

Submission to the Taylor Review on Modern Employment Practices

GROWTH IN THE PROFESSIONAL "GIG ECONOMY" SIGNALS DRIVEN BY A SURGE IN DEMAND FROM CORPORATE CLIENTS

Odgers Connect is part of Odgers Berndtson, one of the leading international executive search firms whose recent clients include over two-thirds of companies in the UK FTSE100. Odgers Connect is the newest subsidiary of the firm, formed specifically to address demand from corporate clients seeking more flexible means of accessing senior talent and consultancy services.

More here: <http://www.odgersberndtson.com/en-gb/about-us/odgers-connect>
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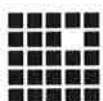
The government is reviewing how employment practices need to change to keep pace with modern business models. The background to this is a steady rise in self-employment, which currently accounts for 15% of the UK labour market (ONS).

Odgers Berndtson is one of the leading global executive search firms, with offices in almost 30 countries and, in the UK, over two-thirds of FTSE100 companies among its recent clients. The firm has set up a new subsidiary, Odgers Connect, to focus on a particularly vibrant segment of the professional "gig" economy, namely providing management and strategy consulting services to corporate clients through the provision of independent consultants.

We believe that among the most significant, and least understood, areas of the professional gig economy is at this higher end – and that any study of the changing workplace should also look at the demand from British companies and other organisations driving this growth. Odgers Connect believes the increasing appetite of corporate clients to use independent consultants reflects their own needs to remain competitive and agile in the face of a complex set of pressures.

Looking at the wider 'gig' market, the Office For National Statistics reports that the sector was worth £0.5bn in 2014, but estimates it will be worth as much as £9bn by 2025. PwC goes one further, predicting growth of more than 30 per cent a year between 2015 and 2025. It says that the industry could be generating £18bn in revenues by then and facilitating around £140bn-worth of transactions in the UK alone. While the headlines are continually filled with taxi drivers and courier companies, research by the Resolution Foundation notes that the recent rise in self-employment has been led by workers in "privileged" high-skilled, higher-paying sectors such as advertising, which has seen 90pc growth in jobs since 2009, IT consultants, and areas of public policy.

Whilst it is evident that interest is growing in the benefits to individual professionals from working self-employed or through their own small companies, we do not believe the stereotype of these high-earners working for disproportionate gain is fair. Further, it certainly does not accurately reflect the wide pool of independent consultants we work with.



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In our experience, independent consultants have typically previously worked at major, global firms. In general they have chosen to work independently, often as limited liability companies, moving from project to project. Along with independent IT contractors, independent lawyers and other professionals, these consultants are at the forefront of the professional gig economy.

But contrary to the popular stereotype, we see a highly diverse group of professional people with many reasons for choosing to work independently. Some are looking for a better work/life balance, perhaps trying to juggle professional careers with family commitments, whilst others are using earnings from consultancy projects to re-train, fund the creation of their own start-up companies, or underpin portfolio careers.

It is perhaps also worth noting that many of the older group of senior consultants work independently as an alternative to not working at all – since beyond a certain age high level positions in conventional firms can be hard to find. Meantime at the other end of the age spectrum, we see young professionals using independent work to subsidise further training or generate income to fund the early years of a new start-up, or other new business venture.

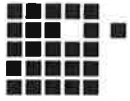
It is important to note that not only consultants seek greater flexibility. Increasingly companies want this too, as they strive to address changing talent needs. The benefits to a company buying services in new ways, such as from an independent consultant, have thus far received relatively little attention but are fundamental because they are driving this segment of the workplace. Without increasing demand for professional gig workers this high-end sector would not exist.

So why are they buying? Corporate clients who have historically bought consulting services from traditional firms often tell us they now prefer to work with independent consultants. The backdrop to this is a range of pressures to their own competitiveness in an increasingly uncertain world. To maintain growth and succeed in the global economy – particularly given the uncertainties around Brexit, digital transformation and geo-politics – companies need to explore and develop the most effective growth paths. If they cannot manage this effectively, their continuing success, the livelihoods of all those they employ, and indeed the health of the UK private sector, is at risk.

Working with independent consultants allows many companies to explore scenarios for their own businesses around these uncertainties in a flexible and cost-efficient way. Companies need to prepare their businesses for what lies ahead – without taking on unnecessary additional cost. And this is particularly important at a time like the present, when there are multiple unknowns around which they need to prepare, against an uncertain economic backdrop.

Professional gig consultants tend to be more senior and provide ‘more bang for buck’ which means answers and solutions are quicker, more accurate and delivered by more commercially astute individuals. The flexibility that comes with using independent consultants is also hugely attractive – allowing businesses to scale up and down as they wish without incurring costs. The Odgers Connect network is made up of consultants from top tier global firms who are extensively assessed and referenced so quality is also a key buying reason.

Meantime to survive in the professional gig economy, independent consultants must be able to consistently deliver excellent results to their clients – they do not have a global brand to hide behind. They may be well paid, but they are also personally highly exposed and accountable for real results. This is appealing to many companies because the flexibility, quality of work and seniority of professionals working independently often adds more value at lower cost than otherwise available, and certainly undercuts alternatives offered by traditional consulting firms.



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At one level, this is a professional version of a process well underway in other industries where the "middle-man" is disappearing fast. For example, a consumer might use an online app to order their taxi rather than a traditional mini-cab service due to accessibility, responsiveness, options and cost. In the same way, corporate buyers of independent consulting will use this model in place of traditional consulting firms because it offers greater flexibility, responsiveness, choice and cost.

While we welcome this review, and agree that a wide-ranging study in to the current state of the UK gig economy and future benefit of working practices is overdue, we would like to suggest that any study should also look more closely at the demand side. It is vital to understand the motivations and changing talent needs of the buyers of these 'gig' services. They include many of the UK's biggest and most successful companies, looking for more effective ways to operate in a fast-changing global economy. These wider trends are as fundamental to the changing world of work as their outward symptoms, which include the continuing growth in professional self-employment.

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