



AESC Insights

Q1 2008

State of the Executive Search Industry

Demand for Senior Executive Talent Continues Despite Turbulence in Financial Markets: Financial services searches decline 7.2% year-on-year in Q1 2008, yet overall executive search continues to rise



Association of Executive Search Consultants

The Worldwide Association for Retained Executive Search Consulting Firms

AESC State of the Industry Statistics: Q1 2008

The AESC State of the Industry Statistics is a quarterly report issued by the Association of Executive Search Consultants (AESC) on statistics and trends in the global retained executive search industry. Data for this report is collected from a consistent sample of AESC member search firms that represents the activity of over 1500 executive search consultants in 46 countries worldwide.

Executive Summary

Demand for Senior Executive Talent Continues Despite Turbulence in Financial Markets

Financial services searches decline 7.2% year-on-year in Q1 2008,
yet overall executive search continues to rise

The worldwide retained executive search industry remained strong in the first quarter of 2008, continuing to resist financial market turbulence. The findings of this report indicate that changing demographics, activity in emerging markets, and globalisation are sustaining high corporate demand for senior executive talent.

The number of executive searches started worldwide in quarter 1, 2008, increased 9 percent quarterly, and 1.4 percent yearly. The number of executive searches started in the financial services sector decreased 7.2 percent year-on-year and remained flat quarter-on-quarter. The technology sector also witnessed an annual fall in searches, down 5.1 percent from quarter 1, 2007. The industrial sector experienced the most significant year-on-year rise in searches, increasing 10.1 percent from quarter 1, 2007.

The largest industry market share, usually held by financial services, was dominated by the Industrial sector with a 24 percent share for quarter 1, 2008. The financial services sector dropped to second place with a 22 percent market share. The remaining industry shares were consistent with previous quarterly results: Consumer Products (18%), Technology (15%), Life Sciences/Healthcare (11.5%), Non-Profit (6%), and Professional Services (3%).

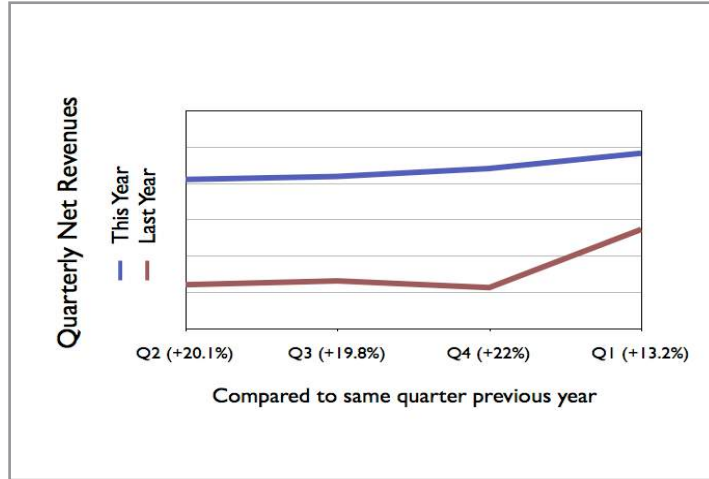
AESC President, Peter Felix, remarked, "Companies continue to experience a war for talent as a turbulent economy makes senior leadership an even greater success factor. Though we have inevitably seen a decline in financial services searches the reduction is not across the board. Thus, while there have been very few searches in investment banking, capital markets and real estate there is still a need for executives in private banking, asset management, private equity and insurance."

FINANCIAL TRENDS

Average Net Revenues

Average net revenues rose 13.2% year-on-year, from Q1 2007 to Q1 2008. The quarterly trend for the period Q4 2007 to Q1 2008 showed a small rise of 2.4% in net revenues.

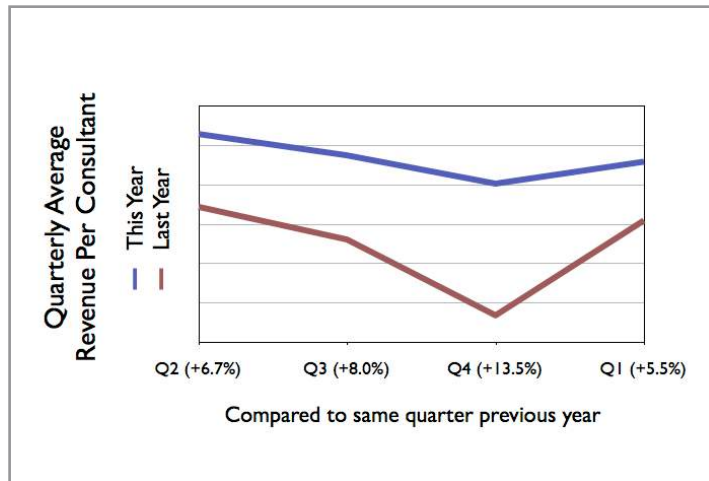
Quarterly Net Revenues,
as Compared to Previous Year



Average Revenue Per Consultant

The average revenue per executive search consultant increased 5.5% in Q1 2008 against the same period the previous year. The quarterly trend also saw a rise; up 2% from Q4 2007 to Q1 2008.

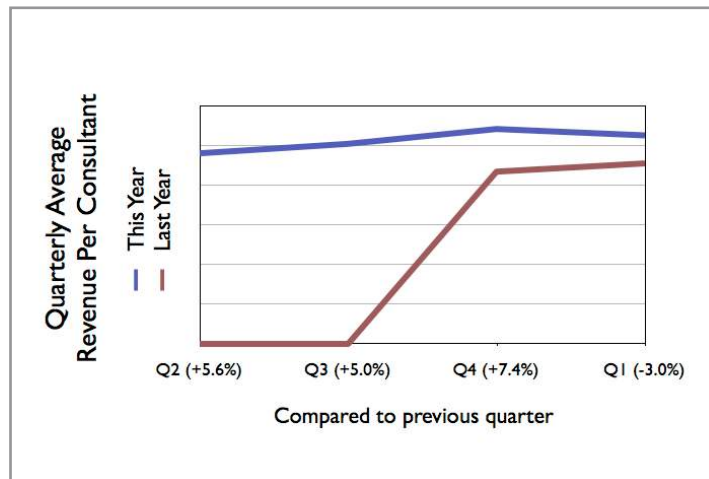
Quarterly Average Revenue Per Consultant,
as Compared to Previous Year



Average Fee Per Search Assignment

With the average fee per executive search assignment down 3% quarter-over-quarter, Q1 2008 saw a break in the steady trend of quarterly increases in fee per search assignment (reported since Q1 2007). However a yearly comparison saw the average fee per assignment rise by 15.5% from Q1 2007 to Q1 2008.

Quarterly Average Fee Per Search
Assignment

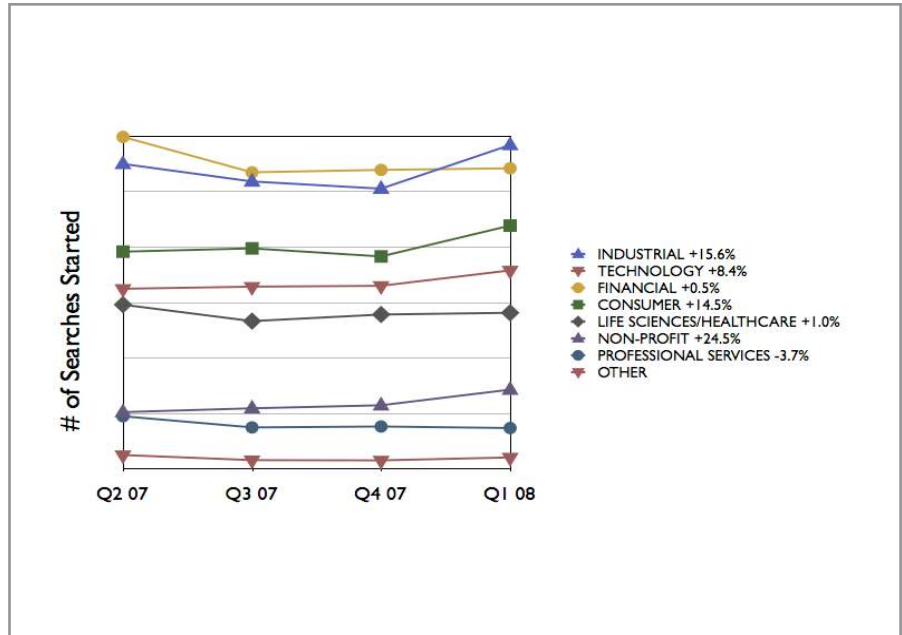


Trend in Number of Searches Started by Industry

All industry sectors excluding Professional Services, which dropped 3.7%, witnessed a quarterly rise in searches from Q4 2007 to Q1 2008. Non-Profit was up 24.5% (from a small sample), then came Industrial (+15.6%), Consumer (+14.5%), Technology (+8.4%), Life Sciences/Healthcare (+1%), and Financial Services which remained flat (+0.5%) quarter-over-quarter.

The yearly change from Q1 2007 to Q1 2008 saw the number of searches decrease in four industry sectors, the greatest drop being Professional Services (-21.1% from a small sample), followed by Financial Services (-7.2%), Technology (-5.1%), and Life Sciences/Healthcare (-2.5%). Witnessing a yearly increase in searches were Industrial (+10.1%), Consumer (+4.6%), and Non-Profit (+49% from a small sample).

Trend in Number of Searches Started Quarterly, by Industry

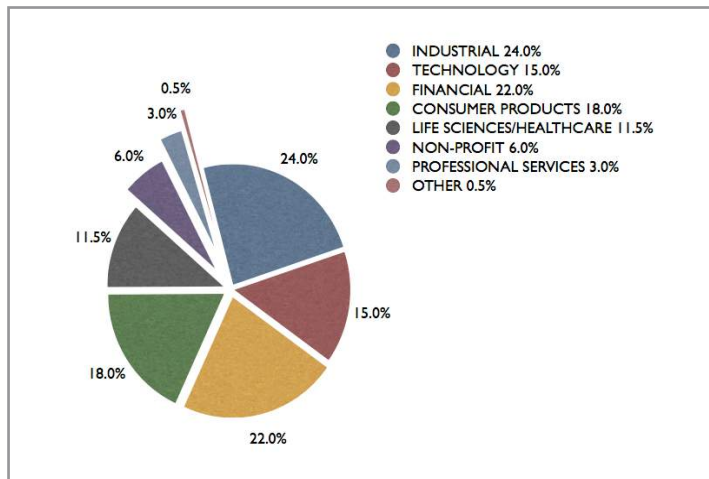


Market Breakdown by Industry

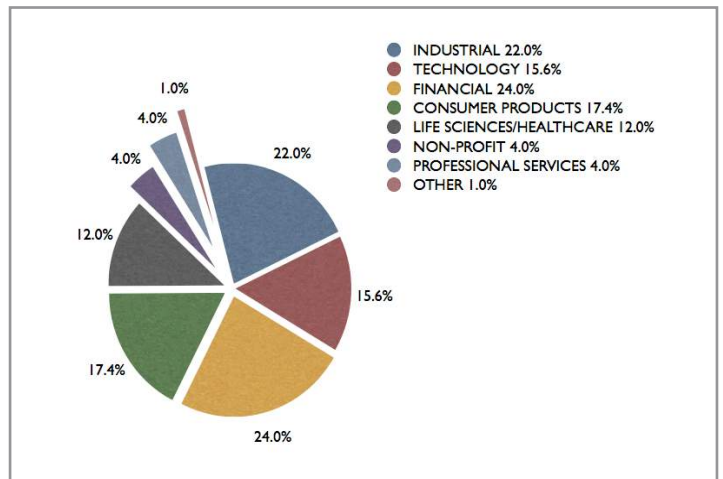
In Q1 2008 the largest market share, usually held by Financial Services, was dominated by the Industrial sector with a 24% share. The Financial Services sector dropped to second place with a 22% share, and then (consistent with previous quarterly results) came Consumer Products (18%), Technology (15%), Life Sciences/Healthcare (11.5%), Non-Profit (6%), and Professional Services (3%).

Searches Started Quarterly by Industry, as Percentage of Total

Q1 2008



Q1 2007

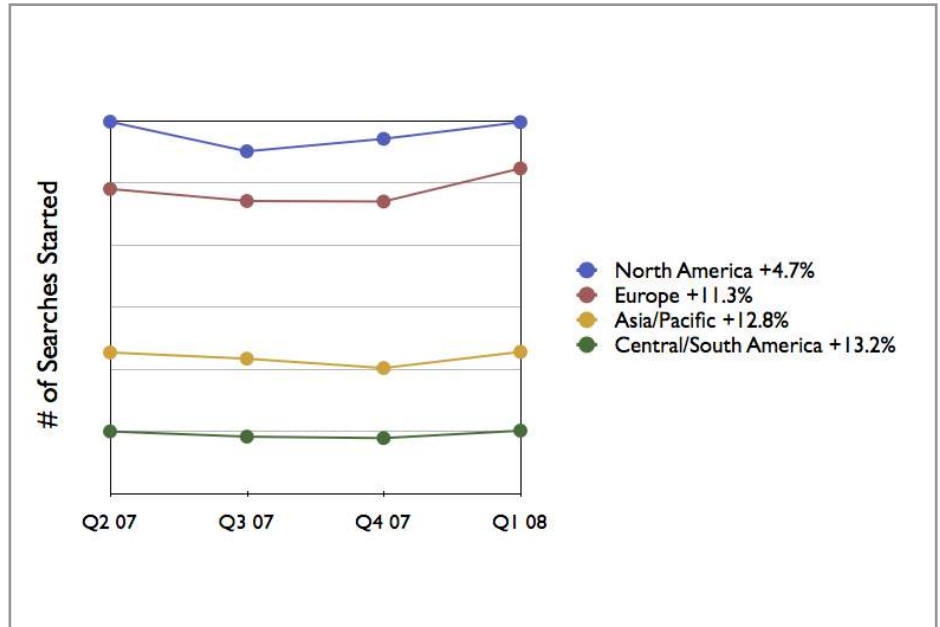


Trend in Number of Searches Started by Region

In Q1 2008 the number of executive searches started globally increased only 1.4% year-on-year from Q1 2007. North America witnessed a 3.2% year-on-year decrease in searches. All remaining regions saw an annual rise with the greatest being Asia/Pacific (+8.5%), followed by Central/South America (+6.3%), and Europe (+3.4%).

The quarterly trend saw a 9% rise in the number of searches started globally from Q4 2007 to Q1 2008, with Central/South America experiencing the greatest increase (+13.2%), followed by Asia Pacific (+12.8%), Europe (+11.3%), and lastly North America (+4.7%).

Trend in Number of Searches Started Quarterly, by Region

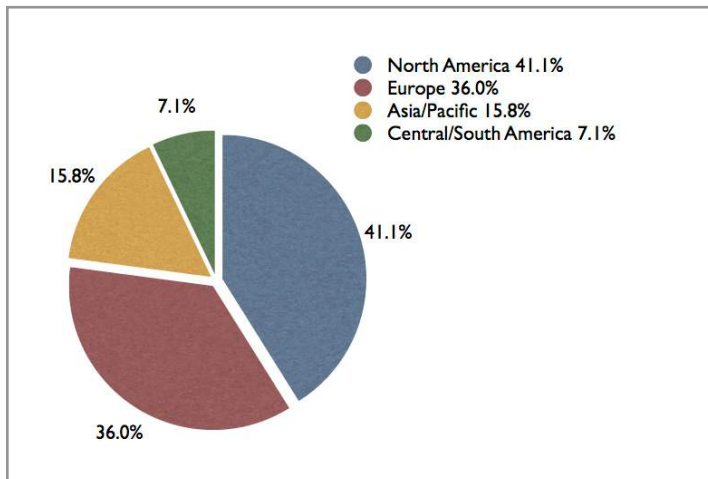


Market Share by Region

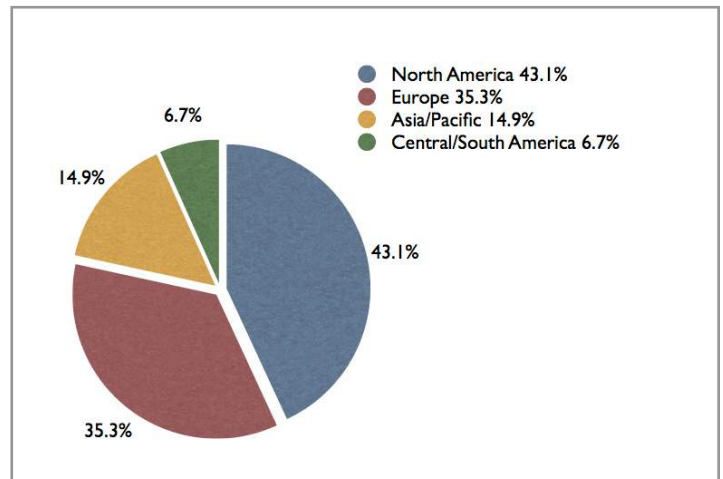
In Q1 2008 North America accounted for 41.1% of executive searches started globally, followed by Europe 36%, Asia/Pacific 15.8%, and Central/South America 7.1%. The yearly change saw North America's market share decrease by 2% from Q1 2007 to Q1 2008, and saw minor increases (under 1%) in the remaining regional market shares.

Searches Started Quarterly by Region, as Percentage of Total

Q1 2008



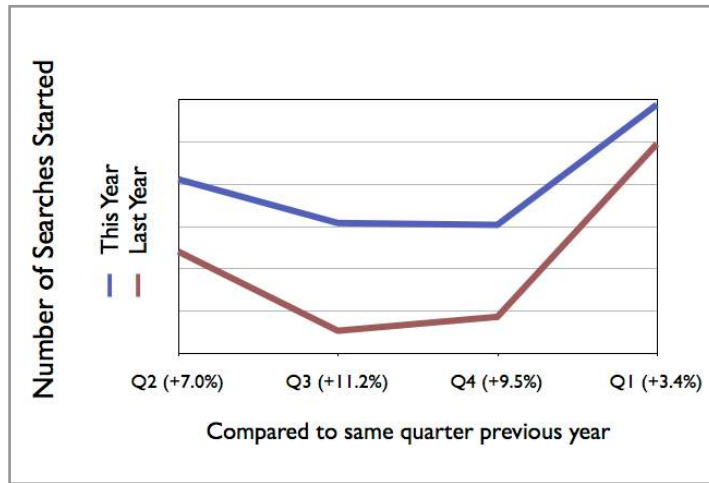
Q1 2007



Trend in Number of Searches Started in Europe

European searches witnessed a rise of 3.4% year-over-year from Q1 2007 to Q1 2008. The quarterly trend also revealed an increase in European searches, rising 11.3% from Q4 2007 to Q1 2008.

Quarterly Trend in Number of Searches Started in Europe, as Compared to Previous Year



Market Share by European Sub-Region

The UK accounted for the greatest number of European searches in Q1 2008 with 27.4% of the total market share. This was followed by Germany with 14%, and France with a 9.1% share. The annual trend in European market share saw minor decreases for the UK and France and no change for Germany.

* Data for this question represents 750 executive search consultants in 46 countries, whereas data for all other questions represents 1500 consultants in 46 countries.

Searches Started Quarterly by European Sub-Region, as Percentage of Total Europe

