

ABC PLATFORM LIMITED:

New age startups and ever evolving career succession

A Talent Management Case

Author: Disha Mehra

Author's Note

To maintain confidentiality, the company name used in this case study has been changed. All data and findings are authentic and based on the original case context. Any resemblance to actual companies, organizations, or individuals is coincidental.

INTRODUCTION

On a dreary Tuesday morning, Mr. Aman, the Vice President of the Human Resources Department of ABC, an up-and-coming fintech company, was perturbed at a report presented by the department's Chief Analyst. To his utter dismay, he found that the attrition rate had seen a Y-o-Y increase by a magnificent 7.5%.

The suave man soon started thinking about the possible explanations for the increase in the trends, despite the proactive measures taken by the firm to curb the ongoing practice. The wages had been in accordance with the market standard, if not more and with the attractive HR policies, he had been so sure that the employees at the middle-management level would be able to retain the brightest minds of the country which could be able to manage the challenges faced by the organization.

In order to understand what the ultimate reason for the alarming increase was, he enlisted the help of Ms. Neha Chauhan, a talent management consultant, who had assisted several technology firms and had helped them in properly utilizing their talent. As a part of her process, she interviewed from the top management and could see an underlying issue which had been not visible at the financial implications or operations of the organization. Ms. Chauhan had interviewed employees of the middle-level management and saw that the employees had been unsatisfied with the lack of clarity associated with the progression on the corporate ladder and could not be selective in choosing the projects through which they could progress in their domains.

The issue had been mostly unnoticed because of the lack of communication to the upper management. One of the employees interviewed had been contemplating about leaving the

organization as they did not know the promotion policy which seemed arbitrary and biased as the person at the same level is given a promotion to projects which did not seem deserving of the capability of the employee who was granted the reward per se.

The lack of transparency as well guidelines gave the employees the impression that the organization was dishonest in the practices as well disorganized in their approach towards the progression of career succession in the employees. A recent problem in one of the projects undertaken had presented the problem as the employees were not able to deal with the demands of the clients and had to stretch the tasks. The reason cited had been the lack of experience on the part of the middle management who had been used to a particular set of projects and did not experience the diversity in the projects which may have given abilities to oversee the projects on a larger scale and create more productivity for the products.

Ms. Chauhan had been analyzing the day-to-day operations as well as the financial aspects of the projects undertaken. The investigation had revealed that the projects had been facing high attrition rates and particular projects had seen a monopoly of people from only one department and had seen a lack of coordination because of the tussle between the employees over wrongful promotion of their colleagues, as heard in the interviews. The refusal of colleagues to work cross-departmentally had been a cause of concern for the senior and upper management as the scope of the projects had greatly decreased, along with the quality of deliverables.

ABOUT THE COMPANY

ABC (ABC Platform Limited) is a financial technology firm based in the United Kingdom that specializes in mobile-first banking for small and medium-sized businesses. It allows companies to open a current account and gain immediate access to a variety of financial services (including automated bookkeeping and integrated invoicing).

ABC is the UK's leading provider of smart current accounts for sole traders and small companies. It's also on a mission to save business owners time and money on their banking and finance admin so they can get back to doing what they love. These customers have been under-served by the big banks. Their Offices are in London, UK, Sofia, Bulgaria, Hyderabad and Gurugram, India, where their teams are revolutionizing business banking for SMEs. They are also the leading provider of UK SME business accounts and one of the fastest growing fintech in the UK.

They're scaling at speed with a focus on hiring talented individuals with a growth mindset and can juggle multiple and sometimes changing priorities. ABC's values are:

- 1) Show their commitment to working as one team, **working collaboratively** to act and deliver results.
- 2) **Members first**, they are passionate about their members and put them first.
- 3) Be **data-driven**, they make decisions, creating insight using data.

They're also one of LinkedIn's top 10 hottest UK companies to work for.

Their services are for all types of small business owners. They aim to be as diverse as their members, so they hire people from a variety of backgrounds.

Their diversity not only reflects our multicultural society but that this breadth of experience makes them amazing at solving problems. Everyone here has a voice and can make a difference.

ABC is one of the first digital-only finance companies in the UK to offer business current accounts, having launched in 2015. It has offices in London (headquarters), Sofia (Bulgaria), and Hyderabad (India) as of today.

Products And Services:

For small business owners, ABC has developed a collection of financial instruments. Customers can open business current accounts by scanning an ID on their phone, and a Mastercard debit card will be given to them to use for commercial purchases. The ABC business service is accessible for iPhone, Android, and desktop computers.

In addition, the organization provides an automated bookkeeping solution as well as integrated invoicing. ABC created an API that enables for connections with iwoca, a loan provider, as well as accounting software like Xero, FreeAgent, ReckonOne, and Sage. Along with Starling Bank, TransferWise, Revolut, and Soldo, ABC was one of five fintech disruptors to introduce Xero Bank Feed integration. ABC has partnerships with PayPoint and with the Post Office to facilitate cash deposit services.

ORGANIZATIONAL STRUCTURE

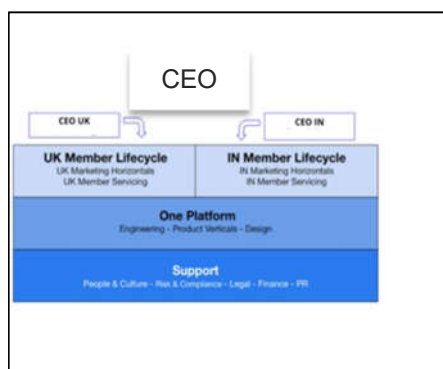


Figure 1: Organization Structure

Starting at the bottom, you will see Support which are their enabling functions, the risk and compliance team is large as they are a regulated company and its critical, they manage risks, financial crime etc. Then moving up to the middle section, is their one platform which includes engineering, product and design across all their global locations, which will stay centralized even if they expand into more locations. Then they have their two life cycles, one for the UK and one for India and these will be specific to each location they launch in. These include their marketing horizontals.

ABOUT THE INDUSTRY

Fintech, the word, is a combination of "financial technology". It refers to new technology that aims to improve and automate the delivery and usage of financial services. Fintech, at its most basic level, is used to help organizations, company owners, and individuals better manage their financial operations, procedures, and lives through the use of specialized software and algorithms that run on computers and, increasingly, smartphones.

Up until now, financial services institutions offered a variety of services under a single umbrella. The scope of these services encompassed a broad range from traditional banking activities to mortgage and trading services. In its most basic form, Fintech unbundles these services into individual offerings. The combination of streamlined offerings with technology enables fintech companies to be more efficient and cut down on costs associated with each transaction.

Some of the most active areas include:

- Crypto currency
- Block chain technology
- Smart Contracts
- Open banking
- Cyber Security

ABC'S FINANCIALS

ABC has been one of the disruptors in the B2B Debt Market of the UK (Exhibit 1). ABC holds a market share of 5.5%. ABC has successfully raised 195.2 million dollars of funding in 9 rounds.

Following is the table which indicates the funding received in the 9 rounds (in reverse chronological order).

Date	Transaction Name	Number of Investors	Money Raised	Lead Investors
Jul 12, 2021	Series C	7	\$100M	Apax Digital
Apr 19, 2021	Non Equity Assistance	1	-	Future Fifty
Dec 1, 2019	Secondary Market	1	-	-
Oct 6, 2019	Series B	7	£44.1M	Augmentum Fintech, SBI Group
Jun 13, 2019	Venture Round	1	£5M	Augmentum Fintech
Dec 1, 2018	Convertible Note	6	\$8M	Augmentum Fintech, Goodwater Capital, Speedinvest
Aug 20, 2018	Convertible Note	4	\$10.5M	Augmentum Fintech

Jul 4, 2017	Series A	4	\$14M	Anthemis Group, Creandum
Jul 25, 2016	Seed Round	8	\$2M	Passion Capital

Source: Crunchbase

ABC has been funded by 21 investors. Out of these 21, 9 are lead investors.

Following is the list of investors of ABC:

1. Speedinvest
2. SBI Group
3. LocalGlobe
4. Jigsaw
5. Augmentum Fintech
6. Apax Digital
7. Anthemis Group
8. Future Fifty
9. Hambro Perks Ltd.
10. Goodwater Capital
11. Creandum
12. Passion Capital
13. Rabo Frontier Ventures
14. MS&AD Ventures
15. Latitude

Individual Investors

16. William Reeve
17. Jason Goodman
18. Ian Hogarth
19. Greg Marsh
20. Errol Damelin
21. Alexander Edward Chesterman

Currently, ABC has on boarded nearly 350,000 SMEs as well as been able to open more than 410,000 business accounts ever since its inception in the UK in the year 2017. With the new funding they want to aim to develop their business, focus on international expansion as well as increase the market share. ABC also has been given \$ 120 million as grants in partnership with ClearBank from the RBS Alternative Remedies Package.

In India they aim to recruit 25,000 SMEs and are looking forward to serving nearly 2 million SMEs in India in the upcoming years.

TALENT MANAGEMENT PRACTICES AT ABC

Following are the best practices at the organization ~

1) *RISE review process*

Through its performance review process, the organization aims at accomplishing: Transparency, Simplicity, Fairness, Timeliness, Alignment, Recognition and Focus on Improvement. They want to inculcate a culture of continuous feedback and self-improvement wherein they emphasize on the fact that, *“Performance reviews are just an extension of the ongoing conversations that you should be having with your managers and other ABCians”*. (Refer to Exhibit 5)

2) *Just in Time (JIT) Hiring*

JIT recruiting is a hiring methodology that involves providing hiring managers with candidates that match their exact specifications, precisely as they're needed. It's a system of hiring that's based entirely on demand, rather than filling up a deep recruiting bench and waiting for positions to open up.

JIT has its roots in the popular lean management philosophy. Lean business practices were born in the manufacturing world, involving continuous improvement through process optimization. Every manufacturing workflow is deemed to be either value-driving or detrimental; the value-boosting strategies are refined while the unhelpful ones are removed. Through this, more value is produced with less work.

This same methodology can be applied to a recruitment strategy. But unlike manufacturing, where inventory can sit in warehouses for weeks before it's ordered, recruited candidates don't wait. People move, develop different skills, and explore new opportunities. This is why recruitment

agility is so important: Candidates in the talent pipeline have a shelf life (almost) as short as that succulent swordfish.

3) Employee Benefits

- **Family Medical Insurance Cover**

1. Covers all employees and up to 3 dependents (Spouse/Child/Parents/In Laws) from employment start date.
2. Family floater cover of INR 4,00,000/5,00,000/6,00,000 (2021-2022 policy).

- **Accidental Insurance**

1. Covers all employees
2. Starts from the date of joining and ends on the last working day.
3. Cover of INR 20,00,000. Partial or permanent disabilities covered.
4. Please read the policy document for exact details

- **Group Term Insurance**

1. Covers all employees
2. Starts from the date of joining and ends on last working day
3. Cover starts from INR 10,00,000 per employee based on levels.

- **WOO Equipment Support**

1. Permanent employees eligible for a 50% support, up to INR 9000
2. Can claim after completion of 1 month and once in 3 years

- **Special Dental expense support**

1. Company support to reimburse non cosmetic dental expenses up to INR 5000 per year (single) and INR 10,000 per year (Married/Single parent)
2. Confirmed employees and full-time contractual employees who have completed 6 months are eligible to claim entitlement per calendar year. Prorated for mid-year joiners/leavers.
3. Entitlement lapses on 31 Dec each year.

- **ABC India Referral Program**

1. Company offers referral rewards between INR 60,000 - INR 1,00,000 in India for certain roles/positions.
2. All permanent full-time employees are eligible for this scheme.

- **Covid Vaccination Reimbursement**

1. Company offers reimbursement of COVID Vaccine expenses as per prescribed rates.
2. All full-time employees and fixed term employees on a 12-month contract who have taken paid COVID vaccine 1st May 2021 onwards are eligible for this benefit.

THE REAL PROBLEM

“For a fast-growing company like ABC, high performance employees are the need of the hour. Especially at a time like this, when the company is looking to and actively working towards expanding its operations internationally, recruitment and retention of the best talent become more important than ever, which in turn necessitates a robust career development mechanism.”, said Aman.

Neha agreed, “Yes, absolutely. In fact, several research studies show that in the war for talent, the most efficient tool is the careful management of candidates for senior positions. Unfortunately, the development of a company’s future leaders is usually haphazard: there are no agreed-on best practices; selection criteria are confusing; solid contributors are demoralized by their exclusion from the process; development programs tend to leave out promising managers from daily operations. From the workforce perspective as well, career progression (climbing up the corporate ladder) is every employee’s goal. If they are unable to see a future for themselves with the organization, in terms of professional development and career growth, they are highly likely to want to hunt for better opportunities with our competitors.”

Also, the company faced the arduous task of adjusting to the behemoth of the toll that the pandemic had taken. Being a company reliant on the capability to adapt to the ever-changing market of the latest technology, it had faced less disruption in adapting to adopting new technology for its operations, but the workforce had been less than delighted with the current changes in the modus operandi of the company. The lack of clarity on communication, no face-to-face interaction with either colleagues or hierarchy in the organization. The online platform had provided less communication with the employees and the decisions regarding the movement had become more ambiguous, to say the least. The lack of transparency in the process had led to an atmosphere of distrust among the employees and was one of the cited reasons for the increase in the employee turnover rates.

Aman clearly seemed stressed and overwhelmed with this pressing situation. He knew it was time to retaliate to the problem at hand. Still deep in thought, he continued, “So all of this begs the following questions:

1. What can we do to retain our employees in the long-run and prevent losing them to the competition?
 2. How can succession management help ABC in resolving this talent crisis? How do we aid employees in their career progression and advancement?
 3. What should be our course of action and who all would be the participants/ stakeholders?
- Most importantly, what role does the HR department play in all of this?

We need to carefully assess the situation in the light of the fact that we are a new-age organization, so as to ensure proper alignment of our plan with the overall strategy.”

SOLUTIONS

Covid-19 has compelled organizations to re-evaluate their prevailing succession plans and rethink the leadership competencies they will need in this relatively newer world of remote and digital operations. The pandemic is also a lesson in how succession planning programs should not be static or too rigid; they must be adaptable to the dynamic environment and the ways in which business is run. Effective succession planning involves more than merely a replacement planning process. It also includes a comprehensive employee development system. A firm, like ABC, focused on emerging markets needs flexible people who can tackle the unfamiliar.

Employee engagement and morale can be immensely boosted by an organization's conscious investment in its human capital. As per Herzberg's theory of motivation, fulfilling employees' personal growth, achievement, and recognition needs enhances their motivation. Succession planning can be aimed at delivering all 3 motivators with the right design and consideration of demographics. Employee retention is a very big issue in today's time especially when people give up to the competitor's strategy of higher pay, better employee practices. Competitor companies today offer lucrative packages in terms of higher R&R (rewards and recognition) to lure employees. Also, companies are heavily spending to increase the comfort level of their employees.

ABC can closely work with employees and understand their individual needs. This can help to cater to their requirements properly. At present, ABC has an employee base of around 800 employees which will surely expand. So, a proper employee retention strategy needs to be in place which can help ascertain as to who all are the Red Area employees and take steps accordingly. Red Area marked employees are the ones who are about to leave the organization at the earliest and corrective actions need to be taken as soon as possible. Employees covered under Green Area are the most secured ones and are not thinking about leaving the organization any time soon. All these classifications can only be done through proper HR Analysis systems and by using predictive analytics.

In this day and age, when 2 out of 3 customers opt for banking transactions online, the growth of fintech companies is ensured completely. This is the time for any such organization to retain its present talent and attract new ones, in order to facilitate its own growth.

ABC lacked a formal organizational level competency framework. Competency framework linked with an effective as well as an efficient Performance Management System can aid in outlining a succession plan for the employees. A competency framework was thus developed, and six important organizational level competencies were identified. The six competencies which would aid ABC's growth are as follows:

1. Strategic Mindset
2. Leadership
3. Entrepreneurial Mindset
4. Relationship management
5. Performance
6. Work Execution

Each competency has six levels of proficiency. As one moves from one level to the next, the level of competence increases. An organization level competency framework can help in linking as well as aid in aligning the core organizational competencies with the competencies required in a job. It

would also help in identifying the high potentials. ABC can integrate its competency framework with its Performance Management System which is itself a robust system.

Competency Framework developed for ABC

Competency/Levels	Level 1	Level 2	Level 3	Level 4	Level 5
Strategic Mindset	Has an understanding of the strategy as well as the goals and objectives of the organization.	Understanding the short-term action plans and linking its impact on the department's day to day operations.	Understanding the short- and medium-term action plans and analyzing the impact on the relevant business and market operations.	Reviewing as well as re-implementing the action plans keeping in context the changing business scenarios.	Ability to devise the short/medium/long term plans keeping in context the changing business needs as well as keep in purview how they can satisfy the demands of all the stakeholders.
Leadership	Wants to be recognized as trustworthy.	Is able to help as well as guide the team members.	Takes the accountability of one's actions as well as has the ability to embrace various viewpoints.	Takes initiative in order to bring success to the business operations. Gained credibility among the organization. Has the ability to manage a hybrid workforce.	Has not only gained credibility but also in the times of adversity, can hold his/her ground strong. Has the ability to inspire the entire workforce.
Entrepreneurial Mindset	Takes the charge of bringing innovation in day-to-day business processes.	Takes the charge of working in uncertain scenarios.	Focuses on bringing on new business opportunities through appropriate analysis.	Seeking new ideas through multiple sources and focuses on developing new business solutions.	Envisions on developing new insights which can prove to be beneficial in the long-term prospects for the business. Has the capability of dealing with uncertainty, ambiguity and mitigating risk.
Relationship Management	Has the relevant interpersonal skills in order to manage relationships within the team.	Can effectively manage working with different teams.	Can manage interpersonal relationships with the different departments and can manage client facing roles.	Can effectively work by managing not only the internal stakeholders but also various external stakeholders.	Can best handle all the relevant stakeholders and also can effectively manage cross-cultural relationships.
Performance	Can outline realistic goals	Can outline realistic goals	Can outline realistic goals	Has the capability of devising new	Has the capability of devising initiatives in

	and expectations for self as well as devise means to achieve them.	and expectations for not only self but also team members and focuses on developing means to achieve them.	and expectations for self and other teams but also takes initiatives to develop tools to measure them.	means of measuring performance as per the changing contexts.	order to create a culture of performance.
Work Execution	Ensuring timely completion of job.	Ensuring that team members are able to fulfil their jobs.	Ensuring that work is timely done inter as well as intra teams.	Can adopt different means in order to get the tasks completed at an individual and team levels.	Focuses on building new capabilities in order to enhance the effectiveness and efficiency of the employees.

Developing Learning and Development Framework:

Now that we have a competency framework in place, we will devise a career succession plan for ABC. Through the exhaustive RISE performance review process (Exhibit 5), the company has already identified high performers. Now we have to motivate them and help them develop relevant skills to pave their way for further development.

The purpose of the training program would be preparing the desired in-house candidates for climbing up the corporate ladder and taking up higher positions in the organization through promotions. This readies them to handle higher job responsibilities in the future and thereby avoiding the cost of hiring a new employee. The L&D wing under the HR department will be instrumental in facilitating the whole process, right from Training Need Analysis till Feedback.

Re- Strategizing Hiring Policies:

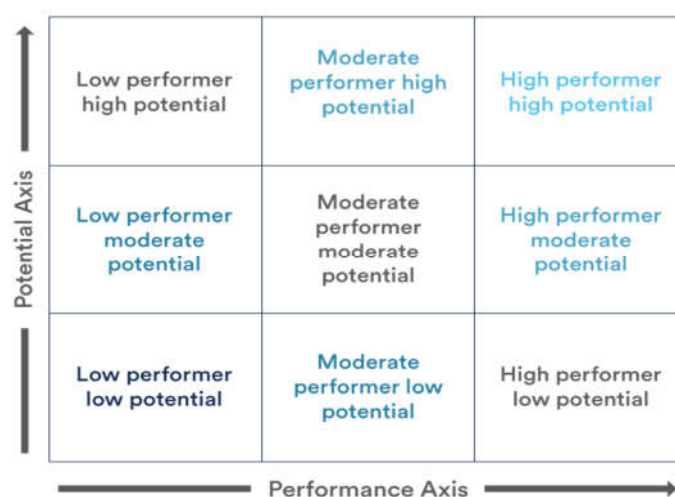
Once the internal positions are filled by internal employees, there will be differences in the hiring strategies. Currently, the recruitment process is hiring just in time to fulfill the vacancies from outside. When the employees see the opportunities to grow and learn they will stay with the company longer. The Hiring Strategies should be aligned with the vacancies needed.

Employee Centric platforms:

The lack of communication has led to an environment where the employees don't know how to fill the gaps in their competencies as well as an assumption that the management has been operating

under a bias as the online work mode also adds to the further confusion of the employees. Hence, talent analytics must be employed so that the proof of data can be shown to employees and the importance of the 3 Es (**Experience, Education and Exposure**) (Deloitte, 2017) can be effectively established. The companies may use online platforms in the following manner:

- Descriptive and Diagnostic measures: The workforce has to be understood in order to understand the current KSAs of the employee. The platforms of Workday, SAP and Oracle provide reasonably priced platforms, provided data privacy laws have been followed, the data can be assessed to form a basis for assessing employees and finding out the baseline for employee skills. Another prime example might be PageUp, which uses the logical and contextual 9-box framework for succession planning.



- Prescriptive and predictive measures: Gamification and live-time interactions may help the employees to develop their progress according to their particular skill set. Having heavy investments in technology development, the chat bots may provide inputs on how the employees can easily take steps to take charge of their own growth. Gamification may help in showing the traits which may have been hidden because of the nature of tasks given. Microsoft and Cisco had been successful in implementing this strategy which led to more inputs from employees on the tasks. In ABC, innovative leaderboards and analytics may

be advantageous as the company looks upon itself and can incorporate these elements into the services for the clients.

CONCLUSION

The company has been facing a large exodus of employee due to the pandemic and lack of staunch policies, However, with the right approach, the company may be able to expand upon its own unique strengths and can emerge as an ingenious business entity, provided it focuses on differentiation and may be able to apply these features to its services. Also, the senior management may need to publicly pledge to practices of transparency, innovation and exposure for the employees and acknowledge the problems that have cropped up. Furthermore, buy-in from them towards all the transformational policies is a must.

Hence, it becomes necessary that both the traditional and innovative strategies are carried out in parallel with each other so that the employees are able to acquaint themselves with the new practices and can be used to complement each other. The company, being one of the disruptors, has the opportunity to set the benchmark for the practices needed in workforce management. Throughout this change management process, HR managers would be working in tandem with the line managers, while keeping the best interests of all stakeholders (like employees, investors, etc.) at the center of it all.

EXHIBITS

EXHIBIT 1: ABC recognized as one of the startups disrupting the banking industry

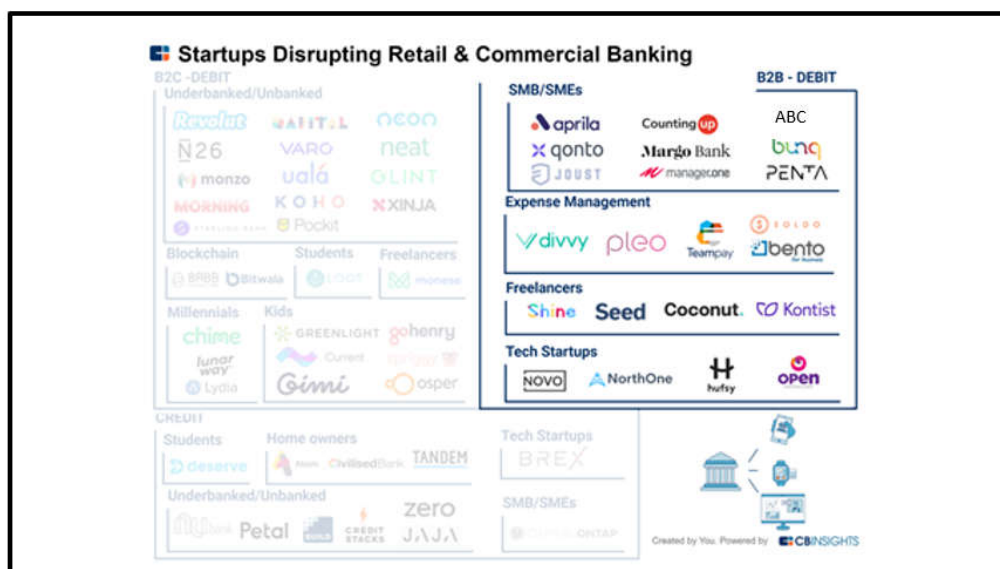


EXHIBIT 2: ABC being an established player in the B2B segment



Source: GP Bullhound Fintech Report 2020

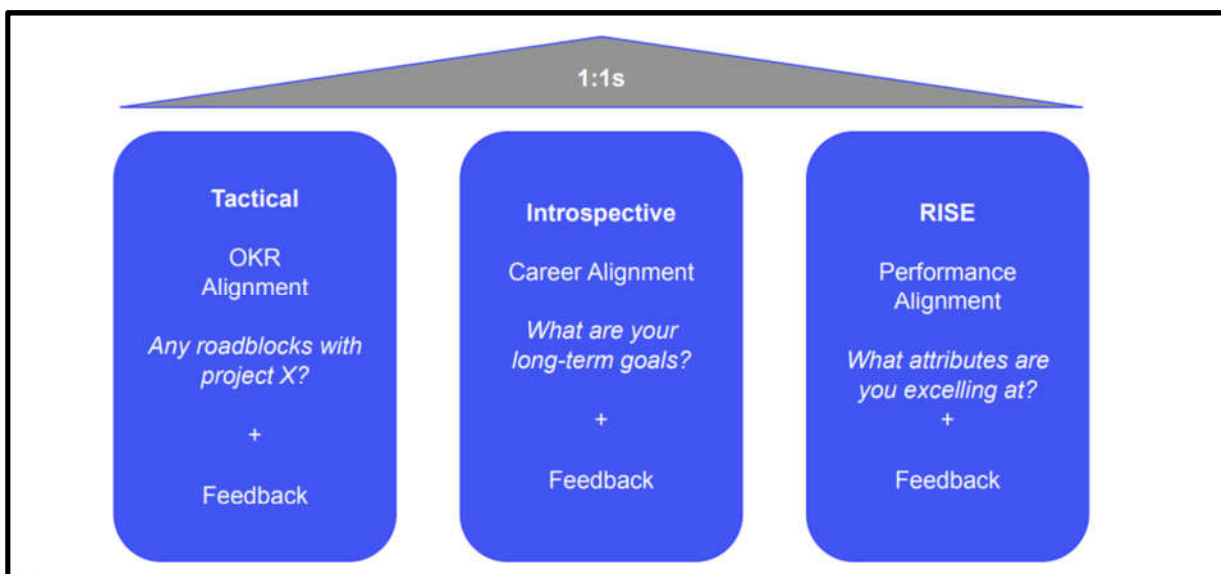
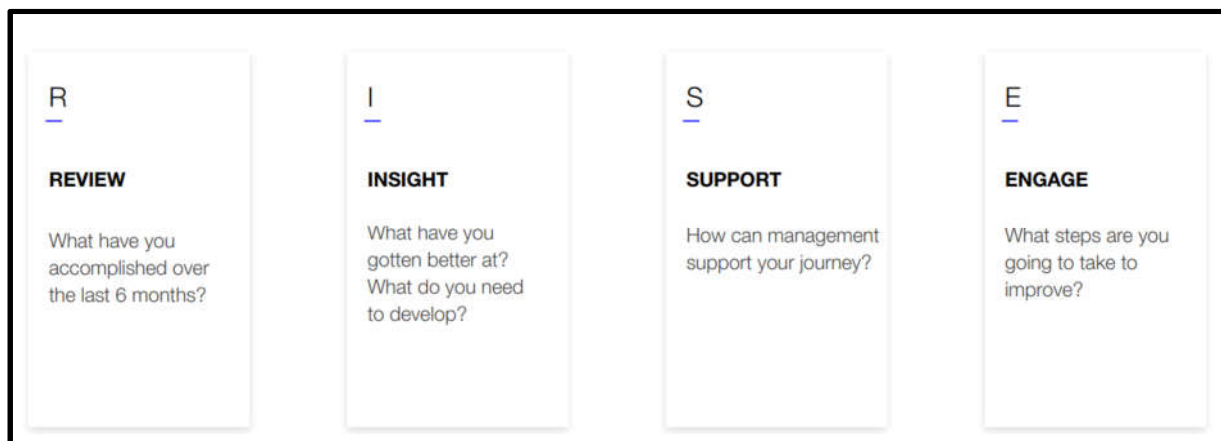
EXHIBIT 3: ABC's Financials

	2016-05-31	2017-05-31	2018-05-31	2019-05-31	4-year trend
EBITDA	9,399.00	46,214.00	-6,739,524.00	-10,299,367.00	
Net Assets	-163,134.00	-1,821,791.00	3,468,429.00	6,799,609.00	
Total Assets	1,188,877.00	575,485.00	4,307,488.00	9,787,134.00	
Working Capital	-308,400.00	-2,084,657.00	2,242,079.00	4,470,763.00	
Employee Numbers	10.00	22.00	52.00	82.00	
Reporting period	12.00	12.00	12.00	12.00	
Total Liabilities	1,352,011.00	2,397,276.00	839,059.00	2,987,525.00	
Consolidated A/c's	N	N	N	N	
Turnover	-	-	812,746.00	2,639,378.00	
Profit after Tax	-	-	-6,946,972.00	-10,768,820.00	
Return on Capital Employed (%)	-	-	-843.04	-210.38	

EXHIBIT 4: ABC's Competitors

Company name	Revenue	Age	Employees	Industry	Contacts
STUCK NETWORK LIMITED	-	6	52	-	+44323*****
192BUSINESS LTD	-	6	52	Media	-
TEMENOS UK LIMITED	58,524,000.00	6	52	Information Technology	+44207*****, enqu*****@temenos.com
3P LEARNING LIMITED	6,292,234.00	6	52	Education & Training	-
VERIFONE SERVICES UK & IRELAND LIMITED	34,023,055.00	6	52	Business Services	+44844*****, enqu*****@commidea.com

EXHIBIT 5: RISE Review Process



RISE Cycle

Bi-annual performance reviews (Summer and Winter)

- Complete performance reviews done 2x a year
- Receive feedback + agree on next steps for the following 6 months
- 6 month cadence allows for course-correction

Who is included: Every permanent employee and certain contractors who have been ^{here} for 3+ months.

	Summer	Winter
Performance review	X	X
Promotion consideration	X	X
Benchmarking + salary increase		X
Material variance from benchmark salary increase	X	

RISE Cycle

Bi-annual promotion consideration (Summer and Winter)

- Based on company needs:
 - Promotional position - the change is sizeable to merit a promotion
 - Covered in the area's financial plan
- Should have been performing at this level for 6+ months
- 4 rating in the current performance review
- Nominated by manager through JIRA

No off-cycle promotions!

	Summer	Winter
Performance review	X	X
Promotion consideration	X	X
Benchmarking + salary increase		X
Material variance from benchmark salary increase	X	

RISE Cycle

Annual salary increases (Winter)

- Based on
 - bi-annual RISE scores
 - latest benchmarking data
 - company performance

	Summer	Winter
Performance review	X	X
Promotion consideration	X	X
Benchmarking + salary increase		X
Material variance from benchmark salary increase	X	

Who is included: Every permanent employee who has been
 here for 3+ months and has been scored as a 3+ in the
 January RISE cycle

RISE Cycle

Annual salary increases (Summer) (only for material variances)

- If 3+ and below the benchmarking band

	Summer	Winter
Performance review	X	X
Promotion consideration	X	X
Benchmarking + salary increase		X
Material variance from benchmark salary increase	X	

Going forward: no off-cycle salary increases other than for
 movers!