

BENCHMARKING YOUR FIRM'S COMPENSATION

Presented By:
Kate Allen, P.E.
PSMJ Resources, Inc.

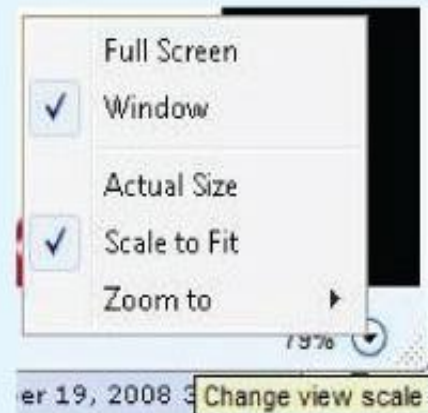
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Kate Allen, P.E.

- PSMJ's Director of A/E/C Surveys
- Affiliated with PSMJ since 2005
- Education:
 - B.A. Psychology
 - B.S. Mechanical Engineering
 - MBA
- Background:
 - Engineer/Associate with MKK Engineers
 - Co-Founder of Caveo Consulting Engineers
 - Constructive Technologies Group



Agenda

Introduction

Five Simple Steps of Benchmarking

PSMJ's Benchmark Tool

Conclusions from
PSMJ's 2015 Management Compensation Survey Report
and
PSMJ's 2015 Staff Compensation Survey Report

Benchmarking Case Study

Questions and Comments

About PSMJ

	Newsletters	Surveys & Books	Seminars & Conferences	Consulting
Strategy	✓	✓	✓	✓
Marketing	✓	✓	✓	✓
Project Delivery	✓	✓	✓	✓
Finance	✓	✓	✓	✓
Human Resources	✓	✓	✓	✓
Transition	✓	✓	✓	✓

- Providers of management information
- Focused exclusively on the A/E/C industry for over 40 years

Surveys & Confidentiality

- Every firm that participates gets a *unique ID number*. Only you, me and Jill Stoodley, our Survey Editor at PSMJ know your firm's ID number.
- The survey database is completely separate from all other PSMJ databases. We don't share it with anyone - not even PSMJ's Marketing Department.
- If you are still worried about confidentiality, contact me to discuss other methods of submittal.

5 Simple Steps of Benchmarking



Step 1

Verify That Your Data is *Comparable to the Selected Survey Data*



“Apples To Apples” Metrics

2015

Source: Vertex42.com

January	February	March
Su M Tu W Th F Sa	Su M Tu W Th F Sa	Su M Tu W Th F Sa
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31
April	May	June
Su M Tu W Th F Sa	Su M Tu W Th F Sa	Su M Tu W Th F Sa
5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30
July	August	September
Su M Tu W Th F Sa	Su M Tu W Th F Sa	Su M Tu W Th F Sa
5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30
October	November	December
Su M Tu W Th F Sa	Su M Tu W Th F Sa	Su M Tu W Th F Sa
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

Same (Or Similar) Cutoff Dates

Step 2

Focus on a *Limited Number of Indicators*

- Pick only a few trees from the forest
- Cover all the operational priorities
- Dig deeper if something jumps out
- 10 to 15 is plenty to start with



Step 3

Select Benchmarking Group(s) That *Are Similar to Your Firm*

- Firm size
- Practice area(s)
- Project types
- Geography



Regional Differences are Limited

	Median	Mean		Median	Mean
Alabama	\$35.12	\$35.49	Nebraska	\$35.12	\$35.11
Alaska	37.44	38.56	Nevada	36.62	37.81
Arizona	35.77	36.54	New Hampshire	36.54	37.70
Arkansas	35.36	34.77	New Jersey	35.12	35.79
California	36.51	38.21	New Mexico	36.32	36.14
Colorado	35.38	35.43	New York	35.60	35.61
Connecticut	37.14	37.47	North Carolina	35.12	35.26
Delaware	36.58	38.13	North Dakota	34.05	35.19
Florida	35.12	35.22	Ohio	35.01	35.17
Georgia	34.33	34.87	Oklahoma	36.13	35.88
Hawaii	37.16	39.27	Oregon	36.47	36.56
Idaho	35.07	34.84	Pennsylvania	35.13	35.63
Illinois	34.95	35.02	Rhode Island	37.12	36.90
Indiana	35.12	35.36	South Carolina	35.14	35.48
Iowa	34.68	34.39	South Dakota	34.01	34.51
Kansas	35.60	35.52	Tennessee	35.12	35.24
Kentucky	35.84	36.08	Texas	34.89	35.33
Louisiana	35.20	35.57	Utah	36.23	36.98
Maine	36.08	36.93	Vermont	35.84	36.85
Maryland	36.05	36.91	Virginia	36.06	36.47
Massachusetts	36.54	36.98	Washington	37.16	37.86
Michigan	35.24	35.25	West Virginia	34.79	34.68
Minnesota	35.18	35.29	Wisconsin	34.87	35.37
Mississippi	35.25	35.40	Wyoming	35.25	34.70
Missouri	34.36	35.15	District of Columbia	36.61	36.66
Montana	35.20	35.40			

Step 4

Pinpoint Your Firm's Performance *Within a Range*

Vs. Similar Staff Size

- ☐ Much above average (>75%)
- ☐ Above average (50% - 75%)
- ☐ Average (~50%)
- ☐ Below average (25% - 50%)
- ☐ Much below average (<25%)

Vs. Similar Practice Areas

- ☐ Much above average (>75%)
- ☐ Above average (50% - 75%)
- ☐ Average (~50%)
- ☐ Below average (25% - 50%)
- ☐ Much below average (<25%)

Vs. Similar Project Types

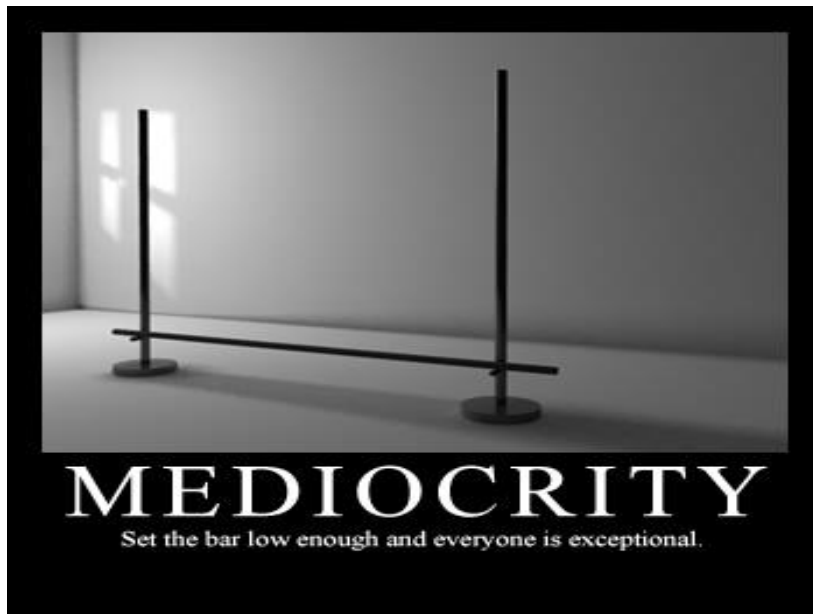
- ☐ Much above average (>75%)
- ☐ Above average (50% - 75%)
- ☐ Average (~50%)
- ☐ Below average (25% - 50%)
- ☐ Much below average (<25%)

How Do You Stack Up Overall?

- ☐ Much above average (>75%)
- ☐ Above average (50% - 75%)
- ☐ Average (~50%)
- ☐ Below average (25% - 50%)
- ☐ Much below average (<25%)

Step 5

Use the Results to Take Action!



Unless you strive to be mediocre...

- First, attack your results that are in the worst quartile
- Then go after those in which you are below the median
- Strive to get to the top quartile

PSMJ Benchmark Tool



PSMJ's 4 Benchmark Tools

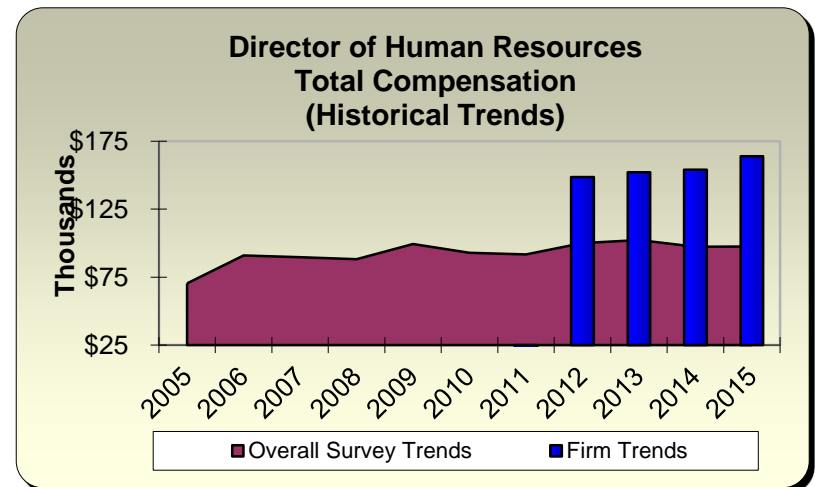
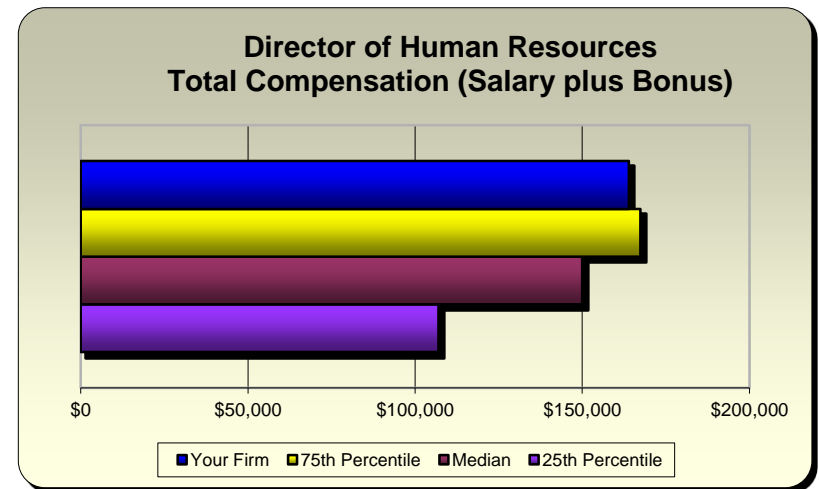
■ Each Tool...

- Contains your firm's actual data - if you've participated in the survey
- Compares it to latest A/E industry data
- Focuses on a few key indicators
- Compares your firm to different peer groups



Each Benchmark Tool...

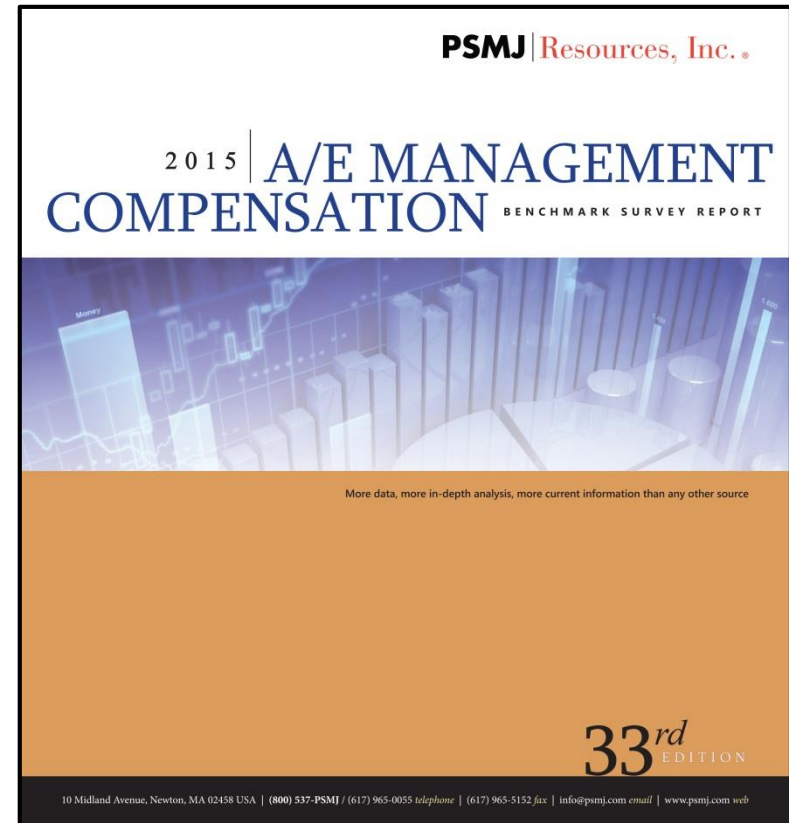
- Sets your position within a benchmark range.
- Plots your firm's actual performance.
- Provides historical trends.
- Saves hours of time and effort.
- Is free to survey participants!



Conclusions from PSMJ's 2015 Management Compensation Survey

18 Different Roles

Chairman of the Board
to
Project Manager



This Data Can Be Quite Revealing

■ We Look at These Roles:

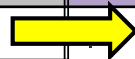

- Chairman of the Board
- Chief Executive Officer
- Executive Vice President
- Senior Vice President
- Other Principals
- Director of Finance
- Controller
- Business Manager
- Director of Administration
- Director of Operations
- Director of Business Development
- Director of Marketing
- Director of Human Resources
- Director of Computer Operations
- Branch Office Manager
- Department Head
- Senior Project Manager
- Project Manager

What Can you Find in the Management Compensation Survey Report?

Key Metrics

Base Salary	Bonus	Total Direct Compensation
Salary in Rel. to CEO	Bonus in Rel. to CEO	Tot. Comp. in Rel. to CEO
Billing Rates	Salary Increases Awarded	Time Allocation (Projects, Marketing, OT)
Sick Days	Paid Overtime	Retirement Contributions
Vacation Days	Other Management Fringe Benefits	Key Person Insurance

Base Salary in 2015 Increase Slightly for Production Positions Over 2014

Position	2015	2014	% Change
Chairman of the Board	\$161,703	\$171,130 	-5.5%
Chief Executive Officer	180,000	175,400	2.6%
COO/Executive Vice President	172,000	153,201	12.3%
Senior VP/Senior Principal	154,500	148,860	3.8%
Other Principals/Partners	127,700	126,000	1.3%
CFO/Director of Finance	144,248	135,000	6.9%
Controller	96,350	91,291	5.5%
Business Manager	73,692	63,440	16.2%
Director of Administration	95,490	79,869	19.6%
Director of Operations	141,000	132,000	6.8%
Director of BD	120,000	115,376	4.0%
Director of Marketing	89,625	85,000	5.4%
Director of Human Resources	93,808	87,215	7.6%
Director of Computer Ops.	99,454	95,007	4.7%
Branch Office Manager	116,950	115,000	1.7%
Department Head	111,937	112,197	-0.2%
Senior Project Manager	100,000	96,667	3.4%
Project Manager	82,000	78,520 	4.4%

Bonuses Declined for Some Positions

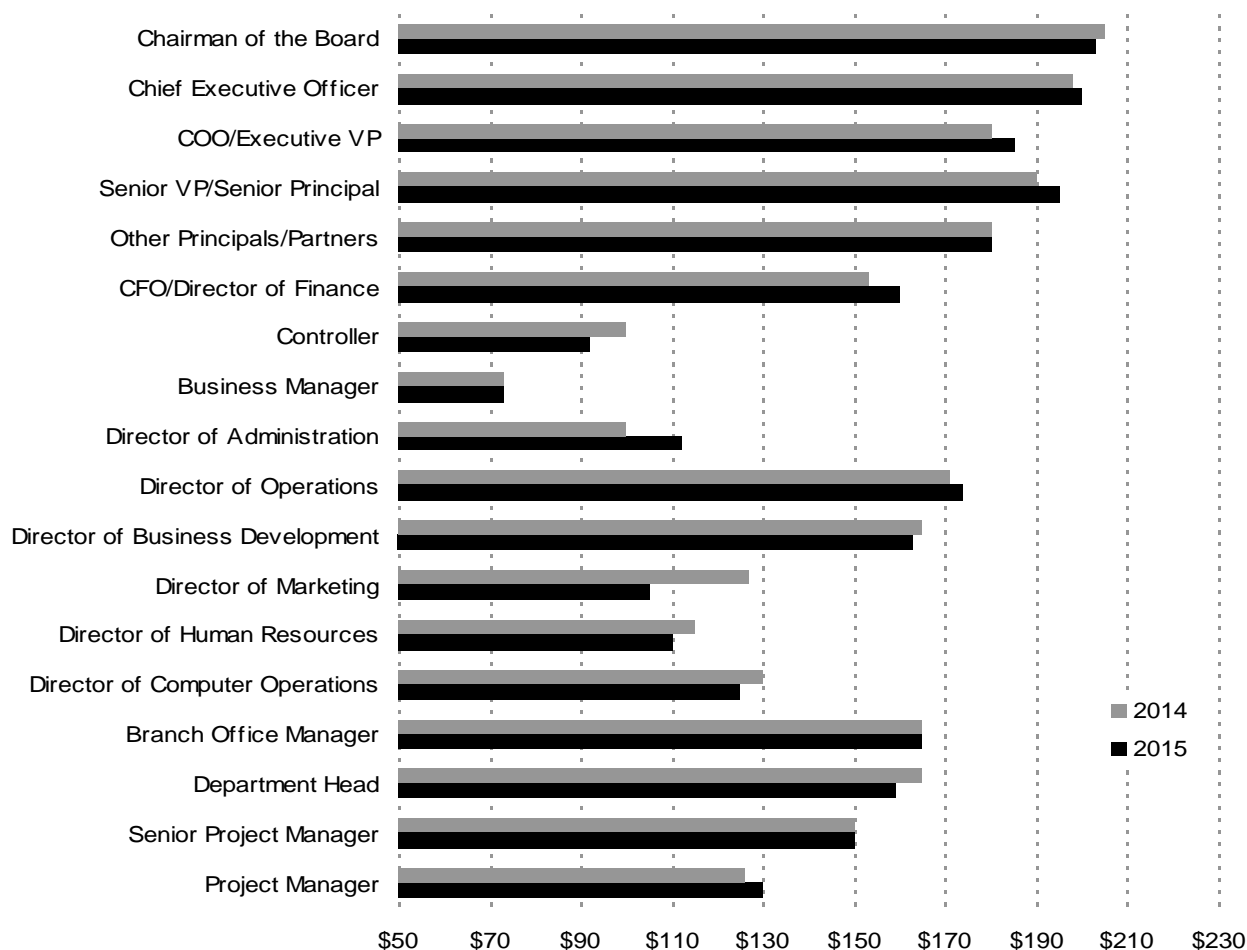
Position	2015	2014	% Change
Chairman of the Board	\$10,150	\$20,955	-51.6%
Chief Executive Officer	36,000	35,500	1.4%
COO/Executive Vice President	28,230	30,000	-5.9%
Senior VP/Senior Principal	25,375	23,950	5.9%
Other Principals/Partners	15,105	12,930	16.8%
CFO/Director of Finance	16,342	14,000	16.7%
Controller	5,000	5,000	0.0%
Business Manager	5,000	3,100	61.3%
Director of Administration	2,500	1,500	66.7%
Director of Operations	13,850	8,500	62.9%
Director of BD	6,450	5,000	29.0%
Director of Marketing	3,500	4,100	-14.6%
Director of Human Resources	5,000	5,000	0.0%
Director of Computer Ops.	5,000	4,000	25.0%
Branch Office Manager	6,939	5,267	31.7%
Department Head	7,534	9,550	-21.1%
Senior Project Manager	5,796	5,000	15.9%
Project Manager	3,474	3,277	6.0%

Overall Financial Condition of the Industry/Economy

■ Results are Continuing to Improve!

	2015	2014
Net Revenues per Total Staff	\$134,839	\$127,607
Operating Profit (Net Revenues)	14.3%	13.0%
Backlog Change	9.0%	9.0%
Gross Revenues Change	10.0%	7.0%
Staff Size Change	3.71%	3.57%
Net Multiplier	3.09	3.07

Billing Rates for Most Billable Positions Increased or Stayed the Same in 2015



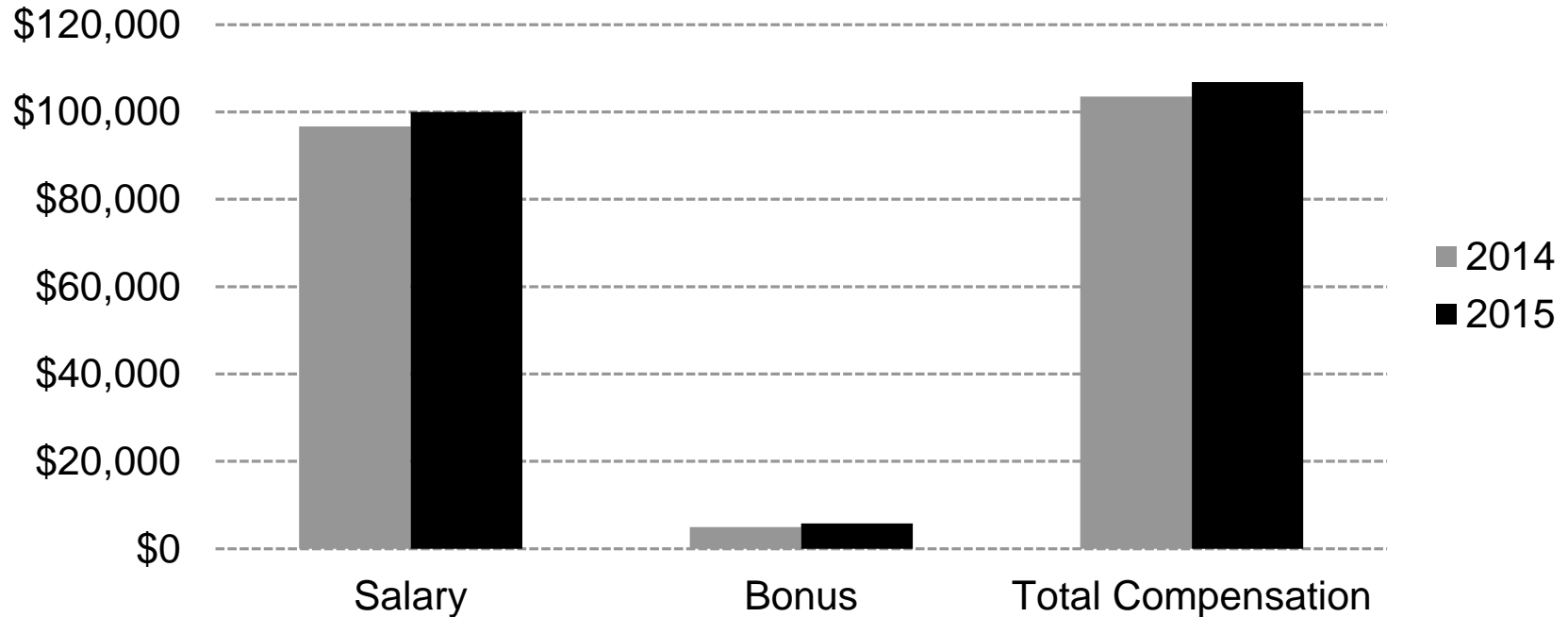
The Top 10% are Doing Extremely Well!

Position	Salary		Bonus		Total Direct Compensation	
	2015	2014	2015	2014	2015	2014
Chairman of the Board	\$342,523	\$288,970	\$246,000	\$211,860	\$555,109	\$540,870
Chief Executive Officer	365,274	348,491	254,000	221,970	505,416	482,186
COO/Executive VP	274,457	300,040	197,394	181,600	412,200	434,409
Senior Vice President	235,409	207,550	134,833	126,714	319,612	318,007
Other Principals	179,700	160,000	70,164	87,818	240,099	229,267

Let's Zero In On Senior Project Managers

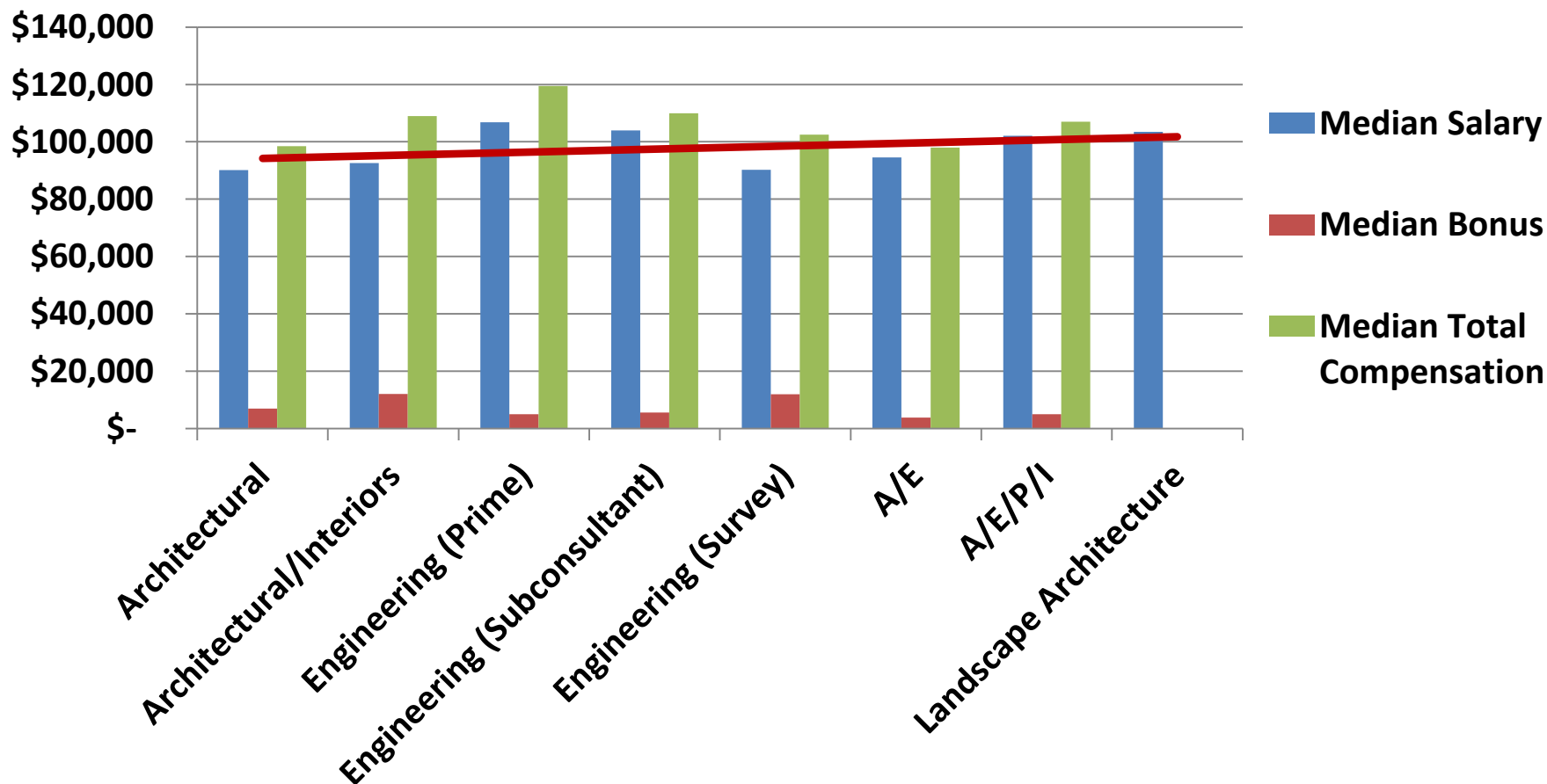


Base Salary and Bonuses Increased for Sr. Project Manager



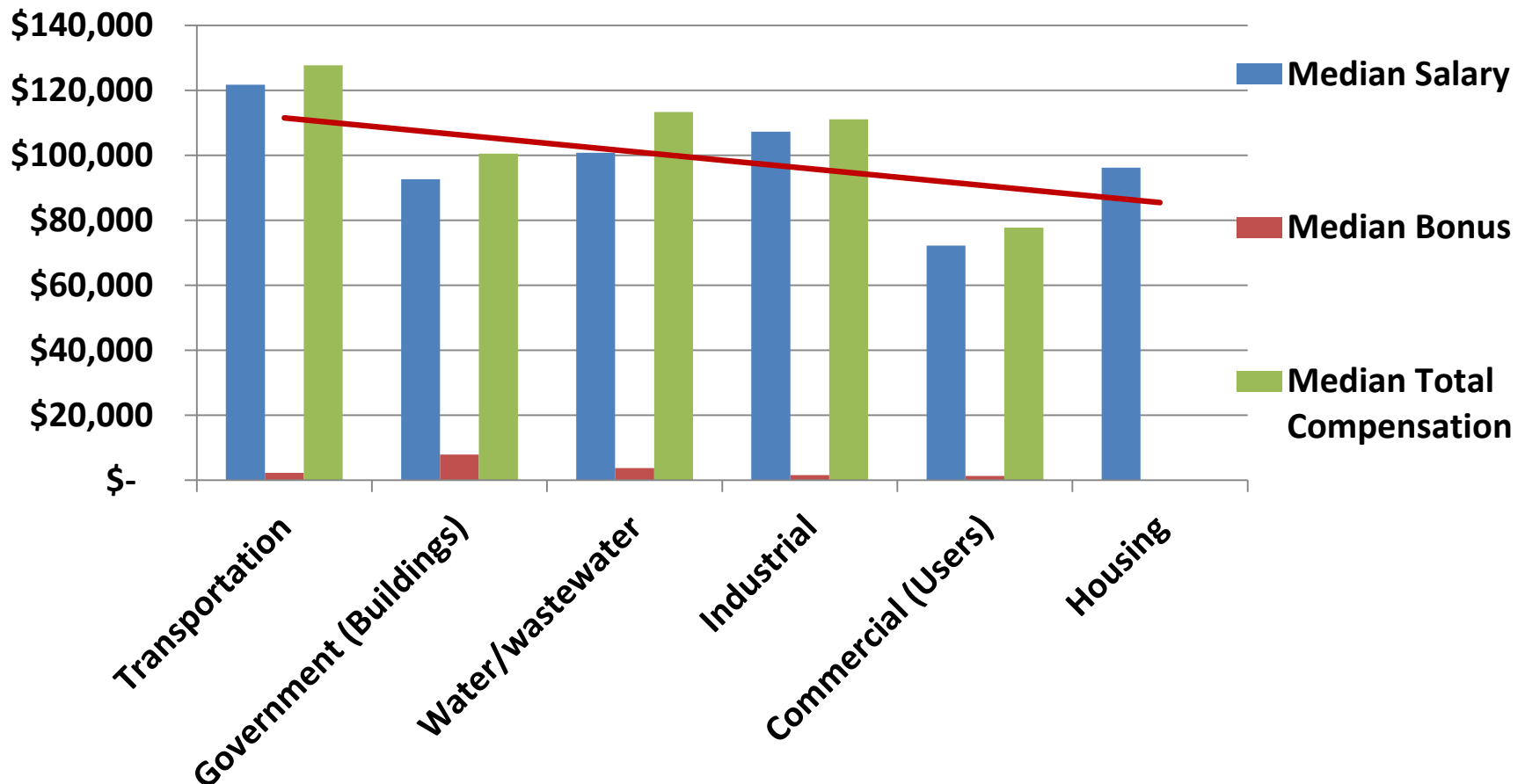
Firms' Practice Areas Didn't Affect Compensation Very Much

2015 Compensation for Senior Project Managers



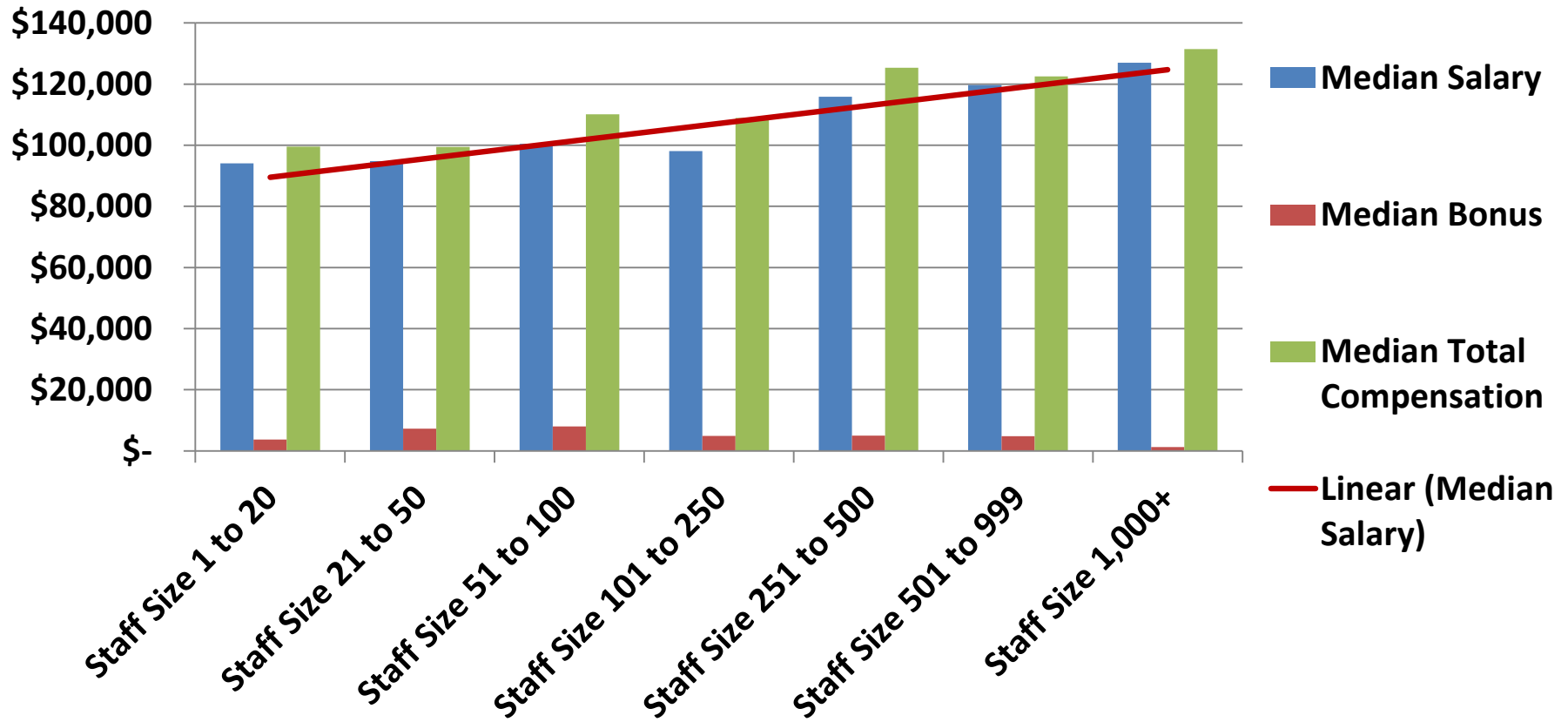
Firms' Project Types Impacts Compensation

2015 Compensation for Senior Project Managers



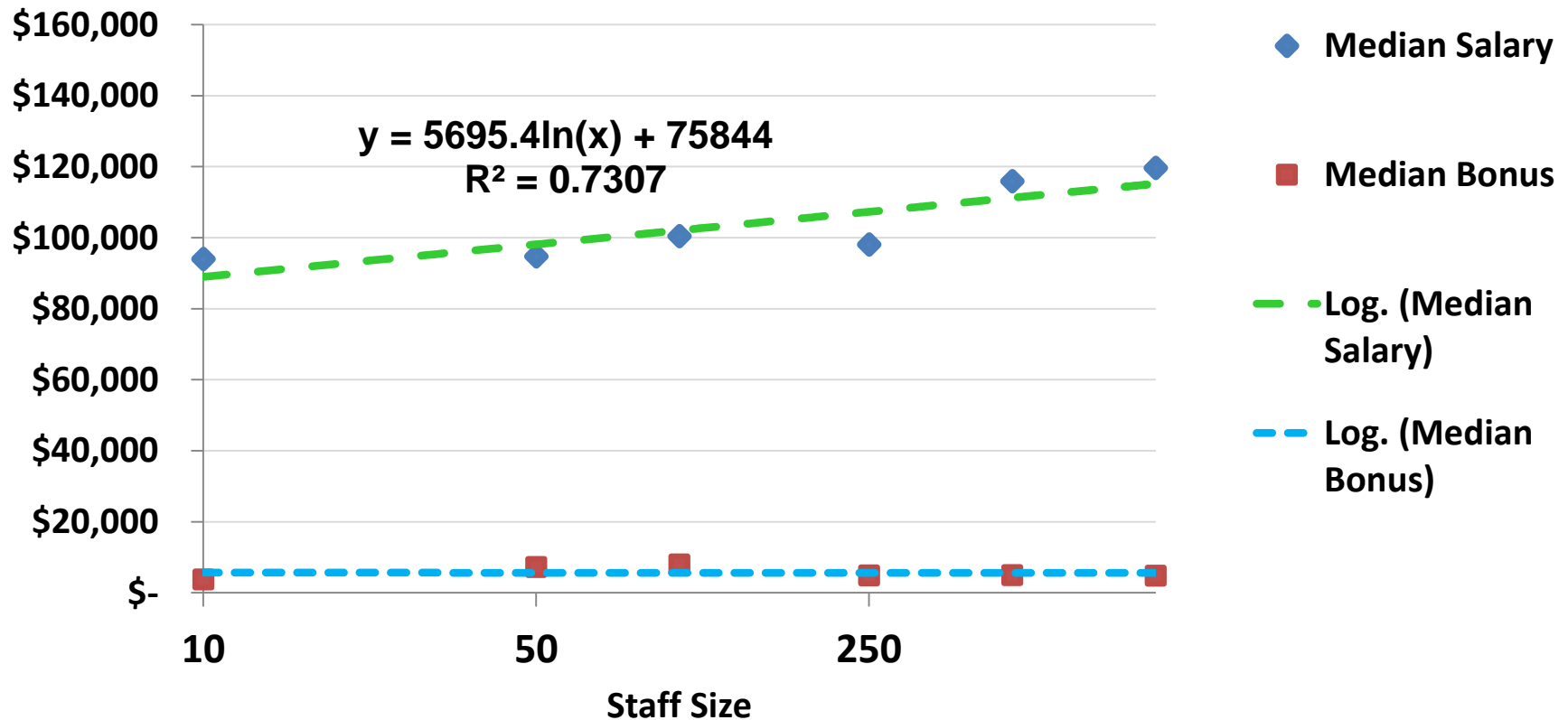
...Firm Size Mattered a Lot!

2015 Compensation for Senior Project Managers



We Can Establish a Reliable Formula for Senior PM Compensation Based on Firm Size

Compensation for Senior Project Managers

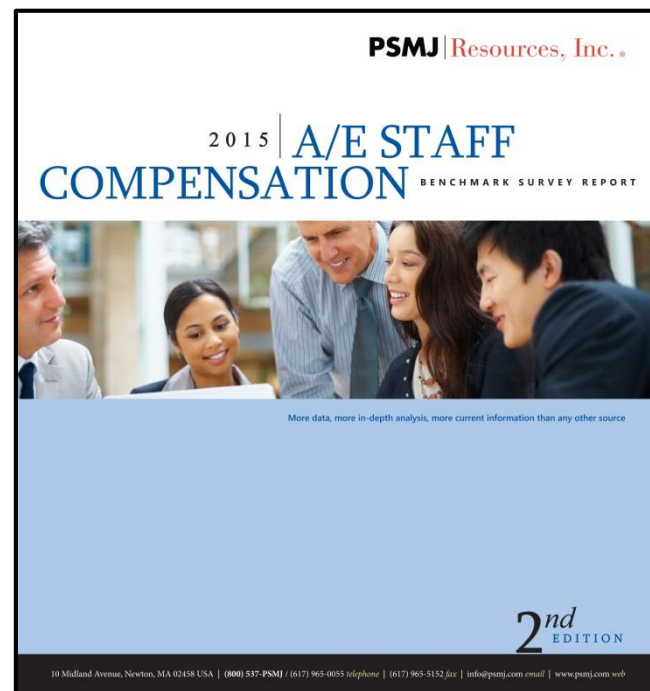


Conclusions from PSMJ's 2015 Staff Compensation Survey

6 Different Practice Areas in the A/E Industry

6 Support Roles

Based on
Years of Experience
ONLY



This Data Can Be Quite Revealing

- **We Look at These Practice Areas:**

- Architect
- Civil Engineer/Designer
- Electrical Engineer/Designer
- Mechanical Engineer/Designer
- Structural Engineer/Designer
- Environmental Engineer/Scientist

- **Support Roles:**

- Sr. CAD Technician
- CAD Technician
- Sr. Clerical
- Clerical
- Marketing Coordinator
- Proposal Coordinator

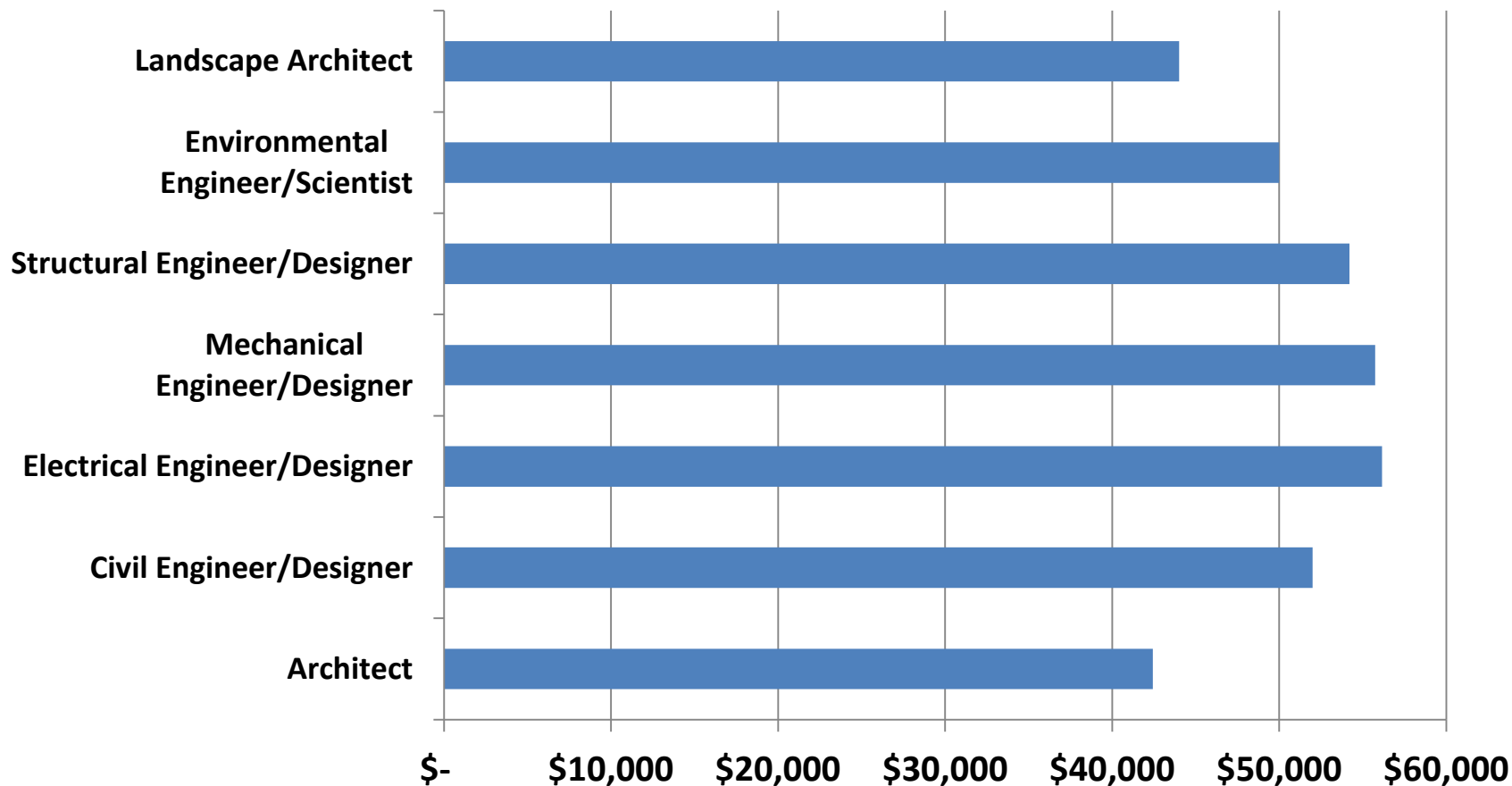


What Can you Find in the Staff Compensation Survey Report?

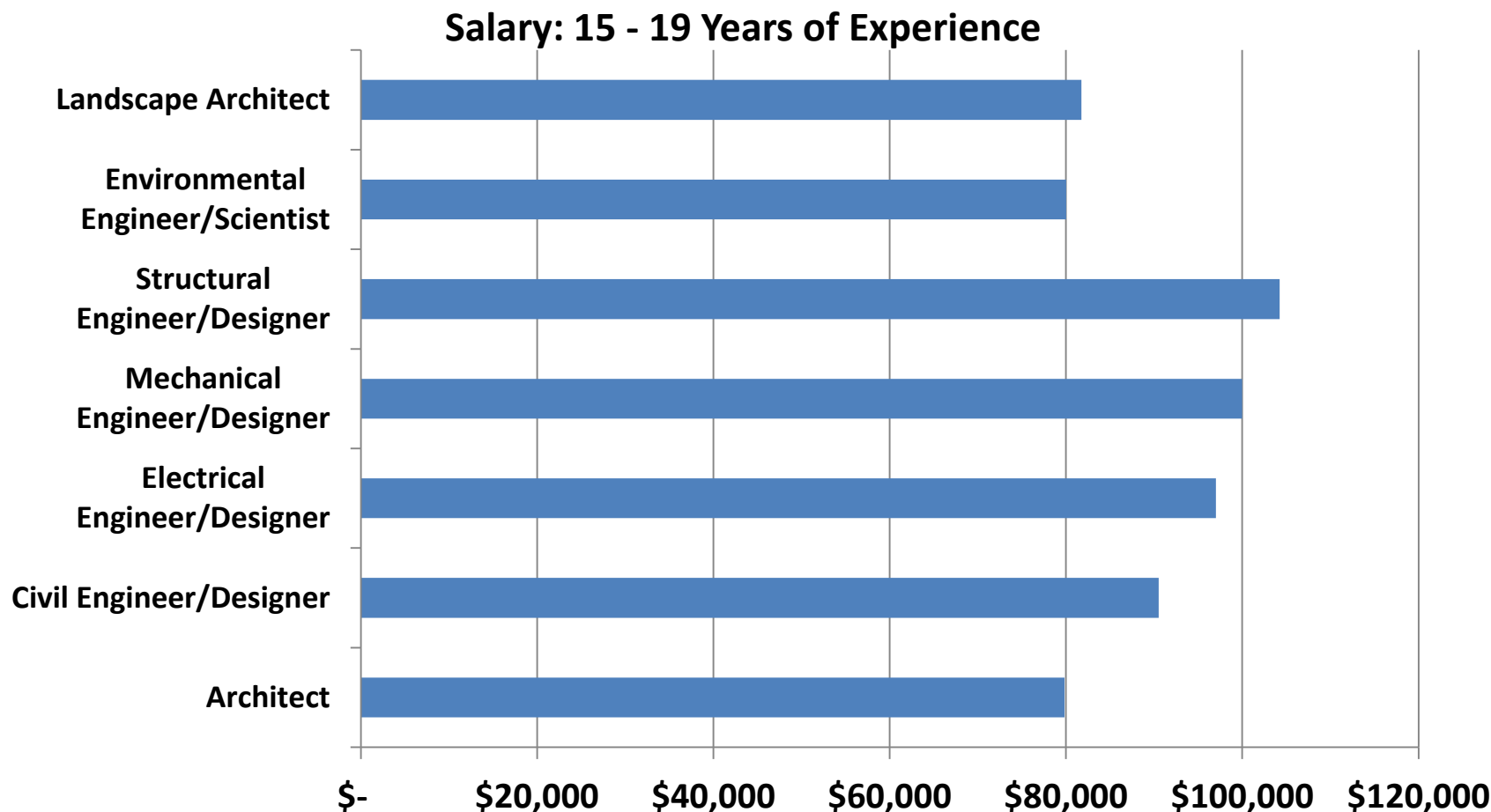
Key Metrics		
Base Salary	Bonus	Total Compensation
Salary in Rel. to CEO	Bonus in Rel. to CEO	Tot. Comp. in Rel. to CEO
Billing Rates	Salary Increases Awarded	Time Allocation (Project, Marketing, OT)
Sick Days/PTO Days	Percentage of Firm Ownership	Bonus as % of Total Comp

Median 2015 Base Salary Data

Salary: 0 - 1 Years of Experience



Median 2015 Base Salary Data



2015 Base Salary Architect 2-5 Years Experience

	25 th Percentile	Median	Mean	75 th Percentile
Overall	\$46,125	\$49,150	\$51,320	\$55,480
Staff Size 1 to 20	40,320	50,000	50,570	58,580
Staff Size 21 to 50	47,500	50,000	53,080	57,200
Staff Size 51 to 100	44,000	48,000	50,666	52,672
Staff Size 101 to 250	44,657	48,000	48,155	50,666
Staff Size 251 to 500	44,688	48,500	49,300	54,000
Staff Size over 500	46,624	57,119	56,537	63,440
All U.S.	47,656	52,740	54,290	60,913
Northeast	43,868	47,125	49,485	53,141
South	45,625	49,500	52,120	54,719
Midwest	44,000	48,000	48,058	50,666
Southwest	NR	NR	NR	NR
Mountain	NR	NR	NR	NR
West	48,595	52,544	52,716	56,630
Canada	NR	NR	NR	NR
Private	46,500	48,500	49,911	52,416
Government	44,680	50,390	52,578	60,303
Mixed	44,688	49,000	51,964	57,200
Transportation	NR	NR	NR	NR
Government (Buildings)	44,000	49,300	52,665	61,000
Water/Wastewater	NR	NR	NR	NR
Industrial	NR	NR	NR	NR
Commercial (Users)*	52,125	55,080	54,924	57,569
Housing	45,025	49,708	51,919	58,750
Healthcare*	41,905	47,750	46,385	49,500
No Specialty	44,930	48,700	50,348	53,184

Peer Groups:

✓ Firm Size

✓ Region

✓ Client Type

✓ Market Sector

2015 Total Compensation Civil Engineer Entry Level Experience

	25 th Percentile	Median	Mean	75 th Percentile
Overall	\$48,970	\$53,000	\$53,207	\$57,758
Staff Size 1 to 20	NR	NR	NR	NR
Staff Size 21 to 50	48,143	53,600	54,437	61,440
Staff Size 51 to 100	46,519	50,325	50,244	56,618
Staff Size 101 to 250	45,000	50,024	51,164	58,201
Staff Size 251 to 500	49,060	54,950	53,971	58,130
Staff Size over 500	50,554	52,134	54,569	58,585
All U.S.	52,445	55,757	57,230	62,271
Northeast	48,505	52,000	53,005	55,995
South	45,000	53,600	51,961	57,610
Midwest	48,940	50,000	51,106	53,200
Southwest	55,000	58,500	58,759	60,500
Mountain	NR	NR	NR	NR
West	47,882	56,595	53,786	58,703
Canada	NR	NR	NR	NR
Private	51,506	55,250	55,576	58,695
Government	45,375	50,761	51,504	58,753
Mixed	49,538	52,000	53,270	56,653
Transportation	45,375	53,482	55,202	63,219
Government (Buildings)	NR	NR	NR	NR
Water/Wastewater*	36,122	55,750	50,019	58,188
Industrial	NR	NR	NR	NR
Commercial (Users)	NR	NR	NR	NR
Housing	NR	NR	NR	NR
Healthcare	NR	NR	NR	NR
No Specialty	49,125	52,134	52,867	56,950

Breakouts:

➤ **25th Percentile**

➤ **Median (50th Percentile)**

➤ **Mean**

➤ **75th Percentile**

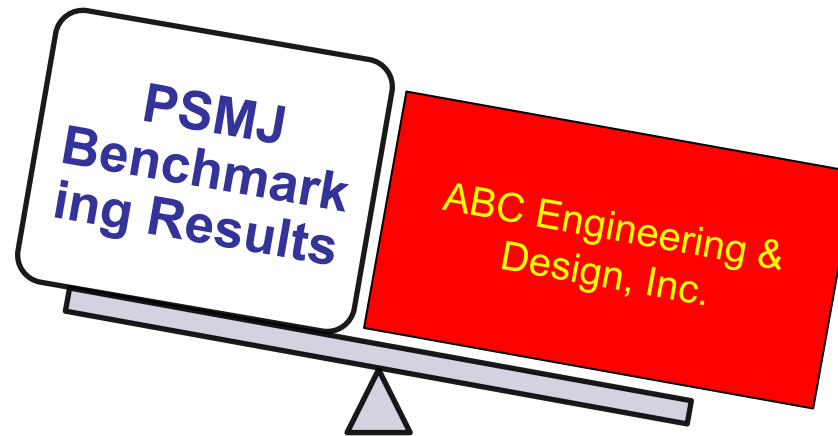
90th Percentile Compensation 20+ Years Experience in 2015

90th Percentile Compensation 20+ Years of Experience

Position	Salary		Bonus		Total Direct Compensation	
(20+ Years of Experience)	2014	2015	2014	2015	2014	2015
Architect	\$135,794	\$135,469	\$26,550	\$63,000	\$174,539	\$174,641
Civil	145,835	144,446	37,378	42,812	182,333	181,104
Electrical	133,000	139,840	19,800	29,940	160,500	156,650
Mechanical	135,155	144,500	25,000	30,923	152,260	171,800
Structural	162,228	148,096	27,952	30,514	178,167	164,008
Environmental	133,461	144,505	30,500	12,875	145,304	160,985
Landscape Architect	N/A	131,600	N/A	54,478	N/A	161,016

* Landscape Architect is a new position for 2015; data for previous years is not available (N/A).

Benchmarking Case Studies



Demo of PSMJ's Management Compensation Benchmark Tool

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2015 Management Compensation Benchmark Tool - Participant Abridged Version

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Demo of PSMJ's Staff Compensation Benchmark Tool

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2015 Staff Compensation Benchmark Tool - Participant

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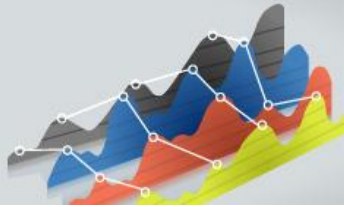
We'll Send You the 2016 Benchmark Tool With Your Data Already Loaded !!!

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
FEBRUARY 2016						
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29					

If we get your data by
February 12th!

Benchmarking

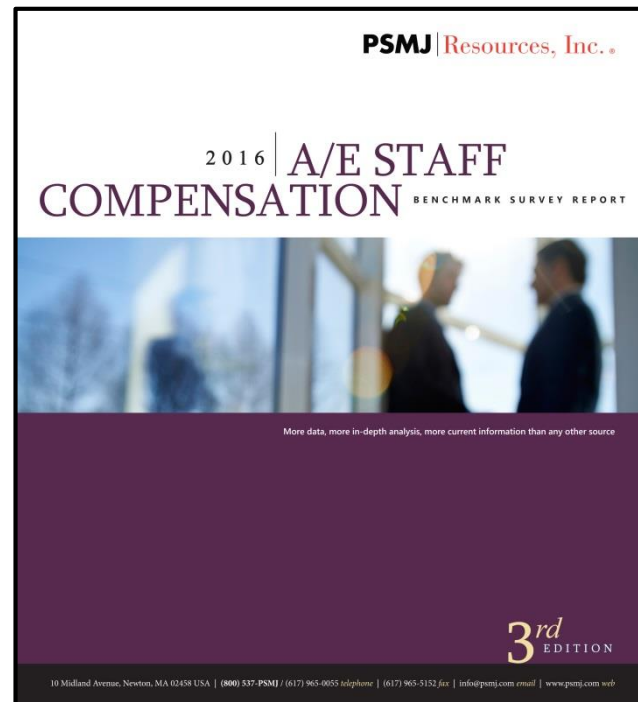
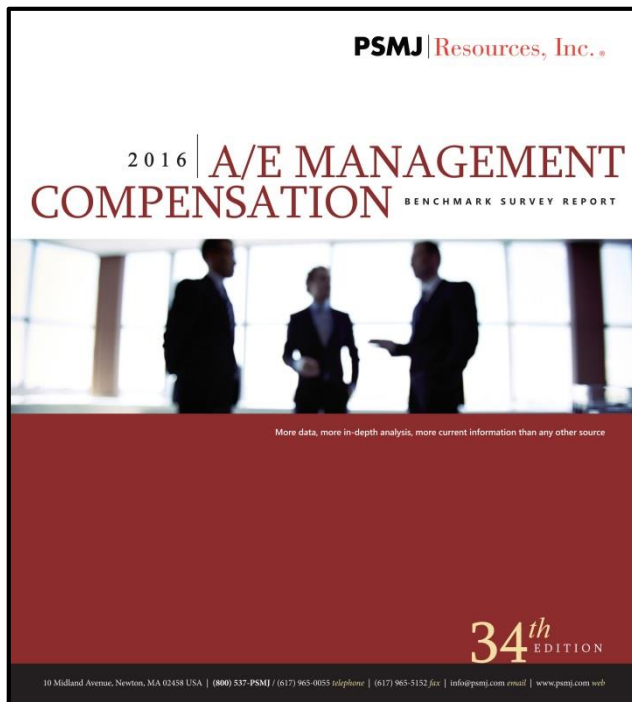
Separating Fact from Fiction



- **The most successful firms plan strategically.**
- **Benchmarking defines where you start the strategic planning process.**
- **Strategic planning defines where you want to end up.**
- **Benchmarking tracks your success by periodically giving you the score.**

Participate in PSMJ's Surveys

■ Committed to **CONFIDENTIALITY**





Q&A



Post Webinar

Follow up e-mail to include:

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2. Certificate
3. Multiple attendee form
4. Credits
5. Webinar recording

7th Annual A/E/C Industry HR Summit

March 31- April 1, 2016 in Seattle, WA



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- Learn from sessions and each other at the roundtable labs
- Additional events
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Q&A



Contact Information

1. Questions for the speaker:

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