ASSOCIATION FOR
FINANCIAL
PROFESSIONALS

2022 AFP®

FP&A BENCHMARKING: PRACTITIONER PLANNING REPORT

Underwritten by:

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As a leading provider of enterprise management cloud applications for finance, HR and spend management, Workday is proud to sponsor the *2022 AFP® FP&A Benchmarking: Practitioner Planning Report*. This report helps Financial Planning and Analysis (FP&A) professionals set benchmarks for the industry, providing insight into where the finance function is today and where it is going in the future.

Some of the key insights from this important research highlight the growing need for real-time insights to better manage through increased volatility, as well as stakeholder demands for more transparent reporting on Environmental, Social and Governance (ESG) metrics. It increasingly falls on FP&A teams to deliver on those expectations, requiring us to evolve from business partnering to *value partnering*, anticipating problems before they occur, and providing guidance on strategies to create value from market challenges or opportunities.

At Workday, we work with thousands of organizations worldwide to help them embrace this new value partnering mindset, using Workday solutions for the Office of the CFO to automate as much of the data gathering and reporting processes as possible, so that we can focus on continuously planning, forecasting and advising management at the rapid speed that today's business environment demands.

As you navigate change and look for ways to increase agility, we hope the findings in this report help you build the best path forward for your finance organization.

Michael Magaro

Senior Vice President, Business Finance and Investor Relations

Workday

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INTRODUCTION

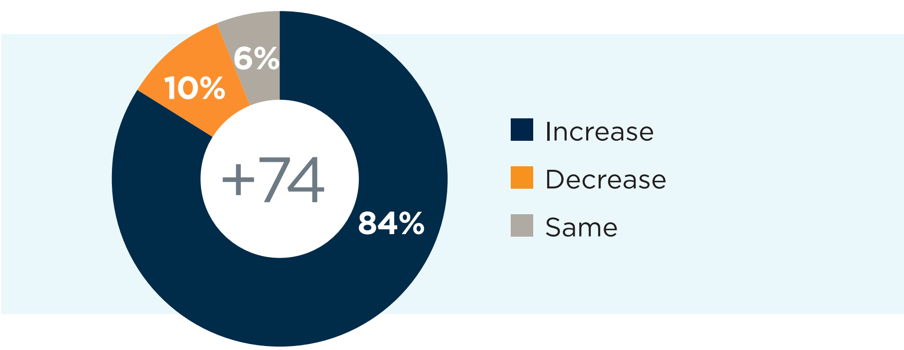
The new normal is … well, not normal. Creating a budget or forecast is challenging in most years, and it is especially difficult now due to the abnormal basis of comparisons to 2020 and 2021, changes in the consumer market, ongoing challenges in hiring and retaining talent, supply-chain disruptions—basically any changes that have rendered business-as-usual assumptions misleading, outdated or simply unusual.

The goal of this FP&A survey is to help members of the finance community create and defend their planning assumptions in selected, challenging areas by creating benchmark-able data from their fellow finance practitioners. The data for this survey was collected between September 22 and October 22, 2021, and the analysis is based on 223 global responses. The survey tool remains available to create customized benchmarking reports for AFP members and the general public through July 15, 2022. To benchmark and avail yourself of the customized reports, please access the benchmarking survey using this **LINK**.

This report highlights five key themes that emerged from the survey data plus selected benchmarks with data provided by all respondents.

A note about methodology: in several places we use a "net change score" to indicate how a particular item (e.g., expense, price, investment level) is expected to change in 2022 compared to 2021 levels. The score is calculated by subtracting the percentage of respondents who report "decrease" from the share who report "increase." Responses that indicate "same" do not impact the score. For example, if 84 percent of respondents indicate that their organizations' revenue will increase, 10 percent indicate revenue will decrease and six percent indicate there will be no change, the net change score for total revenue will be +74. This should not be read as the amount of any increase but rather the likelihood that a particular item will increase among survey respondents' organizations. The net change scores are presented in the middle of the circle pie charts.

Net Change in Total Revenue
Percentage Distribution of Organizations



AFP would like to thank the volunteer members of the FP&A Advisory Council who contributed to the creation and interpretation of this year's research:

- Frank Chou, FPAC, CTP, Director of Financial Planning and Analysis, Nevada Copper
- Catherine Jirak, COO and Partner, QueBIT Consulting
- Kevin Lennon, FPAC, Assistant Vice President of Finance, Aveanna Healthcare
- Hector Rubalcava, FPAC, Director of Finance, Options Clearing Corporation (OCC)

AFP also thanks Workday for its underwriting support of the *2022 AFP FP&A Benchmarking Survey*. The team at the Association for Financial Professionals® designed the survey questionnaire, analyzed the survey results, produced the report and is solely responsible for its content. More details regarding the survey methodology as well as respondent demographics can be found on page 17.

SUMMARY INSIGHTS

Companies are keen to know if their 2022 assumptions are appropriate and within reasonable bounds. This survey's results and the analysis presented in this report support that goal with data specific to different functions of the respondents' organizations. The resulting data repository will be a tool that companies can refer to throughout the year to understand their own assumptions, how the economy is changing, and assess their risk appetites as measured in their projections. We also step back and examine **five key insights** that emerge from the responses: four of change and one of consistency.

INSIGHT #1: After a period of hesitancy, finance practitioners indicate they are ready to deploy capital to grow their enterprises. There is evidence of **more revenue, more spending—but what about earnings?** Most organizations are planning for increased revenue, and more spending on capital projects, research and development, and throughout their income statements; about half of them plan to forego earnings growth.

INSIGHT #2: Environment, social and governance (ESG) is finding a home in corporations and financial planning. When comparing data from this year's survey with questions posed two years ago, findings reveal that organizations are moving faster than expected to incorporate ESG goals into their business models. This has the potential for significant change in corporate spend and, therefore, how the FP&A function performs its role.

INSIGHT #3: COVID-19 has changed where we work, and we are not going back to the past. Another area of change is the character of the workplace itself. The data indicate a wide distribution as to the number of days in office; the corresponding decrease in spend on office space plus the competition for talent combine to create varied business models for how we work and live. These trends were slow-moving before the pandemic, and it is likely this diversity in operating models will continue.

INSIGHT #4: Employee turnover seems to have peaked in 2021. Practitioner expectations for 2022 are for slight improvements in employee turnover; that may be due to higher compensation and educational investments from employers or from workers who have settled into their new 2021 roles. Overall, this implies more stability for employers in the new year.

INSIGHT #5: Despite the challenge of planning and forecasting, our respondents indicate that **budgets remain in demand.** Why do we go through this effort every year, and why do we do it after a pandemic shows that life and work can change so quickly? "Plans are useless, but planning is indispensable," said U.S. President Dwight Eisenhower. The budget is the embodiment of corporate alignment, and the more you create a process for gathering, evaluating and communicating that alignment, the better prepared you will be to react—even if you throw the budget away right after creating it.

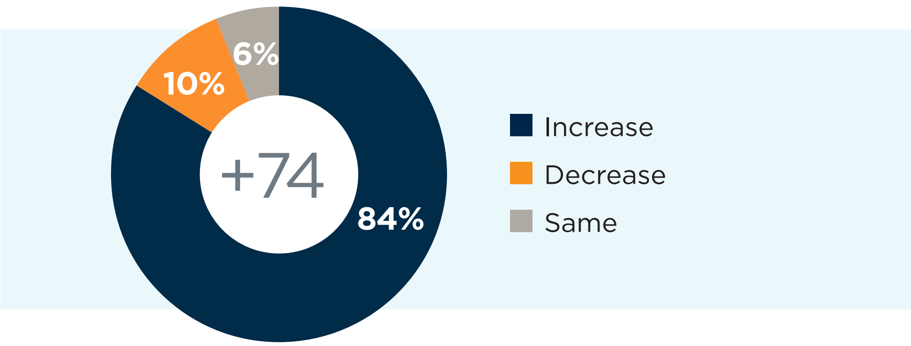
01 KEY INSIGHTS

The message from survey respondents is clear: 2022 will be the year of *more*. After a period of uncertainty and caution, the outlook is for more revenue, more business investment and increased expenditures. Interestingly, respondents' views are equally split regarding whether that will lead to bottom-line growth. The truth is that companies are flush with cash; this is evident in record earnings, a stock market on the uptick and AFP's own reporting. The results break down as follows.

More Revenue!

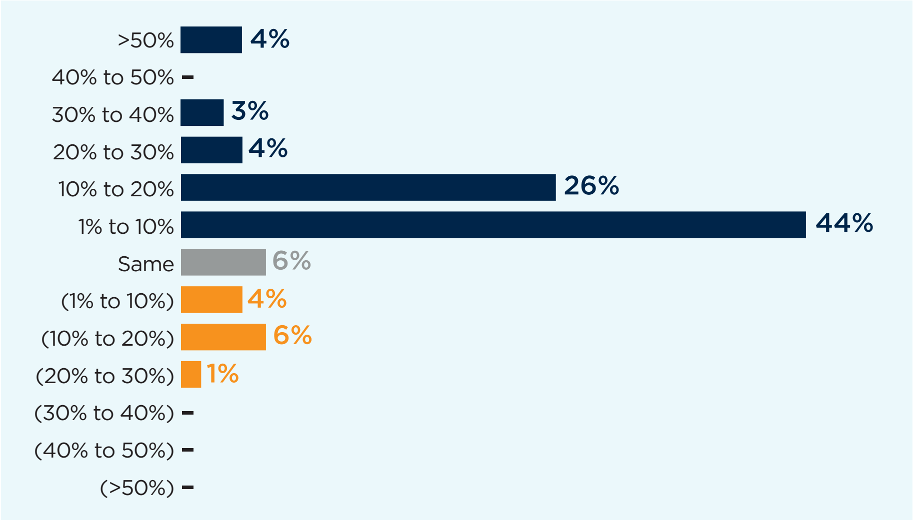
Overwhelmingly, practitioners expect increased revenue in 2022 compared to 2021, with a net change score of +74:

Net Change in Total Revenue
Percentage Distribution of Organizations



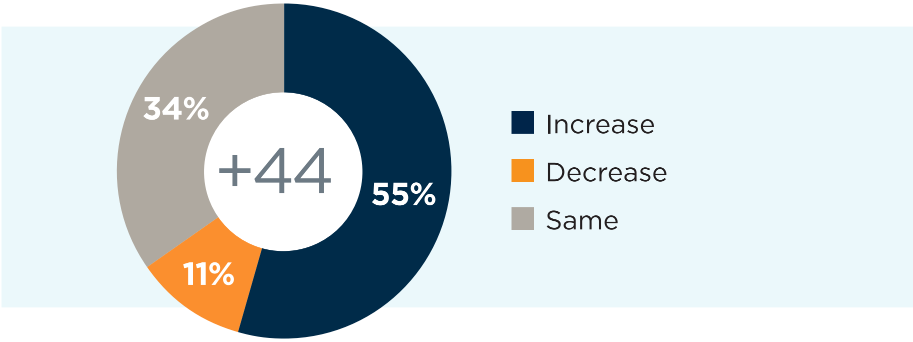
Characterizing that revenue growth, the median expectation is in the 1-10% range:

Expected Change in Revenue in 2022
Percentage Distribution of Organizations



Price increases are on the way, as evidenced in the net change score of +44. Slightly more than half the respondents intend to raise prices charged to customers. The survey did not ask about other potential sources of revenue growth, but they would include increases in volume, new product development, new markets and/or acquisitions.

Net Change in Price Charged to Customers
Percentage Distribution of Organizations

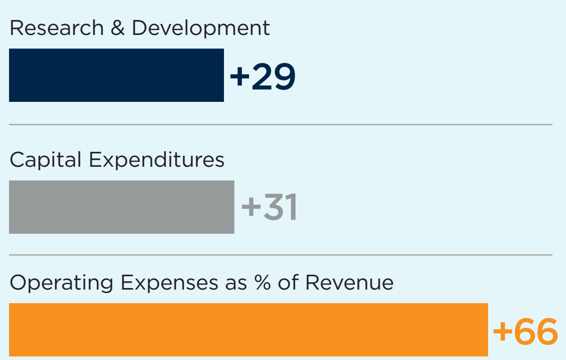


More Investment, More Spending!

The forecast calls for more spending in nearly all categories. Generally speaking, initial responses to the COVID-19 pandemic were to limit spending and emphasize cash conservation until companies could recalibrate themselves. For many organizations, revenues were higher and earnings outperformed early pandemic expectations due to tight expense management;[1] now many companies look towards their future with solid balance sheets, ready to respond with increased investments in all parts of the business.

Survey responses reflect net change scores of +31 for capital expenditures (the long-term investments that generate revenue over years), +29 for research and development and +66 for operating expenses as a percent of revenue.

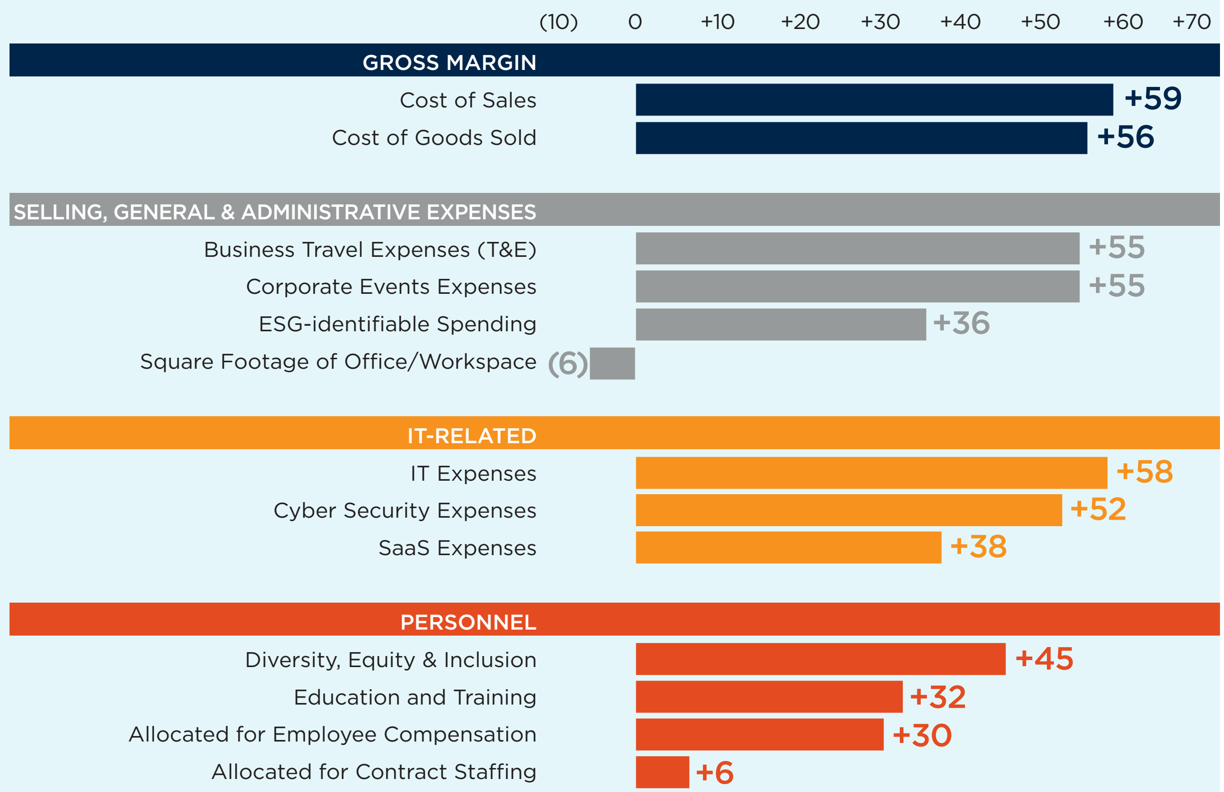
Net Change Score in Spend Categories



Digging deeper into the operating expenditures (Opex), most categories of spend are increasing as a percentage of revenue. The table below shows the net change scores for different components of the income statement. The largest increases are in the gross margin category as Cost of Goods Sold (COGS) and Cost of Sales which are impacted by direct labor and (for COGS) supply-chain challenges. The rebound in business travel and corporate events is off a low base: the benchmark median spend is two percent and one percent of revenue, respectively, for 2021. Square footage of the office/workspace has the only negative score, (6).

Spending in various IT-related categories is also expected to increase: the net change score for IT overall is +58 with a median 2021 spending of two percent of revenue; for cyber security, the net change score is +52 with a median base of one percent of revenue. Spending on staff is poised to increase; this is evident in the net change scores of +45 for Diversity Equity and Inclusion (DE&I), +32 for training and +30 for compensation.

Net Change Scores for Select Opex Lines

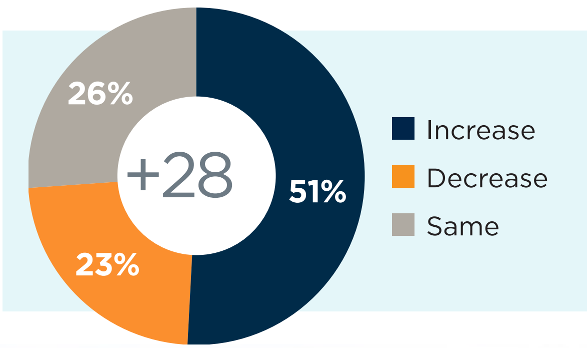


[1] In April 2020, an AFP survey of FP&A practitioners found that 29 percent expected revenue near or favorable to plan, and 15 percent expected earnings to be on or favorable to plan; a follow-up survey six months later showed those numbers to be 45 percent and 30 percent, respectively.

More Income?

Companies are willing to go far to invest in business growth; that includes sacrificing their operating margins. The net change score for net margin is +28. The message seems to be that after years of watching and waiting, the time to invest is now.

Net Change in Net Margin
Percentage Distribution of Organizations



Voices of AFP:

> The ability of companies to spend in these areas could be compromised by snarled supply chains and delayed plans. They simply may not be able to spend the way they plan!

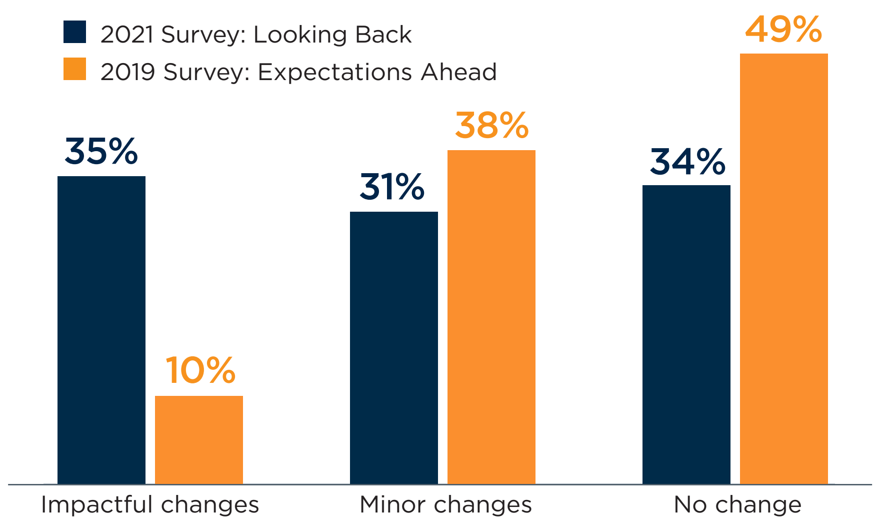
> Business was off 40 percent in 2020 compared to 2019 and slowed into 2021. Now we see revenues are increasing steadily.

> I am skeptical of these results. There is a lot of spending here in the aggregate, and I don't know if there will be enough revenue to cover all the cash flowing out the door.

The ESG movement has been gaining momentum for years, and this year we are seeing evidence of its growth in the FP&A data. ESG is the umbrella term for a company's ethical standards in areas of the environment, societal stances and corporate governance standards.[2] There are many reasons to pursue ESG goals (including the belief that it is the right thing to do). One of the most direct is that ESG has a strong foothold in the global investment community. Bloomberg estimates that asset managers will dedicate $50 trillion of assets under management by 2025 to ESG, representing more than one third of all assets under management (AUM).[3] What matters to investors matters to businesses.

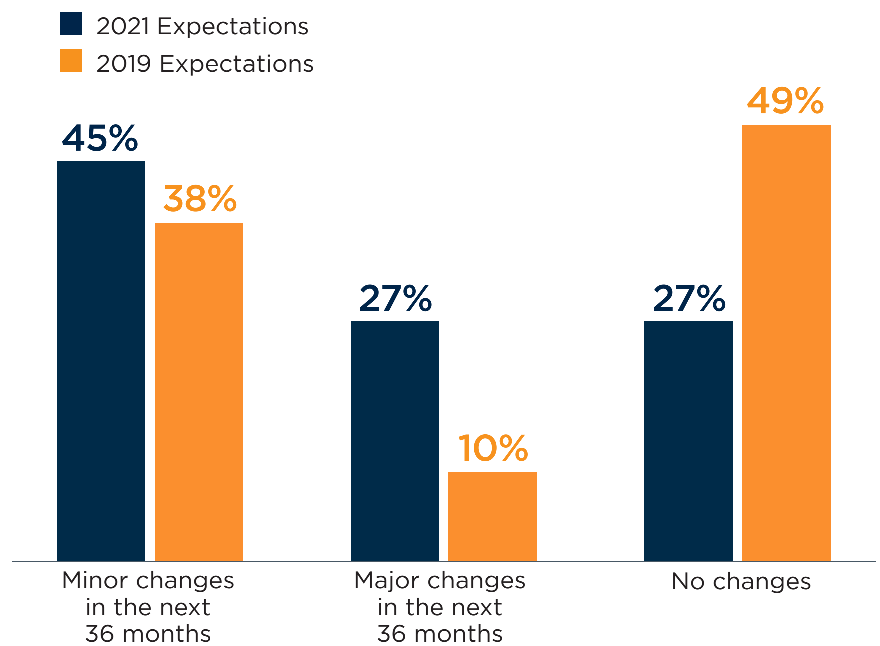
In 2019, the Business Roundtable (BRT) announced that its members will "move away from shareholder primacy" to "include a commitment to all stakeholders." This responsibility to broader constituencies aligns with ESG goals. Immediately after this announcement, AFP surveyed its members to ask if they expected this to change their internal capital allocation. This year, we asked the question retroactively: *Have you altered your corporate investment stance to be closer to the stakeholder approach?* The result: more respondents made changes than anticipated in 2019 while 35 percent indicate they made impactful changes, vastly outpacing the 10 percent who anticipated they would.

Responses to Business Roundtable's "Commitment to all Stakeholders" Announcement
Percentage of Organizations



In addition, we asked the same question in the current survey as we did in 2019 to measure how the momentum has changed: it is clearly faster now. The survey results reflect higher expectations for both *major* changes over the next 36 months (2022 through 2024)—27 percent compared to 10 percent—and *minor* changes—45 percent compared to 38 percent.

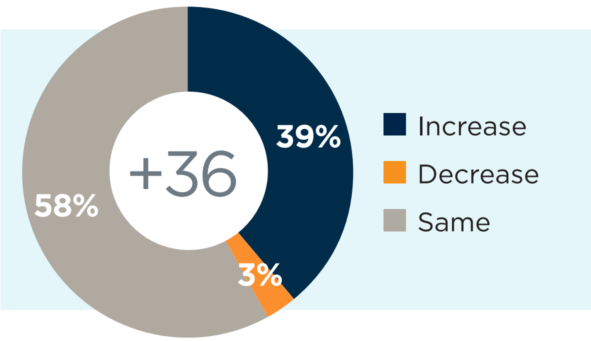
Responses to Business Roundtable's "Commitment to all Stakeholders" Announcement
Percentage of Organizations



[2]AFP has had several articles, webinars and conference sessions on ESG, including the following: **ESG: The New Differentiator** and **Never Heard of ESG? It's Time for Finance Execs to Listen Up**.
[3]Bloomberg News: **ESG assets may hit $53 trillion by 2025, a third of global AUM.**

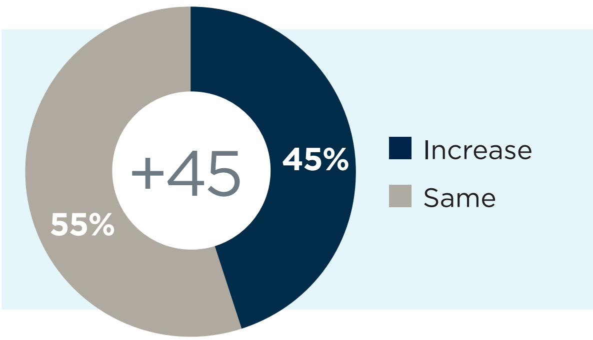
As noted in Insight #1, companies plan to increase their ESG spending in 2022 from that in 2021, as evident in the net change score of +36. This is off a low base, as the median spend as a percent of revenue in 2021 was one percent and the mean below that.

Net Change in ESG-identifiable Spending
Percentage Distribution of Organizations

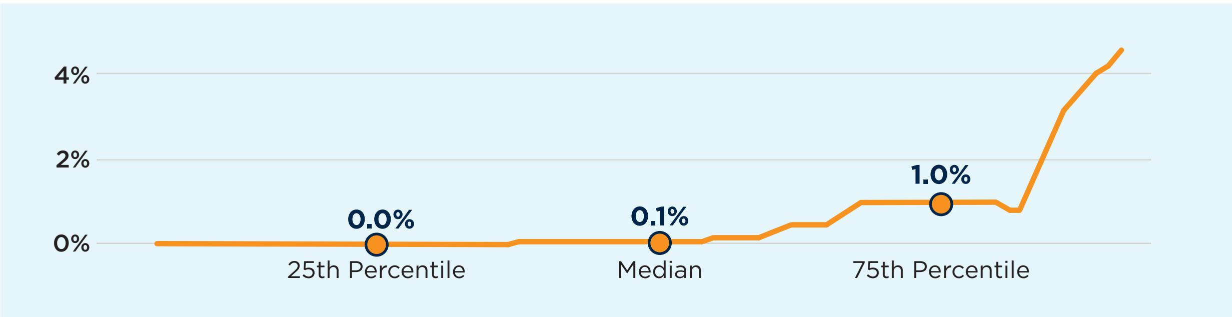


DE&I is shorthand for a company's efforts to promote diversity, equity and inclusion in the workplace and society at large. The net change score for 2022 is +45; no respondent expects to spend less on this category than in 2021. As a benchmark, the median spend as a percentage of revenue in 2021 was 0.1%, although the distribution ranged widely.

Net Change in Total Revenue Allocated for DE&I
Percentage Distribution of Organizations



Benchmark Data: 2021 Distribution of Percentage of Revenue Allocated to DE&I in 2021



Voices of AFP:

> Before COVID, the focus was on companies and customers. Now there seems to be a greater investment in people, diversity and inclusion.

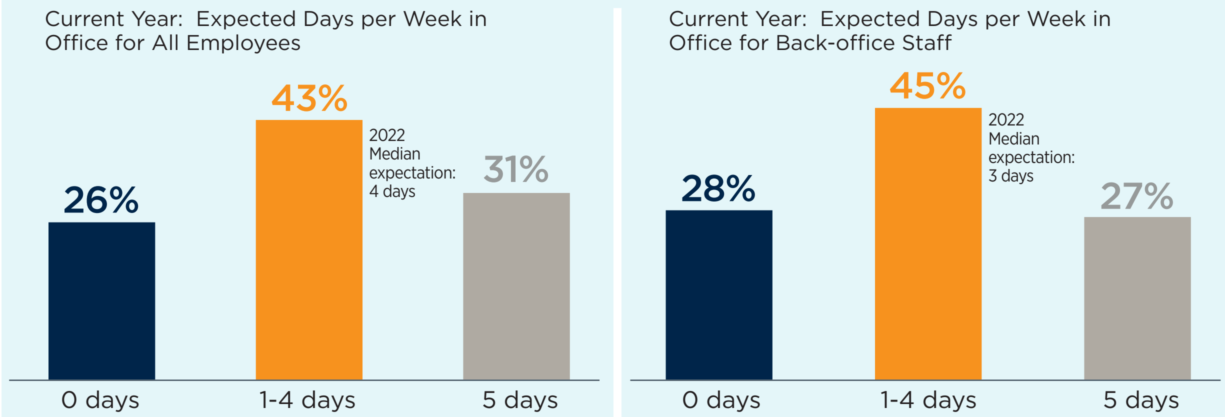
> The investment flows are the driving force behind the ESG movement. The very public positions taken by BlackRock's CEO and recent board member battles at Exxon show the strength of this movement.

> Cyber threats and social media issues are supercharging ESG with a focus on data privacy and security.

> We are actively developing and starting to use ESG-oriented metrics around diversity/inclusion, community support, environmental and safety.

Covid Has Changed Where We Work, and We Are Not Going Back to the Past

Benchmark Data: 2021 Distribution of Days in Office
Percentage Distribution of Organizations

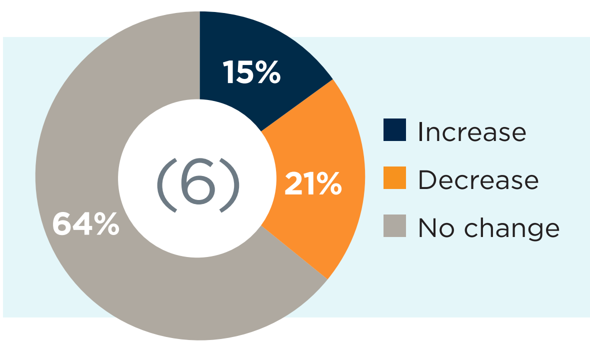


The lockdown created a natural experiment for business: *can companies function effectively without an office?* The answer seems to be "yes, for some of us," based on a mix of factors including industry, technological sophistication and personal/managerial preference.

The data below sort the responses into three main groups. Some companies do not expect their employees—either all employees or back-office staff—to be at the worksite at all, with 26 percent and 28 percent, respectively, reporting an expectation of zero days in the office. At the other end of the spectrum are companies that require all workers to be onsite full-time: 31 percent expect all employees and 27 percent expect back-office staff to be in the office. In 2021, for the all-employee group, the mean is 2.7 days and the median is 3 days, increasing to 4 days in 2022. For back-office staff, the mean is 2.4 days and the median is 2 days, increasing to 3 days in 2022. The remainder (and the largest group) expects a hybrid approach of one to four days in the office, 43 percent (all employees) and 45 percent (back-office staff).

The inevitable result of fewer people in an office is the need for less office space. This is the only factor in the survey with a negative net change score, (6). Why wasn't the score even lower? Leases tend to be long term and often difficult to break. Additionally, after nearly two years living with the coronavirus, many companies have already escaped lease and facility obligations.

Net Change in Square Footage of Office/ Work Space
Percentage Distribution of Organizations



Voices of AFP:

"Adjustments were made to allow all employees to work remotely in 2020; restrictions have been lifted and employees can choose to return to the office or continue remote [work]. Most employees are opting for remote work, coming into the office no more than 1-2 days a week."

"We sold our main campus in 2020 and are in the process of opening smaller satellite offices."

"The current expectation is that most roles will be hybrid for anybody that is not direct labor manufacturing. This year we were provided a $100 chair allowance (that could only be used to buy a chair); however, next year the work-from-home benefit remains undefined."

INSIGHT #4:
Employee Turnover Seems to be Peaking in 2021; Increased Compensation and Education Planned for 2022

AFP members report that throughout the second half of 2021 the biggest risk for companies was the lack of appropriate talent constraining growth.[4] The FP&A benchmark data indicate a median employee turnover rate of eight percent, easing mildly to seven percent in 2022.

	25th Percentile	Median	75th Percentile
Current Year: Employee Turnover Rate	3%	8%	13%
Plan Year: Employee Turnover Rate	3%	7%	12%
Percentage of Open Positions	3%	6%	16%
Percentage of Contingent Workforce	2%	6%	20%

The data show that the percentage of open positions equals the percentage of contingent workers. While this is possibly a coincidence, it could also mean companies believe they can fill open positions with contracted labor. This sets up a potential chain reaction: challenges in finding talent could increase demand for contracted labor and make that resource more scarce and more expensive. That potential price increase may not be factored into 2022 plans as the net change score is relatively low at +6, indicating that companies believe they will spend roughly the same on contract staffing in 2022 as they did in 2021.

The confidence that labor shortages will ease may arise from the fact that companies plan to invest more in their teams in 2022. Survey data reflect a net change score of +30 for overall employee compensation and +32 for education and training (with no respondent indicating a reduced spend in that category).

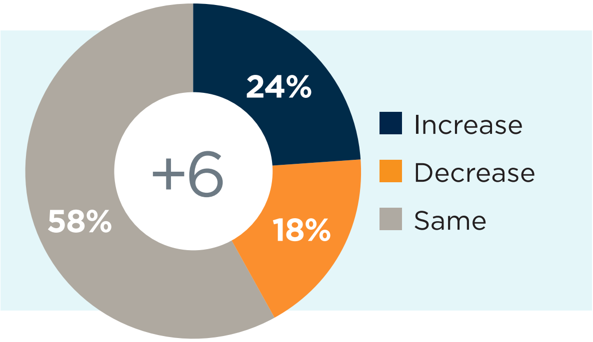
[4]For example, this has been evident in the **FP&A Momentum Index** as human capital (the ability to attract and retain people with the appropriate skills) was listed as the number one or two top risk facing companies for the past three quarters.

Voices of AFP:

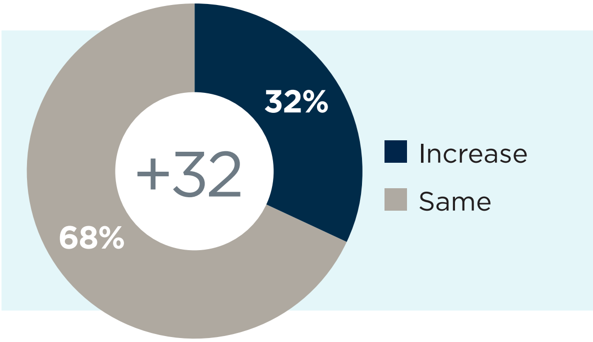
Focus on productivity, especially labor utilization, has increased dramatically and will continue to remain a high focus area.

Investing in talent is more important now than ever. The "great resignation" has shown that when employees are not getting what they need from their leaders, they can and will move on. In many cases, those that stayed took on extra responsibilities due to turnover and their efforts cannot go unrecognized or underappreciated.

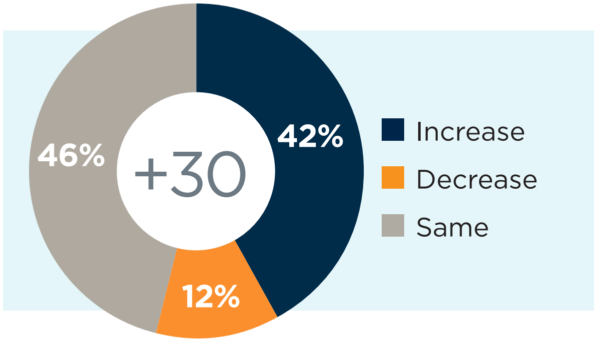
Net Change in Expenses Allocated for Contract Staffing
Percentage Distribution of Organizations



Net Change in Expenses Allocated for Education and Training
Percentage Distribution of Organizations



Net Change in Expense Allocated for Employee Compensation
Percentage Distribution of Organizations

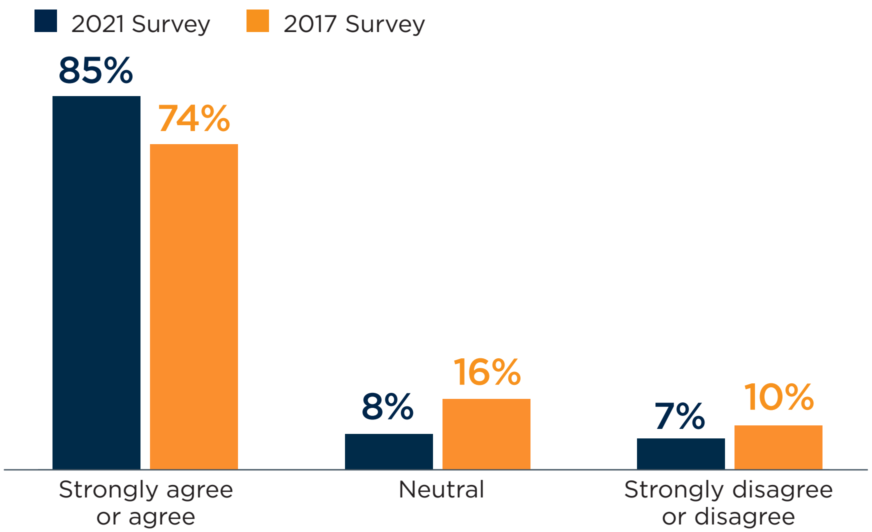


After a period of uncertainty, it is reasonable to expect that the corporate budget—the very symbol of planning control—could be dumped as outdated and ineffectual. The reality is that budgets remain entrenched in business planning and operations. The current survey included several questions asked previously in the ***2017 AFP FP&A Survey: How Relevant Is Your Budget***, to assess how processes have changed. The result: budgets remain in fashion and strongly needed.

Indeed, *the budget is a valuable tool*, as 85 percent of respondents agree or strongly agree with that statement. In fact, a larger share of respondents either strongly agrees or agrees that the budget is valuable currently compared to the share that held this view in 2017 (74 percent).

The Budget is a Valuable Tool

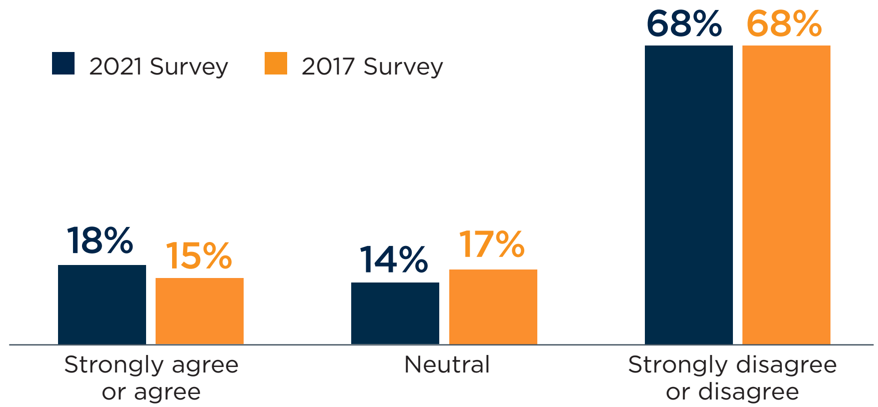
Percentage Distribution of Respondents



We asked the question differently in the current survey but received the same result: two-thirds of respondents disagree with the statement: *the budget adds little value.*

The Budget Adds Little Value

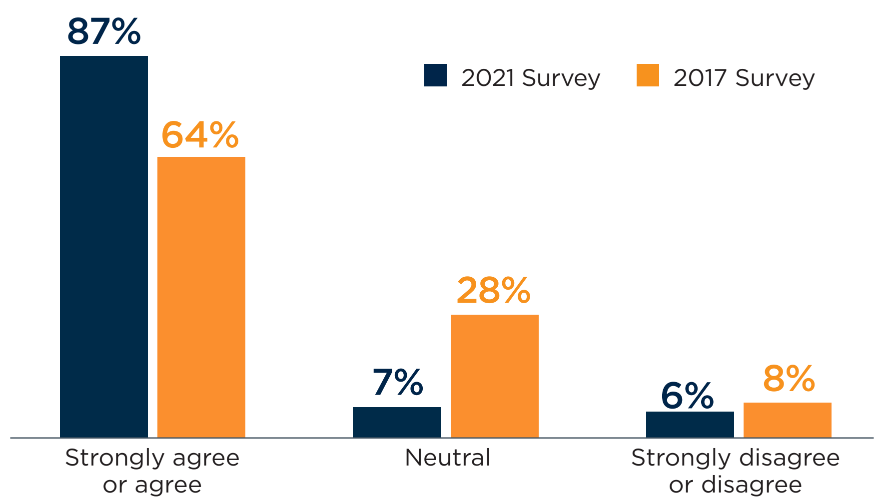
Percentage Distribution of Respondents



The current survey followed up with an additional question about whether an organization's budget could be streamlined. The share of respondents strongly agreeing is larger than the share that held this view in 2017—87 percent compared to 64 percent.

The Budget is Useful, but Could be Streamlined

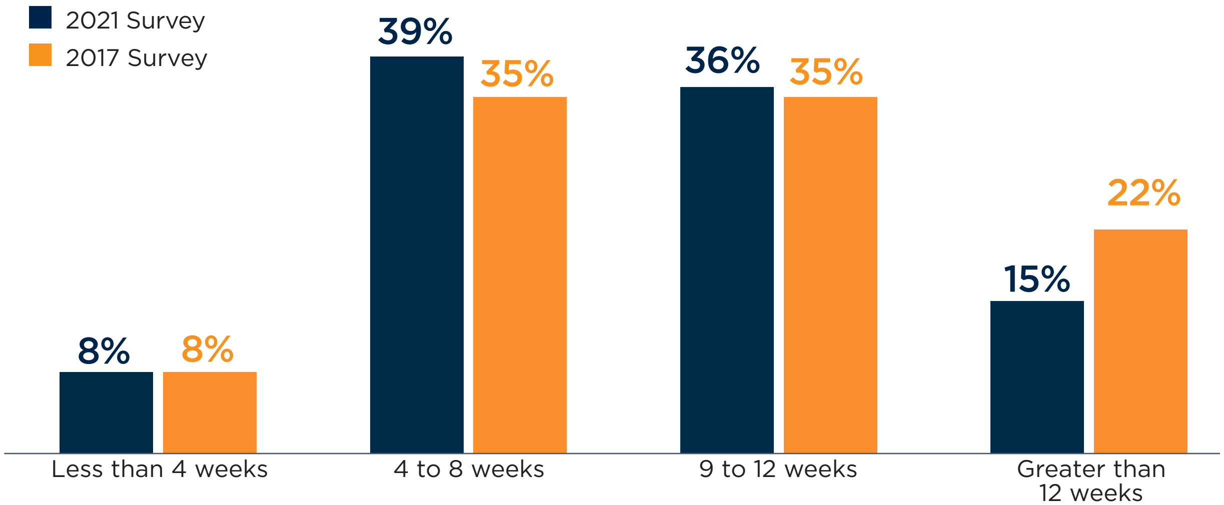
Percentage Distribution of Respondents



Organizations are completing the budget process in slightly less time than they did in 2017.

Number of Weeks to Develop Budget

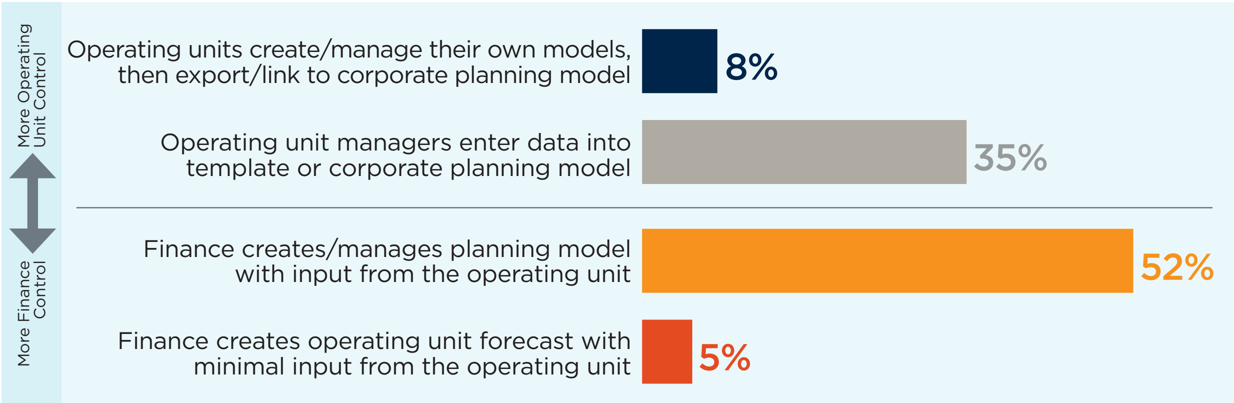
Percentage Distribution of Organizations



Finance remains firmly in control of the planning process. Fifty-seven percent of finance professionals indicate they are keeping their hands on the model and the data, and 43 percent are allowing the business to enter data into a finance-controlled system (distributed planning controlled by finance).

How Do You Gather Inputs for the Planning Models?

Percentage Distribution of Organizations



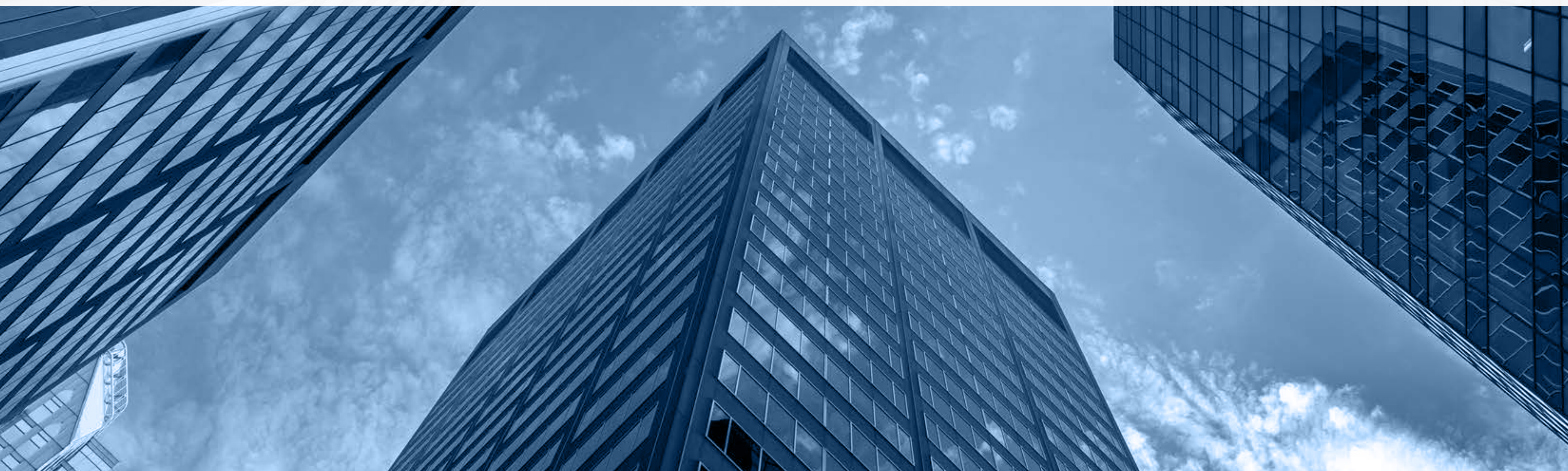
Voices of AFP:

"I am surprised the time to create a budget figure is not higher! Four months seems to be the average length for budget among my clients."

"Budgets need to move further from financial numbers to operational numbers and operational ownership."

"If asked what we do by someone outside of finance, our answers as FP&A professionals would likely center around creating, assessing, and managing the budget. It is core to the role and how we tend to define what we do. Separating ourselves from the budget may put us at odds with what we see in the mirror."

02 DEMOGRAPHICS



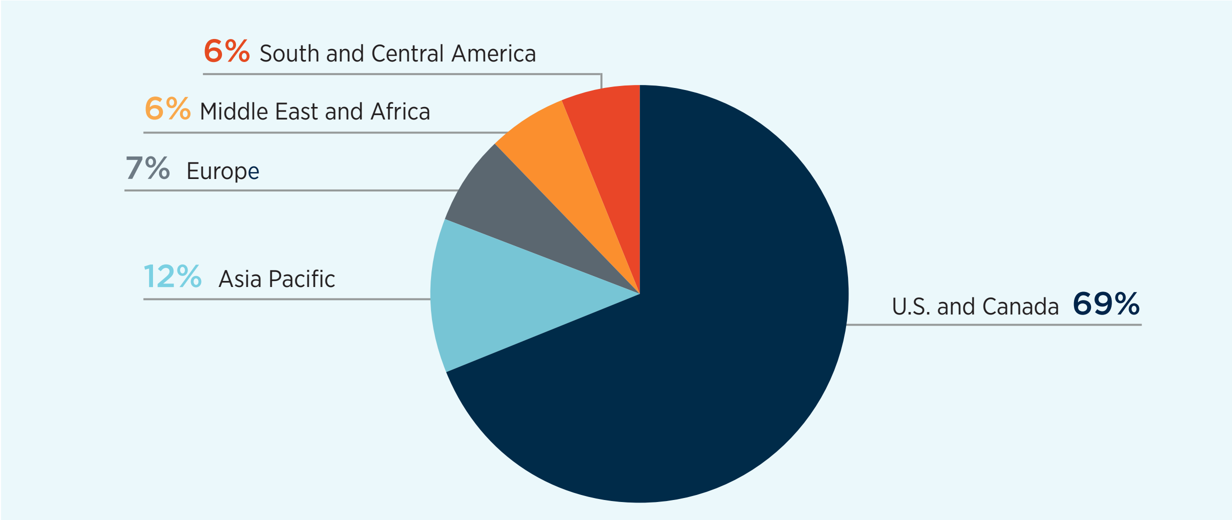
DEMOGRAPHICS

In September 2021, the Research Department of the Association for Financial Professionals® (AFP) conducted the *2022 AFP FP&A Benchmarking Survey.* The survey was sent to AFP members and prospects that held job titles of Accountant, Financial Analyst, FP&A Analyst, Manager of FP&A, Director of FP&A, Controller, Vice President of Finance, Head of FP&A, and CFO. Responses from 223 professionals from 40 different countries form the basis of this report.

Note: Total percentages may not add to 100 due to rounding.

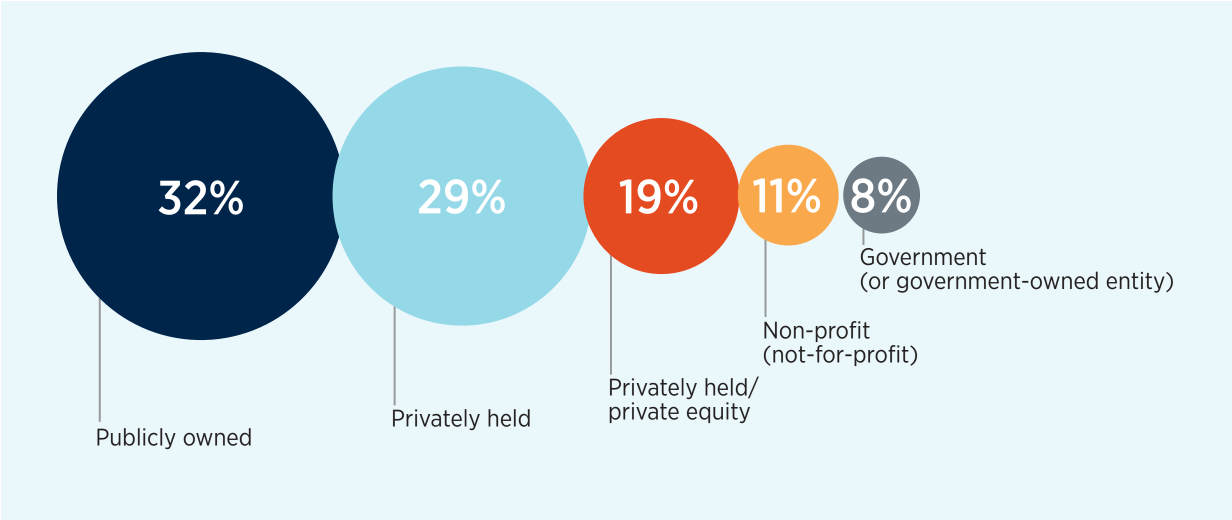
Geography

Percentage Distribution of Organizations



Ownership Type

Percentage Distribution of Organizations

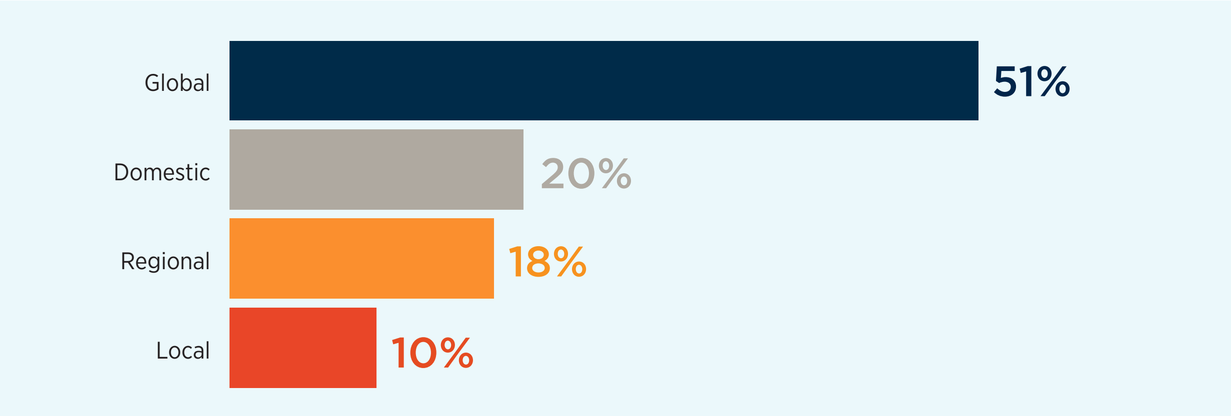


DEMOGRAPHICS CONTINUED

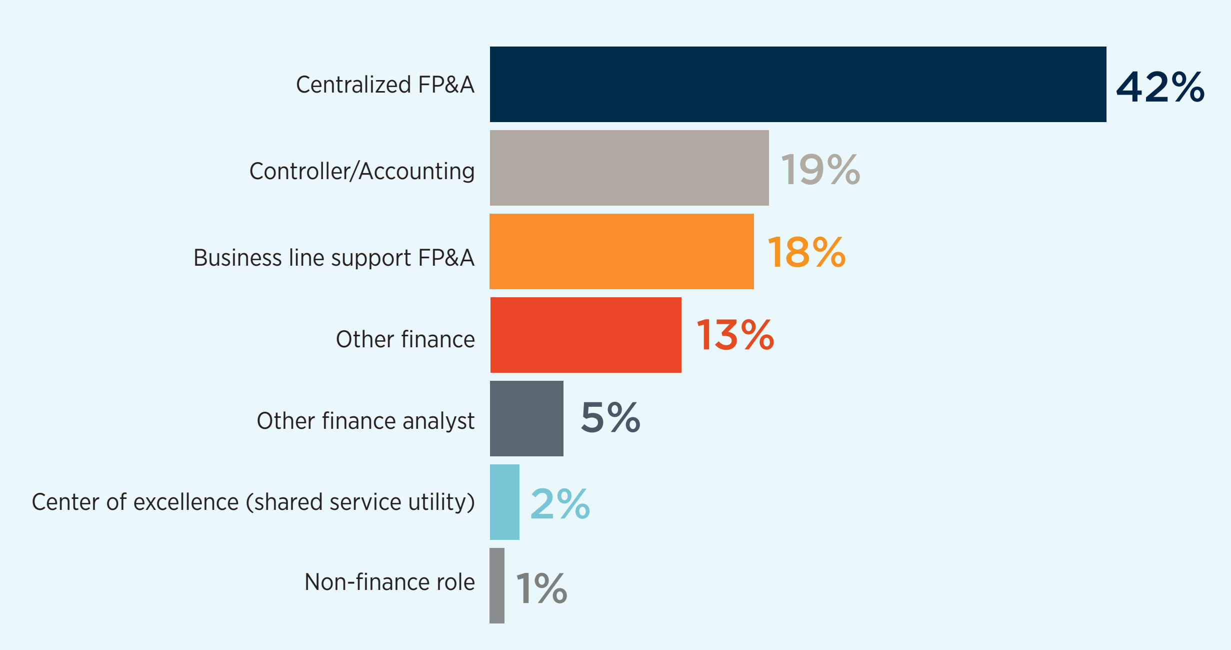
Industry
Percentage Distribution of Organizations

	All
Agricultural, Forestry, Fishing and Hunting	3%
Banking/Financial Services	7%
Administrative Support/Business services/Consulting	4%
Construction	3%
E-Commerce	1%
Education	2%
Energy	2%
Government	2%
Health Care and Social Assistance	8%
Hospitality/Travel/Food Services	2%
Insurance	2%
Manufacturing	23%
Non-profit (including education)	5%
Petroleum	2%
Professional/Scientific/Technical Services	4%
Real Estate/Rental/Leasing	2%
Retail Trade	5%
Wholesale Distribution	4%
Software/Technology	7%
Telecommunications/Media	2%
Transportation and Warehousing	5%
Utilities	4%

Organizational Scope
Percentage Distribution of Organizations



Respondent's Role Within Organization
Percentage Distribution of Organizations



03 PRACTITIONER BENCHMARKS

PRACTITIONER BENCHMARKS

Note: Total percentages may not add to 100 due to rounding.

OPERATIONS

2021 Current Year	25th Percentile	Median	75th Percentile
Total Current Year Revenue	**$40,000,000**	**$280,000,000**	**$1,500,000,000**
Percentage of Total Revenue Allocated to Operating Expenses	17%	48%	80%
Percentage of Total Revenue Allocated to Cost of Sales	10%	25%	65%
Percentage of Total Revenue Allocated to Cost of Goods Sold	20%	45%	65%
Percentage of Total Revenue Allocated to Business Travel Expenses (T&E)	1%	1%	5%
Percentage of Total Revenue Allocated to Corporate Events Expenses	-	1%	1%
Percentage of Total Revenue Allocated to IT Expenses	1%	2%	5%
Percentage of Total Revenue Allocated to Cyber Security Expenses	-	1%	1%
Percentage of Total Revenue Allocated to SaaS Expenses	-	1%	2%
Percentage of Total Revenue Allocated to ESG-identifiable Spending	-	1%	1%

Expected Change in Total Revenue	Percentage Distribution of Organizations
Increase	84%
Decrease	10%
Same	6%

Amount of Expected Change in Total Revenue	Percentage Distribution of Organizations
Increase by more than 50%	4%
Increase between 40% to 50%	-
Increase between 30% to 40%	3%
Increase between 20% to 30%	4%
Increase between 10% to 20%	26%
Increase between 1% to 10%	44%
Stay the same	6%
Decrease between 1% to 10%	4%
Decrease between 10% to 20%	6%
Decrease between 20% to 30%	1%
Decrease between 30% to 40%	-
Decrease between 40% to 50%	-
Decrease by more than 50%	-

OPERATIONS

Percentage of Total Revenue for Select Opex Lines	2021 Current Year			2022 Expected Change			
	25th Percentile	Median	75th Percentile	Increase	Decrease	Same	Net Change
Total Current Year Revenue	**$40,000,000**	**$280,000,000**	**$1,500,000,000**				
Operating Expenses	17%	48%	80%	76%	10%	13%	+66
Cost of Sales	10%	25%	65%	70%	11%	18%	+59
Cost of Goods Sold	20%	45%	65%	67%	12%	21%	+55
Business Travel Expenses (T&E)	1%	1%	5%	68%	13%	20%	+55
Corporate Events Expenses	0%	1%	1%	58%	4%	38%	+54
IT Expenses	1%	2%	5%	66%	8%	25%	+58
Cyber Security Expenses	0%	1%	1%	56%	4%	40%	+52
SaaS Expenses	0%	1%	2%	48%	10%	43%	+38
ESG-identifiable Spending	0%	1%	1%	39%	3%	58%	+36
Expected Change in Price Charged to Customers	-	-	-	55%	11%	35%	+44
Expected Change in Net Margin	-	-	-	51%	23%	26%	+28

PLANNING PROCESS

Budget Description	Percentage Distribution of Organizations
Iron-Clad	6%
Tight	54%
Loose	33%
Non-Binding	7%

Number of Weeks Required for Budget Development	Percentage Distribution of Organizations
Less than 4 weeks	8%
4 to 8 weeks	39%
9 to 12 weeks	36%
Greater than 12 weeks	15%
We do not have an annual budgeting process	1%
How Do You Gather Inputs for the Planning Models?	
Operating units create/manage their own models, then export/link to corporate planning model	8%
Operating unit managers enter data into template or corporate planning model	35%
Finance creates/manages planning model with input from the operating unit	52%
Finance creates operating unit forecast with minimal input from the operating unit	5%

PLANNING PROCESS

The Budget Adds Little Value	Percentage Distribution of Respondents
Strongly agree	4%
Agree	14%
Neutral	14%
Disagree	49%
Strongly disagree	19%

The Budget is Useful, but Could be Streamlined	Percentage Distribution of Respondents
Strongly agree	29%
Agree	58%
Neutral	7%
Disagree	5%
Strongly disagree	1%

The Budget is a Valuable Tool	Percentage Distribution of Respondents
Strongly agree	36%
Agree	49%
Neutral	8%
Disagree	5%
Strongly disagree	2%

Impact on Investment and Spending Decisions in the Past 2 Years	Percentage Distribution of Respondents
We have made no changes	34%
We have made minor changes	31%
We have made impactful changes	35%

In 2019, the Business Roundtable (BRT) announced a "move away from shareholder primacy to include commitment to all stakeholders." **Impact on Expected Investment and Spending Decisions Going Forward**	Percentage Distribution of Respondents
Minor changes in the next year (criteria changes but minimal change to outcome)	10%
Minor changes in 1 to 3 years	36%
Major changes in the next year (would produce different decisions)	11%
Major changes in 1 to 3 years	16%
No changes	27%

PRACTITIONER BENCHMARKS CONTINUED

BALANCE SHEET

Balance Sheet Measures	25th Percentile	Median	75th Percentile
Average Inventory	$35	$3,000,000	$45,873,500
Cost of Goods Sold	$0	$1,350,000	$42,000,000
Average Accounts Payable	$200,000	$7,000,000	$63,418,000
Average Accounts Receivable	$939,000	$13,750,000	$55,000,000
Percentage of Assets Allocated to Capital Expenditures	3%	5%	18%
Percentage of Assets Allocated to Research & Development	0%	2%	5%

KPIs	2021 Current Year			2022 Expected Change			
	25th Percentile	Median	75th Percentile	Increase	Decrease	Same	Net Change
Days Inventory Outstanding (DIO)	61.14	107.76	273.75	20%	41%	39%	(21)
Days Payable Outstanding (DPO)	41.15	101.39	237.93	27%	20%	53%	+7
Days Receivable Outstanding (DRO)	21.86	47.70	73.00	29%	31%	39%	(2)
Cash Conversion Cycle (CCC)	12.74	66.52	155.73				
Inventory Turnover Ratio	0.4	2.0	4.8				

Expected Change in Various Balance Sheet Items	2022 Expected Change			
	Increase	Decrease	Same	Net Change
Capital Expenditures	44%	13%	42%	+31
Research & Development Expenditures	35%	6%	59%	+29

PANDEMIC IMPACT

Current Year: Expected Days per Week in Office for All Employees	Percentage Distribution of Organizations
0	26%
1	6%
2	12%
3	18%
4	7%
5	31%

Current Year: Expected Days per Week in Office for Back-office Staff	Percentage Distribution of Organizations
0	28%
1	9%
2	17%
3	15%
4	4%
5	27%

Pandemic Measures	25th Percentile	Median	75th Percentile
2022 Plan Year: Expected Days per Week in Office for All Employees	3	4	5
2022 Plan Year: Expected Days per Week in Office for Back-office Staff	2	3	5
Current Year: Work-at-Home Allowance/Spend per Employee	$0	$0	$300
2022 Plan Year Expectation: Work-at-Home Allowance/Expense per Employee	$0	$0	$100
Current Year: Percentage of Revenue for Facility Lease/Mortgage Payments	1%	2%	5%
Percentage of Assets Allocated to Research & Development	0%	2%	5%

2022 Plan Year: Expected Change in Square Footage of Office/Workspace?	Percentage Distribution of Organizations
Increase	15%
Decrease	21%
No change	64%

PRACTITIONER BENCHMARKS CONTINUED

PERSONNEL

	2021 Current Year		
	25th Percentile	Median	75th Percentile
Number of Full-Time Equivalent (FTE) Employees	139	530	1,875
Contract Staff FTEs	6	33	184
Total FTE Employees and Contract Staff	186	610	1,937
Number of Positions Open	10	38	109
Number of Terminated Employees	15	35	132
Employee Turnover Rate	3%	8%	13%
Percentage of Total Revenue Allocated for Employee Compensation	14%	29%	55%

KPIs	25th Percentile	Median	75th Percentile
Revenue per FTE (Employee Productivity Rate)	$97,126	$327,273	$724,427
Total Expenses per FTE	$19,355	$122,123	$347,909
Percentage of Open Positions	3%	6%	16%
Percentage of Contingent Workforce	2%	6%	20%

Expected Change in Percentage of Total Revenue to Various Personnel Lines	2022 Expected Change			
	Increase	Decrease	Same	Net Change
Employee Compensation	42%	12%	45%	30%
Contract Staffing	24%	18%	59%	6%
Education and Training	32%	-	68%	32%
Diversity, Equity and Inclusion Efforts (DE&I)	45%	-	55%	45%

PERSONNEL

	25th Percentile	Median	75th Percentile
2021 Current Year: Percentage of Total Budgeted Expenses Allocated for Contract Staffing	1.0%	2.0%	5.0%
2021 Current Year: Percentage of Total Revenue Allocated for Education and Training	0.5%	1.0%	2.0%
2022 Plan Year Expectation: Expense for Education and Training per Employee	$500	$1,250	$17,750
2021 Current Year: Percentage of Total Revenue Allocated for DE&I	-	0.1%	1.0%
2022 Plan Year Expectation: Expense for DE&I	$3,250	$50,000	$275,000

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