



WELCOME FROM THE MANAGING PARTNER

Interim management in Australia is, I believe, undergoing rapid transformation. No longer are interim managers seen purely as cover for staffing gaps: they are now increasingly viewed as effective leaders and change managers who provide objective and transformational advice to organisations.

The skill of interims managers in providing strategic and leadership advice has seen their reputation improve considerably since the height of the GFC in 2009. And a key aspect of this is 'supply-side' driven growth. For the first time in Australia, we now have a pool of high quality executives interested in undertaking interim assignments for the medium-term and, not infrequently, as a long-term career choice.

This has enhanced organisations' ability to bring in interims for senior or sensitive assignments in the knowledge that they are recruiting top flight executives, not just those who are unable to secure a permanent position.

One of the other interesting developments is the increasing use of interims in place of management consultants. Many organisations have a transformation or change programme that is relatively well defined but needs skilful implementation - in these instances a senior interim can, in many cases, bring a combination of a hands-on track record and a consulting mindset. And the cost/benefit of the interim option is usually very persuasive.

Finally, a comment on the business cycle. Whilst one could construct an argument that the present economic malaise produces perfect conditions for interim - don't hire a permanent executive in this market, just bring in someone for a short-term period - my strong view is that when the cycle turns upward, the increase in the number of acquisitions, growth projects, new start-ups etc. will significantly boost demand for interim managers.

So, the interim management 'industry' in Australia has come a long way over the last four years but we're really just at the beginning of a new methodology of senior executive staffing. Exciting times!

Nick Waterworth

Managing Partner | Watermark Search International



WATERMARK'S INTERIM MANAGEMENT TEAM

(*left to right*):
Nick Waterworth,
Danny Hodgson,
Caroline McAuliffe
and Greg Hayes.

INTRODUCTION

Watermark Search International's third Annual Interim Management Survey provides the most in-depth analysis of the Australian interim market yet. We have taken the temperature of over 300 professionals, comprising executive level interim managers with some independent consultants. The insight and distinct trends identified, provide both clients and executive hirers with valuable data to inform their resourcing plans. The survey also acts as a great overview for interims looking to benchmark themselves within the market.

Thank you to everyone who participated in the survey.

HEADLINES

- There has been a substantial swing towards the provision of 'specialist skills' as the motive for hiring an interim.
- A significant uplift in daily rates this year, with 34% charging \$1500 per day or more.
- 65% of respondents have worked away from home on assignment and 89% would consider it.
- The majority of assignments are lasting 1-5 months, but there is a trend towards 6-12 month assignments.
- Less work in SMEs, with large private sector business and the public sector proving more fertile territory for interim assignments.

FROM OUR PERSPECTIVE

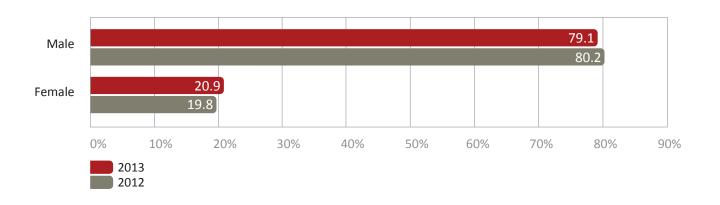
We have been really encouraged by the development of the interim market in the past year. As a business, the number of interim assignments we are handling is growing and there is a talented community of interim managers who are increasingly committed to working in this way. Whilst we are receiving more and more briefings, this survey also highlights the importance of effective networking. The majority of assignments not sourced through providers like us, come from old job contacts. Keeping those networks fresh is key to generating a good flow of work.

We have also been busy spreading the message and promoting the concept of interim management as an effective resource for organisations. Presentations at various events, articles in the national press and business periodicals have all helped to push the concept onto the agenda, but there is no better promotion than an interim advocate talking to their networks about the positive impact and interim has made.

The delivery process, from us taking a brief to an interim commencing an assignment remains artificially protracted. Hesitation and insecurity over the economy and the looming election has resulted in clients taking longer to hire interims: this is also mirrored in the wider executive search market.

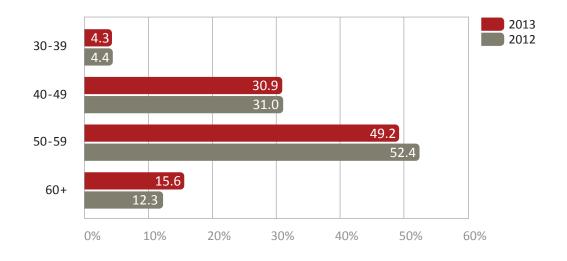
The general sentiment from over 500 comments we received was that the market is competitive and the economic climate is challenging. However, because of the value for money, experience and expertise interims bring, interim management is an increasingly important resourcing strategy within business.

Q1 YOUR GENDER?

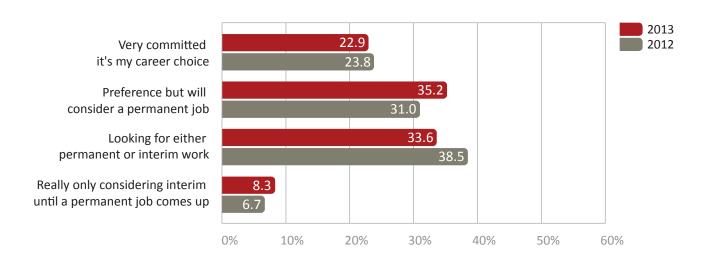


Q2 YOUR AGE?

The blend of years of experience, energy and a family life that can support working away from home on occasions sees 50-59 as the most popular age bracket for interims again.

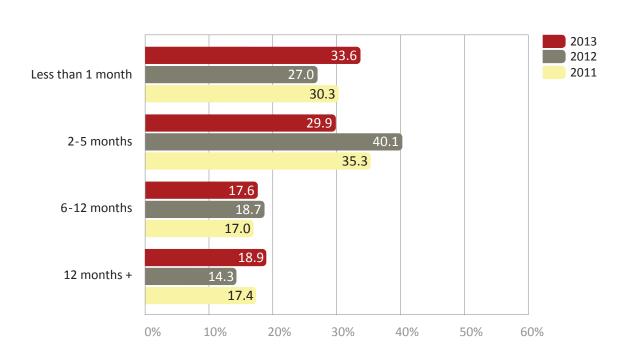


Q3 HOW COMMITTED TO INTERIM ARE YOU?

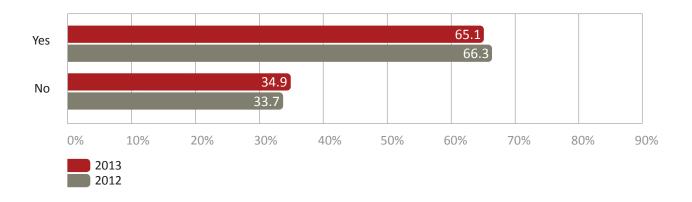


Almost 60% of respondents would prefer or are committed to working as an interim manager. It is a reputable and considered career move. Interim is less a community of circumstance and more a profession in its own right.

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

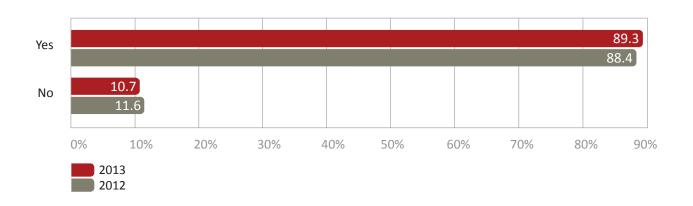


Q5 HAVE YOU WORKED AWAY FROM HOME ON ASSIGNMENT?



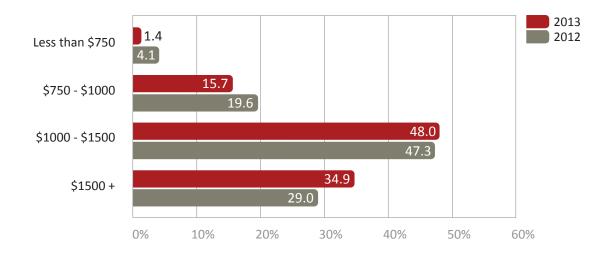
The mobility of the interim market is a great asset to Australian business. Organisations with locations that are a barrier to hiring permanently can tap into a whole new pool of talent that are willing to relocate temporarily.

Q6 IF NOT, WOULD YOU CONSIDER IT?

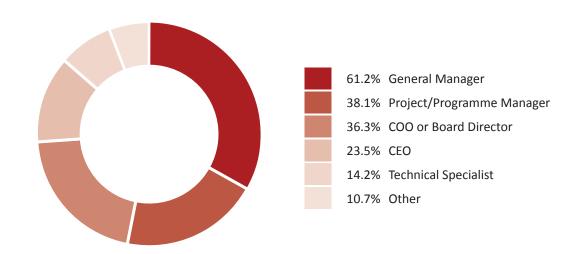


Q7 WHAT IS YOUR TARGET (OR CURRENT) BASE DAY RATE?

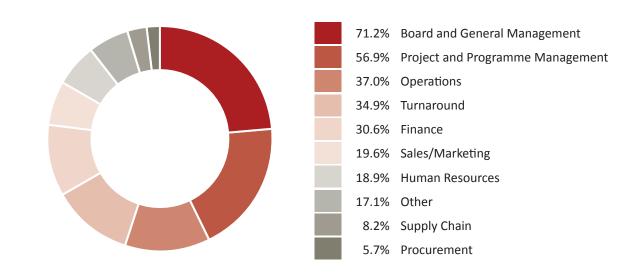
Despite an uncertain economic climate, daily rates have held up well this year. In fact, there has been a significant increase in those earning over the \$1500 per day mark. This could in part be down to the increased confidence of hiring C suite professionals on interim contracts - a trickle up effect.



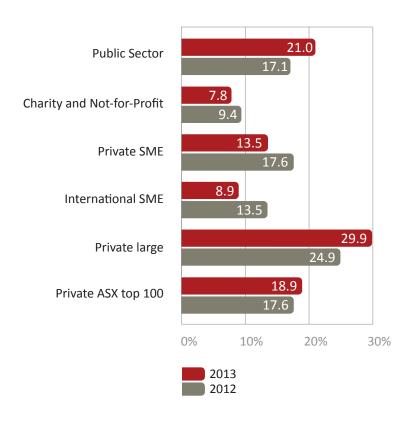
Q8 WHAT LEVEL HAVE YOU TYPICALLY WORKED AT?



Q9 WHICH FUNCTIONAL LEVELS HAVE YOU WORKED AT?

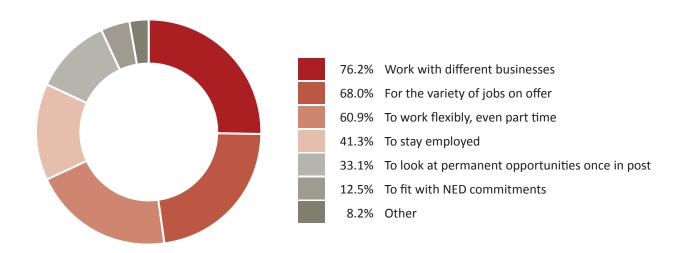


Q10 WHICH SECTOR HAVE YOU MOST RECENTLY WORKED IN?



Perhaps most surprisingly we have seen an increase in interims working within the public sector and there are a number of drivers influencing this. Firstly, after some significant redundancies within the public sector, skills gaps have opened up which are being plugged by interim resources whilst restructures are worked through. The large scale reform agenda across government have also had an impact, with departments increasingly looking to the private sector for commercially minded project and change professionals to drive reform, often on an interim basis. Finally, the proliferation of interim managers within Australian business, notably large private companies, is filtering through to public sector organisations who are increasingly seeking to benefit from the value an interim can bring.

Q11 WHY ARE YOU CONSIDERING INTERIM? (TOP 3 SELECTED)



For the challenge! I love the variety and the impact I can have through problem solving on a large scale.

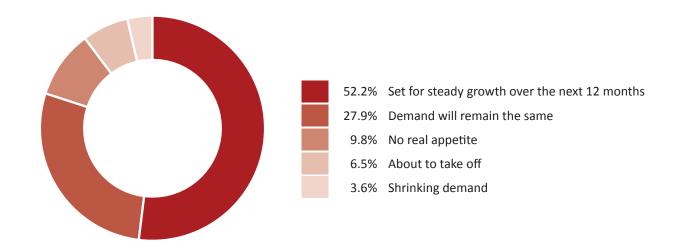
"I have multiple skills, experience and qualifications that can be applied in a range of situations."

**To explore different organisational types. **

"As a transformation specialist the need is varied from company to company and therefore provides me with a greater challenge."

Quotes from survey participants.

Q12 WHAT IS YOUR VIEW ON THE GROWTH OF INTERIM IN AUSTRALIA?



*I think the value proposition is becoming better understood and therefore more attractive, both to employers and to interims.

*I see it developing as a way for business to accelerate change and to ensure their transformations are sustainable through using interims to keep the momentum and drive.

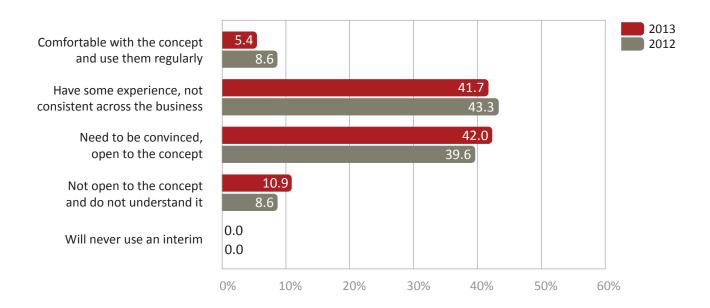
WI think there is a great opportunity, however businesses need to be better educated as to using interim management to their benefit. The need is there but few may feel comfortable leveraging the available resources in the short term, given it may be a new way of resourcing for them.

Will still be niche, but growing slowly!

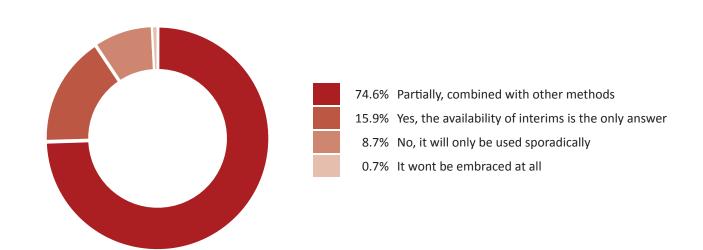
Quotes from survey participants.

Q13 HOW WELL DO CLIENTS GENERALLY UNDERSTAND THE CONCEPT OF INTERIM?

A high number of clients have had some experience of interim management or are open to hiring one in the future, however there is still some work to be done to sell the concept to more widely.

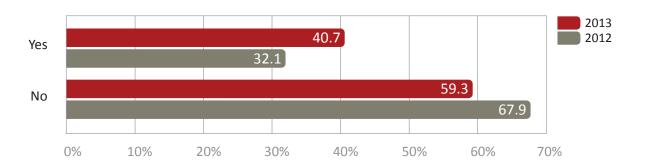


Q14 DO YOU THINK INTERIM MANAGEMENT POSES A SERIOUS SOLUTION TO THE LOOMING LEADERSHIP SKILLS GAP?



Q 15 ARE YOU CURRENTLY ON ASSIGNMENT?

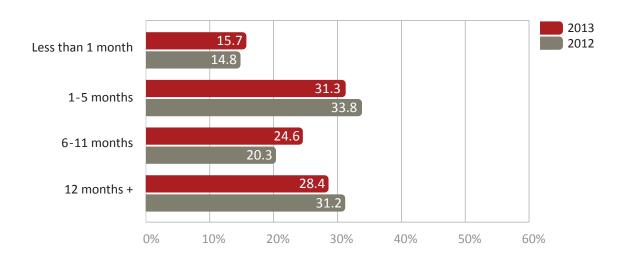
This snapshot of interims currently on assignment vs not, shows a positive swing from last year. Easing fears around the Eurozone Crisis, more work in state government reform programs and a general greater understanding of interim management could all be contributing factors. However, it is taking those who are off assignment longer to land their next piece of work.



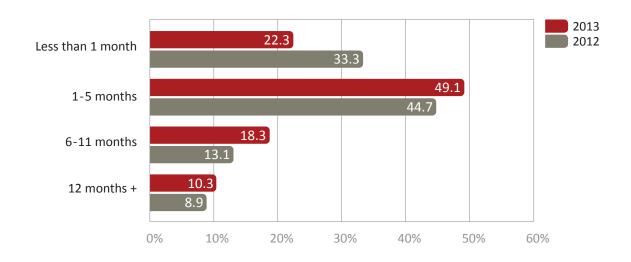
Q16 HOW LONG DID YOUR ASSIGNMENT LAST?

Whilst most assignments continue to last between 1-5 months, the increase in those lasting 6-11 months is interesting. Over the last year we have found that many clients are taking longer to appoint candidates to permanent positions. Whether this is due to greater challenges in gaining approval to hire; fewer candidates looking to move jobs; or generally a more cautious approach; the result is often an extension for the interim covering the gap.

We are also finding that clients are impressed with the calibre and capability of interims appointed and look to redeploy them to tackle new problems when the original deliverables are met.

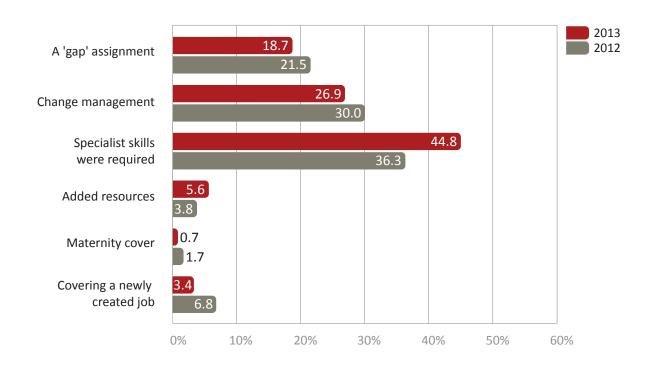


Q17 IF 'OFF ASSIGNMENT' HOW LONG HAS THIS LASTED?

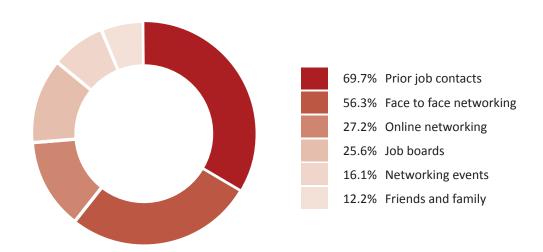


Q18 WHAT WERE THE REASONS FOR YOUR LAST ASSIGNMENT?

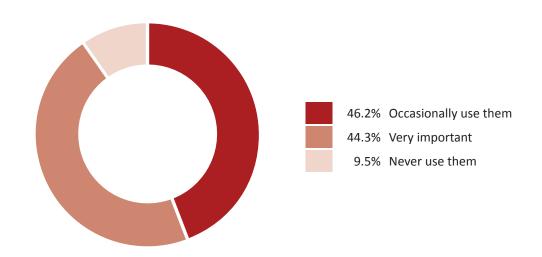
The provision of specialist skills remains the chief reason an interim is hired in Australia and even more so this year. Driving change and filling a management gap also remain key motives in hiring interim managers.



Q19 IF GAINING WORK THROUGH YOUR OWN NETWORKS HOW IS IT SOURCED?



Q20 HOW IMPORTANT ARE RECRUITERS IN SOURCING WORK?



10 TIPS FOR HIRING AN INTERIM

1 DITCH THE JD/PD

Think clearly about the deliverables; focus the interim on specific tasks within a set timeframe.

2 FULL OR PART TIME

Put simply - agreeing to 3 or 4 days a week could reduce the budget by up to 40%.

3 INTERSTATE/REGIONAL OPTION

Most will work away from home which gives you access to a new pool of talent.

4 LEASE VS BUY ANALYSIS

When facing uncertainty, significant change or where a permanent hire is not appropriate, executive leasing offers the best flexibility on contracts, terms and notice periods.

5 GIVE THEM A MANDATE

An interim manager needs authority and access to resources from the top to deliver.

6 ASSESS THE 'FLIGHT RISK'

The percentage of career interim managers in Australia is low, those looking at permanent work are still viable interim options in our market. Think about 'lock in' clauses or completion incentives.

7 DAILY RATES

Employment and fixed term contracts are often a preference but engaging through a daily rate offers more contractual flexibility, reduces headcount and is often the candidate's preference.

8 KEEP TALKING

Talk to the interim manager and recruitment provider, monitor progress against deliverables to head off any mismatched expectation.

9 IS THERE A NEED?

Acting up arrangements can be successful, an interim is better suited when specific skills or higher level managerial expertise are needed.

10 DON'T SIT ON THE SHORTLIST

Even in tougher economic times, the very best interims enjoy high demand for their services.

CASE STUDIES

INTERIM CHIEF INFORMATION OFFICER (CIO)

THE CLIENT

A large public business specializing in medical services, research and product development. The organisation had grown significantly over the last few years and was diversifying the business into several new areas. The business has experienced some 'growing pains' and there was a need for new systems and processes to support the growth.

THE BRIEF

The business made the difficult decision to part company with their existing CIO but required immediate support whilst they considered their options for the permanent position. An interim CIO was required to assess the current situation, turn around several systems implementations and other business projects and provide some strategic advice to the CEO and Board and leadership to the team. The client needed a CIO who could be both strategic in their thinking but also technically strong enough to be hands on with the business.

WATERMARK'S SOLUTION

Our client interviewed a shortlist of three candidates, under confidentiality agreements, in our boardroom. The successful candidate was a high profile and highly experienced CIO and interim manager with the right combination of skills. It also helped that the appointed interim had recently concluded a successful interim assignment sourced by Watermark for another client, with testimonials to support the work.

THE OUTCOME

The interim brought stability, turned around projects with some substantial cost savings and has allowed the business the opportunity to properly consider their next move for the CIO position.

INTERIM CHIEF EXECUTIVE OFFICER (CEO)

THE CLIENT

We were approached by the European major shareholder of a renewable energy business who were experiencing a time of management crisis due to a management dispute with local leadership. The business had grown significantly in revenue over the prior 12 month period, however, the business support systems and governance management had not been addressed.

THE BRIEF

Our client identified the need for a stabilizing influence to minimize damage and manage the business effectively whilst they reflected and prepared to conduct a formal search for a replacement. They wanted a seasoned executive with proven leadership qualities and strong operational and commercial experience. It was crucial that the interim was able to quickly gain the respect of the senior management team, the trust of the board overseas as well as have a credible reputation with key stakeholders in the local market.

WATERMARK'S SOLUTION

We worked quickly, providing the Group CEO with a shortlist of four suitable interim managers who had the required skill sets, experience and leadership capabilities. Three of these to interview and appointed the preferred candidate within two weeks us receiving the brief. The interim appointed had many years' experience in leading large and complex businesses and for the past four years he had worked as an interim manager in CEO or restructuring roles across a range of industries.

THE OUTCOME

Immediate leadership stability and continuity during change, no loss of revenue or brand perception.

CASE STUDIES

INTERIM CHIEF FINANCIAL OFFICER (CFO)

THE CLIENT

Watermark's interim business was approached by a Queensland based, infrastructure organization whose CFO had resigned. The business was in a cycle of acquisition and growth.

THE BRIEF

The business had instigated a full executive search process to find the replacement CFO however the process was taking a long period of time to identify and find the right person for the longer term needs of the business whose skills and experience were going to be paramount to its growth plans and long term strategic plans.

There was a need for an interim CFO to step into the breach to undertake the CFO role on a day to day basis, manage the team and bring specific expertise to the programs of work currently underway in the business.

WATERMARK'S SOLUTION

Within two days of being briefed, Watermark Interim presented a shortlist of interim CFO's available immediately whose skills and experience fit the brief required by the business, all available immediately to undertake the assignment.

THE OUTCOME

The interim CFO was placed on an initial 3 month contract with the business which was subsequently extended twice. The Interim CFO was available to assist with a handover and induction to the incoming permanent CFO and also remained with the business for a short period afterwards in order to complete some specific projects for the CEO. The interim was able to fit in seamlessly from day one due to his experience at executive and board level and added tremendous value to the board review process.

RECENTLY COMPLETED ASSIGNMENTS

Interim CFO

(Professional services)

Interim CFO

(Infrastructure)

Interim CEO

(Professional body)

Interim CEO

(Renewables)

Interim Chief Engineer

(Transport)

Interim CIO

(Utility)

Interim GM Safety

(Heavy industry)

Interim CFO

(Medical devices)

Interim Corporate Counsel

(Regulator)

Interim Head of Operations

(Food production)

Interim Chief Information Officer

(Biotech)

Interim Chief Information Officer

(Federal government agency)

Interim Project Manager

(Biotech)

Interim OD Consultant

(Higher education)

Interim Director of Fundraising

(Professional body)

THE RANGE OF WATERMARK SEARCH INTERNATIONAL SERVICE OFFERINGS



EXECUTIVE SEARCH

Watermark Search is a longestablished search firm specialising in C-level appointments. We have a strong 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

Watermark advises many clients on the appointment of chairs and non-executive directors. We work with public listed companies as well as the government sector, government owned corporations, not-for-profits, etc.

INTERIM MANAGEMENT

One of the most rapidly expanding areas of our firm, the emergence of interim management in Australia is being fuelled by growth on the supply side: there are more top quality senior executives than ever before working on interim assignments.

MARKET MAPPING

We offer clients bespoke research on people and competitor dynamics. We gather first hand and up-to-date intelligence on a variety of sectors which can be used as a precursor to a search assignment or for internal benchmarking.

LEADERSHIP ASSESSMENT

Our executive assessment programmes give organisations the quantitative insights needed to confidently groom talent for leadership roles. As a leader in executive search and board services, we have detailed knowledge of the top talent and insights into the qualities necessary for leadership - this is complemented with objective, research-backed methodologies

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.