



Enginuity 2016 Competition

PERFORMANCE REVIEW FOR 'Tacoma Sparrows'



THE TASK

A fledgling **UK-based multinational construction company**, with its headquarters in London, has been trading for just one year. A **new management team** is needed to run the company for the foreseeable future, making the key business decisions related to finance, marketing, overheads, procurement and job progression. The decisions are made for each period, which represents a quarter, or 3 months. The new management team need to form **an effective strategy to grow the business**, and satisfy the high demands of the company's shareholders, who are keen to see a quick return on their investment.

Although based in the UK, and subject to UK tax laws and interest rates, **expansion into overseas markets**, and different continents, may be an attractive proposition. A lot will depend upon the prevailing economic climate in the UK, and worldwide, which changes as time progresses to provide a realistic and dynamic challenge for the new management team. Working in different countries will present some **particular challenges** to overcome, such as client restrictions, global competitors and environmental problems (extreme weather conditions, civil unrest, local labour problems etc). However, the **potential rewards and opportunities** of operating globally, such as worldwide client base, niche markets and lucrative large-scale contracts, may outweigh the risks.

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



MANAGEMENT TEAM

Ainoa Menor Fumanal

Ignacio Arroyo Hernandez

Martin Alexano Gonzalez

Joan Bergas Masso



SPONSOR

AECOM UK



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.

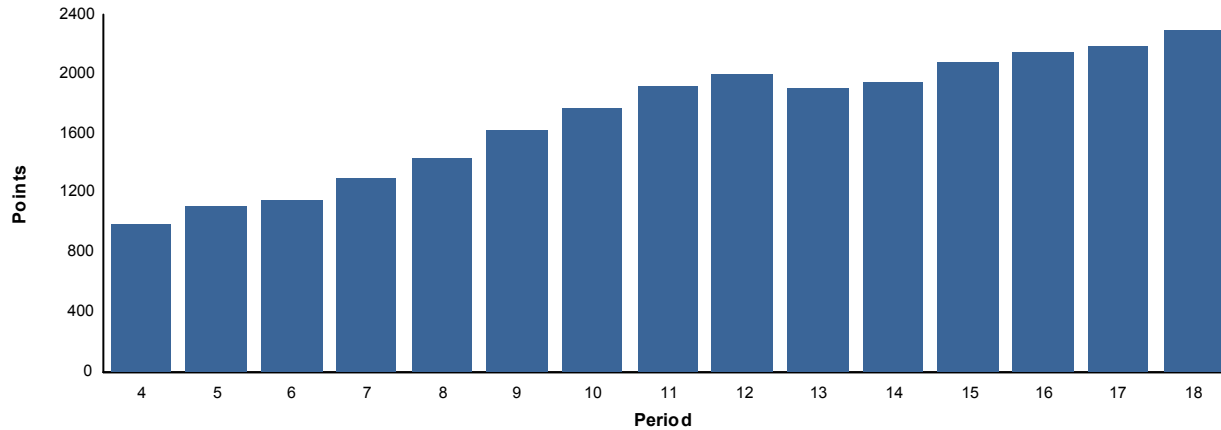
KEY PERFORMANCE INDICATORS

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 2,296 points

Base Period	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	40	130	130	170	120	100	70	100	70	70	1,000
5	48	127	112	173	143	130	102	128	62	94	1,119
6	60	129	129	181	157	130	87	111	65	112	1,161
7	70	138	154	195	168	155	97	118	74	134	1,303
8	77	146	173	207	175	180	100	130	84	172	1,444
9	85	161	203	230	181	220	103	133	100	208	1,624
10	92	171	219	247	187	230	121	144	118	243	1,772
11	96	177	232	263	191	255	138	165	138	267	1,922
12	102	178	238	275	194	265	139	152	151	307	2,001
13	106	180	243	287	190	280	75	78	151	319	1,909
14	108	185	245	292	187	280	88	75	161	330	1,951
15	107	185	235	278	187	290	146	122	170	360	2,080
16	107	179	218	266	188	310	176	159	157	393	2,153
17	111	175	215	283	191	315	170	153	173	405	2,191
18	114	171	213	290	193	345	204	156	176	434	2,296

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		
Financial Management				
Company value:	4,886,205	8,341,737	71 %	E
Share price:	1.18	2.96	151 %	E
Capital employed:	68 %	91 %		A
Turnover:	10,522,050	17,770,470	69 %	A
Job profit:	4.4 %	5.9 %		D % of job cost
Overhead costs:	1.8 %	1.8 %		D % of job cost
Operating profit:	1.9 %	3.2 %		D % of job cost; net, after tax and interest
Dividend paid:	2.0 %	1.6 %		D % of job cost
Overhead Management				
Market share:	12 %	30 %		D % of the overall new work in the market identified
Market share split (UK):	45 %	38 %		D % of the market share in the UK
Market share split (OV):	55 %	62 %		D % of market share Overseas (outside the UK)
Head office staffing level:	100 %	127 %		D The benchmark was 100%
QHSE staffing level:	100 %	126 %		D The benchmark was 100%
Measurement staffing level:	100 %	126 %		D The benchmark was 100%
Procurement				
Number of jobs bid for:	10	56		D
Number of jobs won:	6	32		D
Bidding success rate:	60 %	57 %		D Jobs won as a % of jobs bid for
Job Progression				
Jobs finished early:	1	10		D
Jobs finished on time:	0	17		D
Jobs finished late:	0	2		D
Job completion efficiency:	0.96	0.88		D 0 to 1, where 1 is the optimum level
Reduction in build cost:	0.00 %	0.76 %		D % due to targeted investments
Risk cost incurred:	50 %	55 %		D As a % of the contingency in the bid
Change in risk cost:	-11.5 %	-20.8 %		D % due to mitigating factors
Project manager weighting:	7.8	8.6		D Out of 10
Future Outlook				
Forward workload:	22,485,540	65,573,920		E
Forward margin:	866,077	1,349,184		E

Basis

The basis for setting each measure was:

E (At the end of the timeframe) **A** (An average for each period of the timeframe) **D** (The value during the whole timeframe)