

## The Case for Interim Executives

Interim executives provide the most efficient and effective means of organizational transformation. Often it's difficult for top management to make the decision to use an interim executive, primarily because once one makes that decision they have acknowledged that it is going to take about a year to "fix" the organization. A one year time horizon is beyond the managerial vision of most small companies, which is why interim executives are typically brought in by boards or other top-level management. This article is a primer on when to use an interim executive, and what to expect during the interim exec's tenure.

Why do interim managers make sense? There are a number of management theories to support the thesis. "Contingency Theory", "Competing Values Framework" and many dissertations support it. They all agree that "Change Management" is different than general management. So let's look at the interim executive puzzle for a moment and ask four questions.

1. When should I use an interim executive?
2. What roles are appropriate for an interim exec?
3. What's the difference between an interim executive and a consultant?
4. What does an interim exec do?

### **When should I use an interim executive?**

There are several cases when it's an obvious decision to use an interim exec. In order of most obvious to least obvious they are:

- When doing a turnaround (the more positive term is "re-start")
- When incorporating a new acquisition into a larger company.
- When "re-chartering" a business unit within a large company.
- When you cannot find/afford the ideal CEO, yet current management is not up to the task.
- To set up management practices / outsourcing of tasks such that the company is "scaleable" and then recruit a "growth" CEO.
- As a step to get an inventor-founder out of the CEO seat.

The common thread in all of these is that good companies use interim management while transitioning from "the management they have" to "the management they want." The complex political and organizational scenarios in all of these situations have to be eliminated quickly, without planting any seeds of mistrust or doubt among key employees.

### **What roles are appropriate for an interim exec?**

The short answer is "It depends." A CEO role is obvious, but sometimes when a Sales or R&D organization operates as an entity to itself a lower level exec may be used to bring that organization into line with the company's structure / philosophy. The most successful interim engagement focuses on the unit manager or CEO, and allows the interim exec to bring in a team, some of which may come from the existing management of the business unit.

In addition to “inwardly” focused management roles, we provide interim sales executives with an “outward” focus to support sales organizations building new markets and distribution channels. These accounts are then handed over to the internal sales/marketing organization.

Other roles for interims during a restructuring include Product Line Management or Marketing VP to support the sales organization, and interim COO to move manufacturing from inside to an outsourced arrangement.

### **What’s the difference between an interim executive and a consultant?**

There is a fundamental difference between an interim exec and a consultant. The bottom line difference is this:

An interim executive appears on the company’s org chart and has legitimate (organizational authority<sup>1</sup>) power. A consultant does not.

### **What does an interim exec do?**

*The 300 Day Solution* - An interim exec parachutes in with a view to spend about 300 days fixing the organization while keeping the current customers happy. The short form is this:

- 100 Days Learning
- 100 Days Planning
- 100 Days Doing

The 300 day formula is critical because employees must know and understand that while there may be more pain than joy over the next 300 days, it will end, and will be replaced (presumably) with a time of plenty.

**The Learning (discovery) stage** goes both ways, the first 100 days sets the tone that the interim team is here for the duration, serious about success, supported by top management (or the board) and willing to support those who demonstrate the desire and ability to plan for success. The team learns about the customers, the internal operations, the personalities of the key employees, the competencies of the organization, and avoids making any snap decisions. There may be personnel changes during his period, but they will likely be based on previous conditions, and not the actions of the interim executives.

**The Planning stage** uses the synthesis of the knowledge gathered in the learning stage. Professional managerial techniques are applied to model proposed cuts/investments and develop product and organizational roadmaps across the business unit or reconciled across other business units within the enterprise. This is the stage at which decisions are made about shifting functions to other business units (in-sourcing) or outsourcing. A dependable and discreet cost accountant is a necessary member of the transition team at this point.

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<sup>1</sup> French, J.R.P., & Raven, B. (1959). 'The bases of social power,' in D. Cartwright (ed.) *Studies in Social Power*. Ann Arbor, MI: University of Michigan Press.

The **Doing** stage often begins predictably with a “Black Friday” (ideally on a Tuesday) as the previously developed plans are implemented. It must be done quickly and only one time. After it is done, the interim management (and the folks who brought them in) must declare that the organizational headcount changes have been made, and we are now moving ahead on the growth stage of the company. The doing continues with management support of sales assuring customers that all is well, maintaining an unquestionable level of customer support, and insuring that all employees understand that the changes will benefit their customers and bring in new customers.

All three stages require a certain type of leadership that is not sustainable or desirable over the long haul. Hence the need for a follow-on management team focused on growth at the end of the 300 days. Typically a search for the follow-on management will begin early in the planning stage. A recruiting effort for a new CEO/GM will typically take 6 months and should be a transparent process and not hidden from employees.

#### **Team versus Individual**

An interim executive assignment typically lasts just over a year. The deep bench provided by a consulting firm (as opposed to an individual) insures that the momentum will be maintained across organizational deadlines and in the event of an illness or injury to the primary interim executive. Any broad based reorganization will typically benefit from the insight provided by the interim CEO and his “transition team”. When we provide an interim executive it is done as a part of a consulting team approach, not as an individual “1099 type” consultant.

The case for interim executives happens fairly often in the life cycle of companies. Successful companies realize the difficulty of organizational change, and bring in interim executive to accomplish the changes. This first step in contracting an interim executive is to make sure they are truly “interim.” Generally that means they are from out of town, are not looking for a permanent job (yet are not retired,) and are able to provide the level of leadership required over the transition period. Market Plan Engineering provides interim teams or individual executives at various levels and has a reputation for exceeding expectations for our clients.

#### **About Market Plan Engineering**

Market Plan Engineering was established in 2002 by a group of former CEOs and senior executives of successful technology based companies. We offer services on a monthly retainer (typically over a 6-18 month period) and will negotiate a success fee for turnkey projects such as M&A and interim executive assignments. We will be glad to meet with your decision making team at no hourly charge to discuss the support you need and our ability to accommodate your growth plans.

#### **Additional Resources**

Management Theories - <http://www.valuebasedmanagement.net>

Change Facilitation.ORG - <http://www.change-facilitation.org>