

The 2016 CLA Construction Benchmark Report Offers Contractors Industry Insights

by Mike Prigge

Contractors who recognize and understand industry trends will be better positioned to create opportunities in the future. *The 2016 Construction Benchmark Report* summarizes data from 327 construction companies that have operations throughout the United States. Drawing on data from their financial information, the report looks at several catalysts currently at work in the industry.

Construction industry trends

Several trends have emerged over the past few years that will have a significant impact on construction companies. The first is the **demographic shift across the country** as large number of key employees near retirement age. Combine the loss of experienced workers with the lack of young employees entering the industry to fill these positions and you have perhaps the biggest challenge facing contractors: finding the leadership and workforce with the appropriate knowledge and skills to take over construction companies.

Though less daunting, another challenge is the **uncertainty of future infrastructure spending** by federal and state government. A mitigating factor, however, may be that revenue volumes from private sector projects have risen through 2015.

Similar to other industries, **cybersecurity attacks** continue to impact companies of all sizes. These threats challenge a contractor's ability to secure sensitive data and prevent theft or fraud.

On the positive side, **access to low-cost financing for equipment** and other capital improvement needs will allow contractors that want to grow to continue to move forward.

Also, **lower fuel costs** will continue to provide significant cost savings for companies with equipment-intensive operations. However, these same low prices are also responsible for a significant decline in construction opportunities in the oil and gas market.

Financial ratios and key performance indicators

The report uses information obtained primarily from the audited and reviewed financial statements of our construction contractor clients in four sub-industries: civil contractors, general building, electrical and mechanical, and other specialty. Participation in the study was voluntary, and analyzed the data. This report describes how financial ratios are used, and looks at overall industry trends. The information can also be used to explore how an individual company's ratios compare to averages across the industry and within its sub-industry.

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