

Interimconnect is the largest network of professional interim and turnaround managers in the UK with 1500 members.

Mike Measures founder of Interimconnect takes the view that despite reports that interim managers are having a very tough time there are plenty of interims in the network who are extremely busy.

Main conclusion: **The interim market is alive and kicking!**

This "straw poll" in August 2009 has been compiled with a range of views from professional interims in the network to give readers an alternative view of the current state of **"Interim UK plc"**

The following questions were asked.

- 1) What are your thoughts on the current interim market in the UK?
- 2) Are companies being pushed into administration because banks and others are unwilling to fund turnarounds?
- 3) For those on assignment why you and not others?
- 4) How you see the interim market for you over the next 12 months ?
- 5) What's happening on day rates?

Other conclusions that might be drawn.

1. Those turnaround and interim managers with a sought after technical or sector skill who have a track value of producing exceptional **"Return on investment"** are busy and their day rates have only been marginally affected. In some cases rates have been **increased**.
2. Those in the Public Sector, especially **the NHS**, see many more interim opportunities into next year. The problem for many interims however is breaking into the Public Sector generally.
3. **Financial services**, particularly banks, are showing increased interim requirements but you also need prior experience of the sector to exploit this.
4. Members are using their **own networks** more to find assignments. Personal **recommendations** are the " only sure way to win".
5. For those with less of a specialism it continues to be a **tough market** with significantly less opportunities overall and much more competition. This means at the lower end rates are being squeezed.

This is a not a statistical survey rather some interesting comments from career interims at the **"coal face"**.

Extracts from the survey below have been grouped by different sectors to illustrate various opinions and some further insights.

These cover: Turnaround, Public Sector, other sectors

TURNAROUND

1) "I generally work in the turnaround market and I think we have all seen a major change in the attitude of the banks who seem to be winding down their "special lending" teams and very reluctant to fund turnaround. I suppose if they have enough provision in their balance sheets already they seem to take the view of why take the risk of putting in more money into a business that may still fail. Interestingly this has created a situation where the banks support the companies that would really cause them pain if they failed and are throwing away fixable businesses. So I agree that many more businesses are being pushed straight into some form of insolvency although some recent changes in legislation has made pre-packs much less common. There is also a serious issue with business owners who have not woken up to the fact that the banks have had this dramatic change in the way they view their corporate clients.

As far as the next 12 months is concerned I believe that the turnaround market will start to move as there are businesses that are limping along and will have to be fixed. Although these projects will be the really hard ones as the banks will wait until the last possible moment to make a decision.

Day Rates have come under a bit of pressure this year but most of the projects that I have been at the more challenging end of the scale so the key issue has been to get them fixed !

NB "

2) "Good, but as you comment, not in the turnaround sector which I picked up on back in January ... refer my earlier note to all re 'going straight to administration and bypassing turnaround.

I left turnaround and am now in transaction work e.g. recapitalisation.

SJ "

3) "I got my current assignment - as CRO/Interim CFO in a debt work-out - at the end March via my own network (A turnaround panel), although I had been put up twice before in Q1 from the same source and lost out both times to candidates known personally to the Case Officer at the relevant bank(s)

Hopefully, it should be a reasonably good year, based on my current assignment likely to run for a little while longer and the possibility of more turnaround opportunities thereafter when the banks have a higher propensity to fund a turnaround

Day rates: No change in my case although providers and clients are under pressure to reduce rates

DM"

4) Hello Mike, I am working full time on an assignment at my best rate ever - a fraud case. I stated in March and the case comes to trial in October / November.

My previous role was as FD on a turnaround and I guided the business through the "pre- pre-pack" stage i.e .producing forecasts etc for the bank and potential administrators, into and out of the "pre pack" itself (advising purchasers on the legal issues) and then working with the owners and bank on the Newco stage producing monthly financials and re-forecasting. Dealing with creditors past and present without a credit rating i.e. paying for everything up front was a challenge in itself.

There is a definite need for experienced interims in the pre-pack market! Turnaround Manager

5) "Good to hear from you and to see that you are picking up the challenge that the interim market is not dead

So to give you my thoughts:

- Most of the analysis eg Russam, Impact et al show a reduced market with some fee depression. More interims are apparently in the market (but are they career interims/true independents like myself) Agencies are chasing a lot of inactivity and expect the interim to be competitive on rate whilst not changing their own % (I accept a low interim rate at their normal % will give them less) and this is upfront with little/no assignment info
- Networking is often cited as a more productive source of work – I certainly **am always networking** I have started a 'survive the recession...' newsletter.
- I am passionate about UK industry and want to see SME's survive
- In the turnaround arena the Financial role is remaining more active than my own Operation area despite the fact that businesses with no access to refinancing will only survive by **addressing operational and working capital management**
- Businesses still remain in denial and banks are not pressurizing them into taking any sort of action
- There is evidence that Banks are taking the route to administration too fast and too often preferring to take whatever collateral (and at what b/s value?) to bolster their own b/s rather than support businesses back to health
- My activities are currently sporadic ranging from requests from banks to do a quick (and dirty) review i.e. a verbal thumbs up/down after maybe a ½ day visit review (and FOC of course...), occasional company review/mentor suggesting approaches businesses can take to tune up their performance.
- Overall life is much quieter (and it seems to be across most of my turnaround peers) which is perhaps almost ironic given the economy
- I have been busy speaking on surviving the recession eg Chambers of Commerce, Business Breakfast Clubs however as a source of work these are more unlikely as they often represent small businesses As you know I spend a lot of my time in the SME sector, ideally with at least £5m t/o so there are some bones to work on and fees don't frighten them too much
- Fee's are always an interesting point of discussion – I don't move from my minimum day rate– if you want an expert then you need to pay the price – if one works in business A&E then they really have only one more chance. The Astons, Jags etc remain in the car parks though Succession fees are often raised, but what is success? Still being in business in 12mths for some is quite an achievement In today's climate it only takes one action to take a business down
- I have almost finished a turnaround manual (a business tune up kit) that takes SME owners through all the stages in a bullet point action sheet approach which I hope SME owners with me as a company mentor can use to improve performance "

A Turnaround Professional

6) " My personal view of the interim market; as it happens I have been flat out since April, and likely to be so until end October. I have been fortunate enough to have developed a good relationship with a £250M Group over the years and they keep asking me back to work on special projects that arise from time to time. This has to some extent shielded me from the real market position, although I have recently had first reporting role with a turnaround specialist, an appointment as an in the Public Sector, and reporting on a window company in difficulty, all of which I am nurturing on the basis that they could potentially lead to further opportunities.

I agree that companies in difficulty are being put straight into the formal process, which is really annoying, but is partly driven by the banking fraternity who are concerned about their own future job prospects and therefore never take any chances.

As regards rates there is definitely pressure on these to go down, but if the need is there then it is really a matter of being seen to have shaved something off .

WW "

7) "I have found the interim market in the North West of England very slow.

Some interim providers i have spoken to suggest the market died in about November 2008 and has not recovered.

I have found that my usual source of assignments, my network, has almost dried up.

That said, I have an opportunity to talk to some people I hope will be useful in the intensive care unit of a bank tomorrow, so here's hoping that something comes out of that discussion.

IR "

PUBLIC SECTOR

1) "There is definitely work out there.

My unscientific impression is that it tends to go to those with a track record in long term interim./ contracting / consulting.

Why me?

I work my network hard, I track the job boards and get the email feeds. Above all I have identified a number of intermediaries that are willing to work to get you a post and have invested in them and they have invested time in me. I keep my CV up to date and make it as relevant as possible to the position or draw attention to the potential fit. I share things around and propose other people to intermediaries when I am not available or suitable but someone else is – the intermediary remembers that.

Why not others? I recently interviewed people for two posts:

- Most CVs were not adapted to the position – don't leave it to me to deduce the relevance of experience – make it explicit
- Some people did not do their homework and look up the organisation on the website before coming to the interview

Market Evolution?

NHS will continue but I think **central government** will try and cut back: I am hearing of target cost efficiencies of 8% per year for each of the next 3 years. Whilst this may hurt the big consultancies more than the independents as departments seek to achieve lower rates for the same quality of staff, the big firms may cut their rates to protect their positions so I expect NOT to be in CG next year. I am getting private sector approaches again.

Be ready to shift at key times – don't let your contract end in November through January or July through August – be prepared to bail out into something new in September/ October, May / June

I am very much full time and my rates have been going up. I am back over £1000 per day and one new approach is for an advance on the current rate – long may it last.

It will now probably all go wrong!"

Interim Manager

2) But is it really that bad? Only if you are a **PESSIMIST**. The glass is still half full, and the water level seems to be even higher in an economy that needs more help to achieve rapid changes and improvements than ever before.

This is especially true for the **NHS, Europe's largest employer** with **1,5 million staff** and the largest budget in the country. The simple message for interims is: You need to be where **the market is**", the more challenging question is "How do I do that?" The answer is...

For once it is about transferable skills, so you might need to rephrase your CV and your pitch, secondly it is about getting the best man for the job, not the cheapest.

No CEO ever bragged with the fact that they hired the cheapest interim, but many brag with the fact that they afforded the best.

I lost more pitches by offering to work for reduced day rates than I lost by asking for **high ones**.

I have been constantly under contract since August 2008 and I am getting more calls now than ever before, having a choice for the first time. Since I am getting more and more involved in the public sector and in particular the **NHS**, the best has yet to come with one of the biggest change programmes in history in the public sector and a huge gap in skills.

Day rates: Mine are growing"

ER

3) "I do know of people who have accepted lower than normal day rates in the last few months, but I know others, including myself , who have maintained their rates.

My technique is based around finding out what the client wants to achieve....then working out what how many days they really need....e.g. I have rarely worked a 5 day week in recent years, but the client normally starts in a 5 day week mode.

A concern of mine however....consider this...

Remember when petrol was £1.20.....what really caused this go back 2 weeks earlier and you'll find newspaper headlines stating "**prices are on the up, we will soon have to pay over £1.20**".

It crashed soon after, as it was incorrectly valued...

Am I a cynic? I used to be a buyer and seller.
I was asked my views on subjects relating to prices.
They ended up in the press...and lo and behold ..I was right.

My point.

Predictions on prices in the press come true because the buyers read the press and use it as the reason to pay / accept the new price.

My prediction.

Interim prices are about **to rise**

Christmas is only a few months away

All the evidence suggests that people have tightened their belts but will not compromise on Christmas.

So all those business that have traditional increases in volume around Christmas need to plan for a bumper year. "

DB

4) " Hi Mike,

My comments would be as follows given that I have just finished contract on 31/07/09

1. The current market **is thin** except in a few sectors, e.g. military and defence, public sector.
2. I have been on assignment **due to level of experience and security clearance**, and already have been asked back, if available, to prior position with major global defence supplier after September holiday.
3. I do not see a great deal of improvement in next 12 months
4. Public sector likely to tail off over next 12 months further impacted by upcoming election.
5. I operate both full and part time, but do not see many opportunities for part time
6. Day rates are flat at best in the areas I operate, i.e. commercial, sales and marketing in technology manufacturing industry.

CW "

5) "As promised here are my thoughts in response to your questions;

- Current interim market, slower than normal and highly competitive. Strategic opportunities are focused on **health, financial services** and central government sectors where previous experience (not necessarily as an interim) and possibly **security clearance** are required. Lots of tactical (i.e functional) roles in Finance and HR at the moment.
- Market outlook, current tactical focus will continue with little opportunity for strategic projects such as transformation, public sector possibly excepted.
- Believe public sector should be buoyant but cuts in government spending could be an issue when employing interims/consultants. Opportunities for the independent interim could be reduced by actions of larger consulting firms, particularly the large accounting firms.
- Full time.
- Day rates, continue to be squeezed particularly in public sector.
- Public sector clients do not understand the cost vs. value argument.
- High end interim providers continue to seek reasonable day rates for the interim. Low end/middle players do whatever the client wants. Rates also being squeezed by high end interims reducing rates in order to find an assignment and that squeezes the rest of us.
- Other, with supply exceeding demand it has become even more difficult to build a business relationship with preferred interim provider representatives. Therefore, one is forced to register with more IP's, network more using LinkedIn etc. "

KB

6) "**Public sector and NHS are buoyant** but unless you have experience in these areas, **security cleared** for example, you are excluded. However I see this area coming under increasing pressure as the government comes under pressure to cut expenditure, which will release further candidates onto the market.

There are signs that work is starting to come on the market, particularly in the hidden area, which makes individual networks important. Industries and companies are finding that issues have to be resolved but are not willing to broadcast the fact that they are in difficulty.

I see the market improving with more work, day rates under pressure and clients looking for the right candidates given the market conditions. "

DS

7) "A. The interim market is still extremely buoyant in the public sector. Whilst local authorities, health and social care may be reducing their permanent workforce **they still have to deliver on national and local priorities**. This requires additional programme and project management to deliver on major transformation. The public sector is driven by the need to sustain improved performance. Therefore, interims will still be required.

B. I am on always on assignments due to the depth and breadth of my experience/skills across health, local government. the Third and private sectors. I have transferable skills, which clients appreciate.

C. The interim market will continue to be busy over the next 12 months.

D. I am full time.

E. Surprisingly, day rates are not posing any difficulties. I had anticipated clients may look to drive rates down. This has not occurred (yet!) "

MS

8) "I believe the current interim market is indeed alive and kicking, perhaps more so in the public sector than private at this particular moment, and decision times are longer, but the positions are there for the right level of skilled person. It could well be however that it is a time when the wheat will be separated from the chaff, in other words, interims who are experienced and know their business will find work, whilst those who thought that 'interim' was just another name for a well paid temp post whilst looking for a proper job, might be left out in the cold.

Experience, track record, flexibility, being able to identify and assess the customer's problem quickly, being able to deliver quickly without fuss, to have credibility at executive board, to have 'been there, done that, with the scars to prove it'.

Picking up, with companies starting to look for how they can gain the advantage as they emerge from recession (or how they might cut costs to improve profitability) whilst incumbent managers are too busy firefighting in their day jobs to take much time out to look ahead.

Any other comments such as will the Public sector be as buoyant for interims next year?

I believe so. The government is desperate at the moment to demonstrate they are indeed investing in health, 'green' technology, cutting costs in the civil service etc. etc.

Day rates have flattened but top rates are still possible at the top strategic levels in the financial services industry. "

JW

9) On the subject of interim assignments in Central Government being axed in 2010

" I can't say I agree with this view. Whilst the Interim Market is obviously fragile at this time, Central Government is certainly buoyant with various work-streams which continue to need interim support. My commission here has just been further extended to 31 December, which means I will have undertaken 5 commissions totaling 19-months "

Interim in the Public Sector

OTHER SECTORS AND GENERAL COMMENTS:

"Definitely tougher than 12 months ago (by volume) in private sector but there are still opportunities if you hunt for them!

I am a **firm believer in networks** and my current assignment is working with former colleagues from last permanent role before turned 'interim.. Within 2 weeks of securing current assignment, had text message from another industry colleague looking for an interim (6 month contract) and referred a fellow IM who secured the position. Networks are more important than ever! Quality references are also key.

The market improving towards end 2009 and into 2010...permanent employees will start to move again as housing market/ employment opps improve thus creating interim 'gaps'.

Day rates appear to be holding steady in my sector (FMCG) but an ability to offer 'self funding' through initiatives you can deliver, e.g. better buying, new contracts secured, operational cost savings is a big advantage."

NG

RETAIL

"I work in the Retail sector and believe from my conversations that this sector is very quiet at the moment. This may be seasonal (I finished my most recent assignment at the end of May). I am hoping that things will pick up in the Autumn. However, the sector has been quiet for most of the year.

Difficult to call. Dependent on the economy. If the economy improves I think that the Interim market may pick up in the Private sector!"

DW

BUSINESS TO BUSINESS

"My view is that B2B markets have suffered **a massive drop in demand** where public procurement has held up quite well. I work in automation and this will come out of recession earlier than most, as businesses that are surviving realise how much better they will have to be to compete against increasingly sophisticated worldwide competition. A significant amount of the public sector will have to be privatised by the new Conservative government which will lead to more low wage employees and automation of business and physical processes where possible. This will not always go smoothly so Interims will be needed to dig people out of various holes. I think the change may be quite profound as India and China and South Africa become the new focus for the world. There will be many more people self employed making Interim employment more common but more competitive putting downward pressure on day rates.

Those on assignment will have very specific and demonstrative experience - generalities will not cut it.

I expect to be employed over the next 12 months but my Interim job appears to be becoming semi permanent although part time. My Industry uses PMs but tends to want to employ them direct. This could change depending on work levels which would lead to more opportunities for Interims but also more previous directs looking for these opportunities. "

NS

FINANCIAL SERVICES:

1) "I started looking for my next assignment about 8 weeks ago. I specialise in the **Financial sector**. Usually Programme Director roles; often when a firm wants to set something up or get something moving.

I got four solid leads through agencies quite quickly after I started looking. Two of these four leads became solid opportunities about 4 weeks ago. One has 'happened' - I started, full time, at a large UK retail bank this week.

Interestingly, I had a relationship with only two of the 4 agencies which had leads. (In other words, two of them were unknown to me). So perhaps agencies are looking harder in order to supply the best fits for their clients ?

Rates are a bit down. I'm in at a slightly lower rate.

In this search concentrated on going through the agencies. My informal 'friends' channel which normally gets me work was not offering anything (strangely).

I have other contacts, who are in interim, who are having real problems getting in. However, having said that, I know others who have just started contracts and others who are continuing long term engagements.

The overall "feel" is that it's taking longer to find work, but that the work is definitely there in Financial Services."

AG

2) “.....so, I would say that for people with the right skills, business should be booming. Migration work for the big banks, together with anything connected to helping the banks start delivering the new FSA reporting requirements, will generate several years work. Pure BAU work will probably be kept in house to prevent further job losses.”

CJ

FOOD

“The **Food Industry** has been badly affected by reduced profit margins and squeezing from the Retailers. I now detect just a "glimmer of awakening" in that people who are looking for new opportunities and new customers might again be wanting to pay for someone who could help them realise those opportunities. A couple of recent incoming telephone calls have given me that view in that it is more progressive companies seeking to make inroads into the territory of traditional competitors who are now struggling. My experience over lots of years, including my time at Marks and Spencer, has always been that, following a period of cutbacks, particularly on the technical side of things, there follows a period of companies wanting urgent help. I guess time will tell.”

JW

RENEWABLES

“I’m in a still growing sector in the renewables and energy sector.

....Getting better as the world comes to the realisation that things aren’t as bad as the media would have us believe and they never were. “

MR

MANUFACTURING

“My only comments are that I have found the interim market **within the manufacturing sector** very difficult at the moment. There just isn’t new work coming along, and, when it does, it is getting snapped up by well established interims without others getting an opportunity to pitch for it. My experience is that many business have placed changed programmes on hold, many staff are staying put and not switching jobs / businesses, and, where businesses are entering into rationalisation type programmes they are utilising internal resources instead of buying in experienced interims. In my experience the current best opportunity to land an assignment is through your own network – and I think that’s how the market has swung, with the added benefit to the client of not having to pay agency fees. Only problem with that is it tends again to be the more experienced interims who have the most robust, well established networks. Perhaps networking would be a useful subject to specifically focus on at a future workshop....if not done so already?

I’ve been fortunate to have landed a change management assignment as a FGM (Factory General Manager) I’m hoping it will stretch into next year, although initially it is being positioned as lasting through to Christmas. My source for this role was via my network.”

DT

GENERAL

1) “...*Clearly depressed, fewer roles, more people chasing , clients taking longer to make decisions*”

*Continues to be slow but I believe with some slow recovery once businesses realise they need further change and don't have resource to do it
Have seen some depressing of rates on offer, but I suspect further depressing at point of contract - certainly aware of 2 cases of that "*

CS

2) "Following sectors **strong**

- * Financial Services in the last 3 weeks
- * NHS for sometime
- * Overseas

Talk of improvement

- * Central Government in London
- * IFRS in Local Government especially in 2010
- * General improvement in 2nd Q 2010

How you see the interim market for you over the next 12 months ?

Next few months dodgy but OK after that"

TB."



Mike Measures FCA founded and manages Interimconnect, the largest network of interim and Turnaround managers in the UK with 1500 members.

He recently completed a long held ambition to complete the Annapurna Circuit Trek in Nepal.

Trek details can be found on this link: <http://www.interimconnect.co.uk/IC/about.aspx?page=56>

For further information on interim management do visit the Interimconnect website:

<http://www.interimconnect.co.uk/IC/interim.aspx>

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