

How to Maximise your Tech Investment

Why Talent is the Key to Outperforming the Competition

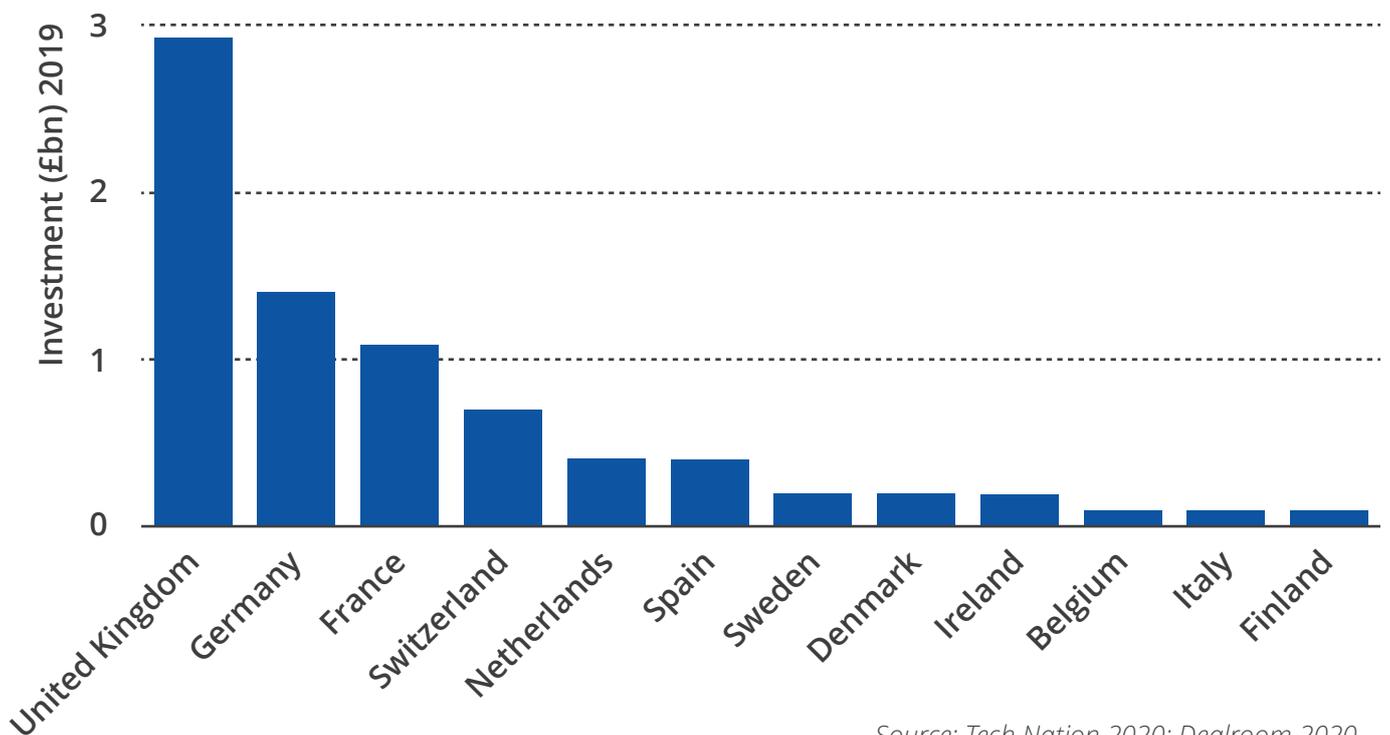
The technology sector continues to break through every obstacle in its path with new applications and services that make us more efficient, productive and secure. Whilst many sectors have suffered enormously from the pandemic and wider economic uncertainties, technology has seen a five-year paradigm jump in around 12 months.

Cloud and collaboration technologies enable people to work anywhere on any device - a major bonus in lockdown situations. Services like Zoom (and others) are constantly in use by consumers and businesses, right up to Downing Street. And the cybercrime threat lurks menacingly in the shadows as the 'arms race' continues, with security companies striving to protect us all from faceless criminals across the globe.

The scope for advancement is limitless, and amazingly, we are still at the beginning of the digital age, with so much more to come!

Little wonder then that investors see value in the technology sector, because they know that if an entrepreneurial tech company strikes gold, the investment returns will be staggering.

The UK is third in the world for tech investment, behind only the USA and China, and we are the leading European country for investment, raising more than France and Germany combined.



Source: Tech Nation 2020; Dealroom 2020.

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Venture Capital and Private Equity Investment Growth

According to PitchBook's recent European VC Valuations Report; venture capital deals are on course to set new records, with high levels of non-traditional investor participation.

In recent times, tech start-ups have demonstrated pandemic-proof growth, and investors are keen to provide early lifecycle funding to compete in hotly contested markets.

Investment data from 2000 to 2021 shows that in the UK, 60% of all Venture Capital (VC) and Private Equity (PE) investment activity has been in the technology sector, with the remaining 40% of deals spread across all other sectors.

VC and PE investment provides a massive shot in the arm for ambitious new businesses, and with that investment comes the additional pressure of performance scrutiny, co-engagement, and operational support to ensure the business out-performs general market expectations.

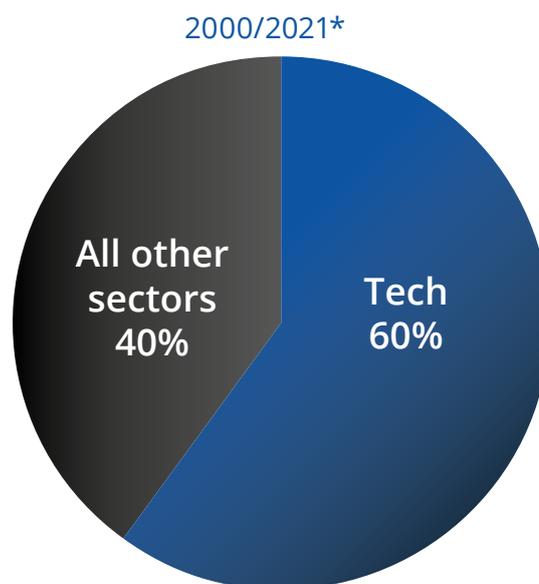
Having the right executive and leadership teams throughout the business is an investment imperative, and VC providers will seek on-going involvement in shaping the business as it evolves to new levels.

We've taken a look at how smart resourcing plays a part in the success of technology businesses, and why having top talent is absolutely fundamental to companies receiving such investment.

Talent Scarcity

It's well known that the very best individuals are in high demand, whatever sector you're in. Technology is perhaps one of the verticals that is most reliant on talent. It starts with ideas and concepts, and the bringing to life of applications and services with the right innovators and developers to ensure exemplary coding and user experience.

Then comes the commercialising and launching of the product or service, along with the development of sales and marketing strategies to create awareness and momentum. Quite simply, the higher the level of talent across all areas of the business, the more successful it will be.



Source: PitchBook Data, Inc. *26/1/2021

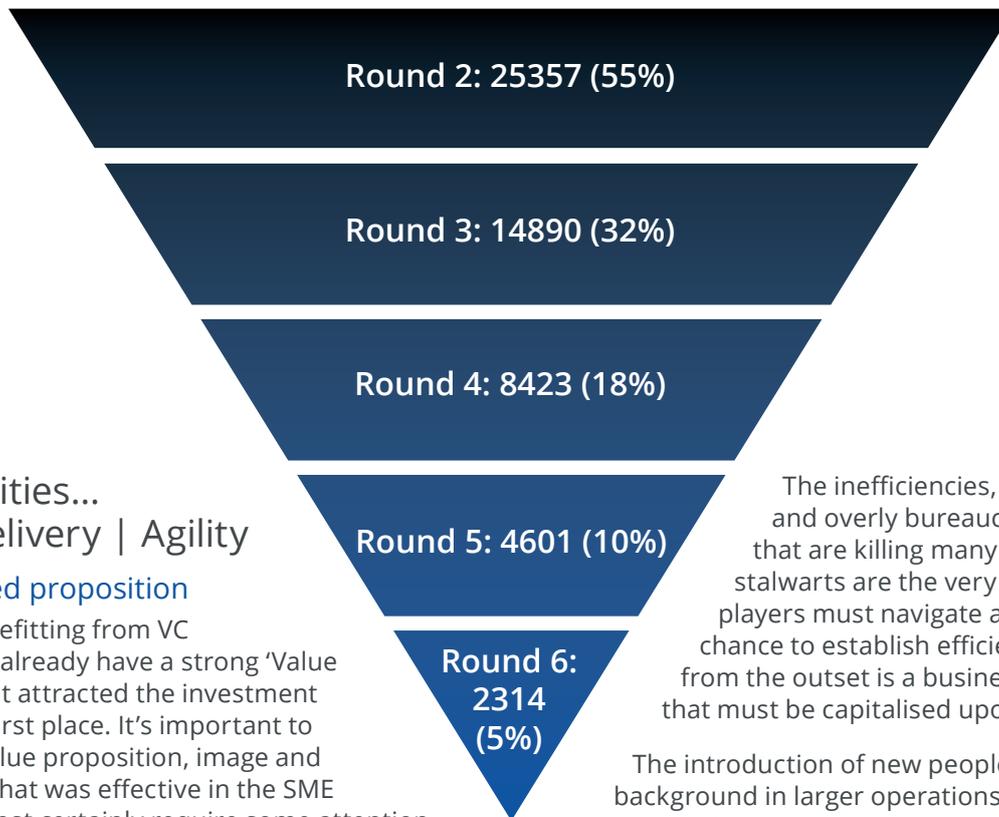
Finding, attracting and retaining the top 1% of talent is something every technology company wants to do, regardless of whether they're a start-up or an established business. Nothing stands still, and yesterday's heroes are quickly forgotten about as the relentless pace of change continues.

A value chain of talent evolution and market economics emerges as technology organisations start to scale. Established 'big-hitters' in tech sales tend to work for the big boys. It's where the money and credibility generally reside, and hot-house start-ups that are just getting going, have learned to cut their suit according to their cloth in finding the talent to help them grow. It's why emerging companies are full of 'bright young things'. They're more affordable and they've yet to earn their spurs in whatever field of expertise they are in.

But in the pool of young and ambitious technology talent, are the cream of the crop for the next generation. The dynamic whizz kids who will become the movers and shakers of the future.

Having a cash injection to galvanise the next stage of development provides a company with deeper pockets to attract the best candidates. It also gives the company additional credibility that will appeal to the top talent, as venture capital investors are well known for their insight and due diligence. Investors don't just pump money into any business that describes itself as an innovative tech start-up destined to be the next best thing.

Progression rates of 46,338 US & EU Tech Companies Raising Initial Financing



Harsh Realities... Image | Delivery | Agility

A laser focused proposition

Companies benefitting from VC investment will already have a strong 'Value Proposition' that attracted the investment interest in the first place. It's important to accept that a value proposition, image and brand identity that was effective in the SME market will almost certainly require some attention as a business seeks to scale and appeal to larger enterprise customers. As organisations move up the value chain, they must develop an even stronger, 'laser-like' focus on their business benefits and the needs of target customers.

It's vital that companies retain the dynamism, vigour and agility that made them successful in the first place, and retaining that impetus at scale is where the focus must lie. We are all attracted to new companies with a fresh and innovative approach, but the attraction will soon wane if the service delivery doesn't live up to expectations.

Financial funding provides a platform for businesses to 'speculate to accumulate'. Over-exceeding customer expectations is a great start point, but resourcing and service delivery will have to be industrialised and scaled to ensure operational costs are brought in line with P&L projections.

Implementing change

As businesses grow, a plan to evolve and expand into new markets must be created along with the preservation of any niche services and points of appeal that were core to the original proposition. Companies will almost certainly need to stop doing certain things and move to more robust processes, systems and behaviours to scale successfully.

The inefficiencies, high fixed costs and overly bureaucratic processes that are killing many blue-chip stalwarts are the very areas that new players must navigate around, and the chance to establish efficient processes from the outset is a business advantage that must be capitalised upon.

The introduction of new people with a background in larger operations is generally seen as a logical way forward, but caution must be exercised against adopting the procedures of companies that are now faltering. Ways of working that were effective a decade ago, may not be fit for purpose.

Targets and timelines

Involvement and support from the VC professional team will be invaluable, and business priorities must be driven by the milestones and targets agreed at the point of investment. The execution of the plan to produce the required results to timelines and targets will be the overriding focus, and its importance cannot be overstated.

To receive the next and on-going rounds of funding, a business must meet investor expectations - and there are typically six stages or rounds of funding to be navigated. Research commissioned from PitchBook in Q1 2021 shows that of 46,338 tech companies in the US and EU receiving initial financing over a 10-year period (2006 -2016), only 55% of companies made it to round two and just 5% remained with the programme to round six. Of the 21,031 of companies failing to secure second round funding, 44% were returned to a self-funding status, 36% went bankrupt or out of business, and 20% were either acquired / bought out, or undertook an IPO.

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VC Investment in the Technology sector

Traditionally, investment in technology companies has been made by a select group of specialised firms, but recently, new waves of investors have flooded the tech-fund sector as large generalist players have been vying for a piece of the action. These generalists have been raising their own large tech funds, leading to increased competition for tech assets, all of which provides extra stimulus to emerging tech organisations.

PitchBook report that: "Large generalists have become enamoured with the tech sector, with some debuting tech-focused funds while others are doubling down on the sector with increased investment. These massive generalist firms often have large networks and vast numbers of portfolio companies, which can provide a unique advantage as they compete with specialist tech funds for assets."

Building the right team for the future

With the tech sector awash with private equity funding, top talent is in even greater demand. And just like a successful football team that progresses through the leagues to the top flight, players who were at the top end of the talent spectrum in League One may not be able to 'cut it' in the Premiership. Hard facts have to be faced, and people may have to be overlooked

and replaced by more capable individuals, who will deliver success in a higher league.

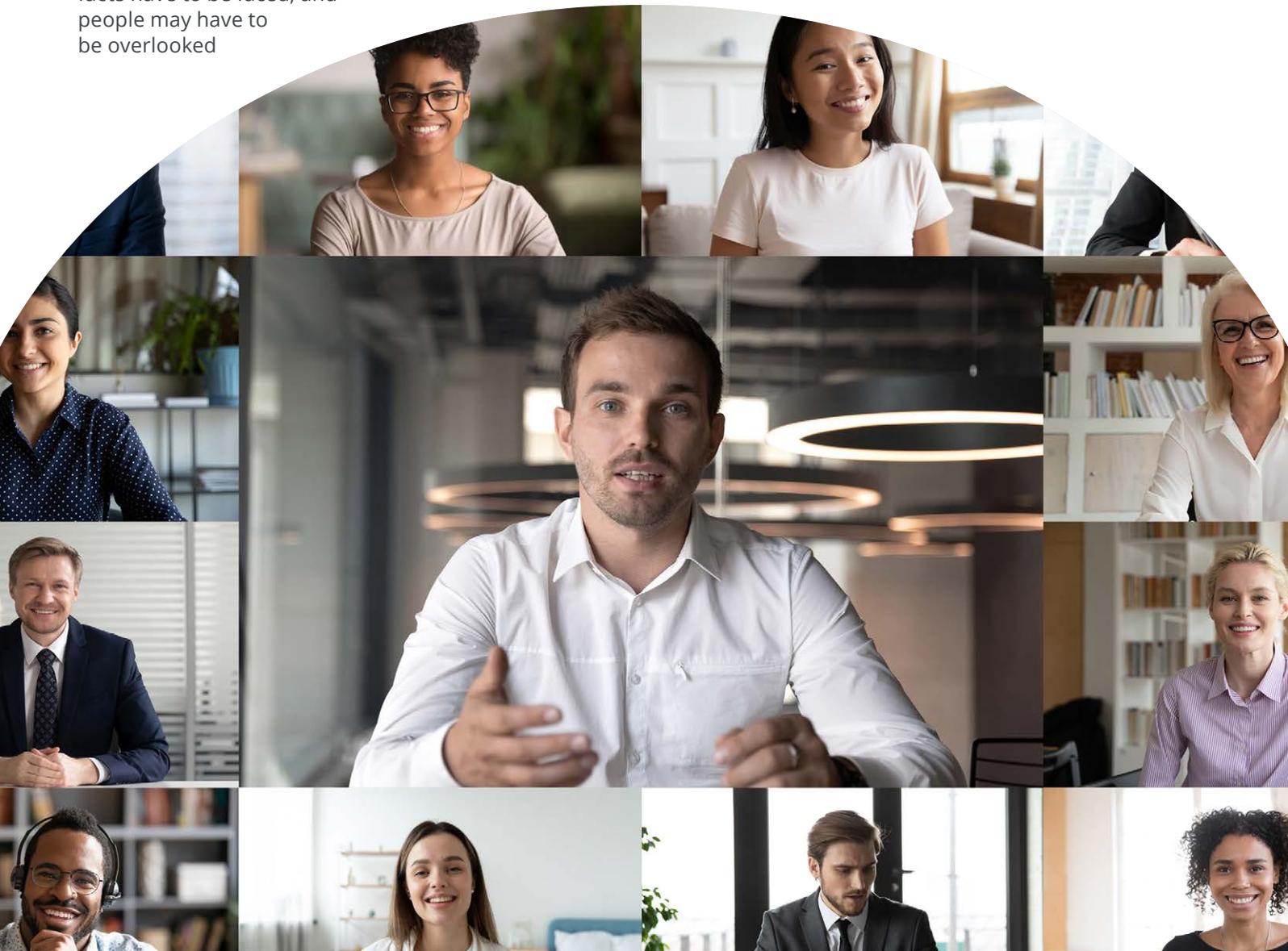
This should be faced with a blend of hard-nosed pragmatism and sensitivity. Stress is a growing problem in the workplace, and nothing is more unnerving than feeling you are out of your depth and drowning in a job with expectations beyond your capabilities. Aristotle made famous the notion that water finds its own level, and the analogy with employees is the same.

A constant programme of finding, hiring and retaining the best talent, and 'letting go' lesser performers, is one of the core principles of building successful businesses.

The Talent Conundrum

The on-going resourcing conundrum of continually increasing the level of talent in your business as you evolve and grow is a well-established, core element of success. Just as VC investment tends to follow a staged process, so should your resource management and investment in people.

We've identified a number of resourcing market dynamics that will help in the identification and recruitment of top talent.



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The best people expect the best recruitment

LinkedIn research found that 83% of candidates are put off by a poor recruitment experience. It's a two-way street, and strong candidates assessing the job market will almost certainly be looking at several options. A professional approach from start to finish is essential to ensure talented people remain on the hook.

Failure to sell the job opportunity

It's essential to promote the positive aspects of your company, including the organisation's future prospects and why it's a great place to work. Securing top talent is a competitive environment, and an opportunity has to be 'sold'. Excellent candidates are in high-demand and they'll go somewhere else if they're not convinced your job is right for them.

Top talent tends not to be actively looking

It's likely that the very best people are not actively looking for a new job. They'll be successful in the role they're in, and at best, they'll be passively watching the jobs market. The best people are also likely to be contacted by resourcing specialists, and they know that the best jobs will find them.

Failing to prepare

The recruitment process must run like a well-oiled machine. A clear and concise understanding of the skills required is essential, and customised job profiles with clear role narratives are required. Leading professionals, who are happy where they are, will not be attracted to a role with a generic job description, or a few cobbled together bullet points.

Timelines and communication

The time taken to recruit is another MAJOR gripe and dynamic candidates become frustrated when things take too long. Regular communication is vital as people will interpret 'radio silence' as a lack of interest in them. Delays are often caused by a failure to coordinate internal stakeholders for interviews commitments, reviews and decision making. A professional interaction will impress candidates and they'll choose you ahead of the competition.

Recruitment isn't seen as a priority

For many organisations, recruitment just doesn't seem to be a priority, it's more of a reactive activity when a vacancy occurs. Organisations with this view tend to experience high levels of staff turnover and are often full of mediocre people. Investing in recruitment best practice improves business performance and feeds directly to the bottom line. People like working in a thriving business and continual improvement becomes 'business as usual'.

Poor employment and brand reputation

Organisations with a poor employer reputation and questionable feedback on sites like Glassdoor and others will struggle to attract good people. Companies stuck in this rut will almost certainly have low employee morale. It could point to poor management practices and leadership issues at a more senior level. It's a known fact that people quit their bosses more than the job itself.

Lack of clarity about what's needed

When someone leaves, you don't have to recruit to fill that exact job role or position. Business needs may have changed, and the vacancy could be used to hire someone with a different skill set that's more useful to the business at the current time. By looking objectively at needs and skill shortages, top talent with specific capabilities can be brought in to boost performance.

Using multiple recruiters to fill the role

This confuses people, as candidates often see a role advertised several times by different organisations, and they may be contacted several times about the same role. Such activity creates a worrying impression that there may be problems at the company. Desperate candidates won't be put off, but top talent may think twice.

Summary

Technology businesses selected for PE and VC funding have been identified as high performers, and are obviously in a great position. The investment process requires those businesses to increase performance and output to deliver the expected above average results and returns agreed with the investor.

Such recognised investor confidence in start-up tech business is a launchpad for success and expansion will almost certainly mean additional skills and capabilities are needed. The good news is that top talent will be hugely attracted by opportunities to join an organisation has been given such a vote of confidence.

It's mission critical for the business to bring in the highest calibre of leadership and all-round skills in specialist areas, to ensure initial success is built upon.

Locating, attracting and hiring the very best people should be a core focus area to maximise the investment and confidence shown in the business. Companies may have previously looked after recruitment internally, and they may elect to do so again. However, serious consideration should be given to using a resourcing and recruitment specialist. Organisations, like DP Execs, have a long-established network of talented contacts in the technology sector, and can help expedite the finding and hiring of the best people with maximum agility and efficiency.

Who are we and why we are worth listening to

We're a Search Consultancy that headhunts the very best Senior Salespeople, Directors, and C-suite Professionals for key roles. With a major focus on the technology sector, we help our clients outperform the market, exceed their targets, and satisfy investor ROI metrics.

Darren Peck

I am a highly experienced executive search consultant specialising in leadership recruitment, with a proven track record of attracting the highest quality candidates for our clients.

I've recruited C-suite and Senior Executives throughout the Technology sector, and facilitated many confidential, niche appointments. I'm proud to be recognised as a highly professional recruiter operating with exceptional levels of integrity.

I've over 15 years experience in the retained search market and have recruited for many blue-chip companies, portfolio businesses, and tech start-ups.

We're centrally located in Staffordshire with associates across the UK, ensuring the very best people are not overlooked because of geography.

I'm married with two children and I understand the security and lifestyle importance of making a senior career move entails.



Would you like to know why the TOP 1% of Technology Talent decides not to join most businesses, and what you can do about it?

We know what the TOP 1% of people are looking for, and it is not what you think! There's a simple but secret formula that ensures you'll always attract the best candidates - and your competitors won't!

Go to [DPExecs online calender](#) or to www.dpexecs.com and book a no-cost no-obligation 20-minute telephone meeting with one of our team.

Alternatively, you can drop me a line at darren@dpexecs.com. Please note that availability is limited.

