

Overhead Reduction Industry Survey (Back to [Table of Contents](#))

Background & Major Result

Construction researchers from Arizona State University conducted a survey of the industry on how they reduced various overhead expenses during the recent recession (2008 to 2013). A total of 480 construction professionals (about 450 construction entities) responded to the survey over two months (February to March 2015). The first part of the survey requested the respondent to classify their company's percentage reduction from a set of typical overhead categories. The second part of the survey collected demographic information about the respondents, including annual revenue, number of full-time employees, and business sector.

Significant results from the study include the following:

- 92% of all respondents cut overhead in one or more areas
- The largest cuts were in Bonuses, Company Functions, and Charity (73% of all respondents cut in these areas)
- The small reduction was in Business Development, with only 41% making a reduction
- Small companies had the largest reductions in overhead, with a quarter of them reducing it by about 30%. Likewise, more than half of large companies had minimal overhead reductions (less than 10%).

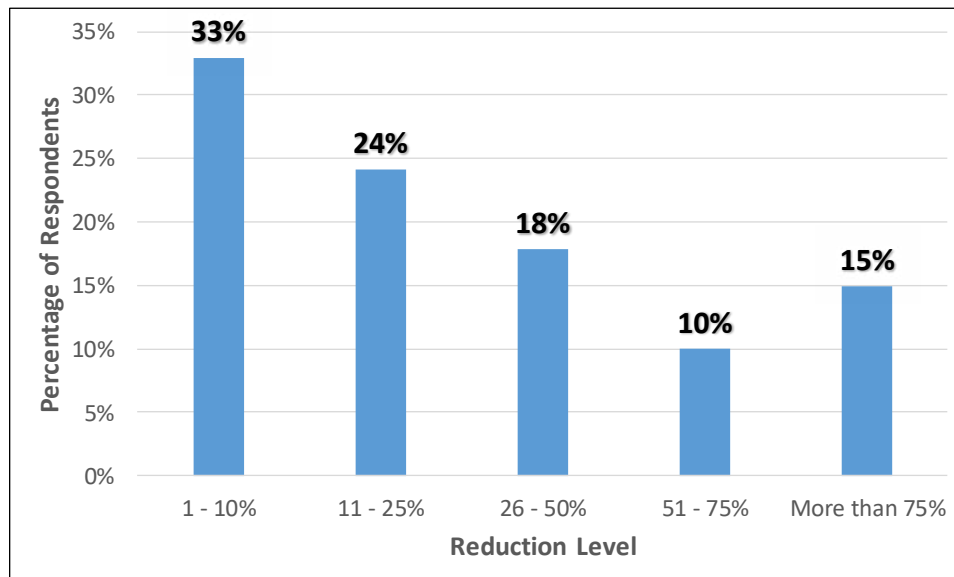


Figure 1. Distribution of Overhead Reduction levels (of respondents who reported reductions).

Details

Table 1 presents the overhead reduction by category and magnitude. The yellow highlight show areas with the largest reductions.

Table 1. Overhead Reduction by Magnitude and Category.

	0% (none)	1 - 10%	11 - 25%	26 - 50%	51 - 75%	> 75%
Bonuses	28%	16%	10%	14%	10%	22%
Company Functions	27%	17%	10%	18%	12%	17%
Charitable Gifts	27%	17%	18%	15%	11%	12%
Training / Education	55%	14%	12%	10%	5%	3%
Retirement Plans	57%	22%	6%	7%	3%	15%
Corporate Officer's Salary	50%	17%	17%	9%	4%	3%
Business Development	59%	14%	14%	8%	4%	1%
Travel	44%	21%	16%	10%	5%	4%
Home Office	75%	13%	7%	3%	1%	2%

Figure 2 presents distribution of the respondents' trade and overall number of company FTEs.

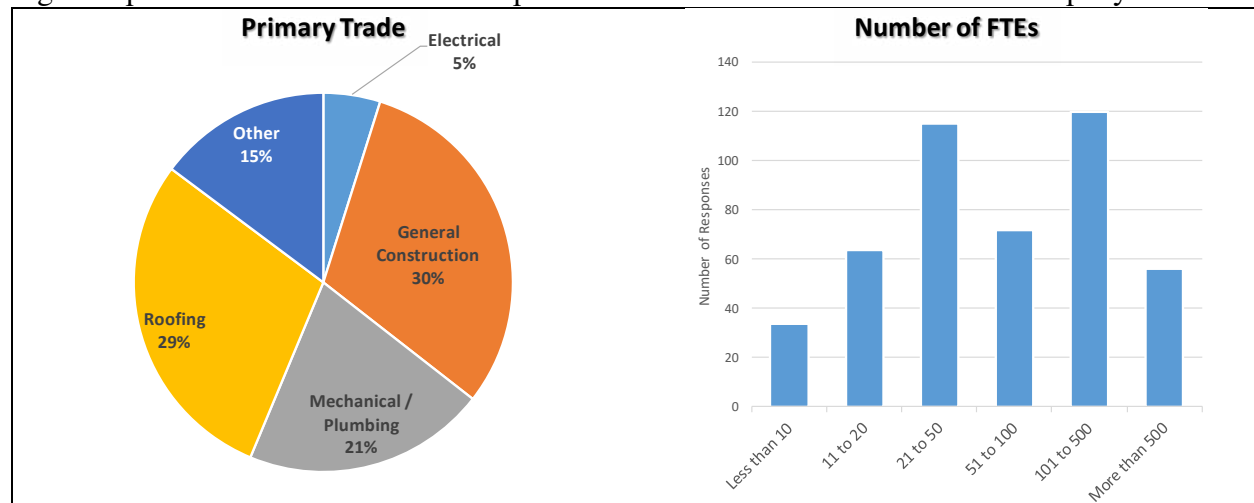


Figure 2. Distribution of Respondents' Trades and Number of Full-time Employees (FTEs).

Conclusion

The recession forced reductions in overhead, but they should have been sooner. Or put another way; if overhead reduction are a necessary defense, why not reduce overhead as soon as the market turns down?