



ENGINUITY 2021 COMPETITION

PERFORMANCE REVIEW FOR 'Dark Horses'

MANAGEMENT TEAM

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SPONSOR

Network Rail

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

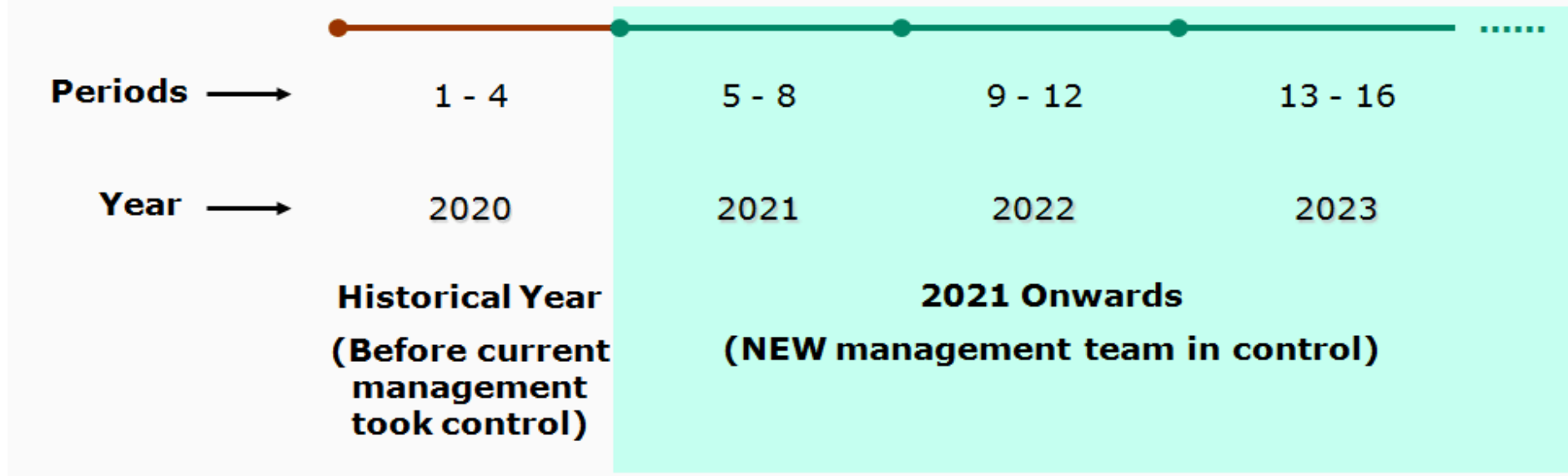
To implement the strategy **decisions** will have to be made in a number of key areas :-

- 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.

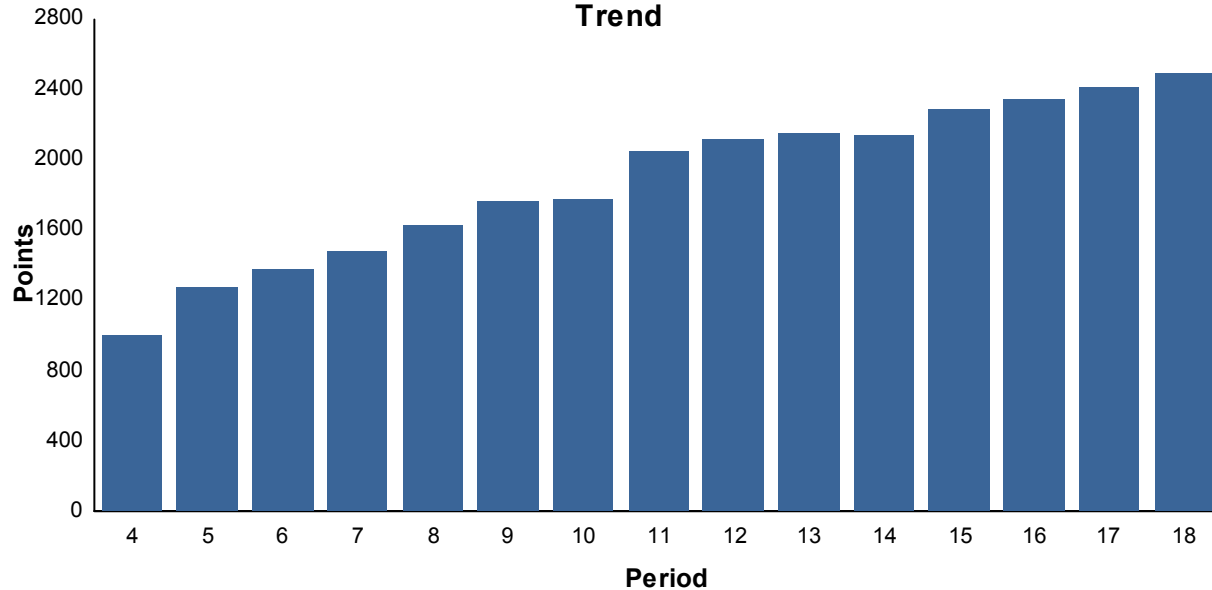
OVERALL PERFORMANCE (KPIs)

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 2,489 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	177	141	179	150	113	124	168	90	79	1,270
6	Early Years	2021 (Q2)	58	181	153	190	165	129	130	177	91	99	1,373
7	Early Years	2021 (Q3)	66	196	177	208	174	141	126	171	99	126	1,484
8	Early Years	2021 (Q4)	74	213	202	233	182	161	132	171	109	154	1,631
9	Early Years	2022 (Q1)	82	221	216	258	188	193	134	159	124	188	1,763
10	Early Years	2022 (Q2)	87	222	218	276	187	217	104	119	124	222	1,776
11	Early Years	2022 (Q3)	89	225	220	291	192	237	187	206	147	248	2,042
12	Early Years	2022 (Q4)	94	227	225	312	196	249	186	198	153	279	2,119
13	Later Years	2023 (Q1)	97	226	224	332	198	261	181	165	161	307	2,152
14	Later Years	2023 (Q2)	101	223	222	355	198	281	145	110	169	339	2,143
15	Later Years	2023 (Q3)	103	224	221	371	198	318	189	105	179	377	2,285
16	Later Years	2023 (Q4)	107	223	219	389	200	323	200	87	190	408	2,346
17	Later Years	2024 (Q1)	110	219	214	398	201	362	207	68	198	434	2,411
18	Later Years	2024 (Q2)	111	212	204	397	203	374	256	69	189	474	2,489

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			
FINANCIAL MANAGEMENT					
Company value	4,953,073	11,570,810	134 %	End of timeframe	
Share price	1.03	2.78	170 %	End of timeframe	
Average capital base	4,086,919	6,520,931	60 %	Each period of timeframe	
Average capital base utilisation	73 %	94 %		Each period of timeframe	
Average turnover	11,827,670	19,482,120	65 %	Each period of timeframe	
Job profit	4.2 %	5.3 %		During whole timeframe	As a % of job costs
Overhead costs	1.8 %	1.3 %		During whole timeframe	As a % of job costs
Net operating profit	1.9 %	3.4 %		During whole timeframe	As a % of job costs after tax and interest
Dividend paid	1.8 %	0.8 %		During whole timeframe	As a % of job costs
Forward workload	17,800,340	65,213,920		End of timeframe	
Forward margin	692,358	479,804		End of timeframe	
OVERHEAD MANAGEMENT					
Market share	11 %	34 %		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 %	119 %		During whole timeframe	Optimum level is 100%
QHSE staffing level	100 %	120 %		During whole timeframe	Optimum level is 100%
Measurement staffing level	100 %	120 %		During whole timeframe	Optimum level is 100%
PROCUREMENT					
Number of jobs bid for	11	44		During whole timeframe	
Number of jobs won	6	31		During whole timeframe	
Bidding success rate	55 %	70 %		During whole timeframe	Jobs won as a % of jobs bid for
JOB PROGRESSION					
Project manager weighting	8.2	8.8		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	845,511		During whole timeframe	
Jobs finished early	0	21		During whole timeframe	
Jobs finished on time	0	8		During whole timeframe	
Jobs finished late	0	0		During whole timeframe	
Ineffective labour on site	1 %	1 %		During whole timeframe	
Subcontractor labour used on site	8 %	3 %		During whole timeframe	As a % of total labour
Job completion efficiency	n/a	0.95		During whole timeframe	0 to 1, where 1 is the optimum level
Reduction in job costs (build) due to targeted investments	0.0 %	0.7 %		During whole timeframe	
Reduction in job costs (risk) due to targeted investments	0.0 %	0.3 %		During whole timeframe	
For D&B jobs, change in build cost due to consultant designer	0.0 %	-0.7 %		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 %	70 %		During whole timeframe	As a % of the contingency in the bid
Change in risk cost incurred due to mitigating factors	-36.7 %	-43.9 %		During whole timeframe	
Risk cost incurred after mitigating factors	36 %	39 %		During whole timeframe	As a % of the contingency in the bid