

Here are the five most important reasons a tech or software development startup should prioritize installing HR after receiving funding:

- 1. Talent Acquisition and Retention:** HR plays a crucial role in attracting top talent and retaining skilled employees. With increased funding, startups usually aim to scale quickly, making it essential to have a strong HR team to source, interview, and hire the right talent. Moreover, HR helps in onboarding processes, creating career growth paths, and improving employee engagement, which are crucial for retaining key employees.
- 2. Compliance and Legal Framework:** As a startup grows, its compliance needs become more complex. HR helps ensure the company adheres to employment laws and regulations (such as labor laws, anti-discrimination policies, and workplace safety). Failing to comply with these can lead to legal liabilities and penalties, which can be damaging both financially and culturally.
- 3. Building and Maintaining Culture:** HR is fundamental in building and sustaining a positive work culture. In a growing startup, maintaining the initial culture can become challenging as more people join the team. HR ensures that the company's core values and mission are communicated effectively and implemented consistently across all levels.
- 4. Performance Management and Professional Development:** Startups thrive when employees are productive and aligned with company goals. An HR department can establish structured performance management processes, like regular feedback, performance reviews, and goal-setting sessions. HR can also manage employee development plans, training, and mentorship programs to continuously up-skill the team and align them with business goals.
- 5. Handling Compensation and Benefits:** With new funding, a startup often has to structure more complex compensation packages to attract and retain top talent. HR is essential in creating competitive salary structures, benefits programs (such as healthcare, retirement plans, etc.), and incentive systems like stock options. A strong HR department ensures fairness, transparency, and competitiveness in employee compensation, reducing dissatisfaction and turnover risks.

Establishing a solid HR department post-funding is key for growth, scaling, and sustainability. It sets the foundation for a structured and productive organization that can focus on achieving long-term goals.