



Executive Interim Managers, Independent Consultants, Ronin & Ninjas - Market Segmentation: the Ronin's Story

By Dr Alf Oldman FCA

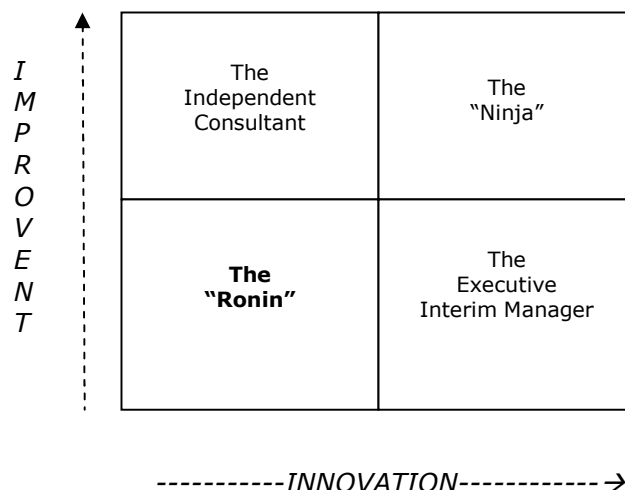
Introduction

In response to popular demand, this is my fifth "Ninja" article. This is the third of four related articles that are being released weekly. To recap, in my original article "[Interim Managers, Ninjas and a Road Map in a Downsized World](#)", I introduced the terms "Ronin" and "Ninjas" in the context of the interim management industry. The "Ronin" were temporary soldiers, called in to bolster troop numbers; the "Ninjas" were highly skilled and professionally trained individuals, capable of exceptional specialist services.

The series of four articles introduces four archetypes: "[Executive Interim Manager](#)", the "[Independent Consultant](#)", the "Ronin" and the "Ninjas". This article looks at the "Ronin".

Based upon some of my earlier, published research, I introduced a four-state model, linking cost reduction models to organisation context. I have adapted this model for interim management industry segmentation.

The Interim Management Industry Four State Model#



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The horizontal axis of my earlier research dealt with Weak Market Orientation and Strong Market Orientation. This is simplified to degree of Innovation. Similarly, the vertical axis of my earlier research deployed "No Turnaround Need/Successful" and Strong "Turnaround Need/Unsuccessful". Again this is simplified to degree of Improvement.

Definition of Ronin

The "Ronin"¹ are self-employed executives, managers, professionals or technical practitioners, who do not currently qualify to be classified as **Executive Interim Managers, Independent Consultants** or Ninjas. Typically, Ronin have taken early retirement, or redundancy compensation, have not returned to the permanent employment market and are trying to become established in a self-employed capacity. Ronin are seeking to offer their services, either directly to prospective clients or by way of an intermediary. The service offering is typically broad-based and not well-defined. The Ronin are earning erratic and limited fees in the interim management market place. This leaves Ronin typically, in reality, frequently out of work or semi-retired, living off savings or other sources of income. Intermediaries in the interim management market are able to use Ronin to bolster their number of CVs on their databases. This often leads to Ronin having a poor opinion of Ronin intermediaries.

The Profile of Ronin

Typically the Ronin will have had an established track record, in their primary or secondary corporate career, before becoming Ronin. The Ronin will not be able to demonstrate exceptional professional or technical expertise, in designated industrial sectors, supported by up-to-date accreditations, courses and publications. Similarly, the Ronin's career in management is not sufficiently exceptional to be classified as a heavy-weight. The two distinguishing features of Ronin are that: (1) They have not yet learned how to function effectively outside the conventional corporate environment; (2) Expertise and service offering are poorly defined and undifferentiated.

¹ (ro´nin), in Japanese history, they were master-less samurai. Ronin were retainers who were deprived of their place in the usual loyalty patterns of Japanese feudalism. The daimyo they had served might have died, been exiled, or become so poor that the samurai had to abandon his lord. Ronin became farmers, monks, soldiers of fortune, or even bandits. In demand in times of war, they were often a burden on society in times of peace. In modern Japan, the term "ronin" is often given to high-school graduates who, having failed to pass college entrance exams, are preparing for another opportunity (Source: Columbia Encyclopedia).

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With the proliferation of the internet, low cost intermediaries have abounded and this has led to much of the interim management market becoming commoditized. This is most prevalent in the Ronin sector. Fashions change but the following are now examples of Ronin profiles: Managing Director, Chief Executive, IT Director, Finance Director, Marketing Director, Sales Director, Operations Director, Human Resources Director etc. Ambitious Ronin will be looking to differentiate themselves, either in terms of specialist expertise or management achievement, so that they can move to more attractive segments of the interim management market. To recap, the Ronin, who were competent in their previous corporate environment, are not sufficiently differentiated in the interim management market.

Finding Ronin (Caveat Emptor – let the buyer be ware!)

The most effective sources for finding Ronin is strong personal recommendation/ endorsement. However, if it is necessary to use an intermediary, the most important element is likely to be price, i.e. the intermediary's mark-up or uplift. The internet is driving down transaction costs. An important differentiator of Ronin intermediaries is those who are prepared to enter service level agreements (SLAs), often to be sole source providers and to be prepared to invest in building specific industry expertise. Be very clear about the services required of an intermediary in the Ronin sector. Web-based providers and traditional high volume agencies will be almost entirely driven by trying to match Ronin CVs to specifications, with limited understanding of the wider context. It is expected that many of the traditional interim management intermediaries will not be sufficiently competitive on cost and will be marginalised in the next two years. The Ronin intermediary market will be increasingly differentiated into two groupings: (1) very high volume low-cost providers; and (2) those offering specialist expertise – the rest are unlikely to survive in their current form.

Challenges for the Future

For the Ronin or prospective Ronin, it is important for them to be realistic and to decide whether they really want to become a commodity differentiated largely on cost. The alternative for the Ronin is to exit the market, or plan to migrate to one of the more attractive interim management segments. Ronin intermediaries will need to take a long hard look at their transaction costs, especially marketing costs and their service quality. Gross margins for Ronin intermediaries are likely to continue to be squeezed, driving a number of marginal players from the business. This will be a bitter pill for volume recruiters who bought into the interim management market attracted by higher gross margins. To recap, the large, Ronin sector is expected to continue to grow quite strongly but with decreasing gross margins.

Personal Insights

Because of my own formal background in research, I have been heavily influenced by the Japanese approach to cost reduction. Japanese buyers look at products or

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services from three dimensions: (1) functionality; (2) quality; and (3) cost. Buyers of Ronin intermediary services would be wise to focus upon: maximum attention to cost and quality of the service, but minimizing services taken from intermediaries (functionality).

Ronin reading this article may be depressed but I personally have demonstrated that one can move from one segment of the market to another. For example, my own specialist area of expertise as an Executive Interim Manager has permitted me to develop the [Financial Performance Improvement Programme](#).

The Financial Improvement Performance Programme (FPIP):

An Executive Interim Manager diagnostic tool is the first step in the [Financial Performance Improvement Programme \(FPIP\)](#). FPIPs deploy leading edge research tools to clarify stakeholder requirements and structured planning to achieve stakeholder satisfaction. The methodology includes iterative analysis and intervention.

FPIPs have been successfully deployed in some of the World's most complex organizations. Based upon research and successful deployment, I have developed a simple questionnaire to see whether an FPIP is appropriate to your organization:

1. Has there been a pan-functional or pan-organizational record of failure?
2. Have ten of millions of Dollars been invested without benefit realization?
3. Have major consultancies been deployed and failed?
4. Is the situation potentially embarrassing to senior management?
5. Are reputations at risk?
6. Are there multiple stakeholders to satisfy?
7. Do line executives have conflicting views on solutions?
8. Is the issue multi-functional?
9. Is there a strong financial dimension?
10. Is there a critical IT or systems involvement?
11. Is there a need for change at the house-wide level?
12. Do other options not stack up?

If you have scored a yes to eight or more questions, you definitely need to contact me via alf@alfoldman.com.

Also, I am always on the look out for ambitious Ronin, especially if they are looking to migrate out of the Archetype!

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