



# Q&A: An insight to Interim Management

A Clients Guide

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## 1. Who are Interim Managers?

Interim Managers are experienced, highly qualified, hands-on, pragmatic executives with the skills and abilities to deliver an immediate and lasting impact.

They will have a track record of taking initiative, are organisationally aware, with excellent project management and communication skills. Interim Managers differ from consultants because they assume executive responsibility with a clear mandate to act on the client's behalf. They are generally sensibly over-qualified for the assignments they undertake, and have extensive functional and industry experience. They have successfully addressed similar issues to those faced by their clients. Available immediately, their skills closely match the needs of the client.

Many of the Interim Managers selected by Touchwood Talent have over 20 years of industry experience and have chosen Interim Management as a career path that enables them to deploy their knowledge, talent and experience across a variety of business environments.

## 2. What kind of companies would benefit from using Interim Managers?

The simple answer is all companies that need to manage issues outside their current capacity or their capabilities. Demand for Interim Managers is coming from virtually all sectors and is increasing.

## 3. What kind of assistance could an Interim Manager provide?

An Interim Manager could assist in a period of transition or change by temporarily assuming any of the functions that would be the responsibility of Executives or Project/Program Managers. Some examples include:

### • Project Management

- Implementation of a new technology
- Implementation of a new strategy
- Expansion into a new market
- Factory relocation
- Start-up or closing-down of a division
- Handling of a new activity or an a typical project

- Going through a merger, de-merger, or acquisition
- Rationalising, downsizing, or restructuring
- Embarking into a major program of cultural change within the organisation

### • Gap Management

- Sudden loss of a senior executive
- Organisational changes
- Overstretched Management
- Management of rapid growth
- Management of a start-up
- Change Management

### • Turnaround Management

- Manage a crisis or a turnaround
- Turnaround underperforming businesses or divisions
- Recover failing projects / programmes

## 4. What are the main advantages of Interim Management?

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The main advantage is a business result brought about by instant access to high calibre talent. Significant numbers of our clients tell us that Interim Managers add value beyond the scope of the assignment.

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*“Interim managers offer fresh perspectives, facilitate discussions, draw up proposals, engage stakeholders and help manage implementation.”*

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## 5. Why are so many companies engaging interim managers?

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Companies facing change must move quickly and manage the risks, but experienced change managers are hard to find and costly compromises often result, delaying resolution of critical issues. Qualified managers are becoming scarce and traditional recruitment methods are slow and carry a high opportunity cost. The Touchwood Talent solution accelerates the process and can rapidly provide high calibre executives within 10days.

The concept of Interim Management began in the Netherlands in the mid 1970's. Dutch companies wanted a model that would enable them to conveniently access specific, senior management talent for pre-determined periods of time to deliver on key tasks and bring new initiatives to life. By forming a panel of experienced senior managers and placing them on secondment into variety of companies to deliver on specific management tasks, the concept of Interim Management was created.

The added degree of flexibility and scalability that Interim Management delivered proved to be highly effective and the model became established in the U.K. in the 1980's.

Over last 30 years Interim Management grew between 20% and 40% annually and the industry is now worth over \$3 billion.

## 6. Why would an organisation retain an Interim Manager rather than hiring additional staff?

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Long range, companies should consider hiring permanent staff. An organisation however might find itself in a transitional period where there is an immediate need for senior management capabilities but the organisation is not ready or not able to fill that need with a permanent position. This could occur, for example during a search for a new Executive Director, during a period of rapid change or a crisis or when the management needs have not yet become clearly defined, etc.

## **7. But wouldn't employees be more committed to an organisation that an Interim Manager?**

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This is a common concern among first-time buyers. The opposite is true. Interim Managers are only as good as their last assignment. They live on their references.

## **8. What are the differences between an Interim Manager and a management consultant?**

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- Management consultants advise and recommend.
- Interim managers advise, recommend and implement.

Consultants are usually employed by large consulting organisations with inflexible methodologies and large overheads. However closely they work with the client – management consultants are ultimately responsible and accountable to the consultancy. An Interim Manager becomes a full member of the team of the client company for the duration of the Interim Management assignment. As an independent expert, they will operate as part of your team, rather than as an employee of an external organisation.

Interim Managers tend to be sensibly over-qualified for the assignment so that they are immediately effective, whilst many junior consultants tend to learn on the job. Also Interim Managers are far less expensive to engage as they don't have overheads of supervision from a consultancy company. This is backed by research which shows that the costs for Interim Managers are recovered at least threefold on average, making them a very cost-effective option.

## **9. Aren't Interim Manager just jobless skills that will leave the moment they find a permanent opportunity?**

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Absolutely not! Interim Managers are experienced executives that thrive on variety, on delivering value, on complex organisational challenges and on situations requiring the management of change. They chose Interim Management as their career.

A career Interim Manager is driven by the challenge of dealing with short term assignments, especially where they are contributing special skills that are only needed in the short term. Being task driven they are often not interested in climbing the corporate ladder or in corporate politics.

## **10. What are the downsides of being an Interim Manager?**

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Absence of job security is the most often quoted downside. Some other downsides are continuous search for the next assignment and stress of delivering the current assignment ("Interim Managers are only as good as their last Interim Management assignment"). However, more and more executives are realising that those disadvantages are a small price to pay for the independence and for benefits of being an Interim Manager.

## **11. If Interim Managers are so good, why do they choose uncertainty?**

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Interim Managers are entrepreneurs, independent by nature, and have chosen Interim Management as a career path. They like the challenge, variety and flexibility it offers and they find it rewarding.

## **12. Are Interim Managers sometimes offered a permanent contract once the interim management engagement is completed?**

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In fact this is the norm. Interim Managers tend to be sensibly over-qualified for the job. They are very results-driven and often deliver benefits beyond the initial scope of engagement. Clients often approach Interim Managers and offer a permanent position. However, most Interim Managers are committed to their Interim Management careers and decline such offers.

Occasionally, Interim Managers join clients. When this occurs, Touchwood Talent will facilitate the transfer. The advantage to the client is that they would end up hiring an Executive after “testing” him/her effectively, therefore minimising any risk of getting the wrong person on board.

## **13. What is the cost of an Interim Manager?**

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Daily fees vary according to a number of criteria, including market price, complexity of the assignment, level of the function, estimated duration of the assignment, risk level of the company, etc. Fees range from approximately €700 per day upwards. This compares favourably with full costs of a permanent staff at this level and is typically significantly cheaper than management consultants.

Clients are only required to pay for the actual days worked by the Interim Manager. The client remains in control of costs at all times, by agreeing the number of days to be worked in advance and afterwards certifying the numbers of days to be invoiced.

## **14. How cost-effective is the Interim option?**

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Research shows that the costs for Interim Managers are recovered at least threefold on average, making them a very cost-effective option. A recent survey of clients suggests that the vast majority of users will use Interim Management again.

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*Interim managers are usually open to the idea of a performance related bonus, provided that there is a clear way of measuring performance accurately and impartially.*

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## 15. Is an Interim Manager more expensive than a permanent member of staff with an employee status?

An Interim Manager invoices based on an all-in fee per day he/she spends on the assignment. In some cases, other daily travel and accommodation expenses will be charged, but agreed up front. There are no additional costs. Overall, the cost of the Interim Manager compares favourably on a day to day basis with the full cost of a permanent manager when taking into account not only the salary and the social security but all the peripherals such as bonuses, holidays, sickness allowances, training, insurances, stock options, recruitment and lay-off costs and various fringe benefits.

Base Salary*	%	£100,000	Interim rate
<b>Car Allowance*</b>	10%	£10,000	£0
<b>Employers pension contribution</b>	10%	£10,000	£0
<b>Health Insurance</b> *(single/family)	3.0%	£3,000	£0
<b>Life insurance*</b>	1.0%	£1,000	£0
<b>Holidays*</b> (4 weeks min)	n/a	£10,000	£0
<b>Performance Bonus*</b>	25%	£25,000	£0
<b>Sickness*</b> (10days min)	Full pay for each day off	£5,000	£0
<b>Employers NI</b> (13.8% of all * above)	13.8%	Circa £7500	£0
<b>Training allowance</b>	10%	£10,000	£0
<b>Lay off &amp; recruitment</b>	Typically more than 30%	£30,000	£0
<b>TOTAL</b>		£204,000	£1000/day

An average “utilisation rate” for good interims is around 60-70% (equivalent to circa 160 days a year) so for a six month assignment in the example above, the £100,000 interim would come at a cost of around £1000/day (£160,000 for a 6mth assignment). Also as interims are suitably over qualified and more experienced than the equivalent permanent skills they tend to be more productive as well, so not only are they more cost effective but are often more productive too.

## 16. Is the Interim Manager an employee or a consultant?

The Interim Manager would be retained on a contract on a monthly basis. The organisation would not be responsible for benefits, insurance, taxes, etc.

## 17. How long does it take to select an interim manager?

At Touchwood Talent will endeavour to provide our clients with a shortlist of candidates within several days of receiving an Interim Management brief. The Interim Manager will be in place within days of being engaged. Usually it takes about two to three weeks until the Interim Manager starts. (10days on average)

## **18. How long is an average Interim Management assignment?**

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Typically 3 – 9 months, but they can be as short as two weeks or as long as two years.

## **19. How long will it take for an Interim Manager to become effective?**

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They are immediately operational. The Interim Managers we select for a particular assignment would have experience in the area required and will often have encountered challenges similar to yours.

As a matter of fact our clients often benefit from our Interim Managers' experience before the assignment actually starts, when we involve him/her during the preparation phase.

## **20. Is it possible to engage a part time Interim Manager?**

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Yes, this often suits both parties.

## **21. How would the presence of an Interim Manager impact the client businesses permanent staff?**

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Experience shows that Interim Managers have the ability to easily integrate. Interim Managers in general have excellent social and managerial skills and experience. Also, they are assigned only on temporary basis and are hence not considered as a threat. In that context, it is very important to clearly explain the purpose of the Interim Management assignment to the organisation prior to his/her starts.

## **22. How does a business announce the Interim Manager appointment to staff?**

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The client executive normally makes the announcement describing the role the Interim Manager has been asked to assume, and the objectives that have been established for the assignment.

## **23. Who would the Interim Manager report to?**

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The Interim Manager would report to the Executive Director in the client business. The relationship with the Executive Director would be collaborative. The Interim Manager would assist the Executive Director (or the Board) to develop the management structures needed to strengthen the organisation and deliver the project goals.

## **24. What happens when the project is completed?**

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The Interim Management model is highly flexible and adaptable. All changes can be handled in a managed way using a project-management based approach to ensure clarity for all stakeholders. If there is an impact on the original contracted period, this is easily addressed as the standard contract includes a provision for modifications to tenure, if necessary.

In instances where there is a permanent job at the end of the assignment, the Interim Manager can act as a mentor/coach in transferring what has been learned to the permanent executive and turning over an action plan that will assure that momentum is not lost and an orderly transition will take place. In any case, the Interim Manager will provide detailed documentation and any handover required by the client.

The Interim Manager will generally provide sufficient documentation and personal handover to their permanent replacement to enable the new incumbent to get off to a good start. If required, an Interim Manager will help you define or redefine the role and help with selection.

As the contract comes to an end there are no termination costs.

## **25. How does Touchwood Talent find Interim Managers?**

We are constantly accepting applications and evaluating candidates who are interested in Interim Management assignments. Most Interim Managers come through our website but since we are all ex-executives we also have a large personal network of peers, ex-clients and managers that we have gathered over the last 44 combined years in industry. Whichever source it is, we carefully evaluate candidates before we accept them into our portfolio.

## **26. What qualities does an interim manager need to become successful?**

Flexibility is the key and the most successful Interim Managers are often the ones that are not restricted by rate or location. They must be able to quickly fit in with a diverse range of cultures and working environments. First class people skills are essential too, as is their ability to grasp situations quickly, engage staff and make an immediate impact.



Critically, Interim Managers need to be clear about the specific expertise that they can offer. A generalist Interim Manager often finds it more difficult to find work than someone who is a proven specialist in their particular field, as organisations will usually expect Interim Managers to be able to demonstrate success in a similar role.

## 27. How does Touchwood Talent compare to Executive Search firms and Management consultants?

Interim Management is today widely recognised as a flexible solution, quick to implement and very efficient in various situations. It does not compete with Executive Search or with Management Consultants and is often complementary.

This table highlights some of the major differences between these businesses:

	Interim Management	Executive Search	Management Consulting
Starts within	1-3 weeks	Several months	1-4 weeks
Mission	Implement change	Look for best candidate	Analyse problem
Outcome	Solution in place	Permanent hire on board	Recommendation made

*Remember – Interim Management is a flexible solution!*

