



Interim Demand to Increase Are you Prepared?

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Jigsaw Talent Management

September was another economically turbulent month. Thomas Cook went bust, the US FED disguised its 4th round of QE as repo, artificially keeping interest rates low and compressing the value of the US dollar. In addition, Brexit is putting its weight on the pound. Fantastic times. Surely, we have to start questioning, has the fiat currency system run its last mile? If we look at the increase in investments in the precious metals market (both bullion and FTE's) it would seem many countries and investors would be backing this as a realistic possibility. Gold, Silver and Platinum are bullish at present and predicted to surge further, as many investors preferring to back tangible assets rather than artificially inflated stocks, deflating currencies and low yield bonds.

Old school capitalism (a business exists to make profit) seems so distorted lately. Unicorn businesses being floated (or attempted) that have never created \$1 of profit seem to be more common. Pre 2000, about 35% of businesses floated on the stock market had not made a profit. That % has jumped to well over 70%. It seems PE ratios are not factored in when investors jump on these heavily backed enterprises that do not have to trade in real market conditions. Take WeWork as an example. The business was once valued at an astonishing \$47 Billion but has a history of losing billions of dollars in revenues. In the 1st half of the 2019 calendar year WeWork lost \$690m on \$1.5 Billion of revenues. Is this speculation or investment?

This month, I thought with all the doom and gloom re the economy I would focus on how this down turn will impact procurement and how procurement professionals can position themselves to take advantage of the increased focus businesses will place on external spend reduction, cost out programmes and margin improvements. When times get hard and revenues tighten, typically businesses lose interest in the softer value adds that procurement can offer and turn to more aggressive measures to free up working capital and improve overall operating profit. Key indicators that often get looked at to drive business improvement are gross margin as a % of top line revenue and operating profit (EBIT) as a % of Gross Margin. Gross margin is a key metric to measure how efficient a business is at generating revenue from its direct cost of materials or service. The more effective a company is at generating revenues from each dollar of cost is a key predictor of its ability to generate net profit. Of course, Opex is also a factor which effects the EBIT. Gross margin alone does not factor in operating costs such as rents, travel, labour etc. Supply Chain and Procurement are key functions of a business in enabling improvement on these metrics.

Jigsaw are predicting demand for permanent jobs to drop off circa 25% - 30% in 2020 as businesses use the struggling economy to downsize investment in FTE headcount that typically focus on BAU activities and re-invest in interim professionals who can drive outcomes to a deadline re cost down initiatives. Typical skills that are in demand in a downturn include rapid sourcing, working capital optimisation and bid management. Businesses are keen to reduce any spend that is not associated with generating revenues. Of course, whilst looking at the external impacts that can affect businesses performance, it is also key for a business to optimise its internal operations and make them more efficient and cost effective. This can include process automation, increasing productivity via better management and investing in superior technologies enabling business partnering, data usage and improved internal comms.



If you are currently out of work and seeking to gain traction with businesses that are seeking to appoint high impact, outcome focussed procurement professionals, I have listed below some tips to make your bio and engagement pitch more attractive to businesses.

1. A resume is essentially your brochure. You are the asset. When you position your skills, experience and achievements you have to think ROI for the client paying for your experience. You have to be clear in how you articulate the opportunity/problem you impacted, the outcome that was achieved and the approach taken. Ideally you want to demonstrate your outcomes in \$ terms.
2. A resume does not exist to give intricate details on your entire career. This results in you sending something similar in size to an encyclopedia. A better approach is to prioritise your information. As a rule, I like to advise people to give detail on the past 5 years and summarise details that are older.
3. If you are successful in securing an interview make sure you prepare. Understand the businesses core offering, history, strategy, revenues, structure, products, recent acquisitions, divestment, re-capitalisations etc. Do your research on the stakeholders before you meet them. Planning is a key part of a successful engagement.
4. Think commercially. Factors that can affect your day rate include the scale and complexity of the project, the length of the contract, the outcomes expected, the impact on your personal life, the competition and alternative options the business maybe considering such as consulting firms.

If you would like to chat further re how to take your skills to market to achieve the best outcome for both you and the client you are delivering to, please drop me an email to richard@jigsawtm.com



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