



# Enginuity 2017 Competition

## PERFORMANCE REVIEW FOR 'Never Tell Me The Odds'



### 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

Vincent T. Favale

Joseph Salvo

Matthew Beller

Brendan Tyler

### 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.

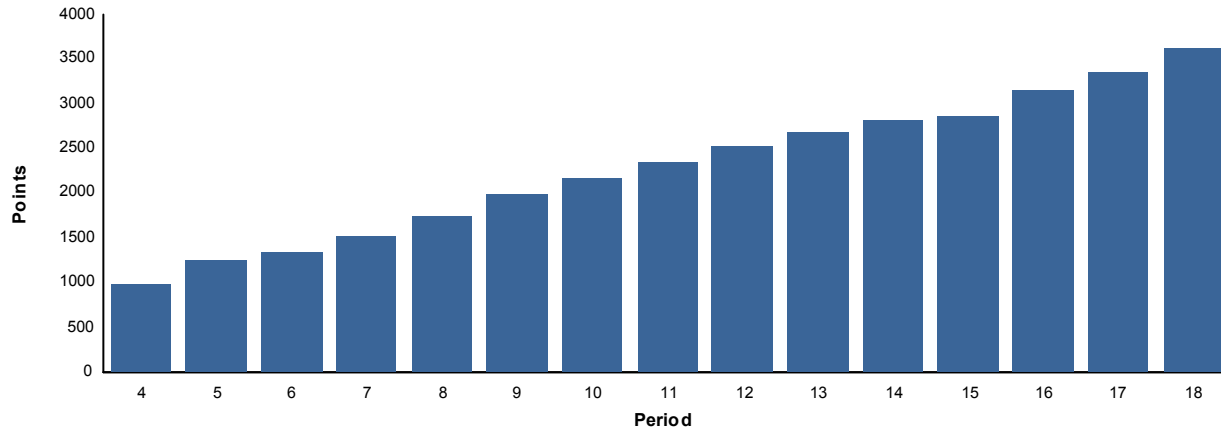
# KEY PERFORMANCE INDICATORS

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 3,638 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	144	189	183	137	140	103	125	78	106	1,259
6	Early Years	2017 (Q2)	59	136	171	185	148	160	126	154	64	146	1,349
7	Early Years	2017 (Q3)	68	165	239	210	156	175	116	157	67	176	1,529
8	Early Years	2017 (Q4)	77	192	304	242	161	215	114	153	73	223	1,754
9	Early Years	2018 (Q1)	83	213	355	275	166	260	137	165	86	268	2,008
10	Early Years	2018 (Q2)	88	225	380	299	170	270	154	184	103	308	2,181
11	Early Years	2018 (Q3)	95	232	399	333	173	315	148	171	124	355	2,345
12	Early Years	2018 (Q4)	100	240	418	365	175	350	171	183	143	397	2,542
13	Later Years	2019 (Q1)	104	249	438	397	175	375	158	179	173	432	2,680
14	Later Years	2019 (Q2)	107	258	447	417	174	420	166	169	208	468	2,834
15	Later Years	2019 (Q3)	111	260	452	439	171	420	135	144	234	499	2,865
16	Later Years	2019 (Q4)	114	265	464	474	172	485	226	151	269	545	3,165
17	Later Years	2020 (Q1)	118	258	444	479	173	500	263	236	295	593	3,359
18	Later Years	2020 (Q2)	123	262	459	505	174	560	287	279	355	634	3,638

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	14,257,670	197 %	E
Share price:	1.03	5.23	408 %	E
Capital employed:	78 %	92 %		A
Turnover:	11,919,030	21,855,210	83 %	A
Job profit:	3.4 %	7.4 %		D % of job cost
Overhead costs:	1.8 %	1.7 %		D % of job cost
Operating profit:	1.3 %	4.9 %		D % of job cost; net, after tax and interest
Dividend paid:	1.8 %	1.3 %		D % of job cost
Measurement staffing level:	100 %	116 %		D The benchmark was 100%
Market share:	11 %	38 %		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 %	116 %		D The benchmark was 100%
Head office staffing level:	100 %	116 %		D The benchmark was 100%
Number of jobs bid for:	14	72		D
Number of jobs won:	6	38		D
Bidding success rate:	43 %	53 %		D Jobs won as a % of jobs bid for
Jobs finished early:	0	28		D
Jobs finished on time:	0	10		D
Jobs finished late:	0	0		D
Job completion efficiency:	n/a	0.91		D 0 to 1, where 1 is the optimum level
Reduction in build cost:	0.00 %	1.97 %		D % due to targeted investments
Risk cost incurred:	44 %	45 %		D As a % of the contingency in the bid
Change in risk cost:	-21.9 %	-14.7 %		D % due to mitigatng factors
Project manager weighting:	8.1	9.4		D Out of 10
Forward margin:	715,258	1,992,776		E
Forward workload:	19,358,560	79,493,800		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)