



Enginuity 2017 Competition

PERFORMANCE REVIEW FOR 'Build Everything Create Anything'



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

Dana Kancherla

Salina Li

Peter O'Brien

Wei Loong Chee

Ben Stocker

Alex Carding

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.

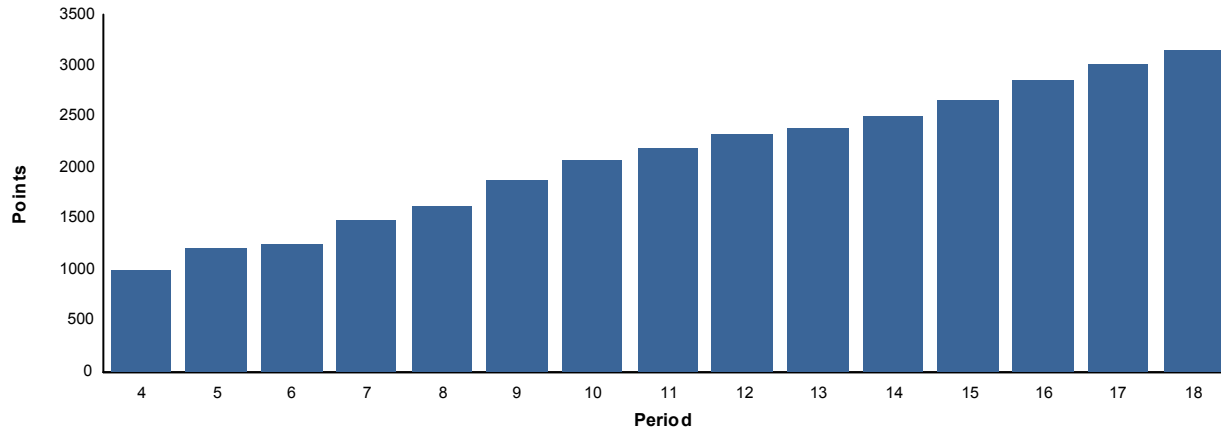
KEY PERFORMANCE INDICATORS

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 3,151 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)	54	145	194	181	133	140	88	105	81	104	1,225
6	Early Years	2017 (Q2)	57	133	168	179	138	160	99	122	69	132	1,257
7	Early Years	2017 (Q3)	63	159	226	197	148	175	122	161	77	163	1,491
8	Early Years	2017 (Q4)	72	182	282	223	152	205	99	133	82	205	1,635
9	Early Years	2018 (Q1)	78	201	327	252	158	245	133	157	94	244	1,889
10	Early Years	2018 (Q2)	83	215	361	280	163	270	149	170	107	277	2,075
11	Early Years	2018 (Q3)	90	217	367	302	167	290	151	175	129	316	2,204
12	Early Years	2018 (Q4)	94	215	364	315	170	325	176	189	139	355	2,342
13	Later Years	2019 (Q1)	100	220	376	346	171	355	156	125	150	394	2,393
14	Later Years	2019 (Q2)	103	227	393	378	170	390	144	116	171	426	2,518
15	Later Years	2019 (Q3)	106	230	397	399	171	405	191	133	192	452	2,676
16	Later Years	2019 (Q4)	108	235	406	422	172	440	234	142	223	482	2,864
17	Later Years	2020 (Q1)	112	233	403	442	174	460	266	164	245	528	3,027
18	Later Years	2020 (Q2)	119	231	401	466	176	500	259	156	267	576	3,151

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	13,156,720	174 %	E
Share price:	1.03	3.93	282 %	E
Capital employed:	78 %	93 %		A
Turnover:	11,919,030	21,086,950	77 %	A
Job profit:	3.4 %	6.4 %		D % of job cost
Overhead costs:	1.8 %	1.5 %		D % of job cost
Operating profit:	1.3 %	4.2 %		D % of job cost; net, after tax and interest
Dividend paid:	1.8 %	1.0 %		D % of job cost
Measurement staffing level:	100 %	117 %		D The benchmark was 100%
Market share:	11 %	37 %		D % of the overall new work in the market identified
Market share split (UK):	64 %	31 %		D % of the market share in the UK
Market share split (OV):	36 %	69 %		D % of market share Overseas (outside the UK)
QHSE staffing level:	100 %	117 %		D The benchmark was 100%
Head office staffing level:	100 %	120 %		D The benchmark was 100%
Number of jobs bid for:	14	67		D
Number of jobs won:	6	37		D
Bidding success rate:	43 %	55 %		D Jobs won as a % of jobs bid for
Jobs finished early:	0	22		D
Jobs finished on time:	0	13		D
Jobs finished late:	0	0		D
Job completion efficiency:	n/a	0.91		D 0 to 1, where 1 is the optimum level
Reduction in build cost:	0.00 %	2.10 %		D % due to targeted investments
Risk cost incurred:	46 %	47 %		D As a % of the contingency in the bid
Change in risk cost:	-17.5 %	-12.3 %		D % due to mitigatng factors
Project manager weighting:	8.1	8.9		D Out of 10
Forward margin:	715,258	1,112,959		E
Forward workload:	19,358,560	71,606,550		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)