



ENGINUITY 2019 COMPETITION

PERFORMANCE REVIEW FOR 'Stan Together'

MANAGEMENT TEAM

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SPONSOR

PBA, now part of Stantec

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

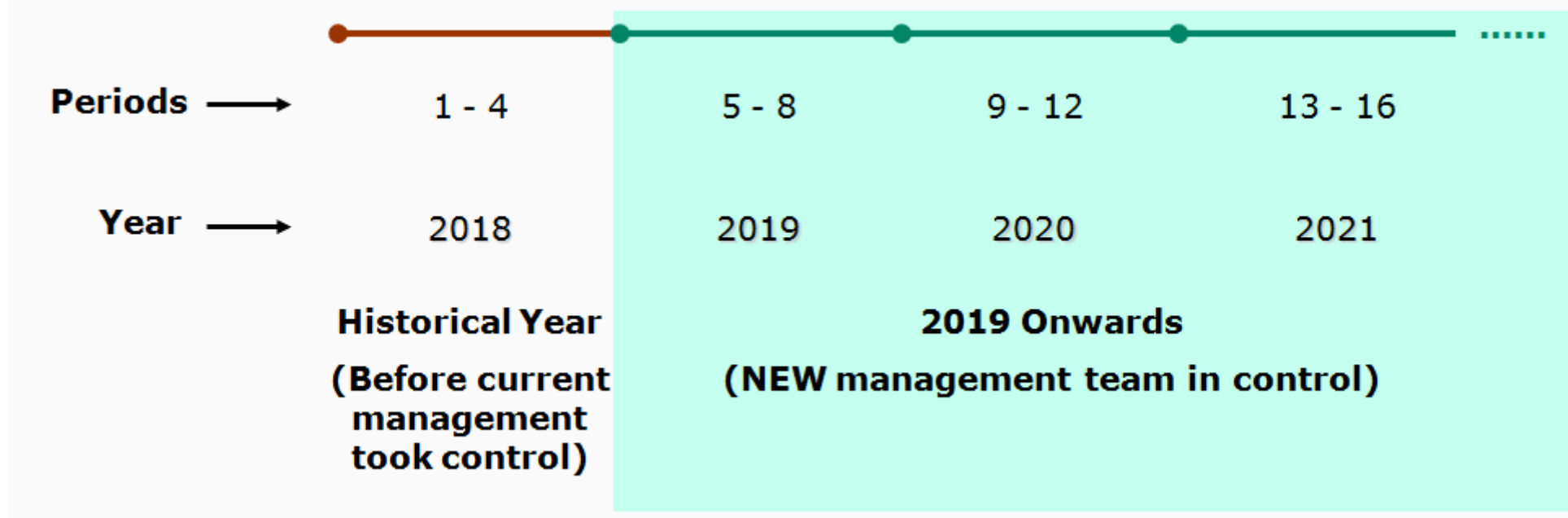
To implement the strategy **decisions** will have to be made in a number of key areas :-

- 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.

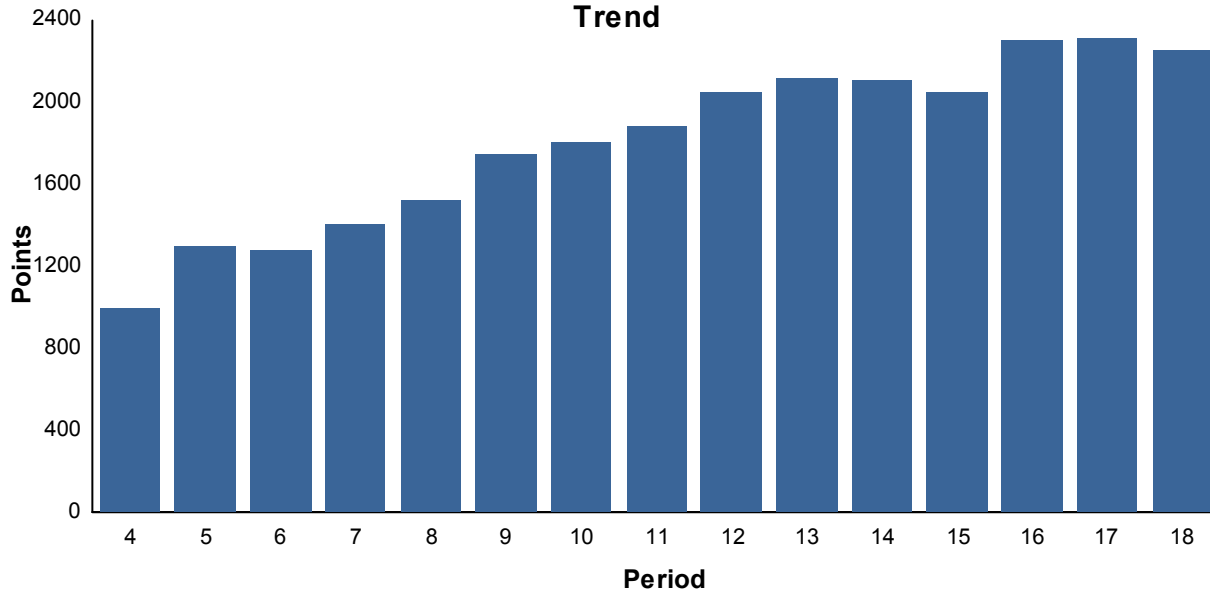
OVERALL PERFORMANCE (KPIs)

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 2,248 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	161	111	170	172	105	157	210	82	82	1,302
6	Early Years	2019 (Q2)	75	139	101	172	201	117	125	160	71	115	1,276
7	Early Years	2019 (Q3)	95	138	109	179	221	146	123	163	79	153	1,406
8	Early Years	2019 (Q4)	103	149	128	188	229	170	123	151	86	190	1,517
9	Early Years	2020 (Q1)	112	158	147	200	243	195	166	200	104	225	1,750
10	Early Years	2020 (Q2)	117	155	144	202	254	200	173	210	97	254	1,806
11	Early Years	2020 (Q3)	127	156	150	212	263	220	167	198	106	280	1,879
12	Early Years	2020 (Q4)	136	162	164	229	271	264	171	202	125	321	2,045
13	Later Years	2021 (Q1)	140	166	165	232	277	264	198	198	125	351	2,116
14	Later Years	2021 (Q2)	149	169	170	242	280	300	149	131	129	388	2,107
15	Later Years	2021 (Q3)	153	164	163	238	278	324	106	83	111	424	2,044
16	Later Years	2021 (Q4)	154	165	156	231	282	356	223	152	124	461	2,304
17	Later Years	2022 (Q1)	158	159	148	223	286	364	215	145	122	493	2,313
18	Later Years	2022 (Q2)	166	153	142	221	289	388	158	103	116	512	2,248

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	Additional information
Number of periods	4	14			
FINANCIAL MANAGEMENT					
Company value	4,748,393	6,178,086	30 %	End of timeframe	
Share price	1.06	1.75	65 %	End of timeframe	
Average capital base	3,937,890	5,217,390	32 %	Each period of timeframe	
Average capital base utilisation	49 %	94 %		Each period of timeframe	
Average turnover	6,996,588	17,615,000	152 %	Each period of timeframe	
Job profit	4.7 %	4.1 %		During whole timeframe	As a % of job costs
Overhead costs	2.4 %	1.8 %		During whole timeframe	As a % of job costs
Net operating profit	1.7 %	2.0 %		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	31,189,370		End of timeframe	
Forward margin	501,657	517,059		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 %	37 %		During whole timeframe	% of the market share in the UK
Market share split (OV)	56 %	63 %		During whole timeframe	% of market share Overseas (outside the UK)
Head office staffing level	100 %	112 %		During whole timeframe	Optimum level is 100%
QHSE staffing level	100 %	113 %		During whole timeframe	Optimum level is 100%
Measurement staffing level	100 %	113 %		During whole timeframe	Optimum level is 100%
PROCUREMENT					
Number of jobs bid for	7	73		During whole timeframe	
Number of jobs won	4	32		During whole timeframe	
Bidding success rate	57 %	44 %		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	0		During whole timeframe	Due to insufficient bonus levels or being headhunted
Net gain from bonus payments to project managers	25,518	843,976		During whole timeframe	
Jobs finished early	0	26		During whole timeframe	
Jobs finished on time	0	5		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 %	17 %		During whole timeframe	As a % of total labour
Job completion efficiency	n/a	0.92		During whole timeframe	0 to 1, where 1 is the optimum level
Reduction in job costs (build) due to targeted investments	0.0 %	0.2 %		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 %	-0.8 %		During whole timeframe	
Measure of risk contingency included in bids	1.0	0.8		During whole timeframe	0=No contingency, 1=sensible level, 2=full risk cost
Risk cost incurred before mitigating factors	45 %	87 %		During whole timeframe	As a % of the contingency in the bid
Change in risk cost incurred due to mitigating factors	-37.8 %	-40.6 %		During whole timeframe	
Risk cost incurred after mitigating factors	28 %	52 %		During whole timeframe	As a % of the contingency in the bid