

The Russam GMS Interim Management

Snapshot Survey – June 2005

Glyn Lloyd, Business Manager of Russam GMS Ltd, introduces the June 2005 Russam GMS Snapshot Survey. First come the Highlights, followed by Contents, then some explanatory Notes and, finally, the Detail.

This electronic Survey was carried out between 30 June 2005 and 13 July 2005 following established processes. 6652 Executives were emailed and 1081 responded, 547 of whom were on assignment.

Highlights

- **Market activity appears to have peaked.** 51% of all Interims were on assignment at June 2005 – 51% for the third consecutive period.
- 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. Part-timers rely much less on Providers than full-timers.
- **The Providers can't increase their market share.** Half (49%) of all full-time Interim assignments are sourced through Providers with the 17% attributed to part-time assignments bringing the average down to 38%.
- **Daily rates have marginally increased** for all Interims to £518 from £513 (See the trend for the past five years in the Report)
- **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 Manufacturing & Engineering (16% of all assignments) and Central & Local Government (13%)
- **Sectors relying most on Providers** continue to be Central Government (64%), followed by Financial Services (56%) and then by Local Govt (50%) and then by Utilities (48%)

Contents

- 1 Interim Managers on Assignment – Full-time & Part-time
- 2 Daily rates
- 3 Source of Interim Assignments
- 4 Industry Sectors where Interim Assignments have taken place
- 5 Types of Assignment undertaken
- 6 Age
- 7 Career Plans & Aspirations of Interim Managers

Notes

- 1 Russam GMS sees this (quantitative) Market Research as the best in the sector. We have been doing it longer and more regularly than anyone else, but in recent times many observers will have seen an increase in the number and type of other research publications and, if they have studied all of it in some detail, will have emerged from that process thinking that there are variations in some of the figures reported. Observers must look closely at the nature of the constituency upon which the research material is based. All the quantitative material is based on the authors' own database of registered Interim Managers. Whilst all Interim Management Providers fish in the same pond and, in theory, their databases should be exactly the same, there are significant variations between them. To this extent their statistical findings must vary. Russam GMS submits that the RGMS database, the most comprehensive working database in the sector, is representative of the mainstream market but observers need to form their own conclusions.
- 2 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)
- 3 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.
- 4 Sample sizes also need to be taken into account particularly where these are small.

1 Interim Managers on Assignment

Of the total of 1081 at 30 June 2005 responding to the questionnaire, 547 were on assignment. This figure of 51% stays exactly the same for the third consecutive time: -

- 51% at June 2005
- 51% at December 2004
- 51% at June 2004
- 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.

With no variation since the RGMS Snapshot Surveys started, the full-time/ part-time split stays at two thirds/one third.

Respondents on Assignment		
	Total	% of those on asgmt
Full-time	362	66%
Part-time	185	34%
Total	547	100%

As one would expect of an Interim Management business, the majority of Interims are General Managers (MDs, CEOs) and it is interesting to note that the percentage split of professional disciplines continues to remain constant.

Respondents analysed over Professional Disciplines						
Disciplines	Jun-05	%	F/T	%	P/T	%
Finance	177	16%	79	21%	29	16%
General management	327	30%	96	26%	63	34%
HR	95	9%	35	9%	18	10%
IT	98	9%	40	11%	9	5%
Not specified	10	1%	3	1%	1	0%
Other	77	7%	21	6%	17	9%
Production/ and/or Engineering	85	8%	26	7%	13	7%
Purchasing and/or Distribution	77	7%	38	10%	6	3%
Sales and/or Marketing	135	13%	31	9%	30	16%
	1081	100%	369	100%	186	100%

When comparing the split of the response actually on assignment with the total response the only noticeable change appears in Finance. Anecdotally, Finance

and Accounting Interims are busier than other professional disciplines. Some attribute this to Sarbanes-Oxley where the high and probably one-off workload and its ripple-effect has sucked in high levels of accountants.

Interims on Assignment by Discipline				
	Jun-05	%	Dec-04	%
Finance	107	19%	128	21%
General management	158	28%	204	34%
HR	53	10%	41	7%
IT	48	9%	49	8%
Other	43	8%	38	6%
Production/ and/or Engineering	36	7%	47	8%
Purchasing and/or Distribution	44	8%	42	7%
Sales and/or Marketing	60	11%	57	9%
Total	549	100%	606	100%

2 Daily Rates

Note that Daily Rates quoted here are arithmetic averages and relate to a wide range of actual rates. These are -

- £518 at June 2005
- £513 at December 2004
- £510 At June 2004
- £481 at December 2003
- £506 at June 2003
- £473 at December 2002
- £488 at June 2002.
- £511 at December 2001
- £480 at June 2001.

Average Daily Rates					
F/T		P/T		Overall	
Jun-05	Dec-04	Jun-05	Dec-04	Jun-05	Dec-04
521	509	511	521	518	513

Daily Rates by Discipline						
Discipline	F/T		P/T		All	
	Jun-05	Dec-04	Jun-05	Dec-04	Jun-05	Dec-04
Finance	518	532	513	511	517	527
General management	538	548	525	559	533	552
HR	519	490	500	538	510	504
IT	558	511	501	436	547	500
Not specified	417	875	400	360	413	532
Other	578	506	606	731	592	559
Production/ and/or Engineering	435	358	442	388	438	368
Purchasing and/or Distribution	493	474	467	484	489	476
Sales and/or Marketing	501	448	480	478	491	467

Daily Rates by Sector							
Sector	F/T		P/T		All		
	Jun-05	Dec-04	Jun-05	Dec-04	Jun-05	Dec-04	
Banking Financial & Insurance	570	596	489	850	545	654	
Construction & Property	464	540	450	490	457	523	
Engineering & Manufacturing	524	468	486	427	510	456	
FMCG	552	409	620	400	572	407	
IT (Hardware / software / training & services)	517	482	625	560	561	513	
Leisure Entertainment & Hospitality	470	518	456	712	462	615	
Not for Profit/Charities	384	438	387	408	386	420	
Food	454	-	505	-	473	-	
Not specified	450	150	696	457	594	413	
Other	542	554	520	508	534	537	
Professional services	546	526	508	446	530	492	
Central Government	535	519	579	569	542	526	
Local Government	449	408	380	500	433	445	
Education	583	-	407	-	524	-	
NHS	406	-	588	-	466	-	
Pharmaceuticals	433	-	380	-	427	-	
Retail	538	554	533	400	537	518	
Supply chain	565	484	463	483	548	483	
Telecoms	602	561	530	520	583	550	
Utilities	543	518	645	667	562	577	

Daily Rates by Region		
Region	Jun-05	Dec-04
South	521	520
Central	530	552
West	487	448
North	499	481
Overseas	567	528

3 Source of Interim Assignments

Still remarkably constant, half (49%) of all full-time Interim assignments are sourced through Providers with the 17% attributed to part-time assignments bringing the average down to 38%. This continuing constancy points to the continuing slow penetration of the interim market by Providers, to slicker networking by Interims themselves and to their ability to persuade trusting but sadly misguided clients that forgoing choice, speed of delivery and selection expertise by hiring them direct is better than using a Provider!

Source of Assignments		
Through a Provider	%	
	Jun-05	Dec-04
Full-time	49	50
Part-time	17	14
Total	38	38

What also continues to be evident is the higher proportion of Interims who source their assignments through Providers in those sectors where Providers/Agencies are very active. These are Finance, HR, IT followed closely by Purchasing.

Interim General Managers and Production/Engineering Interims do not traditionally have the support of specialist Providers whilst there is some limited specialist Provider support for Sales & Marketing Interims.

Source of Assignments by Discipline		
Through a Provider	%	
	Jun-05	Dec-04
Finance	27	25
General management	14	16
HR	28	17
IT	30	30
Not specified	10	8
Other	16	26
Production/ and/or Engineering	8	21
Purchasing and/or Distribution	30	20
Sales and/or Marketing	13	11

This chart shows those sectors that use Interims and the extent to which they rely on providers.

Source of Assignments by Sector		
Through a Provider	%	
	Jun-05	Dec-04
Banking Financial & Insurance	56	42
Construction & Property	12	31
Engineering & Manufacturing	41	36
FMCG	47	40
IT (Hardware / software / training & services)	31	27
Leisure Entertainment & Hospitality	15	17
Not for Profit/Charities	38	57
Food	32	-
Other	27	25
Professional services	17	29
Central Government	64	60
Local Government	50	73
Education	22	-
NHS	38	-
Pharmaceuticals	33	-
Retail	45	50
Supply chain	42	34
Telecoms	37	42
Utilities	48	44

4 Industry Sectors where Interim Assignments have taken place

The two sectors of Engineering/Manufacturing and the Public Sector continue to dominate. The softening in Public Sector work that we thought we detected in the last Snapshot does not seem to be happening. The 'Other' category (where we have not been able to identify any dominating sector users of Interims) shows that Interims are used by the broadest range of sectors but not in significant quantities. This points to one of the key advantages of using a Provider – their ability to find anyone, anytime, anywhere or is it?

On Assignment by Sector				
	Jun-05		Dec-04	
		%		%
Banking Financial & Insurance	43	8%	57	9%
Construction & Property	17	3%	16	3%
Engineering & Manufacturing	86	16%	117	19%
FMCG	17	3%	30	5%
IT (Hardware / software / training & services)	38	7%	40	7%
Leisure Entertainment & Hospitality	13	2%	23	4%
Not for Profit/Charities	28	5%	28	5%
Food	22	4%	-	-
Other	64	12%	105	16%
Professional services	24	5%	27	4%
Central Government	47	9%	60	10%
Local Government	22	4%	15	3%
Education	9	2%	-	-
NHS	12	2%	-	-
Pharmaceuticals	9	2%	-	-
Retail	20	4%	18	3%
Supply chain	24	4%	38	6%
Telecoms	19	4%	19	3%
Utilities	23	4%	16	3%
	537	100%	609	100%

5 Types of Assignment undertaken

What this analysis clearly shows is that Interims are continuing to be 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.

Top Ten Reasons for using an Interim		
%	Jun-05	Dec-04
Specialist Skills	23	22
New Strategy	16	16
Special Projects	15	15
Restructuring	13	14
Mentoring/Coaching	11	12
Business Turnround	8	7
During Recruitment	5	3
Merger/Acquisition	4	6
New Division	3	3
Temporary Absence	1	2
Other	1	0
Total	100	100

6 Age

The now familiar trend shows that Interims in their 40s get most work and at higher rates.

% in Age Range actually on Assignment		
	%	
Age Range	Jun-05	Dec-04
Late 20's & 30's	49	64
40's	56	55
50's	48	46
60's	41	33

Daily Rates by Age		
Age Range	Jun-05	Dec-04
Late 20's & 30's	509	517
40's	536	545
50's	512	498
60's	451	462
All ages	518	513

7 Career Plans & Aspirations of Interim Managers

These figures continue to be 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.

We also see increasing flexibility becoming available to users of Interim Management in the options open to them. This is particularly in taking Interims onto the payroll, having resourced them quickly and worked with them for a period of time. This process is often very helpful in persuading committed Interims to join the permanent staff.

Interim Managers' Career Plans		
	% (of all resp)	
	Jun-05	Dec-04
Would never take a permanent FT job	27	27
Would take a FT job if the offer were tempting	49	51
Would take a permanent PT job	23	22
Actively Seeking	11	10
Hoping Interim becomes Permanent	5	6
Happily move between	43	45

Russam GMS Ltd
July 2005.

Russam GMS Ltd
Interim Management + FiveDay Resourcing

48 High Street North, Dunstable, Beds. LU6 1LA, 01582 666970. hq@russam-gms.co.uk.

www.russam-gms.co.uk

Birmingham - Bristol - Glasgow - Leeds - Manchester