



WELCOME TO THE IXPA

NEWSLETTER

November 2023, written by the partners of IXPA



We Welcome You to Our Newsletter

We are proud to introduce our quarterly IXPA newsletter.

As you may already know, IXPA is an international network of 19 interim management providers. It was created and developed 10 years ago by Dr. Harald Wachenfeld, from IMS, our German partner. The aim of our network is to be YOUR network of interim management solutions, enabling you to find operational solutions to your global worldwide operations wherever located. There is more: due to our local and global implementations we can provide you with local economic and business insights.

IXPA partners from Australia and New Zealand, Eastern Europe, USA, India, Germany and Africa contributed to this first newsletter. This quarter we present a case study which involves different countries in Eastern Europe and a USA based venture capital fund, perfect illustration of a cross-border assignment bringing operational solutions. IXPA creates value for you!

How Interim Management may enhance your business resilience & growth

Companies across industries are more and more constantly challenged to respond to changing market dynamics, economic uncertainties, and unexpected crises. In such an environment, interim management has emerged as a powerful tool for organizations seeking to navigate these challenges and thrive in adversity. A short review of the main values of interim management solutions.



1. Agility in Times of Change

When a company faces a sudden leadership vacuum (resignations, retirements, or unexpected departures) or an urgent need to address a new challenge or project, interim managers can step in seamlessly. Their experience, along with the support of the IXPA partner, allows them to quickly assess the situation, identify key challenges, and implement immediate solutions.

2. Specialized expertise AND leadership.

Unlike traditional permanent hires, which may require extensive onboarding and training, interim executives hit the ground running! Thanks to their technical expertise and strong leadership, interim managers bring a fresh perspective and, not bound by the existing company culture, make tough decisions and implement necessary changes.

3. Cost-Effective Solution

Interim management allows organizations to access top talent without commitment to long-term employment contracts with high salaries and benefits.

4. Fostering Innovation

Interim managers, with their external perspectives and fresh insights, can play a pivotal role in fostering innovation within an organization, bypass the status quo, encourage creative thinking, and implement strategies to drive product development and market expansion.

5. Crisis Management

Whether it's a natural disaster, a cybersecurity breach, global pandemic, or internal crisis, businesses must be prepared to respond swiftly and effectively. Interim managers are often well-versed in crisis management, having faced similar career challenges. Their ability to lead during crisis can be the difference between survival and downfall for a company.



RON CRABTREE, CEO METAOPS.INC
U.S.A. RCRABTREE@METAOPS.COM
WWW.METAOPS.COM

Restructuring of a Production Company in Eastern Europe, by AVILO

Situation:

A US venture capital fund has acquired 100% of the shares of a traditional dental materials manufacturing company in Eastern Europe. The objective of the restructuring, which began immediately, was to transform the company's focus from a manufacturing-oriented local company to a modern, customer-oriented international company within five years, thereby increasing its competitiveness, performance and ultimately its value and selling price.



Solution:

The restructuring was initiated with the appointment of AVILO, the IXPA partners for Central Europe, who in turn could provide an internationally experienced CEO. AVILO, along with the Interim CEO, and in cooperation with the investor, renewed the company's management. The new management's strategy emphasised new product development and international sales and marketing. Therefore, the company gradually opened its own representative offices in most of the capitals of Central and Eastern Europe and built a modern international distribution network. At the same time, new, modern and competitive products were developed in the R&D department, which could be offered to customers at prices generating attractive margins. The company built a modern sales and marketing department as well as a professional logistics department, including a robust warehouse management. Thanks to a carefully managed finance department, not only regular and detailed reporting, but also strict control mechanisms were put in place. The company's development was soon reflected in the modernisation of the production department and the improvement of conditions for the workers.



Result

The USA-based venture capital fund, thanks to AVILO, the IXPA Central Europe Partner, has been able to fix the situation and create value at his Central Europe-based operations.

The success of the transformed company has not escaped the attention of the market and several global players have expressed interest in acquiring the business. The successful restructuring resulted in the sale of the company to one of the world's largest corporations in the industry at a very attractive price. For the new owner, the transaction was also very advantageous, as the acquisition not only gave him a standard-performing and prosperous subsidiary, but also superior distribution opportunities throughout Central and Eastern Europe for his own products. This restructuring project was named one of the twenty-five most successful in EEC by the International Venture Capital Association.



DR. IVAN OLIVA, MD PRAGUE IVAN.OLIVA@AVILO.CZ WWW.AVILO.CZ



The 10th IXPA Partner Conference September 2023 in Frankfurt/M. – Germany

For the 10th time, the Partners of IXPA Global Executive Solutions have met personally in Frankfurt, Germany to discuss new developments in the Interim Management Industry and to strengthen the personal relationship and trust between the individual partners.

The IXPA Partners agreed that data-driven business models will gain more importance in countries where interim management is already well developed. Digital channels and tools may successfully be combined with our existing analogue ones.



What are the crucial value drivers if, for example, a partner wants to sell his provider business? Philip Ellis, an expert on M&A in the Human Capital Sector, gave very valuable insights. The enterprise value is the product of the adjusted EBITDA (before equity value adjustments) and a suitable and industry-specific multiple. The multiple reflects the more or less professional management of certain risk factors, which are evaluated per deal under consideration. Not unexpectedly, the reliance on the company owner is the biggest risk in this context to be managed. The IXPA Partners intensively discussed the influence of the generative Artificial Intelligence on the interim management industry. We all agreed that AI is here already today: the partners reported on 'pimped-up' CV's, cover letters and profiles. Standardized job interviews can already be conducted automatically.

AI may already help to evaluate and compare candidates. As a general and strategic finding, the IXPA Partners assess AI as a valuable tool for empowering their business, rather than expecting a form of substitution. This is true especially in the executive segment of our market, where personal relations, emotional intelligence and judgements will continue to play a dominant role.

We discussed how much our international interim management service integrates or differentiates with the associated industries of consulting and executive search. We further discussed if IXPA should expand our services and offer these services to customers. In the backlight of some recent mergers and acquisitions between companies in those disciplines, the IXPA Partners appraised the different values of joint or separated service supplies to global customers.



Needless to say that working within the group of very experienced IXPA Partners for three days generated a lot of team-building and trust-creating elements, we all recognized that this will help tremendously when working together on an international assignment for our clients. The 11th IXPA Partner Conference will take place next year in the USA.

Opening of branches in Dakar and Abidjan

It was in 2022 that ACTISS AFRICA, the IXPA partner for Africa, opened two African branches, one in Dakar, Senegal, the other in Abidjan, Ivory Coast. Our local partner, Ambroise Baroan, based alternately in the two capitals, manages these two entities, with the assistance of Irda Moh, and the entire Actiss Africa team. This allows us to be even closer to operations, not only from a control tower in a remote country by video or Whatsapp, but really physically by your side. Of course, this also facilitates administrative and financial matters.



AMBROISE BAROAN & GILLES MARQUE, PARTNERS ABIDJAN GMARQUE@ACTISSAFRICA.COM WWW.ACTISSAFRICA.COM



India's Economic Rise

Facts and Figures

Over the past decade, India's economy has grown impressively, recording an average annual growth of 5.5%. Furthermore, experts project that its GDP will skyrocket, moving from \$3.5 trillion to a whopping \$7.5 trillion by 2031, establishing itself as the next world's third-largest economy.

This can be attributed to three pivotal megatrends that are reshaping its economic landscape:

1. The Global Offshoring Phenomenon:

Back Office of the World: India has long been recognized for its prowess in IT and business process outsourcing. This image is set to be amplified manifold: by 2030, the global outsourcing expenditure directed towards India could touch an impressive \$500 billion mark and employment boom.

2. The Digitalization Drive:

India's digital odyssey began with the launch of the Aadhaar program, a biometric identification system. This comprehensive digital platform is transforming various aspects of Indian life, from financial transactions to healthcare access. A direct result of this digital push is the predicted rise in consumer spending — from \$2 trillion in 2022 to an estimated \$4.9 trillion by decade's end.

3. The Green Energy Transition:

Every village in India now enjoys the benefits of electricity. The future: a significant chunk of India's energy demand will be catered to by renewable sources (solar, wind, biogas).

Besides, India is aggressively positioning itself as the next global manufacturing hub. India is luring manufacturers with attractive tax regimes, investment incentives, and bolstered infrastructure spending. Multinationals are already displaying heightened interest in the Indian market. Thus the contribution of the manufacturing sector to India's GDP is forecasted to rise to 21% by 2031, up from its current standing.

Like any growth story, India's economic ascent is not without challenges, from geopolitical shifts and policy changes to concerns about skilled labour availability. However, the overarching narrative remains highly optimistic. India's economic growth is being likened to China's remarkable expansion witnessed between 2007 and 2012. This comparison serves as a potent indicator of the immense potential India holds.

RATNESH JAIN, FOUNDER AND CEO, CX072.COM

RATNESH@BLUEGENESRESEARCH.COM WWW.CX072.COM

At a glance : Australia and New Zealand



Interim management is not yet mainstream in Australia and NZ, yet it goes hand in hand with more permanent executive talent needs. The best interim leaders will have a variety of capabilities and a level of situational awareness and experience that allows them to address issues around mergers and acquisitions, restructures, new strategic initiatives, market expansion and many more scenarios.



The financial benefits of hiring interim managers go beyond avoiding executive payouts and redundancy costs. Results can be delivered faster without the internal barriers of politics or bureaucracy. Contextually, Australia's taxation and healthcare systems are favourable to interims. In our own research 81% of C-Suite respondents reported that internal teams rarely complete projects or manage transformation because their main job gets in the way. The appetite for interim management roles amongst highly skilled and experienced executives is higher than it has ever been. Many now prefer interim management as a way of working. Interims find the outcomes focus-stimulating. This is in the middle of a big shift of power across the entire employment market. Talent is calling the shots due to low unemployment, low immigration, and systemic change. Interim managers are here to stay, they are not only here, they really now can work everywhere. 1st Executive CEO, Andrew Thoseby, the IXPA partner for Australia and New Zealand says, "we see daily enquiries for and from interim managers. Joining IXPA 18 months ago gives us global capability now for foreign companies with businesses here and for Australia/NZ businesses with overseas operations – it's a perfect scenario."

ANDREW THOSEBY, MD MELBOURNE / AUCKLAND
ATHOSEBY@ISTEXECUTIVE.COM.AU WWW.ISTEXECUTIVE.COM.AU

IXPA consists of 19 partners with offices in 29 countries across five continents who together deliver interim management solutions globally. Focussed on the senior interim management market, our assignments are mostly business-important and board-sponsored.

Our motto: « Excellence in Worldwide Interim Management assignments »

If you would like to discuss how an interim manager from IXPA can support you to deliver your business objectives please get in touch.

ixpa-interim.com

