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More Companies Hire Temporary Executives

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When Holly Etlin took over as chief restructuring officer of Impath Inc. a year ago, the New York City-based cancer laboratory faced financial scandal, a bankruptcy filing and a \$100 million mountain of debt.

But Ms. Etlin reassured creditors, employees and customers that Impath wasn't disappearing, helped directors formulate an acceptable strategy and presided over the sale of its accounts and other assets to Genzyme Corp. in May. The 47-year-old interim executive, a principal of XRoads Solutions Group in New York City, now says, "I'm ready for another assignment."

Ms. Etlin is part of a growing cadre of executives available on an interim basis -- particularly useful to companies facing an acute short-term problem such as the death, departure or sudden demotion of a top executive or a business crisis. The trend took hold first in Europe where companies were reluctant to hire full-time executive replacements right away because labor laws there make it exceedingly difficult to let someone go.

By all accounts the use of interim executives is growing, with some placement companies seeing 50% increases in business in 2004 over 2003. Staffing Industry Analysts Inc. says that the market has become a \$750 million-a-year industry in the U.S.

Such talent doesn't come cheap. While down from a market peak a couple of years ago, fees still can range to up to a few thousand dollars a day, approaching \$100,000 a month. But in exchange, companies typically get the full-time attention of an executive for six to 18 months and such experience, savvy and stability can often save millions of dollars in the long run.

"These stints can be difficult jobs," says Michael Turrell, the London-based director of the interim-management practice of recruiting firm

Korn/Ferry International. "So it's worth it to clients to get a real heavyweight, senior person to crack through their problems." Temporary executives generally either have expertise in a specific discipline, such as operations or finance, or have broad general experience running departments or companies.

Corporate downsizing over the past several years has made more of these high-caliber executives available to consider the interim work style. Many turn to the interim market only after pounding the pavement in search of other full-time work while some prefer the "temporary" approach.

Declaring Independence

Phil Crusco has been a human-resources manager for most of his career. In 2001, he was handling human resources for a fast-growing DuPont Co. spinoff that manufactured life-sciences research equipment. When it was sold, Mr. Crusco lost his job, but instead of plunging back into the full-time market, decided to try working as an independent professional and soon landed his first gig: a year-long interim-management project working for a rollup of nine small construction companies.

Mr. Crusco's most recent engagement has been heading human resources for a privately held concern that manufactures semiconductor-testing and manufacturing equipment. He works mainly out of his Lewes, Del., home, visiting the company's nearby offices about every other week, focusing on discrete projects to help senior management and to build up the client's own HR capabilities. His work for the company ranges from 12 hours a week to nearly full time.

"I start out being conservative in the amount of my retainer," says the 50-year-old Mr. Crusco. "You have to show extremely high value for the money received, and then you become

indispensable [and] you get other projects. You have to have a bankroll behind you to do it the way I do it. But I've always exceeded my revenue goals on a yearly basis and I'm always looking to expand my network."

Rent-an-Exec

The sense of becoming truly integral to a company without making a long-term commitment is one of the attractions to executives who begin lending themselves out temporarily. Judy Key Johnson, for example, had spent 25 years as a marketing executive with IBM and a software company before going on her own in 2002.

By last year, the Southern California resident had hooked up with ZOLL Data Systems of Broomfield, Colo.

When Vane Clayton arrived as president in 2002, the company didn't have a vice president of marketing, so he located Ms. Johnson through executive consulting firm Cerius Consulting, Irvine, Calif., and retained her on a part-time basis while seeking for a permanent head of marketing.

Her skills "were my right arm for the first six months in the job here," Mr. Clayton says. He says, "I was able to rent some top talent that I wouldn't have been able to get otherwise for the price. And having a several-month horizon worked well to get a number of initiatives going for us." Ms. Johnson assessed the company's marketing function, helped recruit her permanent replacement and launched a thorough rebranding during her tenure at the company, which lasted about a year and is just ending. "This job really hit my sweet spot," says the 54-year-old Ms. Johnson. "I enjoyed producing tangible results."

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Mr. Clayton says she was able to stay long enough so that "people built a relationship with her, respected her talents and profited because of that." For her part, Ms. Johnson felt like she was part of the organization. "I lost sleep thinking about this company, which I wouldn't have done as a consultant or coming in from an agency. It was absolutely my company," she says.

'Change Agents'

Janelle Montgomery has begun acting as an interim CEO for small-company CEOs who want to go on vacation or must leave the helm for a short while. She charges up to \$1,000 a day for a maximum of about a month, mainly doing what she calls "corporate babysitting: Just being someone to mind the store with a brain and some experience."

Interim executives also tend to be motivated by fresh challenges and want to develop the breadth of their experience or the depth of their expertise, Korn/Ferry surveys of temporary execs show. Such executives often must consider themselves "change agents," says Michael Issa, executive managing director of Ballenger Cleveland Issa LLC, a Los Angeles-based placement agency. "That's a skill set that people don't tend to have that separates out the best interim executives," he says.

Mr. Issa adds that interim executives "also have to be able to deal with adversity and uncertainty and be a quick study. They can't take a lot of time to figure out the job. They need to manage people reasonably well in an environment where people aren't necessarily at their best." Or, as Ms. Johnson puts it, "You have to be both unflappable and collaborative."



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