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<<Mark Marcon, Analyst, Robert W. Baird>>

And our next presenting company is Korn Ferry, best known as the largest executive search firm in the world, but increasingly really a talent consulting organization.

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

Organizational consulting, yes.

<<Mark Marcon, Analyst, Robert W. Baird>>

Yeah.

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

Yes.

<<Mark Marcon, Analyst, Robert W. Baird>>

With us today, we're very pleased to have Bob Rozek, the CFO.

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

Thank you.

<<Mark Marcon, Analyst, Robert W. Baird>>

Bob, thanks so much for joining us.

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

Happy to.

<<Mark Marcon, Analyst, Robert W. Baird>>

It's always a pleasure to have you here. And I want to start with a number of different questions. So one is kind of a two parter. You operate all over the world. And you also have a number of different practices. So I'd like to divide up this question into two parts.

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

Okay.

<<Mark Marcon, Analyst, Robert W. Baird>>

One would basically be, if you take a look at all the different parts of the world that you operate in, and you're working at different levels of people. So you've got professional search. You've got RPO. You do talent consulting. What are the areas that you're most excited about just in terms of types of positions and areas of the globe?

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

Yeah. I would say, if I look at the organization, Mark, what I'm actually most excited about is not specific pieces of the business, but one of the things that Gary and I have been spending a lot of time talking about is the real value and power of Korn Ferry is when we interact or interface with our clients as Korn Ferry, not as search, not as consulting, not as digital.

And that's a big focus of ours right now. And for the longest time we managed the business by line of business and feel like we've created some natural silos. And so our big push now is to break those silos down and really try to go-to-market as Korn Ferry. So I think that's where – that's what I'm excited about. I think that's where the real value in the firm is going to come out.

And rather than going in and saying, hi, I'm Bob from exec search or I'm Bob from consulting and I want to sell you a transaction. I want to go in as Bob, Korn Ferry partner and I want to be your talent partner. And we're going to help you with every aspect of your talent issues, your business issues. And at the end of the day, like no business issue has ever been solved without talent and that's exactly where we come in.

<<Mark Marcon, Analyst, Robert W. Baird>>

That's a great lead in to one of my follow-ups, which is if we talk about your marquee and diamond program...

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

Sure.

<<Mark Marcon, Analyst, Robert W. Baird>>

...comprises 350 of your top clients, but it makes up about 40% of your consolidated revenue. With some of these clients generating \$200 million or \$20 million plus in fees, how sticky is this business? What's the percentage repeat? What is the growth within that, that client set? How should investors think about that?

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

Yeah. So we started that program, Mark, probably, I don't know, six years ago, seven years ago. And at that time, if you took those 350 accounts, it comprised about 30% of our revenue. As you said, today run rate basis, we're about 40%. So well north of \$1 billion out of our \$2.7 billion, \$2.8 billion of fee revenue.

We – as I think about Korn Ferry and our go-to-market, we are very opportunistic organization, but that program is very intentional. And so we have – historically, we've had global account leaders, very disciplined approach to account management that have tried to serve those clients. Again, as we think about what got us to where we are today and we look forward, we are going to make some changes to that program. So one of the things Gary has asked everybody on his – excuse me, on his leadership team to do is to take responsibility for at least one of those clients and drive.

So mine is Citibank. I know I have a strong relationship with Tim Ryan, who's at Citibank now. And so our leadership team is going to drive right now, it's probably 70, 75 accounts that they're going to personally take responsibility for and drive those. The other areas that we're focused on right now is as we look at those accounts, we have a program called Must Win. So anything over \$0.5 million gets elevated to the industry and the solution leaders to make sure we've got the right team addressing those opportunities.

And then Gary's got I mean, he's really all in this, so he drives every other week a series of go-to-market calls where we're looking at the Marquee and diamond accounts, where we have two solutions, how do we go to three? Three solutions, how do we go to four? And so it's a very focused, intentional effort to take that program and continue to grow it.

<<Mark Marcon, Analyst, Robert W. Baird>>

What do you typically end up leading with when you're going into those programs? Like is there something that every single one of them engages in? Or is it varies?

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

No, it is varies by economy. The one area if we get a large RPO and that one kind of automatically qualifies as a large account that we're going to really focus on and pay attention to. But I would say most of them are just accounts that we've nurtured and grown over time and try to become better partners with them and provide as many solutions to them as we can.

<<Mark Marcon, Analyst, Robert W. Baird>>

And so it doesn't necessarily start with executive search.

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

No.

<<Mark Marcon, Analyst, Robert W. Baird>>

And the relationship that you have there at the top of the house.

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

No. No, I think one of the things that we've done over time is executive search is a phenomenal asset for us. I mean, relationships they have there are incredible. But we've also done a very good job of institutionalizing the client relationships. So if a search partner were to leave, the business doesn't go with them, that they stay with Korn Ferry because of all the work that we do with them.

<<Mark Marcon, Analyst, Robert W. Baird>>

Can you talk a little bit about that in terms of institutionalization? Specifically, let's say you've got an executive search partner who's got a really strong relationship and views it as, hey, this is my account, which I'm sure you put the kibosh on, but...

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

Yeah. Those days are pretty much behind us at this point, I think.

<<Mark Marcon, Analyst, Robert W. Baird>>

Yeah.

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

Even if you talk to our search partners, I mean, they were there serving those accounts and they realized being part of our ecosystem gives them the opportunity to make a lot more money. So if you are at Korn Ferry or one of the other search firms, you're going to do your 12 or 13 searches and you make good money at Korn Ferry. If you sell other solution areas into those clients, you get paid to do that as well.

And the other thing that I – if I was a search partner, I thought about it. If I'm bringing other resources to bear helping clients solve their problems, I'm much more relevant, right, as a service provider. So the next time they have turnover, I'm going to be top of mind to them.

<<Mark Marcon, Analyst, Robert W. Baird>>

Great. I want to switch gears a little bit. This is margins and the economy. You've done a great job in terms of maintaining really high margins, despite what's generally viewed as being an uneven economy.

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

Yeah.

<<Mark Marcon, Analyst, Robert W. Baird>>

And even since you reported, there's been Liberation Day and all sorts of changes. Can you talk a little bit about what you've done that's enabled you to continue to maintain the 16% to 17% EBITDA margins? And how confident are you that you're going to be able to continue to do that if things potentially get worse.

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

Yeah. So our range is 16% to 18%. That's what we've spoken to.

<<Mark Marcon, Analyst, Robert W. Baird>>

Yeah.

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

We're at 17% right now. And we're very confident that we can stay within that range. Now if we were to go into a recession, depending on severity, on a temporary basis, it would drop down to if it's mild, maybe low-double digits, if it's severe, mid-single digits. But we'd bounce back to the 16%, 18%. There's a couple of things that we've done.

So coming out of the COVID recovery, I spent a good amount of time tracking each line of business for a series of quarters. Then I stepped back and I said, okay, at this level of fee revenue, this is the headcount that I think we should have. These are the margins we should have. And this is the profitability we should drive.

Spent time with Gary going through each of them and we sized each of the businesses accordingly and that's how we manage them today to those particular metrics. We also took out about 35% of our real estate. In fact, we just sublet our corporate headquarters, which was an interesting phone call, I had with Gary because he was involved in the design of it and called him up. I said, hey, I don't know if you're emotionally attached to this thing, but I want to sublet it. And he said, go ahead.

And so we did that. And we also have really moderated our spend on business development, internal meetings and stuff like that. And so all those things have led us to come up with those operating models that we have in place. And now it's just managing headcount and making sure that we're staying within the boundaries that we set for ourselves in each line of business and rebalancing where our capacity is versus the demand continually.

The other thing we're doing is we're pretty aggressively bringing in – trying to bring in fee earners, but we're also more aggressively weeding out low performers proactively. In the past, we would – you hire a bunch of people, some work, some didn't. The ones that didn't, you'd stick around. You have a recession, then you fire them. Now we're just – every quarter, we're just going through and making sure we're getting rid of our low performers to free up those investment dollars.

<<Mark Marcon, Analyst, Robert W. Baird>>

How do you judge people over a course of a quarter?

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

No, no.

<<Mark Marcon, Analyst, Robert W. Baird>>

I imagine it's a longer...

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

No, yeah, it's a longer period.

<<Mark Marcon, Analyst, Robert W. Baird>>

Okay.

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

It's 12 to 18 months. And if they're not hitting the productivity metrics that we've set out, then at some point, you realize it's not like wine [ph], it's not getting better with age.

<<Mark Marcon, Analyst, Robert W. Baird>>

That's great. Balance sheet continues to be really strong and free cash flow generation continues to be solid. Can you talk a little bit about capital allocation priorities? How are you thinking about that particularly in this environment that's still relatively uncertain?

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

Yeah. So we've always had a balanced approach to capital allocation somewhere between what we put back into the business and what we return to shareholders. I would say right now and so as long as I've been at the company, our priority has always been to put it back into the business first. We really believe deeply in the strategy. I think our performance demonstrates that it's the right strategy and it's working.

So we're always going to do that, which would be hiring individuals, teams, investing back into the digital capabilities that we have, investing into technology that enables delivery of our services and solutions as well as M&A activity. But we do generate a lot of cash and so there's a need to provide some back to shareholders.

I would say that over time, we were probably a little bit lighter on the dividends. Over the past couple of years, you've seen us move that up. We're at a point now where we're very comfortable with the dividend. It's about \$1.92 a share per year and yields about 2.5% and it will consume about \$100 million in what I would call investable cash. In the buybacks, about the same thing, spend about \$100 million on those. And that's kind of where a snapshot of where we're at today. Well, obviously, we'll continue to monitor and manage that.

The other thing I would say, Mark, is that we kind of look at the share buybacks as what I call the swing vote. So if there's not really good M&A opportunities, then we don't buy companies just for the sake of buying them. We got a pretty disciplined approach. And so if we don't have good M&A opportunities, then you'd see us do a little bit more on the buyback side.

<<Mark Marcon, Analyst, Robert W. Baird>>

I was going to have kind of going a little bit in free form order based on what you're talking about. But in terms of just the M&A opportunities, you have been making some acquisitions with regards to professional search and interim. You've made a number of different ones. They go from Patina to Lucas. How – what are the learnings that you've gotten from some of those acquisitions? Which types do you find are the most synergistic with Korn Ferry? And which ones may you end up deciding or probably going to deemphasize?

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

Yeah. No, I would say on the interim side, we've been fairly focused. Lucas was probably a little bit more, what I would call generalist. And so the learning from that was now we want to really focus on finance and accounting, IT, got a little bit of HR, and Patina was the one that is C suite.

<<Mark Marcon, Analyst, Robert W. Baird>>

Right.

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

Right. So what we're trying to do is mirror with couple of things. So the interim business that we have is focused in those verticals as well as when you look at it, it's at the same level as our professional search business. So we're not going down into admins or factory workers or anything like that. It's basically the same level that we do for professional search.

And we're really trying to take advantage of secular trends that are out there. I mean, I look at like my daughters, for example, and the way I came up and grew up and thought about work is very different than the way they do today, right? I look at baby boomers who are getting ready to retire and quite honestly the past four or five years have been tough, right? So a lot of people are saying, no, mass, I'm done. And so taking advantage of that with the temporary interim work is part of our strategy.

The other thing I would say is, from a synergistic perspective, the ability for executive search to refer that type of work is huge. It's huge, and especially if you think about on the exec search site. So if you client calls and says, I lost my CFO, well, I can get you a temporary one while I find your permanent one, right? So it's a very easy kind of cross-sell, if you will.

And the last thing, the last point in that our clients are actually asking us to do that for them, especially on the RPO side. They're coming to the same way, you're managing all my permanent hires, why wouldn't you manage my temporary hires?

<<Mark Marcon, Analyst, Robert W. Baird>>

That's great. So how do you balance you've got the 16% to 18% EBITDA margin target in general. How big could the professional search and interim categories are really huge. They dwarf executive search. How confident are you that you'd be able to maintain that 16% to 18% margin level if professional search and interim becomes bigger?

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

Well, we're doing a couple of things. So the interim does have a lower margin profile to it. But we're also investing heavily in pro search, which is as profitable as exec search. So when you look at the fee earner base in professional search, you'll see us adding fee earners there and that's

a huge market, right. Exec search for us, the addressable market's probably about \$5 billion or \$6 billion. I would say on a pro search side, it's probably 5 times that. And so you'll see us investing there. So we'll manage that business.

Today it's around 20%, 21%. We'll continue to manage that to continue to contribute at that level. The other thing you got to think about too is when you think about the 16% to 18%, we are going to be rolling out, we talked about this on the past couple of calls in November, this one single sign on repository, if you will, were for all of our digital assets. So you think about whether it's assessments, pay data, success profiles, all of our IP, data and content that we have will now be available, easily consumed by our consultants when they're delivering work sold as an integrated solution as well as consumed directly by clients. And so as that digital business grows, that's at 31%, 32% margins. And so as we think about the business and we look forward and you balance all that out, again, we're very, very comfortable at 16%, 18%.

<<Mark Marcon, Analyst, Robert W. Baird>>

You brought up two topics that I want to address. So one, you're just relatively short, but you mentioned baby boomers, something that I appreciate. When Gary talks about Peak 65, which is three years hence, how do you think that the wave of retiring boomers is going to end up impacting your business?

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

I think over the next three to five years, we'll probably see a slight uptick on the executive search side as a result primarily of that. But at sometimes it'll – at some point, it'll subside back down and search will be for us kind of a low single digit grower. To me it's more of a share game at this point in time.

<<Mark Marcon, Analyst, Robert W. Baird>>

Okay, great. And then you mentioned digital. You're creating new ways for your clients to consume your data. Can you give a few examples of the types of data that you're selling? Because that's – it's a really intriguing part of your business mix.

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

Yeah.

<<Mark Marcon, Analyst, Robert W. Baird>>

And it's a way for you to capitalize on all the IP that you have. And so I'm wondering if you can just talk about, like, some of the bigger deals that you've signed there.

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

Yeah, I'll give you a couple of examples. So – and things that we're doing with partnerships too. So just to give you an example of what I'm talking about, so let's say, in today's world, you're at a client and they've signed up to do assessments and development work, which we have at some very, very large technology companies. So they've asked us to come in and actually develop their next level of leaders.

So what you would do today is you go in and you take the assessment, right? And then you get the results and so you'd sign into that repository, you back out and then you say, okay, this is the development I have to do. So you go over to that repository, you sign in and you take your courses or whatever coaching and you back out. So it's pretty clunky. What Mathias is building is a single repository.

So tomorrow or November, when this thing goes live, you'll go in, take your assessments, you'll have the development content delivered to you, right, that you will take. And actually with the KF Institute, what they're working on is actually being able to take the characteristics of a company and what are the bigger growth drivers, align the development to that and then prioritize, take this course first, this course second, this course third. So whatever you're doing has the most impact on a company. So that would be one example. The other thing that we're doing, we've had a number of large KF cell deals.

So we bought a company back in 2019 called Miller Heiman, which is kind of the gold standard in selling, and we've taken all those assets, digitized them, and we've had, like I said, a couple of large engagements where people have actually licensed our selling IP and we're now doing consulting with them around that selling IP. So it's org, design, compensation, reward schemes, sales methodology, training, all that. That would be another example.

<<Mark Marcon, Analyst, Robert W. Baird>>

And you've had some really big deals on that sales methodology side.

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

We have. Yeah, we have.

<<Mark Marcon, Analyst, Robert W. Baird>>

Can you talk a little bit about that? I don't know how much you feel confidential versus what you can share?

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

Well, yeah, I'd have to go in and see if we can mention without naming client names, but there was a large financial services client headquarters in the UK, but they have big U.S. operations and they just did a big license with us. It was about \$10 million deal for three years to license our KF cell at IP.

<<Mark Marcon, Analyst, Robert W. Baird>>

And that's the same sort of thing that you ended up selling to a really large technology software company based out in the Silicon Valley.

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

Yes, we may have.

<<Mark Marcon, Analyst, Robert W. Baird>>

Okay. Great.

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

I mean, the bigger deals, quite honestly, the bigger deals have been on our coaching and development. The big companies out in Silicon Valley, as I mentioned earlier, they've come to us and said, we love your coaches, we love your development content. Can you develop the next level of leaders for us? And those are \$20 million, \$25 million contracts over three years.

<<Mark Marcon, Analyst, Robert W. Baird>>

I mean, digital has such high margins. It's obviously compelling. What would it take to really accelerate the growth rate there? Because it's been somewhat flattish.

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

Oh, yeah, it has been flat. Yeah, no, it has been flat. And it's something that we're not particularly happy with, but we're very focused on it. To me, the big, we call it step change, is going to happen when we are able to have this single sign-on database that makes the use and delivery and consumption of our data IP and content much, much more efficient and effective. The other thing we're going to be doing, it's probably another question, but I'll preempt it...

<<Mark Marcon, Analyst, Robert W. Baird>>

Go ahead.

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

...is on the AI front. And so we've now stood up a whole separate, got about 40 people as part of our AI, Gen AI, it's a corporate structure that's looking across Korn Ferry and one of the things that we've got them focused on is again once this database is all set up, we are working with a number of clients today to do what we call scaled analytics, so we can go in and benchmark their people relative to the other employees, we can benchmark their people relative to industry benchmarks and so on.

Today, all that happens and it's all manual. People have to crawl in and crawl out of these different databases. Once we have this single sign-on, we'll be able to deliver that scaled analytic, which provides unique and differentiated insights to clients much, much more effectively and efficiently using AI, Gen AI.

<<Mark Marcon, Analyst, Robert W. Baird>>

Great. And then one question, and I know you're in a sensitive position because you're in the quiet period right now. So don't want you to disclose anything that you don't feel comfortable with. But obviously there is a lot of uncertainty out there in terms of the environment. How's that impacting your investment decisions right now with the company?

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

Yeah, I don't – we haven't really changed anything. We continue, no matter what the operating environment is, we believe in what we're doing and we just keep our head down and continue to execute the plan. And we may toggle back a little bit here and there, but I would say right now, we're staying the course and we're out hiring fee earners, freeing up cap space by letting low performers go and just running our playbook.

<<Mark Marcon, Analyst, Robert W. Baird>>

And that 16% to 18% margin target that's kind of a relatively steady state. But if we really truly go into a recession, you've done a great job in terms of managing expenses. What's kind of a lower bound if we end up having a true recession?

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

Yeah, I would say, again, it depends on severity. But in a severe recession, we would probably manage the business and you obviously have a quarter where there's a real significant downward spike, but we'd manage the business to a mid single digit EBITDA margin and then obviously accelerate back up to the 16% to 18%. It was a milder recession, we'd probably be in the low double digits.

<<Mark Marcon, Analyst, Robert W. Baird>>

So low double digits from mild...

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

Mid single for more severe. And when we go into a downturn, we generally – this is historically will come down for a couple of quarters, hit the bottom plateau, and then start the recovery. So we would manage the kind of the plateau to those levels.

<<Mark Marcon, Analyst, Robert W. Baird>>

And then you mentioned AI with regards to digital, but can you talk a little bit about your AI initiatives more broadly and what it's doing to increase the efficiencies?

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

Yeah, so we've got – like I said, we've got 40 people that are trying to tackle AI for us right now. And we really look at it a couple of different ways, one is commercially, right. So I talked about how we would use that to do scaled analytics. We're also looking at it as a tool that will help us become more effective or efficient in our delivery of some of our consulting services. So for example, if we did a – they call them ELI executive leadership development program, you would have a two or three day session offsite, you do simulations and at the end of it somebody has to write up a report. Now it's going to be able to use AI to do that for us and takes 15 minutes to do what used to take five hours.

And as I look at that, I think about the company, I don't necessarily view that as an opportunity to continue to cut costs. I view it more as an opportunity to free up capacity, because we've got substantial amount of backlog that we can convert the fee revenue. So I would look at it more from the perspective that I'm going to take those that capacity, those hours and apply it against my backlog. We're using it in our back office activities. Like, every engagement letter or contract that we sign, somebody's got to review it for revenue recognition. We now have that set up where we run it through AI.

Somebody still looks at it, but AI summarizes it very succinctly for us, so saving a lot of time there. The other areas that we're spending time focused on AI or Gen AI is on the governance around it and then obviously security. Because when you think about the data IP and content, those are pretty precious assets and we've got to make sure they're secure.

<<Mark Marcon, Analyst, Robert W. Baird>>

How much room do you have in terms of AI improving kind of the back office efficiency?

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

Oh, I think quite a bit. AI is still, I mean, it's been around for a while. It came out, like, wheels on fire, and then all of a sudden it was not hallucinated, it wasn't effective, whatever. I think it's starting to get much, much better now. We're starting to see a positive inflection. So I would say, we're still at the very early stages of being able to deploy it.

<<Mark Marcon, Analyst, Robert W. Baird>>

When we think about your expense structure, how much of it is back office at this point?

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

Our corporate runs, I want to say, it's like \$30 million a quarter, so maybe \$120 million a year, something like in that neighborhood.

<<Mark Marcon, Analyst, Robert W. Baird>>

What sort of efficiencies do you think you might be able to get over five years?

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

Out of that, we have roughly 660 people in what I would call corporate roles. I don't know that there would be a ton of cost takeout that would come from using that. We run pretty lean right now. You're not going to see a lot of excess or fat in the corporate. There may be some, but it wouldn't be so...

<<Mark Marcon, Analyst, Robert W. Baird>>

But you could scale it. But yeah, you could...

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

Yeah, but I would say, it's not like you're going to – through AI, you're going to cut corporate by 25%. I just don't see that happening.

<<Mark Marcon, Analyst, Robert W. Baird>>

Okay. One question that keeps coming up is, for everybody. And again, it's a sensitive time of the year for you. But if I take a look at the equity market, seems like we're kind of ignoring tariffs at this point. Do you think some clients are basically shifting how they're thinking? And

it's like the shock has kind of worn off and people are just saying, okay, we're just going to have a turbulent environment and we're just going to operate or...

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

I think that's what the world is right now. There's still, I mean, it's not – we're not seeing like exuberant levels of confidence where I'm going to make all these investments and all that. I think people are just hitting the pause button, letting things operate, see how things play out. But my guess is over the next two or three quarters, we'll be a lot smarter about how companies are things are going to go about things and how they're going to operate.

<<Mark Marcon, Analyst, Robert W. Baird>>

And then can you talk a little bit about the culture and within Korn Ferry and what the long-term – because I don't think a lot of people fully appreciate like how people truly view and I'm talking within executive leadership as well as the board. I don't think a lot of investors fully appreciate what your kind of longer term aspirations are.

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

Yeah, so listen, I think we're – our goal to be real simple, like when you think of business strategy, who do you think of, McKinsey, Bain, BCG, right? So when you think of human capital or talent strategy, who do you think of Korn Ferry, that's our goal, stated real simple.

<<Mark Marcon, Analyst, Robert W. Baird>>

Great, unfortunately we're out of time. Please join me in thanking Bob for a terrific discussion.

<<Robert Rozek, Chief Financial Officer, Executive Vice President and Chief Corporate Officer>>

Thanks.