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How to Grow with Employee Experience Strategy?

Tips and Tricks for High Growth

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“It was the best of times; it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of light, it was the season of darkness, it was the spring of hope, it was the winter of despair.”

Charles Dickens, A Tale of Two Cities

Everyone who has somehow got involved in the growth journey of a company would full-heartedly feel Dicken’s sentences; How do we deal with the double edged sword; one day in optimism and the other day in scepticism. How do we minimise the ups and downs to make the company more sustainable? It is possible to gain stability through controlling internal factors such as people management. Any issue related to people management takes severe time and effort in the early stages of a company. Many growth-stage companies end up with failure before reaching their full potential. This is why any company that bids for high growth would need to invest in becoming fully digital not only in operations but also in human resource management.

Sorwe has discovered the Top 5 challenges of Scale-ups and high growth companies in Human Resource Management. It also suggests solutions on how human resource management can be managed digitally.

- 1 – Recruiting and Retaining the Right Talent
- 2 – Providing Lifelong Learning for New Skills
- 3 – Creating Transparent and Two-Sided Communication
- 4 – Building Unique and Rewarding Culture
- 5 – Enabling Career Growth



Keynote from Emrah Erturk - Founder & CEO of Sorwe

It's been more than 160 years since one of the best novels of all time started with this prologue; "It was the best of times, it was the worst of times...". Nothing has remained the same from those days, including us. Especially in the last quarter of the century, with the contribution of technology, the general view and culture in business has evolved. The demands of the customers, the new tech tools and strategies and changing management methods are shaping the modern world and hence our irrepensible desire for rapid growth.

We now know that any company that doesn't innovate and progress fast enough will disappear naturally in the business world. Each player of this game knows that this becomes a nuncupative rule of the world. You might be faced with the risk of losing your company's prosperity after working so hard. To avoid this and make sure you're fully adaptable, you should take stock of the direction of your company and take the measures that you need ahead of time. Studies reveal that there are only 52 companies in the world, who were listed in Fortune500 both in 1955 and 2021.[1] In other words, less than 12% of the Fortune500 companies listed in 1955 still stand after 62 years. Nearly 90% of these companies have paled in comparison, which dramatically expresses the reality of the new business age. So what was the main reason for this massive shift? My answer is the resilience to change and not giving enough care to human experience. This is why Sorwe is here to help the businesses of tomorrow, which believe in the power of people and embrace the digital.

About Sorwe

Sorwe is the end to end digital employee experience platform. We combine employee experience with human analytics and create happier and more connected teams with the solutions we offer to modern companies who believe in human-oriented approach for the secret of success. Sorwe is selected one of the best innovative companies by Global Entrepreneurs Program (GEP) by the UK movement in 2019. Sorwe has offices in London and Istanbul while Sorwe's end to end digital HR services are being used in +10 countries. We are aiming to create sustainable high performance culture for future of companies globally.

A Journey of Rapid Growth

Scale-ups have already taken a seat and focus on market development by collaborations or different market strategies.

Before starting a journey from start-up to scale-up, these two terms should be described. In Merriam-Webster, start-up means “the act or an instance of setting in operation or motion” or “a fledgeling business enterprise.”. According to Neil Blumenthal, the co-founder and the co-CEO of Warby Parker, an American online retailer of prescription glasses and sunglasses, the definition of start-up is “a company working to solve a problem where the solution is not obvious, and success is not guaranteed” in simple terms.[2] Start-up companies are categorised as companies that are maximum two or three years old, but the reality is not like that. The company, which will be celebrating its 6th anniversary in June, can still be a start-up company. The main point in this classification is the effectiveness and the repeatability of the business model. For scale-ups, the situation is a bit different. According to the OECD [3], scale-up business is “a company which has seen average annualised growth of at least 20% over three years with ten or more employees at the start of the period.” Start-ups need to prove themselves to the market to possess sustainable growth. On the other hand, scale-ups have already taken a seat and focus on market development by collaborations or different market strategies. The study of World Economic Forum (WEF) [4] shows that the scale-up companies that grow have a remarkable impact on society and the market through new technology, services, and increased employment.

Job Creation in High Growth

Endeavour, a non-profit organisation, headquartered in New York, supports scale-up companies that have significant social and economic potential in their regions. According to the WEF study, the reason why Endeavor focuses on scale-ups that it have the highest job and wealth creation. In 2014, Endeavor Insight researched World Bank data, and the report “The Impact of Entrepreneurs at Scaleup Companies in Southeast Asia” [5] reveals that in Southeast Asian countries, the scale-ups are only the 14% of the total number of companies while creating 77% of new jobs.

Top Challenges

The journey that companies plan from start-up to scale-up needs to proceed step by step, and most importantly, human capital should not be neglected. The small pain point you have during the scale-up phase could become a massive problem when your company has hundreds of employees and thousands of customers. Recruitment and, the balance of keeping the whole company motivated and updated with recent developments remain core challenges. While heading straight for the top, it is expected that companies battle with the problems that cause inefficiency, decrease value of work, and the motivation within the company. Having Digital HR solutions emerge would help young generation companies immensely in their people management and minimise the risks that come across in their growth journey.

Top Challenges of Innovative Companies

- 1 Recruiting and Retaining the Right Talent
- 2 Providing Lifelong Learning for New Skills
- 3 Creating Transparent and Two-Sided Communication
- 4 Building Unique and Rewarding Culture
- 5 Enabling Career Growth

Recruiting and Retaining Right Talent

20%

Annual growth in employee number - Nearly half of Scale Ups' aim for this

**2
Years**

Avg. Employee Tenure

50%

Cost of Hiring: Up to 50% of Annual Salary

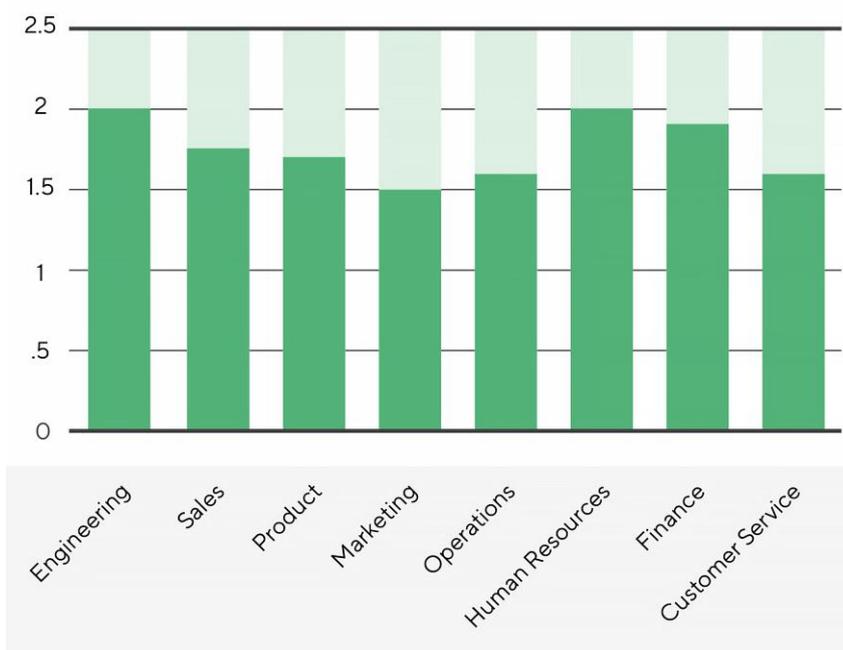
Source: Scale-Up Institute – Annual Scale Up Review 2019 [6]

One of the main pain points of speedy growth companies is being able to recruit the right talent and keep them together under the same roof. Scale-up companies start their journey with a core squad that knows and understands each other well. However, after a some point, given the limited time and capabilities, operations cannot go on with a handful of people. Companies realise the need to increase both the size and skill set of the team by hiring employees. According to the Scale-Up Institute's survey in 2019, nearly 50% of scale-ups expect to increase their employee number by more than 20% in 2020 [6].

While trying to handle the increase in the business, you might not notice the employee turnover or the change of employee quality. Using Digital Employee Experience solutions that help recruiting and retaining talent would benefit companies to save both budget and time. Based on the Founders Circle survey on 25 hyper-growth companies, including 'unicorns' 25% of employees leave their jobs in 1 year. [7] This finding is coupled with the LinkedIn Annual Talent Solution Report that finds the average Employee Tenure as just 2 years.[8]

People analytics metrics which come from employee experience applications, help you to spot the best candidates and can provide analytics with red flag reports for 'Tendency to Leave' with departmental and geographical breakdown. This gives a good understanding of why employees are not satisfied and thinking of leaving. Companies should take action with the results to increase retention. A study by The Society for Human Resource Management (SHRM) [9] reveals that the price of direct replacement can reach more than 50% of the annual salary of the each employee. By leveraging digital employee experience and people analytics tools, companies can minimise the cost of replacing new talent by adopting HR Analytics on employee retention.

Employee Tenure by Department



**2
Years**

Avg. Employee Tenure

Providing Lifelong Learning for New Skills

Digital learning processes have never been more critical and significant for today's workforce. Notably, the younger generation members are more interested in learning new skills and improving themselves. As time passes by, demands of employees increase and companies are left with no choice but to satisfy employees with lifelong learning opportunities, or pay high replacement costs and damage culture. To keep them ambitious, companies can consult e-learning tools embedded in Digital HR and employee experience solutions to allocate learning tasks based on what the employee needs the most.

So what are the most vital skills that companies can focus on in e-learning sessions?

According to the LinkedIn Global Talent Trends [8], soft skills are the most crucial area that companies devote to employee development. With the rise of advanced technologies, hard skills are no longer enough to keep employees successful as machines become better and better every day. On the other hand, soft skills stay vital with their growing value. 80% of companies find soft skills increasingly necessary for companies' success [8]. Here are the top 5 areas in high demand and valued the most in today's working environment;



Source: LinkedIn Global Talent Trends 2019 [8]

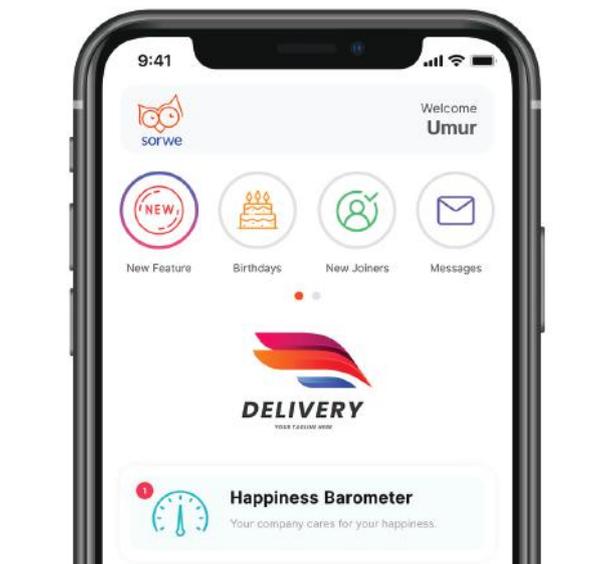


However, nearly two-thirds of companies say they struggle to assess soft skills in the workplace. With the help of employee experience platforms, companies can easily monitor personalised needs of employees and assign needed learning tasks individually.

Create Transparent and Two-Sided Communication

Everyday scale-ups have a lot of updates to implement and share with the team; it comes attached to the nature of the business when everything develops at a fast pace. However, it is hard to keep everyone on the same page with company news and updates using traditional channels. This might end up with criticisms of not being transparent enough; on the contrary to the image that was dreamt of. Some employees may feel excluded and become distant with decreasing motivation. So, what can be done to keep everyone well informed at the same time?

Sorwe offers techniques that the company can use to share updates instantly from Insta-style stories instead of unopened emails from top management. Digitalising and making communication fun will not only keep the communication transparent but also will increase engagement.



To make communication two-sided, being open to suggestions and feedback from employees is crucial. Scale-up culture cares about employee ideas as they can add great value and pace to the company. A traditional HR department cannot spend their whole week talking with the employees or reading the suggestions. Using employee experience platforms with feedback and suggestion tools would shorten the time to reach the inner world of your employees with reports that show the most mentioned problems. Advanced Analytics can also report about in what the sentiment that was dominant in the employee feedback. When employees realise that their company cares about their needs, they will be more engaged and devoted which enables deeper trust.

3 - Building Unique and Rewarding Culture

At the beginning of the journey from start-up to scale-up, companies always dream of global business lists. The common characteristic of companies in these list is, that all have unique company culture. Companies can think of corporate culture as a plant, which grows with your company simultaneously. Great culture attracts the clients and market and shows your true potential beyond the product which is essential for growth. A Forbes revealed that 92% of respondents believe that company value improves with the corporate culture. More than 50% state that organisational culture has an impact on productivity, creativity, and growth rates [10].



Believes company values are important

Source: Forbes[10]

Tech Scaleup Report 2019 shows non-financial rewards are as valuable as other rewards. More than 80% of employees prefer compliments instead of gifts[11].

Recognition and reward should also be focused on when building culture. The more recognition your company gives to employees, the happier and more motivated the workforce is. Rewards make employees feel appreciated and motivated, which directly influence productivity within the company.

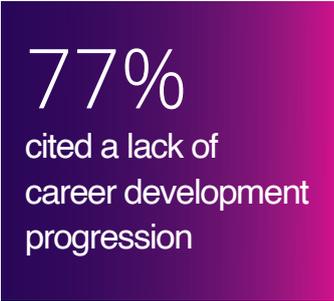
Dr. Williams, assistant professor at Harvard Business School says, "What really matters in the workplace is helping employees feel appreciated", which precisely explains the mutual relationship between the company and employees [12]. This appreciation can be supplied with rewards so that your employees' daily motivation would always be high. Thus, companies can set reward systems by measuring employees' preferences with the help of digital employee experience Tools. Sending e-Kudos and appreciation from a workplace app can be a much more effective and easy solution to keep employees motivated and engaged.

Enabling Career Growth

Having long term goals and career prospects in the workplace are the biggest concerns when choosing the perfect job. Employees question future career steps and they want to ensure the employer can provide enough opportunity for their path. Demands of people have been changing faster and employees do not want to see themselves in the same position after 5 years. They want to know the future with at least implicitly defined career steps for their progress. SHRM research [13] shows that employees would like to see their bosses concerned about their career, to feel more motivated and bonded to the organisation.

Having no internal structure of career growth in scale-ups is a common problem, given the lack of precedents. Tech Scaleups 2019, The Retention Report reveals nearly 80% of employees give the lack of career development as one of the main reason for leaving. [11]

Adopting digital employee experience solutions helps companies to manage career development on an individual basis. The analyses from assessment packs and team feedback allow the businesses to spot potential candidates for future roles and what skills they need to adopt in order to be eligible for this position.



77%
cited a lack of
career development
progression

Source: The Retention Report – Tech Scale-Ups [14]

Conclusion

Companies that are progressing from start-up to scale-up need to be more careful with people management and implement adaptable processes to keep growth rates sustainable. HR departments cannot solely adopt these intensive programmes whilst speaking to every employee. Scale-ups should consult external providers as a solution. Scale-ups increase the adoption of employee experience technologies to produce action-focused strategies, keep the team strong and build the company culture as imagined. The factors that lead to growth, including recruitment quality, organisational culture, reward and career growth schemes, as well as internal communication would be better than before through digital employee experience.

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Company

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