



AESC Insights

2013

Executive Search Industry Outlook

The 2013 Executive Search Industry Global Outlook Report, by the Association of Executive Search and Leadership Consultants (AESC) reveals executive search consultants in the Americas and Asia Pacific hold a neutral to positive outlook for the year ahead, while those based in EMEA are less optimistic.



Association of Executive Search Consultants

The Global Association for Retained Executive Search and Leadership Consulting Firms

2013 AESC Member Outlook Report

The 2013 Association of Executive Search Consultants (AESC) Member Outlook Survey of December 2012 totaled 186 responses from AESC executive search consultants worldwide, including 46% from EMEA, 33% from the Americas and 14% from Asia Pacific.

2013 Executive Search Outlook Becoming Brighter in the Americas and Asia Pacific Although Europe Still Moribund

Executive search consultants in the Americas and Asia Pacific hold a neutral to positive outlook for the year ahead, while those based in EMEA are less optimistic.

Search Industry Outlook - The 2013 Executive Search Industry Global Outlook Report, by the Association of Executive Search Consultants (AESC), shows that half of global executive search consultants hold a neutral outlook for the executive search business in 2013 - an ongoing trend since the end of 2011. The remaining 29% of search consultants feel optimistic, sharing a positive outlook, while the minority (22%), harbor a negative view for 2013. The regional breakdown of the findings highlight an alternative picture for EMEA, which includes a greater number of consultants (31%) holding a negative outlook for 2013 and only 17% feeling positive about the industry in 2013. Comparatively, consultants based in the Americas and in Asia Pacific expect a stronger search industry in 2013, with a 38% positive outlook in the Americas and a 32% positive outlook in Asia Pacific.

AESC President, Peter Felix, commented: "Our 2013 outlook report is understandably reflective of the general economic and political conditions prevailing in different parts of the globe. In the United States, the largest market for executive search in the world, in spite of the political uncertainty of the past few months there is no doubt that the economy is on the mend and that organizations are again recognizing the crucial need of finding top talent in a market where there is still a talent shortage. There are indications that markets such as India and China will be recovering during 2013, although the picture throughout the emerging markets is not consistent. Brazil, for example, continues to indicate sluggish growth. Europe offers the most cause for concern with the previously strong German market slowing down and the Latin countries - France, Italy and Spain - continuing to suffer from the Euro zone crisis and the pessimism which it has generated. The UK, the second largest market for executive search worldwide, continues to hold its own but there are few indications of optimism or growth. All in all, the 2013 outlook for the worldwide executive search profession is very mixed. However, with overall revenues continuing at levels not far from their peak in 2008, the industry has reason to be optimistic for the longer term moving into 2014 and beyond."

Senior Executive Talent Shortage - The senior executive talent shortage continues, predicted by search firms to be the most visible this year in China, Brazil and Africa. Respondents voted that the best and brightest talent is most needed within the Engineering, General Management and Board of Director functions in 2013. The Energy/Natural Resources sector is expected to see the most growth in the year ahead, followed by Healthcare/Life Sciences. Half of executive search firms polled plan to hire more consultants this year, and around 30% plan to hire more research staff.

Peter Felix added: "Ironically, in spite of some feelings of pessimism for the global search industry as a whole, many executive search firms present a much more positive outlook for their own search practices during 2013, planning to recruit additional consultants and researchers in order to satisfactorily service those sectors where demand continues to be robust. Despite a lackluster outlook for the global industry, individual search practices can remain strong as firms tap into new market opportunities, replacing once-vigorous sectors such as financial services that have been badly hit in recent years."

Executive Search Industry Outlook

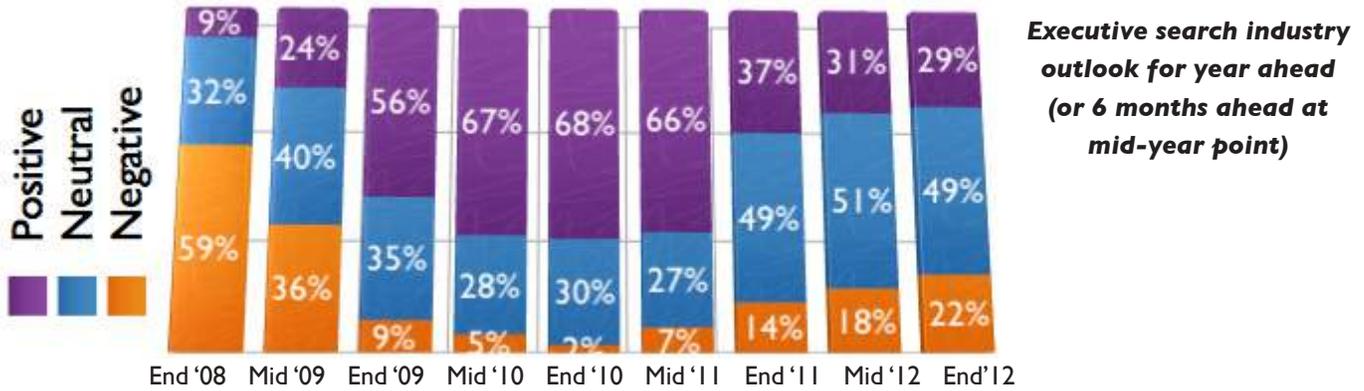
Global: 49% of executive search consultants surveyed hold a neutral industry outlook for the executive search business in 2013. The remaining 29% are positive and 22% negative in their industry outlook for the year ahead. ~ Pictured below ~

Regional variance:

Americas: Neutral 47%, Positive 38%, Negative 15%.

EMEA: Neutral 52%, Positive 17%, Negative 31%.

Asia Pacific: Neutral 48%, Positive 32%, Negative 20%.



Sectors Expected to see the Most Growth in 2013

Global: Energy/Natural Resources, Healthcare/Life Sciences and Manufacturing are expected to see the most growth in 2013.

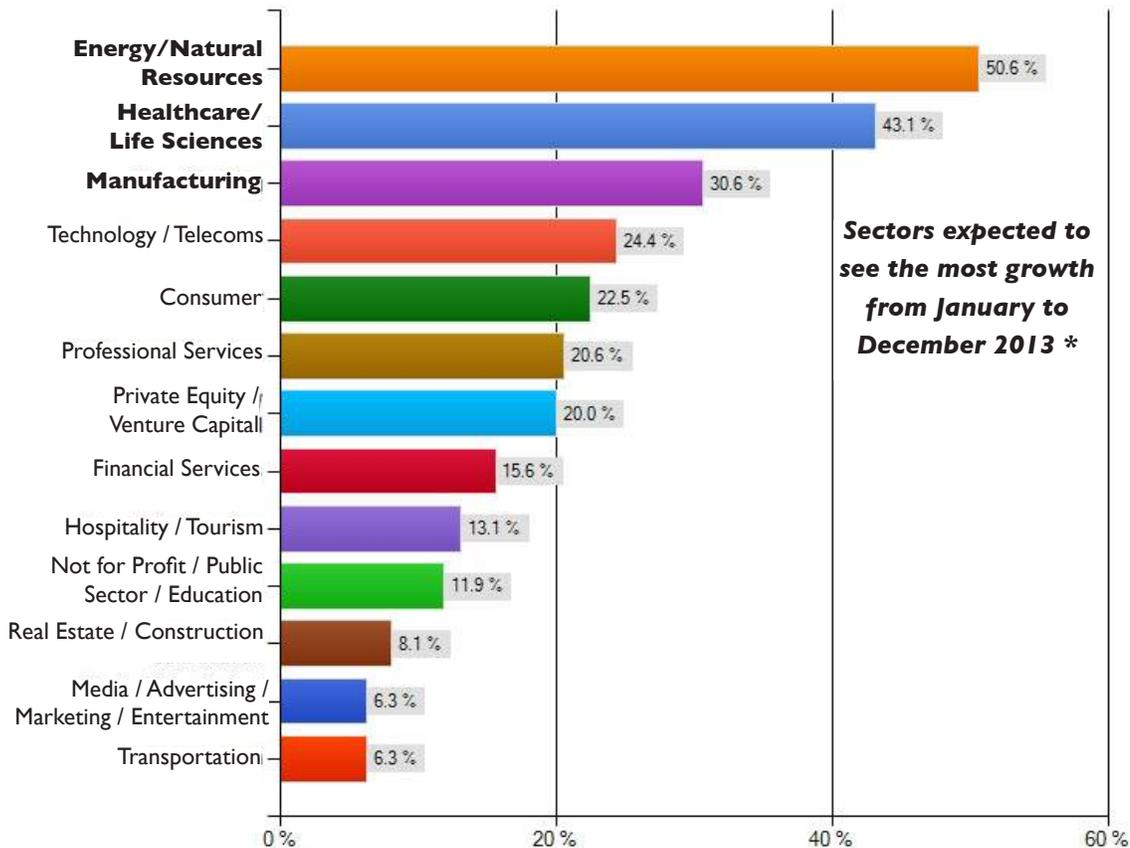
~ Pictured below ~

Regional variance:

Americas: Energy/Natural Resources 56%, Healthcare/Life Sciences 41%, Private Equity / Venture Capital 28%.

EMEA: Energy/Natural Resources 51%, Healthcare/Life Sciences 37%, Manufacturing 30%.

Asia Pacific: Healthcare/Life Sciences 76%, Manufacturing 33%, Energy/Natural Resources & Not for Profit/Public Sector/Education 29%.



* Respondents asked to select top three choices. Percent values represent the number of respondents choosing each sector.

Current Sector Strength

Global: Healthcare/Life Sciences (42%), Energy/Natural Resources (36%), Manufacturing (33%), and then Professional Services (31%) held the greatest worldwide sector strength in December 2012, with the highest strong and very strong ratings. ~ Pictured below ~

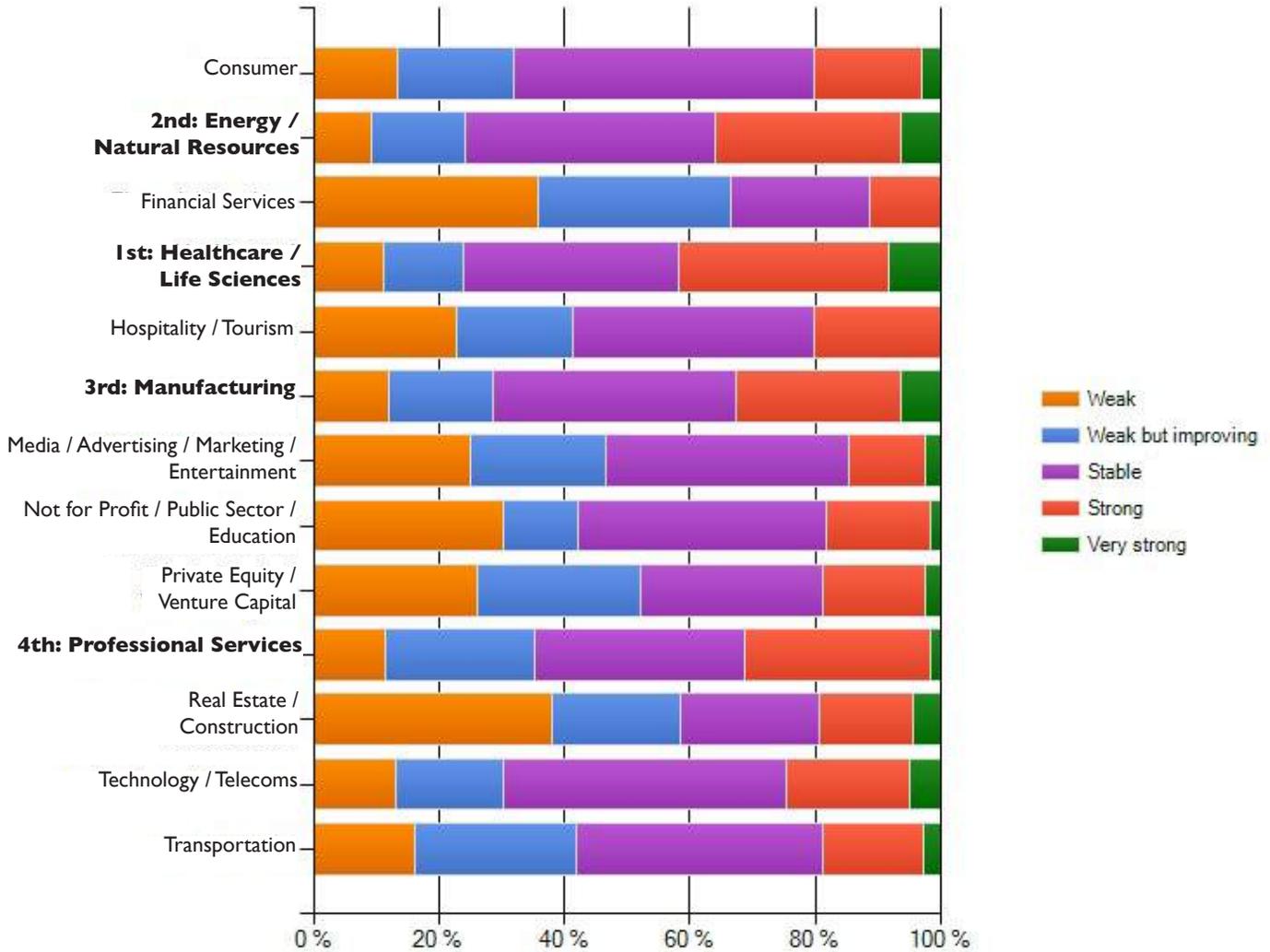
Regional variance, with the highest strong and very strong ratings:

Americas: Healthcare/Life Sciences 55%, Energy/Natural Resources 53%, Professional Services 46%, Technology/Telecoms 38%.

EMEA: Healthcare/Life Sciences 36%, Manufacturing 31%, Energy/Natural Resources 28%, Professional Services 27%.

Asia Pacific: Healthcare/Life Sciences 43%, Real Estate/Construction 35%, Transportation 32%, Hospitality/Tourism 31%.

Sector strength at December 2012



Search Industry Revenue Projections

Global: 44% of executive search consultants surveyed expect their revenues to increase in 2013 as compared to 2012. 41% predict that their revenues will stay the same, while 15% expect revenues to decrease from January to December 2013.
 ~ Pictured below ~

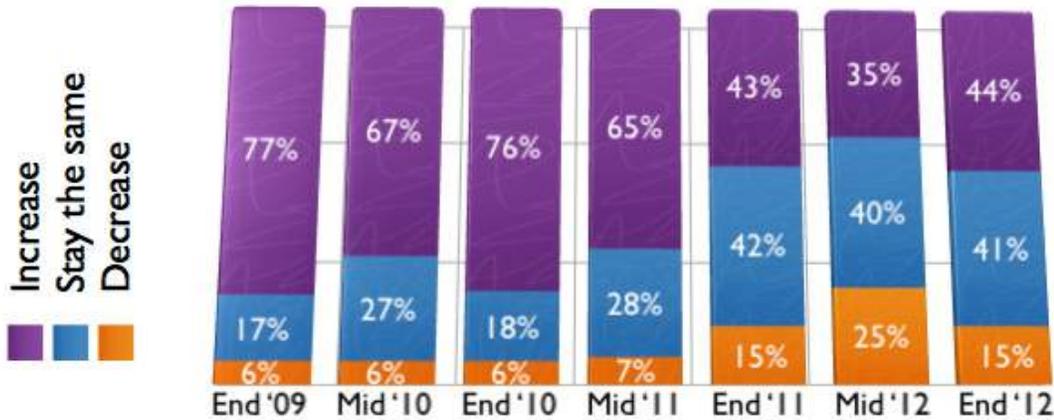
Regional variance:

Americas: Stay the same 34%, Increase 52%, Decrease 14%.

EMEA: Stay the same 46%, Increase 38%, Decrease 16%.

Asia Pacific: Stay the same 43%, Increase 43%, Decrease 14%.

Predicted change to annual revenues for year ahead (or 6 months ahead at mid-year point)



Anticipated Increase in Search Industry Revenues

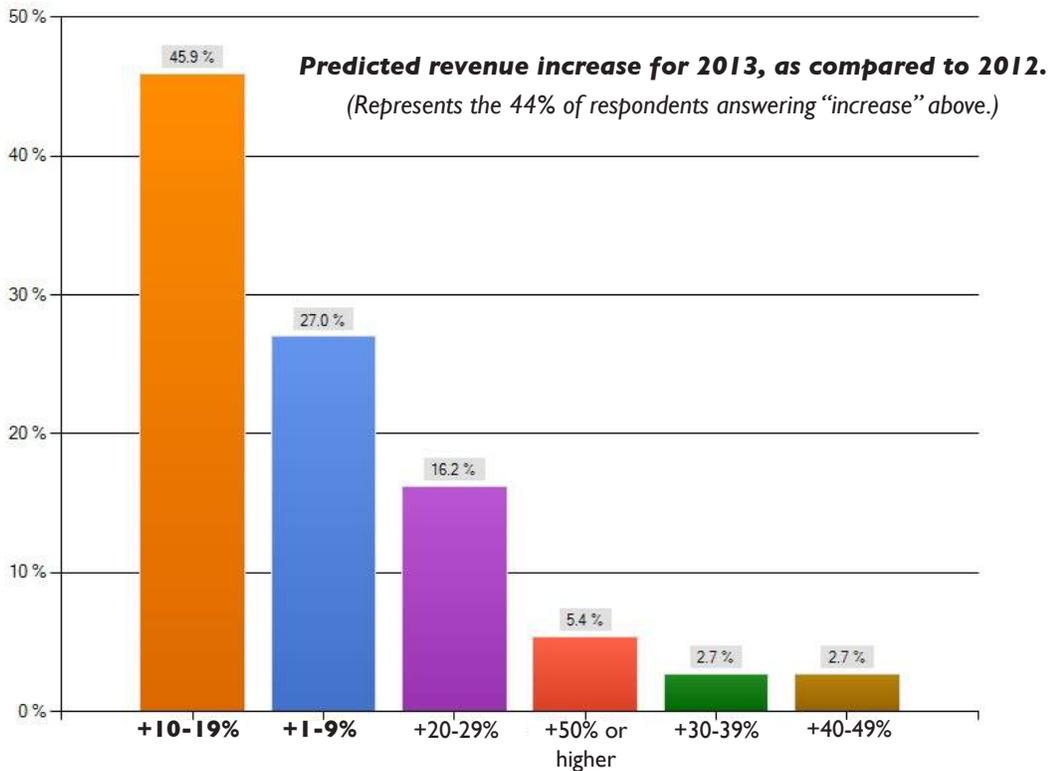
Global: Of the 44% predicting an increase in their January to December 2013 revenues (above), 46% of these respondents expect to see a rise of +10-19%, followed by 27% expecting a +1-9% rise. ~ Pictured below ~

Regional variance:

Americas: +10-19% increase expected by 43%, +1-9% increase expected by 27%.

EMEA: +10-19% increase expected by 48%, +1-9% increase expected by 28%.

Asia Pacific: +10-19% increase expected by 56%, +1-9% increase expected by 22%.



Search Industry Fee Projections for 2013

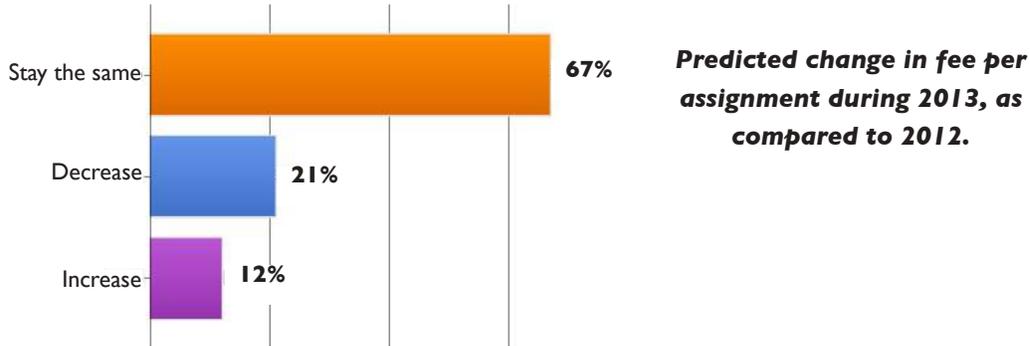
Global: 67% of executive search consultants surveyed expect their fee per assignment to stay the same in 2013 as compared to 2012, while 21% expect it to decrease and 12% expect it to rise. ~ Pictured below ~

Regional variance:

Americas: Stay the same 69%, Decrease 17%, Increase 14%.

EMEA: Stay the same 70%, Decrease 24%, Increase 6%.

Asia Pacific: Stay the same 62%, Decrease 24%, Increase 14%.



Search Industry Hiring Plans for 2013

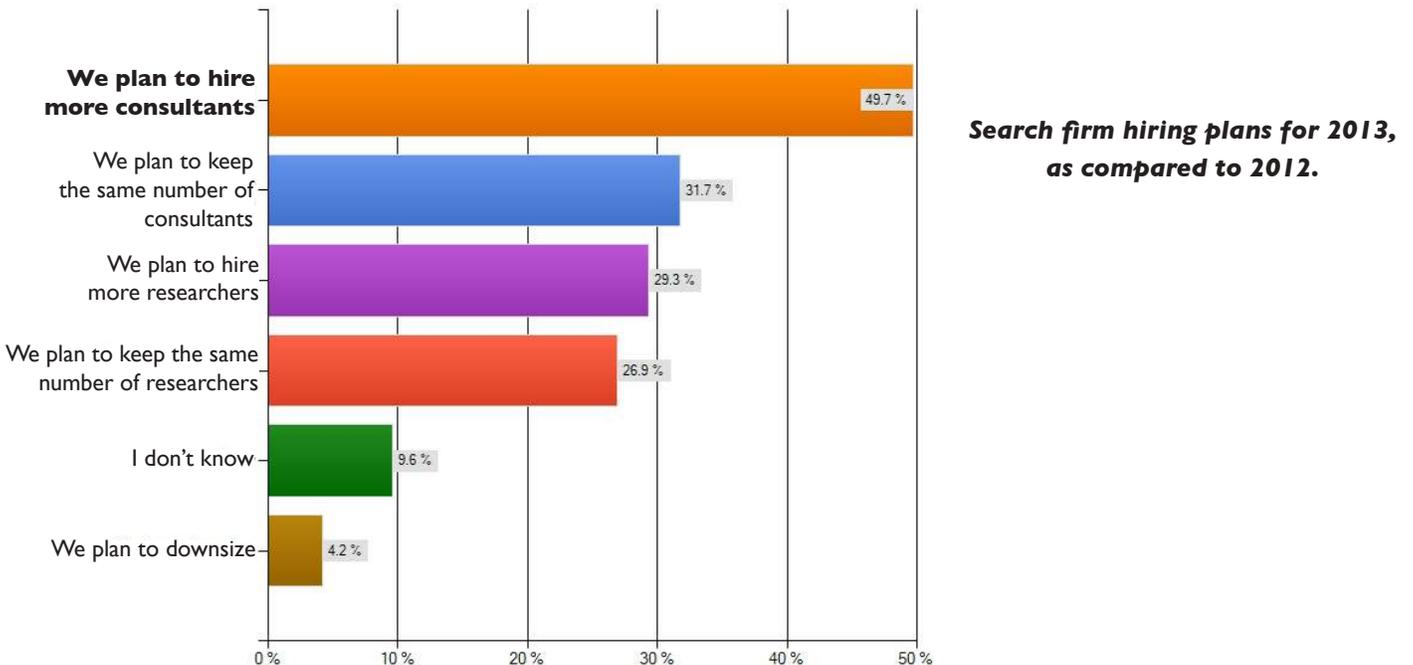
Global: Half of the executive search consultants surveyed plan to hire more consultants in 2013 while 32% expect to keep the same number of consultants. In the hiring of new researchers, 29% plan to hire more researchers while 27% will retain the same number. ~ Pictured below ~

Regional variance:

Americas: Hire more consultants 55%, Hire more researchers 31%, Same no. of consultants 22%, Same no. of researchers 19%.

EMEA: Hire more consultants 45%, Same no. of consultants 41%, Same no. of researchers 34%, Hire more researchers 25%.

Asia Pacific: Hire more consultants 48%, Hire more researchers 38%, Same no. of consultants 24%, Same no. of researchers 24%.



Executive Talent Shortage in 2013

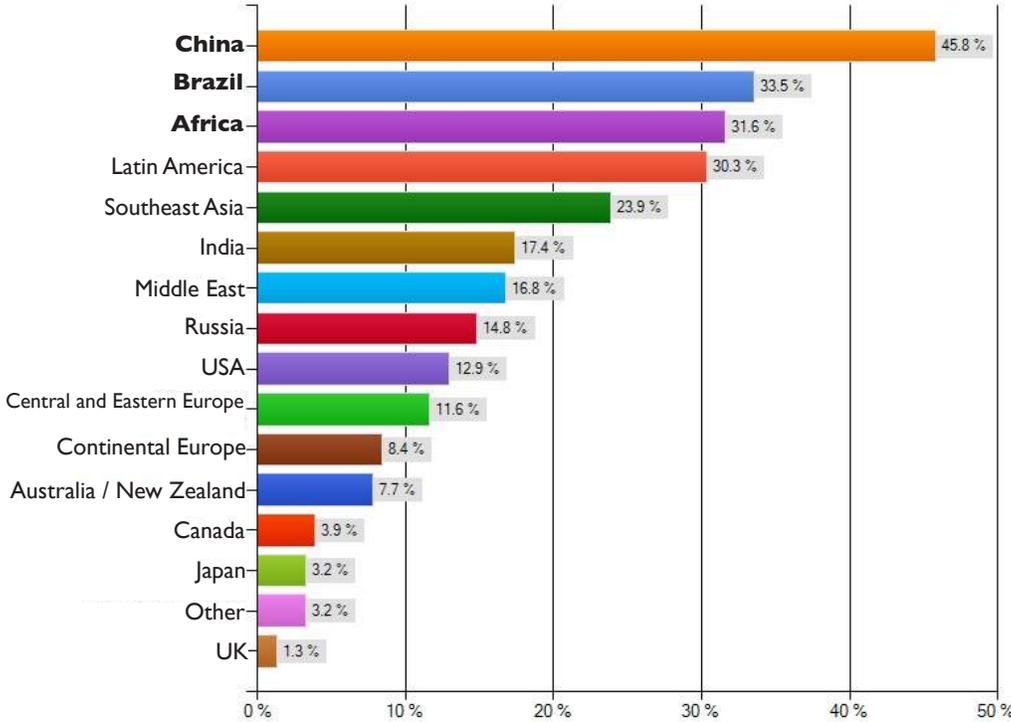
Markets

Global: In line with mid-2012 predictions, executive search consultants expect China, Brazil and Africa to see the greatest shortage of executive talent in 2013. ~ Pictured below ~

Regional variance: Americas: Brazil 50%, China 36%, Latin America 32%.

EMEA: China 48%, Africa 41%, Latin America 37%.

Asia Pacific: China 76%, Southeast Asia 62%, India 48%.



Markets expected to see the greatest shortage of talent in 2013 *

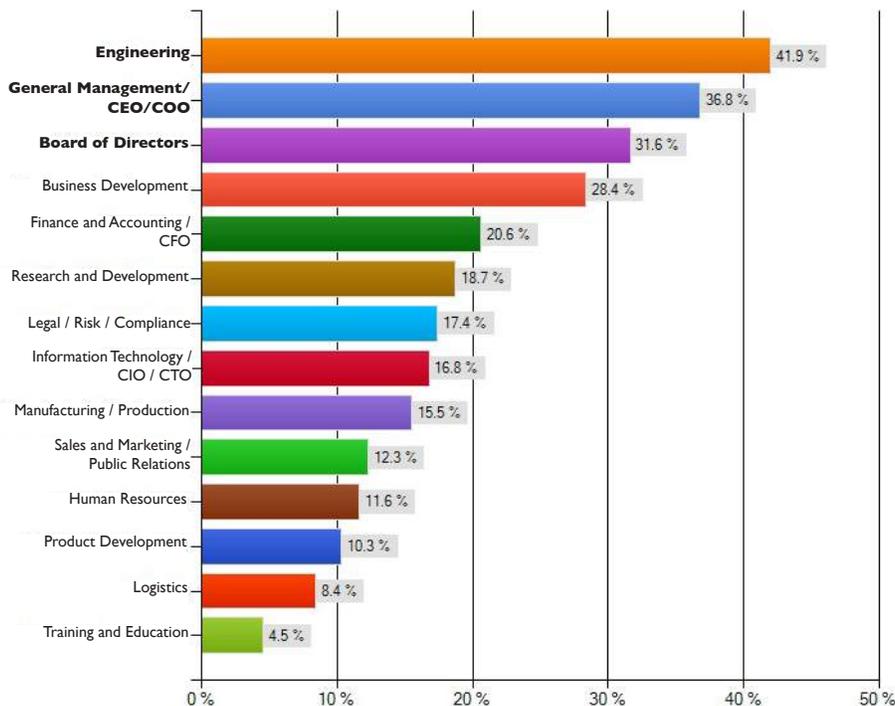
Functions

Global: The Engineering function is expected to see the greatest shortage of talent worldwide in 2013, followed by General Management/CEO/COO and then Board of Directors. ~ Pictured below ~

Regional variance: Americas: Engineering 42%, General Management/CEO/COO 40%, Finance and Accounting/CFO 25%.

EMEA: Engineering 36%, Business Development 36%, Board of Directors 34%.

Asia Pacific: General Management/CEO/COO 55%, Engineering 50%, Board of Directors 50%.



Functions expected to see the greatest shortage of talent in 2013 *

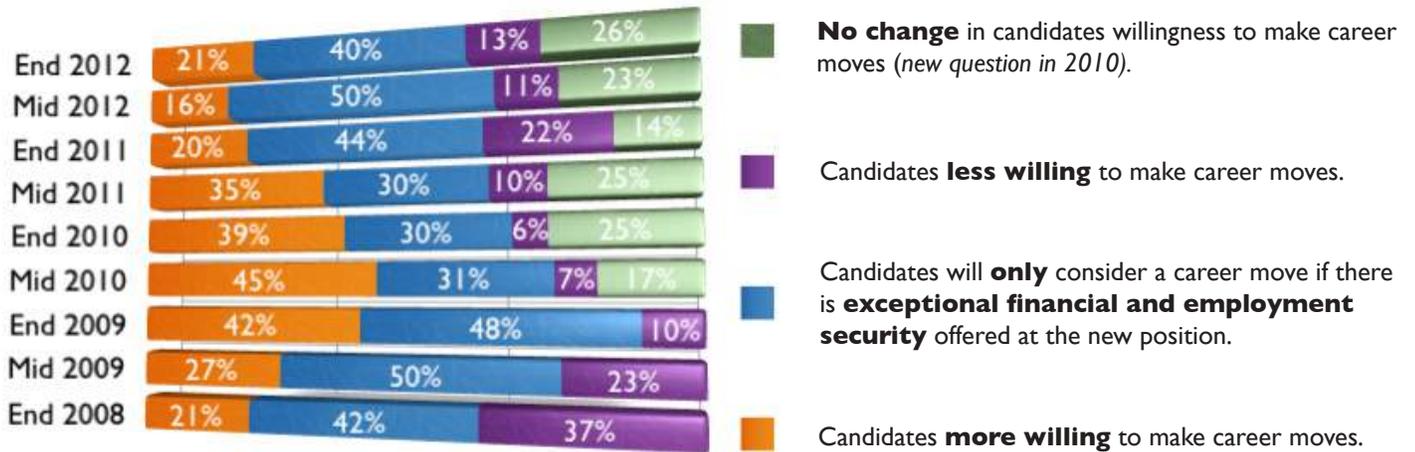
* Respondents asked to select top three choices

Senior Executive Mobility in 2013

Willingness to make a career change

Global: 40% of executive search consultants surveyed believe that candidates will only consider a career change if there is exceptional financial and employment security offered at the new position. ~ Pictured below ~

Predicted willingness of candidates to make career moves in year ahead (or 6 months ahead at mid-year point)



Motivation for career change

Global: 75% of respondents expect that a “better role and increased responsibility” will most entice senior executive career change in 2013, followed by “increased total compensation” and then a “change to a more stable industry”. ~ Pictured below ~

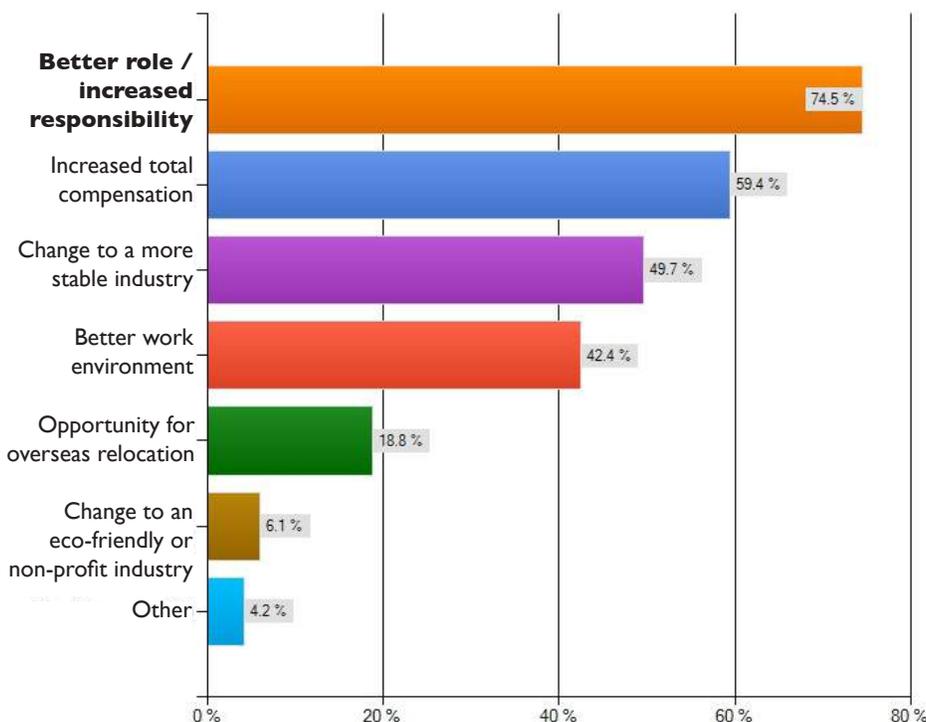
Regional variance:

Americas: Increased total compensation 79%, Better role/increased responsibility 75%, Better work environment 45%.

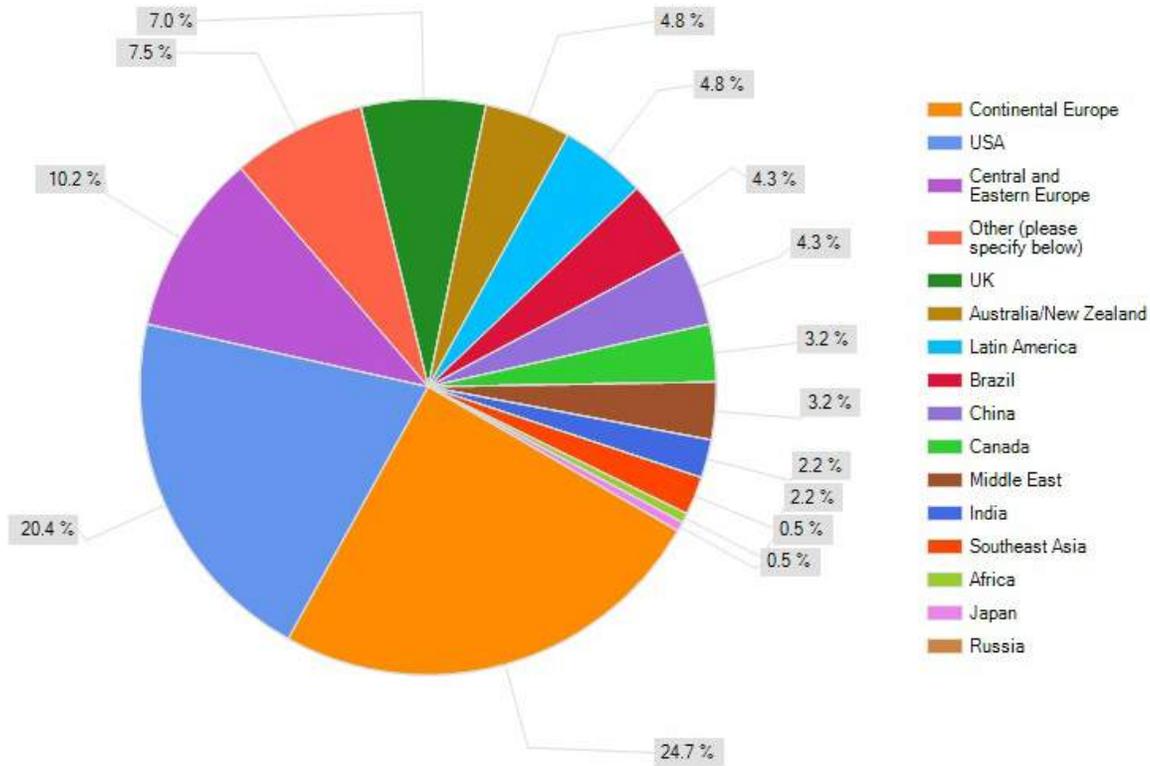
EMEA: Better role/increased responsibility 71%, Change to a more stable industry 57%, Increased total compensation 49%.

Asia Pacific: Better role/increased responsibility 86%, Change to a more stable industry 62%, Increased total compensation 57%.

Benefits to most entice senior executive mobility in 2013 *



* Respondents asked to select top three choices



The AESC thanks eFinancial Careers North America for supporting the 2013 AESC Member Outlook Survey



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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, broadens public understanding of the executive search process, and serves as an advocate for the interests of its member firms. For more information, or to download the AESC Code of Ethics and Professional Practice Guidelines, please visit www.aesc.org.

The AESC 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 membership directory.

