



AESC Insights

2013 Mid-Year

Executive Search Industry Outlook

The 2013 Mid-Year Executive Search Industry Global Outlook Report, by the Association of Executive Search and Leadership Consultants (AESC) finds that the outlook among executive search consultants grows more positive for the second half of 2013.



Association of Executive Search Consultants

The Global Association for Retained Executive Search and Leadership Consulting

www.aesc.org

2013 AESC Mid-Year Member Outlook Report

The 2013 Association of Executive Search Consultants (AESC) Mid-Year Member Outlook Survey of June 2013 totaled 142 responses from AESC executive search consultants worldwide, including 40% from EMEA, 38% from the Americas and 22% from Asia Pacific.

Outlook Among Executive Search Consultants Grows More Positive

The majority of executive search consultants are feeling neutral to positive about the second half of 2013.

Search Industry Outlook - The 2013 Mid-Year Executive Search Industry Global Outlook Report, by the Association of Executive Search Consultants (AESC), shows that 88% of executive search consultants hold a neutral to positive outlook at mid-year 2013 for the rest of the year ahead. Only 12% of search consultants harbor a negative view for July-December 2013. The regional breakdown of the findings highlight that search consultants in the Americas have the most positive outlook for the search industry going into the second half of 2013, with a greater number of executive search professionals there (46%) holding a positive outlook for the second half of 2013, compared to the only 23% in EMEA and 38% in Asia Pacific feeling positive about the industry for the second half of 2013.

AESC President, Peter Felix, commented: "The AESC's mid-year outlook is encouraging for the executive search profession and for senior executives who are considering career change. Optimism among our member firms is at its highest level for almost two years and is indicating an upward trend, even though still far short of the mood in 2010 when the industry bounced back after the shock of 2009. It is clear that the American economy is on the move again and with more encouraging indicators from parts of Europe and the developing world it is likely that organizations will ramp up their senior recruiting efforts. The talent shortage has not gone away during the downturn and retained search firms are responding to new requirements from their clients, especially in areas such as digital transformation."

Senior Executive Talent Shortage - The top three sectors expected to experience the greatest demand for senior executive talent in the second half of 2013 include Healthcare/Life Sciences, Energy/Natural Resources, followed by Manufacturing. Executive search consultants expect China, Africa and Brazil to see the greatest shortage of executive talent in the second half of 2013, a change from earlier this year when Brazil held the number two spot, now held by Africa. The General Management (CEO/COO) function is expected to see the greatest shortage of talent worldwide in the second half of 2013, followed by Engineering, and then Business Development.

Peter Felix added: "In terms of sector and regional demand, we continue to see strong demand in those industries that survived well during the financial crisis—namely Industrial, Healthcare and Energy. It is also no surprise to see the continued strong demand in the emerging markets where the executive talent shortage is at critical levels and already affecting these countries' abilities to fulfill their growth aspirations."

Executive Search Industry Outlook

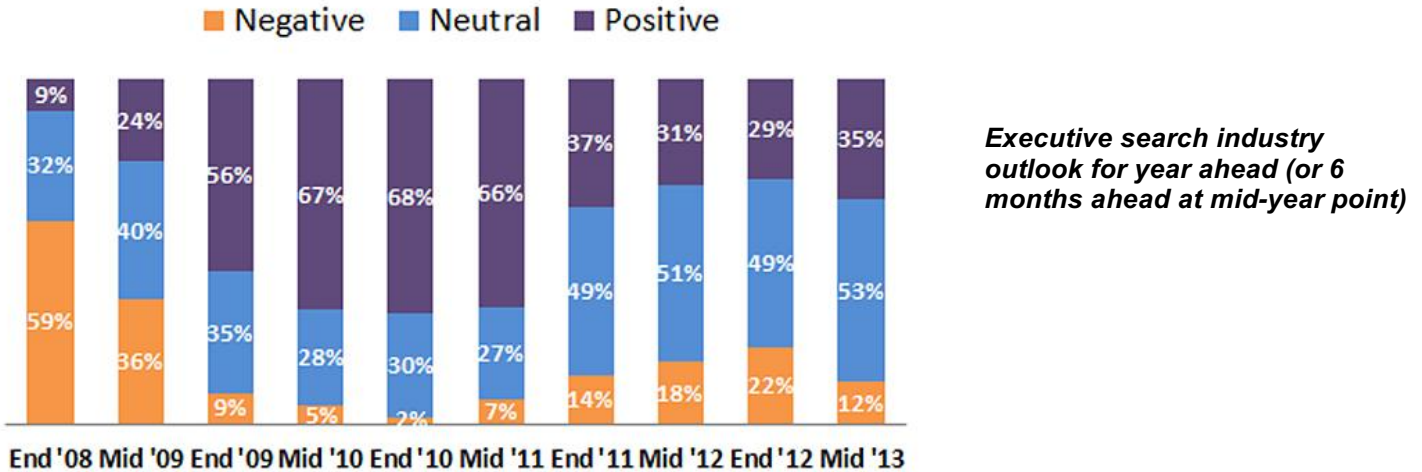
Global: 53% of executive search consultants surveyed hold a neutral industry outlook for the executive search business at mid-year 2013. The remaining 35% are positive and 12% negative in their industry outlook for the second half of 2013.

Regional variance:

Americas: Neutral 48%, Positive 46%, Negative 6%

EMEA: Neutral 56%, Positive 23%, Negative 21%

Asia Pacific: Neutral 55%, Positive 38%, Negative 7%



Sectors Expected to See the Most Growth in Second Half of 2013

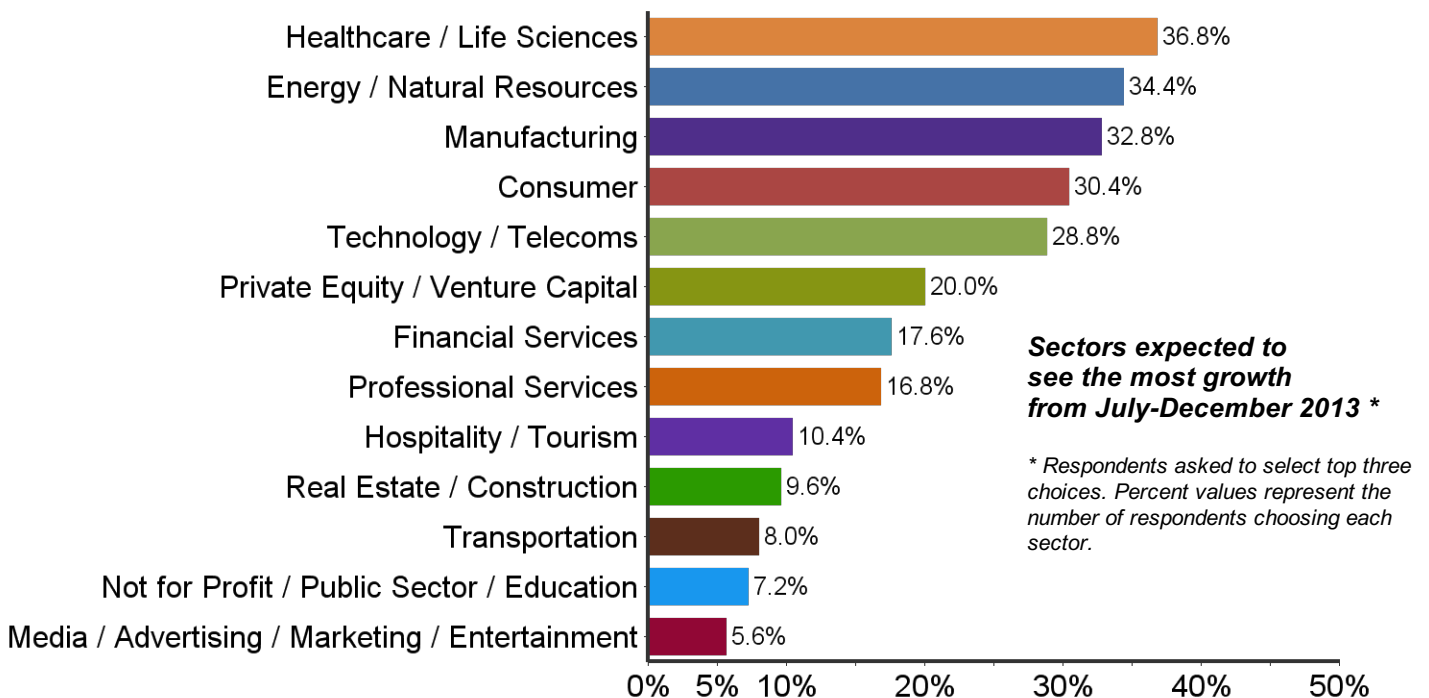
Global: Healthcare/Life Sciences, Energy/Natural Resources and Manufacturing are expected to see the most growth in the second half of 2013.

Regional variance:

Americas: Healthcare/Life Sciences 33%, Manufacturing 33%, Energy/Natural Resources 30%

EMEA: Healthcare/Life Sciences 42%, Energy/Natural Resources 42%, Technology/Telecoms 36%

Asia Pacific: Consumer 39%, Healthcare/Life Sciences 36%, Manufacturing 32%



Current Sector Strength

Global: Healthcare/Life Sciences (42%), Manufacturing (34%), Energy/Natural Resources (36%), and then Technology/Telecoms (32%) held the greatest worldwide sector strength at mid-year 2013, with the highest strong and very strong ratings.

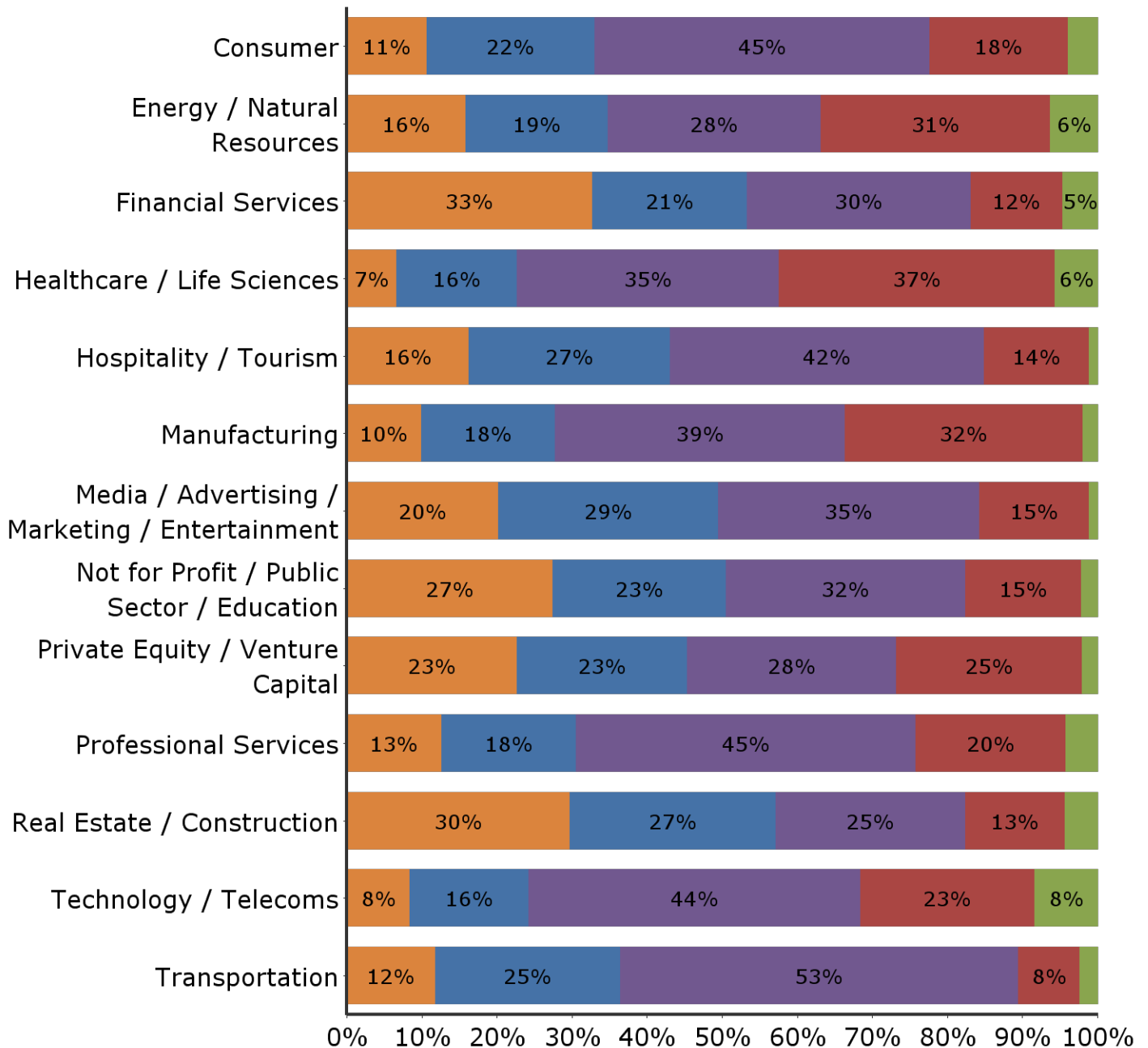
Regional variance: **Americas:** Healthcare/Life Sciences 37%, Energy/Natural Resources 45%, Private Equity/Venture Capital 42%, Technology/Telecoms 34%

EMEA: Healthcare/Life Sciences 37%, Manufacturing 36%, Energy/Natural Resources 33%, Technology/Telecoms 31%

Asia Pacific: Healthcare/Life Sciences 44%, Energy/Natural Resources 34%, Real Estate/Construction 34%, Manufacturing 32%

Sector strength at Mid-Year 2013

Weak Weak but improving Stable Strong Very strong



Search Industry Revenue Projections

Global: 52% of executive search consultants surveyed expect their revenues to increase in the second half of 2013 as compared to the first half of the year. 32% predict that their revenues will stay the same, while 16% expect revenues to decrease from July to December 2013.

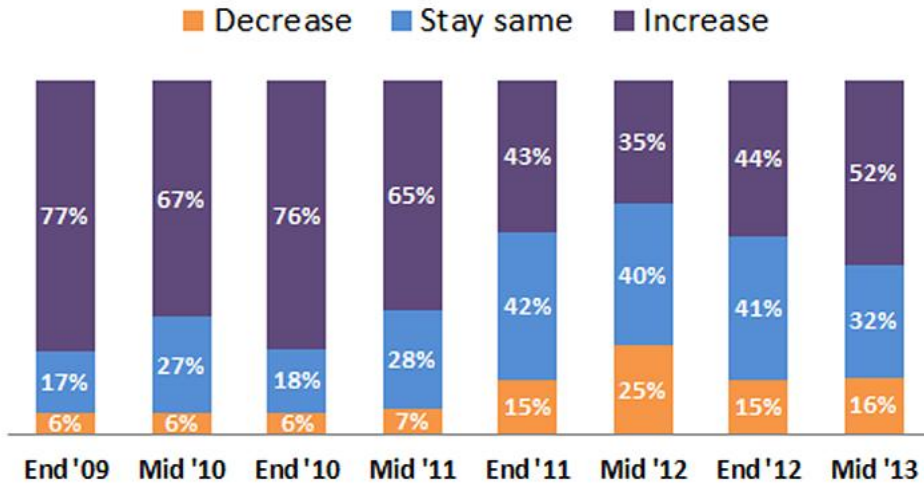
Regional variance:

Americas: Stay the same 34%, Increase 51%, Decrease 15%

EMEA: Stay the same 34%, Increase 46%, Decrease 20%

Asia Pacific: Stay the same 25%, Increase 64%, Decrease 11%

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



Anticipated Increase in Search Industry Revenues

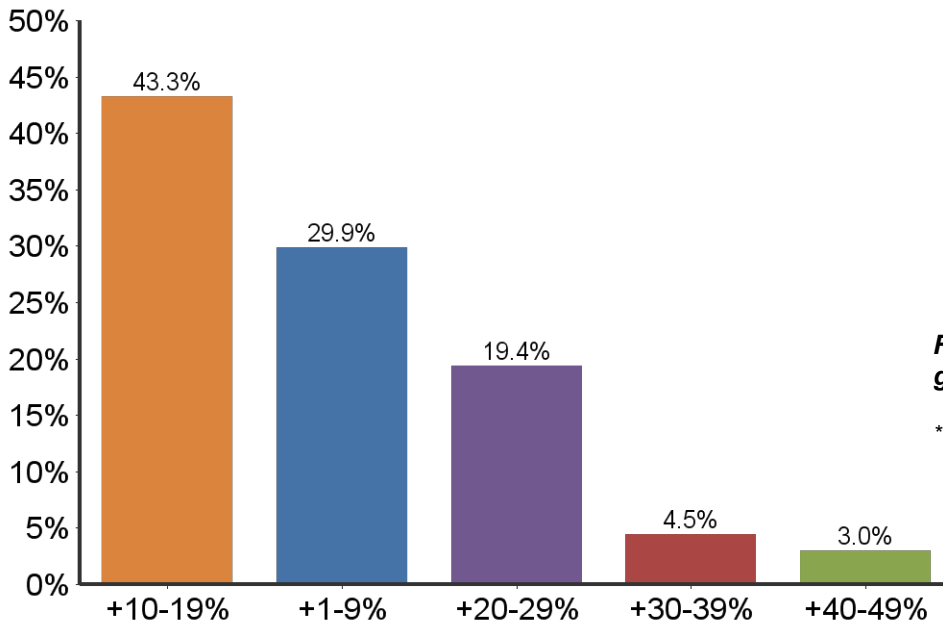
Global: Of the 52% predicting an increase in their July to December 2013 revenues (above), 43% of these respondents expect to see a rise of +10-19%, followed by 30% expecting a +1-9% rise.

Regional variance:

Americas: +10-19% increase expected by 38%, +1-9% increase expected by 21%

EMEA: +10-19% increase expected by 43%, +1-9% increase expected by 43%

Asia Pacific: +10-19% increase expected by 56%, +1-9% increase expected by 28%



Functions expected to see the greatest shortage of talent 2013 *

* Respondents asked to select top three choices.

Search Industry Fee Projections for Second Half of 2013

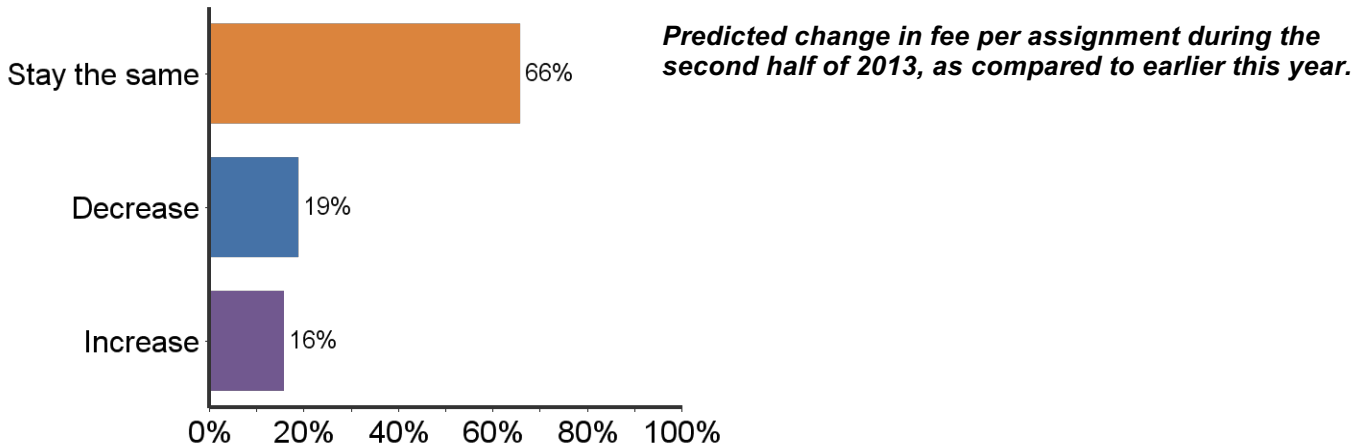
Global: 66% of executive search consultants surveyed expect their fee per assignment to stay the same in the second half of 2013 as compared to the first half of the year, while 19% expect it to decrease and 16% expect it to rise.

Regional variance:

Americas: Stay the same 65%, Decrease 17%, Increase 17%

EMEA: Stay the same 62%, Decrease 24%, Increase 14%

Asia Pacific: Stay the same 71%, Decrease 11%, Increase 18%



Search Industry Hiring Plans for Second Half of 2013

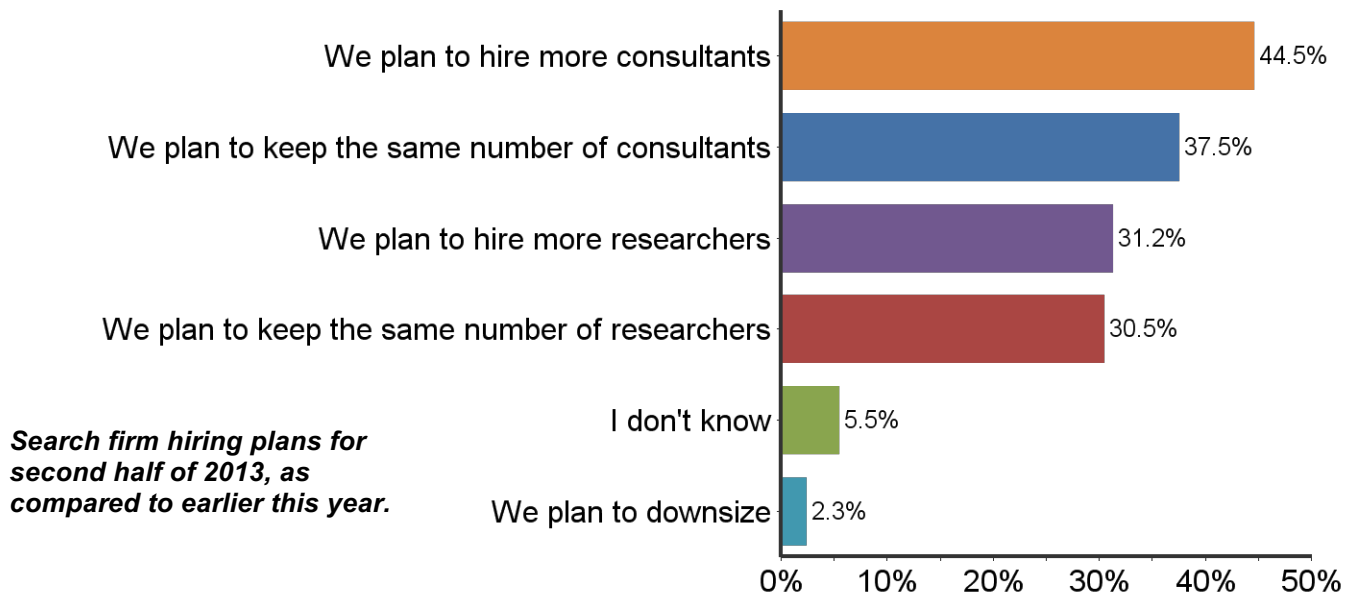
Global: Just under half (45%) of the executive search consultants surveyed plan to hire more consultants in the second half of 2013 while 38% expect to keep the same number of consultants. In the hiring of new researchers, 31% plan to hire more researchers while 31% will retain the same number.

Regional variance:

Americas: Hire more consultants 41%, Same number of consultants 35%, Hire more researchers 33%, Same no. of researchers 26%

EMEA: Same no. of consultants 48%, Same no. of researchers 42%, Hire more consultants 38%, Hire more researchers 24%

Asia Pacific: Hire more consultants 61%, Hire more researchers 37%, Same number of consultants 25%, Same no. of researchers 14%



Executive Talent Shortage for Second Half of 2013

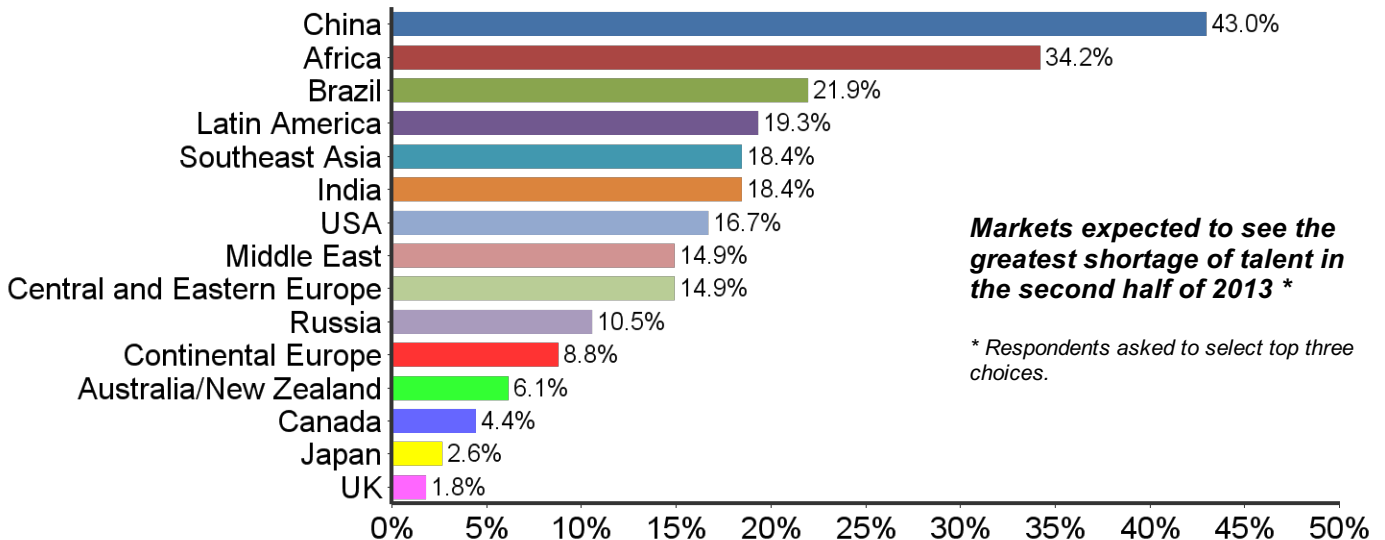
Markets

Global: Executive search consultants expect China, Africa and Brazil to see the greatest shortage of executive talent during the second half of 2013. Brazil fell from second place (34%) for expected talent shortage in December 2012 to third place (22%) at mid-year 2013.

Americas: Brazil 31%, China 31%, Latin America 31%, USA 31%

EMEA: Africa 51%, China 45%, Brazil 24%

Asia Pacific: China 58%, Africa 27%, India 23%, Southeast Asia 23%



Functions

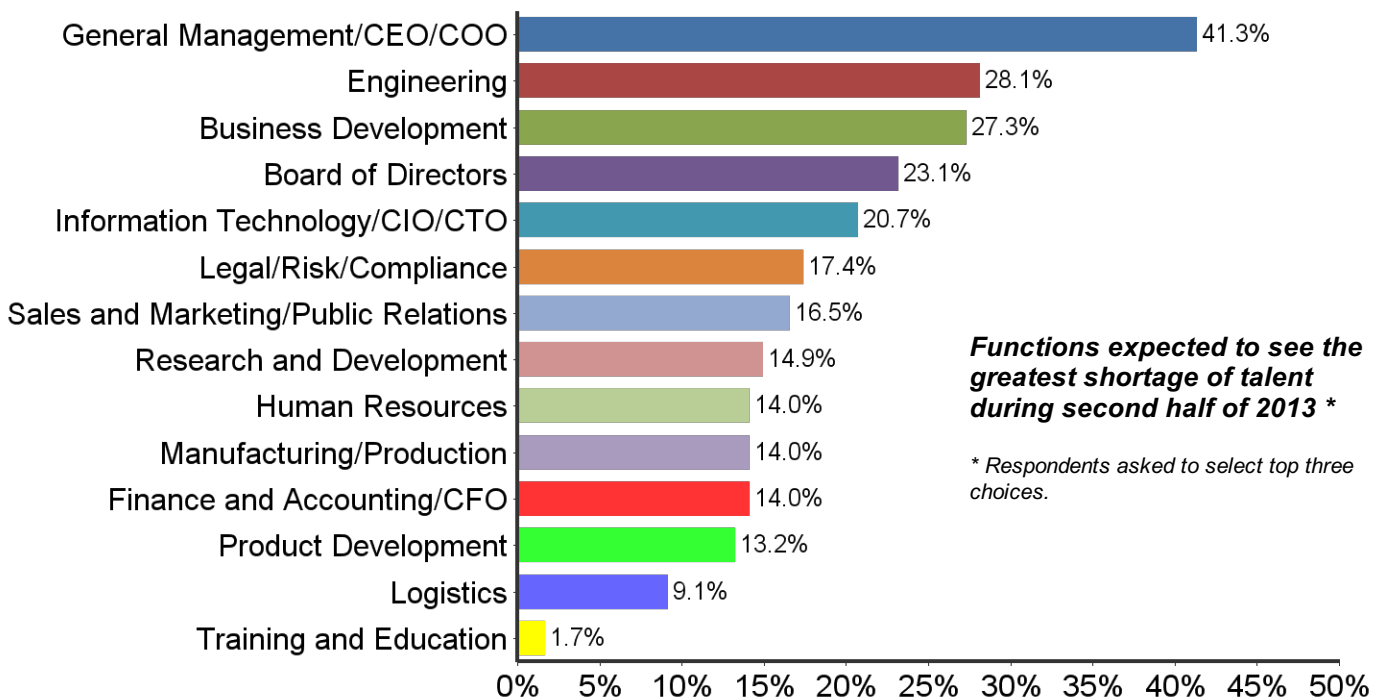
Global: The General Management (CEO/COO) function is expected to see the greatest shortage of talent worldwide in the second half of 2013, followed by Engineering, and then Business Development.

Regional variance: Americas: General Management (CEO/COO) 44%, Business Development 27%, Engineering 24%

EMEA: General Management (CEO/COO) 36%, Business Development 36%, Engineering 32%

Asia Pacific: General Management (CEO/COO) 46%, Human Resources 31%, Engineering 27%,

Legal/Risk/Compliance 27%

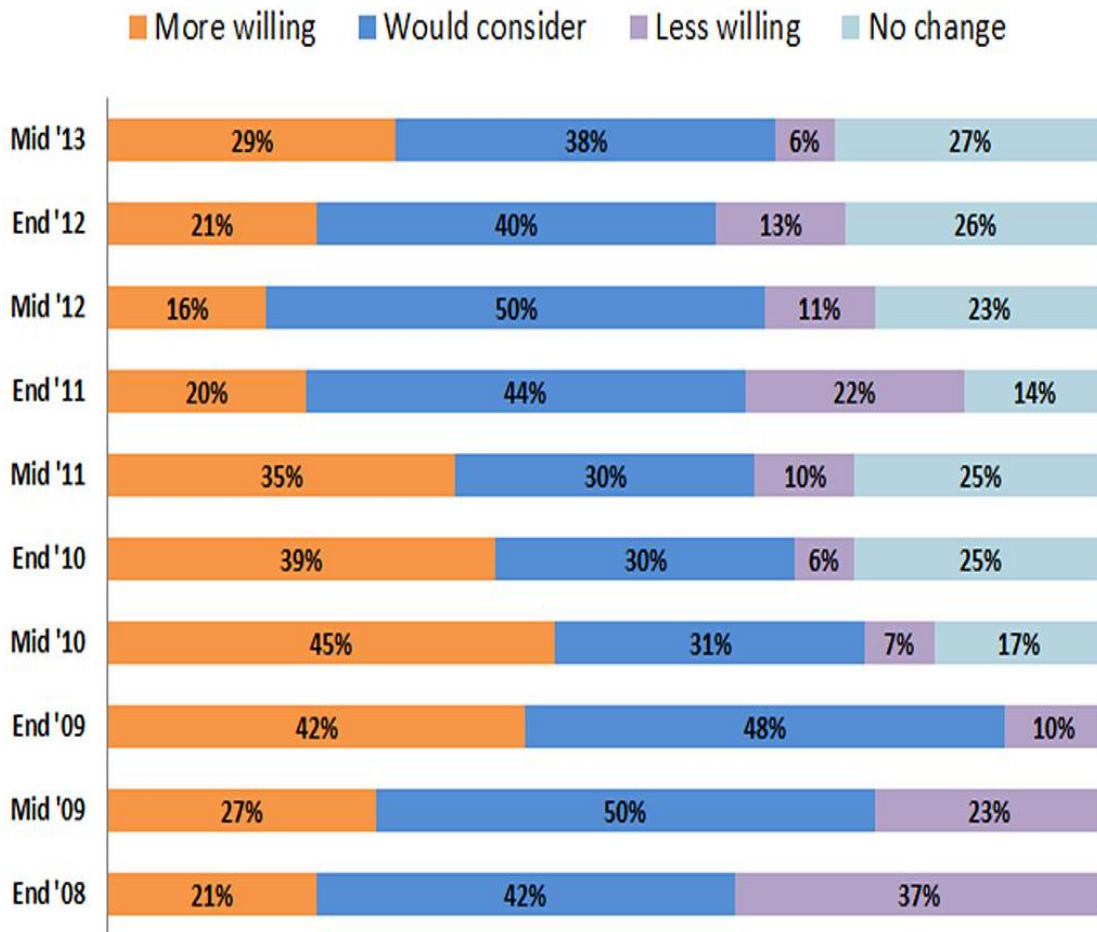


Senior Executive Mobility in the Second Half of 2013

Willingness to make a career change

Global: 38% of executive search consultants surveyed believe that candidates will only consider a career change July to December 2013 if there is exceptional financial and employment security offered at the new position.

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



Senior Executive Mobility in the Second Half of 2013

Motivation for career change

Global: 74% of respondents expect that a "better role and increased responsibility" will most entice senior executive career change in July to December 2013, followed by "increased total compensation" and then a "better work environment."

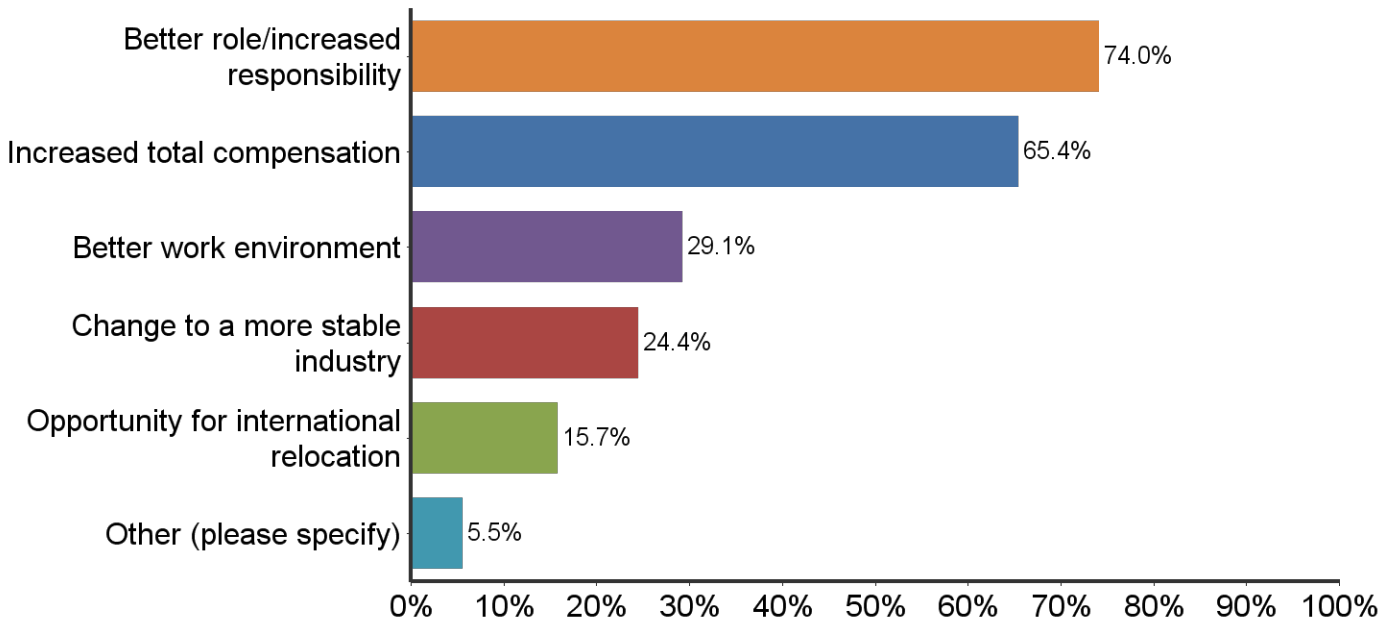
Regional variance:

Americas: Increased total compensation 78%, Better role/increased responsibility 69%, Better work environment 24%

EMEA: Better role/increased responsibility 74%, Increased total compensation 50%, Change to a more stable industry 34%

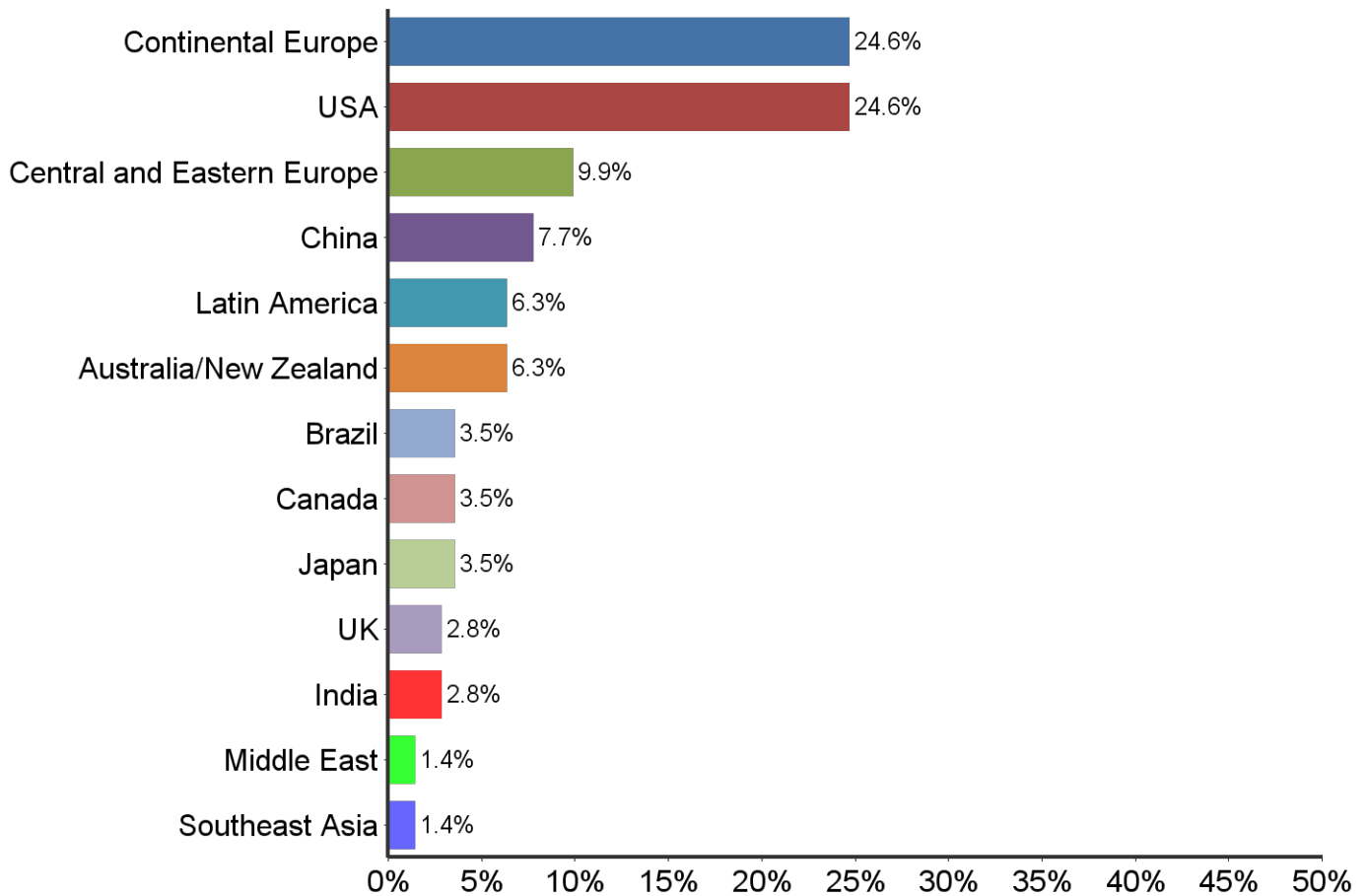
Asia Pacific: Better role/increased responsibility 82%, Increased total compensation 75%, Better work environment 32%

Benefits to most entice senior executive mobility in second half of 2013 *



* Respondents asked to select top three choices.

Survey Respondents by Region



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.

