

## **PR Agency Industry**

### **2014 Billing Rates & Utilization**

#### **Report:**

#### **By Agency Size, Region and Specialty**

**(Based on 2013 Results)**

**August 1, 2014**

©Gould+Partners, LLC

# GOULD+PARTNERS

EST. 2001

PROFITABILITY. BENCHMARKING. SOLUTIONS.

## PR Agency Industry

### 2013 Billing Rates & Utilization Report:

### By Agency Size, Region and Specialty

(based on 2013 Results)

**August 1, 2014**

©GouldPartners, LLC

## CONTENTS

Definitions and Concepts	Page 3
Applying the Concepts	Page 4
Profitability Analysis	Page 5
Chart of Average Rates Comparison: 2013 vs. 2012	Page 6
Chart of 2013 Billing Rates by Size & Region	Page 7
Chart of 2013 Billing Rates by Specialty	Page 8
Chart of 2013 Utilization Rates by Size & Region	Page 9
Chart of 2013 Utilization Rates by Specialty	Page 10

# GOULD+PARTNERS

EST. 2001

PROFITABILITY. BENCHMARKING. SOLUTIONS.

## Definitions and Concepts

1. **Period Covered:** As of December 31, 2013
2. **Billing Rate:** The hourly rate you charge clients for each level of staff.
3. **Blended Rate:** One rate charged regardless of actual level of staff working on the client. It should be mathematically determined, plus consideration given for what is the normal blended rate for your size, region & specialty. It may vary for specific projects.
4. **Baseline Hours:** The total available client billable hours for the year.  
i.e. 40 hours/workweek at 52 weeks = 2,080. Then, 2080 less: total hours attributed to vacation, holidays, personal, sick, marketing, training and other anticipated non-client time. All utilization statistics are in relation to the baseline. The baseline should be around 1,700 hours.
5. **Utilization (Rate):** A measure of productivity. The total billable hours divided by the baseline hours. i.e. If the total client hours for a Senior AE is 1650 and your baseline is 1,700 the Utilization Rate is 97%. You should do a separate calculation for each staffer, at least quarterly and year to date.

A Utilization Rate should be calculated for each staff person as well as for each staff group. In this manner you can track meaningful metrics against your individual staff, account teams and staff positional levels (i.e. VP, AE etc.).

6. **Writedowns:** Unbillable client time. These hours reduce the billable client hours and the utilization rate. If the writedown is not the fault of the staffer (i.e. retainer or project fee too low) you should not hold that against the staffer but it should be noted so you can track total writedowns. The major justification for a writedown would be if the client/project is a loss-leader where you anticipate additional business and/or client referrals as a result.

# GOULD+PARTNERS

EST. 2001

PROFITABILITY. BENCHMARKING. SOLUTIONS.

## Applying The Concepts

By multiplying the projected utilization for each staff by their projected total hours, you will then get the total available hours a staffer can bill per month and/or per year.

Multiplying that total by their billing rate will enable you to project the billing to be generated by each staff.

### Example

July 2014

AE #101 40 client hours @ 4 1/3 weeks = 173 hours

Utilization rate for AE number 101 94%

Total billable hours 163

Billing Rate \$ 150

Projected billing for the month \$24,450

This can be done by week, month and year depending on how far down you want to drill.



## Profitability Analysis

By applying these concepts you can determine profitability by client, account team, staff, project, division and/or any other useful way to analyze. You can do this via a software program, or set it up via a spreadsheet.

In our opinion, every PR agency regardless of size should be performing ongoing profitability analysis.

The data in this report should be used as a tool to gage the adequacy of your pricing as well as the productivity of your staff.

Please contact me directly if you have any questions and/or comments.

***Rick Gould, CPA, J.D.***  
***Managing Partner***  
***212-896-1909 (Direct Line)***

[rick@gould-partners.com](mailto:rick@gould-partners.com)

# GOULD+PARTNERS

EST. 2001

PROFITABILITY. BENCHMARKING. SOLUTIONS.

## Average Rates & Utilization- 2013 vs. 2012

Average hourly rates for just about every staff level were within a few dollars of a year ago. Average utilization was also consistent for account staff.

	Average Billing Rates 2013	Average Billing Rates 2012	Average Utilization 2013	Average Utilization 2012
President/CEO	\$ 357	\$ 356	36.7%	38%
EVP/SVP	\$ 309	\$ 304	60.0%	64%
VP	\$ 260	\$ 258	67.7%	64%
Account Manager	\$ 213	\$ 206	81.9%	84%
Senior Account Executives	\$ 179	\$ 174	84.9%	88%
Account Executives	\$ 149	\$ 150	85.6%	90%
Account Coordinators	\$ 111	\$ 111	85.0%	85%
Blended Rate	\$ 183	\$ 179	---	---

# GOULD+PARTNERS

EST. 2001

PROFITABILITY. BENCHMARKING. SOLUTIONS.

## Billing Rates by Size & Region (2013 Results)

		President CEO		EVP SVP		VP		Account Manager		Senior Account Exec.		Account Execs.		Account Coordinators		Blended Rate	
<u>Size</u>	<u>#</u>	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Less than \$3 Mill	37	293	296	255	259	223	226	192	189	168	172	149	153	118	124	181	181
>\$3 Million to \$10 Million	52	342	334	292	290	255	259	209	211	178	181	148	148	109	110	177	177
>\$10 Million to \$25 Million	16	420	422	369	350	296	279	232	216	181	184	153	150	115	117	194	196
> \$25 Million	10	525	565	359	385	302	312	241	244	199	192	163	152	121	120	*	*
<b>Average All Firms</b>	<b>115</b>	<b>357</b>	<b>356</b>	<b>309</b>	<b>304</b>	<b>260</b>	<b>258</b>	<b>213</b>	<b>206</b>	<b>179</b>	<b>178</b>	<b>149</b>	<b>150</b>	<b>111</b>	<b>111</b>	<b>183</b>	<b>179</b>
<b>Regions</b>																	
1. NY & NJ	27	437	440	368	360	294	283	225	221	186	183	151	149	114	110	201	198
2. D.C.& Suburbs	7	414	434	368	366	300	290	212	202	152	162	145	140	113	119	177	165
3. NE	10	303	311	280	283	245	254	221	232	192	183	160	151	112	104	173	181
4. SE	6	316	317	288	285	250	235	205	190	168	163	158	147	105	110	163	166
5. Midwest	26	312	337	273	269	239	246	210	208	178	177	156	151	121	128	191	187
6. SW	10	304	293	254	248	222	219	184	184	167	158	139	133	101	102	178	171
7. Southern CA	6	385	367	310	288	243	240	210	200	184	150	134	125	108	78	180	143
8. Northern CA	7	330	306	291	272	254	256	212	205	180	178	153	159	130	122	183	195
9. NW	5	350	*	300	*	250	*	200	*	168	*	145	*	110	*	180	*
10. Canada	11	321	325	305	287	269	250	214	193	184	171	158	138	104	102	176	166
<b>Average All Firms</b>	<b>115</b>	<b>357</b>	<b>356</b>	<b>309</b>	<b>304</b>	<b>260</b>	<b>258</b>	<b>213</b>	<b>206</b>	<b>179</b>	<b>178</b>	<b>149</b>	<b>150</b>	<b>111</b>	<b>111</b>	<b>183</b>	<b>179</b>

\* Not enough firms to make meaningful (Need minimum 3)

# GOULD+PARTNERS

EST. 2001

PROFITABILITY. BENCHMARKING. SOLUTIONS.

## Billing Rates by Specialty (2013 Results)

Specialties	#	President CEO		EVP SVP		VP		Account Manager		Senior Account Exec.		Account Execs.		Account Coordinators		Blended Rate	
		2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
1. Healthcare	58	364	358	308	306	259	254	214	207	178	174	151	145	110	111	181	176
2. Tech	51	389	388	322	322	262	259	215	210	183	175	152	146	112	110	183	181
3. Financial/Investor Relations	39	364	362	309	302	257	255	212	205	180	178	152	144	106	106	184	181
4. Consumer	53	351	362	300	303	255	252	206	204	172	173	143	143	105	106	183	183
5. Crisis	60	358	375	311	306	260	262	215	211	181	178	153	148	109	110	178	173
6. Sports/Entertainment	18	366	333	317	291	260	243	206	184	170	159	145	133	105	102	187	179
7. Beauty/Fashion	24	380	359	324	308	266	257	206	203	168	169	143	142	105	108	184	177
8. Economic Development	23	345	352	289	273	239	235	196	190	173	172	145	139	104	109	175	162
9. Professional Services	53	355	348	300	292	245	248	202	200	173	170	144	142	110	108	176	170
10. Food & Beverage	39	376	367	316	309	256	251	206	201	172	171	144	144	105	108	177	179
11. Public Affairs	45	363	370	302	300	254	258	214	210	182	182	153	152	110	113	176	165
12. Travel	26	355	336	310	282	264	243	205	192	177	166	145	137	107	108	173	166
13. Real Estate	21	325	321	281	273	245	248	209	209	182	178	153	145	102	106	168	163
14. Digital	48	365	360	308	306	261	255	206	198	174	168	142	140	106	107	184	182
<b>Average All Firms</b>	<b>115</b>	<b>357</b>	<b>356</b>	<b>309</b>	<b>304</b>	<b>260</b>	<b>258</b>	<b>213</b>	<b>206</b>	<b>179</b>	<b>178</b>	<b>149</b>	<b>150</b>	<b>111</b>	<b>111</b>	<b>183</b>	<b>179</b>



# GOULD+PARTNERS

EST. 2001

PROFITABILITY. BENCHMARKING. SOLUTIONS.

## Utilization by Size & Region (2013 Results)

		President CEO		EVP SVP		VP		Account Manager		Senior Account Exec.		Account Execs.		Account Coordinators		Baseline Hours	
<u>Size</u>	#	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Less than \$3 Mill	37	48.0	44.0	68.1	71.0	67.8	73.0	84.6	85.0	84.7	89.0	84.9	91.0	86.6	87.0	1687	1701
>\$3 Million to \$10 Million	52	34.2	40.0	53.8	64.0	65.9	73.0	79.5	82.0	82.0	86.0	84.4	90.0	82.1	83.0	1682	1682
>\$10 Million to \$25 Million	16	34.4	33.0	64.0	59.0	68.8	73.0	84.5	86.0	88.9	92.0	90.4	94.0	87.1	87.0	1696	1696
> \$25 Million	10	21.0	13.0	61.9	59.0	72.1	73.0	81.3	80.0	88.8	85.0	88.8	98.0	93.8	91.0	1740	1794
Average All Firms	115	36.7%	38.0%	60.0%	64.0%	67.7%	69.0%	81.9%	84.0%	84.9%	88.0%	85.6%	90.0%	85.3%	85.0%	1692	1697
<b>Regions</b>																	
1. NY & NJ	27	35.3	39.0	65.2	70.0	71.7	80.0	85.9	88.0	90.2	91.0	90.1	93.0	90.6	87.0	1728	1721
2. D.C. & Suburbs	7	38.9	27.0	57.4	56.0	67.3	64.0	82.6	90.0	87.7	91.0	88.3	91.0	85.9	90.0	1708	1685
3. NE	10	40.3	32.0	54.0	55.0	55.0	64.0	73.0	79.0	81.0	88.0	85.4	93.0	81.5	94.0	1682	1693
4. SE	6	35.3	45.0	67.3	68.0	72.5	76.0	85.0	82.0	78.8	89.0	82.5	94.0	85.0	99.0	1628	1647
5. Midwest	26	38.2	38.0	58.6	60.0	66.9	62.0	79.4	83.0	80.9	86.0	85.1	90.0	88.6	93.0	1686	1692
6. SW	10	37.4	42.0	66.0	71.0	65.7	65.0	87.7	87.0	87.8	93.0	91.1	93.0	94.8	95.0	1646	1636
7. Southern CA	6	65.0	49.0	56.5	60.0	64.5	70.0	91.0	80.0	82.0	89.0	86.5	94.0	92.0	85.0	1740	1703
8. Northern CA	7	32.3	39.0	50.0	67.0	68.5	67.0	79.8	85.0	83.3	91.0	85.0	92.0	84.3	93.0	1749	1656
9. NW	5	24.5	*	60.0	*	65.0	*	66.0	*	80.0	*	78.5	*	80.0	*	1725	*
10. Canada	11	28.0	34.0	59.4	55.0	69.9	67.0	79.4	76.0	83.4	85.0	83.0	86.0	83.3	87.0	1663	1677
Average All Firms	115	36.7%	38.0%	60.0%	64.0%	67.7%	69.0%	81.9%	84.0%	84.9%	88.0%	85.6%	90.0%	85.3%	85.0%	1692	1697

# GOULD+PARTNERS

EST. 2001

PROFITABILITY. BENCHMARKING. SOLUTIONS.

## Utilization by Specialty (2013 Results)

Specialties	#	President CEO		EVP	SVP	VP		Account Manager		Senior Account Exec.		Account Execs.		Account Coordinators		Baseline Hours	
		2013	2012	2013	2012	2012	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
1. Healthcare	58	31.0	41.0	58.6	64.0	66.0	71.0	81.0	83.0	84.6	88.0	85.4	89.0	86.6	85.0	1694	1684
2. Tech	51	27.6	31.0	59.3	56.0	69.7	68.0	81.1	81.0	85.9	90.0	87.7	91.0	89.4	88.0	1703	1680
3. Financial/Investor Relations	39	31.3	36.0	59.6	62.0	67.0	69.0	81.9	81.0	87.7	86.0	87.7	88.0	87.7	85.0	1695	1693
4. Consumer	53	32.2	38.0	59.9	64.0	67.3	71.0	81.5	83.0	86.9	90.0	89.2	91.0	88.2	90.0	1696	1680
5. Crisis	60	34.4	36.0	62.3	62.0	68.2	66.0	81.7	82.0	84.2	86.0	85.4	88.0	84.6	82.0	1693	1683
6. Sports/Entertainment	18	34.2	34.0	53.7	63.0	64.2	68.0	77.8	80.0	84.3	85.0	83.5	90.0	83.9	91.0	1679	1686
7. Beauty/Fashion	24	30.8	32.0	56.5	58.0	65.3	67.0	80.3	81.0	85.4	87.0	85.8	90.0	86.6	88.0	1682	1692
8. Economic Development	23	37.8	37.0	66.6	65.0	74.6	72.0	82.7	82.0	84.1	85.0	83.6	87.0	84.8	89.0	1719	1678
9. Professional Services	53	35.6	35.0	61.6	63.0	68.2	70.0	83.7	84.0	85.8	87.0	86.9	89.0	84.9	89.0	1703	1677
10. Food & Beverage	39	33.9	34.0	61.3	63.0	67.3	70.0	82.1	83.0	87.1	91.0	88.3	92.0	84.5	88.0	1711	1688
11. Public Affairs	45	38.4	42.0	65.9	65.0	72.1	66.0	80.8	81.0	82.6	85.0	83.4	87.0	83.3	82.0	1696	1707
12. Travel	26	27.6	36.0	57.5	58.0	71.7	71.0	81.8	82.0	86.7	89.0	87.9	89.0	87.6	88.0	1698	1671
13. Real Estate	21	39.0	48.0	54.5	56.0	62.2	68.0	79.3	80.0	79.8	85.0	83.0	88.0	85.6	87.0	1705	1685
14. Digital	48	33.0	33.0	61.2	63.0	69.9	70.0	81.8	84.0	84.4	88.0	86.6	90.0	87.2	89.0	1671	1672
<b>Average All Firms</b>	<b>115</b>	<b>36.7%</b>	<b>38.0%</b>	<b>60.0%</b>	<b>64.0%</b>	<b>67.7%</b>	<b>69.0%</b>	<b>81.9%</b>	<b>84.0%</b>	<b>84.9%</b>	<b>88.0%</b>	<b>85.6%</b>	<b>90.0%</b>	<b>85.3%</b>	<b>85.0%</b>	<b>1692</b>	<b>1697</b>