



# **EXECUTIVE SEARCH IN TRANSITION**

A Strategic Study of the Executive Search Profession  
by the Association of Executive Search Consultants

2010



# EXECUTIVE SEARCH IN TRANSITION

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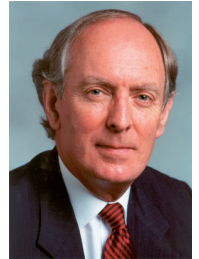
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# INTRODUCTION

## From the President of the AESC, Peter Felix

Following significant changes in the business environment in the past 10 years, the AESC launched an industry review in 2010 to ascertain the impact of these changes on the retained executive search profession.

This report is based upon the findings of that study which included one on one interviews with leading consultants of member firms in many countries, a worldwide electronic survey responded to by 200 consultants, and discussions with the client community.



The study encompasses an overview of the profession's history and development plus an in detail look at a number of forces that are affecting the profession today and are likely to do so in the future.

Thanks are due to Les Stern and Joanna Miller from the AESC Board for initiating this study and chairing the global committee (appendix 1), to the committee for interviewing search leaders, to AESC council members and consultants around the world for providing input, and to Nancy DeKoven for her help throughout the study and to Natasha Renton for design and presentation of the report.

This report is for the use of AESC member firms only. We welcome comments and suggestions stemming from the study.

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## HISTORY AND DEVELOPMENT OF EXECUTIVE SEARCH

Retained executive search consulting grew out of the need, after World War II, to find and recruit talented executives to manage and run rapidly changing and expanding commercial enterprises in the United States. A number of search firms were spin offs from management consulting firms and continued the tenets and ethics of management consulting in their practices.

In the 50s and 60s executive search grew rapidly both in the US and overseas and in 1959 the AESC was founded as its professional standard bearer. The early years and growth of executive search are described in the AESC's 50th Anniversary publication "Executive Search at 50" to be found on the AESC website.

Despite ups and downs in demand caused by recessions, the executive search profession has grown dramatically over the years and in 2008 reached an all time peak in revenues. This was due to a worldwide talent shortage caused by changing demographics in the developed world, new demand in the emerging markets, the broadening acceptance of executive search services by most organizations (profit and non-profit), and the globalization of business and other enterprises.

As demand for talent increased, so many organizations became familiar with executive search and more discerning in their requirements of it. The internet has made the availability of information about executives more pervasive and some organizations have begun to perform executive search work themselves. Nevertheless, the need for skilled assessment of candidates and help with external senior executive recruiting has not diminished. Executive search worldwide is already recovering rapidly from the ravages of the 2009 recession when global revenues decreased by an average of 35 percent.

This study comes at a timely moment in the development of executive search when the parameters for the profession are undergoing change and when new guidelines and modes of operating may be appropriate in the years to come.

# THE NATURE AND STRUCTURE OF EXECUTIVE SEARCH FIRMS

## Size of firms

For many years, the executive search profession, like many professional service industries, has, broadly speaking, been divided into a few very large firms, a few medium size firms, and many small or boutique firms. In the past 10-15 years many smaller firms have combined into worldwide groups or networks sharing a common brand name.

While statistics on the industry are hard to assemble because of its very fragmented nature, estimates suggest that, at its peak in October 2008, the search profession worldwide generated around \$11 Bn in revenues. As of October 2010, revenues are estimated at around \$9.8 Bn.

Because of the personalized nature of executive search many consultants build their own reputations and client followings such that when they leave a firm they may take client allegiances with them. For this reason, the profession has been exceptionally fluid, with fragmentation and regroupings occurring. In spite of such changes, the five largest firms in the industry have preserved their industry positions for more than 40 years.

Many consultants prefer to run their own firms and may retire from the profession without successors or an equity exit.

## Specialization

While many search consultants in the early years of executive search operated as generalists, conducting searches in a wide range of industries and functions, the trend in the past 10-15 years has increasingly been to specialize. Our survey results suggest that we can expect this trend to continue.

The larger firms and global networks are now likely to organize themselves into cross border practice teams that can bring their specialized knowledge to bear on a particular industry or function. Some operate on a matrixed basis to meet client needs. Smaller firms and boutiques tend to select one or a number of specialties where they can offer clients a track record and specific industry knowledge to compete successfully.

There are still true generalist consultants and firms; some of whom plan to become more specialized in the future, and others who will remain generalists. It is easier to work as a generalist when you are working at the most senior levels and in smaller markets.

*“Specialization and niches are good for us...However, we need to be careful not to lose good generalists. ...One cannot just become a summation of boutiques.”*

*“In continental Europe the demand for generalists will still be high.”*

*“Specialists will hold sway but there will always be demand for the consultant whose experience and judgment characterize a true generalist.”*

# THE NATURE AND STRUCTURE OF EXECUTIVE SEARCH FIRMS

*continued...*

## Survey results:

How do you describe your firm?

- 62% - a generalist firm with consultants who specialize
- 21% - a generalist firm
- 15% - a specialized boutique
- 2% - other

Of the 21% who consider themselves to be generalists:

- 58% consider that within the next five years they will either become or may become more specialized
- 21% expect their firm to be more specialized
- 21% responded that maybe their firm would be more specialized

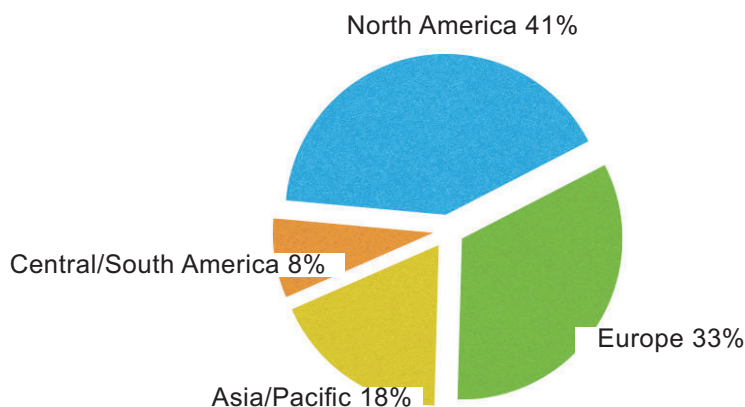
## Globalization

The growth and extension of executive search services into new markets is now occurring at a rapid pace as the global economy emerges from recession and the emerging markets become more important.

While much of this expansion has followed the growth of multinational client organizations, mostly from the developed countries, local demand in new markets is also becoming important. This is especially true in the BRIC countries but also in smaller markets such as the Middle East and North Africa, and Eastern and Central Europe.

It is clear that many of the large firms and networks are seeking to grow their global footprints, especially in emerging markets such as Eastern and Central Europe, the Middle East and North Africa, China, Russia, India and Latin America. On this basis the balance of revenue from around the world can be expected to change in the next 10 years, and has already done so in the past five years, in favor of the developing regions of the world. Nevertheless, North America still remains the largest market for executive search followed closely by Europe (the United Kingdom and Germany being the largest), Asia/Pacific and Latin America.

### Executive Search Regional Market Share in Q3 2010



## THE NATURE AND STRUCTURE OF EXECUTIVE SEARCH FIRMS *continued...*

The move towards global markets has influenced many small executive search firms to join global networks and to exchange or link their local identity and name with global brand names. Our survey indicates that it is clear that this trend will continue, but there are still firms that will remain independent in one geography.

Search firms seek qualified candidates in more markets on a transnational basis than ever before, and a number of markets are seeking expatriate nationals to return home. As regional talent pools have developed, following regional trade and business patterns, so client organizations are willing to consider candidates from other countries who have experience of their market.

Reflecting the importance of global markets, Board and CEO searches for multinational organizations increasingly require access to international talent. It is now not uncommon to find foreign nationals leading formerly one nation culture enterprises.

Another growing trend is for large organizations in emerging markets to expand globally, and thus require talent that they have been unable to develop themselves. This is being seen in China, India and Brazil.

The internet has made information on candidates ubiquitous, and it is increasingly possible to search across borders. A corollary of this is that executives themselves recognize that they are living in a relatively seamless global marketplace for their skills and experience.

*“Globalization is continuing and accelerating.”*

*“Our biggest opportunities are west of California, east of New York and south of Texas.”*

*“Search firms have to leverage their networks since geographies are “dropping away” and work is more and more cross border. There will still be a niche for totally local assignments but it is shrinking.”*



# THE NATURE AND STRUCTURE OF EXECUTIVE SEARCH FIRMS

*continued...*

## Survey results:

Respondents when asked to describe themselves:

- 58% - part of a global network of locally owned firms
- 21% - consultants in large global firms
- 21% - consultants in small independent firms

How has cross border and international search changed in the last five years?

- 60% - increased
- 28% - remained the same
- 12% - decreased

Will you consider joining a global network in the next five years?

Of the 21% of consultants in small independent firms:

- 29% - yes
- 39% - no
- 32% - not sure

Regional differences in the degree of cross border or international search:

- Americas Consultants 47% increase
- European consultants 67% increase
- Asia/Pacific consultants 62% increase

Is your firm investing in the emerging markets?

- 47% - making a moderate investment
- 28% - making a great investment
- 25% - minimal investment



# CONDUCT OF EXECUTIVE SEARCH

## Level and Nature of Assignments

In the last five years the mandates and revenue per assignment have increased, and the outlook is for this trend to continue. In an effort to reign in costs, internal search departments and contingency firms, enabled by the growth of the internet and the availability of candidate information via social media, are doing many of the lower level searches previously done by retained search firms.

The shift in level of assignment and thus fees can also be attributed to the shortage of executive talent at the most senior levels, increasing compensation levels, inadequate succession planning, growing international competition and greater executive turnover in the C-suite.

*“Mandates have gone up in level and are more competitive to get. As internal recruiting in large companies is strengthened only the really difficult searches that have already gone through internal referral and the existing company databases are then put out to search.”*

*“Retained executive search has risen to the top of the food chain.”*

## Survey results:

As compared to the last five years, the level of assignment has:

- 51% - increased
- 27% - decreased
- 22% - remained the same

In the next five years I expect to see revenue per assignment:

- 63% - increase
- 30% - remain the same
- 7% - decrease

## CONDUCT OF EXECUTIVE SEARCH

*continued...*

### Search Completion Time

Executive search has not become easier or faster to do. Despite technological advances which allow faster candidate identification and 24/7 communication with candidates and clients, search completion times on average have remained the same or become longer.

On the other hand, the speed of execution demanded by a large majority of clients has increased. This dichotomy is best explained by the pressure on execution by line management that are under tight performance constraints, the often longer and more complex decision making processes within client organizations due to travel schedules etc., the increasing difficulty of those searches that are put out to executive search (the easier ones being performed in-house), the shortage and reticence of top caliber qualified candidates, and the need for international cross-border research.

### Survey results:

The length of time it takes to complete a search in the last five years is:

- 41% - longer
- 40% - remained the same
- 19% - shorter

The speed of execution required by clients has:

- 67% - increased
- 28% - remained the same
- 5% - decreased

## CONDUCT OF EXECUTIVE SEARCH *continued...*

### **Assignment Metrics**

As clients have become more sophisticated in their understanding of executive search, and as, in some cases, internal search departments have been created, so the performance pressures on executive search firms have increased. Some organizations have recruited former search consultants to run their internal recruiting functions and thus client knowledge about the executive search process has increased proportionately.

This development is no different to what other professional services such as legal, market research and public relations have experienced as client organizations have grown their own internal departments to perform some or all of the task required and to manage relationships with external providers. The fact that it has come late to executive search has meant that the profession is still adjusting to its impact and understanding how best to relate to new client demands and new client intermediaries in the process.

Metrics used by clients in evaluating a firm to perform an assignment include the number of similar searches previously performed, stick rate of placed candidates, repeat business rate, knowledge of the market and players, and off-limits requirements.

Performance metrics cited were accuracy and quality of long and short lists, diversity of slate, time to short list/time to completion, transparency and access to search progress information, quality of marketplace information, accessibility of consultants and speed of reaction, partner participation, quality of assessments, depth and breadth of referencing, percent of candidate conversion rates, stick rates and the impact of placed candidates over a defined period of time.

### **Survey Results:**

In the past five years the level of performance metrics has:

- 61% - increased
- 38% - stayed the same
- 1% - decreased

## CONDUCT OF EXECUTIVE SEARCH *continued...*

### **Data Privacy**

In recent years Data Privacy Laws have been introduced throughout the European Union, in Canada, Australia and Japan. In the United States the Fair Credit Reporting Act has some disclosure implications for executive search when references are required. In other countries, however, the laws remain relatively lax and do not interfere greatly with day-to-day executive search.

These laws, when introduced, were a significant concern for executive search firms in affected countries, especially the European Union, since they required new and often burdensome data management and verification procedures. In the case of the EU they also affected the transfer of personal data outside Europe to countries with less stringent data privacy provisions. In the United States a “safe harbor” agreement was made with the EU in order to permit transfer of data within corporations and within international executive search firms.

With the advent of almost seamless internet information services such as LinkedIn, the data privacy laws have become less of an issue and have only been tested in the courts in extreme cases. However, by engaging in retained search agreements with executive search firms, client organizations put themselves in a more defensible position as performing legitimate data collection services than if they engage in contingency activities where the candidate may be unaware of activity involving their name.

### **Survey Results:**

To what extent are data privacy laws an issue for you when conducting executive searches?

- 60% - not at all
- 36% - moderately
- 4% - greatly

# CLIENT RELATIONSHIPS

## Value Proposition and the Impact of Social Networking

In developed markets, and within large international companies, clients are clearly more knowledgeable and discerning about retained executive search than they were 5-10 years ago. Executive search relationships have been more closely monitored, internal search departments have often been created and a number of staff from executive search firms have moved from the sell to the buy side to work for clients, thus bringing their knowledge of executive search with them.

The advent of the internet and social networking sites such as LinkedIn have also increased the transparency of the candidate universe and put more emphasis and importance on the advisory “value add” part of the search model.

Since the same information is available to internal recruiting departments and line managers then search firms do not have the same advantage, as in the past, of providing a unique interface to the talent pool. To less educated clients, social networking makes executive search look much simpler than it really is because they discount the selection and consultancy component which retained search firms bring to the process.

The consequences of this are that the added value of executive search has been more closely scrutinized and in some cases more closely focused on the higher end of executive recruiting. In some cases, however, the service has been “unbundled” with only research or “market mapping” services requested by the client, leaving them to perform the remainder of the recruitment process themselves. In essence, clients are likely to perform those searches or functions within search that they believe they credibly and easily can perform themselves.

At the other end of the spectrum clients are more likely to leave the most senior and complex searches to external search firms and in particular rely on search firms for their assessment and consulting advice.

In less mature markets the adoption and experience of working with executive search has been slower since it represents a newer proposition, especially to local client organizations. Thus clients may not fully understand the value that they are receiving, or why the process should be conducted under a retainer agreement.

*“Personal relationships will continue to drive firm performance and a reputation for performing important work well will continue to carry the day - there will always be a market for creative and timely counsel thoughtfully rendered.”*

*“We need to embrace technology, not be afraid of it. If a big company can use Facebook and LinkedIn for some search work, then we should let that part go. There are other things we do that clients find valuable...Information is a commodity – judgment, insight, advice, access and trust-based relationships are not. These are great forcing devices which get us to focus on what makes us distinctive and value-added. We should not be a commoditized business. We need to give clients what they cannot do well. This is not their core competency.”*

## CLIENT RELATIONSHIPS

*continued...*

### Survey Results:

Are your clients in general more knowledgeable about retained executive search and the search process than they were 5-10 years ago?

- 86% - yes
- 14% - no

Has social media/online networking impacted your business?

- 74% - yes
- 26% - no

### Transparency

It is clear from our discussions that clients want more transparency and communication from search consultants as they conduct a search. The increasing sophistication of clients and the need for performance accountability have meant that clients are more engaged and interested in a search assignment's development and progress and are more likely to engage in a true discussion with the consultant about how the search is going. This is especially true when HR is managing the process.

To facilitate transparency some search firms have created client intranets as a platform to monitor the search process while most provide regular and systematic updates by meeting or telephone on the state of the search, market conditions, candidate reactions etc.

### Survey results:

As compared to five years ago, the degree of transparency of the search process required by the client has:

- 70% - increased
- 26% - remained the same
- 4% - decreased

## CLIENT RELATIONSHIPS *continued...*

### **The Role of HR and Procurement in Awarding and Negotiating Search Assignments**

HR and/or internal executive recruiting departments are often gatekeepers to the selection of search firms and the negotiation of the Terms of Agreement. In many larger client organizations it is also very likely that the Procurement department will be involved in setting the terms and conditions for the assignment.

The involvement of Procurement has been a trend only really seen in the past 10 years, and has been ascribed to the influence of the Sarbanes Oxley provisions in the United States which imposed far greater reporting controls on public companies, following the Enron scandal era.

This development was not welcomed by executive search firms since it can delay the award of an assignment and introduces a further client intermediary into the process, who in this case is not likely to be knowledgeable about executive search and is prone to treat consultants like commodity suppliers. Typically Procurement departments present standard template agreements to search firms which are used for the supply of many materials and services and which are not appropriate to a service such as executive search. For larger search firms this has required a considerable expansion of their legal departments in order to vet and negotiate terms, whereas smaller firms may often blindly sign these agreements without fully grasping their significance should something go wrong.

It is unlikely that Procurement will be dis-intermediated since they are a direct part of the cost control function within corporations and have a remit from the CFO to keep external service costs in line. Similar constraints have been placed on other professional services such as external counsel, accountants, advertising and public relations firms. Search firms are learning how to deal with this new “player” in the process and to embrace rather than combat them.

In some cases where client terms have been deemed too onerous, then it is not uncommon for search firms to turn down the assignment. This can lead to a rethinking and renegotiation process once senior HR or line management become involved since they do not wish to deal with an alternative search firm. In all cases, it seems clear that search firms need to maintain even stronger relationships with line management and HR in order to counteract any possible adverse influence from Procurement.

Another common method employed by larger clients to organize and control the use of executive search has, for many years, been the “preferred provider” agreement. Increasingly clients like to select one or two large firms or networks and a selection of boutique firms with whom they are prepared to work, and often on a global basis. This requires an economic foundation on the part of the search firm to make it worthwhile, but also encourages the client to treat the firm as a partner with a longer time horizon.

*“Procurement is likely to stay involved and HR isn’t strong enough to balance their influence. The line executive involvement becomes ever more important”.*

*“The involvement of Procurement departments varies hugely across the client spectrum... Those clients who are sophisticated users of search are adept at getting the best from their search firms while others will always see it as a commoditized process. The lesson thus is “choose your clients wisely”.*

## CLIENT RELATIONSHIPS

*continued...*

### Survey results:

The role of HR as gatekeeper has:

- 45% - remained the same
- 43% - increased
- 12% - decreased

Who is generally negotiating contracts for the client?

- 60% - HR
- 32% - line managers
- 8% - procurement

### Business Models/Fee Structures

An overwhelming trend of the past 10 years has been the pressure on the pricing of search assignments. Many clients have negotiated pricing by asking for reduced fees, fee caps, detailed expense reporting etc. Some have required amended stage payments, especially in the financial services industry. Yet others, such as private equity clients, want to see more “skin in the game” i.e. more risk assumed by the search firm.

It is difficult to generalize about the causes for this other than to conclude that most organizations are under increasing cost pressures. Sometimes the added value or complexity of the search process is not as apparent as those in the profession may wish to believe, and it is human nature to like a better deal, providing that quality is not being compromised.

These pressures have generated considerable concern within search firms since they bring into question the fundamental rationale for charging on a consultancy retainer. Inevitably the pressure on pricing moderates as the market fluctuates but nevertheless the stability of pricing within the retained search profession has undergone considerable change.

These trends inevitably decrease margins and unless productivity can be increased or the level of search assignments are to rise, then search firms will become less profitable or even viable. As it happens both have occurred and search firms are able to operate more cost effectively and are also handling higher end assignments. Nonetheless the pressure on pricing is relentless and can be expected to continue unless different business models are explored.

## CLIENT RELATIONSHIPS *continued...*

There are a variety of business models and fee structures within the industry, although it is generally true that most are single transaction fee models based upon a fixed amount or a percentage related to the first year's compensation. There is an overwhelming similarity, for example, in the standard terms or letters of agreement employed by most retained search firms in their client assignments, and these are single transaction agreements rather than broader or longer term management consultancy agreements.

In general, the search profession has been reluctant to change its pricing formulas since they have worked well for many years. There is now a feeling, however, that this may need to change, and that client frustration over the inflexibility of pricing has more to do with this than with the delivery of the service itself. Some experimentation is currently under way and, where appropriate, a few firms have negotiated ongoing retainers or time specific retainers as opposed to single transaction terms. Preferred provider agreements are a variation but are still essentially based upon individual recruitment projects as opposed to broader consulting relationships.

The move towards success fees based upon successful placement has been supported and imposed by many clients even though it mitigates against the principles and practices of retained search. In general, if it is imposed, it is in the final stage of payment, but some clients have attempted to make the assignment much more contingent than retained leading to talk about "contained" or "retingency" searches.

Unfortunately, these developments have led to frustration and some dismay among search firms since requiring fees to be paid upon placement (contingent) implies distrust of the search consultant's ability to perform and a lack of commitment on the part of the client. Not only is this model economically questionable in terms of resource allocation by the search consultant, but it also puts into question many of the professional tenets that are core to the practice of retained executive search such as confidentiality, exclusivity and professionalism. Most sophisticated clients understand this, but many don't, and thus the debate between clients and search firms is likely to continue indefinitely unless a new basis for conducting executive search can be agreed upon.

With the move into leadership advisory work by some firms, different models are being used which reflect more closely those of the management consulting industry, i.e. project or time based fees.

*"The one third pricing model is under attack. There are lots of analogues – advertising, media, 2 and 20, bank underwriting fees – that suggest this will change – we need to get creative. There could be a big change toward more retainer-based, consulting-oriented fee structures, like law or consulting firms".*

## CLIENT RELATIONSHIPS

*continued...*

### Survey Results:

Pressure on terms of agreement in the last five years has:

- 81% - increased
- 18% - stayed the same
- 1% - decreased

My firm's business model is based on:

- 58% - individual search transactions/assignments
- 30% - varies dependent on the client and the engagement
- 7% - based on a broader consulting model
- 5% - based on a period of time

My firm's current fee structure is based on:

- 53% - a percent of the successful candidate's first year's compensation
- 31% - varies depending on the client and engagement
- 16% - fixed fee

Expectation of firm's Fee Structure in the next five years:

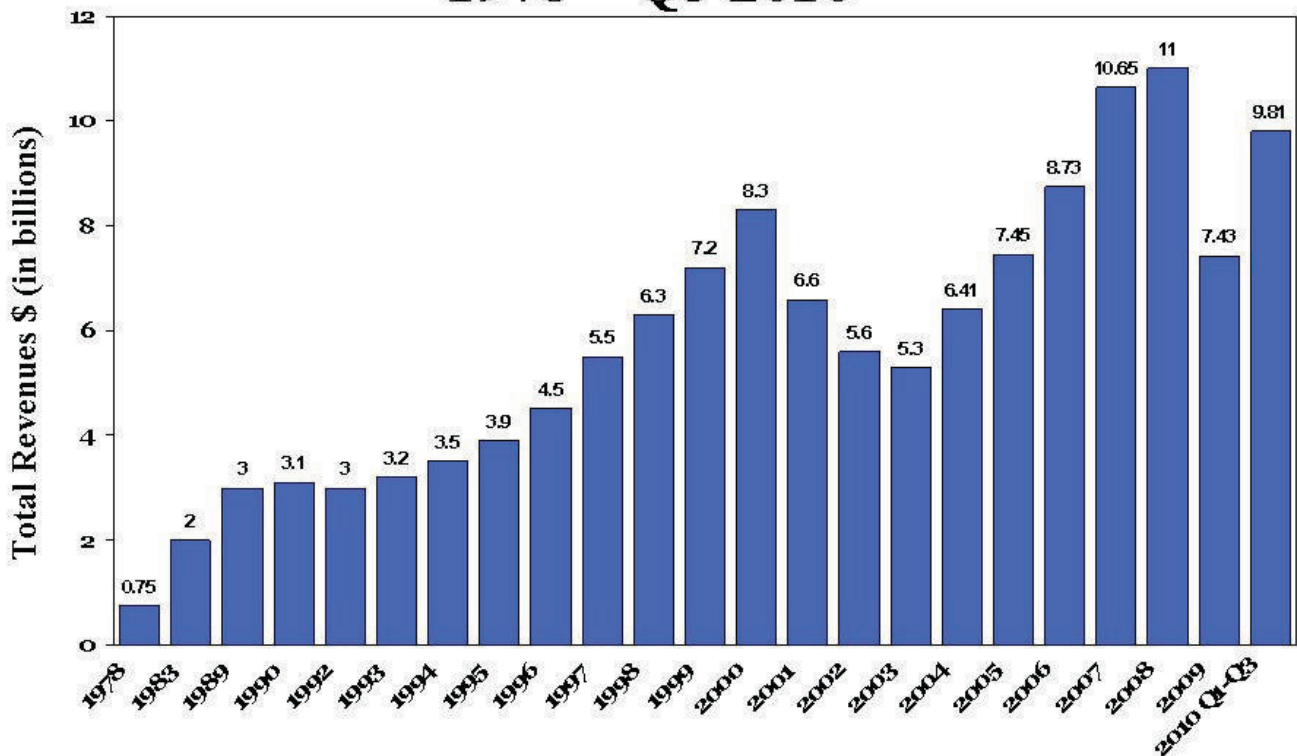
- 68% - fee structures to remain the same
- 32% - expect their fee structures to change due to:
  - more flexibility based on clients and engagements;
  - more strategic relationships with a less transactional fee structure;
  - more fixed fees with more milestones; and,
  - variability depending on the economy and marketplace.

## CLIENT RELATIONSHIPS *continued...*

### Client Demand for Executive Search Services and Drivers for Growth

Prior to the financial crisis in 2008 the retained executive search industry worldwide had enjoyed double digit growth over five years such that industry revenues more than doubled and an all time peak in revenues was reached. In 2009, following the crisis, revenues plummeted by 33 percent but in 2010 we have seen a substantial rebound in demand and in the first half of the year revenues grew by 32 percent worldwide, such that they are now around only 10 percent below the all time peak.

## Global Retained Executive Search Revenues 1978 – Q3 2010



## CLIENT RELATIONSHIPS

*continued...*

Globalization, the changing demographics of the more developed countries as the baby boomers retire, and the rise in demand for executive talent from the emerging markets have created an underpinning of growth that may well see the previous peak in revenues surpassed in the years to come. Supporting these powerful trends are the restructuring of many industries due to the internet and changing demand patterns (fueled by private equity investment and mergers and acquisition activities), changes in corporate governance requiring more careful selection of non executive directors, the need for more diverse candidate slates, the entry of Government into a wider range of industries and activities and the significant growth of non profit organizations. All these create changes in the marketplace and in the dynamics of the demand and supply of executive talent such that executive search consulting services are needed on an increasing basis to help an even broader range of client organizations.

*“In the UK the dramatic change is in the development of the Non-Executive Director market. Virtually all non execs in the UK are recruited now using executive search”.*

*“The core driver for the search market will remain the macroeconomic climate. Globalization and emerging markets will continue to fuel the industry, but that is contingent on an upswing in the economic cycle. Client perception and confidence fueled by market conditions will continue to drive growth, or the lack of it, for executive search”.*

### Survey results:

In the last five years the level of demand for services has:

- 52% - increased
- 25% - remained the same
- 23% - decreased

The expectation for the level of demand for services in the next five years:

- 67% - increase
- 25% - remain the same
- 8% - decrease

Which drivers do you expect to fuel the growth of executive search in the next five years? (could give more than one answer):

- 87% - Globalization
- 51% - Demographics
- 39% - Mergers and acquisitions
- 38% - Private equity investments

## CLIENT RELATIONSHIPS *continued...*

### Competitive Landscape

The competition to win executive search mandates has increased significantly in recent years with competition coming not only from other retained search firms but, more significantly, internal search departments and contingency recruiting firms. More firms participate in “shootouts” to secure mandates than ever before since clients wish them to prove that they have the specific skills and market knowledge to conduct the search in question rather than relying on their general expertise in search. Search firms do this by more formal presentations of their capabilities prior to contract and sometimes include market mapping/ organization profiles as part of their competitive bid.

This pressure on executive search firms to compete more aggressively has had both positive and negative effects. On the one hand it ensures that clients are not taken for granted and hopefully ensures the best fit for a particular assignment. On the other it impacts the nature of the longer term relationship with the client and introduces uncertainty into issues of resource planning and client support. It also tempts search firms to disclose confidential candidate information in order to secure the business.

Even where preferred provider agreements exist, the propensity of clients to put individual search assignments out to tender reinforces a “transaction” culture that can be detrimental and encourages a more transitory mind set than might be desirable.

*“Competition for mandates has noticeably increased...Where less than 50% of mandates would have been competitive, more than 75% are today”.*

### Survey results:

The competition to win mandates in the last five years has:

- 76% - increased
- 19% - remained the same
- 5% - decreased

Number of searches lost to contingency firms in the last five years has:

- 58% - increased
- 34% - stayed the same
- 8% - decreased

How have internal recruiting departments within your client organizations developed?

- 56% - more clients have them
- 36% - remained the same
- 8% - the percent is less

How have the number of searches lost to internal search departments developed?

- 42% - increased
- 53% - remained the same
- 5% - decreased

## LEADERSHIP CONSULTING SERVICES

It has been a natural development over many years that executive search firms should be asked by clients to perform services for their senior executive group that transcend pure recruitment of candidates for a specific position. Search consultants have always been well placed to offer advice and guidance on topics as wide ranging as the structure and operation of Boards of Directors, assessment or audit of management teams, counseling or coaching of individual senior executives, succession planning and overall talent management. In this capacity they have essentially acted as trusted advisor to the Chairman, CEO or Board of an organization as an ancillary activity to their core function of executive search.

Examples of this extension of services can be found in a number of firms almost going back to the earliest days of executive search. In recent years, however, the focus on diversification or broadening of the search firm's offering has begun to intensify as the core business of executive search has come under increasing pressure in terms of margin reduction, client control and commoditization. In an effort to search for more growth, for differentiation and for a broader client relationship a number of search firms (large and small) have experimented with a range of service offerings on a more formalized or organized basis and in some cases have created a product offering with specific pricing so that a niche business can be developed.

This process is still very much under development, and discussion both within search firms and client organizations indicates that this process will continue with no clear indication of how and whether this will transform the executive search profession.

Since a clear business opportunity must depend upon demand from a client and the willingness and ability of a search firm to provide a service, we asked the following questions:

### Client Demand

#### Survey Results:

Are clients asking your firm for services beyond the scope of executive search?

- 69% - yes
- 31% - no

Regional response to same question – those that answered “yes”:

- 57% - Americas
- 79% - Europe
- 61% - Asia Pacific

Clients are asking for:

- 79% - Assessment/Management Audit
- 53% - Executive coaching
- 44% - Human Capital Strategy
- 41% - Board Advisory & Governance
- 39% - Succession Planning
- 34% - On Boarding
- 12% - Other

## LEADERSHIP CONSULTING SERVICES *continued...*

### Search Firm Offerings

It is clear that additional services are being offered by many search firms, both large and small, but that more search firms are offering these services in Europe than in the Americas or Asia/Pacific - reflecting client demand.

It is also clear from our findings that of those firms not currently offering additional services a significant number will consider doing so in the next five years. Again this is more slanted towards Europe than other regions of the world.

*"We ask ourselves - does this support the core business? If it doesn't do that-even if wildly profitable, we might pass. If we add incremental services, we need to be super confident that we can be better than the established players and deliver the expertise".*

### Survey results:

Is your firm currently offering leadership services?

- 51% - yes
- 49% - no

Regional response to same question - those that answered "yes":

- 49% - Americas
- 57% - Europe
- 25% - Asia/Pacific

Services currently being offered:

- 80% - Assessment/Management Audit
- 66% - Board Advisory/Governance
- 63% - Executive Coaching
- 45% - Succession Planning
- 42% - Human Capital Strategy
- 34% - On Boarding

Of the 49 percent of firms not currently offering leadership advisory services - in the next five years will your firm consider adding them?

- 63% - no
- 37% - will consider it

# LEADERSHIP CONSULTING SERVICES

*continued...*

## Delivery of Leadership Advisory Services

Depending on the firm and the engagement, leadership advisory work is either performed internally by search consultants, by a group of non-search experts within the firm, or by a combination of both with the search professionals supported by a dedicated group of experts that lead the strategy and delivery. Some executive search firms outsource the work to specialized partners who may be organized in a subsidiary unit or company.

Leadership advisory projects at most firms do not automatically come in tandem with executive search assignments, although they are sometimes instigated by them. In many cases, such services have their own compensation models and fee structures, but a search firm may decide to integrate them into their overall servicing of a large or favored client. A small percentage of leadership advisory services are sold in this way, but the majority are sold on an “as needed” basis as separate projects. Leadership advisory services are often identified and sold by search consultants, but performed by expert colleagues who then conduct the assignment.

### Survey Results:

Of those firms who are providing Leadership Advisory Services:

- 56% - performed by search professionals
- 44% - performed by specialist group

Many indicated a combination of the two options.

Leadership services are sold:

- 57% - Varies depending on client/engagement
- 33% - On an as needed basis
- 10% - As an integrated solution

Leadership Advisory Services currently make up a small percent of most firms' revenue, but there is increasing evidence that this will grow in the next five years as firms continue their search for more and diversified income streams.

### Survey Results:

What percent of revenue currently comes from leadership advisory services?

|        |     |
|--------|-----|
| 0-10%  | 56% |
| 11-20% | 29% |
| 21-30% | 13% |
| 31-40% | 2%  |

What percent of revenue in the next five years do you expect to come from leadership advisory services?

|        |     |        |    |
|--------|-----|--------|----|
| 0-10%  | 14% | 41-50% | 5% |
| 11-20% | 33% | 51-60% | 1% |
| 21-30% | 27% | 61-70% | 1% |
| 31-40% | 17% | 71-80% | 2% |

## LEADERSHIP CONSULTING SERVICES *continued...*

### **Advantages and Challenges of Providing Leadership Advisory Services**

Inevitably the extension of services into ancillary areas provides both opportunity but also challenges. In our discussions with member search firms the advantages of providing Leadership Advisory Services have been several. It clearly helps initiate a different and broader discussion with clients and thereby a deeper consultative relationship. It helps move the executive search model away from being purely focused on transaction recruiting and provides the client with a more strategic and one stop service on critical issues that are often interrelated. From a business stand point it introduces new sources of revenue which may be counter cyclical, higher added value and provides a competitive edge and differentiation.

The market place for such services is still relatively underdeveloped although other types of organizations such as strategic and human resource consultancies have already shown interest in it and may represent serious competition.

On the other side of the coin moving into Leadership Advisory work also has its challenges. First and foremost is the issue of whether a firm has the required skills and other resources sufficient to compete effectively and build a reputation that will enhance rather than detract from their existing core business. Some search consultants will be well placed to provide some of these advisory services but others less so.

Some firms have solved this challenge via the acquisition of specialists or whole firms dedicated to the new discipline; but then the challenge remains of integrating these new people/services into the core firm.

The culture, operating methodology and business dynamics of leadership advisory work are also different from executive search work. The former requires more strategic, conceptual skills, whereas the latter often requires a dedicated task oriented mind set more akin to defined short term project work than to longer time horizons. Compensation models necessarily also vary.

In providing leadership advisory services both the perception and reality of conflicts of interest have to be addressed since confidentiality, data privacy and treatment of off-limits can become an issue and may vary dependent upon the kind of service being offered. However, other professional service firms have successfully diversified their offerings and have overcome potential conflicts of interest via full disclosure or via "Chinese walls" in areas such as data management.

*"The client doesn't seem to see a clear dividing line between executive search and leadership consulting. Should we try to make that distinction clear or should we consider leadership services an integral part of what we do?"*

## WHAT THE CLIENTS SAY

Comments from clients were obtained via one-on-one discussions between AESC member firm consultants and their clients and via a small survey of recruiting directors from Fortune 500 companies.

### **External vs Internal Executive Search**

Many of the large multinational companies in the Fortune 500 have already created executive search departments or are planning to do so in the next five years.

Three major global companies that we encountered in our discussions that had not previously had an internal function are planning departments within five years.

Internal recruiting departments vary in size and level of appointment handled, but it is likely that a large majority of the searches handled internally today were handled by external search firms 10 years ago.

It is very common to find former retained search consultants managing or working within these departments and thus they are very familiar with the process of executive search and its advantages and constraints. In some corporations internal search departments have to compete for business with “customer” divisions or subsidiary companies and sometimes in competition with external search firms. The number of searches handled at any one time by an internal search consultant is comparable to an external firm and in some large companies incentive compensation is employed in order to be competitive with firms in the external marketplace.

Without exception these large client organizations still retain respect for the best retained executive search firms, but they are now more selective in whom they work with and are more controlled in the processes that they employ to engage search firms. They confirm that it is typically the highest level and most complex searches that are reserved for external search and thus this is a significantly diminished number from 5-10 years ago.

A few large clients have reduced their flow of searches to a trickle but attempt to keep enough work available in order to underpin a relationship and a commitment from the search firm. One global cosmetics client with its own recruiting department still maintains an amount of around \$3 million in fees per annum which it divides between two firms. However, another major consumer goods client has only conducted three senior searches in the past three years in North America and recognizes that this is not enough to sustain deep relationships with search firms.

It appears that where a client organization has developed a well organized and effectively compensated internal search function then it may perform as much as 80-90% of available search work.

In situations where large clients still make wide use of external search firms there is nevertheless considerably more control over the process from the HR function and the selection and monitoring of search firms is at a higher level than before.

## WHAT THE CLIENTS SAY *continued...*

From firms that have no plans to create internal functions, we obtained the impression that senior executive recruiting volumes are not expected to change much over the next five years. This suggests that a predictable level of turnover and organizational change will always provide work, and that reliable longer term relationships with search firms are beneficial to clients.

Although the volume of searches from major organizations has diminished due to the creation of internal recruiting functions, there are still constraints upon bringing senior executive recruiting in-house and the advantages of using external firms for certain needs has not diminished. These include “band-width” (capacity of the in house function), compensation level constraints which mean that partner level or top search consultants cannot easily be recruited from outside, international and cross border reach, specialty knowledge and the value of third party objectivity and confidentiality.

Some client organizations (generally smaller companies) do not have internal search departments and don't expect to have them in the next five years. They predict that in the next five years the number of searches given to retained search firms will stay the same or grow because they are expanding nationally and globally, changing their Boards and there is a scarcity of the right executive talent.

Overall there is a clear trend towards a larger percentage of search work being performed by internal search departments in large organizations and that more organizations are contemplating creating such departments. However, it is also clear that a small percentage of top level work will always be reserved for the search community due to the complexity, visibility or confidentiality of the positions in question. Putting statistics against these trends is challenging and has not been the objective of the current study. It may, however, be justified as part of a larger and more extensive study in the future.

### **Relationships with Search Firms**

#### ***Business Model***

The majority of the companies/organizations interviewed work with search firms on a transaction per search basis. There were a few exceptions to this where clients said that it depends upon the engagement and one where they work on a broader consulting basis.

A few clients indicated that they sometimes asked retained search firms to perform the “front end” of the search after which they handled the remainder of the search themselves. They did this with both small and large retained firms. The “front end” might include market mapping, identification/research and may or may not include telephone outreach. The fees for this ranged from a third of a normal search to a flat fee or hourly rate. When a search firm performs competitive intelligence work it is done on a flat rate. A full assignment may or may not come after this work is completed. A major food and drinks company hired a search firm to find its General Counsel after the search firm had presented a market mapping study for which they had been commissioned.

## WHAT THE CLIENTS SAY *continued...*

One medium sized bank has experimented with structuring mandates using extended retainers but weren't satisfied with the cost/benefit. They will continue to conduct individual searches.

A major consumer goods company previously worked with two tiers of search firms – tier 1, large firms for senior searches and tier 2, boutiques for lower level searches. Their search firm partners met once a year with senior managers and were close to the company with a deep understanding of their culture and business strategy and goals. The client has now built a significant internal search department such that they now only employ search firms very occasionally and no longer continue their annual strategy meetings with search partners.

### **Search Metrics**

Metrics have become an increasingly important part of the dialogue between clients and search firms for control and expense reasons discussed elsewhere.

Of the available metrics many clients seem to favor speed of candidate delivery since it allows them to make quick judgments as to the effectiveness of the search firm in addressing the assignment. In this respect clients may favor boutiques or specialist teams that know their market well, have done recent searches in the sector, and can quickly bring talent forward for review. The more traditional approach of presenting a full short list in the same time period has largely gone by the board, especially in fast moving sectors such as technology or financial services. It is more likely to continue, however, in search assignments for non-profits or board positions where a panel interview process may be appropriate.

Diversity is an important metric, especially for US organizations but increasingly also for European clients. Some clients make it a condition of performance by the search firm that a diverse slate is presented and that in some cases a diverse candidate should be appointed.

Quality is an obvious metric and can be manifest in the overall quality of short lists, number and level of successful searches, communication and feedback to the client and ability to represent the client in the marketplace. An ultimate criterion is the satisfaction of the line manager for whom the search was performed and the long term performance of the successful candidate. Client organizations employ a number of criteria such as these when making an overall rating of a search firm or individual consultant.

## WHAT THE CLIENTS SAY *continued...*

### What Clients find of value

*“proven trustworthiness and integrity is the top of the list”*

*“the honest evaluation of candidates”*

*“ability to present a wide range of good quality candidates”*

*“ability to understand our business and its needs and the cultural elements required for success”*

*“assessment of talent”*

*“knowledge of our industry and of candidates not previously known to us”*

*“ability to service the firm in multiple geographies (for large firms) and ability to service them in niche functional areas (for small firms)”*

*“providing market intelligence and a consultative approach”*

*“ability to surface a diverse slate of candidates”*

*“ability to find and attract talent that the client could not find on their own”*

*“Search firm discipline and process”*

*“Expertise and insight into marketplace, trends, best practices, competitive landscape and access to top talent”*

### What clients find concerning

*“search firms haven’t established good global account management systems. Their internal compensation models get in the way of achieving this. They are not able to really collaborate and work globally across their franchise providing a consistent high quality of service”.*

*“using screening techniques based on pre-conceived notions of the position that may result in the loss of high potential, non traditional candidates”.*

*“Overall lack of accountability when it comes to diversity, lack of a consolidated approach to the relationship, inconsistency across different partners, lack of flexibility regarding indirect expenses and creativity around alternative pricing models”.*

*“pricing and narrow off-limits”*

*“level of research, sometimes not “turning over enough stones”.”*

*“large firms are sometimes “stuck” in their business model”*

*“sometimes too transactional, not knowing enough about our company and culture”.*

### Leadership Advisory Services

From the client organizations interviewed/surveyed only a small number (four out of 30) currently employ search firms to conduct leadership advisory work. However, a greater number were willing to consider using search firms that were proficient/experienced in offering these services. Nevertheless they would evaluate them closely against other specialist suppliers of such services and also in the light of confidentiality, off limits and conflict of interest considerations.

## CURRENT AND FUTURE CHALLENGES

In our survey AESC members expressed concerns for the future but also optimism that their core service offering will be much in demand.

Economic uncertainty, a changing world environment and the changing mind set of the client community create the greatest fears. Increased competition from internal search departments has been an unnerving development while the ongoing challenge of articulating the core value proposition of executive search is a dispiriting reality in many markets.

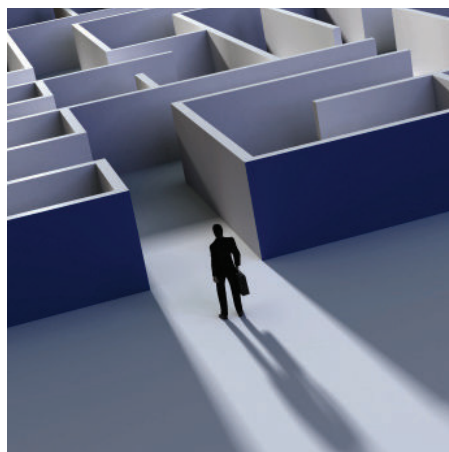
With a shortage of talent, especially in the emerging markets, the job of executive search becomes both more difficult but also more needed.

The low bar to entry and lack of professionalism by many recruiting firms is seen as a threat to the industry and the ability to recruit and retain the right talent for our firms going forward.

*“The biggest challenge is demonstrating the flexibility in our business model to think and implement the necessary changes before the market does it for us”.*

*“The greatest concern is that the unevenness in the quality and methods of search delivered by the industry will continue to impact perception by clients and further commoditization. Every engagement that ends in a negative outcome by any search firm ultimately impacts the industry”.*

*“The future challenge will be to continue to show talent that looks and feels new. ...need to show more success bringing people across industries”.*



## FINAL COMMENTS

The executive search profession has prospered greatly in the more than 50 years since its inception and has survived significant downturns during recessions.

Although the advent of the internet and a changing approach by the client community have affected the search market, and can be expected to continue to do so in the future, there is a very strong underlying faith in retained executive search as an important contributor to organizational success, not only within the search community itself but within many top executive suites and human resource functions.

The challenge for executive search firms over the coming years will be how to optimize their business models by function, industry and geography, in order to secure enough flow of business at the right level to sustain the interest and prosperity of their key partners.

On the client side if organizations wish to have the highest quality consultants at their disposal, when they need them to conduct critical assignments, then they must be prepared to support an appropriate business model rather than competing with it.

It seems likely that executive search will gravitate to be a higher end professional service working predominantly at the top end of organizations and in a broader relationship with clients that may embrace additional advisory services. In the process of this evolution the profession may be able to move away from the commoditization and dis-intermediation challenges of recent years and increasingly occupy the role of trusted advisor that retained executive search consultants covet and aspire to.

The story of the coming years will be about how the executive search profession adjusts to and exploits the potential of its changed environment.

*“Going forward the fundamentals for the executive search business are good. There will always be a need for organizations to find people to fill critical jobs. This is the most important thing management teams need to get right”.*

*“Executive search today is a well accepted business worldwide”.*

*“Clients domestic and foreign are recognizing the need for retained search”.*

*“I am happiest that what we do matters. Yet there is an under appreciation for what we do. If we provide real value, we should become as appreciated as other professional services firms. I am happy that we do something well that our clients do not. We have unique expertise. I am happy we have been successful professionalizing the profession. ... Seriously great people are attracted to the profession”.*

## ABOUT THE ASSOCIATION OF EXECUTIVE SEARCH CONSULTANTS

The Association of Executive Search Consultants (AESC) is the worldwide professional association for retained executive search consulting firms. The AESC promotes the highest professional standards in executive search through its industry recognized Code of Ethics and Professional Practice Guidelines. The AESC also serves to broaden public understanding of the executive search process and acts as an advocate for the interests of its member firms.

The AESC also provides BlueSteps.com, a career management service for senior executives, and CorporateConnect - at [www.executivesearchconnect.com](http://www.executivesearchconnect.com) - a service for Human Resources professionals offering search industry information and access to the AESC membership directory.

### AESC Seal of Quality

Only the top retained executive search firms in the world are members of the AESC and are accepted following a stringent approval process.

Membership in the Association is an endorsement of the best professional practices and indicates a commitment to helping the client receive the best value from executive search.

Visit us on the web at: [www.aesc.org](http://www.aesc.org)



**Association of Executive Search Consultants**

The Worldwide Association for Retained Executive Search Consulting Firms

## APPENDIX 1 - 2010 EXECUTIVE SEARCH STRATEGIC REVIEW COMMITTEE

### **Co-Chairs:**

Joanna Miller, Miller Black Associates

Les Stern, Heidrick & Struggles

### **Committee Members:**

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Anders Borg, Hansar International/Penrhyn International

Luiz Cabrera, Amrop Panelli Motta Cabrera

Tom Daniels, Spencer Stuart

Steve Fisher, Korn/Ferry International

Jeff Hodge, Hodge Partners

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Aidan Kennedy, CTPartners

Rolfe Kopelan, Capstone Partnership

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Carol Palmer, The Curzon Partnership

John Peebles, Peebles Associates

Sam Pettway, Boardwalk Consulting

Hans Thoenes, Eric Salmon & Partners

Krista Walochik, Norman Broadbent

John Wright, Global Sage

## APPENDIX 2 - AESC MEMBERS at December 1, 2010

- 3P Consultants Pvt. Ltd./Penrhyn International
- Abaco International/TRANSEARCH International
- Abrahams Executive Search
- Academic Search International
- Accord Group ECE
- Actum Partners/Penrhyn International
- Advantage Partners
- AF Consultores
- Albertini Group
- Allen Austin Global Executive Search
- Amrop
- Amrop Acteurop
- Amrop Adria
- Amrop ASA
- Amrop Battalia Winston
- Amrop Cordiner King
- Amrop D&G
- Amrop Delectus
- Amrop Delta
- Amrop Dr. Besmer
- Amrop Dr. Kaufmann & Partner
- Amrop Jomon Associates
- Amrop KBS International
- Amrop Knightsbridge
- Amrop Kohlmann & Young
- Amrop Jenewein
- Amrop MV Consulting
- Amrop Panelli Motta Cabrera
- Amrop Rasd
- Amrop Referral
- Amrop RTA
- Amrop Seeliger y Conde
- Amrop Top Management - Seeliger y Conde
- Anderson & Associates
- Aretes Consultants/Penrhyn International
- The Asia Partnership
- Atkinson Stuart
- Avery James Inc.
- Baker and Associates
- B.E. Smith
- Bao & Partners Leadership Services/Signium International
- The Bedford Consulting Group Inc./TRANSEARCH International
- BJW/Signium International
- BluEra
- Board Consultants International (Germany)
- BoardWalk Consulting
- Borderless Executive Search
- Boyden
- Brain/TRANSEARCH International
- BridgeSpan Executive Search
- Brigham Hill Consultancy
- The Buffkin Group
- BuysideResources
- The Caldwell Partners
- Capstone Partnership
- CareerSmith
- Carrington & Carrington, Ltd.
- CarterBaldwin
- Ccentric Group
- CDS Executive
- Chadick Ellig
- Coleman Lew Associates, Inc./Penrhyn International
- Columbia Consulting Group, Inc.
- Compass Group Ltd.
- The Conscientia Group
- Conteven C.A.
- Conway & Greenwood
- Cornfeld Ltd.
- Crowe-Innes & Associates/TRANSEARCH International
- Crown & Marks/Signium International
- CTPartners
- Curran Partners, Inc./ECI Group
- The Curzon Partnership LLP
- Dasein Executive Search
- Daubenspeck and Associates, Ltd.
- DavenportMajor Executive Search
- Davies Park
- Day & Associates
- de Jager & Associates/IIC Partners
- Dennis P.O'Toole & Associates, Inc.
- Development Resources, Inc.
- DeZaSearch
- The Dingman Company, Inc./Penrhyn International
- Diversified Search Odgers Berndtson
- Dowd Associates
- Dr. Bjorn Johansson Associates
- Ecker & Partner/Signium International
- Edgebank Search
- eg.1
- Eileen Finn & Associates
- Epsen Fuller/IMD International Search Group
- Eric Salmon & Partners
- EuroGalenus/Penrhyn International
- Euromedica Group (UK)
- Eurosearch & Associés
- EWK International
- Executive Network
- Executive Search International/Signium International
- The Executive Source (US)
- Executive Source Partners (Canada)

## APPENDIX 2 - AESC MEMBERS at December 1, 2010 *continued...*

- The Ferneborg Group/The Conscientia Group
- Fesa Global Executive Search Transforming Leadership
- Fiderion
- Fish & Nankivell Ogilvie Watson/ Penrhyn International
- Foster Partners/Penrhyn International
- Four Corners Group
- Francis & Associates
- Gattie Tan Soo Jin Pte/Amrop
- Global Sage
- Godliman Partners
- Goodrich & Sherwood
- Grace Company Executive Search
- Gt Tradelink Asia Pte Ltd/ Signium International
- Halsey Consulting/ TRANSEARCH International
- Hansar International/Penrhyn International
- Headlight International
- Heidrick & Struggles
- Herbert Mines Associates, Inc.
- HigdonBraddockMatthews
- Highfield Human Solutions
- Hodge Partners
- Hodges Partners
- Hoechsmann & Company
- The Holman Group, Inc.
- HRD Consultants Inc.
- Hunt Howe Partners, LLC
- HVS Executive Search
- IdealWave Solutions
- IMS Talent
- The Insight Group
- Invesco/TRANSEARCH International
- J. Robert Scott
- J.B. Homer Associates, Inc.
- Janet Wright & Associates
- Jay Gaines & Company, Inc
- JBK Associates
- Jean-Michel Beigbeder & Partners/CEO Search
- Jo Fisher Executive
- John Peebles Associates, Ltd.
- Johnson
- Kaplan & Associates, Inc.
- Kenniff & Racine/The Conscientia Group
- Kerridge & Partners
- Kincannon & Reed
- K.M. Trust & Partners
- Koenig & Associates Inc/ Waterhouse Executive Search Partners
- Korn/Ferry International
- KPMG Executive Search (Australia)
- Lachner Aden Beyer & Company GmbH/Penrhyn International
- Lancor Group
- Lang et Associés/Penrhyn International
- Leaders Trust International
- Leadership Development Solutions
- Legacy Bowes Group/ Waterhouse Executive Search Partners
- Lisberg KB
- Maes & Lunau Executive Search/ Penrhyn International
- Magellan International L.P.
- Marlborough Aviation Executive Search
- Martin H. Bauman Associates, LLC.
- Martin Partners, L.L.C.
- Maxecon S.C./Signium International
- Maxwell Drummond International
- The McAulay Firm
- McEvoy Associates, Ltd./Signium International
- The McIntyre Company/Penrhyn International
- McKinney Consulting
- Mellaart International
- MERC Partners
- Mercier & Partners
- Meridian
- Meridian Partners/Signium International
- Michel Pauzé & Associés/ TRANSEARCH International
- Millbrook Partners
- Miller Black Associates
- MIXTEC Group
- Moloney Search
- Morgan Samuels Company
- Moyer, Sherwood Associates
- MP Sampaio Consultores/ Penrhyn International
- Nedelcu & Company/Leading Edge Executives
- Neumann International
- Neusearch/Signium International
- Norman Broadbent
- Odgers Berndtson
- The Onstott Group/ TRANSEARCH International
- Orbis Executive Search Inc./ TRANSEARCH International
- Osprey Clarke/Penrhyn International
- Parker Executive Search
- Parodi & Associates
- Partners Trust/Signium International
- Penrhyn International
- People in Health (France)

## APPENDIX 2 - AESC MEMBERS at December 1, 2010 *continued...*

- Perrett Laver/Signium International
- Piedmont Ltd
- Pinton Forrest & Madden
- Preng & Associates, Inc.
- The Prince Houston Group
- Profesindo Reksa Indonesia/Amrop
- Profile Odgers Berndtson
- Proposte/Penrhyn International
- ProSearch
- The Prout Group, Inc.
- Raines International
- Reeder & Associates Ltd.
- Ropes Associates, Inc.
- RosExpert
- Roson de Beas
- Roy C. Hitchman AG/Penrhyn International
- Rurak & Associates, Inc.
- Russell Reynolds Associates, Inc.
- RSMR Global Resources/TRANSESARCH International
- Salvesson Stetson Group, Inc.
- Saxton Bampfylde/The Conscientia Group
- Scandinavian Search & Selection/Signium International
- Search & Coach
- SEBA International, LLC
- Seminarium/Penrhyn International
- Shimamoto Partners/Penrhyn International
- Siebenlist, Grey & Partner
- Signium International
- SIMS/Signium International
- Singer & Hamilton
- Sirca
- Skott Edwards Consultants/Penrhyn International
- Slayton Search Partners
- Smith & Syberg, Inc.
- Snowdon Tate/TRANSEARCH International
- Sockwell Partners/TRANSEARCH International
- Spencer Stuart
- Stanton Chase International
- Stephen Raby Associates/TRANSEARCH International
- Susan Goldberg Executive Search Consulting
- Tasa Worldwide Peru/Signium International
- Taylor & Company
- Taylor Winfield/Penrhyn International
- Tessera Executive Search/Signium International
- Thacher Executive Search
- TKJ Associates
- TRANSEARCH International
- TRANSEARCH IWConsulting
- Tyler and Company/Signium International
- Unico Search/TRANSEARCH International
- The Verriez Group/Waterhouse Executive Search Partners
- Voyer International/Penrhyn International
- Vision Executive Search
- Ward Howell
- Waterhouse Executive Search/Waterhouse Executive Search Partners
- Waterhouse Executive Search Partners
- Watermark Search International/TRANSEARCH International
- The Wright Company/TRANSEARCH International
- WTW Associates
- Zavala Gortari Asociados
- ZMG/Signium International