

The Retention Report

Tech Scaleups 2022



Foreword

The tech ecosystem in the UK has enjoyed phenomenal growth over the last ten years, and the sector is now valued at nearly \$1 trillion. In just the last year alone we've seen VC investment into UK based startups and scaleups increase by 130%.

The great news is that this momentum is driving real economic growth, and creating a huge number of well paid jobs. However, the flip side is an environment where vast skills shortages are the norm; talent is highly sought after; and getting people strategies wrong is one of the biggest threats to growth.

At Tech Nation we spend all of our time obsessing over what our scaleups need to fuel their growth ambitions - and finding ways to get that expertise, those insights and those connections to them as fast as possible. We're huge supporters of data driven insights and are thrilled to see the Retention Report back with research that will help scaleups to understand the underlying issues and ways to tackle and improve retention as they grow.

It's fascinating to see the data on how culture, career progression and new ways of working are all highly relevant to the decisions people are making about when to move on from an organisation.

With changing generational expectations and new post-pandemic ways of working, we know that there are no playbooks that perfectly address how to scale culture and teams in 2022. However, we firmly believe that by equipping tech businesses with the right data, they can hone in on the most important issues and learn from each other - as well as experts like ISL Talent - on how to make progress.



Liz Scott

Client Engagement Director



Introduction

The UK tech world is an exciting place to be.

Emerging from the pandemic, the UK tech industry is valued at an all-time high, the third in the world to be estimated at \$1 trillion. The last 12 months have seen tech startups and scaleups take off, with a large increase in megarounds, an unprecedented number of exits and more new unicorns than any previous year [1].

The combined value of UK tech companies founded since 2000 is now £540 billion, after the biggest year-on-year increase since 2013/14 [2]. In a buoyant and optimistic market, tech giants and startups alike are focused on growth. A key factor to their success? Talent.

Talent challenges are nothing new. But as the tech industry expands to new levels, and talent flow continues to lag behind industry growth, the need for tech talent is acute. This year we've seen a shift in the market. Candidates with multiple job offers is the norm, salaries are spiking and counter offers are rife.

The result? When it comes to talent, companies are having to work harder than ever. Talent attraction is more challenging than before. Employee retention is taking a hit.

Poor employee retention spells trouble. The expense of losing skills, the impact on culture, the struggle, time and cost to hire. Without solid employee retention, scaleups can easily spiral into a talent disaster, constantly backfilling roles without taking steps forward in headcount or skills growth.

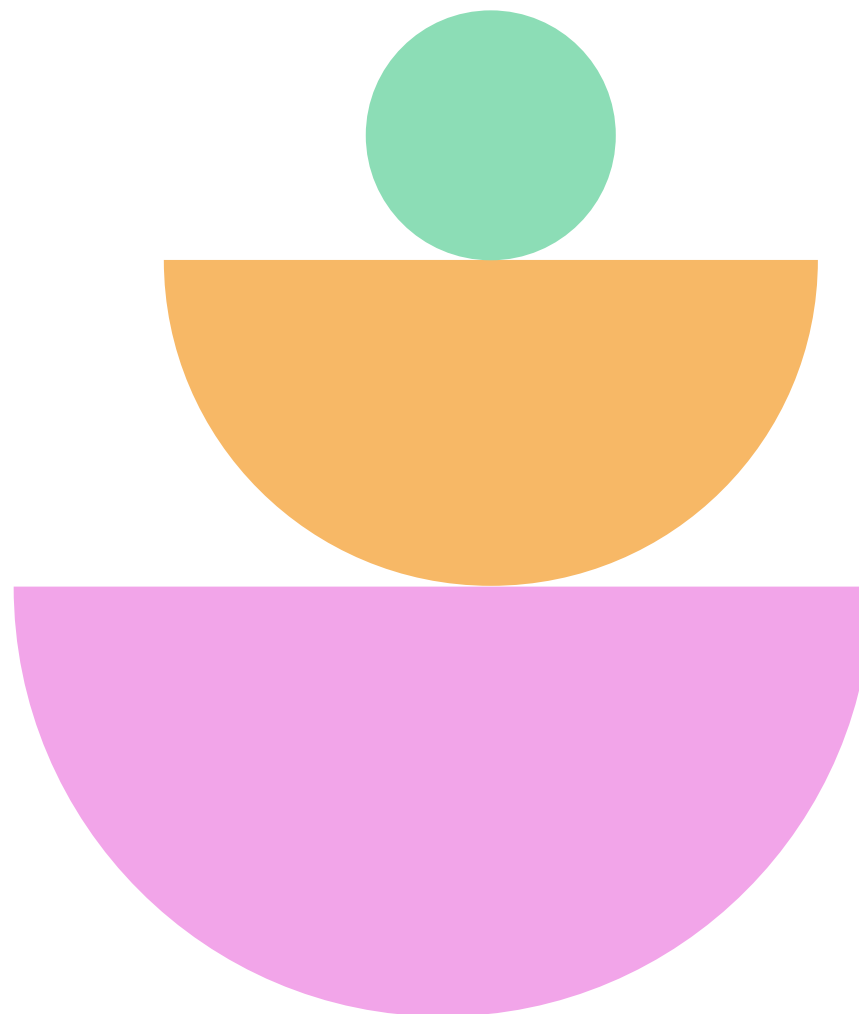
Over the last two years employee preferences and values have shifted, and no doubt the pandemic has had a part to play. Hybrid working is now a norm. Flexibility is considered essential. Employer values are more important than ever. Understanding how the talent market has shifted is key to attraction and retention success.

As the battle for the best talent intensifies, your ability to retain your people is paramount to your growth. So what does tech talent in today's market value? What can you do to keep your most important asset? Unlocking this could make all the difference to your success.

In our third edition of the Retention Report, we gather data from 200 tech candidates, analysing the reasons for leaving their previous roles and offering actionable solutions and advice to help you retain your team.

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Candidate research

Employee turnover means one thing: more hiring. Hiring is timely, hard to get right and increasingly competitive.

Talent is scarce. 59% of employers report that not having enough skilled employees has a major or moderate impact on their business [3]. And it's not set to get any easier. More than two million tech vacancies were advertised over the last year, more than any other area of the UK labour market [4].

In a landscape where hiring is tricky to say the least, employee retention should be key for every growth-focused tech startup and scaleup. Without good retention, hiring is futile.

Achieving great employee retention: it's easier said than done. Tech employees know they are in high demand. They know what they want, and what they don't. Lockdowns and the pandemic have made them reevaluate what's important.

Employee retention needs an intentional and well executed plan to compete in today's market. Gone are the days where you could leave it to chance and hope for the best.

Never before has it been so important to understand your people. The big question is what do people want? What will make them happy and more likely to stay? What can you do to keep that all important and highly valuable talent in your business?

We went straight to the source to find out just that – surveying 200 tech employees.

Our research demographics

Most common job titles



Developer



Engineer



Manager

Typical functions



Software

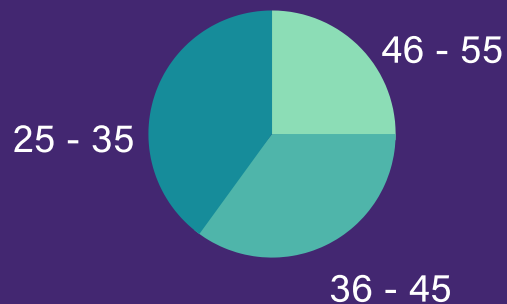


Web



Product

Most common age groups



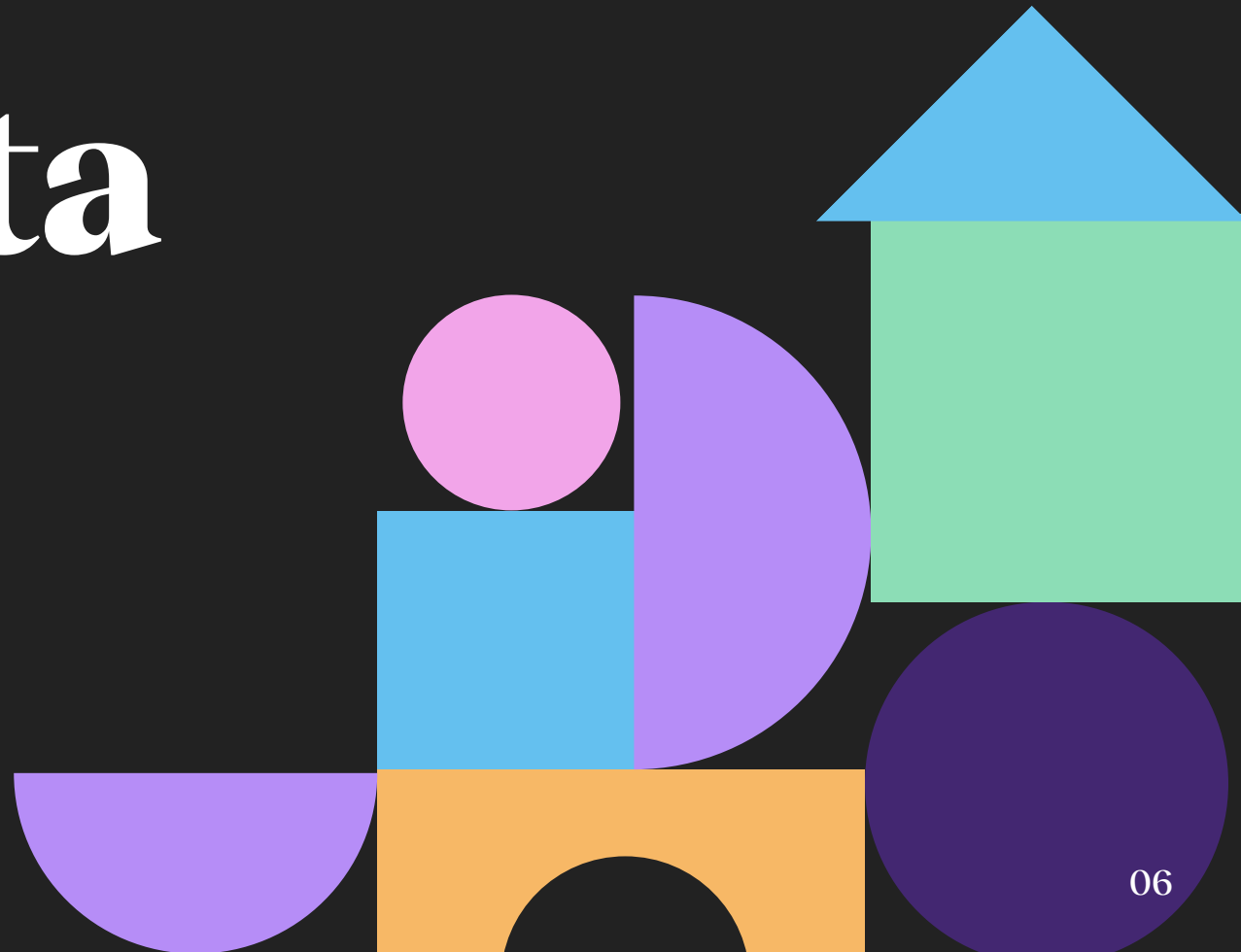
Why do people move on?

To gain an insight into why employees move roles, we talked to tech employees to gather the most accurate, timely data.

We collected responses from 200 individuals who have moved roles within the tech industries in the previous four months to understand what influenced their decision.

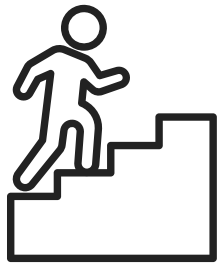
The people we spoke to ranged from junior to senior level and were looking for employment in UK tech startups and scaleups.

The data



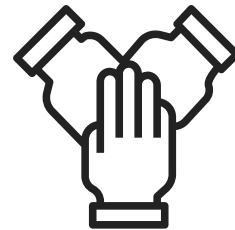
Key findings

Our research shows that when people are **considering leaving a tech role:**



79%

Are dissatisfied with
career progression



77%

Blame poor culture



72%

Are unhappy with their
salary and rewards

83%



said that within flexible working,
regular remote work is the most
important factor

Key findings

When it comes to career development, **what is most important?**

67%

Alignment of company goals with personal goals

59%

A development plan with clear targets

39%

Ongoing feedback & regular reviews

84%

said that being motivational is the most important trait for direct managers

Key findings

Within company culture, **what is most important?**



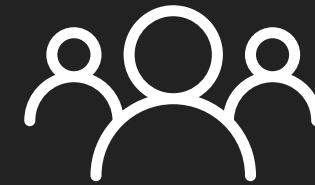
82%

Communication



79%

Clear company
mission and values



78%

The team and office
environment

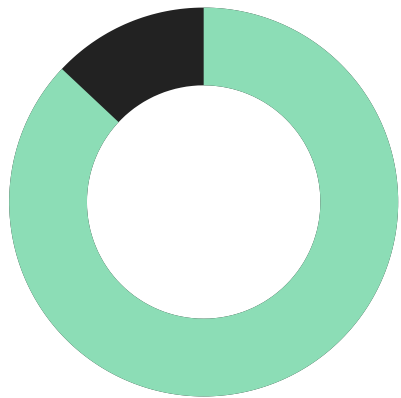
79%



left their tech role due to **lack of career progression**

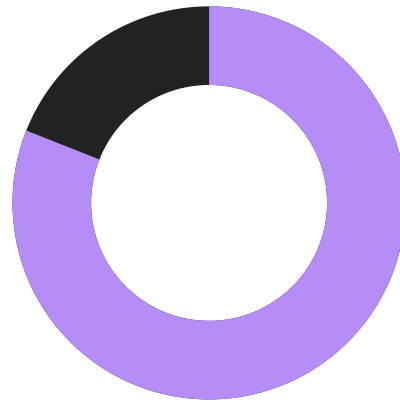
Key findings

When considering a new role, **what is most important?**



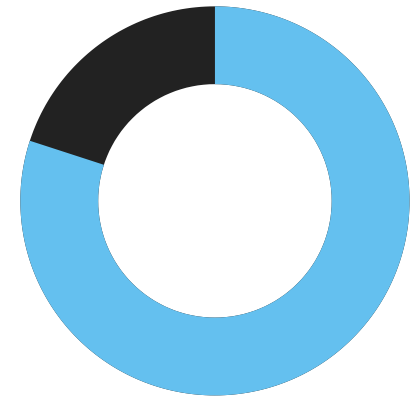
87%

Salary and rewards



81%

Career development and
progression



80%

Company culture

Key findings

If you were to join a startup, **what is most important?**

88%

The role and learning
opportunity

82%

Passion for the product

81%

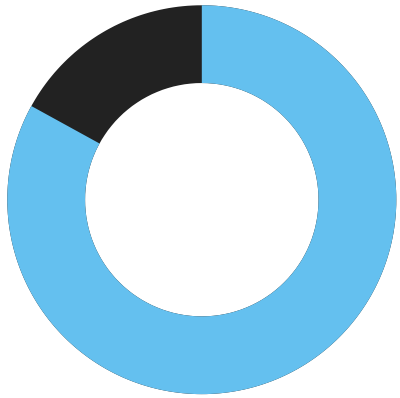
Belief in the Founder
and cultural fit

91%

said working within a sector they're passionate about is the most important factor when searching for a job

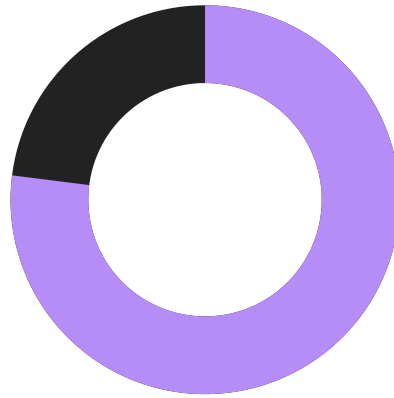
Key findings

Within flexible working, **which is most important?**



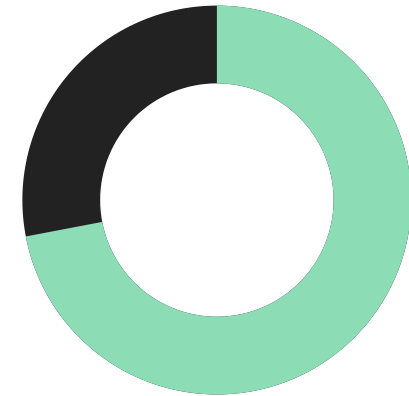
83%

Regular remote
working



77%

Flexitime
(work core hours but choose
start and finish times)



72%

No set working hours
(success derived from
results, not time)

Key findings

What do the results say?

In the third Retention Report for Tech Scaleups, a survey of 200 people who left their role in the previous four months has shown how the dial has shifted in some areas of retention, and demonstrated how some elements have held steady.

The constant

Once again, a continuation from the last two Retention Reports is the importance of company culture and career development. When it comes to tech employees leaving their roles, for three years culture and progression have been the top reasons. However, this year for the first time, career development opportunities has crept into the lead, with 79% stating this as the primary reason. Next up, 77% stated poor culture. Another constant is that salary remains king in attracting tech candidates. 87% said salary and benefits package was the most important factor in considering a new role.

What's changed?

Post pandemic, flexible working has unsurprisingly become far more important to people. 83% said remote working was their preferred flexible working option, an increase of 13% from 2020. 77% of people said working core hours with flexible start and end times was their second preferred option.

When it comes to what attracts talent specifically to work for startups, we're seeing some changes.

The role and learning opportunity remains the most important factor, with 88% of people saying this is most important. Passion in the product/service now commands second place, an increase in 5% from last year.

More people are now swaying towards an increased salary over benefits, as 76% say this is their preference - an increase of 5% from last year. 91% agree that salary and bonus is the most important element within a rewards package.

When it comes to working environment, the data reveals that 56% are hybrid working, whilst a significant 36% are fully remote, and only 8% are fully office based.

The impact for tech startups and scaleups?

You might be a little concerned with the importance of salary. Yes, you'll need to be competitive in today's tech market; a below par salary will struggle to attract great talent.

But salary isn't the be all and end all. It's not the reason the majority of talent leave their roles. The results clearly show that for a third year, career development and culture are what will have the biggest impact on your ability to retain great people.

Q&A

We know that talent retention in tech can be difficult. We've heard why employees are leaving tech companies and what's attracting them to new opportunities.

But it's not all doom and gloom. We know there are tech startups, scaleups and multinationals that are defying the odds and successfully retaining their great talent.

So what are they doing?

With featured insights from:



Ben Brown

Chief Technical Officer



ONTO

A UK based electric vehicle subscription company, on a mission to sustainably change the concept of car ownership for everyone. In rapid growth phase, head count has tripled since Spring 2021 and is circa 175 people.

Tech scaleup Q&A

What's your approach to retention?

What I set out to do is create a best place to work and a place where people can grow and develop. If you can achieve that, it will lead to good levels of retention.

Retention is always on my mind – I know that if I don't provide growth to the existing team over the next year or two, people will look elsewhere. Everyone wants to know what their future looks like, and know where they can progress and develop. If they can't see that, they will start to question whether they see their future here. It's a case of putting in the effort and thought now, to avoid problem areas later.

I see it as my job to make sure that if people do leave, they leave for the right reasons. Not for reasons that we should have done something about. Ultimately, if the company is not the right size or not at the right level maturity, there isn't much we can do about that. People shouldn't be leaving due to the basics, e.g. the role is not enjoyable, they are not doing right thing, or not being paid market rate. If someone does leave due to a factor we can't change, then it's so important to me that it's an agreeable departure and a thank you for what they've done for us.

Looking ahead what do you want to do more of to improve retention?

Quarterly offsite days. We first introduced this late last year, when I saw how much the team got from

coming together and doing something totally different, I knew we needed to make this a regular fixture.

Companywide employee surveys. Using that data to drive improvements and understand what is working/not working. I also want to introduce companywide regular pulse surveys. We use these within the tech team on a sprint-by-sprint basis to understand the happiness levels of the team and how well things are going. It's a key component to the success of the team, understanding how they feel about the way they are working, and allows me to provide more help and support if there are issues highlighted.

When it comes to hybrid or remote working, it's so important that we maintain an adult environment with trust at the forefront. I know that some companies want to bring the team into the office more regularly now, but I think it could be a mistake. If you have the right team, you should be able to trust their judgement as to where they work most effectively.

Your biggest lesson learned when it comes to tech talent retention?

Retention is a complex beast that requires lots of things to be aligned. What works for one person doesn't necessarily work for others, and getting a balance across lots of areas is what is needed to satisfy your employees.

Having said that, one key aspect of retention is that you have to create a place where people actually enjoy working and an environment they can grow and thrive in. There is too much competition so you will lose people without this!



"Some companies want to bring the team into the office more regularly now, but I think it could be a mistake. If you have the right team, you should be able to trust their judgement as to where they work most effectively."

What advice would you give to a tech startup to help retain talent?

Focus on creating a great place to work. In the scaleup/startup world there will always be lots of pressure, deadlines and crises to work through. You need to put time aside and be deliberate in creating that great place to work.

As a second piece - it's okay for people to leave you for the right reasons such as their development and growth when an opportunity doesn't exist within the company for them. They shouldn't be leaving you for basic hygiene things such as salary - otherwise you will always be fighting turnover and it will make your life far harder.

The most underestimated element of talent retention?

People leave managers NOT companies is in general a very true statement. If you're seeing issues in certain areas of your business, you need to understand what it is about that manager that is causing the turnover, as not fixing this will just lead to more people coming in and leaving before they should.

The biggest misconception when it comes to tech retention?

It's all about the money. While clearly an important factor, the package is just one hygiene factor and useless without taking a holistic view of other areas you need to improve.

What trend do you predict for the future of tech talent retention?

Flexibility. We've seen throughout the pandemic that flexibility of where people work (remotely, office based) has changed significantly. I only predict the amount of flexibility we need to provide people will increase across all areas of their lives.



"We need to be meeting both employee and life needs. Home and work life have more crossover than ever before, and we need to respect and support that."

Charlotte Richmond

Head of Employee Engagement & Wellbeing



Specialists in data management and AI. Aiimi have doubled in size over the last two years, continuing to hire throughout the pandemic. Head count is circa 150.

Tech scaleup Q&A

What's your approach to retaining your people?

Communication is key – if in doubt, overcommunicate! We want our team to feel comfortable telling us anything, be it work related or personal. It's so important to us that we have an environment where every member of the team feels able to share their view, knowing that it'll be valued and their collective feedback will drive change.

We widely promote an open culture where everyone can share their opinion, but we also have multiple mechanisms for listening, to support those who aren't comfortable initiating that conversation.

One of the most popular is our surveys with an anonymous feedback function. The team knows we want them to be totally honest and as brutal as they need to be! We listen to their feedback and take action – when our team told us our counselling tool wasn't working for them, we went back to market and found an app that matched their needs. We've already seen an increase in uptake, and we'll continue monitoring its usage to ensure it's fit for purpose and react as needed.

We know that retention is particularly tough in the current market, but our retention rate has remained consistent and better than average for a tech company.

What are you doing differently post pandemic?

The space we work in has always been a competitive, candidate-driven market, but now even more so! We monitor salary levels and market conditions closely, so that we're well informed to make any adjustments among the current team. Keeping our offering competitive is key.

We've always had a flexible, work-anywhere approach, and this continues post-pandemic. Most of the team choose to work in a hybrid way, splitting their time between home and our office. We're a sociable bunch and the office has been designed as a hangout space where people can get together in-person or virtually.

It's where we host our monthly company meetings, to review our performance and celebrate our people and their successes. It's important to us that we thank, reward, and celebrate our team in ways that work for them, wherever they spend most of their time. Ensuring we're catering for both in person and virtual engagement is something we're continuing to prioritise.



"Communication is key - if in doubt, overcommunicate! We want our team to feel comfortable telling us anything, be it work related or personal."

What new projects are you working on to enhance retention?

We're looking at our gender pay gap. We're currently gathering and analysing the data and will publish our findings internally, as well as on our website - this isn't a requirement, but it's something we feel is important to do. If we find a disparity, we'll create and publish a committed plan of action to rectify any issues. We're already setting detailed goals to help us along our journey. Our aim is to surpass our competitors, best practice, and the national average, and to champion pay equality.

Hiring the blend of skills we need can be a challenge. We're working to change the narrative and take action to grow the talent pool and attract diverse candidates. We're excited to be launching our own apprenticeship scheme, focusing on software and data-related roles. There are no barriers to entry - we'll support the new recruits to build their technical skills through on-the-job learning and in partnership with our training provider. It's such an exciting time, we can't wait to see the first cohort progress through the program.

Our hope is that the talent we bring into the business through this scheme will stay with us for the medium to long term, as we support them through clear progression pathways.

What trend do you predict for the future of tech talent retention?

Off the back of the pandemic and lockdowns, we're seeing an increase in career changers and returners. It's such an untapped pool. In a market where talent attraction is tough and holding onto that talent is equally challenging, I think companies will become far more open to and accommodating of career changers and returners, creating programs to effectively integrate, develop, and retain them.



"Hiring the blend of skills we need can be a challenge. We're working to change the narrative and take action to grow the talent pool and attract diverse candidates."

Rebecca Hogg

Head of People



AMDARIS

Amdaris delivers innovative software solutions from their UK and Eastern European centres. The business has grown by 40% annually over the last four years and there are even bigger growth plans ahead.

Tech scaleup Q&A

What's your approach to retaining your people?

Looking after our people! Everything in our people strategy links back to retention whether it's onboarding, talent and succession planning, learning and development, employee engagement. We treat people as our priority and create an environment that positively enriches their lives both career wise and personally.

Through collaborative working we want people to feed into our decision making and help create an environment they thrive in and stay loyal to. Who better to shape our culture and ways of working than our people? If our people feel empowered and build something we all love, everyone will succeed. We've introduced a number of ways to reach all employees.

Surveys, ask the CEO calls, all-hands meetings, anonymous question boxes, employee forums and general open-door culture mean our people can engage with us however they feel comfortable. We commit to acting on feedback and are open-minded to changing plans based on this. That's key. It's not asking for feedback that matters, it's acting on it. Otherwise, people won't trust you and engage in future.

We are passionate about talent and succession planning so that we can create exciting career opportunities for people to grow with Amdaris and unleash their A Game.

Our goal is for everyone to have a personal development plan which we invest in to help them to achieve their aspirations. And we don't just want to help people grow in their careers, we offer learning opportunities to benefit personal lives too! Whether it's mental wellbeing, groups surrounding people's hobbies, fundraising, giving back to local communities and the environment. These are things we truly believe in and find important!

As we get bigger, we prioritise keeping our culture, our people-centric approach, and having FUN! Whether it's social events, our CEO cooking us different lunches from around the world, VR game competitions, hackathons, yoga, quarterly awards, cocktail making, bike rides. We want our people to feel 'thank you'd' and unwind after their commitment to Amdaris, whilst building meaningful relationships with each other. We've created an open environment where everyone feels valued and they have a voice that's respected. Keeping this culture will be key to our success when Amdaris is double, triple and quadruple its current size.

Key changes you've made to impact retention?

Growing our suite of learning and development offerings so that people can achieve the impossible in their careers. The sky is the limit!

One of our most successful programmes here is growing leaders. We're passionate about developing talent to keep people feeling motivated, challenged and excited about what they do every day. If these people become our leaders of tomorrow, they can keep our culture and inspire others to do the same!

We often speak about superstars vs rockstars. Superstars go into leadership roles whereas rockstars go into specialist roles. We make sure we have opportunities for everyone, supported by our LMS to help people gain expertise knowledge in a field that gets them excited.

We've mapped clear career pathways in each job family within our tech space. No matter what role you're in, and whatever your aspirations, you can see an exciting road forward with Amdaris. And you have clarity how to get there with investment from us.

What advice would you give to a tech startup to help retain talent?

As a startup with fast growth you're going to need to manage a lot of fast projects and initiatives meaning lots of change. Make sure you work in an agile way. Give all your stakeholders a say to get buy in and contribution. After all, 10 visions are better than 1 right?! This helps keep that fun, fresh culture alive as people work together and build relationships.

I'd also say stay humble, empathetic and open-minded. Change is inevitable as your business grows and this could mean the way you like to do things has to change too. As a leader, you need to be accepting of that. There will be better ways of doing things, and you're going to need to be adaptable to discover them.

Biggest lessons learned when it comes to retention?

Never make assumptions! Every person has different motivators and reasons they stay with their employer. Assuming we know how to fix retention for every employee with one action plan would be silly. Building relationships with your team members to understand what motivates them individually is important. Speak to people and get under the skin of any issues, act on their feedback, make sure they know they are valued.

Also measure the results of anything you have in place so if it's not adding the value it's meant to, you can replace it with something better. Then keep growing on what you have. We did this recently with our employee benefits, we surveyed on what people wanted most, got out with the old and in with the new!

What trend do you predict for the future of tech talent retention?

Learning and development. The average tenure is two years for Gen-Z, compared to six-eight years for older generations, make sure you have exciting career development opportunities to keep people motivated.

CSR. The younger generation of tech talent really cares about how their company contributes to society and the environment. How are you offsetting your carbon footprint? How are you giving back to your local community and the wider planet?

Diversity, equality, and inclusion. Creating a space where people feel truly empowered to embrace and celebrate who they are is the absolute minimum. We encourage conversations about people's superpowers and the more we do, the more we see people opening up. People need to know that you want to hear their opinions because you truly value diverse views, celebrate differences, and acknowledge how inclusion benefits everyone.

Sian Cox
Chief People Officer



Briony Phillips
Chief Marketing Officer



Rocketmakers

A software development house. Doubling in size over the last 18 months, headcount is circa 54 people. Employee turnover is under 3%.

Tech scaleup Q&A

What's your approach to retention?

Sian & Briony: Our Founder's mission was to create a company where people genuinely enjoyed coming to work. That mission is still at our core. And massively impacts retention. In short, we care. There is a real sense across the business that people here really care about each other's feelings and mental wellbeing. From the top down, we prioritise and understand mind health.

We have a slack channel where the team contribute ideas or activities for encouraging wellbeing. It includes 'ears to help' where anyone can ask for help, whether it's a tough workday or a personal life crisis. A group of 6-8 responders from our team will reply to arrange a confidential chat. Across the 4 pillars of wellbeing - mental, social, financial and physical health - we've introduced initiatives, tools, and resources to help promote each.

We asked the team what they value most at Rocketmakers. Being able to be themselves, being trusted and having genuine friendships came out on top. We encourage everyone to be their true authentic self. Everyone is different. Everyone is human. Wearing slippers in the office? No problem - you do you!

Key changes you've made to impact retention?

Sian & Briony: We've refreshed our values to truly represent us. They are threaded through all our people practices, from interviewing, supporting and offboarding our people. We wanted to ensure we really are treating our people in line with our mission to be a place where people love to work.

From someone's first interaction with us, we want it to reflect us and our culture. From making it clear that interruptions on lockdown zoom interviews weren't a problem or appreciating neurodivergent differences and asking what we can do to make someone more comfortable at interview. Whatever the situation or context, we want everyone to feel at ease. We don't create a professional barrier at work. We're all human and we're all a community together. Having our values present in all our actions in all circumstances has reinforced our culture.

In the last 18 months we've introduced culture, wellbeing and professional development seats, all of which are occupied by existing team members, who day to day are developers. The team members in these seats represent the views of the wider team and help drive forward initiatives in their areas.

We've made changes to improve how we listen to our people. We now have an issues list that is visible to everyone in the business. Anyone can contribute to the list and raise issues, opportunities, and ideas. Everyone can see and comment on all posts that are raised. The team now have a voice on all aspects of the business.

How do you measure employee happiness or gather feedback on your initiatives?

Sian: Every two weeks Office Vibe sends pulse surveys via Slack. The survey focuses on team happiness, personal growth, recognition, wellness, and satisfaction, as well as measuring eNPS (employee Net Promoter Score). Survey participation is usually over 70% and our eNPS is on an upward trajectory, and regularly averages between 50-60 (on a scale of -100 to +100). In an industry comparison, we're proud to be above average. We also have an annual companywide survey to assess organisation health to help with the planning process for the next year.

Advice to tech startups to retain talent?

Briony: Put your culture first. You can't have culture unless you have a set of values and principles that underlie the whole organisation. Our founders wanted to create a place where people really love coming to work. One of the values that underpins the business is generosity. It's key to the way our founders operate, and in turn you can really see across the team in the generosity of spirit and how people support one another. Culture has to be king.

If you had to prioritise one way to retain talent?

Sian: If you really want to retain your talent, you need to offer opportunities to retrain, upskill or cross skill – I think that's what a lot of people are looking for these days. It's so important to make sure your people know you care about their development and support them with that.

Underestimated element of talent retention?

Briony: Offboarding. I think if done well, it can be very powerful. The energy and stories leavers take out to the wider market is core to attraction and retention. Some of our leavers are real ambassadors for us. We invite our alumni leavers back for events like training courses. I'm confident that most leavers from the last couple of years will still be talking positively about us.

What trend do you predict for the retention of the future tech talent generation?

Sian: Flexibility will continue to be key for attraction and retention. We've always embraced a flexible approach; however, we also highly value our people coming together in the office to allow natural learning opportunities. I can see there being a challenge in balancing flexible working and providing the best possible learning opportunities for new tech talent generations. I've heard of companies who are no longer taking on apprentices or junior developers as they have become fully remote. This is worrying for the level of learning opportunities for future generations.

Liz Humphries

Head of Global Talent Acquisition



ultraleap 

The world's most advanced hand tracking with the only haptic technology that creates the sensation of touch in mid-air.

With more than 150 people spread across the world, their team includes world-leading experts in interface design, acoustics, machine learning, and computer vision.

Tech scaleup Q&A

What is the most valuable initiative Ultraleap do to enhance employee retention?

When we were interviewing prospective candidates, we often heard that one of the reasons they were after a change in employment was that they were frustrated and tired of waiting for their salary to be reviewed and adjusted. We introduced a monthly Pay & Promotions Panel to ensure our employees at Ultraleap are recognised and rewarded for their contributions. So it really comes down to doing your research and offering competitive salaries on an ongoing basis.

How do you measure employee happiness or gather feedback on those initiatives?

We're very proud of the culture we have here at Ultraleap and communication and employee engagement are crucial to fostering that culture. Employees should feel comfortable in asking questions and providing feedback on what's not working. In the last year we've introduced a quarterly pulse survey, in addition to our annual survey, that goes out to all employees to ask for direct feedback on new initiatives and highlight where improvements need to be made.

One piece of advice to a tech startup/ scaleup to help them retain talent?

Be sure to take employee engagement seriously. Compensation does play a big part in retention but there are other ways you can compete including flexible

working, strong culture and providing a place where people feel listened to.

Your biggest lesson learned when it comes to tech talent retention?

Don't be hesitant to plan for employee turnover - it can bring fresh ideas and new perspectives to your company.

The trend you predict when it comes to retention of the future tech talent generations?

Employees are always after a great work/life balance. The recent trend of introducing hybrid and flexible working is a great way to address that sought after benefit.

Looking into 2022 and beyond is there a project or initiative on your agenda to enhance employee retention?

We recently introduced hybrid and flexible working as one of our new initiatives to enhance employee retention. We also plan to conduct a review of our current benefits to ensure they are still relevant and useful as part of our practical strategy to increase retention. This is in addition to our already well-established wellbeing initiatives and our Learning & Development programme.

The solutions

As a growing tech company, time is precious and practical, tried and tested advice is like gold dust.

We've taken the top four reasons tech employees are leaving their roles and have given our advice to combat each area.

We're not talking about theories and policies; simply achievable, practical and quick changes to keep your top talent happy and staying in your business for the long term.

Keep reading for our four solutions to focus your efforts on:



Career progression



Company culture



Relationship with
direct manager



Salary and rewards



Career progression

79%

said lack of progression and development is their main motivation for leaving a job

The solutions

Lack of career progression - problem areas

Your people can't see their future

In a startup environment, where rate of growth and results are far from crystal clear, your team might struggle to understand their progression opportunities. You need to address that. You no doubt have grand plans for your business and have mapped out exciting career opportunities ahead. That's all very well, but if you're not sharing that vision with your team can they become disillusioned.

Your annual conference is the ideal time to highlight your one, three and ten year growth plans, highlighting how the business will change and the opportunities for progression throughout that journey. Organisational charts are fantastic at demonstrating how your teams will look as you grow. But don't leave it at that. Keep development conversations regular and varied, using different formats and environments.

Development is an annual conversation

In the 11 months between these conversations, focus, ambition, and pace will dwindle in even the most motivated of employees.

As your company grows, developing employees will be vital to achieving your strategic milestones. You need to invest now to get your people to that point. Using 1:1s for regular progression catch ups, highlighting those close to promotion at monthly meetings, drop in monthly training sessions, creating future leadership training and introducing mentoring schemes all help to keep a regular focus on progression.

Development doesn't have to mean a new role and payrise. If you can't yet commit to that, focus on development in respect to enhancing skillsets through training and mentoring.

You need to keep energy on progression high and regular communication is key.

Lack of career progression - best practice

Inclusive of all

Everyone in your team needs to have a development goal - promotion, payrise, training, a new responsibility or hitting a milestone.

Regardless of role, everyone should have a development plan. A formal document, something you've agreed upon over a coffee, or a brief email - the development plan sets out the goal they are working towards, what they need to achieve to reach that goal, the timescale, and how they are going to get there (what help or training they need).

Don't limit development conversation to high performers - it might feel far more relevant to talk to high performing employees about progression opportunities, but what are you doing to inspire or motivate the rest of your team?

Varied development paths

Employees will want to develop down different routes, so make sure you're catering for all.

As your company expands not everyone will be able, or want to progress into leadership roles. You need to develop a range of development routes. If you don't have the need for different career paths immediately, articulate what will trigger them and what those functions will look like. Your future growth organisation charts are great to visualise the different ways your team can develop.

Practical Checklist

Have you...

- Shared your growth vision with the team?
- Created a future growth organisation chart, one, three and ten years down the line?
- Shared your growth plan and organisation chart in an accessible location?
- Allocated time in your diary for regular for development conversations?
- Set multiple contexts for development chats - 1:1s, drop-in sessions, monthly meetings?
- Created a development plan with every employee?
- Thought about development paths to cater for all - not just leadership?
- Set goals for each level of progression within your development plans?
- Showcased your development success stories - using these stories to inspire?
- Created training options that are clearly linked to personal development goals?
- Explored offering internal and external mentoring?
- Aligned expectations across your managers on under and over performance?



Company culture

77%

blamed poor culture as
the main reason for
considering leaving
their role

The solutions

Poor company culture - problem areas

You're hiring on skills over values

You may have some highly skilled people, but this doesn't mean they share your values. You need people who will be a positive contribution to your culture.

Hiring people who don't align on values will be highly detrimental to your culture and company success. Prioritise hiring on values. The investment in skills might seem expensive, but that investment will give you a great return over the long term.

In a hybrid or remote environment where trust is key, value aligned team members is arguably more important than ever.

Your values aren't lived

You had the best intentions. You created company values, painting them on the walls or listing them in an employee handbook. Unfortunately, that's where they've stayed, rather than in the daily behaviours of your team. Your company needs to live and breathe your values. They need to be relevant to today. And come from the team. Create new values, collaboratively, that everyone can champion and really embody what it means to work at your company.

Values should be fully integrated into your hiring process and beyond. From first interaction, a candidate should get a real feel of what's important to you, and vice versa. Make values part of your promotion criteria; assess how some is demonstrating your values, not only skills. Praise excellent performance and demonstration of values equally, and in tandem.

If you have employees who don't share your values, or actively contradict them, their time with you needs to be questioned. It's hard to part company with a high-performing employee, but for the sake of your culture, it's essential.

Sit down with them and be frank and firm. And if you don't see swift change, let them go.

Poor company culture - best practice

Bring it back to basics

If your culture is causing problems, now is the time to revisit first principles. What are your personal values? How does that link to your company purpose? What does it mean for your team to work here? Why is it special? Create clarity and recommunicate this to your team. A PDF or email won't cut it. Bring the team together in a different space, maybe offsite or with a facilitator to help it feel important. Make it co-creation not dictation, so you can re-align. Make sure any output is visual, concise and links to behaviours not words without context.

Listen and act

If your culture isn't where you want it to be, your people are best placed to tell you how it's missing the mark. So make it clear to your team that their opinion is valued. Post pandemic, many of us are in the office less than we used to be. Those casual or impromptu office conversations are perhaps less common. Making a conscious effort to ask questions and listen to your team needs to be a priority. Ask them what's good, what needs improving and what they would change. This might be 5 minutes at the end of each 1:1, a Q&A in your all-hands meetings, or lunch with a cross-section of the team.

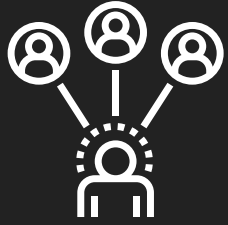
Use pulse surveys to make feedback regular, easy and anonymous. But the most important part – react to what you're being told. That doesn't mean action every suggestion, but evaluate the responses, decide what's viable and will have the biggest impact. Communicate the action you'll take. Speed of response is important here, don't ask for feedback and but wait three months to act. Show your team this is important by moving swiftly.

Practical Checklist



Have you...

- Brought your team together to refresh or rehaul or your values for all to champion?
- Moved with pace if you've made hiring mistakes who are negatively impacting your culture?
- Prioritised hiring against values, tweaking your hiring process to reflect this?
- Incorporated values into your promotion process?
- Created ways to celebrate those showcasing values and positively adding to your culture?
- Asked your team - culturally what's good, bad or needs improvement?
- Turned that feedback into action?
- Considered the behaviours you need to demonstrate to be the role model for your culture?
- Taken time to be present?
- Encouraged employee connections and empathy through social activities?
- Introduced ambassadors for welcoming and integrating new employees?
- Got an onboarding process you're proud of that champions inclusivity?



Relationship with direct manager

71%

said their relationship with
their direct manager is
their main motivation for
leaving a job

Relationship with direct manager - problem areas

Unclear leadership expectations

You need to prevent a situation where your leaders have drastically different approaches and expectations, with their peers or you. A situation where employees feel they are treated differently by their manager in comparison to others in the business will cause issues.

Regularly realign leadership behaviours and practices and crucially set triggers for a lack of alignment. Team underperformance, high absence rates, or anonymous team survey scores should all be basic triggers.

Having clear processes and actions agreed for different employee situations is key, and review these regularly. Reinforce these agreed processes using visual documents that can be easily referred to.

Recognise that you won't get the clarity cross your leadership team right from day one. Keep reviewing their capabilities and link this to their individual development plans.

Lack of feedback on leadership

How do you know your leadership team are doing a good job? An assumption? It needs to be more concrete than that.

The relationship you have with your middle managers may not be reflective of the relationships your team has with them. As middle managers develop, and new ones are promoted, be sure to evaluate and benchmark your leadership team.

Use 360 feedback to capture a full picture of how managers are viewed, critically including those that report into them. Consider skip level 1:1s. Every quarter personally conduct 1:1s directly with the team, ask about their relationship with their manager, what works well and areas for improvement. Anonymous team level pulse surveys are useful to give a holistic view of employee happiness and team moral.

Relationship with direct manager - best practice

Invest in your middle managers

As your team has grown, long gone are the days when all employees report into you. Your middle managers are now your frontline, so choose them wisely and invest proactively. While leadership may come naturally to some, for many it takes time and effort, and you'll need to help them become fantastic managers.

Invest in their leadership development – help them understand their leadership style through psychometric tests, educate them on personality types within their team and how best to interact with them, train them on offering constructive feedback and tackling underperformance.

Emphasise wellbeing

Leaders need to wear many hats – motivating, challenging and guiding employees – but equally important is their ability to support wellbeing.

Everyone wants to feel like their manager cares about them. Show an interest in weekend plans, take the team for a communal lunch and talk about what's going on with them - create opportunities to talk about personal lives.

Bring mental health and happiness to forefront. During 1:1s ask your reports to rate their level of happiness from on a scale of 1-10 – then discuss the reasons for the score. It sounds simple – but ask the question, how are you feeling? Make mental health a regular conversation.

Introduce ways to prioritise wellbeing and supporting a healthy work-life balance. Include wellbeing and work-life balance questions in your regular employee pulse surveys to see whether you're doing enough.

Practical Checklist

Have you...

- Checked your company leadership style is aligned across your leadership team?
- Set up tools or processes to evaluate the leadership of your middle managers?
- Invested in a leadership training program for existing and future leaders?
- Considered internal or external leadership mentoring?
- Introduced an employee recognition scheme to celebrate achievements and values?
- Empowered your leaders to promote employee wellbeing?
- Ensured your leaders are equipped to talk about mental health?
- Got tools to check the vibe of your team- anonymous 360 feedback or pulse surveys?
- Considered drop-in director surgery meetings to encourage transparency in your team?



Salary and rewards

72%

said dissatisfaction with their salary and rewards package is their main motivation for leaving a role

Dissatisfaction with salary and rewards - problem areas

Lagging behind market value

You don't need to be setting the market on fire and paying the highest salaries, but paying below the market value will likely lead to unmotivated employees and ultimately poor retention.

Review and map out current salaries in your market, understand where your offering sits on the scale. If you find yourself at the low end of the scale, consider what changes you can make. Whether that's increasing salaries for certain roles, or across the board, or restructuring your team to allow for increases in salaries where needed. If salary changes are currently not possible, think about other ways in which you can compensate or reward your team.

Rewards are static

You've secured some great talent and paid them market rate. And you've left it there. No talk of salary reviews or promotions.

If you want to keep your great talent engaged, motivated and happy, you need to highlight how they can progress within your company and achieve greater rewards or salaries. If you're not at a stage where promotions are on the cards just yet, you should be scheduling regular reward/salary reviews to ensue you're rewarding hard work and results with small increases in salary or the benefits you're offering.

Dissatisfaction with salary and rewards - best practice

Understand your team's priorities

Don't presume you know what your team really want. Ask them. Understand what each member of your team values when it comes to remuneration and rewards. Armed with that knowledge review your rewards packages. If additional holiday, flexible hours, or a hybrid working environment are highly valued by your team, these benefits may negate the need for increased salaries if your stage of growth doesn't allow for that.

Set expectations

Increasing salaries or giving additional benefits can be tricky when you're a startup and heavily investing in getting your business off the ground. But remember that your people are a key asset and critical to that growth.

If you're not currently able to offer increased salaries or benefits to your employees, be clear around how and when this will change. Will reaching a certain milestone trigger change? What is the likely timescale? What will you look to change? Salary reviews? Increased benefits? Communication is key. Ensure your team know it's on your agenda.

If you're able to make changes now, fantastic! Once you've understood what it is your team would most value, and you've decided what action you want to take, communicate this clearly to your team.

Practical Checklist

Have you...

- Benchmarked current salaries?
- Got clarity on what's below, on or above market rate for current or future roles?
- Surveyed your team to understand their preferences on rewards and remuneration?
- Analysed recent employee departures to understand areas you may need to address?
- Got creative? – salary is important, but there are other benefits you could offer.
- Checked your benefits reflect what your team value most?
- Considered flexible benefits, so your people can make their benefits relevant to them?
- Stored your benefits information in an easily accessible place to encourage usage?
- Introduced a salary/rewards review process for all employees?



"There is a growing tech talent shortage in the UK, which is threatening growth and the ability to scale up. Organisations need to attract a diverse talent pool and adopt dedicated interventions to retain the talent they already have.

There's no silver bullet, but taking a conscious decision to adopt more inclusive work practices and schemes has an important part to play. Mentoring, flexible work, returners and retraining programmes can help attract and retain top talent and help address the diversity imbalance."



Debbie Forster MBE CEO, Tech Talent Charter



The conclusion

Remote first. Work-life balance. Hybrid working. In the two years since we last published a retention report, these words have become common place in the debate about the 'new normal' in tech startups and scaleups.

It's overly simplistic to attribute The Great Resignation to the pandemic. As Baby Boomers exit stage left and Gen Z workers begin forging their own path, it's highly likely that a rising quit rate will become a long-term trend, rather than a turbulent moment in time. That said (and demonstrated by the sheer volume of "pandemic-related epiphanies" amongst employees), the last two years have been a catalyst for a monumental shift in employee mindsets.

Understanding these changes and, crucially, what is driving this change is fundamental to your organisation's ability to attract and retain talent in this post-pandemic world.

With the perspective of two pre-pandemic retention reports, it's interesting to see what has held steady over the previous three years. Consistently important to tech and startup sector employees is culture and career development, whilst remote or flexible working is now a standard requirement for startup talent.

This is perhaps unsurprising but considering the heightened willingness by employees to re-evaluate their working arrangements and an increasingly fluid tech jobs market, the vast challenges around scaling culture whilst simultaneously creating meaningful learning opportunities should not be underestimated.

So how can you retain your staff? Talent retention has never been a 'one-size-fits-all'. Rather, the pandemic has accelerated an already-shifting workforce mindset on work environment and personal priorities. For employees to willingly invest their future with an organisation, they need to see a clear pathway to achieving not just their professional goals, but their lifestyle goals too. In response, you need to offer them a compensation and benefits package that meets far more than their financial needs.

At ISL Talent, we've adopted a hybrid approach along with a 4.5 day week. We've shifted our focus from simply bringing in new hires to prioritising the professional development of our existing workforce. This ensures that we continue to grow and evolve as a team, whilst also enabling our people to build their skills and competencies.

There is a tech talent shortage, and this isn't likely to change anytime soon. To meet this challenge, your retention requires attention: budget; metrics; accountability. It needs to be part of an ongoing discussion with your leadership team. This doesn't mean rethinking your entire retention strategy – small changes can also have a big impact.

In the meantime, I hope that you can use this report to create an engaging work environment and culture that encourages development, flexibility, and a sense of purpose.



Alan Furley

Co-Founder & CEO of ISL Talent

Scaleups trust us to help them hire better

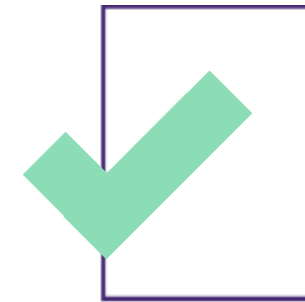
It's amazing the difference the right team can make to a scaling company. To thrive and grow, it's crucial to treat talent attraction and retention as a priority.

Maybe you need to make your first hire. Or scale from 20 to 50. Or perhaps your headcount is already into three figures and it's about retaining your talent with a few key hires.

That's where we come in.

If you are growing a business that has tech at its core, we will provide you with the tools and knowledge to win over top talent and stay ahead of the competition amid the war for talent.

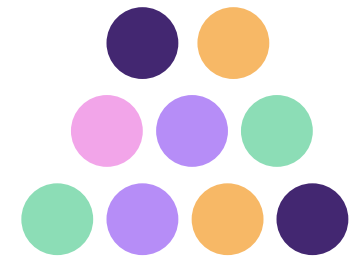
Building strong teams is complex and challenging. No two journeys are the same. Here's some of the other ways we can make it easier for you:



Salary surveys



Employer branding



Org chart planning



"We went for a recruitment agency to help us solve a challenge that we had, and we are coming out of that situation with a partner who helps us and collaborates with us on a lot of different levels." - Glyn Blaize, COO at Amdaris

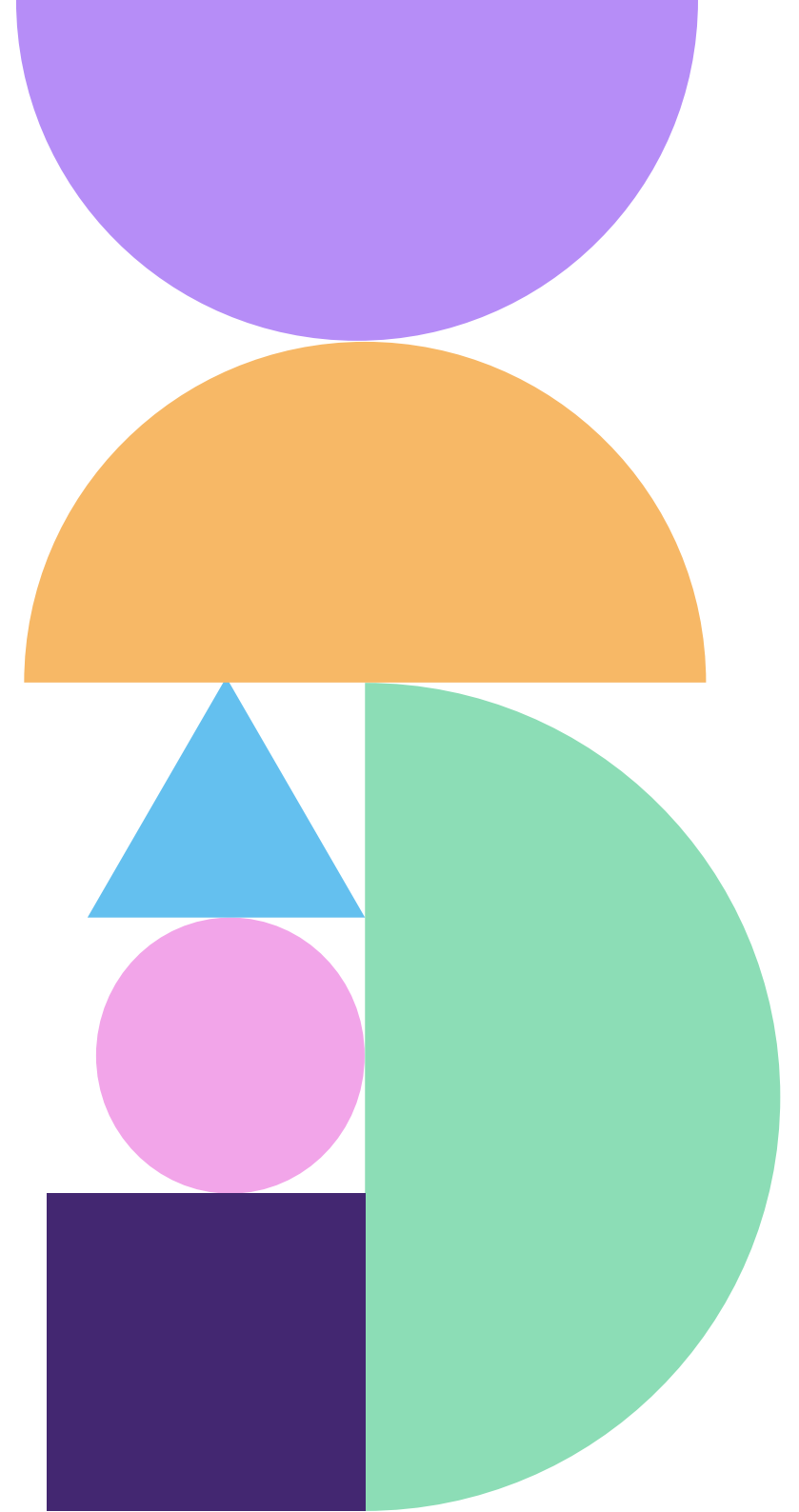
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