



Executive Compensation & Hiring Benchmarks 2023

Contents

Chapter 1: Leadership Hiring	3
Chapter 2: Private Equity.....	7
Chapter 3: Venture Capital.....	10
Chapter 4: Takeaways.....	13
Chapter 5: Leadership Hiring Benchmarks.....	15
Chapter 6: About the Report.....	21

CHAPTER 1

Leadership Hiring

If you needed to sum up 2023 with any sort of adjective or succinct description, it might be fitting to call it the year of the anti-narrative.

For 12+ years, save for basically one quarter of COVID uncertainty, the growth narrative was clean, consistent and fairly linear. There were dissenting views on what might happen, of course, but that was mostly a cautionary “waiting for the other shoe to drop” counter argument.

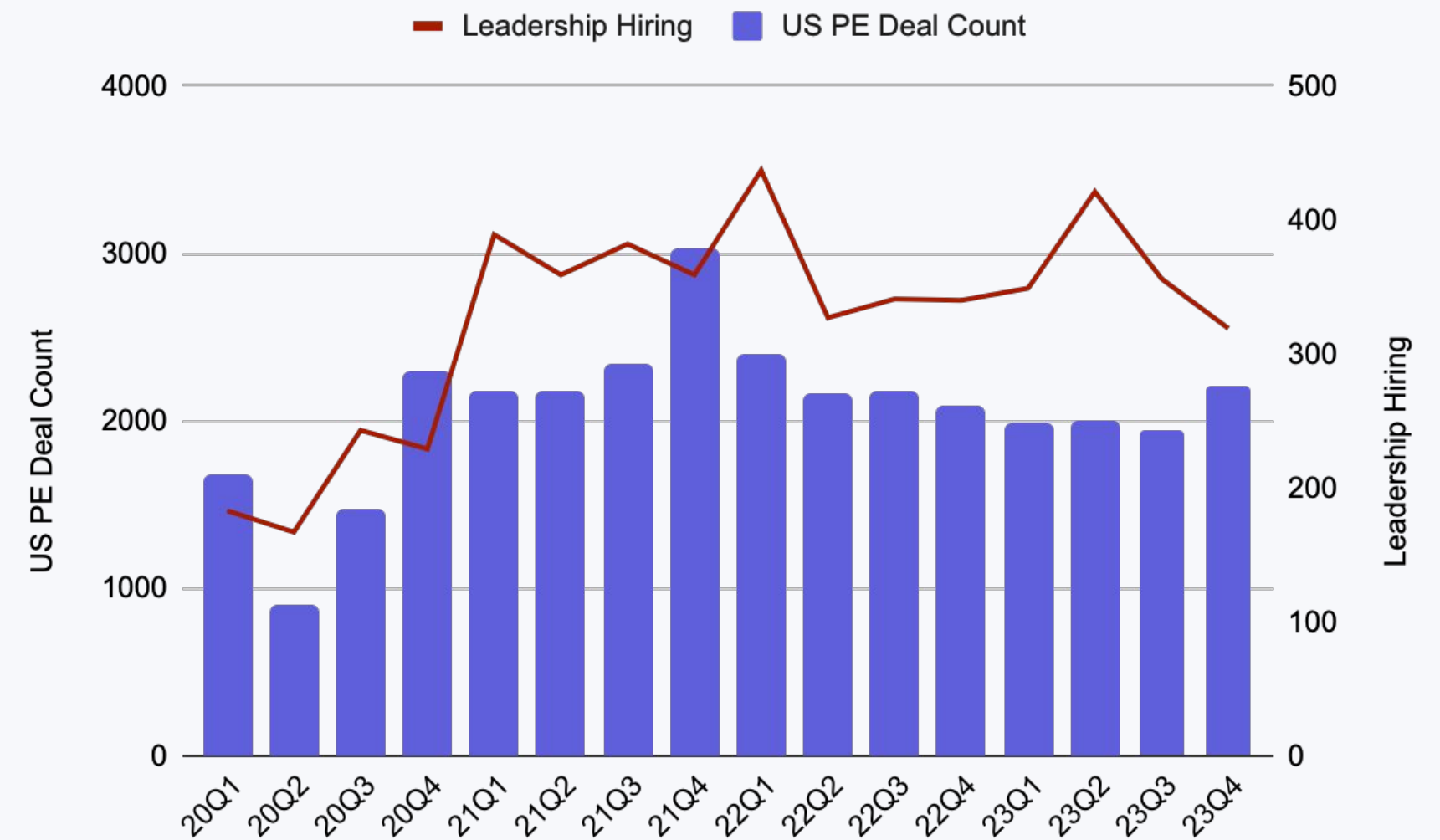
Last year, though, was a reminder that, outside of those times, much of the macro works in varying degrees of fits and starts where a single thread is harder to highlight: The pessimism of 2022 was met with a strong public market start to 2023. By the time folks were on board, we hit a three-month slump—only to reverse course and finish strong.

So, where does that put us for 2024?

2024 seems as if it may become “The Great Repricing,” so to speak.

Leadership Hiring vs. S&P 500

While leadership hiring continues to track public market performance, continued challenges facing Venture Capital appeared to hold back search volume when compared to the S&P’s strong performance.



Like all good trends, this started before the year's beginning. It's just that, now, everyone seems to be accepting it. Consider:

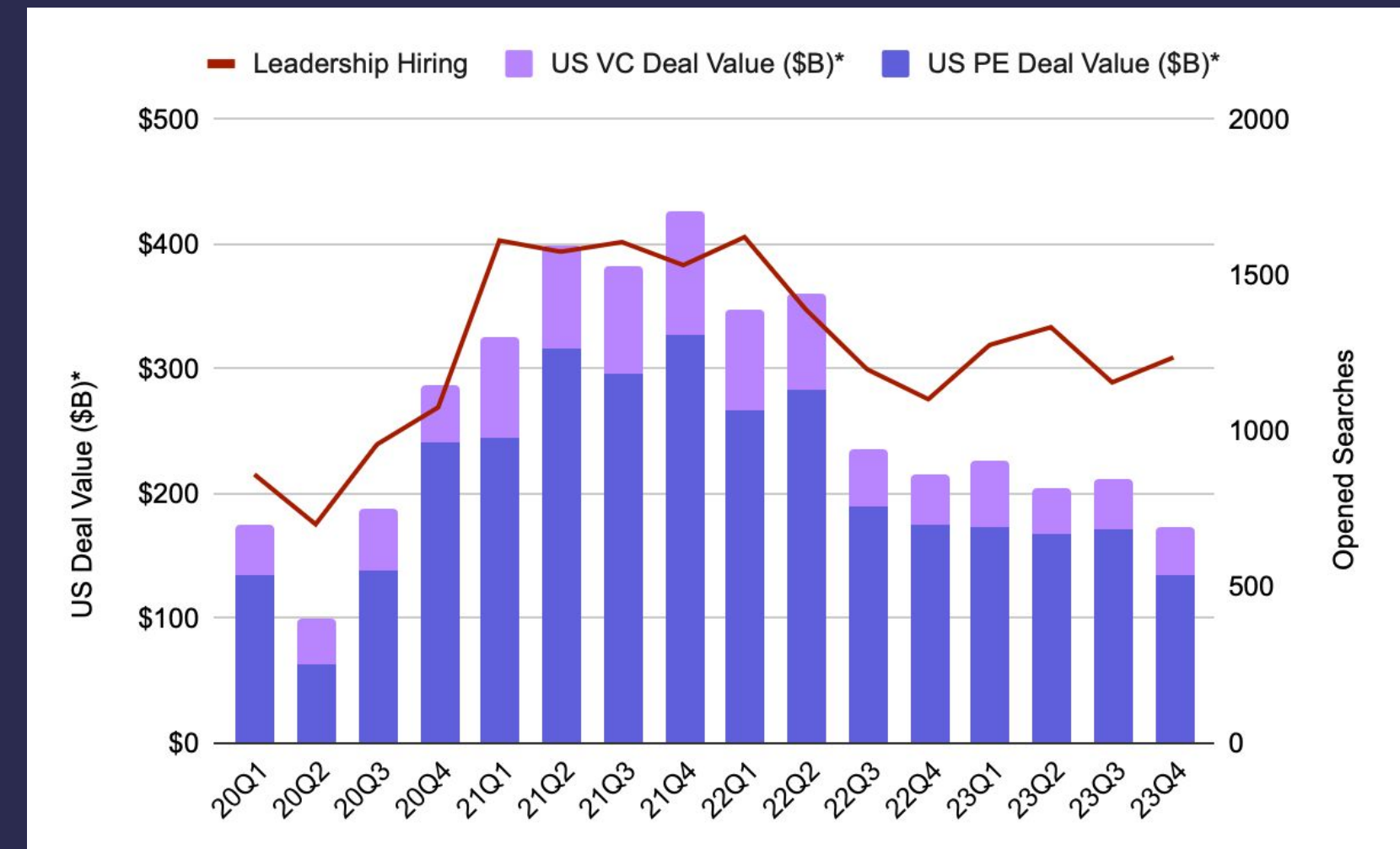
- At all Venture Capital stages but pre-seed and seed investing, valuations and deal sizes are down from their 2021 peaks, but still above pre-pandemic levels. Deal value, though, is closer to 2020 figures.
- In Private Equity, it's a similar story with valuations dropping from their peaks, but still holding some gains over pre-pandemic levels. Deal value, though, is closer to 2018/2019 figures.
- And in the public markets, the S&P 500 finished up 22%, but the top 7 stocks comprised nearly all of those gains. And among publicly traded SaaS companies tracked by Altimeter Capital, current revenue multiples (5.9X) are still trailing the pre-COVID average of 7.8X.

The connection to the executive hiring space is clear and two-fold:

- Similar to the repricing of companies, executive talent is getting repriced: median OTE ended the year down 2% QoQ, the largest single quarter drop we've observed since reporting on this data. Inflation-adjusted, that figure is closer to a 6% decline YoY.
- Hiring is down 21% from the 2021 peak, but still up 39% over 2020.

PE/VC Leadership Hiring vs. US PE/VC Deal Value (\$B)

PE and VC combined deal value dropped 29.5% YoY in 2023. The two asset classes responded differently as it relates to executive hiring, with hiring in the VC asset class dropping 23% YoY and PE holding flat.



All told, these developments put the executive search market in somewhat of a mid-point between the pre-pandemic world and the post-pandemic boom:

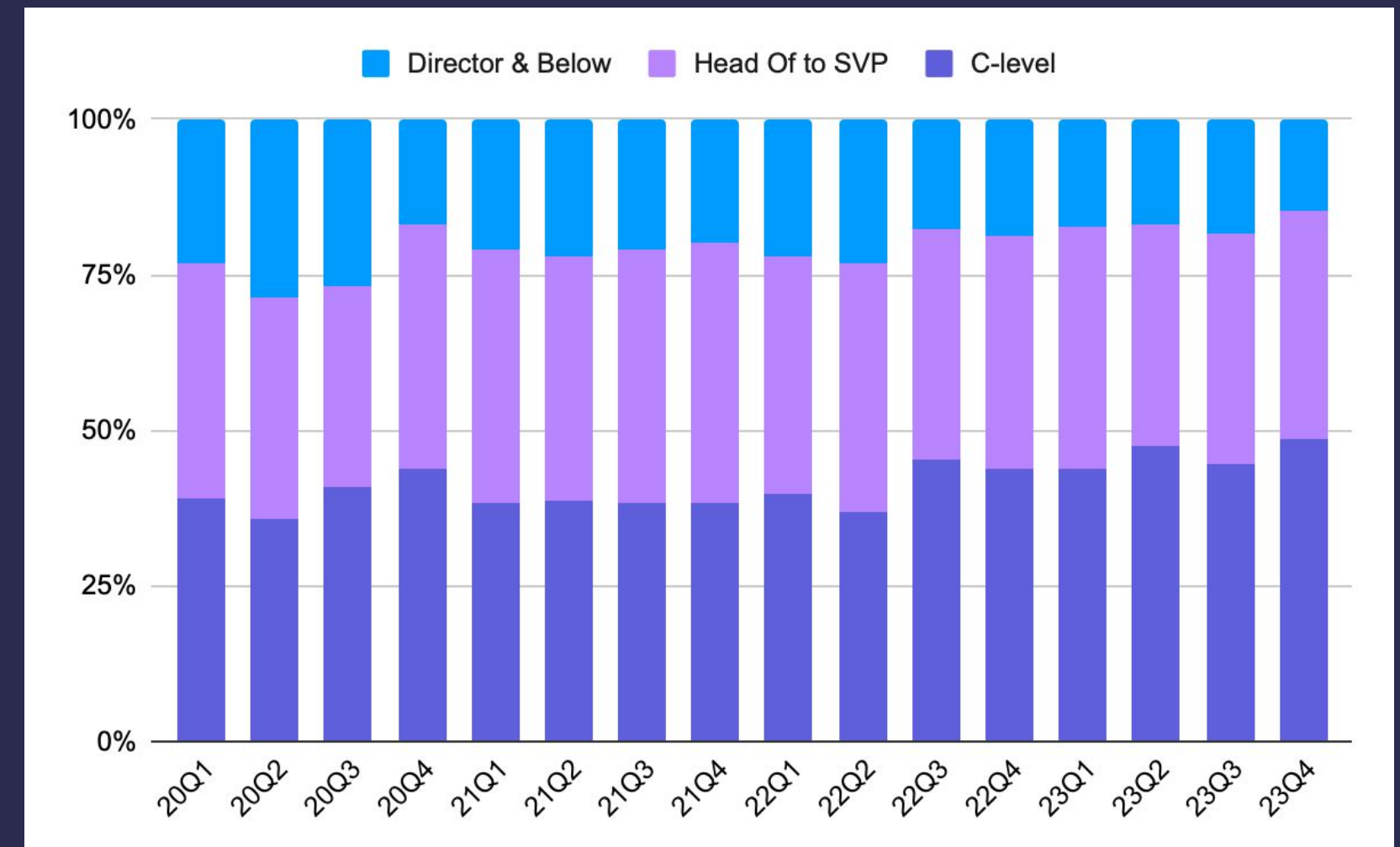
- Opened searches dropped 6% YoY, a surprising figure in that it looks better than it feels.
- Efficiency around searches is gaining steam. Usage of search firms to fill openings dropped 3% YoY, the first YoY drop in our dataset.
- Where searches are being run, the propensity to look for C-level hires is much greater than it was at the market's peak. Nearly 50% of newly placed executives in Q4 2023 were C-level hires, up from 36% at the end of the froth.

The takeaway here seems straightforward: The repricing isn't just a broad market adjustment; it's a resorting of what's investable—both from an institutional, company-first perspective and from an internal, executive-first perspective.

Those knock-on effects are felt throughout the market, and understanding them may provide a glimpse into the executive search market for 2024.

Share of Newly Placed Executives by Level

As search volume fell from its peak, the focus turned to C-level hires. Nearly 50% of all newly placed executives are now C-level executives, compared to just 36% at the height of the market. Looking ahead, 46% of openings in Q4 were targeting C-level executives.



CHAPTER 2

Private Equity

Within Private Equity, one of the key developments since the “repricing” is the length of time firms are holding companies.

It’s lengthened from a ~5-year median hold time to 6.4-year median hold time in just two years, according to Pitchbook. Exits and deal value, meanwhile, dropped 26% and 29%.

The dynamics here are related to both repricing—PE M&A multiples have remained flat while public multiples grew from 3.3X in 2022 to 4.3X in 2023—and macro .

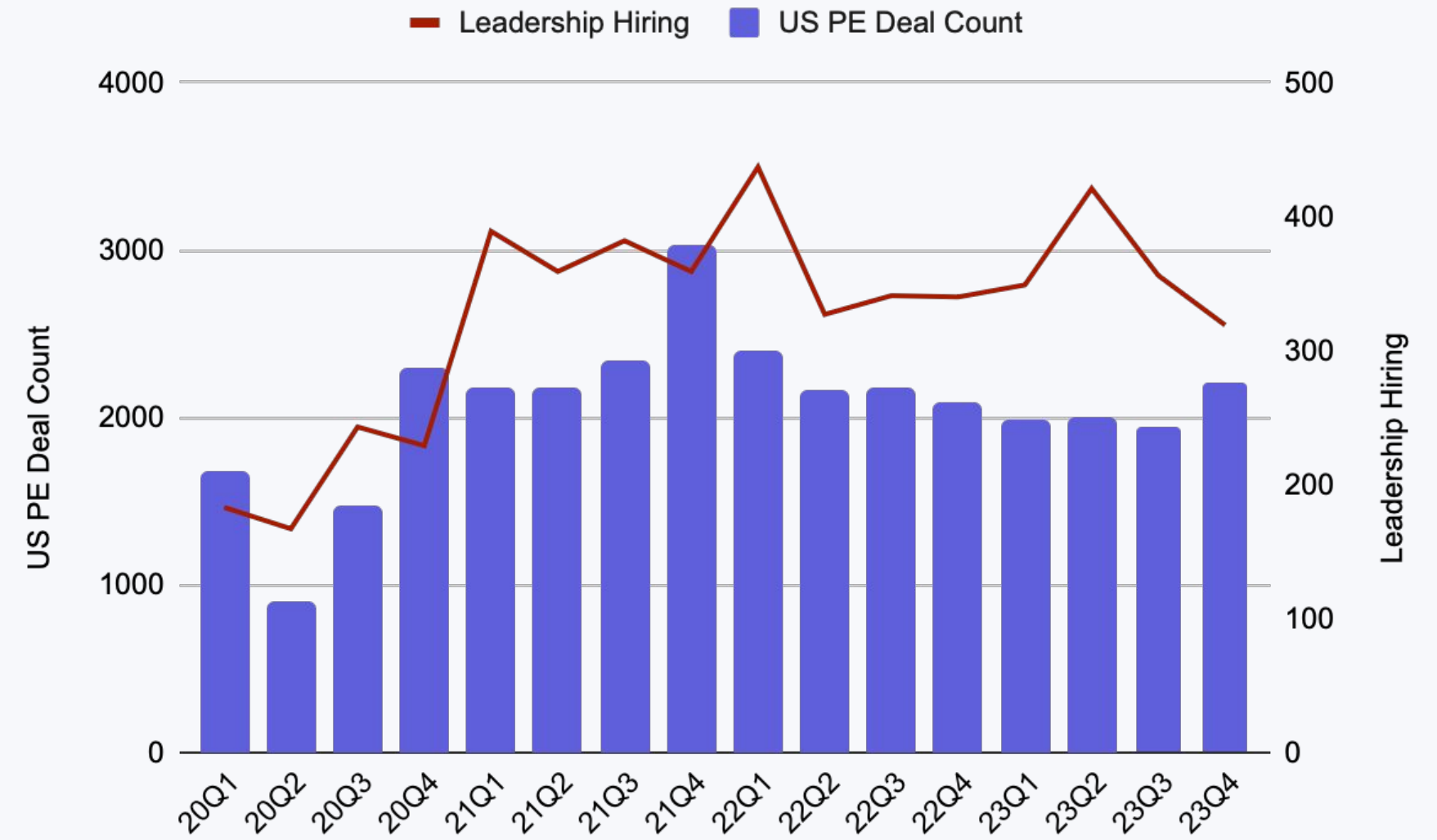
The play, it seems, is to hold portfolio companies longer and grow them into their old valuations.

The tension between the two is significant.

In our Q3 report, we had highlighted a BDO survey that found half of surveyed PE CFOs and fund managers said they are understaffed in critical leadership roles.

PE Leadership Hiring vs. PE Deal Count

Despite low deal values, PE deal count remained on solid footing in 2023. Hiring followed suit, posting a flat YoY trendline.



And as a Harvard Business Review article put it in October:

In the past, PE firms could punt when it came to leadership—counting on a hard-nosed team to create value fast and leaving the patient work of building leadership capability to whoever acquired the company when the PE firm sold it. Those days are gone. Investors can no longer buy an underutilized asset, pile on debt, and turn up the pressure, because financial engineering by itself won't generate superior returns for investors.

It appears the industry is taking aim at solving the issue.

PE hiring was flat YoY, but the focus has increasingly been on hiring at the C-level: More than 56% of all PE placements in 2023 were C-level hires, up from 53% in 2022 and 50% in 2021.

Looking ahead, 61% of searches opened in Q4 were for C-level roles. And PE seems more willing to pay than they have historically.

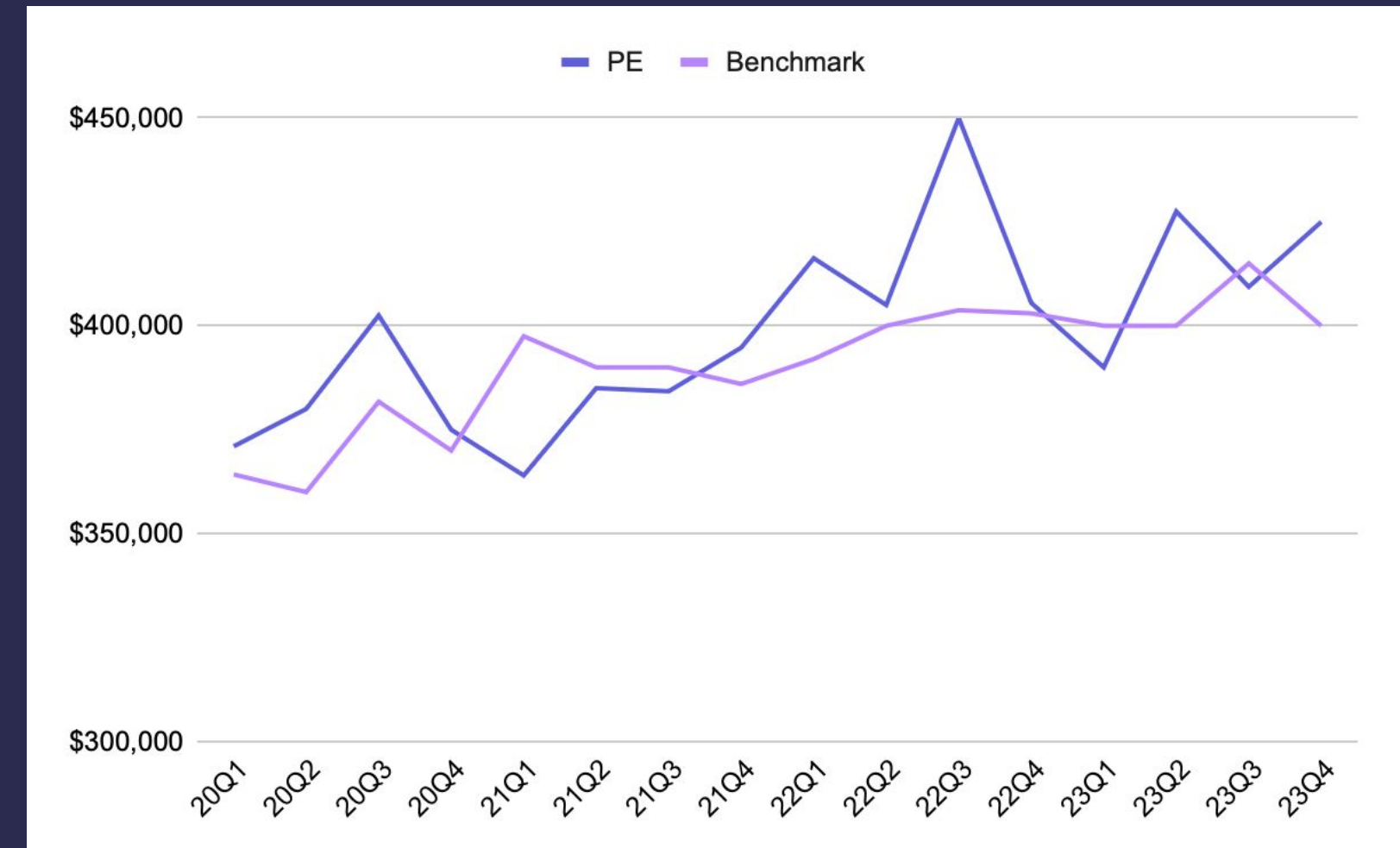
While the overall executive compensation market dropped 5.6% QoQ in Q4, the median OTE for PE executives was up 4% QoQ in Q4 and up 5% QoQ for C-level hires, indicating, perhaps, a recognition that longer hold times may require a higher concentration of top talent.

The question here, it seems, is whether this is more an answer to challenging market conditions or a shift in valuation creation strategies.

Either way, the likelihood of this persisting well into 2024 seems strong: Secondary funds, and continuation funds in particular, have gained popularity as firms look to create liquidity for LPs but still give portfolio companies time to mature.

PE Compensation vs Benchmark

After PE corrected comp following the height of the executive search market, there's been an steady march back toward those heights. The broader market, meanwhile is holding fairly flat over the same time period.



CHAPTER 3

Venture Capital

While new “prices” have impacted everyone, no one seems to have been dealt a bigger blow than VC.

Perhaps the most illustrative stat, as it relates to executive search is this: In the last two years, more quarters saw double digit QoQ declines in opened searches (4) than quarters saw QoQ growth in opened searches (1). And the stats look awfully similar to the larger VC trends at play.

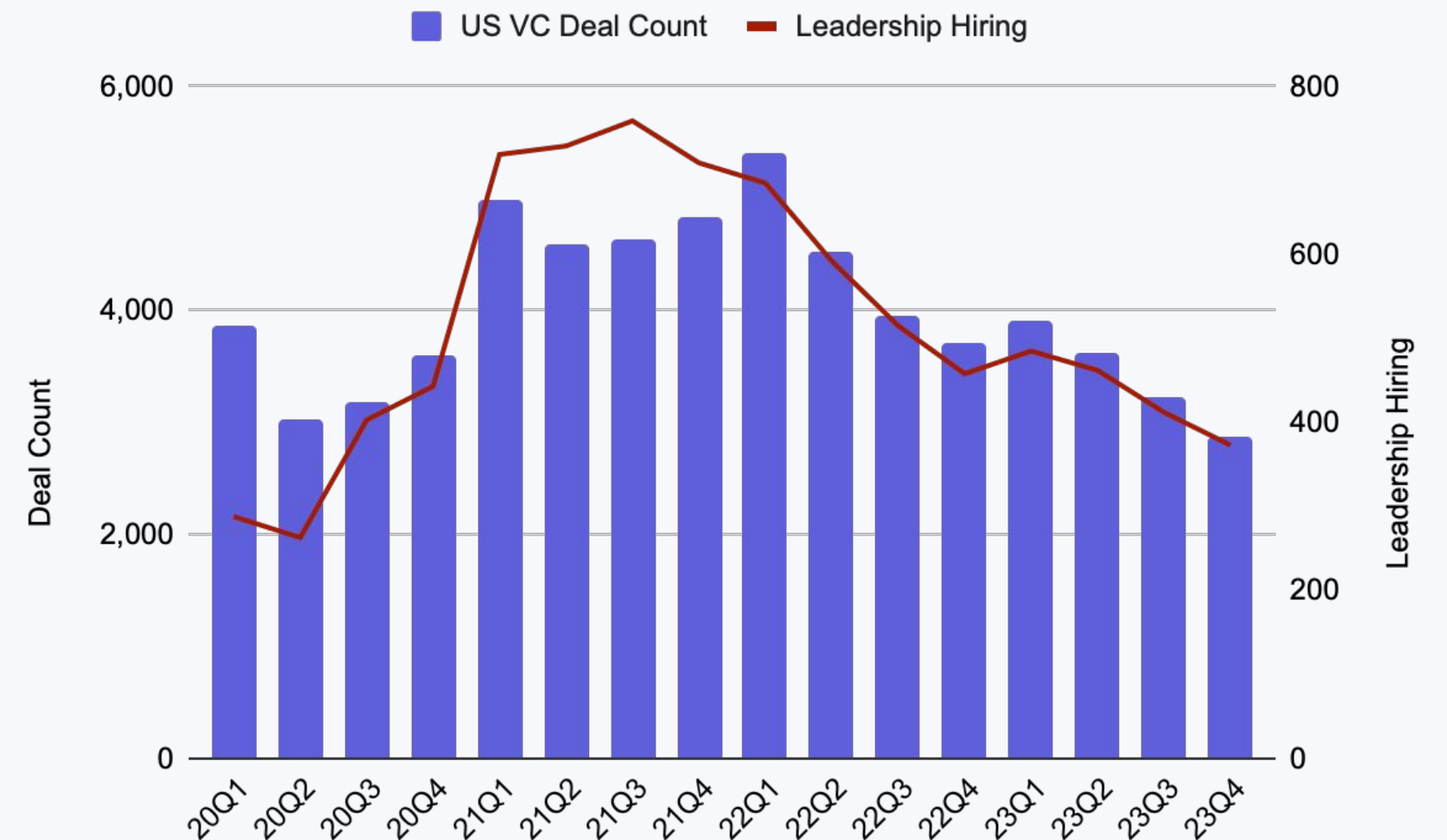
2023 deal value fell to pre-COVID levels, but even that was thrown a lifeline by an influx of capital into AI companies: Some 33% of deployed capital last year went to AI companies (and 10% of all deployed capital was attributed to OpenAI and Anthropic’s combined \$17 billion in funding).

For companies not in AI, then, the world felt more like 2018/2019.

With fewer available exit paths—and far less capital being deployed—startups are shutting down at new highs. Carta, in September, reported that more companies (543) had shut down in the first nine months of 2023 than all of 2022 (467).

VC Leadership Hiring vs. VC Deal Count

As VC deal count continues its string of QoQ drops, so, too, does VC leadership hiring. All told, search volume fell another 23% YoY in 2023 for the asset class.



The consensus belief seems to be that the figure will remain elevated in 2024 as companies who cut to preserve runway mostly ended up delaying their demise as opposed to creating a path to future funding.

Against that backdrop, hiring continues to decline.

The volume of opened executive searches among VC-backed companies runs in stark contrast to the market at large—or any other asset class for that matter.

Off the heels of a 23% decline in search volume in 2022, the market couldn't find its bottom and dropped another 23% in 2023—running as a similarly linear decline as deal flow (down 7.5% in 2022 and down 10% in 2023).

Compare that to PE executive hiring, which has remained nearly flat on a YoY basis since 2021's peak, or public company executive hiring, which has dropped 16% and 13% since 2021, and it's clear VC is struggling more than others.

The bright spot, it seems, is similar to the valuation trends: Seed/Series A.

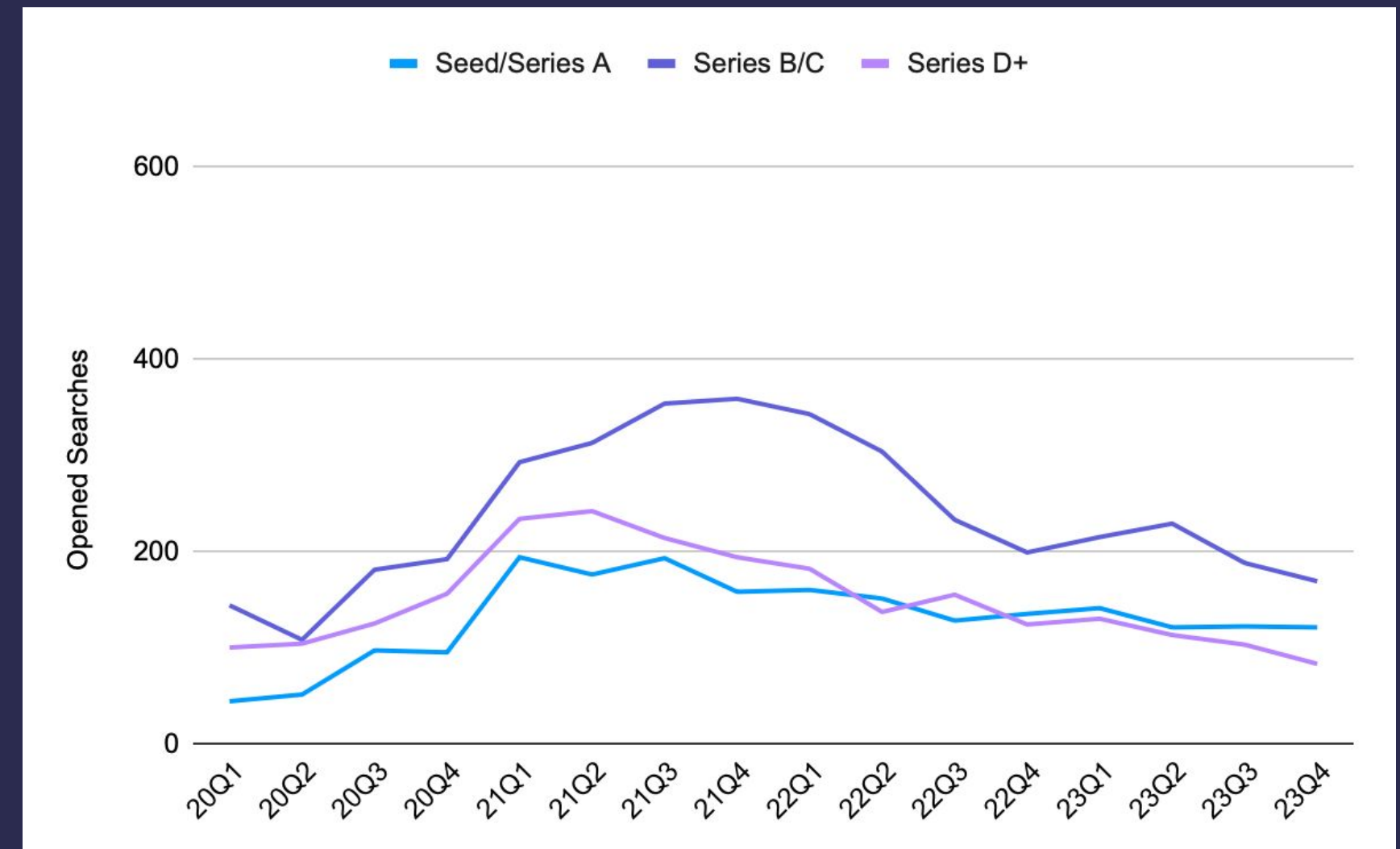
Though overall deal value and deal counts remain suppressed, pre-seed and Seed deal sizes remain at record levels and Series A deal sizes remain above pre-pandemic levels.

Perhaps related, search volume there isn't down as much as other stages, as Seed/Series A opened search volume is down just 10% YoY. Similarly, a look at employee count by stage shows that Seed/Series A headcount has remained relatively stable when viewed against mid- and late-stage companies.

Even in a world where efficiency is a key focus, there appears to be an accepted limit to just how efficient things can be early.

VC Leadership Hiring by Stage

The lone bright spot in VC, according to Pitchbook data, has been early stage. The volume is lower, deal sizes are higher, which has helped keep leadership hiring in those stages relatively flat.



CHAPTER 4

Takeaways

While quantifiable looks at search activity provide a picture of a market continuing to seek footing that’s somewhere between “before” and “after,” self-reported, qualitative insights do the same.

In Q4, we shared that more VC and PE talent partners reported spending more time running searches in 2023 than they did in 2022. And during a recent community roundtable with in-house executive search teams, those talent leaders reported that they’re being asked for more metrics—and more frequent updates—around DE&I efforts.

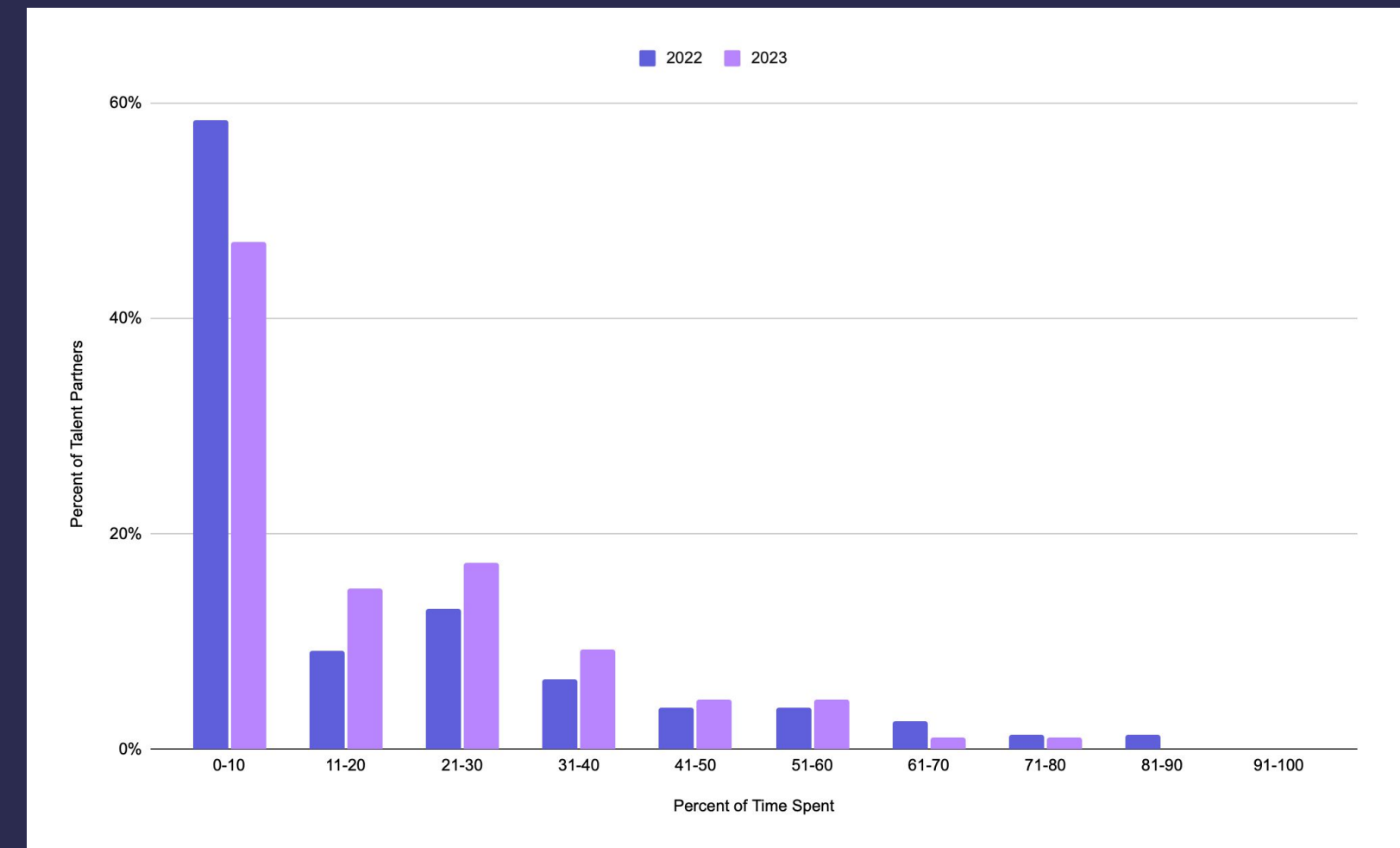
The internal absorption of search work and leadership pipeline reporting, coupled with a continued reduction in search volume, means search firms at large are feeling the pinch. There’s less searches all around and less of those searches are going to firms right now.

The repriced efficiency story looks to be a persistent narrative in 2024, in part because of the macro: The Fed has signaled we’ll end the year in the 4.6% range for interest rates, and Goldman Sachs said earlier this month that it expects five rate cuts starting in March.

The question, it seems, is how much the new interest rate territory will reopen dealmaking and whether it will end up repricing assets again. So far, it seems, the executive search market will follow.

VC/PE Talent Partner Search Time Allotment

In another signal that the market’s been repriced, more talent partners reported spending more time running searches in 2023 than they had reported in 2022.

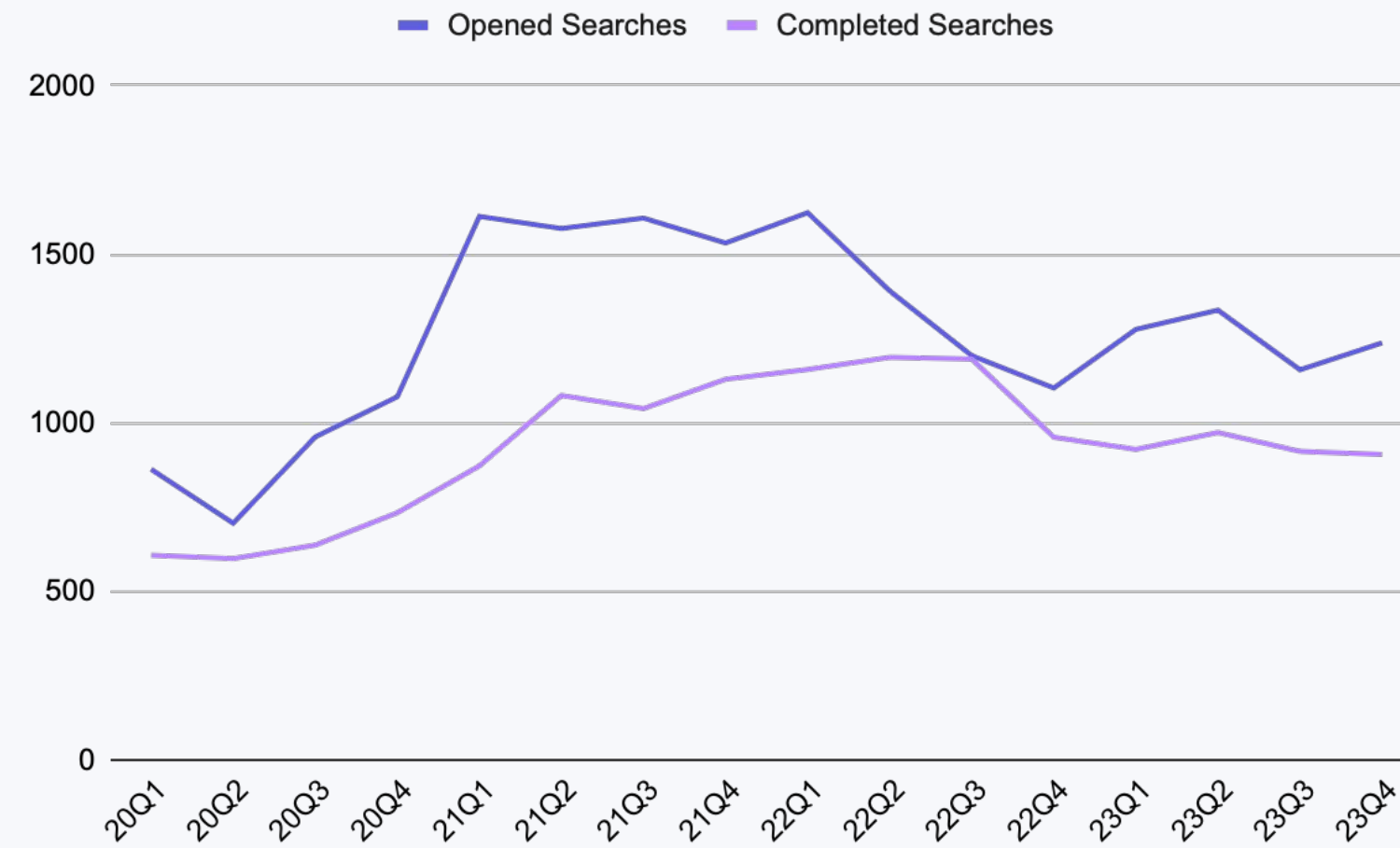


CHAPTER 5

Leadership Benchmarks

SEARCH VOLUME

Open and Completed Executive Searches



Opened Searches by Function & Asset Class

Q4 FY23 YoY and Q4 FY23 QoQ

	PE		Private		Public		Seed/Series A		Series B/C		Series D+		Total	
	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ
CEO/President/GM	-39%	-43%	141%	58%	50%	3%	9%	-50%	-30%	15%	-30%	-18%	10%	-5%
Engineering	-19%	-24%	122%	54%	150%	54%	-26%	13%	13%	13%	-70%	-25%	11%	13%
Finance	14%	-7%	124%	124%	-4%	-4%	-11%	0%	-16%	-43%	-36%	8%	17%	6%
Human Resources	44%	63%	533%	31%	-6%	33%	-33%	-20%	0%	275%	0%	-33%	61%	42%
Marketing	-33%	-29%	333%	63%	-26%	-22%	-22%	40%	-27%	-34%	-29%	-20%	-13%	-11%
Product	44%	63%	0%	-40%	-25%	-20%	50%	-18%	-53%	-61%	-30%	-13%	-8%	-21%
Sales/Business Development	11%	4%	400%	106%	24%	18%	-32%	-10%	39%	34%	-21%	-44%	25%	10%
Other	-13%	-8%	40%	40%	27%	0%	42%	70%	-33%	-6%	-50%	0%	4%	15%
Total	-6%	-10%	1360%	570%	120%	40%	-100%	-10%	-150%	-10%	-330%	-19%	12%	7%

COMPENSATION

Total Compensation by Function & Asset Class

Q4 FY23 and Q4 FY22

	PE		Private		Public		Seed/Series A		Series B/C		Series D+		Other		Total																	
	Base	OTE	Base	OTE	Base	OTE	Base	OTE	Base	OTE	Base	OTE	Base	OTE	Base	OTE																
CEO/President/GM	\$340K	-15%	\$525K	-13%	\$388K	3%	\$450K	-19%	\$308K	-23%	\$461K	-30%	\$325K	-4%	\$450K	-1%	\$350K	-3%	\$560K	10%	\$350K	-7%	\$570K	0%	\$200K		\$215K		\$350K	-7%	\$525K	-7%
Engineering	\$290K	-3%	\$371K	-9%	\$280K	2%	\$347K	11%	\$350K	27%	\$525K	47%	\$288K	-4%	\$300K	-18%	\$325K	0%	\$375K	-14%	\$298K	-23%	\$337K	-27%	\$325K	8%	\$423K	1%	\$300K	0%	\$350K	-13%
Finance	\$325K	8%	\$473K	18%	\$230K	-77%	\$260K	-94%	\$325K	-21%	\$406K	-39%	\$338K	13%	\$450K	29%	\$300K	-14%	\$400K	-11%	\$335K	-6%	\$475K	4%	\$350K	43%	\$488K	95%	\$325K	7%	\$430K	5%
Human Resources	\$300K	9%	\$371K	4%	\$220K	-36%	\$396K	-15%	\$300K	-6%	\$340K	-25%	\$300K	9%	\$300K	0%			\$290K	-11%	\$377K	3%	\$315K	7%	\$315K	3%	\$300K	0%	\$371K	-5%		
Marketing	\$300K	0%	\$370K	-5%	\$350K	-11%	\$418K	-28%	\$336K	12%	\$473K	21%	\$280K	0%	\$350K	4%	\$300K	0%	\$361K	3%	\$295K	-2%	\$381K	-4%	\$275K	-33%	\$275K	-42%	\$300K	0%	\$363K	-7%
Product	\$300K	5%	\$500K	3%	\$270K	-23%	\$350K	-13%	\$290K	7%	\$358K	2%	\$250K	-8%	\$480K	-4%	\$243K	-12%	\$419K	-16%	\$300K	0%	\$600K	15%	\$229K		\$450K		\$275K	0%	\$451K	-10%
Sales/Business Development	\$283K	-6%	\$357K	-9%	\$230K	-38%	\$288K	-29%	\$385K	-14%	\$539K	-11%	\$280K	2%	\$362K	32%	\$323K	11%	\$393K	19%	\$375K	15%	\$470K	18%	\$300K		\$375K		\$320K	7%	\$400K	11%
Other	\$300K	5%	\$400K	2%	\$275K	10%	\$333K	19%	\$285K	-3%	\$387K	1%	\$294K	13%	\$343K	25%	\$295K	11%	\$380K	19%	\$135K	-56%	\$245K	-42%	\$263K	17%	\$395K	-7%	\$289K	1%	\$385K	4%
Total	\$300K	0%	\$425K	5%	\$298K	-1%	\$354K	-6%	\$300K	0%	\$398K	0%	\$294K	7%	\$385K	4%	\$300K	0%	\$400K	-6%	\$315K	-3%	\$475K	6%	\$303K	1%	\$389K	-5%	\$300K	0%	\$400K	-1%

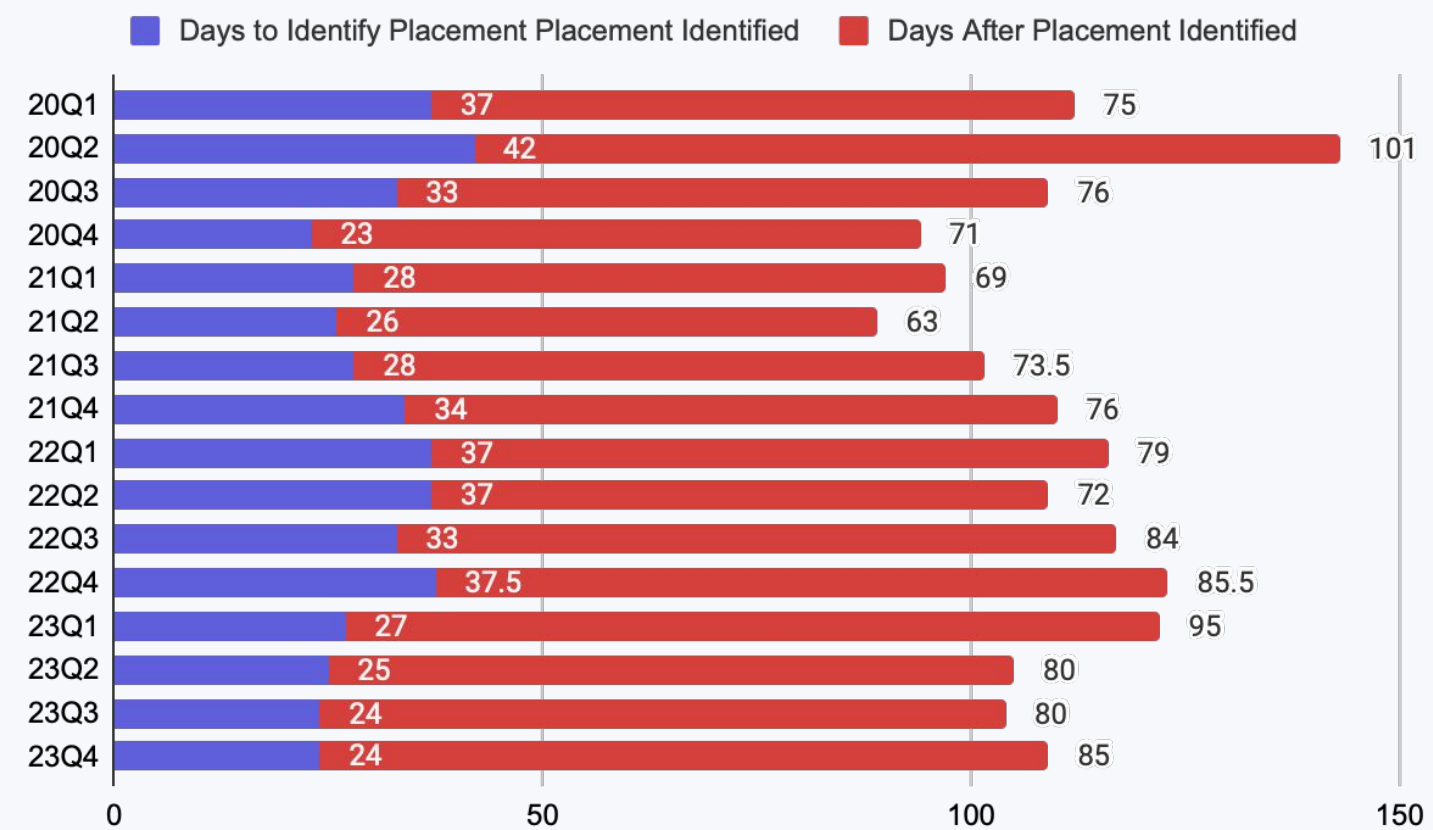
Total Compensation by Function & Employee Count

Q4 FY23 vs Q4 FY22

	1-250				251-1000				1001+				Total			
	Base		OTE		Base		OTE		Base		OTE		Base		OTE	
CEO/President/GM	\$350K	-1%	\$520K	7%	\$350K	-8%	\$450K	-1%	\$350K	-8%	\$600K	-1%	\$350K	-7%	\$525K	-7%
Engineering	\$298K	-1%	\$349K	-4%	\$300K	-20%	\$400K	-18%	\$298K	-2%	\$371K	-6%	\$300K	0%	\$350K	-13%
Finance	\$300K	0%	\$400K	0%	\$325K	-7%	\$455K	-3%	\$350K	0%	\$455K	0%	\$325K	7%	\$430K	5%
Human Resources	\$285K	6%	\$364K	10%	\$300K	-8%	\$420K	-3%	\$315K	-2%	\$442K	-1%	\$300K	0%	\$371K	-5%
Marketing	\$284K	-5%	\$350K	-3%	\$310K	3%	\$390K	0%	\$343K	2%	\$459K	6%	\$300K	0%	\$363K	-7%
Product	\$300K	3%	\$358K	14%	\$325K	3%	\$413K	18%	\$338K	-4%	\$451K	0%	\$320K	7%	\$400K	11%
Sales/Business Development	\$273K	-1%	\$466K	-7%	\$275K	-8%	\$500K	-13%	\$298K	2%	\$367K	-3%	\$275K	0%	\$451K	-10%
Other	\$280K	12%	\$361K	18%	\$175K	-36%	\$225K	-42%	\$302K	6%	\$393K	2%	\$289K	1%	\$385K	4%
Total	\$300K	0%	\$390K	0%	\$300K	-8%	\$423K	-6%	\$321K	7%	\$421K	2%	\$300K	0%	\$400K	-1%

VELOCITY

Search Duration Before vs. After Placement Identified



Median Search Velocity (days) by Function & Employee Count

	1-250 EMPLOYEES		251-1000 EMPLOYEES		1001+ EMPLOYEES		Total	
	Open Duration	YoY	Open Duration	YoY	Open Duration	YoY	Open Duration	YoY
CEO/President/GM	149	10%	137	15%	159	4%	149	8%
Engineering	136	5%	104	-17%	106	43%	128	9%
Finance	132	15%	99	19%	123	13%	123	17%
Human Resources	153	11%	116	21%	52	-38%	115	7%
Marketing	143	5%	145	24%	109	-12%	131	2%
Product	156	37%	112	-2%	105	-4%	122	7%
Sales/Business Development	119	-9%	127	16%	92	-8%	115	-3%
Other	116	3%	115	22%	30	-71%	109	4%
Total	133	6%	113	6%	106	0%	121	4%

CHAPTER 6

About the Report

Report Overview

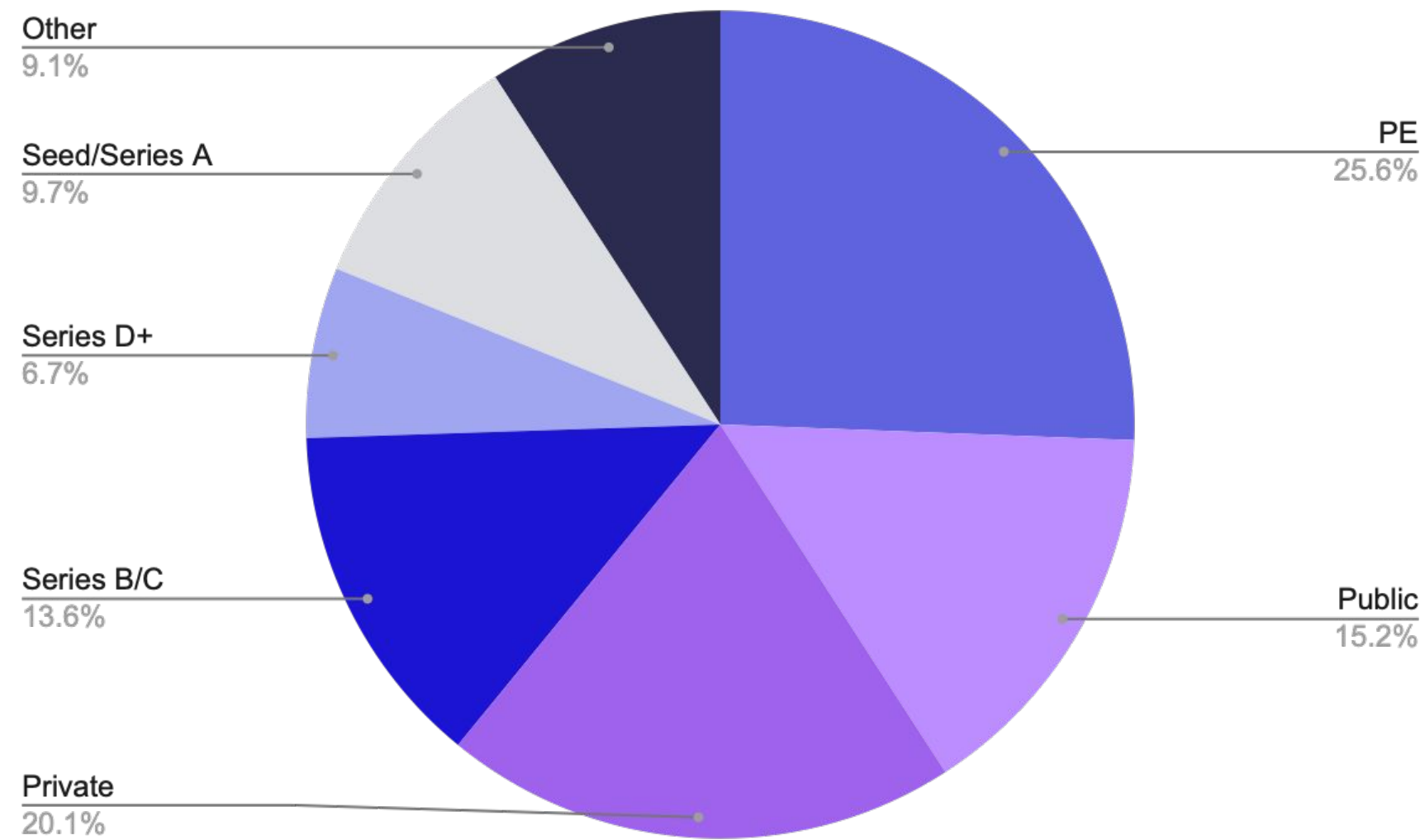
This report was developed to provide executive recruiters and talent leaders with data-backed insights to help them both gain a better understanding of the industry, market, and environment they operate in and make more informed decisions.

We anonymized and aggregated our data from more than 31,000 compensation and search records to construct the benchmarks, statistics, and trends you will see in this report. We also cross-referenced relevant industry analysis and sources to understand how leadership recruiting is being impacted by rapidly evolving macro and socioeconomic events, in addition to recent extreme volatility in growth markets.

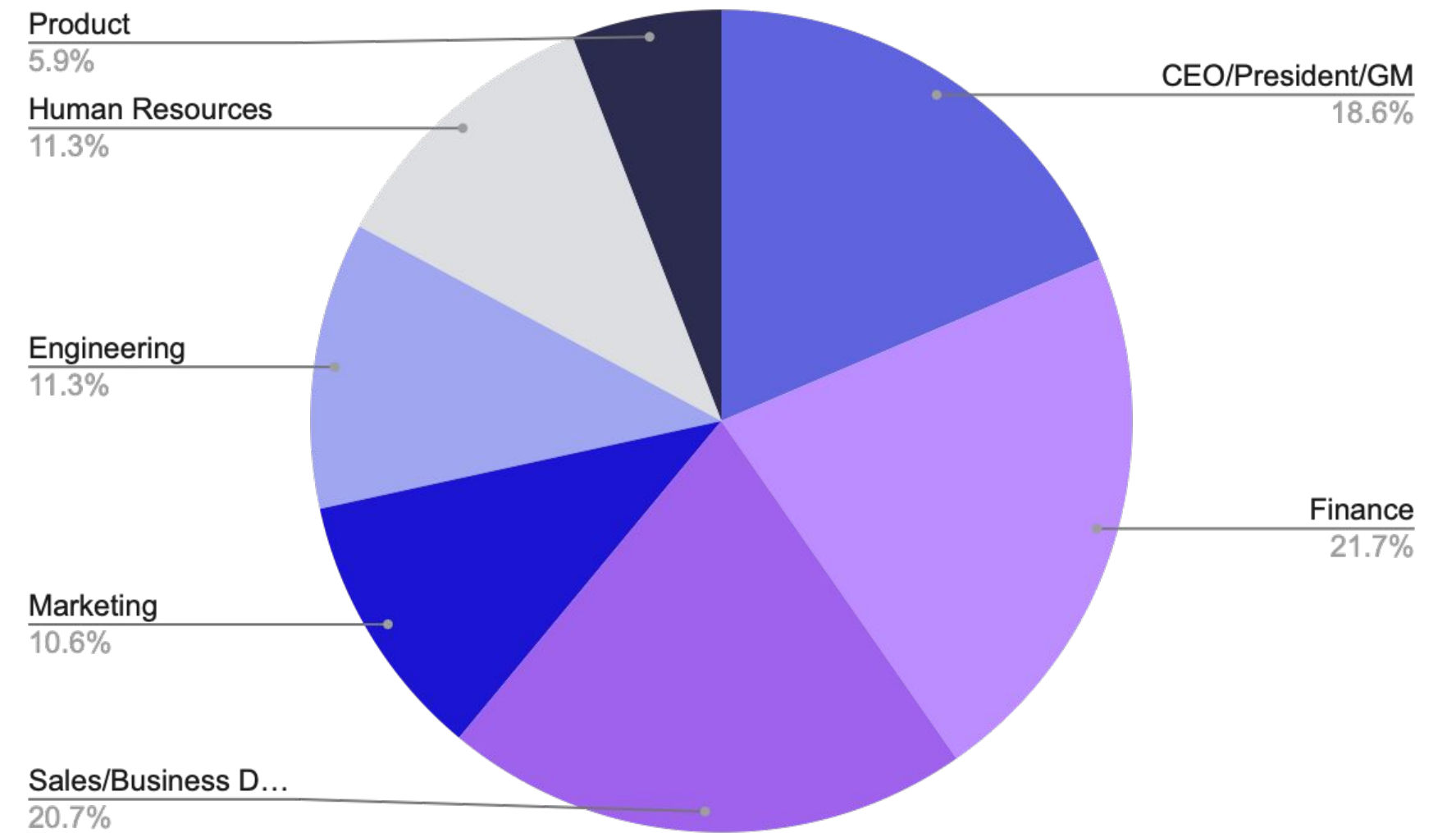
Our data and combined research uncovered leading indicators for executive hiring, how public and private market fluctuations impact demand for leadership hiring, why VCs have been impacted more than others, what the forecast is for leadership hiring over the next few quarters, as well as trends with executive compensation benchmarks.



Asset Class Breakdown



Function Breakdown



FULL DATA ANALYSIS TIME FRAME

Q1 2020 - Q4 2023