



**RPO & Talent  
Solutions:  
Managing  
Client  
Expectations**

# Key trends in global Talent Solutions

The outsourcing sector is booming, with a significant spike in demand across the board. However, a lot of the demand is driven by short-term projects rather than long-term commitments as employers react to hiring spikes and ongoing demand for talent.

Employers are increasingly interested in combining talent management and talent acquisition functions with the aim of moving to a total talent management system. This requires a focus on upskilling and reskilling employees, successfully managing internal mobility and retention, leadership succession and career planning.

While Diversity & Inclusion continues to trend strongly, there is a big division between companies that are genuinely committed and those that still consider it as a tick-box exercise. Providers are now typically expected to provide D&I as part of their standard offering. Some of the biggest challenges include managing client expectations and guiding them to play an active role in the process.

For employers, deciding how to reinstate office working is dominating the short-term agenda. While it is very unlikely most organisations will require employees to return to the office five days a week, it is too early to assess what balance of office and remote working is best for balancing productivity and staff expectations. Talent solutions providers are increasingly being asked to do more, with less.

Battered from the financial ramifications of Covid-19, more and more companies are turning to RPO and MSP to resolve their talent dilemmas. They expect more holistic, strategic solutions centred on diversity and inclusion, upskilling, reskilling, and internal mobility. The key question for providers is how to meet these demands within a sustainable commercial model, especially as organisations are starting to expect these services as part of a standard offering.

The role of Talent Solutions providers in helping employers with their skills and reskilling agendas was the topic of two Cornerstone OnDemand and TALiNT Partners virtual roundtable evenings held on 24th March and 30th March. Attended by global and national leaders in RPO,



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MSP and total talent solutions, the round-table discussions were hosted by Andrew Brown, Head of Recruitment Outsourcing Partners at Cornerstone OnDemand; Ken Brotherston, Managing Director, TALiNT Partners and Debra Sparshott, Employer Programme Director, TALiNT Partners.

## The outsourcing boom: Looking beyond the hype

It is no exaggeration to say that the outsourcing sector is booming. Just over a year since the outbreak of the pandemic, there has been a significant surge in demand for RPO and MSP services across the board as employers react to hiring spikes as well as ongoing demand for talent, both in specialist and high volume areas.

Employers who drastically reduced their inhouse HR teams a year ago are now scrambling to keep up with demand, resulting in more companies turning to outsourcing.

The trend has fuelled increased interest from investors, who eye MSP/RPO as a better prospect for returns than permanent or contingent recruitment models.

However, a lot of the demand is reactionary, driven by short-term projects rather than long-term commitments.

An executive for a global RPO and contingent talent provider summed up the situation as “two thirds panic purchase and one third strategic.” “We’ve seen more growth in the last two and a half quarters than ever before and it shows no sign of slowing down,” he added. “However, it’s organisations looking at large scale projects over six to twelve months to fulfil some of the pent-up need. It is like this in every market, but the US is most prominent, followed by Europe and Asia.”

The managing director of an MSP/RPO provider described project recruitment as the sector’s ‘heroin’. “Yes, we’re busy, everyone is busy, we all need recruiters, and recruiters’ salaries are going up – but it’s for the wrong sort of revenue, which doesn’t help my investors or me,” he said. “I want long-term, contracted RPO and MSP revenue. I don’t want the drug that is project recruitment.”



This response may seem counter-intuitive but, in a busy market, the implementation and resourcing of short-term projects is a struggle. Most solution providers do not have a bench of available resource, and interim work is not an attractive proposition when so many are looking to hire recruitment talent. Project RPOs tend to stretch existing resource, leading to team burn out and impacting other accounts.

#### **Total talent management: The way forward?**

The pandemic has accelerated the trend towards total talent management solutions – the integration of talent acquisition and talent management functions into one entity, requiring long-term strategic planning around upskilling and reskilling, internal mobility, retention, leadership succession and career planning.

But while employers, especially larger ones, are interested in total talent solutions, there are big question marks over how providers can successfully monetise these services and whether employers are prepared to do their share of the work required to ensure success. While expectations have risen, budgets usually have not, and in some cases, organisations are pushing to reduce costs while still demanding value-added services.

“It’s a great idea but the level of effort required from the client to support it is something they are not always conscious of, or willing to contribute to, whether financially or with their time,” said one talent solutions leader.

Another talent executive said providers needed to do a better job of educating their clients regarding the value of their services. For example, there is a big difference between managing administration for an internal mobility project and driving the whole programme, including putting the technology and processes in place.

While skills shortages have propelled organisations to seek different solutions, most have not yet reached the pain point required to trigger significant change.

“As organisations realise the skills that didn’t exist pre-pandemic still don’t exist, this will become an increasingly urgent agenda item,” the CEO of an RPO provider predicted. “Too often the academic world has failed the business world, as people are leaving school with the wrong skills.

“The only way we are going to satisfy the demands of organisations is helping them reskill and [get rid of] obsolete skills. I think this is very much going to be part of our world in the next five years.”

A talent leader at an international group said clients are increasingly aware that internal mobility and upskilling are key to fixing talent gaps. “They are trying to work out where those little pockets of brilliance within their organisations lie,” she said. “We are certainly having conversations with our clients about how they drive internal mobility, how to keep their best people and give them career pathways and opportunities they wouldn’t otherwise have had. I think it’s definitely an evolution in how clients are prepared to do some of that groundwork.”

#### **D&I: Managing expectations**

Similarly, the conversation around diversity and inclusion has become more nuanced. Whereas ten years ago, this conversation was largely confined to gender equality, organisations are now just as focused on ethnic diversity and representation of other minority groups, as well as D&I strategies for contingent as well as permanent talent.

However, there is a big division between companies that are genuinely committed to D&I

*“We’re busy, everyone is busy, we all need recruiters, and recruiters’ salaries are going up – but it’s for the wrong sort of revenue. I want long-term, contracted RPO and MSP revenue. I don’t want the drug that is project recruitment.”*

and those that still consider it a compliance exercise. “It is a conversation that you are having with every client and you quite quickly understand whether that client really believes in it or whether it’s just a tick-box exercise,” one talent solutions leader explained. “What we are finding with companies we are working with is that the people driving growth do genuinely believe in their diversity and inclusion agenda. But we also have some corporate clients where you feel it is an edict that has come down from above and people don’t really buy into it.”

Companies are now increasingly likely to view D&I as a standard part of a suppliers’ capability, not an extra they are willing to pay more for.

“It is expected to be part of your core offering from start to finish, as opposed to historically it was an extra or value added or a way to differentiate yourself,” said the managing director of a global talent solutions group.

However, a partner in a talent consultancy said it really depended on the client. “We find the right client, who really does care about it and cares about the cultural shift, will pay the margins. If it’s a tick-box exercise, they won’t, and it becomes part of your managed service offering,” he explained.

Providers face a similar challenge around D&I as they do with total talent solutions – of tempering unrealistic expectations and educating clients to understand that the process won’t work without their genuine commitment and effort.

“A lot of it is getting your client to realise that they are part of the solution and they have to work equally as hard as you as a recruiter to embed their D&I strategy,” said the director of a total talent solutions provider. “There is a huge expectation on the recruitment provider, whether it be MSP, RPO, or SoW.

“On one hand, you are told, let’s bring in D&I around ethnicity or gender. On the other, you are told you have to hit your KPIs and they want to see four CVs for every role, and they want to see them next week. Anything is possible, but if they want this to be a strategic, embedded process, they need to help their hiring managers or our hiring managers get on the same page with that.”

An executive at an international RPO provider described how his company had refused to commercialise their D&I strategy because they were still working out ways to improve their own D&I. “Our approach is that, if we are going to sell what we do within that marketplace, we will go to the market when we have achieved something. That may well put us behind some of our large competitors who have invested heavily in these programmes, but our differentiator is that we are authentic,” he said.

### **Return to the office**

Another hot topic was the return to the office. While it seems extremely unlikely most organisations will go back to a five days-a-week model, it is too early to assess what kind of hybrid working pattern will be most successful at balancing productivity and staff expectations.

For many senior staff, remote working has proven efficient and productive, enabling, for example, an executive to attend meetings in four different countries on the same day. However, the loss of socialisation and learning opportunities from face-to-face interaction is particularly acute for new and younger staff members. Attendees gave a sense of strong feeling across their client conversations on both sides; those who cannot wait to return to the office and those who are perfectly happy at home.

Employers also face the challenge of ensuring fairness for employees whose roles cannot be performed remotely.

Within the next three to six months, organisations which try to force staff back into offices risk losing workers to competitors with a more flexible approach.

## **With insight from senior executives from the following organisations:**

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