

The World in 2020

Globalisation, specialism and talent:
How professional services is evolving

The most telling impact of the global financial crisis has been an acceleration in the shift of global power to the emerging economies.

It is now commonly accepted that in GDP terms, the largest of the E7 emerging economies will be bigger than the current G7 economies by 2020 and that China will have overtaken the US by this date.

The renewed dominance of China and India in particular, with their much larger populations, is in many ways a return to the historical norm prior to the industrial revolution of the 18th and 19th centuries, which saw a shift in global economic power to the US and Western Europe. This shift is now in reverse.

This change in the world order presents both opportunities and challenges for professional services providers based in the advanced economies. These emerging economies' consumer markets continue to grow, creating a larger middle class, and this will provide opportunities for multi national firms to establish themselves in these markets, thereby creating work for the professional services firms.

This makes for a highly competitive and, in many cases, price sensitive market that makes retaining the existing profit levels generated by the firms in the current advanced economies virtually impossible.



The rise in prominence of the ‘global strategy officer’ tells its own tale...

But not investing for the long term into the emerging economies, and focusing purely on the US and Western Europe risks leaving the firms in the slow lane of history as the emerging markets become more powerful on the global stage.

Most professional services firms have recognised this trend in some way or another, albeit with differing levels of commitment, differing legal structures, differing strategies and ultimately varying degrees of success.

The rise in prominence of the ‘global strategy officer’ in a number of the leading international professional services firms tells its own tale. Currently these individuals, more often than not, are based at the head office of the firm, normally a US, Western European or advanced economy location.

Certain professional service sectors will see significant change over the next five to ten years as they wrestle with their clients’ global needs and expansion plans. The pace of change in the legal market in particular shows no sign of abating and it is very likely that the international legal landscape in five years’ time will bear no relation to what we see and know now.

War for talent

This presents a number of challenges for the suppliers of talent to these firms.

Most successful professional services recruitment businesses at the senior end are small independent operations driven by one or two people in one location — but today's global firms need global solutions.

In response, a number of recruitment firms have entered into cross border affiliation relationships. Whilst these types of arrangements can work on a superficial level, you only have to look at what the professional services firms are doing to see that they are not sustainable solutions in the long term — they are moving away from affiliations, seeking full global coverage under one brand.

The professional services recruitment industry also has a reputation for being candidate led and not client focused.

This is particularly true in the more developed markets of New York, London and Hong Kong, and there are a number of reasons for this, including the systems that clients use to allocate introductions — but a recruitment business that is only based in one city or country really can't afford to be anything other than candidate led.



The ability to source people from every corner of the globe becomes a need, not a want...

There is also the issue of the ever decreasing talent pool as the 'baby boomers' reach retirement age and have yet to be adequately replaced.

The ability to source people from every corner of the globe becomes a need, not a want. Companies want the best talent available, regardless of where they come from. As the talent pool continues to dwindle the 'war for talent' will become even more intense.

In today's ever changing global landscape, talent moves more freely across borders. So, in order to build a firm-wide relationship, a search business will need to have capability in the advanced economies, where the leadership is based and most of the senior decisions are made — and in the emerging economies, where the actual talent is needed.

Over the next five years, Definitive Consulting will embark on a series of measures that will ensure that we will be the first truly international provider of professional services personnel at a senior level across the globe.



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