2016 CFMA Financial Benchmarker Report
(BASED ON 2015 RESULTS)

The 2016 CFMA Financial Benchmarker Report presents a detailed analysis of key operating data from the construction industry. Based on confidential surveys completed by 869 companies in early 2016, the 2016 CFMA Financial Benchmarker Report includes the compilation and analysis of financial and operations data segmented by:

- Industry: Industrial & Nonresidential, Heavy & Highway, and Specialty Trade
- Revenue: Under $10 Million, $10 - $25 Million, $25-$50 Million, $50 - $100 Million, $100 - $300 Million, Over $300 Million
- Best in Class: top 25% of companies based on a composite ranking of key financial ratios
- U.S. Geographic Region: Northeast, Southeast, Midwest, Southwest, West, and Far West

The 2016 CFMA Financial Benchmarker Report is published annually by the Construction Financial Management Association (CFMA), an organization dedicated to bringing together construction financial professionals and those partners serving their unique needs. Founded in 1981, CFMA is the only organization dedicated to providing construction financial professionals with unparalleled career development and networking opportunities. Along with publishing the award-winning CFMA Building Profits, CFMA offers educational, professional, and connection programs through its 94 chapters, Annual Conference, and online learning to over 7,500 members. CFMA members are CFOs, controllers, and treasurers working at major commercial construction contractors in general, subspecialty trades, and heavy highway sectors, as well as those professionals who service these industry financial professionals, such as accountants, surety agents, bankers, and IT specialists.

The 2016 CFMA Financial Benchmarker Report was compiled, tabulated and analyzed by Industry Insights Inc. (www.industryinsights.com), an independent professional research and consulting firm that specializes in conducting financial surveys, compensation studies, market assessments, customer satisfaction research, educational programs and other forms of customized research.

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Introduction
ABOUT THE FINANCIAL BENCHMARKER

This year’s 2016 CFMA Financial Benchmarker Report (based on 2015 results) has been designed to provide easy-to-understand guidelines for identifying business performance improvement opportunities. The overall purpose of this report is to aid in identifying key industry operating statistics, multi-year trends, and financial benchmarks for industry members and interested parties.

The 2016 CFMA Survey was prepared by Industry Insights, Inc. of Columbus, Ohio, while working closely with CFMA staff and CFMA committee members in the design of the study. Confidential survey forms (refer to the Appendix for a sample) were made available to CFMA members beginning in April, 2016. Respondents were able to submit their survey forms through an online questionnaire or through a Microsoft Excel version of the survey.

This report includes comparative financial ratios and operations data. The information in this report has been segmented by company type and further segmented by the top performing contractors (Best in Class) and total revenue.

A valuable feature of the 2016 CFMA Financial Benchmarker is that all companies participating in the survey have the option to receive their confidential Company Performance Report (CPR) and personalized interactive tools that are available through the 2016 CFMA Financial Benchmarker survey portal (www.financialbenchmarker.com). The portal provides the ability to compare benchmarks from your organization against those of various comparison groups.

The CPR displays each contractor’s own ratios and data computed in a manner consistent with those appearing in the full report, and the results are displayed alongside the appropriate industry comparatives. As shown on any given line of the Company Performance Report, a company’s own data are included along with reported norms for all respondents and for companies of similar company type, total revenue, and region. Thus, the individual owner/manager is provided invaluable information without needing to spend time and effort performing the calculations manually. In addition, these highly confidential reports contain a graphical depiction of industry performance trends as well as a qualitative assessment of a company’s situation.

Sample Company Performance Report pages are shown on the following page.

In addition to receiving access to the Company Performance Report, participants will receive two free credits which can be used toward an interactive “Peer Group Comparison Report”, a user-generated online report that compares company data with that of up to five different comparison data sets. Using the program, users are able to create their own benchmark reports with up to five relevant aggregates that most closely match their organizations. Additionally, the Peer Group Report allows users to create trend reports using the year selection option within the tool. Users are granted access to the portal on a variety of unique levels shown below (note: discounts will be applied based on CFMA membership status).

- Survey participant – Access to static CPR (Company Performance Report), two free credits with the option of purchasing additional credits or full subscription, and a PDF of all results that also includes narrative in select areas as well as compensation data provided by PAS, Inc.
- Participant/Purchased subscription – Access to all.
- Non-participant/Purchased subscription – Access to all site features with the exception of the static CPR.
- Non-participant/Non-Purchase – No access but will have the ability to purchase subscription or credits.
SAMPLE COMPANY PERFORMANCE REPORT

The images on this page provide a sample of each of the sections that are included in participants’ Company Performance Reports (CPR). The actual CPR that participants receive contains information about their organization, compared against other similar companies and formatted as the pages below.

“YOUR FIRM'S” RATIOS COMPARED TO THE APPROPRIATE INDUSTRY NORMS

A “REPORT CARD” EVALUATION OF YOUR OWN FIRM’S PERFORMANCE

TREND GRAPH ANALYSIS SHOWS PERFORMANCE OVER TIME VERSUS THE INDUSTRY.
**HOW TO USE THIS REPORT**

This 2016 CFMA Report has been designed to help construction companies evaluate their own performance relative to that of similar companies in order to identify improvement opportunities. The statistics in this report represent broad performance “yardsticks” against which a company’s performance can be measured.

Using the information within this report, industry members can compare their own company’s financial performance statistics against: Construction companies of similar type; companies of a comparable total revenue; and the Best in Class companies (the top 25% based on the composite ranking of key financial ratios). Spotting significant differences between your own company’s performance and the comparable aggregates can be the first step toward improving performance.

**UNDERSTANDING THE DATA**

In order to use the information in this report to its maximum advantage, it is important to understand how the data are arranged and how to interpret the results.

**HOW THE REPORT IS ORGANIZED**

The survey results have been separated into 4 sections. Each section examines key findings for each company type classification through the use of some textual analysis and a number of charts, graphs, and tables. A respondent is determined to be of a particular type based on the percentage of annual construction related revenue derived from a grouping of NAICS codes. The NAICS codes were grouped into three major classifications: Industrial & Nonresidential, Heavy & Highway, and Specialty Trade. The criteria for type classification is dependent on an estimated revenue percentage of 50% or more for a particular grouping. The 4 sections included in this year’s report each include:

- **Overview of Survey Results** – Provides an in-depth look at the overall responses to key questions segmented by company type.

- **Respondent Profile** – Provides an overview of key characteristics (e.g., size, region, etc.) of the companies that participated in this year’s survey.

- **Financial Information** – Provides a look at the strategic profit model ratios as well as key financial related metrics segmented by company type, total revenue, and geographic region.

- **Best in Class** – Provides a comparative analysis of the top 25% of companies based on a composite ranking of selected financial ratios against selected aggregates.
INTERPRETING THE NUMBERS

Most of the results included in this study are reported on the basis of medians rather than arithmetical averages or means. Unlike the mean, the median is not distorted by a few unusually high or low values that may exist in the sample due to special circumstances. The “median” value represents the mid-point of the data for a particular measure, with one-half of the firms reporting figures above it and one-half below. Each median was computed independently based on the companies that reported for that item. As a result, mathematical relationships do not always exist when different ratios are used together in the calculation.

Figures reported were not used unless they were in accordance with the survey instructions and definitions. In cases where the number of facilities reporting was considered inadequate for the computation of a meaningful figure, an asterisk (*) notation is included to indicate insufficient data. At a minimum, 5 valid responses were required in order to show any metrics.

Further insights into how to use this report are included in the Appendix in the section entitled: “Key Ratio Definitions.”

DISCLAIMER

The statistical information contained in this report is believed to be largely representative of the construction industry. All reasonable efforts were taken by Industry Insights, Inc. to ensure data comparability within the limitations of basic reporting procedures. However, the findings are based on those who chose to participate in this year’s survey, and the sample was not adjusted to reflect any pre-determined profile expectations. Respondents’ data have not been audited, and the statistical validity of any given number varies depending upon sample sizes and the amount of consistency among responses. Industry Insights and CFMA, therefore, make no representations or warranties with respect to the results of this study and shall not be liable for any information inaccuracies, or errors or omission in contents, regardless of the cause of such inaccuracy, error or omission. In no event shall Industry Insights and/or CFMA be liable for any consequential damages.