

FIRMS TO WATCH

• A growing economy cultivates an abundance of mid-size executive search firms

The expansion of the global economy has brought a wave of growth at executive search firms that are developing healthily along with the industries they serve. As reported in the March issue of ERN, many new firms joined the ranks of the top retained executive search firms of 2005, thus enlarging the pool of mid-size firms substantially. There is a significant number of firms that earned impressive revenues in 2005. Missing ERN's rankings by a hair, herein is a look at some firms on the robust mid-size radar screen of executive search (see chart, next page).

Texas-based Preng & Associates posted an impressive 42% jump in revenues in 2005. "We specialize in energy. Need I say more?" says president David Preng. More work and higher levels of searches also contributed to the 5-partner firm's success. Energy-based industries, and the financial institutions that fund them, however, are facing serious talent supply shortages, Preng adds. While enrollment in petro-geological science schools is shrinking, tremendous capital is being invested in the energy industry. "Who do you place [the capital] with? We need the talent to invest the money, and manage the investment," Preng says.

Focused exclusively on a few segments within the healthcare arena, Furst Group has demonstrated a steady 15% growth for a number of years, says

CEO Bob Clarke. "From our perspective, the healthcare economy is generally strong and steady – less cyclical than others – and that helps," Clarke says.

Attributing its success to having senior people with long tenure and long standing relationships with clients, Clarke believes they embody Furst

"The first time, we built a large company with about 100 consultants. This time, we are doing it out of our own passion to do the work, rather than trying to build a large firm."

— Mike Taylor, Grant Cooper & Associates

Group's philosophy of doing what is right. "Sometimes that means returning a fee, or offering clients a way of getting out of a problem at no charge. We also give back a lot; we do a lot of pro-bono work for non-profits. This engenders a lot of trust in the marketplace," Clarke says.

Although much of Furst's revenue growth can be attributed to the growth in the healthcare industry, Furst has made significant strategic improvements as well. "We were stagnant for a while, but then we began process improvement, and improving our work teams, whereby everyone has a stake in the end product – in the success of a search."

A team-oriented firm with a focus on internal training and process work

teams, Furst Group has not "invented a new product, or acquired partners, or opened new offices," Clarke says. Their strategy for success has been to remain very focused on their areas of expertise, and to allot significant resources, time, and energy to researching their market.

CarterBaldwin's exceptional 35% growth rate reflects the strength of the North American economy, but more specifically, the vitality of CarterBaldwin's core markets including the business/financial services (representing 15% of its business), manufacturing/distribution (33%), technology/telecommunications (25%), and the consumer products (19%) sectors.

Ohio-based Waverly Partners is a generalist firm with practices in the manufacturing, not-for-profit, economic development, and financial services industries. It uses a traditional search process, but with a focus on conducting a rigorous in-depth interview process with both clients and candidates. While their growth rate was modest, their revenues earned them a spot on the list.

Contributing to their success in 2005 was a strategic focus on a partnering approach with clients whose firms are growing. "Consequently, we are growing," says Joel Epstein, managing director and principal of Waverly Partners.

Many of Waverly's clients are dealing with the changing demographics of their workforce. Boomer-age executives are thinking about retiring. "But also, as a result of downsizing in previous years, many companies didn't develop a core of middle managers ready to move into senior management positions. As a result, they are looking outside the firm

to fill needed positions," Epstein adds.

After spending its first few years rebranding itself as Grant Cooper & Associates, the partnership made a strong showing in 2005 as a primarily health-care oriented practice. "After people found out we were reunited, we've seen significant growth," says Mike Tayler,

president of Grant Cooper & Associates. Tayler says they are doing it differently this, this time around.

Many more firms in this revenue bracket experienced great success in 2005, and early economic indicators suggest that most are poised to post strong growth in 2006 as well. ☒

U.S. Firms to Watch

Firms	2005		Partners & Consultants	Associates & Researchers	Revenue Per Partner/Consultant	# of U.S. Offices
	U.S. Revenue*	U.S. Growth				
Furst Group	4.41	15.5%	12	2	\$367,500	6
Columbia Consulting Group	4.30	24%	8	4	\$537,500	3
Michael L. Kettner & Associates	4.16	21%	9	6	\$462,222	4
Preng & Associates	4.01	42%	5	4	\$802,000	1
Tyler & Company	3.93	-2%	10.5	6.75	\$374,286	4
Grant Cooper & Associates	3.90	39%	13	2	\$300,000	1
CarterBaldwin	3.60	35%	7	1	\$514,286	2
Hersher Associates, Ltd.	3.49	40%	8	2	\$436,250	2
Waverly Patners	3.16	2.6%	10	0	\$316,000	5

*In millions of U.S. dollars

Source: Firms and Kennedy Information estimates.