

Heywood Search

Annual Executive Search & Interim Management Salary Survey 2010

Salary Survey 2010

INTRODUCTION

Last year Heywood's Salary Survey exceeded all expectations in terms of depth of coverage, print run and national media coverage.

Heywood's Salary Survey remains the industry's key salary reference and continues to anticipate major trends. This tenth edition mirrors last year's Survey in terms of scale, depth of coverage and participants. This year we have published two separate Surveys reflecting our two product offerings but in this document prepared by Heywood Search, only data relating to the Executive Search and Interim Management sectors have been covered. The other Survey produced by Heywood Associates covers a wider range of sectors within contingency recruitment.

THE MOST COMPREHENSIVE SURVEY

This year's Survey draws on an overall sample of some 846 Executive Search and Interim Management firms and 772 Search and Interim Management specialists from across the UK. The information mirrors the financial packages offered from the 76 assignments worked on by Heywood Search between June and October 2009.

In addition to the extended geographical coverage, the Survey looks in detail at ten key Search and Interim Management sectors that dominate the market.

We have highlighted the average fee income generated by fee earners and compared this data with the financials from last year. This is broken down by sector, location and level of experience. We have also compared OTEs (On Target Earnings) to last year's Survey.

This year, for the first time we have included graphs highlighting the average basic salary, OTEs and fee income within the various sectors and included archived data from 2004.

MAJOR TRENDS

The 2009 Survey indicated a fall in take-home pay and fee generation compared to 2008. As expected, the trend has continued to turn south or at best remained static. There are very few examples of basic salaries having increased and there are many examples where basic salaries have been cut and bonuses and commissions scrapped due to falling revenues. The demand for lower level candidates has fallen in most sectors although fee earners with a proven track record and a portable client base remain in high demand across all sectors.

Encouragingly, during the 2nd and 3rd quarters of 2009 we noticed improved positivity in the market and a meaningful number of firms starting to look for researchers and fee earners. This clearly indicates the start of an improvement. We also noted a significant appetite for Financial Services fee earners in Quarter 3, 2009.

Sadly a number of smaller firms have not survived and we have had to say goodbye to a handful of niche specialists. The worst performing sector has been Financial Services although whilst some firms have had to cut back, others have bucked the trend and continued to hire.

The exception to the cut backs has been within the Not for Profit and Interim Management sectors where demand has remained consistent and above average levels of income and bonuses are being achieved.

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MAJOR TRENDS ...continued

Salaries for researchers and junior fee earners have remained static although basic salaries for more experienced fee earners have fallen marginally. Not for Profit and Interim Management fee earners have enjoyed a better year even though in most cases revenue has not increased.

Despite the turmoil in the market the sector is far from dead and during Quarters 2 and 3 of 2009 we noticed an increase in job orders for many sectors as some firms brush aside the doom and gloom and go for growth.

It must be noted however, that whilst demand is low, there are signs that the market is improving and demand for both researchers and strong, established fee earners is on the up. We believe that the 'feel good' factor is beginning to return although we do not expect the sector to fire on all cylinders until at least Quarter 2, 2010.

Successful Search consultants remain open to hearing about new roles although given the economic climate, they are considerably more cautious than in previous years. There are many candidates on the market although some have poor performance records. There are also a number of experienced researchers seeking roles but at the moment, some firms are considering these to be a luxury. Opportunities have to be exceptional in order to persuade a successful candidate to move. Interestingly, the trend highlighted in last year's survey regarding an increase in overseas moves in particular to the Middle East and the Far East, has all but disappeared. It is unlikely that this will be an attractive option to experienced fee earners and researchers until Quarter 3, 2010.

Historically, those firms that did not review their staff packages upwards were in danger of losing their biggest generators. Today, with financial packages reduced and firms focusing on the survival of their businesses, we do not expect salaries to increase significantly until Quarter 3, 2010. Salaries, OTEs and fee income are similar to levels attained in 2004.

From a search to search perspective and as a result of the financial climate, this sector has become more client driven although we do not expect this position to continue after the 2nd quarter of 2010. There still remains stiff competition to attract the best fee earners and researchers.

The timescales for interviewing have in general increased although the number of interviews in most sectors preffer has remained the same. This indicates a more cautious approach by hiring clients. At all levels recruiters have remained with their current employers for an increased length of time against those surveyed last year.

Client-facing and business development skills are still an essential ingredient in any good hire and employers are particularly seeking out those consultants who have a deep working relationship with individual clients.

Commission structures have remained competitive in order to accommodate good fee earners and bonuses of up to 40% based on a tiered system of personal fee income are not unheard of. Fee income overall has fallen significantly against that of 2008 & 2009 and fee earners have suffered from significant lower take-home pay and bonuses than last year.

Putting all this aside and ignoring the large falls in revenue and bonuses, Executive Search as a career remains financially lucrative.

In general, the climate has driven a number of market trends including:

- *The perceived 'non-sexy sectors' remain buoyant*
- *Increased maturity in the Interim Management sector*
- *Demand for Financial Markets search which was the first sector to be affected in the downturn has been the first to recover*
- *Head count freezes and redundancies were commonplace in 2009*
- *Take-home pay has fallen for Executive Search recruiters and researchers*
- *Redundancies and pay cuts were commonplace in 2008 and 2009 and a cautious approach to hiring is expected in 2010*
- *Confidence in the market is lower in certain sectors but opportunistic growth prevails for some established firms*
- *One to three job opportunities exist for experienced recruiters*
- *Financial guarantees and golden hellos are rare*
- *We anticipate that there will be fewer salary cuts and reduced bonuses compared to last year*

THE SEARCH-TO-SEARCH SECTOR

The Search-to-Search market experienced a dramatic downturn during Quarter 4, 2008 and Quarter 1, 2009 however the green shoots of recovery have stimulated an increased appetite for services. The successful and profitable Interim Management and Not for Profit sectors provided pockets of opportunity during the downturn. Candidates in certain sectors continue to benefit from financially lucrative times however opportunities have to be carefully presented and, of course, need to be to the individual's career and financial advantage.

Survival in our market is dependent on providing added value services, building deep client relationships and providing a professional and ethical approach. We would like to thank all our clients for their continued support over the past ten years.

Heywood continues to champion standards of professionalism for the sector and is a proud founder Recruitment-to-Recruitment Group member of the Recruitment and Employment Confederation (REC) as the first step towards recognising ethical and fair dealing in recruitment.

REGIONAL PATTERNS

For the fourth time in nine years we have decided to merge salary data from the previously separate London & M25 and Rest of the UK regional data salary surveys. This is due to the minimal differences in the regions at this time.

Marginal growth is anticipated throughout the final quarter of 2009 and there are indications that throughout 2010 an increase in demand will benefit most sectors. For every experienced search fee earner there are at least one to three job opportunities and within Interim Management, there are in excess of three job opportunities. This is likely to increase during 2010.

INTERNATIONAL ASSIGNMENTS

2009 has seen a decrease in activity in this market. With the pinch being felt across the globe, there is unlikely to be an appetite to hire UK based fee earners and researchers until Quarter 3, 2010.

Relocation is less attractive amongst recruiters in the current economic climate however for those candidates with specialised sector knowledge, an established client base and languages skills, demand will remain high.

CONSUMER & RETAIL

As last year this sector has been hit hard by the recession. Despite this we have noticed some demand for delivery consultants and contract researchers to work on senior assignments. Smaller boutique firms have become more specialised and are focusing on areas of growth such as supply chain and financial control. Hiring is likely to remain fairly flat for much of 2010.

ENERGY & INDUSTRIAL

A quiet year although we have seen a continual demand for good fee earners particularly within the Energy and Renewable spaces. There have been fewer redundancies in these areas compared to other sectors both in terms of fee earners and researchers. Many of our clients have a global reach which drives the demand for well-networked consultants and the shortage of talent in the industry ensures that business will pick up eventually. Manufacturing also suffers from a lack of available talent which is keeping those firms specialising in this sector relatively busy and with good prospects for growth on the horizon.

LIFE SCIENCES AND HEALTHCARE

Despite the downturn this sector has remained strong in line with the nature and growth in demand for the Pharmaceutical industries' products. That said, many firms while not necessarily reducing headcount, have consolidated their businesses and have not been actively hiring. Since Quarter 3, 2009 we have seen an increase in demand for well-qualified fee earners particularly those with languages and international exposure. We also foresee a rise in demand for strong delivery consultants and researchers with specific technical knowledge in sectors such as biotechnology, clinical development and commercial operations.

PROFESSIONAL SERVICES

2009 has been a tough year for Professional Services. Many firms have been adversely affected by the recession and have cut back their exposure to the sector. Few firms choose to cover this area exclusively with most preferring to appoint one or two specialists.

As we enter Quarter 4, 2009 we notice a slight uplift in business however we do not expect much activity until Quarter 2, 2010 when the knock-on effect of improvements in other sectors will filter through to this space. Cautious growth is expected however we do believe the worst is over.

PUBLIC SECTOR

As we predicted last year we have seen a steady demand for both delivery consultants and fee-earners over the past year although salaries have not risen as much as in previous years. Clients are looking for consultants with excellent sector knowledge and deep relationships that will endure as the Public Sector starts to cut costs. Only those firms with well-established track records and reputations and of course those that appear on the Frameworks will continue to do well. We have found that clients are also open to considering candidates with strong networks in relevant areas of private sector search such as finance, built environment and general management.

TECHNOLOGY, MEDIA AND TELECOMS

TMT was one of the first sectors to have experienced an upturn in business. Indeed our initial requests for researchers were within this sector. Partly due to the international nature of the sector, the importance of technology in business in general and the fast pace of innovation in the sector, firms have continued to win new mandates albeit at a slower rate compared to previous years. We have found that the demand for executors and fee earners have come from firms of all sizes. We anticipate that this demand will continue with an emphasis on candidates with strong technical knowledge and robust networks.

FINANCIAL SERVICES SECTOR

Despite the sharp decline in 2008–2009, the Financial Services sector is bouncing back at a phenomenal rate. This is a clear sign that the cut backs were too deep. For those firms able to weather the storm, Quarter 4, 2009 and throughout 2010 look particularly lucrative. Currently high demand exists within Commodities, Derivatives, Equities, Fixed Income, FX, Interest Rates and Infrastructure.

Throughout the recession, the FS sector suffered the highest drop in fee income and commissions. 2010 could be a year to make up much of the shortfall and losses for well-networked fee earners in this space.

EXECUTIVE SEARCH RESEARCHERS

Since October 2008 the financial crisis really began to have an impact on the search sector as cancellations of assignments became commonplace. The demand for researchers and delivery consultants fell drastically across most sectors. However since Quarter 3, 2009 we have begun to receive an increase in demand for researchers and we believe that this trend will continue into 2010. Interestingly there is an increase in demand for short-term contract researchers with some even being offered permanent positions - a clear sign that the market is improving.

INTERIM MANAGEMENT SECTOR

Interim Management has fared better than most sectors although reports indicate an average drop in fee income per head of 25%. Competition from up-and-comers have increased for positions in Interim and salaries have fallen for these positions too. Overall, annual GP has in most cases remained static or fallen for Senior Consultants and Partners and payouts to employees in terms of commission and bonuses have fallen from 35% to 30%.

Those consultants with Not for Profit experience continue to be in particularly high demand and attract a premium. Despite the global downturn, there is a consistent demand for Interim Management services and this is unlikely to fall in the foreseeable future.

Fee earners with strong business development skills and existing client relationships will continue to do well in this sector as the market bounces back. A handful of established search firms have set up Interim businesses to shield themselves from the further effects of the global recession.

CAR ALLOWANCES

Executive Search £4,500 - £7,000 per annum

COMMISSIONS & BONUSES

Commissions and/or bonuses vary between industry sectors and range between 20% and 40% of personal billings/margins. Nearly all sectors have reviewed their payout policy with some disappointingly deciding to reduce them and others cancelling all payments completely. The higher percentages relate exclusively to above threshold revenue generation and may be subject to various revenue triggers. The average gross take-home pay ranges between 25-35% of personal fee income.

EMPLOYEE RETENTION

Employee Experience	Length of Employment
0 to 2 years	12 - 36 months
2 years+	18 - 72 months
Holiday Entitlement	
0 - 2 yrs service	22 - 25 days
2 - 5 yrs service	25 - 30 days
5 yrs+ service	25+ days

EMPLOYMENT BENEFITS

Benefits offered to Search consultants after a qualifying period may include:

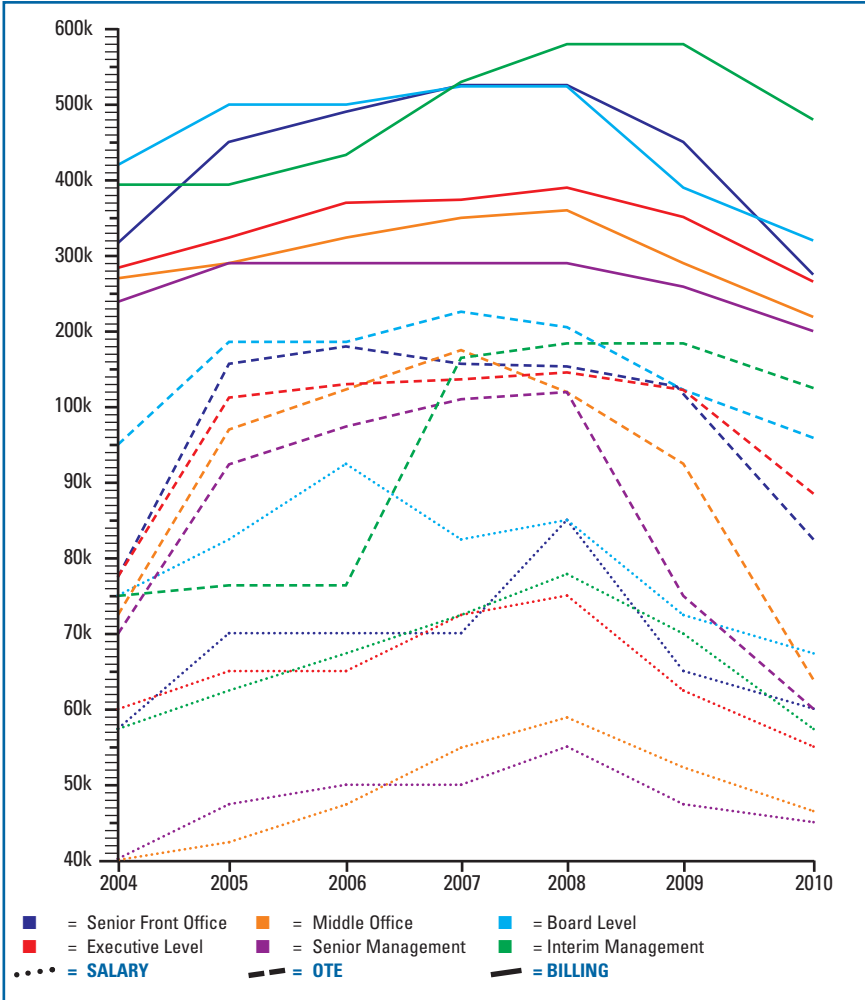
- Company car, personal contract plan (PCP) or car allowance
- Contributions to either a company or private pension scheme
- Equity in the business
- Flexible working hours and the ability to work from home
- Full or subsidised health insurance
- Home telephone or mobile telephone bills paid
- Laptop supplied by employer
- Life Assurance
- Mobile phone or Blackberry device supplied by employer
- Private Health Insurance
- Share Option scheme

SALARY SURVEY 2010

POSITION	BASIC £,000	OTE (On-Target Earnings) £,000	ANNUAL REVENUE £,000
FINANCIAL SERVICES ASSET/FUND MANAGEMENT, CORPORATE FINANCE, CAPITAL MARKETS			
SENIOR FRONT OFFICE APPOINTMENTS			
Research Associate	£25 - 38k	£25 - 38k -37%	
Head of Research	£45 - 65k	£45 - 65k -28%	
Consultant	£45 - 75k	£45 - 120k -38%	£150-400k -38%
Partner/Director	£75 - 100k	£75 - 220k -31%	£180-550k -31%
MIDDLE OFFICE APPOINTMENTS			
Research Associate	£25 - 35k	£25 - 35k -12%	
Associate/Junior Consultant	£30 - 37k	£30 - 45k -36%	£100 - 150k -25%
Senior Consultant	£38 - 55k	£38 - 90k -36%	£140 - 300k -25%
Partner/Director	£60 - 75k	£60 - 140k -20%	£200 - 400k -20%

POSITION	BASIC £,000	OTE (On-Target Earnings) £,000	ANNUAL REVENUE £,000
CONSUMER & RETAIL, ENERGY & INDUSTRIAL, LIFE SCIENCES & HEALTHCARE, PROFESSIONAL SERVICES, PUBLIC SECTOR AND TECHNOLOGY, MEDIA & TELECOMS PRACTICES			
BOARD LEVEL APPOINTMENTS			
Research Associate	£28 - 40k	£30 - 45k -31%	
Head of Research	£55 - 75k	£60 - 80k -12%	
Senior Associate	£45 - 55k	£50 - 60k -29%	
Consultant	£55 - 80k	£57 - 135k -23%	£190 - 450k -10%
Partner/Director	£80 - 110k	£80 - 165k -41%	£210 - 550k -21%
EXECUTIVE LEVEL APPOINTMENTS			
Research Associate	£26 - 35k	£28 - 40k -11%	
Head of Research	£40 - 60k	£50 - 65k -8%	
Consultant	£50 - 60k	£54 - 123k -32%	£180 - 350k -22%
Partner/Director	£75 - 90k	£90 - 240k -17%	£300 - 600k -14%
SENIOR MANAGEMENT LEVEL APPOINTMENTS			
Research Associate	£23 - 30k	£25 - 32k -20%	
Associate/Junior Consultant	£30 - 38k	£30 - 42k -22%	£120 - 140k -22%
Senior Consultant	£40 - 50k	£45 - 75k -29%	£150 - 250k -29%
Partner/Director	£55 - 70k	£55 - 96k -29%	£200 - 320k -29%

POSITION	BASIC £,000	OTE (On-Target Earnings) £,000	ANNUAL REVENUE £,000
INTERIM MANAGEMENT			
Consultant	£28 - 50k	£48 - 158k	£240 - 450k
Senior Consultant	£45 - 70k	£72 - 180k -25%	£360 - 600k -25%
Partner/Director	£75 - 110k	£90 - 350k	£480 - 1m



INTERVIEWS

Sector

Board Level
 Executive Level
 Senior Management Level
 FS - Senior Front Office
 FS - Middle Office
 Interim Management

Interviews

4 - 7
 3 - 4
 2 - 4
 4 - 6
 3 - 4
 3 - 4

Turnaround

28 - 60 days
 21 - 45 days
 21 - 35 days
 28 - 45 days
 28 - 35 days
 21 - 45 days

REVENUE DATA

OTE (On Target Earnings) & Personal Fee Income per Head (compared to 2009)

	OTE	Personal Fee Income
FS - Senior Front Office	-34.5%	-34.5%
FS - Middle Office	-28.0%	-25%
Board Level	-26%	-10%
Executive Level	-24.5%	-22%
Senior Management Level	-29%	-29%
Interim Management	-8%	-25%

SURVEY NOTES

The figures outlined reflect data supplied to Heywood from some 846 Search and Interim Management firms and some 772 Search and Interim Management specialists across the United Kingdom. We have also incorporated data obtained from more than 76 assignments obtained between June and October 2009.

The OTE (On Target Earnings) column highlights total financial compensation which includes basic salary and regular commissions and/or bonuses.

The revenue figures relate to personal fee income generated by permanent placement recruiters or the net profit generated by Interim Management recruiters on an annual basis.

Benefits geared towards 'quality of life' options such as working from home and wealth creation schemes, continue to become commonplace in Search.

JOB TITLES

- Research Associate will have up to 12 months experience
- Head of Research will typically have 3 years+ experience
- Senior Associate/Junior Consultant will have between 12 months and 3 years experience
- Consultant will have between 12 months and 3 years experience
- Senior Consultant will typically have 3 years+ experience
- Partner/Director will be a Practice Head and will typically have 5 years+ experience.



**Heywood
Search**

2-5 Benjamin Street, London EC1M 5QL

T: 020 7404 4884

F: 020 7404 4885

E: info@heywoodsearch.com

www.heywoodsearch.com