

What's happening in the Interim Management Market?

Russam GMS Ltd is pleased to present their latest quarterly Snapshot Survey as at 30/6/02. These online Market Research Surveys were started at the beginning of 2001, being published every two months until 30/6/01, changing to every three months thereafter. This Survey presents the first opportunity to compare like with like on an annual basis. We also – for the first time – asked Interim Managers to tell us how old they are! Notwithstanding the political sensitivities of this question, we are all clearly very interested to know what impact age has on earnings and on the process of making a living as an Interim.

What you get out of this Report depends much on how you view its basis, its constituency and the detail of the results. Of the 5468 Interim Managers registered on the Russam GMS database at 30/06/02, 4534 have email addresses to whom we emailed our Questionnaire, receiving 877 responses – (19% -19% last time). These online responses went directly into an Access database, facilitating immediate analysis.

The questionnaire asked the following questions:-

- Q1: Were you on assignment at 30/06/2002?
- Q2: Regarding Q1, if so was it Part-time / Full-time ?
- Q3: Regarding Q1, if so at what daily rate?
- Q4: Regarding Q1, how did you find the assignment?
- Q5: What is your professional discipline?
- Q6: In which Post Code area do you live?
- Q7: What is your age?

Most Interim Managers are registered with more than one Provider and we present the Russam GMS Interim Manager Database as industry standard. The analysis of Professional Disciplines of those returning the forms as at 30/06/02 compares closely with our Executive Database (and has done every time this Research has been published).

Amongst the first into the market, Russam GMS is one of the leading UK Interim Management Providers. We compete on the quality of our work for an expanding client base, our energy and activity levels and an innovative approach to our work. In particular, we want to know more about the Interim Management market than anyone else and our Snapshot Surveys are now being seen by many as the Interim Management Industry barometer.

The Russam GMS 'Snapshot' Interim Management Survey

30th June 2002

Highlights

- Younger Executives are now clearly moving into Interim Management and are earning higher daily rates and are getting more work than the average. Interims aged less than 45 get significantly more work than those over 45. Although a small sample, the highest percentage of Interims on assignment at 30/6/02 falls in the Under 35 age bracket (65%). Those in the 36 – 40 age bracket command the highest daily rate (£550).
- 51% of **all** Interim Managers were on assignment at 30/06/02, representing a decrease of 11% from 12 months ago but an increase of 2% from 3 months ago.
- There is an increase in the amount of part-time Interim Management work being carried out (anything less than five days a week on a continuing basis) and this now accounts for 37.9% of the total Market having grown consistently from 32.2% at 30/09/01. We think that this is an important pointer to the future.
- The average daily rate (£488) stays roughly the same as 3 months ago (£484) but slightly less than 12 months ago (£494). There are, however, significant regional variations, (from an average daily rate of £550 in the South to £423 in the North) and variations between age ranges.
- The average age of the Interim Manager is 50.1
- The Interim Management Providers' share of the market increased very slightly. (Of the 51% of all Interim Managers on assignment at 30/6/02, 53% found their own work, 7% described their source as "Other" and 40% worked through Interim Management Providers. This can also be expressed as 21% of **all** Interim managers (on assignment and NOT on assignment) working through Providers.)

What daily rates did Interim Managers achieve at 30/06/02?

The average daily rate of all Interim Managers on assignment at 31/06/02 and in each professional discipline is as follows: -

	30/06/02		31/03/02		30/06/01	
	F/T	P/T	F/T	P/T	F/T	P/T
ALL	488	511	484	523	494	494
General Mgt	496	545	515	506	522	491
Finance	490	491	445	535	470	485
Sales/Mktg	489	459	499	527	480	508
Prod/Engineering	395	369	389	388	363	351
Purch/Distrib	437	540	409	447	395	419
IT	570	560	594	643	610	562
HR	454	505	499	523	450	456
Other	523	565	472	521	502	550

These rates are the rates achieved by Interim Managers irrespective of whether they are working through an Intermediary or directly to the client

This is how Interim Managers sourced their work.. (For full-time assignments at 30/06/02)

	Thru Self	Provider	Other	Not Spec
TOTAL (877)	240	180 (21%)	29	428
General Mgt (189)	56	21 (11%)	3	109
Finance (155)	42	34 (22%)	7	72
Sales/Mktg (136)	42	21 (15%)	4	69
Prod/Engineering (59)	16	15 (25%)	1	27
Purch/Distrib (54)	10	16 (30%)	1	27
IT (103)	20	26 (25%)	3	54
HR (86)	20	32 (37%)	3	31
Other (95)	34	15 (16%)	7	39

The Providers' share of the market can be expressed either as:

a % of the total number of Interim Managers in the market – 21%

OR

as a % of those actually on assignment - 40%

It is noticeable that the lowest percentages of Interims introduced through Providers are in General Management and Sales/Marketing. These professional disciplines are less well served by specialist Providers. HR has the highest figure - presumably it is mostly HR Directors who hire HR Interims and they are happiest dealing with HR specialists.

Age

For the first time, we have examined the age profile of Interims and the following analysis points up some interesting features - notably the increase in younger Interims. It is also very clear that the market differs markedly at different age ranges and an understanding of what is happening in the market needs to take this into account.

Analysed over Professional Disciplines: -

Ages	Tot	Fin	GenMan	HR	IT	Prod/Eng	Sales/Mktg	Purch	Other
-35	26	5	5	4	3	1	5	0	3
36-40	68	11	10	7	5	6	19	2	8
41-45	114	19	20	12	13	8	24	12	6
46-50	187	40	39	18	23	7	25	11	24
51-55	294	53	69	33	34	20	33	20	32
56-60	154	22	39	11	22	12	25	9	14
+61	28	4	7	1	2	5	5	0	4

Average daily rate: -

Ages	£
-35	439
36-40	550
41-45	507
46-50	534
51-55	465
56-60	487
+61	454

% on assignment

Ages	%
-35	65
36-40	56
41-45	58
46-50	51
51-55	49
56-60	46
+61	39

- The highest earners are in the 36-40 age range. 28% of them are Sales & Marketing people. There are also more of them on assignment (56%) than the average.
- The age range 51-55 contains more Interims than any other but their average daily rate is mid-point.
- Being over 60 does not seem to be good news! Daily rates are below average and only 39% of them are on assignment at 30/6/02. Our own view is that age discrimination does not exist. What happens in practice is that clients choose who they think can do the job best and who they like. We believe that Interim Management is a genuine meritocracy.

Regional Analysis

The responses received, the percentage on assignment and the day rate analysed on a regional basis are as follows:-

	Responses		On Assignment	Day Rate
	F/T	P/T	%	£
South	72	49	51	550
Central	75	51	52	507
West	30	23	45	497
North	80	34	51	423

Commentary

Resilience and change - these are the important messages from this Interim Management Snapshot Survey! Resilience in the face of marked permanent recruitment decline. Change in the clear evidence that younger executives are moving into Interim Management and doing better than the average and that clients are using Interims more as a part-time resource. Immediacy and flexibility are clearly strong drivers.

What is difficult to assess is the seasonal pattern. It is generally thought that January starts low, after a wind-down of assignments at Christmas, builds up to a peak during April/May/June, dips in July/August and peaks again in October and early November before falling away again as Christmas approaches. 11/9/01 and the current quirky economy must have disrupted this pattern and we will have to wait and see how future patterns develop. The 2% increase in Interims on assignment compared with 3 months ago is encouraging.

It is also difficult to assess how much genuine "slack" should exist in this market. The promise of Immediacy and flexibility and the rigour of competition all demand some slack – but probably not as much as at present. Providers and Interims alike, all report worsening conversion rates (enquiry to actual assignment). They report that some clients are occasionally not persuaded with what they are presented, often opting for a permanent

appointment or an internal solution or doing nothing. Taking into account the age analysis in this Report, this may well point to some Interim Managers simply not being seen as good enough and this is more noticeable in times of greater competition. These are the key messages:-

- The professional expertise and support of Providers in offering the very best solutions and ongoing support is vital.
- Interims need to work hard at developing not only their technical expertise but also soft skills including presentational, selling and interpersonal skills. They have to continuously improve their offerings. They are not individuals; they are Serious Small Businesses.

Interestingly, an increase in the proportion of the market now going to part-time Interim Managers probably points to an important way forward. The exciting implication, here, is that clients are recognising that immediacy can really be immediate and flexibility can really be turn-on/turn-off. Perhaps some Providers have not pushed it because the margins are not attractive? Part of the underlying commercial reality, here, often, is that the Interim Manager does the same work but in less time and the client effectively gets the discount and exceptional value for money, although it has to be said that, generally, Interim Management is not price – sensitive. If a job needs doing, it is worth paying for and everyone can work out sensible market rates. The Interim Manager gets some greater security by having more than one client but needs to be careful not to take on too much or tasks he or she is not equipped to handle, although, where Providers are involved, this is not an issue.

Clearly, Interim Management has now become a widely recognised resourcing option. There is an established growth trend. The opportunities lie in clients learning how to use Interims more effectively and more creatively and to demand more from them and in accepting more support and service from Interim Management Providers in an effective working partnership relationship. The threats lie in talked-about legislation from the EC becoming real and this current quirky economy.

Russam GMS Ltd
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