STATE OF SAAS TALENT MARKET:

2022

AUTHORED BY:
Steve Melia, Talent Partner
Maggie Crean, Talent Manager

ANALYSIS BY:
Curt Townshend, Senior Director, Growth

OPENVIEW

INTRODUCTION ✍️

How much time do you spend on hiring each day? What about each week? Chances are, as a CEO or executive in your business, you've noticed this time commitment increase over the last year, and you've probably felt the pressure.

Recruiting and retaining top talent is crucial for growing your business, but an imbalance of supply and demand in the job market poses considerable challenges in the face of achieving your hiring goals. The way we work has settled after being turned upside in 2020. We're seeing people return to the office fully or in a hybrid-model, and we've seen companies sell or lease their office space, committing to remaining remote forever.

Either way, these changes to business operations have expanded the need for SaaS products. Although SaaS companies have been able to take advantage of these huge opportunities for growth, the talent pool has not kept up. 2021 marked the first year of relentless competition for talent, and going into 2022, many companies are willing and able to pay top dollar for the people they need.

But companies are finding new and unfamiliar territory in their quests to hire. Traditional methods, like relying on external recruiters or inbound applications, just won't cut it anymore. Businesses have to reconsider and reconstruct their recruiting processes in order to win.

We surveyed almost 100 participants across executives hiring for their companies and executive candidates that recently joined SaaS businesses to learn about the current state of the market, the journey to hire, and how to win a candidate.

▍ MEET THE AUTHORS

Steve Melia 👋
Talent Partner
OPENVIEW

**Maggie Crean** 👋
Talent Manager
OPENVIEW

Curt Townshend 👋
Senior Director of Growth
OPENVIEW

THE STATE OF THE MARKET ✨

To understand the overall hiring landscape, we asked survey respondents how their headcount has changed over the last two years, and how they expect it to change in 2022. The data confirms what we have all felt anecdotally: 2021 was an unprecedented year for hiring.

Startups with less than $5 million ARR exhibited an abnormal jump in 2021, increasing their number of employees by 195%. However, for these small start ups, it appears that this rapid hiring will come to a quick halt—startups of this size plan to only grow their headcount by 31% and will hire only half as many employees as they did in 2021 (26 in 2022 vs. 55 in 2021). These businesses with less than $5 million ARR may have went over their skis with hiring in 2021, leading to less demand for hiring and fewer open positions in 2022.

COMPANY SIZE BY ARR – LESS THAN $15M ARR
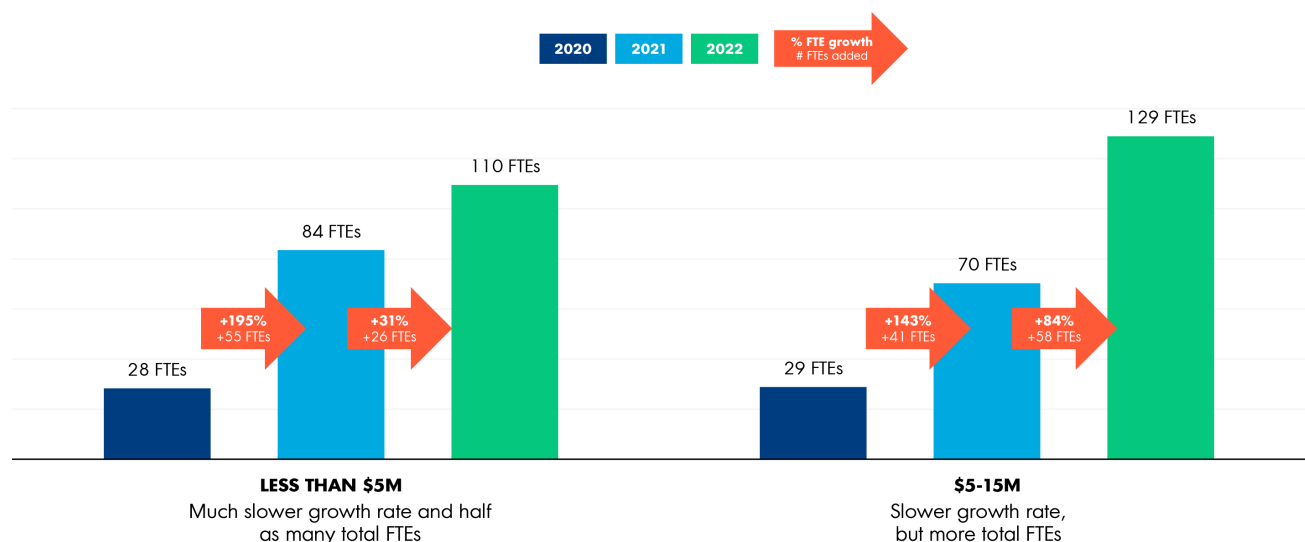
Startups with more than $5 million in ARR shared in this rapid growth in 2021, but don't plan to slow down hiring in 2022. Startups in the $5 million to $15 million ARR range plan to add more employees in 2022 than they did in 2021 (58 in 2022 vs. 41 in 2021). This is more inline with how we generally see companies growing over time and further accentuates the abnormal hiring patterns that businesses in the sub $5 million ARR category exhibited in 2021.

Businesses with more than $15 million in ARR plan to increase their headcount by the same number of employees in 2021 than they did in 2022. On average, businesses with over $15 million in ARR added 191 employees in 2021 and plan to add 190 employees in 2022.

What this data shows is that outside of startups with less than $5 million in ARR, the hiring market is not slowing down. As companies' overall size continues to grow, so does their need to hire. Professionals seeking new opportunities—and even those who might just be passively looking—can expect to continue to see a high amount of open roles available in 2022.

HIGHEST PRIORITY HIRES IN SAAS

What areas are employers focusing their hiring efforts on? Although the highest priority hires vary depending on the size and stage of the business, our survey of executives revealed some consistencies. Breaking down the responses into businesses with less than $15 million ARR and those with greater than $15 million ARR, these differences in priorities emerge.

The highest priority hire for smaller businesses in 2022 is a sales leader, as voted by 29% of smaller business survey respondents. The highest priority for larger businesses, on the other hand, is a product leader hire, according to 44% of respondents from larger companies.

HIGHEST PRIORITY EXECUTIVE HIRE IN 2022
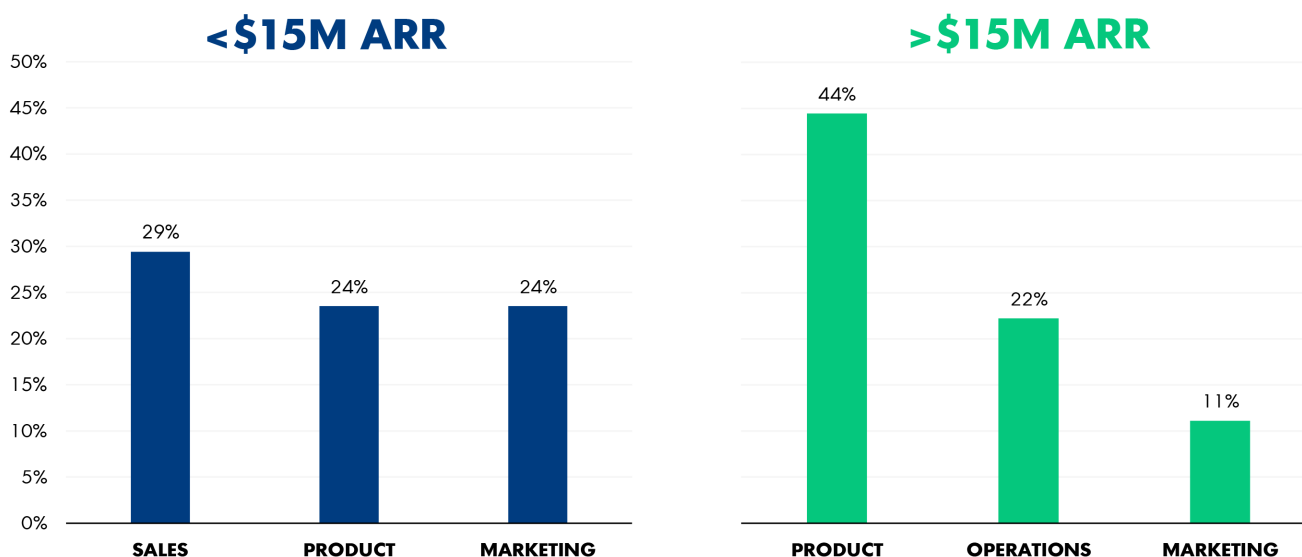
What we believe the data shows is that go-to-market (GTM) execution is a top concern for these smaller, younger startups. This aligns closely with how important growth has become. Just last year, achieving top quartile growth for businesses under $2.5M ARR required growing at 300%, which was close to 150 percentage points higher than 2020.

Landing that next big account might have the biggest impact on a startup's metrics for that quarter, but a founder-led sales approach doesn't scale. It's catching your company a fish—not teaching them how

to fish. Not to mention that [a startup's first sales hire is notorious for a fast turnover](#)—likely within 12 months. This key hire is one that many smaller businesses don't get right the first time around. For many founders, this means losing revenue with opportunity lost and energy spent starting the recruitment process from scratch.

As a result, we are seeing founders put that energy towards finding a great sales leader earlier in their revenue journey, especially in the <$15M ARR class, or searching for the next big product bet. Hiring sales and product leaders results in work that scales.

When survey respondents were asked which roles they [feel the most behind on hiring](#), there was a clear consensus across the board: engineering. Overall, 67% of respondents feel that they are behind on hiring for engineering roles. This is even more dramatic for businesses with over $15 million ARR—89% of which feel they're behind on engineering hiring. Sales, product, and marketing all ranked two through four, but none of those departments saw more than 50% of respondents concerned.

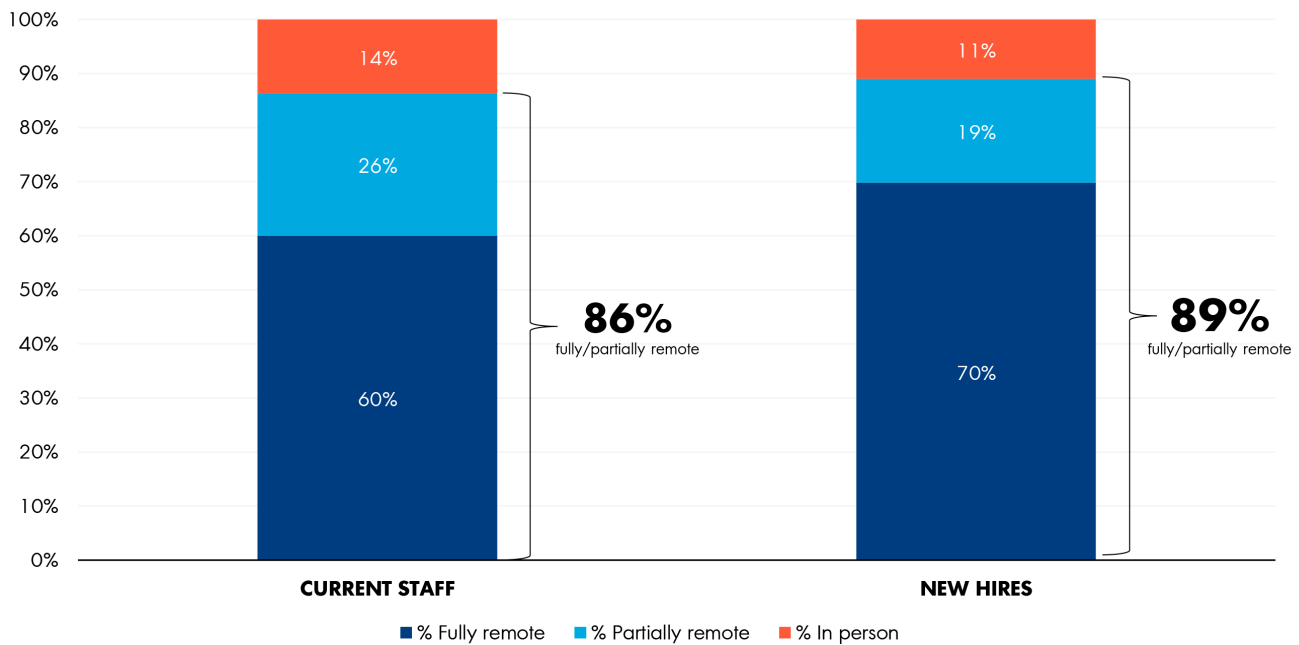## BEHIND ON HIRING, BY DEPARTMENT AND ARR
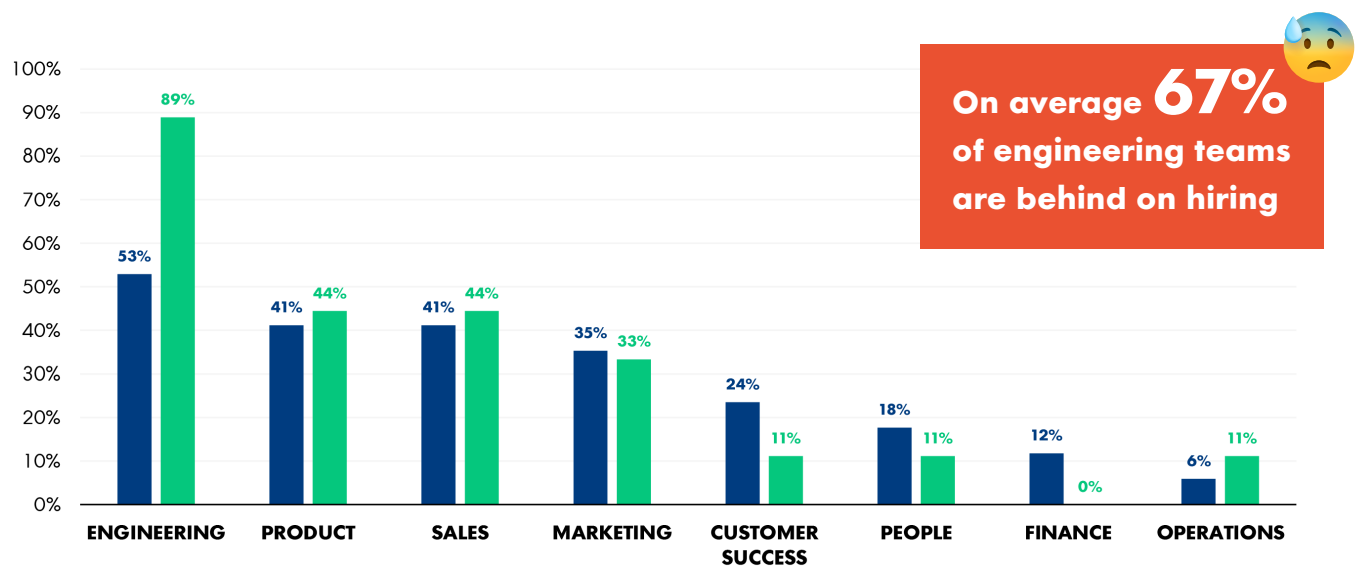
On average **67%** of engineering teams are behind on hiring

▎FLEXIBLE WORK IS A DOUBLE-EDGED SWORD

The professional landscape has transformed dramatically since the pandemic. Standards for how, where, and when an employee can work have become more flexible than ever. Today, the large majority—nearly 90%—of employees are working remotely. While we would expect these numbers to come down, we were surprised to see that the average company expects to be 86% fully or partially remote post-pandemic, with a 60% of employees remaining fully remote. Especially within SaaS, remote work continues to shift from a perk to an expectation and is even more pronounced in the hiring market where 70% of open roles are advertised as fully remote.

EXPECTED WORKPLACE LOCATION POST-PANDEMIC

Stacked bar chart:

CURRENT STAFF: 60% Fully remote, 26% Partially remote, 14% In person — **86%** fully/partially remote

NEW HIRES: 70% Fully remote, 19% Partially remote, 11% In person — **89%** fully/partially remote

Legend: ■ % Fully remote ■ % Partially remote ■ % In person

Although being fully remote doesn't work for every company, there are many companies that enable this model. The prevalence of remote companies makes the logistics of scheduling interviews much more straight-forward. Instead of having to interview candidates in the evening or on weekends, many candidates have a much higher degree of flexibility during the workday.

Another consequence of remote work for businesses is lessened prioritization of where candidates are located and an increased access to global talent.

Claudia Iannazzo, CEO at cybersecurity company Catalisto and member of OpenView's Executive Network, also warns that remote work can pose a threat to keeping talent. "I think you lose people faster in a remote work environment because they can feel isolated more easily," she says. At Calisto, they use a hybrid in-office model as a retention strategy. "We know that if we don't see people in person regularly, we will lose them in this industry."

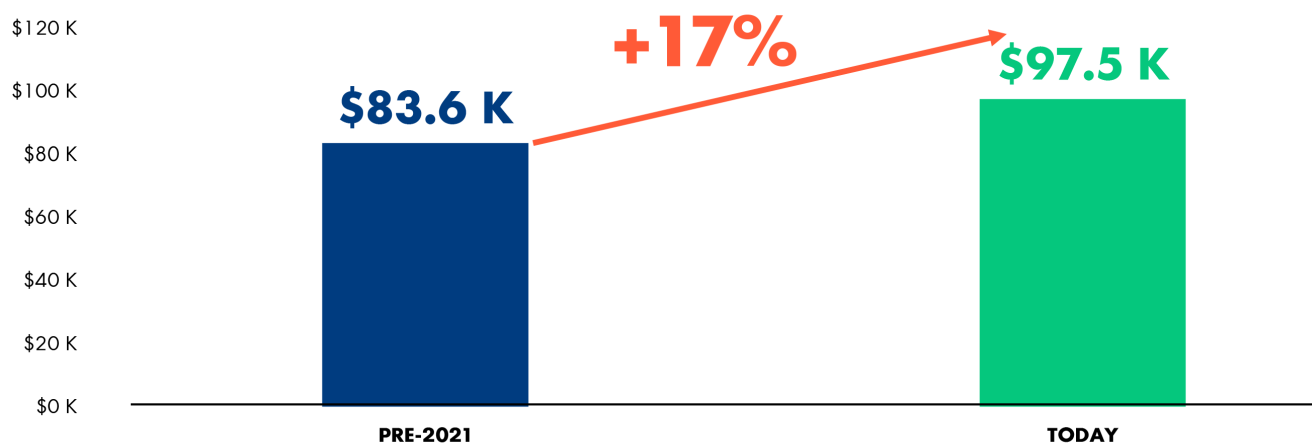## COMPENSATION EXPECTATIONS ON THE RISE

Employees and candidates are also seeing changes in what is considered standard earnings for their roles. 86% of respondents reported seeing an increase in compensation expectations. Given the challenge employers face in sourcing qualified candidates, high competition for top talent, and rising cost-of-living across the US, these new expectations are significantly higher than they were in previous years.

86%
of companies are seeing an increase in compensation expectations
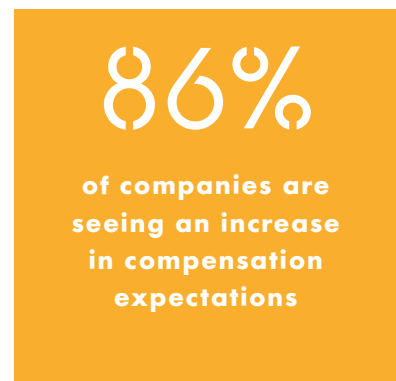
THE JOURNEY TO HIRE 🧭

The reality is that your business relies on having the right experts on your team, but the CEO doesn't have the bandwidth to dedicate the effort necessary to source, evaluate, and win the right candidates in this market.

COST PER HIRE, WHEN USING EXTERNAL RESOURCES

Bar chart comparing cost per hire: PRE-2021 = $83.6 K, TODAY = $97.5 K, showing +17% increase. Y-axis ranges from $0 K to $120 K.

The days-to-hire metric, which represents the length of time between opening a job search and closing an offer, has also swelled from pre-2021 years—regardless of whether companies chose to utilize internal recruiting or enlist external help. Companies relying on external recruiting teams to source talent have seen this metric literally double—a 70-day process in prior years is now a 140-day process today. We've seen that the lead time alone to retain a search firm for executive roles is four to six weeks. For companies managing the search internally, what used to be an average of a 76-day process takes nearly 93 days in 2022.

What is the impact on your business? Inevitably, it means delays in the goals tied to each planned hire and function. To allow your people to keep pace with your business, plan at least a full quarter ahead (or more to be safe) to make a key hire.

Not only is the hiring process increased in length, it's more expensive, too. The average cost per hire has increased by more than $15,000—nearly 20%—from pre-2021 years to today. This surge can be attributed to lofty fees for external search firms and supporting internal recruiting in a job market where the time to close is longer than ever. It's another reason that you want to be sure your business is making the right hire. Hiring is a greater investment than ever before, and careful planning and consideration throughout the process will maximize your return.

This also means you may need to diversify your network of search firms that you use or build out your internal recruiting function team and abilities. We are seeing companies lean on their internal recruiting teams more than ever across our portfolio companies, especially given how hard it is to retain a search firm. And it has proven to be a smart investment. One recruiter closing 20 to 30 reqs a year can save you a ton of money on agency fees on the backend and they can scale with your business.

Claudia was quick to recognize that relying on external recruiters wouldn't help her make the hires she needed: "We're so niche—I need cybersecurity engineers —we're not a fit for ordinary recruiters."

It was Catalisto's unique needs, along with long lead times, prohibitive costs, and the fact that external recruiting firms couldn't reflect her company's voice that convinced Claudia to hire a recruitment manager—and she continues to discover new benefits from having moved recruitment in-house.

She reports that having a dedicated recruitment person helps spread the message of the business, and "because it comes from somebody with our brand, it's a lot more successful," she says. Taking it one step further, Claudia describes how recruitment has become a part of Catalisto's marketing.

DAYS TO HIRE, EXTERNAL VS. INTERNAL
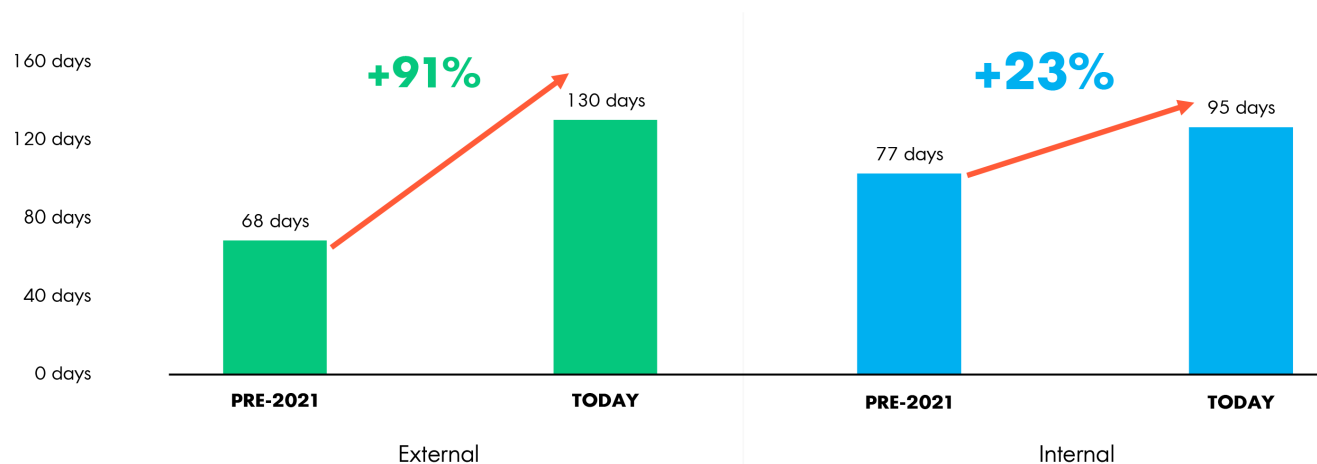
We use recruitment as lead generation now, which isn't something we used to think about. Our recruiter calls a senior person in this field, who might actually be too senior for what we want, and talks to them. We tell them that we need a person that can do A, B, and C, and ask who they recommend. In the process of doing that, we're actually introducing our company to them.

CLAUDIA IANNAZZO
Catalisto CEO

SOURCING HIRES: WHO TO TARGET AND HOW TO REACH THEM

You can post your company's open role on LinkedIn, but you shouldn't expect to find the resume of your perfect candidate in your applications folder. The days of relying on inbound applications for your executive hires are over. Be prepared to go on the offense and reach out directly to qualified candidates.

Many highly qualified executive candidates are just passively looking. In fact, 40% of surveyed executives who have changed roles in the last year reported that they weren't actively searching for a new opportunity. Don't be afraid to chase these candidates.
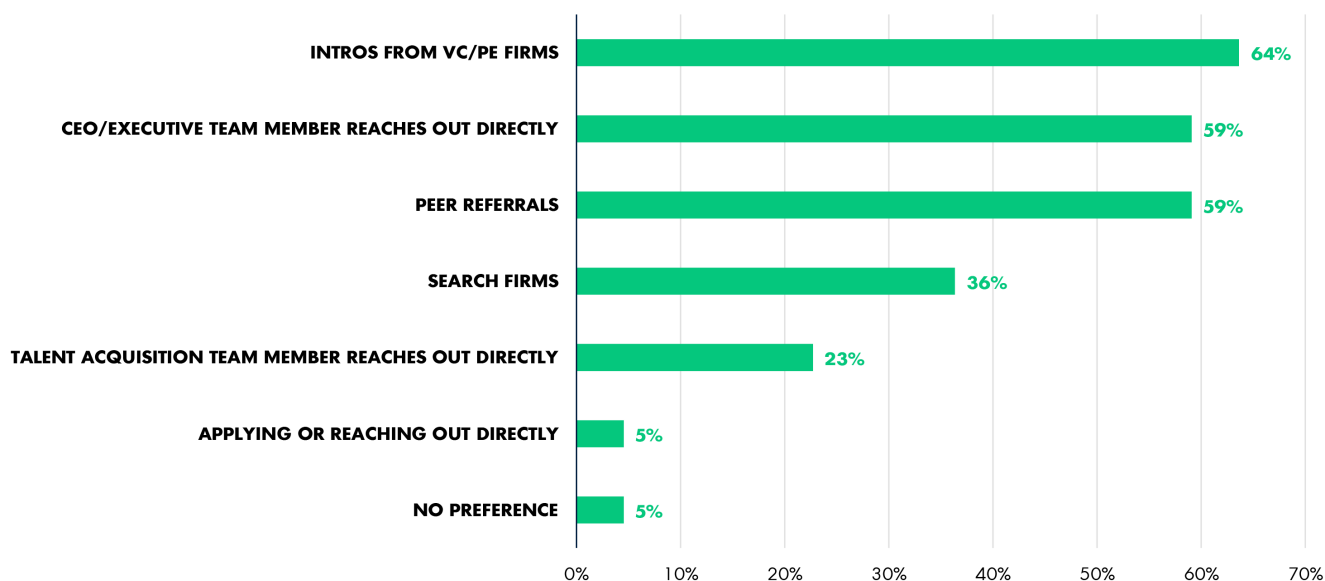
If you are looking to hire a key player to build out teams and own a function, we believe you should have a crystal clear image of what this person looks like. What boxes do you need checked? Are you looking for specific domain experience, or experience building teams? Have they worked with a similar customer base? Do they understand your GTM motion?

It helps to have a specific target profile for your ideal candidate. Ask yourself where this person is sitting now and use LinkedIn to identify your dream hire. Even if you aren't able to recruit that exact person, use their profile to pattern match and vet other candidates.

Even after you've identified skills and experience of your perfect candidate, it's a battle just to even get some of these people on a 30 minute intro call. You're less likely to see success with your recruiters sending out generic InMail messages. You need to leverage your network, employees, and investors to get candidates on the hook for just one pitch call.

Q: **What is your preferred way to get introduced to new opportunities when you are in the market?**

PREFERRED METHODS OF OUTREACH

Method	Percentage
INTROS FROM VC/PE FIRMS	64%
CEO/EXECUTIVE TEAM MEMBER REACHES OUT DIRECTLY	59%
PEER REFERRALS	59%
SEARCH FIRMS	36%
TALENT ACQUISITION TEAM MEMBER REACHES OUT DIRECTLY	23%
APPLYING OR REACHING OUT DIRECTLY	5%
NO PREFERENCE	5%

Candidates are feeling the fatigue of working with search firms that lack coordination across the organizations they represent. Many end up being bombarded by opportunities that are not of interest.

According to the survey results, CEO outreach and intros from VC/PE firms were reported to be the best modes of outreach. 59% of executives prefer when a CEO or executive team member reaches out to candidates directly. Sending a personalized note framed as a "networking in the space" message can foster interest and lead to a call. Prioritize building a genuine connection during this first conversation, saving your eagerness to ask interview questions for a follow-up call.

Survey data also identified an opportunity to extend your network by leveraging your employees connections. 59% of executives surveyed responded that a preferred way to get introduced to new opportunities is via peer referrals. Consider encouraging this by offering bonuses to employees whose referrals lead to hires.

A strategy that CEO Jason Ray of Paperless Parts, an OpenView portfolio company, advocates for is bringing in leaders, especially at the VP level, who can leverage their network to build out their own teams. These new leadership hires should be able to cover the headcount plan on their team for the following three quarters. Hiring out of their existing network means starting out with established working relationships and chemistry—this means a far faster ramp-up than embarking on an open recruitment process.

▍RECONSIDER THE HIRING PROCESS TIMELINE

The truth is that it's a candidate's market, and many candidates are overwhelmed with the number of opportunities on their plate. The average candidate interviews with nearly 8 different companies before settling on one and a whopping 37% of respondents interviewed at over 11 companies.

The top two responses for the most challenging part of the job search were tied at 47%—these were "time commitment" and having "too many opportunities to assess." These challenges go hand-in-hand. 79% of respondents are being contacted by recruiters about new roles one to five times per week. The most sought-after talent, 16% of respondents, report being contacted one to five times each day.

The expectation for the people at the other end of these outreach messages to seriously vet each opportunity requires a considerable time commitment from people who are likely also working full time. This is only compounded by all the hoops candidates are expected to jump through as part of a complex and lengthy hiring process.

7.8
**companies
interview with,
on average**

37%
**of candidates
interview with 11+
companies**

Forrest Leighton, VP Marketing at PERSUIT, an OpenView portfolio company, explains how heavy of an undertaking the interview process was during his recent job search:

P E R S U I T

While I agree assessments are an important part of the process, in a hot market like the one we are in now, hiring managers (like me) need to be cautious in what they are asking candidates to do. From building out marketing plans for the first 90 days to creating a launch strategy for a new product, at times I felt like I was already in the job. Balancing my day job on top of that caused a lot of additional stress.

FORREST LEIGHTON
VP MARKETING

You would think it goes without saying: Don't use your candidates as consultants. It's not respectful to the value of their time or expertise.

Hiring process fatigue is a real thing, and it's likely that your top candidates are already well acquainted with the feeling. Companies who want to attract the best talent need an efficient process that is candidate friendly.

You should have a solid idea of your hiring timeline well before you start reaching out to candidates. To stay competitive in this market, keeping your process under three weeks from first contact to offer is recommended. This requires your hiring team to be super intentional with every round of interviews—you should know why each candidate is talking to a person, and what skill or value is being evaluated at each step.

Forrest expresses that there is a delicate balance to strike here: "I want to get a feel for the people, but there's also a point of diminishing returns. You can't put people through weeks of interviews. The market is just too crazy right now."

HOW TO WIN A CANDIDATE 🤝

Successfully executing your win plan for your ideal candidate starts with thoughtful and personalized outreach and is followed by plenty of time spent educating the candidate on the company.

Establishing direct contact and frequent engagement between the candidate and the CEO or hiring manager keeps candidates far more engaged in the process. Top-quality candidates expect more than to be dumped to a recruiting team, then only to reconnect with the hiring manager when it's time for offer negotiation. Being available for one-off calls, text, and emails to personally answer a candidate's questions is the foundation for building a positive relationship that they will want to carry over into a working relationship.

▌STAY OFF A CANDIDATE'S NO-FLY LIST

In today's hiring market, candidates have a wealth of options and may not be so quick to accept that your open position is the golden opportunity you believe it to be. Prepare for the hiring process under the pretense that candidates are likely to evaluate employers with a fine-toothed comb.

What are candidates looking out for? Our survey asked respondents to select three of the biggest red flags that they may encounter in the interview process. 74% cited "misalignment on the role and vision across interviewing teams" as a major red flag. 63% marked "limited or no access to company data," and 47% cited "high attrition."

Q: **What are the biggest red flags you look out for in your interview processs?**

RED FLAGS IN THE INTERVIEW PROCESS

Red Flag	Percentage
MISALIGNMENT ON ROLE ACROSS HIRING TEAM	74%
LACK OF ACCESS TO COMPANY DATA	63%
HIGH ATTRITION	47%
LACK OF DIVERSITY	37%
LACK OF HIRING PROCESS COMMUNICATION	32%
LACK OF PERSONAL GROWTH OPPORTUNITES	26%
LACK OF LOCATION/HOUR FLEXIBILITY	21%
LENGTH OF PROCESS	5%

From a candidate perspective, poor team alignment and limited access to data are major warning signs that the current employees don't have a unified vision, or that the company's product isn't very promising.

This indicates to the candidate that the employer lacks direction, and is likely not a great opportunity to jump on. Candidates are wanting to hear a consistent message on the role and company vision, and it's on your hiring team to meet this expectation. Having data on customers, revenue, growth, and other key performance metrics is turning into a must-have for candidates. With this in mind, prepare a "sell deck" in advance that highlights these data points along with your company's product and culture.
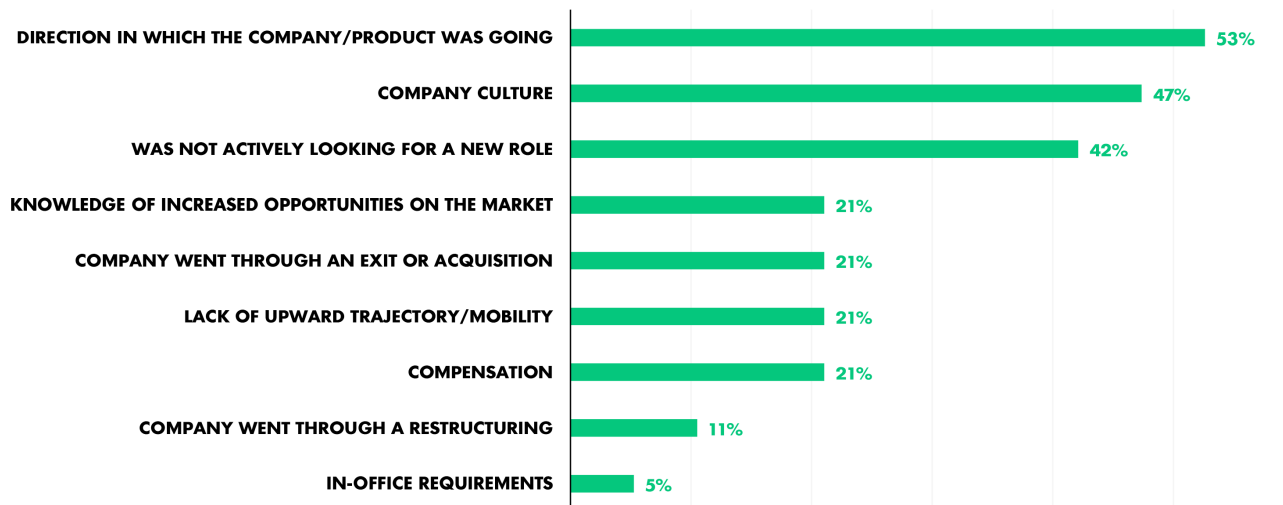
Similarly, a high attrition or employee turnover rate is a major indication that the company isn't seeing success in their leadership or product vision. It may even be a sign of a negative or toxic workplace culture. Candidates are eager to avoid working for employers that fit any of these descriptions, let alone waste valuable time participating in these employers' hiring processes.

DEMONSTRATE TRANSPARENCY AND A UNIFIED DIRECTION

When asked to identify which main factors caused them to start looking for a new role, 53% of executives surveyed reported that the direction in which the company was going is a main driver. Candidates are excited about opportunities for growth at companies that they believe have a high potential for market success.

Q: What were the main factors that caused you to start looking for a new role?

REASONS CANDIDATES STARTED INTERVIEWING FOR ROLES

Reason	Percentage
DIRECTION IN WHICH THE COMPANY/PRODUCT WAS GOING	53%
COMPANY CULTURE	47%
WAS NOT ACTIVELY LOOKING FOR A NEW ROLE	42%
KNOWLEDGE OF INCREASED OPPORTUNITIES ON THE MARKET	21%
COMPANY WENT THROUGH AN EXIT OR ACQUISITION	21%
LACK OF UPWARD TRAJECTORY/MOBILITY	21%
COMPENSATION	21%
COMPANY WENT THROUGH A RESTRUCTURING	11%
IN-OFFICE REQUIREMENTS	5%

According to Pauline Chen, Head of Product at Encamp, an OpenView portfolio company, when assessing new opportunities, she first evaluates if she's excited about the company's product. Then, she sees what growth stage the company is in and if that aligns with her interest, and researches their funding and leadership team. She is also looking for alignment across departments:

ENCΛMP

In the past when they talk about company goals, are they being consistent? If one person thinks they're going north and another person thinks they're going west, we're going to have a problem.
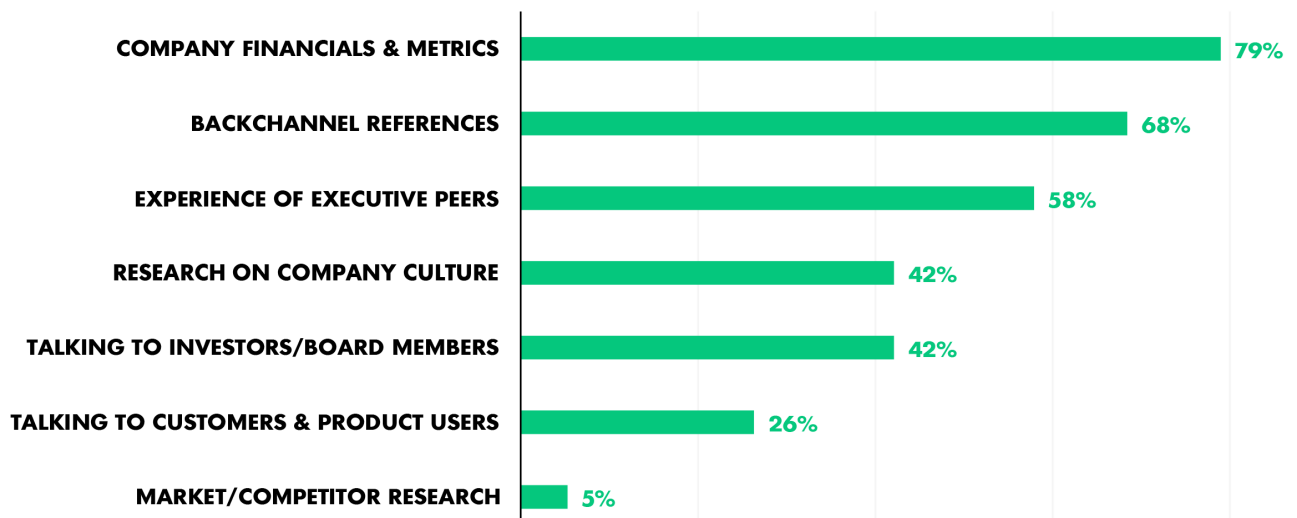
PAULINE CHEN
HEAD OF PRODUCT

Samantha Strube, VP People at Encamp, says, "I am definitely looking at product market fit and financial viability of the company." She expresses how important financial viability is for her to be able to do her job: "There was a situation where I rolled out a major employee benefit and then had to roll it back 6 months later because the organization was not financially prepared for the long term costs."

And in regards to learning about your company's direction, candidates aren't just going to take your word for it. Candidates are asking for NDAs more than ever—they have too many opportunities on their plate to not run deep diligence on the handful of companies they are deciding between. The survey data supports this trend: when asked about the most effective ways they evaluate a role and company, 79% of executives responded with "company financials and metrics" as one of their top three.

Q: What are the most effective ways you evaluate a role and company?

CANDIDATE DILIGENCE BEST PRACTICES

COMPANY FINANCIALS & METRICS	79%
BACKCHANNEL REFERENCES	68%
EXPERIENCE OF EXECUTIVE PEERS	58%
RESEARCH ON COMPANY CULTURE	42%
TALKING TO INVESTORS/BOARD MEMBERS	42%
TALKING TO CUSTOMERS & PRODUCT USERS	26%
MARKET/COMPETITOR RESEARCH	5%

For CEOs and hiring managers, this means that transparency is key. Give them that NDA. Some founders have the tendency to portray their company as more mature or established than they really are, but you can't distort reality to candidates in this market. If you aren't transparent about metrics or how established a certain function is, once your great new hire shows up on day one and gets their first look under the hood of your business, they aren't going to be too happy.

This can happen across departments and functions. For instance, it's typical for sales leaders to leave companies after just a short period of time because they realized how much building really needed to be done. Candidates want total alignment between the stage of the company they are considering and the stage they prefer to come in at, which also is where they can add the most value.

COMPANY CULTURE STILL REALLY MATTERS

Out of the executives surveyed, 42% identified company culture as a factor which caused them to start looking for a new role. Often vague and loosely-defined, the term "culture" is thrown around a lot in professional circles. For many companies, this ambiguity is evidence that they are struggling to establish or maintain the strong organizational culture that candidates are yearning for. You might attribute this to challenges onset by the pandemic—but regardless of the cause, culture issues result in retention issues, causing people to pick their head up for roles.

The fact of the matter is that company culture is critical to your potential hires, and they're not afraid to explore pretty non-traditional methods of evaluating it. In fact, 68% of survey respondents listed "backchannel references about the company and leadership team" in their top three most effective ways to evaluate a company and role.

As a CEO or hiring manager, you can't control what a candidate might dig up or who they might contact for information about you or your company. It's fair to say that your best strategy for addressing a candidate's concerns here is to simply foster a positive and supportive working environment.

However, you might consider offering candidates a shortlist of reverse references as a proactive tactic. This might look like providing contacts for a handful of people you've worked with in the past who'd be willing to talk to vouch for your leadership style and approach.

HOW FOUNDERS CAN MANAGE THE HIRING CHAOS ✅

❚ BUILD CLEAR HIRING PROCESSES AND ALIGN INTERVIEW TEAM

Luke Jacobs, CEO & co-founder of Encamp, is proud of the work he's done in building out his people team—especially with key hires like Samantha. In the past year, he says that he's identified two or three people, usually talent coordinators, who can do initial passes to filter out people before promoting them to a panel interview.

"I ask myself, who are the key players where if you don't get a pass from that person, there's no point in continuing the process anyway?" says Luke. Maintaining this mindset helped Encamp build a hiring process that's intentional and considerate of both candidate and employee time.

ENCΛMP

Another thing that's worked really well— we released our Encamp Culture handbook. It's been referenced by almost 100% of the candidates we've had. As an asset, it's a winner.

LUKE JACOBS
CEO & CO-FOUNDER

HIRE A STRONG PEOPLE LEADER TO ESTABLISH TRANSPARENT AND EMPATHETIC PROCESSES

Samantha Strube, VP People at Encamp, advises founders to make sure HR has a seat at the table and enable their people leaders to be strategic partners in the business.

Samantha's impact on Encamp's recruitment process in the 8 months since she joined the team is a testament to the importance of hiring a strong people leader. She recalls that one of the reasons she decided to take the role at Encamp when she wasn't actively looking is because of the genuine trust she felt interviewing with CEO and co-founder, Luke Jacobs.

"What Luke basically said to me is, 'my job is to hire smart people and then get out of their way.' It came across as really authentic," says Samantha. It was this supportive yet empowering company culture that gave her the confidence to implement hiring practices that prioritize the candidate's experience. Her approach to empathetic hiring has differentiated Encamp in the eyes of prospective candidates and allowed them to stay competitive in such a hot market.

ENCAMP

We have two goals:
to be professional and to be compassionate.

Professionalism plus compassion equals
a dignified process for the candidate.

SAMANTHA STRUBE
VP PEOPLE AT ENCAMP

Transparency is at the cornerstone of her approach to recruiting. Informing candidates of where they stand, providing constructive feedback, and being diligent with communication helps retain top talent in what is often a long and exhausting process.

Even before candidates are brought in for the first interview, Encamp's commitment to transparency is evident in the application process. Encamp's people department made the decision to list a contact email in every job posting, and a postscript that says 'if you don't hear from us within ten business days of your application, contact us at this email.' According to Samantha, "If we're doing our job, candidates shouldn't have to reach out to us." Encamp has over a 90% offer acceptance rate largely due to their dedication to transparency, professionalism and compassion.

Upon interview invitation, the Encamp team will disclose the salary range for the role. This gives the opportunity for candidates to opt out if the numbers don't align with their expectations without having to waste any more of their time. "We're also very accepting of feedback for these salary ranges, and we invite candidates to let us know if they think we are missing the mark."

Encamp's approach to hiring results in better candidate experiences. Having thoughtful processes established by HR takes the pressure off founders to bear the brunt of recruitment strategy. Samantha believes that having strategic leaders in HR is necessary given the current hiring climate: "I think the change in the market dynamic has changed candidates' expectations and required companies to step up. The power is in the candidates hands."

Encamp's hiring culture has even come to receive positive feedback for it's value on transparency and empathy. Luke happily reports that "candidates have given us positive Glassdoor reviews during the hiring process even when we haven't hired them because they thought the candidate experience was awesome."

CONSIDER REDUCING COMPLEXITY OF THE ORG

"I could probably spend all day, every day on recruiting right now," says Jason Ray, CEO and co-Founder of Paperless Parts. "And it's not just recruiting and hiring, but it's building an intentional strategy for how you scale a company." Right now, Jason cites spending at least an hour to four hours a day, on hiring and recruiting efforts.

A main component of his hiring strategy is to be intentional with each new addition to the company. "I was given the advice to pay the premium salary for people who are ten times better," Jason explains. A lot of key hires at an early-stage company will be marked as a $70,000 to $90,000 annual salary role. Jason's recommendation is to instead "go hire a $200,000 person who is ten times better."

Having smaller teams of more qualified people allows a company to "reduce complexity or the org and win," says Jason. The greatest impact here is on communication. According to Jason, people scale linearly but communication scales exponentially.

paperless**PARTS**

If you've got one person rowing a boat, they control the boat. You put three people in a boat, they can coordinate with pretty minimal communication. Now you put a hundred people trying to row all together and you need management, processes, and complex communication.

JASON RAY
CEO & CO-FOUNDER

Engineering capacity doesn't scale linearly. Scaling from two to five engineers often means you're only running at three engineers' capacity because now you have the weight of meetings, communication, and multiple people touching the code base. Jason believes that the same thing is true throughout the entire org, and that in attempting to fill your org with mid-tier hires, you may be acting penny wise and pound foolish.

Jason credits a lot of his philosophies around hiring to Sam Corcos, CEO and co-founder of Levels around organizational design principles, and principles of effective communication.

KEY TAKEAWAYS⭐

At the end of the day, your business is only as strong as its people. Whether you're leading an established corporation or an early-stage startup, you probably feel like finding and keeping the industry's best is still mission critical in 2022. The challenges to hiring might be different than they were in the past, but they are not insurmountable. We believe recognizing where and how the hiring process has transformed in the past year—for both the candidate and employer—is the first step to staying competitive in the fight for top talent.

Remote work is the norm.

The average company expects to be 87% fully or partially remote post-pandemic. Although remote work might not work for every business model, many candidates expect this level of flexibility. But there's a benefit here for employers besides just lower overhead costs: If remote work is something that your business wants to embrace, then you can significantly increase your talent pool by expanding your search across the country—or even across the world.

87%
fully or partially remote post-pandemic
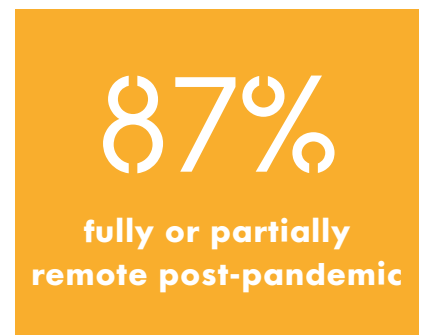
Compensation expectations have risen.

It's a job-seeker's market. The shortage of talent we're seeing in the hiring market and the high-competition for qualified candidates is reasonable cause for our finding that 86% of respondents reported seeing an increase in compensation expectations.

86%
see an increase in compensation expectations
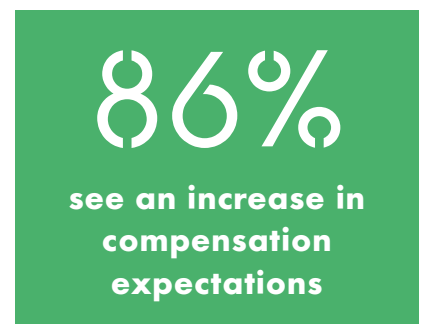
Time to hire has doubled.

Companies relying on external recruiting teams to source talent have seen this metric literally double—a 70-day process in prior years is now a 140-day process today. This means employers need to plan further ahead for making key hires to avoid delays in reaching goals tied to each function. Businesses should also consider investing in building out their own internal recruitment team to have a tighter grasp on the entire process.

2x
increase in time to hire

Demonstrate a unified vision to candidates.

74% of candidates cited "misalignment on the role and vision across interviewing teams" as a major red flag. They might lose faith in your company's direction or viability and ultimately be turned off from the opportunity. Remember that your candidates are taking the opportunity to assess you and your teams, so you need to be prepared to impress.
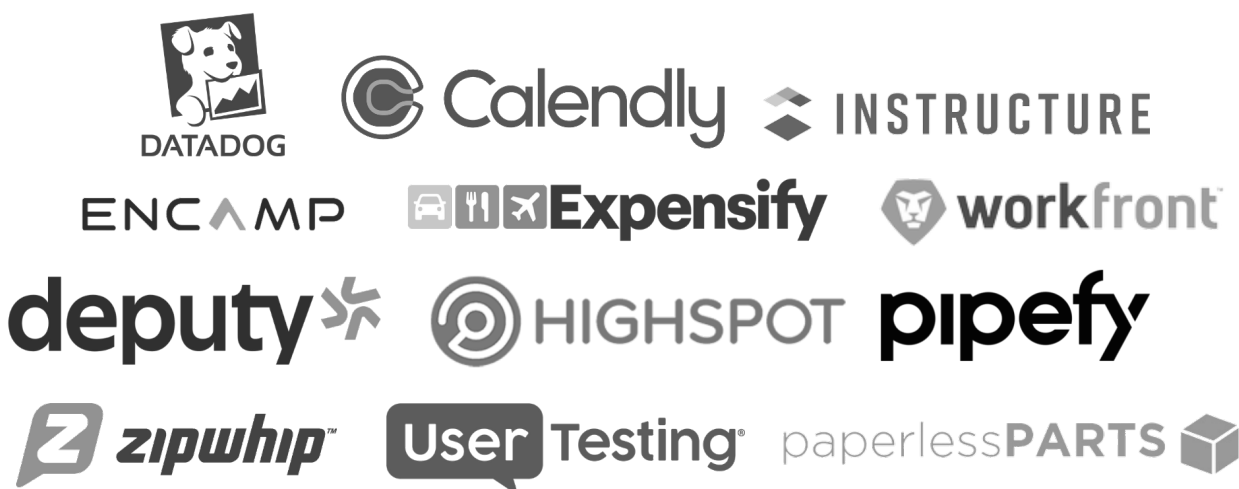
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THE EXPANSION STAGE VC

Our mission is to improve people's working lives.

We do this by investing in the best software companies and helping our portfolio companies accelerate growth and become market leaders through hiring top talent, and connecting them to the resources they need to succeed.

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