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# Executive Search Focus on the German Market 2013

*by the Association of Executive Search Consultants*

## **AESC Outlook on Executive Search**

*A look at retained executive search in Germany:  
2013 and beyond*

This paper presents one-on-one interviews and commentary from leading AESC retained executive search consultants who specialize in placing executives in the German market.

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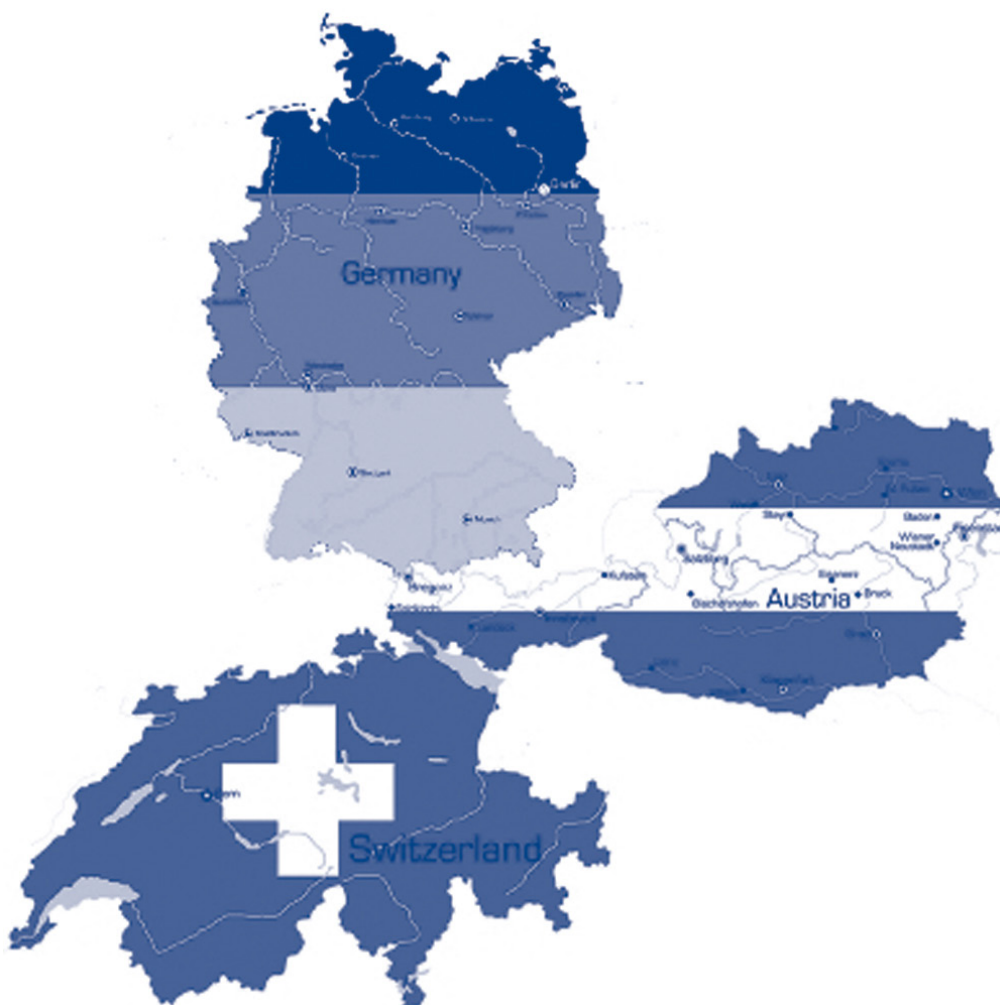
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## A History of the AESC in the German Market

The Association of Executive Search Consultants (AESC) was founded in 1959. In 1997, the AESC established a European Council to help focus its efforts and develop the organisation in Europe. In November 2006, the AESC endorsed a more focused regional strategy to achieve better impact on key executive search markets, including Germany, Europe's second largest market. This resulted in the founding of the AESC Deutschland Steering Committee. In February 2007, the former Vereinigung Deutscher Executive-Search-Berater (VdESB) was dissolved. The AESC Deutschland Steering Committee was then rebranded AESC DACH Steering Committee to cover all three German-speaking countries (Germany, Austria and Switzerland) and to address regional issues.



Expert Q&A -  
Executive Search in the German Market



**Dr. Christine Stimpel**  
Chair, AESC DACH Steering Committee  
Partner, Global CEO & Board Practice, Heidrick & Struggles

***First of all, many thanks for taking the time to speak with the Association of Executive Search Consultants (AESC) and BlueSteps about executive search in Germany. As the Chair of the AESC DACH Steering Committee, can you provide us with an overview on the main challenges for retained executive search firms operating in Germany?***

**Christine Stimpel:** The main challenge in Germany is to establish retained executive search as the method of choice, particularly for CEO and Board Searches as it is in the Anglo-Saxon world. In Germany, traditionally, board committees have used their personal network to find candidates and they have done well. However, with the increasing globalisation of firms they need to reflect the different regions they are in or retain knowledge about the different customer bases so there will be a need for professional help in finding the adequate placement.

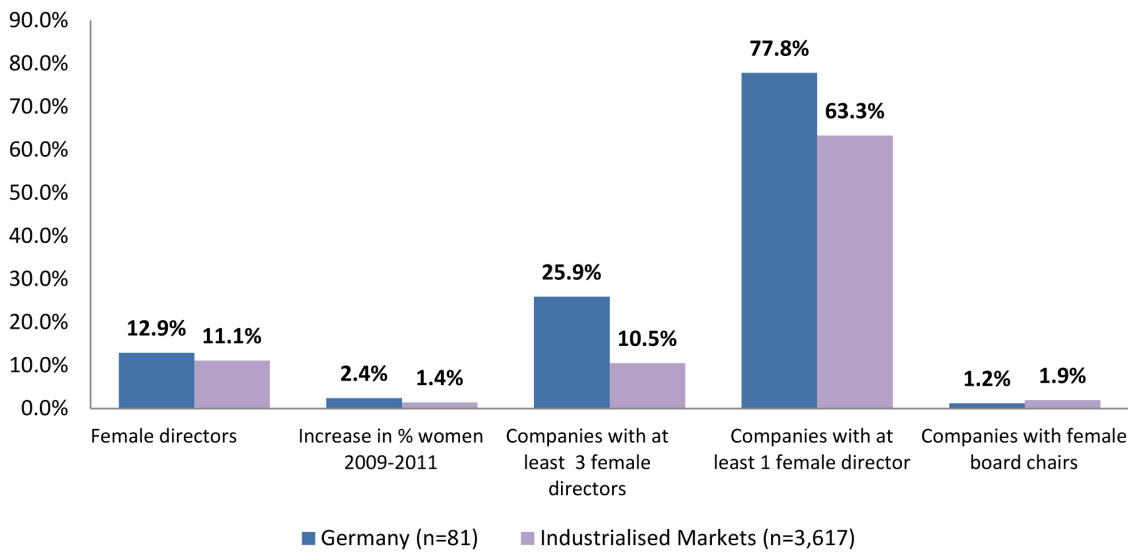
***How would you describe the healthcare/life sciences sector in Germany at the moment and what executive opportunities are present?***

In this particular sector, which always has been a globally acting industry, there is a strong need in R&D and in Operations for internationally experienced, mobile talent, with state-of-the-art knowledge of their particular expertise. Candidates often have been raised in Europe, moved to other regions, mostly the US for their post-graduate education, and in their forties are ready to come back to Europe to take the top seat in an R&D or operations organisation. Executive search is able to track these candidates and help European and German companies in attracting them.

***Of the searches that you are seeing, how would you describe the ratio of executives who are German nationals versus executives from other parts of Europe or overseas? Do you see more women taking more leadership roles?***

Both are happening today. International executives are increasingly in demand in Germany and also the interest of non-German candidates in a position in Germany has dramatically improved. Not so long ago, Germany was seen as 'not sexy' to work in, particularly candidates with families did not want to move here. Today, with the strong German economy and a highly internationalised workplace culture, candidates can be attracted to and retained in Germany.

Most of our clients today ask for female candidates on the shortlist, so automatically the percentage of women has risen, and finding female top candidates is a core part of our professional service today.



The overall percentage of female directors on supervisory boards (SBs) is 12.9%, very close to that of the United States (12.6%), but well below the levels of the Nordic countries (which are all above 25% except for Denmark, at 15.6%) and below that of France (16.6%).

***In terms of roles and skills a candidate must bring to be considered for executive opportunities in Germany today, what are the requests you are hearing most often from your clients?***

Candidates today must have an international outlook and be mobile. However, the most important feature is always the 'cultural fit' with the client firm. It is therefore perhaps the most important part in starting a search, to deeply understand the client's culture and to use this understanding as a filter when interviewing candidates.

***Being on the board of a leading German Business school, in your view, how important is executive education in moulding and shaping tomorrow's leaders?***

Executive education has always been a core part of shaping tomorrow's leaders. German Business schools have become highly international, in terms of their teachers, students and international co-operations, and are a center of excellence for training future top management.

**Download a study on diversity by Christine and her colleagues at Heidrick & Struggles.**

**<http://bit.ly/1b97V2k>**

## Market data

The AESC estimates that annual net revenues for the worldwide retained executive search industry totaled \$9.74 billion in 2012. The EMEA market share represents 32% of this total (as compared to 45% for North America, 15% for Asia/Pacific and 8% for Central/South America).

Germany, Europe's second largest market for executive search, represents 12.3% of the EMEA market share (as compared to 27.1% for the UK, 8.5% for France and 52.1% for all other EMEA countries). It is therefore estimated that the German retained search industry today represents a market of \$ 383 million or € 290 million.

Expert Q&A -  
Executive Search in the German Market



**Klaus Hansen**  
Managing Partner, Odgers Berndtson

***Thank you for taking the time to speak with the Association of Executive Search Consultants (AESC) and BlueSteps about executive search in Germany. Could you tell us about the search firm you come from and the work you do there?***

**Klaus Hansen:** Odgers Berndtson (OBG) is one of the leading executive search consultancies in Europe with more than 20 offices in all relevant markets, founded in 1965. In Germany, we have offices in Hamburg, Frankfurt and Munich. We are solely specialised on executive search and management audits. I am leading the energy/utilities practice of OBG in Germany and as a Managing Partner I represent the continental European offices on the global board of OBG.

***What are the most important trends that you are witnessing in executive search in Germany, currently?***

There are several key trends, including:

- Access to “hidden champions” in the candidate population – those that you won’t find on LinkedIn automatically - is a clear differentiator.
- Consultants must have an in-depth understanding of the client’s business.
- Clients expect more advice on the profile of the candidates and more support around the filling of the position than ever for less money.
- For compliance reasons, relationships with blue chips get less personal and more formal.

***How would you describe the industrial, energy & utilities sectors in Germany at the moment and what executive opportunities do they present?***

The industrial sector is still quite strong, but with a relative decline in exports. It will recover soon and will get back to former strength within a couple of months. Executive search is clearly focused at the top end; while n-1/n-2 vacancies are filled mainly internally. Candidates must show solid expertise in true leadership and entrepreneurship. The energy sector is still attractive for executives but will change its face in the coming years. Currently, there are interesting career opportunities for executives within tier-2 companies. The large power companies (E.ON, RWE etc.) struggle desperately with the German energy codex (exit from nuclear power etc.) and will not hire from outside for another while, except maybe for very specific needs.

***What is your outlook for executive search in Germany for the second half of 2013 generally speaking? And, more specifically for the sectors that you specialise in (Energy & Utilities and Industrial)?***

I believe that the current downward trend in the executive search industry will soon end and that the industry as a whole will regain its former strength within the next six to 12 months.

As mentioned earlier, the Industrial sector has continued to perform quite well despite the global downturn and will reinforce its strength during the second half of the year.

Conversely, for the Energy sector, the situation will remain tough for the rest of the year, since Germany's four biggest utilities (RWE, E.on, EnBW and Vattenfall) still remain out of bounds as a source for searches.

***In 2010 you co-wrote an article about women on boards in Germany (<http://bit.ly/1d04XRP>) What progress do you think has been made by clients and by retained executive search firms in promoting women on boards in Germany?***

With regards to the client, progress has been made; you can see more women on boards than ever. However, there are still many companies who consider this as an obligation or a "PR thing" rather than an opportunity. It will take another five to ten years, until this issue will become a non-issue and becomes a matter of course.

Search consultants have in general quickly adapted to this topic and probably all of the major players can provide clients with a long list of highly qualified female candidates. Today, the trick is to find female talent beyond "the usual suspects" who are available for high caliber board seats. This results in a demand for long term relationship building with young entrepreneurial women by helping them to develop the right set of skills.

***What do you think is the most common misconception of executive search?***

If you pay peanuts, you will get monkeys. This commonplace figure of speech has not yet arrived to the clients. Our industry must get much better in explaining the value of retained search, otherwise, this business model will be extinct in five years time.



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

### BlueSteps in Germany

AESC member executive search firms recruit for more than 90,000 senior management positions a year, with salaries ranging from \$150k to \$1 million+ (or regional equivalent). These positions are typically confidential and never posted on public job boards.

More than 1,800 executives based in Germany are currently members of BlueSteps. New members are invited to join using promotional code **German2013**. Visit [www.bluesteps.com](http://www.bluesteps.com).



Expert Q&A -  
Executive Search in the German Market



**Thomas Becker**  
Managing Director, Russell Reynolds Associates

***Thank you for taking the time to speak with the Association of Executive Search Consultants (AESC) and BlueSteps about executive search in the German market. What are the current trends you are witnessing in executive search in Germany at the moment and in particular within the ICT sector?***

**Thomas Becker:** Executive search is increasingly connecting with or being tied to topics like assessment or cultural diagnostics. No longer are only professional skills deemed important for success in a new company environment, but the cultural fit also has to be right. In addition, issues like diversity – to wit, particularly the female quota – play a significant role, as may be gathered by observing the continuing political debate. I should also like to apply diversity to the growing demand of internationalising our executive and administrative company boards. And, last but not least, the ICT sector - and this holds true for all other sectors as well - requires us to digitalise processes. The result of this will be a new job profile, i.e. that of the chief digital officer, the CDO.

***We understand that RRA recently set up a new practice dedicated to digital transformation and leadership. How important is it for German corporations?***

The digital revolution—the pervasive incorporation of digital technology into virtually everything—is arguably the greatest force of change in today’s economy. Across industries and regions, digital innovation is changing traditional businesses and giving rise to a sweeping range of new capabilities, products, services, channels and competitors. For most organisations, responding to digital opportunities and threats has become a matter of necessity, not choice. And the response must go beyond mere tinkering, or to put it differently: digital lip service will not suffice. Instead, digitalisation calls for wholesale transformation that cuts across every aspect of how companies engage externally and operate internally. The magnitude of these transformations requires transformational leadership.

But apart from having to deal with digitalisation, we are focusing on leadership and succession. Ever more often, our clients ask us...

- How does our internal talent measure up to the external market?
- Do our internal candidates have the skills to be CEO? If so, how do we prepare them?
- Do we have the right talent to deliver our business strategy?
- Who will best fit our culture and business requirements?
- Will the present leadership team achieve our objectives?

**Based on the AESC State of the Industry reports, technology continues to be one of the sectors that has grown despite the economic downturn in Europe. Do you see this trend continuing in the short and long term?**

We are experiencing strong consolidation in the technology sector as a result of take-overs. Examples are HP taking over EDS or SAP purchasing Business Objects, to name but two. During the past four years, IBM, Microsoft and Oracle have swallowed up some 300 IT companies. One could assume that this would weaken recruiting in the ICT sector. But at the same time, technology's role in all industries is growing significantly. One of this year's CeBIT (the world's largest computer expo) themes was focused on Industry 4.0, the high tech strategy of the German Government, which promotes the computerisation of traditional industries. You could probably not name a single industrial enterprise that could survive in this day and age without utilising IT.

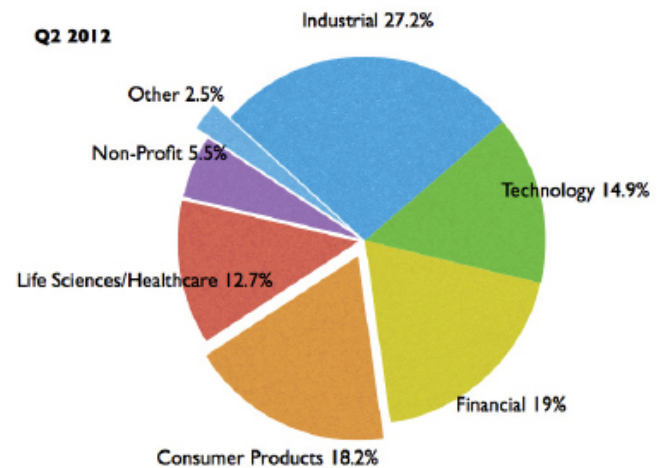
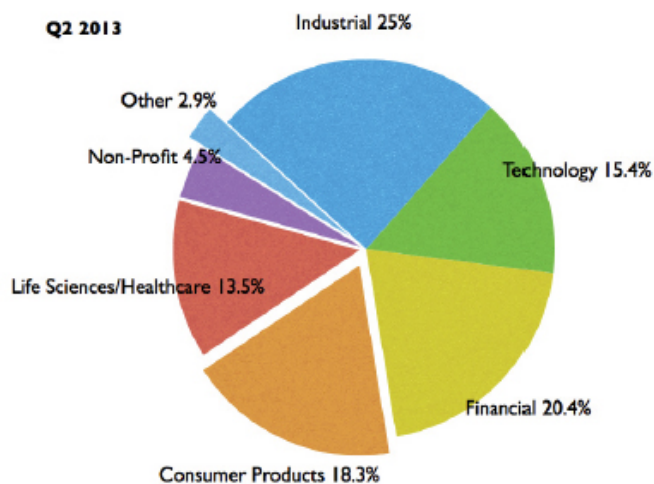
## State of the Executive Search Industry

### Market Breakdown by Industry

**Year-on-year trend: Q2 2012 to Q2 2013** (pictured below)

- Increasing: Financial +1.4%, Life Sciences/Healthcare +0.8%, Technology +0.5%, Consumer Products +0.1%
- Decreasing: Industrial -2.2%, Non-Profit -1%

*Searches Started Quarterly by Industry,  
as Percentage of Total*





## AESC Jahreskonferenz

High caliber speakers feature each year at the annual AESC German speaking conference:

- **Prof. Dr. Jürgen Kluge**, former German Head of Office, McKinsey and Dr. Wolfgang Kaden, former editor-in-chief, Manager Magazin, on “Global Talent Management” (2008, Hotel Intercontinental Frankfurt)
- **Thomas Sattelberger**, Member of the Management Board and Chief Human Resources Officer, Deutsche Telekom AG – “Ideologen und Ideologien der Unternehmensführung, Korruption oder Festigung von Moral und Verantwortung” (2009, Villa Kennedy, Frankfurt)
- **Daniela Weber-Rey**, Partner, Clifford Chance, member of the government commission on the German Corporate Governance Code – “Corporate governance zwischen Finanzmarktkrise und neuen Erkenntnissen” (2010, Schlosshotel Kronberg, Frankfurt)
- **Herbert Hainer**, CEO, Adidas – “Diversity management at Adidas Group” (2011, Hotel Vier Jahreszeiten Kempinski, Munich)
- **Barbara Kux**, Member of the Managing Board and Chief Sustainability Office, Siemens AG – “Business-as-usual – Aktive Nutzung der Transformation” (2013, Villa Kennedy, Frankfurt)

### ***How much is technology contributing to the success story of German industrial exportation?***

I believe that IT plays an exceptionally large role in making our economy successful and in contributing to our huge exports. As I pointed out, IT is a substantial part of every company and Germany is a technology leader in numerous areas. Just think of medical technology or the automotive industry. In such an environment IT plays a crucial role in facilitating growth and development and thus ensuring continued leadership.

### ***What is your view on the new technology-based recruitment ideas and recruitment solutions that have emerged in the last few years? Will they have an impact on retained executive search in Germany and further afield?***

You are right - social media platforms are making inroads into recruiting in certain areas. But I don't see them posing a serious threat to the future of retained executive search. Placing one's CV on the web says very little about one's qualifications. Search consultants will still be required - and I mentioned this earlier when we spoke about digitalisation - to conduct assessments, to evaluate the cultural fit, to verify degree information, to gather references, to get a feel for the person to be employed, etc. All of this and the overall judgment passed by the recruiter will guarantee that companies seeking the best talent will not be able to rely on technology-based recruitment ideas and recruitment solutions, nor will they probably ever want to.

**“IT plays a crucial role in facilitating growth and development and thus ensuring continued leadership.”**

Expert Q&A -  
Executive Search in the German Market



**Franco Parodi**  
Founder, Parodi & Associates

***Franco, thank you for taking the time to speak with the Association of Executive Search Consultants (AESC) and BlueSteps about executive search in Germany. Could you tell us about the search firm you come from, the work you do there and the key areas that your firm specialises in?***

***Franco Parodi:*** Parodi & Associates is a consulting company specialised in optimising the performance of management and executive committees. The focus here is on leadership ability, value orientation and the development of company culture as important components of a company's success.

***How would you describe the consumer and retail sector in Germany at the moment?***

The retail sector in Germany is a very concentrated one where less than a handful of companies dominate the market and the concentration is increasing. Hard discount stores invented in Germany became a role model for the world and consequently private label products are successful and are matching, or even exceeding, the quality of branded products. This leads to an enhanced necessity for the branded products to further focus on innovation in order to keep the price premium and to drive growth. While some decades ago brand building was very much in the focus, today the professional management of the distribution, including the multichannel challenge, has significantly grown in importance parallel to the increased category management capabilities of the retail trade. New and different media and customer buying behaviour require new and different expertise and approaches.

***What opportunities and challenges do you foresee coming up for those senior executives operating in the consumer and retail sectors in Germany in the next five years?***

For leaders in the consumer goods industry the challenges will, businesswise, be around keeping the innovation pipeline filled, securing sustainable top and bottom line growth despite partly adverse market trends or raw material price volatility and increasing purchasing power in the retail sector. While food is pretty much a local market, the durable industry is threatened by new and completely different competitors and also new industries like brown goods. In the food sector, internationalisation and acquisition of competitors or complementary businesses is often a chosen option for growth, as well as the focus on cost and technology, are the potential drivers.

Leadership-wise it means more than ever having a clear and well-communicated vision and strategy with a neat and aligned management team, capable of executing operational excellence and flexible to meet the future challenges. This would also mean acquiring and retaining the talent which has the increased

professionalism needed. This holds for privately held companies that might want to review how much decisional processes are focused on the top or could be shared in an executive management team. All these points merge to pose the question of whether the values and the culture of the company are aligned with their objectives. Hence one of the major challenges for leaders would be to create the right cultural environment to successfully tackle the future. Particularly in privately held companies, they could have the chance to further develop a clear and sustainable culture independent of quarterly results, thus gaining in attractiveness to excellent candidates from the big conglomerates. In view of the need for more efficiency and effectiveness in the market, corporate culture and corporate values appear to be coming to the foreground. True leadership will further gain in importance rather than just good management.

***Are German executives mobile and willing to move to where the opportunities are?***

Mobility analysis undertaken by Parodi & Associates clearly shows preferences for the major German cities like Hamburg, Dusseldorf, Frankfurt or Munich. Companies based in rural areas, or even in East Germany, are still lacking attractiveness, although we recognised that the percentage of senior level managers prepared to commute, even for longer periods of time, is increasing. A lower mobility has to be seen also in the context of changed social values and the changed age pyramid where mobility is again increasing with age.

***Do you believe that business schools in Germany and executive education in general play a role in the generation of tomorrow's leaders?***

In principal, business schools have the power, knowledge and potential to prepare our next generation of leaders. Nevertheless we recognise a trend towards a continuously more regimented system, with students fully packed with information but with little or no spare time to interact with other people of different social classes, thus gaining little general life experience.

Leadership is about engaging others and motivating them, not only captivating them on a factual and analytical basis. It's about creating the personal charisma, empathy and vision in order to win people for oneself and for one's own ideas and to understand personalities in order to positively influence them.

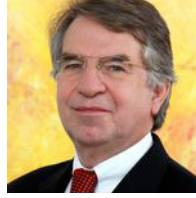
In this context, the importance of people and culture management and dealing with emotions and authenticity should play a similarly important role in the executive education as do business analytics and case studies.

## Award Winning Consultants

Three German professionals have received the prestigious AESC European Award for outstanding contribution to the executive search profession: Jürgen Mulder (2000), Ulrich Ackermann (2011) and Hermann Sendele (2012).



Expert Q&A -  
Executive Search in the German Market



Richard Fudickar  
Managing Partner, Boyden

***First of all, many thanks for taking the time to speak with the Association of Executive Search Consultants (AESC) and BlueSteps about executive search in Germany. Could you tell us about the search firm you come from, the work you do there and the key areas in which you specialise in?***

After 10 years with Korn/Ferry I joined Boyden global executive search in September 1999. As in the past I'm mainly focusing on the areas of FMCG, retail, media, automotive and industrial mandates.

***How has executive recruitment in Germany changed over the past five years?***

The main changes that have occurred within the last five years are:

- the number of shoot-outs as well as preferred provider arrangements
- the demand for women has increased dramatically
- there are much more senior executives from abroad than in previous years
- some of the bigger executive search companies focus on new services like talent management, talent coaching as well as on management assessment.

***What would you say is of greatest concern for senior-level executives working in Germany today?***

An ongoing concern for senior executives working in Germany with families is the limited access to international schools. The necessity to learn German because of limited speaking capabilities in medium sized companies is still a disadvantage.

***What can executives do to remain visible to executive search firms and be considered for the best new opportunities?***

The very best way to remain visible for executive search firms is to build up a network and then maintain the flow of information with an executive search consultant who has proved to be trustworthy and capable of keeping confidence at the same time. Executives, after the realisation of successful projects or special duties in the ongoing job should keep the search consultant abreast of these activities and of the outcomes related to them.

***What is your outlook for executive search in Germany for the second half of 2013 and beyond?***

At Boyden, we believe that the business climate in Germany will continue to be stable – the outlook for

most of our client companies is viewed to be good and only few see it down-turning. Of continuing importance is the development of the Euro which has a big impact on the consumption climate as well as on international trade. The special dynamics of the export activities of Germany will have impact on supporting companies on their business abroad as well as opening possibilities for receiving business from outside of Germany.

## AESC Membership

Today, the AESC has 21 member firms in Germany, operating from 56 offices that are employing over 330 executive search professionals: 270 consultants, 7 associates (consultants/researchers) and 57 researchers.

- Amrop Delta
- Becker Management Consulting GmbH/Alto Partners
- Board Consultants International
- Boyden
- CTPartners
- Eric Salmon & Partners
- Heidrick & Struggles
- Hoechsmann & Company
- Hofmann Consultants GmbH
- Jack Russell Consulting GmbH/Alto Partners
- Kincannon & Reed
- Korn/Ferry International
- LAB & Company/Penrhyn International
- Nedelcu & Company/Leading Edge Executives
- Odgers Berndtson
- Parodi & Associates
- Russell Reynolds Associates
- Signium International
- Spencer Stuart
- Stanton Chase International
- TRANSEARCH International



**For a complete list of AESC members, please visit:**

**[www.aesc.org](http://www.aesc.org)**



## **About The Association of Executive Search Consultants**

The Association of Executive Search Consultants (AESC) is the worldwide professional association for the retained executive search industry. The AESC promotes the highest professional standards in retained executive search consulting, broadens public understanding of the executive search process, and serves as an advocate for the interests of its member firms. For more information, or to download the AESC Code of Ethics and Professional Practice Guidelines, please visit **[www.AESC.org](http://www.AESC.org)**.

## **About Executive Search Connect**

The AESC offers a free service for the HR community, providing industry information and tools to assist with senior executive recruiting, including access to the International Search Directory. Sign up to access the directory and submit an RFP at **[www.ExecutiveSearchConnect.com](http://www.ExecutiveSearchConnect.com)**.

## **About BlueSteps.com**

BlueSteps is an online career management service for global senior executives. As an exclusive service of the Association of Executive Search Consultants (AESC), BlueSteps enables senior executives to make their career profile accessible to more than 8,000 retained executive search professionals, all members of the AESC, and who search the database as an additional resource in their candidate and source identification process. BlueSteps members stay informed of executive job market trends and news, and use a variety of tools and resources to facilitate the successful management of their executive career path. For more information, please visit **[www.BlueSteps.com](http://www.BlueSteps.com)**.