

Executive Search Quarterly Report Q1 2022



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Methodology

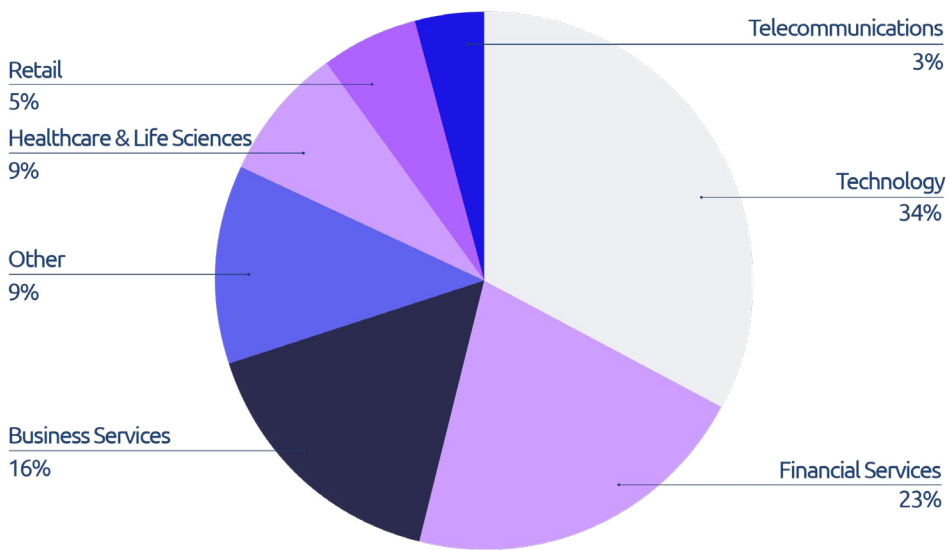
ANALYSIS TIME FRAME FOCUS

Q1 2022

FULL DATA ANALYSIS TIME FRAME

2021-2022

Industry Breakdown



VERTICALS



Executive Search Firms

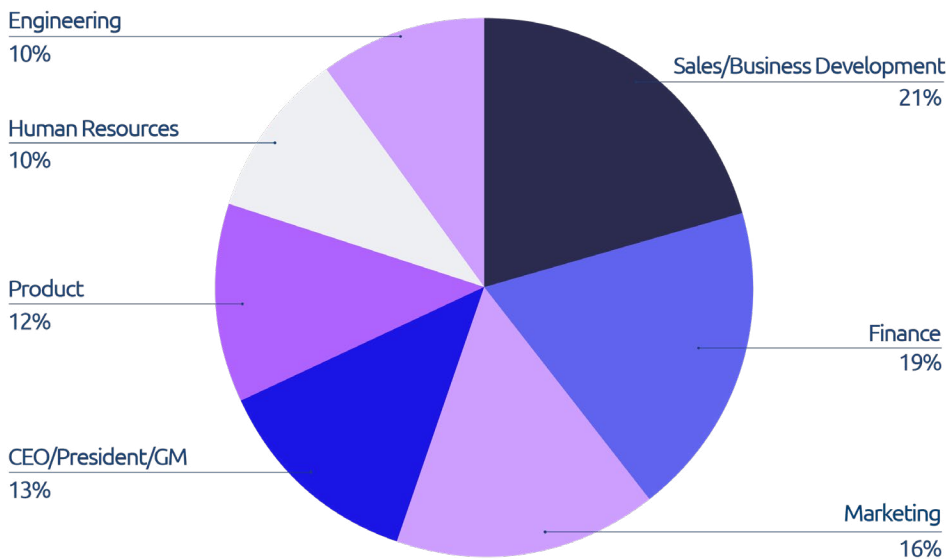


In-House Executive Search



Venture Capital & Private Equity Firms

Function Industry



Executive Summary

The early stage of 2022 has put larger economic factors, decelerated startup funding, and geopolitical conflicts in the spotlight, raising a big question mark around the overall impact on valuations, growth, and leadership hiring.

Some are surprised by the pace at which the public market unrest seems to have impacted the private market. According to Crunchbase data, January remained strong for fundraising but February indicated a reduction in deal flow and size. Historically, the lag in the private market's reaction to a public market slowdown has always been longer. That begs the question, is a market pullback here?

Our data shows, in fact, that instead of a possible dip in executive search volume this quarter — Q1 2022 saw a 15% year-over-year lift in open searches for executive roles while median compensation remained the same. This was likely the result of a domino effect: the strong backlog in closed searches from Q4 of last year impacted capacity, which then propelled search velocity and bumped the uptick in closed searches by 4.5%.





Taking a step back, there were numerous macroeconomic circumstances worth reviewing that came to a crossroads in Q1 2022:

- The stock market performance has been down in the first quarter of this year, with **Nasdaq -7.9%**, **S&P 500 -4.6%** and **Dow Jones -4.8%**. The impact of this performance dip has been felt in the public technology sector, with funding announcements slowing down dramatically and valuations cut down as well. In a complete turn of events since the past few years, tech companies are struggling to meet future growth expectations of their investors.
- Among executives, the geopolitical conflicts that surfaced with the Russian invasion of Ukraine contributed to waning optimism about the overall global economy according to [McKinsey's Economic Conditions Outlook Report, March 2022](#). Venture capital funding has seen a dramatic slowdown in announcements and disclosures following the Ukraine attack. Crunchbase reported that in the first 23 days of February, for instance, companies announced \$30.68 billion in seed through late-stage funding globally. That works out to over \$1.9 billion per weekday —more than double what we saw post-attack. However, this doesn't necessarily mean that startups aren't raising capital. It could indicate that now isn't the ideal time to announce new rounds.
- Executives from McKinsey's survey cited rising interest rates — a top 5 risk to near-term-growth of the global economy — as another big concern. Across regions, US and European executives are the most likely to expect interest rates to increase rather than decrease or hold steady.
- The driver of the high interest rates is a US inflation rate that is at an all-time high at 7.9%; that's the highest it's been in the last four decades. The Nasdaq Composite, which is a good indicator of tech prices, is also down about 13.5% since the start of 2022.

Key Takeaways

→ SEARCH VOLUME IS PICKING BACK UP IN Q1 2022 AS CAPACITY STARTS FREEING UP.

After a slight dip in open search volume in Q4 2021, we're now seeing growth in overall open searches by 15% in Q1 — an uptick, but not a strong swing in volume. Capacity was an issue in the past few quarters, but as that's opening up it's being reflected in new search volume.

→ RACE IS STILL ON TO CLOSE CANDIDATES FAST.

Closed searches grew by 4.5% since last quarter. Days after placement identified have decreased whereas search length is increasing only due to time to identify placement. Community members such as Sam Jakola, Operating Partner, Craft Ventures, have supported the data, pointing out that "It can take quite a while to identify the right candidates but once we have the ideal candidates identified — the time to close is pretty fast. We were seeing that last quarter and that trend is continuing into this quarter, no surprises there." CEO and product roles saw the strongest QoQ growth in closed searches.

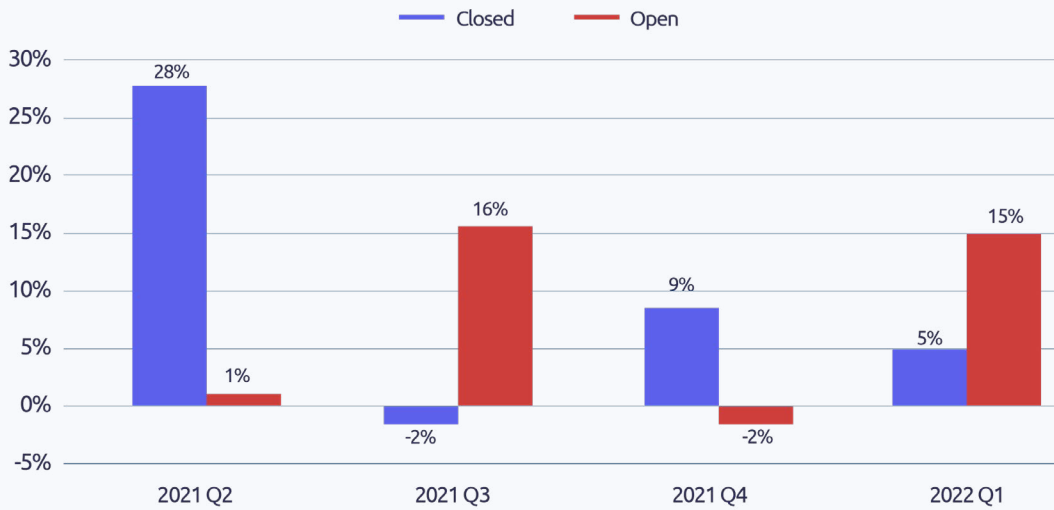
→ IF YOU'RE A SALES LEADER, TIMING IS RIGHT.

In terms of both compensation and open search volume numbers, Q1 of 2022 indicates that executive sales leaders are in an elevated position. Compared to other roles, base compensation for sales leaders saw a 20% increase YoY, with the strongest YoY growth compared to other roles. Looking more closely at open searches by quarter and by function, we're seeing search volume aligning closely with similar uptick of 18% growth in search volume YoY. In fact, sales roles took first place when looking at opened searches by quarter, compared to any other roles featured in this report (finance came in second, and marketing came in third).

CHAPTER 1

The Search Volume Pickup

Opened and Closed Searches (QoQ)



While capacity constraints toward the end of last year were a big challenge for many, that gave space for focus and growth in the first quarter of 2022.

Toward the end of last year, search volume dropped down 2% in Q4. But there's market optimism: search volume picked back up with a 15% increase in Q1 of this year, bouncing back to where things were at in Q3 of 2021.



Open & Closed Searches by Function

	OPENED (YOY)*	OPENED (QOQ)	CLOSED (YOY)	CLOSED (QOQ)
CEO/President	+29%	+34%	+26%	+31%
CFO/Finance	+66%	+42%	+20%	+10%
CTO/Engineering	+11%	+8%	-20%	-31%
CHRO/HR	+1%	-16%	+30%	+4%
CPO/Product	+23%	+9%	+60%	+39%
CMO/Marketing	+13%	+14%	+6%	+1%
CRO/Sales	+18%	+4%	+20%	+6%
Grand Total	+22%	+15%	+13%	+5%

Our data set shows incredible 66% YoY growth in opened CFO/Finance roles, while CPO/Product roles stood out with a closed search rate of 60% YoY.

* YoY is comparing 2022Q1 vs FY 2021 average

Open & Closed Searches by Asset Class

	OPENED (YOY)*	OPENED (QOQ)	CLOSED (YOY)	CLOSED (QOQ)
VC - Early Stage	+6%	-14%	+17%	-4%
VC - Late Stage	+34%	+21%	+19%	+4%
PE	+17%	+16%	+10%	+9%
Public	+23%	+27%	+40%	+23%
Grand Total	+22%	+15%	+13%	+5%

Out of the different asset classes, PE firms had the strongest open search volume YoY at 25% and closed volume at 26%.

* YoY is comparing 2022Q1 vs FY 2021 average

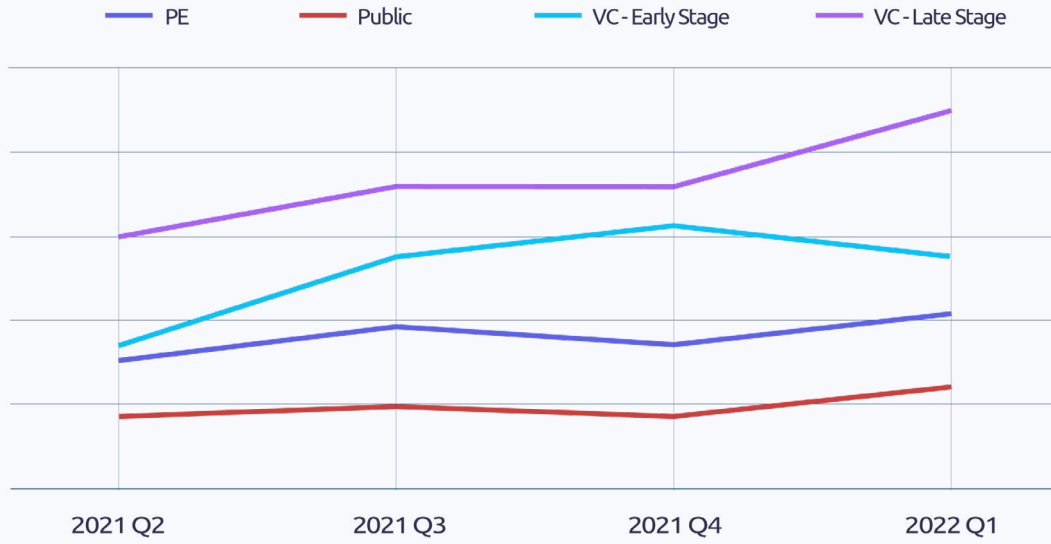
Open & Closed Searches by Employee Count

	OPENED (YOY)*	OPENED (QOQ)	CLOSED (YOY)	CLOSED (QOQ)
1-250	+10%	-5%	+12%	+3%
250-1,000	+51%	+54%	+19%	+4%
1,000+	+8%	+11%	+24%	+10%
Grand Total	+22%	+15%	+13%	+5%

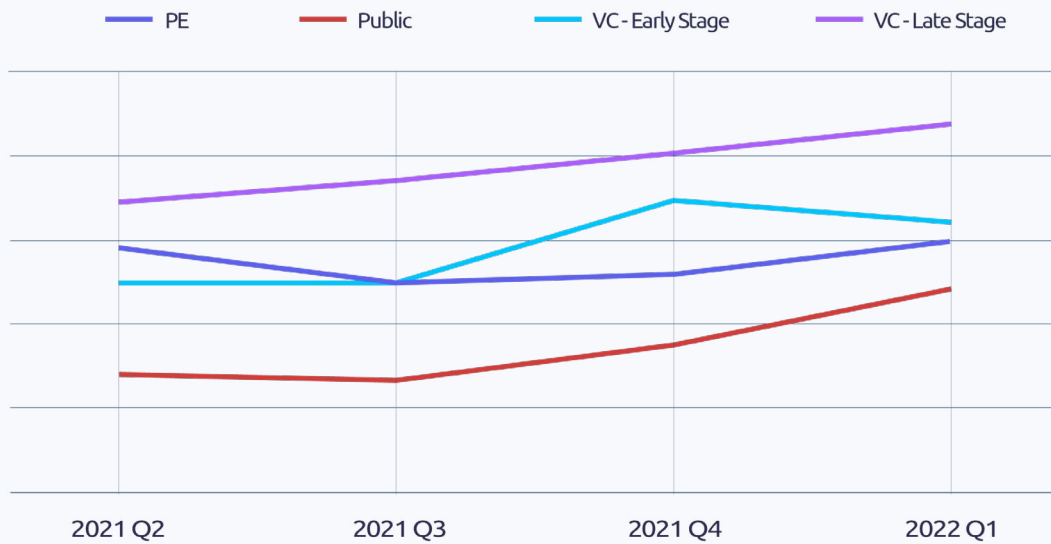
Mid-sized companies in the 250-1,000 range saw the greatest number of open searches at 42% YoY and held strong with a closed search rate of 30% YoY.

* Where YoY is noted: This is comparing Q1 2022 data to the 2021 quarterly average

Opened Searches by Asset Class (QoQ)



Closed Searches by Asset Class (QoQ)



CHAPTER 2

Speed & Quality are Paramount

Search Velocity by Function & Asset Class

Open Duration - Q1 2022 vs 2021 Quarterly Average

	VC - EARLY STAGE		VC - LATE STAGE		PE		PUBLIC		TOTAL	
	Days to Complete Search									
CEO/President	172	48%	157	16%	119	6%	231	65%	150	23%
CFO/Finance	120	3%	127	13%	84	-5%	95	6%	101	-4%
CTO/Engineering	139	12%	119	1%	72	-108%	169	1%	131	15%
CHRO/HR	142	27%	142	33%	154	72%	119	-6%	140	30%
CPO/Product	120	3%	106	-20%	124	48%	125	28%	120	7%
CMO/Marketing	136	24%	163	42%	131	37%	124	6%	140	29%
CRO/Sales	125	15%	129	17%	113	29%	192	98%	127	28%
Grand Total	132	16%	138	20%	117	28%	128	15%	130	20%

Finding the right candidate proved to be a tough challenge among early and late stage venture capital firms, with the exception of CPO/Product roles. Private Equity firms had the most success with CEO, Finance and Engineering roles whereas public companies found the biggest challenges with Product, Sales and CEO roles.

NOTE: Early stage VC includes up to Series C and Late stage VC includes Series D and later.

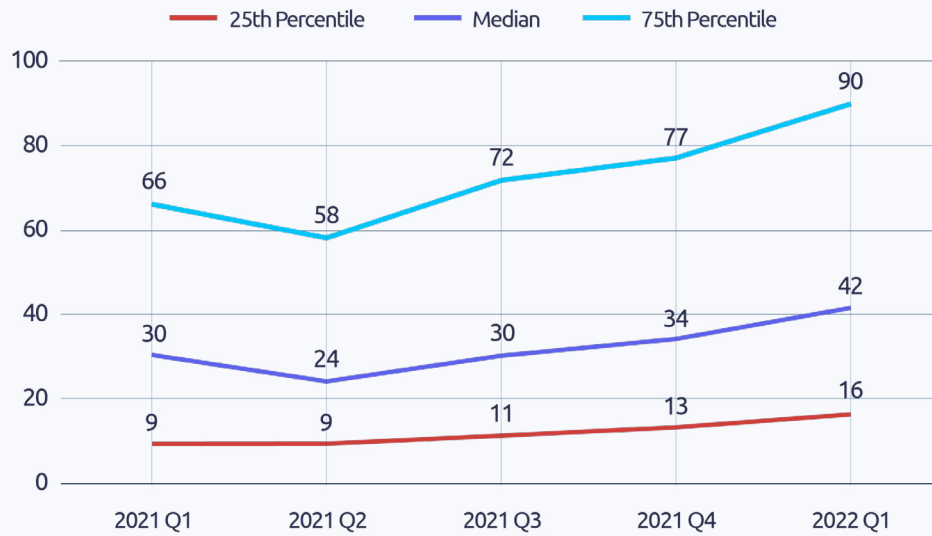
Median Search Velocity by Function & Company Size

Open Duration - Q1 2022 vs 2021 Quarterly Average

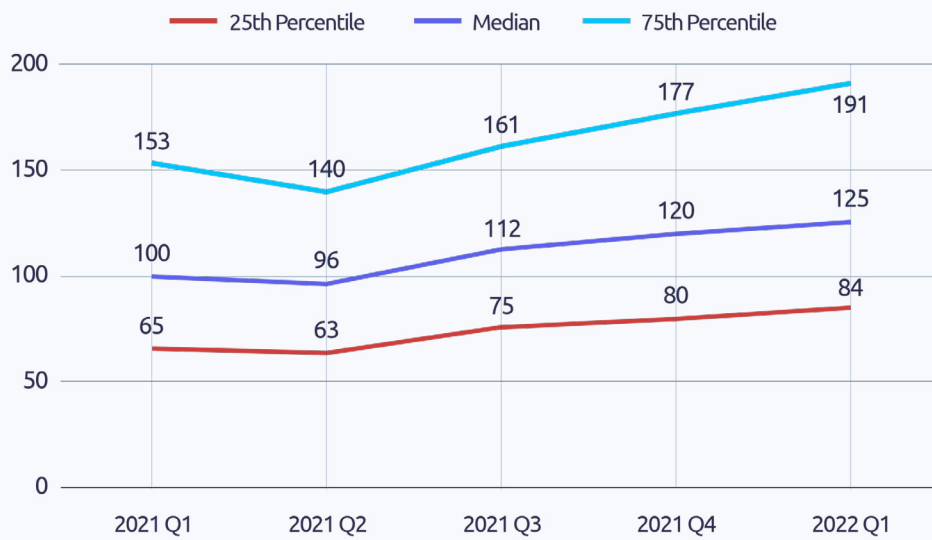
	1-250		251-1,000		1000+		TOTAL	
	CEO/President	133	15%	158	27%	147	13%	147
CFO/Finance	113	1%	84	-30%	130	60%	107	0%
CTO/Engineering	139	23%	117	13%	146	20%	129	16%
CHRO/HR	141	32%	134	28%	143	19%	140	31%
CPO/Product	121	9%	110	-2%	124	32%	120	11%
CMO/Marketing	136	30%	128	24%	122	2%	124	17%
CRO/Sales	131	24%	120	20%	109	24%	125	25%
Grand Total	132	19%	118	10%	125	24%	130	20%

For companies in the 251-1,000 range, open search duration dropped by 30% with CFO/Finance roles and 2% with CPO/Product roles.

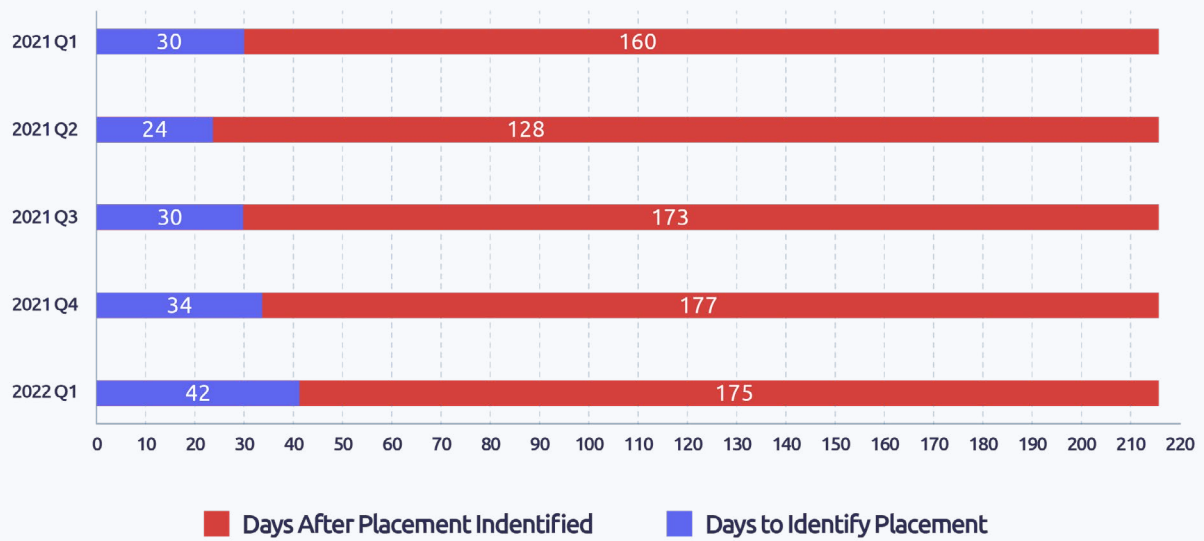
Days to Identify Placement



Days to Close



Search Duration Before vs. After Placement Identified



Breaking down the search cycle into two parts — time to identify a placement and time to close the candidate — Q2 proved found efficiencies in closing candidates while time to identify the right candidates took longer.

In fact, sourcing the right candidate took 19% longer in Q1 of this year compared to Q4 or last year.

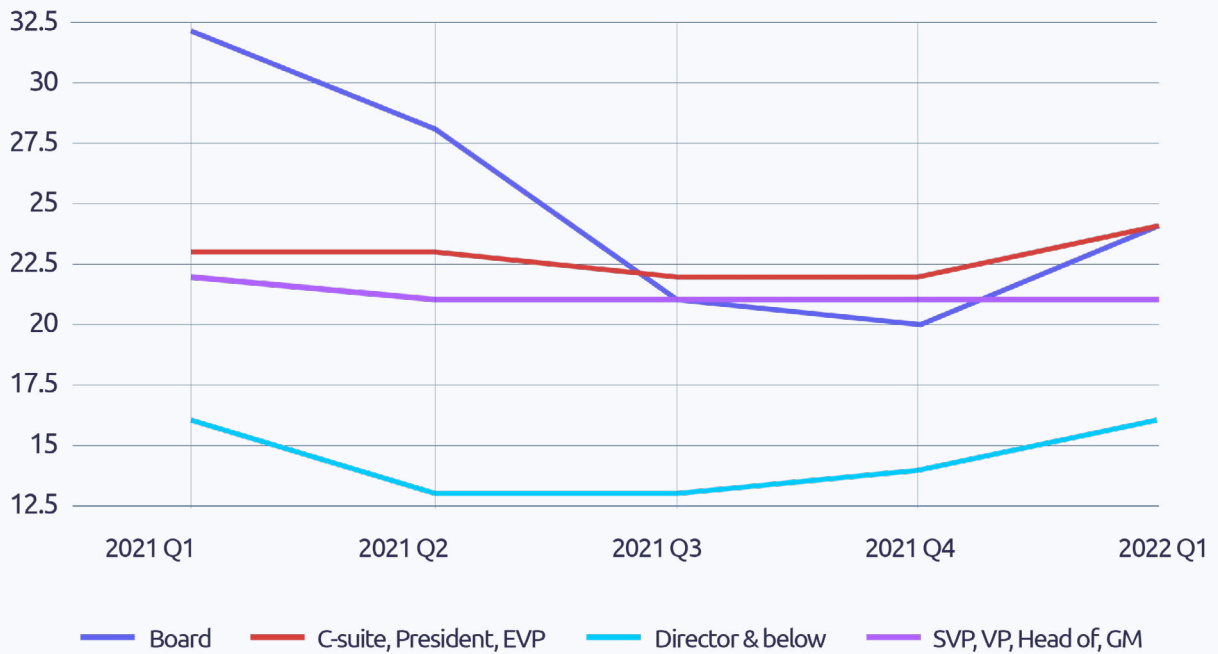


CHAPTER 3

A New Wave of Board Member Experience

Tenure

Median Placement of Years of Experience by Level



When we looked into the average years of experience across different executive and board member roles, it was interesting to see the outlier: board member experience has dropped significantly since Q1 of last year where the average tenure was 32 years of experience compared to 24 years of experience in Q1 of this year.

The feedback we've received from our Talent Partner community members is that the reduced level of board member experience points to positive changes on a number of diversity levels: career path experience, perspectives in thinking, as well as broader representation.

"I think companies are looking for fresher perspectives... 30+ years of experience is valuable, but think about what has changed from a tech perspective even in the last 5, 10, 20. If someone has been on the ground floor since 2000 that might be more valuable than someone who was starting their career in the early 90's."

OPERATING TALENT PARTNER, VENTURE CAPITAL FIRM

"The change in board member tenure is exciting to see. You need to have different ages and perspectives represented at that level."

CHIEF OF STAFF, PRIVATE EQUITY FIRM



CONCLUSION

The Current Pulse from Executive Talent Leaders

Our recent conversations with our executive talent partner community revealed that while they are seeing the macroeconomic caution signs—they're not seeing search volume slowing down and the supply and demand issue persists.

Some VC Talent Partners mentioned that they are advising founders to increase their runway, raising funds if they can and looking into cost savings if possible.

Partnering with executive search firms is still really important right now, especially for critical hires. Speed and quality are paramount. The focus, then, shifts to being able to find the right firm that has the capacity to take on the search.

"While the sands are shifting in the capital markets, there is an increased emphasis on making sure you don't overhire too soon but as we all know, the competition for the best talent is as fierce as ever. More companies have been funded in the last 2-3 years than ever before and they're all looking to grow. But top talent remains scarce and the CEOs who out recruit are the ones who win big. So it's very much still a candidate's market."

SAMANTHA PRICE, TALENT PARTNER, AUDACIOUS VENTURES

With Private Equity Talent Partners, the outlook perhaps best represents overall sentiment with talent partners: member feedback is that they are proceeding with caution but not slowing down the pace of hiring or reducing compensation.

They're also seeing an uptick in working with search firms and being inundated with board searches.

The race continues to (more quickly) identify top talent, be more creative and more competitive with offers, and focus on building out a successful search strategy from the start. In the coming quarters, will we see more of an impact on search volume, velocity and compensation? Or will pent-up demand carry us through if there are potential lags in the market?

Companies that are growing at 3x have no problem raising cash, but others are experiencing more difficulty. While the issue is more marked in later growth rounds, it has also seeped into earlier Series As and Bs. Those in the industry are cautious, pointing out that although deals are being made, valuations are coming off the highs of last year, and some companies are reevaluating their fundraising efforts.



“Lately, we’ve seen an uptick in working with search firms to place key roles and we’re being inundated with board searches. This is a shift, compared to previous quarters.”

**COMMUNITY MEMBER,
GLOBAL HEAD OF HUMAN CAPITAL**

2022 Q1 Compensation Benchmarks Index

Total Compensation by Function Q1 2022 vs 2021 Quarterly Average

	Base		OTE	
CEO/President	300K	-6%	495K	-1%
CFO/Finance	325K	+8%	414K	+3%
CTO/Engineering	300K	0%	388K	+11%
CHRO/HR	300K	0%	350K	0%
CPO/Product	300K	+9%	350K	+4%
CMO/Marketing	300K	+9%	355K	+4%
CRO/Sales	300K	+20%	475K	+14%
Grand Total	300K	0%	400K	+4%

Total Compensation by Function & Employee Count Q1 2022 vs 2021 Quarterly Average

	1-250 EMPLOYEES				251-1000 EMPLOYEES				1001+ EMPLOYEES				TOTAL			
	Base		OTE		Base		OTE		Base		OTE		Base		OTE	
CEO/President	328K	+1%	479K	0%	338K	-6%	453K	-11%	425K	+2%	860K	+32%	340K	-3%	500K	0%
CFO/Finance	308K	+3%	400K	+1%	325K	+2%	400K	-3%	350K	+3%	500K	+11%	325K	+8%	414K	+3%
CTO/Engineering	330K	+14%	384K	+18%	310K	+3%	400K	+5%	288K	-11%	385K	+5%	300K	0%	388K	+11%
CHRO/HR	300K	0%	332K	+2%	300K	0%	377K	+7%	300K	0%	396K	-3%	300K	0%	350K	0%
CPO/Product	275K	+6%	333K	+4%	305K	+12%	371K	+11%	320K	-2%	390K	-8%	300K	+9%	350K	+5%
CMO/Marketing	293K	+17%	344K	+15%	280K	-7%	336K	-4%	350K	+9%	475K	+22%	300K	+9%	355K	+4%
CRO/Sales	275K	+10%	450K	+8%	310K	+15%	450K	+13%	340K	+5%	490K	+14%	300K	+20%	462K	+11%
Grand Total	300K	0%	375K	+3%	300K	0%	399K	0%	323K	-4%	473K	+6%	300K	0%	400K	+4%

Total Compensation by Function & Ownership Type

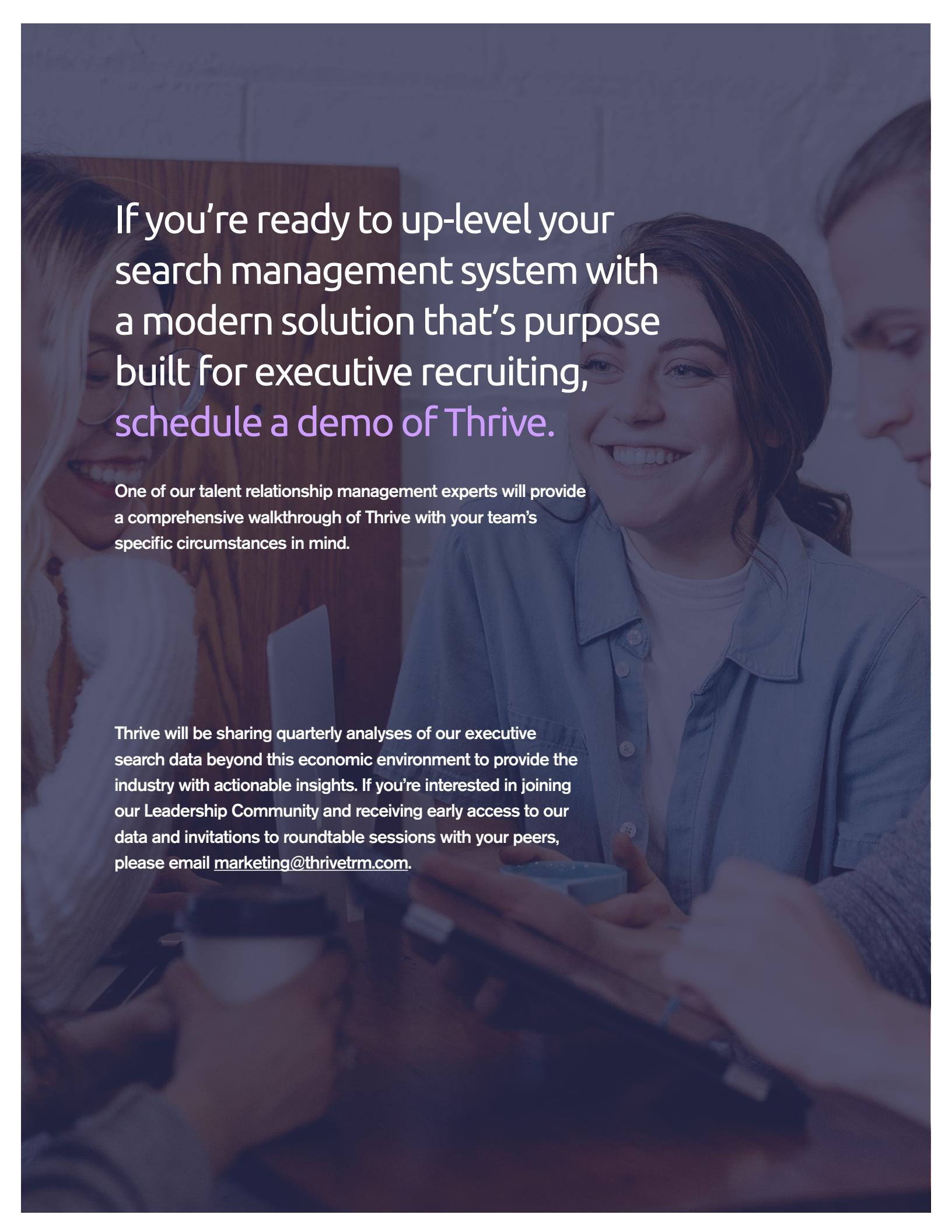
Q1 2022 vs 2021 Quarterly Average

	VC-BACKED: EARLY STAGE				VC-BACKED: LATE STAGE				PE-BACKED				PUBLIC				TOTAL			
	Base		OTE		Base		OTE		Base		OTE		Base		OTE		Base		OTE	
CEO/President	325K	0%	394K	-20%	325K	0%	450K	0%	350K	-16%	500K	0%	372K	-12%	596K	0%	325K	-7%	500K	0%
CFO/Finance	325K	+8%	371K	-7%	363K	+13%	469K	+16%	288K	+5%	395K	+3%	373K	+15%	593K	+32%	325K	+8%	415K	+4%
CTO/Engineering	295K	+7%	325K	+8%	345K	-1%	403K	+1%	295K	-2%	385K	+4%	355K	+15%	474K	+26%	300K	0%	388K	+11%
CHRO/HR	300K	+3%	350K	+11%	280K	-7%	325K	-10%	300K	+9%	420K	+15%	275K	-8%	345K	-14%	300K	0%	350K	0%
CPO/Product	300K	+11%	345K	+15%	300K	-10%	390K	+9%	305K	+22%	349K	+1%	390K	+10%	683K	+75%	300K	+9%	358K	+4%
CMO/Marketing	275K	+6%	275K	-8%	300K	+5%	388K	+11%	283K	+3%	368K	+3%	413K	+24%	475K	-5%	300K	+7%	363K	+7%
CRO/Sales	388K	+20%	425K	-6%	300K	+9%	478K	-5%	285K	+14%	475K	+19%	350K	+11%	500K	+13%	300K	+20%	462K	+9%
Grand Total	300K	+9%	350K	+2%	300K	+9%	350K	+2%	300K	+9%	413K	+6%	340K	+5%	479K	+6%	300K	0%	400K	+4%

Total Compensation by Function & In-State vs Out of State

Q1 2022 vs 2021 Quarterly Average

	IN-STATE				OUT-OF-STATE				TOTAL			
	Base		OTE		Base		OTE		Base		OTE	
CEO/President	340K	+5%	445K	-8%	350K	0%	500K	0%	350K	0%	500K	0%
CFO/Finance	325K	+2%	423K	+2%	325K	+8%	406K	+2%	325K	+8%	415K	+4%
CTO/Engineering	310K	+7%	385K	+16%	300K	0%	390K	+4%	300K	0%	386K	+9%
CHRO/HR	300K	0%	340K	-3%	300K	0%	375K	+7%	300K	0%	350K	0%
CPO/Product	290K	-3%	358K	-2%	300K	+20%	350K	+7%	300K	+9%	358K	+6%
CMO/Marketing	310K	+8%	400K	+28%	300K	+9%	375K	+15%	300K	+9%	395K	+16%
CRO/Sales	300K	+20%	480K	+7%	285K	+14%	462K	+12%	300K	+20%	475K	+12%
Grand Total	300K	0%	390K	+1%	300K	0%	413K	+6%	300K	0%	400K	+4%



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.

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.