

## What's happening in the Interim Management Market?

### The Russam GMS quarterly Snapshot Survey as at 30/9/02.

The Market has contracted in the quarter by 8% with daily rates staying the same but the Interim Management Providers' share of the market worsening. Whilst July and August are generally seen as quiet months, September is when the market expects an uplift and the reverse has happened.

### Highlights

- 47% of **all** Interim Managers were on assignment at 30/9/02, compared with 51% three months before and 51% 12 months before.
- Last quarter's increase in part-time Interim Management has been reversed and is now 34% (down from 38%) of all Interim work carried out
- The average daily rate (£489) stays virtually the same as it has done for many months and also reflects significant regional variations (South £558, Central £492, North £473, West £424).
- The Interim Management Providers' share of the market decreased. Of the 47% of all Interim Managers on assignment at 30/9/02, 38% of them (down from 40% at 30/6/02) were introduced to clients by Providers. This represents just 18% of all Interim Managers (down from 21%)

### Break down over professional disciplines

	30/09/02		30/06/02		30/09/01	
	F/T (%)	P/T (%)	F/T (%)	P/T (%)	F/T (%)	P/T (%)
General Mgt	20	19	17	18	20	27
Finance	18	14	22	14	23	16
Sales/Mktg	12	22	13	17	12	20
Prod/Engineering	8	5	8	6	8	4
Purch/Distrib	6	6	8	3	7	3
IT	18	8	12	9	10	7
HR	10	9	10	15	12	9
Other	8	17	10	18	8	14
Total	100%	100%	100%	100%	100%	100%

### Daily rates achieved by Interim Managers at 30/09/02?

The average daily rate of all Interim Managers on assignment at 30/09/02 and in each professional discipline is as follows: -

	30/09/02		30/06/02		30/09/01	
	F/T	P/T	F/T	P/T	F/T	P/T
ALL	489	514	488	511	480	487

General Mgt	562	565	496	545	476	491
Finance	493	498	490	491	440	476
Sales/Mktg	450	479	489	459	494	499
Prod/Engineering	399	479	395	369	405	402
Purch/Distrib	430	352	437	540	419	313
IT	534	706	570	560	637	608
HR	456	427	454	505	477	551
Other	433	525	523	565	491	430

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 30/09/02)

	Thru Self	Provider	Other	Not Spec
TOTAL (767)	216	138 (18%)	25	388
General Mgt (166)	55	15 ( 9%)	6	90
Finance (140)	23	38 (27%)	3	76
Sales/Mktg (116)	40	12 (10%)	5	59
Prod/Engineering (43)	15	9 (21%)	1	18
Purch/Distrib (50)	13	11 (22%)	0	26
IT (93)	25	23 (25%)	6	39
HR (71)	19	18 (25%)	1	33
Other (88)	26	12 (14%)	3	47

The Providers' share of the market can be expressed either as a % of the total number of Interim Managers in the market – 18% or as a % of those actually on assignment - 38%

**So what does all this mean?**

It probably means exactly what the figures say! Volumes are decreasing but clients still pay the market rate, except that IT daily rates have decreased significantly but are still one of the highest. The decrease in the Providers' share of the market is interesting, probably pointing to the effect of competition - more Interims looking for work and competing with Providers in a smaller market. Shifting the emphasis towards *Interims selling away from Clients buying* and using price as a lever may well be happening more than the Providers who report tougher deals and worsening conversion rates, think. (Note that the daily rates quoted here are what the Interim gets.)

This has to be the time in the cycle when Providers build on their important relationships with their clients in offering a choice of the best people at attractive rates very quickly and with the highest levels of professional service. The opportunities are likely to lie in:-

- using Interims instead of Management Consultants (where volumes are falling significantly) where practical know-how is what will make the difference,
- in delaying permanent replacements until market conditions become clearer,
- in testing out Interims who might become permanents (not what Interims should be used for but it's what the market is doing) and

- in turning as much semi-routine tasks as possible into projects that can be handled externally.

You can read all about the Interim Management market, our previous Research Reports, about Russam GMS and about the people who are growing our company on our sector-leading website – [www.russam-gms.co.uk](http://www.russam-gms.co.uk).

**Russam GMS Ltd**  
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