CLARITY

35th Annual Comprehensive Report

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Architecture and Engineering Industry Study

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Architecture and Engineering Industry Study

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Section 1:

State of the A&E Industry

Welcome

Welcome to the 35th annual *Deltek Clarity Architecture and Engineering Industry Study.* This financial metrics survey is the oldest and longest-running study of its kind and provides the industry's most comprehensive resource on financial performance and market outlook for A&E firm leaders. For this edition, 355 US and Canadian A&E firms of every shape and size provided over 250,000 data points about their 2013 financial condition and 2014 outlook and opinions, all of which we've analyzed in detail.

As you review this year's study, you'll find much to feel good about. The slow, steady improvement in financial performance that we saw in our last study continued in 2013, with most important metrics making gains. In fact, the survey data shows nearly every measure of A&E firm performance is now at or above its long-term average.

However, despite the progress of the last four years, there remain challenges and uncertainties in this long, sluggish recovery from the Great Recession. Unlike the early-2000s recession, when profitability quickly recovered and then peaked just three years later, our survey found that four years into the current recovery the A&E industry has yet to return to pre-recession financial strength.

On Wall Street, there is a saying that the market climbs a "wall of worry," and certainly A&E firms have endured a gauntlet of challenges following the worst recession since the Great Depression: the federal government sequester, a sluggish housing market, a lack of comprehensive transportation funding and even the "polar vortex" that slowed construction activity in early 2014.

355
US and Canadian A&E firms participated in the study

11.1%
2013 Operating profit on Net Revenue

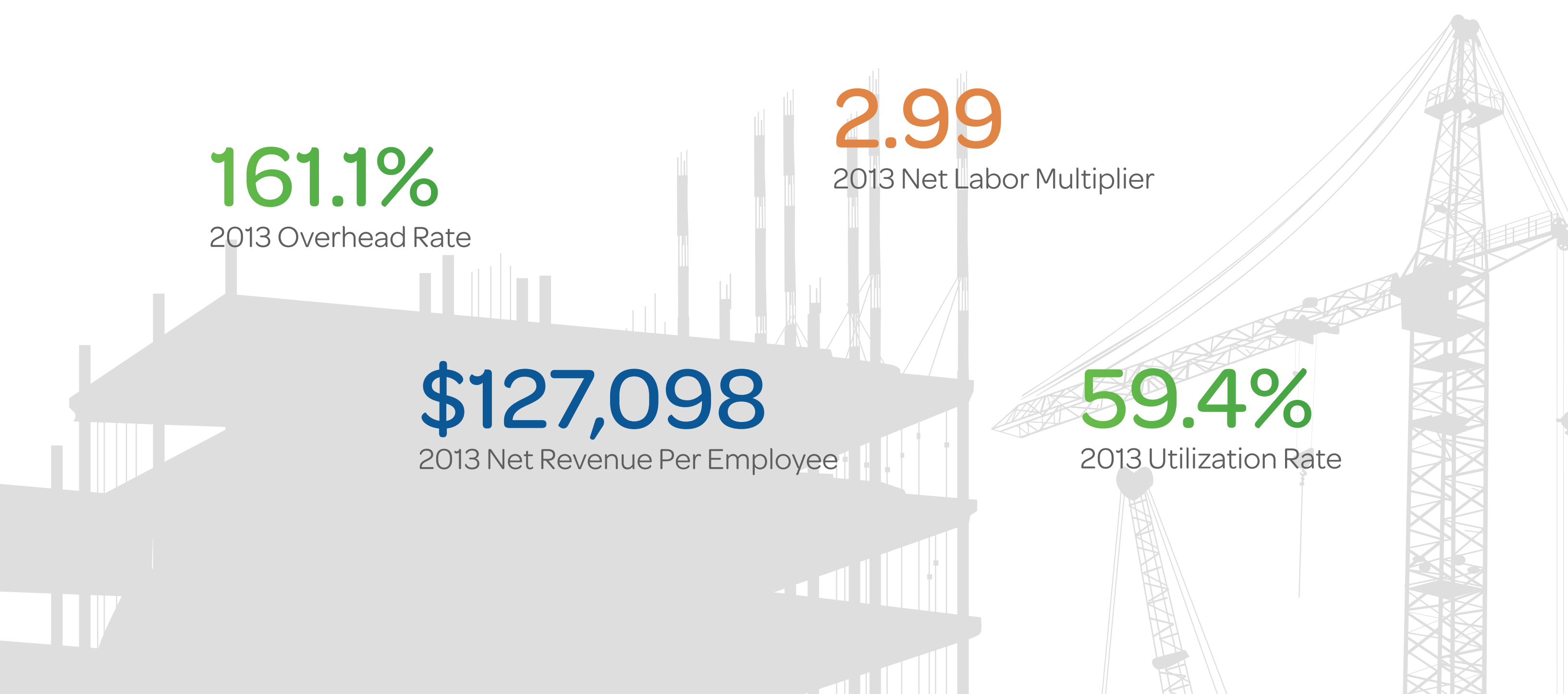
250,000+
Separate data points on A&E firm performance were analyzed

Economic reports from the American Institute of Architects and others confirm the current state of the industry and its uncertain outlook:

- US design revenues in 2013 for the ENR 500 Top Design Firms of $64.13 billion were below the 2008 level of $68.14 billion. (Source: *Engineering News-Record*)
- As of early 2014, only 3,000 of the 60,000 architectural firm jobs lost between 2008-2012 have been recovered. (Source: *AIA*)
- After a year and a half of improvement, the AIA's Architectural Billings Index was down again in four out of six months between October 2013 and March 2014. (Source: *AIA*)
- In the inaugural ACEC Engineering Business Index for Spring 2014, 66% of engineering firms said the economic climate today was better than six months ago, but only about half expected their profitability to improve over the next six months. (Source: *ACEC*)

Of course, we should remember that most A&E firm leaders are optimists by nature. As entrepreneurs and professionals, their mission is to design and build a better environment and meet the needs of a growing and changing world. There are dozens of financial indicators in this new study that the industry is improving slowly but steadily, and this report will help firm leaders assess the current conditions and plan for the journey ahead.

Looking on the bright side, we will see that our study participants have stronger growth projections for the coming year. Firm leaders can also take encouragement from the gap between today's performance and the higher potential levels found in historical Clarity data. Finally, we'll highlight the best in class of this year's participants, the High Performers, who show what kind of performance is possible for A&E firms.



2.99
2013 Net Labor Multiplier

161.1%
2013 Overhead Rate

$127,098
2013 Net Revenue Per Employee

59.4%
2013 Utilization Rate

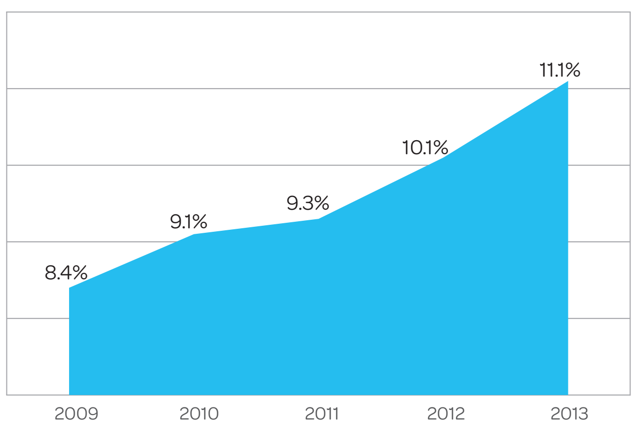
Key Performance Indicators

Judging by our analysis of detailed income statements and balance sheets from 355 U.S. and Canadian A&E firms, the industry's financial metrics look better almost across the board. Operating Profit, Net Labor Multipliers, Net Revenue Per Employee and Overhead rates all showed year-over-year improvement and continued the upward trend from the last two Clarity A&E studies. Meanwhile, balance sheets also grew stronger on average, with better Debt to Equity ratios and improved liquidity.

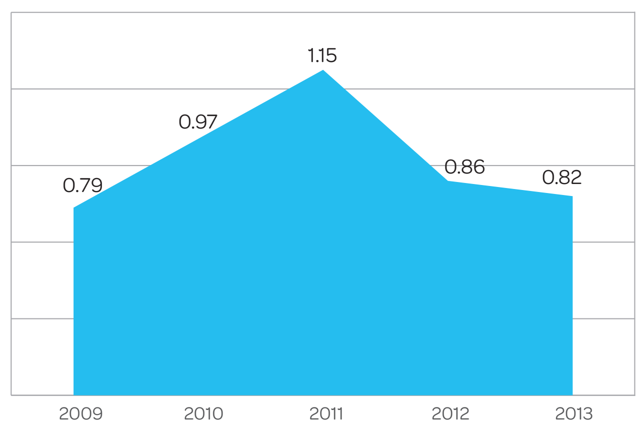
Highlights

- Operating Profit rates continued to rise for the fourth year in a row, reaching 11.1% last year.
- The Utilization Rate recovered in 2011 from its recession lows, but since then has been range-bound between 58% and 59%.
- The Net Labor Multiplier inched ahead in 2013, reaching 2.99.
- The Overhead Rate continued to fall in 2013 and is now at the lowest rate since the recession began, 161.1%.
- Net Revenue Per Employee improved strongly for the second year in a row to $127,098.
- Staff Growth rates increased from 3.3% to 3.8% between 2012 and 2013.
- The Current Ratio increased strongly again in 2013, while Debt to Equity has declined for two years to 0.82 in 2013.
- Backlog has increased for the last two years, and now stands at 6.8 months.

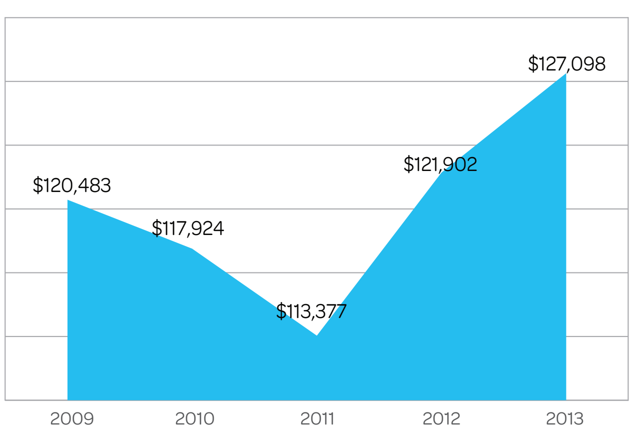
Operating Profit Rate



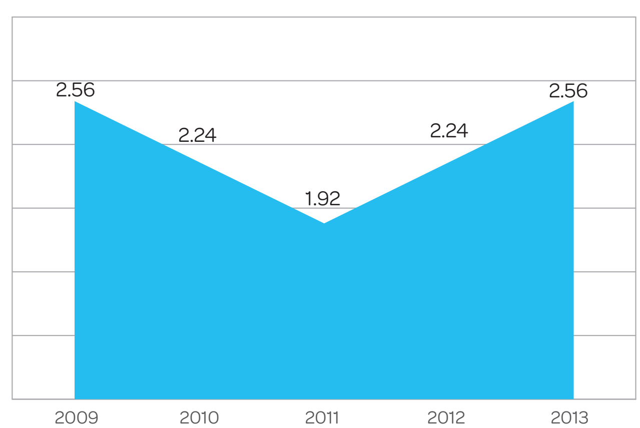
Debt to Equity



Net Revenue Per Employee



Current Ratio



2012	Key Performance Indicators	2013	Change
10.1%	Operating Profit on Net Revenue	11.1%	▲
59.9%	Utilization Rate	59.4%	▼
2.91	Net Labor Multiplier	2.99	▲
1.75	Total Payroll Multiplier	1.74	▼
161.6%	Overhead Rate	161.1%	▼
$121,902	Net Revenue Per Employee	$127,098	▲
3.3%	Staff Growth (Decline)	3.8%	▲
11.8%	Employee Turnover	11.8%	—
2.24	Current Ratio	2.56	▲
0.86	Debt to Equity Ratio	0.82	▼
76	Average Collection Period (days)	76	—
6.0	Backlog (months)	6.8	▲
21.8%	Return on Equity	18.1%	▼
$61,028	Assets Per Employee	$63,023	▲
$26,751	Liabilities Per Employee	$28,966	▲
$27,805	Equity Per Employee	$32,584	▲

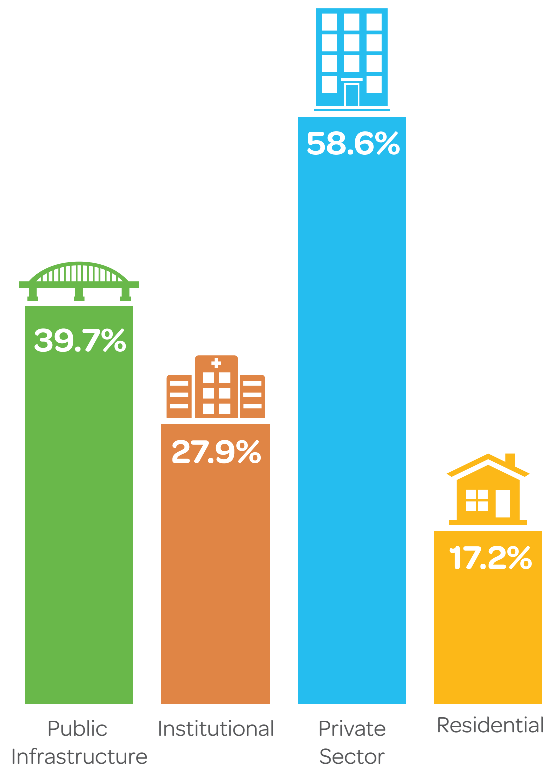
A&E Industry Outlook

From looking back at 2013, we turn to looking ahead to 2014 and beyond. We asked study participants about their revenue forecasts, market outlook and opinions on several issues.

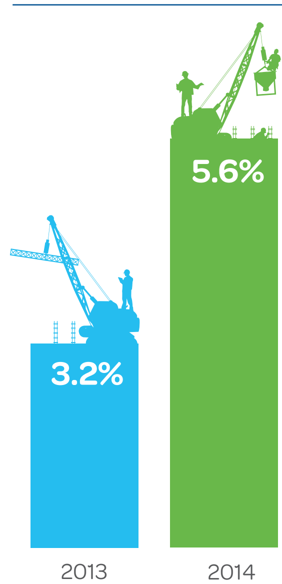
Highlights

- Firms are expecting growth. Median revenue growth projections for 2014 are 2.4 percentage points higher than in last year's study, rising from 3.2% to 5.6%.
- The private sector has the strongest A&E market outlook for the next 18 months. Over half of participants (58.6%) expect their work in this market to grow, which represents a 10 percentage point increase over last year's study. The residential market has the weakest growth outlook.
- Only 20.3% of firms in this year's study count green building as a major source of work.
- The percentage of firms who say international work would be very important or critical rose slightly in this year's study, for the first time since 2009, but still only accounts for 10% of study participants.
- Nearly 85% of participants expect to make technology investments in the near future, compared to 79.8% in the prior study.

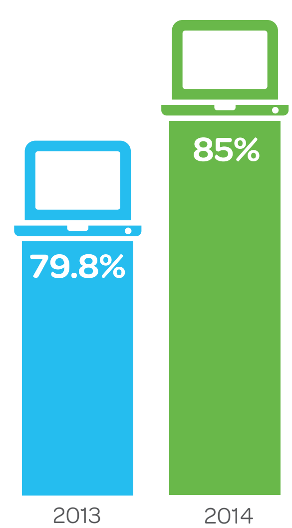
Market Outlook: Growth by Sector



Growth Outlook: Revenue Forecast



Planning to Make Technology Investments



High Performing A&E Firms—Key Differentiators

In this improving business climate, it might seem that A&E firms can look forward to a rising tide that will lift all boats. However, there is another important takeaway from 35 years of Clarity A&E financial data spanning four recession and recovery cycles. To sustain high performance you need to do more than wait for the tide.

As in past Clarity A&E studies, we broke out a group of High Performers for additional analysis. We started with firms that have a Net Labor Multiplier of 3.0 or higher and an Operating Profit rate of 15% or higher (pre-tax, pre-bonus on net revenues). About 25% of the study participants made the cut.

We found that top tier firms outperform average firms by a substantial margin:

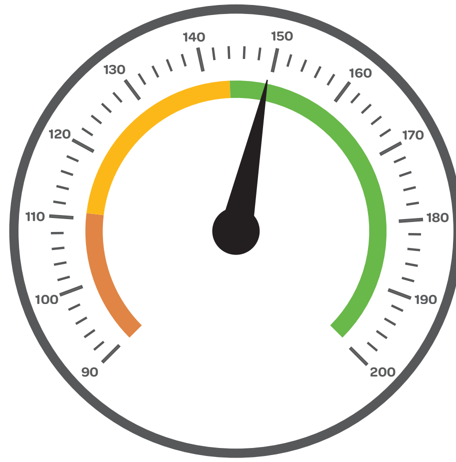
- The median profitability for High Performing firms is 22.1%, vs. 7.8% for all other firms. The most profitable firms in the study achieve operating margins greater than 40%.
- The median Net Labor Multiplier for High Performers is 3.33, vs. 2.88 for all other firms.
- The Total Payroll Multiplier for High Performers is 2.02, vs. 1.68 for all other firms.
- Net Revenues Per Employee for High Performers is $149,765, vs. $121,133 for all other firms.
- High Performers can afford much higher bonuses per employee—$12,699 vs. $3,224 for all other firms.
- High Performing firms have higher than average Utilization, but not necessarily the highest—61.5% vs. 58.8% for all other firms.
- High Performing firms also have lower than average median Overhead—154.1% vs. 163.4% for all other firms—although it is not the lowest in the study.

We recognize that some High Performers are probably just "one hit wonders," having a good year before reverting back to the mean. However, in Deltek's experience working with thousands of A&E firms, we've also found a top tier of companies that meet these high standards year in and year out. A common thread is that these High Performers closely monitor their operating metrics, and their better visibility into the business gives them the insight to manage risk through good times and bad. The result: they do a better job managing projects for clients, can charge higher fees and are able to reward and retain their best people.

Key to gauges:

The needle is the median value for High Performers. The bottom range, in orange, indicates the bottom quartile of all participants: 25% of all participants were in this range. The middle range (Yellow) shows the lower middle and upper middle quartiles: 50% of all participants were in this range. The top range (Green) is the top quartile of all participants: 25% of participants were in this range.

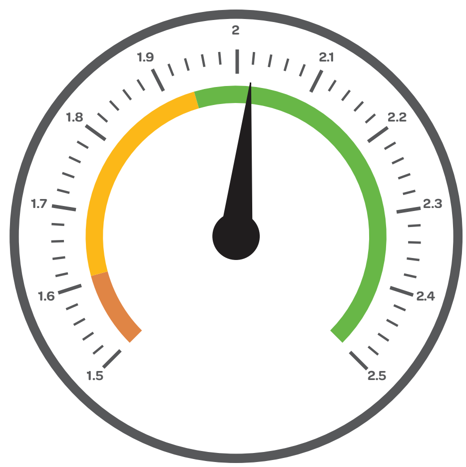
High Performers: Net Revenue Per Employee (Thousands)



$149,765

All other firms:
$121,133

High Performers: Total Payroll Multiplier



2.02

All other firms:
1.68

High Performers: Bonuses Per Employee (Thousands)

$12,699

All other firms:
$3,224

About the Study

A total of 355 U.S. and Canadian Architecture and Engineering firms submitted a valid response to our online survey between February and April 2014. Their responses were aggregated with prior year Clarity study data to analyze trends.

Firm type

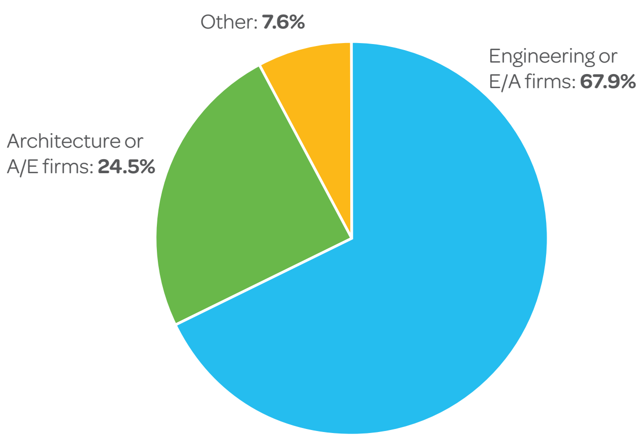
We use the term **Architecture & Engineering (A&E)** to refer to *all* Architecture, Engineering and allied design firms included in the study.

We also break out two broad segments for comparison:

Engineering (E) or **Engineering/Architecture (E/A)** firms are either pure consulting engineering firms or engineering dominant firms that also provide architectural services. E/A firms are also known in the industry as "big E, little A" firms.

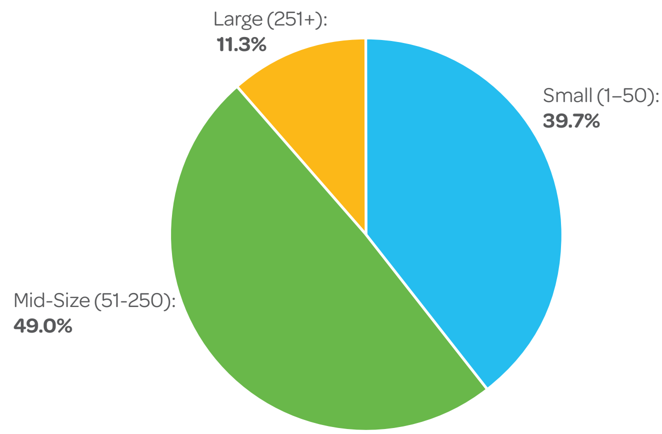
Architecture (A) and **Architecture/Engineering (A/E)** firms are either pure architectural design firms or architecture dominant firms that also provide engineering services. A/E firms (not to be confused with A&E, which refers to *all* design firms) are also known in the industry as "big A, little E" firms.

Of the survey participants, 67.9% were Engineering or E/A firms, 24.5% were Architecture or A/E firms, and 7.6% were other types of design or consulting firms, including landscape architecture, interior design and environmental consulting.



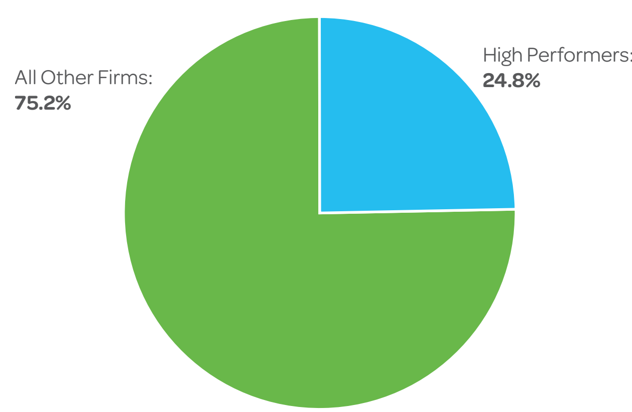
Firm size

39.7% of participants were from small firms (1–50 employees), 49.0% were from mid-sized firms (51–250 employees) and 11.3% were from large firms (251+ employees).



High performers

We defined High Performers as firms with a Net Labor Multiplier of 3.0 or higher and an Operating Profit rate of 15% or higher (pre-tax, pre-bonus on net revenue). High Performers constituted 24.8% of all participants. Throughout this report, we contrast High Performers with "All Other Firms," which consists of all participants *except* High Performers, and which should not be confused with "All Participants."



In Collaboration With

American Council of Engineering Companies

The American Council of Engineering Companies (ACEC) is the voice of America's engineering industry. ACEC is a large federation of 51 state and regional councils representing the great breadth of America's engineering industry. Council members—numbering more than 5,000 firms representing more than 500,000 employees throughout the country—are responsible for more than $200 billion of private and public works annually that propel the nation's economy and enhance and safeguard America's quality of life.
www.acec.org

Association of Consulting Engineering Companies | Canada

The Association of Consulting Engineering Companies (ACEC) represents companies in Canada that provide professional engineering services to both public and private-sector clients. ACEC today is a member-governed association of nearly 500 independent consulting engineering companies, and 12 provincial and territorial Member Organizations. Consulting engineering in Canada is a $28.4 billion a year industry. Canada is globally recognized for its engineering services and is the fifth largest exporter of engineering services in the world. ACEC members directly employ more than 75,000 Canadians and have a direct influence on virtually every aspect of the economic, social and environmental quality of life in Canada.
www.acec.ca

Society for Marketing Professional Services

The Society for Marketing Professional Services (SMPS) is the only marketing organization dedicated to creating business opportunities in the A/E/C industry. SMPS represents a dynamic network of 6,000+ marketing and business development professionals working to secure profitable business relationships for their design and building companies. The Society and its chapters benefit from the support of 3,500 firms, encompassing 80% of the *Engineering News–Record* Top 500 Design Firms and Top 400 Contractors.
www.smps.org

Study Notes

When we refer to "average" in this report, we use the median value, which is the middle of the data set—half the firms are higher and half are lower. Top Quarter and Bottom Quarter refer to the top and bottom quartiles—25% of firms were equal to or higher than the top value, 25% were equal to or lower than the bottom value and 50% fall between the two.

The Income Statement represents the financial performance of a firm over a period of time, whereas the Balance Sheet represents a firm's financial condition at a single point in time. Therefore, per employee ratios for Income Statement items are calculated using the average number of employees during the year, while per employee ratios for Balance Sheet items are calculated using the number of employees at the end of the year.

Section 2:

Key Performance Indicators

Introduction

This section explores the metrics derived from an A&E firm's income statement—the key operating statistics in running a business.

For each metric, we show the 2013 average for all participants, range of responses, a 2012 to 2013 comparison, and graphs to contrast responses by firm type, by firm size and for High Performers versus all other firms. Where possible, we also provide a 10-year graph of the metric, including a two-year moving average trend line, to put the current result in context.

At the end of the report are comprehensive tables including all the metrics from this section, as well as many others there wasn't room to cover in detail.

In our discussion, we will point out selected highlights, but we also encourage readers to use the data for their own analysis.

Key Data Points

- Operating Profit rates continued to rise for the fourth year in a row, reaching 11.1% last year, although that was still short of the 13.9% from 2006.
- The Utilization Rate has recovered from its recession lows, but since 2011 has been range-bound between 58% and 59%.
- The Net Labor Multiplier inched ahead in 2013, reaching 2.99.
- After sinking as low as 1.58 during the recession, the Total Payroll Multiplier reverted to its long-term average in 2011 and has remained there for three years now, with a 2013 average of 1.74.
- The Overhead Rate continued to fall in 2013 and, at 161.1%, is now at the lowest rate since the recession began.
- Net Revenue Per Employee improved strongly for the second year in a row to $127,098.
- The average rate of Staff Growth increased from 3.3% to 3.8% between 2012 and 2013.
- The Employee Turnover rate was unchanged between 2012 and 2013 at 11.8%.

Operating Profit on Net Revenue

2013 AVERAGE

11.1%

	2013	2012
Top Quarter	17.8%	17.2%
Average	11.1%	10.1%
Bottom Quarter	5.2%	5.2%

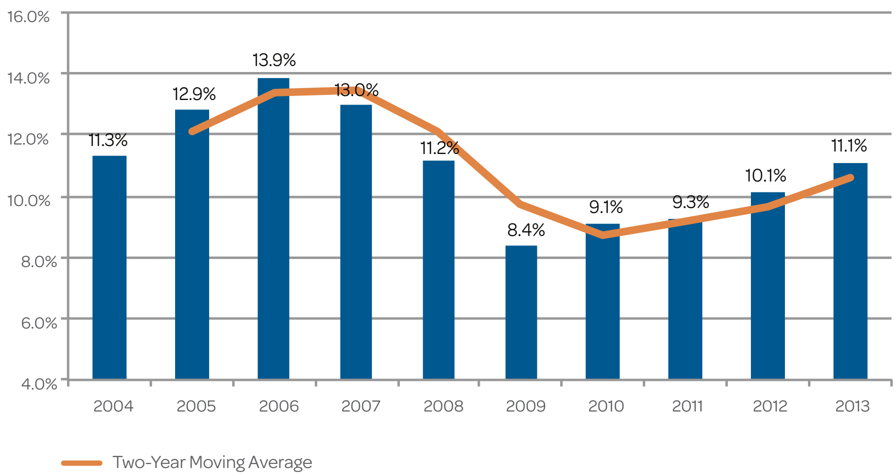
Analysis

Operating Profit (pre-tax, pre-bonus) on Net Revenue is the generally preferred measure for an A&E firm's profit rate, because it omits pass-through revenue from the top line and taxes and discretionary distributions from the bottom line.

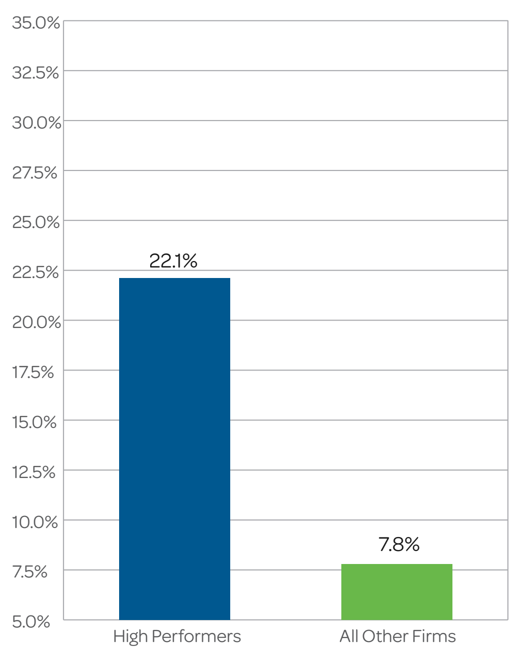
Operating Profit rates continued to rise for the fourth year in a row, reaching 11.1% last year, although that was still short of the 13.9% from 2006. There were no differences by size of firm, but Architecture and A/E firms were again more profitable than Engineering and E/A firms. The median profitability for High Performing firms dropped to 22.1%, and the gap between High Performers and all other firms narrowed slightly. The most profitable firms in the study achieved operating margins greater than 40%.

Operating Profit on Net Revenue is calculated by dividing pre-tax, pre-distribution profit by Net Revenue (total revenue minus consultants and other direct expenses, both billable and non-billable), and multiplying by 100.

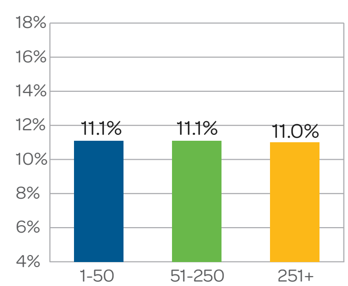
Ten-Year Trend



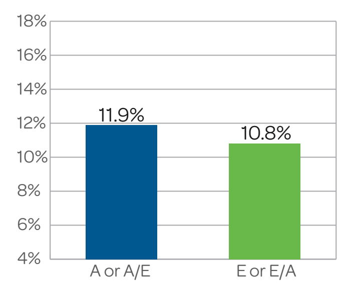
2013 High Performers vs. Other Firms



2013 by Firm Size



2013 by Firm Type



Utilization Rate

2013 AVERAGE

59.4%

	2013	2012
Top Quarter	65.0%	65.2%
Average	59.4%	59.9%
Bottom Quarter	54.9%	55.0%

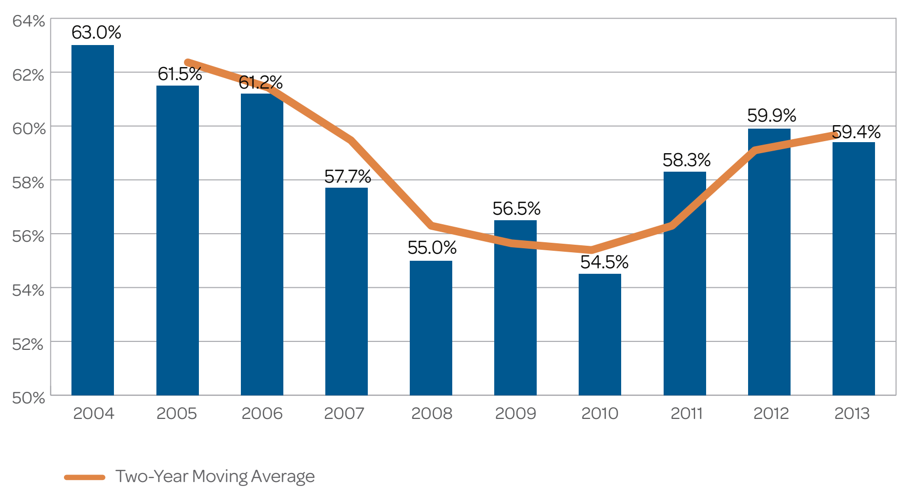
Analysis

The Utilization Rate (also known as Chargeability) measures the percentage of total staff labor charged to billable projects. Although some A&E firms track utilization on hours or remove vacation, holiday, sick and other paid time off, measuring by dollars and including paid time off shows the clearest picture of labor cost utilization and has become the industry standard.

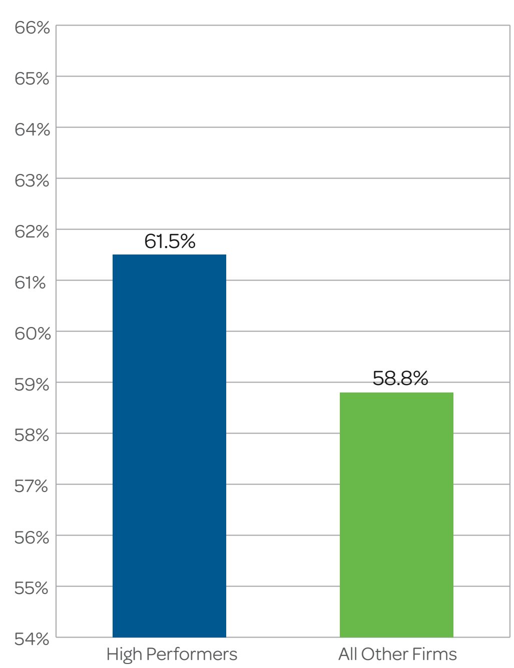
Utilization recovered in 2011 from its recession lows, but since then has been range-bound between 58% and 59%. The survey did not find dramatic differences in utilization by firm size or type, although larger firms were slightly lower. High Performing firms had higher than average Utilization, but not necessarily the highest.

The Utilization Rate is calculated by dividing the cost of Direct Labor (labor charged to projects) by the total labor cost of the firm, and multiplying by 100.

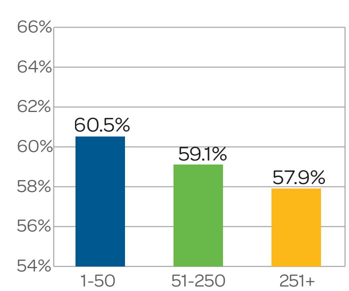
Ten-Year Trend



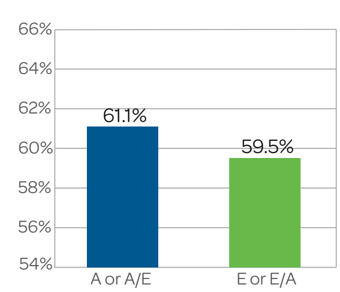
2013 High Performers vs. Other Firms



2013 by Firm Size



2013 by Firm Type



Net Labor Multiplier

2013 AVERAGE

2.99

	2013	2012
Top Quarter	3.27	3.23
Average	2.99	2.91
Bottom Quarter	2.73	2.73

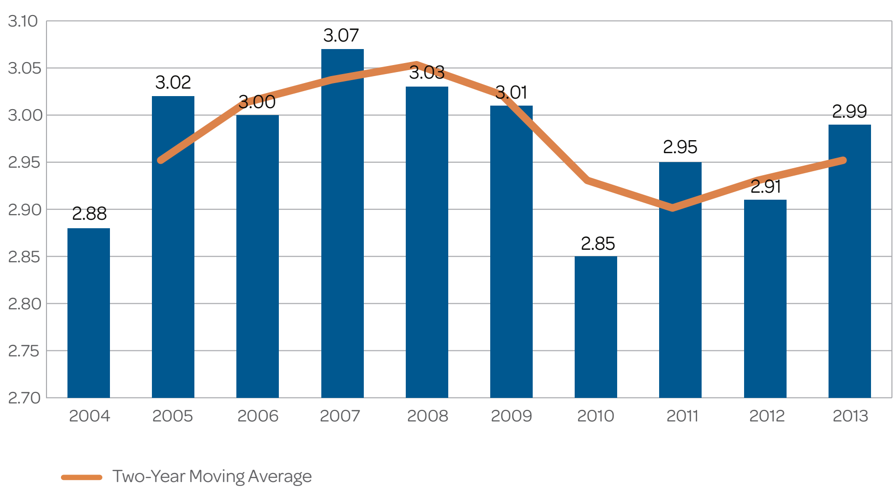
Analysis

The Net Labor Multiplier is a measure of the actual mark-up on labor costs. It should not be confused with the "Target Multiplier," which is a firm's goal (but not actual) for labor mark-up. Within a typical A&E firm, Net Labor Multiplier and Utilization Rate usually work in opposition; when one goes up the other goes down.

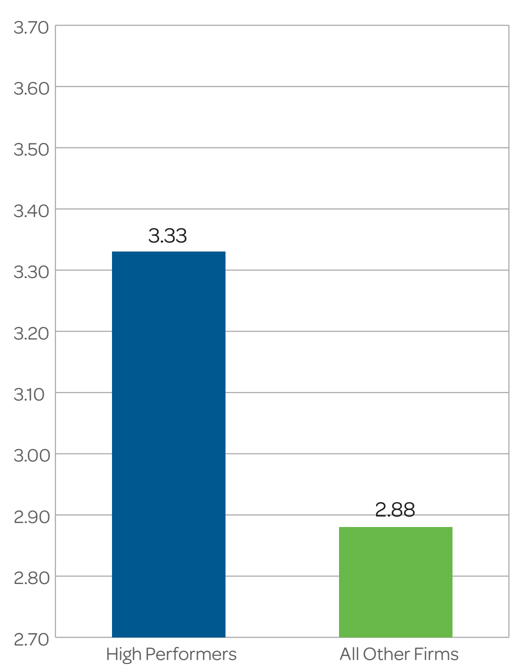
The Net Labor Multiplier inched ahead in 2013, reaching 2.99. We did not find significant variation in Net Labor Multiplier by firm size or type. It was much higher than average in High Performing firms. At this stage of a slow economic recovery, we would expect to see a combination of relatively low labor costs and competitive pressure on fees, which for now prevents this metric from rising further.

The Net Labor Multiplier is calculated by dividing Net Revenue by Direct Labor, the cost of labor charged to projects.

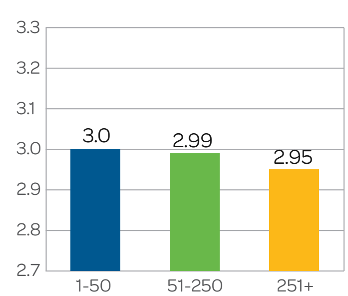
Ten-Year Trend



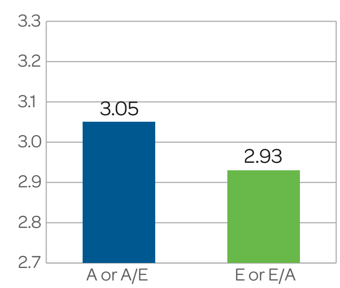
2013 High Performers vs. Other Firms



2013 by Firm Size



2013 by Firm Type



Total Payroll Multiplier

2013 AVERAGE

1.74

	2013	2012
Top Quarter	1.94	1.92
Average	1.74	1.75
Bottom Quarter	1.61	1.62

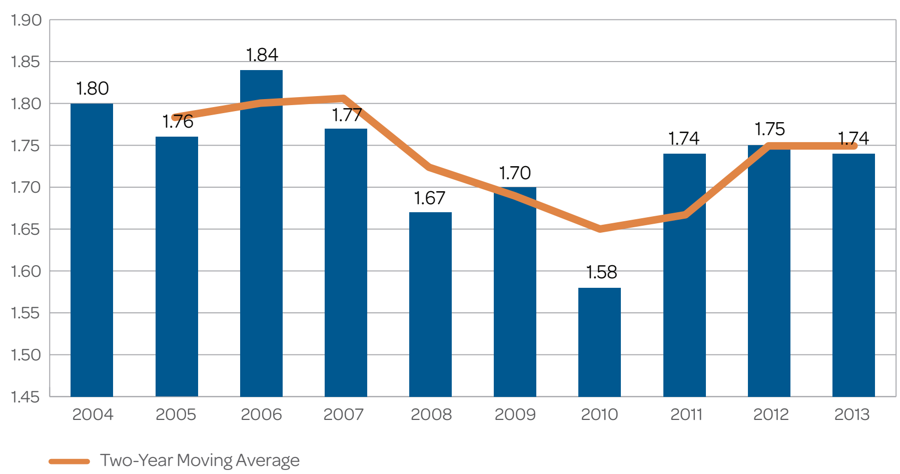
Analysis

Total Payroll Multiplier is perhaps the most consistent single indicator of an A&E firm's operating performance. By combining Utilization and the Net Labor Multiplier, it cancels out the push and pull between those ratios and shows how efficiently a firm converts labor to revenue.

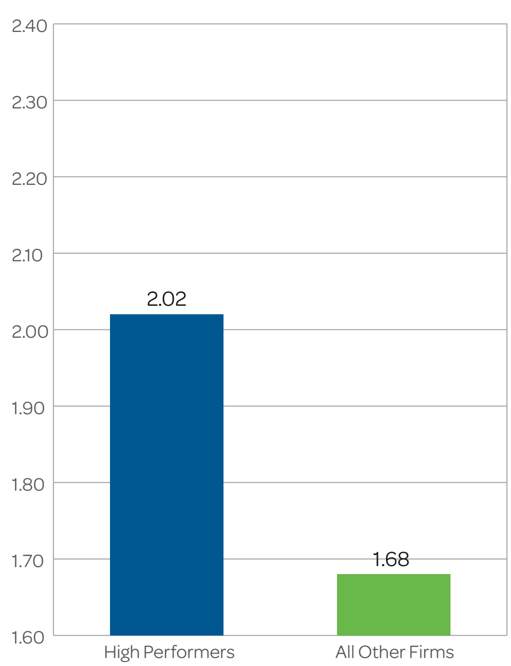
After sinking as low as 1.58 during the recession, the Total Payroll Multiplier reverted to its long-term average in 2011 and has remained there for three years now. Those with higher than average Total Payroll Multipliers included High Performers, small firms and Architecture and A/E firms.

The Total Payroll Multiplier can be calculated by multiplying Utilization by Net Labor Multiplier, or by dividing Net Revenue by Total Labor.

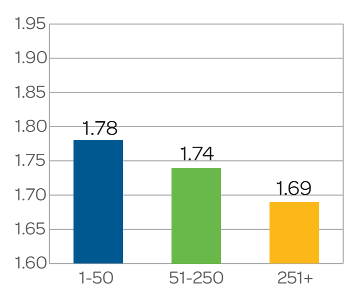
Ten-Year Trend



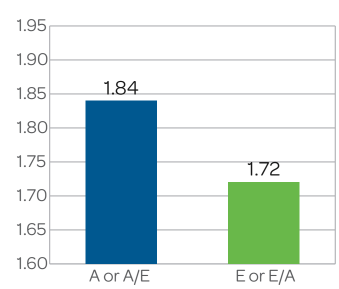
2013 High Performers vs. Other Firms



2013 by Firm Size



2013 by Firm Type



Overhead Rate

2013 AVERAGE

161.1%

	2013	2012
Top Quarter	183.5%	185.4%
Average	161.1%	161.6%
Bottom Quarter	135.2%	137.2%

Analysis

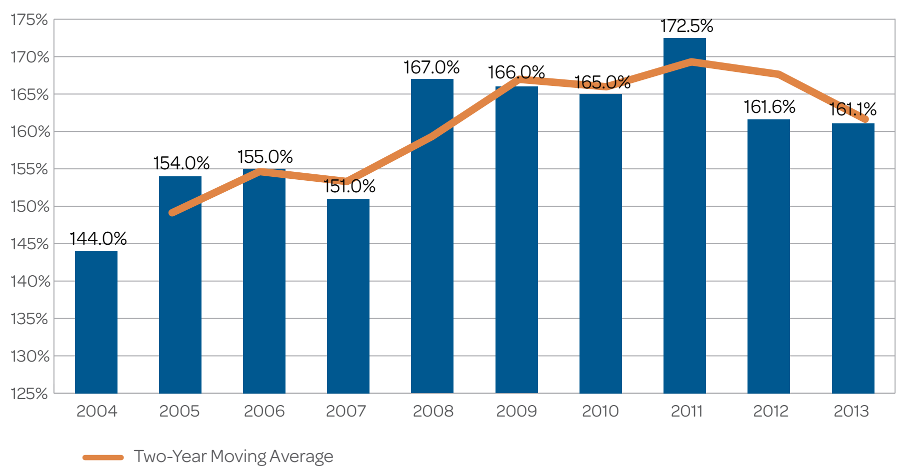
The Overhead Rate (excluding bonuses) shows the relationship of a firm's non-chargeable costs—including non-billable professional time, facility costs and corporate expenses—to Direct Labor.

The Overhead Rate continued to fall in 2013 and is now at the lowest rate since the recession began. The key drivers here are rising Utilization, which decreases Indirect Labor (an Overhead component), and a continued focus on cost control. Larger firms tend to have higher Overhead than small firms. High Performing firms have lower than average Overhead, although it isn't necessarily the lowest.

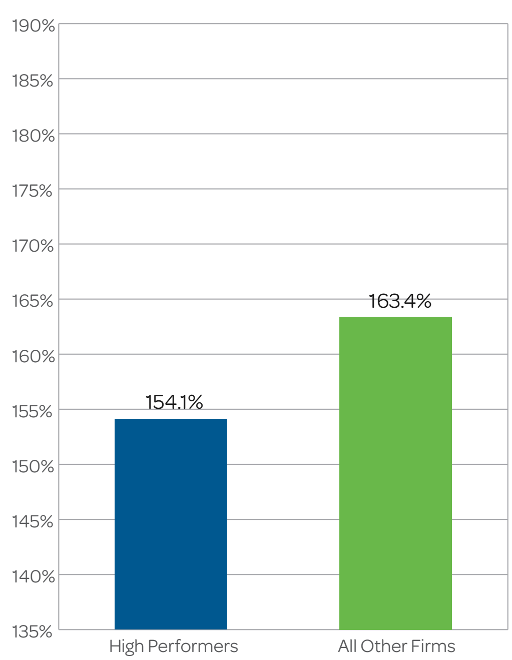
Based on historical trends, there is room for the Overhead Rate to decline even further, primarily through improved utilization as the economy improves. However, under-investment during the recession may now necessitate catch-up spending on facilities, employee benefits and so on.

The Overhead Rate is calculated by dividing Total Overhead (before bonus distributions) by Total Direct Labor Expense, times 100.

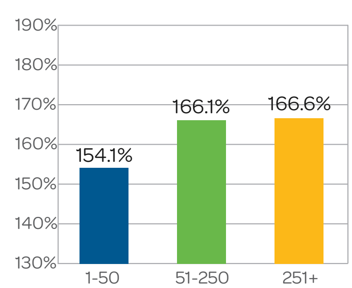
Ten-Year Trend



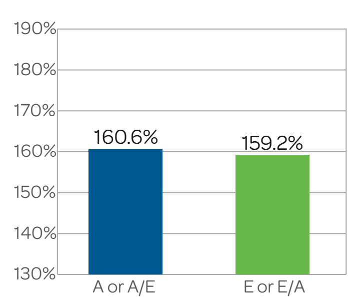
2013 High Performers vs. Other Firms



2013 by Firm Size



2013 by Firm Type



Net Revenue Per Employee

2013 AVERAGE

$127,098

	2013	2012
Top Quarter	$144,027	$138,626
Average	$127,098	$121,902
Bottom Quarter	$111,130	$104,815

Analysis

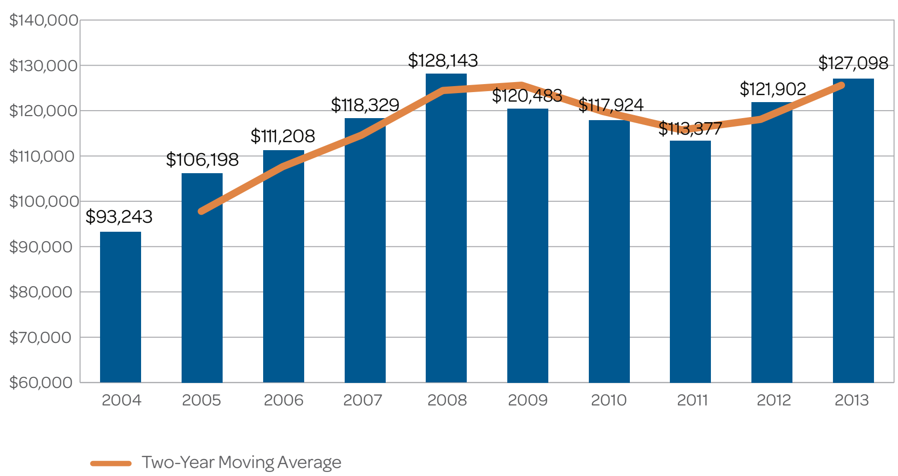
Net Revenue Per Employee can be an excellent indicator of a firm's operating performance. High Performing firms almost always have higher revenue per employee, the result of negotiating higher fees, controlling labor expenses and pushing higher Utilization. This number should generally rise over time with inflation.

Net Revenue Per Employee improved strongly for the second year in a row to $127,098. However, adjusted for inflation (U.S. CPI), it would need to be $140,636 to match the previous high from 2008.

Large and mid-sized firms have higher Net Revenue Per Employee than small firms, although this may be offset by higher Overhead. Not surprisingly, High Performing firms have very strong Net Revenue Per Employee.

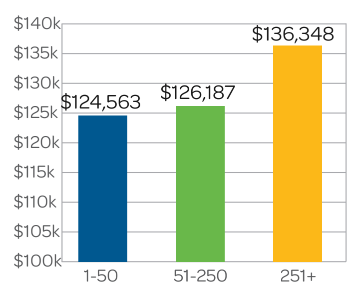
Net Revenue Per Employee is calculated by dividing annual Net Revenue by the average total number of employees during the year, including principals.

Ten-Year Trend

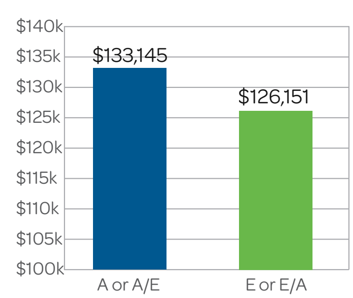


2013 High Performers vs. Other Firms

2013 by Firm Size



2013 by Firm Type



Staff Growth or Decline

2013 AVERAGE
3.8%

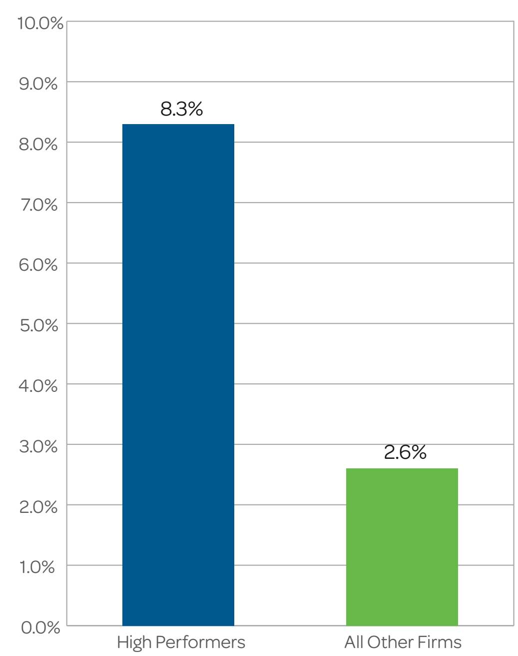
	2013	2012
Top Quarter	12.2%	10.0%
Average	3.8%	3.3%
Bottom Quarter	(2.3%)	(2.3%)

Analysis

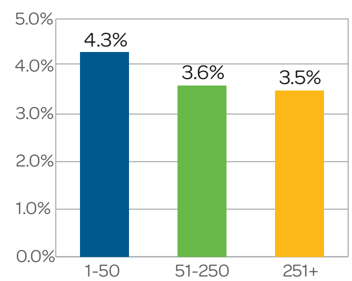
The average rate of Staff Growth increased from 3.3% to 3.8% between 2012 and 2013. High Performers and small firms expanded their staff at the fastest rate. Overall, in 2013, approximately 60% of firms increased headcount, 12% had no change and 28% declined, which was a small improvement over the prior year.

Staff Growth is calculated by subtracting the end of year headcount from the start of year headcount, dividing the result by the start of year headcount, and multiplying by 100.

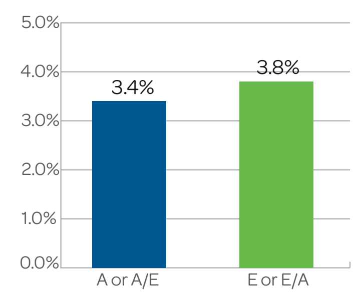
2013 High Performers vs. Other Firms



2013 by Firm Size



2013 by Firm Type



Employee Turnover

2013 AVERAGE
11.8%

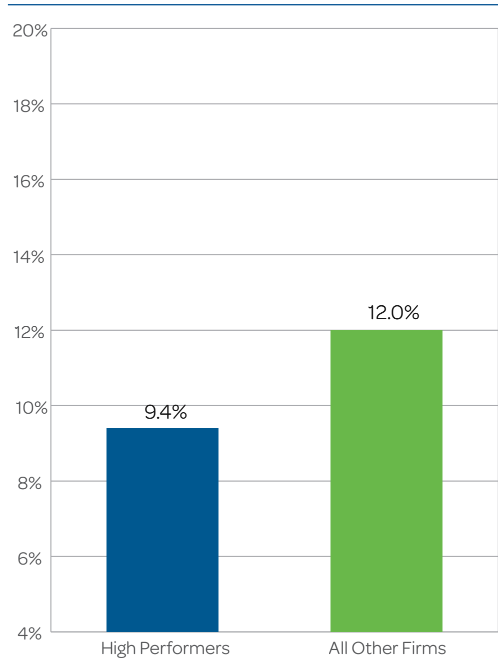
	2013	2012
Top Quarter	19.6%	19.2%
Average	11.8%	11.8%
Bottom Quarter	4.8%	5.8%

Analysis

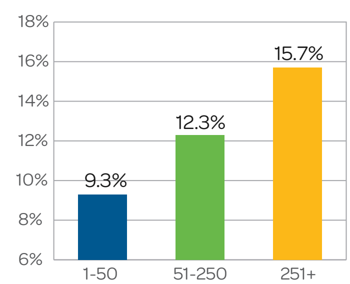
Employee Turnover is the rate at which an A&E firm loses employees, whether voluntary or involuntary. Employee Turnover is costly in terms of lost productivity, management time, training dollars and recruiting fees, although some Turnover is inevitable and even desirable. The average Turnover was unchanged between 2012 and 2013. High Performing firms did a better job in 2012 at retaining employees. Larger firms had higher Turnover than their smaller counterparts.

Employee Turnover is calculated by dividing the number of employees leaving during the year by the average number of employees during the year.

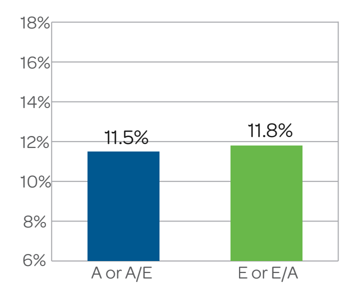
2013 High Performers vs. Other Firms



2013 by Firm Size



2013 by Firm Type



Section 3:

The Balance Sheet

Introduction

In this section, we continue with a review of 2013 A&E financial metrics, focusing now on financial ratios from the Balance Sheet.

At the end of the report are comprehensive tables, including all the metrics from this section and more.

In the analysis, we will point out selected highlights, but we also encourage readers to use the data to answer their own questions.

Key Data Points

- The average firm's Current Ratio increased strongly again in 2013 to reach 2.56. Four straight years of increased profitability have enabled A&E firms to increase cash and receivables and pay down liabilities.
- Debt to Equity for the average firm peaked at 1.15 in 2011 and since then has declined for two years to 0.82 in 2013.
- The average A&E firm's Backlog has increased for the last two years and now stands at 6.8 months.
- The Average Collection Period was unchanged at 76 days from 2012 to 2013 and remained a relatively weak spot for A&E firms, ten days slower than it was in the mid-2000s.
- Working Capital Per Employee increased strongly again in 2013 to $29,037.
- Return on Equity declined in 2013 and has fluctuated in a range between 18% and 22% since its recovery in 2010.
- Equity Per Employee rose by 17% in 2013, as improved profitability shored up A&E firm balance sheets.

Current Ratio

2013 AVERAGE
2.56

	2013	2012
Top Quarter	4.10	3.72
Average	2.56	2.24
Bottom Quarter	1.70	1.69

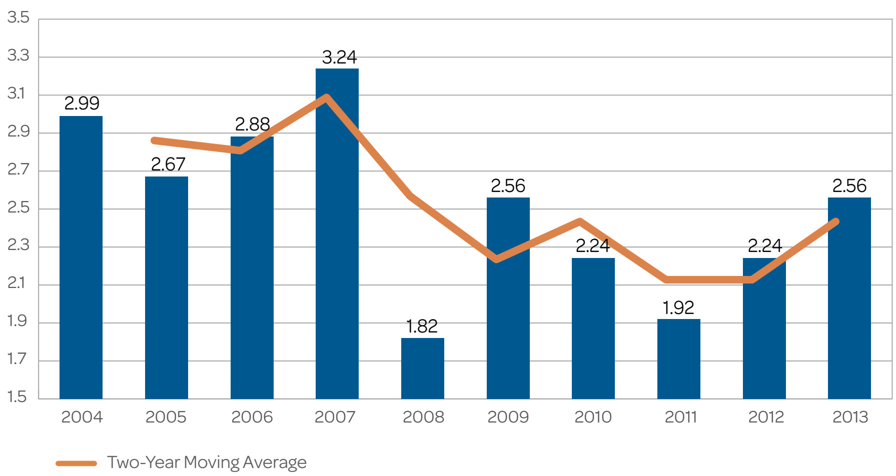
Analysis

The Current Ratio (also known as working capital ratio) measures liquidity and is used to gauge a company's ability to meet its short-term obligations. Higher is better. Bankers traditionally prefer this number to be above 1.5 and, in today's climate, perhaps even higher. Aged Accounts Receivable or inflated Work in Process that may need to be written off can distort the Current Ratio.

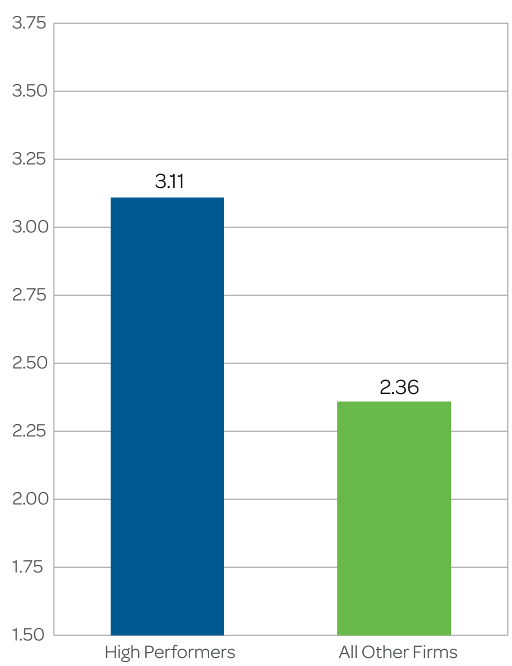
The average firm's Current Ratio increased strongly again in 2013, as four straight years of increased profitability enabled A&E firms to increase cash and receivables and pay down liabilities. High Performers, small firms and Engineering and E/A all enjoyed greater than average short-term liquidity.

The Current Ratio is calculated by dividing Current Assets (cash and near cash assets) by Current Liabilities (those due in one year or less).

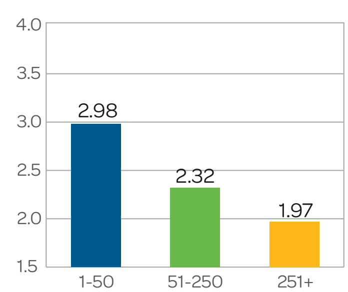
Ten-Year Trend



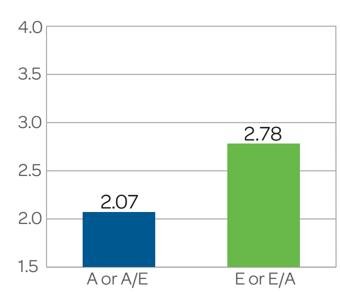
2013 High Performers vs. Other Firms



2013 by Firm Size



2013 by Firm Type



Debt to Equity Ratio

2013 AVERAGE

0.82

	2013	2012
Top Quarter	1.62	1.97
Average	0.82	0.87
Bottom Quarter	0.35	0.30

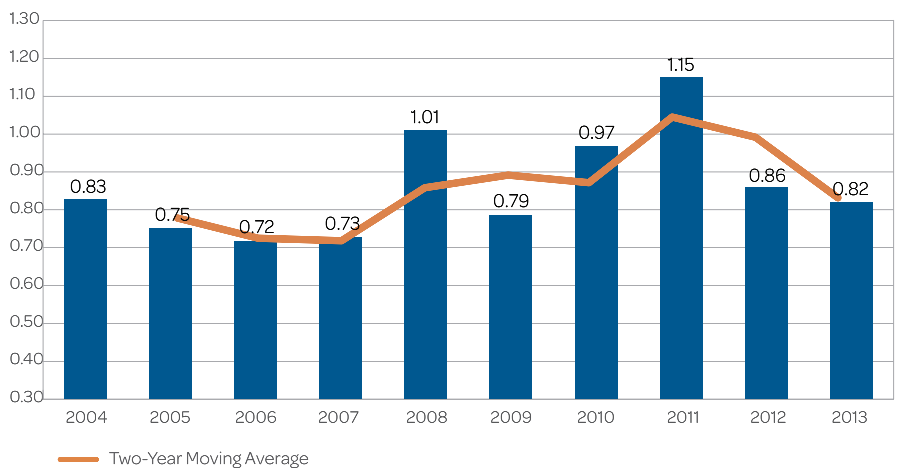
Analysis

Debt to Equity is a measure of a company's financial leverage. There is no hard and fast rule on what is a good or bad Debt to Equity ratio.

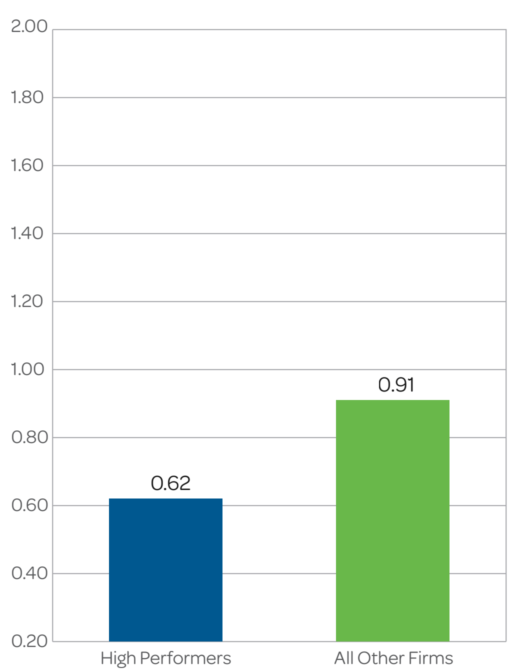
Debt to Equity for the average firm peaked at 1.15 in 2011, and since then has declined for two years to 0.82 in 2013. This decline is consistent with the trend of higher profitability enabling firms to pay down debt and increase retained earnings. In addition, the continuing tight lending environment makes it hard for firms to increase leverage, and many firm leaders may be averse to increasing debt after the experience of the recent recession. High Performers, those with the strongest profitability, have the lowest Debt to Equity.

The Debt to Equity ratio is calculated by dividing Total Liabilities by Stockholders' Equity.

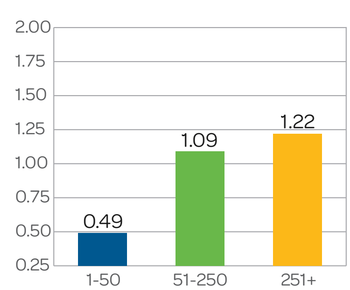
Ten-Year Trend



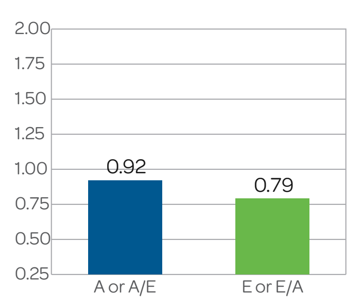
2013 High Performers vs. Other Firms



2013 by Firm Size



2013 by Firm Type



Backlog

2013 AVERAGE
6.8 months

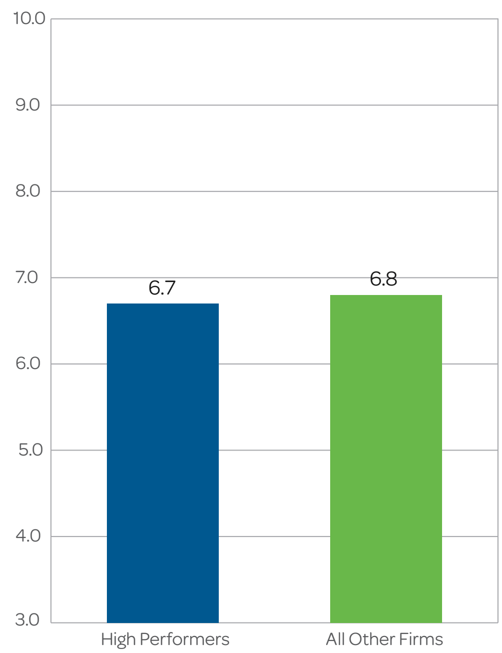
	2013	2012
Top Quarter	9.4	9.7
Average	6.8	6.0
Bottom Quarter	3.7	3.1

Analysis
Backlog is the total dollar value of projects under contract minus job-to-date revenue from those projects. Backlog months indicate how many months a firm can operate at its current run rate, assuming it sells no new projects. It's important to note than not all A&E firms track backlog in a consistent manner.

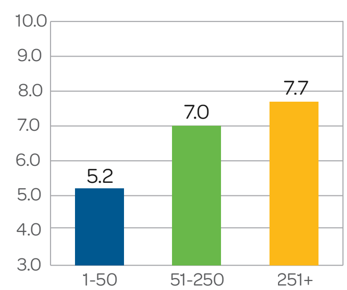
The average A&E firm's Backlog has increased for the last two years now. Mid-sized and larger firms enjoy larger Backlogs than small firms.

Backlog in months is calculated by dividing Backlog dollars by annual Total Revenue, times 12.

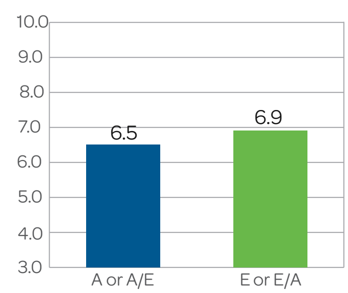
2013 High Performers vs. Other Firms



2013 by Firm Size



2013 by Firm Type



Average Collection Period

2013 AVERAGE

76 days

	2013	2012
Top Quarter	100	98
Average	76	76
Bottom Quarter	58	60

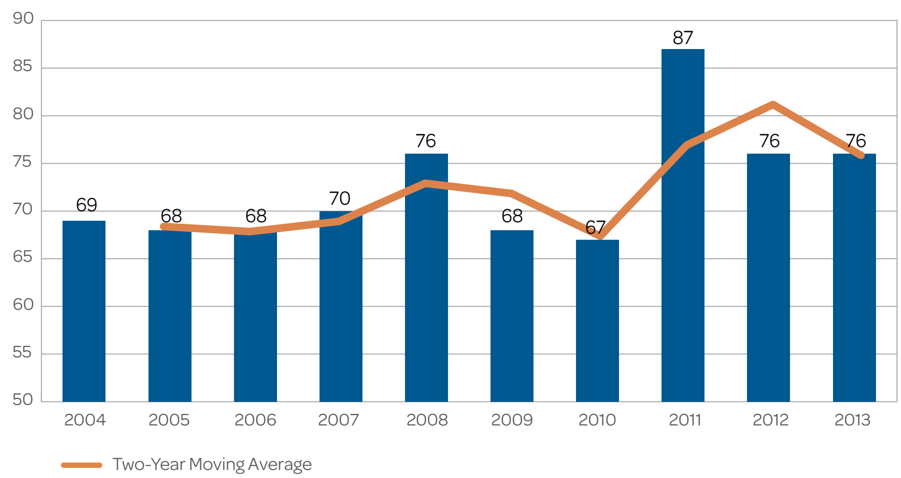
Analysis

The Average Collection Period is the length of time it takes to collect Accounts Receivable (A/R) from your clients, from the time invoice is entered into A/R to when it is credited against A/R. Although high Accounts Receivable will make the Balance Sheet appear stronger, it's always preferable to be paid faster to avoid borrowing.

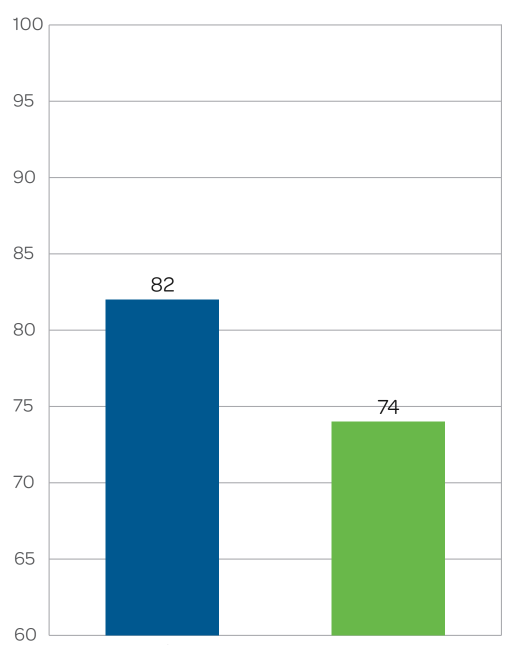
The Average Collection Period was unchanged at 76 days from 2012 to 2013, and remained a relatively weak spot for A&E firms, ten days slower than it was in the mid-2000s. This may be a function of slow paying clients or firms refusing to write off uncollectible A/R. High Performing firms actually had a longer Average Collection Period than other firms.

The Average Collection Period is calculated by dividing Accounts Receivable by annual Total Revenue, times 365.

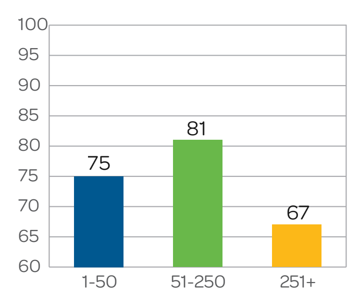
Ten-Year Trend



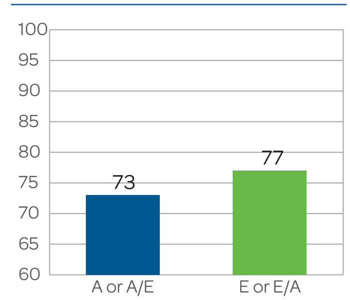
2013 High Performers vs. Other Firms



2013 by Firm Size



2013 by Firm Type



Working Capital Per Employee

2013 AVERAGE

$29,037

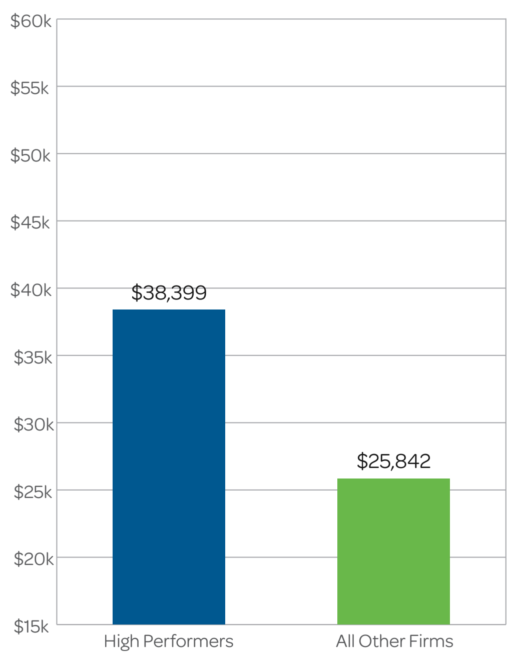
	2013	2012
Top Quarter	$42,351	$39,363
Average	$29,037	$26,953
Bottom Quarter	$18,136	$17,837

Analysis

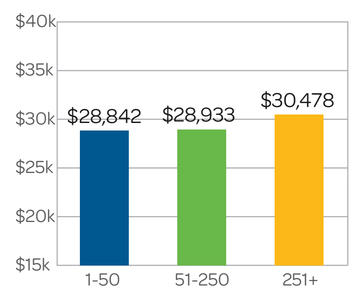
Working Capital Per Employee is another liquidity measure that shows the ability of an A&E firm to meet its short-term obligations and continue operations without borrowing additional cash. Average Working Capital Per Employee increased strongly again in 2013. High Performers have significantly higher Working Capital Per Employee than other firms. Pound for pound, larger firms and Engineering and E/A firms have slightly higher Working Capital.

Working Capital Per Employee is calculated by the formula Current Assets minus Current Liabilities, divided by the current number of employees.

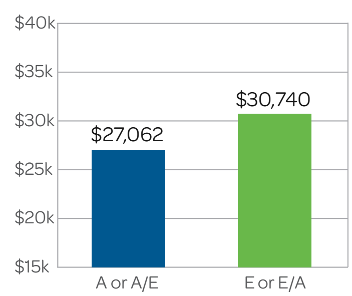
2013 High Performers vs. Other Firms



2013 by Firm Size



2013 by Firm Type



Return on Equity

2013 AVERAGE
18.1%

	2013	2012
Top Quarter	38.2%	49.7%
Average	18.1%	21.8%
Bottom Quarter	4.5%	4.8%

Analysis

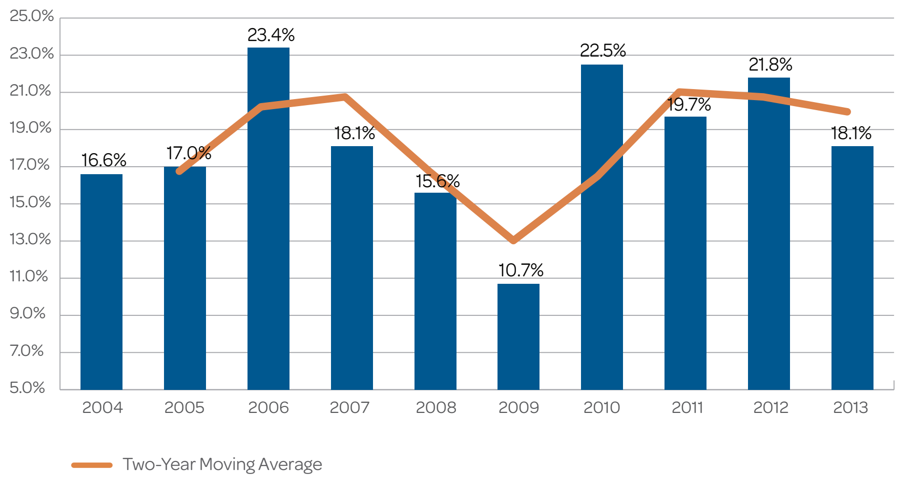
Return on Equity (ROE) measures the potential reward of an ownership interest in a firm. We use after-bonus, pre-tax income to calculate it. It's primarily of use for investment analysis.

ROE declined in 2013 and has fluctuated in a range between 18% and 22.5% since its recovery in 2010. ROE generally follows the results for Operating Profit, but even as profitability increases, Stockholder's Equity can grow, preventing ROE from rising further. In addition, firms may choose to pay out more in employee bonuses, which reduces equity returns.

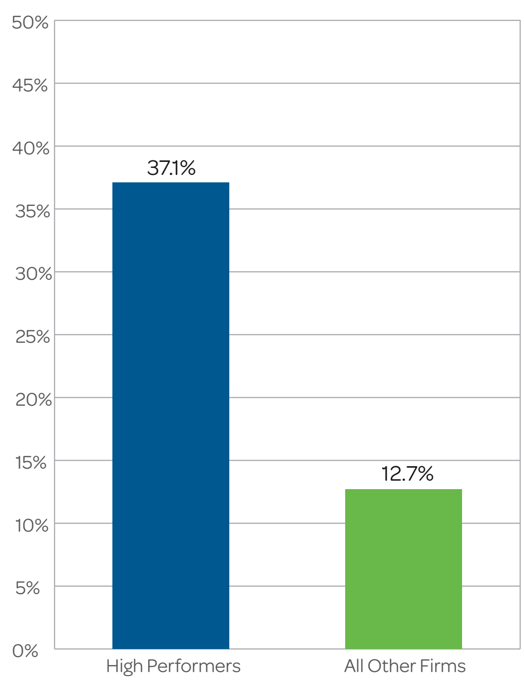
High Performers again have a dramatically higher ROE than other firms. Smaller firms and Architecture and A/E firms also have higher ROE.

Return on Equity is calculated by dividing Pre-Tax Income (Operating Profit less bonuses, interest, and other income or expenses) by Stockholders' Equity, times 100.

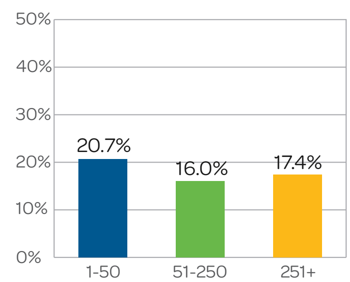
Ten-Year Trend



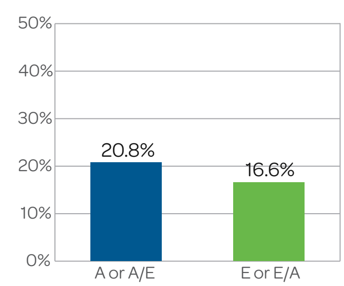
2013 High Performers vs. Other Firms



2013 by Firm Size



2013 by Firm Type



Total Assets Per Employee

2013 AVERAGE

$63,023

	2013	2012
Top Quarter	$87,474	$78,248
Average	$63,023	$61,028
Bottom Quarter	$49,138	$47,093

Analysis

Large firms, Architecture and A/E firms and High Performing firms have significantly higher Assets Per Employee.

Total Assets Per Employee is calculated by dividing Total Assets, both short-term and long-term, by the current number of employees.

Total Liabilities Per Employee

2013 AVERAGE

$28,966

	2013	2012
Top Quarter	$44,844	$43,950
Average	$28,966	$26,751
Bottom Quarter	$16,244	$14,500

Analysis

Larger firms and Architecture and A/E firms also have significantly higher Liabilities Per Employee, but Liabilities for High Performers are no different than for the average firm.

Total Liabilities Per Employee is calculated by dividing Total Liabilities, both short-term and long-term, by the current number of employees.

Total Equity Per Employee

2013 AVERAGE

$32,584

	2013	2012
Top Quarter	$49,366	$43,173
Average	$32,584	$27,805
Bottom Quarter	$20,403	$16,594

Analysis

Equity Per Employee rose by 17% in 2013, as improved profitability shored up A&E firm balance sheets.

Total Equity Per Employee is calculated by dividing Stockholders' Equity by the current number of employees

Section 4:

A&E Outlook and Strategies

Introduction

In this section, we turn from historical trends to future projections. In addition to providing detailed financial statements for analysis, participants in the study estimated their 2014 revenues and 18-month workload for four different markets—private sector, public sector infrastructure, institutional and residential. They also reported on their technology investment plans, outlook for green building and international projects, the factors they consider before proposing on a project and the factors they believe contribute most to the success of an A&E firm.

Key Data Points

- Firms are expecting growth. Median revenue growth projections for 2014 are 2.4 percentage points higher than in last year's study, rising from 3.2% to 5.6%.
- The private sector has the strongest A&E market outlook for the next 18 months. Over half of participants (58.6%) expect their work in this market to grow, which represents a 10 percentage point increase over last year's study. The residential market has the weakest growth outlook.
- Only 20.3% of firms in this year's study count green building as a major source of work. The percentage of firms who say international work will be very important or critical rose slightly in this year's study, for the first time since 2009, but still only accounts for 10% of study participants.
- Nearly 85% of participants expect to make technology investments in the near future, compared to 79.8% in the prior study

2014 Total Revenue Forecast

AVERAGE
5.6%

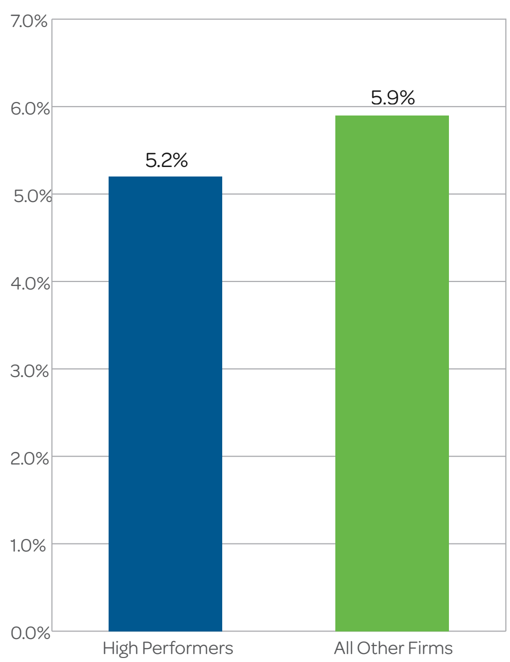
	2014 Projection	2013 Projection
Top Quarter	13.9%	10.8%
Average	5.6%	3.2%
Bottom Quarter	0.6%	(1.2%)

Analysis

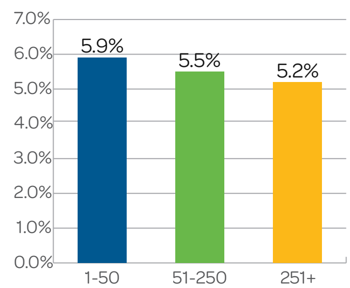
Median revenue growth projections for the current year are 2.4 percentage points higher than in last year's study, rising from 3.2% to 5.6%. Growth projections also increased in the lower and the higher ranges. The top quarter of participants project a growth rate of 13.9% or higher.

High Performing firms have a slightly lower than average growth projection, but otherwise growth projections are fairly consistent for different sizes and types of firms.

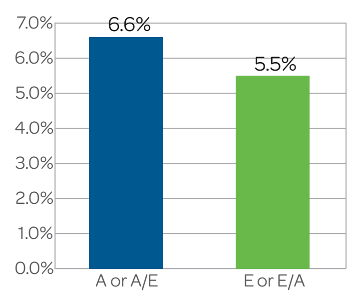
High Performers vs. Other Firms



By Firm Size



By Firm Type



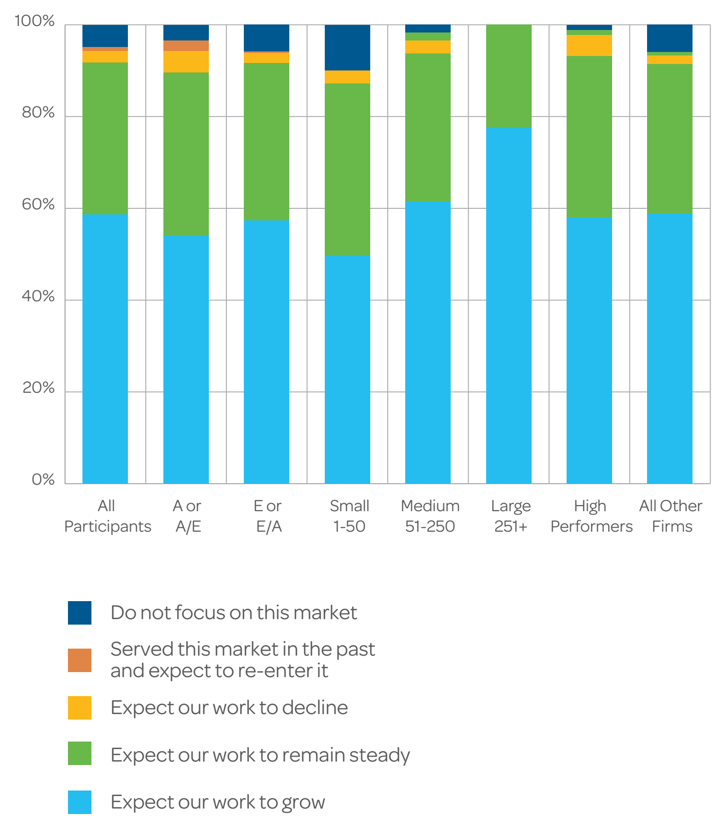
Outlook: Market Positions

We asked participants to give their outlook for each of four primary markets for A&E services. Based on their collective wisdom, we analyzed the market potential for different types and sizes of A&E firms and for High Performers versus other firms.

	Expect our work to grow	Expect our work to remain steady	Expect our work to decline	Expect to re-enter this market	Do not focus on this market
Public Infrastructure	39.7%	32.7%	5.6%	0.8%	21.1%
Institutional	27.9%	46.8%	4.2%	1.1%	20.0%
Private Sector	58.6%	33.2%	2.5%	0.8%	4.8%
Residential	17.2%	22.8%	3.7%	0.8%	55.5%

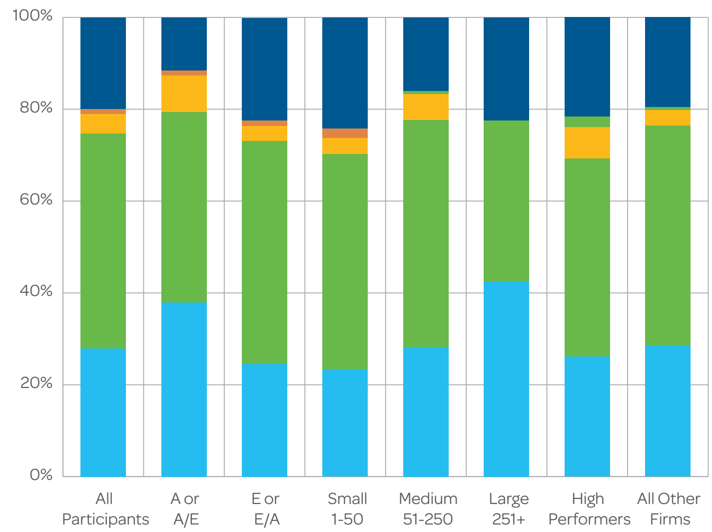
Private Sector

The private sector has the strongest outlook of the four markets. Over half of participants (58.6%) expect their work in this market to grow, which represents a 10 percentage point increase over last year's study. Nearly every A&E firm is involved to some degree in private sector work, including 95.2% of study participants. Larger firms are more likely to project an increase in private sector work than smaller ones, with 77.5% of large firms expecting growth here.



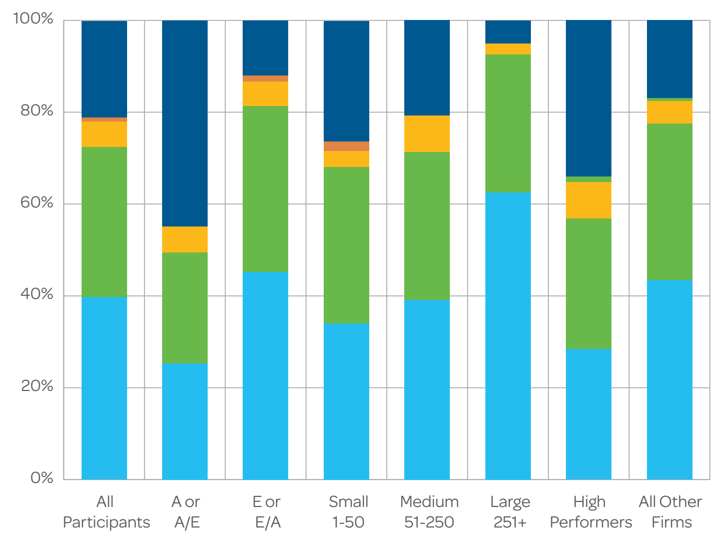
Institutional

Approximately 80% of study participants are active in the institutional market. This is the only market where growth projections declined year over year. However, while participants' outlook for 2014 is slightly less rosy than in the prior year's study, over a quarter do expect their work in the institutional market to grow, and over 45% expect it to remain steady. Again, larger firms are more bullish on this market than smaller firms, with 42.5% of large firms projecting growth vs. 23.4% of small firms.



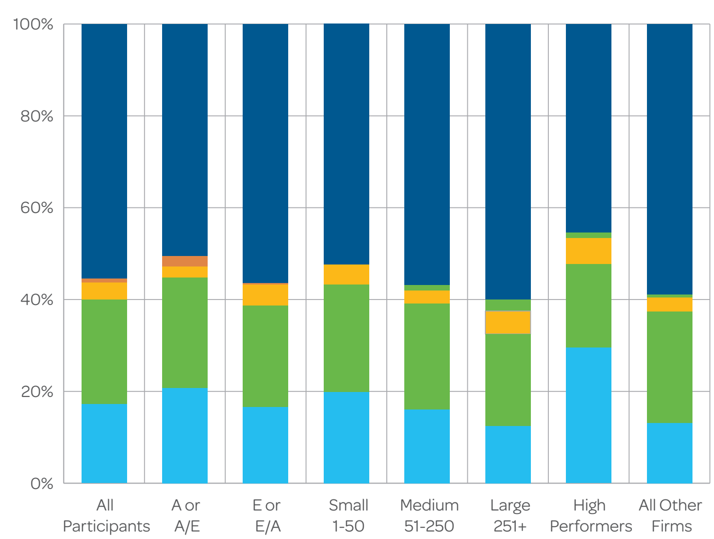
Public Infrastructure

Public infrastructure is an engineering-heavy market. Nearly 90% of Engineering and E/A firms are involved in this market vs. a little over half of Architecture and A/E firms. Public infrastructure is the second most inclined to show growth, based on our participants' forecasts, with 39.7% projecting growing work from this sector, including 62.5% of larger firms. High Performers are less likely to focus on this market.



Residential

Less than half of participants serve the challenged residential market, approximately the same as we found last year. Growth expectations for the residential market are the weakest of the four sectors, with only 17.2% of participants projecting growth. Nevertheless, this is a slight increase over last year. Who has the brightest outlook on residential? High performing firms, with 29.5% expecting their work in residential to grow in 2014.

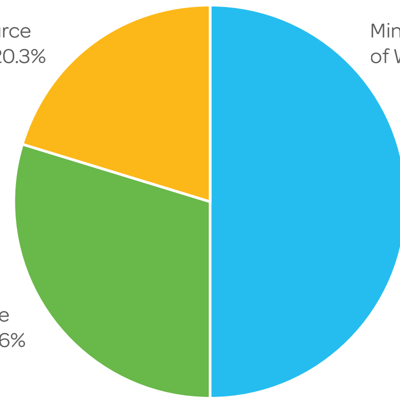


Outlook: Green Building

All Participants	
Major source of work	20.3%
Minor source of work	50.1%
Not a source of work	29.6%

How much A&E work in the next 18 months will be driven by retrofitting and rehabilitating existing buildings to adhere to current standards and green principles?

After tracking the results to this question for several years, we've found a slow decline in the outlook for green building projects. In 2011, 75% of firms said it was either a major or minor source of work, a figure that has since fallen to approximately 70% in this year's study. Only 20.3% of firms in this year's study count it as a major source of work. Architecture and A/E firms are much more likely to be counting on green building; nearly 95% say it is at least a minor source of work.

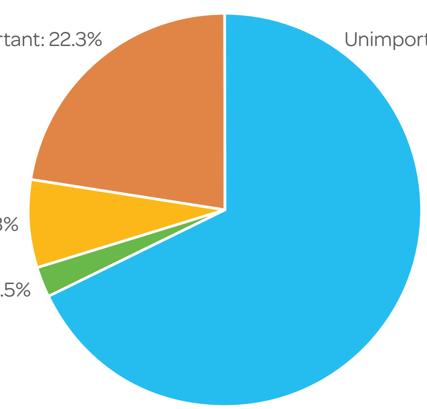


Outlook: International Business

All Participants	
Unimportant	67.9%
Slightly Important	22.3%
Very Important	7.3%
Very Critical	2.5%

How important will international business be for A&E firms in the next 18 months?

The percentage of firms who say international work will be very important or critical rose slightly in this year's study for the first time since 2009, but it still only accounts for 10% of study participants. Two thirds of A&E firms say international business is unimportant. Who is banking on international business? Larger firms, those with 250 or more employees, are twice as likely to rank it as very important or critical, and only 30% say it is unimportant.



Technology Investments

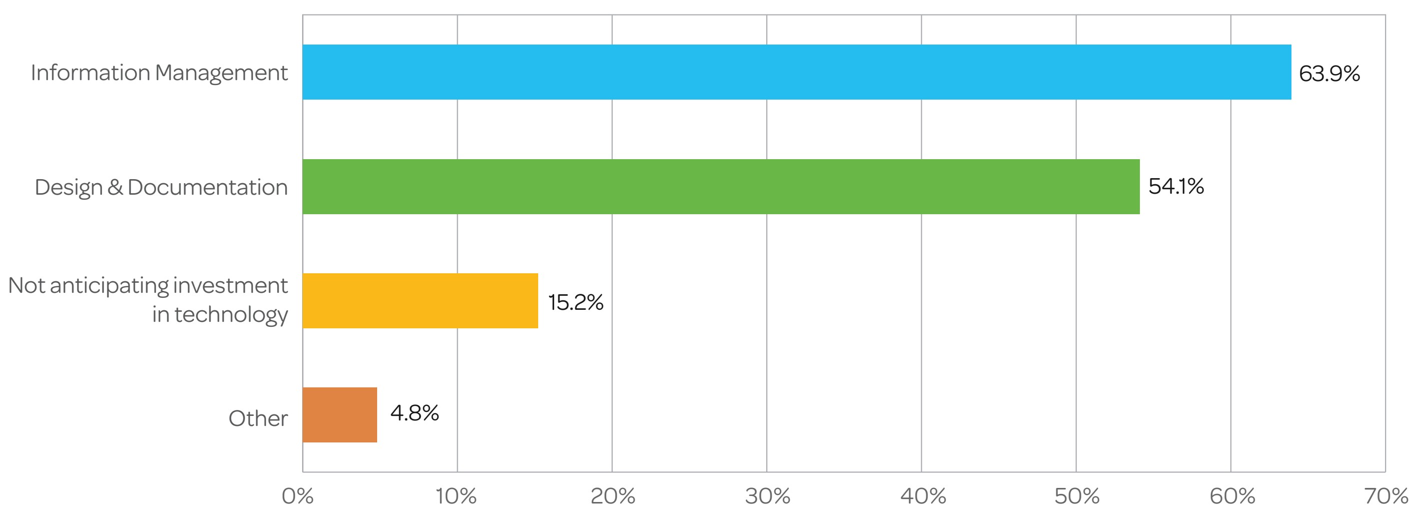
All Participants	
Information Management	63.9%
Design & Documentation	54.1%
Not anticipating investment in technology	15.2%
Other	4.8%

In which areas of technology do A&E firms expect to invest in the coming 18 months?

We asked specifically about two categories: 1) Design & documentation, including CADD, BIM, engineering analysis and other tools related to design work, and 2) Information management systems, including CRM, financial management, project management, business intelligence and mobile tools. Participants were allowed to choose either category or both, or to suggest another, so the percentages total more than 100%.

Nearly 85% of participants expect to make technology investments in the near future, compared to 79.8% in the prior study. Over half cite design and documentation, and nearly two thirds information management. Large firms and High Performing firms are a little more likely to be planning technology investments.

Technology Investments in the Next 18 Months



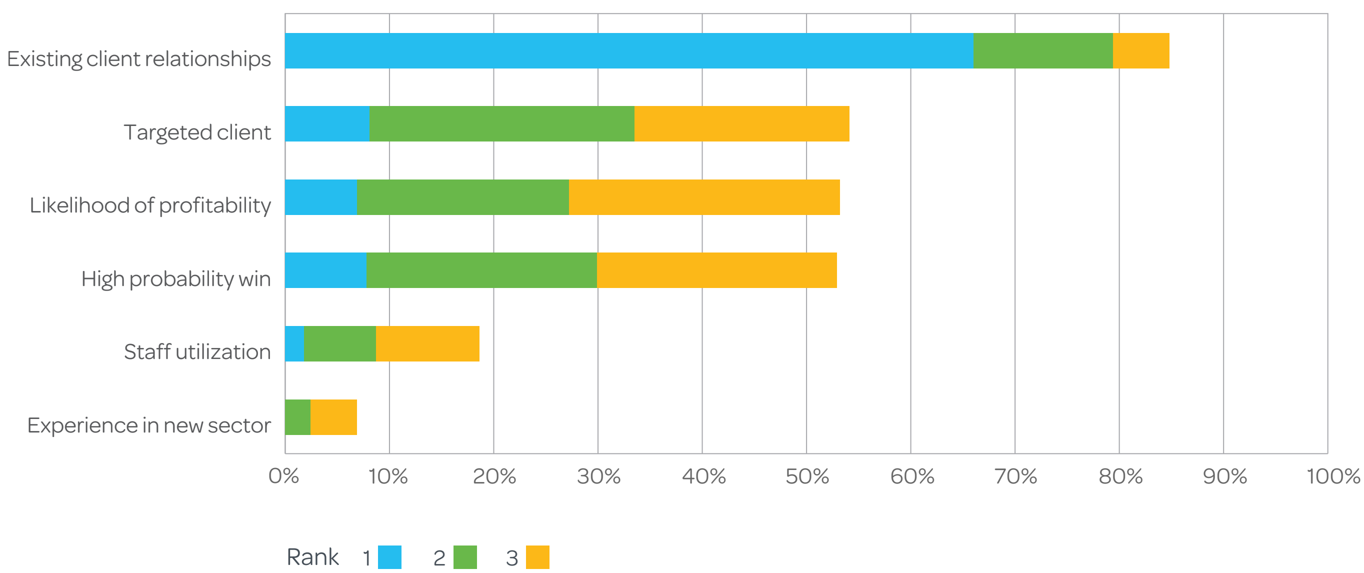
Strategies: Factors in Proposals

Which three factors influence A&E firms the most when deciding whether to propose on a project?

Responses to this question have stayed fairly consistent over the years. Existing client relationships far and away have the greatest influence on A&E firms' project pursuit decisions, followed by a targeted client, likelihood of profitability and probability of winning. Interestingly, since the last study, the likelihood of profitability moved ahead of high probability win in the combined ranking of all participants. Gaining experience in a new sector ranks last.

All Participants	Combined Ranking
Existing client relationships	84.8%
Targeted client	54.0%
Likelihood of profitability	53.1%
High probability win	52.8%
Staff utilization	18.5%
Experience in new sector	6.9%
No response	29.9%

Factors Influencing Project Proposal



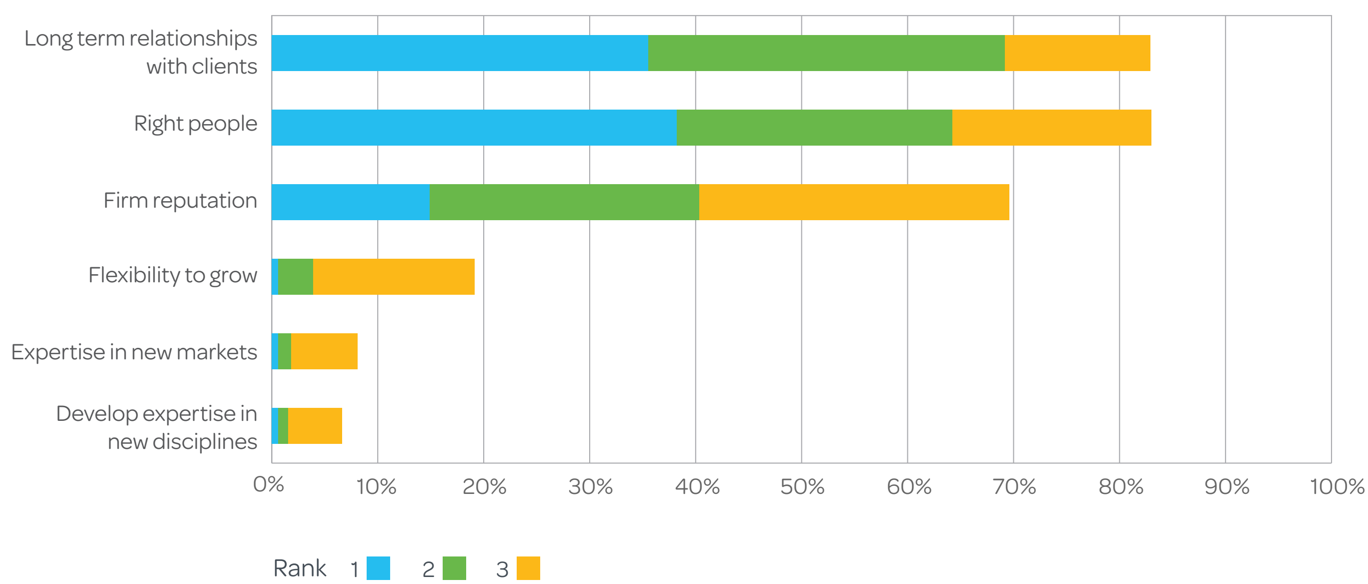
Strategies: Success Factors

We asked participants to rank the top three from a list of factors, in order of importance to the success of their A&E firm.

Participants over the years have not changed their minds on these success factors. Long-term client relationships and having the right people are the two most important success factors, followed by maintaining the firm's reputation. Also, just as gaining experience in a new sector does not factor into firms' go/no-go decisions, as seen in the previous question, participants do not consider expanding into new disciplines or markets as very critical to their success.

All Participants	Combined Ranking
Long term relationships with clients	83.0%
Right people	83.0%
Firm reputation	69.6%
Flexibility to grow	19.1%
Expertise in new markets	8.1%
Develop expertise in new disciplines	6.6%
No response	29.9%

Firm Success Factors



2013 Statistics at a Glance

KEY PERFORMANCE INDICATORS

	All Participants	High Performers	All Other Firms	Small 1–50	Medium 51–250	Large 251+	Architecture or A/E	Engineering or E/A
Operating Profit on Net Revenue	11.1%	22.1%	7.8%	11.1%	11.1%	11.0%	11.9%	10.8%
Operating Profit on Total Revenue	8.8%	17.1%	6.3%	9.3%	9.0%	8.0%	8.1%	8.8%
EBITDA on Net Revenue	6.5%	13.9%	5.4%	7.4%	5.7%	6.8%	6.2%	6.5%
Utilization Rate	59.4%	61.5%	58.8%	60.5%	59.1%	57.9%	61.1%	59.5%
Utilization Rate (excluding Vacation, Holiday, Sick)	65.6%	67.3%	65.2%	66.9%	65.6%	64.2%	67.6%	65.9%
Contribution Rate	66.6%	70.0%	65.2%	66.7%	66.6%	66.1%	67.2%	65.9%
Net Labor Multiplier	2.99	3.33	2.88	3.00	2.99	2.95	3.05	2.93
Total Payroll Multiplier	1.74	2.02	1.68	1.78	1.74	1.69	1.84	1.72
Overhead Rate	161.1%	154.1%	163.4%	154.1%	166.1%	166.6%	160.6%	159.2%
Overhead Rate (including Bonuses)	180.3%	191.1%	174.5%	172.6%	184.7%	175.9%	183.3%	175.9%
Staff Growth (Decline)	3.8%	8.3%	2.6%	4.3%	3.6%	3.5%	3.4%	3.8%
Employee Turnover	11.8%	9.4%	12.0%	9.3%	12.3%	15.7%	11.5%	11.8%
Total Revenue Year-over-Year Change Estimate	5.6%	5.2%	5.9%	5.9%	5.5%	5.2%	6.6%	5.5%
Net Revenue Year-over-Year Change Estimate	6.0%	5.9%	6.2%	4.2%	7.3%	7.0%	6.3%	6.0%
Operating Profit Rate Year-over-Year Change Estimate	2.7%	-6.3%	7.8%	1.5%	3.6%	9.1%	-10.3%	5.0%

BALANCE SHEET RATIOS

	All Participants	High Performers	All Other Firms	Small 1–50	Medium 51–250	Large 251+	Architecture or A/E	Engineering or E/A
Current Ratio	2.56	3.11	2.36	2.98	2.32	1.97	2.07	2.78
Debt to Equity Ratio	0.82	0.62	0.91	0.49	1.09	1.22	0.92	0.79
Average Collection Period (Days A/R)	76	82	74	75	81	67	73	77
Work in Process (Days)	6	3	8	1	9	23	2	8
Working Capital per Employee	$29,037	$38,399	$25,842	$28,842	$28,933	$30,478	$27,062	$30,740
Total Assets per Employee	$63,023	$79,717	$60,690	$55,708	$64,652	$81,621	$73,405	$61,717
Total Liabilities per Employee	$28,966	$28,691	$29,028	$20,242	$33,435	$42,059	$35,129	$27,934
Total Equity per Employee	$32,584	$43,340	$27,991	$33,750	$28,335	$38,111	$28,835	$33,259
Pre-tax Return on Assets	8.5%	22.7%	6.1%	12.8%	6.7%	7.4%	8.5%	8.4%
Pre-tax Return on Equity	18.1%	37.1%	12.7%	20.7%	16.0%	17.4%	20.8%	16.6%
Pre-tax Return on Invested Capital	15.0%	33.9%	11.3%	17.5%	12.2%	14.1%	17.1%	14.0%
Pre-tax Return on Working Capital	19.6%	42.3%	14.6%	25.1%	15.8%	21.9%	26.6%	18.4%
Months Backlog (End of Year)	6.8	6.7	6.8	5.2	7.0	7.7	6.5	6.9

Note: Account categories may not add up precisely because these are median values for the aggregate of all firms.

Medians

INCOME STATEMENT DETAIL (PER EMPLOYEE)

	All Participants	High Performers	All Other Firms	Small 1–50	Medium 51–250	Large 251+	Architecture or A/E	Engineering or E/A
TOTAL REVENUE								
Total Revenue	$157,391	$193,462	$147,965	$152,621	$156,019	$173,933	$195,370	$148,416
DIRECT EXPENSES								
Consultants	$17,725	$26,937	$15,999	$15,192	$16,558	$27,355	$46,999	$12,878
Bad Debt	$54	$145	$29	$0	$120	$0	$0	$61
All Other Direct Expenses	$4,881	$5,804	$4,524	$4,220	$4,522	$7,457	$5,529	$3,988
Total Direct Expenses	$25,050	$35,042	$21,888	$22,848	$24,061	$37,065	$53,300	$19,793
NET REVENUE								
Net Revenue	$127,098	$149,765	$121,133	$124,563	$126,187	$136,348	$133,145	$126,151
DIRECT LABOR								
Direct Labor	$42,256	$44,153	$41,720	$41,483	$42,358	$44,957	$41,943	$42,583
Gross Profit								
Gross Profit	$84,497	$104,990	$78,968	$84,231	$82,491	$90,243	$89,337	$82,486
INDIRECT LABOR								
Vacation, Holiday, Sick & Personal	$6,995	$6,991	$6,995	$6,642	$7,084	$7,329	$7,113	$6,928
Marketing	$4,577	$3,898	$4,751	$4,123	$5,145	$6,313	$5,826	$3,833
All Other Indirect Labor	$16,991	$17,574	$16,671	$16,798	$16,717	$19,586	$16,004	$17,443
Total Indirect Labor	$28,914	$28,139	$29,280	$27,348	$29,524	$32,568	$28,671	$28,845
LABOR-RELATED EXPENSES								
Statutory Taxes	$6,012	$6,277	$5,965	$5,891	$6,118	$6,063	$6,153	$5,974
Workers' Comp	$302	$305	$302	$286	$312	$309	$302	$304
Group Health, Life, Etc.	$5,627	$5,125	$5,679	$5,155	$5,874	$6,191	$5,507	$5,726
401(k) Match, Pension Plan, Etc.	$2,015	$2,328	$1,941	$1,831	$2,046	$2,481	$1,935	$2,046
All Other Labor-Related Expenses	$138	$178	$118	$138	$113	$356	$103	$155
Total Labor-Related Expenses	$14,590	$14,782	$14,524	$13,752	$15,214	$15,860	$14,387	$14,705
OTHER STAFF EXPENSES								
Professional Licenses, Registrations, Dues, Etc.	$456	$482	$441	$456	$463	$425	$583	$406
Conference & Continuing Educ. Registrations & Fees	$406	$465	$397	$294	$452	$559	$304	$458
Travel & Meals (Non-Project, Non-Marketing)	$672	$812	$627	$451	$682	$1,540	$681	$682
All Other Staff-Related Expenses	$159	$218	$153	$113	$196	$265	$132	$159
Total Other Staff Expenses	$2,060	$2,369	$1,986	$1,758	$2,102	$2,749	$1,846	$2,121
MARKETING EXPENSES (NON-LABOR)								
Marketing Printing & Reproductions	$117	$145	$104	$95	$127	$151	$301	$84
Conference/Convention Exhibits & Materials	$79	$79	$79	$43	$71	$167	$131	$61
Marketing Travel	$100	$104	$100	$57	$112	$391	$164	$55
Marketing Meals & Entertainment	$155	$193	$137	$131	$135	$255	$197	$115
All Other Marketing Expenses	$330	$539	$264	$415	$315	$244	$725	$250
Total Marketing Expenses	$1,360	$1,611	$1,229	$1,374	$1,224	$1,780	$2,206	$1,084

Note: Account categories may not add up precisely because these are median values for the aggregate of all firms.

Medians

INCOME STATEMENT DETAIL (PER EMPLOYEE)

	All Participants	High Performers	All Other Firms	Small 1–50	Medium 51–250	Large 251+	Architecture or A/E	Engineering or E/A
FACILITY EXPENSES								
Rent	$5,685	$6,670	$5,549	$5,442	$5,785	$6,613	$7,006	$5,249
Telephone, Internet & Other Communication Expenses	$1,111	$1,141	$1,098	$1,000	$1,144	$1,481	$1,107	$1,117
Autos, Trucks, Field Equip., Etc.	$504	$480	$513	$678	$436	$607	$31	$678
Computer Software, Hardware & Equipment	$1,904	$2,208	$1,846	$1,899	$1,890	$2,123	$2,116	$1,883
Office Supplies	$814	$980	$777	$807	$812	$855	$819	$820
Depreciation & Amortization	$2,130	$2,293	$2,063	$1,730	$2,134	$2,751	$2,305	$2,059
All Other Facility Expenses	$866	$925	$795	$926	$865	$704	$889	$871
Total Facility Expenses	$14,571	$15,500	$14,353	$14,262	$14,564	$16,570	$15,871	$14,116
CORPORATE EXPENSES								
Professional Liability Insurance	$1,288	$1,354	$1,268	$1,499	$1,207	$1,170	$1,798	$1,208
General & Other Liability Insurance	$425	$432	$425	$435	$425	$419	$315	$462
Accounting, Legal & Other Professional Services	$1,078	$1,058	$1,078	$929	$1,201	$1,160	$1,247	$1,025
Other Business Licenses & Taxes	$205	$223	$205	$234	$196	$199	$268	$190
All Other Corporate Expenses	$636	$524	$712	$457	$847	$292	$762	$590
Total Corporate Expenses	$4,662	$4,556	$4,700	$4,719	$4,612	$3,885	$5,625	$4,483
TOTAL OVERHEAD								
Total Overhead Expenses	$67,626	$69,336	$66,506	$64,553	$67,700	$71,549	$67,857	$67,304
OPERATING PROFIT								
Operating Profit (Loss)	$13,370	$33,617	$9,831	$13,657	$13,018	$13,909	$20,038	$12,993
INTEREST, BONUS, OTHER								
Interest-Net	$114	$23	$143	$52	$140	$100	$82	$118
Bonuses	$4,336	$12,699	$3,224	$3,788	$5,460	$4,500	$5,406	$4,195
PRE-TAX INCOME (LOSS)								
Pre-Tax Income (Loss)	$5,634	$17,398	$4,193	$6,523	$5,097	$6,436	$6,702	$5,566
TAXES								
Taxes	$0	$0	$0	$0	$9	$867	$0	$0
NET PROFIT								
Net Profit (Loss)	$4,747	$17,398	$3,443	$6,447	$3,969	$4,871	$6,698	$4,601

Note: Account categories may not add up precisely because these are median values for the aggregate of all firms.

Medians

BALANCE SHEET DETAIL (PER EMPLOYEE)

ASSETS	All Participants	High Performers	All Other Firms	Small 1–50	Medium 51–250	Large 251+	Architecture or A/E	Engineering or E/A
Current Assets								
Cash	$5,413	$9,730	$4,678	$5,493	$4,497	$9,878	$5,561	$5,686
Accounts Receivable	$32,627	$43,943	$30,532	$30,610	$33,948	$29,880	$39,759	$29,794
Work-In-Process	$2,745	$1,440	$3,638	$233	$4,182	$12,052	$818	$3,208
Prepaid Expenses	$1,444	$1,789	$1,336	$565	$1,806	$2,152	$1,747	$1,356
Other Current Assets	$134	$171	$129	$0	$253	$935	$130	$186
Total Current Assets	$49,825	$64,005	$46,458	$44,456	$51,631	$55,069	$59,499	$47,137
Fixed Assets								
Fixed Assets (except Goodwill)	$26,221	$25,842	$26,221	$24,959	$26,300	$30,970	$28,812	$26,074
Depreciation	($18,310)	($16,676)	($18,851)	($17,326)	($18,888)	($20,304)	($19,068)	($18,310)
Goodwill (net of amortization)	$0	$0	$0	$0	$0	$1,907	$0	$0
Total Fixed Assets	$7,841	$8,644	$7,778	$6,579	$7,926	$15,844	$9,750	$7,435
Other Long-Term Assets								
Total Other Long-Term Assets	$253	$209	$271	$0	$777	$3,230	$71	$284
Total Assets								
Total Assets	$63,023	$79,717	$60,690	$55,708	$64,652	$81,621	$73,405	$61,717

LIABILITIES & STOCKHOLDERS' EQUITY	All Participants	High Performers	All Other Firms	Small 1–50	Medium 51–250	Large 251+	Architecture or A/E	Engineering or E/A
Accounts Payable								
Accounts Payable - Consultants	$1,657	$2,066	$1,625	$1,355	$1,849	$3,265	$8,245	$824
Accounts Payable - Vendors	$1,077	$745	$1,199	$877	$1,102	$1,836	$1,055	$1,111
Total Accounts Payable	$4,030	$4,051	$4,027	$3,167	$4,190	$7,358	$10,297	$2,918
Accrued Employee Expense								
Accrued Employee Salaries	$1,390	$651	$1,562	$426	$1,623	$2,357	$0	$1,781
Accrued Employee Vacation, Sick, Etc.	$1,844	$1,204	$1,974	$607	$2,182	$2,627	$607	$2,140
Other Accrued Employee Expense	$307	$264	$315	$121	$311	$1,588	$154	$310
Total Accrued Employee Expenses	$4,707	$3,899	$4,893	$2,961	$5,088	$7,945	$3,238	$5,255
Other Current Liabilities								
Line-of-Credit and Short-Term Notes Outstanding	$1,889	$674	$2,388	$1,170	$2,364	$1,841	$1,685	$2,106
Current Taxes	$0	$0	$0	$0	$5	$0	$0	$0
Other Current Liabilities	$944	$958	$944	$89	$1,897	$3,598	$1,276	$916
Total Other Current Liabilities	$5,875	$5,525	$6,137	$3,750	$8,265	$8,450	$7,394	$5,483
Total Current Liabilities	$19,178	$20,592	$18,875	$14,300	$21,674	$25,939	$25,281	$17,628
Long-Term Liabilities								
Long-Term Debt	$1,615	$1,273	$1,698	$524	$2,133	$2,874	$2,330	$1,364
Deferred Taxes	$0	$0	$0	$0	$0	$1,005	$0	$0
Other Long-Term Liabilities	$0	$0	$0	$0	$0	$3,342	$0	$0
Total Long-Term Liabilities	$5,643	$3,251	$6,422	$1,229	$8,573	$13,138	$7,087	$5,398

Note: Account categories may not add up precisely because these are median values for the aggregate of all firms.

Medians

LIABILITIES & STOCKHOLDERS' EQUITY	All Participants	High Performers	All Other Firms	Small 1–50	Medium 51–250	Large 251+	Architecture or A/E	Engineering or E/A
Total Liabilities								
Total Liabilities	$28,966	$28,691	$29,028	$20,242	$33,435	$42,059	$35,129	$27,934
Stockholders' Equity								
Stock & Additional-Paid-In Capital	$1,731	$1,347	$1,871	$600	$2,181	$8,684	$1,253	$1,965
Distribution / Dividends - Current Year Only	$0	($661)	$0	$0	$0	$0	$0	$0
Previous Years Retained Earnings	$21,822	$29,752	$20,992	$22,484	$21,349	$20,645	$24,981	$21,618
Current Net Profit (Loss)	$4,672	$16,778	$3,451	$6,041	$3,891	$4,813	$6,178	$4,334
Total Stockholders' Equity	$32,584	$43,340	$27,991	$33,750	$28,335	$38,111	$28,835	$33,259
Total Liabilities & Stockholders' Equity								
Total Liabilities & Stockholders' Equity	$63,023	$79,717	$60,690	$55,708	$64,652	$81,621	$73,405	$61,717

Note: Account categories may not add up precisely because these are median values for the aggregate of all firms.

Index

Deltek Profile

Deltek for Architecture & Engineering Firms

Perhaps no other kind of professional services firm faces more complex project management and operational challenges than one in the Architecture & Engineering industry. Managing project time and expenses to a variety of project activities under a number of contractual arrangements and tight deadlines requires tools that provide visibility, control and trusted insight.

Deltek specializes in resolving these challenges with solutions built on years of improving the performance of A&E firms. We can help you profitably manage and grow your business with tools that help win new projects, build the right project portfolio, capture and share project/financial/marketing information; meet financial governance standards, manage resources and control costs.

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info@deltek.com

+800.456.2009