

Workforce management prowess for startups undergoing international expansion

Executive coach and Maddyness contributor Victor Snyder spoke with Eynat Guez, CEO of Papaya Global, about startups expanding into new territories in a post-Brexit, post-pandemic world.

Eynat Guez has served in leadership roles at a variety of HR tech and global workforce service firms for over a decade. *Papaya Global*, which she co-founded in 2016, is the first global workforce management platform that truly takes into account what it means to build and maintain teams that span the globe.

When the company closed its Series C funding round this past spring at a valuation of over \$1B, it became Israel's first-ever woman-led startup to achieve unicorn status.

I recently had the opportunity to speak with Guez about the UK's place in the European and world-wide ecosystems, the changing dynamics of globalisation in 2021, the best business structures for working with location-agnostic talent, and balancing motherhood with startup stewardship.

The business world is only now starting to see the loosening of some extreme travel restrictions. From your perspective, how is this impacting the ways that startups are approaching international expansion?

The legacy of the pandemic will be the way it threw open the doors to the idea of remote work. That's been documented extensively, but it's not clear that the real shift has been fully recognised.

It's not that companies are more willing to allow their employees to work remotely. That's only part of the story, and one that was already gaining momentum before COVID-19 forced companies to work remotely or not work at all. The bigger change has been in how companies – and startups in particular – have started to disregard location as a factor in their hiring decisions.

In the past, hiring abroad was hard because of labor laws and taxes. Managers were reluctant to take big risks on foreign employees because of a constant fear of non-compliance. But now they know that compliance tools are out there, so they are willing to hire anywhere, not just within commuting distance of their headquarters. The result is a more global workforce and greater competition for top talent wherever companies can find it.

What kind of perspective shift do you think UK startup founders need to have today, post-Brexit, when it comes to operating in more locales in Europe?

UK citizens will no longer be able to work in EU countries without a permit. If startup founders want to transfer people to European branches of their company, they must go through the visa process and obtain work permits.

But that is not to say that the process is so hard and so different that it's not worth a bit of effort. Every situation is different and has to be evaluated individually, but just because the EU is a foreign market now doesn't mean it's hostile or unworthy, or really, anything different than it was before Brexit.

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Even in 2021, startup leaders from the US and Asia often open their first European offices in London. What do you think surprises them most when getting set up to do business in England?

London has always been one of the great hubs in Europe, and the fact that the native language is English certainly makes it easier for people to feel comfortable. It's one less challenge to face when operating abroad.

At the same time, many Americans are often surprised by how different the communications style is, even though the language is ostensibly the same. People might understand the words and completely misread the nuance behind them.

The unspoken rules of social etiquette are very deeply ingrained in society and take time to learn.

As a woman with a growing family and a unicorn startup, how have the dynamics of business leadership changed for you most in recent years?

Speaking for myself, I've seen the challenges of being in a leadership position as a woman and simply refused to allow it to hold me or my company back.

Among the challenges has been the fact that my time is more limited with three small children who need their mother in their lives. I was pregnant with my second child when my company Papaya Global closed its A round of

funding. I was pregnant with my third child when we negotiated the C round and gave birth a short time before we closed.

I know that my company needs me, and I know my family needs me. It's a challenge to find the balance between them. Sometimes I feel like my company is just like another child that needs my time and effort. I can't just put any of them on hold. I also learned that the dream of being "Superwoman" is just that – a dream. You are what you are, and there is no reason to feel guilty about who you are.

When it comes to global payroll compliance, which types of regulations do today's expanding companies usually find to be the trickiest to navigate on their own?

The sheer volume of things to stay on top of makes global payroll virtually impossible to handle manually, especially when you start adding more and more countries. Every country has its own tax laws, labor codes, benefit structures, currencies, and languages. Staying compliant in one country does not guarantee that the company will stay compliant in any other country.

Just take a look at the payslips from different countries. They are all fundamentally different. In fact, it's rare that any two payrolls are identical. There are typically changes from one month to the next, especially when you factor in bonuses, commissions, reimbursements, travel allowances, and so much more.

The only way to really stay on top of a global payroll is by automating the workflows so that you know that all of the required forms have been filled out, when documents need to be replaced, when you need to update the payroll for each employee, what taxes need to be withheld and at what rate, etc.

You also need to make sure all the third-party party benefits vendors are paid, and that the authorities receive all of the appropriate taxes and social security payments. It's important to remember, when there is a mistake with payroll, it's usually the employee who suffers the consequences. So you have to get it right and on time, every time.

In what situations do you think companies are better off working with offshore teams on a freelance basis, opening a local subsidiary, or using a proxy employer? Are there general parameters that apply to most situations, or is every company different?

It's hard to generalise because companies have so many different goals and needs. That's why we tailor our solutions for each company. But as a general guideline, I would say that working with freelancers is only good when you have very specific, short-term tasks. The risk of misclassifying people as contractors when they are actually functioning as employees is real, and governments everywhere are cracking down.

If you want to enter a new market and hire employees quickly, the best way to start is with an employer of record (EoR). That saves you the trouble of opening an entity right from the start. You can test a market or build your team slowly.

When you reach the point that you plan to stay long-term, or when you reach a certain number of employees, usually in the range of 10-15, you should consider opening an entity. That's the most stable solution for a long-term presence.

Just remember that when you open an entity, all the liability is on you. You need to have all the systems in place to make sure you are compliant.