

The Russam GMS Interim Management

Snapshot Survey – December 2004

Highlights

- **We are probably now seeing the Interim Market operating at its natural high point with Interims as busy as they have been for some years but with clear pressure on fee rates.**
- **Market activity stays at the highest level since 2001.** 51% of all Interims were on assignment at December 2004 – compared with an identical 51% at June 2004. Before this, we saw 48% at December 2003; 40% at June 2003; 48% at December 2002; 50% at June 2002 and 57% at June 2001 which was the highest we have recorded since we started the Snapshot Surveys in December 2000.
- **Daily rates stay broadly the same** although they have increased marginally for all Interims to £513 from £510 at June 2004, from £477 at December 2003 and £506 at June 2003. Within this, daily rates for General Managers have increased with rates for other professional disciplines easing slightly. This might reflect the competitive impact of specialist Providers other than the mainstream Interim Management Providers.
- **Attitudes to Interim Management as a career remain amazingly constant.** We found again that Interim Managers as a group continue to take a very flexible and pragmatic view of their careers. Only about a quarter say they are committed interims who would never take a permanent full-time job whilst about a fifth are looking for a permanent job or hope that their interim assignment will convert into a permanent appointment. The rest adopt a pragmatic and opportunistic approach. What we see is no weakness in commitment. We see senior people with a skill-set who sell their professional product to whoever wants to buy it. We also see Interim as a subset of the recruitment market rather than a standalone sector.
- **The Providers' share of the market remains unaltered at 38%** (47% for F/T and 18% for P/T) which is exactly the same as at June 2004 and which compares with 36% at June 2003 and 37% at December 2003. Prior to 2003, it had been consistently about 40% and slightly more.
- **Interims continue to get younger.** Those in their 40s get more work and at higher daily rates.
- **Sectors using the most interim managers** were once again engineering and manufacturing at 19% of all assignments compared with 18% at June 2004 and the public sector at 13% compared with 14% at June 2004. This, again, shows a slight but continuing easing from previously reported figures. We are beginning to see an increase in IT and in Financial Services.

Commentary

The message coming out of the Russam GMS Snapshot Survey as at 31 December 2004 is one of continuing stability at high levels of activity but with mounting pressure on fee rates. The key indicators continue to be remarkably constant. Anecdotally, the competition for work is

becoming more intense both for Interims themselves who continue to sell direct to clients about three fifths of the total market and also for Providers who account for the remaining two fifths of the market. This is probably due to :-

- Interims getting better at marketing their services compared with Providers
- continuing fragmentation of marketing effort amongst Providers, some of it at fairly low spend levels and also
- the growing impact of the Internet and supporting technologies.
- Some clients taking the view that contracting directly with Interims is cheaper but we find little evidence of this actually being the case.

But we do have a strong view that even if there is a difference, **Providers must ensure that there is added value and this is achieved through continually seeking higher levels of delivery quality – which is a mixture of speed of delivery, a good choice of Interim and effective assessment.**

The process of **dis-intermediation** (cutting out the middleman!) may also be a factor. Russam GMS senses this as a trend and, as a process of sustained response, seeks to work more closely with Interims and to offer routes for them to become more effective at getting and delivering work to clients.

Linked to this is **the issue of Age** which is clearly becoming more relevant. This Snapshot continues to show that Interims are getting younger and those in their forties get most work and at higher rates than Interims in other age groups. Whatever the law says or will say, we live in a practical world and the clear message is keep your skillsets sharp and up to date and present well and persuasively – if not, do something different.

Manufacturing continues to take the lead as the sector where most Interims undertake assignments and this also happens to be where the lowest fee rates are earned particularly for Manufacturing and Engineering Interims, as opposed to other professional disciplines working in this sector. We offer anecdotal reasons for this – relentless pressure on costs, continuing redundancies particularly amongst the older employees who get brought back for projects particularly where there are increasing incidence of skill shortages in manufacturing and where a hole needs to be plugged quickly.

This Snapshot differentiates for the first time interim assignments in **Central Government (10%) and in Local Government (3%)**. Both added together point to 13% of all assignments now taking place in the Public Sector compared with 14% as at June 2004. Our view is that this fairly reflects a slight slowdown in the use of Interims in the public sector but the Snapshot also shows that 73% of Interims used in Local Government come from Providers and 60% for Central Government. We do not yet have a full view on the use of Interims (as opposed to lower paid contractors or temps) by Local Authorities – we know they use them; we know what they use them for but no-one really knows how many they use. We need to see what sort of statistics emerge over the next few Snapshot Surveys.

Interims are still very active in **Financial Services** but are seeing more fee rate pressure than elsewhere. The **Charity** sector also uses Interims and looks set to use more.

This Survey was carried out between 23/12/04 and 6/01/05 following established processes. 6427 Executives were emailed and 1201 responded, 609 of whom were on assignment.

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Notes: -

- 1 In assessing these figures please bear in mind that, quite some time ago, we identified the need to differentiate between F/T and P/T (anything less than 5 days on a continuous basis)
- 2 In the analysis there are occasional variations in the reported numbers of people in a category. This is due to a very small number of people not answering all the questions.
- 3 Sample sizes also need to be taken into account particularly where these are small.

1 Interim Managers on Assignment – Full-time & Part-time

Respondents on Assignment		
	Total	% of those on asgmt
Full-time	409	67%
Part-time	200	33%
Total	609	100%

Respondents analysed over Professional Disciplines						
Disciplines	Dec-04	%	F/T	%	P/T	%
Finance	221	19%	98	23%	30	15%
General management	399	33%	125	31%	79	40%
HR	84	7%	28	7%	13	7%
IT	102	8%	43	11%	6	3%
Not specified	13	1%	1	0%	2	1%
Other	78	6%	29	7%	9	4%
Production/ and/or Engineering	84	7%	31	8%	16	8%
Purchasing and/or Distribution	83	7%	33	8%	9	4%
Sales and/or Marketing	137	12%	21	5%	36	18%
	1201	100%	409	100%	200	100%

Notes: - The Total Column refers to all Respondents and the F/T & P/T those columns refer to those actually on assignment.

Interims on Assignment by Discipline				
	Dec-04	%	Jun-04	%
Finance	128	21%	100	19%
General management	204	34%	160	30%
HR	41	7%	53	10%
IT	49	8%	52	10%
Other	38	6%	41	8%
Production/ and/or Engineering	47	8%	28	5%
Purchasing and/or Distribution	42	7%	34	6%
Sales and/or Marketing	57	9%	57	11%
Total	606	100%	525	100%

2 Daily Rates

It must be borne in mind that Daily Rates quoted here are arithmetic averages and relate to a wide range of actual rates.

Average Daily Rates					
F/T		P/T		Overall	
Dec-04	Jun-04	Dec-04	Jun-04	Dec-04	Jun-04
509	502	521	527	513	510

Daily Rates by Discipline						
Discipline	F/T		P/T		All	
	Dec-04	Jun-04	Dec-04	Jun-04	Dec-04	Jun-04
Finance	532	492	511	526	527	501
General management	548	549	559	533	552	543
HR	490	501	538	492	504	498
IT	511	536	436	577	500	545
Not specified	875	425	360	490	532	447
Other	506	520	731	573	559	536
Production/ and/or Engineering	358	380	388	499	368	451
Purchasing and/or Distribution	474	429	484	405	476	425
Sales and/or Marketing	448	464	478	509	467	485

Daily Rates by Sector						
Sector	F/T		P/T		All	
	Dec-04	Jun-04	Dec-04	Jun-04	Dec-04	Jun-04
Banking Financial & Insurance	596	603	850	656	654	616
Construction & Property	540	371	490	383	523	375
Engineering & Manufacturing	468	463	427	480	456	470
FMCG	409	499	400	469	407	491
IT (Hardware / software / training & services)	482	517	560	632	513	561
Leisure Entertainment & Hospitality	518	592	712	568	615	580
Not for Profit/Charities	438	405	408	302	420	367
Not specified	150	633	457	425	413	550
Other	554	558	508	517	537	543
Professional services	526	449	446	521	492	484
Central Government	519	468	569	474	526	470
Local Government	408	468	500	474	445	470
Retail	554	488	400	510	518	497
Supply chain	484	448	483	513	483	461
Telecoms	561	499	520	875	550	590
Utilities	518	519	667	1100	577	567

Daily Rates by Region		
Region	Dec-04	Jun-04
South	520	550
Central	552	505
West	448	425
North	481	478
Overseas	528	-

3 Source of Interim Assignments

Source of Assignments		
Through a Provider	%	
	Dec-04	Jun-04
Full-time	50	47
Part-time	14	18
Total	38	38

Source of Assignments by Discipline		
Through a Provider	%	
	Dec-04	Jun-04
Finance	25	24
General management	16	14
HR	17	23
IT	30	35
Not specified	8	14
Other	26	16
Production/ and/or Engineering	21	9
Purchasing and/or Distribution	20	29
Sales and/or Marketing	11	15

Source of Assignments by Sector		
Through a Provider	%	
	Dec-04	Jun-04
Banking Financial & Insurance	42	45
Construction & Property	31	30
Engineering & Manufacturing	36	24
FMCG	40	29
IT (Hardware / software / training & services)	27	40
Leisure Entertainment & Hospitality	17	29
Not for Profit/Charities	57	55
Other	25	32
Professional services	29	16
Central Government	60	61
Local Government	73	61
Retail	50	32
Supply chain	34	43
Telecoms	42	40
Utilities	44	50

4 Industry Sectors where Interim Assignments have taken place

On Assignment by Sector				
	Dec-04		Jun-04	
		%		%
Banking Financial & Insurance	57	9%	51	10%
Construction & Property	16	3%	10	2%
Engineering & Manufacturing	117	19%	96	18%
FMCG	30	5%	31	6%
IT (Hardware / software / training & services)	40	7%	40	8%
Leisure Entertainment & Hospitality	23	4%	17	3%
Not for Profit/Charities	28	5%	20	4%
Other	105	16%	78	15%
Professional services	27	4%	24	5%
Central Government	60	10%	-	-
Local Government	15	3%	-	-
Retail	18	3%	24	5%
Supply chain	38	6%	21	4%
Telecoms	19	3%	25	5%
Utilities	16	3%	12	2%
	609	100%	525	100%

5 Types of Assignment undertaken

Top Ten Reasons for using an Interim		
%	Dec-04	Jun-04
Specialist Skills	22	23
New Strategy	16	15
Special Projects	15	16
Restructuring	14	12
Mentoring/Coaching	12	12
Business Turnround	7	7
Merger/Acquisition	6	5
During Recruitment	3	4
New Division	3	4
Temporary Absence	2	1
Other	0	1
Total	100	100

6 Age

% in Age Range actually on Assignment		
	%	
Age Range	Dec-04	Jun-04
Late 20's & 30's	64	46
40's	55	54
50's	46	51
60's	33	36

Daily Rates by Age		
Age Range	Dec-04	Jun-04
Late 20's & 30's	517	559
40's	545	530
50's	498	499
60's	462	468
All ages	513	510

7 Career Plans & Aspirations of Interim Managers

Interim Managers' Career Plans		
	% (of all resp)	
	Dec-04	Jun-04
Would never take a permanent FT job	27	24
Would take a FT job if the offer were tempting	51	53
Would take a permanent PT job	22	23
Actively Seeking	10	11
Hoping Interim becomes Permanent	6	6
Happily move between	45	45

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