



Internationalisation in Interim Management

# A growth market

The Netherlands used to have a pioneering role in international interim management. The growth of the German market alone however suggests the contrary: Germany is the world's largest exporter. At the same time, the German market is also a good example of how difficult it is to establish a solid position in the international market. This article identifies local lessons for global growth.

The labour market is internationalising quickly for a variety of reasons and the consequences are making themselves felt in the interim management (IM) industry. The Dutch interim industry believes that it has a pioneering role because of its long tradition. After all, internationally we are considered the cradle of interim management. But is this still true? And what is the impact of increasing internationalisation on our position? Are we losing this pioneering role precisely because of that? Based on recent developments in the German interim market and the comments by a number of leading firms in the Netherlands and Germany, we want to discuss a market that has allowed interim management to develop largely independently—a market that is representative of the current internationalisation of the profession. Will the Netherlands itself be able to follow this development?

The German economy is growing rapidly. After years of stagnation caused by the costs of the German reunification and a rigid labour market, the economy finally started to grow again in 2006, and so did the demand for interim management skills. According to an AIMP1 study, the industry grew by 25% in 2006 and similar growth figures are expected for this year. The very factors that largely inhibited the development of the economy also played a decisive role in the historical development of interim management in Germany.

Dr. Anselm Görres, managing director of ZMM in Munich, claims that the breakthrough for interim management started after the fall of the Berlin Wall in 1989 as the former East German state-owned companies then needed to be restructured. The recent developments in labour legislation are another major factor. While until recently temporary contracts were largely

restricted, these barriers have all been eliminated. Temporary employment and IM agencies are now subject to the same rules as in the Netherlands. As a result, interim management in Germany is a 90% independent development, according to Görres.

### The largest exporting country

But the development does not end there. Germany's economic, geographical and political characteristics almost automatically afford the country a leading role in the internationalisation<sup>2</sup> of the IM profession. Germany is the world's largest exporting country and European multinationals are mostly German. Due to Germany's central location in the expanding Europe, German companies are leading the way in the development of industries in those countries. The country itself is also an attractive location for international corporations. German companies expanding abroad take their interim managers with them and foreign companies in Germany have no difficulty finding interim managers.

All of this is facilitated by the tremendous innovative power of German industry, says Thorsten Becker, who founded Management Angels, an interim management firm based in Hamburg. There is great international demand for German know-how, and particularly in the area of interim management. For example, scientific research into and implementation of change management in Germany is highly developed.

Does this make Germany also the forerunner in the internationalisation of interim management? Becker puts this into perspective: even for an innovative and rapidly growing firm as his, international assignments account for only 10% of its turnover. Most IM provi-

ders are simply too small to expand internationally.

This is also the experience of Hey Day, a Dutch interim management firm that is part of the Corinthe Group. Chairman Marty Tuk thinks that the rapid internationalisation of the labour market is forcing companies to make choices. Do you want to join in the growth of international markets or do you want to remain a small local player? The Corinthe Group chose to be taken over by Badenoch & Clark, a British firm that is part of MPS Group Inc., a listed personnel service provider based in the United States. This network gives Corinthe access to Europe's largest markets, including Germany.

The German market is a good example of how difficult it can be to establish a solid position in a foreign market. Joep Brunet de Rochebrune, chairman of the RIM and, until 1 January 2007, general managing director of Corgwell: "We have been trying for some time to

nothing more than a back office. Corinthe recently opened its first own location in Frankfurt and plans to build the company itself.

The experience of Robert Half, the international employment agency firm for the finance and accounting industry, confirms the strategy of Corinthe. Greet Brosens, managing director of Robert Half in the Netherlands, outlines the approach of such an international provider. The organisation started in the United States in 1997 and in Germany in 1999. They currently have more than 140 locations worldwide, including seven in Germany. This is illustrative of the internationalising man power market. A strong brand representing high quality is a prerequisite for international clients. A pool of candidates from most European countries is also indispensable, regardless of whether permanent jobs or temporary assignments are needed.

One of the consequences of the internationalisation

## Joep Brunet de Rochebrune of Corgwell: 'We have been trying for some time to enter the German market. Without success, unfortunately.'

enter the German market by means of a takeover. Without success, unfortunately. German firms still focus too much on their own market. They are not fully open to international cooperation, which is a condition for carrying out international assignments."

### Old-boys network

The German IM market has historically been an old-boys network, with assignments being awarded through personal contacts. Interim management was something absolutely unknown, which meant that every contract had to be won by personal trust rather than by professional positioning. This made it very difficult for foreign providers to enter the market without having a network of their own.

A takeover as a strategy for entering the German market is almost impossible to realise, save for a few exceptions. And those who do manage to take over a company in such a market have every reason to ask themselves what they actually bought. Tuk believes that you should not buy interim firms where the management has all the contacts and where the firm is

of man power markets is that multinational corporations, in particular, have an ever greater need for highly educated, flexible employees. The international demand for personnel is due to the relative labour shortages in these industries. At the same time, the duration of employment contracts is shifting towards short (up to one year) or medium-long periods (one to three years). Lifetime employment is out. While large corporations see their numbers of employees drop sharply, the numbers of highly educated employees hired for a specific period to help manage the many changes are increasing rapidly. From the client's perspective, it is less important what you call the contract or how you define the contract—whether interim, temporary or permanent, specialist or project management—as long as you have the right person in the right place.

### Local firms

Smaller local firms must also find answers to the questions arising due to the internationalisation of the market. They are looking for new forms of international

networks. Local companies with local management and a local culture operate within the network as far as the international part of their assignments is concerned. Their excellent reputation locally sells just as well as the international brand, and organisations have a competitive proposition based on best practices and sharing their candidates with one another. Management Angels, for example, has such partners in Scandinavia, the Netherlands and England (Albemarle Interim Management Plc).

Leslie Molenkamp of Netherlands-based InterMaat also confirms this image. InterMaat presents itself in the Dutch market as a local party with a quality local brand (a division of De Boer & Croon Group), although it does use the strong international network of its parent company, De Boer & Croon. In Germany, the firm collaborates with Munich-based EIM. The international EIM group has carried out as many as 3,500 international interim assignments since its establishment.

One disadvantage of this business model is the virtual inability to compete for exclusive contracts for large international companies that are looking for temporary employees worldwide. Robert Half has demonstrated that an international presence allows specific assignments to be carried out in a very satisfactory manner. Examples include the application of SOX.

### Excessive growth

According to German firms, the domestic market has experienced excessive growth to the extent that there is now little demand for such international assignments. For now, interim management firms play a relatively minor role: 70 to 80 percent of the projects in Germany are still won by interim managers themselves. Görres attributes this to the fact that many firms have not done their homework: they lack proper canvassing and professional processes that add value to the interim management process. On the other hand, young firms such as ZMM and Management Angels each offer a sophisticated organisation with innovative methods to support interim managers. IM training courses, boot camps and well thought-out knowledge management have laid the foundations for their remarkable growth.

Jens Christophers, chairman of DDIM3, mentions another growth market: the public sector. Thus far, only a small fraction of IM assignments originate in that area. The market share of government and the not-for-profit sector in the Netherlands is approximately 50% of all interim management assignments. Germany is also facing increased pressure to operate with greater flexibility. This increases the demand for interim management, says Christophers. If this trend continues, the expected domestic market volume in

## Trends in internationalisation

Internationalisation is not a new phenomenon. However, there are currently various economic trends that partially reinforce one another and together cause major changes in man power markets and thus in the IM market. This combined action of trends is causing many changes that we jointly define as internationalisation. The trends in a nutshell:

- Worldwide centralised procurement of services by multinationals
- International regulation (SOX, IFRS, Basel II, MiFID, Solvency II)
- Internationalisation of companies (expansion of EU action)
- Globalisation of markets (shifting production capacity to low-wage countries)
- Outsourcing (shifting services to low-wage countries)
- Shortages of highly educated personnel (European labour market)
- Opportunism (attractiveness of foreign markets)
- Skills-based competition (innovative power of new markets)
- International legislation and regulation, EU directives (service and labour market directives).

Germany will be the largest in all of Europe. What role does the interim manager himself play in the development of the market? The trend here is clearly toward younger and more international interim managers. Dutch and German firms detect that their pools are getting younger (approximately 45 to 50 years). Following the market for permanent employees, there is also increased demand for younger interim managers. In addition, younger professionals are more interested in international assignments. Plus, they speak their languages.

### Disappearing boundaries

Görres notices the disappearance of boundaries between the career interim manager and the interim professional, who occasionally may also accept a permanent position. This trend can also be observed in the Netherlands. ZMM has adapted its portfolio accordingly and offers not only interim managers for temporary assignments, but also interim professionals to quickly fill permanent positions or two- to three-year assignments. Not all traditional interim managers thank them for this. Fear of loss of status is a major factor in this discussion.

Tuk views 'treasure hunters' in search of short-term interim assignments as a threat. He views change

## List of firms interviewed

### ZMM - Zeitmanager München GmbH

- Founded: 1996
- Number of employees: 10
- Important markets: IT, telecommunications, government (expanding)
- Characteristic: ZMM focuses broadly on interim professionals, not just classical interim management
- Pool: approximately 2,000 active CVs
- Other services: QuickHire (permanent positions), management consulting
- Interviewed: Dr. Anselm Görres (managing director and chairman of AIMP)

### Management Angels GmbH (Hamburg/Frankfurt)

- Founded: 2000
- Number of employees: 11
- Important markets: technology, Internet, IT, telecommunications
- Characteristic: the only major provider in northern Germany, member of an international network (Netherlands/Scandinavia/UK)
- Activities for IMs: IM training courses, KM life (knowledge-sharing among interims), Boot Camps (introduction workshops for new assignments)
- Interviewed: Thorsten Becker (managing director)

### Corgwell Interim Management bv

- Founded: Corgwell since 2004. Legal predecessors include Deloitte Human Capital Group and De Roo since 1984.
- Number of employees: 325
- Important markets: governments, care, education, space, industry, trade, services
- Characteristic: Corporate Governance, Corporate & Public Wellness, a healthy organisation, operational management, risk management, innovation
- Pool: a core pool of approximately 750 active CVs
- Interviewed: Joep Brunet de Rochebrune (former managing director of Corgwell and chairman of RIM) and Hedde Plas (current managing director of Corgwell)

### InterMaat

- Founded: 1 January 1998, a wholly-owned subsidiary of Boer & Croon Group

- Important markets: banking, energy, telecommunications, industry and trade
- Characteristic: local presence (in addition to Amsterdam head office) with offices in Groningen, Eindhoven, Rotterdam and The Hague
- Pool: 1,000 active CVs
- Interviewed: Leslie Molenkamp (managing partner of InterMaat, member of the executive committee of Boer & Croon)

### Hey Day Interim Management (Oegstgeest, The Netherlands)

- Founded: 1998
- Number of employees: 15
- Important markets: insurance, banks, pension funds, industry, energy and trade
- Characteristic: top in interim management for top-100 companies in the Netherlands
- Pool: approximately 3,500 active CVs
- Interviewed: Marty Tuk (chairman of Corinthe Group Netherlands and board member of Badendoch & Clark Europe)

### Robert Half Management Resources, Amsterdam

- Founded: the Robert Half International Group was founded in 1948. They are a US-listed company.
- Number of employees: over 11,000 worldwide
- Important markets: primarily for-profit (small and medium-size companies as well as international corporations)
- Characteristics: they attach great value to having their own network
- Pool: over 1,000,000 candidates worldwide
- Interviewed: Greet Brosens (managing director of Robert Half in the Netherlands)

### Orde Nederlandse Registermanagers (ORM)

- Dutch professional organisation for interim managers
- Interviewed: Mieke van der Broek (chairwoman)

### DDIM Dachgesellschaft Deutscher Interim Manager

- German professional organisation for interim managers and interim management firms
- Interviewed: Jens Christopher (chairman)

management as a profession and interim management as a successful method. This calls for experienced interim managers and becoming one is not that easy. According to chairwoman Mieke van der Broek, the ORM is also of the opinion that change management should be the core competency of today's interim manager. For that matter, Tuk believes that most ORM

members are not interested in internationalisation. But what about this highly-praised exemplary role of the Dutch IM market? Is the Netherlands the forerunner in further internationalisation, e.g. into the German market? Or are the Germans taking over this pioneering role? The Germans and the Dutch agree that the Dutch market developed earlier than the German one.



# 'The Germans and the Dutch agree that the Dutch market developed earlier than the German one.'

Thorsten Becker therefore looks at the Dutch experience 'with respect' and likes to make use of it. Jacques Reijniers, for example, is a member of the advisory council of Management Angels and teaches at one of Germany's top management schools, the European Business School in Oestrich Winkel, where he set up a highly rated training programme for interim managers. It appears that his reputation in Germany is now greater than in the Netherlands. The recommendations of ORM and RIM also receive much appreciation. And the professionalism of Dutch firms is often used as an example.

## Gaining a foothold

The various Dutch firms have found, however, that gaining a foothold in Germany is difficult. They usually do not get beyond the point of collaboration in international networks. During the annual RIM meeting in Munich last year, Görres noticed that Dutch providers are very interested in the German models and interim market. Christophers now also prefers to look at England: England is more dynamic whereas the Netherlands tends to be in the consolidation phase. Germany itself has become an example for the developments in Austria and Switzerland. The respect

remains, even if only out of German courtesy (Christophers: "The only thing the Dutch can learn from us is how to play football!"), but the German interim market is confidently going its own way. For the near term, there is still ample potential for growth domestically, but the international role of German companies and global developments will force IM providers to join in the growth. Are they on their way to take the lead? ■

Fritz Witt, a German interim manager in the Netherlands, and Erik Jan Hengstmengel, a Dutch interim manager in Germany, met as part of the collaboration between IM professional organisations in both countries. They decided to write this article due to their involvement in the various developments in their field of expertise.

## Footnotes

1. AIMP: Arbeitskreis Interim Management Providers. This is the German sister organisation of Nederlandse Raad voor Interimmanagement (RIM), the professional association of agencies for interim managers.
2. For the trends, refer to the box entitled Trends in internationalisation.
3. DDIM: Dachverband Deutscher Interim Manager. Founded by its chairman, Jens Christopher, in 2002, DDIM is the German sister organisation of Nederlandse Orde van Registermanagers (ORM).