all these opportunities available at their disposal, engineers in the Valley are commanding very high salaries. Rob Catalano, Senior Director of Marketing at Toronto-based Achievers, recently helped his firm establish its San Francisco office. “While people in the Valley are more comfortable working for a startup, they are also much more expensive because the demand is so high.” Even the Google-like tech firms are struggling to retain their talent. Acharya told us a story of how an offer at Google will automatically land you a job with Facebook. Reportedly, to Facebook's way of thinking, if you're good enough for Google, then you're good enough for them.

The situation in Ontario

We sat down with Chris De Sousa, co-founder of technology headhunting firm Hireglyphics, to better understand what the recruiting market is like in Ontario. De Sousa sees Ontario as having a much more conservative culture when it comes to candidates joining startups. “Job seekers we work with are looking for a company that has been around four to five years, so it is stable and yet new and nimble enough to offer that startup culture. A startup that has been funded is ideal for most of our candidates.”

Some roles, such as product management, have been touted as harder to fill in Ontario. Holly Tiessen, VP of Client Success at Achievers, feels the product management experience here is just not as deep as it is in the Valley. Epstein from Huddlers attributes many of his challenges to compensation issues, having had his soon-to-be CTO poached by a large tech firm in Toronto. “When they found out their employee was thinking of joining my startup, this company put an even higher salary on the table in order to keep him from leaving.” Almost everyone we spoke to agreed that the biggest challenge is to find a good fit with the company culture. Says Epstein, “you can almost always find someone with the right skills, but the fit isn’t always there.”

While it might be harder for Ontario startups to initially hire, they do have one advantage over their California counterparts: their employees are more likely to stay for the long haul. Hireglyphics finds candidates remain with a company for two to three years before moving on, which is a much longer timeframe than of those working in the Valley. Alex Norman, co-founder of flash sale site HomeSav, feels that “it’s the silver lining behind a dark cloud, where you don’t have to worry about your startup team jumping from company to company. Once the dream team is built, you can ride it out together.”

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Finding developers to build your product



If you or your founding team do not have programming knowledge, then you'll need to source developers to build your product.

However, before going down this route, make sure you have a technical lead in charge. Even if you don't have a technical co-founder on board, see if a good friend or family member will help you manage the design work on a temporary basis. This person should oversee the work being done, to ensure the product is being built to standard and that no-one is taking advantage of you. Alex Norman, co-founder of HomeSav, advises that "this is especially important if you're hiring students who may not have the necessary skills to hit the ground running. They need a solid lead to train them and provide that critical guidance."

Here are a few suggestions on where to find developers:

Co-op students

You can start by hiring student developers through a formal university co-op program. (A list of programs at Ontario universities can be found [here](#).) Farhan Thawar, VP of Engineering at Xtreme Labs, is a big believer of hiring co-op students. "They are always a good pipeline into the rest of the engineering world. If they have a good experience, they'll come back to work for you full-time. Or they'll tell their friends in junior years that they had an amazing experience with you and create a good buzz."

Be cautious however, because going through a formal co-op program will not guarantee you the right talent. Derek Webb, a recent computer science graduate from the University of Waterloo, cautions that "on-campus job boards are not startup-friendly because if a student doesn't recognize the name of your company, they may not click through to see the actual job. Especially if your company is sandwiched between a job posted from Microsoft and a job from Google. This happens because students are time-crunched and they filter through hundreds of posts per day." Webb recommends companies keep their job descriptions fun and interesting, and not post a long list of job requirements and programming languages. "This often scares candidates away. Although the university encourages students to still apply to jobs that do this, many students are deterred."

There is another important reality when it comes to hiring student developers. The tech boom in the past few years has resulted in many changes to the specializations people hold. For example, the top two mobile operating systems – Android and iOS – were both developed in the past five years. Universities in Ontario are simply not able to keep up with the rapidly changing technologies in the market today. Based on Webb's experience, universities are instead "teaching students how to think and how to be programmers. It is up to [students] to educate [themselves] on all the different languages and platforms in order to stay current and marketable."

Chris De Sousa, of technology-headhunting firm Hireglyphics, tells us that the most sought-after developers are those with knowledge of mobile gaming, mobile web, mobile native applications, iPhone and Android apps, and Ruby on Rails. "These are all the technologies universities do not teach!" His advice to tech companies is

to “stop quizzing developers on what languages they know” and to “look for talent with a solid educational background. That way, even if they don’t know a language, they can learn it.”

One strategy to attract the best and brightest co-op students is to entice them with the breadth of technologies they can learn while at your company. Since they will not be learning these in school, the hands-on experience will be key, particularly because larger tech companies still have deep-rooted processes and often struggle to adopt the latest technologies. As De Sousa sees it, “working for a larger company can be a risk for young candidates because they may get stuck in a rut where they have not used the newest technologies and later find themselves at a disadvantage compared to their peers.”

Lastly, put your technical lead in charge of recruiting. As Adam Epstein of Huddlers learned, “technical people love technical people. If you can find a strong technical lead, others will be willing to follow and join the pack because they can see that they’re going to have a solid learning experience working with this lead.”

Student associations

Another idea is to approach student associations at universities. A quick search for student clubs at the University of Toronto or University of Waterloo, for example, will show you a listing of the associations as well as contact information. Many students look for practical experience and a little bit of pocket change, and programming in-between classes is a great way to get this. Some of the startups we spoke with had development agencies quote \$20,000-\$80,000 to build a prototype, whereas groups of students were able to build it for as little as \$5,000.

Outsource

A quick Google search for web development firms pulls up countless companies. Outsourcing is a good way to get your prototype built if you do not have time to bring someone in-house. The downside is that these firms can be expensive – some quotes we have heard are as high as \$80,000. Epstein recommends “staying away from agencies right off the bat, because you’re paying unnecessary costs like overhead and salary.”

Also, be careful about hiring people who are situated remotely, such as those you may find on Elance. Based on Norman’s experience, “With remote work, things often get lost in translation and this can significantly drive up your costs.”

Others follow the route of hiring independent developers on a contractual basis. Suneel Acharya, formerly with startup TalentBin, advises against doing this since “it’s hard for contractors to feel a part of the company, and this can affect the morale of the other team members. In the early stages of a startup, there should be a lot of focus on building a solid team.”

Hiring A-Players, at a minimal salary



Provided all goes well, you may reach that point in your venture when you receive funding. In order to grow, the next step is to expand the team by hiring “A-players.” These are people who can wear multiple hats, fit with the company culture and communicate well. While they are not part of the founding team, they are crucial to advancing your startup to that next level.

Chris De Sousa, of headhunting firm Hireglyphics, has a high volume of clients seeking A-players. “It’s a challenge finding these high-quality candidates because they know they are good. As a result, they are just as picky as the companies.” De Sousa believes we are seeing a “candidate market” right now, since many companies are looking for the same type of talent.

Where to look

Wondering how to find an A-player? Start with the obvious: tap into your own networks and those of your fellow founders. Make use of local innovation centres and see if any advisors can provide referrals. And don’t hesitate to pursue candidates not formally in the job market, because they may be willing to take on a new challenge.

Your next option is the tried-and-true tactic of posting your job on as many websites as you can. Alex Norman, co-founder of HomeSav, said he found LinkedIn to be the best channel through which to hire for sales, marketing and HR positions. “It was not especially good for seeking out developers.”

Another option is to engage a recruiting agency – one that specializes in technology companies would be ideal. These agencies know the trends in the market, they can help you with HR activities such as writing job descriptions, and they can promote your company and its positions on your behalf. But the agency route does not work for everyone. In Norman’s experience, “the recruiting agencies had a solid candidate pool, but were only

able to pull people that wanted high salaries. This is not as effective when you're looking to bring a \$40K/year developer on board. Plus, agencies often take a 20% commission so it ends up being quite expensive if you're at an early stage."

To find developers who were willing to take a lower salary, Norman had the best luck with classified websites Kijiji and Craigslist.

How to entice them

Think about location

If you still haven't picked a location for your company's headquarters, give it some thought based on the type of people you wish to hire. For example, where is your talent located now? De Sousa says, "office space may be cheaper in suburbia, but does your talent want to commute there?"

Derek Webb, a recent computer science graduate now working with Xtreme Labs, says "location wasn't a huge concern to me when I was looking for a job. I didn't want to base my job around where I wanted to live." However, with Xtreme Labs based in downtown Toronto, Webb adds "being in the heart of Toronto is definitely a nice perk!"

Build a compelling website

Phil Noelting, founder of hiring platform Qwalify, has spent a lot of time speaking with job seekers in Ontario. Through his research, he's found that a Gen Y job seeker tends to look first at a company's website in order to learn more about them, and then will continue to search for job postings there. "This is different from Gen X, who tend to search for jobs locally." Noelting sees a website as being a company's main identity, and advises startups to keep their sites fresh, relevant and interesting in order to entice talent. In his own experience with recruiting, Noelting found "there was a lot of traction around our website – people were visiting it and sending us emails saying they were interested in working for us."

Compete like a startup, not a tech giant

Let's face it. Tech startups do not have the means to compete with giant tech companies on salary, nor on benefits or reputation. Says Webb, "many of the Valley firms come up to Waterloo to hire – including Facebook, Apple and Google. A lot of students apply to these!" What makes the situation for startups even harder is that companies like Google have created an entrepreneurial environment, where engineers and product managers get to own entire products. So what can startups offer a candidate?

When hiring technical staff, it's a lot better to try and sell the potential of who that person can become moving forward. For example, emphasize what languages that developer will learn, and who they will learn it from. Says Noelting, "Facebook can't give developers as much breadth of learning because their technologies are established, so a developer is limited by what languages he/she will code in."

Suneel Acharya, formerly with startup TalentBin, was attracted to the company based on their promise of responsibility, growth, on-the-job learning, a broad variety of work, and direct involvement in the success of the organization. Helen Robert from TechEdge, a firm that advises technology companies on compensation, feels "this is surprisingly important to people. It's important that employees feel connected to the organization and that what they do directly helps with the company's success."

Lastly, stay flexible. Offer some leeway in time and location so that your employees can work on their own schedule. Says Robert, "flexibility doesn't cost an organization anything, but it can really set apart a small company from a big one."

Provide equity

Experts in the tech industry often advise startups to treat their early staff like late founders, by giving them a stake in the company. It comes down to the cash vs. king mentality, where you shouldn't be afraid of giving up ownership if your end goal is to raise money and continue growing the pie. And providing equity is a great way to get your employees dedicated, and feeling like an integral part of the team.

Webb remembers the lacklustre attitude his classmates had about joining smaller startups. "They weren't a part of the inception, so it wasn't really their company. It's more exciting when you help to create it."

Of course, many startups fear that employees will take equity and leave a few months later. One way to mitigate this is to bring new hires in on a "trial" basis. Acharya was brought on board his Silicon Valley startup with a six-month contract, with a potential for hire. "Contracting is a big thing in the Valley – it provides a safety net for companies."

And Acharya recommends advancing new hires slowly vis-à-vis their equity amounts, so that startups remain protected from employee turnover. Acharya shared with us how a common contract in the Valley reads:

- No equity for one year
- 25% of your end-state equity share after the first year
- A pro-rated amount of equity every month thereafter

Another common practice that Acharya shared is to align incentives by writing contracts based around milestones. "If you're targeting a major milestone in three years and need a technical lead for that, structure their contract around the three-year mark. Arrange the contract so that once the milestone has been met or the three-year mark is up, they receive their equity."

Be honest about salary

Media outlets report that Google is paying new computer science graduates \$90,000–\$105,000¹, a figure that most startups simply cannot match. But do young workers really prioritize salary when seeking a job? Robert from TechEdge feels "they want to be treated fairly in relation to their peers. Salary may not be driving their decision, but it will become an issue if their salary dips below what they perceive to be fair."

Norman of HomeSav, however, had a different experience. "Although we were offering many of our candidates Options to join us, they were more interested in salary and benefits. We had a hard time convincing them to forgo higher salaries at a firm like Google or Microsoft and to work for us instead."

What did recent graduate Webb have to say about this? "Salary was always at the back of my mind, whether I said it or not. Then again, if I'm going to get paid a lot but not enjoy the work, then it's not worth being there. I need to care about the work and be passionate about what I'm doing."

Robert advises that "it's better to be upfront with your staff from the onset, and let them know if you can't pay the market average at the moment. But commit to increasing their salary once the business hits a certain revenue point – a point you will need their help getting to."

Support their development

A recent article in *The New York Times* shared the story of Valley-based startups that lure talent by providing weekly lessons on how to start a business and how to find venture capitalists to finance it. Redfin, an online real-estate brokerage, is one of these companies. They set up meetings between recruits and venture capitalists so that new hires can start talking about their own companies. Redfin also runs classes twice a month on entrepreneurship.¹

As the war for talent in Silicon Valley continues, companies are using these strategies to lure in good candidates – candidates that are eager to start their own ventures, but may not yet have the experience or connections to succeed.

On the whole, remember that championing the development of your employees will yield benefits. While they may not stay with you for the long run, if you create a good rapport they will be more likely to refer other talent to you, or help out later on a part-time basis.

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Scaling, and scaling fast



It's a feeling many startup founders have experienced, particularly after closing on a new round of funding. It's that excitement when you know the status quo is changing and your company is headed for rapid growth and tremendous change.

This is what Toronto-based startup Achievers experienced in early 2011 when they grew from 70 to 160 employees in 12 months. Similarly, mobile-app development company Xtreme Labs hired an astounding 35 full-time engineers in 2011, and it continues to onboard 50 co-op students each quarter.

But how does a startup double its headcount in a few short months, while continuing to attract top talent that meshes with the company's culture? Here are a few suggestions:

Think like a marketer

It's easy to overlook a company when they haven't established a brand name, particularly when they are competing against the likes of Google and Facebook for talent. Achievers did a study last year and found that 88% of graduating students know what company they want to work for. If candidates aren't thinking about you, then you've already missed a huge talent pool. At Achievers, they run recruiting out of the marketing department. For them, the idea is to think about hiring "like a marketer." Marketers traditionally think about low-cost means to win sales, so why not think about low-cost ways to win talent?

At Xtreme Labs, VP of Engineering Farhan Thawar makes a point of being out of the office several times a week promoting the company. If he is not attending an event, then he's giving a talk. "The subjects I talk about vary. It's everything from managing engineers to innovative workspaces." Thawar says he does this outreach in an effort to meet people. "If I meet someone I like, I tell them to come in to the office for a tour, which can often lead to an opportunity."

Showing off your space by giving tours is another great way to attract candidates. Thawar gives at least three to four tours per week, believing that “it helps give people a connection once they see Xtreme Labs has a pretty cool environment.” At Achievers’ Toronto-based office, they regularly host open houses, allowing anyone who is interested to come in, meet staff, hear presentations and get a quick interview on the spot.

Achievers felt the pain of being an unrecognized brand when they opened their San Francisco office late last year. They deployed an aggressive marketing campaign which included hosting drink nights at the W Hotel. Holley Tiessen, VP of Client Success, says “it was a way for people to come out and learn about what we do, since there isn’t a lot of information available online for a candidate to research themselves.”

Thawar also makes it a point to attend DemoCamp at Ryerson University every quarter, which has over 300 people in attendance. “The first year I attended, I walked down to the front of the room and wrote ‘XTREME LABS IS HIRING, EMAIL ME’ on the whiteboard. Guess how many other companies did that? Zero.” Thawar strongly believes that startups should constantly advocate that they’re hiring, getting their name out there and building up that brand recognition. What happened the second year Thawar attended DemoCamp? “Nothing. I thought someone would copy my tactic, but no one did!”

Don't over-focus on the hiring process

For Thawar, he stays focused on the end result – making a job offer – instead of the hiring process itself. “You can interview someone all day, but until they start the job, you can’t tell if they’re going to be any good.”

While at a recent University of Toronto job fair, Thawar had a booth set up amongst other startups, most of whom were handing out t-shirts and other swag. “We had no swag to give away. Instead, we gave out coding tests to people and if they were good, we gave them an offer on the spot. I managed to hire seven people in one day!” Thawar brought these people in on a contractual basis and ended up giving three of them full-time offers.

The “hire-slow-fire-fast” mantra is often touted for startups but, for Thawar, hiring fast is his claim-to-fame. “There is no substantial data that a prolonged interview process will result in a good candidate. We feel interviews are a very poor predictor of performance, but we do them because it’s the only thing you have.” Thawar favours hiring candidates on a trial basis to see if they are a fit.

When interviewing, Thawar uses creative methods to test a candidate’s work ethic. “I use little tricks to see if they have propensity to action. I’ll put whiteboard markers on the table between us and begin asking questions. I wait to see if they will get up and use the whiteboard to explain their answers. It shows me whether they have energy and are willing to do work.”

Tap into your employees' network

Achiever’s ability to scale so well stems from an impressive program they created called *Recruiting Rockstars*. It involves tapping into the networks of their employees to source job candidates. It is more than a loose ‘hey do you know anyone’ type thing, but rather encourages staff to donate their contacts by providing prize incentives. As Tiessen tells us, “employees get \$25 worth of points for any type of referral they submit. If that referral gets through to the next round, then the employee gets a \$100 Visa card. If that referral gets hired, the employee is given an all-expense-paid weekend away.”

The momentum that this program has created for Achievers has brought in huge numbers of candidates, and proven to be a very effective way for them to ramp up so quickly. Says Tiessen, “it works well when you’ve got enough people in the organization whose networks you can tap into.” Even with all the prizes and trips, Tiessen says this program is much more cost-effective than other methods, such as paying a recruiter. Moreover, tapping into the networks of existing employees makes it easier for Achievers to find candidates with that cultural fit.

In the Valley, this form of recruiting is widely used. Suneel Acharya, formerly with TalentBin (a “social recruiting” business) says, “even if you have a small five-person company, obtaining everyone’s contacts from across both LinkedIn and Facebook should give you close to 5000 potential candidates.” The way Acharya sees it, “convincing employees to donate their contacts shouldn’t be hard. You can either offer cash incentives, or play on the idea of them getting to work with their friends!”

Before the *Recruiting Rockstars* program, Achievers used traditional approaches such as job boards and recruitment agencies. “That was OK for the hiring volume at the time,” says Tiessen. “However, when it came time to ramping up quickly, we needed a way to accelerate hiring.”

Don't stop interviewing

Just as you should never stop networking, Thawar believes you should never stop interviewing. “People call me out on this and ask why I’m interviewing if I’m not even hiring. My answer is that tomorrow I could be hiring.” Thawar has built up a list of excellent candidates he has interviewed across different domains such as engineering, human resources and graphic design. “When Xtreme Labs does have an opening, I ping them, tell them I’m building a team and bring them in.”

Bringing experienced hires on board



Onboarding senior staff becomes critical when a startup's founders can no longer manage all aspects of the business. Building a management team, however, is a very different process than the organic recruiting practices associated with finding a co-founder or a developer. Convincing talented leaders to potentially leave their corporate positions and salaries and join your startup is a process that requires a great deal of time and patience.

Always be selling

Brent Lowe, former VP of Employee Experience at Achievers, is an advocate of the "Who" process of hiring, as coined by authors Geoff Smart and Randy Street in their book, *Who: The A Method for Hiring*. Lowe explains, "They talk about how, with senior hires, the sales process starts at the very first point of contact – be it a networking call, website, email or cold call. Whatever the approach, companies always need to be selling themselves at every step of the way."

At Achievers, executive candidates are given packages that highlight the market outlook of the company. They are similar to a sales package that might outline a platform or a product; however, they cover Achiever's industry, their high-level strategy and their plan for growth from a revenue standpoint. Rob Catalano, Senior Director of Marketing at Achievers, says "a lot of senior people are looking for opportunities to grow organizations, and this package gets them thinking about how they can do that."

Engage a recruiting agency

Recruiting agencies can greatly assist your executive search by tapping into a much larger candidate pool. Lowe advises, though, to be selective when choosing a firm. He is a proponent of retained agencies (as opposed to contingent ones) when it comes to this type of search. "Retained agencies are a bit more expensive, but they take over the search completely. They get paid for whomever you hire, regardless of who finds them." On the other hand, if a contingent agent does not find the hire, they do not get paid.

Lowe clarifies, “there are pros and cons to both. In my opinion, it’s best to use a contingent agent for most of your searches. However, if you’re looking for a really senior person or for someone who is going to make a huge impact to the organization, then a retained agent will be the one that does a more thorough job since they usually only have a couple of clients at a time.”

That being said, hiring a search firm does not mean startups should disconnect from the process. Rather, they need to be actively involved, assessing candidates and providing the agency with ongoing feedback.

Uncover the motivators

Naturally, many startups cannot offer their senior hires the same salaries that a large corporation would offer. TechEdge, an Ottawa-based firm that provides compensation advice to technology companies, reports that the average salaries of a small-business CFO, COO and Chief Engineering Officer are, respectively, \$ 149,000, \$152,000 and \$157,000.

Fortunately, this may be less of a hindrance than you think. Catalano explains, “there are a lot of people out there who will take less pay to feel more engaged at work. Once they have their base needs met financially, candidates may be willing to take a pay cut in order to feel a part of something bigger.”

So if money is not the prime motivator for senior hires to work, what is? As Lowe sees it, “there are many other reasons that candidates join or stay with a firm, and it is up to the company to figure those out. The earlier you can determine a candidate’s motivators, the earlier you can move compensation out of the conversation.” One common motivator Lowe sees time and time again is the opportunity to build a firm from the ground up. “Once you know that, you can address it at every step of the recruiting process, right through to the offer and onboarding.”

However, Lowe cautions startups to remember that even after a candidate signs with your firm, they are still in play. “Good senior hires are going to continue to get a lot of phone calls, and it’s important that your selling job doesn’t stop until six months after that person has started. The motivators need to be continuously tapped.”

Another common motivator is company culture and the desire of executives to be part of an environment that is different from what they’d find at a corporate job. To play this up, Achievers lists a ‘top 100 reasons to work here’ on their website. Says Lowe, “Achievers has a very strong culture which is well-defined, and it is important that they showcase that.”

While salary may not be a hindrance for active candidates, it can be for passive ones – those who are not formally in the job market. To overcome this, Lowe advises that firms stress the potential financial upside to candidates, whether that is through equity, bonuses or other pay-for-performance benefits. “You can even put together a spreadsheet that shows candidates how much they could make over the next three years, depending on how well the firm does. Give them the spreadsheet with all the assumptions and let them play around with it. This will really put together a compelling story, and paint a clear picture for candidates of their next three to five years.

Retaining employees



While it's important to convince the right hires to join with your startup, it's even more important to entice them to stay.

Retention can be especially difficult for startups since they are in a constant state of flux. Rob Catalano, Senior Director of Marketing at Achievers, started with the firm when there were only seven people on board. "When we started, there were a lot of people wearing a lot of hats. As we grew though, things started to get standardized and specialized. That's when you notice people starting to leave, just because they don't like change."

Company culture matters: Hire those who fit

The best method to minimize turnover is to bring in people who are resilient and thrive in the face of change. Someone who has experience with a startup will know what the environment is like and will be more likely to stay on board. When Suneel Acharya was working with startup TalentBin in San

Francisco, he noticed that "recruiting employees from traditional and larger firms into a startup was difficult, because their demands and expectations tended to be a lot higher."

Helen Robert of Ottawa-based TechEdge told us about the period when Nortel shut down and the ex-Nortel employees were looking for new opportunities. "Many smaller companies got excited thinking there was so much talent available for hire. What they didn't realize was that many of these people were not interested or willing to work for less pay, without defined jobs and career-path options. There were a lot of cultural challenges transitioning these ex-corporate employees into smaller firms."

Catalano advises that startups be upfront about the state of flux of the organization when interviewing. "If a candidate gets excited by it, then it's likely they will want to stick it through the ups and downs." This is particularly important for senior hires, who may be less open to the decentralized decision-making processes that are often typical of a startup.

At Achievers, the team uses a method called "Top Grading" to assess candidates. This approach was developed by Dr. Brad Smart and involves putting candidates through a series of structured and in-depth interviews. Catalano says, "'Top Grading' discussions can take up to six hours, providing insight on a candidate's patterns of success, dating all the way back to high school. When you sit with someone for so long and dig very deep, you really get to know a lot about the person." For Achievers, the retention rate of the individuals they hire through Top Grading is over 90%.

Build and maintain a unique culture

We asked Derek Webb, a recent computer science graduate from the University of Waterloo, what he enjoys most about working at Xtreme Labs. “They do many different things to keep their employees happy, like providing free breakfast every morning. They set up a gaming room, TVs, a lounge—different things to give us breaks between coding.” Even when interviewing for his job at Xtreme, Webb got a strong sense of the company’s culture. “While other companies were just grilling me on my technical knowledge, Xtreme spoke at length about all the stuff they do when they’re not making products. It lured me in and made me really excited about the firm.”

Achievers puts a similar emphasis on its culture. In fact, they no longer have an HR department; rather, they have an “employee experience” group that is constantly thinking of new ways to give employees the best experience at work. Achiever’s VP Holly Tiessen says, “we have rarely lost people in the past because of a higher salary at another organization. We think that’s where our culture plays a big role.”

For his part, Webb knows he will have a hard time going back to a larger organization. While he did spend one of his co-op terms at a larger technology firm, he says “I wasn’t a fan of the hierarchy, or the lack of communication and collaboration that existed there.”

Keep employees engaged

Farhan Thawar, VP of Engineering at Xtreme Labs, believes in providing employees with lots of responsibility and challenges, regardless of their level within an organization. When it comes to hiring co-op students, Thawar makes it a point to give them “real” jobs. He makes them anchors on projects, which they are then fully responsible for delivering. As Webb explains, “we are encouraged to speak up and argue decisions and put forth ideas. At other companies I worked for, I was basically told what to do and really had no say whatsoever.”

Another tactic Xtreme uses is to issue weekly releases of all their mobile apps. Thawar tells us that “the co-op students like this because they feel like they actually accomplished something when their internship comes to an end.”

At Achievers, Tiessen tells us they are very sensitive to the needs of Gen Y in wanting opportunities for career progression. “We make sure we give our employees the chance to move around and move up. For example, people have gone from our call centre to our client success team and eventually into sales.”

Ultimately, you should constantly treat your employees like someone is trying to poach them, and give them too many reasons to not want to leave!

The proverbial 'guy with an idea', looking for a co-founder



Bringing one or more founders on board is the point at which your idea begins snowballing into a real business. For some, this happens organically: chatting with friends or colleagues can spawn an idea which is then carried through to fruition. For others, they may start with an idea and then look for someone with complementary skills to begin rounding out that dream team.

There is a lot of contradictory advice published in blogs about the best way to find a co-founder. Meebo CEO Seth Sternberg blogged on *TechCrunch* about stepping outside of your network to find this elusive person, since we tend to hang out with people who are similar to ourselves.¹ Others suggest tapping into your network, since trust is the foundation on which to build a lasting partnership.

Adam Epstein of Huddlers is taking the former route, seeking out individuals that will buy into his idea. Alex Norman of HomeSav took the latter approach, teaming up with people he knew well.

Although taking opposite (yet equally effective) approaches, these founders do have a few things in common:

- They take their time with choosing a partner. For Norman, the entire process “felt a bit like dating.” He met with his prospective co-founders for months on end and spent a good amount of time weighing his decision before making any commitments. “Be patient with the entire process—it can take a while, but being selective is worth it.”
- They look for people with complementary skill sets. It’s critical to balance the strengths of your founding team – and to make sure that you have someone with technical know-how. Many of the online and mobile startups that MaRS works with struggle to build a product without this technical knowledge and, in some cases, are turned away by investors for not having a technical co-founder on board.

And where you can find that elusive co-founder? Here are some ideas to get you started:

Get plugged in

Get to know the tech community in your local area. Do this through social networking sites or through face-to-face gatherings. Meet with and talk to as many people as you can in order to grow your network. Follow interesting people on Twitter, and befriend interesting people on LinkedIn. The tech community in Ontario is small and well-connected. It will not take long for you to get plugged in.

Websites that aggregate local events include:

- [Eventbrite](#)
- [MaRS event calendar](#)
- [Meetup](#)
- [Plancast](#)
- [StartupDigest](#)
- [StartupNorth](#)
- [Techvibes](#)

Popular ongoing events include:

- [DemoCamp](#)
- [Entrepreneurship 101](#)
- [Lean Coffee](#)
- [Sprout Up](#)
- [Startup Drinks](#)
- [Startup Weekend](#)

Promote, promote, promote

Pitch your idea and your venture to as many people as you can. This includes family, friends and anyone you meet within the tech community. Put the word out that you are looking to build a team. Do not be afraid to ask people if they know of anyone in their network who might fit what you are looking for.

Certain events, such as DemoCamp and Toronto Tech Meetup, provide a forum for startups to pitch their ideas. Attend as many of these as you can.

And don't worry about people stealing your idea. Eric Ries, author of *The Lean Startup*, asserts that the likelihood of anyone stealing your idea is slim. In fact, he challenges founders to call their biggest competitors and convey their idea. He argues that most likely the competition will not take any action whatsoever, as they'll be too busy working on their own initiatives.² Moreover, the key point is not so much about having an idea as much as it is about successfully implementing an idea, so focus on building a solid team that can execute well.

Finally, as you meet and chat with people, make sure to garner feedback and validate your idea.

Build a prototype

In Ontario, you may find people are more conservative about joining with a startup, and your idea may not be enough to reel someone in. Epstein learned this the hard way, admitting, "I was naïve enough to think there were others out there as passionate about sports as I am, and that my concept alone would bring people on board."

One way to circumvent this challenge is to build a prototype of your product right away. This will not only help you communicate your vision, but it will give others more confidence. You'll find people are more willing to jump on board once a product has been built and they can avoid the daunting task of building a product from scratch. So, get your prototype built quickly, and don't focus too much on making it perfect! You can iterate later.

Once his product began coming to life, Epstein was approached by someone who had previously turned him down. As this person later told Epstein, "you're no longer a guy running around with an idea and a business plan. You're now a guy running around with a product."

References:

1. Sternberg, S. (2009, October 22). Finding Your Co-Founders. *TechCrunch*. Retrieved January 22, 2012, from [http://techcrunch.com/2009/10/22/finding-your-co-founders/](#)
2. Ries, E. (2011). *The Lean Startup*. New York: Crown Business.

Talent for Tech: Additional Resources

For more tips on how to find the right talent for your tech startup, check out these helpful resources.

Finding a co-founder

[TechCrunch: Finding Your Co-Founders](#)

[Stanford Graduate School of Business: Finding a Co-Founder...or Not?](#)

[Vincent Vacanti, Co-Founder of Yipit: Guide to Finding a Technical Co-Founder](#)

[StartupNorth: How to Hire Me, A Technical Co-Founder](#)

[Mashable: 14 Tips for Hiring the Perfect CTO](#)

Building a product

[Vicent Vacanti, Co-Founder of Yipit: Should You Hire a Programmer, or DIY?](#)

[37signals: How to Hire a Programmer When You're Not a Programmer](#)

[Mashable: How to Hire a Designer or Developer](#)

[Business Insider: How to Hire a Great iPhone Developer](#)

Attracting A-Players

[Instigator Blog: How to Recruit and Hire Top People for a Startup](#)

[StartupDigest: The Key to Startup Hiring](#)

[VentureBeat: Startup Advice for Entrepreneurs, from Y Combinator Startup School](#)

[TechCrunch: Looking to Hire Top Talent For Your Startup? Here Are Five Things You Should Know](#)

[Lance Laking: Building high performance teams for your startup's success](#)

[HR Workbook 2: Compensation](#)

Scaling, and Scaling Fast

[INC: How to Attract Talent to Your Startup](#)

Bringing more experienced hires on board

[INC: How to Build your Management Team](#)

[Entrepreneur: Build Your Management Team](#)

[Greylock VC: 6 Insider Secrets to Partnering with Executive Recruiters](#)

[Eric Ries: Lean Hiring Tips](#)

[HR Workbook 1: Building an A-Team](#)

Retention

[Mashable: How to Retain Your Startup Workforce](#)

[UDemy: Attracting, Hiring and Retaining the Best People](#)

[Entrepreneur: Seven Ways to Retain Top Employees](#)

[Attracting and retaining the right people: Butteriss on human resources](#)