



ENGINUITY 2020 COMPETITION

PERFORMANCE REVIEW FOR 'Building Suspense'

MANAGEMENT TEAM

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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

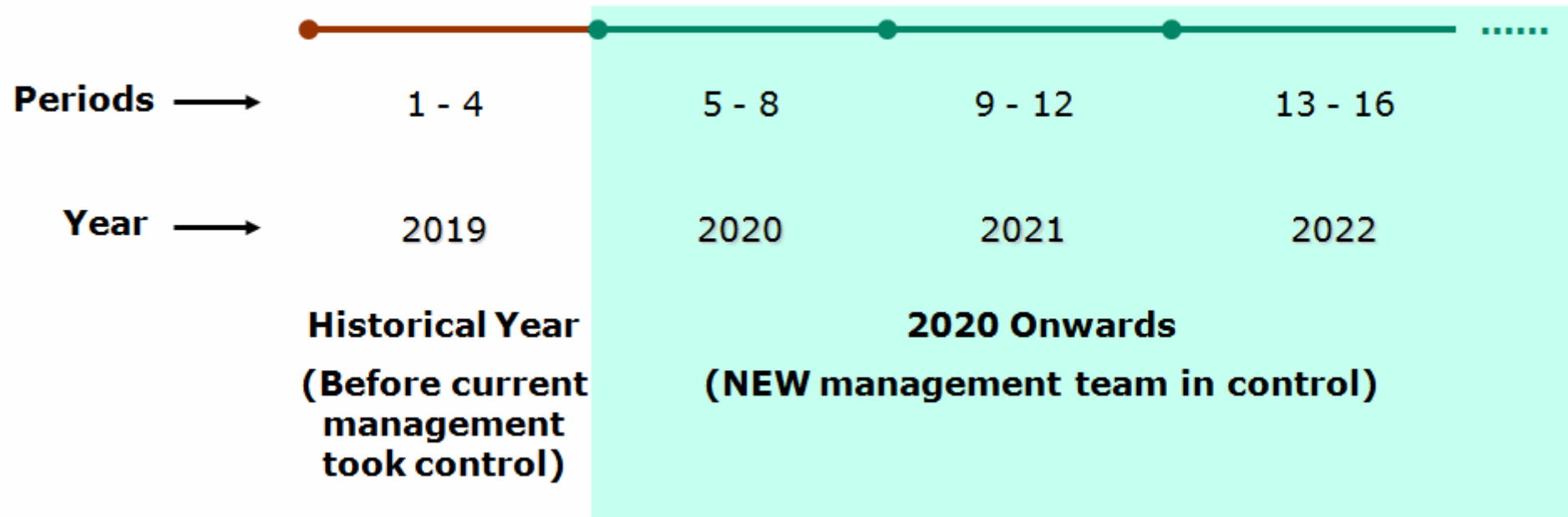
To implement the strategy **decisions** will have to be made in a number of key areas :-

- 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.

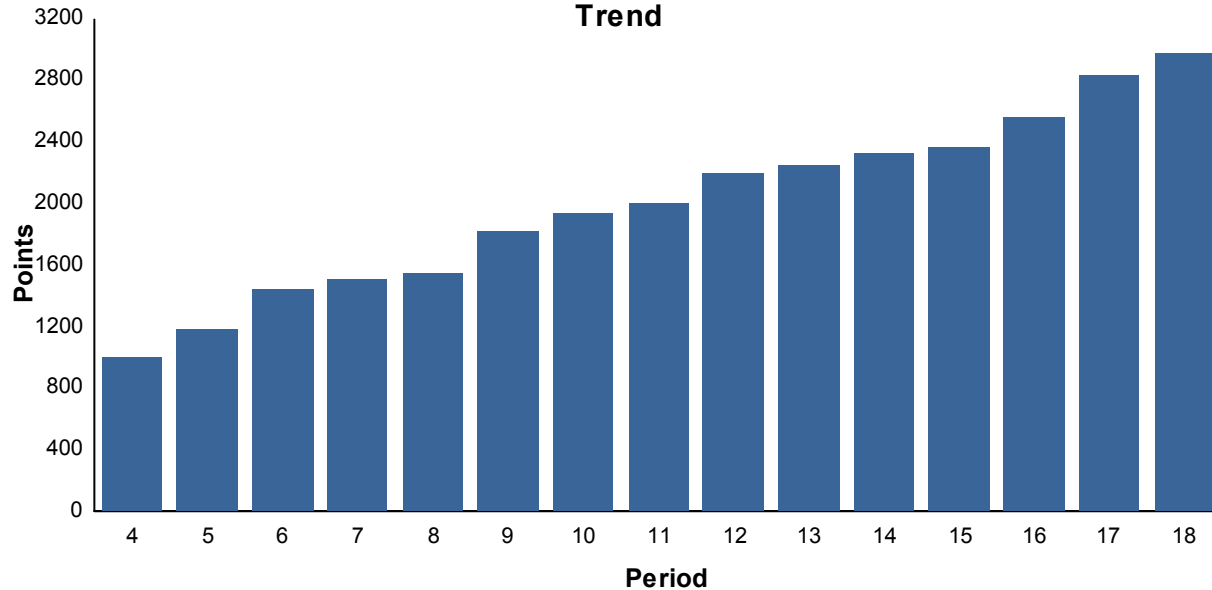
OVERALL PERFORMANCE (KPIs)

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 2,970 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)	59	175	182	178	145	90	83	120	78	76	1,186
6	Early Years	2020 (Q2)	66	191	206	187	162	122	133	179	76	122	1,444
7	Early Years	2020 (Q3)	78	181	208	198	175	143	131	172	65	162	1,513
8	Early Years	2020 (Q4)	92	199	257	223	178	163	79	103	63	196	1,553
9	Early Years	2021 (Q1)	100	203	262	240	187	212	150	172	67	234	1,827
10	Early Years	2021 (Q2)	105	204	258	252	196	217	176	201	60	270	1,939
11	Early Years	2021 (Q3)	113	207	273	276	201	237	160	178	59	299	2,003
12	Early Years	2021 (Q4)	122	217	297	308	207	261	184	190	62	346	2,194
13	Later Years	2022 (Q1)	131	222	312	337	210	298	160	116	72	388	2,246
14	Later Years	2022 (Q2)	136	222	309	351	212	310	188	93	75	427	2,323
15	Later Years	2022 (Q3)	142	224	319	380	212	346	138	53	81	467	2,362
16	Later Years	2022 (Q4)	148	220	310	396	212	390	158	118	103	510	2,565
17	Later Years	2023 (Q1)	151	220	303	404	214	419	229	219	125	554	2,838
18	Later Years	2023 (Q2)	155	223	307	417	217	431	255	237	142	586	2,970

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	11,489,850	145 %	End of timeframe	
Share price	1.05	2.13	103 %	End of timeframe	
Average capital base	4,075,584	6,450,113	58 %	Each period of timeframe	
Average capital base utilisation	64 %	89 %		Each period of timeframe	
Average turnover	8,114,228	19,019,230	134 %	Each period of timeframe	
Job profit	4.3 %	5.8 %		During whole timeframe	As a % of job costs
Overhead costs	2.7 %	1.9 %		During whole timeframe	As a % of job costs
Net operating profit	1.2 %	3.3 %		During whole timeframe	As a % of job costs after tax and interest
Dividend paid	2.8 %	0.5 %		During whole timeframe	As a % of job costs
Forward workload	17,285,100	62,848,110		End of timeframe	
Forward margin	617,535	1,462,456		End of timeframe	
OVERHEAD MANAGEMENT					
Market share	12 %	36 %		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 %	116 %		During whole timeframe	Optimum level is 100%
QHSE staffing level	100 %	119 %		During whole timeframe	Optimum level is 100%
Measurement staffing level	100 %	119 %		During whole timeframe	Optimum level is 100%
PROCUREMENT					
Number of jobs bid for	14	63		During whole timeframe	
Number of jobs won	5	36		During whole timeframe	
Bidding success rate	36 %	57 %		During whole timeframe	Jobs won as a % of jobs bid for
JOB PROGRESSION					
Project manager weighting	8.0	9.4		During whole timeframe	Out of 10
Project manager resignations	0	2		During whole timeframe	Due to insufficient bonus levels or being headhunted
Net gain from bonus payments to project managers	29,596	883,889		During whole timeframe	
Jobs finished early	0	28		During whole timeframe	
Jobs finished on time	0	8		During whole timeframe	
Jobs finished late	0	0		During whole timeframe	
Ineffective labour on site	1 %	1 %		During whole timeframe	
Subcontractor labour used on site	0 %	0 %		During whole timeframe	As a % of total labour
Job completion efficiency	n/a	0.91		During whole timeframe	0 to 1, where 1 is the optimum level
Reduction in job costs (build) due to targeted investments	0.0 %	1.0 %		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 %	-0.9 %		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 %	56 %		During whole timeframe	As a % of the contingency in the bid
Change in risk cost incurred due to mitigating factors	-17.0 %	-35.7 %		During whole timeframe	
Risk cost incurred after mitigating factors	17 %	36 %		During whole timeframe	As a % of the contingency in the bid