



ABOUT THIS REPORT

We surveyed over 100 senior executives towards the end of 2018 to understand how they are currently deploying additional external leadership capability within their organisations and what the trends are that will shape how they are likely to deploy them in the future.

ABOUT THE RESPONDENTS

Our respondents were senior executives representing eleven industries, where 87% worked for a business with 1,000+ employees. 25% were Board/Chair/CEO, 30% HR, 25% IT/ Technology and 10% were Finance executives.

FORFWORD

INTERIM COMES OF AGE

The evolution of the Executive Interim market has meant that steady state type scenarios now account for less than a fifth of the mandates that we talk to clients about. This doesn't mean to say that the market is shrinking, but that the agenda that brings the assignment to the table has changed.

For the Savannah Group team we see an increase in the usage of Interims for change and transformation as well as the market that historically sat between Interim and Consultancy, where the candidate is being used for the deep dive, writing the strategy and delivering the implementation that follows. Our other area for growth is in the rise of the Fractional Interim, where clients look to utilise the skills of very senior individuals who may only be required for eight to twelve days a months. We see this as a growing trend that will continue as clients look to get better value for money and candidate availability increases as individuals look to build portfolio careers.

The changes we've seen in the market have certainly helped us categorise the capabilities of our network. Some people are fantastic trouble shooters, others are a 'safe pair of hands' that can be utilised when there is a sudden departure and the client isn't in a position to talk about the objectives that need to be addressed in the short and medium term. The strategic change agent is a vital part of our network now and they know how to mesh neatly with PE houses, consultancies and large agile change programmes. The days of just knowing a 'good interim' who fits the bill are behind us. The market is maturing and Interims will likely continue to become more specialist in the future.



SIMON GOUGH MANAGING PARTNER

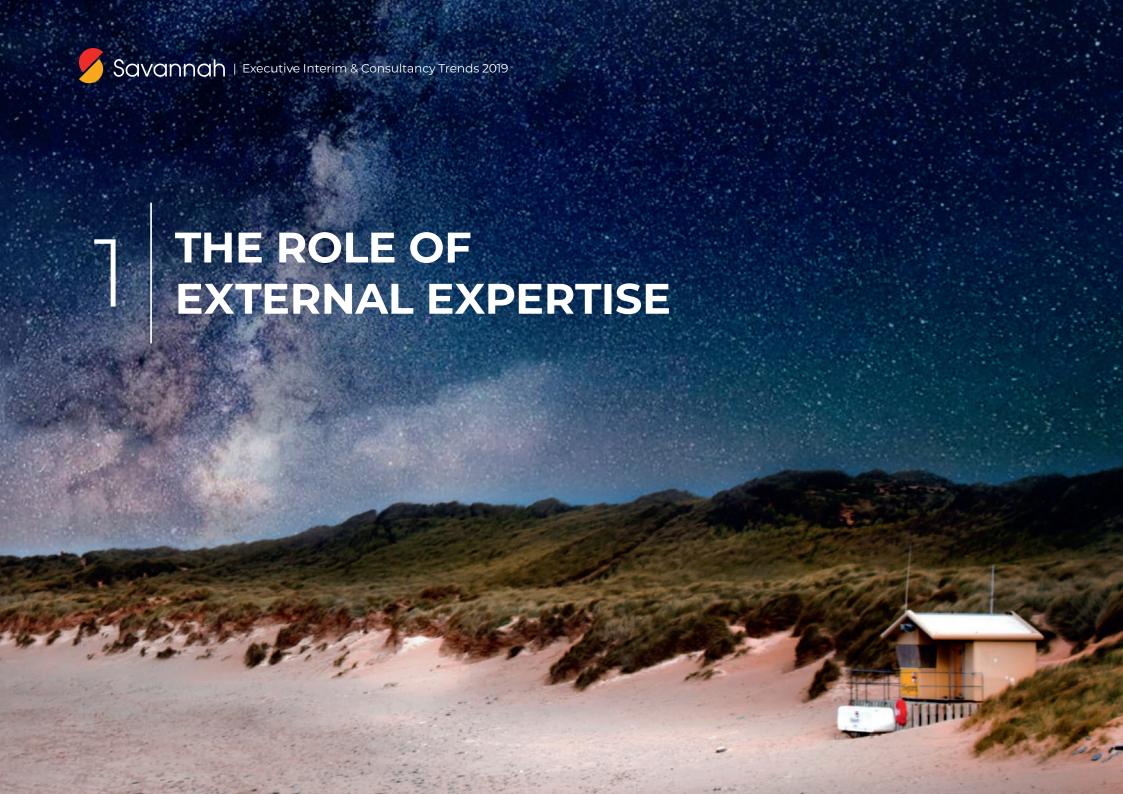




SAVANNAH INSIGHTS REPORT

TABLE OF CONTENTS

- 1. The role of external expertise
- 2. Popular deployment scenarios
- 3. Benefits of external expertise
- 4. Maximising effectiveness





THE ROLE OF EXTERNAL EXPERTISE

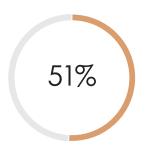
IMPORTANT PART OF THE TALENT MIX

As businesses embark on change and transformation projects more frequently, there is an increasing need for an injection of additional expertise and experience to help deliver an organisations change agenda.

Two of the most common sources of additional expertise are Executive Interims and Management Consultancies. These resources help businesses deliver strategically important projects without overburdening their existing teams, increase the agility of the organisation due to their speed of deployment and and allow skills transfer. They also offer businesses flexibility and the ability to scale up or down a project or programme with relative ease.

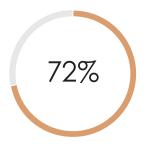


BUSINESSES CURRENTLY USING EXTERNAL EXPERTISE:



EXECUTIVE INTERIMS

Percentage of respondents currently using Executive Interims within their business or role.



MANAGEMENT CONSULTANCIES

Percentage of respondents currently using Management Consultants within their business or role.



PERCEIVED FFFECTIVENESS OF EXTERNAL LEADERSHIP EXPERTISE:



EXECUTIVE INTERIMS

Percentage of who think Executive Interims are an effective resource.



MANAGEMENT CONSULTANCIES

Percentage of who think Management Consultancies are an effective resource.

THE ROLE OF EXTERNAL EXPERTISE

THE VALUE OF EXTERNAL LEADERSHIP EXPERTISE IS INCREASINGLY WELL UNDERSTOOD

Impacted by the need to digitise their organisation, react to changing consumer or market dynamics or simply in order to remain competitive in today's environment, businesses are maturing in their understanding of the value external leadership expertise can bring in helping them to solve complex business challenges.

The additional intellectual horsepower and experience in turn allows the businesses to execute more effectively and consistently, with the majority of respondents rating these types of resource as effective or very effective.





THE ROLE OF EXTERNAL EXPERTISE

EXTERNAL LEADERSHIP EXPERTISE WILL CONTINUE TO SUPPLEMENT INTERNAL TEAMS

Businesses see access to additional external leadership expertise as an integral part of their structure, with the majority either intending to keep their usage at current levels or increase their usage in the future.

Rather than as an alternative to internal resources, businesses see Executive Interims and Management Consultants as adding extra capability to their internal teams, and as such look to use them for the scenarios where they can add the most value.

BUSINESSES PLANNING TO KEEP THE SAME OR INCREASE USAGE OF EXTERNAL EXPERTISE:



EXECUTIVE INTERIMS

Percentage of respondents planning to keep the same or increase their usage of Executive Interims.



MANAGEMENT CONSULTANCIES

Percentage of respondents planning to keep the same or increase their usage of Management Consultancies



EXECUTIVE INTERIMS HELP DEFINE, DELIVER AND EMBED DIGITAL TRANSFORMATION

A multinational business had undertaken a technology rationalisation and cost reduction programme a few years earlier but due to market conditions had not been able to invest in Digital. The client had already taken advice and had a strategic review completed by a large consultancy to make the business Digital. They wanted to bring someone in to implement the changes however were nervous as previous change programs had resulted in people reverting back to old ways of working.

Through discussions with the client, it became clear that they were being guided down a path that was focusing too much on systems and technology with less consideration in terms of broader business transformation or pathways for embedding new ways of working into the business.

We introduced the client to a couple of interim executives who had experience of working as an interface between the client and the consultancy and were able to share their experiences from similar situations. This helped the client understand the pitfalls and problem areas and develop a solution that was tailored to their specific business requirements and culture.

THE IMPACT:

THE RIGHT DIGITAL STRATEGY

A strategic review scaled back plans to a realistic and appropriate digital change program, also saving significant time and expenditure

EMBEDDED CHANGE

The change to new ways of working were embedded by people from within the clients own teams

SETTING THE ORGANISATION UP FOR SUCCESS

Working closely with the executive board, consultancy and client team ensured the smooth delivery of organisational and technology changes

"We often hear from organisations that want to be Digital, sometimes with little understanding that technology is but a small part. Digital is not a thing you do but who you are.

Technology should support that aim and provide systems and processes to enable the successful delivery. A good Technology Transformation leader will be able to understand what the business wants to be, how it wants to engage with its customers and help embed the change in the team that stays behind once they are gone."



KERSTY BLETSO

DIGITAL & TECHNOLOGY
TRANSFORMATION
SAVANNAH GROUP



INTERIM DIVISIONAL CFO TRANSFORMS AND DISPOSES OF THE £2BN T/O SCANDINAVIAN ARM OF A FTSE100

The business had acquired numerous businesses across Northern Europe that had never been integrated and, while operating profitably, they were all reporting in different ways. The Group, under a new CEO, was beginning a strategic review and was unable to get fully under the skin of the situation in the division. Due to the complexity of the situation, they needed a heavyweight interim CFO to create a centralised structure to streamline performance measurements and then deliver the results of the strategic review.

Within a week an experienced Interim CFO with a decade's experience in the region for another FTSE100 was brought in. During the initial stages of the assignment, a strategic review pointed a pivot away from European markets, and so the business was then to be sold. This required an acceleration of the integration process and a sale process to be implemented. This was concluded within 12 months.

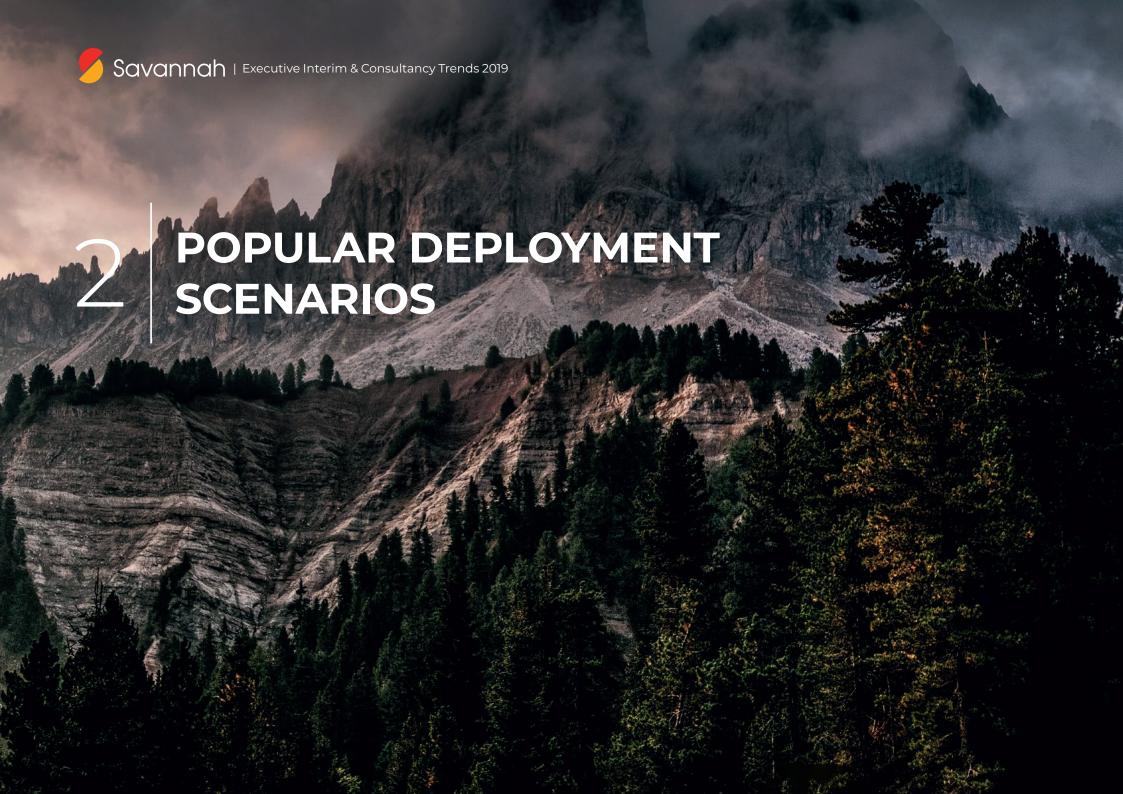
THE IMPACT:

FINDING AND FIXING THE SOURCE OF THE PROBLEM	Deployment within two weeks gave them an individual with the skills and experience they needed ahead of peak trading
DISPOSAL	Within a short period of time, the interim CMO optimised the marketing function to support the business more effectively
NEW SHARED SERVICES	Created a new shared service centre, with one reporting methodology
SUCCESSFUL SALE	Prepared and then sold the division to a large US private equity fund

"It is interesting to see an increasing number of organisations who are looking to use Executive Interims not just as delivery options, but with the remit to support decision making at Group level from an independent, yet 'inhouse', viewpoint. This is particularly pertinent in multinational organisations where it can be difficult for Group to fully understand the dynamics in every market."



MIKE FAULL
FINANCE TRANSFORMATION,
SAVANNAH GROUP



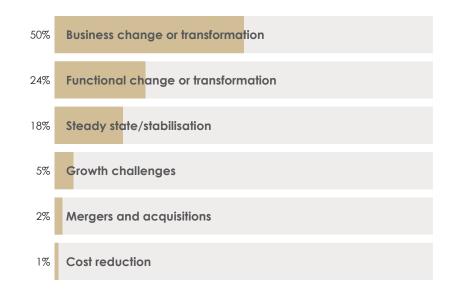


THE FLEXIBILITY OF EXECUTIVE INTERIMS ALLOWS DEPLOYMENT IN A VARIETY OF BUSINESS SITUATIONS

The maturity of the Interim market has meant that steady state type scenarios now account for less than a fifth of the situations where Executive Interims are brought in. While their significant experience means that they are still a popular choice to fill an urgent vacant position or fix an immediate tactical problem, businesses are increasingly looking to utilise Interims for their strategic capability. Their ability to remain impartial while bringing the influence and skill sets necessary to drive change and transformation enables them to effectively pursue the business agenda.

This maturity has led to having a distinction between Interims whose expertise lie in 'holding the fort' for a full-time successor and those that position themselves as change and transformation experts.

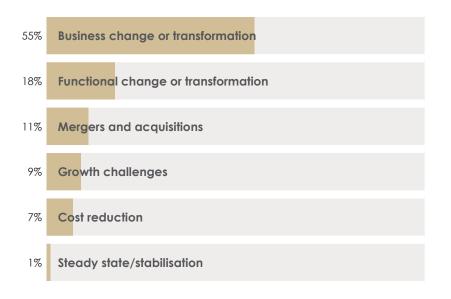
WHAT ARE INTERIMS MOST COMMONLY USED FOR?







WHAT ARE CONSULTANTS MOST COMMONLY USED FOR?



POPULAR DEPLOYMENT SCENARIOS

MANAGEMENT CONSULTANCIES PROVIDE DEPTH OF CAPABILITY FOR BUSINESS CHANGE SCENARIOS

The scale of capability that management consultancies can bring has meant that large, strategic business change scenarios are where they are most often deployed, where the size and depth of their capability along with honed frameworks and methodologies can be best utilised.

Around a quarter of the instances where management consultants are deployed are for specific business situations like M&A, cost reduction and growth challenges, where their knowledge of industry specific best-practice methodologies can be deployed reliably and effectively.





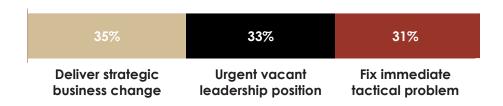
CONSULTANTS ARE MAINLY SEEN AS A STRATEGIC RESOURCE WHILE INTERIM IS BOTH TACTICAL AND STRATEGIC

Due to their higher cost of deployment, consultants are most commonly used for strategic engagements. Executive Interims are seen as a more flexible resource, where their ability to build business relationships enables them to be deployed for both immediate tactical reasons or as part of a larger strategic initiative.



MAIN DRIVER FOR BRINGING IN EXTERNAL LEADERSHIP CAPABILITY:

EXECUTIVE INTERIMS



MANAGEMENT CONSULTANCIES



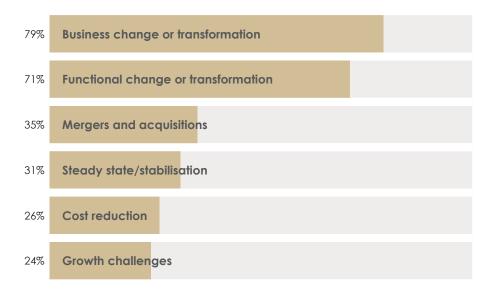


BOTH EXECUTIVE INTERIMS AND MANAGEMENT CONSULTANCIES ARE CONSIDERED FOR A WIDE RANGE OF BUSINESS CHALLENGES

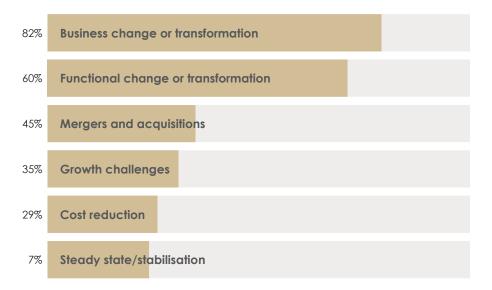
Although not the most common reason for deployment, Executive Interims are a popular choice for Mergers and Acquisitions, where individuals with specialist skills and deep experience in that area can be utilised while the transaction/integration is taking place. For growth challenges, Management Consultancies are often considered, and increasingly, Executive Interims are too – particularly within the commercial function.

Management consultancies are seen as a driving force for change, with only seven percent of respondents saying they would consider them for steady state scenarios. This is most likely due to the cost associated with hiring/deploying a management consultancy, meaning that high utilisation and impact is important from a value perspective.

SCENARIOS WHERE EXECUTIVE INTERIMS ARE CONSIDERED



SCENARIOS WHERE MANAGEMENT CONSULTANTS ARE CONSIDERED





EXTERNAL EXPERTISE IS TYPICALLY SOUGHT FOR UP TO 12 MONTHS

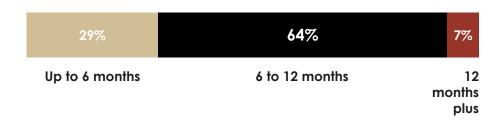
The majority of businesses expect to engage external leadership capability for up to twelve months. This supports the typical programme or project based scenarios that these types of resources are most commonly used for.

Businesses in the main expect Executive Interims to stay with them longer than Management Consultancies, reflecting the commonly held viewpoint that consultancies are used to tackle specific and defined business problems, often strategic in nature.



TYPICAL DEPLOYMENT DURATION

EXECUTIVE INTERIMS



MANAGEMENT CONSULTANCIES





USING AN INTERIM HRD TO BREAK DOWN BUSINESS SILOS, CREATE A STRATEGIC HR FUNCTION AND REDUCE COST

A multinational business with a collection of separate brands was undertaking a twelve month company-wide transformation to remove silos, create distinct offerings and create a structure for removing cost and becoming more client-centric. The HR function was deemed too tactical and unable to support the business through this change. The Interim HRD was tasked with undertaking two areas of transformation:

- 1. Support the business transformation and new structure. Bring the separate business units into a cohesive structure with an emphasis on leadership alignment and knowledge transfer
- 2. Transform the HR function into something more strategic in nature while also reducing headcount

The Interim worked with the executive leadership team to determine the new organisational design, assessing areas such as talent management, development & succession, knowledge transfer, reward and leadership alignment. The Interim then led the implementation of the change, introducing the new structure, processes and policies.

Whilst supporting on this business change, the HRD also restructured the HR function. This involved introducing a business partnering model and strengthening the CoEs. This reduced headcount and cost base in the function, whilst also bringing in more senior business partners that offered the business support with its vision and strategy.

THE IMPACT:

IMPROVED ORGANISATIONAL DESIGN

New organisational design implemented

INCREASED KNOWLEDGE SHARE

Talent and knowledge transfer occurring across the business, where it had not previously

MORE STRATEGIC FUNCTION

New leaner but more strategically intent HR function developed

"Interim HR has traditionally been focused on two areas, strategic cost reduction and functional transformation to achieve strategic HR. Whilst these two factors remain the most common in the market, the growth areas we see are supporting business transformation due to M&A, growth, adapting to new technologies or changes in the competitive environment."



MARY DRISCOLL
OPERATIONAL
TRANSFORMATION,
SAVANNAH GROUP



FORWARD-THINKING BUSINESSES ARE DEPLOYING INTERIMS FOR GROWTH

A fast growing and innovative online retail business were looking to continue their strong growth and wanted to engage a Chief Marketing Officer with a background in digital marketing and retail ecommerce. Aware that this market was very competitive they decided to engage an Interim CMO to give them flexibility on both what they could pay and attract as well as giving them quick access to this hire. The new interim CMO was brought on board with a key focus on leading the team through peak trading and to delivering market strategy for the next two years.

The interim CMO was able to deliver significant uplifts in return on investment through peak trading by utilising advanced online optimisation techniques. They embedded a new customer lifecycle model, authored new customer retention and content strategies as well as commissioning a ground up review of marketing technology to drive greater marketing effectiveness and efficiencies.

With the business continuing to grow at an even faster pace, the Interim CMO helped recruit a permanent replacement. The business continued to engage the CMO as a consultant/fractional support on a part time basis to retain their expertise and knowledge.

THE IMPACT:

INSTANT IMPACT

Deployment within two weeks gave them an individual with the skills and experience they needed ahead of peak trading

FUNCTIONAL EXCELLENCE

Within a short period of time, the interim CMO optimised the marketing function to support the business more effectively

SMOOTH TRANSITION

With space for the business to decide on the right person long-term, the Interim helped recruit and onboard a permanent CMO

"We are increasingly seeing Executive Interims being utilised for growth related challenges, particularly within the commercial function. Whether it's an Interim CMO to optimise the marketing function, or a Commercial Programme Director to develop and deliver an expanded proposition to market, businesses are realising that during rapid growth phases there are significant advantages to deploying highly experienced resources at short notice."



NICK HART COMMERCIAL TRANSFORMATION, SAVANNAH GROUP





BENEFITS OF EXTERNAL EXPERTISE

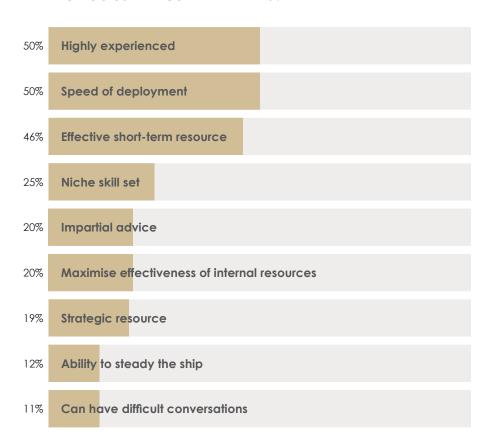
EXECUTIVE INTERIMS BRING SPEED, EXPERIENCE & EFFECTIVENESS

Adding specialist experience to an organisation at a time of change or transformation enables the business to define and design the change programme as well as deliver and embed that change. 95% of the businesses we spoke to expect to deploy an Executive Interim for up to twelve months which again highlights the flexibility and speed of deployment that businesses rate so highly. It allows them to be agile, to be responsive, and to quickly bring in leadership and experience that they would not otherwise have access to.

Their ability to understand a situation, take charge and extract the maximum effectiveness of internal resources and management consultancies allows them to deliver effective change quickly, making them an effective short-term resource.

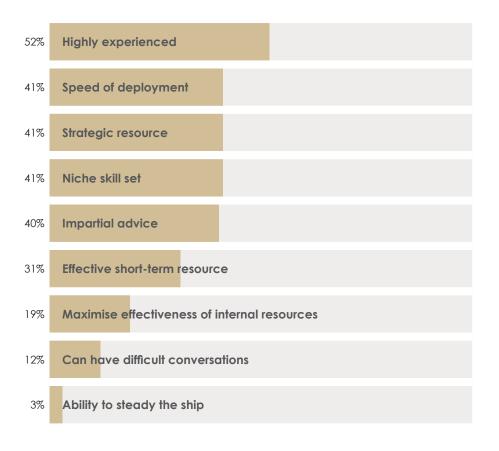


WHY DO YOU USE EXECUTIVE INTERIMS?





WHY DO YOU USE MANAGEMENT CONSULTANTS?



BENEFITS OF EXTERNAL EXPERTISE

MANAGEMENT CONSULTANCIES BRING EXPERIENCE AND DATA DRIVEN INSIGHTS

Deep knowledge and understanding of best practice frameworks and access to a significantly sized and skilled resource base is what makes Management Consultancies attractive when embarking on change or transformation.

The majority of businesses we spoke to deploy Management Consultants for up to six months particularly at the programme design phase. They are able to combine their industry experience with data to make effective recommendations for improvement. Consultancies are considered most effective when pointed at the hardest tasks rather than general programme work.





CLIENT PERSPECTIVE

WHAT DO THE BEST EXECUTIVE INTERIMS & MANAGEMENT CONSULTANCIES DO WELL?



"Executive Interims provide experience, guidance and governance alongside a desire to execute a strategy effectively and impartially."



PAUL DURKAN
GROUP CIO, WILLIAM HILL

SKANSKA

"Executive Interims build relationships.

They understand the business context within which to suggest solutions based on expertise as well as demonstrating a need to deliver fast."



HARVEY FRANCIS EVP, SKANSKA



"Management Consultancies add value and expertise, provide process, train and coach but should do so without doing the groundwork or encourage on-going dependency."



CHRIS DUNFORD HRD, AMEX





MAXIMISING EFFECTIVENESS

EXECUTIVE INTERIMS ARE A COST EFFECTIVE RESOURCE

While businesses considered both Executive Interims and Consultancies to be effective resources, respondents considered Executive Interims to be significantly more cost-effective. Growing maturity in the market is translating into an understanding on how best to use Interims as a cost effective solution.

Management Consultancies on the other hand were seen as less cost-effective. While 73% of businesses view them as an effective resource, the fees they command are clearly an issue for many businesses.



ARE EXTERNAL EXPERTISE COST EFFECTIVE?

EXECUTIVE INTERIMS



MANAGEMENT CONSULTANCIES





HOW CRITICAL ARE THE FIRST TWO WEEKS OF AN ASSIGNMENT?



DO YOU HAVE AN ONBOARDING PLAN?



FOR EXECUTIVE INTERIMS

Percentage of businesses who have an onboarding plan for executive interims.



FOR MANAGEMENT CONSULTANCIES

Percentage of businesses who have an onboarding plan for management consultancies.

MAXIMISING EFFECTIVENESS

ONBOARDING IS A MISSED OPPORTUNITY

It was felt that organisations could do more to orientate and onboard Executive Interims and Management Consultancies. While it's not surprising that most organisations feel the first two weeks of an assignment for a short-term external resource are highly important, it is surprising that organisations don't invest more time to effectively onboard them.

Now that you're armed with more knowledge about the types of scenarios where external leadership expertise can add the most value, use it to ensure your next change initiative is delivered as effectively as possible.





AN OPERATIONAL SPECIALIST INTERIM HELPS PE FIRM TRANSITION MANUFACTURING BUSINESS

A recently acquired paper products business had moved from family ownership to Private Equity and had changed the senior management team in the process. We were asked by the PE house and the new CEO to find a COO to focus on the main manufacturing facility where a number of issues had been identified post transaction.

As the business had grown so quickly over the past few years, the typical processes and controls that would be expected in a £100m+ business weren't in place. Staff attrition was high and the safety record was poor. We placed an experienced COO who we felt would have the right cultural fit with the team and would address the issues that can be inherent within large family owned businesses.

Within a few months, key issues had been identified, bottlenecks removed, safety issues had been corrected and the production line was running at an increased capacity. The changes in the production process allowed the client to build stock in the factory for the first time in years which benefitted the factory relationship with the commercial team and contributed to an overall increase in moral. After seven months, the Interim was asked if he'd stay as a permanent employee and join the equity scheme within the business which he accepted. We kept in dialogue with the client and the interim to follow the improvement in all aspects of the operations function.

THE IMPACT:

INCREASED PRODUCTION

Efficiency bottlenecks were quickly identified and addressed. Within a few months the factory had adapted to a new way of working.

BOOSTS TO SAFETY, MORAL & STAFF RETENTION

Safety record was dramatically improved, relationships within the factory and with the commercial team were developed, staff moral increased.

LONG-TERM SOLUTION

The Interim COO accepted a permanent role with the business, providing the PE firm with both a short-term fix and a long-term solution.

"We are frequently asked to introduce interim executives who have the ability to look at cross-border inventory management and supply chain solutions for a digital arena. Organisations are looking for fast change to cope with growing business demands and experienced interim executives with a proven ability to deal with complex transformation and optimisation requirements in a changing operational landscape are of great interest."



MARY DRISCOLL
OPERATIONAL
TRANSFORMATION,
SAVANNAH GROUP



A TEAM OF INTERIMS DOVETAIL WITH A MANAGEMENT CONSULTANCY TO TRANSFORM THE FINANCE FUNCTION

A 3bn turnover private equity backed organisation was looking to integrate several of its recent acquisitions. This involved multiple ERPs, multi-site offices and teams with no standardised processes and little or no automation within the finance department. The company had made a significant investment by bringing in a blue-chip management consultancy to formalise a transformation plan which included a substantial cost reduction element.

To lead the transformation project and execute the plan the business required an Interim CFO. The interim CFO was appointed within seven days and after a business analysis, identified three project streams that needed immediate attention:

- 1. **Purchase to Pay (P2P)** To implement controls around purchasing, improve capability and streamline process
- 2. Order to Cash (O2C) Reduction of debtor days to acceptable level, improved process around cash allocation and proof of delivery capability
- 3. Record to Report (R2R) Incorrect reporting and financial models to be replaced and upskilled,

Given the short term and defined nature of the projects, a further team of three interims were brought in to manage each of the three project streams. The interim team evaluated people, processes and technology, and executed a plan based on the consultant's recommendations.

THE IMPACT:

FUNCTIONAL TRANSFORMATION

Stronger controls and governance, improved purchasing power and efficient processes

INCREASED EFFICIENCY

Reduced debtors days, increased access to cash, new systems for cash allocation.

COST SAVINGS

Team headcount reduced by around 40% largely through automation of processes and systems.

"It's now common for Executive Interims to be brought in to support and manage work being conducted by Management Consultancies. The complementary skill sets of the two types of resource are particularly effective in growth, turnaround and process improvement scenarios. The business gets the best of both worlds – highly capable senior executives and sheer intellectual horsepower to tackle the most difficult business challenges."



PAUL MENDELSSOHN FINANCE TRANSFORMATION, SAVANNAH GROUP





ABOUT SAVANNAH GROUP

INTERIM MANAGEMENT SPECIALISTS

Savannah Group's Interim Management practice has a strong track record of senior level searches, including interim CEO and board placements, programme directors, financial, HR, digital, commercial and operational transformation.

- 200+ interim placements in the past three years
- Fortune 500, FTSE 100, 250, Public Sector and PE backed clients
- √ 70% repeat business
- Only the best interim managers: our dedicated research team individually screens each applicant



MAJOR CHANGE PROGRAMMES

Big hitting programme directors, with a track record of delivering major change programmes.

Simon Gough

sgough@savannah-group.com

<u>...l</u>

OPERATIONAL TRANSFORMATION

Proactively focused on the performance of the business from an efficiency and cost perspective.

Mary Driscoll

mdriscoll@savannah-group.com

DIGITAL & TECHNOLOGY TRANSFORMATION

The delivery of change to the technology function and business improvement through digital evolution.

Kersty Bletso

kbletso@savannah-group.com



COMMERCIAL TRANSFORMATION

Tactical and strategic leaders with a remit to improve revenues and EBIT.

Nick Hart

nhart@savannah-group.com



FINANCE TRANSFORMATION

Leading improvement to the finance function or financial management to enable broader business change.

Mike Faull

mfaull@savannah-group.com



H R T R A N S F O R M A T I O N

The development of a strategic HR function or guiding and supporting businesses through business change.

Mary Driscoll

mdriscoll@savannah-group.com





"The service they provide is second to none. They have taken time to understand our brand, mission, values and our requirements and they have always worked at pace to deliver."

Carol Muldoon

VP OF PARTNER RESOURCES EMEA





"Savannah Group helped us to quickly identify highly commercial, strategic thinking Executives who were the right cultural fit for our ambitious business."

Stewart Wingate CEO

YOUR LONDON AIRPORT

Gatwick

TRUSTED BY SOME OF THE WORLD'S LEADING BUSINESSES















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