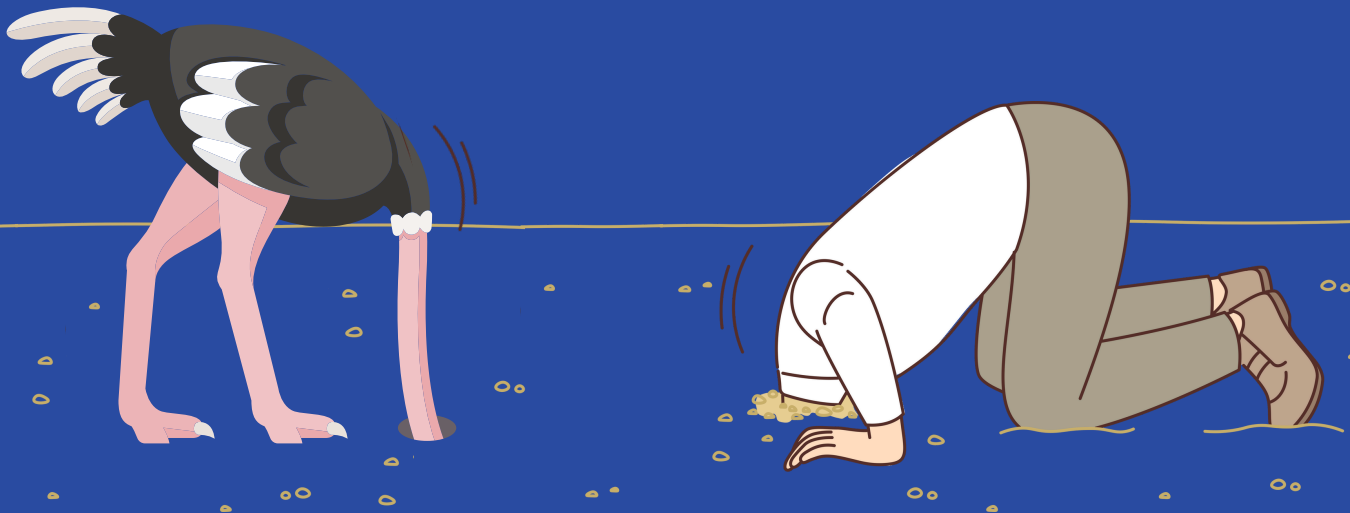


The Ostrich Head SHREK Report



2023

FOREWORD FROM OUR FOUNDER, TIM CONNOLLY

I feel truly privileged to launch this 'Ostrich Head SHREK Report', the first of its kind.

It is clear that this still thriving yet very insular, discreet and competitive industry is belatedly starting to become more interested in what the other firms are doing, and this includes the SHREKs, of course.

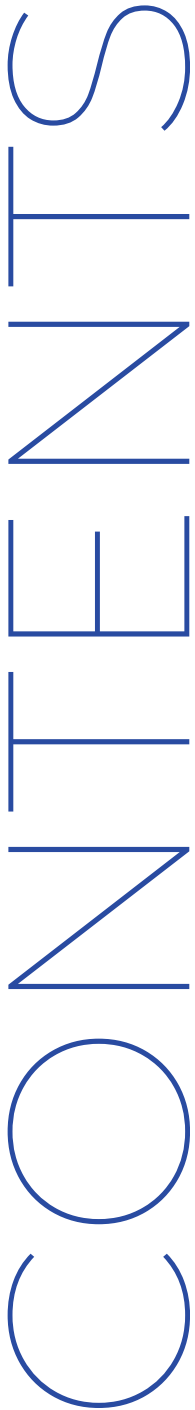
The executive search industry is of course a long way behind the industries it serves, in terms of diversity, business strategy and branding to name but three key areas. Just now, search firm leaders are finally starting to pay attention to the importance of raising their profiles and reputations.

As search firms come to realise that scaling is often an important aspect of future-proofing, they are acknowledging that they are able to hire much more effectively from their competitors if they are well-known and admired. The challenge for the SHREK firms of course is not regarding them being well known, it is much more about a significant minority of the industry holding very fixed and strong negative opinions about them that are deep-rooted and hard to shake, however founded or unfounded they may be.

ALC Enable speaks to leaders from about 250 search firms every month, advising them on their strategy and growth, and we have been doing this since 2001. This invariably includes representatives from these five SHREK firms. We have felt a swelling of confidence from the non-SHREK firm leaders as they take market share from the SHREKs and an increased whiff of a cocktail of humility and panic from the SHREK firm leaders as the marketplace proves to be opening up.

The mid-sized and smaller firms have certainly raised their game and are a-knocking on those five colossal doors. It will be a shame to lose the resonance of the acronym SHREK although HERS might work well in the future. In the meantime, there is still a heck of a lot of superior quality work within the reality of the day-to-day of what the SHREKs do, they just might need to improve their messaging, their branding and their reputation management so that more people in the industry can witness and respect this quality.

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The SHREK firms have been much maligned by the rest of the industry. This has happened increasingly since 2010 and even more since about 2018 when it seems that the search industry's clients have been more demanding on successful delivery rates as well as speed and fee structure.

Undoubtedly, some of the best firms in the world outside the Big 5 are those established by Partners and Managing Partners who once worked at those firms. It is generally recognized that some (not all, obviously) of the highest calibre Partners in the world are working at the SHREK firms; what is being questioned more and more by corporates and other search firms is whether these larger executive search firms are becoming unwieldy and unpractical for the excellence, agility and speed of delivery required in 2023. The other common criticism levelled at them is that they are less creative and exhaustive about their searches with respect to candidate targets, constantly recycling the same people and their significantly more extensive hands-off lists matter more and more to businesses in this increasingly talent-short world.

There is more jealousy and rivalry between the SHREK firms and the rest of the industry than there is amongst the SHREK firms themselves. Arguably, this is because members of the SHREK firms tend to know the other SHREK firms better than their non-SHREK counterparts do and there is less of that fear of the unknown as well as, in some cases, there is even some mutual respect.

We must make here the obvious disclaimer that any firm in any sector, including the executive search industry, is inevitably going to produce varying quality of work in different geographies and through different practices, depending on the individuals heading up an assignment or piece of work. However, it is fair to say that Korn Ferry, particularly since the Hay Group acquisition in 2015 and the expansion of their RPO activity, has been vociferously criticized by the other four SHREK firms as well as the rest of the industry.

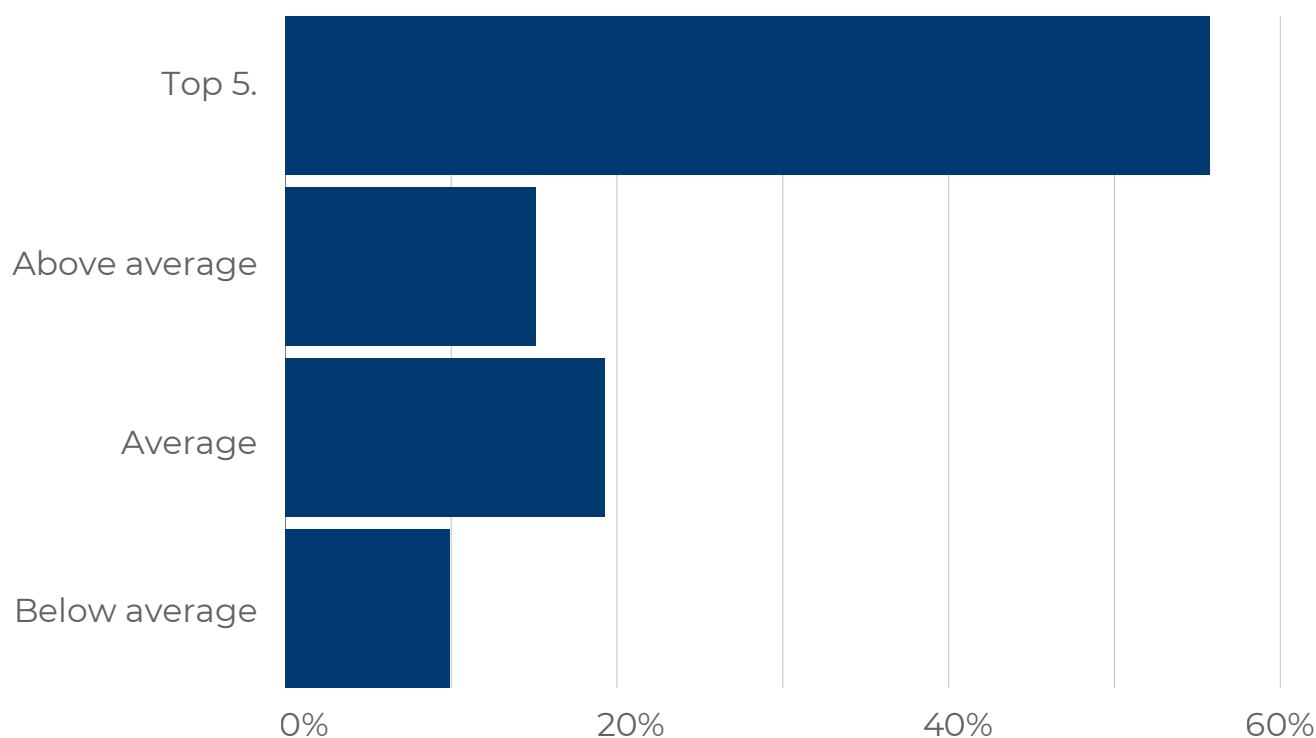
Where there is smoke there is undoubtedly fire and the widening of their client base and the stretching of the levels they've been operating at has naturally damaged Korn Ferry's previous solid reputation of focus at C and Board level, as has the resurgence to prominence of Korn Ferry Futurestep.

Heidrick & Struggles is often mentioned in the same breath as Korn Ferry and suffers some of its bad press, partly due to the significant exchange and overlap of personnel between each firm over the decades. Our survey backs this up with Heidricks performing below the other three firms but above Korn Ferry.

Egon Zehnder has traditionally had the most solid reputation universally and our survey bears this out although the gap between Egon Zehnder and the other two, Spencer Stuart and Russell Reynolds, certainly seems to be drawing closer than it was say five years ago.

SPENCER STUART

Having removed the votes of current employees, we had 192 individuals who participated in the poll regarding Spencer Stuart.

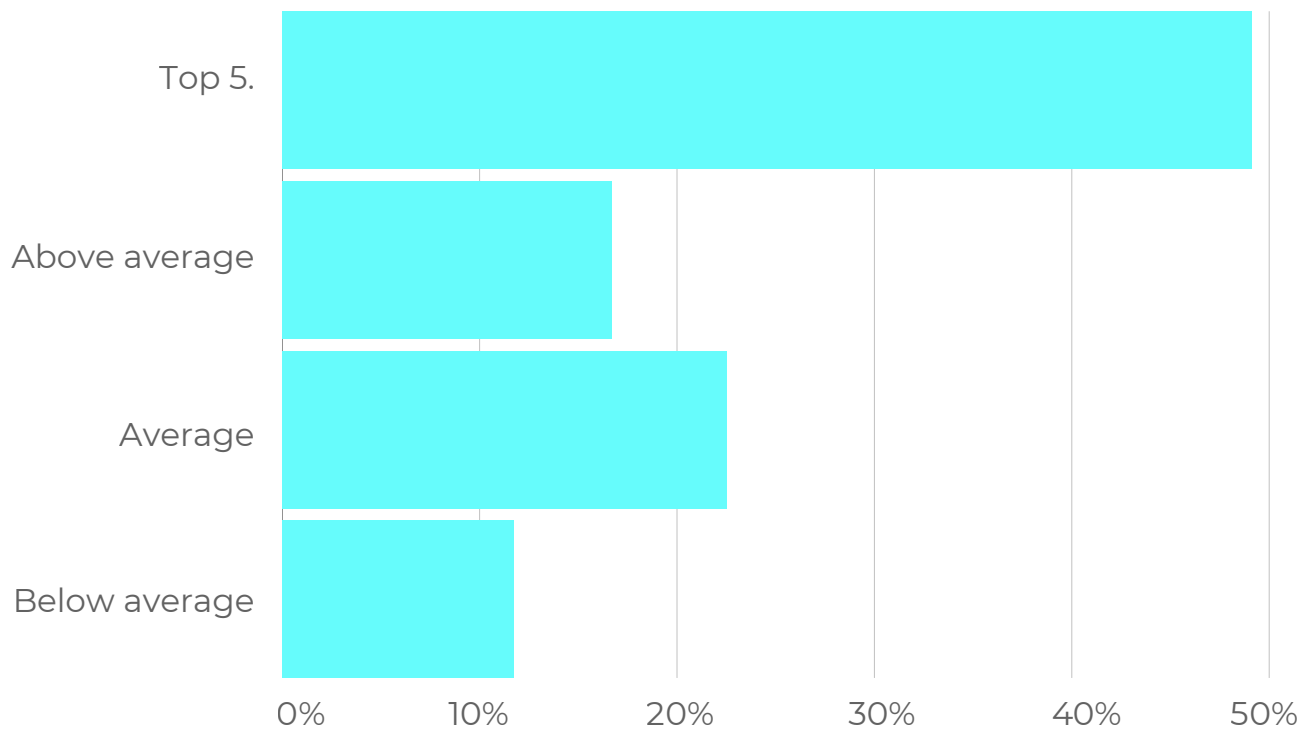


They finished in 2nd place in the polling, close behind Egon Zehnder in terms of being voted as a Top 5 firm by 56% of the audience compared to Zehnder's 58%.

However, they trumped Egon Zehnder and the other three firms, having the least votes in terms of pollsters voting them as 'below average' with only 10% of voters labelling them as such. Compared to Korn Ferry at 28%, this result was particularly positive for Spencer Stuart and confirms our perception of them being the most consistent in terms of quality across their offices and practices. Egon Zehnder and the others split the audience more due to larger variances across the business.

HEIDRICK & STRUGGLES

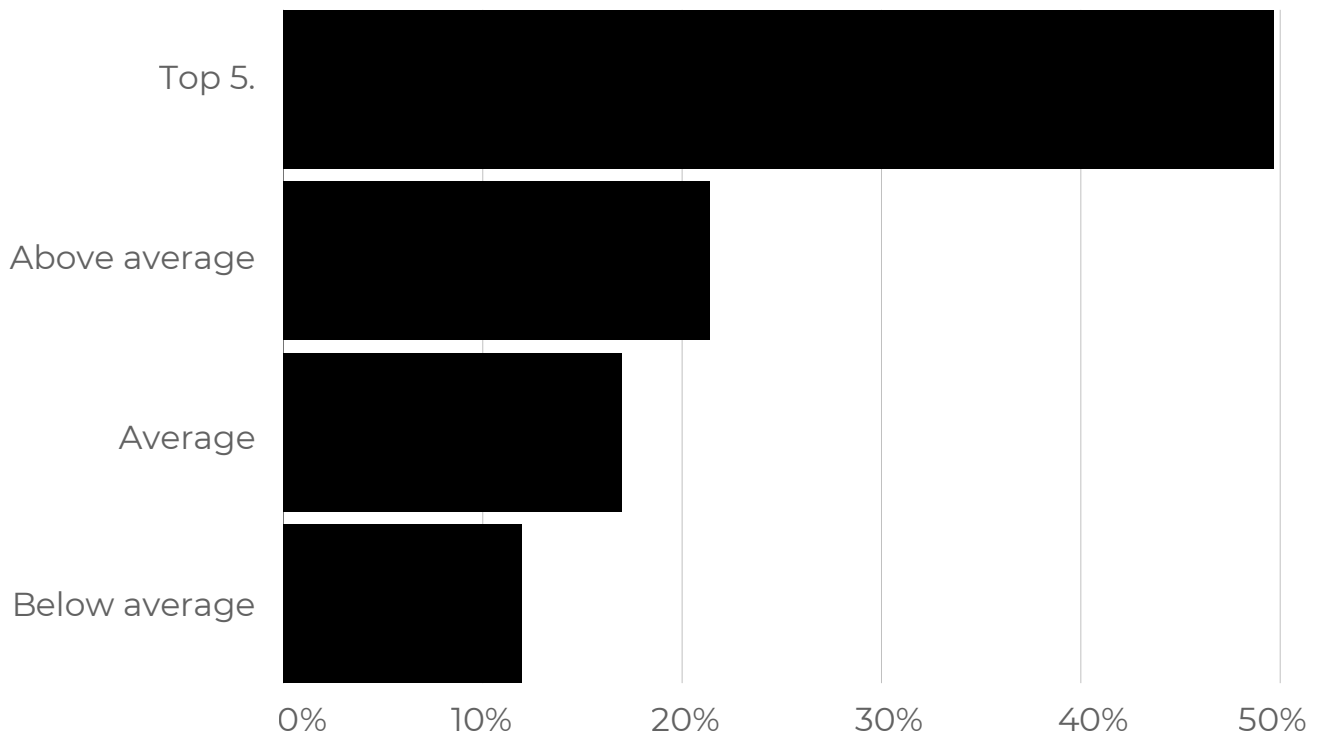
Having removed the votes of current employees, we had 222 individuals who participated in the poll regarding Heidrick & Struggles.



Heidrick & Struggles came 4th in terms of people perceiving them to be in the top 5 with only 49.1% voting them as such. However, they were significantly ahead of Korn Ferry and whilst our experience is that people tend to rate Heidrick as above Korn Ferry and behind the others, they were not very far at all behind Russell Reynolds who had only 0.59 percentage points more considering them to be in the top 5 at 49.69%.

RUSSELL REYNOLDS ASSOCIATES

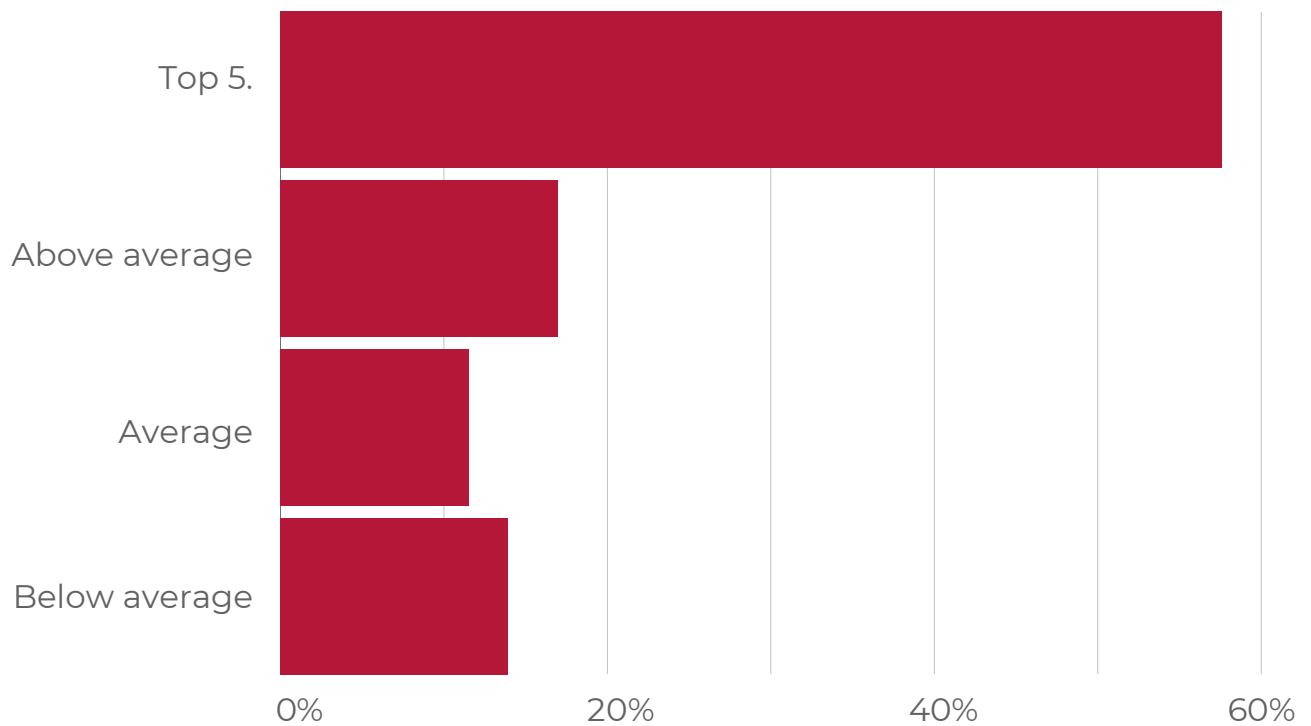
Having removed the votes of current employees, we had 159 individuals who participated in the poll regarding Russell Reynolds.



Anecdotally, from ALC Enable's day job of speaking to over 250 search firm leaders a month, Russell Reynolds certainly seems to enjoy the highest profile of all of the five firms in terms of quality and consistency across geographies and practices.

EGON ZEHNDER

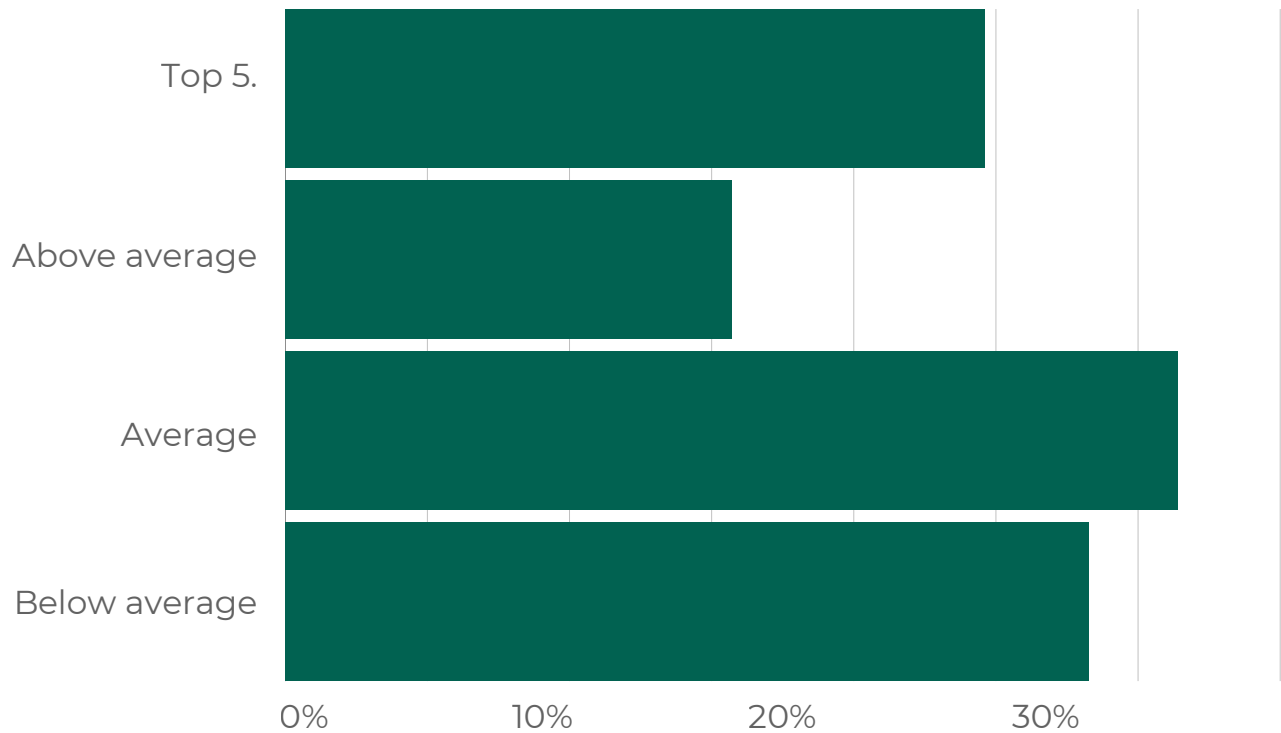
Having removed the votes of current employees, we had 165 individuals who participated in the poll regarding Egon Zehnder.



Whilst Egon Zehnder used to be celebrated for its angelic reputation of near perfection across the board, the industry in 2023 is much more critical and is seeing its mortal creases and flaws. Saying that, the firm has still fared better than the others.

KORN FERRY

Having removed the votes of current employees, we had 191 individuals who participated in the poll regarding Korn Ferry.

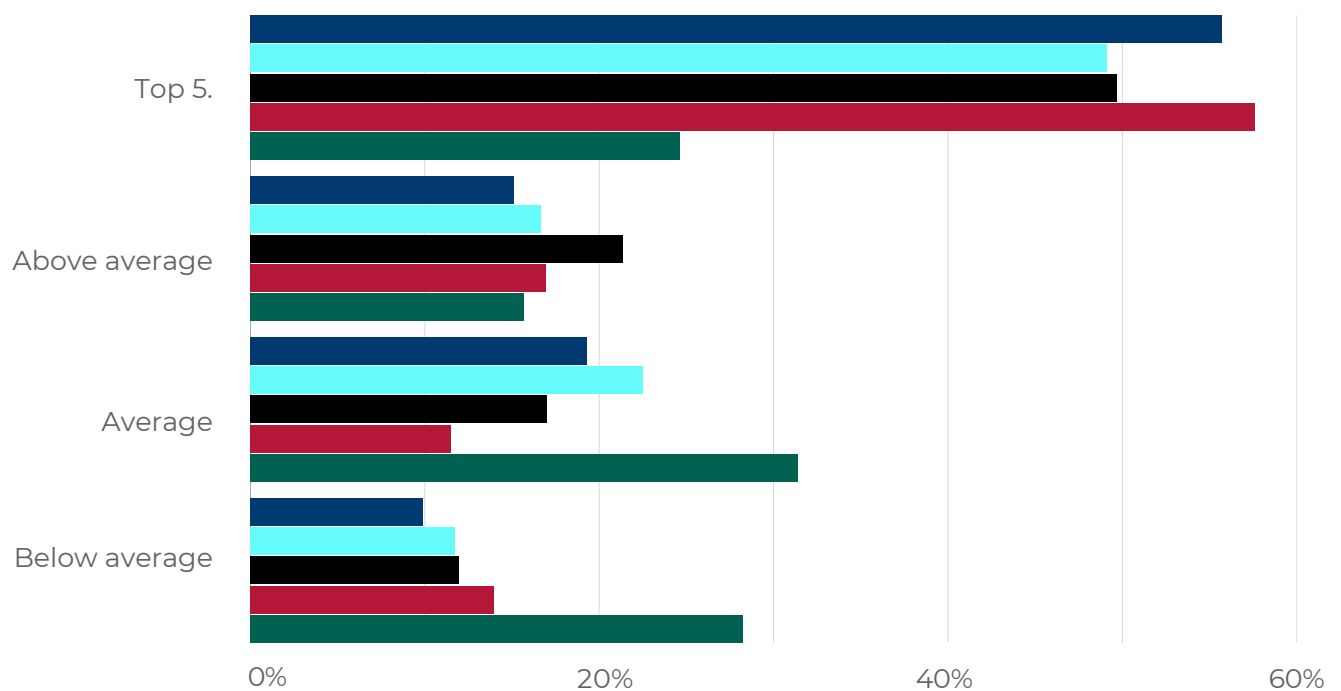


Even those inside Korn Ferry would not be surprised to know that their firm fared significantly worse than the other four firms.

As detailed in the introduction to this report, a significant contributing factor to this is undoubtedly related to Korn Ferry's rapid expansion and that the firm now deals more with mid-management than ever before as well as perhaps some cultural challenges that are inevitable; the growing pains of expanding too quickly.

SHREK FIRMS IN FOCUS: A COMPARATIVE ANALYSIS

We engaged 639 participants in our polls, honing in on the perception of each SHREK company. It's crucial to note that to maintain impartiality, we meticulously filtered out responses from employees within each respective SHREK firm. This meticulous process ensures a well-rounded and unbiased perspective, allowing us to unveil insights into how the industry views these influential players in the executive search landscape.



Since the early 2010s, there have been murmurings of a likely consolidation and rationalisation between the SHREKs and/or one of them acquiring or being acquired by one of the strategy consultancies.

One of these scenarios still seems likely and we predict that something needs to give in the next five years as otherwise, staying as they are, these SHREK firms are going to become too unwieldy, stumbling and tripping over themselves as the smaller and mid-size firms continue to take increased market share.

From viewing the results of the polling, what may be quite shocking to the SHREKs themselves is that a significant proportion of the industry views them as not deserving their previously undisputed reputation of being 'Top 5' firms and many also consider them only average or even 'below average'.

About 52% of people polled thought the firms did not deserve their Top 5 status and 35% of those polled rated them as 'below average' or 'average'.

The survey results and the ensuing analysis of the other 50 search firms polled will naturally be much more compelling given that there is richer data to correlate and surmise. With those 50 firms, we will be looking at why some search firms succeed and others fail, both in terms of how well-known they are and their reputation, on request we can run a poll for your firm and put the results in the context of the other 50 firms.

Whilst it's easy to shrug off the negative results in the SHREK polls as sniping, vindictive and formed through jealousy, there is clearly some truth behind these views as corporates and businesses are waking up to the fact that there are 1000s of smaller, more nimble, more cost-effective and sometimes better executive search suppliers out there.

In August 2023 ALC Enable was the first firm ever to conduct such polls for the executive search industry but we are certain that if we'd done so in 2013, the SHREKs would have resulted in much more favourable results. In 10 years, the magical quality of the smoke and mirrors of those five elite firms has certainly dissipated.

CONCLUSION

It's going to be exciting for the rest of the industry as well as its clients and candidates to witness what will happen over the next 10 years. Remember that it was only a few years ago that the SHREKs were called the 'Tier Ones'. Even for the employees of those five firms nowadays, I can't imagine them using a term like this in 2023 without it getting stuck in their throats.



The Global Advisors to the Executive Search Industry

Future-Proofing the executive search industry for the 2020s

Founded in 2001, ALC Enable is the only advisory firm in the world offering a complete range of strategic and talent solutions exclusively to executive search firms and networks globally, helping them to improve, expand, and future-proof their businesses throughout the 2020s.

We have met over 1100 executive search firms in the past 21 years and partnered with over 120 executive search and advisory firms worldwide. We collaborate with executive search firms and networks to help them scale and internationalise, whilst also supporting their strategy, branding, technology, and exit plans.

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TIM CONNOLLY

Founder, ALC Enable

Tim founded ALC Enable in 2001.

With a background in film, theatre and publishing, he established the 'Creative and Media' practice for a London executive search firm in the late 1990s.

Tim established ALC Enable as the business solutions firm for the executive search industry, to support search firms with their strategy and growth, helping them to achieve their goals and to future-proof themselves.

He is focused on promoting the evolution of the executive search industry, helping search firms scale and diversify, scaling through mergers and acquisitions as well as hiring Managing Partners and Partners.

Tim also coaches and mentors search firm leaders, enabling them to hone, develop and prioritise their plans for their business and achieve their goals.

Together with his business partners, he also coaches and mentors search firm leaders and supports search firms with their corporate identity, marketing and their business strategy.

Outside work, Tim is addicted to running, with a personal best marathon time of 3 hours and 12 minutes and keen to smash that once he can get the bones in his foot fused together again!

He is fanatical about 1980s and 2020s music, a passionate skier, an okay chess player, a below-average children's magician, and the least prolific stand-up comedian on the London circuit, averaging one gig every 4 years to date. He still would like to try his hand at comedy, it's just a question of whether his arm and the rest of his body will follow.