



Peer Benchmarking Analysis FAQ

What is a Peer Benchmarking Analysis?

EFCG’s Peer Benchmarking Analysis compares an A/E/C firm to its peers based on a variety of factors, from profitability and revenue growth to business development, turnover, and overhead.

We typically use at least two peer groups: one is the “primary peer group,” usually aimed at identifying a company’s closest competitors, whether by revenue size or market sector, and the second is the “alternative peer group,” which aims to identify firms which are similar to the target company, but perhaps in a different way, like customer sector or geographic location.

How can your company use a Peer Benchmarking Analysis?

Given that the analysis compares your firm to peers, you can measure how your company is performing according to key business metrics. EFCG will also assess whether the metrics align with your company’s current goals. Based on this assessment, your company’s leadership may make a more informed evaluation of its short-term operations or long-term strategy.

What does a Peer Benchmarking Analysis look like?

EXHIBIT 4a

Companies part of primary peer group	Type of analysis → GROWTH RATE ANALYSIS: 2017, 2018 & 2019												Metric measured	
	Excluding Acquisitions & FX Impact				Including Acquisitions & FX Impact								Backlog Change	
	Net Revenue				Net Revenue				Gross Revenue				Today vs. :	
	Internal / Organic Growth				Total Growth				Total Growth				1 Yr Ago 6 Mo Ago	
	2017	2018	2019	3-yr Avg.	2017	2018	2019	3-yr Avg.	2017	2018	2019	3-yr Avg.	1 Yr Ago	6 Mo Ago
1	50.0%	44.0%	133.0%	52.7%	361.5%	112.5%	133.3%	143.3%	461.9%	191.7%	133.3%	202.5%	150.0%	93.0%
2	37.0%	32.4%	30.3%	27.9%	46.7%	47.9%	31.3%	112.5%	72.2%	87.3%	58.4%	191.7%	127.0%	60.0%
3	23.0%	31.0%	30.0%	23.3%	36.3%	46.1%	27.0%	54.2%	44.3%	47.5%	38.9%	54.2%	80.0%	50.0%
4	15.2%	30.4%	25.0%	21.3%	15.2%	41.3%	25.0%	27.6%	34.3%	39.0%	29.3%	28.0%	45.0%	50.0%
5	15.0%	25.6%	18.0%	18.9%	14.3%	30.4%	19.6%	21.9%	17.8%	30.4%	25.1%	27.1%	40.0%	45.0%
6	14.6%	25.0%	14.2%	15.7%	12.9%	29.7%	18.0%	21.1%	10.8%	30.2%	17.2%	26.8%	35.0%	37.0%
7	13.0%	14.3%	13.6%	14.8%	11.0%	29.7%	16.7%	17.9%	10.1%	29.3%	17.0%	21.9%	35.0%	35.0%
8	12.9%	11.4%	13.3%	13.5%	7.0%	25.6%	13.6%	17.3%	8.1%	25.0%	14.1%	21.8%	35.0%	33.0%
9	12.1%	11.3%	12.0%	11.7%	6.8%	14.3%	13.3%	14.7%	7.5%	17.8%	13.6%	16.1%	35.0%	26.3%
10	12.0%	10.8%	12.0%	11.4%	6.2%	12.3%	11.4%	14.2%	5.6%	15.4%	13.3%	14.8%	30.0%	17.9%
11	10.0%	10.0%	11.0%	8.9%	3.7%	11.3%	11.0%	13.3%	5.6%	11.3%	11.8%	13.4%	29.7%	14.0%
12	9.7%	9.3%	10.0%	8.7%	2.4%	11.3%	11.0%	12.5%	3.4%	11.3%	10.7%	12.9%	25.0%	10.0%
13	9.0%	9.0%	9.6%	8.0%	0.6%	9.6%	10.0%	12.1%	2.5%	10.8%	10.7%	12.4%	20.0%	10.0%
14	8.7%	9.0%	9.3%	7.7%	-2.3%	9.3%	9.6%	12.1%	0.0%	10.6%	8.7%	12.2%	17.0%	10.0%
15	6.2%	8.3%	7.1%	7.1%	-3.0%	8.4%	9.6%	12.0%	0.0%	9.5%	8.1%	11.2%	15.0%	10.0%
16	6.2%	7.2%	7.0%	6.9%	-3.8%	8.3%	9.3%	11.6%	-0.5%	8.8%	8.1%	10.8%	14.4%	9.1%
17	5.2%	6.9%	7.0%	6.9%	-4.3%	8.0%	7.8%	9.4%	-8.3%	7.9%	6.8%	9.4%	13.0%	9.0%
18	5.0%	6.6%	6.3%	6.4%	-9.1%	7.2%	7.1%	9.2%	-13.3%	6.3%	6.7%	9.2%	10.9%	8.0%
19	4.8%	6.0%	5.0%	6.2%	-11.6%	7.0%	7.1%	8.7%	-30.1%	6.2%	6.5%	8.8%	10.0%	6.2%

Medians	2017	2018	2019	3-yr Avg.	2017	2018	2019	3-yr Avg.	2017	2018	2019	3-yr Avg.	1 Yr Ago	6 Mo Ago
Primary Peer Group	5.1%	6.8%	6.7%	6.9%	6.2%	6.8%	7.5%	8.6%	5.6%	5.8%	6.8%	8.4%	13.7%	9.1%
General Building	2.6%	3.5%	8.0%	6.0%	-1.4%	4.8%	8.6%	7.1%	0.1%	7.2%	8.6%	6.7%	7.9%	3.0%

**Each column ranks the firms’ metrics in order from highest to lowest. A company, therefore, does not occupy only one row, so it is impossible to deduce which set of metrics corresponds to another company.



What does the Peer Benchmarking Analysis measure?

Growth

- Growth is reflective of a company's past performance and can be indicative of a company's longevity. By analyzing your company's growth metrics in relation to your peer groups, EFCG can offer insight on whether your company is adequately expanding to stay competitive in the marketplace, attract new business, and ultimately stay profitable.

Analyses Conducted:

- Revenue Analysis: Customer and Functional Segment, Market Sector, Geographic Region
- Growth Rate Analysis: Organic and Inorganic Growth, Acquisitions, Growth Projections

Profitability

- Profitability is not only important to continue operating, but it is also necessary to finance the company's growth. By analyzing your company's profitability metrics in relation to its peer groups, EFCG can offer insight on how to devise a strategy that retains or allocates excess funds effectively.

Analyses Conducted:

- Pre-Bonus Earnings (EBIBT) Margin Growth, Pre-Bonus, Pre-Amortization Profit Analysis (EBIBTA & EBIBTA), After-Total and Performance Bonus Earnings (EBIT, EBITA, EBITDA) Margin, "Happiness Quotient"

Business Development

- In an industry as mature as the A/E/C industry, business development is key to capitalizing on profitable market opportunities. By analyzing your company's business development metrics in relation to your peer groups, EFCG can offer insight on how to improve the number of proposals your company wins and maximize those that offer the highest return.

Analyses Conducted:

- Proposal "Hit Rates," Fee "Capture Rates," Marketing Expenditures

Productivity

- For a company to have the capacity to pursue successful business development, it needs to be performing at levels in which its resources are used productively and efficiently. By analyzing your company's productivity metrics in relation to your peer groups, EFCG can offer insight on how the company's output can be strategically driven by relevant inputs.

Analyses Conducted:

- DuPont Analysis (Return on Revenue, Assets, and Equity), Asset Analysis, Working Capital, Return on Working Capital, Net Revenue Multiplier, Utilization, Billability

Overhead

- An effective overhead spend can spur a company's growth, while an inefficient spend can eat into its profits. By analyzing your company's overhead metrics in relation to your peer groups, EFCG can offer insight on where there are significant returns on investment (ROI) or where cost cutting measures can be useful to focus on goals directly related to the company's core competencies.

Analyses Conducted:

- IT, Finance, HR, Marketing/Business Development, Risk Management, and Occupancy Costs, Direct and Indirect Labor Costs, Non-Billable Time of Billable People, Fringe Benefits, Office and Real Estate Analysis

Risk

- Evaluating a company's risk profile is crucial to prepare for potential downturns in the business. Whether a risk factor is geographical, operational, or financial, it requires proactive planning. By analyzing your company's risk metrics in relation to your peer groups, EFCG can offer insight on how to mitigate such risks through diversification strategies.

Analyses Conducted:

- Client Concentration, Alternative Delivery, Financial Leverage

People

- In the A/E/C industry, people are a company's main assets. By analyzing your company's personnel metrics in relation to your peer groups, EFCG can offer insight on ways talent can be acquired, structured, and retained in such a way that incentivizes the employees to do their best work.

Analyses Conducted:

- Workforce Turnover, Compensation Analysis, Staff Diversity, Stock Ownership