

EXECUTIVE TALENT OUTLOOK 2019

The AESC Executive Talent Outlook is an annual survey of AESC Members—executive search and leadership consultants from leading executive search and leadership advisory firms worldwide.

The survey measures the current pulse of organizational thinking related to talent and leadership, providing C-Suite leaders business intelligence for the year ahead.

By the Association of Executive
Search and Leadership
Consultants (AESC)

aesc.org



INTRODUCTION

Each year, we survey AESC Member consultants around the globe to gauge the pulse of the global business climate, assess top organizational challenges and opportunities, and forecast industry, functional and geographic market trends. AESC Members work as trusted advisors to organizations worldwide across industries, helping them to attract top executive talent, advising their boards and developing their internal talent for leadership roles. They are thus in a unique position to measure the temperature of global business, identify talent trends, and point to new opportunities in the market.

This year, AESC Members are slightly more cautious compared to 2018. There are undercurrents in the global economy suggesting a possible slowdown on the horizon, but not necessarily in 2019. As a result, AESC Members cast a more cautious outlook for the year ahead. Despite their caution, AESC Members nevertheless point to a global business environment rife with opportunity spawned by an abundance of new technologies.

With the proliferation of emerging technology from AI and IoT, but now also 5G and quantum computing disrupting the global business landscape, digital transformation remains a top business theme for the year ahead. In order to leverage the abundant opportunities created by the explosion of new tech, C-Suite leaders must understand what a digital transformation means for their organizations specifically.

In AESC research published last year, *Leading Transformation: Shaping the C-Suite for Business 4.0 Innovation*, we identified that too many organizations lack a thorough understanding of what a transformation means for their businesses, preventing them from actualizing digital transformation across the enterprise.

In addition to having a deep understanding of the type of transformation required for their organizations, business leaders must also foster organizational cultures conducive to innovation, while at the same time attract and develop digital expertise. While demand for relatively new roles like Chief Information Security Officers and Chief Digital Officers continue to grow, a new need for digital expertise has emerged across the C-Suite. From CEOs and CFOs to Chief Marketing Officers, digital is now the status quo and today's leaders can no longer be without fluency in the digital business environment and must understand the business opportunities presented by emerging technology.

In the report ahead, we share findings that can help C-Suite leaders gain an understanding of where top challenges and opportunities lay in 2019. AESC Member executive search and leadership advisory firms are well positioned to help them overcome these challenges and leverage opportunities for competitive advantage in the marketplace. It starts with the right talent leading in the right way.

Karen Greenbaum
AESC President and CEO

HIGHLIGHTS

Score, on a scale of 0-100, given by AESC Members worldwide for the global economy in the year ahead.



46%

Believe actualizing digital transformation will be the number one business issue for organizations in 2019.



35%

Forecast digital leadership solutions to be the fastest growing business advisory service for 2019.



65%

Predict that Technology/ Analytics/ Cybersecurity will be the most in demand function this year.

2019 ECONOMIC OUTLOOK

The past few years have presented robust economic growth in many markets around the world, reflected by the economic forecast of AESC Members since 2016. While the outlook cast by AESC Members continues a generally positive trendline, caution emerges in the 2019 forecast.

AESC Members cast a somewhat more cautious outlook in 2019 versus last year (and yet still more optimistic than in 2016 and 2017), for both the global economy and national economies. The decline in optimism compared to the strong optimism of 2018 points to an anticipated economic downturn on the horizon after years of substantial growth. While a downturn may not happen in 2019, the consensus among AESC Members is that the 2019 global economy may demonstrate more uncertainty due to global geopolitical developments.

Geopolitics contribute to the cautious mood projected by AESC Members for the year ahead. Uncertainty exists in the European markets as a post-Brexit reality looms. The United States enters a new Presidential campaign cycle setting into motion an unknown for the country's political future. India, Indonesia, South Africa, Argentina and Canada will all hold significant elections in 2019, likely having an impact on their national economies as well as the global economic fabric.

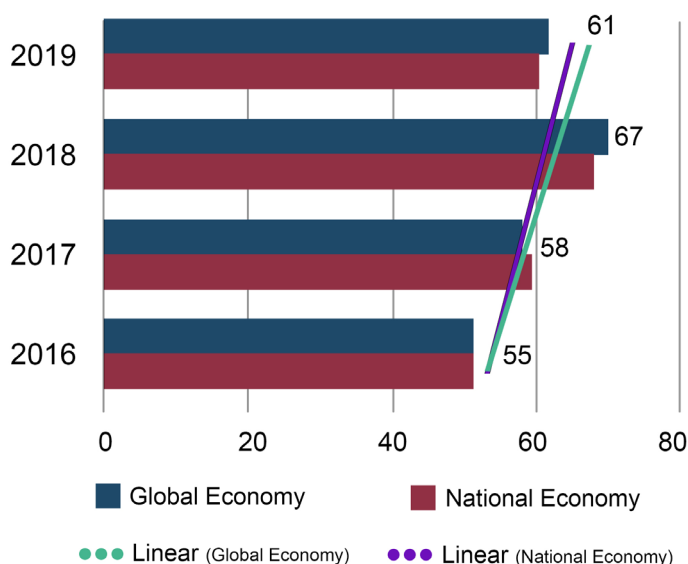
GEOGRAPHIC VARIANCE

Of the greatest declines in optimism expressed for national economies by geographic market from 2018 to 2019, all three are in Europe: Spain & Portugal (25.4% decline); France (21.0% decline); and UK & Ireland (20.1% decline).

Only three geographic markets cast a year-on-year increase in optimism: Brazil (6.6% increase); Benelux (6.0% increase); and India (1.6%). Brazil had the highest level of optimism for 2019, followed by Benelux and India. See appendix, page 9.

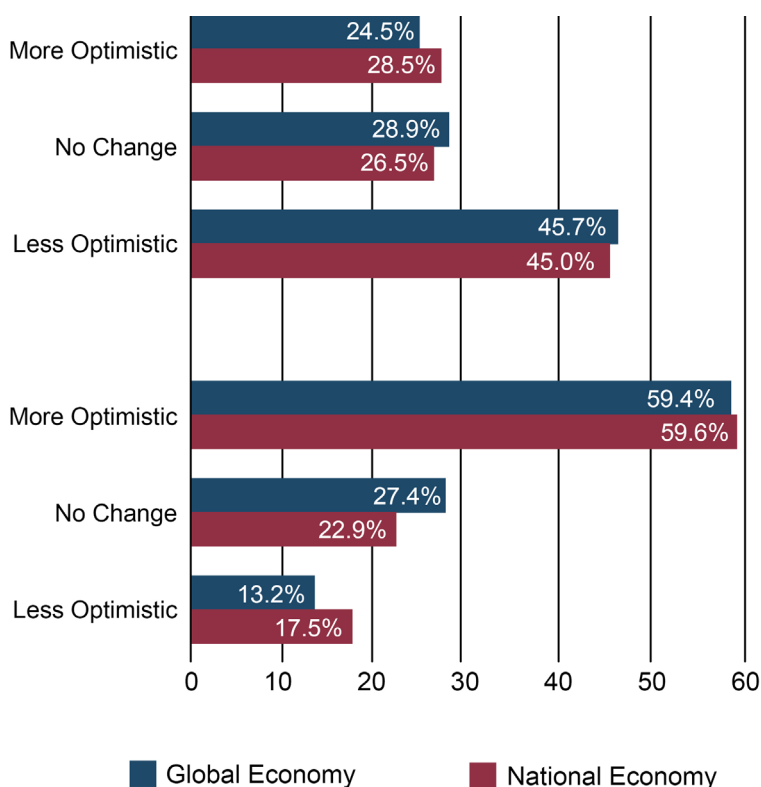
2019 ECONOMIC FORECAST

AESC Members worldwide rate the global economy in the year ahead an average score of 61 out of 100 and their national economies an average score of 60. While the economic outlook of AESC Members trends increasingly more favorable since 2016, this year's rating is down from 2018.



MANY OPPORTUNITIES BUT CAUTION EMERGES FOR 2019

Economic growth in many geographic markets throughout 2018, as well as the drive for digital transformation yielded a heightened demand for top talent. While AESC Members expect this trend to continue, the mood among AESC Members for 2019 is one of more caution, reflected in their lower levels of optimism.



2019 TOP BUSINESS ISSUES

Digital transformation is very much on the business agenda for 2019. Organizations still grapple with actualizing digital transformation across the enterprise. The rapid proliferation of new technologies creates difficulty for organizations to keep up. Today's C-Suite leaders increasingly understand the critical need for organizational agility, being able to seize upon opportunities when they emerge and quickly shift strategic direction when required.

The demand for agility also means more organizations are looking to the next generation of leaders for the talent they need to flourish in a Business 4.0 environment. More talent from the younger half of Generation X and the Millennial generation are taking on C-Suite roles at a growing rate. This is also changing the cultural makeup of organizations as they look to foster innovation and a diversity of thought. As younger talent brings new skills but often less management experience than their predecessors, organizations are increasing their learning and development programs, preparing high potential talent within their organizations for leadership roles.

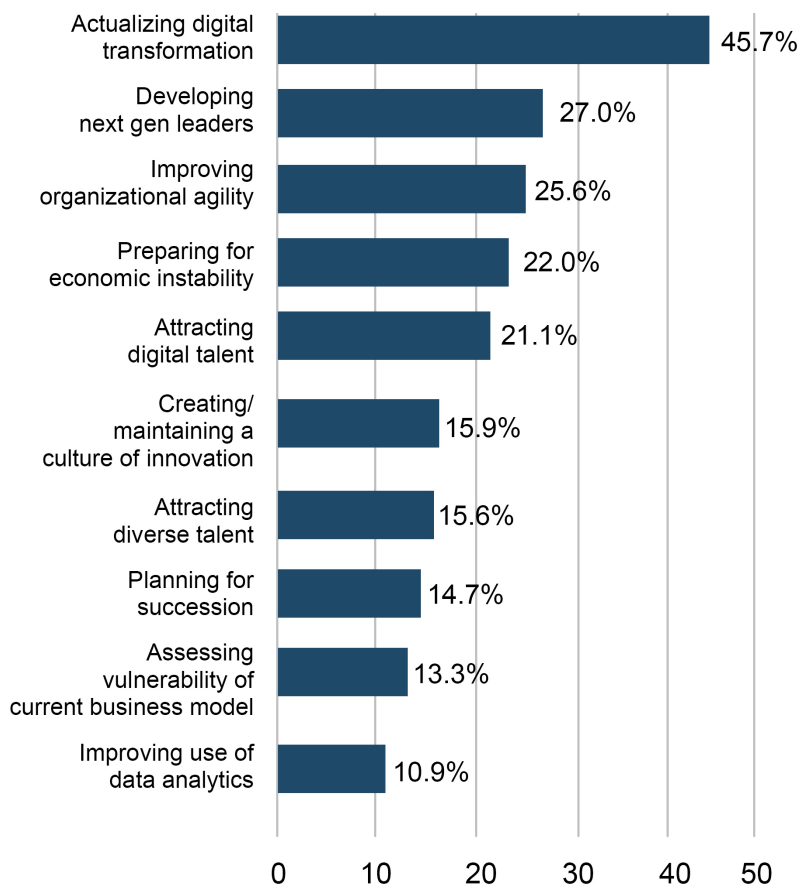
A more cautious global economic outlook is also bringing risk management more into focus for the year ahead. Organizations are beginning to plan for an eventual economic downturn, although not necessarily in 2019, and as a result, they are assessing vulnerabilities in their business models.

GEOGRAPHIC VARIANCE

'Attracting diverse talent' was ranked the top 7 business issue globally but was ranked 2 for Australia and New Zealand and 3 for India. 'Planning for succession,' while ranked 8 globally, was cast as the number one business issue for organizations in Canada. While it did not rank in the top 10 globally, 'complying with regulation' was forecast as a top 5 business issue for organizations in France. 'Creating and maintaining a culture of innovation' ranked 6 globally but was ranked as the top 2 business issue for Japan and Korea.

DIGITAL TRANSFORMATION THE TOP ISSUE FOR 2019

AESC Members worldwide ranked actualizing digital transformation as the number one business issue for organizations in the year ahead.



'Preparing for political instability' did not rank in the top 10 globally but ranked as the top 3 business issue for Mexico. 'Improving use of data analytics' ranked 10 globally but a top 3 business issue for Latin America. While 'investing more in new technologies' did not rank in the top 10 globally, it was ranked as the top 3 business issue for Southern Europe. 'Enhancing productivity' ranked in the top 5 for Spain and Portugal even though it was not rated a top 10 business issue globally.

2019 GROWTH ADVISORY SERVICES

As organizations focus on actualizing their digital transformation across the enterprise, C-Suite leaders increasingly turn to external trusted advisors to help deliver and develop the digital talent they need. Business leaders are working with advisory firms to develop digital competency models specific for their organizations, assessing where they have talent gaps and benchmarking their strengths with the marketplace. As a result, 'digital leadership' is ranked as the fastest growing business advisory service for 2019.

Customer value creation, CEO succession planning and board diversity are all top issues for today's boards of directors. Today's organizations are more conscious than ever of their board reflecting their customer base, which means a stronger drive for gender balance and all forms of diversity including age, ethnicity and diversity of thought. Board assessment and advisory services are expected to grow throughout 2019 as organizations seek to ensure relevancy, diversity and digital fluency in the boardroom.

As the Baby Boomer generation continues to exit the workforce, organizations are realizing the need to fast track high potential but less experienced talent. Leadership development and preparing for succession are both top issues for today's businesses and as a result, both are growing advisory services for 2019.

GEOGRAPHIC VARIANCE

'Culture assessment and alignment' was ranked the top 7 fastest growing advisory service for 2019 but ranked top 3 for organizations in Australia and New Zealand, the Nordics and Latin America. 'Interim management' was ranked 10 globally but the top 2 fastest growing external advisory service in 2019 for organizations in Benelux. 'Succession planning,' while ranked the top 4 fastest growing advisory service globally, it was ranked number one for businesses in Canada.

DIGITAL LEADERSHIP A GROWING BUSINESS SERVICE

Organizations still grapple with digital transformation, attracting and developing the right talent and ensuring an organizational culture conducive for transformation. As a result, AESC Members rank digital leadership solutions the fastest growing advisory service in 2019.



While ranked the top 5 fastest growing advisory service globally, 'diversity and inclusion' was ranked the number one fastest growing advisory service for businesses in the United States and 2 for organizations in Japan and Korea as well as in the UK and Ireland. 'Leadership assessment' was ranked as the number one fastest external advisory service for organizations in Spain in Portugal, while only 6 globally.

2019 GROWTH SECTORS AND FUNCTIONS

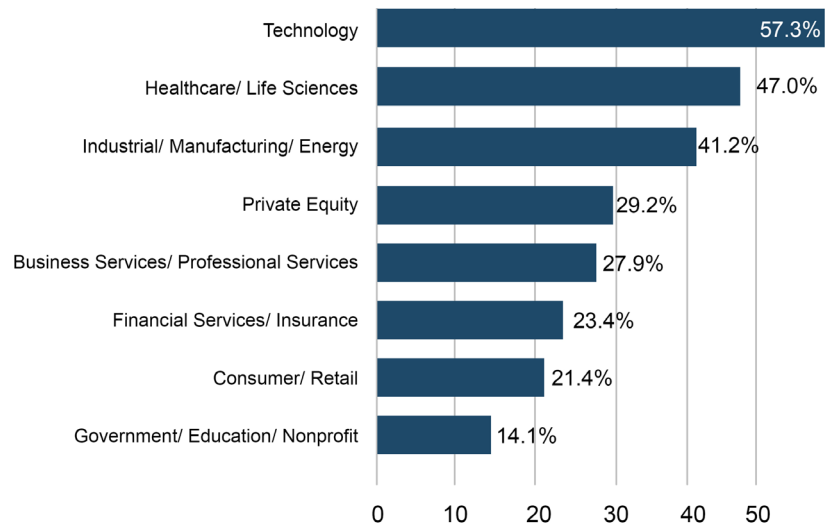
With the explosion of new technologies, it is no surprise that the Technology sector is forecast as the top growth industry for 2019. Robust growth is also anticipated for the Healthcare and Life Sciences industries as well as for Industrial, Manufacturing and Energy sectors in 2019.

GEOGRAPHIC VARIANCE

Financial Services and Insurance, while ranked 6 globally for growth in 2019, are forecast to be the strongest growing sectors for Africa in 2019. Industrial, Manufacturing and Energy are forecast as the number one top growth sectors for India, the Nordics, UK and Ireland, and Spain and Portugal in the year ahead. Consumer and Retail, while not predicted to have the strongest growth in 2019 globally, is ranked as the top 2 growth sector for Mexico and Southern Europe in 2019. Private Equity is ranked as the top 2 growth sector in the United States for 2019.

DIGITAL TRANSFORMATION FUELS TECH SECTOR GROWTH

New opportunities sparked by ongoing digital transformation as well as emerging technologies from AI to IoT are fueling a robust tech industry. As a result, more than half of AESC Members worldwide rank the Technology sector as the fastest growing industry sector for 2019.



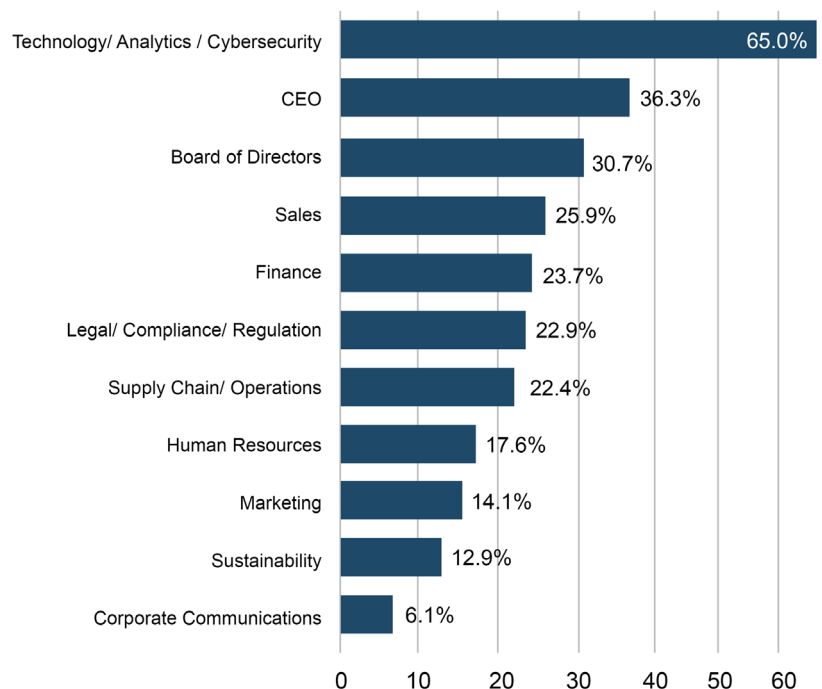
With the ongoing pursuit of enterprise-wide digital transformation among organizations globally, tech-focused senior roles are expected to experience strong growth throughout 2019, far surpassing the anticipated growth for any other function.

GEOGRAPHIC VARIANCE

Legal, Compliance and Regulatory functions ranked 6 globally for 2019 growth, but number 2 for growth in Australia and New Zealand as well as Benelux. While Human Resources ranked 8 for growth globally, it was forecast as the number 2 growth function for Eastern Europe. The Sales function was ranked as the number 2 in-demand function for China in 2019. Marketing was ranked 9 globally but 2 for growth in Japan and Korea in 2019. Supply Chain and Operations ranked 7 globally but 2 for growth in Southeast Asia in 2019.

2019 GROWTH IN TECH-FOCUSED SENIOR ROLES

From cybersecurity to analytics, AESC Members predict a heightened demand for technology-focused functional roles in the year ahead.

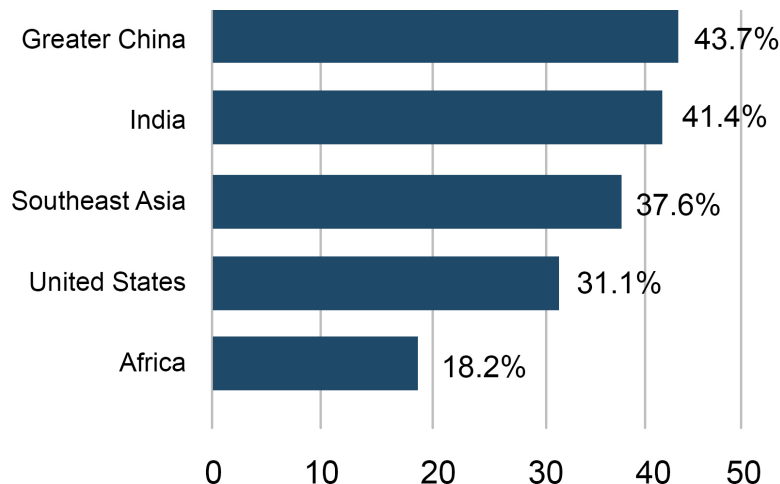


2019 GROWTH GEOGRAPHIC MARKETS

A ESC Members expect Asia to continue to experience the strongest growth during 2019 as its growing economies continue to evolve. A third of AESC Members ranked the United States as a top growth market for 2019, while Africa continues to present emerging business opportunities in the year ahead.

ASIAN MARKETS TOP GROWTH FOR 2019

Of the top three expected geographic markets to experience heightened growth in the year ahead, all are in Asia. AESC Members predict China will exceed the growth of any other market worldwide in the year ahead.



MINIMIZE RISK

16,000+
TRUSTED PROFESSIONALS

70+
COUNTRIES

Clients must be diligent in choosing a consultant. Since 1959, AESC has set the standard for quality and ethics in executive search and leadership consulting worldwide. The AESC seal represents quality and integrity.

AESC Members offer a wide range of executive talent solutions and successfully place nearly 100,000 executives each year on boards and in C-level positions for leading organizations of all types and sizes around the world.

Work with an AESC Member
aesc.org/members

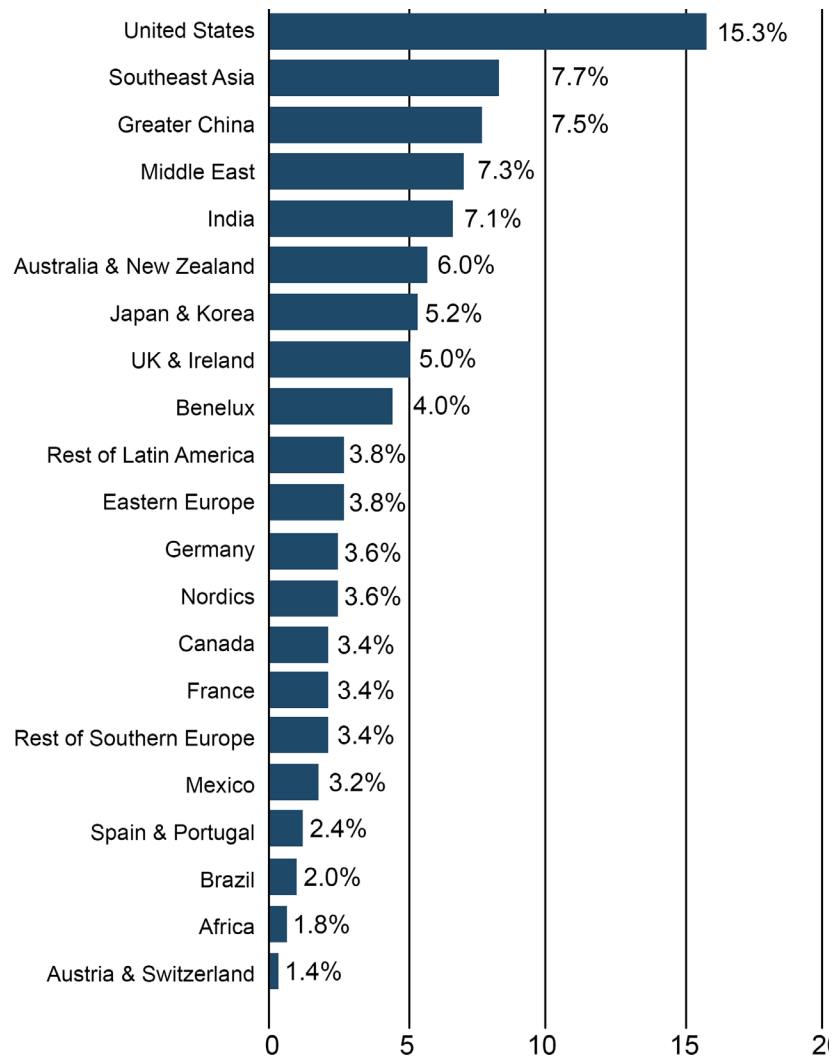


*Dedicated to
Strengthening
Leadership Worldwide*

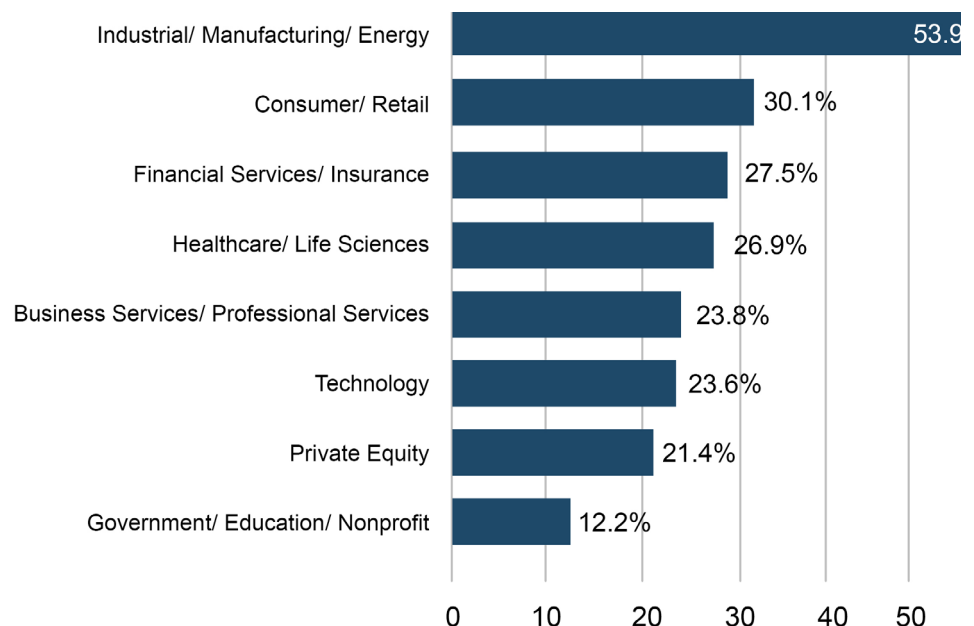
ABOUT OUR STUDY

The AESC Executive Talent Outlook is based on a survey of 504 professionals from leading executive search and leadership consulting firms—all AESC Members. The survey was conducted in January 2019.

GEOGRAPHY



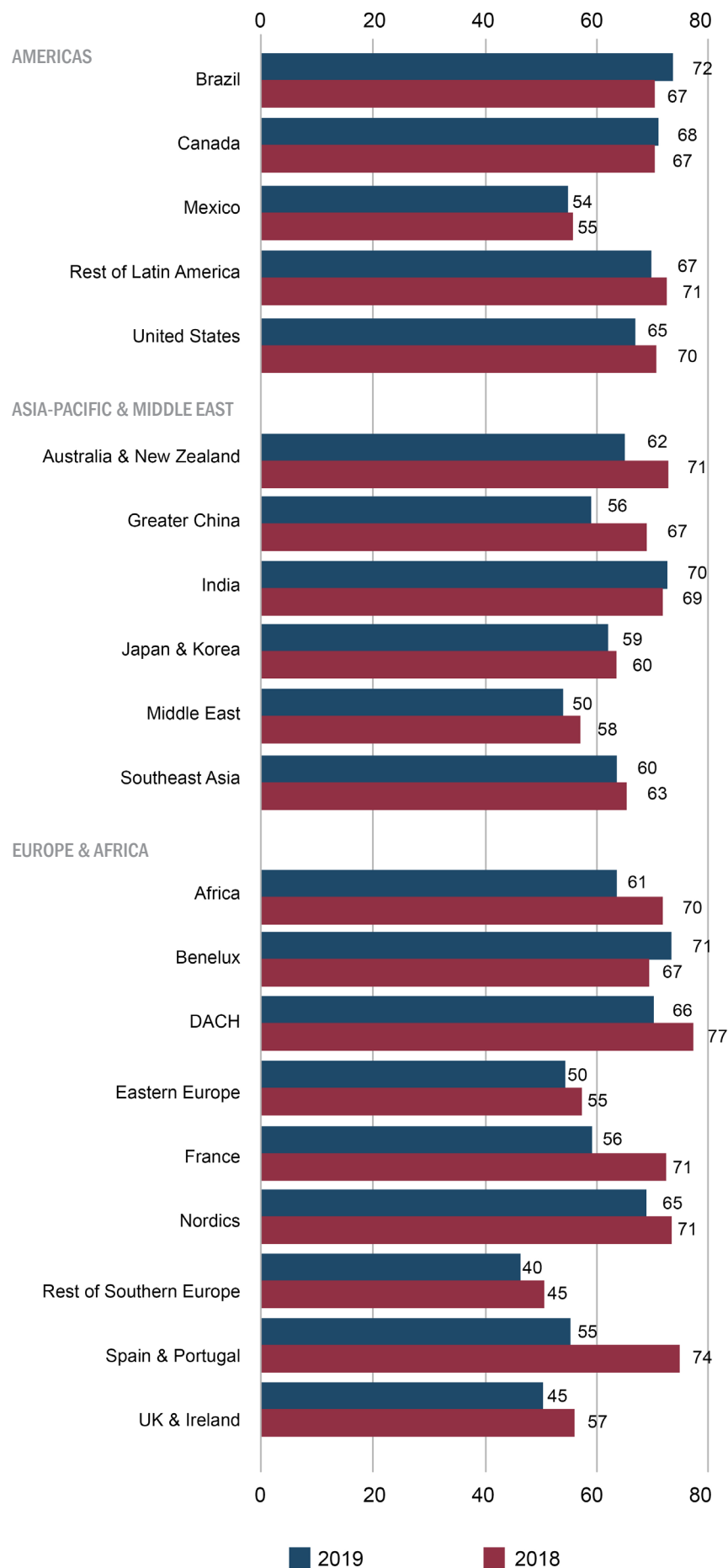
INDUSTRY SPECIALIZATION



APPENDIX

AESC Members worldwide rate their national economies an average score of 60. The majority of geographic markets scored lower for 2019 than compared to 2018.

2019 ECONOMIC FORECAST – NATIONAL ECONOMIES BY GEOGRAPHIC MARKET





Since 1959, AESC has set the quality standard for the executive search and leadership advisory profession. AESC Members, ranging in size from large global executive search and leadership advisory firms and networks to regional and boutique firms, represent 16,000+ trusted professionals in 1450+ offices, spanning 70+ countries. AESC Members are recognized leaders of global executive search and leadership advisory solutions. They leverage their access and expertise to place, find and develop more than 100,000 executives each year in board of directors and C-level positions for the world's leading organizations of all types and sizes.

Dedicated to strengthening leadership worldwide, AESC and its members share a deep commitment to the highest quality standards in executive search and leadership consulting—for the benefit of clients and the profession. We Shape. Connect. Educate. Learn more about us at aesc.org.

For candidates, AESC's BlueSteps helps busy executives advance their careers, track their goals and stay visible to the right recruiters. Learn more at bluesteps.com.

