

## **Interim Managers- A Case in Point**

Last Debjit heard of his co- brother was when he was a high flying CFO in an Exporting house in UK. Rumor had it that he later left his job and was on his own. Debjit did not know precisely what, nor did he worried much. His own security services & facility management company keeps him too busy to worry about others. His bottomline continues to be indifferent to his topline surge. He knows he is overstaffed, but his precious and very expensive managers hardly last more than a year. And all this has a telling effect on his clients & his cashflow, leaving him less than satisfied with life. He was happy, however, when he came to know that his co- brother is coming to Calcutta to attend a marriage of his niece. May be the co- brother will have some useful suggestions to offer!

"I am working as an interim manager at the moment", was his opening remark. "Have you heard of it?" No, Debjit hasn't.

"It is filling urgent senior level vacancies. We are generally hired for a short term, high intensity assignment with a clearly defined start & finish date. Of course, there is the option of retaining on a part- time basis, if that meets the client's particular need or budget."

Suddenly, Debjit was all ears. "Does it work?"

"Yes, it does. It works because we have done the same job before in other organizations as a permanent employee. You see, a typical interim manager is a person, who is 40+ years of age with a 15+ years of solid industrial experience. So, he will be more than qualified for the position he is taking on. Second, the temporary nature of the role leaves him relatively free from the routine issues that usually distract permanent staff. So, he is free to concentrate & provide fresh perspectives."

"But the best part is the accountability aspect. Rather than taking on a purely advisory role- as a management consultant would- interim managers are responsible & accountable line managers who will implement and manage their assignments as they have done earlier, as a permanent employee."

"But what about that great job you were doing? Traveling five days a week all over Europe and all that? Why this abrupt change?"

"Ah! The million dollar question! The answer is simple if you look at the other side of it. I was already the CFO and of course, sensed that I was reaching the plateau with no obvious ways to progress. It seemed to me that to manage my own transition with both time and manner under my control was far more preferable to stay put doing the same thing for the next 20 years. Having said that, making the initial change was full of worries. At the age of 40, I had no idea how I would market myself, or even how to describe my skill-set. I had spent most of my career in MIS, but who would want an interim MIS guy?"

"To cut a long story short, by assessing my capabilities & experiences in more generic & transportable ways, I have worked with clients in the refractories, electronic components & now, in a non-conventional power generating company. Before jumping, I just told myself, there would be

occasional lean period every six to nine months, which I should be able to manage. In exchange, you get to have diverse experience, as I choose my own assignments.

“It is vital to maintain our own pace & drive, especially if the client’s culture is less pacy than you are used to, but also to be sensitive to taking the client’s staff with you. On longer term assignments, as mine tend to be, it can be easy to succumb to the local culture and become indistinguishable from the employed staff. The contract and working relationship between the interim manager & the client is an excellent way to focus on making a difference & then move on”.

“Clients expect immediate delivery. So there’s no time to learn the ropes. By the end of first fortnight, I am to have made a number of tangible value- adds, even if they are small ones. Every month, I cost the client money- more than an equivalent employee- so I need to be very focused on the improvements I ‘m making or it’s time to go.”

“Each new assignment and client is a learning opportunity. The cumulative experience and knowledge gained over different commercial sectors is what enriches my skill- set and make me worth my day rate. They also build my network but I have to make my effort to maintain it.”

- “You are very expensive, No?” Debjit does not allow him to stop.
- “The interim manager charges a day rate and this will vary depending upon the client’s interim assignment and, of course, the interim manager’s profile. When you calculate the actual cost of full time employment and take into account provident & pension fund, medical insurance, holidays, company car, bonuses, etc., the costs should be less. You further cut down on the training cost & the cost of beginner’s mistakes”.
- “So, this is a viable route for various functions in an organization, like finance & HR, you say?”  
Debjit is relentless.
- “Yes, but it has sure evolved further than that. It could be a CEO put in charge of the company facing fundamental change in management or ownership, or even in processes. I have read a case study of a company in Japan, where the interim manager was appointed as Managing Director for a two year period to make staff changes, spend money to improve production facilities and increase customer satisfaction. It eventually led to a nice turnaround of the company. Or it could also be a one man Liaison staff in a foreign market, who will work under your company name, logo and identity and carry your company’s business cards. This liaison office staff will be the face of your company in that foreign land. Also, you can take the specialist services of your interim manager to assist in the take-over negotiations of a company you are interested. Even if the acquired company has competent management, the new shareholder of the company will require some kind of a management participation. The interim manager can act as the local shareholder representative and an outside board member of the company. This will ensure that the local management implements shareholder policies.”

"I also heard from a colleague of mine- his assignment was to streamline contract labor management and optimize the use of SAP, an enterprise resource planning (ERP) tool that was installed at a high cost but was not being used productively.

"The company was very old with entrenched systems. A new management team had initiated several changes and most executives were under strain coping with not only work, but managing change as well.

"Since the interim manager was not weighed down with 'internal political baggage', he could provide a more accurate insight to the real issues and deliver appropriate solutions. Within three weeks of his joining, he managed to identify all issues relating to contract labor. Initially he thought that he had made a mistake in his assessment because his analysis revealed the scope of a potential annual saving of around \$3 million! His assistant, an engineer, however, was not very surprised because the grapevine did hint of a huge leak.

"They got down to the job of renegotiating some of the high margin contracts. They were free from the burden of long associations, which internal executives had developed with vendors; the executives were also relieved that they did not have to confront vendors in a demanding way. Within three months they had concluded contracts leading to a saving of about \$1million.

"Having established their credential, they then got down to the grunt work of renegotiating about many more such contracts which finally brought in savings of about \$3 million – pretty close to their initial estimate.

"In hindsight, management overemphasizes 'strategy' and underestimates the value of simple, senior level grunt work in its pursuit of that strategy! That is where, the interim managers come into play".

- "Is there any downside?" Debjit asked.

- "Per day cost may be one. But that is something you know upfront and decide accordingly. The most important downside comes when the incumbent can not match himself culturally to your organization. If you are not monitoring closely, then by the time you find out that the interim manager will not be effective enough under the present circumstances, you may have spent some money on him. So, weekly monitoring becomes an integral part of this arrangement. Next, you have to handle the succession issue as the finishing date approaches. Attaching a permanent staff with the interim manager is a good idea to sustain the improvements.

- "All this is so exciting", Debjit sighed, " in my company... why mine in particular, in the SME sector as a whole, experienced managers are so short in supply; so very expensive to get. Don't you think, this concept would be a runaway success in the SME Sector in India?"

- "I would say so. But first you have to establish a channel, or shall we say, a portal? Look, today, your crying need may be for a Marketing Director, who will prepare your marketing strategy, launch higher value- adding services, align your operations with your market needs, ensure prompt service, spread you geographically, even mould your own thinking process. Sounds good. But where do you get him? You need to have a portal where umpteen profiles are available for you to choose from. I

know in India, after the liberalization, a lot of talent pool has become free. So there is an opportunity. The issue is, you need a platform to interact with them and make your choice. Today what is happening is worse than nothing. Since you do not have the channels, you can not go for the best. So you go for who is near. Qualification does not match, experience does not match, ideas do not match and nobody gets better in this process.

“If you ask me, I think Trade Bodies have a role to play in this. They can create a portal where the SMEs can go and apply for their specific needs. At the same time, the aspirant managers can enroll themselves. The Trade bodies thereafter may themselves do the matching, or at least they may allow SMEs a peep into the relevant profiles, against a certain fee. Concerns like CII, EEPC & all such bodies should ponder upon something like this. Right!

The buffet dinner was lovely, but Debjit was somewhat lost in his thoughts. Light at the end of the tunnel? May be, he needs to check it up all. May be some private firms have already started their service in these lines. He decided to spend some time in the net tomorrow.

**Kamalesh Mukherjee**

Kamalesh.mukherjee@finteq.com