



AESC Insights

Q4 2008

State of the Executive Search Industry

Senior Executive Recruitment Suffers First Blow from Crisis:

Critical hiring of corporate leaders declines in the fourth quarter of 2008 following five years of outstanding industry growth



Association of Executive Search Consultants

The Worldwide Association for Retained Executive Search Consulting Firms

AESC State of the Executive Search Industry Report Q4 2008 & Year-End Summary

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 over 1500 executive search consultants in 46 countries worldwide. Data does not account for annual inflation. The AESC estimates that annual net revenues for the worldwide retained executive search industry totalled \$11 billion in 2008.

Executive Summary

SENIOR EXECUTIVE RECRUITMENT SUFFERS FIRST BLOW FROM CRISIS

*Critical hiring of corporate leaders declines in the fourth quarter of 2008
following five years of outstanding industry growth*

Worldwide executive search industry revenues plateaued in 2008 following half a decade of outstanding growth for the 50 year old profession which now counts annual revenues of \$11 billion. In 2008 industry revenues grew only three per cent annually against a 22 per cent growth rate in 2007. Responding to what some consider to be the worst recession in the post-World War II era, the last quarter of 2008 saw worldwide revenues fall 14 per cent against the same period the previous year, with a 21 per cent decrease in the number of searches started in that period, revealed the Association of Executive Search Consultants (AESC) today.

“The role of corporate leaders is even more critical during a time of crisis, which explained why the senior recruitment industry resisted the down turn for much of last year. Fourth quarter data, however, unsurprisingly showed a fall in searches and revenues as decision makers put a freeze on hiring, particularly in November and December following the Wall Street catastrophe in October. The need for excellent management teams to steer organisations through the recession will undoubtedly re-fuel the growth of the profession as the economy rebounds. There is still evidence of a talent shortage from the past five years which will continue to affect organisations as they seek out the best and the brightest to manage their affairs,” commented AESC President Peter Felix.

In contrast to decreasing worldwide executive searches and revenues in quarter four 2008, the average fee per executive search assignment increased both quarterly and yearly, indicating a very senior level of executive search activity currently taking place within the industry.

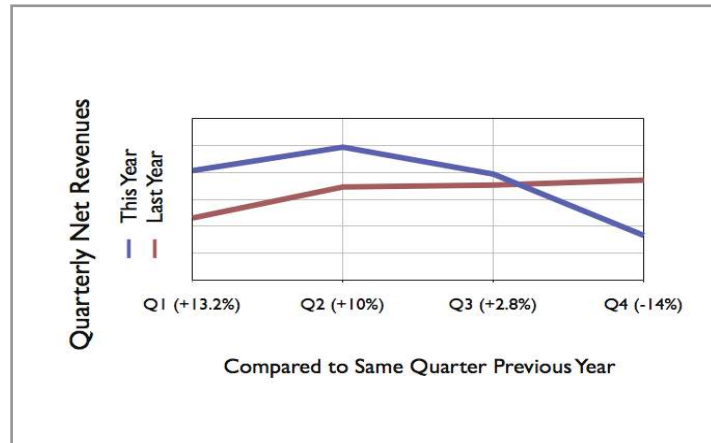
Mr. Felix further remarked, “Trends in the senior recruitment industry often act as an indicator of wider economic trends as strategic talent management responds to changes in world markets. We are hopeful that the hiring freeze in North America will be replaced quickly by a crisis recovery mode as organisations focus on the vital issue of leadership, thereby stimulating recovery in other parts of the world.”

FINANCIAL TRENDS

Average Net Revenues

Total 2008 revenues increased 3.1% over last year (see page 6), though quarter four averages showed a fall in revenues: down 14% against Q4 2007, and dropping 15.2% quarterly from Q3 2008 to Q4 2008.

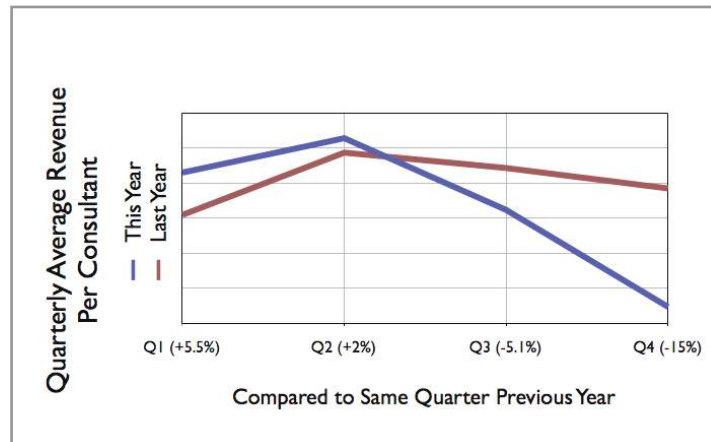
Quarterly Net Revenues,
as Compared to Previous Year



Average Revenue Per Consultant

In Q4 2008 the average revenue per consultant experienced the largest annual decline since this trend was first recorded in Q1 2005, dropping 15% from Q4 2007 to Q4 2008. A quarterly perspective revealed a 12.5% drop in average revenue per consultant from Q3 2008 to Q4 2008.

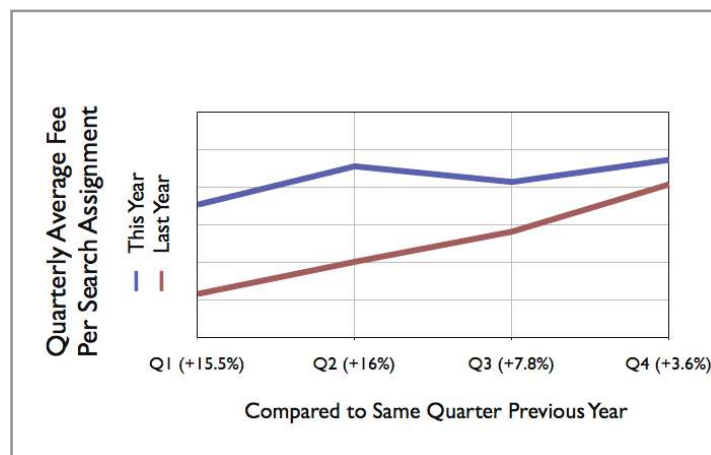
Quarterly Average Revenue Per Consultant,
as Compared to Previous Year



Average Fee Per Search Assignment

The average fee per executive search assignment increased 3.6% year-on-year from Q4 2007 to Q4 2008 and rose 3.2% quarterly from Q3 2008 to Q4 2008.

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



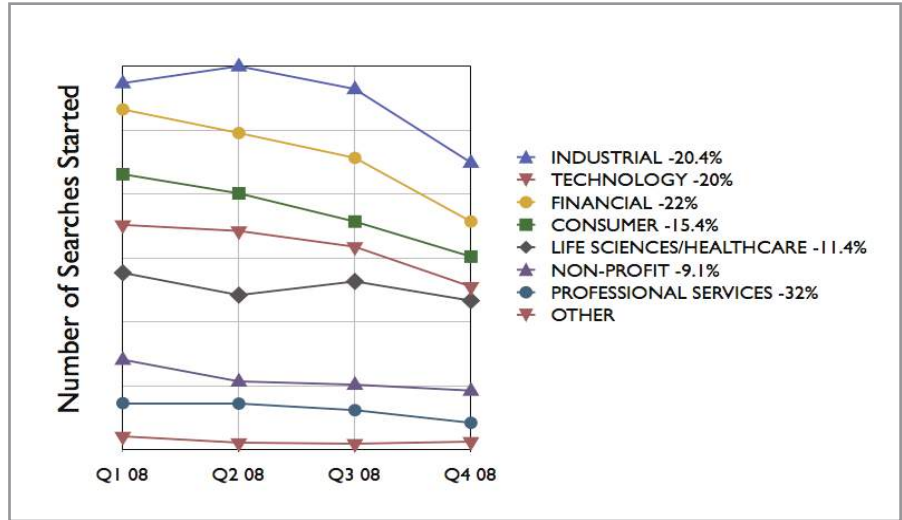
Trend in Number of Searches Started by Industry

The number of executive searches started worldwide in Q4 2008 fell 21% year-on-year from Q4 2007, and dropped 18.2% quarterly from Q3 2008. Annual and quarterly declines were witnessed across all industry sectors.

On a yearly basis, from Q4 2007 to Q4 2008, the Professional Services sector experienced the greatest decrease (-44.3%), but from a small survey sample. The Financial sector saw the most significant drop (-33%), followed by Technology (-21.4%), Consumer (-20%), Non-Profit (-18.2% from a small sample), and Life Sciences/Healthcare (-15%) from Q4 2007 to Q4 2008.

Quarterly trends from Q3 2008 to Q4 2008, as pictured here, reveal that Professional Services fell by 32% (from a small sample), followed by Financial (-22%), Industrial (-20.4%), Technology (-20%), Consumer (-15.4%), Life Sciences/Healthcare (-11.4%), and Non-Profit (-9.1% from a small sample).

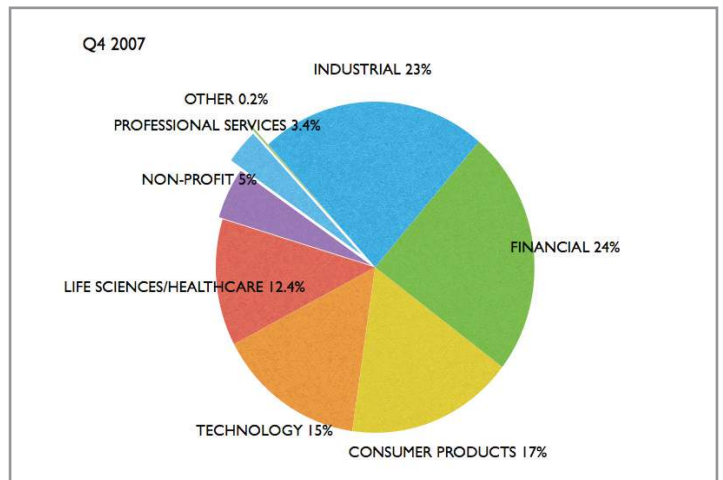
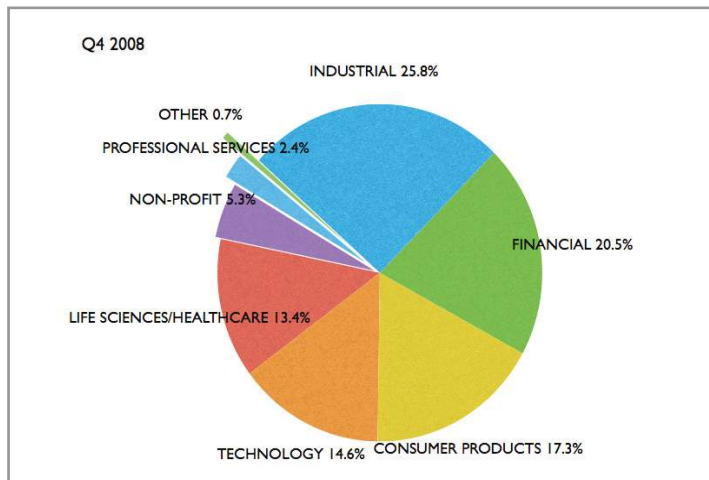
Trend in Number of Searches Started Quarterly, by Industry



Market Breakdown by Industry

In Q4 2008 the Industrial sector held the greatest market share accounting for 25.8% of executive searches, followed by Financial Services (20.5%), Consumer Products (17.3%), Technology (14.6%), Life Sciences/Healthcare (13.4%), Non-Profit (5.3%), and Professional Services (2.4%).

Searches Started Quarterly by Industry, as Percentage of Total

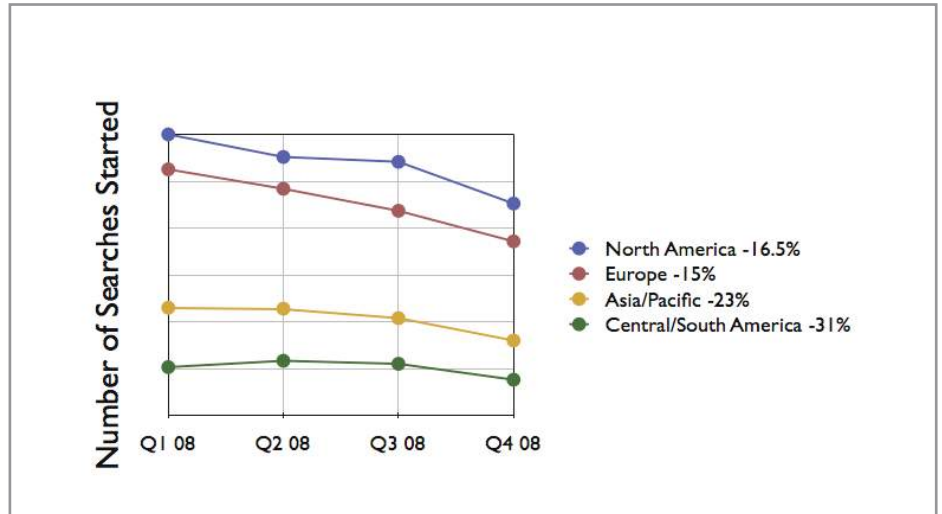


Trend in Number of Searches Started by Region

Asia/Pacific saw the greatest yearly decline in searches, dropping 22% from Q4 2007 to Q4 2008, followed by Europe (-21.3%), North America (-21.1%), and then Central/South America (-16.4%).

The quarterly trend, as seen here, illustrates that Central/South America felt the greatest decline in searches falling 31% from Q3 2008 to Q4 2008. This was followed by Asia/Pacific (-23%), North America (-16.5%), and then Europe (-15%) with the least quarterly decline in searches.

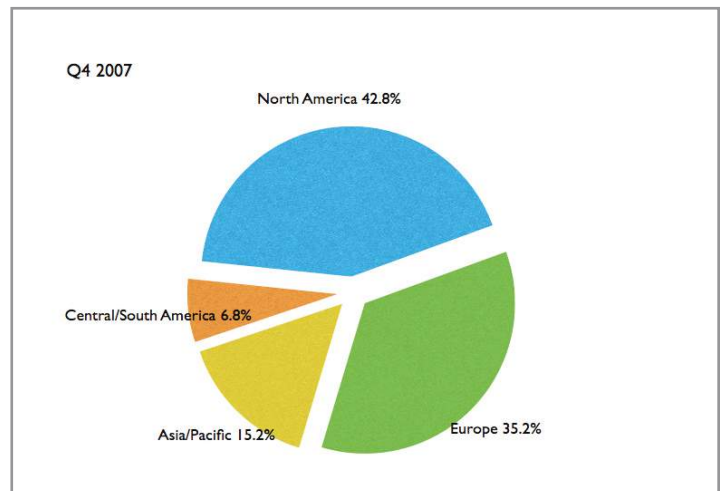
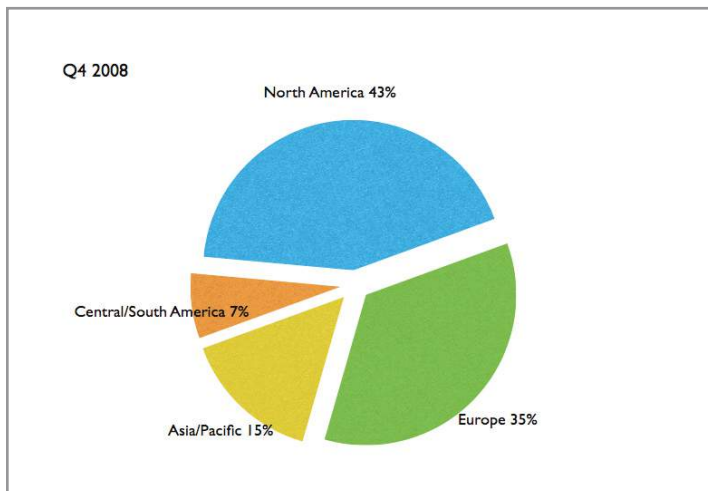
Trend in Number of Searches Started Quarterly, by Region



Market Share by Region

North America held 43% of the global market share of executive searches started in Q4 2008, followed by Europe (35%), Asia/Pacific (15%), and Central/South America (7%). The annual change from Q4 2007 to Q4 2008 showed only minor differences in market share, with North America and Central/South America up 0.2%, and Europe and Asia/Pacific down 0.2%.

Searches Started Quarterly by Region, as Percentage of Total

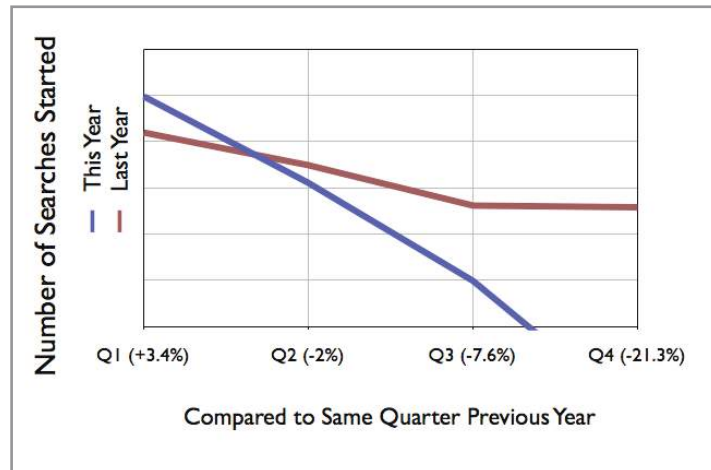


REGIONAL TRENDS: Europe

Trend in Number of Searches Started in Europe

Executive searches in Europe declined 21.3% year-on-year from Q4 2007 to Q4 2008 and fell 15% quarterly from Q3 2008 to Q4 2008.

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

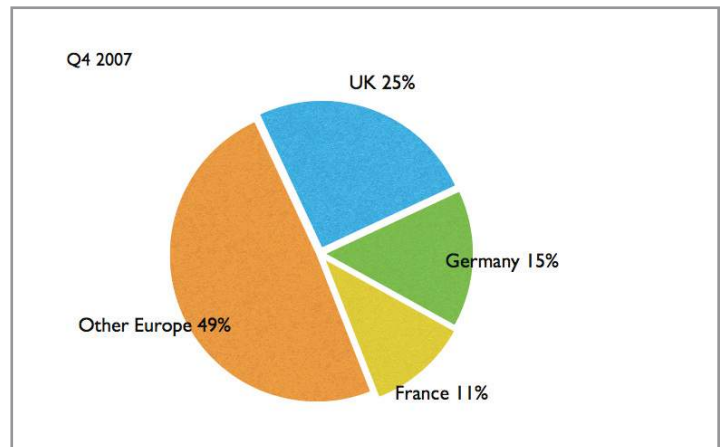
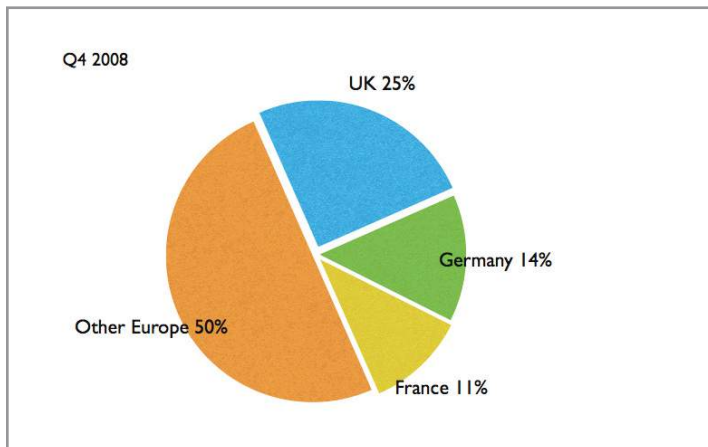


Market Share by European Sub-Region *

The UK held 25% of the European market share of searches started in Q4 2008, followed by Germany (14%) and then France (11%).

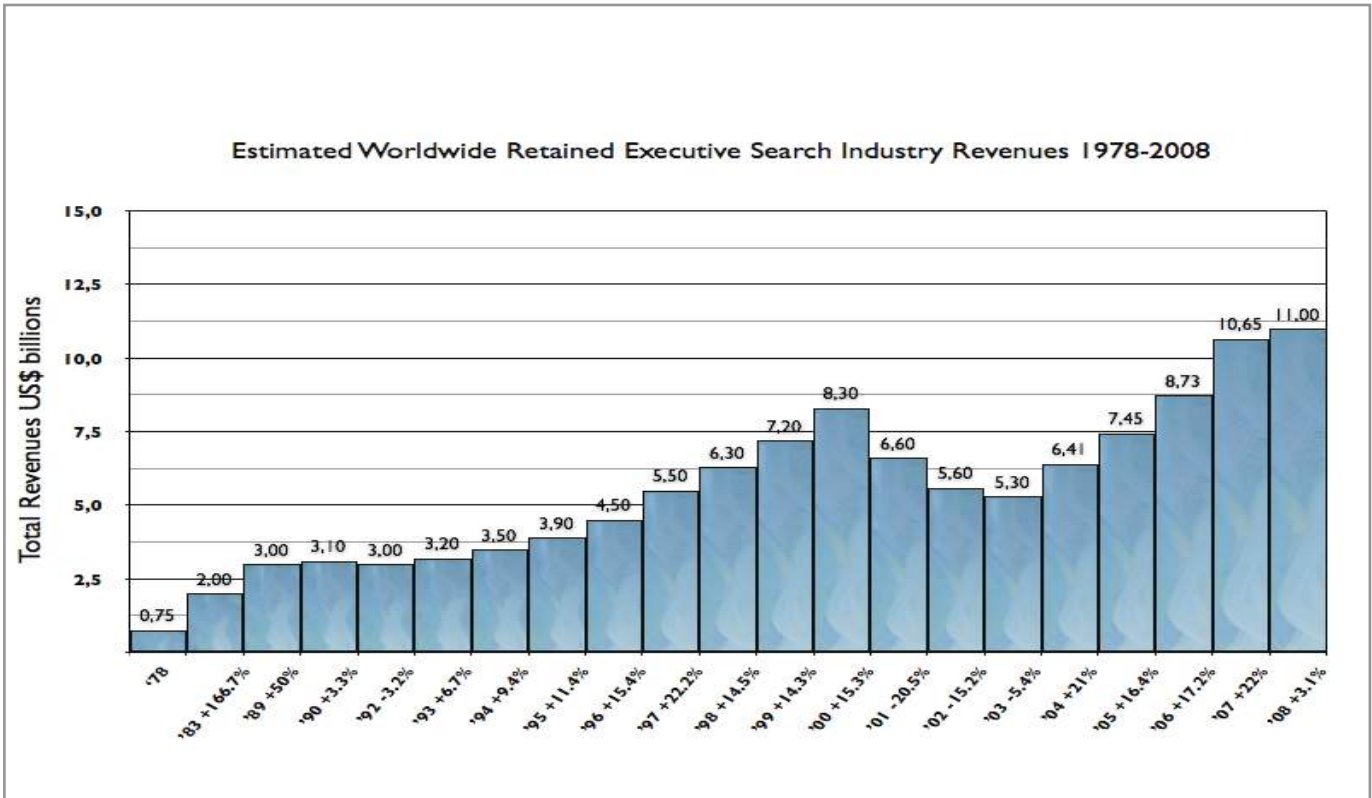
* Data for this question represents 750 executive search consultants in 46 countries, whereas data for all other questions represents 1500 consultants in 46 countries.

Searches Started Quarterly by European Sub-Region, as Percentage of Total Europe



2008 Summary: Trend in Average Net Revenues

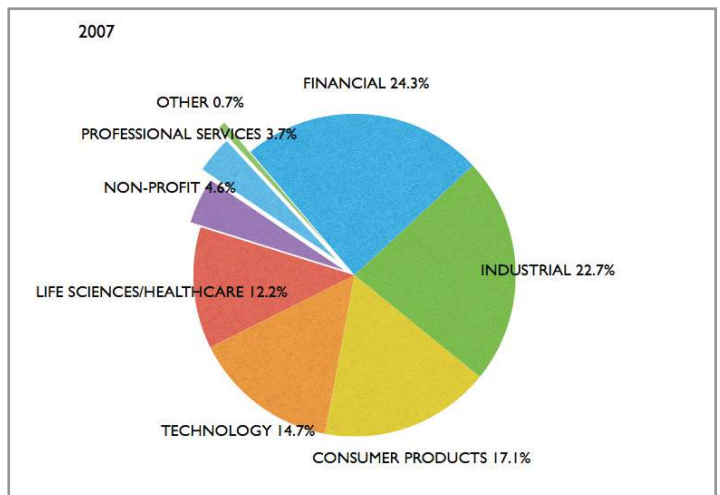
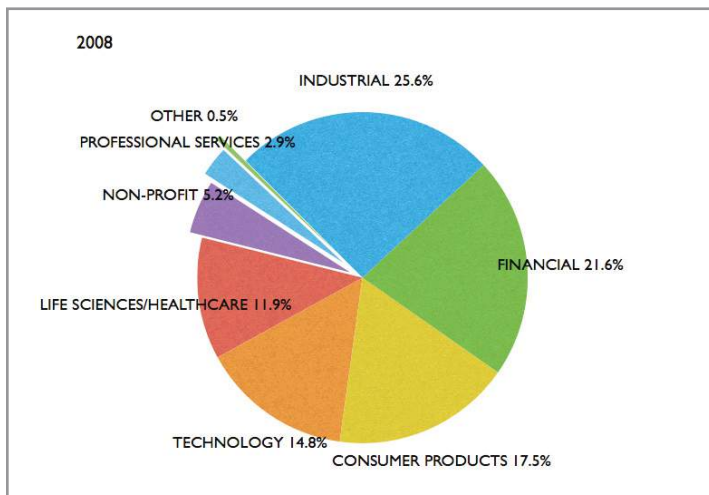
2008 net revenues grew 3.1% from year end revenues in 2007, revealing a slow down in the high growth levels experienced since 2004 (data does not account for annual inflation).



2008 Summary: Market Breakdown by Industry

In 2008 the Industrial sector (25.6%) overtook the Financial sector (21.6%) with the largest market share of searches started. Consumer Products (17.5%) held the third greatest market share in 2008, followed by Technology (14.8%), Life Sciences/Healthcare (11.9%), Non-Profit (5.2%), and Professional Services (2.9%).

Searches Started Annually by Industry, as Percentage of Total

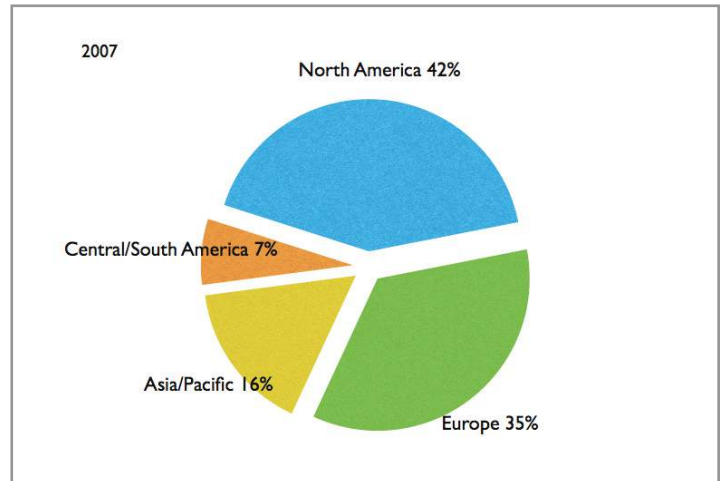
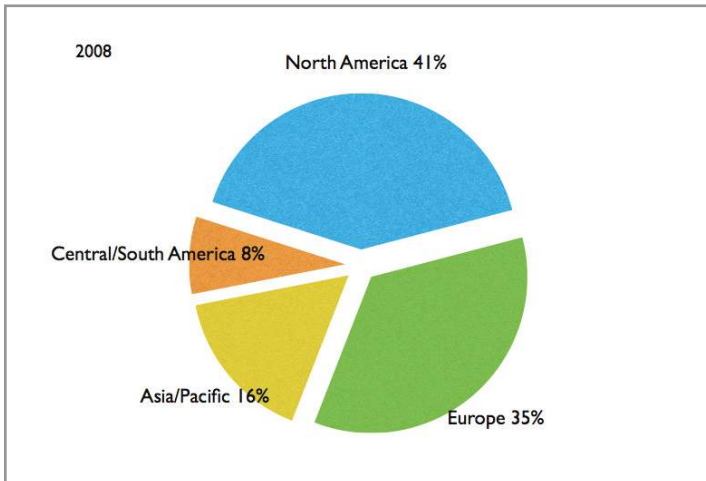


2008 YEAR-END SUMMARY

2008 Summary: Market Breakdown by Region

North America held a 41% share of worldwide executive searches started in 2008, followed by Europe (35%), Asia/Pacific (16%), and Central/South America (8%).

Searches Started Annually by Region, as Percentage of Total



2008 Summary: European Regional Breakdown *

The top three European markets for executive search combined represented 52.8% of total European search work in 2008, specifically: UK 27.6%, Germany 14.7% and France 10.5%.

** 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

