



# Enginuity 2016 Competition

## PERFORMANCE REVIEW FOR 'Major Key'



### 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

Dmitrijs Gavrilovs  
Liam Johnston

Abdul Kassam  
Sharon Kidaha

Sarah Allaoui



### SPONSOR

Cundall



### 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.

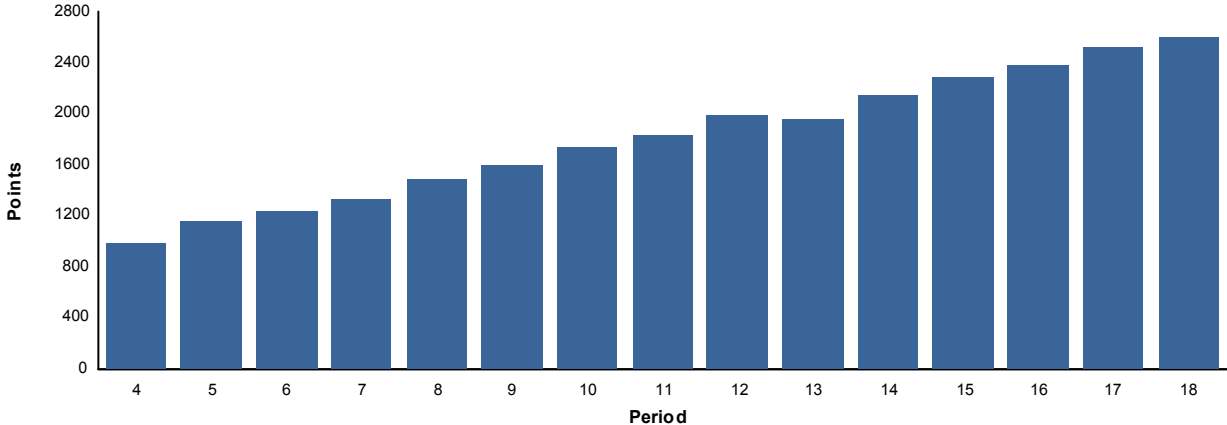
# KEY PERFORMANCE INDICATORS

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 2,604 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	127	128	171	142	130	97	138	76	103	1,160
6	61	136	145	180	156	130	89	130	82	130	1,239
7	70	143	161	188	166	160	91	121	85	153	1,338
8	75	152	174	196	174	185	110	133	93	194	1,486
9	85	161	195	218	180	215	99	113	104	225	1,595
10	90	166	204	229	186	240	122	136	117	254	1,744
11	95	172	216	246	190	255	122	134	132	282	1,844
12	100	175	224	259	194	285	138	147	147	328	1,997
13	104	182	237	284	190	305	73	77	149	359	1,960
14	107	184	237	290	192	335	152	109	163	383	2,152
15	110	186	241	302	194	360	168	123	181	426	2,291
16	115	187	243	317	197	375	173	121	197	464	2,389
17	120	187	244	329	199	400	171	155	234	493	2,532
18	126	180	232	321	200	435	185	179	218	528	2,604

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		
<b>Financial Management</b>				
Company value:	4,886,205	9,231,031	89 %	E
Share price:	1.18	3.68	212 %	E
Capital employed:	68 %	95 %		A
Turnover:	10,522,050	19,721,400	87 %	A
Job profit:	4.4 %	6.3 %		D % of job cost
Overhead costs:	1.8 %	1.8 %		D % of job cost
Operating profit:	1.9 %	3.6 %		D % of job cost; net, after tax and interest
Dividend paid:	2.0 %	1.7 %		D % of job cost
<b>Overhead Management</b>				
Market share:	12 %	33 %		D % of the overall new work in the market identified
Market share split (UK):	45 %	39 %		D % of the market share in the UK
Market share split (OV):	55 %	61 %		D % of market share Overseas (outside the UK)
Head office staffing level:	100 %	120 %		D The benchmark was 100%
QHSE staffing level:	100 %	118 %		D The benchmark was 100%
Measurement staffing level:	100 %	118 %		D The benchmark was 100%
<b>Procurement</b>				
Number of jobs bid for:	10	81		D
Number of jobs won:	6	33		D
Bidding success rate:	60 %	41 %		D Jobs won as a % of jobs bid for
<b>Job Progression</b>				
Jobs finished early:	1	15		D
Jobs finished on time:	0	16		D
Jobs finished late:	0	0		D
Job completion efficiency:	0.96	0.90		D 0 to 1, where 1 is the optimum level
Reduction in build cost:	0.00 %	1.27 %		D % due to targeted investments
Risk cost incurred:	50 %	44 %		D As a % of the contingency in the bid
Change in risk cost:	-12.1 %	-22.8 %		D % due to mitigatng factors
Project manager weighting:	7.8	9.3		D Out of 10
<b>Future Outlook</b>				
Forward workload:	22,485,540	59,540,700		E
Forward margin:	866,077	1,550,850		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)