**Can Covid19 act as a catalyst for change for recruitment agencies?**

Spring 2020. Challenging.

it is going to live long in the memory.

Whilst we need to remember that Covid 19 remains a human tragedy the immediate impact on business and employment has been profound. For those of us in recruitment agencies we have seen an almost 180 degree turning of our industry in a matter of days.

For certain, the future looks unclear. What will it bring, in what shape? When? these are questions I, and probably, many others are starting to think about.

Right now, the answers to those questions feel incomplete. Honestly? I am not sure what that future looks like. Where we are heading looks slightly foggy.

But for me the direction of travel is becoming clearer. Let me share my thoughts.

Where we were.

Before looking forward it may be worth reminding ourselves of where we were earlier this year.

According to the Office for National statistics the UK employment rate in the three months from December 2019 to February 2020 was 76.6%. In January 2020, the unemployment claimant count of the UK workforce sat at 3.4 %. Not the lowest but remarkably close.

We spoke about a scarcity of talent. Skills in certain areas of the marketplace were becoming hard to find. Opportunities were plentiful. It was a buoyant candidate driven market. Many on the outside of our industry thought we merely had to send out the CV’s and the revenue would return.

Where we are

Move forward to June 2020.

The Office for National Statistics (ONS) reported in June that there were an estimated 476,000 open vacancies in the UK between March 2020 to May 2020. This was 342,000 fewer than the previous quarter and 365,000 fewer than a year earlier. That is a huge shift in market dynamics.

The ONS reported the unemployment rate was 4% as at the end of April. The EY ITEM Club’s latest expectation is that the unemployment rate will increase to around 7.5% in late 2020 before stabilising and then falling back. This is based on the EY ITEM Club’s assumption that the economy will contract around 15% quarter-on-quarter in the second quarter, and by 8.0% over 2020.

<https://www.ey.com/> press release 6th June 2020

5 horizons

I recently read two McKinsey reports. Both shared what effect Covid 19 was having on businesses and what the future may look like. The first spoke about the 5 horizons business leaders needed to consider as we progress through this crisis. I looked at the following and my initial thought was how well we had done. The 5 horizons they spoke about are:

* Resolution.
* Resilience.
* Returned.
* Reimagine.
* Reform.

The second report really caught my attention. Although it was referencing businesses in Germany, I found the thought process behind it compelling. It shared a graph. The graph plotted a range of industries and segmented those industries into two sectors:

* Those businesses that were navigating the crisis.
* Those businesses that were using the crisis as a catalyst for change.

<https://www.mckinsey.com/business-functions/risk/our-insights/covid-19-implications-for-business>

Perhaps my earlier congratulatory position may have been slightly premature. With a little apology to those talented individuals at McKinsey I combined these two reports to make the following table.

|  |  |  |
| --- | --- | --- |
| Navigating the crisis | Resolution | We have resolved the initial challenge. We have kept our staff and family safe. |
| Resilience | We have showed resilience in preserving cash, furloughing our staff, and cutting our costs. |
| Returned | We have or we are returning with new ways of working and social distancing. |
| Using the crisis as catalyst for change | Reimagine |  |
| Reform |  |

This segmentation made me think about it in relation to our industry and to ask myself the following.

*Are we endanger of simply focusing on navigating our way through this crisis or should we indeed be using this opportunity as a catalyst for change?*

We know that we need to come to terms with the change in our market. Our market has moved overnight. We were in a position that could have be described as one with short supply and high demand. Our new market is the opposite, one that could be described as greater supply and lower demand.

Given the highly competitive nature of our market the risk could be that without effecting change this points us towards an industry that is going to come under increasing pressure on its margins. We will need to distinguish our value offering even more going forward to counter this. Perhaps our risk is to return to the market with the same approach.

Our reimagine

I apologise. These may be sweeping statements.

If we accept that our market will change post Covid19 then perhaps we are one of the industries that need to use this time to consider reinventing ourselves. To reimagine.

As an industry, amongst a number, two trends have materialised over recent times. We have moved towards an increasingly vertical market model. Specialising in certain sectors such as Finance, Sales, IT or similar we have sort to bring value to our customers by sharing sector specialisation. We perceive ourselves being niche market operators.

Conversely, in certain sectors there has been a move towards internal recruitment. Companies have wanted their recruitment to be reflective of their business. Employers see the benefit in promoting their cultures and values to position themselves to attract the best talent. They recognised that the marketplace for talent was tightening and they adopted recruitment marketing strategies to combat this. They sort to find, attract, and nurture talent before those applicants even applied for a job.

Perhaps combined these two trends give us sight into our future direction.

Mile deep inch wide

I crystallised those thoughts into two.

* We are an industry that views itself as operating in niche market verticals. But do our customers view us as operating that way or are we viewed as a commodity?
* Clients are wanting to move to themselves to a position where talent is attracted, not found. Where talent is identified and nurtured.

So how do those thoughts manifest themselves into a plan?

I may be wrong. Others may have differing views and I would welcome yours. But I think we need to reimage ourselves as a provider of Recruitment and HR services by:

* On the demand side we will need to bring more value by niching down further. We will need to spend time becoming (more) deeply informed and knowledgeable of our clients. Our goal is to get even closer to fewer.
* On the supply side we will need to move ourselves to a position where we act as advocates of our client’s business. To be, and be viewed as, a resource that actively seeks, engages, and nurtures future talent for when our business partner requires it.

These are my thoughts, but I welcome your thoughts and opinions.