



ENGINUITY 2020 COMPETITION

PERFORMANCE REVIEW FOR 'Margam'

MANAGEMENT TEAM

Abhilash Bommerla

KGNV Praveen

Parimal Kumar ASVS

Mohana Koppula

Rohith D

Niranjana Tandurkar

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THE CHALLENGE



It is the **beginning of 2020**.

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

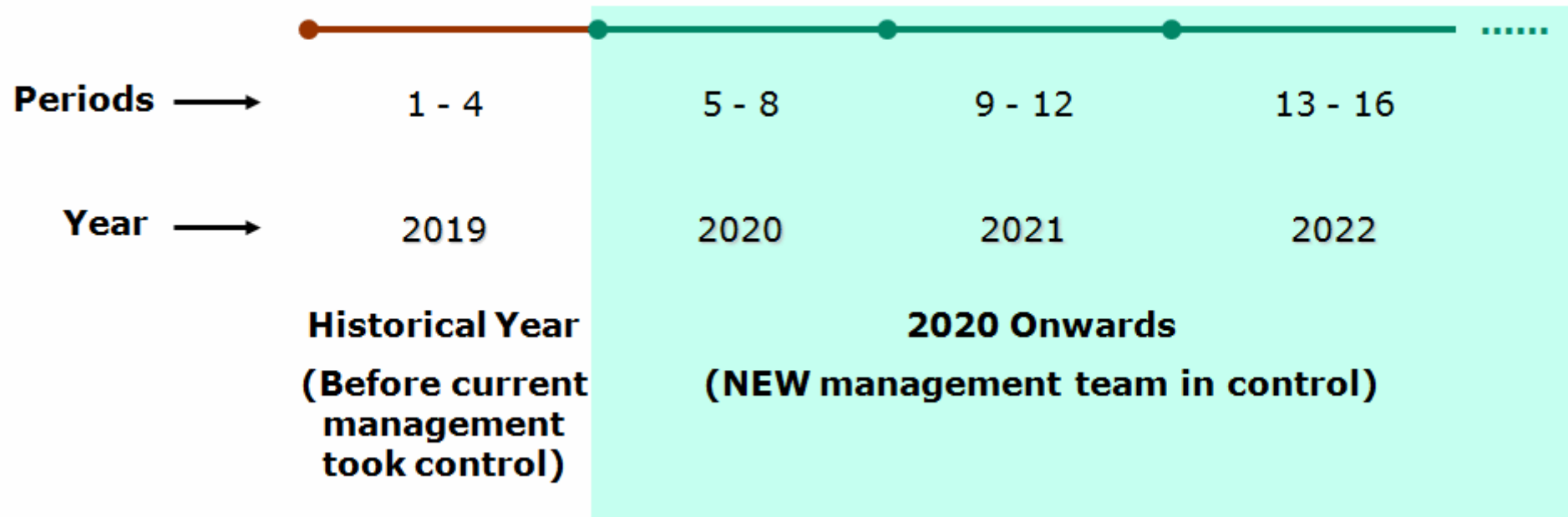
To implement the strategy **decisions** will have to be made in a number of key areas :-

- 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.

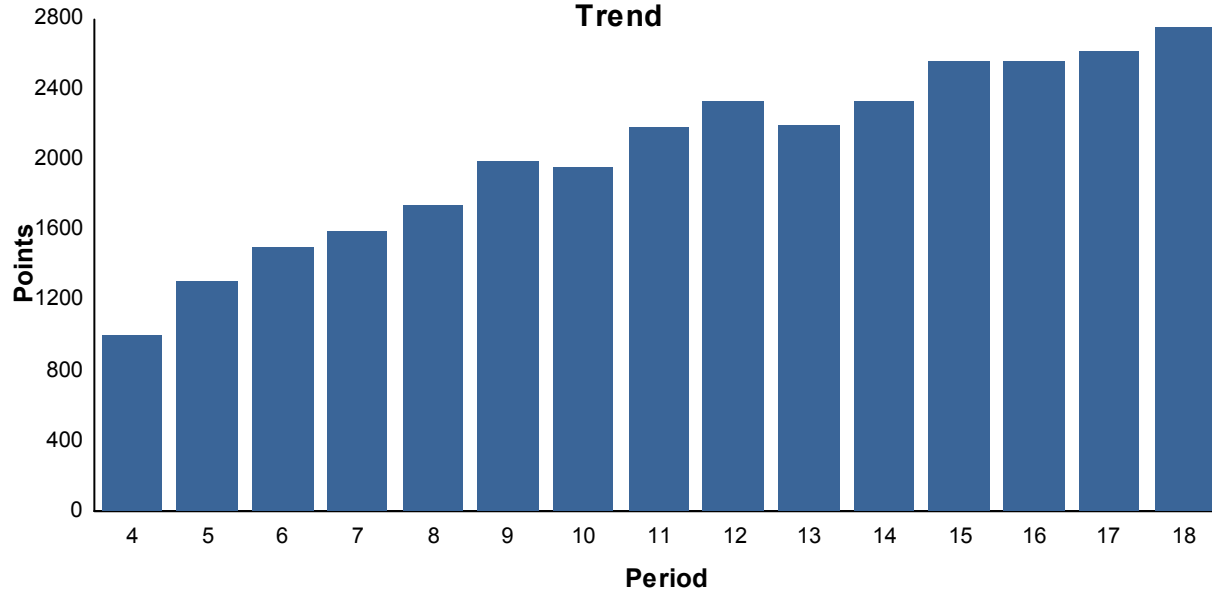
OVERALL PERFORMANCE (KPIs)

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 2,746 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	2019 (Q4)	40	170	120	170	130	80	70	100	70	50	1,000
5	Early Years	2020 (Q1)	55	187	194	178	154	90	121	177	87	72	1,315
6	Early Years	2020 (Q2)	71	193	238	191	174	122	127	186	91	104	1,497
7	Early Years	2020 (Q3)	87	206	284	212	183	151	99	141	95	130	1,588
8	Early Years	2020 (Q4)	93	225	317	227	187	159	111	157	106	159	1,741
9	Early Years	2021 (Q1)	99	233	339	244	197	193	159	211	123	191	1,989
10	Early Years	2021 (Q2)	106	236	352	260	198	193	116	149	126	220	1,956
11	Early Years	2021 (Q3)	113	241	369	282	205	221	167	187	148	246	2,179
12	Early Years	2021 (Q4)	119	242	377	301	210	250	184	199	167	283	2,332
13	Later Years	2022 (Q1)	124	236	367	312	208	255	105	113	162	313	2,195
14	Later Years	2022 (Q2)	130	238	370	341	208	284	141	105	175	343	2,335
15	Later Years	2022 (Q3)	132	240	371	362	212	311	223	129	190	388	2,558
16	Later Years	2022 (Q4)	137	230	352	375	214	328	195	116	185	426	2,558
17	Later Years	2023 (Q1)	144	221	337	394	217	336	207	118	189	449	2,612
18	Later Years	2023 (Q2)	150	219	335	423	220	383	195	129	205	487	2,746

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	4,682,259	11,657,620	149 %	End of timeframe	
Share price	1.05	3.07	192 %	End of timeframe	
Average capital base	4,075,584	6,171,480	51 %	Each period of timeframe	
Average capital base utilisation	64 %	91 %		Each period of timeframe	
Average turnover	8,114,228	18,438,500	127 %	Each period of timeframe	
Job profit	4.3 %	5.7 %		During whole timeframe	As a % of job costs
Overhead costs	2.7 %	1.4 %		During whole timeframe	As a % of job costs
Net operating profit	1.2 %	3.6 %		During whole timeframe	As a % of job costs after tax and interest
Dividend paid	2.8 %	0.7 %		During whole timeframe	As a % of job costs
Forward workload	17,285,100	48,200,450		End of timeframe	
Forward margin	617,535	794,388		End of timeframe	
OVERHEAD MANAGEMENT					
Market share	12 %	28 %		During whole timeframe	% of the overall new work in the market identified
Market share split (UK)	0 %	0 %		During whole timeframe	% of the market share in the UK
Market share split (OV)	0 %	0 %		During whole timeframe	% of market share Overseas (outside the UK)
Head office staffing level	100 %	117 %		During whole timeframe	Optimum level is 100%
QHSE staffing level	100 %	117 %		During whole timeframe	Optimum level is 100%
Measurement staffing level	100 %	117 %		During whole timeframe	Optimum level is 100%
PROCUREMENT					
Number of jobs bid for	14	50		During whole timeframe	
Number of jobs won	5	33		During whole timeframe	
Bidding success rate	36 %	66 %		During whole timeframe	Jobs won as a % of jobs bid for
JOB PROGRESSION					
Project manager weighting	8.0	9.0		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	29,596	655,818		During whole timeframe	
Jobs finished early	0	20		During whole timeframe	
Jobs finished on time	0	12		During whole timeframe	
Jobs finished late	0	0		During whole timeframe	
Ineffective labour on site	1 %	2 %		During whole timeframe	
Subcontractor labour used on site	0 %	3 %		During whole timeframe	As a % of total labour
Job completion efficiency	n/a	0.96		During whole timeframe	0 to 1, where 1 is the optimum level
Reduction in job costs (build) due to targeted investments	0.0 %	0.7 %		During whole timeframe	
Reduction in job costs (risk) due to targeted investments	0.0 %	0.2 %		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	1.0		During whole timeframe	0=No contingency, 1=sensible level, 2=full risk cost
Risk cost incurred before mitigating factors	21 %	64 %		During whole timeframe	As a % of the contingency in the bid
Change in risk cost incurred due to mitigating factors	-14.3 %	-30.2 %		During whole timeframe	
Risk cost incurred after mitigating factors	18 %	44 %		During whole timeframe	As a % of the contingency in the bid