

The Largest Search Firms in the World - 2004

By Paul McMahon

At one time it was easy to categorize Executive Search firms as either an integrated firm or a network. Then two of the integrated firms, Korn/Ferry and Heidrick & Struggles, became public companies and commenced acquiring smaller private search firms. TMP - also a public company - appeared, made substantial acquisitions, and then disappeared. Although much attention has been focused on this, the final chapter is yet to be written.

Quietly the networks were themselves changing. Raided of their larger members by the publicly traded search firms, buffeted by the worst recession in the industry, one would expect many Executive Search networks would disappear. None have, and these tables illustrate their resiliency as they can adapt and change quickly. Change continues, but more is necessary if networks are to become a major force in the Executive Search profession.

RECENT CHANGES

Smaller networks have changed the most. Three years ago, IIC adopted a growth strategy in the midst of the industry downturn. "Jim Conroy was



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a good leader", said Urs Wüthrich, Chairman of IIC. "Jim established a systematic process to identify quality firms which would fit our culture", Wüthrich continued. Increasing the membership by 50% was the visible change, but other changes occurred as well. During the industry downturn, IIC outsourced the development of a website and an intranet to a firm in Calgary which had no experience in search, but did have a thorough

understanding how appropriate technology could support internal communications in widely dispersed operations.

"This has become a virtual home for our members. I ask them to contribute at least one article per year on developments in their country or practice groups, and our members can use this when talking to potential clients", said Wüthrich. Brian Burke, who developed this for IIC, said: "This secure intranet is designed to look and feel like a newspaper. When new information is posted, a broadcast e-mail goes to all employees of all member firms. Especially attractive are two features, new and active transborder assignments...(so that everyone can see the scope and detail of network activity)...and a continuously updated regional client list which allows members to check their own search assignments against those of IIC partner firms."

IIC was not alone in growing their network in troubling times. EMA added three new firms in Canada during 2003 to bring their total to five and recently admitted a new member in India. Chairman George Madden of Vancouver-based Pinton Forrest &

Madden is in discussion with several US search firms to complement the existing seven US members.

Stanton Chase substantially increased its global footprint, adding 16 offices with the admission of Bó Lè Associates in Hong Kong and Ward Howell Euroselect in Vienna.

Thirteen firms met outside London in May 2002 to form a new network, The Taplow Group. Several firms had withdrawn from another consortium and knew what they did not want. Terry Hannock, Chief Operation Officer of Taplow and a founder of Flynn, Hannock in Hartford, Connecticut spent a great deal of time constructing a constitution that would encourage collegiality, allow each firm to maintain its independence, keep overheads to a minimum and offer a full range of human capital services. "We must have the formula right as we have attracted 40 high quality firms, including a dozen in the US. George Griffith and his team have done an outstanding job of membership development." That is no mean accomplishment in a down market.

But adding up revenues of member firms, putting more flags on the map, and holding annual conferences in exotic locations matters little to multinational companies and is an unconvincing proposition to many in the US search community.

COMPETING FOR US CLIENTS

"I am not aware that any of my clients have retained a search network as a preferred provider",

said David Lord, founder of Executive Search Information Services, a specialized consultancy designed to assist major multinationals in engaging the right executive search consultant. "To be successful with major

multinationals a search network must:

- Empower an account manager with the authority to make things happen in a network environment;
- Demonstrate a consistency of processes and procedures worldwide, and;
- Possess a brand that will attract a talented candidate pool."

You should not dismiss this as one man's opinion and point to work your firm or network has obtained from multinational clients. David is the facilitator for Executive Search Information Exchange (ESIX), "...a network (of over 60) corporate talent officers advancing best practices in executive recruiting worldwide." This group meets 11 times a year and David has the best vantage point to comment on the Executive Search profession.

On the agenda at every search network meeting I have attended has been business development with major multinationals. David has offered clear advice on what is necessary to penetrate this large, primarily US market. But only those networks willing to cede sovereignty to an account manager, take their own names off the door in order to create a brand, and willing to adopt a common way to conduct searches and interact with clients can hope to crack this market.

Not surprisingly, the view is different outside the US.

Networks have had more success penetrating major multinationals headquartered outside the US. Stanton Chase recently announced a preferred provider agreement with Novartis and invited them to address all members at their recent meeting in Vienna. Ted Muendel, Stanton Chase Chairman, said, "We are very proud to be selected by Novartis as one of four preferred providers. This will be a challenge to perform to their demanding standards, but it will be good for our network." Several search networks report having

performed multiple repeat engagements for European-based multinationals. "Three years ago we started with two key accounts", said Dan Parker, Chairman of the 2004 Amrop Hever annual conference. "Today we have 20 key accounts worldwide with significant cross-border activity and that is a major benefit of Amrop Hever membership."

Granted, these are not preferred provider agreements, but they are a way to leverage the multiple locations of a network to make the whole greater than the sum of the parts.

COMPETING FOR US MEMBERS

The US search market represents approximately one half of the worldwide market, yet, except for Accord Group, not a single network derives half their revenues from the US.

Why have networks not been successful attracting US search consultants?

- "I am looking for a network which will help me improve my business. I want to see metrics on how my operations compare with search firms of a similar size", an experienced Florida search professional told me. "I haven't found that yet."
- A Chicago based consultant said, "In Russell Reynolds I knew the values and the culture in each office was very similar. I could be confident that when I referred a client to another office, they would receive exactly the same treatment they received in my office. I cannot be sure of that in a network." A Boston-based consultant managing a multi-location US firm echoed this sentiment.
- A Bay area consultant who has been member of two search networks said, "I left the last network because they were imposing bureaucracy from the secretariat and I could not see how that was going to help me serve my clients better"

The Largest Executive Search Firms in the World - 2004.

NO	NAME	N AMERICA	OTHER AMERICA	EUROPE	SE ASIA	OTHER	TOTAL
1	THE AMROP HEVER GROUP	5	12	44	15	3	79 (79)
2	KORN / FERRY INT	23	10	24	15	1	73 (69)
3	BOYDEN	16	6	32	16	1	71 (68)
4	INTERSEARCH	1	6	43	12	2	64 (74)
5	AIMS	8	2	40	10		60 (65)
6	EGON ZEHNDER	11	6	28	11	2	58 (59)
	HEIDRICK & STRUGGLES	17	7	22	11	1	58 (57)
7	STANTON CHASE INT	14	8	16	18		56 (54)
8	IIC PARTNERS	12	4	25	10		51 (55)
	TRANSEARCH INT	8	6	28	7	2	51 (41)
9	EMA PARTNERS	12	7	26	5		50 (45)
	SPENCER STUART	18	5	19	7	1	50 (52)
10	THE TAPLOW GROUP	15	6	19	6		46 n/a
11	RAY & BERNDSTON	7	4	25	5		41 (41)
12	ACCORD GROUP	6	1	21	11	1	40 (32)
13	DHR INT	37					37 (38)
14	AEA INT' SEARCH	5	1	23	6		35 n/a
	IMD	4		24	7		35 (28)
	WORLD SEARCH GROUP	13	1	14	6	1	35 (34)
15	RUSSELL REYNOLDS	12	2	12	6		32 (31)
16	HORTON INT	2	3	20	6		31 (29)
17	AT KEARNEY	12	1	12	4		29 (28)
18	CFR Consulting			24	2		26 n/a
	SIGNIUM	4	1	15	6		26 (27)
19	NEUMANN INT			23			23 (27)
20	ITP WORLDWIDE	6	7	7	1		21 (20)
21	GLOBE SEARCH GROUP	5		14	1		20 n/a
22	HIGHLAND Partners	11	1	3	3		18 (36)
23	PENRHYN INT	2	1	10	3		16 (15)
	TOTAL	286	101	613	216	16	1232 (1104)

TABLE 1: Leading firms by number of offices

search-consult profiled three emerging search firms in Issue 18. None mentioned an international affiliation, though all three firms were founded by individuals who had worked in international search organizations.

“Look at all the boutiques recently formed by those leaving the major integrated search firms. None found it necessary to join a search network”,

said David Lord.

THIS IS NOT JUST A US PHENOMENON.

- Two young search consultants who established a new firm in London in 2002 told me they had both attended many international network meetings because their former firm founded one of the large networks. “We are focused on serving our clients, and until a network can demonstrate how they will help us do a better job, we will go it alone.”
- An experienced Brussels consultant said, “The network model of geographic sovereignty is not the way my clients think, nor how I have organized my business.”

Fellowship, collegiality and a weak brand are not enough to attract these and many other search consultants. There has to be a value proposition that helps them run their businesses better and serve their clients more effectively. This may be especially important now as Janet Jones-Parker of Jones-Parker/Starr, points out. “Only

in the past few days I have been contacted by four US search firms enquiring about networks. As the economy improves and the search market rebounds, smaller firms are exploring ways they can scale up a bit without losing their identity, revenue stream or independence. Most are looking for a high quality global boutique.”

A WAY FORWARD

Should Executive Search networks turn their back on the lucrative US search markets and the interesting boutique firms popping up all over? No!

McKinsey recently studied 16 US-based federations. They define a federation as “...a network of local affiliates that share a mission, a brand ... but are legally independent of one another and the national office.” (This sounds very similar to Executive Search Networks.) McKinsey argues a federated structure works well in a fragmented market and in certain circumstances is an effective “...response to the classic management tension between centralization and decentralization.” But only if the federation provides value in four key areas: brand management, performance improvement, shared services, and revenue generation.

Can any network accomplish this? Several can and a few will. But it will take leadership, determination and focus. Here are some examples and a few suggestions.

Chris Clarke, President of Boyden said “...we hate being called a network. Our ownership structure is a similar to that of Pricewaterhouse Coopers and other large accounting and law firms. Would you call them networks?”

Clarke continued, “Our firm is effective because we have a powerful and democratically elected Board, to which I am responsible. This reflects the collective views and needs of the whole worldwide firm and gives us the legitimacy and authority to ensure integration.”

Leading Executive Search Firms in Respective Regions.

NO	NAME	N AMERICA	OTHER AMERICA	EUROPE	SE ASIA	OTHER	TOTAL
1	DHR INT	37	37				
2	KORN / FERRY INT	23	10	24	15	1	73
3	SPENCER STUART	18	5	19	7	1	50
4	HEIDRICK & STRUGGLES	17	7	22	11	1	58
5	BOYDEN	16	6	32	16	1	71
6	THE TAPLOW GROUP	15	6	19	6		46
7	STANTON CHASE INT	14	8	16	18		56

Table 2: DHR International leads in North America

NO	NAME	N AMERICA	OTHER AMERICA	EUROPE	SE ASIA	OTHER	TOTAL
1	THE AMROP HEVER GROUP	5	12	44	15	3	79
2	KORN / FERRY INT	23	10	24	15	1	73
3	STANTON CHASE INT	14	8	16	18		56
4	EMA PARTNERS	12	7	26	5		50
	HEIDRICK & STRUGGLES	17	7	22	11	1	58
5	BOYDEN	16	6	32	16	1	71
	EGON ZEHNDER	11	6	28	11	2	58
	INTERSEARCH	1	6	43	12	2	64
	THE TAPLOW GROUP	15	6	19	6		46
	TRANSEARCH INT	8	6	28	7	2	51

Table 3: The Amrop Hever Group leads in South America

NO	NAME	N AMERICA	OTHER AMERICA	EUROPE	SE ASIA	OTHER	TOTAL
1	THE AMROP HEVER GROUP	5	12	44	15	3	79
2	INTERSEARCH	1	6	43	12	2	64
3	AIMS	8	2	40	10		60
4	BOYDEN	16	6	32	16	1	71
5	EGON ZEHNDER	11	6	28	11	2	58
	TRANSEARCH INT	8	6	28	7	2	51

Table 4: The Amrop Hever Group leads in Europe

NO	NAME	N AMERICA	OTHER AMERICA	EUROPE	SE ASIA	OTHER	TOTAL
1	STANTON CHASE INT	14	8	16	18		56
2	BOYDEN	16	6	32	16	1	71
3	THE AMROP HEVER GROUP	5	12	44	15	3	79
	KORN / FERRY INT	23	10	24	15	1	73
4	INTERSEARCH	1	6	43	12	2	64
5	ACCORD GROUP	6	1	21	11	1	40
	EGON ZEHNDER	11	6	28	11	2	58
	HEIDRICK & STRUGGLES	17	7	22	11	1	58

Table 5: Stanton Chase leads in Asia Pacific Region

Boyden has many of the elements for success:

- Common brand used consistently worldwide
- Standardized procedures
- Standards of performance
- Account management role defined, and a Quality assurance program.

This organizational model is different from other groupings of Executive Search firms.

Richard Boggis-Rolfe, Odgers Ray & Berndtson's CEO also has a different model. He owns both the Odgers and the Ray & Berndtson brands, and is

quietly re-establishing Ray & Berndtson in the US market while scouting the Asian market. Many will challenge the value of the Ray & Berndtson brand in the US having slipped from the 10th largest US search practice in 2000 to virtually non-existent today. Don't be so quick to dismiss this move. Richard's accomplishments in London since acquiring the tired Odgers brand a few years ago are to be admired. Today Odgers rightfully boasts major completed searches for BBC, FTSE and the Welcome Trust and many other coveted clients. If he can repeat this in the US market, his purchase of the Ray & Berndtson brand could be seen in retrospect as a very canny move.

Watch especially if Richard re-builds and re-brands the US operation, Odgers

Ray & Berndtson; then convinces other Ray & Berndtson entities to follow.

Neither of these organizational models is necessarily the answer for larger firms. More than one multi-office firm complained privately that their interests do not align with those of smaller, single office firms in their networks. Many are seeking a new way to compete internationally with the larger integrated firms and some are forming new networks.

John Kins of Cook Associates in Chicago is one who did just that. He explained, "Our first search network was composed of very nice individuals, fine professionals actually, but as a multi-office firm we needed to know our clients would be served consistently when we referred them to another firm. We found that in forming AEA in 2001. Alexander Hughes headquartered in Paris with 21 offices, Michael Stern in Canada and Executive Access with five offices in Asia."

Recently, Christian & Timbers, the 10th largest US search firm with 14 offices announced a strategic alliance with Renoir Partners, a London-based boutique firm focused exclusively on fast-growth technology companies. Renoir rebrands as Renoir Christian & Timbers. This appears to mark the end of Christian & Timbers international expansion as Renoir absorbs their London office and both firms commit to working through the Christian & Timbers Alliance. But what it also marks is the formation of a group focused on one industry, technology.

NEXT STEPS

First, decide what you want. If it is collegiality, friendship and the ability to assist the occasional client with their need for talent in another area, continue your present course and keep your central costs low.

If on the other hand, your vision is to create a formidable competitor then I suggest you:

- Adopt a single brand
- Synchronize processes and procedures

- Choose and implement a common technology platform
- Share operating information freely and copy other members' good ideas
- Form a group of your most valued clients, ask their advice, listen to it, implement what makes sense and explain what you have done and why.

Branding will be the most emotional issue, especially if the founders, whose names are on the door, are at the table. Once a firm adopts the worldwide brand, and only uses that name, it is much more difficult for them to leave a network and re-establish their business.

Amrop Hever and Signium are both addressing branding. At their annual conference Amrop invited Dick Heller of the Tom Peters Group to discuss how to build a global brand. There is movement to adopt a global brand. Ulrich Dade, former Chairman of Amrop Hever and a senior partner in Delta Management Consultants, their large German member reported, "We have told our clients that we will soon operate as Amrop Hever in Germany. We think it is the right thing for our partners and our clients to adopt the global brand at this time."

Former members of Ward Howell created a new brand, Signium, in 1999. Members were slow to adopt the new name and even today many members identify themselves as former Ward Howell. Signium Chairman Berndt Prasuhn intends to change that. "We are tracking brand awareness in targeted sectors and countries. Today we are known primarily as generalists and we are working on specific market positioning as experts."

US members have frequently been the most reluctant to adopt a global brand. Alain Tanugi, Chairman of TRANSEARCH reports a unique solution. "We created a different category of members and called them

affiliates. We have been able to attract six US members, two in Canada, a Korean and an Australian member."

It is not surprising branding is a major focus for Amrop Hever, Signium and TRANSEARCH. Chris Clarke explained in this magazine (issue 10) why branding was a key factor in Boyden's renaissance. Chris cautions that branding alone will not suffice without standardized processes, agreed standards of performance, account management protocols and recurring quality assurance to ensure compliance with the infrastructure.

A number of companies interviewed for this article are involved in IT projects. Most Executive Search clients are addressing how technology will change their business.

And if there is a desire to work with multinational clients on a consistent basis, they will demand access to search status on a real-time basis. No search network can afford to be without that if they choose to compete in the multinational market.

The publishers of this magazine and their competitors offer proven software to manage the search process suitable to both large and small firms.

David Maister consistently urges professional firms to listen to their clients. Few search firms do in a formal way.

Roger Kenny of Boardroom Consultants does. Their advisory board is a virtual Who's Who of corporate America.

Other members of the Governance Consulting Network he launched are developing similar advisory boards in Europe. Any search network can develop an international advisory board which will bring insight and challenges for a very small investment of time and money.

FINAL THOUGHT

For those who argue change is not necessary, benefits will not justify the effort, this will never work in this fragmented industry, or we are not like accountants or lawyers, I suggest you look at a modern day guild, Tatum CFO Partners. In 8 years they have grown their firm from a single location, Atlanta, to 29 locations, and their partner complement has grown from 10 to almost 500. They may be the largest US provider of temporary management in their sector. Their secrets to success: consistent brand, client focus, information freely shared, leads shared while maintaining collegiality. Few search firms can demonstrate that track record in the past decade!

Data Source:

The majority of information in this survey has been provided by the search firms, and a sample of this has been validated. In some cases, firms have been unwilling/unable to provide the information we solicited, in which case *search-consult* staff has undertaken research directly.

Therefore, while every effort has been made to ensure that all the information is accurate, no guarantee can be made.

The tables contain data valid on August 31, 2004. These tables only contain firms exclusively involved in Executive Search. Other organizations like KPMG, Cornerstone etc, which may do Search along other services, are not included. 

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