



A thought piece: Interim versus Fixed Term Contract

Peter Keegan, an Associate Director in our Interim practice, considers the pros and cons of hiring an Interim Manager and those of bringing on temporary leadership on a fixed term contract.

Interim Management v Fixed Term Contract

Most employers bring in senior or executive contingent or temporary labour to meet the demands of various projects which can last anywhere from 3 and 24 months. Key reasons for doing so may be funding and/or headcount restrictions that may prevail at the time, the term of the programme of work or the need to provisionally cover a substantive role. Employers may consider offering a day-rate or a fixed-term contract to bring on this short-term support. If interim management rates appear unjustifiable a cost to the business, a fixed-term contract may seem like the most commercially beneficial and risk-free option but that's not always the case.

The difference between an interim manager and a fixed term contract:

A fixed-term contract is not the same as hiring a contractor. The terms "interim" and "contractor" are often used interchangeably to mean the same thing - a senior-level worker on a daily rate commensurate with their experience and whose payment is facilitated by a third party (limited or umbrella company or via an agency). Fixed-term contracts, on the other hand, are used to describe the offer of a fixed period of employment on the employer's books on a PAYE basis, subject to the terms as a permanent staff member.

Why fixed-term?

- They cost less (or at least they do at first glance)
- The salary rate is often on par with (or only slightly higher than) those offered to permanent employees.
- You've got more time to assess a candidate's abilities (IF you want to)

Typically, fixed-term contracts are most effective when used to fill low- to mid-professional-level management roles. Interim managers, meanwhile, are generally brought on for senior management and above, or for highly technical skill sets.

Why interim?

Flexibility:

Interim professionals are usually motivated by the flexibility and autonomy of contract work, so they are undeterred by unspecified timescales of employment. If you need the interim professional for a longer or shorter period than first anticipated, there is no commitment to a specific timeframe for their tenure. Meanwhile, with fixed-term employees you need to pay for the full duration of the specified contract, regardless of whether they are working.



VEREDUS TALKS

It attracts higher calibre candidates:

The skillsets for a true interim professional and someone who favours fixed-term contracts can be quite different. The higher day rate means that contractors must prove their worth, so they typically have skills not available in the permanent marketplace. By choosing to become an interim manager, they are effectively backing their own expertise.



They deliver measurable return on investment:

Interims like to be challenged by the task at hand and are motivated by implementing change to make a difference, generating measurable ROI for their client (the 'employer'). This is how they build their reputation as an interim expert and secure their next contract.

They can hit the ground running:

Interim professionals are true experts in their field and are more than capable of fulfilling the expectations of the short-term role. Hitting the ground running means that they require much less attention or direction when it comes to on-boarding and integration. They are used to achieving deadlines, delivering projects and operating successfully within many different business cultures and with different personality types.



No upfront recruitment fees:

There is no fee to pay your recruitment partner up-front, unlike with a permanent or fixed-term hire. Instead, you pay the agreed day rate on a 'pay as you go' basis, which can help to control your budget across the assignment.

Which option is right for you?

It's hard to speak in general terms as each case is so different. Generally, interim professionals are taken on for large-scale change transformation projects, business process optimisation or where highly-valued skills aren't available in the permanent or fixed term marketplace. Their specialised skills and varied experience mean that they can provide a fresh perspective and quickly deliver a measurable ROI. Fixed-term contracts are typically offered for roles at a less senior or specialised level, where a set period of absence is expected i.e. to cover maternity or extended sickness.

In summary, when deciding between fixed-term contracts and day rate contracts, employers should carefully consider their specific needs, what's happening in their sector, and the type of role they are trying to fill. While fixed-term contracts can provide stability and compliance it is very difficult to attract top talent. Day rate interim management contracts offer much more flexibility and therefore cost control. There is also a wider talent pool and array of technical skills that can be mobilised quickly. Striking the right balance between all these factors is crucial for making the right hiring decisions and achieving business objectives.

