PROJECT MANAGEMENT GLOBAL
The Place for People in Projects

A&E Firms Are Busy, Growing and Embracing AI – But Many Still Lack Visibility Into Project Performance

June 11, 2026

A new industry report has revealed a significant project management challenge facing architecture and engineering firms: while workloads remain strong and confidence in future growth is high, many organisations lack visibility into the project metrics that determine profitability.

The 2026 Architecture & Engineering Industry Benchmark Report from Factor A/E found that a substantial number of firms are struggling to track key project performance indicators in real time, creating risks around profitability, resource allocation and project delivery.

According to the report, 42% of firms cannot report their net profit margin, while 60% either do not know or do not track their realisation rate — a critical metric measuring how much billable work is ultimately converted into revenue. Meanwhile, 40% of firms do not monitor project profitability in real time.

The findings are particularly significant given that 73% of respondents identified scope creep as the single greatest threat to project budgets.

For project professionals, the data highlights a familiar challenge: organisations are often highly focused on winning and delivering work but may lack the systems needed to identify financial issues before they affect outcomes.

The consequences are already becoming apparent. More than half of firms surveyed (56%) reported budget overruns on at least 10% of their projects, suggesting that many issues are only being identified after financial performance has already been impacted.

“The picture that emerges is not an industry in trouble, it’s an industry that is profitable, but often without a clear view of what’s driving that profitability,” said Leslie Heller, Director of Growth at Factor A/E.

Project management burden increasing

The report also reveals the growing administrative demands being placed on technical teams.

While utilisation rates remain relatively strong, with 58% of firms reporting utilisation above 71%, project management activities are increasingly consuming time that would otherwise be spent on billable work.

Almost half of respondents (44%) identified project management tasks as the biggest factor pulling staff away from design and technical delivery activities. Client communication and approval processes were also cited as significant contributors.

The findings suggest that project leaders are spending increasing amounts of time coordinating stakeholders, managing reporting requirements and overseeing project controls rather than focusing solely on delivery.

Manual processes remain widespread

Despite growing investment in digital transformation across the industry, resource planning and project management remain heavily reliant on manual processes.

Seven out of ten firms continue to manage resource allocation through spreadsheets, meetings or informal processes, while half of all respondents said staffing decisions are still largely based on experience and intuition rather than data-driven forecasting.

For organisations managing multiple projects and competing priorities, the lack of structured resource planning can create significant delivery risks, particularly as workload volumes increase.

Cash flow pressures continue

The report also highlights ongoing challenges around project cash flow management.

Seventy per cent of firms reported waiting more than 31 days to receive payment after issuing invoices, while 22% wait longer than 60 days.

Delayed payments can place additional pressure on project delivery, particularly for smaller firms that must absorb labour and operational costs long before client payments are received.

Client loyalty remains a strength

One positive finding is the industry’s ability to retain customers.

Three-quarters of firms reported that at least half of their business comes from repeat clients, demonstrating strong relationships and consistent demand.

However, despite this apparent success, 60% of firms do not formally measure client satisfaction, potentially limiting their ability to understand what drives repeat business and identify emerging risks before client relationships deteriorate.

AI optimism meets operational reality

Looking ahead, artificial intelligence emerged as the dominant trend shaping the future of the sector.

Seventy-eight per cent of respondents believe AI and automation will have the biggest impact on architecture and engineering firms over the coming years, far surpassing any other industry trend.

Yet the report suggests many firms may not be fully prepared to capitalise on these opportunities.

Organisations still relying on disconnected systems, spreadsheets and manual workflows may struggle to realise the full benefits of AI-powered project management, forecasting and resource planning.

Economic uncertainty remains a concern, cited by 48% of respondents as the biggest challenge over the next five years, while 28% highlighted talent shortages. Despite these pressures, more than half of firms (54%) plan to expand services or enter new markets within the next two years.

For project leaders, the report reinforces a growing reality across professional services industries: operational visibility is becoming a competitive advantage. Firms that can accurately track project performance, forecast outcomes and manage resources effectively will be better positioned to control costs, protect margins and leverage emerging technologies.

As AI adoption accelerates, success may depend less on the technology itself and more on whether organisations have the project controls, data quality and performance visibility required to use it effectively.

“The firms best positioned for the next five years aren’t necessarily the biggest,” said Heller. “They’re the ones building the operational foundations now. Getting visibility into margins, realisation and forecasting in place is what turns AI from a buzzword into a real advantage.”