



## **AESC Insights**

**Q2 2008**

# **State of the Executive Search Industry**

Turbulent Times Reinforce Added Value of Senior Leaders:

AESC Q2 data reveals that organisations continue to call on the retained search industry to fill crucial roles



# Association of Executive Search Consultants

The Worldwide Association for Retained Executive Search Consulting Firms

## AESC State of the Industry Statistics: Q2 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**

#### **Turbulent Times Reinforce Added Value of Senior Leaders**

AESC Q2 data reveals that organisations continue to call on the retained search industry to fill crucial roles

The worldwide retained executive search industry continued to grow in the second quarter of 2008 despite a decline in Financial Services searches. This report shows that while the number of executive searches fell worldwide – down 3% annually and 5% quarterly – global revenues grew at a rate of 10% annually and 6% quarterly. Predictably, the decrease in searches was felt by the Financial Services industry, with searches down 16% annually and 7% quarterly. However, counter balancing this decline was an increase in searches within the Industrial sector, experiencing the greatest annual industry rise of 11% and the only industry for searches to increase quarterly - up 5% from Q1 2008.

AESC President, Peter Felix, explained, “The statistics for this quarter reinforce a clear trend, evident during the past year, that while the number of searches being assigned has fallen slightly, the revenue generated by searches has climbed. This has kept the search industry on an even keel during difficult times and has maintained the very strong revenue position of the past several years.

“The causes of this are clearly linked to the shortage of executive talent, especially in key sectors and regions of the world. While the financial services sector has seen yearly and quarterly declines, other sectors have experienced continued growth, the most significant being industrial. Emerging markets continue to show strong demand with countries in Latin America now demonstrating considerable increases in their use of retained executive search.”

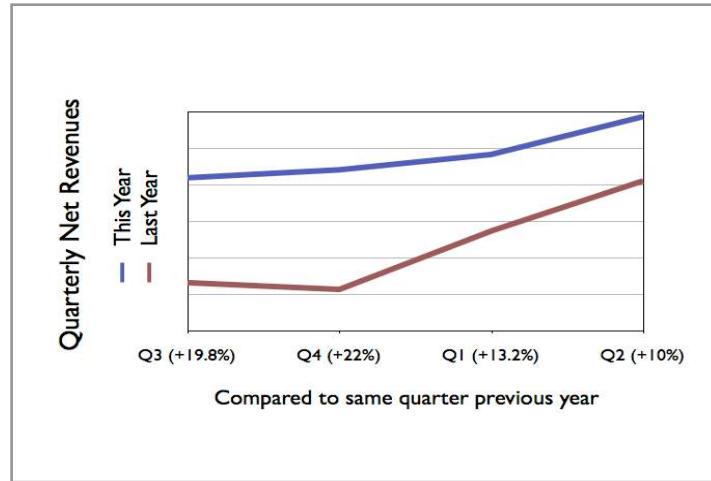
In the second quarter of 2008 the average fee per executive search assignment increased 16% year-on-year from Q2 2007, and grew 6% quarterly. Mr. Felix further commented, “The value per search has continued to rise since organizations are finding it increasingly difficult to attract the most talented in the market and realistically are paying more for them. Clients recognize that the best talent is worth paying for and that using professional help to secure it is money well spent. In turbulent times such as these the added value of executive search consulting becomes even more apparent.”

## FINANCIAL TRENDS

### Average Net Revenues

Average net revenues grew by 10% at an annual rate, from Q2 2007 to Q2 2008. The quarterly change revealed a 6% rise in net revenues from Q1 2008 to Q2 2008.

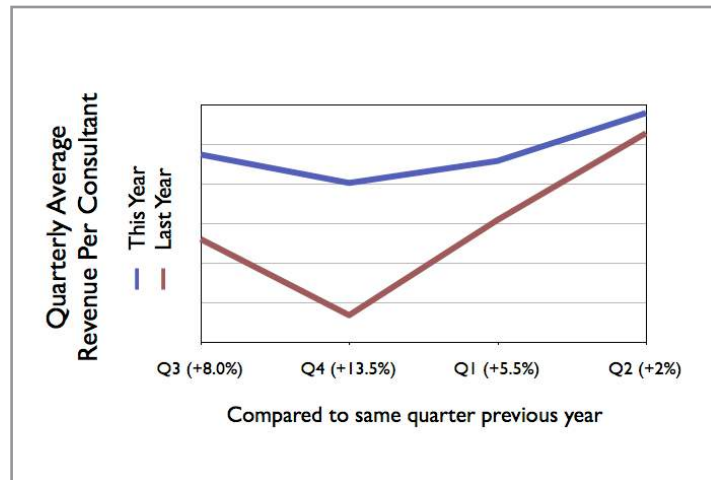
Quarterly Net Revenues,  
as Compared to Previous Year



### Average Revenue Per Consultant

The average revenue per consultant rose 2% year-on-year in Q2 2008. The quarterly trend revealed a 4% rise from Q1 2008 to Q2 2008.

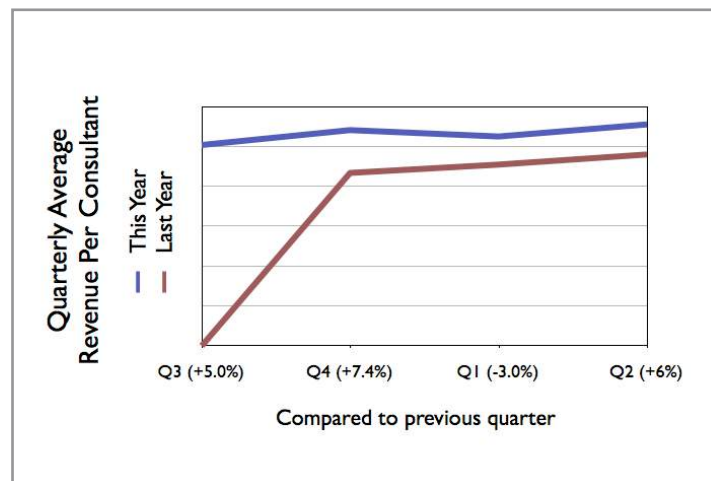
Quarterly Average Revenue Per Consultant,  
as Compared to Previous Year



### Average Fee Per Search Assignment

The average fee per executive search assignment increased 16% annually, from Q2 2007 to Q2 2008, and grew 6% quarterly.

Quarterly Average Fee Per Search  
Assignment

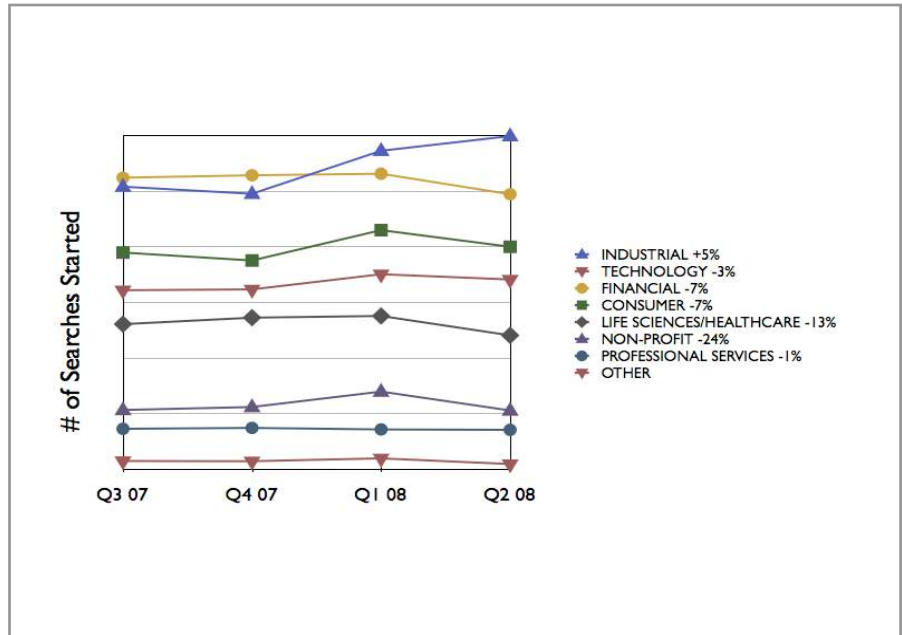


**Trend in Number of Searches Started by Industry**

Industrial - increasing 5% from Q1 2008 to Q2 2008 - was the only sector to experience a quarterly rise in the number of searches started. Industries witnessing a quarterly decline in Q2 2008 were Life Sciences/Healthcare (-13%), Financial Services (-7%), Consumer (-7%), Technology (-3%), Professional Services (-1%), and Non-Profit (-24% from a small sample).

Reflecting the quarterly trend; the Industrial sector accounted for the greatest annual increase in searches, rising 11% from Q2 2007 to Q2 2008. Also enjoying a yearly increase in searches were Technology (+7%), Non-Profit (+6% from a small sample), and Consumer (+4%). Industries experiencing a yearly decline in searches from Q2 2007 to Q2 2008 were Financial Services, down 16%, Life Sciences/Healthcare, down 17% and Professional Services down 23% (from a small sample).

*Trend in Number of Searches Started Quarterly, by Industry*

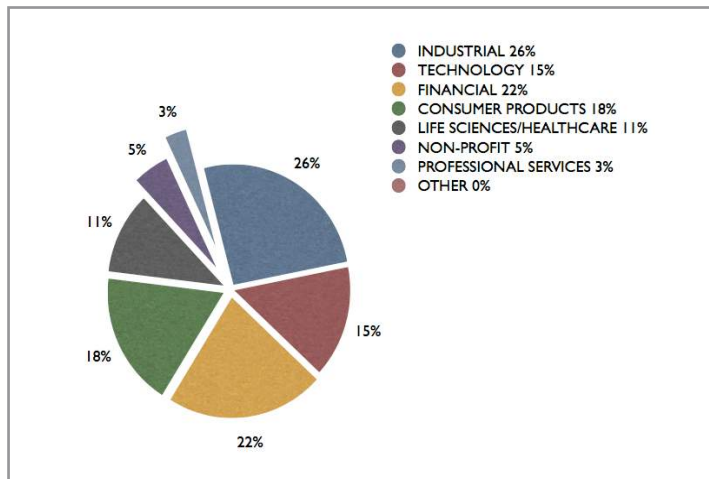


**Market Breakdown by Industry**

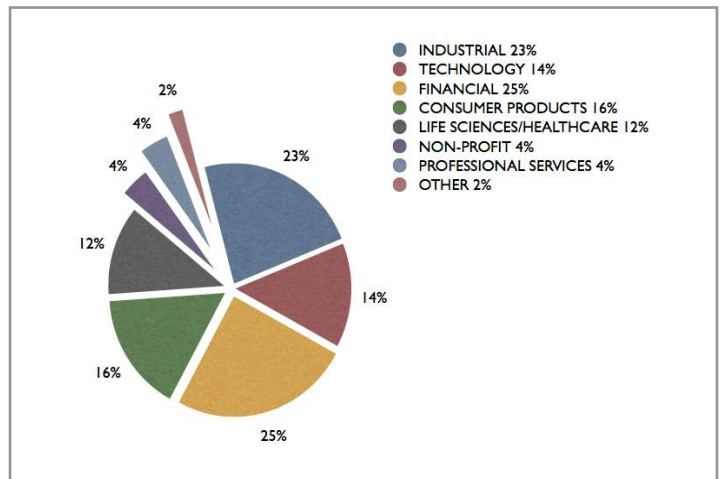
Since Q1 2008 the Industrial sector – with 26% market share in Q2 2008 – has accounted for the largest share of executive searches started, a place previously dominated by Financial Services. Q2 2008 saw Financial Services in second place with a 22% market share, followed by Consumer Products (18%), Technology (15%), Life Sciences/Healthcare (11%), Non-Profit (5%), and Professional Services (3%).

*Searches Started Quarterly by Industry, as Percentage of Total*

Q2 2008



Q2 2007



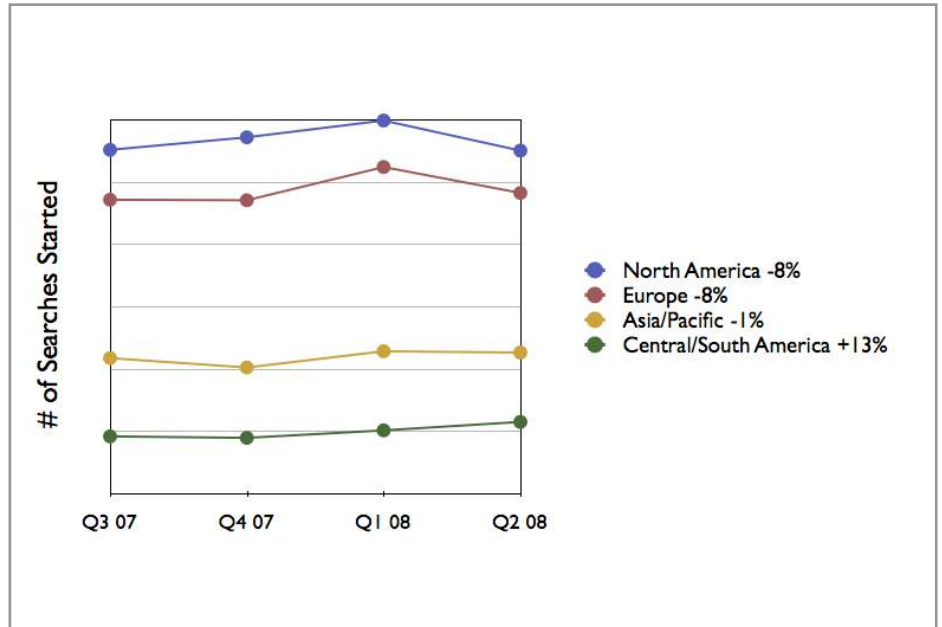


**Trend in Number of Searches Started by Region**

Q2 2008 saw a 3% annual decline in the number of searches started worldwide, from Q2 2007. Annual trends also revealed that searches had decreased in all regions, except Central/South America, which grew 15% from Q2 2007 to Q2 2008. Searches in North America fell 8% annually, Europe declined 2%, and Asia/Pacific remained flat (-0.5%).

The quarterly trend saw a 5% drop in the number of searches started globally from Q1 2008 to Q2 2008. Reflecting annual trends, all regions saw a quarterly decline in searches, except Central/South America, which increased 13%. Both North America and Europe fell 8% from Q1 2008 to Q2 2008. Asia/Pacific dropped 1% quarterly.

*Trend in Number of Searches Started Quarterly, by Region*

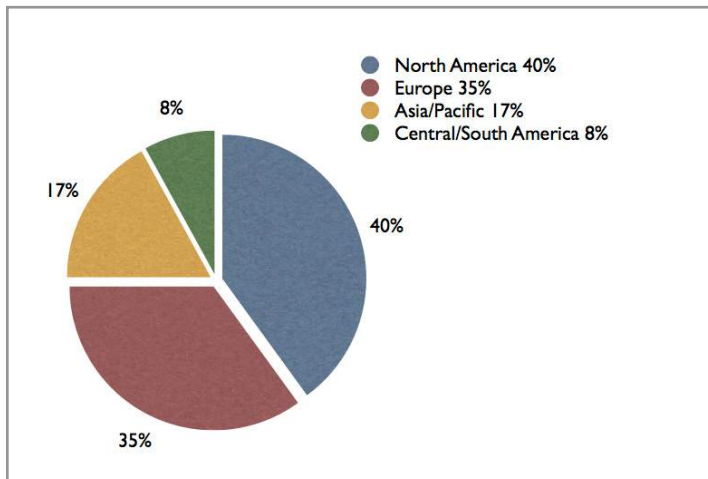


**Market Share by Region**

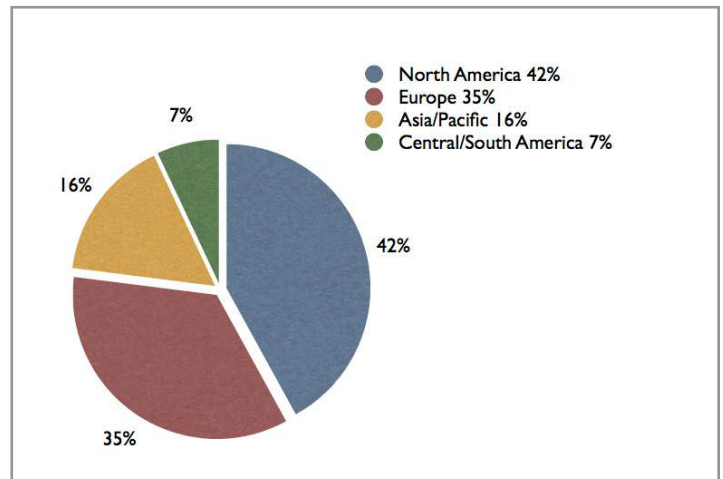
In Q2 2008 North America held 40% of the global market share for executive searches, followed by Europe (35%), Asia/Pacific (17%), and Central/South America (8%). The annual trend saw only minor changes in regional market share. North America was down 2%, Europe saw no annual change, and Asia/Pacific and Central/South America both increased 1%.

*Searches Started Quarterly by Region, as Percentage of Total*

Q2 2008



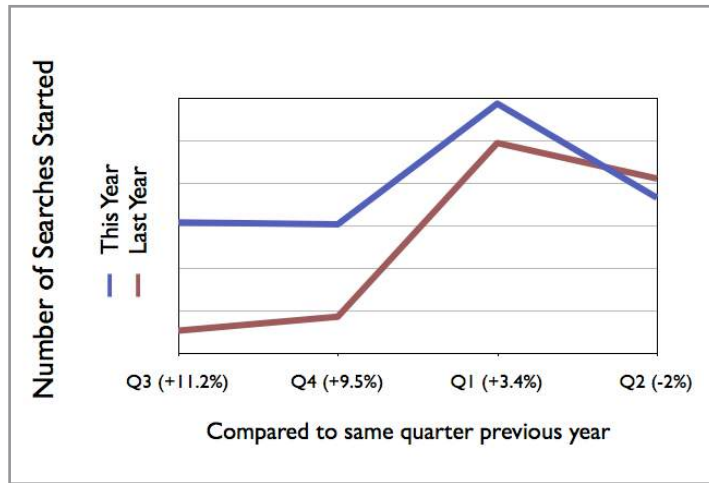
Q2 2007



**Trend in Number of Searches Started in Europe**

European searches declined 2% year-on-year from Q2 2007 to Q2 2008. The quarterly trend also revealed a drop in European searches, down 8% from Q1 2008 to Q2 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 Q2 2008 with 24% of the total market share, a 4% decrease from Q2 2007. Germany held 15% of the European market share in Q2 2008, a 2% annual rise from Q2 2007. France held a 10% market share in Q2 2008 and declined 1% annually.

\* 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*

