

EXECUTIVE TALENT

■ AESC

Volume Seven

SPECIAL EDITION REPORT

WHAT'S NEXT
FOR EXECUTIVE SEARCH
AND LEADERSHIP CONSULTING

2020

AESC is the voice of excellence for executive search and leadership consultants worldwide.

Since 1959, AESC has set the standard for quality and ethics for the executive search and leadership consulting profession. AESC members must commit and adhere to the AESC's industry recognized Code of Professional Practice and Standards of Excellence. AESC members include exceptional firms in 72 countries around the world. They share a commitment to the highest standards of excellence and range in size from large global firms and networks to regional boutiques.

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- Access best in class continuing education
- Build alliances for business success

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- Trusted advisors at the top of their profession, with deep knowledge and expertise
- Confidence and security knowing that these firms commit to the highest professional standards
- Access to the best talent in the world
- Working with the best firms in the profession





Welcome to Executive Talent 2020

from Karen Greenbaum, AESC President & CEO

Where are we now and where are we going? What are the biggest executive talent challenges facing business today and in the future? How can we transform challenges into opportunities?

These are the core questions that underpin *Executive Talent 2020*. Between January and March 2016 we conducted extensive research to understand the next five years for our profession. We sought expanded data and input from our members, including firm leaders, the client community and candidates. This report presents the perspectives of all three in detail. In this opening, I would like to present some of the key findings:

- 2015 was the biggest year ever for the executive search and leadership consulting profession, based on our estimated revenues. The 6.1% increase on 2014's figures take the estimated global revenue to \$12.41 billion (see page 6).
- Four in five (83%) AESC members are optimistic or have maintained their positive outlook from 2014 about the executive search and leadership consulting profession during 2016. Our members intend to maintain, build and broaden their trusted executive search relationships with clients and see new opportunities to expand into leadership consulting services (read more on page 22).
- The market for executive search remains strong; clients recognize the value we provide in terms of confidential searches, board and C-suite searches, and cross-border searches (read more on page 34).
- Clients seek executive search consultants as partners because of our professionalism, access to difficult to reach candidates, objectivity and confidentiality. Executive search is used when the executive position is strategic and high impact – positions where trust can make the difference between attracting the right talent and missing out (read more on page 36).
- Clients' top three challenges today are 'lack of diversity', 'lack of leadership successors', and 'competition for talent'. But the top three challenges in five years' time are 'aging demographics', 'globalization', and 'competition for talent'. Clients seem optimistic about initiatives around diversity and succession but see megatrends such as globalization and aging demographics posing a new set of challenges (read more on page 30).
- Clients are open to broadening the way they work with their current executive search firm in a wide range of leadership advisory services including succession planning and internal talent assessment (read more on page 32).

- The AESC members we surveyed also single out succession planning and internal talent assessment, along with board advisory services, as the areas beyond executive search for the most growth during 2016. In each area of leadership advisory services we identified, our members expect demand from clients to increase over the next five years (see page 25). There is a clear alignment between client needs and the expansion of the service offerings of AESC members.

These highlights provide a snippet of the insights contained in the following pages. The biggest takeaway for me is that executive search is a strong profession that is valued by clients around the world and that our clients value our expertise and trust us to help them with their most critical executive talent challenges. AESC members are the highest quality firms in the executive search and leadership consulting profession.

I would like to thank the almost 3,000 individuals who participated in the surveys we sent out, the 25 clients around the world who agreed to more in-depth interviews, the 13 large global firms and networks that trusted us with their sensitive market data, and the leading Chief Marketing Officers from the largest firms in the world who came together last year to help us shape this research conceptually. As ever, I value your feedback on this report and all matters relating to our profession. ■

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EXECUTIVE TALENT

The Global Quarterly from the AESC

Issue 7

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Contents

6 - Another Record Year

This introductory section presents a selection of highlights from our research, as well as revisits AESC's predictions in the 2010 report *Executive Search in Transition*. Based on the past and present data, we look ahead to the next five years of the profession.

10 - Our Profession Around the World

- 10 - Global Market Share
- 12 - Americas Region
- 14 - Asia Pacific and Middle East Region
- 16 - Europe and Africa Region
- 19 - Industry Breakdown

22 - AESC Members Optimistic

- 22 - Introduction
- 23 - Opportunities, Threats and Future Trends
- 24 - The Supply and Demand of Leadership Consulting
- 26 - Industries, Functions and Markets for Growth in 2016
- 27 - Diversity
- 28 - Firm Leaders' Perspectives About Their Own Firms

30 - Clients Share Top Challenges

- 30 - Introduction
- 34 - The Competitive Market for Executive Search
- 36 - Firm Selection
- 37 - Executive Search Metrics

38 - Candidates Trust Executive Search Consultants

- 38 - Introduction
- 39 - What is a Positive Candidate Experience?
- 41 - Ensuring Executive Skills Are Relevant

Introduction:

Another Record Year

This special edition of *Executive Talent* looks at the past, present and future of the executive search and leadership consulting profession. In this section we compare data from AESC's 2010 report *Executive Search in Transition* to today's data, and use this to predict what the future holds for the profession.

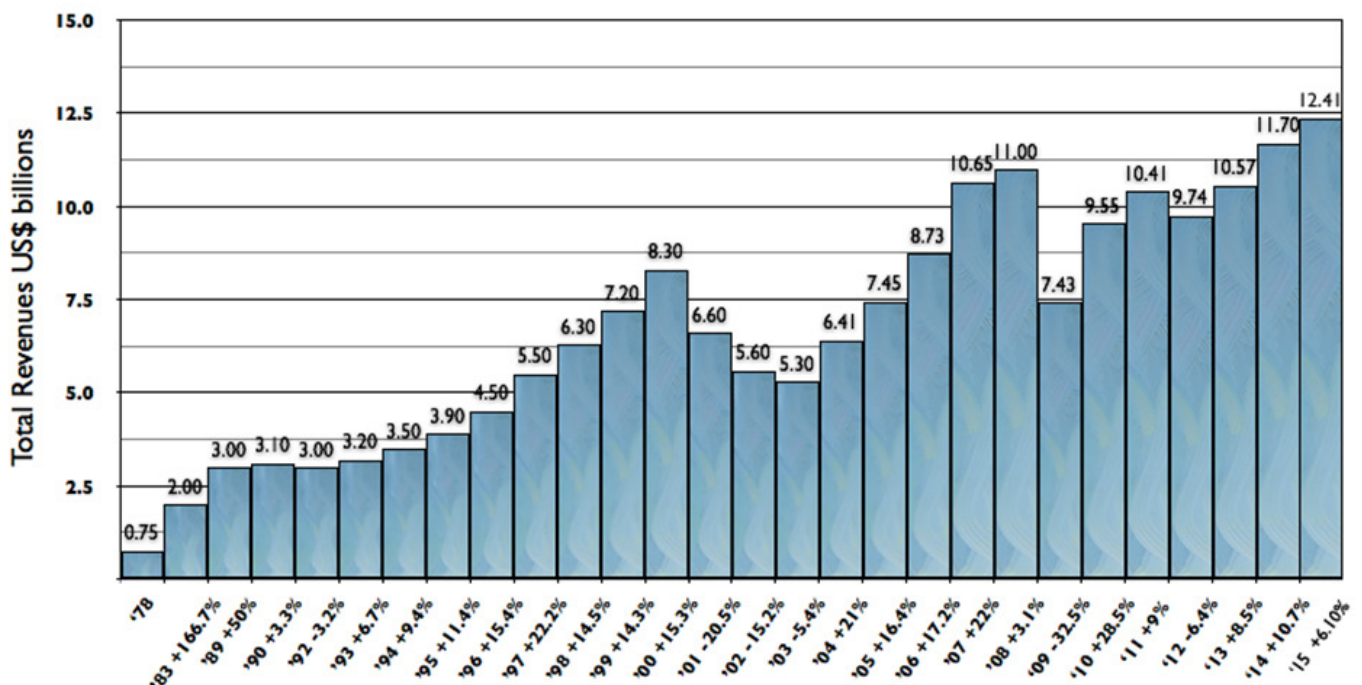
Executive Search

This report shows that executive search is a robust business that provides a valued advisory service to clients. Based on figures for 2015, executive search represents on average 92% of the total revenue for our members. Executive talent acquisition is a sensitive and confidential process focused on the top leadership roles in an organization. Clients clearly value being advised by experts who can be trusted based on their industry and functional

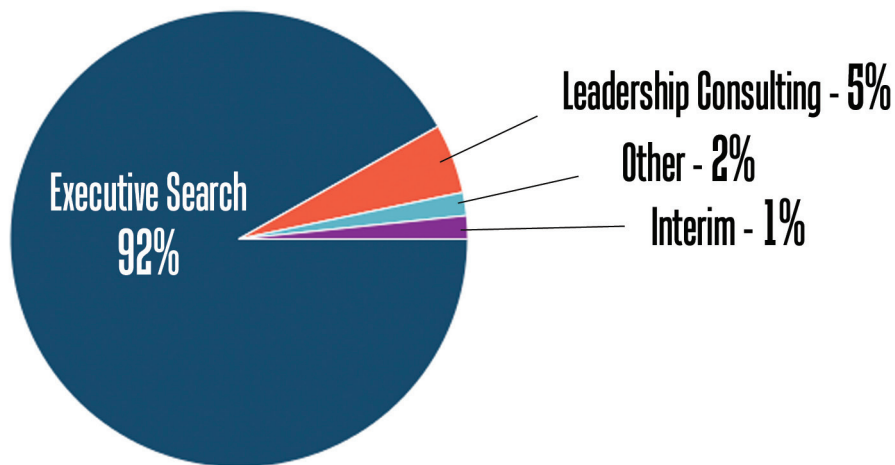
expertise, and their ability to engage with and entice the best candidates locally and globally as needed. In the 2010 report, two-thirds (67%) of AESC members expected demand in executive search to increase over the next five years. Looking at AESC's State of the Industry data, we estimate that global revenues for the profession have increased by 27.9% during this time from \$9.55 billion to \$12.41 billion. But what has led to such strong growth?

In 2010 the profession was concerned about disintermediation from in-house talent acquisition teams and contingent recruiters. Over three-quarters (76%) of AESC members said that competition had increased, with 58% saying they were losing searches to contingency firms and 42% saying they were losing searches to in-house talent acquisition teams. Three-quarters (73%) of the clients we surveyed

Estimated Worldwide Executive Search and Leadership Consulting Revenues 1978 - 2015



Global market share of revenue (based on AESC top 13 member firms, excluding Korn Ferry's leadership consulting revenue)



Acquisitions are fueling growth of leadership consulting most notably at Korn Ferry and Heidrick & Struggles. Korn Ferry's acquisition of the Hay Group earlier this year is the biggest and most significant deal we have ever seen in the profession. This game-changing acquisition demonstrates their commitment to the leadership consulting profession as part of a strong portfolio that includes executive search, leadership consulting and recruitment process outsourcing. The pie chart here excludes Korn Ferry's revenues in leadership consulting. If we added their Hay revenues, the % of leadership consulting would jump to 15%. We believe 5% is a more representative average for the profession.

this year expect their use of executive search to either increase or stay the same over the next five years. As we reveal in the client section of this report (section three, page 35), executive search is favored for confidential searches, board and C-suite searches, cross border searches, difficult to complete searches and searches where the salary level is above \$200k USD. The data suggests, in fact, that contingent recruiters are expected to see a decline in their services as in-house talent acquisition continues to grow.

How can executive search firms become closer to their clients over the next five years? We asked clients which metrics meant the most to them. In 2010 the majority of the metrics that were mentioned related to the search process (time to long/short list, quality of long/short list, quality of marketplace information etc.), but five years later the most important metrics are more sophisticated and results-oriented – the two most important metrics today are business performance of the successful candidate over time (70%) and tenure of the successful candidate (41%). One of the big takeaways from the candidate section of this report (section four, page 40) is that

candidates placed by AESC members stay in their roles longer.

Finally, in the last five years diversity has become a much more prominent issue. Our 2010 report discussed the issue of diversity briefly, but today we see that it ranks among clients' top business concerns. It is clearly a complicated issue, and one that varies around the world, but it is in the foreground of many executive talent conversations. AESC members are committed to diversity and the value that diverse leadership teams provide.

Leadership Consulting

In 2010 we acknowledged leadership consulting as an opportunity for executive search firms, with 69% of respondents saying that their clients were asking for services beyond executive search. That demand has begun to come to fruition in the last five years. Leadership consulting now contributes 5% of total global revenue for the profession, excluding revenue from Korn Ferry. Deals like Korn Ferry's for Hay Group, PDI Ninth House and Global Novations; and Heidrick & Struggles' for Senn Delaney and Co Company are game changers. By acquiring established consulting firms, our

profession is demonstrating its commitment to more rapid growth into a broader range of leadership advisory services. Many firms around the world are adding new talent, tools and methodologies to build leadership advisory capability to respond to increasing client need. And there are firms, large and small, that have had leadership advisory services as a core part of their service offering for many years.

We asked clients if they would partner with their current executive search firms for a broader range of leadership advisory services beyond executive search (page 33). In eight of the nine areas we listed, at least 66% of clients said they would be open to the idea. And in the future the levels of interest either increased or stayed the same in all nine areas, with interest for succession planning and internal talent assessment ranking particularly high – showing the value that executive talent advisors can provide by broadening their service offering.

Our 2010 report predicted that there would be an increase in the number of leadership consulting specialists in the profession. This is certainly something that we have seen over the last five years, with executive search firms building specialized capabilities through acquisitions or by bringing in specialists and developing their own proprietary techniques. In this report, we reveal that 25% of AESC member firm leaders intend to hire more leadership consulting specialist this year (page 29).

Executive Talent 2020

Over the last five years the executive search and leadership consulting profession has continuously proved its value to clients, as demonstrated through the increase in global

revenues. In 2010, 79% of AESC members expected their firms to become more specialized, a trend that has been realized. Indeed, in this report clients indicate that the two most important reasons for selecting an executive search firm are the consultant's and the firm's industry/functional/geographic expertise.

This desire from clients for specialists and expertise continues to push executive search and leadership consulting firms to add increased strategic value. As a result of the strength of these relationships, clients see broader value in working with an external advisor who specializes in executive talent, thus driving the demand for leadership consulting services. As we mention above, if this demand is to be maintained it must be serviced by experts, presenting an opportunity for the profession to expand, broaden and diversify.

This report shows that the executive search profession is stronger than ever, with growth opportunities emerging through the need for new skills, the emergence of new executive roles, new markets for executive talent, aging demographics and the changing needs of clients who are seeing significant changes in their business strategies impacted by megatrends such as globalization and digital transformation. While we see challenges for our profession including increased competition from firms who do not have the high standards required by AESC, we believe the next five years will show continued growth and expansion for the profession.



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Our Profession Around the World

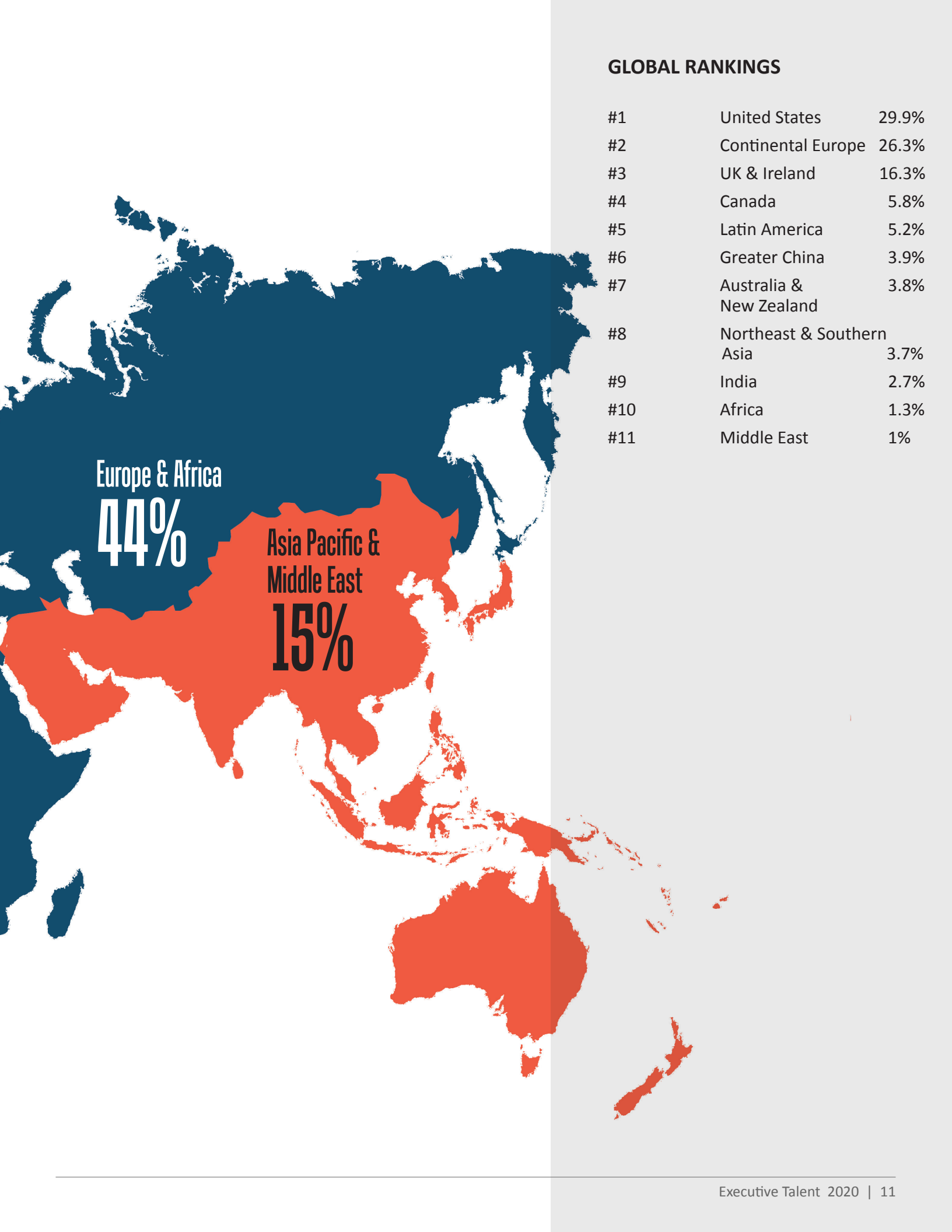
SEARCHES
STARTED BY
GLOBAL REGION:

Americas
41%

WE'D LIKE TO EXTEND OUR
SINCERE THANKS TO THESE
FIRMS WHO PROVIDED US WITH
CONFIDENTIAL MARKET DATA
USED FOR THIS ANALYSIS

The AMROP Partnership
Alto Partners
Boyden
Heidrick & Struggles
Korn Ferry International
Odgers Berndtson
Panorama Group
Russell Reynolds Associates
Sheffield Haworth Limited
Signium International
Spencer Stuart
Stanton Chase International
TRANSEARCH International Partners
Caldwell Partners*
Egon Zehnder*
Witt/Kieffer*

*Estimated revenue figures, based on publicly-available
information, used only for region breakdown



GLOBAL RANKINGS

#1	United States	29.9%
#2	Continental Europe	26.3%
#3	UK & Ireland	16.3%
#4	Canada	5.8%
#5	Latin America	5.2%
#6	Greater China	3.9%
#7	Australia & New Zealand	3.8%
#8	Northeast & Southern Asia	3.7%
#9	India	2.7%
#10	Africa	1.3%
#11	Middle East	1%

Americas Region

United States



Global Market Share
29.9%

The United States is the largest market for executive search and leadership consulting in the world, contributing just under one-third of the total profession's estimated revenues. It is where the profession was born, as an offshoot from strategy consulting, and remains the strongest and most sophisticated market. AESC currently has 102 members with offices in the United States.

Regional Market Share
73%

Canada



Global Market Share
5.8%

Canada is the second-largest market in the Americas region, and the fifth-largest in the world. The Canadian market has been strong, like the United States, and contributes to a robust North American market that totals more than 35% of global estimated revenues. AESC has 31 members with offices in Canada.

Regional Market Share
14.2%

Brazil



Global Market Share
3%

Brazil is the largest market for the profession in Latin America, and the third-largest market in the Americas region. Latin America's economic troubles are well documented, and have caused a significant slowdown in revenues and optimism. However, Brazil is still the tenth largest-market for executive search in the world, and AESC currently has 24 members with offices in this country.

Regional Market Share
7.2%

Rest of Latin America



Global Market Share
1.4%

Much like Brazil, the rest of Latin America has struggled to secure stable economic growth – the combined revenues for this region place it as the 16th largest region for the profession. AESC currently has 26 members in Chile, Colombia, Costa Rica, Ecuador, Panama, Peru, Uruguay and Venezuela.

Regional Market Share
3.5%

Mexico



Global Market Share
0.8%

Mexico is the smallest market for executive search and leadership consulting, based on the data we gathered and the single country grouping. AESC currently has 20 member firms with offices in Mexico.

Regional Market Share
2.1%

Asia Pacific & Middle East Regions

Greater China



Global Market Share
3.9%

Greater China is the largest market for executive search and leadership consulting in the Asia Pacific & Middle East region, accounting for a quarter of the region’s revenues. This data includes revenues for Hong Kong and Taiwan. There are 22 AESC members with offices in this region.

Regional Market Share
25.7%

Australia & New Zealand



Global Market Share
3.8%

Like Greater China, Australia & New Zealand’s combined revenue accounts for a quarter of the revenue from the Asia Pacific & Middle East region. There are 34 AESC members with offices in these two countries.

Regional Market Share
25.4%

India



Global Market Share
2.7%

India is the third-largest market for the profession in this region, and represents a real opportunity for growth in the future. There are 19 AESC members with offices in India, as well as several research centers used by US-headquartered executive search and leadership consulting firms.

Regional Market Share
18.1%

Northeast Asia



Global Market Share
1.9%

Northeast Asia covers the Japanese and South Korean markets for the profession. Combined, they represent the fourth-largest market in this region. There are 19 AESC members with offices in these two countries.

Regional Market Share
12.6%

Southeast Asia

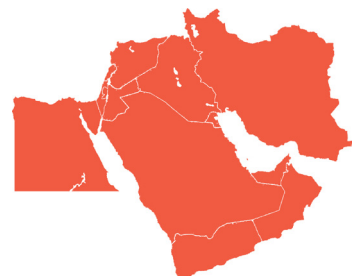


Global Market Share
1.8%

Southeast Asia is the fifth-largest market for the profession in this region and covers the combined revenues for Singapore, Indonesia, Thailand, Vietnam, Philippines and Myanmar. There are 18 AESC members with offices in these six countries.

Regional Market Share
11.6%

Middle East



Global Market Share
1%

The Middle East is the smallest market for the profession in the Asia Pacific & the Middle East region. There are 20 AESC members with offices across Israel, Lebanon, Saudi Arabia and United Arab Emirates.

Regional Market Share
6.6%

Europe & Africa Regions

Continental Europe



Global Market Share
26.3%

The combined revenues of Continental Europe make it the second-largest market for the profession in the world, behind the United States. This grouping represents the combined revenues for the whole of the region, with the exception of UK & Ireland and Africa.

Regional Market Share
60.1%

UK & Ireland



Global Market Share
16.3%

The UK and Ireland is the largest market for executive search and leadership consulting in Europe, and the second-largest in the world. It benefits from London's prominence as a European economic hub. There are 40 AESC members with offices in the UK and Ireland.

Regional Market Share
37%

Africa



Global Market Share
1.3%

Africa is seen as a new frontier for executive search and leadership consulting firms, with several larger firms expanding their presence there to supplement the small number of high-quality firms who have been operating there for some time. There are 14 AESC members spread across Angola, Egypt, Kenya, Morocco, Nigeria and South Africa.

Regional Market Share
2.9%

A Closer Look at Major Continental European Countries

Germany



Global Market Share
6.2%

Germany is the third-largest market for executive search in the world and the second-largest market in Europe, behind the UK & Ireland. There are 27 AESC members with offices in Germany.

Regional Market Share
14.1%

France



Global Market Share
2.6%

France is the fifth-largest market for the profession in Europe, and 12th in the world. There are currently 26 AESC members with offices in France.

Regional Market Share
6.0%

Spain & Portugal



Global Market Share
1.8%

Spain & Portugal’s combined revenues account for just over 4% of Europe’s revenues, making it the sixth-largest market for the profession in the region. There are 20 AESC members with offices in these countries.

Regional Market Share
4.2%

A Closer Look at Continental European Regional Groupings

Rest of Europe



Global Market Share
8.9%

This grouping covers the combined revenues for the profession in Belgium, Netherlands, Luxembourg, Austria, Italy, Estonia, Latvia and Lithuania. There are 33 AESC members with offices in these countries.

Regional Market Share
20.4%

Nordics



Global Market Share
3.7%

The Nordic region covers revenues for Sweden, Denmark, Norway, Finland and Iceland. It is the third-largest market for the profession in Europe, and accounts for just over 3% of revenues. There are 24 AESC members with offices in these countries.

Regional Market Share
8.3%

Central & Eastern Europe



Global Market Share
3.1%

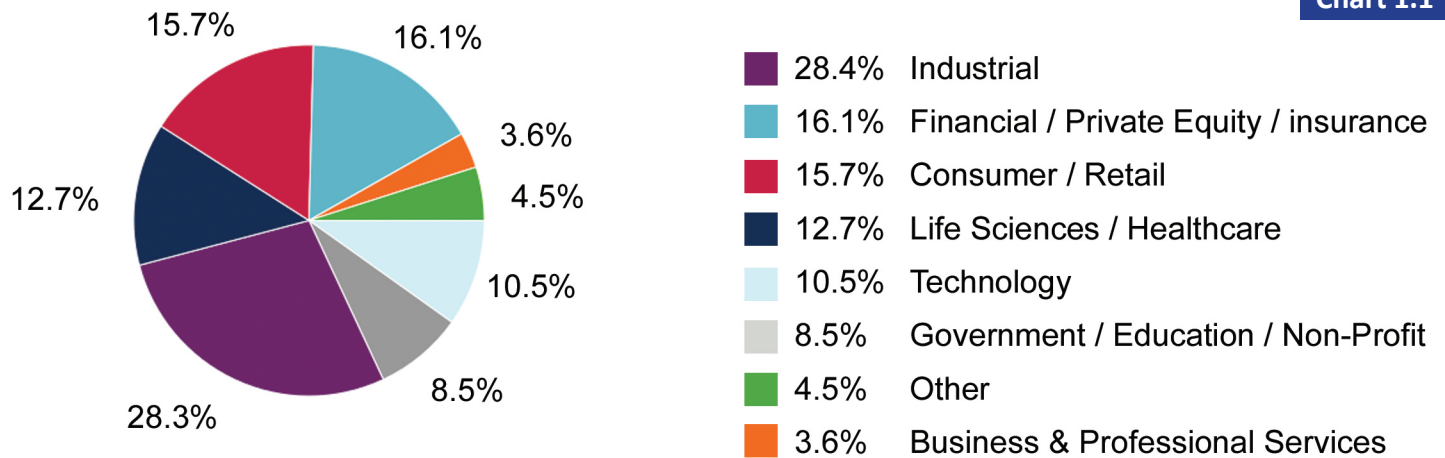
The Central & Eastern European grouping covers revenues for Russia, Poland, Romania, Hungary, Czech Republic, Bulgaria, Slovenia, Slovakia, Croatia, Bosnia, Serbia, Greece, Ukraine, Turkey and Kazakhstan. There are 33 AESC members with offices in these countries...

Regional Market Ranking
7.1%

Industry Breakdown

Searches started during 2015 by Industry

Chart 1.1

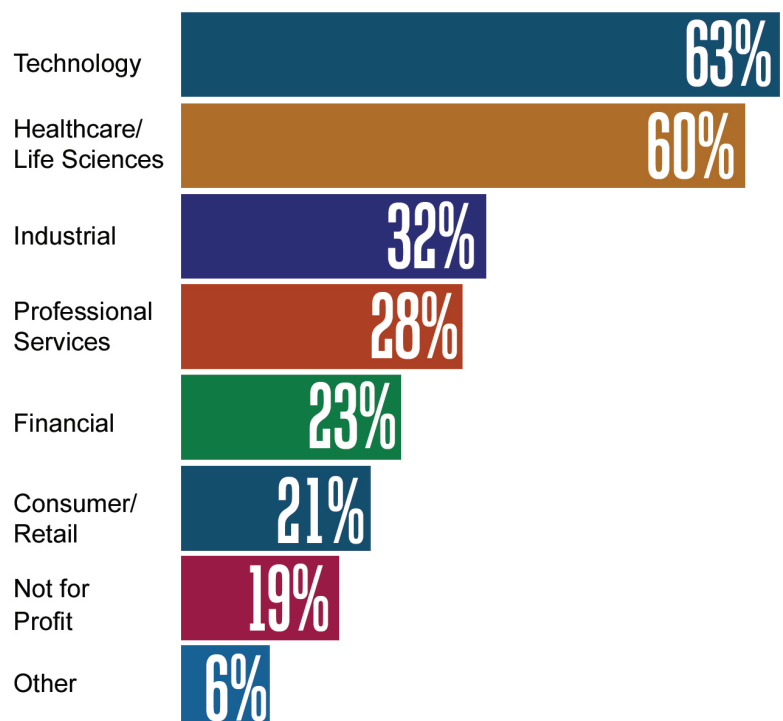


Industrial is the largest industry for the executive search and leadership consulting profession (**Chart 1.1**), accounting for almost one-third (28.4%) of the searches started globally. Financial Services (16.1%), Consumer (15.7%) and Healthcare / Life Sciences (12.7%) are the next largest industries, while Technology (10.5%) has seen significant growth in recent years.

We also asked AESC members for the industries they expect to see the most growth during 2016 (**Chart 1.2**). Technology and Healthcare / Life Sciences were overwhelming leaders. It looks as though Industrial will remain the largest sector, as there is significant expected demand during 2016.

In which sectors do you expect to see the most growth in 2016? (Choose up to three.)

Chart 1.2



HOW DO YOU STAND OUT FROM THE CROWD?

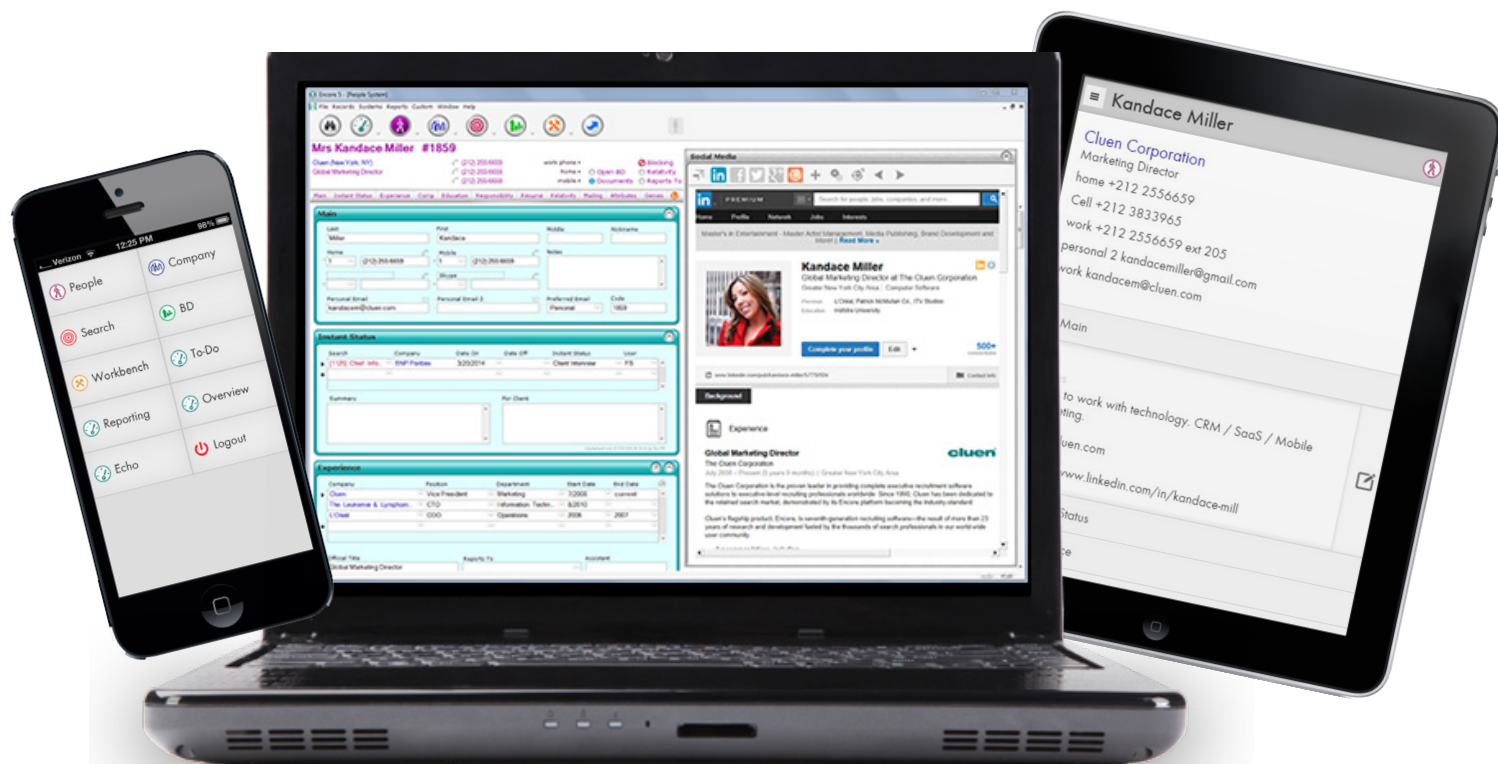
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AESC Members Are Optimistic

While the AESC State of the Profession data provides a useful outline of where executive search and leadership consulting is today, we also wanted to paint a picture of the future of the profession. Our survey was completed by 199 AESC members, including 56 firm leaders. In this section, we gauge our members' levels of optimism for both the profession and the economy, plus we explore growth opportunities for executive search and leadership consulting.

2015 represented the fourth consecutive year for global estimated revenue growth for the profession, so it is encouraging to see that 83% of AESC members who responded feel optimistic or neutral about the executive search and leadership consulting profession during 2016 (**Chart 2.1**). There are two probable reasons for why the majority of our members feel this way. First, we know from the estimated revenue figures mentioned above that the executive search and leadership consulting business continues to perform well. The clients we surveyed for this report clearly

identified that executive search is the favored form of talent acquisition for top executives, including searches above \$200k USD, board level searches, confidential searches, and searches for hard-to-fill positions. The clients we surveyed also demonstrated demand for executive search firms to provide leadership consulting services today and in the future.

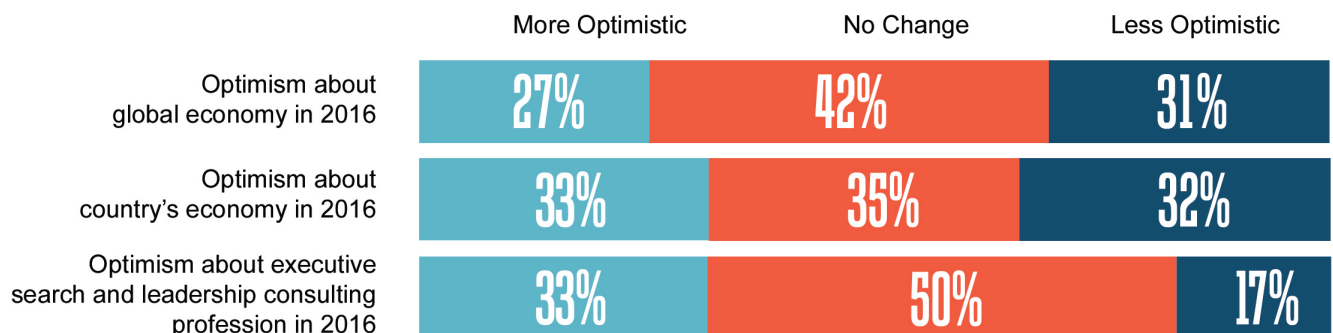
The top leadership services that clients are interested in using an executive search firm for today include:

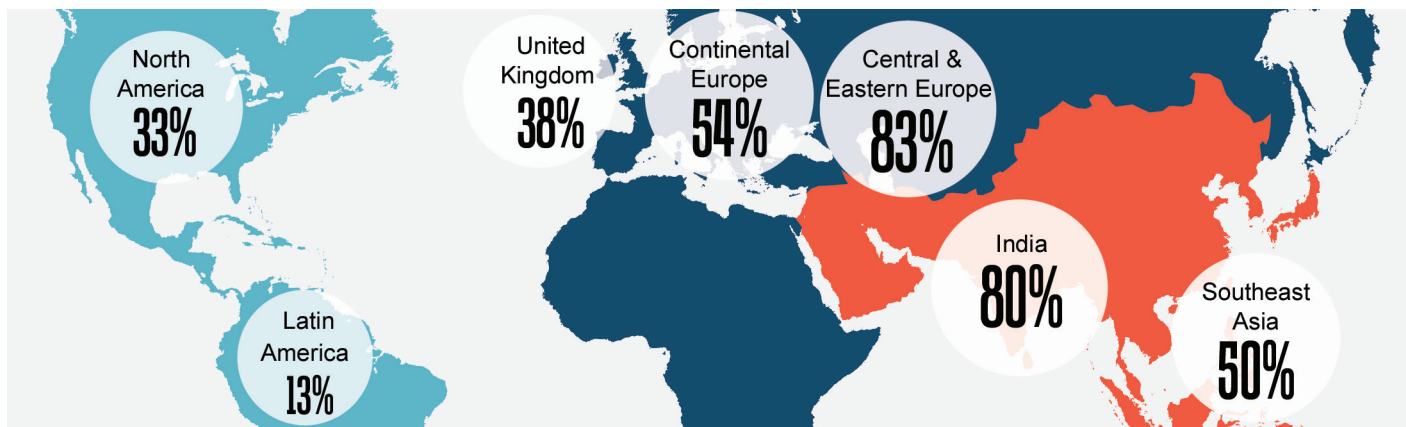
- Internal talent assessment
- Succession planning
- Interim management
- Leadership effectiveness
- Compensation strategies

The top leadership services that clients hope to use executive search firms for in the future are:

- Succession planning
- Internal talent assessment
- Executive coaching
- Interim management
- Leadership effectiveness

Chart 2.1





Selected percentage of AESC members who are more optimistic about their country's economy in 2016.

Chart 2.2

Our members' outlook for both the global and their national economies is less optimistic, with one third (31% and 32% respectively) expressing concern (**Chart 2.1**). Our members' greater concern for the national and global economy is understandable. There are several markets around the world that are experiencing significant economic volatility, most notably Latin America, where our members' optimism for their national economies was 13%.

When breaking this down by region (**Chart 2.2**), the European countries were most optimistic about their national economies, with 40% of respondents feeling more optimistic. This was buoyed by above-average figures in the United Kingdom (38%), Continental Europe (54%) and Central & Eastern Europe (83%). The Asia Pacific region's average level of national optimism was 32%, which was helped by positive outlooks in India (80%) and South East Asia (50%). The Americas region had the lowest level of optimism, with only 27%. Here we saw the impact of Latin America's economic struggles on the levels of country optimism (13%), while North America (33%) was broadly in line with the overall average.

Opportunities, Threats and Future Trends

In this section of the survey, we first asked our members for their thoughts on the greatest opportunities, threats, and trends for the profession during 2016 and for the next

five years. The questions were posed in an open text format, and received a wide range of responses.

Executive search is a relationship business, which is reflected in our members' responses. The biggest opportunity for the next year is building and maintaining trusted relationships with clients. We know from our client survey that the traits they value when selecting an advisor are industry/functional expertise, professionalism, objectivity, and confidentiality. The client interviews we conducted for this report also explored the term 'trusted advisor.' Many of the interviewees talked about how trust is built on honesty, transparency and the consultant taking a genuine interest in the clients' business – a trusted advisor is often a confidential sounding board for a wide range of matters related to business strategy and executive talent. Regular and relevant "staying in touch" also helps build a long-term trusting relationship.

The expansion into leadership consulting services presents an opportunity for a broader and more regular relationship between consulting firms and clients. Clients identified a wide range of leadership advisory services where they are using executive search firms today and they also indicated even more openness to using their executive search firm for leadership advisory services in the future (see page 33). They clearly see the strategic value our profession provides across a broad range of executive talent challenges.



What are the greatest opportunities for the executive search profession during 2016?

1. *Being trusted advisors to clients*
2. *Expanding service offering into leadership consulting*
3. *Growth markets, industries and functions*
4. *Stronger branding and visibility*

"I believe in a trusted advisor who can be trusted because they understand their own limits. I do not believe in a single counsellor or a single superman who will be able to help you on everything. In Brazil there is a strong movement with a lot of people presenting themselves as supercoaches who say: 'I don't know what your problem is but I can help you.' For me, the approach should be: 'Here is my expertise. Will that help you?'"

- Fabio Mederios, President, Wickbold

Q *What are the largest threats to the executive search profession in 2016?*

1. *In-house talent acquisition teams*
2. *Disintermediation via contingent recruiters*
3. *Not adhering to strict standards*

The clients we surveyed for this report expect their use of in-house talent acquisition teams to increase but they continue to value executive search for top executive positions. The main reasons for using in-house talent acquisition teams and contingent recruiters are cost and speed, whereas clients use executive search for top executives, more challenging assignments, and confidential searches. Our research demonstrates the reality that executive search firms operate above the market. Growth in in-house talent acquisition teams create new opportunities for partnership but also directly threatens our profession on the lower end of executive search assignments.

One of the reasons that clients trust executive search firms is because of their adherence to strict standards of professionalism. In an unregulated profession with low barriers to entry, integrity and high quality standards are the differentiator. The concern around firms not adhering to strict standards arises from the issue that if a client has a bad experience from an unprofessional firm claiming to offer high quality executive search services, it may alter their feelings about the executive search profession in general. As the voice of excellence for the executive search and leadership consulting profession, AESC has been committed to the highest standards of excellence for our profession for over 50 years. Our membership criteria is rigorous because we view ourselves as the "good housekeeping seal of approval" for the best of the best in our profession. With thousands of firms who claim to be "high quality," clients can trust the AESC seal to differentiate between the best and the rest around the world.

Looking at the greatest trends that will impact the profession, technology is clearly

at the forefront of our members' minds. The current rate of technological innovation means that it will likely drive developments in practically every industry and sector. With regards to executive search and leadership consulting, the increased science behind cultural assessments, executive assessments and Big Data are driving some of the most advanced human capital analytics we have ever seen. The firms that embrace new technologies, where relevant and not just the technology du jour, will enhance the value they provide to clients.

Q *What do you anticipate will be the greatest trends in the executive search profession over the next five years?*

1. *Adapting to new executive search technology*
2. *Adapting to clients' disruption through technology*
3. *Emerging industries and new executive roles*
4. *Expanding leadership advisory services*
5. *Retaining top talent within the profession*

Opportunities are also present in terms of emerging industries and new executive roles. Both create unique challenges to find the right talent, think more broadly and creatively in terms of adaptation and translation of relevant skills to new areas.

We also see an expansion in terms of leadership advisory services, supported strongly by client need. This is discussed extensively in the client segment of this report.

Finally, retaining top talent within the profession also ranked highly. The

consultant’s expertise ranks as the most important factor when selecting an executive search firm, above the firm’s overall expertise. And building trusted advisor relationships with clients happens over a longer period of time. Top talent in our profession is highly valued. Like our clients, our member firms and networks need to create the right business environment and build the right capabilities to retain top talent over the long term.

When looking at how the demands of clients have changed, the responses fell into two different areas that indicate some of the challenges of our business – clients are seeking high-touch, trusted relationships with deep expertise and they are placing greater pressure on speed and price. Firm leaders indicated that their clients are looking for partners to be more strategic, while consultants in general were more likely to experience pressure on speed and price.

When we asked clients which metrics are most meaningful to them, they ranked strategic value as ‘highly important’ (business performance of the successful candidate over time, length of tenure of successful candidate). Cost and speed are the two most important metrics in

the ‘important’ bracket. This shows that clients are primarily invested in the long-term business impact of the successful candidate. The executive search firms who are able to provide key client-centric metrics are in a much better position to discuss value over speed or price.

The Supply and Demand of Leadership Consulting

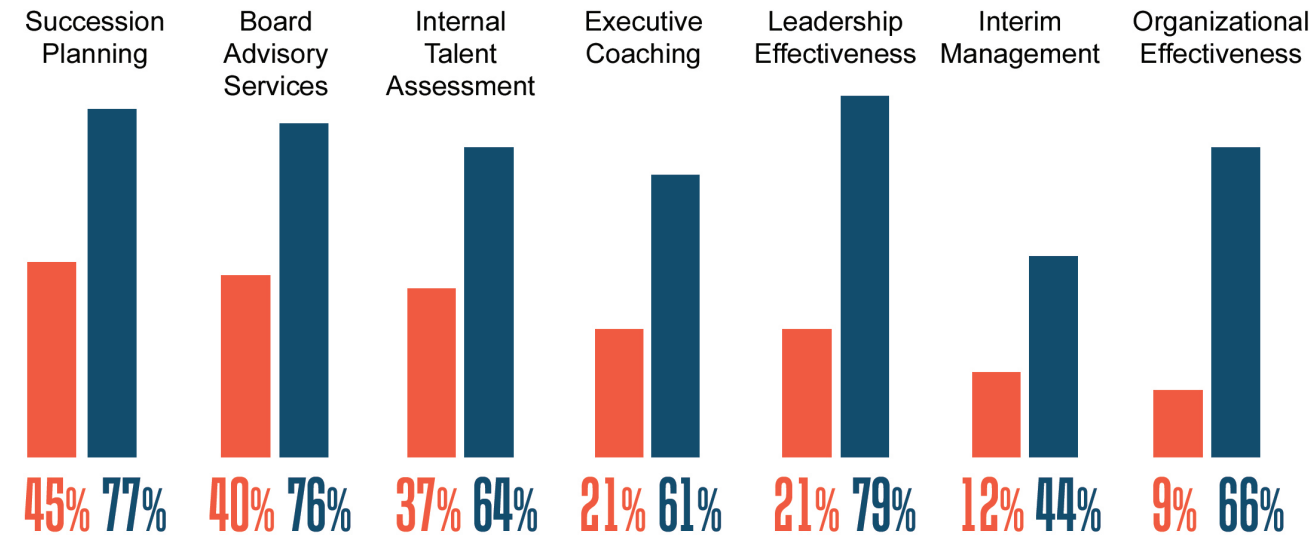
When we asked about the leadership advisory services that our members will see the most demand for in 2016, the top three were succession planning, board advisory services and internal talent assessment (Chart 2.3). We know from our State of the Profession data that leadership consulting services account for 5% of revenue from the firms we surveyed, excluding Korn Ferry. By looking at the areas that clients expect to use outside consulting firms for in the future, we can see that there is alignment in terms of need and growth in succession planning and board advisory services. The client needs shown as the blue bars in chart 2.3 should inform strategic growth in new areas. It also supports the optimism we see from members about expanding leadership consulting services.

“Succession planning is one of the key challenges for us over the next three to five years. We are trying to catch up with the last ten years, where the company did not invest in talent development. But we’re also in a changing industry, moving our business from industrial to services, which will demand a different kind of executive.”

-Jose Renato Domingues
Chief People and Sustainability Officer, Grupo Tigre

- Q How have the demands of clients changed in the last five years?
- 1. Asking for more strategic partners
 - 2. Asking for greater metrics about the executive search process
 - 3. Increased pressure on speed and price

Chart 2.3



■ For which services do you expect to see the most growth in 2016? (Choose two)

■ For which services do clients expect to work with outside consulting firms in the future?

*In which sectors do you expect to see the most growth in 2016?
(Choose up to three.)*

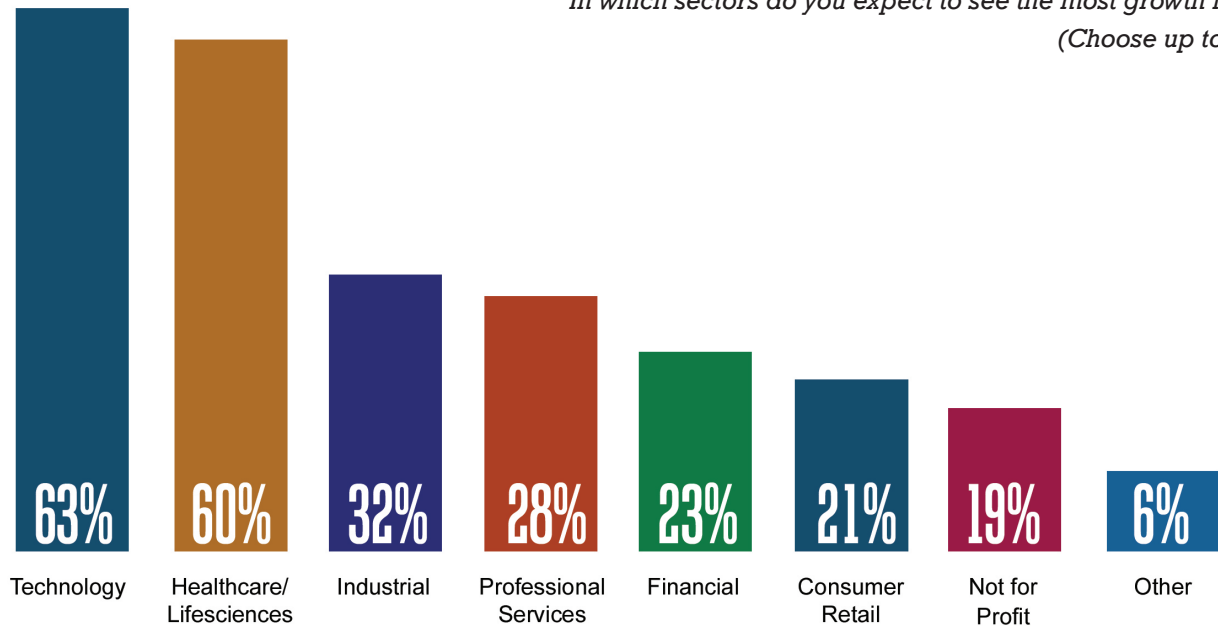


Chart 2.4

Industries, Functions and Markets for Growth in 2016

Our members believe that healthcare/life sciences and technology will be the two most in-demand industries in 2016, by quite some distance (**Chart 2.4**). According to our latest data about the profession, these are the fourth and fifth largest industry sectors for executive search currently and represent a significant potential future opportunity. Keep in mind that industrial

is the largest segment and so 32% growth will likely still mean this will continue as the largest segment of our business.

The growth in technology also informs the functions that our members expect to be most in-demand during 2016. As is always the case, CEO / Board of Directors is predicted to be the function with most growth, but Chief Information Officers and Chief Information Security Officers emerged as the second and third biggest growth functions. This

"As a board member, where I think there is real importance for executive search is in the formation of boards. Once upon a time, board members were friends of friends. Nowadays you have to balance gender, balance capabilities – the board is really part of the overall company. Because of their market knowledge, executive search consultants can bring forward different candidates, so they are a really big support."

*- Carla Cico,
Board Director at Allegion,
Alcatel-Lucent, World Duty Free*

Which of the following functions do you think will see the most growth in 2016 (choose up to three)?

- 53% CEO / Board of Directors
- 41% Cyber Security / CISO
- 39% Information Technology / CIO
- 32% Finance / CFO
- 23% Sales / CSO
- 21% Supply Chain & Operations / COO
- 20% Marketing / CMO
- 18% Human Resources / CHRO
- 17% General Counsel / Legal / Risk/ Compliance
- 7% Other

shows that the disruption of technology and digital innovation extends beyond the technology sector, and will continue to do so. You would be hard-pressed to find any industry or business that either hasn't been disrupted by technology or wouldn't benefit from embracing technological innovation. Of course, these developments come at a cost, and the emerging concern around cyber security attacks is creating a demand for executives who can lead a team of highly technical, highly agile security specialists and translate that into a strategy that is meaningful to the other executives in the business. We expect the growth in this area to be sustained or increase over the coming years, as the frequency of cyber security attacks increases.

Diversity

Clients identify diversity as a top challenge that they are facing today. Our members around the world are engaging in strategic discussions around diversity at the executive level and the board room. We are being challenged to deliver diverse slates of top talent to ensure stronger governance, enhance business performance, align with

customer strategies, and to drive innovation. We probed to learn more about what clients seek in terms of diversity (Chart 2.5). Regional differences were noticeable especially in terms of the request for diversity of thought and race.

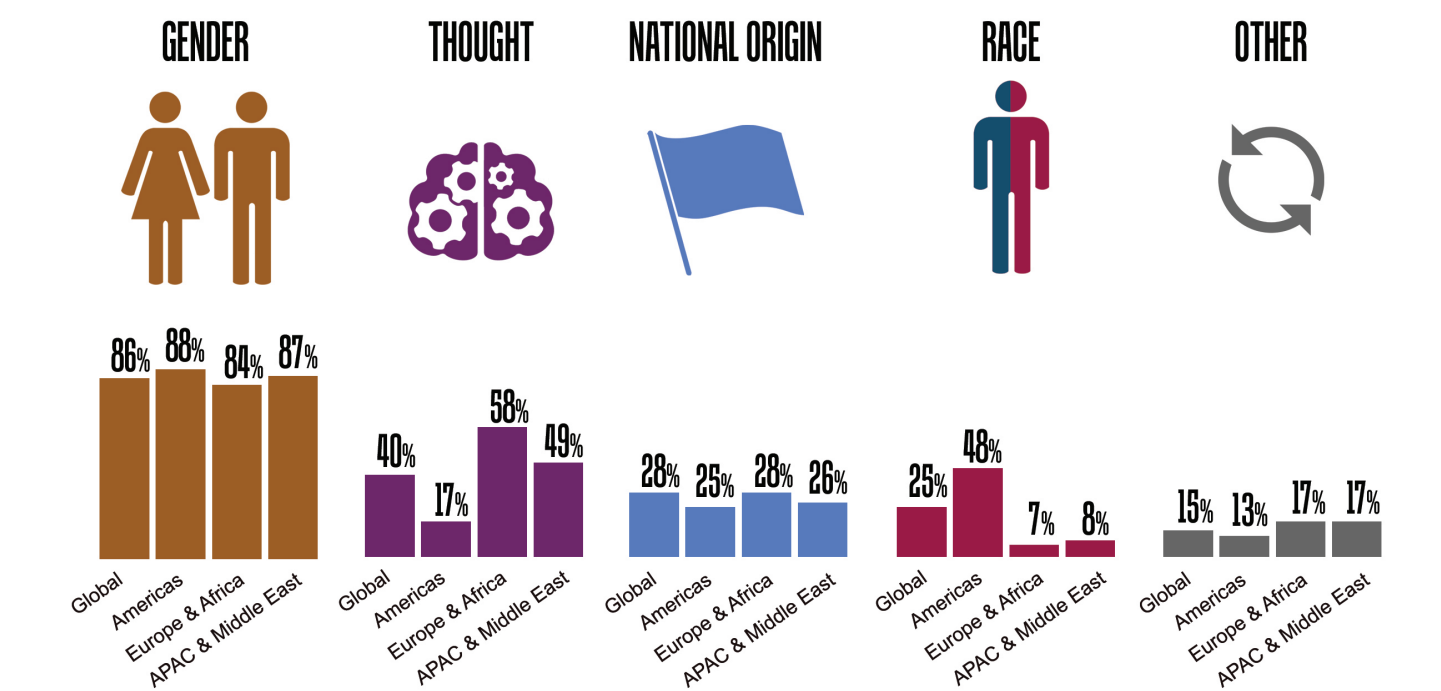
Gender has been at the forefront of most diversity conversations around the world, and while there is much work still to be done to ensure gender parity in leadership positions, we expect the conversation will move on to other forms of diversity in many countries across Europe in the coming years. That said, the reality is that in a number of markets around the world, the executive leadership ranks are primarily male and it will take a long time to achieve true gender parity.

Looking at the regional differences, gender diversity remains the most frequently referenced. Beyond this, there are some significant differences. In the Americas, race is the second most important form of diversity, whereas it is barely referenced in the other two regions. Conversely, diversity of thought is in-demand in Europe & Africa and APAC & Middle East, but this is mentioned much less in the Americas. We do wonder if

“Our market is changing and we now have traditional competitors and non-traditional financial services competitors, like Google and PayPal. Because of the advent of digital we are revisiting our products and services. There is an acknowledgment that we need to invest even more heavily in talent agility, both by increasing our bench strength internally and through the recruitment of external hires. Everything is changing, so we need to bring people in who are more innovative. That means looking outside of financial services to find people who have proven experience of introducing innovation.”
- Julie Sharp,
Group Head of HR, Bank of Ireland

Chart 2.5

When a client requests a diverse slate of candidates, which of the following do they most often specify? (Choose two.)



“If I know someone who I have a good relationship with and has worked with the company for a long time, that means a lot. If the consultant really knows our business, when they call you and share their knowledge about the market and your business, it is a sign of a good partnership. Sometimes when they do this it can lead to a new search, but sometimes it is just a matter of courtesy or a genuine interest in the success of your business. That is what I associate with the term trusted advisor.”

*- Jose Renato Domingues,
Chief People and Sustainability
Officer, Grupo Tigre*

sometimes “diversity of thought” is more prevalent in countries where gender diversity is less of a priority. These statistics demonstrate how important it is for executive search firms and their clients to have frank and thoughtful conversations about the importance of diversity aligned with overall business expectations. Clients expect us, as strategic advisors, to truly understand the business case for change.

Firm Leaders’ Perspectives About Their Own Firm

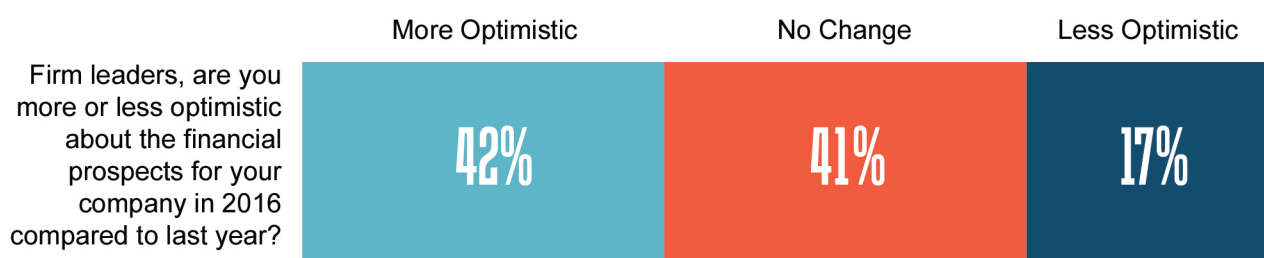
This section covers the responses from 56 leaders of AESC member firms. As is the case every year with AESC’s Member Outlook surveys, the level of optimism for the members’ own firm outstripped the overall optimism for the profession. This year, 41% of our firm leaders have a positive outlook for 2016, almost double the outlook for the profession, while only 17% are less optimistic (**Chart 2.6**). As firm leaders no doubt see the unique competitive advantage that their own firm offers the market place,

it’s no wonder that they have a higher level of optimism about their own business than the profession at large.

Almost one quarter of our firm leaders (24%) expect the average fee per assignment to increase during 2016, while 17% expect it to decrease, leaving the majority (59%) expecting no change. The same is true for duration of search, with 17% expecting an increase, 20% expecting a decrease, and 63% expecting no change. This is generally driven by executive search firms receiving mandates for the highest level of executives. Also, one of the few areas that concerns clients both today and in five years’ time is the competition for top talent. As a result of the high demand and scarcity for top executive talent, searches are more challenging and require deeper industry, market and functional expertise. Demand for scarce talent also drives an increase in total compensation levels.

As we discussed earlier in this section, there is significant interest from clients to develop closer relationships with their

Chart 2.6



In which ways are you looking to improve your company's business performance in 2016? (Select all that apply)

Top 5 responses from firm leaders.

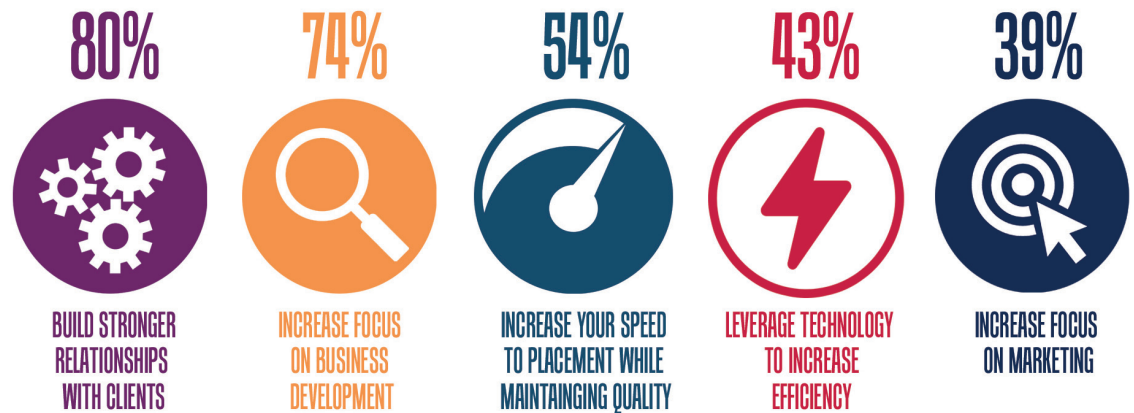


Chart 2.7

executive search and leadership consulting advisors because they value the services currently provided and are interested in a broader range of executive talent services. Developing stronger relationships with clients is the top priority for our firm leaders this year, as it is every year (**Chart 2.7**). There is also interest in improving internal processes, such as speed to placement, business development and use of technology.

Over half of the firm leaders (52%) intend to hire more executive search consultants this year, while one quarter (24%) plan to hire more leadership consultants. In addition, one third (34%) plan to hire more

researchers. In each of these three areas, more firm leaders intend to grow their firms than keep them the same, reinforcing the levels of optimism for 2016. The continued growth of our profession clearly indicates a need for increased capacity. It is also worth noting that the number of firms who intend to hire more executive search consultants is double the number who intend to hire more leadership consultants. While leadership consulting presents new opportunities for the profession, there are still plenty of opportunities within the traditional high-value executive search business model.



I plan to hire more...

...executive search consultants (52%)

...researchers (35%)

...leadership consultants (24%)

Clients Share Top Talent Challenges

In this section of the report, we develop a deeper understanding of client relationships with executive search and leadership consulting firms. In order to do this, we surveyed 190 and interviewed a further 25 clients around the world.

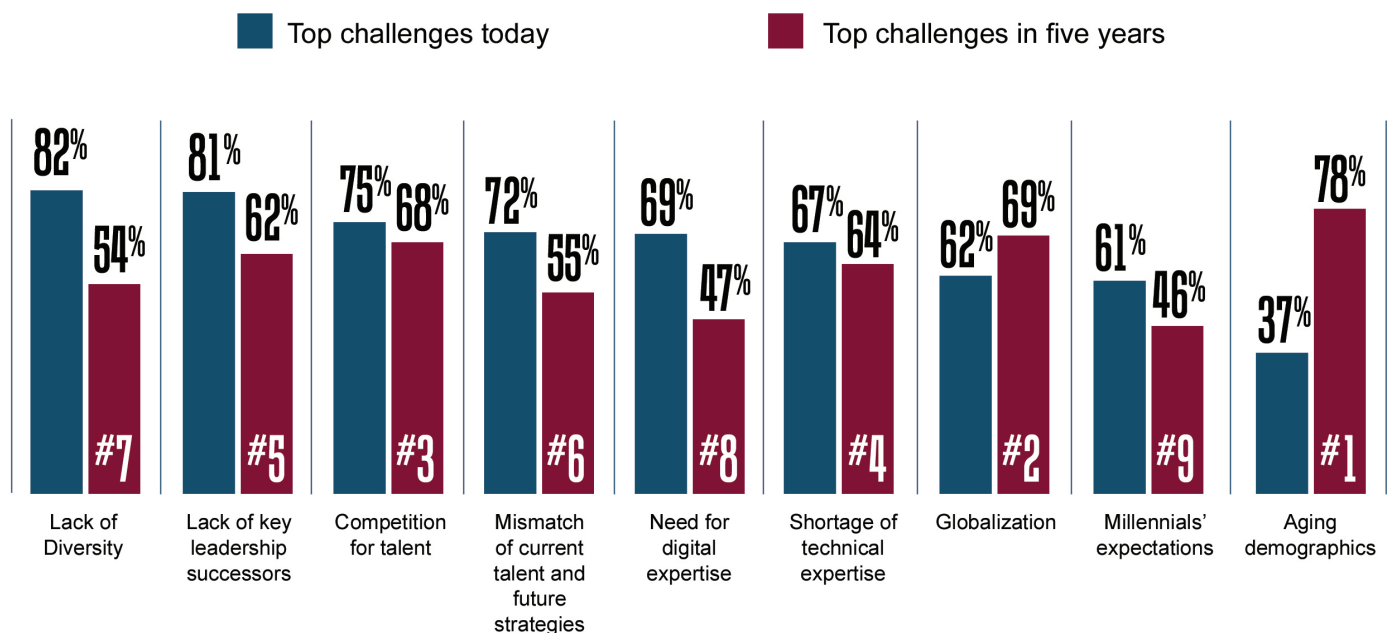
We started by asking about top challenges now and how those challenges inform the use of external advisors. ‘Lack of diversity’ is the number one challenge clients are facing today (**Chart 3.1**), perhaps due in part to continued government pressure in many countries around the world. Importantly, it’s 2016 and businesses finally understand the value that diverse leadership plays in driving innovation and business results. The executive search and leadership consulting

profession can have a profound and lasting impact on their clients’ business by helping clients create a culture of inclusion and innovation and finding the best talent worldwide without bias. In just five years, clients rank this challenge much lower – we can only assume that they finally, perhaps optimistically, see the light at the end of the tunnel in terms of benefiting from diversity – in the leadership ranks, on boards, and with their total workforce.

‘Lack of key leadership successors’ and ‘competition for top talent’ are also top challenges that clients are facing today – presenting more areas where executive search advisors can continue to provide value. Another answer that received significant

Chart 3.1

What are your top three challenges today and in the next five years?



In which of the following areas would you consider working with an external advisor today and in five years?

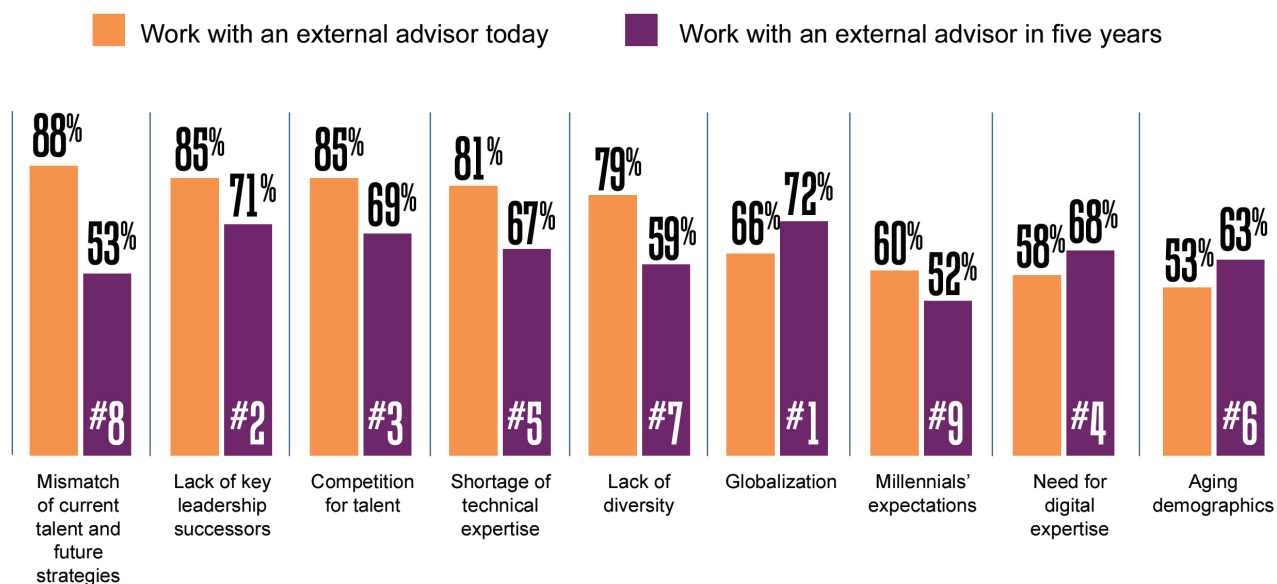


Chart 3.2

responses was ‘mismatch of current talent and future strategies,’ which also ranked as the top area where clients would use external advisors today (**Chart 3.2**), showing that clients appreciate the strategic value that external consultants provide.

The number one issue forecasted in five years: aging demographics. Clients clearly look at their current senior talent and worry about what happens when so many retire. Coupled with future concerns about globalization and competition for top talent, it’s no wonder that succession is a critical issue today.

‘Competition for talent’ ranked in the top three both times – indicating the clear recognition that identifying and attracting the right top talent is critically important to business success. Clients value the use of outside advisors today and in the future to help them with their most critical executive talent strategies, including succession planning and the search for the right top talent.

In relation to the use of external advisors, only one of the top three responses changed: ‘globalization’ topped the list, while ‘mismatch of current talent and future strategies’ fell away in significance. These results show that clients are optimistic about the initiatives they are

prioritizing (diversity, aligning business and talent strategies), and their concerns for the future are at least partly based around concerns for megatrends (globalization, demographic shifts) which will pose a new set of challenges.

While these questions speak to the trends and concerns that clients are facing, we also wanted to gain insight into the external services that they currently use and expect to use in the future (**Chart 3.3, overleaf**). There is demand today from more than 68% of clients for seven out of the ten services listed, indicating that there is clearly value in the use of external consultants for executive talent solutions. All three of the service areas where there is less demand currently – succession planning, leadership effectiveness, internal talent assessment – increase in expected future demand. This is in line with the areas in which AESC members expect to see an increase in the future, demonstrating that executive search firms are broadening their service areas based on client demand.

Clients are already retaining outside advisors for every service listed in chart 3.3, overleaf with only three falling below 68% use. Interestingly, three of the four least-used services today have moved up to the

The Korean market is not a big one and is quite saturated. To grow our business we have to expand into overseas markets. We have to become globalized in our operations, our people, and our processes. When we hire executive talent, a search firm is not very helpful in the domestic market. But when we’re hiring people from other countries, we use executive search. There are some very good executive search firms who work in the Korean market and internationally.”
- Chihyun Park –Global Head of HR, CJ Corporation

"We're a business that is going through transformation driven by technology. The impact of that on combining new hires and skills with the legacy of expertise we have is probably the biggest challenge we have faced. But one of my big hang-ups is people talking about their business being digital: we're a publishing business that uses digital. We're doing what we've always done, but we do it in a different way."

- Neil Morrison,
Group HR Director,
Penguin Random House

top three positions forecasted for use in five years. Executive search dropped to the sixth position, indicating the client's desire to do more work in-house in this area, however the percent is still strong and is forecasted by many to remain the same or increase (see additional analysis of the future use of executive search on page 34).

While there is demand for executive talent solutions from external advisors, are executive search and leadership consulting firms well-placed to provide the services? We asked clients which additional advisory services they would use executive search firms for today and in the future (**Chart 3.4, opposite**). The "maybe" category is the most telling – 30 – 46% of clients indicate they are open to using their current executive search firm for this broader range of advisory services in the future. We can only conclude that the value provided in terms of deep industry and functional

knowledge combined with achieving the status of being "trusted advisor" on top of executive talent issues encourages clients to think, "how can we partner with our top executive search advisors more broadly on our top talent challenges?"

By combining the 'yes' and the 'maybe' responses, we can see that there is a real opportunity for clients and executive search firms to partner together on a broad range of leadership services that focus on executive talent strategies. In seven of the nine services, at least 66-79% of clients are open to working with executive search firms, and in all but one of these areas the future interest increases even more. This shows the natural chemistry between executive search and the leadership consulting services listed. Many executive search firms are already partnering with their clients in these areas, and we expect to see this grow in the future.

Chart 3.3

Do you work with any outside consulting firms for any of the following services today and do you expect this to change in the future?

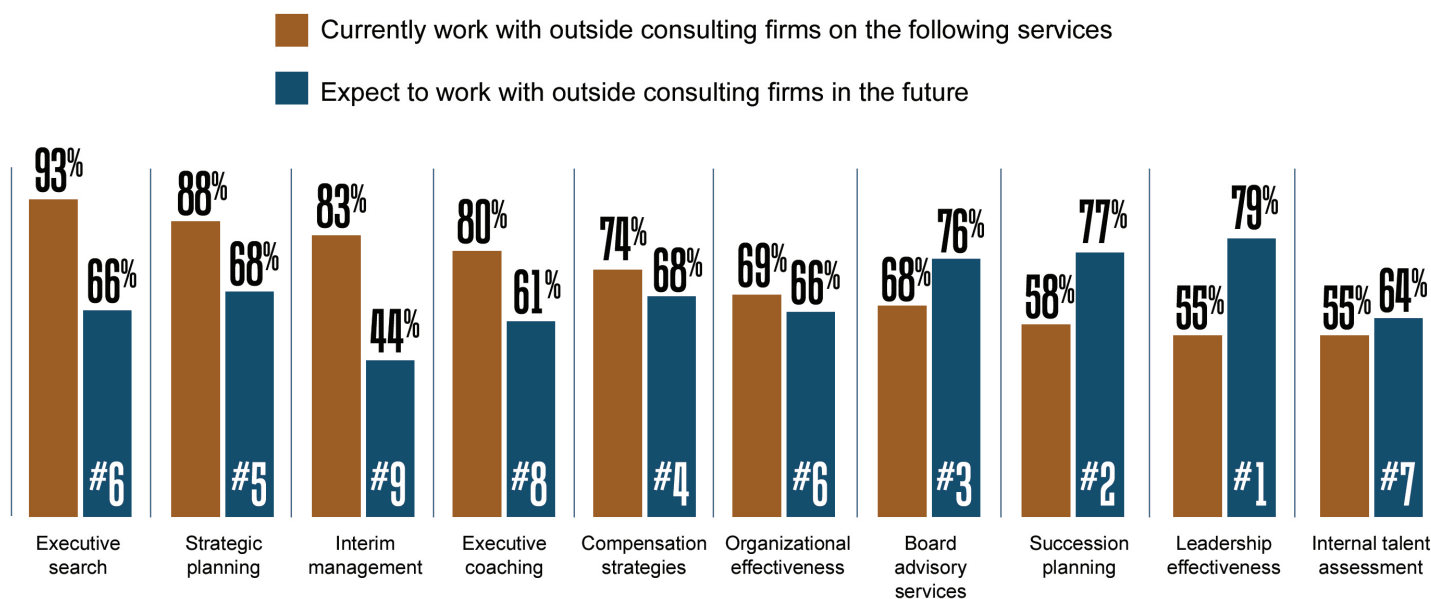
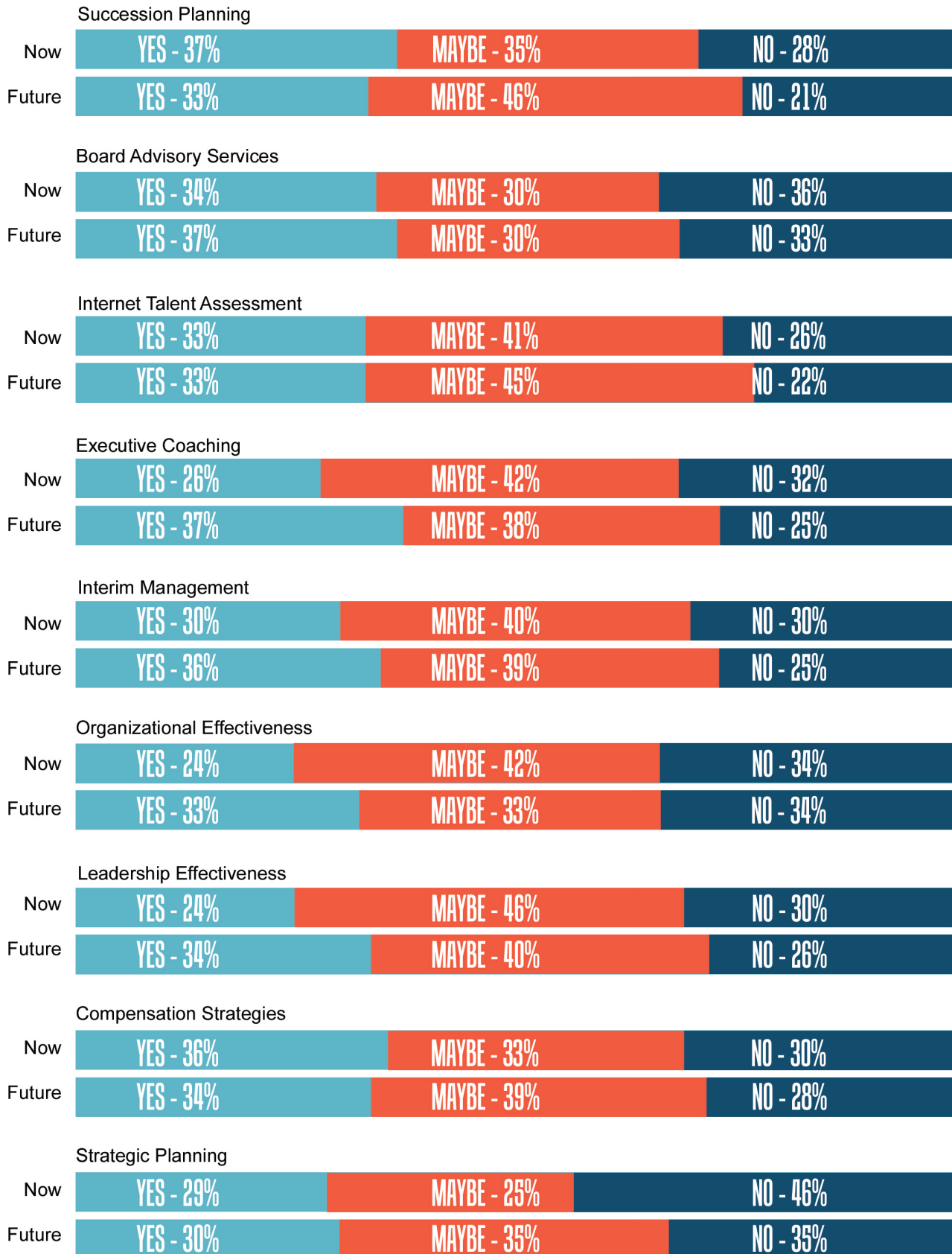


Chart 3.4

If you currently work with an executive search firm, would you consider working with them for any of the following services?



“When I am outsourcing, I want expertise. I have no problem if executive search firms build up other service areas, but I do think they have to keep their level of expertise in search as well, because that is what I’m hiring.”

*- Neil Morrison,
Group HR Director,
Penguin Random House*

The Competitive Market for Executive Search

While charts 3.1 to 3.4 provide a road map for potential future opportunities, today executive search revenues account for an average of 92% of our member firms’ revenues. In this section we explore the competitive forces specifically for executive search, compared to three recruitment services: in-house talent acquisition, contingent recruitment, and recruitment process outsourcing (RPO).

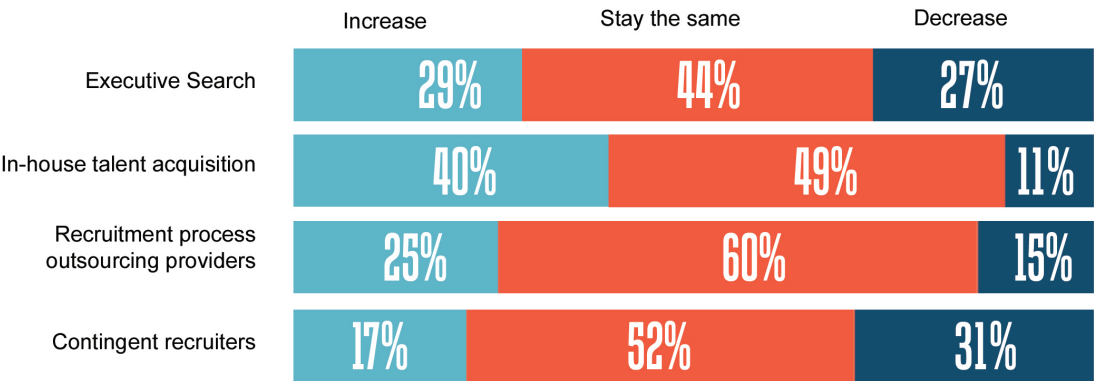
We first asked how clients expect their use of the executive search advisory service contrasted with recruitment services to change over the next five years (**Chart 3.5**). Almost three quarters (73%) of clients expect their use of executive search to

either increase or stay the same. In-house talent acquisition remains strong, with 89% of clients expecting their use to either increase or stay the same. The outlook is least positive for contingent recruitment, where 31% of clients expect to reduce an already small segment of their service purchase.

When looking at the scenarios in which different services are used, we get a clear picture of the sweet spot for executive services (**Chart 3.6, opposite**). Of the nine scenarios that we listed, executive search is the most used in eight of them and is particularly strong in searches above \$300k USD, board searches, C-suite searches, cross-border, and confidential searches. Once a search is \$200k USD level or higher,

Chart 3.5

In 2020, how do you expect your use of these services to change in comparison to 2015?



the competition with executive search falls away, showing that as the seniority and difficulty of a search increases, a more consultative service is required to deliver the best results.

This chart also contrasts in-house talent acquisition and contingent recruitment. Clients are more likely to use in-house talent acquisition over contingent recruiters in eight of the nine scenarios. This helps to paint a picture of the landscape for talent acquisition services.

We asked why clients decide to use different forms of talent acquisition, and what qualities appeal to them about each of the services (**Chart 3.7, opposite**). Once again, executive search dominated several categories, specifically professionalism,

confidentiality, and access to difficult to reach candidates. In addition, executive search ranked highly for objectivity and diverse candidates.

Executive search is used when the executive position is strategic and high impact – positions where trust (professionalism, objectivity and confidentiality) can make the difference between attracting the right talent and missing out. In-house talent acquisition functions are seen as stronger in operational issues – cost, speed, and ease of use. In-house talent acquisition also scored highly for candidate retention. However, based on our surveying of executive-level candidates, we know that the tenure of executives is longer when they are placed by AESC members, and therefore we expect the

“The phrase ‘trusted advisor’ is a good way to describe any partners we work with and has good application to the search firms we work with. We work with them on a highly-confidential basis and they have integrity, which is very important.”
- Masao Torii,
President,
Representative Director of
Boehringer Ingelheim Japan Co., Ltd

Chart 3.6

Which service would you be most likely to use for the following positions/searches?

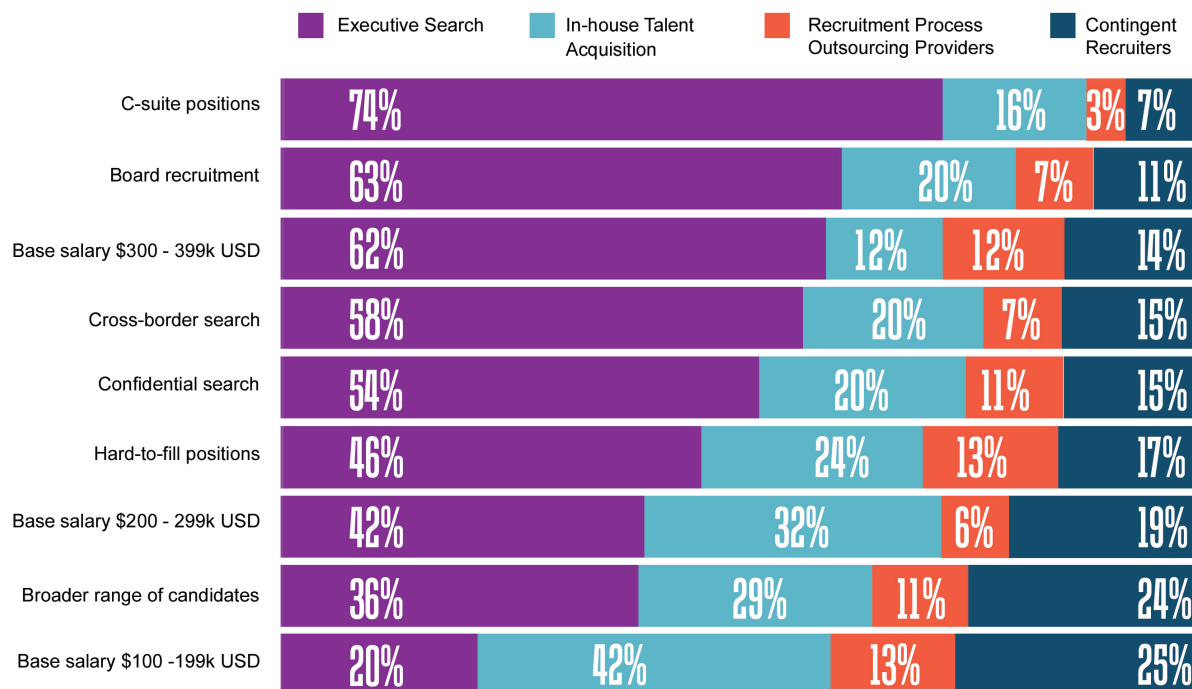
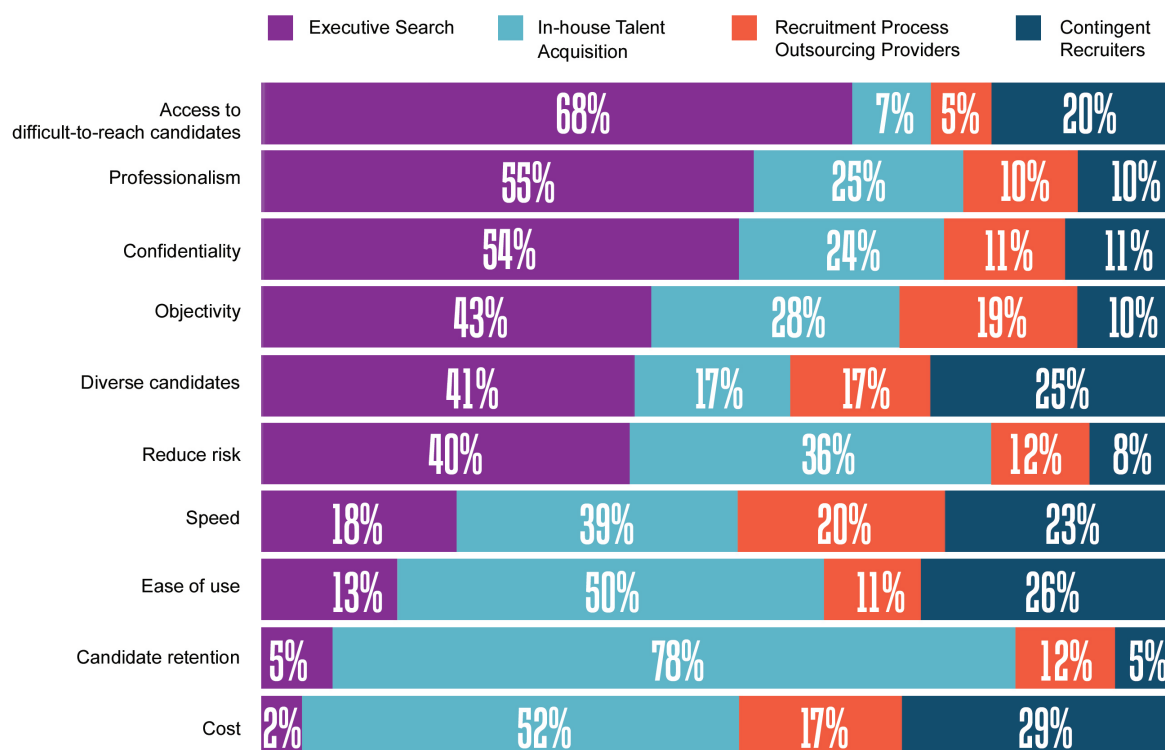


Chart 3.7

What is the primary reason for your use of the following services?



low ranking for executive search may simply mean that this isn't a primary reason for choosing executive search rather than any implication of actual results achieved.

of having open and frank conversations with their clients about their goals regarding diversity and are committed to helping their clients find the right talent, without bias. Clients may assume this as a given.

One interesting area where clients and candidates had different perspectives is the executive search firms' involvement with onboarding. In our candidate survey this was raised multiple times as an area where executive search firms could be more involved, but not a single client identified it as an important issue when selecting an executive search firm. Clients often feel they have the onboarding process well-developed internally, but our candidate research indicates that they see gaps and would welcome additional onboarding support to help them accelerate their ability to "hit the ground running" and contribute to business success more rapidly.

Executive Search Metrics

To understand the expectations of service, we wanted to find out more about the

Firm Selection

While the research up until now helps us to understand the market for executive search and leadership consulting, we also wanted to get a sense of how firms are selected once a client decides they would like to work with an executive search firm. If the market for executive search is defined by seniority, difficulty, and a commitment to high standards of service, the most important factor for selecting individual firms relies heavily upon the consultant and firm's industry and function knowledge. Clients also value the trusted advisor relationship developed with the executive search consultant.

While 'lack of diverse leadership' was the top concern for clients, an executive search firm's diversity track record only ranks eighth when selecting an executive search firm. AESC members understand the importance

Please select the top three most important factors to you when selecting an executive search firm.

- 59% Consultant's industry/functional knowledge
- 48% Firm's industry/functional knowledge
- 40% Trusted advisor relationship
- 35% Pricing model
- 35% Consultant's reputation
- 27% Firm's reputation
- 19% Assessment methodology
- 14% Diversity track record
- 11% Geographic reach
- 8% Breadth of services
- 5% Other
- 0% Onboarding process

significance of different metrics for measuring a successful search. When asked whether they use internal metrics to gauge the success of an executive search, there was an almost 50/50 split: 56% said yes and 44% said no. Considering the level at which executive search firms work, as defined earlier, it is surprising that such a large number of clients do not formally measure the success of an executive search assignment. This is an area where executive search firms could assist clients; it would surely be of benefit to have data to demonstrate the adherence to high levels of professional practice.

We also asked clients to indicate which metrics are/would be most meaningful to them (**Chart 3.8**). The business performance of the placed candidate over time was the top response in the ‘highly important’ section, while the tenure of the successful candidate was the second most-frequently mentioned response. It’s clear that the success of an assignment is not simply measured by filling a seat. The ultimate success should be evaluated in terms of short-term and long-term business impact aligned with business requirements.

Looking at metrics that rank as ‘important,’ but not necessarily ‘highly important,’ we see answers related more to the operational side of an assignment: cost per hire, time

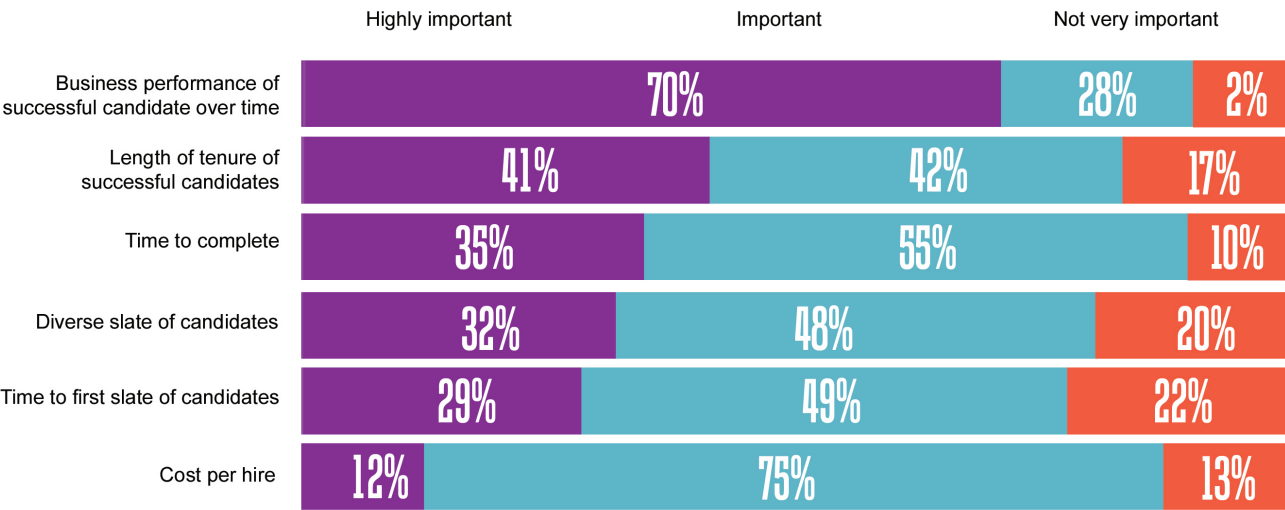
to completion and time to first slate of candidates, were the top three responses. This once again demonstrates that clients are principally concerned with the strategic value of an executive search, but retain an interest in the operational side as well. Two of the top three responses in the ‘important’ category are directly related to speed. When dealing with finding the right talent to fill the most critical executive positions, losing time means losing opportunity. But we also balance this with the importance of taking the time to find the right executive that will deliver the highest impact over the long-term. Executive search advisors have a strong sense of urgency coupled with a strong understanding of the competitive landscape. We understand the pressure to manage both the top line (long-term business impact) along with the bottomline need for cost management. We also know the value of our consulting methodologies from finding the right talent, to assessing for fit and developing a candidate relationship that helps get the right person to say “yes” when an offer is made. Short-cutting these processes by selecting a “low cost provider” may save you a small percent today, but could in fact create the ultimate high cost of a bad hire.



“I need to know what type of skills and backgrounds are available on the external market, and compare that to what we have internally. I have a pretty clear idea in my mind of the type of person we are looking for in a search.”
- Glenn Powell,
Director of Employment Equity,
Augusta University

Chart 3.8

Please indicate the importance of the following metrics.



Candidates Trust Executive Search Consultants

In addition to looking at the challenges facing both executive search and leadership consulting firms and their clients, we surveyed 2,500 executive-level candidates to understand their experience with executive search advisors and learn about opportunities for improvement.

The individual risk associated with making a career move is significant and extends beyond an executive's own career management goals. There are personal and professional reasons for wanting reassurance that the executive search firm the candidate is working with can be trusted. Three traits that clients need in order to trust an executive search firm are professionalism, confidentiality and objectivity. So how does that compare to executive-level candidates?

We asked candidates who had been successfully placed by an executive search firm for the elements of the search process that they felt were successful and those that could be improved. The areas that are most valued when the process works best are quite similar to the areas identified for improvement. No doubt about it—candidates value open, honest communication and trust. They also seek straight forward feedback and more help in the onboarding process.

This gives us an idea of the areas that are most important to candidates during an executive search. In addition to having a trusting relationship with the executive search firm, candidates expect firms to have an understanding of their clients' culture and needs, and to be open and communicative throughout the process.

The best executive search firms know that building strong trusting relationships

with candidates is critical to the search process – especially during the assessment and negotiation stages. The executive search consultant needs to develop a trusting relationship with both the client and the candidates in order to ensure a positive outcome, especially at the critical final stage of negotiation. This trusting relationship helps ensure that the candidate who the client wants to hire ultimately says “yes.” The trusting relationship is important both for the successful candidate and the others. Why? Those who aren't successful will remember how they were treated. The executive search consultant is an extension of the client – a partner – and the way they treat candidates sends a powerful message about the executive search firm and the client. Of course today's unsuccessful candidate could be tomorrow's successful candidate and even tomorrow's client. Treating people with respect throughout the process just makes good business sense.

“From the perspective of a candidate the key thing is the regular follow up. I have had a few experiences where you have plenty of contact, you've had a relationship with a search consultant, you have feedback, then it goes quiet because the client hasn't clarified needs.”

- Guy Healy, Former CEO
(Switzerland), Lloyds Bank

MOST SUCCESSFUL *

*The understanding of
cultural fit*

*The consultant's knowledge
of their client's needs*

Trusting relationship

*Open and regular
communication*

** Based on open text responses.*

AREAS FOR IMPROVEMENT *

Better understanding of clients' culture

Better and more regular communication

More support with onboarding

Honest feedback

** Based on open text responses.*

Candidates had mixed views about the use of assessments. Increasingly executive search consultants are using a range of assessment methodologies – psychometric testing, cultural assessment, structured interviews, and predictive analytics, to name a few – to get more specific about a candidates' professional and personal suitability for the role. Yet over half of the comments we received from candidates indicated

dissatisfaction. This can range from distrust of methodologies to intimidation about the results. Some even feel “they have reached a point in their career where this isn’t needed.”

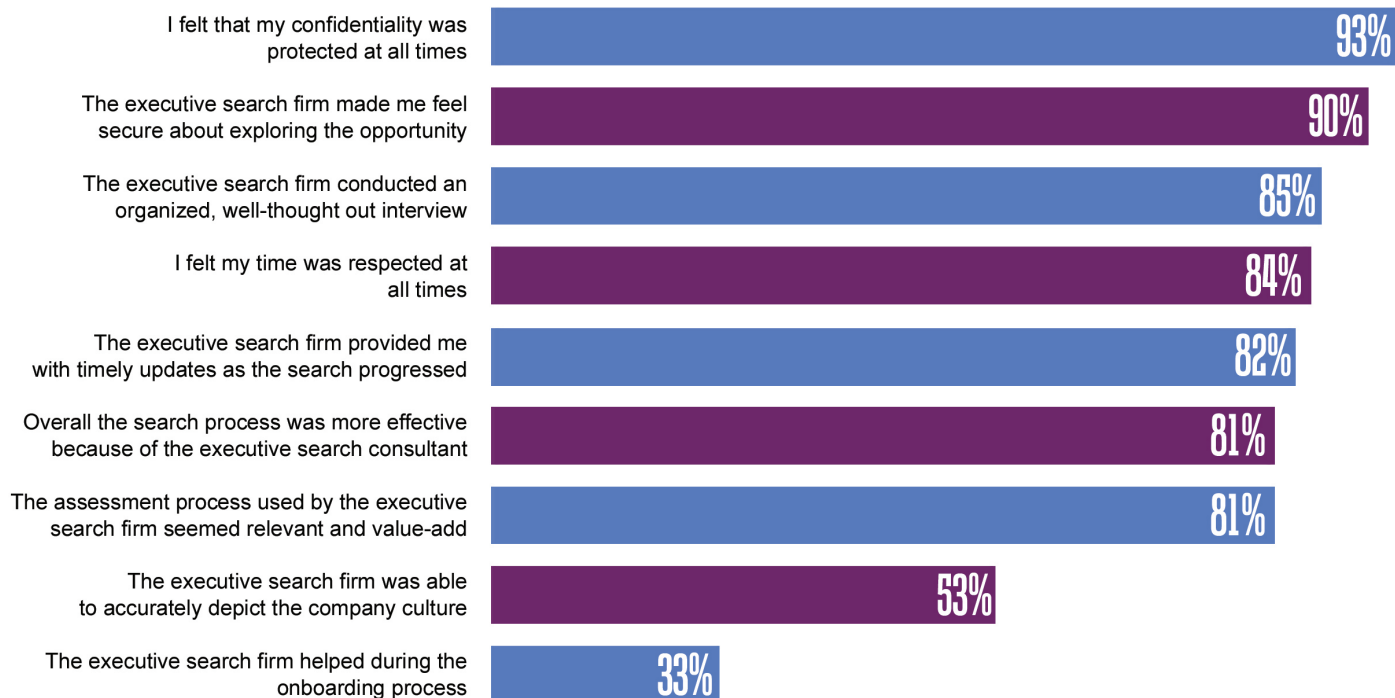
There is clearly an opportunity to present assessment as a win-win process. Candidates don’t want to accept a position where they won’t succeed and the more senior they are, the more this is true. The risk of accepting a new leadership position is every bit as great for the candidate as for the client (if not more so). A strong approach to assessment helps to ensure that the candidate will thrive. We suspect candidates are uncomfortable with what can be a “black box” approach to assessment and see sharing honest feedback as a best practice.

What is a Positive Candidate Experience?

To get a more complete picture of what defines a positive candidate experience, we posed a series of statements to our respondents and asked them to answer ‘true’ or ‘false’ (**Chart 4.1**). Nine out of ten

Chart 4.1

Percentage of candidates who agreed with the following statements:



A tenure of more than three years

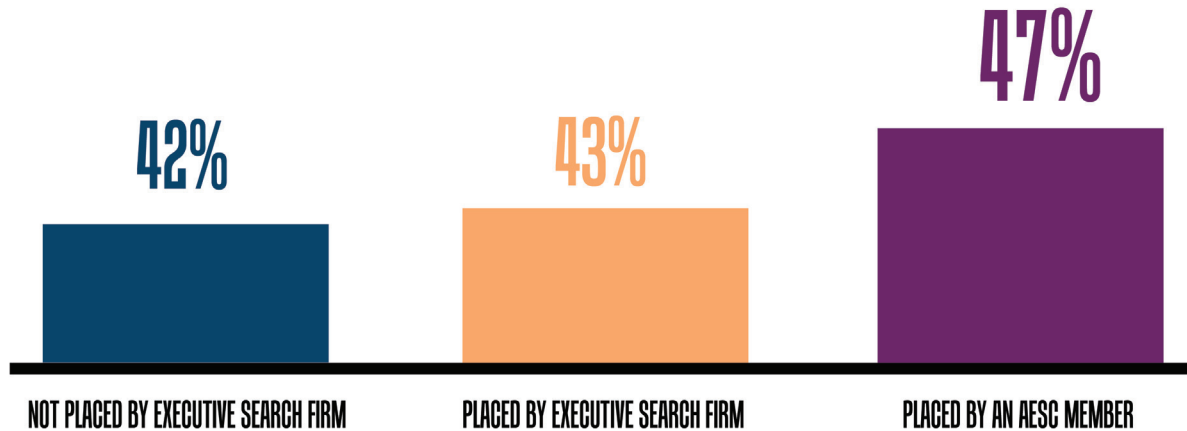


Chart 4.2

“A good service I had recently was based around onboarding. The executive search firm helped me identify the part of the team where the incoming executive may encounter problems or potential conflicts because of the new role.”

- Jose Renato Domingues,
Chief People and
Sustainability Officer,
Grupo Tigre

candidates felt that their confidentiality was protected at all times (93%) and that the executive search firm made them feel secure about exploring the opportunity (90%). Executive search firms scored over 80% positive for another five statements, including providing a well-thought out interview, being respectful of candidates' time, and providing timely updates as the search progressed.

When asked if they had been placed in their current position by an AESC member and provided with a complete list to cross reference, those candidates who had been placed by an AESC member revealed more positive outcomes in seven of the nine instances – demonstrating that AESC members represent the highest standards in the profession, and have a clear commitment to quality, professionalism and creating trusting relationships with clients *and* candidates.

The ability to understand the clients' culture was the second lowest ranked statement, with just over half of them (53%) agreeing with the statement that 'the executive search firm was accurately able to depict the company culture.' Accurately depicting organizational culture is clearly an area that candidates feel could be improved.

The lowest ranked statement was help during the onboarding process, with only one-third (33%) of candidates saying that the executive search firm assisted during the onboarding process. Candidates seek more help from the executive search advisor in terms of helping to develop plans for their first few months in the new position, helping to identify key milestones and political and strategic issues to navigate. However, the number of clients who were interested in onboarding support was almost non-existent. In speaking with selected AESC members to further understand this issue, we heard that clients often feel they “have this covered” and don't need additional help. Clearly there is a gap between what is provided and what is needed. Considering that the top two metrics for success of an executive search assignment are long-term business results and tenure, there seems to be an obvious need to enhance the onboarding process in partnership to deliver strong long-term business results.

In terms of tenure, we asked our candidate respondents how long they were in their current position and how they got to that position, knowing that tenure is an important metric from the client's perspective (**Chart 4.2**). Tenure certainly

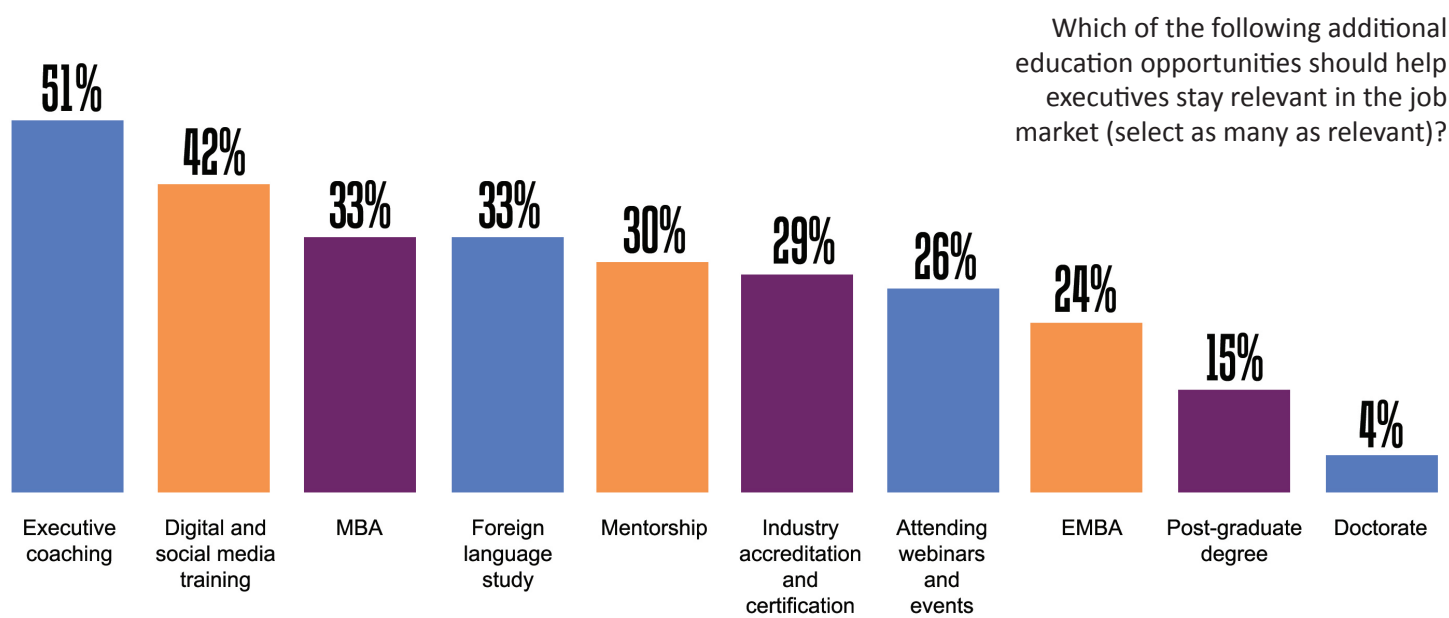


Chart 4.3

isn't the only indicator of quality, but it is a simple indicator of success.

The results – those with the highest tenure were placed by AESC members, an indication that AESC members get better results.

Ensuring Executive Skills Are Relevant

In addition to having meaningful and trusting relationships with executive search firms, it is also important for executive-level candidates to actively manage their own careers (**Chart 4.3**). In AESC's recent BlueSteps Job Outlook Report, we asked candidates what the most important educational opportunities are for staying relevant in the executive job market.

Executive coaching was the highest

ranked response, demonstrating the value of this specific leadership advisory service to top executives. And we know this is important to clients -- 75% of our client respondents said that they would either definitely work with an executive search firm or consider working with an executive search firm in the future for executive coaching.

The second highest-ranked factor that executives felt would keep them relevant in the job market was digital and social media training, ranking above MBAs, industry accreditation, attending events, and many other factors. We know that it is becoming increasingly important for executives to be "digital savvy", although in terms of client ranking, significant digital expertise fell below other broader leadership skills. ■

"Today when I personally look for a candidate I invite my consultant to first discuss with me the environment, challenges and the problems at hand. Then I typically ask the search firm to focus on personality."

- Hans Peter Staber, General Manager, Austria & Hungary, Veritas AG

Study Background

AESC's *Executive Talent 2020* study builds on a report published by AESC in 2010 entitled *Executive Search in Transition*. The goal of the study was to explore what has changed in Executive Talent acquisition and development in the five years since AESC's last report, what role executive search and leadership consulting has played and will play in the future of Executive Talent. The study also set out to forecast trends, challenges and opportunities ahead for the executive search and leadership consulting profession, for clients of executive search and leadership consulting services and for executive candidates worldwide. To

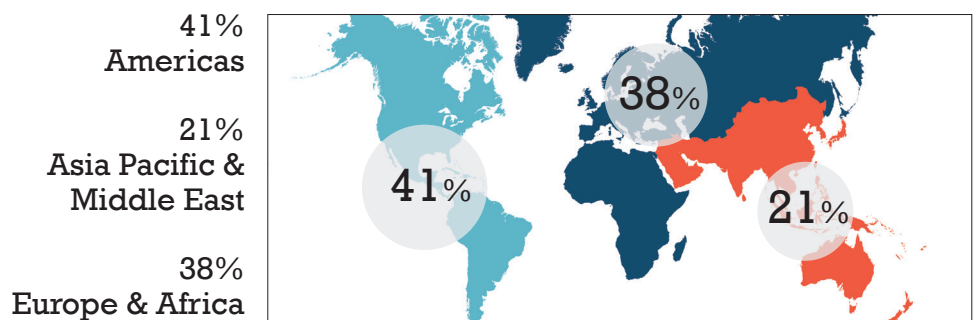
assess the state of Executive Talent today and the changes in store for tomorrow, AESC surveyed AESC members, clients of executive search and leadership consulting services and executive-level candidates around the globe. AESC received survey responses from 199 AESC members, 170 clients of executive search and leadership consulting services and 2377 executive-level candidates worldwide. In addition, AESC conducted structured interviews with 25 clients of executive search and leadership consulting services and received executive search and leadership consulting industry data from 13 AESC member global firms and networks.

Participant Demographics

199 AESC Members

28% Firm Leaders

72% Consultants



2377 Executive Candidates



29% Public Company
65% Private Company
6% Government/ Nonprofit Organization



18% CEO/ Presidents
17% Other C-Level Executives
25% EVP/SVP/VPs
27% Directors (not board director)
4% Board Directors
9% Other Candidates

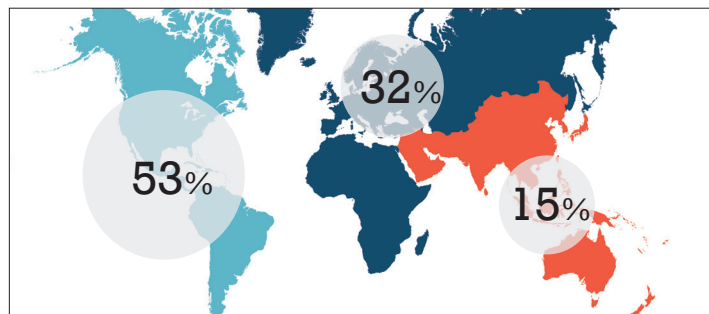


20% Industrial
17% Technology
13% Financial Services
12% Professional Services
11% Consumer/ Retail
10% Healthcare/ Life Sciences
3% Nonprofit/ Education
14% Other Sectors

53% Americas

15% Asia Pacific & Middle East

32% Europe & Africa



A Special Thanks to Those Organizations That Participated in Our Interviews

Aga Khan University
Allegion
Alcatel-Lucent
Augusta University
Axalta Coating Systems
Bank of Ireland
Boehringer Ingelheim Japan
CJ Corporation
Hagemeyer Brands Australia
iPaper
Largo Resources

Manulife Financial
Novartis
Random House
Thought Patrol
Vanguard
Veritas
WestJet Encore
Wickbold
World Duty Free
YAMANA Gold

170 Clients of Executive Search & Leadership Consulting Services



25% CEOs/COOs
23% Internal Talent Acquisition Professionals
15% CHROs
8% Regional/ Divisional Presidents
7% CFOs
7% Line Managers
3% Board Directors
12% Other Decision Makers

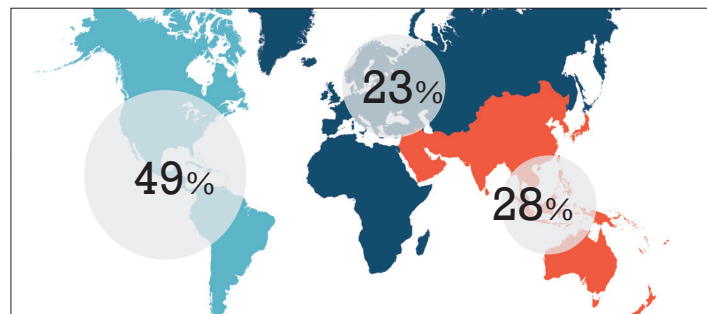


18% Professional Services
15% Financial Services
15% Industrial
11% Healthcare/ Life Sciences
10% Nonprofit/ Education
8% Technology
7% Consumer/ Retail
16% Other Sectors

49% Americas

28% Asia Pacific & Middle East

23% Europe & Africa



A Special Thanks to Those AESC Members Who Provided Industry Data

AltoPartners
Amrop
Boyden
Heidrick & Struggles
Korn Ferry
Odgers Berndtson
Panorama Search

Russell Reynolds Associates
Sheffield Haworth
Signium International
Spencer Stuart
Stanton Chase International
TRANSEARCH

BlueSteps Executive Career Services: Positioning Your Candidates for Success



Are you ready to present a prime candidate to your client, but need a Resume/CV, Executive Bio, Board Resume or other document to best position the candidate?

Are you in touch with candidates who need help to better articulate their strengths in their career documents – Resumes/CVs, LinkedIn Profiles, etc.?

With BlueSteps Executive Career Services, helping a candidate to better position themselves for your client or their own search has never been easier. Our team of best-in-class career advisors have helped thousands of global executives improve their resumes, LinkedIn profiles, interviewing skills and more.

BlueSteps Executive Career Services offers AESC Members and candidates Executive Resume Writing Services, including expedited services to help you meet client deadlines, and discounts for AESC members

We can also offer your candidates discounted BlueSteps Membership (including a personalised career consultation, a profile in the BlueSteps candidate database, and exclusive executive career resources).

To find out more, contact or refer your candidate to Lisa Marsh at lmash@aesc.org.

