



2014

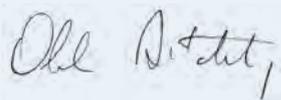
FOURTH ANNUAL AUSTRALIAN INTERIM MANAGEMENT SURVEY

Watermark
SEARCH INTERNATIONAL

WELCOME FROM THE MANAGING PARTNER

Within a little over four years we have seen interim management in Australia develop from an 'outside the box' resourcing tool towards becoming an increasingly mainstream resourcing 'weapon' for organisations – Watermark is leading the way on this journey.

Having recently returned as Managing Partner of Watermark in January this year, I am excited to be a part of this journey and look forward to seeing what the next twelve months will bring for interim management in Australia.



Oleh Butchatsky

Managing Partner

Watermark Search International

INTRODUCTION

Welcome to Watermark Search International's fourth Annual Executive Interim Management Survey. We are pleased to receive another great response, with over 300 respondents taking the survey. Thanks to this response, the information gathered continues to be the most comprehensive analysis of the interim management market in Australia.

We are pleased to share this insight with you and hope the analysis provides a useful overview for both interims and executive hirers in the market.



From left: Nick Novak, Oleh Butchatsky, Caroline McAuliffe, Danny Hodgson, Martin Searle.

HEADLINES

- A continued increase in hiring interims to tap into a 'specialist skillset', rather than to just fill a management gap.
- Interim as a career choice – either the career choice or preferred type of work for 63% of respondents.
- Interims remain an extremely mobile workforce - 64% of respondents have worked away from home on assignment and 88% would consider it.
- Over 80% of respondents command \$1,000 per day or more.
- Interims remain active – the gap between assignments is diminishing to less than one month.
- Longer assignment duration – continued increase in assignments lasting 6-11 months.

FROM OUR PERSPECTIVE

The last 12 months have seen even more positive signs for interim management in the Australian market. We continue to deliver an increased number of interim assignments and increase the breadth of our clients. A major highlight for us has been the growth of our own practice, with the addition of a new Partner, Martin Searle, to our team.

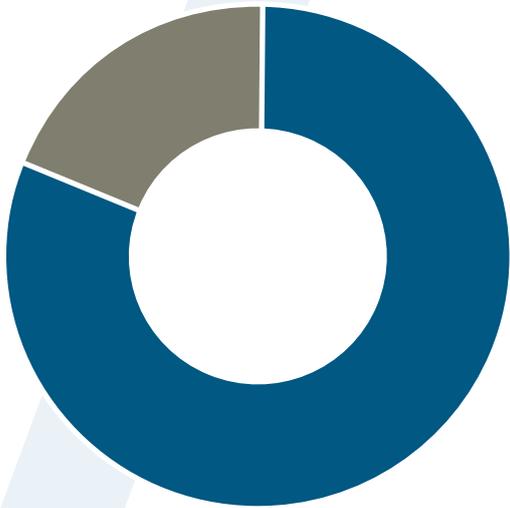
From a supplier's perspective, we continue to see a much greater understanding of the value interims can bring to an organisation, evidenced amongst our clients by the continued growth in assignments requiring 'specialist skills' and with a strong 'change' focus, rather than simply filling a management gap.

We have seen a transition away from assignments based around cost-cutting and stabilisation towards a focus on business growth and development, a sign that business confidence is improving. Areas that we have seen a particular need for interim expertise over the past year include:

- senior finance roles e.g. interim CFO, Financial Controller and Finance Directors;
- project/program managers – not just in IT, but right across the business e.g. finance, HR and operations; and
- subject matter expertise within the HR function e.g. WHS, IR and remuneration and benefits.

General sentiment amongst respondents is that interim management will continue to steadily grow over the next 12 months, however due to a continuation of the current economic climate the job market as a whole may remain somewhat cautious. The vast majority of respondents feel that hirers are genuinely open to the concept of interim management, however there needs to be a continued focus on promotion before it becomes a truly mainstream option in the market place. In this regard, we continue to have a strong focus on promoting interim management and as the interim community continues to grow we have no doubt it will further develop into a mainstream resourcing avenue.

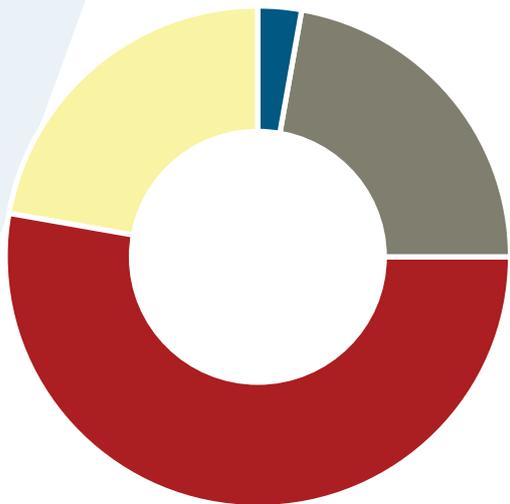
RESULTS



Q1: YOUR GENDER?

Gender

Male	81%
Female	19%

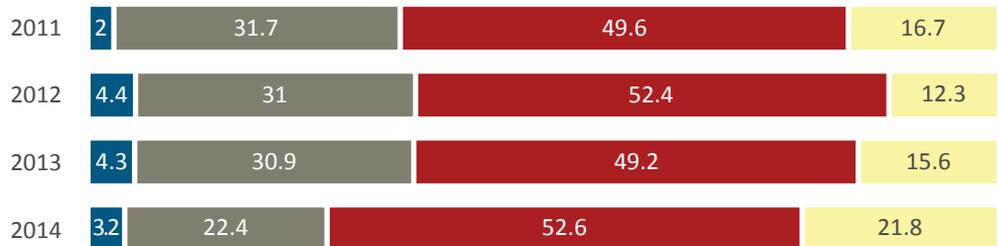


Q2: YOUR AGE?

Your age

30-39	3%
40-49	22%
50-59	53%
60+	22%

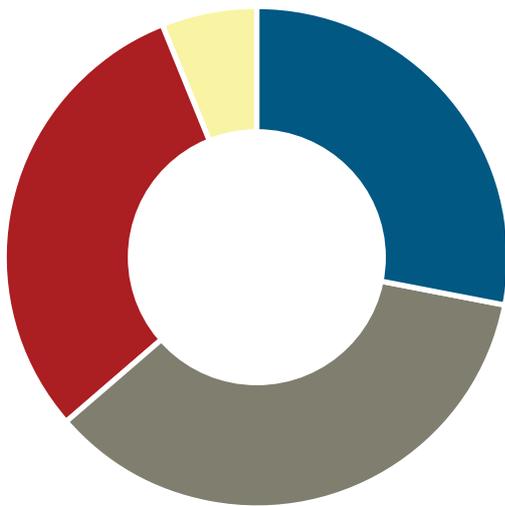
Whilst the 50-59 year age group remains the most common, we have seen an increase over the last 2 years in the 60+ age group, a possible indication of delaying retirement and remaining in the workforce, but with the added degree of flexibility that interim assignments can provide.



SWING 2013-14	30-39	40-49	50-59	60+
	-1.1	-8.5	3.4	6.2

“ More businesses will use interim management to fill gaps and provide specialist skills”

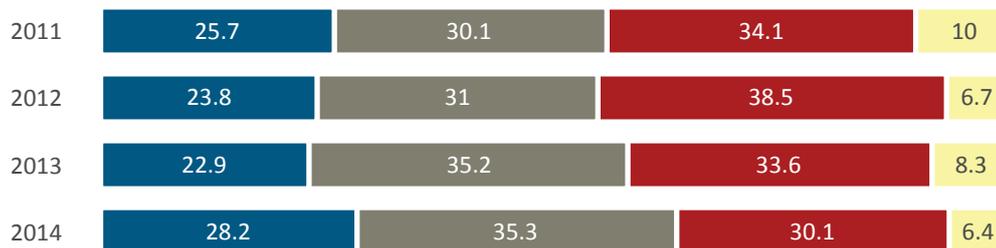
Survey participant.



Q3: HOW COMMITTED TO INTERIM MANAGEMENT ARE YOU?

Very committed, it's my career choice	28%
My preference, but will consider a permanent job	35%
Looking for either permanent or interim work	30%
Really only considering interim until a permanent job comes up	6%

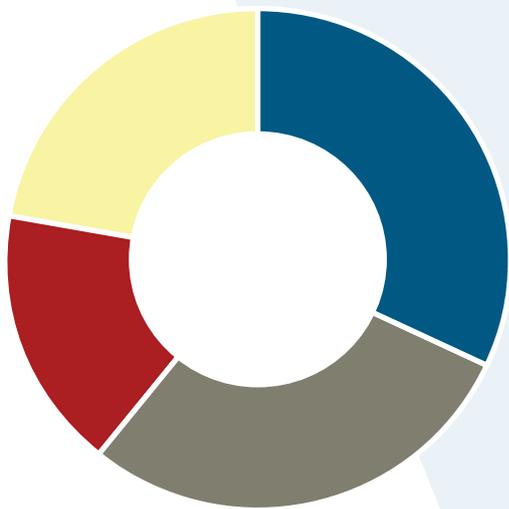
There has been a 5% increase since last year in the percentage of respondents that are committed or prefer working as an interim manager, a signal that it is increasingly becoming a conscious career choice, rather than one of circumstance.



SWING 2013-14	Very committed, it's my career choice	My preference, but will consider a permanent job	Looking for either permanent or interim work	Really only considering interim until a permanent job comes up
5.3				
0.1				
-3.5				
-1.9				

“ I believe more businesses will gravitate towards it as it provides very little risk”

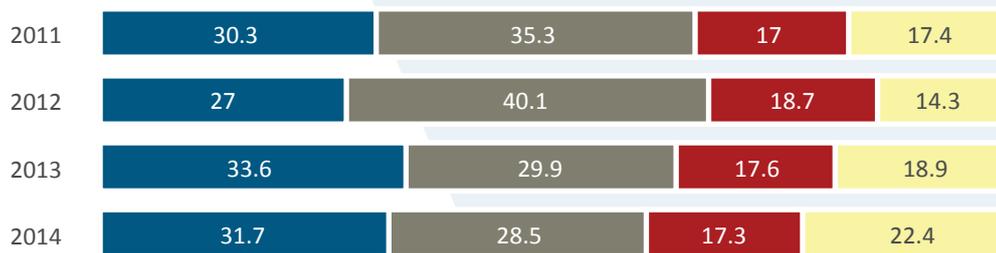
Survey participant.



Q4: HOW LONG HAVE YOU BEEN LOOKING FOR AN INTERIM JOB?

Less than 1 month	32%
2-5 months	29%
6-12 months	17%
12+ months	22%

Interims are generally remaining active, with a third of interims in the market for an assignment for less than one month.

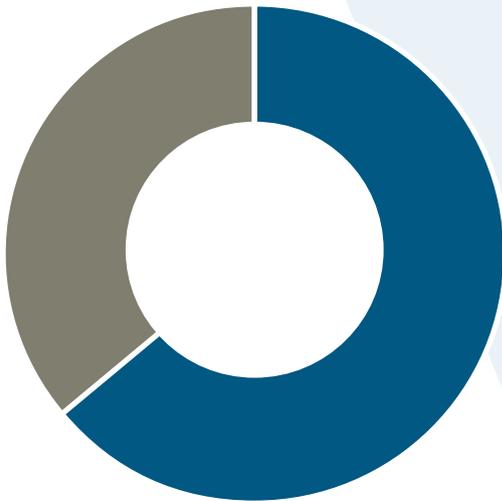


SWING 2013-14

-1.9	Less than 1 month
-1.4	2-5 months
-0.3	6-12 months
3.5	12 months+

“ There is significant opportunity for growth, particularly for values driven all-rounders, who have the capacity to turn around precarious situations”

Survey participant.



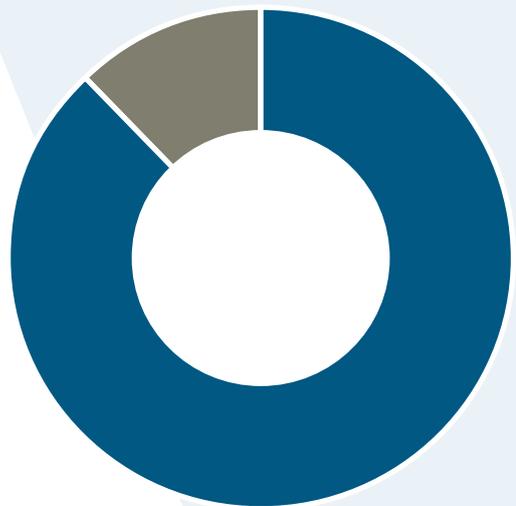
Q5: HAVE YOU WORKED AWAY FROM HOME ON ASSIGNMENT?

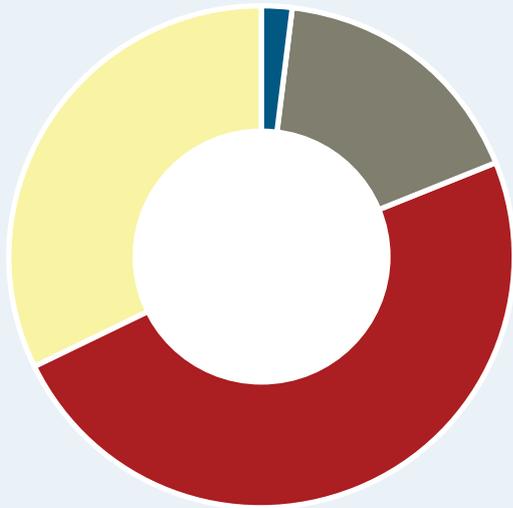
■ Yes	64%
■ No	36%

Q6: IF NOT, WOULD YOU CONSIDER IT?

■ Yes	88%
■ No	12%

The growth of interim management in Australia has created a new cohort within the executive workforce willing to relocate to undertake shorter term assignments with minimal notice. As a result, organisations, particularly those in locations that may be a barrier to hiring permanently, can tap into a whole new pool of talent.





Q7: WHAT IS YOUR TARGET (OR CURRENT) BASE DAY RATE?

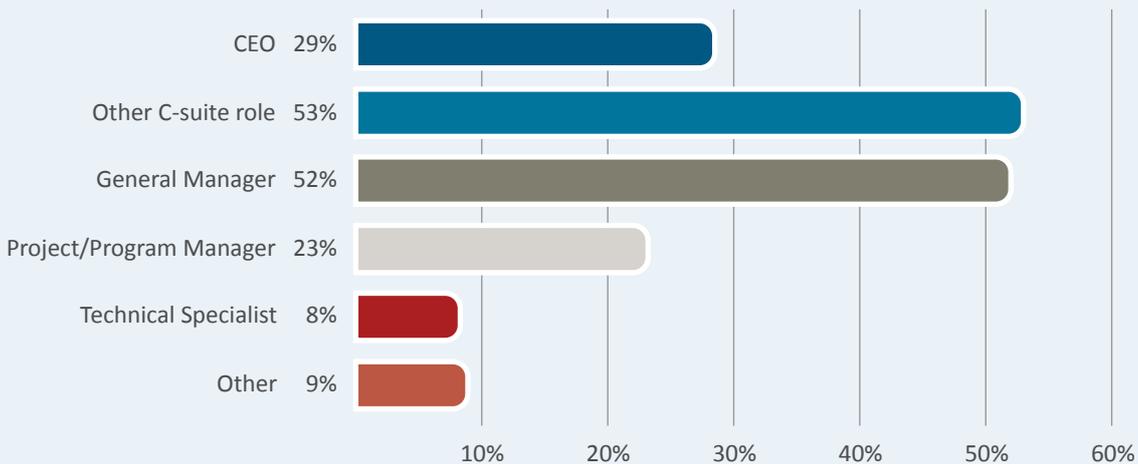
Less than \$750	2%
\$750 – \$1000	17%
\$1000 – \$1500	49%
\$1500+	32%

Interim day rates have remained steady, with over 80% of respondents seeking \$1,000 or more per day.

“ Interim has a good place in the market and is set to grow”

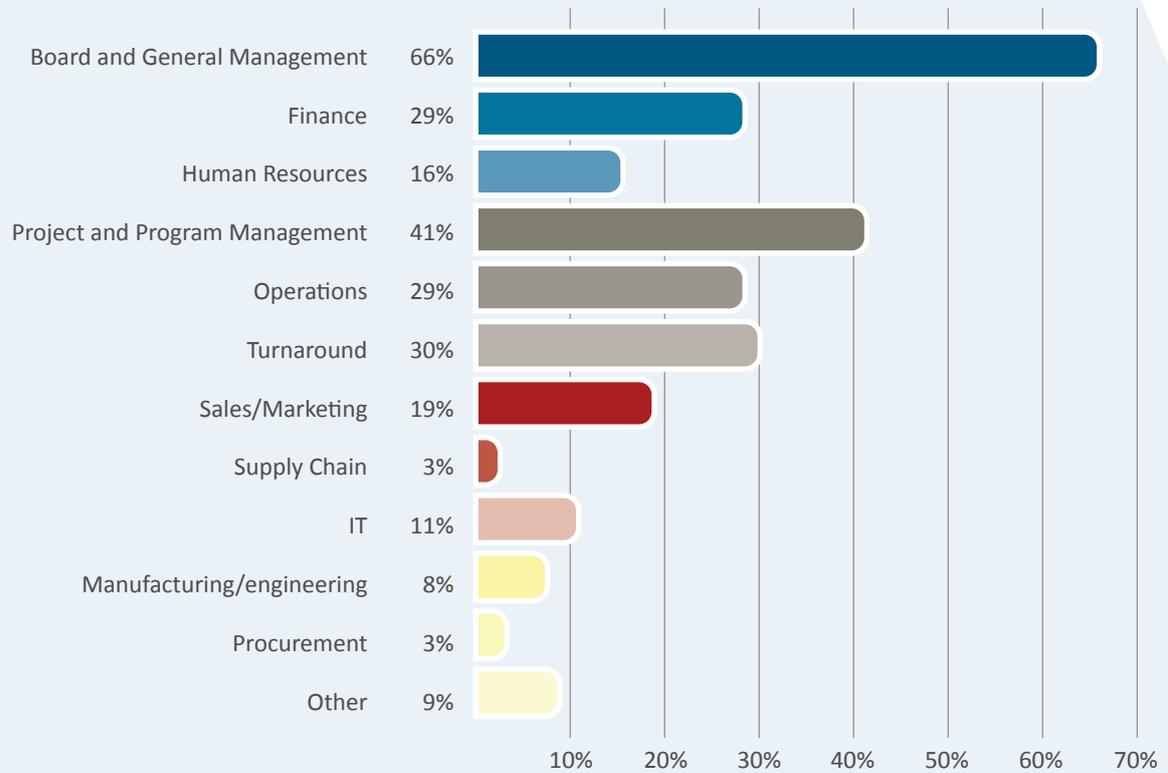
Survey participant.

Q8: WHAT LEVEL HAVE YOU TYPICALLY WORKED AT?

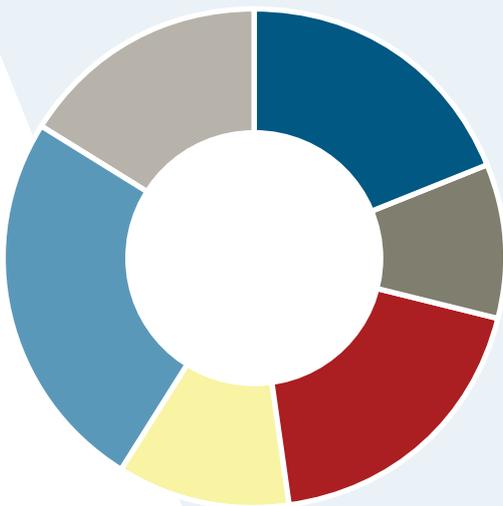


Our respondents were spread across all senior levels. Professionals working at the C-suite level were particularly well represented this year. Interestingly, since 2012 we have seen a 16% increase in the number of CEOs taking the Survey.

Q9: WHICH FUNCTIONAL LEVELS HAVE YOU WORKED IN? (top 3 choices)



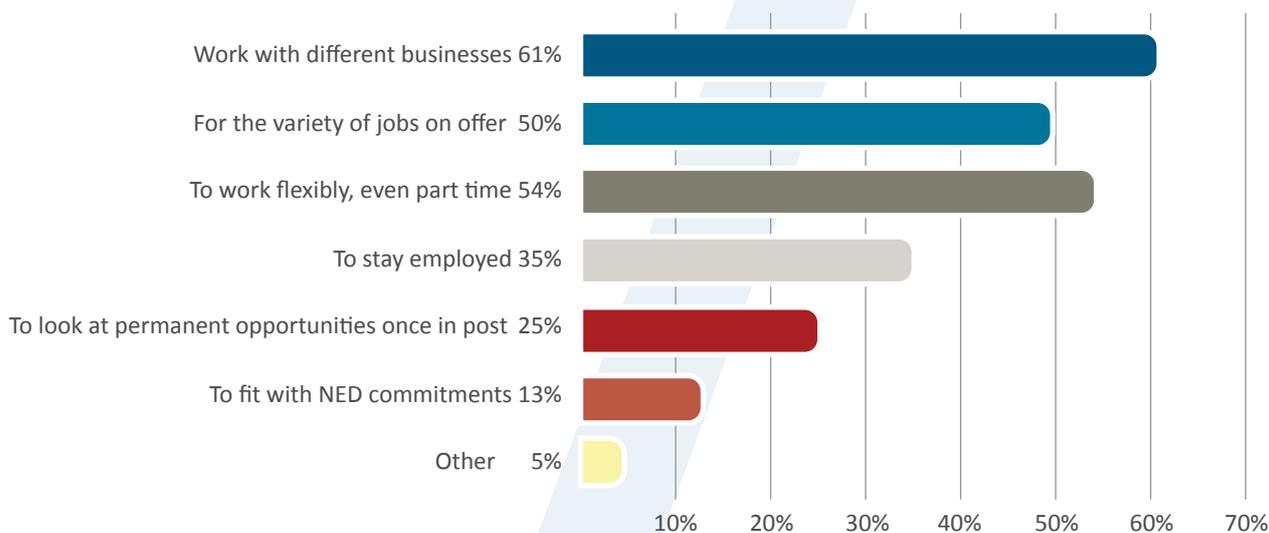
Q10: WHICH SECTOR HAVE YOU MOST RECENTLY WORKED IN?



Public sector	19%
Charity and not-for-profit	10%
Private SME	19%
International SME	11%
Private large	25%
Private ASX top 100	16%

Numbers remained relatively stable across sectors this year. There has been an increase in the number of interims working in private SMEs (and corresponding decrease in large privates), likely a sign of improved confidence within the sector and an increasing focus on business growth. It may also be a sign that the awareness of interim management within Australian business, particularly amongst large private companies, is now trickling down to smaller organisations.

Q11: WHY ARE YOU CONSIDERING INTERIM? (top 3 choices)

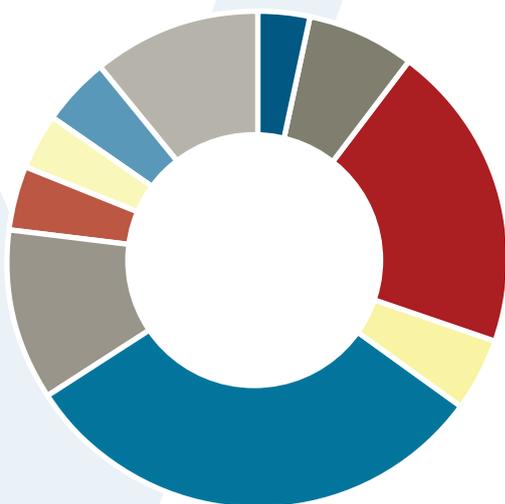


"I really enjoy being able to see projects to conclusion, or at the very least knowing that I have left the organisation in better condition than I found it."

*"To use my extensive skill range."
"To help develop tomorrow's leaders."
"To have an impact."*

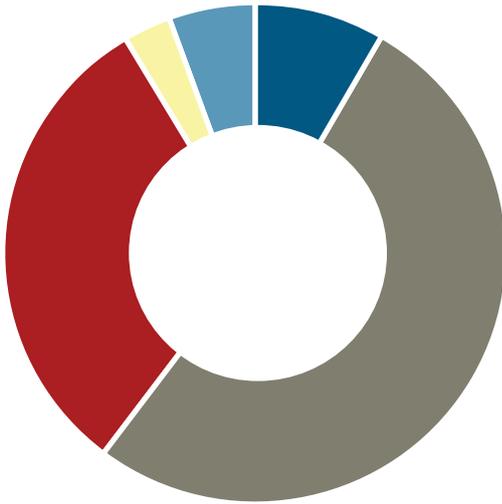
Quotes from survey participants.

Q12: WHAT DO YOU CONSIDER TO BE THE SINGLE GREATEST ATTRIBUTE THAT YOU COULD OFFER AN ORGANISATION AS AN INTERIM?



Value – cost efficient; flexible and predictable cost	3%
Independent – apolitical, dispassionate advice	7%
Focus/drive/results-oriented	20%
Increased profit/performance	5%
Experience – depth/breadth; multi-business and multi-sector	31%
Speed – rapid grasp of issues and consequent impact	11%
Expertise/specialist skills	4%
Engineering/delivering change	4%
Integrity/professionalism/gravitas	4%
Proven track record of success	11%

Most prominent was the wealth of experience that interim managers have to offer. Often 'over-qualified' for their roles, they have a vast depth and breadth of experience, having worked in multiple organisations, often across several sectors. This brings unparalleled expertise in a range of professional cultures.



Q13: WHAT IS YOUR VIEW ON THE GROWTH OF INTERIM MANAGEMENT IN AUSTRALIA?

■ About to take off	8%
■ Set for steady growth over the next 12 months	52%
■ Demand will remain the same	31%
■ Shrinking demand	3%
■ No real appetite	5%

Sentiment amongst respondents is generally positive, with the majority taking the view that interim management will continue to steadily grow over the next 12 months. This reflects what we are seeing from a supplier's perspective, where we continue to deliver an increased number of interim assignments and increase the breadth of our clients.

"I see interim management gaining popularity as businesses see the opportunity to hire expert/specialist managers who can assist them in achieving specific goals within short to medium term time-frames. Interim managers will generate a sense of urgency and excitement for change that many in-house managers can't."

"Becoming a normal part of doing business"

"Steady growth, hiring execs still need convincing. A growing legion of professional interims will help."

"Growing as businesses look for flexible, cost-effective and outsourced solutions. There needs to be better education across businesses and the executive of the benefit it brings to the business but not result in businesses failing to invest in talent management, professional development and succession planning".

Quotes from survey participants.

“ Companies can make major inroads into strategic goals and maintain a focus on the right staff ”

Survey participant.



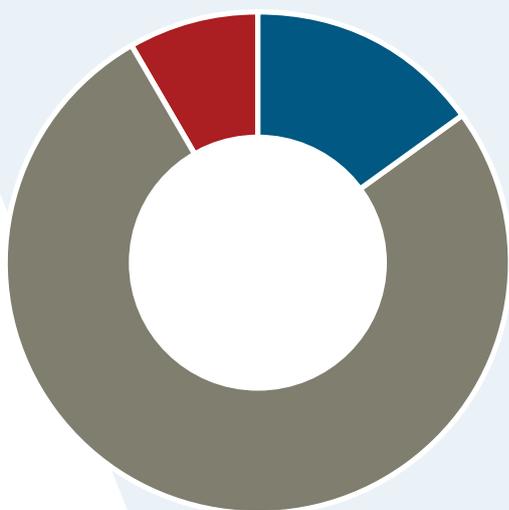
Q14: HOW WELL DO CLIENTS GENERALLY UNDERSTAND THE CONCEPT OF INTERIM?

■ Comfortable with the concept and use interim regularly	6%
■ Have some experience, not consistent across the business	42%
■ Need to be convinced, but open to the concept	44%
■ Not open to the concept and do not understand it	8%
■ Will never use an interim	0%

Whilst the understanding and use of interim management within Australian business continues to grow, the concept still needs to be more widely understood before it becomes an 'everyday' resourcing option.

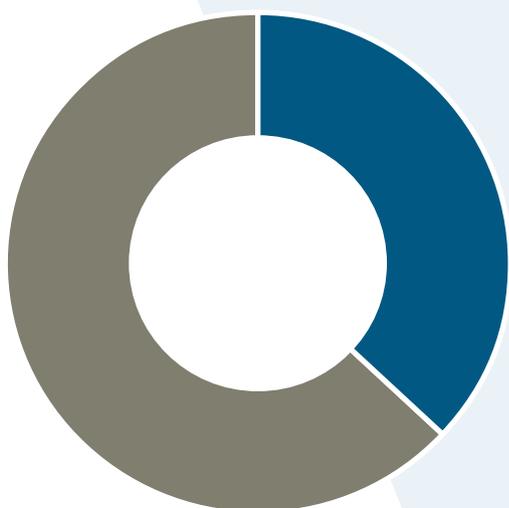
“ Many businesses are cutting back on headcount and need specialist expertise and gaps filled – interim is a natural solution ”

Survey participant.



Q15: DO YOU THINK INTERIM MANAGEMENT POSES A SERIOUS SOLUTION TO THE LOOMING LEADERSHIP SKILLS GAP?

■ Yes, the availability of interims is the only answer	15%
■ Partially, combined with other methods	76%
■ No, will only be used sporadically	8%
■ It won't be embraced at all	0%



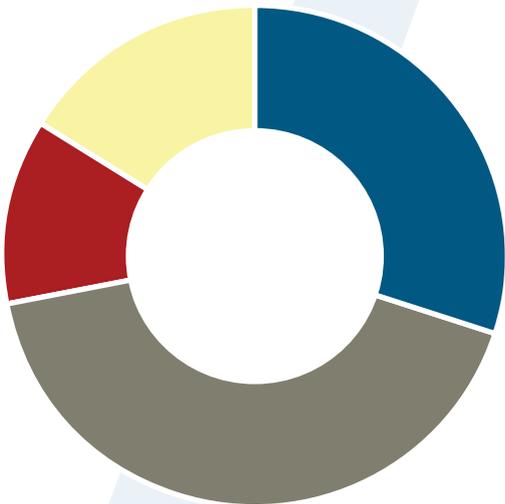
Q16: ARE YOU CURRENTLY ON ASSIGNMENT?

■ Yes	37%
■ No	63%

The number of interims currently on assignment has stabilised over the last year, a likely reason being increased stability in the market, whilst still remaining somewhat cautious. There has also been an increase in the number of interims that are 'off assignment' for less than 1 month (refer to Question 17). This indicates that a 'portfolio' career in interim management is becoming more feasible as the gap between assignments diminishes.

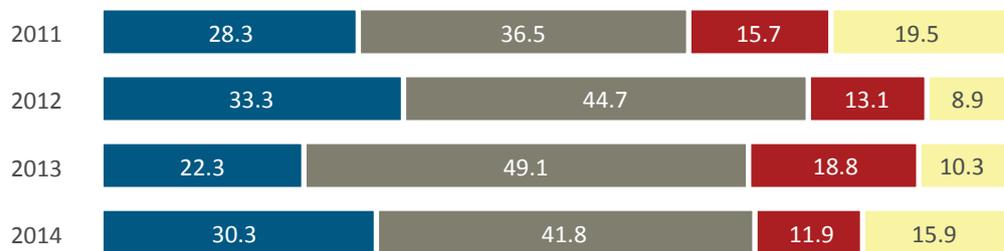
“Increasing usage due to the continuing focus on costs in combination with the need for situational skills and experiences”

Survey participant.

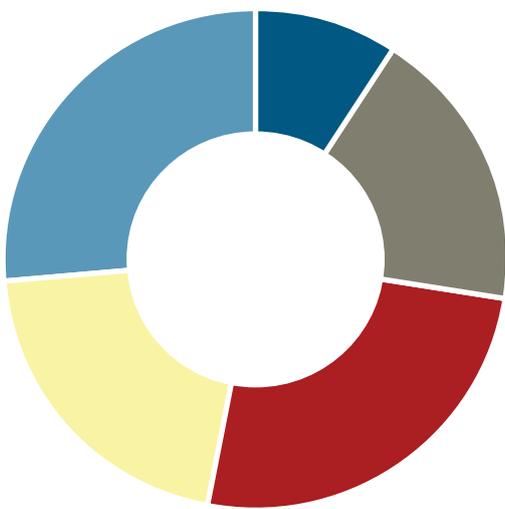


Q17: IF 'OFF ASSIGNMENT' HOW LONG HAS THIS LASTED?

Less than 1 month	30%
1-5 months	42%
6-11 months	12%
12 months +	16%



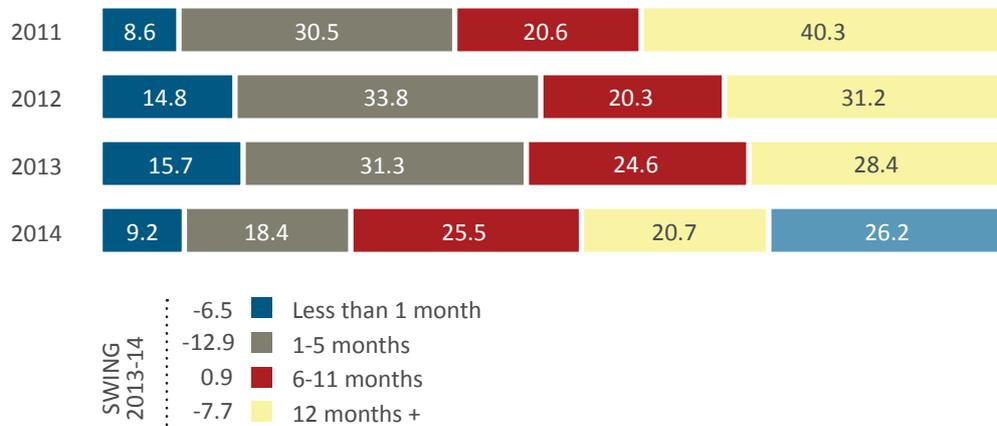
SWING 2013-14	8	Less than 1 month
	-7.3	1-5 months
	-6.9	6-11 months
	5.6	12 months +

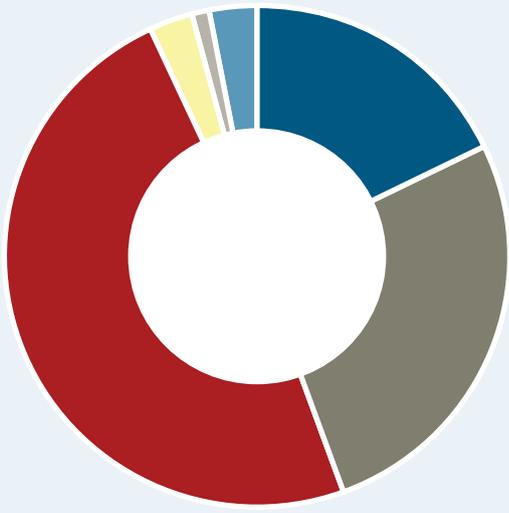


Q18: HOW LONG DID YOUR ASSIGNMENT LAST?

Less than 1 month	9%
1-5 months	18%
6-11 months	26%
12 months +	21%
Not applicable	26%

This year we continued to see an increase in assignments lasting 6-11 months, which for the first time is now the most common response.



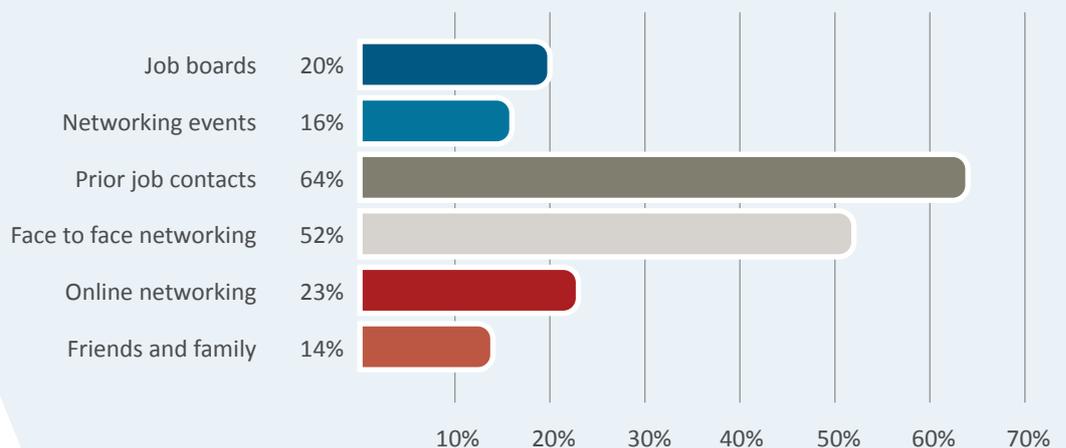


Q19: WHAT WERE THE REASONS FOR YOUR LAST ASSIGNMENT?

A 'gap fill' assignment	18%
Change management	27%
Specialist skills were required	49%
Added resources	3%
Maternity cover	1%
Covering a newly created job	3%

Providing specialist skills increased and remains the most common reason for utilising an interim in Australia, evidence of a greater understanding of the value interims can bring to an organisation.

Q20: IF GAINING WORK THROUGH YOUR OWN NETWORKS HOW IS IT SOURCED?

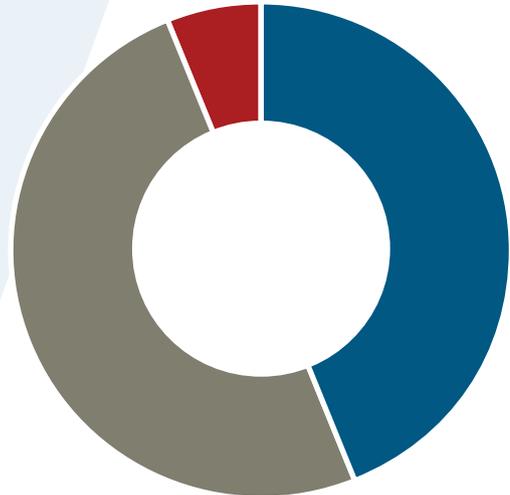


Whilst we are receiving an increased number of briefings for interim assignments, the majority of assignments not sourced through providers like us come from prior job contacts. This highlights the importance of effective networking and the benefit of keeping professional networks fresh in order to generate a good stream of work.

Q21: HOW IMPORTANT ARE RECRUITERS IN SOURCING WORK?

■ Very important	44%
■ Occasionally use them	50%
■ Never use them	6%

Most interims utilise both their own networks as well as recruiters to source new work. We encourage interims to tap into their old networks as this is still the most common way of sourcing new work, however interim providers are an important tool, particularly when seeking to break into new industries.



“ With staff numbers decreasing, resources will still be needed to cover the gap in senior management roles and projects who can work in-house rather than as consultants”

Survey participant.



CASE STUDIES

INTERIM COMMERCIAL MANAGERS

THE CLIENT

One of the largest infrastructure projects currently being undertaken in Australia.

THE BRIEF

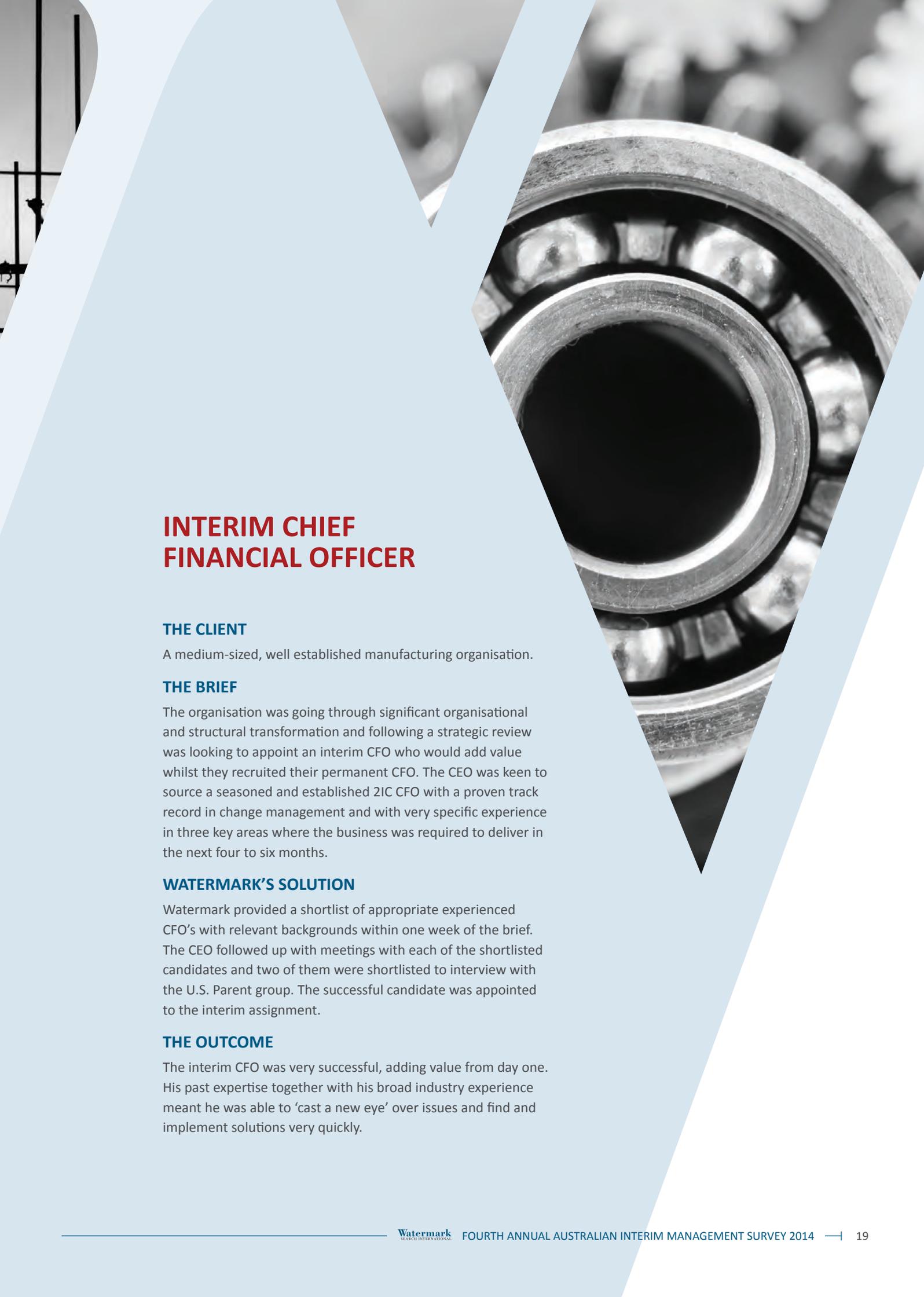
Experienced interim managers were sought to provide short to medium term expertise in development and delivery of a new contracts and commercial management system, as well as effectively manage legacy issues. There was a requirement for senior, seasoned executives to step into the organisation who were 'overqualified', adding value by undertaking a program of work quickly and effectively.

WATERMARK'S SOLUTION

Following an initial briefing Watermark shortlisted relevant candidates within two to three working days. Candidates were interviewed within a week and successfully deployed into the business within two weeks.

THE OUTCOME

Several experienced interim managers were deployed who were able to "hit the ground running" and add value from day one, providing immediate functional and leadership experience and bringing a set of specialist skills to that organisation and an effective solution in a short space of time. They proved wise counsels and mentors to a more junior team. They were highly respected and the assignment was completed successfully.



INTERIM CHIEF FINANCIAL OFFICER

THE CLIENT

A medium-sized, well established manufacturing organisation.

THE BRIEF

The organisation was going through significant organisational and structural transformation and following a strategic review was looking to appoint an interim CFO who would add value whilst they recruited their permanent CFO. The CEO was keen to source a seasoned and established 2IC CFO with a proven track record in change management and with very specific experience in three key areas where the business was required to deliver in the next four to six months.

WATERMARK'S SOLUTION

Watermark provided a shortlist of appropriate experienced CFO's with relevant backgrounds within one week of the brief. The CEO followed up with meetings with each of the shortlisted candidates and two of them were shortlisted to interview with the U.S. Parent group. The successful candidate was appointed to the interim assignment.

THE OUTCOME

The interim CFO was very successful, adding value from day one. His past expertise together with his broad industry experience meant he was able to 'cast a new eye' over issues and find and implement solutions very quickly.



INTERIM OPERATIONS DIRECTOR & CHIEF FINANCIAL OFFICER

THE CLIENT

A NSW State Government Department.

THE BRIEF

The Department was going through significant rounds of reform processes and the incumbent CFO had successfully secured a CEO appointment in another department and was leaving the current organisation with very short notice.

The CEO briefed Watermark and was keen for us to identify an Operations Director and CFO who had significant Public Sector experience especially familiar with probity, governance, risk and relationships associated with working with government. In addition, ideally a CFO who also had commercial experience of working with facilities planning, Public-Private partnerships and with a consultative style and strong empathy to manage a team who had already been through significant changes in what had been a very stable environment for many years.

WATERMARK'S SOLUTION

Watermark provided a shortlist of appropriate experienced CFO's with relevant backgrounds within one week of the brief. The CEO followed up with meetings with two of the shortlisted candidates and successfully appointed the preferred candidate to the interim assignment.

THE OUTCOME

The successful candidate was appointed to the interim role and was able to affect an immediate high level of engagement with the team based on his past similar experience. He quickly established trust with the CEO, executive team and other internal and external key stakeholders.

OTHER RECENT SUCCESSFUL ASSIGNMENTS

INTERIM DIRECTOR, GROUP FINANCE
PROFESSIONAL SERVICES

INTERIM DIRECTOR, FELLOWSHIP RELATIONS
PROFESSIONAL MEMBERSHIP BODY

INTERIM CHIEF OF STAFF
NSW STATE GOVERNMENT DEPARTMENT

INTERIM CHIEF EXECUTIVE OFFICER
NOT FOR PROFIT

INTERIM CHIEF FINANCIAL OFFICER
AGED CARE

INTERIM PROJECT MANAGER, VOLUNTEERING STRATEGY
NSW STATE GOVERNMENT DEPARTMENT

INTERIM CHANGE MANAGER
FINANCIAL SERVICES

INTERIM RESOURCING MANAGER
ENGINEERING/MANUFACTURING

INTERIM HR OPERATIONS
NSW STATE GOVERNMENT DEPARTMENT

INTERIM CHIEF FINANCIAL OFFICER
NOT FOR PROFIT

INTERIM PROJECT MANAGER
INFRASTRUCTURE

INTERIM WORKPLACE, HEALTH & SAFETY CONSULTANT
NSW STATE GOVERNMENT DEPARTMENT

INTERIM SENIOR MANAGER
HIGHER EDUCATION

INTERIM DIRECTOR OF MAJOR WORKS
NSW STATE GOVERNMENT DEPARTMENT

INTERIM HR MANAGER
LEISURE/ENTERTAINMENT

INTERIM SENIOR POLICY OFFICER
NSW STATE REGULATORY AGENCY

WATERMARK SEARCH INTERNATIONAL SERVICE OFFERINGS



EXECUTIVE SEARCH

We are a long-established executive search firm specialising in C-level appointments. We undertake intensive in-house research enabling us to scour Australian and international markets for the best talent, rather than simply relying on advertising or our existing database.

BOARD APPOINTMENTS

We believe that strong boards make better organisations. 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. Our track-record also makes us familiar with the specific and often sensitive challenges involved in appointing Non-Executive Directors and Chairs with the right personal and cultural fit. The result is an ability to generate diverse short-lists and to consistently find successful candidates who will help boards to perform at their peak.

INTERIM MANAGEMENT

When you need immediate and high levels of specialist executive experience, including senior management expertise to bring stability and guardianship during a period of change, absence or turnaround. Other circumstances include delivering a project, programme or a specialist review.

MARKET MAPPING

Our market mapping solution not only saves time, but provides organisations with confidential in-depth knowledge without having to alert the market, providing invaluable insights into the target market and identifying the talent pool that exists in the current business environment.

MARKET INSIGHTS

We have a unique 'window' in to the business, government and investment world and are available to provide informal market insights to our clients on topics such as salary packages.

Watermark

SEARCH INTERNATIONAL

Tel: 02 9233 1200

www.watermarksearch.com.au