



STEVENS GOULD PINCUS

Merger & Management Consultants to the Communications Industry

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SGP AGENCY BILLING AND UTILIZATION REPORT

PR AGENCIES HOURLY RATES STABLE BUT PRODUCTIVITY STILL SHORT OF THE GOAL

NEW YORK, June 22, 2010 -- The nation's PR agency field is barely holding the line with its hourly rates. Rates for 2009 were consistent with 2008 & 2007. Substandard productivity in smaller firms plus client budget cuts severely depressed profitability this year, according to a survey released today by Stevens Gould Pincus, the merger and management consulting firm specializing in the PR field.

Average Rates & Utilization- 2009 vs. 2008 vs. 2007

Average hourly rates for just about every staff level were within a few dollars of a year ago. Average utilization was slightly up for account staff.

	Average Billing Rates 2009	Average Billing Rates 2008	Average Billing Rates 2007	Average Utilization 2009	Average Utilization 2008	Firms in Excess \$25 Million 2009	Firms in Excess \$25 Million 2008
President/CEO	\$ 338	\$ 343	\$ 342	43%	43%	37%	43%
EVP/SVP	\$ 283	\$ 287	\$ 289	64%	66%	61%	64%
VP	\$ 241	\$ 245	\$ 245	73%	74%	81%	84%
Account Manager	\$ 199	\$ 198	\$ 198	85%	84%	91%	94% *
Senior Account Executives	\$ 168	\$ 170	\$ 171	88%	88%	96%	99% *
Account Executives	\$ 142	\$ 139	\$ 139	92%	88%	93%	98% *
Account Coordinators	\$ 110	\$ 102	\$ 101	88%	85%	97%	98% *
Blended Rate	\$ 171	\$ 174	\$ 176	---	---	---	---

*For 2007 Utilization Average in excess of 90%.

Based on responses from 111 PR agencies coast to coast, billing rates are now averaging \$509 per hour for CEO’s of agencies with \$25 million or more in revenues, and \$286 among smaller agencies, said Rick Gould, a managing partner and director of the survey. Agency VP’s average \$241, with the highest among Washington DC agencies averaging \$275. Rates appear to be highest among agencies specializing in sports/entertainment, travel, public affairs and real estate –among the 13 categories identified, he said.

“Efficiency is another story,” Gould emphasized. Productivity –measured by billable time utilization—has been far below optimal levels, he said. Senior VP’s are billing out only 64% of their theoretical yearly capacity of 1700 hours, respondents are reporting, he said. And while some rank and file account managers are averaging as high as 99%, some are averaging as low as 75%. “The goal for account executives should be at least 92%, a goal reached by almost all firms achieving 20% profitability.”

Productivity has been generally highest among agencies specializing in sports & entertainment, economic development, financial and investor relations and crisis management, according to the report.

<u>Billing Rates</u>					
<u>TOPS In Each Category</u>					
<u>2009 Year-End Billing Rates</u>					
	<u>Two Top Regions</u>			<u>Two Top Specialties</u>	
	Top Size > \$25 Mill	Southern Calif.	NY/NJ	Public Affairs	Sports/ Entertainment
President/CEO	\$ 509	\$ 381	\$ 305	\$ 379	\$ 410
EVP/SVP	\$ 379	\$ 340	\$ 328	\$ 311	\$ 322
VP	\$ 300	\$ 273	\$ 263	\$ 255	\$ 269
Account Manager	\$ 250	\$ 235	\$ 218	\$ 216	\$ 216
Senior Account Executives	\$ 192	\$ 196	\$ 175	\$ 181	\$ 172
Account Executives	\$ 169	\$ 151	\$ 144	\$ 155	\$ 148
Account Coordinator	\$ 133	\$ 109	\$ 110	\$ 114	\$ 116
Blended Rate	\$ 180	N/A	\$ 183	\$ 169	\$ 188

Gould and his partners Art Stevens, Ted Pincus and Mike Muraszko previously reported the agency profitability slide to 13.5% (From 15.6%) exacerbated by the economic slowdown, client budget attrition, and weak productivity rates like these latest figures –resulting in sharply lower average agency profitability for 2009.

The survey is the second annual poll focused on billing rates and agency staff utilization by StevensGouldPincus, which has been conducting other industry wide surveys for 22 years. These have included agency performance benchmarks such as revenue growth, expense controls, profitability and best practices. The firm is based in New York.

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