



AESC Insights

Q3 2008

State of the Executive Search Industry

Senior Executive Search Slowing but Still Robust After Four Years of Exceptional Growth: Quarter three revenues and searches reflect global economic crisis and a cautious recruitment environment



Association of Executive Search Consultants

The Worldwide Association for Retained Executive Search Consulting Firms

AESC State of the Industry Statistics: Q3 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

Senior Executive Search Slowing but Still Robust After Four Years of Exceptional Growth

Quarter three revenues and searches reflect global economic crisis
and a cautious recruitment environment

Third quarter data on the worldwide retained executive search industry revealed a slight slow down in searches and revenues following four consecutive years of positive industry growth, according to a report released today by the Association of Executive Search Consultants (AESC).

In the third quarter of this year worldwide executive search revenues declined 6.3% from the previous quarter, accounting for the first quarterly drop since Q4 2006. Year-on-year executive search industry revenues grew 2.8% annually in the third quarter of 2008, but this represented the least year-on-year growth since Q1 2005.

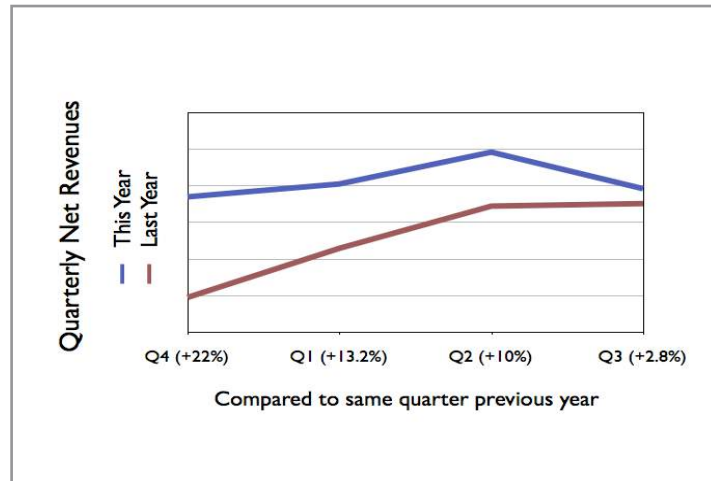
Peter Felix, President of the AESC commented, "As might be expected in the light of the current economic turmoil, executive search clients are being more cautious about initiating new senior hires than they were earlier this year. Nevertheless, the extent of the decline in worldwide revenues for the industry is still relatively minor and many parts of the world and many sectors are still showing strong demand. I am confident that once the current uncertainty abates and organizations begin to plan their way out of recession that executive search consultants will see strong demand from clients who require help in finding and recruiting the best talent available to them. Executive talent is still in very short supply around the world and few organizations will ignore the necessity to invest in their leaders for the future."

FINANCIAL TRENDS

Average Net Revenues

In Q3 2008 average net revenues grew by 2.8% year-on-year, representing the least annual growth seen since this yearly trend was first recorded in Q1 2005. A quarterly analysis revealed a 6.3% fall in net revenues from Q2 2008 to Q3 2008; the first quarterly drop witnessed since Q4 2006 and the largest quarterly decline recorded since the inception of the AESC's State of the Industry report in 2004.

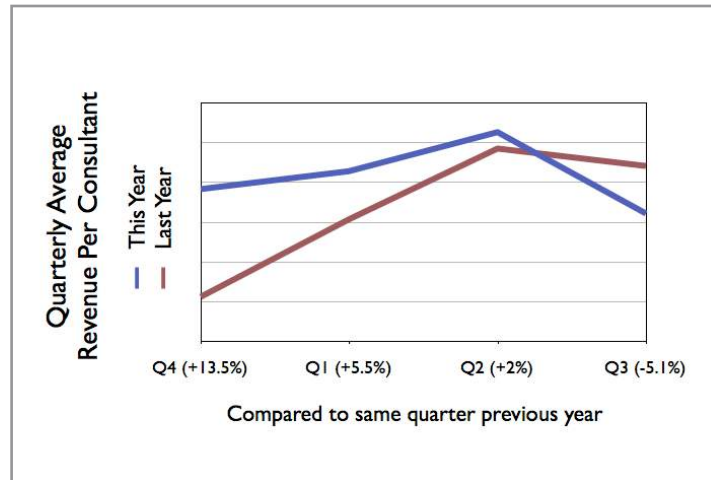
Quarterly Net Revenues,
as Compared to Previous Year



Average Revenue Per Consultant

The average revenue per consultant dropped 5.1% annually from Q3 2007 to Q3 2008, the first decline witnessed in revenue per consultant since this yearly trend was first recorded in Q1 2005. The quarterly trend revealed an 8.5% decline in average revenue per consultant from Q2 2008 to Q3 2008.

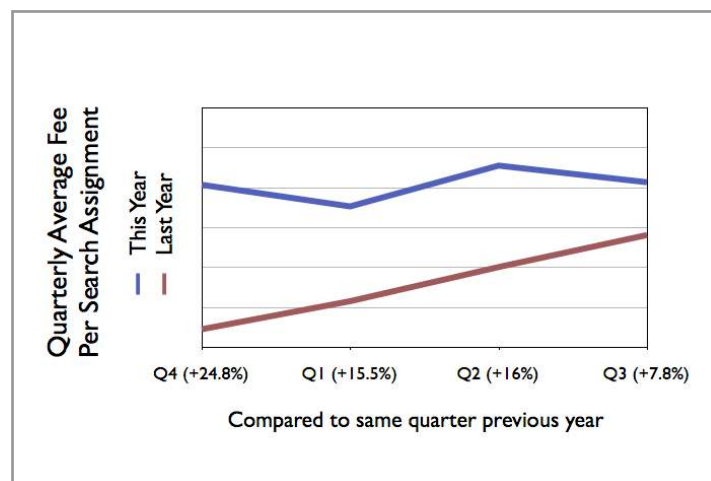
Quarterly Average Revenue Per Consultant,
as Compared to Previous Year



Average Fee Per Search Assignment

The average fee per executive search assignment increased 7.8% annually from Q3 2007 to Q3 2008, but fell 2.2% quarterly in Q3 2008.

Quarterly Average Fee Per Search
Assignment, as compared to previous year

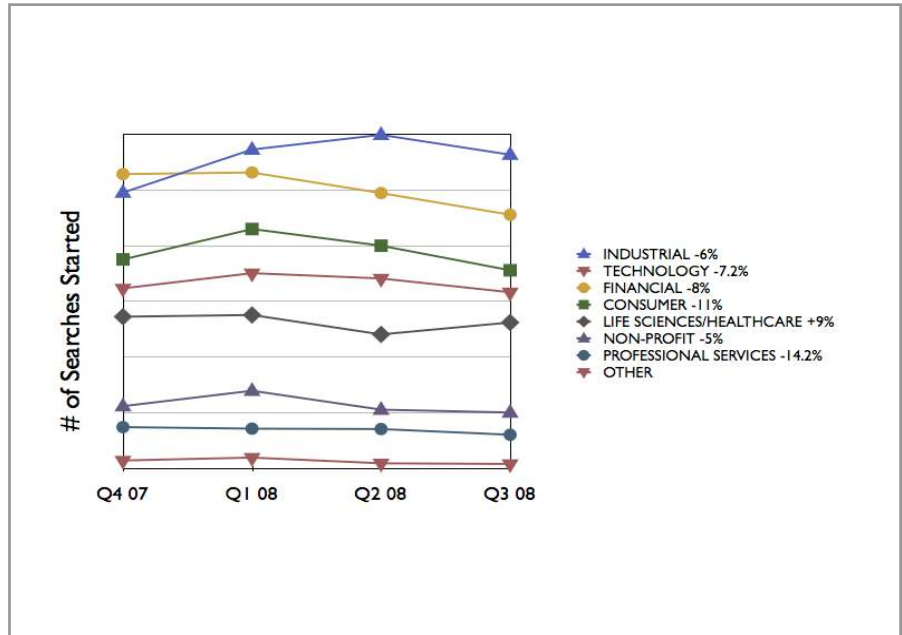


Trend in Number of Searches Started by Industry

The Industrial sector was the only industry to rise in the number of searches started year-on-year, up 11% from Q3 2007 to Q3 2008. Life Sciences/Healthcare remained flat year-on-year, Professional Services fell 16.4% annually (from a small sample), followed by Financial Services (-13.1%), Consumer (-9%), and Non-Profit (-6% from a small sample).

All industries - with the exception of Life Sciences/Healthcare rising 9% on a global basis - experienced a quarterly decline in the number of searches started in Q3 2008 as compared to Q2 2008. Professional Services fell 14.2% (from a small sample), followed by Consumer (-11%), Financial Services (-8%), Technology (-7.2%), Industrial (-6%), and Non-Profit (-5% from a small sample).

Trend in Number of Searches Started Quarterly, by Industry

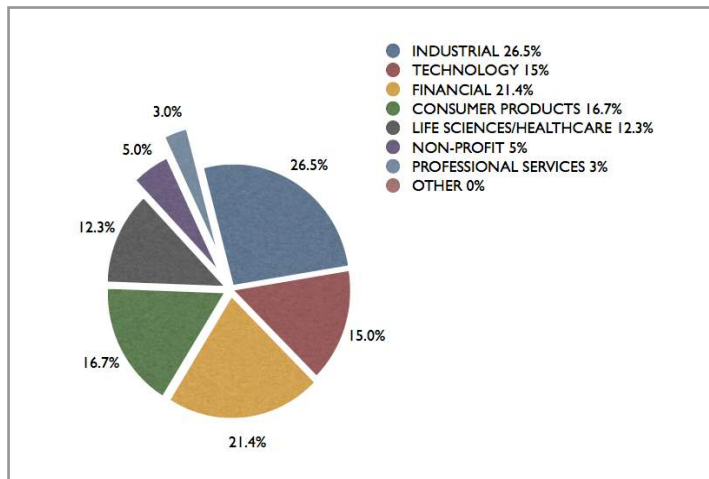


Market Breakdown by Industry

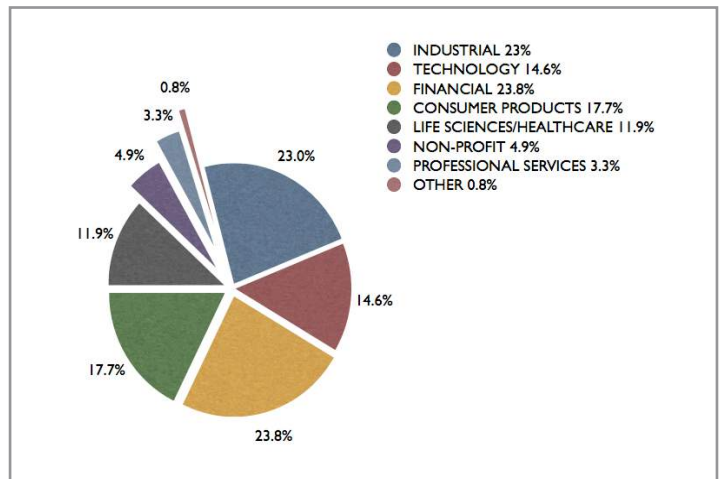
In Q3 2008 the Industrial sector – reaching a 26.5% market share in Q3 2008 and rising 3.5% annually from its Q3 2007 market share – accounted for the largest number of executive searches started. The industry market share was previously dominated by Financial Services, however Industrial has held the largest market share since Q1 2008. In Q3 2008 Financial Services held second place with 21.4% of the market share, a 2.4% year-on-year decline from its Q3 2007 share. Following Financial Services came Consumer Products (16.7%), Technology (15%), Life Sciences/Healthcare (12.3%), Non-Profit (5%), and Professional Services (3%).

Searches Started Quarterly by Industry, as Percentage of Total

Q3 2008



Q3 2007

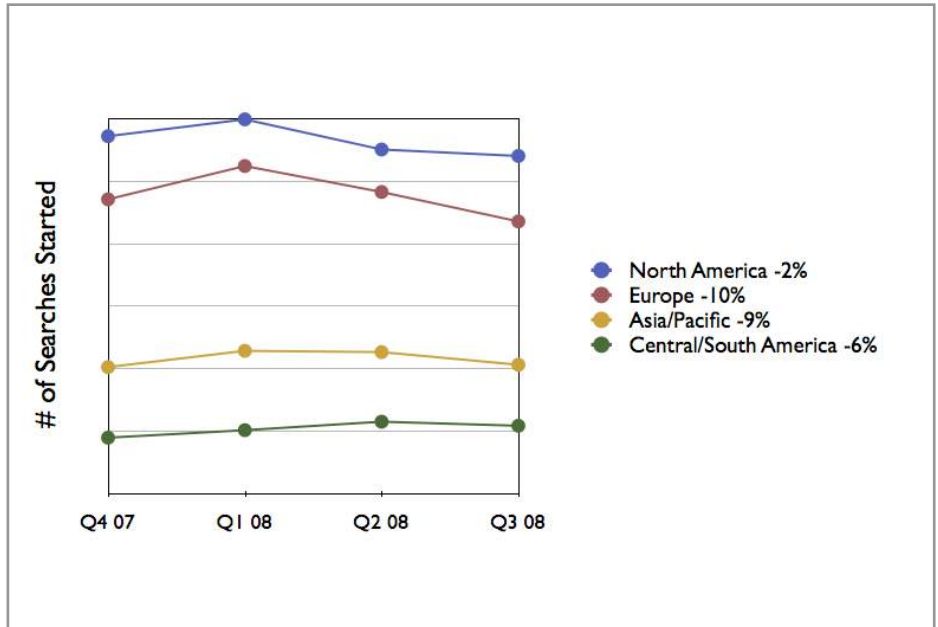


Trend in Number of Searches Started by Region

The number of searches started worldwide in Q3 2008 declined 3.5% annually when compared to Q3 2007. Year-on-year analysis showed a decrease in all regions except Central/South America, which rose 18% from Q3 2007. Europe experienced the greatest yearly decline in searches, down 7.6% from Q3 2007. Asia/Pacific followed, down 5.2%, then came North America (-2.1%).

The quarterly trend saw a 6.1% drop in the number of searches started globally from Q2 2008 to Q3 2008. Europe again witnessed the largest decline in searches, down 10% from Q2 2008 to Q3 2008. Then came Asia/Pacific (-9%), Central/South America (-6%), and North America (-2%).

Trend in Number of Searches Started Quarterly, by Region



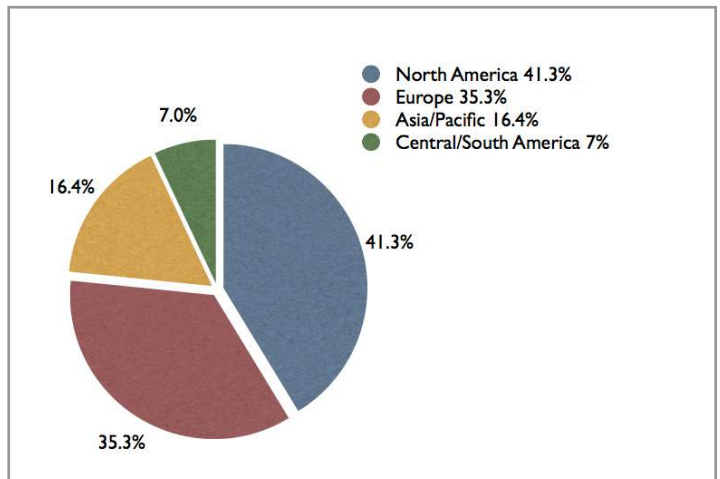
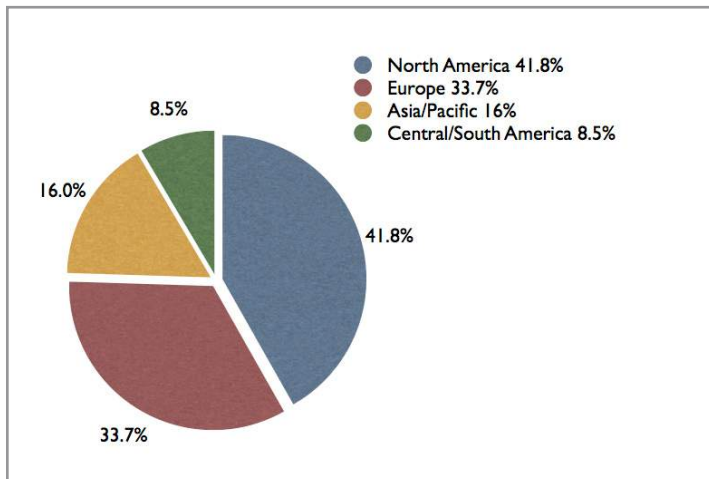
Market Share by Region

In Q3 2008 North America held 41.8% of the global market share of executive searches started, followed by Europe at 33.7%, then Asia/Pacific (16%), and Central/South America (8.5%). The annual change highlighted an increase in market share for North America (+0.5%), and Central/South America (+1.5%). Year-on-year market share declines were felt in Q3 2008 by Europe (-1.6%), and Asia/Pacific (-0.4%).

Searches Started Quarterly by Region, as Percentage of Total

Q3 2008

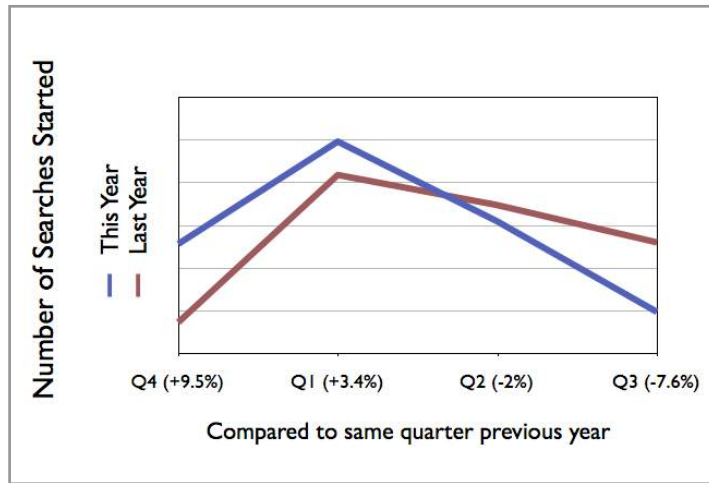
Q3 2007



Trend in Number of Searches Started in Europe

The number of European searches started during Q3 2008 dropped 7.6% annually from those started in Q3 2007. As mentioned, the quarterly trend also highlighted a decline in European searches, falling 10% from Q2 2008 to Q3 2008.

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



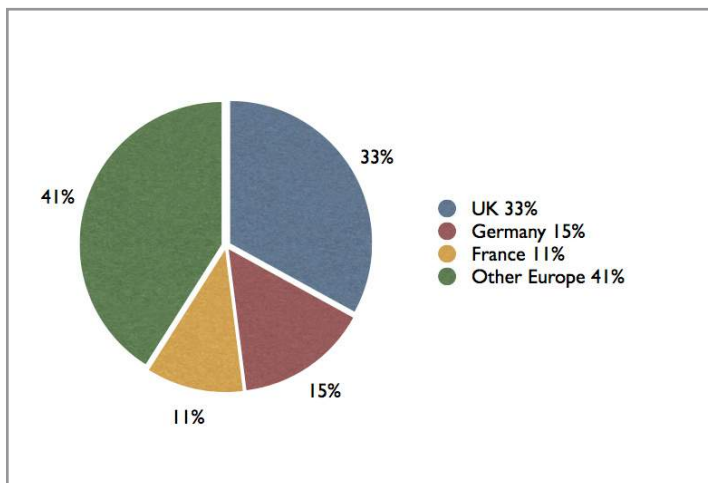
Market Share by European Sub-Region

The UK held the largest European market share in number of searches started in Q3 2008 at 33% of the total. This was followed by Germany with 15%, and then France at 11%.

* 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

Q3 2008



Q3 2007

