



AESC Insights

Q3 2014

State of the Executive Search Industry

Third Quarter Executive Search Surge:

Heightened executive search activity in Financial Services and North America in Q3 2014

AESC State of the Executive Search Industry Quarter 3, 2014

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 and leadership consulting industry. Data for the report is collected from a consistent sample of AESC member search firms representing the activity of 1,402 executive search consultants across 46 countries worldwide. The AESC estimates that annual net revenues for the worldwide retained executive search industry totaled \$10.57 billion in 2013.

Third Quarter Executive Search Surge

Heightened executive search activity in Financial Services and North America in Q3 2014

The third quarter of this year saw year-on-year growth within the executive search profession as revenues rose 8.6% from the same period a year ago (Q3 2013 to Q3 2014) and the overall search volume increased by 8.7%.

The year-on-year surge in third quarter revenues and new search mandates was set against a slight quarter-on-quarter slow down in revenues, down 2.1% from Q2 2014 to Q3 2014, and in the number of new searches started, which fell 2.4% quarterly.

AESC President Peter Felix commented: “Despite a slight decline in global revenues during the last quarter, the year-on-year figures for the worldwide executive search market continue to be very encouraging. They confirm the trend of the past 12 months which indicate a strong US market but more moderate demand in parts of Europe and Asia/Pacific.

“The correlation between economic conditions and executive search demand becomes stronger year by year, reflecting the volatility of corporate decision-making in our increasingly interdependent world. Our hope continues to be that the US economic revival will lead the world out of economic malaise and put a match to the tinder of a crucial executive talent shortage that is smoldering beneath the surface. We continue to be extremely optimistic that executive search and leadership consulting demand will grow substantially in the coming years”.

Yearly and Quarterly Growth for Financial Services

The Q3 2014 industry picture saw the Industrial sector retain the largest global market share in new executive search activity and witness both yearly and quarterly growth (+8.7% and +0.7% respectively).

The Financial Services industry held the second largest executive search market share in Q3 2014 and was the only other industry, next to Industrial, to experience yearly and quarterly growth in new search starts. The Financial Services year-on-year growth was robust at 18.6% from Q3 2013 to Q3 2014 and quarterly growth was 2.6%.

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Harry O'Neill, Managing Partner, Hong Kong and head of Financial Services Practice for Asia Pacific and the Middle East at Heidrick & Struggles, said: "In our industry, demand drives the business – whatever anyone says about the war for talent, it is the demand that drives that war, not the supply. Our view is that the demand of the last six months is likely to persist into 2015. We expect to see momentum and movement once the compensation cycle is completed. Areas such as risk and compliance continue to be great areas for demand where there isn't a level of supply to match it.

"In Asia we see the key demand in asset management. Banking as an industry is still very challenged, whereas asset management looks much more attractive and is much more lightly regulated, for now. It means that the buy side – and in particular those firms that are morphing from a traditional asset management model into alternative financial services organizations – represent a real attraction for people working in investment banking."

Tim Gibson-Tullberg is Managing Director and global head of the PWM Practice at Sheffield Haworth, based in Singapore. He said: "We've noticed an increase in demand due to a slowing of the success of internal recruitment platforms to persuade bankers to only look at their platform. Candidates want to take stock when moving, not just fall into another job."

Strong Quarter for North America

North America retained the largest worldwide market share in executive search activity (44.4%) and was the only major region surveyed to experience both yearly and quarterly growth in the number of new searches started in the third quarter of this year, rising 11.3% yearly from Q3 2013 to Q3 2014 and up 1.4% quarterly from Q2 2014 to Q3 2014.

EMEA held the second largest worldwide executive search market share (32.4%) and saw a 10.3% year-on-year rise in new search mandates, though the volume of new EMEA searches did decline quarter-on-quarter (-5.9%). Asia Pacific saw a 4% yearly rise in new executive search activity in the third quarter of this year, but a quarter-on-quarter decline – as with EMEA – of 5.9%. The Central and South American region saw a yearly drop of 3.1% in new search mandates and little change quarter to quarter.

Third Quarter 2014 State of the Executive Search Industry Report

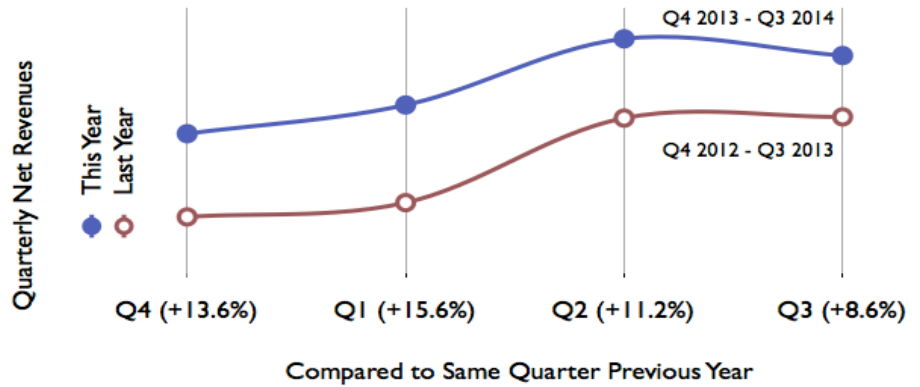
FINANCIAL TRENDS - Q3 2014

Average Net Revenues

Year-on-year trend: Q3 2013 to Q3 2014 +8.6% (pictured below)

Quarter-on-quarter trend: Q2 2014 to Q3 2014 -2.1%

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

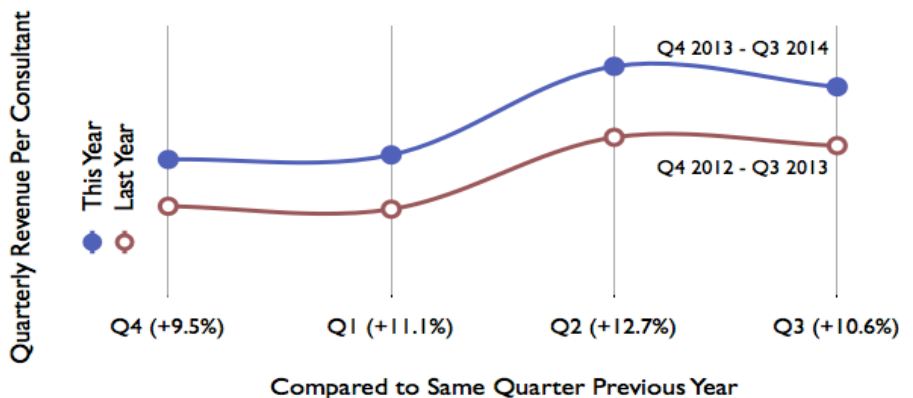


Average Revenue Per Consultant

Year-on-year trend: Q3 2013 to Q3 2014 +10.6% (pictured below)

Quarter-on-quarter trend: Q2 2014 to Q3 2014 -3.2%

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



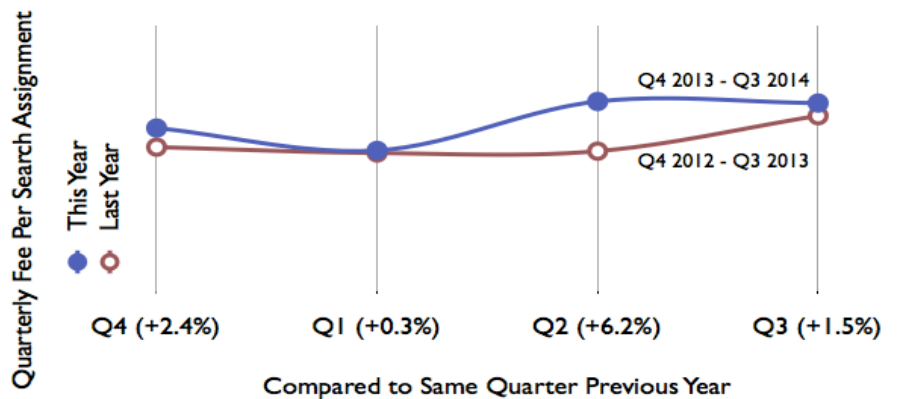
FINANCIAL TRENDS - Q3 2014 *continued...*

Average Fee Per Search Assignment

Year-on-year trend: Q3 2013 to Q3 2014 +1.5% (*pictured below*)

Quarter-on-quarter trend: Q2 2014 to Q3 2014 -0.2%

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

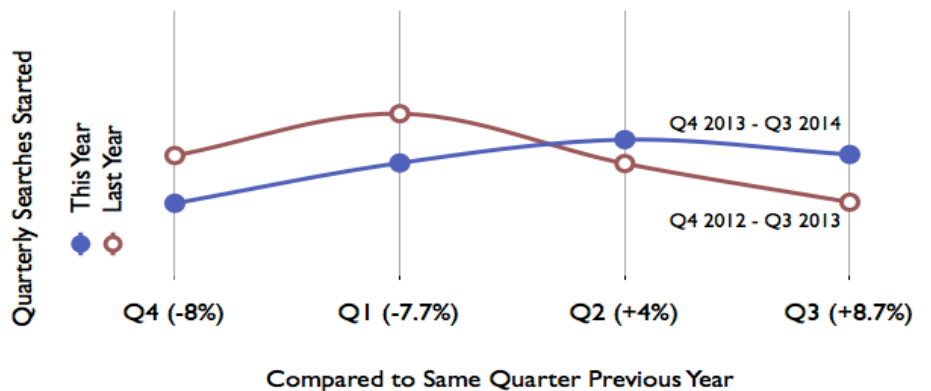


Average Number of Searches Started

Year-on-year trend: Q3 2013 to Q3 2014 +8.7% (*pictured below*)

Quarter-on-quarter trend: Q2 2014 to Q3 2014 -2.4%

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



INDUSTRY TRENDS - Q3 2014

Average Number of Searches Started by Industry

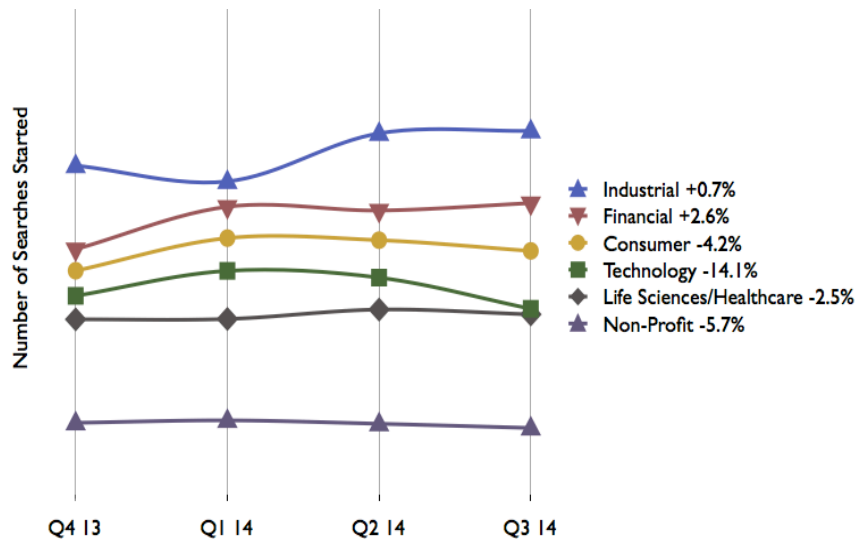
Year-on-year trend: Q3 2013 to Q3 2014

- Increasing: Financial +18.6%, Industrial +8.7%, Life Sciences/Healthcare +4.1%, Consumer +3.3%
Non-Profit +3.2% ~ from a smaller survey sample
- Decreasing: Technology -2.1%

Quarter-on-quarter trend: Q2 2014 to Q3 2014 (pictured below)

- Increasing: Financial +2.6%, Industrial +0.7%
- Decreasing: Technology -14.1%, Consumer -4.2%, Life Sciences/Healthcare -2.5%
Non-Profit -5.7% ~ from a smaller survey sample

Trend in Average Number of Searches Started Quarterly, by Industry

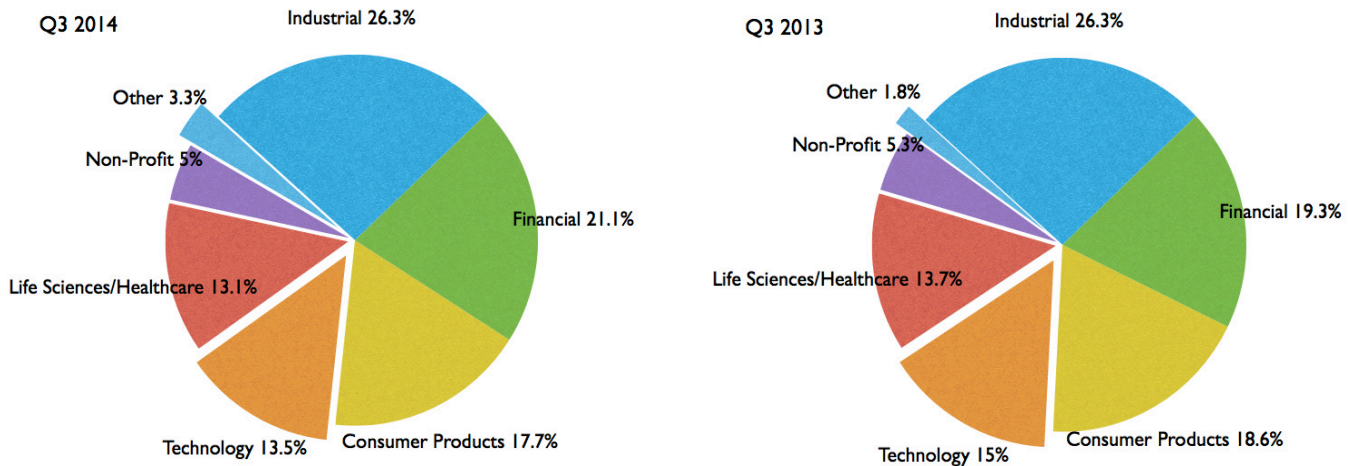


Market Breakdown by Industry

Year-on-year trend: Q3 2013 to Q3 2014 (pictured below)

- Increasing: Financial +1.8%
- No change: Industrial
- Decreasing: Technology -1.5%, Consumer Products -0.9%, Life Sciences/Healthcare -0.6%, Non-Profit -0.3%

Searches Started Quarterly by Industry, as Percentage of Total



Average Number of Searches Started by Region

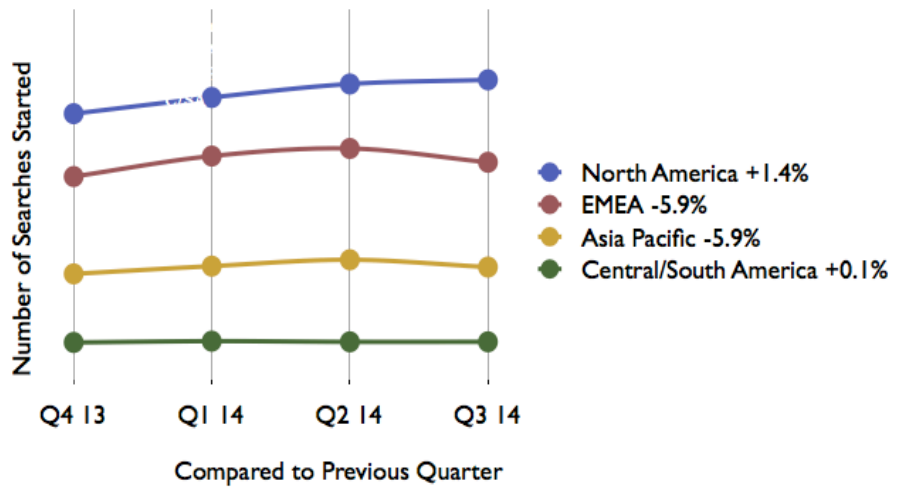
Year-on-year trend: Q3 2013 to Q3 2014

- Increasing: North America +11.3%, EMEA +10.3%, Asia Pacific +4%
- Decreasing: Central/South America -3.1%

Quarter-on-quarter trend: Q2 2014 to Q3 2014 (pictured below)

- Increasing: North America +1.4%, Central/South America +0.1%
- Decreasing: Asia Pacific -5.9%, EMEA -5.9%

Trend in Average Number of Searches Started Quarterly, by Region

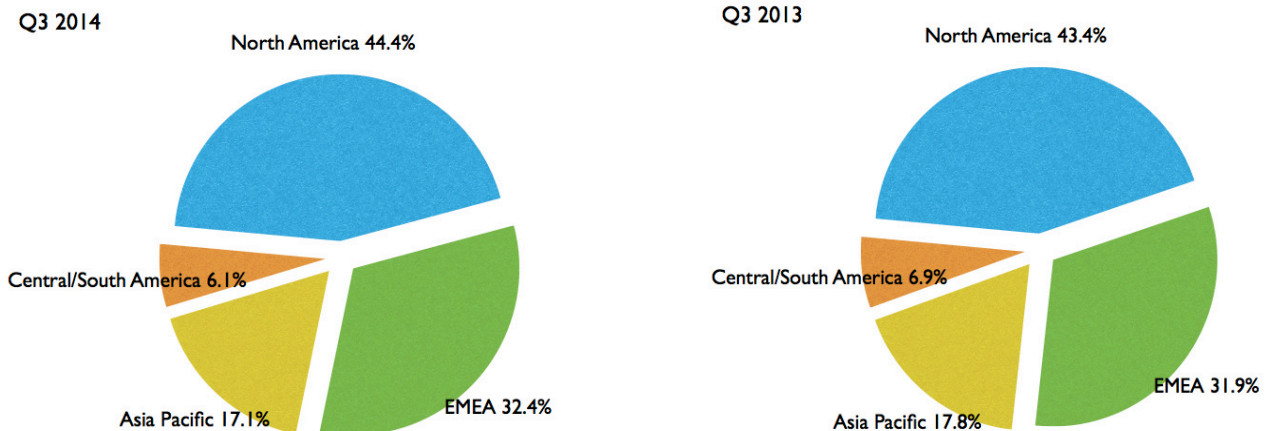


Market Share by Region

Year-on-year trend: Q3 2013 to Q3 2014 (pictured below)

- Increasing: North America +1%, EMEA +0.5%
- Decreasing: Central/South America -0.8%, Asia Pacific -0.7%

Searches Started Quarterly by Region, as Percentage of Total

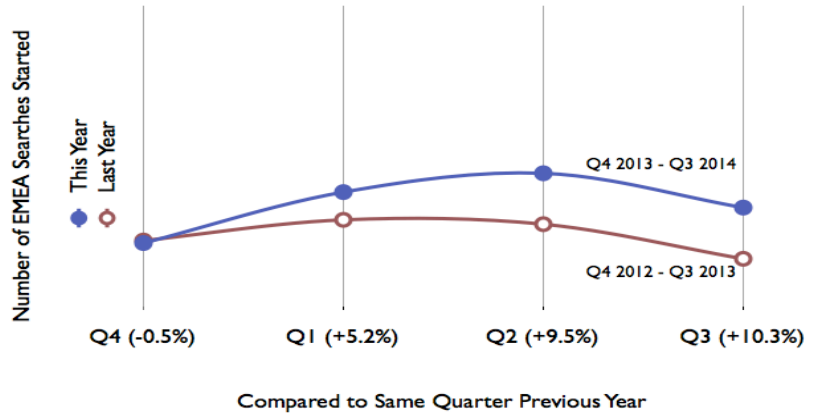


Average Number of Searches Started in EMEA

Year-on-year trend: Q3 2013 to Q3 2014 +10.3% (pictured below)

Quarter-on-quarter trend: Q2 2014 to Q3 2014 -5.9%

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



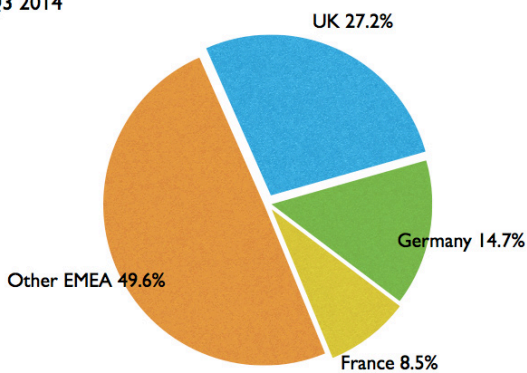
Market Share by EMEA Sub-Regions *

Year-on-year trend: Q3 2013 to Q3 2014 (pictured below)

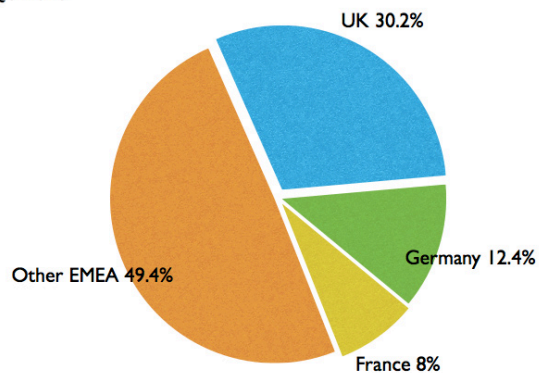
- Increasing: Germany +2.3%, France +0.5%, Other EMEA +0.2%
- Decreasing: UK -3%

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

Q3 2014



Q3 2013



* Data for this question represents 649 executive search consultants across 46 countries (data for other questions represents 1,402 consultants across 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 and leadership consulting industry. The AESC promotes the highest professional standards in retained executive search and leadership consulting through its industry recognized Code of Ethics and Professional Practice Guidelines. The AESC also serves to broaden public understanding of the retained executive search and leadership consulting process and acts 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 also offers www.bluesteps.com, a career management service for senior executives, and www.executivesearchconnect.com, a free 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.