



HARRINGTON GROUP INC

All Hands Meeting

February 29, 2024



HGI Financial Results

JANUARY 2024 - YTD

January Results Summary

	<u>2024 Actual</u>	<u>Budget</u>	<u>2023 Actual</u>	<u>Over/(Under) Budget</u>		<u>Over/(Under) Prior Year</u>	
January Revenue:	\$ 2,222,631	\$ 1,634,385	\$ 1,503,840	\$ 588,245	36.0%	\$ 718,791	47.8%
<i>(Net of ICC)</i>	\$ 1,121,231	\$ 1,287,899	\$ 1,065,540	\$ (166,669)	-12.9%	\$ 55,691	5.2%
January Gross Profit:	\$ 808,297	\$ 923,411	\$ 727,236	\$ (115,113)	-12.5%	\$ 81,062	11.1%
Gross Margin %	36%	56%	48%				
<i>(Net of ICC)</i>	\$ 756,287	\$ 891,912	\$ 685,936	\$ (135,624)	-15.2%	\$ 70,352	10.3%
Gross Margin %	67%	69%	64%				
January Net Income:	\$ 322,555	\$ 257,823	\$ 189,954	\$ 64,732	25.1%	\$ 132,601	69.8%
Net Margin %	15%	16%	13%				
<i>(Net of ICC)</i>	\$ 270,545	\$ 226,325	\$ 148,654	\$ 44,220	19.5%	\$ 121,891	82.0%
Net Margin %	24%	18%	14%				

Critical Numbers Summary

	Jan-24	Goal Range	Jan-24	23-Jan	Variance Prior Yr	Jan 2024 Budget	YTD Variance Budget	12-mo Rolling Average	2024 Budget
GROSS PROFIT \$	Revenue \$ - Total Direct Expenses \$		\$808,297	\$727,236	\$81,062	\$923,411	(\$115,113)	\$1,135,853	\$11,080,926
GROSS MARGIN %	Gross Margin \$	With ICC	36.37%	48.36%	-11.99%	56.50%	-20.13%	54.46%	56.50%
	Revenue								
GROSS MARGIN %	Gross Margin \$	w/o ICC	67.45%	64.37%	3.08%	69.25%	-1.80%	67.8%	69.25%
	Revenue								
OVERHEAD RATE*	Indirect Expenses Direct Labor	1.60 to 1.80	1.55	1.58	-0.03	2.03	-0.48	2.08	2.03
CHARGEABLE RATIO	Direct Labor	60% to 65%	58.29%	58.14%	0.16%	55.85%	0.024	54.61%	55.85%
	Total Labor								
MULTIPLIER	Fees From Labor-Non Reimb Subconsultants Exp	3.0 to 3.5	4.00	3.02	0.98	3.57	0.43	3.46	3.57
	Direct Labor								
INDIRECT LABOR AS % OF REVENUE **	Indirect Labor	18% to 22%	12.6%	19.84%	-7.20%	19%	-5.95%	19.71%	18.59%
	Total Revenue								
CURRENT RATIO	Current Assets	>2	3.02	7.34	-4.31	> 2	1.02	n/a	> 2
	Current Liabilities								
AGED ACCOUNTS RECEIVABLES	% OVER 90-DAYS	60 days	10.90%	20.53%	-9.63%	15.00%	-4.1%	n/a	15.00%

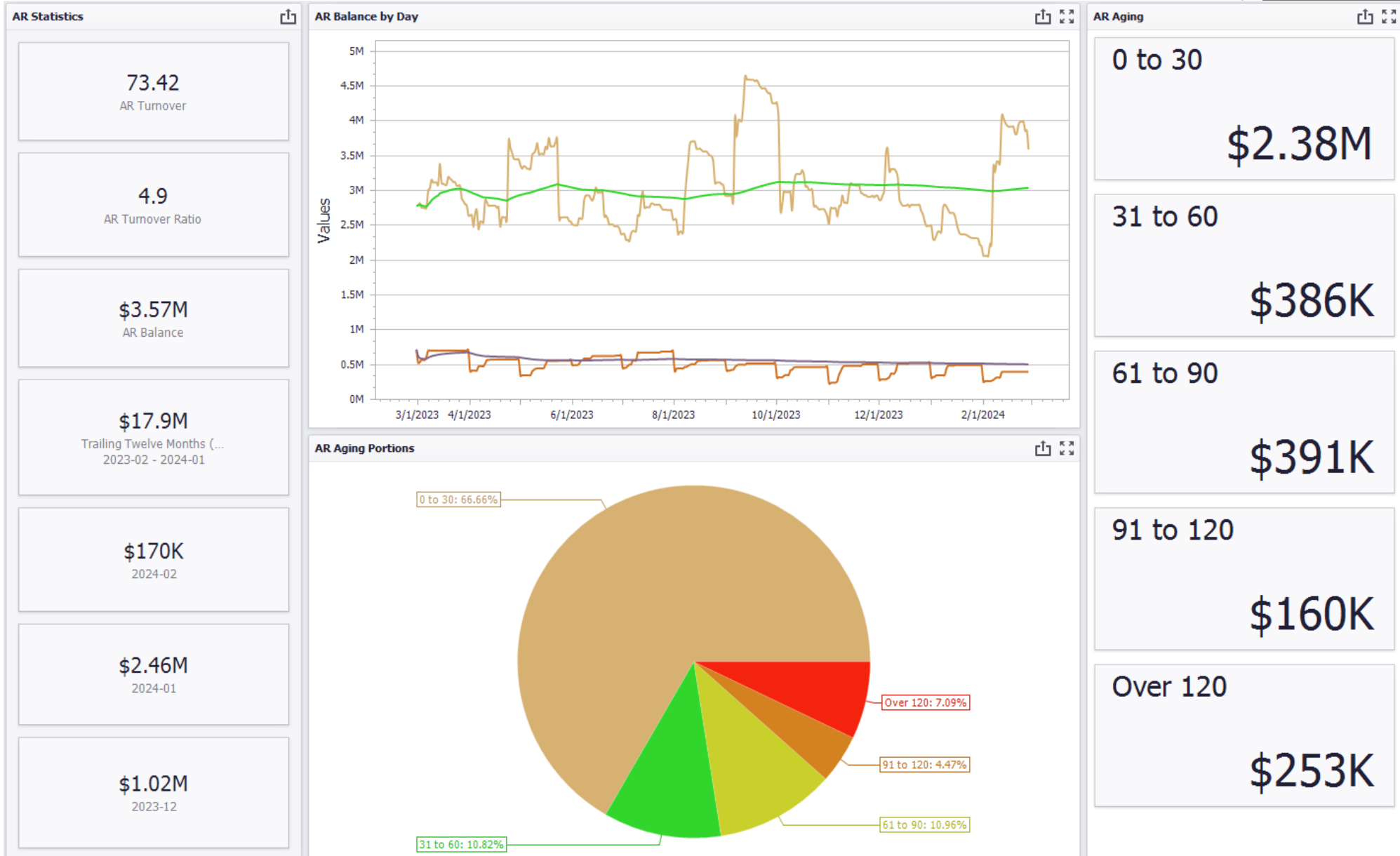
Aged Accounts Receivable:

- ▶ All uncollected receivables over 90 days past the invoice date.

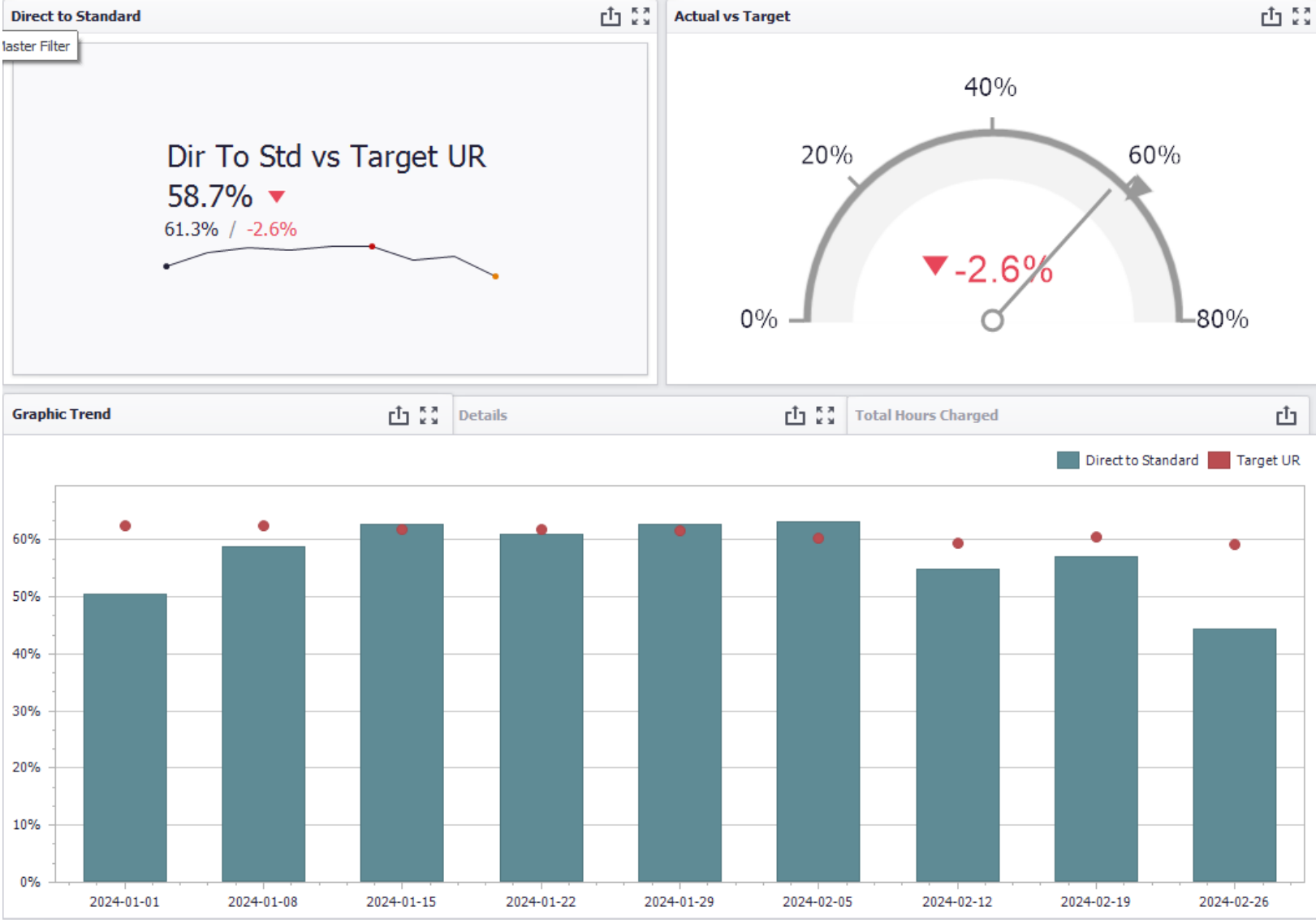
	2024	Budget	Variance	
	10.9%	15.00%	4.1%	

- ▶ 82% of total receivables is current within 60 days.
- ▶ Continued effort must be maintained to collect past due Accounts Receivable. Over 90days = \$493k, 11% of total AR.
- ▶ Statements are being sent monthly to help with collections along with cleaning up client AR accounts.

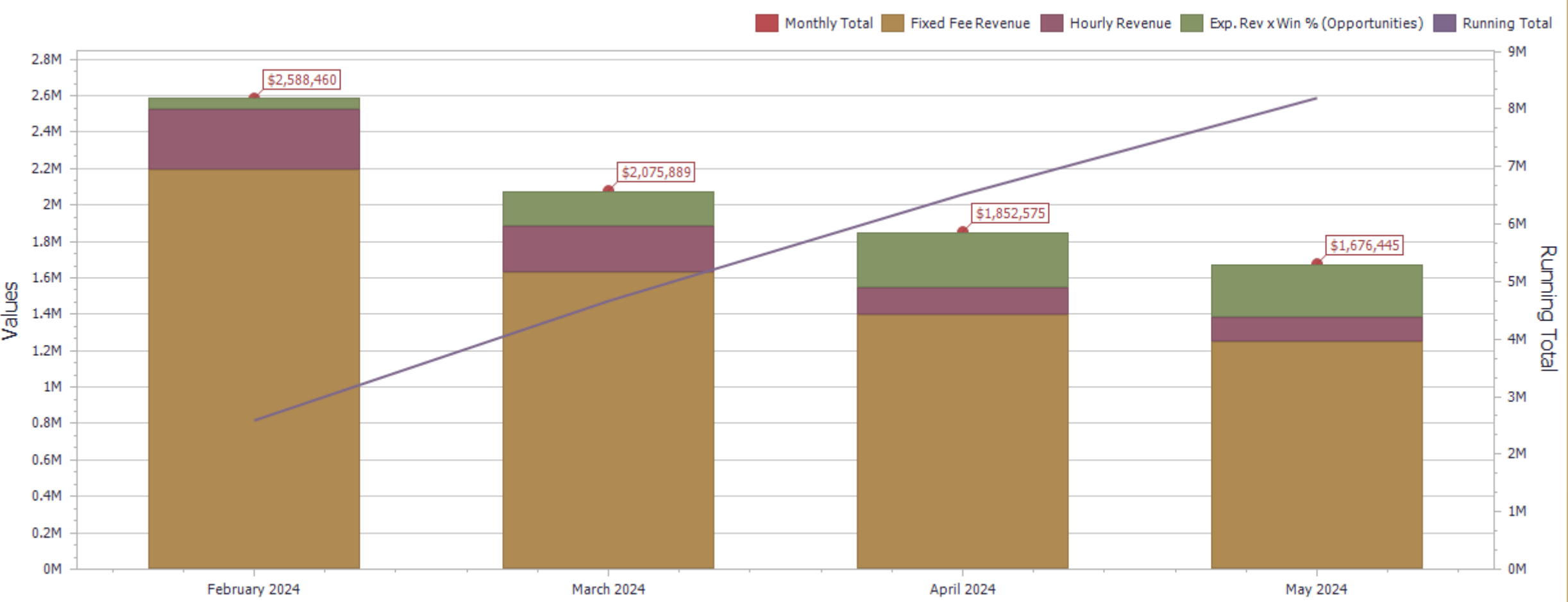
Accounts Receivable



Utilization Rate



4 Month Projections



The background features a collage of US dollar bills, including \$100 and \$50 bills, arranged in a pattern. Overlaid on this are several geometric shapes: a large white triangle pointing right, a grey triangle pointing left, and a dark grey triangle pointing down. The text 'BUSINESS UPDATE' is centered in a gold, sans-serif font.

BUSINESS UPDATE

Organizational Structure Adjustments

▶ Purposes

1. Improve efficiency
2. Provide career growth opportunities
3. Scalable to support HGI's growth goals

▶ Draw Team Adjustments

- ▶ Will achieve purposes 1 and 2 above

In-Progress

- ▶ Business analysis tools
 - ▶ Labor burden, break-even analysis, cash management, business measurement, budgeting, etc.
 - ▶ Will allow “profit engineering”
- ▶ Job costing tables in UAE (so PMs will *finally* have full access to the costs and profitability of their projects!)
- ▶ Performance-driven position descriptions defining the purpose, objectives, and characteristics for each position

Training Update

Skills Matrix - HazMat/ IPS/ PLC/ PBDA

b. Dry	4	4	4	3	1	4	2	2	2	2	4	4	3	4	3	4	3	3	1	0	2	2	2	3	2	0	3	3	1	2	1	2	3	1	0	0	0	0	0	0	1
c. Preaction	4	4	4	3	1	4	3	3	3	1	4	4	3	4	3	4	3	2	0	0	2	2	2	3	3	0	3	3	2	3	2	2	3	1	0	0	0	0	0	0	
4. Fire pump	3	4	4	3	1	4	2	3	3	0	3	4	3	4	3	3	3	1	1	1	0	2	2	3	3	1	3	3	2	3	2	2	2	0	0	0	0	0	0		
a. Electric	3	3	4	3	1	4	3	3	4	0	4	4	3	4	3	3	3	1	1	1	3	3	1	3	2	1	3	3	2	2	0	2	2	0	0	0	0	0	0		
b. Diesel	3	3	4	3	1	4	3	4	4	0	4	4	3	4	3	3	3	2	1	1	2	3	3	3	3	1	3	3	3	3	3	3	2	0	0	0	0	0	0		
c. Pressure-limiting drives	3	2	3	3	1	4	3	3	4	0	4	4	3	4	3	3	3	1	1	0	1	2	2	3	2	3	1	2	3	3	3	3	2	0	0	0	0	0	0		
5. Fire Alarm	3	4	4	3	1	4	3	3	3	2	3	4	4	4	4	4	3	3	1	1	0	2	2	3	3	0	3	3	4	3	3	3	1	0	0	0	0	0	0		
a. Water flow/ramper switches	3	4	4	3	1	4	3	3	4	2	4	4	4	4	4	4	3	3	2	0	3	4	3	3	3	0	3	3	4	3	3	3	1	0	0	0	0	0	0		
b. RTU duct detectors	3	4	4	3	1	4	3	3	4	2	4	4	4	4	4	4	3	3	2	0	3	4	3	3	3	0	3	3	4	3	3	3	1	0	0	0	0	0	0		
c. Area/spot smoke detection	3	4	4	3	1	4	3	3	4	2	4	4	4	4	4	4	3	3	3	2	0	3	4	3	3	3	0	3	3	4	3	3	3	1	0	0	0	0	0		
d. Panel integrity testing	3	4	4	3	1	4	3	3	4	1	4	4	4	4	4	3	3	3	1	0	2	4	2	3	3	0	3	3	4	3	3	3	0	0	0	0	0	0	0		
6. ERCS	1	1	1	1	1	2	1	0	0	0	2	1	4	2	1	1	0	0	0	0	0	0	0	1	3	0	0	1	3	0	2	2	0	0	0	0	0	0	0		
a. Monitoring	0	1	1	2	1	3	2	1	4	0	0	1	3	1	4	2	2	3	0	0	0	0	0	4	1	3	0	2	1	1	3	0	2	2	0	0	0	0	0		
7. Special hazards	4	4	3	4	2	2	2	1	2	0	0	2	1	2	2	2	1	2	0	0	0	0	0	0	1	2	0	1	1	3	0	2	1	0	0	0	0	0	0		
a. Foam water systems	3	4	3	2	4	3	2	3	0	0	0	1	2	1	2	3	1	0	0	0	0	0	0	1	2	0	1	1	1	1	0	1	0	0	0	0	0	0	0		
b. Gaseous	3	4	3	2	4	2	2	1	2	0	0	2	2	0	2	2	1	0	0	0	0	0	0	1	2	0	1	1	0	0	0	2	1	0	0	0	0	0	0		
c. Water mist	3	2	3	2	1	1	2	1	0	0	0	1	0	0	2	2	1	1	0	0	1	0	0	1	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0		
H. Hazardous Materials																																									
1. Existing hazardous materials occupancy site survey	4	3	3	3	4	2	2	3	4	1	1	3	2	1	3	3	2	2	1	0	2	0	2	2	1	0	1	1	1	3	1	0	1	1	0	1	3	0	0		
2. Hazardous materials classification	4	3	4	3	4	2	3	3	4	3	2	4	2	2	4	3	2	3	3	1	3	0	2	0	2	0	2	0	2	2	1	2	0	1	2	3	2	1	4	2	0
3. Hazardous materials inventory analysis	4	3	4	3	4	2	3	3	4	2	2	4	2	2	4	3	2	3	3	0	3	0	2	0	2	0	2	1	2	3	1	0	2	3	2	1	3	2	0		
4. Code analysis	4	3	4	3	4	2	4	3	4	2	3	2	3	2	4	3	2	3	3	0	2	0	2	0	2	0	2	0	2	2	2	2	0	1	2	3	1	0	3	0	
5. Solution development	4	3	3	3	4	2	4	3	4	3	2	3	4	3	2	3	3	0	2	0	2	0	2	0	2	0	2	0	2	2	2	0	1	2	2	3	1	0	2	2	
a. Prescriptive requirements/ options	4	3	3	3	4	2	4	4	4	3	2	4	2	3	4	3	3	3	0	2	0	3	0	2	0	3	0	2	2	2	0	1	2	2	3	1	0	2	2		
b. Alternative (PBD) options	4	1	3	3	4	0	4	4	4	0	2	2	3	2	2	4	2	1	3	1	0	2	0	2	0	1	1	1	1	3	0	0	0	0	0	2	2	1	2		
6. AHJ discussions/ negotiation	4	3	4	3	4	1	4	3	1	1	2	4	2	2	3	2	2	3	0	0	0	2	0	2	0	2	0	2	1	2	0	1	1	0	2	2	1	1	0		
I. Industrial Process Safety																																									
1. Existing conditions site survey	4	1	1	3	4	0	1	2	0	0	0	1	1	1	1	1	1	0	3	0	0	1	1	0	0	1	0	1	0	0	0	1	3	0	0	0	1	4	3		
2. Hazard classification	4	1	1	3	4	0	1	2	0	1	0	1	1	1	1	1	2	0	3	0	0	2	1	0	0	1	1	1	0	0	0	1	3	0	0	0	1	4	3		
3. Hazard analysis	4	1	1	3	4	0	1	2	0	1	0	1	1	1	1	2	0	3	0	0	2	1	0	0	0	1	1	1	0	0	0	1	3	0	0	0	2	3	3		
4. Code analysis	4	1	1	3	4	0	1	2	0	1	0	1	2	1	1	1	0	3	0	0	2	1	0	0	0	1	1	1	0	0	0	1	3	0	0	0	3	3	0		
5. Solution development	4	1	1	3	4	0	1	2	0	1	0	1	1	1	1	1	2	0	3	0	0	2	0	0	0	1	1	0	0	0	1	3	0	0	0	2	3	3			
a. Prescriptive requirements/ options	4	1	1	3	4	0	1	2	0	1	0	1	1	1	1	1	3	0	0	2	0	0	0	0	1	1	0	0	0	0	1	3	0	0	0	2	3	3			
b. Alternative (PBD) options	4	1	1	3	4	0	1	2	0	1	0	1	1	1	1	1	3	0	0	2	0	0	0	0	1	1	0	0	0	0	1	3	0	0	0	2	3	3			
6. AHJ discussions/ negotiation	4	1	2	3	4	0	1	2	0	0	0	1	1	1	1	2	0	3	0	0	2	0	0	0	1	0	0	0	0	0	0	2	3	3	1	0	0	0			
J. Combustible Dust																																									
1. Existing conditions site survey	4	1	0	2	4	0	0	0	0	0	0	0	0	1	1	0	0	2	0	0	2	1	1	0	0	1	0	0	0	0	0	0	0	0	0	1	4	3			
2. Hazardous atmosphere classification	4	1	0	2	4	0	0	0	0	0	0	0	0	1	1	0	0	2	0	0	1	1	0	0	0	1	0	0	0	0	0	0	0	0	0	1	4	3			
3. Ignition probability	4	1	0	1	4	0	0	0	0	0	0	0	0	1	1	0	0	2	0	0	1	1	1	0	0	1	0	0	0	0	0	0	0	0	0	0	3	3			
4. Risk assessment	4	1	0	2	4	0	0	0	0	0	0	0	0	1	1	0	0	2	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	4	3	2				
5. Code analysis	4	1	0	2	4	0	0	1	0	1	0	0	0	1	1	0	0	2	0	0	2	1	1	0	0	1	0	0	0	0	0	0	0	0	2	4	3				
6. Basis of Safety/ Key Control Measures	4	1	0	1	4	0	0	0	1	0	0	0	0	1	1	0	0	2	0	0	1	1	0	0	0	1	0	0	0	0	0	0	0	0	1	4	3				
a. Prescriptive requirements/ options	4	1	0	1	4	0	0	1	0	1	0	0	0	1	1	0	0	2	0	0	1	1	0	0	0	1	0	0	0	0	0	0	0	1	4	3					
b. Alternative (PBD) options	4	1	0	1	4	0	0	1	0	0	0	0	0	1	1	0	0	2	0	0	1	1	0	0	0	1	0	0	0	0	0	0	0	1	4	3					
7. AHJ discussions/ negotiation	4	1	2	2	4	0	0	0	0	0	0	0	0	1	1	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	3	1	0	0			
K. Property Loss Control																																									
1. Code assessment	0	3	1	2	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
2. Natural hazards assessment	0	3	1	2	0	0	0	1	2	0	0	2	0	0	1	0	0	1	0	0	1	0	0	2	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
a. Wind	0	3	0	2	2	0	0	1	2	0	0	3	0	0	1	0	0	1	0	0	1	0	0	2	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
b. Flood	0	3	0	2	2	0	0	1	2	0	0	3	0	0	1	0	0	1	0	0	1	0	0	2	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
c. Earthquake	0	3	0	2																																					

**BUSINESS
DEVELOPMENT
UPDATE**



A rowing team of five people is silhouetted against a bright sunset sky over a body of water. The sun is low on the horizon, creating a warm orange and yellow glow. The water reflects the light, and the rowers are in a long, narrow boat, moving across the lake. In the background, there are low mountains or hills under the sky.

Business Development

- BD is part and parcel of everyday work for a consulting engineer.
- We ask that you do the following BD every day:
 - High Quality Engineering Work
 - Live and Breathe the HGI Core Values
 - Exceed Client Expectations
 - Drive/Develop Client intimacy
 - Be a HGI Brand Ambassador

A photograph of a rowing team in a boat on a lake at sunset. The sky is filled with warm, golden light and scattered clouds. The water reflects the light, and the silhouettes of the rowers are visible against the bright background. In the distance, a range of mountains is visible under the sunset sky.

Business Development

Sam Walton said:

There is only one boss: THE CLIENT. And they can fire everyone in the company from the president to the janitor, simply taking their money to spend elsewhere.

A photograph of a rowing team on a lake at sunset. The sky is a mix of orange, yellow, and blue, with some clouds. The water is calm, reflecting the light. In the background, there are mountains. The rowers are silhouetted against the bright sky.

Business Development

- **Recent Wins**

- 5 year, \$49,000,000 IDC for Architecture and Engineering Services with USACE Huntsville Center through RLF
- Big win for PLC/IPS: HGI is a CNA Insurance Preferred Vendor

Business Development

- **Waving the HGI Flag**

- SFPE Atlanta Chapter Fire Safety Conference

- Conference Planning Committee participation
 - Gardner, S. Smith, Guilfoyle
- Presentations:
 - Guilfoyle: Part of a Panel Discussion on PBD
 - Jordan/Gardner: Presentation on FARS

- IME South: McFeaters presentation on Combustible Dust Safety

- ASSP Region II: Fuqua has submitted an abstract



A photograph of a rowing team on a lake at sunset. The sky is a mix of orange, yellow, and blue, with some clouds. The water is calm, reflecting the light. In the background, there are mountains. The rowers are silhouetted against the bright sky.

Business Development

- **Waving the HGI Flag**

- ASSP Region VI: Roth has submitted an abstract
- Plumbing Engineer Magazine & SFPE Fire Protection Engineering Q2: Collins authors an article on Delegated Design
- PBS Texas: McFeaters presentation on Combustible Dust Safety

A photograph of a rowing team on a lake at sunset. The sky is a mix of orange, yellow, and blue, with some clouds. The water is calm, reflecting the light. In the background, there are mountains. The rowers are silhouetted against the bright sky.

Business Development

• Opportunities

- We had a Meet & Greet with Merrick & Company
- Employee-owned engineering, architecture, surveying, and geospatial firm with over 950 employees
- Direct result of our attendance at the Society of American Military Engineers (“SAME”) Small Business Conference (“SBC”)
- They have a small FPE group
- They need Small Business participation in their Federal Government Projects
- Potential for significant penetration into the Federal market.

Business Development

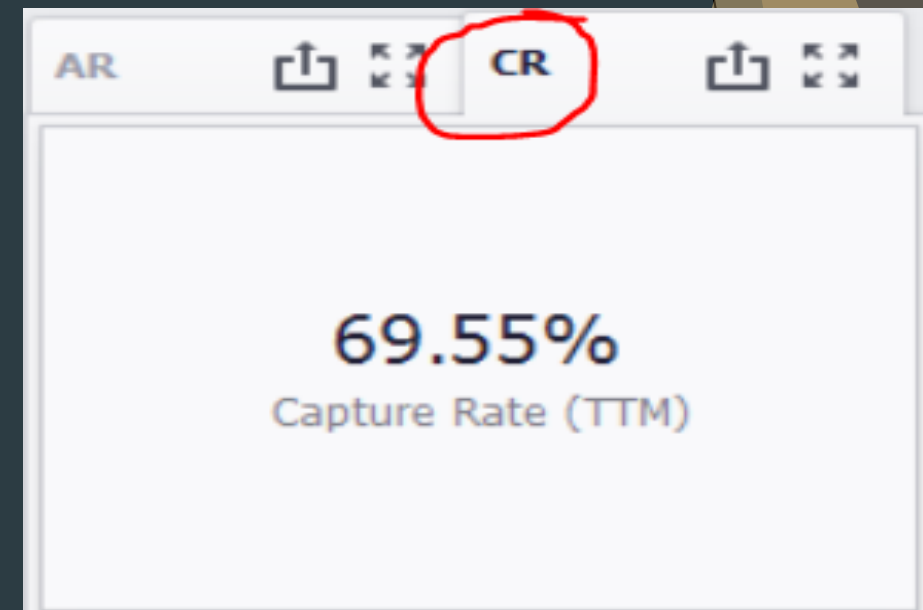
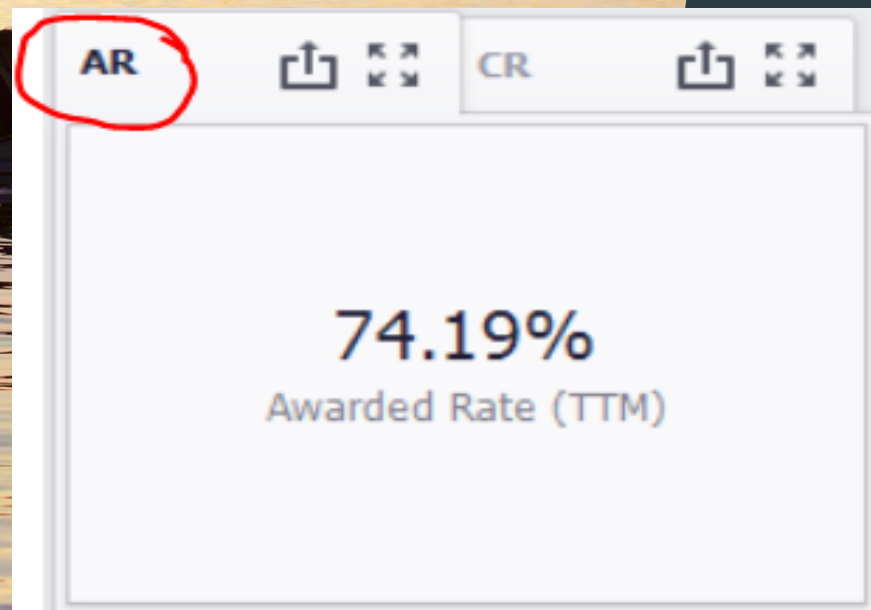
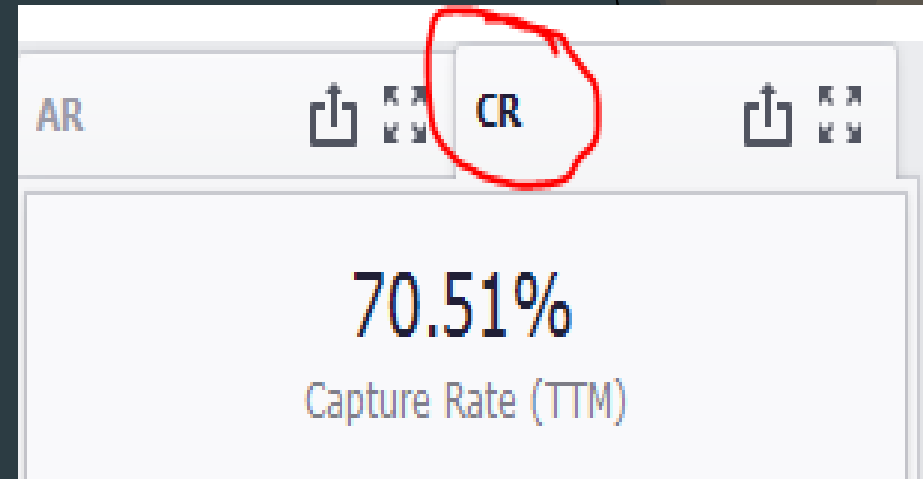
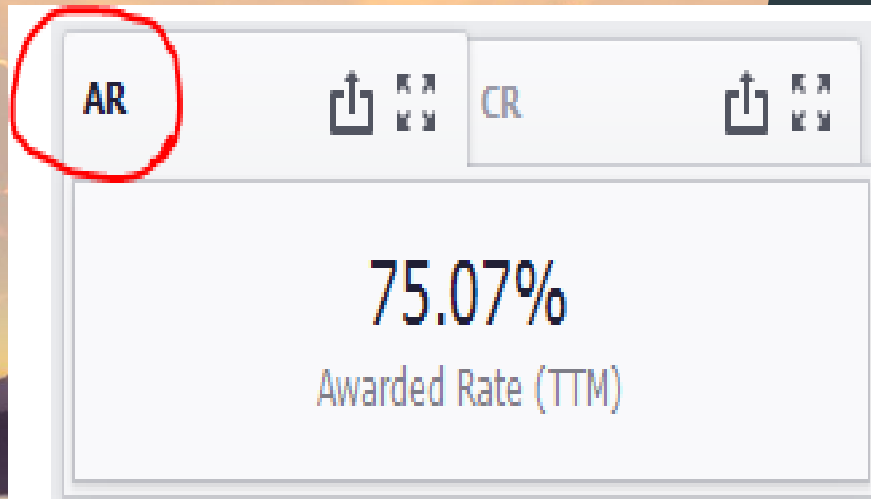
Averages (Weekly)

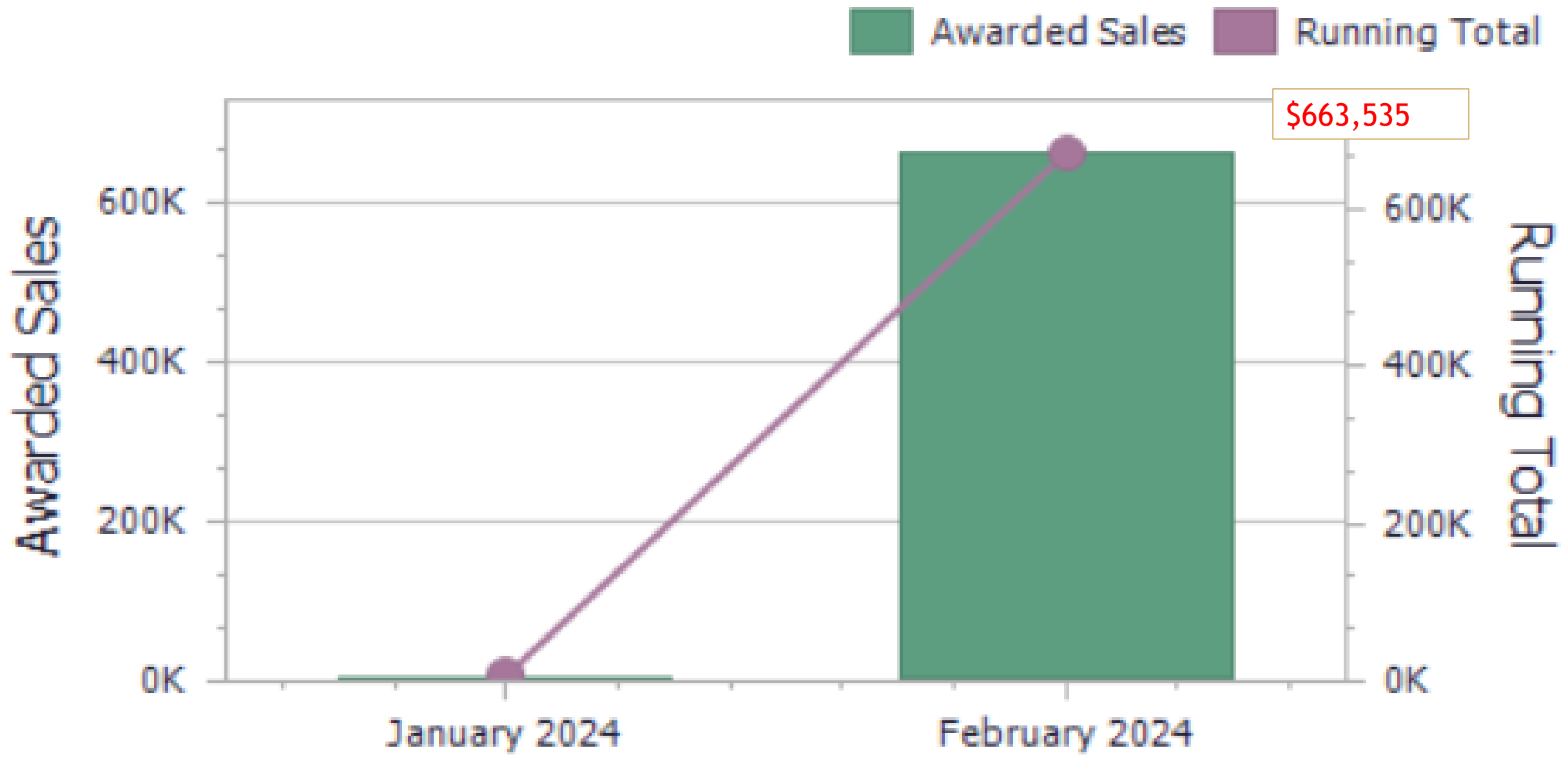
Date Range St...	Date Range E...	Weeks	Proposals Se...	Expected Re...	Weighted ER	Awarded Rate	Capture Rate
1/1/2024	1/28/2024	4	18	\$516.425	\$357.421	92.31%	94.53%

Averages (Weekly)

Date Range Start	Date Range End	Weeks	Proposals Sent	Expected Rev...	Weighted ER	Awarded Rate	Capture Rate
1/29/2024	2/28/2024	4.43	14.9	\$436.067	\$285.954	72.50%	70.06%

Business Development





A photograph of a rowing team on a lake at sunset. The sky is a mix of orange, yellow, and blue, with some clouds. The water is calm, reflecting the light. In the background, there are mountains. The rowers are silhouetted against the bright sky.

Business Development

- Awarded Sales (since last meeting)
 - \$663,535
 - \$374,000 (D&CA)
 - \$120,035 (Gen Eng/Consulting)
 - \$ 8,500 (HazMat)
 - \$ 31,000 (IPS)
 - \$130,000 (PBD)

NETWORKING FOR A/E/C PROFESSIONALS

A Blueprint for Seller-Doers

150+ TIPS TO BECOME A
BETTER NETWORKER!

Scott D. Butcher, FSMPS, CPSM

Business Development

Networking:

Review Chapter 2 – “What Networking Is & Isn’t”

Other News & Updates

Activities

Announcements

VDAs

Anniversaries

Birthdays

Questions

● LIVE



Q1

DAN LAMPKE
JACOB AMMONS

Q2 & Q3

JONATHAN SAMUEL
ERIN LESH

Q4

MICHELLE COMBS
LORI CARELLA



SPRING FITNESS COMPETITION

details coming soon...

BIRTH ANNOUNCEMENT

Jacob Ammons and his wife, Grace, welcomed their daughter, Lily on February 14th. Mom and baby are doing great!



Value Delivered Awards

Jonathan Samuel and Jim Smith nominated by Matt Isaacs. “Jonathan and Jim worked very hard (including night and weekend efforts) to help deliver a 60% design package for a very challenging WalMart Distribution Center Retrofit. This was a complex project which we were brought into much too late, and they have really helped to bring us up to speed with the project team and show the value that HGI can deliver.”

Susan Kneeland nominated by Sherri Smith. “I would like to nominate Susan for all the extra work she puts in to invoicing through the payment management systems that many of our clients require us to use now.”

Anthony Capuano and Gigi Soukaria nominated by Tom Gardner for a value delivered award based on their hard work where they lived the HGI core value of “service.” Specifically, they had a project for Chick-fil-A with a main building, vehicle maintenance building, and a guard house. At the 11th hour the client needed to separate the drawing set into three sets: one for each building. This made the deadline even harder to satisfy. Through grit, determination, and resolve, Anthony and Gigi got it done, made the EOR edits and got the drawings set to the client at about 8:30 PM last Friday night.



HGI MARCH ANNIVERSARIES

March 2 – Fraser Bronston (4 Years)

March 2 – Jacob Ammons (4 Years)

March 3 – Susan Kneeland (16 Years)

March 9 – Jason McDonald (4 Years)

March 15 – Jack Trexler (3 Years)

March 22 – Erik Hahne (3 Years)



A smiling woman with blonde hair is holding a round chocolate cake with pink frosting and lit candles. The background is a soft-focus indoor setting.

MARCH BIRTHDAYS

March 10 – Fraser Bronston

March 13 – Zach Ataiyan

March 18 – Ryan Tracy

March 24 – Sherri Smith

March 25 - Matt Allen

EMPLOYEE QUESTIONS

Why was the PTO policy changed to accrue monthly?

Philanthropy

- ▶ HGI has sponsored the Children's Healthcare of Atlanta Scrubs Party, which benefits CHoA's Medically Complex Care Program
- ▶ Our sponsorship includes 6 tickets for the event
- ▶ If you are interested in attending and representing HGI, please contact Nolan for additional information

