

The Interview

Dermot Hill is a Director of Intramezzo, the executive talent solutions firm, which focuses on the venturing and investment market. Dermot has built his reputation as a 'thought leader' and is respected as being at the top of his game. Through Intramezzo he is delivering a very imaginative approach to the executive talent issue, particularly in the areas of building clusters of senior executive 'C' level (i.e. top) talent for immediate access.

We got to know Dermot at the end of the dotcom bust and have always admired his ability to apply his skills and experience to the entrepreneurial marketplace.

Q. So, getting straight down to it, why did you decide to work in the entrepreneurial market?

A. It was the excitement and challenge, reinforced by my own experience. I love being involved with cutting edge businesses and new business models, especially in the context of the Western economies which now have the challenge of preservation rather than global leadership.

Q. We know that you provide interim management solutions to some of the largest corporates in the world. Please tell us about the approach of some of these businesses to entrepreneurship.

A. What is common to all is that there is no common business model. This partly supports the early stage nature of this entrepreneurial / corporate venturing market.

A licensing model has been very successful for large corporates - HP achieving \$200m from a modest start in 2002 from licensing revenue and IBM achieved over \$1bn in licensing revenues within 2 years. Other organisations such as Unilever Ventures have a different model again and are seeing impressive multiples on their investments into ventures capitalising on their IP. What all these companies now recognise is that they need to continue to be able to react rapidly to market conditions and to opportunities. But they will typically pull in talent to execute, particularly to boost domain experience or to fill vital management gaps.

Q. What do you think entrepreneurs have to offer the corporate world?

A. There are three essential parts to any successful venture: talent, investment, and intellectual property. Entrepreneurs continue to demonstrate how good rates for return can be achieved - entrepreneurs are the risk takers that constantly redefine the capability for achievement. Their example to the corporate world can be extremely valuable where corporates are looking to gain a quantum in performance.

Q. What advice can you give entrepreneurs (and their investors) about building a team in a fast growing business?

A. Never be satisfied with the achievement. Always look to drive the business harder and faster to extended commercial goals. "Money follows people" - without the confidence and experience and the impact of good people ventures can be very hard to fund. So you need the team before you are likely to get the money.

Q. You are an expert networker. What can you tell us about the Power8?

A. Intramezzo's Power8 is a good example of putting together a cluster of talent focused on venturing and investment, a mini but high performance network, if you like. These executives are closely linked to Intramezzo and we meet regularly to exchange contacts and develop new ideas which can make businesses more successful.

In our business we say it is not "what you know but WHO you know". Intramezzo's immediate network involves access to some 6,000 executives - and well beyond the 10 hand picked executives in the Power8 cluster, through these we achieve remarkable feats like finding and presenting for appointment a list of key executives within 5 - 14 days.

We need to network. It is as much a skill for us as for every successful executive, so we have set up the Power8 as a more formalised networking group to help us and to help the members. *(Note from editor: we have attended a Power8 event and got three great leads from it!)*

When it comes to networking effectively I recommend perfecting a personal presentation in less than 30 seconds, backed up with depth for longer conversations. You should also hone your ability to judge which contacts will provide potential value quickly, notwithstanding that all meetings with other people will help you to build a good contact base. We are always striving for networking perfection, but recognise that it is a continual learning process and that there is always room for improvement.

Networking is not a skill that comes naturally to many people. My favourite tip is 'strive to give before you expect to receive' *(this is the mantra of the Cambridge100 another executive network to Intramezzo's name)*. Some executives just do not get this vital part of effective networking philosophy. If you give first, in return you normally receive but one of the parties must start the process.

Q. You have set up the Flow Alliance. Please can you tell us a bit more about it and how it will help fast growing SMEs.

A. Firstly, the Flow Alliance is a cluster of trusted suppliers centred on AngelNews who are each capable of adding essential services to achieving an IPO in an integrated way. This saves your management team an enormous amount of time in selecting suppliers. It also means that the advisors know each other and are used to working together. Therefore they can save a company time (and therefore cost) during this intensive process. Intramezzo's contribution to The Flow Alliance is to offer companies access to a network of some 200 senior executives who have between them engineered 482 IPOs already. Additionally using our register we believe we can help companies to build the perfect executive and non-executive IPO management team. Intramezzo appointments can be hired on a temporary basis which can often lead to a permanent appointment.

The Flow Alliance offers an integrated solution which saves considerable time and money - leaving the executives to do what they do best - run the company successfully, a factor which accounts for the all important valuations achieved on 'impact day'.

Therefore one of the biggest tensions in a business, in talent terms, is gearing up for and executing an IPO. This is such an attractive form of investor exit and an excellent way of crystallising a company's valuation.

Q. What did you learn from your first great boss?

I learnt about time management - do a few things really well, but also be prepared to experiment and innovate. If you use your time well with the former, you will have the room to indulge time on the latter.

Q. How do you run a tight ship, but also keep your customers happy?

A. By having all the business critical contacts with clients delivered by a director of Intramezzo. They have one port of call and we are in control of the relationship from our end. We also use IT extensively to streamline the search and selection processes we have developed.

Q. What is it about you that enables you to take such an imaginative approach to a fairly traditional industry - executive recruitment?

A. Good people are the staple of every successful business. They are both a rarity and a commodity. We are lucky to have a strong team and through our approach of developing clusters e.g. Power8 or the Cambridge100 we stay close to the market (giving us an edge over the competition when it comes to accessing the right talent quickly), whilst providing real value to the market because we put people in touch with each other.

Q. Do you find yourself working weekends and bank holidays?

A. Less now than I did, my role at Intramezzo is very creative and needs some time off to recharge the creative process.

Q. Tell us a bit about what Intramezzo can offer AngelNews companies

A. Immediate access to talent. Our offer to any AngelNews company is that we can find them someone who will make their team perform better and their businesses more valuable, in less time. This is, after all, about successful exits and for us at Intramezzo this means finding the people who can make a big difference in achieving these for AngelNews readers.

Q. Why are you different from other executive talent firms?

A. Our approach is less formulaic than the norm. We take each senior executive talent requirement and treat it in a unique way, which is highly customer focused. The product we sell is always 'top flight senior executive talent' but the solution in every case is different. Our knack is to match the right people with the right situation extremely QUICKLY!

Q. Who is your hero and why?

A. Winston Churchill for his leadership, oratory and example.

Q. How can you value the worth of an executive talent advisory firm?

A. There are a number of points of value to any client: speed of appreciation of the task to be achieved; the ability to translate this into the relevant experience requirements; the back office support needed to find the appropriate talent; the ability to brief the candidate for interview and to task them on appointment; and the effective back office systems needed to administer the interim in role. Intramezzo also has a QA system to measure client satisfaction. If these boxes are all ticked then you are dealing with a best-in-class supplier.

Q. When are the crucial moments in a firm's life that it should use a firm such as Intramezzo?

A. If you were only allowed to have one go, I would suggest when you are doing a venture round of finance - we can provide you with a team that will include mentors, NEDS and executives who will make sure you get your funding.

Q. You can spend a fortune on recruiting staff and especially senior management. Is it worth it?

A. In our sector you pay for your executive recruitment as you go on a day rate basis, so this is less of an issue for your readership or us. You can also "turn it off" at any time. One of the reasons we developed this model was because the market told us that recruitment is an expensive item but is essential in building and maintaining a talented executive team!

By creating a situation where the clock stops ticking the minute the value runs out, we serve our corporate customers in the best way possible. Compare it to taking out a subscription for software, rather than buying a box with a CD in it. This is the way the world is going - we are just applying the messages we gain from the market it into our own industry.

Q. Are the needs of your big customers different from the needs of your small customers?

A. Yes in part - the larger customers need more insight from us in judging people. Cultural fit is also more important, because established brands are more at risk if something goes wrong - and if something is going to go wrong in an established business, it is usually because the people making the decisions are getting it wrong.

Smaller businesses need to hire skilled people, but they are usually much less prone to the cultural impact of the right and wrong appointments.

Another important point is that small companies often want to offer an equity package as part of the overall remuneration and people working with small companies also demand a slice of the pie. Therefore this is an important part of the negotiation. Large companies deal much less in equity based payments, especially for interim appointments and are more likely to reward performance with a cash bonus.

Q. Are there any differences in the approach of US or continental European firms to UK based ones in terms of recruitment and why?

A. The differences which do exist are normally brought about by employment legislation. A good example is the Netherlands which has punitive employment termination clauses. This significantly increases the demand for interims of a much more flexible 'fast on fast off contract'.

Q. What do you think of providing an equity package as part of remuneration for senior management and when should it be put in place?

A. We are very much in the vanguard of providing this service with access to over 600 candidates willing to work on an 'equity only' basis. This also means that Intramezzo's fees are commuted to a 'cash out' and share vesting arrangement which is good for cash flow for small companies. Our clients succeed and so do our candidates and Intramezzo is the catalyst that makes this happen - which is why they are continuing to work with us. It would be naïve of us to charge cash if we can see that there is a bigger upside for us all in the opportunity. By having an equity position our candidates and ourselves recognise that we are in it for the long haul - when we do this it is because we have great faith in the entrepreneur and their company.

We are currently developing our community of "equity-only" executives and want to build a track record of successful deals and then exits so tell your companies to come and have a chat with us. There is no obligation and they are in full control of the closing stages of the candidate selection process.

Q. What research have you done to help you understand your market and what did it tell you?

A. We research our market all the time. It gives us an advantage over the competition and it gives us ammunition to win the battle of being seen as the industry thought leader on the key subjects which surround successful venturing.

For instance last Autumn we produced a survey into Spinouts and Monetising IP which revealed some spectacular results! It has helped us to decide our own strategy and gave us publicity and reasons to talk to people. If you would like a copy, let me know (dh@intramezzo.co.uk).

Q. You talk to some of the most senior business people there are. How important is the SME market to them?

A. SMEs represent the largest aggregated employer market in the UK. They are crucial to the economy and the UK supply chain and an excellent source of product, ideas and ultimately acquisitions. SMEs are agile, innovative and normally run on cost efficient lines. SMEs should be a greater feeding ground for the corporates with the appetite to do more.

Q. What are the typical mistakes companies make when they recruit senior personnel?

A. They do not undertake a 'structured' search. When you are looking for a product, multiple suppliers are normally approached and once you have the facts about the best product for your needs, you make a decision to purchase. Companies are used to doing this when buying stationery or IT equipment, but when it comes to recruitment all too often the personal network is used and it is the first past the post who wins.

Companies, especially small companies don't have the time to run a structured search as they are so burdened with the pressures of running the business. So it's not surprising that this state of affairs exists. In reality the search needs to be designed before you start looking. Then you need to find the widest choice of candidates possible - especially when it comes to senior appointments and you must have final selection choice involving a number of candidates. The personal network should definitely be included in the search programme and all candidates should be considered on an equal footing.

One of the reasons to use an executive search firm is to ensure that this happens and to prevent you appointing a weak 'first past the post' candidate rather than an excellent best in class from a short list of candidates. Our job is to present the quality candidates quickly and for us to work with you for the best use of your time and the ultimate outcome to the company.

Q. What tips would you offer an entrepreneur starting out in your industry?

A. Do something different and innovate. There is a saturation of 'me too' interim providers who don't address the need for senior executive talent in the right way.

They could of course join Intramezzo and gain a head start on a cold start with the possibility of some considerable up side! We are looking for bright entrepreneurs with an eye for talent to join us!

Q. How close should you be to your interim management adviser?

A. An interim management adviser is expendable - what is priceless is a provider of talent who knows your business and consistently gets the quality and immediacy of response right. These are two very different categories.

For the interim management adviser I would maintain a directory and send out your needs to as many of them as possible, but you will only get limited results from this approach.

For your 'provider of talent', first find them and then work with them closely and do not let them go. The close relationship you will develop should be priceless as they will help you to grow the right team. If you stay close they will also have to constantly justify their value to you and maintain your respect!

Q. Recruitment has traditionally been a very profitable service for those in the industry. Do you think this will change now the internet is coming of age?

A. The internet is just one other source for you and indeed for us. It is a leveller and every company can use it. BUT, and it is a big BUT, if a company is not regularly appointing CEO, CFO and other 'C' level executives using people who understand them, then a margin for error and judgement will be introduced every time you use a source that is not close to you. Interestingly enough the internet - when it comes to recruitment may give you volume, but it is not yet in a position to give you deep advice and fine line judgement. We believe that even Google, when it is perfect, will be no substitute for an effective talent provider - to be good at what we do will always need human intervention.

Q. What is your top tip for investors building a management team in a company they have invested in?

A. If you cannot respect each individual's achievement in their career to date and the value they have delivered into your investee company - then change them! Before you invest it has cost nothing (except time), but you will see the direct costs and loss of opportunity very quickly if you allow a weak link in the executive team to remain.

Q. How do you relax?

A. I fish, the right part of the Test or Itchen during the May Fly season is like a trip to heaven. I also play the bagpipes and go trekking.

Q. Lastly, what is your approach to heroes and why?

A. In my work I meet many heroes who have accomplished great feats with only limited resources. A number do stand out from the crowd and those reading this will know who they are.

I admire those serial achievers who are blessed with a vision, personal and in business, and apply un-relenting energy to achieve this.

The serious business of business can be great fun and it will always continue to deliver the outstanding examples which others, including myself endeavour to emulate.