

Staffing Engagements With Associates Remains Viable

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Improvement in much of the European consulting market has increased the demand for expert resources. Yet many firms remain uncertain about the sustainability of the market and hesitate to add more permanent staff. This creates a strong demand for independent associates interested in working on a temporary basis.

In July 2004 *MCI* reported on UK-based Mindbench, a company that supports the flex staffing model. Managing Director Richard Stewart has benefited from the ongoing health of the UK market as well as the modest turnaround in the rest of Europe.

Although growth in some countries is minimal, at least the markets are no longer in recession. He describes his firm's growth as being on target — since May of last year the business has increased fourfold. And the number of people out on projects has increased at a similar rate.

During this period, Mindbench has been refining its model to better fit market demands and make the business clearer to the firm's audience. "Whereas before we were getting involved in project managing some consulting projects ourselves, the bulk of our work was in finding and providing the specialists", says Stewart. The firm's new Web site reflects a sharper focus on the core business, which is in providing assistance to management consultancy firms to start their projects.

Analysing the Associate Market

A recent study by Mindbench indicates that the use of associates in consulting is pervasive and increasing. An analysis of the results of its own survey along with data from the MCA enabled the firm to validate the widespread nature of the practice.

Although demand for associates varies somewhat with fluctuations in the consulting marketplace, it is up significantly in the last three years. In a survey of 21 consultancies, all but one indicated they use associates on a regular basis and/or to handle surges in demand.

Expanding Geographically and Professionally

Mindbench's growth has included staffing engagements outside the UK. This came about because quite a few of the client firms have their resourcing functions in London but include overseas offices. When they found that they lacked the right specialists in those offices, they turned to the UK staffing organisation to help resource them.

"There are other situations where those companies don't have offices in other countries, but have needed to take components of a project there", says Stewart. "They may be able to send some people to those countries, but they generally have not had sufficient people on the ground. They need people who have been nationals of those countries — who understand the market, the environment, and are fluent in the language".

In some cases Mindbench has been recruiting people in the destination countries, but more often it is finding UK-based people with local backgrounds and sending them overseas. The firm's presence on the Internet, along with networking and speaking at conferences, has enabled it to attract candidates from all over the world.

The firm is providing more variety in skills. A year ago the work was primarily in strategy, but now Mindbench is supporting major consulting engagements, so a broader range of skills is required. "We are supporting consulting companies that have gone from being medium-size consulting players with large outsourcing operations to large consulting companies that have won major deals", says Stewart. They typically do not want to use permanent staff for the entire projects, so they will have a core team leading it, and they will use associate staff to do the rest of the work. "In those situations, the array of types of people and skills required can be very wide" — people with experience in supply chain, HR consulting, change management, MIS, and document management.

The War for Talent Is Fought Here As Well

According to Stewart, the main challenge has been finding enough good people. "It is finding people of the right quality. Although the contractor market is developing in the UK, it is not very established in other countries", so it can be difficult to find the right skills in some locations.

Even in the UK, it is still quite difficult to find enough of the right types of people to cover what are often very specialised requirements. Locating the right people is quite a time-intensive process, says Stewart. "As we have gotten a wider range of requirements coming to us, it has been more intensive for us to locate, identify, and manage those people".

Stewart describes the key challenge as finding people with very specific skill sets and at the right professional level. "We are not faced with a shortage of people, but we have very specific requirements". A requirement will include a certain number of years in consulting to a particular sector. Too much experience means they are going to be too expensive, and the team dynamic may not be right. "Whilst in some cases it is right to have someone very experienced, often they want someone at a specific level. For each specific requirement, there is a very defined and small market of people". Mindbench needs to locate and bring in people at a price that works for its clients.

Filling a Real Need

In early 2005, when there was a spike in the market, Stewart found that consulting companies were turning down work because they were unable to staff it. Consultancies will initially address this problem by increasing the utilisation of existing staff, but that approach has its limits. Mindbench was kept busy providing resources to support additional projects, but sometimes there was too much demand, and consultancies chose not to do the work.

Despite the value offered by associates, at a certain point the firm management may decide it has enough contractors. There is sometimes concern that overuse of outside resources might damage the brand. Firms need to manage their brands and all the expectations of their clients, and if they sense any weaknesses, they may shy away from the associate model.

Respondents to the Mindbench survey identified relative advantages and challenges associated with the use of associates. A chief reason for using them is the need for specialists, and availability of the right expertise is identified as the greatest challenge. To the degree that it can reduce the challenge, Mindbench should be successful.

Stewart reports that there are a lot of new consulting companies in the marketplace. Many have been launched by people who have left the big firms. Those start-ups often begin with senior talent, so they are good at positioning the firm and selling work. But there may be insufficient resources to execute the engagements, driving the need for associates. In the established consultancies, demand has picked up as well. They are being quite aggressive about entering new markets and servicing all the projects that come to them.

Playing a Role in the Recruiting Space

While providing contract workers early this year, Stewart realised it would not be long before his clients would have aggressive targets for permanent recruitment as well. “If they were looking at so many projects and having difficulty staffing them, the obvious next step is ‘we need also to ramp up our permanent recruitment’. Generally speaking, for the type of work that some of these companies were involved in, they wanted to have a pretty strong balance in favour of permanent”.

At the same time, it became evident that quite a few of the contractors working with Mindbench could be interested in permanent opportunities. So it decided to offer that service as well. “We have been offering permanent recruitment to these companies since the second half of this year”, says Stewart. “We know all of these people — they have worked on our projects — so when we offer someone to a company, it is with the knowledge that they are good at their job”.

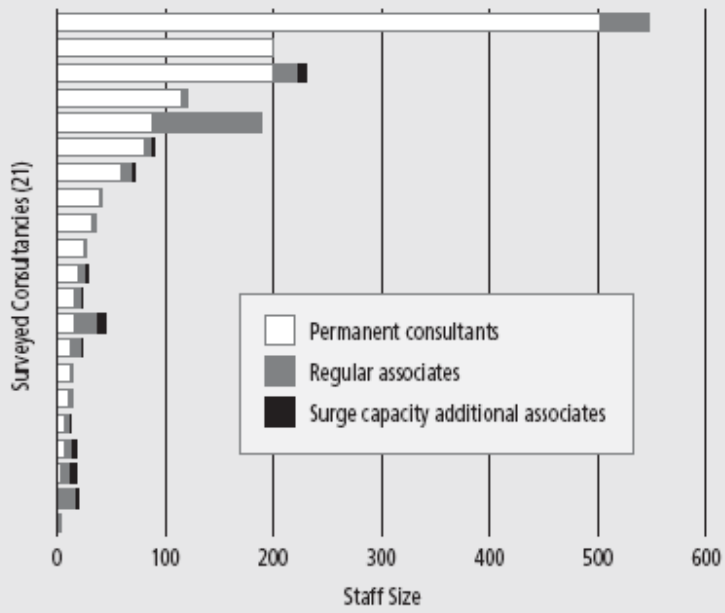
Companies working with Mindbench on a contract basis are also able to take on associates as full-time employees. That is very attractive to these companies, because they get the opportunity to test the people on projects. “It adds a level of security for them; they have the knowledge that person is able to do the types of projects they expect them to do”, says Stewart.

But despite the employment opportunities, many people in the market want to be contractors for the long term. It gives them flexibility and can provide considerably higher earnings because the consulting firms are prepared to pay a premium for contract workers to do a specific task or project.

A lot of people want to be flexible and offer their unique services. Stewart describes it as a market where “the individual and individual skills carry an awful lot of weight”.



Associates Are in Firms of All Sizes



Source: Mindbench survey and analysis 2005