

EDITORIAL



Taravat Taher-Zadeh  
Chairman IIM

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Member-get-Member  
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Institute of Interim Management  
'Dolphins'  
Elmstead Road  
West Byfleet  
Surrey  
KT14 6JB  
United Kingdom

T: +44 (0) 870 242 0814  
F: +44 (0) 1932 350 775  
E: [info@ioim.org.uk](mailto:info@ioim.org.uk)  
W: [www.ioim.org.uk](http://www.ioim.org.uk)

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## Seasonal Greetings from the IIM

Welcome to the November 2004 Issue of *InterIM Insight*.

As the year draws to a close and Christmas beckons, it's that time of the year to both reflect on what we have achieved and to look ahead at new developments we have planned for 2005.

One of the key objectives for the new year is to make sure that all the many things the IIM is involved in, are fully promoted and reported; that our voice is clearly recognised and heard as the truly representative body for quality standards and accreditation, for all practicing Interims and user-organisations.

While we have been very busy during the past year, we recognise the need to continue our efforts on all fronts in achieving even wider recognition and awareness of the Institute. Consequently, we will be rolling out new promotional plans over the coming months.

As our report on the recent Institute of Directors seminar on 'Doing business in Europe' illustrates, the expanded EU of 25 member states is now the world's largest multinational single market.

With this expansion comes a more liberal, entrepreneurial and open business outlook from the new member states. The increased size and now 450 million population of the EU also brings more complexities and challenges for doing business.

One of these challenges is compliance with the new International Financial Reporting Standards (IFRS), for all publicly traded companies governed by the law of an EU Member state, from 1<sup>st</sup> January 2005. Nyman Linden's Andrew Plaskow provides valuable analysis of the impact and far-reaching consequences of these regulations in his in-depth article.

Since the last issue of *InterIM Insight*, we have been actively involved in several successful Interim events, in Leeds, Birmingham and London. The Institute was invited to speak and/or attend interactive panel sessions on a variety of Interim-related topics, working with Providers, Universities and Industry groups.

We report on each of these events with Robert Half, PricewaterhouseCoopers LLP, Birmingham University and the Professional Contractors Group respectively.

Our Window on Assignment looks at designing and introducing an integrated Marketing plan in a top twenty charity. IIM Member, Stephen Gilbert relates how the Society needed the specialist skills of a marketing Interim to develop their brand recognition and interestingly, this was the first time they had resourced an Interim executive.

Last and certainly not least, I hope that all members and Institute guests will join us at our Christmas Reception, on December 15th. The reception will be held in the splendid ambience of the Parrott Club of the Basil Street Hotel, in London.

We look forward to meeting both new and old friends, bidding farewell to what has been a successful Interim year and having the opportunity to wish you all, a very happy Christmas and a prosperous and peaceful new year.

In the meantime, I hope you enjoy this Christmas issue of *InterIM Insight*.



## INDUSTRY NEWS



As the UK assumes the EU Presidency in 2005, the Government reminds business of both the complexities and opportunities in an expanded market of 450 million citizens in 25 member states



Funds available in the world's largest multinational single market

# 'Doing Business in Europe'

THE goal set at the EU summit in Lisbon in 2000 was simple, but very ambitious - for Europe to overtake the US as the world's most competitive economy by 2010.

Since Lisbon however, the true magnitude of this task facing the EU and the lack of substantial progress made so far prompted German Chancellor Gerhard Schröder to view the goal as 'no longer realistic' and to urge fellow European leaders to redefine the 2010 target.

European leaders are also debating a stinging report, published on November 3<sup>rd</sup>, by former Dutch Prime Minister Wim Kok. The report highlights Europe's lame progress towards achieving the 2010 target and the failure of national leaders to keep their economic promises.

His report calls for each country to adopt a national action plan, aimed at raising growth and creating jobs. It argues that Europe's social model will not survive without profound economic reform.

### Doing Business in Europe

The Rt Hon Jacqui Smith MP, Minister of State for Industry and the Regions reflected on this scenario, but nevertheless urged UK businesses to engage in the many opportunities in the new Europe, speaking at the Institute of Directors 'Doing Business in Europe' seminar in London, also on 3<sup>rd</sup> November.



Jacqui Smith MP

The Minister reminded the audience of the forthcoming UK Presidency of the EU, which commences in July 2005. During its tenure, the UK will seek a fresh impetus to help overcome the perennial problem of red tape and seek fundamental economic reforms, as two of several planned themes of the Presidency.

While many problems still existed, she quoted the fact that with 25 EU states now trading together, an estimated 60 million Customs forms had been done away with, helping to free up trade. Also, some 3 million UK jobs were now directly linked to or involved in EU trade, and the UK is the most competitive place in the EU to do business, according to the World Bank.

Getting the EU to effectively look outwards to the rest of the world, not just focused inwards on itself, was another key aim for the Presidency.

In response to a widespread lack of understanding of what business can expect from Europe in the lifetime of the new commission over the next five years, the Minister highlighted the joint work the IoD and DTI have been involved in. This includes a range of initiatives including publications, interactive workshops and seminars, and a web site.

### A new mood of business in the EU

Speaking next, Anthony Murphy, Director of European Strategy and Better Regulation at the DTI, provided an interesting factual profile of the EU: It is the largest multinational single market in the world, with 450 million citizens in 25 member states, represented by 732 Euro MPs, of which 78 are British. Of these, 70% of MEPs are first timers. The EU has 20 official languages and 8,000 accredited lobbyists, making it one of the most accessible institutions in the world.

Mr Murphy highlighted the fact that the newer member states are embracing a more liberal, entrepreneurial and open business outlook, in contrast to the older, founding states who view membership more from the Union's social aspects. Because of this, there is a new mood of business in the EU, but British business has cooled on Europe. It should look again at the business opportunities Europe offers.

Mr Murphy reminded the business audience that expansion of the EU was not complete – Bulgaria and Romania were scheduled to join in 2007; Croatia is a candidate for membership and Macedonia is currently being appraised.

But the new potential member with perhaps by far the greatest impact would be Turkey. Turkey could easily be the biggest EU member state in terms of population (but represent only 2% of GDP) and her Islamic culture and essentially Asian status would make for a decisive change in the character of the EU.



With a new Commission being installed, a new UK model of business/government partnership in Europe, with better consultation, better information flows in both directions and new practical tools will develop. In summary, there are significant challenges, but also great opportunities.

### The key point of additionality

The third speaker was Greville Warwick of MCS, whose organisation specialises in EU funding and subsidy applications. The processes for grant applications, whether national or regional, could be long and involved. Understanding why grants are awarded, who can benefit and the application processes was vital to success. Also, it was important to ensure that applications covered the three criteria of location, capital expenditure and employment.



**Getting to the heart of the matter**

## LEGISLATION

Andrew Plaskow of  
Chartered Accountants  
Nyman Linden,  
takes a detailed look  
at the impact of IFRS



**Changes to  
financial reporting  
on the scale  
required by IFRS  
are a business-wide  
challenge**

Mr Warwick stressed the necessity of using a single, senior executive in your organisation to negotiate and apply for the desired grant, working with a company like MCS. In the process, you will be tested on all aspects of your application, in what is a detailed, adversarial process.

When it comes to the evaluation stage of the application, the key point of 'additionality' will arise i.e. if the EU refuses the application, are alternative funds available or will your scheme just fail? If the right response and ground work has been demonstrated, this will greatly help the chances of securing the necessary funding.

### A clear proposition for the new Europe

Finally, perhaps the most practical example of 'Doing business in Europe' came from Ben De Smit, of the Embassy of Belgium in London. Introducing himself on the back of a question, he quickly secured the attention of the audience by agreeing with the previous speaker, then announcing that there were free Belgian chocolates for everyone to collect at the end of the seminar!

These chocolates, of course, just happened to be accompanied by a glossy brochure, extolling the virtues of Flanders as the prime, central location for doing business in the new Europe. No red tape (just a blue one around the chocolates) but with a clear proposition for the new Europe, from an older member state, aided and abetted by a delicious, world-renowned country product to digest. There's an EU business lesson in there somewhere.

# Waking Up to International Financial Reporting Standards

**For each financial year starting on or after the 1st January 2005, publicly traded companies governed by the law of an EU member state must, with certain exceptions, prepare their consolidated financial statements in accordance with adopted International Financial Reporting Standards (IFRS). These replace the national accounting requirements with which the vast majority of listed companies currently comply.**

Changes to financial reporting on the scale required by IFRS are a business-wide challenge. The transition to IFRS is not just another accounting change for over 7,000 fully listed companies across the EU (the 900+ AIM companies have until 2007 to adhere to these new standards).

### Who's ready?

By now, companies should have been making a detailed assessment of the differences between the accounting standards currently in use and each relevant IFRS, using this knowledge to identify areas within the organisation on which the changes will have a major impact. IFRS does not only apply to the 2005 figures in the financial statements but also to the 2004 figures, as the comparatives in the accounts will need to be restated. It will not be an easy task to retrospectively collate the necessary figures for companies who have not adequately planned for this.

An assessment should also have been made of how the new information requirements may affect management information systems, as well as impact on the business and its key processes. Only then can companies be in a position to develop a realistic master plan and budget for the conversion process.

### Getting too hot to handle

The City appears to be in a panic over IFRS. Businesses have left their preparations too late and most will not be ready by January 1<sup>st</sup>. Firms are suffering from a lack of skilled auditors in the run up to this date. One major problem facing companies is that the texts of some standards were only finalised in March 2004. As a result, some companies delayed starting their implementation process until after the standards were finalised.

According to an Accountancy Age IFRS survey in early November "42% of 1000 companies polled have yet to begin preparing for the impact of (IFRS). By contrast, only 15% of respondents said their preparations were complete." Given that the new rules bite in just a few weeks, that's amazingly low.

The Financial Services Authority (FSA) has acknowledged these statistics by allowing companies an extra 30 days to publish their first interim results under IFRS. Companies wishing to take advantage of the FSA's 30-day extension must inform the market before the end of the accounting period the delay relates to, explaining the reasons behind the move.

### Do we have people with the right skills?

Accountancy Age recently reported the great difficulties faced in finding skilled accountancy staff. 40% of respondents said they were struggling to find staff with the right abilities. Companies need to ensure their staff is adequately trained to deal with the different reporting requirements.



**'..companies will need to communicate this clearly, otherwise their share price may be affected.'**

IFRS is not just a matter for management to deal with but could affect an organisation at every level from administrative staff to non-executive directors.

Ernst & Young reported that "in the UK there is a skills shortage full stop" and so "corporates are recruiting very actively". Conversely, PWC dismissed the idea that there would not be enough skilled audit staff at the firm to cope with the needs of clients moving to IFRS. They added that training would be supplemented to a limited extent by using the experience of staff in other parts of the world that have been dealing with IFRS for longer, such as Russia.

### All change

For some companies the introduction of IFRS may result in significant changes to the way figures are presented in financial statements and this may require careful explanation to the markets.

Analysts will want to know how IFRS affects a company's reported figures and companies will need to communicate this clearly, otherwise their share price may be affected.

The format of financial statements will change as there will be different accounting policies and more extensive disclosures will be required. When companies first adopt IFRS, it is likely that their auditors will have limited practical experience in dealing with IFRS. So, no surprises if the publication of some 2005 financial statements were delayed and some audit reports qualified.

### IFRS makes sense

The business community's attention will focus on the challenges facing Europe as the EU prepares to adopt international standards next year. Some will complain about the costs of changing systems; some will question the value of being part of a new global infrastructure; whilst others will worry about loss of sovereignty.

Despite such concerns, the move makes sense. The UK is part of an increasingly global economy. Its prosperity depends upon inward and outward capital flows to facilitate investment and promote economic growth. Adopting international standards will remove a hurdle in the way of developments that offer the prospect of benefits for the UK investor and for UK business as a whole.

*Andrew Plaskow FCA is a Partner at Chartered Accountants Nyman Linden, which provide specialist services for IIM members. For further information please see 'Member Benefits' section in this newsletter or visit the IIM web site [www.ioim.org.uk](http://www.ioim.org.uk)*

## John Thomas appointed Chief Executive Officer of the Professional Contractors Group

**PCG appoints CEO**

The Professional Contractor's Group (PCG) has appointed John Thomas to CEO. John has worked for the PCG for over two years, most recently as Chief Operations Officer. John takes up his new post in January 2005. The IIM congratulates John on his new appointment.

## Promoting the Institute of Interim Management

**As briefly mentioned in our front page Editorial, the IIM Board has put into place new plans to better promote and raise awareness of the work and aims of the Institute, and to reinforce the benefits of membership. We will be working very closely with members, business partners and industry leaders to achieve this in the coming months.**

These plans involve developments on several fronts. Among these are more dynamic and frequent communications. As such, this edition of *InterIM Insight* will be the last version produced in its current format. From January 2005 *InterIM Insight* will be produced in a new e-mailed HTML format, with summary introductory links to articles, which can then be selected for full content.

This method facilitates a quicker overview of the contents of the newsletter, allowing you to choose those articles of interest. All future articles will be archived on the Institute web site. Our aim is to make the IIM web site an active and up-to-date focus of all that is going on in Interim Management generally, as well as reflecting and reporting on the many specific activities the Institute is involved in.

Several members have asked in the past if they can use the IIM logo on their own letterheads, business cards or web sites, to signify and promote their membership. In direct response to this the Institute has designed a special member's logo for this specific purpose. It will be available shortly for download from the Members' area of the Web site, for all paid up members to use, accompanied by Institute guidelines.

The new Member's logo will reflect the Member's current grade e.g. Associate or Member, and will be available in two formats, each best suited for screen or print reproduction. Our promotional plans also include building further, on the media relationships we have developed, to gain greater exposure, coverage and understanding with the media about Interim Management and the IIM.



**'..IIM web site to be an active and up-to-date focus of all that is going on in Interim Management..'**

**The IIM Christmas  
Reception  
15th December**



# Don't be left out!

## Christmas Reception

Wednesday 15th December

The Basil Street Hotel, Knightsbrige, London SW3 1AH

This will be our first Institute gathering for Christmas, to which we have also invited all Institute friends and supporters since our formation.

As with all IIM events, it should be a jolly evening, so make sure that you're not 'left out' of the industry event of the festive calendar.

Members who have not already returned their completed booking forms are advised to do so as soon as possible to avoid disappointment.

## The IIM and Robert Half in Leeds

Leeds

October

In Association With



Robert Half Management Resources kindly invited the IIM to present to an invited audience in Leeds on the subject of Interim Management, on Thursday 7<sup>th</sup> October.

After welcomes and introductions by David Elliott, a Divisional Director of Robert Half Management Resources in Leeds, IIM Secretary Tom Brass kicked off with the first presentation.

Tom took his theme as a 'Regulatory Roundup' for Interims and guided the audience through Getting the Job – due diligence, money laundering regulations, contracts and employment agency opt-out. Then matters around Doing the job – IR35, the responsibilities of being a Director, and about insolvent trading.

The duties of a Director were not to be undertaken lightly and included fiduciary, statutory and insolvency responsibilities. In short a masterful and detailed analysis of what modern day regulations and responsibilities entailed. Not for the faint hearted!

IIM Deputy Chairman Tony Evans then took up the second half of the evening's presentations with a review of the IIM – from conception, birth, baptism, to independence. He described how the Institute represents standing, both corporately and for individuals, and is the collective voice of the Interim profession.



**Tony Evans  
talking with  
Estelle James  
and  
David Elliott,  
Divisional Managers  
of Robert Half**



**Tom Brass in deep discussion**

Summarising, Tony described the IIM as delivering recognition, professionalism and expertise and encouraged those genuinely thinking about or seeking an Interim career, to join the Institute.

The formal part of the evening completed, both audience and speakers enjoyed a little Northern hospitality and some in-depth discussions, to round off a worthwhile evening. Many thanks to Robert Half for arranging the seminar.

London  
November  
In Association With  
**PRICEWATERHOUSECOOPERS** 

**'The most interesting talk that I have had the privilege to be at ... both stimulating and entertaining'**  
**David White**  
**Institute of Directors**

**'Excellent session! How the IIM continues to go from strength to strength.'**

**'Stimulating...focused on human dynamics and traps to avoid... humour with a message...'**



**Czech this out!**  
**Prize winner**  
**IIM Member Manjit Sahni**  
**correctly guessed**  
**Tony's country**



**Taravat on the membership drive?!**

# Rescue, Recovery, Renewal Building Corporate Value

**IIM and PwC successfully joined forces again for a seminar of topical interest for Interims**

On the evening of Wednesday 10<sup>th</sup> November, a ticket-only audience filled the presentation room at PwC's London Bridge offices. They heard speakers from PwC and the IIM relate vital issues facing organisations undergoing recovery and transition.



These issues continue to be topical not only with UK operating organisations, but increasingly so with international companies and business environments. It remains an area in which Interim executives are being increasingly resourced as both strategic and tactical solutions.

Barry Ross, PwC Business Recovery Services Partner opened the evening, welcoming the audience and introducing IIM Chairman Taravat Taher-Zadeh, who set the context for Interims and the evening.



**Tony Evans**, IIM Deputy Chairman then presented **'Ruin, Retribution and Redemption: The Interim's Tale'**, a fascinating case study of his assignment with a central Europe organisation heading for ruin.

Poor customer service, loss of financial and management control, mixed together in a regulated and highly political market caused this organization to lose around 1.5 million Euros per month. Retribution came with the cleansing of minority shareholders, a new MD and FD, new financial management, getting the banks onside and improving local political and environmental integrity.

With the new management team providing good financial control, the banks were very positive, market share recovered, a bankruptcy claim was averted with counter prosecutions and a pan-country strategy in place, redemption was in hand.

Deliverance came with the provision of new bank facilities, a substantial equity injection, old debt settled at a reduced level and improved business security improved the old 'losses', all resulting in a welcome positive impact on major shareholders. And to add real 'flavour' to his presentation, Tony proffered a bottle of red wine for anyone in the audience (not connected with, or having knowledge of his assignment) who could guess the name of the country the unnamed organization resided in.

The second presentation was given in a very graphic and interactive way by PwC Director of Business Recovery Services, **Richard Farr**. **'How Management React in a Crisis'** focused on the key warning signs management should be aware of and the steps to be taken to minimize and mitigate the signs that plague organisations into decline. Richard took the audience through key points.



These included a summary of key messages, warning signs, a typical corporate lifecycle, the corporate demise curve, and advice on how to get out of the situation. And the interplay between the CEO and the FD in good and bad times.

Warnings signs of impending corporate demise included credit downgrades, unusual share price movements and press/trade comments. It was ironical that with the inevitable hindsight, you can always see when the warning signs started to materialise. But, before looking at the obvious factors, it was important to understand why management fails in the first place.

From the upside of rapid growth, going public, to maturity and then the corporate demise curve and downward slide into liquidation, Richard amusingly illustrated some key symptoms of corporate malaise. These were 'In trouble, but not aware', 'In trouble, but in control', then crossing the Control Watershed into 'Lost Control' and finally 'Lost the business'.

Richard said warning signs of corporate demise were many, but they could be evidenced in the management and financial areas. Of the several examples illustrated, 'Director Churn' and 'Increasing tension with stakeholders' in the management area, and 'Incomparable comparatives' in the financial area ranked highly on the demise thermometer.

Getting out of trouble in the 'Turnround Corridor' before the control watershed had been reached, involved the timely appointment of a change agent, in the form of a consultant or skilled Interim, to enable turnround and ultimate success. Summarising his presentation, Richard posed key questions around knowing where a company is on the demise curve, matching your perception to reality, spotting the blind spots before they became Black Holes and probably the most important, who is actually looking at all these?

After a lively panel discussion with all the speakers, everyone adjourned for some personal redemption, care of the usual excellent PwC hospitality, rounding off an enjoyable and informative evening.

Birmingham  
November  
- IIM at  
Birmingham  
University  
conference



**Dr Pauline Jas of  
INLOGOV**



**Nick Robeson  
Chairman  
Interim Management  
Association**



**Tom Brass  
IIM Secretary**

# 'Mind the Gap – Interim Management in improving Local Authorities'

**The Institute of Local Government Studies  
In Association With SOLACE Enterprises**



[InterIM Insight](#) reports on the one-day conference, held on Thursday 18<sup>th</sup> November 2004 at Hornton Grange Conference Centre, at The University of Birmingham.

Interim Management as a resources tool has been growing in size and importance over the last two decades and this trend shows as yet no signs of reversing. Even so, there has been very little empirical studies into the use of Interim Management. The INLOGOV report, 'The role of Interim Management in Local Authorities Recovering from Poor Performance' - to which the IIM was invited to contribute - made a start in outlining the options and possibilities of this widely used resource and in stimulating debate about its role in recovering councils and transformational management, this conference was held.

Chaired by Mark Rawden of Solace Enterprises, the seminar offered a forum to discuss current experiences and commenced with Dr. Pauline Jas from INLOGOV providing a theoretical context for Interim Management and improved performance. Among her conclusions were that IM was characterised by flexibility and managers could switch between managing and mentoring.

James Gravenor then presented his experiences as Interim Chief Executive at Rossendale Borough Council in Suffolk and transformational change in failing and non-failing councils. Flexibility was again identified as a key IM asset, but tempered with the personal aspects of IM like isolation, and a sense of loss. But if you stuck with it IM can be very rewarding as a career.

Mike Reardon, Director of Local Government Practice (Yorkshire Region) of the office of the Deputy Prime Minister was next. His experiences illustrated that contrary to general perception, many failing Local Authorities were not cash strapped. He also commented that there are many areas of national government which impact locally and it is therefore a challenge and requires the skill to coordinate the different strands.

Ian Cooper described IM in culture and leisure services, with examples from Coventry and the London Borough of Hackney. He saw the key issues for IM as rapidly understanding geographic and spatial set up of services, grasping strategic partnerships and funding, and understanding public opinion of services – in the leisure field, local government facilities compete directly with private sector offerings.

During the afternoon session, Steve Lorraine covered his experiences in various Metropolitan councils. He felt most local authorities feel they have been undergoing constant change, when in fact very little has altered. Building alliances and collaborative relationships between local authorities are vital to the in politically complex organisations undergoing to adaptive change. A portfolio of roles and a network of contacts provide an important balance for the Interim Manager on assignment in this sector.

Mr Lorraine also posed, but left unanswered, an open question 'Who quality assures Interim Managers?' This important subject was covered by the Institute Chairman, during the closing panel session, whilst also outlining the core principles of quality, accreditation and best practice upon which the IIM was founded and seeks to sustain within the industry.

Ms Taher-Zadeh went on to comment that increasingly, current and user-organisations of Interim management are recognising the added values of accreditation and required standards as set by the Institute

The Hackney Experience was described next by Terry McDougall, Assistant Chief Executive of HR. Terry described how Hackney had engaged IM for some time, to maintain efficiency and effectiveness of delivery of services. Also to fill hard-to-recruit posts. Overall she felt IM had made a valuable contribution to the overall success of Hackney.

The day ended with a round table discussion forum with the IIM Chairman Taravat Taher-Zadeh and Nick Robeson, representing the Interim Management Association (IMA), the Interim provider's association. All joined in and a lively debate concluded a valuable day's seminar.



**L-R: James Gravenor, Mark Rawden (SOLACE)  
Taravat Taher-Zadeh, Terry McDougall (L.B. of Hackney)  
Mike Reardon (ODPM), Jill Mordaunt (OU)**

London  
November  
- IIM invited to  
the first  
PCG Friends  
event

## WINDOW ON ASSIGNMENT



'..without investment,  
strong management  
or strategic direction.'

'..the ratio of costs  
to funds raised  
in charities needs  
to be 1:3.'

# IIM at the PCG Friends Seminar

Attracting delegates from a diverse range of organisations and chaired by David Morriss, President of the British Computer Society, the Professional Contractors Group hosted its first event dedicated to Friends of the PCG and the freelance community, held at the Commonwealth Club in London on 11<sup>th</sup> November.

The IIM was invited to participate in the meeting, with Institute Chairman Taravat Taher-Zadeh contributing to the panel discussion, concerning the UK contracting and Interim sectors.

PCG Chairman Simon Juden said the event was extremely worthwhile. "Our relationships with complementary organisations and key stakeholders in the freelance marketplace are very important," he said.

## Marketing a Top Twenty Charity

**IIM Member Stephen Gilbert, on assignment with a disparate organisation to successfully develop an integrated marketing strategy**

**The initial contract was for 3 months and my brief was quite clear. As Interim marketing director I would undertake a full evaluation of the marketing strategy, the business plan and marketing department with a view to recommending a revised organisation structure and a revised job description for the marketing role. The department had 6 direct reports and over 300 staff.**

Additionally, the Society had a "call centre" some 250 miles away, which had languished without investment, strong management or strategic direction. I had to recommend maintaining it or closing it, with the respective consequences for each.

### Situation analysis

- The Society did not have an integrated marketing and fund raising strategy. It did have around 75 different programmes running without any priorities or performance criteria being set.
- The marketing and income generation functions were clearly "siloes" with steel casing, made worse by little coherence between them.

The reinforcement of protective barriers arose primarily from one manager's obstruction to integration and collective setting of priorities.

There was little or no recognition of the importance of developing the Society as a brand. All research showed that the leading charity brand in its sector enjoyed classic "brand leader advantage" in terms of image, awareness, reputation and all importantly income generation.

As a rule of thumb the ratio of costs to funds raised in charities needs to be 1:3. Whilst this is a blunt measurement tool as it ignores the impact of the specific programme to raise profile and understanding it is a simple basis of ranking income generation activities.

- Traditional "field" fund raising - collection days etc - is in decline and costs more than it raises.
- At the other end of the spectrum legacies account for nearly 40% of total income and the cost is only 2%
- Clearly the major proportion of income came from voluntary donations, committed giving and legacies. Evidence suggests that the overall "pool" of cause related giving is finite and there are an increasing number of Societies more effectively tapping the same source.
- As a result commercial sources are increasing in importance for future growth. These initiatives include retailing (180 shops, internet and catalogue sales), financial services and licensing.

In the past two years, following effective use of PR initiatives spontaneous awareness of the Society had increased from below 10% to over 25%. Whilst, an important increase in profile, understanding of the Society's remit had not developed in the same way.

Management attention was focused on the short-term despite working to a 5-year business plan. The culture was to prepare the plan, built on charity deliverable ambitions, and balance it with total net income required. Analysis of the segmented income streams and projections on previous performances highlighted potentially serious short falls in two critical areas.

As a direct result of the "siloes" organisation there was no co-ordination of the Society's major asset - its database. External resources were being bought in on ad hoc bases. For example three advertising agencies were being used despite the small budgets and the inevitable disproportionate level of overhead commissions being paid. Other specialist agencies were being used on a similar basis.



**Handling 450,000  
incoming relationship  
calls**

**'This was not  
a route  
the Society  
had ever  
taken before'**



**'..they are not small  
and unsophisticated  
organisations.'**

### Achievements

The first priority was to evaluate the marketing management in terms of their skills, departmental resources and their perceptions of strengths, weaknesses, opportunities and strengths of their areas of responsibility, to deliver the 5-year business plan. In addition a similar evaluation of the marketing function and the Society's brand was conducted with the DG, Finance, Service, Operations, Communications and HR directors.

Against a market situation analysis and with the senior management team I was able to develop the Society's first fully integrated marketing strategy – retailing, trusts and grants, fund raising, commercial income streams and communications.

Recommendations for a radical re-organisation were made to the DG. This was developed and a change programme put in place to be implemented by the next permanent departmental director.

One key factor to the success of the plan was the removal of the departmental direct reports who clearly represented a major blockage to change. So serious was the problem that I recommended that a more "commercial" approach be used i.e. paying off the manager. This was not a route the Society had ever taken before.

Whilst this action was being considered, the manager in question resigned after failing to be short-listed for the director role. The reorganisation has now been implemented.

The post evaluation recommendation of the "call centre" was that it represented a major asset to the Society. It was handling over 450,000 incoming relationship calls as well as generating income to cover its costs.

This was being achieved without investment in telephone technology and direct link to the Society database. I made the business case and gained approval from the Council of Trustees for a radical new business plan and a 3-year investment plan.

As a result the centre now has a fuller remit for:

- Developing customer relationships
- Taking on specialist outgoing selling calls
- Driving the collection of Gift Aid
- Facilitating the physical processing of the donations by credit/debit card, cheque and cash
- Handling large-scale outgoing mailings – Direct Mail and retail sales

In a results driven culture, investing money on broadcast communication is a challenge for charities. This means that anything other than DRTV is not generally considered. By definition this focuses on minority channels and daytime audiences.

Only the NSPCC has taken the initiative of using mainstream peak-time advertising (albeit with substantial financial success).

Building on my previous experience in advertising and FMCG and luxury goods I devised and gained approval from the Council of Trustees for the Society's first major terrestrial TV advertising strategy linked with income generation from financial services.

I initiated original research into brand equity metrics and a pro-bono charity brand valuation. The results, incorporated into a segmented brand scorecard and equity index model, will allow the Society to both evaluate the impact of its activities and scenario plan to assist priority assessment.

### Conclusion and postscript

The new incumbent has been in place since January, described as Director of Marketing and Income Generation – in effect a Commercial Director – and the Society continues to prosper.

It is worth commenting that the Society had never previously hired Interims and did not appreciate the independent legal and commercial basis on which Interims operate. Persuading HR and the Society's in-house lawyers that this was a "usual" practice took more effort than Stephen anticipated.

Stephen is now on assignment with another charity where the lack of understanding is the same. In addition, there is a concern that unless someone is employed on a short-term contract there are tax liabilities to the Society. These two Societies operate with incomes in excess of £60 million and £130 million respectively - so they are not small and unsophisticated organisations.

Evidently, there is still some way to go before every potential user of Interim Managers understands how Interims function and indeed the financial and business advantages that can be gained by their organisations.

A challenge that is recognised by the IIM in its continuing drive to develop greater understanding and awareness of Interim Management as a business and resourcing solution.

## MEMBER BENEFITS



*And don't forget the...*

## Member-get-Member Offer

Members will know that last year we introduced an incentive scheme designed to help boost membership by encouraging members to introduce Interim colleagues to apply to join the Institute. For every new member introduced, you will have the option of receiving a bottle of Champagne or a £20 credit against your next annual renewal subscription.

For further details of this Member incentive, please visit [www.ioim.org.uk](http://www.ioim.org.uk)

## Professional Indemnity Insurance Dallas Kirkland (Professions) Ltd.

The Institute negotiated competitively priced PII tailored for IIM members last year, which should continue to be the most favourable terms available in the market. This PII cover is available through brokers Dallas Kirkland (Professions) Limited, who can be contacted on:

**T:** 020 7480 4181

**E:** [jennic@dallaskirkland.co.uk](mailto:jennic@dallaskirkland.co.uk) - Jenni Crook

**W:** [www.dallaskirkland.co.uk](http://www.dallaskirkland.co.uk)

The quotation at the concessionary rates will only be given to IIM Members who quote their membership number when making contact.

## Contracts & IR35 Lawspeed

Lawspeed specialise in contract, employment, tax and recruitment law across a range of industries. Since March 1999 it has advised Interim managers, contractors, agencies and accountants on the legal issues surrounding IR35 – in many cases IR35 may be avoided by operating a genuine business and working under an accurate well-drafted contract. Lawspeed has been drafting contracts to take into account the effects of IR35 since July 1999 and to enable contractors to operate outside the scope of the legislation.

Lawspeed is the only legal services provider to offer TiP - Total IR35 Protection, a unique new insurance policy designed to give complete peace of mind. The policy is fully underwritten and covers ALL ADDITIONAL TAX, NI, INTEREST AND PENALTIES as well as the professional fees incurred in defending a demand. Each tax year is insured separately, and you can insure the current tax year as well as the previous tax year.

Contact James May:

**T:** 01273 236236

**W:** [www.lawspeed.com](http://www.lawspeed.com)

Remember to state that you are a member of the Institute of Interim Management before placing your order, to benefit from discounted prices.

## Company Formation, Accounting, Tax and VAT Nyman Linden

Established in 1963, Nyman Linden is a leading UK accountancy practice, presenting a comprehensive range of services encompassing Company Formation (free of charge to IIM members), Web-based Accounting, Corporation and Personal Tax Returns, VAT, Statutory Accounts and other Regulatory Services, providing a service that is right for you and at a fixed fee, agreed in advance, with no hidden extras. For further information, please contact Andrew Plaskow, Partner, on:

**T:** 020 7535 1500

**E:** [andrew.plaskow@nymanlinden.co.uk](mailto:andrew.plaskow@nymanlinden.co.uk)

**W:** [www.nymanlinden.co.uk](http://www.nymanlinden.co.uk)



## Institute of Directors Membership

### Save 50% on Joining Fee!

**Our exclusive membership offer negotiated with the Institute of Directors. In addition to the many IoD member benefits, IIM members will receive a discount of 50% on the Election Fee – a saving of £100 – for membership applications made throughout 2004.**

The Institute of Directors, which represents the interests of over 50,000 business leaders across the UK, from all industry types, size and geographical locations, provides tangible business support to its members. Members join the IoD in their individual capacity as a director, partner or senior executive. In doing so, you become part of a network of UK business leaders, benefiting from especially negotiated products and services. These also include free access to and use of an increasing number of premises and business services across the UK and overseas – offering valuable resource, to conducting your businesses away from your HQ.

For further information including how to join, please call the IoD Membership Development team on:

**T:** 020 7766 8888

**E:** [join-iod@iod.com](mailto:join-iod@iod.com) or visit

**W:** [www.iod.com/join](http://www.iod.com/join)

Full details of the offer are also available on IIM Members' Area.

## Professional Development

### Save 30% on Spearhead Training Courses!

**As part of the Institute's aim in offering members additional benefits, and to assist your professional development, we have negotiated a special arrangement with Spearhead Training. IIM members are offered a 30% discount on all Public Courses run by Spearhead Training.**

Spearhead Training courses cover all the key business skill areas and these courses may assist you in gaining real competitive advantage by enhancing your business generating skills, as part of your Continuing Professional Development, or if you should wish to broaden your business portfolio into new areas.

Full details of the courses available can be found on [www.spearhead-training.co.uk](http://www.spearhead-training.co.uk). Further details and booking forms will also be posted in the Members' Area. However, in the meantime, you can book directly with Spearhead Training quoting reference IIM-CPD-2002.3 as well as your IIM membership number. You can also take advantage of an additional 5% discount by booking on line.

## Call for Papers, News & Views

**Articles, news, views and photographs concerning the Interim sector are invited for publication in future issues of the Institute's newsletters and on its Web site. We reserve the right to edit these to length to fit available space.**

The Institute also welcomes 'Letters to the Editor' (preferably by email) on any issues of concern, or suggestions for improving our services to the membership, as well as our industry representation.

If you would like to contribute, please contact David Murrell, IIM Director, Public Relations at:

**E:** [interiminsight@ioim.org.uk](mailto:interiminsight@ioim.org.uk)

**F:** +44 (0) 1483 770699

**T:** +44 (0) 1483 770699

**M:** +44 (0) 7876 565255

The next (new html) issue of [\*InterIM Insight\*](#) will be published in January 2005.

**In the 'interim' wishing you much continued success with your assignments and business ventures from everyone at the IIM.**

