

MARCH 2024

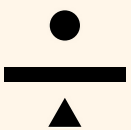
Fractional

Leadership

In

2024:

New Zealand Market Report



Published By Fractional.co.nz

In this report we use profile-based datapoints from 138 individuals listed in our Directory for Fractional Leadership talent in New Zealand, and include additional insights from experts who are benchmarking the Fractional market and its associated trends around the world.

How to Use This Report

The Fractional Leadership model is building a growing global talent pool, characterised by *experienced leaders or executives who are operationally integrated into a company, and contribute a fraction of their full time capacity.*

Different to traditional third party engagement models such as Consulting or Advisory, Fractional Leaders are titled and positioned exactly as a full time leader would be; responsible for strategic outcomes and often entire teams or lines of business. The differentiating factor, is that they have a natural scope or capacity limit, since they bill based on a day rate and operate on fixed-term contracts without any long-term commitment by the company.

This more agile future-of-work model allows Founders of start-ups, and CEOs of companies at all stages to engage talented Leadership resources for a lower total cost, less overhead, and far less risk than how they would traditionally hire.

In New Zealand, we have the benefit of a small population - roughly 4 million people within working age, which allows us to zoom in and see indicative trends of macro markets through a micro lense. Around the world, Fractional Leadership as a term is still new - and it is considered an emerging market.

That said, the supply of Fractional Leaders in the New Zealand talent pool alone has grown exponentially in the past 12 months - from 44 listed on LinkedIn August 2023 to over 200 in February of 2024. And by all indications, these numbers will continue to rise, considering 70% of employees last year reported burnout in their current work structure, and businesses continue to face low productivity in the post-COVID era, driving many leaders out of many companies and into positions where they can work on their own terms.

Despite these economic woes, as a nation we rank in the top 20% worldwide for innovation by economy, and we Kiwis have an unshakable sense of ingenuity that always leaves a door open for giving new things a go. So our hope with the Fractional Directory project is that Fractional Leadership is one of those things more and more New Zealand businesses spend time to learn about.

This report is intended to be a guide for that enquiry, informing business owners, investors, board members and our talent ecosystem with clear data showing how integral Fractional Leadership will likely be for the future of leadership and productivity here in New Zealand, and around the globe.

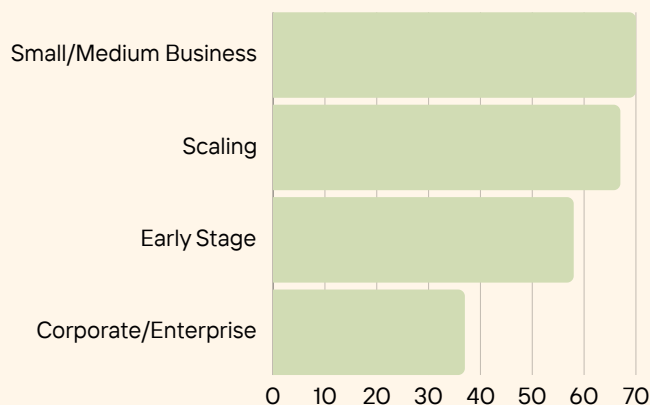
- *Michelle Allbon, Co-Founder of The Fractional Directory*

Fractional Leader Demographics

From our dataset, we can see a number of trends in the demographics of individuals who are choosing to enter the Fractional Leadership Market in New Zealand.

Proportionately, the majority of Leaders are based in the Auckland Metropolitan area, work with scaling startups (series A+) to mid-size businesses, and operate either with broad industry experience or as specialists in the Technology, Non-Profit/Charity, Finance or Education sectors.

Specialisation by Stage Of Company:



Geographic Representation:

Auckland 60%

Wellington 12%

Canterbury 8%

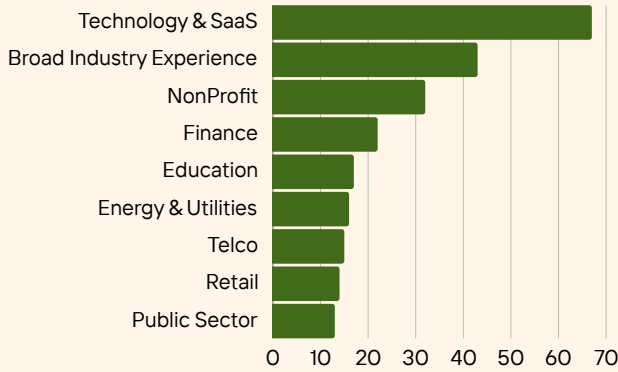
Bay of Plenty 4%

Nelson/Tasman 3%

All Other <2%

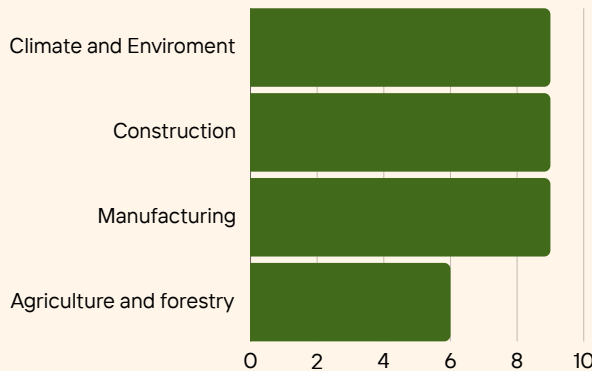
Specialisation by Industry

Highest Representation



Technology & SaaS is by far the highest represented sector in the experience of our existing pool of Fractional Leaders. Within this subset, we see additional specialisation in Software, Hardware, Green Tech and Deep Tech.

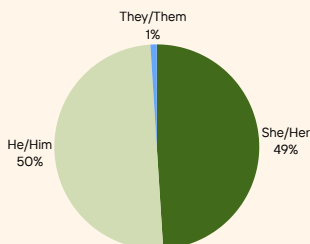
Lowest Representation



Industries such as Climate & Environment, Construction and Manufacturing have less than 10% of the talent pool represented, showing an opportunity for more Leaders in these Domains to enter the Fractional Leadership market to address the large number of companies within these industries which operate in New Zealand.

Gender Demographic Trends:

69/138 identified as (he/him),
68/138 identified as (she/her), 1/138
identified as (they/them) in publicly
viewable LinkedIn profiles.



Most Common Leadership Values Chosen:

Empathy

Integrity

Strategic Thinking

Innovation

What is the Remit of a Fractional Leader?

If you're looking to hire a Fractional Leader, what strategic deliverables should you expect them to produce? We ask members of our directory to choose the deliverables they are most comfortable offering, and below are the top three most commonly offered by each role. This information can be used to help businesses better understand the kind of work Fractional Leaders are brought in to support, and can guide the language used in drafting a Fractional work contract.

Most Common Deliverables Offered By Title

Fractional CEO/GM

- Support Founder(s) in scaling a team while preserving the company culture
- Drive the hiring process and establish a strong team culture
- Pivot or refine a business model for growth

Fractional COO

- Evaluate and improve a Company's operational performance
- Manage operational complexities which arise due to growth
- Help Companies scale their operational processes and teams

Fractional CTO

- Collaborate with executive team on long-term tech-enabled business strategies
- Oversee technology strategy across multiple departments or locations
- Recruit and manage a growing technical team

Fractional CIO

- Lead the acquisition and implementation of new technologies
- Lead IT for new initiatives and projects
- Oversee large-scale IT projects and implementations

Fractional CFO

- Oversee financial operations across all business units of midsize or scaling companies
- Ensure financial transparency and accountability across the company
- Develop financial forecasts and budgets

Fractional CAIO

- Develop AI strategic vision and roadmap
- Establish AI best practices, governance, and ethical guidelines
- Guide AI talent acquisition and team structure development

Fractional CPO

- Ensure product strategy aligns with company vision and market trends
- Collaborate with cross-functional teams to ensure product execution
- Oversee comprehensive product strategy and portfolio

Fractional CRO

- Support Founder(s) in developing early go-to-market strategies
- Lead strategic initiatives to enter new markets
- Drive global revenue growth and profitability

Fractional CMO

- Develop and execute initial marketing strategies for start-ups
- Manage a company's marketing budget and demonstrate ROI
- Implement marketing technology to build scalable business processes

Fractional Marketing Leader

- Build a Company's foundational marketing plan
- Develop lead generation and customer acquisition campaigns
- Develop and execute multichannel marketing campaigns

Fractional Sales Leader

- Develop a Company's initial sales strategy
- Drive revenue and/or initial customer acquisitions
- Evaluate and manage sales team's performance

Fractional Engineering Leader

- Oversee the execution of a specific technical project or initiative
- Foster a culture of innovation, technical excellence, and resilience
- Collaborate with the Company's CTO for strategic planning

Fractional People Leader

- Develop company culture and values
- Enhance talent management for business competitiveness
- Drive organisational change initiatives

Fractional Creative Leader

- Advocate for design-centric approach and user-focused solutions (technology industry)
- Collaborate with executive leadership on design related strategic initiatives
- Lead design innovation and experimentation

Fractional General Counsel

- Ensure compliance with laws across all markets
- Coordinate with external law firms for specialist advice
- Establish intellectual property protections

I found that using a Fractional Executive in my team was fabulous because while I had not personally gone and worked across dozens of different businesses to learn and keep up to date with all the latest practices in this area; someone else had, and could bring that value to us.

Sandra Finlay, CEO of Kindo

As the Fractional Leadership market continues to grow, I believe we will see increasing acceptance of the term – and more businesses looking to take advantage of it.

Michael Lakeman, Fractional CTO & Fractional CPO

Fractional Pay Benchmarks

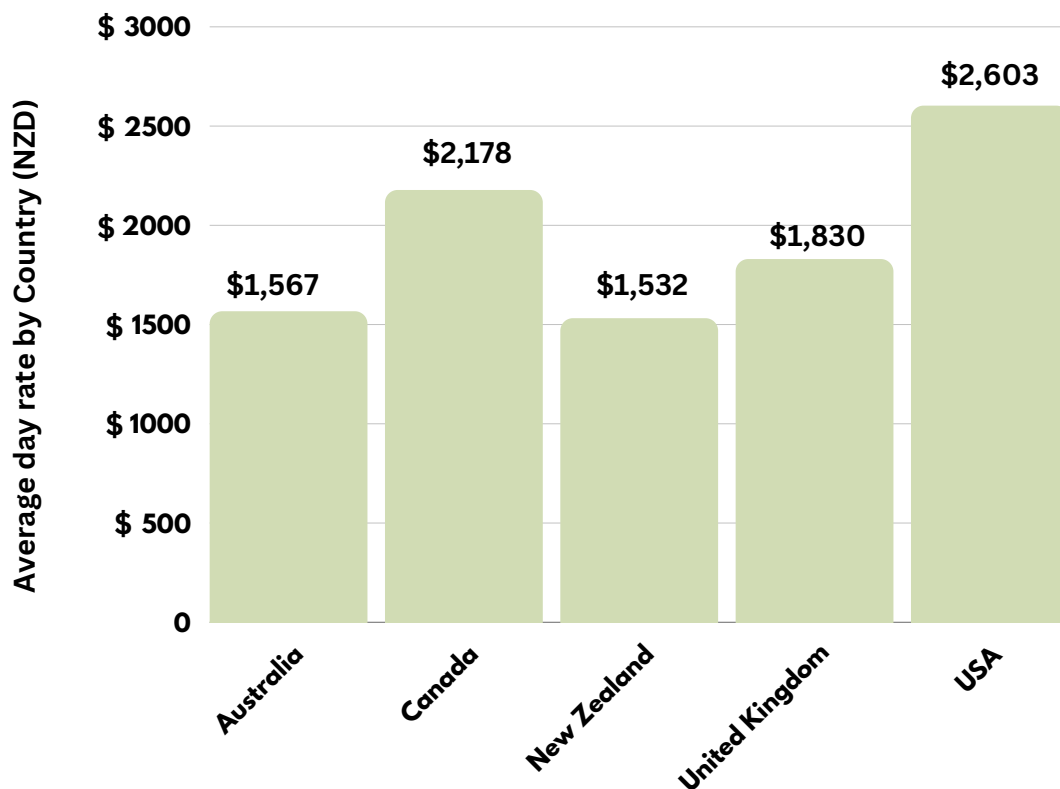
(With Matt McFarlane, Director of FNDN)

We asked Compensation Expert and fellow Fractional Executive Matt McFarlane to have a look at our pay data, and to provide us with some key insights for New Zealand benchmarked against the global trends he has found in his Libre Project.

Below are insights from his report, which show a huge opportunity for NZ businesses (and international Businesses leveraging NZ talent) to take advantage of senior level domain expertise at a fraction of the rate businesses are paying for the same Fractional Executive titles offshore.

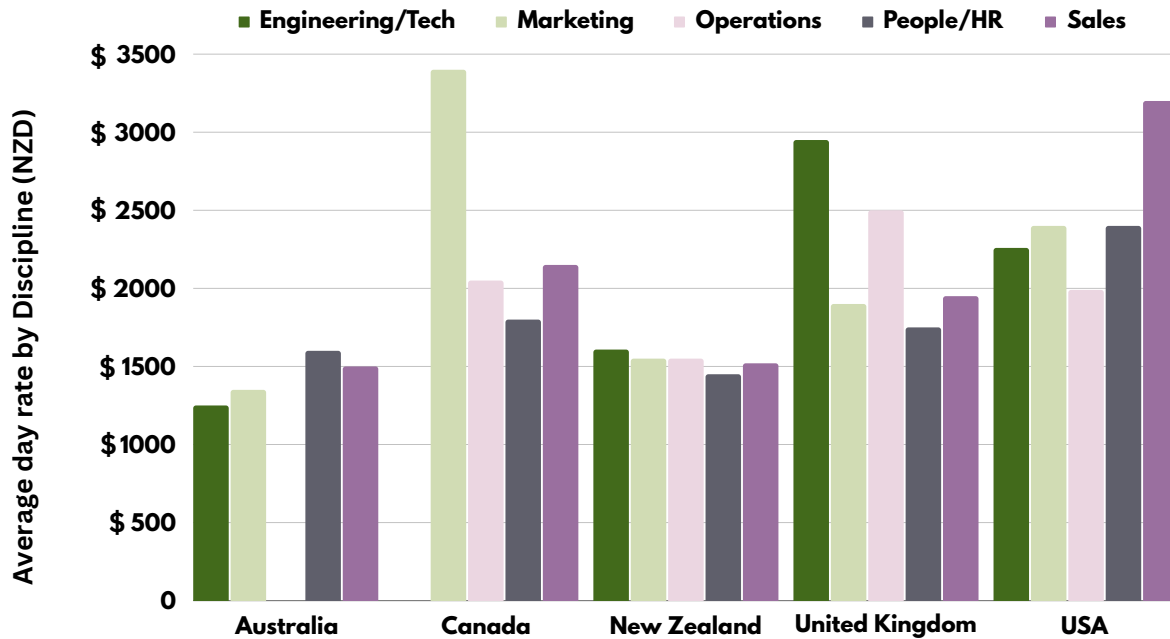
Average Day Rates - Across All Domains

The overall average NZ day rate considering all Domains and levels came to \$1,531.93 NZD. This is nearly equal to that of Australia, but is 20% lower than the same average day rate in the UK, 42% lower than Canada, and a full 58% lower than the distributed average against the same roles in the US.



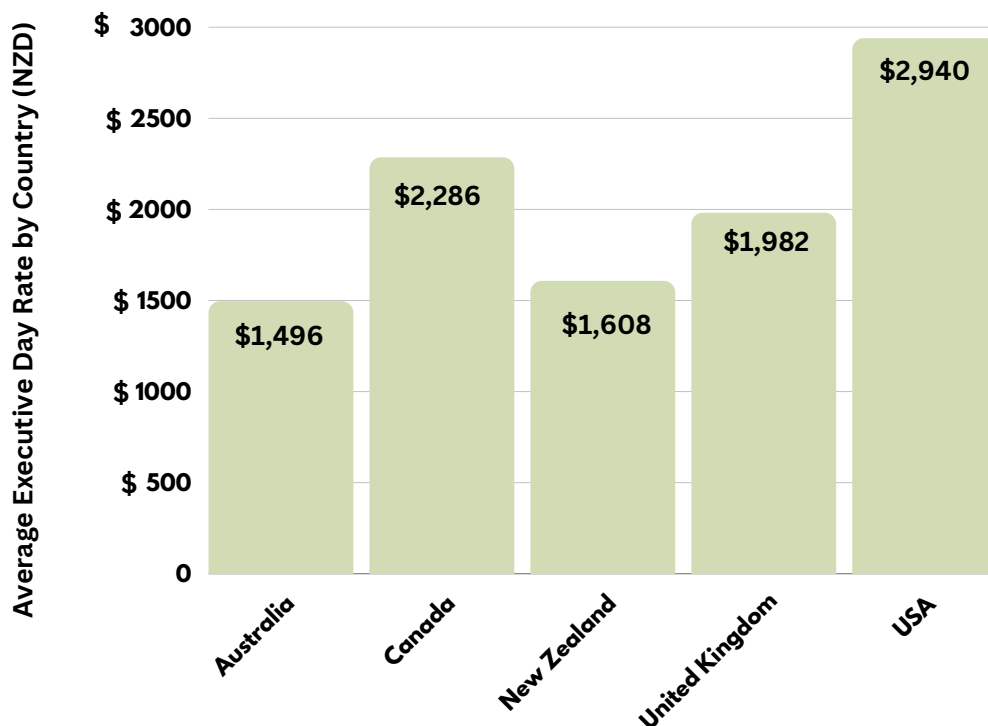
Domain-Specific Variation

Looking at day rates across all levels of Domain expertise, New Zealand Fractional Leaders showed very little variation in how much they charge on average by specialisation. By contrast, disciplines such as sales and marketing command a premium price in North American markets, and Engineering/Technology stands out as the highest cost in the UK.

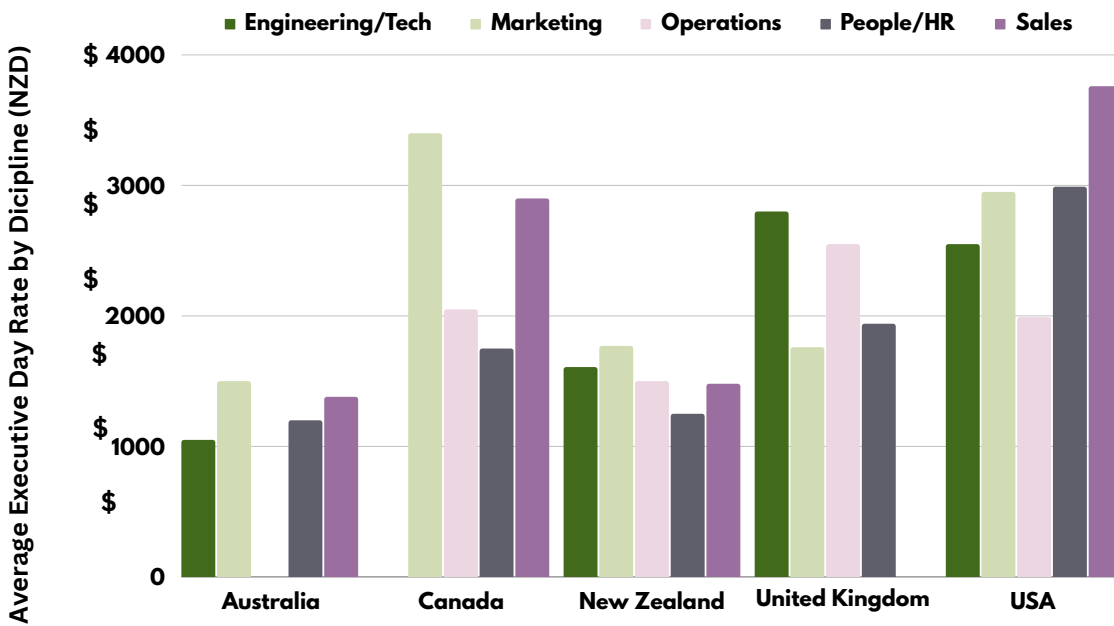


C-Level Rates

Looking at the average day rates for C-Suite Fractional Leaders, New Zealand Execs charge incrementally higher than Australia, but still fall short of North America - charging 70% less on average across all roles than C-Suite Fractional Leaders in the USA, and 58% less than those roles in Canada.



C-Level Rates by Domain



Looking at how C-Level Fractional Executive day rates break down by Domain, in Engineering/Technology (CTO/CIO), Marketing (CMO), Operations (COO), People/HR (Chief People, CHRO) and Sales (CRO) we see a similar trend to the overall average data.

NZ Fractional Leaders largely charge the same day rates, regardless of expertise - most only vary by ~10% in the day rates they charge by business unit they support, with Fractional CMOs charging the highest. In other geographies, the variation is significantly more - for instance in the USA, the pay for operating as a Fractional CRO would be almost double that of a Fractional COO.

Overall Trends from Our Data:

Marketing is the most commonly offered Fractional Domain:

- In the Libre project, NZ had data from 10 unique Domains, and the largest pay dataset was from Fractional Marketers. In the Fractional Directory, a full 27% of Fractional Leaders and Executives chose Marketing as a domain they support. This data suggests that there is a strong supply of Fractional marketing expertise offered in NZ.

Both in NZ & Globally The Majority of Fractionals are Exec Level

- In the global pay data set, there are three levels of variation in Fractional pay. However, the majority of people rate themselves as Executive or C-Suite. In New Zealand, that pattern holds true as the majority (66%) of people identify as a Fractional Executive (as opposed to a Fractional Leader, which can often be a specialist or C-1 Leadership role). This indicates globally, a prevalence of generalist knowledge and senior level domain expertise coming into the Fractional talent pool.

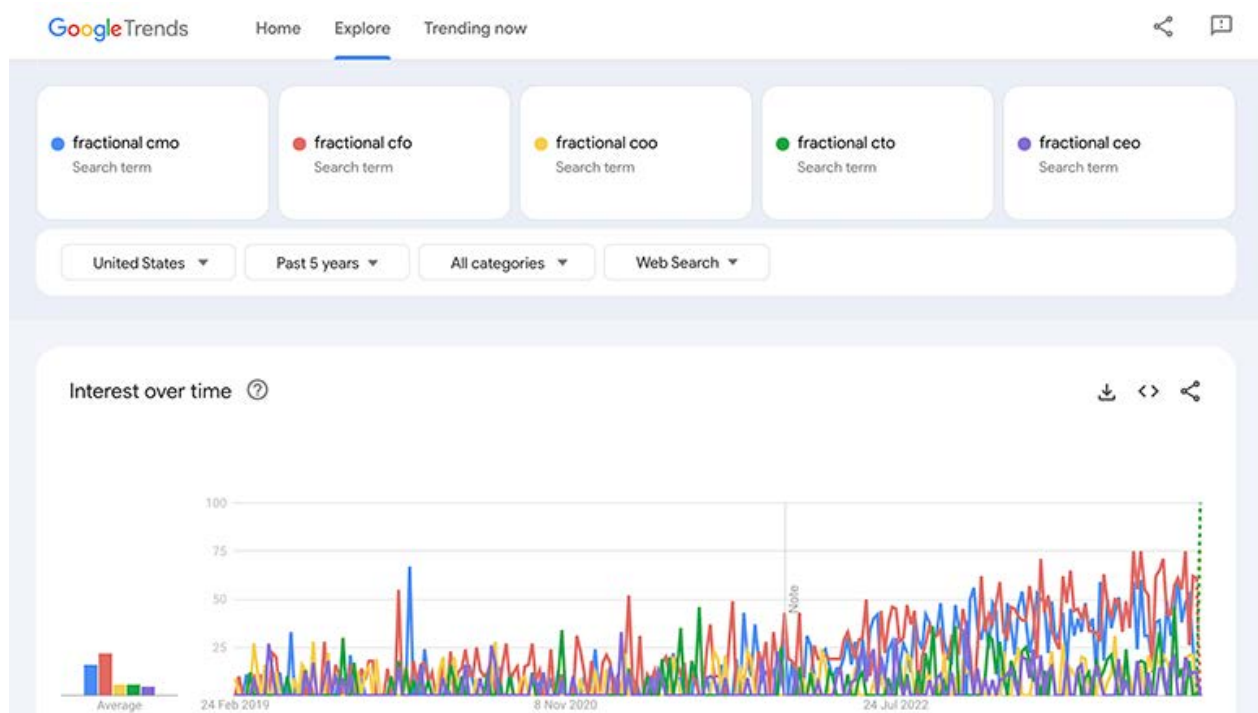
Fractional Search Trends

([Petra Davidson](#), Fractional CMO)

Search trends can reveal much about awareness and demand, as the all-seeing Google eye watches over what people are most interested in searching for. Based on Google search data from online visibility management platform Semrush, there's strong interest in Fractional Executive roles throughout the USA, and awareness and interest emerging in New Zealand.

Unsurprisingly, the Fractional CFO role has had the highest search volume, with around 4,400 monthly searches in the USA. It's closely followed by the Fractional CMO at 3,600. Volumes then drop sharply for the fractional COO at 1,000 and fractional CTO at 880.

Search volumes in New Zealand pale in comparison to the USA. While they are yet to break the 100 searches per month threshold, they do reveal an emergent interest that, if it follows the trend overseas, will increase steadily in the coming year. In the New Zealand market, the fractional CTO role leads in search volume, while CFO, CMO and other fractional executive roles lag behind.



In the data, it's notable that search terms such as 'fractional executive' or 'fractional leader' are seldom used, while 'fractional' followed by the 3- or 4-letter title, e.g. 'fractional CFO, CTO, CEO or CMO' are typically what the searcher is looking for.

Human Insights

Observations from Leaders in the Fractional Executive Market

“Our Community growing to 6500 global members in its first year shows the start of a growing trend: more people are operating as Fractional Leaders, or are considering it as a career move. As soon as the demand side catches up and more companies get onboard, this model is going to revolutionize how leaders around the world work.

Karina Mikhli, Founder Fractionals United Community

“The rapid growth of the Fractional Executive market is not just impressive due to its sheer numbers—rising to 90,000 on LinkedIn from 2,000 in just two years—but also because of the extraordinary calibre of individuals it attracts.

From ex-C-level executives of leading global firms to innovative founders offering their hard-earned expertise, the community is a powerhouse of talent. The real impact still lies ahead: as more companies realise they can tap into this top-tier expertise in a targeted and flexible manner, we’re on the brink of a major transformation in how executive talent is leveraged. The potential for both companies and Executives is immense.

Zachary King, Founder of The Fractional Executive Community

“The growth of fractional executives shows that New Zealand businesses are looking for more flexible and focused leadership. This new approach helps them tackle specific challenges more effectively, setting them up for long-term success. Understanding and using fractional leadership could be a game-changer for any growth focussed company.

Michael Friedberg, CEO of SwayTech