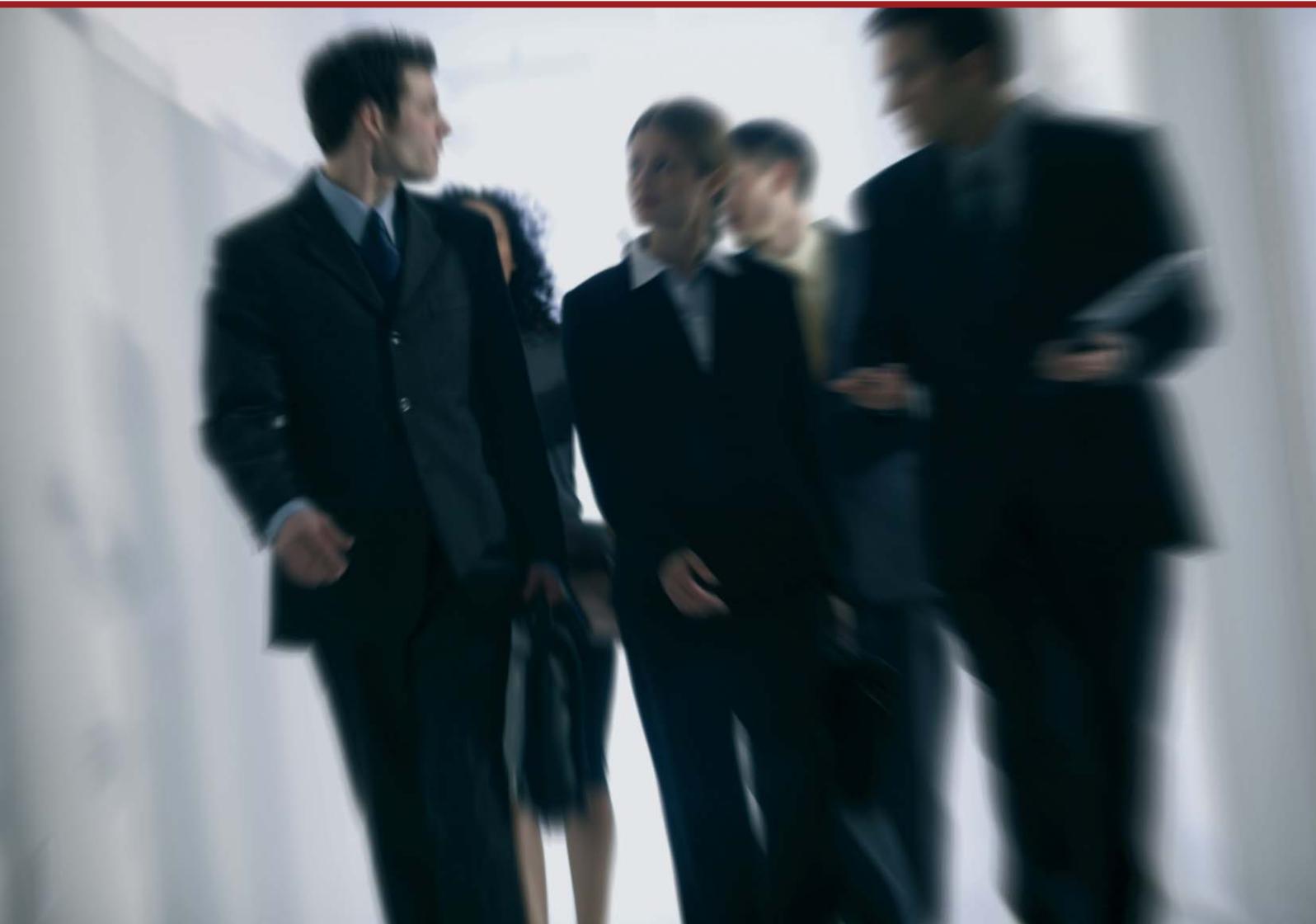


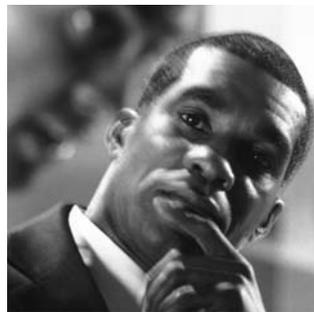
The Interim Report

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



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Introduction

The pressure on business to deliver results, and to simultaneously operate at ever-increasing efficiencies, has never been greater. Headcount reductions, hiring freezes, outsourcing and reorganisations are everyday occurrences, as are corporate change programmes aimed at delivering strategic business transformation or even just short-term improvements to net profit. In this cost- and results-oriented business climate, the question of optimal resourcing is never far from the surface, and the debate doesn't stop at numbers of production workers or front-line customer service staff – it extends straight up to a company's most senior executive roles.

An effective resource in responding to these competing pressures is being embraced by a growing number of companies in the UK: interim management. By this 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. These individuals, who may typically be attached to the company for between three and nine months, can be thought of as all-in-one project managers, consultants and senior executives working at or near board level.

Executives Online is one of the UK's leading recruitment companies with a specific practice area dedicated to the recruitment of interim managers and executives. Over the past six years the total market for interim management services has grown by 189 per cent, and we believe that as more and more companies come to recognise the benefits that interim management can offer, a continuing expansion of this sector is highly likely.

However, the nature of the market is such that reliable statistics about its size and composition have not been easy to come by. Accordingly, in 2000, Executives Online, in conjunction with the Institute of Management

“ Over the past six years the total market for interim management services has grown by 189 percent ”

Consultancy, commissioned Sambrook Research International to carry out an independent study of the interim management market in the UK. *The Sambrook Report on UK Interim Management* was published in 2000. In 2004, Executives Online updated *Sambrook* with our report *In the Interim*, which leveraged new data to create a more all-encompassing report.

Since then, things have moved on and in order to keep pace with this fast-moving sector we have once again conducted further market research, both among users of interim management and interim managers themselves. In this new report we present the results of that research.

We believe the report will make interesting reading not just for companies that are already familiar with interim managers, and current and aspiring practitioners, but also for companies or organisations for which interim management represents an as-yet-untapped resource.



Ron Brender
Chairman, Executives Online

Research objectives and methodology

Objectives

The aim of our research was to seek answers to a number of questions, among them:

- How big is the interim management market in the UK?
- What are the key factors driving the market?
- How many interim managers are on assignment in the UK at any given time?
- How many days a year on average do they work?
- What daily rates apply in this sector and how do they vary between job functions?
- Which business sectors are most likely to use interim management?
- What do clients (and practitioners) think are the benefits of interim management?
- To what extent is interim management an effective alternative to consultancy?
- What types of roles – line management or project management – are interim managers assuming today?
- Can interims be leveraged as an alternative source of candidates for permanent roles?
- What prevents more women from pursuing interim careers, and is this possible to change?
- What role do interims play in change management?

Methodology

Over the course of 2002, 2003, 2004 and now 2006 we obtained the views of a large number of practising interim managers and the clients who employ them, both by telephone and via online questionnaires. In most cases the respondents submitted their answers anonymously and were not aware of the identity of the firm sponsoring the research.

To obtain the views of clients and potential clients for interim management services, we conducted in-depth telephone interviews (lasting between 20 and 30 minutes) with 100 directors of UK companies in 2002 and, in February 2004, with 84 senior managers or directors from companies which are established users of interim management.

The interim managers approached for participation in the research were all registered onto our network of candidates. Some had been placed by Executives Online into interim management roles, but most had not. (Their areas of functional expertise are shown in Table 1 below.)

table 1

Business sector	Percent of total
Consultancy	6
Finance	10
IT/Telecoms	7
Manufacturing	27
Marketing	4
Public sector	7
Retail	5
Services	14
Utility	11
Other	9
Total	100

The details of the number of respondents and survey timings are as follows:

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

Defining interim management

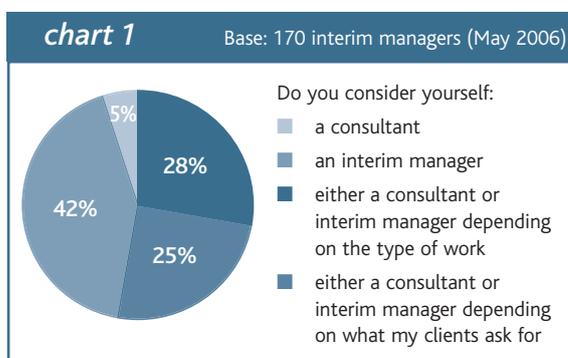
For the purposes of this report we define interim management as being:

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.

It is important, however, to recognise that the boundaries between interim management, change management and consultancy are not always clear-cut. An individual who is temporarily on assignment with a company may think of him or herself as an interim manager but be viewed by the employer as a consultant. Or vice versa. Or, more commonly, the individual will adopt whatever self-description he or she feels most closely fits the perceived wishes of the client.

Increasingly companies are leveraging interim managers when what they really need is simply speed – to hire someone very quickly, and for that person to begin delivering results immediately. We address the use of interims as candidates for permanent executive roles in more detail later in this report.

This flexibility in job title is borne out by the responses given by 170 interim managers in our online research in May 2006:



As many as 28% of them said that, depending on the type of work, they considered themselves to be either a consultant or an interim manager. A further 25%

said they switched from one classification to the other, depending on what the client asked for. Only 42% described themselves purely as an interim manager and a mere 5% just as a consultant.

When asked how much of their time was spent as an interim manager and how much as a consultant, 79% said they spent more than half their time in an interim management role. The remainder (21%) said more than half their time was spent as a consultant.

The views of clients on the issue of interim management versus consultancy are also interesting. Although the market does not wholeheartedly see interim managers as a natural alternative to management consultants, a significant number of client companies do subscribe to this idea. In our telephone survey of the client sector, 43% of respondents agreed that interim managers were an alternative to management consultants, while 52% disagreed. The reasons they gave are set out in Table 2 below. (We look at the question of interim management versus management consultancy in more detail later in this report – see page 16.)

table 2

Base: 84 senior executives (Feb 2004)

"Interim managers are a natural alternative to management consultants"

Reasons for agreeing	Mentioned by
More cost-effective	39%
Get experience and skills	8%
More results orientated	8%
Focused	6%
Reasons for disagreeing	
Consultants advise & bring ideas	2%
Internal perceptions	2%
Cost	2%
Different agendas	2%
"I have interims' skills"	2%
Consultants aren't in head-count	2%

The UK market for interim management services

How big is the market?

The survey carried out for us in 2000 by Sambrook revealed that the UK market for interim management was then worth £190 million a year, significantly up on its 1995 figure of £75 million. This figure was arrived at after discussions with leading suppliers of interim management services and analysing feedback from practising interim managers. The same study predicted the market would reach a value of £420 million by 2005, which it achieved, growing in fact to an estimated £450 million.

The latest market information suggests that the sector has continued its expansion. Using market share information published in the Executive Grapevine's *Interim Management in Europe 2006* and reported financials of the leading interim management firms, together with our own survey information indicating the share of interim work generated by agencies versus that generated by the interim managers themselves, we estimate that the market

today is worth in the region of £550 million a year. In just 2 years the market has grown by £100 million, an amount it previously took nearly 5 years (from 1995 to 2000) to achieve. Indeed, the growth in our candidate network and in Executives Online's revenues both suggest that the market's size may be even greater than this.

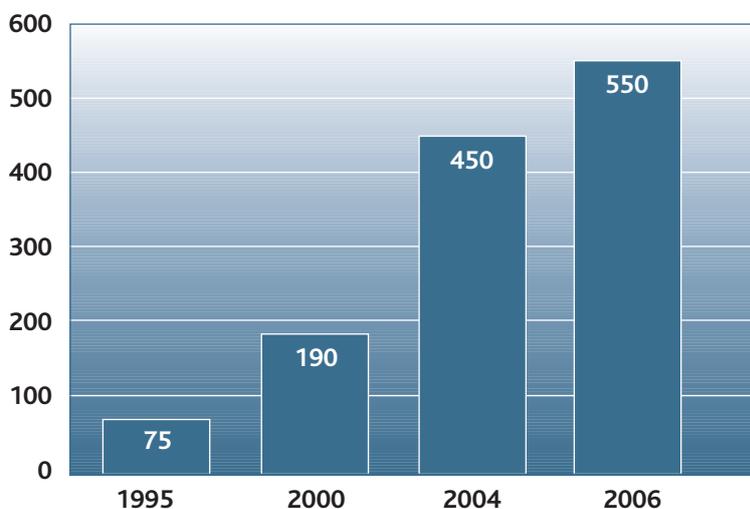
From this we may reasonably conclude that the market has been growing by an average 20% a year since 1995 and has increased by 189% in the past six years.

What factors are driving the market growth?

Attitudes towards interim management have become more positive over the past 10 years or so. This shift has been helped by rising professional standards within the interim management business and by the development of a better understanding in the industry of what interim management actually is and what benefits are achievable by installing an interim manager.

chart 2

UK Interim Management Market 1995 – 2006 (£ millions)



Source: Sambrook Report on UK Interim Management (1995 and 2000) plus derivation (2004 and 2006) using market share figures published in Executive Grapevine's *Interim Management in Europe 2006*, Companies House company financials, and Executives Online research on share of projects sourced through agencies versus directly.

But above all, the primary driver for the growth in the interim management sector would seem to be "change". The trend towards down-sizing, outsourcing and mergers has created a need for additional short-term support in the companies concerned and – the other side of the coin – has led to a growing number of redundant senior executives who are thereby added to the pool of available interim management talent.

To get a measure of the types of change that companies expected to encounter over the next 12 months, the 200 managers/directors in our July 2006 online research were asked to specify the change events they saw on their company's horizon.

When prompted, business restructuring was mentioned by 19% of respondents, with the introduction of a major business improvement initiative cited by 18%. See table 3 below for more details.

table 3 Base: 200 customers and prospects (July 2006)

Change initiatives planned for the next 12 months	
Business restructure	19%
Introduce a major business improvement initiative	18%
Major cost reduction	14%
Introduce new technology	13%
Merger or acquisition	13%
Downsize workforce	12%
Move into a major new market	6%
Relocate any operations overseas	4%
Divestment	1%

Pressure on permanent staff numbers

As well as the change elements mentioned above, another factor driving the growth in the interim management market is the pressure in companies to operate on a very short-term basis. This drive to commit only to the short-term is inhibiting investment plans, budgeting and strategic planning – but its impact is perhaps being most keenly felt within the HR function. For instance, when asked which of the indicators suggesting that businesses today have to operate on a very short-term basis actually applied to them, almost half (47%) of the companies we spoke to agreed that they were under pressure to keep their permanent or senior management head-count to a minimum or to increase the use of temporary staff. (See Table 4.)

See page 14 for more statistics and analysis on the use of interim managers in delivering change. Or request Executives Online's *Challenge of Change* report which focuses exclusively on change management.

table 4

Base: 84 senior executives (Feb 2004)

"Short-termism" indicators	Mentioned by
Permanent head-count must be at a minimum	20%
Keeping senior team to a minimum number	14%
Increasing use of temporary or contract staff	13%

Budgeting for interim management

Possibly reflecting the pressure to reduce permanent staff numbers described above, one quarter (26%) of the companies surveyed said that they actively make provision in their annual budget for the employment of interim managers. The comparable figures for those making budgetary provision for permanent recruitment and for employing management consultants were 79% and 42% respectively. So although interim management ranks behind management consultancy in terms of budget planning, it nevertheless constitutes a deliberate part of the planning process in a good number of the respondent companies.

Project and change management

Further market growth also seems likely to come through interim management’s expanding role in both project management and change management. We asked the 84 companies in our 2004 study about the main occasions when they think of using an interim manager.

As may be seen from Table 5 below, strengthening a project team was mentioned by almost half (46%) of the respondents, while other, allied reasons such as accelerating or rescuing a project were mentioned by roughly one quarter of respondents.

We explore the question of project management more fully on page 13 of this report.

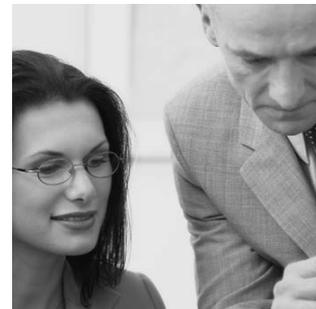


table 5	
Base: 84 senior executives (Feb 2004)	
Reasons for using an interim manager	Mentioned by
Strengthening a project team	46%
Accelerating a project	27%
Resourcing a major one-off contract/venture	25%
Driving through change	23%
Rescuing a project	23%
Ensuring a project is delivered	21%

The interim manager

In this section we estimate how many interim managers are on assignment in the UK at any one time and report on how many days a year they work and where that work comes from. We also provide data on their daily rates.

How many interim managers are on assignment in the UK?

This is not an easy question to answer but at the time of our 2000 survey it was estimated that there were some 2,400 interim managers active at any one time in the UK. This was based on responses given by leading suppliers of interim management services and by interim managers themselves.

Today, that figure is undoubtedly higher. Executives Online's own candidate roster has grown by a factor of 4 between 2000 and 2006, and we are seeing a constant stream of new interim managers who have completed at least one successful assignment. We estimate today that there are more than 10,000 interim managers operating in the UK.

Work patterns of interim managers

An analysis of responses to our latest online questionnaire reveals that at the time of the survey (May 2006) more than three-quarters of the interim managers (76%) were working on assignment, most of them in a full-time capacity. The remaining 24% were not working. (See Chart 3 below.)

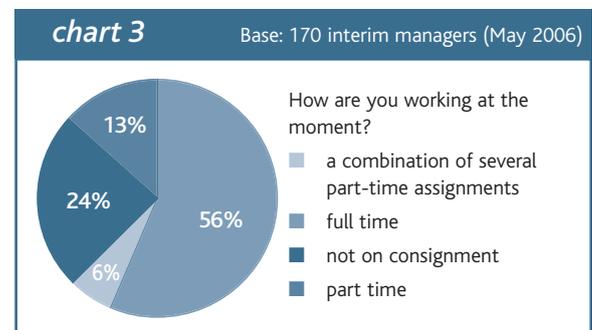


Table 6 below records the percentage of interim managers who reported that they were on assignment at the time of our various surveys. The figures show constant improvement in the market because the number of respondents not on assignment fell from 51% in June 2003 to 44% in January 2004, and then again to just 24% in May 2006.

table 6

	March 2002	June 2003	January 2004	May 2006
Full-time assignment		32%	38%	56%
Working in part-time assignment	51%	12%	13%	13%
Working in multiple part-time assignments		4%	5%	6%
Not on assignment	49%	51%	44%	24%

Interim management practitioners are taking this constant increase in utilisation in stride. Despite the proportion of candidates working on assignment at the time of our survey dramatically increasing (to 76% in assignment from only around 50% compared to prior years), they report, on average, a similar workload versus the previous year. In the May 2006 survey:

- 34% reported that their work level was the same as in the previous year
- 30% reported being less busy than in the previous year
- 36% reported being more busy than in the previous year

Days on assignment in last year

Turning to the actual number of days worked by the interim managers in the 12 months prior to May 2006, the average was 165 days. However, as Table 7 below shows, there was considerable variation from function to function, with those engaged as operations managers averaging 209 days a year and those working as IT Directors reporting only 108 days.

table 7

Base: 170 interim managers (May 2006)

Function	Days worked in last 12 months (to May 2006)
Call Centre Management	158
Change Management	199
Finance	143
HR	184
IT Director	108
IT Project Manager	165
Marketing	189
MD/CEO	158
Operations	209
Project Manager	208
Sales & Marketing	116
Supply Chain	179
Average	165

The above average of 165 days worked in the year preceding May 2006 compares with averages of 156 in the year before September 2003, 131 in June of the same year, and 176 in the year before March 2002. These fluctuating levels of employment broadly track the health of the temporary/contract recruitment sector as a whole, which experienced a very challenging year in 2003 but which has shown strong recovery in recent years.

As Table 8 below shows, the length of time that the individual had been working as an interim manager had a bearing on the number of days that he or she had worked in the previous 12 months, the least experienced recording significantly fewer days.

table 8

Base: 102 interim managers (Nov 2003)

Years as an interim manager	Days worked in last 12 months (to Sept 2003)
Less than 1 year	131
1 – 3 years	164
More than 3 years	157

Clients' frequency of use of interim management

In our telephone survey of clients for interim management services we asked how many times a year they expected to engage an interim manager. Some 26% said they did so once a year, a further 26% twice a year, and 15% of them three times a year.

Average length of assignments

There is significant variation in the duration of interim management assignments but typically they last for several months (as opposed to lasting for weeks or extending into years). Between 2004 and 2006, the assignments worked by Executives Online candidates lasted between two and 24 months, the average assignment lasting 7.5 months.

Sources of work

In our May 2006 online survey we asked interim managers what percentage of their work was self-generated and what came from agencies. We found that on average 57% of their work arose through their

own personal contacts and 39% came through agencies. Personal recommendation is one fertile source of new work for interim managers. In our January 2004 research among 127 interim managers, we found that on average they are asked to recommend another interim manager or agency 4.4 times a year. One-fifth of them (21%) reported making seven or more such recommendations every year. (See Chart 4 below.)

Daily rates of interim managers

In all of our surveys we asked interim managers to indicate their daily rate on their last assignment. As Table 10 below shows, a very wide range of rates was reported, reflecting the fact that certain areas of expertise are more highly valued in the marketplace than others. (These variations from sector to sector are examined in more detail in the next section.) Some interim managers said they were earning less than £300 a day, whereas at the top end of the market others were able to command daily fees of more than £1,000.

It is interesting to note that, despite fluctuations in the labour market and business economy, the average daily rate of £587 recorded in our March 2002 survey has changed very little over a period of more than

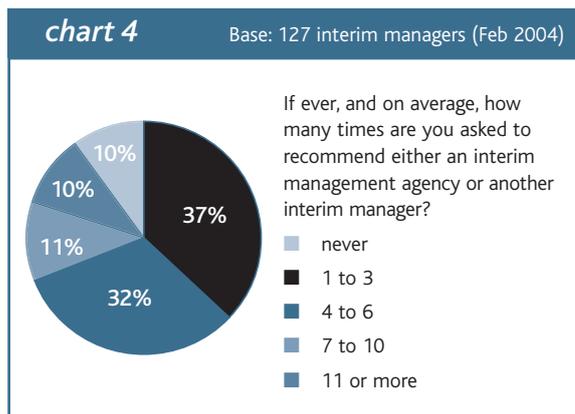


table 10	Mar 02	Jun 03	Nov 03	Jan 04	May 06
	Respondents	Respondents	Respondents	Respondents	Respondents
£200-299		34		2	3
£300-399		65		14	15
£400-499		92		22	26
£500-599		82		26	32
£600-699		66		17	36
£700-799		50		8	14
£800-899		20		5	15
£900-999		15		8	3
£1,000-1,099		15		4	4
£1,100-1,199		4		0	2
£1,200-1,299		4		1	2
£1,300+		13		1	3
Total	189	460	100	108	155
Average	£587	£590		£604	£597

four years, compared to the May 2006 finding of £597. Other data points along the way – £590 in June 2003, £571 in November 2003, £604 in January 2004 – are at much the same level.

On the basis of the average daily rates mentioned above, what can we say about the annual gross income being earned by the average interim manager today? Taking a daily fee of £600 (a reasonable “round” number lying among the numbers reported by our various research initiatives) and applying it to the 165 days a year that interim managers, on average, spend on assignment (see earlier section), we arrive at a total of £99,000 a year.

Differences in daily rates between sectors

Our research has revealed considerable variations between the average daily rates interim managers command, depending on the job functions they are engaged in.

In the May 2006 survey (see Table 11 below) the

average rates by job function ranged from a low of £461 for interim managers specialising in Operations to a high of £700 for those acting as an MD or CEO. However the research also highlighted some extremes of earning capability within the interim manager community. For instance, 2% reported that their day rate was less than £250 while 7% that it exceeded £1,000.

Our May 2006 online survey of interim managers also found a difference between the average daily rate earned by male and female interim managers – the men averaging £606 and the women £549, against an overall average daily rate of £597. We explore the subject of women in interim management in more detail later in this report, from page 18.

table 11

Base: 170 interim managers (May 2006)

Function	Average daily rate £s
Call Centre Management	617
Change Management	693
Finance	626
HR	609
IT Directors	692
Marketing	650
MD/CEO	700
Operations	461
Project Managers - IT	650
Project Managers – Other	462
Sales & Marketing	575
Supply Chain	586

The benefits of interim management

We asked our 84 client respondents to rate, on a scale of 1 to 5 (where 1 meant “Not a major benefit” and 5 represented “A major benefit”) a list of possible benefits that can come from employing interim managers.

It is clear from their responses (see table 12) that users of interim management place a high value on the task- and results-orientation interim managers bring, as well as on the speed with which they can be deployed. Their ability to transfer their knowledge to others and their objectivity also received high ratings. The cost-effectiveness of interim management and its ability to keep the permanent headcount down were rated lower.

It is interesting to compare the responses given by interim management clients with the views expressed by interim managers themselves. In our e-mail survey of 189 interim and change managers in March 2002 we asked them to say what they thought were the key benefits external managers such as themselves could bring.

“Broad experience” and “Neutral and objective” were, by a very considerable margin, the most frequently mentioned attributes, being cited by well over half the respondents. The interim manager’s specialist expertise, focus on task in hand and fresh approach were mentioned by one in five respondents. However, attributes such as speed of deployment and flexibility, which received quite a high rating from the client sample, were mentioned by very few interim managers. See Chart 5 on the next page for details.

Interim managers as a strategic resource

We asked whether clients looked upon interim managers as a strategic resource. Although a majority (56%) said that they did not view interim managers in this light, as many as 42% of them agreed that they should be looked upon as a strategic resource.

table 12 Base: 84 senior executives (Feb 2004)

Main benefits of interim managers	Rating
They are focused on a task	4.5
They are results-orientated	4.3
Speed – they start in days	4.2
Transfer skill, contacts and experience to the team	4.1
Objectivity	4.0
Flexible resourcing	3.9
Minimum of recruitment or termination formalities	3.6
Drive through change	3.4
Cost-effective	3.2
Keep down permanent headcount	3.0
Over-qualified	2.8
Peg pay to performance	2.8

Where interim managers are deployed

Our March 2002 survey of interim and change managers asked respondents to describe the nature of their last three assignments. The most striking feature of the responses was the sheer diversity of the work they had undertaken: a total of 400 assignments were described, very few of them identical.

The most frequently used general terms describing the assignments are shown in Table 13 on the next page. Note, however, that the listing covers only just over half (54%) of the assignments. The other 46% were so diverse as to make their classification very difficult.

chart 5

Base: 189 interim and change managers (March 2002)

How would you summarise the key benefits that an external manager such as yourself can bring to a client company? (analysis of open responses)

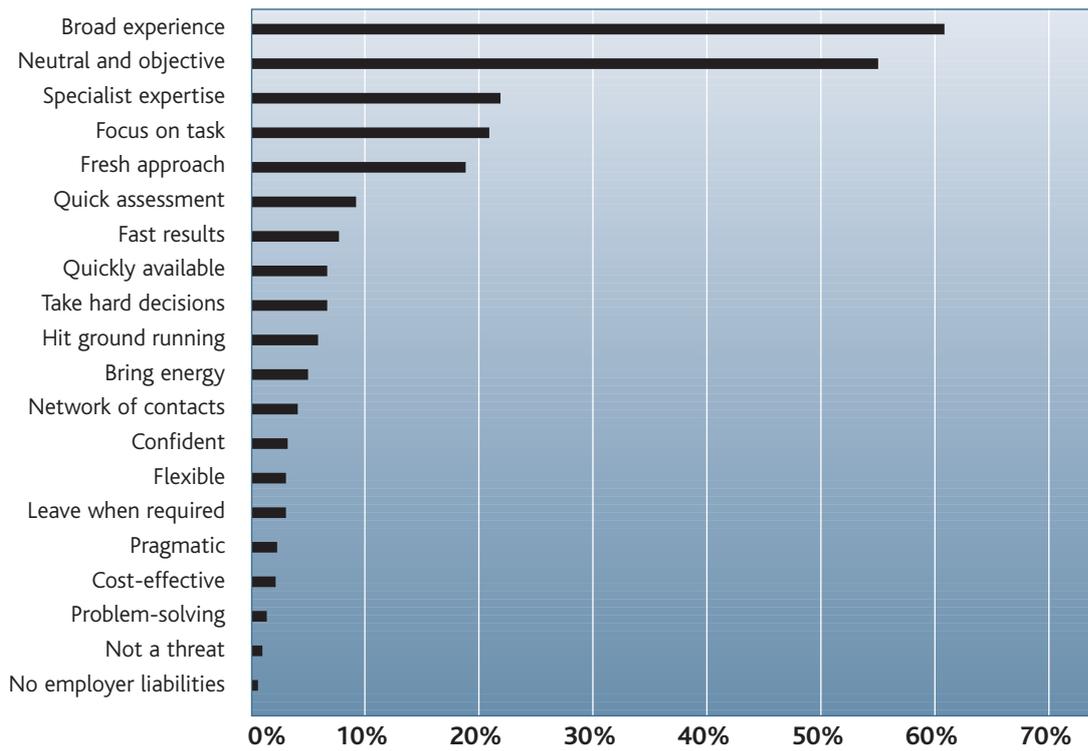


table 13

Base: 189 interim and change managers

Description of assignment	Percentage of managers
Turnaround	12
Change management	8
Strategic planning	7
Business start-up	5
Restructure business/re-engineer processes	4
Interim management	4
Business development	3
Productivity improvement	3
Project management	2
Supply-chain development	2
Business transformation	2
Plant closure	2

Interim management and project management

As we saw earlier in this report, one area which appears to be driving much of the growth in the market for interim management is the demand for project management skills and experience. Interim managers with specialist project and programme management skills are being deployed by more and more companies in order to drive through or support major project initiatives. (See Table 5 on page 6 for the reasons given by clients for using interim managers.)

Executives Online reports that over 10% of its enquiries are specifically for project managers or programme directors and that project management enquiries have more than doubled in the past year.

Reflecting this increased demand for the short-term injection of skills and experience, Executives Online's candidate roster today includes more than 1,000 project managers and programme directors.

There are a number of reasons why interim management is gaining such a foothold in the management and delivery of projects. Firstly, all projects, whether large or small, high-tech or heavy industry, have a beginning, a middle and an end.



This makes them ideal assignments for an interim manager, who can be brought in to see the project through to completion but whose services can then easily and painlessly be concluded.

Second, many projects are "one-offs", demanding one-off skills and knowledge that quite possibly do not exist within the company but are already possessed by a specialist interim manager.

Interim managers are also becoming an important resourcing option. One in five of the 84 companies we spoke to in our February 2004 survey specifically said that they needed to keep their permanent headcount to an absolute minimum; also they said they needed to stay in a maximum state of readiness to handle new projects.

Against this backdrop, the demand for project management skills deep in the organisation is growing. Our March 2002 study of 100 companies found that 34% of corporate change projects were managed at board level, with a further 22% being directed by the MD. In July 2006, customers surveyed reported a lower proportion directed from above (only 10% led by MD), with project or functional heads (31%) and other managers (29%) leading the drive. In the intervening 4 years, organisations appear to have "internalised" the project and change management skills required, running projects from within rather than top-down. Request Executives Online's *Challenge of Change* report for a deeper discussion of how major corporate transformation projects are resourced.

Interim managers as agents of change

As our analysis of the major growth drivers in the interim market has shown (see page 5), organisations which need to transform themselves in some way are logical candidates for the temporary addition of additional senior management talent. Whether the challenge at hand is the integration of an acquisition, a plant closure or relocation, a cultural transformation to produce a more service-oriented ethos, de-layering and streamlining of the organisational structure, or the reorganisation of roles to align with a new business process or IT system, an experienced change management professional can often be of great help.

Indeed, we find that a huge proportion of interim assignments conducted via Executives Online and its candidates have some element of change management about them. More than 600 of Executives Online's registered candidates are independent change managers. When we asked our candidates what proportion of their work as interim managers has been part of a larger corporate change program, the

table 14

Source: Interim and change managers surveyed (May 2006)

% of work as part of change programme	No of respondents
10%	4
15%	2
20%	8
25%	8
30%	3
40%	5
50%	28
60%	8
70%	6
75%	10
80%	13
85%	4
90%	8
95%	1
100%	43
64%	Average

average answer was a resounding majority at 64%. The whole set of results are in table 14.

We further asked our interim managers how well they thought UK companies managed change. Fully two-thirds of respondents felt that UK organisations cope with change "very poorly" or "quite poorly", with a further 28% feeling they are just "average" at it. Only 5% believe UK companies and organisations manage change "quite well", and, tellingly, none believed change is managed "very well":

table 15

Source: Interim and change managers surveyed (May 2006)

How well is change managed?	Number of respondents	% of respondents
Very Poorly	40	24%
Quite poorly	71	43%
Average	47	28%
Quite Well	9	5%
Very Well	0	0%

The clients' view is slightly more rosy, but still only 10% feel change is managed "quite well":

table 16

Base: 200 customers and prospects (July 2006)

How well do UK companies manage change?	% of respondents
Average	51%
Quite well	10%
Poorly*	39%

* breaks down as 35% quite poorly, 3% very poorly and 1% poorly

The perceived poor track record of UK companies at managing change is somewhat frightening, given the large amount of change businesses intend to accomplish:

table 17 Base: 200 customers and prospects (July 2006)

Change initiatives planned in the next 12 months	%
Business restructure	19
Introduce a major business improvement initiative	18
Major cost reduction	14
Introduce new technology	13
Merger or acquisition	13
Downsize workforce	12
Move into a major new market	6
Relocate any operations overseas	4
Divestment	1

Given that a majority of respondents in all our change management research felt that UK businesses in fact manage change rather poorly, yet lots of change will be required, it's surely a priority to develop ways of doing it better. We asked our interim managers and clients about their participation in corporate change programs, and how corporate change programs are most successfully resourced:

Internal resourcing tops the chart, with more than half of respondents using internal change teams, and finding them effective. But there is a minority who use external resources, although there are significant variations in how effective clients rated them. The disparity between usage and satisfaction when it comes to consultancies (whether boutique or global) and interim or contract workers is striking. Consultancies (boutique and global) were mentioned by 20% of respondents, even more than those mentioning dedicated internal teams, but very few rated them the most effective way to deliver change. By contrast, although only they comprise only 9% of the mentions, independent change managers engaged to lead and support a company through change are rated the most effective resource by fully 22% of respondents.

We conclude from this that although the concept of independent change managers is not well-understood by the market – there being low awareness and adoption of them – they deliver excellent value and results for the few organisations who employ them. Given contract workers fared more poorly in clients' ratings, it appears the independent change managers' effectiveness is a result of their focused expertise and ability, rather than simply due to their "separateness" from the organisation. It appears there is a substantial opportunity for UK businesses and organisations which need to successfully transform themselves to enhance their success by engaging independent change managers.

table 18

Base: 200 customers and prospects (July 2006)

What management structures and resources has your company employed to deliver a change programme?	% used	% who rank it most effective
Internal team: change programme added to usual responsibilities	36	27
Internal team: members 100% applied to the change programme	18	35
Contract workers brought in to deliver aspects of change programme	15	2
External boutique or niche change management consultancy	12	5
Independent change managers engaged to lead and support company through change	9	22
External global consultancy e.g. McKinsey, Accenture etc	8	3

Interim management and management consultancy

Another crucial growth area for interim management that, like project and change management, demands closer examination, is the sphere of management consultancy.

As we saw earlier in this report (page 3), opinions among the 84 companies we talked to in February 2004 were divided about the distinction between the roles of interim managers and management consultants. Although about half (52%) of the companies said they would not use an interim manager as an alternative to management consultants, a very sizeable minority (43%) did see interim management fulfilling this role.

By examining the key criticisms of management consultancies – as revealed in a study completed on our behalf in March 2002 among 100 companies (see Table 19) – it is possible to identify the drawbacks that interim management is generally able to avoid.

table 19 Base: 100 senior execs from UK companies (Mar 2002)

Main criticisms of management consultancies	Mentioned by
Expensive	76
Too eager to sell other services	59
Too prescriptive	49
Consultant is loyal, first and foremost, to the consultancy	37

As regards the first criticism, it should be noted that interim managers are significantly less expensive than their counterparts in the management consultancy arena. As we saw earlier in this report, the average daily rate for an interim manager in the year up to May 2006 was a relatively modest £597, well below the daily rate charged by management consultants.

On top of this, interim managers are independent practitioners with no add-on services to sell, and so are not subject to the second of the drawbacks in Table 14. Nor are they open to the charge that their loyalty lies with their consultancy rather than with their client.

It is worth recalling here a point made earlier in this report – namely that interim managers themselves in many cases see a blurring of the distinction between the roles of interim management and consultancy. As we reported earlier in this report, as many as 28% of respondents considered themselves to be either a consultant or an interim manager, depending on the type of work being undertaken. A further 25% said they switched from one classification to the other, depending on what the client asked for. Only 42% of the respondents described themselves purely as an interim manager.

The UK market for management consultancy is huge. International Financial Services, London, placed a value of £7.69 billion on it in 2002. UK businesses and public sector organisations spend more than £10 billion annually on consultancy, as reported by the Management Consultancies Association in 2005.

Case Study: A powerful case for the interim manager

Duncan Sedgwick, formerly Powergen's Business Transformation Director and now chief executive of Energy Retail Association, explains why he favours interim managers over management consultants.

"A management consultant might draw up a great strategic plan but companies today want more than this," he says. "They need someone who can cope with the strategy but, even more importantly, deliver it too. For that mix of abilities you need interim managers. They are prepared to roll up their sleeves and get stuck in with your management team – not just sit on the sidelines giving advice."

Sedgwick also believes that the speed with which interim managers can be deployed is another crucial factor in their favour. "You can get a senior interim manager, who perfectly matches your business, on board incredibly fast," he says. "By contrast, management consultants can take weeks before they are in place, and permanent staff can take months. With interim managers, after that first call to an interim supply agency, you can have someone through the door – and delivering – in a week."

He argues that this speed is vital in business today: "Companies simply don't know where they will be in three months time. Business is too fast-changing for that – and your recruitment policy needs to be equally fleet of foot."

"If you know how to deploy interim managers, and you know a good agency, you can make a plan today and have the right person in situ delivering it almost tomorrow. That person is a short-term appointment – committed to getting the job done, but not a long-term overhead. You are free to flex them up or down, as you need them. And they are removed from the company politics – they are there to make things happen, not to further their career by saying the 'right things to the right people'."

Sedgwick used interim managers at Powergen to help him introduce e-commerce throughout the company and to automate the back-office functions in order to streamline operations.

The results were excellent, he reports. The interim managers helped Powergen achieve its stated goals of reducing the cost-base by some £75 million, which represented nearly 20 per cent of its total cost-base. And, he adds, they also helped create new platforms for growth in the future.

Duncan Sedgwick has now left Powergen and is chief executive of Energy Retail Association, but his view of interim managers remains unchanged. "Management consultants may like to think of interims as a fad," he says, "but whether you are big company looking to fast-track a major initiative, or a smaller operation looking to inject additional experience and impetus, interim managers are the future."

Women and Interim Management

In our May 2006 online candidate survey, 21 women and 135 men responded and indicated their gender when asked. The fact that there are so many more men than women came as no surprise. Among Executives Online’s talent bank at large, we have long observed that interim management is quite a male-dominated profession. There are certainly women interims, and like their male peers they achieve great things for our clients, but they are rather small in number compared to the men.

Are there enough female interims? We asked our candidates, two-thirds of whom thought not.

Could or should there be more women interims? Survey respondents were in agreement about the fact that women inherently possess many of the skills that make excellent interim managers. When we asked respondents to give reasons why women in particular would make good interims, 13% of their answers named being good communicators, 15% said women are sensitive to the nuances of different corporate cultures, 14% said because they are good relationship builders and 12% because of being good networkers. Additional reasons cited included flexibility, multi-tasking and adaptability in adversity.

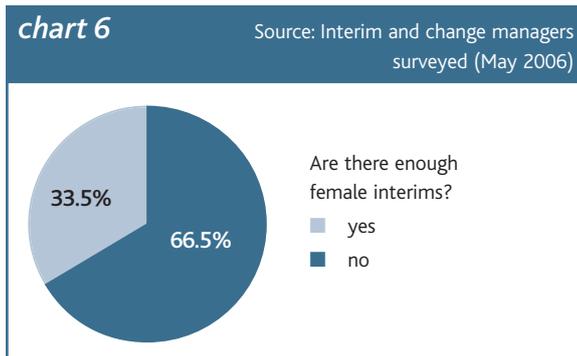


table 20 Source: Interim and change managers surveyed (May 2006)

Reasons Women Good Interims	Number of mentions	Percent
Determined	28	6
Good communicators	64	13
Good networkers	61	12
Good relationship builders	70	14
Other	13	3
Persuasive	31	6
Quickly fit in	43	9
Resourceful	42	9
Ruthless	9	2
Sensitive to the nuances of different corporate cultures'	74	15
Very organised	52	11
Total Mentions	487	

If the potential for their success is evident, why do why do so few women choose interim management as a career option? Surely the reasons it's attractive to so many talented executives apply to women too: the freedom from corporate politics, the opportunity to deliver results fast, the variety in task and environment, the attractive day rates and favourable tax treatment of limited-company earnings, and the flexibility it affords to balance a professional career with other interests and obligations.

“ Perhaps interim management offers women a way to break through the glass ceiling, which still has women under-represented in UK Boards ”

Taken as a whole, the respondents' answers indicate they believe that few women choose interim management for reasons having more to do with personal choice and priorities – not liking the uncertainty, preferring not to compromise on “quality of life”, simply preferring being part of an organisation – and by the traditional structure of many women’s and men’s careers and family roles. Comparatively fewer respondents thought that women weren’t choosing interim because of personal attributes or behaviours which would make them unsuccessful as interims – reasons like not being good networkers, or not being competitive or tough were only mentioned by a tiny handful of respondents.

table 21

Source: Interim and change managers surveyed (May 2006)

Reasons Women Don't Become Interims	Number of Mentions	Percent
Don't get the executive experience necessary to launch an interim career	18	7
Don't like the uncertainty of an interim career	44	17
Don't value themselves highly enough	15	6
Lack of awareness of it as an option	46	18
Lack of confidence	25	10
Lack the flexibility in their domestic lives	35	14
Not competitive enough	2	1
Not good networkers	3	1
Not so prepared to compromise on quality of life	23	9
Not tough enough	3	1
Other	13	5
Prefers being a permanent part of an organisation	26	10
Total mentions	253	

The lifestyle benefits to an interim career should not be underestimated. Interim management can offer a certain level of flexibility to people seeking to balance professional and personal lives, although that flexibility comes at a price. An interim career typically shows a work pattern characterised by periods of full-on, highly paid work interspersed with downtime. (Witness the fact that 24% of the candidates we surveyed were not in assignment at the time of our survey.) Deliver one significant interim assignment in a year, and an interim perhaps need not do another the rest of the year, leaving full months at a stretch for personal endeavours and responsibilities.

Paradoxically, part-time work is also a possibility. Classically, interim management is difficult to do on a part-time basis, as the reasons companies bring in interims are often so urgent that full-time attention is required (and then some!). Still, nearly 20% of interims surveyed are working in part-time assignments.

Assuming Executives Online's registered interim candidates are a representative sample of the profession, it appears that although there are fewer women than men, there are nonetheless a slightly higher proportion of women than there are in permanent executive roles. Nearly 14% of our respondents were female, yet the Female FTSE Report 2005 shows that in 2005 women held only 10.5% of directorships in FTSE100 companies, whilst the Professional Women's Network detailed that women occupied just 11.4% of boardroom roles in the UK in 2005.

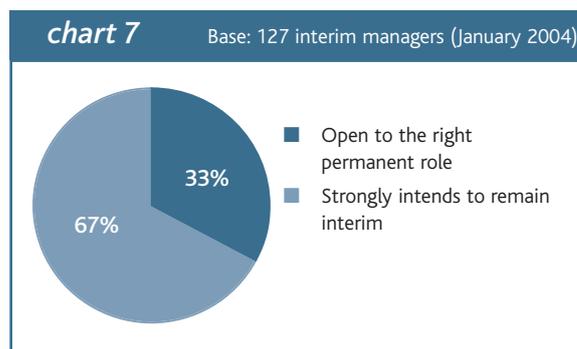
Perhaps interim management offers women a way to break through the glass ceiling, which still has women under-represented in UK boards.



Interims in Permanent Recruitment

Whenever Executives Online surveys our interim candidates about whether they might, under the right circumstances, accept a permanent role, the answers are strikingly similar. At any given time, it seems, about one-third of practicing interim managers would return to employment for the right role. This number varies a bit depending on the economic environment (and more interims transfer to permanent when the economy is difficult), but it does dispel the idea (put forward by numerous interim agencies and practitioners) that interims completely turn their back on employment once they go interim.

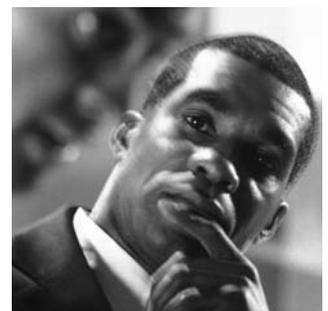
Indeed, the very same characteristics that make interims so valuable are useful in permanent employees too: objectivity, the focus on delivery of results, being over-qualified for the task at hand, and skill transfer to the internal team. What's more, an interim can be hired into a permanent role far more quickly than headhunting an executive for the same role, often in weeks or even days versus the months that executive search can take. (See Executives Online's *Executive Talent 2006* report for a thorough discussion of these issues.)



Executives Online has been accomplishing an increasing number of permanent placements from our talent bank of interim executives. Although we're primarily an interim business, we're delivering a growing amount of permanent recruitment too. In 2004 we accomplished our first permanent placement (as opposed to transfer from an interim contract) and the business has doubled year on year. Fully half of

our permanent placements have been of candidates in our talent bank.

It seems that not only are interim managers great in interim situations, but that a growing number of companies and organisations are turning to this rich resource of talent when what they really need is speed and effectiveness in hiring: to find someone with extremely relevant experience, who can be hired in weeks rather than months, and who begins making a big difference to the organisation right away.



Case Study: Smart Recruitment and Business Intelligence

Key differentiators of Information Edge, a revolutionary new business intelligence software, include accuracy and speed. Speed and accuracy were also the clear differentiators of recruitment consultancy Executives Online, according to Information Edge's CEO, Vilosh Brito. Brito turned to Executives Online in July when he needed to find a sales and marketing director in under a month, to allow the UK division of his New Zealand based technology business to take advantage of rapid expansion opportunities.

The groundbreaking Information Edge software is a new approach to business intelligence that transforms the way organisations make financial decisions, consolidate information, simplify reporting and impact business change. Among its clients it already counts top blue chips, including a prestigious financial company, as well as the UK Government Treasury.

Explaining the edge Information Edge can give clients, Vilosh Brito says: "So many businesses are really good at operational efficiency but neglect to invest in refining their management systems to deliver real returns to shareholders and clients – our business intelligence software bridges that gap and adds value to their operations."

The product's winning formula attracted the interest of NASDAQ listed international technology holding company, Broaden Software, which invested £1.8 million in November 2005. As the product is already way ahead of any competition and ready for market, only 20% of the Broaden funding was to be spent on R&D with the vast bulk, 80%, directed at sales and marketing in the UK.

CEO Vilosh Brito needed to find a high calibre

sales and marketing director quickly.

"Our brief was unusual – great product and great track record but small company (only 12 UK employees), no market awareness, and no infrastructure. So the typical high flyer, with a background in majors and multinationals wouldn't be right for us. We needed someone of that calibre but with totally different experience." Vilosh did a search on Google for recruitment consultants, which led him to Executives Online. "I was instantly impressed with the professional nature of the site and with the fact that they place interims as well as permanent staff, since I believe anyone good enough and confident enough to be placed in short term projects must have top class skills."

Executives Online's key differential though was sheer speed of response; the way they were able to generate high quality candidates at very short notice – Vilosh was "astounded at the quality and fit".

"We were presented with four or five candidates we then narrowed down to two, who then went through to a conference call interview with our HQ in New Zealand. It was incredible to be spoilt for choice when we started off wondering if we'd find one person who'd be right."

It took just three weeks from initial contact to an offer letter being dispatched.

After three months in the job, Paul Speers had already positioned Information Edge to bring in new business in the new year and fulfill the business plan which could mean over £18 million pounds of additional funding from a planned listing or second round of fund raising within ten to fifteen months – a process that will be facilitated by Broaden.

Conclusion

In this report we have sought to uncover the latest trends in the fast-growing interim management business. At Executives Online we know that business well – which means of course that this independent research has not yielded major surprises for us. Rather, it has served to confirm us in our conviction that the potential for further growth in this sector is considerable.

The numbers coming out of the report suggest that the UK interim management market today is worth at least £550 million a year, and probably more, and that over the past ten years it has been growing steadily by about 20 per cent a year.

Driving this growth has been the need for companies to respond rapidly and flexibly to the increasing pace of change without adding to their long-term overheads – something interim management is ideally placed to do. Contributing too has been the downward pressure most companies have been trying to exert on their permanent staff numbers, coupled with rising professional standards within the interim management sector itself and a better understanding in industry of the benefits the sector can offer.

Those who have already experienced the benefits of interim management will need little persuading when the time next comes to engage high-quality but short-term professional support. For those who have not yet tried using this modern management tool, we at Executives Online would be delighted to tell you more about how it might help solve your particular problems.

Likewise, if you are an interim manager on assignment and your client needs additional resources, call us to discuss the benefits of recommending Executives Online.

“ Those who have already experienced the benefits of interim management will need little persuading when the time next comes to engage high-quality but short-term professional support ”

Testimonials

“ The interim route is an ideal way of quickly tapping into specific skills and experience. We needed someone for a three month contract, over qualified and over experienced, who could start tomorrow. We needed someone to come in at very short notice to increase marketing investment, prepare a marketing plan, support a change management process and improve communications with existing customers. I wanted someone with a proven track record in this field – who had ideally made some mistakes – and would know where the problems and pitfalls were. Executives Online found me exactly such a person. They understood the urgency and screened candidates for availability. Interviews were conducted and the new interim marketing manager started the following week. The whole process took six days. ”

Shaun Purrington, Business Development Director, Intrum Justitia

“ We chose the interim management route early on to help us keep pace with our expansion plans. New challenges were on the horizon and we needed additional executive management support, fast. I was pleasantly surprised when a number of highly suitable candidates were proposed [by Executives Online], all within a matter of days. The appointment immediately brought us new momentum and greater focus. We were delighted with Peter's contribution. ”

David Cole, Managing Director Buyenergyonline

“ Greg brought to The Carphone Warehouse his obvious experience and knowledge which he gladly shared with others. He hit the ground running, quickly putting all the necessary protocols and support systems in place. But more fundamental than this, he gave our team a lot of confidence. At a time when they could have felt under enormous pressure, he made them believe in themselves, and not be intimidated by the challenge. He wasn't cheap but I didn't want cheap, I wanted good – and that's certainly what I got. Companies like ours can't afford to have plans put on hold while we recruit. That's why we went to Executives Online – and once again, in days they had found me just the person I needed. ”

Attiq Qureshi, Hosting and Support Director The Carphone Warehouse

“ I found Executives Online on the Internet when I was looking for two supply chain people. I had tried a couple of other consultants but they couldn't provide me with the people I needed. After a face-to-face meeting with Norrie Johnston, MD of Executives Online – during which he took a very detailed brief – Executives Online quickly provided an excellent choice of candidates, so much so that we ended up employing not two but three new members of staff. I have been so impressed with the excellent portfolio and efficiency of Executives Online, that I had no hesitation but go back to them the minute I needed to appoint a Credit Manager. ”

*Mike Vernon
HR Director, HSS Tool Hire*

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www.ExecutivesOnline.co.uk enquiries@ExecutivesOnline.co.uk



UNITED KINGDOM

Winchester (HQ)

Dolphin House
St Peter Street, Winchester
Hampshire SO23 8BW
T: +44 (0)1962 829 705
F: +44 (0)1962 866 116

North England

2 Victoria Street
Wetherby
West Yorkshire LS22 6RE
T: +44 (0)1937 574 900
M: +44 (0)7900 224 136

London

1 Northumberland Avenue
Trafalgar Square
London WC2N 5BW
T: +44 (0)207 872 5427
F: +44 (0)207 872 5611

AUSTRALIA

Sydney

13 Allenby Street
Clontarf
NSW 2093
T: +61 (0)414 430777
F: +61 (0) 29949 9090