



ENGINUITY 2019 COMPETITION

PERFORMANCE REVIEW FOR 'Robert Bird Group Aotearoa'

MANAGEMENT TEAM

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SPONSOR

Robert Bird Group

THE CHALLENGE



It is the **beginning of 2019**.

A UK-based **global construction business** that has only been in existence for one year needs a **new management team** to run the company for the foreseeable future.

The company **operates in a number of sectors**, with jobs, clients, rival competitors, and people worldwide.

To grow the business the new management team will need to devise an **effective business strategy**.

Developing an effective strategy will involve acquiring an understanding of :-

- The **economic environment** in which the company is operating
- The **strengths and weaknesses** of the business as it currently stands

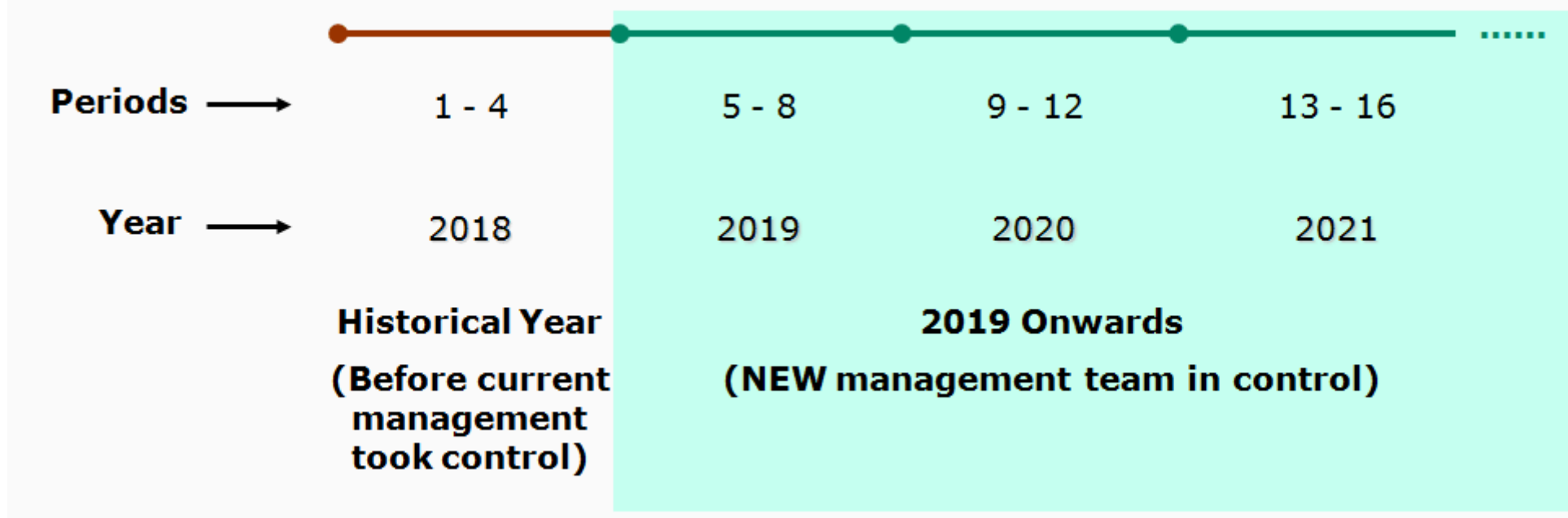
To implement the strategy **decisions** will have to be made in a number of key areas :-

- Financial management
- Overhead management
- Procurement
- Job progression



TIMEFRAME

Decisions are made for a **period**, representing 3 months, or a quarter, in the real world.



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)

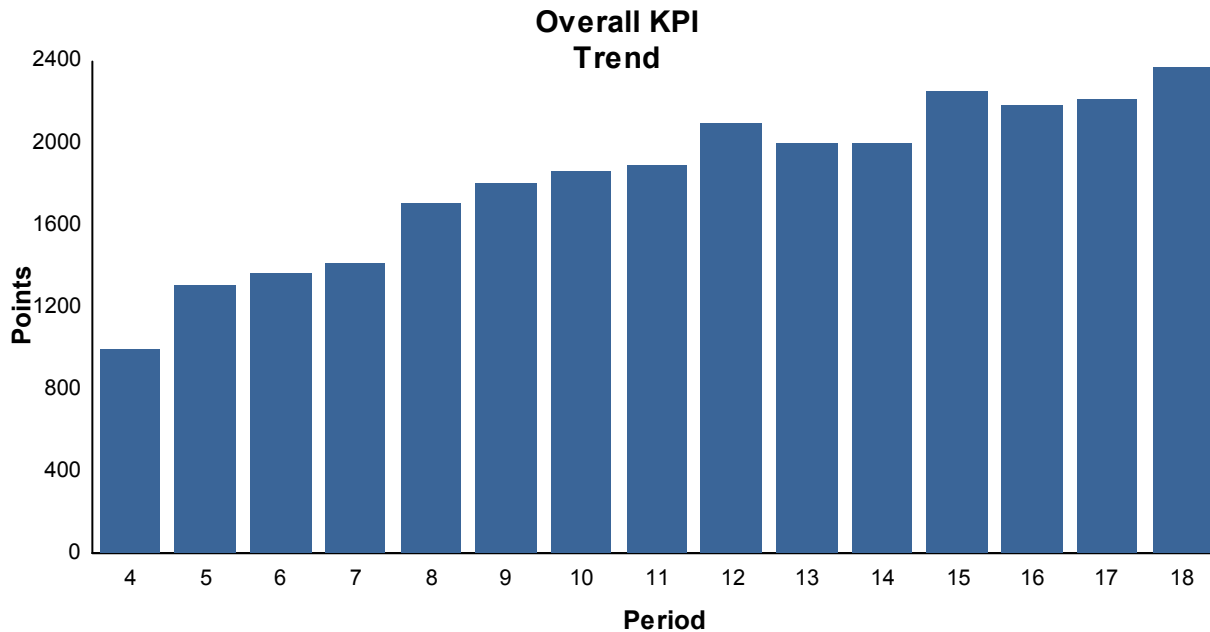
During the Later Years the teams compete 'head to head' against each other for work. This creates an even more uncertain and pressurized environment in which the skills and team dynamics formed in the early years are really put to the test.

OVERALL PERFORMANCE (KPIs)

Performance Indicators were used to measure company progress, weighted at the end of the History to reflect their variability, initially to 1,000 points.

Overall company performance improved from 1,000 to 2,372 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	2018 (Q4)	40	170	120	170	130	80	70	100	70	50	1,000
5	Early Years	2019 (Q1)	52	158	107	170	175	105	158	217	84	81	1,307
6	Early Years	2019 (Q2)	71	156	128	176	205	117	140	189	77	109	1,368
7	Early Years	2019 (Q3)	89	175	168	194	218	134	92	122	88	134	1,414
8	Early Years	2019 (Q4)	99	191	195	209	234	158	150	192	106	171	1,705
9	Early Years	2020 (Q1)	105	192	200	216	246	168	159	198	111	206	1,801
10	Early Years	2020 (Q2)	116	191	204	227	256	185	152	176	118	234	1,859
11	Early Years	2020 (Q3)	125	184	198	232	263	202	149	159	120	261	1,893
12	Early Years	2020 (Q4)	131	189	206	243	271	232	179	194	143	303	2,091
13	Later Years	2021 (Q1)	139	187	204	248	272	244	116	107	140	342	1,999
14	Later Years	2021 (Q2)	144	193	211	260	268	278	86	55	135	373	2,003
15	Later Years	2021 (Q3)	141	191	192	239	273	290	237	150	141	399	2,253
16	Later Years	2021 (Q4)	146	190	194	257	274	302	150	93	146	430	2,182
17	Later Years	2022 (Q1)	150	185	184	252	276	314	177	87	134	455	2,214
18	Later Years	2022 (Q2)	153	186	185	267	281	349	222	97	147	485	2,372



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	Additional information
Number of periods	4	14			
FINANCIAL MANAGEMENT					
Company value	4,748,393	7,460,189	57 %	End of timeframe	
Share price	1.06	2.22	109 %	End of timeframe	
Average capital base	3,937,890	5,130,700	30 %	Each period of timeframe	
Average capital base utilisation	49 %	91 %		Each period of timeframe	
Average turnover	6,996,588	16,158,830	131 %	Each period of timeframe	
Job profit	4.7 %	5.1 %		During whole timeframe	As a % of job costs
Overhead costs	2.4 %	1.9 %		During whole timeframe	As a % of job costs
Net operating profit	1.7 %	2.7 %		During whole timeframe	As a % of job costs after tax and interest
Dividend paid	3.0 %	1.3 %		During whole timeframe	As a % of job costs
Forward workload	13,789,860	43,808,080		End of timeframe	
Forward margin	501,657	485,024		End of timeframe	
OVERHEAD MANAGEMENT					
Market share	11 %	33 %		During whole timeframe	% of the overall new work in the market identified
Market share split (UK)	44 %	38 %		During whole timeframe	% of the market share in the UK
Market share split (OV)	56 %	62 %		During whole timeframe	% of market share Overseas (outside the UK)
Head office staffing level	100 %	113 %		During whole timeframe	Optimum level is 100%
QHSE staffing level	100 %	118 %		During whole timeframe	Optimum level is 100%
Measurement staffing level	100 %	118 %		During whole timeframe	Optimum level is 100%
PROCUREMENT					
Number of jobs bid for	7	53		During whole timeframe	
Number of jobs won	4	29		During whole timeframe	
Bidding success rate	57 %	55 %		During whole timeframe	Jobs won as a % of jobs bid for
JOB PROGRESSION					
Project manager weighting	8.5	9.6		During whole timeframe	Out of 10
Project manager resignations	0	1		During whole timeframe	Due to insufficient bonus levels or being headhunted
Net gain from bonus payments to project managers	25,518	610,712		During whole timeframe	
Jobs finished early	0	17		During whole timeframe	
Jobs finished on time	0	13		During whole timeframe	
Jobs finished late	0	0		During whole timeframe	
Ineffective labour on site	0 %	1 %		During whole timeframe	
Subcontractor labour used on site	0 %	6 %		During whole timeframe	As a % of total labour
Job completion efficiency	n/a	0.95		During whole timeframe	0 to 1, where 1 is the optimum level
Reduction in job costs (build) due to targeted investments	0.0 %	0.4 %		During whole timeframe	
Reduction in job costs (risk) due to targeted investments	0.0 %	0.3 %		During whole timeframe	
For D&B jobs, change in build cost due to consultant designer	-0.7 %	-1.0 %		During whole timeframe	
Measure of risk contingency included in bids	1.0	0.9		During whole timeframe	0=No contingency, 1=sensible level, 2=full risk cost
Risk cost incurred before mitigating factors	45 %	81 %		During whole timeframe	As a % of the contingency in the bid
Change in risk cost incurred due to mitigating factors	-37.9 %	-43.4 %		During whole timeframe	
Risk cost incurred after mitigating factors	28 %	46 %		During whole timeframe	As a % of the contingency in the bid