

# 2023 State of Fractional and Interim Sales Leadership Report

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# 2023 State of Fractional and Interim Sales Leadership Report

As a pioneer in the interim and fractional sales leadership market, Vendux is pleased to share our analysis and insight drawn from our annual survey of Vendux executives.

Over the past two years, Vendux has worked on more than 400 assignments for interim and fractional sales leaders; and in the process, has collected extensive data. This covers details on clients, their challenges, and the focus of assignments, but also datapoints like duration and compensation.

Our executives - 58% of whom have been “fractional” for three or more years - have provided us additional information based on their assignments.

As a result, this report contains the collective experience of our entire community and the details of nearly 1,000 fractional and interim sales leadership assignments. We believe this first-of-its-kind report will provide greater clarity and demonstrate the viability and positive direction of this new form of sales leadership.

**Andrew Miller**, Partner

**Henning Schwinum**, Co-Founder & Managing Partner




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## 2023 State of Fractional and Interim Sales Leadership Report

# Executive Summary

The **2023 State of Fractional and Interim Sales Leadership Report** provides a first-of-its-kind comprehensive analysis of the landscape, based on the data of nearly 1,000 individual assignments. It details the increasing prevalence of fractional roles over traditional full-time positions, reflecting a shift in executive employment trends.

The findings also underline the growing acceptance of fractional leadership in various sectors, driven by a demand for experienced professionals who can deliver results on a flexible basis. This trend is set to continue, with fractional leadership becoming a mainstay in the strategic toolkit of businesses.

The two main sources of assignments are cold outreach and referrals, highlighting the multi-channel approach most executives take. Not every assignment is a leadership role, they are often multifaceted and rarely have the executive focus on one task. Coaching and providing value as an individual contributor is often part of the engagement.

As far as the number of engagements in a year, there is large variability, ranging from only one assignment, likely full-time interim, to 10 or more. The average

duration of an assignment is 11 months, and the median is 7 months. The time (hours per week) committed on average to a single assignment ranges from just a few hours to full time, with an average of 13 hours and a median of 10 hours per week.

In the context of a specific assignment, the compensation is often made up of multiple components and subject to change during the engagement. The good news, a vast majority of assignments (94%) have a retainer component, and only about 3% include some work being delivered for free.

The actual remuneration highlighted in the report covers a broad range and is influenced by factors like the complexity and challenges of the assignment, the growth stage, age, and revenue of the client, as well as their commitment towards the executive.

Overall, **we believe that the future is bright for interim and fractional sales leaders.** The growing recognition of the role and the value it provides - in particular to small and medium-sized businesses - will lead to a continuous increase in opportunities.

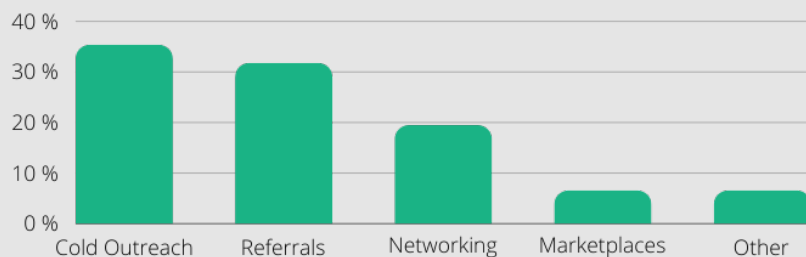


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# Sources of the Assignments

Fractional executives, working multiple clients, navigate a labyrinth of challenges in keeping their calendars brimming. Balancing diverse projects demands meticulous time management, sometimes leading to periods of workload imbalance. Acquiring new clients while maintaining quality service strains their schedules, necessitating strategic prioritization to sustain a steady influx of engagements. Most executives employ a **multi-channel strategy** and maintain a regular cadence around their business development activities.

So, where do these assignments come from?



**Cold Outreach** (35%) and **Referrals** (32%) are the two major sources for new assignments, while **Marketplaces** (7%) play a smaller role.

Senior executives are not limited to fractional and interim sales leadership roles. Their expertise is widely recognized, as evidenced by the significant number who serve as **Advisors** (32%), **Consultants** (28%), or **Board Members** (14%). Their adaptability is further demonstrated by the fact that nearly 22% have engaged in short-term full-time positions during the last two years. These seasoned professionals are adept at navigating diverse organizational cultures, bringing a wealth of experience that is invaluable in strategic decision-making and mentoring emerging leaders.

***"The term fractional executive is better accepted than a consultant."***

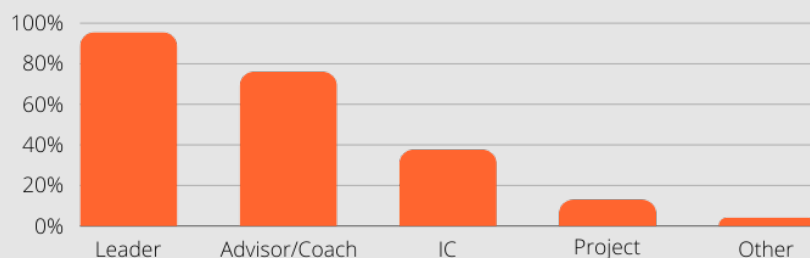
***"The market is more aware and accepting of the Fractional Model."***

Responses to "What other trends are you seeing?"

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# Nature of the Assignments

Interim and fractional sales leadership assignments are often multifaceted, and they rarely have the executive focus on one task. This is reflective of their versatility, but also of the fact that in startup and scaleup organizations most executives wear multiple hats. The vast



majority of assignments (96%) saw the executive in a **leadership role** with a team reporting to them. In 76% of the assignments the executive was also an **Advisor or Coach** to the Founder/CEO or an incumbent Sales Leader.

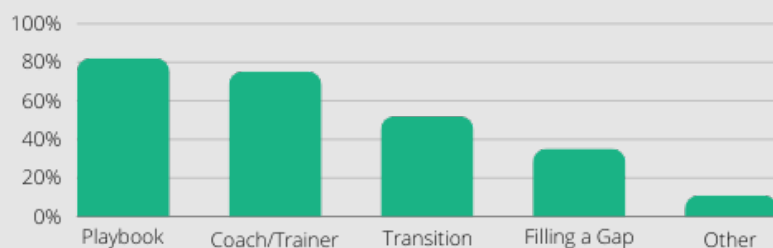
***"Without being a significant equity stakeholder or full-time position, we can only bring the value that fits the founder's view but not any upside/added part."***

Response to "What other trends are you seeing?"

38% included an element of being an **Individual Contributor**, in sales this often has the executive carrying quota, closing deals, and directly delivering revenue.

### What type of problems do fractional and interim sales leaders solve for their clients?

Fractional sales leaders specialize in resolving a variety of challenges that impede business growth. They're adept at tackling diverse areas along the marketing, sales, and customer-success pipeline. Transitioning the business away from **founder-led sales** is part of over half of all assignments. 82% involve writing and/or implementing a **sales playbook**, and in



35% of the assignment the executive filled a **leadership gap** that existed within the organization. 75% included coaching or training individuals or teams.

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# Nature / Number of the Assignments

The details of nearly 1,000 assignments highlight the nature of the fractional and interim sales leader role: multifaceted, centered around catalyzing growth, and with an overriding focus is on **revenue generation**. This is supported through specific efforts directed towards building a robust top-of-funnel pipeline, closing opportunities, and laying a solid foundation for a sustainable sales engine. Morale and team building are also prioritized, fostering an environment conducive to productivity and collaboration.

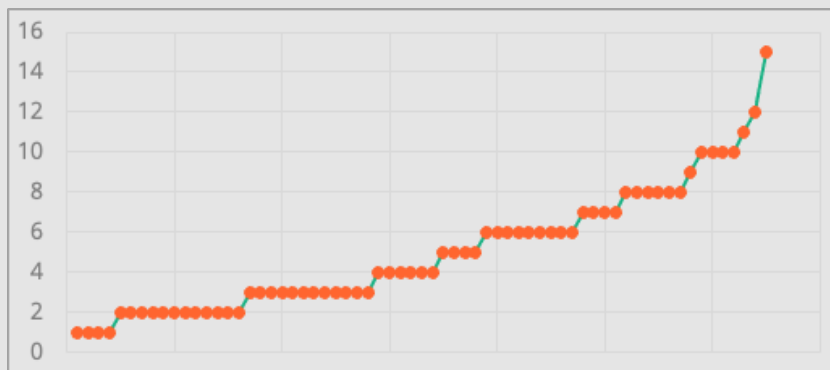
The assignments also often include enhancing sales strategies, honing design and presentation skills, and crafting overarching business strategies to drive profitability, as well as assembling a team of marketing and sales professionals, who together identify and seize cross-team collaboration and alignment opportunities.

***"Seeing more opportunities for solving cross team collaboration and alignment challenges."***

Response to "What best describes the problems you are solving?"

Leadership is another critical area to navigate complex market dynamics. As an Advisor to the CEO, the services extend to providing strategic insights on go-to-market strategies and business development initiatives. This often includes addressing the challenge of entering and expanding in new markets.

### How many assignments do interim and fractional sales leaders work on in a year?



The spread is large, ranging from only one assignment, likely full-time interim, to sometimes 10 or more distinct gigs.

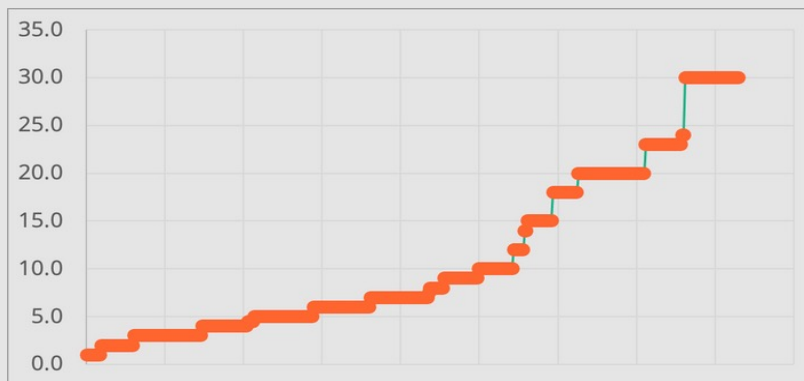
The **average is 5**, and the **median in 4** assignments per year.



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# Duration of the Assignments

Interim and fractional sales leaders are contracted to solve specific issues or challenges. **Interims** exit an organization when the gap they filled no longer exists. **Fractionals** do so when the issues have been resolved, or when the role has been converted from part-time to full-time, due to the growth of the business. **How long are those assignments?**



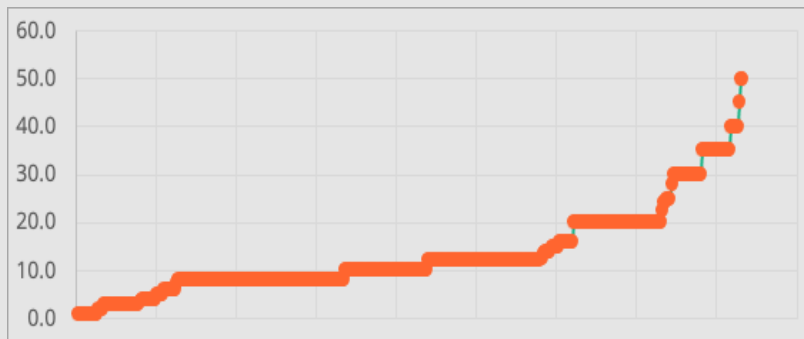
The duration of sales leadership assignments vary greatly, and they range anywhere from one month to 30 months,

The **average duration is 11 months** and the **median at 7 months**.

As it is the nature in sales, the work performed is outcome based. That does not preclude a fractional sales leader from dividing up their time between the different assignment they hold in parallel.

***"I don't count the hours, rather work towards achieving the agreed-upon goals."***

Response to "What was your time commitment?"



The time (**hours per week**) committed on average to a single assignment ranges from just a few hours to full time, with an **average of 13 hours** and a **median of 10 hours** per week.



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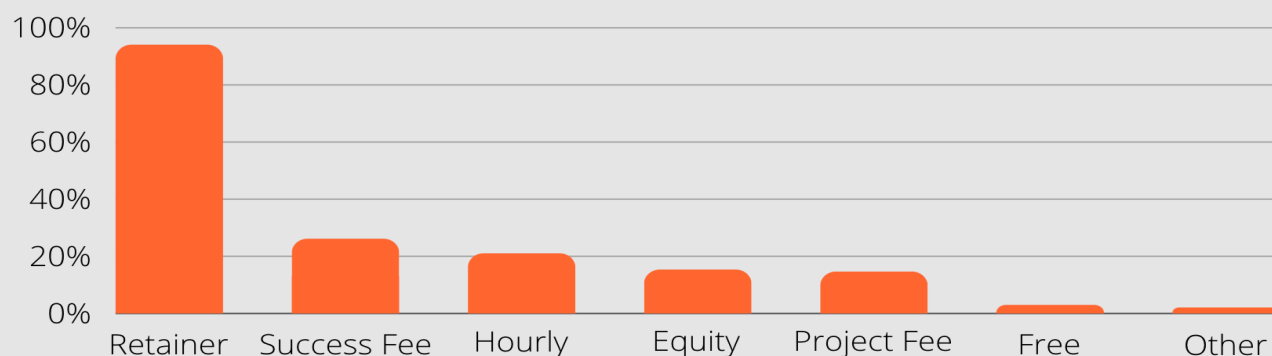
# Compensation

One of the most frequently discussed topics in any fractional executive community is compensation: **How to structure the fee and what exactly to charge**. Most forms of compensation can be expressed in \$/hour, even when the focus is on delivering outcomes. Across the board, we have seen a broad range from **below \$100 to over \$600/hour**.

Some of the most important factors influencing what is being charged are:

- The **Assignment**: complexity, challenges, team size
- The **Client**: stage, age, revenue
- The **Commitment**: hours per week, minimum duration
- The **Expertise**: what is required to be successful
- The **Executive**: seniority, past roles

While part of the journey to determine the compensation is the negotiation between client and executive, we believe that a larger part is driven by what **expertise and seniority** is required to achieve the desired outcomes. Not every assignment is a fit for every executive.

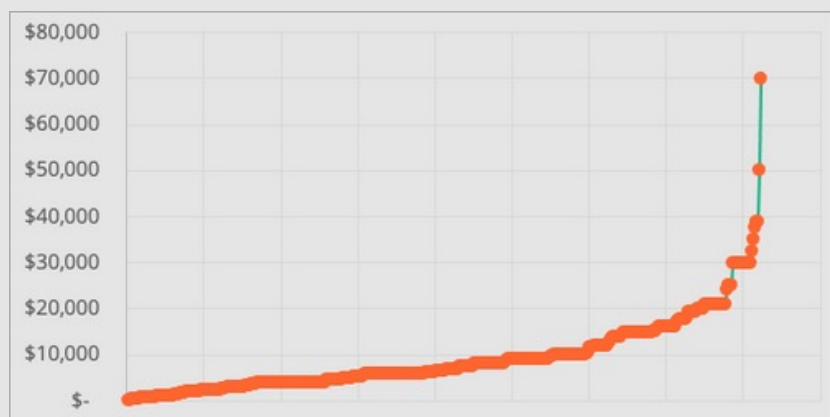


In the context of a specific assignment, the compensation is often made up of **multiple components** and subject to change during the engagement. The good news is that a vast majority of assignments (94%) have a **retainer** component, and only about 3% include some work being delivered **for free**. The retainer is complemented by a success-based bonus or commission in 26% of the assignments and by equity in 15% of the cases.

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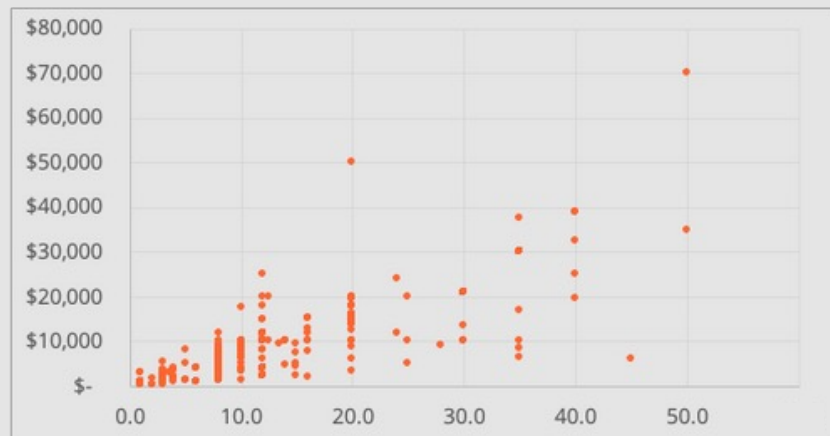
## Compensation

Totaling the various sources of compensation and averaging it across all assignments, we can now look at the total fee or compensation received per assignment and per month:



The average monthly compensation covers a very broad range from just a few hundred dollars to \$40k+.

The **median is \$6,650/month**, the **average is just north of \$9,000/month**.



Looking at the **average monthly compensation** relative to the **hours per week** further illustrates the spread. What does that look like when expressed in **\$/hour**?

Both, the average and the median are **\$180/hour**.

***"I see more requests for pay for success/ performance, less interest in larger scale/ longer term engagements. Prospects are looking for a band-aid rather than a foundation."***

Response to "What other trends are you seeing?"

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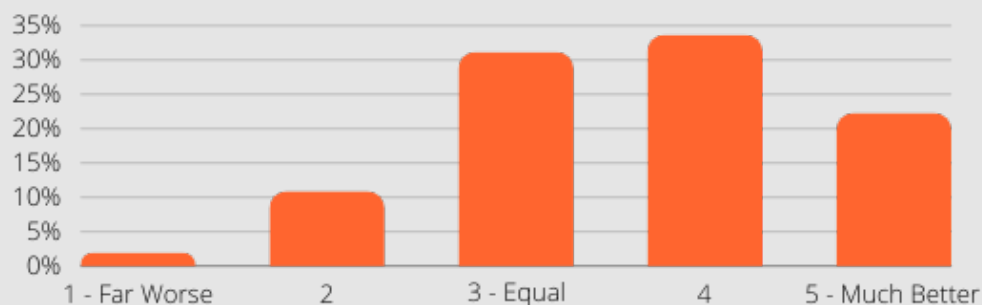
# Comparing 2023 to 2022

By most accounts, 2023 was not an easy year. Broadly speaking, the US economy has seen stabilization in manufacturing, inflation trending downward, the labor market cooling, with unemployment at 3.7%. Additionally, the tech sector has faced significant layoffs, reflecting a broader trend of economic tightening and recalibration after years of growth.

### What is the sentiment among interim and fractional sales leaders?

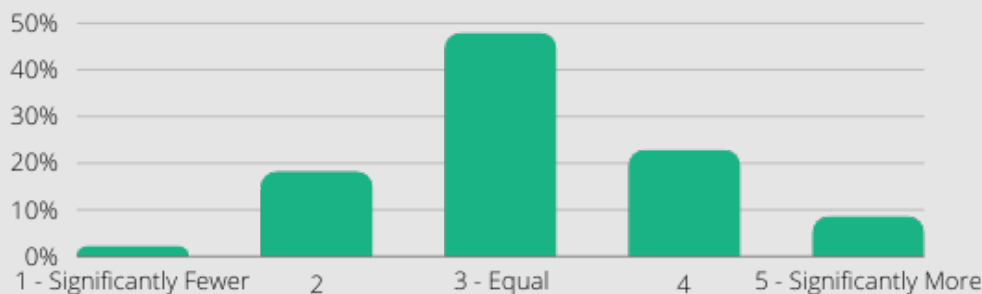
*Overall, how does 2023 compare to 2022?*

**56% had a better 2023**, and only 13% saw 2023 as worse than the prior year.



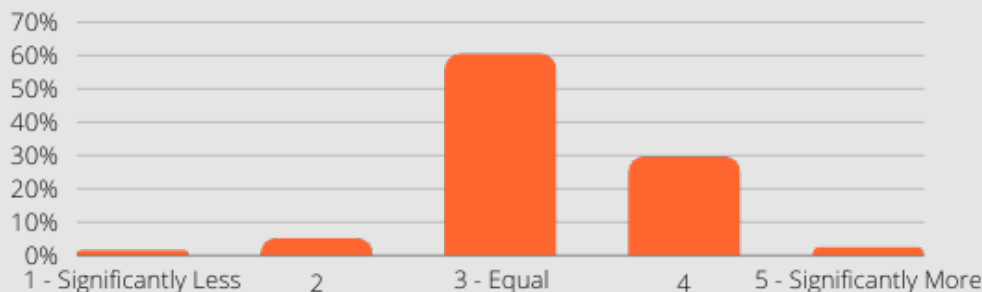
*How about the assignment opportunities you saw in the market?*

Most saw an equal number of opportunities, **32% saw more**, only 21% saw less.



*How about the average monthly assignment fee you received?*

Most saw the fee about equal compared to the prior year, **33% saw in increase**.





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# Trends & Expectations for 2024

The outlook is positive: **Two-thirds of executives expect a growing number of assignments in the next 6-12 months**, and only 13% have a negative expectation.

In the evolving landscape of 2024, the sector is becoming more crowded, leading to challenges in differentiation and some downward pressure on prices. The term 'fractional executive' has gained better acceptance compared to traditional consulting roles, signaling a shift in market dynamics. The startup ecosystem is vibrant, and a resurgence in the private equity market is anticipated after a period of inactivity. There's a growing recognition of the fractional model, though it remains underutilized for roles such as sales leadership, where there is a need for self-generation and innovative solutions, particularly in the mid to small-market sectors.

***"Much more interest in fractional work at the executive level, but slower adoption than expected. I see that changing in 2024 to a higher level of adoption now that the category (fractional work) is better understood."***

Developments in technology, such as AI, social media, and eco-conscious product development, demand new sales strategies. Professionals are focusing on ensuring CEOs and business owners uphold time and performance commitments, moving away from arrangements that exploit personal networks. Internationally, there's eagerness to tap into the US market, though traditional outreach campaigns are losing their effectiveness.

***"Overseas companies eager to launch in the US."***

Fractional work, especially at the executive level, is witnessing increased interest, but its adoption is slower than expected. This trend is predicted to change as understanding and acceptance of fractional roles grow. There's a trend toward shorter-term, performance-based engagements over extensive, long-term commitments, sometimes with a preference for 'band-aid' solutions rather than foundational changes. The rise of remote work has expanded, bringing more individuals into the fractional space, including those who might lack authoritative roles within businesses.

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# Trends & Expectations for 2024

The sector is becoming more competitive, with a tilt toward commission-based opportunities, despite overall lower fees and compensation. Small and medium-sized business owners are becoming more aware of these services, but the market is somewhat saturated, making it difficult to stand out, especially on platforms like LinkedIn.

***“Too many consultants / coaches. Hard to differentiate and that drives down the price.”***

There's a noted gap in management due to the promotion of junior employees to roles vacated by their managers, indicating a need for strategic and operational support. Fractional marketing roles are also on the rise, with new strategies to enhance sales through CRM systems. At present, startups are hesitant to commit as fundraising becomes more challenging.

Business owners and CEOs are seeking quick solutions amid tightening budgets, which underscores the dependency on client funding for expansion. There's a better market understanding of the value provided by fractional services, and the ability to leverage diverse resources is proving beneficial. Budget constraints are leading to less work for the executive, prompting the addition of new products and services to existing offerings. Despite the challenges, there's a buzz around the fractional concept, with networks of fractional leaders expanding.

***“Personally, I am increasing my focus on holding the hiring CEO/Owner to the agreed-to time and performance commitments and rejecting those assignments in which the CEO/Owner sees my personal network as part of the deal.”***

Overall, **we believe that the future is bright for interim and fractional sales leaders.** The growing recognition of the role and the value it provides - in particular to small and medium-sized businesses - will lead to a continuous increase in opportunities.

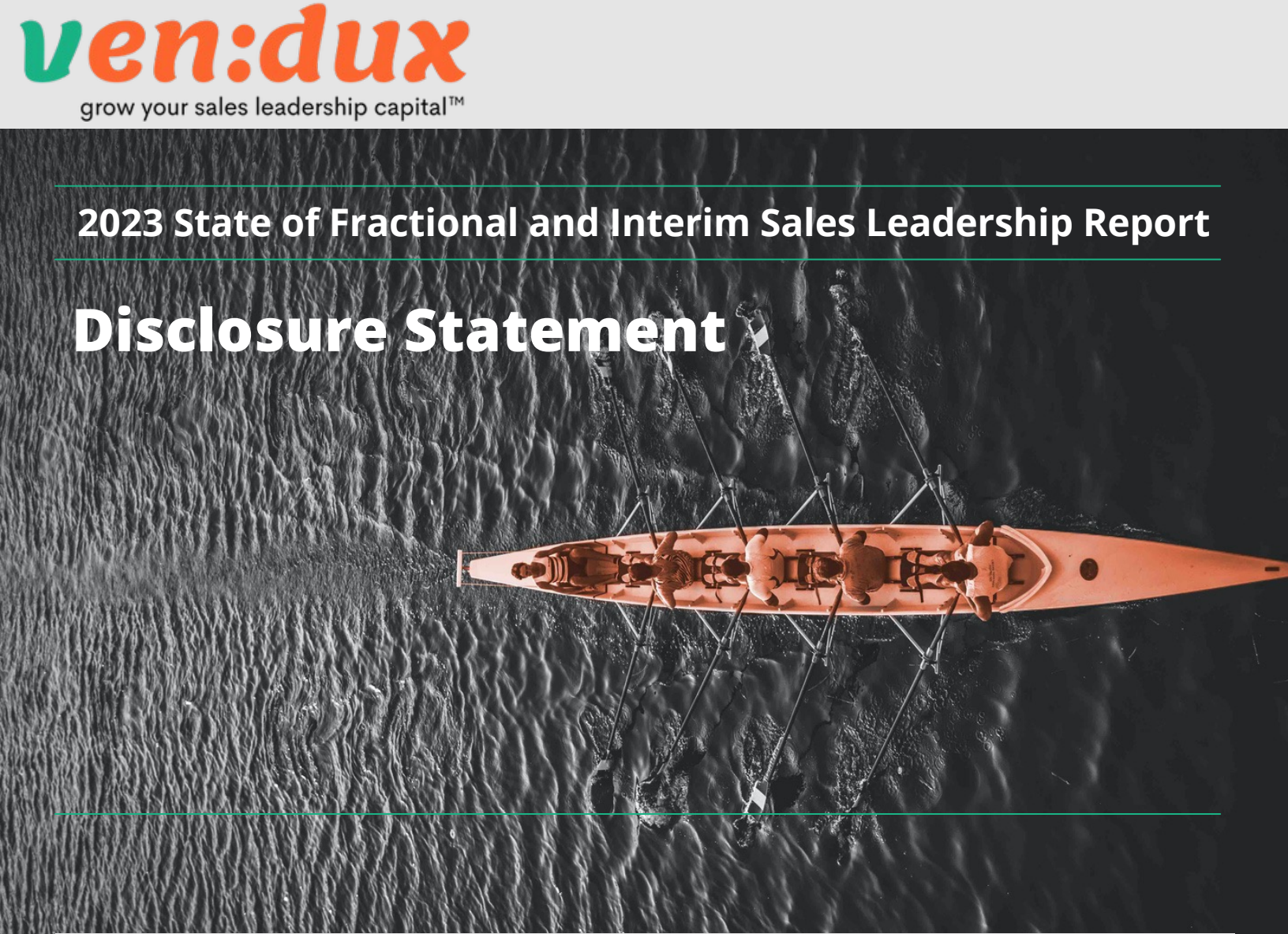


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# Disclosure Statement



This publication presents the results of a survey conducted by Vendux LLC in late November 2023 to gather insights on fractional and interim sales leadership assignments. The following disclosures provide clarity on the methodology, purpose, and limitations of the survey. The primary goal of this survey was to be able to create benchmarks and an overall better understanding of the fractional and interim sales leadership space. The information collected aims to help every solopreneur and organization in this space.

**Survey Design:** The survey was designed to combine the data collected on fractional and interim sales leadership assignments facilitated by Vendux with those independently conducted by executives in the United States and Canada.

**Sampling:** Vendux reached out for input to over 600 executives who are part of the Vendux roster.

**Data Collection:** Vendux surveyed those executives using a Google form and added corresponding data where applicable from its own TRM system.

**Analysis:** The raw data was graphed in various ways; selected graphs are then being used in this publication.

**Sample Representativeness:** While efforts were made to ensure a diverse sample, the results may not fully represent the entire population due to the relative size of the Vendux executive community.

**Self-Reporting:** The data collected relies on self-reported information from participants, which might introduce response bias or inaccuracies.

**Interpretation:** Results should be interpreted within the context of the survey's scope and limitations.

Participants' responses were anonymized and treated with confidentiality to maintain their privacy.

The findings presented in this publication provide valuable insights; however, readers should consider the limitations and context when interpreting the results.





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