



Enginuity 2016 Competition

PERFORMANCE REVIEW FOR '6pack'



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

Augustas Grendelis
Nuria Gonzalez

Virginia Molina
Simeon Chandra

Landaluce Javier
Robert Browne

Gurdit Landa



SPONSOR

Jacobs



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.

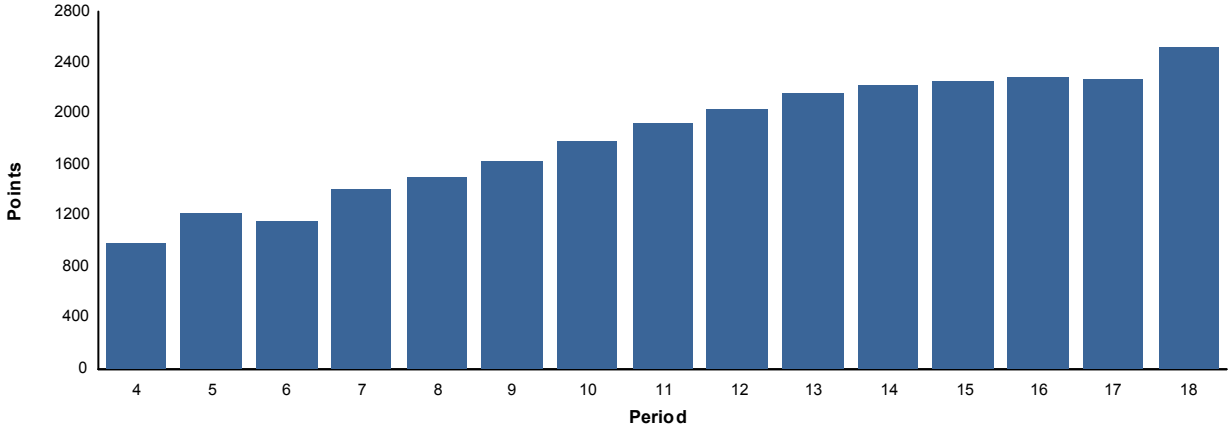
KEY PERFORMANCE INDICATORS

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 2,531 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	144	163	177	142	130	99	146	81	102	1,232
6	60	134	158	182	149	130	63	93	75	123	1,167
7	65	150	187	195	161	170	102	131	86	161	1,408
8	73	158	201	209	170	185	102	122	92	195	1,507
9	81	168	220	230	177	210	99	118	103	229	1,635
10	86	171	226	245	183	240	116	140	113	276	1,796
11	91	180	242	268	188	265	118	140	128	312	1,932
12	98	182	248	291	192	290	116	133	141	354	2,045
13	102	184	252	308	193	335	120	131	152	390	2,167
14	104	183	246	314	194	360	140	121	152	413	2,227
15	106	181	242	319	196	370	138	107	152	452	2,263
16	114	169	224	318	198	420	119	82	155	489	2,288
17	116	169	223	341	195	435	80	54	148	519	2,280
18	116	166	212	342	196	475	168	136	166	554	2,531

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	9,831,268	101 %	E
Share price:	1.18	2.79	136 %	E
Capital employed:	68 %	92 %		A
Turnover:	10,522,050	18,165,420	73 %	A
Job profit:	4.4 %	5.7 %		D % of job cost
Overhead costs:	1.8 %	1.7 %		D % of job cost
Operating profit:	1.9 %	3.2 %		D % of job cost; net, after tax and interest
Dividend paid:	2.0 %	1.2 %		D % of job cost
Overhead Management				
Market share:	12 %	34 %		D % of the overall new work in the market identified
Market share split (UK):	45 %	40 %		D % of the market share in the UK
Market share split (OV):	55 %	60 %		D % of market share Overseas (outside the UK)
Head office staffing level:	100 %	121 %		D The benchmark was 100%
QHSE staffing level:	100 %	142 %		D The benchmark was 100%
Measurement staffing level:	100 %	142 %		D The benchmark was 100%
Procurement				
Number of jobs bid for:	10	60		D
Number of jobs won:	6	34		D
Bidding success rate:	60 %	57 %		D Jobs won as a % of jobs bid for
Job Progression				
Jobs finished early:	1	21		D
Jobs finished on time:	0	13		D
Jobs finished late:	0	0		D
Job completion efficiency:	0.96	0.85		D 0 to 1, where 1 is the optimum level
Reduction in build cost:	0.00 %	1.16 %		D % due to targeted investments
Risk cost incurred:	50 %	43 %		D As a % of the contingency in the bid
Change in risk cost:	-11.8 %	-25.3 %		D % due to mitigating factors
Project manager weighting:	7.8	9.4		D Out of 10
Future Outlook				
Forward workload:	22,485,540	53,922,420		E
Forward margin:	866,077	1,174,899		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)