



AESC Insights

Q3 2011

State of the Executive Search Industry

Retained Executive Search Revenues Sustained in Third Quarter Despite Economic Turbulence: Continued Momentum and a Shortage of Talent Maintains Senior Executive Search Demand



AESC State of the Executive Search Industry Q3 2011

The AESC State of the Executive Search Industry Report is quarterly research carried out by the Association of Executive Search Consultants (AESC) since 2004 on trends in the global retained executive search industry. Data for the report is collected from a consistent sample of AESC member search firms representing the activity of 1430 executive search consultants in 46 countries worldwide. The AESC estimates that annual net revenues for the worldwide retained executive search industry totaled \$9.55 billion in 2010.

RETAINED EXECUTIVE SEARCH REVENUES SUSTAINED in 3rd QUARTER DESPITE ECONOMIC TURBULENCE

Continued Momentum and a Shortage of Talent Maintains Senior Executive Search Demand

Third quarter data just released by the Association of Executive Search Consultants (AESC) shows that despite economic turbulence and a quarter-on-quarter reduction in the number of new executive searches started (-8.1%), overall revenue levels have been sustained thereby continuing the momentum of the past two years which has returned the industry close to its all time revenue high of 2008.

The year-on-year trend - from Q3 2010 to Q3 2011 - revealed a 5% increase in the number of new search mandates and an 8.3% rise in revenues. The average value of executive search assignments was also on the rise, in this case both quarterly and annually, endorsing the conclusions of the AESC's recent client survey. The findings confirmed that organizations increasingly employ retained executive search consulting at the highest end of the market where the shortage of executive talent is especially severe and where the proactive and confidential nature of retained executive search produces significant returns.

AESC President, Peter Felix, commented: "Given the extraordinary volatility in global economic confidence during the third quarter, due to the European debt crisis and uncertainty in the United States, it is no surprise that executive search activity has been affected. However, while search starts are down in most sectors and regions of the world, revenues have only been marginally affected due to the increased average fee per assignment."

Felix continued: "Our concern is that a reduction in new search assignments in the third quarter may indicate a tremor in client demand with consequences which may be felt in the quarters to come. We can only hope, however, that economic and political leadership will begin to provide the certainty that is so much needed as a basis for key hiring decisions at the top of organizations."

The quarter-on-quarter industry trends saw Life Sciences/Healthcare ahead with a 3% increase in new search mandates, while all other surveyed sectors declined quarterly. The Consumer industry experienced the least decline (-4.1%), followed by Industrial (-6%), Technology (-10.5%) and then Financial (-19.3%), from Q2 2011 to Q3 2011.

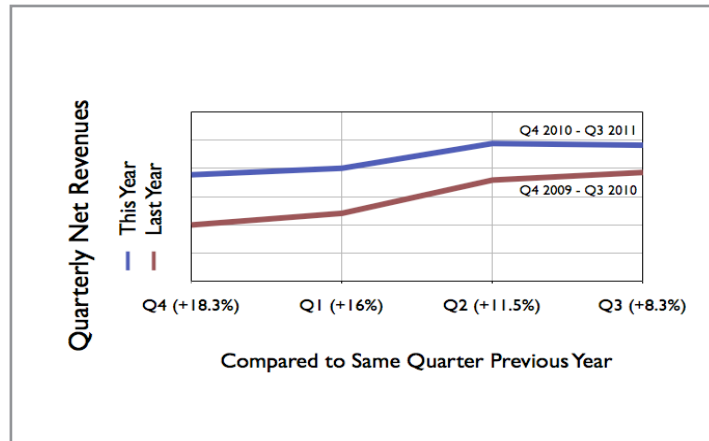
The regional outlook positioned North America with the least quarterly decline in new search starts; down 5% from Q2 2011 to Q3 2011 but rising 11% annually. EMEA followed with a 9% quarterly drop but a 4% annual rise. Central/South America and Asia Pacific both experienced quarterly and annual declines in search activity, though annual declines were minimal (-2%).

Average Net Revenues

Year-on-year trend: Q3 2010 to Q3 2011 +8.3% (pictured below)

Quarter-on-quarter trend: Q2 2011 to Q3 2011 -0.5%

Trend in Quarterly Average Net Revenues,
as Compared to Previous Year

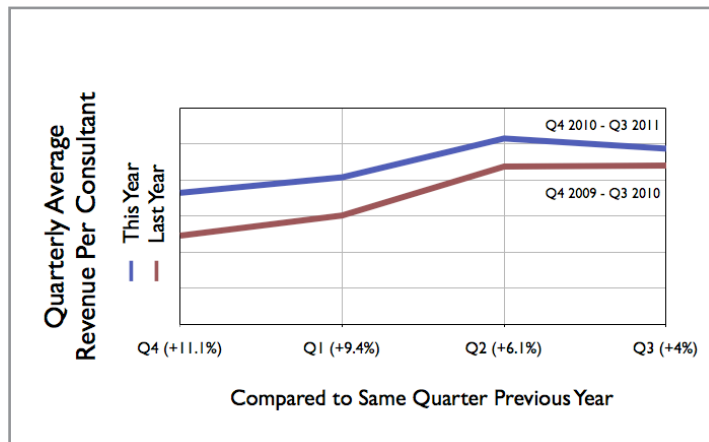


Average Revenue Per Consultant

Year-on-year trend: Q3 2010 to Q3 2011 +4% (pictured below)

Quarter-on-quarter trend: Q2 2011 to Q3 2011 -2.1%

Trend in Quarterly Average Revenue Per
Consultant, as Compared to Previous Year

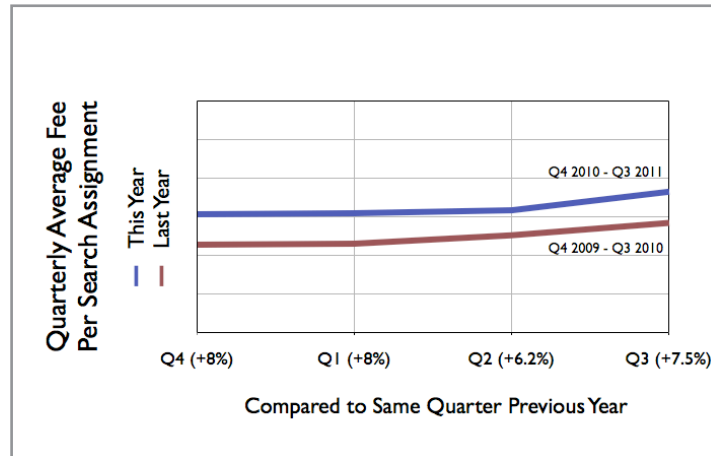


Average Fee Per Search Assignment

Year-on-year trend: Q3 2010 to Q3 2011 +7.5% (pictured below)

Quarter-on-quarter trend: Q2 2011 to Q3 2011 +4.3%

Trend in Quarterly Average Fee Per Search Assignment, as Compared to Previous Year

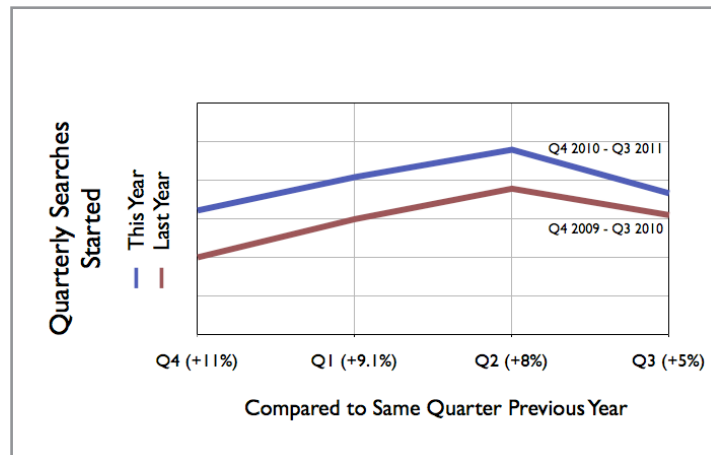


Average Number of Searches Started

Year-on-year trend: Q3 2010 to Q3 2011 +5% (pictured below)

Quarter-on-quarter trend: Q2 2011 to Q3 2011 -8.1%

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



Average Number of Searches Started by Industry

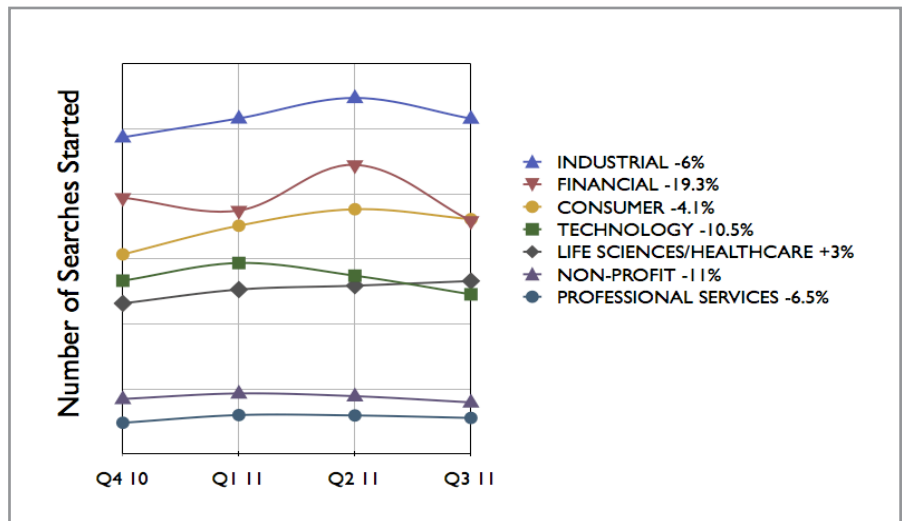
Year-on-year trend: Q3 2010 to Q3 2011

- Increasing: Life Sciences/Healthcare +21%, Consumer +17%, Industrial +12% (Professional Services +18% ~ from a smaller survey sample)
- Decreasing: Financial -12%, Technology -8% (Non-Profit -13.1% ~ from a smaller survey sample)

Quarter-on-quarter trend: Q2 2011 to Q3 2011 (pictured below)

- Increasing: Life Sciences/Healthcare +3%
- Decreasing: Financial -19.3%, Technology -10.5%, Industrial -6%, Consumer -4.1% (Non-Profit -11%, Professional Services -6.5% ~ from a smaller survey sample)

Trend in Average Number of Searches Started Quarterly, by Industry

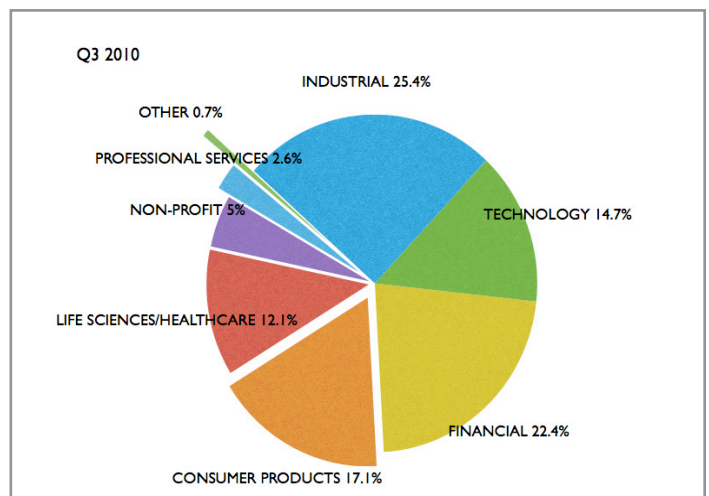
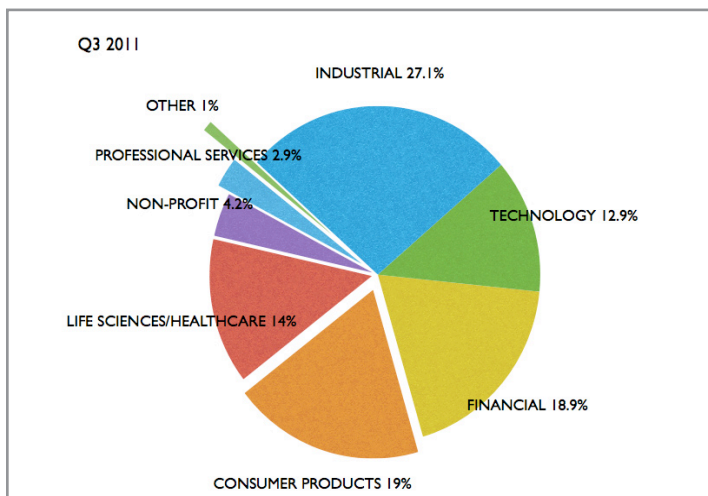


Market Breakdown by Industry

Year-on-year trend: Q3 2010 to Q3 2011 (pictured below)

- Increasing: Industrial +1.7%, Consumer Products +1.9%, Life Sciences/Healthcare +1.9%, Professional Services +0.3%
- Decreasing: Financial -3.5%, Technology -1.8%, Non-Profit -0.8%

Searches Started Quarterly by Industry, as Percentage of Total



Average Number of Searches Started by Region

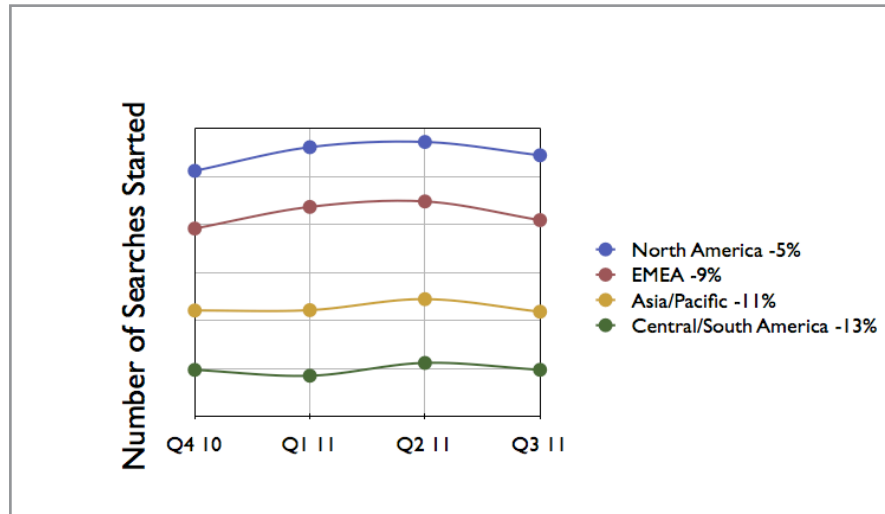
Year-on-year trend: Q3 2010 to Q3 2011

- Increasing: North America +11%, EMEA +4%
- Decreasing: Asia/Pacific -2.3%, Central/South America -2%

Quarter-on-quarter trend: Q2 2011 to Q3 2011 (pictured below)

- Decreasing: Central/South America -13%, Asia/Pacific -11%, EMEA -9%, North America -5%

Trend in Average Number of Searches Started Quarterly, by Region

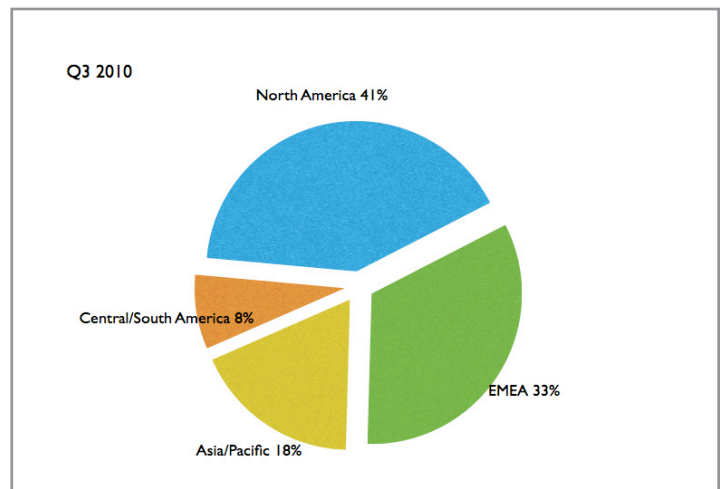
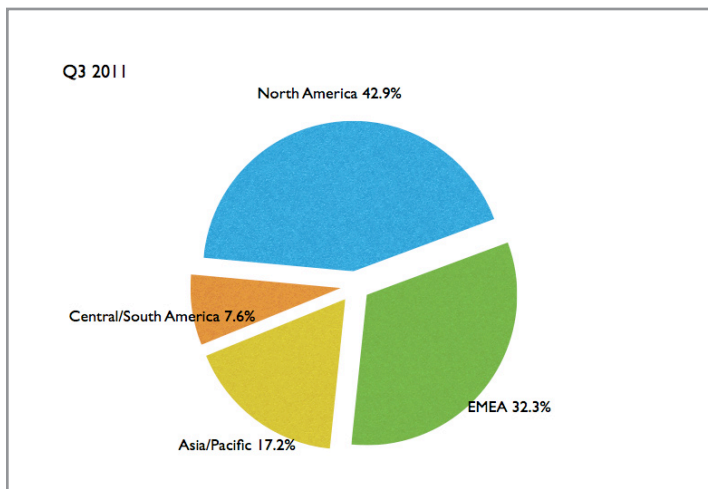


Market Share by Region

Year-on-year trend: Q3 2010 to Q3 2011 (pictured below)

- Increasing: North America +1.9%
- Decreasing: Asia/Pacific -0.8%, EMEA -0.7%, Central/South America -0.4%

Searches Started Quarterly by Region, as Percentage of Total

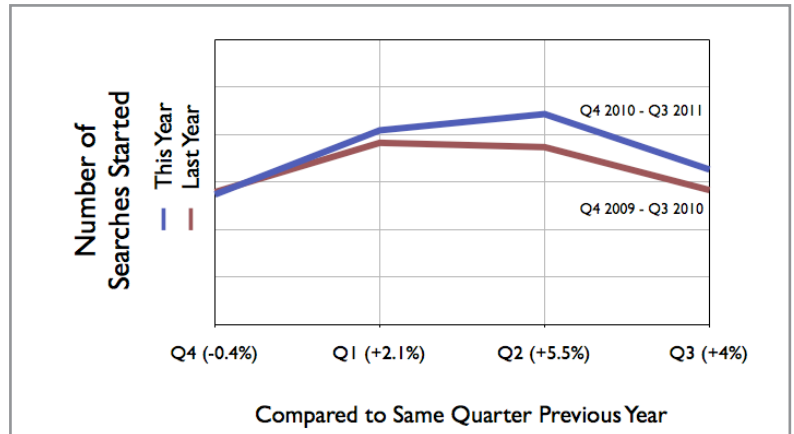


Average Number of Searches Started in EMEA

Year-on-year trend: Q3 2010 to Q3 2011 +4% (pictured below)

Quarter-on-quarter trend: Q2 2011 to Q3 2011 -9%

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

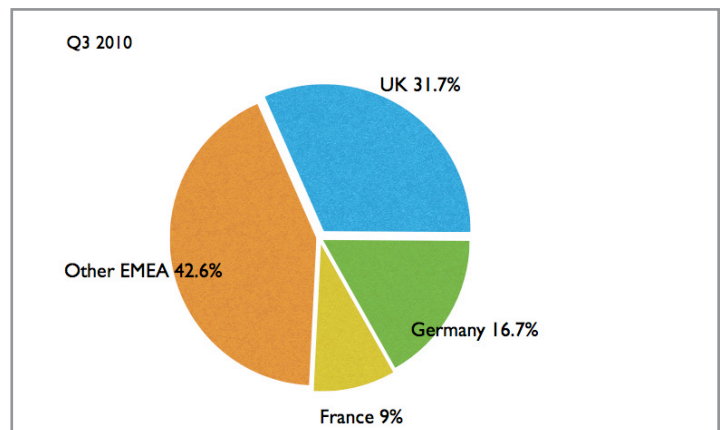
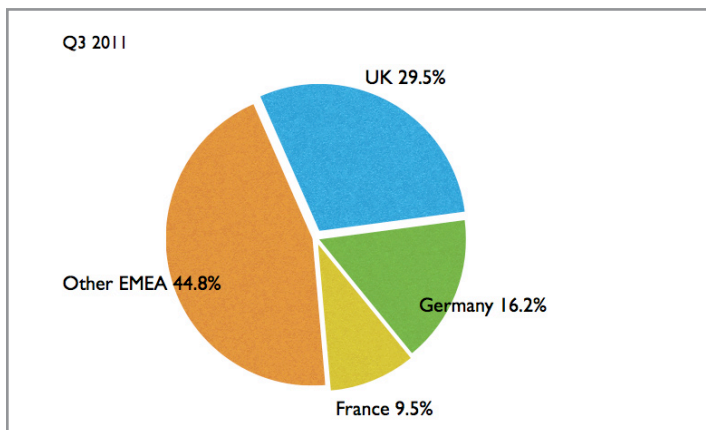


Market Share by EMEA Sub-Regions *

Year-on-year trend: Q3 2010 to Q3 2011 (pictured below)

- Increasing: Other EMEA +2.2%, France +0.5%
- Decreasing: UK -2.2%, Germany -0.5%

Searches Started Quarterly by EMEA Sub-Regions, as Percentage of Total EMEA



* Data for this question represents 715 executive search consultants in 46 countries, whereas data for all other questions represents 1430 consultants in 46 countries.

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.

The AESC offers www.bluesteps.com, a career management service for senior executives, and 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's International Executive Search Directory.