



Enginuity 2017 Competition

PERFORMANCE REVIEW FOR 'No Trumping Way'



THE TASK

A **new management team** are needed to run a **UK-based global construction business** that has only been in existence for one year.

Although based in the UK, **expansion into overseas markets** may be an attractive proposition, depending upon the economic climate in different parts of the world. Working in other countries presents some **particular challenges** to overcome, such as environmental problems and specialised local competition for work. However, the potential **rewards and opportunities** of operating globally may outweigh the risks.

To grow the business the new management team will need to devise and implement an **effective business strategy**. This will involve making decisions in a number of key areas; finance, overheads, procurement and job progression. **Decisions are made for a quarter, or 3 months.**

The decisions to be made, and fate of the company, rests in the hands of the new management team.



MANAGEMENT TEAM

Shane Vinnell

Mike Rankin

Byron McKay

James Seggie

Ben Woodward

Lucy Abraham

SPONSOR

Beca



TIMEFRAME

The company had already been operating for periods 1 to 4, known as the History year, before the new management team took control.

The new management team were in charge for two different stages.

The Early Years (periods 5-12)

During the Early Years the competition for jobs comes from a number of simulated companies. Each one has their own unique profile and bidding history, and a careful assessment of the opposition is required to formulate an effective procurement strategy.

The Later Years (periods 13-18)

During the Later Years the teams compete 'head to head' against each other for work. This creates an even more uncertain and pressurized environment in which the skills and team dynamics formed in the early years are really put to the test.

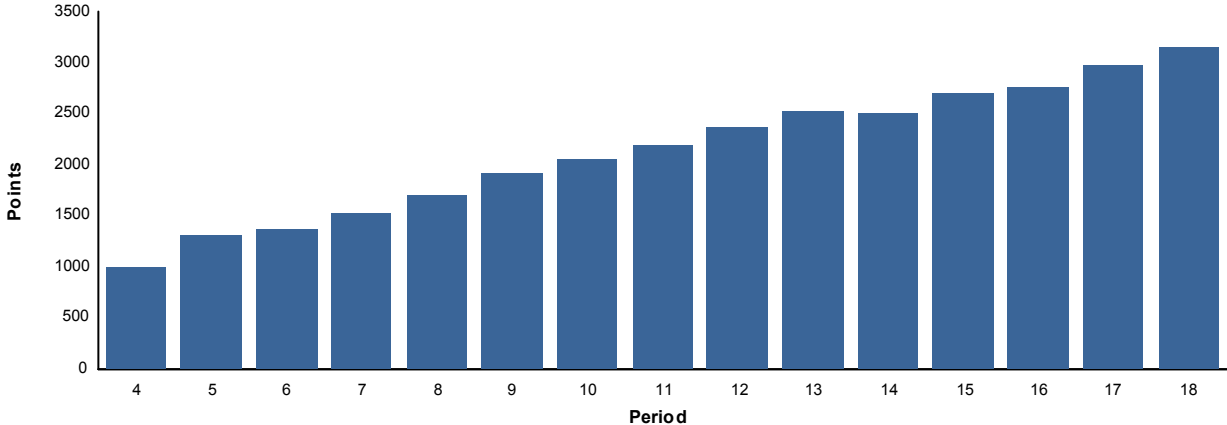
KEY PERFORMANCE INDICATORS

Performance indicators were used to measure company progress in a number of key areas. They were weighted at the start of the early years to reflect their variability, initially to a 1,000 points

Overall company performance improved from 1,000 to 3,152 points

End Period	Status	Year/qtr	Turnover	Gross Profit To Turnover	Operating Profit To Turnover	Company Value	Capital Employed	Contract Completion	Forward Workload	Forward Margin	Share Price	Client Satisfaction	Total Rating
4	History	2016 (Q4)	40	130	130	170	120	100	70	100	70	70	1,000
5	Early Years	2017 (Q1)	53	160	225	188	137	140	105	123	74	105	1,310
6	Early Years	2017 (Q2)	59	139	186	190	148	160	127	156	64	140	1,369
7	Early Years	2017 (Q3)	66	163	246	212	156	175	122	163	63	176	1,542
8	Early Years	2017 (Q4)	77	179	290	240	162	220	112	148	69	217	1,714
9	Early Years	2018 (Q1)	82	197	323	261	167	250	145	171	86	250	1,932
10	Early Years	2018 (Q2)	85	204	327	272	171	255	163	198	93	285	2,053
11	Early Years	2018 (Q3)	92	210	346	300	174	300	154	182	116	328	2,202
12	Early Years	2018 (Q4)	99	215	362	322	175	345	156	180	145	368	2,367
13	Later Years	2019 (Q1)	102	224	383	349	178	355	211	155	166	402	2,525
14	Later Years	2019 (Q2)	108	216	371	360	178	405	183	84	171	431	2,507
15	Later Years	2019 (Q3)	110	217	371	379	178	415	212	146	202	472	2,702
16	Later Years	2019 (Q4)	114	221	382	413	177	430	162	130	232	507	2,768
17	Later Years	2020 (Q1)	117	215	366	410	176	500	221	181	243	542	2,971
18	Later Years	2020 (Q2)	120	216	366	422	176	500	257	233	274	588	3,152

Overall KPI Trend



- Turnover:** An indication of how much work the company has done
- Gross Profit to Turnover:** A measure of how profitable the company's jobs have been
- Operating Profit to Turnover:** A measure of how profitable the company is after considering all operating factors
- Company Value:** A measure of the asset value of the company
- Capital Employed:** A measure of how well the company's infrastructure is being utilised

- Contract Completion:** An indication of how successful the company is in completing contracts
- Forward Workload:** The remaining turnover (value) of jobs still in progress
- Forward Margin:** The remaining profit of jobs still in progress
- Share Price:** A measure of the strength of the company's share price
- Client Satisfaction:** An indication of the strength of the relationship build up with the company's clients

PERFORMANCE SUMMARY

	History	Since	Change	Basis
Number of periods:	4	14		
Company value:	4,798,249	11,914,430	148 %	E
Share price:	1.03	4.03	291 %	E
Capital employed:	78 %	93 %		A
Turnover:	11,919,030	21,298,430	79 %	A
Job profit:	3.4 %	5.9 %		D % of job cost
Overhead costs:	1.8 %	1.5 %		D % of job cost
Operating profit:	1.3 %	3.8 %		D % of job cost; net, after tax and interest
Dividend paid:	1.8 %	1.1 %		D % of job cost
Measurement staffing level:	100 %	136 %		D The benchmark was 100%
Market share:	11 %	38 %		D % of the overall new work in the market identified
Market share split (UK):	64 %	36 %		D % of the market share in the UK
Market share split (OV):	36 %	64 %		D % of market share Overseas (outside the UK)
QHSE staffing level:	100 %	136 %		D The benchmark was 100%
Head office staffing level:	100 %	125 %		D The benchmark was 100%
Number of jobs bid for:	14	52		D
Number of jobs won:	6	37		D
Bidding success rate:	43 %	71 %		D Jobs won as a % of jobs bid for
Jobs finished early:	0	23		D
Jobs finished on time:	0	12		D
Jobs finished late:	0	0		D
Job completion efficiency:	n/a	0.90		D 0 to 1, where 1 is the optimum level
Reduction in build cost:	0.00 %	1.58 %		D % due to targeted investments
Risk cost incurred:	46 %	52 %		D As a % of the contingency in the bid
Change in risk cost:	-17.9 %	-14.3 %		D % due to mitigatng factors
Project manager weighting:	8.1	9.1		D Out of 10
Forward margin:	715,258	1,667,103		E
Forward workload:	19,358,560	70,968,770		E

Basis for setting each measure

E (At the end of the timeframe)

A (An average for each period of the timeframe)

D (The value during the whole timeframe)