

BOARD

KEY INSIGHTS FOR BUSINESS LEADERS

Self-Drive Workers

A Business Concept Review

Updated February 2014 with ONS January figures -
Important reading: Self Drive Worker sector grows at
faster pace than Full Time Employment Sector

October 2013



Devised & produced by

russam gms

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Preface to the October 2013 Report - followed by the February 2014 update

The Office of National Statistics (ONS) tell us that there are 29.7m people in the working population in the UK. If you look closely you'll see that only 53% are full time employees on a payroll, the other 47% aren't.

The workers in this area of the UK economy need, either wholly or in part, to find their own work, their own "clients" - their own things to do - with their infinitely variable and often uncertain levels of reward. This part of the UK labour market - about half and, we submit, rising - is not recognised, not understood and certainly not supported. It has immense implications for the future economic prospects, even viability, of the UK and also for those senior business people opting for this working lifestyle.

Let's call them...

Self-Drive Workers

Charles Russam, Chairman, Russam GMS Ltd, the longest established Interim Management Provider in the UK, offers a new and different perspective on the current UK labour market and assesses what it might mean, particularly for those individuals who may now best be described as Self-Drive Workers. He also assesses its implications on a wider front.

"Smile at us, pay us, pass us; but do not quite forget, for we are the people of England that never have spoken yet..."

G.K. CHESTERTON

Updated Figures at February 2014 and Commentary

Against the triumphalist rhetoric from Government about employment levels going up and unemployment going down, an equally as truthful - but equally as important - interpretation of the ONS figures announced in late January 2014 says something strikingly different.

If you separate out purely full time employees on a payroll from everyone else - who we call "Self Drive Workers" - and compare them with the same ONS figures at 31.3.13, what has happened is that the percentage of the total UK working population represented by purely full time workers on a payroll has actually gone down from 53.7% to 53.3% and the percentage of the total UK working population represented by "Self Drive Workers" has actually gone up from 46.5% to 46.7%

So what, you might say. Read on.

If you would categorise yourself as a "Self Drive Worker" and wish you were a pure full time employee on someone's payroll - forget it!

You are actually in the vanguard of the UK's total working population of 30m. This, we claim, is the line of travel. If it's not working for you, it's down to you to do something about it. It is possible! All you have to do is to find out how to do it and then do it.

Analysis of the ONS figures

	Nov-13	Not F/T Employed	Mar-13	Not F/T Employed
Employees F/T	18830		18565	
Incl. total Workers with 2nd Job		1176		1098
Incl. Temps		1591		1617
Employees P/T	6707	6707	6715	6715
Self Employed F/T	3139	3139	3022	3022
Self Employed P/T	1217	1217	1155	1155
Unpaid/Family	110	110	105	105
Govt. Support	148	148	147	147
Total Working Population	30150	12912	29709	12761
		14088		13859
		46.70%		46.50%

NOTE: If you want to check the percentage figures for total UK working population represented by purely full time workers on a payroll of 53.7% (Mar 2013) and 53.3% (Nov 2013) start with the F/T Employees figures above - deduct the figures for workers with second jobs and Temps - and express as a percentage of the total UK working population.

This is the Press Release issued by Russam GMS on 28.1.14

Latest Employment Figures tell a different story - exciting times for UK Entrepreneurs

24 January 2014 - According to Charles Russam, Chairman of Russam GMS, a leading UK interim management provider, the latest

employment figures from the Office of National Statistics (ONS) (September-November 2013) not only reveal a record-breaking rise in full time employment, but- very significantly - a bigger rise in those members of the UK work force who are NOT full time on someone's payroll.

“It’s time to wake up to the realities of what has changed and is continuing to change in the UK’s increasingly flexible employment market”, says Russam. “These latest ONS figures show that the number of UK workers who are not full time on someone’s payroll is increasing at a faster rate than full time payroll workers and now represents very nearly 47% of the total UK workforce of 30 million.”

Russam calls these people “Self Drive Workers” – because they are mainly dependent on themselves for their livelihoods – whatever that turns out to be – which, probably too often, is not enough – which is a different challenge.

“Government talks about jobs. They should really be talking about work,” Russam claims – and submits his calculations for all to see. “Assessing the detail is vital in understanding the significance of the change that is happening. Clearly in a mature and civilised economy, Government should help those who can’t help themselves but what the others want and need are level playing fields and to be left alone to get on with it”.

Self Drive Workers now constitute 46.7% of the entire UK working population – an increase of 1.7% since the last ONS figures were published. Out of 30.15 million workers, Russam includes all those not engaged in full time employment – the 4.1 million self-employed – full and part time, 1.6 million temporary workers, 6.7 million part time workers, 1 million unpaid workers engaged in apprenticeships or work

schemes, the 1.5 million people who currently work as unpaid carers and 1.1m workers with second jobs.

Russam says, “These latest figures reveal a growing band of self-drive, independent workers – many of whom are entrepreneurs. I am not certain that government is conscious of the true number of people in Britain turning their backs on traditional employment to work in a more flexible and independent way.”

“The ONS figures don’t tell the full story, there are more shade of grey than its statistics suggest. New patterns are emerging including more people with second jobs, zero hours workers, greater numbers of contractors and interim managers, independents teaming up with others and individuals trading through a myriad of business formats. At the top end, of course – and which should not be seen as typical of this Self Drive Worker Market – you also have the likes of BBC’s Jeremy Paxman and Emily Maitlis – reported recently as examples of high profile workers who are not on the payroll, but may be forced to be soon by their employer.”

“The ONS figures don’t tell the full story, there are more shade of grey than its statistics suggest.”

Jason Atkinson, Managing Director, Russam Interim says, "We have noted a strong rise in the number of people coming into interim management over the past few years and according to our latest Snap Shot Survey figures, companies are willing to pay handsomely for specialists - typical of an economy moving into better times. Daily rates are at an understandable high because there is a renewed war for talent going on, with a skills crunch at senior levels in many sectors including financial services, manufacturing and engineering."

Atkinson adds that government, financial institutions and the business community all have a role to play in adapting to and getting best value out of this new and growing workforce.

Russam GMS and Modwenna Rees-Mogg's Angel News are holding their second Great British Workforce Revolution Conference in London on 28.5.14. Details will be available on the Workforce Revolution website soon. www.WorkforceRevolution.co.uk

NOTES to Editor

Case Studies available

Examples of key areas where "self-drive workers" need support:

- Employment legislation - Over the last few years this has been mostly driven by the EU, who have always seemed keen to provide high levels of legal protection, control and taxation. The UK Government has gold-plated many of the measures introduced from Brussels, but should review these in light of the growing

number of independent workers to see if they are fit for purpose

- Tax legislation - HMRC need to address the tax issues facing independents and ensure a level playing fields for those both on and off the payroll, including looking at areas such as childcare costs that are not tax deductible
- Mortgages - banks/building societies should be more flexible as many independents are penalised by this status and many need to produce three years of audited accounts. In many cases, the recession has created volatility in income patterns and different ways of assessing credit-worthiness need to be devised. The risk difference between an independent with varying earnings and a payrolled executive who could lose his/her job is virtually nil.
- Pensions - pensions are often a challenge for Independents and many don't have one. Some will have transferred their former company scheme into a SIPP or similar and will pay into it varying amounts as an Independent, obtaining good tax advantages particularly where they are earning well and do not need all their earnings for everyday purposes.

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About Russam GMS Ltd:

Russam GMS is the longest established mainstream provider of Interim Managers in the UK with a 30 year industry track record and has been voted 'Best Interim Recruitment Agency' in recent years.

The company is a search-driven consultancy supported by substantial in-house databases, which reflect the most comprehensive working range of contacts within the UK Interim Management industry. Russam Interim provides Interim Managers across a wide range of disciplines at Board or near Board level across virtually all business sectors including financial services, manufacturing, central and local government, financial services, aerospace and defence, healthcare, universities, charity and not for profit sectors and the private equity and venture capital sectors. Russam GMS views the

Interim Management Market more holistically and entrepreneurially than its competitors.

It runs a unique Associates Programme for Interims which includes career advice, job news, events, training and its IND~EX Weekly newsletter to around 12,000 registered Interim Managers.

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1. Introduction

This Business Concept Review looks generally at this whole 47% area but specifically at individuals operating as professionals on an independent basis at a senior level.

It is sometimes a bit difficult to decide where the line between senior and less senior individuals might best be drawn - the ONS statistics make no distinction. In practical terms however, and as an example, in the Oil and Gas sector, the major proportion of those working on oil rigs are contractors working through their own limited companies and (mostly) through an Employment Agency. It is easy to assume that people like this are not covered by this Concept Review even though many of them will be earning considerably more than those working as independents in the better known professional disciplines - such as lawyers and accountants.

Probably the differentiator here lies in the fact that offshore oil and gas businesses have always used contractors because it was the obvious thing to do at the outset and there's never been any reason to change. The same applies to IT contractors.

It looks like about half the working population in the UK are not on anyone's full-time payroll. It is also likely to be that this figure is increasing and will continue to increase - notwithstanding that the Government would say that improving economic conditions and the business environment will result in more

people going back onto full time employee status on a payroll. It is contended that this will happen to a certain extent but the dominating trend of the Self-Drive Worker will continue. Let's reserve judgement on this one and see what happens.

Research material is fragmented and, in many cases, incomplete or non-existent or possibly wrong and much will have elements of bias that distort the pictures presented, particularly outside the niche that it reports on. This current situation prevents the formulation of comprehensive views and information which, in turn, inhibits the development of meaningful policies, affecting all aspects of workplace and social practice and national/international legislation. If this could be understood better more effective economic and social policies could be developed. If this could be co-ordinated seriously effective lobbying would take place.

ONS statistics since March 2013 have shown improvements in employment levels and for those described by this paper as "Self-Drive Workers" - possibly indicating that improvements in economic activity will benefit all areas where people work and not simply shift off-payroll workers onto payrolls.

2. Who are these people?

- These people are variously known as Interim Managers, Freelancers, Contractors, Temps, Consultants, Management Consultants, Semi-retired people, Portfolio Workers, Off-payroll workers, etc. Additionally, and importantly, there are many individuals operating on an independent basis, being entrepreneurs chasing their ideas and not currently earning much, if anything.
- Those described as “Economically Inactive People” are not included in the Working Population figures of 29.7m - the assumption being that all of them do no work at all. However, it is recognised that some do remunerated work from time to time and also some do unremunerated work particularly with charities and some will do undeclared work.
- Many individuals operate independently in this way but don’t recognise any label to describe what they do.
- There are many senior people, often those who have left a major senior post, probably ahead of normal retirement age, who work occasionally or who may have retained a piece of their former work activity for reasons other than financial. For example, many Non-Executive Directors have just one appointment and don’t do anything else. These people are part of the 47%, although not counted in.
- There are many individuals who operate, in practical terms, in an identical fashion and who ought to be included in this 47% but are not. They will be on a payroll, either as full time or part time (and subject to current employment legislation) but their earnings will have been variable, sometimes all or nearly all being results based. At times during the recession, they will have been earning reduced amounts and, sometimes, nothing at all.
- During the recession many employers have varied their contractual obligations with employees to reduce cost without redundancy. These people will show up on ONS statistics as being permanent employees on a payroll - and, maybe, part-time. These will have, over the past few years, accounted for much of the reason why national GDP has gone down whilst employment levels have not.
- Parts of this - and which has received much recent media comment - are those on zero hours arrangements in that their remuneration will be results based. All are, technically, employees and subject to current employment legislation - which is a fairly useless construct if you never actually do any work. Most of these workers are not working at senior levels. Nothing wrong with this practice.

- Independents operate variously as sole traders, partnerships, LLPs or through limited companies -usually as individuals or sometimes through groups.
- Unemployed people are not included in the ONS Working Population figure of 29.7m as they are not working! The Government will assume that when they stop being unemployed, they will become employed on a payroll. Not necessarily! They may well fall into the 47% category - and many surely will.
- Many “Portfolio Workers”, who are also part of the 47%, are senior people with, invariably, complex earnings and tax structures - such as TV personalities, many professional sports people, etc. Under this heading, will be those referred to by the ONS as having more than one job - measured by the ONS but likely to be only part of the story...
- ...part of the story will be those working on the black market for undeclared cash and/ or for barter arrangements, although most of these will not be at senior professional levels.
- The trend towards businesses outsourcing many of their internal functions will continue but at a slower pace as the bulk of this change process has already occurred. This has resulted in many groups of full time payroll staff being transferred to other organisations under TUPE. This very probably has no impact on statistics except in so far as the transferee company may use a different mix of perm/ non-perm/ full time/ part time staff.

Please also see the notes on Appendix 1 - “Understanding the Numbers”.



3. What do they do?

Virtually all professional and industry sectors and bodies covering Public Sector, Private Sector and the Third Sector (Charities, Not-for-Profits and NBPBs (Non Departmental Public Bodies)) in the UK have a section of their membership for “Independents”.

These range from their entire membership, in some cases, to just a small part - including some organisations that don't recognise the “Independent “ concept but who, in many cases, can find these “Independent” “Consultants” if and when asked to do so.

To verify this and find out more have a look at www.taforum.co.uk which is the Association for Associations. Assess how many Associations do this.

We acknowledge that gathering data to understand fully this broad area is a complex process because there are so many areas where Independents operate. However, what we know most about and the primary target for present purposes is the community of Interim Managers in the UK. Current research, conducted primarily by Russam GMS, the Institute of Interim Management (IIM) and the Interim Management Association (IMA), shows the following selected statistics:-

(Note that the IIM sample which is larger than the Russam GMS sample has a greater number of one-level-below Director Level Interims.)

- About a quarter are female. There is no

discernible difference between the daily rates commanded by men and women. If there does seem to be a difference this is invariably due to working in different sectors and/or different professional disciplines. Our own research suggests that this gender imbalance is mostly about lifestyle preferences. We find no evidence of discrimination or even bias, except some occasional anecdotal bias in favour of women.

- The average age is 50 for women and 56 for men. This gives an overall average of 55. There is a broad spread of ages on both sides, but interim managers, reflecting their seniority and experience, are usually expected to be in their 40s and lose interest when they are in their 60s or are competed out. However, there is evidence that interims are seeking to extend their working lives, particularly those who might have taken early retirement or who have been made redundant. The IIM figures show about 70% are aged 30 to 50 and 30% over 50. Interims aged less than 30 are not generally seen as possessing the necessary

experience, particularly at Director Level, required in the Interim Management sector.

- The daily rate is now around £625 with a broad spread higher and lower than this average. It is not unusual for senior director level interims to be charging £1000-2000 per day. Conversely, in the Not-for-Profit sector, the average daily rate will be significantly less than £625 due to the nature of the work and historical precedent in this sector - which is now changing quite significantly.
- It is thought about 60% of active interims are in the South East and London area with the balance being spread around the country and reflecting population densities. Interims do, by the nature of their work and the current economic climate, travel distances to assignments. Mostly, they are happy to do so, but long distance commuting can be taxing on domestic arrangements and personal relationships etc. Very few clients are concerned about interims having to stay in hotels, as long as this does not impinge too much on cost and the commitment to the assignment. The relative importance of travelling etc. cost is, of course, less at higher daily fee rates.
- Looking at the size of businesses in which interims work. Current statistics come primarily from the IIM, whose survey responses, to some extent, came from interims registered with Russam GMS.

Percentage of total interims	Number of employees in company
19%	Over 10K
40%	1K-10K
29%	101-1K
10%	11-100
2%	1-10

Obviously, a business needs to be of a certain size to be able to afford an average of £625 per working day. It is thought that these statistics do not fully reflect the number of self-employed business professionals who support more than one corporate client at the same time. This portfolio lifestyle is anecdotally on the increase and enables small businesses to afford one or more days of high-level expertise. There are some Government schemes that support this process. Our sense is that SMEs have varying business relationships with external, independent professionals. We don't see this reflected in the above figures. This is particularly relevant in the case of finance director work, HR support and, very often, senior independents operating as mentors or strategic advisors reporting directly to the CEO of family owned/owner managed businesses.

- The interim work (from IIM) is currently spread over private sector (70%) public sector (30%) and Not-for Profit (5 %.). These figures relate only to those

interim managers responding to this particular survey and may exclude interim managers or similar professional people styling themselves with different titles (Management Consultant, IT contractor, Freelancer, etc.) or in many cases working through an established management consultancy or outsourcing organisation. In 2008, before the recession started, about 51% of Russam GMS business was public sector. This reduced in the light of public sector redundancies and also a change in operating philosophy with the allocation of public sector framework contracts. Both the research from Russam GMS and the IIM shows the following analysis of interim managers spread over professional disciplines as follows:

Professional discipline	Percentage
CEOs/General Management	19%
Finance	16%
HR	16%
Marketing/Comms/Sales	12%
Operations	10%
IT	10%
Supply Chain	9%
Other	8%
Total	100%

- Whilst 27% of interim managers style themselves as such an equivalent percentage refer to themselves as "interim executives". 18% call themselves 'consultants' of "independent consultants" and 15% call themselves an 'interim consultant'. A proportion call themselves

'project/programme directors/managers'.

Some will not have responded to the interim management surveys as they see themselves as project managers outside the scope of interim management which, historically, it might have been, but certainly will not be from now on.

Sector	Percentage
Banking Financial & Insurance	9%
Construction & Property	3%
Engineering & Manufacturing	11%
FMCG	3%
IT (Hardware/Software/Training & Services)	5%
Leisure Entertainment & Hospitality	2%
Not for Profit/Charities	8%

Note:

The figures above relate to the Interim Management sector. You will see in the next section of this review a number of other professional bodies, under whose auspices, senior independents operate. You will also read that there are many more similar bodies with independents in membership and all with similar stories to tell but all, maybe, with varying statistics.

4. Where are they?

Mostly they are everywhere. Mostly they reflect population densities. Mostly they are registered with a number of providers/agencies.

With Interim Managers, research shows that approximately 40% of their work comes through these providers/agencies with the balance of work being resourced directly from end-user clients through their own marketing efforts.

They can also be found on the websites of trade/ professional associations, including:-

- Association of Chartered Certified Accountants (ACCA)
- Association of chartered Management Accountants (ACMA)
- Association of Project Managers (APM)
- Business Schools' Alumni
- Chartered Institute of Logistics and Transport
- Chartered Institute of Marketing
- Chartered Institute of Personnel & Development (CIPD)
- Chartered Management Institute (CMI)
- Project Management Institute (PMI)
- Institute of Chartered Accountants (ICAEW)
- Institute of Interim Managers (IIM)
- Interim Management Association (IMA)
- Institute for Turnaround
- Institute of Consulting
- Job Boards
- LinkedIn
- Professional Contractors Group (PCG)
- Turnaround Management Association

This list is incomplete. Many other Trade and Professional Associations in the UK maintain registers of independent consultants and/or small firms offering their services.

See www.taforum.co.uk

5. What are the implications – for Government and for Individuals?

Whilst the future of any country as a business and a trading nation is dependent on the broadest range of factors a major dependence on people clearly lies at the heart, particularly in a mature democracy.

This Paper seeks to identify the main implications of this in the UK context. No doubt others will have their own thoughts and ideas.

5.1 This is what we ask of Government...

Recognise the real and changing composition of the UK labour force - and the line of travel. The shift from full-time payroll working will continue, very possibly to the extent that full-time payroll working will become less in volume than other forms of working. This offers immediacy to employers and lifestyle choices to those working independently.

- Recognise that this is not aligned to current EU thinking, policy making and legislation - all aimed at getting all workers onto payrolls, fully protected and fully taxed - which also includes taxing their employers.
- Create research programmes to fully understand the extent, significance and potential of independent working.
- With this information, set about disseminating, on a continuous basis, information helpful to those senior people who could become independent workers. This activity would be similar to current schemes aimed at getting people back into permanent work - except at more senior levels. There is a big, unrecognised gap here.
- The growing body of "Self-Drive" Workers is where real and extensive creativity resides. This is mainly around technology in software, IT, healthcare, music and some pharma.
- Stop talking about jobs - and start talking about work.
- Whilst not arguing against full-time payroll working, Government should support in practical terms the growth of independent working - the payback would be partly savings for the public purse but would be reflected in greater economic activity, entrepreneurialism and the amazing boost in morale at being busy - and, ideally, appreciated.

- To a significant extent, here is a shameful waste of valuable resource - in talented senior managers available for work which they can't find or does not exist.
- Employment legislation, which has been very active over the past few years ought to become less relevant as the number of permanent workers directly affected will continue to reduce. Employment legislation has been mostly driven by the EU, who have always seemed keen to provide high levels of legal protection, control and taxation. The UK Government has gold-plated many of the measures introduced from Brussels and also sought to include various categories of Independents within its scope. The UK Government should review the extent to which this exists and amend where now seen as necessary.
- Review tax legislation as affecting independent workers. Most independent workers think that HMRC regard all independents as tax dodgers. Some, of course, are. Others get a raw deal. However, from HMRC's point of view, this is a difficult area, taking up more of their time than the tax receipts justify. Independents, in reality, don't ask to pay less tax than is fairly due, they just want a level playing field, certainty around tax due and less attention paid to them by HMRC. Childcare costs not being tax deductible is a common complaint.
- Many independents have difficulty getting mortgages due to their independent status

and the need to produce three years (audited?) accounts. In many cases, the recession has severely reduced incomes and different ways of assessing credit-worthiness need to be devised. The risk difference between an independent with varying earnings and a payrolled executive who loses his/her job is probably around nil.

- Pensions are often a challenge for independents. in that many don't have one. Some will have transferred their former company scheme into a SIPP or similar and will pay into it varying amounts as an independent, obtaining good tax advantages particularly where they are earning well and do not need all their earnings for everyday purposes. It is difficult to identify actions to remedy difficulties here - except to keep on working - which is what is happening - insofar as they can find the work.

Historical Context

Before the Industrial Revolution, most workers operated independently or in small groups, sometimes ad-hoc and sometimes with various levels of organisation supporting them. Agriculture was a dominant user of labour. Finding work was virtually always difficult. The Industrial Revolution brought the need for organised, structured, trained and disciplined labour. This has continued up to the current time - except with manufacturing now down to 10% of GDP - demand is very much less - and will continue to become less. We are now into the Workforce Revolution. A growing number

of people - particularly senior people - are finding themselves back in the pre-Industrial Revolution challenges of having to find work for themselves. These are not jobs. This is work.

5.2 For those Individuals coming within scope

- All senior employed people should prepare themselves for work after the payroll. They should treat this prospect not as inevitable (which it is) but as something to look forward to and something that they could embark on before being “pushed”. We are

beginning to live in an age where individuals are in charge of their own fortunes and not subject to corporate whim.

- In-house company training should continue the trend of focusing on what is good for the individual (and their personal skill-sets) rather than what is good for the company (what is good for the company is mostly a result of individuals becoming more skilled, more knowledgeable and more enthusiastic.)
- Read Appendix 3 - carefully.

6. About the Great British Workforce Revolution

This is a collaborative initiative between Charles Russam of www.russam-gms.co.uk and Modwenna Rees-Mogg of www.AngelNews.co.uk and www.Pitching4Management.com

The aim is to create serious exposure to the area of the UK economy where senior and talented business professionals operate as individuals, driven by varying degrees of entrepreneurial ambition and instincts.

We see this as fundamental to the future of the UK economy.

Russam GMS Ltd is the longest established mainstream Interim Management provider in the UK, and are credited by many informed observers with having “invented” the Interim Management Market in the UK. We are recognised for our continuously innovative and thought-leadership approach. We view the Interim Management market more holistically and entrepreneurially than our competitors. We provide Interim Managers across a wide range of disciplines at Board or near Board level across virtually all business sectors. We introduce non-executive directors - particularly at SME levels - and also as Mentors and Coaches to SMEs. Our mission is to be the outstanding Interim Management Provider in our markets and we have been voted ‘Best Interim Recruitment Agency’ two years running. We are a search-driven consultancy supported by

substantial databases, which reflect the most comprehensive working range of contacts within the UK Interim Management industry. We are reliable, innovative, open and thorough. Our Chairman, Charles Russam co-founded the Interim Management Association (IMA) 25 years ago, and today our Managing Director, Jason Atkinson, is its current Chairman.

Please contact Charles Russam or Jason Atkinson or Ian Joseph at Russam GMS Ltd - +44 (0)1582 666970. 48 High Street North, Dunstable, Bedfordshire. UK. LU6 1LA. www.russam-gms.co.uk

AngelNews is the leading European news service for the investment market, especially for business angels, investors and the companies they back. We report news through our website on over 1,800 fast growing businesses, and every day we break exciting news about the great companies of tomorrow. As well as reporting news on fast growing businesses, we help companies looking for funding to advertise their investment opportunities to our network of investors, business angels and venture capitalists.

Pitching for Management is a series of over 50 pop-up events across the UK where innovative exciting companies pitch their businesses to an audience of experienced, talented business professionals that are looking for a new challenge and thrive on the buzz of working within entrepreneurial companies.

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“Russam GMS Ltd is the longest established mainstream Interim Management provider in the UK”



Appendix 1 - Understanding the Numbers

The Office for National Statistics states there are 29.7 million in the working population in the UK (figures as at end March 2013 - now 29.8 at the end of August).

But our assessment is that only 53% are full-time employees on a payroll - leaving 47% doing something else - but certainly NOT full time on a payroll - a broad mix of individuals with most being primarily and personally responsible for creating their own income.

Full-time employees @ 31.3.13		Not Full-time Employees with an Employer.
Employees working FT	18565	1617 (Temps)
Employees working PT	6715	6715
Self-Employed FT	3022	3022
Self-Employed PT	1155	1155
Unpaid Family Workers	105	105
Government Support/Training	147	147
	29709	12761 = 42.9%
Total workers with 2nd job		1098
		13859 = 46.6%

Figures sourced from the Office of National Statistics - EMP01 (As at 31.3.13)

Here are two external views on how these ONS figures are interpreted in this paper.

"Charles, I think I can help. It's 46% of those working are not in full time or perm employment. i.e. 8million part time; 4.5million freelance, self-employed, interim; 1.5 million temps = 14 million of 29.7million in work. I hope that helps." Kevin Green, Chief Executive, Recruitment and Employment Confederation

“Charles Your figures are correct if you make it clear that the 46.6% figure refers to people who don't work full-time on a permanent contract for one employer. The headline reference to 'not full-time employees' is not strictly correct. Perhaps instead of the current wording you might say: “The UK workplace is undergoing a quiet revolution. Almost half of all people in work today are not employed full-time on a permanent contract for a single employer. What was once the universal norm at work is being eroded by a trend toward employees working either part-time or on a temporary contract, in some cases for more than one employer, and people working as self-employed freelancers. If the trend continues a majority of people will soon be working in this 'flexible' way.” John Philpott - The Jobs Economist, 18/6/2013

*“The UK
workforce is
undergoing a
quiet revolution.”*



Appendix 2 – Comments from John Philpott

Leading UK Economist, John Philpott, has 30 years' experience, specialising in labour market analysis, employment trends, HRM and related public policy issues.

He is a well-known media commentator and regular platform speaker. Before setting up his own specialist Practice, John was Chief Economic Adviser at the CIPD for eleven years and before that was Director of the Employment Policy Institute

Workers not on the full-time payroll - how big, how willing, how flexible, and how innovative is this section of the UK workforce?

Most of us know that people's working patterns have changed in recent years. Popular culture may still talk of the '9 to 5', Monday to Friday job with an employer on a permanent employee contract but relatively fewer people nowadays work this way. More people instead work part-time for employers, often on temporary assignments, while the number of self-employed is on a sharp upward curve.

As the above estimate by Russam GMS Ltd shows, the work status of almost half the people employed in the UK today (around 14 million, roughly 47% of those in work - NB ONS says 4.2 million self-employed, Russam says 4.4 million) means they together form

part of what is sometimes called 'the flexible workforce'. The percentage of these flexible workers in total employment is some 5 percentage points higher than in 1992 - the first year for which consistent comparable data are available from the Office for National Statistics - suggesting a long term trend toward flexible working. However, while acknowledging the importance of this for UK plc. - not to mention what it means for workforce management and people's experience of work, it's also necessary not to exaggerate the significance of the trend.

Firstly, a distinction needs to be made between people's desire to work flexibility and their necessity to do so. Around 1 in 5 of the UK's 8 million part-time workers would prefer a full-time job. The same goes for 2 in 5 of our 1.6 million temporary employees who want permanent positions. The number of these 'reluctant' members of the flexible workforce has increased since the start of the economic crisis in 2008, which suggests that the rate of growth in the proportion of people working flexibility might slow somewhat once the economy picks up.

Secondly, assuming, as is likely, that the trend toward part-time and temporary working will continue, albeit probably at a slower rate, care should be taken in interpreting just how flexible these types of work are. For example, most part-time employees are employed on permanent contracts and in law must be treated as favourably as comparable full-timers on a pro-rata basis. Although different regular part-timers can be used at different times of the day or week to operate flexible shift systems etc., they aren't therefore necessarily (as sometimes perceived) a cheap or easily disposable form of labour that employers can hire and fire at will. Indeed, in this sense part-timers and temps are no more flexible a form of labour than employees ostensibly employed on permanent or full-time contracts but engaged on a 'zero guaranteed hours' basis.

Thirdly, official statistics don't capture how many people currently going it alone as self-employed are genuine budding entrepreneurs as opposed to being 'reluctant self-starters' unable to be hired into jobs by employers.

But in any case we shouldn't think of all the self-employed as being emblematic of a source of innovation in the economy. More than 1 in 4 of the UK's 4.2 million self-employed are skilled trades people ('white van man'), with a similar proportion undertaking work involving little or no skill, the latter group amongst the fastest growing segment during the recession. The truly innovative self-employed are thus likely to comprise less than half the total in this employment category, though this sub-set will include many of the 0.6 million self-employed managers, directors and senior officials colloquially described as interims or freelancers. However, employment statistics can't tell us if the latter are any more or less innovative than the majority of managers, directors and senior officials who are employees rather than self-employed.

**John Philpott, The Jobs Economist,
18/6/2013**

Appendix 3 - How do independents find their work?

Independents are small, niche professional services practices. The process of running and building a successful business and getting new work is no different in principle than any other professional services business.

We reproduce, here, the text that has stood on the Russam GMS website virtually unaltered for over twenty years and has received many plaudits, particularly from those who have appreciated its over-simplification and avoided its patronising approach.

The SSB Model from Russam GMS

The problem with becoming an Interim Manager is that it is very difficult to find out exactly how to make it work well at the outset. **The reality is that it is a volume sales process and a quality one. An Interim Manager is not an individual. An Interim Manager is a business - a small business - a serious small business.**

In developing yourself as a **Serious Small Business**, we would suggest to you that the answers lie in:-

- Defining your 'product'
- Getting the work
- Being good at what you do

The narrower and more focussed your 'product', the easier it is to sell and the easier it is to identify your target market - those organisations (and the executives within those organisations) who are most likely to want to buy your 'product'.

Your own Serious Small Business, like any business, needs to have all the functions and levels of activity necessary to succeed:-

- Business planning & Strategy
- Marketing
- Selling

- Accounting and Financial and Personal Financial Management
- IT
- HR & legislation
- Operations

Here is some market information:-

Between 40% and 50% of all Interims get their assignments through IM providers ...and about a half of all Interim Managers are on assignment at any one time.

Volumes

No one really knows but we think our Snapshot Market Research reports are the best available. The IMA also publishes some valuable Research as does the Institute of Interim Management and some of our competitors. In assessing any of this material you need to be aware of the composition of the base material upon which the research is based. We think the market - as we define it - is worth around £1bn and may be a bit more. But the overall market where senior people work on an independent basis in other sectors and in different contexts is worth considerably more. And it is growing.

How many Interims are there?

Not known, but many estimated at around 25k but there must be many more similar professionals doing the same thing but defined differently and many others on the margins including many not known to Providers.

About 12k are registered with Russam GMS. It depends on how you define and Interim Manager. Do you include IT Contractors, for example?

How many serious IM Providers are there?

Probably about 40 and mostly members of IMA. New Providers come and some go and many other professional organisations - primarily search and selection firms - operate opportunistically. Not to be ignored - but not worth as much time as more serious players.

Trends

The sector is growing. Today's drivers are the beginnings of critical mass, good people coming into the market and lifestyle issues. Clients attracted by its immediacy and flexibility will keep coming back.

Earnings

Some hardening but nationally probably about £25 either side of £650 but it does vary considerably between professional disciplines and regions. See the Russam GMS Snapshot Surveys.

The economy

Who knows? The experts don't! Whilst the self-employed sector and concepts for flexible resourcing continue to grow downturns in the economy usually also mean downturns in Interim Management volumes except at the beginning and at the end. Oversupply in professional services is a growing problem, we think.

The recruitment market

The market varies from year to year. Whilst government spending and consumer demand and employment levels remain high the permanent recruitment market will be ok and where public spending reduces, recruitment volumes will also fall. However, the impacts are invariably patchy, both geographically and within sectors. The IM market will follow this. Demand varies between regions, industry sectors and professional disciplines. Hot topics come and go.

What are the threats?

Employment and Agency legislation, The EU, the Economy, Ourselves.

As for Sales, Networking works best

...but what you also need is something you can really get your teeth into! This step is to identify 500 (Why not?) targets, feed them into a database (or, preferably, a good CRM system) and write to them in batches of 50 per day, following them ALL up within five working days of despatch. Send your CV (see our CV Guidelines link on the left of this page) and a well-phrased letter. What you want is a meeting but what you'll get will nearly always be something different and mostly nothing. What you need to finish up with are continuously changing and updated stories written into your database of your 500 possible sales targets, including intermediaries.

You will accumulate information. Much of it,

you will be able to use at some time and in some way. You will gradually make contacts and build a practice. You will be continuously surprised at where work comes from.

Of course the major change over the past decade has been the development of Social Media - particularly LinkedIn and Job Boards. All very important. What has not changed is the excess of supply over demand in professional services in the UK - although the quantum of the excess does change. Our view is that all this technical wizardry does not change the amount of work available in any material way but it does change who gets it.

None of this is easy...

... particularly for those with no sales or similar backgrounds - but the nearer you get to the ideal the more it will work for you. As an Interim Manager, you need to make the running. You need to be in control of your own working life. Those who say that this approach does not work - tell us what works better (and don't say networking because you ought to be doing that as well!). Adopt the attitude that if it is not working it is you who are not doing it properly (properly means quality and volume). You also need some luck.

Being in control means, we would suggest:-

- Constantly looking outwards for opportunities.
- Making new contacts all the time and exploring how mutual benefits might be created.

- Continuously learning new things about your own professional 'product', relearning things you know already and practising what you do know. (If you think you know enough, it's time to pack it in!).
- Regularly find out what people really think about you! Are you likeable? Do you look good? Do you listen? Are you really good at what you do? If you're barking up the wrong professional tree or clinging to the wrong professional wreckage, how would you find out? Do you need to change and can you change?
- Developing some support activities that you can work with during downtimes (E.g.: selling software, writing a book, articles, etc., lecturing, Charity work, M&A fringe work, etc.)
- Keeping a balance in your life. If running your own serious small business becomes an all-consuming obsession (particularly if you are not making enough money) and you have no time for anything else, your performance will deteriorate.

And finally, this is how Russam GMS might be able to help :-

- If you can identify business opportunities or looking for a business partner or to create a team or to fill out a management team, etc., let's see what our extensive network can come up with through the Russam Business Network. Similarly, if you want to sell or buy a business for yourself, a colleague or a client, try the RBN.



As a postscript and by way of indulgent irrelevance, here is an extended quote that offers some encouragement to Self-Drive Workers. It also makes the point that you need to look at where ideas come from to properly understand them - such as the expressions "movers and shakers".

*We are the music-makers,
And we are the dreamers of dreams,
Wandering by lone sea-breakers,
And sitting by desolate streams.
World-losers and world-forsakers,
Upon whom the pale moon gleams;
Yet we are the movers and shakers,
Of the world forever, it seems.*

*With wonderful deathless ditties
We build up the world's great cities,
And out of a fabulous story
We fashion an empire's glory:
One man with a dream, at pleasure,
Shall go forth and conquer a crown;
And three with a new song's measure
Can trample an empire down.*

*We, in the ages lying
In the buried past of the earth,
Built Nineveh with our sighing,
And Babel itself with our mirth;
And o'erthrew them with prophesying
To the old of the new world's worth;
For each age is a dream that is dying,
Or one that is coming to birth.*

Arthur William Edgar O'Shaughnessy, born on May 14th, 1844

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