

# The Changing Profile of the Executive Interim Manager

By Paul McCann, Leathwaite

## For nearly a decade, financial services firms have engaged with Leathwaite to attract, hire and retain senior executive interim managers for key global assignments.

During the last five years there has been a distinct trend to reduce permanent staffing levels, with a goal of creating a more agile and scalable organisational infrastructure. The outcome from this activity has notably fuelled a change in the profile and role of executive interim managers, which we shall discuss within this paper.

Clients still require, to coin a phrase, "high-performance athletes" who are able to lead organisations through intense periods of business transformation. Yet, in addition to this, there is now a much greater need for individuals who are highly competent within functional/operational management and possess cross business unit fluency. This was in large part to compensate for the headcount reductions that have impacted key middle and back office roles and functions.

As a result, executive interim manager hires are now higher profile and carry a far greater

project scope and organisational influence than ever before.

The good news for clients is that there is a new generation of executive interim who can fulfil this need.

### From permanent to interim – what is fuelling the change?

As one senior executive explained:

*"I wanted three things - work I love, colleagues I respect and to be paid competitively. I realised I could achieve all these things in an executive interim role."*

This response was one of several themes that emerged as we sought to gain a greater understanding of why the evolving executive interim market is encouraging more executives to leave their permanent career in order to explore interim opportunities.

### Compensation is a key driver

An increasing number of firms are introducing restricted compensation; pegging compensation to a business unit or total firm performance, as opposed to pure multi-year deferrals. For many in the middle and back office functions that are not aligned

to a profit centre, it means compensation is tied to the quarter by quarter or full year profitability of their employer, often in turbulent markets.

Overall, increased market volatility, coupled with the myriad of regulation on variable compensation, has led to lower take home pay for senior executives.

"10 years ago, variable compensation was anything but. It was bankable and you expected to make + or - 10% of what you made in total last year," a former senior director in group technology in a large European banking group highlighted.



Having been placed by Leathwaite in his first interim role with a European universal bank, as group head of IT for one of their Risk functions, he continued to explain that:

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*(continued)*

"Variable compensation is explicitly just that; it's a way of ensuring that banks can show the regulators that they are listening."

The uncertainty over permanent compensation was a factor that encouraged another executive to transition to an interim role: "Working as an interim means you are in control of your compensation in a market where others cannot be. You agree a rate, confirm a duration and have a 100% transparent relationship. I can plan and forecast with certainty."

## Blurring roles and responsibilities

The blurring of roles and responsibilities was another theme that emerged within our research.



Since 2008, clients have become increasingly cost conscious, which has impacted significantly on the way that roles, and firms in general, are structured.

For example, executive hiring at the D/MD level has changed considerably at organisations who are implementing the

Mckinsey (8x10, 8x8) model for span of control. The impact being that the resulting smaller headcount operating models have led to less senior executives, spanning broader roles.

One individual who we spoke to had left his previous firm after his role became increasingly "hands off." His experience was that: "Organisational administration became a significant burden the more my role developed/expanded – I decided to leave and was determined not to jump back into that sort of environment again."

## Avoiding skills stagnation

Following on from the previous point was the concern that skill development was suffering as a result of roles becoming blurred.

"My permanent role was steadily moving me further away from what I was good at and what I enjoyed. I was able to use an interim role to get back to what to what I did best; it sharpened my skills and gave me the chance to return to the market with a far stronger CV," explained one of the senior executives we spoke to.

## Greater quality of life

The same executive went on to add that: "Since I went interim, the value add to my personal

life has been incredible - 200% better. I now have no audit points, compensation reviews, performance reviews or grievance processes to be involved in. I can perform and go home."

Another explained that: "It has added huge value to my personal life – I have more free time, I can work three weeks out of four and spend more time on personal, NED projects," who left his role as the CRO of major European bank based in Dublin, to take up an interim CRO position with a bank based in mainland Europe. "Professionally, it has allowed me to choose the work I want to do. I have now taken up my second interim role with a start-up bank in London, which I would have never considered before when I was permanent."

A former-MD of a major US bank went on to highlight that he also now has the freedom to be involved in other projects since becoming an interim: "I have founded a software start up and accepted a number of non-exec advisory roles. I wouldn't have been able to achieve this in a permanent role."

## Taking control within an uncertain landscape

The UK's Brexit vote has become another factor which

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(continued)

has added greater levels of uncertainty into the corporate and economic landscape.



In the past, such uncertainty would have led individuals to embed themselves more deeply within their existing permanent roles. However, corporates are increasingly responding to events such as these by implementing downsizing and relocation strategies, which have frequently reduced permanent headcounts.

In response to these trends, executives are now proactively exploring interim assignments, thereby providing them with greater control over their career direction.

## Is there any actual difference between permanent and interim?

In the past, interim roles had a distinctly different flavour and purpose to that of a permanent role, so it was natural to understand why permanent executives would not have previously considered interim as a viable career route, and vice versa.

However, from the group of professionals that we interviewed, each one of them raised the questions of whether there is "genuinely still a permanent job that offers long-term security and progression."

When cross-referencing the themes that have been raised in this paper, this perspective holds a substantial amount of validity.

## Summary: the new executive interim landscape

In summary, the demand and supply of executive talent has

substantially evolved within the last decade.

The lines between permanent and interim have become far less distinct, as have the needs of companies, who are seeking a far more flexible approach to how they manage and structure their workforce.

As such, the demand for skilled professionals, who are not just specialists at delivering high levels of business transformation, but also have the experience of managing and negotiating the corporate landscape, are in greater demand than ever.

With an increasing pipeline of executive talent who are keen to explore an interim assignment, coupled within a client demand cycle that is in need of this solution, there has never been a more fruitful time to explore executive interim solutions.

## How can Leathwaite assist?

With a global network of offices that are constantly communicating with the executive interim market, Leathwaite is perfectly placed to advise clients on the future demand cycle for talent.

For a discussion on how the talent landscape is changing within this sector, please call Paul McCann on +44 207 151 5151.

### 2016 Executive Interim Event - Wednesday 12th October 2016

*"The evolving executive interim landscape: providing candidates and clients with a unique insight into the latest developments within this sector."*

**Register your interest now by emailing [register@leathwaite.com](mailto:register@leathwaite.com).**

