

Interim Executive

ANNUAL SURVEY 2017

Watermark
SEARCH INTERNATIONAL



WELCOME FROM WATERMARK

This year just shy of 500 Interim Executives took the opportunity to provide their feedback to us about their Interim experience. Their responses reflected some of the key trends from our 2016 Survey and also highlighted several fascinating new themes. Amongst the interesting emerging trends was the response to a question about retirement: an astonishing 32.5% of Interim contributors do not have any intention of retiring, reinforcing what we see as the continued emergence of the Interim in response to transformation and disruption in the workplace.

Indeed, Watermark Search continues to see strong and increasing demand for Interim Executives – yet we feel the surface of this rising trend has only just been scratched. A quick look at the UK market where the Interim Executive is entrenched suggests the use of Interim Executives has plenty of opportunity to grow in Australia. A recent report by the Recruitment and Employment Confederation (REC) in the UK was clear that a lack of qualified candidates was more of a concern than a lack of demand.

Our experience in supporting the placement of Interim Executives, shows that there are two critical components to the success of an Interim Executive in any company. The first component is the time invested by the company in helping the Interim Executive enjoy a smooth transition into their role. We recommend posing key questions including: Is the Interim's mandate clear for all parties? Is there clear and visible support for the Interim Executive? Have they been 'set up' for success?

The second component is on the Interim Executive's side. A successful Interim Executive needs to leave any ego at the door. They must know they are with a company for a specific time to achieve a specific mandate, bringing all their expertise to bear.



**Welcome to our 7th
annual Australian
Watermark Interim
Executive Survey.**

Together with the launch of our Interim Executive Survey 2017, we are also very pleased to be growing our Watermark Search Interim Executive team. We welcome a new Partner appointed in our Melbourne office: Jacinta Whelan. We mentioned this position last year but Jacinta had not yet started with our Firm. Our Melbourne presence is now growing steadily. We also welcome Gemma Haworth who has very recently joined us as an Associate Partner in Sydney to continue growing our presence in the NSW market.

We hope you find the report of value. Please do not hesitate to contact us with any questions at Watermark Search on +61 2 9233 1200.

Kind regards



Graham Willis
Managing Partner
Watermark Search International

Watermark
SEARCH INTERNATIONAL

KEY SURVEY FINDINGS

AT A GLANCE

With a very strong response to the 2017 Watermark Interim Executive Survey, a number of interesting key trends emerged this year that underscore the changes we are seeing in the Australian workplace. Here, we provide a snapshot of the strongest indicators of growth for Interim Executives in our break out Q&A ‘Big Four Findings’ with key commentary.

The big four findings in 2017

RETIRING? NOT ANY TIME SOON

Q: When do you intend to retire from the workforce? Refer to Page 12. This question was new to the 2017 Interim Survey – and the answers are attention grabbing.

A massive 32.5% of respondents said they did not have any intention of retiring at all, whilst 34.78% do intend to retire – but in 10+ years.

Only 2.3% – fewer than 3% – are looking to retire in under three years.

Longevity – the trend towards Australians living longer due to better health outcomes and positive lifestyle changes – is fast emerging as a key driver in changing attitudes to retirement and to work.

Only thirty years ago, the concept of a set retirement age and a move to the aged pension dominated career and workplace structures.

The Australian Institute of Health and Welfare notes that an Australian male born in 2013–2015 can expect to live to the age of 80.4 years while numbers for a female are 84.5 years (This can be compared to 47.2 and 50.8 years, respectively in 1881–1890.) These trends are even more strongly reflected than in the responses given by Interim Executives about their retirement and ‘staying at work’ intentions.

A third say they don’t intend to retire – and Interim Executive is one of the means they see for remaining in work. More than a third will retire, but want to work for another decade at least. Many are recognising benefits in committing to work longer, such as health and financial rewards. They are also embracing work flexibility – not just as a ‘nice to have’ but as a new approach to their career. Thus, Watermark predicts that for those in the second half of their career, Interim Executive opportunities will help make ‘65 the new 55’, particularly in the context of the Federal Government plans to raise the official retirement age for pensions to 67 – along with the rise of the ‘gig’ economy.

KEY SURVEY FINDINGS

AT A GLANCE CONT.

A PORTFOLIO CAREER IS A CHOICE NOT A STEPPING-STONE

Q: Why are you considering Interim? Refer to Page 9.

A large cohort of 28.5% say they consciously choose the portfolio career path.

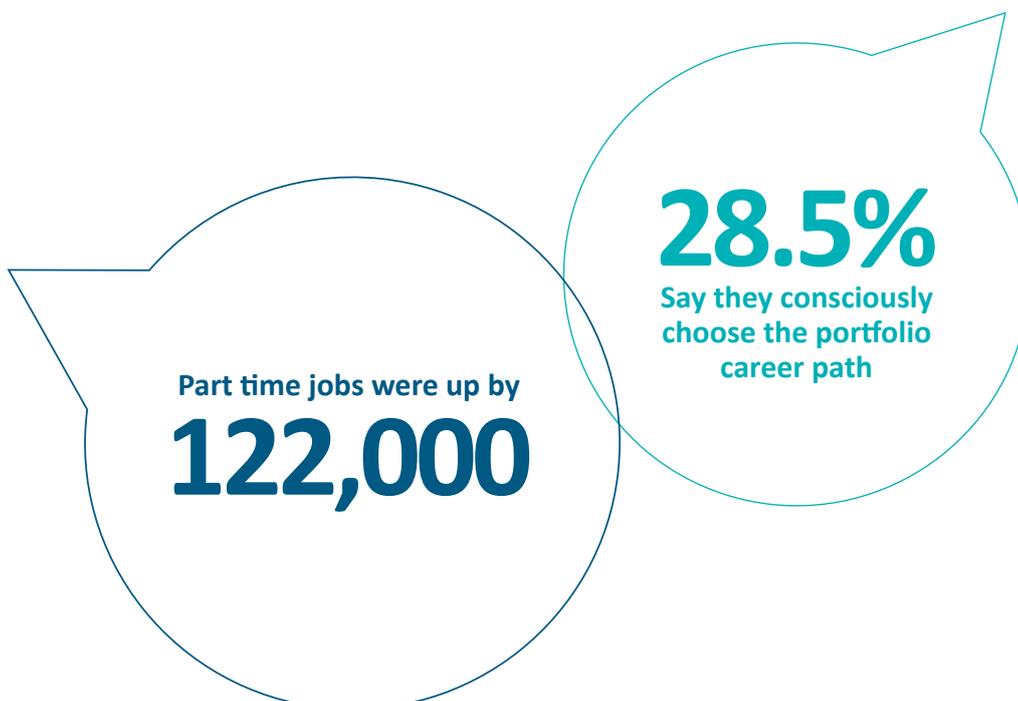
For 2017, we added a new response option: 'I now choose a portfolio career' and we asked about the top three choices for why respondents chose Interim. With 28.5% stating Interim was a conscious choice for them, this result confirms the Watermark prediction that Interim isn't just seen as a stepping-stone to permanent work. Only 17% named 'remuneration' as a top choice when considering Interim.

“Having developed extraordinary bandwidth during my career, this way of working and living is surprisingly enjoyable – I fell on my feet and haven't looked back in 18 months.”

SURVEY PARTICIPANT

These outcomes reinforce the trend towards part-time work as becoming more entrenched – and an increased focus on job satisfaction and flexibility. ABS figures show that in the 12 months to September 2016, 86 per cent of net jobs that were created in Australia were part time or casual. For the past year full-time jobs were down by 21,200, while part-time jobs were up by 122,000, although the difference in growth between them has narrowed since August.

At the same time, the broader 'gig economy' environment with its fast emerging icons like Uber, Deliveroo and Freelancer, also support a market where independent contractors are becoming dominant in the labour market. Watermark predicts that Australia will follow the more mature Interim markets of the Northern Hemisphere, with portfolio careers a part of the mainstream economy.



INTERIM IS HERE TO STAY

Q: What is your view on the growth of Interim Executive management in Australia? Refer to Page 10.

Over 26% of respondents said that this is the working style of the future.

The rise of the Gig Economy in Australia, together with the emergence of more flexible, organisational structures is driving change. Watermark is seeing an increase in both outsourcing and the insourcing of specific specialist skills, across a number of functions creating a workforce dynamic more contingent in nature.

“Australia is behind rest of world in adopting the concept, so it’s about time it caught up.”

SURVEY PARTICIPANT

This is an exciting trend and one which offers enhanced opportunity and flexibility – both for organisations seeking to resource specific human capital and for individual Interim Executives who are seizing a more ‘future focused’ way of working.

On the organisational side, Interim Executives offer the benefit of filling a gap for a key role that has a specific time frame. ‘Buying in’ top level skills that can be budgeted and provisioned for has many benefits in planning and management terms. What’s more, transformation, innovation and disruption in businesses are further demand drivers. For Interim Executives themselves, offering their sophisticated skills in a more flexible framework is increasingly attractive. Following the trends seen in Interim take up in the UK, Europe and the US, we expect the integration of Interim Executives as a future working style to only continue to grow in Australia.

45.7%
said they expected
more than AUD
\$1500 a day

26%
say that this is the working
style of the future

DAY RATES ARE ON THE RISE

Q: What is your target (or current) base day rate? Refer to Page 8.

A growing number of Interim Executives are targeting increased day rates as expectations jump 10%.

In focusing on remuneration rates for Interim Executives, 45.7% said they expected more than AUD \$1500 a day compared to 36.3% last year. This number represents an almost 10% jump in the number Year on Year and reflects both the skills levels and demand side of reward graphs.

For skilled professionals who are working in the interim jobs market, and particularly in some sectors such as infrastructure and technology, the expectation of reward for experience, skills and special sector knowledge is rising.

In Australia, one in four people is older than 55. For senior executives in this demographic there are many who have worked at the CEO level, or just below in their career; thus the imperative to continue to work and be remunerated at a higher level makes sense. Coupled with this, is the rise of sectors such as technology, infrastructure and engineering where senior skills are both in short supply and in demand. In these sectors, many organisations seek to fill a ‘talent gap’ for a specific time frame making Interim an ideal solution. Watermark has seen a growing number of General Management assignments that are one step below the C suite. These assignments are filling gaps that are appearing in the structure of organisations usually undergoing significant transformation and change where the Interim Executive is acting in a trusted advisory role to the CEO, CFO or COO.

“I think this is becoming the preference for many executives who are looking to keep working at certain remuneration levels, but want variety and flexibility to do other things in life as well as contribute through work.”

SURVEY PARTICIPANT

In addition, there is a real attraction for skilled Interim Executives wanting to deliver a special project with reward at a level commensurate with their track record.

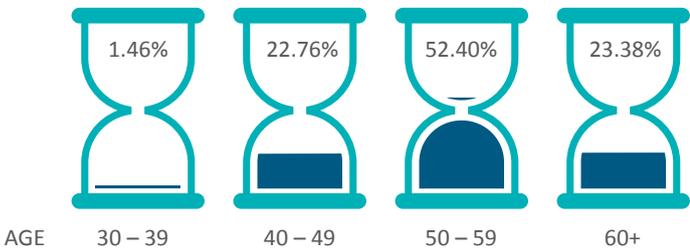
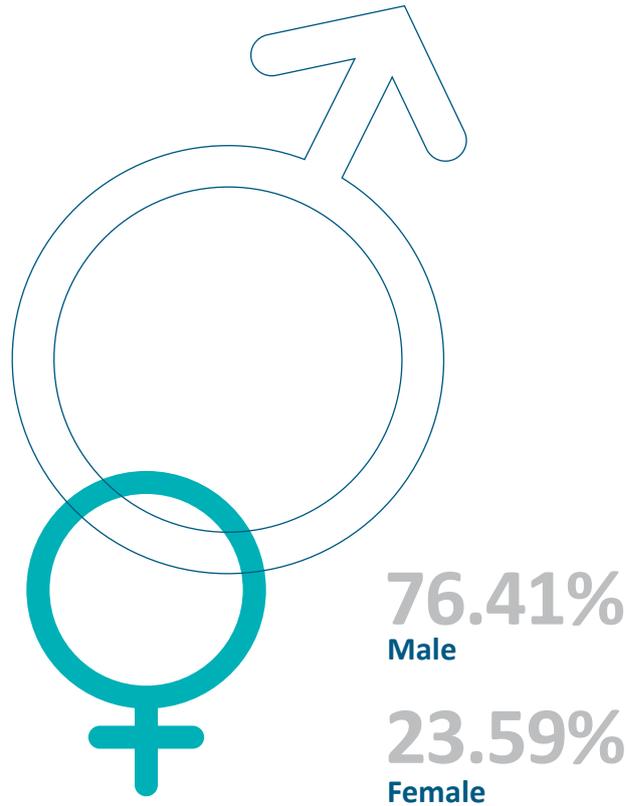
Coupled with that is the trend to deploying part-time or Interim specialists to manage programs of work with transformation. It is the ‘new normal’ and commensurate reward is an attraction.

**In Australia, one
in four is older than
55**

THE RESULTS

YOUR GENDER

There was a 19% increase in the total number of respondents compared to last year's survey, with the gender ratio remaining relatively static, with a slight increase of 2% of female respondents.



YOUR AGE

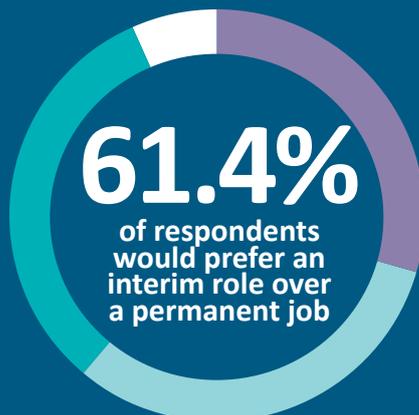
The 50-59 age group continues to be the largest cohort, however, it is down by 3% on last year's results. The 40-49 age group and the 60+ age group have both increased by 2%.

“There is a growing awareness that there is a large pool of highly experienced ‘grey hair’ who have a lot to offer and are immediately available.”

SURVEY PARTICIPANT

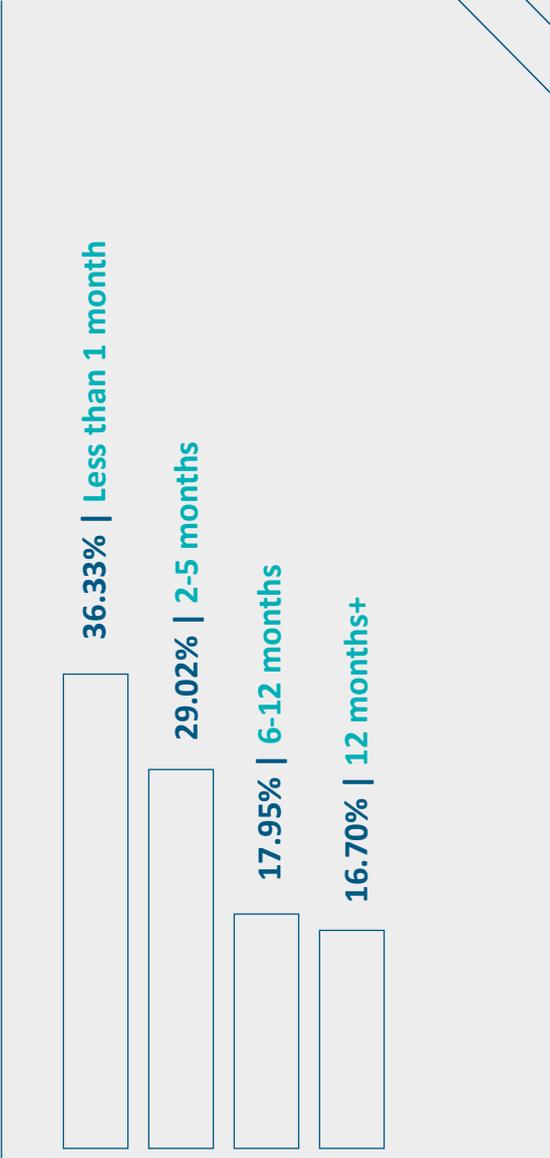
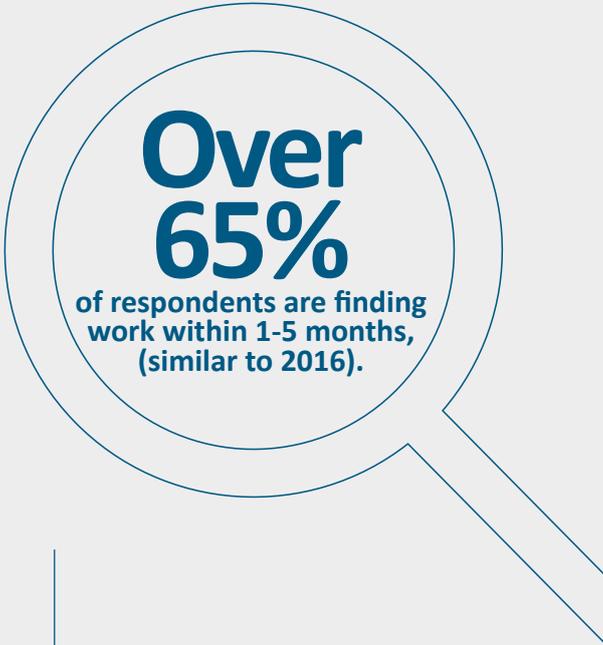
HOW COMMITTED TO INTERIM EXECUTIVE MANAGEMENT ARE YOU?

Interestingly, only 6.5% of respondents are only considering an interim role until a permanent job comes up (almost the same % as 2016).



- 29.65% | Very committed, it's my career choice
- 31.73% | My preference, but will consider a permanent job
- 32.15% | Looking for either permanent or interim work
- 6.47% | Really only considering interim until a permanent job comes up

HOW LONG HAVE YOU BEEN LOOKING FOR AN INTERIM ROLE?



HAVE YOU WORKED AWAY FROM HOME, REGIONALLY OR INTERNATIONALLY, ON AN INTERIM ASSIGNMENT?

Previously we only asked if they had worked away from home or not. Last year 46.8% said they had. This year we added additional options into the survey, asking respondents to confirm whether they had worked regionally, internationally or both. This year shows an increase of around 10% of respondents confirming that they have worked away from home on an Interim assignment. Of this, over 19% have worked regionally, over 10% have worked away internationally and over 21% have worked away both regionally and internationally.



IF NOT, WOULD YOU CONSIDER IT?

For those who haven't worked away from home on an Interim assignment, 84% of respondents would accept an assignment away from home, with over 70% willing to work internationally.

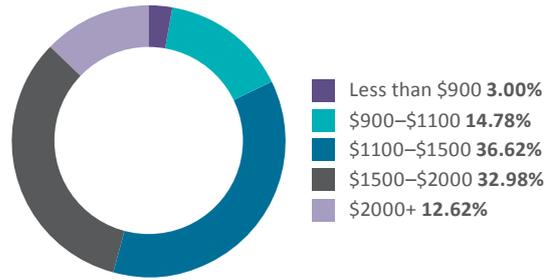


THE RESULTS cont.

WHAT IS YOUR TARGET (OR CURRENT) BASE DAY RATE?

A growing number of Interims are targeting increased day rates as expectations jump 10%.

In focusing on remuneration rates for Interim, 45.7% said they expected more than AUD \$1500 a day compared to 36.3% last year. This number represents an almost 10% jump in the number Year on Year and reflects both the skills levels and demand side of reward graphs.



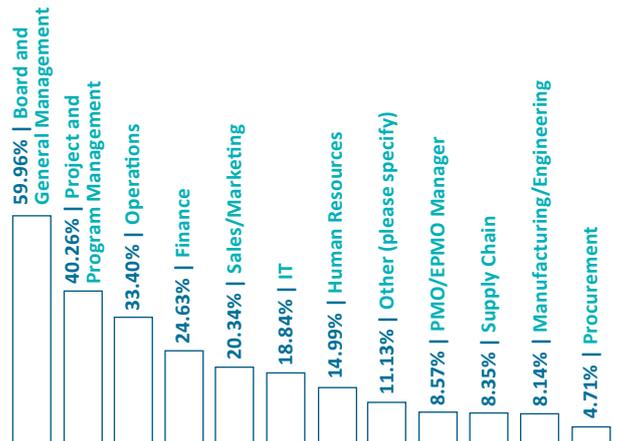
WHAT LEVEL HAVE YOU TYPICALLY WORKED AT?

Project/Program Manager has increased by over 17%.

Assignments have grown significantly for Program Directors and Transformation Directors not just in technology but also enterprise wide. This is a reflection of the growth in the modular way of working. The ability for an organisation to have access to an Interim specialist to manage programs of work with transformation is the 'new normal'.

WHAT FUNCTIONAL LEVELS HAVE YOU WORKED IN? (TOP THREE CHOICES)

We see a decrease in Board and General Management roles compared to last year's survey with the results down by nearly 10%. However, the Project and Program Management function was up by almost 20%.



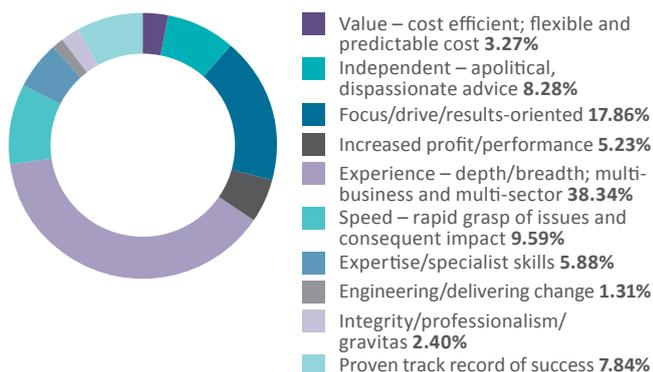
OVER THE LAST 12 MONTHS, WHICH SECTORS HAVE YOU WORKED IN? (TOP TWO CHOICES)

All sectors are up, however the stand-outs continue to be Government up by 12%, Business Services up by 10%, Education up by almost 10%, and Healthcare/Aged Care up by 7%.



WHAT DO YOU CONSIDER TO BE THE SINGLE GREATEST ATTRIBUTE THAT YOU COULD OFFER AN ORGANISATION AS AN INTERIM?

Experience – depth/breadth; multi business, and multi-sector – continues to be the single greatest attribute that respondents believe they can offer a client. Year on Year there was an increase of 4% to 38.34%



WHY ARE YOU CONSIDERING INTERIM?

A large cohort of 28.5% say they consciously choose the portfolio career path.

For 2017, we added a new response option: ‘I now choose a portfolio career’ and we asked about the top three choices for why respondents chose Interim. With 28.5% stating Interim was a conscious choice for them, this result confirms the Watermark prediction that Interim isn’t just seen as a stepping-stone to permanent work. Only 17% named ‘remuneration’ as a top choice when considering Interim.



THE RESULTS cont.

WHAT IS YOUR VIEW ON THE GROWTH OF INTERIM EXECUTIVE MANAGEMENT IN AUSTRALIA?

Over 26% of respondents said that this is the working style of the future.



- About to take off **6.10%**
- Set for steady growth over the next 12 months **43.36%**
- Demand will remain the same **21.35%**
- It's the working style of the future **26.14%**
- Shrinking demand **0.65%**
- No real appetite **2.40%**

HOW WELL DO CLIENTS GENERALLY UNDERSTAND THE CONCEPT OF INTERIM?

Results remain consistent with 2016 Annual Survey.

46.84%

Have some experience, not consistent across the business

6.97%

Comfortable with the concept and use Interim Executives regularly

41.83%

Need to be convinced, but open to the concept

4.36%

Not open to the concept and do not understand it

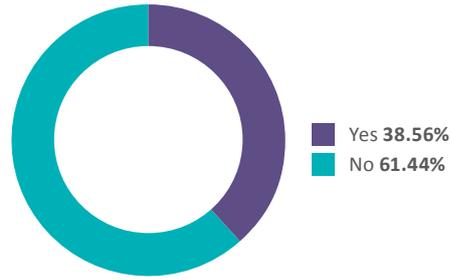
0.00%

Will never use an Interim Executive



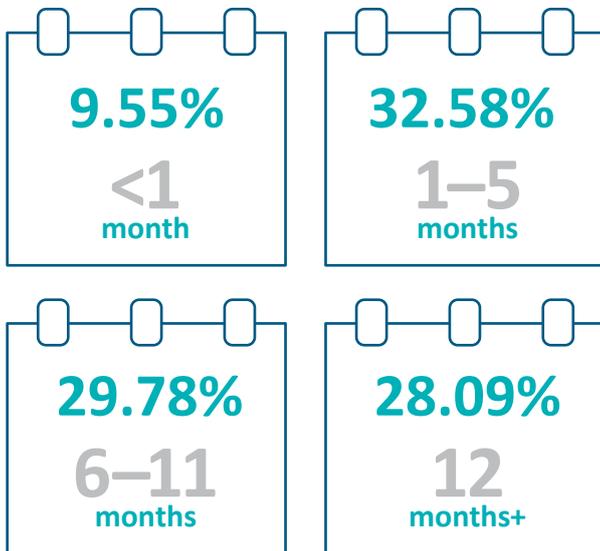
ARE YOU CURRENTLY ON ASSIGNMENT?

There has been a slight decrease in the percentage of respondents currently on assignment, down from 42.5% last year to 38.5% this year. At the same time, the respondent pool increased by 19% year on year so this would not be interpreted as a drop in the number of opportunities.



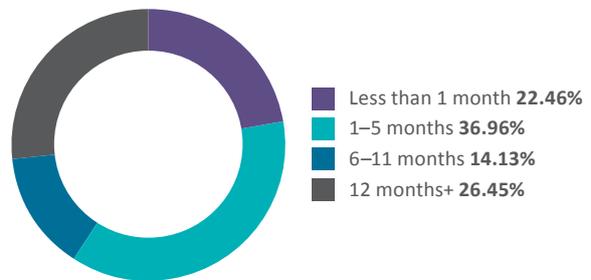
HOW LONG HAVE YOU BEEN ON YOUR CURRENT ASSIGNMENT?

This year, the number of Interim Executives on contract for 6 months+ was up by 9% indicating that contracts seem to be lasting longer than last year.



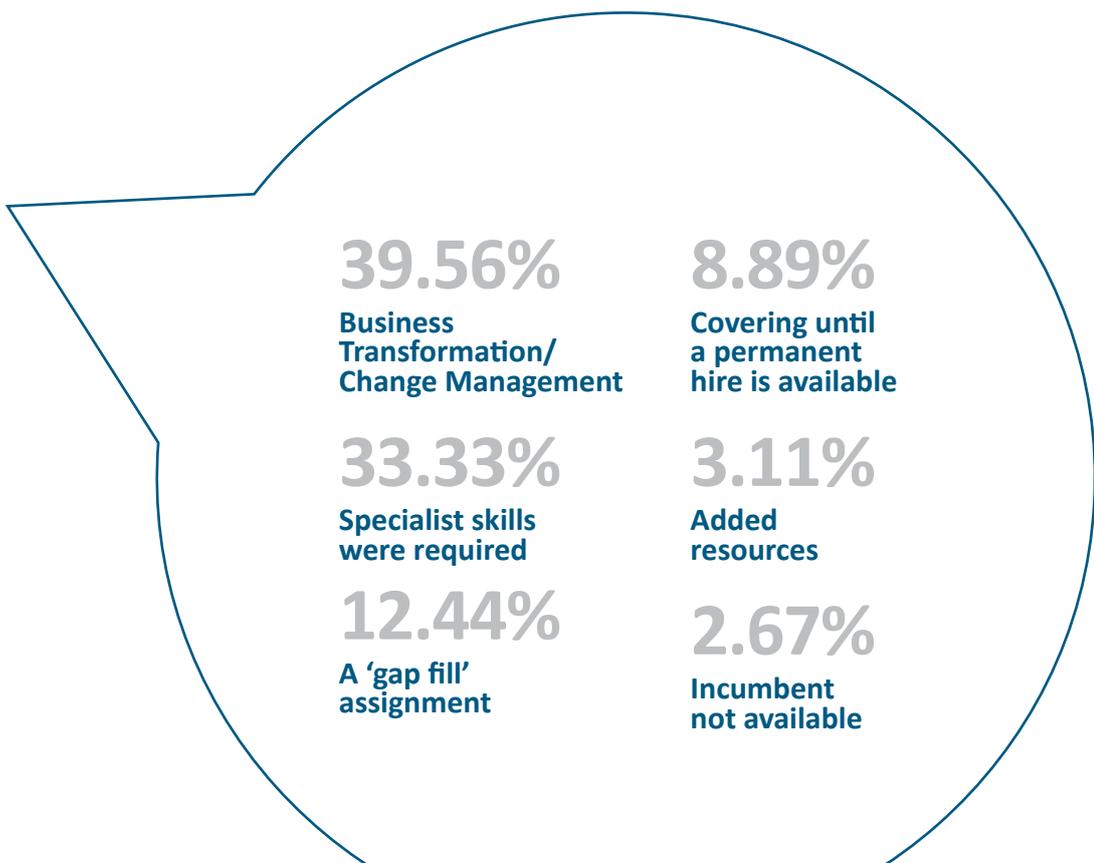
HOW LONG HAS IT BEEN SINCE YOUR LAST ASSIGNMENT?

The number of Interim Executives who have not worked on assignment for 6 months+ has dropped by 9%, which leads us to believe that there are more Interim opportunities in the market.



WHAT WERE THE REASONS FOR YOUR MOST RECENT ASSIGNMENT?

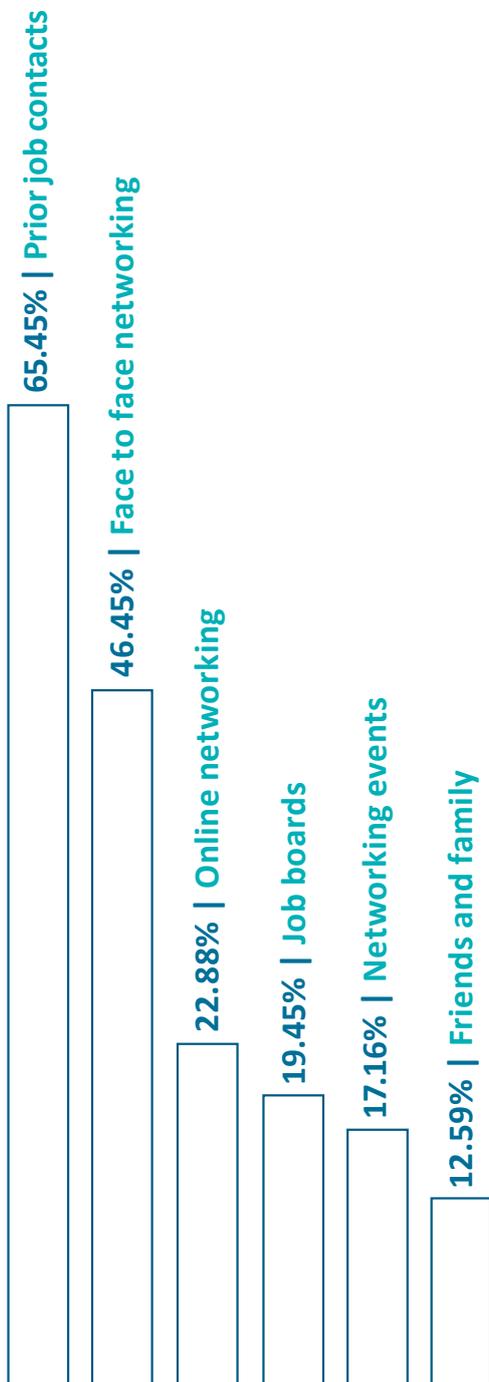
Business Transformation/Change Management and Specialist skills were the two major requirements for the Interim Executive's last assignment. The results generally mirrored those of the 2016 Annual Survey.



THE RESULTS cont.

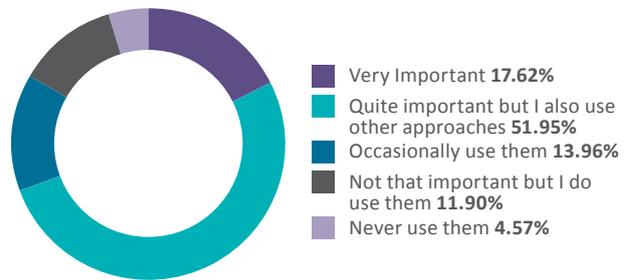
IF GAINING WORK THROUGH YOUR OWN NETWORKS, HOW IS IT SOURCED?

Results remain consistent with the 2016 Annual Survey.



HOW IMPORTANT ARE RECRUITERS IN SOURCING ROLES?

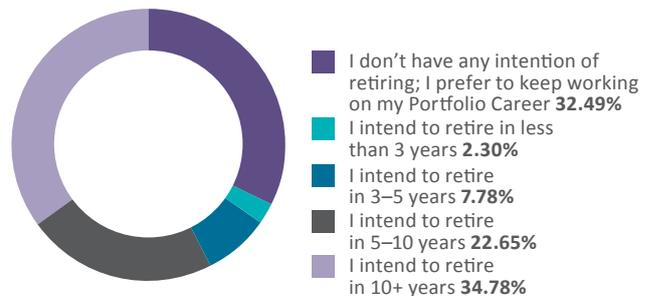
Results remain consistent with the 2016 Annual Survey.



WHEN DO YOU INTEND TO RETIRE FROM THE WORKFORCE?

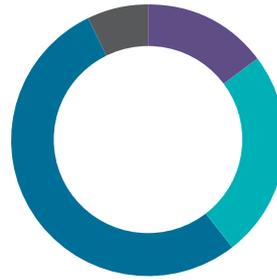
This question was new to the 2017 Interim Survey – and the answers are attention grabbing.

A massive 32.5% of respondents said they did not have any intention of retiring at all whilst 34.78% do intend to retire – but in 10+ years. Fewer than 3% – are looking to retire in under than three years.



WHAT DO YOU SEE AS THE MAJOR C-SUITE CHALLENGES FOR EXECUTIVES?

We added this question in our 2017 survey and over 53% believe that managing in an environment of economic and social change and disruption was the primary challenge. The second most popular result, with almost 25%, was 'Understanding and Leveraging Technological and Digital Change'.



- Managing multi-generational workforces and their needs and expectations **14.87%**
- Understanding and leveraging technological/digital change **24.71%**
- Managing in an environment of economic and social change and disruption **53.32%**
- Other (please specify) **7.10%**

DO YOU SEE INTERIM EXECUTIVE MANAGEMENT AS A GROWTH AREA IN AUSTRALIA OVER THE NEXT 12 MONTHS?

“Yes, there is change in the market place and a tightening of budgets. Interim allows for high level work to be completed without the commitment to an executive hire until necessary.”

SURVEY PARTICIPANT

“I see companies wanting to make significant change and this is an avenue to bring in teams/ individuals to assist with the transformation.”

SURVEY PARTICIPANT

ANY ADDITIONAL COMMENTS/OBSERVATIONS?

“As an Interim Executive, I appreciated the services provided by the Recruitment company eg to cover contractual, payroll, insurance etc. – easier and lower risk than setting up my own ACN.”

SURVEY PARTICIPANT

“Interim Management should be promoted to companies as a safe ‘try before you buy’ strategy.”

SURVEY PARTICIPANT

HOW DID YOU FIRST HEAR ABOUT INTERIM EXECUTIVE ROLES? WHAT COULD HELP SPREAD THE CONCEPT OF INTERIM EXECUTIVE MANAGEMENT IN AUSTRALIA?

“Have known about Interim Management for many years and have been both an Interim Executive as well as a client.”

SURVEY PARTICIPANT

“I’ve sourced/recruited Interim Executives for various organisations I’ve work for over the years.”

SURVEY PARTICIPANT

INTERIM PARTNER PROFILES



CAROLINE MCAULIFFE

“For the past twelve years I have deployed senior level, high calibre executives, with broad functional and operational expertise, into mainly private sector organisations to complete growth, change, transformation, turnaround or cost efficiency mandates.

I cut my teeth in the Interim Management industry in Australia in 2005 joining a start-up boutique Interim Management business as a partner in what was a largely emerging industry. I joined Watermark in 2011. With a track record of hundreds of successful Interim assignments completed, we are now experiencing a significant growth and awareness of this credible and effective resourcing solution. The rise of the ‘gig economy’ and the more contingent workforce is seeing a demand for seasoned operational executives to provide a competitive advantage.”

Sector focus:

Government, Not-For-Profit, Healthcare & Human Services, Infrastructure, Utilities/Energy, Transport, Industrial & Manufacturing, Property & Construction.

Interim placement highlights in the last 12 months:

Chief Risk Officer (Government Owned Corporation), Interim Chief Financial Officer (Not-For-Profit), PR Communications Director (Leisure & Entertainment), HR Director (Energy), Chief Information Officer (Human Services).

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MARTIN SEARLE

“I came to Watermark in mid-2014 as Interim Executive Partner after a career across a number of industries including Transport, Telco, Professional Services, FMCG, Education and Mining. I think this experience has been invaluable in helping ensure I’m across the business requirements of each assignment.”

Sector focus:

Industrials, Education, FMCG, Professional and Financial Services.

Interim placement highlights in the last 12 months:

Chief Marketing Officer, (Financial Services), Chief Digital Officer (Membership body), HR Director (Sports), Real Estate, Facilities Director (University).

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JACINTA WHELAN

“I have been passionate about Interim Executive Management, Portfolio Careers and future ways of working for over 20 years having started and led Interim businesses in Hong Kong, New York and several in Australia.

I lead the Melbourne business of Watermark Interim Management and focus on Interim appointments in both public and private sectors. I work with Career Interim Professionals looking at a portfolio career and my particular emphasis is on CEOs and CFOs, senior executives in IT&T, human resources specialists, project and program management experts and business turnaround and change consultants.

The Interim Executive opportunities Watermark offer range from providing professional guardianship, managing a business or department through a turbulent period, bringing in specialist skills for a particular project or auditioning for a potential senior permanent vacancy.”

Sector focus:

Health, Government, Education, Infrastructure.

Interim placement highlights in the last 12 months:

Chief Financial Officer (Local Government), Chief Procurement Officer (Shared Services Provider), Chief Operating Officer (Education Provider), Chief Information Officer (University), Head of Risk & Compliance (Utility provider), Chief Executive Officer (Aged/Community Care Services).

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SERVICE OFFERINGS

EXECUTIVE SEARCH

Founded in 1979, we are one of the longest established Australian executive search firms. Despite the fact that we are, above all else, an Australian based firm, we have an established track record in attracting, and then securing, candidates from overseas.

We have considerable expertise in senior executive appointments across a broad range of public and private sector organisations. Our practice has been built on a substantial body of work undertaken for publicly listed companies, private companies, state owned corporations, and government agencies, departments and advisory boards.

INTERIM EXECUTIVE MANAGEMENT

We provide immediate and high level specialist executives, including senior managers, with the experience to bring stability to and provide guardianship for a company during a period of change, executive absence or performance turnaround. We also assist with providing executives who deliver on projects, programmes or specialist reviews. When clients are ready to appoint an executive, we normally complete the assignment in two to three weeks. Our latest survey shows that those executives remain in place for an average of 7½ months.

BOARD SEARCH

We believe that strong boards make for better organisations and improved business performance. In conducting searches we do not simply look for 'a name' but rather search for candidates with the relevant skills to add real value to a board. We often start our board search by working with the client to produce a Board Skills Matrix, which then informs the specific brief.

Our track record ensures familiarity with the specific, and often sensitive, challenges involved in appointing Non-Executive Directors and Chairs with the right skill, personal and cultural fit. Our process and experience allows us to generate diverse short lists and consistently find successful candidates who help boards perform at their peak. We often work with our clients to provide an induction process for their new Directors.

DIVERSITY

We pride ourselves on delivering the best candidates in the marketplace for consideration by our clients. We go further than most executive search organisations in ensuring that our clients have a gender diverse range of candidates as part of the process. In 2015, 42% of all successful candidates introduced by Watermark were female. This is a significantly greater representation of women executives as successful candidates than any levels indicated by recent third party studies. In addition to our focus on gender diversity we have also had the opportunity to assist a number of Indigenous organisations secure high quality candidates through well targeted executive search.

MARKET INSIGHTS

We have a unique 'window' into both the commercial and government worlds and are available to provide informal market insights to our clients on topics such as salary packaging, hiring trends and executive onboarding.

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SEARCH INTERNATIONAL

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