

5 Ways Startups Can Leverage Tech Layoffs to Attract Top Talent



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The initial wave of tech layoffs captured global headlines with a sense of shock and awe, and according to Nerdwallet, in 2022, more technology workers were laid off than in 2020 and 2021 combined. While big tech itself has laid off unprecedented numbers in a very short span and continues to navigate various economic headwinds, the broader tech industry continues its focus on innovation and strategic growth.

These signals do not mean that the overall employment economy is bad nor are reflective of the broader talent market. According to Zip Recruiter, 37% of those laid off in the tech industry found a new job within one month, and 79% found a new

job within three months, which underscores the many opportunities available. Additionally, quit rates remain the highest in over 20 years and unemployment stands at a steady 3.4%-3.7%, an incredibly low range. These tech employees are also looking into other industries – CNBC notes that many other sectors such as health care, education and government are experiencing a never-before-seen level of interest from top tech talent. Small and mid-cap tech companies are similarly experiencing newfound popularity.

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Top employees who found themselves suddenly unemployed can still remain in the driver's seat. The talent wars may be less drastic than a year ago, but they do still exist. This creates a tremendous opportunity for early-stage growth companies to reflect on recent events and look inwards at their culture to ensure they are best positioned to attract some of this talent. The ability of startups to hire and retain these resources could be a key determinant of future success. Yet, it's not a done deal.

Early-stage companies are unlike most other businesses in the market in that they have the flexibility to quickly pivot and innovate their culture. To attract and retain this newly available (and incredibly smart) talent looking for opportunities, startups must implement a set of key practices and procedures that will enable them to stand out from the pack.

Here are five strategies they can consider to position themselves for lasting human capital success:

1. Embrace hybrid and remote work

environments

Offer hybrid and remote work flexibility options. Not only will this provide a broader geographical base to hire from, but it will actually encourage diversity in the workplace. As Aki Cho points out in her article “The Reason Bosses are Freaked out by Remote Work,” hybrid and remote work environments will cater to a workforce that is more ethnically and gender diverse.

2. Create a collaborative and flexible co-working space

Early-stage companies need to break down the walls that siloed offices were once surrounded by. The office needs to become a place that employees *want* to visit versus *have* to visit. Startups can rethink the purpose of the office, designing with collaborative structures and making the décor inspirational and welcoming. In addition, there is an opportunity to extend open hours, allowing for early birds and night owls alike to have a place to operate during the time frame that they are naturally wired to perform best.

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3. Offer liberal equity packages and clearly define vesting schedules

Most employees at big tech companies own a very small piece of a very large pie. By joining a startup, they now have the opportunity to own a meaningful part of their company's success. Offer generous equity packages, encouraging employees not only to join feeling like co-founders but also to find a

longer-term commitment to success. Clearly articulate your company's vesting schedule and communicate the value through frequent valuation exercises. Extend top-ups when goals are met and the company meets clearly defined and well-communicated metrics.

4. Create and communicate vision, mission and values that stand for something different

Early-stage companies have an opportunity to stand out from the big tech pack. Create a vision, mission and values set that represents clarity, aspiration and inclusivity. Develop a clear communications plan and incorporate it into employee hiring, onboarding and retention materials. Stories of laid-off employees attest to their feeling anonymous, overlooked and undervalued. A clear communications plan will serve as the first step to proving it will be different this time around.

5. Be purposeful in hiring

Many tech companies experienced massive growth during the pandemic. According to CNN Business, some grew by as much as 100%, just in the 2019 – 2022 time frame alone. As these same companies are now reducing their workforces in record numbers, those terminated are concluding that their hires were based on reactive growth, not properly thought through. Many feel as though they didn't matter. Early-stage companies can tell a different story by clearly defining the roles they are hiring for, implementing a reasonable company-wide hiring plan and holding themselves accountable for longer-term retention of those they bring on board.

As the tech layoff trend continues, next-generation leaders are realizing that this time around it's more than transactional. Affected employees are reflecting on their

experiences and reframing their definitions of a meaningful career. It can be argued that startups are best positioned to address this newfound north star; they are nimble, collaborative and able to present the most ownership-oriented reward structure. With intentional planning, focus and ongoing championship, early-stage leaders can leverage this unique hiring opportunity to build best-in-class teams that set the foundation for lasting success.

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