



*Aspiring to be...*

*"OUR CLIENTS' MOST TRUSTED AND CONSULTED ADVISOR*

*August, 2009*

*(First of two parts)*

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### **Is your Architectural or Engineering firm attaining utilization between 67 and 72 percent?**

If not, your organization could increase productivity and improve financially by taking immediate action.

Given the state of the current economy, companies are beginning to dig a little deeper into ways to remain competitive and profitable. The utilization factor is a number that has quickly gained a lot of attention at Architectural and Engineering firms, and many still debate the importance, effectiveness, and relationship of utilization to success. However, firms in the top ten percent of profitability have possessed approximately a sixty-nine percent utilization in recent years according to a *Professional Services Management Journal* (PSMJ) survey.



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The recent economic downturn may be a blessing in disguise for many firms; a way to improve utilization. Firms should use this time to evaluate policies and best practices.

#### **MAKE NON-BILLABLE TIME ... BILLABLE**

The first assignment is to **determine which normally non-billable tasks could now become billable**. Examples of these non-billable tasks could include administration personnel typing a contract, time spent on marketing proposals, and even IT time. Companies should also consider **billing for all changes** and, if it is in accordance with the contract, **stop work on any clients that are not paying**. After all, paid utilization is what is important.

#### **EVALUATE EMPLOYEE PERFORMANCE**

Now is also a good time to **evaluate employee performance**. Employers might want to take a closer look at time cards in order to ensure employees are capturing all billable time rather than mistakenly booking time to overhead categories.

Generally, there is a staffing shortage of qualified engineers in the A/E field, but if your firm is one of the few that has more professional and administrative staff than is

necessary, this may be the time to **reassess your staffing mix** with an eye to right sizing, difficult as that may be. You do want to plan ahead so you have the needed staff available when the economy turns around so your company can take advantage of improving economic situations. It is a delicate balance.

***Watch for Part Two when we share more tips for improving your utilization.***

*If you have any questions about your firm's utilization or would like to discuss how Sambaugh Ness can help you navigate the maze of FAR, please contact me at 717-757-6999/800-745-8233 or email me at [shursh@stambaughness.com](mailto:shursh@stambaughness.com).*

*You can also find out more about the background and services offered by Sambaugh Ness by visiting the [AEC section of our website](#).*

***Sambaugh Ness*** serves Central and Eastern Pennsylvania and Northern Maryland. The AEC Group offers general consulting, financial statement preparation, job costing assistance, IT systems consultation, income tax planning, overhead audits, research and buy-sell assistance. We also provide FAR consulting services to keep government contractors up-to-date with rules and regulations, help to negotiate contracts that can increase profit, cope with cost accounting standards and accounting system requirements, and much, much more...

***\*[Certified Construction Industry Financial Professional](#)***

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