



Financial Benchmarking Data Leads to Smarter Utility Decisions

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Water and sewer utilities are among the most capital intensive industries. In fact, the average utility has to invest \$6.67 for every dollar of revenue, based on a review of financial data from over 500 municipal utilities in the new Hawksley Consulting Financial Benchmarking Database. In comparison, look at the airline industry. Southwest Airlines invests only \$0.77 in physical assets to earn a dollar of revenue.

With so much at stake, **utility managers are under pressure to make sound investment decisions and build greater financial resiliency into their organizations.** For some, this also means figuring out how much cash reserves to have on hand to deal with unforeseen events or future infrastructure needs.

Until recently, utility managers have been hard pressed to easily find guidance. Operating data in the industry has been surprisingly sparse, and quality financial benchmarks have been virtually nonexistent. We know, however, that data-driven decisions lead to better plans and better actions. **That's why Hawksley Consulting created a new Financial Benchmarking Database that currently includes data from more than 500 municipal utilities.** It's designed to make setting logical targets easier and smarter for utility managers. The database will continue to grow and has already proven useful for multiple utilities across the U.S. **Contact us to learn more.**

Financial Benchmarking Database includes data from

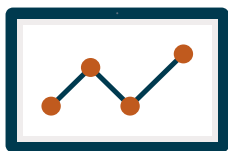


How Do You Compare to Your Utility Peers?



Here's an example of how the Financial Benchmarking Database can help utilities:

- Utility managers can use the database to set a liquidity target based on information from utilities that are similar in size, make-up and service area. For example, the database shows that liquidity – available cash divided by average daily operating expenses – has increased 10 percent in the industry since 2012 and now stands at a median of 623 days.
- Using the database, utility managers can dig deeper into this overall industry average to cross-reference, correlate and compare their organization to similar utilities. This yields narrower results and better information to make smart decisions about optimum reserve levels. For example, if your utility has \$3 to \$4 billion in assets, your peers actually have an average liquidity of 424 days – which is more meaningful information to guide your decisions and actions.



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