Russam GMS Ltd Snapshot Survey June 2011

russam gms
the interim specialists

The UK Interim Management Market

Summary

Grounds for Optimism at last.

• There is a small increase in activity levels. Surprising for some and against much current sentiment. Whilst things look as if they are improving, there's still a long way to go to regain pre-recession engagement levels. But it does look real. (Question is – What needs to happen to achieve that goal?)

• At the core of the Interim Management market are the 51% of all Interim Managers who are in their fifties and whose average daily rate is £628, now marginally the highest of all age groups.

• No change in the numbers of Interims on assignment in Public Sector (Central and Local Government, Education and Healthcare). For Interims, the downsizing looks like it has already taken place, although permanent headcount reduction have some way to go.

• Slight increases in the number of Interims on assignment in Financial Services and the Manufacturing/ Engineering sectors.

• Men/Women pay differentials narrows to 8%. Is this OK or is it not OK? There are some explanations.

• No change in the way Interims feel about being Interim. Mostly positive, but generally, fairly quiet.

• The recession trend of Interims getting better than Providers at winning assignments now looks like it is moving back the other way in favour of clients using Providers - usually a sign of the economy improving.

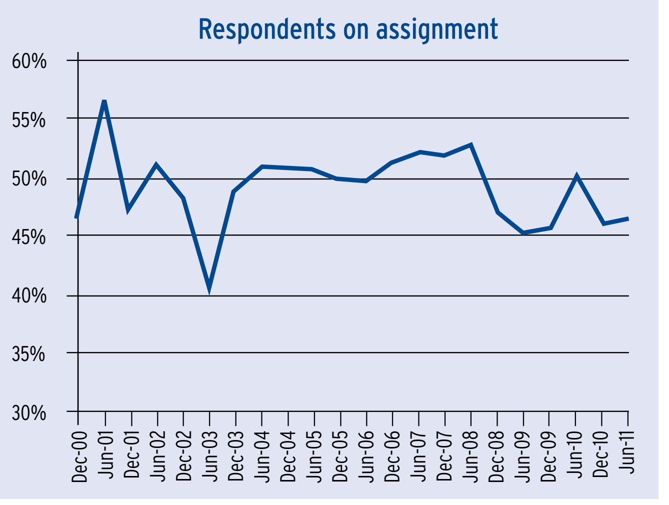
• It may be LinkedIn is not having the "disintermediation" impact that many have expected.

Slight upwards move in activity levels in Interim Management of 1.2%

Following the example set by the current Government in reporting with great enthusiasm almost invisible GDP growth figures, the 1.2% increase in activity reported here has to be trumpeted as a significant event. But It needs some explanation.

Many Providers, Interim Managers and informed observers would assess the current market as poor and getting worse. These figures don't support that view. It actually looks like the market is getting better - albeit from a reduced base.

Look at his chart which shows the percentage period on period movement over the past ten years



This is what it shows:-

• The dotcom boom peaking in June 2001

• The falling away of activity immediately thereafter to a low point in June 2003 and.....

• . . . the increasing activity up to the frothy years of 2007 and peaking in June 2008.......

• . . . accelerating downwards for two periods before ...

• . . . slowing down significantly for the two periods to the end of June 2009. (Predominantly in Public Sector)

• December 2009 showed a small blip upwards which was more pronounced by June 2010 reflecting the arrival of a new government and what was announced as the official end of the recession which did in fact see more work around which .....

• . . . was short lived as the implications of the Comprehensive Spending Review started to take effect and dissipated towards the end of 2010 and which.....

• . . . then moved into small improvement at June 2011.

The interesting point to observe is that, ignoring the June 2010 blip, there has been a marginal increase in activity in each of the last four six-monthly periods. Why should this not continue?

In trying to understand these figures and what lessons can be learnt, we probably need to appreciate where the figures came from. All the quantitative material supporting this survey is based on the Russam GMS database of registered interim managers – 12,000 in total - which we present as the most comprehensive working database in the sector and, in any case, is consistent with all previous surveys since 2001. Comparisons can also be made against every six month period going back to 1/1/01 – being when this series of the six-monthly Russam GMS Snapshot surveys started. These figures can be seen in detail on www.russam-gms.co.uk. If the Russam GMS profile is materially different than reality (no-one knows what this is) a bias will exist. The only other regular and substantive research is the quarterly Interim Management Association Report. The constituency for this is the actual assignments handled by the 27 IMA Provider members (whereas the Russam GMS constituency is their 12,000 Interim Management database. (Note that 47% of full-time assignments are introduced through Providers, the rest being self-sourced.) The latest IMA Report shows an increase in activity as at the end of March 2011, primarily in Project Management and in the Financial Services Sector. The Russam GMS Snapshot Survey reflects the increase in Financial Services but does not analyse Project Management separately.

As a Sector, Interim Management covers all professional disciplines but the clear focus and where the Sector leads the UK resourcing market is in General Management roles, broadly defined.

Respondents analysed over Professional Disciplines

Disciplines	Jun-11	%	F/T	%	P/T	%
Finance	256	18%	79	18%	33	16%
General management	469	32%	146	33%	68	34%
HR	124	9%	35	8%	17	8%
IT	99	7%	41	9%	7	3%
Not specified	26	2%	8	2%	2	1%
Other	155	11%	49	11%	24	12%
Production/ and/or Engineering	82	6%	23	5%	18	9%
Purchasing and/or Distribution	79	5%	31	7%	5	2%
Sales and/or Marketing	149	10%	30	7%	30	15%
	1439	100%	442	100%	204	100%

This analysis over professional disciplines is virtually the same as December 2010 and shows little change since we started these surveys. However, in spite of a fall in activity levels, the average daily rate for Interim Managers rose from £592 in June 2010 to £613 in December and down to £607 at June 2011. The £613 was, incidentally, the highest rate recorded since the first snap shot survey in 2000 We think that this reflected a decrease in the volume of lower paid Interims included in the Survey getting less work which had the effect of pushing the average up. At June 2011, we suppose that this had moderated. We still receive many comments from Interims about significant down-pressure on daily rates.

No change in the numbers of Interims on assignment in Public Sector (Central and Local Government, Education and Healthcare). For Interims in the Public Sector , the downsizing looks like it has already taken place, although permanent headcount reduction have some way to go.

On Assignment by Sector

	Jun-11		Dec-10	
		%		%
Banking Financial & Insurance	74	12	51	11
Construction & Property	22	3	20	5
Engineering & Manufacturing	84	13	55	12
FMCG	25	4	14	3
IT (Hardware / software / training & services)	32	5	19	4
Leisure Entertainment & Hospitality	16	2	8	2
Not for Profit/Charities	55	8	34	8
Food	24	4	15	3
Other	86	13	62	13
Professional services	29	5	16	3
Central Government	32	5	25	5
Local Government	31	5	29	6
Education	19	3	10	2
NHS	33	5	34	8
Pharmaceuticals	8	1	10	2
Retail	21	3	12	3
Supply chain	18	3	14	3
Telecoms	20	3	13	3
Utilities	21	3	19	4
Total	650	100%	460	100%

Interims on Assignment by Discipline

	Jun-11	%	Dec-10	%
Finance	117	18%	86	19%
General management	221	33%	156	34%
HR	55	8%	36	8%
IT	49	7%	28	6%
Other/Not Specified	83	12%	54	12%
Production/ and/or Engineering	43	6%	24	5%
Purchasing and/or Distribution	37	6%	32	7%
Sales and/or Marketing	62	10%	44	9%
Total	667	100%	460	100%

There has been a marginal drop in the average daily rate from £613 to £607.

At slightly less than 1%, it is probably not relevant to seek to offer an explanation. Market sentiment is that daily rates are much under pressure but our figures do not support this.

There is some evidence that lower paid Interims are getting more work.

Average Daily Rates

F/T		P/T		Overall	
Jun-11	Dec-10	Jun-11	Dec-10	Jun-11	Dec-10
£626	£621	£557	£601	£607	£613

Daily Rates by Discipline

	F/T		P/T		All	
Discipline	Jun-11	Dec-10	Jun-11	Dec-10	Jun-11	Dec-10
Finance	£639	£613	£547	£606	£615	£609
General management	£648	£653	£615	£640	£646	£645
HR	£612	£623	£588	£646	£608	£638
IT	£686	£602	£632	£763	£675	£648
Not specified	£656	£517	£400	£800	£613	£588
Other	£642	£692	£532	£579	£606	£642
Production/ and/or Engineering	£459	£425	£453	£349	£460	£406
Purchasing and/or Distribution	£572	£596	£417	£625	£550	£598
Sales and/or Marketing	£566	£622	£522	£487	£535	£555

Daily Rates by Sector

	F/T		P/T		All	
Sector	Jun-11	Dec-10	Jun-11	Dec-10	Jun-11	Dec-10
Banking Financial & Insurance	£700	£737	£632	£778	£694	£744
Construction & Property	£705	£432	£543	£585	£646	£514
Engineering & Manufacturing	£585	£575	£557	£636	£574	£597
FMCG	£659	£597	£1141	£1000	£797	£625
IT (Hardware / software / training & services)	£737	£624	£552	£360	£656	£540
Leisure Entertainment & Hospitality	£630	£670	£570	£725	£608	£648
Not for Profit/Charities	£388	£448	£440	£418	£424	£431
Food	£690	£615	£453	£535	£672	£583
Not specified	£656	£708	£467	0	£618	£646
Other	£61	£660	£619	£788	£616	£696
Professional services	£554	£922	£454	£470	£525	£663
Central Government	£724	£765	£548	£665	£669	£744
Local Government	£547	£510	£525	£525	£550	£513
Education	£563	£583	£397	£725	£484	£661
NHS	£628	£563	£515	£605	£590	£577
Pharmaceuticals	£675	£514	£400	£580	£606	£547
Retail	£538	£529	£614	£500	£564	£518
Supply chain	£620	£555	£654	£413	£627	£525
Telecoms	£681	£686	£665	£550	£678	£663
Utilities	£624	£631	£500	£625	£619	£630

Average ages and earnings in differing age groups stay similar to previous periods.

At the core of the Interim Management market are the 51% of all Interim Managers who are in their fifties and whose average daily rate is £628, marginally the highest of all age groups.

Age issues are moving centre stage in the economic and business landscapes. Legislation, pensions, retirement challenges are all focussing attention on the need for people to keep working longer. At December 2010, this Survey pointed to the most volume going to Interims in their 40s who also get the highest daily rates, although there are more Interims in their 50s than in any other age range, this position has shifted at June 2011 in favour of the Interims in their 50s getting more work. In a recession, you tend to see less Interims in their 60s in demand as there are more Interims available generally but when the economy is busier, this situation reverses. This seems to have happened this time.

Age Ranges of Interims

	%
Age Range	Jun-11
20's & 30's	2%
40's	21%
50's	51%
60' +	26%
Total	100%

% in Age Range actually on Assignment

	%	
Age Range	Jun-11	Dec-10
Late 20's & 30's	42	50
40's	58	59
50's	47	47
60's	35	34

Daily Rates by Age

Age Range	Jun-11	Dec-10
Late 20's & 30's	522	582
40's	627	634
50's	628	604
60's	536	599
All ages	607	613

Men/Women pay differentials narrow

12% of the respondents in this Survey were women. This compares with 11% women at December 2010. With only about 15% of our database being women, something a little less than 30% of assignments live at any one time are handled by women. At June 2011, the average daily rate for women was £567 compared with £613 for men – an 8% differential. At 31.12.10 these figures were £555 compared with £618 - 11% differential. Although the spread of professional disciplines of women Interims tends to be more focused than men, we do think that there is an unjustifiable shortfall. (Women Interims tend to be HR, then Finance and then Marketing and there is a higher proportion active in the Not for Profit/ Charity sector which pay less than the Private and Public Sectors.)

No change in the way Interims feel about being Interim

Amazingly, these statistics have not changed materially since we started these Surveys in 2001 although, this time, there might be the beginnings in an active preference for permanent work – which often happens at the tail end of a recession..

Regional Pay variations broadly remain constant

These are the daily rates for assignments undertaken by Interim Mangers in these regions but who may have travelled from other regions when on assignment.

Daily Rates by Region

Region	Jun-11	Dec-10
South	£629	£639
Central	£627	£622
West	£550	£550
North	£558	£555
Overseas	£695	£719

Interim Managers' Career Plans

	(% of all responses)	
	Jun-11	Dec-10
Would never take a permanent FT job	29	28
Would take a FT job if the offer were tempting	48	49
Would take a permanent PT job	17	18
Actively Seeking	10	8
Hoping Interim becomes Permanent	4	3
Happily move between	38	41

We may be looking at the beginnings of a swing back to using Providers as opposed to Interims' self-sourcing in winning assignments.

Invariably, in a recession, Interims do comparatively better than Providers in sourcing work. This is, generally, because they have more time because there is less work, Providers have limited marketing spend and there are no dominant players and Clients become more cost conscious, opting to handle their own recruiting in-house rather than resort to Providers. As at 31.12.10, only 36% of the market was resourced through Providers, although this is 45% for full time assignments – full-time is what both Clients and Providers tend to focus on. As at 30.6.11, this has shifted slightly - the 36% has moved to 37% and the 45% has moved to 47% - maybe a bit early and a bit small to herald a permanent upwards move but, nevertheless, significant.

Source of Assignments

Through a Provider	%	
	Jun-11	Dec-10
Full-time	47	45
Part-time	16	16
Total	37	36

Source of Assignments by Discipline

Through a Provider	%	
	Jun-11	Dec-10
Finance	45	51
General management	30	27
HR	48	45
IT	56	32
Not specified	44	25
Other	33	33
Production/ and/or Engineering	40	29
Purchasing and/or Distribution	49	50
Sales and/or Marketing	19	38

- IT, Finance and HR are the professional disciplines relying most of Providers. This is seen as primarily reflecting the well developed nature of the Provider community in these areas.

Source of Assignments by Sector

Through a Provider	%	
	Jun-11	Dec-10
Banking Financial & Insurance	40	37
Construction & Property	39	21
Engineering & Manufacturing	37	29
FMCG	20	43
IT (Hardware / software / training & services)	28	26
Leisure Entertainment & Hospitality	33	67
Not for Profit/Charities	39	53
Food	33	64
Other	29	30
Professional services	28	13
Central Government	59	52
Local Government	53	41
Education	42	44
NHS	36	32
Pharmaceuticals	63	40
Retail	33	27
Supply chain	47	57
Telecoms	43	17
Utilities	33	33

- Central Government, and Local Government (in this order) dominate the market in relying more on Providers to find their Interims. Pharmaceuticals is based on a small sample.

Note about this Survey

Estimates of the size of the market in the UK are offered by The Interim Management Association (www.interimmanagement.uk.com) and Russam GMS and are broadly similar although based on different statistical constituencies. Based on the standard definition of Interim Management (see below), the IMA has spoken about a market size of about £1bn. Our own crude way of measuring it is to add up the volume of business done (some needing to be estimated) by the mainstream Interim Management Providers - say 40 Providers turning over about £10m each = £400m and adopt the percentage of work reported by Interim Managers as being resourced through Providers which is - say - 40% and gross it up to 100%. This gives £1bn. Market watchers can form their own judgements based on this. But it is still small compared with other sectors of the temporary/contract work market.

About Russam GMS Ltd

Russam GMS **(www.russam-gms.co.uk)** is the longest established mainstream provider of Interim Managers in the UK with a 30 year industry track record and was awarded the 'Best Interim Recruitment Agency' at the Recruiter Awards for Excellence 2010 and the' Best Interim Management Provider' Award by The Recruitment Consultant in 2011. The company is a search-driven consultancy and has a data base of 12,000 Interims which is the most comprehensive working database and range of contacts within the UK Interim Management industry. It provides Interims across a wide range of disciplines at board level across a full range of sectors including financial services, manufacturing, central and local government, financial services, aerospace and defence, healthcare, universities, charity and not for profit sectors and the private equity and venture capital sectors.

Russam GMS views the Interim Management Market more holistically and entrepreneurially than its competitors. It runs a unique Associates Programme for Interims which includes career advice, job news, events, training and its IND~EX Weekly newsletter to all its 12,000 registered Interim Managers. It has established **www.Trustees-Unlimited.co.uk** and also **www.InterimWomen.com**

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