

Interim Management Trend Update

Research and Analysis on the UK Market for Interim
Management and Other Fast-Track Executive Resourcing

A hand holding an orange highlighter over a document with handwritten notes. The background is a blurred image of a person's hand holding a pen over a document with handwritten text. The text is mostly illegible but appears to be a list or notes. The overall tone is professional and focused on research or analysis.

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Introduction

Executives Online offers a unique, fast-track approach to executive resourcing and has been a pioneer in the field of interim management practice and recruitment. With a nine-year history of matching companies and executive talent, we have been both trendsetters and keen observers of the growth in this area. By interim management we mean the strengthening of a company's management team by the addition – on a fixed-term contract – of one or more highly experienced senior executives.

The pressure on companies today to deliver results quickly and at reduced cost has only increased amidst the challenges of the global economy. Recent economic conditions have brought about headcount reductions, hiring freezes, outsourcing, and reorganisations that simply exacerbate existing pressures. Optimal resourcing is always a corporate priority, but perhaps never more so than today.

In our business, we have seen the number of interim managers registered with us grow from a few thousand in the UK in 2000 to over 80,000 globally today. We observe significant differences in the recognition and adoption of interim management by country, and even by region within each country. In some markets – the United Kingdom, Belgium and The Netherlands for example – interim management is a well-established way of working, and of sourcing executive talent. In Southern European territories and Asia Pacific, the concept is at an earlier stage of development that shows much promise. Variations in terminology, contract structure and local employment law make global interim management a diverse and compelling field for study.

We've seen tremendous growth in this area of our business, and we expect that to continue as the value of interim management continues to be recognised by more companies and incorporated as part of their resourcing strategies.

Reliable information about growth and trends in the field of interim management has not always been readily available. Back in 2000, Executives Online worked in conjunction with the Institute of Management Consultancy to commission a study with Sambrook Research International on the interim management market in the United Kingdom. The *Sambrook Report on UK Interim Management* was published in 2000. In 2004 and 2006, respectively, Executives Online published *In the Interim* and the first edition of *The Interim Report*. In 2007 we updated *The Interim Report* with new information. Meanwhile, the UK Interim Management Association has had some significant breakthroughs in collecting data from its member provider firms on their mix of business and is publishing these in a quarterly audit.

Now in 2009 we have commissioned a new survey to keep abreast of the trends in this fast-moving arena. We are excited to share this new information with you, and hope that it will address questions you might have regardless of your perspective: as an interim manager yourself, as a company that has found great value in interim management, or as a prospective client company that may not realise how valuable interim management could be as part of your resourcing strategy.



Anne Beitel
Managing Director
Executives Online

Research Objectives and Methodology

Objectives

Our research aimed to answer a variety of questions about interim management:

- What is the typical profile of an interim manager in terms of gender, age, background, experience, and how they source assignments?
- What business sectors are more likely to use interim managers?
- How has the global recession affected the utilisation and pay rates of interim managers?
- How does the pay scale of interim managers vary by functional area; by industry; and by geographic region?
- What qualities are most important in an interim manager, both from the perspective of interim managers themselves and also from a client perspective?
- What needs drive companies to seek interim management solutions?
- What is the role of interim management in the private equity arena?

Defining Interim Management

For the purposes of this report we define interim management as being: the provision of a mature, professional manager, well qualified by relevant practical experience, either to fill a gap in permanent staffing or to deliver a specific business result within a limited time period.

Compared to our last survey, two years ago, today's interim managers are less likely to be in an assignment, feel generally less busy than a year ago, and work shorter assignments.

Survey Methodology and Timings

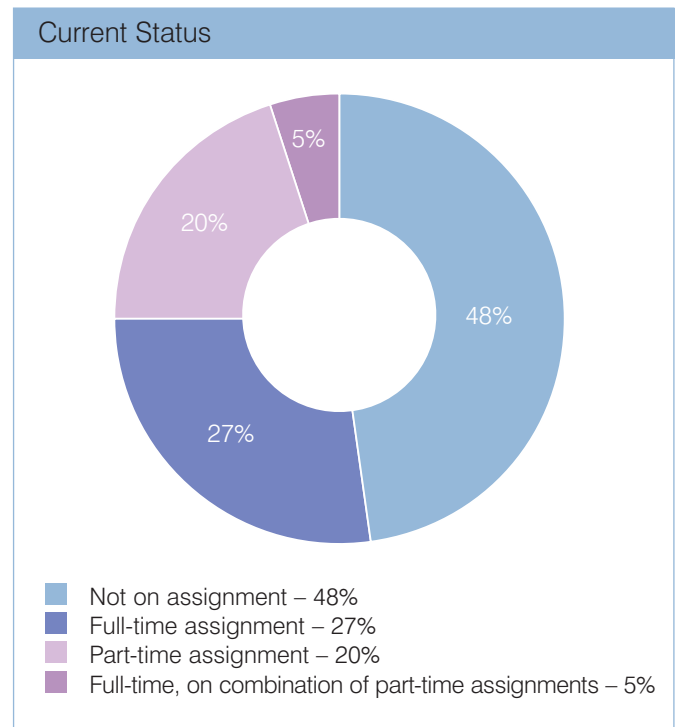
In 10 separate market research initiatives between 2002 and 2009 we solicited the views of hundreds of practicing interim managers and the clients who employ them, both by telephone and via online questionnaires. The survey timings and number of respondents are as follows:

- Online research among 328 interim management customers and prospective customers, and among 936 interim managers – September 2009
- Online research among 102 interim management customers and prospective customers, and among 327 interim managers – September 2007
- Online research among 200 customers and prospective customers of Executive Online's interim recruitment services – July 2006
- Online research among 170 interim managers – May 2006
- Telephone research among 84 corporate users of interim management – February 2004
- Online research among 127 interim managers – January 2004
- Telephone research among 102 interim managers – November 2003
- Online research among 519 interim managers – June 2003
- Online research among 189 interim and change managers – March 2002
- Telephone research among 100 managers and directors of UK companies – March 2002

Current Trends

Employment Status

At the time of our survey, just over a quarter of respondents were engaged in full-time assignments; another 5% were working full-time via a combination of part-time assignments. Twenty percent were engaged part-time, and nearly 50% were not on assignment.



Employment Status: Historical Perspective

The employment figures from this survey showed a distinct downward trend from the survey done most recently in September 2007. At that time, 40% of respondents were engaged in full-time assignments (vs. 27% in September

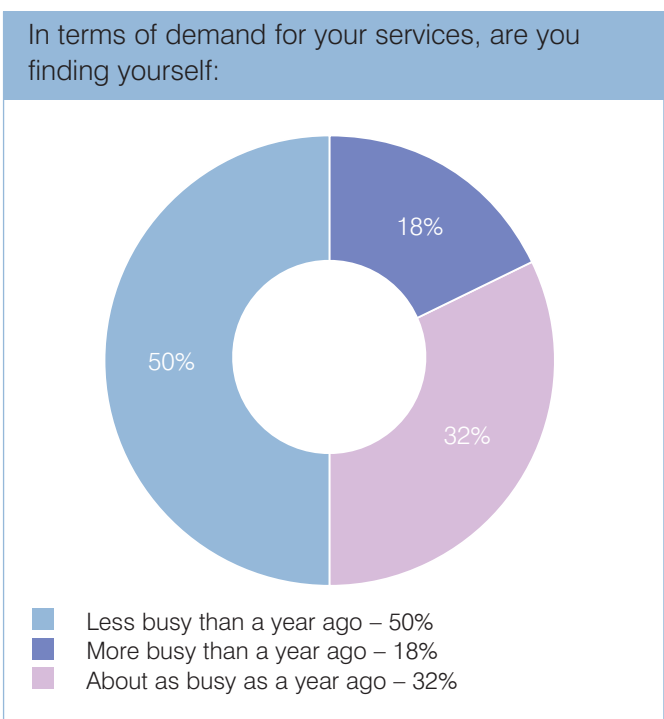
2009) and another 11% were working full-time via a combination of part-time assignments (vs. 5% in September 2009). Only one third were not on assignment in September 2007 (vs. nearly half in September 2009).

Interim Manager Current Work Status (historical)

	March 2002	June 2003	Jan 2004	May 2006	Sept 2007	Sept 2009
Full-time assignment	51%	32%	38%	56%	40%	27%
Engaged in part-time assignment		12%	13%	13%	16%	20%
Engaged in multiple part-time assignments		4%	5%	6%	11%	5%
Not on assignment	49%	51%	44%	24%	33%	48%

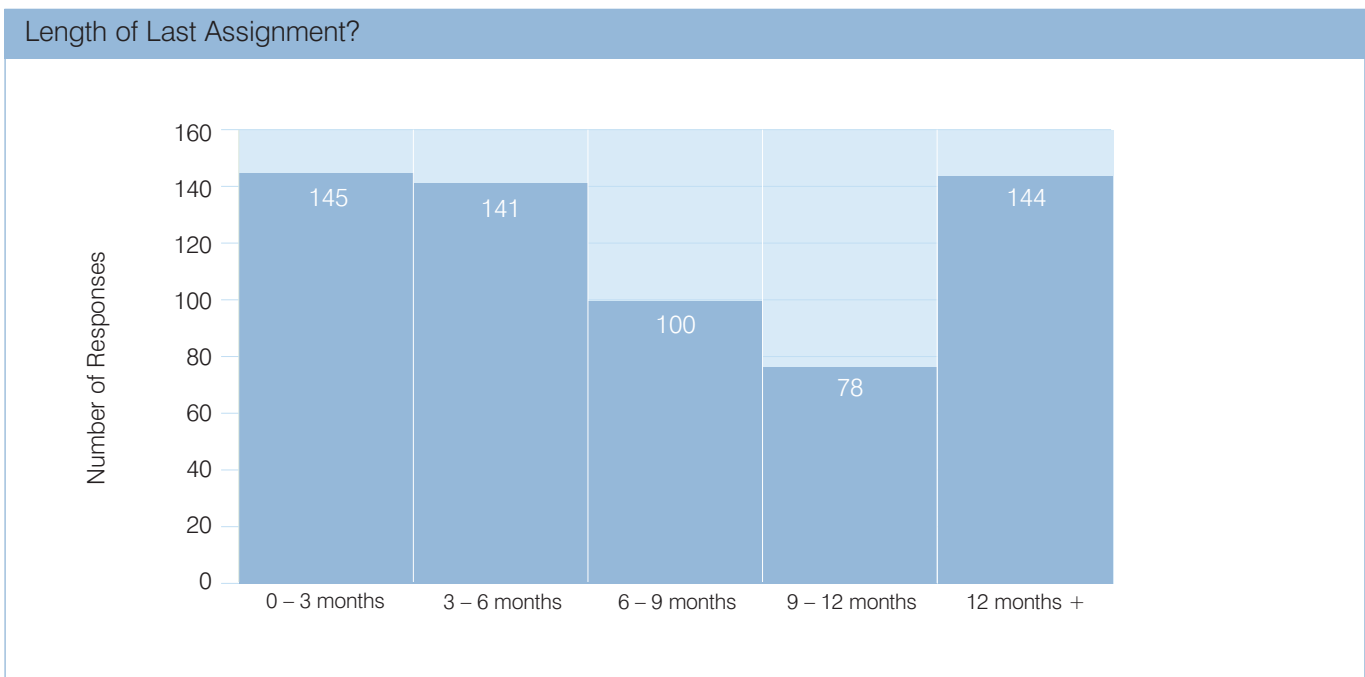
It seems certain that this lower utilisation rate is the result of the economic recession that began over a year prior. Further reflecting the recession's impact, one half of survey respondents indicated that they were less busy than they'd been a year ago. A third said that they were "about as busy as a year ago", and on the positive side, 18% said they were "more busy than a year ago."

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Length of Assignment

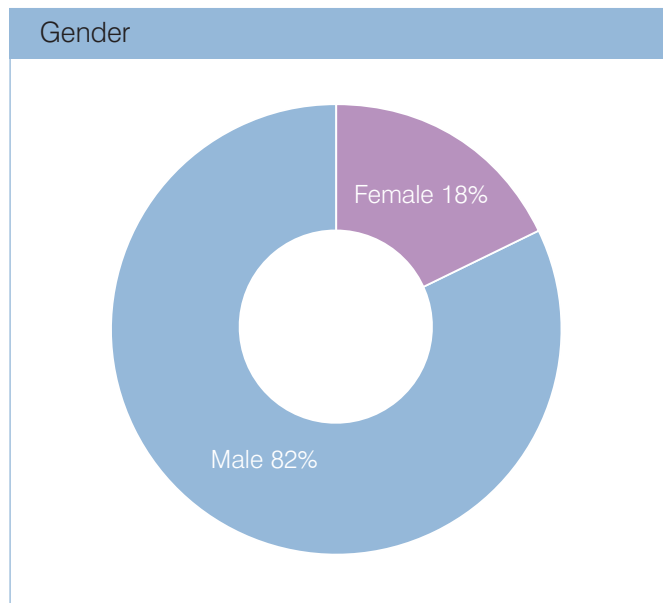
Interim management assignments can run the gamut from short-term projects to longer-term initiatives. As the survey results show, there is a spread, with vague clustering around short-term assignments and those lasting a year or more.



Interim Manager Profile

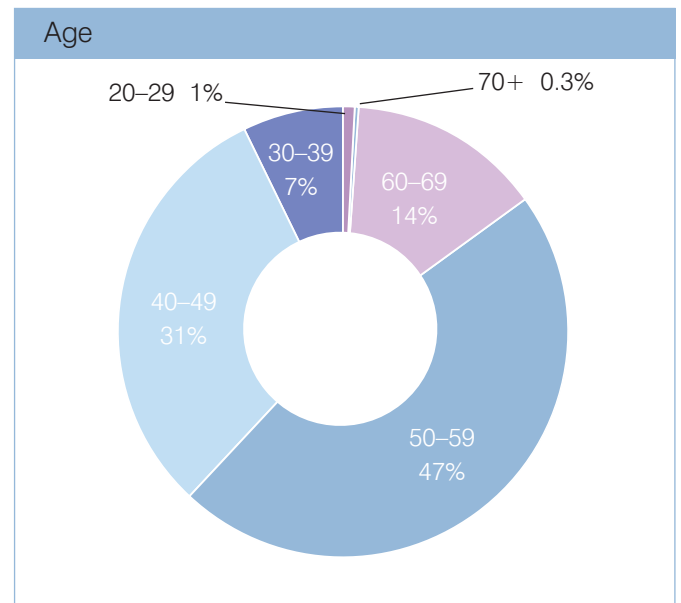
Gender

The interim management field draws a disproportionate number of men, with fully 82% of our survey respondents being male. The proportion of women has grown, however, over the past two years; in our 2007 survey just 14% of survey respondents were female.



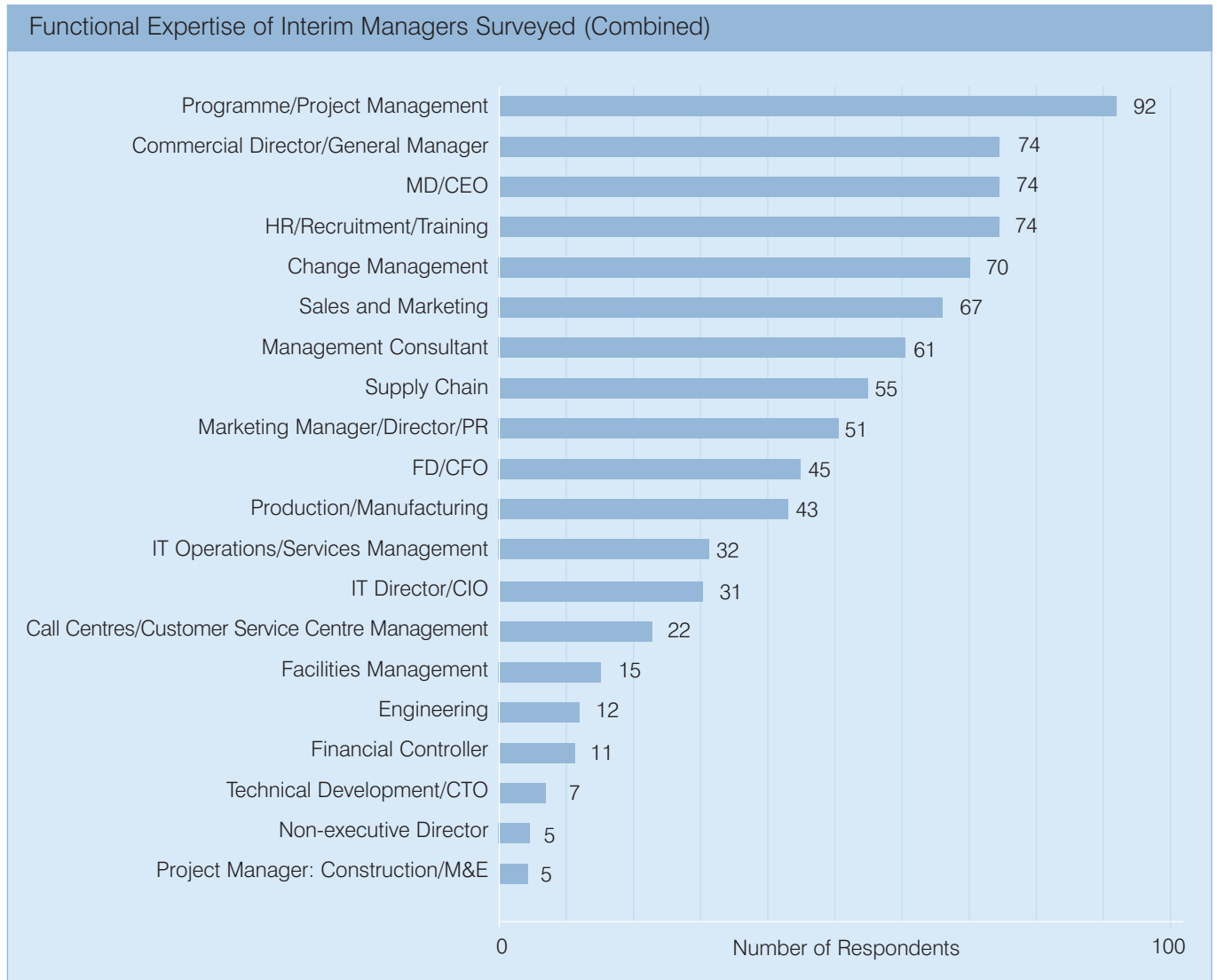
Age

Interim managers tend to be seasoned executives, with over 60% of our survey respondents aged 50 or more; 14.3% were over 60. The average age was 51.3. Less than 10% were under the age of 40, with only a tiny fraction (1%) being under the age of 30.



Functional Expertise

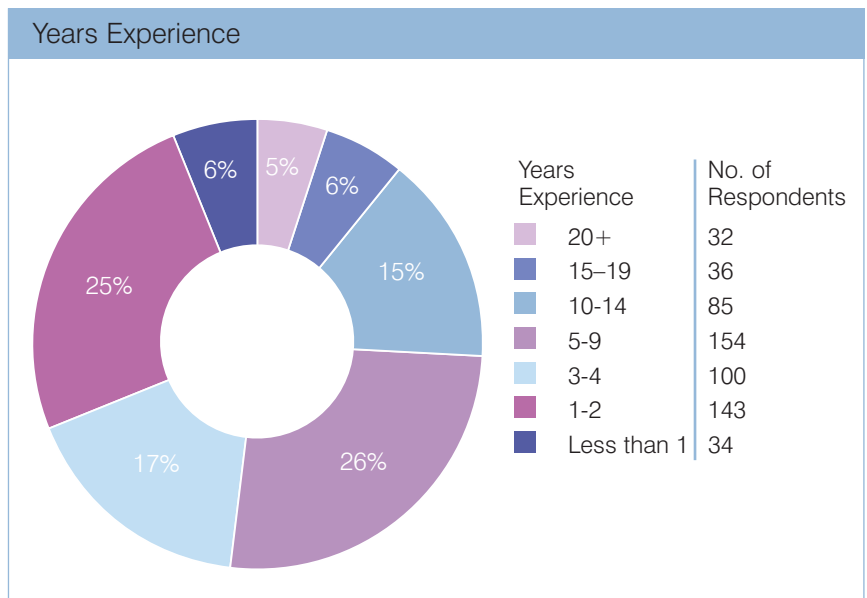
Interim management skills cut across a broad range of functional areas, but interim management skills tend to be very strong in the areas of general management, human resources and recruitment, change management, sales, and management consulting. Other areas of strength include marketing, finance, production/manufacturing, and programme management.



Almost one third of interim managers are committed to the field of interim management and would choose to continue in that realm. The remainder said they could be interested in permanent employment if the right opportunity presented itself.

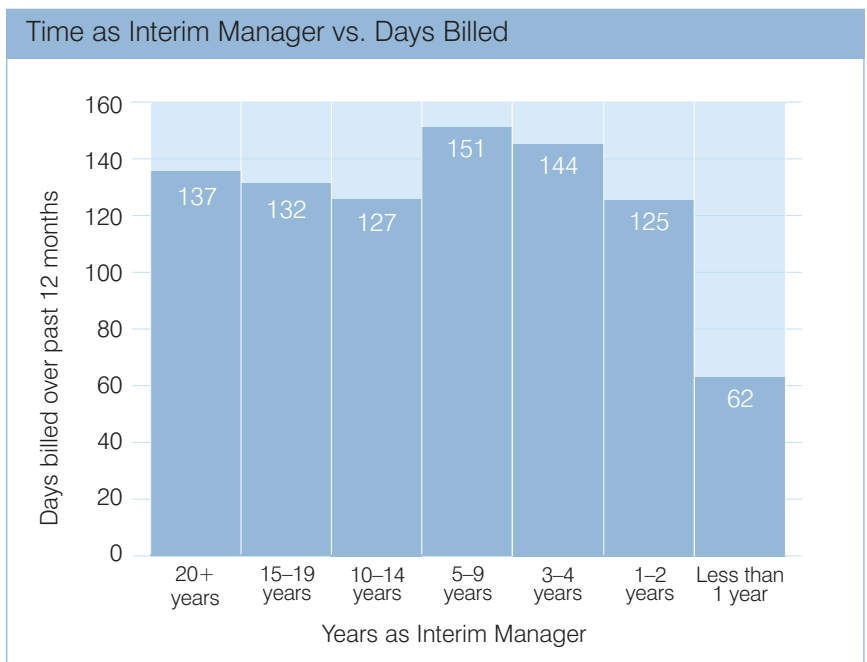
Years of Experience

Interim managers bring years of experience to their assignments; the average respondent had over six years of experience as an interim manager, and this figure does not include additional years of experience as an employed executive. Over one quarter of survey respondents have more than a decade of experience as interim managers. Reflecting the growth trend in the field, however, another quarter of respondents have one to two years experience, having broken into the field since our 2007 survey.



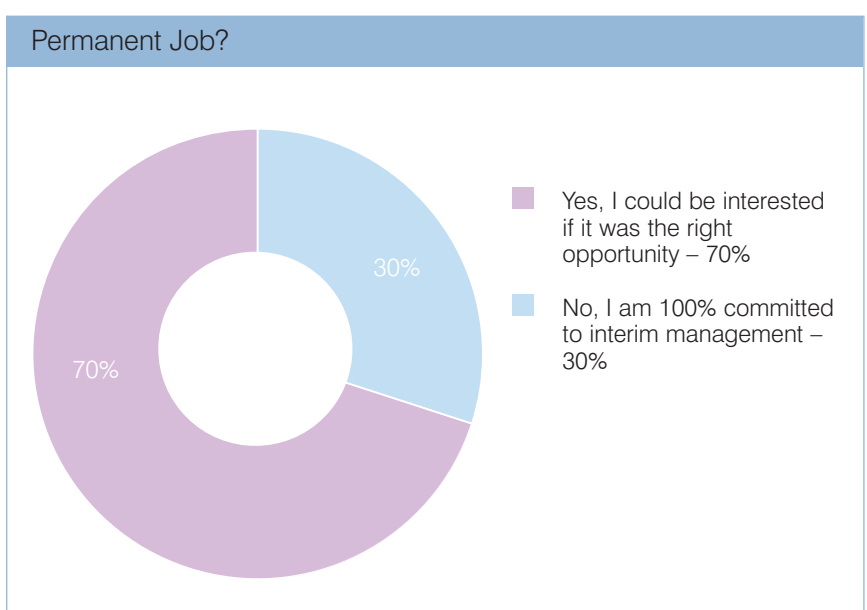
Days Billed Over Last Year

There is a modest correlation between years of experience as an interim manager and the number of days billed over the past year. As the chart shows, more experienced interim managers tended to bill more days on average, with the most dramatic difference being among those with less than one year of experience. The most prolific interim managers tend to be those with between three and nine years of experience.



Desire for Permanent Employment

Almost one third of interim managers are committed to the field of interim management and would choose to continue in that realm. The remainder said they could be interested in permanent employment if the right opportunity presented itself. By contrast, 43% of respondents in our 2007 survey indicated full commitment to Interim Management. This percentage drop is probably due to economic uncertainty, which generally makes everyone feel more comfortable in "permanent" roles. It will be interesting to see how this percentage changes as the economy recovers.



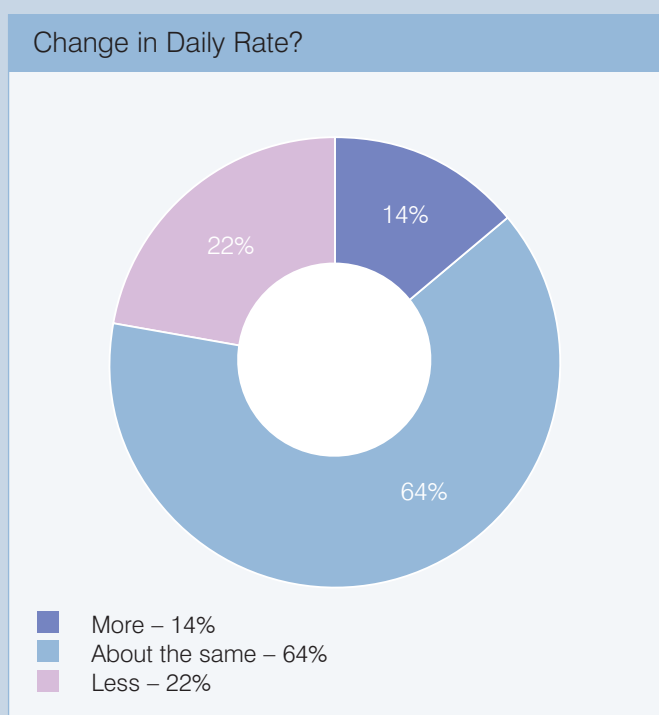
Interim Management Billing Rates

Changes in Billing Rate

The majority of survey respondents indicated that their billing rates had remained largely the same over the last year. Fourteen percent said that they were billing at a higher rate, and the remainder were billing at a lower rate.

Billing Rates: Historical Perspective

Historically, billing rates for interim managers have fluctuated somewhat over the years, with a general trend upward. Since the time of our last survey, in September 2007, the average pay rate has actually increased slightly, which is very positive in light of the global recession.



UK Regional Billing Rates												
	Mar 02	Jun 03		Nov 03	Jan 04		May 06		Sep 07		Sep 09	
	Respon- dents	Respon- dents	%	Respon- dents	Respon- dents	%	Respon- dents	%	Respon- dents	%	Respon- dents	%
£200-299		34	7%		2	2%	3	2%	7	2%	47	8%
£300-399		65	14%		14	13%	15	10%	32	10%	57	9%
£400-499		92	20%		22	21%	26	17%	55	17%	98	16%
£500-599		82	18%		26	24%	32	20%	63	20%	98	16%
£600-699		66	14%		17	16%	36	23%	66	20%	97	16%
£700-799		50	11%		8	7%	14	9%	32	10%	76	12%
£800-899		20	4%		5	5%	15	10%	21	7%	36	6%
£900-999		15	3%		8	7%	3	2%	10	3%	25	4%
£1,000-1,099		15	3%		4	3%	4	3%	18	6%	36	6%
£1,100-1,199		4	1%		0	0%	2	1%	5	2%	4	1%
£1,200-1,299		4	1%		1	1%	2	1%	8	2%	11	2%
£1,300+		13	3%		1	1%	3	2%	6	2%	23	4%
Total	189	460	100%	102	108	100%	155	100%	323	100%	608	100
Average	£587	£590		£571	£604		£597		£648		£649	

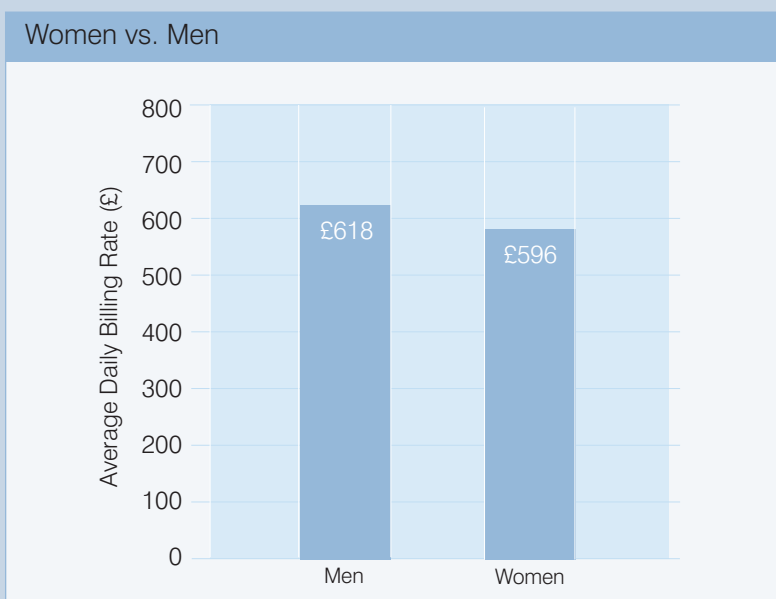
Billing Rate Differential by Functional Area

There is considerable variance of pay rates across the various functional areas, with the highest-yielding fields being senior management (non-executive directors, managing directors, chief executive officers), information technology, and management consulting. Other functions with billing rates higher than the overall average of £649 include finance (directors) and change management.

Functional Area	Average Billing Rate
Non-executive Director	£1133
IT Director/CIO	£954
MD/CEO	£864
Management Consultant	£765
FD/CFO	£727
Change Management	£705
Programme/Project Management	£645
Sales and Marketing	£629
Marketing Manager/Director/PR	£621
IT Operations/Services Management	£581
Commercial Director/General Manager	£579
HR/Recruitment/Training	£575
Technical development/CTO	£570
Financial Controller	£564
Project Manager: Construction, M&E	£550
Call Centres/Cust Service Centre Mgt	£550
Supply chain	£537
Production/Manufacturing	£526
Facilities Management	£480
Engineering	£450

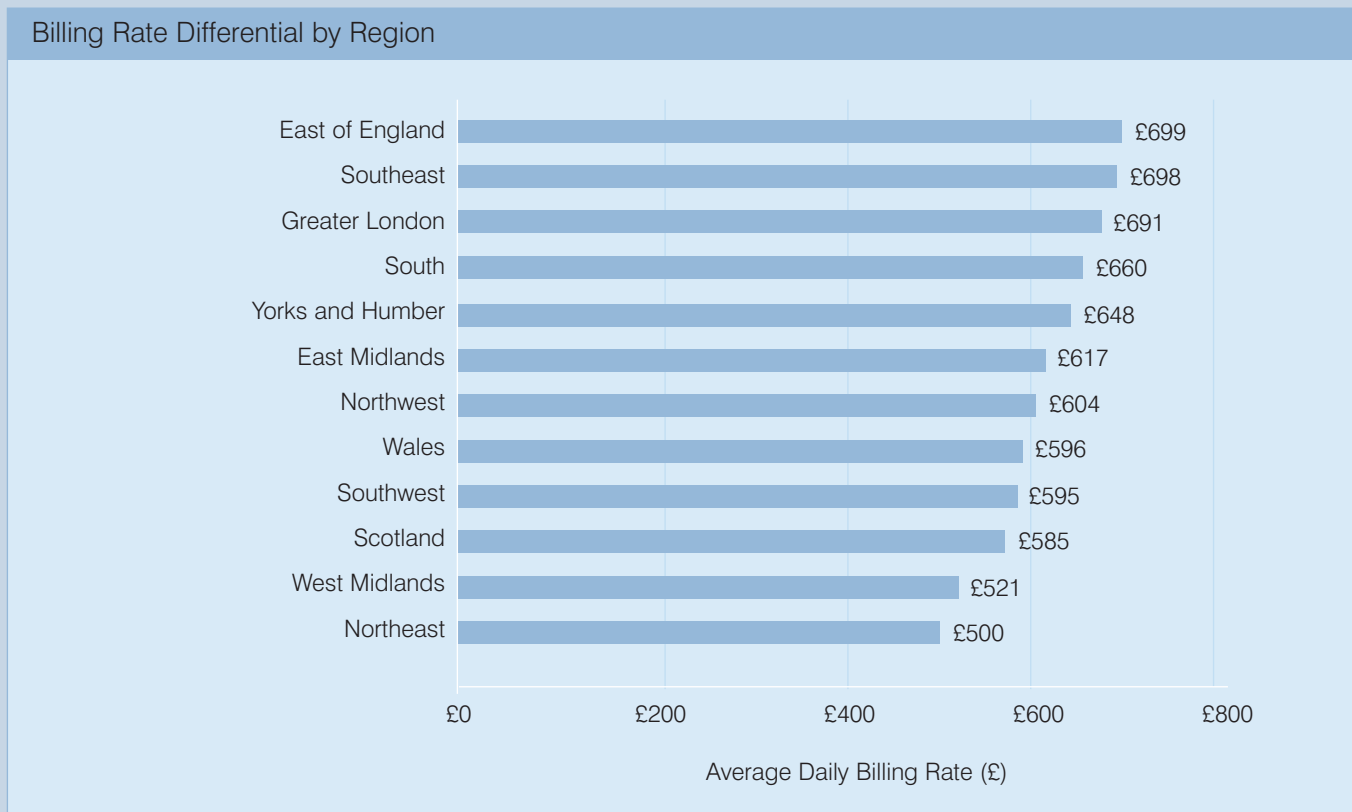
Billing Rate Differential by Gender

There was some billing rate differential by gender among those who indicated gender (approximately three quarters of the sample), with men earning an average of 4% more than women. This is a significant change from our 2007 survey, however, where men were earning an average of almost 16% more than women.



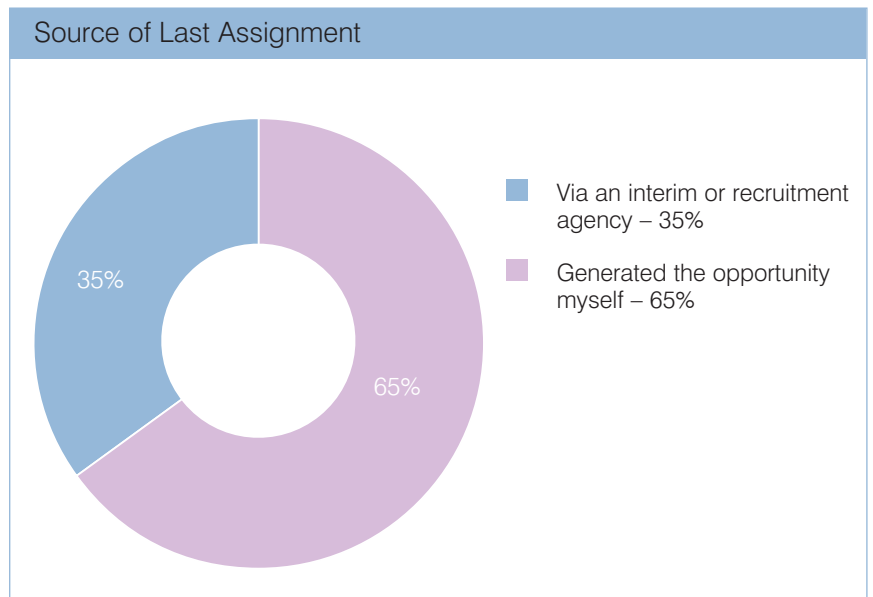
Billing Rate Differential by Region

There was also some differential in billing rates by region within the United Kingdom. The highest billing rates were found in the East of England, in the Southeast, and in Greater London. The lowest billing rates were in the West Midlands and in the Northeast.



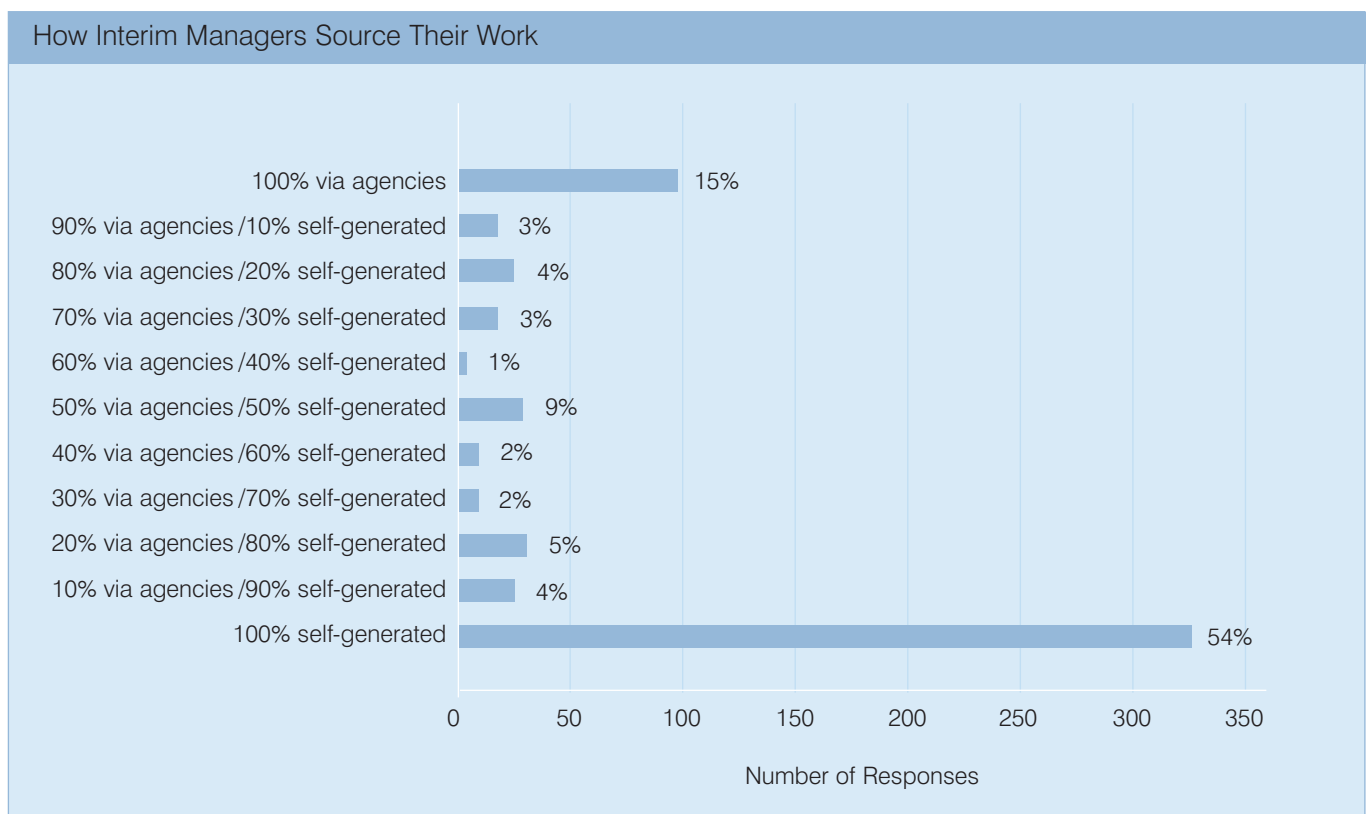
Sourcing Interim Management Assignments

Two thirds of the interim managers surveyed sourced projects themselves, but over a third were making use of interim or recruitment agencies to find work. This balance has remained fairly consistent with our 2007 survey, when respondents indicated that 60% of their projects was sourced via personal contacts and 38% via agencies.



Role of Agencies

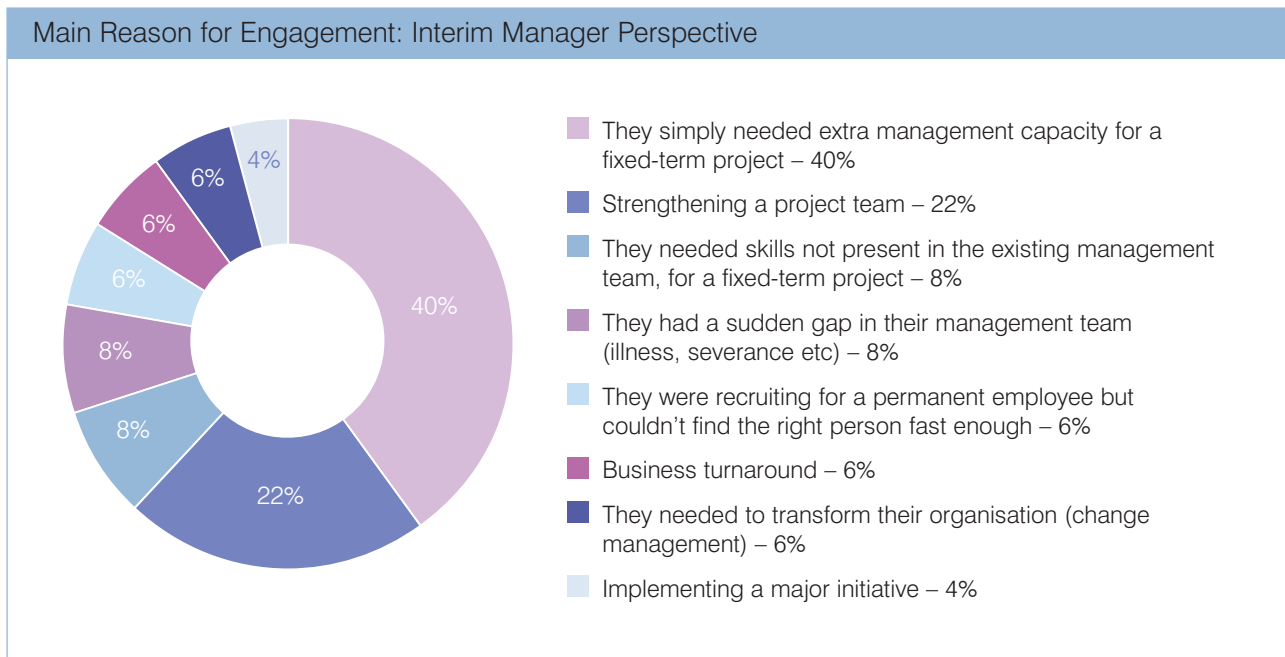
There is variance across the spectrum of interim managers, but they loosely group into those who use agencies exclusively (15%); those who generate all of their work independently (54%); and those who use both avenues.



Drivers of Interim Management Engagement

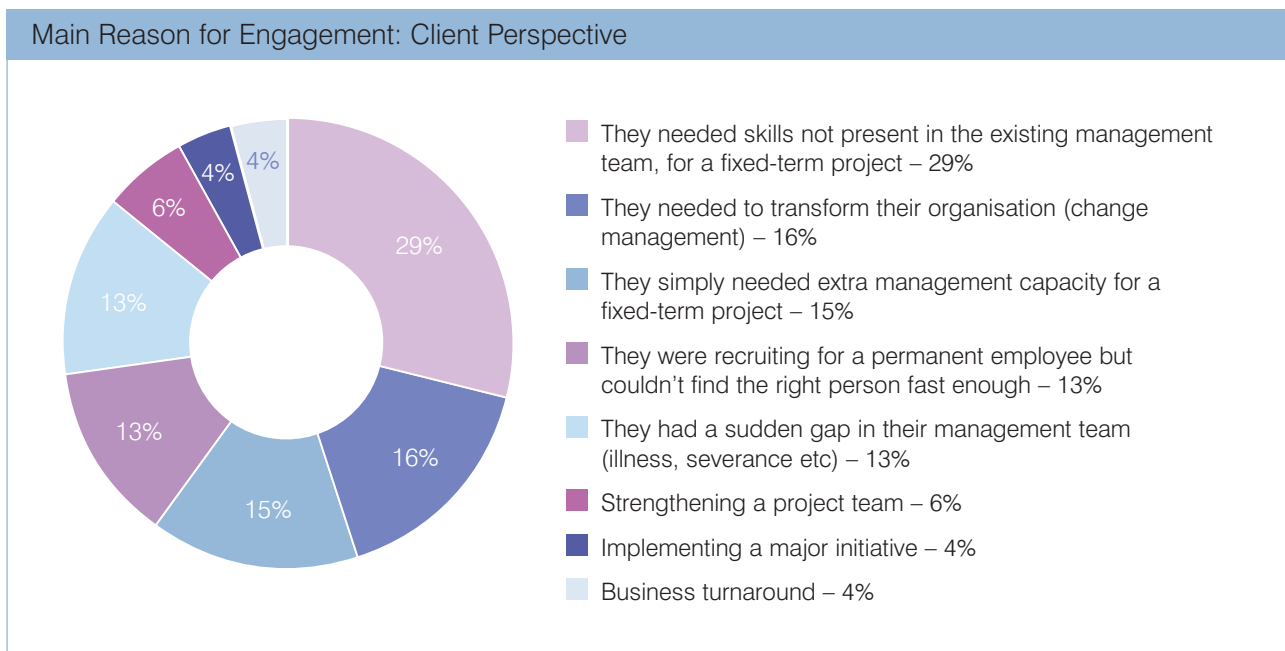
Primary Drivers: Interim Manager Perspective

A range of organisational gaps or imperatives can drive the need for an interim manager within a company. When interim managers were asked to specify the “primary driver” for their client hiring them for their most recent assignment, the majority indicated either “they simply needed extra management capacity for a fixed-term project” (40%) or “strengthening a project team” (22%).



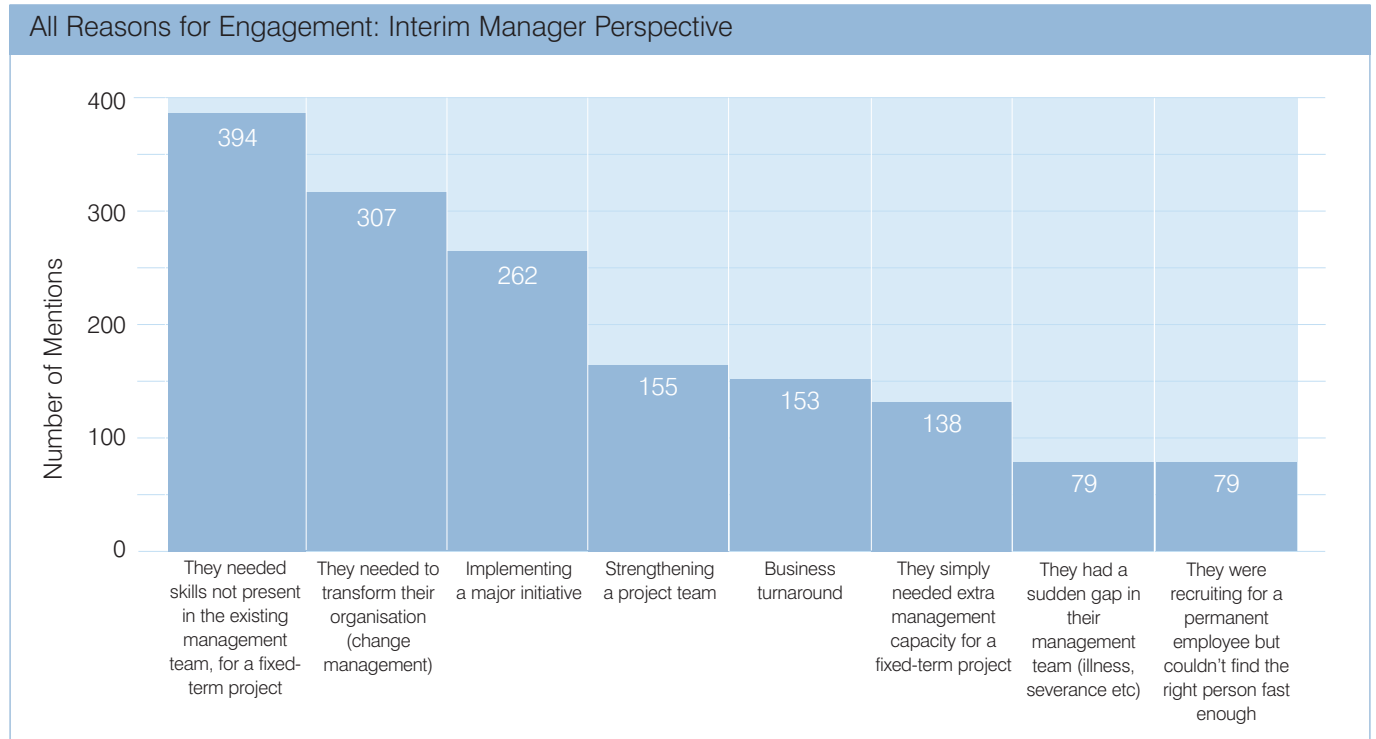
Primary Drivers: Client Perspective

When asked the same question about the last time they hired an interim manager, clients highlighted different answers: seeking “skills not present in the existing management team” (29%), “transforming the organisation” (16%), and “extra management capacity for a fixed-term project” (15%).



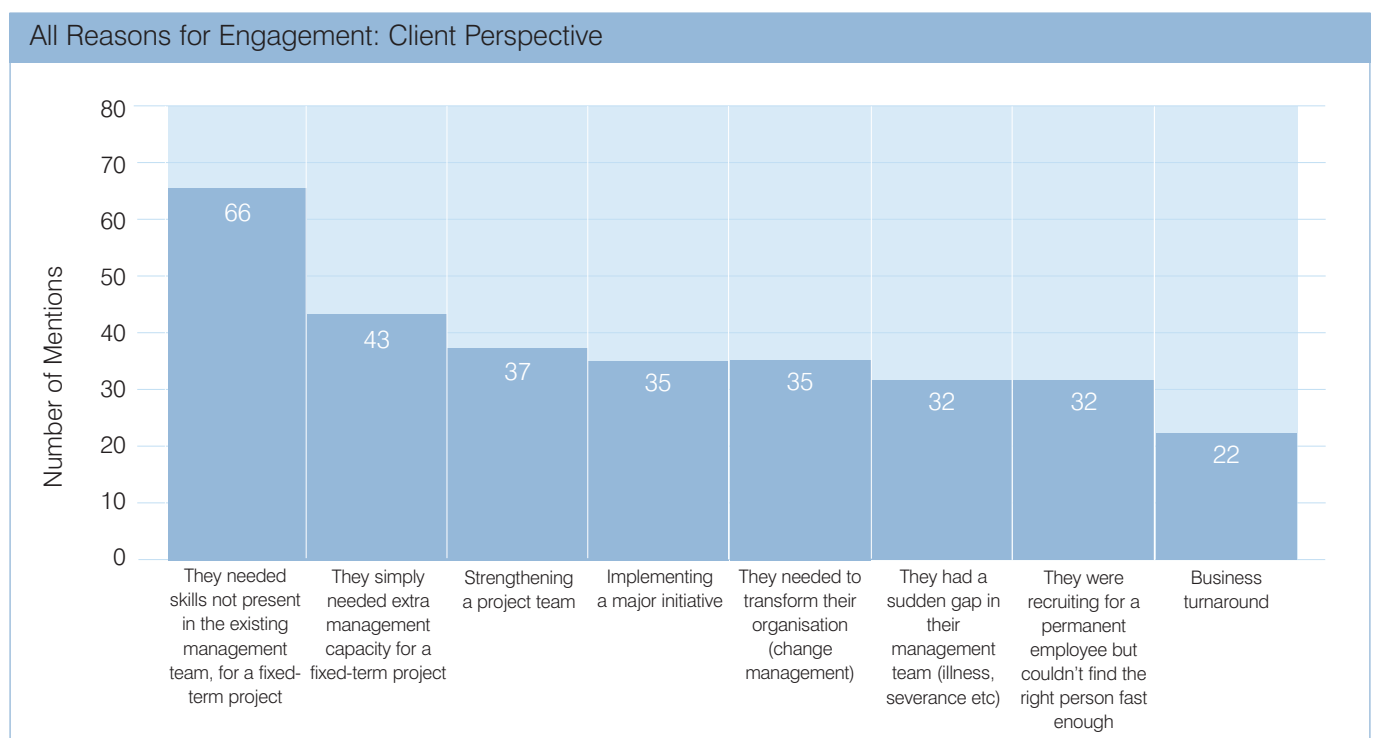
All Drivers: Interim Manager Perspective

Asked about “all factors involved” in driving their last interim management engagement, interim manager responses were consistent with the “primary driver” answers of the client group: “skills not present in the existing management team” and “transforming the organisation”.



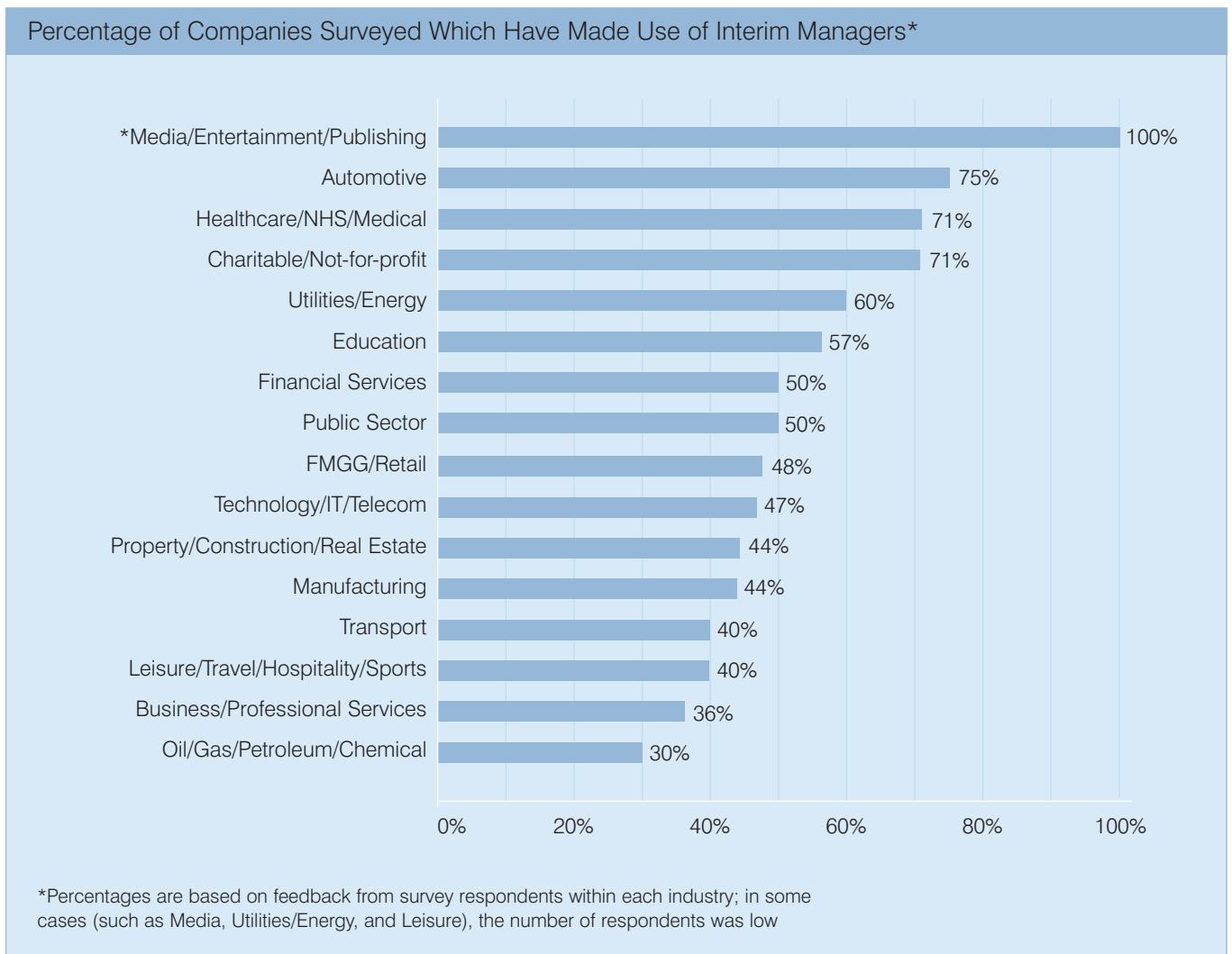
All Drivers: Client Perspective

The client respondent group was emphatic on the need for “skills not present in the existing organisation” as a critical driver for the engagement of interim management professionals.



Industries Making the Most Use of Interim Managers

Interim management professionals are being used across most industries, but our survey showed greater penetration in the realms of media/entertainment/publishing, automotive, healthcare, and charity/not-for-profit.



Interim management assignments truly run the gamut, covering the very broad range of issues and actions that a company might be facing. From among our survey respondents, sample projects included:

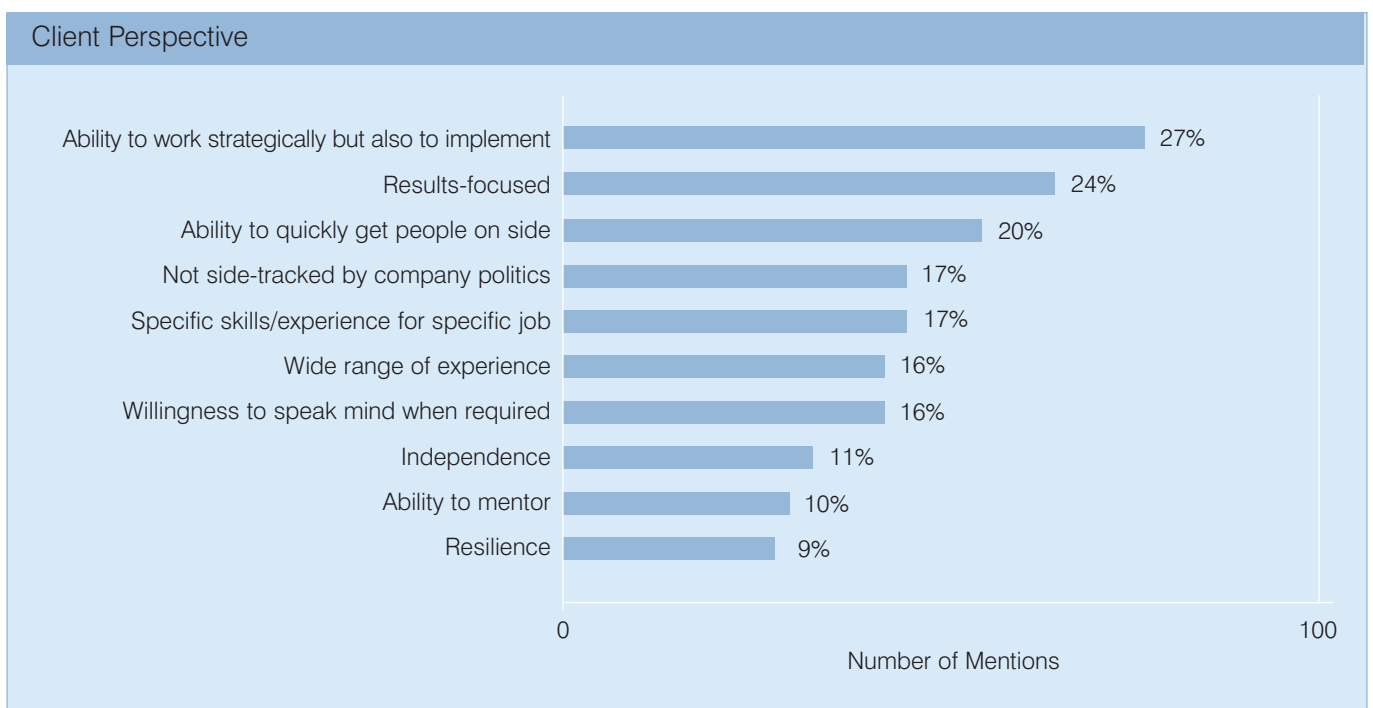
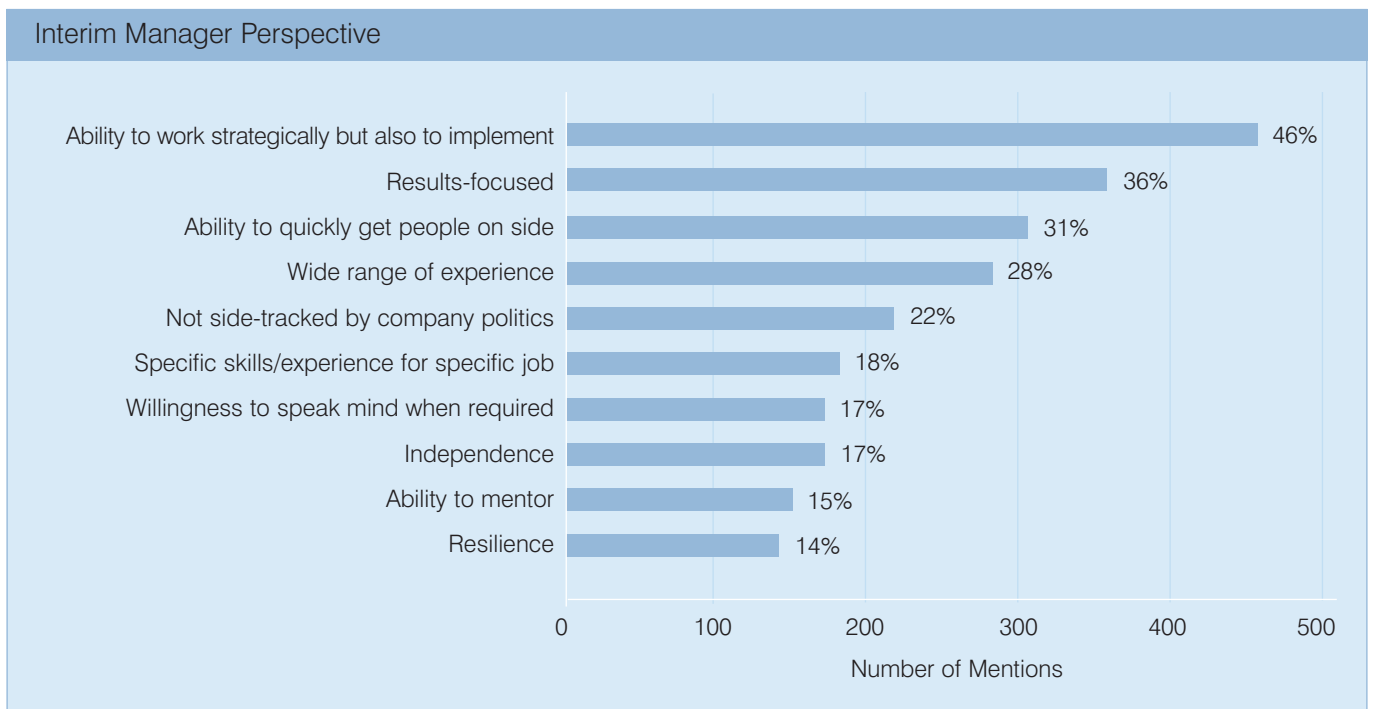
- Providing an objective view from someone outside the industry
- Acting aggressively to “fix” an acquisition headed in the wrong direction
- Offering the CEO a sounding board who was willing to challenge and oppose
- Establishing a robust HR function within a rapidly growing company
- Managing the entire relocation of a business from the UK to the US
- Developing and implementing a company’s digital strategy
- Building a sales organisation with clear, repeatable procedures
- Helping a CEO recruit a new board of directors
- Reducing energy usage with the company
- Redesigning a factory layout to optimise material flow

Most Important Qualities in an Interim Manager

Interestingly, both interim managers and clients were in agreement on the three most important qualities in an interim manager:

- Ability to work strategically but also implement
- Results-focused
- Ability to quickly get people on side

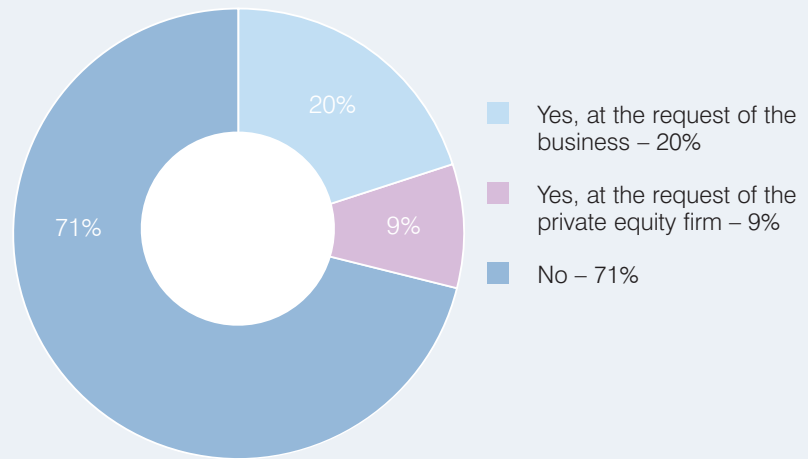
Despite the commonality in view, however, it is clear that each interim executive is unique and brings distinct qualities to each engagement.



Interim Management in the Private Equity Realm

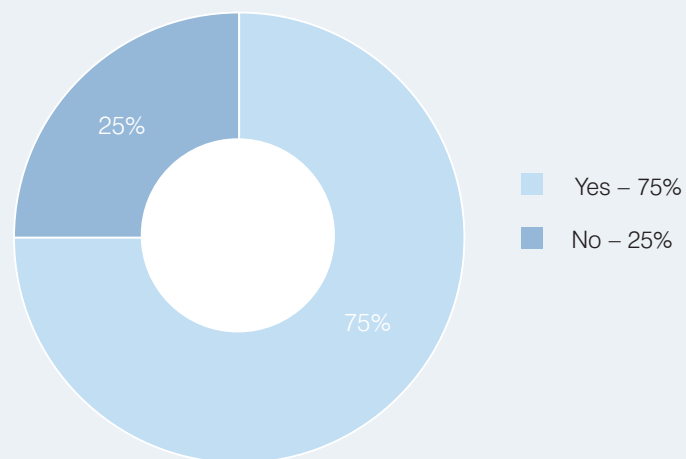
Interim managers have been leveraged in the private equity realm, where short-term projects and the need for specialised skills are commonplace. Almost a third of respondents reported having worked with a private equity-backed business, either at the request of the business itself or at the request of the private equity firm.

As an interim manager, have you ever worked with a private equity-backed business?



Moreover, fully three quarters of respondents indicated that they could see private equity firms making greater use of interim managers to restructure or otherwise improve the quality of the companies in which they have invested.

Do you see private equity firms making more use of interim managers to restructure or otherwise improve the value of the companies they have invested in?



Interim managers have become more diverse, with more women, and with a wider distribution of ages and lengths of experience.

Conclusion

We are grateful to the 328 interim management customers and prospective customers, and 936 interim managers who participated in our September 2009 online survey. With more than 40 multiple-choice and ranking questions, and the opportunity to provide detailed comments (which many did), this was no small ask.

In the figures published in this report, we see clearly the impact of the global economic crisis. Compared to our last survey, two years ago, today's interim managers are less likely to be in an assignment, feel generally less busy than a year ago, and work shorter assignments. A trend we saw between our 2004 and 2007 data in terms of openness to permanent employment has continued, with 33% of interims in 2004, 57% of interims in 2007 and now 70% of interims in 2009 reporting that for the right role, they would return to permanent employment. Some of this desire for permanence and stability is no doubt due to the current climate; however, as the trend was evident two years ago, before the crisis hit, we believe that senior executives are generally viewing their careers in a more fluid and flexible way, moving from contract to permanent work easily and willingly.

Daily rates have held up, constant at the high of nearly £650 per day first reported in 2007. It remains to be seen if

a continued recessionary climate eventually puts pressure on daily rates.

Interim managers have become more diverse, with more women, and with a wider distribution of ages and lengths of experience.

The motivations for engaging an interim executive – a sudden gap, needing skills not present in the organisation, needing extra management capacity – are similar to prior years, with one exception. This year, interim management as a solution for slow or ineffective permanent recruitment figures less strongly in clients' responses, another impact of the down economy (there is less permanent recruitment going on). The benefits of interim management endure, with similar proportions of clients valuing interim managers' results focus, appropriate skills, ability to quickly get staff on side, independence, outspokenness, and ability to think strategically yet also implement.

We hope you have enjoyed reading *Interim Management: Trend Update*. If your company or organisation needs skills, management bandwidth, or to implement a turnaround, major project or corporate restructure, call us today at **0845 053 1188** us to discuss how an interim executive from Executives Online can help.

About Executives Online

We offer a unique, full-service process which is a balanced blend of technology and personal service.

Executives Online delivers fast-track executive resourcing – interim management, project management, and permanent executive recruitment – leveraging our 80,000-strong Talent Bank of senior executives. We source talent globally, via the Talent Bank which is built and drawn upon by each of our growing network of offices around the world.

We offer a unique, full-service process which is a balanced blend of technology and personal service. Our approach attracts both the best candidates and the most challenging opportunities, and enables us to rapidly and effectively match them together in successful placements.

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