

What is interim management?

An interim executive with relevant experience and a good track record can be the answer to a company's prayers. However, they don't come cheap, so it is important to put time and effort into making sure you've got the right person for the job.

Interim management is a relatively new industry with great potential for making the most of today's fast-moving business climate. The concept was created by the Dutch in the 1970s as a way of injecting much needed flexibility into the market place. At the time, companies faced long notice periods for employees, so changing their most expensive people – the management – was difficult without incurring large costs.

The model was adopted enthusiastically in the UK during the late 1980s. Today, we operate perhaps the most sophisticated interim management services in the world, with executives and managers covering a wide variety of roles at different levels of expertise and within various technical areas.

These include:

- plugging a gap created by a sudden departure;
- managing acquisitions;
- project management;
- effecting culture change;
- setting up new businesses and closing down old ones;
- mentoring and team development;
- crisis management;
- turning round an ailing business.

The best interim managers are already proving that, used effectively, they can be worth their weight in gold.

Eliminating misconceptions

All too often, however, interims are defined by what they are not:

- they are not consultants;
- they are not potential employees; and
- in general, they're not cheap. (Daily charge-out rates vary but are typically £400 to £900 for a middle/senior manager, to possibly £2,000 for a high calibre executive with boardroom experience.)

FACTORS IN CALCULATING VALUE

Suppose your inhouse executive is paid £50,000 a year. Once you've added holiday pay, employers' national insurance contributions, pension, health and company car benefits your real employment costs are nearer £80,000 a year.

With an interim manager the company has a fixed overhead. He or she is contracted to deliver a fixed assignment for a fixed cost and fixed duration. Meanwhile, the company gets the benefit of instant experience and a capability that is almost certainly one rank higher than the job requires. And, you have an implementer who will be focused solely on the job you want doing and not your job.

Another advantage is that you can forget office politics: an interim executive will not be involved. Forget also any notion that here is someone who might want to work for you in the long term. A committed interim with several assignments on his CV will rarely entertain the idea of returning to a corporate career. These are people who have learned to thrive on uncertainty.

How can an interim executive add value to your business?

Before you retain an interim executive you must identify your need and evaluate the parameters of the task.

- Define the nature of the project, the key tasks and the time-frame of the job. Do not under-estimate the size of the job.
- Consider your management team. Is anyone inhouse suitable for this task?
- Examine your motives for choosing an interim manager. What are you trying to achieve that could be best done by an outsider?
- Decide the calibre of person you need. Do you need an advisor – in which case you might choose a consultant? Or, do you want someone to run things? An interim should be able to do both.

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- Analyse your need. What are the qualities you are seeking? Determine the balance of expertise and experience the job requires. How important is it that an interim understands and empathises with your corporate culture?

Having established that you do require outside expertise, you need to ask some basic questions:

- How much would you pay someone with the equivalent skills and experience on your payroll?
- Does what the interim have to offer justify their daily rates?
- Where can they be most effectively deployed?

Going into the marketplace

It is now time to go into the marketplace and find a suitable candidate. Where should you look and what factors should you consider?

Companies that are planning to use an interim for the first time may want to choose an agency. Interim managers are usually registered with several agencies.

There are alternatives to recruiting through an agency. You might find an interim on one of several networks or you might get a recommendation from another interim. But beware. Some interim managers have been offered incentives by agencies to pass on new assignments. These finder's fees could be open to abuse.

QUALITY AND QUANTITY

There has been a robust debate within the industry over the calibre of people that might call themselves interims.

Those at board and senior executive level constitute a tiny market, with no more than 500 people in the UK completing regular assignments.

At middle-manager level the market is larger but just how large is also a matter for discussion. Some agencies have as many as 5,000 people on their database but this conceals the real picture. Good, experienced interims are people who are completing regular assignments.

Choosing an agency

When choosing an agency there are a number of questions a company should be asking beyond determining the agent's margin. Asking questions that cover the following areas, will provide some clues as

to the quality of the agency's service:

- Is the agency exclusively dedicated to the interim marketplace?
- how does the agency select its interims?
- how well does it know its interims?
- does it interview and validate references of every candidate prior to presentation of a recommended shortlist?
- is it a member of recognised industry bodies?

Added value

Make sure the agent is adding value. A list of names is not enough. The candidates need to have been chosen carefully.

Choice

Understand that you have a choice, and recognise the difference between agencies that offer a pre-selection service, and those that concentrate more on the size of their database.

Pre-selection

It is worth considering the merits of agencies that offer pre-selection advice with project definition as a standard part of their service.

Rigour

A good agency will spend much of its time interviewing. Beware those who do not demonstrate much rigour in the way they select people for their lists. Look for experience and reputation.

Choosing the interim manager or executive

Shortlist

A reputable agency will present you with a shortlist of only two or three fully briefed candidates who are immediately available and technically competent to undertake the work.

Compatibility

You will need to ensure that each prospective candidate understands the key tasks and the scope of the work that needs doing, and then base your selection on the candidate with whom you most prefer to work.

Individuality

Expect an individual. Interim executives are their own people.

A VIBRANT MARKET

Questions placed by a leading interim executive agency in the MORI captains of industry survey in 2000 found that only a third of the senior directors it questioned had used interims. A second survey in 2001 found that the figure had risen to about a half.

And a respected independent research study of the UK interim management market*, published in 2000, forecast continued strong growth for the market, reaching an estimated value of £420m by 2005.

*See FURTHER INFORMATION box

Winners, not losers

Get rid of any idea that these people have been failures. Interim management is tough. Only a tiny percentage of those who try the job succeed in forging a new career path. This is because they are pioneers working in a field that is still in its formative phase, more than 20 years after it began.

How the deal works

When engaging an interim manager it is important that you understand that this is an employment contract. You should be aware of your commitments and responsibilities and about what you need to do if things go wrong. You should also be aware of the changing dynamics of the interim market.

The younger generation

A few years ago a typical interim manager might have been a grey haired man in his fifties looking for something to ease him from early retirement into a third age of golf, holidays and occasional trips to the hospital. Today the age ranges are coming down and more people are entering the job in their thirties and forties.

Be clear about costs

You will negotiate the contract with the agency if you use one. If the job involves travel and hotel expenditure you will be expected to meet this.

Delivering the brief

Attached to the contract will be confirmation of the project brief. It is the interim's job to make it happen. They are making decisions and they may, depending on your willingness, be entrusted with a budget.

Been there, done that

Don't be surprised to hear an interim say: "I never want to be in salaried employment again." They have been there, done that, and it no longer appeals.

One of a kind

Take these people into your confidence. They have the immense advantage of impartiality. Their assessment of a situation may prove invaluable. In fact, it may turn out that they are the only people to have executed such a project previously. You are buying that kind of expertise.

Don't deviate from the deal

Finally, when you have struck a deal, stick to it. If you have any problems bring in the agency to sort it out.

You can find agencies listed on various web sites, including those of the Interim Management Association, the Institute of Directors, the Association of Online Recruiters and Executive Grapevine.

FURTHER INFORMATION**Useful web sites**

*The UK Interim Management Market 2000 independent research survey

🌐 www.ExecutivesOnline.co.uk

Association of Online Recruiters

🌐 www.aolr.org

European Directory of Interim Management Providers

🌐 www.executive-grapevine.co.uk

Interim Management Association

🌐 www.interimmanagement.uk.com

Institute of Directors

🌐 www.iod.com

Further reading

A New Brand of Expertise – how independent consultants, free agents and interim managers are transforming the world of work.

By Marion McGovern and Dennis Russell.
Butterworth Heinemann. £15.99.

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