

# The Russam GMS Interim Management

## Snapshot Survey – June 2004

### *Charles Russam introduces the June 2004 Russam GMS Snapshot Survey*

**Many of those who know about the Interim Management Market will know or know of Ian Daniell.** We are delighted to welcome Ian as our guest commentator and his review of the results of this Snapshot Survey appear after the Highlights. Ian has been Chairman of The Interim Management Association and Managing Director of Executive Support Group and is now a leading researcher into the Interim Management Market.

This Survey was carried out between 1/7/04 and 14/7/04 following established processes. 6223 Executives were emailed and 1030 responded, 525 of whom were on assignment.

## Highlights

- **Market activity has again increased.** 51% of all Interims were on assignment at June 2004 compared with 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.
- This increase in activity reflects **a slight increase in the number of full-time Interims on assignment** at the expense of part-time. Again, the proportion of full-time Interims compared with part-timers (anything less than 5 days a week on a continuing basis) continues to be two thirds/one third.
- **The Providers' share of the market remains virtually unaltered at 38%** (47% for F/T and 18% for P/T) at June 2004, compared with 36% at June 2003 and 37% at December 2003. Prior to 2003, it had been consistently about 40% and slightly more
- **Daily rates have increased** for all Interims to £510 from £477 at December 2003 and £506 at June 2003. Within this, rates for Finance and General Managers have increased marginally with the largest increases are evident in IT and HR, where, oddly, decreases were recorded in the previous Snapshot Survey. IT daily rates have been falling consistently over the past few two to three years and this reversal reflects the recent resurgence in the Financial Services Sector which now seems to have increased its spending on systems development and change management.
- **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.

- **Interims are getting 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 (18% of all assignments) and the public sector (14%) which records a slight easing at June 2004. We are beginning to see an increase in IT and in Financial Services.

## Guest Commentary from Ian Daniell

Looking back over the past 3 years to June 2001 a pattern of consistency is emerging for Interim Managers on Assignment together with a note of optimism. Currently 51% of those who replied were on assignment compared with 48% at the end of 2003 and 48% at the end of 2002. With the exception of June 2003, the summer results are consistently 2% to 3% higher than the winter. This supports the theory that interim management is cyclical and, that given relatively steady economic circumstances, the summer is a better time than the winter. There are a number of possible explanations for this. The start of many financial years and the need to have interims settled and in place before the summer holidays often leads to a rush in June and July where as the onset of Christmas is often a good time to finish an assignment. The results are remarkably similar to those achieved in December last year. Yes, a seasonal variation was identified but overall the consistency was remarkable especially considering that there is no way of knowing if these responders were the same as in December. The chances are they were not. That implies confidence in the profile of the database and that the distribution of those on assignment is representative of the sector of the market.

The ratios between full-time and part-time assignments is also interesting averaging out at part-time about 0.6 of the full time assignments. This last month it was 0.49 suggesting again that as business conditions improve, full-time assignments are more popular. This does of course raise the question as to what is actually a full-time assignment – the Russam GMS definition of part-time being anything less than five days per week on a continuing basis is at least consistent. Many assignments start off on a full-time basis and then have the commitment reduced either at the interim's request to make time available for other activities such as keeping in touch with service providers, or to reflect the winding down of an assignment. Other factors include working towards the next assignment, professional development or increasingly importantly, addressing the work/lifestyle balance.

Analysis of the respondents by professional disciplines shows only minor variations from the previous survey with 30% in General Management, 18% in Finance and 13% in Sales and Marketing. HR and IT both continue to account for about 10 % and the consistency in this supports the notion that the Russam GMS database can be accepted as an industry standard. What is interesting however is that the percentages of those surveyed who were actually on assignment correlate very closely with the distribution of those who responded. The implication, to my mind, is that recent changes in legislation, European directives, economic circumstances and external factors have done little to skew the demand for interim managers and that supply is balancing demand.

The sources of assignments have remained surprisingly consistent with service providers continuing to account for about 37% (rounded up to 38% this time) of the business generated overall, 47% of the fulltime market and 18% of the part-time work. Despite the fact that this figure will be an irritation to some service providers, it does represent a gradual and sustained improvement over past years and should be seen as a challenge and not a threat.

Engineering/Manufacturing along with the Public Sector maintain their position at the top of the league for using most Interim Managers with Financial Services and IT showing small gains. As interim management is increasingly being seen as a means of creating competitive advantage or business improvement is it not surprising that it continues to do well in manufacturing and engineering. Where the anticipated benefits of using an experienced interim manager can be quantified, costed and balanced against the price, the value proposition is clear and logical. When dealing in less tangible results it requires a greater leap of faith to make a similar investment.

The fact that the demand from the Public Sector remains strong sends a very clear message to the market and is a challenge to both service providers and managers to show how value can continue to be added in this sector. The 'privatised' Government Agencies have proved a important source of work in the past and local government, NHS trusts and other parts of this sector should prove so in the future.

Looking at the types of Assignment undertaken, the responses in this section of the questionnaire were most encouraging. There is now strong and continuing evidence to support the contention that interim management is being seen as a longer-term strategic resource. Significantly the number of assignments requiring specialist skills and involving special projects have increased and more assignments include Mentoring and Coaching.

This is a significant benefit to client companies and is one which most service providers have been pushing for some time. It is therefore heartening to see that this is supported by more than just anecdotal evidence and will do a great deal to enhance the credibility of the industry. This is hugely important and firm evidence that IM is increasingly being used strategically and should have immense implications for this industry, emphasising the role of the Provider in developing and maintaining long-term links with the client.

The average age of the interim managers who responded to this survey is 51.9 years. Significantly though the age profile of those coming into the profession is continuing to reduce with there being almost as many under 40 as there are over 60. Whilst the younger interims seem to get more work and at good rates, a higher proportion of their work is coming from service providers. This is curious because many providers are reported as saying that they will not register interim managers under the age of 40. (*Note from Russam GMS – Please read this in conjunction with the figures!*) However, I am slightly concerned to note that there seem to be fewer Interims over 60 than in the past and they seem to be finding it harder than younger interims to find continuity of work and at high daily rates. I am not entirely sure how strongly the data supports the contention that the age of IM is coming down but it is!! That in itself is significant because my own research leads me to believe that more people are coming into IM out of choice than necessity and they are making this choice at a significantly younger age than they were. Money is less important and work/life balance, doing an interesting job well are important criteria for this generation.

Less evident is the motivation of IM, what makes them do it and why leave for a tempting offer? This is another important issue and one which needs further research.

Interim management is about placing experienced and successful senior managers and in many of the modern, hi-tech, fast moving industries, many of those managers are in their 30s. Seniority is about achievement and track record and not about age. Importantly, it is this new wave of interim managers who have decided to come into the industry for lifestyle, variety, challenge and financial reasons who are making this their career of choice. This is the future and the industry needs to be able to respond to it.

Turning to Career Plans and Aspirations, it is perhaps disappointing that these questions did not elicit a more positive response. 53% of those who replied said they would take a tempting offer and only 24% felt that they had made a firm commitment to the interim ethos. Whilst this goes against the message that service providers have been trying to put across to clients, it does call

for more consideration. I recognize that these findings have been very similar every time this question has been asked by Russam GMS and I personally am keen to explore it further.

Interim management is about finding solutions to commercial problems and is essentially a pragmatic service provided by experienced business managers. So realistically, who would not be tempted by the dream offer? Secondly, at a senior level, the distinction between a long-term interim assignment and a permanent placement or fixed term contract is fairly semantic. So this begs the question - what is interim management? When I started looking at the Russam GMS data, I little thought that I would end by asking that question. I know that Russam GMS tend to see an Interim manager as a senior, skilled and experienced professional with a "product" to sell. Keeping up to date and selling their time and skill is what is important. Of lesser importance is where that product is sold – be it as a freelance or on some corporate payroll. All of this provides fascinating food for thought. To me, the important point is that when on an interim assignment, the focus is on doing a highly professional job for the client and completing it to the client's satisfaction. Only if you can subscribe to that is it possible to be a fully professional interim manager.

**Ian Daniell**  
**July 2004**

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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. (Note Utilities.)

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

An improving situation at the end on 2003 continues into 2004 and is reflected in the number of Interim Managers on assignment increasing to 51% at June 2004 from: -

- 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.

Of the total of 1030 responding to the questionnaire, 525 were on assignment.

<b>Respondents on Assignment</b>		
	Total	% of those on asgmt
Full-time	351	67%
Part-time	173	33%
Total	524	100%

<b>Respondents analysed over Professional Disciplines</b>						
Disciplines	Jun-04	%	F/T	%	P/T	%
Finance	182	18%	73	21%	29	16%
General management	308	30%	101	29%	61	35%
HR	91	9%	34	10%	19	11%
IT	89	9%	40	11%	11	6%
Not specified	14	1%	2	1%	1	1%
Other	87	8%	26	7%	12	7%
Production/ and/or Engineering	66	6%	19	5%	9	5%
Purchasing and/or Distribution	66	6%	27	8%	7	4%
Sales and/or Marketing	127	13%	32	9%	27	15%
	1030	100%	354	100%	176	100%

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

<b>Interims on Assignment by Discipline</b>				
	Jun-04	%	Dec-03	%
Finance	100	19%	118	22%
General management	160	30%	153	29%
HR	53	10%	51	10%
IT	52	10%	44	8%
Other	41	8%	28	5%
Production/ and/or Engineering	28	5%	30	6%
Purchasing and/or Distribution	34	6%	36	7%
Sales and/or Marketing	57	11%	72	14%
Total	525	100%	532	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.**

Daily rates have increased for all Interims to £510 from £477 at December 2003 and £506 at June 2003. Part-time £527 and full time £502.

Within this, Finance and General Managers have increased marginally their daily rates whilst the biggest decreases in the last Snapshot which occurred in IT and HR are now reversing. Anecdotally and from other Reports, we see that Financial Services have begun to spend on infrastructure and we can see this now being reflected in IT and HR daily rates and activity levels.

<b>Average Daily Rates</b>					
F/T		P/T		Overall	
Jun-04	Dec-03	Jun-04	Dec-03	Jun-04	Dec-03
502	481	527	468	510	477

<b>Daily Rates by Discipline</b>						
Discipline	F/T		P/T		All	
	Jun-04	Dec-03	Jun-04	Dec-03	Jun-04	Dec-03
Finance	492	493	526	453	501	479
General management	549	537	533	504	543	527
HR	501	412	492	493	498	438
IT	536	505	577	554	545	516
Not specified	425	550	490	367	447	413
Other	520	446	573	439	536	442
Production/ and/or Engineering	380	370	499	443	451	391
Purchasing and/or Distribution	429	487	405	401	425	468
Sales and/or Marketing	464	437	509	428	485	433

<b>Daily Rates by Sector</b>						
Sector	F/T		P/T		All	
	Jun-04	Dec-03	Jun-04	Dec-03	Jun-04	Dec-03
Banking Financial & Insurance	603	541	656	540	616	541
Construction & Property	371	391	383	393	375	392
Engineering & Manufacturing	463	430	480	447	470	436
FMCG	499	481	469	500	491	485
IT (Hardware / software / training & services)	517	466	632	545	561	500
Leisure Entertainment & Hospitality	592	614	568	549	580	592
Not for Profit/Charities	405	424	302	418	367	422
Not specified	633	445	425	375	550	417
Other	558	491	517	481	543	486
Professional services	449	491	521	489	484	490
Public Sector	468	454	474	446	470	457
Retail	488	551	510	360	497	484
Supply chain	448	547	513	459	461	518
Telecoms	499	540	875	446	590	515
Utilities	519	373	1100	404	567	386

<b>Daily Rates by Region</b>		
Region	Jun-04	Dec-03
South	550	505
Central	505	482
West	425	436
North	478	431

### 3 Source of Interim Assignments

<b>Source of Assignments</b>		
<b>Through a Provider</b>	<b>%</b>	
	Jun-04	Dec-03
Full-time	47	48
Part-time	18	15
Total	38	37

<b>Source of Assignments by Discipline</b>		
<b>Through a Provider</b>	<b>%</b>	
	Jun-04	Dec-03
Finance	24	23
General management	14	14
HR	23	29
IT	35	21
Not specified	14	10
Other	16	9
Production/ and/or Engineering	9	16
Purchasing and/or Distribution	29	31
Sales and/or Marketing	15	12

<b>Source of Assignments by Sector</b>		
<b>Through a Provider</b>	<b>%</b>	
	Jun-04	Dec-03
Banking Financial & Insurance	45	32
Construction & Property	30	42
Engineering & Manufacturing	24	38
FMCG	29	47
IT (Hardware / software / training & services)	40	10
Leisure Entertainment & Hospitality	29	40
Not for Profit/Charities	55	65
Other	32	31
Professional services	16	29
Public Sector	61	54
Retail	32	30
Supply chain	43	38
Telecoms	40	26
Utilities	50	20

## 4 Industry Sectors where Interim Assignments have taken place

The two sectors of Engineering/Manufacturing and the Public Sector continue to dominate with, perhaps, some softening in Public Sector work. Financial Services is beginning to gain ground.

<b>On Assignment by Sector</b>				
	Jun-04		Dec-03	
		%		%
Banking Financial & Insurance	51	10%	43	8%
Construction & Property	10	2%	12	2%
Engineering & Manufacturing	96	18%	93	18%
FMCG	31	6%	31	6%
IT (Hardware / software / training & services)	40	8%	34	6%
Leisure Entertainment & Hospitality	17	3%	15	3%
Not for Profit/Charities	20	4%	20	4%
Other	78	15%	81	15%
Professional services	24	5%	35	7%
Public Sector	76	14%	83	16%
Retail	24	5%	20	4%
Supply chain	21	4%	31	6%
Telecoms	25	5%	23	4%
Utilities	12	2%	10	2%
	525	100%	531	100%

## 5 Types of Assignment undertaken

What this analysis clearly shows is that Interims are being used as a strategic resource. Twenty years ago, Interims were used for crises, filling gaps. Now, progressively, businesses see the advantages of Interim Management in vigorously promoting the business rather than as defensive and reactive measures. More business processes are being treated as projects or tasks which can be handled outside the core team and short-term over-resourcing is seen as a very effective and legitimate approach.

<b>Top Ten Reasons for using an Interim</b>		
%	Jun-04	Dec-03
Specialist Skills	23	22
New Strategy	15	18
Special Projects	16	14
Restructuring	12	13
Mentoring/Coaching	12	11
Business Turnround	7	6
During Recruitment	4	6
Merger/Acquisition	5	5
New Division	4	3
Temporary Absence	1	1
Other	1	1
Total	100	100

Whilst fairly marginal and, maybe, slightly semantic, Special projects may have moved up the League Table. Interestingly, Temporary Absence including Maternity Leave is a small factor behind using Interims.

## 6 Age

The trend, now looking fairly established, shows that Interims in their 40s get most work and at higher rates.

<b>% in Age Range actually on Assignment</b>		
	%	
Age Range	Jun-04	Dec-03
Late 20's & 30's	46	63
40's	54	51
50's	51	46
60's	36	32

<b>Daily Rates by Age</b>		
Age Range	Jun-04	Dec-03
Late 20's & 30's	559	464
40's	530	478
50's	499	482
60's	468	434
All ages	510	477

## 7 Career Plans & Aspirations of Interim Managers

These figures are remarkably consistent. What we think it all means is that attitudes of Interim Managers to Interim Management as a career remain very flexible and pragmatic. 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 commercial 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.

<b>Interim Managers' Career Plans</b>		
	%	
	Jun-04	Dec-03
Would never take a permanent FT job	24	25
Would take a FT job if the offer were tempting	53	55
Take a permanent PT job	23	22
Actively Seeking	11	13
Hoping Interim becomes Permanent	6	8
Happily move between	45	48

## 8 Overview

We, in Russam GMS, see significant changes taking place in a still young and increasingly important resourcing sector. In the short term we see some growth in the market as the current benign economic mood sucks in more people, both permanent and temporary, particularly in Financial Services. Here, competitive pressures force greater efficiencies and slicker systems, much of which has seen under-investment in the past few years. Change management in Financial Services is also likely to need more resource, particularly HR.

The Public Sector, we feel, will probably not be using more Interims than the current high level except, perhaps, where upcoming major structural changes call for outside support. The current high level of Interims may well take some time to fall and we think that high profile redundancies in the Public Sector may well be offset by some increases elsewhere.

In the private sector, the more financially constrained and disciplined organisations may well choose to use Interims instead of Permanents, taking the view that caution in employment policies at this time is sensible and finding the right permanent executives in a tightening labour market takes too long and carries more risk where choice may be limited.

Finally, the burgeoning weight of EC driven Employment and some Health & Safety legislation is, in our view, likely to have a dampening effect. Seen by many as anti-employer and maybe anti-business and not always pro-employee (and certainly almost never pro-Interim Manager) we sense that the impact on resourcing policies and practice will bring changes. That is certainly the way we in Russam GMS feel and we started some time ago shifting and broadening our business model to offer the very best service to our clients.

Whilst you are here, do please have a good look at our website!

If you are then still in the mood, also have a look at [www.InterimsDirect.com](http://www.InterimsDirect.com)!

Russam GMS Ltd  
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