

Report
September 2023

EXTRACT



EMERGING

Staff Augmentation:
Focusing on the Opportunity



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Introduction

“We’ve needed more staff augmentation work because we need execution support and we can’t hire.”

Chief Technology Officer, services sector

Major consulting firms are often dismissive of staff augmentation because it’s seen to be low-margin work. However, the pandemic created new demand for staff augmentation, as clients wanted small, specialist teams and individuals to help deliver and redesign their business-as-usual (BAU) activities.

This demand hasn’t gone away. The current macroeconomic situation is changing how clients use consulting services, and staff augmentation is one of the key reasons why the market for external support is proving so resilient. Our Market Trends research indicates that 40% of clients are now making more use of consultants to help with their BAU workload as opposed to working on specific projects.

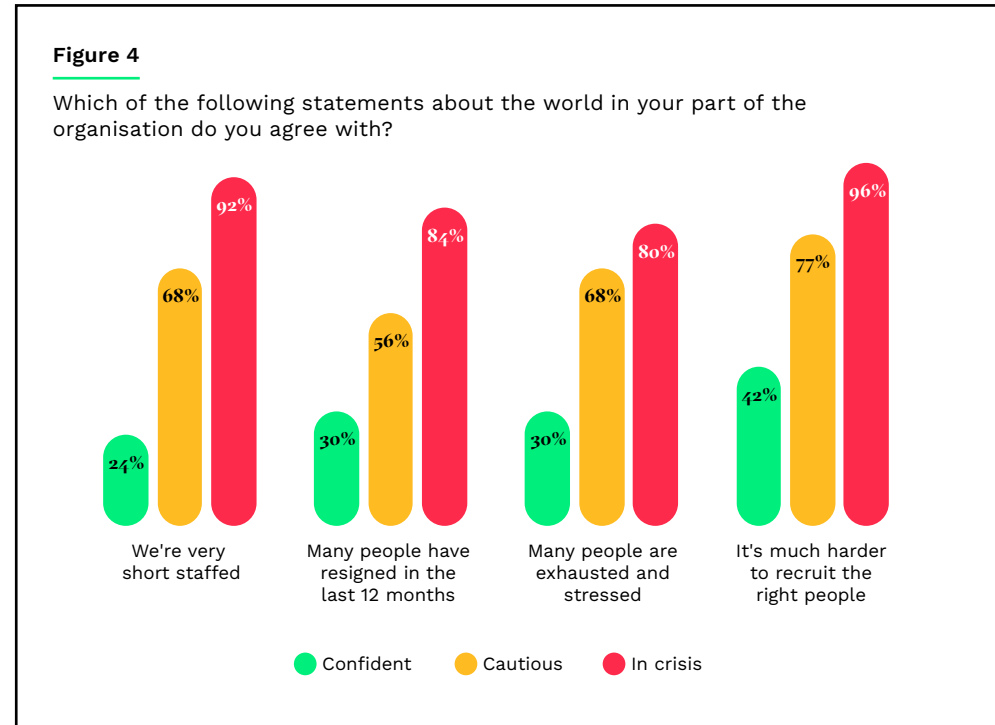
While firms may not want to draw attention to these services, we know from our conversations with clients that use is on the rise. Clients want flexible models of engagement and they need expert help to quite simply get things done.

In this report we’ve surveyed senior buyers of consulting services across the US, UK, UAE, France, and Germany to understand how they view the staff augmentation model. What do they really need from firms and who are the key buyers? Can, and should, this “expert” model change the way consulting firms think about staff augmentation?

A lack of talent and an exhausted workforce are problems for all—although some are suffering more

While issues with talent are present in all three groups of clients, it's clear that those who are cautious and those in crisis are the most deeply impacted. All clients report that they have more work to do, and that it needs doing at a greater speed than ever before, but confident clients appear more able to cope with these demands.

Our research doesn't investigate whether these workforce issues are a symptom or a cause of reduced confidence, but regardless, it will be making an already difficult situation worse. Clients need additional capacity, and those in crisis need it most.



What do clients want?



“Over a short period of time we don’t need a permanent full-time employee—using an external advisor brings us an extra, valuable, perspective.**”**

Chief Human Resources Officer, financial services sector

Clients need to get things done, but they also need a model that supports them, and resources that can manage upwards

So, what do clients want when they look to consulting firms for additional capacity? The most important aspect of staff augmentation is the ability to make things happen quickly. But after that, it's probably more useful to take a step back from the detail of Fig 15, and consider whether clients are thinking about the commercial model of the service, or what the resources will be responsible for.

It appears that the commercial model, i.e., the way that this capacity is delivered is most important. Looking at the top three responses, clients want to engage immediately, but flexibly, and not to have to jump through hoops to get the work started. And in this case, clients are united regardless of where they sit on the confidence path—they are all wanting to get things done, at speed, with a straightforward engagement.

While the “what” of additional capacity falls to the bottom of the chart, that doesn't mean that it is unimportant, just that it is less important than the results and the model of engagement. There should be no doubt that clients will still be looking for capacity resources that can demonstrate best practice to upskill their in-house talent and improve processes, and a good fit with the internal team will support this.

Stakeholder management skills are the most important “what” aspect of capacity consulting, and this increases slightly in importance for those clients in crisis. The implication is that many gaps in capacity are at senior levels, and these people must be able to manage upwards effectively. And those in crisis mode—who are more critical of their leadership teams—will particularly be looking for consultants who can provide senior-level direction and guide them.

Figure 15

When you need additional capacity (help in getting things done in general), what are the two most important things you're looking for?



Meet the **experts**

Catherine Anderson

Catherine is Director of Market Trends & Analysis. She turns qualitative and quantitative data into meaningful, strategic insights on topics across the professional services market, from sustainability to managed services.

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Fiona Czerniawska

Fiona is the founder and CEO of Source. She's one of the world's foremost commentators on the global professional services and consulting industry.

Before starting Source, she had almost 20 years' experience as a management consultant, primarily working in the areas of marketing and strategy, initially with PwC, before moving on to be head of strategy and business planning for EY in the UK.

She's the author of a dozen books including *Business Consulting: A Guide to How it Works and How to Make it Work* and *Buying Professional Services*, both of which were published by The Economist.

Fiona Czerniawska

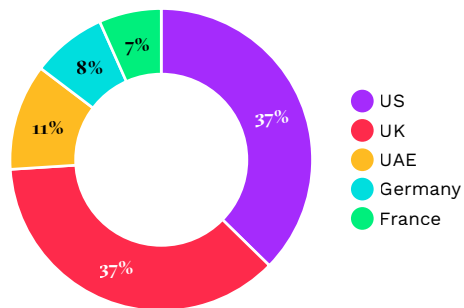
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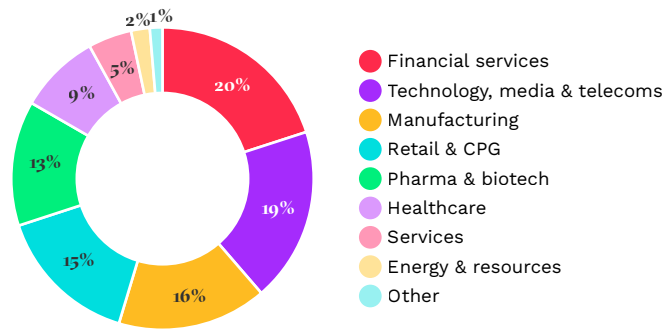
Methodology

We surveyed 150 senior executives in the US, Europe and UAE in June 2023. All of the respondents were prequalified as users of consulting services.

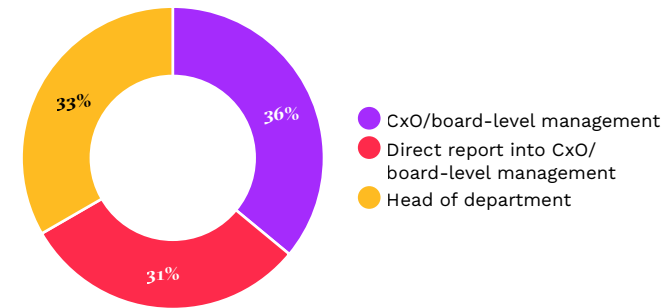
Respondents by country



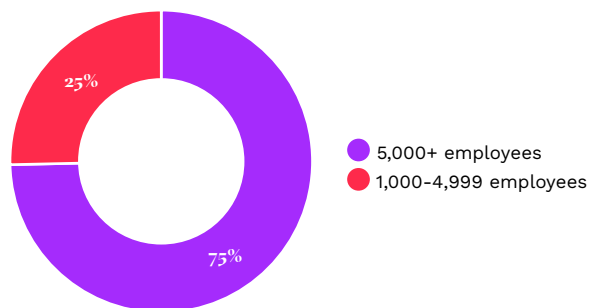
Respondents by sector



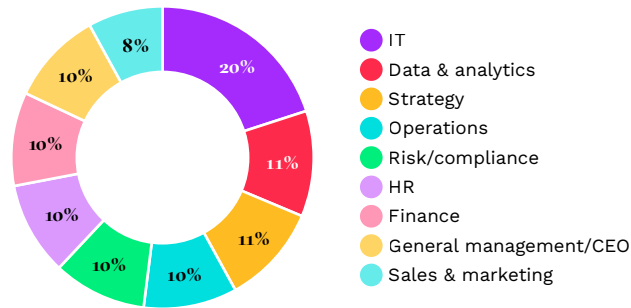
Respondents by responsibility level



Respondents by headcount



Respondents by function



About us

We help professional services firms **understand what really matters** when facing decisions of vital importance.

The best decisions are based on evidence, objectivity, and a willingness to change. That's why, at Source, we tell you what you need to hear, rather than what you want to hear.

We draw upon our deep roots within the professional services sector to provide firms with a clear picture of their clients' worlds. Through comprehensive research and meticulous analysis, we pinpoint what truly matters and deliver actionable insights that help firms map out the right way forward.

We believe in thriving individually and succeeding together. And we would love to help your firm crack its latest conundrum.

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