



AESC Insights

Q4 2012

State of the Executive Search Industry

Executive Search Challenged but Focused at the Top:
2012 Report shows a decline in executive searches across major regions and industries,
yet growth at the very high-end of search and leadership consulting



AESC State of the Executive Search Industry Report 2012 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 and leadership consulting industry. Data for the report is collected from a consistent sample of AESC member search firms representing the activity of 1,430 executive search consultants in 46 countries worldwide. The AESC estimates that annual net revenues for the worldwide retained executive search industry totaled \$9.74 billion in 2012.

Executive Search Challenged but Focused at the Top

2012 Report shows a decline in executive searches across major regions and industries, yet growth at the very high-end of search and leadership consulting.

2012 Year-end executive search industry trend data revealed a 6.4 per cent annual decline in worldwide retained executive search industry revenues - putting estimated 2012 revenues for the executive search and leadership consulting profession at \$9.74 billion.

Despite the number of new executive search mandates falling 7.1 per cent in 2012 from 2011, continued growth was recorded in the level of fees for assignments (up 1.7 per cent annually in 2012), indicating continued demand for the high-end of search and leadership consulting.

AESC President, Peter Felix, commented: "Among what are generally disappointing results there are nevertheless some bright spots for our profession. Thus global revenues in 2012 were still not very far short (-11.5%) of the all-time high in 2008, despite the volatility in the world economy and the very difficult trading environments in the depressed countries of Europe and the decelerating 'emerging' economies of Asia/Pacific. Certain sectors such as Industrial, Technology, Life Sciences and Energy have continued to be robust despite small percentage reductions in the number of search assignments; the level of executive search assignments appears to be moving further up-market, a factor confirmed by client organizations as they increasingly look to retained executive search firms for the more challenging, most senior and confidential assignments".

North America – accounting for 45.1 per cent of the global executive search market share in 2012 - experienced the least annual decline in the number of new searches started in 2012 over 2011 (down 1.1 per cent) and displayed upward year-on-year and quarter-on-quarter search activity in the fourth quarter of 2012. The EMEA region fell 11.6 per cent annually in 2012, just behind Asia Pacific (-12.1%), and followed by Central/South America (-7.3%).

Felix continued: "Given the disturbing variability of the world economy it is no surprise that client organizations are still treading carefully when awarding top level executive search assignments. However, the underlying trends are still strong, especially in North America, and the executive search profession can look to better times ahead".

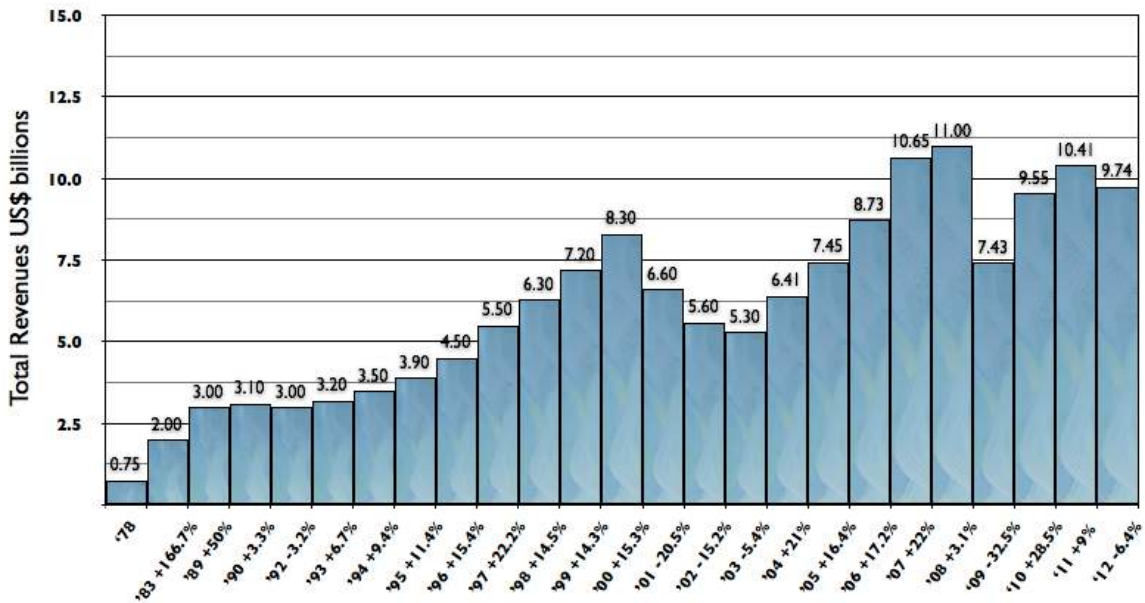
2012 Annual State of the Executive Search Industry Report

FINANCIAL TRENDS - 2012

Trend in Average Net Revenues: 1978 - 2012

Global retained executive search industry revenues fell -6.4% annually from 2011 to 2012, resulting in estimated worldwide industry revenues of \$9.74 bn for the year 2012.

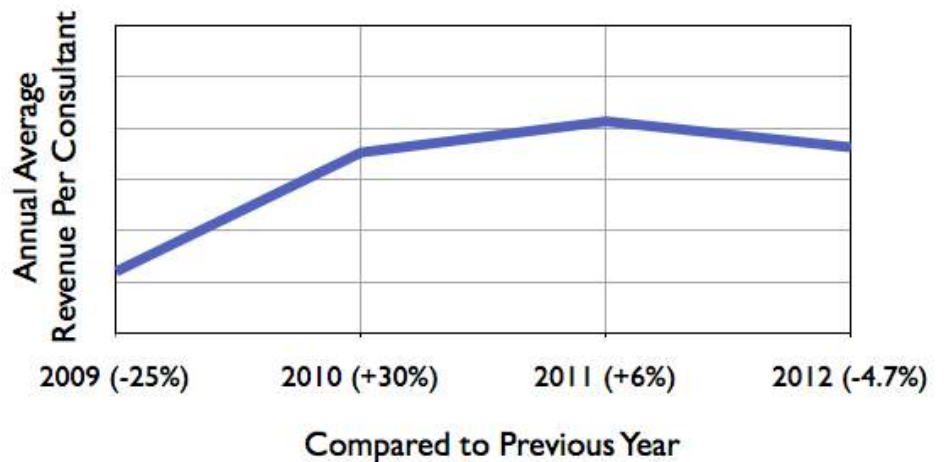
Estimated Worldwide Retained Executive Search Industry Revenues 1978 - 2012



Average Revenue Per Consultant

Annual trend: 2011 to 2012 -4.7% (pictured below)

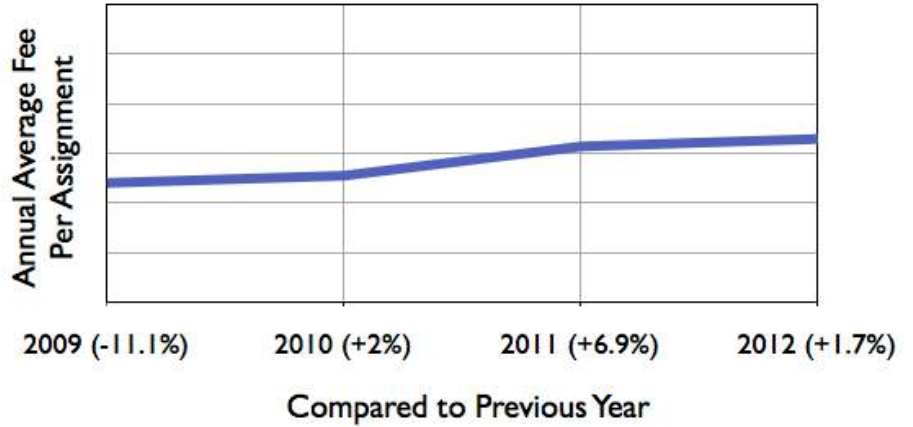
Trend in Annual Average Revenue Per Consultant, as Compared to Previous Year



Average Fee Per Search Assignment

Annual trend: 2011 to 2012 +1.7% (pictured below)

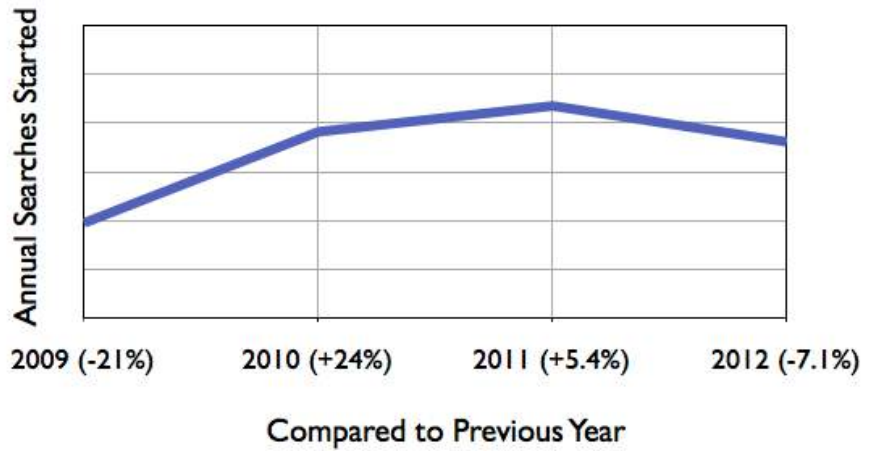
Trend in Annual Average Fee Per Search Assignment, as Compared to Previous Year



Average Number of Searches Started

Annual trend: 2011 to 2012 -7.1% (pictured below)

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



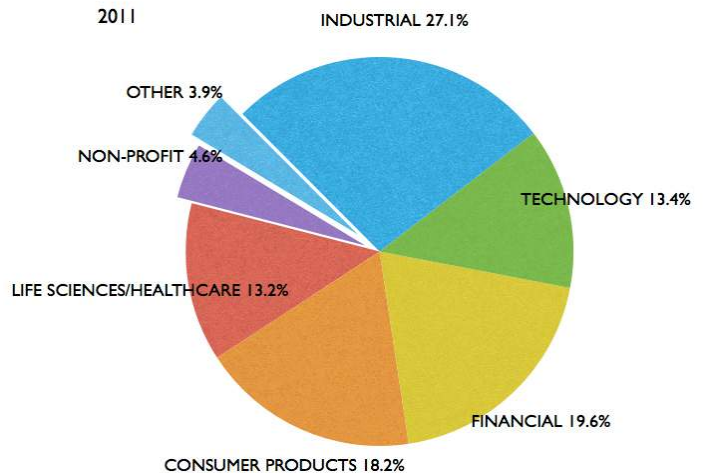
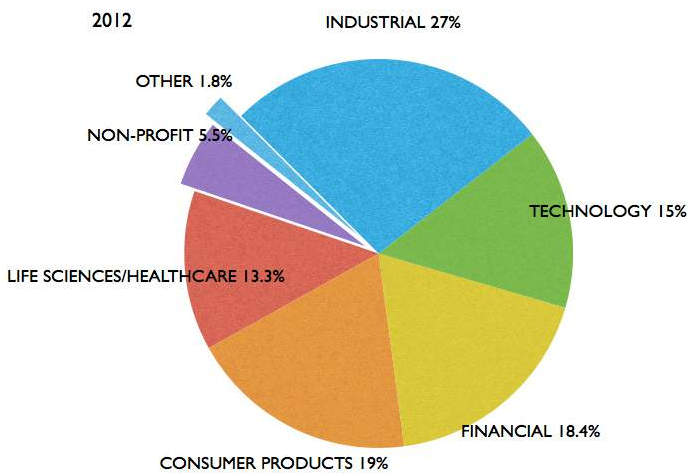
INDUSTRY TRENDS - 2012

Market Breakdown by Industry

Annual trend: 2011 to 2012 (pictured below)

- Increasing: Technology +1.6%, Non-Profit +0.9%, Consumer Products +0.8%, Life Sciences/Healthcare +0.1%
- Decreasing: Financial -1.2%, Industrial -0.1%

Searches Started Annually by Industry, as Percentage of Total

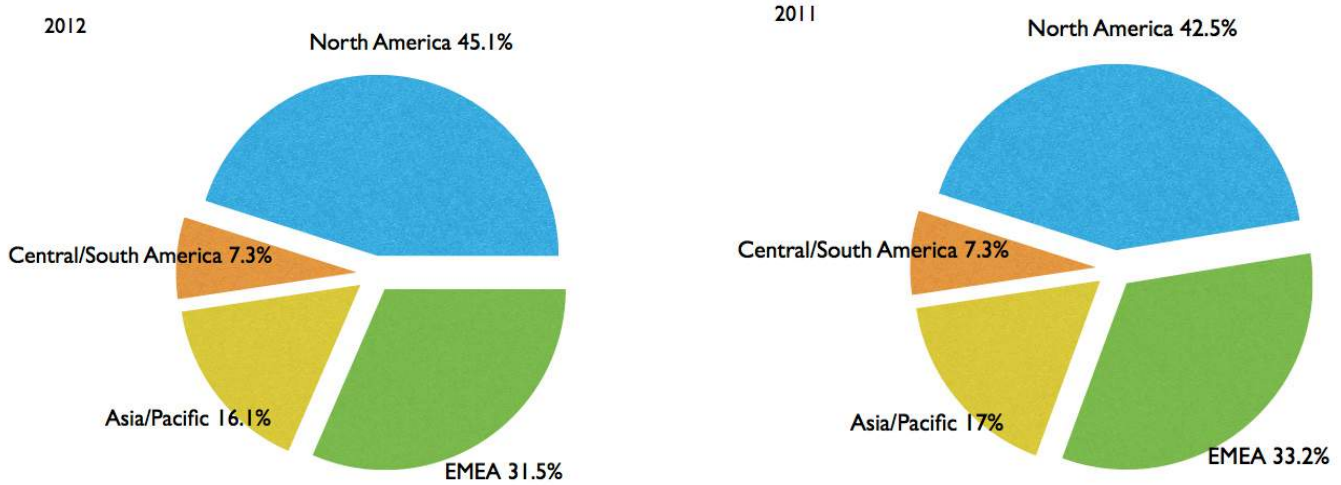


Market Breakdown by Region

Annual trend: 2011 to 2012 (pictured below)

- Increasing: North America +2.6%
- Decreasing: EMEA -1.7%, Asia/Pacific -0.9%
- No change: Central/South America

Searches Started Annually by Region, as Percentage of Total

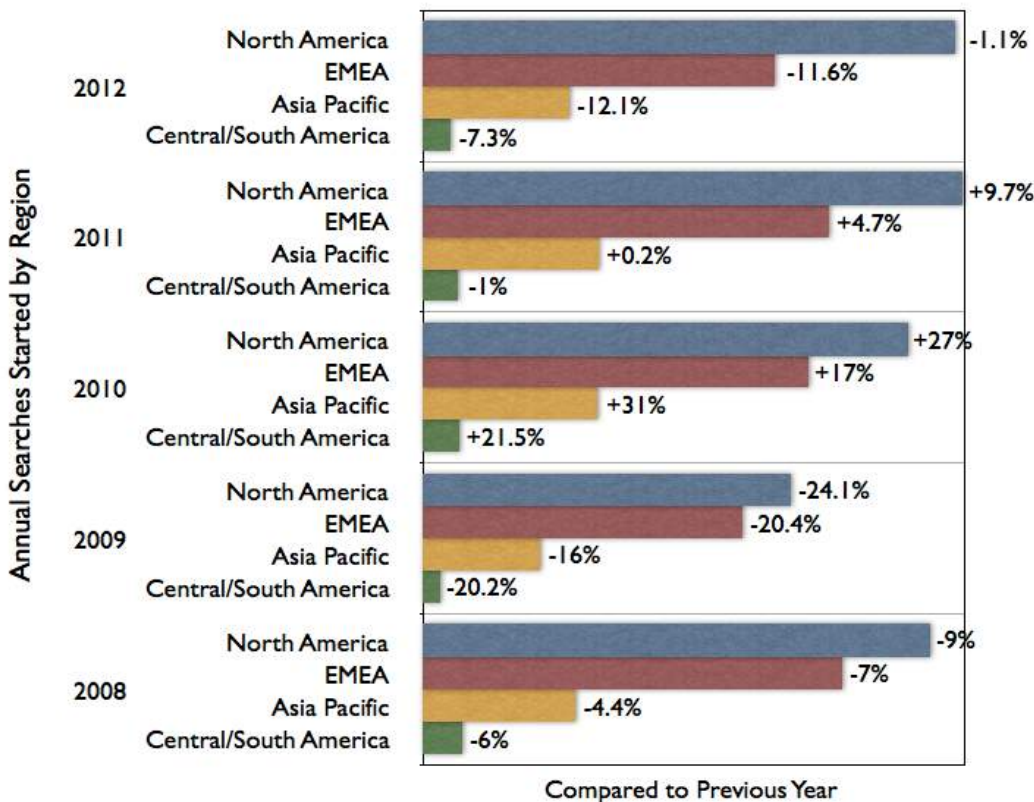


Average Number of Searches Started by Region

Annual trend: 2011 to 2012 (pictured below)

- Decreasing: Asia/Pacific -12.1%, EMEA -11.6%, Central/South America -7.3%, North America -1.1%

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



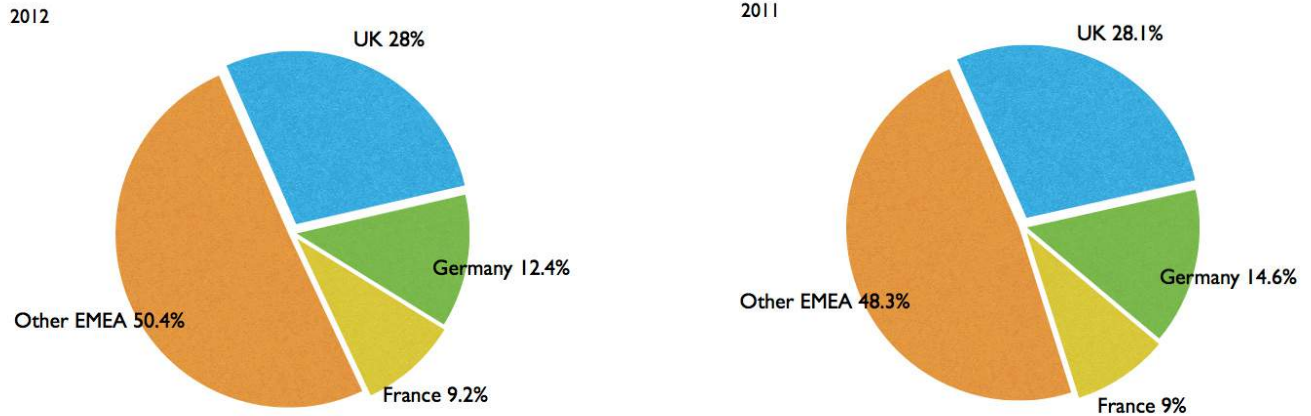
REGIONAL TRENDS EMEA - 2012

EMEA Regional Breakdown *

Annual trend: 2011 to 2012 (pictured below)

- Increasing: Other EMEA +2.1%, France +0.2%
- Decreasing: Germany -2.2%, UK -0.1%

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



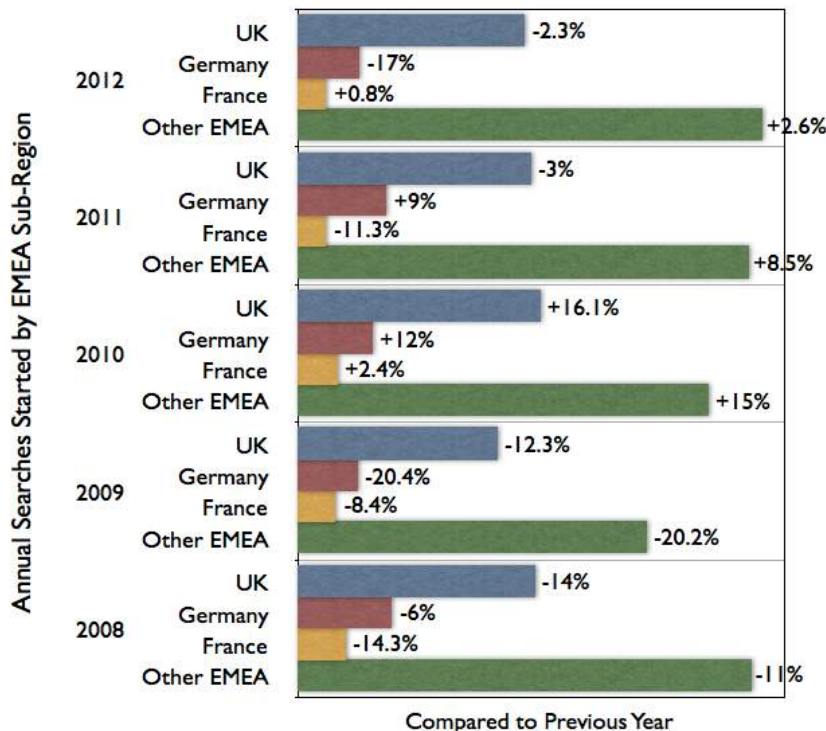
* Data for this question represents 715 executive search consultants in 46 countries, whereas data for all other questions represents 1,430 consultants in 46 countries.

Average Number of Searches Started by EMEA Sub-Region

Annual trend: 2011 to 2012 (pictured below)

- Increasing: Other EMEA +2.6%, France +0.8%
- Decreasing: Germany -17%, UK -2.3%

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



Fourth Quarter 2012 State of the Executive Search Industry Report

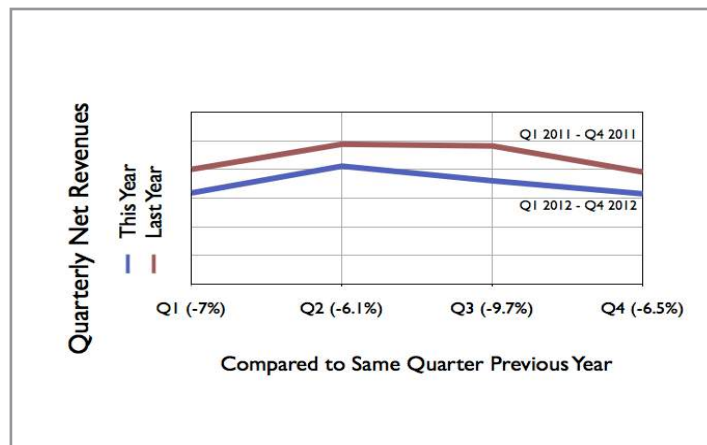
FINANCIAL TRENDS - Q4 2012

Average Net Revenues

Year-on-year trend: Q4 2011 to Q4 2012 -6.5% (pictured below)

Quarter-on-quarter trend: Q3 2012 to Q4 2012 -4%

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

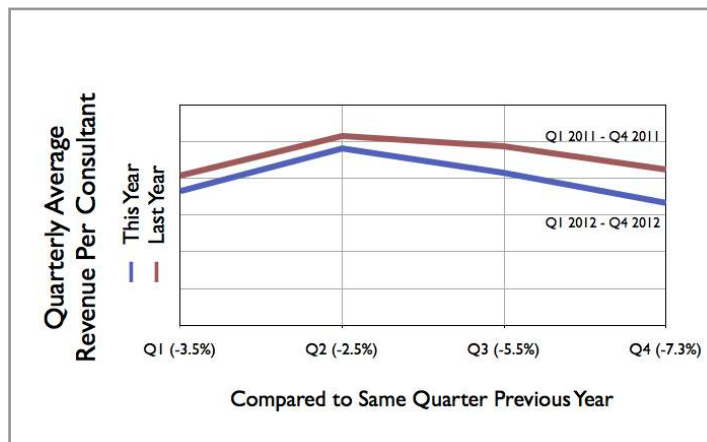


Average Revenue Per Consultant

Year-on-year trend: Q4 2011 to Q4 2012 -7.3% (pictured below)

Quarter-on-quarter trend: Q3 2012 to Q4 2012 -6.6%

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



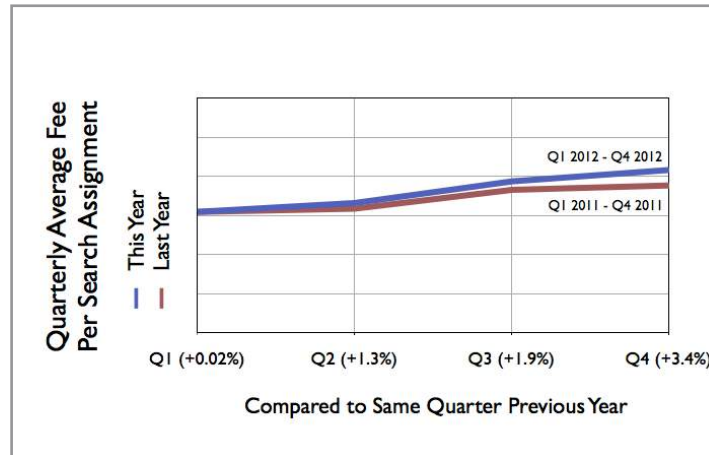
FINANCIAL TRENDS - Q4 2012

Average Fee Per Search Assignment

Year-on-year trend: Q4 2011 to Q4 2012 +3.4% (pictured below)

Quarter-on-quarter trend: Q3 2012 to Q4 2012 +2.5%

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

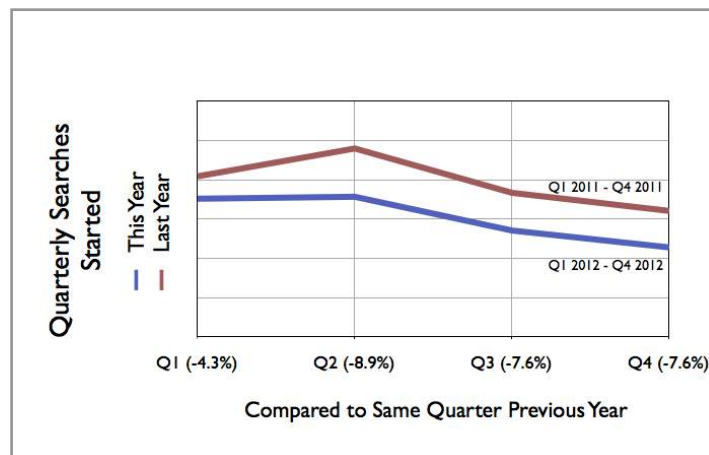


Average Number of Searches Started

Year-on-year trend: Q4 2011 to Q4 2012 -7.6% (pictured below)

Quarter-on-quarter trend: Q3 2012 to Q4 2012 -3.7%

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



Average Number of Searches Started by Industry

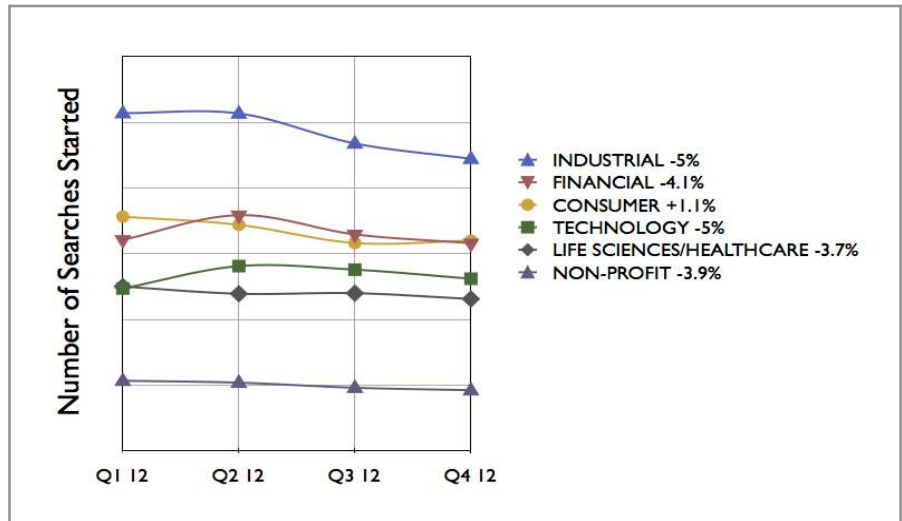
Year-on-year trend: Q4 2011 to Q4 2012

- Increasing: Technology +15.3%
- Decreasing: Industrial -15.7%, Financial -8.2%, Life Sciences/Healthcare -7.9%, Consumer -2.2%
(Non-Profit -0.2% ~ from a smaller survey sample)

Quarter-on-quarter trend: Q3 2012 to Q4 2012 (pictured below)

- Increasing: Consumer +1.1%
- Decreasing: Industrial -5%, Technology -5%, Financial -4.1%, Life Sciences/Healthcare -3.7%
(Non-Profit -3.9% ~ from a smaller survey sample)

Trend in Average Number of Searches Started Quarterly, by Industry

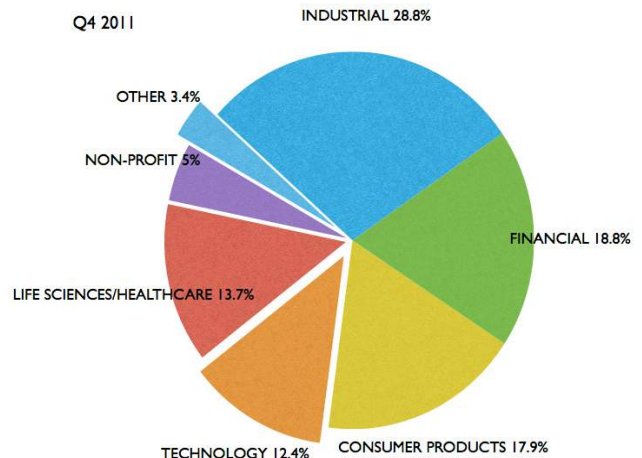
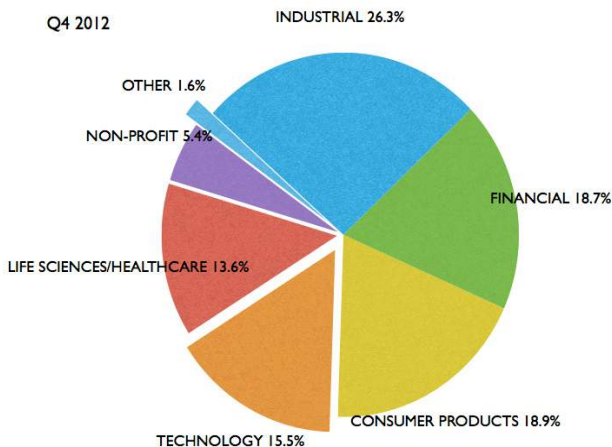


Market Breakdown by Industry

Year-on-year trend: Q4 2011 to Q4 2012 (pictured below)

- Increasing: Technology +3.1%, Consumer Products +1%, Non-Profit +0.4%
- Decreasing: Industrial -2.5%, Financial -0.1%, Life Sciences/Healthcare -0.1%

Searches Started Quarterly by Industry, as Percentage of Total



REGIONAL TRENDS GLOBAL - Q4 2012

Average Number of Searches Started by Region

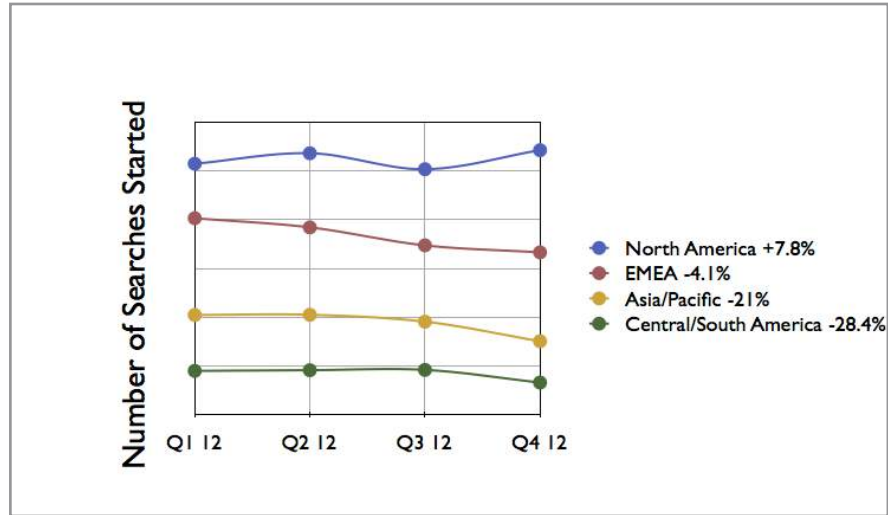
Year-on-year trend: Q4 2011 to Q4 2012

- Increasing: North America +8.6%
- Decreasing: Asia/Pacific -21.7%, Central/South America -19%, EMEA -18.5%

Quarter-on-quarter trend: Q3 2012 to Q4 2012 (pictured below)

- Increasing: North America +7.8%
- Decreasing: Central/South America -28.4%, Asia/Pacific -21%, EMEA -4.1%

Trend in Average Number of Searches Started Quarterly, by Region

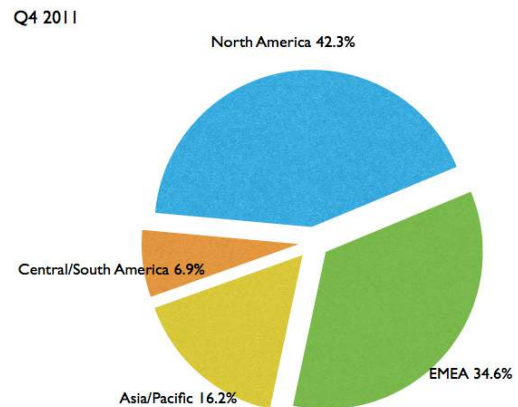
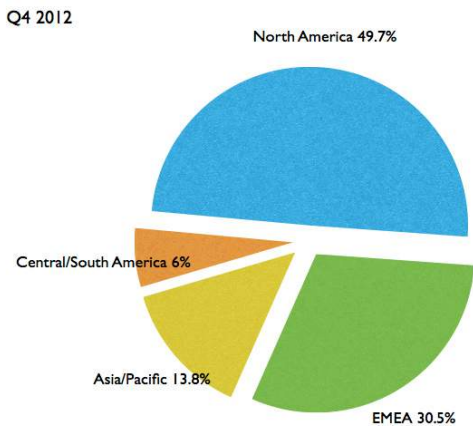


Market Share by Region

Year-on-year trend: Q4 2011 to Q4 2012 (pictured below)

- Increasing: North America +7.4%
- Decreasing: EMEA -4.1%, Asia/Pacific -2.4%, Central/South America -0.9%

Searches Started Quarterly by Region, as Percentage of Total

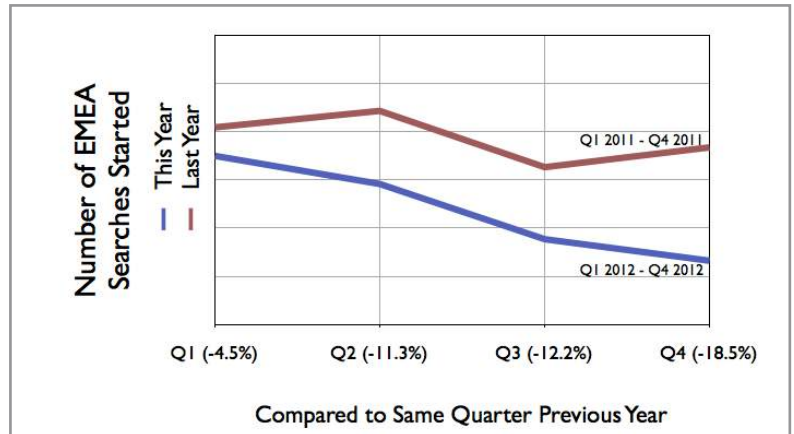


Average Number of Searches Started in EMEA

Year-on-year trend: Q4 2011 to Q4 2012 -18.5% (pictured below)

Quarter-on-quarter trend: Q3 2012 to Q4 2012 -4.1%

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



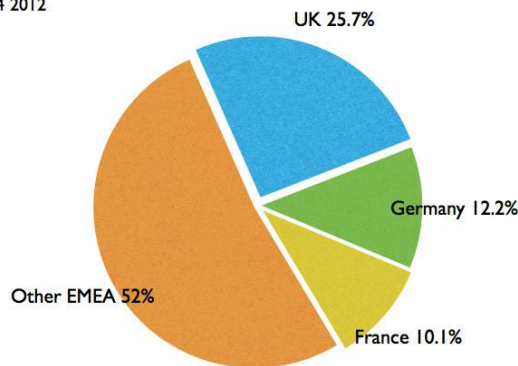
Market Share by EMEA Sub-Regions *

Year-on-year trend: Q4 2011 to Q4 2012 (pictured below)

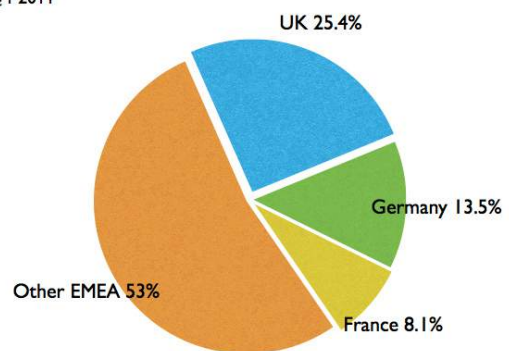
- Increasing: France +2%, UK +0.3%
- Decreasing: Germany -1.3%, Other EMEA -1%

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

Q4 2012



Q4 2011



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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.