2015

FIFTH ANNUAL AUSTRALIAN INTERIM MANAGEMENT SURVEY

Watermark
SEARCH INTERNATIONAL

WELCOME FROM WATERMARK

For over five years Watermark Interim Executive has been providing a compelling proposition to our clients to help them manage through a merger, large program, unexpected senior vacancy or the need to inject some specific expertise. We continue to see a rising demand for this specific offering. This model which allows our clients to access senior executive talent in days, even hours, on the basis that they are not locking themselves in to a fixed cost is understandably attractive in a business environment that is rapidly shifting. Interim Executives often have a broader range of skills and experience than a permanent employee in the same role would have. As a result they come up to speed very quickly, are focussed on delivering outcomes in the short term and are keen to hand over the role in good shape. Interim Executives also see their role as one of mentoring those in the organisation and they do not find themselves tied up in any of the organisational dynamics that might exist.

In addition to the rise in demand for Interim Executives we also see the rise of the Professional Interim where being an Interim Executive is an active choice, not a fall-back. Compared to the established nature of the European Interim Executive as a profession we are some way behind but we are seeing that start to shift.

I hope you find the information in the survey results interesting and the analysis useful.

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From left: Danny Hodgson, Caroline McAuliffe, Martin Searle, Graham Willis

INTRODUCTION

We are delighted to provide you with the results of our fifth Annual Executive Interim Management Survey. Over the course of those five years we have seen some fascinating changes in the growth of the market, linked closely to the changing nature of the Australian workforce. The number of survey respondents has increased year on year, matching the growth of the market and we now have approaching 400 responses from a wide range of Interim Executives.

All of our surveys have shown a steady, incremental, year on year rise in the growth of Interim Management as a new and innovative way for corporates and organisations to solve executive recruitment challenges. For many businesses Interim Executives have become a 'business critical' tool.

We hope that our survey, and its analysis, provides real insight into both the current state and the future potential of Executive Interim.

HEADLINES

WE SEE:

- *Executives in their 50s are the dominant age group, underlining Interim Management as a 'career choice' and valid option. Virtually no respondents are in their 30s.*

- *Almost 60% of respondents picked up an assignment in 5 months or less (for many it can take over a year to find the right permanent role).*

- *There has been a fall in the number of respondents who have worked away from home. We consider this to be a result of the decline in the mining sector over the last year.*

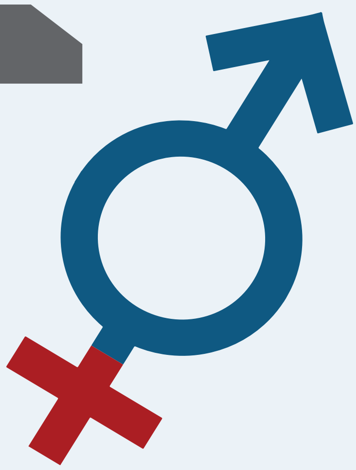
- *The average contract duration is increasing, moving interim away from ad hoc consultancy into genuine gap management and professional guardianship.*

FROM OUR PERSPECTIVE

The last twelve months reflect a similarity with previous years; a steady and incremental growth in the use of Interim Executives in Australia. Typically, we find that once an organisation uses an Interim Executive for the first time they quickly become repeat users, even 'evangelists' of the concept within their own organisations.

Historically, in the commercial sector, we have seen the largest demand in medium to large organisations i.e. those large enough to require support at an Interim Executive level but not so large they can easily re-deploy people from within. The last twelve months have seen a growth in the number of some of Australia's larger listed (and private) businesses strategically engaging Interims.

RESULTS



YOUR GENDER

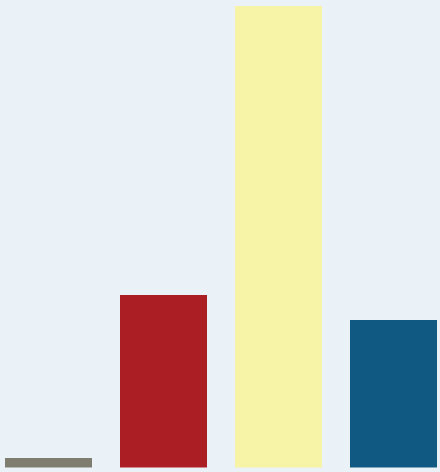
MALE	78%
FEMALE	22%

There has been a slight upward shift in the percentage of female Interim Executives currently working in the Australian market with growth of 3% to 22%, as compared to last year's 19%.

YOUR AGE

30-39	1%
40-49	21%
50-59	59%
60+	19%

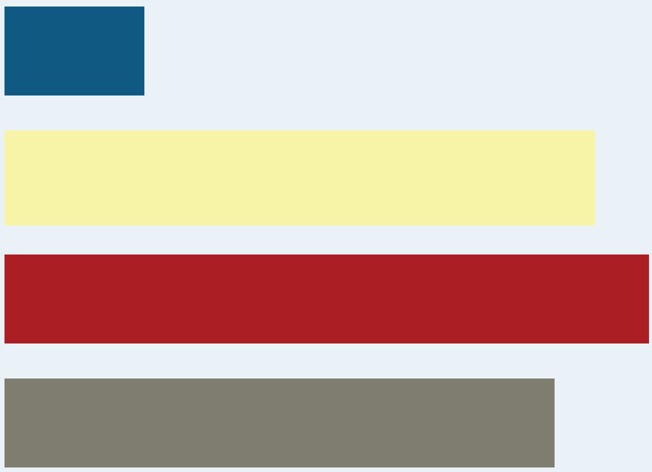
The 50-59 year age group is the largest cohort, with a 5% increase on 2014. The percentage of 30 – 39 year olds is now less than 1%. This may indicate a shift towards Interim Management as a genuine career choice for our seasoned executives rather than a 'gap filler' for younger executives.



HOW COMMITTED TO INTERIM MANAGEMENT ARE YOU?

Really only considering interim until a permanent job comes up	7%
Looking for either permanent or interim work	31%
My preference, but will consider a permanent job	33%
Very committed, it's my career choice	29%

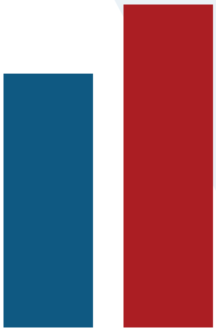
Nearly two thirds of respondents (62v%) consider Interim to be their preferred career choice



HOW LONG HAVE YOU BEEN LOOKING FOR AN INTERIM ROLE?

Less than 1 month	28%
2-5 months	30%
6-12 months	20%
12 months+	22%

Close to 60% of respondents are finding Interim Management assignments within 1-5 months.



HAVE YOU WORKED AWAY FROM HOME ON AN INTERIM ASSIGNMENT?

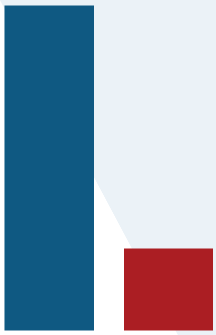
YES	45%	↓ 19% on 2014
NO	55%	

There has been a significant drop in percentage of Interims working away from home this past year, going from 64% in 2014 to 45% in 2015. This could be a reflection in the downturn of the mining and resources industry.

IF YOU HAVEN'T WORKED AWAY FROM HOME, WOULD YOU CONSIDER IT?

YES	80%
NO	20%

The percentage of Interims willing to consider relocation remains fairly consistent at 80% (compared with 88% in 2014). This indicates reduced availability of interstate/ international assignments.



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

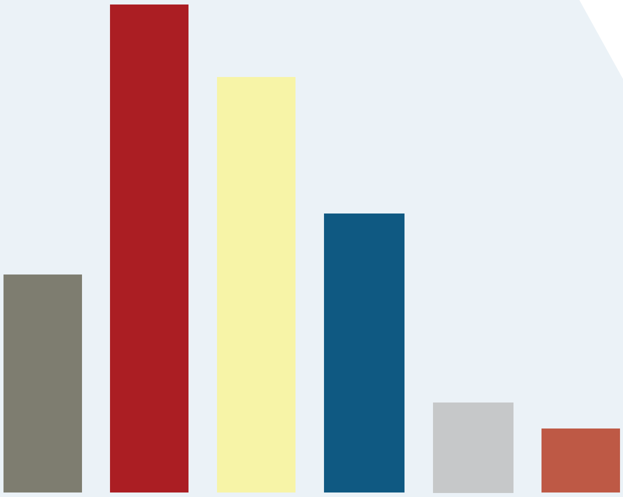
Less than $750	1%
$750-$1000	17%
$1000-$1500	49%
$1500+	32%

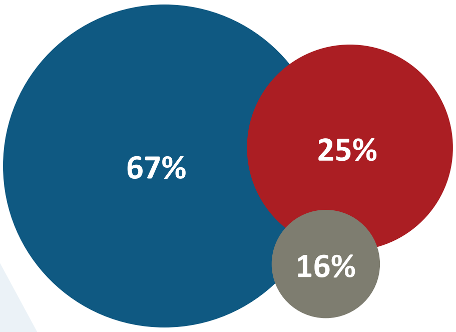
Interim day rates have remained steady, with over 80% of respondents seeking $1,000 or more per day.

WHAT LEVEL HAVE YOU TYPICALLY WORKED AT?

CEO	22%
Other C-suite role (e.g. COO, CFO, CIO) or Operational Board Director	52%
General Manager	48%
Project/Program Manager	29%
Technical Specialist	11%
Other	8%

This year there has been a 7% increase in the number of Project/Program Managers taking the survey and this is a reflection of the increase in transformation and change programs underway or even 'change being the new norm'.



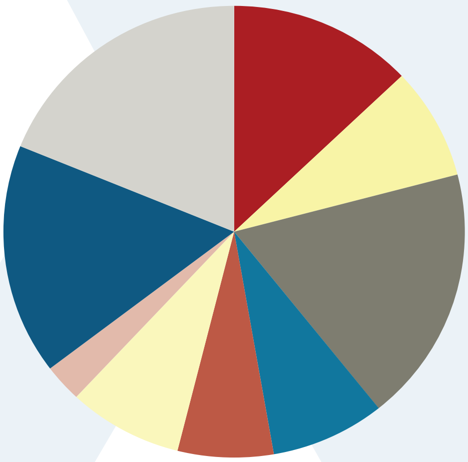


WHICH FUNCTIONAL LEVELS HAVE YOU WORKED IN? (TOP 3 CHOICES)

- Board and General Management
- Finance
- Human Resources

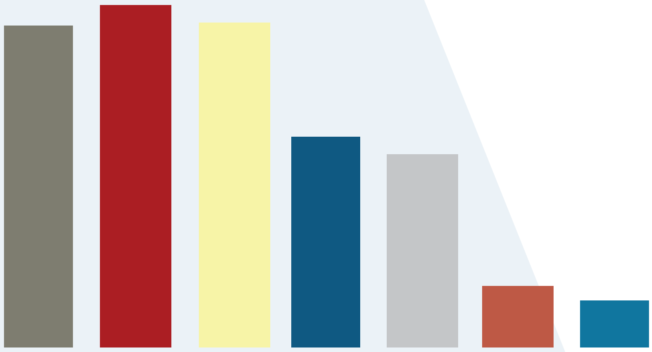
WHICH SECTOR HAVE YOU MOST RECENTLY WORKED IN?

Financial Services	13%
FMCG	8%
Government	18%
Industrials	8%
Infrastructure	7%
Manufacturing	8%
Mining	3%
Professional Services	17%
Services	19%



WHY ARE YOU CONSIDERING INTERIM? (TOP 3 CHOICES)

Work with different businesses/sector	54%
For the variety of jobs on offer	57%
To work flexibly, even part time	54%
To stay employed	35%
To be considered for permanent roles leading from the Interim role	32%
To fit with NED commitments	10%
Other	8%



There has been a 7% increase on last year in Interims working on assignment for greater work variety. However, of interest is the increase this year by 7% of Interims working an assignment in order to be considered for a permanent opportunity that might lead from the Interim role. This may indicate that the ‘try before you buy’ scenario is on the rise.

“I love the challenge of leaving a place in better shape than when I found it”.

Survey Participant

“Organisations are starting to realise that their requirements for talent, skills and experience change rapidly over time; particularly during periods of business change”.

Survey Participant

“Businesses are starting to get the idea of getting someone who is bit more senior in to make the changes needed and set up the systems to make the business scalable - then leave!”

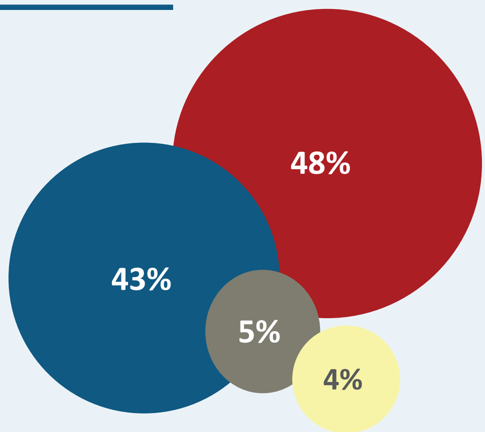
Survey Participant

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

Engineering/delivering change	2%
Integrity/professionalism/gravitas	2%
Value – cost efficient; flexible and predictable cost	5%
Expertise/specialist skills	5%
Increased profit/performance	6%
Independent – apolitical, dispassionate advice	8%
Speed – rapid grasp of issues and consequent impact	9%
Proven track record of success	11%
Focus/drive/results-oriented	19%
Experience – depth/breadth; multi-business and multi-sector	33%

HOW WELL DO CLIENTS GENERALLY UNDERSTAND THE CONCEPT OF INTERIM?

- Have some experience, not consistent across the business
- Need to be convinced, but open to the concept
- Comfortable with the concept and use interims regularly
- Not open to the concept and do not understand it
- Will never use an interim



ARE YOU CURRENTLY ON ASSIGNMENT?

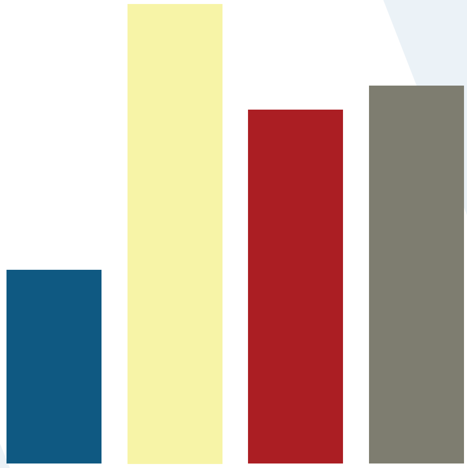
YES	33%
NO	67%

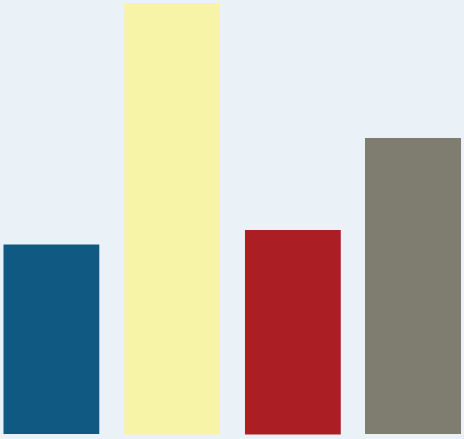
The number of interims currently on assignment has remained consistent compared to 2014.

HOW LONG HAVE YOU BEEN ON YOUR CURRENT ASSIGNMENT?

	Less than 1 month	14%
	1-5 months	33%
	6-11 months	26%
	12 months +	27%

Assignment duration between 1 – 5 months has increased significantly in the past year from 18% to 33%, with a 5% increase in assignments lasting less than 1 month. The percentage of assignments lasting between 6 – 11 months has remained consistent and there has been a slight rise of 6% to 27% of assignments running for 12 months or more.



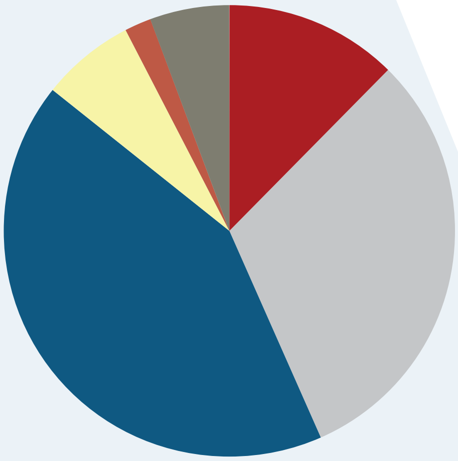


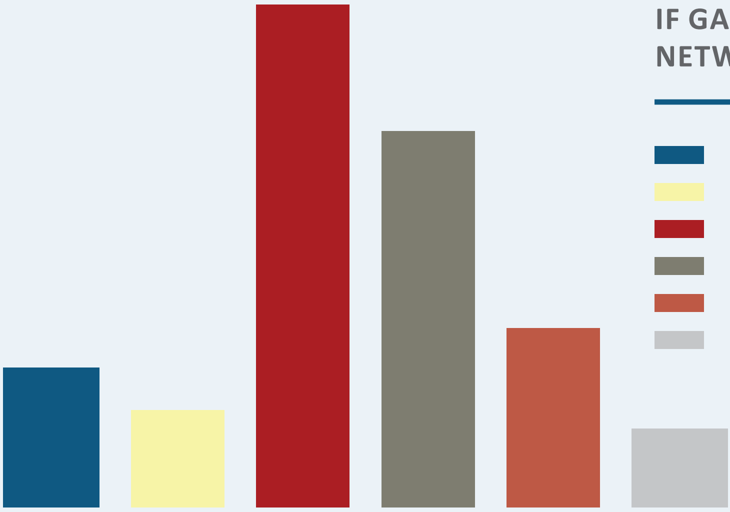
HOW LONG HAS IT BEEN SINCE YOUR LAST ASSIGNMENT?

	Less than 1 month	16%
	1-5 months	38%
	6-11 months	19%
	12 months +	27%

WHAT WERE THE REASONS FOR YOUR MOST RECENT ASSIGNMENT?

	A 'gap fill' assignment	14%
	Change management	28%
	Specialist skills were required	44%
	Added resources	6%
	Incumbent not available	2%
	Covering a newly created job	6%



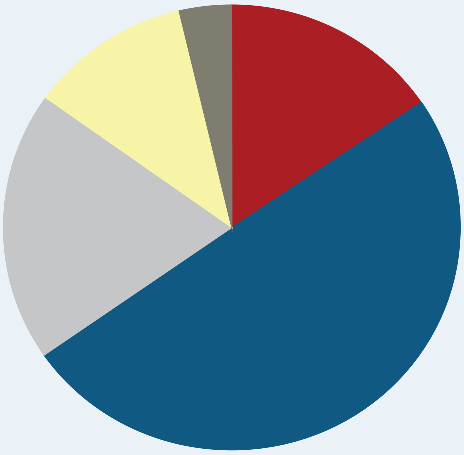


IF GAINING WORK THROUGH YOUR OWN NETWORKS HOW IS IT SOURCED?

Job boards	19%
Networking events	15%
Prior job contacts	62%
Face to face networking	47%
Online networking	21%
Friends and family	10%

HOW IMPORTANT ARE RECRUITERS IN SOURCING ROLES?

Very important	17%
Quite important but I also use other approaches	48%
Occasionally use them	18%
Not that important but I do use them	14%
Never use them	3%



There has been a rise of around 20% in the importance of using recruiters to source work. 48% of people rate this source highly, whilst still using other sources.

"Interim provides a balance between permanent and consulting which can provide the client a valuable and somewhat unique perspective".
Survey Participant

"Interim Executives do not come with agendas - they have the business objectives as their number one priority".
Survey Participant

"Interim Management opportunities are rapidly expanding as organisations seek flexibility in changing environments.
Survey Participant

INTERIM CHIEF EXECUTIVE OFFICER (CEO)

THE CLIENT
A large, complex NSW Government entity

THE BRIEF
Following a period of upheaval, a high profile CEO position had become vacant within NSW Government. Anticipating a significant period of change ahead, the organisation made the strategic decision to bring in a seasoned Interim CEO in for a fixed period. Their brief was multifaceted; to stabilize the current situation, improve culture and staff morale and initiate a 'once in a generation' structural review of the organisation which would dramatically transform its service delivery. It was essential that the successful candidate had certain 'industry specific' experience gained in the private sector.

WATERMARK'S SOLUTION
Using a combination of our existing networks and contacts and a short burst of targeted research we approached a very small number of people who met the client's requirements to a high level. This resulted in a fast and efficient process to select the person who had the required specific skill set within a matter of days.

INTERIM CHIEF INFORMATION OFFICER (CIO)

THE CLIENT
A large, multi-state care provider

THE BRIEF
The swift departure of the previous CIO had created a hiatus which was potentially unsettling for our client; the ICT function was under particular scrutiny by the Board, there was a risk of further resignations within the team and several key contracts were about to lapse and required re-negotiating. Simply running a permanent search and waiting for the appointed candidate to work their notice period would have been very difficult for our client to manage effectively. They had been previously unware of the 'Interim' option and decided to engage Watermark to present them with seasoned CIOs, available immediately to step in and support them.

WATERMARK'S SOLUTION
Our client met with three candidates in our Boardroom and following those meetings an Interim CIO was engaged. The individual had huge experience across a number of sectors and their gravitas and track record immediately settled the team and the Interim went on to coach and mentor key people, lead the negotiations with vendors and support the recruitment of the permanent CIO.

INTERIM CHIEF EXECUTIVE OFFICER (CEO)

THE CLIENT

A large, global services organisation

THE BRIEF

A seasoned Interim CEO was required to effectively divest a large joint venture operation and manage a whole of enterprise transfer to new owners. The interim period required specialist skills in divestment, commercial contract negotiations, strong stakeholder management skills and the ability to maintain brand equity as the two joint venture partners navigated through to close of contract.

WATERMARK'S SOLUTION

By accessing our database of pre-qualified specialist executives we were able to provide a shortlist of experienced CEO's with the requisite experience. This resulted in a swift and efficient process with the preferred candidate in place within one week of briefing. The independent advice provided by the Interim CEO resulted in a successful and cost effective outcome for the clients.

WATERMARK SEARCH INTERNATIONAL 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 guarantee the quality of our work and are extremely proud of our candidate retention rate of 91% after two years.

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.

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 2014, 44% 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.

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 and provide an induction process for their new Directors.

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. Those executives then remain in place for an average of 4 - 6 months.

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.

CONTACT US

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