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The great scramble for interim posts

Jobless executives see short-term missions as a stop-gap not a key role

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Pay for interim executives has come under pressure as new entrants to the market charge day rates half as much as the going rate.

"At the moment there is an influx into the market of candidates [leaving permanent positions] ... who might not previously have thought of interim as an option," said Paul Botting, chairman of the Interim Management Association (IMA) and the managing director of Odgers Interims.

"They are offering themselves to clients, often informally, and they are unaware of the market rate," he said.

This, combined with tighter budgets generally, is placing pressure on fees. "There are times where I have had to tell a client that the rate they want to pay was half the market rate, even without my margin on top of it," he said.

However, hiring interims who see such assignments as a recessionary stopgap rather than a profession can leave clients exposed, Botting said. "If someone's long-term aim is to return to permanent employment they might not be the best interim because if they get



Jane Hanson: 'As an interim, there is no pension, no car allowance, no insurance'

offered a job they might desert the interim project before it is complete."

Clients should also be careful about "temporary" interims' tax and employment status and their professional indemnity insurance, said Rachel Youngman, a director-level interim.

Mary Day, a chartered management accountant who has been a professional interim for 10 years, has also noticed an influx of new arrivals considering interim as an alternative to unemployment after being made redundant.

"It means that, as professional interims, we have to sharpen our act," she said. "We should be able to convince the client that we have something we can bring to the table that perhaps people new to the interim market cannot."

Turning down a low rate is certainly an option and it's one that Youngman has taken. "I have been asked to cut my rate by a third [because a new interim was undercutting her] and I turned the job down," she said. "I had to think of the impact on future assignments because agents often ask what the price of your last job was."

Temporary interims who plan to move back into the permanent market as soon as possible don't have to worry about this, or about whether they are charging enough to cover the cost of time between contracts.

The market has also seen a steady rise in the number of women on interim agencies' books. Figures from the IMA show that, since 2007, the number of assignments completed by women has risen from about a quarter to a third.

Hilary Husbands, a director of the Institute of Interim Management, believes that the two may be connected, as she suspects that women might be more willing to accept lower rates. "Women in

general, because they are used to lower salaries [in the permanent market] will accept lower rates," she said.

A survey by Russam GMS, an interim provider, found that women interims earned an average 7% less than their male counterparts (see table, left), although 37% said they made more than when they were permanent employees.

Doug Baird, managing director of Interim Partners, another provider, said that becoming an interim could give women a way to break through the pay "glass ceiling" and earn significantly more than as employees.

Going through an agency rather than negotiating directly with clients ensures gender does not become a factor. "We often determine the rate of pay before determining the candidate," he said. "That means a rate that will attract the right people on board, regardless of whether they are male or female."

Rates start at about £500 a day for a project manager or a No 2 position in HR or finance and rise to about £2,000 a day for a chief executive, said Baird.

"There's not much in the market beyond that, although people might then be incentivised in different ways."

For example, a private equity firm recently refused to pay more than £1,500 a day but was prepared to offer a success bonus.

Jane Hanson, a chartered accountant, turned to interim management at the start of 2007. "The whole concept of job security isn't what it used to be," she said. "I also felt that I had got to a stage where I was prepared to take a bit of a risk. I don't think I could have done it earlier, though. I am not sure that I would have had the skills and experience to make me credible then."

She hasn't struggled to find interesting work but she certainly didn't get a pay boost by shifting into self-employment — even though rates for her specialist skills have increased during the recession.

"There are a whole lot of things that you get at a senior level when you're corporate that you do not get as an interim — for example, share options and bonuses," she said. "As an interim, there is no pension, no car allowance, no insurance — your daily rate covers everything."

Would-be interims should not fall into the trap of multiplying a daily rate by the number of working days in the year, and need to factor in unpaid time taking care of their accounts, keeping their professional development up to date and time between contracts.

On the other hand, Hanson finds the flexibility of project work enormously convenient. While assignments themselves tend to involve very intense effort, she could choose not to take a contract over the school holidays, for example. She said she also enjoys the variety and the intellectual challenge of working on projects with tangible outcomes.

"Would I go back into a permanent role? Yes, I would, but only if it was exactly the right role in exactly the right organisation."

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