



## **AESC Insights**

**Q1 2009**

# **State of the Executive Search Industry**

Executive Recruitment Hit by Large and Fast Recession:  
Declines felt across all regions and industries in quarter one, but former industry strengths are set to reappear



# Association of Executive Search Consultants

The Worldwide Association for Retained Executive Search Consulting Firms

## AESC State of the Executive Search Industry Report Q1 2009

The AESC State of the Executive Search Industry Report is quarterly research carried out by the Association of Executive Search Consultants (AESC) since 2004 on trends in the global retained executive search industry. Data for the report is collected from a consistent sample of AESC member search firms representing the activity of over 1500 executive search consultants in 46 countries worldwide. Data does not account for annual inflation. The AESC estimates that annual net revenues for the worldwide retained executive search industry totaled \$11 billion in 2008.

### Executive Summary

#### **EXECUTIVE RECRUITMENT HIT BY LARGE AND FAST RECESSION**

*Declines felt across all regions and industries in quarter one,  
but former industry strengths are set to reappear.*

Worldwide executive searches fell thirty-five per cent in the first quarter of 2009 against the same period a year ago, with average net revenues down thirty-eight per cent for the same period, revealed the Association of Executive Search Consultants (AESC) today. Senior executive recruiting, an estimated \$11 billion industry prior to the downturn, experienced record profits by the end of 2008 following five consecutive years of exceptional growth. The latest data represents the first quarter where significant declines were felt across every region and industry, providing evidence of a fast and impactful recession.

Commenting on these results, AESC President Peter Felix stated, "The figures for the last quarter underline the severity of impact that the global recession has had on organizations and businesses around the world. No region, industry or function has been unaffected. Top management have been caught in the headlights of overwhelming uncertainty and have acted more to protect assets and reduce costs than to plan for the future. It is thus no surprise that the worldwide executive search profession has been affected."

Executive searches in the financial services industry suffered the hardest blow with a forty-one per cent yearly drop in the first quarter of 2009. The industrial sector, which holds the largest industry market share, fell twenty-seven per cent year-on-year. Senior executive searches in the life sciences/healthcare sector showed the least decline in quarter one 2009, down twenty-one per cent from quarter one 2008.

"This may be the only quarter where we witness such widespread declines as the forces driving previous highs, such as the worldwide talent shortage, gradually reappear. It is our firm belief that this shortage will begin to reassert itself as the world finds its footing and a tipping point is reached in the recessionary cycle," explained Mr. Felix.

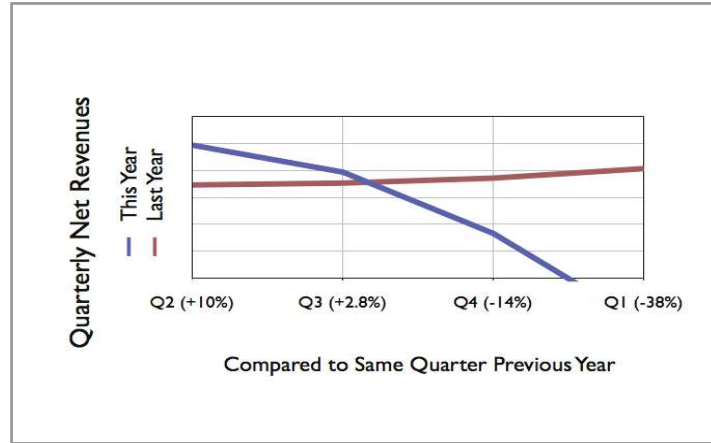
"We are already seeing greater optimism as the financial crisis is brought under control and greater confidence is shown in world stock markets. This change in outlook coupled with the critical need of top management to ensure that it has the correct leadership, and the renewed mobility of talented executives will soon begin to show in improved figures for executive search consulting."

## FINANCIAL TRENDS

### Average Net Revenues

Average net revenues fell 38% in the first quarter of 2009 against the same period a year ago. The quarterly trend in Q1 2009 saw revenues decrease by 26.4% from Q4 2008.

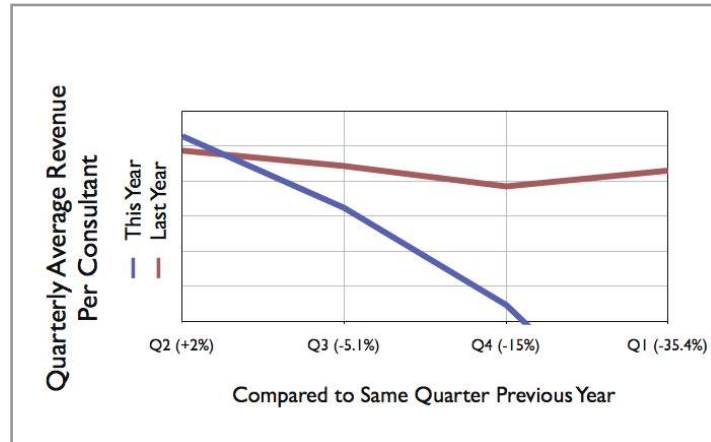
Quarterly Net Revenues,  
as Compared to Previous Year



### Average Revenue Per Consultant

The first quarter of 2009 saw the average revenue per consultant fall 35.4% year-on-year (from Q1 2008) and decrease 23% quarterly, from Q4 2008 to Q1 2009.

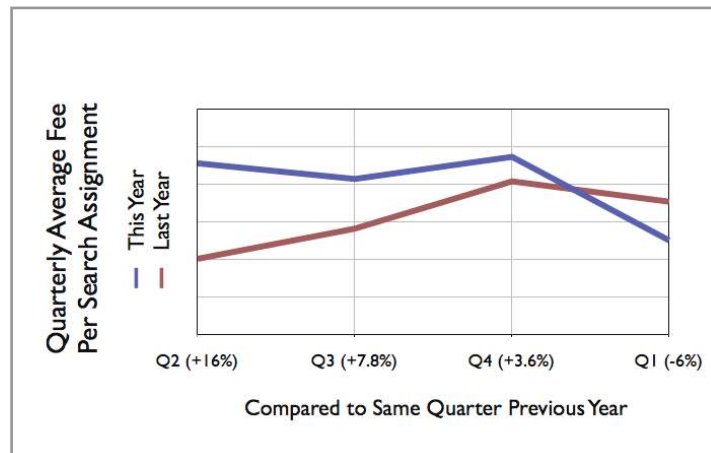
Quarterly Average Revenue Per Consultant,  
as Compared to Previous Year



### Average Fee Per Search Assignment

The average fee per executive search assignment fell 6% annually from Q1 2008 to Q1 2009 and declined 12% quarterly, from Q4 2008 to Q1 2009.

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

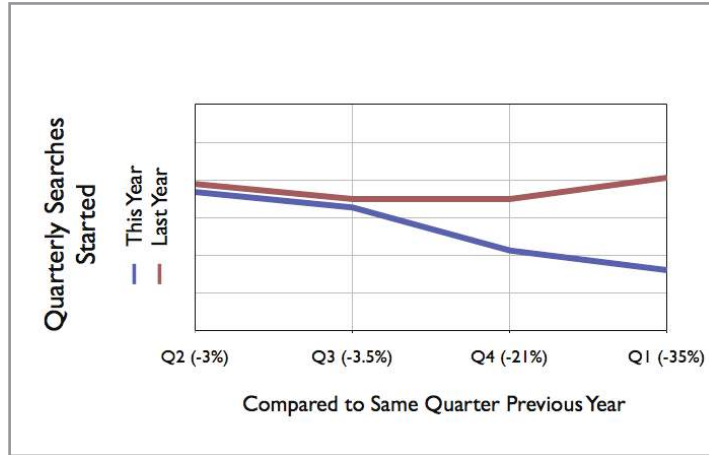


## INDUSTRY TRENDS

### Trend in Number of Searches Started

In Q1 2009 the number of executive searches started worldwide fell 35% year-on-year from Q1 2008 and dropped 10% quarterly, from Q4 2008 to Q1 2009.

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

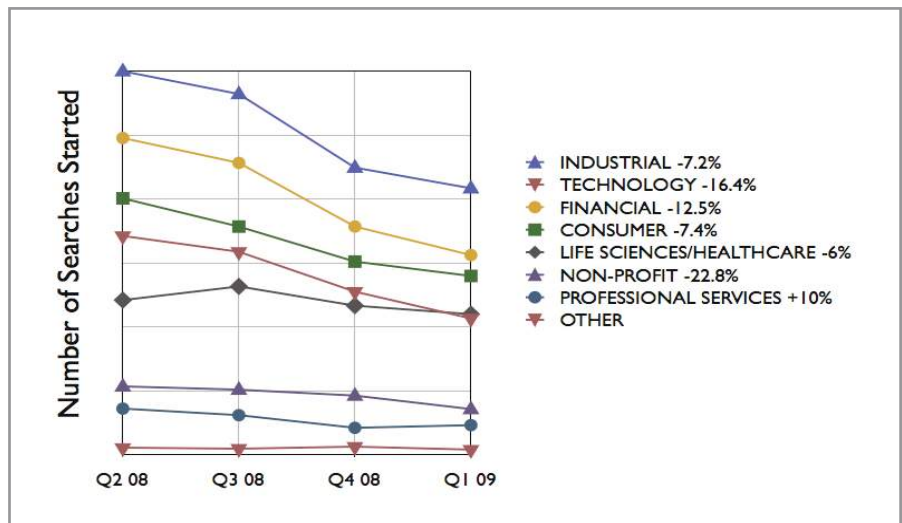


### Trend in Number of Searches Started by Industry

On a yearly basis - from Q1 2008 to Q1 2009 - all industries experienced a fall in the number of searches started. The Financial sector saw a decrease of 41.3% and Technology fell 39.4%. The Non-Profit sector dropped 49.3% and Professional Services declined 37% (though both from a smaller survey sample). Consumer fell 35%, Industrial was down 27.3%, and with the least decline from Q1 2008 to Q1 2009 was Life Sciences/Healthcare, dropping 21%.

Quarterly trends from Q4 2008 to Q1 2009, as pictured below, revealed declines in all industries except Professional services, which increased 10% (from a small sample).

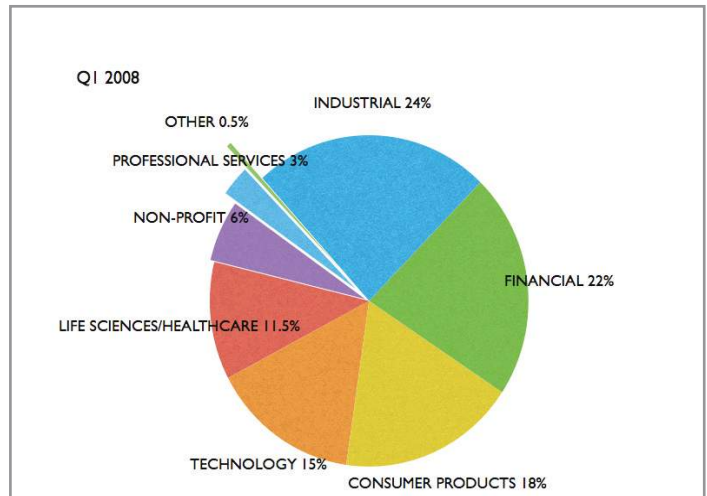
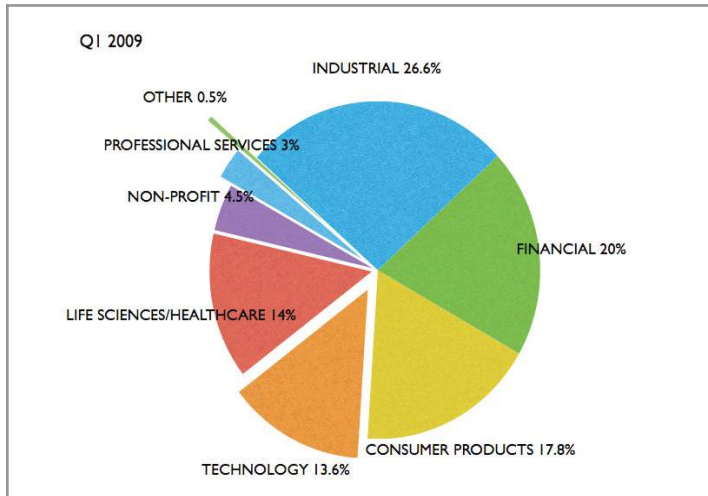
Trend in Number of Searches Started Quarterly, by Industry



### Market Breakdown by Industry

In Q1 2009 the Industrial sector held the greatest market share, accounting for 26.6% of executive searches, followed by Financial Services (20%), Consumer Products (17.8%), Technology (13.6%), Life Sciences/Healthcare (14%), Non-Profit (4.5%), and Professional Services (3%).

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



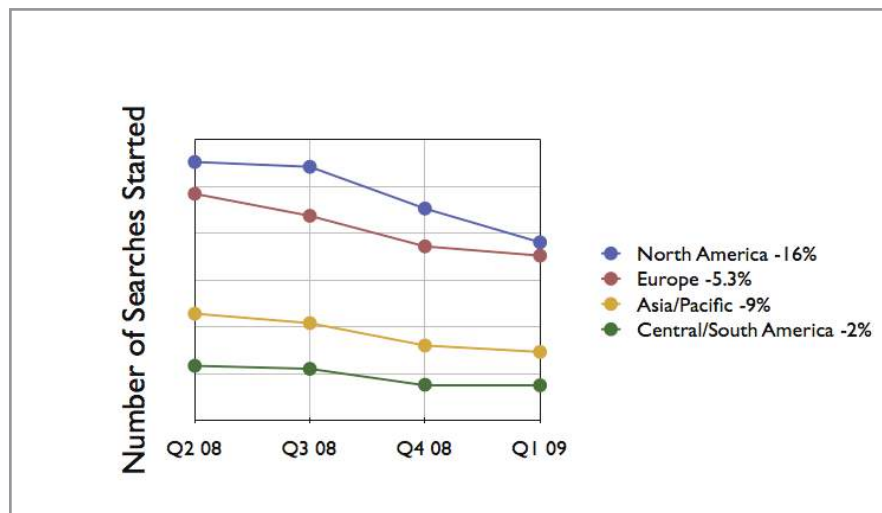
### REGIONAL TRENDS: Global

#### Trend in Number of Searches Started by Region

Declining 37% from Q1 2008 to Q1 2009, North America witnessed the greatest yearly drop in search activity, closely followed by Asia/Pacific (-36.5%), then Europe (-33%), and Central/South America (-27.4%).

The quarterly trend, pictured below, shows that North America also experienced the greatest quarter-on-quarter decline in Q1 2009; down 16% from Q4 2008.

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

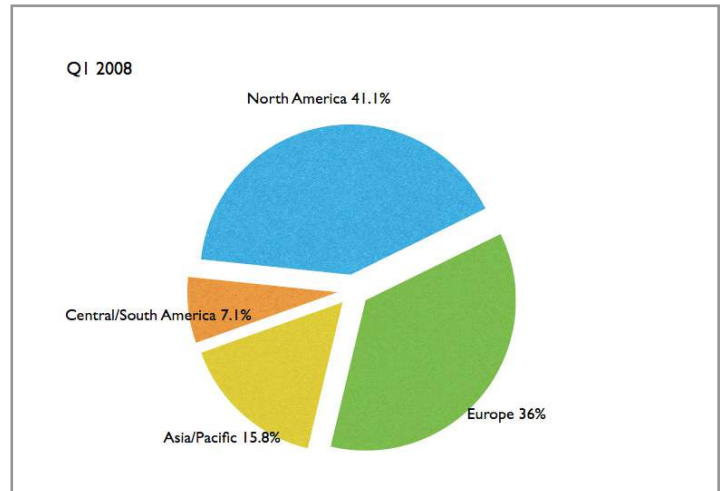
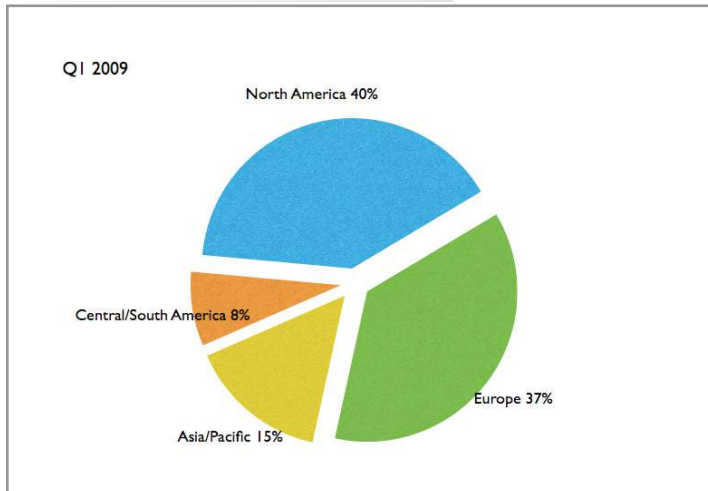




## Market Share by Region

North America held 40% of the global market share of executive searches started in Q1 2009, followed by Europe (37%), Asia/Pacific (15%), and Central/South America (8%).

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

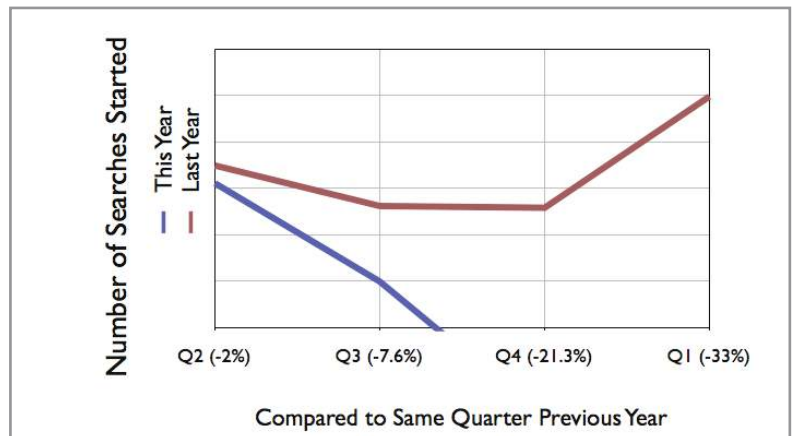


## REGIONAL TRENDS: Europe

### Trend in Number of Searches Started in Europe

Executive searches in Europe declined 33% year-on-year from Q1 2008 to Q1 2009, and fell 5.3% quarterly from Q4 2008 to Q1 2009.

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



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

The UK held 28.2% of the European market share of searches started in Q1 2009, followed by Germany (14.4%) and then France (11%).

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

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

