



# ENGINUITY 2021 COMPETITION

## PERFORMANCE REVIEW FOR 'It's Nothing Parsonal'

### MANAGEMENT TEAM

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### SPONSOR

Parsons

### THE CHALLENGE



It is the **beginning of 2021**.

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

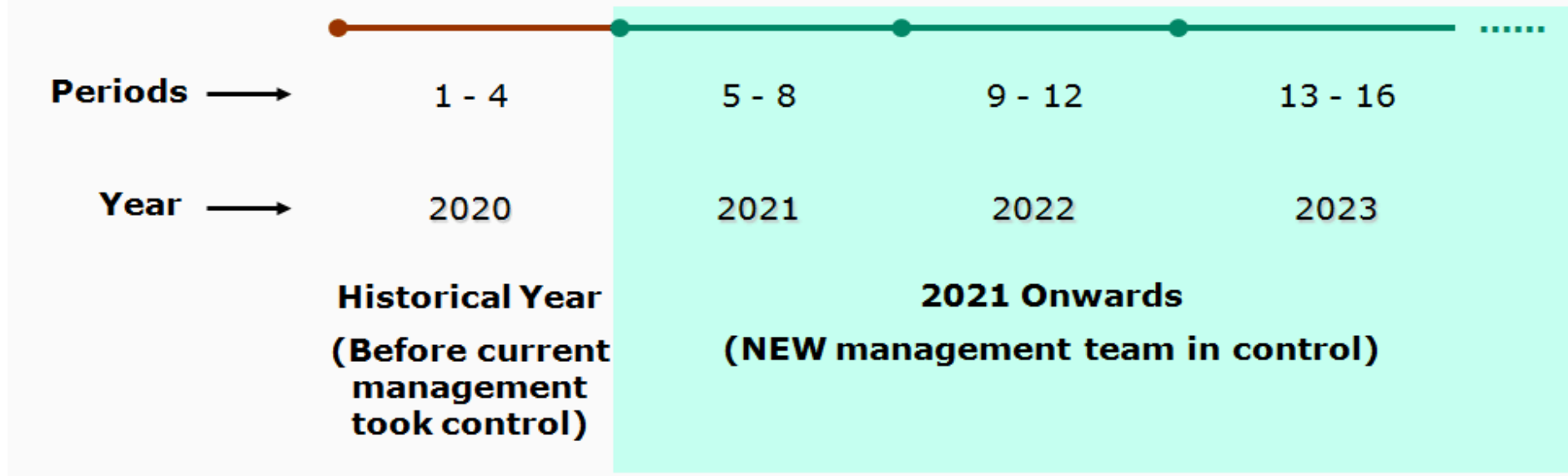
To implement the strategy **decisions** will have to be made in a number of key areas :-

- 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.

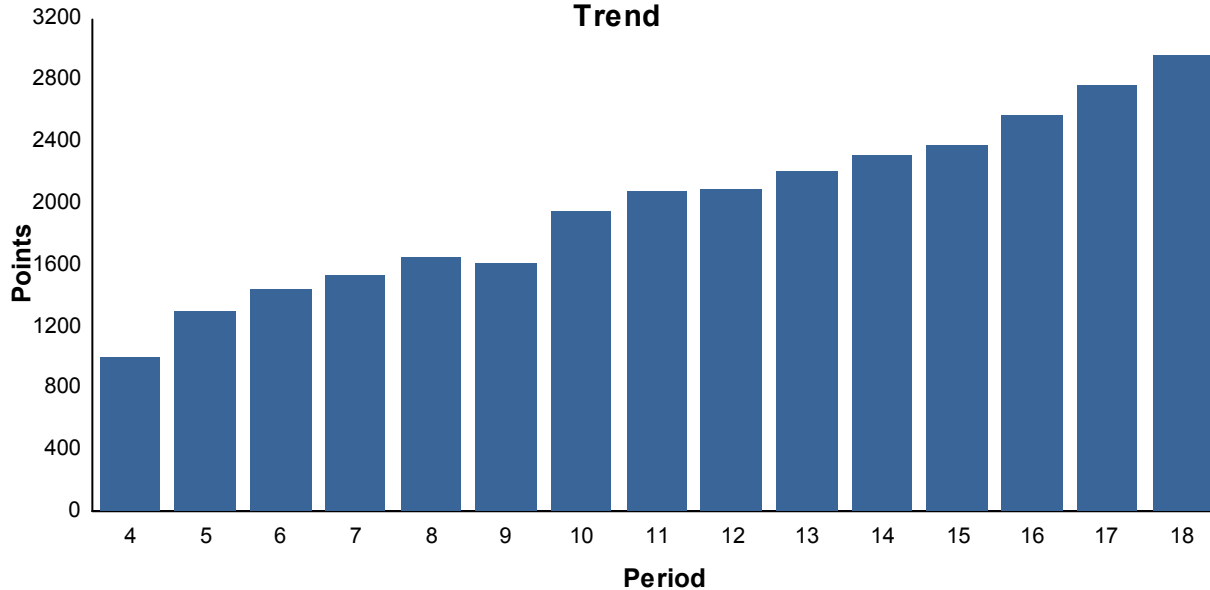
# OVERALL PERFORMANCE (KPIs)

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 2,962 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	2020 (Q4)	40	170	120	170	130	80	70	100	70	50	1,000
5	Early Years	2021 (Q1)	49	185	150	182	151	113	126	176	90	81	1,303
6	Early Years	2021 (Q2)	57	199	173	194	166	129	134	183	94	110	1,439
7	Early Years	2021 (Q3)	66	223	208	218	174	129	118	161	103	137	1,537
8	Early Years	2021 (Q4)	76	229	221	243	179	184	100	131	109	178	1,650
9	Early Years	2022 (Q1)	78	226	208	247	175	189	78	97	100	212	1,610
10	Early Years	2022 (Q2)	81	242	226	271	180	213	164	198	130	250	1,955
11	Early Years	2022 (Q3)	83	240	225	284	185	231	185	226	137	288	2,084
12	Early Years	2022 (Q4)	89	240	227	306	189	231	169	194	141	307	2,093
13	Later Years	2023 (Q1)	94	245	236	338	192	275	181	152	158	343	2,214
14	Later Years	2023 (Q2)	96	242	230	354	194	299	201	146	167	382	2,311
15	Later Years	2023 (Q3)	102	235	225	378	197	307	199	141	181	415	2,380
16	Later Years	2023 (Q4)	107	236	228	410	199	359	194	184	209	451	2,577
17	Later Years	2024 (Q1)	110	239	229	435	201	374	219	241	241	475	2,764
18	Later Years	2024 (Q2)	112	245	237	471	202	401	239	275	270	510	2,962

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			
<b>FINANCIAL MANAGEMENT</b>					
Company value	4,953,073	13,724,780	177 %	End of timeframe	
Share price	1.03	3.97	285 %	End of timeframe	
Average capital base	4,086,919	6,527,623	60 %	Each period of timeframe	
Average capital base utilisation	73 %	94 %		Each period of timeframe	
Average turnover	11,827,670	19,686,030	66 %	Each period of timeframe	
Job profit	4.2 %	6.2 %		During whole timeframe	As a % of job costs
Overhead costs	1.8 %	1.5 %		During whole timeframe	As a % of job costs
Net operating profit	1.9 %	4.0 %		During whole timeframe	As a % of job costs after tax and interest
Dividend paid	1.8 %	0.6 %		During whole timeframe	As a % of job costs
Forward workload	17,800,340	60,795,270		End of timeframe	
Forward margin	692,358	1,905,690		End of timeframe	
<b>OVERHEAD MANAGEMENT</b>					
Market share	11 %	32 %		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 %	123 %		During whole timeframe	Optimum level is 100%
QHSE staffing level	100 %	121 %		During whole timeframe	Optimum level is 100%
Measurement staffing level	100 %	121 %		During whole timeframe	Optimum level is 100%
<b>PROCUREMENT</b>					
Number of jobs bid for	11	51		During whole timeframe	
Number of jobs won	6	32		During whole timeframe	
Bidding success rate	55 %	63 %		During whole timeframe	Jobs won as a % of jobs bid for
<b>JOB PROGRESSION</b>					
Project manager weighting	8.2	9.3		During whole timeframe	Out of 10
Project manager resignations	0	1		During whole timeframe	Due to insufficient bonus levels or being headhunted
Net gain from bonus payments to project managers	43,544	885,303		During whole timeframe	
Jobs finished early	0	24		During whole timeframe	
Jobs finished on time	0	9		During whole timeframe	
Jobs finished late	0	0		During whole timeframe	
Ineffective labour on site	1 %	2 %		During whole timeframe	
Subcontractor labour used on site	8 %	3 %		During whole timeframe	As a % of total labour
Job completion efficiency	n/a	0.94		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 %	0.5 %		During whole timeframe	
For D&B jobs, change in build cost due to consultant designer	0.0 %	-1.1 %		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	56 %	62 %		During whole timeframe	As a % of the contingency in the bid
Change in risk cost incurred due to mitigating factors	-39.6 %	-47.3 %		During whole timeframe	
Risk cost incurred after mitigating factors	34 %	33 %		During whole timeframe	As a % of the contingency in the bid