

# Global Business & Industry Barometer

## Year End 2010



The Source for Global Corporate Leadership



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## Introduction

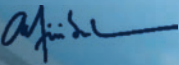
A new year brings a new start. As we close the chapter on 2010 and move into 2011, economists, organizations and consumers are cautiously optimistic about the economic outlook. However, while predictions of increased business spending\* and lower unemployment rates\* create consumer confidence, seasoned executives remain reluctant to make career changes.

IMD International Search Group's 2010 Year End Business & Industry Barometer Survey indicates that organizations are now more likely to integrate executive search as part of their strategic plan rather than as a reactionary process – this is a marked shift from the trend that has dominated the recruitment landscape over the course of the last recessions. We expect to see increased demand for top-level talent, but acquiring those experienced executives will remain difficult for companies across most industries.

One of the key challenges companies face in their recruitment process is the continued reluctance of executives to pursue new opportunities, as job security is top of mind above career growth and change. However, it must be noted that there is a shift in this trend as more executives are willing to consider career changes given the right conditions with market instability and the state of the economy remaining the greatest deterrents from doing so. At this critical juncture of the global economic recovery, guidance from an executive search firm can give candidates and organizations the necessary resources, support and competitive differentiation during the challenging recruitment process.

We hope you will find the results of our survey enlightening as you consider your company's talent acquisition needs moving forward in 2011.

Sincerely,



Albert Hiribarrondo  
President

*\*Kiplinger's Personal Finance magazine*



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## About IMD International Search Group

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Founded in 1972, IMD International Search Group is a Top 20 global search organization, with offices in major markets and business centers throughout the world, providing instant access to a world-class executive talent pool serving the global economy. Operating through a matrix structure and organized by geographic and industry specialization, IMD International Search Group is ideally equipped to satisfy the talent acquisition requirements of those organizations seeking to acquire and retain high impact executives. Our clients, whether Fortune 50 or a small venture-backed start-up, whether global or local, all benefit greatly from this structure as we have access to the most relevant resources and relationships wherever they may exist.

IMD Global Office Locations:

Americas | Western Europe | Nordic | Eastern Europe | Middle East | Asia Pacific



..... Connecting Your Business to the Talent Resources You Need .....



## About the Survey

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IMD's Global Business & Industry Barometer for Year End 2010 is a survey conducted twice yearly by IMD International Search Group of its global partners representing 20 different countries from the Asia-Pacific (2), Eastern Europe (5), Nordic Europe (3), North America (3), South America (1) and Western Europe (6) regions. In some cases, the sample size varies from one question to another because not all survey respondents answered every question. Percentages have been rounded to whole numbers, which may slightly alter the results.

## Executive Summary

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Responses to the Industry Barometer Survey have been organized into three sections:

- Business Performance & Outlook
- Industry Dynamics
- Emerging Trends

Optimism in the senior recruitment market continues, with IMD executive search consultants reporting revenue was up an average of 1-30% in the second half of 2010 over the first half. Our consultants have an overwhelmingly positive outlook for 2011, predicting increased demands for talent and improved revenue for the first half of 2011 by an average of 1-30% over second half 2010. This confirms the growing level of demand for search during 2010 and the continued economic recovery in many countries around the world. Our members are more confident about their pipeline of assignments and, while different markets around the globe were more severely affected than others by the economic crisis, the recovery has taken hold worldwide and the underlying trend is strong. Given these conditions, the outlook for executive search consulting is bright.

Shifts in talent acquisition strategies will continue to challenge executive search firms in spite of the widely reported changing demographics and the increased demand from the emerging markets. Organizations are indeed ramping up their hiring in lock step to the strategic plans for the company. That said, many IMD offices offer, and are expanding, capabilities in a broader cross-section of integrated talent management solutions, such as management assessment and executive coaching, thereby enabling clients to build a true talent advantage.



Concerns about market instability and the state of the economy remain the greatest concerns keeping executives from making a career move. However, it seems more are willing to do so, given the right circumstances. More responsibility, increased compensation and a better work/life balance remain the top reasons why executives might consider a career move. Survey respondents felt that, among functional areas, CEO / COO / General Management have the greatest executive talent demand in 2011, while Consumer Goods & Services is the industry sector demonstrating the greatest executive talent demand.

New to our survey are questions gauging the social media environment and the impact on executive recruiting. A recent study by Burson-Marsteller reported 79% of the Fortune 500 use Twitter, Facebook, YouTube or corporate blogs to communicate with customers and other stakeholders, while 95% of our members are using social media to enhance their business, reinforcing what appears to be a seismic shift in how recruiters and headhunters engage talent as well as attract clients.



## BUSINESS PERFORMANCE & OUTLOOK

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The executive search industry is showing a healthy rebound after the difficulties experienced during the economic downturn, with 90% reporting an increase in revenue for the second half of 2010 against the first half of 2010. In demonstration of the significant jump in search activity, 75% reported an increase up to 50% for the second half of 2010 against the same period in 2009.

When respondents compared revenue forecasts for the first half of 2011 against revenue during the second half of 2010, 85% projected an increase in total revenue.

Overall, as the world economy recovers from the financial trauma, the scarcity of executive talent in many sectors and regions of the world continues, and IMD consultants (90%) have a positive outlook for their executive search business in 2011, up 28% from the first half of 2010. This significant shift in positive outlook portends continued revenue increases as clients ramp up their talent requirements for 2011 and beyond.

To meet this growing demand, nearly all IMD offices (90%) intend to hire consultants or keep the same number in the first half of 2011. This illustrates not only growth of the executive search industry, but a need for exceptional consultants due to increased client activity.

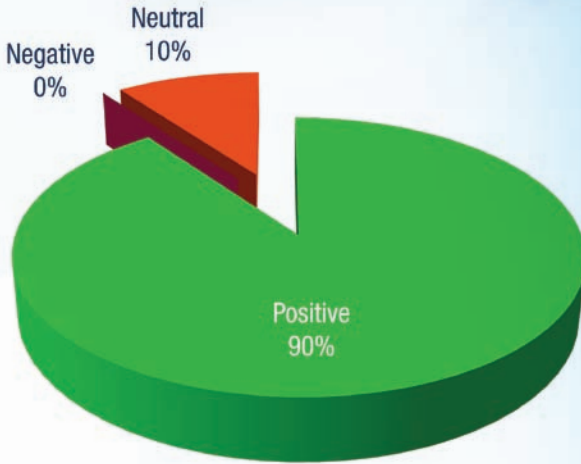
*“It is clear our members experienced a strong and steady recovery in revenue totals in 2010 and we look forward to continued growth in 2011.”*

*- Thomas J. Fuller, Epsen Fuller/IMD*

# RESULTS

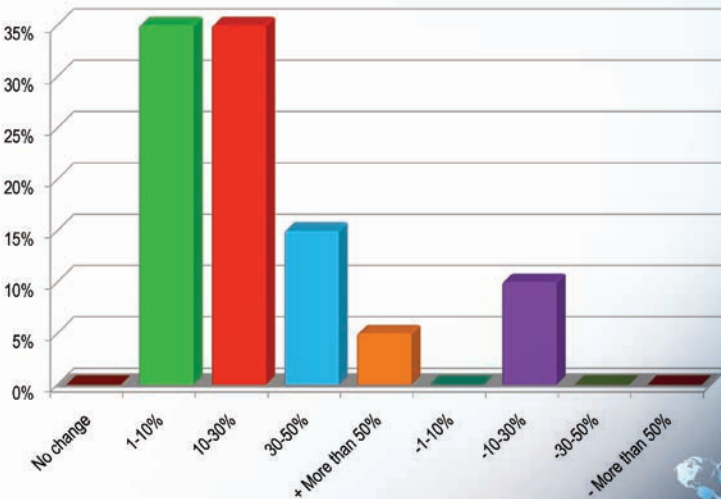
Consultants are optimistic about industry growth, with 90% indicating a positive outlook for the executive search business in 2011.

2011 Outlook for Executive Search Businesses



Compared to the prior two quarters, business seems to support the “slow and steady” theory in the current economic recovery; 90% reported an increase in revenue, with 20% indicating an increase of revenue by more than 30%.

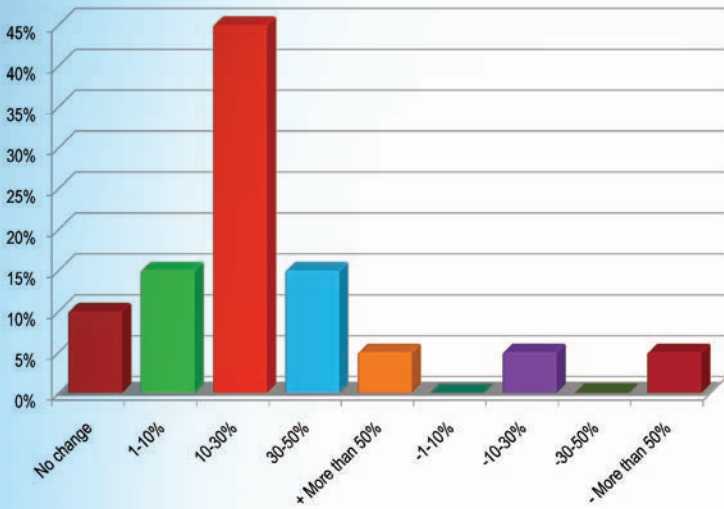
Actual Revenue Increase/Decrease – Second Half 2010 versus First Half 2010



# RESULTS

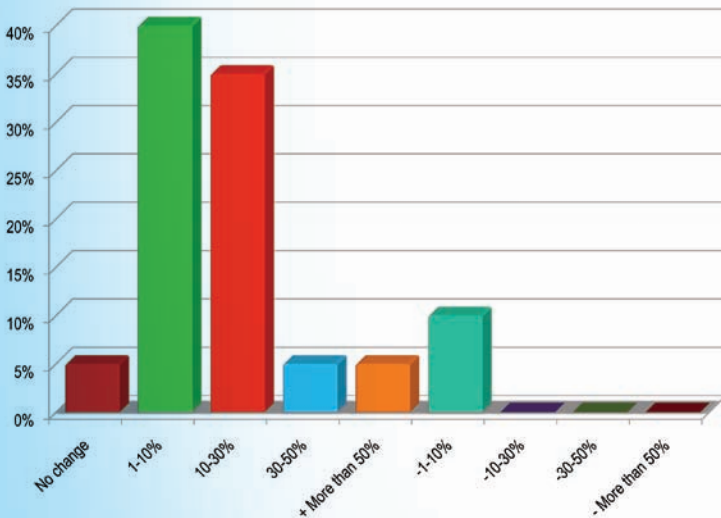
Compared to Second Half 2009, IMD consultants reported equally improving revenue results.

### Actual Revenue Increase/Decrease – Second Half 2010 versus Second Half 2009



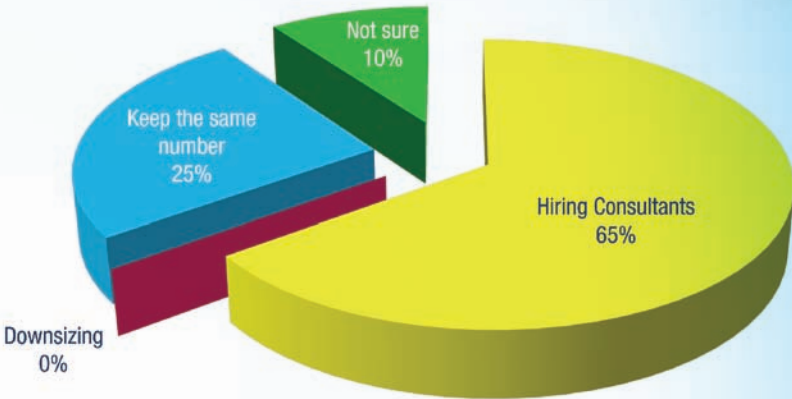
Continued optimism holds among IMD consultants, with 85% expecting to see further revenue increases during 2011.

### Forecast Revenue Increase/Decrease – 2011 versus 2010



65% of IMD offices indicated they plan to hire new consultants over the next six months.

### Firms' Hiring Plans Over The Next Six Months



*“ The executive search industry is leading the way in the global economic recovery, with most IMD members planning to hire new talent in conjunction with increased revenue last year and positive outlooks for 2011.”*

- Sherilyn Shackell, Highfield Human Solutions/IMD



## INDUSTRY DYNAMICS

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IMD global partners (75%) continue to experience strong demand from their clients to acquire top-level talent, demonstrating an increase in senior management and C-suite hiring. Further, 70% also indicated their clients feel acquiring top-level talent remains difficult.

As the economy slowly improves, 75% indicated clients are hiring as a strategic approach to managing their business, rather than a reaction to changing demands, as indicated in the first half of 2010.

While a great majority (75%) indicated their clients plan to increase headcount in 2011, an increase of 15% from the first half of 2010, market instability and the state of the economy remain the greatest obstacle to executives considering a career change, while more responsibility, increased total compensation and a better work/life balance are the top reasons for executives to make a move.

The following functional areas are driving demand:

- **CEO/COO/General Management (65%)**
- **Finance/Accounting/CFO (55%)**
- **Business Development (40%).**

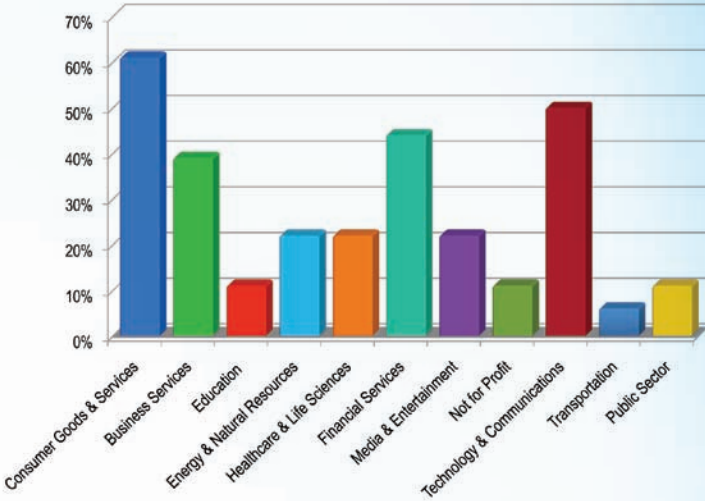
The following industry sectors show the strongest demand:

- **Consumer Goods & Services (61%)**
- **Technology & Communications (50%)**
- **Financial Services (44%)**

# RESULTS

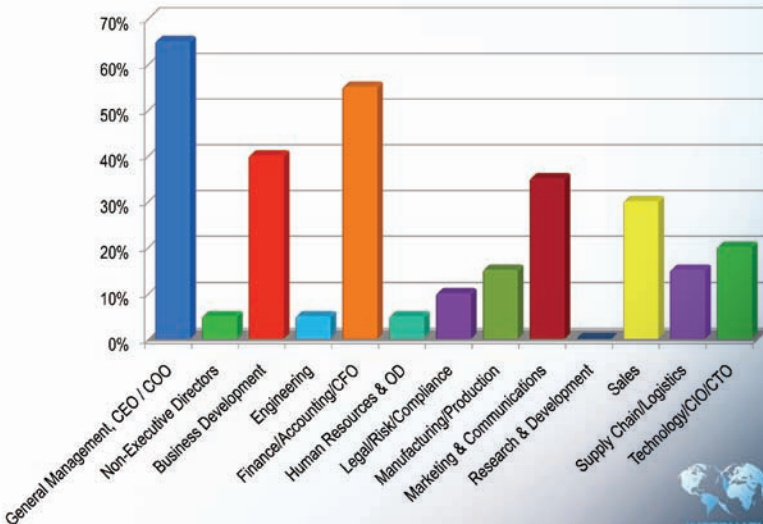
Consumer goods & services is the industry sector showing the strongest demand/shortage of talent for 2011.

Industry Sectors Showing the Strongest Demand/Shortage of Talent for 2011



Indicating a higher level of new search assignments, CEO/COO/General Management is the functional area showing the strongest demand/shortage of talent for 2011.

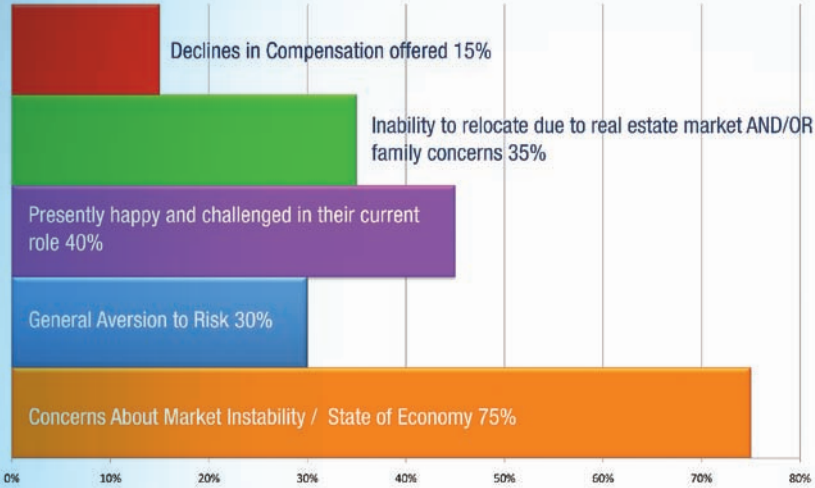
Functional Areas Showing the Strongest Demand/Shortage of Talent for 2011



## RESULTS

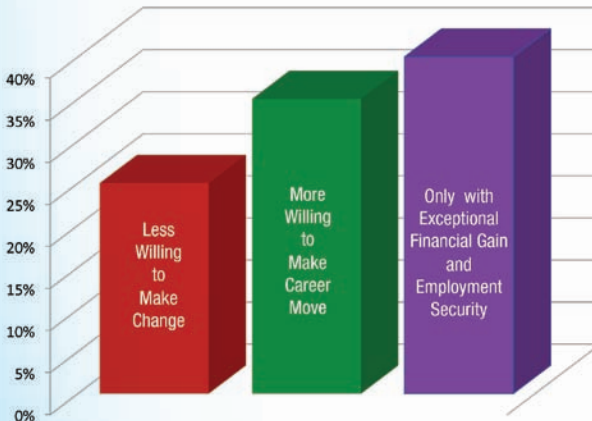
The majority (75%) indicated that concerns about market instability/state of the economy continue to be the driving reasons keeping executives from making a career move.

### Reasons Most Likely Keeping Executives from Making a Career Move



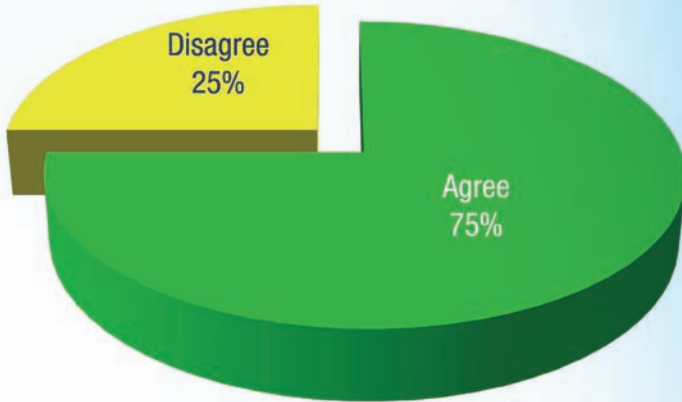
Candidate mobility continues to be a challenge in the race to build a talent advantage, as 65% indicated candidates were either less willing to make a career move, or would only do so if offered exceptional financial gain and employment security.

### Willingness of Senior Executives to Make a Career Move



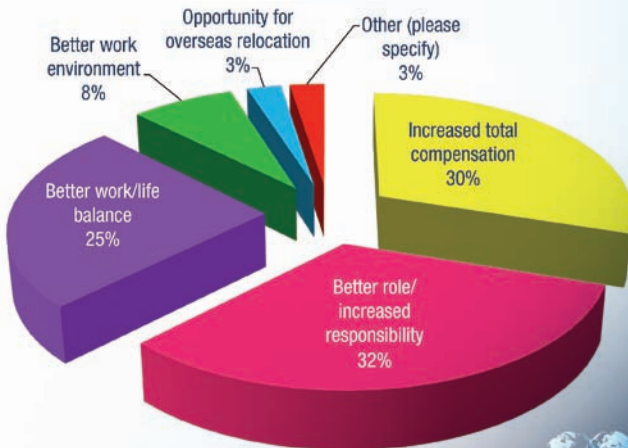
The majority of respondents (75%) indicated their clients have a strong demand for top-level talent, while a similar number indicated their clients feel acquiring top-level talent remains difficult.

### Clients Indicate a Strong Demand for Top-Level Talent



In an apparent contradiction to the candidate mobility question, the majority (65%) indicated that a better role/increased responsibility (and not exceptional financial gain) is most likely to entice a senior executive to consider a career move.

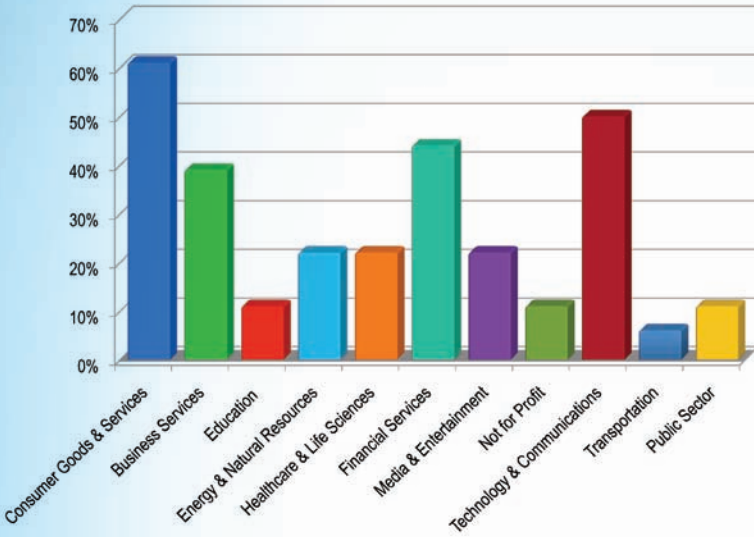
### Reasons Most Likely to Entice a Senior Executive to Consider a Career Move



# RESULTS

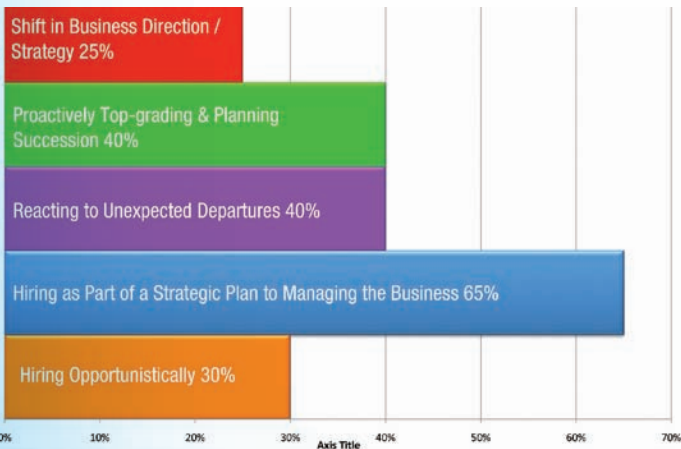
Consumer goods & services is the industry sector showing the strongest demand/shortage of talent for 2011.

Industry Sectors Showing the Strongest Demand/Shortage of Talent for 2011



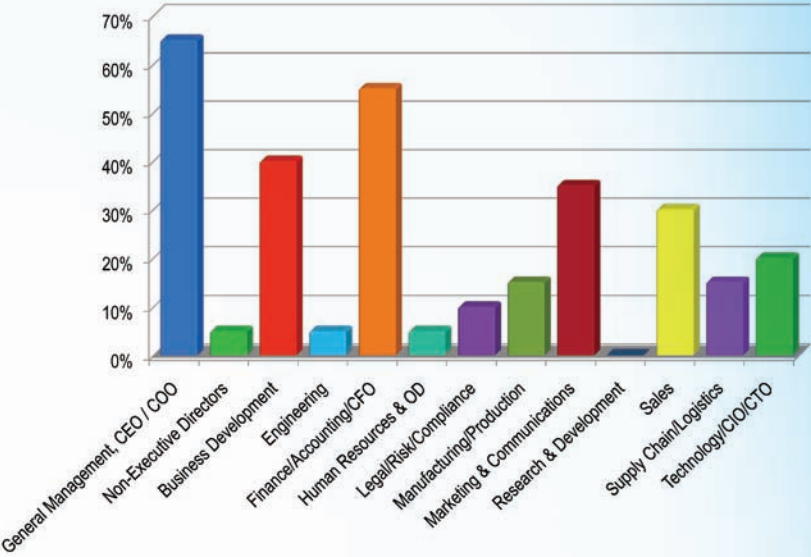
In a dramatic shift in client demand and an indication of a marked uptick in business optimism, the majority (65%) indicated that hiring as a strategic approach to fulfilling business objectives is the most likely reason for an increase in client demand for executive search.

Reasons Most Likely Driving Increase in Demand for Executive Search

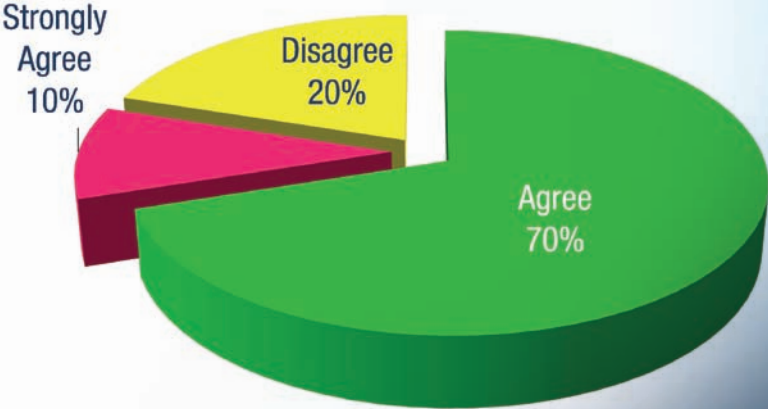


Indicating a higher level of new search assignments, CEO/COO/General Management is the functional area showing the strongest demand/shortage of talent for 2011.

Functional Areas Showing the Strongest Demand/Shortage of Talent for 2011



80% of consultants indicated their clients feel acquiring top-level talent remains difficult





## EMERGING TRENDS

In an indication of the industry diversifying its services, 80% indicate their firms offer “non-search” services, and 58% plan on adding non-search services in 2011. 85% of respondents expect up to 30% of their revenue to come from “non-search” services in 2011, showing the importance of expanded offerings that improve client relations, deliver value to client organizations and increase ROI on talent management.

Social media is a driving factor in industry changing dynamics, with nearly all (95%) using social media for business efforts, 90% using LinkedIn and 25% using Facebook. Twitter, blogs and “other” were also indicated as potential new avenues for increased client and candidate communication.

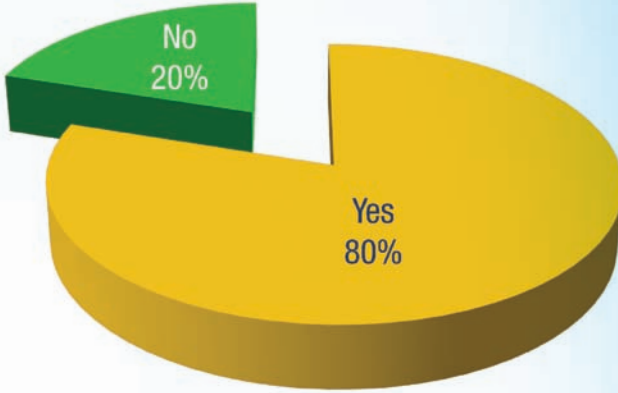
*“At a time when clients demand the most value for their investment in executive search, we are seeing additional service offerings by IMD member offices that allow for even more satisfying executive search experiences.”*

- Gerard Ketelaar, Quaestus/IMD

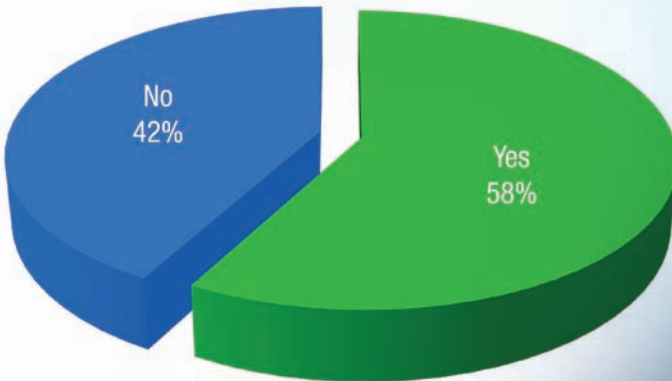
## RESULTS

In an effort to deliver a broader set of talent management solutions, 80% of IMD offices currently offer other “non-search” services (management assessment, executive coaching, etc.), while 58% plan to add “non-search” services in 2011.

Does Your Firm Offer Other “Non-Search” Services?



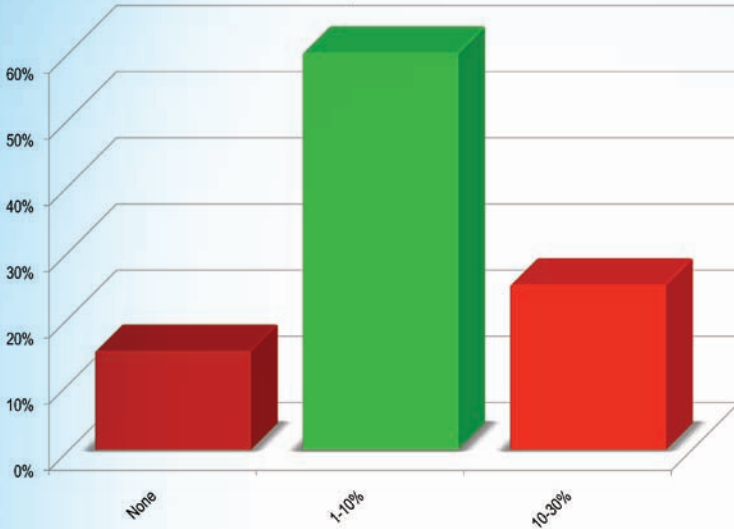
Does Your Firm Plan to Add “Non-Search” Services in 2011?



## RESULTS

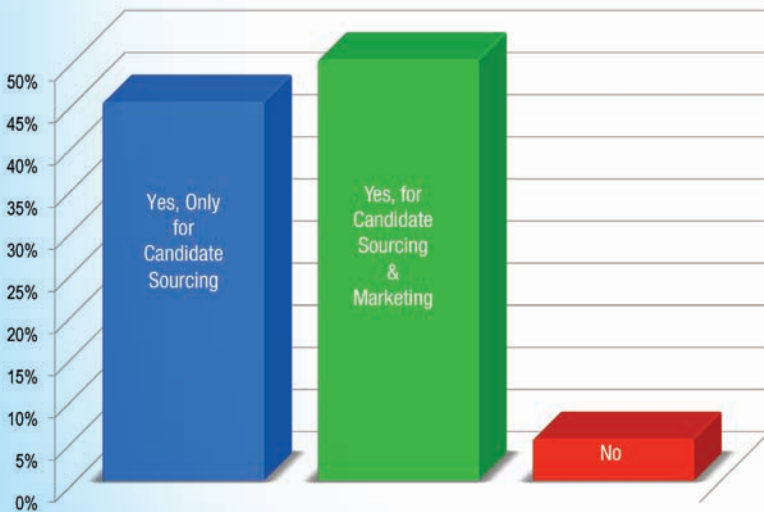
Illustrating the growing importance of this trend, 85% showed up to 30% of their firm's total revenue will come from "non-search" services in 2011.

Percentage of Total Revenue Coming from "Non-Search" Services in 2011



50% of IMD consultants indicated their firm is using social media for both candidate sourcing and marketing/business development. 45% indicated their firm is using social media only for candidate sourcing.

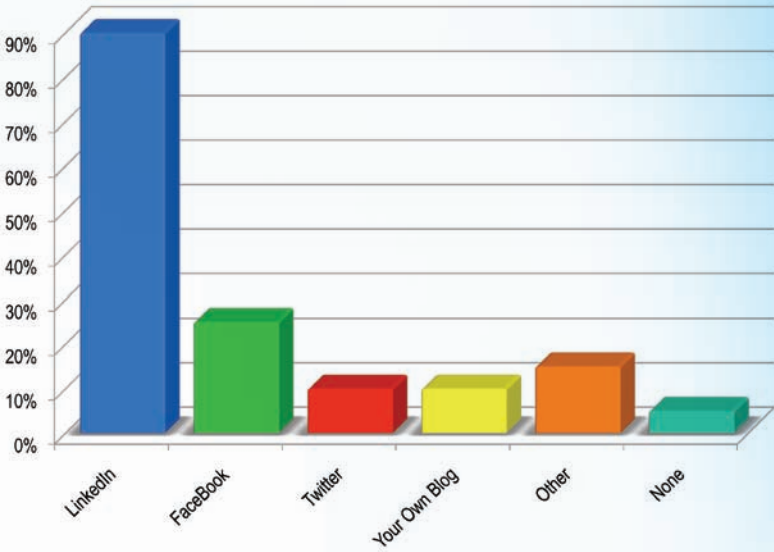
Firms' Use of Social Media



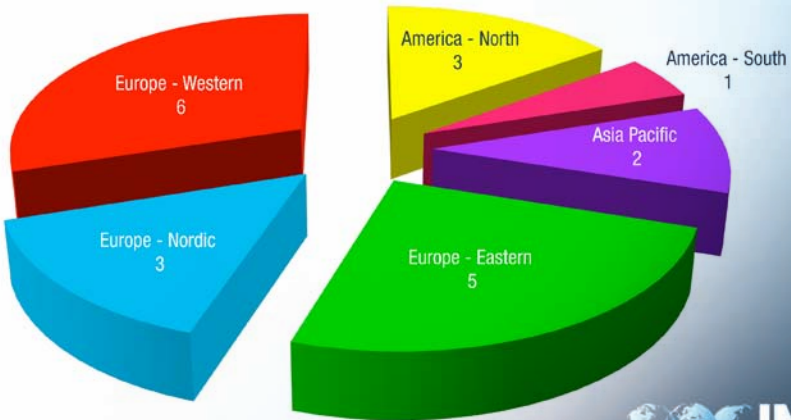


As IMD consultants keep pace with the evolution of technology and its impact on the corporate sector, the majority (90%) indicated they use LinkedIn, 25% use Facebook, 10% use Twitter and blogs, and 15% use other platforms.

Social Media Platform Usage



The IMD offices participating in this survey represent the following global regions:



IMD Global Office Locations:  
AMERICAS WESTERN EUROPE NORDIC EASTERN EUROPE MIDDLE EAST ASIA PACIFIC



[www.IMDsearch.com](http://www.IMDsearch.com)