

Learn to Leap! #3

The people-first approach to business building

To attract top talent in today's market, companies need to upgrade their recruiting skills—and their culture.



Technology may be transforming our lives and work beyond recognition, but the hardware and software that run our world still depend on human innovation. Attracting and retaining the top tier of entrepreneurial and technical talent is a cornerstone for any start-up and many established companies. Entrepreneur First cofounder Alice Bentinck, who helps foster high-tech start-ups, shares her insights on the overarching importance of talent with McKinsey's Philipp Hillenbrand.

Key insight #1

Companies can't just adopt 21st-century job titles; they need 21st-century working practices and a company culture to match.

Philipp Hillenbrand: If you visit any given start-up, you will find people with titles like full-stack dev, product owner, and growth hacker. But look inside any typical corporate office, and you are still likely to encounter IT specialists, software programmers, market research analysts, sales representatives, and an HR manager. Do these titles reflect different types of talent, or do start-ups simply favor trendier labels?

Alice Bentinck: It's likely that the individuals in those roles are doing similar jobs, but the different titles do signify a company's way of working and the culture a potential applicant can expect. Corporations can't make themselves more attractive simply by copying these titles. That requires a real change in working practices and company culture.

Over the last ten years, we have seen a significant shift in how employees think about work and what a desirable workplace looks like. Ultimately, companies shouldn't try to be something they aren't. Many individuals want to join a well-established company where they have clear ways to progress, lower risk, and a well-known brand name. But corporations should think about which modern work practices they can adopt to bring their culture into the 21st century.

One organization that has done this particularly well is the United Kingdom's Government Digital Service (GDS). Government offices aren't typically renowned as cutting-edge places to work, but GDS has created a desirable work culture and carved out a niche for itself in terms of flexible working.

Sidebar

Alice Yvonne Bentinck biography

Alice Yvonne Bentinck is a British entrepreneur and cofounder of Entrepreneur First, a London-based company builder and start-up accelerator. She also set up Code First: Girls, a not-for-profit that has taught 10,000 women how to code while at university, gratis. She advised Prime Minister David Cameron at the Northern Future Forum on start-up strategy and currently sits on Imperial College's Computer Science Industrial Liaison Board. Alice previously worked at McKinsey & Company as well as for former Prime Minister Tony Blair, after he left office. She was awarded honors by the Queen in 2016.

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Key insight #2

Today's top talent wants meaningful work, opportunities to develop and grow, and flexible working conditions.

Philipp Hillenbrand: Based on your experience at Entrepreneur First, what makes this new talent so different from typical corporate employees?

Alice Bentinck: Entrepreneur First has attracted individuals from the world's top employers, who often forgo significant salaries and high-flying career paths to join us. They leave for two reasons: impact and development.

This new talent wants to make an impact and sees their career as the primary way to make a difference. Meaningful work has never been more important. They're also obsessed with personal development and growth—both inside and outside of the workplace—and seek out organizations that can satisfy these needs.

This new wave of talent has grown up reading about Google and Facebook, which, despite their size, promote a very employee-focused culture. The new wave doesn't see a clear line between work and other parts of their life.

These digital natives, who have grown up online, don't understand why work hours should be so inflexible. Why should they sit in a cubicle under strip lighting at the office when they would never do that at home? Why shouldn't they be contributing at a senior level, when they've been sharing their thoughts online since they were teenagers?

Philipp Hillenbrand: What are the must-have foundational pieces a start-up or any organization needs to put in place to enable this new talent to run at full speed?

Alice Bentinck: This new talent doesn't join an organization; they join a mission that they can be proud of. Corporations have an edge on most start-ups in that they are already impacting millions of people or businesses every day. Now they need to think about the positive impact story they can derive from that.

But the dream they sell needs to match reality. This means leaders need to role-model the mission at every level, through both their words and their actions. We've found that talent often leaves big organizations to join Entrepreneur First when they feel constrained or caged and worried that they won't ever reach their full potential.

This new talent needs autonomy and ownership from an early stage. Stretch goals that push their learning and development can keep them engaged and challenged. And when they succeed, they need a clear career path that allows them to progress as quickly as their talent allows. For corporations, this means having not only clear career paths in place but also new ways of managing and distributing work.

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Key insight #3

Employers can't wait for new talent to find them; they have to go after the best candidates.

Philipp Hillenbrand: Many companies have invested significantly in their employer branding over the past years. If they want to hire stack devs or product owners, can they just place an ad and rely on the strength of their brand to attract new talent?

Alice Bentinck: The best talent isn't looking and is always in high demand. Sourcing is the new applying. This means companies need to seek out and convert a core group of candidates rather than waiting for that group to apply. Your employer branding will help with your conversion efforts, but it can't stand alone. And if you have a terrible brand and reputation, your sourcing efforts won't work.

The big tech companies, particularly Google and Facebook, have done a fantastic job with their employer branding, which highlights the fun and flexible work environments they offer. Companies need to make sure that their employer branding matches the reality of the work environment and the available jobs. If you can attract the talent but the branding overinflates the reality, you won't be able to retain it.

Philipp Hillenbrand: What are the typical talent-scouting channels you use at Entrepreneur First, and which ones do you avoid?

Alice Bentinck: There are so many ways now to meet and build relationships with talent. LinkedIn is

still a remarkably useful tool for both finding and contacting potential talent. However, LinkedIn approaches are becoming more common, and you need to find ways of standing out.

Just who sends the message to potential talent also matters. There is a real difference between a recruiter sending a mass message asking someone to apply versus the person who has a role to fill reaching out with a personalized message asking to chat.

Email is still a core way for us to reach talent. But I'm not talking about mass emails that go out to thousands of people. Again, it needs to be person-to-person emails that are tailored to the individual you are trying to reach.

Offline is still an important and increasingly undervalued way of scouting talent as well. A small number of well-curated events for special-interest groups can surface talent that's hard to find online. Events allow you to both source and convert. It's the start of building a relationship with potential candidates.

Finally, referrals can be an amazing source of talent. However, if you are trying to attract a different talent pool, you must recognize that your existing employees are likely to refer individuals like themselves.

About Entrepreneur First

Entrepreneur First (EF) is a talent investor, founded in London in 2011 by Alice Bentinck and Matt Clifford to support the world's most ambitious individuals in building globally impactful companies. EF's program, the first of its kind in the world, invests in outstanding individuals, helping them locate cofounders, develop ideas, and create high-growth technology companies from scratch.

To date, EF has assisted more than 1,200 individuals in building more than 200 companies with a total valuation of almost \$1.5 billion. EF's start-ups have been funded by many of the leading venture-capital firms in Asia, Europe, and the Silicon Valley.

EF is backed by some of the world's most notable investors, including the founders of DeepMind, LinkedIn, and PayPal, and runs cohorts in Bangalore, Berlin, Hong Kong, London, Paris, and Singapore. Major exits to date include Avocarrot, Represent, Bloomsbury.ai, and Magic Pony Technology, which was sold to Twitter for a reported \$150 million just 18 months after the founders met through EF.

Key insight #4

To attract and retain new talent, including diverse hires, companies need to work on organization-wide culture change or create silos where new cultures and talent can flourish.

Philipp Hillenbrand: Half-hearted attempts like hiring a couple of agile coaches who flank the traditional silo-based organization have clearly proven to be insufficient. What would your advice be to a corporation that needs to update its culture, organizational structure, or ways of working in order to attract new talent?

Alice Bentinck: You can't fake culture. So to attract this kind of talent, you need to either work on an organization-wide culture change or create silos that allow new cultures to flourish. It's interesting to see how many corporations are acquiring companies and keeping them at arm's length to allow their culture and talent to thrive.

For example, Cisco acquired the high-performing start-up Meraki, which it kept in a separate office with a separate culture and business processes.

Even Facebook kept WhatsApp and Instagram as separate teams when it first acquired them.

Philipp Hillenbrand: Diversity of talent and especially gender are now accepted as standard aspirations for most companies. The challenge is now how to get there, since many companies still fall short. Anything we can learn from Entrepreneur First regarding this topic?

Alice Bentinck: Talent diversity can't just be an aspiration; it has to be an explicit goal with ownership at the top. Talent initiatives don't need to be expensive to be impactful, but they have to be core to what you do, not just bolted on.

Code First: Girls is a free, in-person coding course we initially set up as a marketing campaign to get more women to join Entrepreneur First.

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There was so much demand that it grew from a marketing campaign into a not-for-profit. We will have taught 20,000 women to code for free by the end of 2020. This tiny organization, with very limited resources, has made an enormous impact. I'm surprised more companies don't set up schemes like this.

Philipp Hillenbrand: Start-ups often commit hiring mistakes that can become toxic for the young and emerging high-performance culture. What should a company do if a hire doesn't meet expectations in the first weeks?

Alice Bentinck: Start-ups are often misperceived as families rather than high-performance teams. Even though start-ups are small and intimate, they should function like a top-tier sports team. Ultimately, the team is not there to carry or compensate for anyone else's performance. High performers won't stay if they believe they're expected to do that, so performance management is key.

You should differentiate between "will" and "skill." If a hire doesn't have the will or attitude to do the

job or fit in with the company culture, that hire should go, fast, even if he or she has the skill. If there is high will but a skill gap, you should invest in the individual to both improve performance and increase loyalty.

Philipp Hillenbrand: Any final thoughts on attracting and retaining talent?

Alice Bentinck: Talent can't just be owned by a team within the company. It needs to be everyone's responsibility, however time consuming. Laszlo Bock, Google's head of people, says that managers spent four to eight hours per week interviewing until the company hit 40,000 employees.

This can be seen as a time sink or as each manager's contribution to the long-term success of the company. At Entrepreneur First, we have a team of 100 people, and we find and select 800 entrepreneurs each year. This means every individual in our team has a role to play in finding and selecting talent. One of our internal mantras is "Talent is the most important thing we do."

Philipp Hillenbrand is an associate partner in McKinsey's Berlin office.

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