



AESC Insights

Q4 2007

State of the Executive Search Industry

Despite Economic Turbulence In The U.s., 2007 Saw A Record Growth Rate For The Executive Search Industry: AESC State of the Industry Year-End Report Demonstrates Continued Worldwide Demand for Executive Talent



Association of Executive Search Consultants

The Worldwide Association for Retained Executive Search Consulting Firms

AESC State of the Industry Statistics: Q4 2007

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

DESPITE ECONOMIC TURBULENCE IN THE U.S., 2007 SAW A RECORD GROWTH RATE FOR THE EXECUTIVE SEARCH INDUSTRY

AESC State of the Industry Year-End Report Demonstrates Continued Worldwide Demand for Executive Talent

Even though the last two quarters of 2007 saw a downturn in the U.S. economy, year-end net revenues for the global executive search industry rose 22 percent from Q4 2006 to Q4 2007. This growth represents the fourth consecutive year of positive industry growth, with compounded growth equaling 86% since 2004.

The AESC quarterly analysis showed a flattening out from Q3 to Q4 2007, but year-on-year trends showed an increase in all industry sectors. Annual growth was seen in the number of executive searches started (+8%), the fee per search assignment (+24.8%) and the average revenue per search consultant (+13.5%) by the end of 2007.

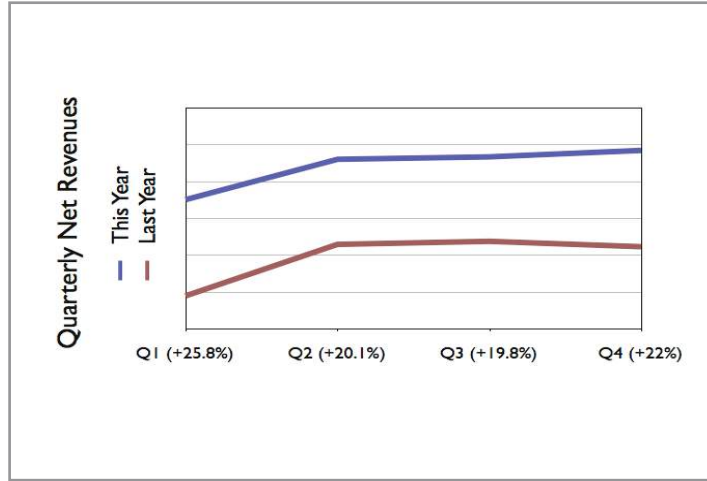
AESC President Peter Felix commented, "The performance of the executive search industry over the past four years has been exceptional. It reflects the tremendous need for executive talent which is being experienced around the world as the baby boomers retire in western countries and major new markets such as China, India and Russia evolve into dynamic market economies. In spite of economic turbulence we predict that organizations will continue to seek out the very best executives and that demand for executive search consulting services will remain high."

FINANCIAL TRENDS

Average Net Revenues

Average net revenues experienced a yearly increase of 22% from Q4 2006 to Q4 2007. The quarterly trend showed a slight increase of 1.3% in net revenues for the period Q3 2007 to Q4 2007.

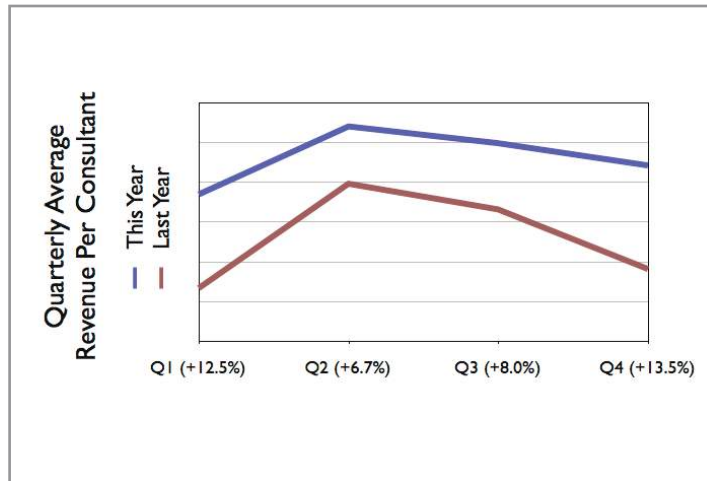
Quarterly Net Revenues,
as Compared to Previous Year



Average Revenue Per Consultant

In Q4 2007, the average revenue per executive search consultant rose 13.5% as compared to the same period the previous year. The quarterly change revealed a 2.5% decrease in average revenue per consultant from Q3 2007 to Q4 2007.

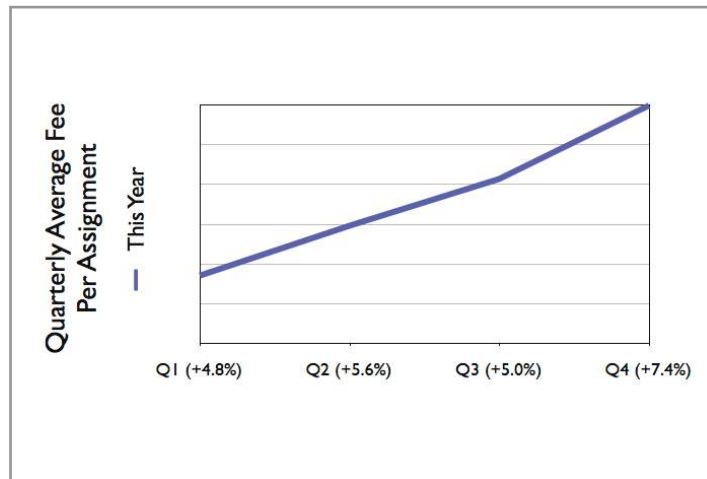
Quarterly Average Revenue Per
Consultant, as Compared to Previous
Year



Average Fee Per Search Assignment

In Q4 2007 the trend in average fee per executive search assignment continued to increase quarter-over-quarter, experiencing a 7.4% rise from Q3 2007. Compared to the same period the previous year, the Q4 2007 average fee per search assignment increased 24.8%. *The AESC began to track this information in Q4 2006.

Quarterly Average Fee Per Search
Assignment



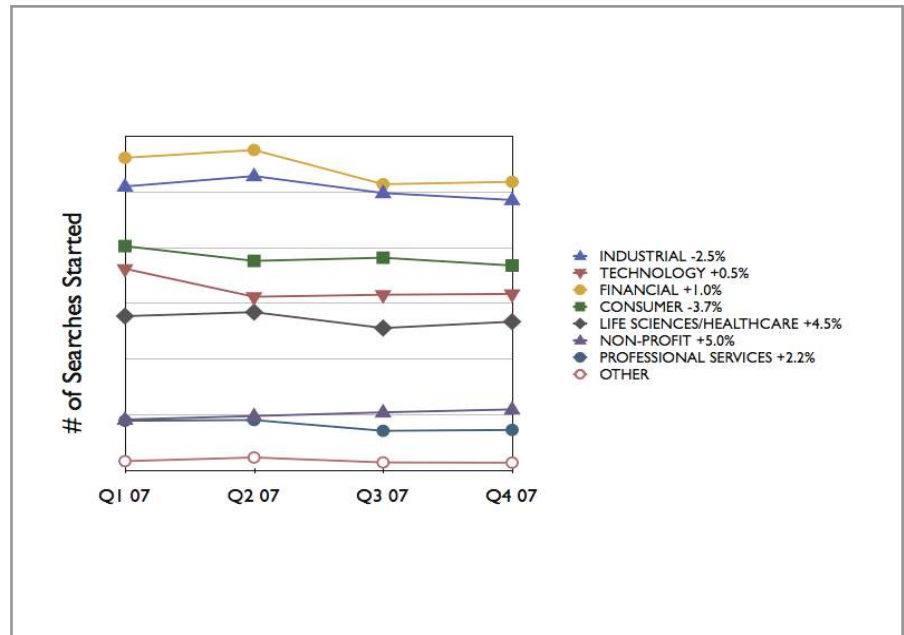
INDUSTRY TRENDS

Trend in Number of Searches Started by Industry

The yearly trend in the number of searches started revealed increases in all industry sectors from Q4 2006 to Q4 2007. Non-Profit rose 59% (from a small sample), followed by Financial Services, up 11%, then came Industrial (+10%), Professional Services (+7%), Life Sciences/Healthcare (+6%), Technology (+4%), and Consumer Products with a yearly increase of 2%.

Five industries showed a quarterly rise in searches with the largest being Non-Profit, up 5% from Q3 2007 to Q4 2007, followed by Life Sciences/Health Care (+4.5%), and Professional Services (+2.2%). Also seeing slight increases were Financial Services (+1%), and Technology (+0.5%). The remaining sectors saw a quarterly decrease, the largest being Consumer Products down 3.7%, followed by Industrial, which dropped 2.5% quarter-over-quarter.

Trend in Number of Searches Started Quarterly, by Industry

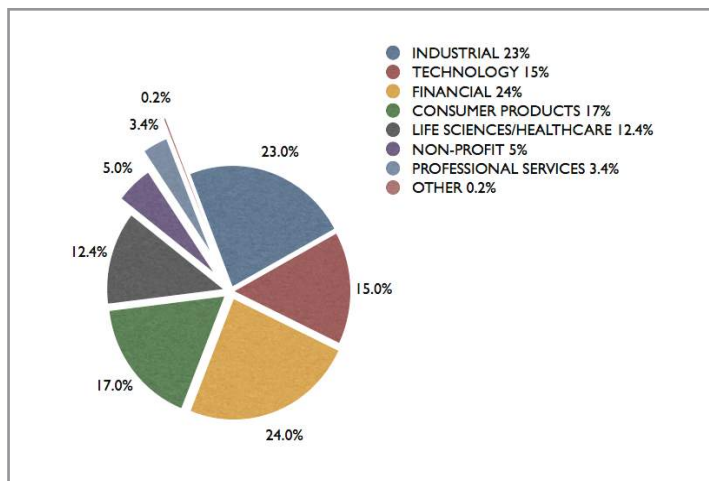


Market Breakdown by Industry

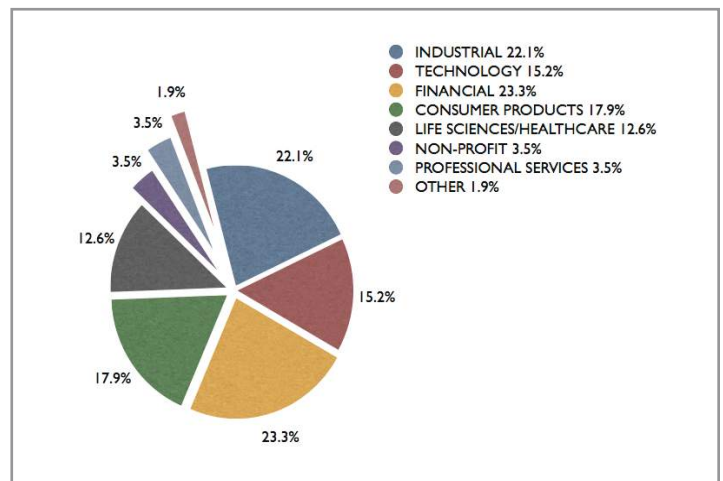
The Q4 2007 market breakdown by industry remained consistent with previous quarterly and yearly results, showing only minor changes. In Q4 2007 the Financial sector maintained the largest market share with 24%, the Industrial sector followed with 23%, then came Consumer Products (17%), Technology (15%), Life Sciences/Healthcare (12.4%), Non-Profit (5%), and Professional Services (3.4%).

Searches Started Quarterly by Industry, as Percentage of Total

Quarter 4 2007



Quarter 4 2006



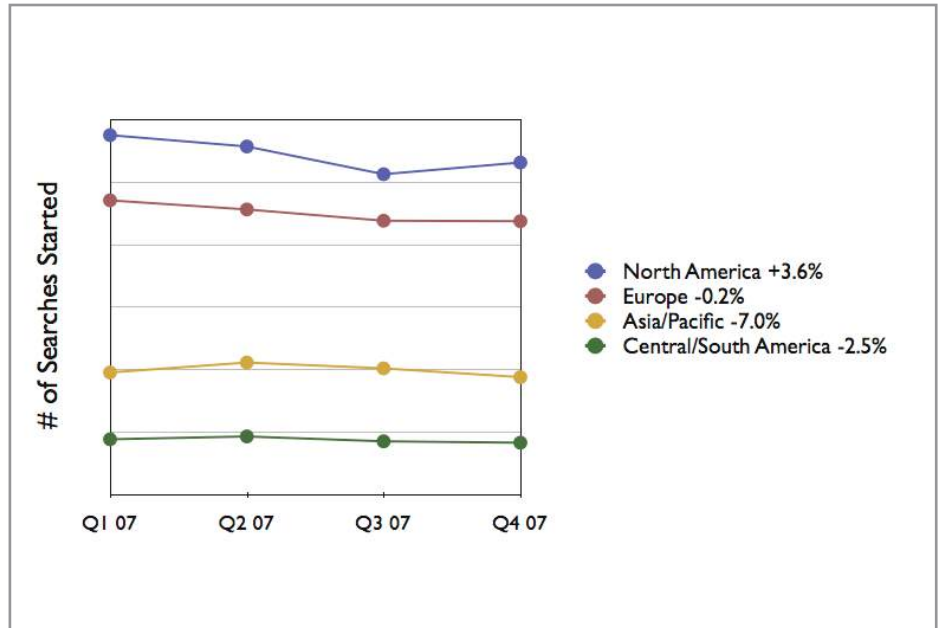
REGIONAL TRENDS: Global

Trend in Number of Searches Started by Region

The number of executive searches started in Q4 2007 increased 8% year-over-year from Q4 2006. Asia Pacific accounted for the greatest annual increase in searches with a 12% rise, followed by Europe, up 9.5%, and North America, increasing 8%. Central/South America decreased 9% from Q4 2006 to Q4 2007.

The overall number of searches started in Q4 2007 barely altered quarter-over-quarter (-0.1%). While North America saw a quarterly increase of 3.6%, Asia Pacific experienced a decrease of 7%, followed by Central/South America (-2.5%), and Europe (-0.2%) from Q3 2007 to Q4 2007.

Trend in Number of Searches Started Quarterly, by Region

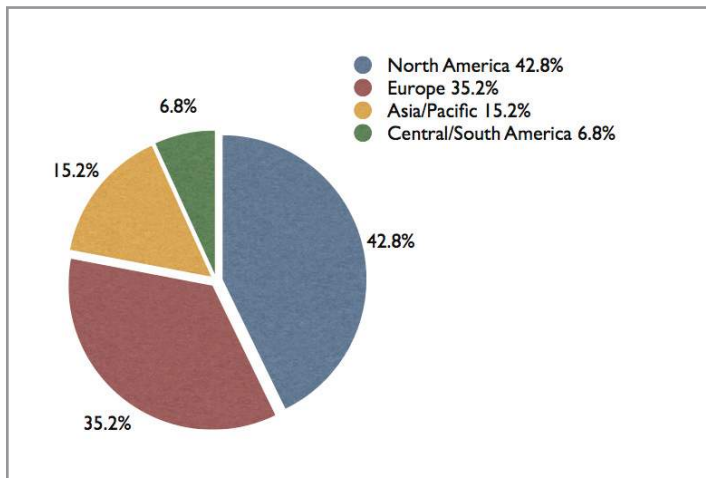


Market Share by Region

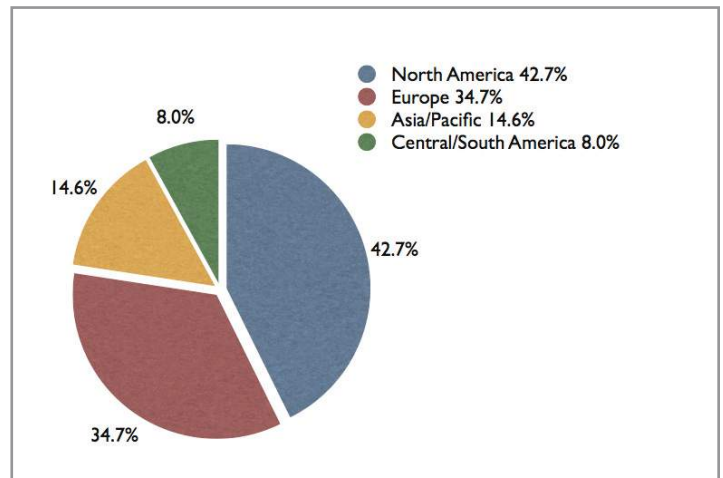
In the fourth quarter of 2007 North America represented 42.8% of the global retained executive search market, followed by Europe with 35.2%, Asia/Pacific with 15.2%, and Central/South America with a 6.8% market share. A yearly look reveals only minor changes in regional market share from Q4 2006 to Q4 2007.

Searches Started Quarterly by Region, as Percentage of Total

Quarter 4 2007



Quarter 4 2006

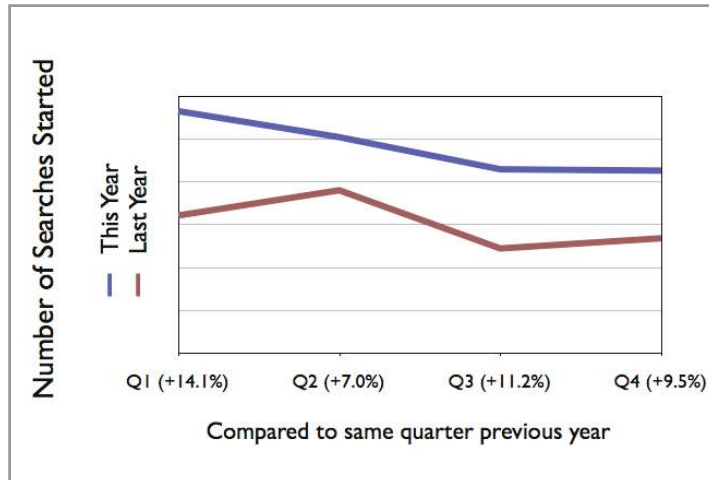


REGIONAL TRENDS: Europe

Trend in Number of Searches Started in Europe

Q4 2007 saw the number of European searches rise by 9.5% year-over-year. The quarterly change revealed no significant movement in the number of European searches from Q3 2007 to Q4 2007 (-0.2%).

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



Market Share by European Sub-Region

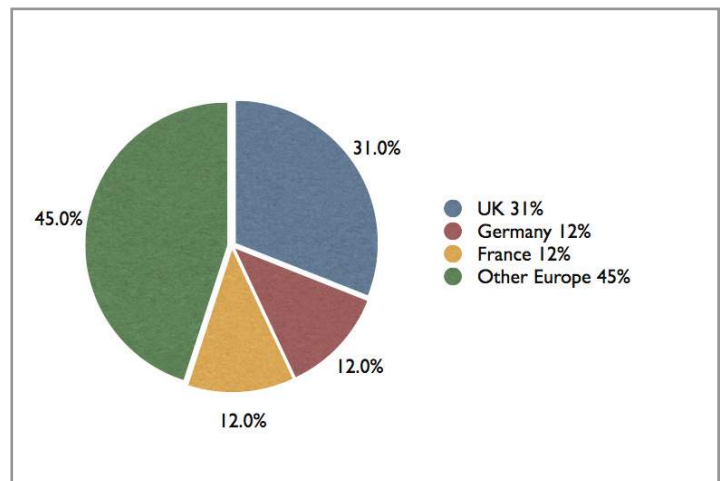
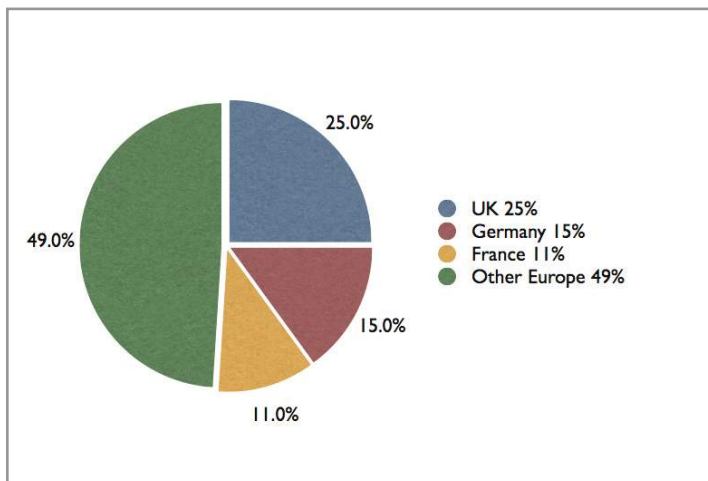
The UK accounted for the greatest number of European searches in Q4 2007 with 25% of the total market share, followed by Germany with a 15% share, and France which represented 11%. The annual trend in European market share saw the UK decrease by 6%, Germany rise by 3%, and France decrease by 1% from Q4 2006 to Q4 2007.

* 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

Quarter 4 2007

Quarter 4 2006

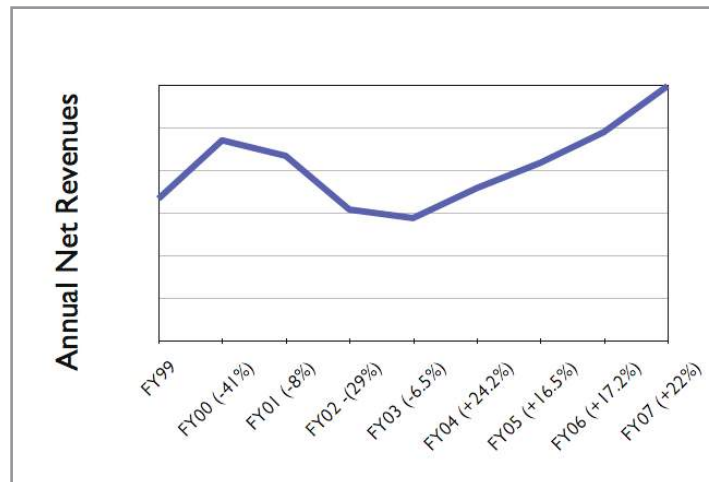


2007 YEAR-END SUMMARY

2007 Summary: Trend in Average Net Revenues

2007 net revenues rose 22% from year end revenues in 2006, representing the fourth consecutive year of positive industry growth.

Annual Net Revenues for Fiscal Year
1999 through 2007

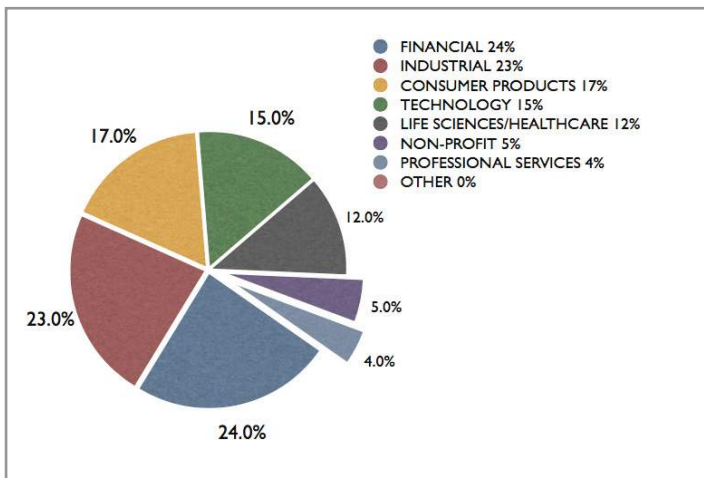


2007 Summary: Market Breakdown by Industry

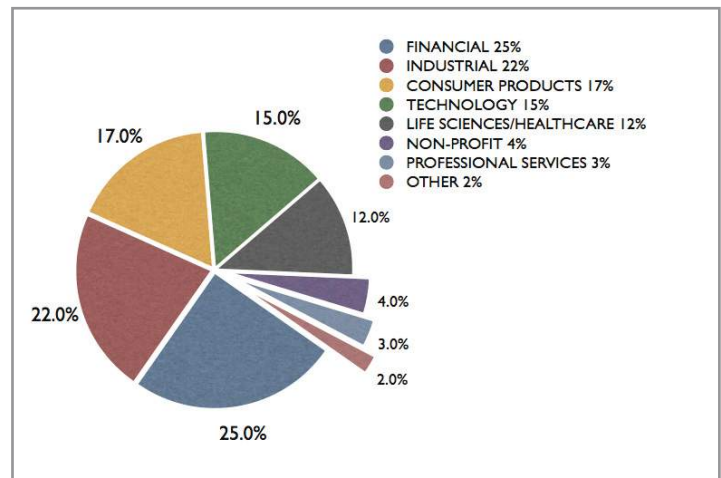
Reflecting 2006 trends, in 2007 executive search activity was highest in the Financial industry which accounted for 24% of all searches, followed by the Industrial sector (23%), Consumer Products (17%), Technology (15%), Life Sciences/Healthcare (12%), Non-Profit (5%), and Professional Services (4%).

Searches Started Annually by Industry
as Percentage of Total

2007



2006

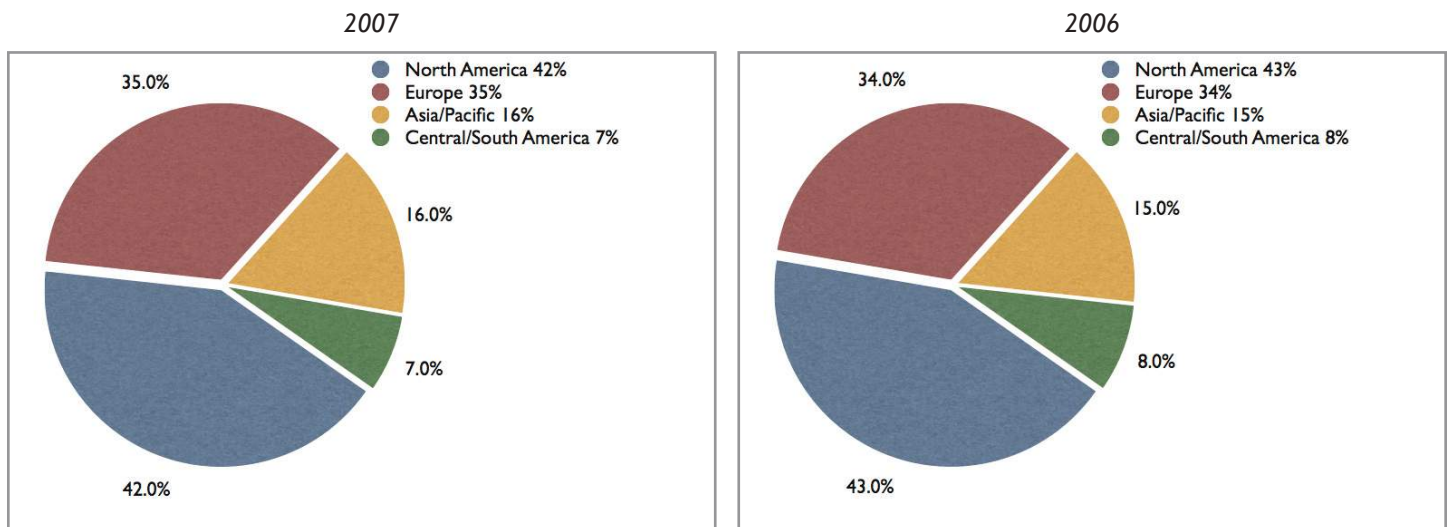


2007 YEAR-END SUMMARY

2007 Summary: Market Breakdown by Region

North America represented 42% of the retained executive search market in 2007, with Europe shortly behind, accounting for 35% of search activity. North America saw a minor decrease of 1% market share from 2006, while Europe gained 1% year-on-year. Asia/Pacific's market share also grew 1% from 2006 to represent 16% of the total market in 2007. Central/South America's share decreased 1% from 2006 to represent 7% of the total market share by the end of 2007.

*Searches Started Annually by Region
as Percentage of Total*



2007 Summary: European Regional Breakdown

In 2007 the top three European markets for executive search combined represented over half of the total European market (53%): UK 28%, Germany 14%, and France 11%. The annual change in these markets reveals a 5% drop in UK searches and no change for Germany and France.

* 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 Annually by European
Sub-Region as Percentage of Total Europe*

