

2016 | H1

Strategy

MARKET INSIGHT



Brexit fears lead to shift in hiring trends

2016 started comparatively slowly within Strategy. Uncertainty surrounding the outcome of the Brexit vote was in part to blame for the loss of appetite to hire, along with a number of other regulations coming into force at the start of the year. H1 saw limited hiring activity within the Strategy functions, particularly for permanent roles. In fact, there has been a trend in open permanent vacancies being converted to contract or interim roles while in process, signalling a reluctance on the part of companies to make long-term budget commitments.

Whether or not the Strategy function is a quantifiable value-add for businesses has never been up for discussion, but investment in internal Strategy roles is often the first to be hit by budget cuts. Decision makers tend to equate Strategy hires to times of growth and are in danger of turning all attention to driving efficiencies across the implementation and operations teams, making mid-level strategists with practical implementation experience particularly attractive on the market.

While the number of candidates active on the UK market far outstrips the number of available roles, competition is fierce and visa sponsorships hard to come by. With the markets being more buoyant in other international financial hubs, such as New York and Hong Kong, candidates should work with a specialist global recruiter such as Badenoch & Clark if there is interest in an international relocation. For B&C, roughly three out of four Strategy placements were overseas hires in H1.

An uneven playing field

While the banking sector significantly slowed recruitment efforts on the approach to the EU referendum, and oil and gas continued to struggle, the retail sector showed a great deal of strength and resilience. This is of course largely due to the international nature of this industry – leaving retail relatively unscathed by the caution that has infiltrated many other sectors.

On the salary front, wages remained relatively flat throughout H1; while London is awash with talent, employers are struggling to find the quality candidates they need. In particular, the demand for strategy consultancy skills with industry experience was met with disappointment.



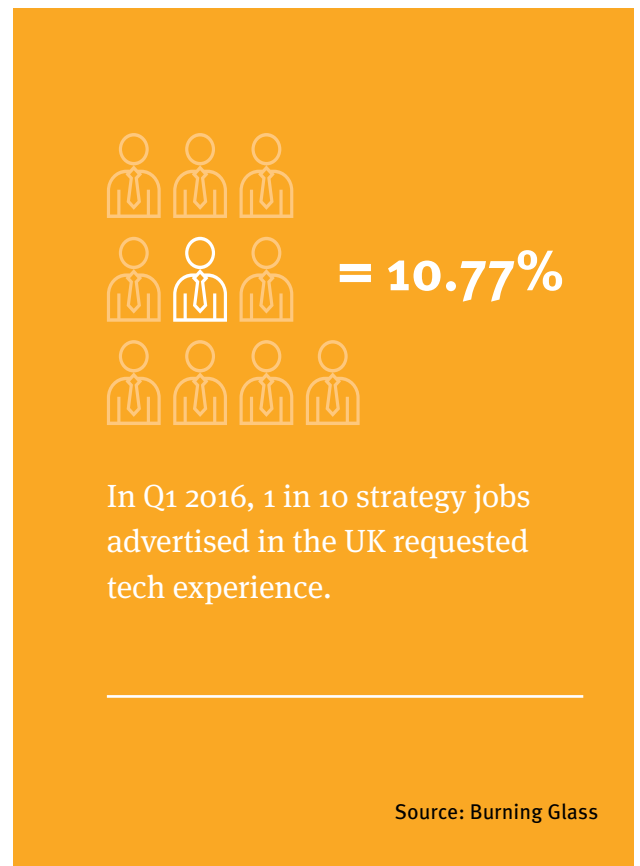
decrease in advertised salaries from Q1 2015 to Q1 2016

Source: Burning Glass

Strategy skills in demand

The six months to July 2016 saw increased demand from companies looking for candidates with digital experience. This is not only in the wake of an increasing number of growing start-ups requiring Strategy (B&C Strategy division won three new pieces of business from start-up clients), but also as a result of the wider response from more established players seeking to digitise their proposition. This is particularly prevalent in retail, with the constant movement to digital, online and mobile apps.

Another hot topic within the retail and consumer space is innovation. Innovation skills are increasingly sought-after by companies wanting to diversify their product/service offering and target new areas. Learning to compete in new markets requires companies to break from business-as-usual and innovate, and the need to define and communicate the new customer proposition requires a versatile Strategy skill-set. Macro-space strategy within retail was also on the rise in H1, calling for candidates with commercial strategy experience.



Diversity

Workforce diversity has remained topical amid recruitment discussions in many sectors, including Strategy. This is particularly true of the banking sector, where the diversity drive has led to an increase in BME and gender hires.

António Simões commented that being gay was key to his success in business and that he would not have been successful in securing his role otherwise. The Chief Executive of HSBC said it had made him “more authentic as a person, better able to empathise” and that he had “more emotional intelligence. If I wasn’t gay, probably I wouldn’t be CEO of the bank”.

On the consulting side, practices have pushed to bolster their female taskforce, most notably at partner level, and last year Deloitte announced Cathy Engelbert as the first female CEO of a major US accounting and consulting firm.

Both the BBC and Civil Service announced plans to increase diversity in all forms across their workforces. The broadcaster introduced targets that will see women make up half of its workforce by 2020. Additionally, 15% will be from ethnic minority backgrounds, 8% disabled hires, with a further 8% coming from the LBGT community. Similarly, the Talent Action Plan from the Civil Service outlines the intention to make diversity a priority across all government departments. Championing diversity in the consumer market, Virgin Money Chief Executive Jayne-Anne Gadhia commissioned a report earlier this year, proposing that bonuses should even be connected to gender diversity targets.

In a move that will continue to support the consensus that a more inclusive workplace breeds a better populated and higher quality talent pool, Sir Philip Hampton, chairman of GlaxoSmithKline, was chosen to succeed Lord Davies in leading the initiative to encourage FTSE350 companies to place more women in senior positions.

Companies with strong female leadership generated higher ROI than those that do not possess this

10.1% vs 7.4%



MSCI World Index

As workplaces become more inclusive, the quantity of quality talent attracted to these employers increases.

BREXIT - WHAT NEXT?

On June 23rd, the UK voted in favour of Brexit – severing its official economic and legal ties with the EU. The immediate, day-to-day impact of the vote is difficult to forecast, as settlements will take a considerable amount of time to negotiate and implement. Companies heavy on outsourcing (offshore and near shore) should prepare for short-term rising costs due to the effect of Brexit on the pound.

It remains to be seen whether the ‘wait and see’ strategy adopted by companies in the run up to the referendum becomes business as usual. Clients remain optimistic, however, and the expectation is that, whilst the financial services sector may see some transitions in jobs, this change-driven market will give rise to high demand for Strategy Consulting services across sectors, as companies seek to carve out their short and medium term strategies in response to the environment of change.

The boom in digital ventures that is emerging across the financial services, FMCG, telco and media is also expected to compensate for any loss in M&A revenues. Likewise, existing regulatory change agreements within the EU, such as EU data protection reform, are still going ahead meaning demand will remain.

The importance of a flexible labour market to our economy is undeniable - to what extent this will be affected is currently uncertain - but candidates should expect both senior and junior hires to continue.

Contact us

Take the first step in a lasting partnership.
Contact us to discuss your career or business goals.

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