Deltek

CLARITY

ARCHITECTURE & ENGINEERING INDUSTRY STUDY

38th Annual Comprehensive Report

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AMERICAN COUNCIL OF ENGINEERING COMPANIES

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CLARITY

Architecture & Engineering Industry Study

38TH ANNUAL COMPREHENSIVE REPORT • 2017

INTRODUCTION

In this 38th edition of the Deltek Clarity Architectural and Engineering (A&E) Industry Study, the industry appears to be well-stabilized. Year-over-year financial performance remains steady. The recession seems like a distant memory. Recent election turmoil has passed and there seems to be a surface-level calm. However, beneath the steady operational and financial performance, there are some trends emerging with potential far-reaching implications for A&E firms.

The most significant results of this year's analysis fall under the heading of "people." Last year, we introduced a new Talent Management section to the Clarity report to capture the HR-related challenges and trends impacting the industry. This year, the "people" factor reached beyond just the talent management benchmarks and surfaced in every aspect of the report. Project management, business development, financial management—all functions cited trends and challenges that ultimately tie back to people. Financial leaders pointed to hiring, retention and succession planning as challenges impacting financial performance. Project management raised training and mentoring as major areas of focus. Business development metrics highlight the increased focus and the importance of effectively managing client relationships to help grow the business. Within talent management, the industry remains in a competitive scramble for a limited number of good, available candidates.

Project management came into the spotlight this year as a means of addressing some of the pressures firms are facing. Project management skills are often the difference between projects that stay on/under budget and those that do not. They can mean the difference between satisfied clients and frustrated ones. Ultimately, it can be the difference between robust and lackluster financial performance. With that in mind, firms are investing heavily in project managers. Across the board, there are notable increases in the amount and types of training offered to project managers. And, many firms are offloading some business development activities from PMs to dedicated business development staff, enabling PMs to concentrate entirely on delivering great projects. The investment seems to be paying off already with increases in the average percentage of projects are on/under budget as well as increases in project management maturity.

These are just a few of the many insights contained in this year's Clarity A&E Industry report. As you turn the page and dig into the many details, the metrics, benchmarks and observations will help you gain a clearer picture of the state of today's A&E industry and your firm's position within it.

ABOUT THIS STUDY

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:

- Architecture (A) or 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. In this edition, 26% are Architecture or A/E firms.
- 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. In this edition, 59% of participants are Engineering or E/A firms.
- Other refers to the many firms in the industry that don't fit into the traditional definitions of A or E. This year, 15% of participants are other types of design or consulting firms, including landscape architecture, interior design, and environmental consulting.

Firm Size

When looking at the size of the participating firms, 39% are small firms (1–50 employees), 37% are mid-sized firms (51–250 employees) and 24% are large firms (251+ employees).

High Performers

As in past Clarity A&E studies, we broke out a group of High Performers for additional analysis. High performing firms have a Net Labor Multiplier of 3.0 or higher and an Operating Profit of 15% or higher (pre-tax, pre-bonus on net revenues). High Performers constitute 27% 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."

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.

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.

Data Profile

At the end of the report are comprehensive tables, including key metrics from the study, broken down by firm size, type, and performance.

EXECUTIVE SUMMARY

Two overarching themes have emerged for this year's report – stability and people. Compared to last year, many of the key financial metrics remain stable, which is great news for A&E firms, and many of the challenges and trends point directly to the importance of the people that comprise this industry and give it its unique character. But, the responses to the 38th Annual Deltek Clarity A&E Industry Study reveal that amid the stability, there are subtle, but important shifts taking place.

Firms are thinking about how to expand, moving growth and M&A activity into the top challenges

STABILITY LEADS TO FOCUS ON FIRM INITIATIVES

Overall, firms' financial metrics were flat to slightly up, revealing an industry that is holding its course financially. Operating profit, utilization, total payroll multiplier, net revenue per employee—all were in line with last year's results. Overhead saw a slight decrease, its fifth year of decline. Amid this stability, one standout result appeared in the challenges facing financial leaders over the next 2-3 years. While core metrics remain at the top of the list, the next few significant challenges are forward thinking – growth, M&A activity and succession planning. The changes in the top challenges highlight the benefits of a stabilized market – firms are able to focus on the future and find ways to maintain stability, but look for ways to prepare for what is coming.

Project management maturity tripled to 19% as companies continue to invest in project managers

PROJECT MANAGEMENT SKILLS IN THE SPOTLIGHT

As in other sections, project management metrics overall held relatively steady. Project status visibility, confidence in the accuracy of reporting, on/under budget projects—all were within a few points of last year's results. However, this year's report shows that the industry is investing more in project managers. Companies are offering their PMs more internal resources, formal training, access to PM best practices, mentor programs and external certification. This focus is already having an impact as maturity of the PM function tripled to 19% and inexperienced project managers slid out of the top three challenges facing the project management. Since effective project management drives firm performance, the payoff should be a continued stability or a bump in all key firm metrics in the near future.

More than half of firms are using a combination of seller/doers and dedicated BD staff to nurture client relationships

CLIENT RELATIONSHIPS TAKING CENTER STAGE

A/E firms are taking a hard look at business development—both who is doing it and how it's done. Firms know client relationships are key to their long-term success, but at the same time, firms reported nurturing client relationships is their #1 business development challenge. Executives and project managers, those traditionally responsible for nurturing relationships, simply don't have the time for this important task today amid all their other responsibilities. More than 60% of firms are leveraging dedicated business development staff to alleviate some of the burden from executives and project managers, up from just half last year. Nearly 4 in 10 firms cited it as their #1 approach, up from just 25% last year.

Talent acquisition remains expensive and time-consuming

THE BATTLE FOR TALENT RAGES ON

Last year, we observed that the war for talent is heating up. Unfortunately for hiring firms, there is no sign that the end of that war is coming soon. Lack of available talent remains the #1 challenge firms face in talent acquisition. With talent at a premium, candidates can afford to be choosy, demand more and take their time selecting their next opportunity. As a result, talent acquisition remains the most expensive business process with 45% of firms citing it is their #1 most expensive process and 77% putting it in the top three—both higher figures than last year. In addition, more than 8 in 10 firms indicated it takes them more than 30 days to fill an open position. With these kinds of results, it's no wonder issues like employee morale, work/life balance and retaining employees have risen to the top of firms' challenges managing HR. Knowing the battle for talent is fierce, A/E companies are putting a heightened focus on retention and should explore ways to improve the culture within their firm.

SECTION ONE

FINANCIAL STATEMENTS

One of the few areas where "steady and predictable" is good news is in the area of financial metrics. Architecture and Engineering firms achieved that again this year.

60.1%

utilization rate

held steady despite staff growth

65

days

Average collection period for high performers

3.02

net labor multiplier

a significant increase from last year's 2.96

No matter what the metric—operating profit, overhead, utilization, net labor multiplier—the overarching theme is a resounding steady to very slight improvement compared to last year. High performers stood out in several areas, including utilization rates, operating profit on net revenue, and average collection period to name a few. However, since higher thresholds in certain financial metrics are the very definition of high performers, these results were simply another revelation of steady performance amongst high performers without any significant increases for the high performing firms.

One area that stood out this year is the challenges facing financial leaders. While increasing profitability remained on top of the list of challenges, the subsequent challenges saw a major shake-up this year. Organic topline growth and cash flow, last year's #2 and #3 challenges, dropped to the bottom half of the list, replaced by managing growth, managing merger & acquisition activity and succession planning/ownership transition. These people-oriented issues augmented numerous write-in responses citing hiring and retention—traditionally the purview of HR—as being key issues for financial leaders going forward. While the financial metrics for A&E firms remain steady, the challenges that can impact a firm's financial viability continue to be in flux and require focus and diligence from not only the financial leaders, but all leaders within the firm.

Key Data Points from the Survey

- Average operating profit on net revenue was 13%, up just slightly from last year's 12.8% and the previous year's 11.8%
- Utilization rates held steady at 60.1% in spite of significant staff growth
- The net labor multiplier saw an increase to an average 3.02, up quite significantly from 2.96 last year
- On average, firms drove down their overhead rate 1.2% to 154%, making it the fifth consecutive year for a decline
- Net revenue per employee rose slightly to about $140,200 from about $139,000 last year
- The average collection period dropped by one day to 72 days. High performers are setting the standard with a 65-day average.
- The top financial challenges facing A&E financial leaders over the next 2-3 years shifted significantly with increasing profitability holding steady at the top of the list, but followed by managing growth, managing merger & acquisition activity and succession planning.

Operating Profit on Net Revenue

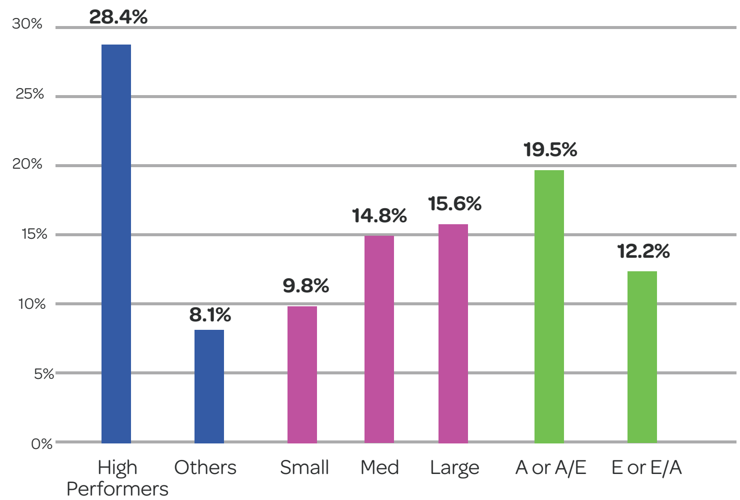
13% +0.2

Calculated by dividing pre-tax, pre-distribution profit by net revenue (total revenue minus consultants and other direct expenses).

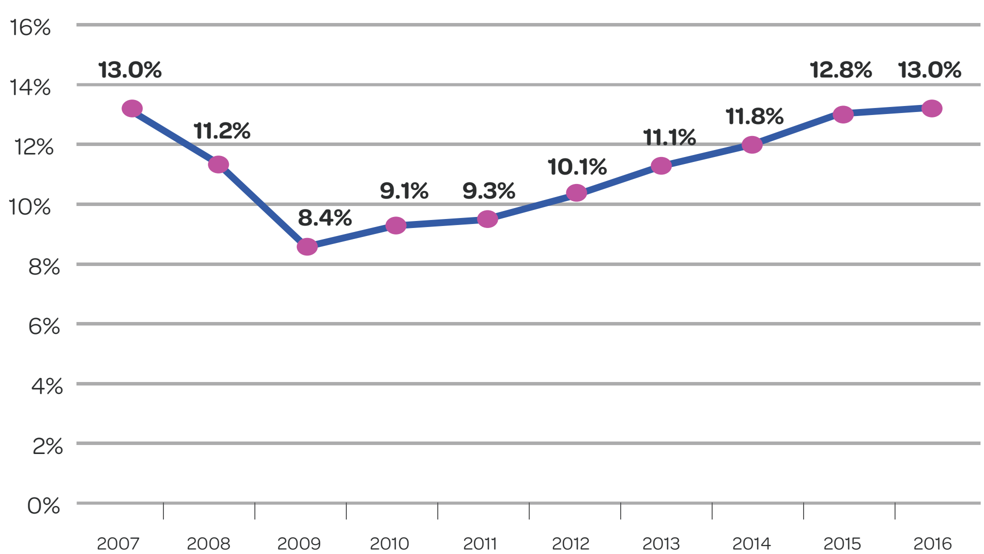
At 13%, the average operating profit on net revenue was up just slightly from last year's 12.8%. This continues a seven-year gradual climb from the low of 8.4% in 2009. In fact, if adjusted for inflation, the figure is probably closer to flat or even slightly down. Since firms must achieve at least 15% operating profit on net revenue to be a high performing firm, it is expected that high performers excel in this category. But, high performers aren't just reaching the minimum. These firms are collectively almost doubling the high performer threshold. Compared to last year's 28.3%, high performer results are flat year over year.

	2016	2015	2014	2013
Top Quarter	25.8%	27.4%	18.7%	17.8%
Average	13.0%	12.8%	11.8%	11.1%
Bottom Quarter	4.4%	7.2%	6.2%	5.2%

HOW FIRMS COMPARE



TEN-YEAR TREND



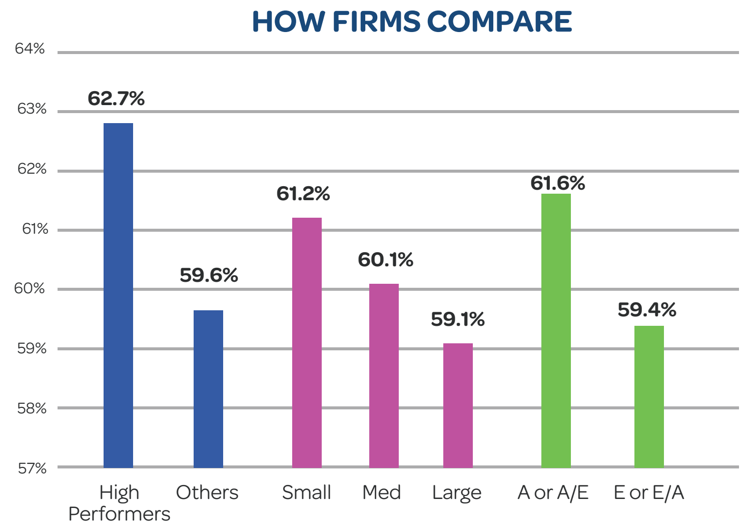
Utilization Rate

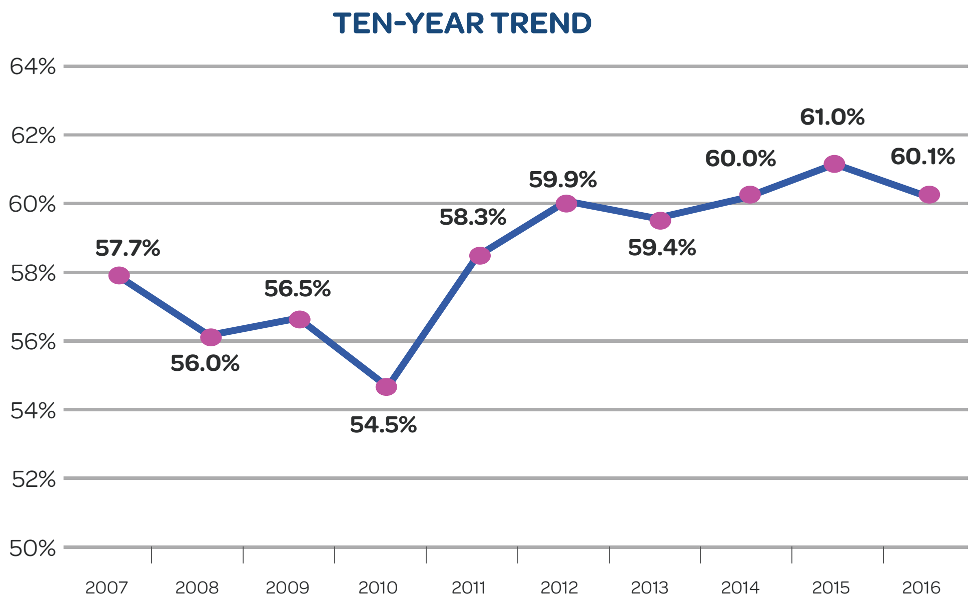
60.1% -0.9

Calculated by dividing the cost of labor charged to projects by the total labor cost of the firm.

Utilization rates saw a very slight drop to 60.1%, which is in line with relatively flat year-over-year revenue numbers. In a year when staff growth doubled, the fact that firms have been able to keep utilization rate steady is noteworthy. Firms seem to be successfully maintaining pace with their growth in new staff by getting them ramped up and billable quickly and efficiently.

	2016	2015	2014	2013
Top Quarter	67.2%	68.26%	65.40%	65.00%
Average	59.9%	60.98%	60.00%	59.40%
Bottom Quarter	55.3%	55.41%	55.80%	54.90%





Net Labor Multiplier

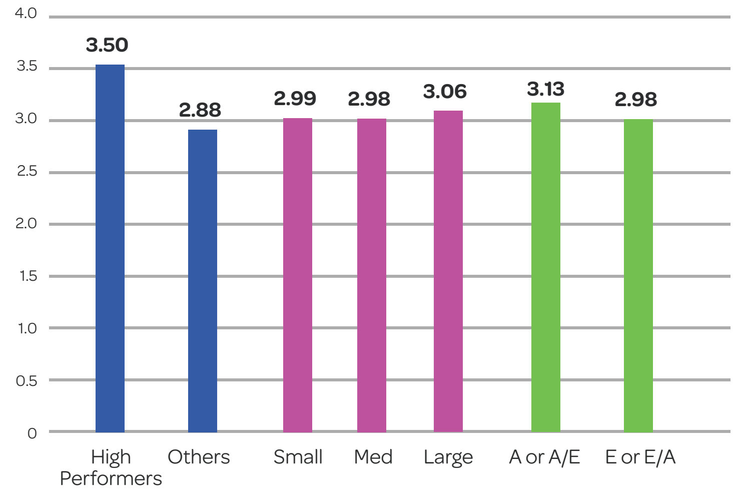
3.02 +0.06

Calculated by dividing net revenue by direct labor, the cost of labor charged to projects.

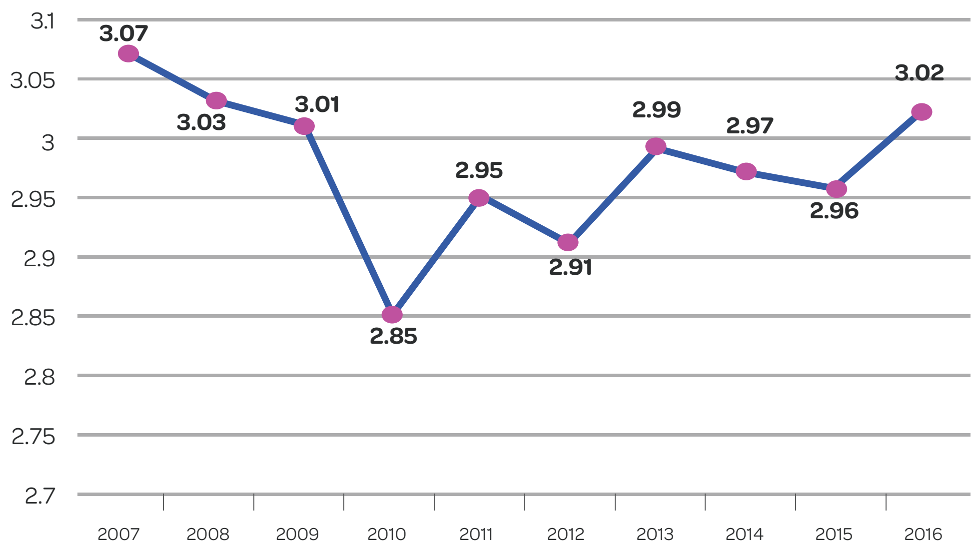
As with many other financial markers this year, the average net labor multiplier saw an increase to 3.02, up from 2.96 last year. Since net labor multiplier indicates how well a firm is managing its project profitability and fee pricing, these results suggest that firms are refining their ability to generate revenue from their direct labor investment. With overhead rates continuing to come down, more of the revenue is going right to the bottom line. To be considered a high performer, firms must achieve a 3.0 or greater multiplier. As our high performers continue to outpace all other firms, it is worth noting that the overall average rose above the high performer threshold for the first time in seven years.

	2016	2015	2014	2013
Top Quarter	3.32	3.32	3.31	3.27
Average	3.02	2.96	2.97	2.99
Bottom Quarter	2.74	2.65	2.73	2.73

HOW FIRMS COMPARE



TEN-YEAR TREND



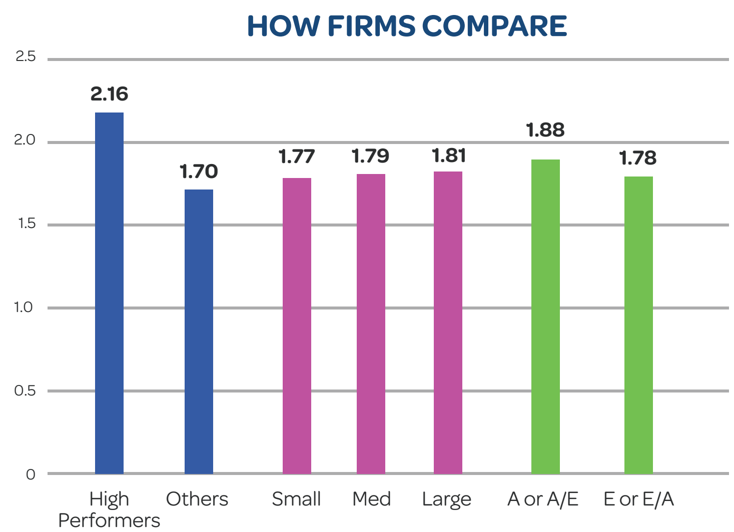
Total Payroll Multiplier

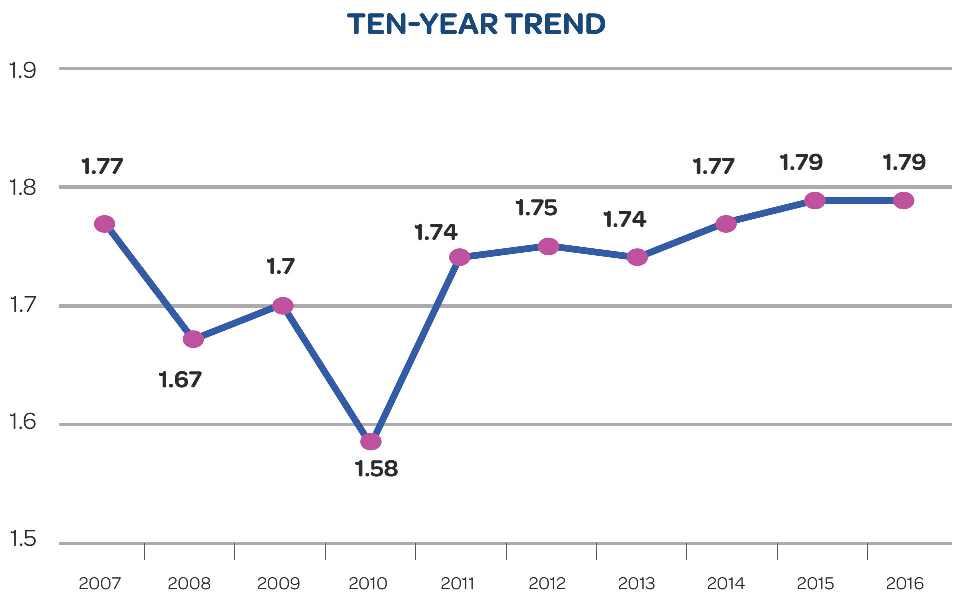
1.79 0.00

Calculated by dividing net revenue total labor or utilization rate times net labor multiplier.

While the average total payroll multiplier remained flat year over year, there were some notable changes in a few segments. The biggest changes occurred in large firms and architectural firms, both with increases year over year. This may be due in part to the cost of trying to attract new talent to replace departing employees. In today's tight labor market, A&E professionals can often demand a higher salary than they could just a few years ago. Going forward, it is anticipated that the higher incoming salaries will be offset by the departure of high-earning Baby Boomers, particularly those at the director and principal level who are not as billable, yet rank at the top of the pay scale.

	2016	2015	2014	2013
Top Quarter	2.03	2.03	1.93	1.94
Average	1.79	1.79	1.77	1.74
Bottom Quarter	1.61	1.63	1.63	1.61





Overhead Rate

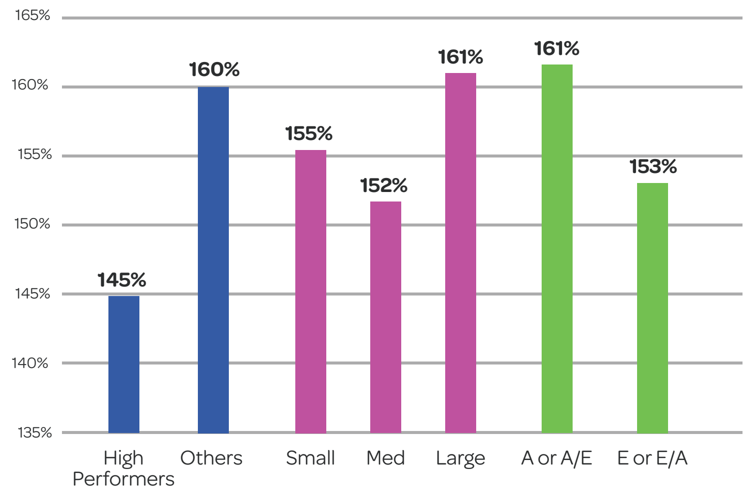
154% -1.2

Calculated by dividing total overhead (before distributions) by total direct labor expense.

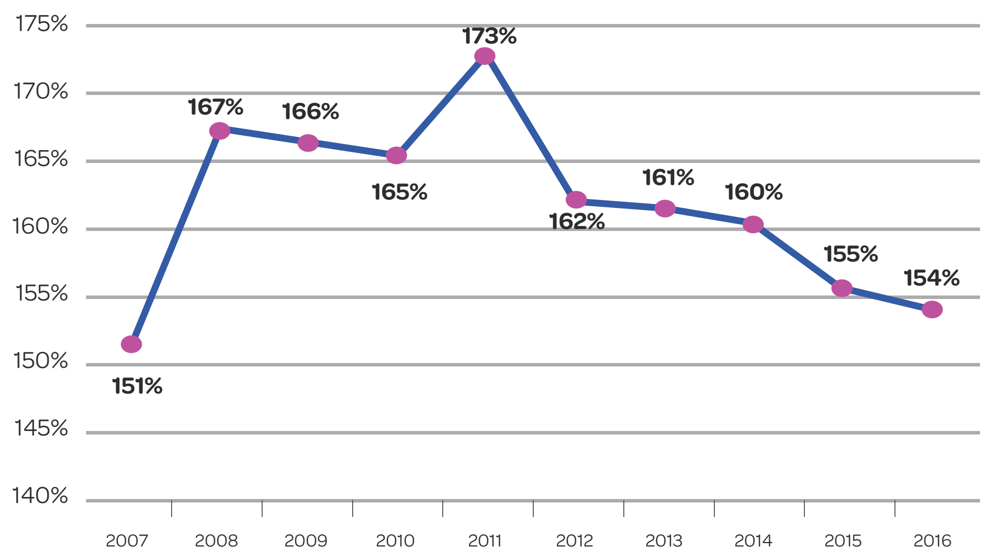
On average, firms drove down their overhead rate 1.2 percent to 154%, a continuing five-year decline. If the spike to 173% in 2011 is eliminated, this year's results are actually the continuation of a steady downward trend that goes back to 2008 when overhead rates hit 167%. With firms reporting higher HR budgets this year, the continued downward trend of overhead rate is worth taking a closer look at. Firms seem to be making greater investments in hiring, training and professional development right now, but they are clearly making cuts elsewhere to keep the overhead number trending lower. Two segments that did not align with the overall trend in overhead rates are small firms and architectural firms. Both segments reported overhead rate spikes this year. Small firms jumped to 155% from 141% last year while architectural firms reported overhead rates of 161%, up from 155% last year.

	2016	2015	2014	2013
Top Quarter	182.5%	187.0%	184.7%	183.5%
Average	154.0%	155.2%	160.0%	161.1%
Bottom Quarter	123.7%	121.1%	134.0%	135.2%

HOW FIRMS COMPARE



TEN-YEAR TREND



Net Revenue Per Employee

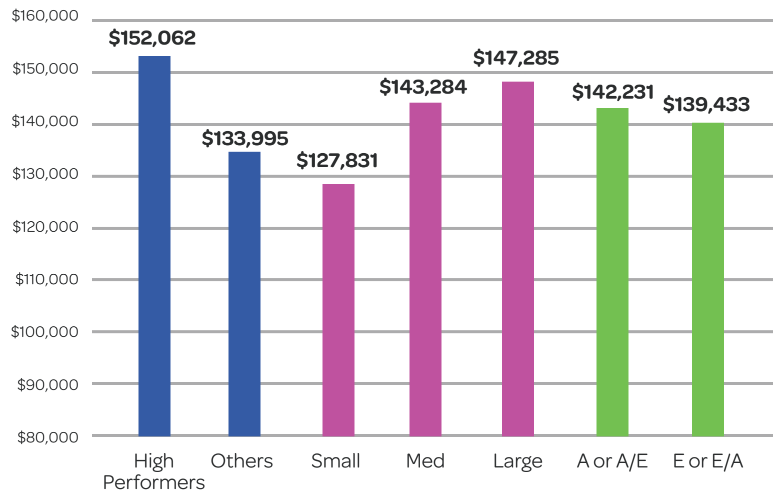
$140,189 +$1,147

Calculated by dividing net revenues by average total staff during the year, including principals.

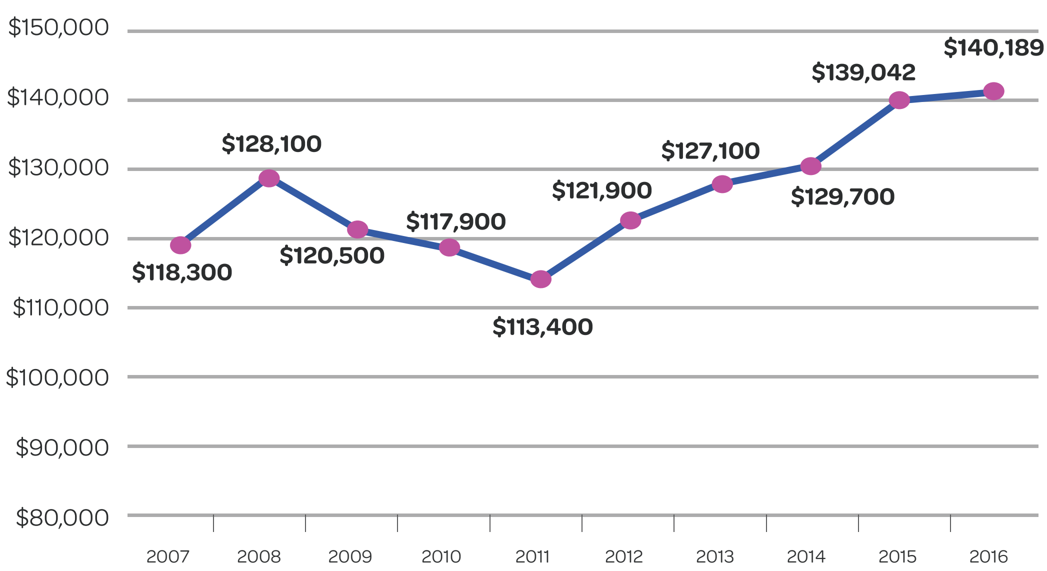
While this year saw a slight uptick in net revenue per employee, this metric is beginning to level off. As noted last year, after five years of climbing, this figure may have topped out and is expected to flatten out within a year or two. Better project management driving overall net revenue gains is likely the main factor driving this year's slim growth. Slight increases in utilization may also be contributing to this increase.

	2016	2015	2014	2013
Top Quarter	$157,106	$156,079	$149,705	$ 144,027
Average	$140,189	$139,042	$129,689	$ 127,098
Bottom Quarter	$118,430	$117,841	$113,692	$111,130

HOW FIRMS COMPARE



TEN-YEAR TREND



Total Employee Cost

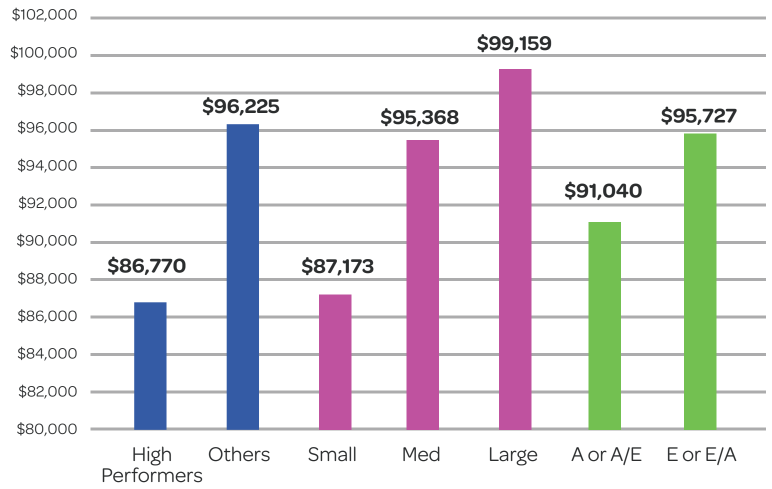
$93,744 +$1,489

The sum of Total Labor and Other Labor-Related Expenses (taxes, insurance, etc.) divided by the average number of employees during the year. Excludes bonuses.

It was no surprise to see average total employee cost rise as firms increase their investments in employee packages and incentives to attract new employees and retain talented workers. These costs have been climbing since 2014 when available talent in the marketplace began to dwindle. While the overall increase was modest, the details behind where it came from tell an interesting story. High performers represented a notable exception to this trend reporting a $6,000 reduction in employee costs since last year, while others rose by $5,000. Other firms may be trying to play catch-up with employee incentives to battle in today's competitive job market. The sizeable $10,000 spread between high performers and others is unsustainable though, and we expect to see this even out over time. Another notable change is the large firms, which cited a $9,000 increase this year. These firms could be taking a more aggressive approach to employee incentive packages for new hires.

	2016	2015	2014	2013
Top Quarter	$105,881	$101,846	$98,345	$101,846
Average	$93,744	$91,255	$88,001	$91,255
Bottom Quarter	$80,855	$82,237	$78,781	$82,237

HOW FIRMS COMPARE



Average Collection Period

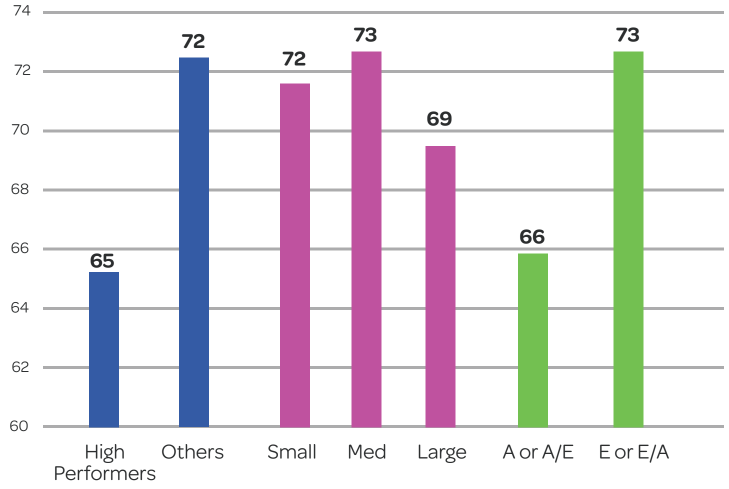
72 -1

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

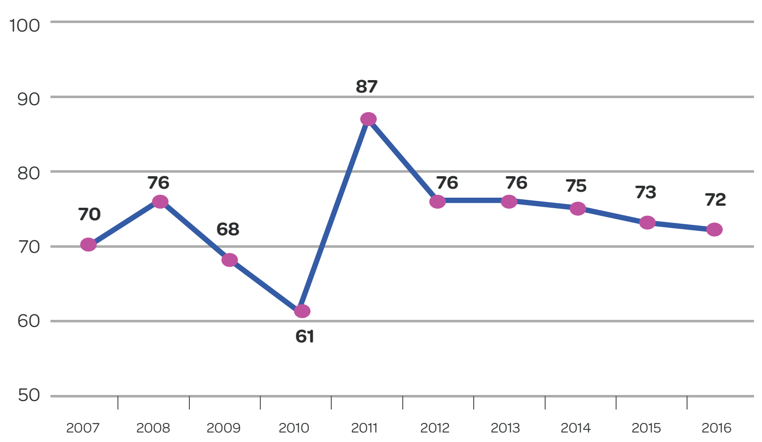
The average collection period dropped by one day to 72 days, continuing a downward trend since the 2011 high of 87 days. This is good news as this number is continuing to move in the right direction. However, the A/E industry still has a long way to go to get back to its 2010 low of 61 days. One common challenge is that for some firms, open accounts receivable are not written off when they are likely uncollectable, driving up the days sales outstanding or average collection period calculation. Another issue may be internal inefficiency. We often see collection periods expanded by inaccurate invoices and inefficient invoicing/collection procedures, both of which can be addressed through better automation. Not surprisingly, high performers have the best handle on collections right now, setting the bar at 65 days, down from 72 for this group last year and 80 days the previous year. Firms can follow in high performing firms' footsteps by continuing to look for ways to drive down their average collection period and increase cash flow. Equally unsurprising is that large firms have a better handle on Average Collection Period, given they are more likely to have stronger controls and a higher focus on automation to support and streamline invoicing efforts.

	2016	2015	2014	2013
Top Quarter	92	97	98	100
Average	72	73	75	76
Bottom Quarter	54	55	58	58

HOW FIRMS COMPARE



TEN-YEAR TREND



Net Fixed Assets Per Employee

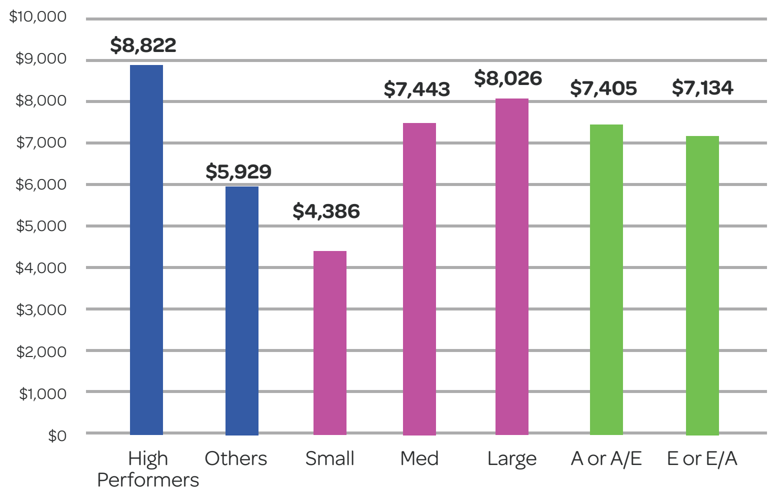
$6,765 -$790

Net Fixed Assets per Employee is Fixed Assets less Goodwill and Depreciation, divided by the current number of employees.

Overall, average net fixed assets per employee fell slightly. This may be due in part to firms shifting some of their reinvestment dollars towards people rather than technology and equipment. That said, high performers stood out this year as having markedly higher net fixed assets year over year. Last year, this group reported $6,800 in net fixed assets per employee; this year, that figure is $8,800—a $2,000-per-employee increase. High performers appear to be investing not only in people, but also in the necessary resources to help their people operate more effectively.

	2016	2015	2014	2013
Top Quarter	$10,390	$11,664	$10,930	$8,692
Average	$6,765	$7,555	$6,922	$7,911
Bottom Quarter	$3,361	$3,991	$3,531	$5,904

HOW FIRMS COMPARE



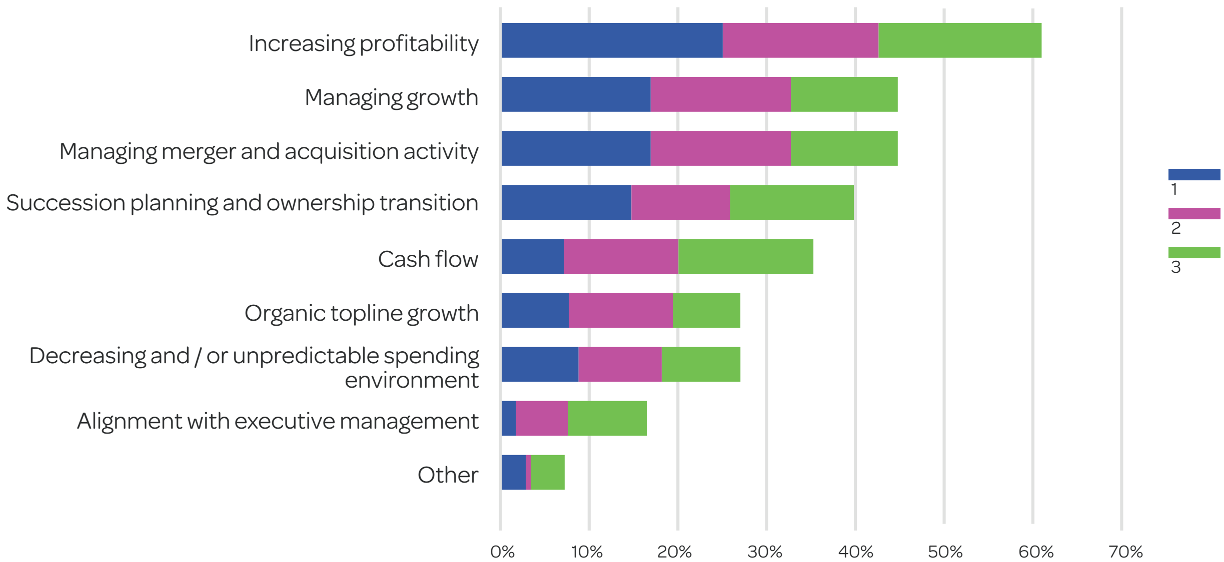
Top Challenges Facing Financial Leaders

Although financial results have remained on a gradual upward trend, the top challenges facing financial leaders show things are not just business as usual. The top four responses last year were shuffled this year into positions 1, 4, 5 and 6, showing shifts in focus and priorities. Most interestingly, managing merger & acquisition (M&A) activity was at the bottom of last year's list of challenges and now is positioned as #3, but essentially tied with the second biggest challenge – managing growth. In a year with increased participation from large firms, where M&A activity is generally of higher concern, it makes sense that this issue climbs up the list, but the fact that it leaped so far might signal higher-than-usual activity forthcoming in this area.

Succession planning and ownership transition, new on our list this year, debuted in the #4 position. This is not surprising when coupled with the boost in managing M&A activity because, through mergers and acquisitions, both acquirers and acquirees must manage succession. In addition, the ongoing exodus of Baby Boomers, who typically hold firms' top positions, is driving a renewed focus on succession planning. This result underscores the fact that succession planning is not just an HR function, but has a significant financial implication. It is worth noting that quite a few more high performers called out succession planning/ownership transition as a top challenge than "all other" firms.

Managing growth, the #2 challenge overall, was another new option this year. Last year, so many firms called out these two new entries as write-in options for "other" that they were added as options this year and both came out in the top four. In fact, all the top four responses—and nearly every write-in answer—centered on issues that impact people, a reminder that firms cannot view financial issues and people issues as independent, but must be reviewed and addressed in tandem.

TOP FINANCIAL CHALLENGES

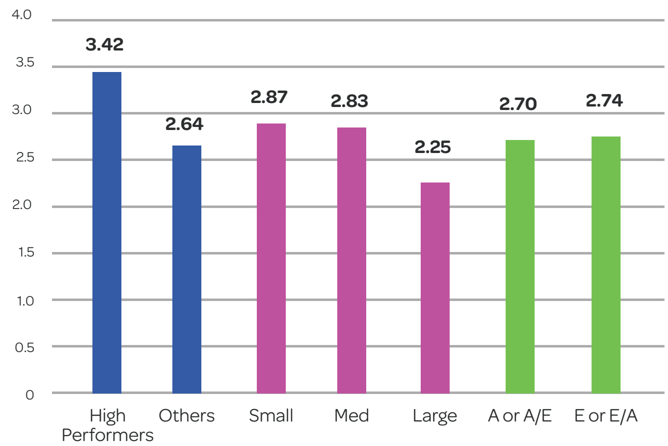


Current Ratio

2.76 +0.05

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

	2016	2015	2014	2013
Top Quarter	5.00	4.88	4.07	4.1
Average	2.76	2.71	2.44	2.56
Bottom Quarter	1.93	1.77	1.67	1.7

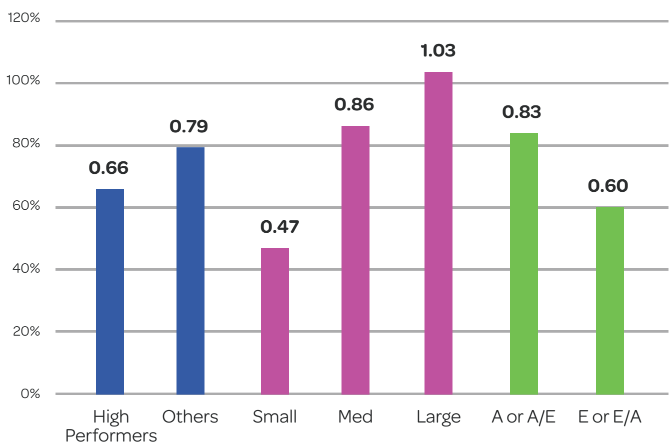


Debt to Equity Ratio

0.75 0.00

Calculated by dividing Total Liabilities by Stockholders' Equity.

	2016	2015	2014	2013
Top Quarter	0.28	1.69	1.45	1.62
Average	0.75	0.75	0.82	0.82
Bottom Quarter	1.33	0.35	0.32	0.35

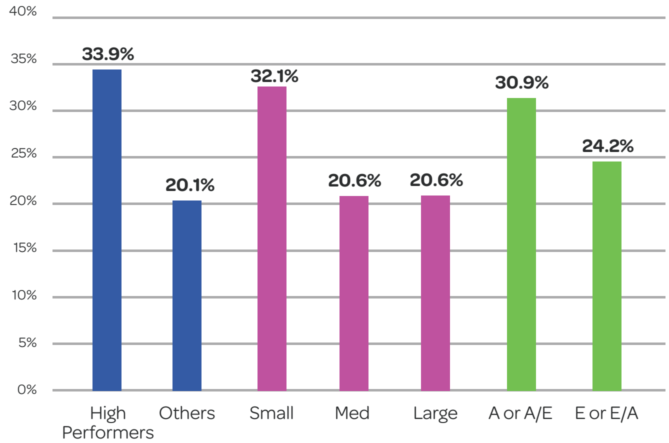


Return on Equity

24.8 **-4.0**

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.

	2016	2015	2014	2013
Top Quarter	47.9%	51.7%	45.0%	38.2%
Average	24.8%	28.8%	19.6%	18.1%
Bottom Quarter	10.7%	11.1%	5.7%	4.5%



FINANCIAL STATEMENTS

CLARITY OUTLOOK

Firms reported another year of steady performance across most metrics, but this year's results also revealed increased concern about people-related issues and their impact on financial management. Financial leaders pointed to hiring, retention, competitive compensation and other areas that typically fall under the HR umbrella as being challenges they need to address. They know people impact everything about a business, including nearly every financial metric. Going forward, Financial and HR leaders will need to work together more closely to devise solutions to the talent issues facing firms today before they have a significant impact on the firm's bottom line.

SECTION TWO

BUSINESS DEVELOPMENT

As much as it seems that the world has changed over the years, one thing has stayed consistently critical amongst architecture and engineering firms—client relationships.

75%

of firms

are using a formal go/no go process

82%

of firms

reported that client relationships are one of their top sources of opportunities, up from last year

5.3%

revenue growth forecasts

up overall but down for small businesses

More than 90% of firms ranked client relationships as one of the top three factors most important to the long-term success of their company. Client relationships are also among the top three most important sources of pipeline opportunities for 82% of firms, with more than half of firms ranking it as the number one source of pipeline.

These results effectively summarize the state of business development in the A&E industry. Finding and winning business hinges on strong relationships. Despite technology that promises to keep us closer and more connected, strong relationships still require investment, time, and intent. Despite the fact that it has been this way for generations, firms still cited lack of time to nurture client relationships as their #1 business development challenge.

This is actually good news as it revealed client relationships are a focal point for firms of all sizes and specialties right now. This year's results show the industry is getting laser focused on figuring out how to overcome issues of time and process when it comes to nurturing client relationships. From putting automated systems in place to help manage the relationship-building process, to bringing on dedicated business development staff to remove the relationship-building burden from the shoulders of busy project managers, the firms that rise to meet the challenge of nurturing relationships most effectively will be the firms that thrive financially in the future.

Key Data Points from the Survey

- Firms seem to be anticipating changes in government spending based on their projected position in the various markets over the next 18 months. Transportation jumped 8 spots to the top area firms anticipate business in this year. Energy/power also spiked from the bottom last year to 4th place this year.
- Overall, firms reported a bump up in revenue growth forecasts for 2017 to 5.3% this year, up from last years' 5%. Notably, small firms did not share the optimism, and reported a 2% growth forecast, down from 6.3% last year.
- Lack of time to nurture client relationships jumped to the top of firms' list of business development challenges, up from the third spot last year. Increased competition, last year's #1 challenge, dropped to #3.

- A&E firms' top business development initiatives include: 1 - earlier identification of opportunities (up from second last year), 2 - strategic networking, and 3 - better opportunity identification.
- More than 50% of firms indicate client relationships are their #1 source of pipeline opportunities and 82% cite relationships are in their top three sources, further underscoring their importance.
- The A&E industry is increasingly relying on dedicated business development staff. This year, 42% of firms reported dedicated BD staff was one of their top sources of opportunities in their pipeline. This is up from 25% last year. While, executive teams and project managers are still cited as most responsible for business development, both dropped about 10 percent from last year.
- Three-quarters of firms reported having a formal go/no go process for strategic opportunities, up from 69% last year.
- A&E firms continue to rely on their top three clients for revenue at about the same rate as last year. Large firms reported 32% of their revenue comes from their top three clients, up from 17% last year. At small firms, 46% of revenue comes from just three clients, with 25% of revenue coming from their top client alone.

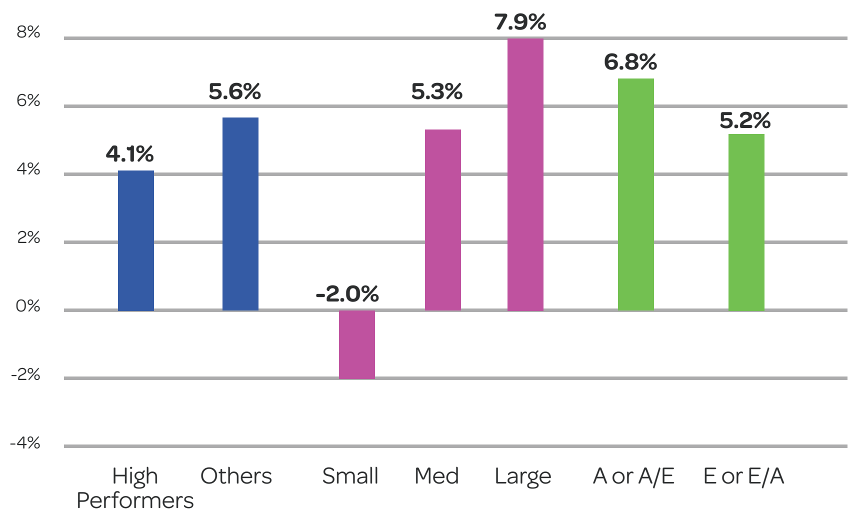
Net Revenue Growth Forecast

5.3% +0.3

Firms appear to be slightly more optimistic overall this year, with firms projecting 5.3% growth in net revenue for this coming year, a bump of 0.3% from last year. Digging a bit deeper, this optimism seems to be driven by all segments except smaller firms. The forecast for medium firms increased from 4.1% last year to 5.3% this year. Larger firms are a little more bullish than last year's 4.9% with a forecast of 7.9% this year. Similarly, architecture firms reported an increase in projected growth from 5.6% last year to 6.8% this year, and engineering firms saw a slight increase overall too.

The optimism is not universal, however. Small firms were right in the middle last year with growth projections and not only saw a decrease, but are anticipating a -2.0% forecast. Looking at the market, there is not a clear explanation for this potential warning sign, but it is a key future indicator that small firms need to closely monitor in their own firms.

2017 NET REVENUE GROWTH FORECAST



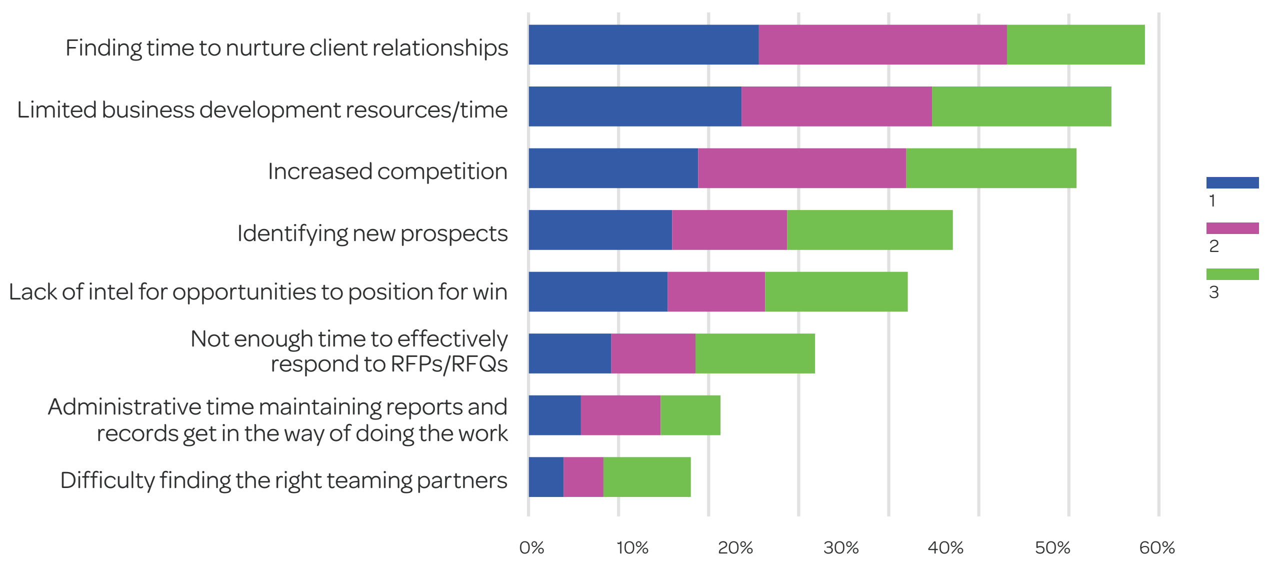
Top Business Development Challenges

When it comes to finding and winning new projects in the A&E industry, there is no single equation or process that guarantees success. And, like last year, firms identified the top challenges that stand in the way of success. A new challenge climbed to the #1 spot this year – nurturing client relationships – up from #3 just last year. The critical task of nurturing relationships often gets set aside for more urgent tasks and firms are honing in this year on the impact this may have on the rest of their business.

The problem many firms face here is that, with limited time for business development (challenge #2), people often become paralyzed by not knowing where to start. Of all the clients and contacts in a firm's CRM system, who should be called or invited to lunch? When was the last meeting with them? Firms need an easy way to identify which client relationships need to be nurtured and then track when meetings happen to make sure limited business development time is efficient and effective.

Although last year's top challenge, increased competition, dropped two spots this year, it is still a top-three issue and close in overall ranking to the other top two challenges. As firms approach the upcoming year, they need to find ways to maximize limited business development time and resources so they can continue to nurture key client relationships while keeping an eye on the competition, who may be trying to steal away the next big project.

TOP BUSINESS DEVELOPMENT CHALLENGES

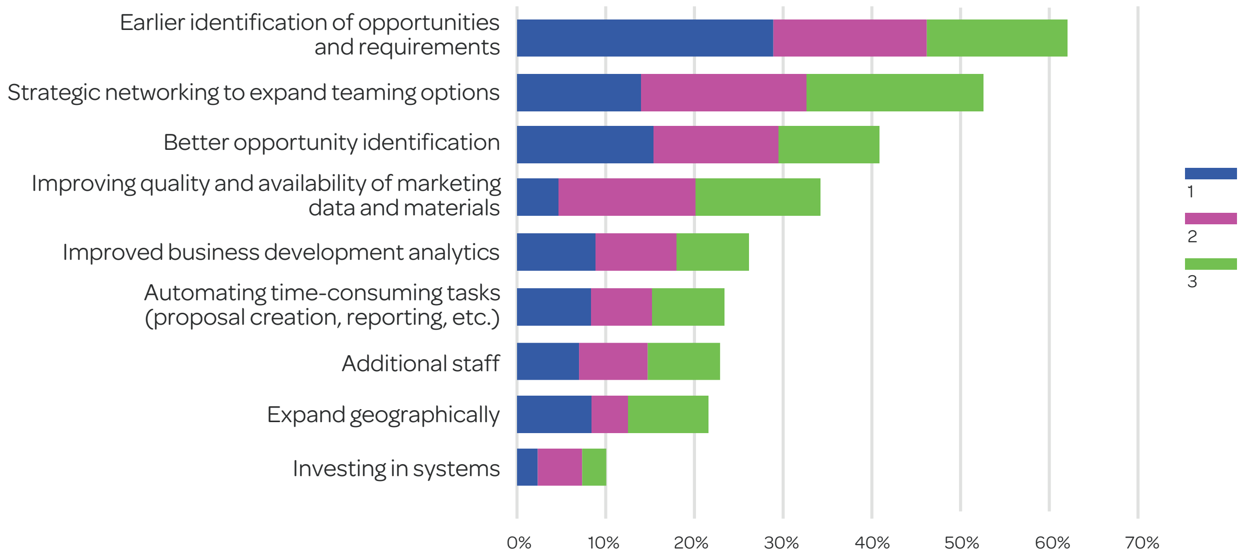


Top Three Business Development Initiatives

When examining the top business development initiatives each year, it's critical to see if the initiatives match the challenges. If nurturing client relationships, lack of time for business development and competition are the top challenges, are the initiatives firms are pursuing going to help them improve in those areas? In short, the answer this year is 'yes.' Earlier identification of opportunities (#1, up from second last year), strategic networking (#2) and better opportunity identification (#3) all touch on client relationships, limited time, and beating the competition.

The key in these initiatives is working smarter. Firms can spend a lot of time on business development and not actually accomplish much if they don't define a plan, execute that plan, and then evaluate what did and didn't work. At the end of the year, the big question is: are your initiatives enabling you to address your challenges in an effective way? And, are your seeing success in metrics, processes or relationships as a result?

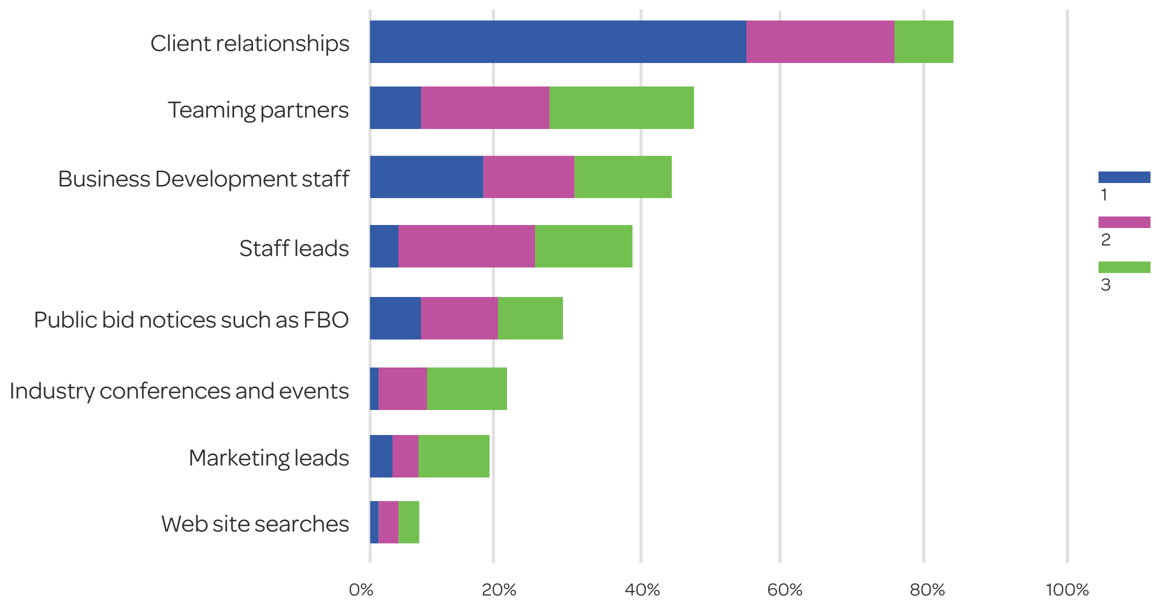
TOP BUSINESS DEVELOPMENT INITIATIVES



Top Sources of Opportunities

The top sources of opportunity for firms' pipelines remained relatively unchanged from last year with one notable exception. Based on a number of write-in responses last year, staff leads was added as a new option in this year's report and it debuted in the fourth spot with nearly 4 in 10 firms citing it in their top three sources. There are two implications in this result. First, it underscores the importance of retention. Business is personal; in the A/E industry, it is no surprise that clients continue to gravitate toward people they know and trust to execute their projects. When staff walks out the door, they take their client relationships with them—sometimes right to the competition. Second, these results highlight the importance of every person in a firm, no matter what their title or role, being able to share the firm's story—and deliver it well. When nearly 40% of firms say staff is among their top sources for pipeline opportunities, this reveals a remarkable opportunity for the other 60%, but only if their staff is equipped for success.

TOP SOURCES OF OPPORTUNITIES TO PIPELINE

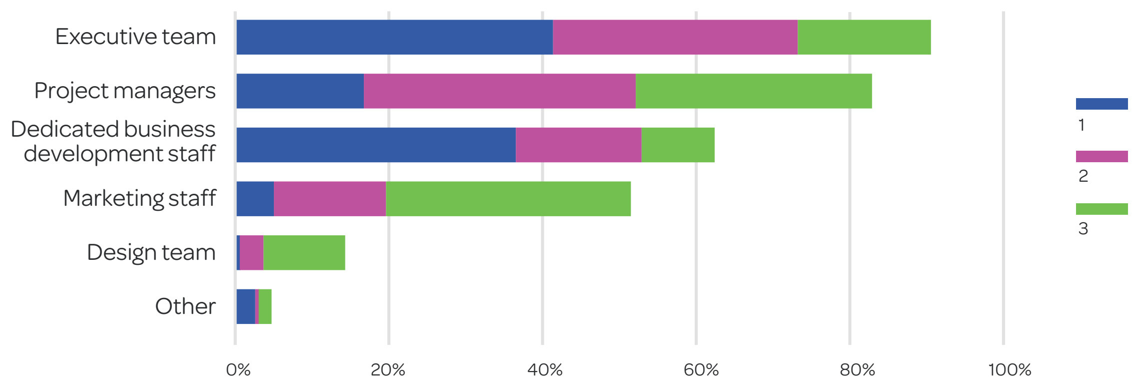


Responsibility for Business Development

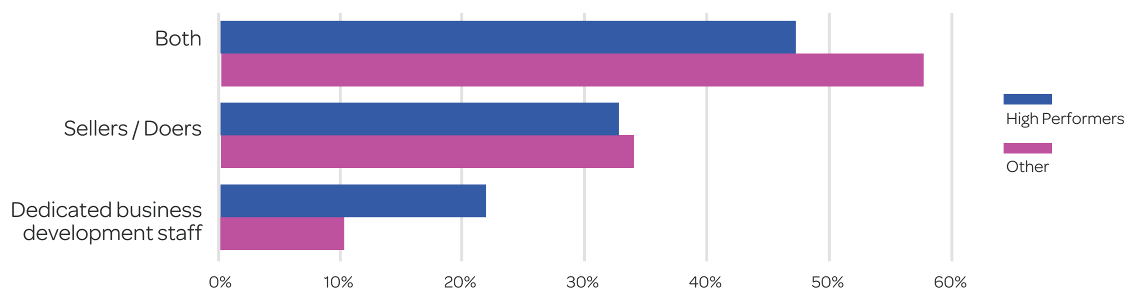
The responsibilities of business development are shifting in some A&E firms from the traditional seller-doers to more firms using dedicated business development professionals, alleviating the burden of business development from other positions. While the executive team and project managers maintain primary responsibility for business development, the number of firms citing them decreased this year while dedicated BD staff increased. Last year, just 40% of firms indicated dedicated BD staff was responsible for business development; this year, that figure rose to 60%. Moreover, nearly the same percentage (roughly 40%) of firms chose dedicated BD staff as having top responsibility as those who said their executive team has top responsibility for BD.

These results aligned with a separate question where firms identified the business development model within their firm – seller-doer, dedicated business development or both. Interestingly, while just 50% of high performers said they use a seller/doer model, 91% of all other firms indicated they are using this model. High performers seem to be leaning towards a dedicated business development staff model, enabling project managers and others to focus on what they do best. This shift can enable firms to become more effective at business development because it is a priority instead of a task that people get to when they have time.

RESPONSIBILITY FOR BUSINESS DEVELOPMENT



BUSINESS DEVELOPMENT MODEL

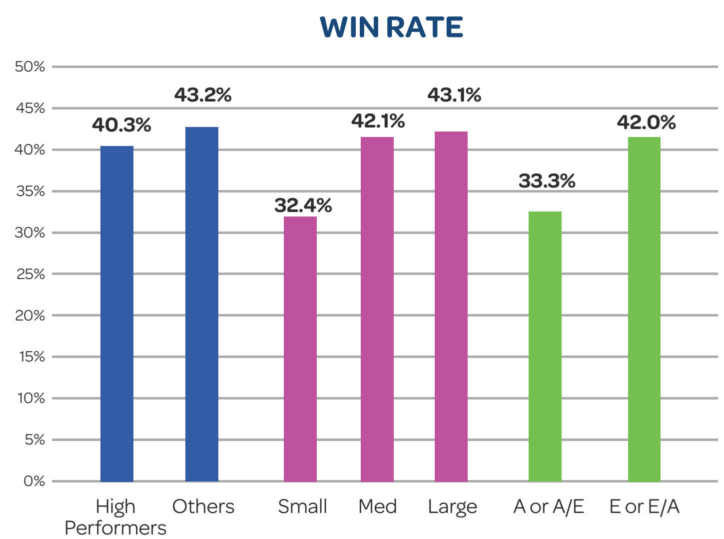


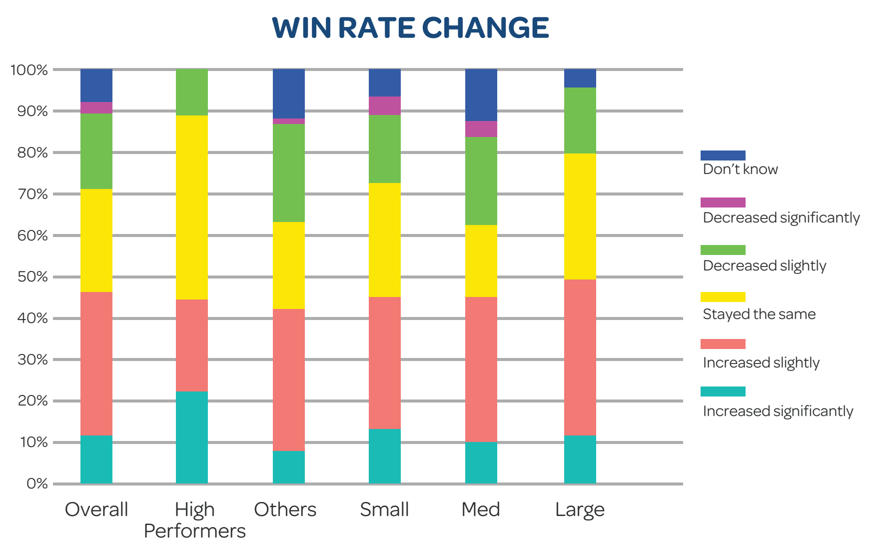
Win Rate

40.2% -4.8

Calculated by Proposals Awarded divided by Proposals Submitted.

Win rates dropped again this year, coming in at 40.2% this year, down from 45% last year. One noteworthy result was the decrease reported by small firms, dropping over 13% from 45.6% to 32.4% this year. The need to chase a higher volume of smaller opportunities may be effecting their win rates. Surprisingly, 8% of firms noted they still do not track their win rates. This is a critical metric that should be on every business development report so firms can dig into the details and make more informed go/no go decisions.

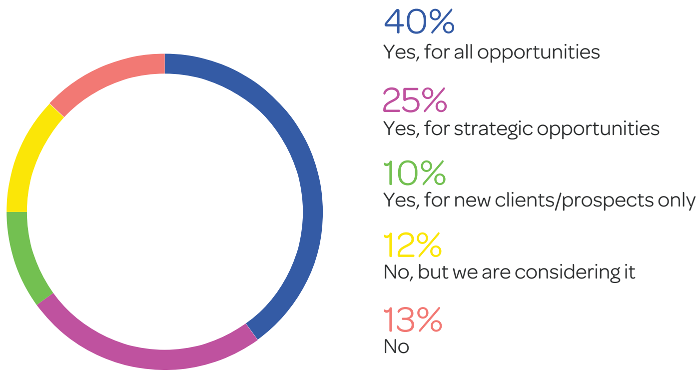




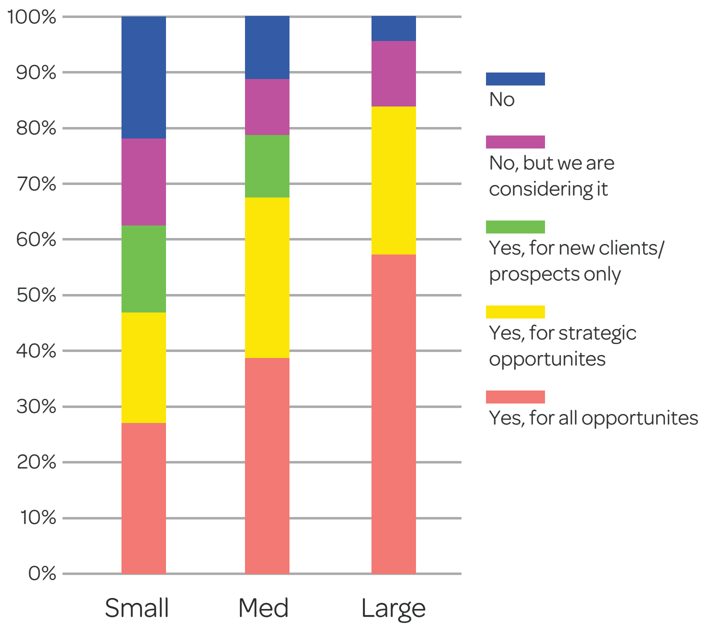
Formal Go/No Go Process

The number of firms with a formal go/no go process continues to increase. This year, 75% of firms reported having a formal process for deciding whether to pursue opportunities – whether just for new opportunities, strategic opportunities or all opportunities – up from 69% last year. At the same time, firms not using a go/no go process dropped to 25% from 31% last year. This is good news. Firms are leveraging go/no go processes to make better decisions about which opportunities to pursue, leading to improved win rates. In fact, when correlating win rate with the go/no go process, firms who employ a formal go/no go process have a 4% higher win rate. These firms are not only focusing on the right opportunities, but also saving their firm time, money and frustration along the way.

Firms that have a formal go/no go process, but aren't seeing the win rates they expect may need to review their evaluation criteria. Go/no go decision-making needs regular review and adjustment for the many changing variables that go into it. Are you asking the right questions for the right opportunities and truly honoring the process?



FORMAL GO/NO GO PROCESS



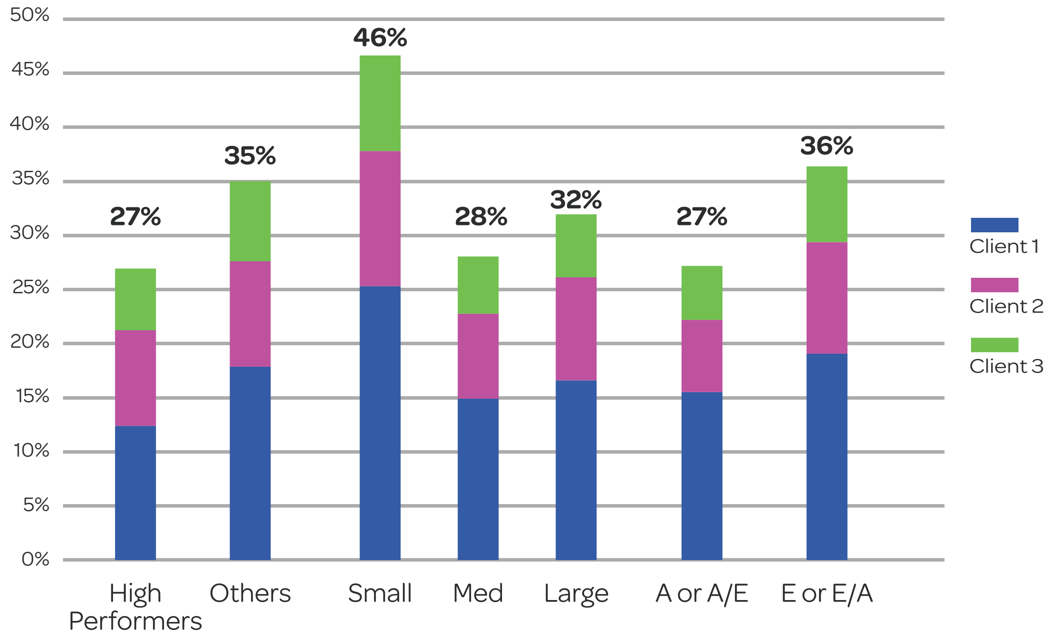
Revenue from Top Three Clients

Tracking the percentage of revenue generated by a firm's top three clients can be an indicator of revenue stability. To maintain stability, A&E companies must reduce reliance on their top three clients and diversify their revenue stream among a broader client base. Firms know this, which is why we were surprised to see large firms reporting that 32% of their revenue is coming from just three clients, up from just 17% last year. We saw an increase in small firms' reliance on their top three clients with 46% of revenue, up from 43% last year, coming from three clients and a whopping 25% of revenue coming from a single client.

The key reasons to monitor this metric are twofold – what is your firm doing to nurture and maintain the top three client relationships for your firm and how can you protect your firm in case your top client selects a different consultant for a key project or contract? Firms need to challenge themselves: What happens if our top client—who contributes a quarter of our revenue—goes to a competitor? How does this impact our financial stability? Who manages our top relationships and what are we doing as a firm to retain that employee and the client relationship?

These results stress that firms of all sizes need to take care of their best clients, nurture new prospects so there are opportunities to replace lost revenue and reduce turnover in their own staff so existing team members don't depart, raising the risk that a top client will follow.

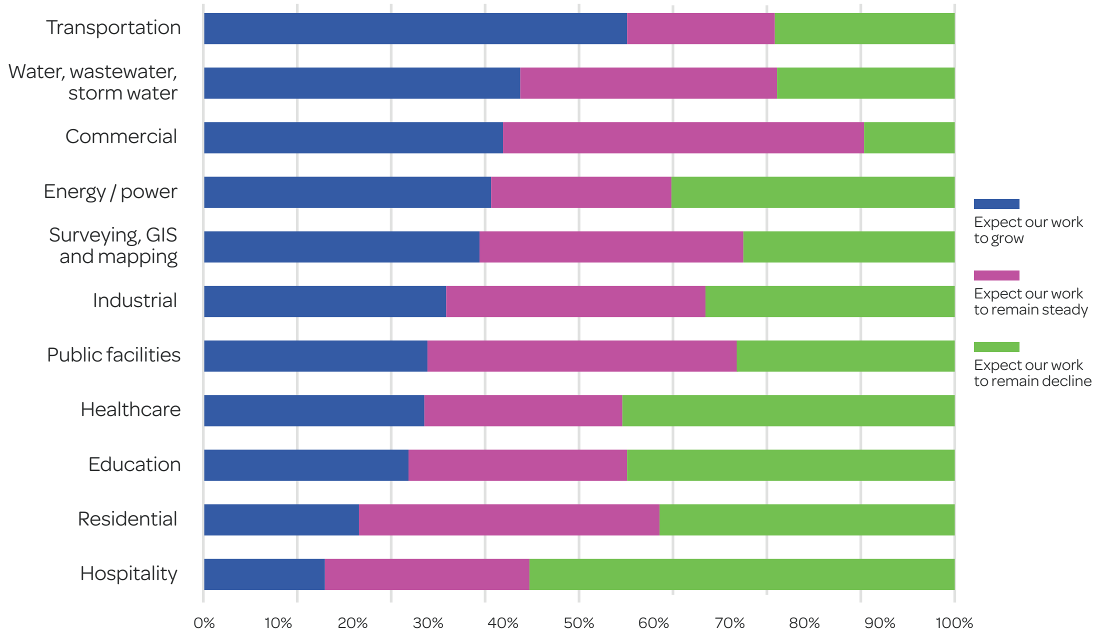
REVENUE FROM TOP THREE CLIENTS



Market Position

In asking firms to best describe their position in each of 11 markets over the next 18 months, we wondered: Are people going to feel differently about certain markets after the most recent presidential election? Will optimism generally increase or decrease with the new administration? There is an increased optimism across the board. In particular, transportation (called roads & bridges last year), which ranked 8th on the list last year, jumped to the top with 56% of firms anticipating increased business in this area. While only 15% of firms anticipated growth in energy/power last year, today nearly 4 in 10 firms expect more work in this market. Hospitality, in the fifth spot last year, dropped down to the bottom of the list as firms reported a significant decline in expected work.

POSITION IN MARKET OVER NEXT 18 MONTHS



BUSINESS DEVELOPMENT

CLARITY OUTLOOK

The outlook for business development can be summed up in two words: client relationships. Many results in this year's survey pointed back to the urgent need for A&E firms to focus on the right people and right systems to help nurture relationships with past, current and prospective clients. As senior leaders retire and overburdened project managers struggle to make time for finding and winning new projects, it is more important than ever that firms consider putting dedicated staff in place to develop the right relationships to generate new opportunities, grow the pipeline and win more projects.

SECTION THREE

PROJECT MANAGEMENT

This year's results show firms are continuing to invest in their project management processes—something vital to all A&E firms. And, it appears they aren't doing things halfway.

73%

of projects

are on or under budget, up from last year's average of 70%

50%

of firms

say confidence in the accuracy of project status visibility is high or very high, up from last year

19%

of firms

have very mature project management, up sharply from only 6% from last year

Firms appear to be doubling down on project management by increasing internal resources and strengthening PM skills through external training and certification. There was a significant increase in the number of firms offering formal internal PM training, PM best practices, and access to PM training resources for self-study. PM mentor program availability also expanded by more than 20 percent. Going outside the firm for expertise, more than half of all firms offer project managers access to formal, external PM training.

With firms investing more in the right places, it is no surprise that key metrics this year are holding steady or showing slight improvement. Among the high points of this year's survey: small- and mid-sized firms as well as high performers all saw an uptick in the number of projects coming in on or under budget. The percentage of firms reporting their PM function as being very mature tripled to 19% compared to last year. In the list of top PM challenges, inexperienced project managers dropped to #4, its second slide in two years.

These are bullish signs for the future of project management and for the many critical financial metrics that rely on excellence in this role.

Project Management Highlights

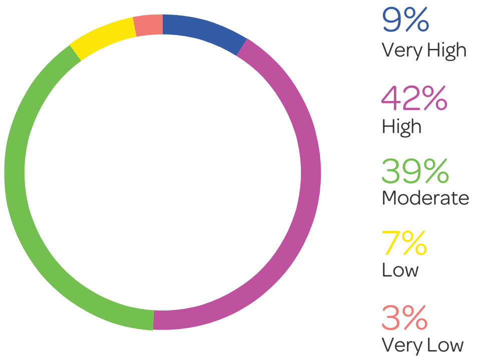
- Confidence in project status visibility saw a slight shift towards higher confidence that the right people have the right visibility. This year, 50% of firms claimed they have High or Very High confidence, up from 44% last year. Just 10% of firms said they have Low or Very Low confidence, down from 15% last year. The areas of highest confidence in visibility remain Budget vs. Actual (62% reported High or Very High confidence, up from 58% last year) and Client Satisfaction (53% claimed High or Very High Confidence, up from 45% last year).
- Overall confidence in reporting accuracy slid slightly, with just half of all firms reporting high or very high confidence, down 3% from last year.
- This year, 76% of high performers reported their projects as being on or under budget, up from 71% last year, while all other firms held steady at about 73%. Small- and mid-sized firms saw an increase in their projects that are on/under budget – 69% and 78% respectively, up from 67% and 72% last year.
- Nearly 20% of all firms rated their project management discipline as very mature, up sharply from just 6% last year. At the same time, firms who felt they were somewhat immature in their PM discipline fell 23% to 26%.
- The top three project management KPIs tracked by firms include profitability (95%), average collection period (81%) and multipliers (69%).
- When asked to rate what firms do well, a new response—manage client relationships—debuted in the top spot with 8 in 10 firms selecting it among their top three areas of excellence. Qualified project managers was identified as a key competitive advantage: although only 14% of "all other" firms selected it, nearly 30% of high performers said they excel here.
- The top three project management challenges facing A&E firms today are competing priorities for project managers (69%), staff shortages (44%) and insufficient or poorly-executed project management procedures (35%).
- Firms' top initiatives to address their challenges over the next 2-3 years include clearer definition of responsibilities for project management, business development and design (62%), developing internal PM best practices (51%) and hiring more qualified staff (40%)

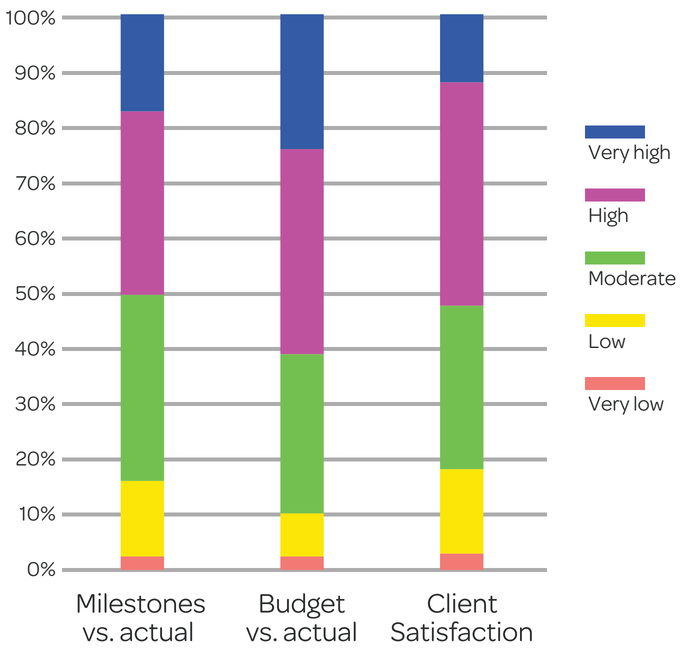
Confidence in Project Status Visibility

Each year, the Clarity report looks to gauge firms' confidence that the right people in their firm have visibility into three key project metrics: milestones vs. actual, budget vs. actual, and client satisfaction. Confidence in these areas often serves as a leading indicator into future firm performance. This year, the figures continue to hold relatively stable, although there is a slight shift in the direction of increased confidence with 51% of firms claiming high or very high confidence in project status visibility, up from 44% last year. At the same time, just 10% of firms said they have low or very low confidence, down from 15% last year. It will be interesting to monitor if this translates to overall performance improvements in upcoming years.

Similar to past years, the area of highest confidence was budget vs. actual, which is not surprising considering that comparing budget to what is actually achieved is one of the critical areas project managers must monitor. One interesting result again this year is high confidence in client satisfaction. Those reporting high and very high confidence in their visibility into this area expanded to 53%, up from 45% last year. This metric stands in contrast to the many firms that identified lacking a formal method to measure satisfaction. This could be the result of firms working closely with their top clients for repeat business, or a reported focus on nurturing client relationships.

CONFIDENCE IN PROJECT STATUS VISIBILITY



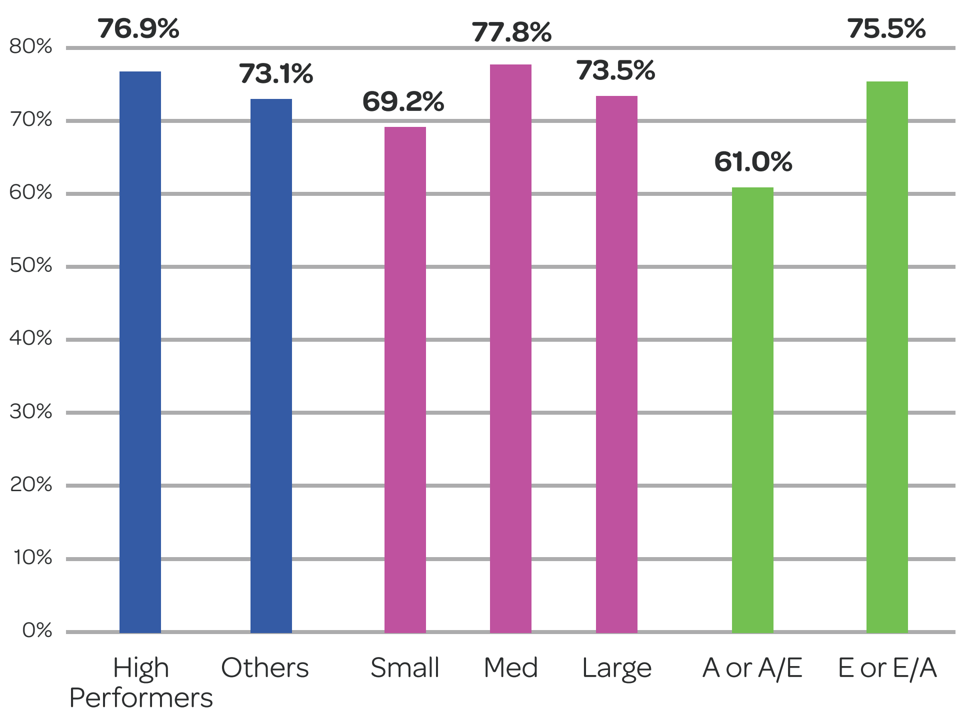


Projects On or Under Budget

The financial health of individual projects rests squarely on the shoulders of project managers. It is not surprising to see an improvement in the number of projects currently on or under budget following a year of increased investment in PM training. This year, 76.9% of high performers reported their projects as being on/under budget, up from 71.4% last year, while all other firms held steady right around 73%. Small- and mid-sized firms also saw an increase in their projects that are on or under budget – jumping to 69.2% and 77.8% respectively, up from 67.2% and 72.0% last year.

The uptick in project performance may reflect the expansion of training opportunities and resources firms are providing their PMs as noted in a separate response. For additional training, the top three responses—formal internal PM training, PM best practices, and access to PM training resources for self-study—all came in at 74% and all up sharply from last years' results. At the same time, availability of a PM mentor program increased 17% to 63%. The jump in mentor programs perhaps reflects an acknowledgement of the challenges with external training programs that don't address the unique aspects of the architecture and engineering industry, and spreads the burden with the seasoned veterans to share their hard-fought knowledge with the next generation of leaders.

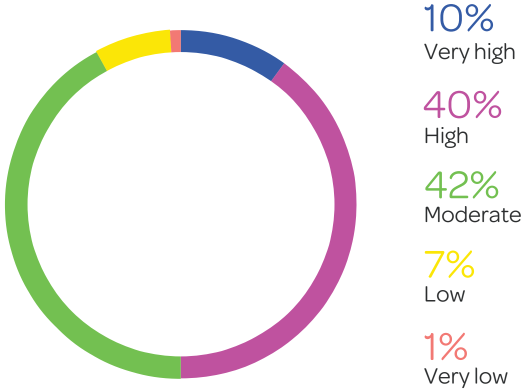
PERCENT OF PROJECTS ON OR UNDER BUDGET

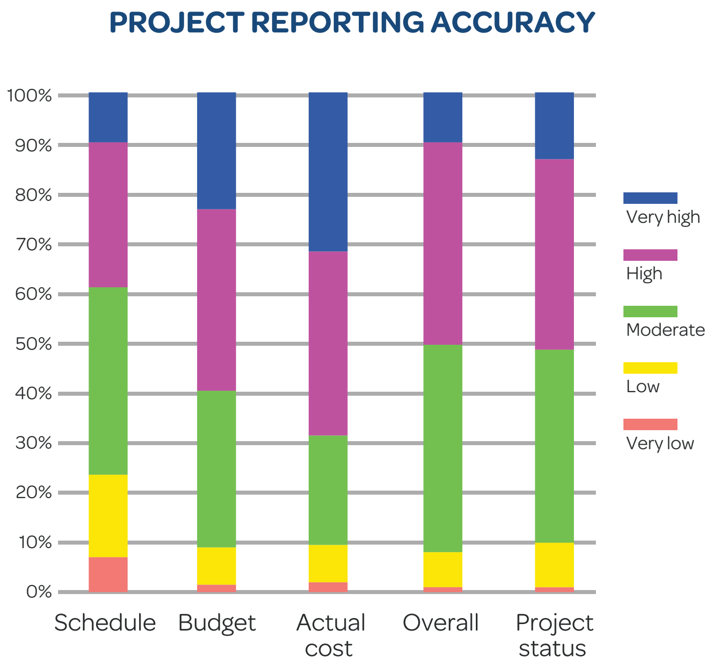


Confidence in Project Reporting Accuracy

Overall, confidence in the accuracy of reporting project status slid slightly. Just under half of all firms reported that they have high or very high confidence in the accuracy of their overall project reporting, down from 53% last year. There were some positive trends in the breakdown: just over half of all firms reported high or very high confidence in project status reporting, an 8% increase from last year. And 40% of firms reported high or very high confidence in their schedule reporting accuracy, up from just 25% of firms last year.

While there was no change year over year in the 22% of respondents who indicated low or very low confidence in schedule reporting accuracy, the increase in those reporting higher confidence is encouraging. Scheduling can be the most difficult metric to monitor with accuracy due to the unpredictable nature of projects. Visibility into resource availability and allocation typically requires the right tools, as well as firm-wide training and adoption of tools to achieve success.

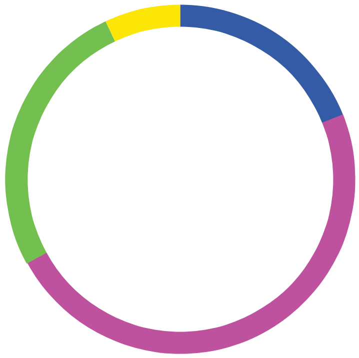




Maturity of Project Management Discipline

Project management discipline maturity stood out this year as a beacon of improvement. "Very mature" responses nearly tripled to 19% this year, up from 6% last year. Since "somewhat mature" responses held steady at just under half of all firms, the change came from a decrease in immaturity. Firms who felt they were somewhat immature in their PM discipline fell 23%, to 26%.

These results can serve as encouragement to firms that are investing in the area of project management that it is making a difference. Training teams and elevating performance can differentiate a firm when pursuing a new project, then deliver better and more profitable projects.

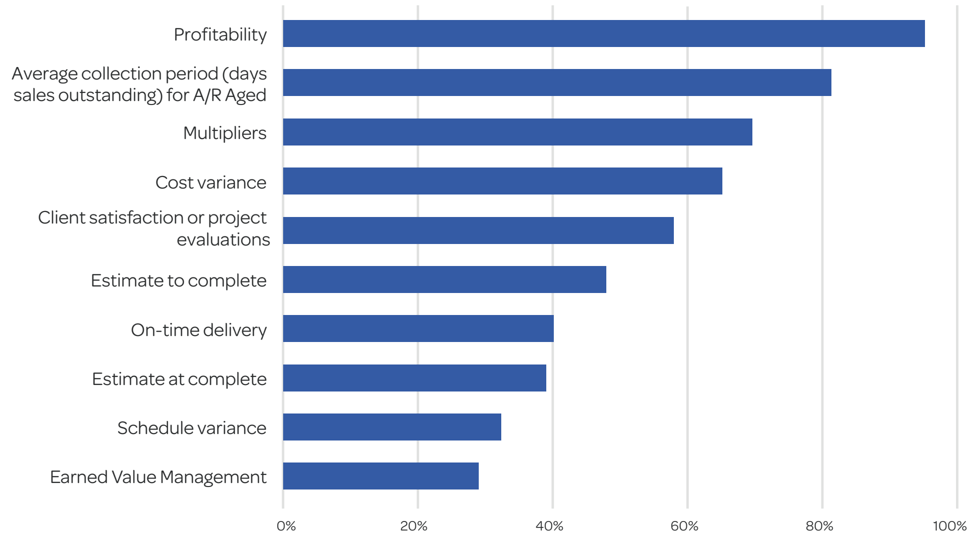


Project Management Key Performance Indicators

This was the second year participants identified which key performance indicators or KPIs are tracked by their firms. With the old saying of 'you manage what you measure,' it is not surprising to find that the top four KPIs tracked tie directly to the firm's bottom line. While tracking multipliers is often seen as a given in A/E firms, the specifics of how multipliers are broken down and tracked varies from firm to firm.

Monitoring the right KPIs can help reinforce the best practices your firm implements and keep your firm moving toward your strategic goals, especially those not tied directly to financial metrics. Teams need to be able to quickly assess project health as it relates to the KPIs your firm monitors and be able to course-correct as needed. Providing at-a-glance information about a project's performance for PMs can help reduce surprises and empower them to be more fiscally responsible in the delivery of their project. Giving teams access to this information is the first step in driving improvements and higher profits.

PROJECT MANAGEMENT KPIs TRACKED

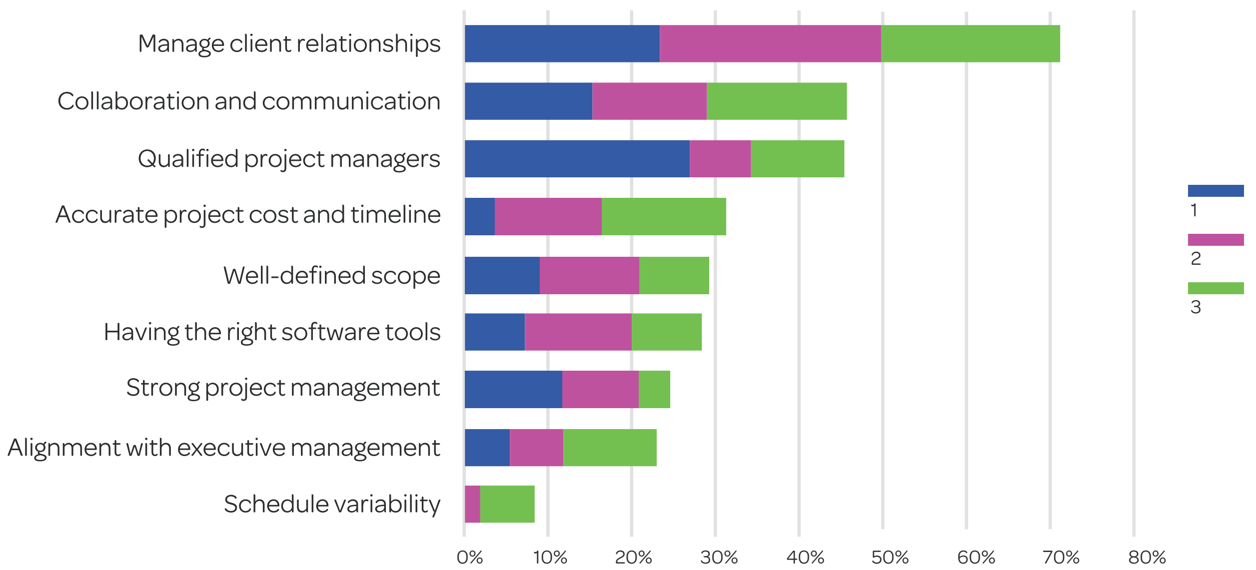


What Firms Do Well in Project Management

Project management encompasses so many processes, tasks and responsibilities and project management is often a key distinguishing factor between firms. So, what are firms doing well when it comes to managing projects? This year, we added a new response category—manage client relationships—which altered the results quite a bit. In fact, 8 in 10 firms selected manage client relationships as one of the top three things they do well, making the response the runaway leader. Qualified project managers and collaboration & communication placed a distant second and third with just 44% and 37% of respondents respectively putting them in their list of top three things they do well in project management.

The self-reported excellence in managing client relationships correlates to the focus from other areas of the firm putting a premium on nurturing relationships. On the other hand, the relatively lower showing of qualified project managers shines the spotlight on this area for future investment. When comparing the two categories side-by-side, there are some notable differences. While only 14% of "all other" firms reported that qualified project managers is something they do well, nearly 30% of high performers made this claim, revealing project management skills as a key differentiator between high performers and others. Other notable areas where high performers stood out compared to their peers were in the areas of collaboration & communication and accurate project cost and timeline forecasting.

WHAT FIRMS DO WELL IN PROJECT MANAGEMENT

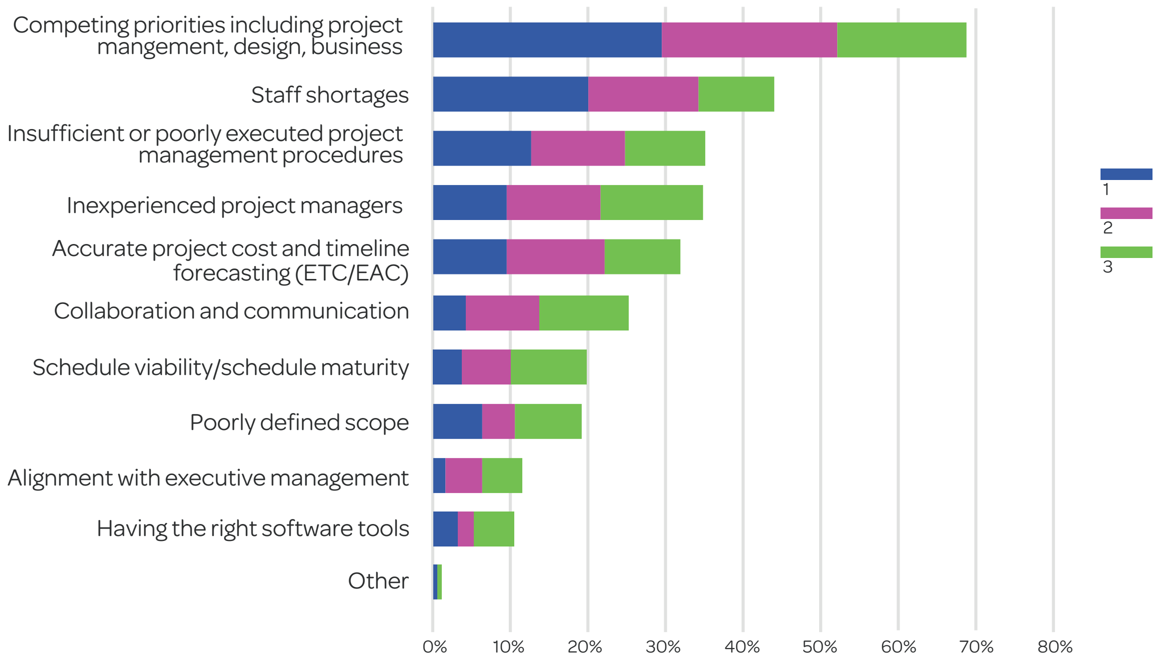


Top Project Management Challenges

Competing priorities strengthened its lead as the top project management challenge facing A/E firms over the next 2-3 years. Nearly 7 in 10 firms cited this as a top-three issue, a 7% increase over last year. Staff shortages, a new entry this year, debuted in the #2 spot. The two issues are closely linked. As noted in the Talent Management section of this report, there is a dwindling pool of available talent leading to staff shortages. In turn, A&E businesses don't always have the right people—and the right number of people—to handle existing and projected workloads.

While inexperienced project managers remains an issue, there is some improvement in this area. Last year, inexperienced project managers was the second-most cited challenge (behind competing priorities) and was listed by half of all survey participants as being in their top three PM challenges. This year, inexperienced PMs fell to #4 on the list and was cited by only 35% of respondents as being a top concern. This could be tied to the sharp rise in investment in training for project managers noted earlier.

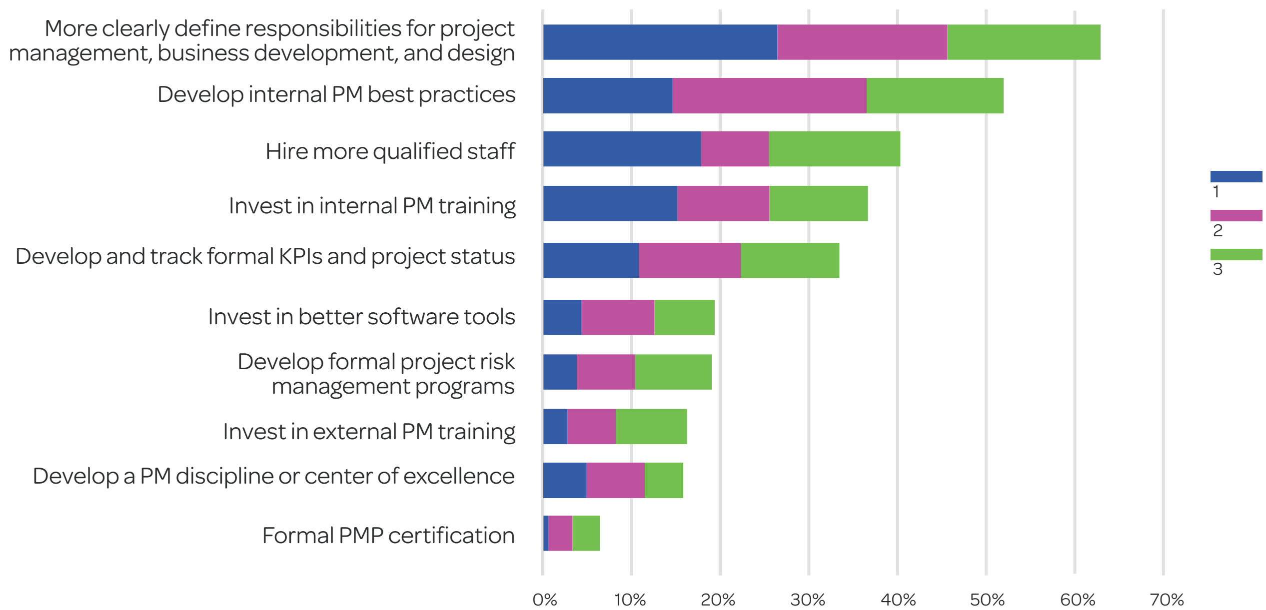
TOP PROJECT MANAGEMENT CHALLENGES



Top Project Management Initiatives

While the order is slightly mixed, the top four initiatives line up closely with the top four challenges A&E firms are facing in project management. For instance, the top initiative firms plan to pursue in the next 2-3 years is more clear definition of the responsibilities for project management, business development and design. This is right in sync with the top challenge of competing priorities, which many high-performing firms are already addressing by offloading much of the business development responsibilities from the shoulders of project managers to dedicated business development staff. Other top initiatives, including developing internal PM best practices, hiring more qualified staff and investing in internal PM training, align closely with staff shortages and inexperienced project managers.

TOP PROJECT MANAGEMENT INITIATIVES



PROJECT MANAGEMENT

CLARITY OUTLOOK

Firms' investment in project management continues to strengthen. A growing number of companies are providing the training, tools and resources project managers need to become more effective and efficient in their roles. Many are going beyond offering internal resources to leverage external formal training and certification. As firm leaders enable their PMs to achieve greater success, PMs are becoming more financially responsible and accountable for the performance of their projects—a virtuous cycle that will lead to increased PM maturity, more projects coming in on/under budget, more profitable projects and improved client satisfaction.

SECTION FOUR

TALENT MANAGEMENT

Finding and keeping talented professionals continues to be a top challenge facing A&E firms and is driving many of the HR trends and concerns that surfaced in this year's study. As a result, Human Capital Management, which includes workforce planning, core HR and talent management, continues to be a very hot topic.

39%
of firms
take 31-60 days to fill an open position

6.9%
average staff growth
spiked up from 3.5% last year

77%
of firms
rank the talent acquisition process as one of their top three most expensive business processes to support

This year's results show several key trends influencing people management across the industry. While some of the responses were similar to last year, there is an interesting shift in HR challenges this year with workforce capacity and planning jumping to the top. It is evident firms are struggling to get the right people on the right projects at the right time. When it comes to recruiting, finding qualified candidates and quickly filling positions is still a challenge this year and it continues to be the most expensive business process.

Since firms are having such a hard time finding qualified candidates, firms are more focused on engaging and retaining existing staff more than ever before. Issues like increasing employee morale, offering adequate work/life balance and keeping the best and brightest employees are top of mind for A&E firms. Firms acknowledge they need to evolve their workplaces to include more professional development, build morale and create attractive work environments that foster employee engagement, but aren't sure how to go about it.

Key Data Points from the Survey

- Workforce Capacity & Planning is the top HR challenge this year, followed closely by employee morale and retaining employees.
- Nearly one third of firms have more open positions at the time of the survey than a year earlier – a 5% increase from last year. What is not clear is if it is because firms are growing and adding new positions or struggling to replace employees that have left.
- Average staff growth spiked to 6.9% from 3.5% last year. The largest firms showed the biggest jump, from 0.7% last year to 6.3% this year.
- Turnover dipped by 2.3% from last year to 11% this year. This certainly had a positive impact on the staff growth number.
- Companies that increased their HR budgets experienced 25% more growth than those who held budgets steady. The number of high performing firms who increased their HR budget doubled from last year. This year, half of the high performing firms and all of the medium-sized firms indicated they are increasing their HR budget.
- Talent acquisition strengthened its lead as firms' most costly business process. This year, more firms (77%, up 4% from last year) placed it in

their top three most costly business processes with 45% citing it as the #1 most expensive process, up from 38% last year.

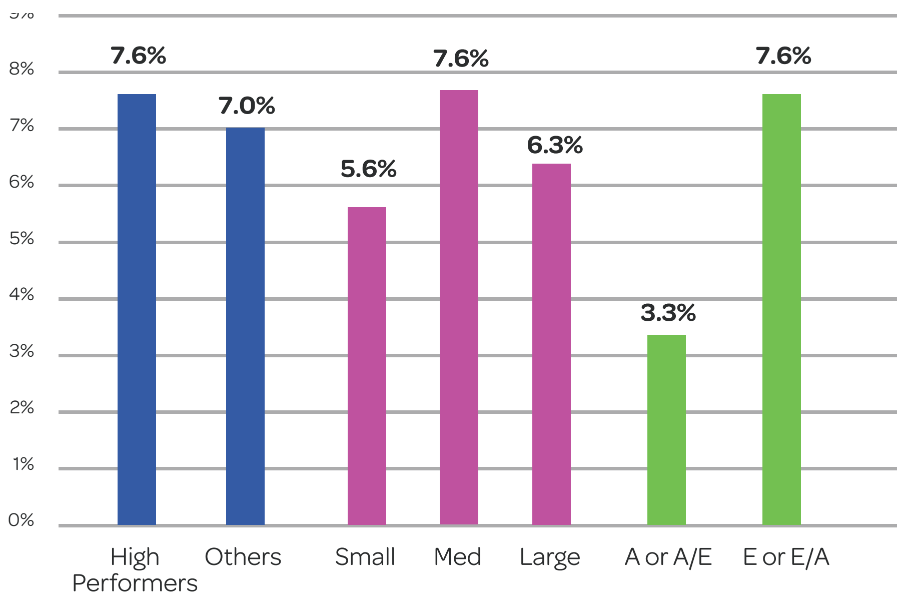
- Leadership development programs are expanding. The top three tools used to develop talent remain unchanged from previous years, but there was an increase in overall use of leadership development programs and high potential programs.
- Qualified candidates are hard to find and the time it takes to fill an open position remains a challenge. In fact, 8 in 10 firms ranked finding quality candidates as one of their top three talent acquisition challenges. And, moving a new employee through the hiring process is taking a lot of valuable time. Just 18% of respondents reported it takes 0-30 days, on average, to fill an open position and 39% of firms indicated it takes them 31-60 days to fill an open position.
- Succession planning is an increasing priority for firms. Nearly 70% of firms have a succession plan for at least select positions, up 9% from last year. While this is an improvement, there is still a long way to go as nearly one-third of firms have no succession plans in place for any employees.

Staff Growth or Decline

6.9% +3.4%

In a positive sign for the industry, firms reported continued increases in staffing. Average staff growth doubled to 6.9% from 3.5% last year. Most of this growth occurred at the extremes of size. Small firms reported 5.6% staff growth, up from 1.1% last year. Large firms, which experienced 0.7% growth last year, saw 6.3% increases in staff this year. While high performers saw a small bump in growth, all other firms more than doubled to 7.0% from 3.2% last year. It is also worth noting that growth at engineering firms outpaced growth at architectural firms. While some pockets of the industry may be expanding faster than others, the fact that firms across the board are expanding their staff levels at much higher rates than last year suggests an optimistic outlook for the future.

STAFF GROWTH/DECLINE

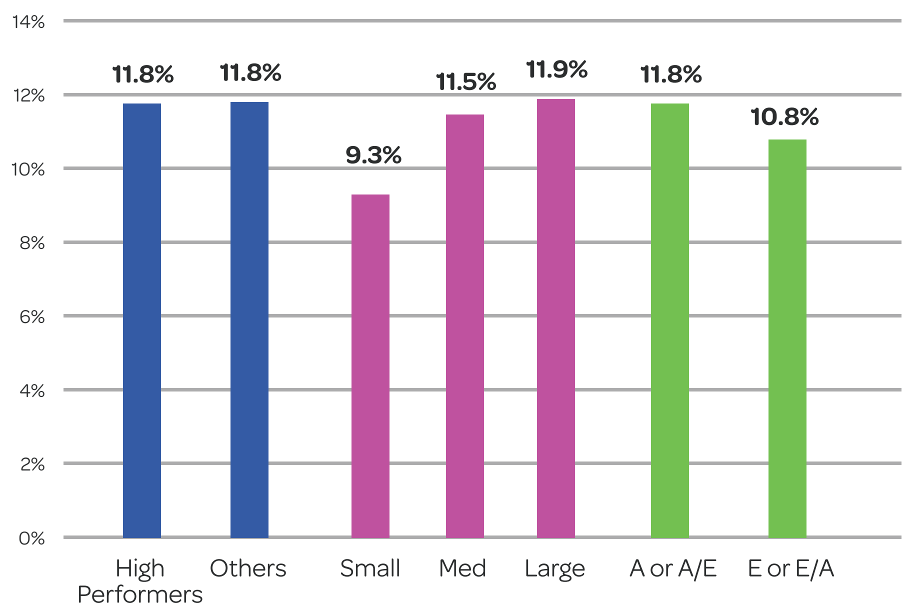


Employee Turnover

11% -2.3

Average employee turnover, which measures both voluntary and involuntary, took a slight dip to 11%, down 2.3 percentage points from last year. This metric has remained relatively constant in the low double-digits for the last four years. Two opposing dynamics are at play here. First, limited talent availability and a growing influx of millennial workers means employees have more opportunity and are more inclined to change jobs than they were in the past. To offset these trends, firms are laser-focused on employee retention and are working more aggressively than ever to keep their quality talent. This push-pull interplay is likely to keep turnover rates fairly steady, at least for the foreseeable future.

EMPLOYEE TURNOVER



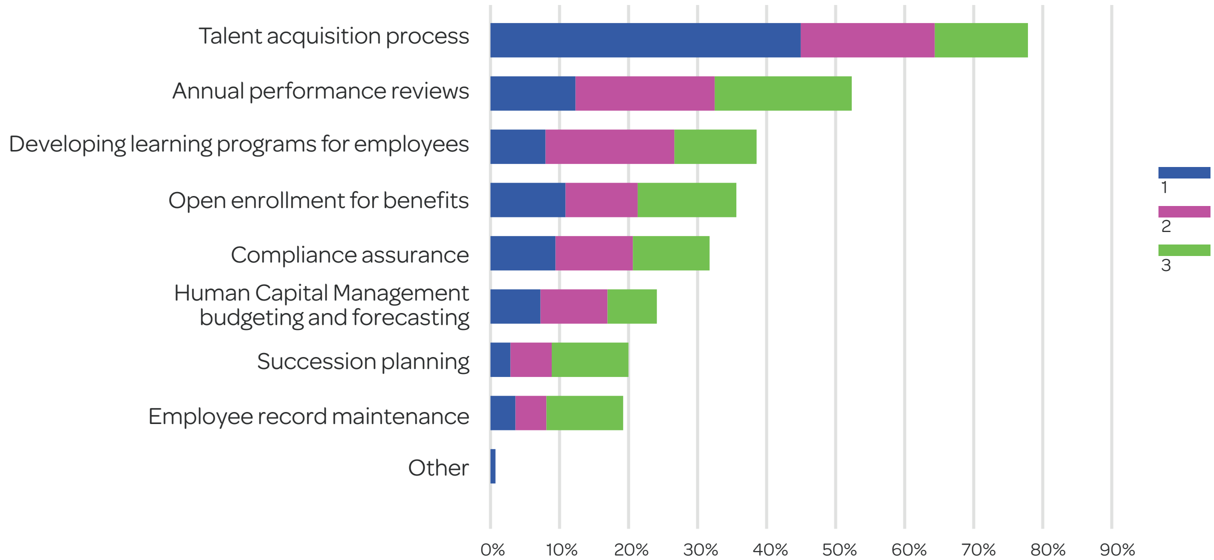
Most Expensive Business Processes (Time and Cost)

It is not only hard to find talented professionals—it's expensive. That message came through clearly with talent acquisition strengthening its lead as firms' most costly business process. This year, more firms selected talent acquisition in their top three and an overwhelming percentage cited it as their #1 most expensive process.

Why is talent acquisition such a financial drain? First, there's a limited pool of qualified candidates. It's challenging and costly to find the right candidate. Second, recruiting them takes time and often involves travel, meals and other expenses. Third, for firms with outdated HR information systems, tracking a candidate's progress is often cumbersome and at least partially manual. Finally, the people involved in hiring are usually the more senior—and therefore more expensive—members of a firm, which drives up costs.

The latter is also the reason that annual performance reviews (#2 most expensive process) are so costly. The people doing the reviews are often the ones with higher hourly rates. Some firms are starting to tackle these costs by moving away from annual reviews and completing post-project performance reviews instead, which take less time and provide more immediate, ongoing feedback. Current HR technology can also help reduce costs by streamlining workflows.

MOST EXPENSIVE BUSINESS PROCESSES TO SUPPORT



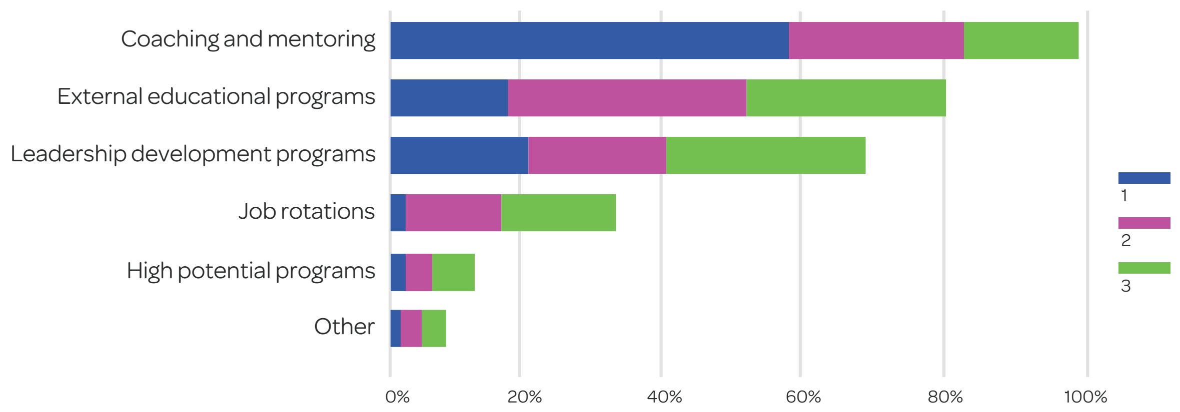
Top Three Tools Used to Develop Talent

While the overall order of the tools used to develop talent remains unchanged, this year's survey revealed an interesting shift in firms' talent development strategies. Nearly all respondents put coaching and mentoring in their list of top three, but there is a 10% reduction in the number of firms that selected it as their #1 tool. Although external education programs remained in second place, just 80% of A&E firms put it in their top three, down from 95% last year.

Instead, firms are putting greater emphasis on leadership development programs and, to a lesser extent, high potential programs. Nearly 7 in 10 firms cited leadership development programs in their top three—a 10% gain—and 20% selected it as their #1 tool, more than double the number last year. High-potential programs also made a much stronger showing, with 12% of companies selecting it.

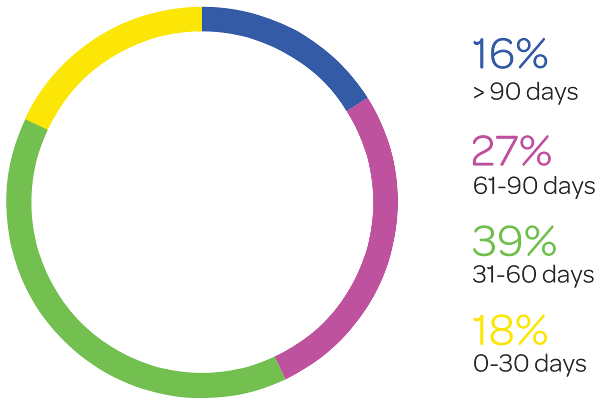
As more Baby Boomers retire and the average age in firms decreases, there will be fewer qualified people to coach and mentor, requiring other types of formal leadership development for grooming successors. Investment in these areas is likely playing into this year's higher HR budgets.

TOP THREE TOOLS USED TO DEVELOP TALENT

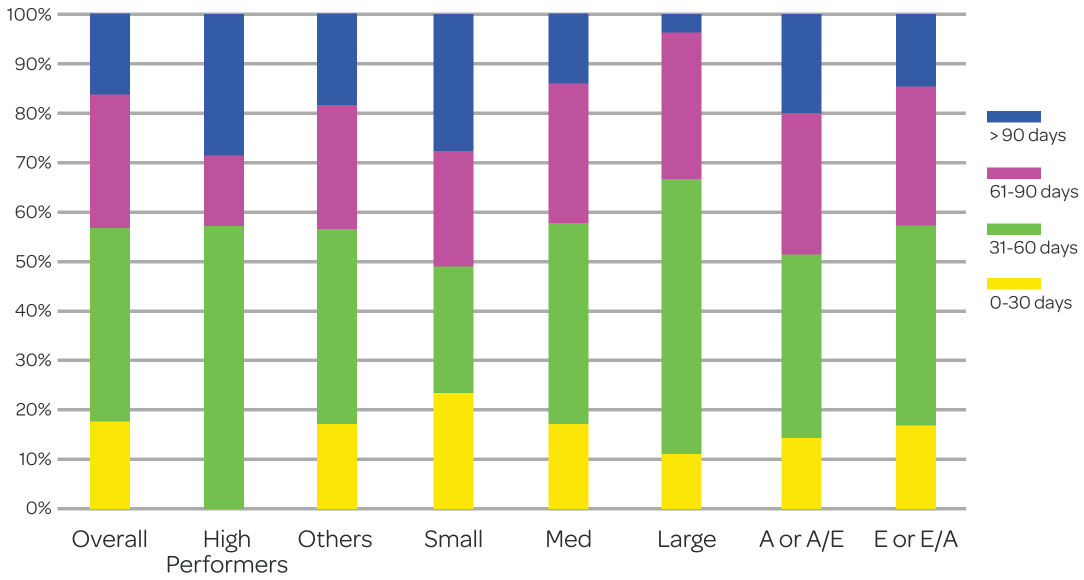


Average Time to Fill Position

At a time when the pool of available talent seems limited, it is no surprise to see little to no relief in the average time it takes to fill positions. Overall, just 18% of firms take 0-30 days to fill an open position—the same percentage as last year. Firms aiming to bring their hire time into this range must first pinpoint their bottlenecks. Is it a lack of a good resource to find solid candidates? Could it be ineffective candidate tracking through the hiring process? Are slow executive evaluations of high-potential candidates causing delays? Or, does your firm have a high drop-off rate of candidates along the hiring path? Once firms identify these bottlenecks, they can clear the way for faster, more efficient hiring.



AVERAGE TIME TO FILL POSITION

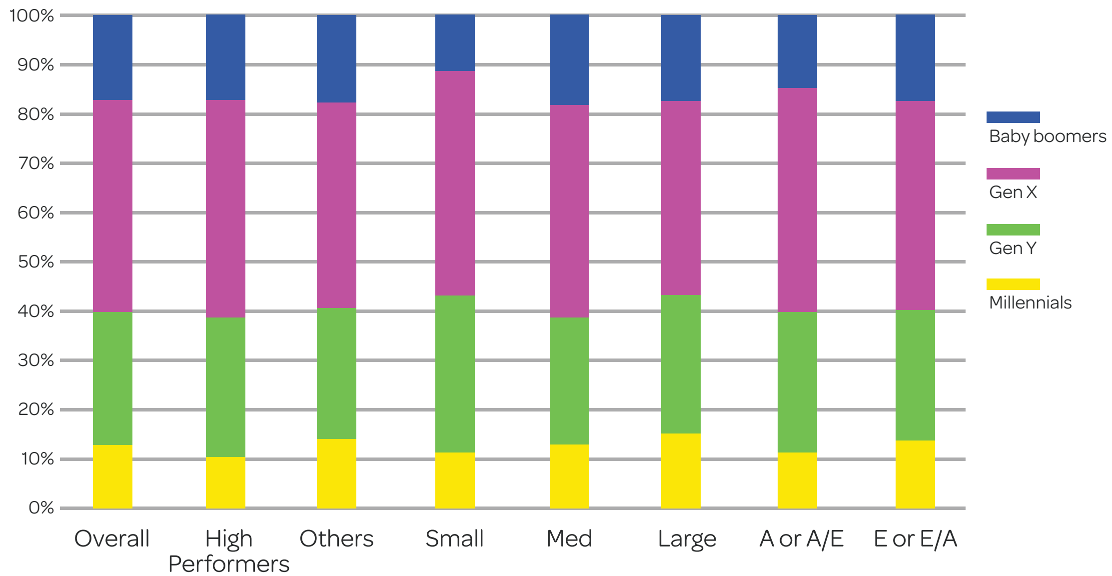


Workplace Composition by Generation

There is no crystal ball needed to know that, over the years, there will be a gradual retraction in the number of Baby Boomers (born 1946-1964) and a corresponding expansion in the number of Millennials (roughly 1982-2002 birth years) employed by A&E firms. Does your firm have a strong succession plan? One-third of firms do not, but if key people retire or leave the firm, a succession plan is critical to a seamless transition.

Is your firm considered an attractive place to work with rich professional development opportunities? Millennials don't have the same long-term views of employment that Baby Boomers and some Gen Xers have. According to a Future Workplace survey of nearly 1,200 workers, this generation expects to stay in a job for less than three years. That kind of transient mentality can negatively impact client relationships, hiring costs and much more, making it important for firms to create work environments that attract and keep great employees.

GENERATIONAL COMPOSITION

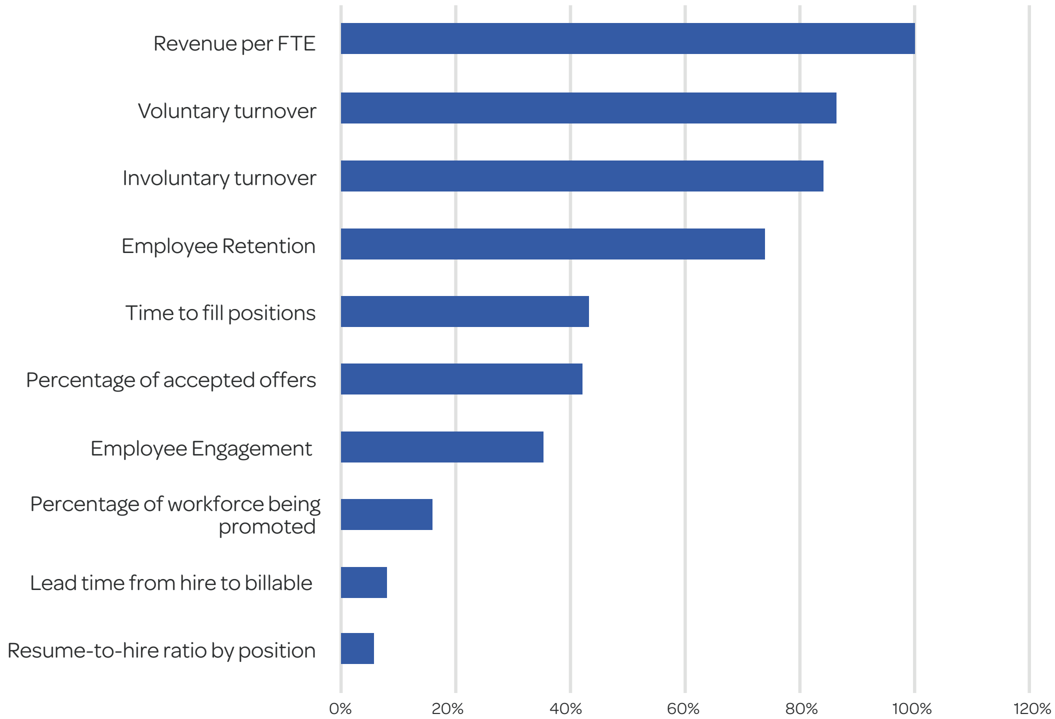


Current Talent Management KPIs Tracked

While firms are tracking KPIs related to talent management, it's still evident that many firms are not tracking some important metrics. Firms are tracking the expected, like revenue per FTE, voluntary and involuntary turnover and employee retention, but again this year it is interesting to see many firms are not tracking time to fill positions, lead-time from hire to billable, percentage of accepted offers, and resume to hire ratio.

Digging into some of the more non-traditional talent management metrics can provide firms with sophisticated insight into potential challenges a firm is facing or bright spots that can help differentiate your firm in the recruiting process. Once firms better understand these metrics, they can develop effective plans to move their metrics in a positive direction.

TALENT MANAGEMENT KPIs TRACKED

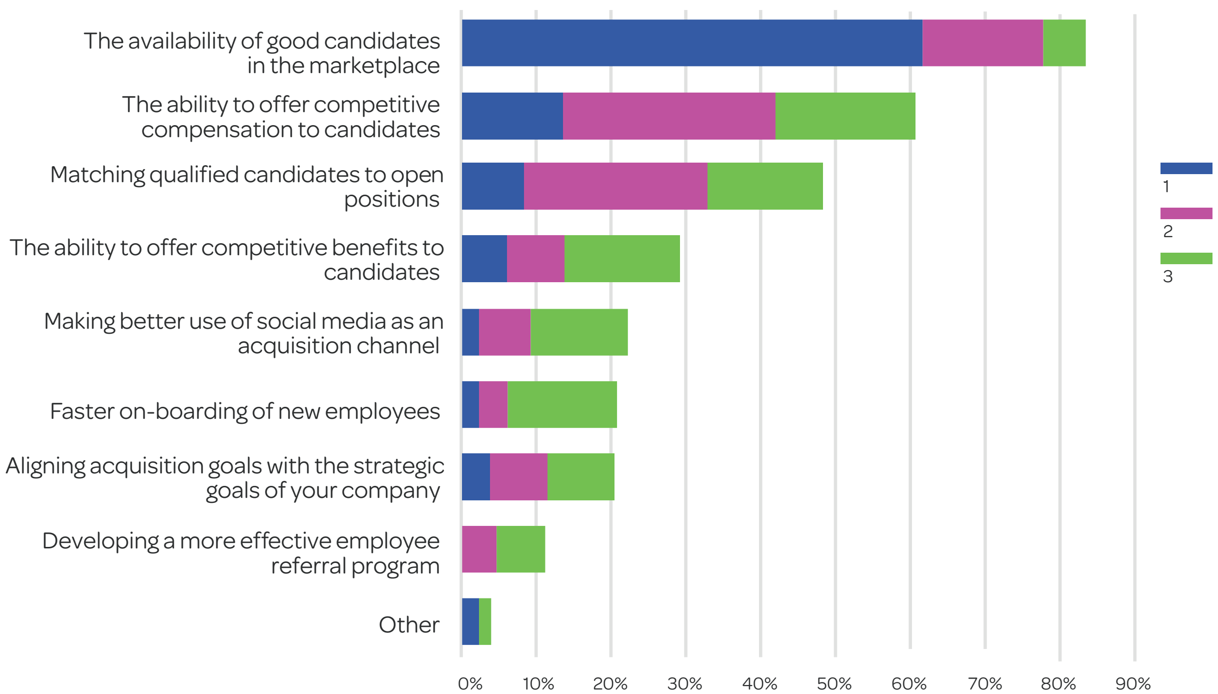


Top Three Challenges in Acquiring Talent

A&E firms know there is a limited set of available talent. It's the #1 challenge for 62% of companies and ranks in the top three for 85%, which is essentially unchanged from last year. The big question here isn't around what firms are struggling with, but what are they doing about it. What are the positions firms are hiring for? Are the biggest challenges in hiring for entry-, mid- or high-level positions? On the ramp-up and retention side, what are firms doing in training, career development, creation of work/life balance and employee engagement? What are firms doing to retain Millennials? Addressing this top challenge isn't just about finding good people; it's also about retaining the ones they have to minimize the need to search the talent pool. If firms pour resources into finding and training people, but new hires are leaving within a couple years, there may be an internal issue that is putting a strain on talent acquisition.

One noteworthy result is the movement of firms' ability to offer competitive compensation. Last year, fewer than half of firms put this issue in their top three challenges, making it third-ranked overall. This year, 60% of companies cited competitive compensation as an issue for their firm, bumping into a strong second ranking.

TOP THREE CHALLENGES IN ACQUIRING TALENT

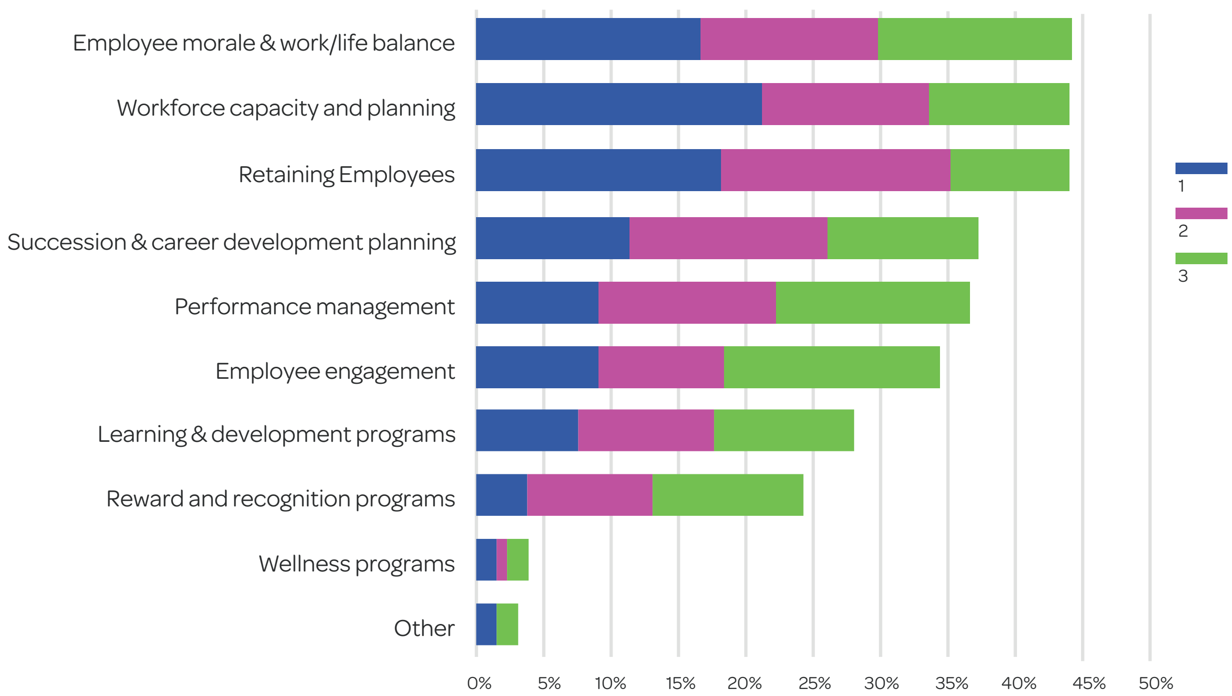


Challenges Managing Talent

When polling firms for their list of top three challenges in managing talent, 44% of firms selected employee morale and work/life balance as one of their top three, making it tied for first. It is encouraging to see this at the top of the list because it shows firms are focused on it, particularly with more and more Millennials coming on board. They want workplaces that are challenging and satisfying, but they also want personal time outside of work.

Figuring out how to balance the needs of the firm and the individual is important because, as we observed last year, high morale and successful work/life balance lead to higher retention rates. Last year, just one-third of survey respondents identified employee retention in the top three challenges managing HR, ranking it in a tie for fifth; this year it is tied for first. The other issue sitting in the top spot, workforce capacity and planning, also surged in importance this year, up from third place last year.

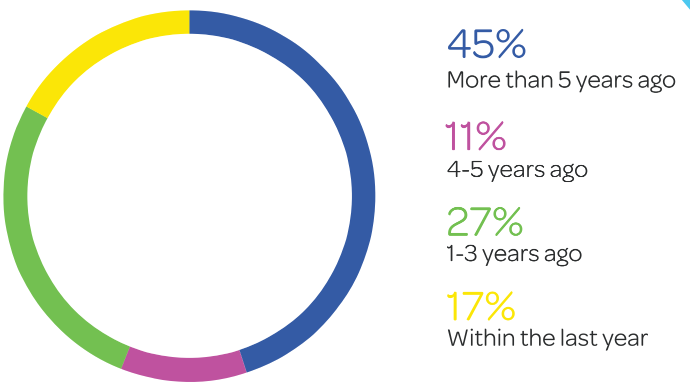
CHALLENGES MANAGING TALENT



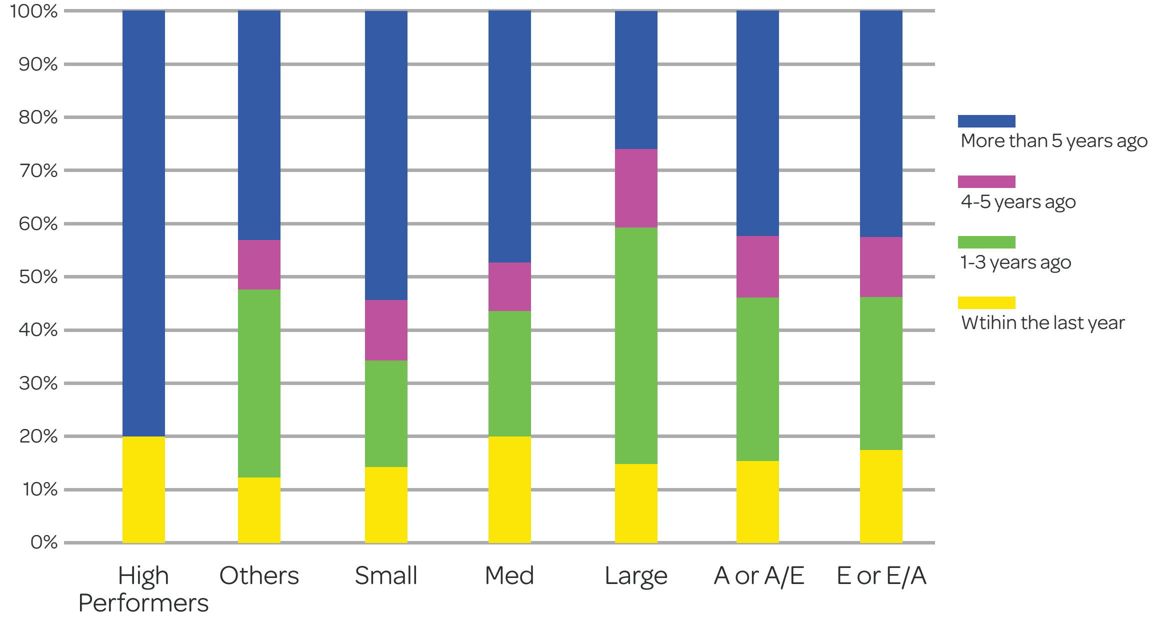
Last HRIS Upgrade

When 56% of A&E firms are reporting that it has been at least four years since they last made significant improvements to their Human Resource Information System (HRIS) —and, for 45% of firms, more than five years— it is time to take a hard look at the impacts this could be having on your business. There have been major improvements in HRIS software in the last five years. Today's HRIS systems have far more efficient workflows, can better automate processes such as candidate search and hiring that were once far more manual and, as importantly as anything, are far more secure than older technologies.

With investments in HRIS systems, firms can reduce both time and money wasted in some laborious processes and spend more time and effort on the true people side of the process.

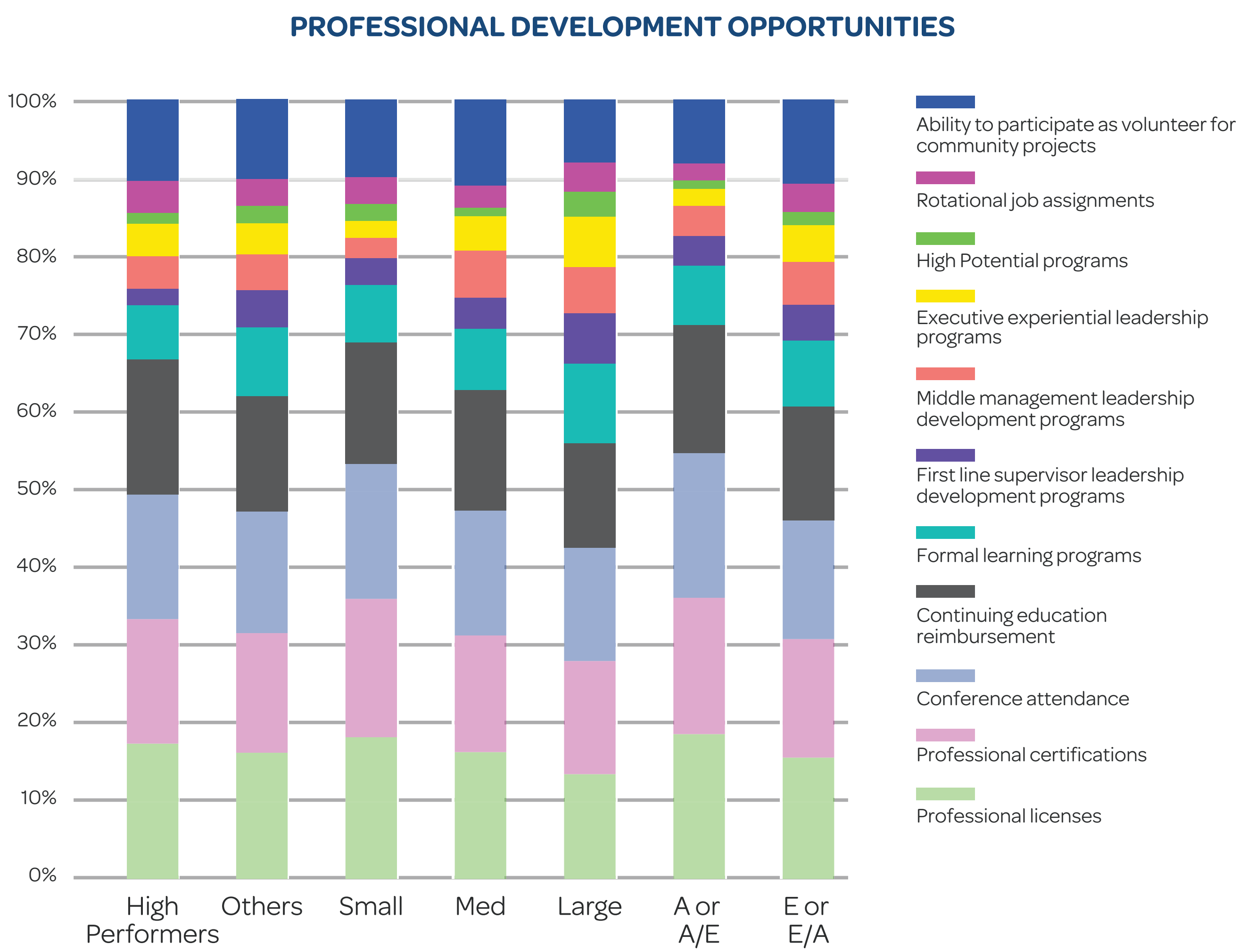


LAST HRIS UPGRADE



Professional Development Opportunities

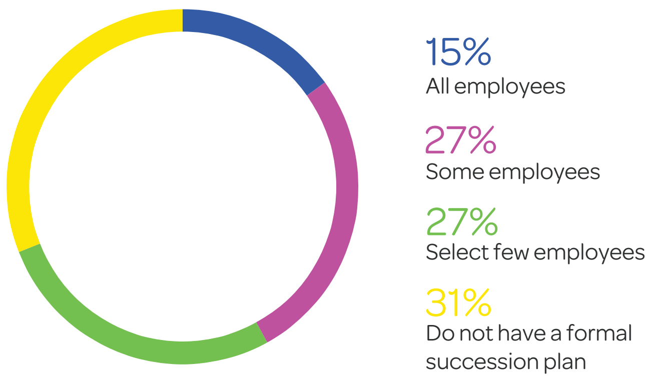
When you invest in people, helping them grow their skills and providing a clear career path, they are much more likely to stay in their jobs. There are two aspects to this – the professional development opportunities that help the firm succeed and those that help the individual grow and develop. Firms are continuing to provide the firm-focused opportunities like professional licenses and certifications, but are also branching out and providing more opportunities for employees to reach their personal goals. Many of these non-traditional opportunities can lead to higher retention rates and increased employee morale. If firms are looking for ways to improve retention and morale, ask employees what the firm could do to help them with their professional development. Their responses are likely to reveal common themes that you can implement to help your employees grow and your firm succeed.



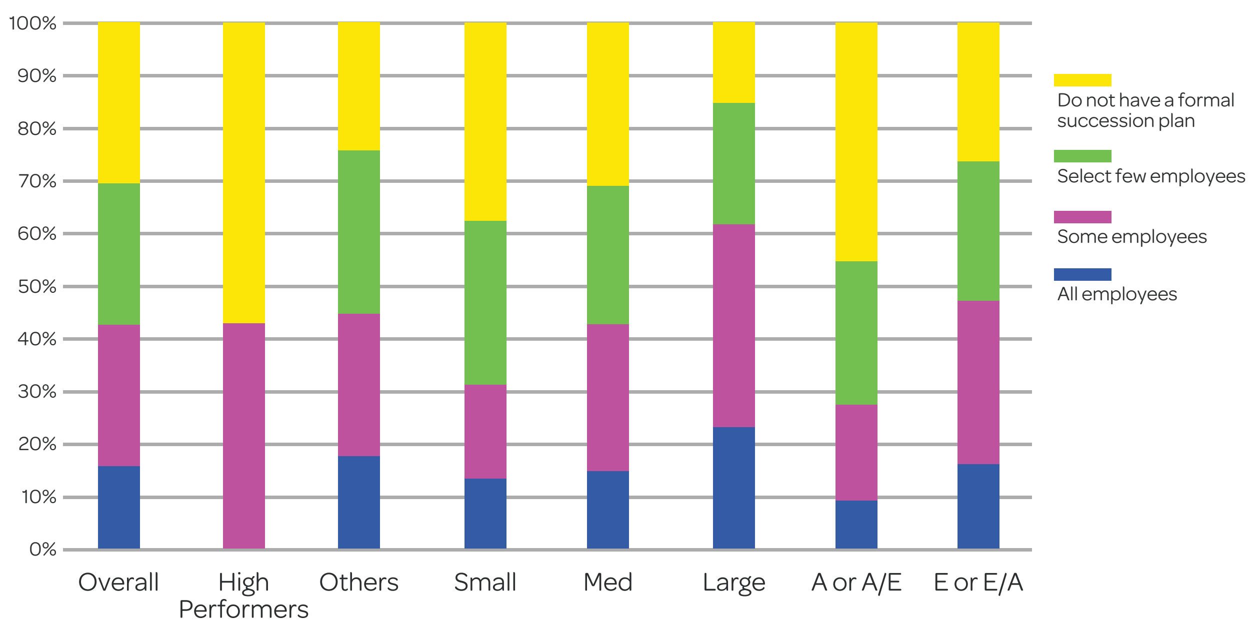
Succession Planning and Career Planning

While more companies have a succession plan overall—69% have plans for at least a select few positions, up from 61% last year—results indicate firms are nervous about this area. Firms know they need a plan for smooth transition of leadership, either expected or unexpected. But, many are simply too overwhelmed with day-to-day work to carve out the time for succession planning.

With Baby Boomers stepping out of the workforce in ever-growing numbers, well-crafted succession plans provide a foundation for effective leadership transitions. Even for employees who are not close to retirement age, a succession plan lets firms react smoothly if that employee leaves unexpectedly. Succession planning is also key to retention of top performers. When employees have a defined path forward and the training they need to succeed in their next positions, they are far more likely to stay.



SUCCESSION PLANNING AND CAREER PLANNING



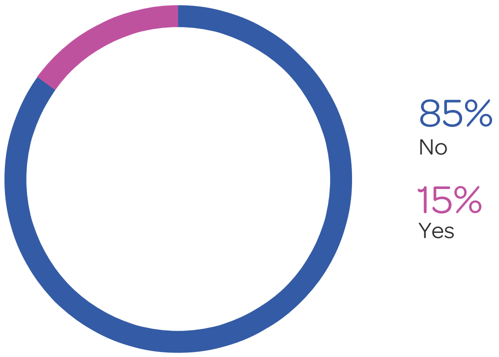
Learning Management System

This year, 15% of respondents indicated they have a Learning Management System (LMS), up from 10% last year. This result ties in closely with the previous one about professional development because an LMS plays a key part in career development planning as well as tracking learning, training and certifications. An LMS helps companies develop training paths that are beneficial for individuals, not just the firm.

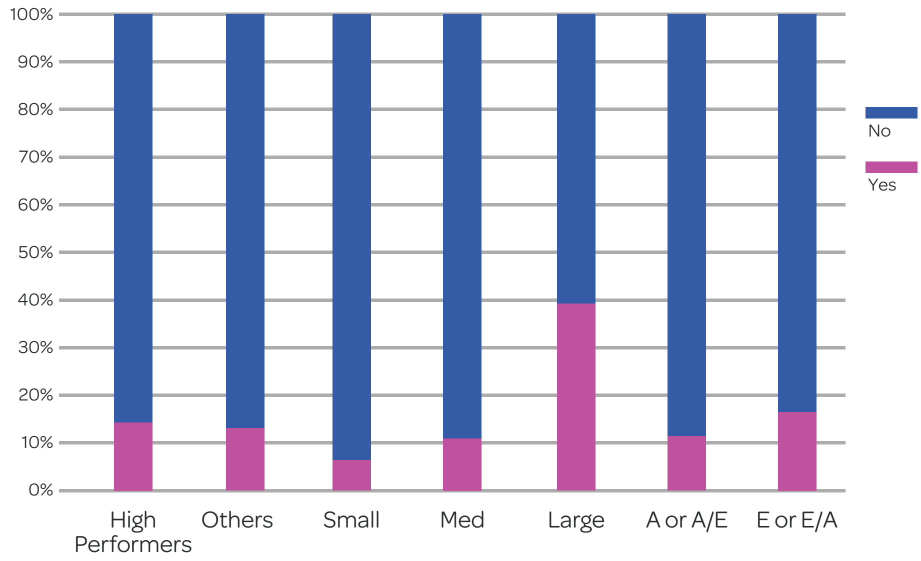
An LMS also helps in the onboarding process. Rather than needing an individual to teach new hires essential corporate knowledge, the new employees can watch a recorded video on demand, reducing HR costs while accelerating learning and new-hire ramp-up time. Another benefit: when firms are bidding on projects that require certain certifications or training, the information is at the fingertips of the people who need it most. With so many benefits, we expect to see LMS possession continue to climb in the coming years.

In a closely related question, we asked firms if they have a skills repository to help source and acquire talent for projects. Last year, just 19% of firms reported they have one; this year, that figure jumped to 35%. This is great news. Like an LMS, a skills repository is a critical tool for streamlining the process of putting the right people with the right skills on the right projects at the right time. By tracking individual's skills and experience, companies can be much more effective and efficient in identifying the skills on their team, their gaps, what types of skills need to be hired in and where training is needed.

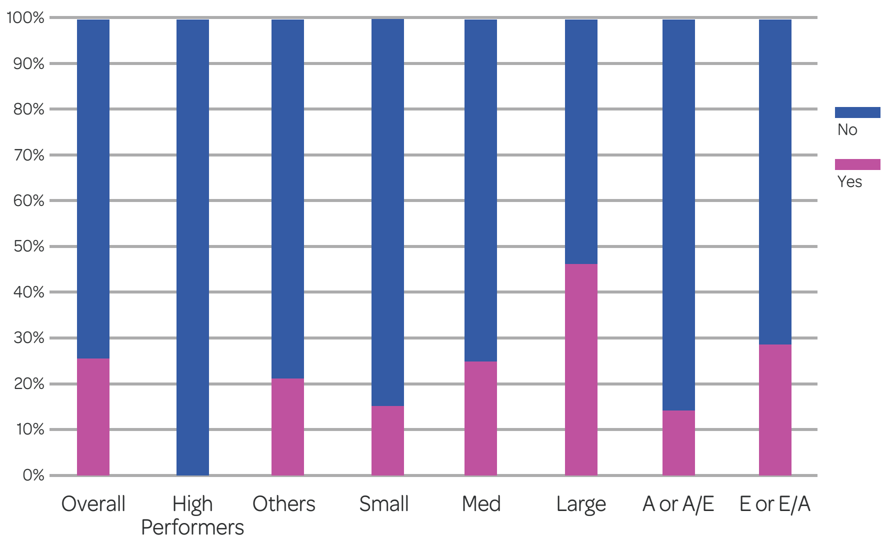
LMS POSSESSION OVERALL



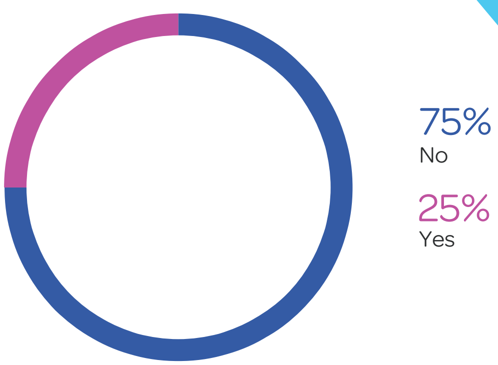
LMS POSSESSION



SKILLS REPOSITORY



SKILLS REPOSITORY OVERALL



TALENT MANAGEMENT

CLARITY OUTLOOK

Qualified candidates are hard to find, which is forcing many firms to confront key HR issues. Prominent on the list is retention. The high costs associated with finding and recruiting talent today is putting a spotlight on what A&E firms are doing to keep the talent they have. This means taking a hard look at employee engagement, work/life balance, professional development and technology—including HRIS, learning management systems and skills repositories. Every dollar firms put toward making themselves a more attractive and modern workplace for current employees can ultimately help offset the costs of talent acquisition. Placing these issues at the forefront of HR focus will better equip A&E firms to hire and retain the best employees.

APPENDIX

STATISTICS AT A GLANCE

Due to how medians are calculated, numbers may not always add to 100%.

KEY PERFORMANCE INDICATORS

	All Participants	High Performers	All Other Firms
Net Revenue Per Employee	$140,189	$152,062	$133,995
Total Revenue Per Employee	$173,469	$190,233	$167,251
Operating Profit on Net Revenue	13.0%	28.4%	8.1%
Operating Profit on Total Revenue	11.6%	21.1%	7.0%
Utilization Rate	60.1%	62.7%	59.8%
Net Labor Multiplier	3.02	3.50	2.88
Total Payroll Multiplier	1.79	2.16	1.70
Overhead Rate	154%	145%	160%
Staff Growth	6.9%	7.6%	7.0%
Employee Turnover	11.0%	11.8%	11.8%
Total Employee Cost	$93,744	$86,770	$96,225
Net Fixed Assets Per Employee	$6,765	$8,822	$5,929
Average Collection Period (Median)	71.6	65.2	72.4

BALANCE SHEET RATIOS

	All Participants	High Performers	All Other Firms
Work in Process	$6,380	$4,896	$6,791
Total Assets per Employee	$75,052	$80,321	$73,107
Total Liabilities per Employee	$28,917	$27,685	$30,165
Total Equity per Employee	$39,640	$42,228	$39,052
Return on Assets	13.1%	23.2%	10.6%
Return on Equity	25%	34%	20%
Backlog - End of Year per Employee	$114,999	$117,121	$112,274
Backlog in Months	6.8	6.7	6.9
Current Ratio	2.76	3.42	2.64
Debt to Equity Ratio	0.75	0.66	0.79

Small 1-50	Medium 51-250	Large 251+	Architecture or A/E	Engineering or E/A
$127,831	$143,284	$147,285	$142,231	$139,433
$172,157	$174,140	$186,276	$209,770	$166,076
9.8%	14.8%	15.6%	19.5%	12.2%
7.6%	12.6%	12.7%	12.1%	10.9%
61.2%	60.1%	59.1%	61.6%	59.5%
2.99	2.98	3.06	3.13	2.98
1.77	1.79	1.81	1.88	1.78
155%	152%	161%	161%	153%
5.6%	7.6%	6.3%	3.3%	7.6%
9.3%	11.5%	11.9%	11.8%	10.8%
$87,173	$95,368	$99,159	$91,040	$95,727
$4,386	$7,443	$8,026	$7,405	$7,134
71.6	72.7	69.5	65.9	72.7

Small 1-50	Medium 51-250	Large 251+	Architecture or A/E	Engineering or E/A
$6,462	$4,910	$10,634	$6,462	$6,380
$73,107	$74,441	$94,358	$78,810	$73,288
$20,285	$33,328	$40,270	$36,978	$27,101
$39,307	$38,906	$49,911	$43,042	$39,728
21.7%	12.2%	10.5%	16.9%	12.8%
32%	21%	21%	31%	24%
$89,971	$116,456	$116,768	$124,603	$103,305
5.8	6.8	7.2	6.9	6.7
2.87	2.83	2.25	2.70	2.74
0.47	0.86	1.03	0.83	0.60

INCOME STATEMENT DETAIL (PER EMPLOYEE)

	All Participants	High Performers	All Other Firms
TOTAL REVENUE			
Total Revenue per Employee	$173,469	$190,233	$167,251
DIRECT EXPENSES			
Consultants per Employee	$24,858	$34,205	$23,609
Bad Debt per Employee	$665	$369	$680
All Other Direct Expenses per Employee	$1,935	$777	$2,028
Total Direct Expenses per Employee	$1,500	$1,043	$1,625
NET REVENUE			
Net Revenue per Employee	$140,189	$152,062	$133,995
DIRECT LABOR			
Direct Labor per Employee	$45,616	$43,990	$46,436
GROSS PROFIT			
Gross Profit per Employee	$93,091	$105,497	$87,432
INDIRECT LABOR			
Vacation, Holiday, Sick & Personal per Employee	$7,470	$6,958	$7,848
Marketing per Employee	$4,545	$4,639	$4,545
All Other Indirect Labor per Employee	$17,658	$15,764	$18,530
Total Indirect Labor per Employee	$29,408	$26,107	$30,671
LABOR-RELATED EXPENSES			
Statutory Taxes per Employee	$6,152	$5,780	$6,244
Workers' Comp per Employee	$298	$248	$303
Group Health, Life, Etc. per Employee	$6,265	$6,117	$6,279
401(k) Match, Pension Plan, Etc. oer Employee	$2,351	$2,431	$2,242
All Other Labor-Related Expenses per Employee	$821	$669	$899
Total Other Labor-Related Expenses per Employee	$16,497	$15,120	$17,258
OTHER STAFF EXPENSES			
Professional Licenses, Registrations, Dues, per Employee	$812	$912	$739
MARKETING EXPENSES (NON-LABOR)			
Marketing Expenses (marketing and business development expenses including materials, conference expenses, travel, etc.)	$1,254	$1,420	$1,109
All Other Marketing Expenses per Employee	$1,426	$1,313	$1,432
Total Marketing Expenses per Employee	$2,766	$3,024	$2,717

Small 1-50	Medium 51-250	Large 251+	Architecture or A/E	Engineering or E/A
$172,157	$174,140	$186,276	$209,770	$166,076
$24,578	$24,620	$27,034	$49,930	$15,360
$975	$530	$402	$947	$564
$1,973	$1,901	$1,643	$2,571	$1,387
$1,391	$1,038	$3,020	$859	$2,011
$127,831	$143,284	$147,285	$142,231	$139,433
$44,751	$46,826	$47,017	$45,087	$46,439
$87,967	$93,828	$96,827	$99,483	$89,496
$7,117	$7,388	$8,394	$7,785	$7,463
$4,881	$3,542	$4,081	$5,651	$3,615
$17,583	$16,587	$22,244	$15,210	$18,393
$28,639	$29,189	$34,029	$28,776	$30,408
$6,014	$6,111	$6,274	$5,968	$6,189
$297	$302	$248	$235	$304
$5,958	$6,402	$6,801	$6,557	$6,135
$1,992	$2,351	$3,096	$2,161	$2,405
$667	$985	$434	$856	$829
$15,081	$17,686	$19,104	$16,189	$17,258
$834	$753	$889	$739	$812
$1,192	$1,208	$1,643	$2,017	$981
$1,578	$1,329	$1,104	$1,627	$1,305
$3,015	$2,565	$2,708	$4,151	$2,277

INCOME STATEMENT DETAIL (PER EMPLOYEE)

	All Participants	High Performers	All Other Firms
CORPORATE EXPENSES			
Professional Liability Insurance	$322	$337	$321
Other Business Taxes	$1,744	$2,088	$1,555
All Other Corporate Expenses	$2,576	$2,073	$2,707
Total Corporate Expenses Per Employee	$3,345	$4,035	$3,296
TOTAL OVERHEAD			
Total Overhead Expenses per Employee	$16,359	$14,922	$17,857
OPERATING PROFIT			
Operating Profit (Loss) per Employee	$19,080	$42,084	$11,474
INTEREST, BONUS, OTHER			
Interest-Net per Employee	$146	$118	$168
Bonuses per Employee	$6,588	$11,471	$5,935
Other (Income) or Expense	$0	-$49	$17
PRE-TAX INCOME (LOSS)			
Pre-Tax Income (Loss) per Employee	$10,927	$19,794	$8,460
TAXES			
Taxes per Employee	$827	$880	$827
NET PROFIT			
Net Profit (Loss) per Employee	$9,411	$18,787	$6,399

Small 1-50	Medium 51-250	Large 251+	Architecture or A/E	Engineering or E/A
$316	$390	$216	$318	$299
$1,527	$2,174	$2,156	$1,583	$2,025
$4,392	$2,423	$127	$3,348	$2,599
$3,420	$3,967	$1,948	$4,116	$3,271
$15,796	$17,288	$17,492	$15,967	$16,359
$12,183	$22,078	$26,423	$29,741	$16,299
$172	$146	$99	$139	$146
$4,959	$7,826	$6,412	$8,983	$5,935
$10	-$26	$41	$11	-$16
$13,008	$8,854	$11,607	$14,754	$8,943
$764	$798	$915	$1,415	$707
$14,706	$6,318	$9,411	$13,984	$8,009

BALANCE SHEET DETAIL (PER EMPLOYEE)

	All Participants	High Performers	All Other Firms
ASSETS			
CURRENT ASSETS			
Cash per Employee	$6,333	$10,624	$6,186
Accounts Receivable per Employee	$33,631	$39,094	$32,721
Work-In-Process per Employee	$6,380	$4,896	$6,791
Prepaid Expenses per Employee	$2,004	$1,670	$2,471
Other Current Assets per Employee	$812	$500	$984
Total Current Assets per Employee	$51,916	$65,196	$49,123
FIXED ASSETS			
Fixed Assets (except Goodwill)	$26,996	$24,156	$28,000
Depreciation per Employee	-$16,829	-$15,939	-$17,294
Goodwill (net of amortization) per Employee	$2,451	$1,207	$2,722
Total Fixed Assets per Employee	$9,448	$9,502	$9,445
OTHER LONG-TERM ASSETS			
Other Long-Term Assets per Employee	$1,666	$1,644	$1,688
Total Other Long-Term Assets per Employee	$2,173	$5,115	$2,022
Other Assets per Employee	$876	$335	$884
TOTAL ASSETS			
Total Assets per Employee	$75,052	$80,321	$73,107
LIABILITIES & STOCKHOLDERS' EQUITY			
ACCOUNTS PAYABLE			
Accounts Payable - Consultants per Employee	$4,168	$5,158	$4,030
Accounts Payable - Vendors per Employee	$1,243	$1,053	$1,260
Total Accounts Payable per Employee	$4,730	$4,252	$4,733
ACCRUED EMPLOYEE EXPENSE			
Accrued Employee Salaries per Employee	$2,037	$1,958	$2,049
Accrued Employee Vacation, Sick, Etc. per Employee	$3,124	$2,736	$3,229
Other Accrued Employee Expense per Employee	$1,358	$1,113	$1,396
Total Accrued Employee Expenses per Employee	$4,898	$3,759	$5,376

Small 1-50	Medium 51-250	Large 251+	Architecture or A/E	Engineering or E/A
$6,333	$3,477	$16,098	$7,263	$6,104
$32,359	$34,705	$34,279	$41,084	$32,367
$6,462	$4,910	$10,634	$6,462	$6,380
$1,661	$1,687	$3,711	$2,496	$1,983
$282	$979	$1,175	$812	$927
$46,044	$49,454	$67,702	$64,959	$49,312
$23,605	$27,478	$29,479	$23,400	$31,276
-$13,087	-$17,772	-$20,055	-$13,607	-$18,172
$2,451	$1,512	$4,391	$5,050	$2,108
$7,143	$9,451	$12,559	$8,570	$9,880
$5,761	$883	$3,227	$2,667	$1,256
$2,115	$1,668	$4,214	$1,679	$2,775
$842	$704	$3,674	$355	$876
$73,107	$74,441	$94,358	$78,810	$73,288
$4,073	$3,829	$5,171	$6,082	$3,649
$1,081	$861	$2,911	$1,532	$1,081
$5,178	$3,986	$6,703	$8,410	$4,112
$1,925	$1,820	$2,650	$1,930	$2,026
$2,860	$3,095	$3,201	$2,448	$3,124
$411	$1,323	$4,069	$1,611	$1,283
$3,127	$5,297	$8,952	$3,968	$4,886

BALANCE SHEET DETAIL (PER EMPLOYEE) CONTINUED

	All Participants	High Performers	All Other Firms
OTHER CURRENT LIABILITIES			
Line-of-Credit and Short-Term Notes Outstanding per Employee	$4,447	$3,077	$5,246
Current Taxes per Employee	$296	$446	$280
Other Current Liabilities per Employee	$2,336	$2,052	$2,437
Total Other Current Liabilities per Employee	$7,447	$6,307	$7,843
TOTAL CURRENT LIABILITIES			
Total Current Liabilities per Employee	$18,352	$17,870	$18,891
LONG-TERM LIABILITIES			
Long-Term Debt per Employee	$5,107	$6,134	$4,759
Deferred Taxes per Employee	$4,020	$2,652	$4,536
Other Long-Term Liabilities per Employee	$2,670	$1,762	$3,071
TOTAL LIABILITIES			
Total Liabilities per Employee	$28,917	$27,685	$30,165
STOCKHOLDERS' EQUITY			
Stock & Additional Paid-In Capital per Employee	$2,257	$3,775	$1,673
Distribution / Dividends — Current Year Only per Employee	-$6,154	-$8,496	-$5,874
Principal's Equity — Long-Term Notes per Employee	-$1,426	-$786	-$1,444
Previous Years Retained Earnings per Employee	$29,001	$40,451	$27,158
Current Net Profit (Loss) per Employee	$10,988	$18,020	$6,784
Other per Employee	-$1,041	-$3,414	-$158
Total Stockholders' Equity per Employee	$39,640	$42,228	$39,052
Total Liabilities & Stockholders' Equity per Employee	$68,119	$78,784	$66,310

Small 1-50	Medium 51-250	Large 251+	Architecture or A/E	Engineering or E/A
$7,457	$3,036	$4,480	$5,532	$3,714
$494	$193	$1,279	$644	$292
$1,809	$2,052	$3,690	$2,014	$2,199
$7,737	$5,814	$12,348	$6,664	$7,771
$13,319	$18,582	$29,372	$26,553	$17,781
$5,722	$4,389	$11,760	$7,573	$4,489
$8,021	$4,569	$2,169	$5,537	$3,756
$2,189	$2,216	$3,634	$6,106	$2,459
$20,285	$33,328	$40,270	$36,978	$27,101
$1,290	$2,411	$6,950	$3,101	$2,224
-$8,571	-$4,690	-$8,367	-$6,201	-$6,595
$1,682	-$2,399	-$5,200	-$2,320	-$873
$31,280	$27,158	$31,869	$32,939	$28,607
$13,153	$8,061	$11,528	$12,618	$8,844
-$845	-$1,901	$359	-$29,432	-$158
$39,307	$38,906	$49,911	$43,042	$39,728
$53,019	$67,803	$91,164	$75,156	$67,540

BUSINESS DEVELOPMENT METRICS

	All Participants	High Performers	All Other Firms
Net Revenue Growth Forecast	5.3%	4.1%	5.6%
Win Rate	40.2%	40.3%	43.2%
What percentage of your firm's net revenue is contributed by your firm's top three clients? Client A	19%	18%	17%
What percentage of your firm's net revenue is contributed by your firm's top three clients? Client B	10%	9%	9%
What percentage of your firm's net revenue is contributed by your firm's top three clients? Client C	7%	6%	7%
What percentage of your firm's net revenue is contributed by your firm's top three clients? Combined	36%	34%	33%

PROJECT MANGEMENT METRICS

	All Participants	High Performers	All Other Firms
What percentage of your organization's current projects are being reported as on or under budget? (Average)	72.9%	76.9%	73.1%

TALENT MANAGEMENT METRICS

	All Participants	High Performers	All Other Firms
Staff Growth/Decline	6.9%	7.6%	7.0%
Employee Turnover	11.0%	11.8%	11.8%
Voluntary Turnover	8.8%	11.8%	9.2%
Involuntary Turnover	2.2%	0.0%	2.6%
Average Time to Fill Position	57.0	12.8	59.3
FTE BREAKDOWN BY CATEGORY			
Technical and Professional	60.0	51.0	64.5
Marketing and Business Development	3.0	2.5	3.0
Financial/Accounting	3.0	3.0	3.0
Technology/IT	2.0	1.0	1.0
Administrative or Clerical	3.0	3.0	3.5
Other Executive	3.0	1.5	3.0
Other Employees	4.0	5.0	3.0

Small 1-50	Medium 51-250	Large 251+	Architecture or A/E	Engineering or E/A
-2.0%	5.3%	7.9%	6.8%	5.2%
32.4%	42.1%	43.1%	33.3%	42.0%
25%	15%	17%	15%	19%
12%	8%	9%	7%	10%
9%	5%	6%	5%	7%
46%	28%	32%	27%	36%

Small 1-50	Medium 51-250	Large 251+	Architecture or A/E	Engineering or E/A
69.2%	77.8%	73.5%	61.0%	75.5%

Small 1-50	Medium 51-250	Large 251+	Architecture or A/E	Engineering or E/A
5.6%	7.6%	6.3%	3.3%	7.6%
9.3%	11.5%	11.9%	11.8%	10.8%
9.3%	8.6%	9.4%	11.8%	9.0%
0.0%	2.9%	2.5%	0.0%	1.8%
61.2	56.0	52.6	60.3	56.4
19.8	71.5	267.0	35.0	71.0
2.0	4.0	13.0	2.5	4.0
1.0	4.0	10.0	2.0	4.0
0.0	2.0	8.0	1.0	2.0
2.0	4.0	15.0	2.0	4.0
1.0	2.5	10.0	3.0	3.0
1.0	3.0	10.5	2.5	5.0

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