



**HARRINGTON GROUP INC**

# All Hands Meeting

April 29, 2024



# HGI Financial Results

MARCH 2024 - YTD

# Revenue:

- ▶ Includes Fee Revenue and Expense Revenue
- ▶ March 2024-Revenue
  - MTD - \$2.9M (includes ICC \$1.56m)
  - Forecast - \$2.8M (includes ICC \$ 1.56m)
  - PMTD- \$1.1M (no ICC billed)
- ▶ Including ICC, results for March are \$98k positive variance to forecast and \$1.8m positive variance from prior year.

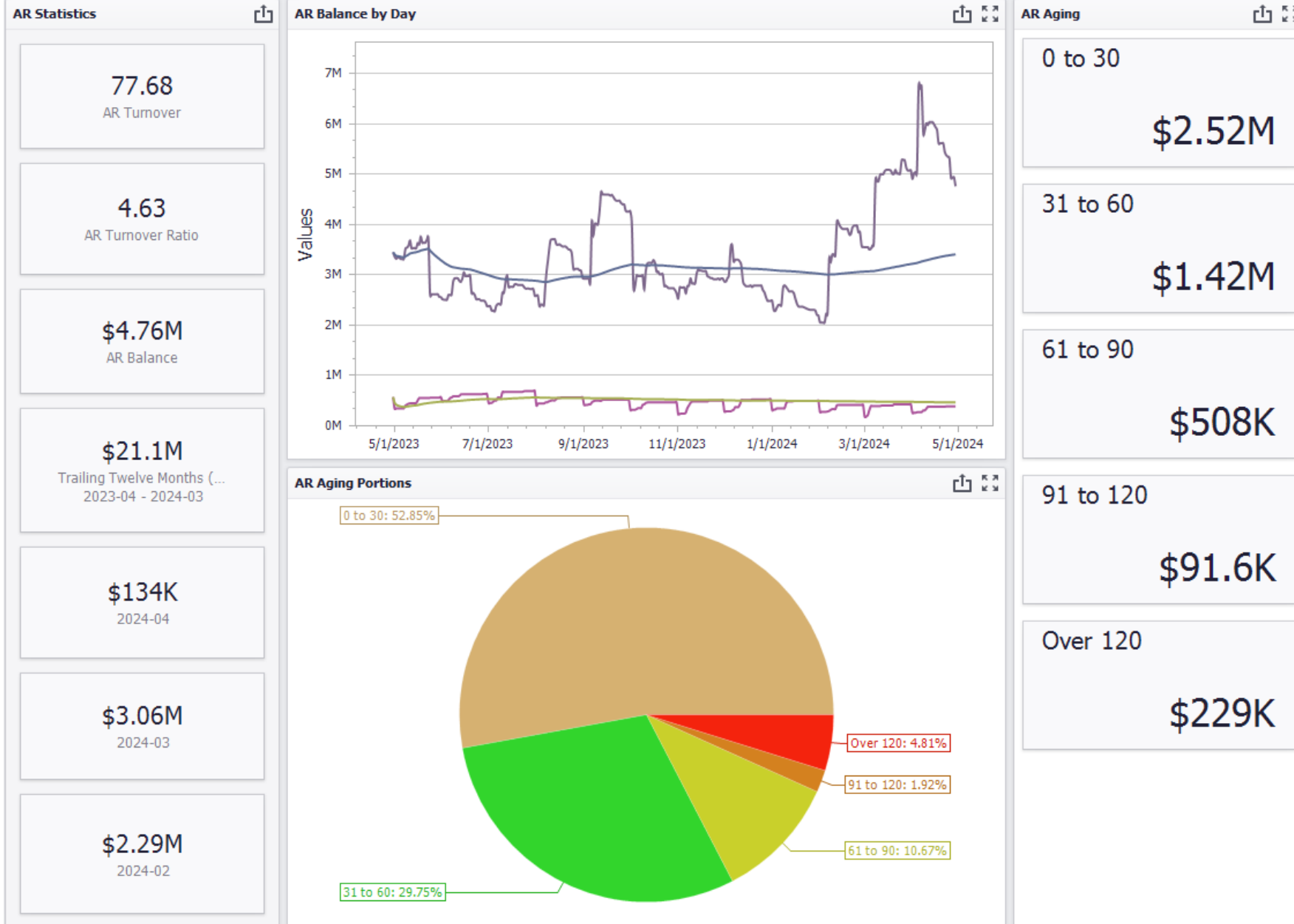
# March Results Summary

	<u>2024 Actual</u>	<u>Forecast</u>	<u>2023 Actual</u>	<u>Over/(Under) Forecast</u>		<u>Over/(Under) Prior Year</u>	
<b>March Revenue:</b>	\$ 2,936,996	\$ 2,838,956	\$ 1,147,244	\$ 98,040	3.5%	\$ 1,789,752	156.0%
(Net of ICC)	\$ 1,373,153	\$ 1,275,112	\$ 1,147,244	\$ 98,040	7.7%	\$ 225,909	19.7%
<b>YTD Revenue:</b>	\$ 7,459,633	\$ 7,459,194	\$ 3,772,893	\$ 439	0.0%	\$ 3,686,740	97.7%
(Net of ICC)	\$ 3,714,989	\$ 3,714,550	\$ 3,334,593	\$ 439	0.0%	\$ 380,396	11.4%
<b>March Gross Profit:</b>	\$ 1,186,327	\$ 1,066,810	\$ 759,313	\$ 119,517	11.2%	\$ 427,014	56.2%
Gross Margin %	40%	38%	66%				
(Net of ICC)	\$ 1,041,097	\$ 924,642	\$ 759,313	\$ 116,454	12.6%	\$ 281,784	37.1%
Gross Margin %	76%	73%	66%				
<b>YTD Gross Profit:</b>	\$ 2,920,545	\$ 3,000,878	\$ 2,199,509	\$ (80,333)	-2.7%	\$ 721,036	32.8%
Gross Margin %	39%	40%	58%				
(Net of ICC)	2,620,632	2,660,456	2,191,459	\$ (39,824)	-1.5%	\$ 429,173	19.6%
Gross Margin %	71%	72%	66%				
<b>March Net Income:</b>	\$ 508,267	\$ 390,954	\$ 220,722	\$ 117,313	30.0%	\$ 287,545	130.3%
Net Margin %	17%	14%	19%				
(Net of ICC)	\$ 363,037	\$ 248,786	\$ 220,722	\$ 114,251	45.9%	\$ 142,315	64.5%
Net Margin %	26%	20%	19%				
<b>YTD Net Income:</b>	\$ 1,176,141	\$ 1,241,806	\$ 558,659	\$ (65,665)	-5.3%	\$ 617,482	110.5%
Net Margin %	16%	17%	15%				
(Net of ICC)	\$ 876,227	\$ 901,383	\$ 550,609	\$ (25,156)	-2.8%	\$ 325,619	59.1%
Net Margin %	24%	24%	17%				

# KEY PERFORMANCE INDICATORS

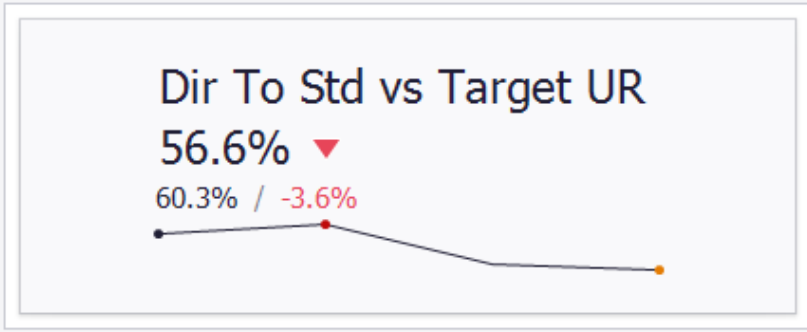
Mar-24		Goal Range	Mar-24	Mar-23	Current Month Variance	Current Year YTD	Prior Year YTD	YTD Variance	Mar 2024 YTD Forecast	YTD Variance Forecast	12-mo Rolling Average	2024 Forecast
<b>GROSS PROFIT \$</b>	Revenue \$ - Total Direct Expenses \$		\$1,186,327	\$759,313	\$427,014	\$2,920,545	\$2,199,509	\$721,036	\$3,000,878	(\$80,333)	\$1,386,026	\$11,492,074
<b>GROSS MARGIN %</b>	Gross Margin \$	With ICC	40.39%	66.19%	-25.79%	39.15%	58.30%	-19.15%	40.23%	-1.08%	49.83%	54.26%
	Revenue											
<b>GROSS MARGIN %</b>	Gross Margin \$	w/o ICC	75.82%	66.19%	9.63%	70.54%	65.72%	4.82%	71.62%	-1.08%	68.8%	70.99%
	Revenue											
<b>OVERHEAD RATE*</b>	Indirect Expenses Direct Labor	1.60 to 1.80	2.46	1.59	0.87	1.93	1.63	0.31	1.95	-0.02	2.17	2.33
<b>CHARGEABLE RATIO</b>	Direct Labor	60% to 65%	55%	58%	-4%	58%	58%	0%	58%	0%	0.55	55%
	Total Labor											
<b>MULTIPLIER</b>	Fees From Labor-Non Reimb Subconsultants Exp	3.0 to 3.5	5.00	2.98	2.02	4.11	2.97	1.14	3.69	0.42	3.67	3.83
	Direct Labor											
<b>INDIRECT LABOR AS % OF REVENUE **</b>	Indirect Labor	18% to 22%	9.1%	29.27%	-20.18%	10.4%	23.32%	-12.92%	11%	-0.19%	16.52%	16.72%
	Total Revenue											
<b>CURRENT RATIO</b>	Current Assets	>2	2.25	14.42	-12.17	2.25	14.42	-12.17	> 2	0.25	n/a	> 2
	Current Liabilities											
<b>AGED ACCOUNTS RECEIVABLES</b>	% OVER 90-DAYS	60 days	5.62%	19.52%	-13.90%	5.62%	19.52%	-13.90%	15.00%	-9.4%	n/a	15.00%

# Accounts Receivable

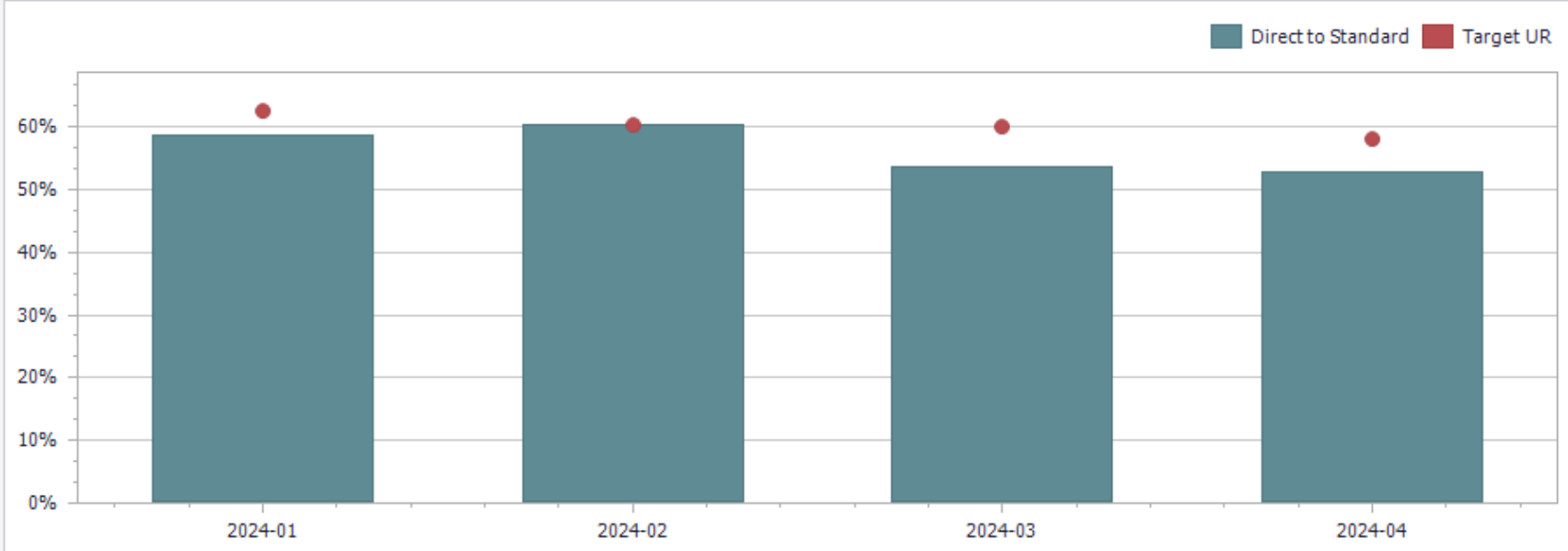
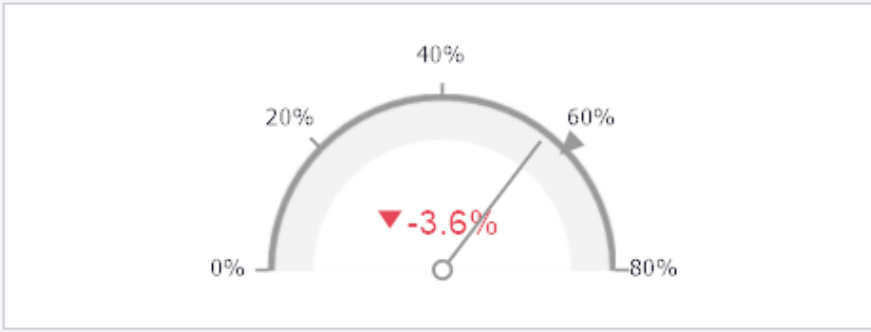


# Utilization Rate

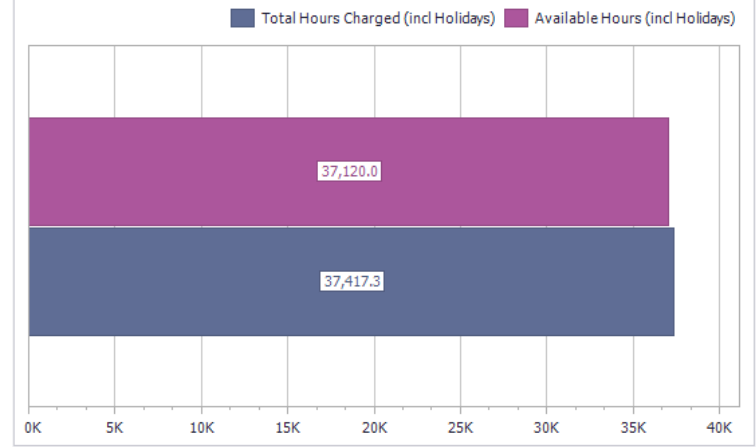
Direct to Standard



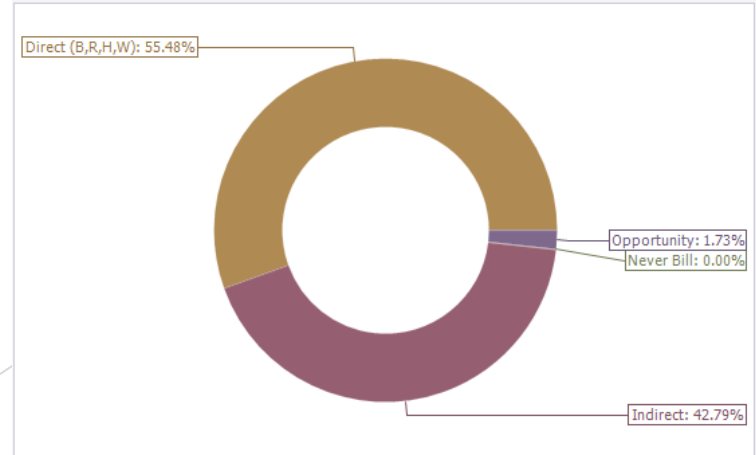
Actual vs Target



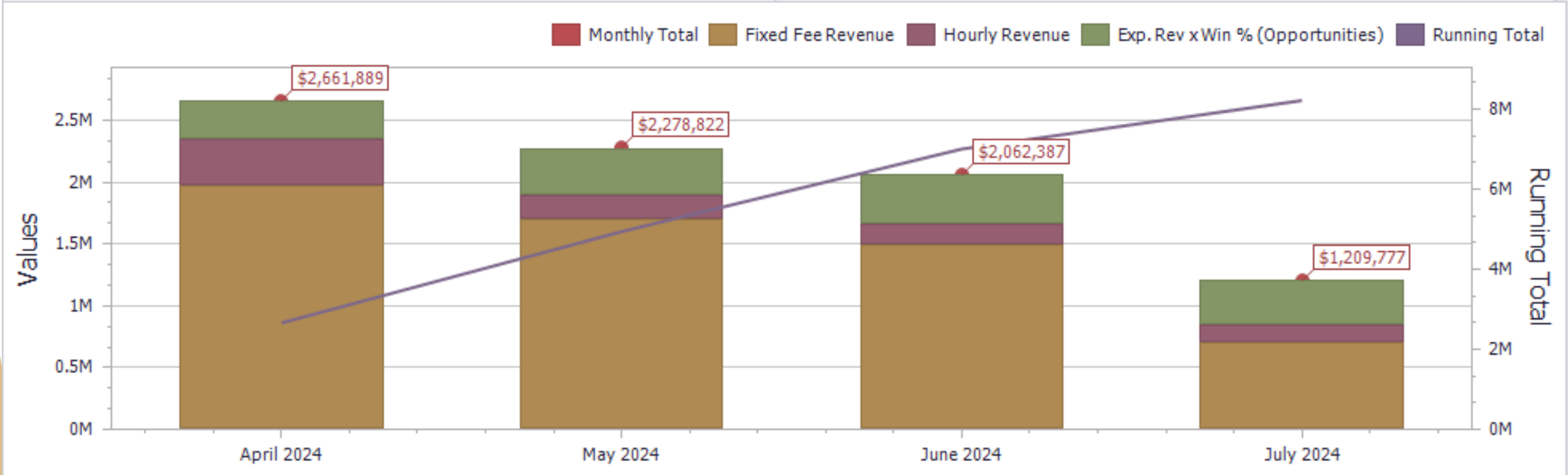
Total Hours vs Standard Hours



Total Hours Charged by Category



# 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 on the left, a grey triangle on the right, and a dark grey triangle at the bottom right. The text 'BUSINESS UPDATE' is centered in a gold, sans-serif font.

# BUSINESS UPDATE

# Implementation of Organizational Changes

- ▶ Received notice of interest from several APM candidates
- ▶ APM promotions will leave gap in LE capacity that must be filled
- ▶ Currently advertising for this capacity
- ▶ Hired new PCs
  - ▶ Lisa Ataiyan for Grant's team - start May 13<sup>th</sup>
  - ▶ Ashley Lionetta for Rob's team - start June 3<sup>rd</sup>
- ▶ Also advertising for Quality Manager position
- ▶ Working on updating our invoicing procedures

*Change is necessary for organizations to stay healthy, but adjusting to change can be stressful*

**BUSINESS  
DEVELOPMENT  
UPDATE**



# Business Development

- **Federal Update**

## Awarded / Inflight Projects

- ▲ 20SSA0002 – OPS Hurlburt Field
- ▲ 20SSA0003 – HPTC Hurlburt Field
- ▲ 22SSA0005 – Yokosuka Inpatient Hospital Renovation
- ▲ 23SSA0003 – Federal States of Micronesia Chuuk State Hospital
- ▲ 24ENV0002 – Chicago, IL Life Safety Design Review



A rowing team of five people is silhouetted against a bright sunset over a large body of water. The sky is filled with soft, golden light and scattered clouds. In the distance, a range of mountains is visible under the twilight sky. The water reflects the warm colors of the sun.

# Business Development

- **Federal Update** *continued*

Awarded IDIQs (Indefinite Delivery, Indefinite Quantity)

- ▲ 21SSA0004 – USACE Fort Worth MATOC AE Services
- ▲ 22SSA0004 - DHS MATOC for Vertical Facilities Program
- ▲ 23SSA0001/24RLF0001 – USACE Huntsville IDC for A-E Services

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 golden glow and long shadows. The water reflects the light from the sky. In the background, there are low mountains or hills under the same sky.

# Business Development

- **Federal Update** *continued*

## Open Opportunities

- ▲ 23SSA0002 – USACE Huntsville VA AE Const. Hospital and Infirmaries
- ▲ 24ENV0001 – Madison, WI VA MEP AE IDIQ – Interview happened on 4/4 waiting to hear about selection.
- ▲ 24ENV0004 - VA VISN 23 AE IDIQ
- ▲ 24ENV0005 - VA VISN 9 AE IDIQ MATOC
- ▲ 24RLF0001 – USACE Huntsville AE Support IDIQ
- ▲ 24RLF0002 – NAVFAC Washington AE IDIQ
- ▲ 24SSA0001 – USACE Honolulu IDC AE Design



# Business Development

- **Looking Forward**

- SAME Omaha Industry Day – May 29 – 31, 2024
  - Tom and Zach are attending
- SAME Tri-Regional JETS Savannah, GA June 25 – 27, 2024
  - Technical Presentation
  - Bronze Sponsorship
  - Booth (Pop up banner being created for Federal)
- Merrick & Co. – They need FPE help
- Developing Capabilities Statement

Awarded Rate =  $\frac{\text{Total number of opportunities won}}{\text{Total number of opportunities pursued}}$

4 proposals issued: One for \$500M >> lost

Three for \$10M each >> won all three

The Awarded Rate =  $\frac{3}{4} = 75\%$

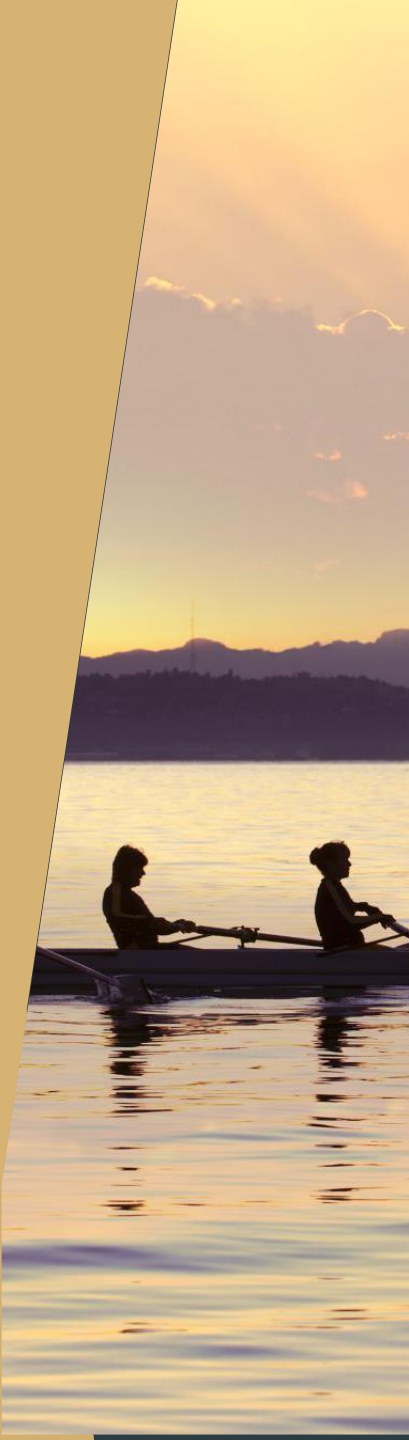
Capture Rate =  $\frac{\text{Total dollars won}}{\text{Total dollars pursued}}$

Total dollars pursued

4 proposals issued: One for \$500M >> lost

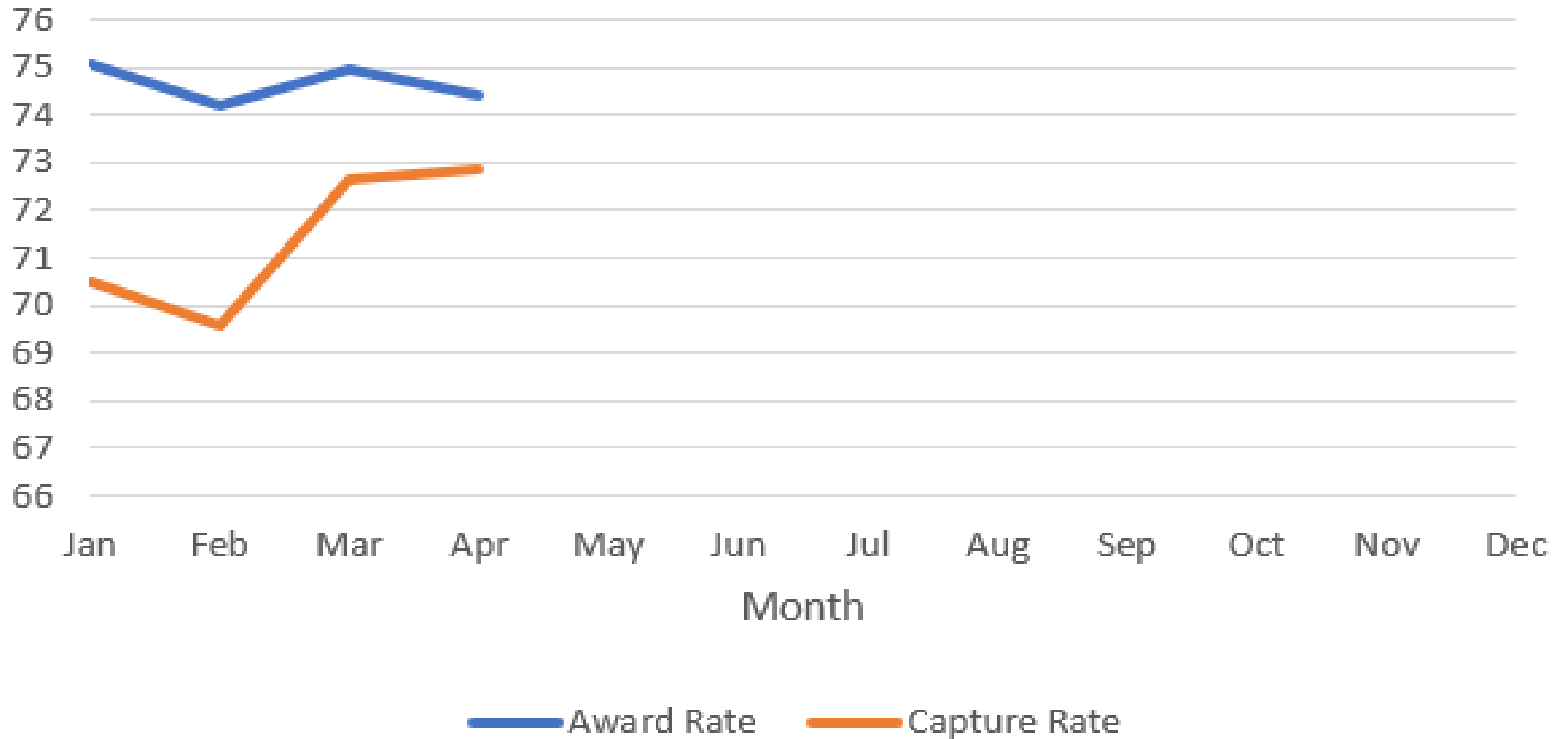
Three for \$10M each >> won all three

The Capture Rate =  $\frac{\$30M}{\$530M} = 6\%$

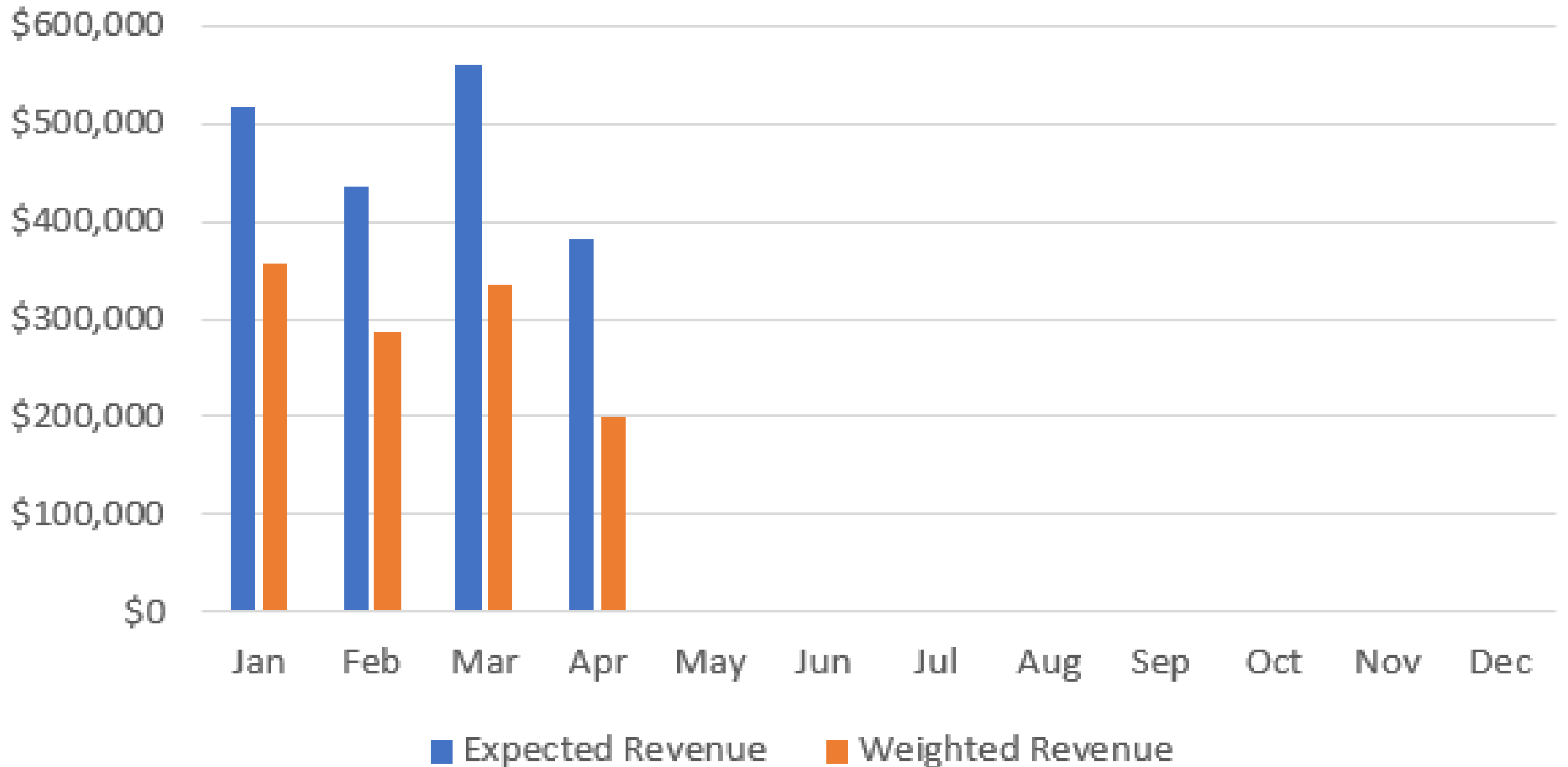




# 'AR', 'CR' by 'Month'

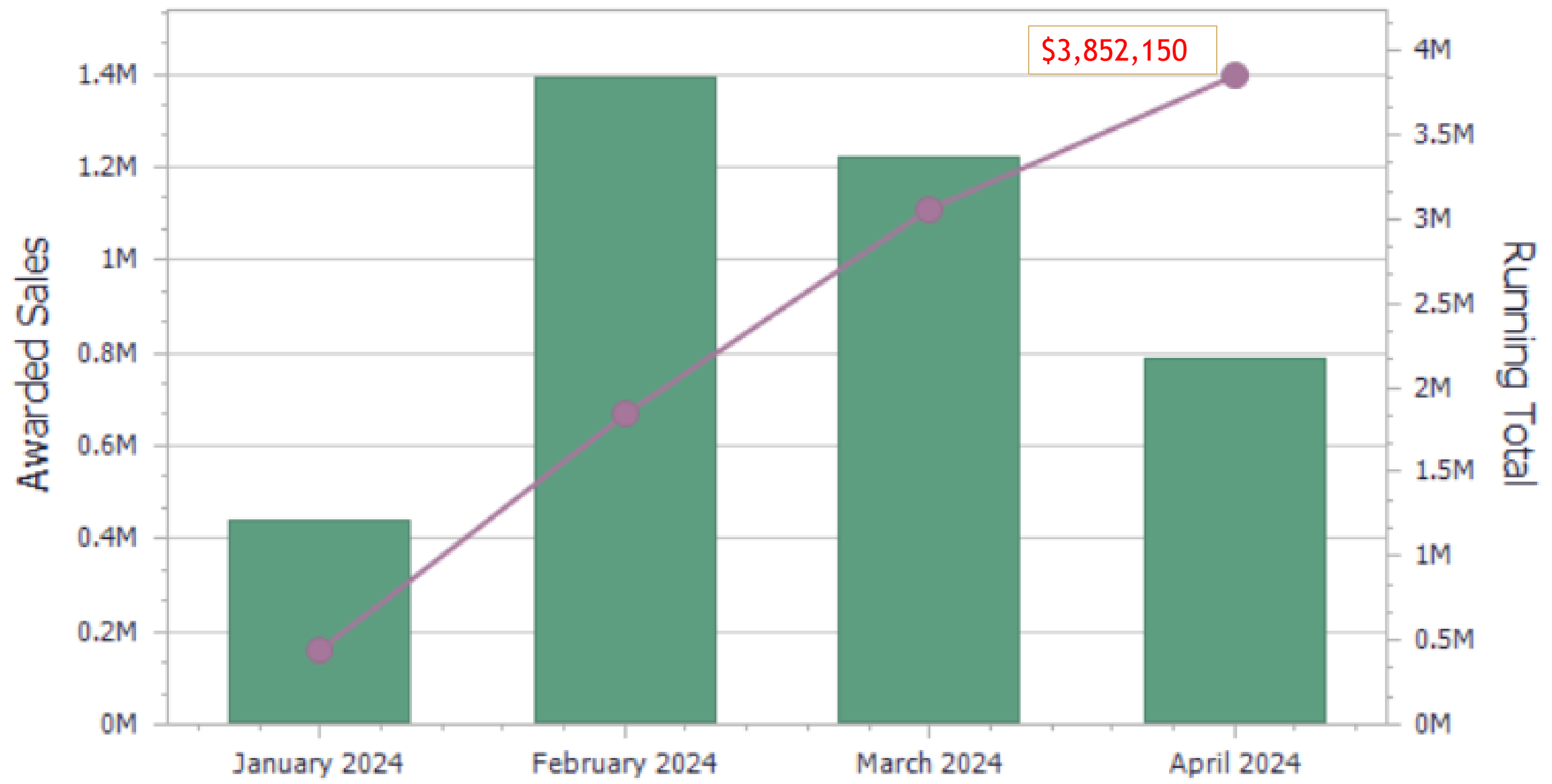


# Average Weekly Proposal Activity



Year-to-date

Awarded Sales Running Total



# Business Development

- **Looking Forward**

- ▲ *Desired growth is 10% - 12%*
- ▲ *Translates to \$2M – \$2.2M*
- ▲ *We have developed a company wide Business Development Plan*
- ▲ *Plan includes:*
  - ▲ *Mission*
  - ▲ *Vision*
  - ▲ *Core Values*
  - ▲ *What we do best*
  - ▲ *New Market Penetration*
  - ▲ *How will we get there?*



# Other News & Updates

Activities

Announcements

VDAs

Anniversaries

Birthdays

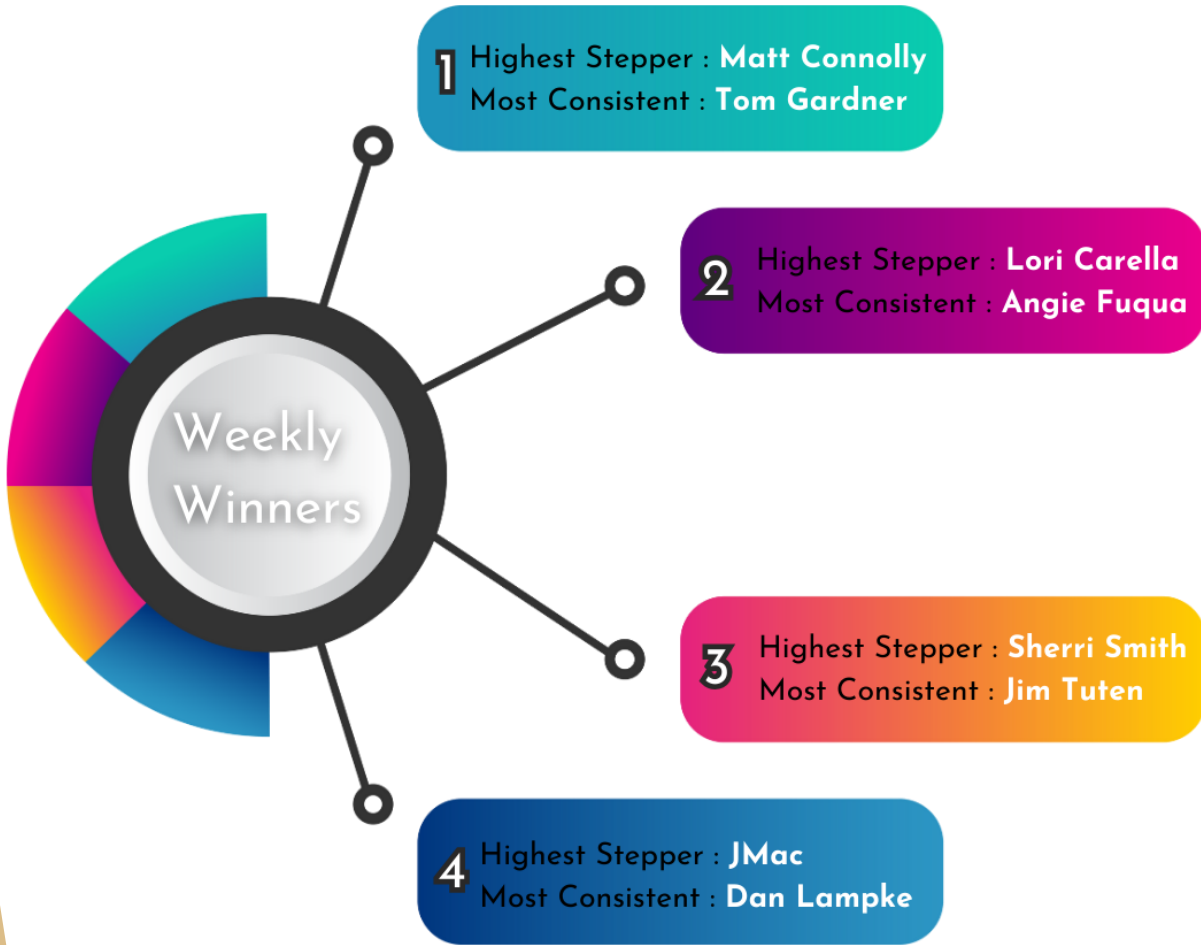
Welcome  
Katherine (Kat)  
Sanchez!





**SPRING FITNESS  
COMPETITION**

*winners*

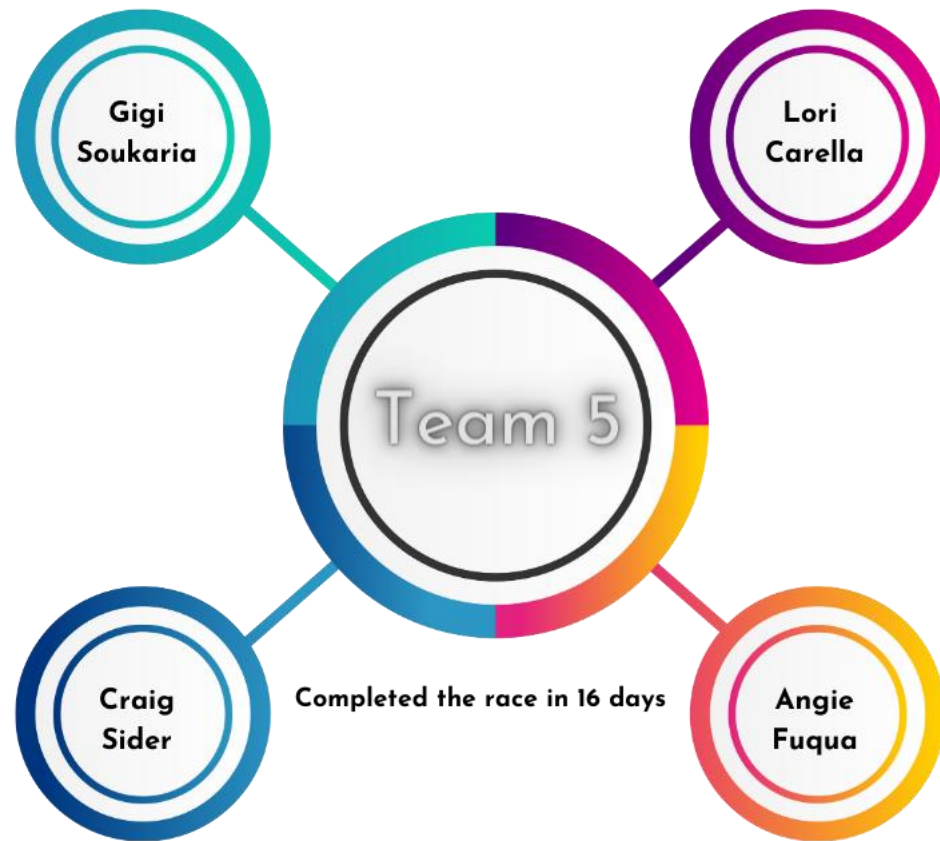


# Highest Steppers

- |                      |                        |
|----------------------|------------------------|
| ● Rob McFeaters      | ● Jim Smith            |
| ● Taylor Peterson    | ● Ali Roth             |
| ● Parker Scarborough | ● Zach Ataiyan         |
| ● Alex Ataiyan       | ● Christian Merryfield |
| ● Courtney Beyer     | ● Ben Randle           |



# Overall Winners



# MARCH MADNESS



*Winners*

## **1st Round**

MIKE KRAMER  
SHERRI SMITH  
ANTHONY CAPUANO  
ALEX ATAIYAN

## **2nd Round**

KYLE COLLINS  
JIM RUCCI

## **Sweet 16**

ALI ROTH  
TINA DANNAKER  
JIM SMITH  
JASON MCDONALD

## **Elite 8**

MIKE KRAMER  
CAMERON LEBLANC  
LORI CORELLA  
CRAIG SIDER  
DIANE STONE  
JIM TUTEN  
SUSAN KNEELAND  
ERIN LESH  
TOM GARDNER  
ZACH ATAIYAN

## **Final 4**

CAMERON LEBLANC  
LORI CARELLA  
TOM GARDNER

## **Championship**

CAMERON LEBLANC  
ALI ROTH  
JIM TUTEN  
DIANE STONE  
CRAIG SIDER  
TINA DANNAKER  
JASON MCDONALD  
BEN RANDLE  
ANTHONY CAPUANO  
JONATHAN SAMUEL  
MATT CONNOLLY





# BIRTH ANNOUNCEMENT

- ▶ Susan Kneeland welcomed a new granddaughter, Kennedy Rose Walker.
- ▶ Born: April 22, 2024
- ▶ Weight: 7 lbs 6 oz



# HGI MAY ANNIVERSARIES

May 7 – Taylor Petersen (6 Years)

May 18 – Sherri Smith (4 Years)

May 19 – Nolan McCarthy (10 Years)

May 21 – Dale Hansen (23 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.

## MAY BIRTHDAYS

May 1 - Jim Tuten

May 15 - Dal Hansen

May 24 - Ben Randle

May 24 - Jim Smith