



AESC Insights

2014

Executive Search Industry Outlook

The 2014 Executive Search Industry Global Outlook Report, by the Association of Executive Search and Leadership Consultants (AESC), shows that the industry feels more optimistic than it has since July 2011.



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.

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BlueSteps.com is an online career management service for global senior executives. As an exclusive service of the Association of Executive Search Consultants (AESC), BlueSteps enables senior executives to make their career profile accessible to over 8,000 retained executive search professionals in more than 75 countries who are members of the AESC, and use the database as an additional resource in their candidate and source identification process. BlueSteps members can stay informed of executive job market trends and news via the BlueSteps Career Library and Blog, and use a variety of tools and resources to facilitate the successful management of their executive career path. For more information, please visit www.BlueSteps.com.

About Executive Search Connect

The AESC also offers www.ExecutiveSearchConnect.com, a service for the HR community offering industry information and tools to assist with senior executive recruiting, including access to the AESC membership directory.

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2014 Executive Search Industry Global Outlook Report

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Executive Summary

The 2014 Executive Search Industry Global Outlook Report was conducted in December 2013 and received 169 responses from AESC members worldwide, including 43% from the Americas, 34% from EMEA and 23% from Asia Pacific.

Outlook Among Executive Search Consultants Reaches 42-Month High

The 2014 Executive Search Industry Global Outlook Report, by the Association of Executive Search Consultants (AESC), shows that retained search consultants feel more optimistic than they have since July 2011.

Almost two-thirds (64%) of respondents feel positive about the industry for the first six months of 2014, compared to 29% this time last year and 35% in July 2013. One third of respondents (33%) have a neutral outlook for the first half of 2014, meaning that only 3% do not feel positive about the next six months – the lowest percentage of negative responses since the AESC started surveying members' outlook in 2008.

This industry-wide optimism is even higher when respondents consider the fortunes of their own firms, with 68% holding a positive outlook and 29% with a neutral outlook. Indeed, 63% of those surveyed expect to see an increase in annual revenue for 2014, while only 4% expect their revenue to fall. The remaining 33% expect their revenue to remain consistent. Of those members who anticipate an increase in revenue, almost half (48%) believe that the increase will be between 10-19%.

This confidence is likely to affect retained search firms' hiring plans, as more respondents said they plan to hire more consultants (39%) and researchers (24%) than to maintain the same number of consultants (20%) and researchers (12%).

Peter Felix, AESC President, commented: "The results of our Outlook survey are most encouraging and indicate that, in spite of continuing volatility in some regions and sectors, nevertheless there is real evidence of organizations thinking more strategically and looking ahead with a positive mindset. Senior management appointments are one of the key focal points as boards and top management evaluate the future and consider whether they have the right people in the right jobs.

"Globalization, digital transformation and industry restructuring are amongst those strategic forces that are changing the corporate landscape and are presenting new challenges on a continuing basis. Combined with an increasingly mobile executive market with executives anxious to find new opportunities after five years of moribund compensation growth and cost cutting pressures it is likely that a new phase in the War for Talent will now develop.

“Not least of all this will be fed by the megatrends of the demand from new markets around the world, the major demographic shifts now biting to an unprecedented extent as the Baby Boomers finally want, and can afford, to retire and the desire by many corporations to feed their succession pipelines. This new wave of optimism by our members firms in the level of client demand for senior executives is a leading indicator of renewed confidence, especially in North America, but also in other parts of the global economy.”

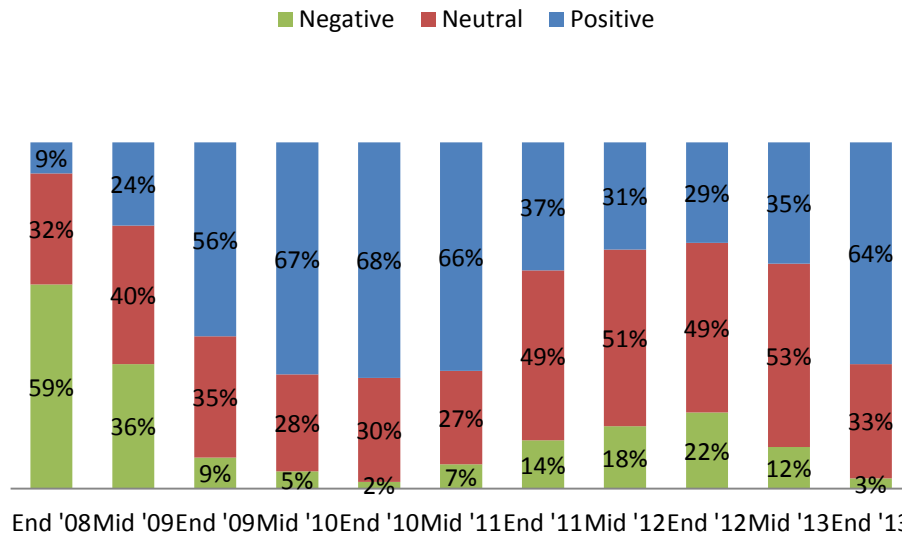
Senior Executive Talent Shortage

Similar to the results of the mid-year outlook survey in 2013, the top three regions that are expected to experience the greatest talent shortage are China, Brazil and Africa, while the USA crept up from seventh to fourth. The functions that are expected to see the greatest shortage of talent are General Management/CEO/COO, Business Development and Board of Directors.

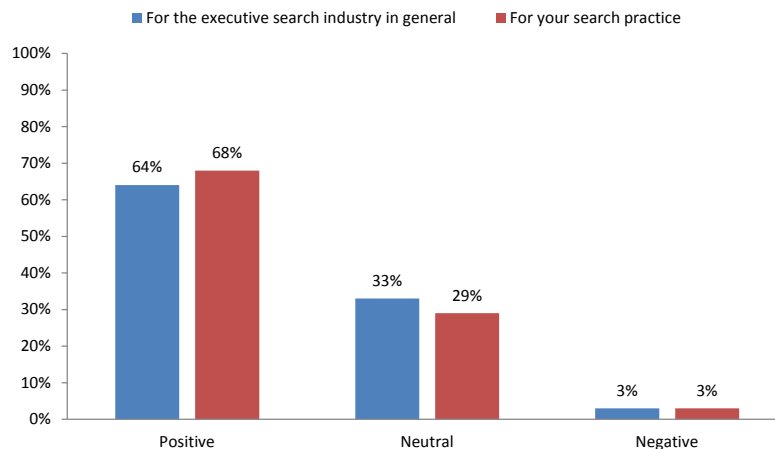
The expectation that candidates will be willing to move has increased by 6% since July 2013 to 35%. A further 31% believe that candidates will move position if there is sufficient professional and financial security offered in the new position. Only 2% of respondents think that candidates will be less willing to move in the next six months.

Executive Search Industry Outlook

Global: 64% of executive search consultants surveyed hold a positive industry outlook for the executive search business at the end of 2013. The remaining 33% are neutral and 3% negative in their industry outlook for the first half of 2014.



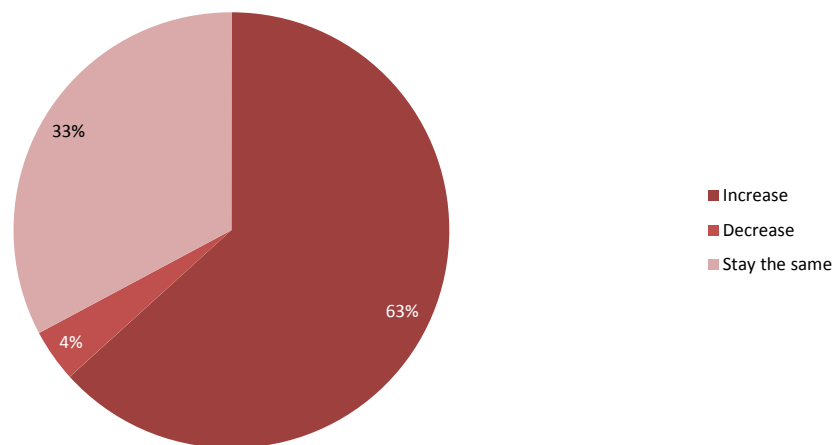
The feedback was even more optimistic when respondents were asked about their outlook for their own firm, with 68% feeling positive, 29% feeling neutral and only 3% feeling negative.



Business Performance

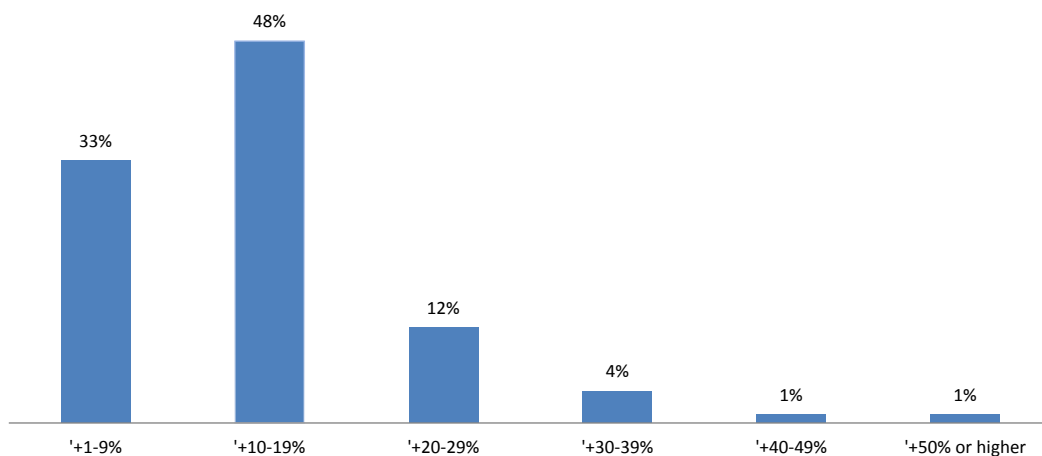
63% of respondents anticipate an increase in annual revenue for 2014, compared to 2013. One third (33%) expect revenue to stay the same, while 4% expect a drop in revenue. At the end of 2012, 44% expected to see an increase in revenue, while 15% expected a decrease.

Do you expect your annual revenues to increase, decrease or stay the same in 2014?



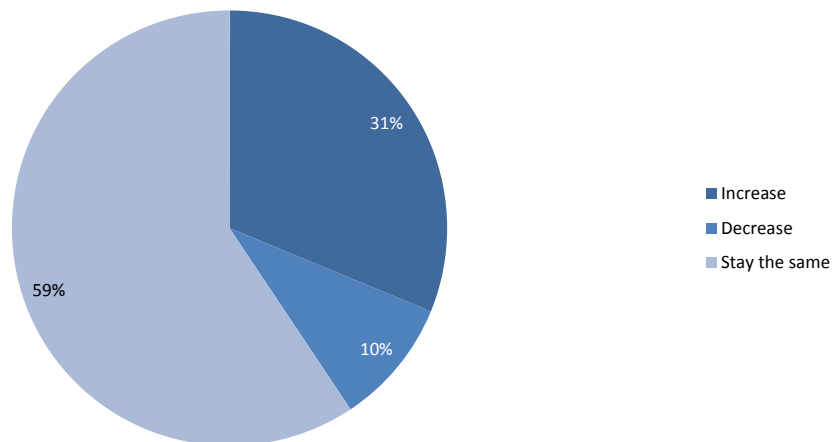
The majority of those who expected revenue to rise anticipate an increase of 10-19%.

By what percentage do you anticipate your annual revenue will rise during 2014?



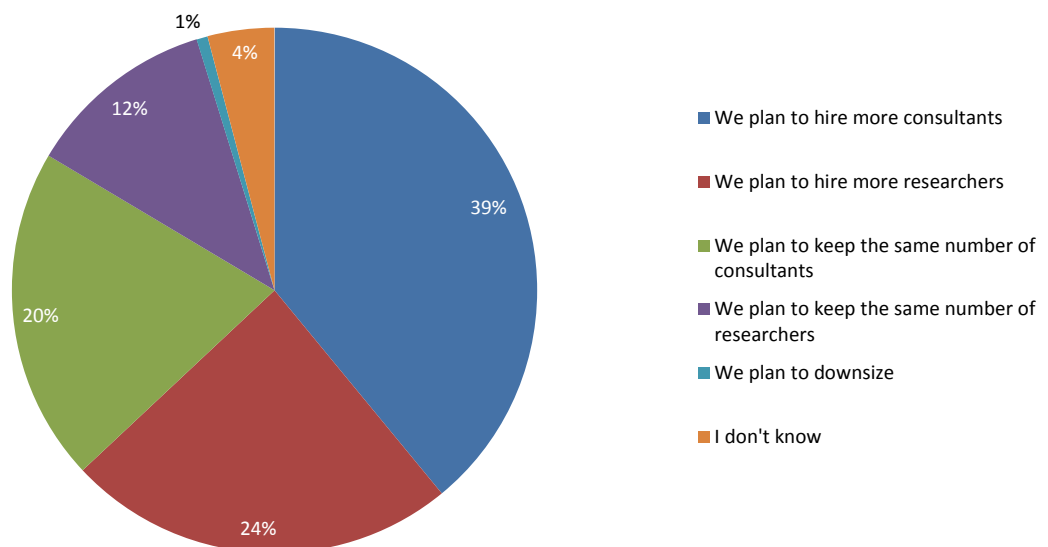
Almost two-thirds of respondents expect their fee per assignment to stay the same during the first half of 2014, while 33% anticipate an increase.

Do you expect your fee per assignment to increase, decrease or stay the same during the first half of 2014?



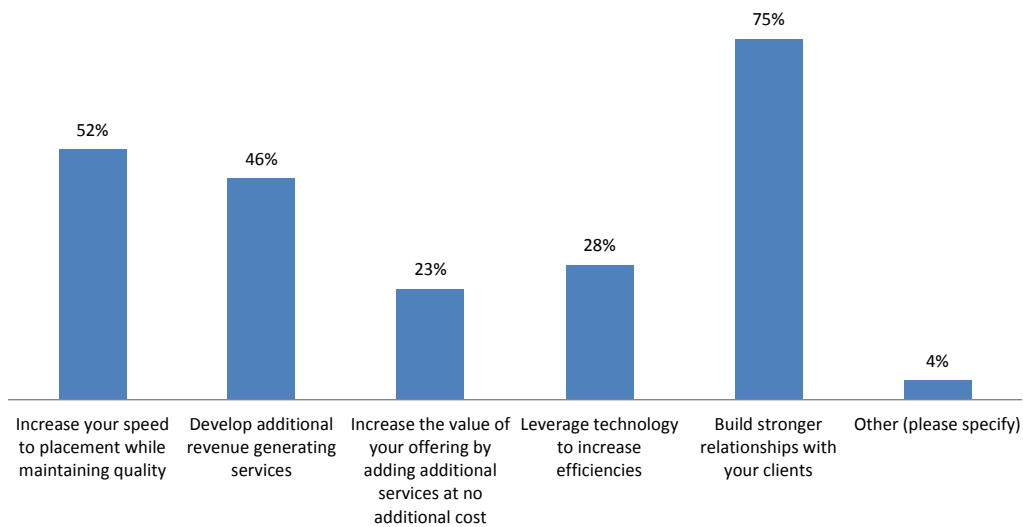
More firms plan to hire new consultants (39%) or researchers (24%) in the first half of 2014 than to keep the same number of consultants (20%) or researchers (12%). Only 1% plan to downsize.

What are your firm's hiring plans for the first half of 2014?



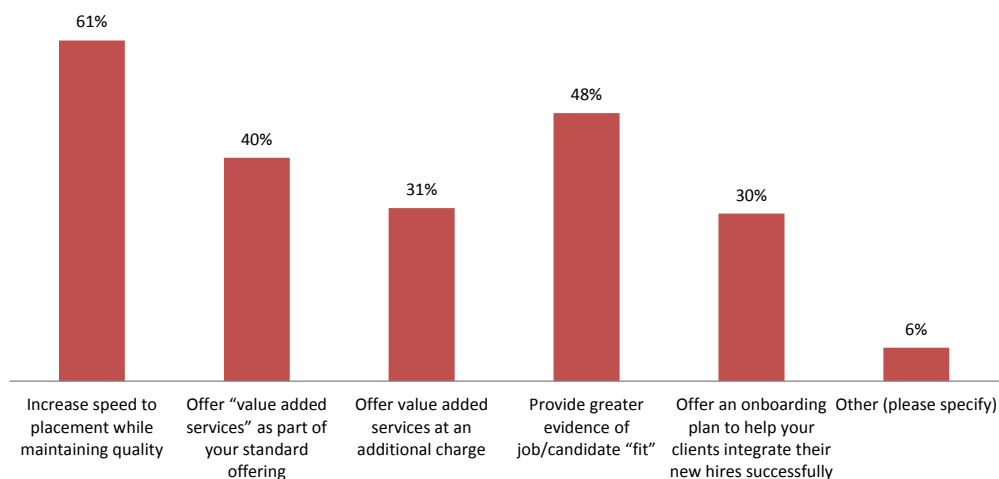
The majority of respondents intend to improve business performance by building stronger relationships with their clients. Other answers included: acquiring more clients, elevating the brand visibility, business development, and offering more value-added services.

In which ways are you looking to improve your business performance in the coming year?



The most popular response was that respondents hope to increase the speed to placement while maintaining quality. Other responses included: provide market insights to help clients manage their organizations better, continue to build a more consultative relationship with clients and introduce greater product flexibility.

In which ways are you looking to better service your clients in the coming year?

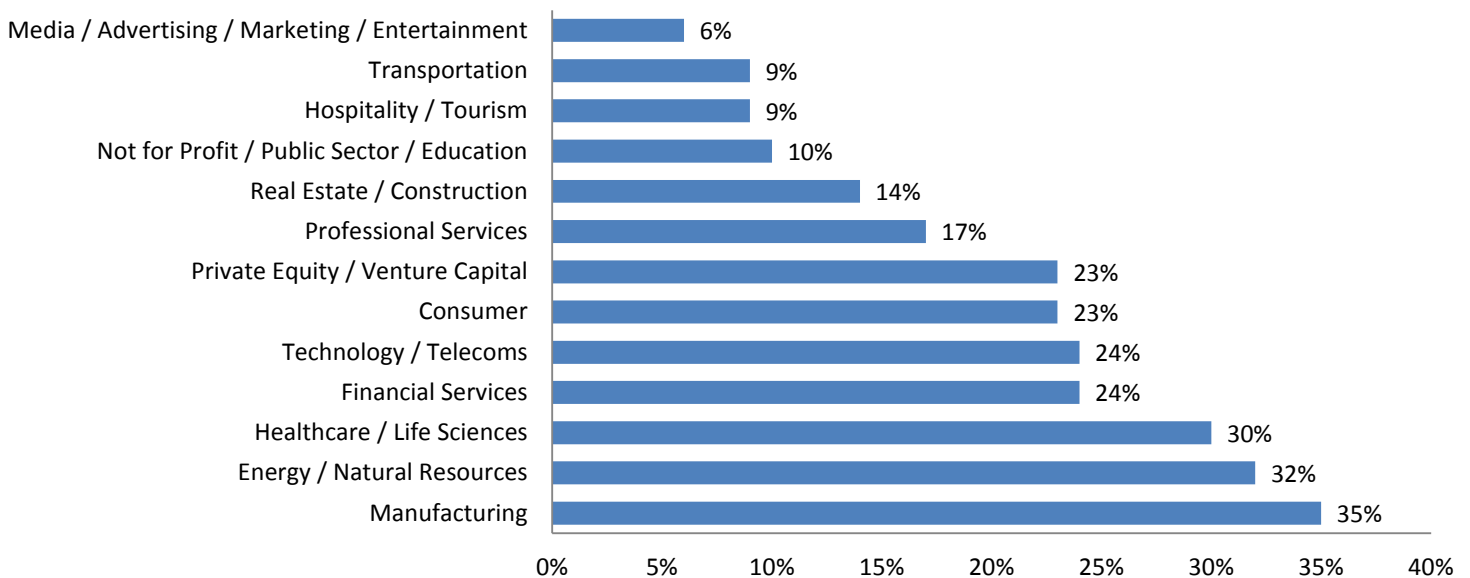


Senior Talent Shortage

Our respondents expect to see the greatest growth during the first half of 2014 in the manufacturing sector, making a jump from third in July 2013. Back then the two sectors which topped the table of expected growth were energy / natural resources and healthcare / life sciences which take up second and third place respectively.

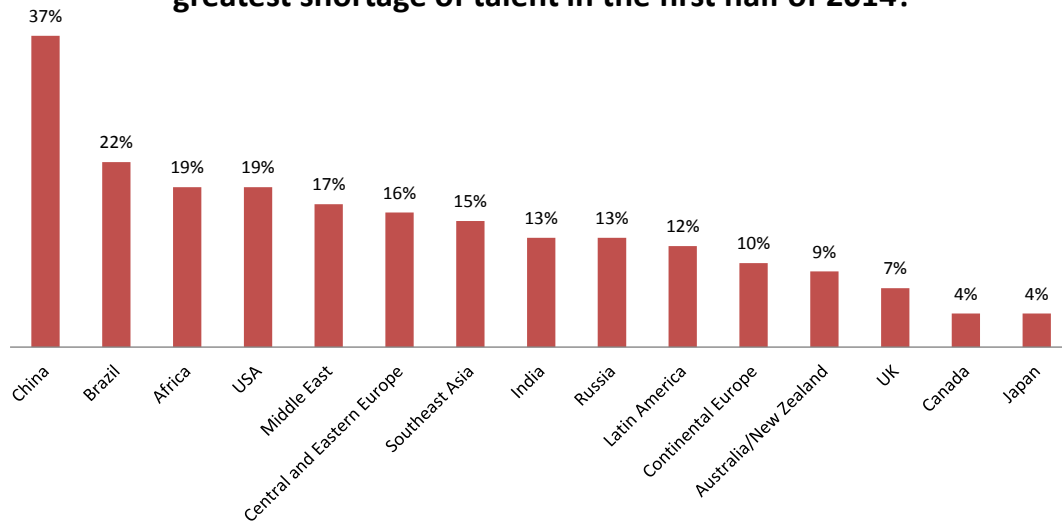
In addition, the financial services sector rose from seventh to fourth. In the last year, this sector's percentage has increased from 15.6% to 24%.

In which SECTORS do you expect to see the MOST GROWTH in the first half of 2014? (choose up to three)



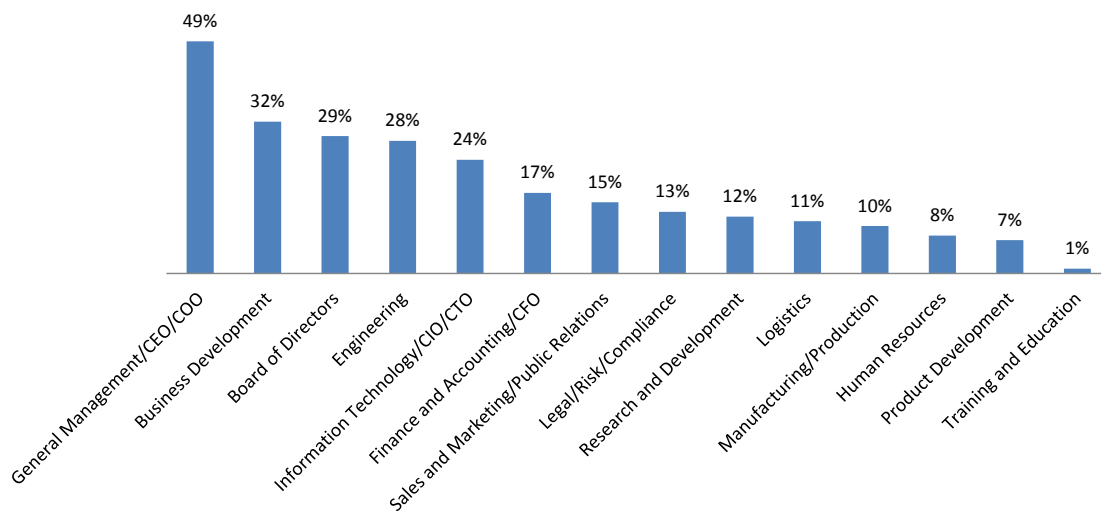
China, Brazil and Africa are expected to see the greatest shortage of talent during the first half of 2014, which is consistent with the findings of the last two outlook reports.

Which of the following markets do you think will see the greatest shortage of talent in the first half of 2014?



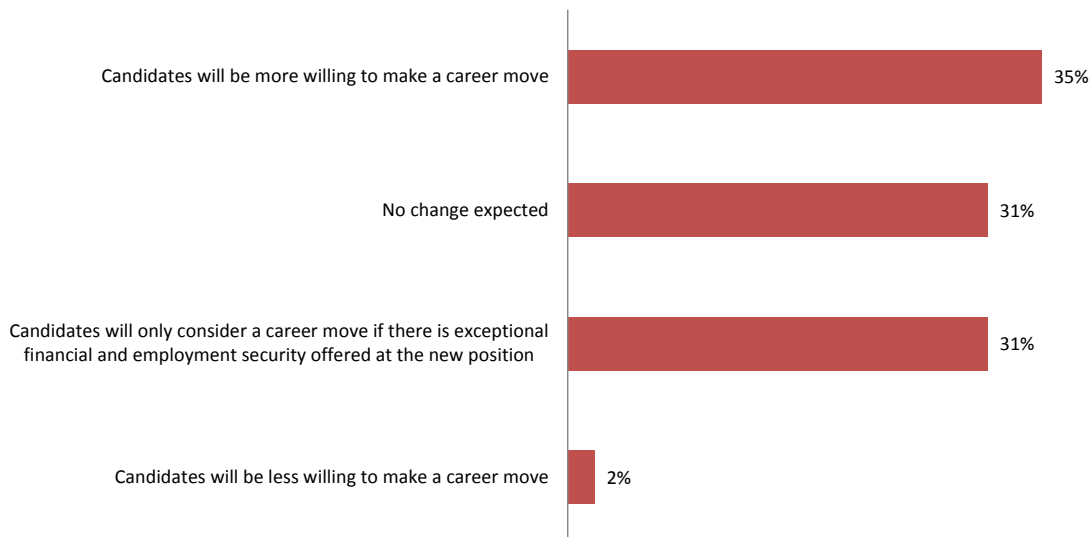
Similarly, the general management / CEO/ COO, business development, and board of directors roles have all been considered as the functions with the greatest shortages of talent for the last two outlook reports.

Which of the following functions do you think will see the greatest shortage of talent in the first half of 2014?



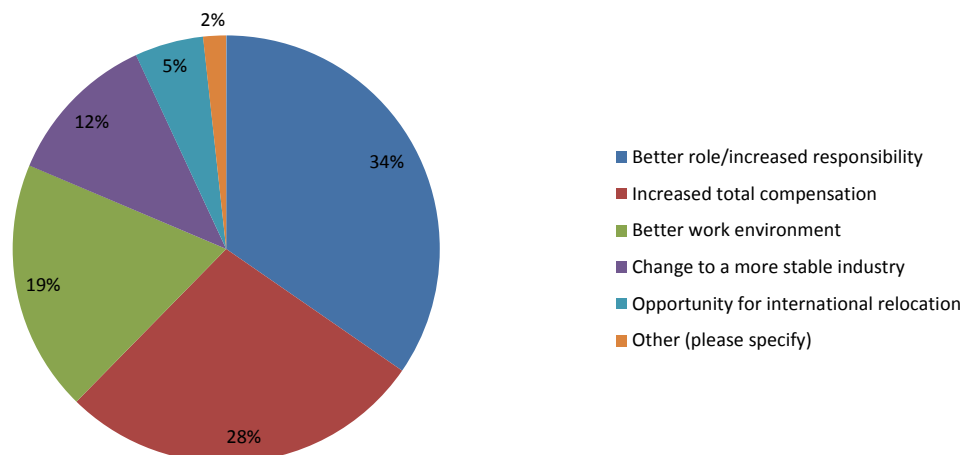
More than one third of respondents think that senior executives will be willing to make a move in the first half of 2014.

How willing do you think senior executives will be to make a move in the first half of 2014?

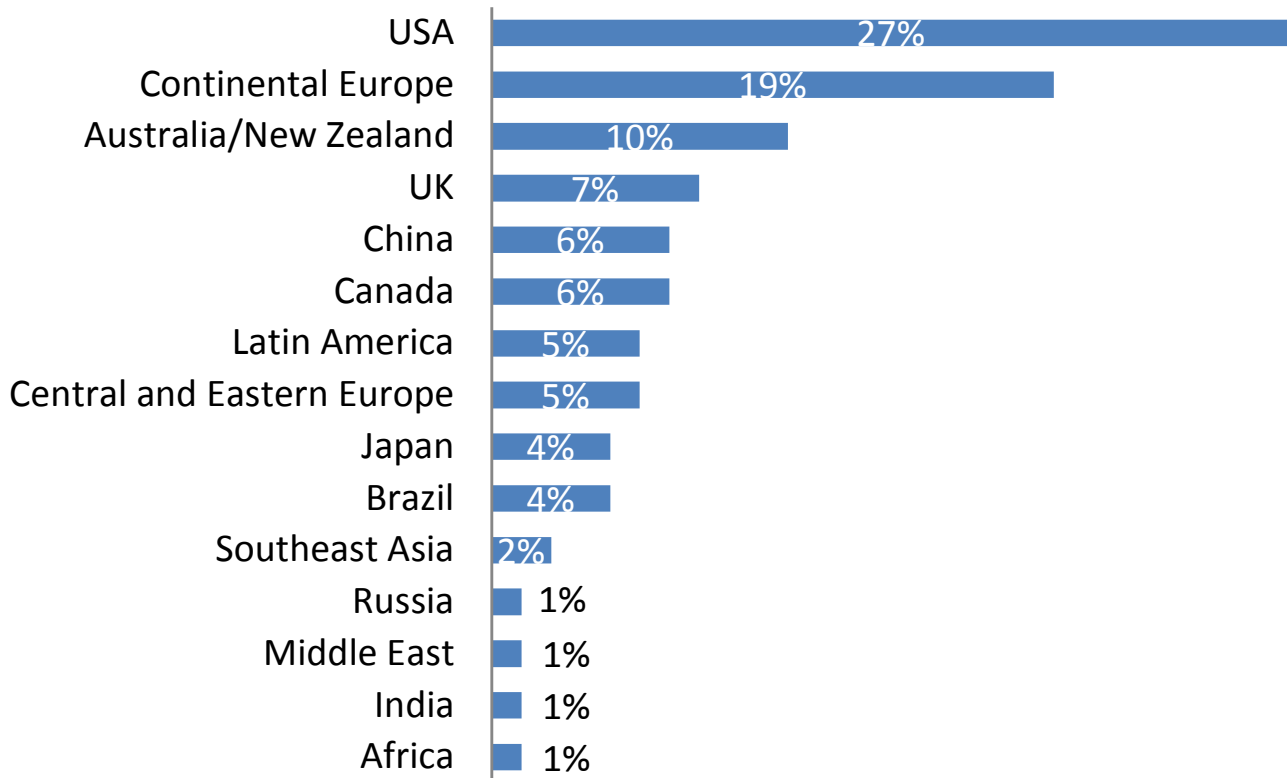


While compensation plays a key role in a candidate considering a new position (as the second most popular answer), our respondents felt that most candidates are more likely to consider a new role if there is increased responsibility. Other responses include: lifestyle benefits or an opportunity to grow a business.

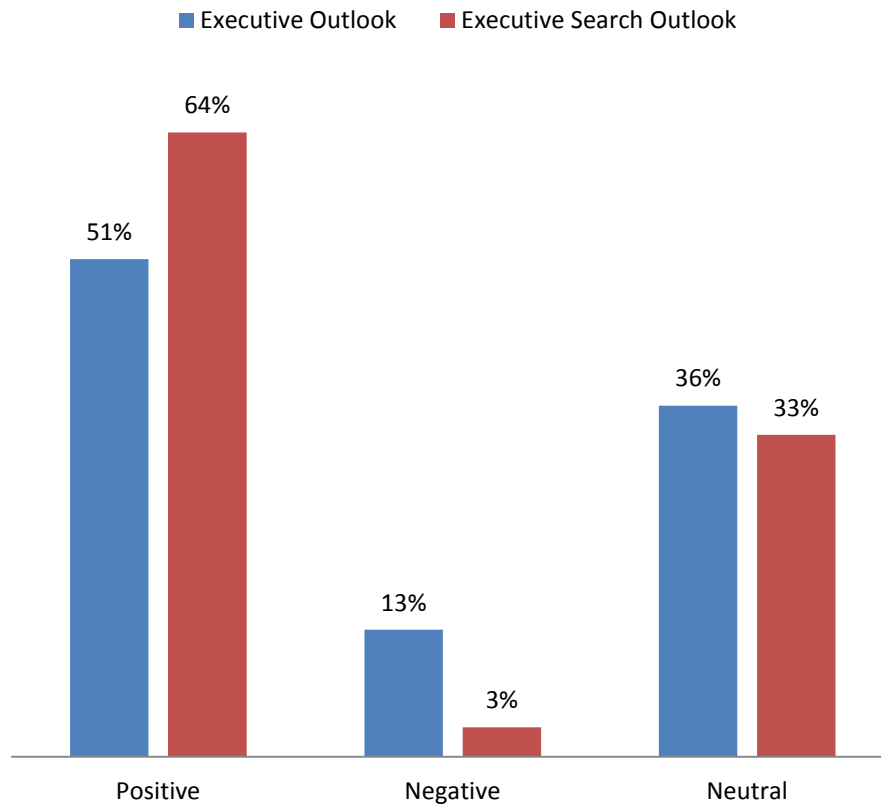
What benefits do you think will most entice senior executives to consider a career move in the first half of 2014?



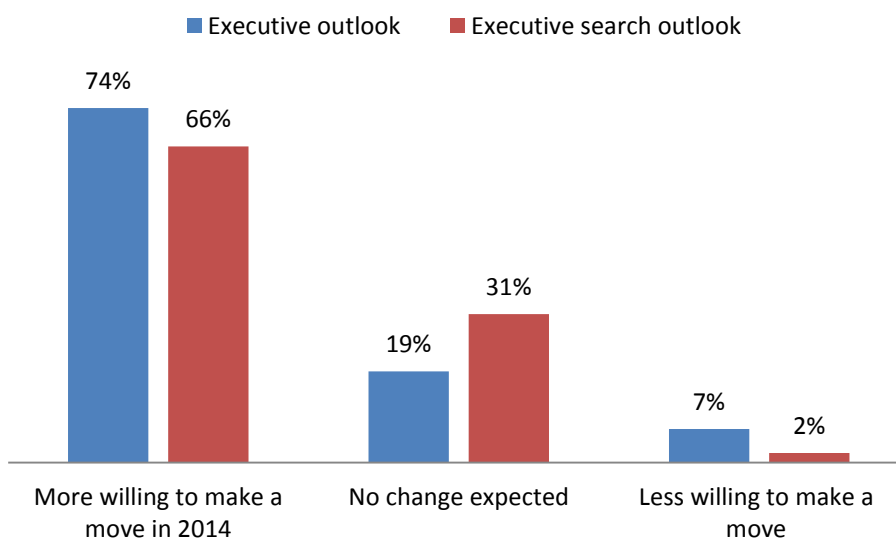
Survey Demographics



Executive Search Industry Outlook vs. Executive Job Market Outlook



By comparing the BlueSteps Executive Job Market Outlook (508 responses from BlueSteps members worldwide in December 2013) to the AESC Executive Search Industry Outlook, it is apparent that the majority of both executive search consultants and senior-level executives have a positive outlook for 2014. Similar to the results of this AESC Outlook Report, executives' outlook for 2014 is much more positive (+15%) than for 2013.



When comparing the results from both the AESC Executive Search Industry Report and the BlueSteps Executive Outlook Report, the results show that the outlook of search consultants and senior executives is closely aligned, although there may be a greater number of executives willing to consider a move than search consultants believe. While these results indicate that a large number of executives would consider a move, there are of course many factors that contribute towards an individual changing role.

*For AESC member data we combined the two data sets of 'Candidates will be more willing to make a career move' (35%) and 'Candidates will only consider a career move if there is exceptional financial and employment security offered at the new position' (31%) to create the total percentage shown in this chart.



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