



## AESC Insights

### 2009 Mid-Year

# Executive Search Industry Outlook

The 2009 Mid-Year Executive Search Industry Global Outlook Report, by the Association of Executive Search and Leadership Consultants (AESC), reveals an improved demand for executive search during April and May against the first three months of this year.



# Association of Executive Search Consultants

The Worldwide Association for Retained Executive Search Consulting Firms

## 2009 AESC Member Mid-Year Outlook Report

### *Summary*

The 2009 Association of Executive Search Consultants (AESC) Member Mid-Year Outlook Survey - conducted from 20 May to 8 June - totaled 323 responses worldwide, including 31% from the U.S., Canada and Central/South America; 43% from Europe; and 26% from Asia Pacific. Key findings revealed that 64% of executive search consultants held a neutral to positive outlook for the senior recruitment industry in general for the second half of 2009. Even more promising was the 73% neutral to positive outlook for individual search practices for the same period. Half the respondents reported having seen an improved demand for retained executive search during April and May against the first three months of this year.

"Following an economic crisis of this severity a neutral to positive outlook from AESC firms is most encouraging. Our members have been badly affected by the hiatus in hiring at the senior level but are ready to help those clients now re-entering the market to both upgrade their senior staff and to invest for the future," stated AESC President, Peter Felix.

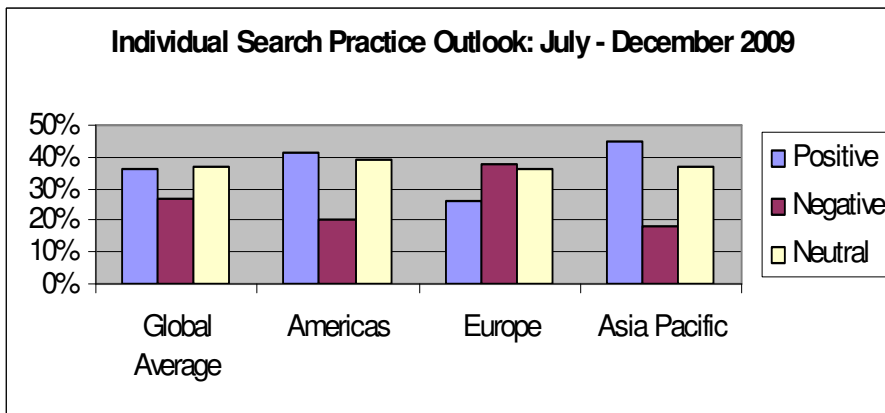
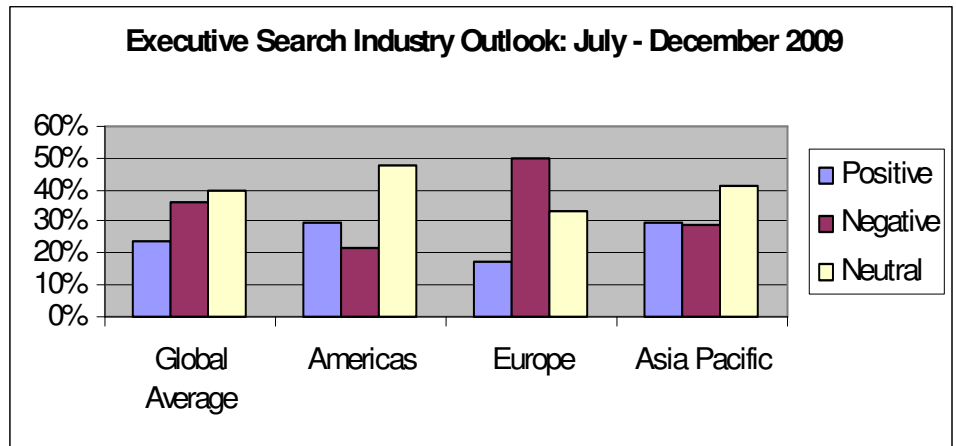
Sectors seeing significant improvements were Consumer Goods and Services and Life Sciences/Healthcare, followed by Energy/Natural Resources. The strength of these three sectors is echoed throughout report with high current stability ratings and growth expectations for the second half of 2009. The General Management, Finance and Sales and Marketing functions were also highly rated in terms of improved demand and future activity.

"The results indicate that the shortage of executive talent which prevailed prior to the precipitous downturn may be about to re-assert itself. Industries such as Life Sciences, Energy and Consumer Goods are beginning to return to pre-recession levels while the emerging markets (China and India) again rank at the top of those countries with the highest potential demand. If the global economy is about to go into higher gear then the executive search market will be a very active part of it," added Mr. Felix.

The report also revealed signs of progress in the candidate market with the understanding that senior executives will consider a career move if there is exceptional financial and employment security offered at the new position or a better role and increased responsibility. The majority of search consultants agreed that clients are sympathetic to out of work candidates.

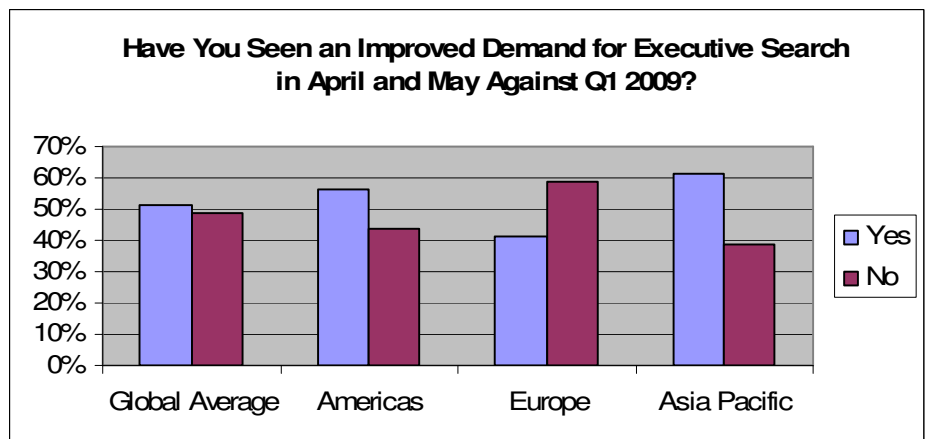
## Industry Outlook July – December 2009

Sixty-four per cent of consultants held a neutral to positive outlook for the search industry in general for the second half of 2009. Respondents also shared their individual search practice outlook for the same period, the result being a 73% neutral to positive prediction and only 27% negative; a positive change from the January to June 2009 41% negative outlook.

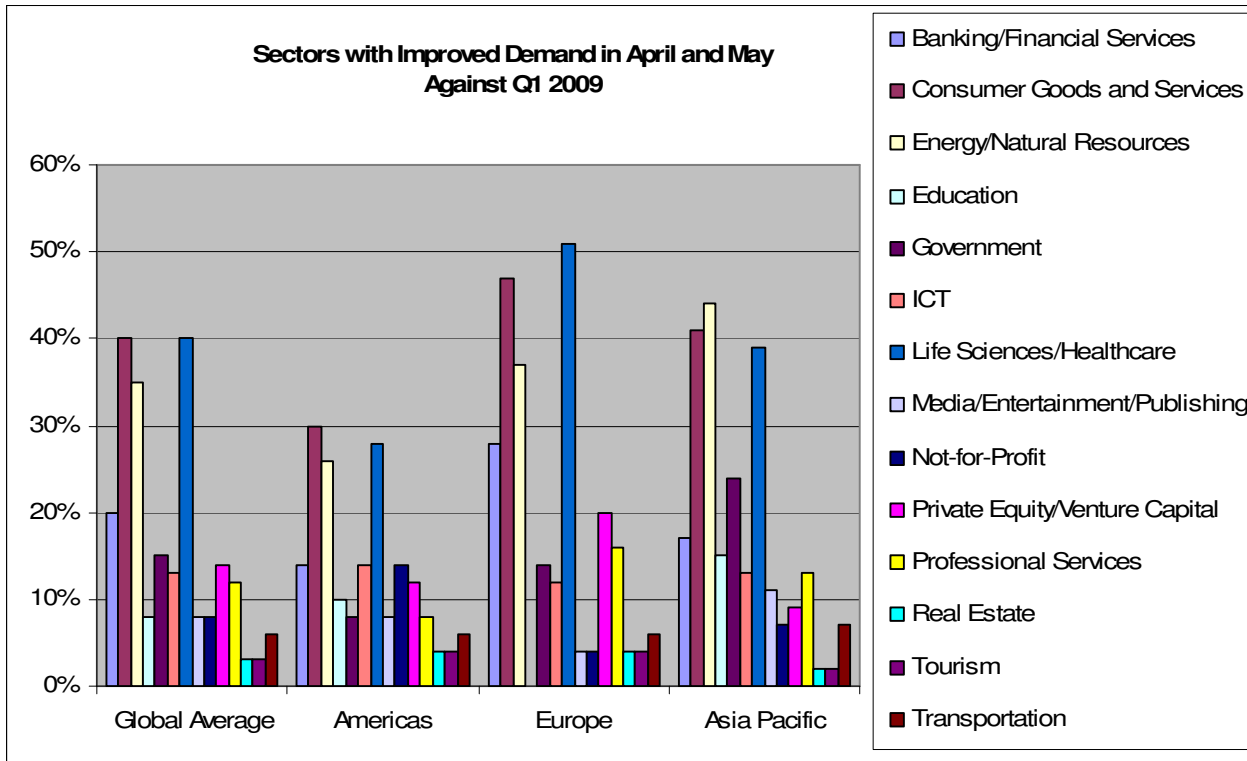


## April and May Against Q1 2009

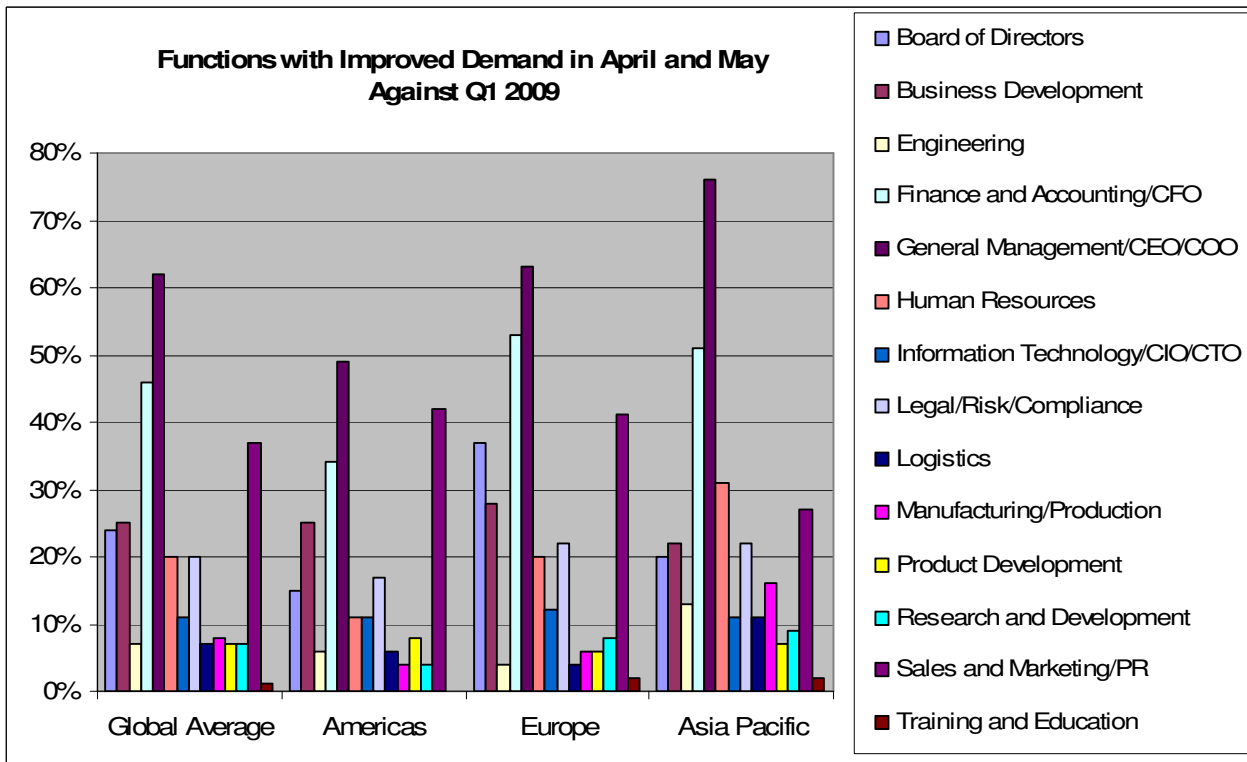
**Demand:** Fifty-one per cent reported having seen an improved demand for search in April and May this year compared to the first three months of 2009. Regional differences showed that the improvement was greatest in Asia Pacific followed by the Americas. In Europe, the majority saw no improvement in April and May.



**Sectors:** The Life Sciences/Healthcare and Consumer Goods sectors saw the greatest increase in demand for executive search during April and May this year against quarter one, followed by Energy/Natural Resources. Results differed somewhat by region (see below).



**Functions:** Demand for General Management/CEO/COO increased most over other functions in April and May 2009, followed by Finance and Accounting/CFO and in third place Sales and Marketing/PR; though Europe gave third place to Board of Directors and Asia Pacific positioned Human Resources as third most in demand.

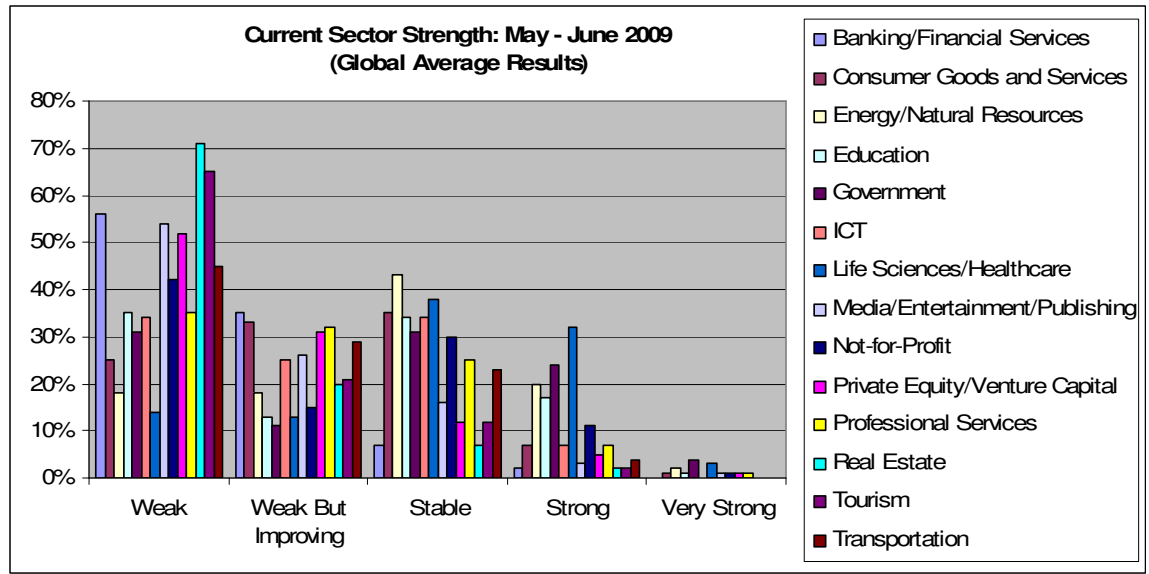


**Reason for Improved Demand:** Executive search consultants attributed the improved demand in April and May this year to organisations hiring as part of a strategic approach to managing during the recession (62%). The second greatest reason for the improvement was thought to be that organisations are hiring opportunistically (30%). The remainder felt that the increase was due to organisations lifting their hiring freezes.

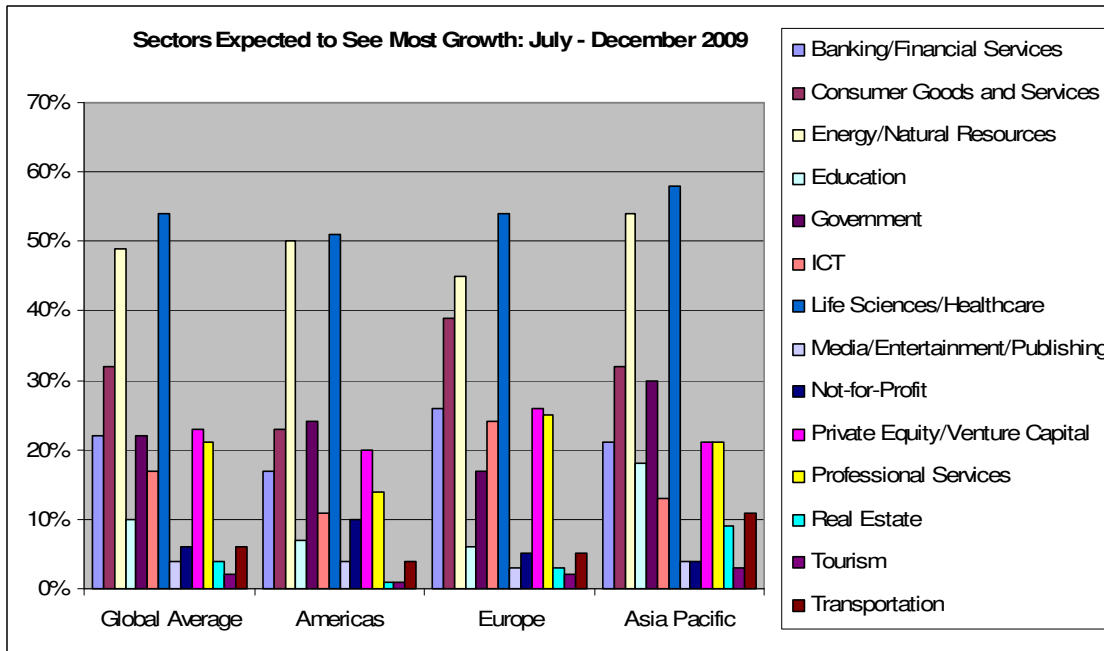
**Sector Strength**

**Current Stability:**

Based on current search activity, the top sectors rated as “stable” – no sector had a majority “strong” rating - were Energy/Natural Resources (43%), Life Sciences/Healthcare (38%), Consumer Goods and Services (35%), and



Information Communication Technology (34%). Comparatively, Life Sciences/Healthcare and Energy/Natural Resources were the top sectors rated as “strong/very strong” in December 2008.

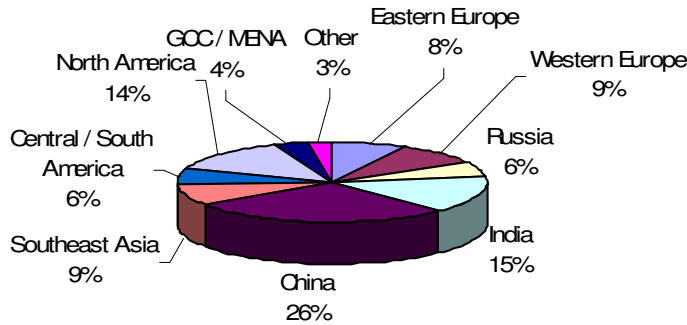


**Predicted Growth:** The Life Sciences/Healthcare sector is expected to see the most growth during the second half of 2009 (54%), followed by Energy/Natural Resources (49%), and then Consumer Goods and Services (32%).

**Greatest Need for Talent July - December 2009**

**Markets:** Search consultants expect China to see the greatest need for talent in the second half of 2009, based on the global average vote (62%) and all regional predictions. India is expected to see the second greatest demand for senior executives (36%) and North America is set to be the third market most in need of talent during this period. The China and India predictions match those made in December 2008; however North America is a new prediction, replacing Eastern Europe which held third place in December 2008.

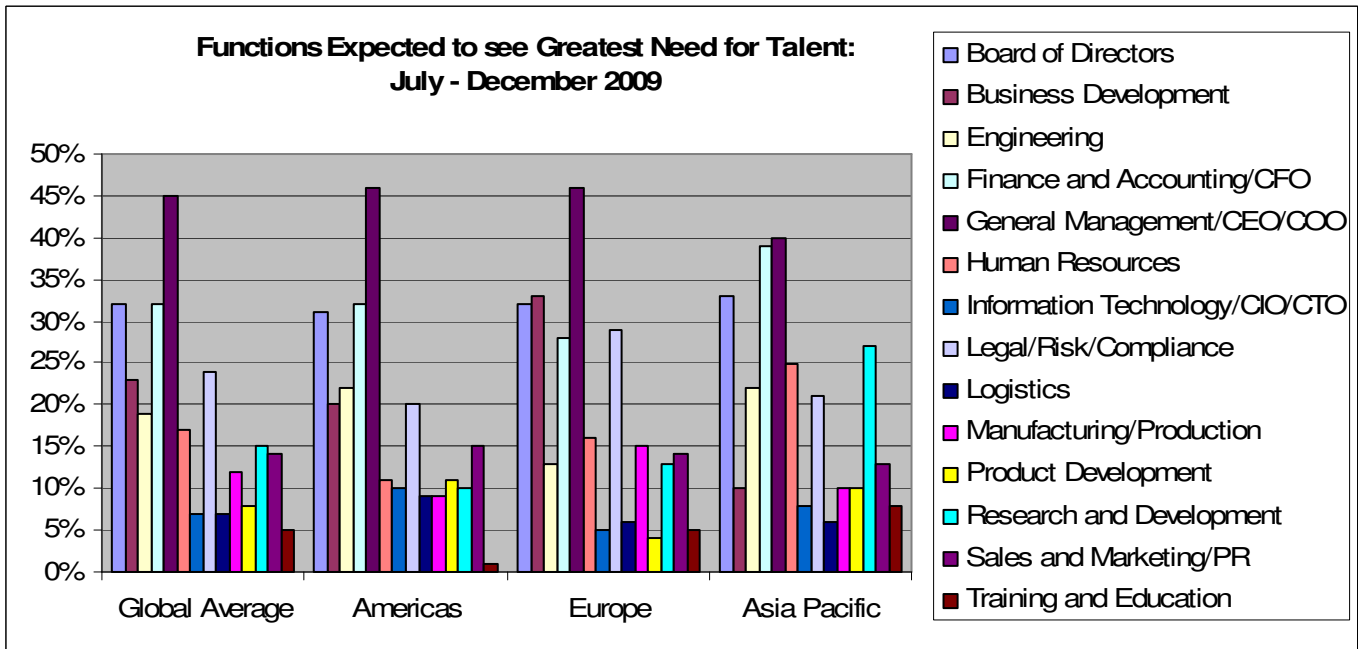
**Markets Expected to see Greatest Need for Talent:  
July - December 2009 (Global Average Results)**



*GCC / MENA: Gulf Cooperation Council / Middle East Northern Africa*

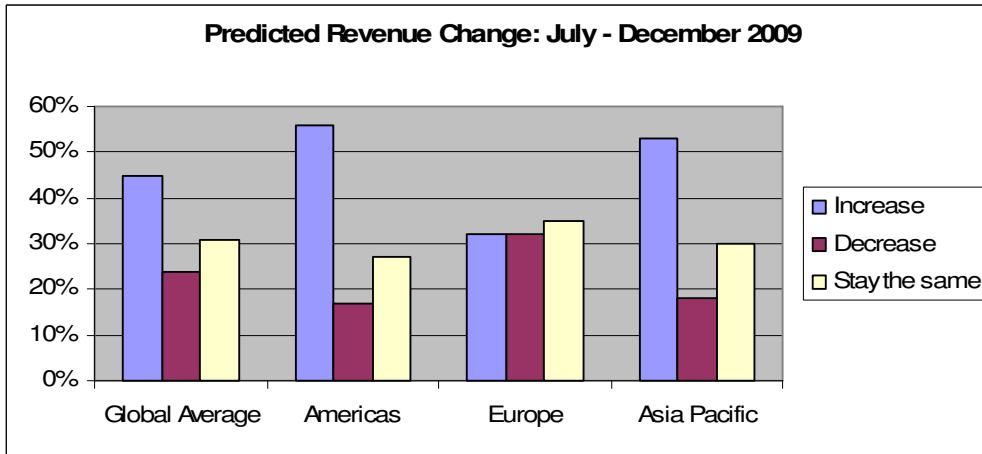
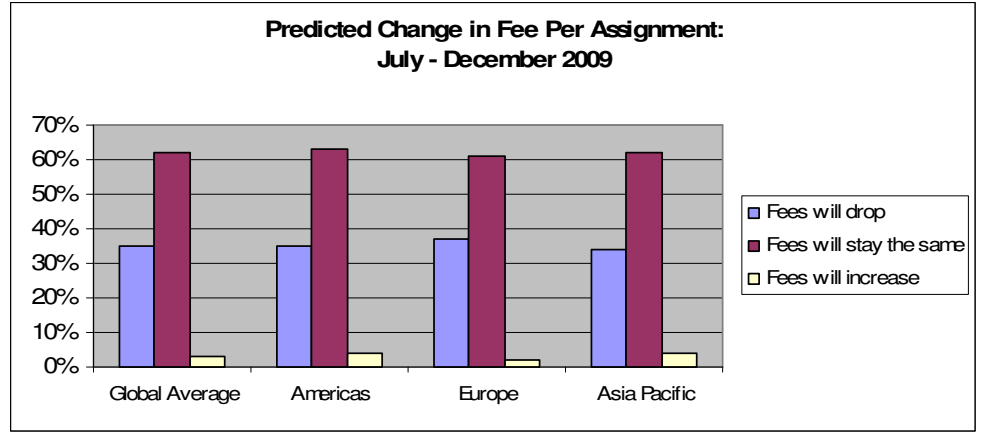
**Functions:** The General Management/CEO/COO function is expected to see the greatest scarcity of talent during the second half of 2009 (45%), followed by Board of Directors and Finance and Accounting/CFO (both 32%).

**Functions Expected to see Greatest Need for Talent:  
July - December 2009**



**Financial**

**Fee Per Assignment:** When questioned whether the fee per assignment would drop, stay the same or increase in the second half of 2009, 62% predicted that fees would stay the same and 35% expected fees to drop. Only 3% believed that fees would increase. These predictions reflect the January to June outlook when the majority also felt that fees would stay the same and 44% believed fees would drop.

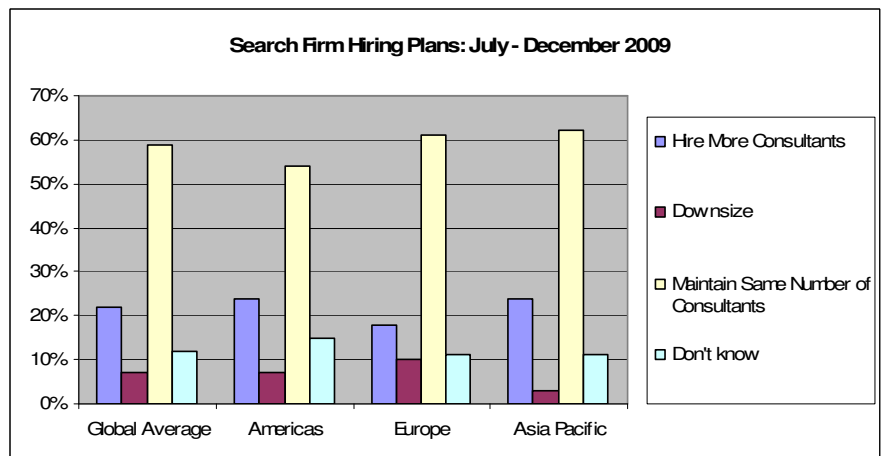


**Revenues:** The global average results showed that the majority of consultants expect revenues to increase between July and December 2009. Of the 45% predicting an increase, the majority (76%) expect a 1-25% rise, followed by 18% expecting a 26-50% increase. However, of the 24% predicting a decrease, half (49%) expect a 1-25% drop while

44% foresee a 26-50% decline. When asked the same question in December 2008, 82% believed that their revenues would decrease in the first half of 2009. The July to December 2009 revenue outlook for consultants in the Americas and Asia Pacific regions is more positive than for those in Europe, which holds an equal prediction for increase/decrease.

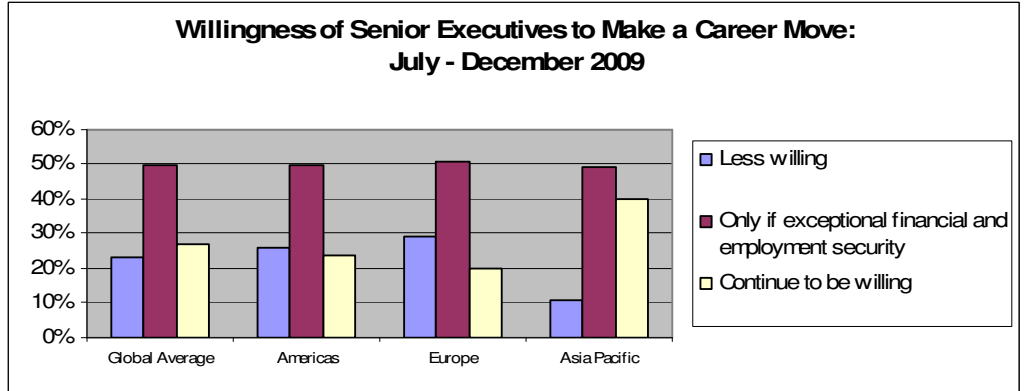
**Search Firm Hiring Plans**

A clear majority of consultants across all regions plan to maintain the same number of consultants in their search practices during the second half of 2009. This was also the case in the January to June six month outlook, taken in December 2008.

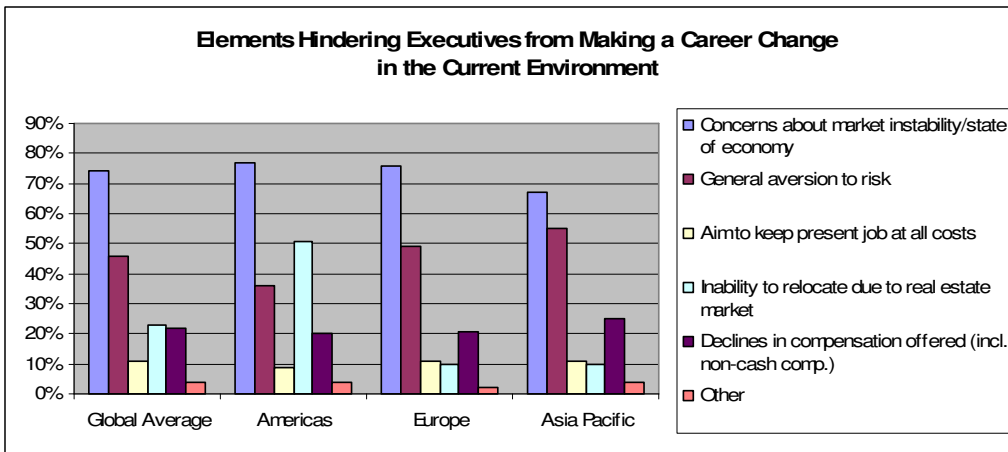


**Candidates**

**Willingness to Move:** Half the respondents felt that candidates would only consider a career move in the second half of 2009 if there was exceptional financial and employment security offered at the new position. Twenty-three per cent felt that candidates would be less willing



to make a career move. However, 27% agreed that candidates would continue to make career moves this year. As seen above, this trend differed in the Americas and Europe where respondents gave “less willing” the second strongest rating.

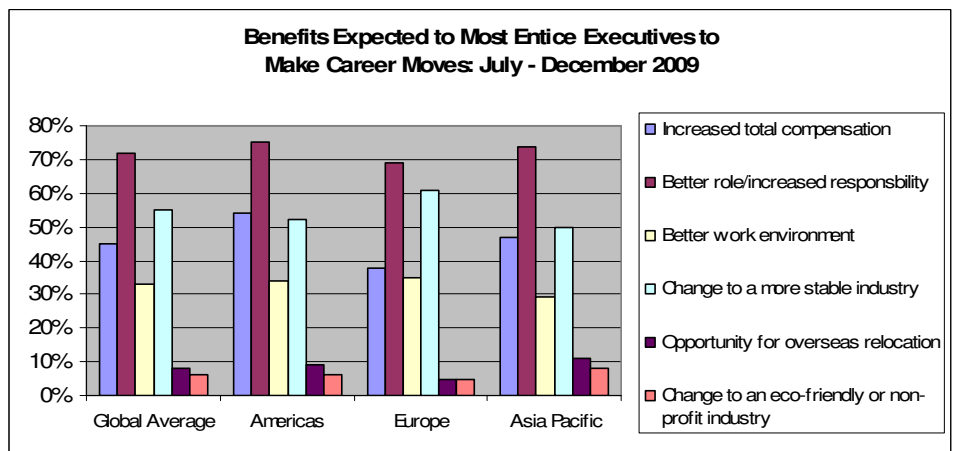


**Preventing Career Change:**

Concerns about market instability and the state of the economy were understandably seen as the primary elements hindering executives from making a career change in the current environment. The second greatest issue in Europe and Asia Pacific was thought to be a

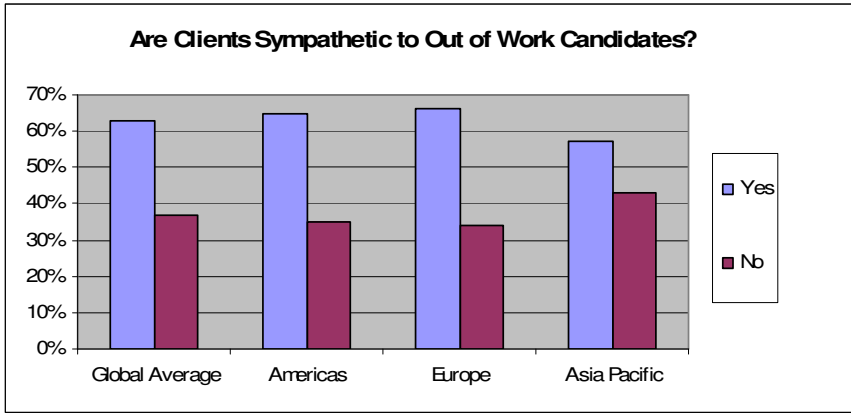
general aversion to risk, but in the Americas was seen as the inability to relocate due to the real estate market. The aim to keep ones present job at all costs was not seen as a major factor preventing career change.

**Benefits to Entice a Move:** For the second half of 2009, the majority of consultants (72%) believed that a better role/increased responsibility is most likely to entice a senior executive to consider a career move. Whereas in December 2008 the overwhelming response was that a change to a more stable industry would be the key motivator; this benefit was the second most common response for July to



December 2009. The third greatest motivator for the latter half of this year is seen as being increased total compensation.





**Client's View:** Sixty-three per cent agreed that clients are currently sympathetic to out of work candidates, a trend reported across all regions.

The AESC thanks TheLadders for supporting the 2009 AESC Member Mid-Year Outlook Survey



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**About The Association of Executive Search Consultants**

The Association of Executive Search Consultants (AESC) is the worldwide professional association for the retained executive search industry. The AESC promotes the highest professional standards in retained executive search consulting, broadens public understanding of the executive search process, and serves as an advocate for the interests of its member firms. For more information, or to download the AESC Code of Ethics and Professional Practice Guidelines, please visit [www.aesc.org](http://www.aesc.org).

The AESC offers CorporateConnect (<http://corporateconnect.aesc.org>), a service for the HR community offering industry information, tools to assist with senior executive recruiting, and access to the AESC membership directory.



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