"...A STRATEGIC SOLUTION FOR KEY FUNCTIONS."
– BILL MOORE

THE NEW EXECUTIVE SEARCH

HOW SMART COMPANIES ARE USING INTERIM EXECUTIVES

KRISTEN MCALISTER
& PAMELA WASLEY

FOR

BUSINESS OWNERS, CEOs, & EXECUTIVES

who have secretly wished they could scale their leadership team up (or down) in real time to respond to rapidly changing conditions on the ground, **that time is now.** Executive search has been available to businesses for decades. Today, its reach extends beyond full-time, full-cost executives.

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"Talent gaps exist in every organization; however, the most difficult gaps to cover are at the top management and executive levels. Cerius Executives has helped our company close those gaps with interim leaders who have sustained our rapid growth. I have been on both sides of the equation: I worked as an interim executive and used an interim executive to help accelerate our initiatives. Using Cerius Executives has resulted in our company making better hires and achieving our initiatives much more quickly."

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EXECUTIVES

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FOREWORD

Cerius Executives has gone through a few evolutions throughout its existence. Pamela founded the company in 2005, and then, along with Kristen, purchased it from shareholders in 2011.

As entrepreneurs and business owners over the years, we have spent a lot of time at the marker board (it literally *was* a big white board) working through the question, “How are we going to grow our company?”

The first of many iterations was a national footprint of eleven…no twelve…wait, make that thirteen (it changed that quickly) regional offices. After testing the concept in a few markets, we found that our clients didn’t need, or want, to meet with us in person at that time. It was only the executive talent we were placing who needed to be there in person.

The next iteration represented the other end of the pendulum. *Technology: That is it!* What if we could remove ourselves from the equation and connect companies directly with executive leadership? It made all the sense in the world. We would be able to provide our clients with a more direct executive talent sourcing model and lower their overall hiring cost. Throughout the next few years, we built our own custom platform with the ability for companies to directly search and connect with executives.

How did that go? Crickets.

It turns out, we had built the ideal platform for our internal team rather than for our customers. It *has* gone on to create a competitive advantage for how we serve our customers, both companies and executives, so, fortunately, it was not a total loss.

The executive talent world is always undergoing a never-ending evolution. Some of it is trial-and-error, and some is due to a constantly changing marketplace. We will always be working to predict what businesses will need next and how can we best help them find it.

At each stage of our company's growth, we have ramped up and ramped down in various areas, depending on the growth strategy at the time. Not every "great idea" has been great in execution, but through the journey, we have experienced similar growth and contraction cycles as thousands of businesses. For each company that has trusted us to help find the right executive talent at the right time for that moment in their business, we want to say, "Thank you."

There are too many stories about amazing businesses to put in one book, but we have picked some of our favorites to share with other business owners. If you get nothing else from this volume, please know that, as lonely as it feels at the top, you are not alone. There are tens of thousands of business owners just like you experiencing the same issues and struggles. What differentiates them is the ones who choose to turn their challenges into success.

In the end, we take our lessons learned and write the next chapter.

In the case of this book, we wrote chapters on client lessons learned and how each leveraged interim executive talent strategies to solve complex challenges and grow their businesses.

We hope it will inspire you to look at gaps in leadership within your own organization from a fresh perspective.

Pamela Wasley, CEO
Kristen McAlister, President
Cerius Executives

SECTION 1: INTERIM MANAGEMENT 101

CHAPTER 1

Help Wanted: Superhero, Short Assignment, Long Hours, No Glory

Sam had started her business thirteen years prior and enjoyed a lot of success. In that time, she had grown the company's annual revenues to over $15 million. Looking back at what she had created, she was growing more and more frustrated; she saw sales declining, margins declining, and didn't know how to fix it. Her CFO was now telling her they were about six months away from closing the doors if something didn't change. She couldn't seem to get a handle on the source of the bleed but knew the answer was out there. The obvious answer was to hire someone who could fix it. The problem? There wasn't enough cash to either replace herself as CEO or bring in a president at a minimum of $200k per year plus a benefits package. Not only was there not enough cash to sustain a new hire, but she would be risking the entire company's fate on one person. She wasn't willing to take that chance.

Rick had been growing his business for the past twenty years. He had started the company and loved what he did. Most of all, he loved working with his clients. He was really good with the clients and for quite some time, had been the rainmaker in the company. As it grew, he needed to work on growing the company rather than personally bringing in sales, so he hired a sales team. In recent years, he has been struggling with leading the sales team. There has been some turnover, no one is documenting what they are doing, they are out there having lunches (he sees the expense reports), and they keep saying they are close to closing big deals, but the pipeline is the same month after month. Rick is challenged with being present to support and manage the sales team while continuing to grow the company.

A large (>$100 million) family-owned manufacturing company was experiencing the pains of high growth. In the past couple of years, sales had picked up significantly, and their multiple manufacturing plants were unable to keep up with the growth. The backlog was increasing, and customer fill rates were down, leading to canceled orders. In an attempt to keep up, they were utilizing an excessive amount of overtime and double-time, resulting in massive employee burnout. Various manufacturing plant managers began a game of finger-pointing; the cause of the issues was not clear. The solution was clear, though—create a new role for a general manager. The solution became more and more cloudy, however, after three failed attempts at hiring for this position. Now what?

Jerry was the CEO of a small company in the construction industry. He had an ongoing frustration: not enough access to the information he needed to make decisions. He continually noticed inconsistencies on financial reports. He also had issues in one of the most critical areas—job costing. The organization either lost jobs because pricing wasn't competitive, or even worse, they won jobs, but the pricing given was less than cost due to subcontractor misquoting. With his size company, it didn't make sense to hire a full-time CFO, yet he still needed help. His accounting and operations team had grown up with the company and also needed some guidance.

CHAPTER 2

What's a CEO to Do?

These are just a few examples of the millions of challenging business situations owners and CEOs are facing daily. CEOs are charged with developing strategies and executing them, all while trying to keep up with the competitive landscape, the evolving needs of the marketplace, and maintaining a company of talented people who want to work with you. Business models are constantly changing.

> "Competition" is now defined as *anyone who can solve the client's problem.*

Where business once was ruled by five-year, three-year, and one-year plans, it is now condensed to nine-month, eighteen-month, and quarterly plans. Business leadership has become a real-time endeavor. One of the drivers for this is the increase in competition. While business owners used to list their competition as *direct competitors,* "competition" is now defined as *anyone who can solve the client's problem.* They may not be solving it in the same way, but if a solution meets other criteria, such as being more cost-effective or faster, it is frequently seen as a better value. For example, the ride-sharing services are in direct competition with the taxi industry; the ride-sharing companies see any personally owned vehicle as competition, as well. Any option an individual has to get from point A to point B is competition at this point.

Technology is helping to drive this real-time transformation in a number of ways, including more direct purchasing behaviors, with fewer intermediaries. FinTech (financial technology) is a great example, resulting in less time and cost savings for users of such tech, including automated smart contracts, financial robo-advisors, digital security software, and more. Blockchain is also fueling this trend by eliminating the need for third-party verification services, such as traditional banks.

One of the greatest competitive threats facing businesses over the next decade will be sourcing and leveraging talent: both the availability of those with necessary skills and the increased competition to attract those skills to your company.

It's not a revelation to say employees no longer stay with organizations for ten, twenty, certainly not thirty years. And as much as people enjoy attributing this to the job-jumping nature of the millennial generation and their younger counterparts, they are far from the sole contributors to the shorter tenure of employees.

The nature of business itself over the past ten to fifteen years has been a driving force of this phenomenon as well. At the executive level, resumés with five- to ten-year tenures are becoming rarer. It is not uncommon to see two- to three-year employment periods. The top two reasons for this are M&A (the company was sold) and relocation (the company moved out-of-state, and the employee was not willing to relocate).

As the employee-employer relationship and availability of talent have evolved, companies need to reassess the skills of the talent they need. Instead of an IT professional to manage server equipment, they may need someone who can manage their cloud solution, for example.

The individuals with skill sets in high demand are evolving, too. How individuals want to work, when they want to work, and what they want to work on are forcing companies to adjust their business models to be less dependent on people, more focused on what needs to be accomplished and the skill sets necessary to do that.

Traditional Executive Staffing Options

The businesses described in the first chapter of the book are real businesses and had problems similar to many other businesses. Not having the expertise or bandwidth to address the situations themselves, these business owners and CEOs traditionally would have had the following options:

- Hire a full-time executive
- Bring in a consultant
- Promote from within the company
- Do nothing

Hiring a Full-Time Executive

When the company needs full-time leadership for the longer-term, this is the best option. The challenge is finding the right person. We could write an entire book (and we are) on finding the right executive, and we will provide some basic guidance in section 3. Unfortunately, we have talked to too many boards, business owners, and CEOs who have *not* found the right fit, and it cost the company in many ways. (If you are curious about the most common reasons bad hires happen, see the story at the end of this chapter.)

Consulting

Over the past twenty years, consultants have been pigeonholed a bit regarding what they do and the value they provide. The U.S. consulting industry alone is currently estimated to be $58.72 billion per year. Clearly, business owners and CEOs see value in consultants. The question is the value at the small-to-medium-sized business (SMB) level, and under what circumstances.

Traditionally, consulting has been a source for gaining outside perspective from experts through research, and assessment, and a presentation of findings, recommendations, and advice. A comment we often hear from business owners and CEOs is, "I don't need a consultant telling me what I already know or what to fix; I need someone to come in and actually fix it."

Promoting Someone from Inside the Company

If you are an owner, your company started with yourself and a few employees. They are loyal, conscientious, versatile, and care deeply about the success of the company. As new employees are brought on board, there are too many for one person to supervise. One of the original employees who helped train the newcomers is now likely managing them and has taken the title of office manager or operations manager. These employees being promoted typically either have very little experience managing, had very little job experience prior to joining your company to draw from, have not worked for a company larger than $10 million, don't have the skill set for their growing responsibilities, or may easily become complacent the larger the company becomes.

One of the most common remarks we hear from business owners is, “My company has outgrown my leadership team.”

The internal promotion option reaches the first of many thresholds of a company’s growth at somewhere between $5 million to $10 million. At that point, the company typically outgrows most of the existing talent. There is still a place for the original team, but typically not at the leadership level. Some signs to look for that indicate the company has hit this point:

- It seems like every day is a routine of putting out fires.
- The same mistakes keep happening over and over again.
- When something goes wrong, there’s lots of finger-pointing, and it turns into a blame game with little or no action to fix.
- Employees start to become protective about what they do and rather than cross-training or documenting, they hoard information.
- Deadlines are continually missed, and there’s little to no follow-through.

Doing Nothing

When faced with no good or viable option, the default is often to do nothing. This is fueled by three drivers:

1. **Hope**—the hope that the issues will fix themselves because the team cares so much and would do anything for the company.
2. **Overwhelm**—the business owner is too busy to make a change or to start moving in a new direction.

3. **Fear**—fear of bringing in the wrong person, fear of how the internal team will react, or fear of making too many changes.

Without fail, this option has a limited life expectancy for both the internal team and the company.

So, to recap: For what seems like as long as business has been around, boards, business owners, and CEOs have been limited to these four options for getting executive talent to help or grow their companies:

- Hire a full-time executive
- Bring in a consultant
- Promote from within the company
- Do nothing

Why Do Bad Full-Time Hires Happen?

New Position

Replacing an executive role that has been in the company for years (if not decades) can be hard enough. What about a new position? Yes: the difficulty increases. In these cases, there is either no job description or a job description was conceived and written according to what the organization needs rather than what is realistic to find in one person. New positions carry with them a lot of unknowns; in almost every case, a great deal of flexibility will be needed. In marketing, they say the toughest thing is to take a new product into a new market. Hiring a new executive into the company for a new position is the equivalent, in talent acquisition terms.

Looking for Too Broad a Skill Set

Since executives have usually been in the job market longer than most people, it is often assumed that they know how to do most things in the organization. Unfortunately, they are then expected to do them all and do them well.

Not Enough Budget for Needed Talent

From experience, we understand the constraints of working in a small and growing company that needed very experienced executive leadership but couldn't afford it. Instead, mid-level managerial employees were hired in at $60,000 per year and expected to lead a $20 million (and growing) organization in each of their respective areas. It went about as well as you might expect. On a full-time basis, at the executive level, you can usually apply the aphorism, "You get what you pay for."

Company's Needs Evolve More Quickly than People's Skills Do

Your VP of sales & marketing was the perfect person when your company's primary strategy was B2B sales channels; now you are looking at expanding the product lines and distribution into an eCommerce B2C strategy. Though some people can adjust, it is a steep learning curve, and they don't always make the transition.

The incumbent's skill set may be exactly what the company needed when they were hired, but within a year's time, that can easily change. We also see this situation quite a bit with human resources and technology roles.

Unrealistic Expectations

When a company is in a challenging state, it is natural to want to find a quick and easy solution, whether it is that one big client, the golden marketing idea, or the perfect executive hire who will be the savior for all.

There is no silver bullet. Executives aren't superheroes. When hiring a VP of sales, if the target is "Double business in the next eighteen months," and the sales team falls short, most often, the blame and frustration fall on the VP of sales hired just sixteen months prior (rather than the target itself). That is an unrealistic expectation to put on one person, especially if the company's infrastructure and resources aren't set up to achieve the goal.

Not Enough Infrastructure to Support Expectations

Just because someone has stellar expertise and has done what your company needs to be done many times at various companies, that does not mean they will be able to successfully accomplish it at your company. Every executive requires appropriate infrastructure and resources to be successful.

CHAPTER 3

The Interim Executive Option

Interim staffing is not a new concept. Interim coaches are commonplace in football, particularly at the collegiate level. Or, if you have had the misfortune to find yourself in an emergency room at a hospital, odds are you were treated in some way by an interim doctor, nurse, or other ER staff member. Each hospital operates a little differently; each likely uses a different software system and has variations of policies and procedures, but the physician and nursing profession are the same across the board and can be staffed and leveraged on an interim basis—quite similarly to executives, in fact.

Interim Executive, Consultant, Coach: What's the Difference?

It seems as though there are almost as many terms used to describe interim executive talent as there are words for water in the Hawaiian language. Many of these are driven by the marketplace and by perceptions. Since the underlying principles of how executives market and sell their services are the same, we use the term *interim executives* throughout this book to refer to executives stepping into companies on a part-time, temporary, or project basis. Here are a few examples of popular terms and how they are typically applied.

Part-Time/Fractional

A part-time or fractional engagement occupies fewer than five days per week. A part-time executive role is typically one to three days per week and can last for up to a year or more. Such placements are common in the areas of finance, IT, and marketing. Companies have neither the budget nor the need for full-time executives in these roles, but they certainly need executive-level expertise. The need is ongoing, and the role is likely needed until the company grows to the point of justifying the full-time cost.

For example, a company lacks the financial expertise to grow without taking unnecessary risks. A part-time CFO will bring in the right expertise to give leadership the ability to make the right decisions for the organization.

Interim/Temporary Executive

The terms *interim* and *temporary* are often used interchangeably. They usually refer to an engagement in which the executive is needed five days a week for a short duration. This is most common when an executive is brought in to fill a gap between the departure of one key executive and the start date of a new executive, when there is an initiative requiring hands-on expertise and management that is missing from that company, or when the current executive team does not have bandwidth to accomplish an initiative.

For example, a company is experiencing rapid growth, and the infrastructure is starting to collapse. Most of the management team that started with the company has been promoted from within, more for seniority and tenure than for ability or expertise. While the CEO concentrates on continuing the growth, an interim president or COO can architect more flexible and scalable infrastructure so the organization can withstand rapid growth.

Project

An executive is brought in to complete a specific task: often an assessment, planning, and execution assignment, typically completed within a short timeframe. This is a great option for companies to fill an expertise gap, execute a strategic plan or project, or test the waters with something new.

Marketing and information technology projects, for example, are the most common to be completed on a project basis, such as a new strategy, website, and launch or the evaluation, selection, and implementation of an ERP system.

Project-to-Perm

An executive is brought on initially on a project or interim basis. After working together for some time, both the executive and the company decide there is a longer-term role that would be a good fit, and the executive is offered full-time employment.

For example, a large manufacturing and distribution company has a business unit that is underperforming and needs high-level expertise. After a successful engagement by an Interim VP of operations, the company creates a global VP of operations role to oversee all business units and offers the interim executive the new full-time role.

From a seasoned executive's perspective, interim assignments also make sense. Executives are often judged based on their resumés: the companies they worked for, what they did, and what they accomplished during their tenure. As a result, executives are more careful than ever when accepting their next full-time roles. They need to choose as carefully as the company does. Between full-time assignments, though, high-caliber executives don't sit still. They want to keep themselves busy even while they aren't as quick to jump into their next role as they may have been in prior decades. Through part-time or interim engagements, such executives are able to gain valuable insights about a company to determine whether they can provide longer-term value in a role.

Here are a few other examples of how companies can leverage the flexible C-Suite workforce.

- **CEO oversees sales but is getting too busy, resulting in stagnating or decreasing sales.** Bring in a part-time sales executive for two to three days per week for four to six months to put the necessary sales organization structure into place, then transition to a longer-term sales manager or someone internal who has been coached to be a manager during the interim.

- **Marketing is failing to deliver on the brand or new leads.** A part-time marketing executive can bring a new perspective and new ideas to create innovative marketing programs that will increase leads and elevate the brand again, not only in the U.S. but also in the global marketplace.

- **The company isn't running as efficiently as it should be and has seen declining profits.** An operations executive can come in and quickly assess the areas of the company that could run more efficiently. Many times, this interim executive can identify hidden sources of cost, waste, and profit leakage and in the process of closing critical short-term gaps will simultaneously work on the longer-term goals of increasing profits.

- **Leaders are looking to sell the company or make an acquisition.** There's nobody with a better perspective than an interim executive with industry-specific experience buying and selling companies and who has no emotional involvement in the transaction.

How Executive Search Is Pivoting to Meet the New Business Model Needs

The Best Kept Secret (in North American Business) Is Finally Out

In a beautiful British accent, the caller on the other end starts the conversation with, “So what is the hang-up with Americans and the use of interim management?”

As owners of an interim executive firm in the United States, all we could say was, “You’re preaching to the choir.” That was the first of two conversations we had in a single week in which we were asked why businesses in North America (both U.S. and Canada) have not adopted a staffing model so widely used around the globe, especially in Europe.

Europe is the birthplace of interim management, so it is no surprise that the interim market is flourishing in Europe with the UK, France, Netherlands, and Germany leading the pack. Many of the largest organizations around the world are now making acquisitions and expanding into new regions, so they are looking for experts with local market knowledge, along with the operational and leadership skills to manage major change.

Interim Management emerged in the mid to late 1970s, when permanent employees in the Netherlands were protected by long termination notice periods and companies faced large costs for terminating employees. Engaging temporary rather than full-time managers seemed like an ideal solution. Since then, it has evolved in many ways for a variety of reasons.

> "…interim executives are one of the most sought-after professionals in the business world, and organizations can rent their expertise as needed."

Interim management is not a new concept, but its use was not common two to three decades ago in the U.S. Back then, interim executives didn't exist in great supply. But that's all changed. Now, interim executives are one of the most sought-after professionals in the business world, and organizations can rent their expertise. They are able to bring skills and background into the company for only the duration needed.

Rather than trying to find the perfect executive who fits the five-page job description, it can work more like a puzzle. The job description can be separated into a series of projects and one or two part-time executive roles. Keeping it focused on skill sets helps drive a more accurate fit of executive expertise and experience.

What Is Driving the Adoption of Interim Executives?

From the standpoint of companies who use them, some of the top reasons we have already reviewed that drive the adoption of interim executives are:

- Lack of bandwidth
- Lack of expertise
- The increasing cost of employees
- Speed of placement and results

The 2008 recession also left a big mark on business owners when it came to heavy overhead costs and the need for flexibility with talent. Talent remains the cornerstone of business, but today, talent can be more flexible and scalable through each stage of the business growth cycle compared to pre-recession times. And startups are being built from scratch around the philosophy of, "How large can I grow the company with as few employees as possible?"

While pre-recession thinking said, "I must own my employees," post-recession thinking says, "I just need to rent the expertise I need, when and where I need it."

Why Interim Executive as a Career?

We often hear, "Why is an experienced executive on the market and available to just step into my company as I need the help?" Unless you have been an interim executive, it can be challenging to understand why executives choose the interim management career path. There are also a number of myths and misconceptions that we will go into more in-depth in chapter 4.

Year after year, Cerius conducts a survey of independent executives, and the top reason they indicate for choosing their career path is *always* the desire for more flexibility.

Most independent executives enjoy not working 2080+ hours a year, having the ability to choose the type of work they do, and working in a variety of companies and situations throughout the year. Increasingly, we are also seeing executives take on interim executive assignments as a means to vet companies as they consider their next full-time role. Taking the right role that is the right fit is as important to executives as it is to companies.

How Executive Search Is Becoming More Like the Auto Industry

The two of us—Pamela and Kristen—make a great business team partially because we have very little, other than core values, in common. That means that together, we see nearly every angle, every perspective, every facet of a problem from opposite perspectives, and because of our polar opposite approaches to nearly *everything*, one of us is nearly always able to identify opportunities, threats, gaps, and challenges the other hadn't.

Our opposing perspectives extend beyond business. Pam wants it done yesterday; Kristen wants to think it through and test first. Pam loves to hike; Kristen sees no point in *walking* up the mountain when you can *run* up it. Pam likes to lease her cars so she can get a new one every three years; Kristen thinks that makes absolutely no sense and prefers to buy and keep a car for twelve or more years, and wringing every last cent out of it.

And yet sometimes, what doesn't make sense to one person or at one time changes. Sometimes a situation dictates a sensible course of action. This was the case when Kristen found, much to her own surprise and despite her natural inclinations, leasing a car *actually made a lot of sense after all.*

Kristen Remembers When Leasing Suddenly Made Sense

Sitting in rush hour traffic starting a three-hour commute from San Francisco to Monterey Bay, the endless stream of taillights weren't the only red lights I saw. My dashboard *Check Engine* light was on, yet again, and I had no idea what it could be this time. My car had served me well for thirteen years, but at five months pregnant, I knew it was time to trade it in.

Both my husband and Pamela had been telling me this for the past couple of months. They knew that as much as I loved the car, it was no longer practical, and likely no longer safe. They thought the prospect of a new car would excite me, but it was a dreaded decision. With our first baby on the way, our active lifestyle, and no idea where the Marine Corps was going to send us next, I faced too many unknowns to decide and commit to a car for the long term.

I preferred to own cars. But in this instance, there was a strong case to be made for leasing a car for the next three years, until I figured out a few other pieces of the puzzle. As much as it pained me at the time, looking back now, that was the best decision I could have made.

In a discussion recently with a CEO regarding talent, I was reminded of my experience. I realized after years of co-owning Cerius Executives how similar the model of interim management is to the process of deciding whether to buy or lease a car. My curiosity was piqued, and I did a little research.

The most recent statistics[1] show that 28 percent of new cars on the roads in the United States today are leased. With the contingent workforce now accounting for approximately one-third of the U.S. workforce, it is not difficult to draw parallels between these two pools of short-term, non-owned, needs-based solutions.

Getting More for Less Money

The one area where the two situations differ is the total cost. Unlike a car lease, you can upgrade and get a higher caliber of talent for *less* money when bringing in an interim executive to a business on a part-time or temporary basis. Rather than committing to a full-time fixed salary, plus bonuses/profit sharing, plus benefits, plus allowances (such as options on a car), interim staffing on a part-time or temporary basis only takes a comparatively small bite out of the total budget, since you are using the services for a shorter period of time.

> "…higher-caliber of talent for less money when bringing in an interim executive to a business on a part-time or temporary basis."

We usually see interim executives invest more time up front, at the start of assignments. As time goes on, their daily involvement is needed less and less. As their knowledge and experience are transferred and implemented throughout the

[1] "Edmunds 2019 Forecast and Trends." Edmunds.com. December 18, 2018. https://static.ed.edmunds-media.com/unversioned/img/industry-center/analysis/2019-edmunds-forecast-and-trends.pdf.

enterprise, we expect to see less ongoing need for the executive's services.

For example:

Part-Time President:

- Total cost over 2.5 years: $196,100
- Return on investment (ROI) for year one: $2,400,000 added to EBITDA
- A full-time president for this company would have cost an average of $450k per year.

There's No Crystal Ball: Mitigating Risk

When I decided to lease a vehicle, my biggest concern was picking the right car for my growing family's needs while balancing my own preferences. I was taking a risk either way. But with the lease, I was able to minimize the risk and put my mind at ease. It was only for three years, after all—not the usual decade or more that I keep a car.

Organizations and the business environment are changing at a more rapid rate than they have in past decades. Business owners are no longer looking at the calendar; they are looking at their watch. That is how quickly customer base preferences are changing. With that, the needs of the organization are changing, including talent and expertise needs.

Any opportunity to embrace a more flexible, scalable talent model helps mitigate the risks of too much, too little, or not the right kind.

When I turned in my leased car, I pulled up to the dealership, handed in the keys, signed a piece of paper, and walked away. It was that simple. (Of course, I also had the choice to convert my lease to a purchase and keep the vehicle. It was great to have so many options.)

In North America, it still seems a little novel to many business owners that great executive talent is available under similar terms.

Like the auto industry, executive search is evolving.

On the day I started driving to Monterey Bay, I never imagined I'd trade in the lifelong habit of owning, maintaining, fixing, and driving a vehicle into the ground. But times change. Driving off the lot with a freshly leased vehicle I could hand back in at the end of the term with no hassle was an innovation in the way I manage my transportation needs. In the same way, businesses are discovering a new option to supplement their leadership and execute their business strategies.

CHAPTER 4

Interim Executives: Myths, Misconceptions, and Realities

Interim executives are often seen as paratroopers: an elite group of executives who parachute into companies (which are often under fire) and act as the heroes who help save the company.

Interim executives are also often the bridge during transitions. They step into a company (truth be told, most of the time *without* a parachute) during times of trouble, high growth, innovation, or instability.

In reality, interim executives come in all shapes and sizes and are deployed for a variety of reasons:

- To fill a gap position until you have hired a permanent executive
- To develop new strategies for growth
- To mitigate risks, such as during mergers and acquisitions
- To carry out organizational change
- To manage complex projects
- To run a subsidiary in a new state or country

Here are some of the most common myths and misconceptions we hear about interim executives.

“Interim Executives Are Either Retired or in Transition, Right?”

It is not uncommon for a retired executive to say, “I’d like to do some interim management work. My spouse has decided I’m not welcome around the house full-time just yet.”

The misconception, however, comes from the common perception of a “retired executive” as one who’s had a thirty-to-forty-year career at IBM. In most cases, these executives are either leaving corporate life or completing some type of exit at earlier and earlier stages in their careers. When Cerius started, the average age of executives in our network was late fifties. In the last few years, we have seen that age trending down—closer to early fifties. Executives today are looking for more freedom and flexibility and looking for alternative career choices long before traditional retirement age.

Executives are also more carefully selecting their next roles and purposefully staying in transition longer than in previous decades. At the same time, companies are wading into the waters more carefully when hiring their next full-time executive.

“I’m Concerned an Executive Will Come in and Start Trying to Change Things.”

If you don’t want anything to change, you probably should take the option of engaging an interim executive off the table. There is nothing more frustrating for an interim executive than to be brought into a company by an owner or CEO only to be told, “Wait a few months until you know everything about the company before suggesting changes.”

Yes, an interim executive needs to spend time learning the nuances of the company, its employees, and the culture. But typically, the right interim executive can absorb those baselines in a matter of days, not months. Recommendations for change will always seem radical at first, primarily because the company gets caught up in how to get from *A* to *Z*—focused on the inability to see how they get from where they are *now* to where the recommendation will *take them*.

> "If you don't want anything to change, you probably should take the option of engaging an interim executive off the table."

To build comfort with new ideas, insights, strategies, and tactics, talk through the plan with an interim executive to understand how the transition will be accomplished in stages. Stay focused on *why* changes are being recommended initially; don't get caught up in *how* until the end state is agreed upon. And don't worry; nothing will be changed without full approval and support from top leadership.

"Interim Executives are Mainly Strategic. I Need Someone Who Is Hands-On."

We rarely speak to a business owner who says, "I just need someone to help me put together the strategy." The conversation invariably continues: "…and then help our team execute the strategy." Much of the time, the business leader's challenge is not *where* the company wants to go; it is finding the expertise and bandwidth that will show a company *how* to get there.

But one of the primary purposes of an interim executive is to provide that additional bandwidth to help the organization move through transition. For many situations, a good interim executive is a combination of both leader and hands-on doer.

Some common traits of good interim executives include:

- Sense of urgency
- Results oriented—measure, measure, measure
- Flexible and adaptive—blend in and adjust to various situations

"…a good interim executive is a combination of both leader and hands-on doer."

"An Interim Executive Needs to Be from My Industry to Step in and Get Going Quickly."

Companies have become accustomed to handcrafting lists of requirements for the executives they are looking for, from backgrounds to skill sets to types of companies they have worked for in the past to "They must be from my industry." We are seeing the executive market get busier in recent years, and less talent is available. That can lead a company to be a little more flexible regarding their executive wish list.

So, which items are easier to be flexible on and still find the right executive? For example, does the executive *really* need to be from your industry? Ask the right people, and the answer you frequently hear is "Well, it depends," followed by these questions.

- **What role will the executive have?**

  Is this an interim VP of sales role involving the need for established relationships and a network inside your industry, or does it involve the need for someone with knowledge and ability to take your product into new markets or industries? What is easier to teach, the basics of your industry, or the right skills sets, cultural fit, and relationships to increase growth in other areas?

- **What kind of learning curve does your industry or company have?**

  Is this a high-tech company requiring someone with an engineering degree, or a consumer products company where a solid understanding of manufacturing and distribution from any industry is enough for success? The learning curve is usually much less for the later.

- **How much of your management or current executive team already comes from the industry?**

  Do you currently have a diverse leadership mix to retain knowledge and tenure from within the industry combined with a new and fresh perspective from beyond it?

- **What is your company missing or what gap are you looking to fill?**

  Why are you bringing an executive on board? What is driving the need for this person, other than to fill a title or a seat? Are you looking to outmaneuver your competition or just catch up?

Are you missing industry experience, or do you need some fresh ideas and outside-the-box thinking?

Industry Insider Pros

- Shorter learning curve
- Already networked inside your industry
- May be able to provide some key learnings (not key information, since that is confidential) from other companies s/he has worked within the industry

Industry Insider Cons

- How will s/he provide you with a competitive edge that has not already been provided to your competitors?
- Lack of originality and thought beyond your industry
- A narrower pool of executive talent

If you are still on the fence or are not happy with the talent you are seeing, consider executives from organizations or industries with *similar characteristics*. For example, long sales cycles, high-dollar products or services ($1 million vs. $20,000), heavy seasonality or cyclical revenue, etc. Looking at executives from similar industries offers a wider talent pool to choose from.

We once had a client in the insurance industry with some brick-and-mortar service offices. Their goal was to increase the revenues through these service offices, and they could not *imagine* anyone outside the insurance industry working with their teams. After evaluating all the available talent, we helped them bring in someone with a retail and quick-service food background. The company swiftly saw how they could leverage the executive's background from outside the industry; he had overcome similar situations. During the interim executive's time on assignment, the company experienced a 20 percent revenue increase. (By the way, this was in 2008, when all of their competitors were experiencing a decrease.)

Look at other industries that are similar to yours, including its general qualities and attributes, and you just might hit the jackpot.

"I Don't Need That Much Horsepower" or "This Candidate Is Overqualified"

For starters, there's no such thing as *overqualified* or *too much horsepower* with interim executives.

As long as the rate matches the engagement level, it *does not matter* that an executive has previously been a COO and is now willing to step in as interim director of operations. This hang-up may be a valid concern if you were buying the car, but in a lease situation, it is completely irrelevant. When it comes to interim executives, in fact, *getting more than you're paying for is generally the point*.

There are a number of reasons why interim executives are willing to take on a less demanding interim role (and interim rates). Some have reached a point in their careers at which they've had enough of long hours and frequent traveling and wish to slow the fast pace of their hectic career. Others seek to work fewer hours with fewer responsibilities. If you have been a CEO for more than ten years, stepping in as a COO can be a fun and enjoyable assignment. Also, an interim role is explicitly *not* permanent; it is not a five- to ten-year commitment. It is usually four to nine months.

Even though a candidate may be traditionally "overqualified," most interim roles offer the potential for a great deal of challenge. In the majority of cases, someone with extensive experience and perspective in the C-suite may be just the right choice to be the hands-on, day-to-day individual helping the team through a tough project or a rocky time. Experience, a.k.a. "overqualified," matters and can translate to savings of both time and money.

Other reasons for interim availability include looking for a career change. Particularly at the management and executive level, it becomes increasingly more difficult to find a new position the higher you go, other than where you have spent most of your career. Taking a job for which you are "overqualified" in a new industry is not uncommon. Regardless of tenure, the company will gain more from what the overqualified interim executive can accomplish in a short period than it would from an *appropriately* qualified candidate in the longer term.

"…the company will gain more from what the overqualified interim executive can accomplish in a short period than it would from an *appropriately* qualified candidate in the longer term."

Overqualified executives are uniquely positioned to impart experience and knowledge and leave it behind when they depart the organization and its employees. This will be a more and more common pattern as the baby boomer generation exits the workforce.

Overqualified executives can bring innovation, efficiency, and maturity to the company, resulting in thousands, if not millions, of dollars in increased revenue and productivity as well as cost savings. It is wise to consider that talent while it's still available—before your competitors swoop in and take it. It is a win-win situation for both parties and a big asset to hiring companies.

"An Interim Executive Is More Expensive Than a Full-Time Executive"

It's no hidden fact that interim executives are more expensive on an hour-by-hour basis than the base salary of a full-time hire. But the good news is, this is an apples-to-oranges comparison.

In situations where the role may not require someone full-time or long-term (but the organizational practice is only to hire full-time employees), consider this. When you compare the full package of hiring and recruiting costs, plus the time it takes for a new executive to settle in, an interim executive almost always turns out to be less risky and less expensive.

For example, the day rate for a part-time president may be $1,600. If you were to extrapolate based on the daily rate only, you would incorrectly assume the executive will cost $416,000 per year ($1,600 × 260 workdays).

But the interim executive introduced in the auto lease example only cost the company $196,100 over a 2.5 year period he was not on-site and working every day of the year. For this size company, by contrast, the average, fully burdened (salary, bonus, profit sharing, benefits, taxes, etc.) cost of a full-time president would be an estimated $450,000. The return on investment for the company was more than twelve times the cost of the interim.

"I Need to Hire Full-Time Employees. I Have to Be Able to Control what They Do."

Outsourcing does not translate to "out of sight, out of mind."

Instead of focusing on managing interim talent by each task on a daily or weekly basis, you gain the freedom to focus on the *results you want them to produce in the end*.

Interim executives are self-driven. Manage them by results, not by task. If they're not providing the results the job requires, or the business environment has changed the requirements, interim talent provides the ultimate in flexibility to quickly and easily adjust the expertise to changing conditions on the ground.

With an interim, you can *stop worrying* about whether or not the executive came in precisely at 8:00 a.m. and left at 5:00 p.m. or took a lunch break that was longer than an hour.

Focus on the outcomes.

When you bring in interim executive talent with the right expertise, traditional onboarding is not necessary. There is no need to walk them through orientation, sign them off on company policies and procedures, and get them up to speed on the corporate handbook. More time can be invested in exploring problems and solutions and accomplishing results.

Spreading out goals and tasks to different people outside your organization also makes everything less stressful for employees *inside* your company. So many employees fail or burn out over the long haul because they're juggling fifty different things at once, most of which are not their core competencies. Engaging outside specialized executive talent allows your employees to focus on what they're good at. You'll have happier full-time employees who get to focus on what they do best. When companies and employees are working within their core competencies, the daily stress and frustrations will decrease dramatically.

> "…interim executives can help reduce and control operating costs, improve company focus, allow access to world-class capabilities,…"

Over time, interim executives can help reduce and control operating costs, improve company focus, allow access to world-class capabilities, increase internal employee performance, and often help improve communications.

"An Interim Will Be Too Disruptive for My Team. Our Employees Won't Like It."

In our experience, the team often welcomes any extra hands on deck. But it goes beyond that. A great deal of how your team reacts relies on your messaging. Convey the reason the interim executive is coming in (to offer expertise, training, systemization, or expertise on a mission-critical project or initiative) and the team will be overwhelmed with gratitude for the level of leadership, direction, and focus the executive is bringing to the organization, even on a project or temporary basis.

Every executive works on some type of strategic initiative or improvement, especially if the predecessor did not leave on good terms, the role has been vacant for a while, or it is a newly created position. In fact, if you are having a difficult time thinking of a short-term trial project for an executive you are looking to hire, you may want to rethink hiring an executive-level individual just to have that person "watch the shop" or maintain status quo.

At the end of the day, hiring/engaging (whether full-time or interim) is always about *results*. Whether on a full-time or interim basis, the expectation should be about what an executive will accomplish. The difference is, when someone is more focused and operating on a limited-time basis, coupled with the necessary expertise, results often can be achieved much more quickly.

In Summary: Superhero Needed, Short-Term Only

Talent today is as fluid as business has become unpredictable. The business cycle is decreasing, and planning is condensed. The independent workforce, particularly at the executive level, can provide the same flexibility and scalability in North America as it has for decades in Europe to help keep up with market changes and close the talent shortage gap so many industries are facing.

The work that needs to be done in organizations is changing from what needs to get done to how it is done, where it is done, and who is needed to do it.

With the transition of work moving away from a list of tasks to projects or end work products, the executive talent model is transitioning as well. Businesses are struggling to attract the right talent when they need it at all levels of the organization.

A blended, total talent management model is emerging to accommodate the growing needs of business to align it with how available talent wants to do the work.

Rather than carrying a large overhead at the leadership level, businesses are building their executive teams in a more agile, palatable, phased model, blending the C-suite with full-time and temporary talent. We will provide a number of examples in the chapters to come.

> "…businesses are building their executive teams in a more agile, palatable, phased model, blending the C-suite with full-time and temporary talent."

SECTION 2: INTERIM CORPORATE INNOVATION

TALENT STRATEGIES FOR MODERN BUSINESS

Leveraging the Interim Executive Model

We never know from one day to the next when contacted by clients what their situation will be and which combination of resources and expertise they will need. Though many businesses share a number of underlying principles about how they run and how they are successful, each company is unique. They differ in any number of ways: where they are in their lifecycles, how they were founded and by whom, what has spurred growth, the leadership team, the culture, the challenges, and what type of expertise is needed at this point.

At Cerius, we have been working with companies for more than a decade to find the right interim executive at the right time to help organizations fill their exact needs.

Organizations can leverage the expertise of an interim executive to get what they need in flexible, affordable ways. To offer just a few ideas, the following four chapters offer rare views inside a number of companies and show how they leveraged interim executives to bring them success through part-time and interim placements in small, midsized, and Fortune 100 situations.

CHAPTER 5

Part-Time Executives: Making an Enormous Impact in Less than Forty Hours Per Week

Part-Time Director of Operations: Operations Can Make or Break Any Company

Jim is a serial entrepreneur who owns several companies; he became concerned that one of his companies in the retail distribution business was not making enough profit to sustain the business. It had grown to $200 million in revenue over a relatively short period of time, and yet no employee could figure out how to fix ongoing operational issues that were plaguing his business. They were too close and couldn't really see the forest for the trees.

Jim recognized the need for additional resources to help improve the company's operational performance. Fortunately, he didn't have to look far for how to improve the situation.

During the previous ten years, Jim had used interim and part-time executives on various occasions to solve issues ranging from human resources challenges to due diligence during acquisitions. He had operational leadership personnel in place but knew they didn't have all of the tools and skills they needed to identify and close the gap. Rather than hiring someone to come in above or to replace his current team, he engaged a part-time director of operations: Brian.

The first issues to be addressed: reduce increasing costs and increase accountability—two items that are likely on every business owner's wish list.

Brian quickly got to work with a network- and supply-chain analysis. Working a few days a week, Brian laid out a plan based on the analysis and leveraged the existing team to accomplish a number of goals over the next year. He started by halving the number of warehouses while still meeting two-day shipping commitment to customers. He provided the team and the owner with increased visibility into the operation's activities through weekly reports on key performance indicators (KPIs) and worked closely with the finance team on the monthly budget versus actual reporting.

Improving reporting was challenging at first due to the arduous nature of obtaining information and closing the books each month. Brian knew it was time for the company to also step up their technology. From prior experiences, he was intimately familiar with enterprise resource planning (ERP) implementations and led the team through a warehouse management system (WMS) selection and execution, increasing efficiency and capturing more timely and accurate performance data.

With all of the newly available data and analysis tools, Brian was then able to implement a system with suppliers to reduce external spend. Freight cost alone was reduced by 80 percent through renegotiations, reduced services charges, and changes to customer freight charges.

During the interim assignment period of about eighteen months, Brian accomplished a 40 percent improvement to Jim's troubled organization's EBITDA while also improving customer wait times at will-call by 75 percent, simultaneously reducing the number of warehouses the company operated, and maintaining a two-day shipping commitment to customers. The implementation of a WMS provided increased efficiency and the ability to capture performance data by employee.

There is a saying that certainly proved true in this situation: "What gets measured gets managed: What gets managed gets improved."

Lesson Learned

The right part-time executive can provide more than full-time results. KPIs are often spoken about, but rarely correctly tracked and acted upon. Brian set up weekly KPIs and monthly financial reporting and trained the internal team how to use them.

When Brian completed the assignment, the internal team had acquired both the tools and the cultural mindset to be customer-focused and to strive for continual improvement.

Part-Time CFO: In Case of Death, Know How the Business Will Move On

If ever there were two partners who worked well together, they were the two at the helm of this company, a $100-million consumable goods distributor. However, one day, the partner who had been the CEO, the visionary, and the strategist had a massive heart attack and died.

This was a terrible shock to his partner, Charlie, who had always relied on his partner both professionally and personally. Charlie was distraught. He needed help. To get it, he went to a good friend in the same industry and asked what he should do.

When Charlie stepped into the CEO position to fill the gap, he found a number of financial indicators that had started to decline. He knew enough to identify some of the issues, but not enough to identify the problem, create a plan of action, and execute it. The company had lost not only the captain of the ship but the sole financial leadership of the company as well. With the captain gone, everyone was now lost, without direction.

His friend immediately sent him to Cerius, where he identified a part-time CFO, Sam, because the organization was not as profitable as it should have been and Charlie was not as good with the financials as his partner had been.

Sam came in approximately three to four days per week and not only helped Charlie's company to become more profitable but also strengthened other weaknesses in the company, especially in his South American subsidiaries.

Over the course of his assignment, Sam provided the regional managers with much-needed insights and information to help them narrow down where declines were coming from. Despite a legacy accounting system, Sam put together a series of reports that were easily kept updated, showing SKU sales and margin analysis by region, client, and item.

Approximately one year after the interim CFO started the part-time assignment, Charlie was approached by someone in the industry who was interested in acquiring his company. He was very excited about the merger, as he knew the owner of the other company well.

When all of the dust settled, Charlie was shocked at the offer he received from the acquiring company. The valuation was significantly higher than he ever could have imagined a year before; he was almost speechless. The transaction went through without a glitch.

Sam was invaluable to this company throughout the process. The $1.5 million savings he brought to the company's bottom line, as well as making sure every subsidiary was profitable, helped to make this company significantly more valuable to the buyer. The valuation at the end of Sam's term with the company was three times what it had been when he was first brought in.

Lesson Learned

When unforeseen circumstances push you to make a serious staffing change, hold off on any knee-jerk decisions or reactions. You don't have to marry the first suitor who comes along, and nothing is permanent. Even from the worst circumstances, opportunities may be salvaged by level heads and steady hearts. Consider short-term, medium-term, and long-term organizational needs. Finally, with the right expertise prior to looking at possible suitors—even part-time—you have the potential to sell for three times more with a little extra help from the right expertise.

Part-Time Human Resources: Getting More Talent to Keep Your Talent

A $750 million health care company had been growing very rapidly (both organically as well as via acquisition) over the previous five years, but their human resources department had not kept up with the times, and they were losing too many good people. Many were new hires within the first 90 days (a.k.a., 90-day quick quits).

One contributing factor was an inconsistent hiring and interviewing process to select top talent. Another significant gap in the process was a lack of focus on candidate care. A lot of extra work was being performed through duplication of work and forms; some departments were still using their own forms and templates rather than those that had been standardized across the company.

There were no strong onboarding programs, talent management, or retention programs, and the HR systems were antiquated. The company's leadership soon brought in a chief human resources officer (CHRO), Roger, who brought with him fresh ideas on how to strengthen the hiring infrastructure, performance management, and retention to better support the company's growth. But he could not bring in enough people with the right experience to get everything in place fast enough.

Roger turned to the interim management market and brought in an experienced, part-time human resources executive, Debra, who worked three to four days per week in coordination with his internal team. With this experienced outside help, the two were able to accomplish a number of initiatives more quickly than originally thought.

To help ensure understanding and consistency across the organization, Debra developed and implemented a hiring and interviewing skills workshop for leaders. One of the biggest pieces of feedback she gathered from the workshops was the need for templates and tools. Debra created a number of templates and sample tools, all accessible online, including checklists for both managers and candidates, job KPIs, interview guides, and a job preview; all were deployed across the organization.

Over 300 leaders experienced the hiring and interviewing skills workshop. It was also made available as an online training module for newly hired leaders, where they could review the tools and templates until they were able to go through training on using them in person.

Overall, the organization's voluntary attrition was reduced by 5 percent.

Debra's work created a strong support system for leaders throughout the organization. As she was winding down her project with Roger, other business unit leaders began requesting unit-specific support from Debra. As needed, she stepped in to support them and help get some traction with their talent acquisition and training initiatives.

Lesson Learned

Given the right tools based on best practices in human resource management, recruiting, and retention, a company can upgrade its management and talent practices with surprisingly few resources—in a surprisingly short amount of time. Attracting and retaining good employees with the help of a part-time talent management expert is a group commitment, but creating the infrastructure required to support that commitment can be a project handled by one highly skilled, part-time executive.

Part-Time CMO: Always Strategy Before Tactics

Tactics, strategy; tactics, strategy. This teeter totter is a struggle, and many CEOs go back and forth with the day-to-day of business.

In marketing, this push and pull are particularly relevant. Marketing is usually born into a company through tactics, and it takes a while before strategy is ever discussed. Marketing starts with, “We need more leads; what can we do?” It ends with, “We didn’t get as many leads as we wanted the last six months; what *else* (or more) can we do?”

One growing health care professional services company with a couple hundred employees inside a mature, continually evolving industry decided it was time to refocus on their marketing, starting with a strategy. At that point, all leads had traditionally come through key salespeople. In the past year, those leads had dwindled significantly as the sales team had exhausted their existing contacts.

The company had executed some marketing tactics previously and had a marketing coordinator, but had never come up with a marketing strategy that would help contribute to their sales goals. The CEO, Colleen, was not 100 percent convinced the marketing investment would accomplish ROI and was a bit hesitant to build in costly marketing infrastructure. The company had, after all, grown for decades without a comprehensive marketing strategy.

Past experiences with marketing efforts and few to no results added to her hesitation. To walk before she ran, Colleen decided to bring in a part-time chief marketing officer, Jane, a couple of days a week.

One of Jane's initial observations was that leadership lacked a fundamental understanding of what marketing truly was and its critical role in an organization. Building internal executive buy-in was therefore first on her to-do list. Jane also placed a hold on a number of pending marketing projects, knowing they would not provide the results the company was looking for—employing new tactics without a coherent strategy to drive them would result in making the same mistakes the company had been making for the past few years.

First on Jane's list was to evolve and refine the company's strategic platform and come up with a clear vision, mission, and values that would withstand time and provide a clear destination for all. What did the company want to be when it grew up, and how could marketing convey that?

Next on the list was to address potential issues or concerns that would impact the completion of marketing efforts. The last thing Jane wanted was for the organization to invest in a large-scale strategy that could not be executed. One of the key takeaways from this phase of work was the need for a clear marketing road map with visibility into *all* plans, present and future, including the need to change the company's name.

Over a nine-month period, Jane put together the new marketing strategy and a step-by-step road map for how to execute, test, and adjust tactics, including metrics and budgets. She documented expectations and helped recruit a senior marketing manager.

In the end, the team worked up eighteen tactical plans detailing hundreds of action items with a robust tracking and reporting system to actualize the marketing road map, not the least of which was rebranding and a new name. Jane stayed on to help execute the first phase of all tactical plans and to set up the new senior marketing manager for success.

Jane was an indispensable resource to help the organization mitigate risks while still making forward progress towards a needed result—marketing efforts that supported the sales goals of the organization. Who wouldn't want results?

The rebranding project had spillover benefits the company did not expect. The new branding extended beyond customer-facing value to impact the company's ability to attract good talent, as well. Starting with the first communication and up through the job offer, there was now clear branding and messaging across the organization from the candidate's perspective. One common question during the interview process had become "When do I get the 'company uniform?" This was not the typical shirt-and-pants uniform. Instead, it included company-branded socks, ties, and other articles the candidates were excited about. Never underestimate the value of a good brand.

Lessons Learned:

Organic growth, even in a “recession-proof” industry, only takes an organization so far. If you aren’t growing, you’re dying, and in marketing, the only customer that matters is the sales team. When sales leads are drying up, throwing more tactics at the problem without stepping back to look at the larger strategic issues is throwing good money after bad. A part-time investment in strategic expertise and flawless execution is well worth it for a company wanting to grow and develop.

Part-Time Sales Executive: Doing Nothing Leads to Getting Nowhere

Rick, the CEO of a $20 million, family-owned electronics solutions company, had *also* been managing sales for the past few years after letting go of the prior sales manager. The company was over forty years old and had struggled the past fifteen years with managing the sales team. The industry had shifted; getting more business was no longer about relationships. The sales team was struggling with a mind shift regarding what their customers needed and how they purchased the product.

Being the visionary of the company, Rick took on the responsibility to help the sales team transition their thought processes and tactics.

It quickly became clear to Rick that he was not the best person to be managing the sales team, but he was hesitant to bring someone else in after a string of bad hiring experiences. At the same time, he was having a number of challenges with sales and knew he needed additional expertise.

In this situation, it is sometimes difficult to know where to begin. Is the issue the sales team, the leadership, the compensation plan, or the company? Is it a matter of just finding the right sales manager, or are other dynamics likely to challenge anyone you bring into the situation?

This is a perfect time to bring in an interim sales executive. Rather than jumping into all of the responsibilities of a full-time sales manager, including gathering leads and making sales calls, a part-time, interim sales executive can focus on the critical items. The interim sales executive will have experience working with a variety of sales teams and situations. Goals and deliverables will quickly become clear, based on the executive's experience and a much-needed outside perspective.

In this case, we would have advised Rick to bring in an interim executive to assess the situation, beginning with the current team. How was their support throughout the company functioning? Did they have confidence in the company's ability to deliver on what they sell? Were their primary challenges due to pricing issues? Was their compensation plan driving the right sales behavior? What did the sales process look like from end to end? The interim sales executive could then have eventually worked with Rick to find the right permanent sales manager or stay on for one to two days a week and continue managing the sales team.

In Rick's case, he never did bring in a sales manager. A few years later, the organization is still struggling with the same issues, including increased competition, stagnant sales, and declining profits.

Lesson Learned

When you can't decide which is the best direction to go with your business, doing the same thing you have always done is the equivalent of doing nothing at all. Not every decision will be the absolute pinnacle of greatness, but any affirmative short-term decision that moves in the direction of action typically involves *less* risk than the no decision at all.

Part-Time CFO: A Small Construction Firm Grows Up

One of the most common needs we help organizations address is in the area of finance. Interim and part-time finance executives are the most requested roles in the interim executive space. Finance and accounting functions are critical to an organization; this is the one area where you cannot "fake it until you make it." A malfunctioning or mismanaged finance and accounting department can cripple any organization. Because of this, we will take a few pages to discuss the impact this role has on an organization.

Companies with revenues less than $10 million can seldom justify a full-time chief financial officer. This doesn't mean they don't have growth goals or issues requiring the attention of a senior financial executive; they simply don't need top-level talent in-house every day. That is precisely why more companies are engaging part-time CFOs.

Engaging an interim or part-time CFO can help companies immediately focus on critical impact elements, rather than allowing a key resource to get lost in day-to-day operational details. Part-time CFOs are cost-effective and offer outside perspective that delivers invaluable input and insight into strategic decisions. If you're considering a part-time CFO, here are five things you can expect.

- Interim CFOs will want to know what's bothering the business owner most. To help a company get on track, a part-time CFO needs to be aware of the most pressing issues the company is facing financially. He or she will want you to do most of the talking and will start by asking basic questions about your financial situation. Your financial statements will tell the part-time CFO the what, but not the why. That is important to understand as well.

- The interim CFO will also want to get acclimated to the business environment and establish a trust factor as a foundation for the relationship with the owner. Although break-even points are central to business plans, for example, not many company owners pay granular attention to them. They may not understand the formulas to calculate at what point they have enough sales to cover expenses, after which sales become profitable, or how frequently this should be tracked (annually, quarterly, monthly?). If a company is not operating at break-even, every day that goes by, it is losing money. This will be one of the first places an interim CFO will want to target, calculating break-even on a weekly basis, looking at the P&L statement for line items that are misclassified. The interim CFO will discuss scenarios for funding growth initiatives and evaluate the risk factors for each. Understanding expenses in terms of sales helps organizations comprehend decisions and financial impacts before executing.

- Another thing that part-time CFOs examine is the difference in the number of days of sales in accounts receivable and accounts payable. The larger the gap, the tighter the cash flow. If a business is collecting receivables in 70 days and paying vendors in 30, that's a wide gap. The part-time CFO will take action by encouraging the company to follow up on and bring down receivable accounts to 45 days while stretching vendor payments to perhaps 40+ days.

- Understanding the implications of profit margins is grossly underestimated in many organizations, and only an experienced "financial person" can calculate and help understand the significance of the numbers. For a simplified example, assume $10 million in annual sales and a target to improve the margin by 1 percent: That seemingly minuscule margin improvement can add $100,000 to the bottom line.

- A review of the financials, potential opportunities for impact, and discussions with the company's tax professional may seem boring but can bring a significant ROI to the company. For example, we had a part-time CFO identify a tax savings opportunity that had been previously overlooked by both the Controller and the CPA.

  The ROI on that assignment was as follows:

  - Part-time CFO cost: $30,000
  - Tax savings: $600,000

A part-time CFO manages profits, margins, and educates the rest of the leadership team on what the organization's numbers mean. The surplus amount can then either be used for business needs or invested elsewhere.

You'd be surprised *how* part-time a CFO can be, yet still deliver. We once worked with a small company in the construction industry; the CEO, Scott, had ongoing frustrations about not having the information he needed to make decisions. He continually noticed inconsistencies on financial reports. He also had issues in one of the most critical areas—job costing. The company either lost jobs because their pricing wasn't competitive or, even worse, *won* jobs, but then lost money on the job because the initial price estimate was less than cost due to misquoting by subcontractors.

Within a company the size of his, it didn't make sense to hire a full-time CFO, but Scott still needed the help. His accounting and operations team had grown up with the company and also needed more experienced guidance.

We found a part-time CFO, Patrick, who had worked with these types of issues before. The team quickly gained confidence in him. Scott now had an advisor he could confide in. In fewer than forty hours in total, Patrick was able to give the existing team enough direction to fix a number of issues, provide accurate reporting, deliver a budget, advise on multiple financial situations, and start the company's first-ever strategic planning process.

Lesson Learned

When it comes to interim executives who have worked in a number of companies and have faced various, diverse, challenging situations, a lot of experience can go a long way. Where it may be difficult to imagine not having executive leadership sitting in your office five days a week, many situations simply don't require that level of physical presence, and the dollars may not justify it. But you can still reap the benefits of top-tier talent and end up with the same (or better) results.

CHAPTER 6

Interim Executives: Filling Critical Gaps When It's Most Necessary

Part-Time CFO and Interim CIO: Sometimes One Is Not Enough

Georgia, the COO/CFO of a $30 million family-owned engineering services company in the energy sector, was driven. She had accomplished quite a bit already to put a solid infrastructure in place to support the business' growth. She was highly capable and able to manage it all—until the company needed to renew its line of credit. She found herself being asked for a great deal of information they had not previously needed to gather or package within their business.

Georgia felt as though the bank was asking her to look into a crystal ball to forecast balance sheets and profitability twelve months out. She was pulling her hair out; they really hadn't done that before. She relied heavily on the firm's CPA until finally, the CPA threw up his hands and suggested another solution—a CFO-for-hire.

Including the line-of-credit, they were struggling with putting together a budget as they entered their busy season with no reporting or processes in place for leadership to rely on for better decision-making.

The part-time CFO worked with the company for one to two days a week over the next couple of years. He created an interactive cash flow model for easier budgeting; determined the monthly and annual break-even for sales volume allowing for more immediate information; created job costing; and brought in a risk manager and insurance broker to resolve some insurance loss issues favorably for the company.

The company also needed more assistance with its accounting functions on an everyday basis. The part-time CFO helped the company hire a full-time Controller, then on-boarded and helped train the new hire.

Throughout the engagement, the part-time CFO kept the end game in mind: the owner's intention to sell. The part-time CFO helped maximize cash flow at exit to the owner due to his projections and planning. His early work helped realize significant insurance and IT savings and establish a successful banking relationship throughout, including an increased line of credit.

Throughout the CFO's engagement, Georgia remained a very busy and engaged leader with several additional projects in progress. Among these was an office move, which offered a good opportunity to clean the slate. She had wanted to hire a corporate IT manager for a long time, so she brought in an interim CIO. The interim CIO helped with the move, planning the logistics and getting the new network setup. She also created a job description for a new IT manager and helped with the recruiting, hiring, and onboarding, making sure his goals were aligned with the company's goals. The new hire ended up working out great, extending what the interim CIO had helped accomplish.

What was next for Georgia? Hiring more people. She wanted to elevate the company's human resources program, which involved improving the compensation structure, retention strategy, updating the handbook, hiring processes, and so on. There was no question: bringing in an HR executive on a project basis would be the best solution to get it all accomplished.

The company was ultimately successfully sold with credible finances.

Lesson Learned

You don't need to be an expert in all things to run a dynamic, complex organization that leans on you for leadership in many different areas of expertise. All the competencies, experience, skills and expertise you need are available on an as-needed basis. Georgia brought in experts as hired guns rather than risking the business's future trying to figure it out herself.

Interim President: A Hail-Mary to Keep the Lights on Wins the Game

Samira's business was thirteen years old and had enjoyed a lot of success. She had grown the manufacturing business to over thirty-five employees. Looking back at what she had created frustrated her more and more each day, however, as she saw declining sales and margins and hadn't been able to fix them.

Her CFO was telling Samira they were about six months away from closing the doors. She couldn't seem to get a handle on the source of the issues but knew the answer was out there. The obvious answer was to hire someone who could fix it. The problem was, there wasn't enough cash to either replace herself as CEO or to bring in a president at a minimum of $200,000+ per year. And not only was there not enough cash, but she would be betting it all—the future of the company—on one person.

She wasn't willing to risk it.

Samira took a less perilous route and brought in an interim president, Matthew, who worked two to three days per week. He quickly established a strategic plan with goals, metrics, dashboards, and daily quotas to rapidly create accountability. To help the team adjust, he held daily meetings with follow-through and quickly identified training gaps. One of the major issues was contention between engineering and sales. Matthew prioritized quotas and engineering's workload and quickly saw the need to begin charging for much of the work engineering was doing.

Within two months, Matthew had the company back at break-even. By the third month, it was profitable. Some key components that contributed to Matthew's success were a 90 percent reduction in returns, 16 percent reduction in inventory, and reorganizing the workforce, achieving a 20 percent reduction by removing the C-players and elevating other employees.

After six months, Matthew was able to step away, and Samira was much happier to continue managing the business with all of the tools he had put in place. One year later, the company was thriving. They had reduced COGS by 13 percent and had achieved a 25-percent increase in product shipments. The company's profitability had also improved over 6.5× what the original loss was when Matthew first came to the company.

Lesson Learned

Not all Hail-Mary passes make it to the end zone, but in this case, it was the pass that won the game. Samira's willingness to take a calculated but reasonable risk, paired with Matthew's proven skill set in leading an organization through tough decisions and some painful, quick turnaround decisions, helped to save this company.

Interim VP of Sales: Never Go a Day Without Sales Leadership, Let Alone Months

It is exciting to be brought into a new CEO role for a portfolio company recently purchased by a couple of private equity firms, but the excitement can fade quickly with declining sales and no viable prospects to replace the open senior VP of sales position.

With over 450 retail locations distributed over a large regional geography, this company was struggling to drive sales. Staff at branch locations were selling a financial product. There was nothing customers could touch or feel, so the level of training needed went beyond that which would normally be anticipated. After trying to cover the open position by conducting a search for several months, the CEO decided to bring in an interim sales executive. The CEO and the rest of the leadership team simply couldn't continue to cover the vacancy, particularly with declining sales.

Focusing on what needed to be accomplished in the next year, the CEO worked with the VP of marketing to select the best executive for the interim role from a highly qualified shortlist. After interviewing the top two executives, they agreed on Don, an executive with a strong sales turnaround background and retail industry experience. Although his experience was in consumer retail, Don had no prior experience with financial products.

It didn't take Don long to close the knowledge gap; then he was off and running. Over the next few months, he spent most of his time traveling, visiting locations, speaking with teams, and identifying some quick wins. He was laying the groundwork for both necessary ground-level changes and also for how to implement them. With hundreds of retail locations spread over a large geography, bringing everyone into a single location for training was not an option.

Once Don had the background information, and the rest of the leadership team had bought in on the plan, he started restructuring retail location staffing models. Part of that involved a store-in-a-box concept that helped streamline operations, improving store-to-store consistency and training. He was then able to implement a defined selling process and a customer retention program. Next, he redefined the sales compensation structure and made store-level performance a priority.

Less than one year later, the company had realized a 20 percent increase in its year-over-year revenue run rate, with a twenty-four-point improved hit rate for online sales productivity and $3.3 million in annualized payroll savings. This was primarily achieved through restructuring the sales team. The prior sales team had been comprised of "farmers," waiting for business to walk in the door or for existing customers to automatically renew. As attrition occurred, Don replaced the exiting sales personnel with "hunters." Since the hunters were able to bring in more business, fewer sales personnel were needed to produce more sales which in turn also reduced the total number of sales personnel and total payroll.

Finally, Don helped identify goals for a full-time sales leader to aid in the recruiting process and helped on-board his replacement.

Lesson Learned

When there's a hole in an organization's leadership, the most likely outcome is those being led will fall into it. With the availability of interim executives, there is no longer a need to risk this happening. Gaps can only be covered for so long. Despite wanting to wait until they found the right VP of sales, the CEO had a great HR leader who brought in an out-of-the-box solution to immediately address their biggest problem: declining sales. Acting sooner rather than later allowed the company the breathing room they needed to create appropriate infrastructure, then hand the reins to the right long-term executive for ongoing leadership.

Interim COO/CRO: When the Best Bet Is to Exit as Gracefully as Possible

We got the phone call on a Friday morning. An interim COO was needed. Oh, and by the way—an interim COO was needed *Monday morning.*

It was Friday afternoon. All hands were on deck.

After a busy weekend of interviews, Mark was selected as the interim COO and started first thing Monday morning.

We have a saying at Cerius: “If it were easy and simple, clients wouldn’t need us.” There was certainly nothing easy or simple about this assignment. The CEO was facing many challenges, including a mandate by his client that would significantly reduce his business over the next couple of years and mounting challenges attracting new customers. The business was running at a significant loss and had lost its direction in general. Last, but not least, there were pending legal issues to be sorted out.

A few weeks after starting the assignment, the position transitioned from interim chief operating officer to interim chief restructuring officer. It had become rapidly apparent to Mark the company was going to need to make significant adjustments. Mark immediately put into place measures to reduce and prioritize costs to enable a restructuring of the business. He evaluated all options and provided a set of recommendations, with which the owner and CEO agreed.

In short, they eventually would seek and effectuate a sale of the company or its assets.

Mark interviewed and selected an investment banking firm. He identified, developed, and negotiated the sale of the company's intellectual property (IP) to its largest client and transitioned the workforce to one of its largest competitors. Mark then guided the company through the bankruptcy process with the remaining assets. Mark was also instrumental with in-house counsel, negotiating a settlement and resolution of remaining legal issues.

In the end, the owner was able to exit with a multiple of revenue greater than one—an outstanding result, considering the condition of the organization when Mark walked in the door.

For Mark, it was just another walk in the park. For the exiting owner, the employees who retained their jobs under new ownership, and everyone else involved, it was life-changing.

Lesson Learned

When it seems like there is no positive way out of a cascade of operational problems, an interim executive has the emotional distance and the business acumen to assess the situation and make dispassionate, objective recommendations that create the greatest benefit for all parties. Although exit isn't always a planned event, a chief restructuring officer can transform even dire situations into an opportunity for a great exit.

Interim CIO: Repair, Recover, and Never Repeat Again

Most CEOs have a love-hate relationship with their IT departments. We love the solutions they bring us—when they are working. And when they don't, they cost us undue stress and a fortune.

For years, most companies leveraged technology for internal purposes: sending emails, keeping the computers running, and fixing things using a strategy other than "Have you tried rebooting the system?" As technology became less expensive and more readily available, with more options for nontechnology companies, IT became more customer-facing. Business use cases went from "How can it make our lives easier" to "How can it make our customers' lives easier?"

For companies in which the product and/or service being sold is not the technology itself, but is delivered or driven by technology, the IT department became the life-blood of the organization. This was the case for a client that was struggling greatly to build an IT department that could support its external and internal technology needs in a highly secure environment.

The CEO contacted us looking for an independent review and assessment of his IT department. Obviously, one of the first questions we asked was, "Why?" There had been mounting issues with legacy systems, a large client-facing project was six months overdue, and internal tensions erupted continually between the business units and the IT department. What finally prompted the call was a significant system outage and loss of half a year's worth of data.

An interim CIO, James, was quickly brought in, triaged the situation, and started to address immediate concerns while building a longer-term solution. The most immediate was restoration, recovery, and remedial actions for the system outage. Within six months, the team accomplished a full recovery.

Meanwhile, James also brought the past-due project to completion. Within one month after product launch, it delivered a 3 percent increase in revenue, which was outstanding for a new line of business.

James's biggest set of tasks was to put in place a longer-term infrastructure that would not only support the business's current needs but also work closely with all business units. James helped bring in a director of IT operations for longer-term stability and day-to-day oversight of the department. Standard operating procedures were created; existing staff, as well as new hires, were trained on the new SOPs as they were on-boarded for overall consistency. These provided a solid foundation for increased discipline and predictability within IT operations.

Part of improved predictability was an annual IT budget to better measure the cost and ROI for all projects. The IT department in any organization is often seen as a standalone business, with the rest of the organization as the client base. Under this model, all requests are handled with the highest level of customer service, and projects have a top- and bottom-line dollar value.

Finally, James put business intelligence and reporting in place to provide leadership with more timely information to aid in their decision-making. During the interim assignment, the organization's IT department transformed from a liability to one of the company's biggest assets.

Lesson Learned

Longstanding problems and pains within an organization can become assets with a short-term, limited investment in knowledge, skills, and troubleshooting—assets that will more than cover the cost of the engagement in the long-term.

Interim President: Never Underestimate the Value of an Interim

June was the CEO of a family-owned business in the consumer products industry and tired of running the company on a daily basis. She also had the added challenge that is common to many family-owned businesses—no matter how good a CEO she was, she could never really please the rest of the family members on the board. Some felt they could do the job better, and there was no need to read between the lines. They were quite forthright in expressing their opinions.

When June offered to let any family member step in and run the company themselves, they all stepped back and said they were too busy. After yet another frustrating board meeting, June decided to take another approach: bring in an interim president to assist with the situation and take over running the everyday activities of the company.

The board was also starting to get interest from other organizations, mostly competitors, to buy the company, but they were not happy with the offers and felt the company should be valued at a greater multiple. They utilized a valuation expert to get an idea of what they could expect if they decided to sell the company; however, they were disappointed when its objective valuation came back at approximately $13 million dollars.

This was enough motivation. The board agreed with June and brought in a seasoned interim president, Sam, who had experience selling and buying companies in the industry. He could optimize the company, which in turn would increase the value of the business.

Sam stepped in very quickly and integrated himself into the company in such a way that they soon accepted him as their very own. Within twenty months, he had reduced costs by $1.2 million, increased EBITDA by 65 percent, and increased sales by 5 percent, thus increasing the value of the company to $21.5 million. Six months later, a strategic buyer bought the company for $27 million—more than twice what it had been worth a little more than two years prior.

The initial valuation had been partially based on initial discussions with competitors looking to increase their own market share. In the end, however, the company was purchased by a much larger company that truly saw the acquisition as a strategic growth investment.

It is often a leap of faith when trying something new, especially bringing in someone from the outside at the top leadership level. Though the value may not be obvious at first, it can add up quickly over time. When a company is well established and operating at optimal performance levels, we frequently see large multi-conglomerate strategic buyers willing to step in with premium price offers to leverage the company's infrastructure and marketplace traction with auxiliary products.

Lesson Learned

Bringing in an impartial resource who was not a board or family member to a family business helped the company make substantial progress—progress they almost assuredly would never have made due to infighting and entrenched familial dynamics without the perspective and outside experience Sam brought to the company. The math proved the value of interim executive work in this case more than any narrative could:

24 months + 1 interim executive (total cost of $685,000) = $14 million in increased value

Interim CEO: More Profit at a Nonprofit Means More Community Services

This multifaceted regional nonprofit has served its community for 100 years to help poverty-stricken seniors with self-sufficiency and to empower them to stay at home as long as possible. The organization's services include transportation, which started ten years ago, and is a high-tech donation facilitation company that now serves as the back office for thousands of other nonprofit organizations.

Though it is a nonprofit, the organization operates more like a for-profit, with many of the same goals and challenges. One of the organization's largest divisions was faced with concerns regarding the sustainability of the business, finding the right person to lead it, and had already experienced at least one failed CEO hire for this division. The board was well aware of numerous issues but was not exactly sure where and how to address them without the right leadership in place.

After a bit of research, the board decided to try out an interim CEO in the role.

Six months later, they were pleasantly surprised by the amount of progress and the cultural fit of the interim CEO, Robert—so much so that they offered him the permanent CEO position.

Even though Robert had no tenure at either company or the intimate business knowledge the other senior executives may have had, to say he had stabilized the business is an understatement. Robert was able to come into the nonprofit and create positive change with his skills and expertise alone: skills he had never used in the nonprofit community before.

As the interim CEO, Robert's four-pronged approach to evaluating the business—infrastructure, culture, mission, vision—led him to make significant changes in those areas. First, he quickly reviewed the budgets and reduced unnecessary expenditures. Next, Robert restructured the team to get rid of an unnecessary layer of management. "I basically took restrictions off department heads and allowed them to do their jobs without interference," he said. He also diversified the newer business portfolio, allowing other organizations to offer services through the organization's call center, and brought their archaic software system into the twenty-first century with a cloud-based filing system and improved security.

He also implemented change management practices and gave department heads more responsibility, allowing for quicker improvements at all levels. The company culture moved away from operating in departmental vacuums to operating as parts of the bigger picture and vision. They launched their first mobile application and opened a new off-site call center. They were also able to increase the sales and marketing staff while decreasing operational staff.

The impact of all of these adjustments was astonishing. The division achieved a 34 percent increase in annualized donations. Their outsourced marketing costs were reduced by over 60 percent while maintaining the same amount of services. Between the increased marketing budget and new efficiencies put in place, their call centers were able to significantly increase their calls per week.

Robert's secret? Part of it can be attributed to his mindset. "My first rule as a temp is to respect the temple I am walking into," says Robert. “It’s important to know you are not there to save the company but to help them on a better path.”

One year later, the company has continued to grow substantially.

Lesson Learned

Striking a balance between respecting an organization’s existing culture and leveraging the interim executive’s knowledge, skills, and experience is an art as much as it is a science. Especially in the nonprofit world, mission and vision drive action—a lesson that can also drive takeaways in the for-profit world. Robert’s successes in his interim role came rapidly, and they came on the heels of failures by others from “within the industry.” Fit and passion with the company combined with new ideas can yield better results.

Interim General Manager: Who's Watching the Local Shop at Global Companies?

While there are many ways in which an organization can ensure they don't get sunk by the competition, one major way to make an impact is to bring in an interim executive. From finding a whole new path to implementing rapid course corrections, an interim executive can reset, rejuvenate, and reignite a business that's struggling to turn its ship.

A great example is a small-to-midsize company in the heavy-duty manufacturing industry. Being a family-owned and foreign-owned business added to the challenging situation of declining performance from its U.S. operations. After consistently sliding the wrong way for twelve months, company ownership decided to bring in an interim general manager, Horatio, to right the ship's course before finding a longer-term leadership solution for the struggling operation.

The company had a global presence with factories throughout the world. Unfortunately, the corporate leadership team had lost control of its U.S. plant performance and wasn't able to self-correct. Some of the top issues included negative profits, declining sales, rampant quality problems, missed delivery commitments, and increasing customer complaints. It was also no surprise that employee morale was at an all-time low. Key customers were pulling their orders and sending them to competitors.

Within the first week, Horatio quickly identified common issues he had seen many times before. The on-site management team was inexperienced; it lacked the know-how and leadership to drive peak performance and to turn things around. There had been a suboptimal manufacturing resource planning (MRP) implementation with minimal training, and the team was overwhelmed by reactive crisis management; there was no time for proactive improvements.

Horatio immediately established a daily focus on specific bottlenecks affecting quality and delivery. After a review of poor purchasing patterns, he stopped excess purchasing activity through daily review meetings and MRP system reviews. From these meetings, he helped the team identify system errors and correct the MRP forecast, safety stock errors, and redundancies that were driving the purchasing. He launched a thirty-five-day timeline to reduce much of the profit loss through the elimination of an external warehouse that was no longer needed. Sales and operations planning were established with cross-functional collaboration, including forecast reviews and capacity planning.

To minimize the quality issues, the team expanded QA inspection within the plant, new products, and shipping activities. Through this process, the team finally gained the ability to self-identify where some bottlenecks were occurring and to make adjustments to improve.

One of the biggest challenges for the sales team was their number one business driver—sample orders. When these took too long or lacked in quality, driving new business became next to impossible. Cross-functional meetings and daily reviews helped to refocus on this area, as well as to share improvements made in other areas that could be applied to this department. Increased communication and visibility provided everyone with what they needed to be successful.

Three months later, it was difficult to believe it was the same company. On-hand inventories were rapidly declining, and the closure of the external warehouse quickly gave the division some much-needed cash flow. The sales team saw sample-order lead times reduced by more than 50 percent; volume capacity to deliver high quality, on time increased by a factor of three. Overall cost reductions were made while improving the manufacturing process and decreasing defects and reworks.

The biggest indicator of customer complaints steadily declined, and sales staff reported they were back in good relations with their key customer accounts. After only a month of working with Horatio, the division experienced the lowest internal defects and highest manufacturing productivity that it had seen in the previous twelve months.

The operations manager of the division said it best: “It has been extremely enlightening to work with Horatio the past few months. His clear insight and logical approach have clarified a very irrational situation. His operational expertise has made a forever lasting impact in our direction and approach; he has aimed us in the correct direction for success. His ability to assess our leadership and make corrections that we just overlooked has been a tremendous asset.”

Lesson Learned

Often, it just takes someone with an outside perspective and experience in similar types of situations to help a team get back on course. Nothing can replace on-site leadership with knowledge of the local culture, but an outside perspective can reveal where the problems exist by peeling away layers of organizational blinders and inertia.

3 months + 1 interim executive (total cost of $44,000)
= Savings of $500,000+

Interim Operations Executive: Leveraging an Interim Executive to Maximize Internal Resources

Most companies consider an interim executive simply to be a temporary executive who fills a full-time role while the company is replacing the position on a longer-term basis. This can be the case, but it is just one of 101 ways an interim executive can step in and impact a company.[2]

An interim executive can fill in, supplement, and even complement an existing team at all levels of a company. One of the biggest impacts an interim executive can have that is probably the least mentioned is becoming an adjunct to the internal team. It is rare that an organization has 100 percent of the talent and resources it needs; there is usually either something missing or existing resources aren't being used at full capacity.

This is most often true with employees who have been with the company since its early stages and have been promoted accordingly. At this point, employees have an incredible amount of industry and company knowledge but lack the skills needed to match the current needs of the organization. The internal team has lots of knowledge and heart. They will follow the owner of the company anywhere. Lacking knowledge and/or understanding of where the owner is headed with the company and how they can help to get it there is where cracks in the foundation and infrastructure begin to widen and cause visible and painful issues.

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[2] Let us know if you'd like to receive a free copy of *Words to Lead By: 101 Ways to Leverage an Interim Executive*

We worked with a company that had been in business for over ten years facing this situation. Though the CEO, Jonas, was a great leader, he had neither the bandwidth nor the expertise to elevate his team to the next level. Sales were starting to lag, and operational issues were becoming a common occurrence. He was faced with a few decisions, including whether his director of operations, who had been with him for much of the company's history, was the best fit for the position.

Jonas decided to bring in an interim executive who has worked with his type of company in similar situations before. The interim executive, Mike, did not take on a formal or official role or title in the company. Instead, he spent time understanding the company, getting to know all of the employees, and working side-by-side with them. Based on his experiences and outside perspective, he was able to provide valuable resources and insights the company was able to quickly leverage.

The team then went through its first strategic planning meeting in years. Like most companies, they either did not see a need for it or their prior efforts had yielded dismal impact. For this session, all levels of the organization were involved, not just top leadership.

It was incredible to see the organization transform. When you walked into the building, their strategic initiatives were now posted all over the wall in the form of symbols and pictures. Anyone you asked in the organization could not only tell you what the goals of the company were but also how their jobs contributed to it. It was a meaningful, memorable, lasting exercise in establishing enterprise-wide buy-in.

Mike also spent some time working side-by-side with the director of operations, Ted. The interim executive found that Ted was capable and his expertise could be leveraged well beyond his current responsibilities; he was just missing some tools and basic knowledge that are not easily learned when you have only worked for one or two small organizations throughout a career.

Over a six-month period, a few days a week, Mike and Ted worked together to set up key processes, resulting in significant results: they reduced COGS by 36 percent, eliminated 100 nonproducing SKUS, increased fill rates by 20 percent and reduced scrap by 4 percent. Ted started to thrive given his new skill sets and was able to then influence the growth of others in the organization.

Since the initial assignment, Mike comes back every year to assist with the company's strategic planning and progress.

Lesson Learned

The right tools, training, and a workable strategic plan can turn sand into diamonds. This missing expertise can be brought in and transferred to the internal team on a short-term for long-term results. It is often challenging for a leader to figure out what direction to go, how to get there, and who on your team can help. Never discount the abilities of those on your team, both known, unknown, and untapped. Consider bringing in an interim executive with the right expertise to not only act as a sounding board but also as a catalyst for your team. An outside perspective plus an extensive career working in these situations and an extra set of hands can make the difference between a functioning team and a high-performing team.

Interim General Manager: Growth Isn't Always Positive

We have never heard a client complain about rapid growth, but we often hear about how rapid growth is negatively impacting the company's performance, both operationally and financially.

A large (>$100 million) family-owned manufacturing company was experiencing this exact situation. In the past couple of years, sales had picked up significantly, and multiple manufacturing plants were unable to keep up with the growth. The backlog was increasing, and customer fill rates were down, leading to canceled orders. To try and keep up, they were utilizing an excessive amount of overtime and double-time, resulting in massive employee burnout. The various manufacturing plants began a game of finger-pointing; the cause of the issues was not clear.

To address the issues, the company created a new role: general manager. An initial attempt to fill the position internally failed and a second attempt to hire someone externally failed as well. Each time, there was a disconnect: the right individual with the leadership skills and experience, the ability to work within a fast-growing family-owned business, and the outcomes that were so desperately needed.

Hiring for the right role is key when hiring the right talent. After making a hiring mistake for the second time, the leadership team decided to bring in a manufacturing talent consultant who helped them put together the right job specs, background, and experience requirements for an executive to be successful in the role.

At the same time, a search firm was hired to work with human resources and the talent specialist. Unfortunately, the newly identified guidelines were not used, leading to misalignment of submitted candidates compared to what the organization needed. The search firm was let go.

Hiring was taken back in-house. The talent acquisition team, in coordination with the talent consultant, began recruiting using the defined specifications.

In the meantime, the company *still* needed to operate. The issues were mounting—to the point of customer loss. HR also had a growing concern regarding the difficulty of recruiting someone into a dire situation. The talent specialist recommended they try an interim executive to assume the role temporarily while they took more time to find the right longer-term executive.

In less than one week, the team was reviewing two highly qualified candidates who met their exact needs. The leadership team selected one the following week.

The first week, the interim executive, Javier, put together a situational analysis and presented recommendations to the leadership team. They spent the second week refining the final initiatives and the plan to execute. By the third week, Javier was working in the plants with teams to mitigate major bottlenecks that might prevent the plan from being successful.

Sixteen weeks after Javier started in the interim role, significant progress had been made on key initiatives, resulting in capacity increases of 25 percent and 70 percent in two of the plants. A major automation project was completed and fully operational.

The backlog that had led to lost customers was reduced by 49 percent saving them approximately $2 million in future business, and supporting shipments for work in progress was increased by over 47 percent for the quarter. Both the quality and accuracy of the finished goods had increased as well.

In the end, the plant managers also set their differences aside and came together to help complete several critical initiatives, and plant leadership teams no longer groan with each new purchase order that comes through.

Lesson Learned

Counterintuitively, a "rush" to fill an executive role the wrong way can lead to months (even years) of delays before the right person steps into a long-term vacancy. Take the time to clarify what is needed to address both the current situation and the future growth of the organization before commencing a full search for permanent, full-time talent. A little extra time up front can save a lot of headaches, time, and costly lessons learned.

CHAPTER 7

Interim Executives in the Fortune 100: You're Never Too Big for an Outside Perspective

Even companies in the Fortune 100 use interim executives.

Acquisitions

Most companies keep their employee base busy. In the area of human resources, that is usually an understatement. So, what happens when the company makes a large acquisition and the busy get even busier? One of the top reasons for failed acquisitions is the inability to appropriately integrate the two companies, particularly on a cultural basis.

One particularly large acquisition involved international teams located in several regions and cultures with which the current human resources team had not yet worked. This was also, coincidentally, the largest acquisition in the company's history.

The company had hired one of the Big Four consulting firms with teams in each country to assist with the integration. The challenge came when corporate HR didn't have anyone available with bandwidth or expertise to manage communications country-by-country.

To assist with the integration, the company brought in an interim human resources executive who had large acquisition and integration experience among his many skill sets. In just six weeks, he put together a coordinated Q&A system to openly address all employee questions while taking into account each country's culture and business environments. This increased the volume of questions corporate and local acquisition teams were able to address rapidly by more than a factor of four.

Most importantly, he was able to take on acquisition-specific activities, leaving the existing teams to continue with their scheduled activities. He compiled, coordinated, and implemented all aspects of retention and incentive programs for the executives and key staff. He created a global policy manual, taking into account all corporate stakeholders, then adjusted it to local requirements of each country. Finally, he coordinated and led HR communications for the initial launch of the welcome, training, and completion celebration.

In the end, there was a lot to celebrate.

Lesson Learned

When you have only one chance to get it right the first time, and the stakes are as high as they could possibly be, placing a project in the hands of somebody with a deep bench of proven skills is worth every cent of investment—especially because there are no do-overs in acquisitions and integrations, and the cost of failure can be catastrophic for both entities.

Spin-Offs

A leading-edge technology company was bending under the weight of legacy issues, both with its products and its brand. To better serve its customer base and its vision to be an innovation leader, the company conducted a spin-off.

A spin-off is quite different than an acquisition: Additional resources tend to be more focused on marketing than human resources. Rather than bringing everything together under one umbrella, an organization needs to create a separate, equally compelling, distinctively different brand within the marketplace.

To get some outside perspective, this organization's leaders brought in one of the leading interim brand marketing executives in the country. They needed to move fast in order to have everything ready and needed someone who could be self-reliant, with minimal direction, as the existing team continued to manage the larger entity's needs.

The interim CMO got to work quickly and in less than four months, put together the research, findings, and recommendations for a go-to-market strategy that heavily relied on differentiation and product positioning.

When working with larger enterprises, there aren't a lot of "kudos" or "attaboys" associated with executive-level assignments. But when you see concepts and storylines in print when you open the Sunday paper, you know the client must have been satisfied with your work.

Lesson Learned

No organization is too big or too small to require outside assistance for projects or to fill gaps. Companies in transition, evolving daily, face challenges and opportunities that experienced executives have seen and handled before. Don't hesitate to fill the expertise gap when needed.

SECTION 3: BEST PRACTICES FOR ENGAGING THE RIGHT INTERIM EXECUTIVE FOR YOU

CHAPTER 8

Finding the Right Person to Match Your Business Needs

It's no secret that job openings are at an all-time high as of the writing of this book. Finding the right person, however, seems like an age-old mystery.

Here is the typical scenario we hear about all the time. An executive's resumé is strong: It hits all of the background and keywords the CEO has identified as success factors for the open role. The interview could not have gone better. The CEO feels the candidate is his or her new best friend. They get along so well that they are practically finishing each other's sentences. The executive starts work.

Three to six months later, the CEO is looking back, trying to figure out what was missed, because it seems as though the executive the CEO is working with today is a *completely different person.*

The most frustrating of situations is misalignment between the person you think you are hiring, based on the resumé and interviews, and the person you actually hired, which is only revealed in actual job performance.

It is understandably tough to get past disappointment when the seemingly perfect person was not the right fit in practice. Then there is the added stress and expense of beginning a search all over again. Hiring the wrong executive can be costly, from five to fifteen times the executive's annual salary if you include performance, reputation, waste, separation and replacement costs.[3]

Sourcing the right fit for the job at hand is neither a science nor an art, whether interim or full-time; it's a little bit of both. Everyone in the talent acquisition or recruiting business has their own tricks of the trade. So, if you don't do this for a living, how do you increase your chances of hiring the right executive?

At Cerius, we have been vetting executives for over ten years to reduce the risk of companies bringing in the wrong executive. If you decide to engage an interim executive on your own, below we have put together some of our best practices to help minimize your risk when searching for the right executive expertise, whether it is on a part-time, temporary, interim, or project basis.

Begin with the Blueprint for What You Need

A blueprint and proper planning are critical for any building project. These preconstruction prerequisites determine all of the resources needed to move forward with the project.

Finding the right executive to lead critical organizational initiatives, whether an internal employee or an interim resource, is no different. As we saw in the case of Javier, who came in as

[3] Mallory, Tom. "What Does a Bad Executive Hire Cost You? Self-Audit Estimates Your Cost." Arcadia Associates, Inc. 2018. http://www.acadiaassociates.com/Cost_of_a_Bad_Exec_Hire.pdf.

an interim general manager after three failed attempts to fill the role, it all starts and ends with a clear understanding of what is needed.

Kristen was speaking with a new client who was somewhat annoyed that she wanted to speak further about the position that was being filled, even after the client had sent over the job description. The organization was a technology-centered software company that had experienced incredible growth over the previous year. Leadership was having a difficult time finding the right CFO and was speaking to Cerius about sourcing an interim CFO while leadership figured out what to do next.

After about fifteen minutes of probing, Kristen learned the company was looking at transitioning its accounting system within the next year. It had also seen a great deal of turnover in the accounting department, so most employees had been there for less than two years. It was April, and the company had filed an extension on taxes because the team led by the controller had not closed out the prior year's books yet.

None of this information was on the submitted job description—but it was critical information that would drive the immediate activities and skills required of any candidate we sent in.

Meanwhile, every single bullet point on the client's (generic) CFO job description was a task or responsibility that *any* reasonably competent CFO could perform.

Nowhere did the job description mention the organization's current state nor granular plans for the upcoming year. Instead, the company's focus on static, unchanging, day-to-day CFO job duties was obscured the dynamic challenges that a new CFO would face right out of the gate.

Hiring is a forward-facing activity, not backward-facing. Job descriptions tend to be like the kitchen junk drawer—they accumulate all the activities, gaps, tasks, and responsibilities that currently don't have a home in an organization, or that need a responsible owner.

A CFO job description that lists items such as the following is the equivalent of saying you want to buy a car that has an engine.

- Must be able to read financial reports
- Great leadership skills
- Participates in shaping company strategy

Think about why you have each item on the job description; state the requirement in terms of actionable results. For example:

- **Financial reports:** Other than reading, does the executive need to have experience creating the reports? Establishing the KPIs? Identifying the gaps and areas for improvement? Analyzing for margin improvement? The more specific, the better.
- **Leadership:** Be specific. Must have managed a team of at least ten and been responsible for HR and IT? Must have established assessment and training programs? Must have created succession planning for the organization? Why does your company need "great leadership skills," and what exactly do those look like in your specific company?

- **Strategy:** This is the wild card that every CEO wants in an executive team. The hidden danger is hiring someone who is great with strategy but not so much with execution. What part of strategic planning and implementation is most important to your company?

So, what's a better guiding document for finding the right fit?

The strategic plan.

Particularly at the executive level, the strategic plan offers a much better blueprint for what is needed in your future hire than most other resources available. The strategic plan will provide a road map for what the company needs to accomplish. Identify the expertise needed to accomplish the goals with the expertise of the existing team. The gap between the two is a list of skills and experience needed to be brought into the organization.

A vice president of sales is a great example. When hiring for a role like this, a typical job description lists items such as:

- Manage the sales team
- Set sales goals
- Meet and achieve sales objectives

On the other hand, a *strategic plan* is a guide for those whom you *need to grow the company, not just hiring to fill a role*. There are likely a number of sales initiatives (beyond "increase sales") within the organization, and the strategic plan focuses on how the company plans to *accomplish* these. Is the company focusing on a new product category, a new geography, or a new target market, such as Fortune 500 companies? Your new VP of sales should have specific and relevant experience to the initiatives outlined in the strategic plan.

Likewise, during the interview process, the right candidate will be able to expand on these initiatives and add to the strategy, as well. The clearer you are regarding what you want the interim to accomplish and what is going on in the organization, the more focused the search process will be.

When working with a firm, be as candid and up-front as possible. Share what has happened previously in the role or the department (if the role is new) and what is currently going on in the organization. If you are hiring the third CFO in the past five years, discuss why—as honestly and frankly as possible. Share the company's strategic initiatives for the next couple of years. If you rely on nothing more than a job description, your recruiting efforts will default to using your company profile (industry, revenues, number of employees, ownership type, etc.) to source the candidates—and the fit won't be what you want (or need) to create serious results.

When utilizing your own resources (such as your professional network or LinkedIn), describe the background the executive must have, including quantifiable accomplishments.

- The executive must have grown an eCommerce company less than $5 million to more than $20 million. (Alternatively: Must have grown an eCommerce company more than $5 million by more than 400 percent.)

- The executive must have experience evaluating, selecting, and implementing ERP systems.

Focus on getting the point across via experience and background.

There is a commonly used formula when building software: Every $1 that should have been spent in the planning process equates to $10 spent during development and $100 spent during post-development. We find the same general concept applies to hiring.

Take the time to be clear on what you are bringing the executive in to accomplish and what is going on in the organization at the time—the good, the bad, and the ugly.

Matching Criteria to an Executive's Background: The Resumé

While the ways in which executives document their backgrounds are evolving, and some now include digital or even multimedia packages, LinkedIn profiles, bios, curriculum vitae, or websites, the most common document is still the resumé. And while this career summary format is as universal as it is ubiquitous, it remains the biggest challenge in matching what the company needs to hundreds of candidates who are available for review.

The harsh reality is this: No matter how well packaged, how meticulously quantified, and how well it unearths a candidate's true strengths, a resumé is still only a starting point.

That's because hiring is a future-looking endeavor, and a resumé is a backward-looking document. Resumés are static and focus on experience and titles rather than necessary skill sets. Provided you are starting the hiring process with the right blueprint for what you need, the resumé can only ever reveal half of the story—the past. Getting a good picture of the future will take more than looking at a resumé.

With that strong caution in mind, here are some tips for initial resumé screening, whether you are sifting through a stack of ten or a pile of 100.

A Resumé Is an Untold Story

Don't use a resumé as a full-job checklist; instead, use it as an initial filter.

Executives are always challenged regarding how to convey their entire career's worth of accomplishments and experiences while still keeping it down to two to three pages (which is still the recommended length of a resumé).

Rather than using the resumé to go down your full checklist of requirements, try to review it at the fifty-thousand-foot level. What experience is among the most important (e.g., specific industries, company size, background, etc.)? If you need a part-time VP of operations with supply chain experience in a $100 million publicly-traded company, you certainly can sift through anyone who has never worked in a company larger than $50 million, has only worked in software companies, or has worked most of his or her career in finance as a CPA or in an audit function. Could one of these individuals conceivably be a great fit anyway, despite an obvious mismatch? Possibly, but there are most likely better fits.

One reason we don't set all our stock in resumés is their enforced brevity. Since there is so little room in a two-to-three-page resumé, by necessity, more experience—even relevant experience—is often left off rather than included. For example, we often work with client organizations and owners looking to make an exit in the next couple of years, so it is critical that the executive we bring into a company has M&A experience. In one instance, we knew of an executive who would have been *great* for a specific client after the fact, but she hadn't come up in any network search we did for that client. We later found out that very executive had completed a total of *fourteen* M&A transactions but didn't think to mention that experience a single time on her resumé.

Likewise, the saying "Don't judge a book by its cover" also applies to job titles, which can be very deceiving depending on the size of the company, the executive worked for, the client situation, company policy on position titles, and more. A $25 million organization looking for a chief operating officer may find what they're looking for in a director of operations for a billion-dollar company, for example. Somebody in that role was likely the top operations executive for a $100-million division within the company, answering to the corporate chief operating officer.

Finally, some level of translation is almost always needed in the art of resumé review. An executive states accomplishments from his or her point of view, while the business owner or CEO is looking for solutions to problems. It becomes a Mars vs. Venus situation. For example:

Business Owner/CEO: *I am having an issue with accountability in my organization. We have grown from $20 million to $50 million in the last couple of years. We have a lot of tenured employees, plus new employees, and no one knows what the other is doing.*

Executive Resumé:

- Established policies and procedures leading to 20 percent more efficiency.

- Implemented a change management program leading to better communications and decreased turnover.

Though they are each addressing the same issue, the resumé format can make direct linkages between an organization's immediate problems and the solutions an executive can execute difficult to recognize. Sometimes it takes a perspective shift and more than a quick resumé scan to identify the hidden gems in an executive's background.

Look for Parallels, Not Exact Matches

Your company's product, service, size, customer base, team, leadership, etc., all come together to present a different set of circumstances compared to any other company where the executive has worked. A single change to any one of these variables can affect an executive's ability to perform. As a result, looking for somebody with the "exact" same background or a "perfect" match to your company and situation doesn't always hit the middle of the target, even when you think you've found somebody *really close*.

There is something to be said for an executive who has done almost the exact role in a very similar company, and that is what he or she has done most of their career. On the other hand, an executive with a wider range of experiences who has worked with different types of leaders, corporate strategies, and teams can be a major benefit, especially if your company is in a state of flux.

The Date Ranges Don't Matter

One of the great things about reading a resumé with the intent of engaging an interim executive is that the date ranges don't have the same impact as they do when hiring for a full-time role.

The reality is, most executive-level resumés are reading more and more like a story of instability. As we mentioned previously, this is more a result of the life cycle of business rather than executives job-jumping or not being able to keep a job. Executives leave positions every day for reasons like relocations, acquisitions and mergers, and recruitment to other ventures.

While positions, titles, and organizational needs change, skills remain, and accomplishments grow. In general, the dates on an interim executive's previous assignments tell you very little. When bringing in an executive on an interim basis, you are able to focus on background, skill sets, accomplishments; not the anatomy of each job move. When you aren't ruling them out due to date ranges down the right side of the resumé, you're opening up the possible talent pool and drawing from a deeper well of expertise.

Ultimately, entire books have been written on resumé reviews and hiring, and our intent here is not to reinvent that wheel. The point of the resumé review is to get out of the past as quickly as possible and to get into the face-to-face setting, which is where the candidate and the company can begin to discuss the future.

It's a Discussion, Not an Interview

Everyone's time is valuable, particularly at the CEO, business owner, and executive level. Rather than asking a series of templated questions, use the interview time for a valuable, future-oriented discussion.

Use the time to share what is going on in the company. Take a risk. Be vulnerable. Discuss the challenges, what has led to the need for an executive expert, and what you expect from an interim executive engagement.

A few things to listen for during the discussion:

Direct Applicability

Now is the opportunity to dive deep into the details of someone's background. Take as much time as you need to determine if the executive's experiences closely apply to your company, your situation, and your needs. Ask detailed, probing questions about past experiences that are relevant and analogous to your current situation. Probe with follow-up questions. This is the time to verify somebody not only *can* do it but *has* done it. Having been an executive for ten years does not mean someone can step into any role and figure it out. Though most executives are quite versatile, make sure you are bringing in someone who can bring applicable experience to your situation. You are bringing this high-level executive to help you avoid costly mistakes rather than figuring it out as they go.

I versus We

At the executive level, you are speaking to highly accomplished individuals. They have had successful careers and have achieved quite a bit during that time. It is not unexpected to hear someone reflect on accomplishments and use singular personal pronouns such as "I" or "me."

Keep in mind, however, that especially in the interim executive space, *you aren't engaging someone for what he or she personally accomplished*. You are engaging the interim executive for results. You are engaging an executive who has led companies and teams to accomplish great things. A company is rarely looking for someone who will operate alone. Listen carefully for the singular personal pronouns and how the narrative about accomplishments is related. Does the executive speak about mentoring the team and leading them to great accomplishments, or is this discussion a long story about the star of the show?

On the flip side, listen carefully to the plural pronouns as well. Are all of the pronouns "we"? Is there any "I" in this team at all? Did the executive lead the efforts or was he or she merely a *member* of the team that accomplished the very impressive result, with someone else leading it? Depending on the executive's role in the company, this can matter very little or a great deal.

The Resumé Can Serve as a Discussion Anchor

As archaic as it seems to have an executive talk through the resumé and discuss each situation, the circumstances, what transpired during their tenure there, and the reason for leaving, it *can* provide some launching points for discussion—an anchor of sorts for a more free-flowing discussion.

- Referring to the resumé, ask the executive about the strategy at each company.

- Have the executive describe the leadership team they worked with. Even the most experienced executive at interviewing will have a tough time hiding any misalignments or disagreements.

- Ask the executive how he or she personally led the execution of strategy at each company.

- Ask what experiences on the resumé are most directly relevant to the challenges your organization is facing now and how they would shape the executive's first thirty days in the role.

- Ask about the size, scope, and structure of the teams and support infrastructure at prior assignments or positions. How did those factors contribute to the executive's results? It's one thing to generate operational efficiencies in a global enterprise with a team of twenty direct reports and a robust ERP/MRP system; it's another to come in and build those resources from scratch.

You get the idea. The resumé is a springboard, not a script; use it to shape a discussion about how the executive you're speaking to can work with your organization to tackle its current challenges and lead the team to mission-critical breakthroughs, and how past work informs his or her approach to creating infrastructure for future success.

Examples and Results Say the Most

If you lived it, you can quickly and easily talk about it. That's the quick and easy rule of thumb.

"Yes, I have been through M&A before," followed by a pause, waiting for the next question, is not a good sign. If you need to prompt an executive for examples and results, approach with caution. Any executive who has led efforts or spearheaded whatever endeavor you are asking about should rarely need to think about or reach for examples and stories, even if they need to redact or mask details due to confidentiality.

When discussing past positions and assignments, there are *always* results, even if those results weren't the best. Prompt for *measurable* results. Have them tell you about the numbers, not just how much morale improved.

But the most important aspect of an interview/discussion is to keep the focus on the future, using the past as a reference point. Pay attention to the questions the executive asks. Are they insightful? Does the executive seem to have both curiosity and drive to get to the bottom of your organization's issues, as well as the tenacity to solve complex or difficult challenges where others may have failed? Is the executive already bringing up potential ideas or strategies for your team to consider? Does the interview feel like a preliminary brainstorming session? These are all good signs.

By contrast, are you doing most of the talking and most of the questioning? Is the executive sitting back, letting you set the agenda, handing you the reins, allowing you to set the pace, the agenda, and the tone of the conversation? For roles in which an executive will be expected to come in hot and hit the ground running, a passive approach to interview discussions may be the first indicator of a suboptimal fit.

Selection: Making the Right Decision

Trust, But Verify

At this point in the interim executive selection process, a great deal of information has been gathered, including insights into personality and ideas for the future during discussions with a few select executives. Two big questions remain.

- Did I meet the real person during the interviews, or will there be a 180-degree turn once I bring somebody into the organization?

- How will the person I select fit with our company culture?

Some culture assessments on the market can be very insightful. We are not experts in the range of such instruments, nor in the selection process of which is best for any specific organization. What we have learned through more than a decade of working with organizations of every size, however, is how to leverage such instruments as part of the vetting process, including what they *can* tell you and what they *can't* tell you.

Assessments also provide another data point to compare with all other interactions with the executive to validate the big picture and establish consistency. Is the assessment verifying the overall narrative of the resumé and discussions, or does it tell a somewhat contrary story? Sometimes there's a little nagging voice in the back of your mind; does an assessment bear that reservation out, or does it put your mind at ease? If something comes back in black and white on the assessment that aligns with an existing red flag, dig a little deeper.

For example, during our interactions with a specific executive, one email was uncharacteristically aggressive regarding his expectations and requests. It was not consistent with past conversations. On a follow-up conversation, there was no further indication of this tendency. But when we read through his results on a commercially-available personality/work style assessment, they did mention he may have a tendency to behave aggressively when there were unnecessary delays or a stagnant work environment. We then seriously considered whether the executive would be the right fit for the client, which had experienced a great deal of turnover in the department for which we were helping to find leadership. Taking into consideration the increased pressure the organization was under, we determined the client company would *not* be a good working situation for this executive's work style.

Keep It in Perspective

Most people think of references in terms of "Did the executive or did the executive not do a great job?" Of course he or she did; that is why the candidate is providing this particular reference.

While reference checks are still a pro-forma resource at this point of the decision-making process, they are of questionable value in the executive vetting process, which raises an important question: What do you want to get out of a reference?

If somebody has agreed to be a reference for an executive, it goes without saying he or she will say, "This executive is a great person." The references will gush; that's expected.

If you do plan to call references, plan questions based on the interview discussions and ask them about specific stories the executive told. Trust, but verify. The goal of a reference call is to either validate what you already know or to dig deeper for the reference's opinion on the *why*.

It's All about How You Ask the Question

To get value from a reference call, focus questions more around the "how." Conduct reference calls like mini-interviews and ask for examples.

If the reference mentions the candidate's great communication skills, for example, ask what specifically about the executive's communication was particularly helpful in turning a situation around, or creating buy-in, or motivating employees, or solving the particular problem. How did the executive communicate with the team or customer? How did the executive contribute to the company's goals?

Keep reference-checking in perspective. From our experiences, a fixation on references tends to be more of a North American trait than in other parts of the world. Kristen actually had an international board member once say to her, "What is it about Americans and checking references? No one else does it; why do you insist on doing this fruitless task?"

In fact, we have found the importance placed on references in international organizations to be very minimal, particularly if the references are checked via survey or in writing. We found this when we sent out a written reference request for an executive in which all of his references were non-U.S. residents. When we received them back, we could not believe the poor ratings he received compared to what we knew about this executive's background and objective measures of prior performance. Our rating system at the time used skills sets required for the specific job then solicited feedback on whether candidates were an expert, competent, or had little knowledge of each skill set; there was also not a single comment field.

One of the key areas of focus for this particular executive was going to be managing potential acquisitions for the company. He had completed a number of M&A transactions previously, in addition to broad experience with other needs the company would have in the near future. His M&A expertise would add a lot of value to this engagement. However, one of his references rated him as only "competent" in M&A. In America, such a seeming vote of no-confidence for this area of expertise could be a deal-breaker. We were curious about the level of competency versus expert rating. So we started contacting the references one by one, time zone by time zone. After speaking with a UK expat who was then living in Australia, we quickly got the answer.

The reference clarified that he *himself* had done about twenty M&A transactions and did not personally think this area of practice was a particular expertise of *his*. The executive for whom he was acting as a reference had done about five such transactions *with* the reference; therefore, in the mind of the reference, five is fewer than twenty, and since *he* did not consider *himself* an "expert," then the executive he was rating certainly was no "expert," either.

The reference was using two biases:

1. Measuring the executive's competence against his own experience level
2. Measuring the executive's expertise as a matter of quantity of experience rather than quality

Some Additional Tips for Reference Checks

Look at reference information as just one of many data points. It will either confirm what you have learned during the process of getting to know the executive, or it will raise a flag or two. For example, if the references focus on how great the executive was at marketing and you are engaging the executive for an operations role, dig deeper.

- Use a range of references, from supervisors to clients to subordinates. This will provide a range of perspectives, particularly from the subordinates or other team members with whom they have worked.

- Most references submitted by the executive will be business owners, CEOs, and board members. Their available time will be brief, and they often appreciate being prepped ahead of time. Be prepared to send a short overview of the role so they can better comment on their experiences with the executive as it relates to that type of role.

- Often, an executive is referred by someone. After having an opportunity to get to know the executive, go back and treat that individual as a reference. Get into why and how the referrer thinks the executive would be a good fit in the organization.

- Verify individuals with public references such as Google or LinkedIn. Generally, if the high-level executive is not on LinkedIn, then s/he will be searchable on Google due to the public nature of high-profile executive roles. Almost every executive is visible on the internet today. If you can't find anything on them on the web or LinkedIn, find out why.

- Don't hesitate to Google the executive's prior positions and assignments, as well. Use the executive's name along with each of the companies where he or she worked. You'd be surprised what can be learned.

- If you are going to use a written reference system, it is acceptable to follow up with a phone call on any of the references in which the response was not consistent with other references or your experiences with the individual.

- Our favorite question: “No one is perfect. Where is the executive not perfect and what advice would you give their next employer/client?”

The right executive is the one who can help the company achieve its vision, mission, and goals. If a candidate’s background and values are not aligned with those, then no matter how mirror-image the resumé is to your job description, or how impressive the Rolodex is, you are likely to be disappointed.

CHAPTER 9

Start Slow, Finish Big: The Appeal of Project-to-Perm

The Crystal Ball of Executive Hiring: The Secret Weapon for Full-Time Hires

Talk to any CEO, business owner, headhunter, or HR talent manager; the horror stories about hiring the wrong executive are endless. Most executives have similar stories.

Nothing is more frustrating than after going through an exhaustive search, interviewing, reference-checking, assessing, extending an offer, negotiating, feeling sure this person is going to do great things in your organization…and ultimately ending up disappointed.

No matter how much research you have done or how good your gut instincts are, it is *never* easy deciding whether *this* is the right person to take on a leadership role. The number one question we hear is, "How can I be sure this is the right fit?"

The short answer is, you can't.

Regardless of the amount of testing, profiling, and interviewing you do, there is no guarantee. Until you work side-by-side with somebody in an organization, you simply don't know with 100 percent certainty.

When a full-time executive is needed for the longer-term, one of the best ways to increase your chances of selecting the right

> "…the best ways to increase your chances of selecting the right executive while still making progress within the company, however, is to bring an executive in on a project basis."

executive while still making progress within the company, however, is to bring an executive in on a project basis. Realistically, there is *never* a shortage of projects that need to get done. How quickly can an executive assess conditions, put a plan together, and start executing, even without supervisory authority over the team during the project period? Under those conditions, you will know quickly whether there is a fit—or not.

Whether you have had a string of not-so-good hires, have some initiatives that could use some expert assistance, or are facing a unique set of circumstances (as is often the case), here are a few factors to consider.

Project-To-Perm: Both the Company and the Executive End Up with More

The lines are starting to blur more and more between executives who only accept full-time employment offers and those who are independent and work on a contract basis, driven by both executive and organizational needs.

A top-level executive is going to be careful to select the right organization; at this point in a career, the executive's brand is highly valued, and the success of organizations with which he or she works contributes to that. Stepping in on a shorter-term project basis initially gives the executive a fuller picture of the organization and how he or she may be able to make an impact.

Companies also find such arrangements appealing as well. We have received multiple comments from companies about the caliber of executive talent they were able to attract on a project basis versus what they have been interviewing through other sources.

After working together on a project basis, the executive and company may realize there is a good longer-term fit. That's a win-win for everyone. But if it's *not* a good fit long-term, not to worry; the executive still achieved the goals, and everybody parts as friends.

Along those same lines, we often see organizations that use a project-to-perm model end up with a higher-caliber executive than their original compensation package would have permitted. After spending some time getting to know the company, the people, the situation, and the culture, an executive is sometimes more willing to work within organizational financial constraints. Since they now have hands-on experience with the opportunity that exists, additional compensation elements, i.e., success bonuses, can also be better discussed.

Interim Executives Have Goals and Deliverables Rather than a Job Description

Rather than starting with a job description, project-to-perm executives start with a Statement of Work (SOW) compiled by both the executive and the company. This document details goals, how they will be accomplished, and the timelines in which they will get done. This helps focus everyone at the beginning on accomplishments and results rather than roles and responsibilities.

Leading Without Direct Authority is Not Easy

If you want to see someone's leadership abilities, watch how he or she performs in a volunteer role. When someone is leading people who aren't being paid but rather share a common mission, that is when true leadership skills show themselves—for better or for worse. The same can be said when bringing in an executive who is tasked with accomplishing a project and leading a team without having the direct authority to manage the team.

Does the team want to help the executive achieve a common mission *without* traditional carrots and sticks? Can the executive build consensus and buy-in without an overarching "*I have to do it because my boss is telling me to*"?

As millennials and even their successors, Generation Z (or iGen) continue to saturate the workplace, this type of leadership—enrollment rather than enforcement—will become critical in every organization.

An easy place to start is with the strategic plan. Which key priorities are going to be the most challenging to accomplish, seem to be dragging on, or have not even been started? Such engagements often have minimal potential to disrupt the current team, show a range of expertise and skills, and provide a critical outside perspective.

CHAPTER 10

Pricing

One of the most frequently asked questions at the beginning, middle, and end of client conversations is around pricing and costs. There are more options than you may have imagined for structuring the scope and paying for the interim executive's work assignment.

Compensating for Value

More Ways than One Way to Compensate an Interim Executive

Executive compensation has traditionally been either a mystery or a contentious subject since there are so many options for compensating executives. Similarly, there are several options for compensating interim executives to best fit the company, situation, and the executive.

To help get your creative juices flowing, we'll provide insights into some of the more basic compensation structures, including more novel ways we've seen companies reach agreements with interim executives that are agreeable for all.

Basic Rate

Most interim contracts are based on a straight rate, whether it is hourly, daily, weekly, or a monthly retainer. The interim executive is simply paid for time spent working on the assignment based on a simple agreed-upon rate.

Project-Based

Contracts based on project rates are common for predictable work that has a beginning and an end, such as an initial assessment, audit, creation of policies and manuals, or certain types of marketing projects. You typically know the total cost of the project up front, exactly what is involved, what the executive will do, and specific deliverables. Payment is broken up into a percentage up front, followed by remaining percentages based on time or deliverables.

Such arrangements are appropriate for predictable work with a well-defined scope for types of projects the executive has completed before.

This structure can also be used in cases which a company has a very tight budget, the executive has schedule flexibility, really wants to help the company, and is willing to work for a set fee, knowing it's extremely likely the assignment will require more time than usual to accomplish specified deliverables (thus reducing the effective hourly rate). We typically see this when the executive already knows the company, is doing a referral source a favor, or is looking to get a relationship established and wants an opportunity to demonstrate the potential impact he or she can make. This is usually a *small* project within a very defined scope.

Performance-Based Fees

This is where creativity really shows and situational circumstances prevail. At Cerius, we have seen several examples of this type of compensation structure over the years. Performance-based compensation will always involve some type of minimum base plus additional compensation tied to some metrics or event achieved. Here are examples we have come across:

Success Fees

A success fee can be tied to any number of factors. We typically see these in two types of situations:

- The company wants to additionally incentivize the interim executive and adds a reasonable success fee to the normal base rate based upon target criteria

- The company's budget is limited, and the base rate is reduced in exchange for a share in additional profits, revenues, or savings (i.e., additional cash flow as a result of the executive's efforts/expertise)

Success fees don't necessarily need to be tied to the top or bottom line. This structure depends very much on what the company's goals are. We have seen success fees tied to increasing valuations, selling the company within a specific period, establishing a set number of strategic partners, closing a merger by a certain date, and so on.

The client example of June and the interim president, Sam, who increased the valuation of the company where he worked, was a great example of how success fees can work. Although the family board was not one hundred percent committing to selling, it *was* committed to increasing the company's value in the event of an exit. With the goal of increasing the company's value, Sam accepted a daily rate of *one-half* his usual fee, and in turn, accepted a success fee based on the increased valuation amount over what it was the day he arrived as their interim president.

The board obtained an initial valuation; Sam reviewed the valuation and accepted it. After sixteen months, and once the board was ready to start soliciting bids for the company, a second valuation was performed, and Sam received a success fee equal to 17 percent of the difference between the initial valuation and the new valuation. The difference in valuation was ten million dollars.

Both the board and Sam experienced a positive outcome, especially since the board *did* sell the company six months after the second valuation for more than $14 million more than the original valuation.

Equity Agreements

Finally, there is always the opportunity to combine pay with equity, provided the interim executive can impact the value of the company.

Business is a living, moving target. The needs of a business can change daily. Businesses need the flexibility of outsourced expertise that can work within their specific situation and a contract that matches it. Never let the finances or logistics of the contract get in the way of the expertise you need to grow your company. There is always a way to work it out if you are both willing.

CHAPTER 11

Postscript: “But What If It Doesn’t Work Out?”

Business owners and CEOs have a number of options to build their leadership team, grow their companies, and solve business challenges that come along. The interim executive staffing model has become another tool they now have to pull from as they do this.

“Interim executives come into organizations to accomplish specific objectives and provide specific results.”

Full-time executives are *of course* integral, effective, indispensable members of every organization’s leadership team. But they are often hired for roles that evolve, need a range of experience and expertise to cover a number of responsibilities, face steep learning curves, and struggle with continual distractions and multiple priorities.

Interim executives come into organizations to accomplish specific objectives and provide specific results. They are strategic and tactical specialists. They tend to be able to stay clear of company politics and avoid becoming distracted by activities other than what they were brought in for.

In the end, the interim executive is frequently able to provide results more quickly and efficiently, providing great value and a return on investment.

Finally, let's address the elephant in the room.

We've talked a lot about successes in this book. Obviously, no one bats 1000.

When Failure is Actually Success

We worked with a formerly midsized company that had been reduced to about half its peak revenues. A full-time COO was not in the budget, but a part-time COO was just the right fit—or so the CEO thought.

Through the course of a two-month engagement, the interim COO brought in growth capital to support the organization's longer-term goals. During this time, the CEO and part-time COO both realized they were simply not meant to work together in the longer-term. But in the meantime, the COO had helped the CEO recognize a gem in the existing team who was then able to take on some key operational initiatives and fill the role.

Situations Change

Businesses are not conducted in a vacuum. They grow. They contract. Markets expand and morph. Threats emerge, and opportunities disappear. Nothing ever stays the same.

Humans, on the other hand, are sometimes not quite as adaptable.

We had a client who was about to do a number of M&A transactions as part of his organization's growth strategy. He brought in an interim CFO who specialized in this discipline. After three months, things were going great; he'd completed a couple of rounds of due diligence.

Within the next three months, the company's strategy rapidly changed to focus more on organic growth. A major market opportunity had emerged, and it had to be capitalized on. Timing, in business, is everything.

The company was rapidly growing and the new interim CFO, originally brought in for his M&A background, was now building up a finance and accounting department to support the growth. But the reality of the situation no longer matched his background and his skill sets. His abilities to onboard, train, and motivate employees was lacking—and then some. His inability to lead a growing finance and accounting department quickly led to the end of his engagement.

The CFO's skill sets were no longer a good fit for what the company needed.

And with that, the engagement reached a logical end. When an interim executive's skills no longer match the needs of an organization, there need not be an agonizing, extended period of "managing somebody out," endless demoralizing performance improvement plans, HR involvement, or documentation. Interim executives are on-demand talent, used when and where you need them. They are not meant as a long-term solution. When business and its needs change, interim management gives companies the flexibility to change the expertise as well.

Just Not Ready for Change

The father of a small company had recently died and left the business to his son, Stephen. His son had been working with his father for about five years but had always been in sales, which he loved. Now, he suddenly was thrown into running the company. He had no idea what to do.

When Cerius was initially called in, Stephen was looking to strengthen the company and its financials to sell to a competitor who had expressed interest in buying it.

When the interim COO, Paul, came in, the first thing he did was to assess the situation to find out where he could be the most helpful in shoring up the weaknesses of the company and making it profitable again. Paul discussed many recommendations with Stephen but was having a difficult time getting support to move forward.

When Paul did get the OK on a few initiatives, he hit a brick wall when Stephen stepped in and told everyone to stop what they were doing and to go back to the old way. Realizing there was no further value or impact Paul could have on the situation, he chose to end the assignment.

Stephen did continue on, attempting to implement a few of his own ideas, but resisted input from his internal team as he had with Paul. Within eight months of Paul leaving the assignment, Stephen's company went bankrupt.

It can be difficult to see the forest through the trees when thrown into an unfamiliar situation, trying to lead through grief. Unfortunately, in this case, the young new leader's inability to listen to internal and external advice resulted in bankruptcy rather than a sale of the company. The interim executive, however, was able to preserve his own career and reputation by managing his own exit timing.

Final Thoughts

Interim talent—the "gig economy"—is one of the best-kept secrets at every level. And all successful companies know it. These days, a company's size is no longer judged by the number of employees it has. Large companies like WhatsApp and Instagram have been run by significantly fewer employees than one may think, valued in the billions.

- Interim executives are on-demand. They are utilized for specific purposes for a finite period—when and where you need them.
- The goal of interim executives is to provide a return on investment for their services. They are saving the company money, making the company money, or creating the foundation for these to be accomplished once they complete their assignment.
- Interim executives bring expertise and require little to no onboarding or oversight.
- Interim executives embed needed skill sets into the organization, not themselves, so it can thrive once the assignment is completed.

We urge you to explore the possibilities of interim, part-time, and project-to-perm models the next time you find yourself staring at a problem that feels absolutely insurmountable. You don't always have to hire a full-time VP to get VP expertise. You can get all the knowledge, skills, abilities, and competencies of a Big Six consultant or (a top-tier competitor) in a smaller package when you need it, a few days a week or a few months at a time, depending on your needs.

ABOUT CERIUS EXECUTIVES

Cerius Executives provides contract executives on a part-time, temporary, interim, and project basis. Cerius has a network of thousands of executives from operations, finance, sales, marketing, manufacturing, IT, human resources, and engineering. They are available to step into companies in a variety of industries and sizes on short notice to fill a sudden gap in leadership, to run a key initiative, or to provide specialized skills and knowledge for a temporary period. Cerius serves clients of all sizes from virtually every industry.

ABOUT THE AUTHORS

Kristen McAlister is co-owner of Cerius Executives. Kristen has spent most of her career helping companies establish and improve their infrastructure for high growth. She has grown companies and created optimal infrastructure from both an operational and client management perspective. Kristen has spent the last ten years teaching companies how to leverage executives for transitional situations such as high growth and turnarounds. She is a national speaker and is published on topics ranging from operations and productivity to talent management and the contingent workforce. Kristen is a mother, Ironman, and Marine wife.

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