



AESC Insights

2012 Mid-Year

Executive Search Industry Outlook

The 2012 Mid-Year Executive Search Industry Global Outlook Report, by the Association of Executive Search and Leadership Consultants (AESC) reflects uncertainty in world markets.



2012 AESC Member Mid-Year Outlook Report

The 2012 Association of Executive Search Consultants (AESC) Member Mid-Year Outlook Survey of June 2012 totaled 225 responses from AESC executive search consultants worldwide, including 45% from EMEA, 37% from the Americas and 9% from Asia Pacific.

Executive Recruiters in Wait and See Mode

AESC's mid-year executive search industry outlook reflects uncertainty in world markets

The Association of Executive Search Consultants' (AESC) mid-year business forecast for the remainder of 2012 confirmed the uncertainty which prevails in most areas of the world economy, with 51% of respondents casting a neutral vote, 31% positive and 18% negative. This compares with an overwhelmingly favourable forecast 12 months ago when 66% held a positive outlook and 27% were neutral.

Commenting on the outlook AESC President, Peter Felix, said: "It is perfectly understandable that our members should continue to be cautious when so much of the world economy is in some form or other of turbulence, or at best, constrained growth. The Eurozone worries are severely hampering business development in Europe while the new markets of the world are wrestling with overheated economies and reduced growth. The only bright spot is the United States, where "green shoots" have emerged in the past 12 months, but these are far from dependable and are restrained by the uncertainty of the November presidential elections. We can only hope that this overall period of uncertainty will not continue into 2013."

Despite the flat outlook, the report shows that clear indications persist of an underlying talent shortage in many areas of the world, even in certain sectors within the developed economies. There is an overwhelming need for globally experienced executives in many corporations, especially those with multinational aspirations from the major emerging markets of China, India and Brazil. Africa is also demonstrating a critical need now for experienced executives as its economy begins to develop.

Peter Felix added: "It seems ironic in a period of economic instability and high unemployment levels that there should be such a shortage of skilled and experienced executives to fill jobs around the world. Yet overall demand for retained search consulting remains at generally high levels, and still at the third highest since the all-time high of 2008. If these levels can be maintained, then as stability eventually returns to the world economy we can expect to see critical competition for executive talent between countries and industry sectors and our profession can look forward to further demand for its services. We remain confident that this will occur in due course."

Executive Search Industry Outlook

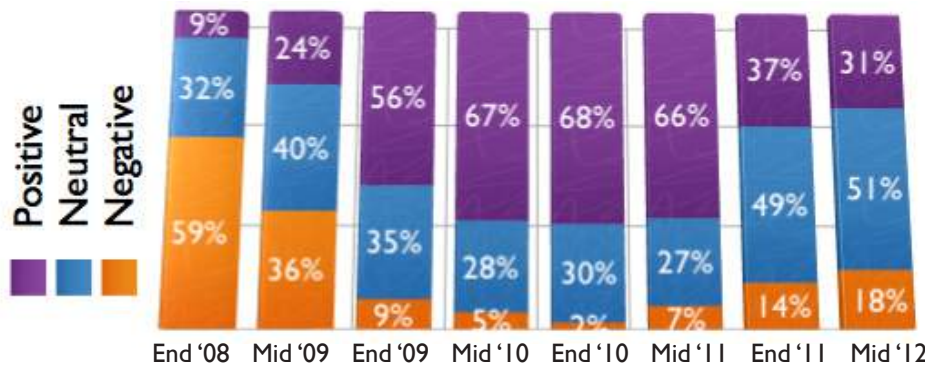
Global: Executive search consultants reaffirm that unpredictability is the new normal with a cautious industry outlook for the half year ahead: **Positive 31%, Neutral 51%, Negative 18%**. ~ Pictured below ~

Regional variance:

Americas: Positive 41%, **Neutral 52%**, Negative 7%

EMEA: Positive 23%, **Neutral 51%**, Negative 26%

Asia Pacific: Positive 19%, **Neutral 67%**, Negative 14%



Executive search industry outlook for year ahead (or 6 months ahead at mid-year point)

Predicted Sector Growth, July - December 2012

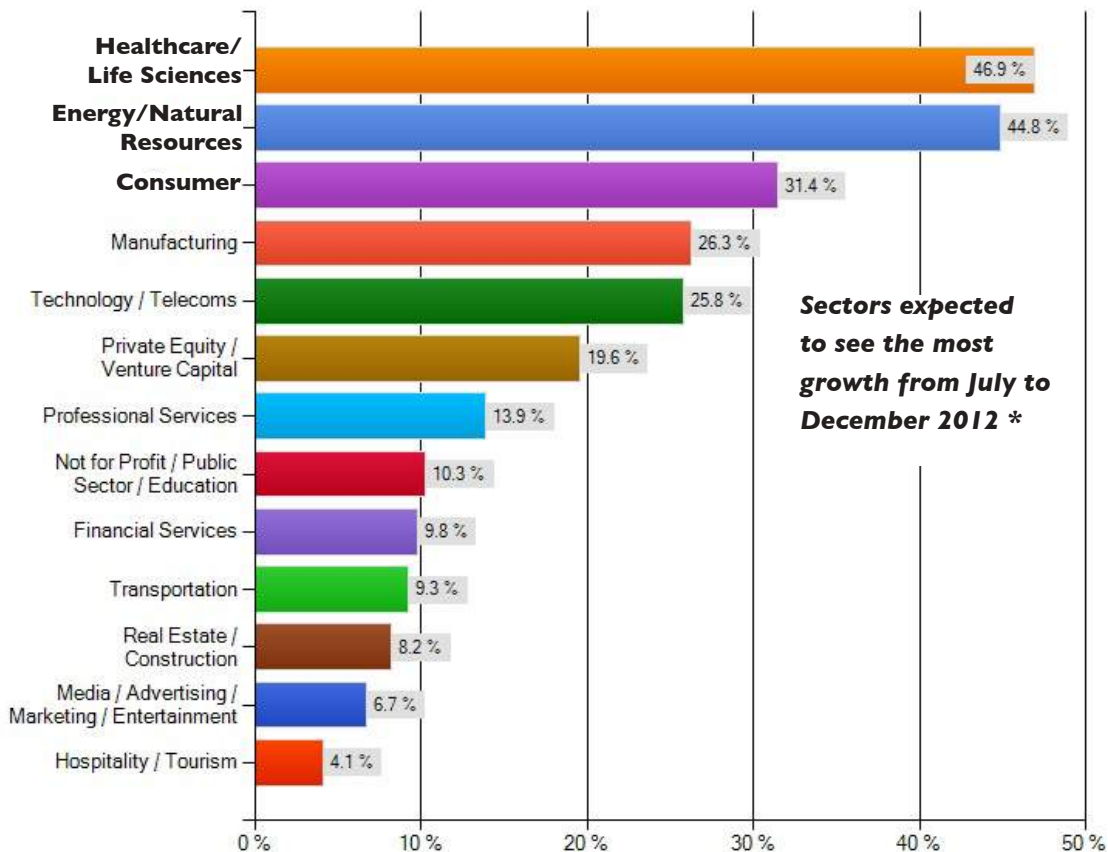
Global: **Healthcare/Life Sciences, Energy/Natural Resources,** and **Consumer** are expected to see the most growth in the second half of 2012. ~ Pictured below ~

Regional variance:

Americas: Healthcare/Life Sciences in joint first with Energy/Natural Resources, followed by Manufacturing.

EMEA: In line with global average results: *Healthcare/Life Sciences, Energy/Natural Resources, Consumer.*

Asia Pacific: Healthcare/Life Sciences, followed by Consumer and then Energy/Natural Resources.



Sectors expected to see the most growth from July to December 2012 *

* Respondents asked to select top three choices

Current Sector Strength

Global: Energy/Natural Resources (49%), Healthcare/Life Sciences (40%), Manufacturing (30%), and then Technology/Telecoms (29%) held the greatest worldwide sector strength in June 2012 with the highest strong and very strong ratings. ~ Pictured below ~

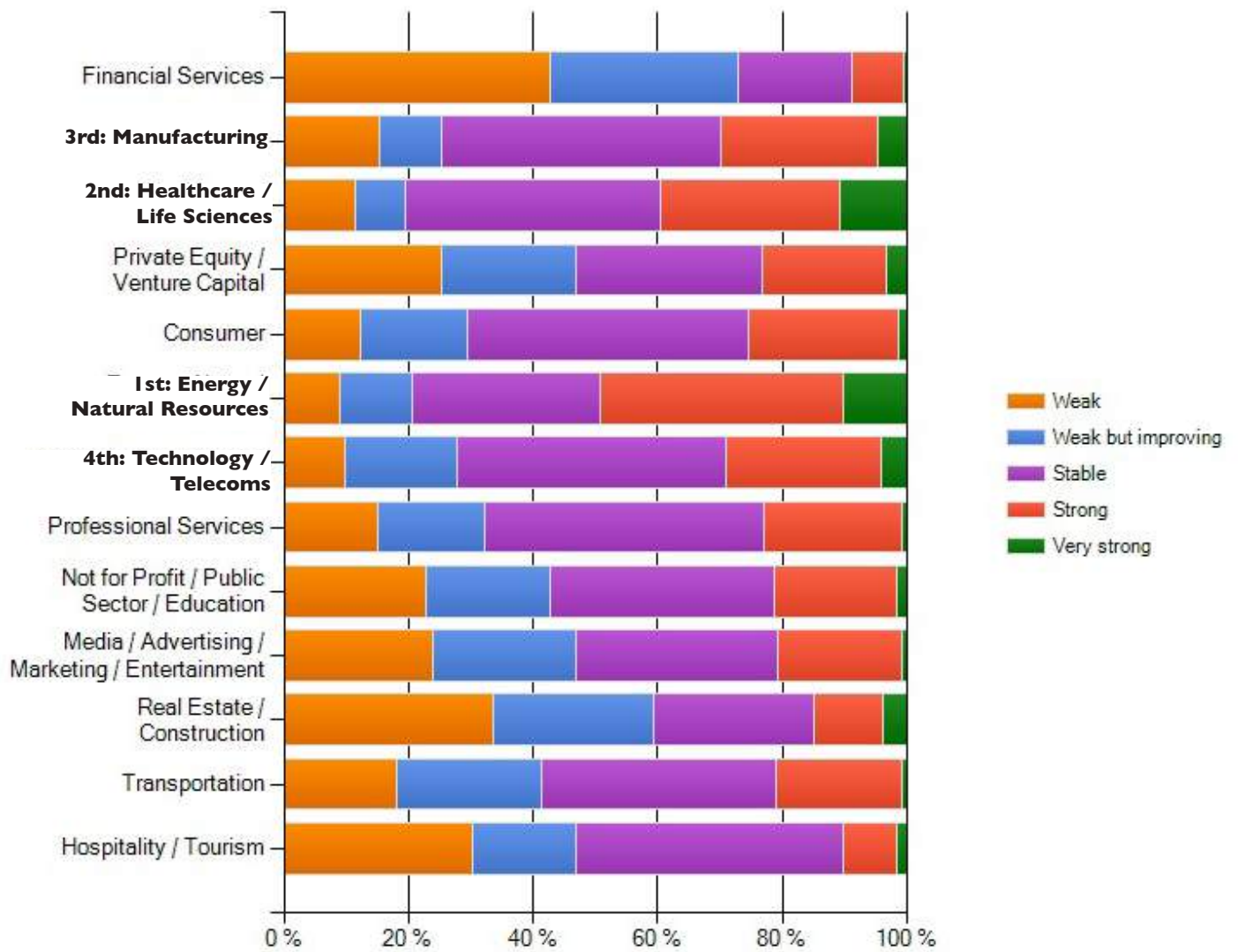
Regional variance, with the highest strong and very strong ratings:

Americas: Energy/Natural Resources 62%, Healthcare/Life Sciences 45%, Private Equity/Venture Capital and Manufacturing - both 37%, followed by Professional Services 31%.

EMEA: Healthcare/Life Sciences and Energy/Natural Resources - both 35%, Technology/Telecoms 29%, Manufacturing 22%.

Asia Pacific: Healthcare/Life Sciences 56%, Energy/Natural Resources 53%, Consumer 50%, Manufacturing 37%.

Sector strength at June 2012



Search Industry Revenue Projections

Global: Forty percent of executive search consultants surveyed worldwide expect their revenues to stay the same in the second half of 2012 as compared to the first half of the year, 35% predict their revenues will increase, and 25% expect revenues to decrease from July to December 2012. ~ Pictured below ~

Regional variance:

Americas: Increase 42%, Stay the same 44%, Decrease 14%.

EMEA: Increase 27%, Stay the same 42%, Decrease 31%.

Asia Pacific: Increase 40%, Stay the same 25%, Decrease 35%.

Predicted change to annual revenues for year ahead (or 6 months ahead at mid-year point)



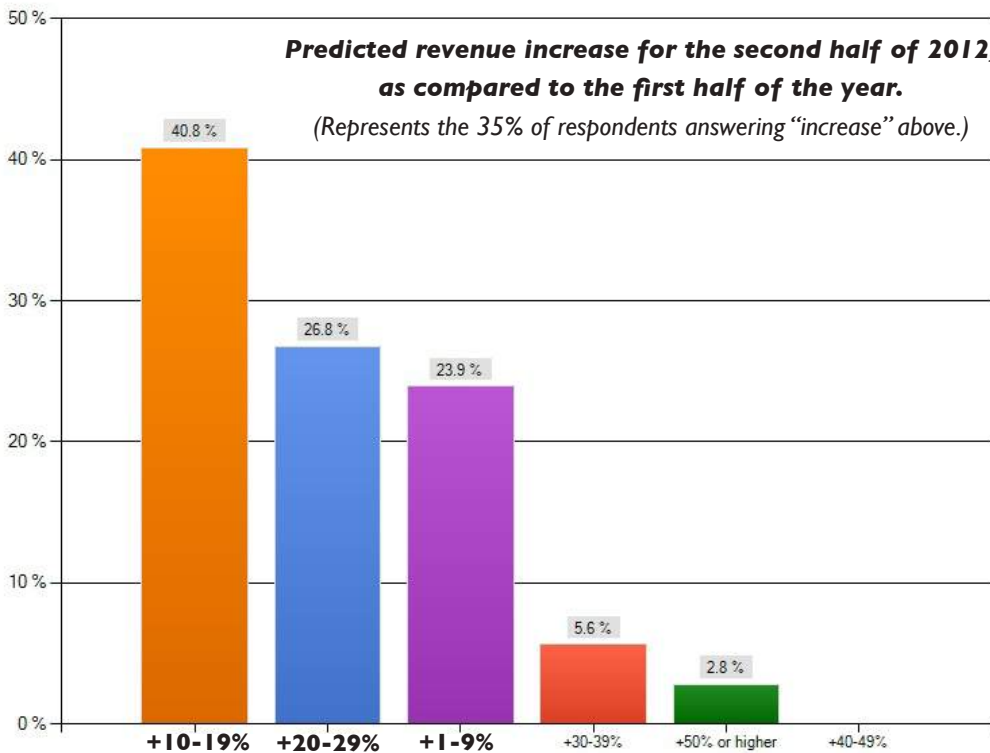
Anticipated Increase in Search Industry Revenues

Global: Of the 35% predicting an increase in their July to December 2012 revenues (above), the majority (41%) expect to see a rise of +10-19%, followed by a +20-29% rise, and then +1-9%. ~ Pictured below ~

Regional variance:

Americas: Of those expecting an increase, the majority predict a +1-9% rise, followed by +10-19%.

EMEA and Asia Pacific: Of those expecting an increase, the majority predict a +10-19% rise, followed by +20-29%.



Search Industry Fee Projections, July - December 2012

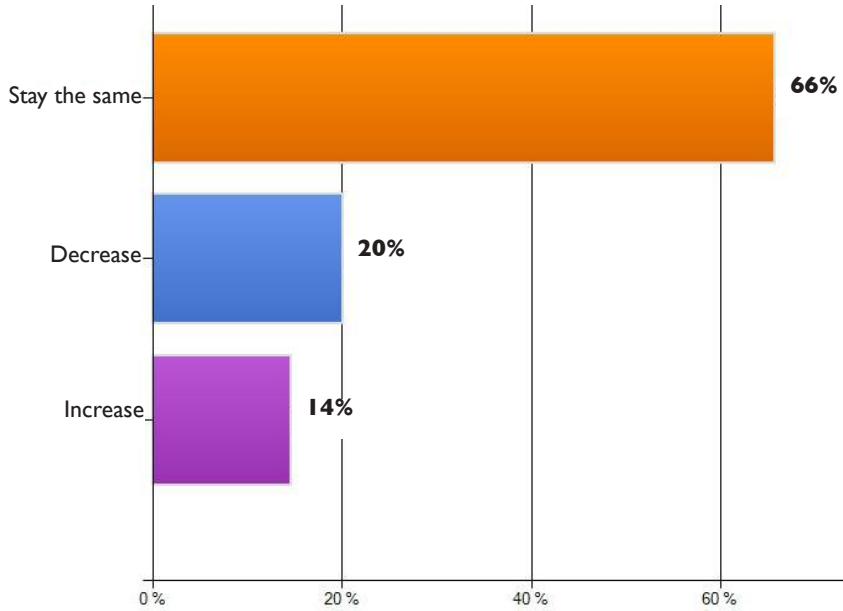
Global: Sixty-six percent of executive search consultants surveyed expect their fee per assignment to stay the same in the second half of 2012 as compared to the first half of the year, 20% expect it to decrease, 14% expect it to rise. ~ Pictured below ~

Regional variance:

Americas: Stay the same 78%, Increase 14%, Decrease 8%.

EMEA: Stay the same 61.5%, Increase 11%, Decrease 27.5%.

Asia Pacific: Stay the same 50%, Increase 25%, Decrease 25%.



Predicted change to fee per assignment for the second half of 2012, as compared to the first half of the year.

Search Industry Hiring Plans, July - December 2012

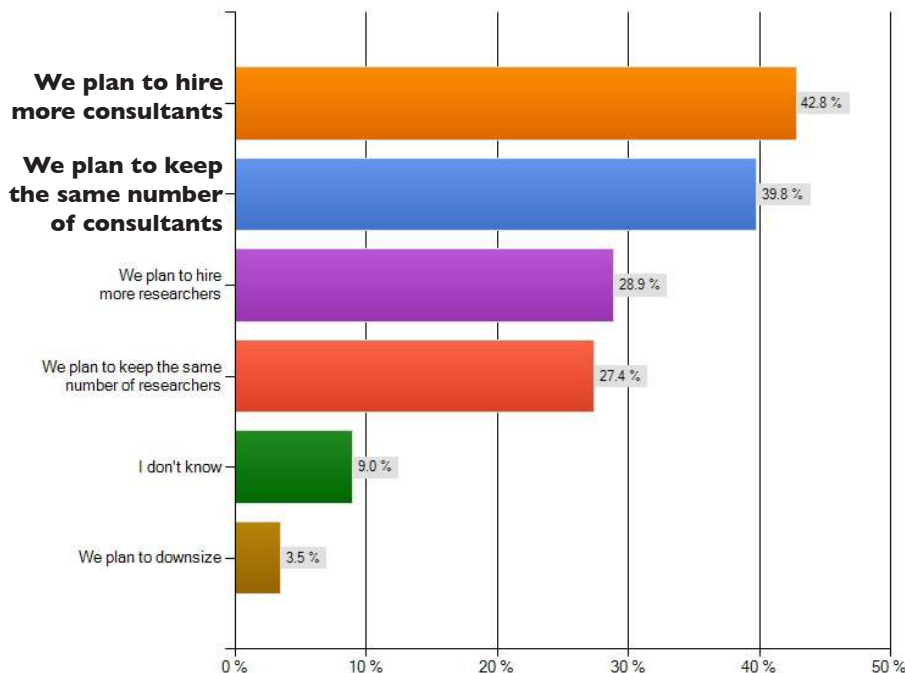
Global: Forty-three percent of executive search consultants surveyed plan to hire more consultants in the second half of 2012 as compared to the first half of the year, though 40% plan to keep the same number of consultants. ~ Pictured below ~

Regional variance:

Americas: No significant variance.

EMEA: Keep the same number of consultants 50%, hire more consultants 37%, keep the same number of researchers 37%.

Asia Pacific: Hire more consultants 70%, hire more researchers 50%.



Search firm hiring plans for the second half of 2012, as compared to the first half of the year.

Executive Talent Shortage, July - December 2012

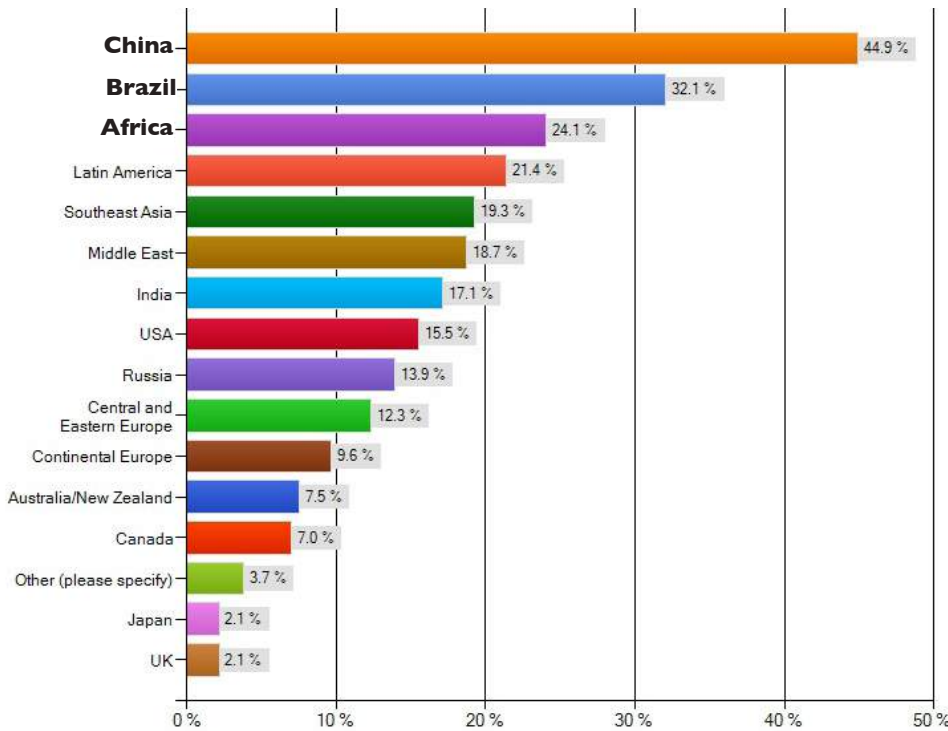
Markets

Global: Executive search consultants predict that **China, Brazil** and **Africa** will see the greatest shortage of executive talent in the second half of 2012. ~ Pictured below ~

Regional variance: Americas: China 39%, Brazil 38%, USA 30%.

EMEA: China 41%, Africa 32%, Brazil 30%.

Asia Pacific: China 72%, Africa 44%, Southeast Asia 39%.



Markets expected to see the greatest shortage of talent in the second half of 2012 *

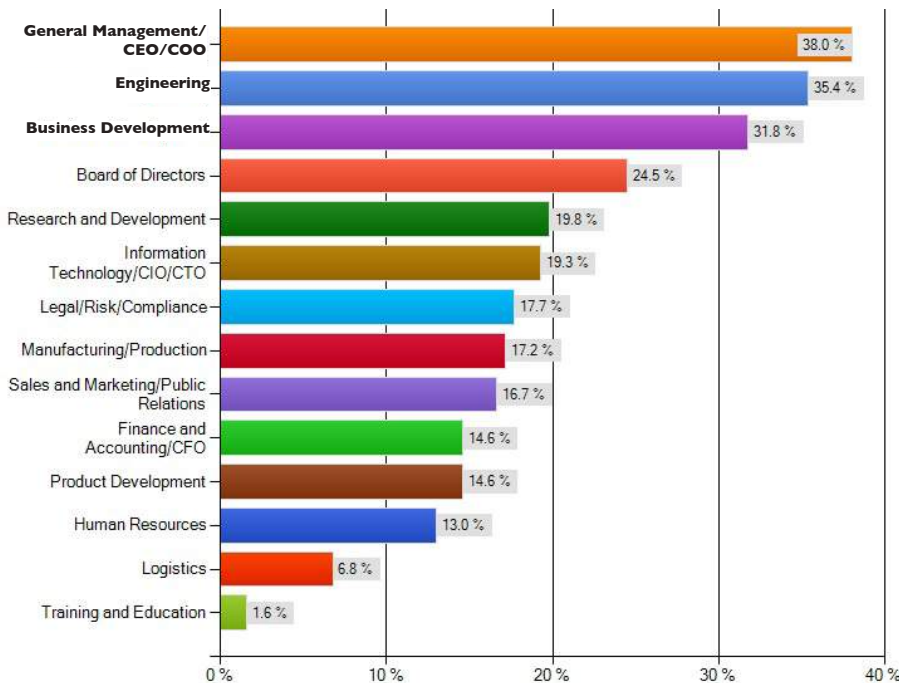
Functions

Global: The **General Management/CEO/COO** function is expected to see the greatest shortage of talent worldwide in the second half of 2012, followed by **Engineering** and then **Business Development**. ~ Pictured below ~

Regional variance: Americas: Engineering 40%, General Management/CEO/COO 36%, Information Technology/CIO/CTO and Business Development, both 24%.

EMEA: Business Development 40%, General Management/CEO/COO 38%, Engineering 35%.

Asia Pacific: General Management/CEO/COO 50%, Board of Directors and Research and Development, both 33%.



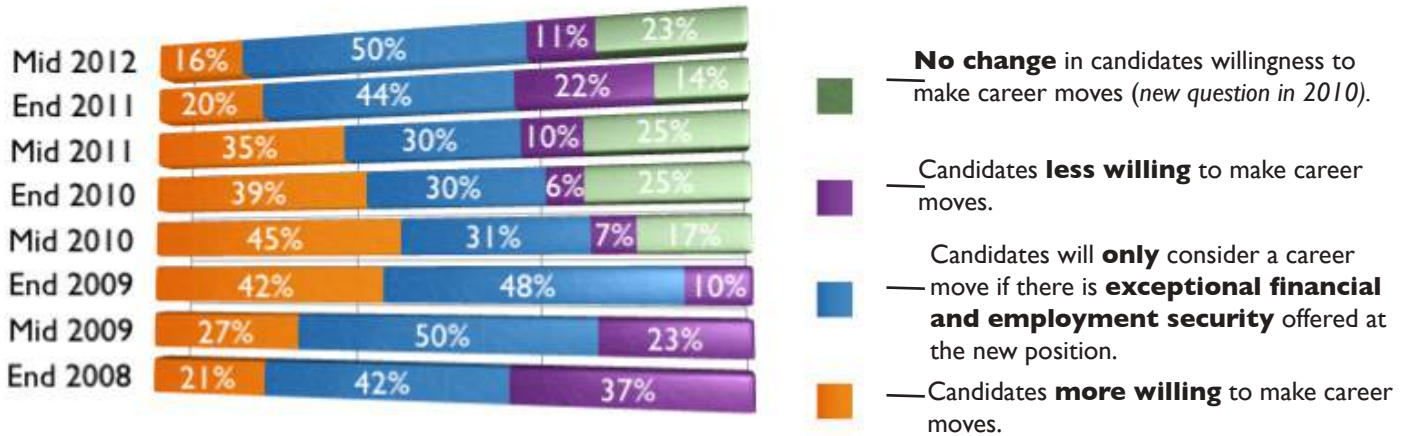
Functions expected to see the greatest shortage of talent in the second half of 2012 *

* Respondents asked to select top three choices

Willingness to make a career change

Global: Fifty percent of executive search consultants surveyed believe that candidates will only consider a career change if there is exceptional financial and employment security offered at the new position. Twenty-three percent predict that there will be no change in candidates willingness to make career moves in July to December 2012, compared to the first half of the year. ~ Pictured below ~

Predicted willingness of candidates to make career moves in year ahead (or 6 months ahead at mid-year point)



Motivation for career change, July - December 2012

Global: Seventy-seven percent of respondents believe that a **better role and increased responsibility** will most encourage senior executive career change in the second half of 2012, followed by increased compensation 61%. ~ Pictured below ~

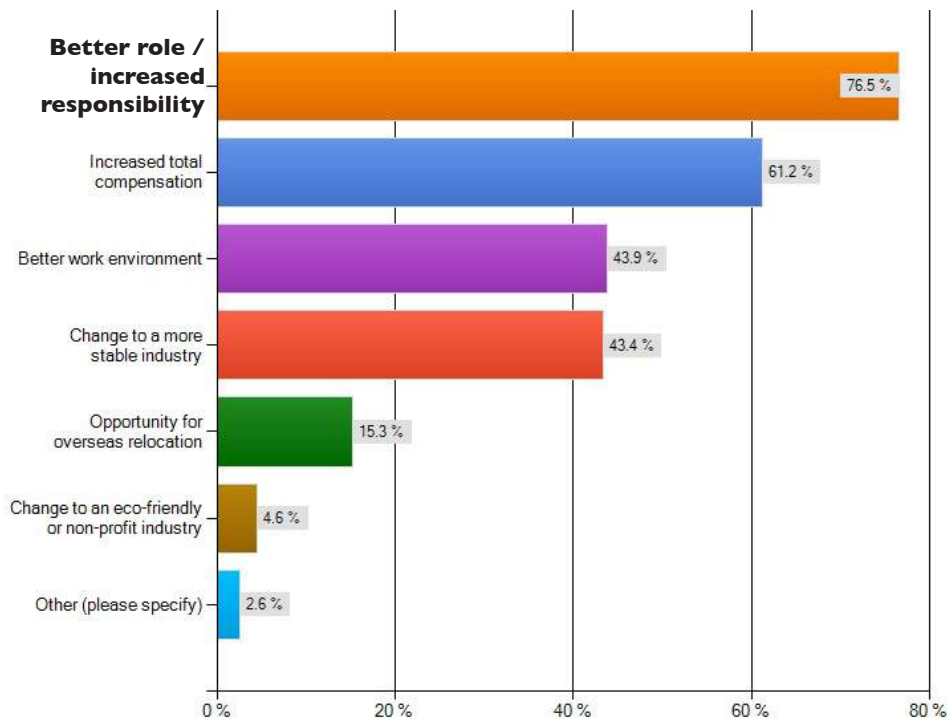
Regional variance:

Americas: No significant regional variance.

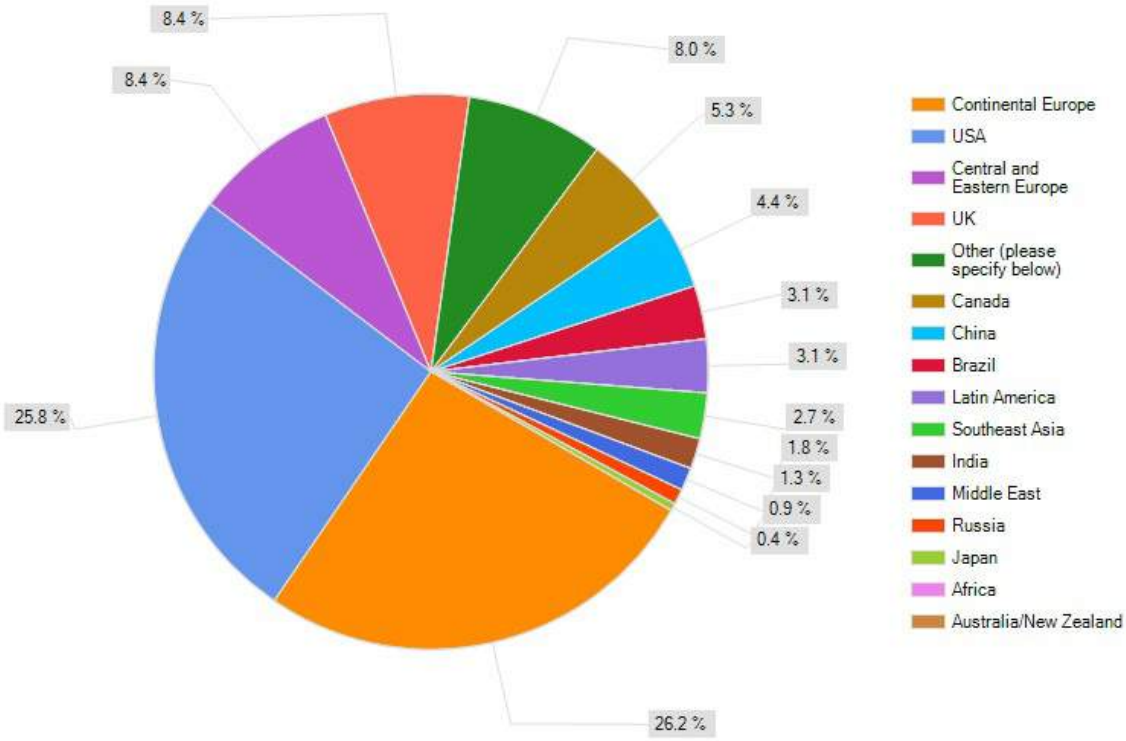
EMEA: Change to a more stable industry was rated as second priority (54%), followed by a better work environment in third (48%).

Asia Pacific: Increased total compensation 74%, better role/increased responsibility 63%, better work environment 47%.

Benefits to most entice senior executive mobility in the second half of 2012 *



* Respondents asked to select top three choices



The AESC thanks The McQuaig Institute® for supporting the 2012 AESC Member Mid-Year Outlook Survey



Accelerate your successful placements!

Create clarity and consensus amongst your client’s hiring team on the candidate attributes they are seeking with The McQuaig Job Survey®. Provide the team with a deeper level of insight into each candidate with The McQuaig Word Survey®. Use both to help them find the candidate who will excel. Visit us at www.mcquaig.com to learn more.

About The Association of Executive Search Consultants

The Association of Executive Search Consultants (AESC) is the worldwide professional association for the retained executive search and leadership consulting industry. The AESC promotes the highest professional standards in retained executive search and leadership 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.

The AESC offers www.bluesteps.com, a career management service for senior executives, and www.executivesearchconnect.com, a free service for the HR community offering industry information and tools to assist with senior executive recruiting, including access to the AESC membership directory.

