

Hunt Scanlon Q1 M&A Report

2026 Human Capital Markets Update



Zemantics Ventures Healthcare Staffing Deals Built Around Workforce Strategy

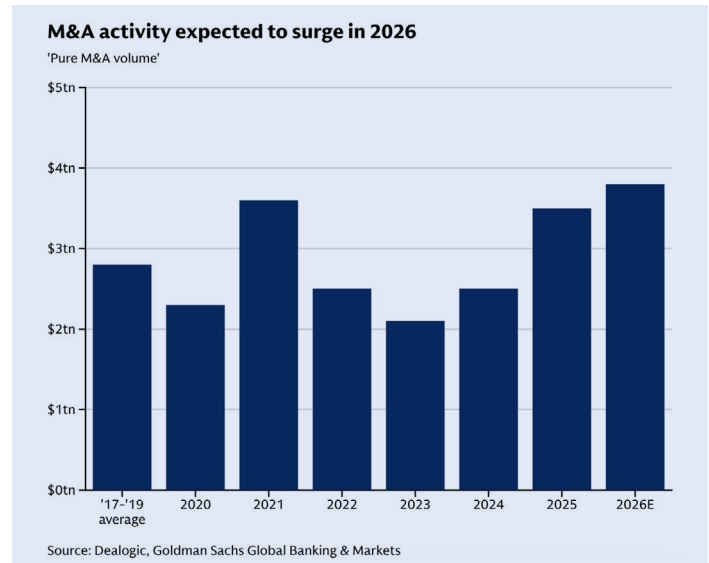
Hunt Scanlon Ventures served as buy-side M&A advisor to Zemantics Ventures in its acquisition of Consilium360 and MedWell360 in Q1, a transaction that strengthens Zemantics' healthcare services portfolio and expands its enterprise workforce and operational capabilities nationwide. The deals bring together complementary capabilities across healthcare HR strategy, workforce process optimization, scheduling, and access center operations — forming a more integrated, technology-enabled services platform.

“The significance of these deals extend beyond consolidation,” said HSV managing director Drew Seaman. Healthcare systems are now operating under simultaneous pressure: workforce shortages, margin compression, aging populations, rising labor costs, and heightened patient expectations. “In this environment,” he said, “workforce strategy becomes a primary operational lever.”

Positioned for Sustained Growth

“These acquisitions align with Zemantics’ strategy of building disciplined, technology-enabled service platforms positioned for long-term growth,” noted HSV CEO Scott A. Scanlon. “In today’s complex healthcare setting characterized by workforce shortages, rising labor costs, and increasing patient access demands, health systems require structured, data-driven people systems aligned with performance objectives. This combined platform will continue delivering measurable results while expanding capabilities under the broader Zemantics ecosystem,” he said.

“Consilium360 and MedWell360 have built strong operational foundations and trusted client relationships,” said Manish K. Mehta, founder of Zemantics Ventures. “Our focus is to scale proven teams through strategic capital, shared services infrastructure, and



technology enablement. This transaction strengthens our healthcare vertical and positions us for sustained expansion.”

Zemantics Ventures operates as a strategic investment and operating platform focused on acquiring and scaling service-driven businesses across healthcare, workforce solutions, and technology-enabled sectors. The firm partners with founder-led and growth-stage companies, providing capital, operational expertise, and scalable infrastructure to accelerate long-term value creation.

“As buyer interest and consolidation across the human capital and staffing sub-sector continues,” said Mr. Seaman, “the formation of scaled, technology-enabled platforms is emerging as a defining feature of the current M&A cycle.”



Human Capital M&A Trends Shaping 2026

1. From Fragmentation to Integrated Talent Platforms

Human capital M&A has shifted from opportunistic to structural in 2026. Buyers are no longer targeting standalone search firms or niche talent providers in isolation — capital is consolidating around integrated platforms that combine executive search, leadership advisory, workforce analytics, succession planning, and AI-enabled infrastructure. Private equity remains active, but capital is flowing selectively toward scalable models. Firms with embedded technology and advisory depth are commanding premium valuations. Cross-border consolidation is also accelerating, particularly across U.S. and European markets, as firms seek global reach and multinational client coverage.

2. Workforce Strategy Becomes an Investment Thesis

Workforce strategy is now firmly embedded in enterprise value creation. Leadership succession, workforce capability, and talent concentration risk are no longer HR considerations — they are board-level priorities directly tied to valuation durability. Across private equity, financial services, and the technology sectors, investors are increasingly focused on how talent systems drive performance, productivity, and long-term growth. As a result, buyers are prioritizing talent solutions firms that connect people strategy to measurable outcomes such as retention, margin expansion, and operational continuity. Advisory-led platforms with embedded analytics are now trading at structurally higher multiples than firms focused solely on placement activity.

3. AI Drives the Institutionalization of Talent Intelligence

AI adoption has moved beyond experimentation to full integration. Core capabilities such as sourcing automation, workforce analytics, and skills mapping are now baseline expectations. The market is shifting toward embedded, 'decision intelligence' platforms that combine proprietary data, predictive analytics, and workflow automation with high-touch advisory services. M&A activity reflects this convergence, with search firms acquiring analytics capabilities and private equity sponsors layering AI infrastructure into talent platforms. Firms with defensible datasets and integrated intelligence capabilities are attracting premium valuations as the industry moves toward scalable, data-driven operating models.

4. The Shift to Performance-Based Talent Economics

A defining trend in 2026 is the move away from transactional recruiting toward performance-aligned models. Buyers are increasingly seeking portfolio-wide talent solutions, including leadership architecture design, succession planning, and post-placement performance measurement. Subscription-based intelligence platforms and recurring advisory relationships are replacing one-time placement fees. This shift is reshaping deal economics, favoring firms with predictable, recurring revenue streams and higher-margin service offerings. Organizations across private equity, financial services, and the industrial sectors are prioritizing long-term talent infrastructure over episodic hiring support.

5. The Institutionalization of Human Capital Platforms

The human capital sector is undergoing rapid institutionalization. Private equity firms are assembling scaled, multi-capability platforms, while minority investments in AI-enabled talent firms continue to rise. Public markets are also rewarding recurring talent intelligence revenue over cyclical recruiting income. The focus has shifted from building larger search firms to constructing integrated human capital operating systems. Across industries, the winning model is clear: platform-based solutions that combine technology, advisory, and AI to deliver measurable business outcomes.

2026 Market Summary & Outlook

EXECUTIVE SEARCH TRENDS

Rising Influence of Recruiting Boutiques

According to Hunt Scanlon, fee revenue at the 50 largest executive search firms in the U.S. / Americas jumped 11% last year, topping out at \$6.69 billion. Seventy-five percent of search firms polled by Hunt Scanlon reported positive growth, with nearly half (24 firms), expanding by double digits. By every measure, it was a big year. Korn Ferry, Spencer Stuart, Heidrick & Struggles, Russell Reynolds Associates, and Egon Zehnder continued to anchor the top tiered firms in this year's rankings – underscoring the power of global scale and brand credibility. That said, over the last 15 years the Hunt Scanlon rankings have highlighted the outsized influence and impact that specialists recruiting boutiques have on the industry. As leadership hiring becomes more strategic and intelligence-driven, clients will increasingly turn to firms that combine niche expertise with advisory insight into talent markets.

Service Expansion Shifts Toward Advisory

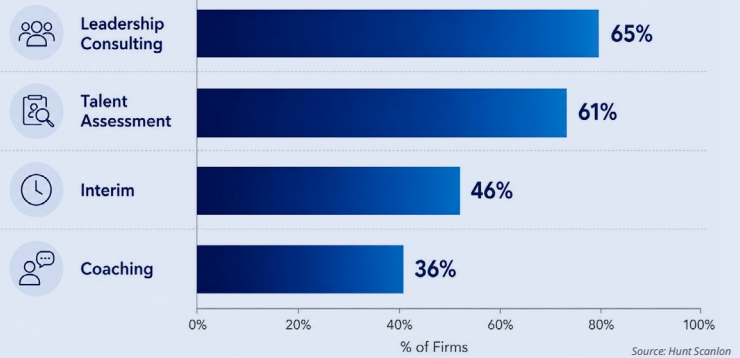
Executive search firms are accelerating their move beyond traditional placement, with leadership consulting (65 percent) and talent assessment (61 percent) leading expansion priorities for 2026. Firms are also building out more flexible and complementary offerings. Interim solutions (46 percent) are gaining momentum as clients demand speed and adaptability, while coaching (36 percent) continues to expand as part of a broader focus on leadership effectiveness and retention. The direction is clear: firms are evolving into full-service talent advisors, embedding themselves deeper into client organizations and extending their role across the entire leadership lifecycle.

Deal Activity Pipeline Builds for 2026

M&A interest across the sector remains firmly intact. While 12 percent of firms are actively pursuing acquisitions today, a much larger share is building toward future activity, with 19 percent targeting deals in 2026 and 26 percent evaluating opportunities over the next three to five years. Notably, just 2 percent of firms are actively seeking to be acquired, underscoring a market driven by expansion rather than necessity. The result is a buyer-led environment, where firms are using M&A to scale, specialize, and strengthen their competitive position. The pipeline is clear: consolidation is not slowing, it is extending.

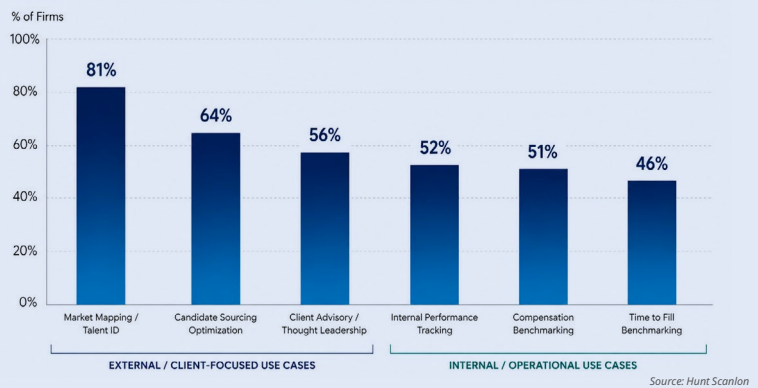
SERVICE EXPANSION PRIORITIES FOR 2026

% of Firms Prioritizing Each Service Area



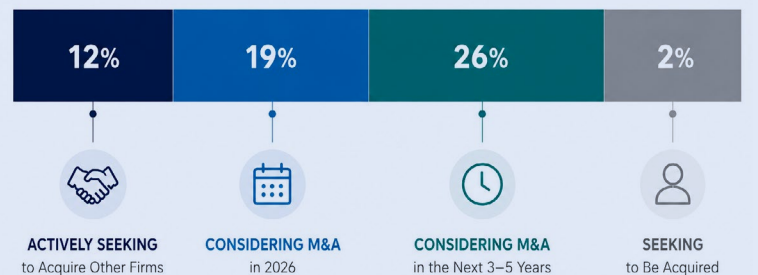
DATA & TALENT INTELLIGENCE USAGE

How Firms Currently Use Data or Would Like To



M&A INTEREST: PIPELINE OF FUTURE ACTIVITY

% of Firms



Women Founders Gain Strategic Attention in Human Capital M&A

A meaningful shift has been unfolding across the executive search industry. Over the past decade, a growing number of high-performing boutiques have been founded and led by women, many of whom built their careers inside global recruitment firms before launching specialized platforms. What is notable is not just their rise to prominence, but how the market is responding to them.

As consolidation accelerates across the human capital sector, strategic buyers and investors are increasingly targeting founder-led boutiques with strong client networks, differentiated positioning, and scalable operating models. A significant number of these firms happen to be women-founded, raising a broader question around what makes them particularly compelling in today's M&A environment.

While the largest global search firms remain largely male-dominated in their upper leadership ranks, the entrepreneurial side of the market tells a different story. A growing share of boutiques launched in recent years have been founded or co-founded by women. Private equity, cybersecurity, VC, technology, and sub-sectors within financial services are just some of the sectors where partnerships are led by women who have built highly specialized firms.

At the same time, accelerating M&A activity across the C-suite recruiting sector – driven by both private equity sponsors and strategic consolidators – has increased demand for founder-led platforms with recurring client engagement and strong market positioning. Many of the fastest-growing firms meeting this profile are women-founded.

Why Investors are Taking Note

The appeal of women-founded search firms extends beyond clients. For strategic buyers and private equity sponsors, these firms represent a convergence of key value drivers: specialization, founder-led growth, strong margins, and durable client relationships. And this is not simply a diversity narrative — it is a structural one. “These firms are often built in ways that align more closely with how leadership hiring operates today: relationship-driven, advisory-led, and embedded within sector ecosystems,” said Evan Berta, a sourcing and market insights associate at Hunt Scanlon Ventures. “As a result, they are increasingly attractive acquisition targets for platforms seeking differentiation and long-term scalability.”

“The impact that female founders have across the human capital ecosystem is undeniable,” said Scott A. Scanlon, CEO of Hunt Scanlon Ventures. “Eight of our last 24 M&A transactions have been for female-founded search firms. These founders are characterized by persistence, adaptability, high resilience, and a collaborative, empathetic leadership style. They are resourceful and pragmatic – turning challenges into opportunities, they build strong networks, are ambitious, and have a high-risk tolerance. They are business ‘pioneers’ in every sense of the word and that is attractive to acquirers,” he said.

Among the visionary female founders that Hunt Scanlon has successfully escorted through the M&A process: Marylin Prince of The Prince Houston Group (acquired by Egon Zehnder); Melissa Norris and Beth Rustin of Jamesbeck (acquired by ZRG); Kristie Nova of Bespoke Partners (acquired by AEA Investors); Jill De Forest of De Forest Search (acquired by Talento Human Capital); Nancy Racette and Jennifer Dunlap of Dri / Development Resources (acquired by Waterstone Human Capital); Carolyn Taylor of Walking the Talk (acquired by ZRG); and Joyce Brocaglia of Alta Associates and Executive Women’s Forum (both acquired by DSG).



Leadership Advisory Enters a New Capital Cycle

The consolidation trend sweeping the human capital sector has entered a new phase, underscoring how rapidly private capital is reshaping the leadership advisory industry. Two recent transactions signal the scale of the shift. KKR made a minority investment in global leadership advisory & assessment firm ghSMART, allowing founder Geoff Smart, other key partners, and employees to retain majority ownership while introducing institutional capital to support expansion. Shortly thereafter, Heidrick & Struggles announced a significant investment from Advent International in one of the biggest deals to every hit the executive search sector.

Taken together, these transactions reflect a broader realization among investors: leadership advisory firms represent highly attractive platforms, combining strong brands, recurring client relationships, and growing demand from corporate boards and private equity sponsors navigating increasingly complex leadership challenges.

“Viewed through a wider lens, it is AI that presents the biggest opportunity for talent assessment within this highly specialized human capital vertical,” said Scott A. Scanlon, CEO of Hunt Scanlon Ventures. “We believe AI-enabled assessment will be the predominant growth leader within human capital by 2030. Legacy firms that have owned the assessment space for the past 50 years will see rapid market share deterioration.”

KKR’s investment in ghSMART reflects this thesis. By supporting growth while preserving partner ownership, the transaction demonstrates how private capital can accelerate expansion – and invest in very expensive AI systems – without fundamentally altering the partnership structures that define many advisory firms. Similarly, Advent’s

investment in Heidrick underscores the growing belief that global leadership advisory firms can benefit from increased investment in AI and technology, data, and adjacent consulting capabilities. Together, these deals signal a structural shift: leadership advisory is emerging as a distinct and increasingly attractive investment category within the broader professional services landscape.

Two Emerging Trends

As additional financial sponsors evaluate opportunities in the sector, competition for high-quality platforms is expected to intensify. Firms with strong brands, diversified client bases, and differentiated advisory capabilities are likely to command premium valuations. Those that have expanded beyond traditional search into broader leadership consulting services may be particularly well positioned, said Mr. Scanlon.

If current momentum continues, the leadership advisory market may be entering its most transformative period ever. For an industry that historically evolved slowly and largely outside the influence of institutional investors, the arrival of private equity represents a fundamental shift, and current activity may only be the beginning.

“Beyond the transactions themselves, two themes are beginning to reshape the executive search industry,” said Mr. Scanlon. “The first is rising competitive pressure at the top of the market. The largest private partnerships – Egon Zehnder, Spencer Stuart, Russell Reynolds Associates – have historically operated independently with strong profitability. The entrance of private equity-backed competitors introduces new dynamics around scale, capital deployment, and global expansion. Access to institutional capital enables accelerated investment in technology platforms, data analytics, AI, and integrated advisory capabilities – areas that are becoming critical as clients demand more comprehensive, decision-grade talent solutions,” he said.

“The second is a shift in how firms prepare for future transactions,” he added. “Historically, many boutiques operated with limited emphasis on scalability or enterprise value creation. Today, more firms are investing in infrastructure, intellectual capital, and recurring advisory services to position themselves as attractive platforms for strategic investment or sale. As this transition unfolds, a growing pipeline of firms is likely to enter the market over the coming.”

Hunt Scanlon BIG FIVE GLOBAL SEARCH FIRMS			
Firm Name	2025 Revenue (\$ millions)	Percent Change	2024 Revenue (\$ millions)
1. Korn Ferry ^a	2,860.0	+ 6.0	2,709.0
2. Heidrick & Struggles	1,249.9	+13.8	1,098.6
3. Spencer Stuart ^b	1,179.4	+14.3	1,031.8
4. Russell Reynolds Associates	1,170.0	+ 4.5	1,120.0
5. Egon Zehnder ^c	966.0	+ 6.9	903.5

(a) as of 2/1/2025-1/31/2026; (b) (Fiscal Year Oct 1, 2024 - Sep 30, 2025); (c) as of 11/1/2024-10/31/2025

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What Drives Value in Human Capital M&A: Top 3 Things to Consider When Selling Your Search Firm

The Enduring Value of Hunt Scanlon

Over the last four decades that Hunt Scanlon has been tracking the recruiting sector, executive search has grown from a cottage industry to the \$65 billion-dollar global behemoth it is today. The movement of top leaders is now big business, and it is growing and expanding with every passing year. The Hunt Scanlon Big Five Global Search Firms collected over \$6.5 billion in placement and advisory fees last year – but 90% of the business went to boutique specialists who continue to grow in stature and influence.

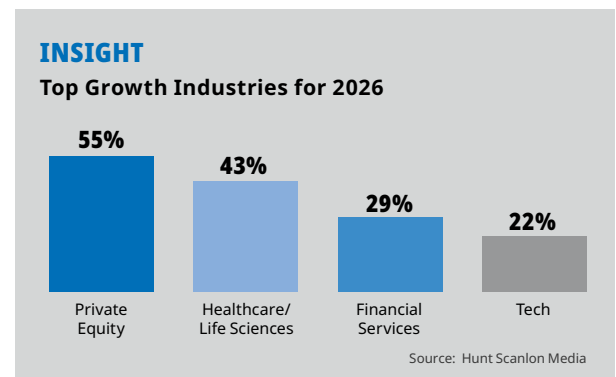
Over the last 60 months, Hunt Scanlon has leveraged its network to oversee the sale of 27 businesses across the human capital landscape – from leading executive search firms and interim talent solutions platforms to culture consulting and leadership advisory businesses.

This highly recognized work has solidified Hunt Scanlon’s status as the most trusted and sought after human capital M&A advisor in the world. Whether representing buyers, sellers, or just providing advisory services on valuations, understanding the nuances and analysis behind these transactions has become our unique – and essential – winning capability.

Key Takeaways Determining Value

1. Size and Value: Why Smaller is Better – When valuing a search firm or human capital solutions business, size can be one of the strongest indicators of market value. And based on our experience, smaller might be better. Why? “Buyers who come to us prize smaller, more specialized models,” said Evan Berta, chief market strategist with Hunt Scanlon Ventures. “It might seem like inverse logic, but smaller platforms are easier to integrate and easier to grow,” he noted. Mr. Berta said that specialist boutiques with compact teams and strong founders in place lead to consistently higher valuations. “Their margins are higher and the relationships they have in place with their clients tend to run deeper and are more long lasting. That is where their true long term value sits,” he said.

2. Sector Focus: What’s Hot – Industry and functional expertise play a crucial role in determining a search firm’s ultimate value to an acquirer. Buyers consistently pay premiums for businesses with a tight niche and standout clients. “From a functional standpoint, some of our higher value transactions have been for firms in asset & wealth management, AI & cybersecurity, and software,” said Mr. Berta. Functional specialists bring their expertise to every industry and that can be highly attractive to acquirers seeking a broad-based ‘specialist’ approach to working for clients in a number of industries, he added. “In short, buyers value subtlety,” said Mr. Berta. “Search firms that balance versatility with specialization consistently outperform their more generalist cohorts.”



3. Founders & Teams: The Impact of Top Producers – If great founders have one thing in common it is their innate ability to assemble great teams – not just for their clients but for themselves. Building a dynamic, focused, and driven team of business development and execution specialists is a crucial factor in determining the true value of a business. Young teams valued for their AI and technological acumen, for example, can be highly desirable to acquirers who favor forward-looking talent. “These teams are not easy to assemble,” said Mr. Berta. “They require more upfront time on the part of founders and management teams to source and properly train them,” he added. “The good news is there are more young people – stars in the making – who now view executive search as a career path of choice. That is allowing founder-led firms to scan a wider and more diverse ecosystem for talent. And that talent leads to value.”

Getting Deal Ready

Preparing for a transaction doesn't happen overnight. Our clients that achieve the best outcomes, whether they're looking to scale, recapitalize, or exit, are those that align strategic planning with operational readiness well in advance. Below are a few key areas of focus for leadership teams considering a liquidity event in the next 12–36 months:

- **Align personal and business timelines.** Consider how a transaction, including earnouts and post-deal equity periods, fits into your long-term goals.
- **Institutionalize your business.** Build a leadership bench and reduce reliance on a small group of top performers to de-risk the organization in the eyes of potential acquirers.
- **Drive growth and protect margins.** Most deals are valued on EBITDA, not top-line revenue. Focus on sustainable margin improvement and disciplined financial management.
- **Diversify your client base.** Firms with strong client retention and recurring business models command premium valuations.
- **Strengthen your operating infrastructure.** Ensure your financial and operational systems are modern, auditable, and ready for buyer diligence, from contracts and financials to reporting and CRM.

Why the Human Capital Sector is Ripe for M&A in 2026

- 1. Mission-Critical Talent Is Driving Valuation**
Leadership is now seen as a core lever of enterprise value — and firms that recruit or advise on it are increasingly essential to the C-suite and investors alike.
- 2. The Sector Has Proven Resilient During Uncertainty**
Despite macro volatility, search and talent advisory firms have demonstrated durable demand, especially in sectors like private equity, healthcare, and financial services.
- 3. Buyers Are Prioritizing Scale, Tech, and Specialization**
Strategic acquirers and sponsors are targeting firms with platform potential — specialized verticals, scalable delivery, and embedded technology.
- 4. Recurring Revenue and Embedded Clients Create Stickiness**
Long-standing client relationships, embedded RPO and interim services, and high retention rates are making these firms attractive investment targets.
- 5. The AI Revolution is Creating Platform Differentiation**
Search firms that integrate proprietary AI tools and data platforms are capturing attention from acquirers looking to modernize through acquisition.
- 6. Private Equity Dry Powder is Fueling Transaction Demand**
Sponsors are actively seeking leadership-focused platforms to deploy capital, drive consolidation, and create long-term enterprise value.
- 9. Founder-Driven Firms Are Reaching a Strategic Crossroads**
Many firms founded during the post-GFC growth wave are now ready to scale or exit — and with valuations supported by solid 2025 revenue performance, the timing is right.

In an increasingly Competitive Deal Environment, Hunt Scanlon Ventures Offers Distinct Advantages

- We have a **singular focus on the human capital markets.**
- Our dedicated team brings a **boutique, high-touch approach** to every M&A engagement.
- **We unlock the true value of our clients** by taking the time to understand their unique characteristics and needs.
- **Our senior leadership team and founding partners are fully engaged** on every assignment and personally oversee each transaction from the very first 'pitch' call to the successful close.
- Our M&A team is passionate about establishing **trust and a deep partnership** with founders who are often facing the most critical career and financial decision of their lives.
- From our founding partners to our associates, we are dedicated to serving our clients with speed, accuracy, and discretion – **we are committed to integrity, outstanding performance, and providing an unrivaled M&A experience.**
- Hunt Scanlon Ventures offers a **full range of critical solutions**, including M&A strategy development, valuation analysis, pitch decks and investment memorandums, capital raising advice, and exit planning.
- Hunt Scanlon is well-known across the Americas, Europe and Asia where **our consulting team has held deep relationships for more than 35 years.**

Who We Are

Hunt Scanlon Ventures is a leading M&A advisory firm focused exclusively on the global human capital market. We represent both buy-side and sell-side clients across a wide range of human capital verticals, including executive search, culture and leadership consulting, interim and on-demand talent solutions, RPO, HR technology, and executive coaching.

Our firm advises strategic acquirers and private equity sponsors on their acquisition strategies, while also supporting founders and leadership teams seeking to exit, scale, or recapitalize.

In addition to advisory services, Hunt Scanlon Ventures invests in top-tier talent platforms as a limited partner, often co-investing alongside venture capital managers in the sector.

While U.S.-based, our team has built a strong international footprint and manages engagements in the U.K., Hong Kong, Chile, Mexico, and across Europe. With over 35 years of experience and deep-rooted relationships, we combine proprietary market intelligence with strategic execution to deliver exceptional results for our clients.

Visit us at: huntscanlonventures.com

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AT A GLANCE

Hunt Scanlon is the premier market intelligence source for the human capital sector, providing news, analysis, global industry reports, and benchmarking on executive search, talent management, and human capital trends.

Media, Networking & Events: Hunt Scanlon Media hosts global leadership conferences for executive recruiters, PE operating partners, CFOs, hedge fund leaders, and chief talent officers. Our global news and market intelligence data comes in many forms, including daily newswires, talent leadership reports, newsletter briefings, rankings, and webinars. www.huntscanlon.com

M&A Advisory: Hunt Scanlon Ventures offers a full range of critical M&A solutions to guide founders and management teams to successful exits. Our advisory team has a singular focus on the human capital markets, assisting clients in M&A strategy development, sourcing, growth strategy, sales, mergers, and exit planning. www.huntscanlonventures.com

Talent Intelligence: HSiQ brings together proprietary data, strategic leadership insights, and market-wide benchmarking to deliver real-time talent intelligence to help organizations move upstream, anticipate talent risk, and shape leadership strategy before decisions are made. www.hsiqtalentintelligence.com

