

Interim management – the way forward?



The number of permanent positions is falling and businesses are experiencing more challenging times than ever. Interim management seems to be the way forward, but in an economic crisis how secure is life in the interim industry?

EU legislation is giving temporary workers more and more rights. The Agency Workers Directive is set to allow temporary employees the same rights as their permanent colleagues after a mere 12 weeks, causing widespread concern that companies will find it more cost-effective to stop using temporary workers altogether.

Interim managers sidestep this worry by taking advantage of an opt-out in the legislation and setting themselves up as limited companies. The contract that exists is then between the interim's company and the employer's. This removes the risk for the employer that the interim will become entitled to employee benefits and makes the interim a much more attractive proposition. Interims will take out professional indemnity and legal liability insurance in case of any contractual problems that may occur.

If a company has a problem with an interim manager and is able to prove that the interim has not been

performing satisfactorily, then that company is able to dismiss the interim without compensation. It is partly for this reason that the contract between interim managers and their employers is accompanied by a schedule detailing the deliverables expected of the interim and an agreed time frame.

The insecurity of the position is all part of being an interim manager. "It justifies the higher rate that they're getting," explains Clive Bennett, Head of Government Agencies, Health and Transport Practices, Ashton Penney Partnership. "The client only pays for the days that the individual works. An interim manager's rate is significantly higher than the salary that job would command on a full-time basis, but by the time you knock off five weeks' holiday, eight statutory days, sickness and pension rights, then the gap between the daily rate and the equivalent full-time salary looks much narrower."

Ashton Ward, Partner at Archer

Mathieson, explains that provided a company has reasonable expectations, an interim management assignment shouldn't encounter any problems: "Things can go off track if the client and interim manager are not in tune with each

An experienced interim provider will know what questions to ask to challenge the client's plans. The dialogue and consultation process is essential to the effective management of expectations

other from the start – they both need to be absolutely clear about timescales, milestones, and perhaps most importantly, how to go about delivery." The role of the interim provider is to support both the interim manager and the client, so from the outset, a provider will consult and advise with the client as to the type of interim they should hire. Ward continues: "An experienced interim provider will know what questions to ask to challenge the client's plans. The dialogue and consultation process is essential to the effective management of expectations."

For all the planning that takes place before an assignment begins, the unpredictability that comes with an economic crisis will shake all aspects of the employment market. However, it is in this kind of situation that interim management can thrive. Doug Baird, Managing Director of Interim Partners, explains that interim management providers already understand how to react quickly to changes in the market: "For our business, economic uncertainty can also create opportunity. The economic crisis has not had, and will not have, a detrimental effect on demand for interim managers."

As companies are tightening their belts, interim management is experiencing a change in the type of assignments they are undertaking. "At the moment, interim managers are probably seeing evidence of a tighter market where there is still a lot of work around but the clients are taking longer to make decisions," says Bennett. "Interim management started off as largely about distress purchases

– 'can we get someone in tomorrow, we need someone urgently' – I think interim management has matured now into more planned requirements for projects."

In August Interim Partners conducted a survey among interim managers, which supports the view that the market has changed for the industry, as Baird explains: "Our survey suggests that 21% of assignments were linked to a turnaround programme. We are focused on identifying candidates with skills that are appropriate for tougher economic conditions. For example: Chief Executives who have delivered successful turnarounds; CFOs with re-structuring experience; HR Directors who have undertaken redundancy programmes; Procurement Directors with experience of removing cost from the supply chain and of course those who have acted as a Chief Restructuring Officer."

Key results from the survey are shown in the table, confirming the view of how little an impact the economic situation has had on the industry. Baird believes

the future can only be brighter: "The sector is entrepreneurial and will continue to grow and flourish. There will be greater awareness of the benefits of interim management and clients will have a greater appreciation of them. As businesses become leaner with even greater focus on productivity and value for money, interim management will become an increasingly important solution."

Ward concurs: "As the economic outlook appears bleak in the short to medium term, we expect a significant increase in applications from potential interim candidates – many will have been made redundant and will be considering interim as an alternative to permanent employment."

Despite the rest of the business world facing turmoil, the interim management market will continue to grow, with it becoming an attractive way of working for potential candidates and a cost effective solution for companies.

**CLAIRE PROTHEROUGH
TYNAN BARTON**

Interim Partners Questionnaire	
How do you find the current market for Interim Assignments? (Total 1,412 respondents)	
Busy	18%
In demand	11%
Quiet	27%
Ticking over	44%
Have you experienced pressure to reduce your rates? (Total 1,379 respondents)	
Yes	40%
No	60%
What is the typical reason for your assignments? (Total 3077 respondents)	
Gap management/executive absence	19%
Turnaround	21%
Project/programme delivery	29%
Change management	27%
Other	4%
Over the next 12 months do you envisage a positive or negative effect on interim management as a result of the current UK economy? (Total 1,412 respondents)	
Positive	49%
Negative	23%
No comment/neutral/same	28%