



# Beyond Contingent

## Why Forward-Thinking Agencies are Expanding Into RPO, MSP and SoW

A practical decision-making guide for  
Recruitment Business Owners

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## Why this white paper matters

If you're running a recruitment business, expanding into RPO, MSP or SoW isn't about diluting your valuable services, it's about building **recurring revenue, deeper partnerships**, and a **more future-ready proposition**.

Recruitment agencies are facing a shift.

**Client expectations, commercial pressure**, the **development of in-house TA capability**, and **tech advancement** mean the traditional contingent model now carries more risk than reward.

The solution isn't to abandon it, but to **build on it**.

By offering managed services like RPO, MSP and Statement of Work, agencies can move beyond transaction-based hiring. These models create predictable income, unlock greater influence with clients, and help you scale without relying on volume.

Meanwhile, **internal TA teams are evolving**. With AI and automation handling sourcing and recruitment admin, in-house recruiters are shifting towards strategy, engagement, onboarding and retention.

Agencies that can **complement this shift**, not compete with it, will become indispensable partners.

Diversification doesn't mean losing your niche. It means **offering more value to the clients who already trust you**, and doing so in a way that's aligned to how they want to buy.

If you want to **reduce margin erosion, increase client lifetime value**, and position your agency to **lead rather than follow**, this paper shows you how.

Before going any further, I also want to mention that there are many incredible contingent and retained recruitment agencies that are providing a fantastic transactional service to their clients.

The purpose of this white paper is not to ignore what is working well for some, but to provide advice and guidance to those looking to stay ahead of the curve by building stronger businesses through smarter service strategies

I hope you find the document useful. Please get in touch if you'd like to discuss any of the content in further detail.

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## Recruitment agencies are facing structural change.

Clients want flexibility, transparency and value. Technology is shifting the hiring landscape, and the traditional contingent model, while still important, is under growing commercial pressure.



### Fee Compression

Clients are negotiating harder and expecting more for less. According to REC, average fees for permanent roles have dropped by 7% in two years. Temporary and contract margins are under similar pressure, especially where agencies are on PSLs or frameworks.



### Procurement Sophistication

Buying decisions are increasingly led by procurement, who want more control, more data, and total cost transparency. CIPS data shows 63% of organisations now assess suppliers on total cost of acquisition, not just headline fees.



### In-House TA Growth

Many clients have invested in building their own internal talent teams, often staffed by former agency recruiters. They know what 'good' looks like, and only bring in external partners when they add strategic value or specialist reach.



### Flexibility Demands

Clients want hiring solutions that scale up or down without compromising process or quality. Managed models like RPO and MSP offer this inherently. Contingent-only supply can struggle to keep up with demand volatility.



### Compliance Pressure

Clients are navigating IR35, GDPR, DE&I, and other regulations. They're looking for partners who can help manage risk, not add to it. Agencies who understand SoW, vetting, and contract delivery have a clear advantage here.

*"Clients don't just want great candidates. They want smarter solutions that solve commercial problems."*

## Deepening your specialism while extending your impact

**Recruitment agencies that expand into RPO, MSP, and SoW can deliver this without losing their niche focus.**

Diversification isn't about becoming a generalist. It's about becoming indispensable.

### Why diversify?

- Contingent recruitment still matters but relying on it alone leaves agencies exposed to fee compression, volatile pipelines, and margin erosion.
- Adding managed services opens the door to more stable revenue, longer-term client relationships, and greater commercial influence.

### You Don't Have to Lose Your Niche

- Diversification strengthens specialism.
- An agency that focuses on legal or fintech talent, for example, can still offer RPO, MSP or SoW but tailored to the needs of that market.
- Clients gain strategic support. The agency gains depth and durability.

### What Clients want now

- Scalable support without onboarding new suppliers
- Help managing risk, regulation, and complexity
- Data and insight, not just delivery
- Smarter hiring, not just faster hiring

Managed service models are built for this. They bring structure, consistency, and visibility to hiring all of which clients now expect.

### What Agencies gain

- Recurring and more predictable income
- Deeper stakeholder relationships across TA, HR and procurement
- A differentiated offering in a crowded market
- Scope to upsell and expand within existing clients

**✓ What this means: You don't need to broaden your specialism, just expand the way you deliver it.**

## Turning Capability into strength (1)

**Diversification isn't about stepping away from an existing model, it's about building a stronger, more stable business on top of what already works.**

The agencies that scale best, don't chase volume, they embed value.



### **Recurring Revenue & Predictable Cashflow**

RPO, MSP and SoW models allow agencies to move from “win and deliver” to structured, ongoing income:

- Monthly service fees
- Project-based pricing
- Volume-based retainers

This creates financial stability and improves forecasting.



### **Increased Revenue per Client**

By offering more services to fewer clients, agencies can grow without constantly chasing new business. This means better account management, stronger relationships, and a more efficient use of internal resources.



### **Stronger Commercial Control**

With managed services, you can shape pricing, introduce tiers or bundles, and move away from the margin squeeze of contingent-only recruitment.



### **Operational Efficiency**

RPO and MSP models often lead to better processes, clearer workflows, and more consistent delivery - benefiting your team as much as your clients.

**✓ What this means: It's not about doing more work. It's about building more value into every relationship.**

## Turning Capability into strength (2)

Agencies that expand into managed services can unlock more predictable income, grow with fewer clients, and stand out as long-term partners.



### Enhanced Valuation & Scalability

Recurring revenue, structured delivery, and multi-year contracts make agencies more attractive to investors or buyers. This positions you for future growth or future exit.

### Contingent v Diversified Model - Summary of Benefits:

Area	Contingent	Diversified
Revenue	One-off fees	Recurring & Project based
Client mix	Many	Fewer, deeper
Forecasting	Volatile	Predictable
Differentiation	Low	High
Strategic input	Limited	Strong

## Why Managed Service Models work better for clients

**Clients want outcomes, not just CVs. Managed service models give them the structure, visibility and accountability to make smarter workforce decisions.**

### Cost Control

Clients want clearer fees and better forecasting. Managed services offer both

### Compliance

With IR35, GDPR and audits in play, clients need suppliers who reduce risk, not add to it.

### Quality of Hire

Structured delivery teams ensure better screening, stronger employer brand representation, and improved time to hire

### Agility

Whether it's a hiring freeze or scale-up, managed models flex with demand, without losing control

### Insight

Clients gain dashboards with real-time metrics including time-to-hire, salary benchmarks and access to market intelligence.

### In-House Support

RPO and MSP don't replace TA, they support it. Agencies can offer sourcing, augment capacity, and specialist advice

✓ **What this means: Agencies offering structured delivery and insight become strategic partners not just 'another supplier'.**



## The most underused tool in the agency toolkit

Statement of Work (SoW) is still misunderstood by many, yet it's one of the most commercially powerful and client-relevant services a recruitment agency can offer.

Unlike contractor supply or time-based hiring, SoW is about outcomes: delivering agreed results under a fixed commercial model.

### SoW is not just another way to supply contractors.

It's about delivering projects, clearly scoped, time-bound and outcome-led.

Examples:

- Deliver 20 qualified hires across 3 regions in 8 weeks
- Run 5 Sales assessment centres by end of Q1
- Support a client's peak retail hiring campaign with end-to-end delivery

### Why it Works for Clients

- ✓ Clear scope and fixed pricing
- ✓ Compliance-friendly (lower IR35 exposure)
- ✓ Delivery accountability with no day-to-day oversight
- ✓ Less fragmentation - fewer suppliers, more control

SoW gives clients the flexibility of contingent, with the structure and predictability of project-based work

### Why it Works for Agencies

- ✓ Higher-margin commercial models
- ✓ Revenue from project delivery, not time
- ✓ Stronger engagement with procurement and business stakeholders
- ✓ Adds strategic value without adding recruitment admin
- ✓ Great way to expand in existing accounts

### Where to Start

- Reframing volume projects as SoW
- Offering fixed-scope hiring campaigns
- Partnering with clients who already run projects
- Piloting in a niche where you already have credibility

✓ **What this means:** Many clients will already be running SoW-style projects, they just haven't formalised them yet. That's your opportunity.

## What to prepare for when evolving your model (1)

**Diversifying into RPO, MSP or SoW can deliver a considerable upside but it's not plug-and-play. Agencies that succeed recognise the shift in mindset, infrastructure and delivery it requires.**

This section sets out the key operational and commercial realities agencies should plan for. It's not about discouraging - it's about being prepared.

### Service delivery is more complex



You're not just filling jobs, you're running structured programmes with SLAs, reporting, stakeholder reviews and ongoing governance. Be ready for:

- Defined processes
- Issue resolution
- Embedded teams
- Regular performance reviews

### Cashflow timing is different



With RPO or SoW, fees may be monthly, milestone-based or end-loaded, not tied to placements. Prepare for:

- Longer ramp-up
- Initial delivery investment
- Deferred payment schedules

### You'll need to upskill (and reskill)



Not every consultant thrives in a managed service environment. It's less about volume, more about:

- Process
- Relationship management
- Strategic reporting
- SLA adherence

Some team members will need support to adjust.

### Sales conversations change



Selling RPO, MSP or SoW is a different game. You'll be speaking to:

- Procurement
- Finance
- HR leadership
- Executive level stakeholders
- Legal and compliance

Expect more commercial scrutiny and longer sales cycles.

## What to prepare for when evolving your model (2)

### Implementation can be a project in itself



It's not just "sign and go." Even smaller projects can require a phased launch:

- Discovery and scope
- Tech or process setup
- Client onboarding
- Internal training

Get this right, and delivery becomes the easy bit.

### Not Every Client is a Fit



Don't force it. Look for:

- Clients with volume or repeat demand
- Openness to new models
- TA teams under pressure
- Project-based needs

Avoid:

- Low-spend, poorly structured buyers
- Clients who want strategic results at contingent pace or price

### Your own identity will evolve



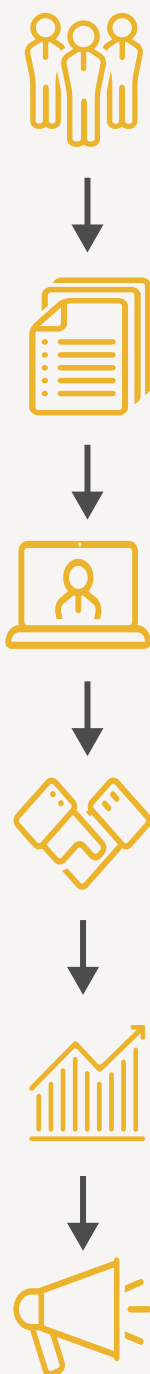
You're not just a recruiter anymore. Your brand, your messaging, your processes, even your people will adapt.

This is a good thing. Just make sure your positioning and proposition keep pace.

**✓ What this means: These risks are manageable if you know what to plan for.**

## How to get Started with RPO, MSP or SoW

The best way to start is to stop overthinking. Package what you already do and offer it as a solution to solve your client's challenges, while adding real value.



### Start with one Client

Identify an account where you already handle repeat or project-based hiring. Propose a 3–6 month pilot with a clear scope and pricing structure.

### Define a Simple Service Framework

Create lightweight but clear documentation:

- Scope of service
- Performance metrics (SLAs/KPIs)
- Reporting schedule
- Commercial terms

### Appoint a Delivery Lead

Choose someone who can own delivery, ideally with good client skills, process mindset, and consistency under pressure.

### Partner Where Needed

Fill gaps in your capability with trusted third parties:

- White-label delivery partners
- Contractor compliance experts
- Recruitment tech providers

### Test Your Commercial Models

Don't default to "what the client wants to pay."

Try:

- Tiered packages (e.g. Bronze / Silver / Gold)
- Volume-based pricing
- Outcome pricing (especially for SoW)

### Update How You Present Your Business

If you're offering managed services, say so.

Update:

- LinkedIn banner and summary
- Website services page
- Sales & Marketing collateral

## Total Talent Thinking

**The future of recruitment isn't about filling jobs. It's about solving workforce problems.**

### What Is Total Talent?

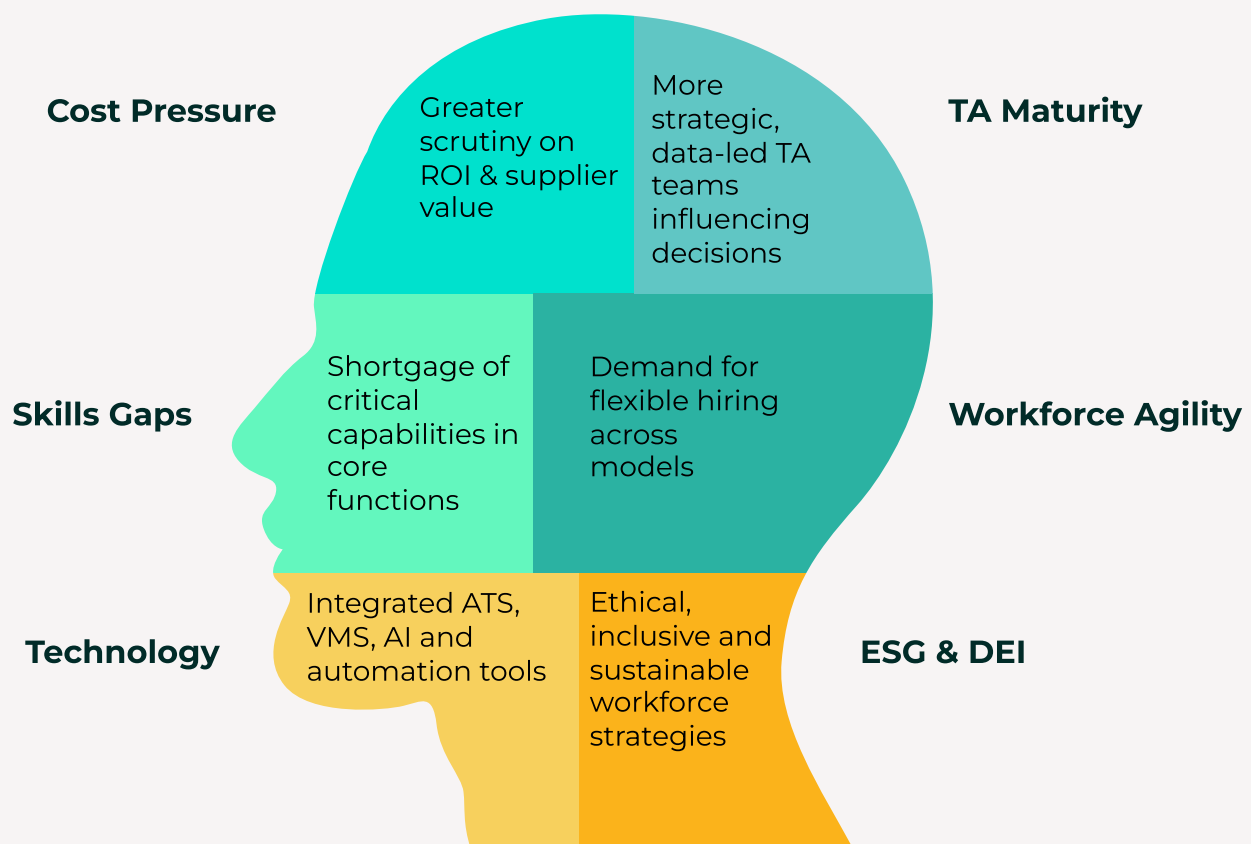
It's not a product, it's a mindset. Total Talent is the blending of permanent, contingent, and project-based hiring into one strategy.

Clients are asking:

- What's the best way to deliver this work?
- Do we need a perm hire, contractor, SoW project, or internal mobility?
- Can we forecast and manage all of it in one place?
- Agencies that can answer these questions, not just fill roles, will win.

### What's Driving Total Talent Thinking?

Six interconnected drivers shaping a more strategic hiring landscape:



## Total Talent Thinking



### Where Agencies Fit In

Specialist agencies don't need to do it all. They just need to offer strategic solutions across a broader mix of workforce needs. For example:

- Add SoW to RPO
- Build contingent capability into perm-focused clients
- Offer advisory support, talent pooling or workforce planning
- Use data and tech to inform decisions, not just deliver them



### The Role of Technology

Tech isn't replacing agencies, it's elevating the ones that use it well:

- Talent intelligence and workforce planning tools
- Candidate experience platforms
- Contractor compliance systems
- Data dashboards showing time-to-hire, source effectiveness, DE&I, etc.
- Agencies that embrace tech can speak the same language as their clients' TA, HR and procurement teams and earn their trust.

### ✓ What This Means for You

Agencies already offering RPO, MSP and SoW are closest to the Total Talent conversation.

They are:

- Embedded in strategy
- Trusted across functions
- Able to advise on delivery mix, not just delivery itself
- Positioned to expand as client needs evolve

It's not about becoming a generalist, it's about becoming a strategic partner in a more connected hiring landscape.

## Recruitment is evolving, and so are your clients.

They want smarter hiring solutions, better commercial alignment, and true partnerships. Agencies that diversify into RPO, MSP and SoW aren't moving away from what they do best, they're doubling down on their value by delivering it in more strategic ways.

Diversification isn't about scale for scale's sake. It's about depth, consistency, and building a business that grows on trust, capability, and repeatable results.

You don't have to become a consulting firm. You just need to think like a long-term partner.

### Why this matters now:

- Margins are under pressure
- Clients are changing how they buy
- In-house TA is evolving
- Project-based delivery is growing
- Strategic suppliers are replacing transactional ones

The good news?

You're already halfway there. This white paper hasn't introduced new skills - just new ways to package what you already do well.

### Want to explore how this could work in your agency?

Whether you're thinking about launching a pilot, packaging your services more clearly, or just want a fresh perspective, let's jump on a call.

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I guarantee there will be no hard sell. Just a conversation with someone who understands both the opportunity and the pressure.