

Executive Compensation & Hiring Benchmarks 2021

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About the Report

After coming out of one of the most volatile years that the executive search industry had to face in 2020, 2021 proved to be the most competitive talent market ever. With talent getting more expensive, harder to find, and more difficult to convince to make a move — firms are looking into ways to be more competitive with their approaches in 2022, keeping a close pulse on what market dynamics are indicating.

The following report is a product of incredible participation from a diverse set of executive search firms and VC & PE talent teams across various verticals and industries.

We've analyzed search data from tens of thousands of executive searches, surveyed hundreds of exec search leaders and talent partner teams, and held monthly roundtable discussions to paint the most accurate picture possible of where the industry stands.

Thrive continues to be committed to being a reliable source of insight or executive search leaders and talent partner teams. We sincerely thank everyone who has made this report possible.



Methodology

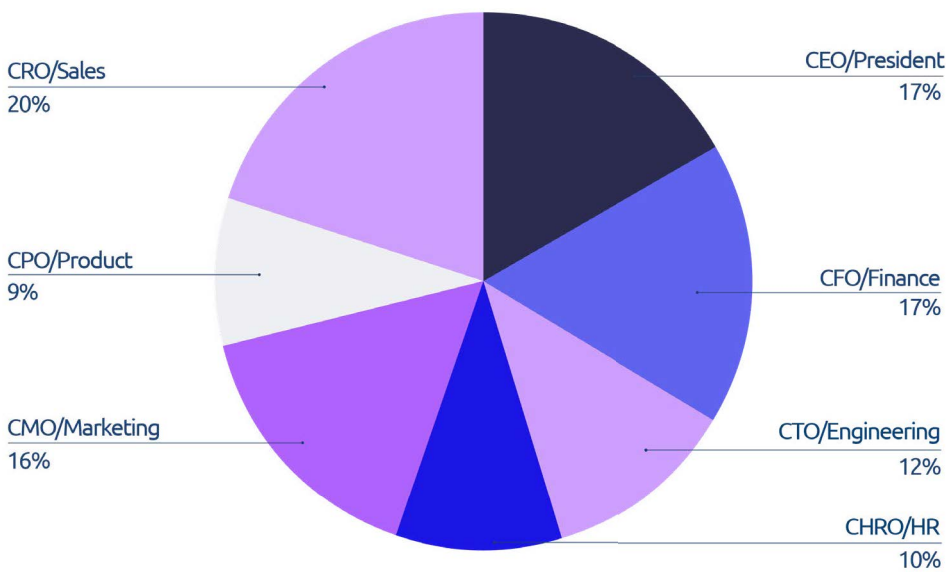
ANALYSIS TIME FRAME FOCUS

2021

FULL DATA ANALYSIS TIME FRAME

2020-2021

Function Breakdown



VERTICALS



Executive Search Firms

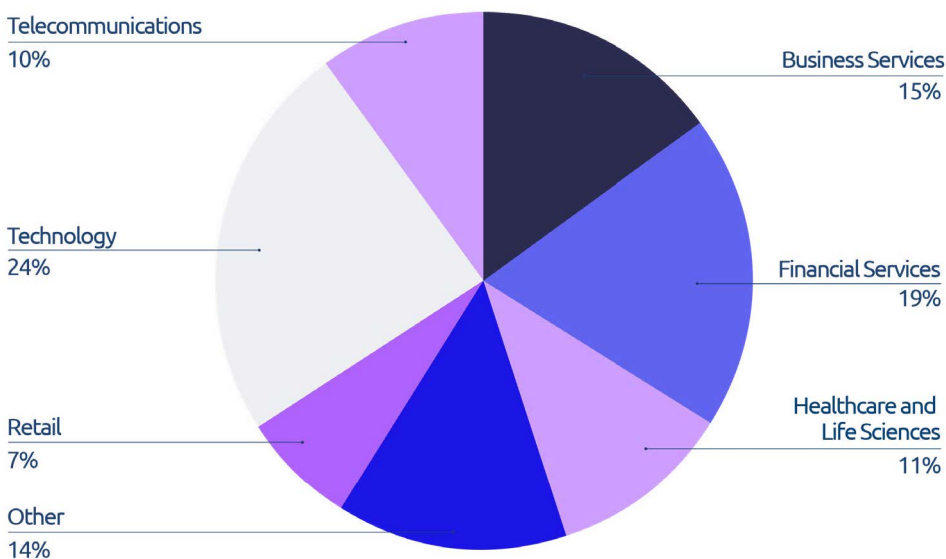


In-House Executive Search



Venture Capital & Private Equity Firms

Opened Searches by Industry



Executive Summary

Toward the latter end of the roller coaster that was 2020, the market started to rebound and continued to skyrocket throughout 2021.

The executive search market has been running hot each quarter, producing more open searches than the past two years.

Taking into consideration that there are numerous factors at play, the conversations with search leaders and talent partners across the industry suggest that all of it boils down to growth —public markets had record years in 2021, in addition to larger rounds of equity being raised and capital being deployed faster.

This environment surfaced some top challenges as 2021 came to a close, such as candidates dropping out of late-stage searches, search firm capacity issues, and the need to prioritize proactive pipelining.



Everyone is closing funds. The real question is are there enough executives to go around.

STEVEN BERMAN, ACCEL-KKR

Key Takeaways

➔ INFLATION AND DEPLOYED CAPITAL ARE MARKET INDICATORS.

While we might expect that inflation will influence median total compensation across executive roles, and that deployed Venture Capital and PE will influence the number of open searches — it's interesting to see that our data shows that evidence that deployed searches tracks with the growth and deals happening in the market.

➔ WILL THINGS GET EVEN MORE COMPETITIVE?

In recent conversations with private equity talent partners, we heard that most venture capital and private equity firms raised massive funds in 2021 but they are looking for the right investment opportunities. By Q4 2021, open searches grew by 52% compared to the previous year, and closed searches grew by 38%. If search growth continues to track deal value, the talent market will likely get much tougher. The emerging question is: will the qualified candidate pool still be there in 2022?

➔ A CONCENTRATION OF DYNAMICS IS CONTRIBUTING TO A TIGHTENING MARKET.

Search volume, velocity, and compensation are key trends when zooming in on any publicly held company. Engineering, Marketing, and HR roles are high in both search volume and in terms of compensation. Across the board, searches are taking longer since the second half of 2021, with no sign of things slowing down.



“We’re seeing a shift where candidates are in control of the conversations and timelines, and the remote-based environment that the pandemic has introduced has made things tougher. But once we get a candidate identified, the process can go very fast.”

SAM JAKOLA, CRAFT VENTURES

What resulted was compensation inflation, high demand, and increased cycle times.



Base compensation was up 7% YoY

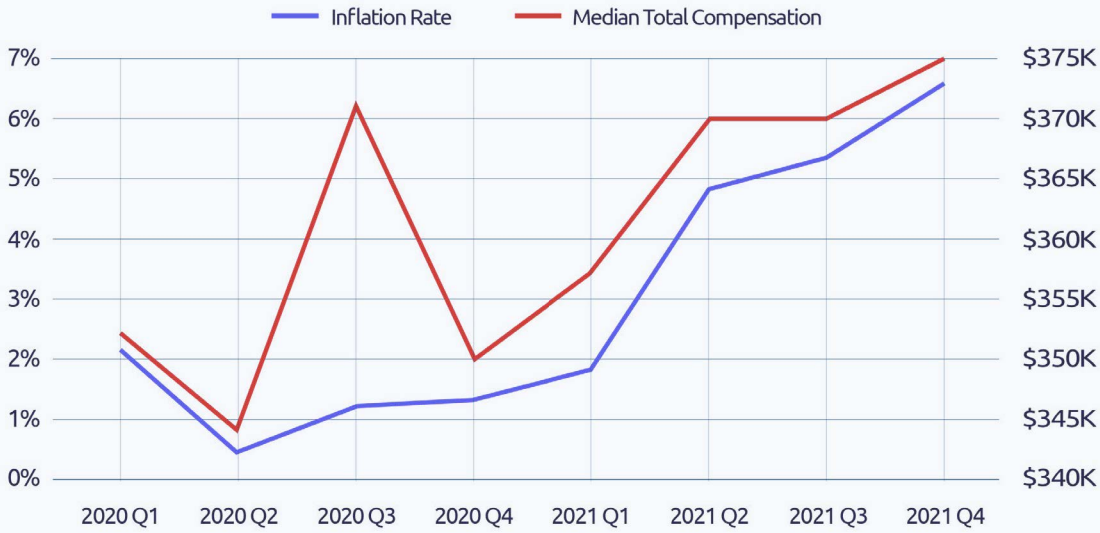


Executive searches were up 72% YoY



Search velocity was 6% faster last year

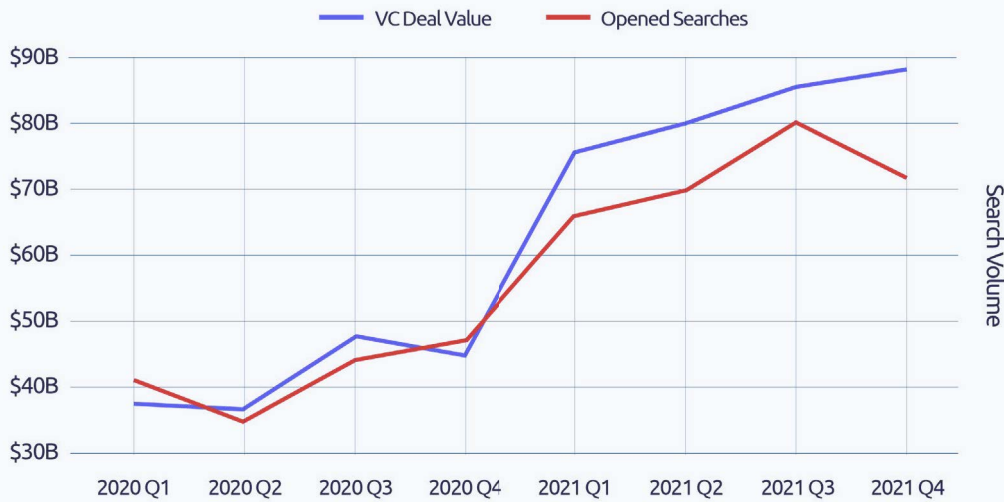
Inflation vs. Total Compensation



Tracking inflation rates and total median compensation, QoQ from 2020 to 2021.

We're seeing that compensation is closely following inflation, with a record-high median compensation at the end of Q4 2021 and no signs of things slowing down as we enter 2022.

VC Deal Value vs. Opened Searches



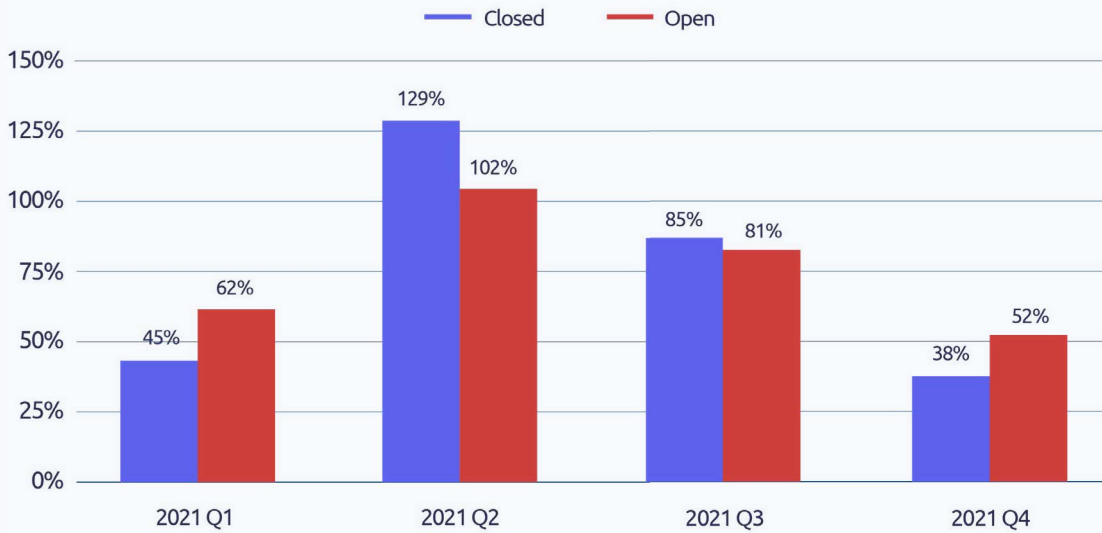
Tracking billions in deal value and open searches, QoQ from 2020 to 2021.

Our data confirms that as new money is deployed, search volume goes up QoQ with a sharp spike of record-breaking searches in 2021.

CHAPTER 1

Compensation Benchmarks

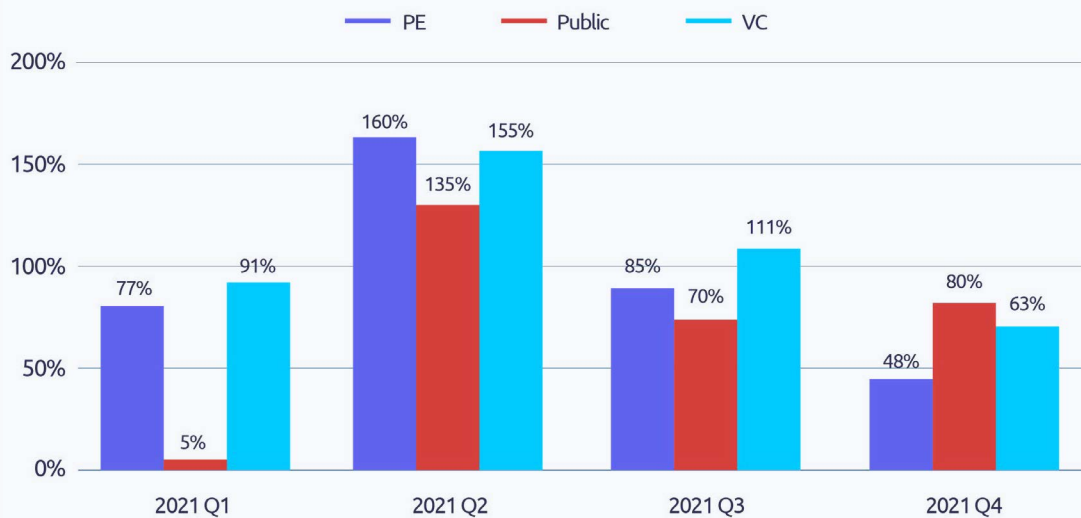
Opened and Closed Searches by Quarter - YoY 2021



Tracking open and closed search percentage change from 2020 to 2021.

2021 continued a strong growth trend in both open and closed searches, leveling off a bit in the last quarter.

Opened and Closed Searches by Asset Class - YoY 2021

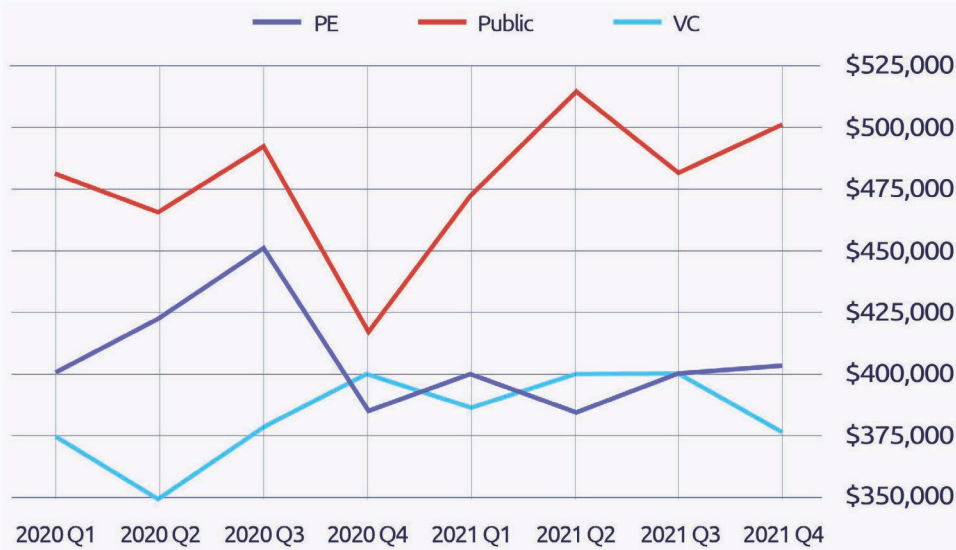


Tracking open and closed search volume broken down by VC, PE, and Public.

"[Search volume] will follow capital deployment. If capital is being deployed, searches are happening and the competitive market dynamics will only continue."

— Marya Stansky,
NEW MOUNTAIN CAPITAL

Total Compensation by Asset Class



Median Total Compensation by Asset Class — QoQ

Most notably, total compensation earnings saw a huge uptick in the public market from the end of 2020 into Q2 of 2022, before dipping back down in Q3 and bouncing back up again by the end of Q4 — really setting itself apart from Venture Capital and Private Equity markets.

Total Compensation, In-State vs. Out-of-State



Comparing In-State and Out-of-State Total Compensation — QoQ

While 2020 threw a curve ball with compensation with a dip in Q2 of 2020, you can see that by 2021, in-state and out-of-state total compensation numbers were coming closer and leveling off.

Total Compensation by Function & Employee Count - YoY

Base and On Target Earnings broken down by role and employee count

	1-250 EMPLOYEES				251-1000 EMPLOYEES				1001+ EMPLOYEES				SUBTOTAL			
	Base		OTE		Base		OTE		Base		OTE		Base		OTE	
CEO/President	325K	0%	478K	+6%	388K	+11%	561K	-6%	400K	0%	619K	+3%	350K	0%	500K	-4%
CFO/Finance	300K	0%	400K	+7%	350K	+8%	450K	0%	323K	0%	445K	-3%	320K	+7%	423K	+6%
CTO/Engineering	300K	+3%	350K	+6%	350K	+12%	500K	+27%	350K	+17%	469K	+10%	300K	+0%	375K	4%
CHRO/HR	268K	+7%	310K	+5%	310K	+7%	371K	-1%	345K	-4%	435K	-17%	300K	+9%	364K	+4%
CPO/Product	270K	+8%	311K	+4%	275K	0%	378K	+3%	323K	-1%	436K	-8%	280K	+2%	363K	+1%
CMO/Marketing	275K	+10%	350K	+17%	300K	+3%	400K	+5%	340K	+18%	471K	+23%	290K	+5%	375K	+7%
CRO/Sales	250K	0%	450K	+7%	278K	+3%	450K	-10%	318K	+9%	475K	+19%	265K	+6%	450K	+4%
Grand Total	280K	+2%	375K	+4%	300K	0%	418K	+3%	335K	+8%	455K	+1%	300K	+7%	400K	+3%

In 2021, we're seeing salaries increasing in comparison to 2020. Looking more closely at median cash compensation by role, the CFO, Engineering and Marketing roles are leading the way with 6-7% lift.

Total Compensation by Function and Ownership Type - YoY

Base and On Target Earnings broken down by role and asset class

	VC-BACKED				PE-BACKED				PUBLIC				SUBTOTAL			
	Base		OTE		Base		OTE		Base		OTE		Base		OTE	
CEO/President	350K	0%	500K	+11%	360K	+7%	553K	+10%	400K	-6%	655K	+6%	350K	0%	500K	-4%
CFO/Finance	315K	+5%	406K	+4%	300K	0%	395K	-2%	373K	+3%	557K	+7%	320K	+7%	423K	+6%
CTO/Engineering	300K	+2%	350K	+0%	318K	+2%	423K	-2%	293K	-3%	446K	10%	300K	+0%	375K	+4%
CHRO/HR	300K	+7%	360K	-1%	268K	+7%	356K	+14%	350K	+21%	613K	+56%	300K	+9%	364K	+4%
CPO/Product	275K	0%	325K	-2%	250K	-9%	363K	+6%	353K	+10%	470K	+3%	280K	+2%	363K	+1%
CMO/Marketing	285K	+4%	361K	+3%	275K	+6%	360K	+3%	325K	+13%	473K	+21%	290K	+5%	375K	+7%
CRO/Sales	260K	+4%	450K	0%	252K	+1%	423K	-6%	300K	+6%	508K	+56%	265K	+6%	450K	+4%
Grand Total	300K	+6%	395K	+5%	280K	-3%	400K	0%	340K	+8%	500K	+9%	300K	+7%	400K	+3%

Across different asset types, base compensation was up 7%YoY as well as on target income by 3% YoY compared to 2020. Public market compensation is at a big premium, although VC-backed roles are also at a high.

Total Compensation by Function and In-State vs Out of State - YoY

Base and On Target Earnings broken down by role and location

	IN-STATE		OUT-OF-STATE		SUBTOTAL	
	Base	OTE	Base	OTE	Base	OTE
CEO/President	320K -9%	480K -9%	350K +0%	500K -9%	350K +0%	500K -4%
CFO/Finance	325K +8%	425K +14%	300K -10%	425K -2%	320K +7%	423K 6%
CTO/Engineering	300K 0%	375K +7%	300K +6%	375K +6%	300K +0%	375K +4%
CHRO/HR	300K +9%	340K +5%	300K +15%	365K +4%	300K +9%	364K +4%
CPO/Product	300K +13%	364K +13%	273K -3%	364K -5%	280K +2%	363K +1%
CMO/Marketing	285K +4%	350K +0%	285K -2%	375K +5%	290K +5%	375K +7%
CRO/Sales	260K +4%	450K +11%	252K +1%	438K -11%	265K +6%	450K +4%
Grand Total	300K +7%	383K +2%	300K 0%	405K -2%	300K +7%	400K +3%

Average base income for In-State is up 7% YoY across roles, and on target income is up 3% YoY. As in-state hires see compensation increases that out pace out of state hires, we could be seeing a trend of paying local hires more. Although, in conversations with our community, we have heard that remote/local hiring isn't impacting compensation as much as one might anticipate.

Total Compensation by Function and Percentile - YoY

Base and On Target Earnings broken down by role and percentiles

	25TH PERCENTILE		50TH PERCENTILE		75TH PERCENTILE	
	Base	OTE	Base	OTE	Base	OTE
CEO/President	300K +0%	400K +5%	350K +0%	500K -4%	420K +5%	689K +8%
CFO/Finance	275K +7%	350K +8%	320K +7%	423K +6%	350K +0%	505K -3%
CTO/Engineering	260K +0%	310K -1%	300K +0%	375K +4%	350K +6%	487K +8%
CHRO/HR	265K +12%	315K +8%	300K +9%	364K +4%	350K +9%	450K +9%
CPO/Product	250K +0%	300K +2%	280K +2%	363K +1%	325K +3%	450K +7%
CMO/Marketing	250K +4%	300K +4%	290K +5%	375K +7%	325K +8%	450K +7%
CRO/Sales	225K +0%	372K +5%	265K +6%	450K +4%	300K +0%	535K +5%
Grand Total	250K 0%	325K +6%	300K +7%	400K +3%	350K +6%	500K 0%

Looking at compensation by function and percentiles, it's interesting to note that base and OTE compensation seems to be increasing at a faster rate YoY compared to those in the 25th and 50th percentiles.

Open Search Volume by Asset Class - YoY

2021 Open Search Volume by Role and Asset class

	VC-BACKED	PE BACKED	PUBLIC	SUBTOTAL
	New Positions			
CEO/President	+93%	+54%	+47%	+47%
CFO/Finance	+94%	+78%	+79%	+59%
CTO/Engineering	+98%	+90%	+32%	+50%
CHRO/HR	+251%	+200%	+167%	+167%
CPO/Product	+147%	+217%	+90%	+118%
CMO/Marketing	+142%	+164%	+51%	+94%
CRO/Sales	+93%	+116%	+117%	+66%
Grand Total	+107%	+104%	+67%	+72%

There is an incredible lift in open searches across all asset classes, with HR seeing the top increase of 251% in VC backed roles. We're hearing from the community that human capital leaders are a huge focus area and smaller companies are trying to get HR leaders in seats sooner rather than later.

Open Search Volume by Employee Count - YoY

2021 Open Search Volume by Role and Employee Count

	1-250 EMPLOYEES	251-1000 EMPLOYEES	1001+ EMPLOYEES	SUBTOTAL
	New Positions			
CEO/President	+13%	+ 51%	+24%	+47%
CFO/Finance	+36%	+ 20%	+21%	+59%
CTO/Engineering	+24%	+69%	+14%	+50%
CHRO/HR	+190%	+ 80%	+58%	+167%
CPO/Product	+77%	+ 79%	+71%	+118%
CMO/Marketing	+13%	+13%	+13%	+94%
CRO/Sales	+20%	+ 80%	+ 20%	+66%
Grand Total	+37%	+67%	+28%	+72%

Search volume across roles has increased across companies, regardless of size. Most notable is the 190% uptick in new HR executive roles with companies with up to 250 employees.

Search Velocity by Asset Class - YoY

Number of days to complete searches across asset types

	VC-BACKED		PE BACKED		PUBLIC		SUBTOTAL	
	Days to Complete Search							
CEO/President	124	-14%	121	-23%	143	+29%	124	-6%
CFO/Finance	117	+5%	73	-18%	103	-14%	102	+1%
CTO/Engineering	132	-8%	100	-14%	167	+25%	115	-6%
CHRO/HR	124	+2%	65	-22%	135	+23%	99	8%
CPO/Product	133	+10%	106	-24%	104	-12%	111	-2%
CMO/Marketing	119	-4%	94	-11%	133	-45%	107	-3%
CRO/Sales	113	-6%	98	-28%	94	-34%	98	-7%
Grand Total	120	-3%	92	-15%	119	-7%	106	-6%

Across all ownership types, we're seeing search cycles shortening by 9% compared to 2020 – a reflection that the hot talent market demands a need for speed to close on the right candidates.

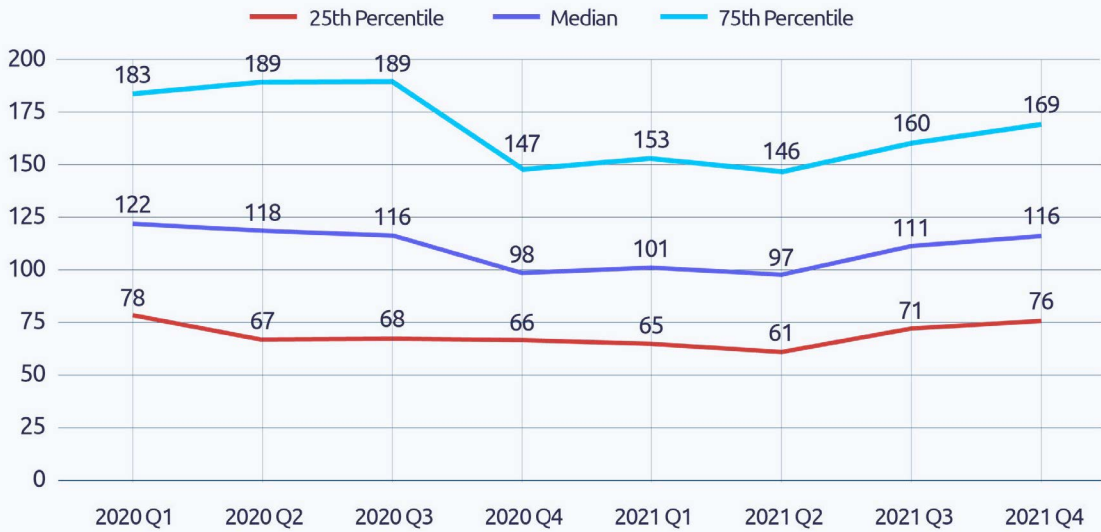
Search Velocity by Company Size - YoY

Number of days to complete a search by role and company size in 2021

	1-250 EMPLOYEES		251-1000 EMPLOYEES		1001+ EMPLOYEES		SUBTOTAL	
	Days to Complete Search							
CEO/President	121	-4%	141	-15%	125	-15%	124	-6%
CFO/Finance	103	+7%	120	+0%	76	-21%	102	+1%
CTO/Engineering	118	-1%	100	-28%	136	+3%	115	-6%
CHRO/HR	116	+25%	107	-16%	88	-20%	99	-8%
CPO/Product	115	+3%	111	-10%	108	-1%	111	-2%
CMO/Marketing	103	-6%	118	+0%	114	-1%	107	-3%
CRO/Sales	104	+5%	106	-16%	77	-19%	98	-7%
Grand Total	109	-3%	113	-10%	97	-13%	106	-6%

Across companies of different sizes, we're seeing the number of days to complete a search shortening by 19% compared to the previous year.

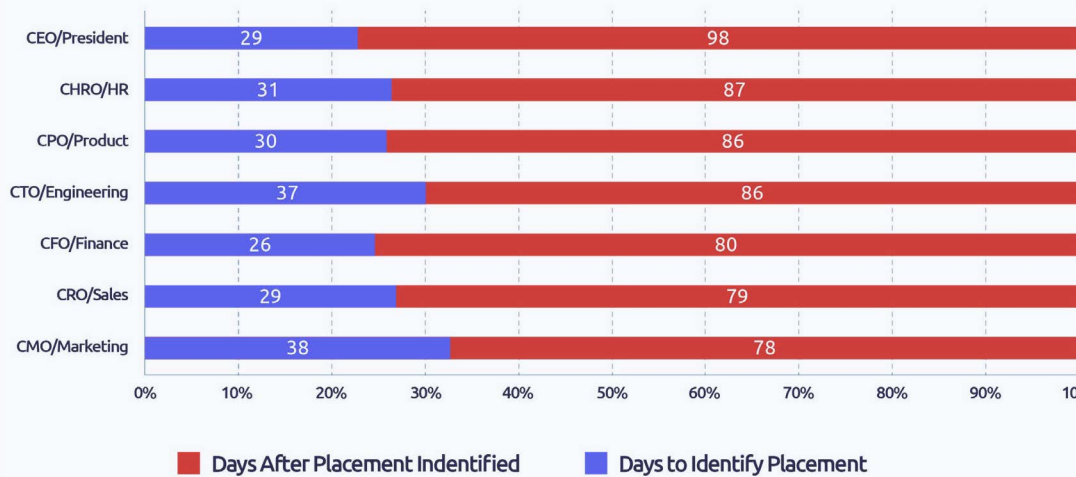
Days to Close



Average days to close broken down by quarter and percentile

It took an average of 106 days to complete a search in 2021, 7% faster than in 2020. Though there was a lag toward the end of Q4 2020 through Q2 2021 that was likely attributed to remote hiring and the virtual boost, there were some efficiencies with velocity as 2021 came to a close with the talent squeeze and search velocity is ticking back up.

Velocity by Function



Overall, days to close was 6% faster YoY. CFO/Finance roles were 1% slower to close compared to other roles.

CHAPTER 2

2022 Outlook

Every year, we survey the executive search community to gather their predictions on industry trends, top obstacles, and shifting priorities.

This qualitative data adds color to the data presented in this yearly report and paints a clearer picture of how executive talent partners and search firms are thinking about what lies ahead.

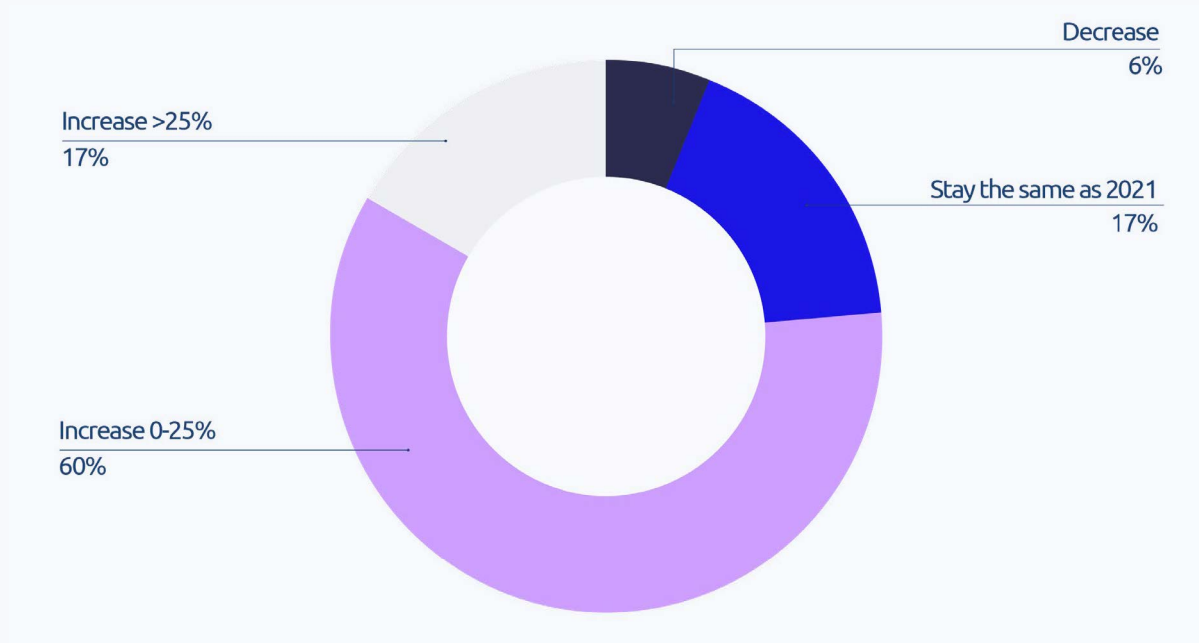
2022 is Going to be Ghost Pepper Hot 🌶️

Given current market conditions, a layman may find it hard to believe that the market has any more room left to grow. But that's exactly what industry insiders are predicting. More than 76 percent of survey respondents expect an increase in executive searches in 2022. Of those that expect an increase, 22 percent expect year-over-year growth of more than 25%.

The reason: the amount and velocity of deployed capital in venture capital and private equity.

Firms continue to raise new and larger funds which leads to more openings as portfolio companies are injected with cash and build out their teams. But with so many companies increasing their hiring plans, one concern that's beginning to surface is whether the candidate pool is large enough to meet the upcoming demand.

How do you think executive hiring will trend in 2022?



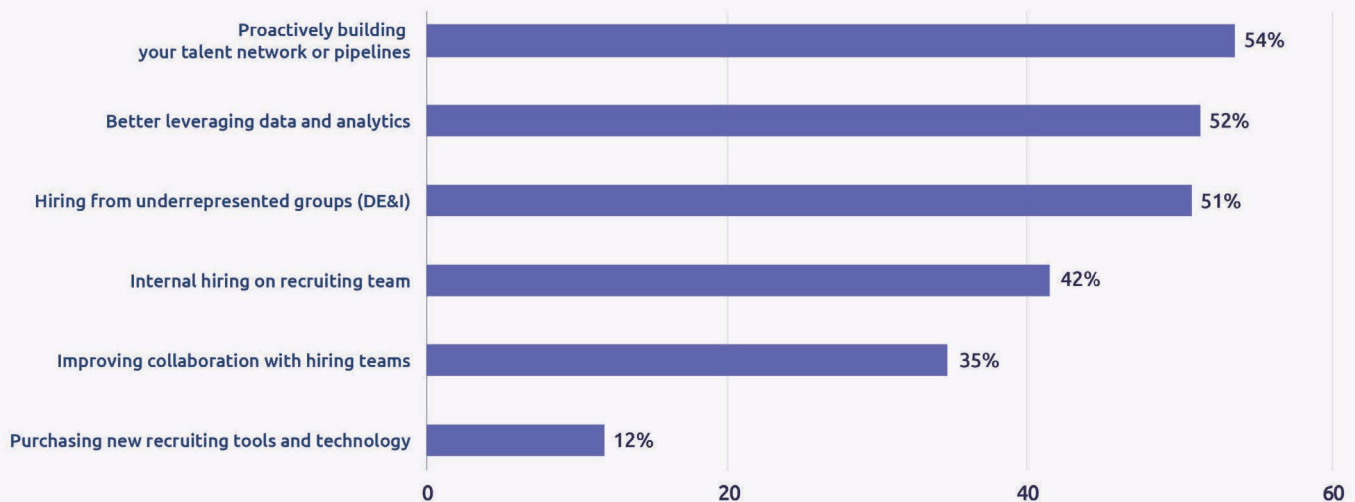
As we've all heard for months now, a record number of people changed jobs or left the workforce last year. With demand for new roles often outpacing supply, promotions are happening sooner and candidates with less experience are being considered for more senior roles. 2022 just started, but we've heard from talent partners that they're already starting to be forced to consider people for roles who wouldn't have historically had a shot because they hadn't done the role before.

Proactive > Reactive

Proactive pipelining often gets put on the back burner, but it's taking a front row seat in 2022. It's the top initiative according to our survey respondents, even taking priority over DE&I efforts.



What are your top executive recruiting initiatives for 2022? (select up to 3)



The more competitive the job market, the more important your relationships with top candidates become. When everyone is offering top-tier comp packages and promising the world, having an existing relationship with the candidate when no one else does can be the thing that tips the scales in your favor.

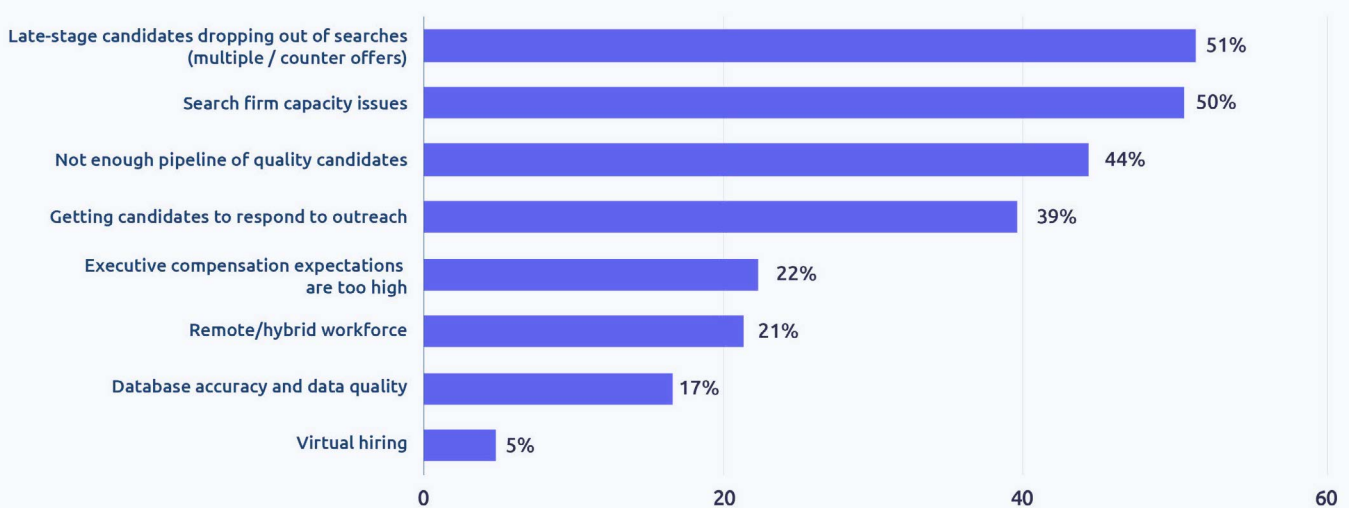
There also seems to be a focus on improving internal and external efficiencies. More than half of respondents are focusing on better leveraging data and analytics and a third want to improve collaboration with hiring teams. These types of optimizations can help teams move faster, which in this market is becoming a necessity.

Hurry Up and Wait

It's always a great job market if you're a top candidate, but it's a great job market for pretty much everyone right now. The biggest challenge executive recruiters expect to face in 2022 is having candidates drop out of searches because they already received a better offer. The faster you can get through your hiring process, the better chance you'll have at landing the candidate.

But it's not that easy. Search firms across the globe had record years last year and regularly added delayed starts to contracts, even turning away business in some cases. 2022 is projected to be even busier, so it makes sense that half of respondents are concerned about whether search firms will have enough capacity to get their searches done quickly, if at all.

What are the top obstacles to your 2022 initiatives? (select up to 3)



Remember how proactive pipelining is the top initiative this year? Here are exhibits A & B: 44 percent of respondents are concerned about not having enough pipeline of quality candidates and 4 in 10 respondents are having a hard time even getting candidates to respond to their outreach.

If you need help building a proactive candidate pipeline, [check out this guide](#) for all the information you need to get started.



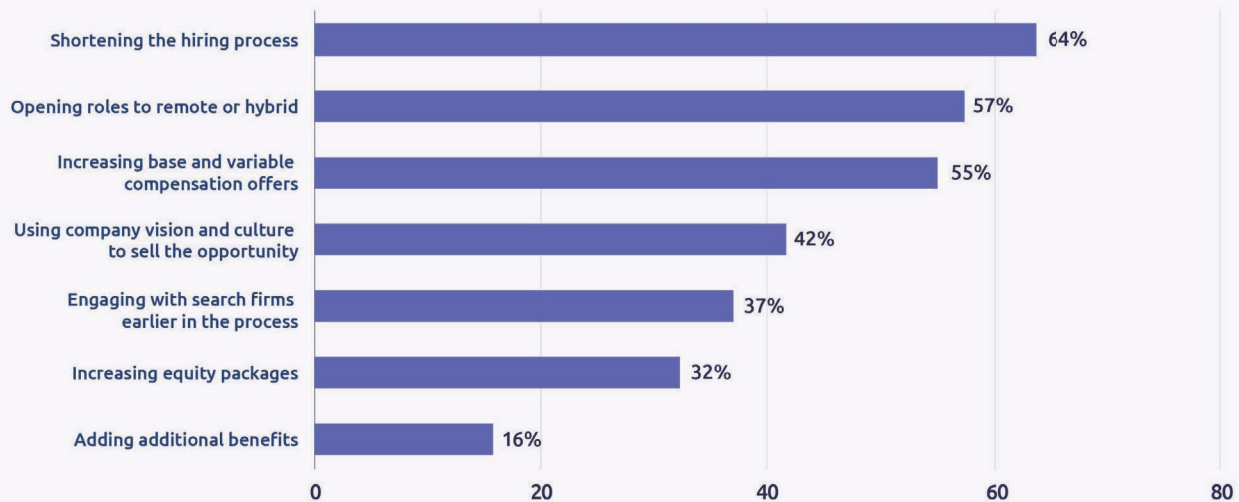
The Need for Speed

If you want to land a great candidate, you need to move fast. They have plenty of options, so there is risk in prolonging the process and risking a different opportunity to swoop in. That's why the most popular suggestion from our survey respondents to their hiring teams to be more competitive this year is to shorten the hiring process.

The key consideration is figuring out how to balance moving faster without sacrificing rigor. Some examples we've heard are combining multiple individual interview rounds into one panel interview or scheduling all interviews on the same day instead of spreading out multiple rounds over the course of a few weeks.



What measures are you suggesting to hiring teams in 2022 to be more competitive in the current job market? (select up to 3)



While some companies are eager to get everyone back to the office full-time, candidates have shown more of a preference for hybrid or remote working environments. Hiring teams who embrace this model of work will be more attractive to potential candidates and better able to compete in an increasingly competitive market. Almost 6 in 10 respondents are recommending opening roles that were previously in-office up to hybrid or fully remote.

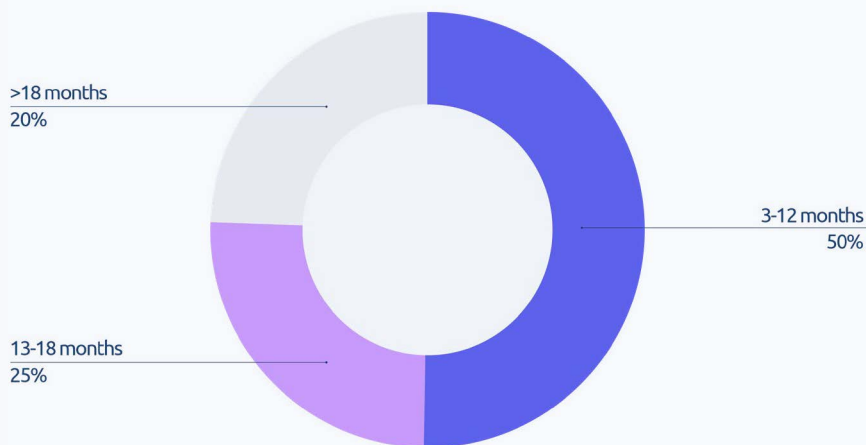
When we created this survey, we knew increasing compensation was going to be one of the top ways to be more competitive, but we wanted to see if base and variable compensation were treated differently than equity compensation. And the answer is a resounding yes.

While 55% of respondents plan on recommending increases to base and variable compensation, only 32% plan on recommending increases to equity compensation. One possible explanation is the increase in startup valuations over the past few months. When a new unicorn is born seemingly every day, it's a lot easier to sell a big payoff even with a smaller piece of the pie.

Buckle Up, it's Gonna Be a Long Ride

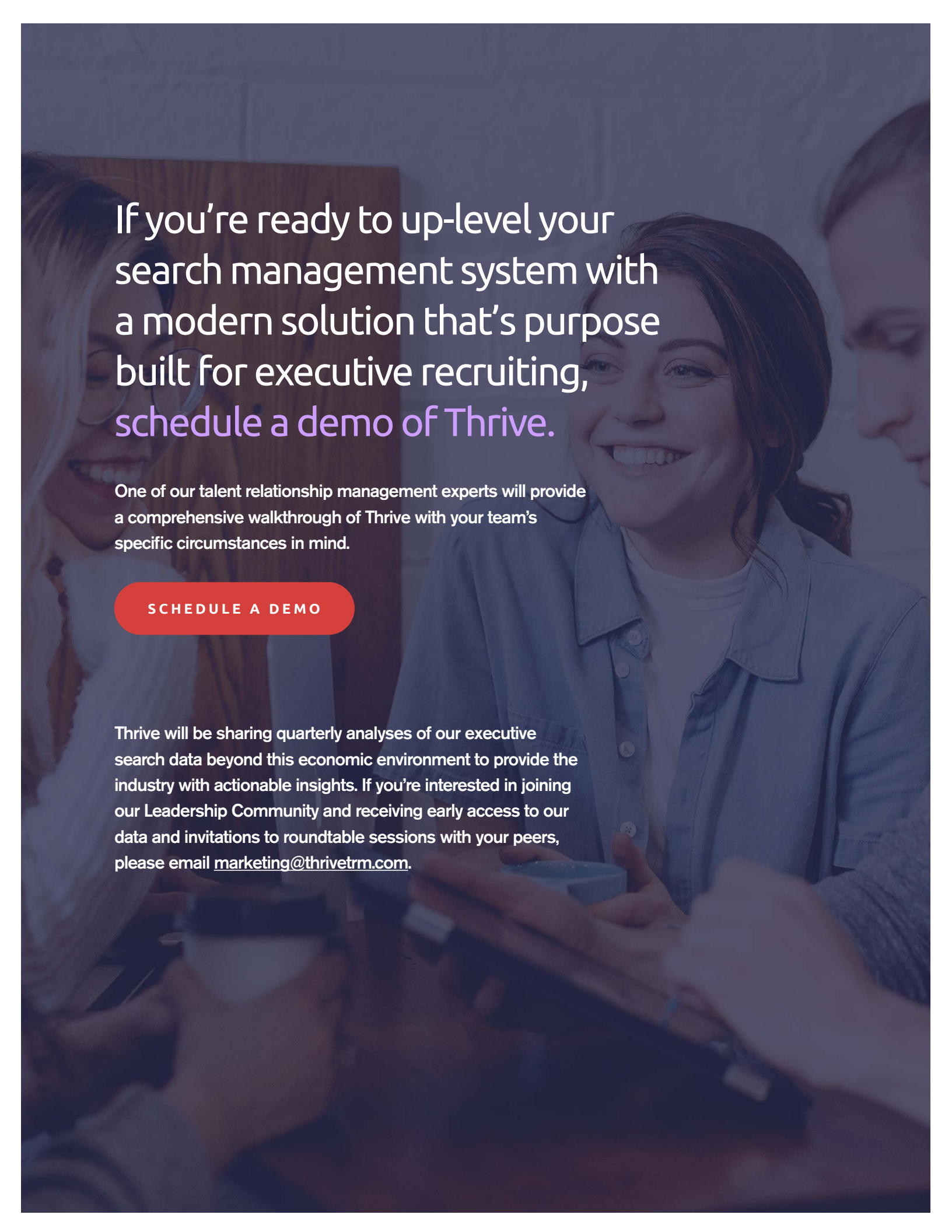
We've already been through a year and a half of an extremely competitive market, so we wanted to see how much longer industry insiders thought it could last. Nearly 8 in 10 respondents expect current conditions to last at least 10 more months, and 1 in 4 expect it to last longer than 18 months.

How long do you expect the current job market conditions to continue?



That's great news for candidates, but is likely to intensify the current challenges for the recruiters and companies looking to hire them—and let's be real, it will unearth some new challenges, too.





If you're ready to up-level your search management system with a modern solution that's purpose built for executive recruiting, schedule a demo of Thrive.

One of our talent relationship management experts will provide a comprehensive walkthrough of Thrive with your team's specific circumstances in mind.

[SCHEDULE A DEMO](#)

Thrive will be sharing quarterly analyses of our executive search data beyond this economic environment to provide the industry with actionable insights. If you're interested in joining our Leadership Community and receiving early access to our data and invitations to roundtable sessions with your peers, please email marketing@thrivetrm.com.