

# TOTAL PROFITABILITY PEER ANALYSIS (TPPA):

## LIST OF EXHIBITS

### MIX OF BUSINESS BY REVENUE:

- CUSTOMER SECTOR: federal, private, state/municipal
- FUNCTIONAL DISTRIBUTION: consulting, engineering, construction, construction management, program management, EPC & EPCM, architecture, lab
- BUSINESS DISTRIBUTION: water/wastewater, environmental, transportation, IT/tech., power/energy, geotechnical/materials testing, telecom, general building, MEP, mining/natural resources, industrial/process, surveying/planning/land development, homeland security
- PRICING MECHANISMS: T&M “unlimited,” T&M “not to exceed,” cost + fixed fee, fixed unit price, lump sum
- GEOGRAPHIC DISTRIBUTION: U.S.: Northeast, Mid-Atlantic, Southeast, Midwest, Rockies, Gulf Coast, Southwest, California, Northwest. International: Canada, South & Central America, UK, Europe (outside U.K.), Middle East & Africa, China, Asia/Pacific, Other.

### GROWTH RATE ANALYSIS:

- Internal annual growth rate (without acquisitions) – last 10 yrs & projections for next year
- Overall annual growth rate (including acquisitions) – last 10 yrs & projections for next year
- Current backlog level vs. last year’s

### PROFITABILITY (EBIBT):

- EBIBT/Net Revenues – last 10 yrs & projections for next year
- EBIBT/Gross Revenues – last 10 yrs & projections for next year
- Net/Gross Revenues ratio
- Average markup on “pass throughs”
- “Happiness Quotient” – growth + profitability

### DUPONT ANALYSIS:

An analysis, originally designed by the DuPont financial department that compares operating margin with asset turnover, return on assets (ROA), leverage and return on equity (ROE), as well as return on invested capital (ROIC). The DuPont Analysis is an extremely insightful vehicle for understanding your firm’s profitability from three different perspectives of revenues, assets and equity, as well as how your asset management and financial leverage affects each of those.

### ASSET ANALYSIS (SHORT TERM ASSETS):

- Average cash balance as % of gross revenues
- Billed accounts receivable turnover
- Unbilled accounts receivable turnover
- Total accounts receivable turnover
- Accounts payable & accrued liabilities turnover
- Customer advances
- Net investment in working capital as % of gross revenues

### ASSET ANALYSIS (LONG TERM ASSETS):

- Net investment in fixed assets as % of revenues
- Lease expense as % of net revenues
- Total utilization of fixed assets (both on balance sheet & off balance sheet) as % of net revenues
- Annual capital expenditures as % of net revenues
- Net capital expenditure, i.e. net of depreciation & amortization
- Intangible items as % of gross revenues
- Other items as % of gross revenues

## **LEVERAGE ANALYSIS (WITH SHAREHOLDER DEBT AS DEBT AND AS EQUITY):**

- FROM A BALANCE SHEET PERSPECTIVE: Total liabilities to equity, Debt to equity ratio, Debt to tangible equity ratio, Liabilities + lease obligations to equity, Debt + lease liabilities to equity.
- REVENUE ANALYSIS: Equity as % of gross revenues, Debt as % of gross revenues, Annual interest expense as % of gross revenues.
- COLLATERAL ANALYSIS: Borrowed debt as % of accounts receivable.
- EARNINGS ANALYSIS: Years to pay down debt under current earnings levels, Interest coverage (EBIBT/Interest), Fixed charge coverage (EBIBLT/Interest + lease expense), Debt/EBITDA.

## **PRODUCTIVITY ANALYSIS:**

- Net revenue multiplier
- Utilization rate
- M/U factor
- Net revenues per employee
- Average billability of the Top 5% of employees by compensation
- Average billability of the Next 10% of employees by compensation

## **PERSONNEL ANALYSIS:**

- Involuntary turnover ratio
- Voluntary turnover ratio
- Increase in workforce
- New hires

## **OVERHEAD ANALYSIS:**

- Each of the major overhead factors as % of net revenues, incl. risk mgmt, liability insurance, MIS, finance accounting & treasury, human resources, training costs, marketing costs, bid & proposal costs, occupancy costs and overhead rate.
- Technology cost per employee

## **COMPENSATION ANALYSIS:**

- Compensation changes (last 12 months)
- Compensation changes (next 12 months expected)
- 401K or equivalent costs as % of total labor costs
- Medical expense as % of total labor costs
- Median professional salary
- Median salary of the 2% of the most highly paid employees
- Bonuses as % of earnings before bonuses & taxes and as a % of salary
- Turnover cost per employee

## **OFFICE ANALYSIS:**

- Average square foot of office space per employee
- % of usable space unoccupied
- Rental costs per square foot
- Net revenues per office (average)
- Total # of offices; Total # of offices opened last year; Total # of offices closed last year.
- Value of any real estate owned