



Perfectly Placed



Last year, the IIM invited Finatal to co-host a webinar alongside serial PE operator Bruce Rayner to discuss the roles of Interim Managers within Private Equity. Whilst the discussion covered a breadth of interim roles, there are some key takeaways for Interim CFOs in the PE market.



Understanding The Market



The Opportunity



Macro-economy



EQ



Delivery Focus



Knowing Your Strengths



Sector Expertise and Task-Specialism



The Interim CV and Engaging with ISPs

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## Understanding The Market

The very nature of Private Equity ownership dictates a certain operating style. The constraints of fund deployment and returning capital to investors establishes a requirement for pace and focus on delivery. The aim towards constant value maximisation necessitates priority-based decision-making and differently influences how businesses take action.

Time constraints put pressure on delivering a change agenda. Waiting on a perfect permanent hire can eat into a high proportion of the hold period and in turn impact the ability to drive change. This opens a wider discussion point but the critical information for Interim CFOs is that in a PE-backed business, there is an ownership-driven requirement to quickly leverage specialist skillsets to solve problems and create value. Indeed, some of these problems do not even require permanent solutions. They may just need short-term, high-impact resource.

There is also a cost-benefit to interim resource and an experienced interim should be live to this. Frequently the cost of an interim professional can be treated as an exception and therefore, won't hit the bottom line. Private Equity, with their keen eye on EBITDA, can leverage high-impact resource in a portfolio company without denting the very thing they seek to protect.

## The Opportunity

Private Equity owners, with their need to drive change and maximise value in their hold period, will typically over-index on experience - specifically successful experience in the given situation.

Interim CFOs, with long track-records of success across PE deal cycles, will typically position themselves as 'veterans' in their specific field.

Whilst highly selective hiring criteria may not be exclusive to interim hires, the marriage between the Interim market and Private Equity is abundantly clear.

Of course, the more successful experience of delivering for PE an interim might have, the more likely they are to continually win assignments within the space. Whilst a PE investor can never eliminate all risk for a situation or hire, they will normally seek to mitigate it where possible. A pressure-tested Interim CFO may well find themselves being called repeatedly into multiple portfolio companies of the same fund for this reason.

Despite the often short-term nature of interim roles, this should provide some comfort to those who wish to be continually deployed throughout the year.

## Macro-economy

There are plenty of arguments as to why Private Equity might have less exposure to broader market conditions. To avoid the PE vs Public Markets rabbit hole, we can leave this aside for the purpose of Interim hiring.

Typically, opportunities for Interim CFOs in Private Equity are less threatened by the macroeconomic cycle. We are frequently asked about the status of capital deployment and deal-flow in the market, edging towards the question of “Will I find work if there are less deals going through?”

In short, whilst new deals certainly create new opportunities, it is not the only catalyst for interim hiring. Portfolio companies that are mid-way through their investment cycle create a huge portion of interim assignments. Simply put, just because they are not right on either edge of a deal doesn't make a business immune to change. Remember, things rarely go perfectly in a PE cycle and very few requirements for an interim are predictable.

In the context of the current market, no matter your view on the fullness of the glass, flux forces change, change forces action and action may need an interim.



In a high-pressure change environment with flux and uncertainty, imperfect reporting and a constant demand for information, an interim CFO needs to remain laser-focused on delivery.

## EQ

There is a psychological aspect to working with Private Equity that can be make or break for successful assignments.

There is a degree of emotional intelligence required for being a CFO in PE that hinges on complex reporting lines. This is accentuated for an interim, who will need to establish the ‘correct’ positioning very, very quickly. Think of it like a tightrope walker, treading a thin line between both PE investor and management team. It is critical that they do not fall on either side, should they wish to successfully make it to the end. A tad dramatic perhaps, but a relevant point. A good Interim CFO should know how to balance.

A track-record in doing this can be well tested by references but every situation is likely to be a little different. An experienced interim should very quickly assess the relationship between PE and the management team and tread accordingly.

## Delivery Focus

In a high-pressure change environment with flux and uncertainty, imperfect reporting and a constant demand for information, an interim CFO needs to remain laser-focused on delivery. In all the chaos of a PE backed assignment, one of the greatest attributes an interim can bring to the table is the ability to see the wood for the trees. Remember that you are brought in to solve problems, not create more of them. PE are often aware of these problems in the first place, they just aren't looking to address all of them during their hold-period.

Those who can quickly identify value creation levers and act accordingly demonstrate short to medium term task-orientation that aligns perfectly with the PE mindset. Delivery is key.

## Knowing Your Strengths

Having a clear understanding of your strengths as an Interim CFO is hugely advantageous when positioning yourself for an assignment. It is exceptionally rare that situations demand perfection in every area and very few investors expect to see the 'full package' when they only need a specific problem addressed.

The best interims, in general, know exactly what they're good for and what they're not. They leverage their strengths for the assignments that need them and avoid those that don't. Experienced Interim CFOs often incorporate this in their 'pitch' and will be able to inspire investors with more confidence than those who try to position themselves as generalists.

Some self-awareness is important here, but a useful exercise would be to ask the question at the end of each assignment: "Where did I perform the strongest and where could I have performed better?" I'm often amazed by the trends that surface when referencing that weren't part of the interim's pitch.

The vast majority of Interim Managers are, by their own admission, sprinters not marathon runners. They are typically excellent at short-term project delivery but can 'outstay their welcome' beyond a certain time frame. Candidly, there is no problem with this. In fact, being able to admit this during a process can give confidence to the business that you're here to complete the job at pace, not hang around and collect your day rate.

## Sector Expertise and Task-Specialism

One of the most divisive topics in interim hiring is whether they need industry experience. There is no satisfactory answer to this, unfortunately. All assignments, hiring managers and problems are different enough for no rubric to exist.

A good Interim Provider Consultant will seek to open up a brief where possible and avoid the laziness of honing in on prior industry experience for the sake of making their job 'easier'.

This is best-practice regardless of the state of the market but is particularly important in a candidate-short environment when the client might be over-restricting themselves for an urgent requirement.

We will always challenge the 'need' for industry experience as a primary hurdle in an interim process. Clarity on the underlying issue will often reveal more detail than initially offered. In fact, very often the 'need' for industry experience is a disguise for a very specific background that might not be exclusive to that sector.

A prime example will be the 'need' for retail experience. On further inspection, the requirement spans to an understanding of multi-site businesses, which can include leisure and hospitality. Consequently, this will likely now discount those who are only familiar with ecommerce businesses. Suddenly the pool narrows and broadens at the same time, maximising the client's chance of finding a suitable interim resource for the situation.

The reality is that most assignments have a very specific task-orientation that may be completely irrelevant to the sector. An Interim CFO who has completed 10 refinancing's should have a much greater chance of winning a refinance-orientated role with a SaaS company than an Interim CFO who has tonnes of SaaS experience but never completed a refi.


Again, a good Interim Provider Consultant should delve into this before they take a role to their network. Our role must act in the interest of the client, helping to mitigate risk for an urgent hire, but we must also act in the interest of the candidate, avoiding time-wasting wherever possible.

I cannot speak for the entire ISP community, but I can promise that I can be as frustrated as any candidate when a brief is restrictive to the point where someone high-calibre cannot be considered on the basis of 'not ticking enough boxes'. However, when we have done our job properly, against the PE backdrop of pace, pressure, risk-mitigation, and over-indexing on experience, we have to be cautiously selective.




## The Interim CV and Engaging with ISPs


For any self-respecting Interim Provider Consultant, 'cautious selectivity' should never depend on a CV alone. An Interim CFO may well be documenting 25 years of experience and it is unreasonable to expect the CV to tell the whole story. CVs remain important, of course, but the way in which a consultant can and should position an Interim CFO to a client will always champion just the paper. Winning an assignment will probably depend on both so here are some rules to live by:




Focus on deliverables, value creation activities and problem-solving initiatives. Facts are not arrogance. I tend to preach the 'Who cares?' test to Interim CFOs pursuing opportunities in PE. If neither a PE investor nor Management Team will care about what you've written, I'll invite you to ask why it's on your CV. This can be a really brutal exercise, but it can really help to hone in on the very things you'll likely be hired for. Great interview prep too.



Know your numbers. If you are an Interim CFO, I would strongly (read: very strongly) advise that you include numbers on your CV and deeply familiarise yourself with them. I fully accept that confidentiality can play a part, but this shouldn't need explaining to an Interim who will take charge of a PE backed business' finances.



On the opposite hand, don't be afraid to show your experience. I don't like one-page CVs and I probably never will. If you have 15 successful interim assignments, I'd like to see them. They might not all be relevant to a new assignment, but a demonstrable track-record over many years is worth its weight in gold. No one wants to read the Magna Carta but, over 100s of successful interim placements in PE, I have NEVER had a candidate rejected because their CV was 5 pages.



Engaging with your ISP. The onus is on the consultant as much as it is on the interim here. Working together to find assignments shouldn't just kick off with a nice introductory chat. A consultant should really get into detail around all angles of an interims experience – a deep dive interview, for lack of a better term, in anticipation of any questions that a client might ask. Expect your CV to be scrutinised and your experience delved into before you are engaged on opportunities. You may find that some of the things that come up may help reshape your CV or, better yet, help win a new assignment.



Finatal are an exclusive provider to the Private Equity market and our consultants are highly experienced in placing Interim CFOs into a wide variety of situations. We only advertise 25% of our interim assignments and always approach our vetted network first. If you're an Interim CFO, either with prior experience working in PE or looking to get your first assignment in PE, please do not hesitate to reach out.

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