



**Executive Search in the Life Sciences**  
**June 2009**

From 1<sup>st</sup> – 22<sup>nd</sup> May 2009 the Association of Executive Search Consultants surveyed 70 of its member consultants conducting senior executive search in Life Sciences sectors regarding the state of the sector. Respondents were asked to contrast Q1 2009 search activity against Q4 2008 and to project future search activity.

According to the AESC Q1 2009 State of the Executive Search Industry Report, Life Sciences market share of the total search industry had risen to 14%, from 11.5% in Q1 2008. The AESC estimated that 2008 net revenues for worldwide retained executive search totaled US\$11 billion, commutatively approximating the Life Sciences senior executive search sector at US\$800 million.

**Key Findings**

- In contrast to the recession affecting most industries, senior search in most Life Sciences sectors maintained pre-recession activity levels in Q1 2009, particularly the Pharmaceutical sector.
- Executive Search Consultant Respondents noted a perceived increase in executive mobility in Pharmaceuticals, citing mergers & acquisitions and a shift in sales from urban to untapped rural areas in developing markets.
- Searches for support functions within the Life Sciences sector such as Marketing and Public Relations were in decline in Q1 2009.
- A concurrent BlueSteps poll found that 35% of senior executives thought the best long-term career opportunities were in Healthcare, Pharmaceuticals, and Biotechnology.

**Sector Performance**

While searches for roles within Pharmaceuticals remained relatively strong in Q1 2009 as compared to Q4 2008, most respondents working in sectors spanning the Life Sciences had been experiencing less search activity.

In the second quarter of 2009, however, most respondents projected that these declines would level off, with Medical Devices and Academic/Hospital/Health Systems marking an increase in optimism.

Few respondents predicted 'more' search activity before the middle of 2009.

How would you describe the number of searches you started in Q1 2009, as compared to Q4 2008?		
	We started less search activity.	We started about the same amount of search activity.
Biotechnology	13%	10%
Medical Devices	9%	10%
Pharmaceuticals	10%	14%
Academic, Hospital, and Health Systems	9%	9%
Insurance	8%	8%

What do you project for Q2 2009 in terms of searches started in these sectors, as compared to Q1 2009?			
	We will start fewer searches.	We will start about the same number of searches.	We will have more search activity.
Biotechnology	10%	6%	4%
Medical Devices	6%	8%	6%
Pharmaceuticals	7%	11%	7%
Academic, Hospital, and Health Systems	7%	9%	3%
Insurance	8%	8%	1%

Commenting on this, J. Larry Tyler, Chairman & CEO of Tyler & Company / Signium International, remarked:

*"The hospital sector is still suffering with the drop in demand for healthcare executives. Two factors have caused hospitals to have a decreasing bottom line. Investment income can represent 50 percent to 100 percent of a hospital's bottom line. The financial crisis has eliminated most of these profits.*

Secondly, because of the recession, many people are out of work. Thus the number of uninsured patients has risen dramatically so uncollectible revenue and a decrease in admissions are two common problems. As a result, hospitals are reshuffling the deck in the executive suite and are often recruiting in-house or not replacing an executive who leaves.



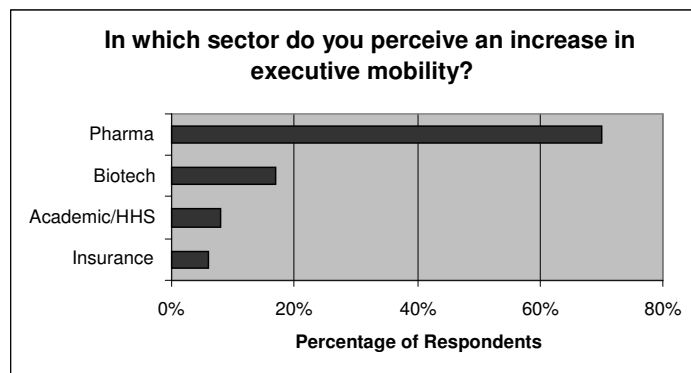
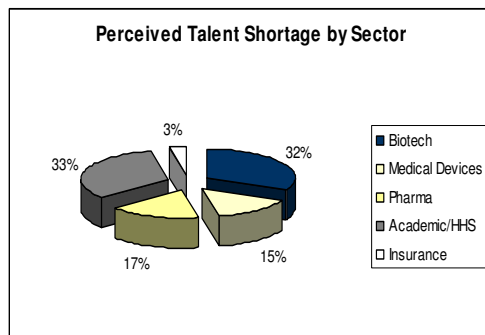
J. Larry Tyfer  
Chairman and CEO  
Tyfer & Company

Adding in the prospects for healthcare reform, you now have nervous clients who won't pull the trigger for a search. Future problems also include the exhaustion of COBRA benefits for those who are unemployed, further exacerbating the situation.

In spite of all of this, I am glad I don't work in any other industry."

## Talent Shortage and Executive Mobility

65% of respondents saw the most dramatic talent shortages in Biotech and Academic, Hospital, and Health Systems. Reasons provided for these shortages included the clash between multinationals' regional expectations and local talent supply, regulatory vigilance, decreased funding, the consolidation of organizations, non-compete agreements, and limited succession planning.

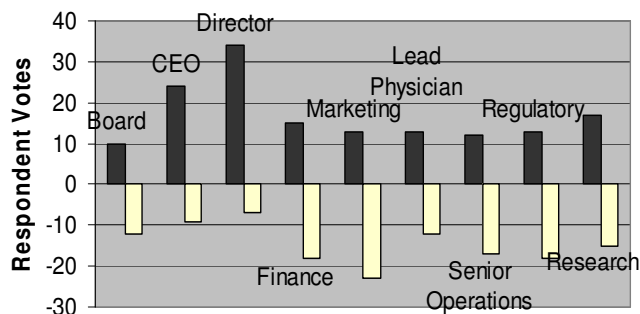


When asked which sector of Life Sciences provides the most mobility, Pharma was by far the top choice, with 70% of the vote. Respondents predicted a focus on rural areas rather than big cities within the next five years as well as heightened M&A.

## Functions and Roles

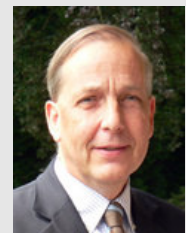
In Q1 '09, demand for director-level department heads was strong while marketing, HR, and sales were weak. Respondents indicated increased opportunities in health economics and market access.

### For which roles have you seen the most and least search during 2009?



"Marketing and sales roles will reduce, whereas market access, reimbursement, and regulatory affairs will continue to gain importance. Risk officers who are able to evaluate commercialisation early in R&D are becoming more and more en vogue. Production rationalisation will make managers over-available, although with the growth of biological production, specialized expertise will be in shortage."

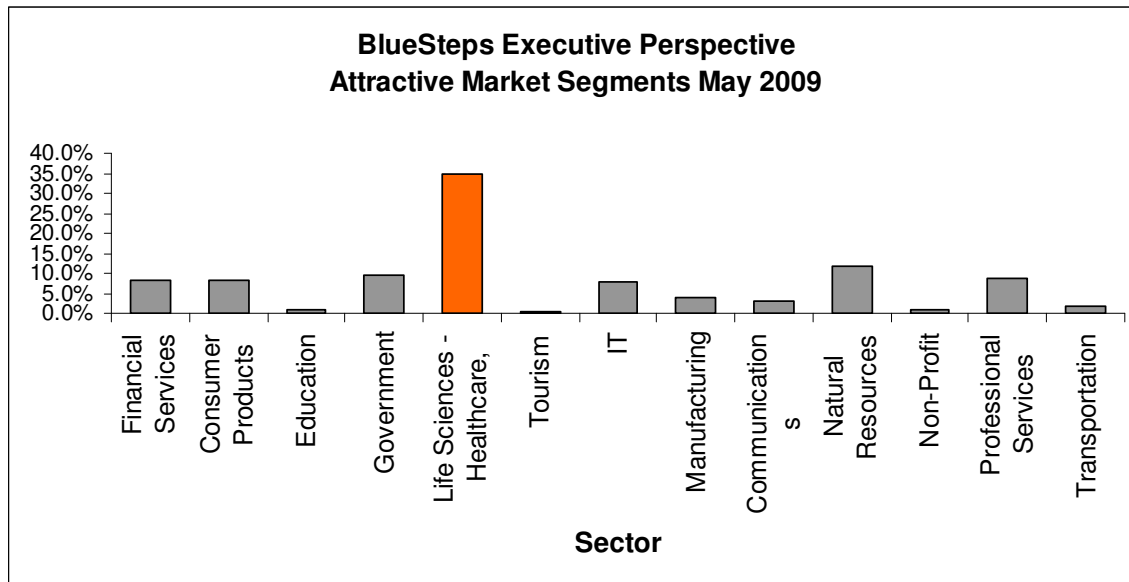
-Christiaan Lebbink  
Global Practice Leader  
Life Sciences & Healthcare  
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## Market Pressure on Senior Search

When asked to rank how companies in their sectors were reacting to executive search in light of the current pressures of the market, respondents noted that companies across Life Sciences sectors had been reorganizing and shedding positions, asking for modifications to traditional terms of agreement, and choosing to conduct searches themselves.

## Executive Perspective



Out of a poll of 239 Senior Executive members of BlueSteps, the Career Management Service of the AESC, 35% of respondents felt that Healthcare, Pharmaceuticals, and Biotechnology would be best for long-term career opportunities given the current economic climate.

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Spencer Stuart  
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70% of survey respondents were from the Americas and Europe.



### **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 read the AESC Code of Ethics and Professional Practice Guidelines, please visit [www.aesc.org](http://www.aesc.org). The AESC offers [www.bluesteps.com](http://www.bluesteps.com), a career management service for senior executives, and <http://corporateconnect.aesc.org>, a service for the HR community offering industry information and access to the AESC membership.