

Benchmarking *Lite 2011*

The importance of comparing strengths and weaknesses
a free service for companies with up to 50 employees



About ACE

ACE, the Association for Consultancy and Engineering, is the business association representing the UK's providers of professional consultancy services in the built and natural environment.

ACE represents more than 600 member companies who together account for 90,000 employees in the UK. These businesses contribute more than £8 billion per year to the UK economy, and are instrumental in the development of a wide range of built and natural environment projects.

ACE listens to its members, understands the issues affecting them and their clients and takes the lead in representing their interests to decision makers and opinion formers in governments, client organisations and the media.

Working with ACE

Since 2005, The Centre has worked with ACE to design and operate the benchmarking project for Engineering and Consultancy firms. Their significant experience and independence means that the ACE Benchmarking results are accurate and concise, providing an in depth analysis of companies performance.

In addition to providing the analysis in 2010, CIFIC also attended the first European CEO Conference, as the Benchmarking exercise was expanded to include European Participants. The Benchmarking report and their expertise helped ACE to deliver a successful event with a wide variety of topics and key metrics explored by the participants over the two days.

About CIFIC

The Centre for Interfirm Comparison (CIFIC) was one of the pioneers of benchmarking; it developed the concept of comparing company performance using management ratios in projects that range from a few simple measures to sophisticated analytical studies.

It was set up in 1959 by the Institute of Management with the support of the CBI and the British Productivity Council to meet the demand for a neutral specialist body to conduct interfirm comparisons and benchmarking projects on a confidential basis as a service to management.

Its objectives were to enable companies to assess their performance against that of their peers and so identify areas for improvement and to implement best practice.

ACE Benchmarking is the industry's annual peer-to-peer comparison programme, providing participating businesses with an in-depth analysis of the operations, revenue per fee earner, costs, staff turnover, marketing activity and competitiveness.

The financial crisis and recession have demonstrated the extent to which global markets have integrated. There is a continual need for firms to innovate and manage their performance. ACE Benchmarking enables businesses to monitor and react based upon actual market intelligence.

ACE Benchmarking Lite is available to companies with a headcount of 50 staff or below.

ACE's benchmarking survey has been streamlined to provide **approximately 200 key metrics** to small companies whilst reducing significantly the time and cost implications of completing the survey.

- **A generic industry report**
This will provide participants with an industry analysis of performance based on the real responses of SMEs, providing valuable insights into trends and costing information.
- **Your rating against key indicators**
These will utilise a rating system which compares your company's performance to the average of those that took part.

Profitability



Last year's study showed that, if fee earners could increase their billable time by 10 minutes a day, the average company would generate 2.3% extra revenue. Assuming the extra 10 minutes a day could be carried out without increasing either staff costs or overheads, that could raise profits by 33% from the current level.

After three years of rising profit margins, there was a sharp fall in the 2009 Benchmarking report and the average margin fell back from 11.1% to 6.2%. In the 2010 report there was a modest improvement.

- What is your company's profit margin?
- How does it compare to the average?

Less than half of the UK companies who took part last time improved their profit margin, but those that

did posted bigger improvements than those facing lower margins.

- If you improved your profit margin, was your performance sufficient to continue long term growth strategies?
- If your margins have fallen, where does your company truly sit in comparison to its competitors and why are your margins not sufficient to generate the average level of profit across the industry?

Winning work



Tendering has been more difficult during the recession due to increased competition. ACE's results emphasise the importance of improving the efficiency and quality of tender submissions. The average tendering success rate was 36%, compared to 45% in 2009, and 48% in 2008.

Including the cost of staff time, the average investment in marketing was 6.4% for UK firms.

- Is your investment in marketing too low?
- What percentage of time do your fee earners spend on marketing, and is this effective?

The average success rate for competitive tendering dropped again this year to 36% of the number of bids.

- How big was the effect of the recession?
- How does your tender success rate differ to your competitors?

Controlling costs



Controlling costs is key, knowing not only their absolute values but also the equivalent percentage of total revenue. The recession has highlighted the importance of an efficient cost base to allow for successful competition.

Medical insurance, pension contributions and other staff benefits averaged £2,700 per employee.

- What are your company benefit liabilities?
- Are these benefits comparable to other firms in the sector?

Average support staff costs per head were 4% higher in the 2010 report than the previous year.

- Have your support staff costs increased?
- What are they as a proportion of your revenue?

Direct costs increased by just over 1% of revenue for UK firms to 4.7%.

- Have your company costs increased as a percentage of its revenue?
- Where has this change originated?
- Changing costs, changing revenue or both.. do you know?

Taking part

The participation is confidential and only those that take part will receive project results, which will be shown anonymously.

The ACE Benchmarking Lite programme has been designed specifically for companies with a headcount of up to 50 members of staff.

If your business has a 50+ headcount, ACE has its benchmarking programme which runs in conjunction with the European CEO Conference. For further information on this project please visit the ACE website

What you will receive?

- As a participant in the Benchmarking Lite programme your company will receive a report on the industry's performance, and a personalised set of data providing a traffic light comparison of your company's performance against other participants.

Pricing

The ACE Benchmarking Lite programme is free to all ACE member companies with a total headcount of 50 or below.

If you are not an ACE member and wish to take part in ACE Benchmarking Lite, a fee of £299 + VAT applies.

Participation in ACE Benchmarking lite		
Company Headcount	ACE Member	Non-Member
1-50	Free	£299 + VAT

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