ROUNDTABLE:

How do we develop and retain talent within the ecosystem?

Facilitator:
Marty Reid, Executive Director, SETsquared

Panellists:

Krishna Thakur, Founder, Capri Health

Alan Furley, Founder, ISL Talent

Andrew Wray, Director of Bristol Innovations (Impact), University of Bristol

Dr Laura Powell, Technology Transfer Associate, University of Southampton

Gordon Bateman, CEO, CRSI

Colin Dart, Business Acceleration Programme Manager, Exeter Innovations

Ash Toye, founder of spin-out company Scarlet Therapeutics, University of Bristol

Adrian de Ferranti, Investor, Ferranti Ltd

Deep tech start-ups face many challenges in their quest to scale up and become profitable. Whilst access to finance and investment are often cited as common barriers, talent – especially leadership and management skills – is an even bigger concern for scaling companies.

This is supported by the Scale-Up Institute's Annual Review 2024, which highlighted talent recruitment and retention as one of the foremost challenges highlighted by scale-up CEOs.

Although technical skills like data science and engineering are in high demand, the shortage of experienced leadership talent, including business development, branding, marketing, and strategy expertise, poses a greater challenge.

To explore this in more detail, SETsquared's Investment Futures event brought together key players from the ecosystem to explore how to attract and retain top talent in SETsquared's regions in the South and South West, which lack the scale of London or Oxbridge.

Leading the panel, **Marty Reid, Executive Director at SETsquared,** has seen first-hand the barriers to growth for science and technology companies within SETsquared's portfolio, and he posed the questions to understand how access to talent plays a part in this.

Does the need for business and leadership talent within our deep tech start-ups and scale-ups resonate with those around the table?

Krishna Thakur, founder of Capri Health, got the ball rolling: "As the founder of a health technology company, I recognise that there's only so much a founder can do. When you start a company, you think you know it all, but you soon realise that there's a lot more to know and many more skill sets you need, and business development is right at the top of my list."

Alan Furley, founder of ISL Talent, a recruitment business for deep tech venture-backed start-ups at seed and Series A stages said, "I recently took part in a workshop for Science Creates in Bristol. One of their slides said you need a hipster, a hacker and a hustler. I think the hustler type of person is less common in scientific businesses. At an early stage, these businesses simply look to cover the roles. But I think as you start to then grow, you need to look at bringing in additional expertise.

"I also did a workshop with the Royal Academy of Engineering's Shott Scale-Up Accelerator on attracting and retaining talent. Of the 15 scale-up businesses taking part, all recognised that as a start-up, you often hire the equivalent of friends, family and fools. Then, going forward, how do you maintain culture but also evolve as a business to recognise that going from nought to one requires a different skill and mindset than the growth phase?

"Commercial and leadership skills are two key areas where there can be gaps, but should you double down on the team that you've got that are good individual contributors and invest considerable resources to help them become leaders, or do you bring in experienced people and risk the culture piece by bringing in someone with big company experience but doesn't understand the name of the game in start-ups? "
Alan Furley, Founder, ISL Talent

"As a business, we're not huge, but we have gone from 10% commercial roles to 37% commercial roles in the last three years, which I think recognises that, particularly in the investment landscape at the moment, that need for commercial talent is much greater than it was a couple of years ago."

How can regional start-ups effectively advertise their job roles?

"I think what we need is a miniature version of what some of the large companies do. Large companies like Pfizer and Rolls Royce, as well as doing the milk round to recruit, also come into our doctoral training areas and look for the talent that they'll recruit in two or three years time," commented **Andrew Wray from the University of Bristol.**

"What would be great is a system that allows start-ups to offer small-scale, term time challenges to students who undertake low-risk projects at a lower salary. It would give them exposure to entrepreneurship in real life. It exposes the company to a room full of interesting people who they might conceivably recruit later. That's something we're just starting up in Bristol, but I think we need schemes that are low risk and low effort for small companies more widely."

Comment from the audience: "I do a lot of work with business schools for MBAs. I'm not in any way suggesting that MBA is the answer to everything. Your typical MBA student is going to have 6/7/8 years of experience. With this solid business grounding, they may be interested in those sorts of start-up opportunities. We see people who are more interested in doing something a bit different. Yes, they can go and get paid more to do consulting or work for big tech companies, but they are also interested in other opportunities."

Do we make the most of business school resources in the UK?

Dr Laura Powell, Technology Transfer Associate from the University of Southampton opened this question with, "I think we should look at Sweden as a model of best practice here. Swedish universities make better use of their business schools. Chalmers University of Technology runs a great scheme where they connect people who are doing business, who don't necessarily have an idea, with someone who has an idea but doesn't necessarily have the business skills.

"Going back to the point about retaining talent. Before I started working at the University of Southampton, I was offered a job at a spin-out company, but I honestly didn't see the benefits, and that's what we're lacking. We're not telling people the benefits of working for a spin-out well enough so that whilst they might see that it's actually a risk, it will pay off in the long run. There's a big information piece missing."
Dr Laura Powell, Technology Transfer Associate, University of Southampton

Gordon Bateman from CRSI continued, "I've been working with spin-outs and investors for over 30 years. I think my view may be a little bit controversial, but 99.9% of people shouldn't be in this space. It's become fashionable, but people don't know what they're getting into working in an early-stage business. When you're in a spin-out, you want to be surrounded by people who genuinely know what they're getting into. Working in a spin-out or an early-stage business is relentless. It's hard, it's difficult.

"How does a business school connect into that ecosystem of those wrongly wired people who might not think going to business school is what will be right for them?"

"Going back to a point made earlier about the visibility of jobs at start-ups", raised **Alan Furley,** "People in the early stages of their careers see the roles at Rolls Royce and Barclays. There are not many start-ups going into business schools or schools talking to 14, 15 & 16-year-olds and building a narrative of what it's like – so that they can attract them - by demystifying it.

"If you're a founder, you feel good if you hire somebody from Microsoft because it's a nice logo to put on your pitch deck. But often, recruiting someone because they went to Cambridge or because they worked at Microsoft is exactly the opposite of what you should be selecting them on. When we look at why people leave jobs at scale-ups, often it's not cultural fit; it's that they expect a team of 10 people around them rather than having to do everything themselves. It's a challenge – how do you find that crazy person who is going to thrive on this?"

Andrew Wray added to this, "That's why it's really important we expand the area of student projects, student career fairs, and student meet and greet sessions so that there's more exposure and understanding. As an example, within Computer Science at the University of Bristol, we have final-year student projects that are set by professors, big corporates and start-ups. Anyone can put a challenge in, and we advertise it like crazy in the local area."

Gordon Bateman continued, "Back in the 90s, BT was haemorrhaging senior management to start-ups. If you work for BT, you shouldn't be working for a start-up, and they'd quickly realise they were in the wrong place because they would want that army of people around them. So, we started placing them into start-ups on secondments so they could get a taste of what the working environment would be like."

Colin Dart, Business Acceleration Programme Manager at Exeter Innovations, gave his perspective, "My thinking is based on learning from both sides of the camp – supporting the start-ups and academics as well. Exposure must come from taking it out of the safe environment of modular academia. When it comes to placements, placing them at their risk is probably the greatest exposure but still within a safe environment. Our previous programme, IKEEP, was a great example of this because it was extracurricular. So, participants had to choose to do it and apply to the company. If they then failed, they were told to move out of the door and that the environment wasn't right for them. Having that safety net removed helps get that exposure without the need to be employed in those companies, which would be a bigger risk."

Dr Laura Powell asked, "If you do hire someone and you realise they aren't as good as you thought, how do you then work with them to develop them and make them better versions of themselves?

"How many conversations do you hear at management meetings about individuals who aren't performing when the majority of people are performing? So time is spent focussing on the wrong individuals."

> *"Culture is often the reason people leave as opposed to skills. 80% of companies hire on functional skills and fire because of cultural fit, and a lot of founders hold on to the wrong people for too long,"* **Gordon Bateman, CEO, CSRI.**

Colin Dart asked, "Are we hampered by employment law here? At SETsquared Exeter, we support businesses, and we often tell them not to hire for the board they want in three years' time to hire for the board they need now. The one that will transition you to the next stage, and it's OK upfront that we only want you for six to 12 months. But that's very different with employment. It becomes harder. Apart from fixed-term contracts, but no one wants a contract for six months."

Gordon Bateman continued, "When we're recruiting onto a board of a business, we say exactly what they are expected to achieve, after which point they will leave. Otherwise, it becomes difficult. The board member doesn't want to say their time is done because they don't want to let the company down, and the company doesn't want to say their time is done because it might annoy the board member. But if there's an agreement that you reapply for your job every year, then it's easy for either party to walk away."

Is there a support opportunity here to help start-ups and scale-ups find advisors and board members?

"Someone said culture earlier on. How do you look past the functions that you need someone to perform and hire based on cultural fit? Often, spin-outs will say, 'We want a sales and business development person', and when we ask why, they say because they want sales, but that's just a function", said **Colin Dart.** "There's a wonderful story from someone in Exeter who said, 'I hired someone from major tech firm, and it turns out that they were shockingly bad at selling; it was just that tech had a good product everyone wanted. So, if they'd looked at the person rather than the role, it may have been a different story."

Dr Laura Powell continued, "There's a good argument here that you actually open the pool of talent to a more diverse group of people when you describe the person, not the function. We know that gender differences mean that women may look at the role and feel they only fulfil 80% of the skillset and, therefore, won't apply. Someone else may come along and see they can only do two of those things but will give it a go anyway."

> *"It's odd that we have well-documented research models about what a start-up team needs, and yet we still look for the same profile person. We need team players and risk-takers and all of those things. Those are the diverse human capabilities that we all recognise, and yet we still go for the safe guy that's got good contacts."*
> *Colin Dart, Business Acceleration Programme Manager, Exeter Innovations*

"Often, in a start-up, you're recruiting for a role that you've never been in before," said **Gordon Bateman.** "I recently worked with a founder who was looking to recruit a CTO, and she said, 'I've never been a CTO; what does that look like? What should I look for?'. That's the beauty of being part of a programme or accelerator because you can bring in someone who has recruited for that position before, and I think sometimes we're afraid to do that. Interviews should be hard; you have to go really in-depth to know that someone has the right capabilities beyond the skill set. The biggest chunk of what we do is organisational design. Every business is unique depending on the DNA of the person that made it.

"When we're helping companies recruit, we use weighted scorecards. We create this superhuman that no one person could fulfil, and then we cast the net wide enough to attract a diverse mix of people with different skill sets who together can meet the needs of a business."

Comment from the audience: "It does seem that there's an opportunity for more organised support around HR recruitment and management, retention and letting go, if necessary. I think we tend to focus historically on things like financial and legal advice that can be brought in pro bono, which is necessary. But this is another area. I've certainly done this role as a guest recruiter for another organisation, and it's brilliant because I can ask all kinds of random questions, but I've got a bit of experience in interviewing, and I think that's also that's a really critical thing that our start-ups could benefit from."

Gordon Bateman continued, "The piece we could definitely provide is training founders on how to interview candidates. We all think it's a natural behaviour, but we've found that very few founders have any form of training in interviewing.

Adrian De Ferranti gave the investor perspective, "The most important thing is realising there is a problem. I'm a serial investor, but I don't think of myself as that; I see myself as a serial headhunter because, in fact, all I'm really trying to do is encourage the entrepreneur to build a team around them.
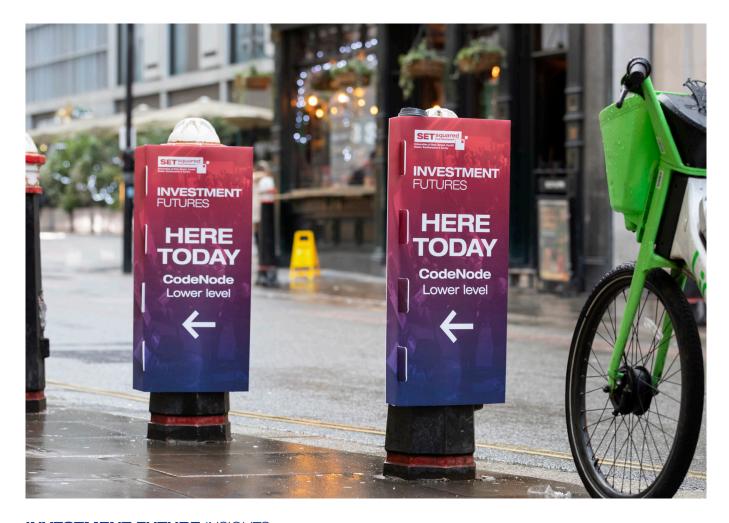
> *"If a business doesn't have a strong culture, it won't survive. It's finding an entrepreneur who's willing to bring in a CEO because building a product takes 100% of your time. Running a business takes 100% of your time. It doesn't matter how brilliant you are, you can't do both at the same time."*
> *Adrian De Ferranti, Investor, Ferranti Ltd*

Ash Toye from the University of Bristol, founder of spin-out company Scarlet Therapeutics, added, "As the academic, the spin-out was my idea, and the hardest thing was finding someone I could trust to run the business because I knew I didn't want to be CEO but I still wanted some involvement. Our TTO came up with the idea to run a competition between the consultants who were involved in the business, and all had the potential to be CEOs to help with business development and work with the co-founders in spinning out the company. Essentially, through attrition, we hired the right person. I thought that was a clever idea. The candidate we thought was really great with the biggest network turned out to be useless – which was shocking. So, I would advise any founders and TTOs to try this system out."

"Something that's probably acknowledged but not spoken about. The difference in an academic spin-out is that the culture already exists. Your culture started when you started that research. You had a research group underneath you. You probably already had the grant funding and built a vision", added **Colin Dart.**

"How do academics understand how hard it can be, and how do they know they can balance it with a teaching career? And when do they step out? They can reduce their teaching time because they're bought out and then put a little bit into the spin-out. Well, again, you can't just put a little bit into a spin-out. You've got to jump ship. And that's very different from a normal start-up, whereby a lot of those decisions are made upfront. It's clear that academic founders can make fantastic business leaders, we need to ensure that there is support available to help them build the team they need around them."

IN SUMMARY

The discussion provided a valuable overview of talent acquisition and retention challenges in the tech ecosystem, emphasising the need for leadership and business development skills. Key points included the importance of developing regional ecosystems, the role of business schools, and the need for diverse talent.

The conversation highlighted the difficulties start-ups face in attracting and retaining the right talent, the role of hubs in providing exposure, and the necessity of cultural fit. Suggestions included leveraging university resources, using advisory boards, and promoting best practices in hiring and management.

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