

Posted Monday, October 14, 2002

Executives for rent seeing more action

By [Brian Salisbury, Ottawa Business Journal](#)

Rohit Prakash calls himself a rainmaker, and if the venture capital drought continues, he just might be the difference between life and death for a startup.



Having worked at Nortel Networks, Mitel Networks and Webplan Corp., Prakash is among a growing number of so-called executives for rent. Typically, these are experienced executives that have been downsized by their respective former employers.

In Ottawa, a growing number of executives with roots in companies such as Nortel have been popping up at startups in need of guidance. That guidance may come in the form of job cuts or simply a well-placed call to a supplier or customer.

In Prakash's case, he was Webplan's director of strategic alliances in charge of relationships with top global players like IBM and EDS before being phased out in July 2001 as part of a corporate re-organization. Now, he works with emerging companies as an executive for rent — usually as a chief operating officer or vice-president of marketing.

"The economy has changed and now you've got to prove yourself before investors will consider you. That's where I come in. I help clients get their products to market and land those crucial lighthouse customers," explains Prakash.

His peers include former Bell Canada manager and Northland Training Systems director Sudhir Tiwari and former Ventrada Systems founder and chief executive Eliot Burdett.

For Burdett, being an executive for rent gives him a chance to stay sharp should a lucrative full-time CEO position pop up. It also offers a breather for executives who have been sweating their high-stress roles for too long.

"There are people like me who just want a different pace. This is less risk and less stress," says Burdett, who has helped emerging companies as both a virtual VP of sales and an

advisor to the CEO.

Most executives for rent target small- to medium-sized startups, as the larger companies have the resources to hire an army of consultants from the Deloitte & Touches and PricewaterhouseCoopers of the world. Unlike years past when freelancing executives would be compensated through stock options or a combination of stock options and cash, more and more are demanding cash up front. It's a necessity in today's market, where options have become a relatively laughable commodity.

"Nobody does consulting anymore for strictly equity. There's got to be skin in the game from both sides," says Prakash. However, at the same time, he ensures his clients know his compensation expectations going in. "I don't want my salary to be the thing that pushes them into bankruptcy."

Currently, Prakash is working with three companies — two in Ottawa and one in New York.

Nortel software spinoff Signiant Inc. is one of those local companies. The two-year-old startup has 25 employees and a healthy dose of venture capital to play with (it closed a previously unreported \$5-million round in June from Venture Investment Management Company, VIMAC). What it doesn't have, however, is a vice-president of marketing.

To help it explore new markets, it contacted Prakash earlier this year. Co-founder and VP of business development Robert Browne says the executive for rent approach has been very effective.

"We needed a senior person and someone who could devote a lot of time — time and expertise we didn't have," he explains. "A gun for hire is a lot cheaper than hiring a full-time person. It's like professional services — you don't hire full-time help until you reach critical mass."

As for his New York client, Prakash says the currency exchange makes his services particularly attractive. The concept of executives for rent is even more popular in the U.S., with many national-scale recruiting firms initiating practices devoted strictly to interim executive placements.