

# SEE YOU LATER

He had been a senior executive at Hindustan Unilever before he joined the six-year-old startup as chief financial officer. Then, in 13 months, he quit. Apparently because it wasn't how any company should be operating.

The finance professional poured out his frustration at the exit interview. Every day, the former CFO said, the three promoters would think up new ideas, many of which would be scrapped in the coming weeks or days and be replaced by other new ideas. He complained that he couldn't get an edge in for his opinions and findings.

Another senior hire at a startup complained in his exit interview that he had become unsure about who the company's actual chief executive was. The designated CEO would give an instruction and the company would begin moving in that direction. But shortly after, the other promoter would say "no, this is not how it should be done" and change or reverse course. "It was not as if the promoters were fighting among themselves but this was how they worked," he had said.

Given the startup boom in India the past few years, seasoned corporate executives jumped at any chance to get on the bandwagon. Primarily lured by the excitement of doing something great and entrepreneurial and the huge potential to create wealth for themselves from stock options.

Recently, though, a string of management-level exits at India's biggest technology companies has raised a red flag calling attention to their hiring and retention policies, and become the biggest malaise the industry is grappling with. Among the high-profile resignees: Anand Chandrasekaran (who was chief product officer at Snapdeal); Punit Soni (chief technology officer, Flipkart); Tanmay Saksena (chief product officer, Zomato); and Vikas Purohit (senior vice president, Paytm).

The magnitude of the problem seems life-threatening to any business. On average, as per industry estimates, employees with corporate pedigrees and at CXO roles in startups last only about a year. "The disenchantment starts setting in after the first five-six months itself," said Suresh Raina, managing partner at executive search firm Hunt Partners. "Then both parties try to make it work because a lot is at stake, but often it does not work."

While about 80% of the hiring at startups is through referrals, companies say they have specific policies for hiring and retaining people in key roles. At Paytm, the human resources department holds initial talks with a senior candidate as an ice-breaker, which is followed by the company's senior leadership holding multiple meetings with this person before reaching a decision.

Often, the hiring idea is to offer a potential senior hire multiple roles to find their fit. "We don't want people who have been there, done that, but those who want to come in and are excited to build something new," said Amit Sinha, vice president-business and people, at Paytm.

The biggest retention policy, not counting stock options, is the potential for fast career growth, he said. "A guy who joined a year ago and was handling a business worth a few crore rupees might be handling a business worth hundreds of crores of rupees today. We need people who can scale up to that."

Online classifieds company Quikr, which became a billion-dollar company last year, believes that while functional expertise is a given, chemistry and cultural fit are of greater significance for senior employees. "We have had a few instances wherein people who were extremely well-qualified did not fit in with the company's culture," said CEO Pranay Chulet, who is closely involved in such hiring.

As a retention policy, Quikr has created a matrix structure with people having dual reporting roles. The senior-most employees are handed responsibilities under business verticals such as C2C or customer-to-customer, cars and homes, as well as under functional heads such as marketing, legal and human resources.

Despite these and other measures, there are a few overarching reasons causing the high-profile exits. The biggest factor contributing to executives

with corporate backgrounds calling it quits at startups is the complete lack of training on how to cope with the high pressure of a quick results-driven, chaotic work environment. This requires a different sort of personal maturity and professional integrity to survive and perform.

"A startup is risky and you are expected to be a contributor from day one. But there is no major orientation period and you don't get enough time to begin producing results," said Anand Chandrasekaran, Snapdeal's former chief product officer who quit in May after a year-long stint.

The pressure is "even more so in India where there is so much media attention on these companies. It's just not possible to just go and do quietly what you are doing as you are under the full glare of competitive dynamics," he said.

Many startups are helmed by young people with little or no experience at being in a job or running a business. And that's a recipe for a clash of personalities, even if other things are going fine. "Everything else is bearable for me as long as you know that the folks who are driving the company and are the decision-makers have strong values, principles and the ability to keep a stable mind in times of uncertainty," said Tanmay Saksena, who left Zomato in February after about a year there. "That is essentially the core thing that makes or breaks a startup and binds the folks in a startup especially when times are tough."

Saksena quit Zomato about a month after he was promoted to chief product officer from global business head. He later joined healthcare startup Iimg as chief operating officer.

"A lot of times people don't see light at the end of the tunnel—whether this company will go for IPO or whether I

will see a huge upside in terms of variable pay and stock options," said Shailja Dutt, managing director at leadership hiring-focused search firm Stellar Search. "Rewards that were promised six months or one year later may actually now look like happening three or four years later."

Corrective actions are needed urgently before it's too late, says experts. Many of the failed recruitments are a result of decisions driven by gut-feel and chat-interviews that don't properly assess a person's entrepreneurial capabilities or their ability to work in ambiguity.

"It is very important to do in-depth psychometric analysis, create simulated questions and detailed assessments since you are bringing them into an environment they are completely not used to," said Dutt. "Also, although a number of times investors in startups play a key role in helping with crucial hires, there can be specific agreements within the investment deals to make hirings more objective."

Some attribute the current turmoil to the startup world going through a learning curve as opposed to evolved ecosystems such as that of Silicon Valley, where there is a high level of precedence of companies that have become corporations from startups.

"The biggest difference in my experience... is that while here I worked with a very young, inexperienced team that required loads of mentoring, in the Valley you get very experienced people to work with even at startups," said Amitabh Misra, Snapdeal's first chief technology officer who stayed with the company for over five years.

"The talent pool in the Valley is accustomed to working in startups with the right kind of mentorship, which is missing in India," said Saksena. "It will take at least one or two more generations of startups to go through multiple cycles to get there."

Taslima.Khan@timesgroup.com

Many Indian startups which have scaled quickly have not been very successful at retaining senior management personnel. Taslima Khan finds out why, and what can be done about it

## Startup CXOs who turned away in a year or less

- **ANAND CHANDRASEKARAN**  
chief product officer, Snapdeal
- **PUNIT SONI**  
Chief Product Officer, Flipkart
- **RAJINDER SHARMA**  
legal head, Flipkart
- **VIKAS PUROHIT**  
senior vice president, Paytm
- **SAMUEL JOHN**  
director-operations, InMobi
- **TANMAY SAKSENA**  
chief product officer, Zomato
- **NAMITA GUPTA**  
chief product officer, Zomato

## Why fast-growing Unicorns attract top talent

- **Huge potential** for creating wealth for themselves through ESOPs
- **The urge** to do something great and entrepreneurial
- **Media hype** and glamour, aspiration to make headlines

## The diagnosis: What's not working

- No structured approach to hiring; 80% of the hirings at CXO-level are through referrals
- Most interviews are casual conversations to check chemistry, not real assessments
- No prior training for working in a high-pressure, fast-changing startup environment
- Lack of independent third-party opinion on potential candidates

**q s**

- **ambiguity, fast-changing decisions**
- **Expectations to deliver results fast**
- **W o e**
- **d i i i i**
- **j y i i**
- **P i i i**
- **Wh d h**
- **unlikely to yield in time**

Abrupt resignations cause a huge flutter with everybody running around to cope. And since

you are in a hurry to hire a replacement, you repeat the same mistake that you made the first time around. It's a vicious cycle

**SHAILJA DUTT**  
Managing director, Stellar Search

A startup is risky and you are expected to be a contributor from day one. But there is no major orientation period and you don't get enough time to begin producing results

**ANAND CHANDRASEKARAN**  
Former chief product officer, Snapdeal

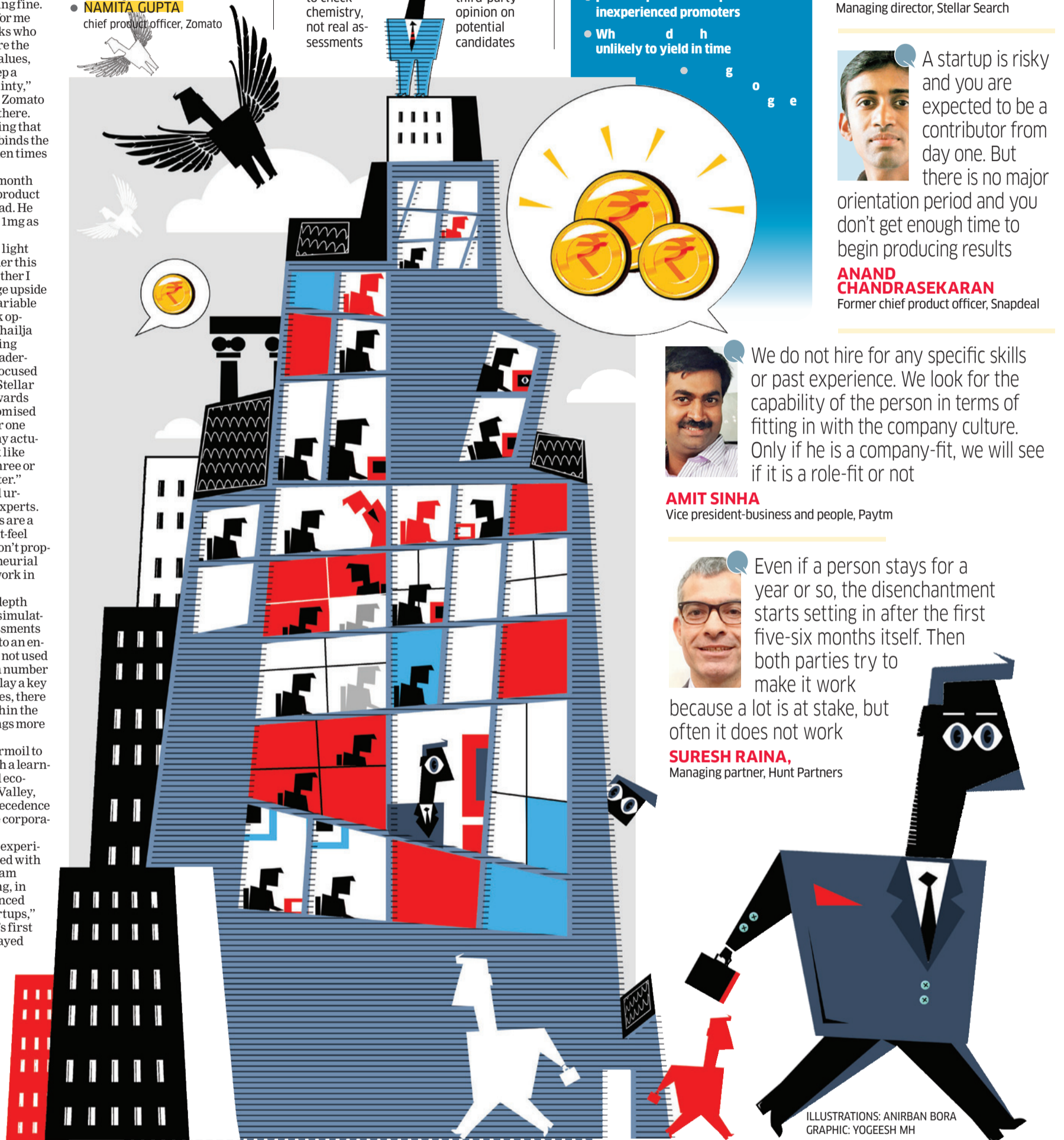
We do not hire for any specific skills or past experience. We look for the capability of the person in terms of fitting in with the company culture. Only if he is a company-fit, we will see if it is a role-fit or not

**AMIT SINHA**  
Vice president-business and people, Paytm

Even if a person stays for a year or so, the disenchantment starts setting in after the first five-six months itself. Then both parties try to make it work

because a lot is at stake, but often it does not work

**SURESH RAINA,**  
Managing partner, Hunt Partners



ILLUSTRATIONS: ANIRBAN BORA  
GRAPHIC: YOGESH MH

## Thinkphi 'Thinks' of a Smart Way to Conserve Rain Water

### Hot Startup

### Thinkphi

The startup's 'Ulta Chaata' helps collect rain water and provides solar energy too

J.Vignesh@timesgroup.com

The 'eureka' moment for Samit Choksi, an engineer, and his architect wife Priya Choksi happened in 2013 when their rudimentary 'drum-based water collector and purifier' placed near Mumbai's Race Course received the approbation of drivers, who stopped by to sample its offerings. "This is good water," declared one driver spurring the Choksis to craft a clean technology product that delivers both clean water and solar energy.

Termed as 'Ulta Chaata', the in-



Samit Choksi and Priya Choksi (third from right and fourth from right, respectively) with the Thinkphi team

verted umbrella-like structure, provides potable water by capturing rain water during the monsoon and solar energy during the rest of the year. The design was inspired by a trip to Europe where the couple spotted several inverted canopies, which helped them conceptualise the design for their product.

Each unit, which costs anywhere from ₹99,000- ₹2.5 lakh, depending on size, can filter water around 80,000 litres during the rainy season and can provide a maximum

solar capacity of 1.5 kilowatts. The product also includes a programmable lighting system and a charging unit. This whole setup is powered by a central operating system called the 'phi-box', which monitors, captures data, and allows users to communicate with a cluster of units over the cloud. The startup, which outsources its manufacturing, promises at least 10 years of durability.

"If you have say 20 Ulta Chaatas, they provide shade and all are con-

nected through a pipeline to a big box called 'phi-box'. This box has a fine filtration UV system that removes microbial content, once water passes through this, you can drink the water," said Choksi.

Thinkphi has raised around ₹6 crore in angel funding and will look for more once it attains its target of 300 units by the year end. The startup's business model is primarily through direct sales and its early customers include Godrej Interio and realty developer Rustomjee. "I think it is important to make this site as a model site... we could prove how sustainable products can help in reducing the water problem," said Anil Mathur, chief operating officer, Godrej Interio.

Choksi is also in talks to partner with the cities picked for the 'smart city' initiative and aims to expand globally by 2017. The next plan for the startup is to tackle home-waste generation through smart bins. "Our next product is in the paper prototype stage. We want to understand home waste - what you are consuming and throwing away, using sensors. This will help reduce waste and saves money," said Choksi.

### In Brief

## Myntra CMO invests in All Things Organic



**BENGALURU:** Marketplace for organic products and groceries All Things Organic has raised ₹1 crore in an angel round from Gunjan Soni, chief marketing officer at fashion portal Myntra and SK Tuteja, a former secretary at the department of food and public distribution.

The company launched in September 2015 will use the money to expand its portfolio of private label brands and grow its marketing network. "We are looking to (introduce private labels) in categories like cosmetics and clothing," said Aditi Gokhale, who co-founded the company with Aman Singal. The company also retails fresh fruits and vegetables in offline outlets like Godrej Nature's Basket and others in Delhi, apart from an online tie-up with Amazon for its F&B label Organic Origins.

"As an avid organic products consumer, I appreciate the farm traceability of the products retailed on the platform. They also use 10% of their profits working with farms growing the product," said Soni.

The marketplace which also retails products from other manufacturers of organic products will also start their subscription-based service.

## RKSV Launches Customer App for Stock Trading



**BENGALURU:** Online discount stock brokerage startup RKSV will soon launch 'Upstox Invest', a mobile application to help consumers make goal-based investment decisions, according to one of its founders, Raghu

Kumar. The Kalaari Capital-backed fintech player, which has hit over \$1 billion in daily retail trading turnover, also plans to change its name from RKSV to Upstox. "The idea is for the new product app to enable millions in India to achieve their financial goals, for instance, buying a car or a house by so-and-so date, through an incredibly user-friendly app," said Kumar.

Upstox will carry features including an Aadhar-enabled account, guest login with live market data, stock price alerts, advanced charting indicators, curated news and advanced options trading tools. Through their flagship product Upstox Pro, users can receive zero brokerage on equity delivery trades and a flat Rs 20 per order pricing model on all other segments. Launched in 2012, the company recently raised \$4 million in series A round of funding led by Kalaari Capital and GVK Davix.