

BENEFITS OF PARTICIPATING

All study participants will receive a copy of the **Industry Report** and a customized, **Company Performance Report** that is specifically tailored for their business. These valuable benefits will be **FREE** to anyone participating in the survey.

The Industry-Wide Report will be available for purchase by non-participating members for \$295.

Full Industry-Wide Report – this report will include an analysis of the overall findings as well as key performance metrics that are especially important to air conditioning contractors, grouped by features such as: Sales Volume, Geographic Region, Sales Emphasis, etc. The report will also include How-To Guidelines that describe time-tested ways to best use the results, a visual, Executive Summary that highlights the key findings, and more extensive tables of the key datasets.

Graphical and textual analysis of industry highlights and financial performance

Detailed data tables of results by company size, region, company type, and more

Overall Performance Measures

- PROFIT MARGIN (Net Profit Before Taxes as a % of Net Sales)
- ASSET TURNOVER (Net Sales/Total Assets)
- RETURN ON ASSETS (Net Profit Before Taxes as a % of Total Assets)
- FINANCIAL LEVERAGE (Total Assets/Net Worth)
- RETURN ON NET WORTH (Net Profit Before Taxes as a % of Net Worth)
- 2016-2017 PERCENT CHANGE IN OVERALL SALES
- Forecasted 2018 % Change in Sales
- Percentage of total production output that was discarded due to defects

FINANCIAL MANAGEMENT RATIOS

- Current Ratio (Curr. Assets/Curr. Liab.)
- Quick Ratio (Current Assets Minus Inventory/Current Liabilities)
- Accounts Payable to Inventory
- Accounts Payable Payout Days
- Debt to Equity
- EBIT to Total Assets (Net Profit Before Interest & Taxes as a % of Total Assets)
- Debt Service Coverage Ratio (Operating Profit/Interest Expense + principal obligations)
- Times Interest Earned

Quote-to-Close Ratio

- Quotes closed as a % of total quotes submitted
- Quotes closed dollars as a % of total dollar value of quotes submitted

ASSET PRODUCTIVITY RATIOS

- Average Collection Period (Days)
- Non-Resale Inventory Turnover-Based on Non-Resale Materials
- Resale Inventory Turnover
- Total Inventory Turnover (COGS/Total Inventory)
- Total Inventory Holding Period (Days) (Based on Total Inventory)
- Cash Cycle (avg. collection period plus materials inventory holding period)

EMPLOYEE PRODUCTIVITY RATIOS

- Average Number of Employees (Full-Time Equivalents)
- Sales Per Employee
- Gross Margin Per Employee
- Total Payroll Per Employee
- Total Payroll Expense as a % of Net Sales

24 MULTI-YEAR TREND COMPARISON

Contractors are producing more volume with their employees. "Real" Sales per Employee has grown from \$174,000 in 1997 to \$199,000 in 2017.

Payroll per employee has stayed relatively steady, which was \$60,000 in 1997 and has typically ranged between \$60,000 and \$70,000.

All figures are adjusted for inflation and shown in 2017 dollars.

The typical contractor is roughly 2.5x the industry average when adjusting for inflation, they have grown with and without inflation.

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EMPLOYEE PRODUCTIVITY

Category	2015	2016	2017
Responding Firms	\$189,625	\$211,540	\$200,714
High Profit Firms	\$265,919	\$204,238	\$200,714
Under \$5 Million	\$199,620	\$211,540	\$200,714
\$5-15 Million	\$191,487	\$211,540	\$200,714
Over \$15 Million	\$237,490	\$211,540	\$200,714

Personnel Productivity

Too Low—Low personnel productivity during normal business conditions may indicate the business is too "people heavy." Consider decreasing staff size or generating more volume from existing personnel.

Too High—No problem as a rule. May be artificially high if many functions are performed by vendors not on the payroll.

Gross Margin Per Employee

Category	2015	2016	2017
Responding Firms	\$51,267	\$48,781	\$51,267
High Profit Firms	\$74,588	\$48,781	\$51,267
Under \$5 Million	\$68,663	\$48,781	\$51,267
\$5-15 Million	\$49,732	\$48,781	\$51,267
Over \$15 Million	\$51,267	\$48,781	\$51,267

*Same sample consists of 38 companies that fully completed the survey in 2016, 2017, and 2018.

Company Performance Report (CPR) — these are confidential, individualized reports of a participant's own financial ratios and operating statistics, shown alongside data groupings that are most comparable to them (e.g., similar sales, region, customer base, etc.) These reports make it easy for respondents to compare their operations, since their own data are already calculated for them and displayed alongside the industry benchmarks.

SAMPLE COMPANY PERFORMANCE REPORT

Company Number: Sample
Net Sales: \$1,000,000

2018 ACCA Financial & Operating Performance Report
Confidential Summary Performance Evaluation

OVERALL PERFORMANCE MEASURES

Net Profit Margin >>>> GOOD <<<< Well Done
 Return on Assets >>>> GOOD <<<< Well Done
 Return on Net Worth >>>> GOOD <<<< Well Done
 Gross Profit Margin >>>> GOOD <<<< Well Done
 Asset Turnover >>>> GOOD <<<< Well Done
 Sales Growth >>>> GOOD <<<< Congratulations

FINANCIAL MANAGEMENT RATIOS

Current Ratio
Quick Ratio

ASSET PRODUCTIVITY RATIOS

Average Collection Period (Days)
Total Inventory Turnover

EMPLOYEE PRODUCTIVITY

Total Payroll Expense as a % of Net Sales
Sales per Employee
Gross Margin per Employee

SELECTED EXPENSES

Total Facilities Expenses
Total Delivery Expenses

2018 ACCA Financial & Operating Performance Survey
Company Performance Report

	Your Company	All Companies	Sales: Under \$2 Million	High Profit Firms	Region: New England	Emphasis: Residential
PROFIT MARGIN (Net Profit Before Taxes as a % of Net Sales)	8.0%	7.0%	4.0%	14.2%	7.8%	6.8%
ASSET TURNOVER (Net Sales/Total Assets)	1.9	1.7	1.7	2.5	1.8	1.9
RETURN ON ASSETS (Net Profit Before Taxes as a % of Total Assets)	13.4%	11.3%	4.5%	29.0%	11.1%	11.3%
FINANCIAL LEVERAGE (Total Assets/Net Worth)	1.7	1.6	2.2	1.6	1.5	1.6
RETURN ON NET WORTH (Net Profit Before Taxes as a % of Net Worth)	23.8%	19.1%	6.7%	58.6%	14.0%	14.0%
2016-2017 PERCENT CHANGE IN OVERALL SALES	9.2%	6.7%	6.9%	15.8%	14.0%	14.0%
Forecasted 2017 % Sales Growth	5.1%	5.0%	5.0%	5.0%	5.0%	5.0%
Percentage of sales anticipated for bad debts	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

FINANCIAL MANAGEMENT RATIOS

Current Ratio (Curr. Assets/Curr. Liab.)
Quick Ratio (Current Assets Minus Inventory/Current Liab.)
Accounts Payable to Inventory
Debt to Equity

ASSET PRODUCTIVITY RATIOS

EBIT To Total Assets (Net Profit Before Interest & Taxes as a % of Total Assets)
Debt Service Coverage Ratio (Operating Profit/Total Debt Service)
Times Interest Earned
Quote-to-Close Ratio
Quotes closed as a % of total quotes submitted
Quotes closed dollars as a % of total dollar value of quotes

EMPLOYEE PRODUCTIVITY RATIOS

	Your Company	All Companies	Sales: Under \$2 Million	High Profit Firms	Region: New England	Emphasis: Residential
Average Number of Employees (Full-Time Equivalents)	2.3	4.0	15.0	5.5	5.5	6.5
Sales Per Employee	\$207,404	\$206,008	\$182,679	\$238,710	\$211,644	\$197,977
Gross Margin Per Employee	\$54,611	\$43,322	\$49,228	\$76,151	\$56,609	\$47,745
Total Payroll Per Employee	\$55,250	\$55,393	\$50,390	\$60,787	\$55,174	\$54,505
Total Payroll Expense as a % of Net Sales	28.2%	28.3%	32.2%	25.5%	26.8%	28.4%

BALANCE SHEET ITEMS AS A % OF TOTAL ASSETS

ASSETS:

	Your Company	All Companies	Sales: Under \$2 Million	High Profit Firms	Region: New England	Emphasis: Residential
Cash	11.4%	9.8%	16.1%	8.8%	11.8%	10.7%
Accounts Receivable	25.9%	26.2%	17.9%	35.0%	22.8%	27.6%
Total Inventory	23.5%	22.7%	22.2%	24.4%	24.8%	23.5%
Other Current Assets (pre-paid)	3.2%	3.5%	4.7%	1.8%	2.2%	3.6%
Total Current Assets	64.0%	62.2%	60.8%	70.0%	61.6%	65.4%
Fixed Assets, net of Depreciation	29.6%	32.1%	32.0%	22.6%	32.1%	29.1%
Other Non-Current Assets	6.4%	5.7%	7.2%	7.5%	6.3%	5.5%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

LIABILITIES AND STOCKHOLDERS' EQUITY

	Your Company	All Companies	Sales: Under \$2 Million	High Profit Firms	Region: New England	Emphasis: Residential
Accounts Payable (Trade)	10.2%	10.7%	8.6%	9.6%	11.5%	10.8%
Notes Payable (due within one year)	5.4%	5.8%	6.2%	4.4%	4.6%	6.2%
Income Taxes Payable	0.5%	0.7%	0.5%	0.4%	0.5%	0.4%
Other Current Liabilities (accruals)	12.1%	7.5%	14.0%	18.3%	12.2%	8.3%
Total Current Liabilities	28.2%	24.7%	29.3%	32.7%	28.8%	25.8%
Long Term Liabilities	25.8%	21.7%	33.5%	26.6%	22.3%	25.1%
Loans from Stockholders	5.3%	5.1%	6.1%	1.9%	7.8%	5.7%
Net Worth (includes paid-in capital and retained earnings)	40.6%	48.5%	31.1%	38.9%	41.1%	43.4%
TOTAL LIABILITIES AND NET WORTH	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Your data compared to others most like you.

Your ratios calculated in the same manner as the industry report