

**PR Agency Industry**

**2016 Best Practices Benchmarking  
Report:**

**By Agency Size, Region and Specialty**

**(Based on 2015 Results)**

**June 2016**

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## Introduction and Overview

Rick Gould, CPA, J.D. created the concept of benchmarking for the public relations industry. One thing stands out:

***Firms that implement changes based on current benchmarks ultimately realize increased profitability and value to their firm.***

Benchmarking data, especially the year-end figures as outlined in this report, shows how firms are evolving based on changing market forces. Business practices that have proven to be successful, including during the recessionary period, are identified.

We regularly advise merger and management consulting clients how to interpret and apply this data in detail, tailoring it to each particular firm. Our clients increase profitability and improve operational effectiveness & value to their firm.

CEO's of leading PR firms have honored us with the feedback that our benchmarks are an invaluable resource in successfully managing their firms.

## Executive Summary, Scope and Participant Profiles

This 2016 Best Practices Benchmarking Report by Agency Size, Region and Specialty includes what we see as the 22 most critical benchmarks for a firm to track. They are the ones an agency principal must manage closely to successfully grow a firm and maximize profitability.

Overall, ***106 firms from a broad spectrum of sizes and specialties are represented*** in the survey results reported herein. Profiles of the responses by size, region and specialty are illustrated in the following charts.

We have also tracked the most frequently requested benchmarks of billing rates and utilization percents. These informative benchmarks, including productivity statistics, will be presented in a separate expanded report and release in July.


## Executive Summary

		Total Labor	Operating Expenses/ Overhead	Operating Profit
<b><u>Size</u></b>				
	<b>#</b>			
<\$3 Mill	23	60.6%	25.9%	13.5%
\$3 Million to \$10 Million	52	58.1%	27.5%	14.4%
>\$10 Million to \$25 Million	19	58.4%	23.7%	17.9%
> \$25 Million	12	55.9%	24.8%	19.3%
	<b>All</b>	<b>106</b>	<b>58.5%</b>	<b>26.2%</b>
<b><u>Regions</u></b>				
1. NY & Metro	26	58.4%	27.0%	14.6%
2. D.C. & Suburbs	9	59.8%	23.7%	16.5%
3. NE	10	58.1%	28.1%	13.8%
4. SE	10	58.6%	24.8%	16.6%
5. Midwest	22	59.5%	25.4%	15.1%
6. SW	10	59.6%	25.1%	15.3%
7. Southern CA	4	58.8%	31.1%	10.1%
8. Northern CA	6	60.0%	22.2%	17.8%
9. NW	3	52.3%	26.0%	16.7%
10. Canada	6	52.3%	29.0%	18.7%
	<b>All</b>	<b>106</b>	<b>58.5%</b>	<b>26.2%</b>

## Executive Summary

		Total Labor	Operating Expenses/ Overhead	Operating Profit
<b><u>Specialties</u></b>	<b><u># (1)</u></b>			
1. Healthcare	51	59.0%	25.8%	15.2%
2. Tech	39	59.9%	26.2%	13.9%
3. Financial/Investor Relations	35	58.3%	25.7%	16.0%
4. Consumer	37	58.7%	25.9%	15.4%
5. Crisis	43	58.7%	27.1%	14.2%
6. Sports/Entertainment	17	59.6%	25.7%	14.7%
7. Beauty/Fashion	14	59.7%	28.5%	11.8%
8. Economic Development	23	58.3%	27.3%	14.4%
9. Professional Services	29	58.5%	26.7%	14.8%
10. Food & Beverage	30	57.9%	27.6%	14.5%
11. Public Affairs	36	57.7%	27.9%	14.4%
12. Travel	23	58.0%	26.3%	14.8%
13. Real Estate	19	58.9%	28.6%	13.4%
14. Digital	46	59.1%	27.0%	13.9%
	All	<u>58.5%</u>	<u>26.2%</u>	<u>15.3%</u>
<b>Comparative Last Year</b>		<u>57.8%</u>	<u>26.0%</u>	<u>16.2%</u>
<b>% Decrease</b>				<u>(-5.6%)</u>
<b><u>Result on the Bottom Line (Operating Profit)</u></b>				
<b>15.3% - 16.2% = (0.9%) ÷ 16.2% = (5.6%) Decrease</b>				
<b>(1) Represents # of firms having category as a specialty.</b>				

## 2016 Best Practices Benchmarking Report: By Agency Size (2015 Results)

	Refer to Benchmark # on Insights Page 10	A < \$3M	B \$3M - \$10M	C >\$10M - \$25M	D >\$25 Mill	All 2015	All 2014	All 2013
<b># Respondees</b> 		23	52	19	12	106	104	115
<b>1. Revenue Per Staff</b>	1	\$ 175,330	\$ 182,379	\$ 207,138	\$ 200,537	\$ 185,624	\$ 182,206	\$ 171,424
<b>2. Revenue Per Professional</b>	2	\$ 204,341	\$ 207,651	\$ 233,208	\$ 238,710	\$ 212,796	\$ 214,111	\$ 200,710
<b><u>As a % of Revenues</u></b>								
<b>3. Account Salaries</b>	3	46.5%	43.9%	44.1%	41.2%	44.2%	43.8%	44.8%
<b>4. Bonuses</b>	4	2.2%	2.8%	3.4%	3.2%	3.1%	3.0%	2.6%
<b>5. Freelance Labor</b>	5	6.2%	5.1%	2.4%	1.7%	4.3%	4.2%	4.2%
<b>6. Total AE Labor Cost</b>	6	60.6%	58.1%	58.4%	55.9%	58.5%	57.6%	58.2%
<b>7. Admin. Salaries</b>	7	5.0%	5.9%	5.0%	5.9%	5.6%	5.1%	5.9%
<b>8. Rent &amp; Utilities</b>	8	6.8%	6.5%	5.9%	7.2%	6.4%	6.4%	6.2%
<b>9. New Biz/Marketing</b>	9	2.8%	2.4%	1.5%	1.5%	2.2%	2.2%	2.5%
<b>10. Professional Fees</b>	10	2.1%	1.8%	1.6%	1.6%	1.8%	1.6%	1.9%
<b>11. Technology</b>	11	2.0%	1.9%	1.9%	1.4%	1.9%	1.7%	1.7%
<b>12. New Biz Referral Commissions</b>	12	2.9%	1.0%	0.4%	0.8%	1.3%	1.8%	1.1%
<b>13. Total Overhead/ Op. Expenses</b>	13	25.9%	27.5%	23.7%	24.8%	26.2%	26.0%	26.0%
<b>14. Operating Profit</b>	14	13.5%	14.4%	17.9%	19.3%	15.3%	16.2%	15.8%
<b>15. Billing Methods Used (Weighted)</b>	15							
Time Based		28.9%	45.5%	31.0%	43.7%	39.4%	41.5%	37.1%
Fixed Fees/Retainers		52.3%	57.0%	65.4%	33.4%	54.2%	48.2%	50.0%
Retainer Against Hours		20.8%	10.6%	20.9%	42.1%	21.2%	--	--
<b>16. Billing for Travel Time</b>	16							
Full Rate		50%	52%	33%	75%	49%	46%	55%
Half Rate		50%	48%	67%	25%	51%	54%	45%
<b>17. Average Minimum Monthly Fee</b>	17	\$ 7,093	\$ 7,475	\$ 16,338	\$ 12,375	\$ 9,309	\$ 9,679	\$ 8,303
<b>18. Largest Client % of Revenues</b>	18	22.5%	14.5%	14.0%	11.7%	15.7%	17.0%	17.0%
<b>Top 20% Clients % of Revenues</b>		55.0%	57.5%	58.3%	49.1%	56.1%	56.9%	54.0%
<b>19. Baseline Hours</b>	19	1,630	1,747	1,762	1,713	1,722	1,720	1,692
<b>20. Utilization - Account Execs</b>	20	88.3%	88.3%	91.1%	90.3%	89.1%	89.0%	85.6%
<b>21. Turnover</b>	21	23.0%	19.6%	23.4%	22.6%	21.3%	19.8%	21.8%
<b>22. Average Markup (Range 15-20%)</b>	22	14.8%	17.3%	17.6%	17.6%	17.0%	16.6%	15.0%

2016 Best Practices Benchmarking Report: By Agency Region (2015 Results)														
Regions	Refer to Benchmark # on Insights Page 10	1 NY Metro	2 DC & Suburbs	3 NE	4 SE	5 Midwest	6 SW	7 Southern CA	8 Northern CA	9 NW	10 Canada	All 2015	All 2014	All 2013
# Respondees		26	9	10	10	22	10	4	6	3	6	106	104	115
1. Revenue Per Staff	1	\$196,415	\$198,863	\$172,140	\$155,041	\$190,750	\$170,680	\$169,242	\$191,843	\$176,203	\$183,177	\$185,624	\$182,206	\$171,424
2. Revenue Per Professional	2	\$220,930	\$222,436	\$198,860	\$174,772	\$223,295	\$199,366	\$190,894	\$213,956	\$187,695	\$208,695	\$212,796	\$214,111	\$200,710
<i>As a % of Revenues</i>														
3. Account Salaries	3	44.4%	44.3%	44.5%	41.9%	43.5%	46.2%	42.2%	47.2%	45.0%	43.5%	44.2%	43.8%	44.8%
4. Bonuses	4	2.8%	4.1%	3.4%	1.5%	3.2%	3.2%	2.8%	2.5%	2.6%	2.1%	3.1%	3.0%	2.6%
5. Freelance Labor	5	3.3%	2.2%	5.2%	6.5%	6.8%	4.2%	1.1%	2.5%	1.0%	1.6%	4.3%	4.2%	4.2%
6. Total AE Labor Cost	6	58.4%	59.8%	58.1%	58.6%	59.5%	59.6%	58.8%	60.0%	57.3%	52.3%	58.5%	57.8%	58.2%
7. Admin Salaries	7	5.3%	5.8%	5.9%	5.9%	5.2%	5.3%	7.7%	5.1%	4.7%	5.5%	5.6%	5.1%	5.9%
8. Rent & Utilities	8	6.7%	6.9%	7.2%	5.4%	5.7%	6.7%	5.4%	5.5%	4.4%	10.9%	6.4%	6.4%	6.2%
9. New Biz/Marketing	9	1.4%	1.5%	3.0%	2.4%	2.9%	2.9%	1.9%	1.2%	3.5%	2.1%	2.2%	2.2%	2.5%
10. Professional Fees	10	2.1%	1.5%	2.6%	1.1%	2.1%	1.2%	2.1%	1.3%	1.3%	1.4%	1.8%	1.6%	1.9%
11. Technology	11	1.9%	2.2%	1.7%	1.5%	2.1%	2.1%	2.3%	1.6%	0.9%	1.4%	1.9%	1.7%	1.7%
12. New Biz Referral Commissions	12	1.1%	0.6%	1.3%	0.6%	--	1.1%	1.2%	--	--	--	1.3%	1.8%	1.1%
13. Total Overhead/Operating Expenses	13	27.0%	23.7%	28.1%	24.8%	25.4%	25.1%	31.1%	22.2%	26.0%	29.0%	26.2%	26.0%	26.0%
14. Operating Profit	14	14.6%	16.5%	13.8%	16.6%	15.1%	15.3%	10.1%	17.8%	16.7%	18.7%	15.3%	16.2%	15.8%
15. Billing Methods (Weighted)	15													
Time Based		28.0%	33.5%	21.0%	29.5%	53.1%	21.8%	19.0%	22.0%	81.0%	71.3%	39.4%	41.5%	37.1%
Fixed Fees/Retainers		60.5%	67.6%	69.4%	57.8%	33.9%	44.0%	93.0%	66.0%	22.0%	23.8%	54.2%	88.2%	50.0%
16. Billing for Travel Time	16													
Full Rate		60.0%	33%	50%	60%	43%	25%	50%	50%	50%	50%	49%	46%	55%
Half Rate		40.0%	67%	50%	40%	57%	75%	50%	50%	50%	50%	51%	54%	45%
17. Average Minimum Monthly Fee	17	\$ 11,904	\$ 12,899	\$ 11,800	\$ 7,718	\$ 6,996	\$ 6,646	\$ 5,443	\$ 20,750	\$ 8,500	\$ 5,167	\$ 9,309	\$ 9,679	\$ 8,303
18. Largest Client % of Revenues	18	18.8%	16.9%	13.0%	15.1%	16.6%	15.4%	9.5%	9.2%	10.1%	15.6%	15.7%	17.0%	17.0%
Top 20% Clients % of Rev.		55.0%	70.4%	49.9%	52.1%	58.7%	60.1%	62.0%	38.1%	64.0%	56.7%	56.1%	56.9%	54.0%
19. Baseline Hours	19	1,753	1,787	1,721	1,701	1,696	1,635	1,827	1,756	1,649	1,725	1,722	1,720	1,692
20. Utilization - Account Execs	20	90.7%	93.2%	85.2%	86.0%	91.1%	89.9%	88.9%	87.8%	93.1%	81.3%	89.1%	89.0%	85.6%
21. Turnover	21	20.7%	23.0%	30.3%	14.3%	19.5%	18.2%	13.4%	26.6%	19.50%	27.7%	21.3%	19.8%	21.8%



**2016 Best Practices Benchmarking Report: By Agency Specialty (2015 Results)**

Specialties	Refer to Benchmark # on Insights Page 10	Healthcare	Tech.	Financial/ Investor Relations	Consumer	Crisis	Sports/ Entert.	Beauty/ Fashion	Economic Devel.	Prof. Services	Food & Beverage	Public Affairs	Travel	Real Estate	Digital	All 2015	All 2014	All 2013	
# Of Respondees		51	39	35	37	43	17	14	23	29	30	36	23	19	46	106	104	115	
1. Revenues Per Staff	1	\$ 188,121	\$ 175,578	\$ 187,068	\$ 170,462	\$ 185,506	\$ 167,913	\$ 161,719	\$ 184,910	\$ 177,286	\$ 172,798	\$ 189,491	\$ 166,396	\$ 180,910	\$ 179,393	\$ 185,624	\$ 182,206	\$ 171,424	
2. Revenues Per Professional	2	\$ 219,705	\$ 200,604	\$ 214,082	\$ 193,963	\$ 215,207	\$ 193,964	\$ 185,376	\$ 216,321	\$ 204,827	\$ 197,746	\$ 220,048	\$ 190,402	\$ 203,112	\$ 207,998	\$ 212,796	\$ 214,111	\$ 200,710	
<i>As a % of Revenues</i>																			
3. Account Salaries	3	44.8%	46.8%	44.2%	46.1%	44.4%	47.1%	47.8%	44.1%	43.6%	45.5%	43.1%	46.9%	47.3%	44.9%	44.2%	43.8%	44.8%	
4. Bonuses	4	2.8%	3.0%	3.1%	2.1%	2.9%	2.3%	2.4%	2.7%	2.8%	2.2%	3.0%	2.1%	2.3%	2.6%	3.1%	3.0%	2.6%	
5. Freelance Labor	5	4.2%	2.9%	3.8%	3.1%	4.1%	2.2%	1.9%	3.9%	6.1%	2.4%	4.2%	2.1%	3.0%	4.1%	4.3%	4.2%	4.2%	
6. Total AELabor Cost	6	59.0%	59.9%	58.3%	58.7%	58.7%	59.6%	59.7%	58.3%	58.5%	57.9%	57.7%	58.0%	58.9%	59.1%	58.5%	57.8%	58.2%	
7. Administrative Assistant	7	5.7%	6.0%	5.8%	6.0%	5.9%	5.9%	6.4%	5.3%	6.1%	6.5%	5.7%	6.4%	5.6%	6.3%	5.6%	5.1%	5.9%	
8. Rent & Utilities	8	6.6%	7.0%	6.8%	7.2%	7.1%	8.5%	8.1%	7.6%	6.4%	7.5%	7.3%	7.5%	7.2%	7.1%	6.4%	6.4%	6.2%	
9. New Biz/Marketing	9	2.1%	2.0%	2.2%	1.9%	2.3%	2.1%	1.9%	2.5%	3.0%	2.5%	2.5%	1.9%	1.7%	1.9%	2.2%	2.2%	2.3%	
10. Professional Fees	10	1.9%	1.5%	1.9%	1.5%	1.9%	1.1%	1.3%	1.8%	1.8%	1.8%	1.8%	1.4%	1.5%	1.8%	1.8%	1.6%	1.9%	
11. Technology	11	1.9%	1.8%	1.8%	1.7%	1.9%	2.0%	1.5%	1.8%	2.0%	1.8%	1.8%	1.3%	1.7%	2.0%	1.9%	1.7%	1.7%	
12. New Biz/Referral Comm.	12	0.8%	1.2%	1.6%	1.0%	0.8%	0.9%	1.8%	0.9%	2.1%	1.4%	0.7%	1.1%	0.5%	0.7%	1.3%	1.8%	1.1%	
13. Total Overhead/Op. Exp.	13	25.8%	26.2%	25.7%	25.9%	27.1%	25.7%	28.5%	27.3%	26.7%	27.6%	27.9%	28.6%	26.3%	27.0%	26.2%	26.0%	26.0%	
14. Operating Profit	14	15.2%	13.9%	16.0%	15.4%	14.2%	14.7%	11.8%	14.4%	14.8%	14.5%	14.4%	13.4%	14.8%	13.9%	15.3%	16.2%	15.8%	
15. Billing Methods (Weighted)	15																		
Time Based		32.9%	40.0%	39.5%	37.1%	42.0%	41.1%	47.2%	41.9%	51.1%	39.7%	39.8%	45.2%	41.3%	36.5%	39.4%	41.5%	55.1%	
Fixed Fees/Retainers		51.4%	50.0%	51.4%	48.7%	45.9%	42.9%	43.3%	38.8%	45.7%	49.0%	43.7%	55.7%	55.3%	50.2%	54.2%	48.2%	20.7%	
16. Billing for Travel Time	16																		
Full Rate		48.0%	52.0%	48.0%	46.0%	55.0%	55.0%	50.0%	47.0%	39.0%	52.0%	48.0%	69.0%	56.0%	50.0%	49.0%	46.0%	75.0%	
Half Rate		52.0%	48.0%	52.0%	54.0%	45.0%	45.0%	50.0%	53.0%	61.0%	48.0%	52.0%	31.0%	44.0%	50.0%	51.0%	54.0%	25.0%	
17. Average Min. Monthly Fee	17	\$ 9,757	\$ 10,478	\$ 8,397	\$ 9,707	\$ 7,660	\$ 7,750	\$ 9,327	\$ 7,466	\$ 6,910	\$ 7,958	\$ 6,759	\$ 7,503	\$ 6,562	\$ 9,138	\$ 9,309	\$ 9,679	\$ 8,303	
18. Largest Client % of Rev.	18	15.0%	12.4%	16.4%	13.4%	12.3%	14.0%	10.9%	13.8%	16.8%	13.5%	12.6%	9.8%	12.4%	13.6%	15.7%	17.0%	15.5%	
Top 20% Clients % of Rev.		56.5%	52.8%	58.3%	53.7%	55.3%	63.3%	50.5%	52.9%	58.5%	56.0%	55.1%	54.5%	58.9%	54.2%	56.1%	56.9%	60.1%	
19. Baseline Hours	19	1,706	1,688	1,743	1,702	1,731	1,699	1,724	1,717	1,681	1,723	1,740	1,748	1,757	1,715	1,722	1,720	1,663	
20. Utilization - Account Execs	20	88.9%	89.9%	89.0%	91.3%	88.5%	87.6%	86.9%	88.6%	89.3%	89.6%	86.6%	85.7%	88.7%	88.9%	89.1%	89.0%	83.0%	
21. Turnover	21	20.1%	21.9%	22.3%	22.1%	21.3%	23.1%	26.1%	21.3%	20.7%	24.6%	19.9%	22.4%	22.7%	22.2%	21.3%	19.8%	21.2%	

## Endnotes: Analyses and Insights

The 22 most critical benchmarks are analyzed by agency size, or revenue category, by region and by agency specialty. *(The benchmarks marked with an asterisk\* represent the most critical elements to track.)*

1. **Revenue Per Staff (\$185,624)** This is the revenue per total number of staff, regardless of whether they are account or administrative personnel. Last year it was \$182,206, up slightly.
2. **\*Revenue Per Professional Account Personnel (\$212,796)** The trend was slightly up. Last year the average for all firms was \$214,111. Firms with Net Revenues in excess of \$25 Million averaged \$238,710, an increase of 10% over last year.

This is a key indicator of productivity for professional staff. If professional staff salaries % of revenues and total overhead % of revenues are also effectively managed, this benchmark should be an indicator of profitability.

If the revenue per professional amount is high, in excess of \$200,000, but professional account salary % is also high, it is possible to have high revenue per professional amount with “moderate” profitability.

By analyzing this key benchmark, you will get terrific insight as to the “why” behind the profitability %.

### **AS A % OF REVENUES (FEE BILLING PLUS MARKUP ON REBILLABLES)**

3. **\*Account Salaries (44.2%)** This % is up from 43.8% the past year. It does not include bonuses. The goal should be under 40%. The most profitable firms, what we call “model firms”, consistently keep their base account salaries at this level.
4. **Bonuses (3.1%)** 3.0% last year. This metric is consistent with prior years. It equates to 7.0% of salaries.

5. **Freelance Labor (4.3%)** Consistent with the last several years. This represents temporary personnel and specialists to fill staffing gaps.
6. **\*Total Labor Cost (58.5%)** Up from (57.8 %), still too high. This is an indication that salaries, bonuses and freelance labor have not been managed tightly. Model firms keep it as low as 50%.
7. **Administrative Salaries (5.6%)** Last year was 5.1%. There was no specific trend in the various regions and specialties.
8. **\*Rent & Utilities (6.4%)** Consistent with last year four years. It is generally the largest overhead item for all firms.
9. **New Biz/Marketing (2.2%)** This remained right around the traditional 2%.
10. **Professional Fees (1.8%)** This was up from last year's 1.6%. It had increased in the previous 5 years, a sign that CEO's & CFO's were utilizing the services of outside coaches, consultants, CPA firms and law firms on a more regular basis.
11. **Technology (1.9%)** Close for three years in a row.
12. **New Business Referral Commissions (1.3%)** Last year was 1.8%. There may be a correlation between the utilization of outside referrers and superior profitability. In less profitable and recessionary years commissions may be higher in the drive to get new business.
13. **\*Total Operating Expenses/Overhead (26.2%)** This was consistent with the two prior years. Our advice is always to consistently monitor these costs. It is very difficult to change courses and cut back quickly during less prosperous times. Model firms will be sure it is below 25%.
14. **\*Operating Profit (15.3%)** This was down from 16.2% in 2014, 15.8% in 2013, 18.8% in 2012 and 18.6% in 2011. A very troubling trend, the lowest in five years. This metric has not closely paralleled industry growth in revenues.
15. **Billing Methods** This benchmark varies the most and is the most difficult to measure and track. The best way to approach a comparison with this benchmark is to focus on your revenue group & region. The ideal method is to charge a minimum fixed-fee as a retainer and then an hourly rate for productive, pre-approved time charges that exceeds budgeted hours. This assures steady cash flow and provides assurance that you will get paid for your time. The reality is that more firms bill on fixed fee/retainers. This topic will be addressed again in our soon to be released Billing Rate & Utilization Report.

16. **\*Billing for Travel Time (49% Full Rate and 51% Half Rate)** Opposite from last year, same as 2012. Based on our interviews with many CEO's and CFO's, we found that if the staff person is doing work for only that client they are traveling to, whether it be preparation, presentation, writing or follow-up reporting then the full rate will be charged.
17. **\*Average Minimum Monthly Fee (\$9,309)** Down slightly from last year. Many clients have changed the fee model. Be sure to look at the metric for both region and specialty.
18. **A. \*Largest Client as a % of Revenues (15.7%)** Down from last year. This benchmark has remained very consistent year after year, and it is currently right on target. The goal has always been for it to be around 20%.  
**B. Top 20% of Clients as a % of Total Revenues (56.1%)** (i.e. if 25 clients, the 5 largest would be 20%). The goal should be for the top 20% to represent no more than 60% of total revenues. Last year this benchmark was 56.9%.
19. **\*Baseline Hours (1722)** Consistent with 1720 last year. This has been the most consistent benchmark for the past several years. Baseline hours represent the targeted client hours for an account staff person. It is net of vacation, holidays, sick, personal, training, seminars etc. 1700 hours should be the goal for each staff person not involved with new business pitching. We recommend setting a realistic expectation for each level of staff. The baseline for an account executive doing exclusively client work would be 1700. The baseline for CEO may be 500; for a V.P that does substantial new business pitching and proposal writing it may be 1,000 hours. The key here is to be very realistic. (i.e. 52 weeks @ 40 hours = 2,080 as a starting point.) Start with the total hours, back out the non-client time and get your baseline. You then can use this for budgeting billable hours, revenues for the month and year-end productivity metrics.
20. **\*Account Staff/Utilization Targets(89.1%)** Up from the last year at 89.0%. This is another reality check. It represents what % of the total hours will actually be billable. (i.e. IF 1722 hours are the baseline clients hours, 89.1 % or 1,534 hours will actually be billable. This benchmark is critical to watch in order to realistically budget revenues. (The net utilization hours times the billing rate should equal the dollars generated by that staff person.) This will be expanded in our Billing Rates & Utilization Report, to be issued in July.
21. **Turnover (20.3%)** Up from 19.8 %. This is fairly consistent with our turnover study done each year.
22. **Average Mark-up (17.0%)** Consistent with previous years. We have done extensive studies on this for 20+ years. In the PR industry, most firms mark-up a majority of rebillables to cover the cost linked to administering and carrying the outlay for the out-of-pocket. Those firms that do mark-up

rebillables use the standard rate of 17.65%. We recommend this as a practical policy to adopt. Some firms have slightly altered their mark-up model and may have different mark-up percents for each billable. Some firms now charge a flat administrative fee of 4-7% of the fee invoice.

**COMING SOON \*Billing Rates & Utilization Report**, Industry Growth Report, critical in fully understanding the Financial profile of the PR industry.

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***Keep Your Eye On The Overall Goal:***

*Labor under 50%; Overhead no more than 25%,  
Operating Profit 25%+*

My counsel to you is this: if your agency can strive to reach the 22 most critical benchmarks, you will watch your profitability attain levels beyond what you imagined were possible and continue to prosper in recessionary times.

## Ongoing Goal of our Spot Surveys and Reports

Our goal is to continually define the profile of a successful “model firm”, based on a point in time each year, by each revenue category, region and specialty. Quantifying model firms not only helps us to better support our clients’ goals and objectives, but also helps the industry as a whole to successfully evolve and weather changing market conditions.

We examine all types and sizes of PR firms in-depth, both those that are clients as well as those that simply agree to share their confidential financial, management and operational statistics with us.

Thank you for your support of our benchmarking efforts. Look for other relevant surveys in the future. We welcome your suggestions for additional survey topics and reports.

*We also invite you to commit to being a long-term, ongoing participant in our surveys. Everything you share with us is in complete confidence, and all resulting reports will be sent directly to you.*

Please contact me directly if you have any questions and/or comments. Best wishes for a prosperous year, professionally and personally!

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