



Independent Market Research into the Use of Interim Managers

Factors that lead to successful assignments

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2. Executive Summary

We have completed a major study of the interim management market analysing details of over 330 assignments. We collected by questionnaire with approximately half the responses coming from clients and half from interim managers. We also conducted over 100 personal interviews. The main findings are:

- Four out of five (80.2%) assignments are involved with specific projects rather than ‘holding the fort’ type assignments. These projects include post-merger integration, downsizing, launching new products, implementing new systems and building a new sales team.
- Over one in three (35.1%) of project based assignments are perceived as being very successful, but only one in six (18.2%) of ‘holding the fort’ type assignments are so perceived.
- According to responses from clients, 93.3% of assignments are clearly defined at the outset, according to the experts only 66.9% are so defined.
- Well defined assignments are perceived as being ‘Very Successful’ or ‘Successful’ in 82.0% of cases, but only 65.7% of assignments that are not well defined are so perceived.
- Clients rate well defined assignments as ‘Very Successful’ or ‘Successful’ in 75.8% of cases, but only 45.5% of assignments that are not well defined are so rated.
- Experts rate well defined assignments as ‘Very Successful’ or ‘Successful’ in 90.2% of cases, but only 69.7% of assignments that are not well defined are so rated.
- Payment by results is only used in one in five (20.1%) assignments. Where it is used it is perceived to have had a positive effect on the performance of experts in over 70% of cases.

The fact that the majority of assignments are involved with specific projects has implications for the recruitment process. The traditional view of interim managers being experienced line managers who are ‘over experienced’ in one field ignores other vital skills for handling special projects. Analytical, consultancy, mentoring and project management skills are more relevant. This skill set is more likely to be found amongst independent consultants and project managers than experienced line managers.

Our research shows that clear definition of objectives, quality control and performance related remuneration all have a material impact on the success of assignments. Getting the key factors right at the start dramatically increases the likelihood of success.

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3. Introduction

Previously published research on the market for interim management in the UK indicates that:

- Interim Management began in the Netherlands in the 1970's as a result of restrictive Dutch labour laws, but began to gain momentum in the UK during the 1980's.
- Benefits of Interim Managers include experience, speed, objectivity, accountability, effectiveness and commitment.
- The UK Interim Management market is estimated to have grown 20% pa from £75m in 1995 to £190m pa in 2000. The market is expected to grow to reach £400m by 2005 (Sambrook Report 2002 in association with The Institute of Management Consultancy).
- The average fee earned by an Interim Manager is £550 per day, while the top 5% earn £1,000 to £1,500 per day (Sambrook Report as above).
- It is estimated that there are currently about 2,400 interim managers on assignment at any one time, which will grow to about 5,000 by 2005. If this doubles again between 2005 and 2010 it would result in about 10,000 interim managers, which would represent less than 3% of all managers/directors with similar earnings capabilities (ie £50,000 a year or more).
- A MORI survey found that of the companies surveyed, 42% of those within the top FTSE 250 had used interim executives – and the fastest growth area among all companies is in managing closures (8%, up from 3% a year ago).
- The functions and organisational situations in which interim managers are used are approximately as follows:

Function		Organisation Situation	
Finance & Accounting	25%	Key Person Temporary Replacement	30%
General Management (e.g. MD)	15%	Company Turnaround	15%
Sales & Marketing	15%	Mergers & Acquisitions	10%
Information Technology	10%	Rapid Growth	10%
Human Resources	10%	Change Management	10%
Manufacturing & Production	10%	Disposal Management	10%
Other	15%	Other	15%

What interested us most is the way that experts are used in various roles and how to get the most out of hiring an expert. We therefore decided to research how to make most effective use of an expert and which factors are most likely to lead to a successful assignment.

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Our research was conducted in two phases; personal interviews with senior managers who have employed experts and the experts themselves, followed by an email questionnaire.

Much of the anecdotal evidence from the interviews suggested that the most significant factor in increasing the likelihood of success is the agreement of clearly defined objectives and milestones at the outset of any assignment. Participants also suggested that objectives were set more rigorously and regularly when the assignment involved the management of a particular project rather than being a 'holding the fort' role.

Our research focused on the hypothesis that the use of experts is more successful when objectives are set and expected outcomes established clearly at the outset of the assignment.

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4. Methodology

Initially we did some desk research about the market. The main findings of this are outlined in Section 3 - Introduction. We developed the hypothesis and in order to test this, we carried out personal interviews and questionnaire research.

We conducted over 100 face-to-face interviews during late 2002 and 2003. These confirmed the main findings of desk research into the market and provided some clear focus for the questionnaire design. The findings from the interviews are demonstrated by the verbatim comments in the appendices. The main finding from the interviews suggested that the most significant factor in increasing the likelihood of success is the agreeing of clearly defined objectives at the outset of the assignment. This is reflected in the questionnaire design. (a sample questionnaire is attached as an appendix).

We emailed a total of 1,244 questionnaires to contacts on the Z/Yen database in January 2003. We received 440 responses. Some of the responses were not completed as the respondent had not had experience of interim management assignments (either in hiring, or acting as an interim manager).

The breakdown of responses was as follows:

Experience of Interim Assignments:	Number of Responses
As a Client	61
As an Interim Manager	66
As both Client and Interim Manager	103
As neither Client nor Interim Manager	210
TOTAL	440

There were 333 assignments available for analysis (61 from clients, 66 from interim managers and 206 from respondents who had acted as both client and interim manager):

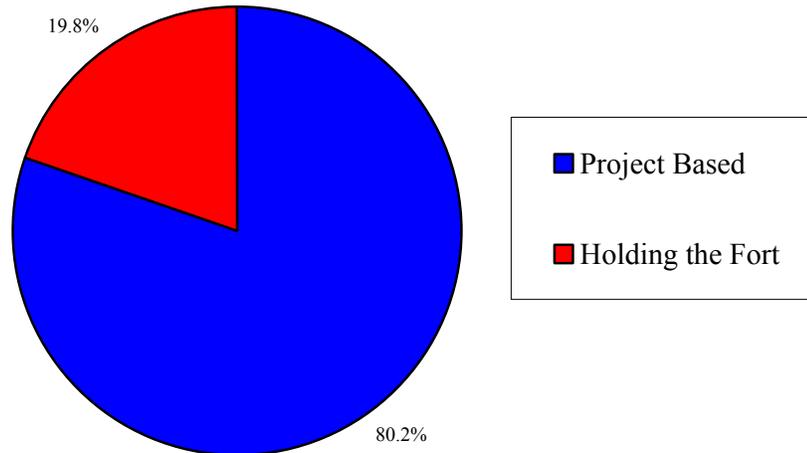
Experience of Interim Assignments:	Number of Assignments
As a Client	164
As an Interim Manager	169
TOTAL	333

Responses were analysed in pivot tables within Excel and tested for statistical significance using the chi-squared test.

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5. Research Results

A. Project Based Assignments versus Holding the Fort.



Type of Assignment	Number	Percentage
Project Based	267	80.2%
Holding the Fort	66	19.8%
TOTAL	333	100.0%

A remarkable 80.2% of responses reported that the assignments they had been involved in were to carry out specifically defined projects. These projects include post-merger integration, downsizing, launching new products, implementing new systems and building a new sales team. Only 19.8% of assignments were covering for shortages of skills or manpower.

The fact that the majority of assignments are involved with specific projects has implications for the recruitment process. The traditional view of interim managers being experienced line managers who are 'over experienced' in one field ignores other vital skills for handling special projects. Analytical, consultancy, mentoring and project management skills are more relevant.

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B. The Definition of Project Based & Holding the Fort Type Assignments

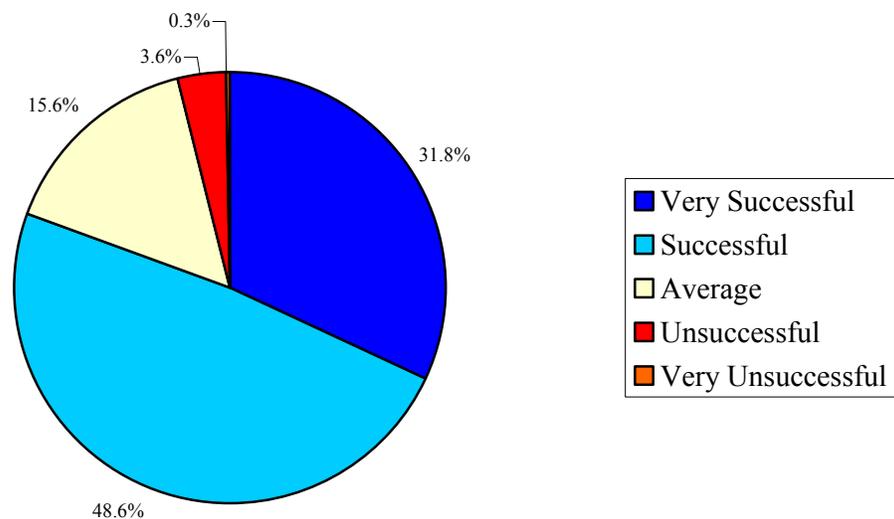
Type of Assignment	Well Defined	Not Well Defined	Total
Project Based	217 (81.3%)	50 (18.7%)	267 (100.0%)
Holding the Fort	49 (74.2%)	17 (25.8%)	66 (100.0%)
TOTAL	266 (79.9%)	67 (20.1%)	333 (100.0%)

Almost 80% of assignments are said to have been well defined at the outset (but see point 4 below which shows a disparity between client and expert responses). The percentage difference between well defined project based assignments and well defined holding the fort type assignments (81.3% versus 74.2%) is not of sufficient statistical significance to draw conclusions (a chi squared value of 1.628 which represents a confidence level of significance of below 90%).

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C. The Success of Project Based & Holding the Fort Type Assignments

Type of Assignment	Very Successful	Successful	Average	Unsuccessful	Very Unsuccessful	Total
Project Based	94 (35.2%)	123 (46.1%)	38 (14.2%)	11 (4.1%)	1 (0.4%)	267 (100.0%)
Holding the Fort	12 (18.2%)	39 (59.1%)	14 (21.2%)	1 (1.5%)	0 (0.0%)	66 (100.0%)
TOTAL	106 (31.8%)	162 (48.7%)	52 (15.6%)	12 (3.6%)	1 (0.3%)	333 (100.0%)



The main finding here is that over one in three (35.1%) of project based assignments were perceived as ‘Very Successful’ whilst only one in six (18.2%) of holding the fort type assignments were rated as ‘Very Successful’ (chi squared value of 7.06 which represents a confidence level of statistical significance of well above 95%).

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D. The Definition of Assignments by Response Source

Response From	Well Defined	Not Well Defined	Total
Clients	153 (93.3%)	11 (6.7%)	164 (100.0%)
Experts	113 (66.9%)	56 (33.1%)	169 (100.0%)
TOTAL	266 (79.9%)	67 (20.1%)	333 (100.0%)

93.3% of assignments were said to have been well defined in the responses from clients whilst only 66.9% were seen as well defined by the experts (a chi squared value of 36.17 which represents a confidence level of statistical significance of well above 99%). This could indicate a communication problem between client and expert where the client thinks that there is a clear definition to the project but this definition is not understood by the expert.

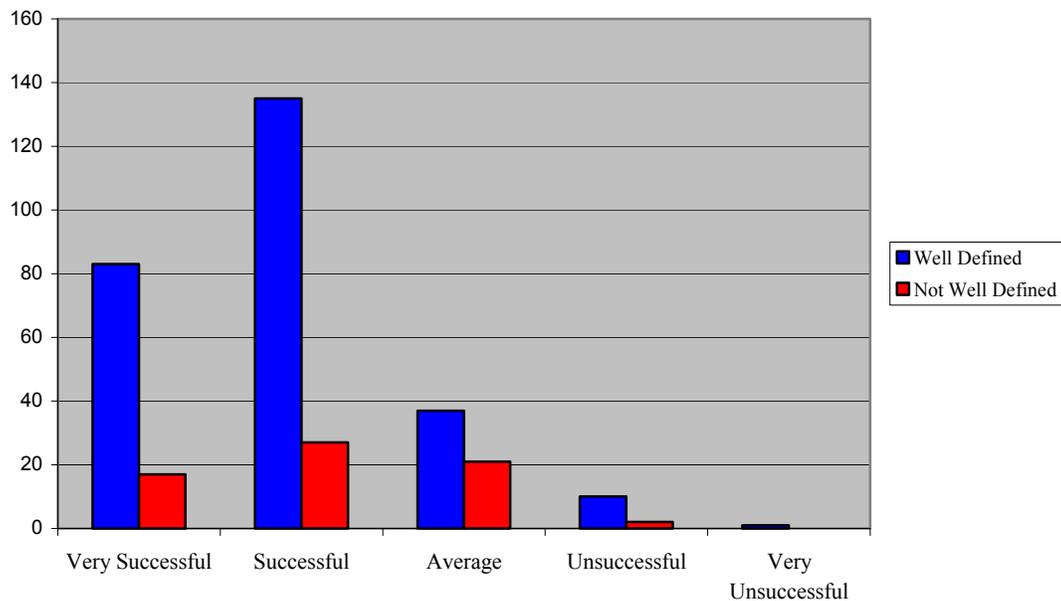
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E i). The Relative Success of Well Defined and Not Well Defined Assignments

All Responses:

Definition of Assignment	Very Successful	Successful	Average	Unsuccessful	Very Unsuccessful	Total
Well Defined	83 (31.2%)	135 (50.8%)	37 (13.9%)	10 (3.8%)	1 (0.3%)	266 (100.0%)
Not Well Defined	17 (25.4%)	27 (40.3%)	21 (31.3%)	2 (3.0%)	0 (0.0%)	67 (100.0%)
TOTAL	100 (30.1%)	162 (48.6%)	58 (17.4%)	12 (3.6%)	1 (0.3%)	333 (100.0%)

The most notable feature of this data is the comparatively high degree of success of well defined assignments - 82% rated as Very Successful or Successful against 65.7% of assignments that were not well defined (greater than 95% confidence level of statistical significance).



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E ii). Client Responses:

Definition of Assignment	Very Successful	Successful	Average	Unsuccessful	Very Unsuccessful	Total
Well Defined	38 (24.8%)	78 (51.0%)	28 (18.3%)	8 (5.2%)	1 (0.7%)	153 (100.0%)
Not Well Defined	1 (9.1%)	4 (36.4%)	5 (45.4%)	1 (9.1%)	0 (0.0%)	11 (100.0%)
TOTAL	39 (23.8%)	82 (50.0%)	33 (20.1%)	9 (5.5%)	1 (0.6%)	164 (100.0%)

Amongst the responses from clients, 75.8% of well defined assignments were rated as ‘Very Successful’ or ‘Successful’ against 45.5% of assignments that were not well defined (well above 95% confidence level of statistical significance).

E iii). Expert Responses:

Definition of Assignment	Very Successful	Successful	Average	Unsuccessful	Very Unsuccessful	Total
Well Defined	45 (39.8%)	57 (50.4%)	9 (8.0%)	2 (1.8%)	0 (0.0%)	113 (100.0%)
Not Well Defined	16 (28.6%)	23 (41.1%)	16 (28.6)	1 (1.7%)	0 (0.0%)	56 (100.0%)
TOTAL	61 (36.1%)	80 (47.4%)	25 (14.8%)	3 (1.7%)	0 (0.0%)	169 (100.0%)

Amongst the responses from experts, 90.2% of well defined assignments were rated (from the client’s perspective) as ‘Very Successful’ or ‘Successful’ against 69.7% of assignments that were not well defined (well over 99% confidence level of statistical significance).

The success of assignments from the expert’s perspective is also much greater with well defined projects. 77.9% of well defined assignments were seen as ‘Very Successful’ or ‘Successful’ against 57.1% of not well defined assignments.

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7. The Influence of Payment by Results

Remuneration of experts by results is not widely used. An element of remuneration based on the achievement of objectives or other measures of success was only reported to have been used in 20.1% of assignments. In those assignments where payment by results was offered, the perceived effect on the performance of the expert is shown below:

Effect of Payment by Results	Total
Positive Effect	47 (70.1%)
No Effect	20 (29.9%)
Negative Effect	0 (0.0%)
TOTAL	67 (100.0%)

There is no obvious downside of offering an element of remuneration based on results. It does however depend on setting objectives against which the outcome can be measured.

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6. Appendices

1. Questionnaire
2. Verbatim Comments

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Z/Yen is carrying out a research project on the use of experts in temporary management roles (often referred to as Interim Management). We would be extremely grateful if you could help this research by completing the questionnaire below. This has been designed to make completion as simple as possible and the whole questionnaire should take less than 5 minutes. As a small incentive to complete and return this questionnaire we will send a summary of the research results to all participants. Please complete the questionnaire and forward it to me at mark_yeandle@zyen.com or fax a hard copy to 020 7628 5751.

Q A1. Have you ever hired an expert / interim manager?	Yes	<input type="checkbox"/>
	No	<input type="checkbox"/>
If you answered No please go to Question B1.		
Q A2. What type of assignment was it?	A specific project	<input type="checkbox"/>
	Cover for sickness, leave, a shortage of skills or time	<input type="checkbox"/>
Q A3. Was the assignment clearly defined by you at the outset?	Yes	<input type="checkbox"/>
	No	<input type="checkbox"/>
If you answered No please go to Question A7.		
Q A4. Was there a detailed brief with clear objectives at the outset?	Yes	<input type="checkbox"/>
	No	<input type="checkbox"/>
Q A5. Were these objectives measurable or quantifiable?	Yes	<input type="checkbox"/>
	No	<input type="checkbox"/>
Q A6. Were there detailed milestones with timeframes?	Yes	<input type="checkbox"/>
	No	<input type="checkbox"/>
Q A7. Was the expert's remuneration based on results?	Yes	<input type="checkbox"/>
	No	<input type="checkbox"/>
If you answered No please go to Question A10.		
Q A8. Was this remuneration tied to the objectives in Questions A4-A6?	Yes	<input type="checkbox"/>
	No	<input type="checkbox"/>
If you answered No please go to Question A10.		
Q A9. How do you think that this remuneration affected their performance?	Positively	<input type="checkbox"/>
	No Effect	<input type="checkbox"/>
	Negatively	<input type="checkbox"/>
Q A10. How successful was the assignment from your perspective?	Very Successful	<input type="checkbox"/>
	Successful	<input type="checkbox"/>
	Average	<input type="checkbox"/>
	Unsuccessful	<input type="checkbox"/>
	Very Unsuccessful	<input type="checkbox"/>
Q A11. How could the assignment have been made more successful?		



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Q B1. Have you ever worked as an expert / interim manager?	Yes	<input type="checkbox"/>
	No	<input type="checkbox"/>

If you answered **No** you have reached the end of this questionnaire. Please return it to us – many thanks.

Q B2. What type of assignment was it?	A specific project	<input type="checkbox"/>
	Cover for sickness, leave, a shortage of skills or time	<input type="checkbox"/>

Q B3. Was the assignment clearly defined by your client at the outset?	Yes	<input type="checkbox"/>
	No	<input type="checkbox"/>

If you answered **No** please go to Question B7.

Q B4. Was there a detailed brief with clear objectives at the outset?	Yes	<input type="checkbox"/>
	No	<input type="checkbox"/>

Q B5. Were these objectives measurable or quantifiable?	Yes	<input type="checkbox"/>
	No	<input type="checkbox"/>

Q B6. Were there detailed milestones with timeframes?	Yes	<input type="checkbox"/>
	No	<input type="checkbox"/>

Q B7. Was your remuneration based on results?	Yes	<input type="checkbox"/>
	No	<input type="checkbox"/>

If you answered **No** please go to Question B10.

Q B8. Was this tied specifically to the objectives in Questions B4-B6?	Yes	<input type="checkbox"/>
	No	<input type="checkbox"/>

If you answered **No** please go to Question B10.

Q B9. Do you think that this remuneration affected your performance positively?	Positively	<input type="checkbox"/>
	No Effect	<input type="checkbox"/>
	Negatively	<input type="checkbox"/>

Q B10. How successful was the assignment from your perspective?	Very Successful	<input type="checkbox"/>
	Successful	<input type="checkbox"/>
	Average	<input type="checkbox"/>
	Unsuccessful	<input type="checkbox"/>
	Very Unsuccessful	<input type="checkbox"/>

Q B11. How successful do you think the assignment was from your client's perspective?	Very Successful	<input type="checkbox"/>
	Successful	<input type="checkbox"/>
	Average	<input type="checkbox"/>
	Unsuccessful	<input type="checkbox"/>
	Very Unsuccessful	<input type="checkbox"/>

Q B12. How could the assignment have been made more successful?	
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Many Thanks for your help in this research. Please confirm the email address to which you would like the results sent:

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1. Verbatim Comments

Some of the responses to the question: “How could the assignment have been made more successful?”:

By clearer definition of the goals / objectives / success criteria. By making the assignment more results orientated rather than 'open ended'. (similar remarks by at least 20 respondents).

The process was helped by defining clear objectives.

Clearer defined objectives, with more incentive.

To have spent a bit more time and effort at the planning stage, clearing the path for the expert and thereby ensuring that he was unaffected by those who wanted to challenge or interfere with the assignment.

The brief was clearly defined however it was not the correct brief. The correct brief became clear only once the project was underway (similar remarks by at least 10 respondents).

More attention to qualitative, service oriented objectives - tied in to the remuneration package would have been an improvement.

Clients hire experts to solve a problem they recognise. Typically clients haven't identified the real problem. Clients need to trust specialists they hire to help them redefine the problem.

Although objectives were not easily quantifiable, establishing regular opportunities for subjective feedback from the client would have aided my performance.

Client interaction with the expert helps to clarify the problem. The objectives and the brief emerge out of this process.

The objectives were achieved as defined, but if the scope of the project had been widened and the funds increased, the results would have been more relevant to the overall success of the client.

I think in future I would place the onus on the expert to come to me with clear terms for what and how they can deliver, and the conditions under which we might jointly agree he/she had been successful.

I have hired many experts, the tasks are usually defined clearly, usually specific, and the results are paid for whether it was very good result or not so good. However if the latter, it is unlikely that the expert would be hired again.

The expert could have produced better planning documentation showing detailed responsibilities for certain project tasks.

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By building in an incentive relating to the objectives (similar remarks by at least 5 respondents).

An element of pay linked to successful completion of the project.

Remuneration linked to target outcomes rather than to keeping the chair warm for a period.

We would have been more successful by tying remuneration to performance giving the temporary manager greater possession of the project.

Better cooperation from existing team members - interim manager considered to be 'imposition', despite obvious skills gap.

Better cooperation from senior managers and less 'turf protection'.

More regular reviews of progress (similar remarks by at least 5 respondents).

The supervisor did not make enough time available, to sign off milestones and thus delayed the outcome.