



Introduction to Interim Management

Lloyd Morgan has been pioneering the concept of 'contingent workforce' since its inception in Sydney in 1974 as Executive Leasing Limited. Since then, Lloyd Morgan has consulted with client organisations, in both the public and private sector, to unleash their true potential by acquiring the best talent on the market and implementing a number of flexible resourcing methodologies, allowing their clients to become more competitive, dynamic and responsive to the changing environment.

Interim Management (IM), by definition, is simply the supply to clients, under a contract and for a limited period, of experienced self-employed managers, to deliver defined business outcomes, for an all-inclusive daily fee. A hybrid of management consulting and executive search, it makes use of very senior-level individuals who have, for a variety of reasons, left corporate 'employment' for the world of independence.

Not totally new to Asia, many local organisations have used independent individuals for defined periods of time. They have typically been friends of the Chairman or Board of Directors, or a retired officer of the company retained on a 'consultancy' arrangement.

What is new is the use of a 'Provider' - the middle-man who has a large pool of registered and experienced individuals available to their client - who subcontract or 'lease' these individuals to their clients on a supply basis. This more professional approach, mirroring the evolution of the executive search industry, providing greater objectivity, professional insight, benchmarking, project management and deflection of 'employment' related liabilities.

Evolution of Interim Management

Believed by management theorists to have originated in Holland in the late 1970's. It started as a response to a high taxation regime whereby high achieving individuals found a way to contract themselves with their 'employer' on a self-employed basis, for the same remuneration, but they used their sole proprietorship company to absorb many tax deductible items to ensure they paid no tax. These individuals then found they could rent their skills to other companies and achieve an even higher financial return.

This idea spread into the UK during the recessionary 1980's. While corporations were forced into mass layoffs, resulting in an increase of senior managers forced to embrace self-employment, they were also importing 'corporate doctors' and 'troubleshooters' into their organisation to help solve corporate hemorrhaging and save them from bankruptcy.

When the economy rebounded again during the early 1990's, many of these individuals liked self-employment so much they continued this 'profession' and, indeed, formed an Association of Interim and Temporary Executives and Staff (ATIES) to regulate the industry. Corporations began to use these resources as a corporate expansion tool, driving their acquisition and entry to emerging markets.

For some time, Lloyd Morgan has been the only 'provider' in Asia. The IM concept is only really beginning to develop here, largely due to the economic difficulties and changing corporate climate. In addition, many individuals are now embracing self-employment as a progressive 'career' choice. We believe many more professionals will become self-employed in this market, no doubt supported by several 'Providers' to act as their agents.



Introduction to Interim Management (cont.)

IM through a 'Provider'

'Providers', like Lloyd Morgan, have a pool of pre-screened and referenced interim managers available (from time-to-time) for client projects – Lloyd Morgan currently has several hundred. These 'Providers' then identify suitable projects within their clients' organisation, define a project schedule, propose a suitable interim manager (based on competencies and previous project experience). The client agrees to the proposal and 'rents' that senior management resource to achieve those deliverables outlined in the project schedule.

The 'Provider' contracts with the client for the supply of the interim management services, normally at a daily fee, thus shielding the client from any direct contractual relationship.

The 'Provider' also contracts with the interim manager for him/her to provide the service to the client, on a similar contract to the client agreement. The 'Provider' retains a margin from the client fee, typically paying the interim manager around 70% of the total fee.

A Flexible Solution

Interim Managers are a cost-effective solution to a problem, in that they typically cost less than the total employment costs of a permanent employee, but with a greater focus on the project they are assigned to and with no 'employment' liabilities.

By paying an all-inclusive daily fee, the client only pays for the work done. There is no 'placement' fee, as the 'Provider' only earns their margin after the project starts. Additionally, the interim manager is not part of the payroll, but charged under Professional Fees on the balance sheet (thus not upsetting the client's salary budget or wage relativities).

Through a 'Provider' like Lloyd Morgan, such resources can be deployed at very short notice (normally within a matter of days), and their service can be 'switched off' at very short notice (normally one week or less).

In addition, Interim Managers tend to be over-qualified for any project they are assigned to. This is due to their vast experience and commercial exposure. They are motivated by delivering results, not by working for that company. Hence there is a very high success rate, but rarely does the client company employ the interim manager afterwards.

By using a 'Provider' like Lloyd Morgan, the client has the security of knowing that provider will keep regular contact with the interim manager and client, ensuring the project deliverables are being achieved within a pre-defined timeframe. If any problems occur with either party, the provider will act as the mentor and agent for both parties.

Finally, the diversity of interim managers available to the client through a 'Provider' means clients have access to individuals they would otherwise not have known about. For example, small companies can bring in a senior executive formerly from a Fortune 100 company. Also, corporations can use individuals from other industry sectors for specific projects, benefiting from their objectivity and fresh ideas.