

Driving Corporate Innovation: The Strategic Use of Interim Executives

An increasing number of researchers, business managers and economists are finding that

bringing a senior executive into your company on an interim basis actually drives innovation.



CEOs are charged with developing strategies for meeting business objectives. Competitive and functional strategies – whether looking at growth, stability, or renewal – typically evolve around such things as sales, profits, new and existing customer base, just to name a few. More and more companies are looking to another strategy: using top-tier interim executives. If you have been operating under the premise that an interim executive (IE) is 1) used only for vacancies; 2) brought in when companies are in trouble; or 3) too expensive, then you are being left behind in an increasingly competitive landscape.

We interviewed executives at Cerius who go into the field every day and meet with corporate CEOs to discuss ways companies are using interim executives – and dispel a few myths along the way. Answering the following questions can help you see if you are missing a key strategy for your company, as well as a critical innovation driver.



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1. Do you question whether a manager is getting the most out of his or her department?

It's not uncommon for a company to outpace the capabilities of a department manager's abilities to execute the job well. The question is knowing what to do about it. Can he learn, and catch up, or will he be perpetually over-whelmed? Is there a better fit somewhere else in the organization? Should you hire a new executive, and worry about supporting another senior-level position? Is your company losing out on innovation through stagnant departmental leadership? Departmental relationships are also important: It's not uncommon, according to one of our executives, for some departments, particularly IT, to be unresponsive to business needs. "I had one instance where changing the way a department responded actually drove product development," he says. "My role evolved from overseer, to product innovation."

Why it's important and how an IE can help:

If You invest a great deal in your management team. Don't terminate until and unless you are certain that you can't continue to get a return on that investment, whether it's in the same department, or somewhere else in the company. You need to effectively [manage your talent](#)¹. An IE can assess the entire department: people, processes, and relations with other departments. Perhaps your manager needs a mentor, or additional training. This outside view can positively impact your efficiency, revenue, and morale. **Throwing out old ideas and changing relationships drives creativity and innovation.**

2. Are you in, or anticipating you'll be in, an innovative growth strategy, looking at a merger, acquisition, or expansion into new markets?

Mergers and acquisitions are highly specialized processes requiring significant expertise. Rare is the company of any size that has the in-house talent available to execute these transactions, nor would they be able to support such talent on a permanent, full-time basis. Expansions into even regional markets require a certain expertise that

you need, but can't justify for a permanent position. International expansions face even bigger challenges, such as regulations and reconciling business practices with government policies.

Why it's important and how an IE can help:

Growth initiatives such as expansion often just need someone to kick it off and ramp it up, without requiring a high-level person to maintain it for a long-term or permanent basis. Small- to mid-sized companies in particular may have difficulties even drafting a job or capabilities description, or knowing how to relate to players in the process. An IE can easily transfer knowledge to competent in-house staff to manage the expansion. Mergers and acquisitions have a lot of moving parts: financial, legal and human resources. Utilizing IEs is a [talent strategy](#) that this type of transaction requires.

3. Are you considering hiring a consultant to launch a new initiative or revamp an existing one, such as an IT system or manufacturing process?

According to one of our interviewees, the critical difference between an IE and a consultant is typically execution. "IEs are hands-on executors," she says. "Consultants are planners." A consultant may do a great job of choosing an appropriate system or process for your company, but then what? You have paid a lot of money for a plan and now need to budget for execution. "[Contingent workers can add to an organization's intellectual capacity and provide instant expertise as needed.](#)" Planning expertise is different than implementation experience and an eye toward innovation – which IEs absolutely possess.

Why it's important and how an IE can help:

It can take a lot of human bandwidth, as well as expertise, to implement any new initiative or revamp an existing procedure. Even if you have the on-staff expertise, can your company withstand the time constraints while performing existing duties? IEs are used for hands-on work – they get their hands dirty. They are also proficient at knowledge transfer so that your employees can seamlessly maintain once the IEs leave.

¹www.talentondemand.org/toda.pdf. "The Talent on Demand Approach." Cappelli, Peter

View a short video interview with several CEOs who have used interim executives to drive innovation, change, and growth in their company.



YouTube

4. Does your company need re-branding or a new marketing strategy?

If you are considering a re-branding or new marketing initiative and think that it can be done in-house, remember that these initiatives are major initiatives, even if they are less tangible than an IT or manufacturing system. It takes more than additional bandwidth: It requires creativity and objective thinking. Your staff may be creative in their current execution, but is it fair to ask them to approach a re-branding or new marketing effort with the view of an outsider?

Why it's important and how an IE can help:

Your choices for a re-branding or new marketing initiative are to handle it with internal resources; hire an outside vendor; use an interim executive; or use a combination of all those options. An IE can liaise with outside vendors full-time, keeping your internal staff in the loop while allowing them to fulfill existing requirements. An IE also bursts the myopic bubble that may have inadvertently been created internally, eliminating the fear of doing something different. Eliminating or at least discounting fear is a key innovation driver.

5. Do you have the amount of cost flexibility you wish you had?

CEOs lose sleep over fixed costs. The fact is, lowering fixed costs increases financial flexibility. [The Intuit 2020 Report](#), "Twenty Trends that Will Shape the Next Decade," notes the external forces that are pulling and pushing organizations into reducing fixed costs. Government policies may cause companies to reduce benefits, causing human resource instability, while targeting an increased middle-class customer base (especially in Asia) can strain resources. Even if all of these forces won't affect you, is your cost structure flexible enough to accommodate even one? Do you know what adjustments to make that will best meet changing conditions? Will you adopt a reactionary strategy – or an innovative one?

Why it's important and how an IE can help:

Flexibility is a cornerstone of the [Six Sigma](#) tools for increasing overall performance and customer satisfaction. Turning your fixed costs into variable costs through using IEs is an important strategy for achieving the cost flexibility you need to combat external

forces that beat on your business door. Cost flexibility includes knowing what areas of your company to address first. For example, if you have voids in sales and operations, what would you tackle first? IEs can help you pinpoint these critical decisions. (Hint: In almost all cases, it's operations, as any savings on that side of the equation goes 100 percent to the bottom line: As one executive says, "I can sell \$5 million and save \$200,000 – or I can save \$5 million and make \$5 million.").

6. Do you have agility and speed necessary to adapt, react and outpace your competitors?

If you see a promising market opportunity, how quickly could you respond? What about an expansion opportunity, either geographically, or simply in another industry segment? If you have an innovative idea, how quickly can you respond and execute? With predictions of [significant growth in the developing world](#), will this change – or should it change - the way you do business? There is also a prediction of increased collaboration between large and small businesses. Preparing yourself for successful collaboration can put you ahead of the game.

Why it's important and how an IE can help:

Any expected or unexpected opportunity can cause a shift in your workforce needs. Your company can't afford to waste time and money by hiring a full-time employee for every specific talent need that arises. As your needs change on a dime, so should your response to those needs. Adaptation is key to a high-performing company, and delays are a curse to innovation. An IE can help you without disrupting your organization, or burdening long-term costs.

7. Do your employees challenge you and your ideas?

The fact is, most won't. If you are not challenged, you are only thinking about and developing ideas that are obvious or only obvious to you. One of our executives made this observation about Cerius client companies: "Everything underneath the obvious is what people don't get." Without being challenged you are hamstringing your current workforce talent and stifling innovation.



By thinking of interim executives as another strategy to meet your business objectives, you are creating a culture of innovation in your company.

A strategic use of interim talent represents thinking that is "outside the box."

Why it's important and how an IE can help:

As author and politician Walter Lippman so aptly stated: "When all think alike, no one is thinking." It's not just a factor of bringing someone in from outside your company – about 50 percent of the time, Cerius sends an IE from an entirely different industry to infuse client companies with fresh ideas. CEOs find they welcome their ideas being challenged. And, unlike most consultants, IEs have "been there, done that," and can act on the ideas that bring immediate benefit to your company.

an IE can assess other team members to determine if they can step up, while helping put procedures in place. The IE may even determine the position is unnecessary, or find another cost-saving strategy. The bottom line is that **with an IE you have less risk than a full-time, permanent hire**, and have given yourself the opportunity to discover whether or not a full-time position is even necessary.

8. Do you follow the rule of "Hire slow, fire fast" even when you have a vacancy?

We encounter many companies who believe they have a good internal succession program in place to fill the void of a vacant position, and that back-filling a position is adequate enough to "get by" while looking for that full-time employee. As one of our executives put it, however, "Having the wrong person is an intangible cost, regardless of how long the vacancy exists. You are filling a position but losing opportunities by not having the best person for the job." Innovation does not grow from a strategy of "getting by."

9. Are you concerned that using IEs will disrupt your company in a negative way?

Some companies will choose a consultant because his or her role is easily understood: Everyone understands that consultants are temporary and aren't brought in to fill an executive role. Some employees may feel paranoia and resentment about an "outsider" being brought in to fill a managerial or executive role – mainly because they don't understand that interim executives are seldom a "temp-to-perm" engagement.

Why it's important and how an IE can help:

Interim executives have often held positions at Fortune 1000 and all the way up to Fortune 100 companies, yet are motivated by helping companies – not by money. Most have a mix of large- and small-company experience and can step into any situation to fill a void. This doesn't leave out your existing employees. While filling an existing vacancy

Why it's important and how an IE can help: It's the nature of an IE to be transitory. They are there for a specific purpose and to provide anticipated results for everyone. It can be ramping up an initiative, turning around a company, or mitigating and resolving a crisis. IEs do not perform "maintenance" – they transfer that knowledge to your employees. Good IE companies not only find the best IE to fit your company's culture, but work with you on communicating to employees to mitigate and alleviate concerns and paranoia. And sometimes a bit of disruption is just what a company needs to breed innovation!

And two final questions:

10. Are you losing opportunities by not using an interim executive strategy?

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staffing. He may not realize it, but each time a CEO brings someone in at a high level, giving them strategic responsibility, he is asking that person to implement change.

In the [next decade](#), 50 percent of the global workforce will be temporary or interim – primarily by choice – and 80 percent of large corporations will increase their use of flexible

Why it's important and how an IE can help: Implementing an IE strategy allows you to adjust your staffing needs and thus your fixed costs; helps you respond to opportunities with the nimbleness of a small, unburdened company; and most of all, it makes available to you a vast and growing talent pool.



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11. Is the ROI sufficient to justify a senior-level interim executive?

The answer is almost always yes if the end solution is clear, the engagement is scoped properly and you have the right results-oriented executive in place. So the engagement's Statement of Work with your company must be clear about what is to be accomplished over what time period. The ROI calculation at that point is straightforward. Below are examples of results that Cerius clients have seen following an interim engagement. If any of these were accomplished at your company, what would the savings or growth be and how much would you be willing to invest in achieving similar results?

- Increased sales over 50%
- Reduced IT expenditures by \$7M
- 15% cash flow improvement
- Increased sales leads by 500%
- Reduced COGS by 36%
- Reduced workforce by 10% due to redundancies
- Reduced insurance costs by \$600k
- Increased revenue by 20%

Why it's important and how an IE can help: Interim executives are relatively easy to justify because measurable results can be expected. IEs have the ability to ramp up quickly, put a pragmatic plan into place, and then implement the plan expertly within a short period of time.

The Right Solution. The Right Fit. Every Time.

Cerius Interim Executive Solutions is the leader in delivering interim executive management solutions with the innovation and speed that small to medium business needs to tackle their business opportunities or to mitigate risk.

Cerius leverages the skill and experience of its deep pool of Interim Executives, who bring the broadest array of industry and functional experience, to deliver best-in-class leadership on-demand to our customers.

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