

Schumpeter

Talent on tap

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The fashion for hiring temps has reached the executive suite

Illustration by Brett Ryder



TEMPORARY work is all too familiar to the masses. Farmers have always relied on seasonal workers to plough the fields and pick the crops. Companies have been hiring temps to answer the phones and do the filing for as long as anyone can remember. Now a new group of people are experiencing the joys of the flexible economy: the managerial elite.

The practice of appointing interim bosses actually originated in Europe some years ago as a way of coping with the continent's rigid employment laws. But European companies were always as discreet about the practice as possible. Now the habit has reached the United States, and Americans are doing what they do naturally: shouting about it from the rooftops. No with-it company can be taken seriously without a "flexible boardroom" and a "just-in-time talent pipeline".

The past few years have seen the birth of several companies that hope to do for managers what Kelly Services (née Kelly Girls) and the like have done for secretaries. Call the Business Talent Group (BTG) in Los Angeles or Epoch in Boston, for example, and they will be able to offer you anything from a chief executive to a forensic accountant. If you have more specialised needs you can call Tatum (which specialises in financial executives) or the Nielsen Healthcare Group. The market for executive temps is so buoyant that even old warhorses of recruiting, such as Heidrick & Struggles, are sticking their noses into it.

The trend raises two obvious questions. Why would a company choose to hire a part-time boss? The boardroom is, after all, one place where you need a measure of continuity. And why would a high-flying manager accept a temporary job rather than holding out for a permanent one? Groucho Marx once quipped that he would never join a club that would have him as a member. The world of temporary managers is surely full of people who possess his exacting standards without his self-awareness.

Companies tend to employ temporary executives to cope with a crisis: the chief executive mucks things up or decamps to a rival, or the chief financial officer turns out to be innumerate. Traditional search firms can take six months or more to fill a sudden vacancy, not least because they only look at people who already have jobs. Temporary talent agencies can fill a gap in a couple of weeks. BTG provided the Carlyle Group, a private-equity firm, with a boss for a packaged-goods firm it owns when it needed one in a hurry. It has also provided chief financial officers at the drop of a hat for such tech firms as Internet REIT and Axcient.

Another common reason to take on managerial temps is to tackle a short-term problem without acquiring a long-term obligation to an expensive executive. Companies only go public once. So why hire a permanent chief executive when you can hire a temporary one who has a long track record of taking companies public? The time it takes to launch a new product is shrinking as fashions shift more quickly and product cycles get shorter. So why not bring in a group of temporary managers who will disappear as soon as the goods hit the shelves? When Fox Mobile wanted to develop new screen-savers and videos for its phones, for example, it hired a temporary creative director.

The new talent companies boast legions of people with MBAs from the best business schools and spells working in the best consultancies and banks. Some have no doubt been forced to take up the temping life after being downsized in the recession. Temping carries quite a stigma, judging by how few firms or executives admit they are resorting to it. But there are reasons to embrace the new regime, which allows senior managers to work part-time, in effect, and pick and choose the jobs that appeal. Firms such as Eden McCallum and Axiom Legal, which offer freelance consultants and lawyers for hire respectively, and which were both founded long before the recession, provide professionals with a respectable way to control when and how much they work. The growing demand for temporary executives simply extends the same opportunity to senior managers. Fleeting or lasting?

Are these new talent companies this generation's version of Manpower (which has grown from an eccentric start-up in 1948 to a global giant with more than 4,000 offices in 82 countries)? Or are they exploiting a passing fad which will fade when the economy recovers and high-flyers realise that safe jobs are preferable to sitting by the phone waiting for the talent agency to call?

Fans of the new fashion argue that temping is the wave of the future in all rich countries, as they evolve from what Peter Drucker called a "society of organisations" into a "society of networks". More than a quarter of all American workers now classify themselves as "free agents", and half of America's temps are professionals of one kind or another. Advocates of temping also argue that the traditional market for managers—and particularly for chief executives—is hopelessly inefficient. A growing number of companies have been hiring bosses on the open market. Yet nearly 20% of those bosses depart within 18 months. Temporary talent agencies can give their customers a chance to "try before they buy" as well as filling the job immediately. BTG reports that a quarter of the bosses that it has put in temporary jobs have been offered permanent positions.

There is no quarrelling with the fact that the market for chief executives is one of the oddest and least efficient around. But that is no reason to get carried away by this new management craze. The most successful companies, such as Procter & Gamble and General Electric, are more than just ever-shifting nexuses of contracts. They are self-replicating organisms that possess distinctive cultures and unique habits—cultures and habits that are preserved and perfected by a loyal cadre of managers. You can certainly buy lots of wonderful managerial skills on the open market. But true corporate greatness is home-grown.