



TenStep Supplemental Paper

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Interim Executive Staffing

Foster Farms is a leading 10,000-employee, privately held poultry unit located in Livingston, California. The company had been severely affected by technical shortcomings while trying to transform its supply chain into an integrated twenty-eight million dollar SAP/ERP platform. Specialists inducted on a contract basis to introduce the system cost the company \$800,000 per month. However, the technical snags kept increasing month after month, and so did the costs. To overcome the crisis, Foster decided not to take the services of a Consultant or a technically skilled CIO. Instead, it opted for an experienced corporate leader with sound technical expertise and a history of turning around troubled companies. In other words, Foster Farms opted for the services of an interim executive.

Foster Farms recruited CIO Paul Lemerise, an experienced executive with more than twenty years of experience in companies like True Value, Hardware and The Stride Rite Corp. before becoming a member at Tatum Partners, a group of former CFOs and CIOs who hire themselves out as interim executives. Lemerise took charge as full-time interim CIO of Foster Farms. To start with, Lemerise headed the technical team, initially reporting to the CFO and then directly to the CEO. Within six months, the entire supply at Foster Farms was transformed into profitable business viability. It was Lemerise's contribution in terms of leadership and direction that turned around the fortunes of Foster Farms.

Interim executive staffing is here to stay

Organizations are finding it increasingly difficult to find highly specialized personnel for short-term projects. Such projects usually involve the intricacies of change management and are often intended to get quick results. Recruiting the right person to handle such responsibilities, especially at the top-level management, on a temporary basis could prove expensive for the organization in the short run in terms of salary costs. However, in the long run, the company would gain immensely both on the business and financial fronts through the expertise of the top level temporary staff. In such 'crisis' situations, organizations resort to 'interim executive staffing' solutions. Another major factor for the increasing popularity of the 'interim executive' concept is the growing corporate focus on short-term results above everything else. As a result, the interim-executive approach enables companies to remain flexible, allowing them to alter their workforce and control their expenses in accordance with the market dynamics.

Most of the interim executives have decades of corporate leadership experience and opted for interim work to get the constant challenge and have a more flexible lifestyle. These high rung interim executives derive immense job satisfaction by executing a critical job at a strategic level rather than donning the operational role on a day-to-day basis. Though the hourly or monthly rates of such interim executives are very high, they are associated with low-risk, as they are flexible and temporary.



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Temporary executive staffing to minimize risks

With organizations on a restructuring spree and growing emphasis on streamlining the workforce to increase productivity, downsizing has become a common phenomenon in most of the developed as well as developing nations. As per a study by HR Consultant Drake Beam Morin, eighteen percent of executives were reportedly in transition on account of downsizing between 2001 and 2003, in contrast to just 6.1 percent from 1997 to 2000. The study also revealed that the time required for recruiting a new senior-level executive almost doubled in five years, from seven months in 1998 to a year in 2003. Simultaneously, during the period 2001 to 2003, the average retention period of top managers dropped by thirty percent from seventeen years to twelve. It was also observed that their previous companies employed thirty-one percent of the top-level executives for five years or less. A 2002 Forbes survey of the leading 800 companies revealed that the average tenure for CEOs is only three years! According to Staffing Industry Analysts, Inc., the interim-executive market is worth 750 million dollars, with certain staffing solution providers registering almost a fifty percent rise in revenues over the last year. However, the exact figures are difficult to establish as the industry is still in its latent stage and does not use any formal recruiting structure.

What makes the interim executive click?

The winning formula in interim leadership is that the goals of such temporary executives are in sync with that of the organization, and they provide the requisite expertise and knowledge gained through their rich experience without any risks. These executives are also more adept than the HR executives in the organization in ensuring a successful succession planning process. Most of the assignments for interim executives last for six to eighteen months. Such executives, who work on exclusive assignments at a time, provide the best interim solution for companies that are on the lookout for professionals with a specific skill set for a particular time frame.

Personal and professional growth through learning from new assignments spurs a majority of the successful interim executives. In terms of behavioral traits, such executives are endowed with exceptional communicational skills, a high learning curve, high degree of adaptability and adeptness at handling challenging assignments under unfavorable circumstances.

On the financial front, interim executives earn significantly more than their full-time counterparts. In general, the pay package for an interim executive is proportional to the size and complexity of the assignment involved in addition to the professional's experience. For the organization, though the short term employee costs are higher, the actual cost in the long run is considerably lower as it does not have to bear the expense associated with a regular employee such as perks and other statutory requirements. Moreover, the huge retention costs associated with the top-level executives are done away with in the case of interim staffing.



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The bottlenecks

The interim model has its own shortcomings too. Temporary executives need more time at the start of their assignments to adapt to and improve coordination within and between departments. Absence of leadership and coordination skills on the part of the interim executive within the company would have a negative impact on employee morale and productivity. This problem is more pronounced in the wake of retrenchment wherein restructuring of departments becomes the priority of an interim executive's work profile. Moreover, the short stint of the interim executive can generate an invisible barrier between permanent employees and the interim executive who is implementing the quick-fix solutions. All said and done, the benefits of interim executive staffing far outweigh its pitfalls provided it is implemented with meticulous planning and sense of purpose.