



## **AESC Insights**

**Q4 2010**

# **State of the Executive Search Industry**

Year of Resurgence for Executive Search Consulting:

2010 Report Shows Senior Executive Recruiting at Third Highest Level Ever



## AESC State of the Executive Search Industry 2010 Annual Report

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 1300 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.

### **YEAR OF RESURGENCE FOR EXECUTIVE SEARCH CONSULTING**

#### *2010 Report Shows Senior Executive Recruiting at Third Highest Level Ever*

The AESC's 2010 Annual Report on the Retained Executive Search Industry shows senior executive recruiting at its third highest level ever due to a dramatic resurgence in demand following the precipitous decline of 2009.

From a downturn in 2009 of -32.5% the industry grew by an average of 28.5% in 2010, putting it at only 13% below the all time industry peak of 2008. Assuming strong growth during 2011, a year which has already started well for many search firms, it is not inconceivable that industry revenues may equal or exceed their peak this year.

Commenting on this improvement in the industry's fortunes, Peter Felix, President of the AESC, stated: "A recovery of this magnitude is impressive given the extraordinary decline experienced by our profession in the aftermath of the October 2008 financial crisis. Nevertheless, it is not so surprising given the strong underlying forces that were driving the worldwide shortage of executive talent in 2008, and their immediate resumption as soon as some form of economic recovery became clear. Organizations around the world have been quick to realize that the shortage of talent is being exacerbated not only by the demographic shifts in the West and the demand from emerging markets, but by the nature of the tremendous tasks facing top management."

Felix continued: "Leadership today is at a premium since organizations cannot ignore the challenges of new competition, evolving technology, industry convergence and globalization. Finding and attracting the superior executive talent able to manage change of this magnitude is an investment process of the highest order and requires optimum professional help."

Other key features of the AESC's 2010 report include:

- Strong industrial sector hiring activity as BRIC countries and other emerging markets show unprecedented demand for high quality western manufactured products.
- Continuing demand from the health care sector as many societies come to grips with the rising costs of providing care and the need for talented medical and management personnel increases.
- Returning demand from the financial services sector as banks and other organizations refocus on revenue producing activities following the financial crisis.
- A continued rise in executive hiring in the Asia/Pacific region, increasing 31% in 2010.
- Annual growth in average revenue per consultant (+30%), the number of new searches started (+24%) and the average fee per search assignment (+2%), in line with increased net revenues.

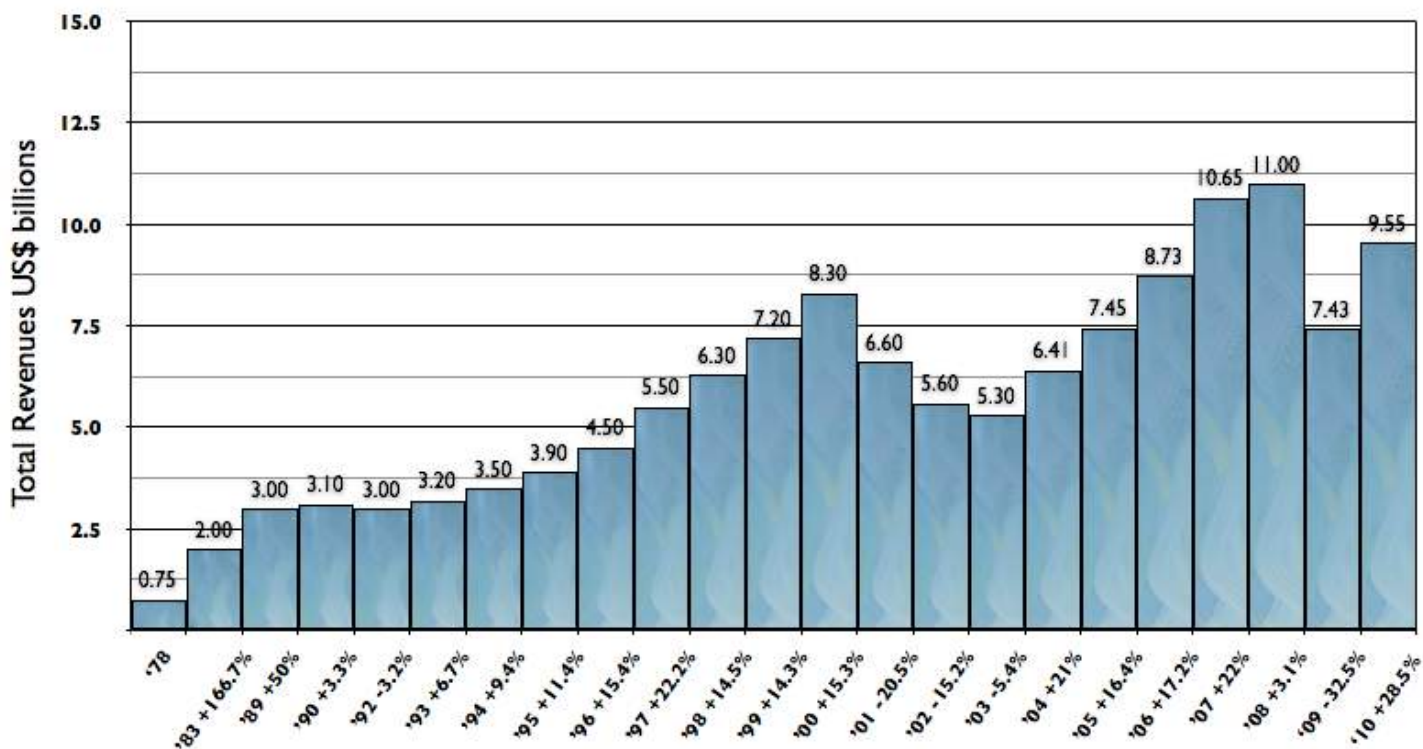
# 2010 Annual State of the Executive Search Industry Report

## FINANCIAL TRENDS - 2010

### Trend in Average Net Revenues: 1978 - 2010

Global retained executive search industry revenues rose 28.5% in 2010 from 2009, giving an estimated worldwide industry revenue figure of \$9.55 bn in 2010.

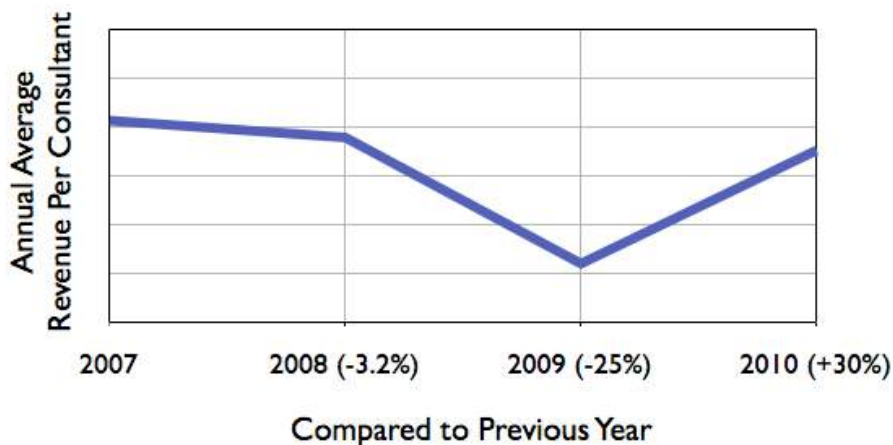
Estimated Worldwide Retained Executive Search Industry Revenues 1978 - 2010



### Average Revenue Per Consultant

**Annual trend:** 2009 to 2010 +30% (pictured below)

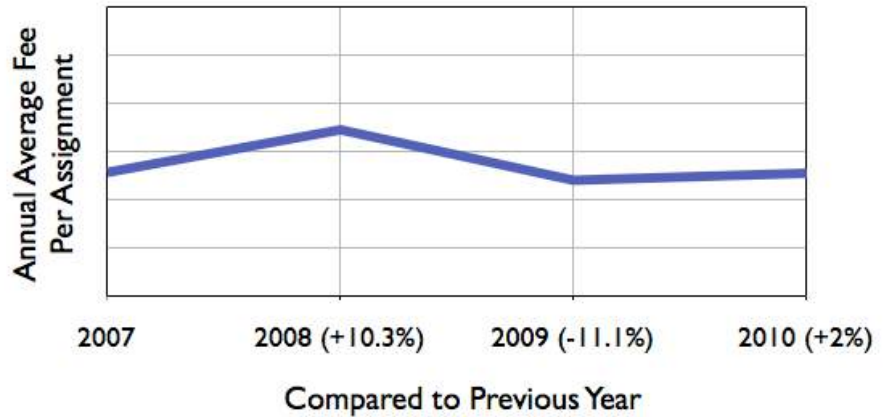
Trend in Annual Average Revenue Per Consultant, as Compared to Previous Year



## Average Fee Per Search Assignment

**Annual trend:** 2009 to 2010 +2% (pictured below)

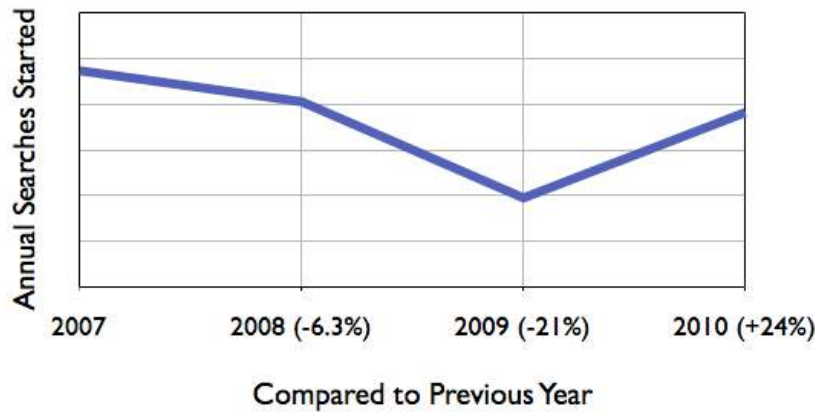
Trend in Annual Average Fee Per Search Assignment, as Compared to Previous Year



## Average Number of Searches Started

**Annual trend:** 2009 to 2010 +24% (pictured below)

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



## INDUSTRY TRENDS - 2010

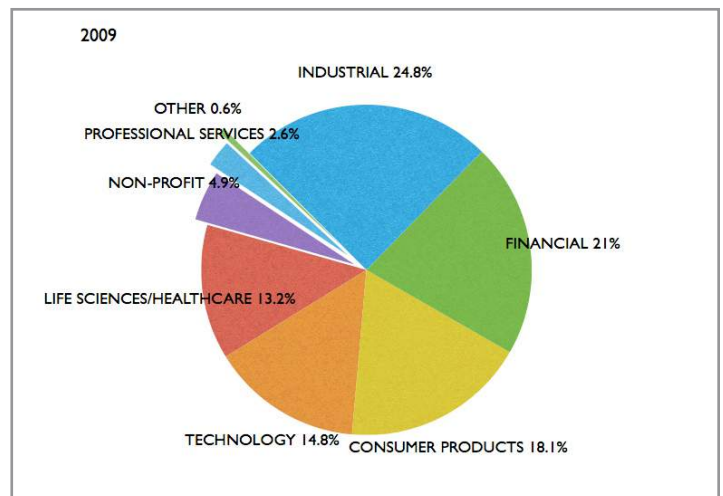
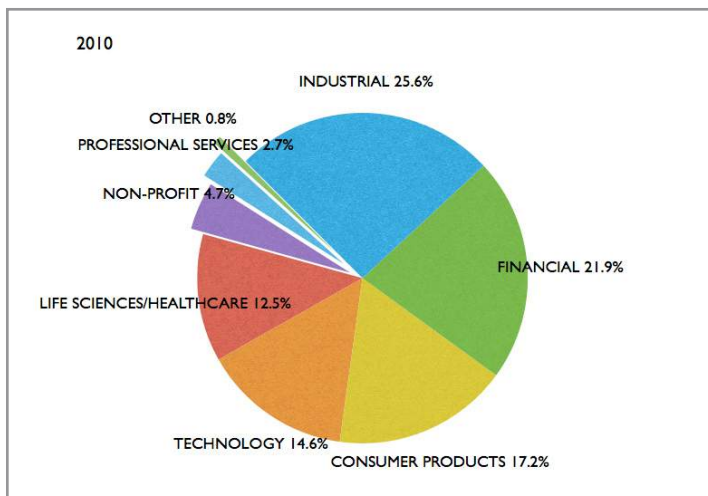
### Market Breakdown by Industry

**Annual trend:** 2009 to 2010 (pictured below)

Only minor changes were seen in year-on-year industry market shares as follows:

- Increasing: Financial +0.9%, Industrial +0.8%, Professional Services +0.1%
- Decreasing: Consumer Products -0.9%, Life Sciences/Healthcare -0.7%, Technology -0.2%, Non-Profit -0.2%

Searches Started Annually by Industry, as Percentage of Total

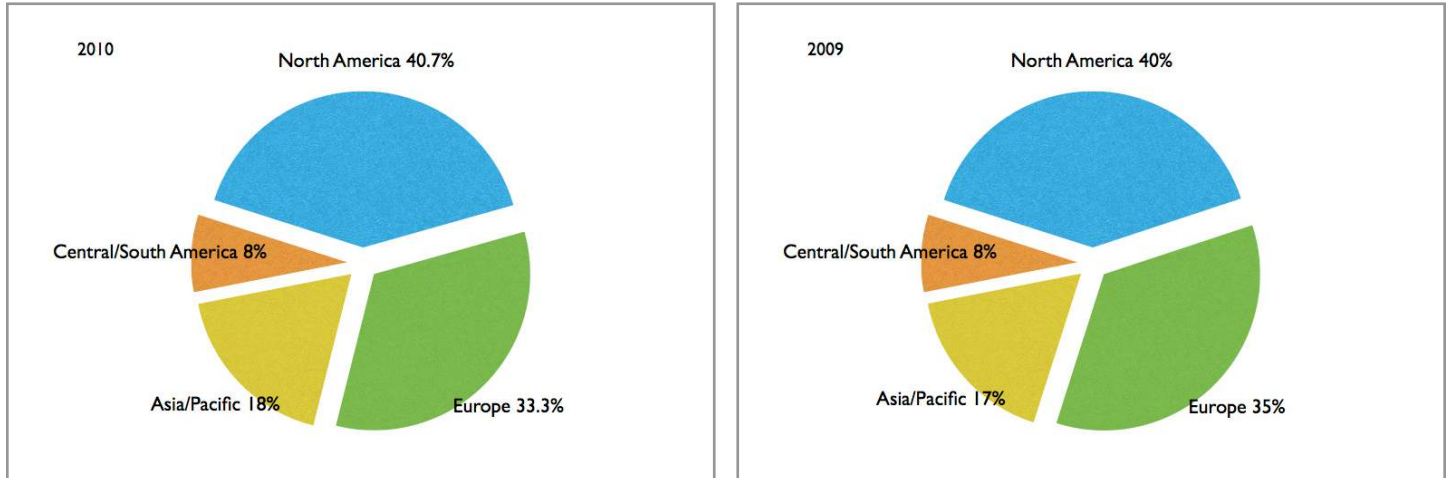


**Market Breakdown by Region**

**Annual trend:** 2009 to 2010 (pictured below)

- Increasing: Asia/Pacific +1%, North America +0.7%
- Decreasing: Europe -1.7%
- Flat: Central/South America

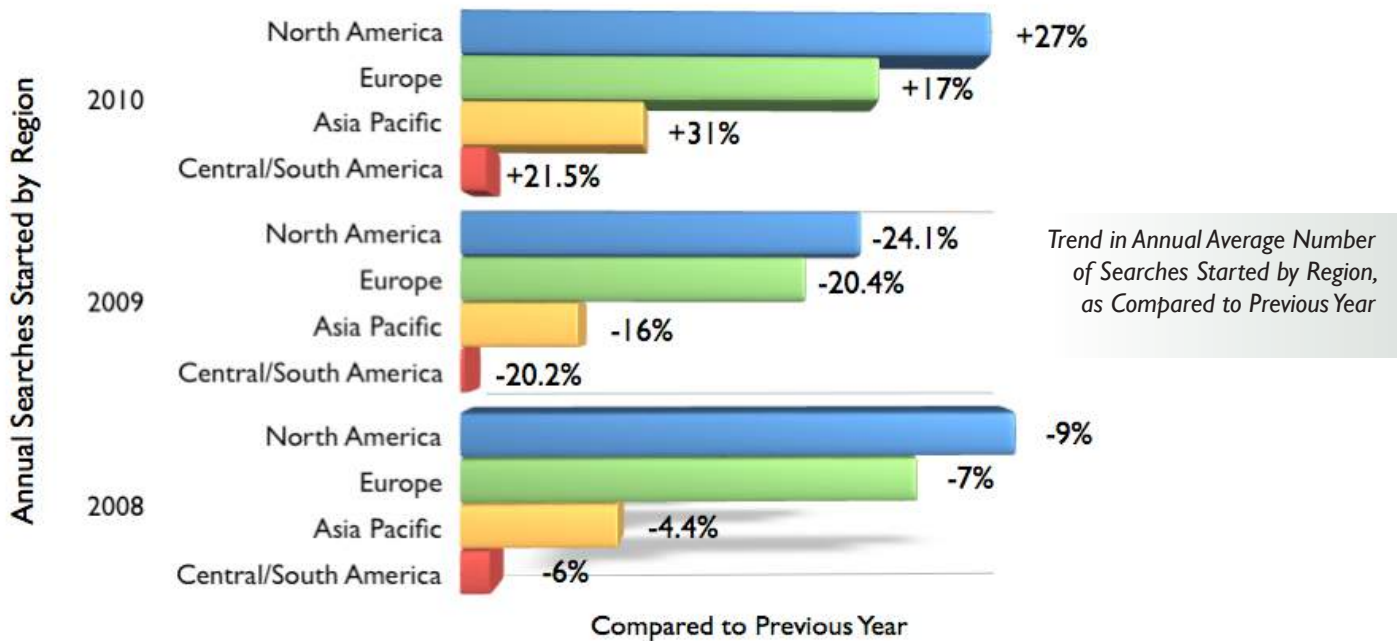
*Searches Started Annually by Region, as Percentage of Total*



**Average Number of Searches Started by Region**

**Annual trend:** 2009 to 2010 (pictured below)

- Increasing: Asia/Pacific +31%, North America +27%, Central/South America +21.5%, Europe +17%



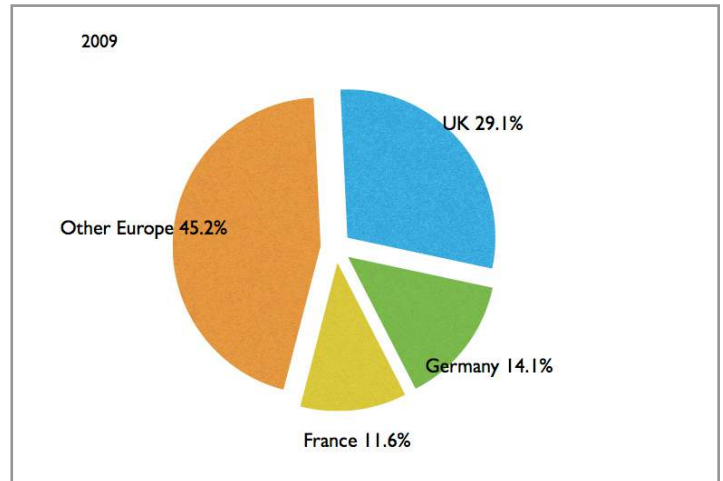
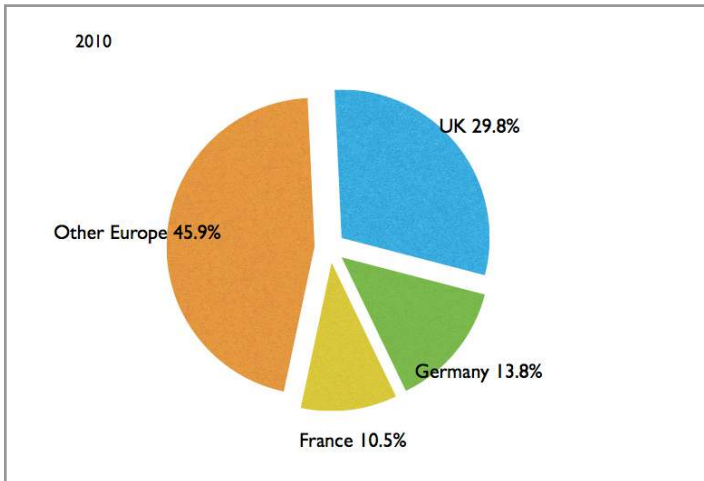
# REGIONAL TRENDS EUROPE - 2010

## European Regional Breakdown \*

**Annual trend:** 2009 to 2010 (pictured below)

- Increasing: UK +0.7%, Other Europe +0.7%
- Decreasing: France -1.1%, Germany -0.3%

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

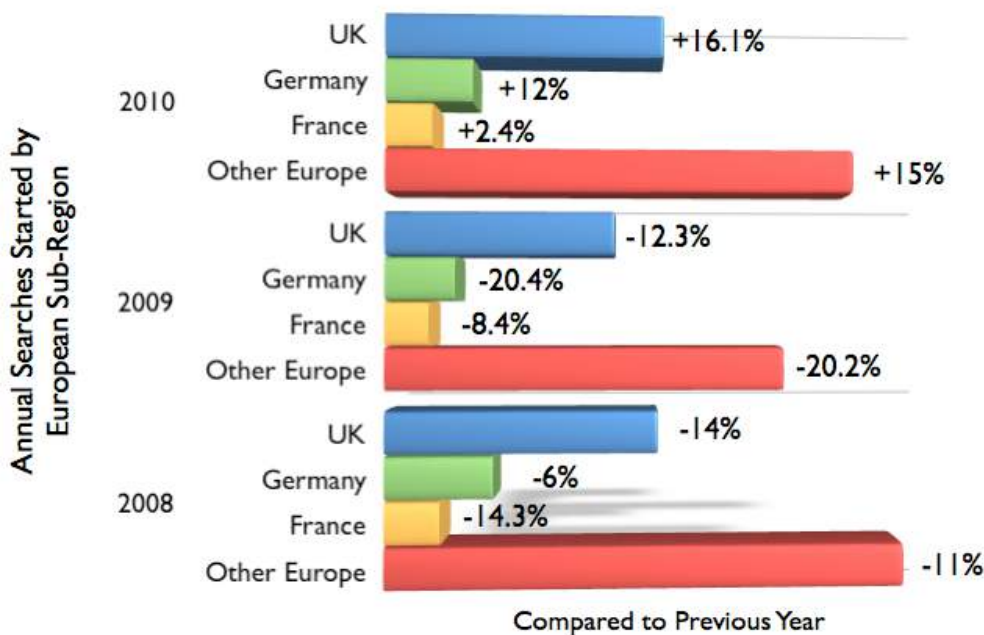


\* Data for this question represents 750 executive search consultants in 46 countries, whereas data for all other questions represents 1500 consultants in 46 countries.

## Average Number of Searches Started by European Sub-Region

**Annual trend:** 2009 to 2010 (pictured below)

- Increasing: UK +16.1%, Germany +12%, France +2.4%



Trend in Annual Average Number of Searches Started by European Sub-Region, as Compared to Previous Year

# Fourth Quarter 2010 State of the Executive Search Industry Report

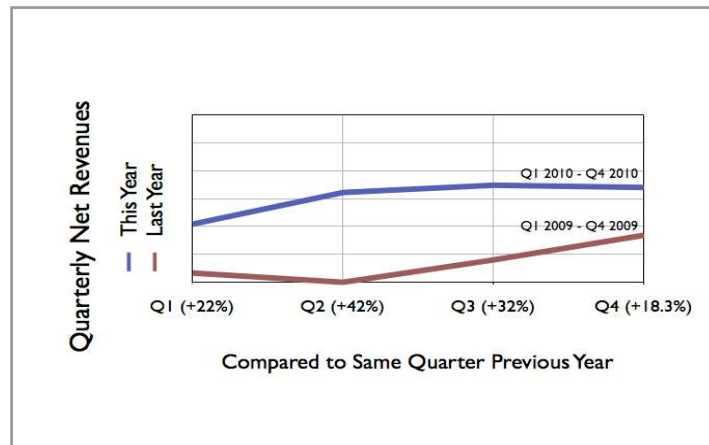
## FINANCIAL TRENDS - Q4 2010

### Average Net Revenues

**Year-on-year trend:** Q4 2009 to Q4 2010 +18.3% (pictured below)

**Quarter-on-quarter trend:** Q3 2010 to Q4 2010 -1%

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

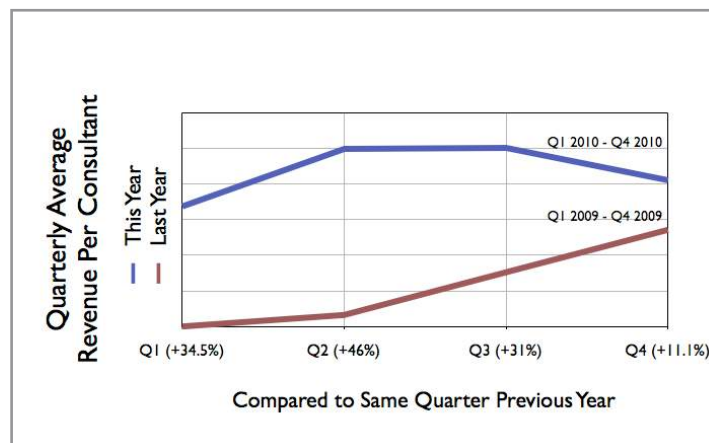


### Average Revenue Per Consultant

**Year-on-year trend:** Q4 2009 to Q4 2010 +11.1% (pictured below)

**Quarter-on-quarter trend:** Q3 2010 to Q4 2010 -6.1%

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

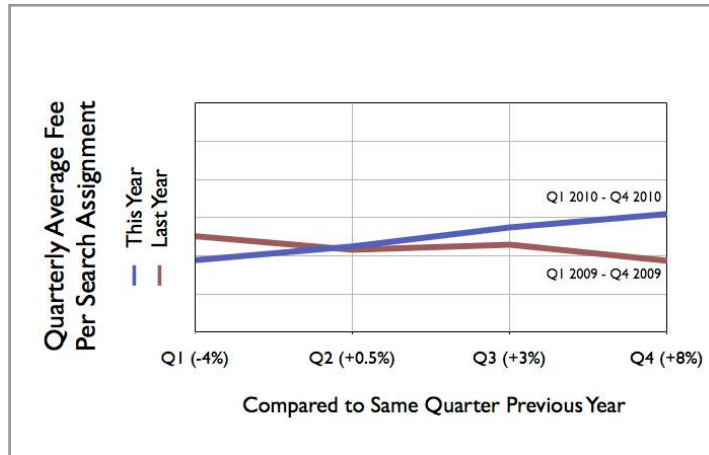


**Average Fee Per Search Assignment**

**Year-on-year trend:** Q4 2009 to Q4 2010 +8% (*pictured below*)

**Quarter-on-quarter trend:** Q3 2010 to Q4 2010 +2.1%

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

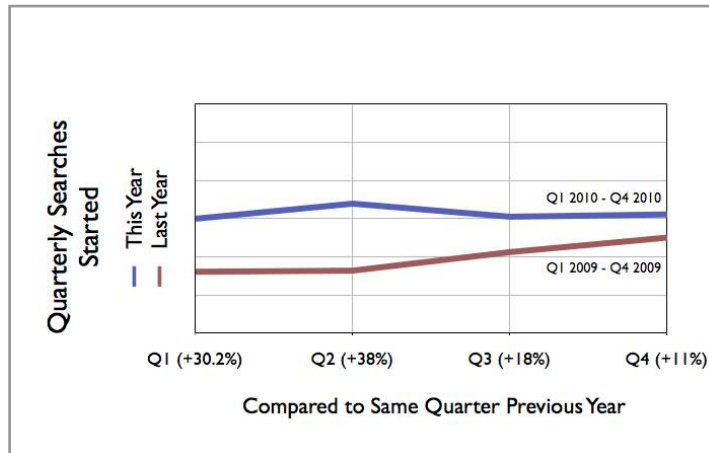


**Average Number of Searches Started**

**Year-on-year trend:** Q4 2009 to Q4 2010 +11% (*pictured below*)

**Quarter-on-quarter trend:** Q3 2010 to Q4 2010 +1%

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





## Average Number of Searches Started by Industry

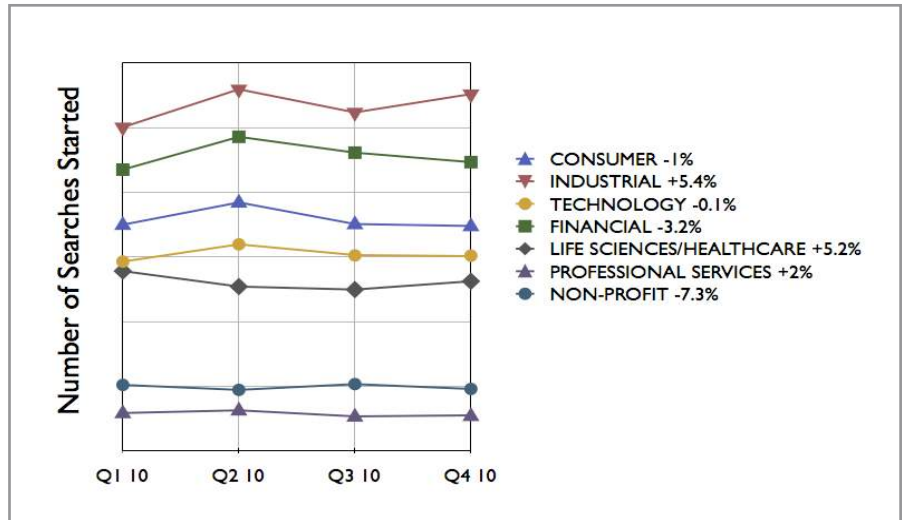
### Year-on-year trend: Q4 2009 to Q4 2010

- Increasing: Industrial +26%, Life Sciences/Healthcare +10.3%, Financial +7%, Technology +4.5%, (Professional Services +23.1% and Non-Profit +19% from a smaller survey sample)
- Flat: Consumer

### Quarter-on-quarter trend: Q3 2010 to Q4 2010 (pictured below)

- Increasing: Industrial +5.4%, Life Sciences/Healthcare +5.2%, (Professional Services +2% from a smaller survey sample)
- Decreasing: Financial -3.2%, Consumer -1%, Technology -0.1%, (Non-Profit -7.3% from a smaller survey sample)

Trend in Average Number of Searches Started Quarterly, by Industry

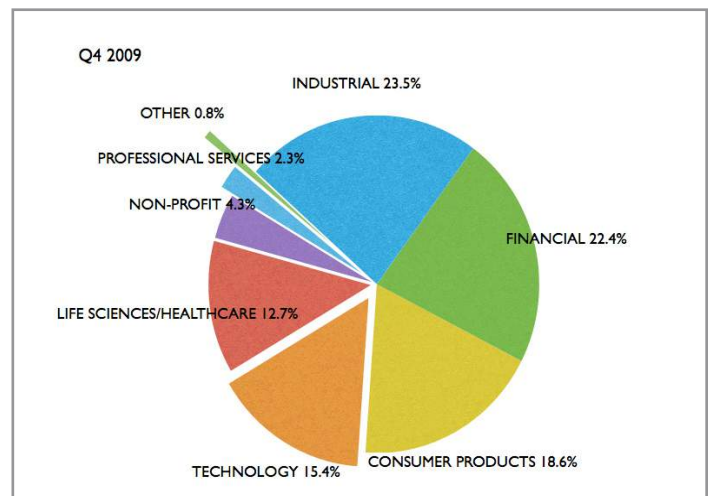
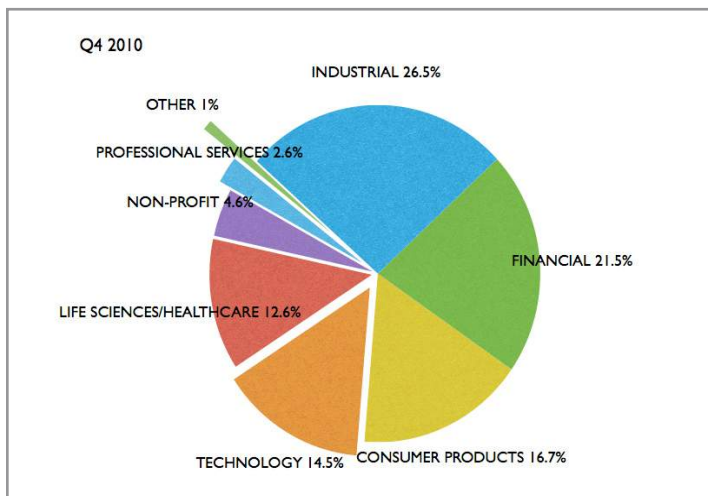


## Market Breakdown by Industry

### Year-on-year trend: Q4 2009 to Q4 2010 (pictured below)

- Increasing: Industrial +3%, Non-Profit +0.3%, Professional Services +0.3%
- Decreasing: Consumer Products -1.9%, Financial -0.9%, Technology -0.9%, Life Sciences/Healthcare -0.1%

Searches Started Quarterly by Industry, as Percentage of Total



**Average Number of Searches Started by Region**

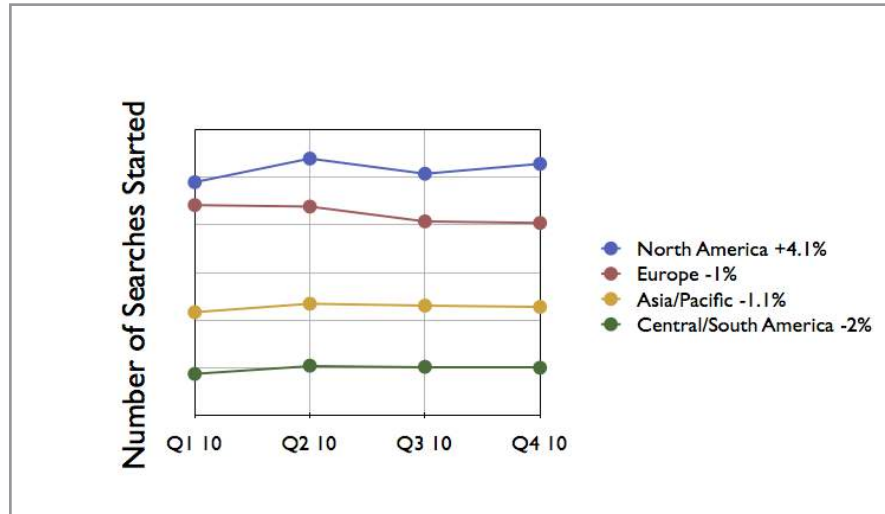
**Year-on-year trend:** Q4 2009 to Q4 2010

- Increasing: Asia/Pacific +19%, North America +17.3%, Central/South America +12%
- Decreasing: Europe -0.4%

**Quarter-on-quarter trend:** Q3 2010 to Q4 2010 (pictured below)

- Increasing: North America +4.1%
- Decreasing: Central/South America -2%, Asia/Pacific -1.1%, Europe -1%

*Trend in Average Number of Searches Started Quarterly, by Region*

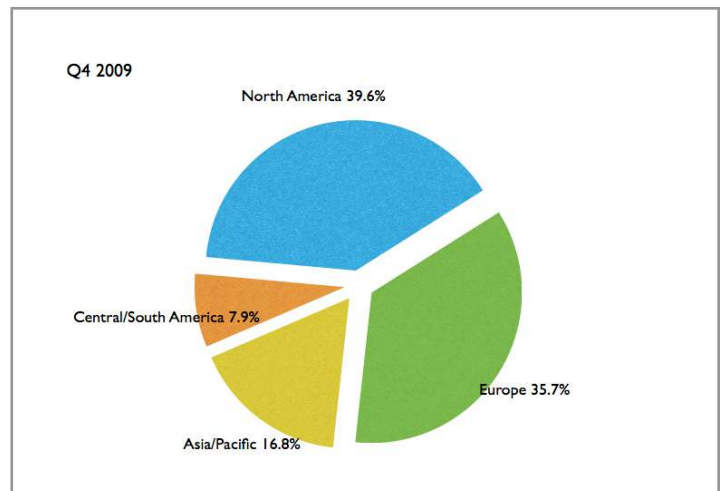
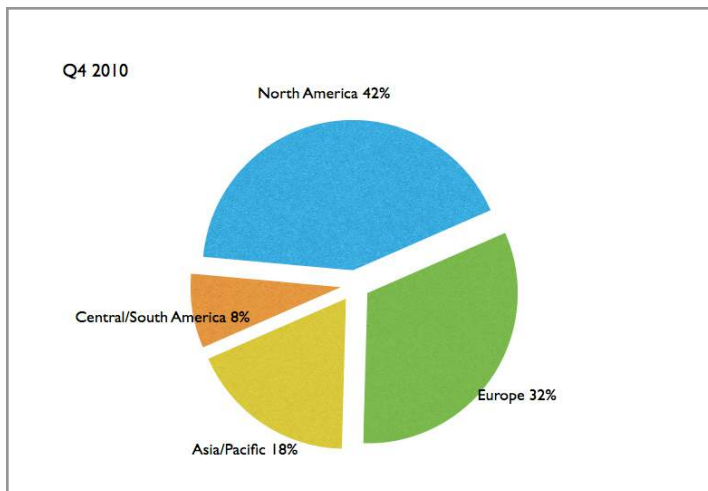


**Market Share by Region**

**Year-on-year trend:** Q4 2009 to Q4 2010 (pictured below)

- Increasing: North America +2.4%, Asia/Pacific +1.2%, Central/South America +0.1%
- Decreasing: Europe -3.7%

*Searches Started Quarterly by Region, as Percentage of Total*

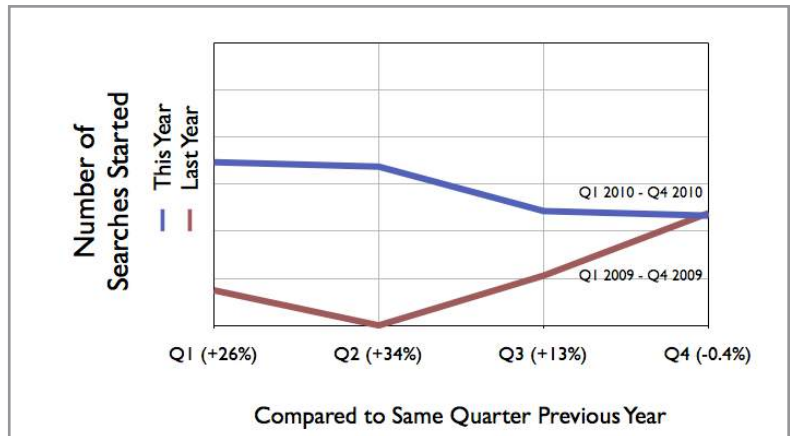


**Average Number of Searches Started in Europe**

**Year-on-year trend:** Q4 2009 to Q4 2010 -0.4% (pictured below)

**Quarter-on-quarter trend:** Q3 2010 to Q4 2010 -1%

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

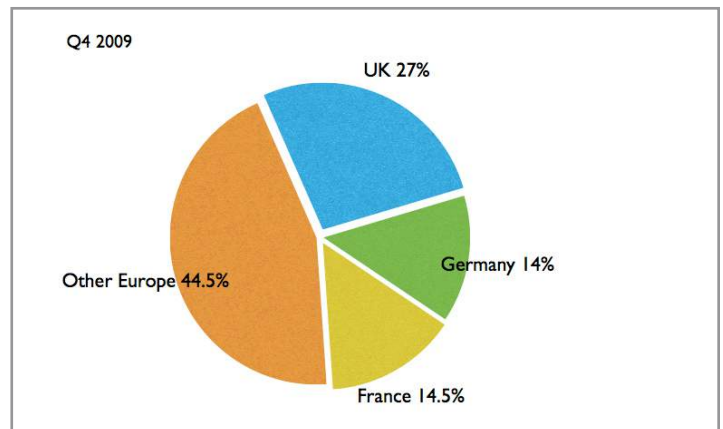
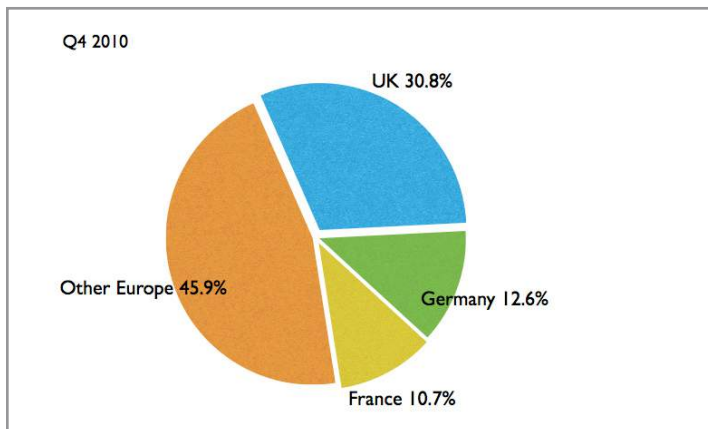


**Market Share by European Sub-Region \***

**Year-on-year trend:** Q4 2009 to Q4 2010 (pictured below)

- Increasing: UK +3.8%, Other Europe +1.4%
- Decreasing: France -3.8%, Germany -1.4%

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



\* Data for this question represents 750 executive search consultants in 46 countries, whereas data for all other questions represents 1500 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](http://www.aesc.org).

The AESC offers [www.bluesteps.com](http://www.bluesteps.com), a career management service for senior executives, and [www.executivesearchconnect.com](http://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 membership directory.