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The Data Exchange

Los Angeles: A leading tech hub that's losing tech talent





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The Data Exchange

Building on the stories, data, and insights we've learned from 4.7 million startups and over 8 million individuals using AngelList, we're launching a new series of special reports, called The Data Exchange. We'll explore industry trends impacting the future of work, team-building strategies helping startups scale, job-seeker interests evolving office culture, and more.

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The Data Exchange

Los Angeles: A leading tech hub that's losing tech talent

LA's tech scene has a lot going for it—beautiful sunshine, booming amounts of venture capital, a lower cost of living than its Silicon Valley counterpart. But as it catches up with New York and the Bay Area to become one of the most sought-after destinations for engineers and technical talent, it's also losing its most valuable asset—new grads.

Junior technical talent is leaving the area in droves, and while some find their way back after building experience elsewhere, many never do. That leaves LA startups searching for experienced talent and stuck with only two options:

1. Warm up to the idea of distributed and colocated teams
2. Devote additional time and resources toward convincing talent to relocate to LA

The first is already in full swing—LA is the most remote-friendly city on AngelList, with more than 30% of its job postings open to remote workers. But the second is still a very real challenge that founders, recruiters, and companies of all sizes face.

What if they didn't have to?

LA is leaking technical talent



The exodus doesn't have to happen quite this large.

Daniel Renken
Senior manager of recruiting
Zwift

When you look at AngelList data, striking stories emerge. Job-seeker interest in cryptocurrency crashed right along with the 2018 markets. The Bay Area is leading the AI revolution, with over 2,000 startups in the space. Most major cities have 50%-100% more job openings for engineers than their next most popular role.

But perhaps the most striking strand we found when exploring tech's competitive landscape was in LA. It's home to leading tech schools—like UCLA, USC, and more. It's the third most in-demand career destination among AngelList job seekers—following NY and SF. **And, by an order of magnitude, it's losing newly graduated technical talent faster than other major U.S. tech hubs.**



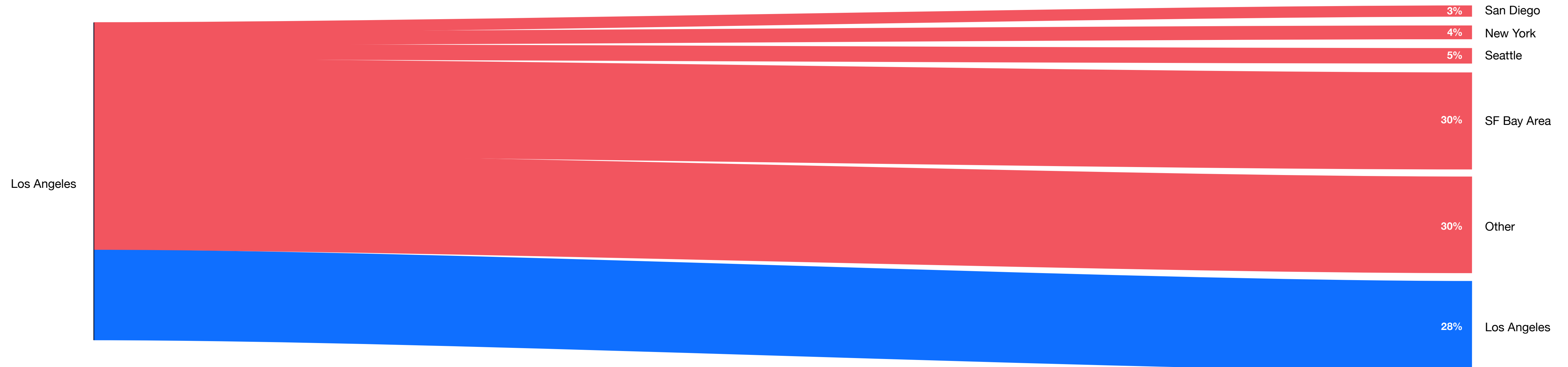
72% of LA's software engineering grads leave LA for their first job

LA's tech grads, by and large, wind up at companies with fewer than 50 employees—in fact, about 50% of LA grads on AngelList do. Another 20% or so find themselves at tech giants, with the remaining 30% landing somewhere in-between.

The problem? Most of LA's new engineering grads are not taking their first jobs at companies in LA. The vast majority head to other parts of California—namely, San Francisco—or cities like New York and Seattle.

The migration of LA's new tech grads

Based on data from over 1,500 AngelList users, who graduated from an LA university in Jan. 2008—June 2019.





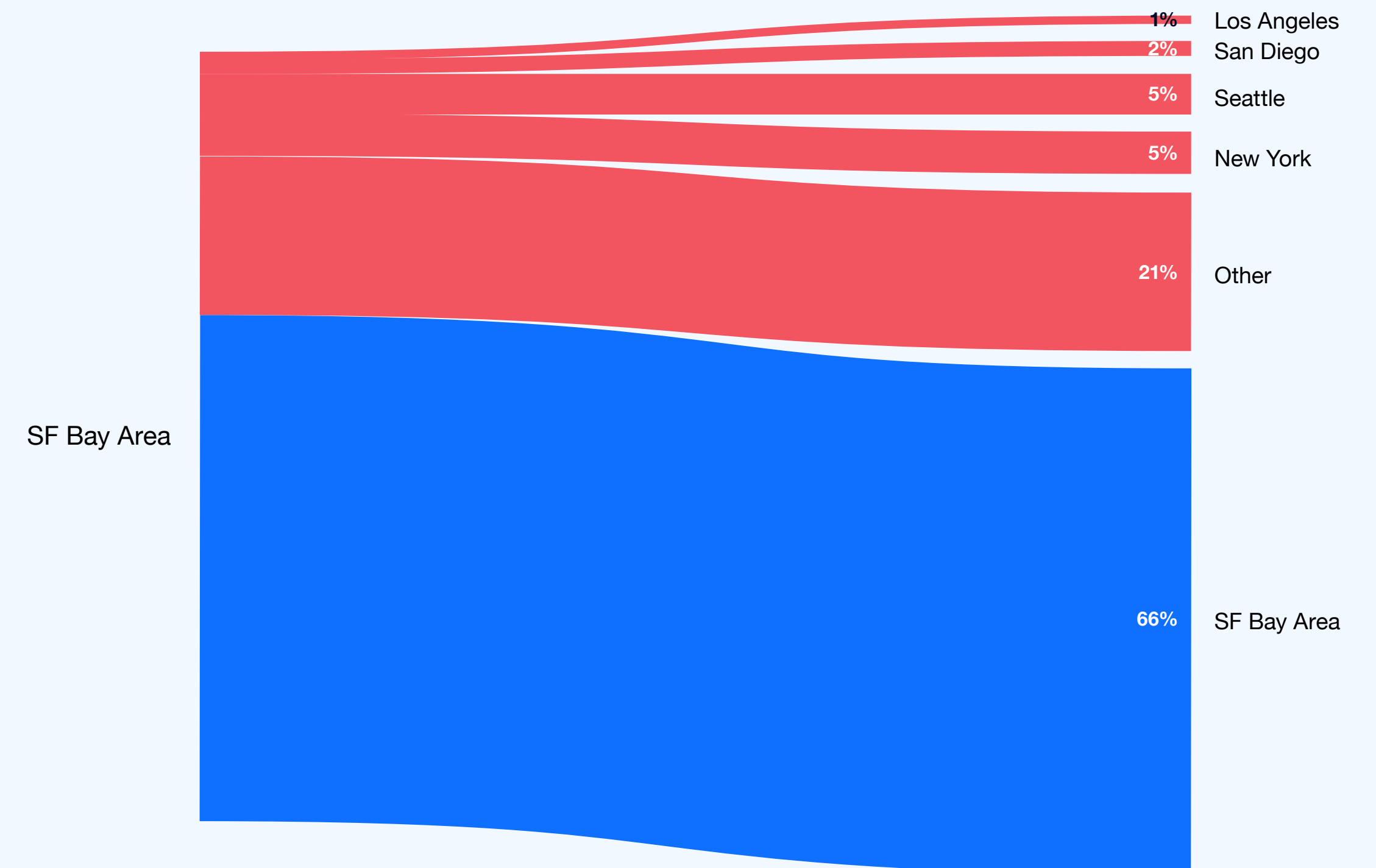
34% of SF's software engineering grads leave SF for their first job

While the LA, NY, and SF markets may all be similar in the skills they recruit for and the challenges their startups tackle, what isn't common among them is the extreme talent leak. Silicon Valley, for example, hires 66% of its new engineering grads. New York? 49%. And Seattle brings aboard just over 40% of its own. "Students graduating and going to these bigger markets reflects the fact that Google, Facebook, Microsoft all have huge college programs and hire thousands of students and train them well," says Paul Sledd, director of technology talent acquisition at MedMen, and former senior manager of talent outreach at Snap. "Then, a few years later a guy like me will go find them when they're ready to take on full-problem ownership."

But attracting talent back to LA can be a difficult business.

The migration of SF's new tech grads

Based on data from 920+ AngelList users, who graduated from a Bay Area university in Jan. 2008—June 2019.





Despite LA's flourishing and diverse tech scene—there are more than 16,000 LA startups, and counting, on AngelList—it can be hard for founders, hiring managers, and recruiters alike to convince candidates that LA is a long-term home for their lives and careers.

Developments in recent years have helped ease the pitch: Facebook, Apple, Amazon, Netflix, and Google occupy over three million square feet of LA, according to a report from Curbed LA. That alone helps job-seekers understand there are LA companies, big and small, for them to move between in their careers. And in winning its bid for the 2028 Olympics, LA will spend billions improving the city's transportation and infrastructure, meaning a long-term investment of cash in the area and the promise of a simpler way for locals to get around.

But despite the LA migration of bigger logos and the promise of new, long-term city development, many recruiters still contend the simplest path to engaging and retaining technical talent is to get to them before they ever leave. So how can startups better engage local, developing job-seekers? It starts by debunking the idea that LA's tech landscape is all that different from its competitors.



We have to be more accommodating to new engineers—not just saying you have to come from a top-10 tech school and have had three years of internships with high-level tech companies. We have to allow ourselves the opportunity to groom new grads into roles here.

Daniel Renken

Senior manager of recruiting
Zwift

LA is just as competitive as SF and NY

Software engineering is a lifetime of learning.

Jason Bosco
VP of technology
Verishop

There's a working hypothesis among some engineers: If they move to LA, one of two things will happen. They'll have to move again in a couple of years to continue learning and earning in their career, or they'll get stuck working at "the one" company in LA they're interested in. This fear of being pigeonholed comes up so frequently that LA recruiters and hiring managers have joked it's a rumor, born in San Francisco, to keep technical talent from leaving the Bay Area.

When you consider LA has long been one of the most diverse cities in the country, with a major presence of consumer-focused startups capitalizing on that fact, it's surprising technical talent could feel concerned about the ability to build a career in LA. "There's great technology companies here, and there's not as many engineers, product managers, designers as there are in San Francisco, so you have an opportunity to really grow," says Brendan Rogers, cofounder of Wag! "You can come as an IC engineer and become a director or VP of engineering in three-to-five years' time."

So what is it that job-seekers are missing—or misunderstanding—about the LA market? We dug into the requirements NY, SF, and LA companies look for in their new hires—like existing skills, level of experience, starting salaries, and more—to try to find out.



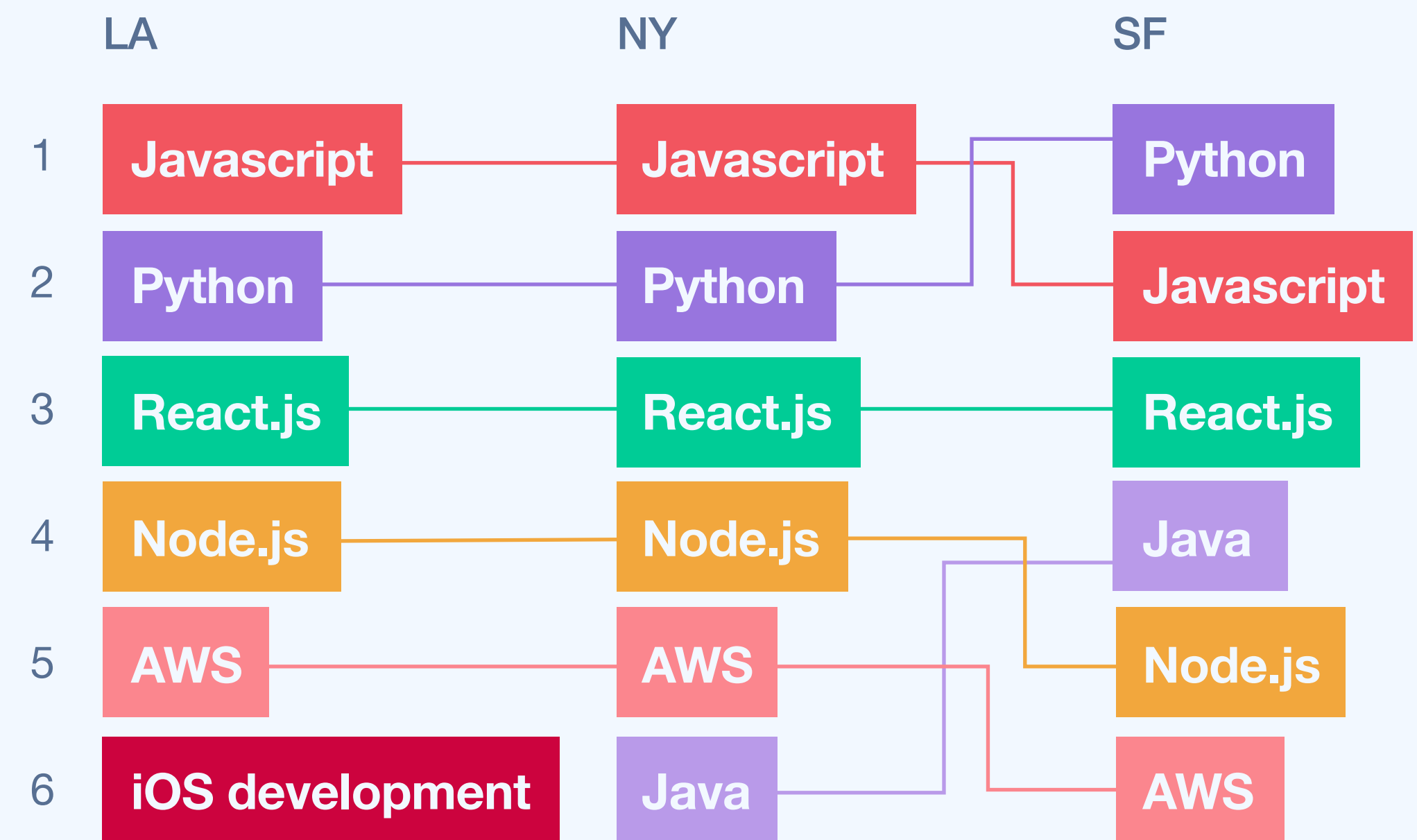
Put LA, NY, and SF side-by-side, and you'll notice a few things.

1. Their most in-demand skills are nearly identical.
2. They're each home to thousands of high-growth startups.
3. Their tech teams are hiring on a 70/30 split between specialist engineers and generalist engineers, respectively.

So, for immediate hiring, growth potential, and the ability to move between a variety of companies, LA is right in stride with NY and SF. Differentiation among opportunities does come up when you dig into the industries dominating each city: LA leads the pack for the most fashion, health and wellness, and music companies on AngelList. NY leans heavily toward advertising, while SF is a hotbed for biotech and AI. But, from the highest level, the skills and experiences LA, NY, and SF companies scour the talent market for are, in many ways, exactly the same. Where else could differences lie?

The most in-demand skills in LA, NY, and SF

Based on data from over 14,000 AngelList job postings, from Jan. 2018—June 2019.





NY and SF are typically the highest-paying cities in the country, but as big tech continues to expand in LA, that story may start to change.

“I think the biggest thing nowadays is we’re actually coming to a standardization of salaries for new grads,” says Daniel Renken.

“The larger, more established, tech companies are implementing it. When you control the candidate pipeline and already have interested candidates, you can create a baseline for salaries. That will start to trickle down to smaller tech companies, too.”

Until it does, LA’s tech salaries still stand out in two ways:

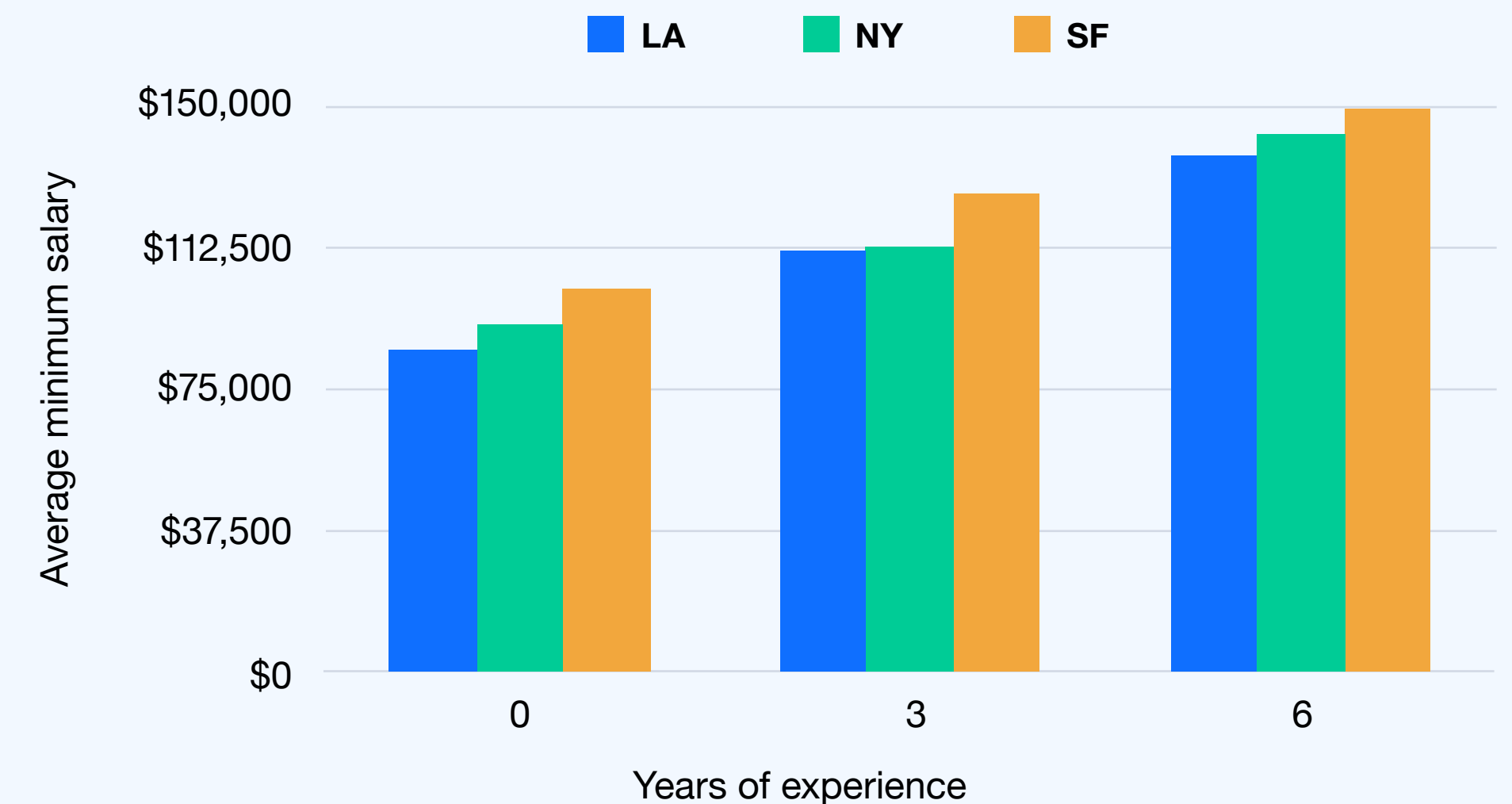
1. A lower cost of living means the salaries it offers go further than they would in other competitive markets.
2. As engineers advance in their careers, the average minimum salary LA startups offer in job listings on AngelList grows at a faster year-over-year rate than it does in NY or SF.

“There are a lot of smaller companies in LA, and keeping people is very important,” adds Molly Anderson, talent acquisition lead at Lumi. “It’s a lot cheaper to keep someone and pay them more than to lose them and have to go through a whole process of hiring someone new to fill their shoes.”

So, if in-demand skills, years of experience, specializations, and market-relative salaries share a similar baseline in each of tech’s major cities, what can LA companies do educate candidates and get a handle on the local talent leak?

Average minimum salaries in AngelList job postings

Based on the average minimum salaries listed in over 4,000 AngelList job postings, from Jan. 2018—June 2019.



LA can slow its talent leak

You have to ask: What is it that the engineer on your team wants to fulfill in their career, and how can we support that?

Bhavini Soneji
VP of engineering
Headspace

LA's lower cost of living and higher quality of life mean more to local job-seekers than just helping their salaries stretch a little further. They mean it's easier for them, one day, to become local entrepreneurs themselves. Candidates are hungry for roles where they can build products, remain an individual contributor, wear lots of business hats, and work with a team that pushes hard to achieve its goals. From there, it's up to LA's companies to build a culture that both retains and attracts technical talent.

"It's the classic make, buy, or borrow your team," says Paul Sledd. "You have to figure out where your company fits into that spectrum."

- **Build:** "Snapchat, as one example, struggled with Android development. Facebook would out-compete us for an Android developer every time they got the chance. So, to build those capabilities, we had to look at our own talent, train them up, and make a standard, full-stack developer into an Android expert."
- **Buy:** "This is what Netflix does so well, this whole concept of, 'We'll pay top of market. We'll challenge the hell out of you, and we'll get you here in a way that other companies may not be willing to do.'"
- **Borrow:** "Lots of companies will choose to be based in LA, but they may also have satellite offices or contingent workers once they hit the point of needing to grow their talent beyond current capabilities."

While there's no simple way to win the war for talent, a few strategies can help. LA's founders, tech leaders, and recruiters shared the team-building approaches they've seen make a difference.



1. Get smart about team structure

Here's what we know: Junior talent is leaving LA. "Folks coming right out of college are looking for a junior eng position or associate product manager position," explains Brendan Rogers. "There's not as many companies in LA, especially startups, that have those open roles."

For companies in LA, one tempting approach is to focus on hiring only the most skilled and senior candidates out there. For a while, that might work, but "you have to think about team structure early on," advises Daniel Renken. "You can't just say, 'We can't hire junior or mid-level folks because we have to get product out the door.' You'll experience fast attrition from your seniors who feel like they can't grow."

That leaves you with a blunt reality: Building a sustainable tech team, even in its earliest stages, means striking a balance between senior and more developing talent. And the upside that comes along with it is the creation of new, local opportunities to keep entry-level talent rooted in LA.

The average LA tech team

Eventually, experience levels balance out. The key? Don't wait too long to bring on junior talent.

35%
are Junior

1-3 years of experience

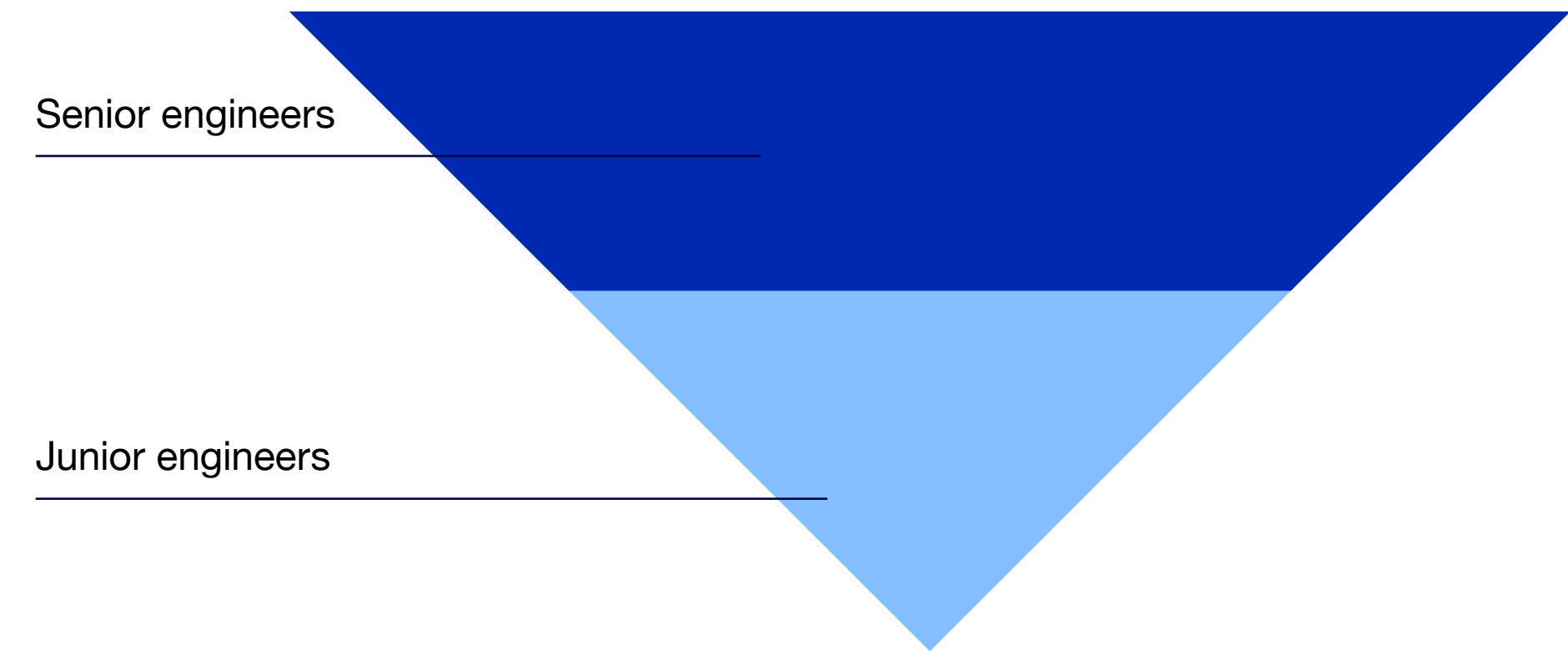
34%
are Senior

6+ years of experience



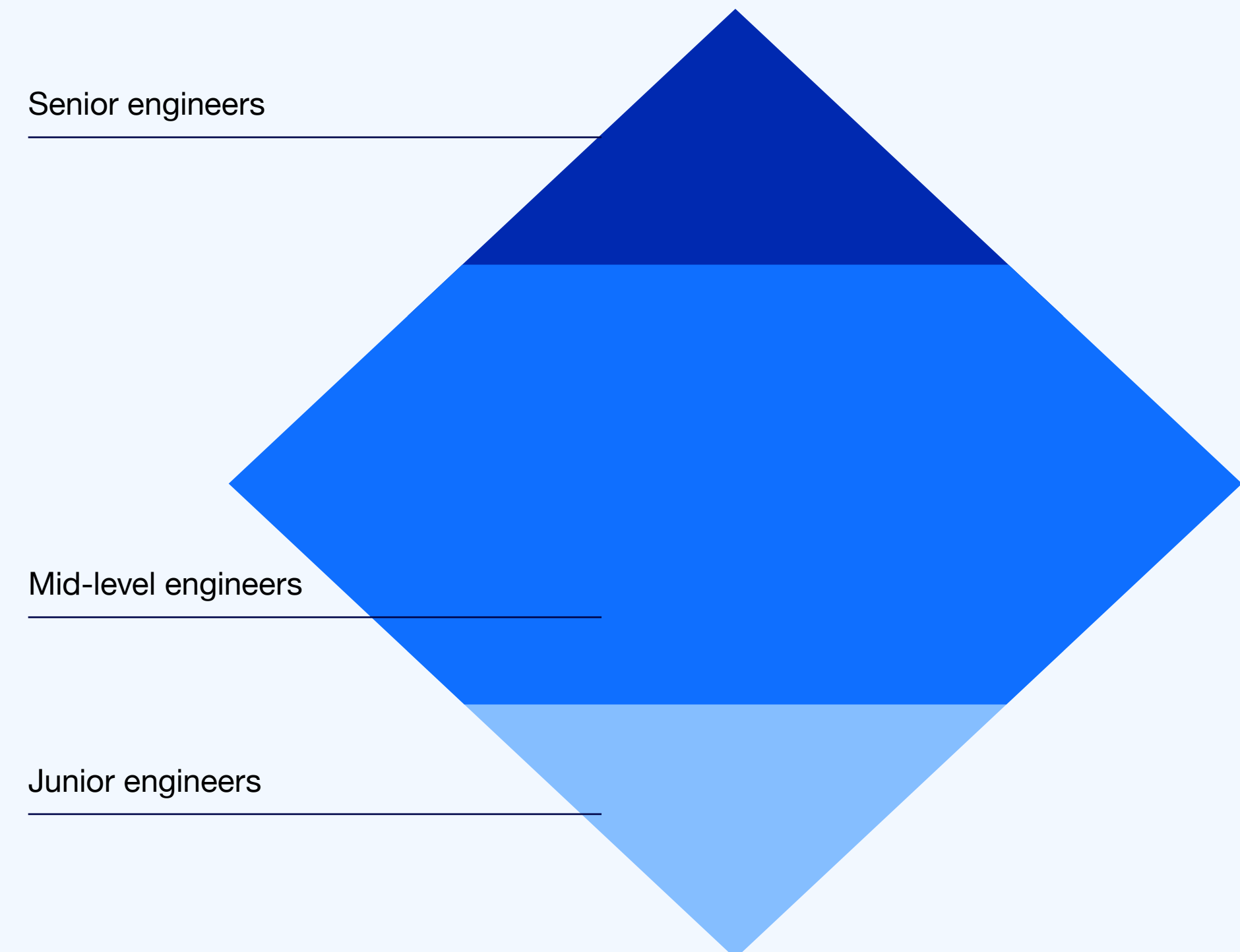
Start by building an inverse triangle

“Build a solid foundation of your seniors, and then start building down,” suggests Jason Bosco. “Over time, start moving people up internally into more senior positions. That gives people a nice motivation that there is an internal career path.”



Work toward developing a diamond structure

“You have less senior people, then a larger number of mid-level engineers, and maybe a lower number of junior engineers. I’ve found that to be more sustainable,” adds Bosco. “Junior engineers, though smaller in quantity, quickly go up to the mid level. Then, they spend time expanding into multiple areas, and it becomes a slower progression to a senior level.”





2. Recognize you need to train talent

Beyond competitive salaries and solid benefits, there are two key steps when engaging junior talent: develop mentorship and development tracks for them within your team and communicate those processes and opportunities clearly. “If you build those pieces from day one, you’ll hold onto people longer,” says Chad MacRae, director of global talent acquisition at Tinder. “We prioritize offering tools that help employees learn, but not all companies have the budget. There are still free things you can do, like giving engineers time each month to work on an open source project. If you don’t, they’re going to look for organizations that do, and there’s a lot of them out there.”

In fact, the four qualities that LA engineers say they value most in their next company is one where they can:

- Develop their skills
- Learn from their team members
- Have challenging problems to tackle
- Feel like they’re on an upward trajectory

Structured mentoring is a popular strategy in supporting these culture requests. “Have on-the-job opportunities,” suggests Bhavini Soneji. “If someone is an expert in front end but wants to do back end, how do you pair teammates up? Or how do you give them a smaller project to start with and a safe environment to try to learn on the job? Structure the squads and teams so junior people have an opportunity to learn and so the senior person gets the leadership opportunity to mentor. I think this is the number-one thing people are looking for—a way to excel, and learn about different areas, and get experience.”

49%
of LA startups say they **offer little-to-no training** to their tech teams.



3. Be strategic with relocation

NY and SF are stacked with technical talent, but they're also targets for some of the most aggressive talent poaching of all U.S. cities. So, while they're fertile areas for finding experienced job-seekers—especially when those candidates have roots that track back to LA—other, smaller cities like San Diego, San Jose, and Seattle should not be overlooked. They're filled with top engineers, but looked to far less frequently for recruiting than Silicon Valley. Among growing companies working to bring technical talent back to LA, two key questions are often raised:

Where should I look?

“Start by looking for people who are at a growth-phase company,” says Bhavini Soneji. “They have a few years of experience, and now that the company is going through a growth phase, they might be looking for something smaller. Then the big thing is selling on the mission and vision because that is what excites engineers—the problem space.”

How do I close?

“You have to give them time,” says Daniel Renken. “You have to show them where to live. Show them the schools in the area. Take a day out to show them Santa Monica Pier or just some good food. Bring them to your campus and have them meet with the team and meet with the teammates’ significant others so the families feel connected. There’s a lot more selling that goes into it, but you have to do it on a personal basis—to sell that this is the place to be for a good portion of your life and that makes sense for your family, not just that this is the job you’re going to kind of like for a while.”

Which engineers are willing to move to LA?

14% in SF

10% in NY

21% in San Diego

15% in San Jose

11% in Seattle

10% in Chicago



LA's tech landscape is shifting

In LA, job-seekers have access to more than just leading technology. The city consistently ranks high among areas with the most entrepreneurs per capita, with cheaper startup costs than other leading tech hubs.

“When you see new grads leave LA, it’s because they’re wanting to go build something and make a name for themselves,” says Daniel Renken. “Silicon Valley is a heavy hitter for a reason, but I think now the landscape is shifting, and there are companies doing really cool things in LA. It just takes time to shift.”

That means, with the right pitch, LA companies have the environment it takes to support candidates in their early careers—as they grow—and later down the line—when they’re ready to bring their own visions to life.

“You have a very diverse group of people that can really help ignite the startup ecosystem,” says Brendan Rogers. “In LA, there’s a ton of creative people who are in all different industries. More than just tech startups are going to emerge.”



Hire top tech talent in Los Angeles

A-List is our private platform for experienced candidates. Each week, we welcome over 40 top engineers, data scientists, and more, making it simple for your company to connect with the very best candidates who are looking for their next career challenge. Over 2,000 leading tech companies have built their teams with A-List (think: Airtable, Asana, Flexport, and Thistle). If you're hiring in LA, we'd love to help. Go from interview to offer in as little as two weeks.

<https://alist.co/los-angeles>



How A-List is helping LA



Quibi

The Challenge

Finding experienced Android, iOS, and full-stack engineers in LA

The Experience

"We love that the Angellist team sends over curated lists of candidates they think will be a good fit for us, and they reach out on our behalf to get conversations going. It feels like they're part of the process."

The Result

"We hired one of the first candidates we reached out to on A-List. He signed with us on a Wednesday and started full-time the following Monday."

