

# THE HUMAN FACTOR

FUTURE-PROOFING CORPORATE GROWTH WITH A  
BULLET-PROOF HR STRATEGY

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# CONTENTS

<b><u>EXECUTIVE SUMMARY</u></b>	<b>4</b>
<b><u>SECTION 1: THE IMPORTANCE OF SOUND HR PLANNING</u></b>	<b>5</b>
<b><u>SECTION 2: DEVELOPING AN EFFECTIVE HR STRATEGY</u></b>	<b>12</b>
<b><u>CONCLUSION</u></b>	<b>20</b>
<b><u>SECTION 3: HOW CAN WE HELP?</u></b>	<b>21</b>

## EXECUTIVE SUMMARY

In recent years, the world has seen the rise of a plethora of new technology players, including a growing number of innovative FinTech companies, who have recently entered – or are on the verge of entering – “unicorn” territory. For the largest firms, operating footprints now span multiple countries, with employees numbering in the thousands.

Despite impressive headline growth numbers, we have found that many growth and late stage companies do not have a robust Human Resources (“HR”) strategy and operating model in place to properly support their scaling aspirations. In particular, many of these firms lack robust HR policies, processes, and systems (“PP&S”) across the entire employee lifecycle. This is creating major productivity bottlenecks, sizeable regulatory and operational risks, and impacting future strategic planning efforts.

The risks associated with deficiencies in HR protocols cannot be underestimated. Our discussions with numerous large-scale FinTech companies revealed that many had run into considerable problems with national regulators, especially in Asia. Some were forced to suspend their hiring plans, while others have been slapped with punitive fines, severely hampering their growth efforts. Moreover, the reputational fallout with having a poor “people culture” has adverse consequences for employee morale and a company’s public image.

In addition, the absence of clear protocols around compensation, promotions, and performance evaluation, which are often viewed as a “black box” by startup employees, is having a material impact on staff engagement. This is typically exacerbated by loosely defined roles and responsibilities as personnel take on multiple tasks in response to rapid scaling and continued product and service pivots. As a by-product, employee satisfaction – and ultimately, retention – suffers, creating challenges around business continuity while driving up hidden costs. We estimate that some of the largest regional FinTech unicorns are spending up to USD 45 million p.a. on hidden replacement costs due to exceptionally high staff turnover – a figure they simply cannot afford to ignore.

While typically considered as an afterthought, we believe many companies need to take a more proactive stance with respect to their HR strategies and operating model, particularly with respect to their PP&S efforts. Not only does a sound HR strategy allow organisations to reduce their risks (in particular, by ensuring they are fully compliant with national regulations), but a renewed focus on the human factor is critical for any firm that is serious about attracting and retaining the best talent to support their growth ambitions.

# SECTION 1

## THE IMPORTANCE OF SOUND HR PLANNING

HR is often seen as a “nice to have” function by many small-to-mid-sized companies, irrespective of their industry, product offering, or geographic footprint. This is particularly the case for well-funded growth and late stage startups embarking on aggressive international expansion plans, given the need to prioritise top-line revenue growth to satisfy investor return expectations. As a result, many of these organisations have no formal HR strategy or operating model in place (including an overall talent strategy), despite their sky-high valuations, which is exposing them to three critical risks – namely, (1) regulatory penalties and (2) employee turnover, and (3) reputational risks.

### 1. REGULATORY PENALTIES

With the world entering a period of hyper-nationalism and unemployment continuing to rise in the face of a global economic slowdown, national governments are increasingly prioritising their local workforces for employment opportunities. This is not only being seen with Western economies such as the United States, but also with a growing number of countries in Asia.

Looking more closely at the region, the Singaporean government recently announced its intention to scrutinise more companies suspected of engaging in discriminatory hiring practices to ensure Singapore citizens were being treated fairly in the employment and promotion process. The country’s employment regulator, the Ministry of Manpower (“MOM”), currently has 47 companies on its Fair Consideration Framework watch-list for their high proportion of foreigners employed as Professionals, Managers, Executives, and





Technicians (“PMETs”). Of the 47 companies being scrutinised, 30 are in the financial and professional services sectors, with 18 having more than half of their PMET workforce comprised of foreigners.

The MOM said it will investigate a further 240 companies for possibly pre-selecting foreigners for jobs or not giving Singaporeans a fair chance at advertised positions. According to a statement released by the MOM on 5 August 2020, Singapore ‘does not tolerate unfair hiring practices, and employers who do not give locals a fair chance in hiring and promotion will face scrutiny and stiff penalties if found to have unfair hiring practices.’ Moreover, ‘firms who are uncooperative will have their work pass privileges cut back’ and could be blocked from hiring or renewing foreign workers for up to two years if found to have breached fair hiring requirements, and may face prosecution if they made false declarations on fair consideration.’<sup>1</sup>

Singapore is not alone in enforcing strict regulations around corporate hiring practices. For example, on 1 May 2019, Hong Kong raised its statutory minimum wage to HKD 37.50 per hour, with severe fines and penalties for companies who wilfully and without reasonable excuse fail to pay wages to an employee when they are due. Many other countries have also amended their national employment law regulations in relation to employee visas, anti-discrimination, maximum working hours, and retirement benefit payments, among others, with stiff penalties for companies that fail to comply (see Figure 1).

<sup>1</sup> Press Release, Ministry of Manpower, 5 August 2020, available at: <https://www.mom.gov.sg/newsroom/press-releases/2020/0805-another-47-employers-placed-on-the-fair-consideration-framework-watchlist>

**FIGURE 1: EMPLOYMENT REGULATIONS & PENALTIES FOR BREACHES**

MARKET	PILLAR	REGULATION	PENALTIES
	Compensation	<b>Minimum Wage</b> - Hong Kong raised its statutory minimum wage to HKD 37.50 per hour on 1 May 2019	- Fine of HKD 350,000; and - Imprisonment for three years
	Compensation	<b>Clarification of Provident Fund Calculation</b> - Supreme Court ruled in 2019 that provident fund contribution at 12% of basic wages includes all guaranteed and universal allowances, and not just basic salary	- Retrospective contribution 24% - Interest 12% - Penalty up to 25%
	Compensation	<b>Responsible Retrenchment</b> - Guidance on calculating retrenchment benefits - Tripartite advisory on managing excess manpower and responsible retrenchment	- Potential withholding of employers' work pass privileges - Brought before Industrial Arbitration Court or Employment Claims Tribunal
	Discrimination	<b>Protection of Women's Employment Rights</b> - Protect against discrimination in advertising or hiring practices, enquiring about marital/childbearing status during recruitment, including pregnancy test in health checks	- Fine of RMB 10,000 to 50,000 - Discriminatory practice released to the public
	Discrimination	<b>Recent Amendment to the Industrial Relations Act 1967</b> - Faster referral to the Industrial Court - Wider power of the Industrial Court where dismissal is related to union busting	- Fine increased to RM 50,000 - Interest up to 8% - Punitive compensation in case of union busting
	Working Hours	<b>Introduction of Work-Hour Reduction Law</b> - Introduction of statutory maximum that can be worked (52 hours per week) for rank-and-file employees	- Criminal penalties of imprisonment for up to two years; or - Fine of up to KRW 20M
	Working Hours	<b>Introduction of Work Style Reform Act</b> - Upper limit on hours of overtime that can be worked (45 hours per month, 360 hours p.a.) - Ensure employees may use minimum of five days annual leave - Equal pay for equal work legislation to protect non-regular staff	- Criminal penalties of imprisonment for up to six months; or - Fine of up to JPY 300,000

Source: National employment regulations, Quinlan & Associates analysis

## 2. EMPLOYEE TURNOVER

In addition to the regulatory risks associated with having weak HR protocols in place, the absence of a robust HR strategy, particularly with respect to employee performance management and compensation, is creating considerable dissatisfaction among staff members of many startups across the world. This is especially the case for late stage companies, primarily reflecting a lack of structure and transparency around performance management and compensation, as well as acute manpower shortages (which is forcing many employees to double- or triple-hat). While this is a common challenge facing many growing businesses, it appears endemic for many household startups “success stories” in Asia, who are struggling to retain their best talent.

The frustration being felt by employees working at many of these firms, including the

more established technology unicorns, is no secret. In addition to hearing regular first-hand accounts of chaotic internal working environments and opaque employee evaluation and compensation processes, public feedback is far from positive.

Looking at employee reviews on global career review website, Glassdoor, we see many late stage digital disruptors failing to deliver a meaningful career proposition to their employees, with notably lower employee satisfaction than their traditional rivals. For example, for four of the eight virtual banks in Hong Kong for which Glassdoor data were available, the average rating was 2.9 / 5.0 (with the lowest score being 2.0), compared to an average rating of 4.2 / 5.0 for the incumbent retail banks. This is despite the glut of regulatory and reputational issues the global banks have faced over the past decade (see Figure 2).



**FIGURE 2: GLASSDOOR REVIEWS (HONG KONG)**



Note that data from virtual banks may include the data of its parent company where direct data is unavailable  
 Source: Glassdoor, Quinlan & Associates analysis

Examining employee feedback on Glassdoor in greater detail, it is apparent that much of this dissatisfaction stems from opaque internal HR processes, including a lack of structure around compensation and promotion, an absence of formal employee training programmes, and a poorly-defined organisational construct that sees employees regularly double- or triple-hatting. Additionally, the lack of a clearly defined career path and a weak corporate

culture, including dissatisfaction with middle management, points to a more substantive chasm in the HR offerings of these companies. Critical to note is that these poor ratings are pervasive for many of these technology unicorns, irrespective of their industry focus. All of this points to a clear need to institute an effective organisational talent strategy.



As outlined in our 2017 thought leadership report, *Don't Bank on It*,<sup>2</sup> which explored the hidden costs to the global banking industry from rising voluntary employee turnover rates, the impact of employee departures to an organisation cannot be ignored. Not only does it create a “brain drain” for an employer, but it also represents a substantial hidden cost to an organisation.

Despite the savings in personnel costs that a company enjoys from a voluntary resignation, this is offset by a combination of factors, such as:

- Lost revenue from the position being vacated until a replacement is found
- The salary premium paid to the new hire
- Headhunter fees
- Fixed onboarding costs
- Revenue underperformance of new employees while they get up to speed; and
- Unquantified risk of triggering additional departures or impacting staff morale

While much smaller in terms of headcount than incumbent financial institutions, many FinTech startups are unwittingly footing major replacement overhead bills each year. Based on annual report data from four well-known FinTech unicorns in Asia, together with employee interviews and some conservative assumptions about the above factors, we estimated the real average replacement cost per employee to be USD 44,200.

While employee turnover cannot be avoided at any firm (and nor should it be), staff turnover rates at many FinTech unicorns are tracking at or near 20% p.a., considerably higher than 12.4% p.a. for the global banks and 13-14% p.a. for major technology firms (i.e. the firms they are trying to disrupt). This additional turnover translates to an extra USD 4.2 million in annual hidden costs. For companies with up to 5,000 employees, these hidden costs can be as high as USD 44 million p.a., USD 17 million p.a. more than if they were to have employee turnover rates in line with their incumbent competitors (see Figure 3)

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**WHILE EMPLOYEE TURNOVER CANNOT BE AVOIDED,  
STAFF TURNOVER RATES AT MANY FINTECH  
UNICORNS ARE TRACKING AT OR NEAR 20% P.A.**

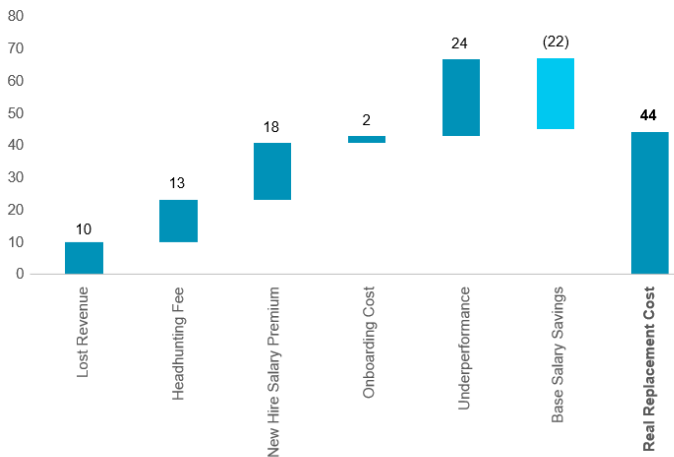
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<sup>2</sup> Quinlan & Associates, “Don't Bank on It”, available at: <https://www.quinlanandassociates.com/insights-dont-bank-on-it>

**FIGURE 3: EMPLOYEE REPLACEMENT COSTS**

**Replacement Cost Analysis**

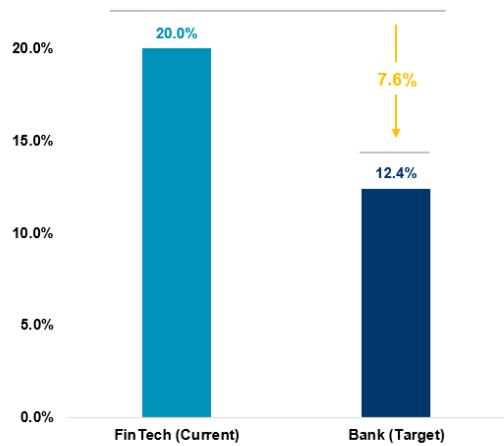
Large FinTech (based on average of 4 firms)



<b>Compensation</b>	
Base Salary	USD 87,900
Bonus (%)	10%
<b>Lost Revenue</b>	
Avg. annual revenue (per employee)	USD 191,300
Vacancy duration	3 months
Impact (revenue reduction)	20%
<b>Headhunting Fee</b>	
Fee paid to headhunter (% base salary)	20%
<b>New Hire Salary Premium</b>	
% of base salary	15%
<b>Onboarding Cost</b>	
Fixed / one-off cost	USD 2,000
<b>New Hire Underperformance</b>	
Months for new hire to get up to speed	3 months
Revenue underperformance	50%
<b>Base Salary Savings</b>	
Months headcount is empty	3 months
<b>Cost Implications</b>	
Avg. real replacement cost (per employee)	<b>USD 44,200</b>

**Average Turnover Rate**

Large FinTech vs. Budge Bracket Bank



<b>Turnover Rates</b>	
Large FinTech firms	20.0%
Global banks	12.4%
Difference	7.6%
<b>FinTech Turnover Costs</b>	
Per 1,000 employees (current t/o rate)	USD 8.84m
Per 1,000 employees (target t/o rate)	USD 5.48m
<b>FinTech Extra Turnover Costs</b>	
Additional cost (per 1,000 employees)	<b>USD 3.36m</b>
Additional cost (per 5,000 employees)	<b>USD 16.80m</b>

Source: company annual reports, employee interviews, Quinlan & Associates analysis

Moreover, unlike the global banks, many of whom have seen their growth ambitions plateau in the past decade, staff departures have a much more profound impact on the ability for these disruptor firms to rapidly scale,

especially in a region like Asia, where the talent pool remains relatively thin when compared to economies such as the United States.

### 3. REPUTATIONAL RISKS

There are certainly many complex reasons which could impact the reputation of an up-and-coming company. The lack of robust HR PP&S and the associated risks from not actively developing a meaningful corporate culture, however, mean that such an organisation can very easily fall prey to bad habits which they could “get away with” as a smaller company.

Quite often, the lure of stock options and other deferred compensation hides the dissatisfaction of employees and masks what would otherwise be even higher employee turnover. When coupled with an over-emphasis on the cult-like persona of a founder, lack of due process can very easily spiral out of control. An extreme case would be the recent collapse of WeWork, which revealed the nepotistic manner in which Adam Neumann ran the company, as well as a

culture of sexual harassment and pay discrimination.

Even some of the largest companies like Google and Uber have not been immune to sexual harassment and employee misconduct cases. For example, in 2017, Uber was subject to allegations of company-wide gender and race discrimination / harassment against employees, largely caused by a “bro culture” within the firm. Uber agreed to pay over USD 10 million to settle a class-action lawsuit, while its CEO, Travis Kalanick, resigned.

The combination of heightened regulatory risks, high employee turnover rates, and reputational risks means it is becoming increasingly clear that having an effective HR strategy must evolve from a “nice to have” to a “must have” for senior management teams of many organisations across the region. We will explore what this entails in more detail in this paper.

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THE COMBINATION OF HEIGHTENED REGULATORY RISKS, HIGH EMPLOYEE TURNOVER RATES, AND REPUTATIONAL RISKS MEANS THAT AN EFFECTIVE HR STRATEGY IS NOW A “MUST HAVE”

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## SECTION 2

# DEVELOPING AN EFFECTIVE HR STRATEGY

Developing a best-in-class HR strategy necessitates a multi-stage process that requires companies to identify their key needs and pain points across the entire organisation.

At its core, we believe every company should undertake a four-step process that is driven at the outset by the company’s senior management team (see Figure 4), including:

1. **Growth Strategy:** mapping out the detailed growth plans of the company across its key products, markets, customers, and channels;
2. **Workforce Planning:** ascertaining front-to-back headcount requirements (and developing a firm-wide talent strategy) to support the company’s growth plans;
3. **HR Team Setup:** determining an appropriate HR organisational setup to support future growth plans, including functional requirements, team sizes, and organisational structure; and
4. **HR Operating Model:** developing appropriate HR PP&S protocols across the entire employee lifecycle to best capture opportunities and manage risks.

**FIGURE 4: BEST-PRACTICE HR PLANNING**



Source: Quinlan & Associates

## 1. GROWTH STRATEGY

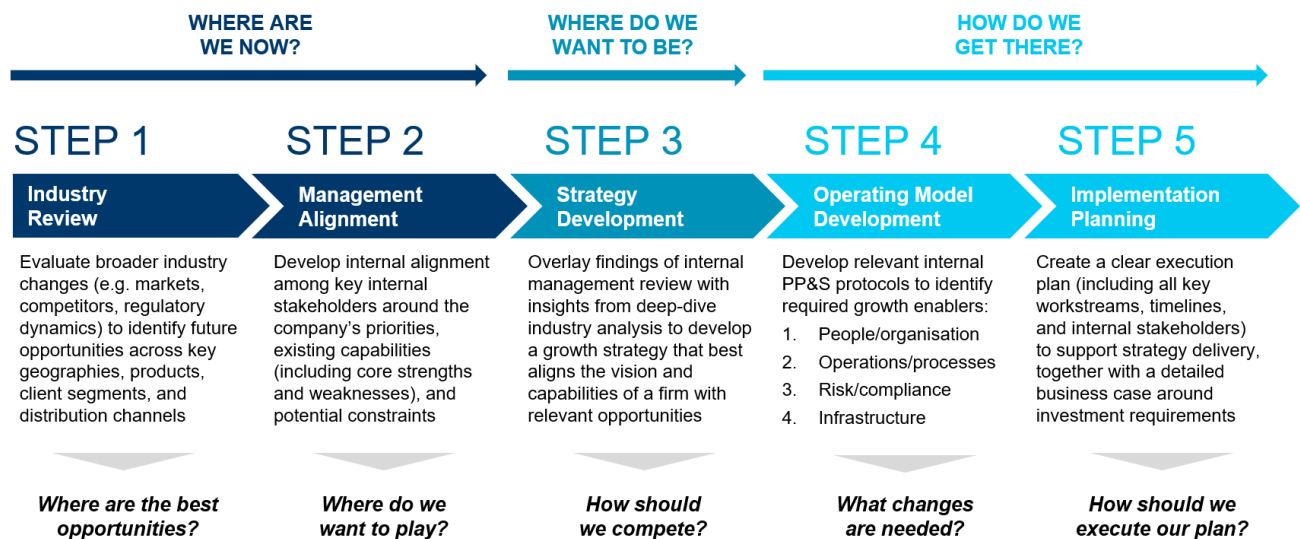
As a by-product of rapid top-line growth, the forward-looking planning process, including – but not limited to – workforce planning, can be somewhat challenging in terms of delivering concrete targets and outcomes, especially for fast-growing startups.

While this is a natural growing pain for many organisations that are rapidly scaling, given their desire to remain nimble in the face of evolving market opportunities, constant pivots often result in the absence of a clear medium-term strategy around the overall direction of the organisation. We find this a common

problem for many of the late stage startups we have spoken to, including the vast majority of FinTech unicorns.

To ensure a company’s HR strategy is fit-for-purpose, it must align with the organisation’s overall growth strategy, which also must originate from the top of house. In our experience, company founders (and their senior management teams) should approach this exercise with a view to answering three fundamental strategic questions – namely: (1) where are we now?; (2) where do we want to be?; and (3) how do we get there? (see Figure 5).

**FIGURE 5: CORPORATE STRATEGY DEVELOPMENT**



Source: Quinlan & Associates

From an HR perspective, the people / organisation aspect of a company’s operating model (i.e. Step 4 in Figure 1 above) is critical

before an effective strategy can be put in place.

## 2. WORKFORCE PLANNING

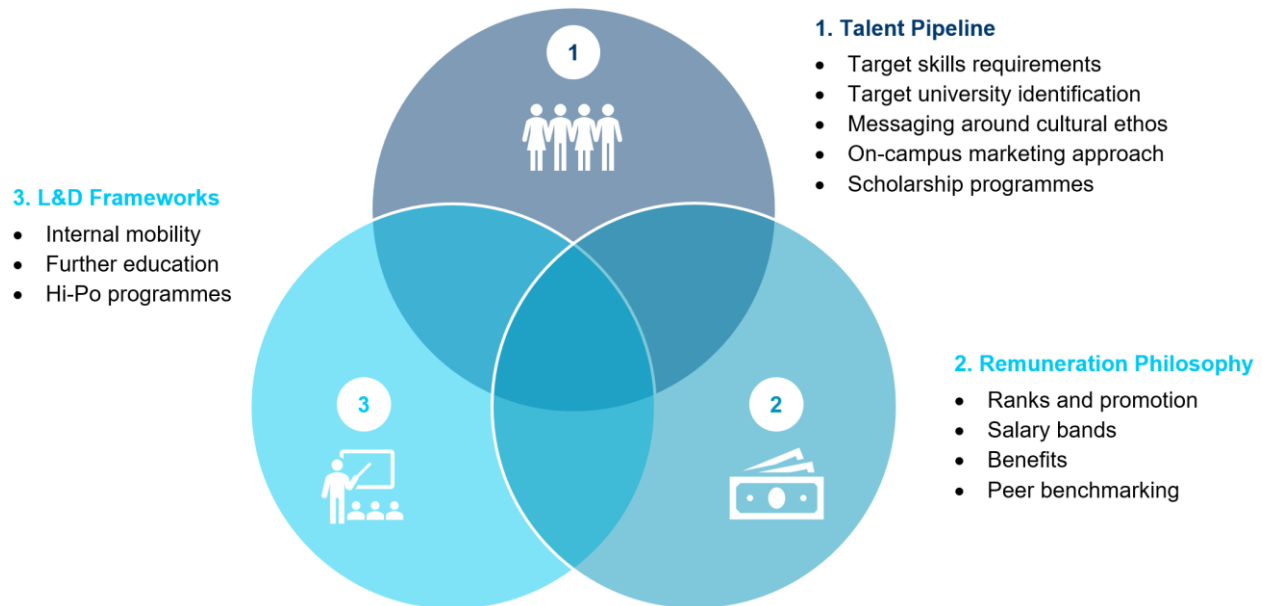
Once a company has developed its overall growth strategy, it needs to conduct a robust workforce planning exercise to map out personnel requirements to support its future ambitions on both a market and functional level.

As part of this exercise, companies should aim to establish their front-to-back headcount targets, taking into account objectives with respect to:

- Rank / seniority mix
- Nationality mix (considering regulatory requirements, where necessary)
- Gender / cultural mix
- Sources of talent in each location (e.g. universities, local competitors, expatriates)
- Current and future retention trends

A number of specific considerations to attract and retain talent also need to be identified at this point in time, including the firm's: (1) talent pipeline; (2) remuneration philosophy; and (3) its current learning and development ("L&D") frameworks (see Figure 6).

**FIGURE 6: TALENT STRATEGY CONSIDERATIONS**



Source: Quinlan & Associates

The outputs from a workforce planning review are critical in supporting a firm's negotiations with local governments to demonstrate a commitment to the country for tax relief measures, foreign worker visa applications, and various other regulatory purposes. More importantly, an effective talent strategy is critical to achieving a company's future growth aspirations. However, we find most startups, including even the most successful unicorns, fall painfully short with respect to their talent strategies. In reality, the vast majority have no clear structure with respect to their talent pipeline or remuneration philosophy, while offering few formal learning and development opportunities for their employees.

A common trend we have seen with a number of early to mid-stage startups is that most hiring is centred around either less experienced junior-level employees directly from universities (to minimise wage costs) or seasoned industry veterans (to leverage their

networks and experience at a globally-recognised brand). This reflects the desire by many startups to "get things done" (i.e. via the juniors) and build their brand (i.e. via the seniors).

However, many of these firms face structural challenges when it comes to hiring mid-level managers. In addition to providing oversight on projects and driving new initiatives, these individuals are critical in terms of their ability to manage senior employees while providing guidance to junior team members. As startups have relatively slim middle management ranks, juniors are often left to deliver important tasks with little-to-no training or oversight. Consequently, many individuals frequently resign as they naturally question their career development opportunities – and growth prospects – at the firm. The lack of formal learning and development programmes further exacerbates this problem.



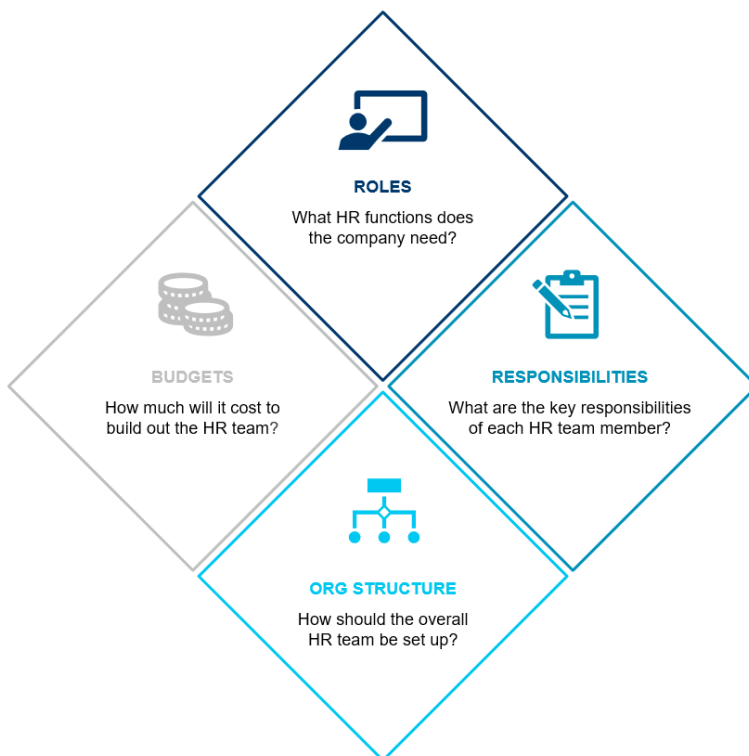
### 3. HR TEAM SETUP

Once organisational headcount requirements and a firm-wide talent strategy have been established, companies need to determine a right-sized HR team setup to effectively support their future growth plans. This will include detailed consideration around the insourcing vs. outsourcing of certain functions. To do this effectively, firms should look to

relevant peer benchmarks and case studies of industry best-practice.

Some of the factors that should be taken into consideration include establishing relevant roles, clearly outlining the key responsibilities of each role, developing an effective organisational setup / governance structure (including HR reporting lines), and determining relevant budgets to support the build-out of the HR team (see Figure 7).

**FIGURE 7: HR TEAM SETUP CONSIDERATIONS**



#### 1. ROLES

Identify HR functions that need to be put in place at a headquarter, functional, and country level, such as Business Partners, Recruitment, Compensation & Benefits, HR Operations, L&D, and D&I.

#### 2. RESPONSIBILITIES

Outline the specific responsibilities of each role within the HR team through drafting appropriate job descriptions in line with industry norms and competitor best-practice.

#### 3. ORGANISATIONAL STRUCTURE

Develop an appropriate HR organisational setup and governance structure (including establishing appropriate reporting lines) to support the overall operational efficiency of the HR team.

#### 4. BUDGETS

Determine budgets for the HR team buildout, based on appropriate benchmarks that reflect market norms and relevant peer salary bands, with due consideration to team seniority and competitiveness

Source: Quinlan & Associates

Establishing a fit-for-purpose HR team is a critical pre-requisite to the development of a robust HR operating model. In our experience, HR compliance oversight. For late stage companies of considerable scale and complexity, having the right HR team setup in

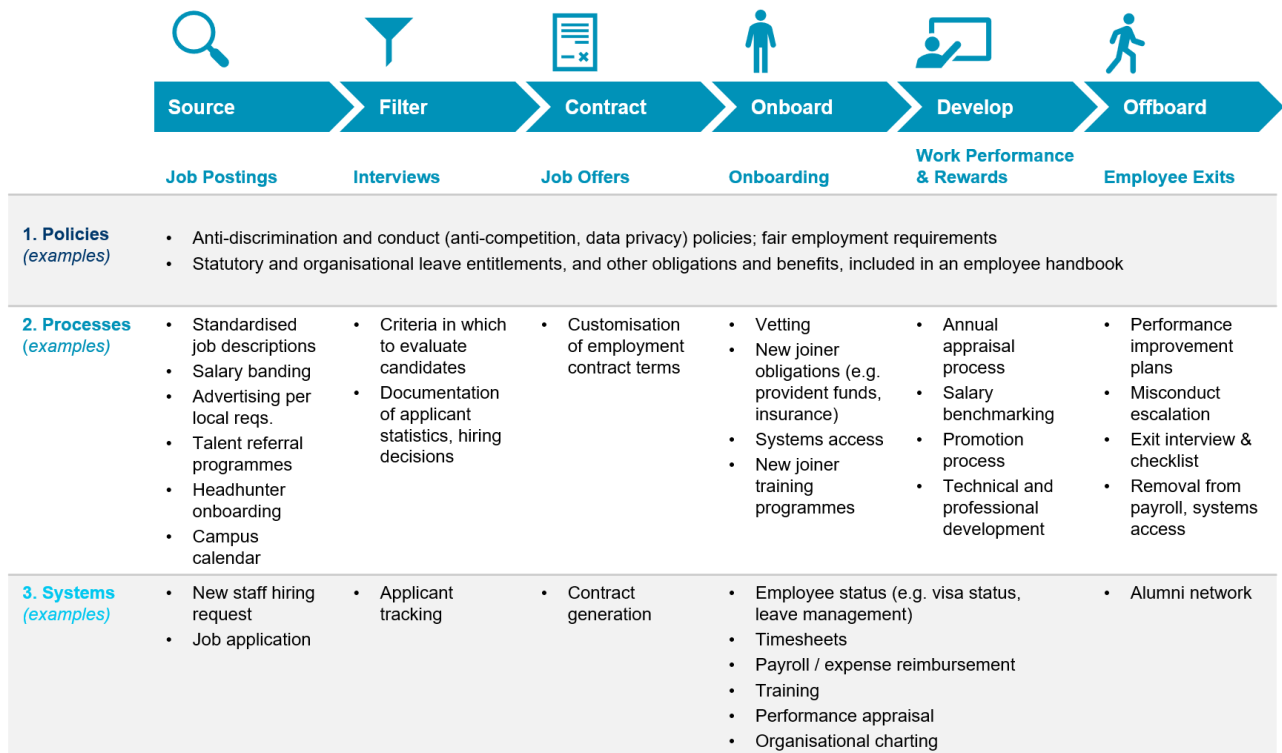
many HR teams of even the largest startups, including unicorns, are grossly understaffed, resulting in capacity constraints and limited place is fundamental in supporting future growth planning efforts.

## 4. HR OPERATING MODEL

The final – and arguably the most important – stage of developing a robust HR strategy is the design and implementation of effective HR PP&S across the entire employee lifecycle (see Figure 8), including:

1. **Policies:** developing policies such as organisation-wide anti-discrimination and conduct policies, that may be incorporated into an employee handbook;
2. **Processes:** standardising processes across the entire employee lifecycle – from job postings, interviews, employment contracts, and onboarding, to performance assessment / reward and offboarding; and
3. **Systems:** implementing systems to support the HR automation of manual HR process (e.g. payroll, job applications, and performance appraisal tools)

**FIGURE 8: HR PP&S ACROSS THE EMPLOYEE LIFECYCLE**



**1 POLICIES**  
Ensure employees understand the company's "rules and regulations" around their obligations / behaviours

**2 PROCESSES**  
Ensure employee policies are effectively applied through structured processes, driving productivity / minimising risks

**3 SYSTEMS**  
Ensure automation of manual processes to supercharge productivity and reduce capacity for "human error"

Source: Quinlan & Associates

## 1. POLICIES

A company's HR policies serve as the rules and regulations for its employees.

Key policies that every firm needs to consider include anti-discrimination, code of conduct (e.g. anti-competition, data privacy), as well as fair employment requirements. Statutory and organisational leave entitlements should also be covered, as well as other specific employee obligations and benefits. While some policies can be enshrined at the group level, close consideration needs to be given to national regulatory requirements to ensure compliance with local laws – an area we see many startups falling short.

Many of these policies should be reflected in the company's employee handbook (and other relevant internal HR documentation) at both the group and country level, and should echo each company's cultural ethos, taking into account its underlying values with respect to talent attraction during its workforce planning exercise.

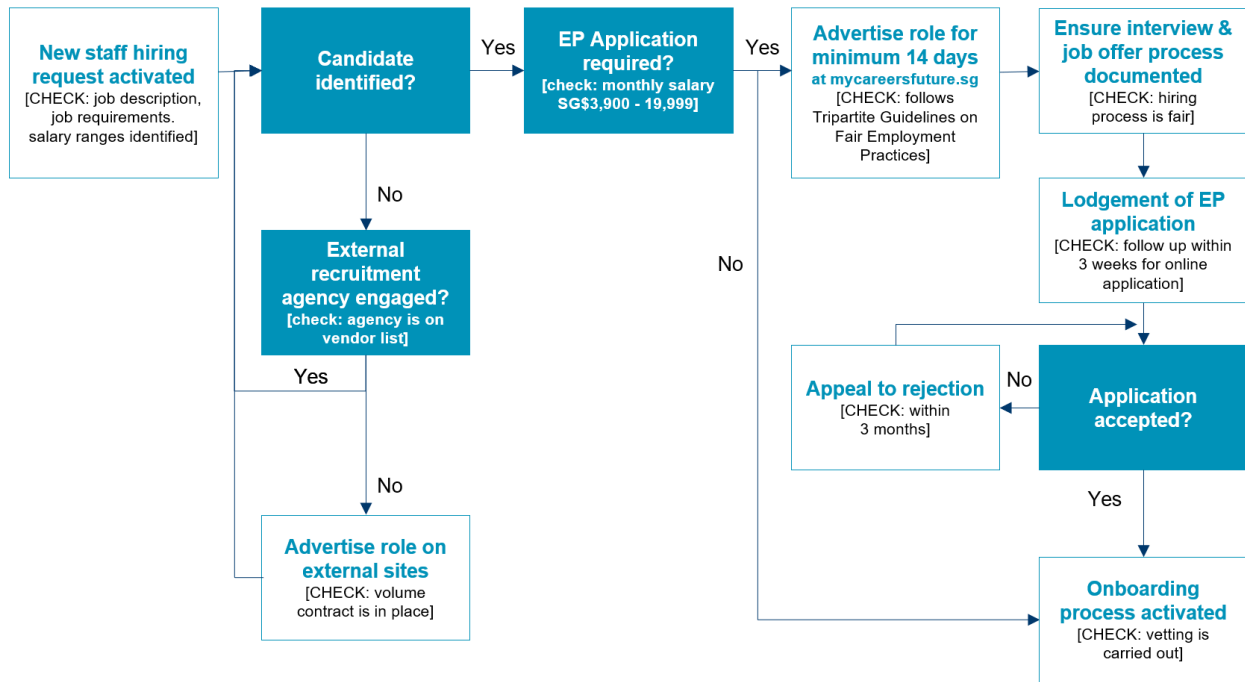
## 2. PROCESSES

To ensure employee policies do not lie dormant in a company handbook and are consistently applied by all employees, structured processes need to be put in place to drive productivity, minimise risks, and shape individual behaviours.

Among the various processes that should be put in place are those related to standardised job descriptions, salary bandings, candidate evaluation criteria, employee contract terms, and new joiner onboarding protocols. Of note, most startups we work with (from early to late stage) do not have standardised employee evaluation and compensation processes in place. This lack of transparency is creating considerable dissatisfaction among employees, especially for startups that have recruited professionals from more established firms who are well accustomed to such practices. This is a critical gap for many FinTech firms operating in Asia.

To ensure compliance with national employment regulations, HR policies and processes often need to be customised to each of the company's operating markets. A specific understanding of these requirements is needed to minimise potential regulatory risks across the entire employee lifecycle, especially in markets with more stringent regulatory requirements, such as Singapore (see Figure 9).

**FIGURE 9: EXAMPLE RECRUITMENT PROCESS (SINGAPORE MOM)**



Source: Singapore Ministry of Manpower, Quinlan & Associates

### 3. SYSTEMS

To enhance the productivity of the HR team while reducing the potential for human error, companies should explore the adoption of relevant technology solutions to automate any manual, low value-add HR processes.

There are a variety of tools currently available in the market to streamline HR processes across the employee lifecycle, including applicant tracking tools, contract generation tools, payroll and expense reimbursement software, and organisational charting applications. In our experience, Microsoft Excel is typically used as an interim semi-automation solution by many startups, including late stage companies. However, its

various limitations – including the need for in-depth expertise when building advanced automation functionality via macros – means it is often ineffective in driving meaningful productivity gains or managing potential HR risks.

Given the wide availability of HR tools in the market, companies should evaluate solutions that are most appropriately matched to their size and complexity, including any specific budget constraints. This screening exercise should also take into account the overall size and organisational setup of the HR team (as identified during the “HR Team Setup” process), as well as current trends in the digitalisation of HR systems.

## CONCLUSION

Whether you are an established professional services firm or a fast-growing FinTech unicorn, it is employees who make a business what it is – be it in sales, programming, product development, or operations.

To survive in today's hyper-competitive digital economy, companies need to put their workforce as a front-and-centre priority. This all starts with having the right HR strategy in place.

As outlined earlier in this paper, many startups (from early to late stage) do not have a formal – or even any – HR strategy in place, which is exposing a growing number of firms to the risk of falling foul with national regulators, particularly in Asia. Potential regulatory breaches not only expose firms to the risk of punitive fines, but they have the potential to halt – or even undo – the expansion efforts of many companies operating in the region, especially those with multi-country footprints.

Moreover, the absence of proper workforce planning or an effective HR operating model, including fit-for-purposes HR PP&S, is creating considerable challenges around

attracting, developing, and retaining talent for many high-growth organisations, given the lack of clarity for employees around their specific roles and responsibilities, career / promotion paths and, ultimately, how they are being compensated. This rising tide of negative sentiment, particularly among late stage companies, is making it increasingly difficult for them to retain their best employees. And with rising turnover comes increased hidden costs; up to as high as USD 45 million p.a. for some of the largest FinTech unicorns in Asia.

While many startups have done a decent job in satisfying the demands of their clients and investors, most are failing to deliver the same value proposition to their employees. With the threat of regulatory fines and penalties from non-compliance, as well as sizeable hidden replacement costs associated with increased staff turnover, the tangible benefits of “getting HR right” have become an operational necessity. Only when the human factor becomes a key priority will the aggressive growth aspirations of many of these future technology disruptors be properly realised.

## SECTION 3

### HOW CAN WE HELP?

Our consultants have extensive experience working with companies of all sizes across multiple industries on developing and implementing their end-to-end HR strategies. Our project work typically involves supporting our clients across the full strategy and implementation needs, including:

#### 1. GROWTH STRATEGY

International growth strategy planning:

- Review industry, market, and regulatory developments to identify key opportunities and gaps, including market sizing of specific revenue opportunities
- Conduct detailed competitor analysis and benchmarking to identify capability gaps (e.g. geographies, industries, products, internal processes, etc.) against relevant peers and industry best practice
- Establish company vision and mission based on internal capabilities and core strengths
- Develop an end-to-end target operating model
- Create overall implementation plan, including supporting budgets
- Ongoing implementation support

#### 2. WORKFORCE PLANNING

End-to-end workforce planning:

- Forecast front-to-back headcount needs based on corporate growth strategy
- Determine staff composition based on markets, functions, and seniority
- Develop talent strategy (e.g. talent pipeline, remuneration philosophy, L&D frameworks)

#### 3. HR TEAM SETUP

HR team setup and design:

- Determine optimum HR team setup to support future growth aspirations
- Establish key functional requirements, responsibilities, organisational structure, and budgets

#### 4. HR OPERATING MODEL

HR target operating model (i.e. HR PP&S across the employee lifecycle):

- Identify relevant PP&S requirements, based on national regulations
- Draft relevant HR policies at a group and market-level (e.g. employee handbook)
- Develop best-practice HR processes to support the implementation of company policies (e.g. performance management and promotion processes, compensation design)
- Identify relevant systems (i.e. vendor due diligence) to help streamline manual process

#### 5. CORPORATE TRAINING

Provide world-class corporate training programmes focused on developing employees' soft and technical skills through tailored learning and development solutions, including leadership & management, sales & marketing, communication and engagement, creativity & innovation, cultural change, and strategic thinking.

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STRATEGY WITH A DIFFERENCE

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