



Enginuity 2017 Competition

PERFORMANCE REVIEW FOR 'Stechay Inc.'



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

Milos Mitrovic

Bogdan Kosanovic

Branislav Jelkic

Jelena Jovanovic

Svetlana Krstic

SPONSOR

WSP



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.

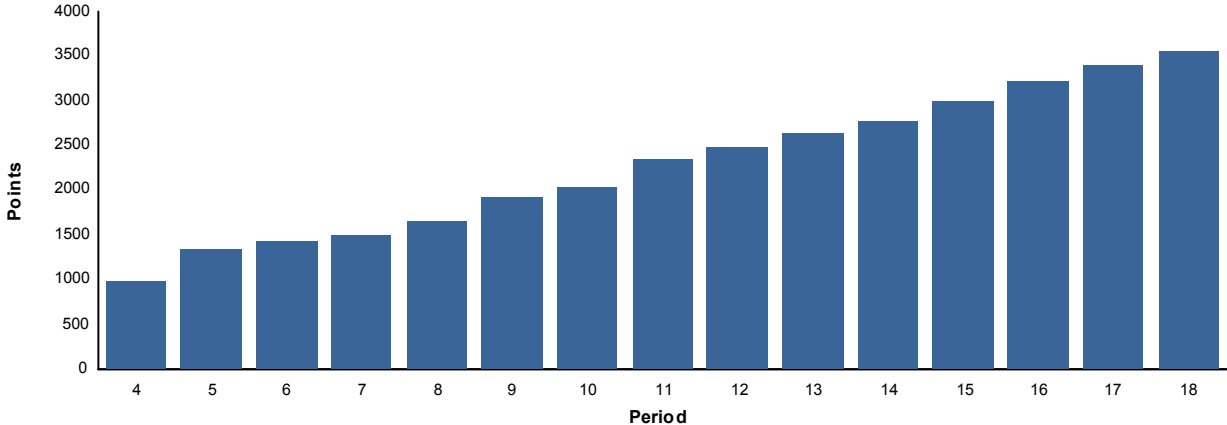
KEY PERFORMANCE INDICATORS

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 3,560 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	174	255	191	137	140	103	119	86	96	1,355
6	Early Years	2017 (Q2)	58	168	234	193	148	150	129	153	77	122	1,432
7	Early Years	2017 (Q3)	68	179	267	211	155	155	114	142	82	145	1,518
8	Early Years	2017 (Q4)	77	187	293	232	161	190	115	142	91	181	1,669
9	Early Years	2018 (Q1)	83	207	341	262	166	235	140	164	105	225	1,928
10	Early Years	2018 (Q2)	89	218	368	292	169	250	128	152	119	256	2,041
11	Early Years	2018 (Q3)	96	241	425	342	172	295	155	176	150	295	2,347
12	Early Years	2018 (Q4)	100	242	426	363	174	310	187	199	163	336	2,500
13	Later Years	2019 (Q1)	107	255	458	415	176	355	160	146	190	378	2,640
14	Later Years	2019 (Q2)	113	259	469	455	176	385	163	116	224	412	2,772
15	Later Years	2019 (Q3)	116	261	473	481	177	420	224	140	259	458	3,009
16	Later Years	2019 (Q4)	121	262	473	513	178	435	243	194	321	494	3,234
17	Later Years	2020 (Q1)	125	264	476	539	178	480	239	216	358	528	3,403
18	Later Years	2020 (Q2)	125	262	469	529	178	495	318	261	358	565	3,560

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	14,945,000	211 %	E
Share price:	1.03	5.27	412 %	E
Capital employed:	78 %	95 %		A
Turnover:	11,919,030	22,244,460	87 %	A
Job profit:	3.4 %	7.4 %		D % of job cost
Overhead costs:	1.8 %	1.5 %		D % of job cost
Operating profit:	1.3 %	5.0 %		D % of job cost; net, after tax and interest
Dividend paid:	1.8 %	1.3 %		D % of job cost
Measurement staffing level:	100 %	122 %		D The benchmark was 100%
Market share:	11 %	37 %		D % of the overall new work in the market identified
Market share split (UK):	64 %	36 %		D % of the market share in the UK
Market share split (OV):	36 %	64 %		D % of market share Overseas (outside the UK)
QHSE staffing level:	100 %	122 %		D The benchmark was 100%
Head office staffing level:	100 %	118 %		D The benchmark was 100%
Number of jobs bid for:	14	73		D
Number of jobs won:	6	34		D
Bidding success rate:	43 %	47 %		D Jobs won as a % of jobs bid for
Jobs finished early:	0	20		D
Jobs finished on time:	0	11		D
Jobs finished late:	0	0		D
Job completion efficiency:	n/a	0.97		D 0 to 1, where 1 is the optimum level
Reduction in build cost:	0.00 %	2.31 %		D % due to targeted investments
Risk cost incurred:	44 %	66 %		D As a % of the contingency in the bid
Change in risk cost:	-22.3 %	-14.8 %		D % due to mitigatng factors
Project manager weighting:	8.1	9.4		D Out of 10
Forward margin:	715,258	1,869,423		E
Forward workload:	19,358,560	87,958,270		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)