



Enginuity 2018 Competition

PERFORMANCE REVIEW FOR 'Just Crazy Enough To Work'

THE CHALLENGE

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

Brendan Tyler

SPONSOR

WSP US

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.

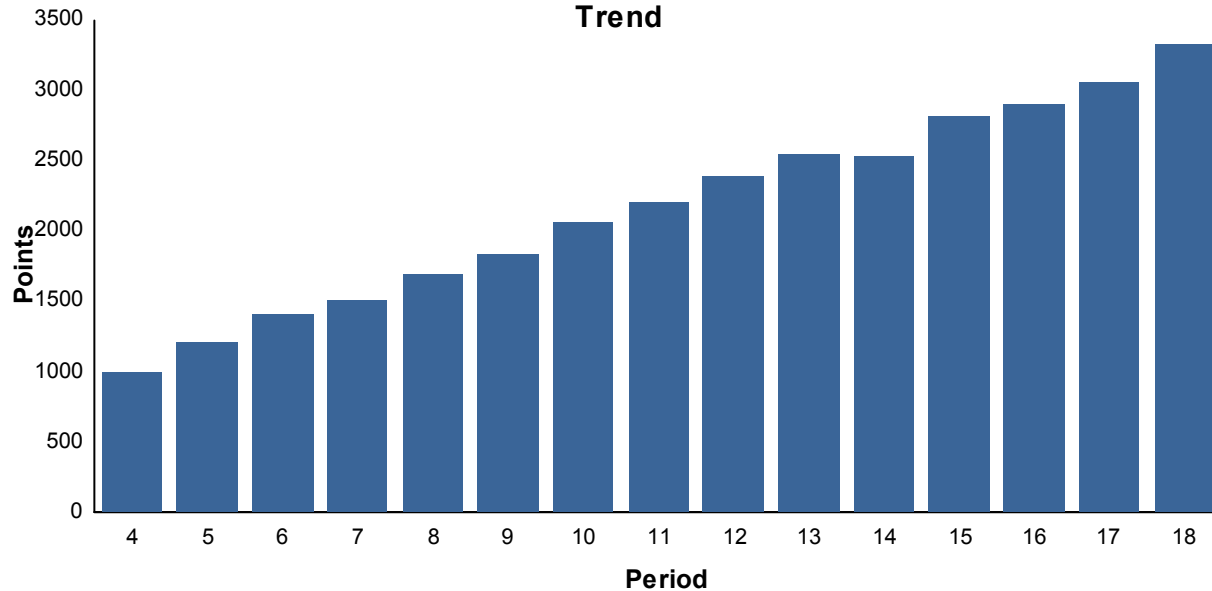
KEY PERFORMANCE INDICATORS

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 1,000 points

Overall company performance improved from 1,000 to 3,325 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	2017 (Q4)	40	130	130	170	120	100	70	100	70	70	1,000
5	Early Years	2018 (Q1)	49	110	85	166	156	125	150	191	80	100	1,212
6	Early Years	2018 (Q2)	65	135	180	180	183	130	143	186	89	122	1,413
7	Early Years	2018 (Q3)	82	134	205	194	201	150	127	174	86	156	1,509
8	Early Years	2018 (Q4)	95	133	214	206	216	195	147	200	80	205	1,691
9	Early Years	2019 (Q1)	105	141	240	226	224	230	139	190	81	254	1,830
10	Early Years	2019 (Q2)	115	161	298	261	233	265	155	203	81	295	2,067
11	Early Years	2019 (Q3)	122	169	322	285	239	290	157	192	87	339	2,202
12	Early Years	2019 (Q4)	129	176	345	311	246	315	181	199	104	382	2,388
13	Later Years	2020 (Q1)	137	191	387	352	251	365	176	141	119	421	2,540
14	Later Years	2020 (Q2)	143	198	403	375	249	380	105	81	132	462	2,528
15	Later Years	2020 (Q3)	146	206	414	392	254	430	207	98	156	508	2,811
16	Later Years	2020 (Q4)	149	207	411	395	256	440	191	113	176	556	2,894
17	Later Years	2021 (Q1)	154	209	418	412	259	460	171	171	213	588	3,055
18	Later Years	2021 (Q2)	156	211	418	415	262	505	216	270	244	628	3,325

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:	4,711,236	11,507,650	144 %	E
Share price:	1.02	3.56	249 %	E
Capital employed:	50 %	94 %		A
Turnover:	8,162,096	19,330,710	137 %	A
Job profit:	4.1 %	6.9 %		D % of job cost
Overhead costs:	2.5 %	1.9 %		D % of job cost
Operating profit:	1.2 %	4.2 %		D % of job cost; net, after tax and interest
Dividend paid:	2.6 %	1.3 %		D % of job cost
Market share:	11 %	39 %		D % of the overall new work in the market identified
Market share split (UK):	39 %	36 %		D % of the market share in the UK
Market share split (OV):	61 %	64 %		D % of market share Overseas (outside the UK)
Head office staffing level:	100 %	108 %		D The benchmark was 100%
QHSE staffing level:	100 %	114 %		D The benchmark was 100%
Measurement staffing level:	100 %	114 %		D The benchmark was 100%
Number of jobs bid for:	13	88		D
Number of jobs won:	8	34		D
Bidding success rate:	62 %	39 %		D Jobs won as a % of jobs bid for
Jobs finished early:	0	26		D
Jobs finished on time:	3	9		D
Jobs finished late:	0	0		D
Job completion efficiency:	0.94	0.93		D 0 to 1, where 1 is the optimum level
Reduction in job cost:	0.03 %	2.20 %		D % due to targeted investments
Risk cost incurred:	45 %	63 %		D As a % of the contingency in the bid
Change in risk cost:	-21.0 %	-14.2 %		D % due to mitigatng factors
Project manager weighting:	8.2	9.6		D Out of 10
Forward workload:	15,477,540	47,732,130		E
Forward margin:	521,414	1,409,117		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)