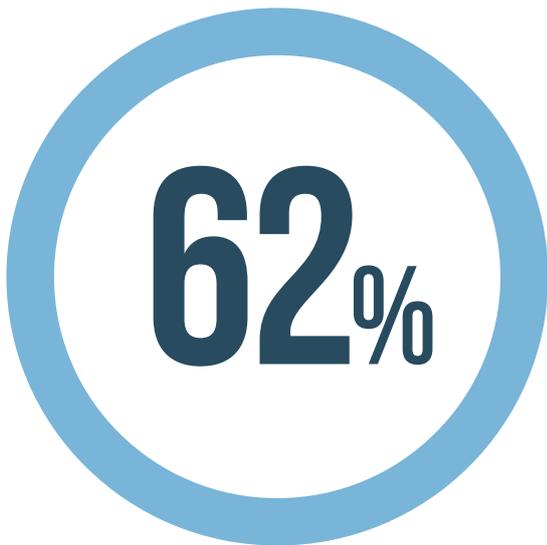


**CAN YOU WIN
THE GLOBAL WAR
FOR TALENT?**



62% OF EMPLOYERS REPORTED EXPERIENCING A 'WAR FOR TALENT' — UP FROM JUST 20% IN 2009.

As the western world emerges from a protracted period of economic stagnation and depression, management consultancies and their in-house counterparts are encountering a new set of hurdles to overcome.

The 'war for talent' is more than mere hyperbole: it's well established that organisations are struggling to recruit the brightest minds for the toughest tasks. Simultaneously, the world of work is changing at pace, shifting from the long-established tradition of permanent, long-term positions to dynamic arrangements such as freelancing and contracting.

While the world fights for talent, management consultancies are feeling optimistic about 2013 following strong growth in 2012¹. Positive economic stories emerge every day, so it's unsurprising that businesses are turning to consultants to help them position themselves for growth.

To compete in the global marketplace while navigating the challenges presented by new technologies and changing consumer trends, businesses need the skills and expertise of management consultants.

However, as client work accelerates, management consultants may be wondering how they will meet this growing demand when talent is hard to find and difficult to secure.

Another challenge for many management consultancies is the question of how to compete with a diversified market for consultancy services. Smaller agencies and boutique consultancies are growing in popularity, while the public sector has taken steps to engage smaller consultancies by implementing the ConsultancyONE framework. By tapping in to smaller providers, clients can easily access the precise blend of skills, experience and locations they want from their consultants. Smaller consultancies with lower fixed cost bases can compete for major projects with premium clients. The barriers to competition are eroding, removing some of the competitive advantages traditionally enjoyed by larger management consultancies.

Organisations who engage management consultants also report a willingness to embrace flexible working patterns and alternative project approaches², suggesting that management consultancies have the potential to develop and deploy agile talent strategies.

The web has facilitated a boom in the freelance economy. Matchmaking websites efficiently pair clients with contingent workers, while rating systems utilise concepts popularised by eBay and Amazon to filter out disreputable clients

and ineffective contractors. But are these freelance marketplaces purely the preserve of startups, entrepreneurs and SMEs? Or do they represent a new forum of opportunity for highly skilled international experts and the clients who need specific skills to address high-level challenges?

In this briefing paper we consider the new world of work and the implications for management consultants, and we ask how businesses like yours can take advantage of changing attitudes and changing technology to become more agile, more innovative and more responsive to the needs of your clients.

Talent worth fighting for?

Optimism may be rising in tandem with order books, but the skills shortage shows no sign of abating. The CBI/Pearson Education and Skills survey finds that 39% of the employers surveyed are struggling to find people with the advanced skills they need. The problem of skills shortages is significant enough that the CBI is concerned that it could interrupt a return to long-term growth, and they have urged government to address the issue.

In the CIPD/Hays Resourcing and Talent Planning Survey 2013, 62% of employers reported experiencing a 'war for talent' – up from just 20% in 2009.

Research conducted by recruitment specialist Robert Half UK shows that 31% of CFOs have increased their use of interim and temporary talent to fill gaps in their permanent headcount³.

The results of skills shortages are likely to be an acceptance of 'second-best' candidates, inflated salaries, an erosion of employment standards and increased training and development costs for new recruits. Clearly, fresh tactics are required to win the war for talent.

“WE’RE FACING A CRITICAL LACK OF SKILLS IN SOME KEY INDUSTRIES, JUST AS THE ECONOMY STARTS TO PICK UP.”

– JOHN CRIDLAND, CBI DIRECTOR-GENERAL



OF THE EMPLOYERS SURVEYED ARE STRUGGLING TO FIND PEOPLE WITH THE ADVANCED SKILLS THEY NEED.

The new world of work

The challenges facing employers coincide with a seismic shift in the way people work. The old employee / employer compact is giving way to a situation in which businesses cherry-pick from the best available talent and recruit resources to meet project demand.

Businesses now see the value of recruiting the best individual for a given task, and of only paying for the expertise they need. Rather than adding to a bank of costly employees, organisations are embracing the project economy and discovering that they can reduce their costs and improve outcomes by choosing exceptional talent for each task, rather than having a permanent staff of generalists.

Freelancers and contractors are hired for all manner of tasks – from straightforward project work to critical product launches, contract negotiations, strategy pieces, mergers and acquisitions, clinical trials, research, and innovation projects. Independent contractors are also fulfilling senior roles, often in the form of interim managers, who may be drafted in to cover an absence, manage change or implement a new strategy. Employers can effectively ‘parachute’ an expert professional into a situation and trust them to focus on their core task – unhindered by the organisational politics and administration that traditionally slows the pace of change.

Businesses of every size and type are embracing outsiders in order to remain competitive in an agile marketplace. Even global corporations such as Procter & Gamble are opening up to the possibilities of collaboration with people beyond their walls. More than 50% of P&G’s new product developments involve external innovators⁴.

Colgate-Palmolive turns to the innovation crowd-sourcing platform InnoCentive to find solutions to complex product challenges. With just a little effort Colgate-Palmolive can put their problems to the world’s brightest minds, and gain the benefits of their expertise on a pay-as-you-go model⁵. Rather than recruiting hundreds of additional scientists who may or may not have the answers to their questions, they can engage the one expert who does have the answers.

“THE TALENT REQUIRED TO LEAD PATH-BREAKING INNOVATION WILL INCREASINGLY RESIDE IN LOCATIONS SUCH AS BRAZIL, CHINA, INDIA, AND EASTERN EUROPE...⁵”

As the global race for talent increases, attitudes to work change, and technology enables the efficient pairing of resources and clients, what are the options for management consultants and their in-house counterparts who have growing talent demands? And what are the options for consultants who want to augment their in-house resources in order to tackle industry- or location-specific projects?

Just-in-time talent

The rise of the freelancer, the contractor and the independent consultant has been meteoric. While freelancers were once considered to be the poor cousin of their permanent peers, going solo is now understood to confer considerable benefits to practitioners – and to the clients who hire them.

The global freelance marketplace is wide, deep and mature. The UK and US pools of independent professionals are particularly rich and varied. In the UK, an estimated 1.56 million people are freelance, with 23% of these people carrying out managerial functions. The professional occupations represented include scientists, programmers, solicitors, accountants, directors, managers and senior officials⁶.

The Harvard Business Review article, *The Rise of the Supertemp*, dispels the notion that freelancers are purely for the creative industries – or for non-managerial positions. The article also takes a wrecking ball to the idea that contract roles are somehow less desirable or less prestigious than their full-time counterparts. The article begins with the provocative assertion that ‘the best executive and professional jobs may no longer be full-time gigs’ and goes on to describe the emergence of *supertemps* – a category of senior freelancer with world-class talent and impeccable credentials⁷.

“SUPERTEMPS ARE TOP MANAGERS AND PROFESSIONALS, FROM LAWYERS TO CFOs TO CONSULTANTS, WHO HAVE BEEN TRAINED AT THE BEST SCHOOLS AND COMPANIES AND CHOOSE TO PURSUE

PROJECT BASED CAREERS INDEPENDENT OF ANY MAJOR ORGANIZATION.^{7”}

In the US, 26% of the average organisation’s workforce is made up of independent consultants and contractors, with some estimating that this ‘contingent’ labour component could continue to rise to as much as 30-50% of the entire US labour force⁸.

Far from being desperate for regular work, these independent consultants and contractors report feeling happy and satisfied with their mode of working. A 2011 survey for MBO Partners found that nearly 80% of freelancers are happy with their situation – with 58% reporting that they are ‘highly satisfied’.

Booz Allen Hamilton estimate that the UK’s market for interim management is the best developed, accounting for \$1.8 billion in revenue in 2009. The ability to access top talent at short notice and pay only for the skills and time they need is clearly an appealing formula for many organisations.

“IF THERE IS THAT CAPABILITY TO QUICKLY TAP INTO A POOL OF TALENT THAT YOU CAN TRUST IS HIGH QUALITY, IT WOULD HELP THE ENTIRE INDUSTRY. IT WOULD HELP THE ECONOMY TO HAVE NEW IDEAS VETTED AT A FASTER PACE AND WOULD INCREASE THE PACE OF INNOVATION.” – SUMIT SADANA, SANDISK⁷

Pinpointing freelance expertise

The freelancers are out there, and so are the clients who want their services. So how do the two groups match up? How does the client pinpoint the talent they need in a timely and professional fashion? How can clients exploit the potential offered by independent consultants without getting bogged down in protracted talent searches and contractual issues? How can clients evaluate independent consultants and make informed hiring decisions?

Freelance marketplaces and job sites have transformed the industry – both for professionals and prospective clients alike. Popular generalist websites such as Elance, Guru and People Per Hour allow freelancers to create profiles which advertise their skills and experience. Clients can post their projects and browse the details of suitable matches. In their Annual Impact Report (2013) Elance report 2.3 million registered freelancers, with more than half a million active clients, and more than 80,000 job postings per month. And while the majority of their clients come from the US, the UK, Canada and Australia, three of the top locations for their freelancers are India, Pakistan and the Philippines. This clearly shows that the web is powering a new connectedness, enabling businesses to tap into the resources they need, wherever in the world they might be.

At the heart of many of these networks is a rating system, similar to the type used so successfully by eBay, which incentivises good behaviour and helps to highlight poor performers. However, many of the

most popular freelance marketplaces operate a self-serve model, whereby clients post their projects, review the applicants, select individuals and then manage the entire project, from inception through to delivery and on to payment. This process is ideal for startups and entrepreneurs who may be time rich and cash poor, but it is too slow and imprecise for many larger players. Networks such as Odesk and Guru typically focus on the provision of technicians and creative professionals. These websites are ideal for sourcing low- and medium-skilled talent, but may lack the rigour and control required to adequately support the needs of management consultants and their clients.

Advantages to those procuring consultancy services

For management consultancies and their in-house counterparts, the appeal of expertise on demand is obvious. Talent can be found, engaged and put to work in days, rather than months, enabling a new degree of efficiency and agility – precisely what is needed to respond to today's client needs. A global talent pool of verified experts is ready and waiting, all at no cost, and can be deployed with confidence for a fraction of traditional recruitment costs. The web enables organisations to cherry-pick talent and flex their entire workforce to meet demand, stretching like an accordion in order to complete projects, and contracting efficiently and affordably when demand declines.

Expertise on demand

At MBA & Company we identified a gap in the market, a need for a middle ground between the self-serve freelance marketplace and a more traditional recruitment agency approach. And as more and more top-tier consultants choose to continue their careers independently, we understood that clients need a reliable method of finding these individuals and engaging their services.

Our platform provides the functionality clients expect from an online marketplace, but our project managers supervise the talent search, provide ongoing support and manage the invoicing and payment process. This managed approach ensures that clients can find the talent they need quickly and start projects immediately.

We only accept highly qualified independent consultants with a proven track record of both academic and commercial excellence. With a global network we can quickly identify and engage talent with specific skills, experience and qualifications in the precise location our clients need. Our model is an effective antidote to the slow-moving and costly world of traditional recruitment,

while providing the professional service and quality control that is missing from other freelance marketplaces. All of this combines to allow management consultancies and those with in-house teams the ability to preserve a lean and flexible cost base while knowing they have access to the precise talent they need, when they need it.

What does the future hold?

As the global economy thaws and the recovery gains momentum, employers are likely to experience further fallout from the war for talent. The competition for resources is likely to intensify, and organisations are expected to diversify their approaches to talent management, while workers around the world are set to continue their quest for meaningful work that challenges their skills and fires their passions. Meanwhile, growth in both the private and public sectors is likely to fuel demand for management consultancies and their services.

The future looks very different, but it promises to offer a better deal for independent consultants, for management consultancies and the clients who depend on their insights, intelligence and expertise.

¹ Management Consultancies Association Ltd. (2013). Retrieved July 2, 2013, from Management Consultancies Association Ltd: <http://www.mca.org.uk/news/positive-growth-for-uk-consulting-sector>

² Management Consultancies Association Ltd. (2012). *Consultants working flexibly – the client view*.

³ HR Review. (2013, June 13). Retrieved July 2, 2013, from HR Review: <http://www.hrreview.co.uk/uncategorized/three-in-10-31-cfos-have-increased-their-use-of-temporary-staff/44462>

⁴ Accenture Institute for High Performance. (2013) *Trends Reshaping the Future of HR: The Rise of the Extended Workforce*

⁵ BusinessWeek. (2007) *Ideagora, a Marketplace for Minds*

⁶ Professional Contractors Group Ltd. (2011) *UK Freelance Workforce*

⁷ Harvard Business Review. (2012) *The Rise of the Supertemp*

⁸ International Freelancers Academy. (2012) *Freelance Industry Report: Data and Analysis of Freelancer Demographics, Earnings, Habits and Attitudes*

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