



ENGINUITY 2019 COMPETITION

PERFORMANCE REVIEW FOR '39 with 2'

MANAGEMENT TEAM

Nemanja Stamatovic

Nikola Kosanovic

Jelena Petkovic

Ivana Vidakovic

Marija Zeradanin

Svetlana Krstic

SPONSOR

WSP UK

THE CHALLENGE



It is the **beginning of 2019**.

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

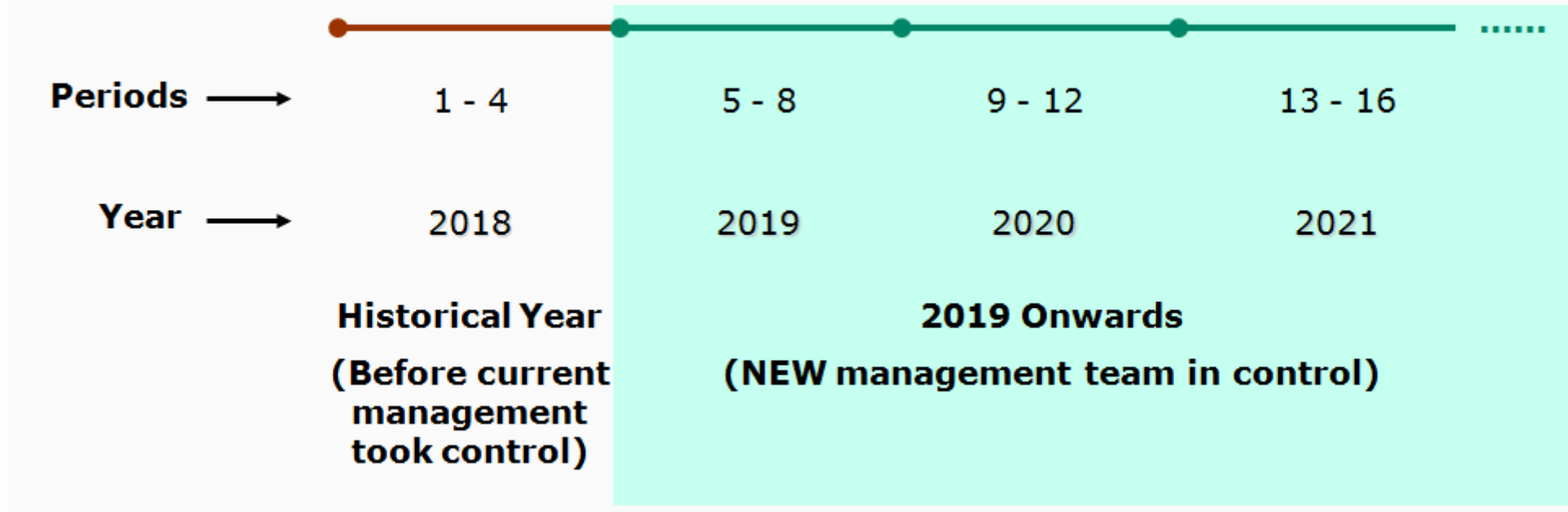
To implement the strategy **decisions** will have to be made in a number of key areas :-

- 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.

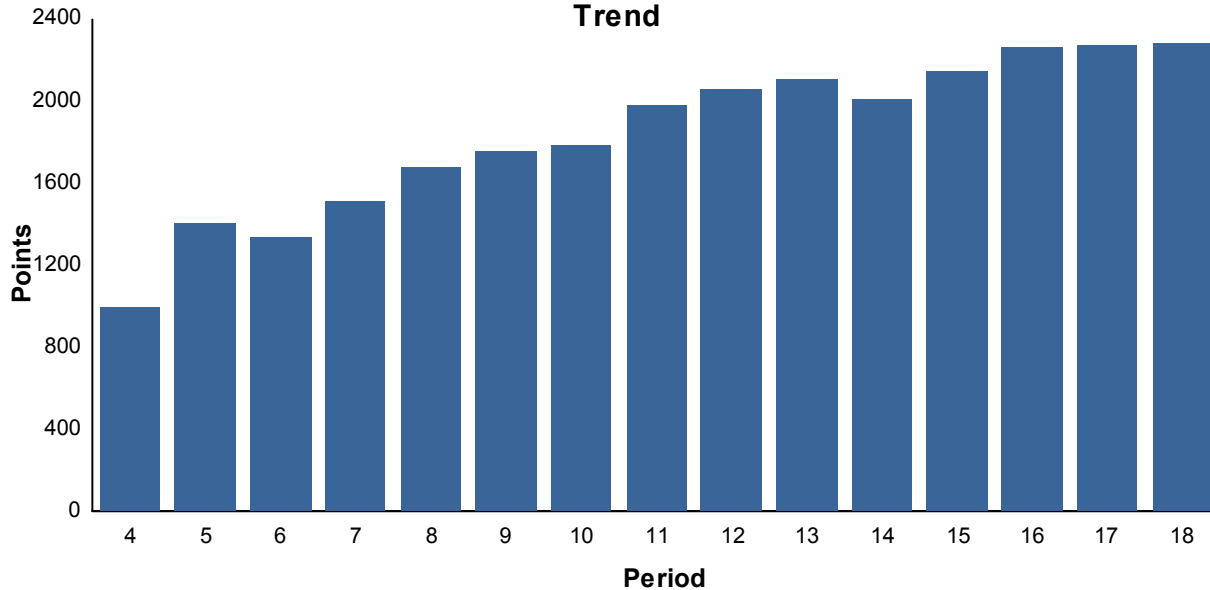
OVERALL PERFORMANCE (KPIs)

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 2,277 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	2018 (Q4)	40	170	120	170	130	80	70	100	70	50	1,000
5	Early Years	2019 (Q1)	52	200	176	178	172	105	154	199	86	78	1,400
6	Early Years	2019 (Q2)	73	164	142	181	200	105	133	168	67	107	1,340
7	Early Years	2019 (Q3)	93	178	175	199	220	145	126	155	78	139	1,508
8	Early Years	2019 (Q4)	96	180	162	199	236	145	191	234	74	158	1,675
9	Early Years	2020 (Q1)	106	193	190	219	249	162	168	197	85	190	1,759
10	Early Years	2020 (Q2)	123	185	185	233	260	185	147	167	85	214	1,784
11	Early Years	2020 (Q3)	129	190	196	249	268	217	190	200	96	247	1,982
12	Early Years	2020 (Q4)	136	187	193	259	275	229	193	202	101	279	2,054
13	Later Years	2021 (Q1)	145	187	195	273	281	249	179	184	108	306	2,107
14	Later Years	2021 (Q2)	151	198	213	300	275	276	79	79	111	330	2,012
15	Later Years	2021 (Q3)	147	201	190	278	271	288	154	157	107	354	2,147
16	Later Years	2021 (Q4)	148	205	190	283	272	288	189	188	123	376	2,262
17	Later Years	2022 (Q1)	151	203	185	282	273	303	184	176	119	398	2,274
18	Later Years	2022 (Q2)	156	197	178	285	274	303	190	158	118	418	2,277

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	4,748,393	7,954,285	68 %	End of timeframe	
Share price	1.06	1.79	69 %	End of timeframe	
Average capital base	3,937,890	5,541,916	41 %	Each period of timeframe	
Average capital base utilisation	49 %	89 %		Each period of timeframe	
Average turnover	6,996,588	16,594,640	137 %	Each period of timeframe	
Job profit	4.7 %	5.5 %		During whole timeframe	As a % of job costs
Overhead costs	2.4 %	2.4 %		During whole timeframe	As a % of job costs
Net operating profit	1.7 %	2.6 %		During whole timeframe	As a % of job costs after tax and interest
Dividend paid	3.0 %	1.1 %		During whole timeframe	As a % of job costs
Forward workload	13,789,860	37,341,290		End of timeframe	
Forward margin	501,657	795,042		End of timeframe	
OVERHEAD MANAGEMENT					
Market share	11 %	36 %		During whole timeframe	% of the overall new work in the market identified
Market share split (UK)	44 %	35 %		During whole timeframe	% of the market share in the UK
Market share split (OV)	56 %	65 %		During whole timeframe	% of market share Overseas (outside the UK)
Head office staffing level	100 %	114 %		During whole timeframe	Optimum level is 100%
QHSE staffing level	100 %	120 %		During whole timeframe	Optimum level is 100%
Measurement staffing level	100 %	120 %		During whole timeframe	Optimum level is 100%
PROCUREMENT					
Number of jobs bid for	7	43		During whole timeframe	
Number of jobs won	4	21		During whole timeframe	
Bidding success rate	57 %	49 %		During whole timeframe	Jobs won as a % of jobs bid for
JOB PROGRESSION					
Project manager weighting	8.5	9.8		During whole timeframe	Out of 10
Project manager resignations	0	3		During whole timeframe	Due to insufficient bonus levels or being headhunted
Net gain from bonus payments to project managers	25,518	799,940		During whole timeframe	
Jobs finished early	0	16		During whole timeframe	
Jobs finished on time	0	5		During whole timeframe	
Jobs finished late	0	0		During whole timeframe	
Ineffective labour on site	0 %	2 %		During whole timeframe	
Subcontractor labour used on site	0 %	10 %		During whole timeframe	As a % of total labour
Job completion efficiency	n/a	0.95		During whole timeframe	0 to 1, where 1 is the optimum level
Reduction in job costs (build) due to targeted investments	0.0 %	0.4 %		During whole timeframe	
Reduction in job costs (risk) due to targeted investments	0.0 %	0.3 %		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	45 %	79 %		During whole timeframe	As a % of the contingency in the bid
Change in risk cost incurred due to mitigating factors	-37.9 %	-41.8 %		During whole timeframe	
Risk cost incurred after mitigating factors	28 %	46 %		During whole timeframe	As a % of the contingency in the bid