

Executive Summary Analysis of Operations

For the 6 Months Ending

June 30, 2012

The firm-wide **utilization rate** based on dollars is 65.11% or 16.49% over plan of 48.62% and is 6.24% more than last year. The utilization rate based on hours for technical only is 70.92% or -3.39% under the 74.32% plan and is 5.57% more than last year. The firm-wide utilization rate based on standard hours is 57.25%. This is -0.53% under the plan rate of 57.78% and is 4.57% more than last year. Direct labor is \$56,476 over the plan and indirect labor is \$(127,601) under plan. Total labor is \$(71,126) under plan and is \$(84,528) less than last year.

Total **full time equivalents** of 19.25 is 0.61 over the 18.63 plan and is 0.02 more than last year. Total net overtime hours of 194.0 is 0.19 full time equivalents. Technical **full time equivalents** of 15.39 are 0.90 over plan of 14.49 and is 0.02 more than last year. Technical overtime percentage of 1.23% represents 0.19 full time equivalents. Technical direct hours of 11,349 are 65 hours over the 11,284 plan and is 905 hours more than last year. The firm wide **overtime percentage** of 0.98% is 0.11% more than last year. The ratio of technical full time equivalents to non-technical full time equivalents based on hours is 3.98 to 1. This is 0.49 over the 3.50 plan and is 0.01 more than last year.

Total revenue of \$1,343,390 is \$(826,996) under the \$2,170,386 plan and is \$148,668 more than last year. Total revenue is 147.72% of net revenue compared to 169.67% last year. The actual percentage is -39.99% under the 187.71% profit plan.

Net revenue of \$909,417 is \$(246,826) under the \$1,156,244 plan and is \$205,261 more than last year. The favorable **volume variance** of \$6,660 is the result of 65 direct labor hours over plan at \$102.47 per hour. The unfavorable **price variance** of \$(253,487) is the result of 11,349 direct hours at \$(22.34) under the \$102.47 plan. Net revenue **per direct hour** of \$80.13 is \$12.71 more than last year. The **net multiplier** of 2.53 is (1.29) under plan of 3.81 and is 0.65 more than last year. Net revenue **per full time equivalent** of \$47,247 is \$(14,804) under the \$62,052 plan and is \$10,624 more than last year. Net revenue **per technical full time equivalent** of \$59,105 is \$(20,699) under the \$79,804 plan and is \$13,277 more than last year.

The **revenue factor** of 1.65 is (0.21) under the 1.85 plan and is 0.54 more than last year. Based on the planned revenue factor, net revenue should be \$114,921 more than actual--calculated by multiplying actual labor times the planned revenue factor or total labor should be \$(61,968) less than actual--calculated by dividing actual net revenue by the planned revenue factor.

Direct labor of \$359,628 is \$56,476 over the \$303,153 plan and is \$(15,288) less than last year. The **average direct labor rate** of \$31.69 is \$4.82 over the \$26.87 plan and is \$(4.21) (4.21) less than last year. **Total labor** is 60.74% of net revenue. This is 6.81% over the 53.92% plan and is -29.71% less than last year. The **volume variance** of \$1,746 is the result of 65 direct hours over the planned direct labor rate at \$26.87 per hour. The **price variance** of \$54,729 is the result of 11,349 direct hours at \$4.82 over the planned direct labor rate.

Overhead of \$525,480 is \$(141,338) under the \$666,818 plan and is \$(146,500) less than last year. Indirect labor is \$(127,601) under plan compared to \$(69,240) less last year. The volume variance of \$3,841 is the result of 65 direct hours over plan at \$59.09 per hour. The price variance of \$(145,179) is the result of 11,349 direct labor hours at \$(12.79) under the \$59.09 plan. Overhead per direct hour of \$46.30 is \$(12.79) under the \$59.09 plan and is \$(18.04) less than last year. The **overhead rate** of 1.46 is (0.74) under the 2.20 plan and is (0.33) less than last year.

The **break-even multiplier** of 2.46 is (0.74) under the 3.20 plan and is (0.33) less than last year. The **break-even rate** of \$77.99 per direct hour is \$(7.97) under the \$85.96 plan and is \$(22.25) less than last year. The break-even multiplier and rate is composed of direct labor and overhead.

Operating profit of \$24,309 is \$(161,964) under the \$186,273 plan. This is \$367,048 more than last year. The **operating profit multiplier** of 0.07 is (0.55) under the 0.61 plan and is 0.98 more than last year. **Operating profit per direct hour** of \$2.14 is \$(14.37) under the \$16.51 plan and is \$34.96 more than last year. Operating profit/(loss) is 2.67% of net revenue compared to -48.67% last year. This is -13.44% under the 16.11% profit plan percentage. The operating profit variance of \$(161,964) is composed of a net favorable volume variance of \$1,073 and a net unfavorable price variance of \$(163,037). **Operating profit per full time equivalent** of \$1,263 is \$(8,734) under plan of \$9,997 and is \$19,089 more than last year. **Operating profit per technical full time equivalent** of \$1,580 is \$(11,277) under the \$12,857 plan and is \$23,886 more than last year.

The **cash balance** of \$(24,207) is \$5,906 more than last year. **Accounts receivable** of \$176,132 is \$(220,871) less than last year. Accounts receivable over 90 days is \$11,231 and is 6.38% of the total. Last year's accounts receivable over 90 days was \$(11,141) or -2.81% of the total.